

1 State of Arkansas
2 94th General Assembly
3 Regular Session, 2023
4

As Engrossed: H2/7/23

A Bill

HOUSE BILL 1201

5 By: Representative Warren
6 By: Senator K. Hammer
7

For An Act To Be Entitled

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

Subtitle

24
25
26
27 TO ENACT THE ARKANSAS TEACHER RETIREMENT
28 SYSTEM'S GENERAL OMNIBUS ACT; AND TO
29 DECLARE AN EMERGENCY.
30

31
32 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
33

34 SECTION 1. Arkansas Code § 21-5-411(a)(1)(A)(v), concerning the
35 eligibility of certain retired employees to participate in the State and
36 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.

36

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.

36

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~~ 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

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

3 (1) Calculate the monthly annuity payable to the member under §
4 24-7-705, based on the provisions of § 24-7-705, his or her salary record,
5 and his or her service record, all as of July 1, 1978, and add seventy-five
6 cents (75¢) for each year of the member's credited service rendered before
7 July 1, 1978;

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

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

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

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

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

27

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

32 (a)(1) ~~After July 1, 1999, the~~ The Board of Trustees of the Arkansas
33 Teacher Retirement System may compound the cost of living adjustment for all
34 ~~retirants~~ retirees and participants in the Teacher Deferred Retirement Option
35 Plan who have received a monthly retirement benefit for the prior twelve-
36 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.

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

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

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

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

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

- 19 (A) Retirement date; or
- 20 (B) Plan entry date.

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

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

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

31
 32 24-7-1503. Ad hoc benefit formula.

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

34 35 36 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

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

18
19 /s/Warren

20
21
22 **APPROVED: 2/21/23**
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