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**ATRS Rule 8**

**Free Service Credit, Purchasable Service Credit, and Purchase Accounts**

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**§ 8-101. Definitions.**

As used in this rule:

(1) "Armed forces reserve" means one (1) of the reserve components of the United States Armed Forces;

(2) "Domestic federal service" means service rendered as a teacher or administrator in a school or similar institution located on a military base or installation that is administered by the United States Department of Defense;

(3) "Gap year" means a period of time:

(A) In which a member was an inactive member and either:

(i) Unemployed; or

(ii) Did not provide qualified service; and

(B) For which the Arkansas Teacher Retirement System may grant the member permissive service credit;

(4) "Out-of-state service" means service performed in a state other than Arkansas and in a position that would have been covered by the Arkansas Teacher Retirement System if the service had been actual service performed in Arkansas and covered by the system;

(5) "Overseas service" means service in:

(A) An American-related overseas school that is sponsored and approved by either the United States Department of State or the United States Department of Defense; or

(B) The Peace Corps or AmeriCorps VISTA, Volunteers in Service to America;

(6) "Permissive service credit" means service:

(A) That is credited under the system for the purpose of calculating a member's benefit;

(B) That has not previously been credited under the system; and

(C) For which a member contributes or pays the amount necessary to fund the benefit attributable to the service as required by the system;

(7) "Private school service" means:

(A) Service rendered in a private school, or agency that would have been covered by the system if the:

(i) Service had been rendered in a public school; or

(ii) Private school or agency;

(B) Has positions that would require the issuance of a teaching license in a public school based on a determination by the system; or

(C) Is recognized as a private education-related entity by resolution adopted by the Board of Trustees of the Arkansas Teacher Retirement System;

(8) "Qualified service" means the service described in 26 U.S.C. § 415(n)(3)(C)(i)-(iv), as it existed on January 1, 2023; and

(9) "Uniformed Services of the United States" means service in the:

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- (A) United States Armed Forces;
- (B) Army National Guard;
- (C) Air National Guard when engaged in active duty for training, state active duty, inactive duty training, or full-time National Guard duty;
- (D) United States Commissioned Corps of the Public Health Service; and
- (E) Any other category of persons designated by the President of the United States in time of war or emergency.

### **§ 8-102. Free service credit - Military service.**

(a)(1) A person may establish free military service credit with the Arkansas Teacher Retirement System at any time after becoming a member.

(2) Free military service credit established with the system is effective after the member completes five (5) years of actual service in the system, excluding military service credit.

(b) A member who by draft or voluntary enlistment entered the United States Armed Forces during a period that a federal military draft was in effect and obtained a refund of contributions from the system may establish free military service credit with the system if the member:

(1) Is honorably discharged from the United States Armed Forces; and

(2) Before retirement, repays the system the actuarial equivalent of the member's refunded service.

(c) A member who by draft or voluntary enlistment entered the United States Armed Forces during any period that a federal military draft was in effect and becomes an active member after an honorable discharge from the United States Armed Forces is eligible to establish free military service credit with the system, regardless of whether or not the member has five (5) or more years of credited service in the system at the time of the member's reemployment.

(d) A member who is first employed after serving in the United States Armed Forces during a period of time in which the military draft was in effect is eligible to establish free military service credit with the system if the member:

(1) Completes five (5) or more years of actual service in the system; and

(2) Receives an honorable discharge.

(d) The system shall provide a member with free military service credit after the member:

(1) Applies to establish free military service credit with the system by submitting a completed application form approved by the system; and

(2) Submits official military documentation listing the entry and discharge dates of the member's first enlistment or induction into the United States Armed Forces.

(e)(1) Free military service credited to a member before July 1, 1986, shall be considered contributory service.

(2) Free military service shall be credited to a member's account on a prorated basis if the member has both contributory and noncontributory service.

(f) Military service credited to a member shall not exceed five (5) years unless the member is entitled to service credit for service in the uniformed services of the United States.

(g) Military service shall be credited in order of the years that are chronologically closest to the member's service with a covered employer.

(h) A member shall not receive military service credit for military service years resulting

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from the member's reenlistment or voluntary extension of his or her initial enlistment.

### **§ 8-103. Purchasable service credit — Military service.**

(a) A member shall receive service credit for service in the United States Armed Forces that cannot be credited to the member under Arkansas Code § 24-7-602(a) if the member pays the Arkansas Teacher Retirement System the actuarial equivalent for the service credit.

(b)(1) Effective December 12, 1994, a member shall be treated as not having incurred a break in service with a covered employer if the member:

(A) Leaves employment with a school to voluntarily or involuntarily serve in the uniformed services of the United States; and

(B) Returns to employment with a school.

(2) A member described in § 8-103(b)(1) of this rule shall accrue benefits for the time he or she served in the uniformed services of the United States if:

(A) The member pays the employee contributions as provided in Arkansas Code § 24-7-406; and

(B) Employer contributions are paid for the time the member served in the uniformed services of the United States.

(c) A member's absence from his or her employment with a school due to his or her service in the uniformed services of the United States shall not exceed five (5) years.

(d) At the member's request, a member's payment for United States Armed Forces service credit shall be refunded by the system if the:

(1) Member ceased to be an active member before the United States Armed Forces service credit is established as credited service in the system; or

(2) United States Armed Forces service credit is not otherwise used to establish the member's eligibility for retirement under the system.

### **§ 8-104. Purchasable service credit — National Guard and armed forces reserve.**

(a) A member may purchase up to five (5) years of service for his or her service in the National Guard or armed forces reserve.

(b) A member shall receive credit for service in the National Guard or armed forces reserve if the member:

(1) Applies to the Board of Trustees of the Arkansas Teacher Retirement System to purchase National Guard or armed forces reserve service credit by submitting a completed application form approved by the Arkansas Teacher Retirement System;

(2) Provides the system with satisfactory proof of his or her service in the National Guard or armed forces reserve;

(3) Pays the system, in full, the actuarial equivalent of the member's benefits for each year of National Guard or armed forces reserve service credit being purchased; and

(4) Has established at least five (5) years of actual service with the system, excluding National Guard or armed forces reserve service.

(c) The system shall not credit a member with more than five (5) years of service for service in the National Guard or armed forces reserve.

(d) Purchased National Guard or armed forces reserve service credit shall be credited to the year in which the member rendered the service even if the member has concurrent service with a covered employer.

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(e) At the member's request, a member's payment for National Guard or armed forces reserve service credit shall be refunded by the system if the:

(1) Member ceased to be an active member before the National Guard or armed forces reserve service credit is established as credited service in the system; or

(2) National Guard or armed forces reserve service credit is not otherwise used to establish the member's eligibility for retirement under the system.

### **§ 8-105. Purchasable service credit — Domestic federal service.**

(a) Beginning January 1, 2003, a member may purchase up to ten (10) years of domestic federal service that shall be credited if:

(1) The member:

(A) Has contributions left on deposit with another system and the domestic federal service credit being purchased is limited to service for which another system similar in purpose to the Arkansas Teacher Retirement System, except for Social Security, could not pay a benefit;

(B) Pays the system, in full, the actuarial equivalent of benefits for each year of domestic federal service credit being purchased; and

(C) Has established at least five (5) years of actual service, excluding federal domestic service; and

(2) All other requirements set by rules adopted by the Board of Trustees of the Arkansas Teacher Retirement System are met.

(b) A member may purchase a fraction of a year of domestic federal service that shall be credited if the:

(1) Member has at least one-fourth (1/4) of a year of domestic federal service in a fiscal year; and

(2) Fraction of a year of domestic federal service can be credited in accordance with Arkansas Code § 24-7-601.

(c) At the member's request, a member's payment for domestic federal service credit shall be refunded by the system if the:

(1) Member ceased to be an active member before the domestic federal service credit is established as credited service in the system; or

(2) Domestic federal service credit is not otherwise used to establish the member's eligibility for retirement under the system.

### **§ 8-106. Purchasable service credit — Out-of-state service.**

(a)(1) Out-of-state service purchased before July 1, 1987, shall be credited as service in accordance with the law in effect before July 1, 1987.

(2) A member may purchase up to fifteen (15) years of out-of-state service if the out-of-state service is purchased on and after July 1, 1987.

(b) Out-of-state service shall be credited if:

(1) The member:

(A) Has contributions left on deposit with another system and the out-of-state service credit being purchased is limited to service for which another system similar in purpose to the Arkansas Teacher Retirement System, except for Social Security, could not pay a benefit;

(B) Pays the system, in full, the actuarial equivalent of benefits for each year

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of out-of-state service credit being purchased; and

(C) Has established at least five (5) years of actual service, excluding out-of-state service; and

(2) All other requirements set by rules adopted by the Board of Trustees of the Arkansas Teacher Retirement System are met.

(c) A member may purchase a fraction of a year of out-of-state service that shall be credited if the:

(1) Member has at least one-fourth (1/4) of a year of out-of-state service in a fiscal year; and

(2) Fraction of a year of out-of-state service can be credited in accordance with Arkansas Code § 24-7-601.

(d) At the member's request, a member's payment for out-of-state service credit shall be refunded by the system if the:

(1) Member ceased to be an active member before the out-of-state service credit is established as credited service in the system; or

(2) Out-of-state service credit is not otherwise used to establish the member's eligibility for retirement under the system.

### **§ 8-107. Purchasable service credit — Overseas service.**

(a) A member may purchase service credit for service in an overseas school if:

(1) The member:

(A) Has at least five (5) years of service in a position covered by the Arkansas Teacher Retirement System; and

(B) Performs the minimum days of service at the overseas school required for a fiscal year of service credit;

(2) The overseas service credit is limited to service for which another system similar in purpose to the system, except Social Security, could not pay a benefit; and

(3) The actuarial equivalent of the member's benefits is paid to the system.

(b) The system shall not credit a member with more than ten (10) years of overseas service credit.

(c) A member may be credited with fractions of years of service as provided by Arkansas Code § 24-7-601.

(c) At the member's request, a member's payment for overseas service credit shall be refunded by the system if the:

(1) Member ceased to be an active member before the overseas service credit is established as credited service in the system; or

(2) Overseas service credit is not otherwise used to establish the member's eligibility for retirement under the system.

### **§ 8-108. Purchasable service credit — General Assembly.**

(a) A member of the Senate or House of Representatives of the General Assembly who is a member of the Arkansas Teacher Retirement System shall receive credited service and salary in the system for his or her full contract salary if the:

(1) School district requires the member's salary to be reduced during the member's attendance at:

(A) Regular or extraordinary sessions of the General Assembly; or

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(B) Interim meetings of regular or special committees of the General Assembly;

(2) Member applies for General Assembly service credit by submitting to the system a completed application form approved by the system;

(3) Member pays the system the necessary member contributions; and

(4) Required employer contributions are paid to the system for the amount of the salary reduction during periods of the member's attendance at regular or extraordinary sessions of the General Assembly or sessions of legislative committees.

(b) A member of the Senate or House of Representatives who currently serves in the General Assembly or has served in the legislative committees for any year that is within five (5) years of July 6, 1977, shall receive credited service and salary for his or her full contract if the:

(1) Member applies for General Assembly service credit by submitting to the system a completed application form approved by the system;

(2) Member pays the employee contributions; and

(3) Required employer contributions are paid from the Public School Fund to the system for the portion of the contractual period in which the member's salary was reduced during the member's legislative service.

(c) A member of the Senate or House of Representatives of the General Assembly who is an employee and member of the system shall receive credited service and salary for his or her full contract salary if:

(1) Either the member or school district decides it is in the best interest of the member to take a leave of absence for up to one (1) full calendar year at a time in order for the member to attend his or her duties as a member of the General Assembly; and

(2) Both the required employee and employer contributions are paid to the system for the amount of the member's contract salary during periods in which the member attended sessions of the General Assembly or legislative committees.

(d) At the member's request, a member's payment for General Assembly service credit shall be refunded by the system if the:

(1) Member ceased to be an active member before the General Assembly service credit is established as credited service in the system; or

(2) General Assembly service credit is not otherwise used to establish the member's eligibility for retirement under the system.

### **§ 8-109. Purchasable service credit — Advanced degree service.**

(a) A member who is a public school teacher or administrator and takes a leave of absence from a school in order to obtain an advanced degree at an institution of higher learning or to fulfill the requirements of a scholarship or grant shall receive credited service for the time of the member's actual enrollment in the institution if the member:

(1) Applies for advanced degree service credit by submitting to the system a completed application form approved by the Arkansas Teacher Retirement System; and

(2) Pays the actuarial equivalent of the member's benefits to the system for each year of service credit being purchased.

