

ATRS Rule 6
Membership and Employer Participation

§ 6-101. Definitions.

As used in this rule:

(1) "Administrator" means:

(A) An employee of a covered employer who is employed in one (1) of the following positions:

(i) Public school superintendent, assistant superintendent, principal, or vice-principal;

(ii) Higher education president, chancellor, or director; or

(iii) Director, president, or vice-president of a community college, vocational or technical school, or educational cooperative; or

(B) An employee who is:

(i) An employee of an education-related agency participating in the Arkansas Teacher Retirement System;

(ii) An active member of the system through his or her employment with the education-related agency; and

(iii) Employed in a GS13 grade position, its equivalent, or above;

(2) "Contributory service" means service on which a member makes or made member contributions to the Arkansas Teacher Retirement System;

(3) "Contributory election" means a member's written election to make member contributions to the Arkansas Teacher Retirement System;

(4) "Noncontributory service" means service on which a member does not make member contributions to the Arkansas Teacher Retirement System and for which the member accepts a reduced retirement annuity for the member's years of noncontributory service;

(5) "Nonteacher" means a member who is not employed as a teacher or administrator;

(6) "Organization" means:

(A) A private entity that:

(i) Provides services to a public school district; and

(ii) Has employees who were previously employed by the public-school district and members of ATRS; or

(B) An educational nonprofit corporation licensed and regulated by the Division of Developmental Disabilities Services of the Department of Human Services;

(7) "Preceding system" means a previous reciprocal retirement system of record;

(8) "Post-secondary higher education plan" or "PSHE plan" means a plan establishing the right of a new employee of a post-secondary or higher education employer to participate in the Arkansas Teacher Retirement System on or after July 1, 2011;

(9) "Reciprocal system" means:

(A) The Arkansas Teacher Retirement System operations as of June 30, 1957, and continued by statutes;

(B) The Arkansas State Highway Employees' Retirement System,

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established by Arkansas Code § 24-5-103;

(C) The Arkansas Public Employees' Retirement System established by Arkansas Code § 24-4-103;

(D) The Arkansas State Police Retirement System established by Arkansas Code § 24-6-203;

(E) The Arkansas Judicial Retirement System established by Arkansas Code § 24-8-201;

(F) The Arkansas District Judge Retirement System established by Arkansas Code §§ 24-8-801[repealed] 24-8-824 [repealed];

(G) The Arkansas Local Police and Fire Retirement System provided for under Arkansas Code § 24-10-101; or

(H) An alternate retirement plan **as defined by Arkansas Code § 24-7-202** or an alternate retirement plan for an agency that, through a state reorganization or transformation plan, may be assigned the duties under one (1) or more of the agencies listed in § 6-101(a)(9)(A)-(H);

(10) "State employer" means:

(A) A public employer whose employees are covered under the:

(i) Arkansas Teacher Retirement System;

(ii) Arkansas State Highway Employees' Retirement System (Arkansas Code § 24-5-103);

(iii) Arkansas Public Employees' Retirement System (Arkansas Code § 24-4-103);

(iv) Arkansas State Police Retirement System (Arkansas Code § 24-6-203);

(v) Arkansas Judicial Retirement System (Arkansas Code § 24-8-201); or

(vi) Arkansas District Judge Retirement System (Arkansas Code §§ 24-8-801[repealed] — 24-8-824 [repealed]); or

(B) A public employer that **has an alternate retirement plan as defined by Arkansas Code § 24-7-202**; or

(C) A public employer that is an agency that, through a state reorganization or transformation plan, may be assigned the duties of one (1) or more of the agencies listed in this § 6-101(a)(9)(A)-(B);

(11) "Succeeding system" means the current reciprocal retirement system of record that follows a person's membership in a preceding retirement system; and

(12) "Teacher" means a person employed by a school for the purpose of giving instruction and whose employment requires state teaching licensure.

§ 6-102. Confidentiality of member accounts.

(a) As provided by the Arkansas Teacher Retirement System's Code of Ethics, the system shall keep each member's salary, employment history, retirement account, and other personal data or other information compiled by the system for purposes of establishing and maintaining the member's retirement account confidential.

(b) All member information compiled by the system for the purpose of establishing and maintaining the member's retirement account shall not be disclosed to a third-party unless:

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- (1) The member provides the system with his or her written consent;
 - (2) A valid legal process requires the disclosure of the member's information;
 - (3) Disclosure is necessary for the proper operation and administration of the system and a confidentiality agreement authorizing the disclosure has been executed by the system and the person or entity that will receive the information; or
 - (4) Disclosure of the member's information is authorized by statute.
- (c) Individual member records that are kept for the purpose of compiling information for a member's retirement or Social Security records shall not be open to the public under Arkansas Code § 24-4-1003.

§ 6-103. Submission deadlines.

- (a) Unless otherwise provided by the law, rules, or policy applicable to the Arkansas Teacher Retirement System, any application, form, or other document that is required to be submitted to the system by a specified deadline shall be accepted as timely submitted if the application, form, or other document is e-mailed, faxed, or has a postmark that is on or before the submission deadline.
- (b) If a deadline to submit an application, form, or other document to the system falls on a Saturday, Sunday, or Arkansas State Holiday, the deadline shall be extended to the next business day immediately following the Saturday, Sunday, or Arkansas State Holiday.

§ 6-104. Employee membership in another state retirement system.

Excluding service as a member of the General Assembly, an employee who is eligible for membership in the Arkansas Teacher Retirement System is ineligible for membership in another state retirement system while he or she is employed in a position covered by the Arkansas Teacher Retirement System.

§ 6-105. Erroneous employee membership enrollment.

- (a)(1) An employee who was erroneously enrolled in the Arkansas Teacher Retirement before January 1, 1979, shall continue to be a member of the Arkansas Teacher Retirement System if the employee's contributions were not refunded before July 1, 1979.
- (2) The employee shall:
- (A) Receive service credit for all paid membership service in the Arkansas Teacher Retirement System and any free service creditable under Acts 1973, No. 427 as amended; and
 - (B) Be entitled to reciprocal service credit as provided by Arkansas Code §§ 24-7-401 — 24-7-408.
- (b) Effective July 1, 1979, the Arkansas Teacher Retirement System shall not:
- (1) Be required to correct the state retirement system membership of an employee who was erroneously enrolled in another state retirement system before January 1, 1979; and
 - (2) Accept an employee who was erroneously enrolled in another state retirement system before January 1, 1979, as a member of the Arkansas Teacher Retirement System unless the employee's contributions were refunded before July 1, 1979.

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(c)(1) An employee who is erroneously enrolled in a state retirement system on or after January 1, 1979, may elect to remain a member of the system of record or become a member of the eligible retirement system.

(2) If the Arkansas Teacher Retirement System discovers that an employee is erroneously enrolled in another state retirement system on or after January 1, 1979, the Arkansas Teacher Retirement System shall notify both the state employer and employee that the:

(A) Employee is erroneously enrolled in the state retirement system; and

(B) Error may be corrected as provided by Acts 1991, No. 13 or Arkansas Code § 24-2-302 et seq.

§ 6-106. Membership eligibility — Janitors, bus drivers, and cafeteria workers.

An employee shall continue to be a member of the Arkansas Public Employees' Retirement System if the employee:

(1) Was employed before July 1, 1989, as a school janitor, bus driver, or cafeteria worker;

(2) Was enrolled in the Arkansas Public Employees Retirement System under the provision of Acts 1965, No. 63;

(3) Was promoted to a position of school maintenance worker or supervisor, bus mechanic or transportation supervisor, or cafeteria manager, respectively; and

(4) Remains employed in the position to which he or she was promoted.

§ 6-107. Membership eligibility — Nonteaching service employees.

(a) Effective July 1, 2001, an employee whose nonteaching service began before July 1, 1989, and is covered or coverable by the Arkansas Public Employees' Retirement System may elect to be covered by the Arkansas Teacher Retirement System.

(b) An employee shall submit his or her election to be covered by the Arkansas Teacher Retirement System before May 31 on a form provided by the Arkansas Teacher Retirement System.

(c) In accordance with Arkansas Code § 24-7-501, an employee's timely submitted election to be covered by the Arkansas Teacher Retirement System is effective on July 1 of the following year.

§ 6-108. Membership eligibility — College plans.

(a)(1) A member of the Arkansas Teacher Retirement System who was employed by a nonmandatory employer before July 1, 2011, may continue to participate in the system instead of an alternative program offered by the nonmandatory employer if the member continues providing consistent service to the nonmandatory employer.

(2) A nonmandatory employer shall be considered a post-secondary or higher education employer or PSHE employer if the nonmandatory employer enrolls a new eligible member with the system on or after July 1, 2011.

(3) If an eligible nonmandatory employer college elects to offer participation in the Arkansas Teacher Retirement System to its employees, the nonmandatory employer shall report information regularly to the system, on forms approved by the system, as required or permitted by the law applicable to the system.

(b)(1) A PSHE employer may elect to offer participation in the Arkansas Teacher

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Retirement System to its employees by fulfilling the requirements of Arkansas Code § 24-7-1605.

(2) In addition to completing and submitting the standard reporting forms required by the system, a PSHE Employer shall provide supplemental reports on any form required, approved, and adopted by the Board of Trustees of the Arkansas Teacher Retirement System.

(c)(1) The participation of new employees hired by a PSHE employer after July 1, 2011, is governed by Arkansas Code § 24-7-1601 et seq.

(2) A new employee of a PSHE employer who is hired after July 1, 2011, may participate in a PSHE plan if:

(A) The employee is benefits-eligible as determined by the PSHE employer;

(B) The employee is either:

(i) A vested member of the system at the time of initial employment;

or

(ii) A non-vested member of the system who meets the requirements of a less restrictive PSHE plan adopted by the specific PSHE employer; and

(C) The employee signs an irrevocable PSHE plan participation form provided by the system.

(3) A PSHE plan employee shall remain a member of the system as long as he or she is employed by a PSHE employer.

(4) A PSHE plan employee's election to participate in the system is irrevocable unless the PSHE plan employee obtains a termination refund from the system after his or her election to participate.

§ 6-109. Employer participation — Review of employer participation.

(a) This section applies to an employer that participates in the Arkansas Teacher Retirement System as provided under Arkansas Code § 24-7-202.

(b) Every five (5) years from the effective start date of an employer's participation in the system, the Executive Director of the Arkansas Teacher Retirement System shall review the employer's participation in the system to ensure that the employer meets both federal and state requirements for participation and continued participation in the system.

(c) The executive director's determination concerning whether or not an employer meets the requirements for continued participation in the system shall be presented to the Board of Trustees of the Arkansas Teacher Retirement System for review and appropriate action by the board.

§ 6-110. Employer participation — Application for participation.

(a) An employer that would prefer to participate in and have its employees become members of the Arkansas Teacher Retirement System may submit a written application to the Executive Director of the Arkansas Teacher Retirement System.

(b) An employer's application for participation in the system shall:

(1) Specify a proposed effective date for participation in the system; and

(2) Include the following information and materials:

(A) A certified copy of the articles of incorporation, bylaws, and other organizational documents of employer;

(B) A copy of the employer's:

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(i) Most recent three (3) years' annual **audited** financial statements, including balance sheets, financial statements, and statements of cash flows; or

(ii) If the employer does not have audited financial statements, the year-end compilation reports or internal balance sheet and income statements for the employer;

(C) A copy of the employer's most recent three (3) years' federal and state income tax returns;

(D) A description of the employer's sources of funding, including the percentage of the funds that is provided by the federal or state government and the type of government funding provided;

(E) A description of how the employer's board of directors or board of trustees is selected and whether any governmental agency has input in the selection of the board members;

(F) A description of the types of services provided by the employer; and

(G) A description of each government agency that would be responsible for providing the types of services provided by the employer if the employer did not provide the services.

