

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

A Bill

ACT 142 OF 1997
HOUSE BILL 1260

4
5 By: Representative Dawson
6
7

For An Act To Be Entitled

8
9 "AN ACT TO AMEND VARIOUS SECTIONS OF CHAPTER 7 OF TITLE 24
10 OF THE ARKANSAS CODE OF 1987, ANNOTATED, TO CHANGE THE
11 SALARY AND INTEREST RATES CHARGED TO COMPUTE THE COST OF
12 PURCHASING OUT-OF-STATE, OVERSEAS, PRIVATE SCHOOL,
13 MILITARY, AND SABBATICAL SERVICE CREDIT IN THE TEACHER
14 RETIREMENT SYSTEM; AND FOR OTHER PURPOSES."
15

Subtitle

16
17 "TO CHANGE THE SALARY AND INTEREST RATES
18 CHARGED TO COMPUTE THE COST OF
19 PURCHASING SERVICE CREDIT IN THE TEACHER
20 RETIREMENT SYSTEM."
21

22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
23

24 SECTION 1. Arkansas Code § 24-7-202(17), regarding the definitions used
25 for the Teacher Retirement system law, is amended to read as follows:

26 "(17) Regular interest means such rate or rates per annum, compounded
27 annually, as the board shall adopt from time to time, that will be used to
28 compute interest on members' contributions. Interest means the rate or rates
29 per annum, compounded annually, as the board shall adopt from time to time,
30 that will be charged for the purchase of service credit or to repay a refund,
31 but the rate shall equal no less than the system's current assumed interest
32 rate assumption;"
33

34 SECTION 2. Arkansas Code § 24-7-602 is amended to read as follows:

35 "24-7-602. Military service.

36 (a) In the event an active member enters the armed forces of the United

1 States during any period of compulsory military service, the armed service
 2 actually required of him shall be credited him as service under this
 3 subchapter, but only if he returns to the system the amount, if any, he may
 4 have received therefrom at the time he entered or while in the armed service,
 5 together with ~~regular~~ interest from the date of withdrawal to the date of
 6 repayment.

7 (b) During the period of armed service and until his return as an
 8 employee, his contributions to the system shall be suspended, and any balance
 9 remaining to his credit in the members' deposit account shall be accumulated
 10 at regular interest.

11 (c) A person who entered the armed forces and who was not an active
 12 member at the time of entry shall have the armed service actually required of
 13 him credited as service under this subchapter if he satisfies all of the
 14 following conditions:

15 (1) He completes ten (10) years of credited service for service
 16 in Arkansas; and

17 (2) The armed service is not credited as service under any other
 18 retirement plan except social security. Receipt of a disability pension from
 19 the federal military system shall not be considered as having service credit
 20 with another retirement plan.

21 (d) If mandated by federal law, armed service not otherwise creditable
 22 under the provisions of this section shall be creditable, provided the member
 23 pays both the employee and employer contributions required by the system, plus
 24 ~~regular~~ interest from the date of discharge from active duty until paid in
 25 full.

26 (e) In no event shall a person be credited with a total of more than
 27 five (5) years of armed service.

28 (f) In any case of doubt as to the period of the armed service to be
 29 credited a member, the board shall have the power to determine the period."
 30

31 SECTION 3. Arkansas Code 24-7-603(c)(2), regarding the rates paid for
 32 purchase of out-of-state service credit with the Teacher Retirement System, is
 33 amended to read as follows:

34 "(2)(A)(i) The member shall pay to the system for each year of service
 35 credit being granted ~~nineteen and one-half percent (19.5%)~~ the employee and
 36 employer contribution rate in effect at the time of purchase of the annual

1 salary received by him for his first full year of ~~state teaching~~ credited
 2 service that precedes the fiscal year in which the service is purchased,
 3 together with ~~regular annual~~ interest from the end of that year of ~~state~~
 4 ~~teaching~~ credited service to the date of payment in full.

5 (ii) If the payment is not made in a single sum at the time
 6 the contract is made, ~~regular~~ interest shall be added from the date of the
 7 contract to the date of payment in full.

8 (B) The payment shall be credited to the member's account in the
 9 member's deposit account and shall be in addition to regular member
 10 contributions thereto;"

11

12 SECTION 4. Arkansas Code 24-7-603(d), regarding the minimum amount of
 13 time on purchase of out-of-state service credit with the Teacher Retirement
 14 System, is amended to read as follows:

15 "(d) An active member who had both in-state and out-of-state service in
 16 one (1) school year may contract with the board for one (1) year of service to
 17 be credited as service under this subchapter in the same manner as provided
 18 for out-of-state service under subsection (c) of this section, if the service
 19 meets the following additional requirements:

20 (1) The combination of in-state and out-of-state service rendered
 21 in the fiscal school year was not fewer than one hundred twenty (120) days;
 22 provided, however, that a fraction of a year of out-of-state service may be
 23 credited in keeping with board policies as provided by § 24-7-601; and

24 (2) The person had not less than thirty (30) days of out-of-state
 25 ~~teaching~~ credited service in the school year and not less than thirty (30)
 26 days in-state ~~teaching~~ credited service in the fiscal school year."

