

1 State of Arkansas
2 91st General Assembly
3 Regular Session, 2017
4

As Engrossed: S3/22/17 S3/28/17

A Bill

SENATE BILL 184

5 By: Senator Hester
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For An Act To Be Entitled

8 AN ACT TO MODIFY THE METHOD USED TO SET THE TEACHER
9 DEFERRED RETIREMENT OPTION PLAN INTEREST RATE; TO
10 ALLOW BALANCE TRANSFERS BETWEEN RECIPROCAL SYSTEMS;
11 TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.
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Subtitle

14 AN ACT TO MODIFY THE METHOD USED TO SET
15 THE TEACHER DEFERRED RETIREMENT OPTION
16 PLAN INTEREST RATE; TO ALLOW BALANCE
17 TRANSFERS BETWEEN RECIPROCAL SYSTEMS; AND
18 TO DECLARE AN EMERGENCY.
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22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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24 SECTION 1. Arkansas Code § 24-7-1307(c), concerning account credit
25 under the Teacher Deferred Retirement Option Plan, is amended to read as
26 follows:

27 (c)(1) ~~For the purposes of this section, plan interest shall be at the~~
28 ~~rate determined by the board from time to time.~~ The board shall determine the
29 plan interest rate to members' plan accounts based on:

30 (A) A fixed interest rate that is adopted by board
31 resolution prior to the beginning of the fiscal year and which applies to
32 subsequent fiscal years unless modified by the board; or

33 (B)(i) A variable interest rate formula that is based on
34 investment returns and other factors adopted by board resolution prior to the
35 beginning of the fiscal year.

36 (ii) If the board uses a variable interest rate



1 formula, the board shall adopt by board resolution the plan interest rate
2 prior to the beginning of the fiscal year in which the plan interest rate
3 applies.

4 (2) In addition to the applicable interest rate for the fiscal
5 year, the board may adopt by board resolution a Teacher Deferred Retirement
6 Option Plan participation incentive rate during a fiscal year if investment
7 returns justify an incentive rate for the fiscal year.

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9 SECTION 2. Arkansas Code § 24-7-1307(e), concerning account credit
10 under the Teacher Deferred Retirement Option Plan, is amended to read as
11 follows:

12 (e) For the purposes of this section, the ten (10) year plus plan
13 interest rate shall be the rate determined ~~by the board as appropriate to be~~
14 appropriate by the board and adopted by board resolution prior to the
15 beginning of the fiscal year in which the interest rate shall apply.

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17 SECTION 3. EMERGENCY CLAUSE. It is found and determined by the
18 General Assembly of the State of Arkansas that the operations of the Arkansas
19 Teacher Retirement System are complex; that the system must be able to meet
20 the needs of its members as anticipated by the General Assembly; that certain
21 provisions of the Arkansas Teacher Retirement System Act are imminently in
22 need of revision and updating to bring them into conformance with sound
23 public pension policy and actuarial requirements; that such revision and
24 updating is of great importance to members of the system and to other
25 citizens of the State of Arkansas; that the system needs to have the ability
26 to make immediate changes to maintain and improve its actuarial status; and
27 that this act is immediately necessary in order to maintain an orderly
28 management of benefits for the members of the system. Therefore, an emergency
29 is declared to exist, and this act being immediately necessary for the
30 preservation of the public peace, health, and safety shall become effective
31 on:

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

33 (2) If the bill is neither approved nor vetoed by the Governor,
34 the expiration of the period of time during which the Governor may veto the
35 bill; or

36 (3) If the bill is vetoed by the Governor and the veto is

1 overridden, the date the last house overrides the veto.

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/s/Hester

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