

1 State of Arkansas
2 93rd General Assembly
3 Regular Session, 2021
4

As Engrossed: H3/8/21

A Bill

HOUSE BILL 1275

5 By: Representative S. Smith
6

For An Act To Be Entitled

8 AN ACT CONCERNING RECIPROCAL SERVICE CREDIT AS IT
9 RELATES TO THE ADMINISTRATION OF MONTHLY BENEFITS;
10 CONCERNING THE DEFINITIONS OF "ALTERNATE RETIREMENT
11 PLAN" AND "ALTERNATIVE RETIREMENT PLAN"; TO DECLARE
12 AN EMERGENCY; AND FOR OTHER PURPOSES.
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Subtitle

15 CONCERNING RECIPROCAL SERVICE CREDIT AS
16 IT RELATES TO THE ADMINISTRATION OF
17 MONTHLY BENEFITS; CONCERNING THE
18 DEFINITIONS OF "ALTERNATE RETIREMENT
19 PLAN" AND "ALTERNATIVE RETIREMENT PLAN";
20 AND TO DECLARE AN EMERGENCY.
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23

24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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26 SECTION 1. Arkansas Code § 24-7-202, concerning definitions applicable
27 to the Arkansas Teacher Retirement System, is amended to add an additional
28 subdivision to read as follows:

29 (44) "Alternate retirement plan" means a retirement plan based
30 on the purchase of contracts providing retirement and death benefits for
31 employees under § 24-7-801 et seq. or § 24-7-901 et seq.
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33 SECTION 2. Arkansas Code § 24-7-601(e), concerning credited service
34 generally and reciprocal service under the Arkansas Teacher Retirement
35 System, is amended to add an additional subdivision to read as follows:

36 (7)(A) Except as otherwise provided under this subdivision,



1 reciprocal service earned from participation in an alternate retirement plan
2 shall be used only if the member's contributions to the alternate retirement
3 plan have not been withdrawn in full or in part from the alternate retirement
4 plan by the member.

5 (B) The following shall not prevent a member from
6 establishing reciprocal service in an alternate retirement plan:

7 (i) A withdrawal made by the member from the
8 alternate retirement plan after the member attains fifty-nine and one-half
9 (59 1/2) years of age; and

10 (ii) An eligible rollover transaction under the
11 Internal Revenue Code.

12 (C) In order to restore the use of reciprocal service, a
13 member may repay to an alternate retirement plan a withdrawal made from the
14 alternate retirement plan by the member before the member attained fifty-nine
15 and one-half (59 1/2) years of age if allowed by the alternate retirement
16 plan.

17 (D) A salary earned from participation in an alternate
18 retirement plan shall not be used in the final average salary calculated by
19 the system.

20 (E) The board may promulgate rules for the administration
21 of reciprocal service under an alternate retirement plan, including without
22 limitation rules for salaries, withdrawals, and rollover eligibility under
23 this subdivision.

24
25 SECTION 3. Arkansas Code § 24-7-909 is amended to read as follows:

26 24-7-909. Extension of group insurance coverage by dependents of
27 deceased eligible employee.

28 Upon the death of an insured eligible employee of an institution of
29 higher education or of an insured eligible employee who is a member of the
30 alternate retirement plan for employees of the Career Education and Workforce
31 Development Board or of a person retired and receiving benefits under the
32 alternate retirement plan, the dependents of the deceased person shall have
33 the same option to extend the group insurance coverage of the dependents
34 under the state group insurance plan as is afforded dependents of other
35 deceased insured employees and ~~retirants~~ retirees.

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1 SECTION 4. Arkansas Code § 24-7-1601(b)(4), concerning the legislative
2 history and findings regarding optional participation by employees of
3 institutions of higher education in the Arkansas Teacher Retirement System,
4 is amended to read as follows:

5 (4) The general intent of the early legislation was to allow
6 those institutions of higher education employers to offer their employees the
7 option to participate in an ~~alternative~~ alternate retirement plan, the
8 Arkansas Teacher Retirement System retirement plan, or the Arkansas Public
9 Employees' Retirement System retirement plan.

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11 SECTION 5. Arkansas Code § 24-7-1602(1) and (2), concerning the
12 definitions of "alternative retirement plan" and "benefits-eligible" as they
13 apply to the optional participation of employees of institutions of higher
14 education in the Arkansas Teacher Retirement System, is amended to read as
15 follows:

16 (1) ~~"Alternative retirement plan" means an optional retirement~~
17 ~~plan based on the purchase of contracts providing retirement and death~~
18 ~~benefits for a benefits-eligible employee of a post-secondary or higher~~
19 ~~education employer;~~

20 ~~(2)~~ "Benefits-eligible" means a class of employees, determined
21 at the discretion of a post-secondary or higher education employer, eligible
22 to participate in the Arkansas Teacher Retirement System, an alternate
23 retirement plan, or the Arkansas Public Employees' Retirement System;

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25 SECTION 6. Arkansas Code § 24-7-1603(a)(1), concerning the effect of
26 the subchapter on other law, is amended to read as follows:

27 (a)(1) This subchapter controls any inconsistent provision of any
28 other law regarding the enrollment and coverage of an employee of a PSHE
29 employer in either the Arkansas Teacher Retirement System retirement plan or
30 an ~~alternative~~ alternate retirement plan that is offered by a PSHE employer.

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32 SECTION 7. EMERGENCY CLAUSE. It is found and determined by the
33 General Assembly of the State of Arkansas that the operations of a state
34 public retirement system are complex; that the Arkansas Teacher Retirement
35 System must be able to meet the needs of its members as anticipated by the
36 General Assembly; that certain provisions of § 24-7-201 et seq. are in need

1 of immediate revision and updating to conform with sound public pension
2 policy and actuarial requirements; that there are conflicts in the law
3 applicable to the Arkansas Teacher Retirement System concerning reciprocal
4 service in alternate retirement plans; that member benefits will be at risk
5 if the conflicts in the law concerning reciprocal service in alternate
6 retirement plans remain unresolved; that this act resolves the conflicts in
7 the law concerning reciprocal service in alternate retirement plans; that
8 such revision and updating is of great importance to members of the Arkansas
9 Teacher Retirement System and to other citizens of this state; and that this
10 act is necessary in order to maintain an orderly system of benefits for the
11 members of the Arkansas Teacher Retirement System and reciprocal systems.
12 Therefore, an emergency is declared to exist, and this act being immediately
13 necessary for the preservation of the public peace, health, and safety shall
14 become effective on:

15 (1) The date of its approval by the Governor;

16 (2) If the bill is neither approved nor vetoed by the Governor,
17 the expiration of the period of time during which the Governor may veto the
18 bill; or

19 (3) If the bill is vetoed by the Governor and the veto is
20 overridden, the date the last house overrides the veto.

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22 /s/S. Smith

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25 **APPROVED: 3/23/21**
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