

ARKANSAS REGISTER

Transmittal Sheet

Use only for **FINAL** and **EMERGENCY RULES**



Secretary of State

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For Office

Use Only:

Effective Date _____ Code Number _____

Name of Agency Arkansas Public Employees Retirement System

Department N/A

Contact Jay Wills E-mail jay.wills@arkansas.gov Phone 501-682-7856

Statutory Authority for Promulgating Rules A.C.A. 24-4-105(b)(1)

Rule Title: Regulation 402-Repayment of Refunded Contributions

Intended Effective Date

(Check One)

Date

Emergency (ACA 25-15-204)

Legal Notice Published

9/2-4/16

10 Days After Filing (ACA 25-15-204)

Final Date for Public Comment

10/7/16

Other _____
(Must be more than 10 days after filing date.)

Reviewed by Legislative Council

Adopted by State Agency

8/17/16

Electronic Copy of Rule e-mailed from: (Required under ACA 25-15-218)

Jay Wills jay.wills@arkansas.gov

8/25/16

Contact Person

E-mail Address

Date

CERTIFICATION OF AUTHORIZED OFFICER

I Hereby Certify That The Attached Rules Were Adopted
In Compliance with the Arkansas Administrative Act. (ACA 25-15-201 et. seq.)

Signature

501-682-7856

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Phone Number

E-mail Address

Deputy Director & General Counsel

Title

August 25, 2016

Date

MARK-UP

REGULATION 402 – 1986 – PARTIAL PAYMENT AGREEMENT REPAYMENT OF REFUNDED CONTRIBUTIONS

Repayment of refunded contributions by a member to re-establish forfeited service must be made in ~~one lump sum if the total due, including interest, is less than \$500. If \$500 or more, the member may choose to repay to enter into an agreement with the Retirement System to make partial payments in an amount and by a method determined by the Executive Director~~ **one-year increments**, subject to the following conditions:

1. The **S**ervice credit will not be restored to the member's retirement account **as each year's** until full payment is received by the System.
2. Full payment must be made before a member, or his survivor, makes application for monthly benefits.
3. ~~From each payment received, the System will first credit interest due and the remainder will be applied to reduce the principal due. The interest applied to such purchases shall equal the~~ actuarially assumed rate of return during the period of original service.
4. ~~The System may cancel the agreement and refund to a former member the amount paid under the partial payment agreement if the former member does not pay, in one lump sum, the total amount due within six months after termination of covered employment.~~
5. ~~The System may cancel the agreement and refund, to the person eligible for the refund, all amounts paid under the agreement if a member dies before completing payments, with the following exception:~~
 - a. ~~If completing the payment will qualify a survivor or dependent for a monthly death-in-service benefit or will~~

~~increase the amount of such benefit, then the System will accept payment of the balance due in one lump-sum if paid within six months after the death of the member. If not paid within six months, the System will refund the amounts previously paid.~~

6. A person not a member of the System, but who is a member of another retirement system and eligible for Reciprocal Agreement coverage (Act 488 of 1965, as amended), for the purpose of repurchasing service credit under this Regulation the partial payment agreement will be considered a member.

REGULATION 402 – 1986 – REPAYMENT OF REFUNDED CONTRIBUTIONS

Repayment of refunded contributions by a member to re-establish forfeited service must be made in the Retirement System one-year increments, subject to the following conditions:

1. Service credit will be restored to the member's retirement account as each year's full payment is received by the System.
2. Full payment must be made before a member, or his survivor, makes application for monthly benefits. The interest applied to such purchases shall equal the actuarially assumed rate of return during the period of original service.
3. A person not a member of the System, but who is a member of another retirement system and eligible for Reciprocal Agreement coverage (Act 488 of 1965, as amended), will be considered a member for the purpose of repurchasing service credit under this Regulation.

By unanimous vote, the APERS Board of Trustees hereby finds and determines that there exists an immanent peril to the public health, safety and welfare of Arkansas citizens who are members of APERS and wish to retire but are unable to afford to repurchase all of their refunded service in order to do so. This amendment will allow such individuals to repurchase only that amount of refunded service necessary in order for them to retire.

APERS REGULATION 402 – REPAYMENT OF REFUNDED CONTRIBUTIONS

SUMMARY OF AMENDMENT CHANGE TO REGULATION 402

This amendment removes the existing requirement that APERS members who have taken a refund of their pension contributions repurchase their entire refunded service at one time in one lump sum. Now, such individuals are allowed to repurchase their refunded service in one-year increments. This change allows individuals who are close to retirement who may not be able to repurchase all of their refunded service to repurchase enough refunded service to allow them to retire.