

# MARK-UP

## RULE 9-2

### AGE AND SERVICE (VOLUNTARY) RETIREMENT

A.C.A. § 24-7-502, A.C.A. §§ 24-7-701—707, and A.C.A. § 24-7-202 and 24-7-727 (unless otherwise noted)

#### REGULATIONS

#### 4. I. RETIREMENT ELIGIBILITY

A. If eligible, any active or inactive member who attains age 60 and has five (5) or more years of actual and reciprocal service credit may voluntarily retire upon written application filed with the System.

B. If eligible, any active or inactive member who has not reached age 60 and has twenty-five (25) or more years of actual and reciprocal service credit, including purchased or free credited service, may voluntarily retire upon written application filed with the System.

C. In order to be eligible, a member must comply with the following requirements:

A.i. Satisfy the credited service requirements under one of the System's retirement statutes, A.C.A. §§ 24-7-701—707,

B.ii. Be credited with all required employer and member contributions in the member's deposit account with no amounts owed to the System,

C.iii. Pay all amounts owed to the System for underpayments or purchase service accounts; and

D.iv. Terminate employment with all participating employers or have reached age 65 or older.

#### 2.II. BENEFITS

##### A. Benefits Formula

The retirement benefits payable shall be the total number of contributory years of credited service multiplied by 2.15% of the final average salary, plus the total number of noncontributory years of credited service multiplied by 1.39% of the final average salary, unless modified by the board as necessary to maintain actuarial soundness. (A.C.A. § 24-7-705 (b)(5)).

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## B. Effective Date of Retirement Benefits (A.C.A. § 24-7-701)

If a member meets all eligibility requirements for retirement and is approved for retirement, annuity benefits shall be effective the month proposed by the member. If the member does not file an application at least one calendar month prior to the proposed effective retirement date, then that proposed retirement effective date cannot be used, and the member's effective retirement date shall be the following month.

If a member has signed an employment contract for the fiscal year and has been paid in full without providing service for the full period of the employment contract, the member's retirement effective date shall not be prior to July 1 of the subsequent fiscal year.

## C. Compound Cost of Living Adjustment (A.C.A. § 24-7-727)

- i. ~~In the years that the Board elects to compound the COLA, the simple COLA shall not be payable. In a year the Board elects not to compound the COLA, the simple COLA under A.C.A. § 24-7-713 shall be given. By Board resolution, as needed to maintain the actuarial soundness of the system, the Board may reverse a compound cost of living adjustment. A reversal may be phased in, as the Board determines appropriate.~~

## D. Last Benefit Payment Upon Death

Benefits are payable through the month in which the retirant's death occurs.

## E. Change of marital status

If the marriage of the member legally ends for any reason, the member may choose to cancel the designation of the former spouse as the designated beneficiary. If the member so chooses, the member must file a change of option beneficiary on an ATRS approved form, and any change in the benefit amount shall become effective the month after receipt by ATRS of the approved form.

## RULES

- ~~4.~~III. A member age 65 or older may apply for retirement benefits without terminating employment and may begin drawing benefits with no effect on the member's retirement benefit.

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2. IV. In addition to a complete retirement application, the following documents are mandatory documents and shall be submitted to ATRS within six (6) months of the effective date of retirement unless an extension is granted by ATRS:

A. Member elects a straight life annuity:

~~1.i.~~ Proof of member's birthdate from a birth certificate or other authenticating documents.

~~2. ii.~~ Proof of member's ~~tax-payer~~ taxpayer identification number from a Social Security card or other authenticating documents.

B. Member elects Option A or Option B benefit with Spouse as the beneficiary:

~~1.i.~~ Proof of member's birthdate from a birth certificate or other authenticating documents.

~~2.ii.~~ Proof of member's ~~tax-payer~~ taxpayer identification number from a Social Security card or other authenticating documents.

~~3.iii~~ Proof of spouse's birthdate from a birth certificate or other authenticating documents.

~~4.iv.~~ Proof of spouse's ~~tax-payer~~ taxpayer identification number from a Social Security card or other authenticating documents.

~~5.v.~~ Proof of marriage between the member and spouse from a marriage license or equivalent, marriage license recording document, or other legally acceptable proof of the existence of the marriage.

