I. Definitions

A. "Alternate payee" means a spouse, former spouse, child, or other dependent of a member under Arkansas law.

B. "Lump-sum death beneficiary" means the person(s) or entity(s) designated in writing by the member to receive payment of the lump-sum death benefit under A.C.A. § 24-7-720.

C. "Lump-sum death benefit" means a monetary amount set by the Board, and paid by ATRS to lump-sum death beneficiaries as provided for under A.C.A. § 24-7-720.

D. "QDRO" means a court order that meets the definition of a "Qualified Domestic Relations Order" under A.C.A. § 9-18-101.

II. Survivors General

A. Benefits may be provided to dependents of qualifying members after the death of the member. To qualify, a member must have five (5) years of actual service and be an active member at the time of death.

B. ATRS considers a member to be active for the purpose of qualifying for survivor benefits under A.C.A. § 24-7-710 if:

1. The member has at least ten (10) days of service credit in each prior quarter of the fiscal year from the time the fiscal year began or the member was employed by an ATRS employer, whichever occurs last, provided however, the member must have at least one quarter with ten (10) days of service; or

2. The member has at least ten (10) days of service in the quarter of the member's death, or, ten (10) working days have not elapsed in the quarter of the member's death.

III. Spousal Benefits or Alternative Residual Beneficiaries

A. Unless the member directs an alternative residual beneficiary or beneficiaries by written form approved by ATRS, the benefits provided for in A.C.A. § 24-7-710, shall be paid to the spouse of the qualifying member if the spouse survives the member and was married to the member for at least two (2) years immediately prior to the member's death.
B. Waiver of Spousal Annuity

1. If at the time of the member's death there are no dependent children eligible to receive a dependent child annuity, a surviving spouse who qualifies to receive a surviving spouse annuity may file with ATRS a waiver of any rights to the spousal annuity.

2. If the surviving spouse files a waiver of the spousal annuity, then the spouse may receive the member's accumulated contributions plus interest, if any, in a lump-sum distribution.

C. Spousal Annuity Generally

1. The spousal annuity is payable for the spouse's lifetime, regardless of remarriage, pursuant to A.C.A. § 24-7-710.

2. The spouse may defer receipt of the annuity, if applicable, under the deferred retirement provisions of A.C.A. § 24-7-707.

D. Alternative Residual Beneficiaries Generally

1. A member may select one or more alternative beneficiaries to receive a lump sum payment of the member's residue in lieu of the member's surviving spouse (called "alternative residual beneficiary or beneficiaries"), documented on forms provided and approved by ATRS, and no spousal benefit or other monthly benefits shall be paid.

2. If the member is a participant in T-DROP and chooses an alternative residual beneficiary or beneficiaries in lieu of the surviving spouse, and the member dies before retiring, then the designated alternative residual beneficiary or beneficiaries shall receive the T-DROP deposits as a lump sum and no spousal benefit or other monthly benefit shall be paid.

E. A member may change an alternative residual beneficiary or beneficiaries designation and revert to a spousal annuity designation by documenting the change on a form provided and approved by ATRS.

IV. Dependent Children Benefits

A. A surviving dependent child of the qualifying member may receive an annuity under A.C.A. § 24-7-710.

B. "Child of a member" as defined under A.C.A. § 24-7-202, is considered a dependent child for purposes of receiving a survivor annuity under § 24-7-710 from ATRS, if:

1. The child is younger than eighteen (18) years of age; or

2. The child is younger than twenty-three (23) years of age and has been a full time student without interruption since reaching age eighteen (18)
consistent with § 24-7-710(c)(2); or

3. The child is adjudged physically or mentally incapacitated by a court of competent jurisdiction.

C. To be considered a full-time student, the dependent child shall carry twelve (12) semester hours or eight (8) trimester hours in college, four (4) hours per day in a secondary or postsecondary school, or engage full-time in a curriculum or field of study based upon verifiable indices from an accredited institution. After the dependent child reaches eighteen (18) years of age, the dependent child may self-report their Certification of Attendance to ATRS, in the absence of a parent or legal guardian.

D. For a dependent child who is not a full-time student to continue receiving benefits after reaching eighteen (18) years of age, a doctor shall certify that the child is temporarily physically or mentally incapacitated to attend school for the current semester or term. At the beginning of the next semester or term, if the child does not reenter school full-time, the dependent child annuity will terminate.