(b) At the member's request, a member's payment for advanced degree service credit shall be refunded by the system if the:

(1) Member ceased to be an active member before the advanced degree service



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credit is established as credited service in the system; or

(2) Advanced degree service credit is not otherwise used to establish the member's eligibility for retirement under the system.

### **§ 8-110. Purchasable service credit — Private school service.**

(a) Employment with a Head Start program shall be considered private school service.

(b)(1) A member may purchase up to fifteen (15) years of private school service to be credited as certified service if:

(A) The member:

(i) Has contributions left on deposit with another system and the private school service credit being purchased is limited to service for which another system similar in purpose to the Arkansas Teacher Retirement System, except for Social Security, could not pay a benefit;

(ii) Pays the system, in full, the actuarial equivalent of benefits for each year of private school service credit being purchased; and

(iii) Has established at least five (5) years of actual service, excluding private school service; and

(B) All other requirements set by rules adopted by the Board of Trustees of the Arkansas Teacher Retirement System are met.

(2) At the member's request, a member's payment for certified private school service credit shall be refunded by the system if the:

(A) Member ceased to be an active member before the certified private school service credit is established as credited service in the system; or

(B) Certified private school service credit is not otherwise used to establish the member's eligibility for retirement under the system.

(c)(1) A member may purchase up to five (5) years of noncertified private school service that shall be credited as noncertified service if:

(A) The member:

(i) Applies for noncertified private school service credit by submitting to the system a completed application form approved by the system;

(ii) Has contributions left on deposit with another system and the noncertified service credit being purchased is limited to service for which another state-supported pension system or system similar in purpose to the system could not pay a benefit;

Pays the system, in full, the actuarial equivalent of benefits for each year of service credit being purchased; and

(iii) Has established at least five (5) years of actual service; and

(B) All other requirements set by rules adopted by the board are met.

(2) At the member's request, a member's payment for noncertified private school service credit shall be refunded by the system if the:

(A) Member ceased to be an active member before the noncertified private school service credit is established as credited service in the system; or

(B) Noncertified private school service credit is not otherwise used to establish the member's eligibility for retirement under the system.

(d)(1) A member may purchase up to five (5) years of private education-related entity private school service that shall be credited as noncertified service if:

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(A) The member:

(i) Applies for private education-related entity private school service by submitting to the system a completed application approved by the system;

(ii) Has contributions left on deposit with another system and the private education-related entity private school service credit being purchased is limited to service for which another state-supported pension system or system similar in purpose to the system could not pay a benefit;

(iii) Pays the system, in full, the actuarial equivalent of benefits for each year of service credit being purchased;

(iv) Has established at least five (5) years of actual service; and

(B) All other requirements set by rules adopted by the Board are met.

(2) At the member's request, a member's payment for private education-related entity private school service credit shall be refunded by the system if the:

(A) Member ceased to be an active member before the private education-related entity private school service is established as credited service in the system; or

(B) Private education-related entity private school service credit is not otherwise used to establish the member's eligibility for retirement under the system.

(e) A member may purchase a fraction of a year of private school service that shall be credited if the:

(1) Member has at least one-fourth (1/4) of a year of private school service in a fiscal year; and

(2) Fraction of a year of private school service can be credited in accordance with Arkansas Code § 24-7-601.

### **§ 8-111. Purchasable service credit — Federal retirement service.**

(a) An active member may purchase up to ten (10) years of federal retirement service that shall be credited if the:

(1) Federal retirement service being purchased is limited to service for which the federal retirement system could not pay a benefit to the member;

(2) Member applies for federal retirement service by submitting to the Arkansas Teacher Retirement System a completed application form approved by the system;

(3) Member provides certification of his or her federal retirement service to the system on a form approved by the system;

(3) Member pays the system, in full, the actuarial equivalent of benefits for each year of service credit being purchased; and

(4) Member has established at least five (5) years of actual service, excluding federal retirement service.

(b)(1) A member shall complete at least one hundred sixty (160) working days before the member may establish one (1) year of federal retirement service credit.

(2) One (1) month of federal service shall be considered twenty (20) days of service.

(c) A member may purchase a fraction of a year of federal retirement service that shall be credited if the:

(1) Member has at least one-fourth (1/4) of a year of federal retirement service in a fiscal year; and

(2) Fraction of a year of federal retirement service can be credited in accordance



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with Arkansas Code § 24-7-601.

(d) Federal retirement service credit shall be considered contributory service.

(e) Purchased federal retirement service shall be credited to the fiscal year in which the service was rendered.

(f) If a member is not an active member before establishing federal retirement service with the system, the member's contribution payments and regular interest shall be refunded.

(g) At the member's request, a member's payment for federal retirement service credit shall be refunded by the system if the:

(1) Member ceased to be an active member before the federal retirement service is established as credited service in the system; or

(2) Federal retirement service credit is not otherwise used to establish the member's eligibility for retirement under the system.

(h) Purchase account payments made through employer pick-up are subject to restrictions specified in this rule, regulations, and the Internal Revenue Code.

### **§ 8-112. Purchasable service credit — Gap year service.**

(a) A member may purchase permissive service credit for one (1) or more consecutive or nonconsecutive gap years if:

(1) The member:

(A) Has five (5) years of actual service in the system;

(B) Has left his or her position as a classroom teacher immediately before each nonconsecutive gap year or the initial gap year of consecutive gap years;

(C) Returns to his or her position as a classroom teacher after one (1) or more gap years;

(D) Accrues at least one-half (1/2) year of service credit after returning to his or her position as a classroom teacher;

(E) Was inactive during the gap year or gap years; and

(F) Is ineligible to receive free service credit for each gap year under another provision of the law applicable to the system; and

(2) Each gap year amounts to an entire fiscal year.

(b)(1) A member shall not:

(A) Be permitted to purchase permissive service credit unless the total gap year service for which permissive service credit is being purchased amounts to one (1) fiscal year;

(B) Purchase more than five (5) years of permissive service credit; or

(C) Purchase one (1) or more gap years after the member retires from the system.

(2) A member's purchased permissive service credit shall be credited in accordance with Arkansas Code § 24-7-601.

(c)(1) A member shall purchase permissive service credit for one (1) or more gap years at the actuarial cost.

(2) At the member's request, a member's payment for permissive service credit shall be refunded by the system if the:

(A) Member ceased to be an active member before the permissive service is established as credited service in the system; or

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(B) Permissive service credit is not otherwise used to establish the member's eligibility for retirement under the system.

### § 8-113. Purchasable service credit — Contact Buyouts, Settlements, and Court Ordered Payments.

(a)(1) A member shall only earn service credit for actual, on-site work performed for a covered employer for the period specified in a contract buyout, settlement, or court ordered payment unless the member purchases service or salary that would have been received by the member if the member had been successful in his or her legal claim.

(2)(A) If a member is on call with a covered employer and not subject to either a contract buyout, settlement, or court ordered payment, the salary paid to the member as a regular employee shall be credited to the member.

(B) On call credit shall not be added to a member's salary with another covered employer.

(c) The Arkansas Teacher Retirement System shall not adjust a member's service history until the:

(1) Member or the member's covered employer provides a copy of the settlement, a file-marked court order, or a certified copy of the contract buyout to the system; and

(2)(A) Actuarial cost to purchase the service has been paid in full to the system.

(B) A member shall purchase service or salary at the actuarial cost for service and salary that the member would have earned if the member had not been terminated.

(d)(1) Service credit purchased under a settlement agreement or court order shall offset service credit that is earned through covered employment with another covered employer during the same period of time covered by the service credit purchased under the settlement agreement or court order.

(2) Service credit purchased under a settlement agreement or court order shall not be applied in a manner that allows a member to earn more than one (1) year of service credit in a fiscal year.

(e)(1) The system shall credit a member with additional salary credit purchased through a settlement agreement or court order only if the:

(A) Additional salary being purchased is being paid to the member in order to resolve a claim of wrongful termination or employment discrimination that culminated in a settlement agreement or court order; and

(B) Additional salary is salary that the member would have been paid but for the employment discrimination.

(2) Only qualifying additional salary credit purchased through a contract buyout may be used in the final average salary calculation.

(f) The system shall not permit a member to use unearned future service credit or nonqualified service credit purchased through a contract buyout settlement agreement with a school district to retire under age and service retirement or disability retirement before the member's employment contract with the school district would naturally have terminated.

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### **§ 8-114. Cost of purchased service.**

(a) A member shall purchase service using forms approved by the Arkansas Teacher Retirement System.

(b)(1) A member who purchases service shall receive credit for the purchased service if the actuarial equivalent of both the employee and employer contributions, as calculated by the system, are paid to the system.

(2) Service purchased at the actuarial cost shall be contributory.

(3) The requirement for service to be purchased at the actuarial cost shall not apply to free military service credit established with the system.

(c) The actuarial cost for service to be purchased shall not include adjustments to salary and service that are made in order to properly reflect the member's mandatory salary and service record.

(d) A salary earned for service purchased at the actuarial cost:

(1) Shall not be used to calculate a member's final average salary; and

(2) May be used to determine repaid refunds for service that is required to be reported within the refunded service.

(e)(1) A member's highest salary shall be used as the base year when calculating the actuarial cost for service being purchased by the member.

(2) A member's base year shall be the member's highest salary year unless the highest salary year is more than one hundred fifty percent (150%) greater than the next highest salary year.

(3) If a member's highest salary year is more than one hundred fifty percent (150%) greater than the next highest salary year, the highest two (2) salary years shall be added together and divided by two (2) to determine the base year to be used for calculating the actuarial cost for service being purchased.

(4) If a member does not have enough full service years to determine a base year for the purchase formula, a full year salary shall be used to determine the base year.

(5) A full year salary shall be calculated by dividing each partial year's service percentage into each partial year's salary.

### **§ 8-115. Purchase accounts.**

(a) Purchase account payments shall be applied to the member's account on the date the payment is received by the system.

(b)(1) The system shall accept participant rollover contributions and direct rollovers for the purchase of service credit from a qualified retirement plan.

(2) A depository trustee from a qualified retirement plan shall certify to the system that the rollover deposit account is qualified and eligible to receive rollover distributions before a distribution of a member's account monies.

(3)(A) If the depository trustee is unable to certify the rollover deposit account as qualified and eligible to receive rollover distributions, the system shall accept a certification from a public accountant who has an active certified public accountant's license.

(B) The system shall not accept a certification from a public accountant that certifies a rollover deposit account as qualified and eligible to receive rollover distributions if the public accountant has an interest in the rollover deposit account as a member, spouse, or designated beneficiary.

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(c)(1) If a member with an active purchase account dies, the member's spouse, beneficiary, or legal representative shall have up to six (6) months from the member's date of death to pay the balance of the purchase account unless the deadline is extended by the Executive Director of the Arkansas Teacher Retirement System for good cause.

(2) If the member's purchase account is not paid in full within six (6) months of the member's date of death, the purchase account shall be closed and payments made towards the purchase account shall be considered as part of the member's residual account balance.

(d)(1) A purchase account that is paid in full after a final payment has been tendered shall not be cancelled.

(2) A member's purchase account may be cancelled if:

(A) The member submits a written cancellation request to the system; and

(B)(i) The system approves the cancellation request.

(ii) The system may approve a cancellation request and refund a member's purchase account if the purchase account:

(a) Is an account that has been paid only with after-tax contributions;

(b) Is an account that has been paid only with employer pick-up contributions and one (1) of the following applies:

(1) All payments on the irrevocable payroll authorization have been completed;

(2) The member terminates employment with the employer; or

(3) The member retires; or

(c) Is an account that has been paid only with rollover or transfer contributions and the rollover or transfer contributions may be rolled over or transferred to another qualified plan or refunded to the member after the deduction and payment of federal taxes.

(iii)(a) If a member's cancellation request is approved, the system shall refund the balance of the member's purchase account without interest to the member.

(b) The system shall refund interest to a member if a refund of interest is statutorily mandated under Arkansas Code § 24-7-612 or another applicable provision of the Arkansas Code.

### **§ 8-116. Purchase of refunded service.**

(a) A member shall not purchase refunded service unless he or she purchases the total credited service forfeited by a refund.

(b)(1) A repayment of refunded contributions shall be made in inverse order if the member has received more than one (1) refund of contributions.

(2) The most recent refund account shall be paid in full before a member may purchase a previous refund account.

