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**Administrative Rules Update<sup>1</sup>**

**(Ark. Code Ann. § 25-15-216)**

**Date: January 1, 2024**

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| Act No. | Summary of Act  | Necessary Rule Changes   | ATRS Rule                                      | Proposed Action for Agency Rule | Promulgation Status  |
|---------|---|--|--|---------------------------------|--|
| 52      | <ul style="list-style-type: none"> <li>Provides that if a member enters into a contract with a covered employer after the start of the fiscal year, the system may prorate the number of contracted days in order to determine whether the member should be classified as a contributory member or a noncontributory member.</li> </ul> | <ul style="list-style-type: none"> <li>Amend rule to provide that if a member enters into a contract with a covered employer after the start of the fiscal year, the system may prorate the number of contracted days in order to determine whether the member should be classified as a contributory member or a noncontributory member.</li> </ul> | Rule 6 – Membership and Employer Participation | Amend                           | <ul style="list-style-type: none"> <li>The ATRS Board reviewed the final proposed amendments to the rules on December 4, 2023, and approved proceeding with the promulgation process.</li> <li>On December 20, 2023, the proposed rules were submitted to the Governor’s office for review.</li> </ul> |

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<sup>1</sup> The symbol \* denotes an act that was included in the *Report on Acts of the 2023 Regular Session Requiring New Rulemaking* and identified by the Bureau of Legislative Research as a newly enacted law requiring the promulgation of rules by the Arkansas Teacher Retirement System.



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|    |  |  |   |       | <ul style="list-style-type: none"> <li>• On December 20, 2023, the proposed rules were submitted to the Secretary of State for filing.</li> <li>• On December 21, 2023, ATRS initiated the public comment period and filed the proposed rules with the Bureau of Legislative Research.</li> </ul>   |
| 55 | <ul style="list-style-type: none"> <li>• Codifies the existing practice for refunding payments of purchased service. In all cases of purchased service credit, at the member's request, payment for the purchased service credit shall be refunded if the member ceases to be an active member before the service credit is established in the system or the service credit is not otherwise used to establish eligibility under the system, effectively cancelling the entire transaction.</li> </ul> | <ul style="list-style-type: none"> <li>• Amend rule to provide that upon a member's request, a member may receive a refund of unused purchased service credit if the member ceases to be an active member before the service credit is established in the system or the service credit is not used to establish eligibility under the system.</li> </ul> | Rule 8 – Free Service Credit, Purchasable Service Credit, and Purchase Accounts | Amend | <ul style="list-style-type: none"> <li>• The ATRS Board reviewed the final proposed amendments to the rules on December 4, 2023, and approved proceeding with the promulgation process.</li> <li>• On December 20, 2023, the proposed rules were submitted to the Governor's office for review.</li> <li>• On December 20, 2023, the proposed rules were submitted to the Secretary of State for filing.</li> </ul> |



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|    |  |   |   |       | <ul style="list-style-type: none"> <li>• On December 21, 2023, ATRS initiated the public comment period and filed the proposed rules with the Bureau of Legislative Research.</li> </ul>  |
| 64 | <ul style="list-style-type: none"> <li>• Repeals the phase-in schedule of the surcharge rate as the current surcharge is at the maximum rate of 4%.</li> <li>• Repeals option to elect to contribute the full 15% of outsourced salaries as this option has never been elected.</li> </ul> | <ul style="list-style-type: none"> <li>• Amend definition of “surcharge employer” in rule.</li> </ul> | Rule 7 – Service Credit, Contributions, and Reporting | Amend | <ul style="list-style-type: none"> <li>• The ATRS Board reviewed the final proposed amendments to the rules on December 4, 2023, and approved proceeding with the promulgation process.</li> <li>• On December 20, 2023, the proposed rules were submitted to the Governor’s office for review.</li> <li>• On December 20, 2023, the proposed rules were submitted to the Secretary of State for filing.</li> <li>• On December 21, 2023, ATRS initiated the public comment period and filed the proposed rules with the</li> </ul> |