E. A child who is adjudged physically or mentally incapacitated by a court of competent jurisdiction and for whom a guardian has been appointed shall continue to be eligible to receive a dependent child annuity as long as the incapacity exists, regardless of age. A.C.A. § 24-7-710.

F. A dependent child annuity is established according to the formula set out in A.C.A. §24-7-710. The dependent child annuity remains at its initial monthly amount, adjusted by an annual COLA increase, as may be designated by the board. If more than one dependent child in a member’s family receives an annuity, each child’s annuity remains at its initial monthly amount and is not readjusted when the member’s other dependent children’s annuities terminate.

G. A deposit account designated to receive a survivor annuity payment for the benefit of a child under age eighteen (18) shall conform with the Arkansas Uniform Transfers to Minors Act or with a court order in a guardianship proceeding for the benefit of the ward. Each survivor annuity payment is made as a separate payment to the eligible child in the appropriate deposit account, and shall not be co-mingled with payments to other family members.

H. The total salary that the member would have received in the fiscal year in which the member died, or the member’s highest member salary in another fiscal year, whichever is higher, will be used to calculate a dependent child survivor benefit.

V. General Rules Regarding Survivor Annuities
A. Survivors are required to produce sufficient proof of eligibility under these provisions prior to receiving benefit payments.

B. ATRS will notify survivors who may be eligible for a survivor's benefit at the last address on file at ATRS. (See also ATRS Rule 11.VIII below).

C. If the member dies before receipt of the first disability retirement check but after receiving final approval for disability retirement, the benefits will be paid under the disability retirement option, alternative residual beneficiary designation, or to the beneficiaries as selected by the member.

D. If the member dies after the disability application is received by ATRS but before disability retirement is approved, then ATRS shall consider the member to have died in "active" service and survivor benefits under A.C.A. § 24-7-710 may be paid if no alternative residual beneficiary or beneficiaries designation has been made by the member.

E. Salary payments made after the death of a member that were earned prior to death are subject to ATRS deductions and shall be reported in total salary and days of service in the employer's quarterly report. Payments made by an employer after the death of an active member that are made as a mere gratuity and were not earned by the member shall not be included in the member's salary reported to ATRS and are not subject to contributions.

F. If survivor benefits are payable by more than one reciprocal system to eligible survivors of a deceased member, the survivors shall not receive more (as a percentage of the deceased member's final pay or as a minimum dollar amount) than the largest amount payable by a single reciprocal system. ATRS will prorate minimum benefits payable with any other reciprocal systems that have a minimum benefit provision. Each reciprocal system shall pay only its proportionate share of the minimum amount based on the ratio of service in its system to the total service in all reciprocal systems.

G. When the member elects to transfer from ATRS to APERS under the provisions of Act 793 of 1977, APERS' law governs the survivors' eligibility for a payment of residue or survivor benefits upon the member's death.

VI. Lump Sum Death Benefit Rules

A. The amount of the lump-sum death benefit may be set pursuant to rules adopted by the board in an amount up to ten thousand dollars ($10,000) per member. The board may adjust the amount of the lump-sum death benefit each year and, as actuarially appropriate, prorate the amount of the lump-sum benefit based on the ratio of the member's contributory and noncontributory service credit.
1. The amount of the lump-sum death benefit has been set by the Board of Trustees at $10,000 for eligible contributory members and eligible members who have a combination of contributory and non-contributory with at least fifteen (15) years of contributory service. For eligible noncontributory members the amount of the lump-sum death benefit has been set at $6,667, or a prorated amount at a ratio of 3:2 based upon the eligible member’s contributory and noncontributory service credit.

12. The lump-sum death benefit will be paid as a single amount to the beneficiary designated by the eligible member. If the eligible member failed to designate a beneficiary or a designated beneficiary did not survive, the lump-sum death benefit will be paid to the member’s estate.

3. However, on or after July 1, 2011, if a member has accrued a minimum of fifteen (15) years of actual, contributory service, but has also accrued noncontributory service, the member is eligible for his or her survivors to receive the maximum lump-sum death benefit as determined by the board.

24. Under Act 1323 of 2009, all lump-sum death benefit distributions made after June 30, 2009, shall be tax exempt, and no federal or state income tax shall be withheld by ATRS. After June 30, 2009, the lump-sum death benefit shall not be eligible for a direct rollover.

B. Only members who are active or retired at the time of their death qualify for the lump-sum death benefit. Inactive members shall not be entitled to a lump-sum death benefit. A member is considered active for an additional fiscal year following the last fiscal year that the member renders at least one-fourth (1/4) year of actual service to a covered employer, credited as the total days of service.