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**Authority: Arkansas Code §§ 24-1-107, 24-7-406, 24-7-601, 24-7-602, 24-7-607, 24-7-711, 24-7-719, and 24-7-735.**

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	<u>July 1, 2011</u>	<u>8-1, 8-2, 8-4, 8-7, 8-19, 8-20</u> <u>(Emergency)</u>
<u>Adopted:</u>	<u>August 8, 2011</u>	<u>8-1, 8-2, 8-4, 8-7, 8-19, 8-20</u>
<u>Effective:</u>	<u>November 11, 2011</u>	<u>8-1, 8-2, 8-4, 8-7, 8-19, 8-20</u>
<u>Approved by Board:</u>	<u>February 6, 2012</u>	<u>8-1, 8-2, 8-5, 8-6</u>
<u>Amended:</u>	<u>April 2, 2012</u>	<u>8-2 (Emergency)</u>
<u>Amended:</u>	<u>April 18, 2012</u>	<u>8-1, 8-5, 8-6</u>
<u>Effective:</u>	<u>May 29, 2012</u>	<u>8-1, 8-2, 8-5, 8-6</u>
<u>Approved by Board:</u>	<u>July 26, 2013</u>	<u>8-20</u>
<u>Amended:</u>	<u>October 9, 2013</u>	<u>8-20</u>
<u>Effective:</u>	<u>November 8, 2013</u>	<u>8-20</u>
<u>Approved by Board:</u>	<u>October 5, 2015</u>	<u>8-1, 8-7</u>
<u>Amended:</u>	<u>February 1, 2016</u>	<u>8-1, 8-7</u>
<u>Effective:</u>	<u>February 10, 2016</u>	<u>8-1, 8-7</u>
<u>Effective:</u>	<u>August 5, 2019</u>	<u>Rule 8</u>
<u>Effective:</u>	<u>May 28, 2020</u>	<u>Rule 8</u>
<u>Effective:</u>	<u>May 20, 2022</u>	<u>Rule 8</u>
<u>Effective:</u>	<u>TBD</u>	<u>Rule 8</u>

State of Arkansas  
94th General Assembly  
Regular Session, 2023

# A Bill

HOUSE BILL 1199

By: Representative Perry  
By: Senator K. Hammer

## For An Act To Be Entitled

AN ACT TO PERMIT A REFUND OF UNUSED PURCHASED SERVICE  
CREDIT UNDER THE ARKANSAS TEACHER RETIREMENT SYSTEM;  
TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

## Subtitle

TO PERMIT A REFUND OF UNUSED PURCHASED  
SERVICE CREDIT 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 § 24-1-107(b)(1)(B), concerning credit for  
federal service for a member of the Arkansas Teacher Retirement System, is  
amended to read as follows:

(B)(i) An active member of the Arkansas Teacher Retirement  
System shall receive credit for the member's federal service upon the payment  
of the cost of service under § 24-7-502(b) and as prescribed by the Board of  
Trustees of the Arkansas Teacher Retirement System.

(ii) At the member's request, a member's payment for  
federal service credit under this section shall be refunded if the:

(a) Member ceases to be an active member  
before the federal service credit is established as credited service in the  
system; or

(b) Federal service credit is not otherwise  
used to establish the member's eligibility for retirement under the system.





1  
2 SECTION 2. Arkansas Code § 24-7-602(b), concerning military service  
3 credit for a member of the Arkansas Teacher Retirement System, is amended to  
4 read as follows:

5 (b)(1) All United States Armed Forces service not otherwise creditable  
6 under this section shall be creditable, provided the member pays to the  
7 system the actuarial equivalent for the service credit.

8 (2) At the member's request, a member's payment for United  
9 States Armed Forces service credit under this subsection shall be refunded if  
10 the:

11 (A) Member ceases to be an active member before the United  
12 States Armed Forces service credit is established as credited service in the  
13 system; or

14 (B) United States Armed Forces service credit is not  
15 otherwise used to establish the member's eligibility for retirement under the  
16 system.

17  
18 SECTION 3. Arkansas Code § 24-7-603, concerning service credit under  
19 the Arkansas Teacher Retirement System for service rendered in another state  
20 under similar circumstances, is amended to add an additional subsection to  
21 read as follows:

22 (f) At the member's request, a member's payment under this section  
23 shall be refunded if the:

24 (1) Member ceases to be an active member before the out-of-state  
25 service is established as credited service in the system; or

26 (2) Out-of-state service is not otherwise used to establish the  
27 member's eligibility for retirement under the system.

28  
29 SECTION 4. Arkansas Code § 24-7-604, concerning service credit under  
30 the Arkansas Teacher Retirement System for service rendered at an overseas  
31 school, is amended to add an additional subsection to read as follows:

32 (c) At the member's request, a member's payment under this section  
33 shall be refundable if the:

34 (1) Member ceases to be an active member before the overseas  
35 service is established as credited service in the system; or

36 (2) Overseas service is not otherwise used to establish the

1 member's eligibility for retirement under the system.

2  
3 SECTION 5. Arkansas Code § 24-7-605, concerning service credit under  
4 the Arkansas Teacher Retirement System for service rendered as a member of  
5 the General Assembly, is amended to add an additional subsection to read as  
6 follows:

7 (c) At the member's request, member's payment under this section shall  
8 be refunded if the:

9 (1) Member ceases to be an active member before the General  
10 Assembly service is established as credited service in the system; or

11 (2) General Assembly service is not otherwise used to establish  
12 the member's eligibility for retirement under the system.

13  
14 SECTION 6. Arkansas Code § 24-7-606(a)(1), concerning a public school  
15 teacher or administrator's ability to receive credited service under the  
16 Arkansas Teacher Retirement System for leave of absence to obtain an advanced  
17 degree at an institution of higher learning or to fulfill the requirements of  
18 a scholarship or grant, is amended to read as follows:

19 ~~(a)(1) From and after June 28, 1985, any~~ A public school teacher or  
20 administrator who is a member of the Arkansas Teacher Retirement System and  
21 takes a leave of absence from a school in order to obtain an advanced degree  
22 at an institution of higher learning or to fulfill the requirements of a  
23 scholarship or grant shall be eligible, upon application, to receive credited  
24 service in the system for the time of actual enrollment in the institution.

25  
26 SECTION 7. Arkansas Code § 24-7-606, concerning the purchase of  
27 service credit under the Arkansas Teacher Retirement System for time spent on  
28 a leave of absence from a school under certain conditions, is amended to add  
29 an additional subsection to read as follows:

30 (d) At the member's request, a member's payment under this section  
31 shall be refunded if the:

32 (1) Member ceases to be an active member before the service for  
33 leave of absence to obtain an advanced degree at an institution of higher  
34 learning or to fulfill the requirements of a scholarship or grant is  
35 established as credited service in the system; or

36 (2) Service for leave of absence to obtain an advanced degree at

1 an institution of higher learning or to fulfill the requirements of a  
2 scholarship or grant is not otherwise used to establish the member's  
3 eligibility for retirement under the system.  
4

5 SECTION 8. Arkansas Code § 24-7-607(b)(3)(B)(ii), concerning when  
6 private school service becomes credited service under the Arkansas Teacher  
7 Retirement System, is amended to read as follows:

8 (ii) ~~If a member ceases to be an active member~~  
9 ~~before the private school service has been established as system credited~~  
10 ~~service, the member payments contributed under this section shall be refunded~~  
11 ~~to the member upon request~~ At the member's request, a member's payment for  
12 certified private school service credit shall be refunded if the:

13 (a) Member ceases to be an active member  
14 before the certified private school service is established as credited  
15 service in the system; or

16 (b) Certified private school service is not  
17 otherwise used to establish the member's eligibility for retirement under the  
18 system;  
19

20 SECTION 9. Arkansas Code § 24-7-607(c)(2)(B)(ii), concerning when  
21 noncertified private school service or private education-related entity  
22 private school service becomes credited service under the Arkansas Teacher  
23 Retirement System, is amended to read as follows:

24 (ii) ~~If a member ceases to be an active member~~  
25 ~~before the noncertified service has been established as system credited~~  
26 ~~service, the member payments contributed under this section shall be refunded~~  
27 ~~to the member upon request~~ At the member's request, a member's payment for  
28 noncertified private school service credit or noncertified private education-  
29 related entity private school service shall be refundable if the:

30 (a) Member ceases to be an active member  
31 before the noncertified private school service or private education-related  
32 entity private school service is established as credited service in the  
33 system; or

34 (b) Noncertified private school service or  
35 private education-related entity private school service is not otherwise used  
36 to establish the member's eligibility for retirement under the system.

1  
2 SECTION 10. Arkansas Code § 24-7-610(f), concerning the refund of  
3 member payments contributed to the Arkansas Teacher Retirement System when a  
4 member ceases to be an active member before service in the National Guard or  
5 the armed forces reserve has been established as system-credited service, is  
6 amended to read as follows:

7 ~~(f) If a member ceases to be an active member before the service in~~  
8 ~~the National Guard or the armed forces reserve has been established as~~  
9 ~~system-credited service, the member payments contributed as specified in~~  
10 ~~subdivision (b)(1)(C) of this section shall be refundable~~ At the member's  
11 request, a member's payment under this section shall be refunded if the:

12 (1) Member ceases to be an active member before the service in  
13 the National Guard or the armed forces reserve is established as credited  
14 service in the system; or

15 (2) Service in the National Guard or the armed forces reserve is  
16 not otherwise used to establish the member's eligibility for retirement under  
17 the system.

18  
19 SECTION 11. Arkansas Code § 24-7-611, concerning the purchase of  
20 service credit under the Arkansas Teacher Retirement System for domestic  
21 federal service rendered as a teacher or administrator at a facility  
22 administered by the United States Department of Defense, is amended to add an  
23 additional subsection to read as follows:

24 (e) At the member's request, a member's payment under this section  
25 shall be refunded if the:

26 (1) Member ceases to be an active member before the domestic  
27 federal service is established as credited service in the system; or

28 (2) Domestic federal service is not otherwise used to establish  
29 the member's eligibility for retirement under the system.

30  
31 SECTION 12. EMERGENCY CLAUSE. It is found and determined by the  
32 General Assembly of the State of Arkansas that the operations of a state  
33 public retirement system are complex; that the Arkansas Teacher Retirement  
34 System must be able to meet the needs of its members as anticipated by the  
35 General Assembly; that certain provisions of the Arkansas Teacher Retirement  
36 System Act need revision and updating to bring them into conformance with

1 sound public pension policy and actuarial requirements; that under the  
2 current provisions of the Arkansas Teacher Retirement System Act, a member is  
3 unable to receive a refund of certain types of purchased service credit when  
4 the member becomes inactive or the purchased service is not otherwise used to  
5 establish the member's retirement eligibility; that this act would allow  
6 members to receive a refund of purchased service credit when the member  
7 becomes inactive or the purchased service is not otherwise used to establish  
8 the member's retirement eligibility; that the revisions and updates are of  
9 great importance to members of the Arkansas Teacher Retirement System and to  
10 other citizens of the State of Arkansas; that as the Arkansas Teacher  
11 Retirement System operates on a fiscal year of July 1 to June 30, a July 1,  
12 2023, effective date is necessary in order to allow the provisions within  
13 this act to begin on the first day of the fiscal year and to allow for a  
14 structured and proper administration of the procedures referenced in this  
15 act; that the updates and revisions to the Arkansas Teacher Retirement System  
16 Act are of great importance for actuarial purposes and for the improvement  
17 and protection of member benefits under the Arkansas Teacher Retirement  
18 System; and that this act is necessary in order to maintain an orderly system  
19 of benefits for the members of the Arkansas Teacher Retirement System.  
20 Therefore, an emergency is declared to exist, and this act being necessary  
21 for the preservation of the public peace, health, and safety shall become  
22 effective on July 1, 2023.

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25 **APPROVED: 2/13/23**  
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State of Arkansas  
94th General Assembly  
Regular Session, 2023

# A Bill

HOUSE BILL 1200

By: Representative Perry  
By: Senator K. Hammer

## For An Act To Be Entitled

AN ACT CONCERNING AN INACTIVE MEMBER'S ELIGIBILITY  
FOR FREE MILITARY SERVICE CREDIT AND ABILITY TO  
PURCHASE MILITARY, CONTRIBUTORY, AND FEDERAL SERVICE  
CREDIT IN THE ARKANSAS TEACHER RETIREMENT SYSTEM; TO  
DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

## Subtitle

CONCERNING AN INACTIVE MEMBER'S  
ELIGIBILITY FOR FREE MILITARY SERVICE  
CREDIT AND ABILITY TO PURCHASE MILITARY,  
CONTRIBUTORY, AND FEDERAL SERVICE CREDIT  
IN 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 § 24-1-107(b)(1)(B), concerning recognition  
of federal retirement programs, is amended to read as follows:

(B) ~~An active~~ A member of the Arkansas Teacher Retirement  
System shall receive credit for the member's federal service upon the payment  
of the cost of service under § 24-7-502(b) and as prescribed by the Board of  
Trustees of the Arkansas Teacher Retirement System.

