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ATRS Rule 10

~~T-DROP AND RETURN TO SERVICE~~ **ATRS RULE 10** **RETURN TO SERVICE AND TEACHER DEFERRED RETIREMENT OPTION** **PLAN** Arkansas Code §§ 24-7-502, 24-7-708, and 24-7-1301 et seq.

I. Definitions

I. Definitions

- A. ~~"DROP" means a deferred retirement option plan enacted by the General Assembly and administered under ATRS or a reciprocal system.~~
- B. ~~"Early participant" means a member who has at least twenty-eight (28) years but less than thirty (30) years of credited service in ATRS including combined service with a reciprocal system, and is authorized by the Board for early participation in the plan.~~
- a. ~~C.~~ **"Fiscal year"** means the operating year for the State of Arkansas that begins on July 1 of each calendar year and ends on June 30 of the next calendar year;
- b. ~~D.~~ **"Participant"** "Plan participant" means a member who elects to participate in ~~T-DROP~~ the Teacher Deferred Retirement Option Plan (T-DROP) under A.C.A. Arkansas Code § 24-7-1301 et seq.
- E. ~~"ATRS Employer" means an employer who participates in the Arkansas Teacher Retirement System whose employees are eligible for membership under A.C.A. § 24-7-501 or other applicable law.~~
- c. ~~F.~~ **"Plan deposits"** "Plan deposit" means the deposits a deposit made to each plan participant's T-DROP account pursuant to A.C.A. Arkansas Code § 24-7-1306;
- d. ~~G.~~ **"Plan interest"** means ~~the rate per annum, as the Board shall set prior to the beginning of the fiscal year and applies to subsequent years unless modified by the Board, that is credited in each participant's T-DROP account. The Board shall determine the plan interest rate based upon A.C.A. § 24-7-1307(c). All T-DROP participants that have not retired shall receive plan interest at the end of each fiscal year.~~ one (1) or more interest rates per annum that are adopted by the Board of Trustees of the Arkansas Teacher Retirement System (Board) by the end of the first quarter of the fiscal year in which the interest rate shall apply in order for the appropriate interest to be credited to each plan participant's T-DROP account in subsequent years following the Board's adoption of the interest rate;
- e. ~~H.~~ **"Post 10-year T-DROP interest"** means ~~the rate per annum, compounded annually, as the Board shall set and adopt at the end of each fiscal year, credited on June 30 to the balance of the T-DROP participant's~~

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account that meets the following criteria:

- ~~1. The member participated in T-DROP for ten (10) years by receiving deposits, interest, or both; and~~
 - ~~2. The member has not retired.~~ a rate per annum that is compounded annually and adopted by the Board by the end of the first quarter of the fiscal year in which the interest rate shall apply in order for the interest to be credited on June 30 to the T-DROP account of a plan participant who has not retired and whose participation in T-DROP has ended;
- ~~f. L.~~ f. "Quarter" means one-fourth (1/4) of a fiscal year. ~~The four (4) quarters applicable in this rule are:~~ as follows:
1. 1st Quarter: July 1 through September 30;
 2. 2nd Quarter: October 1 through December 31;
 3. 3rd Quarter January 1 through March 31; and
 4. 4th Quarter: April 1 through June 30;
- ~~g. J.~~ g. "Retiree" means a member receiving an ATRS a retirement annuity from the Arkansas Teacher Retirement System (ATRS);
- ~~h. K.~~ h. "Salary" ~~is defined by~~ means the same as defined in A.C.A. Arkansas Code § 24-7-202; provided that and does not include nonmandatory compensation that is taxable by the IRS ~~is not salary for ATRS purposes;~~
- ~~i. L.~~ i. "T-DROP Cash Balance Account" means ~~the~~ a financial account ~~set up~~ established for a plan participant who elects to defer distribution of his or her T-DROP account balance at a the time that he or she is eligible to receive a lump-sum distribution of the T-DROP account balance;
- ~~j. M.~~ j. "T-DROP Cash Balance Account interest" means the interest rate per annum applicable to a plan participant's T-DROP Cash Balance Account, and compounded monthly into a plan participant's T-DROP Cash Balance Account. ~~The interest rates payable on the T-DROP Cash Balance Accounts are set forth in this Rule;~~ and
- ~~N. "T-DROP Service Credit" shall be determined using the same rules that apply for service credit for an active member with the exception that "on call" availability shall not be used for T-DROP service credit requirements.~~
- ~~k. "Uniformed Services of the United States" means service in the:~~
1. United States Armed Forces;
 2. Army National Guard;
 3. Air National Guard when engaged in active duty for training, state active duty, inactive duty training, or full-time National Guard duty;
 4. United States Commissioned Corps of the Public Health Service; and

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5. Any other category of persons designated by the President of the United States in time of war or emergency.

II. Employment of an ATRS Retiree by an ATRS Employer

II. Return to Service¹

- a. A. Upon acceptance of employment with an ATRS employer, the retiree and the ATRS employer must report to ATRS the retiree's employment on the forms and reports as required by ATRS. Unless otherwise provided by the Office of Personnel Management's Policy No. 65, effective July 1, 2009, a retiree who terminates employment under Arkansas Code § 24-7-502 or reaches the normal retirement age may:
1. Accept employment with a covered employer; and
 2. Continue to receive a monthly retirement annuity without a limitation of his or her retirement annuity.
- b. B. ATRS employers will regularly report all employed retirees on retirement reports as required by ATRS. A retiree who returns to service with a covered employer and a covered employer who employs a retiree shall report the retiree's employment to ATRS using forms and reports required by ATRS.
- c. C. Effective July 1, 2009, no earnings limitation shall apply to retirees employed with ATRS employers. A retiree who receives monthly retirement benefits and is employed by a covered employer shall not:
1. Pay member contributions;
 2. Be responsible for employer contributions; or
 3. Accrue additional service credit.
- d. D. A retiree employed by an ATRS employer shall not accrue additional service credit, and no member contributions shall be withheld or paid to ATRS. Employer contributions, however, shall be paid to ATRS on the salary earned by a retiree who returns to work for an ATRS employer. A covered employer that employs a retiree shall pay employer contributions on the salary paid to the retiree in an amount equal to the employer contribution rate applicable to an active member.

E For the return to work rules applicable to disability retirees receiving benefits under A.C.A. § 24-7-704, see Rule 9.VII (Disability Retirement).

III. The ATRS Board of Trustees has the authority under A.C.A. § 24-7-1301 to promulgate rules, including the adoption of an interest rate, by resolution of the Board, for the administration of a deferred retirement option plan (T-DROP) for eligible members.

¹ Rules concerning a disability retiree's return to service are included in ATRS Rule 9.

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III. Teacher Deferred Retirement Option Plan (T-DROP)

IV. T-DROP Participation and Account Credit

a. Participation — Generally

1. A. In lieu of terminating employment and voluntarily retiring under A.C.A. § 24-7-704, an active member of ATRS with at least thirty (30) years of service credit may elect to participate in T-DROP and continue to work for an ATRS a covered employer.
2. An active member with at least twenty-eight (28) years of service credit may elect to participate early in T-DROP and continue to work for a covered employer.
3. The service credit of a plan participant shall be determined using the same rules that apply for determining the service credit of an active member.
4. On call availability shall not be used for:
 - A. T-DROP service credit requirements; or
 - B. Monthly plan deposits to a plan participant's T-DROP account.
5. By continuing covered employment, the participant defers receipt of retirement benefits until a later date. An active member who elects to participate in T-DROP and continues his or her covered employment defers the receipt of retirement benefits.

B. A member shall have at least thirty (30) years of credit in ATRS to participate in T-DROP, or, to become an early participant in T-DROP, at least twenty-eight (28) years but less than thirty (30).

b. Participation — Reciprocal Systems

1. Service credit in ATRS, a reciprocal system, or a combination of service credit in ATRS and the reciprocal system may be counted to meet the minimum service credit requirements for participation under T-DROP and the reciprocal system's deferred retirement option plan if the reciprocal system offers members of the reciprocal system a deferred retirement option plan.
2. A retirement benefit payable by a reciprocal system shall be determined according to the law, rules, and regulations applicable to the reciprocal system.
3. The final average salary of a plan participant with reciprocal service credit shall be the highest final average salary calculated by ATRS or a reciprocal system in which the plan participant has at least two (2) years of service credit. (Arkansas Code § 24-2-402)
4. Each reciprocal system shall calculate final average salary in

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accordance with the law applicable to the reciprocal system.

5. A salary earned as a member of the Arkansas Judicial Retirement System or an alternate retirement plan shall not be used to calculate final average salary.
6. A reciprocal system shall credit a deferred retirement option plan account with plan deposits and plan interest according to the deferred retirement option program applicable to the reciprocal system.

c. Limits on Participation

1. ATRS shall not pay a monthly plan deposit into a plan participant's T-DROP account for more than ten (10) consecutive years from the date on which the plan participant enters T-DROP.

d. D. T-DROP Benefits

1. A plan participant shall elect an annuity option provided in Arkansas Code § 24-7-706 at the time the plan participant:
 - A. Separates from service; and
 - B. Either:
 - i. Applies for retirement upon reaching the normal retirement age; or
 - ii. Is granted a monthly retirement benefit.
2. A plan participant's T-DROP plan deposit may be reduced as provided by the ATRS Rules and Arkansas Code § 24-7-1301 et seq.
3. A plan participant's T-DROP benefit shall:
 - A. Be the monthly straight life annuity benefit that the plan participant would have received if he or she voluntarily retired; and
 - B. Not include a monthly benefit stipend otherwise provided under Arkansas Code § 24-7-713.

e. Plan Interest and Plan Deposits

1. ~~C.~~ Generally

- A. During participation in T-DROP, ATRS shall credit ~~the T-DROP account of each participant's T-DROP account~~ plan participant with plan deposits and plan interest.

