

Your guide to LOPFI benefits



2024 Member Handbook

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Welcome to LOPFI

We are pleased to make available to you the Local Police and Fire Retirement System (LOPFI) Member Handbook. Our goal is to ensure that you have as much information as possible regarding your retirement system and the many benefits available to you.

Since it is not possible to cover every provision of LOPFI in one Handbook, this publication should be viewed as a summary of the plan provisions. Any conflicts between the statements contained in this Handbook and the provisions of the Board of Trustees Rules and Resolutions or the law governing LOPFI, will be controlled by law.

As always, please feel free to contact us with any questions.

Respectfully,

LOPFI Staff

Plan Overview

- Get familiar with LOPFI
- Participation Requirements



GET FAMILIAR WITH LOPFI

LOPFI is a statewide defined benefit retirement system for police officers and firefighters of political subdivisions in Arkansas.

A defined benefit plan means: A monthly benefit based on a formula provided by law for the Member's lifetime. A Member's retirement benefit is normally the result of these factors: age at retirement, retirement multiplier, amount of credited service (years and months), and Final Average Pay (FAP). When a Member has met eligibility requirements to retire, they will receive a monthly retirement benefit for their lifetime.

LOPFI was created by Act 364 of 1981 and became operative January 1, 1983. LOPFI policy is established by a seven-member Board of Trustees. The composition of the Board is as follows: two Member trustees, one police officer and one firefighter who are Members of the System appointed by the Governor after consulting the Arkansas Municipal Police Association, the Arkansas Fraternal Order of Police, the Arkansas Professional Fire Fighters Association, and the Arkansas State Firefighters Association and subject to confirmation by the Senate; two retired Member trustees, one retired police officer and one retired firefighter selected from a list submitted by the Joint Committee on Public Retirement and Social Security Programs and appointed by the Governor; two employer trustees who are elected or appointed officials of participating political subdivisions appointed by the Governor after consulting the Arkansas Municipal League and subject to confirmation by the Senate; and one citizen trustee who is neither an employee nor an employer of the System selected from a list submitted by the Joint Committee on Public Retirement and Social Security Programs. An Executive Director is appointed by the Board and administers the System in a manner consistent with law and Board policy.

PARTICIPATION REQUIREMENTS

The effective date of LOPFI was July 1, 1981. LOPFI has different participation provisions for political subdivisions that had a local fire and/or police pension fund (Local Plan) as of that date, and political subdivisions that did not have a Local Plan as of that date.

The provisions regarding participation are:

- Political subdivisions that had a Local Plan as of July 1, 1981: Employees hired after January 1, 1983, who would have previously participated in the Local Plan shall become Members of LOPFI.
- Political subdivisions that did not have a Local Plan as of July 1, 1981: Effective July 1, 1981, no new Local Plan may be established. The governing body of a political subdivision may elect to cover their firefighter and/or police officer employees under LOPFI. Membership becomes effective the first day of the month after LOPFI is properly notified of the decision to adopt coverage.
- The following descriptions of a police officer, firefighter, and academy instructor define who is eligible to be a Member and have retirement coverage in LOPFI:

“Member” means any police officer, firefighter, or academy instructor included in the membership of the system or a person regularly employed by the administration of the system.

“Police Officer” means any paid or volunteer Member of a police department of a political subdivision who is recognized as a law enforcement officer by the Commission on Law Enforcement Standards and Training and responsible for the prevention and detection of crime and the enforcement of the criminal, traffic or highway laws of this State.

This definition shall include probationary police officers and legally appointed auxiliary officers.

“Firefighter” means any paid or volunteer Member of a fire department of a political subdivision that is certified by the Arkansas Fire Protection Services Board and engages in training, inspection, fire suppression, rescue, or other fire-ground activities. This definition shall include probationary firefighters.

“Academy Instructor” means a current active LOPFI-covered police officer or firefighter who becomes an instructor at the Arkansas Law Enforcement Training Academy or the Arkansas Fire Training Academy on or after July 1, 2013. The LOPFI Member must move directly from an active LOPFI-covered police officer or firefighter position to an academy instructor position to be eligible to continue his/her LOPFI coverage. An instructor employed by either academy prior to July 1, 2013, or a former LOPFI Member who assumes employment as an academy instructor will not be eligible for LOPFI coverage as an academy instructor.

- For LOPFI-coverage, the above descriptions of police officer and firefighter shall not include any civilian employee of a police/fire department, or any person temporarily employed as a police officer/ firefighter during an emergency, or temporarily and/or occasionally employed during special events such as festivals, fairs, concerts, etc., or any person employed on a contract basis.

Joint Responsibilities

Every successful relationship requires an ongoing partnership. LOPFI is committed to ensuring that your membership rights are guaranteed. However, you – the Member – must also contribute to the partnership by meeting your responsibilities.

LOPFI Responsibilities to Members

- Lawfully administer retirement benefits to each eligible Member of LOPFI.
- Provide Handbooks that contain current information regarding your benefits.*
- Keep you informed of your benefit rights and options.*
- Keep you updated on legislative changes that affect your benefits.*
- Provide individualized counseling when requested by making an appointment with us.

- Make available an Annual Comprehensive Financial Report*

*This information is available on LOPFI's website www.lopfi-prb.com

Member Responsibilities

- Review your Member account through the **Member Portal** and update any incorrect information (i.e. name, date of birth, address).
- Be certain that your beneficiary information is correct and notify LOPFI of any family status changes (marriage, divorce, children, etc.) that may impact your benefits. This can be done easily through the **Member Portal**.
- Contact LOPFI immediately regarding benefits in the event of a terminal illness or injury that is totally and permanently disabling.
- Read the Member Handbook, PensioNews, and other materials provided by LOPFI.
- Contact LOPFI with any questions about your benefits.
- Be certain due dates are met when applying for retirement benefits, service credit purchases, or account changes. Specific time frames are stated within this Handbook.

New to LOPFI:

- Member Portal
- Credited Service
- Member Contributions
- Other Types of Service Credit
- Termination and Rehire



MEMBER PORTAL

Effective January 1, 2017, Members are required to utilize the **Member Portal** to view and update Member account information. You can register your Member account from LOPFI's website at www.lopfi-prb.com

The **Member Portal** allows you to update your address, change beneficiaries, obtain benefit estimates (including DROP and Partial Annuity and Lump Sum Option), and apply for retirement at your convenience. You can also view your employment history, service credit, member contribution totals, and reported gross monthly wages. Be sure to routinely check your reported pay amounts to ensure accuracy.

The **Member Portal** allows benefit recipients to update their address and beneficiary information, view their monthly retirement benefits, obtain benefit verification letters, retrieve an electronic 1099-R, update tax withholdings, and direct deposit information.

CREDITED SERVICE

Credited service is the combination of a Member's total accrued years and months of paid service and/or volunteer service with one or more LOPFI-covered employer. Service may be granted simultaneously for both paid and volunteer service with the same location, but at separate departments (Ex: paid police officer who also serves as a volunteer firefighter or a paid firefighter who also serves as a volunteer police officer). Members are limited to earning paid or volunteer service at one (1) LOPFI-covered department at a time.

A Member hired on/after July 1, 2019, must first attain a vested status with LOPFI before being eligible for simultaneous coverage at a second LOPFI-covered department. Then, the maximum amount of simultaneous service credit that can be accrued is five (5) years. This does not restrict a person from being an employee at more than one (1) LOPFI-covered department; rather, a Member cannot be enrolled in LOPFI at more than one (1) department until

being vested. Enrollment in LOPFI at the second department may only continue up to the point the five-year maximum of simultaneous service credit is attained.

Paid Members

If a Member earns a minimum of \$1,771 per month in calendar year 2024, that service is considered to be paid service with LOPFI. The minimum salary amount increases each calendar year based on the change in the Consumer Price Index (CPI). If a paid service Member earns less than \$1,771 per month in calendar year 2024, service rendered for that month will not be credited with LOPFI.

Reportable pay is the recurring remuneration paid for services rendered in a position covered by LOPFI. This includes overtime, education/certificate pay, holiday pay, sick pay, and longevity pay. Reportable pay does not include uniform allowance or any irregular pay such as one-time lump sum payments for unused sick, compensation, annual, or holiday pay.

Volunteer Members

A LOPFI Member who earns less than \$1,771 per month in calendar year 2024 is considered a volunteer.

MEMBER CONTRIBUTIONS

Member contribution rates depend on whether or not service is also covered by social security through the Member's LOPFI-covered employer. All Member contributions are remitted by the employer on a pre-tax basis, which is referred to as employer pickup and results in a lower net effect to the Member.

Member contribution rates are:

Paid Service not covered by social security: 9.5% of pay.

Paid Service covered by social security: 3.5% of pay.