SECTION 2. Arkansas Code § 24-7-406(e)(1)(B)(iv), concerning  
retirement fund assets, accounts, members' deposit accounts, and  
contributions under the Arkansas Teacher Retirement System, is amended to





1 read as follows:

2 (iv) ~~An active~~ A member who has previous  
3 noncontributory credited service may change credited service on which a  
4 member contribution has not been paid to contributory credited service by  
5 paying the system the actuarial equivalent of the member benefits.

6  
7 SECTION 3. Arkansas Code § 24-7-602(a)(1) and (2), concerning military  
8 service credit under the Arkansas Teacher Retirement System, are amended to  
9 read as follows:

10 (a)(1) If ~~an active~~ a member of the Arkansas Teacher Retirement System  
11 enters the United States Armed Forces during a period that a federal military  
12 draft was in effect and obtains a refund of member contributions from the  
13 system, the compulsory military service required of the member may be  
14 established as free credited service under this subchapter, if after an  
15 honorable discharge from the United States Armed Forces and before retirement  
16 the member repays to the system the actuarial equivalent of the member's  
17 refunded service.

18 (2)(A) ~~In addition, an active member who entered the United~~  
19 ~~States Armed Forces during any period that a federal military draft was in~~  
20 ~~effect and who becomes an active member after an honorable discharge from the~~  
21 ~~United States Armed Forces is eligible to receive free military service~~  
22 ~~credit under this section, whether or not the member has five (5) or more~~  
23 ~~years of credited service at the time of the reemployment. In addition, a~~  
24 member is eligible to receive free military service credit under this section  
25 if the member:

26 (i) Entered the United States Armed Forces during  
27 any period that a federal military draft was in effect; and

28 (ii) Becomes an active member after an honorable  
29 discharge from the United States Armed Forces.

30 (B) Subdivision (a)(2)(A) of this section applies to a  
31 member whether or not the member has five (5) or more years of credited  
32 service at the time of the member's reemployment.

33  
34 SECTION 4. EMERGENCY CLAUSE. It is found and determined by the  
35 General Assembly of the State of Arkansas that the operations of a state  
36 public retirement system are complex; that the Arkansas Teacher Retirement

1 System must be able to meet the needs of its members as anticipated by the  
2 General Assembly; that certain provisions of the Arkansas Teacher Retirement  
3 System Act need revision and updating to bring these provisions into  
4 conformance with sound public pension policy and actuarial requirements; that  
5 under the current provisions of the Arkansas Teacher Retirement System Act,  
6 inactive members are ineligible for free military service credit and cannot  
7 purchase military, contributory, and federal service credit; that the  
8 revisions and updates are of great importance to members of the Arkansas  
9 Teacher Retirement System and to other citizens of the State of Arkansas;  
10 that the Arkansas Teacher Retirement System operates on a fiscal year of July  
11 1 to June 30; that as the Arkansas Teacher Retirement System operates on a  
12 fiscal year of July 1 to June 30, a July 1, 2023, effective date is necessary  
13 in order to allow the provisions within this act to begin on the first day of  
14 the fiscal year and to allow for a structured and proper administration of  
15 the procedures referenced in this act; that the updates and revisions to the  
16 Arkansas Teacher Retirement System Act are of great importance and necessary  
17 for improving and protecting member benefits; and that this act is necessary  
18 in order to maintain an orderly system of benefits for the members of the  
19 Arkansas Teacher Retirement System. Therefore, an emergency is declared to  
20 exist, and this act being necessary for the preservation of the public peace,  
21 health, and safety shall become effective on July 1, 2023.

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24 **APPROVED: 2/13/23**  
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State of Arkansas

As Engrossed: H2/7/23

94th General Assembly

# A Bill

Regular Session, 2023

HOUSE BILL 1201

By: Representative Warren

By: Senator K. Hammer

## For An Act To Be Entitled

AN ACT TO ENACT THE ARKANSAS TEACHER RETIREMENT  
SYSTEM'S GENERAL OMNIBUS ACT; TO CORRECT CERTAIN  
REFERENCES TO "ALTERNATE RETIREMENT PLAN", "COVERED  
EMPLOYER", "CREDITED SERVICE", "RETIRANT", "SERVICE  
CREDIT", AND "THE SYSTEM"; TO AMEND AND ADD CERTAIN  
DEFINITIONS APPLICABLE TO THE ARKANSAS TEACHER  
RETIREMENT SYSTEM; TO CLARIFY THE LAW CONCERNING  
BENEFIT INCREASES AND COMPUTATION, DEADLINES, SYSTEM  
ASSETS, TERMINATION SEPARATION PERIOD, SERVICE  
CREDIT, SECOND REVIEWS OF DISABILITY RETIREMENT  
APPLICATIONS, A MEMBER'S RESIDUE, CONTRACT BUYOUT  
SETTLEMENT AGREEMENTS, THE DE MINIMIS AMOUNT, AND  
OTHER VARIOUS PROVISIONS APPLICABLE TO THE ARKANSAS  
TEACHER RETIREMENT SYSTEM; TO DECLARE AN EMERGENCY;  
AND FOR OTHER PURPOSES.

## Subtitle

TO ENACT THE ARKANSAS TEACHER RETIREMENT  
SYSTEM'S GENERAL OMNIBUS ACT; AND TO  
DECLARE AN EMERGENCY.

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

SECTION 1. Arkansas Code § 21-5-411(a)(1)(A)(v), concerning the  
eligibility of certain retired employees to participate in the State and  
Public School Life and Health Insurance Program, is amended to read as



1 follows:

2 (v) An alternate retirement plan ~~of a qualifying~~  
3 ~~institution under~~ as defined in § 24-7-801 24-7-202; and

4  
5 SECTION 2. Arkansas Code § 24-2-302(3)(D), concerning the  
6 classification under the Arkansas Teacher Retirement System of a person  
7 employed in a position requiring professional training or certification with  
8 an area vocational-technical school or employed by the Arkansas Educational  
9 Television Commission, is amended to read as follows:

10 (D) Any person employed in a position requiring  
11 professional training or certification with an area vocational-technical  
12 school or employed by the Arkansas Educational Television Commission, except  
13 that employees of area vocational-technical schools and the Division of  
14 Career and Technical Education, the Adult Education Section, and the Office  
15 of Skills Development, who have elected to participate in an alternate  
16 retirement plan established by ~~§§ 24-7-901 and 24-7-903 — 24-7-908~~ § 24-7-901  
17 et seq. shall be active members of the alternate retirement plan; and

18  
19 SECTION 3. Arkansas Code § 24-2-401(3)(F), concerning the definition  
20 of "reciprocal system" that is applicable to public employee retirement  
21 plans, is amended to read as follows:

22 (F) An alternate retirement plan ~~for:~~  
23 ~~(i) A college, university, or the Division of Higher~~  
24 ~~Education provided for under § 24-7-801 et seq., or~~  
25 ~~(ii) A vocational-technical school or the Division~~  
26 ~~of Career and Technical Education, the Adult Education Section of the~~  
27 ~~Division of Workforce Services, the Division of Higher Education, and the~~  
28 ~~Office of Skills Development, with respect to plans provided for under § 24-~~  
29 ~~7-901 et seq. as defined in § 24-7-202; or~~

30  
31 SECTION 4. Arkansas Code § 24-2-401(4)(D), concerning the definition  
32 of "state employer" that is applicable to public employee retirement plans,  
33 is amended to read as follows:

34 (D) A public employer ~~who is:~~  
35 ~~(i) A college, university, or the Division of Higher~~  
36 ~~Education whose employees are covered by an alternate retirement plan~~

1 ~~provided for under § 24-7-801 et seq., or~~  
2 ~~(ii) A vocational technical school or the Division~~  
3 ~~of Career and Technical Education, the Adult Education Section, and the~~  
4 ~~Office of Skills Development, whose employees are covered by an alternate~~  
5 ~~retirement plan provided for under § 24-7-901 et seq. that has an alternate~~  
6 ~~retirement plan as defined in § 24-7-202;~~  
7

8 SECTION 5. Arkansas Code § 24-2-402(g)(6), concerning death-in-service  
9 benefits as to an alternate retirement plan, is amended to read as follows:

10 (6) If the reciprocal system is an alternate retirement plan  
11 ~~under § 24-7-801 et seq. or § 24-7-901 et seq. as defined in § 24-7-202,~~  
12 death-in-service benefits shall be contingent on death-in-service benefits  
13 having been provided by the alternate retirement plan and having been  
14 selected by the member as a benefit.  
15

16 SECTION 6. Arkansas Code § 24-2-402(k), concerning the payment of  
17 payable benefits in accordance with terms specified in a written alternate  
18 retirement plan document, is amended to read as follows:

19 (k) If the reciprocal system is an alternate retirement plan ~~for a~~  
20 ~~college, a university, or the Division of Higher Education provided for under~~  
21 ~~§ 24-7-801 et seq., or for a vocational technical school or the Department of~~  
22 ~~Career Education provided for under § 24-7-901 et seq. as defined in § 24-7-~~  
23 ~~202,~~ the benefits payable shall be in accordance with terms specified in the  
24 written alternate retirement plan document for purchasing the insurance  
25 policies or annuity contracts, both fixed and variable in nature, for the  
26 participants.  
27

28 SECTION 7. Arkansas Code § 24-4-901(a)(1)(F), concerning credited  
29 service and reciprocity under the Arkansas Public Employees' Retirement  
30 System and the amount of annuity awarded to a member employed by an alternate  
31 retirement plan, is amended to read as follows:

32 (F) An alternate retirement plan ~~under § 24-8-101 et seq.~~  
33 ~~or § 24-9-201 et seq. as defined in § 24-7-202;~~ or  
34

35 SECTION 8. Arkansas Code § 24-4-901(a)(3)(B), concerning credited  
36 service and reciprocity under the Arkansas Public Employees' Retirement

1 System and the computation of final average compensation for credited service  
2 in the Arkansas Judicial Retirement System or an alternate retirement plan,  
3 is amended to read as follows:

4 (B) Compensation for credited service in the Arkansas  
5 Judicial Retirement System or an alternate retirement plan ~~under § 24-8-101~~  
6 ~~et seq. or § 24-9-201 et seq.~~ as defined in § 24-7-202 shall not be used to  
7 determine final average compensation.

8  
9 SECTION 9. Arkansas Code § 24-4-901(b)(1)(F), concerning credited  
10 service and reciprocity under the Arkansas Public Employees' Retirement  
11 System and what criteria an annuity is determined from when a member of an  
12 alternate retirement plan retires due to disability or dies in service, is  
13 amended to read as follows:

14 (F) An alternate retirement plan ~~under § 24-8-101 et seq.~~  
15 ~~or § 24-9-201 et seq.~~ as defined in § 24-7-202; or

16  
17 SECTION 10. Arkansas Code § 24-4-901(b)(4), concerning credited  
18 service and reciprocity under the Arkansas Public Employees' Retirement  
19 System and the contingency of disability and death-in-service benefits being  
20 awarded if provision of the benefits were provided to the alternate  
21 retirement plan and were selected by the member as a benefit, is amended to  
22 read as follows:

23 (4) If a member has service credit in an alternate retirement  
24 plan ~~under § 24-8-101 et seq. or § 24-9-201 et seq.~~ as defined in § 24-7-202,  
25 disability and death-in-service benefits shall be contingent on provision of  
26 those benefits having been provided by the alternate retirement plan and  
27 having been selected by the member as a benefit.