2. Plan Deposits

A. Determination of Plan Deposit

- i. A plan participant's plan deposit shall be determined as

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follows:

- a. If a plan participant has at least thirty (30) years of credited service in ATRS, including combined service with a reciprocal system, the plan deposit shall be the plan participant's T-DROP benefit, as calculated at the plan participant's entry into T-DROP, reduced by one percent (1%) for each year of credited service, including fractions of a year.
- ii. If a plan participant enters T-DROP early, the plan participant's plan deposit shall be the plan participant's T-DROP benefit, as calculated at the plan participant's entry into T-DROP, reduced by:
 - a. One percent (1%) for each year of credited service, including fractions of a year; and
 - b. At least an additional one-half percent (.5%), but no more than one percent (1%), of the initially reduced plan deposit, for each month of credited service under thirty (30) years.

B. Crediting Plan Deposit

- i. A plan participant's T-DROP account shall be credited with twelve (12) monthly plan deposits per fiscal year if the:
 - a. Plan participant earns at least one hundred sixty (160) days of service credit in a fiscal year and does not terminate employment, retire, or die during the fiscal year; or
 - b. Plan participant's covered employer does not terminate the employer-employee relationship.
- ii. If a plan participant earns less than one hundred sixty (160) days of service credit in a fiscal year, the plan deposit shall be made in accordance with the part-time employment schedule as follows:
 - a. If a plan participant earns at least fifteen (15) days of service credit in the first or fourth quarter of the fiscal year, the plan participant's T-DROP account shall be credited with three (3) monthly plan deposits for the quarter.
 - b. If a plan participant earns less than fifteen (15) days of service credit in the first or fourth quarter of the fiscal year, the plan participant's T-DROP shall not be credited with a plan deposit for the three (3) months of that

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quarter

c. If a plan participant earns at least twenty-five (25) days of service credit in the second or third quarter of the fiscal year, the plan participant's T-DROP account shall be credited with three (3) monthly plan deposits for the quarter.

d. If a plan participant earns less than twenty-five (25) days of service credit in the second or third quarter of the fiscal year, the plan participant's T-DROP shall not be credited with a plan deposit for the three (3) months of that quarter.

C. Cost-of-Living Increase

- i. A cost-of-living increase under Arkansas Code §§ 24-7-713 or 24-7-727 shall be applied to the T-DROP benefit that is used to calculate the plan deposit.
- ii. A T-DROP benefit and the cost-of-living increase may be modified as provided by this ATRS Rule 10 and law applicable to ATRS.

D. Election to Cash-Out or Annuitize

- i. Upon electing to retire, if a plan participant elects to cash out or annuitize his or her T-DROP account balance, the plan participant shall not be permitted to reenroll in T-DROP after his or her T-DROP account is distributed unless the plan participant cancels his or her election under Arkansas Code § 24-7-1302.

E. Annual Statement

- i. ATRS shall provide each plan participant with an annual statement of the plan participant's T-DROP account.
- ii. The statement of plan deposits and plan interest shall not be final until the annual accounting has been reconciled for part-time plan participants.

3. Interest Rates

A. Plan Interest

- i. A plan participant who has not retired shall receive plan interest at the end of each fiscal year.
- ii. ~~D. The plan interest rate determined by majority vote of the Board is final and binding upon ATRS and shall not be adjusted based on any revised rate of return reported after that~~

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~~date.~~ The plan interest rate shall be based on a:

- a. Fixed interest rate that is adopted by the Board by the end of the first quarter of the fiscal year in which the interest rate shall apply; or
- b. Variable interest rate formula that is based on investment returns and other factors adopted by the Board by the end of the first quarter of the fiscal year in which the interest rate shall apply.
- iii. The Board shall adopt a plan interest rate by the end of the first quarter of the fiscal year in which the plan interest shall apply if a variable interest rate formula is used.

B. Post-10-Year T-DROP Interest

- i. If a plan participant continues covered employment after ten (10) consecutive years from the date of his or her entry into T-DROP, the plan participant's T-DROP account shall be credited with a post-ten-year T-DROP interest rate.
- ii. ~~E. The Post 10-year T-DROP interest rate shall be set by the Board prior to the beginning of each fiscal year at the same meeting that the plan interest rate is set.~~ The Board shall set the post-10-year T-DROP interest rate:
 - a. By the end of the first quarter of the fiscal year in which the interest rate shall apply; and
 - b. At the same meeting in which the plan interest rate is set.
- iii. ~~The Post 10-year T-DROP interest rate will be credited to the participant's T-DROP account~~ post-10-year T-DROP interest rate shall be credited to a plan participant's T-DROP account on June 30th 30 of each year, or through the date of retirement, whichever occurs first.
- iv. ~~F. The Post 10-year T-DROP interest rate for each year determined by majority vote of the Board is final and binding upon ATRS and shall not be adjusted based on any revised rate of return reported after that date.~~ The post-10-year T-DROP interest rate for T-DROP shall be determined by the Board and adopted by the by the end of the first quarter of the fiscal year in which the interest rate shall apply.

C. Incentive Rate

- i. In addition to the interest rate for the fiscal year, the Board may adopt an incentive rate during the fiscal year if investment returns justify an incentive rate for the fiscal year.

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4. Suspension or Cessation of Plan Deposits and Benefit Distributions

A. Monthly plan deposits to a plan participant's T-DROP account shall stop if the plan participant:

- i. Separates from service and is granted a monthly retirement benefit from ATRS or a reciprocal plan;
- ii. Reaches normal retirement age and retires without separating from covered employment;
- iii. Separates from covered employment and does not apply for retirement benefits; or
- iv. Dies.

B. Separation from Covered Employment without Applying for Retirement Benefits

- i. If a plan participant separates from covered employment and does not apply for retirement benefits, monthly plan deposits into the plan participant's T-DROP account shall be suspended beginning on the month in which the plan participant separates from covered employment.
- ii. The plan participant's T-DROP account shall not be credited with a plan deposit for the duration of the plan participant's separation from covered employment.
- iii. Monthly plan deposits into a plan participant's T-DROP account shall resume if the plan participant returns to covered employment before the end of the plan period.
- iv. If a plan participant applies for retirement, the retirement benefits shall be paid according to the plan participant's T-DROP account balance:
 - a. At the time of the plan participant's separation from covered employment; or
 - b. In the month before the effective date of the plan participant's retirement benefits after the plan participant reaches the normal retirement age.
- v. A plan participant shall remain eligible for annual plan interest to be credited to his or her T-DROP account if the member:
 - a. Does not separate from covered employment; and
 - b. Remains on the covered employer's payroll without earning sufficient service credit for monthly plan deposits.

C. Plan Participant's in Uniformed Services of United States

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- i. A plan participant shall be treated as not having incurred a break in service with a covered employer if the plan participant leaves covered employment to voluntarily or involuntarily serve in the uniformed services of the United States and later returns to covered employment.
- ii. A covered employer shall certify to ATRS that reemployment of the plan participant complies with § 4312 of the Uniformed Services Employment and Reemployment Act of 1994 (USERA).

f. Compliance — Section 415 of the Internal Revenue Code

- 1. The operation of T-DROP shall comply with U.S.C. § 415 and other applicable sections of the Internal Revenue Code, 26 U.S.C. § 1 et seq.
- 2. Any provision concerning the operation of T-DROP that conflicts with § 415 and other applicable sections of the Internal Revenue Code, 26 U.S.C. § 1 et seq. is invalid.

g. T-DROP Account Balance — Rollover

- 1. A lump-sum distribution of a plan participant's T-DROP account balance may be rolled over into the plan participant's qualifying retirement plan.
- 2. ATRS shall rollover the T-DROP account lump-sum balance into only one (1) qualifying plan.

h. T-DROP Cash Balance Account Program

1. Election Option

- A. In lieu of electing a lump-sum distribution of his or her T-DROP account balance, a plan participant may elect to transfer all or a part of his or her T-DROP account balance into a Cash Balance Account (CBA).
- B. If a plan participant elects to have only a part of his or her T-DROP account balance transferred into a CBA, the remaining balance of the T-DROP account shall be annuitized under ATRS or paid as a lump-sum distribution.
- C. A CBA shall be credited monthly with T-DROP Cash Balance Account interest and debited monthly for withdrawals and distributions beginning on the month immediately following the establishment of the CBA.

2. T-DROP Cash Balance Account Interest Schedule

- A. A CBA established on or after July 1, 2012, shall be credited with T-

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DROP Cash Balance Account interest as follows:

<u>T-DROP Cash Balance Account Program Years of Participation</u>	<u>Interest Rate</u>
<u>First fiscal year of participation</u>	<u>Two and one-half percent (2.5%)</u>
<u>Two (2) fiscal years of participation</u>	<u>Two and seventy-five hundredths percent (2.75%)</u>
<u>Three (3) fiscal years of participation</u>	<u>Three percent (3.00%)</u>
<u>Four (4) fiscal years of participation</u>	<u>Three and twenty-five hundredths percent (3.25%)</u>
<u>Five (5) fiscal years of participation</u>	<u>Three and one-half percent (3.50%)</u>
<u>Six (6) or more fiscal years of participation</u>	<u>Four percent (4.00%)</u>

B. The Board may:

- i. Increase the T-DROP Cash Account Balance interest rate for future fiscal years and on an ad hoc basis;
- ii. Consider current market conditions, competing financial offerings to plan participants, bank rates for certificates of deposits, the status of ATRS' return on investments, and the current state of participation in the T-DROP Cash Balance Account program when determining the T-DROP Cash Balance Account interest rate;
- iii. Periodically authorize, by board resolution, a special ad hoc incentive payment for CBAs if the Board determines that payment of the special ad hoc incentive is likely to encourage continued participation and increase future participation in the T-DROP Cash Balance Account program; and
- iv. Adopt, by board resolution, a new T-DROP Cash Balance Account Interest Schedule (Schedule) for future CBAs.