Volunteer Service: No Member contribution.

OTHER TYPES OF SERVICE CREDIT

Reciprocity

Reciprocity means a Member's credited service with other Arkansas statewide defined benefit retirement systems may count towards LOPFI retirement eligibility; however, periods of overlapping paid service can only be credited under one (1) system. The following systems are reciprocal with LOPFI: Arkansas Public Employees Retirement System, Arkansas Teacher Retirement System, Arkansas Judicial Retirement System, Arkansas State Police Retirement System, and the Arkansas State Highway Employees Retirement System. For Members hired on or after July 1, 2013, reciprocal service cannot be used to reach LOPFI's ten (10) year vesting requirement.

A Member may be eligible for reciprocal service credit certification if reciprocity is established prior to retirement. With this certification, upon meeting the retirement eligibility for LOPFI, the Member may begin receipt of a retirement benefit from LOPFI. Members who use reciprocal service cannot retire from one system and continue employment as an active member with another system.

The Member will receive a separate retirement benefit from each system in which the Member had service credit, and benefit payments will be based on the benefit program in effect by each system. A reciprocal service credit form may be obtained from the LOPFI website.

Former Military Personnel Service Credit Purchase

Active LOPFI Members who have met their vesting requirement may purchase up to five (5) years of credited service for active duty military service that was rendered before the Member's employment was covered by the System. The Member is required to have received an honorable discharge and pay the actuarial cost of the service credit purchase. LOPFI's actuary will calculate the cost of the purchase and payment in full must occur at least thirty (30) days prior to the Member's effective date of retirement with LOPFI. Purchased service cannot be used for DROP eligibility.

Service Credit Purchase

Active LOPFI Members who have met their vesting requirement may purchase up to fifteen (15) years of credited service as a public safety or law enforcement officer in any agency not covered by LOPFI or any reciprocal system. After proper documentation is collected, LOPFI's actuary will calculate the cost of the purchase. Payment in full must occur at least thirty (30) days prior to the Member's effective date of retirement with LOPFI. Service credit that is or will be eligible for a benefit payment from another plan is not eligible for purchase under LOPFI. Purchased service cannot be used for DROP eligibility. Also, any time that was served as a volunteer cannot be purchased.

Cadet Service Credit Purchase

Active LOPFI Members who met their vesting requirement can purchase cadet service that was rendered at an Arkansas municipality that also has a local fire or police pension fund. LOPFI's actuary will calculate the cost of the purchase and payment in full must occur at least thirty (30) days prior to the Member's effective date of retirement with LOPFI. Service credit that is or will be eligible for a benefit payment from another plan is not eligible for purchase under LOPFI. Purchased service cannot be used for DROP eligibility.

Compulsory and Voluntary Military Service

In the event an **active** Member enters the U.S. armed forces, or state activated military service, for any period of compulsory or voluntary military service, the armed service time actually served by the Member shall be credited to the Member as LOPFI service credit in accordance with the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA). USERRA requires (1) the Member to again become an employee of the LOPFI-covered employer he/she was employed at when they left for the military service within the period set out in USERRA after honorable discharge from the armed services, (2) the Member returns to the System Member contributions, if any, the Member may have withdrawn, together with regular interest from the date of withdrawal to the date of repayment, and (3) all Member and employer

contributions are remitted to LOPFI for the period of time the Member is seeking credit. During the period of USERRA service, and until the Member's return as an employee, the Member's contributions in LOPFI are suspended.

TERMINATION AND REHIRE

If a contributory Member terminates employment before reaching their vesting requirement, the Member may elect to keep their Member contributions with LOPFI or receive a refund of their Member contributions. If the Member receives a refund, they are ineligible to receive any future benefit associated with the paid service credit that was forfeited due to the refund. If a Member has at least five (5) years of credited service, or ten (10) years of credited service for Members hired on or after July 1, 2013, and terminates before reaching eligibility for normal or early retirement, the Member is eligible for a deferred benefit or a refund of their Member contributions.

Rehire

If a Member terminates employment before retirement, withdraws their Member contributions, and later returns to a LOPFI-covered position, that person would again become a Member of the System. The Member can receive credit for the previous LOPFI-covered employment when the Member returns to LOPFI the amount of Member contributions that were previously withdrawn plus interest. The Member will need to *Apply for Restoration* through the Member Portal in order for LOPFI to determine the cost of repayment.

A Member who terminated LOPFI-covered employment prior to July 1, 2013, and was not vested may use the service credit standing to his/her Member account with LOPFI to count towards ten (10) year vesting if he/she returned to LOPFI-covered employment on or after July 1, 2013. In such cases the Member will not be eligible for five (5) year vesting since the covered employment resumed on or after July 1, 2013.

If a Member terminates employment before retirement and Member contributions are NOT withdrawn and the Member returns to a LOPFI-covered position, that person would again become a Member of the System. In this case, the Member begins to accrue service credit that is added to the previous service credit on record with LOPFI.

Deferred Benefit

When a Member is eligible for a deferred benefit, benefit payments will begin when normal retirement age is attained (any age with 28 years of credited service, age 55 with 20 years of credited service, age 60 with 5 years of credited service for Members hired prior to July 1, 2013, age 60 with 10 years of actual LOPFI service credit for Members hired on or after July 1, 2013), and after proper application is received by LOPFI.

The deferred benefit is computed in the same manner as a normal benefit; however, if the Member's paid service was covered by Social Security the 1% temporary annuity shall not be paid.

Ready to Retire:

- Retirement Eligibility (Vesting)
- Final Average Pay
- Computing Normal Retirement Benefits
- Monthly Benefit Payment Options (BPO)
- Time Deadlines for Applying for Retirement Benefits



RETIREMENT ELIGIBILITY (VESTING)

Vesting is the number of years a Member must accrue before becoming eligible for a future retirement benefit. Members who left LOPFI-covered employment prior to July 1, 1998, have a ten (10) year vesting requirement. LOPFI has five (5) year vesting for Members who were active as of July 1, 1998, and active Members who were hired before July 1, 2013. Any Member hired on or after July 1, 2013, must accrue at least ten (10) years of actual LOPFI service credit in order to attain a vested status in the System. Purchased and/or reciprocal service credit shall not count towards the ten (10) year vesting requirement.

Eligibility for retirement depends on the Member's age and/or the number of years of credited service. A Member may apply for normal retirement by meeting one of the following requirements:

- Any age with 28 years of credited service, or
- At least age 55 and has at least 20 years of credited service, or
- At least age 60 and has at least 5 years of credited service*, or
- At least age 60 and has at least 10 years of actual LOPFI service credit.**

*Members who were active on July 1, 1998, and Members hired prior to July 1, 2013, have a five (5) year vesting requirement.

**Members who left LOPFI-covered employment prior to July 1, 1998, have a ten (10) year vesting requirement, and Members hired on/after July 1, 2013, have a ten (10) year vesting requirement. A Member of any department that adopted LOPFI coverage with an effective date on or after July 1, 2013, shall also be subject to ten (10) year vesting regardless of his/her hire date with that department.

A Member who terminated LOPFI-covered employment prior to July 1, 2013, and was not vested may use the service credit standing to his/her Member account with LOPFI to count towards ten (10) year vesting if he/she returned to LOPFI-covered employment on or after July 1, 2013. In such cases the Member will not be eligible for five (5) year vesting since the covered employment resumed on or after July 1, 2013.

FINAL AVERAGE PAY

Final Average Pay (FAP) is determined by using the highest 36 consecutive months (3 years) of pay during the last 120 months (10 years) of LOPFI-covered paid employment. FAP only applies to LOPFI paid service.

COMPUTING NORMAL RETIREMENT BENEFITS

Paid Service

Members who are within ninety (90) days of retirement eligibility should contact LOPFI to begin the retirement process. The amount of the Member's monthly benefit will depend on:

- (1) the amount (years and months) and type of LOPFI credited service (paid and/or volunteer),
- (2) whether or not the Member's paid service was covered by social security, and
- (3) the Member's FAP (only applies to paid service).

Depending on the answers to items (1), (2), and (3) the following benefit formulas apply:

LOPFI Benefit Program 1 (BP1)

Paid service in a position not covered by social security

$3\% \times \text{FAP} \times \text{Years of Paid Service}$

Paid service in a position covered by social security

$3\% \times \text{FAP} \times \text{Years of Paid Service}$

The 3% multiplier is comprised of a 2% life benefit and a 1% temporary annuity

Until first eligible for an unreduced social security benefit,

Then $2\% \times \text{FAP} \times \text{Years of Paid Service}$

When first eligible for an unreduced social security benefit

The unreduced social security benefit begins when the Member reaches full social security retirement age, which is generally age 67 depending on your date of birth. If you take an early retirement from social security, the 1% temporary annuity from LOPFI will continue until you reach your full social security retirement age.

