

**HOUSE AMENDMENT 2 TO hb1266.**

deleting everything in the Title on lines 10 through 14 of page 1 and substituting therefor a new Title as follows:

"AN ACT TO AMEND ARKANSAS CODE § 24-7-701 AND ARKANSAS CODE § 24-7-702 TO PROVIDE MEMBERS OF THE TEACHER RETIREMENT SYSTEM WITH FULL RETIREMENT BENEFITS WITH TWENTY-EIGHT (28) YEARS OF CREDITED SERVICE REGARDLESS OF AGE; TO AMEND ARKANSAS CODE § 24-7-705 TO PROVIDE TRS MEMBERS AN INCREASE IN THE MULTIPLIER AMOUNT FOR CALCULATING RETIREMENT ANNUITIES; TO PROVIDE A BENEFIT INCREASE FOR CERTAIN RETIRANTS AND BENEFICIARIES; TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.";

AND

by deleting everything in the Subtitle on lines 17 through 20 of page 1 and substituting therefor a new Subtitle as follows:

"TO ALLOW TRS MEMBERS TO RETIRE WITH 28 YEARS OF SERVICE AND TO GIVE MEMBERS AN INCREASE IN RETIREMENT ANNUITIES AND GIVE A BENEFIT INCREASE FOR RETIRANTS AND BENEFICIARIES.";

AND

by deleting everything in the SECTIONS 1. through 7. from line 24 of page 1 through line 23 of page 5 and substituting therefor the new SECTIONS as follow:

"SECTION 1. Arkansas Code § 24-7-701 is hereby amended to read as follows:

"24-7-701. Voluntary retirement.

(a) An active member who either attains age sixty (60) years and has ten (10) or more years of credited service or who has ~~thirty (30)~~ twenty-eight (28) or more years of credited service regardless of age may voluntarily retire upon his written application filed with the board.

(b) Upon his retirement, he shall receive an annuity as provided for in § 24-7-705.

(c) The annuity shall begin the first day of the calendar month next following the latest of:

(1) One (1) month after the date the written application is filed with the board;

(2) The member's termination of active membership;

(3) The member's attainment of the minimum age; or

(4) The member's completion of the minimum years of credited service.

(d) If a member is retiring with an effective date other than July 1, the member may retire effective the first day of a calendar quarter within that fiscal year, subject to the following limitations:

(1) No salary for service within that fiscal year shall be considered in determining final average salary; and

(2) Credited service for service within that fiscal year shall not exceed

one-quarter (1/4) year for each full calendar quarter elapsed since the beginning of that fiscal year.

(e) If a member is retiring with an effective date other than July 1 or the first day of a calendar quarter within the fiscal year, the following limitations shall apply:

(1) No salary for service within the fiscal year shall be considered in determining final average salary; and

(2) Credited service for service within the fiscal year shall not exceed one-quarter (1/4) year for each full calendar quarter elapsed since the beginning of the fiscal year; and

(3) Service credit to be used in the computation of benefits shall be computed only on the full calendar quarter completed and shall not include service credit for a partial calendar quarter worked.

(f) (1) If a member has signed an employment contract for a fiscal school year and been paid in full for that fiscal school year, in no event shall the annuity begin earlier than the July 1 next following that fiscal school year.

(2) If a member has signed an employment contract for a fiscal school year and if that contract is not completed, the member shall receive credit for service within the current fiscal year as provided in this section.

(g) The benefits provided by this section shall also be available to an inactive member with ~~thirty (30)~~ twenty-eight (28) or more years of credited service."

SECTION 2. Arkansas Code § 24-7-702 is hereby amended to read as follows:

"24-7-702. Early voluntary retirement.

(a) An active or inactive member who has twenty-five (25) or more years of credited service but has not attained age sixty (60) years and is not eligible for retirement under the provisions of § 24-7-701 may voluntarily retire early upon his written application filed with the board.

(b) (1) Upon an active or inactive member's retirement as provided in this section, he shall receive, in lieu of any other system benefit, an early annuity which shall be a certain percent of an annuity provided for in § 24-7-705.

(2) The percent shall be one hundred percent (100%) reduced by the sum of ten percent (10%) plus five-twelfths of one percent (5/12%) multiplied by the number of months by which the time of early retirement precedes the earlier of either completion of ~~thirty~~ twenty-eight (28) years of credited service or attainment of age sixty (60) years.