27

28 SECTION 5. Arkansas Code §24-7-604 is amended to read as follows:

29 "24-7-604. Overseas service.

30 (a) As used in this section, overseas service means service in an
 31 American-type overseas school, sponsored and approved by either the United
 32 States Department of State or the Department of Defense.

33 (b) A member of the Arkansas Teacher Retirement System may receive
 34 membership service credit for service in an overseas school subject to the
 35 following conditions:

36 (1) To be eligible for overseas service credit, a member must

1 have a minimum of ten (10) years of membership service in a position covered
 2 by the system;

3 (2)(A) The overseas service credit to be granted shall be limited
 4 to service for which no benefit could be paid by another system similar in
 5 purpose to this system, except social security.

6 (B) The maximum overseas service credited to any member
 7 shall be ten (10) years;

8 (3) To be eligible for a year of overseas service credit, a
 9 member must have rendered at least one hundred twenty (120) days of service.
 10 Fractions of years of service may be credited in keeping with board policies
 11 as provided by § 24-7-601;

12 (4)(A) Contributions must be paid on the later of the member's
 13 salary in the overseas school or the annual salary received by him for the
 14 first full year of state teaching service preceding the fiscal year in which
 15 service is purchased.

16 (B)(i) The member shall pay the member contribution rate.

17 (ii)(a) Employer contributions may be paid either by
 18 the employer or by the member.

19 (b) For each year of the member's service
 20 overseas, employer contributions shall be based upon the employer contribution
 21 rate in effect for that year, provided employer contributions are paid in the
 22 year in which the service is rendered. If the employer contributions are not
 23 paid when service is rendered, the employer contributions shall be based on
 24 the rate in effect in the year preceding the fiscal year in which the service
 25 is purchased.

26 (c) If contributions were not paid to the system promptly, as service
 27 was rendered, ~~regular~~ interest shall be added ~~to the delayed contributions~~
 28 from the date of ~~service~~ purchase to the date of payment in full."

29

30 SECTION 6. Arkansas Code § 24-7-606 is amended to read as follows:

31 "24-7-606. Service for leave of absence to obtain advanced degree.

32 (a)(1) From and after June 28, 1985, any public school teacher or
 33 administrator who is a member of the Arkansas Teacher Retirement System and
 34 takes a leave of absence from a school in order to obtain an advanced degree
 35 at an institution of higher learning or to fulfill the requirements of a
 36 scholarship or grant shall be eligible, upon application, to receive credited

1 service in the system for the time of actual enrollment in the institution.

2 (2) Evidence of at least one hundred twenty (120) days'
 3 enrollment shall be presented with the application.

4 (b) The service shall be credited in accordance with § 24-7-601.

5 (c) Payment for the service shall be based on the annual salary earned
 6 ~~for the fiscal year preceding the leave~~ the first full year of state teaching
 7 service preceding the fiscal year in which the service is purchased and the
 8 total of the member contribution ~~percent rate~~ percent rate in effect during that fiscal
 9 school year plus the employer contribution ~~percent rate necessary to meet the~~
 10 ~~financial objective of this section at that time, as determined by the~~
 11 ~~actuary's most recent actuarial valuation in effect during that fiscal year,~~
 12 plus ~~regular~~ interest from the end of the fiscal year in which the ~~leave is~~
 13 ~~taken~~ service is purchased until payment is made in full."

14

15 SECTION 7. Arkansas Code § 24-7-607(b)(2), regarding the purchase of
 16 credited service for private school service in the Teacher Retirement System,
 17 is amended to read as follows:

18 "(2)(A) The member shall pay to the system for each year of service
 19 credit being granted ~~nineteen and one-half percent (19.5%)~~ the employee and
 20 employer contribution rate in effect at the time of purchase of the annual
 21 salary received by him for his first full year of ~~state teaching credited~~
 22 service that precedes the fiscal year in which the service is purchased,
 23 together with ~~regular annual~~ interest from the end of that year of ~~state~~
 24 ~~teaching credited~~ service to the date of payment in full.

25 (B) If the payment is not made in a single sum at the time the
 26 contract is made, ~~regular~~ interest shall be added from the date of the
 27 contract to the date of payment in full.

28 (C) The payment shall be credited to the member's account in the
 29 members' deposit account and shall be in addition to regular member
 30 contributions thereto;"

31

32 SECTION 8. This provisions of this act shall become effective on and
 33 after July 1, 1998.

34

35 SECTION 9. All provisions of this act of general and permanent nature
 36 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code

1 Revision Commission shall incorporate the same in the Code.

2

3 SECTION 10. If any provisions of this act or the application thereof to
4 any person or circumstance is held invalid, the invalidity shall not affect
5 other provisions or applications of the act which can be given effect without
6 the invalid provisions or application, and to this end the provisions of this
7 act are declared to be severable.

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9 SECTION 11. All laws and parts of laws in conflict with this act are
10 hereby repealed.

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12 APPROVED:2-13-97

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