LOPFI Benefit Program 2 (BP2)

BP2 became effective August 1, 1995, and is an **optional** program that allows an employer to provide an enhanced retirement benefit for its paid Members. The employer must adopt BP2 for the entire police or entire fire department. The formulas for BP2 are:

Paid service in a position not covered by social security
 $3.34\% \times \text{FAP} \times \text{Years of Paid Service accrued under BP2}$

Paid service in a position covered by social security
 $3\% \times \text{FAP} \times \text{Years of Paid Service accrued under BP2}$

Members under BP2 who are covered by social security with their LOPFI-covered employer will not experience a reduction in their LOPFI benefit when they first become eligible for an unreduced social security retirement benefit for service credit accrued under BP2. All Member contributions are 9.5% under BP2 regardless of social security coverage.

Benefit Cap

The benefit cap for paid service is 100% of FAP regardless of which benefit program you are covered under.

- Members need to accrue 33 years and 4 months of paid service under BP1 to achieve 100% of FAP.
- Members need to accrue 30 years of paid service in a position not covered by social security under BP2 to achieve 100% of FAP.
- Members need to accrue 33 years and 4 months of paid service in a position covered by social security under BP2 to achieve 100% of FAP.

Volunteer Service

Benefit Program 3 (BP3)-

An indexed $\$8.36 \times \text{Total Volunteer Service} = \text{Monthly Benefit}$. The $\$8.36$ amount is indexed each July 1st based on the percentage increase in the Consumer Price Index (CPI). Multiply the total accrued volunteer service by $\$8.36$ to determine your monthly benefit. The benefit cap is achieved with 40 years of actual LOPFI volunteer service credit. (Note: The $\$8.36$ rate is/was effective July 1, 2024)

Benefit Program 4 (BP4)-

BP4 became effective April 1, 2013, and is an optional program that allows an employer to provide an enhanced retirement benefit for its volunteer Members. The employer must adopt BP4 for the entire police or entire fire department.

The formula for BP4 is: An indexed $\$13.54 \times \text{Total Volunteer Service} = \text{Monthly Benefit}$. The $\$13.54$ amount is indexed each July 1st based on the percentage increase in the CPI. Multiply the total accrued volunteer service by $\$13.54$ to determine your monthly benefit. The benefit cap is achieved with 40 years of actual LOPFI volunteer service credit. (Note: The $\$13.54$ rate is/was effective July 1, 2024)

MONTHLY BENEFIT PAYMENT OPTIONS (BPO)

LOPFI is designed to provide Members with monthly benefit payments for life. Members may also provide for a beneficiary by electing one of the benefit payment options described below at the time of retirement or DROP enrollment. Except for Option A60, electing one of the other benefit payment options will lower the Member's life benefit. The reduction provides the necessary funds to pay a benefit to the Member's beneficiary. When Members apply for retirement they will be provided with the benefit payment options and the amounts available to them.

Also, for Options B50 and B75 the Member's beneficiary must be the Member's spouse for no less than one (1) year immediately preceding the first payment due date, or another person receiving more than one-half (1/2) support from the Member for no less than one (1) year immediately preceding the first payment due date, or a dependent child who has been deemed physically or mentally incompetent. It is important for Members to keep their beneficiary designation current with LOPFI. Changes can be easily made via the **Member Portal** which is accessible through the LOPFI website.

OPTION A60 - A monthly benefit payable to the Member for life. In the event the Member should die before 60 monthly payments have been made, the designated beneficiary will begin receiving the same monthly payment amount for the remainder of the 60-month period. Should the Member and designated beneficiary both die before a total of 60 monthly payments have been made, the lump sum actuarial value of the remainder of the 60 monthly payments will be paid to the Member's estate.

OPTION A120 – A **reduced** monthly benefit payable to the Member for life. In the event the Member should die before 120 monthly payments have been made, the designated beneficiary will begin receiving the same monthly payment amount for the remainder of the 120-month period. Should the Member and designated beneficiary both die before a total of 120 monthly payments have been made, the lump sum actuarial value of the remainder of the 120 monthly payments will be paid to the Member's estate. The reduced benefit is ninety-eight percent (98%) of the A60 benefit.

OPTION B50 – A **reduced** monthly benefit payable to the Member for life. In the event the Member should die before the designated beneficiary dies, the designated beneficiary will begin receiving a monthly benefit payable for the remainder of the beneficiary's lifetime, in an amount equal to 50% of the monthly life benefit the Member received. The reduced benefit to the retiree shall be ninety-four percent (94%) if the retiree's age and the beneficiary's age are the same on the first payment due date. The benefit shall be decreased by one-half of one percent (0.5%), for each year that the beneficiary's age is less than the retiree's age or shall be increased by one-half of

one percent (0.5%), up to a maximum of ninety-eight percent (98%), for each year that the beneficiary's age is more than the retiree's age.

OPTION B75 – A reduced monthly benefit payable to the Member for life. In the event the Member should die before the designated beneficiary dies, the designated beneficiary will begin receiving a monthly benefit payable for the remainder of the beneficiary's lifetime, in an amount equal to 75% of the monthly life benefit the Member received. The reduced benefit to the retiree shall be eighty-nine percent (89%) if the retiree's age and the beneficiary's age are the same on the first payment due date. The benefit shall be decreased by three-fourths of one percent (0.75%) for each year that the beneficiary's age is less than the retiree's age or shall be increased by three-fourths of one percent (0.75%), up to a maximum of ninety-four percent (94%), for each year that the beneficiary's age is more than the retiree's age.

TIME DEADLINES FOR APPLYING FOR RETIREMENT BENEFITS

An eligible Member may retire by completing the online ***Application for Retirement*** through the **Member Portal, not less than thirty (30) days nor more than ninety (90) days subsequent to the execution and filing of his or her application**, he or she desires to be retired. To further clarify, the properly completed ***Application for Retirement*** must be received by LOPFI **at least thirty (30) days, but not more than ninety (90) days** from the date the retirement is to be effective. Effective dates of retirement occur only on the first day of a month.

Example: If you wanted your effective date of retirement to be July 1st, and your application was not received by LOPFI until June 4th, your retirement would be effective August 1st. Your application would need to be received by LOPFI no later than June 1st to achieve the desired effective date of July 1st.

Does not apply to an approved disability retirement since the effective date of retirement is based on when proper application is made and date of termination of active Membership.

Other types of Retirement:

- Early Retirement
- Deferred Retirement Option Plan (DROP)
- Partial Annuity and Lump Sum Option
- Disability Retirement



EARLY RETIREMENT

A provision for early retirement is available when an **active** Member has at least 20 years of credited service and is at least age 50, but younger than age 55. In other words, with 20 or more years of credited service, (this can be combined service i.e. paid, volunteer, reciprocal, and/or purchased service) a Member may retire as early as age 50; however, the Member's benefit will be permanently reduced 1/2 of 1 percent for each month the Member is younger than age 55. The reduction accounts for the anticipated additional years of benefit payments to the Member.

In addition, an **active** Member with 25 years of actual paid LOPFI service can retire at any age; however, the early retirement reduction of 1/2 of 1 percent for each month the Member is younger than age 55 applies. Again, this provision requires the active Member to have 25 years of actual paid service. Time credited as a volunteer will not allow for eligibility.

Examples will help illustrate the effect of early retirement. In each example, the assumption is the active Member has 25 years of actual paid service and is a full year or more away from the normal retirement eligibility age of 55. The actual calculation would use the true number of months the person is younger than the normal service retirement age.

- With 25 years of service and age 54, the Member is 1 year away from the normal service retirement age (.5% per month x 12 months = 6%). The 6% factor is the value of the 1 year that the Member is less than age 55. The benefit would be calculated as $3\% \times 25 \times \text{FAP} \times 94\% = \text{Reduced Benefit Amount}$.
- With 25 years of service and age 53, the Member is 2 years away from the normal service retirement age (.5% per month x 24 months = 12%). The 12% factor is the value of the 2 years that the Member is less than age 55. The benefit would be calculated as $3\% \times 25 \times \text{FAP} \times 88\% = \text{Reduced Benefit Amount}$.

