

1 **State of Arkansas**  
2 **80th General Assembly**  
3 **Regular Session, 1995**  
4 **By: Representative McGinnis**  
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# **A Bill**

**ACT 613 OF 1995**  
**HOUSE BILL 1409**

## **For An Act To Be Entitled**

8 "AN ACT TO PRESCRIBE THE PURPOSE FOR ALL ARKANSAS STATE-  
9 SUPPORTED RETIREMENT SYSTEMS; TO SET THE PROCEDURE FOR  
10 VALUING THE ASSETS AND INCOMES FOR ALL STATE-SUPPORTED  
11 RETIREMENT SYSTEMS AND TO SET THE LIMIT FOR ANY UNFUNDED  
12 ACCRUED LIABILITIES TO NOT EXCEED THIRTY (30) YEARS; TO  
13 *DECLARE AN EMERGENCY*; AND FOR OTHER PURPOSES."

## **Subtitle**

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16 "TO PRESCRIBE THE PURPOSE FOR STATE-  
17 SUPPORTED RETIREMENT SYSTEMS AND TO SET  
18 THE PROCEDURE FOR VALUING THE ASSETS OF  
19 ALL STATE-SUPPORTED RETIREMENT SYSTEMS."  
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21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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23 SECTION 1. All assets and income of any state-supported retirement  
24 system administered by an agency of the state of Arkansas shall be held,  
25 invested, or disbursed for the exclusive purpose of providing for benefit,  
26 investment management, and administrative expenses, including the acquisition  
27 of a building for the permanent offices of the state-supported retirement  
28 systems, and shall not be encumbered for or diverted to any other purposes.  
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30 SECTION 2. Annually, each Arkansas state supported retirement system  
31 shall make a valuation of each system's assets and incomes for the system.  
32 Actuarial assumptions and methods, which are used for the annual valuation of  
33 each Arkansas state supported retirement system shall be set by each system's  
34 board based upon the recommendations made by the board's actuary and agreed  
35 upon by the actuary employed by the Joint Committee on Public Retirement and  
36 Social Security Programs or other actuary employed by the General Assembly to

1 review public retirement system legislation. No contribution rate of any  
2 state-supported retirement system in effect on the effective date of this act  
3 shall be changed except by a vote of the General Assembly. No legislated  
4 benefit enhancement shall be enacted which would cause the system's unfunded  
5 accrued actuarial liabilities to exceed a thirty (30) year amortization. If  
6 the board's actuary and the actuary employed by the General Assembly do not  
7 agree as to the actuarial assumptions and methods used to calculate the  
8 systems valuation, then a third actuary shall be selected mutually between the  
9 actuaries and the third actuary shall determine the actuarial assumptions and  
10 methods to be used. The actuarial assumptions and methods shall include the  
11 actuarial funding method, the method of valuing assets, and similar actuarial  
12 matters involved in the actuarial valuation. When any retirement system on or  
13 after the effective date of this act has unfunded actuarial accrued  
14 liabilities being amortized over a period exceeding thirty (30) years, that  
15 system shall not have a legislated benefit enhancement until the unfunded  
16 actuarial accrued liability is reduced to a level less than the standards set  
17 by this act.

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19 SECTION 3. All provisions of this act of general and permanent nature  
20 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code  
21 Revision Commission shall incorporate the same in the Code.

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

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

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32 SECTION 6. *Emergency. It is hereby found and determined by the*  
33 *Eightieth General Assembly of the State of Arkansas that the fiscal soundness*  
34 *of the various state-supported retirement systems is vital to the operation of*  
35 *Arkansas state government; that the proper fiscal management of public*

1 retirement systems promotes the goal of good government and provides public  
2 employees with an incentive to perform efficiently and effectively; and that  
3 any delay in implementing a policy of sound fiscal management with regard to  
4 state-supported retirement systems could result in a financial disaster for  
5 any marginally financed retirement system in Arkansas. Therefore, in order to  
6 prevent a potential financial catastrophe, an emergency is hereby declared to  
7 exist, and this act being necessary for the immediate preservation of the  
8 public peace, health, and safety, shall be in full force and effect from and  
9 after its passage and approval.

10 /s/Rep. McGinnis

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12 APPROVED: 3-14-95

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*As Engrossed: 1/27/95 2/17/95*

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