(c)(1) After the system reviews the employer's application and accompanying information and materials, the system shall:

(A) Determine whether an Internal Revenue Service ruling or IRS Ruling should be requested concerning whether or not the participation of the employees of the employer jeopardizes the system's status as a governmental plan; and

(B) Request any necessary additional information and statements from the employer if the system determines that an IRS Ruling should be requested.

(2) The employer shall provide the system with any additional information and statements requested by system in relation to the IRS Ruling.

(3) The employer shall pay the system three thousand dollars (\$3,000) or the actual cost for fees and costs associated with obtaining the IRS Ruling if the system determines that an IRS Ruling should be requested.

(d)(1) The Board of the Arkansas Teacher Retirement System shall consider and vote on an application for employer participation **or continued participation**.

(2) When considering an application for employer participation, the board:

(A) Shall consider any relevant constitutional arguments brought to the attention of the executive director concerning the employer's application for employer participation;

(B) Shall consider Rev. Rul. 89-49; and

(C) May consider any other relevant rulings issued by the Internal Revenue Service or the Department of Labor.

§ 6-111. Employer participation — Education-related agencies or organizations.

(a) A person who is employed by an education-related agency or organization is eligible to become a member of the Arkansas Teacher Retirement System if:

(1) The following applies to the person:

(A) The person is employed in a position with an education-related agency or organization;

(2) The person's employment is related to:

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- (A) Training public school employees or school board members;
- (B) Teaching public school students; or
- (C) Adult education programs;
- (3) The person's employment is unrelated to private schools;
- (4) The person is or has been a member of the system for a minimum of five (5) years; and
- (5) The person elects to become or remain a member of the system;
- (2) The Board of the Arkansas Teacher Retirement System determines that the participation of the employees employed by the education-related agency or organization will not:
 - (A) Impair the system's legal status, including:
 - (i) The system's tax-qualified and governmental plan status under the Internal Revenue Code, 26 U.S.C. § 1 et seq.; and
 - (ii) The system's governmental plan status under the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1001 et seq.;
 - (iii) Subject the system to additional federal requirements;
 - (iv) Have a substantial adverse impact on the system's actuarial soundness; and
 - (3) The education-related agency or organization:
 - (A) Elects to participate in the system;
 - (B) Assumes responsibility for employer contributions;
 - (C) Assumes responsibility for fees for obtaining IRS Rulings or Employee Retirement Income Security Act of 1974 opinions; and
 - (D) Is approved as a covered employer by the board.
- (b) An education-related agency or organization shall:
 - (1) Become a covered employer at the time that an employee elects to become or remain a member of the system; and
 - (2) Be considered a covered employer only for each employee who elects to become or remain a member of the system.

§ 6-112. Employer participation — Private providers.

Effective July 1, 1997, if a public school district privatizes any of its services, a person who is or was employed by the public school district in one (1) or more of the privatized services and who is or has been a member of the Arkansas Teacher Retirement System may elect to remain a member of the system if the:

- (1) The Board of the Arkansas Teacher Retirement System determines that the participation of employees hired by the private provider will not:
 - (A) Impair the system's legal status, including:
 - (i) The system's tax-qualified and governmental plan status under the Internal Revenue Code, 26 U.S.C. § 1 et seq.; and
 - (ii) The system's governmental plan status under the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1001 et seq.;
 - (B) Subject the system to additional federal requirements; or
 - (C) Have a substantial adverse impact on the system's actuarial soundness;
- and
- (2) Private provider assumes responsibility for:

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(A) Required employer contributions; and
(B) Fees for obtaining IRS Rulings or Employee Retirement Income Security Act of 1974 opinions.

§ 6-113. Employer participation — Educational nonprofit corporations.

Effective July 1, 1997, a person who is employed by a nonprofit corporation is eligible to become a member of the Arkansas Teacher Retirement System if:

(1) The following applies:

(A) The person is employed in a position with an educational nonprofit corporation that is licensed and regulated by the Division of Developmental Disabilities Services of the Department of Human Services;

(B) The person's employment is related to:

(i) Training public school employees or school board members;
Teaching public school students; or

(ii) Adult education programs; and

(C) The person's employment is unrelated to private schools;

(2) The Board of the Arkansas Teacher Retirement System determines that the participation of employees employed by the educational nonprofit corporation will not:

(A) Impair the system's legal status, including:

(i) The system's tax-qualified and governmental plan status under the Internal Revenue Code, 26 U.S.C. § 1 et seq.; and

(ii) The system's governmental plan status under the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1001 et seq.;

(B) Subject the system to additional federal requirements; or

(C) Have a substantial adverse impact on the system's actuarial soundness;
and

(3) Nonprofit corporation:

(A) Elects to participate in the system;

(B) Assumes responsibility for employer contributions;

(C) Assumes responsibility for fees for obtaining IRS Rulings or Employee Retirement Income Security Act of 1974 opinions; and

(D) Is approved as a covered employer by the board.

§ 6-114. Contributory election.

(a)(1) A person's initial status as a contributory or noncontributory member of the Arkansas Teacher Retirement System shall be determined by the law in effect at the time the person became a member of the system.

(2) All service rendered before July 1, 1986, is contributory service.

(b)(1) A member's contributory status is irrevocable once the member becomes a contributory member of the system.

(2) A contributory member shall not elect to become a noncontributory member.

(c) A contributory election is valid if the contributory election is:

(1) Made on an election form provided by the system; and

(2) Signed by both the member and the covered employer.

(d)(1) If a member makes a contributory election before the preparation of his or her first salary payment in the fiscal year, the contributory election is effective immediately.

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(2) If a member makes a contributory election after the preparation of his or her first salary payment in the fiscal year, the contributory election is effective July 1 of the next fiscal year.

§ 6-115. Contributory election — Noncontributory members.

(a)(1) A noncontributory member may make a contributory election.

(2) If a noncontributory member makes a contributory election before the preparation of the first salary payment to the noncontributory member in the fiscal year, the contributory election is effective immediately.

(3) If a noncontributory member makes a contributory election after the preparation of the first payroll containing the first salary payment to the noncontributory member in the fiscal year, the contributory election is effective July 1 of the next fiscal year.

(4) All service rendered after a contributory election is filed with the Arkansas Teacher Retirement System shall be contributory.

(5) A noncontributory member's contributory election that is filed with the system is irrevocable.

(b) An inactive member shall make contributions on his or her full salary if the inactive member:

(1) Was contributory and earned a maximum salary of seven thousand eight hundred dollars (\$7,800); and

(2) Returns to work on or after July 1, 1995.

(c)(1) An inactive member or rescinding retiree may make a contributory election if the inactive member or rescinding retiree:

(A) Was noncontributory; and

(B) Reenters the Arkansas Teacher Retirement System after June 30, 2007.

(2) If the inactive member or rescinding retiree does not make a contributory election, the inactive member or rescinding retiree shall be enrolled in the plan that he or she was enrolled in before reentering the system.

§ 6-116. Contributory election — Member contracts.

(a) A member who is not under contract may make a contributory election.

(b)(1) A member under contract for one hundred eighty-five (185) days or more shall make contributions to the Arkansas Teacher Retirement System.

(2) A member under contract for one hundred eighty-four (184) days or less may make a contributory election.

(3) If a member enters into a contract with a covered employer after the fiscal year starts, the system may prorate the number of contracted days to determine whether the member should be classified as a contributory member or a noncontributory member who may make an election to become a contributory member of the system.

(c)(1) Regardless of a member's earlier noncontributory election, an active member whose status changes from nonteacher to teacher or administrator under contract for one hundred eighty-five days (185) or more shall make member contributions to the system.

(2) An active member's change of status from noncontributory to contributory due to his or her status change from nonteacher to teacher or administrator is effective on the first day of the next fiscal year if the active member:

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(A) Changes status from nonteacher to teacher or administrator during a year in which the active member's service has already been reported as noncontributory; and

(B) Is under contract for one hundred eighty-five (185) days or more.

§ 6-117. Contributory election — State agency employees.

(a) A full-time employee of a state agency covered by the Arkansas Teacher Retirement System shall be contributory.

(b)(1) A part-time employee of a state agency covered by the system shall be noncontributory.

(2) A part-time employee of a state agency covered by the system may make a contributory election.

§ 6-118. Contributory election — Employer reporting errors.

(a)(1) A member shall be considered to be noncontributory for the first year of service with a covered employer if the member:

(A) Was an inactive member who returned to covered employment as an active member after July 1, 1999; and

(B) Is reported incorrectly as noncontributory by his or her covered employer for his or her first year of service with the covered employer.

(2) The Arkansas Teacher Retirement System shall notify the covered employer of the member's contributory status.

(3) The member shall begin making contributions to the system effective the next July 1 following the member's first year of service with the covered employer.

(b)(1) A member shall be considered to be noncontributory for his or her first year of service with a covered employer if the member is a new member of the system and incorrectly reported as noncontributory by his or her covered employer for the first year.

(2) The system shall notify the covered employer of the member's contributory status.

(3) The member shall begin making contributions to the system effective the next July 1 following the member's first year of service with the covered employer and the covered employer shall correctly report the member as contributory.

§ 6-119. Reciprocal service credit.

(a) A member who leaves a position covered by the Arkansas Teacher Retirement System, becomes employed by a reciprocal system, and files a reciprocal service agreement shall become an inactive member of the Arkansas Teacher Retirement System and may be eligible for an annuity benefit according to the annuity benefit formula in effect at the time of the member's effective retirement date.

(b) Minimum benefits under Acts 1965, No. 488, Arkansas Code § 24-2402(5)(E), as amended, for reciprocal service shall not apply unless a member has five (5) or more years of credited service in the Arkansas Teacher Retirement System.

(c)(1) If the Arkansas Teacher Retirement System is a member's preceding system, the Arkansas Teacher Retirement System shall not pay annuity benefits to the member under reciprocity unless the member:

(A) Attains the normal retirement age; or

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(B) Leaves his or her employment with his or her state employer.

(2) If the Arkansas Teacher Retirement System is a member's preceding system, the member, after attaining the normal retirement age, is eligible to apply for retirement benefits without leaving his or her employment with his or her last state employer.

(3) The member's annuity benefit payments shall begin after the member attains the normal age of retirement or on the first day of the month following the month in which the member's application is filed, whichever occurs last.

(4) The Arkansas Teacher Retirement System shall only consider service credited to the member and salaries earned by the member before the member's effective retirement date to calculate the member's annuity benefit.

§ 6-120. Reciprocal service credit — Calculation of service credit.

If a member of the Arkansas Teacher Retirement System has service credited during the same fiscal year with another reciprocal system and the combined service is greater than one (1) year of service credit, the Arkansas Teacher Retirement System shall credit service as follows:

(1) If credit by the reciprocal system is less than three (3) months, the Arkansas Teacher Retirement System shall credit service for one (1) year;

(2) If credit by the reciprocal system is three (3) or more months but less than six (6) months, the Arkansas Teacher Retirement System shall credit service for three-fourths (3/4) year;

(3) If credit by the reciprocal system is six (6) or more months but less than nine (9) months, the Arkansas Teacher Retirement System shall credit service for one-half (1/2) year; and

(4) If credit by the reciprocal system is for nine (9) months but less than twelve (12) months, the Arkansas Teacher Retirement System shall credit service for one-fourth (1/4) year.

§ 6-121. Reciprocal service credit — Contributions and repayments.

