

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

As Engrossed: H2/12/97 H3/11/97 H3/14/97

A Bill

ACT 992 OF 1997
HOUSE BILL 1266

5 By: Representatives Brown, McKissack, Angel, Ferguson, Bennett, Bush, Flanagan, Dianne Hudson, Roberts, Walker, Wilkins,
6 Schexnayder, Shoffner, French, Jeffress, Lancaster, and Dawson
7 By: Senators Hopkins, Canada, Walker and Edwards
8

For An Act To Be Entitled

9
10 "AN ACT TO AMEND ARKANSAS CODE § 24-7-701 AND
11 ARKANSAS CODE § 24-7-702 TO PROVIDE MEMBERS OF THE TEACHER
12 RETIREMENT SYSTEM WITH FULL RETIREMENT BENEFITS WITH
13 TWENTY-EIGHT (28) YEARS OF CREDITED SERVICE REGARDLESS OF
14 AGE; TO AMEND ARKANSAS CODE § 24-7-705 TO PROVIDE TRS
15 MEMBERS AN INCREASE IN THE MULTIPLIER AMOUNT FOR
16 CALCULATING RETIREMENT ANNUITIES; TO PROVIDE A BENEFIT
17 INCREASE FOR CERTAIN RETIRANTS AND BENEFICIARIES; TO
18 DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES."

Subtitle

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20
21 "TO ALLOW TRS MEMBERS TO RETIRE WITH 28
22 YEARS OF SERVICE AND TO GIVE MEMBERS AN
23 INCREASE IN RETIREMENT ANNUITIES AND
24 GIVE A BENEFIT INCREASE FOR RETIRANTS
25 AND BENEFICIARIES."
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27 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

28

29 SECTION 1. Arkansas Code § 24-7-701 is hereby amended to read as
30 follows:

31 "24-7-701. Voluntary retirement.

32 (a) An active member who either attains age sixty (60) years and has
33 ten (10) or more years of credited service or who has ~~thirty (30)~~ twenty-eight
34 (28) or more years of credited service regardless of age may voluntarily
35 retire upon his written application filed with the board.

36 (b) Upon his retirement, he shall receive an annuity as provided for in

1 § 24-7-705.

2 (c) The annuity shall begin the first day of the calendar month next
3 following the latest of:

4 (1) One (1) month after the date the written application is filed
5 with the board;

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

7 (3) The member's attainment of the minimum age; or

8 (4) The member's completion of the minimum years of credited
9 service.

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

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

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

18 (e) If a member is retiring with an effective date other than July 1 or
19 the first day of a calendar quarter within the fiscal year, the following
20 limitations shall apply:

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

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

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

29 (f)(1) If a member has signed an employment contract for a fiscal
30 school year and been paid in full for that fiscal school year, in no event
31 shall the annuity begin earlier than the July 1 next following that fiscal
32 school year.

33 (2) If a member has signed an employment contract for a fiscal
34 school year and if that contract is not completed, the member shall receive
35 credit for service within the current fiscal year as provided in this section.

36 (g) The benefits provided by this section shall also be available to an

1 inactive member with ~~thirty (30)~~ twenty-eight (28) or more years of credited
2 service."

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5 SECTION 2. Arkansas Code § 24-7-702 is hereby amended to read as
6 follows:

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

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

12 (b)(1) Upon an active or inactive member's retirement as provided in
13 this section, he shall receive, in lieu of any other system benefit, an early
14 annuity which shall be a certain percent of an annuity provided for in
15 § 24-7-705.

16 (2) The percent shall be the greater of:

17 (A) one hundred percent (100%) reduced by the sum of ten
18 percent (10%) plus five-twelfths of one percent (5/12%) multiplied by the
19 number of months by which the time of early retirement precedes the earlier of
20 either completion of ~~thirty (30)~~ twenty-eight (28) years of credited service
21 or attainment of age sixty (60) years; or

22 (B) one hundred percent (100%) reduced by five-twelfths of
23 one percent (5/12%) multiplied by the number of months by which the time of
24 early retirement precedes the attainment of age sixty (60) years.