C. A member must have accrued the required amount of actual service at the time of his or her death to qualify for the lump-sum death benefit.

D. A member may designate any natural person(s) or duly formed legal entity as his or her lump-sum death beneficiary, including a corporation, trust, partnership, or other recognized legal entity.

E. In order for a lump-sum death benefit to be paid, the member must complete and sign an ATRS approved lump-sum death beneficiary form and clearly designate an eligible lump-sum death beneficiary.

EF. The completed lump-sum death beneficiary form must be received by ATRS prior to the member’s death to be effective.

FG. The member’s most recently executed and filed lump-sum death
beneficiary form supersedes all prior lump-sum death beneficiary forms that may have been filed by the member.

GH. If the member is eligible for the lump-sum death benefit at their death, the lump-sum death benefit payment shall be made within a reasonable amount of time to the member’s proper beneficiary upon receipt of a written application, acceptable proof of the beneficiary’s identification, and proof of the member’s death.

HI. Lump-sum death beneficiary forms signed by a member’s agent (such as an attorney-in-fact under a power of attorney) will not be processed until the document appointing the agent is filed with and accepted by ATRS. The document must authorize the agent to transact retirement plan business on behalf of the member, and specifically authorize the agent to change beneficiary designations.

IJ. ATRS will not accept a lump-sum death beneficiary form signed by a guardian of the member’s estate or other court-appointed conservator without an accompanying court order authorizing the guardian’s designation of beneficiary(s).

JK. A lump-sum death beneficiary may waive his or her rights to payment of the lump-sum death benefit by submitting a waiver and relinquishment form acceptable to ATRS. Upon receipt of a valid waiver, ATRS will pay the remaining eligible beneficiary(s).

KL. A lump-sum death beneficiary may not assign payment of a lump-sum death benefit to another person or entity.

LM. ATRS reserves the right to deduct from the lump-sum death benefit any amounts owed to ATRS by the member under A.C.A. § 24-7-205.

MN. ATRS reserves the right to collect any overpayments or other amounts owed to ATRS by the lump-sum death beneficiary(s).

NO. ATRS shall comply with all applicable laws relating to the distribution of the lump-sum death benefit including federal and state tax laws and the Uniform Transfer to Minors Act.

VII. Qualified Domestic Relations Orders (QDRO) for ATRS Members

A. A QDRO is a court order that assigns a portion of a member’s retirement benefit to be paid to an alternate payee (the divorced spouse) upon the member’s retirement or upon a refund of the member’s contributions.

B. Under A.C.A. § 9-18-103(b), ATRS adopted a model QDRO to be utilized by its members when dividing an ATRS retirement benefit. A QDRO issued by a court must substantially follow the form and content of the ATRS model QDRO.
C. ATRS shall accept a QDRO issued by a circuit court of the State of Arkansas or other court of competent jurisdiction regarding a member, subject to the following:

1. Benefits to the alternate payee shall begin when the member retires or when the member ceases employment with a covered employer and receives a refund of contributions.

2. ATRS shall:
   a. Promptly notify the member and the alternate payee upon receipt of a QDRO, and
   b. Within a reasonable time after receipt of the QDRO, determine whether the QDRO complies with ATRS's model QDRO and ATRS laws and regulations.

3. A member or alternate payee may file a QDRO with ATRS prior to the member's retirement or termination of covered employment, but the alternate payee's portion is held in the member's account until payable under paragraph VII.C.1 above.

4. A QDRO shall not require ATRS to:
   a. Provide an alternate payee any type or form of benefit or option not otherwise available to the member;
   b. Provide the alternate payee actuarial benefits not available to the member; or
   c. Pay any benefits to an alternate payee that are required to be paid to another alternate payee under an existing QDRO.

5. If alternate payee dies prior to the receipt of benefits under the QDRO, any amount or benefit that would be due to the alternate payee reverts to the member.

6. If the member dies prior to retirement, the alternate payee shall receive the same portion of the member's contributions, if any, as was assigned by the QDRO. In no case shall the alternate payee receive monthly annuity benefits from ATRS if the member has not received his/her retirement annuity at the time of his/her death.

7. ATRS computes the alternate payee's monthly annuity benefit under a QDRO on the benefit formula in effect at the time of the member's retirement and includes only service credit earned by the member during the marriage.