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|    |   |   |   |       | Bureau of Legislative Research.   |
| 69 | <ul style="list-style-type: none"> <li>Permits all qualifying members who served in the United States Armed Forces during a period that a military draft was in effect to receive up to five (5) years of free service credit, before retirement, regardless of their current ATRS active status.</li> <li>Permits all qualifying members to convert noncontributory service to contributory service by paying the system the actuarial equivalent of member benefits.</li> </ul> | <ul style="list-style-type: none"> <li>Amend rule to provide that a member of ATRS may receive free military service credit in ATRS.</li> <li>Amend rule to provide that a member of ATRS may convert noncontributory service to contributory service credit by paying the system the actuarial equivalent of member benefits.</li> </ul> | Rule 8 – Free Service Credit, Purchasable Service Credit, and Purchase Accounts | Amend | <ul style="list-style-type: none"> <li>The ATRS Board reviewed the final proposed amendments to the rules on December 4, 2023, and approved proceeding with the promulgation process.</li> <li>On December 20, 2023, the proposed rules were submitted to the Governor’s office for review.</li> <li>On December 20, 2023, the proposed rules were submitted to the Secretary of State for filing.</li> <li>On December 21, 2023, ATRS initiated the public comment period and filed the proposed rules with the Bureau of Legislative Research.</li> </ul> |



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| 77 | <ul style="list-style-type: none"> <li>• Clarifies that eligibility for the dependent child annuity ends at age twenty-three (23), adds vocational-technical schools to the list of acceptable schools, allows for a deferral enrollment period in accordance with promulgated rules, and provides that the annuity of a dependent child may be suspended if the dependent child is called to active duty military service.</li> <li>• Permits a dependent child annuity to be paid to each surviving child of a retiree who returns to work.</li> <li>• Clarifies that the surviving spouse's eligibility to receive survivor benefits is restored if an active member's designated alternative beneficiary waives the right to the residue. If no residue exists, no waiver is required.</li> </ul> | <ul style="list-style-type: none"> <li>• Amend rule to clarify that the eligibility for the dependent child annuity ends at age twenty-three (23), add vocational-technical schools to the list of acceptable schools, and add rules concerning deferred enrollment and continued eligibility to receive survivor benefits.</li> <li>• Amend rule to clarify that a dependent child annuity may be paid to each surviving child of a retiree who returns to work.</li> <li>• Amend rules to clarify that a surviving spouse is eligible to receive survivor benefits if an active member's designated alternative beneficiary waives the right to the residue.</li> <li>• Amend rule to clarify that if no residue exists then a waiver from an active member's designated alternative beneficiary is not required.</li> </ul> | Rule 11 –<br>Survivors and<br>Domestic<br>Relations<br>Orders | Amend | <ul style="list-style-type: none"> <li>• The ATRS Board reviewed the final proposed amendments to the rules on December 4, 2023, and approved proceeding with the promulgation process.</li> <li>• On December 20, 2023, the proposed rules were submitted to the Governor's office for review.</li> <li>• On December 20, 2023, the proposed rules were submitted to the Secretary of State for filing.</li> <li>• On December 21, 2023, ATRS initiated the public comment period and filed the proposed rules with the Bureau of Legislative Research.</li> </ul> |
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|             | <ul style="list-style-type: none"> <li>Extends deadlines concerning survivor applications to six (6) full calendar months.</li> </ul>   | <ul style="list-style-type: none"> <li>Amend the rule to extend deadlines concerning survivor applications to six (6) full calendar months.</li> </ul>  |                                  |       |   |
| <b>104*</b> | <ul style="list-style-type: none"> <li>Provides that the anti-spiking formula shall not apply partial service year or fiscal year immediately following a partial service year.</li> <li>Provides that full and partial service years that are recorded as service credit shall be used in the calculation of the final average salary in accordance with rules promulgated by the ATRS Board.</li> </ul> | <ul style="list-style-type: none"> <li>Amend rule to clarify that the anti-spiking formula does not apply to a partial service year or fiscal year immediately following a partial service year.</li> </ul> | Rule 9 – Retirement and Benefits | Amend | <ul style="list-style-type: none"> <li>The ATRS Board reviewed the final proposed amendments to the rules on December 4, 2023, and approved proceeding with the promulgation process.</li> <li>On December 20, 2023, the proposed rules were submitted to the Governor’s office for review.</li> <li>On December 20, 2023, the proposed rules were submitted to the Secretary of State for filing.</li> </ul> |



