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ATRS Rule 6 MEMBERSHIP RULES ATRS RULE 6

MEMBERSHIP AND EMPLOYER PARTICIPATION

A.C.A. Arkansas Code §§ 24-2-202, 24-2-401 — 24-2-408, 24-7-202, 24-7-406, 24-7-501, 24-7-502, and 24-7-1601 — 24-7-1607

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I. Definitions

~~A.a.~~ "Administrator" shall mean a public school superintendent, assistant superintendent, principal, or vice principal; a higher education president, chancellor or director; or a community college, vocational/technical or educational cooperative director, president, or vice president, who is employed by a participating employer; ~~OR any employee of an education related agency participating in ATRS that is an active member employed in a position grade GS13 or above or its equivalent.~~ means:

1. An employee of a covered employer in one (1) of the following positions:

A. Public school superintendent, assistant superintendent, principal, or vice principal;

B. A higher education president, chancellor, or director;

C. A community college, vocational or technical school, or educational cooperative director, president, or vice president; or

2. An employee of an education-related agency participating in the Arkansas Teacher Retirement System (ATRS) who is an active member employed in a GS13 grade position, its equivalent, or above;

~~B. "Alternate Retirement Plans" refers to the retirement plan(s) of a public college or university, or the Division of Higher Education provided for under A.C.A. § 24-7-801 et seq., or for a vocational technical school or the Department of Career Education (formerly the Division of Vocational and Technical Education) provided for under A.C.A. § 24-7-901 et seq.~~

~~C.b.~~ "Contributory service" is means service on which a member makes or made member contributions to ATRS-;

~~D.c.~~ A "contributory election" is a written election by a member to make member contributions to ATRS. To be valid, an election must be on an election form provided by ATRS and signed by both the member and the employer. "Contributory election" means a member's written election to make member contributions to ATRS;

~~E.d.~~ "Noncontributory service" is means service on which a member does not make member contributions to the ATRS and for which the member accepts a reduced retirement annuity for the member's years of noncontributory service ~~for which the member does not contribute-;~~

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F.e. "Nonteacher" means any a member that who is not a teacher or administrator.;

G.f. "Organization" means: ~~(i) any private entity providing services for a public school district and whose employees were formerly employed by the school district and had been members of ATRS, and (ii) any educational nonprofit corporation licensed and regulated by the Division of Developmental Disabilities Services of the Department of Human Services.~~

1. A private entity that:

A. Provides services for a public school district; and

B. Has employees who were previously employed by the public school district and members of ATRS; or

2. An educational nonprofit corporation licensed and regulated by the Division of Developmental Disabilities Services of the Department of Human Services;

H.g. "Preceding System" is means a previous reciprocal retirement system of record ~~as defined below.~~;

I.h. "Post-secondary higher education plan" or "PSHE plan" means a plan establishing the right of a new employee of a post-secondary or higher education employer to participate in ATRS on or after July 1, 2011;

i. "Reciprocal System" means:

1. ATRS operations as of June 30, 1957, and continued by statutes;

2. the The Arkansas State Highway Employees' Retirement System (ASHERS), established by A.C.A. Arkansas Code § 24-5-103;

3. the The Arkansas Public Employees' Retirement System (APERS) established by A.C.A. Arkansas Code § 24-4-103;

4. the The Arkansas State Police Retirement System (ASPRS) established by A.C.A. Arkansas Code § 24-6-203;

5. the The Arkansas Judicial Retirement System (AJRS) established by A.C.A. Arkansas Code § 24-8-201;

6. the The Arkansas District Judge Retirement System (ADJRS) established by A.C.A. Arkansas Code §§ 24-8-801[repealed] -- 24-8-824 [repealed];

7. the The Arkansas Local Police and Fire Retirement System (ALOPFI) provided for under A.C.A. Arkansas Code § 24-10-101; or

8. or an An alternate retirement plan for:

A. a A public college or university, or the Arkansas Division of Higher

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Education provided for under A.C.A. Arkansas Code § 24-7-801 et seq.; A college, university, or the Division of Higher Education provided for under Arkansas Code § 24-7-801 et seq.

