

1 State of Arkansas
2 92nd General Assembly
3 Regular Session, 2019
4

As Engrossed: H2/7/19

A Bill

HOUSE BILL 1206

5 By: Representative House
6

For An Act To Be Entitled

8 AN ACT TO AMEND THE LAW CONCERNING THE AUTHORITY OF
9 THE BOARD OF TRUSTEES TO AWARD AN ANNUAL COST OF
10 LIVING ADJUSTMENT UNDER THE ARKANSAS TEACHER
11 RETIREMENT SYSTEM; TO DECLARE AN EMERGENCY; AND FOR
12 OTHER PURPOSES.

Subtitle

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15 TO AMEND THE LAW CONCERNING THE AUTHORITY
16 OF THE BOARD OF TRUSTEES TO AWARD AN
17 ANNUAL COST OF LIVING ADJUSTMENT UNDER
18 THE ARKANSAS TEACHER RETIREMENT SYSTEM;
19 AND TO DECLARE AN EMERGENCY.
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22
23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
24

25 SECTION 1. Arkansas Code § 24-7-713 is amended to read as follows:
26 24-7-713. Retirement annuity – Simple cost of living adjustment and
27 monthly benefit stipend – Definition.

28 (a)(1) July 1 of each year, retirants, survivors, participants in the
29 Teacher Deferred Retirement Option Plan, and annuity beneficiaries who have
30 been receiving monthly benefits for the previous twelve (12) months ~~shall~~ may
31 receive a simple cost of living adjustment.

32 (2) The cost of living adjustment under this section ~~is~~
33 ~~calculated by multiplying one hundred percent (100%) of the member's base~~
34 ~~retirement annuity times three percent (3%) shall be the amount of the~~
35 benefit payable as of the immediately preceding July 1 increased by a simple
36 cost of living adjustment that is the lesser of three percent (3%) or the



1 percentage change in the Consumer Price Index, South Region as determined by
 2 the United States Department of Labor over the one-year period ending in the
 3 December immediately preceding the date for which the redetermined amount is
 4 being calculated.

5 (3) The redetermined amount shall not be less than the base
 6 amount.

7 (4) As used in this section, "base amount" means the amount of
 8 the benefit payable at retirement on and after July 1, 2019, plus any one-
 9 time increases granted by ~~legislative change after the member's effective~~
 10 ~~date of~~ legislation that is enacted after the effective date on which a
 11 member begins receiving retirement benefits, excluding the simple cost of
 12 living adjustment under this section and the benefit stipend under subsection
 13 ~~(d)~~(e) of this section.

14 (5) The redetermined amount under this subsection is not
 15 considered a benefit enhancement under the limitations under § 24-1-106.

16 (b) The Board of Trustees of the Arkansas Teacher Retirement System
 17 may grant a cost of living adjustment in accordance with subdivision (a)(2)
 18 of this section to one (1) or more of the following individuals:

19 (1) An individual who is employed and becomes a member of the
 20 Arkansas Teacher Retirement System after the effective date of this act;

21 (2) A nonvested member of the Arkansas Teacher Retirement
 22 System;

23 (3) A vested member of the Arkansas Teacher Retirement System;
 24 and

25 (4) A retirant or a beneficiary of a retirant of the Arkansas
 26 Teacher Retirement System.

27 ~~(b)(1)(c)(1)~~ Effective July 1, 2013, the ~~Board of Trustees of the~~
 28 ~~Arkansas Teacher Retirement System~~ board may modify the amount of the benefit
 29 stipend from a maximum of seventy-five dollars (\$75.00) per month to not less
 30 than one dollar (\$1.00) per month for eligible benefit participants as a
 31 benefit supplement in addition to the cost of living adjustment under
 32 subsection (a) of this section.

33 (2) A benefit stipend increase or decrease adopted by the board
 34 shall apply to a complete fiscal year and shall remain in effect until
 35 adjusted by the board subject to the limitations under subdivision
 36 ~~(b)(4)(c)(4)~~ of this section.

1 (3) The board may adjust the benefit stipend amount by
2 resolution at a meeting of the board.

3 (4) The board shall not reduce the benefit stipend unless the:

4 (A) Arkansas Teacher Retirement System's actuary certifies
5 to the board that the amortization period exceeds eighteen (18) years; and

6 (B) Board determines that a reduction in the benefit
7 stipend is prudent to maintain actuarial soundness.

8 (5) The board may phase in an increase or decrease of the
9 benefit stipend.

10 ~~(e)~~(d) Nothing contained in this section shall require the Arkansas
11 Public Employees' Retirement System to pay any portion of the benefits
12 provided for in this section.

13 ~~(d)~~(1)(e)(1) The board may remove by board resolution the benefit
14 stipend from the base amount of current retirants and option beneficiaries if
15 the board determines that the removal of the benefit stipend from the base
16 amount is prudent in order to maintain actuarial soundness.

17 (2) The board may phase in the removal of the benefit stipend
18 from the base amount of current retirant and option beneficiaries by board
19 resolution.

20 (f) The provisions of this section are severable, and if any provision
21 of this act is declared invalid, then the remaining provisions of this
22 section shall remain valid.

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24 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the
25 General Assembly of the State of Arkansas that the operations of the Arkansas
26 Teacher Retirement System must be able to meet the needs of its members as
27 anticipated by the General Assembly; that certain provisions of the Arkansas
28 Teacher Retirement System are in imminent need of revision before the fiscal
29 year begins on July 1, 2019; and that this act is immediately necessary in
30 order to maintain an orderly system of benefits for the members of the
31 Arkansas Teacher Retirement System. Therefore, an emergency is declared to
32 exist, and this act being necessary for the preservation of the public peace,
33 health, and safety shall become effective on July 1, 2019.

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35 /s/House
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