

1 State of Arkansas
2 89th General Assembly
3 Regular Session, 2013
4

As Engrossed: H2/13/13
A Bill

HOUSE BILL 1200

5 By: Representative Deffenbaugh
6

7 **For An Act To Be Entitled**

8 AN ACT TO ALLOW THE BOARD OF TRUSTEES OF THE ARKANSAS
9 TEACHER RETIREMENT SYSTEM TO RESET THE BENEFIT BASE
10 AMOUNT FOR COMPOUNDING COST OF LIVING ADJUSTMENT
11 RATES; TO DECLARE AN EMERGENCY; AND FOR OTHER
12 PURPOSES.
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15 **Subtitle**

16 TO ALLOW THE BOARD OF TRUSTEES OF THE
17 ARKANSAS TEACHER RETIREMENT SYSTEM TO
18 RESET THE BENEFIT BASE AMOUNT FOR
19 COMPOUNDING COST OF LIVING ADJUSTMENT
20 RATES; AND TO DECLARE AN EMERGENCY.
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23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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25 SECTION 1. Arkansas Code § 24-7-727(b), concerning compounded cost of
26 living adjustments, is amended to add an additional subdivisions to read as
27 follows:

28 (3) The board may reverse a compounding of the cost of living
29 adjustment for all retirants and participants in the Teacher Deferred
30 Retirement Option Plan who benefit from the compounding.

31 (A) If a compounding of the cost of living adjustment is
32 reversed the simple cost of living adjustment shall be used for the year that
33 the compounded cost of living adjustment was reversed and future benefits
34 shall be paid based on the simple cost of living adjustment.

35 (B) The future benefits of a member shall not be reduced
36 to recover any additional benefits paid from the date the board uses a



1 compounding cost of living adjustment to the date the board uses a simple
2 cost of living adjustment.

3 (C) If a compounding cost of living adjustment is
4 reversed, the reversal shall be effective at the beginning of the fiscal
5 year.

6 (4) The compounding cost of living adjustment set by the board
7 shall remain in effect until adjusted or reversed by the board.

8 (5) The board may change the compounding of the cost of living
9 adjustment by resolution at a meeting of the board subject to the limitations
10 under subdivision (b)(6) of this section.

11 (6) The board shall not reverse a compounding cost of living
12 adjustment unless the system's actuary certifies to the board that the
13 amortization period exceeds thirty (30) years and that in order to address an
14 amortization period in excess of thirty (30) years to pay the unfunded
15 liabilities of the system, the board determines that the compounding cost of
16 living adjustment be reversed.

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18 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the
19 General Assembly of the State of Arkansas that provisions of the Arkansas
20 Teacher Retirement System Act are in need of revision to maintain the teacher
21 retirement laws in conformance with sound public pension policy and actuarial
22 appropriateness of the system's plan; that the Arkansas Teacher Retirement
23 System operates on a July 1 to June 30 fiscal year; that having a July 1,
24 2013 effective date is necessary to allow the provisions of this act to begin
25 on the first day of the fiscal year and to provide proper administration of
26 the system; and that this act is necessary to maintain an orderly system of
27 benefits for the members of the Arkansas Teacher Retirement System.
28 Therefore, an emergency is declared to exist, and this act being immediately
29 necessary for the preservation of the public peace, health, and safety shall
30 become effective on July 1, 2013.

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32 */s/Deffenbaugh*

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35 **APPROVED: 04/08/2013**