8. If the QDRO assigns a marital portion or other part of a member's interest in his/her T-DROP plan deposits and interest, the benefits in the T-DROP account shall be computed as a separate calculation.
under the provisions in the model order.

9. ATRS shall have the right to make any necessary correction to the monthly benefit amount paid under a QDRO and to recover from either the member or the alternate payee any overpayments due to ATRS.

10. If the alternate payee fails at any time to notify ATRS of a change of mailing address, ATRS shall not be required to make restitution for payments not made prior to receipt of a change of address.

11. Any benefit enhancements enacted by the Legislature or the Board of Trustees after entry of a QDRO shall not be assigned to the alternate payee but shall inure to the sole benefit of the member.

12. ATRS shall not accept a QDRO for a member who does not have five (5) years of actual service with ATRS at the time the QDRO is issued by a court.

13. If ATRS determines that the alternate payee's monthly benefits are less than twenty dollars ($20.00), ATRS shall pay the member the total benefit due and the member shall be responsible for paying the alternate payee their portion under the QDRO.

14. QDRO shall not require ATRS to provide any benefit that is an actuarial cost to ATRS and is not otherwise contemplated in the ATRS' law and rules.

15. No provision in this rule or in a QDRO accepted by ATRS shall require ATRS to violate any plan qualification requirement in IRS Code § 401(a) or otherwise affect the ATRS requirement to operate as a governmental plan under IRS Code § 414(d).

VIII. Lost Payees Rules

A. Each member of ATRS, as well as each beneficiary of a deceased member, is responsible for filing with ATRS in writing a current post office address and each change of post office address of the member or beneficiary.

B. Any communication addressed to a member or beneficiary at the The last filed address, or, if no address has been filed, the last address indicated on the records of the employer of the member or the beneficiary shall be the official address for ATRS communications to the member or beneficiary, and shall be binding on the member or beneficiary for all purposes of ATRS. Under A.C.A. § 24-7-734, ATRS has no obligation to determine the current address for any member or beneficiary.

C. Member payments in the possession of ATRS are excluded from the definition of property under the Arkansas Unclaimed Property Act (A.C.A.
§ 18-28-201 et seq.). A.C.A. § 24-7-734 supersedes any conflict with the Arkansas Unclaimed Property Act.
State of Arkansas
92nd General Assembly
Regular Session, 2019

By: Representative S. Smith

For An Act To Be Entitled
AN ACT TO AMEND THE LAW CONCERNING ELIGIBILITY FOR A
DEPENDENT CHILD ANNUITY UNDER THE ARKANSAS TEACHER
RETIREMENT SYSTEM; TO DECLARE AN EMERGENCY; AND FOR
OTHER PURPOSES.

Subtitle
TO AMEND THE LAW CONCERNING ELIGIBILITY
FOR A DEPENDENT CHILD ANNUITY UNDER THE
ARKANSAS TEACHER RETIREMENT SYSTEM; AND
TO DECLARE AN EMERGENCY.

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

SECTION 1. Arkansas Code § 24-7-710(c)(2), concerning a child who may
be considered a dependent child of a member and eligibility for a dependent
child annuity, is amended to read as follows:

(2)(A) A child shall be considered a dependent child and
eligible for the dependent child annuity until he or she reaches eighteen
(18) years of age.

(B)(i) However, eligibility for the dependent child
annuity shall continue after the The child reaches of a deceased member is
considered a dependent child and is eligible for the dependent child annuity
at eighteen (18) years of age or older, but not older than twenty-three (23)
years of age, if the child continues consecutively if the dependent child
stays continuously enrolled as a full-time student at an accredited secondary
school, college, or university, but in any event, not beyond twenty-three
(23) years of age.
(ii) Any Regardless of age, a deceased member's child who has been deemed physically or mentally incapacitated by a court of competent jurisdiction is eligible to receive a dependent child annuity for as long as the incapacity exists, regardless of age.

SECTION 2. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that certain provisions of the Arkansas Teacher Retirement System Act, an act that created a state agency for the purpose of providing retirement benefits to school employees of the state, are in need of revision and updating to maintain the teacher retirement laws in conformance with sound public pension policy; that the Arkansas Teacher Retirement System operates on a fiscal year of July 1 to June 30; that a July 1, 2019 effective date is necessary to allow the provisions within this act to begin on the first day of the fiscal year to provide proper administration of the procedures referenced in this act; that the updates and revisions to the Arkansas Teacher Retirement System Act are of great importance for actuarial purposes and the protection of member benefits under the Arkansas Teacher Retirement System; and that this act is necessary in order to maintain an orderly system of benefits for the members of the Arkansas Teacher Retirement System. Therefore, an emergency is declared to exist, and this act being necessary for the preservation of the public peace, health, and safety shall become effective on July 1, 2019.

