

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

State of Arkansas
84th General Assembly
Regular Session, 2003

As Engrossed: S2/18/03

A Bill

SENATE BILL 122

By: Senators Faris, J. Bookout
By: Representatives Mahony, R. Smith

For An Act To Be Entitled

AN ACT TO ALTER THE AMOUNT OF THE MEMBER'S PLAN
CONTRIBUTION TO THE PLAN ACCOUNT UNDER THE
TEACHER DEFERRED RETIREMENT OPTION PLAN WITH THE
ARKANSAS TEACHER RETIREMENT SYSTEM; AND FOR OTHER
PURPOSES.

Subtitle

TO ALTER THE AMOUNT OF THE MEMBER'S PLAN
CONTRIBUTIONS TO THE PLAN ACCOUNT UNDER
THE TEACHER DEFERRED RETIREMENT OPTION
PLAN.

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

SECTION 1. Arkansas Code § 24-7-1306 is amended to read as follows:
24-7-1306. Amount of contributions.

(a)(1) Teacher Deferred Retirement Option Plan contributions shall be
a percentage of the plan benefit.

(2)(A) The percentage is one hundred percent (100%) reduced by
the product of one percent (1%) multiplied by the number of years of
contributory service credit and fractions thereof, and further reduced by the
product of six-tenths percent (0.6%) multiplied by the number of years of
noncontributory service credit and fractions thereof.

(B)(i) ~~When Before July 1, 2003, if~~ a participant in the
Teacher Deferred Retirement Option Plan reaches normal retirement age, the
plan contributions shall be one hundred percent (100%) with no reduction.



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1 (ii) Beginning July 1, 2003, the plan contributions
2 for a participant who reaches normal retirement age shall continue as reduced
3 under subdivision (a)(2)(A) of this section.

4 (3)(A) In Before July 1, 2003, in the event a member has more
5 than thirty (30) years of service, the years of service above thirty (30)
6 years shall be reduced by one-half percent (0.5%) for contributory years and
7 three-tenths percent (0.3%) for noncontributory years.

8 (B) Beginning July 1, 2003, the plan contributions for a
9 member who has more than thirty (30) years of service shall continue as
10 reduced under subdivision (a)(2)(A) of this section.

11 (4) Those members already in the plan before July 1, 2003, will
12 have a one-time adjustment made in their contributions.

13 (5) The amount of the one-time adjustment for participants in
14 the plan before July 1, 2003, will be determined by the Board of Trustees of
15 the Arkansas Teacher Retirement System.

16 (6) Furthermore, the board is authorized to make further
17 adjustments on the plan to make it cost-neutral to the Arkansas Teacher
18 Retirement System.

19 (b) For the purpose of § 24-7-709 related to disposition of residue,
20 plan contributions shall be considered to be annuity payments.

21
22 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the
23 General Assembly of the State of Arkansas that recent economic conditions
24 have caused the Arkansas Teacher Retirement System to suffer losses in the
25 value of its financial assets; that the loss of asset value has created an
26 unfunded actuarial accrued liability exceeding the standard thirty (30) year
27 amortization period set by Arkansas law; that liberal benefits for prior
28 participants in the Teacher Deferred Retirement Option Plan cannot continue
29 and all future participants must have their plan contributions reduced to add
30 to the asset values for the system and eventually return the system to
31 financial balance; and that this act is immediately necessary because
32 imposing changes on T-DROP accounts can best be implemented over the summer
33 between school years. Therefore, an emergency is declared to exist and this
34 act being necessary for the preservation of the public peace, health, and
35 safety shall become effective on July 1, 2003.

36 /s/ Faris