28  
29 SECTION 11. Arkansas Code § 24-4-901(d)(6), concerning credited  
30 service and reciprocity under the Arkansas Public Employees' Retirement  
31 System and the provision of reciprocal service credits between contributory  
32 and noncontributory members of an alternate retirement plan, is amended to  
33 read as follows:

34 (6) An alternate retirement plan ~~for a college, university, or~~  
35 ~~the Division of Higher Education provided for under § 24-8-101 et seq. or for~~  
36 ~~a vocational technical school or the Division of Career and Technical~~



1 ~~Education, the Adult Education Section, and the Office of Skills Development,~~  
2 ~~provided for under § 24-9-201 et seq., as defined in § 24-7-202; and~~

3  
4 SECTION 12. Arkansas Code § 24-7-202(6), concerning the definition of  
5 "alternate retirement plan" applicable to the Arkansas Teacher Retirement  
6 System, is amended to read as follows:

7 (6) "Alternate retirement plan" means a retirement plan based on  
8 the purchase of contracts providing retirement and death benefits for  
9 employees under ~~§ 24-7-801 et seq. or § 24-7-901 et seq.~~ § 24-7-801 et seq.,  
10 § 24-7-901 et seq., or § 24-7-1001 et seq.;

11 SECTION 13. Arkansas Code § 24-7-202(7), concerning the definition of  
12 "annuity" applicable to the Arkansas Teacher Retirement System, is amended to  
13 read as follows:

14 (7) "Annuity" means an amount payable to a ~~retirant~~ retiree each  
15 fiscal year by the Arkansas Teacher Retirement System in equal monthly  
16 installments;

17  
18 SECTION 14. Arkansas Code § 24-7-202(14), concerning the definition of  
19 "credited service" applicable to the Arkansas Teacher Retirement System, is  
20 amended to read as follows:

21 (14) "Credited service" means service which is ~~creditable~~  
22 credited as service by the Arkansas Teacher Retirement System;

23  
24 SECTION 15. Arkansas Code § 24-7-202(19)(D)(iii), concerning the  
25 definition of "employment with a school" applicable to the Arkansas Teacher  
26 Retirement System, is amended to read as follows:

27 (iii) Each education-related agency or organization  
28 shall ~~be~~:

29 (a) ~~Approved~~ Be approved according to rules  
30 established by the ~~board~~ Board of Trustees of the Arkansas Teacher Retirement  
31 System;

32 (b) ~~Considered an employer under subdivision~~  
33 ~~(18) of this section~~ Become a covered employer at the time that an employee  
34 elects to become or remain a member of the Arkansas Teacher Retirement  
35 System; and

36 (c) Be considered a covered employer only for

1 each employee who elects to become or remain a member of the Arkansas Teacher  
2 Retirement System; and

3 (d) Responsible Be responsible for all  
4 required employer contributions;

5  
6 SECTION 16. Arkansas Code § 24-7-202(21)(B), concerning the definition  
7 of "inactive member" applicable to the Arkansas Teacher Retirement System, is  
8 amended to read as follows:

9 (B) Not a ~~retirant~~ retiree;

10  
11 SECTION 17. Arkansas Code § 24-7-202(28), concerning the definition of  
12 "normal retirement age" applicable to the Arkansas Teacher Retirement System,  
13 is amended to read as follows:

14 (28) "Normal retirement age" means:

15 (A) Sixty-five (65) years of age if the member has at  
16 least five (5) years of actual service or reciprocal service; or

17 (B) ~~At least sixty (60) years of age if the member has a~~  
18 ~~combined total of thirty-eight (38) years or more of credited service in the~~  
19 ~~Arkansas Teacher Retirement System, Teacher Deferred Retirement Option Plan,~~  
20 ~~or reciprocal service in another eligible state retirement system~~ Sixty (60)  
21 years of age or older if the member's age and the member's combined years of  
22 credited service in the Arkansas Teacher Retirement System, Teacher Deferred  
23 Retirement Option Plan, or reciprocal service in another eligible state  
24 retirement system total ninety-eight (98);

25  
26 SECTION 18. Arkansas Code § 24-7-202(32), concerning the definition of  
27 "retiree" or "retirant" under the Arkansas Teacher Retirement System, is  
28 amended to read as follows:

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

31  
32 SECTION 19. Arkansas Code § 24-7-202, concerning definitions  
33 applicable to the Arkansas Teacher Retirement System, is amended to add  
34 additional subdivisions to read as follows:

35 (45)(A) "Benefit enhancement" means any change to the current  
36 benefit policy for a retired, active, or inactive member of the Arkansas

1 Teacher Retirement System or T-DROP participant that increases the  
2 amortization period by one (1) year or more.

3 (B) Benefit enhancement does not include any change that is  
4 required to comply with federal law, prevent a manifest injustice, correct an  
5 error, avoid an unintended consequence of an existing statutory provision, or  
6 prevent undue hardship on any benefit participant or class of benefit  
7 participants.

8 (46) "Employment with a covered employer" means the employment  
9 of an employee that would require a covered employer to pay employer  
10 contributions to the system; and

11 (47) "Residue" for the purposes of § 24-7-701 et seq. means the  
12 difference between the accumulated contributions and regular interest  
13 credited to the retirement reserve account as of the member's effective date  
14 of retirement and the total amount of retirement annuities paid.

15  
16 SECTION 20. Arkansas Code § 24-7-207 is amended to read as follows:

17 24-7-207. Increase in benefit amount.

18 (a)(1) The Board of Trustees of the Arkansas Teacher Retirement System  
19 is authorized ~~by this act~~ to raise the level of benefits provided to the  
20 current ~~retirants~~ retirees and other beneficiaries of the Arkansas Teacher  
21 Retirement System ~~to a comparable level increase to match the increase in~~  
22 ~~benefits that would accrue to active members as a result of any reduction of~~  
23 ~~the calculation of "final average salary" to not less than a three year~~  
24 ~~period nor more than the five year period in accordance with any rules the~~  
25 ~~board might promulgate.~~

26 (2) The board may raise the level of benefits to a comparable  
27 level increase that matches the increase in benefits that would accrue to  
28 active members as a result of any reduction caused by setting the applicable  
29 number of years used in computing final average salary for retirement  
30 benefits at not less than three (3) years and not more than five (5) years in  
31 accordance with any rules that the board may promulgate.

32 (b) The amount of any increase for ~~retirants~~ retirees and other  
33 beneficiaries shall also be determined in accordance with the rules of the  
34 board as is actuarially appropriate for the system.

35  
36 SECTION 21. Arkansas Code § 24-7-301(4) and (5), concerning the

1 membership of the Board of Trustees of the Arkansas Teacher Retirement System  
2 and the election thereof, are amended to read as follows:

3 (4)(A) Three (3) ~~retirants~~ retirees shall be elected ~~retirant~~  
4 retiree trustees by the retirees of the system.

5 (B) Each ~~retirant~~ retiree trustee shall be a ~~retirant~~  
6 retiree with an annuity being paid by the system at the beginning of his or  
7 her term of office;

8 (5) The member and ~~retirant~~ retiree trustees shall be elected in  
9 accordance with rules as have been adopted by the board to govern the  
10 elections; and

11  
12 SECTION 22. Arkansas Code § 24-7-302(a)(2)(B), concerning the  
13 ineligibility of a retirant trustee to serve on the Board of Trustees of the  
14 Arkansas Teacher Retirement System after becoming active, is amended to read  
15 as follows:

16 (B) A ~~retirant~~ retiree trustee is ineligible to serve  
17 after becoming active.

18  
19 SECTION 23. Arkansas Code § 24-7-305(b)(5), concerning the ability of  
20 the Board of Trustees of the Arkansas Teacher Retirement System to set a de  
21 minimis amount to charge for distributing or collecting various moneys, is  
22 amended to read as follows:

23 (5) The board may set or amend by a motion or resolution at any  
24 board meeting a de minimis amount ~~of twenty-five dollars (\$25.00) or less~~  
25 concerning the system's obligation to distribute or collect payments,  
26 penalties, interest, funds, or moneys.

27  
28 SECTION 24. Arkansas Code § 24-7-403(b), concerning the restriction of  
29 trustees, officers, and employees of the Board of Trustees of the Arkansas  
30 Teacher Retirement System from holding an interest in the gains or profits of  
31 any of the board's investments, is amended to read as follows:

32 (b)(1) Except as to the rights of a member, ~~retirant~~ retiree, or  
33 beneficiary, ~~no trustee and no officer or employee~~ a trustee, officer, or  
34 employee of the board shall not have any direct or indirect interest, ~~direct~~  
35 ~~or indirect~~, in the gains or profits of any investment made by the board.

36 (2) ~~Nor shall any of them, directly or indirectly, for himself~~

1 ~~or herself or as an agent, in any manner use the assets of the system except~~  
2 ~~to make such current and necessary payments as are authorized by the board;~~  
3 ~~nor shall any of them become an endorser or surety or become in any manner an~~  
4 ~~obligor for moneys loaned by or borrowed from the board~~ A trustee, officer,  
5 or employee of the board shall not directly or indirectly use the assets of  
6 the system in any manner for himself or herself or as an agent.

7 (3) A trustee, officer, or employee of the board shall not in  
8 any manner become an endorser, surety, or obligor for moneys loaned by or  
9 borrowed from the board.

10 (4) A trustee, officer, or employee of the board may make such  
11 current and necessary payments as are authorized by the board.

12  
13 SECTION 25. Arkansas Code § 24-7-408 is amended to read as follows:  
14 24-7-408. Retirement fund assets accounts – Retirement reserve  
15 account.

16 (a) The retirement reserve account shall be the account from which  
17 shall be paid all annuities and benefits in lieu of annuities payable as  
18 provided in this act to ~~retirants~~ retirees who retired on account of  
19 superannuation or disability and to beneficiaries of such ~~retirants~~ retirees.

20 (b) If a disability ~~retirant~~ retiree returns to teaching service:

21 (1) The amount of his or her accumulated contributions at the  
22 time of his or her disability retirement shall be transferred from the  
23 retirement reserve account to the members' deposit account; and

24 (2) The remainder of his or her annuity reserve at the time of  
25 return shall be transferred from the retirement reserve account to the  
26 employer accumulation account.

27  
28 SECTION 26. Arkansas Code § 24-7-501(a)(2)(B)(iii), concerning the  
29 employer contribution rate under the Arkansas Teacher Retirement System being  
30 established at a rate necessary to fund liabilities, is amended to read as  
31 follows:

32 (iii) The employer contribution rate for this closed  
33 system shall be established at a rate necessary to fund all present and  
34 future liabilities until such time as there are no longer members, ~~retirants~~  
35 retirees, or deferred annuitants.

1           SECTION 27. Arkansas Code § 24-7-502(a)(6), concerning restrictions on  
2 a member during his or her termination separation period under the Arkansas  
3 Teacher Retirement System, is amended to read as follows:

4           (6) During the termination separation period, the member shall  
5 remain terminated and shall not:

6           (A) Form an employment relationship with ~~any system-~~  
7 ~~covered employer~~ a covered employer;

8           (B) Render any compensable services to or on behalf of ~~any~~  
9 ~~system-covered employer~~ a covered employer, except that a member may ~~provide~~  
10 perform volunteer activities ~~at a system-covered employer~~ for a covered  
11 employer that ~~does~~ do not have the effect of holding a position open for the  
12 member during a termination separation period; ~~and~~

13           (C) Exercise any authority to act as a representative of  
14 ~~any system-covered employer~~ a covered employer or exercise any authority over  
15 employees of ~~any system-covered employer~~ a covered employer; or

16           (D) Be indirectly employed by or through an independent  
17 contractor, limited liability company, partnership, corporation, or legal  
18 entity that is employed by a covered employer if the member has substantial  
19 control of the employer-employee relationship, including without limitation  
20 the ability to negotiate rates of pay with the covered employer or assign  
21 work and work hours to the member.

22  
23           SECTION 28. Arkansas Code § 24-7-601(e)(5), concerning the provision  
24 of a benefit amount that is not dependent on length of credited service under  
25 the Arkansas Teacher Retirement System, is amended to read as follows:

26           (5) When the Arkansas Teacher Retirement System provides a  
27 benefit amount that is not dependent on length of credited service, the  
28 benefit amount shall be reduced to the proportion that actual system service  
29 bears to total ~~reciprocal-system-credited~~ service credited by a reciprocal  
30 system.

31  
32           SECTION 29. Arkansas Code § 24-7-601(g)(1), concerning concurrent  
33 service earned in the Arkansas Teacher Retirement System and reciprocal  
34 systems, is amended to add an additional subdivision to read as follows:

35           (C) A member's part-time employment with a PSHE employer  
36 or an employer covered by the Arkansas Public Employees' Retirement System

1 shall not prevent the member from earning service credit under the Arkansas  
2 Teacher Retirement System if the member does not earn service credit in an  
3 alternate retirement plan or the Arkansas Public Employees' Retirement  
4 System.

5  
6 SECTION 30. Arkansas Code § 24-7-602(c)(1), concerning military  
7 service credit under the Arkansas Teacher Retirement System when a member  
8 leaves employment with a school to serve in the uniformed services of the  
9 United States and later returns to employment with a school, is amended to  
10 read as follows:

11 (c)(1)(A) ~~Effective December 12, 1994, a~~ A member who leaves  
12 employment with a school or employment with a covered employer to serve, on a  
13 voluntary or involuntary basis, in the uniformed services of the United  
14 States and returns to employment with a school or employment with a covered  
15 employer shall be treated as not having incurred a break in service with the  
16 employer.

17 (B) The employer shall certify to the system that  
18 reemployment was in accordance with the requirements set forth in section  
19 4312 of the Uniformed Services Employment and Reemployment Rights Act of  
20 1994, Pub. L. No. 103-353.

