

**AGENDA**  
**Joint Committee on Public Retirement & Social Security Programs**

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**Tuesday, April 17, 2012**  
**09:30 AM**  
**Hampton Inn - 480 Highway 425N**  
**Monticello, Arkansas**

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Sen. Johnny Key, Chair  
Sen. Joyce Elliott, Vice Chair  
Sen. Jimmy Jeffress  
Sen. Jim Luker  
Sen. Gene Jeffress  
Sen. David Wyatt  
Sen. Jason Rapert  
Sen. Bill Sample  
Sen. Jeremy Hutchinson  
Sen. Mike Fletcher

Rep. Les "Skip" Carnine, Chair  
Rep. Butch Wilkins, Vice Chair  
Rep. Johnnie J. Roebuck  
Rep. Randy Stewart  
Rep. Tim Summers  
Rep. Mark Perry  
Rep. Jim Nickels  
Rep. Allen Kerr  
Rep. Homer Lenderman  
Rep. Gary Deffenbaugh  
Rep. Tommy Wren, Non-Voting  
Rep. John Catlett, Non-Voting

Rep. David L. Branscum, Non-Voting  
Rep. Sheilla E. Lampkin, Non-Voting  
Rep. Fred Allen, Alternate  
Rep. Billy W. Gaskill, Alternate  
Rep. Toni Bradford, Alternate  
Rep. Duncan Baird, Alternate  
Rep. Robert E. Dale, Alternate  
Rep. Jody Dickinson, Alternate  
Rep. James Ratliff, Alternate  
Rep. Josh Johnston, Alternate  
Rep. Nate Bell, Alternate  
Rep. Efreem Elliott, Alternate

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- A. Call to Order.
- B. Approval of Minutes— December 12-13, 2011 **[Exhibit B, B-1]**
- C. Consideration for Adoption — Interim Study Proposal 2011-196 by Senator Johnny Key “*REQUESTING THAT THE INTERIM JOINT COMMITTEE ON PUBLIC RETIREMENT & SOCIAL SECURITY PROGRAMS STUDY THE EFFECT OF AUTOMATICALLY ENROLLING NEW STATE EMPLOYEES IN A DEFERRED COMPENSATION PLAN SUBJECT TO CERTAIN OPT-OUT PROVISIONS*”. **[Exhibit C]**
1. Comments by Senator Key
  2. Discussion and Motion to Adopt
- D. Discussion of Proposed Rule Change by the Arkansas Public Employees Retirement System (APERS)
1. Comments by Ms. Gail Stone, Executive Director, APERS
  2. Discussion by Committee Members
  3. Consideration of Motion “Reviewed by Committee”
- a. **SUBJECT:** DROP Provisions (**Regulation 214**) **[Exhibit D]**  
**DESCRIPTION:** Failure to Terminate Covered Employment Within Seven Years of DROP Entry
- E. Discussion of Twelve (12) Proposed Rule Changes by the Arkansas Teacher Retirement System (ATRS)
1. Comments by Mr. George Hopkins
  2. Discussion by Committee Members
  3. Consideration of Motion “Reviewed by Committee” for each Rule change
- a. **SUBJECT:** Organization & Operation (**Rule 0-1**) **[Exhibit E-a]**  
**DESCRIPTION:** This amendment clarifies and expands the existing language without expanding the scope of the rule, and it directs the reader to the procedures set forth under another ATRS rule.

**Notice: Silence your cell phones. Keep your personal conversations to a minimum. Observe restrictions designating areas as "Members and Staff Only"**

