

1 State of Arkansas
2 89th General Assembly
3 Regular Session, 2013
4

A Bill

SENATE BILL 112

5 By: Senator R. Thompson
6

For An Act To Be Entitled

8 AN ACT TO ALLOW THE BOARD OF TRUSTEES OF THE ARKANSAS
9 TEACHER RETIREMENT SYSTEM TO ISSUE RULES NECESSARY TO
10 ALIGN WITH THE RULES OF THE INTERNAL REVENUE SERVICE
11 WHEN THE INTERNAL REVENUE SERVICE REMOVES A PENALTY
12 OR LOOSENS A RESTRICTION ON PUBLIC PENSION PLANS TO
13 BENEFIT MEMBERS; TO DECLARE AN EMERGENCY; AND FOR
14 OTHER PURPOSES.
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Subtitle

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18 TO ALLOW THE BOARD OF TRUSTEES OF THE
19 ARKANSAS TEACHER RETIREMENT SYSTEM TO
20 ISSUE RULES NECESSARY TO ALIGN WITH THE
21 RULES OF THE INTERNAL REVENUE SERVICE AND
22 TO DECLARE AN EMERGENCY.
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25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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27 SECTION 1. Arkansas Code § 24-7-305(b)(2), concerning duties and
28 responsibilities of the ~~board of trustees~~ Board of Trustees of the Arkansas
29 Teacher Retirement System, is amended to read as follows:

30 (2) In order to fully comply with federal requirements that may
31 affect the members or the members' benefits under this subchapter, and to
32 limit the impact of changes in federal requirements on members or the
33 members' benefits, the board may promulgate rules to:

34 (A) Establish the regular retirement age for members
35 consistent with the provisions of Section 411 of the Internal Revenue Code;
36 ~~and~~



1 (B) Maintain the system's retirement plan tax
2 qualification status by the federal government to remain tax exempt and tax
3 qualified under Section 401(a) of the Internal Revenue Code;

4 (C) Modify or eliminate a plan provision that was
5 originally established to comply with Internal Revenue Code requirements but
6 is no longer necessary to maintain the plan's tax-qualified status under the
7 Internal Revenue Code, including without limitation provisions concerning:

8 (i) Penalties;

9 (ii) Restrictions;

10 (iii) Time limitations; or

11 (iv) Other requirements that impact a member,
12 members' benefits, or the plan.

13 (D) The board may adopt rules, procedures, plans,
14 programs, and actions necessary to enable the system to pay all benefits
15 earned by the system's members and reduce penalties or restrictions required
16 by the Internal Revenue Service while maintaining compliance with the
17 Internal Revenue Service.

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19 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the
20 General Assembly of the State of Arkansas that to maintain an orderly system
21 of benefits for the members of the Arkansas Teacher Retirement System and to
22 comply with complex federal tax laws and regulations the Board of Trustees of
23 the Arkansas Teacher Retirement System needs the authority to adopt rules,
24 procedures, plans, programs, and actions necessary to enable the system to
25 pay all benefits earned by the system's members; that the board should have
26 broad authority whenever possible to resolve expeditiously an Internal
27 Revenue System code limitation or restriction on payment of earned benefits
28 of members and to lessen the financial burden on members of any unnecessary
29 penalties or charges; and that this act is immediately necessary to take
30 appropriate action to lessen any penalties or restrictions required by the
31 Internal Revenue Service code while maintaining qualified plan status to
32 protect members and their retirement. Therefore, an emergency is declared to
33 exist, and this act being immediately necessary for the preservation of the
34 public peace, health, and safety shall become effective on:

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

36 (2) If the bill is neither approved nor vetoed by the Governor,

1 the expiration of the period of time during which the Governor may veto the
2 bill; or

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

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7 **APPROVED: 02/19/2013**
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