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C. An ad hoc increase may be:

- i. Set as a single amount to be applied to each CBA; or
- ii. Computed as a graduated amount based on the length of time the CBA has existed.

D. The T-DROP Cash Balance Account interest rate shall remain in effect until the Board adopts a new Schedule with lower interest rates for future CBA accounts established by the end of the first quarter of the fiscal year in which the interest rate shall apply.

E. A CBA established before the effective date of a board resolution adopting a new Schedule for future CBAs shall not be subject to the provisions of the new Schedule.

F. If a plan participant dies with a CBA balance, the CBA balance shall be paid as provided under Arkansas Code § 24-7-1310.

3. Withdrawals

A. If a plan participant's CBA has a balance, a plan participant may withdraw funds from his or her CBA up to six (6) times per quarter by using forms approved by ATRS.

B. A plan participant may make more than six (6) withdrawals in a quarter with the approval of the Executive Director of ATRS.

C. A plan participant may request a recurring monthly distribution of a set amount from his or her CBA until the CBA balance is depleted or the plan participant withdraws his or her request.

D. Minimum distributions made to a plan participant shall comply with Arkansas Code § 24-7-730 and the Internal Revenue Code, 26 U.S.C. § 1 et seq.

V. Rules

A. T-DROP Benefit Generally

~~1. The participant's T-DROP benefit will be the monthly straight life annuity benefit to which the member would have been entitled had the member retired under A.C.A. § 24-7-701.~~

~~2. The participant's T-DROP benefit may be reduced as set forth in these Rules and under A.C.A. § 24-7-1301 et seq.~~

~~3. The T-DROP deposit shall not include the additional benefit, also known as the "monthly benefit stipend" provided in A.C.A. § 24-7-713.~~

~~B. Plan deposits shall be a percentage of the T-DROP benefit, as follows:~~

~~If a plan participant has at least thirty (30) years of credited service in ATRS, including combined service with a reciprocal system, the plan deposit is the~~

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~~participant's plan benefit as calculated at the entry into T-DROP, and then reduced by one percent (1%) for each year of credited service, including fractions of a year.~~

~~For early participants, the plan deposit is the early participant's plan benefit as calculated at the entry into T-DROP, and then reduced by one percent (1%) for each year of credited service, including fractions of a year, and further reduced by at least an additional one-half percent (.5%), but no more than one percent (1%), of the initially reduced plan deposit, for each month of credited service under thirty (30) years.~~

~~C. A participant shall elect an annuity option provided in A.C.A. § 24-7-706 at the time the participant separates from service and is granted a monthly retirement benefit or files for retirement upon reaching normal retirement age.~~

~~D. T-DROP Participation Limits~~

~~1. A member's participation in T-DROP shall not exceed ten (10) consecutive calendar years for accruing plan deposits; however, the Board is authorized under A.C.A. § 24-7-1307 to provide for a separate deposit, called the Post 10-year T-DROP interest.~~

~~2. If a participant continues covered employment after completing ten (10) years in T-DROP, the T-DROP account will be credited with Post 10-year T-DROP interest as set by the Board. Benefits payable at retirement will be based on the account balance the month before the participant begins drawing retirement benefits.~~

~~E. The annuity upon which plan deposits are calculated shall receive the cost-of-living increase provided for in A.C.A. § 24-7-713 or § 24-7-727. The annuity plus the cost-of-living increase is reduced or adjusted under this Rule.~~

~~F. If a participant elects to cash out or annuitize their T-DROP account balance upon election to retire, once the T-DROP account is distributed to the member, the participant shall not be allowed to reenroll in T-DROP, unless the member cancels their election under A.C.A. § 24-7-1302.~~

~~G. As soon as possible after the end of each fiscal year, ATRS shall furnish the participant an annual statement of the participant's T-DROP account. The statement of T-DROP deposits and interest will not be final until the annual accounting has been reconciled for part-time T-DROP participants.~~

~~H. If a participant earns service credit of one hundred sixty (160) days or greater within a fiscal year and the participant does not terminate employment, retire, or die during the fiscal year, or the ATRS employer does not terminate the employer/employee relationship, then ATRS will allow crediting of twelve (12) monthly T-DROP deposits per fiscal year.~~

~~I. Part time employment while participating in the T-DROP plan:~~

~~1. In the first or fourth quarter of the fiscal year, five (5) or more days of service~~

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~~credit shall be required to credit the participant's account with three (3) monthly deposits for that particular quarter. If a participant receives less than five (5) days of service credit in either the first or fourth quarter of the fiscal year, then no T-DROP deposits shall be made in the three months for that particular quarter.~~

~~2. In the second or third quarters of the fiscal year, fifteen (15) or more days of service credit shall be required to credit the participant's account with three (3) monthly deposits for that particular quarter. If a participant receives less than fifteen (15) days of service credit in either the second or third quarter of the fiscal year, then no T-DROP deposits shall be made in the three months for that particular quarter.~~

~~VI. Ceasing T-DROP and Distribution Options~~

~~A. T-DROP monthly deposits automatically cease when:~~

- ~~1. The participant separates from service and is granted a monthly retirement benefit from ATRS or a reciprocal plan; or~~
- ~~2. The participant reaches normal retirement age and retires without separation from service; or~~
- ~~3. The participant separates from covered employment but does not apply for monthly retirement benefits; or~~
- ~~4. The participant dies.~~

~~B. Any lump-sum distribution of a participant's T-DROP account balance is eligible to be rolled over into the member's qualifying retirement plan. The ATRS shall only roll over the T-DROP lump sum balance into one qualifying plan.~~

~~C. A participant may direct that all or a part of their lump-sum distribution as set forth in Ark. Code Ann. § 24-7-1308 continue to be held by ATRS in a T-DROP Cash Balance Account described in this rule.~~

~~D. T-DROP is intended to operate in accordance with Section 415 and other applicable sections of the IRS Code. Any provision of the T-DROP that conflicts with an applicable provision of the IRS Code is invalid.~~

~~E. If a participant separates from covered employment but does not apply for monthly retirement benefits, the T-DROP monthly deposit shall cease the month of separation from service. No deposits will be credited to the participant's account for the duration of the separation. Upon returning to covered employment, the monthly deposits will resume. Upon application for retirement, benefits will be paid according to the account balance at the time of separation from service or the month prior to the effective date of benefits after reaching normal retirement age. Provided however, if a member has not separated from covered employment and remains on an ATRS employer payroll without obtaining sufficient service credit for monthly deposits, the member shall remain eligible for annual interest.~~

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F. Effect of Uniformed Service on T-DROP

~~1. If a participant leaves ATRS covered employment to serve, on a voluntary or involuntary basis, in the uniformed services of the United States and returns to ATRS covered employment, the member shall be treated as not having incurred a break in service with the ATRS employer. The ATRS employer shall certify to ATRS that reemployment was in accordance with the requirements set forth in Section 4312 of P.L. 103-353, the Uniformed Services Employment and Reemployment Act (USERA) of 1994.~~

~~2. Under this subsection, uniformed services of the United States are limited to the armed forces, the Army, and the Air National Guard when engaged in active duty for training, inactive duty training, full-time National Guard duty, the commissioned corps of the Public Health Service, and any other category of persons designated by the President in time of war or emergency.~~

VII. Death of a T-DROP Participant Prior to Retirement

~~A. In the event a participant dies while still in T-DROP, the benefits payable from the T-DROP account shall be determined according to A.C.A. § 24-7-710.~~

~~B. Unless otherwise directed to an alternative residual beneficiary or beneficiaries by the member, a T-DROP participant's surviving spouse may choose to receive the T-DROP benefit in a lump sum. If the spouse elects a lump-sum payment of the T-DROP balance, then the survivor annuities payable under A.C.A. § 24-7-710 shall be calculated on the service credit and salary earned by the member prior to participating in T-DROP. If an alternative residual beneficiary or beneficiaries are chosen, then the residue is paid as a lump sum, and no monthly annuity is paid.~~

~~C. For the purposes of A.C.A. § 24-7-709 related to disposition of residue, any amount received from the T-DROP account, either in the form of a lump sum or annuity payments, shall be considered to be annuity payments received by the member or his or her designated beneficiary and shall act to reduce or eliminate the disposition of residue payable under A.C.A. § 24-7-1310.~~

VIII. DROP Participation Under Reciprocal Systems

~~A. If a reciprocal system offers a DROP for its members, then service credit in ATRS, a reciprocal system, or the combination of service credit in the systems may be counted to meet the minimum service credit requirements for participation under each system's DROP.~~

~~B. The benefit payable by the reciprocal system shall be based on the DROP provisions of each system. The final average salary used to determine plan deposits shall be that of the reciprocal system which furnishes the highest final average salary at the time of retirement. Each reciprocal system shall use the method of computing final average salary stipulated by its law. Salaries earned in the Arkansas Judicial Retirement System and alternate retirement plans shall not be used in computing final average salary.~~

MARK UP

~~C. Plan deposits and plan interest credited to the DROP account will be paid under the deferred retirement option program in effect for that reciprocal system.~~

~~IX. T-DROP Cash Balance Account (CBA)~~

~~A. At the time that a participant may elect to receive a lump-sum distribution of all of their T-DROP account balance, the participant may instead elect to defer all or a part of their T-DROP account and direct that such amount be held in a T-DROP Cash Balance Account (CBA) for the participant. If a participant chooses to defer only part of the T-DROP distribution into a T-DROP Cash Balance Account, the remainder of the T-DROP distribution shall be annuitized with ATRS according to the distribution options set out under A.C.A. § 24-7-1308.~~