- b. **SUBJECT:** Proof of Service Credit (**Rule 7-2**) [*Exhibit E-b*]  
**\*\*Running Concurrently as an Emergency Rule beginning April 2, 2012\*\***  
**DESCRIPTION:** This places a rule in effect, consistent with the existing law and ATRS procedures regarding the calculation of hours worked in one day in order for that employee to receive a full day of service credit.
- c. **SUBJECT:** Reporting Employee & Employer Contributions (**Rule 7-4**) [*Exhibit E-c*]  
**DESCRIPTION:** This allows an underpaid balance of an employee or employer contribution of less than \$10 to be written off for accounting purposes. This change saves ATRS time and money since the cost of collection of such a de minimis amount would far exceed the underpayment.
- d. **SUBJECT:** Purchase of Service Credit/Repayment of Refunds (**Rule 8-1**) [*Exhibit E-d*]  
**DESCRIPTION:** This sets out the procedure for a member who wants to buy service with ATRS, including the signing of a commitment statement, which, once fulfilled, is irrevocable. It also sets out who is eligible to repay to ATRS an amount previously refunded to the member, for a member who wants to reestablish service credit and member contributions in ATRS.
- e. **SUBJECT:** Refunds of Member Contributions (**Rule 8-2**) [*Exhibit E-e*]  
**\*\*Running Concurrently as an Emergency Rule beginning April 2, 2012\*\***  
**DESCRIPTION:** This sets the rate of interest for refunded contributions for the fiscal 2011-12 year. It also allows the board to change the interest rate going forward by resolution, rather than by rule change. It removes the “hardship” requirement that a member has to prove before receiving a refund of member contributions from ATRS. Thus, ATRS no longer has to make a judgment call on the facts presented by a member claiming to have a hardship that justifies a refund of the member’s contribution.
- f. **SUBJECT:** Repayment of Refunded Member Contributions (**Rule 8-3**) [*Exhibit E-f*]  
**DESCRIPTION:** This is a repeal of this rule. The Repayment of Refunds is now addressed/replaced in language that amends Rule 8-1.
- g. **SUBJECT:** Purchase Payment Rules (**Rule 8-5**) [*Exhibit E-g*]  
**DESCRIPTION:** This provides for the service purchase commitments made before the enactment of Act 69 of 2011 to continue, or be modified in compliance with the law, unless withdrawn or cancelled by the member.
- h. **SUBJECT:** Cancellation of Purchase Service Accounts (**Rule 8-6**) [*Exhibit E-h*]  
**DESCRIPTION:** This removes the “hardship” requirement that a member must prove to ATRS before a purchase service account can be cancelled.  
  
It also substitutes the specific department at ATRS, the “Accounting Reporting Department,” for the previously cited “ATRS Administration” as the correct department to file a cancellation request.
- i. **SUBJECT:** Free Teaching Service Before 1937 (**Rule 8-8**) [*Exhibit E-i*]  
**DESCRIPTION:** This repeals a rule that is obsolete and whose provisions regarding proof of serve credit are covered in ATRS Rule 7-2. See also § 24-7-601 (d), which denies credit for service before July 1, 1937, and (f), which gives the board the final authority to decide service credit.
- j. **SUBJECT:** Disability Retirement (**Rule 9-4**) [*Exhibit E-j*]  
**DESCRIPTION:** This sets clearer parameters for the date of the start of payment of disability retirement benefits if a member is still receiving payments from the employer. It clarifies that a member can reapply for disability retirement.

- k. **SUBJECT:** Annuity Options & Disposition of Residue After Retirement (**Rule 9-7**) [*Exhibit E-k*]  
**DESCRIPTION:** This provides for an incapacitated child to be removed from the member's account if the incapacitated child is emancipated, marries, dies, or is otherwise found by a court to no longer be incapacitated. This change simultaneously affects the election of options with respect to the spouse as well.

There are also correction of typographical errors.

- l. **SUBJECT:** Teacher Deferred Retirement Option Plan (T-Drop) (**Rule 10-3**) [*Exhibit E-l*]  
**\*\*Running Concurrently as an Emergency Rule beginning April 2, 2012\*\***  
**DESCRIPTION:** This sets rules as outlined in Act 162 of 2011. It defines "T-DROP Cash Balance Account" and "T-DROP Cash Balance Account Interest" consistent with ATRS accounting procedures and prior board action. It also gives a member the choice of receiving all or part of his/her T-DROP Cash Balance Account, and it also allows ATRS to maintain any balance of that account for the member. This establishes rules for the election of a partial lump-sum distribution and sets the interest rates thereon.  
This adds a definition of "Fiscal Year," and "Quarter," consistent with the state fiscal year.

F. Other Business

G. Adjournment