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

27 (1) One (1) month after the date the written application is filed
28 with the board;

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

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

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

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

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

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

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

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

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

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

17 (g)(1) If a member has signed an employment contract for a fiscal
18 school year and been paid in full for that fiscal year, in no event shall the
19 annuity begin earlier than the July 1 next following that fiscal school year.

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

24 (h) The benefits provided by this section shall also be available to an
25 inactive member with ~~thirty (30)~~ twenty-eight (28) or more years of credited
26 service."

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28 SECTION 3. Arkansas Code § 24-7-705(a)(1), regarding the multiplier for
29 a retirement annuity under the Teacher Retirement System, is amended to read
30 as follows:

31 "(a)(1) Upon a member's retirement, he shall receive a straight life
32 annuity equal to his number of years of credited services for which member
33 contributions were made as provided in §24-7-406 multiplied by ~~two and five~~
34 ~~hundredths percent (2.05%)~~ two and sixty-five thousandths percent (2.065%) of
35 his final average salary, or a straight life annuity equal to his number of
36 years of credited service rendered after June 30, 1986, for which no member

1 contributions were made as provided in § 24-7-406 multiplied by ~~one and twenty~~
2 ~~nine hundredths percent (1.29%)~~ one and three hundred and five thousandths
3 percent (1.305%) of his final average salary, or a combination of both."
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5 SECTION 4. On and after July 1, 1997, the monthly benefit payable to
6 the retirants and the beneficiaries of retirants of the Arkansas Teacher
7 Retirement System, who retired July 1, 1990 or later, shall be increased by an
8 amount equal to seven tenths percent (.7%) of the benefit payable on June 30,
9 1997. This increase shall be a one-time adjustment and shall also be used to
10 calculate any additional benefit increases in the future. The benefit payable
11 on July 1, 1997, shall become the base amount.
12

13 SECTION 5. No benefit enhancement provided for by this act shall be
14 implemented if it would cause the publicly supported retirement systems
15 unfunded actuarial accrued liabilities to exceed a thirty (30) year
16 amortization. No benefit enhancement provided for by this act shall be
17 implemented by any publicly supported system which has unfunded actuarial
18 accrued liabilities being amortized over a period exceeding thirty (30) years
19 until the unfunded actuarial accrued liability is reduced to a level less than
20 the standards prescribed by 24-1-101 et seq.
21

22 SECTION 6. All provisions of this act of general and permanent nature
23 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
24 Revision Commission shall incorporate the same in the Code.
25

26 SECTION 7. If any provisions of this act or the application thereof to
27 any person or circumstance is held invalid, the invalidity shall not affect
28 other provisions or applications of the act which can be given effect without
29 the invalid provisions or application, and to this end the provisions of this
30 act are declared to be severable.
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32 SECTION 8. All laws and parts of laws in conflict with this act are
33 hereby repealed.
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35 SECTION 9. Emergency. It is hereby found and determined by the
36 Eighty-First General Assembly of the State of Arkansas that, during the

1 1990's, behavioral problems with students and the number of school security
2 problems have increased dramatically in the public schools of Arkansas; that
3 older public school employees are more susceptible to these problems and are
4 more adversely affected by this increased job stress; that younger employees
5 can more easily adjust to these changes in the public school work environment;
6 and that reducing the amount of time a public school employee must serve to
7 receive full retirement benefits under the Teacher Retirement System to
8 twenty-eight (28) years of service credit and increasing the amount of the
9 retirement benefit multiplier for the System's active members will improve the
10 motivation of public school employees and increase the productivity of the
11 public schools and educational institutions in Arkansas. Therefore, in order
12 to more effectively utilize public school and educational funds, an emergency
13 is hereby declared to exist, and this act being necessary for the immediate
14 preservation of the public peace, health, and safety, shall become effective
15 on the date of its approval by the Governor. If the bill is neither approved
16 or vetoed by the Governor, it shall become effective on the expiration of the
17 period of time during which the Governor may veto the bill. If the bill is
18 vetoed by the Governor and the veto is overridden, it shall become effective
19 on the date the last house overrides the veto.

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/s/Rep. Brown, et al

APPROVED: 4-01-97