APPROVED: 2/26/19
Stricken language would be deleted from and underlined language would be added to present law.
Act 427 of the Regular Session

State of Arkansas

As Engrossed: H2/27/19

A Bill

HOUSE BILL 1320

By: Representative Maddox

For An Act To Be Entitled

AN ACT TO MAKE TECHNICAL CORRECTIONS TO TITLE 24 OF
THE ARKANSAS CODE CONCERNING RETIREMENT AND PENSIIONS
UNDER THE ARKANSAS TEACHER RETIREMENT SYSTEM; TO
DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle

TO MAKE TECHNICAL CORRECTIONS TO TITLE 24
OF THE ARKANSAS CODE CONCERNING
RETIREMENT AND PENSIIONS UNDER THE
ARKANSAS TEACHER RETIREMENT SYSTEM; AND
TO DECLARE AN EMERGENCY.

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

SECTION 1. Arkansas Code § 24-2-701(c)(1), concerning employer
cost contributions to the state public employee retirement systems, is
amended to read as follows:

(1)(A) For the Arkansas Teacher Retirement System, for the
fiscal years ending June 30, 2008, and June 30, 2009, the Board of Trustees
of the Arkansas Teacher Retirement System shall establish employer
cost contributions prospectively each year.

(B) The employer contribution rates shall be based on the
actuary's determination of the rate required to fund the plan in accordance
with the objectives as necessary to meet the general financial objective set
forth in subsection (a) of this section.

(C) The employer contribution rates shall be the rates
determined by the Board of Trustees of the Arkansas Teacher Retirement System
under § 24-7-401(c) and based on the annual actuarial valuation of the
Arkansas Teacher Retirement System.

(D) For the fiscal years ending June 30, 2008, and June 20, 2009, the employer contribution rate shall not exceed fourteen percent (14%).

SECTION 2. Arkansas Code § 24-7-202(18), concerning the definition of "final average salary" under the Arkansas Teacher Retirement System Act, is amended to read as follows:

(18)(A)(1) "Final average salary" means the average of the remuneration paid to a member by a participating employer during the fiscal year ending June 30 of not less than three (3) years nor more than five (5) years of credited service producing the highest annual average highest salaries earned by a member in state fiscal years determined in accordance with the rules and regulations of the board as is actuarially appropriate for the Arkansas Teacher Retirement System.

(44) Before reducing the time period used to determine final average salary, the board shall file relevant information concerning the actuarial appropriateness of the action with the Joint Interim Committee on Public Retirement and Social Security Programs, and the action shall be reviewed by the Joint Interim Committee on Public Retirement and Social Security Programs.

(B) If a member has less than the minimum of three (3) years of credited service, "final average salary" means the annual average of salaries paid to him or her during his or her total years of credited service, subject to the provisions of subdivision (32) of this section;

SECTION 3. Arkansas Code § 24-7-202(25), concerning the definition of "nonteacher" under the Arkansas Teacher Retirement System Act, is amended to read as follows:

(25) "Nonteacher" means any member except a member who is not a teacher;

SECTION 4. Arkansas Code § 24-7-202(30), concerning the definition of "retirant" under the Arkansas Teacher Retirement System Act, is amended to read as follows:

(30) "Retirant" "Retiree" or "retirant" means a member receiving
an Arkansas Teacher Retirement System annuity;

SECTION 5. Arkansas Code § 24-7-202, concerning definitions applicable to the Arkansas Teacher Retirement System Act, is amended to add an additional subdivision to read as follows:

(43) "Administrator" means:

(A) A person who is:

(i) Employed by an education related agency that participates in the Arkansas Teacher Retirement System;

(ii) An active member employed in a position that is a grade GS13, a grade above a GS13, or the equivalent of a grade GS13; or

(B) A person who is:

(i) Employed by a participating employer of the Arkansas Teacher Retirement System; and

(ii) Any one of the following:

(a) A public school superintendent, assistant superintendent, principal, or vice principal;

(b) A president, chancellor, or a director of an institution of higher education; or

(c) A president, vice president, or a director of a community college vocational, technical, or educational cooperative.