21  
22 SECTION 31. Arkansas Code § 24-7-701(a)(1)(B), concerning the time  
23 frame necessary for a member to submit a complete application for voluntary  
24 retirement under the Arkansas Teacher Retirement System, is amended to read  
25 as follows:

26 (B) If a member fails to submit a complete retirement  
27 application ~~within six (6) calendar months after~~ by the end of the sixth full  
28 calendar month immediately following the effective date of benefits,  
29 including all additional documentation required by the system, the  
30 application shall be void unless an extension has been granted by the ~~system~~  
31 Executive Director of the Arkansas Teacher Retirement System.

32  
33 SECTION 32. Arkansas Code § 24-7-701(e)(1), concerning when a member  
34 may cancel an application for voluntary retirement benefits under the  
35 Arkansas Teacher Retirement System, is amended to read as follows:

36 (e)(1) A member may cancel an application for voluntary retirement

1 benefits ~~up to two (2) calendar months after~~ any time before the end of the  
2 second full calendar month immediately following the effective date of  
3 benefits.

4  
5 SECTION 33. Arkansas Code § 24-7-702(a)(1)(A) and (B), concerning a  
6 member's application for voluntary early retirement under the Arkansas  
7 Teacher Retirement System, are amended to read as follows:

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

15 (B) If a member fails to submit a complete retirement  
16 application ~~within six (6) calendar months of~~ by the end of the sixth full  
17 calendar month immediately following the effective date of benefits,  
18 including all additional documentation required by the Arkansas Teacher  
19 Retirement System, the application shall be void unless an extension is  
20 granted by the ~~system~~ Executive Director of the Arkansas Teacher Retirement  
21 System.

22  
23 SECTION 34. Arkansas Code § 24-7-702(f)(1), concerning when a member  
24 may cancel an application for early voluntary retirement benefits under the  
25 Arkansas Teacher Retirement System, is amended to read as follows:

26 (f)(1) A member may cancel an application for early voluntary  
27 retirement benefits up to two (2) full calendar months after the effective  
28 date of benefits.

29  
30 SECTION 35. Arkansas Code § 24-7-704(a)(1)(D)(i) and (ii), concerning  
31 when a member must submit an application and accompanying documentation for  
32 disability retirement under the Arkansas Teacher Retirement System, are  
33 amended to read as follows:

34 (D)(i) A member has ~~six (6) calendar months from~~ until the  
35 end of the sixth full calendar month immediately following the date of his or  
36 her application for disability retirement to submit a completed application



1 and accompanying documentation.

2 (ii) If a member does not provide all accompanying  
3 documentation requested by the system ~~within the six (6) calendar months by~~  
4 the end of the sixth full calendar month immediately following the date of  
5 his or her application for disability retirement, the system shall:

6 (a) Submit the application to the medical  
7 committee for review as complete; or

8 (b) Withdraw the application at the request of  
9 the member unless an extension is granted by the ~~system~~ Executive Director of  
10 the Arkansas Teacher Retirement System.

11  
12 SECTION 36. Arkansas Code § 24-7-704(a)(1)(G) and (H), concerning  
13 actions by the medical committee related to when a member submits an  
14 application for disability retirement under the Arkansas Teacher Retirement  
15 System, are amended to read as follows:

16 (G) If the medical committee requests additional  
17 documentation upon initial review, a member has ~~six (6) calendar months from~~  
18 until the end of the sixth full calendar month immediately following the date  
19 of a medical committee request to submit any additional accompanying  
20 documentation unless an extension is granted by the ~~system~~ executive  
21 director.

22 (H)(i) If the medical committee finds that a member is not  
23 qualified to receive disability benefits, written notice of the medical  
24 committee's finding shall be sent to the member and the member may request a  
25 second review provided the member submits additional medical documentation.

26 (ii)(a) ~~A second review may be requested one (1)~~  
27 time A member may request a second review one (1) time for each application  
28 for disability retirement filed by the member.

29 (b) A member's option to request a second  
30 review does not apply to a disability retiree who applies for a review under  
31 subsection (b) of this section.

32 (iii) The member has ~~six (6) calendar months until~~  
33 the end of the sixth full calendar month immediately following the date of  
34 the written notice to submit additional medical documentation unless an  
35 extension is granted by the ~~system~~ executive director.

1           SECTION 37. Arkansas Code § 24-7-704(a)(3)(B), concerning when a  
2 member must submit all documents and election forms required to begin annuity  
3 payments for disability retirement under the Arkansas Teacher Retirement  
4 System, is amended to read as follows:

5                   (B) If a member does not submit the required documents  
6 ~~within six (6) calendar months after~~ by the end of the sixth full calendar  
7 month immediately following the date on which the medical committee finds  
8 that the member qualifies to receive disability benefits, the member's  
9 application shall be void unless an extension has been granted by the ~~system~~  
10 executive director.

11  
12           SECTION 38. Arkansas Code § 24-7-704(a)(4), concerning restrictions on  
13 when a member is eligible to begin receiving disability retirement payments  
14 under the Arkansas Teacher Retirement System, is amended to read as follows:

15                   (4) To begin receiving disability retirement, a member shall  
16 not:

17                           (A) Be employed by a ~~system-covered employer~~ covered  
18 employer; or

19                           (B) ~~Be indirectly employed by or through an independent~~  
20 ~~contractor, limited liability company, partnership, corporation, or legal~~  
21 ~~entity that is employed by a system-covered employer if the member has~~  
22 ~~substantial control of the employer-employee relationship, including without~~  
23 ~~limitation the ability to negotiate rates of pay with the system-covered~~  
24 ~~employer or assign work and work hours to the member~~ Unless otherwise  
25 provided by law, perform any action described in § 24-7-502(a)(6).

26  
27           SECTION 39. Arkansas Code § 24-7-704(b)(3)(C)(iii), concerning actions  
28 not taken by a disability retiree under the Arkansas Teacher Retirement  
29 System that will cause termination of disability retirement benefits, is  
30 amended to read as follows:

31                           (iii) Apply for a review by the system's medical  
32 committee ~~within three (3) months of disability benefits ceasing~~ by the end  
33 of the third full calendar month immediately following the cessation of  
34 disability benefits due to the lack of a Social Security Administration  
35 determination letter finding that the disability retiree is unable to perform  
36 his or her former work duties as described in subdivision (a)(1)(E)(iii) of

1 this section.

2  
3 SECTION 40. Arkansas Code § 24-7-704(b)(3)(D)(i), concerning certain  
4 conditions that allow a disability retiree under the Arkansas Teacher  
5 Retirement System to seek a review by the system's medical committee, is  
6 amended to read as follows:

7 (D)(i) A disability retiree who seeks and fails to receive  
8 a determination letter finding the disability retiree is unable to perform  
9 his or her former work duties as described in subdivision (a)(1)(E)(iii) of  
10 this section by the Social Security Administration may seek a review  
11 permitted under subdivision (b)(3)(C)(iii) of this section no earlier than  
12 three (3) full calendar months before the date on which the member's  
13 disability retirement would otherwise end and no later than ~~three (3) months~~  
14 after the end of the third full calendar month immediately following the  
15 termination of disability retirement.

16  
17 SECTION 41. Arkansas Code § 24-7-706(a)-(e), concerning annuity  
18 options under the Arkansas Teacher Retirement System, are amended to read as  
19 follows:

20 (a)(1) Before the date the first payment of his or her annuity becomes  
21 due, a member may elect to receive his or her annuity as a straight life  
22 annuity, or he or she may elect to receive the actuarial equivalent, at that  
23 time, of his or her straight life annuity in a reduced annuity payable  
24 throughout his or her life.

25 (2) The member may nominate a beneficiary, in accordance with  
26 one (1) of the following options:

27 (A) Option A – 100% Survivor Annuity.

28 (i) Under Option A, upon the death of a ~~retirant~~  
29 retiree, his or her reduced annuity shall be continued throughout the life of  
30 and paid to such person as he or she shall have nominated by written  
31 designation executed and filed with the Board of Trustees of the Arkansas  
32 Teacher Retirement System before the date the first payment of his or her  
33 annuity becomes due.

34 (ii) The person designated as a beneficiary by the  
35 ~~retirant~~ retiree shall be:

36 (a) The ~~retirant's~~ retiree's spouse for not

1 less than one (1) year immediately preceding the first payment due date; or

2 (b) A dependent child of the ~~retirant~~ retiree  
3 who has been adjudged physically or mentally incapacitated by a court of  
4 competent jurisdiction;

5 (B) Option B – 50% Survivor Annuity.

6 (i) Under Option B, upon the death of a ~~retirant~~  
7 retiree, one-half ( $\frac{1}{2}$ ) of his or her reduced annuity shall be continued  
8 throughout the life of and paid to such person as he or she has nominated by  
9 written designation executed and filed with the board before the date the  
10 first payment of his or her annuity becomes due.

11 (ii) The person designated as a beneficiary by the  
12 ~~retirant~~ retiree shall be:

13 (a) The ~~retirant's~~ retiree's spouse for not  
14 less than one (1) year immediately preceding the first payment due date; or

15 (b) A dependent child of the ~~retirant~~ retiree  
16 who has been adjudged physically or mentally incapacitated by a court of  
17 competent jurisdiction; or

18 (C) Option C – Annuity for Ten (10) Years Certain and Life  
19 Thereafter.

20 (i) Under Option C, a ~~retirant~~ retiree shall receive  
21 a reduced annuity payable throughout his or her life with the provision that  
22 if he or she dies before he or she has received one hundred twenty (120)  
23 monthly annuity payments, the payments shall be continued for the remainder  
24 of the period of one hundred twenty (120) months and paid to such persons in  
25 equal shares as the ~~retirant~~ retiree has nominated by written designation  
26 executed and filed with the board.

27 (ii) If the designated beneficiaries predecease the  
28 ~~retirant~~ retiree, the ~~retirant~~ retiree may nominate successor beneficiaries  
29 or may elect to return to his or her single lifetime benefit equivalent by  
30 written designation executed and filed with the board, to be effective the  
31 month following receipt of his or her election by the Arkansas Teacher  
32 Retirement System.

33 (iii)(a) If the designated beneficiary is the spouse  
34 of the ~~retirant~~ retiree and the marriage ends in divorce or other marriage  
35 dissolution, the ~~retirant~~ retiree may:

36 (1) Nominate a successor beneficiary; or

1 (2) Elect to return to his or her single  
2 lifetime benefit equivalent.

3 (b) The nomination or election made under  
4 subdivision (a)(2)(C)(iii)(a) of this section shall be in writing, executed  
5 by the ~~retirant~~ retiree, and filed with the board, to be effective the month  
6 following receipt of his or her election by the system.

7 (iv) If no designated beneficiary survives the  
8 ~~retirant~~ retiree, the annuity reserve for the remainder of the annuity  
9 payments shall be paid to the ~~retirant's~~ retiree's estate.

10 (v) If the last designated beneficiary receiving  
11 annuity payments dies before all annuity payments are made, the annuity  
12 reserve for the remainder of the annuity payments shall be paid to the  
13 beneficiary's estate.

14 (vi) Effective the month following completion of the  
15 one-hundred-twenty-month period, the ~~retirant's~~ retiree's annuity shall  
16 return to his or her single lifetime benefit equivalent.

17 (3) In addition to the persons eligible to be designated as a  
18 beneficiary under either Option A or Option B in subdivision (a)(2) of this  
19 section, the board may promulgate rules concerning the addition of classes of  
20 eligible persons to be designated as a beneficiary under this section and for  
21 the rights of option beneficiaries of deceased disability retirees under §  
22 24-7-704.

23 (b)(1)(A) If a member's marital status changes after retirement due to  
24 the death of the member's spouse, or a divorce or marriage dissolution from  
25 the member's spouse who is also the member's designated beneficiary, then the  
26 member may elect to cancel any optional plan designating the former spouse as  
27 a beneficiary.

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

32 (2) A ~~retirant~~ retiree who is receiving a single lifetime  
33 benefit and who marries after retirement may elect to cancel his or her  
34 single lifetime benefit and may elect an annuity providing continuing  
35 lifetime benefits to his or her spouse under rules promulgated by the board.

36 (c) If a member fails to elect an option, his or her annuity shall be

1 paid to him or her as a straight life annuity.

2 (d)(1) Notwithstanding anything contained in this section to the  
3 contrary, the residue beneficiary under § 24-7-709 may elect to cancel the  
4 form of annuity in effect and elect Option A – 100% Survivor Annuity upon the  
5 death of a ~~retirant~~ retiree on or after July 1, 1989, if:

6 (A) The ~~retirant~~ retiree died within one (1) year  
7 following the effective date of retirement;

8 (B) The ~~retirant~~ retiree was receiving a straight life  
9 annuity; and

10 (C) The residue beneficiary otherwise qualifies for an  
11 Option A – 100% Survivor Annuity.