(a) While an employee participates in a reciprocal system, back contributions, additional contributions, and repayment of refund payments made to the Arkansas Teacher Retirement System shall be made in accordance with the payment method provisions of ATRS Rule 8.

(b) Employer pick-up is prohibited while the employee works for an employer that is not a covered employer of the Arkansas Teacher Retirement System.

§ 6-122. Reciprocal service credit — Concurrent service.

(a) Unless the reciprocal system is the Arkansas Public Employees' Retirement System or an alternate retirement plan, beginning July 1, 2013, the Arkansas Teacher Retirement System shall allow a member who earns concurrent service in both the Arkansas Teacher Retirement System and a reciprocal system to receive full service credit in the Arkansas Teacher Retirement System without reduction of service credit due to the concurrent service.

(b) The Arkansas Teacher Retirement System shall not recognize concurrent service added to a member's credited service in the Arkansas Teacher Retirement System that, for the purpose of vesting, retirement eligibility, or calculating final average salary, either:

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(1) Credits the member with more than one (1) year of credited service for a fiscal year; or

(2) Combines salary earned in the Arkansas Teacher Retirement System and a reciprocal system in a fiscal year.

(c)(1) A member may waive all or part of the concurrent service credited to him or her in the Arkansas Teacher Retirement System and have the concurrent service credited to him or her under a reciprocal system if:

(A) The member acknowledges that the waiver is a voluntary surrender of the member's concurrent service credit in the Arkansas Teacher Retirement System;

(B) The member acknowledges that the waiver cancels his or her concurrent service credit in the Arkansas Teacher Retirement System; and

(C) The member submits to the Arkansas Teacher Retirement System a concurrent service credit waiver form approved by the Arkansas Teacher Retirement System.

(2) If a member waives all or part of the concurrent service credited to him or her in the Arkansas Teacher Retirement System and has the concurrent service credited to him or her under a reciprocal system, the Arkansas Teacher Retirement System may refund the employer-accrued contributions and employee-accrued contributions.

§ 6-123. Reciprocal service credit — Alternate retirement plans.

(a) A member of the Arkansas Teacher Retirement System may establish reciprocal service credit from an alternate retirement plan if he or she completes and submits a request to establish the reciprocal service credit on a form approved by the Arkansas Teacher Retirement System.

(b) Distributions from an alternate retirement plan may prevent reciprocal service from being established if the Arkansas Teacher Retirement System is unable to verify that the withdrawals were made without penalty under Internal Revenue Service guidelines concerning rollovers to eligible plans, withdrawals, that are not subject to early withdrawal, etc.

§ 6-124. Reciprocal service credit — Arkansas Public Employees' Retirement System.

From July 1, 1991, until December 31, 1991, an active member of the Arkansas Public Employees' Retirement System may establish reciprocity between the Arkansas Public Employees' Retirement System and the Arkansas Teacher Retirement System and purchase out-of-state service rendered before January 1, 1978, in accordance with Arkansas Code §§ 24-7-601 and 24-7-603, if the active member:

(1) Was an active member of the Arkansas Teacher Retirement System before January 1, 1978; and

(2) Became a member of the Arkansas Public Employees' Retirement System within thirty (30) days of leaving the Arkansas Teacher Retirement System.

§ 6-125. Reciprocal service credit — Arkansas Rehabilitation Services.

(a) Effective July 1, 1993, for a ninety (90) day period, an employee of the Arkansas Rehabilitation Services may transfer his or her membership from the Arkansas Public Employees' Retirement System to the Arkansas Teacher Retirement System under Acts

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1993, No. 574.

(b) An employee who transfers his or her membership from the Arkansas Public Employees' Retirement System to the Arkansas Teacher Retirement System shall establish reciprocity between the two (2) systems and Acts 1977, No. 793 shall not apply to the employee.

§ 6-126. Reciprocal service credit — Department of Human Services.

(a) The law applicable to the Arkansas Teacher Retirement System shall be used to determine the annuity benefits to which an employee is entitled for service provided before or after Acts 1977, No. 793 if the employee:

(1) Was an employee of the Department of Human Services and became a member of the Arkansas Public Employees' Retirement System under the provisions of Acts 1977, No. 793, as amended; and

(2) Left employment with the Department of Human Services and became employed in a position covered by the Arkansas Teacher Retirement System.

(b) A member meeting the description of § 6-125(a) may establish reciprocity under Acts 1965, No. 488, as amended.

§ 6-127. Reciprocal service credit — Effective date of benefits.

(a)(1) If the Arkansas Teacher Retirement System is a member's preceding system, the member's annuity benefit payments shall begin after the member attains the normal age of retirement or on the first day of the month following the month in which the member's retirement application was filed, whichever is later.

(2) If the member has combined service of at least twenty-five (25) years, the normal retirement age requirement shall not apply.

(3)(A) Deferred annuity benefit payments to the member shall not begin before the date on which the member leaves employment with his or her last state employer unless the member attains the normal retirement age.

(B) A member is entitled to a deferred annuity benefit if the member:

(i) Leaves his or her state employment in a position that is covered by one (1) of the reciprocal systems; and

(ii) Enters subsequent state employment in a position that is covered by another of the reciprocal systems.

(b)(1) If the Arkansas Teacher Retirement System is the member's preceding system, the member is eligible to apply for retirement benefits without leaving employment with his or her last state employer upon attaining the normal retirement age.

(2) The member's annuity benefit payments shall begin after the member attains the normal retirement age or on the first day of the month following the month in which the member's retirement application is filed, whichever is later.

(3) The Arkansas Teacher Retirement System shall use only service credited to the member and salaries earned by the member before the member's effective retirement date to calculate the member's annuity benefit.

(c)(1) A member is eligible to apply for disability retirement benefits from each reciprocal system in which the member has credited service according to the rules for eligibility promulgated by that reciprocal system.

(2) The member's disability retirement benefits payable by the preceding reciprocal

MARK UP

system shall:

(A) Begin the first day of the month following the month in which the member's disability retirement application is filed with the preceding system; and

(B) Not begin before the date on which the member leaves employment with his or her last state employer.

§ 6-128. Reciprocal service credit — Survivor annuity benefits.

(a) If survivor annuity benefits are payable by more than one (1) reciprocal system to an eligible survivor of a deceased member, a survivor who receives annuity benefit payments shall not receive, as a percentage of the deceased member's final salary or as a minimum dollar amount, more than the largest amount payable by a single reciprocal system.

(b)(1) The Arkansas Teacher Retirement System shall prorate minimum benefits payable to a survivor with other reciprocal systems that have a minimum benefit provision in their plans.

(2) Each reciprocal system shall pay a proportionate share of the minimum benefit based on the ratio of the member's service in that reciprocal system to the member's total service in all the reciprocal systems.

(c) If the reciprocal system is an alternate retirement plan, survivor annuity benefits shall be contingent on whether the:

(1) Alternate retirement plan provides survivor annuity benefits; and

(2) Member selected survivor annuity benefits as a benefit under the alternate retirement plan.

Contributory and Noncontributory Service Chart by Year of Entry into System

(Elections and Re-entry may affect Individual Member Service Status)

<u>All Members</u>		
<u>1937 - 1986</u>	<u>All Members</u>	<u>Contributory</u>
<u>1986 - 1991</u>	<u>All Members</u>	<u>Contributory unless elect Noncontributory</u>
<u>1991 - 1999</u>	<u>All Members</u>	<u>Noncontributory unless elect Contributory</u>
<u>School District Employees</u>		
<u>1999 - 2007</u>	<u>Active</u>	<u>One-time election to be Contributory or Noncontributory, no election made by 7/1/2000, status on 6/30/2000</u>

MARK UP

	<u>Inactive</u>	<u>One-time election to be Contributory or Noncontributory upon reentering system, no election then enrolled in the plan that he or she was enrolled in before reentering ATRS</u>
	<u>New</u>	<u>Contract one hundred eighty-one (181) days or more - Contributory</u> - <u>Contract one hundred eighty (180) days or less - Noncontributory, may elect Contributory, election must be made one (1) year from hire date</u> - <u>No contract, member must be noncontributory</u>
<u>2005 - 2021</u>	<u>Nonteacher to Teacher or Administrator</u>	<u>Contract one hundred eighty-one (181) days or more - Contributory. If position change happens during the year, election is effective first of next fiscal year</u> - <u>All Noncontributory members may elect Contributory</u>
<u>2007 - 2021</u>	<u>All Members</u>	<u>May elect Contributory</u>
	<u>New</u>	<u>Contract one hundred eighty-one (181) days or more - Contributory</u> - <u>Contract 180 days or less –</u> <u>Noncontributory, may elect Contributory</u> <u>No contract — Noncontributory, may elect Contributory</u>
	<u>Inactive</u>	<u>May elect Contributory</u>
<u>2021</u>	<u>Nonteacher to Teacher or Administrator</u>	<u>Contract one hundred eighty-five (185) days or more - Contributory. If position change happens during the year, election is effective first of next fiscal year.</u> <u>All Noncontributory members may elect Contributory</u>
<u>2021 -</u>	<u>All Members</u>	<u>May elect Contributory</u>

MARK UP

	<u>A member with</u>	<u>Contract one hundred eighty-five (185) days or more - Contributory</u>
	<u>A member with</u>	<u>Contract one hundred eight-four (184) days or less - Noncontributory, may elect Contributory</u>
	<u>New</u>	<u>No contract – Noncontributory, may elect Contributory unless already Contributory</u>
	<u>Inactive</u>	<u>May elect Contributory</u>
<u>State Agency Employees</u>		
<u>1999 - 2007</u>	<u>Full-Time Employment</u>	<u>Must be Contributory</u>
	<u>Part-Time Employment</u>	<u>Must be Noncontributory</u>
<u>2007 -</u>	<u>Full-Time Employment</u>	<u>Must be Contributory</u>
	<u>Part-Time Employment</u>	<u>Noncontributory, may elect to be Contributory</u>

Authority: Arkansas Code §§ 24-2-202, 24-2-401 — 24-2-408, 24-7-202, 24-7-406, 24-7-501, 24-7-502, and 24-7-1601 — 24-7-1607.

History

<u>Adopted:</u>	<u>August 11, 1998</u>	<u>6-10</u>
<u>Amended:</u>	<u>June 15, 2004</u>	<u>6-1</u>
<u>Amended:</u>	<u>July 18, 2005</u>	<u>6-1, 6-2, 6-10</u>
	<u>April 26, 2007</u>	<u>6-1, 6-2, 6-11</u>
	<u>July 1, 2011</u>	<u>(Emergency) 6-1, 6-12</u>
<u>Adopted:</u>	<u>August 8, 2011</u>	<u>6-1, 6-12</u>
<u>Effective:</u>	<u>November 11, 2011</u>	<u>6-1, 6-12</u>
<u>Adopted by Board:</u>	<u>April 2, 2012</u>	<u>6-1</u>
<u>Amended:</u>	<u>May 2, 2012</u>	<u>6-1</u>
<u>Effective:</u>	<u>September 4, 2012</u>	<u>6-1</u>
<u>Amended:</u>	<u>May 2, 2012</u>	<u>6-2</u>

MARK UP

<u>Effective:</u>	<u>September 4, 2012</u>	<u>6-2</u>
<u>Approved by Board:</u>	<u>July 26, 2013</u>	<u>6-2, 6-12</u>
<u>Amended:</u>	<u>October 9, 2013</u>	<u>6-2, 6-12</u>
<u>Effective:</u>	<u>November 8, 2013</u>	
<u>Approved by Board:</u>	<u>February 5, 2018</u>	<u>6-2</u>
<u>Effective:</u>	<u>February 16, 2018</u>	<u>6-2</u>
<u>Effective:</u>	<u>May 28, 2020</u>	<u>Rule 6</u>
<u>Effective:</u>	<u>May 20, 2022</u>	<u>Rule 6</u>
<u>Effective:</u>	<u>TBD</u>	<u>Rule 6</u>

State of Arkansas
94th General Assembly
Regular Session, 2023

A Bill

HOUSE BILL 1184

By: Representative Maddox
By: Senator K. Hammer

For An Act To Be Entitled

AN ACT TO AMEND THE LAW CONCERNING THE MEMBERSHIP
STATUS OF CERTAIN MEMBERS OF THE ARKANSAS TEACHER
RETIREMENT SYSTEM; TO CLARIFY THE CONTRIBUTORY OR
NONCONTRIBUTORY STATUS OF CERTAIN MEMBERS OF THE
ARKANSAS TEACHER RETIREMENT SYSTEM WHO ENTER INTO AN
EMPLOYMENT CONTRACT WITH A COVERED EMPLOYER AFTER THE
START OF THE FISCAL YEAR; TO DECLARE AN EMERGENCY;
AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE LAW CONCERNING THE
MEMBERSHIP STATUS OF CERTAIN MEMBERS OF
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 § 24-7-406(e)(3)(E), concerning when a member
under contract with a covered employer becomes a contributory member of the
Arkansas Teacher Retirement System, is amended to add an additional
subdivision to read as follows:

(iii) If a member enters into a contract with a covered
employer after the start of the fiscal year, the system may prorate the
number of contracted days in order to determine whether the member should be
classified as a contributory member or a noncontributory member who may make
an election under subdivision (e)(3)(E)(ii) of this section.