(c) Except for an inactive member, the annuity shall begin the first day of the calendar month next following the latest of:

(1) One (1) month after the date the written application is filed with the board;

(2) The member's termination of active membership; or

(3) The member's completion of the required credited service.

(d) For an inactive member, the annuity shall begin the first day of the calendar month after the date his written application is received by the board.

(e) If a member is retiring with an effective date other than July 1, the member may retire effective the first day of a calendar quarter within that fiscal year, subject to the following limitations:

(1) No salary for service within that fiscal year shall be considered in determining final average salary; and

(2) Credited service for service within that fiscal year shall not exceed one-quarter (1/4) year for each full calendar quarter elapsed since the beginning of that fiscal year.

(f) If a member is retiring with an effective date other than July 1 or the first day of a calendar quarter within the fiscal year, the following limitations shall apply:

(1) No salary for service within the fiscal year shall be considered in determining final average salary; and

(2) Credited service for service within the fiscal year shall not exceed one-quarter (1/4) year for each full calendar quarter elapsed since the beginning of the fiscal year; and

(3) Service credit to be used in the computation of benefits shall be computed only on the full calendar quarter completed and shall not include service credit for a partial calendar quarter worked.

(g) (1) If a member has signed an employment contract for a fiscal school year and been paid in full for that fiscal year, in no event shall the annuity begin earlier than the July 1 next following that fiscal school year.

(2) If a member has signed an employment contract for a fiscal school year and that contract is not completed, the member shall receive credit for service within the current fiscal year as provided in subsection (e) of this section.

(h) The benefits provided by this section shall also be available to an inactive member with ~~thirty (30)~~ twenty-eight (28) or more years of credited service."

SECTION 3. Arkansas Code § 24-7-705(a) (1), regarding the multiplier for a retirement annuity under the Teacher Retirement System, is amended to read as follows:

"(a) (1) Upon a member's retirement, he shall receive a straight life annuity equal to his number of years of credited services for which member contributions were made as provided in §24-7-406 multiplied by ~~two and five hundredths percent (2.05%)~~ two and sixty-five thousandths percent (2.065%) of his final average salary, or a straight life annuity equal to his number of years of credited service rendered after June 30, 1986, for which no member contributions were made as provided in § 24-7-406 multiplied by ~~one and twenty nine hundredths percent (1.29%)~~ one and three hundred and five thousandths percent (1.305%) of his final average salary, or a combination of both."

SECTION 4. On and after July 1, 1997, the monthly benefit payable to the retirants and the beneficiaries of retirants of the Arkansas Teacher Retirement System, who retired July 1, 1990 or later, shall be increased by an amount equal to seven tenths percent (.7%) of the benefit payable on June 30, 1997. This increase shall be a one-time adjustment and shall also be used to calculate any additional benefit increases in the future. The benefit payable on July 1, 1997, shall become the base amount.

SECTION 5. 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 (30) year amortization. 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) years until the unfunded actuarial accrued liability is reduced to a level less than the standards prescribed by 24-1-101 et seq.

SECTION 6. All provisions of this act of general and permanent nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code Revision Commission shall incorporate the same in the Code.

SECTION 7. If any provisions of this act or the application thereof to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provisions or application, and to this end the provisions of this act are declared to be severable.

SECTION 8. All laws and parts of laws in conflict with this act are hereby repealed.

SECTION 9. Emergency. It is hereby found and determined by the Eighty-First General Assembly of the State of Arkansas that, during the 1990's, behavioral problems with students and the number of school security problems have increased dramatically in the public schools of Arkansas; that older public school employees are more susceptible to these problems and are more adversely affected by this increased job stress; that younger employees can more easily adjust to these changes in the public school work environment; and that reducing the amount of time a public school employee must serve to receive full retirement benefits under the Teacher Retirement System to twenty-eight (28) years of service credit and increasing the amount of the retirement benefit multiplier for the System's active members will improve the motivation of public school employees and increase the productivity of the public schools and educational institutions in Arkansas. Therefore, in order to more effectively utilize public school and educational funds, an

emergency is hereby declared to exist, and this act being necessary for the immediate preservation of the public peace, health, and safety, shall become effective on the date of its approval by the Governor. If the bill is neither approved or vetoed by the Governor, it shall become effective on the expiration of the period of time during which the Governor may veto the bill. If the bill is vetoed by the Governor and the veto is overridden, it shall become effective on the date the last house overrides the veto."