~~B. After the T-DROP Cash Balance Account has been established on the ATRS' accounting system, a participant with a T-DROP Cash Balance Account balance may withdraw funds from the account six (6) times per quarter on such forms as ATRS may issue. ATRS may allow the participant to obtain additional withdrawals in a quarter with Executive Director approval. A participant may also request a recurring monthly distribution of a set amount until the CBA balance is depleted or the request is terminated by the participant. Minimum distributions will be made sufficient to satisfy legal requirements under Ark. Code Ann. § 24-7-730 and the Internal Revenue Code.~~

~~C. A T-DROP Cash Balance Account shall be credited monthly with T-DROP Cash Balance Account interest, beginning the month after the account is established, and debited for all withdrawals and distributions.~~

~~D. T-DROP Cash Balance Account Interest Schedule~~

~~1. The initial interest rates for participants electing to enter the T-DROP Cash Balance Account program are set forth in this subsection. Members establishing a T-DROP Cash Balance Account on or after July 1, 2012, shall receive interest on their T-DROP Cash Balance Account according to the following schedule:~~

~~After establishing a T-DROP Cash Balance Account and:~~

~~For the first fiscal year of participation: 2.50% interest.~~

~~For two (2) fiscal years: 2.75% interest.~~

~~For three (3) fiscal years: 3.00% interest.~~

~~For four (4) fiscal years: 3.25% interest.~~

~~For five (5) fiscal years: 3.50% interest.~~

~~For six (6) or more fiscal years: 4.00% interest.~~

~~2. These interest rates are minimum interest rates that apply to T-DROP Cash Balance Accounts that are established while these rates are in effect. The T-DROP Cash Balance Account interest may be increased by the ATRS Board of Trustees on a forward-looking and Ad Hoc basis.~~

MARK UP

~~E. The T-DROP Cash Balance Account interest rates payable on T-DROP Cash Balance Accounts established on or after July 1, 2012, shall remain in effect unless the ATRS Board of Trustees adopts a different schedule with lower interest rates to be used for future entrants to the T-DROP Cash Balance Account at least one (1) year prior to the beginning of a fiscal year in which the lower interest rates shall apply. The ATRS Board of Trustees may adopt an interest rate schedule for new entrants by Resolution, setting forth the new interest rate schedule for the T-DROP Cash Balance Account. T-DROP Cash Balance Accounts existing prior to the effective date of the Resolution shall be unaffected by the new interest rate schedule.~~

~~F. When adjusting and setting rates for interest on a T-DROP Cash Balance Account, the Board may consider the current market conditions, competing financial offerings to members, the bank rate for certificates of deposits, the status of ATRS' returns on investments, and the current state of T-DROP Cash Balance Account participation. The Board may periodically authorize by resolution a special ad hoc incentive payment for the Cash Balance Accounts if the Board determines that payment is likely to retain existing T-DROP Cash Balance Account holders and increase future participation in T-DROP Cash Balance Accounts. The ad hoc increase may be set as a single amount to be applied to all Cash Balance Accounts or may be computed as a graduated amount based upon the length of time the Cash Balance Account has been in existence.~~

~~G. If a participant dies with a T-DROP Cash Balance Account, the account balance shall be paid as provided under Ark. Code Ann. § 24-7-1310.~~

HISTORY

Approved:	June 13, 1995	10-3
Amended:	July 30, 1997	10-3
Amended:	June 17, 2003	10-3
Amended:	June 15, 2004	10-2
Amended:	February 15, 2005	10-3
Amended:	July 18, 2005	10-2, 10-3
Amended:	October 4, 2005	10-2
Amended:	December 6, 2005	10-2
Amended:	April 26, 2007	10-3
Amended:	June 19, 2007	10-2
Amended:	February 11, 2008	10-2
Amended:	June 16, 2009	10-2 (Emergency)
Amended:	October 5, 2009	10-2 (Permanent)
Amended:	February 1, 2010	10-3 under emergency rules.
Amended:	June 7, 2010	10-3 Permanent

MARK UP

Amended:	July 1, 2011	10-3 (Emergency)
Adopted:	August 8, 2011	10-3
Effective:	November 11, 2011	10-3
Approved by Board:	February 6, 2012	10-3
Amended:	April 2, 2012	10-3 (Emergency)
Effective:	May 29, 2012	10-3
Approved by Board:	July 26, 2013	10-2, 10-3
Amended:	October 9, 2013	10-2, 10-3
Effective:	November 8, 2013	10-2, 10-3
Approved by Board:	December 1, 2014	10-3
Amended:	May 18, 2015	10-3
Effective:	June 16, 2015	10-3
Approved by Board:	October 5, 2015	10-3
Amended:	February 1, 2016	10-3
Effective:	February 10, 2016	10-3
Approved by Board:	February 5, 2018	10-3
Effective:	February 16, 2018	10-3
Effective:	August 5, 2019	Rule 10
Effective:	May 28, 2020	

1 State of Arkansas
2 93rd General Assembly
3 Regular Session, 2021

A Bill

HOUSE BILL 1319

4
5 By: Representative Maddox
6

For An Act To Be Entitled

8 AN ACT TO AMEND THE LAW CONCERNING THE FINAL AVERAGE
9 SALARY AND CREDITED SERVICE UNDER THE ARKANSAS
10 TEACHER RETIREMENT SYSTEM; TO DECLARE AN EMERGENCY;
11 AND FOR OTHER PURPOSES.
12
13

Subtitle

14
15 TO AMEND THE LAW CONCERNING THE FINAL
16 AVERAGE SALARY AND CREDITED SERVICE UNDER
17 THE ARKANSAS TEACHER RETIREMENT SYSTEM;
18 AND TO DECLARE AN EMERGENCY.
19
20

21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
22

23 SECTION 1. Arkansas Code § 24-7-601(e)(4)-(6), concerning credited
24 service and the calculation of the final average salary under the Arkansas
25 Teacher Retirement System, are amended to read as follows:

26 (4) The final average salary used shall be that of the Arkansas
27 Teacher Retirement System or any reciprocal system that in which the member
28 has at least two (2) years of service credit, whichever furnishes the highest
29 final average salary at the time of retirement.

30 ~~(5) Beginning July 1, 2014, if the reciprocal system in which a~~
31 ~~member has service credit has fewer than the number of years of service~~
32 ~~credit required in the Arkansas Teacher Retirement System's formula for the~~
33 ~~calculation of final average salary for a member, then the Arkansas Teacher~~
34 ~~Retirement System shall obtain the salary and service credit information from~~
35 ~~the reciprocal system and use the combined salary and service credit~~
36 ~~information to calculate the member's final average salary as if the salary~~



1 ~~and service credit have all been earned in the Arkansas Teacher Retirement~~
2 ~~System.~~

3 ~~(6)~~(5) When the Arkansas Teacher Retirement System provides a
4 benefit amount that is not dependent on length of credited service, the
5 benefit amount shall be reduced to the proportion that actual system service
6 bears to total reciprocal system-credited service.

7
8 SECTION 2. Arkansas Code § 24-7-601(g)(3), concerning credited service
9 generally and concurrent credit service under the Arkansas Teacher Retirement
10 System, is amended to read as follows:

11 (3)(A) A member may elect to waive all or part of the concurrent
12 service credited to the member in the system and retire under a reciprocal
13 system if:

14 ~~(A) The~~ the member acknowledges that the waiver is a
15 voluntary surrender of the member's concurrent service credit in the system
16 and cancels the member's concurrent service credit in the system; and.

17 (B) ~~The member's employer-accrued contributions and~~
18 ~~employee-accrued contributions in the system remain with the system~~ The
19 employer-and-employee accrued contributions attributable to the concurrent
20 service may be refunded to the employer and member.

21
22 SECTION 3. EMERGENCY CLAUSE. It is found and determined by the
23 General Assembly of the State of Arkansas that the operations of a state
24 public retirement system are complex; that the Arkansas Teacher Retirement
25 System must be able to meet the needs of its members as anticipated by the
26 General Assembly; that certain provisions of the Arkansas Teacher Retirement
27 System Act, § 24-7-201 et seq., are in need of immediate revision and
28 updating to conform with sound public pension policy and actuarial
29 requirements; that there are conflicts in the law applicable to the various
30 retirement systems concerning concurrent service; that member benefits will
31 be at risk if the conflicts in the law concerning concurrent service remain
32 unresolved; that this act resolves the conflicts in the law concerning
33 concurrent service; that such revision and updating is of great importance to
34 members of the Arkansas Teacher Retirement System and to other citizens of
35 the State of Arkansas; and that this act is necessary in order to maintain an
36 orderly system of benefits for the members of the Arkansas Teacher Retirement

1 System and reciprocal systems. Therefore, an emergency is declared to exist,
2 and this act being immediately necessary for the preservation of the public
3 peace, health, and safety shall become effective on:

4 (1) The date of its approval by the Governor;

5 (2) If the bill is neither approved nor vetoed by the Governor,
6 the expiration of the period of time during which the Governor may veto the
7 bill; or

8 (3) If the bill is vetoed by the Governor and the veto is
9 overridden, the date the last house overrides the veto.

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12 **APPROVED: 3/2/21**
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State of Arkansas

As Engrossed: H2/22/21

93rd General Assembly

A Bill

Regular Session, 2021

HOUSE BILL 1326

By: Representative Warren

For An Act To Be Entitled

AN ACT TO MAKE TECHNICAL CORRECTIONS TO TITLE 24 OF
THE ARKANSAS CODE CONCERNING THE ARKANSAS TEACHER
RETIREMENT SYSTEM; TO DECLARE AN EMERGENCY; AND FOR
OTHER PURPOSES.

