

*As Engrossed: 1/20/95 1/25/95 2/10/95*

1 **State of Arkansas**  
2 **80th General Assembly**  
3 **Regular Session, 1995**  
4 **By: Representative Bobby Wood**

# A Bill

**ACT 638 OF 1995**  
**HOUSE BILL 1285**

## For An Act To Be Entitled

"AN ACT TO AMEND ARK. CODE ANN. § 24-7-202 TO LIMIT THE  
AMOUNT OF SALARY TO BE USED IN THE COMPUTATION OF TEACHER  
RETIREMENT BENEFITS; AND FOR OTHER PURPOSES."

### Subtitle

"AN ACT TO LIMIT THE AMOUNT OF SALARY TO  
BE USED IN THE COMPUTATION OF TEACHER  
RETIREMENT BENEFITS."

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

SECTION 1. Ark. Code Ann. § 24-7-202(14) is amended to read as follows:

"(14) (A) Salary means the recurring remuneration paid an employee for personal services rendered by the employee in a position covered by the system. However, when a member retires, the current year's salary used in the computation of retirement benefits shall not exceed *one hundred and ten (110) percent of the previous year's salary, unless the increase is a direct result of a promotion, change in position, incremental increases provided in the school district salary schedule, or an increase in school revenues.*

(B) Should a portion of an employee's remuneration be paid other than in cash, the cash value of the remuneration shall be established by the system in an amount not to exceed the amount the employee is required to report for federal income tax purposes.

(C) In determining salary, no consideration shall be given to any nonrecurring single-sum payment paid by an employer, any employer contributions to any employee benefit plan, except cafeteria plans as defined in § 21-5-901, or any other unusual or nonrecurring remuneration or stipends paid by an employer or other educational agency which are six hundred dollars

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1 (\$600 ) or less in amount. For salary purposes, the amounts shall not be  
2 cumulative.

3 (D) Money which is in lieu of remuneration and which is used by an  
4 employer to purchase a qualified tax-sheltered annuity or a life insurance  
5 policy for an employee shall be considered as salary for system purposes.

6 (E) An employee who is receiving remuneration under both a regular  
7 contract and a purchased contract or under both a regular contract and a  
8 contract won through litigation shall have only the greater of the two (2)  
9 amounts considered as salary for system purposes.

10 (F) Should an employee make a charitable donation or return any part of  
11 his salary to his employer, the amount of his recurring remuneration otherwise  
12 usable as salary shall be reduced by such amount or amounts to arrive at his  
13 salary for system purposes.

14 (G) In case of any dispute concerning an employee's salary for system  
15 purposes, the system shall have the power to settle the dispute;"

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17 SECTION 2. Ark. Code Ann. § 24-7-202(16) is amended to read as follows:

18 "(16) 'Final average salary' means, for a member who retires after June  
19 30, 1995 , the average of the annual salaries paid him during the five (5)  
20 years of credited service producing the highest annual average, subject to the  
21 provisions of (14) (A) of this section. Should a member have less than five  
22 (5) years of credited service, final average salary means the annual average  
23 of salaries paid him during his total years of credited service, subject to  
24 the provisions of (14) (A) of this section;"

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26 SECTION 3. All provisions of this act of a general and permanent nature  
27 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code  
28 Revision Commission shall incorporate the same in the Code.

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30 SECTION 4. If any provision of this act or the application thereof to  
31 any person or circumstance is held invalid, such invalidity shall not affect  
32 other provisions or applications of the act which can be given effect without  
33 the invalid provision or application, and to this end the provisions of this  
34 act are declared to be severable.

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1 SECTION 5. All laws and parts of laws in conflict with this act are  
2 hereby repealed.

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4 SECTION 6. EMERGENCY. It is hereby found and determined by the General  
5 Assembly that this act is essential to the continued operation of the Teacher  
6 Retirement System. Therefore, an emergency is hereby declared to exist and  
7 this act being necessary for the immediate preservation of the public peace,  
8 health and safety shall be in full force and effect on and after July 1, 1995.

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*/s/Bobby Wood*

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APPROVED: 3-15-95

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