- With 25 years of service and age 52, the Member is 3 years away from the normal service retirement age (.5% per month x 36 months = 18%). The 18% factor is the value of the 3 years that the Member is less than age 55. The benefit would be calculated as $3\% \times 25 \times \text{FAP} \times 82\% = \text{Reduced Benefit Amount}$.
- With 25 years of service and age 51, the Member is 4 years away from the normal service retirement age (.5% per month x 48 months = 24%). The 24% factor is the value of the 4 years that the Member is less than age 55. The benefit would be calculated as $3\% \times 25 \times \text{FAP} \times 76\% = \text{Reduced Benefit Amount}$.
- With 25 years of service and age 50, the Member is 5 years away from the normal service retirement age (.5% per month x 60 months = 30%). The 30% factor is the value of the 5 years that the Member is less than age 55. The benefit would be calculated as $3\% \times 25 \times \text{FAP} \times 70\% = \text{Reduced Benefit Amount}$.
- With 25 years of service and age 46, the Member is 9 years away from the normal service retirement age (.5% per month x 108 months = 54%). The 54% factor is the value of the 9 years that the Member is less than age 55. The benefit would be calculated as $3\% \times 25 \times \text{FAP} \times 46\% = \text{Reduced Benefit Amount}$.

Greater detail on how to calculate your retirement benefit is described in the Computing Normal Retirement Benefits section.

DEFERRED RETIREMENT OPTION PLAN (DROP)

The Deferred Retirement Option Plan (DROP) allows any **active** LOPFI-covered paid service Member who has at least 28 years of paid service or who has at least 20 years of paid service and is at least age 55, to accumulate a portion of their retirement benefit in a separate account, without terminating employment. The Member defers receipt of benefits as described below.

For purposes of DROP, total credited service shall not include purchased service credit. However, military service credit earned

under ACA 24-10-502 (USERRA) shall count towards the total credited service. In addition, Act 829 of 2015 allows up to 36 months of actual LOPFI volunteer service credit to be used toward DROP eligibility.

When a paid Member elects to enter DROP, their future monthly retirement benefit is calculated as though the Member was leaving employment at the time of entry into DROP. No further service credit accrual (paid or volunteer) is permitted upon enrollment in DROP. For Members who have at least 28 years of service before electing to participate in DROP, 75% of the Member's monthly benefit is placed into the Member's DROP account. Members who have at least 20 years of service, but less than 28 years of service, and are at least age 55 before electing to participate in DROP, 72% of the Member's monthly benefit is placed into the Member's DROP account. The Member's DROP account balance earns 6% annual interest that is awarded based on the average balance in the Member's DROP account. During DROP the Member contributions and employer contributions shall continue and are credited to the retirement system.

The Member may remain in DROP up to a maximum of ten (10) years. DROP participants will begin receiving a 3% compound cost of living adjustment (COLA) to their future monthly retirement benefit in July once they reach year six (6) in DROP. Example: If a Member began DROP participation March 1, 2024, they will begin year six (6) of participation on March 1, 2029. The first COLA will be awarded on July 1, 2029.

At the conclusion of DROP, the Member shall terminate employment and begin receiving the full monthly retirement benefit calculated at the time they entered DROP, including volunteer benefits accrued prior to DROP enrollment, plus any applicable COLA(s).

At the option of the Member, the DROP account balance can be:

- Distributed directly to the Member as a lump sum payment less applicable tax withholdings.
- Rolled over to an investment entity i.e. 401(k), IRA, 457(b) etc.

- Distributed as a monthly annuity. The monthly DROP annuity is determined by the amount of the DROP monies being used for the annuity and the Member's age at the time the distribution begins.
- Leave on account. This option allows Members to leave their full balance, or a portion of their balance, on account with LOPFI. Any portion left on account will accrue 2% annual interest that is awarded based on the average account balance. DROP monies left on account must be distributed no later than April 1st of the calendar year after the attainment of age 73.
- Distributed in any combination of the four options above.

If a DROP annuity is chosen and the Member dies during the DROP annuity period and before the total of the monthly DROP annuity payments equals or exceeds the original DROP account balance prior to distribution, that difference shall be paid to the Member's survivor(s), or if none, the Member's estate.

The eligible survivor(s) may choose to either continue the DROP annuity payments or accept a lump sum distribution. If the balance is paid to an estate, it shall be paid in a lump sum distribution.

Enrollment in DROP removes the ability for a Member to change LOPFI-covered departments or employers. Refer to the Retirees Returning To LOPFI Covered Employment section for information regarding returning to LOPFI-covered employment after the conclusion of DROP participation. If a Member becomes disabled while participating in DROP, the Member shall be treated as though they concluded DROP.

PARTIAL ANNUITY AND LUMP SUM OPTION

Any **active** Member who is eligible for an unreduced retirement benefit and was not eligible or did not elect to participate in the DROP, may elect the partial annuity and lump sum option.

A Member who elects this option shall, at the time of retirement, receive a lump sum distribution in an amount not to exceed one

month of benefit for each completed month of credited service beyond eligibility for an unreduced retirement benefit. The lump sum shall not exceed an amount equal to 60 months of retirement benefits.

If a Member elects the partial annuity and lump sum option, the Member's remaining retirement benefit shall be reduced by the actuarial value of the withdrawn amount.

EXAMPLE: A Member has 24 years of service credit and is age 55. This means they have met the age and service requirement of age 55 with 20 years. The Member has the option to take a partial annuity and lump sum of the 4 years they worked over 20 years (24 years – 4 years) and receive a monthly benefit that is actuarially reduced by the amount of the 4 years that was withdrawn.

DISABILITY RETIREMENT

Any active LOPFI Member who becomes **totally and permanently** disabled from their duties as a LOPFI-covered police officer or firefighter is eligible to apply for disability retirement upon meeting the criteria listed in this section. An *Application for Disability Retirement* must be received by LOPFI while the Member is still active, or no later than thirty (30) calendar days from termination of active membership, in order to be eligible to apply for disability retirement.

If an active vested Member becomes **totally and permanently** disabled from their duties from **non-duty related** causes, the Member will receive a disability benefit computed in the same manner as a normal retirement benefit, which is based on the Member's total accrued service up to the time of disability.

If the disability is determined to be **duty-related**, the Member will receive a benefit regardless of the total amount of credited service.

Conditions that occurred prior to a Member's LOPFI-covered employment (i.e. pre-existing) shall be excluded from LOPFI disability coverage. Also, LOPFI does not offer or extend benefits for temporary disabilities. To receive a disability benefit from LOPFI, the Member's disability must be **total and permanent** and render

the Member unable to perform the duties of a LOPFI-covered police officer or firefighter.

How to Apply for Disability Retirement

To begin the disability retirement process Members must contact LOPFI staff. A disability packet will be provided to the Member once he/she is deemed **totally and permanently** disabled by their physician(s). The packet will include a *LOPFI Member Disability Checklist*, *LOPFI Disability Procedure*, *Application for Disability Retirement*, *Authorization for Release of Information*, *Member Statement of Disability*, *Post-Disability Retirement Certification*, and a *Physician's Statement*.

The Member must ensure all documents are properly completed. The *Member Statement of Disability* will describe the facts surrounding the disability, state whether it is duty or non-duty related, what duties the Member can no longer perform, and that the Member is **totally and permanently** disabled from his/her duties. If you were approved for a disability benefit by the Social Security Administration, your *Social Security Notice of Award* letter needs to be included as well.

Upon receipt of a Member's properly completed disability packet, which includes all objective medical evidence that supports the opinions on the *Physician's Statement*, LOPFI will begin an administrative review of the items submitted. In addition, LOPFI will contact the Member's employer to obtain an employer statement for duty disability applications. The employer statement shall clearly state if the disability arose as a result of the performance of the Member's departmental duties. The employer must also submit a copy of the Member's employment physical, if available, advise if worker's compensation claims were filed, provide a copy of the Member's job description, and any other reports/statements that relate to the Member's disability application. Once all required information is received, a LOPFI medical advisor(s) may review the case. The medical advisor(s) shall report the findings to LOPFI in writing. The medical advisor(s) shall state in the report whether, in his/her opinion, the Member is **totally and**

permanently disabled from performing their duties as a police officer or firefighter, and if the disability was the result of the Member's duties.

If the medical advisor's opinion is that the Member is totally and permanently disabled from his/her duties, the Member shall be retired. If the medical advisor is unable to opine such, the Member's disability request will be denied.

The Member will be notified of the denial via certified mail and offered the right to appeal at an Administrative Appeal Hearing before the LOPFI Board of Trustees.

In order to appeal, the Member must request an appeal, in writing, and such request must be received by LOPFI within thirty (30) calendar days from the date of receipt of the notification mailed by LOPFI. ***It is the duty of the applicant to ensure the request for appeal notice was received by LOPFI within the thirty (30) calendar day period.*** Requests for appeals that are received beyond the thirty (30) calendar day time frame will not be allowed.

Once the Member has properly notified LOPFI of the intent to appeal, the Member may submit any new evidence that supports the disability application. The new evidence must be received by LOPFI at least thirty (30) calendar days prior to the Administrative Appeal Hearing and cannot be for treatment, medical care, counseling, therapy, etc., that occurred on or after the sixtieth (60th) day after the date of the report provided by the LOPFI medical advisor.