12 (2) The election to change may be made only one (1) time and  
13 shall be on a form approved by the system.

14 (3) The election form must be received by the system within one  
15 hundred twenty (120) days of the death of the retiree.

16 (e)(1) Notwithstanding anything in this section to the contrary, a  
17 ~~retirant~~ retiree who retired on or after July 1, 1994, may elect to cancel  
18 his or her election made at retirement for receiving an annuity and elect  
19 another option, provided that he or she:

20 (A) Does so within one (1) year after July 1, 1995, or  
21 within one (1) year of retirement;

22 (B) Files with the system a new election form approved by  
23 the system; and

24 (C)(i) Repays to the system the difference between the  
25 amount of the annuity received when he or she retired and the new annuity due  
26 as a result of the election change, plus interest from July 1, 1994, or his  
27 or her retirement date, whichever is later, to the date of payment in full.

28 (ii) The difference shall be calculated  
29 retroactively to July 1, 1994, or his or her retirement date, whichever is  
30 later.

31 (2) The election to change shall be made only one (1) time.

32 (3) The election change shall be effective retroactively to the  
33 effective date of his or her annuity.

34  
35 SECTION 42. Arkansas Code § 24-7-707(d), concerning when a member must  
36 submit an application for deferred retirement under the Arkansas Teacher

1 Retirement System, is amended to read as follows:

2 (d) If a member fails to submit a complete deferred retirement  
3 application ~~within six (6) calendar months of~~ by the end of the sixth full  
4 calendar month immediately following the effective date of benefits,  
5 including all additional documentation required by the system, the  
6 application shall be void unless an extension is granted by the ~~system~~  
7 Executive Director of the Arkansas Teacher Retirement System.

8  
9 SECTION 43. Arkansas Code § 24-7-707(e)(1), concerning when a member  
10 may cancel an application for deferred retirement under the Arkansas Teacher  
11 Retirement System, is amended to read as follows:

12 (e)(1) A member may cancel an application for deferred retirement  
13 benefits any time before ~~two (2) calendar months from~~ the end of the second  
14 full calendar month immediately following the effective date of benefits.

15  
16 SECTION 44. Arkansas Code § 24-7-709 is amended to read as follows:

17 24-7-709. Disposition of ~~member~~ retiree contributions – Residue.

18 (a)(1)~~(A)~~ If a retiree and his or her option annuitants, if any, die  
19 before receiving annuity payments equal to the ~~member's~~ retiree's residue  
20 ~~amount~~, then the residue ~~amount~~ shall be paid to ~~such persons as the retiree~~  
21 ~~shall have nominated by written designation duly~~ one (1) or more  
22 beneficiaries nominated by the retiree in a written designation that is  
23 executed and filed with the Arkansas Teacher Retirement System.

24 ~~(B) As used in this subchapter, "residue" means the~~  
25 ~~difference between the accumulated contributions and regular interest~~  
26 ~~credited to the retirement reserve account as of the member's retirement~~  
27 ~~effective date and the total amount of retirement annuities paid.~~

28 (2) If a retiree designates more than one (1) beneficiary, the  
29 residue shall be divided equally among each designated beneficiary.

30 (3) If a retiree and his or her option annuitants die and the  
31 member has failed to designate a beneficiary or if all designated  
32 beneficiaries have predeceased the retiree, the residue shall be paid to the  
33 retiree's estate.

34 (4) If all designated beneficiaries predecease the retiree, the  
35 residue shall be paid to the estate of the most recently deceased designated  
36 beneficiary.

1 (b) If upon the termination of the option annuity no surviving  
2 beneficiary designated by the ~~member~~ retiree survives and it is impracticable  
3 to make payment to the ~~member's~~ retiree's estate, the residue shall be  
4 forfeited to the trust assets of the system subject to any valid claim of the  
5 ~~member's~~ retiree's estate under § 24-7-734.

6  
7 SECTION 45. Arkansas Code § 24-7-710(a)(2)(B), concerning when an  
8 eligible survivor or a minor survivor's guardian or legal representative must  
9 complete an application for survivor annuity benefits under the Arkansas  
10 Teacher Retirement System, is amended to read as follows:

11 (B) If an immediately eligible survivor or the minor  
12 survivor's guardian or legal representative fails to complete the application  
13 process ~~within six (6) calendar months after~~ by the end of the sixth full  
14 calendar month following the date on which the application required under  
15 subdivision (a)(2)(A) of this section is filed, including the submission of  
16 any additional documentation required by the system, the application shall be  
17 void unless an extension is granted by the ~~system~~ Executive Director of the  
18 Arkansas Teacher Retirement System.

19  
20 SECTION 46. Arkansas Code § 24-7-710(b)(1)(A)(i), concerning a  
21 member's survivor annuity under the Arkansas Teacher Retirement System and  
22 when it is received by a member's surviving spouse who was married to the  
23 member for at least the two (2) years immediately preceding the member's  
24 death, is amended to read as follows:

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

34  
35 SECTION 47. Arkansas Code § 24-7-710(b)(1)(B)(ii), concerning when an  
36 immediately eligible spouse must complete an application process for a



1 survivor annuity benefit under the Arkansas Teacher Retirement System, is  
2 amended to read as follows:

3 (ii) If an immediately eligible spouse fails to  
4 complete the application process ~~within six (6) calendar months after~~ by the  
5 end of the sixth full calendar month following the date on which the  
6 application required under subdivision (b)(1)(B)(i) of this section is filed,  
7 including the submission of all additional documentation required by the  
8 system, the application shall be void unless an extension is granted by the  
9 ~~system~~ executive director.

10  
11 SECTION 48. Arkansas Code § 24-7-710(b)(1)(C)(ii), concerning when a  
12 surviving spouse's application for surviving spouse benefits becomes void  
13 under the Arkansas Teacher Retirement System, is amended to read as follows:

14 (ii) If a surviving spouse becomes eligible for  
15 surviving spouse benefits and fails to complete the application process  
16 ~~within six (6) calendar months after~~ by the end of the sixth full calendar  
17 month following the date on which the application required under subdivision  
18 (b)(1)(B)(i) of this section is filed, including the submission of any  
19 additional documentation required by the system, the application shall be  
20 void unless an extension is granted by the ~~system~~ executive director.

21  
22 SECTION 49. Arkansas Code § 24-7-713(a)(1), concerning when certain  
23 persons receiving benefits under the Arkansas Teacher Retirement System  
24 receive a simple cost of living adjustment, is amended to read as follows:

25 (a)(1) July 1 of each year, ~~retirants~~ retirees, survivors,  
26 participants in the Teacher Deferred Retirement Option Plan, and annuity  
27 beneficiaries who have been receiving monthly benefits for the previous  
28 twelve (12) months shall receive a simple cost of living adjustment.

29  
30 SECTION 50. Arkansas Code § 24-7-713(d), concerning the administration  
31 of the Arkansas Teacher Retirement System benefit stipend by the Board of  
32 Trustees of the Arkansas Teacher Retirement System, is amended to read as  
33 follows:

34 (d)(1) The board may remove by board resolution the benefit stipend  
35 from the base amount of current ~~retirants~~ retirees and option beneficiaries  
36 if the board determines that the removal of the benefit stipend from the base

1 amount is prudent in order to maintain actuarial soundness.

2 (2) The board may phase in the removal of the benefit stipend  
3 from the base amount of current ~~retirant~~ retiree and option beneficiaries by  
4 board resolution.

5  
6 SECTION 51. Arkansas Code § 24-7-714 is amended to read as follows:

7 24-7-714. Increase in monthly benefits – Acts 1979, No. 655, and Acts  
8 1981, No. 885.

9 (a) The monthly retirement benefit payable to ~~retirants~~ retirees and  
10 beneficiaries of the Arkansas Teacher Retirement System who were retired on  
11 or before July 1, 1978, and who were receiving benefits on July 1, 1979,  
12 shall be increased as follows:

13 (1) For all benefits to ~~retirants~~ retirees and beneficiaries of  
14 the system whose total credited service is before July 1, 1961, a monthly  
15 benefit increase equal to one dollar (\$1.00) per each year of credited  
16 service;

17 (2) For all benefits to ~~retirants~~ retirees and beneficiaries of  
18 the system which are based in whole or in part upon credited service rendered  
19 after July 1, 1961, a monthly benefit increase equal to seventy-five cents  
20 (75¢) per each year of credited service;

21 (3) For benefit increases authorized by subdivisions (a)(1) and  
22 (2) of this section, fractional years of service shall be disregarded, and  
23 the increase shall be added to the monthly annuity after the annual  
24 postretirement increase based on the consumer price index has been applied to  
25 the ~~retirant's~~ retiree's base annuity; and

26 (4) In the event that there is more than one (1) beneficiary or  
27 survivor of a member or ~~retirant~~ retiree receiving benefits, the increases in  
28 subdivisions (a)(1) and (2) of this section shall be based upon the member's  
29 total credited service. The benefit increase so determined shall be divided  
30 between the survivors or beneficiaries in proportion to their base annuities.

31 (b) For retirements effective after July 1, 1978, for which a monthly  
32 benefit is payable for the month of July 1981 or later, calculations shall be  
33 made as provided in subdivisions (b)(1) and (2) of this section. If the  
34 monthly benefit calculated using subdivision (b)(1) of this section is more  
35 than the monthly benefit calculated using subdivision (b)(2) of this section,  
36 then the difference shall be paid to the ~~retirant~~ retiree as a monthly

benefit increase, subject to the provisions of subdivisions (b)(3)-(6) of this section, as follows:

(1) Calculate the monthly annuity payable to the member under § 24-7-705, based on the provisions of § 24-7-705, his or her salary record, and his or her service record, all as of July 1, 1978, and add seventy-five cents (75¢) for each year of the member's credited service rendered before July 1, 1978;

(2) Calculate the monthly annuity payable to the member under the provisions of § 24-7-705 in effect at the time of the member's retirement;

(3) For benefit increases authorized by this subsection, fractional years of service shall be disregarded. The increase shall be added to the monthly annuity after the annual postretirement increase based on the consumer price index has been applied to the ~~retirant's~~ retiree's base annuity;

(4) In the event that there is more than one (1) beneficiary or survivor of a member or ~~retirant~~ retiree receiving benefits, the increases in this subsection shall be based upon the member's total credited service, and the benefit increase so determined shall be divided between the survivors or beneficiaries in proportion to their base annuities;

(5) Any benefit increase created by this subsection shall be effective at retirement but not for any month before July 1981; and

(6) If there is any change in § 24-7-705 after the member's retirement, the amount under subdivision (b)(2) of this section shall be recalculated using the changed provisions, and the benefit increase provided by this subsection shall be changed correspondingly.

SECTION 52. Arkansas Code § 24-7-727(a)(1), concerning when the Board of Trustees of the Arkansas Teacher Retirement System may compound the cost of living adjustment for retirants and participants in the Teacher Deferred Retirement Option Plan, is amended to read as follows:

(a)(1) ~~After July 1, 1999, the~~ The Board of Trustees of the Arkansas Teacher Retirement System may compound the cost of living adjustment for all ~~retirants~~ retirees and participants in the Teacher Deferred Retirement Option Plan who have received a monthly retirement benefit for the prior twelve-month period.

1  
2 SECTION 53. Arkansas Code § 24-7-727(b)(3)(A), concerning when the  
3 Board of Trustees of the Arkansas Teacher Retirement System may reverse a  
4 compounding of the cost of living adjustment for retirants and participants  
5 in the Teacher Deferred Retirement Option Plan, is amended to read as  
6 follows:

7 (3)(A) The board may reverse a compounding of the cost of living  
8 adjustment for all ~~retirants~~ retirees and participants in the Teacher  
9 Deferred Retirement Option Plan who benefit from the compounding.

10  
11 SECTION 54. Arkansas Code § 24-7-728 is amended to read as follows:  
12 24-7-728. Computation of benefits based on life annuity.

13 (a)(1) The Board of Trustees of the Arkansas Teacher Retirement System  
14 is authorized ~~by this section~~ to raise the level of benefit to the current  
15 ~~retirants~~ retirees and other beneficiaries of the Arkansas Teacher Retirement  
16 System ~~to a comparable level increase to match the increase in benefits that~~  
17 ~~would accrue to active members as a result of any increase in the calculation~~  
18 ~~of a life annuity as provided in § 24-7-705(a)(1) in accordance with any~~  
19 ~~rules the board might promulgate.~~

20 (2) The board may raise the level of benefit to a comparable  
21 level increase that matches the increase in benefits that would accrue to  
22 active members as a result of any increase in the calculation of a life  
23 annuity as provided in § 24-7-705(a)(1) in accordance with any rules the  
24 board might promulgate.