B. or for a A vocational-technical school or the Department of Career Education (formerly the Division of Vocational and Technical Education) provided for under A.C.A. § 24-7-901 et seq.; or A vocational-technical school or the Division of Career and Technical Education, the Adult Education Section of the Division of Workforce Services, the Division of Higher Education, and the Office of Skills Development provided for under Arkansas Code § 24-7-901 et seq.; or

C. and agencies An agency that may be assigned the duties under the agencies listed above one (1) or more of the agencies listed in this ATRS Rule 6 I.i.1– 8 through a state reorganization or transformation plan;

J.J. "State Employer" means:

1. the A public employer whose employees are covered under the:

A. ATRS;

B. the Arkansas State Highway Employees' Retirement System ASHERS (A.C.A. Arkansas Code § 24-5-103);

C. the Arkansas Public Employees' Retirement System APERS (A.C.A. Arkansas Code § 24-4-103);

D. the Arkansas State Police Retirement System ASPRS (A.C.A. Arkansas Code § 24-6-203);

E. the Arkansas Judicial Retirement System AJRS (A.C.A. Arkansas Code § 24-8-201); or

F. or the Arkansas District Judge Retirement System ADJRS (A.C.A. Arkansas Code §§ 24-8-801[repealed] — 24-8-824 [repealed]); or

2. "State employer" also includes a A public employer that is:

A. a A college, university, or the Arkansas Division of Higher Education (A.C.A. Arkansas Code § 24-7-801 et seq.); A college, university, or the Division of Higher Education whose employees are covered by an alternate retirement plan provided for under Arkansas Code § 24-7-801 et seq.

B. or a A vocational-technical school or the Department of Career Education (formerly the Division of Vocational and Technical Education (A.C.A. Arkansas Code § 24-7-901 et seq.); and or A vocational-technical school of the Division of Career and Technical Education, the Adult Education Section, and the Office of Skills

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Development, whose employees are covered by an alternate retirement plan provided for under Arkansas Code § 24-7-901 et seq.; or

C. agencies An agency that may be assigned the duties under the agencies listed above of one (1) or more of the agencies listed in this ATRS Rule 6 I.j.1. and 2. through a state reorganization or transformation plan-;

K.k. "Succeeding System" is means the current reciprocal retirement system of record, following membership in a retirement system covered above that follows a person's membership in a preceding retirement system-; and

L. "Teacher" means any a person employed by a school for the purpose of giving instructions instruction and whose employment requires state teaching licensure.

II. Membership and Employer Participation Rules

A. Effective July 1, 2001, those employees whose nonteaching service began before July 1, 1989, and whose nonteaching service is covered or coverable by the Arkansas Public Employees Retirement System may elect to be covered by ATRS. The elections shall be made prior to May 31 on a form provided by ATRS and shall be effective the following July 1 as provided by A.C.A. § 24-7-501(a)(2)(C).

B.a. Employee Membership in Another State Retirement System

1. Employees who are eligible for membership in ATRS are ineligible for membership in another state retirement system while employed in a position covered by ATRS, excluding service in the Arkansas General Assembly. Excluding service as a member of the General Assembly, an employee who is eligible for membership in ATRS is ineligible for membership in another state retirement system while he or she is employed in a position covered by ATRS.

C.b. Erroneous Membership of Employees

1. Erroneous Enrollment Before January 1, 1979 – Employees

A. An employee who was erroneously enrolled in ATRS before January 1, 1979, shall continue to be a member of ATRS if the employee's contributions were not refunded before July 1, 1979.

B. The employee shall:

i. Receive service credit for all paid membership service in ATRS and any free service creditable under Acts 1973, No. 427 as amended; and

ii. Be entitled to reciprocal service credit as provided by Arkansas

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Code §§ 24-7-401 — 24-7-408.