If the Member is unable to attend the Administrative Appeal Hearing or prefers to delay an appeal, the Member may request, in writing, up to two (2) continuances for a Hearing. LOPFI must receive the Member's written request for a continuance no later than seven (7) calendar days prior to the date of the Hearing. If a Member fails to appear at an Administrative Appeal Hearing and fails to request a continuance, in writing, such nonappearance will result in a dismissal of the appeal with prejudice.

Further details of the disability procedure are located in LOPFI's Board Rules and Resolutions, Rule 16, which is available on the LOPFI website.

Duty Disability

Paid Members

Duty Disability means the **total and permanent** injury or disease arose out of and in the course of the actual performance of the duties as a LOPFI-covered police officer or firefighter. A duty disability benefit shall be designated as Catastrophic Duty, Hazardous Duty, or Ordinary Duty and the monthly benefit payment calculated in compliance with the following criteria:

Catastrophic Duty	Hazardous Duty	Ordinary Duty
<p>Some examples may include, but are not limited to the total and permanent loss of:</p> <ul style="list-style-type: none"> • All mobility • Hearing in both ears • Sight in both eyes • Use of both hands, both arms, both feet, both legs, or at least two different limbs • Injuries that require physician -directed fulltime card of another party 	<p>Sudden/traumatic injury (shall have a verified date of injury) that requires continuous course of medical treatment beginning on date of injury.</p> <p>Some examples may include, but are not limited to:</p> <ul style="list-style-type: none"> • Total loss of a limb • Majority loss of sight in one eye • Majority loss of hearing in one ear • Crippling burn(s) • Presumptive disability cancer cases 	<p>All other injuries or illnesses.</p> <p>Some examples may include, but are not limited to:</p> <ul style="list-style-type: none"> • Injury while exercising or performing physical fitness testing/ training • Psychological matters • Slip/fall incurred during a non-emergency event • Cumulative injuries/ illnesses over a multi-month/year timeframe
<p><i>Benefit calculated as greater of 28 years of paid service or actual service credit.</i></p>	<p><i>Benefit calculated as greater of 65% of final average pay or actual service credit.</i></p>	<p><i>Benefit calculated as greater of 15% of final average pay or actual service credit.</i></p>

The Board shall retain the authority to determine the designation for a duty disability. This authority allows assigning a different designation from the one selected on the member's disability application i.e., Ordinary Duty to a Hazardous Duty, Catastrophic Duty to an Ordinary Duty, etc., and will be dependent upon the nature of the member's activity at the time of the declared disabling incident and severity of the injury(ies). For clarification, this paragraph shall not relieve the member from the requirements to select the appropriate duty disability designation on the application and fully support that selection with objective medical evidence.

Volunteer Members

The duty disability benefit is calculated as the greater of 25 years of volunteer service or actual service credit.

Non-duty Disability

Paid Members

A Non-Duty Disability also requires the Member to be **totally and permanently** disabled from performing the Member's duties, but this type of disability is not a result of the Member's performance of their duties as a police officer or firefighter. For a Non-Duty Disability, an active Member must be vested and have credited service for at least 75% of the two (2) years immediately preceding the disability. The non-duty disability benefit awarded is based on the total accrued service.

Volunteer Members

For a Non-Duty Disability an **active** volunteer Member must be vested, in order to be eligible to apply for a disability benefit. The non-duty disability benefit awarded is based on the total accrued service.

Post-disability Retirement Employment

A disability retiree is expressly prohibited from accepting any of the types of employment described in this section. A condition of applying for and being awarded a LOPFI disability retirement benefit (duty disability or non-duty disability) means the disability retiree affirmatively agrees with the employment restrictions described in this section. If a disability retiree can perform any of the duties for these positions and accepts that employment, the LOPFI disability benefit shall be permanently forfeited.

(The following list is not all-inclusive as there may be other positions that indicate a person is no longer disabled.)

Police-

Police Officer	Jailer
Detention Officer	Corrections Officer
Fish and Game Warden/Officer	Security Guard, Bodyguard, Bouncer
Detective	Sheriff/Deputy Sheriff
State Trooper	Highway Police Officer
Capitol Police Officer	Campus Police Officer
Air Marshal	Customs Officer
Anti-Terrorism Officer	Border Patrol Agent
ATF, CIA, DEA, FBI, Secret Service	US Marshal
Emergency Medical Technician (EMT)	Emergency Medical Services (EMS)
Fire Investigator	Fire Marshal

Any other employment in which the job function(s) is/are similar or closely related to a police officer’s job description.

Firefighter-

Firefighter	Fire Marshal
Fire Inspector	Fire Investigator
Forestry Technician	Emergency Medical Services (EMS)
Emergency Medical Technician (EMT)	Paramedic
Riggers/Construction (use ropes, pulleys, or other gear to move large or heavy items.)	

Any other employment in which the job function(s) is/are similar or closely related to a firefighter’s job description.

Disability Reviews

In accordance with law, a disability retiree may be required to submit to a medical re-examination at least one (1) time each year following retirement up to the age of fifty-five (55). The examination must be made by or under the direction of a LOPFI medical advisor. If the medical advisor reports that the retiree is physically and mentally able and capable to resume suitable duty as a LOPFI-covered member, the disability retirement benefit shall terminate. Further, disability payments may be suspended by the Board if the retiree refuses the examination. If the refusal for examination continues for ninety (90) calendar days, the Board may revoke the retiree's right to the disability retirement entirely.

Duty and Non-Duty Death Benefits:

- Death Benefits (Paid and Volunteer)



DEATH BENEFITS

If a Member dies before retirement, a benefit may be payable to the Member's dependent(s) based on the criteria listed in the following sections.

If an **active paid** LOPFI Member who has NOT met their vesting requirement, dies from non-duty related causes, Member contributions will be refunded to the designated beneficiary.

If an **active paid** LOPFI Member who has met their vesting requirement, dies from non-duty related causes, or an active Member with any amount of service dies from duty-related causes, a benefit is payable to the eligible beneficiary and/or dependent children.

Once a survivor receives benefits for a full twelve months, they will be eligible for their first 3% compound cost of living adjustment (COLA). COLAs are awarded on July 1st of each year.

A survivor that receives benefits upon the death of a retired Member who was already receiving a COLA, will continue receiving a COLA each July 1st without interruption.

Benefit Amount for a Designated Beneficiary – Paid Member

In the case of a duty-related death the benefit is based on the FAP and service credit up to the time of death. In the event the Member has less than 25 years of service, the benefit is determined as though the Member had accrued 25 years of credited service.

In the case of a non-duty death, the benefit is based on the FAP and the total amount of service accrued up to the time of death.

For both duty and non-duty deaths, the designated beneficiary benefit is computed as if the Member had retired on the date of death and elected Option B50. The minimum beneficiary benefit is the greater of 20% of FAP or \$125 per month.

The benefit amount will depend on whether or not there is a surviving spouse receiving a benefit and the number of dependent children.

A child is considered to be a dependent child until one of the following occurs:

- (1) reaches age 18 (may be extended to age 23 if the child continues uninterrupted as a full time student at an accredited secondary school, college, or university, or no age limit if deemed physically or mentally incompetent),
- (2) death, or
- (3) marriage.

The following examples assume the beneficiary was the same age as the Member and the type of service was paid and not covered by social security. Amounts are shown to the nearest dollar for simplicity. Actual amounts will be calculated to the nearest cent.

