

1 State of Arkansas *As Engrossed: S2/7/13 S2/19/13*

2 89th General Assembly

A Bill

3 Regular Session, 2013

SENATE BILL 123

4

5 By: Senator Maloch

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For An Act To Be Entitled

8 AN ACT TO SET THE MEMBER CONTRIBUTION RATE IN THE
9 ARKANSAS TEACHER RETIREMENT SYSTEM BETWEEN SIX
10 PERCENT (6%) AND *SEVEN PERCENT (7%)* OF SALARY AND TO
11 DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

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Subtitle

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TO SET THE MEMBER CONTRIBUTION RATE IN
16 THE ARKANSAS TEACHER RETIREMENT SYSTEM
17 BETWEEN SIX PERCENT (6%) AND *SEVEN*
18 *PERCENT (7%)* OF SALARY BASED ON ACTUARIAL
19 NEED AND TO DECLARE AN EMERGENCY.

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

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24 SECTION 1. Arkansas Code § 24-7-406(b), concerning member
25 contributions, is amended to read as follows:

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(b)(1) Except as provided otherwise in this section, the contributions
of a member to the ~~system~~ Arkansas Teacher Retirement System shall be the
amounts set forth in this subsection.

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(2)(A) Each member who first became a member July 1, 1971, or
later shall contribute to the system six percent (6%) of his or her salary
for all salary earned on or before June 30, 2013.

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(B) Beginning July 1, 2013, each member who first became a
member July 1, 1971, or later shall contribute to the system the percentage
of his or her salary set by the Board of Trustees of the Arkansas Teacher
Retirement System under this subdivision (b)(8) of this section.

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(3) Member contributions before July 1, 1969, shall be in



1 accordance with provisions in force before July 1, 1969.

2 (4)(A) For each member who first became a member before July 1,
3 1971, member contributions for the period after June 30, 1969, shall be six
4 percent (6%) of the first seven thousand eight hundred dollars (\$7,800) of
5 his or her annual salary through June 30, 2013, unless he or she shall have
6 elected, in accordance with rules and regulations established by the Board of
7 Trustees of the Arkansas Teacher Retirement System, to contribute six percent
8 (6%) of his or her full salary for the period after June 30, 1969, through
9 June 30, 2013.

10 (B) Beginning July 1, 2013, each member who first became a
11 member before July 1, 1971, shall contribute to the system the percentage of
12 salary set by the board under subdivision (b)(8) of this section on the first
13 seven thousand eight hundred dollars (\$7,800) of his or her annual salary
14 unless he or she elects to contribute a percentage of his or her entire
15 salary, in accordance with the rules established by the board.

16 (C) If the election is made before July 1, 1984, the
17 member shall contribute to the ~~Arkansas Teacher Retirement System~~ system the
18 difference between full salary member contributions and member contributions
19 based on seven thousand eight hundred dollars (\$7,800) annual covered salary
20 retroactive to July 1, 1969, or to the actual date of employment, whichever
21 is later, by paying the actuarial equivalent of the member's benefits to the
22 system.

23 ~~(C)(D)~~ If the election is made July 1, 1984, or later, the
24 member shall contribute to the system both the added member contributions and
25 the added employer contributions that would have been paid to the system if
26 the member's full salary always had been covered by paying the actuarial
27 equivalent of the member's benefits to the system.

28 ~~(D)(E)~~ The interest and added employer contributions shall
29 be considered member contributions for purposes of the system. However, any
30 former active member who returns to covered employment on or after July 1,
31 1995, and who elects to make contributions to the system, shall contribute on
32 his or her full salary.

33 (5) Members who left covered employment before July 1, 1985, and
34 who had annual compensation of seven thousand eight hundred dollars (\$7,800)
35 or less shall have, upon their return to covered employment, full salary
36 considered for purposes of the system.

1 (6) Contributions shall be required on all salary earned in
2 covered employment during the fiscal year in which membership begins.

3 (7) The member contribution rate shall be six percent (6%)
4 unless increased by the board.

5 (8)(A) The board may set the member contribution rate between
6 six percent (6%) and seven percent (7%) subject to the limitations under
7 subdivision (b)(8)(D) of this section.

8 (B) An increase or decrease in a member contribution rate
9 shall:

10 (i) Apply to a complete fiscal year; and

11 (ii) Remain in effect until modified by the board.

12 (C) The board may adopt a change in the member
13 contribution rate by resolution at any board meeting.

14 (D) The board shall not increase the member contribution
15 rate unless the system's actuary certifies to the board that the amortization
16 period exceeds thirty (30) years and that in order to address an amortization
17 period in excess of thirty (30) years to pay the unfunded liabilities of the
18 system, the board determines that an increase in the member contribution rate
19 is necessary.

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21 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the
22 General Assembly of the State of Arkansas that provisions of the Arkansas
23 Teacher Retirement System Act are in need of revision and updating to bring
24 the retirement laws into conformance with sound public pension policy; that
25 the Arkansas Teacher Retirement System member contributions may need to be
26 adjusted from time to time to keep the system financially sound and to
27 provide a proper retirement benefit to all its members; and that this act is
28 immediately necessary to maintain an orderly system of benefits for members
29 of the Arkansas Teacher Retirement System. Therefore, an emergency is
30 declared to exist, and this act being immediately necessary for the
31 preservation of the public peace, health, and safety shall become effective
32 on:

33 (1) The date of its approval by the Governor;

34 (2) If the bill is neither approved nor vetoed by the Governor,
35 the expiration of the period of time during which the Governor may veto the
36 bill; or

1 (3) If the bill is vetoed by the Governor and the veto is
2 overridden, the date the last house overrides the veto.

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4 */s/Maloch*

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7 **APPROVED: 04/04/2013**
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