Subtitle

TO MAKE TECHNICAL CORRECTIONS TO TITLE 24
OF THE ARKANSAS CODE CONCERNING THE
ARKANSAS TEACHER RETIREMENT SYSTEM; AND
TO DECLARE AN EMERGENCY.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 24-7-202(5)(B)(i), concerning the
definition of "administrator" as applicable to the Arkansas Teacher
Retirement System, is amended to read as follows:

(i) Employed by ~~a participating~~ an employer of the
Arkansas Teacher Retirement System; and

SECTION 2. Arkansas Code § 24-7-202(18)(D), concerning the definition
of "employment with a school" as applicable to the Arkansas Teacher
Retirement System, is amended to read as follows:

(D)(i) Employment in a position with an ~~educationally~~
~~related~~ education-related agency or organization if the employee is or has
been a member of the Arkansas Teacher Retirement System for a minimum of five
(5) years and elects to become or remain a member of the Arkansas Teacher
Retirement System. The employment shall be related to:



- 1 (a) Training public school employees or school
2 board members;
- 3 (b) Teaching public school students; or
4 (c) Adult education programs.
- 5 (ii) The employment shall not be related in any
6 manner to private schools.
- 7 (iii) Each ~~educationally related~~ education-related
8 agency or organization shall be:
- 9 (a) Approved according to rules established by
10 the board;
- 11 (b) Considered an employer under subdivision
12 (17) of this section; and
- 13 (c) Responsible for all required employer
14 contributions;
- 15

16 SECTION 3. Arkansas Code § 24-7-202(26), concerning the definition of
17 "nonteacher" as applicable to the Arkansas Teacher Retirement System, is
18 amended to read as follows:

19 (26) "Nonteacher" means a member who is not a teacher or an
20 administrator;

21

22 SECTION 4. Arkansas Code § 24-7-202(41), concerning the definition of
23 "T-DROP plan interest" as applicable to the Arkansas Teacher Retirement
24 System, is amended to read as follows:

25 (41) "T-DROP plan interest" means the rate or rates per annum
26 that the board shall adopt from time to time that will be used to compute
27 interest paid on T-DROP mean balances at the end of each fiscal year;

28

29 SECTION 5. Arkansas Code § 24-7-208 is amended to read as follows:
30 24-7-208. Benefit enhancements – Restrictions.

31 (a) No benefit enhancement provided for by this ~~act~~ chapter shall be
32 implemented if it would cause the ~~publicly supported retirement system's~~
33 Arkansas Teacher Retirement System's unfunded actuarial accrued liabilities
34 to exceed an eighteen-year amortization.

35 (b) No benefit enhancement provided for by this ~~act~~ chapter shall be
36 implemented by ~~any publicly supported system which~~ the system if the system

1 has unfunded actuarial accrued liabilities being amortized over a period
2 exceeding eighteen (18) years until the unfunded actuarial accrued liability
3 is reduced to a level less than the standards prescribed by § 24-1-101 et
4 seq.

5
6 SECTION 6. Arkansas Code § 24-7-301(2)(C)(i), concerning the
7 membership of the Board of Trustees of the Arkansas Teacher Retirement
8 System, is amended to read as follows:

9 (C)(i) Two (2) active member trustees shall be employed in
10 a position requiring an administrator's license, one (1) of whom shall be an
11 ~~administrator~~ a superintendent or an educational cooperative director.

12
13 SECTION 7. Arkansas Code § 24-7-401(e)(1)-(4), concerning retirement
14 fund assets accounts, member deposit accounts, and contributions under the
15 Arkansas Teacher Retirement System, are amended to read as follows:

16 (e)(1) The board shall annually notify the ~~participating~~ employers of
17 the employer contribution rate established by the board for the upcoming
18 fiscal year.

19 (2) Local school districts shall pay the teacher retirement
20 employment contribution for any eligible employee in accordance with rules
21 established by the board.

22 (3) The Department of Education shall pay from the Public School
23 Fund the teacher retirement employer contributions for eligible employees of
24 ~~participating~~ employers as required by the department's appropriations act
25 and in accordance with rules established by the board.

26 (4) The annual employer contributions to be paid in each year
27 for all other employees by each ~~participating~~ employer shall be the current
28 state contribution percent multiplied by the total covered salaries of the
29 employer's members in the fiscal year.

30
31 SECTION 8. Arkansas Code § 24-7-406(e)(1)(B)(iv), concerning
32 retirement fund assets accounts, member deposit accounts, and contributions
33 under the Arkansas Teacher Retirement System, is amended to read as follows:

34 (iv) An active member who ~~previously elected to~~
35 ~~become a~~ has previous noncontributory member of the system credited service
36 may change credited service on which a member contribution has not been paid

1 to contributory credited service by paying the system the actuarial
2 equivalent of the member benefits.

3
4 SECTION 9. Arkansas Code § 24-7-502(d), concerning definitions
5 applicable to the termination of active membership under the Arkansas Teacher
6 Retirement System, is amended to read as follows:

7 (d) As used in this section:

8 ~~(1) "System-covered employer" means all employers as defined in~~
9 ~~§ 24-7-202 and also includes all employers offering the Arkansas Teacher~~
10 ~~Retirement System as an optional retirement plan on or before January 1,~~
11 ~~2011, to any employee;~~

12 ~~(2)(A)(1)(A)~~ "Terminate" means:

13 (i) The member's covered employment has ended at all
14 ~~system-covered~~ covered employers;

15 (ii) A complete severance of the employer-employee
16 relationship has occurred at all ~~system-covered~~ covered employers that the
17 member was employed with before the member retired from the Arkansas Teacher
18 Retirement System;

19 (iii) The member has ceased performing any
20 employment services for any ~~system-covered~~ covered employer, except for
21 uncompensated functions related to the transfer of the duties or the transfer
22 of the position of the member;

23 (iv) The member has not formed any express or
24 implied employment agreement or taken action that would obligate the member
25 to render compensable services to a ~~system-covered~~ covered employer or
26 entitle a ~~system-covered~~ covered employer to the services of the member after
27 the termination separation period;

28 (v) The member has followed normal retirement
29 procedures for resigning from the ~~system-covered~~ covered employer unless
30 involuntarily terminated before the member's effective date of retirement;
31 and

32 (vi) All ~~system-covered~~ covered employers have paid
33 or have initiated the process to pay all accumulated benefits such as annual
34 leave and sick leave to the member by the effective date of retirement.

35 (B) "Terminate" does not mean:

36 (i) Taking a leave of absence; or

1 (ii) Performing any job duties or services without
2 remuneration, except for the functions related to the transfer of duties or
3 the transfer of the position itself.

4 (C) Providing volunteer activities at a ~~system-covered~~
5 covered employer that does not have the effect of holding a position open for
6 the member during a termination separation period does not mean that the
7 member is not terminated; and

8 ~~(3)~~(2) "Termination separation period" means the time from a
9 member's effective date of retirement until the date that the member is no
10 longer prohibited by state law from returning to work at a ~~system-covered~~
11 covered employer.

12
13 SECTION 10. Arkansas Code § 24-7-601(b)(3), concerning credited
14 service generally and concurrent service credit under the Arkansas Teacher
15 Retirement System, is amended to read as follows:

16 (3) A member shall not receive more than one (1) year of service
17 credit for the member's employment with a covered employer and reciprocal
18 system employer in any one (1) fiscal year.

19
20 SECTION 11. Arkansas Code § 24-7-603(c)-(e), concerning out-of-state
21 service under the Arkansas Teacher Retirement System, are amended to read as
22 follows:

23 (c) ~~From and after July 1, 1987, an active A~~ member shall be eligible
24 to establish out-of-state service to be credited as service under this
25 subchapter under the following conditions:

26 (1)(A) The out-of-state service credit to be granted shall be
27 limited to service for which no benefit could be paid by another system
28 similar in purpose to this system, except Social Security, if the member had
29 left on deposit his or her contributions to the other system.

30 (B) The credit under subdivision (c)(1)(A) of this section
31 is limited to fifteen (15) years;

32 (2)(A) The member shall pay to the system for each year of
33 service credit granted the actuarial equivalent of the member's benefits.

34 (B) The payment shall be credited to the member's account
35 in the members' deposit account and shall be in addition to regular member
36 contributions ~~thereto~~ credited to the member's deposit account;

1 (3)(A) The out-of-state service shall not become credited
2 service under this system until the member has established five (5) or more
3 years of actual service.

4 (B) If a member ceases to be an active member before the
5 out-of-state service has been established as system-credited service, the
6 member payments made under this section shall be refundable;

7 (4) The benefit program to be applied to each year of service
8 credit being granted shall be the benefit program in effect at the time of
9 retirement; and

10 (5) ~~Such~~ Any other rules consistent with this subchapter as the
11 Board of Trustees of the Arkansas Teacher Retirement System may ~~from time to~~
12 ~~time~~ adopt.

13 (d) ~~An active~~ A member may purchase a fraction of a year of out-of-
14 state service to be credited as service under this subchapter in the same
15 manner as provided for out-of-state service under subsection (c) of this
16 section if the service meets the following requirements:

17 (1) The member has not less than one-fourth ($\frac{1}{4}$) year of out-of-
18 state credited service in the fiscal year; and

19 (2) The fraction of a year of out-of-state service may be
20 credited in keeping with policies of the board under § 24-7-601.

21 (e) ~~An active~~ A member shall be eligible, upon application, to
22 purchase service rendered outside the state during a period of employment
23 with an education coordinating council to be credited as out-of-state service
24 under the provisions of this section, provided that the conditions of
25 subsection (c) of this section are met.