C. Member elects Option A or Option B benefit with incompetent child as the beneficiary:

~~1. i.~~ Proof of member's birthdate from a birth certificate or other authenticating documents.

~~2.ii.~~ Proof of member's ~~tax-payer~~ taxpayer identification number from a Social Security card or other authenticating documents.

~~3.iii.~~ Adequate proof of the existence of a guardianship of the member's child due to incapacity that preexists the member's official retirement date. Authenticating documents may include the order appointing guardianship of the person, letters of guardianship or other adequate proof of the existence of the guardianship due to the incapacity of the member's child.

~~4.iv.~~ Proof of child's ~~tax-payer~~ taxpayer identification number from a Social Security card or other authenticating documents.

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D. Member elects Option C annuity:

1.i. Proof of member's birthdate from a birth certificate or other authenticating documents.

2.ii. Proof of member's ~~tax payer~~ taxpayer identification number from a Social Security card or other authenticating documents.

E. If the member elects an alternative residual beneficiary or beneficiaries in lieu of their spouse, the member shall submit, on a form provided and approved by ATRS, the names of the alternative residual beneficiary or beneficiaries along with the alternative residual beneficiary's or beneficiaries' birthdate from a birth certificate or other authenticating document approved by ATRS. The selection of an alternative residual beneficiary or beneficiaries allows the member's residue from T-DROP and/or the member's contributions to be paid in a lump sum to the alternative residual beneficiary or beneficiaries and a monthly retirement annuity shall not be paid.

F. The failure to submit a complete retirement application and any mandatory documents within a six-month period from the member's effective retirement date plus any extension granted by ATRS shall result in the retirement application being voided and of no effect. This rule on required documents applies to all retirement applications including retirement based upon age retirement, service retirement, early retirement, and disability retirement.

## HISTORY

**Amended:** June 15, 2004  
February 7, 2006  
April 26, 2007  
June 16, 2009 (Emergency)  
October 5, 2009 (Permanent)  
July 1, 2011 (Emergency)  
**Adopted:** August 8, 2011  
**Effective:** November 11, 2011  
**Approved by Board: July 26, 2013**  
**Amended:** October 9, 2013  
**Effective:** November 8, 2013  
**Approved by Board: October 5, 2015**  
**Amended:** February 1, 2016  
**Effective:** February 10, 2016

1 State of Arkansas  
2 91st General Assembly  
3 Regular Session, 2017

# A Bill

HOUSE BILL 1305

4  
5 By: Representative Maddox  
6

## For An Act To Be Entitled

8 AN ACT TO ALLOW MEMBERS OF THE ARKANSAS TEACHER  
9 RETIREMENT SYSTEM TO DESIGNATE ONE OR MORE RESIDUAL  
10 BENEFICIARIES; TO DECLARE AN EMERGENCY; AND FOR OTHER  
11 PURPOSES.  
12  
13

## Subtitle

14  
15 TO ALLOW MEMBERS OF THE ARKANSAS TEACHER  
16 RETIREMENT SYSTEM TO DESIGNATE ONE OR  
17 MORE RESIDUAL BENEFICIARIES; AND TO  
18 DECLARE AN EMERGENCY.  
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21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
22

23 SECTION 1. Arkansas Code § 24-7-710(b)(1)(A)(i), concerning survivor  
24 annuity benefits under the Arkansas Teacher Retirement System, is amended to  
25 read as follows:

26 (b)(1)(A)(i) The Unless the member otherwise directs an alternative  
27 beneficiary by using a beneficiary form approved by the system, a member's  
28 surviving spouse, who was married to the member for at least the two (2)  
29 years immediately preceding the member's death, shall receive an annuity  
30 computed in the same manner in all respects as if the member had retired on  
31 the date of the member's death and elected Option A under § 24-7-706 to  
32 provide one hundred percent (100%) survivor annuity benefits, including  
33 benefits applicable under § 24-7-713, for his or her spouse.  
34

35 SECTION 2. Arkansas Code § 24-7-710(b)(1), concerning survivor annuity  
36 benefits under the Arkansas Teacher Retirement System, is amended to add an