1
2 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the
3 General Assembly of the State of Arkansas that the operations of a state
4 public retirement system are complex; that the Arkansas Teacher Retirement
5 System must be able to meet the needs of its members as anticipated by the
6 General Assembly; that certain provisions of the Arkansas Teacher Retirement
7 System Act need revision and updating to bring them into conformance with
8 sound public pension policy and actuarial requirements; that additional
9 clarity is necessary concerning the contributory or noncontributory
10 membership status of certain members who enter into an employment contract
11 with a covered employer after the start of the fiscal year; that the
12 revisions and updates are of great importance to members of the Arkansas
13 Teacher Retirement System and to other citizens of the State of Arkansas;
14 that as the Arkansas Teacher Retirement System operates on a fiscal year of
15 July 1 to June 30, a July 1, 2023, effective date is necessary in order to
16 allow the provisions within this act to begin on the first day of the fiscal
17 year and to allow for a structured and proper administration of the
18 procedures referenced in this act; that the updates and revisions to the
19 Arkansas Teacher Retirement System Act are of great importance for actuarial
20 purposes and for the improvement and protection of member benefits under the
21 Arkansas Teacher Retirement System; and that this act is necessary in order
22 to maintain an orderly system of benefits for the members of the Arkansas
23 Teacher Retirement System. Therefore, an emergency is declared to exist, and
24 this act being necessary for the preservation of the public peace, health,
25 and safety shall become effective on July 1, 2023.

26
27
28 **APPROVED: 2/13/23**
29
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36

State of Arkansas

As Engrossed: H2/7/23

94th General Assembly

A Bill

Regular Session, 2023

HOUSE BILL 1201

By: Representative Warren

By: Senator K. Hammer

For An Act To Be Entitled

AN ACT TO ENACT THE ARKANSAS TEACHER RETIREMENT
SYSTEM'S GENERAL OMNIBUS ACT; TO CORRECT CERTAIN
REFERENCES TO "ALTERNATE RETIREMENT PLAN", "COVERED
EMPLOYER", "CREDITED SERVICE", "RETIRANT", "SERVICE
CREDIT", AND "THE SYSTEM"; TO AMEND AND ADD CERTAIN
DEFINITIONS APPLICABLE TO THE ARKANSAS TEACHER
RETIREMENT SYSTEM; TO CLARIFY THE LAW CONCERNING
BENEFIT INCREASES AND COMPUTATION, DEADLINES, SYSTEM
ASSETS, TERMINATION SEPARATION PERIOD, SERVICE
CREDIT, SECOND REVIEWS OF DISABILITY RETIREMENT
APPLICATIONS, A MEMBER'S RESIDUE, CONTRACT BUYOUT
SETTLEMENT AGREEMENTS, THE DE MINIMIS AMOUNT, AND
OTHER VARIOUS PROVISIONS APPLICABLE TO THE ARKANSAS
TEACHER RETIREMENT SYSTEM; TO DECLARE AN EMERGENCY;
AND FOR OTHER PURPOSES.

Subtitle

TO ENACT THE ARKANSAS TEACHER RETIREMENT
SYSTEM'S GENERAL OMNIBUS ACT; AND TO
DECLARE AN EMERGENCY.

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

SECTION 1. Arkansas Code § 21-5-411(a)(1)(A)(v), concerning the
eligibility of certain retired employees to participate in the State and
Public School Life and Health Insurance Program, is amended to read as



1 follows:

2 (v) An alternate retirement plan ~~of a qualifying~~
3 ~~institution under~~ as defined in § 24-7-801 24-7-202; and

4
5 SECTION 2. Arkansas Code § 24-2-302(3)(D), concerning the
6 classification under the Arkansas Teacher Retirement System of a person
7 employed in a position requiring professional training or certification with
8 an area vocational-technical school or employed by the Arkansas Educational
9 Television Commission, is amended to read as follows:

10 (D) Any person employed in a position requiring
11 professional training or certification with an area vocational-technical
12 school or employed by the Arkansas Educational Television Commission, except
13 that employees of area vocational-technical schools and the Division of
14 Career and Technical Education, the Adult Education Section, and the Office
15 of Skills Development, who have elected to participate in an alternate
16 retirement plan established by ~~§§ 24-7-901 and 24-7-903 — 24-7-908~~ § 24-7-901
17 et seq. shall be active members of the alternate retirement plan; and

18
19 SECTION 3. Arkansas Code § 24-2-401(3)(F), concerning the definition
20 of "reciprocal system" that is applicable to public employee retirement
21 plans, is amended to read as follows:

22 (F) An alternate retirement plan ~~for:~~
23 ~~(i) A college, university, or the Division of Higher~~
24 ~~Education provided for under § 24-7-801 et seq., or~~
25 ~~(ii) A vocational-technical school or the Division~~
26 ~~of Career and Technical Education, the Adult Education Section of the~~
27 ~~Division of Workforce Services, the Division of Higher Education, and the~~
28 ~~Office of Skills Development, with respect to plans provided for under § 24-~~
29 ~~7-901 et seq. as defined in § 24-7-202; or~~

30
31 SECTION 4. Arkansas Code § 24-2-401(4)(D), concerning the definition
32 of "state employer" that is applicable to public employee retirement plans,
33 is amended to read as follows:

34 (D) A public employer ~~who is:~~
35 ~~(i) A college, university, or the Division of Higher~~
36 ~~Education whose employees are covered by an alternate retirement plan~~

1 ~~provided for under § 24-7-801 et seq., or~~
2 ~~(ii) A vocational technical school or the Division~~
3 ~~of Career and Technical Education, the Adult Education Section, and the~~
4 ~~Office of Skills Development, whose employees are covered by an alternate~~
5 ~~retirement plan provided for under § 24-7-901 et seq. that has an alternate~~
6 ~~retirement plan as defined in § 24-7-202;~~
7

8 SECTION 5. Arkansas Code § 24-2-402(g)(6), concerning death-in-service
9 benefits as to an alternate retirement plan, is amended to read as follows:

10 (6) If the reciprocal system is an alternate retirement plan
11 ~~under § 24-7-801 et seq. or § 24-7-901 et seq. as defined in § 24-7-202,~~
12 death-in-service benefits shall be contingent on death-in-service benefits
13 having been provided by the alternate retirement plan and having been
14 selected by the member as a benefit.
15

16 SECTION 6. Arkansas Code § 24-2-402(k), concerning the payment of
17 payable benefits in accordance with terms specified in a written alternate
18 retirement plan document, is amended to read as follows:

19 (k) If the reciprocal system is an alternate retirement plan ~~for a~~
20 ~~college, a university, or the Division of Higher Education provided for under~~
21 ~~§ 24-7-801 et seq., or for a vocational technical school or the Department of~~
22 ~~Career Education provided for under § 24-7-901 et seq. as defined in § 24-7-~~
23 ~~202,~~ the benefits payable shall be in accordance with terms specified in the
24 written alternate retirement plan document for purchasing the insurance
25 policies or annuity contracts, both fixed and variable in nature, for the
26 participants.
27

28 SECTION 7. Arkansas Code § 24-4-901(a)(1)(F), concerning credited
29 service and reciprocity under the Arkansas Public Employees' Retirement
30 System and the amount of annuity awarded to a member employed by an alternate
31 retirement plan, is amended to read as follows:

32 (F) An alternate retirement plan ~~under § 24-8-101 et seq.~~
33 ~~or § 24-9-201 et seq. as defined in § 24-7-202;~~ or
34

35 SECTION 8. Arkansas Code § 24-4-901(a)(3)(B), concerning credited
36 service and reciprocity under the Arkansas Public Employees' Retirement

1 System and the computation of final average compensation for credited service
2 in the Arkansas Judicial Retirement System or an alternate retirement plan,
3 is amended to read as follows:

4 (B) Compensation for credited service in the Arkansas
5 Judicial Retirement System or an alternate retirement plan ~~under § 24-8-101~~
6 ~~et seq. or § 24-9-201 et seq.~~ as defined in § 24-7-202 shall not be used to
7 determine final average compensation.

8
9 SECTION 9. Arkansas Code § 24-4-901(b)(1)(F), concerning credited
10 service and reciprocity under the Arkansas Public Employees' Retirement
11 System and what criteria an annuity is determined from when a member of an
12 alternate retirement plan retires due to disability or dies in service, is
13 amended to read as follows:

14 (F) An alternate retirement plan ~~under § 24-8-101 et seq.~~
15 ~~or § 24-9-201 et seq.~~ as defined in § 24-7-202; or

16
17 SECTION 10. Arkansas Code § 24-4-901(b)(4), concerning credited
18 service and reciprocity under the Arkansas Public Employees' Retirement
19 System and the contingency of disability and death-in-service benefits being
20 awarded if provision of the benefits were provided to the alternate
21 retirement plan and were selected by the member as a benefit, is amended to
22 read as follows:

23 (4) If a member has service credit in an alternate retirement
24 plan ~~under § 24-8-101 et seq. or § 24-9-201 et seq.~~ as defined in § 24-7-202,
25 disability and death-in-service benefits shall be contingent on provision of
26 those benefits having been provided by the alternate retirement plan and
27 having been selected by the member as a benefit.