Duty Death – Paid Member	
<p>A Member dies at age 24 with 3 years of service credit and a FAP of \$4,875. In this case the benefit would be based on 25 years of credited service. Lifetime Benefit that would have been paid to Deceased Member = $3\% \times 4,875 \times 25 = \\$3,656/\text{month}$</p>	
<p>Spouse Only (Greater of B50 benefit, 20% of FAP, or \$125.)</p>	<p>B50 Benefit = $\\$3,656 \times 94\% = \\$3,436/\text{month}$ Spouse Annuity = $\\$3,436 \times 50\% = \\$1,718/\text{month for life}$</p>
<p>Spouse & Children (3 or Less) (B50) (Greater of 10% of FAP or \$25)</p>	<p>Minimum Benefit to Spouse \$1,718 Children's Benefit $\\$4,875 \times 10\% = \\$487/\text{each}$</p>
<p>Spouse & Children (4 or More) (B50) (Greater of equal share 30% of FAP or \$125)</p>	<p>Minimum Benefit to Spouse \$1,718 Children's Benefit $\\$4,875 \times 30\% / 4 = \\$365/\text{each}$</p>
<p>No eligible spouse Children (2 or Less) (Greater of 20% of FAP or \$25/each) Children (3 or More) (Greater of equal share 50% of FAP or \$125/each)</p>	<p>No benefit payable Children's Benefit $\\$4,875 \times 20\% = \\$975/\text{each}$ Children's Benefit $\\$4,875 \times 50\% / 3 = \\$812/\text{each}$</p>

Non-Duty Death – Paid Member

A Member with 20 years of service dies at age 45 with FAP of \$4,875.
 Lifetime Benefit that would have been paid to Deceased Member
 $= 3\% \times 4,875 \times 20 = \$2,925/\text{month}$

Spouse Only	B50 Benefit = $\$2,925 \times 94\% = \$2,749/\text{month}$ Spouse Annuity = $\$2,749 \times 50\% = \$1,374/\text{month for life}$
Spouse & Children (3 or Less) (B50) (Greater of 10% of FAP or \$25)	Minimum Benefit to Spouse \$1,374 Children's Benefit $\$4,875 \times 10\% = \$487/\text{each}$
Spouse & Children (4 or More) (B50) (Greater of equal share 30% of FAP or \$125)	Minimum Benefit to Spouse \$1,374 Children's Benefit $\$4,875 \times 30\% / 4 = \$365/\text{each}$
No eligible spouse	No benefit payable
Children (2 or Less) (Greater of 20% of FAP or \$25/each)	Children's Benefit $\$4,875 \times 20\% = \$975/\text{each}$
Children (3 or More) (Greater of equal share 50% of FAP or \$125/each)	Children's Benefit $\$4,875 \times 50\% / 3 = \$812/\text{each}$

Benefit Amount for a Designated Beneficiary – Volunteer Member

If an **active volunteer** LOPFI Member that has met their vesting requirement, dies from non-duty related causes, or an **active volunteer** Member with any amount of service dies from duty-related causes, a benefit is payable to the eligible beneficiary and/or dependent children.

The following examples assume the beneficiary was the same age as the Member and the type of service was volunteer. Amounts are shown to the nearest dollar for simplicity. Actual amounts will be calculated to the nearest cent.

Duty Death – Volunteer Member

The benefit is calculated as the greater of the benefit based on the total amount of service rendered up to the time of death or as though the Member had accrued 25 years of credited service. In this example the benefit is based on 25 years of credited service. Lifetime Benefit that would have been paid to Deceased Member = $\$8.36 \times 25 = \$209/\text{month}$

Spouse Only	B50 Benefit = $\$209 \times 94\% = \$196/\text{month}$ Spouse Annuity = $\$196 \times 50\% = \$98/\text{month for life}$
Spouse & Children (2 or Less) (B50) (Each receive \$15/month)	Minimum Benefit to Spouse \$98 Children's Benefit \$15/month
Spouse & Children (3 or More) (B50) (Each receive equal share \$40/month)	Minimum Benefit to Spouse \$98 Children's Benefit $\$40 / 3 = \$13/\text{each}$

Non-Duty Death – Volunteer Member

The benefit is based on the total amount of service rendered up to the time of death and as if the Member had retired and elected Option B50. In this example the benefit is based on 12 years of credited service. Lifetime Benefit that would have been paid to Deceased Member = $\$8.36 \times 12 = \$100/\text{month}$

Spouse Only	B50 Benefit = $\$100 \times 94\% = \$94/\text{month}$ Spouse Annuity = $\$94 \times 50\% = \$47/\text{month for life}$
Spouse & Children (2 or Less) (B50) (Each receive \$15/month)	Minimum Benefit to Spouse \$47 Children's Benefit \$15/month
Spouse & Children (3 or More) (B50) (Each receive equal share \$40/month)	Minimum Benefit to Spouse \$47 Children's Benefit $\$40 / 3 = \$13/\text{each}$

While Retired:

- Tax Withholding
- Social Security and your Retirement
- Raises after Retirement
- Benefit Payment Option (BPO) Changes



TAX WITHHOLDINGS

LOPFI withholds state of Arkansas (for Arkansas residents) and federal income tax on all forms of retirement benefits (early, normal, duty and non-duty disability, duty and non-duty death) per the benefit recipient's instructions. Since LOPFI does not provide tax advice, Members are encouraged to contact a tax advisor to determine the appropriate amount of tax withholding for their particular situation.

SOCIAL SECURITY AND YOUR LOPFI RETIREMENT

Section 419(c) of Public Law 108-203, the Social Security Protection Act of 2004, requires state and local government employers to disclose the effect of the Windfall Elimination Provision (WEP) and Government Pension Offset Provision (GPO) to employees hired on or after January 1, 2005, in jobs not covered by Social Security.

This law requires state and local government employers who hire new employees **not** covered by Social Security to:

- Give Form SSA-1945, Statement Concerning Your Employment in a Job Not Covered by Social Security, to the new employee before employment begins.
- The form must be signed by the employee (original retained by employer).
- A copy of the form should be sent to the pension-paying agency.

The form discloses to the new employee that earnings from their employer are not covered under Social Security. It also states, "When you retire, or if you become disabled, you may receive a pension based on earnings from your employer".

If you do, and you are also entitled to a benefit from Social Security based on either your own employment, or the employment of your husband or wife, or former husband or wife, your pension may affect the amount of the Social Security benefit you receive. Your Medicare benefits will not be affected.

For more information concerning Section 419(c) of Public Law 108-203, the Social Security Protection Act of 2004, please visit <https://www.ssa.gov/slge/> If you need additional information concerning WEP and GPO, you may refer to <https://www.ssa.gov/>

LOPFI

ILLUSTRATIONS OF NORMAL BENEFIT AMOUNTS FOR SAMPLE COMBINATIONS OF SERVICE & PAY FOR PAID SERVICE WHICH IS NOT COVERED BY SOCIAL SECURITY

(The Applicable Benefit Program is Years of Paid Service times 3% of FAP)

LOPFI Benefit¹

Final Average Pay (FAP)	Dollar Amount	% of FAP
32 Years of Service²		
\$2,400	\$2,304	96%
3,000	2,880	96%
3,600	3,456	96%
4,200	4,032	96%
4,800	4,608	96%
28 Years of Service²		
\$2,400	2,016	84%
3,000	2,520	84%
3,600	3,024	84%
4,200	3,528	84%
4,800	4,032	84%
20 Years of Service²		
\$2,400	1,440	60%
3,000	1,800	60%
3,600	2,160	60%
4,200	2,520	60%
4,800	2,880	60%

(1) Amounts shown are rounded to nearest dollar; actual amounts will be calculated to the nearest cent.

(2) With 28 or more years of service the employee is eligible for normal retirement. With 20 or more years of service the employee is eligible for normal retirement at age 55. With fewer than 20 years, the eligibility age is 60.

LOPFI

ILLUSTRATIONS OF NORMAL BENEFIT AMOUNTS FOR SAMPLE COMBINATIONS OF SERVICE & PAY FOR PAID SERVICE WHICH IS COVERED BY SOCIAL SECURITY

(The Applicable Benefit Program is Years of Paid Service times: 2% of FAP for life, plus 1.0% of FAP temporary to full Social Security retirement age)

Final Average Pay (FAP)	LOPFI Benefit ²		Estimated Social Security ¹	Estimated Monthly Total		Percent of FAP	
	To SSRA	At SSRA		To SSRA	At SSRA	To SSRA	At SSRA ⁶
32 Years Of Service³							
\$2,400	2,304	2,190	1,781	2,304	3,971	96%	127%
3,000	2,880	2,737	1,979	2,880	4,716	96%	120%
3,600	3,456	3,285	2,186	3,456	5,471	96%	116%
4,200	4,032	3,832	2,387	4,032	6,219	96%	113%
4,800	4,608	4,380	2,589	4,608	6,969	96%	111%
28 Years Of Service³							
\$2,400	2,016	1,916	1,781	2,016	3,697	84%	118%
3,000	2,520	2,395	1,979	2,520	4,374	84%	112%
3,600	3,024	2,874	2,186	3,024	5,060	84%	108%
4,200	3,528	3,353	2,387	3,528	5,740	84%	105%
4,800	4,032	3,832	2,589	4,032	6,421	84%	102%
20 Years Of Service³							
\$2,400	1,440	1,369	1,781	1,440	3,150	60%	100%
3,000	1,800	1,711	1,979	1,800	3,690	60%	94%
3,600	2,160	2,053	2,186	2,160	4,239	60%	90%
4,200	2,520	2,395	2,387	2,520	4,782	60%	87%
4,800	2,880	2,737	2,589	2,880	5,326	60%	85%

(1) "Estimated Social Security" means, for an employee covered by Social Security, an employee's estimated OASDI retirement benefit is based upon an estimated "average indexed monthly earnings" for an employee retiring at normal Social Security Retirement Age (SSRA). It does not include any amounts which might be payable to an eligible spouse or children. Final average pay is assumed to be equal to Average Indexed Monthly Earnings. The results assume no Social Security covered earnings after retirement. Note that a member may draw a reduced Social Security benefit as early as age 62. This is an estimate. Individuals can receive an estimate from the Social Security Administration based on their actual earnings history.