25 (b)(1) The amount of any increase for ~~retirants~~ retirees and other  
26 beneficiaries shall also be determined in accordance with the rules of the  
27 board as is actuarially appropriate for the system.

28 (2) ~~Prior to~~ Before increasing a benefit as provided in this  
29 section, the board shall file relevant information concerning the actuarial  
30 appropriateness of the action with the Joint Committee on Public Retirement  
31 and Social Security Programs, and the action shall be reviewed by the Joint  
32 Committee on Public Retirement and Social Security Programs.

33  
34 SECTION 55. Arkansas Code § 24-7-730(a)(1), concerning the required  
35 dates of distributions of member benefits under the Arkansas Teacher  
36 Retirement System, is amended to read as follows:

1 (a)(1)(A) Notwithstanding the provisions of this subchapter regarding  
2 the required dates of distribution of benefits under the Arkansas Teacher  
3 Retirement System to former members, the distribution of a former member's  
4 benefits under the system shall in any event be made or begun by April 1 of  
5 the calendar year following the ~~later of the calendar year~~ latter of the  
6 calendar year in which the member ~~attains age seventy-two (72) or the~~  
7 ~~calendar year in which the member retires~~ or the calendar year in which the  
8 member attains the applicable age.

9 (B) The applicable age for a member is as follows:

10 (i) In the case of a member who attains seventy-two  
11 (72) years of age after December 31, 2022, and seventy-three (73) years of  
12 age before January 1, 2030, the applicable age is seventy-three (73) years of  
13 age;

14 (ii) In the case of a member who attains seventy-  
15 three (73) years of age after December 31, 2029, and seventy-four (74) years  
16 of age before January 1, 2033, the applicable age is seventy-four (74) years  
17 of age; and

18 (iii) In the case of a member who attains seventy-  
19 four (74) years of age after December 31, 2032, the applicable age is  
20 seventy-five (75) years of age.

21  
22 SECTION 56. Arkansas Code § 24-7-733(a)(2), concerning the requirement  
23 that annual benefits under the Arkansas Teacher Retirement System shall not  
24 violate limitations under the Internal Revenue Code, 26 U.S.C. 415(b), is  
25 amended to read as follows:

26 (2) The annual benefits, as may be increased in subsequent  
27 years, that are paid to ~~retirants~~ retirees by the system shall not violate  
28 the limitations under the Internal Revenue Code, 26 U.S.C. 415(b), applicable  
29 to the annuity effective date under the Internal Revenue Code, 26 U.S.C.  
30 415(d), and benefits shall be paid in a manner that protects the tax-  
31 qualified status of the system.

32  
33 SECTION 57. Arkansas Code § 24-7-735(c), concerning a member or  
34 employer's ability to purchase service credit, additional salary, or both for  
35 a member under the Arkansas Teacher Retirement System, is amended to add an  
36 additional subdivision to read as follows:

1           (4)(A) Service credit purchased under a settlement agreement or  
2 court order shall offset service credit that is earned by the member as an  
3 employee of another covered employer during the same period of time covered  
4 by the service credit purchased under the settlement agreement or court  
5 order.

6           (B) Service credit purchased under a settlement agreement  
7 or court order shall not be applied by the system in a manner that allows the  
8 member to earn more than one (1) year of service credit in a fiscal year.

9  
10         SECTION 58. Arkansas Code § 24-7-738(b)(2), concerning the recovery of  
11 an erroneously paid disability retirement benefit for a month in which a  
12 member receives salary from a covered employer under the Arkansas Teacher  
13 Retirement System, is amended to read as follows:

14           (2) Any disability retirement benefit erroneously paid to the  
15 member or ~~retirant~~ retiree for a month in which the member receives salary  
16 from a covered employer may be recovered by the system as an overpayment as  
17 allowed by law.

18  
19         SECTION 59. Arkansas Code § 24-7-1302(c), concerning when a member may  
20 withdraw his or her application for the Teacher Deferred Retirement Option  
21 Plan under the Arkansas Teacher Retirement System, is amended to read as  
22 follows:

23           (c) The member may withdraw his or her plan application if notice to  
24 withdraw is received by the system ~~no later than two (2) calendar months~~  
25 after by the end of the second full calendar month immediately following the  
26 member's plan date.

27  
28         SECTION 60. Arkansas Code Title 24, Chapter 7, Subchapter 15 is  
29 amended to read as follows:

30           Subchapter 15 – ~~Retirants'~~ Retirees' Ad Hoc Increase Act

31  
32           24-7-1501. Title.

33           This subchapter shall be known and may be cited as the "~~Retirants'~~  
34 Retirees' Ad Hoc Increase Act".

35  
36           24-7-1502. Benefit generally.

(a)(1) The annual benefit payable to eligible retirees, survivors, and beneficiaries of ~~retirants~~ retirees of the Arkansas Teacher Retirement System shall be subject to a one-time ad hoc increase based on the ~~retirant's~~ retiree's years of credited service that is grouped within descending decades as calculated by subtracting the total years of credited service from the date of retirement.

(2) A break in credited service is not considered under this subchapter.

(3) Teacher Deferred Retirement Option Plan participants shall have the total years of credited service subtracted from the date of entry into the plan.

(b)(1) One-half ( $\frac{1}{2}$ ) of the annual dollar increase per year of credited service shall be calculated and provided to all retirees, survivors, and beneficiaries of ~~retirants~~ retirees that are eligible to receive this increase.

(2) One-half ( $\frac{1}{2}$ ) of the annual dollar increase per year of credited service shall be calculated then prorated based on the amount of contributory service credit to total service on the ~~retirant's~~ retiree's:

(A) Retirement date; or

(B) Plan entry date.

(3) The amounts under this subsection shall be calculated and provided to all retirees, survivors, and beneficiaries of ~~retirants~~ retirees.

(c) The ad hoc benefit is payable to the retirees, survivors, and beneficiaries of ~~retirants~~ retirees of the system beginning on a July 1 that is at least twelve (12) full months after the effective date of a monthly benefit.

(d) The ad hoc benefit for a ~~retirant~~ retiree, survivor, and beneficiary of a ~~retirant~~ retiree shall not increase the ~~retirant's~~ retiree's current benefit by more than twenty-five percent (25%) of the annuity benefit payable as of the prior June 30.

24-7-1503. Ad hoc benefit formula.

The schedule of decade dollar amounts per year of credited service is:

Formula Decades in Which Credited Service Was Accrued Service	Annual \$ Increase Per Year of Credited Service
---	---

2000 – and later	\$5
1990–1999	\$10
1980–1989	\$20
1970–1979	\$30
1960–1969	\$40
1950–1959	\$50
1940–1949	\$60
1930–1939	\$70
1920–1929	\$80
1910–1919	\$90

24-7-1504. Promulgation of rules – Duty of board.

(a) The Board of Trustees of the Arkansas Teacher Retirement System shall promulgate rules for the ad hoc benefit under this subchapter.

(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 an eighteen-year amortization.

(c) The board shall only authorize an ad hoc benefit that is actuarially appropriate for the system.

(d) Before an increase of retirement benefit through an ad hoc benefit is authorized, the board shall file relevant information with the Joint Interim Committee on Public Retirement and Social Security Programs regarding the actuarial appropriateness of the increase.

(e) The board may reduce the decade increase formula under § 24-7-1503 proportionately on a one-to-one formula basis for each decade when the reduction is actuarially feasible to implement.

(f) The ad hoc benefit increase is a one-time adjustment and shall also be used to increase the base amount of a ~~retirant's~~ retiree's benefits when calculating any future additional benefit increases.

SECTION 61. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that the operations of a state public retirement system are complex; that the Arkansas Teacher Retirement 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 need revision and updating to bring them into conformance with sound public pension policy and actuarial requirements; that the revisions and updates are of great importance to members of the Arkansas Teacher Retirement System and to other citizens of the State of Arkansas; that as the Arkansas Teacher Retirement System operates on a fiscal year of July 1 to June 30, a July 1, 2023, effective date is necessary in order to allow the provisions within this act to begin on the first day of the fiscal year and to allow for a structured and 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 for the improvement and 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, 2023.

/s/Warren

APPROVED: 2/21/23

State of Arkansas  
94th General Assembly  
Regular Session, 2023

# A Bill

SENATE BILL 116

By: Senator K. Hammer  
By: Representative Warren

## For An Act To Be Entitled

AN ACT TO ALLOW THE PURCHASE OF PERMISSIVE SERVICE  
CREDIT UNDER THE ARKANSAS TEACHER RETIREMENT SYSTEM;  
TO ADD DEFINITIONS APPLICABLE TO THE ARKANSAS TEACHER  
RETIREMENT SYSTEM; TO DECLARE AN EMERGENCY; AND FOR  
OTHER PURPOSES.

## Subtitle

TO ALLOW THE PURCHASE OF PERMISSIVE  
SERVICE CREDIT 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 § 24-7-202, concerning definitions applicable  
to the Arkansas Teacher Retirement System Act, is amended to add additional  
subdivisions to read as follows:

(45) "Gap year" means a period of time:

(A) In which a member:

(i) Was an inactive member; and

(ii) Either:

(a) Was unemployed; or

(b) Did not provide qualified service; and

(B) For which the system may grant the member permissive  
service credit;

(46) "Permissive service credit" means service:



(A) That is credited under the system for the purpose of calculating a member's benefit;

(B) That has not previously been credited under the system; and

(C) For which a member contributes or pays the amount necessary to fund the benefit attributable to the service as required by the system; and

(47) "Qualified service" means the service described in 26 U.S.C. § 415(n)(3)(C)(i)-(iv), as it existed on January 1, 2023.

SECTION 2. Arkansas Code Title 24, Chapter 7, Subchapter 6, is amended to add a new section to read as follows:

24-7-613. Permissive service credit – Gap year service.

(a) A member of the Arkansas Teacher Retirement System may purchase permissive service credit for one (1) or more gap years if:

(1) The member:

(A) Has five (5) years of actual service in the system;

(B) Has left his or her position as a classroom teacher immediately before each nonconsecutive gap year or the initial gap year of consecutive gap years;

(C) Returns to his or her position as a classroom teacher after one (1) or more gap years;

(D) Accrues at least one-half (1/2) year of service credit after returning to his or her position as a classroom teacher;

(E) Was inactive during the gap year or gap years; and

(F) Is ineligible to receive free service credit for each gap year under another provision of the law applicable to this system; and

(2) Each gap year amounts to an entire fiscal year.

(b)(1) A member may purchase one (1) year of permissive service credit for each one (1) gap year.

(2) A member shall not purchase more than five (5) years of permissive service credit.

(c) Permissive service credit for one (1) or more gap years shall not be purchasable after a member retires from the system.

(d) Permissive service credit shall be credited in accordance with § 24-7-601.

1       (e)(1) The member shall pay the actuarial equivalent of the member's  
2 benefits to the system for each year of permissive service credit purchased.

3       (2) A year of permissive service credit that is being purchased  
4 by a member shall not become credited service under the system until the  
5 actuarial equivalent of the member's benefits is paid in full.

6       (f) At the member's request, a member's payment for permissive service  
7 credit under this section shall be refunded if the:

8           (1) Member ceases to be an active member before the permissive  
9 service credit is established as credited service in the system; or

10          (2) Permissive service credit is not otherwise used to establish  
11 the member's eligibility for retirement under the system.

12  
13       SECTION 3. EMERGENCY CLAUSE. It is found and determined by the  
14 General Assembly of the State of Arkansas that the operations of a state  
15 public retirement system are complex; that the Arkansas Teacher Retirement  
16 System must be able to meet the needs of its members as anticipated by the  
17 General Assembly; that certain provisions of the Arkansas Teacher Retirement  
18 System Act need revision and updating to bring them into conformance with  
19 sound public pension policy and actuarial requirements; that the revisions  
20 and updates are of great importance to members of the Arkansas Teacher  
21 Retirement System and to other citizens of the State of Arkansas; that as the  
22 Arkansas Teacher Retirement System operates on a fiscal year of July 1 to  
23 June 30, a July 1, 2023, effective date is necessary in order to allow the  
24 provisions within this act to begin on the first day of the fiscal year and  
25 to allow for a structured and proper administration of the procedures  
26 referenced in this act; that the updates and revisions to the Arkansas  
27 Teacher Retirement System Act are of great importance for actuarial purposes  
28 and for the improvement and protection of member benefits under the Arkansas  
29 Teacher Retirement System; and that this act is necessary in order to  
30 maintain an orderly system of benefits for the members of the Arkansas  
31 Teacher Retirement System. Therefore, an emergency is declared to exist, and  
32 this act being necessary for the preservation of the public peace, health,  
33 and safety shall become effective on July 1, 2023.

34  
35                   APPROVED: 2/21/23  
36