

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

*As Engrossed: S3/4/13*

# A Bill

SENATE BILL 174

5 By: Senator J. Key  
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## For An Act To Be Entitled

8 AN ACT TO ALLOW MORE OPTIONS FOR AN EMPLOYEE OR  
9 EMPLOYER OF A POST-SECONDARY INSTITUTION OF HIGHER  
10 EDUCATION TO PARTICIPATE IN THE ARKANSAS TEACHER  
11 RETIREMENT SYSTEM; TO DECLARE AN EMERGENCY; AND FOR  
12 OTHER PURPOSES.  
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## Subtitle

15 TO ALLOW MORE OPTIONS FOR AN EMPLOYEE OR  
16 EMPLOYER OF A POST-SECONDARY INSTITUTION  
17 OF HIGHER EDUCATION TO PARTICIPATE IN THE  
18 ARKANSAS TEACHER RETIREMENT SYSTEM AND TO  
19 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 § 24-7-1605 is amended to read as follows:

26 24-7-1605. Optional participation by institution of higher education  
27 employers on or after July 1, 2011.

28 (a)(1) A PSHE employer shall adopt and record a policy or designation  
29 that identifies which positions at the PSHE employer's institution of higher  
30 education are benefits-eligible for retirement benefits.

31 (2) A new employee of a PSHE employer may participate in the  
32 PSHE plan if the employee:

33 (A) Is benefits-eligible as determined by the PSHE  
34 employer;

35 (B) Is a *vested* member of the Arkansas Teacher Retirement  
36 System at the time of initial employment;



1                   (C) Is not a vested member of the system but meets the  
2 requirements of a less restrictive PSHE plan adopted by the specific PSHE  
3 employer; and

4                   (D) Signs an irrevocable PSHE plan participation form  
5 provided by the system.

6           (b)(1) A nonmandatory employer becomes a PSHE employer upon enrolling  
7 a new eligible member with the system on or after July 1, 2011.

8           (2) A PSHE plan employee shall continue as a member in the  
9 system retirement plan so long as the member is employed by a PSHE employer.

10           (3) An election to participate in the retirement system plan  
11 under this subsection is irrevocable so long as the employee does not obtain  
12 a termination refund from the system after the election.

13           (c)(1)(A) A PSHE employer may adopt a resolution that allows a new  
14 employee to participate as a PSHE plan employee without being vested in the  
15 system.

16                   (B)(i) A less restrictive plan is effective when the  
17 resolution adopted by a PSHE employer is presented to the system.

18                   (ii) A PSHE employer may modify a less restrictive  
19 PSHE plan at any time.

20                   (iii) A less restrictive plan adopted by a PSHE  
21 employer before July 1, 2013, may provide that a new employee hired between  
22 July 1, 2011, and June 30, 2013, who was prohibited from participating as a  
23 PSHE employee in the system and who would have been eligible under the less  
24 restrictive plan adopted by the PSHE plan employer may have an opt-in  
25 opportunity to participate in the system.

26           (2)(A) A PSHE employer may adopt an opt-in opportunity as  
27 provided under subdivision (c)(1)(B)(iii) of this section by resolution  
28 adopted by the governing body of the PSHE employer that allows a benefits-  
29 eligible employee who was prohibited from becoming a member of the system  
30 from July 1, 2011, to June 30, 2013, because the benefits-eligible employee  
31 was not a vested member of the system at the time of initial employment.

32                   (B) To participate in the opt-in opportunity provided by a  
33 PSHE employer, an employee shall:

34                   (i) Have been continuously employed by the PSHE  
35 employer once hired after July 1, 2011;

36                   (ii) Meet the PSHE employer's less restrictive PSHE

1 plan; and

2 (iii) Elect to become a member of the system between  
3 July 1, 2013, and June 30, 2014.

4 (3)(A) A benefits-eligible employee who elects to become a  
5 member of the system as provided under subdivision (c)(2) of this section may  
6 purchase service credit based on the applicable member employee and employer  
7 contribution rates on annual salary plus eight percent (8%) annual interest  
8 if the election is made between July 1, 2013, and June 30, 2014.

9 (B) A purchase of service credit under subdivision  
10 (c)(3)(A) of this section shall be paid in full within one (1) year of the  
11 date that the benefits-eligible member elects to become a member of the  
12 system.

13 (4) If a PSHE employer does not adopt a less restrictive plan,  
14 the PSHE plan shall remain in effect as provided under subsection (a) of this  
15 section.

16 (d)(1) If a benefits-eligible employee at a PSHE employer was  
17 prohibited from becoming a member of the system from July 1, 2011 to June 30,  
18 2013, because the benefits-eligible employee was not a vested member of the  
19 system at the time of employment, and the benefits-eligible employee has been  
20 continuously employed by the PSHE employer, then the benefits-eligible  
21 employee may elect to become a member of the system between July 1, 2013 to  
22 June 30, 2014.

23 (2) A benefits-eligible employee who elects to become a member  
24 of the system under subdivision (c)(1) of this section may purchase service  
25 credit based on the applicable member and employer contributions rates on  
26 annual salary plus eight percent (8%) annual interest using a special  
27 formula if the election is made between July 1, 2013 and June 30, 2014, and  
28 is paid in full within one (1) year of the date the benefits-eligible member  
29 elects to become a member of the system.

30 (e)(1) The PSHE employer shall remit employer contributions under §  
31 24-7-401 et seq. and be subject to the rights and obligations of an employer  
32 under the Arkansas Teacher Retirement System Act once a benefits-eligible  
33 employee elects to participate in the system.

34 (2) The benefits-eligible employee who elects to participate in  
35 the system retirement plan shall remit employee contributions under § 24-7-  
36 406 ~~et seq.~~ and be subject to the rights and obligations of an employee under

1 the Arkansas Teacher Retirement System Act.

2 ~~(d)~~(f) The PSHE employer shall comply with the system's verification  
3 and reporting requirements that ~~may be~~ are implemented by the system.

4 ~~(e)~~(g) A member shall not purchase prior unreported service except as  
5 provided under subdivision (c)(2) of this section on or after July 1, 2011,  
6 regardless of when service was provided to a nonmandatory employer.

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8 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the  
9 General Assembly of the State of Arkansas that some employees of post-  
10 secondary institutions of higher education were denied membership in the  
11 Arkansas Teacher Retirement System because of the requirement that they be a  
12 vested member of the system at the time of employment; that options for  
13 retirement and retirement planning should be available for employees who  
14 continue to serve the state through the educational system; that certain  
15 colleges who participate in the system want to offer new employees additional  
16 retirement options; and that this act is necessary to ensure the educational  
17 professional who was hired between July 1, 2011 and June 30, 2013 and remains  
18 employed by a PSHE employer is not prohibited from becoming a member of the  
19 Arkansas Teacher Retirement System. Therefore, an emergency is declared to  
20 exist, and this act being necessary for the preservation of the public peace,  
21 health, and safety shall become effective on July 1, 2013.

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23 /s/J. Key  
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