(2) Amounts shown are rounded to the nearest dollar; actual amounts will be calculated to the nearest cent.

(3) With 28 or more years of service the employee is eligible for normal retirement. With 20 or more years of service the employee is eligible for normal retirement at age 55. With fewer than 20 years, the eligibility age is 60.

(4) This illustration shows 2035 Social Security estimates for a participant who retires in 2023 at age 55. All future benefits are in future dollars.

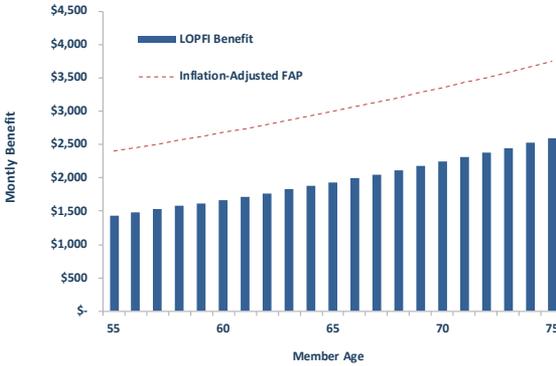
(5) Amounts of Social Security Retirement Age are adjusted for post-retirement increases of 3% annually from retirement to SSRA. Amounts to Social Security Retirement Age are benefits at commencement.

(6) Amounts at Social Security Retirement Age are discounted by price inflation annually from SSRA to the retirement date and then displayed as a percent of FAP.

LOPFI with Social Security vs. LOPFI-Only Comparing Normal Benefit Amounts in Retirement

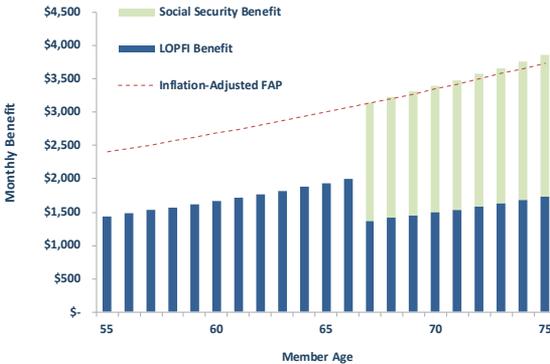
As a summary of the principles set forth in illustrations 1 and 2 on the previous pages, the graphs below show retirement benefit amounts for a LOPFI employee who retires at age 56 with 20 years of service and a monthly FAP of \$2,400 at retirement.

For Paid Service Which is Not Covered by Social Security



The LOPFI benefit for a member not covered by Social Security will replace a portion of the inflation-adjusted earnings at retirement.

For Paid Service Which is Covered by Social Security



If the member is covered by Social Security, the LOPFI benefit is reduced at full Social Security retirement age, after which the member would begin receiving an OASI benefit. The total combined benefit would serve to replace the member's inflation-adjusted final average pay at retirement from LOPFI. The provisions of Social Security coverage create an environment in which retirees may achieve full replacement of their inflation-adjusted earnings when they reach full Social Security retirement age.

RAISES AFTER RETIREMENT

On July 1st of each year all eligible LOPFI retirees receive an annual 3% compound cost of living adjustment (COLA). The COLA is calculated by using the previous July 1st benefit amount. A Member must have been retired for twelve (12) full months prior to July 1st to be eligible for their first COLA.

EXAMPLE: If a Member retired July 1, 2024, with a monthly benefit of \$3,000, his/her COLA increase would be effective July 1, 2025, and would be increased by \$90 ($\$3,000 \times 3\%$) for a new monthly benefit of \$3,090. However, if a Member retired August 1, 2024, they would not receive a COLA until July 1, 2026, because the period of retirement was less than 12 full months when the July 1, 2025, date arrived.

BENEFIT PAYMENT OPTION (BPO) CHANGE

If you entered retirement or DROP under Option A60 or A120, once you have been married for one (1) year and no later than eighteen (18) months thereafter, you can elect to change your BPO. You must submit a copy of your marriage license as well as a written request that includes your name, your actual signature, last four (4) digits of your social security number, and the BPO you would like to change to (B50 or B75).

If you are a retired Member or active DROP participant and elected Option B50 or B75 you can elect to change your BPO to Option A60 if there is a change in your marital status due to death or divorce. You must submit a copy of the death certificate or divorce decree along with a written request that includes your name, your actual signature, last four (4) digits of your social security number, and state you would like to revert to Option A60.

RETIREES RETURNING TO LOPFI COVERED EMPLOYMENT

Members Who Retired from Paid Service and Return to Work

If a Member returns to LOPFI-covered paid service employment, after having been retired for at least 30 days, the Member's monthly benefit stops and the Member will start earning credited service again. If the Member's re-employment lasts for thirty-six (36) months or more, the monthly benefit is then recalculated using the revised FAP and additional accrued service credit. If the Member terminates employment after accruing at least twelve (12) months of service credit but less than thirty-six (36) months, the monthly benefit will be recalculated using the additional service credit and the original FAP. Under this provision:

- Retired Members may return to LOPFI-covered paid service employment only one (1) time.
- Members may not receive a refund during this period of reemployment.
- This provision is not available to DROP participants or Members that elected an Early Retirement.

An additional return to service provision was created by Act 988 of 2019. This provision allows a LOPFI retiree, including a Member who participated in DROP or elected Early Retirement, to return to LOPFI-covered employment, but not have his/her retirement benefit stopped. Act 344 of 2021 updated the conditions for this specific type of return to service.

- The Member retired i.e. actually terminated employment and remained retired for at least ninety (90) calendar days before returning to LOPFI-covered employment regardless of the date of retirement. No prearranged employment is allowed. If this occurs, and LOPFI learns that a bona fide termination of employment did not occur, the System can report this to the IRS. The retiree may face adverse tax consequences.
- The police officer/firefighter cannot return to employment with

any of his/her previous LOPFI-covered employers unless it is in an entry level position, or a position appointed by a mayor, city manager, or city administrator.

- The police officer/firefighter must waive any future benefit accrual under LOPFI.
- The employer shall report to LOPFI that the person is a police officer/ firefighter employee of the police/fire department within ten (10) calendar days of the hiring.
- No member contribution will be required; however, the employer shall remit the full employer contribution, without the aid of Premium Tax funding, based on the gross monthly earnings of the police officer/firefighter.
- This return to service provision is not available to a retiree receiving a disability benefit from LOPFI.
- In the event the police officer/firefighter employee becomes disabled during the period of reemployment, he/she will not be eligible to apply for LOPFI disability benefits.

Members Who Retired and Return to Work as a Volunteer

If a retired volunteer Member elects to return to LOPFI-covered volunteer employment, the Member must wait ninety (90) calendar days from the original date of retirement to return to service. The Member will continue to receive their monthly benefit, but will not accrue any additional service credit. To utilize the return to service provision the volunteer Member must voluntarily waive further service credit in the system.

How to contact us:

- Personal Appointment
- Formal Procedure for Filing a Complaint
- Recording Telephone Communications
- LOPFI Board of Trustees
- Contact Information



PERSONAL APPOINTMENT

By making an appointment with us, we will provide you with an estimated benefit as well as other costs (i.e. military service credit purchase, repayment of a refund, DROP projection, etc.) and answer any other questions that you may have regarding LOPFI retirement.

FORMAL PROCEDURE FOR FILING A COMPLAINT

A constant goal of LOPFI staff is to provide excellent service at all times to our Members and employer groups; however, in the event a Member or employer group has a complaint regarding a staff member, and has been unsuccessful in resolving the matter to their satisfaction, a procedure has been established to allow you an opportunity to file a written complaint. The following procedures will apply:

Complaints Regarding the Executive Director:

If any person has a complaint against the Executive Director with respect to the Director's discharge of his/her business responsibilities, such complaint must be expressed in writing. Copies of complaints received concerning the Executive Director shall immediately be forwarded to the Chairman of the LOPFI Board, who will present the complaint to the LOPFI Board of Trustees. The LOPFI Board of Trustees will, if appropriate, receive recommendations in the form of personnel record/performance review on Executive Director issues from the Pension Review Board.

Complaints Regarding Staff:

If any person has a complaint against LOPFI staff with respect to the discharge of their business responsibilities, such complaint must be expressed in writing and submitted to the Executive Director. The Executive Director may investigate the complaint or assign the investigation to the employee's supervisor.

