

1 **State of Arkansas**
2 **80th General Assembly**
3 **Regular Session, 1995**
4 **By: Representative Dawson**

A Bill

ACT 282 OF 1995
HOUSE BILL 1192

For An Act To Be Entitled

8 "AN ACT TO AMEND ARKANSAS CODE §§ 24-7-701 AND 24-7-702 TO
9 CHANGE THE METHOD OF COMPUTING BENEFITS FOR MEMBERS
10 RETIRING OTHER THAN ON JULY 1 AND TO ALLOW INACTIVE
11 MEMBERS WITH TWENTY-FIVE (25) YEARS OF CREDITED SERVICE TO
12 APPLY FOR RETIREMENT; TO DECLARE AN EMERGENCY; AND FOR
13 OTHER PURPOSES."

Subtitle

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15 "TO CHANGE THE WAY OF COMPUTING BENEFITS
16 FOR TRS MEMBERS RETIRING AND ALLOWING
17 INACTIVE MEMBERS WITH 25 YEARS OF
18 CREDITED SERVICE TO RETIRE FROM TRS."
19

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

22
23 SECTION 1. Arkansas Code § 24-7-701 is amended to read as follows:

24 "24-7-701. Voluntary retirement.

25 (a) An active member who either attains age sixty (60) years and has
26 ten (10) or more years of credited service or who has thirty (30) or more
27 years of credited service regardless of age may voluntarily retire upon his
28 written application filed with the board.

29 (b) Upon his retirement, he shall receive an annuity as provided for in
30 § 24-7-705.

31 (c) The annuity shall begin the first day of the calendar month next
32 following the latest of:

33 (1) One (1) month after the date the written application is filed
34 with the board;

35 (2) The member's termination of active membership;

36 (3) The member's attainment of the minimum age; or

1 (4) The member's completion of the minimum years of credited
2 service.

3 (d) If a member is retiring with an effective date other than July 1,
4 the member may retire effective the first day of a calendar quarter within
5 that fiscal year, subject to the following limitations:

6 (1) No salary for service within that fiscal year shall be
7 considered in determining final average salary; and

8 (2) Credited service for service within that fiscal year shall
9 not exceed one-quarter (1/4) year for each full calendar quarter elapsed since
10 the beginning of that fiscal year.

11 (e) If a member is retiring with an effective date other than July 1 or
12 the first day of a calendar quarter within the fiscal year, the following
13 limitations shall apply:

14 (1) No salary for service within the fiscal year shall be
15 considered in determining final average salary; and

16 (2) Credited service for service within the fiscal year shall not
17 exceed one-quarter (1/4) year for each full calendar quarter elapsed since the
18 beginning of the fiscal year; and

19 (3) Service credit to be used in the computation of benefits
20 shall be computed only on the full calendar quarter completed and shall not
21 include service credit for a partial calendar quarter worked.

22 (f) (1) If a member has signed an employment contract for a fiscal
23 school year and been paid in full for that fiscal school year, in no event
24 shall the annuity begin earlier than the July 1 next following that fiscal
25 school year.

26 (2) If a member has signed an employment contract for a fiscal
27 school year and if that contract is not completed, the member shall receive
28 credit for service within the current fiscal year as provided in this section.

29 (g) The benefits provided by this section shall also be available to an
30 inactive member with thirty (30) or more years of credited service."

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32 SECTION 2. Arkansas Code § 24-7-702 is amended to read as follows:

33 "24-7-702. Early voluntary retirement.

34 (a) An active or inactive member who has twenty-five (25) or more years
35 of credited service but has not attained age sixty (60) years and is not

1 eligible for retirement under the provisions of § 24-7-701 may voluntarily
2 retire early upon his written application filed with the board.

3 (b) (1) Upon an active or inactive member's retirement as provided in
4 this section, he shall receive, in lieu of any other system benefit, an early
5 annuity which shall be a certain percent of an annuity provided for in
6 § 24-7-705.

7 (2) The percent shall be one hundred percent (100%) reduced by
8 five-twelfths of one percent ($5/12$ of 1%) multiplied by the number of months
9 by which the time of early retirement precedes the earlier of either
10 completion of thirty (30) years of credited service or attainment of age sixty
11 (60) years.

12 (c) Except for an inactive member, the annuity shall begin the first
13 day of the calendar month next following the latest of:

14 (1) One (1) month after the date the written application is filed
15 with the board;

16 (2) The member's termination of active membership; or

17 (3) The member's completion of the required credited service.

18 (d) For an inactive member, the annuity shall begin the first day of
19 the calendar month after the date his written application is received by the
20 board.

21 (e) If a member is retiring with an effective date other than July 1,
22 the member may retire effective the first day of a calendar quarter within
23 that fiscal year, subject to the following limitations:

24 (1) No salary for service within that fiscal year shall be
25 considered in determining final average salary; and

26 (2) Credited service for service within that fiscal year shall
27 not exceed one-quarter ($1/4$) year for each full calendar quarter elapsed since
28 the beginning of that fiscal year.

29 (f) If a member is retiring with an effective date other than July 1 or
30 the first day of a calendar quarter within the fiscal year, the following
31 limitations shall apply:

32 (1) No salary for service within the fiscal year shall be
33 considered in determining final average salary; and

34 (2) Credited service for service within the fiscal year shall not
35 exceed one-quarter ($1/4$) year for each full calendar quarter elapsed since the

1 beginning of the fiscal year; and

2 (3) Service credit to be used in the computation of benefits
3 shall be computed only on the full calendar quarter completed and shall not
4 include service credit for a partial calendar quarter worked.

5 (g)(1) If a member has signed an employment contract for a fiscal
6 school year and been paid in full for that fiscal year, in no event shall the
7 annuity begin earlier than the July 1 next following that fiscal school year.

8 (2) If a member has signed an employment contract for a fiscal
9 school year and that contract is not completed, the member shall receive
10 credit for service within the current fiscal year as provided in subsection
11 (d) of this section.

12 (h) The benefits provided by this section shall also be available
13 to an inactive member with thirty (30) or more years of credited service."
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15 SECTION 3. All provisions of this act of general and permanent nature
16 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
17 Revision Commission shall incorporate the same in the Code.

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19 SECTION 4. If any provisions of this act or the application thereof to
20 any person or circumstance is held invalid, the invalidity shall not affect
21 other provisions or applications of the act which can be given effect without
22 the invalid provisions or application, and to this end the provisions of this
23 act are declared to be severable.

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25 SECTION 5. All laws and parts of laws in conflict with this act are
26 hereby repealed.

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28 SECTION 6. Emergency. It is hereby found and determined by the
29 Eightieth General Assembly of the State of Arkansas that the methods of
30 computing retirement benefits for members of the Teacher Retirement System
31 and the certain restrictions placed on the retirement of inactive members
32 under the Arkansas Teacher Retirement System are inequitable and that those
33 methods of computing benefits and those restrictions should be changed and
34 eliminated as soon as practicable without delay in order to avoid an undue
35 hardship to many retirants and beneficiaries. Therefore, in order to reduce

1 inequities of the Teacher Retirement System, an emergency is hereby declared
2 to exist, and this act being necessary for the immediate preservation of the
3 public peace, health, and safety, shall be in full force and effect from and
4 after July 1, 1995.

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APPROVED: 2-13-95

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