2. Erroneous Enrollment on or after January 1, 1979 – Employees

A. An employee who is erroneously enrolled in a state retirement system on or after January 1, 1979, may:

- i. Elect to remain a member of the system of record; or
- ii. Become a member of the eligible retirement system.

3. Correction of Erroneous Enrollment Occurring Before January 1, 1979 – ATRS Obligations

A. Effective July 1, 1979, ATRS shall not:

- i. Be required to correct the state retirement system membership of an employee who was erroneously enrolled in another state retirement system before January 1, 1979; and
- ii. Accept an employee who was erroneously enrolled in another state retirement system before January 1, 1979, as a member of ATRS unless the employee's contributions were refunded before July 1, 1979.

4. Correction of Erroneous Enrollment Occurring on or after January 1, 1979 – ATRS Obligations

A. If ATRS discovers that an employee is erroneously enrolled in a state retirement system on or after January 1, 1979, ATRS shall notify both the covered employer and employee that the:

- i. Employee is erroneously enrolled in the state retirement system; and
- ii. Error may be corrected as provided by Acts 1991, No. 13 or Arkansas Code § 24-2-302 et seq.

c. Employer Participation in ATRS — Generally

1. The ATRS Executive Director of ATRS (executive director) shall monitor, from time to time, employers that participate in ATRS to ensure that only employers that meet meeting both the federal and state requirements for participation and continued participation remain employers in ATRS.

2. If the Executive Director executive director determines that an employer no longer meets the requirements for continued participation in ATRS, the Executive Director executive director shall notify the Board of Trustees of the Arkansas Teachers Retirement System (Board) to allow appropriate review and action by the Board.

c. Employee Membership Eligibility — School Janitors, Bus Drivers, and Cafeteria

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Workers Employed Before July 1, 1989

1. An employee shall continue to be a member of APERS if the employee:
 - A. Was employed before July 1, 1989, as a school janitor, bus driver, or cafeteria worker;
 - B. Was enrolled in APERS under the provision of Acts 1965, No. 63;
 - C. Was promoted to a position of school maintenance worker or supervisor, bus mechanic or transportation supervisor, or cafeteria manager, respectively; and
 - D. Remains employed in the position to which he or she was promoted.

d. **Employee** Membership Eligibility – Nonteaching Service Employees

1. Effective July 1, 2001, an employee whose nonteaching service began before July 1, 1989, and is covered or coverable by APERS may elect to be covered by ATRS.
2. An employee shall submit his or her election to be covered by ATRS before May 31 on a form provided by ATRS.
3. An employee's timely submitted election to be covered by ATRS is effective on July 1 of the following year. (Arkansas Code § 24-7-501(a)(2)(C))

e. **Employee** Membership Eligibility – College Plans

1. **Employees of Nonmandatory Employers**

- A. A member of ATRS who was employed by a nonmandatory employer before July 1, 2011, may continue to participate in ATRS instead of an alternative program offered by the nonmandatory employer if the member continues providing consistent service to the nonmandatory employer.
- B. A nonmandatory employer shall be considered a post-secondary or higher education employer (PSHE employer) if the nonmandatory employer enrolls a new eligible member with ATRS on or after July 1, 2011.
- C. If an eligible nonmandatory employer college elects to offer ATRS participation to its employees, the nonmandatory employer shall report information regularly to ATRS, on forms approved by ATRS, as required or permitted by the law applicable to ATRS.

2. **Employees of PSHE Employers**

- A. A PSHE employer may elect to offer ATRS participation to its employees by fulfilling the requirements of Arkansas Code § 24-7-

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1605.

B. In addition to standard ATRS reporting forms, a PSHE Employer shall provide supplemental reports on any form required, approved, and adopted by the Board.

3. PSHE Employees Hired After July 1, 2011

A. The participation of new employees hired by a PSHE employer after July 1, 2011, is governed by Arkansas Code § 24-7-1601 et seq.