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|     |   |   |  |       | <ul style="list-style-type: none"> <li>• On December 21, 2023, ATRS initiated the public comment period and filed the proposed rules with the Bureau of Legislative Research.</li> </ul>  |
| 107 | <p>This act is ATRS' General Omnibus Act. The following is a summary of the changes in the act:</p> <ul style="list-style-type: none"> <li>• Amends the definition of "alternate retirement plan";</li> <li>• Replaces "retirant" with "retiree";</li> <li>• Amends the definition of "normal retirement age" to use a Rule of 98;</li> <li>• Defines "benefit enhancement";</li> <li>• Clarifies that an extension of time may be granted by the ATRS Executive Director;</li> </ul> | <ul style="list-style-type: none"> <li>• Amend Rule 6, so that references to alternate retirement plan refer back to Ark. Code Ann. § 24-7-202.</li> <li>• Amend Rule 6 to clarify when an education-related agency or organization becomes a covered employer of the system.</li> <li>• Amend Rule 8 to clarify that service credit purchased under a contract buyout settlement agreement or court order offsets service credit that is earned through covered employment with another covered employer during the same period of time covered by the purchased service credit.</li> <li>• Amend Rule 8 to clarify that service credit purchased under a</li> </ul> | <p>Rule 6 – Membership</p> <p>Rule 8 – Free Service Credit, Purchasable Service Credit, and Purchase Accounts</p> <p>Rule 9 – Retirement and Benefits</p> <p>Rule 11 – Survivors and Domestic Relations Orders</p> | Amend | <ul style="list-style-type: none"> <li>• The ATRS Board reviewed the final proposed amendments to the rules on December 4, 2023, and approved proceeding with the promulgation process.</li> <li>• On December 20, 2023, the proposed rules were submitted to the Governor's office for review.</li> <li>• On December 20, 2023, the proposed rules were submitted to the Secretary of State for filing.</li> <li>• On December 21, 2023, ATRS initiated the public comment period and filed the proposed rules with the</li> </ul> |



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|  | <ul style="list-style-type: none"> <li>• Allows the ATRS Board to set the de minimis amount for distributing and collecting moneys;</li> <li>• Extends deadlines for completing applications by using full calendar months;</li> <li>• Modifies provisions concerning required minimum distributions to align with federal law, which increases the required minimum distribution age from 72 to the range of 73 to 75;</li> <li>• Clarifies that service credit purchase under a settlement agreement cannot result in more than one (1) year of service in a fiscal year; and</li> <li>• Clarifies that service credit purchased under a contract buyout settlement agreement or court order offsets service credit that is earned through</li> </ul> | <p>contract buyout settlement agreement cannot be applied in a manner that would allow a member to earn more than one (1) year of service credit in a fiscal year.</p> <ul style="list-style-type: none"> <li>• Amend Rule 9 to clarify that an extension of time may be granted by the ATRS Executive Director.</li> <li>• Amend Rule 9 to extend the time to submit additional documents accompanying a retirement application to the end of six (6) full calendar months.</li> <li>• Amend Rule 9 to clarify that a member has until the end of the third full calendar month immediately following the system's suspension of disability benefits to apply for disability review.</li> <li>• Amend Rule 9 to provide that an application for disability review must be submitted no earlier than three (3) full calendar months before the date on which the</li> </ul> |  |  | Bureau of Legislative Research. |
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|     | covered employment with another covered employer during the same period of time covered by the purchased service credit.   | <p>retiree's disability retirement benefit payments would otherwise be suspended and no later than by the end of the third full calendar month immediately following the suspension of disability retirement benefits</p> <ul style="list-style-type: none"> <li>Amend Rule 9 so that the rule refers back to Ark. Code Ann. § 24-7-502 when referring to the termination separation period requirements.</li> <li>Amend Rule 11 to provide that an application for survivor benefits must be received by the end of the sixth full calendar month following the date of the member's death.</li> </ul> |   |       |  |
| 125 | <ul style="list-style-type: none"> <li>Provides that if a classroom teacher leaves active employment for a one-year period and then returns back to employment, the classroom teacher may purchase service credit for the gap year at actuarial value. Up to five (5)</li> </ul> | <ul style="list-style-type: none"> <li>Amend rule to include provisions concerning gap year service credit.</li> </ul>  | Rule 8 – Free Service Credit, Purchasable Service Credit, and Purchase Accounts | Amend | <ul style="list-style-type: none"> <li>The ATRS Board reviewed the final proposed amendments to the rules on December 4, 2023, and approved proceeding with the promulgation process.</li> </ul> |