28
29 SECTION 11. Arkansas Code § 24-4-901(d)(6), concerning credited
30 service and reciprocity under the Arkansas Public Employees' Retirement
31 System and the provision of reciprocal service credits between contributory
32 and noncontributory members of an alternate retirement plan, is amended to
33 read as follows:

34 (6) An alternate retirement plan ~~for a college, university, or~~
35 ~~the Division of Higher Education provided for under § 24-8-101 et seq. or for~~
36 ~~a vocational technical school or the Division of Career and Technical~~

1 ~~Education, the Adult Education Section, and the Office of Skills Development,~~
2 ~~provided for under § 24-9-201 et seq., as defined in § 24-7-202; and~~

3
4 SECTION 12. Arkansas Code § 24-7-202(6), concerning the definition of
5 "alternate retirement plan" applicable to the Arkansas Teacher Retirement
6 System, is amended to read as follows:

7 (6) "Alternate retirement plan" means a retirement plan based on
8 the purchase of contracts providing retirement and death benefits for
9 employees under ~~§ 24-7-801 et seq. or § 24-7-901 et seq.~~ § 24-7-801 et seq.,
10 § 24-7-901 et seq., or § 24-7-1001 et seq.;

11 SECTION 13. Arkansas Code § 24-7-202(7), concerning the definition of
12 "annuity" applicable to the Arkansas Teacher Retirement System, is amended to
13 read as follows:

14 (7) "Annuity" means an amount payable to a ~~retirant~~ retiree each
15 fiscal year by the Arkansas Teacher Retirement System in equal monthly
16 installments;

17
18 SECTION 14. Arkansas Code § 24-7-202(14), concerning the definition of
19 "credited service" applicable to the Arkansas Teacher Retirement System, is
20 amended to read as follows:

21 (14) "Credited service" means service which is ~~creditable~~
22 credited as service by the Arkansas Teacher Retirement System;

23
24 SECTION 15. Arkansas Code § 24-7-202(19)(D)(iii), concerning the
25 definition of "employment with a school" applicable to the Arkansas Teacher
26 Retirement System, is amended to read as follows:

27 (iii) Each education-related agency or organization
28 shall ~~be~~:

29 (a) ~~Approved~~ Be approved according to rules
30 established by the ~~board~~ Board of Trustees of the Arkansas Teacher Retirement
31 System;

32 (b) ~~Considered an employer under subdivision~~
33 ~~(18) of this section~~ Become a covered employer at the time that an employee
34 elects to become or remain a member of the Arkansas Teacher Retirement
35 System; and

36 (c) Be considered a covered employer only for

1 each employee who elects to become or remain a member of the Arkansas Teacher
2 Retirement System; and

3 (d) Responsible Be responsible for all
4 required employer contributions;

5
6 SECTION 16. Arkansas Code § 24-7-202(21)(B), concerning the definition
7 of "inactive member" applicable to the Arkansas Teacher Retirement System, is
8 amended to read as follows:

9 (B) Not a ~~retirant~~ retiree;

10
11 SECTION 17. Arkansas Code § 24-7-202(28), concerning the definition of
12 "normal retirement age" applicable to the Arkansas Teacher Retirement System,
13 is amended to read as follows:

14 (28) "Normal retirement age" means:

15 (A) Sixty-five (65) years of age if the member has at
16 least five (5) years of actual service or reciprocal service; or

17 (B) ~~At least sixty (60) years of age if the member has a~~
18 ~~combined total of thirty-eight (38) years or more of credited service in the~~
19 ~~Arkansas Teacher Retirement System, Teacher Deferred Retirement Option Plan,~~
20 ~~or reciprocal service in another eligible state retirement system~~ Sixty (60)
21 years of age or older if the member's age and the member's combined years of
22 credited service in the Arkansas Teacher Retirement System, Teacher Deferred
23 Retirement Option Plan, or reciprocal service in another eligible state
24 retirement system total ninety-eight (98);

25
26 SECTION 18. Arkansas Code § 24-7-202(32), concerning the definition of
27 "retiree" or "retirant" under the Arkansas Teacher Retirement System, is
28 amended to read as follows:

29 (32) "Retiree" ~~or "retirant"~~ means a member receiving an
30 Arkansas Teacher Retirement System annuity;

31
32 SECTION 19. Arkansas Code § 24-7-202, concerning definitions
33 applicable to the Arkansas Teacher Retirement System, is amended to add
34 additional subdivisions to read as follows:

35 (45)(A) "Benefit enhancement" means any change to the current
36 benefit policy for a retired, active, or inactive member of the Arkansas

1 Teacher Retirement System or T-DROP participant that increases the
2 amortization period by one (1) year or more.

3 (B) Benefit enhancement does not include any change that is
4 required to comply with federal law, prevent a manifest injustice, correct an
5 error, avoid an unintended consequence of an existing statutory provision, or
6 prevent undue hardship on any benefit participant or class of benefit
7 participants.

8 (46) "Employment with a covered employer" means the employment
9 of an employee that would require a covered employer to pay employer
10 contributions to the system; and

11 (47) "Residue" for the purposes of § 24-7-701 et seq. means the
12 difference between the accumulated contributions and regular interest
13 credited to the retirement reserve account as of the member's effective date
14 of retirement and the total amount of retirement annuities paid.

15
16 SECTION 20. Arkansas Code § 24-7-207 is amended to read as follows:

17 24-7-207. Increase in benefit amount.

18 (a)(1) The Board of Trustees of the Arkansas Teacher Retirement System
19 is authorized ~~by this act~~ to raise the level of benefits provided to the
20 current ~~retirants~~ retirees and other beneficiaries of the Arkansas Teacher
21 Retirement System ~~to a comparable level increase to match the increase in~~
22 ~~benefits that would accrue to active members as a result of any reduction of~~
23 ~~the calculation of "final average salary" to not less than a three year~~
24 ~~period nor more than the five year period in accordance with any rules the~~
25 ~~board might promulgate.~~

26 (2) The board may raise the level of benefits to a comparable
27 level increase that matches the increase in benefits that would accrue to
28 active members as a result of any reduction caused by setting the applicable
29 number of years used in computing final average salary for retirement
30 benefits at not less than three (3) years and not more than five (5) years in
31 accordance with any rules that the board may promulgate.

32 (b) The amount of any increase for ~~retirants~~ retirees and other
33 beneficiaries shall also be determined in accordance with the rules of the
34 board as is actuarially appropriate for the system.

35
36 SECTION 21. Arkansas Code § 24-7-301(4) and (5), concerning the

1 membership of the Board of Trustees of the Arkansas Teacher Retirement System
2 and the election thereof, are amended to read as follows:

3 (4)(A) Three (3) ~~retirants~~ retirees shall be elected ~~retirant~~
4 retiree trustees by the retirees of the system.

5 (B) Each ~~retirant~~ retiree trustee shall be a ~~retirant~~
6 retiree with an annuity being paid by the system at the beginning of his or
7 her term of office;

8 (5) The member and ~~retirant~~ retiree trustees shall be elected in
9 accordance with rules as have been adopted by the board to govern the
10 elections; and

11
12 SECTION 22. Arkansas Code § 24-7-302(a)(2)(B), concerning the
13 ineligibility of a retirant trustee to serve on the Board of Trustees of the
14 Arkansas Teacher Retirement System after becoming active, is amended to read
15 as follows:

16 (B) A ~~retirant~~ retiree trustee is ineligible to serve
17 after becoming active.

18
19 SECTION 23. Arkansas Code § 24-7-305(b)(5), concerning the ability of
20 the Board of Trustees of the Arkansas Teacher Retirement System to set a de
21 minimis amount to charge for distributing or collecting various moneys, is
22 amended to read as follows:

23 (5) The board may set or amend by a motion or resolution at any
24 board meeting a de minimis amount ~~of twenty-five dollars (\$25.00) or less~~
25 concerning the system's obligation to distribute or collect payments,
26 penalties, interest, funds, or moneys.

27
28 SECTION 24. Arkansas Code § 24-7-403(b), concerning the restriction of
29 trustees, officers, and employees of the Board of Trustees of the Arkansas
30 Teacher Retirement System from holding an interest in the gains or profits of
31 any of the board's investments, is amended to read as follows:

32 (b)(1) Except as to the rights of a member, ~~retirant~~ retiree, or
33 beneficiary, ~~no trustee and no officer or employee~~ a trustee, officer, or
34 employee of the board shall not have any direct or indirect interest, ~~direct~~
35 ~~or indirect~~, in the gains or profits of any investment made by the board.

36 (2) ~~Nor shall any of them, directly or indirectly, for himself~~

1 ~~or herself or as an agent, in any manner use the assets of the system except~~
2 ~~to make such current and necessary payments as are authorized by the board;~~
3 ~~nor shall any of them become an endorser or surety or become in any manner an~~
4 ~~obligor for moneys loaned by or borrowed from the board~~ A trustee, officer,
5 or employee of the board shall not directly or indirectly use the assets of
6 the system in any manner for himself or herself or as an agent.

7 (3) A trustee, officer, or employee of the board shall not in
8 any manner become an endorser, surety, or obligor for moneys loaned by or
9 borrowed from the board.

10 (4) A trustee, officer, or employee of the board may make such
11 current and necessary payments as are authorized by the board.

12
13 SECTION 25. Arkansas Code § 24-7-408 is amended to read as follows:
14 24-7-408. Retirement fund assets accounts – Retirement reserve
15 account.

16 (a) The retirement reserve account shall be the account from which
17 shall be paid all annuities and benefits in lieu of annuities payable as
18 provided in this act to ~~retirants~~ retirees who retired on account of
19 superannuation or disability and to beneficiaries of such ~~retirants~~ retirees.

20 (b) If a disability ~~retirant~~ retiree returns to teaching service:

21 (1) The amount of his or her accumulated contributions at the
22 time of his or her disability retirement shall be transferred from the
23 retirement reserve account to the members' deposit account; and

24 (2) The remainder of his or her annuity reserve at the time of
25 return shall be transferred from the retirement reserve account to the
26 employer accumulation account.

27
28 SECTION 26. Arkansas Code § 24-7-501(a)(2)(B)(iii), concerning the
29 employer contribution rate under the Arkansas Teacher Retirement System being
30 established at a rate necessary to fund liabilities, is amended to read as
31 follows:

32 (iii) The employer contribution rate for this closed
33 system shall be established at a rate necessary to fund all present and
34 future liabilities until such time as there are no longer members, ~~retirants~~
35 retirees, or deferred annuitants.

1 SECTION 27. Arkansas Code § 24-7-502(a)(6), concerning restrictions on
2 a member during his or her termination separation period under the Arkansas
3 Teacher Retirement System, is amended to read as follows:

4 (6) During the termination separation period, the member shall
5 remain terminated and shall not:

6 (A) Form an employment relationship with ~~any system-~~
7 ~~covered employer~~ a covered employer;

8 (B) Render any compensable services to or on behalf of ~~any~~
9 ~~system-covered employer~~ a covered employer, except that a member may ~~provide~~
10 ~~perform~~ volunteer activities ~~at a system-covered employer~~ for a covered
11 employer that ~~does~~ do not have the effect of holding a position open for the
12 member during a termination separation period; ~~and~~

13 (C) Exercise any authority to act as a representative of
14 ~~any system-covered employer~~ a covered employer or exercise any authority over
15 employees of ~~any system-covered employer~~ a covered employer; or

16 (D) Be indirectly employed by or through an independent
17 contractor, limited liability company, partnership, corporation, or legal
18 entity that is employed by a covered employer if the member has substantial
19 control of the employer-employee relationship, including without limitation
20 the ability to negotiate rates of pay with the covered employer or assign
21 work and work hours to the member.

22
23 SECTION 28. Arkansas Code § 24-7-601(e)(5), concerning the provision
24 of a benefit amount that is not dependent on length of credited service under
25 the Arkansas Teacher Retirement System, is amended to read as follows:

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

31
32 SECTION 29. Arkansas Code § 24-7-601(g)(1), concerning concurrent
33 service earned in the Arkansas Teacher Retirement System and reciprocal
34 systems, is amended to add an additional subdivision to read as follows:

35 (C) A member's part-time employment with a PSHE employer
36 or an employer covered by the Arkansas Public Employees' Retirement System

1 shall not prevent the member from earning service credit under the Arkansas
2 Teacher Retirement System if the member does not earn service credit in an
3 alternate retirement plan or the Arkansas Public Employees' Retirement
4 System.