26
27 SECTION 12. Arkansas Code § 24-7-607(b)-(d), concerning private school
28 service under the Arkansas Teacher Retirement System, are amended to read as
29 follows:

30 (b) ~~An active~~ A member purchasing certified private school service
31 shall be eligible, upon application, to purchase private school service for a
32 period not to exceed fifteen (15) years, to be credited as certified service
33 under this subchapter under the following conditions:

34 (1) The private school service credit to be purchased shall be
35 limited to service for which no benefit could be paid by another system
36 similar in purpose to the Arkansas Teacher Retirement System, except Social

1 Security, if the member left on deposit his or her contributions to the other
2 system;

3 (2)(A) The member shall pay the actuarial equivalent of benefits
4 as set forth under § 24-7-202 to the Arkansas Teacher Retirement System for
5 each year of private school service credit being purchased.

6 (B) The payment shall be credited to the member's account
7 in the members' deposit account and shall be in addition to regular member
8 contributions ~~thereto~~ credited to the member's deposit account;

9 (3) The private school service shall not become credited service
10 under the Arkansas Teacher Retirement System until:

11 (A) The member payment under this section has been paid in
12 full; and

13 (B)(i) The member has established five (5) or more years
14 of actual service, exclusive of private school service.

15 (ii) If a member ceases to be an active member
16 before the private school service has been established as system-credited
17 service, the member payments contributed under this section shall be refunded
18 to the member upon request;

19 (4) The benefit program to be applied to each year of private
20 school service credit and private educationally related entity service credit
21 being purchased shall be the benefit program in effect at the time of
22 retirement; and

23 (5) ~~Such~~ Any other rules consistent with this subchapter as the
24 Board of Trustees of the Arkansas Teacher Retirement System may from time to
25 time adopt.

26 (c)(1) ~~An active~~ A member is eligible to purchase noncertified private
27 school service or private ~~educationally related~~ education-related entity
28 private school service for a period of five (5) years or less that will be
29 credited as noncertified service under this subchapter when:

30 (A) The member properly submits an application to purchase
31 noncertified private school service or private ~~educationally related~~
32 education-related entity private school service;

33 (B) The noncertified service credit to be purchased is
34 limited to service for which no benefit could be paid by another state-
35 supported pension system or a system with a similar purpose when the
36 contributions of the member were left on deposit with the other system; and

1 (C)(i) The member pays the actuarial equivalent of
2 benefits as set forth under § 24-7-202 to the Arkansas Teacher Retirement
3 System for each year of service credit being purchased.

4 (ii) The payment shall be credited to the member's
5 account in the members' deposit account and shall be in addition to regular
6 member contributions ~~thereto~~ credited to the member's deposit account.

7 (2) The noncertified service shall not become credited service
8 under the Arkansas Teacher Retirement System until:

9 (A) The member payment under this section has been paid in
10 full; and

11 (B)(i) The member has established five (5) or more years
12 of actual service in the Arkansas Teacher Retirement System.

13 (ii) If a member ceases to be an active member
14 before the noncertified service has been established as system-credited
15 service, the member payments contributed under this section shall be refunded
16 to the member upon request.

17 (3) The benefit program applied to each year of private school
18 service or private ~~educationally related~~ education-related entity private
19 school service credit being purchased shall be the benefit program in effect
20 at the time of retirement.

21 (4) The purchase and application of the noncertified service
22 credit shall be subject to the rules consistent with this subchapter ~~as that~~
23 the Arkansas Teacher Retirement System may ~~from time to time~~ adopt.

24 (d) ~~An active~~ A member may purchase a fraction of a year of private
25 school service to be credited as service under this subchapter in the same
26 manner as provided for private school service under subsection (b) of this
27 section if the service meets the following requirements:

28 (1) The member has not less than one-fourth ($\frac{1}{4}$) of a year of
29 private school service in a fiscal year under § 24-7-601; and

30 (2) The fraction of a year of private school service may be
31 credited in keeping with policies as provided by § 24-7-601.

32
33 SECTION 13. Arkansas Code § 24-7-610(c), concerning credit for service
34 in the National Guard and armed forces reserve under the Arkansas Teacher
35 Retirement System, is amended to read as follows:

36 (c) A member may, ~~one (1) time each fiscal year,~~ purchase ~~up to one~~

1 (1) year of service credit for each one (1) year of service in the National
2 Guard or armed forces reserve.

3
4 SECTION 14. Arkansas Code § 24-7-610(e) and (f), concerning credit for
5 service in the National Guard and armed forces reserve under the Arkansas
6 Teacher Retirement System, are amended to read as follows:

7 (e) Service in the National Guard or armed forces reserve service
8 shall be credited to the year in which it was rendered even if the member has
9 concurrent service with a covered employer.

10 (f) If a member ceases to be an active member before the service in
11 the National Guard or the armed forces reserve has been established as
12 system-credited service, the member payments contributed as specified in
13 subdivision (b)(1)(C) of this section shall be refundable.

14 ~~(f)(1)(g)(1)~~ This section is supplemental to § 24-7-602, and this
15 section does not diminish the right of any a member of the system to obtain
16 credited service in the system for active duty military service within the
17 limits permitted by § 24-7-602.

18 (2) However, a member shall not be entitled to or receive in
19 excess of five (5) years of credited service rendered by the member under
20 this section.

21
22 SECTION 15. Arkansas Code § 24-7-611(b) and (c), concerning domestic
23 federal service under the Arkansas Teacher Retirement System, are amended to
24 read as follows:

25 (b) ~~From On~~ and after January 1, 2003, ~~an active~~ a member shall be
26 eligible upon application to purchase domestic federal service to be credited
27 as service under this section under the following conditions:

28 (1) The domestic federal service credit to be granted shall be
29 limited to service for which no benefit could be paid by a retirement system
30 similar in purpose to the Arkansas Teacher Retirement System except Social
31 Security if the member left on deposit his or her contributions to the other
32 system, and it shall be limited to ten (10) years;

33 (2)(A) For each year of domestic federal service credit granted,
34 the member shall pay to the system the employee and employer contributions
35 based on the actuarial equivalent of the member's benefits.

36 (B) The payment is credited to the member's account in the

1 members' deposit account and is in addition to regular member contributions;

2 (3) The domestic federal service shall not become credited
3 service under this system until:

4 (A) The member payment under this section has been paid in
5 full; and

6 (B)(i) The member has established five (5) or more years
7 of actual service exclusive of domestic federal service.

8 (ii) If a member ceases to be an active member
9 before the domestic federal service has been established as system-credited
10 service, the member payments contributed under this section shall be refunded
11 to the member upon request;

12 (4) The benefit program to be applied to each year of service
13 credit being granted shall be the benefit program in effect at the time of
14 retirement; and

15 (5) ~~The~~ Any other rules consistent with this section ~~as that~~ the
16 Board of Trustees of the Arkansas Teacher Retirement System may ~~from time to~~
17 ~~time~~ adopt.

18 (c) ~~An active~~ A member may purchase a fraction of a year of domestic
19 federal service to be credited as service under this subchapter in the manner
20 ~~as~~ provided for domestic federal service under subsection (b) of this section
21 if the service meets the following requirements:

22 (1) The member has not less than one-fourth ($\frac{1}{4}$) year of domestic
23 federal service in a fiscal year under § 24-7-601; and

24 (2) The fraction of a year of domestic federal service may be
25 credited in keeping with policies as provided by § 24-7-601.

26
27 SECTION 16. Arkansas Code § 24-7-612, concerning the purchase of
28 service credit under the Arkansas Teacher Retirement System, is amended to
29 add an additional subsection to read as follows:

30 (e) All payments for service credit purchases shall be received by the
31 system before the member's first annuity installment or T-DROP deposit
32 occurs.

33
34 SECTION 17. Arkansas Code § 24-7-701(c)(2), concerning the beginning
35 date of an annuity upon voluntary retirement under the Arkansas Teacher
36 Retirement System, is amended to read as follows:

1 (2) The member's termination of ~~active membership~~ covered
2 employment;

3
4 SECTION 18. Arkansas Code § 24-7-701(d), concerning limitations on the
5 beginning date of an annuity following voluntary retirement under the
6 Arkansas Teacher Retirement System, is amended to read as follows:

7 (d) If a member has accrued a full year of service credit for a fiscal
8 year, the annuity shall not begin earlier than on ~~the~~ July 1 after the fiscal
9 year ends unless the board adopts by rule or resolution an earlier beginning
10 date for all members whose retirement will not result in a reduction of
11 classroom teachers.

12
13 SECTION 19. Arkansas Code § 24-7-702(b)(2)(A), concerning the
14 percentage decrease of an annuity following voluntary early retirement under
15 the Arkansas Teacher Retirement System, is amended to read as follows:

16 (2)(A) The percent shall be one hundred percent (100%) reduced
17 by between five-twelfths percent (5/12%) and fifteen-twelfths percent
18 (15/12%) multiplied by the number of months by which the time of early
19 retirement precedes the earlier of either completion of twenty-eight (28)
20 years of credited service or attainment of sixty (60) years of age.

21
22 SECTION 20. Arkansas Code § 24-7-702(c)(2), concerning early voluntary
23 retirement under the Arkansas Teacher Retirement System, is amended to read
24 as follows:

25 (2) The member's termination of ~~active membership~~ covered
26 employment; or

27
28 SECTION 21. Arkansas Code § 24-7-702(e), concerning early voluntary
29 retirement under the Arkansas Teacher Retirement System, is amended to read
30 as follows:

31 (e) If a member has accrued a full year of service credit for a fiscal
32 year, the annuity shall not begin earlier than on ~~the~~ July 1 after the fiscal
33 year ends unless the board adopts by rule or resolution an earlier beginning
34 date for members whose retirement will not result in a reduction of classroom
35 teachers.

1 SECTION 22. Arkansas Code § 24-7-708 is amended to read as follows:

2 24-7-708. Employment of retired members by covered employers.