SECTION 6. Arkansas Code § 24-7-208 is amended to read as follows:

24-7-208. Benefit enhancements – Restrictions.

(a) No benefit enhancement provided for by this act shall be implemented if it would cause the publicly supported retirement system's unfunded actuarial accrued liabilities to exceed a thirty-year or eighteen-year amortization.

(b) No benefit enhancement provided for by this act shall be implemented by any publicly supported system which has unfunded actuarial accrued liabilities being amortized over a period exceeding thirty (30) eighteen (18) years until the unfunded actuarial accrued liability is reduced to a level less than the standards prescribed by § 24-1-101 et seq.

SECTION 7. Arkansas Code § 24-7-301(2)(C), concerning active member trustees employed in a position requiring an administrator's license as
members of the Board of Trustees of the Arkansas Teacher Retirement System, 
is amended to read as follows:

(C)(i) Two (2) active member trustees shall be employed in 
a position requiring an administrator's license, one (1) of whom must shall 
be a superintendent or an educational cooperative director an administrator.

(ii) These two (2) active member trustees shall be 
elected by members employed in positions requiring administrator-licensure an 
administrator’s license.

SECTION 8. Arkansas Code § 24-7-406(b)(5), concerning members who left 
covered employment under the Arkansas Teacher Retirement System before July 
1, 1985, is amended to read as follows:

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

SECTION 9. Arkansas Code § 24-7-601(c)(2)(A), concerning when days of 
paid sick leave cannot be considered service under the Arkansas Teacher 
Retirement System, is amended to read as follows:

(2)(A) Except as provided under subdivision (c)(2)(B) of this 
section, days of paid sick leave shall not be considered service if the 
payment is for unused sick leave paid or unpaid accrued, unused sick leave 
shall not be credited as service in the Arkansas Teacher Retirement System.

SECTION 10. Arkansas Code § 24-7-605 is amended to read as follows:
24-7-605. Service in General Assembly.

(a)(1)(A)(i) Any member of the Senate or House of Representatives of 
the General Assembly who is a member of the Arkansas Teacher Retirement 
System shall be eligible, upon application, to receive credited service and 
salary in the system for his or her full contract salary in the event that a 
cut in pay is required by the school district during his or her attendance at 
regular or extraordinary sessions of the General Assembly or during his or 
her attendance at meetings of regular or special committees of the General 
Assembly during the interim.
(ii) These meetings shall include, but not be limited to, the Legislative Council, the Legislative Joint Auditing Committee, the interim committees, and special legislative committees.

(B) The member shall receive credited service and salary upon payment by him or her of the necessary member contribution and upon appropriation from the Public School Fund of the necessary employer contribution for the amount of the salary reduction during periods of attending regular or extraordinary sessions of the General Assembly or sessions of legislative committees.

(2) The amount of credited service salary shall not exceed the contract salary of the member for the school year contract period.

(3)(A) Any member of the House of Representatives or the Senate currently serving in the General Assembly or the legislative committees for any year prior to July 6, 1977, not to exceed five (5) years, may make application for and receive credited service and salary in the system for his or her full contract salary as an employee with respect to any reduction therein during attendance at regular or extraordinary sessions of the General Assembly or sessions of legislative committees in which he or she served.

(B) This shall be done only if he or she pays to the system the member contribution required by law, and if appropriation is made from the Public School Fund for the necessary employer contribution required by law for that portion of his or her contract salary for any period for which he or she suffered a reduction in pay during legislative service.

(b)(1) Any member of the Senate or House of Representatives of the General Assembly who is an employee and is a member of the system shall be eligible, upon application, to receive credited service and salary in the system for his or her full contract salary in the event that either the member or the school district decides it is in the best interest of the school district for the member to take a leave of absence for up to one (1) full calendar year at a time to attend to his or her duties as a General Assembly member.

(2) Service and salary shall be credited upon payment by the member of the necessary member contribution and the necessary employer contribution for the amount of the member's contract salary during periods of attending regular or extraordinary sessions of the General Assembly or sessions of legislative committees.
(3) The amount of credited service salary shall not exceed the member's contract salary for the school year contract period.