B. An employee of a PSHE employer who is hired after July 1, 2011, may participate in a PSHE plan if the employee:

i. Is benefits-eligible as determined by the PSHE employer;

ii. Is a vested member of ATRS at the time of initial employment;

iii. Is not a vested member of ATRS, but meets the requirements of a less restrictive PSHE plan adopted by the specific PSHE employer; and

iv. Signs an irrevocable PSHE plan participation form provided by ATRS

C. A PSHE plan employee shall remain a member of ATRS as long as he or she is employed by a PSHE employer.

D. A PSHE plan employee's election to participate in ATRS is irrevocable unless the PSHE plan employee obtains a termination refund from ATRS after his or her election to participate.

f. Employer Participation in ATRS

1. Executive Director Review of Employer Participation

A. This ATRS Rule 6 II.f.1. applies to an employer that participates in ATRS under the provisions of Arkansas Code § 24-7-202(D), (E), or (F).

B. Every five (5) years from the effective start date of an employer's participation in ATRS, the Executive Director of ATRS (executive director) shall review the employer's participation in ATRS to ensure that the employer meets both federal and state requirements for participation and continued participation in ATRS.

C. If the executive director determines that an employer no longer meets the requirements for continued participation in ATRS, the executive director shall notify the Board of Trustees of the Arkansas Teachers Retirement System (Board) to allow appropriate review and action by the Board.

2. Application for Employer Participation

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A. An employer that would prefer to participate in and have its employees become members of ATRS may submit a written application to the executive director.

B. The application shall:

- i. Specify a proposed effective date for participation in ATRS; and
- ii. Include the following information and materials:
 - a. A certified copy of the articles of incorporation, bylaws, and other organizational documents of employer;
 - b. A copy of the employer's:
 1. Most recent three (3) years' annual financial statements, including balance sheet, financial statements, and statement of cash flows; or
 2. If the employer does not have audited financial statements, the year-end compilation reports or internal balance sheet and income statements for the employer;
 - c. A copy of the employer's most recent three (3) years' federal and state income tax returns;
 - d. A description of the employer's sources of funding, including the percentage of the funds that is provided by federal or state government and the type of government funding provided;
 - e. A description of how the employer's board of directors or board of trustees is selected and whether any governmental agency has input in the selection of the board members;
 - f. A description of the types of services provided by the employer; and
 - g. A description of each government agency that would be responsible for providing the types of services provided by the employer if the employer did not provide the services.

C. After ATRS reviews the employer's application and accompanying information and materials, ATRS shall:

- i. Determine whether an Internal Revenue Service ruling (IRS Ruling) should be requested concerning whether or not the participation of the employees of the employer jeopardizes

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ATRS' status as a governmental plan; and

ii. Request any necessary additional information and statements from the employer if ATRS determines that an IRS Ruling should be requested.

D. The employer shall provide ATRS with any additional information and statements requested by ATRS in relation to the IRS Ruling.

E. The employer shall pay ATRS three thousand dollars (\$3,000) or the actual cost for fees and costs associated with obtaining the IRS Ruling if ATRS determines that an IRS Ruling should be requested.

F. The Board shall consider and vote on an application for employer participation.

i. When considering an application for employer participation, the Board:

a. Shall consider any relevant constitutional arguments brought to the attention of the executive director concerning the employer's application for employer participation;

b. Shall consider Rev. Rul. 89-49; and

c. May consider any other relevant rulings issued by the Internal Revenue Service or the Department of Labor.

3. Employer Participation — Education- Related Agency or Organization

A. Pursuant to Arkansas Code § 24-7-202(19)(D), an individual may be eligible to become a member of ATRS if the:

i. Individual is employed in a position with an education-related agency or organization;

ii. Individual's employment is related to:

a. Training public school employees or school board members;

b. Teaching public school students; or

c. Adult education programs;

iii. Individual's employment is unrelated to private schools;

iv. Individual is or has been a member of ATRS for a minimum of five (5) years; and

v. Individual elects to become or remain a member of ATRS.