3 (a) Effective July 1, 2009, after terminating employment under § 24-7-
4 502 or reaching the ~~age of~~ normal retirement age, a ~~retirant~~ retiree may:

5 (1) Accept employment with an employer covered by the Arkansas
6 Teacher Retirement System without a limitation of his or her retirement
7 annuity; and

8 (2) Continue to receive his or her monthly retirement annuity.

9 (b) Employers covered by the system that hire an employee who meets
10 the conditions under subsection (a) of this section shall report the hiring
11 of the ~~retirant~~ retiree to the system in a time and a manner that the system
12 may reasonably require.

13 (c) A ~~retirant~~ retiree who receives monthly benefits and is employed
14 by a covered employer shall not accrue additional service credit.

15 (d)(1) For a retired member employed in a position covered by the
16 system, the covered employer shall remit the contributions on all salary paid
17 to the ~~retirant~~ retiree in an amount equal to the employer contribution rate
18 applicable to active members.

19 (2) Contributions shall be paid by the employer and are not the
20 responsibility of the ~~retirant~~ retiree.

21 (e)(1) The Board of Trustees of the Arkansas Teacher Retirement System
22 shall adopt rules to carry out the provisions of this section.

23 (2) A covered employer that employs ~~retirants~~ retirees is
24 subject to the rules adopted by the board.

25
26 SECTION 23. Arkansas Code § 24-7-709(a), concerning the disposition
27 and residue of member contributions, is amended to read as follows:

28 (a)(1)(A) If a ~~retirant~~ retiree and his or her option annuitants, if
29 any, die before receiving annuity payments equal to the member's residue
30 amount, then the residue amount shall be paid to such persons as the ~~retirant~~
31 retiree shall have nominated by written designation duly executed and filed
32 with the Arkansas Teacher Retirement System.

33 (B) As used in this ~~section~~ subchapter, "residue" means
34 the difference between the accumulated contributions and regular interest
35 credited to the retirement reserve account as of the member's retirement
36 effective date and the total amount of retirement annuities paid.

1 (2) If a ~~retirant~~ retiree and his or her option annuitants die
2 and the member has failed to designate a beneficiary or if all designated
3 beneficiaries have predeceased the ~~retirant~~ retiree, the residue shall be
4 paid to the ~~retirant's~~ retiree's estate.

5
6 SECTION 24. Arkansas Code § 24-7-711(a)(1), concerning the refund of
7 member contributions upon termination of employment under the Arkansas
8 Teacher Retirement System, is amended to read as follows:

9 (a)(1) If a member discontinues covered employment and does not plan
10 to be rehired by a covered employer, the member may elect to be paid a refund
11 of his or her contributions and regular interest credited to the member's
12 deposit account within six (6) months following the date the member's written
13 application is filed with the Arkansas Teacher Retirement System.

14
15 SECTION 25. Arkansas Code § 24-7-711(b)(5), concerning the refund of
16 member contributions upon termination of employment under the Arkansas
17 Teacher Retirement System, is amended to read as follows:

18 (5) ~~Interest~~ Regular interest on a deceased member's accumulated
19 contributions under this subsection shall cease to accrue on the July 1 after
20 the member's death.

21
22 SECTION 26. Arkansas Code § 24-7-720(c), concerning lump-sum benefits
23 under the Arkansas Teacher Retirement System, is amended to read as follows:

24 (c) The amount of the lump-sum payments under this section shall be
25 set periodically and not more often than annually by rules and resolutions of
26 the board as ~~it~~ the board determines is actuarially appropriate for the
27 system.

28
29 SECTION 27. Arkansas Code § 24-7-720(j)(1)(A), concerning lump-sum
30 benefits under the Arkansas Teacher Retirement System, is amended to read as
31 follows:

32 (j)(1)(A) If a member accrues a minimum of ~~fifteen (15)~~ ten (10) years
33 of actual, contributory service, regardless of noncontributory service
34 accrued in combination with the contributory service, the member shall
35 receive the maximum lump-sum death benefit as determined by the board under
36 this section.

1
2 SECTION 28. Arkansas Code § 24-7-730(a)(1), concerning required
3 distributions under the Arkansas Teacher Retirement System, is amended to
4 read as follows:

5 (a)(1) Notwithstanding the provisions of this subchapter regarding the
6 required dates of distribution of benefits under the Arkansas Teacher
7 Retirement System to former members, the distribution of a former member's
8 benefits under the system shall in any event be made or begun by April 1 of
9 the calendar year following the later of the calendar year in which the
10 member attains age ~~seventy and one-half (70½)~~ seventy-two (72) or the
11 calendar year in which the member retires.
12

13 SECTION 29. Arkansas Code § 24-7-730(b)(2)(C), concerning required
14 distributions to a spouse who is the beneficiary under the Arkansas Teacher
15 Retirement System, is amended to read as follows:

16 (C)(i) If the designated beneficiary is the member's
17 surviving spouse, the date distributions required to begin in accordance with
18 subdivision (b)(2)(A) of this section shall not be earlier than the date on
19 which the member would have attained age ~~seventy and one-half (70½)~~ seventy-
20 two (72).

21 (ii) If the spouse dies before payments begin,
22 subsequent distributions shall be made as if the spouse had been the member.
23

24 SECTION 30. Arkansas Code § 24-7-735 is amended to read as follows:
25 24-7-735. Contract buyout agreement – Settlements – Judgments –
26 Calculation of benefits.

27 (a) A member shall not accumulate service credit in the Arkansas
28 Teacher Retirement System during the time that payments under a contract
29 buyout agreement, settlement, claim, judgment, arbitration award, decree, or
30 court-ordered payment are paid to the member by the employer unless the
31 member continues to work on-site for the employer, or the service credit or
32 additional salary is purchased as provided under subsection (c) of this
33 section.

34 (b)(1) The employer shall provide a copy of a settlement agreement or
35 court order under this section to the system so that the system can:

36 (A) ~~prevent~~ Prevent the accumulation of service credit for

1 any payments that are not for on-site work for the employer; and

2 (B) Calculate the cost to purchase service credit,
3 additional salary, or both service credit and additional salary as provided
4 under this section.

5 (2) A member shall not receive service credit or additional
6 salary from the system under a settlement agreement or court order unless
7 permitted under this section.

8 (c)(1) The system shall allow a member or employer to purchase service
9 credit, ~~or additional salary, or both~~ for the member for service credit the
10 member would have earned but for termination, or salary that should would
11 have been paid under a settlement agreement or court order but for employment
12 discrimination to resolve a claim of wrongful termination or the underpayment
13 of salary that should have been paid if the service credit is: employment
14 discrimination that results in a settlement agreement or court order.

15 ~~(1)(A)(i) Purchased as additional salary by an employer or~~
16 ~~member to be added to the final average salary of the member calculated at~~
17 ~~the time of the purchase.~~

18 ~~(ii)(2)~~ (2) The member's official salary record shall be
19 adjusted to include the purchased additional salary years which may be used
20 to compute the final average salary at the time of retirement if the
21 purchased salary in any of the additional purchased salary years qualifies
22 for the final average salary calculation.

23 ~~(B) Service credit earned by the member from an employer~~
24 ~~from the date of termination by an employer to the date of the settlement~~
25 ~~agreement or court order shall be subtracted from the amount of service~~
26 ~~credit allowed for purchase under subdivision (c)(1)(A) of this section; and~~

27 ~~(2)(3)~~ (3) Paid using the actuarial equivalent, as calculated by the
28 ~~system, of the member's benefits to the system~~ Service credit earned by a
29 member from an employer from the date of termination by an employer to the
30 date of the settlement agreement or court order shall be subtracted from the
31 amount of service credit allowed for purchase under subdivision (c)(1) of
32 this section.

33 (d)(1) The cost to purchase service credit, additional salary, or both
34 shall be established using the actuarial equivalent as calculated by the
35 system using the member's service history at the time of the purchase.

36 (2) The system shall use the same factors ~~as used~~ to determine

1 the cost of the additional salary purchase as used to calculate an additional
2 monthly benefit in the annuitization of a Teacher Deferred Retirement Option
3 Plan distribution.

4 ~~(2)(3)~~ The calculation shall be made with the assumption that
5 the member would have immediately retired at the time of the additional
6 salary purchase.

7
8 SECTION 31. Arkansas Code § 24-7-736(c)-(f), concerning the
9 calculation of final average salary under the Arkansas Teacher Retirement
10 System, is amended to read as follows:

11 (c)(1)(A) The Board of Trustees of the Arkansas Teacher Retirement
12 System shall set ~~annually~~ the applicable number of years to be used in
13 computing final average salary for retirement benefits at not less than three
14 (3) years and not more than five (5) years.

15 (B) Before reducing the applicable number of years to be
16 used in computing the final average salary, the board shall file relevant
17 information concerning the actuarial appropriateness of the action with the
18 Joint Interim Committee on Public Retirement and Social Security Programs for
19 review by the Joint Interim Committee on Public Retirement and Social
20 Security Programs.

21 (2)(A) Full and partial service years that are recorded as
22 service credit shall be used in the calculation of the final average salary.

23 (B) If the member does not have full service years for the
24 total years of service used in the calculation of final average salary, then
25 the board may establish by rule a fair base year salary for a member's final
26 average salary for purposes of comparison under ~~subdivision (c)(3)~~
27 subdivision (c)(4) of this section.

28 ~~(G)(3)~~ If a member has less than the minimum number of
29 years of credited service required for the final average salary formula, the
30 final average salary of the member shall be the total salary paid to the
31 member for his or her years of credited service divided by the member's total
32 credited years of service.