SECTION 11. Arkansas Code § 24-7-608 is amended to read as follows:
24-7-608. Limitation on benefit enhancement.
(a) No A benefit enhancement provided for by this act shall not be implemented if it would cause the publicly supported retirement system's unfunded actuarial accrued liabilities to exceed a thirty-year an eighteen-year amortization.
(b) No A benefit enhancement provided for by this act shall not be implemented by any publicly supported system which has unfunded actuarial accrued liabilities being amortized over a period exceeding thirty (30) eighteen (18) years until the unfunded actuarial accrued liability is reduced to a level less than the standards prescribed by § 24-1-101 et seq.

SECTION 12. Arkansas Code § 24-7-610(c), concerning the amount of purchased service credit a member receives for service in the National Guard or armed forces reserve under the Arkansas Teacher Retirement System, is amended to read as follows:
(c) Members shall receive one (1) year of purchased service credit for each one (1) year of service in the National Guard or the armed forces reserve A member may, one (1) time each fiscal year, purchase up to one (1) year of service credit for each one (1) year of service in the National Guard or armed forces reserve.

SECTION 13. Arkansas Code § 24-7-710(d), concerning amounts received in the form of a survivor annuity from the deposit account of a member of the Arkansas Teacher Retirement System, is amended to read as follows:
(d) For the purposes of § 24-7-709 related to the disposition of a member's residue amount, any amounts a survivor annuity received from the member's deposit account in the form of a survivor annuity under this section shall be considered annuity payments received by the member or his or her designated beneficiary and shall offset any disposition of residue payable under § 24-7-709 to the estate of the member or to an alternate payee.

SECTION 14. Arkansas Code § 24-7-713(b), concerning a modification of
the amount of a benefit stipend by the Board of Trustees of the Arkansas Teacher Retirement System, is amended to read as follows:

(b)(1) A member with at least ten (10) years of actual service in the Arkansas Teacher Retirement System is eligible to receive a benefit stipend in addition to his or her monthly retirement benefit.

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

(3)(3) A benefit stipend increase or decrease adopted by the board shall apply to a complete fiscal year and shall remain in effect until adjusted by the board subject to the limitations under subdivision (b)(4) (b)(5) of this section.

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

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

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

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

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

(7) If a member was eligible for a benefit stipend, the benefit stipend shall be applied to the monthly benefit of the member's designated survivor and option beneficiary.

SECTION 15. Arkansas Code § 24-7-718(a), concerning the requirements for an increase in benefit formulas to be effective under the Arkansas Teacher Retirement System, is amended to read as follows:

(a) For an increase in benefit formulas to be effective, the regular annual actuarial valuation for the calendar year immediately preceding the effective date of the increase shall be based upon an investment rate assumption of no more than eight percent (8%) as recommended by the system's
actuary as financially sound for the Arkansas Teacher Retirement System and
set by the Board of Trustees of the Arkansas Teacher Retirement System and
shall indicate that up to and including a fourteen percent (14%) of pay
employer contribution rate is sufficient to amortize all unfunded actuarial
accrued liabilities for members over a period of thirty (30) eighteen (18)
years or less unless the required contribution rate would exceed fourteen
percent (14%).

SECTION 16. Arkansas Code § 24-7-720(e), concerning the implementation
of a benefit enhancement under the Arkansas Teacher Retirement System, is
amended to read as follows:

(e)(1) No A benefit enhancement provided for by under this section
shall not be implemented if it would cause the publicly supported retirement
system's unfunded actuarial accrued liabilities to exceed a thirty-year an
eighteen-year amortization.

(2) No If the system's unfunded actuarial accrued liabilities
exceed an eighteen-year amortization, a benefit enhancement provided for by
under this section shall not be implemented by any publicly supported system
that has unfunded actuarial accrued liabilities being amortized over a period
exceeding thirty (30) years until the unfunded actuarial accrued liability is
reduced to a level less than the standards prescribed by § 24-1-101 et seq.

SECTION 17. Arkansas Code § 24-7-725 is amended to read as follows:
24-7-725. Limitation on benefit enhancement of § 24-7-702.

(a) No A benefit enhancement provided by § 24-7-702 shall not be
implemented if it would cause the publicly supported retirement system's
unfunded actuarial accrued liabilities of the Arkansas Teacher Retirement
System to exceed a thirty-year an eighteen-year amortization.

(b) No If the system's unfunded actuarial accrued liabilities exceed
an eighteen-year amortization, a benefit enhancement provided for by § 24-7-
702 shall not be implemented by any publicly supported system which has
unfunded actuarial accrued liabilities being amortized over a period
exceeding thirty (30) years until the unfunded actuarial accrued liability is
reduced to a level less than the standards prescribed by § 24-1-101 et seq.