The investigation of all complaints shall be completed within thirty (30) days of receipt. The Executive Director may grant an extension of time for completion if there are articulated reasons the investigation could not be completed within the thirty (30) day period.

At the conclusion of the investigation all complaints will be classified as follows: (complaints may be a combination of 2 or more)

1. Exonerated: The alleged incident or conduct occurred but was lawful and proper.
2. Substantiated Complaint: As a result of internal or supervisory investigation evidence sufficient to prove the allegation was identified.
3. Unsubstantiated Complaint: As a result of internal or supervisory investigation evidence sufficient to prove the allegation was not identified.
4. Unfounded Complaint: Allegation was determined to be false or not factual.

At the conclusion of all investigations a copy of the complaint, investigation, and resolution will be provided to the Chairman of the LOPFI Board.

RECORDING TELEPHONE COMMUNICATIONS

Telephone communications at LOPFI may be recorded in order to provide our Members and employer groups a high level of service and to ensure accurate and timely receipt of vital information. We feel this enables us to maintain precise data and assist in meeting your needs.

LOPFI BOARD OF TRUSTEES

John Neal, Chairman
Retired Fire Trustee

J. Scott Baxter, Vice-Chairman
Police Employee Trustee

Tim Hill
Retired Police Trustee

Mayor Gary Baxter
Employer Trustee

Damon Reed
Fire Employee Trustee

Andrew Branch
Public Trustee

Vacant
Employer Trustee

CONTACT US

LOPFI

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Little Rock, AR 72201-2223

(A map locator can be found on our website for directions.)

Telephone: 501.682.1745

Email: info@lopfi-prb.com

Website: www.lopfi-prb.com

LOPFI Staff

David B. Clark – Executive Director

Laura Nixon – Assistant Director

Jen Sines – Chief Financial Officer

Lesley Weaver – Accountant II

Jennifer Graves – Membership Services

Haley Garrett – Membership Services

Tracie Owings – Membership Services

Esther Matthaei - Membership Services

Please visit our website at www.lopfi-prb.com for meeting dates, agendas, minutes of previous meetings, seminar dates and locations, PensioNews, access to the **Member Portal**, helpful FAQs, and many other topics.

COMMENTS THAT YOU MAY HAVE

We would love to hear from you. With valuable feedback from our Members and employer groups, we can make your membership even more rewarding!

LOPFI BENEFITS HISTORICAL SUMMARY

The following charts provide a summary of the benefit provisions in effect when LOPFI was created as compared to the provisions currently in place. The “Original” column provides the benefit structure that was first enacted by Act 364 of 1981. The “Current” column provides the benefit structure as of the 2024 calendar year.

Vesting	
Original	Current
10 years	Terminated before July 1, 1998- 10-year vesting Terminated after July 1, 1998- 5-year vesting Hired on/after July 1, 2013- 10-year vesting
Final Average Pay	
Original	Current
60 months	36 months
Normal Retirement	
Original	Current
Age 55 with 20 or more years of service, or age 60 and vested	Any age with 28 years of service, or age 55 with 20 years of service, or age 60 and vested
Early Retirement	
Original	Current
Attained age 50 with at least 20 years of service The amount of the reduction is 1/2 of 1% (0.5) for each month age at early retirement is younger than normal retirement age	Active and attained age 50, but younger than 55 with at least 20 years of service, or active with 25 full paid years of service at any age The amount of the reduction is 1/2 of 1% (0.5) for each month age at early retirement is younger than normal retirement age
Deferred Retirement Option Plan (DROP)	
Original	Current
None	A paid service Member with at least 28 years of service or age 55 with 20 years of service. A participant with 28 years of service will receive 75% of his/her accrued benefit at time of DROP election, payable into the participant’s DROP account. A participant with less than 28 years of service will receive 72% of his/her accrued benefit at time of DROP election, payable into the participant’s DROP account.

LOPFI BENEFITS HISTORICAL SUMMARY (continued)

Deferred Retirement Option Plan (DROP) <i>continued</i>	
Original	Current
None	DROP account credited with 6% interest annually. Employer and Member contributions continue and are credited to the System (i.e. they are not deposited to the DROP account). 10-year maximum participation.
Duty Related Disability Benefit	
Original	Current
Regular formula, if age is younger than 55, and solely for benefit calculation purposes, service credit awarded for the period from the date of disability retirement to the date the Member would attain age 55.	Paid Members - Ordinary Duty – Greater of 15% of FAP or actual service credit; Hazardous Duty – Greater of 65% FAP or actual service credit; Catastrophic Duty – Greater of 28 years of paid service or actual service credit Volunteer Members - benefit calculated as if the Member had accrued 25 years of service
Non-Duty Related Disability Benefit	
Original	Current
5 or more years of service; regular formula	Paid/Volunteer - Must be vested. Disability benefit based on total accrued service.
Duty Related Death Benefit	
Original	Current
Regular formula, if age is younger than 55, and solely for benefit calculation purposes, service credit awarded for the period from the date of death to the date the Member would have attained age 55. Paid as if a Member elected Option B50 before death.	Regular formula, if service is less than 25 years, service granted to bring credit to 25 years. Paid as if a Member elected Option B50 before death.
Non-Duty Related Death Benefit	
Original	Current
Paid: 5 or more years of service Volunteer: 20 or more years of service Regular formula, but not less than 20% of FAP. Paid as if Member elected Option B50 before death.	Paid: Must be vested. Benefit is based on the FAP and total accrued service credit. Volunteer: Must be vested. Benefit based on total accrued service credit.

LOPFI BENEFITS HISTORICAL SUMMARY (continued)

Form of Payment	
Original	Current
<p>Straight Life Lifetime to Member - 100% Beneficiary - 0%</p>	
<p>A60 Reduced Lifetime Annuity to Member - 96%</p> <p>Upon the Member's death, the beneficiary will receive the same monthly payment amount for the remainder of the 60-month period.</p>	<p>A60 Lifetime to Member - 100%</p> <p>Upon the Member's death, the beneficiary will receive the same monthly payment amount for the remainder of the 60-month period.</p>
<p>A120 Reduced Lifetime Annuity to Member - 90%</p> <p>Upon the Member's death, the beneficiary will receive the same monthly payment amount for the remainder of the 120-month period.</p>	<p>A120 Reduced Lifetime Annuity to Member - 98%</p> <p>Upon the Member's death, the beneficiary will receive the same monthly payment amount for the remainder of the 120-month period.</p>
<p>B50 Reduced Lifetime Annuity to Member - 85%-95% (determined by difference in Member & beneficiary age)</p> <p>Upon the Member's death, the beneficiary will receive 50% of the monthly life benefit the Member received for their lifetime.</p>	<p>B50 Reduced Lifetime Annuity to Member - 94%-98% (determined by difference in Member & beneficiary age)</p> <p>Upon the Member's death, the beneficiary will receive 50% of the monthly life benefit the Member received for their lifetime.</p>
<p>B75 Reduced Lifetime Annuity to Member - 80%-90% (determined by difference in Member & beneficiary age)</p> <p>Upon the Member's death, the beneficiary will receive 75% of the monthly life benefit the Member received for their lifetime.</p>	<p>B75 Reduced Lifetime Annuity to Member - 89%-94% (determined by difference in Member & beneficiary age)</p> <p>Upon the Member's death, the beneficiary will receive 75% of the monthly life benefit the Member received for their lifetime.</p>

LOPFI BENEFITS HISTORICAL SUMMARY (continued)

Cost of Living Adjustment	
Original	Current
3% of the original benefit (i.e. simple escalator)	3% of the prior year's July 1st benefit (i.e. compound escalator)
Benefit Program 1	
Original	Current
Covered by Social Security: 2.0% of FAP times years of service until age 62; then 1% of FAP times years of service. Payable for life.	Covered by Social Security: 3% of FAP times years of service until first eligible for an unreduced social security benefit (generally this is age 67 for most LOPFI Members); then, 2% of FAP times years of service. Payable for life
Not covered by Social Security: 2.0% of FAP times years of service. Payable for life.	Not covered by Social Security: 3% of FAP times years of service. Payable for life.
Benefit cap: 80% FAP	Benefit cap: 100% FAP
Benefit Program 2	
Original	Current
None	Covered by Social Security: 3% of FAP times years of service
	Not covered by Social Security: 3.34% of FAP times years of service
	Benefit cap: 100% FAP
Volunteer	
Original	Current
For each year of Volunteer Service, \$2.00 monthly, to a maximum of \$80 monthly	<p>Benefit Program 3: Current indexed amount times years/months of service; indexed amount is \$8.36</p> <p>Benefit Program 4: Current indexed amount times years/months of service; indexed amount is \$13.54. Benefit cap reached with 40 years of volunteer service credit. <i>Indexed amounts as of July 2024.</i></p>