33 ~~(D) Before reducing the number of years that is used to~~
34 ~~determine the final average salary, the board shall file relevant information~~
35 ~~concerning the actuarial appropriateness of the action with the Joint Interim~~
36 ~~Committee on Public Retirement and Social Security Programs for review by the~~

~~Joint Interim Committee on Public Retirement and Social Security Programs.~~

~~(3)(A)(4)(A)~~ The If a member has at least the minimum number of years of credited service required for the final average salary formula, the applicable number of highest salary years service year salaries shall be ranked from lowest to highest remuneration.

(B) The lowest ~~remuneration~~ service year salary in the ranking shall be the base year salary.

(C) The next-highest-ranked ~~remuneration~~ service year salary shall be compared to the base year salary.

(D) The next-highest ~~year's value~~ service year salary in the calculation of final average salary that is less than eight (8) years from the base salary year, shall not exceed the percentage increase of the base year, unless the difference in value between the next-highest year and the base year is within the amount of the salary differential base salary value plus the salary differential unless the next-highest year's value is less than or equal to the percentage increase of the base salary.

~~(4)(E)~~ After comparison of the base year salary to the next-highest service year salary to meet the requirements of subdivision (c)(4)(D) of this section, any required reduction to the next-highest service year salary shall be made.

~~(5)(F)~~ The next-highest service year salary, with any required reduction, becomes the new base year salary to compare to the next succeeding highest ~~remuneration~~ service year salary in the ranking until all years service year salaries in the ranking have been compared to its base and ~~reduced as necessary under subdivision (c)(3) of this section.~~

~~(6)(G)~~ The total value of the base years salaries shall then be averaged to determine final average salary divided by the applicable number of years to be used in computing final average salary.

~~(d)~~ If a member has a break in covered employment for eight (8) years or more between any of the member's highest salary years used in the calculation of final average salary, then subdivision (c)(3)(D) of this section shall not apply to the next highest salary year in the formula.

~~(e)(d)~~ The system may settle any dispute concerning an employee's salary for purposes of the system.

~~(f)(1)(e)~~ The board may adjust the final average salary calculated in accordance with subsection (c) of this section by board resolution provided

1 that:

2 ~~(A)(1)~~ The percentage increase under ~~subdivision (c)(3)(D)~~
3 subdivision (c)(4)(D) of this section is adjusted set no lower than one
4 hundred five percent (105%) per year and no higher than one hundred twenty
5 percent (120%) per year; and

6 ~~(B)(2)~~ The salary differential permitted under ~~subdivision~~
7 ~~(c)(3)(D)~~ subdivision (c)(4)(D) of this section is set no lower than one
8 thousand two hundred fifty dollars (\$1,250) per year and no higher than five
9 thousand dollars (\$5,000) per year.

10 ~~(2) A partial service year is excluded from the calculation of~~
11 ~~the final average salary under this subsection.~~

12
13 SECTION 32. Arkansas Code § 24-7-1307(c)(1), concerning accounts and
14 credit under the Teacher Deferred Retirement Option Plan, is amended to read
15 as follows:

16 (c)(1) The board shall determine the plan interest rate to members'
17 plan accounts based on:

18 (A) A fixed interest rate that is adopted by board
19 resolution prior to the beginning by the end of the first quarter of the
20 fiscal year in which the interest rate shall apply and ~~which that~~ applies to
21 subsequent fiscal years unless modified by the board; or

22 (B)~~(i)~~ A variable interest rate formula that is based on
23 investment returns and other factors adopted by board resolution ~~prior to the~~
24 beginning by the end of the first quarter of the fiscal year in which the
25 interest rate shall apply and that applies to subsequent fiscal years unless
26 modified by the board.

27 ~~(ii) If the board uses a variable interest rate~~
28 ~~formula, the board shall adopt by board resolution the plan interest rate~~
29 ~~prior to the beginning of the fiscal year in which the plan interest rate~~
30 ~~applies.~~

31
32 SECTION 33. Arkansas Code § 24-7-1307(e), concerning the calculation
33 of the interest rate to a member's Teacher Deferred Retirement Option Plan,
34 is amended to read as follows:

35 (e) For the purposes of this section, the ten (10) year plus plan
36 interest rate shall be the rate determined to be appropriate by the board and

1 adopted by board resolution prior to the beginning by the end of the first
2 quarter of the fiscal year in which the interest rate shall apply and that
3 applies to subsequent fiscal years unless modified by the board.
4

5 SECTION 34. Arkansas Code § 24-7-1308(b)(2) and (3), concerning the
6 termination of participation in and distribution options under the Teacher
7 Deferred Retirement Option Plan, is amended to read as follows:

8 ~~(2) A member who selects the option under subdivision (b)(1)(C)~~
9 ~~of this section may receive his or her account distribution as follows:~~

10 ~~(A) Seventy five percent (75%) in a lump sum payment and~~
11 ~~twenty-five percent (25%) annuitized;~~

12 ~~(B) Fifty percent (50%) in a lump sum payment and the~~
13 ~~remaining fifty percent (50%) annuitized; or~~

14 ~~(C) Twenty five percent (25%) in a lump sum payment and~~
15 ~~seventy-five percent (75%) annuitized.~~

16 ~~(3)(2)~~ The Board of Trustees of the Arkansas Teacher Retirement
17 System shall:

18 (A) Determine factors to be used for the conversion of
19 plan balances to monthly amounts;

20 (B) Set requirements for the member's election under this
21 subsection; and

22 (C) Modify the options under subdivision (b)(1) of this
23 section by rule as necessary.
24

25 SECTION 35. Arkansas Code § 24-7-1310(c), concerning the death of a
26 participant of the Teacher Deferred Retirement Option Plan, is amended to
27 read as follows:

28 (c) ~~For the purposes of § 24-7-709, any amounts received from the~~
29 ~~Teacher Deferred Retirement Option Plan account in the form of lump sum or~~
30 ~~annuity payments shall be considered to be annuity payments received by the~~
31 ~~member or his or her designated beneficiary and shall reduce or eliminate the~~
32 ~~disposition of residue that, except for the provisions of this subsection,~~
33 ~~would have been paid under § 24-7-709~~ The Teacher Deferred Retirement Option
34 Plan participant's residue as used in § 24-7-701 et seq. that, except for the
35 provisions of this subsection, would have been paid under § 24-7-709 shall be
36 calculated as the greater of the following:

1 (1) The accumulated contributions and regular interest credited
2 to the retirement reserve account as of the member's retirement effective
3 date reduced by the total amount of regular annuities paid, further reduced
4 by amounts received from the Teacher Deferred Retirement Option Plan account
5 in the form of lump-sum or annuity payments; or

6 (2) The Teacher Deferred Retirement Option Plan account as of
7 the member's retirement effective date reduced by amounts received from the
8 Teacher Deferred Retirement Option Plan account in the form of lump-sum or
9 annuity payments.

10
11 SECTION 36. Arkansas Code § 24-7-1604(b), concerning coverage for
12 employees enrolled in the Arkansas Teacher Retirement System before July 1,
13 2011, is amended to read as follows:

14 (b) The nonmandatory employer shall remit employer contributions under
15 § 24-7-401 et seq. for an employee under this section and shall be subject to
16 the rights and obligations of an employer under the Arkansas Teacher
17 Retirement System Act for the employees of the nonmandatory employer
18 participating in the system.

19
20 SECTION 37. Arkansas Code § 24-7-1605(e)(1), concerning optional
21 participation in the Arkansas Teacher Retirement System by an institution of
22 higher education employers on or after July 1, 2011, is amended to read as
23 follows:

24 (e)(1) The PSHE employer shall remit employer contributions under §
25 24-7-401 et seq. and be subject to the rights and obligations of an employer
26 under the Arkansas Teacher Retirement System Act once a benefits-eligible
27 employee elects to participate in the system for the employees of the PSHE
28 employer participating in the system.

29
30 SECTION 38. EMERGENCY CLAUSE. It is found and determined by the
31 General Assembly of the State of Arkansas that the operations of a state
32 public retirement system are complex; that the Arkansas Teacher Retirement
33 System must be able to meet the needs of its members as anticipated by the
34 General Assembly; that certain provisions of the Arkansas Teacher Retirement
35 System Act, § 24-7-201 et seq., are imminently in need of revision and
36 updating to bring them into conformance with sound public pension policy and

1 actuarial requirements; that such revision and updating is of great
2 importance to members of the Arkansas Teacher Retirement System and to other
3 citizens of the State of Arkansas; that the Arkansas Teacher Retirement
4 System needs to have the ability to make changes to maintain and improve its
5 actuarial status; and that this act is necessary in order to maintain an
6 orderly system of benefits for the members of the Arkansas Teacher Retirement
7 System. Therefore, an emergency is declared to exist, and this act being
8 necessary for the preservation of the public peace, health, and safety shall
9 become effective on July 1, 2021.

10
11 SECTION 39. DO NOT CODIFY. Construction and legislative intent.

12 It is the intent of the General Assembly that:

13 (1) The enactment and adoption of this act shall not expressly or
14 impliedly repeal an act passed during the regular session of the Ninety-Third
15 General Assembly;

16 (2) To the extent that a conflict exists between an act of the
17 regular session of the Ninety- Third General Assembly and this act:

18 (A) The act of the regular session of the Ninety- Third
19 General Assembly shall be treated as a subsequent act passed by the General
20 Assembly for the purposes of:

21 (i) Giving the act of the regular session of the
22 Ninety- Third General Assembly its full force and effect; and

23 (ii) Amending or repealing the appropriate parts of the
24 Arkansas Code of 1987; and

25 (B) Section 1-2-107 shall not apply; and

26 (3) This act shall make only technical, not substantive, changes
27 to the Arkansas Code of 1987.

28
29 /s/Warren
30

31
32 **APPROVED: 3/8/21**
33
34
35
36