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|     | <p>years of gap year service credit may be purchased. The gap years may occur consecutively or nonconsecutively.</p>  |   |                              |       | <ul style="list-style-type: none"> <li>• On December 20, 2023, the proposed rules were submitted to the Governor's office for review.</li> <li>• On December 20, 2023, the proposed rules were submitted to the Secretary of State for filing.</li> <li>• On December 21, 2023, ATRS initiated the public comment period and filed the proposed rules with the Bureau of Legislative Research.</li> </ul> |
| 170 | <ul style="list-style-type: none"> <li>• Permits a retiree to designate both his or her qualifying spouse and qualifying dependent child as his or her Option A or Option B beneficiaries who may receive a survivor annuity.</li> <li>• Provides that the same procedures used to determine when an active member's</li> </ul> | <ul style="list-style-type: none"> <li>• Amend rule to provide that both a qualifying spouse and dependent child may be designated as option beneficiaries.</li> <li>• Amend rule to clarify when a residue beneficiary who is the surviving spouse of a disability retiree is entitled to begin receiving benefits.</li> </ul> | Rule 9 – Retirement Benefits | Amend | <ul style="list-style-type: none"> <li>• The ATRS Board reviewed the final proposed amendments to the rules on December 4, 2023, and approved proceeding with the promulgation process.</li> <li>• On December 20, 2023, the proposed rules were submitted to the Governor's office for review.</li> </ul>  |



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|     | <p>spouse is entitled to begin receiving benefits shall be used to determine when a residue beneficiary who is the surviving spouse of a disability retiree is entitled to begin receiving benefits.</p> <ul style="list-style-type: none"> <li>Clarifies that a retiree's effective retirement date and the date when survivor benefits are payable shall be determined by the law in effect at the time of the retiree's death.</li> </ul> | <ul style="list-style-type: none"> <li>Amend rule to clarify that a retiree's effective retirement date and the date when survivor benefits are payable shall be determined by the law in effect at the time of the retiree's death.</li> </ul>     |   |       | <ul style="list-style-type: none"> <li>On December 20, 2023, the proposed rules were submitted to the Secretary of State for filing.</li> <li>On December 21, 2023, ATRS initiated the public comment period and filed the proposed rules with the Bureau of Legislative Research.</li> </ul>          |
| 171 | <ul style="list-style-type: none"> <li>Clarifies language concerning eligibility for the lump-sum death benefit and how the lump-sum death benefit will be paid to designated beneficiaries.</li> <li>Clarifies that the lump sum death benefit is extended to T-DROP participants.</li> </ul>   | <ul style="list-style-type: none"> <li>Amend rule to clarify how the lump-sum death benefit will be paid to designated beneficiaries.</li> <li>Amend rule to clarify that the lump sum death benefit is extended to T-DROP participants.</li> </ul> | Rule 11 – Survivors and Domestic Relations Orders | Amend | <ul style="list-style-type: none"> <li>The ATRS Board reviewed the final proposed amendments to the rules on December 4, 2023, and approved proceeding with the promulgation process.</li> <li>On December 20, 2023, the proposed rules were submitted to the Governor's office for review.</li> </ul> |



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