

Stricken language would be deleted from present law. Underlined language would be added to present law.

1 State of Arkansas
2 81st General Assembly
3 Regular Session, 1997
4
5 By: Senator Canada

A Bill

ACT 1074 OF 1997
SENATE BILL 420

For An Act To Be Entitled

9 "AN ACT TO AMEND ARKANSAS CODE § 24-7-702 TO ADJUST THE
10 ANNUITIES FOR THOSE MEMBERS WHO RETIRED PRIOR TO JULY 1,
11 1984 ON REDUCED ANNUITIES; TO DECLARE AN EMERGENCY; AND
12 FOR OTHER PURPOSES."

Subtitle

13
14 "TO ADJUST THE ANNUITIES FOR THOSE
15 MEMBERS WHO RETIRED PRIOR TO JULY 1,
16 1984 ON REDUCED ANNUITIES."
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18

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

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21 SECTION 1. Arkansas Code § 24-7-702 is amended to read as follows:

22 "24-7-702. Early voluntary retirement.

23 (a) An active or inactive member who has twenty-five (25) or more years
24 of credited service but has not attained age sixty (60) years and is not
25 eligible for retirement under the provisions of § 24-7-701 may voluntarily
26 retire early upon his written application filed with the board.

27 (b)(1) Upon an active or inactive member's retirement as provided in
28 this section, he shall receive, in lieu of any other system benefit, an early
29 annuity which shall be a certain percent of an annuity provided for in
30 § 24-7-705.

31 (2) The percent shall be one hundred percent (100%) reduced by
32 five-twelfths of one percent (5/12%) multiplied by the number of months by
33 which the time of early retirement precedes the earlier of either completion
34 of thirty (30) years of credited service or attainment of age sixty (60)
35 years.

36 (3) Effective July 1, 1997, the annuities of those members who

1 chose early retirement when the years of service required for an unreduced
2 annuity was thirty-five (35) or more years shall be adjusted to reflect the
3 amount for which they would have been entitled had the number of years to
4 retire with an unreduced annuity was thirty (30) years on the effective date
5 of their retirement.

6 (4) The adjustment described in subdivision (b)(3) of this section
7 shall not be retroactive to the effective date of their retirement.

8 (c) Except for an inactive member, the annuity shall begin the first
9 day of the calendar month next following the latest of:

10 (1) One (1) month after the date the written application is filed
11 with the board;

12 (2) The member's termination of active membership; or

13 (3) The member's completion of the required credited service.

14 (d) For an inactive member, the annuity shall begin the first day of
15 the calendar month after the date his written application is received by the
16 board.

17 (e) If a member is retiring with an effective date other than July 1,
18 the member may retire effective the first day of a calendar quarter within
19 that fiscal year, subject to the following limitations:

20 (1) No salary for service within that fiscal year shall be
21 considered in determining final average salary; and

22 (2) Credited service for service within that fiscal year shall
23 not exceed one-quarter (1/4) year for each full calendar quarter elapsed since
24 the beginning of that fiscal year.

25 (f) If a member is retiring with an effective date other than July 1 or
26 the first day of a calendar quarter within the fiscal year, the following
27 limitations shall apply:

28 (1) No salary for service within the fiscal year shall be
29 considered in determining final average salary; and

30 (2) Credited service for service within the fiscal year shall not
31 exceed one-quarter (1/4) year for each full calendar quarter elapsed since the
32 beginning of the fiscal year; and

33 (3) Service credit to be used in the computation of benefits
34 shall be computed only on the full calendar quarter completed and shall not
35 include service credit for a partial calendar quarter worked.

36 (g)(1) If a member has signed an employment contract for a fiscal

1 school year and been paid in full for that fiscal year, in no event shall the
2 annuity begin earlier than the July 1 next following that fiscal school year.

3 (2) If a member has signed an employment contract for a fiscal
4 school year and that contract is not completed, the member shall receive
5 credit for service within the current fiscal year as provided in subsection
6 (e) of this section.

7 (h) The benefits provided by this section shall also be available to an
8 inactive member with thirty (30) or more years of credited service."

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10 SECTION 2. No benefit enhancement provided for by this act shall be
11 implemented if it would cause the publicly supported retirement systems
12 unfunded actuarial accrued liabilities to exceed a thirty (30) year
13 amortization. No benefit enhancement provided for by this act shall be
14 implemented by any publicly supported system which has unfunded actuarial
15 accrued liabilities being amortized over a period exceeding thirty (30) years
16 until the unfunded actuarial accrued liability is reduced to a level less than
17 the standards prescribed by Arkansas Code §§ 24-1-101, et seq.

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19 SECTION 3 . All provisions of this act of general and permanent nature
20 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
21 Revision Commission shall incorporate the same in the Code.

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23 SECTION 4. If any provisions of this act or the application thereof to
24 any person or circumstance is held invalid, the invalidity shall not affect
25 other provisions or applications of the act which can be given effect without
26 the invalid provisions or application, and to this end the provisions of this
27 act are declared to be severable.

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

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32 SECTION 6. Emergency. It is hereby found and determined by the
33 Eighty-First General Assembly of the State of Arkansas that there are members
34 of the Teacher Retirement System who retired before July 1, 1984 on reduced
35 retirements when service requirements were thirty-five (35) years; that, since
36 then, the service requirement was reduced to thirty (30) years; and that those

1 persons retiring in 1984 on reduced annuities should be adjusted to relieve an
2 inequity and implementation of the provisions of this act is necessary to
3 begin at the start of the State's fiscal year. Therefore, in order to promote
4 relief of inequities and sound fiscal administration, an emergency is hereby
5 declared to exist, and this act being necessary for the immediate preservation
6 of the public peace, health, and safety, shall become effective July 1, 1997.

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