

1 **State of Arkansas**
2 **78th General Assembly**
3 **Regular Session, 1991**

A Bill ACT 44 OF 1991
HOUSE BILL 1155

4 **By: Representatives Stephens and McGinnis**

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For An Act To Be Entitled

8 "AN ACT TO AMEND TITLE 24, CHAPTER 7 OF THE ARKANSAS CODE
9 OF 1987, TO ESTABLISH A 1.85% MULTIPLIER FOR THE ARKANSAS
10 TEACHER RETIREMENT SYSTEM; AND FOR OTHER PURPOSES."

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

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14 SECTION 1. Subsection (5) of Arkansas Code §24-7-705(a) is hereby
15 amended to read as follows:

16 "(5) Subject to the minimum financial conditions set forth in A.C.A.
17 §24-7-718, and for the retirement dates indicated, the total of subdivisions
18 (1), (2), (3), and (4) of this subsection shall be not less than his number of
19 years of credited service multiplied by the indicated percent of his final
20 average salary:

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22	Effective Date	Percent of
23	of Retirement	Final Average Salary

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25	July 1, 1991 through June 30, 1992	1.85%
26	July 1, 1992 through June 30, 1993	1.95%
27	July 1, 1993 and later	2.05%"

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29 SECTION 2. Subsection (6) of Arkansas Code §24-7-705(a) is hereby
30 amended to read as follows:

31 "(6) Subject to the minimum financial conditions set forth in A.C.A.
32 §24-7-718, and for the retirement dates indicated, his number of years of
33 credited service rendered after June 30, 1986, and for which no member
34 contributions were made as provided in 24-7-406, multiplied by the indicated
35 percent of his final average salary:

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1	Effective Date	Percent of
2	of Retirement	Final Average Salary
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4	July 1, 1991 through June 30, 1992	1.17%
5	July 1, 1992 through June 30, 1993	1.23%
6	July 1, 1993 and later	1.29%"

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8 SECTION 3. Arkansas Code §24-7-713 is hereby amended to read as
9 follows:

10 "24-7-713. Monthly benefits - Redetermination.

11 (a) (1) Beginning with the July 1 which is at least twelve (12) full
12 months after the effective date of a monthly benefit, the amount of the
13 benefit shall be redetermined effective each July 1 and the redetermined
14 amount shall be payable for the ensuing year.

15 (2) Subject to the maximum stated in subdivision (3) of this
16 subsection, the redetermined amount shall be the base amount multiplied by the
17 following percent: One hundred percent (100%), plus three percent (3%) for
18 each full year, but excluding any fraction of a year, in the period from the
19 effective date of the base amount to the current July 1.

20 (3) In no event shall the redetermined amount be less than the
21 base amount nor more than the base amount multiplied by the following
22 fraction: The numerator shall be the average of the consumer price index for
23 the twelve (12) calendar months in the calendar year immediately preceding the
24 July 1, but in no event shall it be an amount less than the denominator, which
25 shall be the average of the consumer price index for the twelve (12) calendar
26 months in the calendar year immediately preceding the effective date of the
27 base amount.

28 (4) As used in this section:

29 (A) 'The amount of the benefit otherwise payable' means the
30 monthly amount of the benefit which would be payable disregarding the
31 provisions of this section redetermining benefit amounts after retirement;

32 (B) 'Consumer Price Index' means the Consumer Price Index
33 for All Urban Consumers, as determined by the United States Department of
34 Labor and in effect January 1, 1986. Should the consumer price index be
35 restructured subsequent to 1985 in a manner materially changing its character,

1 the board, after receiving the advice of its actuary, shall change the
2 application of the consumer price index so that, as far as is practicable, the
3 1985 intent of the use of the consumer price index shall be continued.

4 (C) 'Base amount' means the monthly amount of the benefit
5 upon which benefit redeterminations after retirement are based, as provided in
6 this section. Base amount includes the amount of the benefit otherwise
7 payable plus any one-time increase or increases granted by legislative change.
8 The effective date of the base amount shall be the effective date of the
9 benefit or, if any, the effective date of the last increase in base amount,
10 whichever is later.

11 (b)(1) Subject to the minimum financial conditions set forth in A.C.A.
12 §24-7-1-718, and for the payment periods indicated, a special increase amount
13 shall be calculated and shall be the indicated percent of the indicated month
14 amount:

16 Effective Date		Percent	Monthly Benefit
17 of Increase	Payment Periods	Increase	In Effect For
19 July 1, 1991	July 1, 1991 and later	5.7%	June 1991
20 July 1, 1992	July 1, 1992 and later	5.4%	June 1992
21 July 1, 1993	July 1, 1993 and later	5.1%	June 1993

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24 (2) Any other provisions to the contrary notwithstanding, the
25 special increase amount or amounts shall be added to and become part of the
26 base amount for the purpose of determining benefit amount payable July 1,
27 1991, and later."

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29 SECTION 4. Arkansas Code Annotated Title 24, Chapter 7 is amended by
30 adding a new subsection to read as follows:

31 "24-7-718. Minimum financial conditions for benefit increases.

32 For an increase(s) in benefit formulas to be effective, the regular
33 annual actuarial valuation for the calendar year immediately preceding the
34 effective date of the increase(s) shall be based upon an investment rate
35 assumption of no more than eight percent (8%) and shall indicate that up to

1 and including a twelve percent (12%) of pay employer contribution rate is
2 sufficient to amortize all unfunded actuarial accrued liabilities for members
3 over a period of thirty (30) years or less. For any increase to be effective
4 on a scheduled date, all increases scheduled for that date must collectively
5 meet the minimum financial conditions.

6 On any scheduled date the increases do not collectively meet the minimum
7 financial conditions, the Board of Trustees shall have the authority to delay
8 the increase until the minimum financial conditions are met. Such delayed
9 increase shall only be given on a July 1 and shall be the increase set out in
10 Sections 1(5), 1(6) and 2(b)(1)."

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12 SECTION 5. All provisions of this act of a general and permanent nature
13 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
14 Revision Commission shall incorporate the same in the Code.

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16 SECTION 6. If any provision of this act or the application thereof to
17 any person or circumstance is held invalid, such invalidity shall not affect
18 other provisions or applications of the act which can be given effect without
19 the invalid provision or application, and to this end the provisions of this
20 act are declared to be severable.

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22 SECTION 7. All laws and parts of laws in conflict with this act are
23 hereby repealed.

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25 SECTION 8. EMERGENCY. It is hereby found and determined by the General
26 Assembly of the State of Arkansas that annuities now being paid to retired
27 teachers are insufficient to afford an adequate standard of living, that the
28 benefit formula of the Teacher Retirement System is lower than the formulas of
29 other state retirement systems, and that an increase in retirement annuities
30 for teachers is needed at the earliest possible time. Therefore, an emergency
31 is hereby declared to exist and this act being necessary for the immediate
32 preservation of the public peace, health, and safety, shall be in full force
33 and effect on and after July 1, 1991. /s/ B. Stephens & B.

34 McGinnis

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APPROVED: 2-7-91

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