SECTION 18. Arkansas Code § 24-7-736(c)(1) and (2), concerning the
computation of a final average salary for retirement benefits received under the Arkansas Teacher Retirement System, are amended to read as follows:

(c)(1) The Board of Trustees of the Arkansas Teacher Retirement System shall set annually the applicable number of years to be used in computing final average salary for retirement benefits at not less than three (3) years and not more than five (5) years.

(2)(A) Full service years that are recorded as service credit shall be used in the calculation unless the member has a partial service year that is higher than a full service year of the final average salary.

(B) If the member does not have full service years for the total years of service used in the calculation of final average salary, then the board may establish by rule a fair base year for a member's final average salary for purposes of comparison under subdivision (c)(3) of this section.

(C) If a member has less than the minimum number of years of credited service required for the final average salary formula, the final average salary of the member shall be the total salary paid to the member for his or her years of credited service divided by the member's total credited years of service.

(D) Before reducing the number of years that is used to determine the final average salary, the board shall file relevant information concerning the actuarial appropriateness of the action with the Joint Interim Committee on Public Retirement and Social Security Programs for review by the Joint Interim Committee on Public Retirement and Social Security Programs.

SECTION 19. Arkansas Code § 24-7-736(f), concerning final average salary calculations under the Arkansas Teacher Retirement System, is amended to read as follows:

(f)(1) The board may adjust the final average salary calculated in accordance with subsection (c) of this section by board resolution provided that:

(l)(A) The percentage increase under subdivision (c)(3)(D) of this section is adjusted no lower than one hundred five percent (105%) per year and no higher than one hundred twenty percent (120%) per year; and

(2)(B) The salary differential permitted under subdivision (c)(3)(D) of this section is set no lower than one thousand two hundred fifty dollars ($1,250) per year and no higher than five thousand dollars ($5,000)
per year.

(2) A partial service year is excluded from the calculation of the final average salary under this subsection.

SECTION 20. Arkansas Code § 24-7-1307(d), concerning interest applied to the Teacher Deferred Retirement Option Plan account of a participant, is amended to read as follows:

(d) If a participant continues covered employment after completing ten (10) consecutive years in the plan, the participant’s plan account shall be credited on June 30 of each year or through the date of retirement, whichever occurs first, with ten (10) year plus plan interest as set by the board.

SECTION 21. Arkansas Code § 24-7-1313 is amended to read as follows:


(a) No A benefit enhancement provided for by § 24-7-1306 shall not be implemented if it would cause the publicly supported retirement system’s Arkansas Teacher Retirement System’s unfunded actuarial accrued liabilities to exceed a thirty-year amortization.

(b) No A benefit enhancement provided for by § 24-7-1306 shall not be implemented by any publicly supported the system which has unfunded actuarial accrued liabilities being amortized over a period exceeding thirty (30) years until the unfunded actuarial accrued liability is reduced to a level less than the standards prescribed by § 24-1-101 et seq. an eighteen-year amortization.

SECTION 22. Arkansas Code § 24-7-1504(b), concerning the implementation of ad hoc benefits under the Retirants’ Ad Hoc Increase Act, is amended to read as follows:

(b) An ad hoc benefit under this subchapter shall not be implemented if the ad hoc benefit would cause the Arkansas Teacher Retirement System’s unfunded actuarial accrued liabilities to exceed a thirty-year amortization.

SECTION 23. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that certain provisions of the Arkansas Teacher Retirement System Act, an act that created a state agency
for the purpose of providing retirement benefits to school employees of the
state, are in need of revision and updating to maintain the teacher
retirement laws in conformance with sound public pension policy; that the
Arkansas Teacher Retirement System operates on a fiscal year of July 1 to
June 30; that a July 1, 2019 effective date is necessary to allow the
provisions of this act to begin on the first day of the fiscal year and to
provide for the proper administration of the Arkansas Teacher Retirement
System; that the updates and revisions to the Arkansas Teacher Retirement
System Act are of great importance for actuarial purposes and the protection
of member benefits under the Arkansas Teacher Retirement System; and that
this act is necessary in order to maintain an orderly system of benefits for
the members of the Arkansas Teacher Retirement System. Therefore, an
emergency is declared to exist, and this act being necessary for the
preservation of the public peace, health, and safety shall become effective
on July 1, 2019.

/s/Maddox

APPROVED: 3/12/19