1 additional subdivision to read as follows:

2 (F) If the member directs an alternative beneficiary by  
3 using a beneficiary form approved by the system, the member may designate one  
4 or more residual beneficiaries to receive a lump sum payment of the member's  
5 residue amount under § 24-7-709 in lieu of the member's surviving spouse.  
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7 SECTION 3. Arkansas Code § 24-7-710(b), concerning survivor annuity  
8 benefits under the Arkansas Teacher Retirement System, is amended to add an  
9 additional subdivision to read as follows:

10 (3) The Board of Trustees of the Arkansas Teacher Retirement  
11 System may adopt rules to carry out the provisions of this section.  
12

13 SECTION 4. Arkansas Code § 24-7-1310(b), concerning the death of  
14 Teacher Deferred Retirement Option Plan participants, is amended to read as  
15 follows:

16 (b)(1) However, the plan participant's eligible surviving spouse may  
17 choose to receive the plan benefit in a lump sum without affecting the  
18 payment of a monthly retirement benefit payable from the Arkansas Teacher  
19 Retirement System.

20 (2)(A) Subdivision (b)(1) of this section shall not apply if the  
21 member has directed one (1) or more residual beneficiaries under § 24-7-710.

22 (B) If a member has directed one (1) or more residual  
23 beneficiaries, the residual beneficiary shall receive the residual benefits  
24 payable, and the spousal benefit shall not be paid.  
25

26 SECTION 5. EMERGENCY CLAUSE. It is found and determined by the  
27 General Assembly of the State of Arkansas that the operations of a state  
28 public retirement system are complex; that the Arkansas Teacher Retirement  
29 System must be able to meet the needs of its members as anticipated by the  
30 General Assembly; that certain provisions of the Arkansas Teacher Retirement  
31 System Act are imminently in need of revision and updating to bring them into  
32 conformance with sound public pension policy and actuarial requirements; that  
33 such revision and updating is of great importance to members of the system  
34 and to other citizens of the State of Arkansas; that the system needs to have  
35 the ability to make immediate changes to maintain and improve its actuarial  
36 status; and that this act is immediately necessary in order to maintain an

1 orderly system of benefits for the members of the Arkansas Teacher Retirement  
2 System. Therefore, an emergency is declared to exist, and this act being  
3 immediately necessary for the preservation of the public peace, health, and  
4 safety shall become effective on:

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

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

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

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14 **APPROVED: 02/21/2017**  
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1 State of Arkansas  
2 91st General Assembly  
3 Regular Session, 2017

As Engrossed: H2/14/17  
**A Bill**

HOUSE BILL 1304

4  
5 By: Representative Maddox  
6

7 **For An Act To Be Entitled**

8 *AN ACT TO AMEND THE DEFINITION OF "ARKANSAS TEACHER*  
9 *RETIREMENT SYSTEM"; TO DEFINE "COVERED EMPLOYER"; TO*  
10 *AMEND THE REQUIREMENTS FOR VOLUNTARY RETIREMENT; TO*  
11 *DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.*  
12  
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14 **Subtitle**

15 *TO AMEND THE DEFINITION OF "ARKANSAS*  
16 *TEACHER RETIREMENT SYSTEM"; TO DEFINE*  
17 *"COVERED EMPLOYER"; TO AMEND THE*  
18 *REQUIREMENTS FOR VOLUNTARY RETIREMENT;*  
19 *AND TO DECLARE AN EMERGENCY.*  
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22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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24 SECTION 1. Arkansas Code § 24-7-202(6), concerning the definition of  
25 "Arkansas Retirement Teacher System", is amended to read as follows:

26 (6) "Arkansas Teacher Retirement System" means a governmental  
27 state agency created in 1973 and administered under Acts 1973, No. 427, as  
28 amended, to provide a system of retirement benefits to its members and  
29 includes a limited liability company or other corporate entity solely owned  
30 by the system;  
31

32 SECTION 2. Arkansas Code § 24-7-202(16), concerning the definition of  
33 "employer" under the Arkansas Teacher Retirement System Act, is amended to  
34 read as follows:

