

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 84th General Assembly
3 Regular Session, 2003
4

As Engrossed: H2/18/03 H2/28/03

A Bill

Act 340 of 2003
HOUSE BILL 1221

5 By: Representative R. Smith
6
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For An Act To Be Entitled

9 AN ACT TO AUTHORIZE THE BOARD OF TRUSTEES OF THE
10 ARKANSAS TEACHER RETIREMENT SYSTEM TO SET THE
11 EMPLOYER CONTRIBUTION RATE FOR THE SYSTEM; AND
12 FOR OTHER PURPOSES.
13

Subtitle

15 TO ALLOW THE BOARD OF TRUSTEES OF THE
16 TEACHER RETIREMENT SYSTEM TO SET THE
17 EMPLOYER CONTRIBUTION RATE FOR THE
18 SYSTEM.
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20

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

23 SECTION 1. Arkansas Code § 24-2-701(c), concerning the employer
24 contribution rates to the state funded retirement systems in Arkansas, is
25 amended to read as follows:

26 (c) The employer contribution rates to the retirement systems shall be
27 as follows:

28 (1)(A)(i) For the Arkansas Teacher Retirement System, twelve
29 percent (12%) until June 30, 2003 when the board of trustees of the Arkansas
30 Teacher Retirement System shall establish the employer contribution rate
31 prospectively for each year.

32 (ii) The rates are to be based on the actuary's
33 determination of the rate required to fund the plan in accordance with the
34 objectives under subsection (a) of this section.

35 (B)(i) Beginning July 1, 2003 through June 30, 2004, if
36 the system's unfunded actuarial accrued liabilities exceed a thirty (30) year



1 amortization period, the board based on the actuary's determination may
2 increase the contribution rate, but the increase shall be no more than one
3 percent (1%) above the rate in effect on June 30, 2003.

4 (ii) Beginning July 1, 2004, the board, based on the
5 actuary's determination, may increase or decrease the contribution rate, but
6 the rate shall not be increased by more than one percent (1%) above the rate
7 in effect on June 30, 2004.

8 (iii) If the system's unfunded actuarial accrued
9 liabilities no longer exceed a thirty (30) year amortization period, the
10 board shall reduce the contribution rate based on the actuary's
11 determination.

12 (C) Except for the annual redetermination of benefits for
13 retirees and beneficiaries under § 24-7-713(a), no benefit enhancements and
14 no benefit increases shall be implemented by the board of trustees until the
15 contribution rate is reduced to below thirteen percent (13%) based on the
16 actuary's determination.

17 (D) However, in no event shall the board adopt any policy
18 or take any action before July 2, 2005, that would result in any general
19 benefit enhancements or benefit increases, except this prohibition does not
20 apply to the annual redetermination of benefits for retirees and
21 beneficiaries under § 24-7-713(a);

22 (2) For the State Police Retirement System, twenty-two percent
23 (22%); and

24 (3) For the Arkansas Public Employees' Retirement System, the
25 Board of Trustees of the Arkansas Public Employees' Retirement System shall
26 establish employer rates prospectively each year, and the rates shall be
27 based on the actuary's determination of the rate required to fund the plan in
28 accordance with the objectives set forth in subsection (a) of this section.
29 The contribution rates shall be the rates determined by the annual actuarial
30 valuation.

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32 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the
33 General Assembly of the State of Arkansas that economic conditions have
34 caused the Arkansas Teacher Retirement System to suffer losses in the value
35 of its financial assets; that the loss of asset value has created an unfunded
36 actuarial accrued liability exceeding the standard thirty (30) year

1 amortization period set by Arkansas law; that increasing the employer
2 contribution rate will add to the asset values for the system and eventually
3 return the system to financial balance; and that this act is immediately
4 necessary because increases in the employer contribution rates can best be
5 implemented over the summer between school years. Therefore, an emergency is
6 declared to exist and this act being necessary for the preservation of the
7 public peace, health, and safety shall become effective on July 1, 2003.

8 /s/ R. Smith

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11 APPROVED: 3/10/2003
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