5
6 SECTION 30. Arkansas Code § 24-7-602(c)(1), concerning military
7 service credit under the Arkansas Teacher Retirement System when a member
8 leaves employment with a school to serve in the uniformed services of the
9 United States and later returns to employment with a school, is amended to
10 read as follows:

11 (c)(1)(A) ~~Effective December 12, 1994, a~~ A member who leaves
12 employment with a school or employment with a covered employer to serve, on a
13 voluntary or involuntary basis, in the uniformed services of the United
14 States and returns to employment with a school or employment with a covered
15 employer shall be treated as not having incurred a break in service with the
16 employer.

17 (B) The employer shall certify to the system that
18 reemployment was in accordance with the requirements set forth in section
19 4312 of the Uniformed Services Employment and Reemployment Rights Act of
20 1994, Pub. L. No. 103-353.

21
22 SECTION 31. Arkansas Code § 24-7-701(a)(1)(B), concerning the time
23 frame necessary for a member to submit a complete application for voluntary
24 retirement under the Arkansas Teacher Retirement System, is amended to read
25 as follows:

26 (B) If a member fails to submit a complete retirement
27 application ~~within six (6) calendar months after~~ by the end of the sixth full
28 calendar month immediately following the effective date of benefits,
29 including all additional documentation required by the system, the
30 application shall be void unless an extension has been granted by the ~~system~~
31 Executive Director of the Arkansas Teacher Retirement System.

32
33 SECTION 32. Arkansas Code § 24-7-701(e)(1), concerning when a member
34 may cancel an application for voluntary retirement benefits under the
35 Arkansas Teacher Retirement System, is amended to read as follows:

36 (e)(1) A member may cancel an application for voluntary retirement

1 benefits ~~up to two (2) calendar months after~~ any time before the end of the
2 second full calendar month immediately following the effective date of
3 benefits.

4
5 SECTION 33. Arkansas Code § 24-7-702(a)(1)(A) and (B), concerning a
6 member's application for voluntary early retirement under the Arkansas
7 Teacher Retirement System, are amended to read as follows:

8 (a)(1)(A) Except as provided under subdivision (a)(2) of this section,
9 an active or inactive member who has a combined total of twenty-five (25) or
10 more years of actual and reciprocal service, including purchased or free
11 credited service, but has not attained sixty (60) years of age and is not
12 eligible for retirement under § 24-7-701 may voluntarily retire early by
13 filing a written application with the ~~Board of Trustees of the Arkansas~~
14 ~~Teacher Retirement System~~ Arkansas Teacher Retirement System.

15 (B) If a member fails to submit a complete retirement
16 application ~~within six (6) calendar months of~~ by the end of the sixth full
17 calendar month immediately following the effective date of benefits,
18 including all additional documentation required by the Arkansas Teacher
19 Retirement System, the application shall be void unless an extension is
20 granted by the ~~system~~ Executive Director of the Arkansas Teacher Retirement
21 System.

22
23 SECTION 34. Arkansas Code § 24-7-702(f)(1), concerning when a member
24 may cancel an application for early voluntary retirement benefits under the
25 Arkansas Teacher Retirement System, is amended to read as follows:

26 (f)(1) A member may cancel an application for early voluntary
27 retirement benefits up to two (2) full calendar months after the effective
28 date of benefits.

29
30 SECTION 35. Arkansas Code § 24-7-704(a)(1)(D)(i) and (ii), concerning
31 when a member must submit an application and accompanying documentation for
32 disability retirement under the Arkansas Teacher Retirement System, are
33 amended to read as follows:

34 (D)(i) A member has ~~six (6) calendar months from~~ until the
35 end of the sixth full calendar month immediately following the date of his or
36 her application for disability retirement to submit a completed application

1 and accompanying documentation.

2 (ii) If a member does not provide all accompanying
3 documentation requested by the system ~~within the six (6) calendar months by~~
4 the end of the sixth full calendar month immediately following the date of
5 his or her application for disability retirement, the system shall:

6 (a) Submit the application to the medical
7 committee for review as complete; or

8 (b) Withdraw the application at the request of
9 the member unless an extension is granted by the ~~system~~ Executive Director of
10 the Arkansas Teacher Retirement System.

11
12 SECTION 36. Arkansas Code § 24-7-704(a)(1)(G) and (H), concerning
13 actions by the medical committee related to when a member submits an
14 application for disability retirement under the Arkansas Teacher Retirement
15 System, are amended to read as follows:

16 (G) If the medical committee requests additional
17 documentation upon initial review, a member has ~~six (6) calendar months from~~
18 until the end of the sixth full calendar month immediately following the date
19 of a medical committee request to submit any additional accompanying
20 documentation unless an extension is granted by the ~~system~~ executive
21 director.

22 (H)(i) If the medical committee finds that a member is not
23 qualified to receive disability benefits, written notice of the medical
24 committee's finding shall be sent to the member and the member may request a
25 second review provided the member submits additional medical documentation.

26 (ii)(a) ~~A second review may be requested one (1)~~
27 time A member may request a second review one (1) time for each application
28 for disability retirement filed by the member.

29 (b) A member's option to request a second
30 review does not apply to a disability retiree who applies for a review under
31 subsection (b) of this section.

32 (iii) The member has ~~six (6) calendar months until~~
33 the end of the sixth full calendar month immediately following the date of
34 the written notice to submit additional medical documentation unless an
35 extension is granted by the ~~system~~ executive director.

1 SECTION 37. Arkansas Code § 24-7-704(a)(3)(B), concerning when a
2 member must submit all documents and election forms required to begin annuity
3 payments for disability retirement under the Arkansas Teacher Retirement
4 System, is amended to read as follows:

5 (B) If a member does not submit the required documents
6 ~~within six (6) calendar months after~~ by the end of the sixth full calendar
7 month immediately following the date on which the medical committee finds
8 that the member qualifies to receive disability benefits, the member's
9 application shall be void unless an extension has been granted by the ~~system~~
10 executive director.

11
12 SECTION 38. Arkansas Code § 24-7-704(a)(4), concerning restrictions on
13 when a member is eligible to begin receiving disability retirement payments
14 under the Arkansas Teacher Retirement System, is amended to read as follows:

15 (4) To begin receiving disability retirement, a member shall
16 not:

17 (A) Be employed by a ~~system-covered employer~~ covered
18 employer; or

19 (B) ~~Be indirectly employed by or through an independent~~
20 ~~contractor, limited liability company, partnership, corporation, or legal~~
21 ~~entity that is employed by a system-covered employer if the member has~~
22 ~~substantial control of the employer-employee relationship, including without~~
23 ~~limitation the ability to negotiate rates of pay with the system-covered~~
24 ~~employer or assign work and work hours to the member~~ Unless otherwise
25 provided by law, perform any action described in § 24-7-502(a)(6).

26
27 SECTION 39. Arkansas Code § 24-7-704(b)(3)(C)(iii), concerning actions
28 not taken by a disability retiree under the Arkansas Teacher Retirement
29 System that will cause termination of disability retirement benefits, is
30 amended to read as follows:

31 (iii) Apply for a review by the system's medical
32 committee ~~within three (3) months of disability benefits ceasing~~ by the end
33 of the third full calendar month immediately following the cessation of
34 disability benefits due to the lack of a Social Security Administration
35 determination letter finding that the disability retiree is unable to perform
36 his or her former work duties as described in subdivision (a)(1)(E)(iii) of

1 this section.

2
3 SECTION 40. Arkansas Code § 24-7-704(b)(3)(D)(i), concerning certain
4 conditions that allow a disability retiree under the Arkansas Teacher
5 Retirement System to seek a review by the system's medical committee, is
6 amended to read as follows:

7 (D)(i) A disability retiree who seeks and fails to receive
8 a determination letter finding the disability retiree is unable to perform
9 his or her former work duties as described in subdivision (a)(1)(E)(iii) of
10 this section by the Social Security Administration may seek a review
11 permitted under subdivision (b)(3)(C)(iii) of this section no earlier than
12 three (3) full calendar months before the date on which the member's
13 disability retirement would otherwise end and no later than ~~three (3) months~~
14 after the end of the third full calendar month immediately following the
15 termination of disability retirement.

16
17 SECTION 41. Arkansas Code § 24-7-706(a)-(e), concerning annuity
18 options under the Arkansas Teacher Retirement System, are amended to read as
19 follows:

20 (a)(1) Before the date the first payment of his or her annuity becomes
21 due, a member may elect to receive his or her annuity as a straight life
22 annuity, or he or she may elect to receive the actuarial equivalent, at that
23 time, of his or her straight life annuity in a reduced annuity payable
24 throughout his or her life.

25 (2) The member may nominate a beneficiary, in accordance with
26 one (1) of the following options:

27 (A) Option A – 100% Survivor Annuity.

28 (i) Under Option A, upon the death of a ~~retirant~~
29 retiree, his or her reduced annuity shall be continued throughout the life of
30 and paid to such person as he or she shall have nominated by written
31 designation executed and filed with the Board of Trustees of the Arkansas
32 Teacher Retirement System before the date the first payment of his or her
33 annuity becomes due.

34 (ii) The person designated as a beneficiary by the
35 ~~retirant~~ retiree shall be:

36 (a) The ~~retirant's~~ retiree's spouse for not

1 less than one (1) year immediately preceding the first payment due date; or

2 (b) A dependent child of the ~~retirant~~ retiree
3 who has been adjudged physically or mentally incapacitated by a court of
4 competent jurisdiction;

5 (B) Option B – 50% Survivor Annuity.

6 (i) Under Option B, upon the death of a ~~retirant~~
7 retiree, one-half ($\frac{1}{2}$) of his or her reduced annuity shall be continued
8 throughout the life of and paid to such person as he or she has nominated by
9 written designation executed and filed with the board before the date the
10 first payment of his or her annuity becomes due.

11 (ii) The person designated as a beneficiary by the
12 ~~retirant~~ retiree shall be:

13 (a) The ~~retirant's~~ retiree's spouse for not
14 less than one (1) year immediately preceding the first payment due date; or

15 (b) A dependent child of the ~~retirant~~ retiree
16 who has been adjudged physically or mentally incapacitated by a court of
17 competent jurisdiction; or

18 (C) Option C – Annuity for Ten (10) Years Certain and Life
19 Thereafter.

20 (i) Under Option C, a ~~retirant~~ retiree shall receive
21 a reduced annuity payable throughout his or her life with the provision that
22 if he or she dies before he or she has received one hundred twenty (120)
23 monthly annuity payments, the payments shall be continued for the remainder
24 of the period of one hundred twenty (120) months and paid to such persons in
25 equal shares as the ~~retirant~~ retiree has nominated by written designation
26 executed and filed with the board.

27 (ii) If the designated beneficiaries predecease the
28 ~~retirant~~ retiree, the ~~retirant~~ retiree may nominate successor beneficiaries
29 or may elect to return to his or her single lifetime benefit equivalent by
30 written designation executed and filed with the board, to be effective the
31 month following receipt of his or her election by the Arkansas Teacher
32 Retirement System.

33 (iii)(a) If the designated beneficiary is the spouse
34 of the ~~retirant~~ retiree and the marriage ends in divorce or other marriage
35 dissolution, the ~~retirant~~ retiree may:

36 (1) Nominate a successor beneficiary; or

1 (2) Elect to return to his or her single
2 lifetime benefit equivalent.

3 (b) The nomination or election made under
4 subdivision (a)(2)(C)(iii)(a) of this section shall be in writing, executed
5 by the ~~retirant~~ retiree, and filed with the board, to be effective the month
6 following receipt of his or her election by the system.

7 (iv) If no designated beneficiary survives the
8 ~~retirant~~ retiree, the annuity reserve for the remainder of the annuity
9 payments shall be paid to the ~~retirant's~~ retiree's estate.