35 (16) "Employer" or "covered employer" means any public school,  
36 public educational agency, or other eligible employer participating in the



1 Arkansas Teacher Retirement System unless the context clearly indicates that  
2 the employer is not a covered employer;

3  
4 SECTION 3. Arkansas Code § 24-7-702(a)(1), concerning early voluntary  
5 retirement under the Arkansas Teacher Retirement System, is amended to read  
6 as follows:

7 (a)(1)(A) Except as provided under subdivision (a)(2) of this section,  
8 an active or inactive member who has a combined total of twenty-five (25) or  
9 more years of credited actual and reciprocal service, including purchased or  
10 free credited service, but has not attained sixty (60) years of age and is  
11 not eligible for retirement under § 24-7-701 may voluntarily retire early  
12 upon by filing a written application filed with the Board of Trustees of the  
13 Arkansas Teacher Retirement System.

14 (B) If a member fails to submit a complete retirement  
15 application within six (6) calendar months of the effective date of benefits,  
16 including all additional documentation required by the Arkansas Teacher  
17 Retirement System, the application shall be void unless an extension is  
18 granted by the system.

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20 SECTION 4. Arkansas Code § 24-7-705(a)(1)(B)(i), concerning life  
21 annuity under the Arkansas Teacher Retirement System, is amended to read as  
22 follows:

23 (a)(1)(B)(i) The ~~percentages~~ multipliers in this section shall be  
24 determined in accordance with this chapter and the, rules, and regulations  
25 resolutions of the Board of Trustees of the Arkansas Teacher Retirement  
26 System as is actuarially appropriate for the Arkansas Teacher Retirement  
27 System.

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29 SECTION 5. Arkansas Code § 24-7-706(b)(1), concerning annuity options  
30 under the Arkansas Teacher Retirement System, is amended to read as follows:

31 (b)(1)(A) ~~At the written election of the retirant, the death of the~~  
32 ~~beneficiary or divorce or other marriage dissolution after retirement from a~~  
33 ~~spouse designated as beneficiary shall cancel any optional plan elected at~~  
34 ~~retirement and shall return the retirant to his or her single lifetime~~  
35 ~~benefit equivalent, to be effective the month following receipt of his or her~~  
36 ~~election by the system. If a member's marital status changes after retirement~~

1 due to the death of the member's spouse, or a divorce or marriage dissolution  
2 from the member's spouse who is also the member's designated beneficiary,  
3 then the member may elect to cancel any optional plan designating the former  
4 spouse as a beneficiary.

5 (B) A member's election under subdivision (b)(1)(A) of  
6 this section shall cause the member to return to his or her lifetime benefit  
7 equivalent, to be effective the month following the system's receipt of the  
8 approved form.

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10 SECTION 6. Arkansas Code § 24-7-711(a)(2), concerning refunds of  
11 member contributions upon termination under the Arkansas Teacher Retirement  
12 System, is amended to read as follows:

13 (2) Any contributions remaining on deposit shall accrue regular  
14 interest at the end of each fiscal year as provided by ~~§ 24-7-410(d)~~ law.

15  
16 SECTION 7. Arkansas Code § 24-7-715(b), concerning benefit rights not  
17 subject to legal process, is amended to read as follows:

18 ~~(b) In the event an individual is no longer an active teacher or~~  
19 ~~employee of any public school district in this state, nor on leave of~~  
20 ~~absence, and If an inactive member is found by any court of competent~~  
21 ~~jurisdiction of this state to be willfully refusing or failing to support~~  
22 ~~minor dependent children of the individual in violation of a court order~~  
23 ~~providing for such support, although the individual is financially able to do~~  
24 ~~so, then the court may, in its discretion, order the accumulated~~  
25 ~~contributions, annuity or annuity options, or any other funds accruing under~~  
26 ~~the provisions of this act chapter to be paid into the registry of the court~~  
27 ~~for such further disposition as the court shall deem~~ deems just and proper.

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29 SECTION 8. Arkansas Code § 24-7-1310(a), concerning the death of  
30 participants under the Teacher Deferred Retirement Option Plan, is amended to  
31 read as follows:

32 (a) In the event that a Teacher Deferred Retirement Option Plan  
33 participant dies, the benefits payable from the plan shall be determined  
34 according to § 24-7-710 and the rules and resolutions of the Arkansas Teacher  
35 Retirement System.