10 (v) If the last designated beneficiary receiving
11 annuity payments dies before all annuity payments are made, the annuity
12 reserve for the remainder of the annuity payments shall be paid to the
13 beneficiary's estate.

14 (vi) Effective the month following completion of the
15 one-hundred-twenty-month period, the ~~retirant's~~ retiree's annuity shall
16 return to his or her single lifetime benefit equivalent.

17 (3) In addition to the persons eligible to be designated as a
18 beneficiary under either Option A or Option B in subdivision (a)(2) of this
19 section, the board may promulgate rules concerning the addition of classes of
20 eligible persons to be designated as a beneficiary under this section and for
21 the rights of option beneficiaries of deceased disability retirees under §
22 24-7-704.

23 (b)(1)(A) If a member's marital status changes after retirement due to
24 the death of the member's spouse, or a divorce or marriage dissolution from
25 the member's spouse who is also the member's designated beneficiary, then the
26 member may elect to cancel any optional plan designating the former spouse as
27 a beneficiary.

28 (B) A member's election under subdivision (b)(1)(A) of
29 this section shall cause the member to return to his or her lifetime benefit
30 equivalent, to be effective the month following the system's receipt of the
31 approved form.

32 (2) A ~~retirant~~ retiree who is receiving a single lifetime
33 benefit and who marries after retirement may elect to cancel his or her
34 single lifetime benefit and may elect an annuity providing continuing
35 lifetime benefits to his or her spouse under rules promulgated by the board.

36 (c) If a member fails to elect an option, his or her annuity shall be

1 paid to him or her as a straight life annuity.

2 (d)(1) Notwithstanding anything contained in this section to the
3 contrary, the residue beneficiary under § 24-7-709 may elect to cancel the
4 form of annuity in effect and elect Option A – 100% Survivor Annuity upon the
5 death of a ~~retirant~~ retiree on or after July 1, 1989, if:

6 (A) The ~~retirant~~ retiree died within one (1) year
7 following the effective date of retirement;

8 (B) The ~~retirant~~ retiree was receiving a straight life
9 annuity; and

10 (C) The residue beneficiary otherwise qualifies for an
11 Option A – 100% Survivor Annuity.

12 (2) The election to change may be made only one (1) time and
13 shall be on a form approved by the system.

14 (3) The election form must be received by the system within one
15 hundred twenty (120) days of the death of the retiree.

16 (e)(1) Notwithstanding anything in this section to the contrary, a
17 ~~retirant~~ retiree who retired on or after July 1, 1994, may elect to cancel
18 his or her election made at retirement for receiving an annuity and elect
19 another option, provided that he or she:

20 (A) Does so within one (1) year after July 1, 1995, or
21 within one (1) year of retirement;

22 (B) Files with the system a new election form approved by
23 the system; and

24 (C)(i) Repays to the system the difference between the
25 amount of the annuity received when he or she retired and the new annuity due
26 as a result of the election change, plus interest from July 1, 1994, or his
27 or her retirement date, whichever is later, to the date of payment in full.

28 (ii) The difference shall be calculated
29 retroactively to July 1, 1994, or his or her retirement date, whichever is
30 later.

31 (2) The election to change shall be made only one (1) time.

32 (3) The election change shall be effective retroactively to the
33 effective date of his or her annuity.

34
35 SECTION 42. Arkansas Code § 24-7-707(d), concerning when a member must
36 submit an application for deferred retirement under the Arkansas Teacher

1 Retirement System, is amended to read as follows:

2 (d) If a member fails to submit a complete deferred retirement
3 application ~~within six (6) calendar months of~~ by the end of the sixth full
4 calendar month immediately following the effective date of benefits,
5 including all additional documentation required by the system, the
6 application shall be void unless an extension is granted by the ~~system~~
7 Executive Director of the Arkansas Teacher Retirement System.

8
9 SECTION 43. Arkansas Code § 24-7-707(e)(1), concerning when a member
10 may cancel an application for deferred retirement under the Arkansas Teacher
11 Retirement System, is amended to read as follows:

12 (e)(1) A member may cancel an application for deferred retirement
13 benefits any time before ~~two (2) calendar months from~~ the end of the second
14 full calendar month immediately following the effective date of benefits.

15
16 SECTION 44. Arkansas Code § 24-7-709 is amended to read as follows:

17 24-7-709. Disposition of ~~member~~ retiree contributions – Residue.

18 (a)(1)~~(A)~~ If a retiree and his or her option annuitants, if any, die
19 before receiving annuity payments equal to the ~~member's~~ retiree's residue
20 ~~amount~~, then the residue ~~amount~~ shall be paid to ~~such persons as the retiree~~
21 ~~shall have nominated by written designation duly~~ one (1) or more
22 beneficiaries nominated by the retiree in a written designation that is
23 executed and filed with the Arkansas Teacher Retirement System.

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

28 (2) If a retiree designates more than one (1) beneficiary, the
29 residue shall be divided equally among each designated beneficiary.

30 (3) If a retiree and his or her option annuitants die and the
31 member has failed to designate a beneficiary or if all designated
32 beneficiaries have predeceased the retiree, the residue shall be paid to the
33 retiree's estate.

34 (4) If all designated beneficiaries predecease the retiree, the
35 residue shall be paid to the estate of the most recently deceased designated
36 beneficiary.

1 (b) If upon the termination of the option annuity no surviving
2 beneficiary designated by the ~~member~~ retiree survives and it is impracticable
3 to make payment to the ~~member's~~ retiree's estate, the residue shall be
4 forfeited to the trust assets of the system subject to any valid claim of the
5 ~~member's~~ retiree's estate under § 24-7-734.

6
7 SECTION 45. Arkansas Code § 24-7-710(a)(2)(B), concerning when an
8 eligible survivor or a minor survivor's guardian or legal representative must
9 complete an application for survivor annuity benefits under the Arkansas
10 Teacher Retirement System, is amended to read as follows:

11 (B) If an immediately eligible survivor or the minor
12 survivor's guardian or legal representative fails to complete the application
13 process ~~within six (6) calendar months after~~ by the end of the sixth full
14 calendar month following the date on which the application required under
15 subdivision (a)(2)(A) of this section is filed, including the submission of
16 any additional documentation required by the system, the application shall be
17 void unless an extension is granted by the ~~system~~ Executive Director of the
18 Arkansas Teacher Retirement System.

19
20 SECTION 46. Arkansas Code § 24-7-710(b)(1)(A)(i), concerning a
21 member's survivor annuity under the Arkansas Teacher Retirement System and
22 when it is received by a member's surviving spouse who was married to the
23 member for at least the two (2) years immediately preceding the member's
24 death, is amended to read as follows:

25 (b)(1)(A)(i) Unless the member otherwise directs an alternative
26 beneficiary to receive the member's residue amount by using a beneficiary
27 form approved by the system, a member's surviving spouse, who was married to
28 the member for at least the two (2) years immediately preceding the member's
29 death, shall receive an annuity computed in the same manner in all respects
30 as if the member had retired on the date of the member's death and elected
31 Option A under § 24-7-706 to provide one hundred percent (100%) survivor
32 annuity benefits, including benefits applicable under § 24-7-713, for his or
33 her spouse.

34
35 SECTION 47. Arkansas Code § 24-7-710(b)(1)(B)(ii), concerning when an
36 immediately eligible spouse must complete an application process for a

1 survivor annuity benefit under the Arkansas Teacher Retirement System, is
2 amended to read as follows:

3 (ii) If an immediately eligible spouse fails to
4 complete the application process ~~within six (6) calendar months after~~ by the
5 end of the sixth full calendar month following the date on which the
6 application required under subdivision (b)(1)(B)(i) of this section is filed,
7 including the submission of all additional documentation required by the
8 system, the application shall be void unless an extension is granted by the
9 ~~system~~ executive director.

10
11 SECTION 48. Arkansas Code § 24-7-710(b)(1)(C)(ii), concerning when a
12 surviving spouse's application for surviving spouse benefits becomes void
13 under the Arkansas Teacher Retirement System, is amended to read as follows:

14 (ii) If a surviving spouse becomes eligible for
15 surviving spouse benefits and fails to complete the application process
16 ~~within six (6) calendar months after~~ by the end of the sixth full calendar
17 month following the date on which the application required under subdivision
18 (b)(1)(B)(i) of this section is filed, including the submission of any
19 additional documentation required by the system, the application shall be
20 void unless an extension is granted by the ~~system~~ executive director.

21
22 SECTION 49. Arkansas Code § 24-7-713(a)(1), concerning when certain
23 persons receiving benefits under the Arkansas Teacher Retirement System
24 receive a simple cost of living adjustment, is amended to read as follows:

25 (a)(1) July 1 of each year, ~~retirants~~ retirees, survivors,
26 participants in the Teacher Deferred Retirement Option Plan, and annuity
27 beneficiaries who have been receiving monthly benefits for the previous
28 twelve (12) months shall receive a simple cost of living adjustment.

29
30 SECTION 50. Arkansas Code § 24-7-713(d), concerning the administration
31 of the Arkansas Teacher Retirement System benefit stipend by the Board of
32 Trustees of the Arkansas Teacher Retirement System, is amended to read as
33 follows:

34 (d)(1) The board may remove by board resolution the benefit stipend
35 from the base amount of current ~~retirants~~ retirees and option beneficiaries
36 if the board determines that the removal of the benefit stipend from the base

1 amount is prudent in order to maintain actuarial soundness.

2 (2) The board may phase in the removal of the benefit stipend
3 from the base amount of current ~~retirant~~ retiree and option beneficiaries by
4 board resolution.

5
6 SECTION 51. Arkansas Code § 24-7-714 is amended to read as follows:

7 24-7-714. Increase in monthly benefits – Acts 1979, No. 655, and Acts
8 1981, No. 885.

9 (a) The monthly retirement benefit payable to ~~retirants~~ retirees and
10 beneficiaries of the Arkansas Teacher Retirement System who were retired on
11 or before July 1, 1978, and who were receiving benefits on July 1, 1979,
12 shall be increased as follows:

13 (1) For all benefits to ~~retirants~~ retirees and beneficiaries of
14 the system whose total credited service is before July 1, 1961, a monthly
15 benefit increase equal to one dollar (\$1.00) per each year of credited
16 service;

17 (2) For all benefits to ~~retirants~~ retirees and beneficiaries of
18 the system which are based in whole or in part upon credited service rendered
19 after July 1, 1961, a monthly benefit increase equal to seventy-five cents
20 (75¢) per each year of credited service;

21 (3) For benefit increases authorized by subdivisions (a)(1) and
22 (2) of this section, fractional years of service shall be disregarded, and
23 the increase shall be added to the monthly annuity after the annual
24 postretirement increase based on the consumer price index has been applied to
25 the ~~retirant's~~ retiree's base annuity; and

26 (4) In the event that there is more than one (1) beneficiary or
27 survivor of a member or ~~retirant~~ retiree receiving benefits, the increases in
28 subdivisions (a)(1) and (2) of this section shall be based upon the member's
29 total credited service. The benefit increase so determined shall be divided
30 between the survivors or beneficiaries in proportion to their base annuities.