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SECTION 9. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that the operations of the Arkansas Teacher Retirement System are complex; that the system must be able to meet the needs of its members as anticipated by the General Assembly; that certain provisions of the Arkansas Teacher Retirement System Act are imminently in need of revision and updating to bring them into conformance with sound public pension policy and actuarial requirements; that such revision and updating is of great importance to members of the system and to other citizens of the State of Arkansas; that the system needs to have the ability to make immediate changes to maintain and improve its actuarial status; and that this act is immediately necessary in order to maintain an orderly management of benefits for the members of the system. Therefore, an emergency is declared to exist, and this act being immediately necessary for the preservation of the public peace, health, and safety shall become effective on:

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

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

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

/s/Maddox

**APPROVED: 02/28/2017**

1 State of Arkansas

*As Engrossed: H3/21/17*

2 91st General Assembly

# A Bill

3 Regular Session, 2017

HOUSE BILL 1374

4  
5 By: Representative Deffenbaugh

## For An Act To Be Entitled

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

## Subtitle

15 TO AMEND THE LAW CONCERNING THE  
16 COMPOUNDED COST OF LIVING ADJUSTMENT  
17 UNDER THE ARKANSAS TEACHER RETIREMENT  
18 SYSTEM; AND TO DECLARE AN EMERGENCY.

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

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23 SECTION 1. Arkansas Code § 24-7-727(b)(6), concerning compounded cost  
24 of living adjustment under the Arkansas Teacher Retirement System, is amended  
25 to read as follows:

26 (6) *The board shall not reverse a compounding cost of living*  
27 *adjustment unless the:*

28 (A) *Arkansas Teacher Retirement System's actuary certifies*  
29 *to the board that the amortization period to pay the unfunded liabilities of*  
30 *the system exceeds thirty (30) eighteen (18) years; and*

31 (B) ~~*that in order to address an amortization period in*~~  
32 ~~*excess of thirty (30) years to pay the unfunded liabilities of the system,*~~  
33 ~~*the board*~~ *Board determines by board resolution that reversal of the*  
34 *compounding cost of living adjustment be reversed that occurred in 2009 is*  
35 *prudent to maintain actuarial soundness.*



1           SECTION 2. Arkansas Code § 24-7-727(b), concerning compounded cost of  
2 living adjustment under the Arkansas Teacher Retirement System, is amended to  
3 add additional subdivisions to read as follows:

4           (7) A board resolution reversing a compounding cost of living  
5 adjustment under subdivision (b)(6) of this section may include a chart or  
6 proxy formula to be applied when a member has a change in his or her benefits  
7 due to divorce, remarriage, or the death of the member or the member's  
8 spouse.

9           (8)(A) The board may phase in the reversal of a compounding  
10 cost of living adjustment under subdivision (b)(6) of this section by board  
11 resolution.

12           (B) Any reversal of a compounding cost of living  
13 adjustment under subdivision (b)(6) of this section shall be applied at the  
14 beginning of the fiscal year.

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16           SECTION 3. EMERGENCY CLAUSE. It is found and determined by the  
17 General Assembly of the State of Arkansas that the operations of a state  
18 public retirement system are complex; that the Arkansas Teacher Retirement  
19 System must be able to meet the needs of its members as anticipated by the  
20 General Assembly; that certain provisions of the Arkansas Teacher Retirement  
21 System Act are imminently in need of revision and updating to bring them into  
22 conformance with sound public pension policy and actuarial requirements; that  
23 such revision and updating is of great importance to members of the system  
24 and to other citizens of the State of Arkansas; that the system needs to have  
25 the ability to make immediate changes to maintain and improve its actuarial  
26 status; and that this act is immediately necessary in order to maintain an  
27 orderly management of benefits for the members of the system. Therefore, an  
28 emergency is declared to exist, and this act being immediately necessary for  
29 the preservation of the public peace, health, and safety shall become  
30 effective on:

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

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

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

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*/s/Deffenbaugh*

**APPROVED: 03/31/2017**