31 (b) For retirements effective after July 1, 1978, for which a monthly
32 benefit is payable for the month of July 1981 or later, calculations shall be
33 made as provided in subdivisions (b)(1) and (2) of this section. If the
34 monthly benefit calculated using subdivision (b)(1) of this section is more
35 than the monthly benefit calculated using subdivision (b)(2) of this section,
36 then the difference shall be paid to the ~~retirant~~ retiree as a monthly

benefit increase, subject to the provisions of subdivisions (b)(3)-(6) of this section, as follows:

(1) Calculate the monthly annuity payable to the member under § 24-7-705, based on the provisions of § 24-7-705, his or her salary record, and his or her service record, all as of July 1, 1978, and add seventy-five cents (75¢) for each year of the member's credited service rendered before July 1, 1978;

(2) Calculate the monthly annuity payable to the member under the provisions of § 24-7-705 in effect at the time of the member's retirement;

(3) For benefit increases authorized by this subsection, fractional years of service shall be disregarded. The increase shall be added to the monthly annuity after the annual postretirement increase based on the consumer price index has been applied to the ~~retirant's~~ retiree's base annuity;

(4) In the event that there is more than one (1) beneficiary or survivor of a member or ~~retirant~~ retiree receiving benefits, the increases in this subsection shall be based upon the member's total credited service, and the benefit increase so determined shall be divided between the survivors or beneficiaries in proportion to their base annuities;

(5) Any benefit increase created by this subsection shall be effective at retirement but not for any month before July 1981; and

(6) If there is any change in § 24-7-705 after the member's retirement, the amount under subdivision (b)(2) of this section shall be recalculated using the changed provisions, and the benefit increase provided by this subsection shall be changed correspondingly.

SECTION 52. Arkansas Code § 24-7-727(a)(1), concerning when the Board of Trustees of the Arkansas Teacher Retirement System may compound the cost of living adjustment for retirants and participants in the Teacher Deferred Retirement Option Plan, is amended to read as follows:

(a)(1) ~~After July 1, 1999, the~~ The Board of Trustees of the Arkansas Teacher Retirement System may compound the cost of living adjustment for all ~~retirants~~ retirees and participants in the Teacher Deferred Retirement Option Plan who have received a monthly retirement benefit for the prior twelve-month period.

1
2 SECTION 53. Arkansas Code § 24-7-727(b)(3)(A), concerning when the
3 Board of Trustees of the Arkansas Teacher Retirement System may reverse a
4 compounding of the cost of living adjustment for retirants and participants
5 in the Teacher Deferred Retirement Option Plan, is amended to read as
6 follows:

7 (3)(A) The board may reverse a compounding of the cost of living
8 adjustment for all ~~retirants~~ retirees and participants in the Teacher
9 Deferred Retirement Option Plan who benefit from the compounding.

10
11 SECTION 54. Arkansas Code § 24-7-728 is amended to read as follows:
12 24-7-728. Computation of benefits based on life annuity.

13 (a)(1) The Board of Trustees of the Arkansas Teacher Retirement System
14 is authorized ~~by this section~~ to raise the level of benefit to the current
15 ~~retirants~~ retirees and other beneficiaries of the Arkansas Teacher Retirement
16 System ~~to a comparable level increase to match the increase in benefits that~~
17 ~~would accrue to active members as a result of any increase in the calculation~~
18 ~~of a life annuity as provided in § 24-7-705(a)(1) in accordance with any~~
19 ~~rules the board might promulgate.~~

20 (2) The board may raise the level of benefit to a comparable
21 level increase that matches the increase in benefits that would accrue to
22 active members as a result of any increase in the calculation of a life
23 annuity as provided in § 24-7-705(a)(1) in accordance with any rules the
24 board might promulgate.

25 (b)(1) The amount of any increase for ~~retirants~~ retirees and other
26 beneficiaries shall also be determined in accordance with the rules of the
27 board as is actuarially appropriate for the system.

28 (2) ~~Prior to~~ Before increasing a benefit as provided in this
29 section, the board shall file relevant information concerning the actuarial
30 appropriateness of the action with the Joint Committee on Public Retirement
31 and Social Security Programs, and the action shall be reviewed by the Joint
32 Committee on Public Retirement and Social Security Programs.

33
34 SECTION 55. Arkansas Code § 24-7-730(a)(1), concerning the required
35 dates of distributions of member benefits under the Arkansas Teacher
36 Retirement System, is amended to read as follows:

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

9 (B) The applicable age for a member is as follows:

10 (i) In the case of a member who attains seventy-two
11 (72) years of age after December 31, 2022, and seventy-three (73) years of
12 age before January 1, 2030, the applicable age is seventy-three (73) years of
13 age;

14 (ii) In the case of a member who attains seventy-
15 three (73) years of age after December 31, 2029, and seventy-four (74) years
16 of age before January 1, 2033, the applicable age is seventy-four (74) years
17 of age; and

18 (iii) In the case of a member who attains seventy-
19 four (74) years of age after December 31, 2032, the applicable age is
20 seventy-five (75) years of age.

21
22 SECTION 56. Arkansas Code § 24-7-733(a)(2), concerning the requirement
23 that annual benefits under the Arkansas Teacher Retirement System shall not
24 violate limitations under the Internal Revenue Code, 26 U.S.C. 415(b), is
25 amended to read as follows:

26 (2) The annual benefits, as may be increased in subsequent
27 years, that are paid to ~~retirants~~ retirees by the system shall not violate
28 the limitations under the Internal Revenue Code, 26 U.S.C. 415(b), applicable
29 to the annuity effective date under the Internal Revenue Code, 26 U.S.C.
30 415(d), and benefits shall be paid in a manner that protects the tax-
31 qualified status of the system.

32
33 SECTION 57. Arkansas Code § 24-7-735(c), concerning a member or
34 employer's ability to purchase service credit, additional salary, or both for
35 a member under the Arkansas Teacher Retirement System, is amended to add an
36 additional subdivision to read as follows:

1 (4)(A) Service credit purchased under a settlement agreement or
2 court order shall offset service credit that is earned by the member as an
3 employee of another covered employer during the same period of time covered
4 by the service credit purchased under the settlement agreement or court
5 order.

6 (B) Service credit purchased under a settlement agreement
7 or court order shall not be applied by the system in a manner that allows the
8 member to earn more than one (1) year of service credit in a fiscal year.

9
10 SECTION 58. Arkansas Code § 24-7-738(b)(2), concerning the recovery of
11 an erroneously paid disability retirement benefit for a month in which a
12 member receives salary from a covered employer under the Arkansas Teacher
13 Retirement System, is amended to read as follows:

14 (2) Any disability retirement benefit erroneously paid to the
15 member or ~~retirant~~ retiree for a month in which the member receives salary
16 from a covered employer may be recovered by the system as an overpayment as
17 allowed by law.

18
19 SECTION 59. Arkansas Code § 24-7-1302(c), concerning when a member may
20 withdraw his or her application for the Teacher Deferred Retirement Option
21 Plan under the Arkansas Teacher Retirement System, is amended to read as
22 follows:

23 (c) The member may withdraw his or her plan application if notice to
24 withdraw is received by the system ~~no later than two (2) calendar months~~
25 after by the end of the second full calendar month immediately following the
26 member's plan date.

27
28 SECTION 60. Arkansas Code Title 24, Chapter 7, Subchapter 15 is
29 amended to read as follows:

30 Subchapter 15 – ~~Retirants'~~ Retirees' Ad Hoc Increase Act

31
32 24-7-1501. Title.

33 This subchapter shall be known and may be cited as the "~~Retirants'~~
34 Retirees' Ad Hoc Increase Act".

35
36 24-7-1502. Benefit generally.

(a)(1) The annual benefit payable to eligible retirees, survivors, and beneficiaries of ~~retirants~~ retirees of the Arkansas Teacher Retirement System shall be subject to a one-time ad hoc increase based on the ~~retirant's~~ retiree's years of credited service that is grouped within descending decades as calculated by subtracting the total years of credited service from the date of retirement.

(2) A break in credited service is not considered under this subchapter.

(3) Teacher Deferred Retirement Option Plan participants shall have the total years of credited service subtracted from the date of entry into the plan.

(b)(1) One-half ($\frac{1}{2}$) of the annual dollar increase per year of credited service shall be calculated and provided to all retirees, survivors, and beneficiaries of ~~retirants~~ retirees that are eligible to receive this increase.

(2) One-half ($\frac{1}{2}$) of the annual dollar increase per year of credited service shall be calculated then prorated based on the amount of contributory service credit to total service on the ~~retirant's~~ retiree's:

(A) Retirement date; or

(B) Plan entry date.

(3) The amounts under this subsection shall be calculated and provided to all retirees, survivors, and beneficiaries of ~~retirants~~ retirees.

(c) The ad hoc benefit is payable to the retirees, survivors, and beneficiaries of ~~retirants~~ retirees of the system beginning on a July 1 that is at least twelve (12) full months after the effective date of a monthly benefit.

(d) The ad hoc benefit for a ~~retirant~~ retiree, survivor, and beneficiary of a ~~retirant~~ retiree shall not increase the ~~retirant's~~ retiree's current benefit by more than twenty-five percent (25%) of the annuity benefit payable as of the prior June 30.

24-7-1503. Ad hoc benefit formula.

The schedule of decade dollar amounts per year of credited service is:

Formula Decades in Which Credited Service Was Accrued Service	Annual \$ Increase Per Year of Credited Service
---	---

1		
2	2000 – and later	\$5
3	1990–1999	\$10
4	1980–1989	\$20
5	1970–1979	\$30
6	1960–1969	\$40
7	1950–1959	\$50
8	1940–1949	\$60
9	1930–1939	\$70
10	1920–1929	\$80
11	1910–1919	\$90

12

13 24-7-1504. Promulgation of rules – Duty of board.

14 (a) The Board of Trustees of the Arkansas Teacher Retirement System
15 shall promulgate rules for the ad hoc benefit under this subchapter.

16 (b) An ad hoc benefit under this subchapter shall not be implemented
17 if the ad hoc benefit would cause the Arkansas Teacher Retirement System's
18 unfunded actuarial accrued liabilities to exceed an eighteen-year
19 amortization.

20 (c) The board shall only authorize an ad hoc benefit that is
21 actuarially appropriate for the system.

22 (d) Before an increase of retirement benefit through an ad hoc benefit
23 is authorized, the board shall file relevant information with the Joint
24 Interim Committee on Public Retirement and Social Security Programs regarding
25 the actuarial appropriateness of the increase.

26 (e) The board may reduce the decade increase formula under § 24-7-1503
27 proportionately on a one-to-one formula basis for each decade when the
28 reduction is actuarially feasible to implement.

29 (f) The ad hoc benefit increase is a one-time adjustment and shall
30 also be used to increase the base amount of a ~~retirant's~~ retiree's benefits
31 when calculating any future additional benefit increases.

32

33 SECTION 61. EMERGENCY CLAUSE. It is found and determined by the
34 General Assembly of the State of Arkansas that the operations of a state
35 public retirement system are complex; that the Arkansas Teacher Retirement
36 System must be able to meet the needs of its members as anticipated by the

General Assembly; that certain provisions of the Arkansas Teacher Retirement System Act need revision and updating to bring them into conformance with sound public pension policy and actuarial requirements; that the revisions and updates are of great importance to members of the Arkansas Teacher Retirement System and to other citizens of the State of Arkansas; that as the Arkansas Teacher Retirement System operates on a fiscal year of July 1 to June 30, a July 1, 2023, effective date is necessary in order to allow the provisions within this act to begin on the first day of the fiscal year and to allow for a structured and proper administration of the procedures referenced in this act; that the updates and revisions to the Arkansas Teacher Retirement System Act are of great importance for actuarial purposes and for the improvement and protection of member benefits under the Arkansas Teacher Retirement System; and that this act is necessary in order to maintain an orderly system of benefits for the members of the Arkansas Teacher Retirement System. Therefore, an emergency is declared to exist, and this act being necessary for the preservation of the public peace, health, and safety shall become effective on July 1, 2023.

/s/Warren

APPROVED: 2/21/23