B. A member described in this ATRS Rule 6.II.f.3 may become a member of ATRS if the:

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- i. Board determines, pursuant to rules adopted by the Board, that the participation of employees employed by the education-related agency or organization will not:*
 - a. Impair ATRS' legal status, including:*
 - 1. ATRS' tax-qualified and governmental plan status under the Internal Revenue Code, 26 U.S.C. § 1 et seq.; and*
 - 2. ATRS' governmental plan status under the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1001 et seq.;*
 - b. Subject ATRS to additional federal requirements;*
 - c. Have a substantial adverse impact on ATRS' actuarial soundness; and*
 - ii. Education-related agency or organization:*
 - a. Elects to participate in ATRS;*
 - b. Assumes responsibility for employer contributions;*
 - c. Assumes responsibility for fees for obtaining IRS Rulings or Employee Retirement Income Security Act of 1974 opinions; and*
 - d. Is approved as a covered employer by the Board according to rules adopted by the Board.*
- 4. Employer Participation — Private Provider Employees**
- A. Pursuant to Arkansas Code § 24-7-202(19)(E), effective July 1, 1997, if a public school district privatizes any of its services, an individual who is or was employed by the public school district in one (1) or more of the privatized services and who is or has been a member of ATRS may elect to remain a member of ATRS if the:**
 - i. Board determines, pursuant to rules adopted by the Board, that the participation of employees described in this ATRS Rule 6.II.f.4. will not:*
 - a. Impair ATRS' legal status, including:*
 - 1. ATRS' tax-qualified and governmental plan status under the Internal Revenue Code, 26 U.S.C. § 1 et seq.; and*
 - 2. ATRS' governmental plan status under the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1001 et seq.;*

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- ii. Subject ATRS to additional federal requirements;
- iii. Have a substantial adverse impact on ATRS' actuarial soundness; and
- iv. Private provider assumes responsibility for:
 - a. Required employer contributions; and
 - b. Fees for obtaining IRS Rulings or Employee Retirement Income Security Act of 1974 opinions.

5. Employer Participation — Nonprofit Corporation Employees

A. Pursuant to Arkansas Code § 24-7-202(19)(F), effective July 1, 1997, an individual who meets the following requirements may be eligible to become a member of ATRS:

- i. The individual is employed in a position with an educational nonprofit corporation that is licensed and regulated by the Division of Developmental Disabilities Services of the Department of Human Services;
- ii. The individual's employment is related to:
 - a. Training public school employees or school board members;
 - b. Teaching public school students; or
 - c. Adult education programs; and

iii. The individual's employment is unrelated to private schools.

B. A member described in this ATRS Rule 6.II.f.5 may become a member of ATRS if the:

- i. Board determines, pursuant to rules adopted by the Board, that the participation of employees employed by the educational nonprofit corporation will not:
 - a. Impair ATRS' legal status, including:
 - 1. ATRS' tax-qualified and governmental plan status under the Internal Revenue Code, 26 U.S.C. § 1 et seq.; and
 - 2. ATRS' governmental plan status under the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1001 et seq.;
 - b. Subject ATRS to additional federal requirements;
 - c. Have a substantial adverse impact on ATRS' actuarial soundness; and

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ii. Nonprofit corporation:

a. Elects to participate in ATRS:

b. Assumes responsibility for employer contributions:

c. Assumes responsibility for fees for obtaining IRS Rulings or Employee Retirement Income Security Act of 1974 opinions; and

d. Is approved as a covered employer by the Board according to rules adopted by the Board.

III. ~~Contributory/Noncontributory Service Rules~~ Contributory Election

A.a. Contributory Election — Generally

~~A contributory member may not elect to become a non-contributory member.~~

1. The year in which a person becomes a member of ATRS shall determine whether or not the person is considered a contributory or noncontributory member of ATRS.
2. A member's contributory status is irrevocable once the member becomes a contributory member of ATRS.
3. All service rendered before July 1, 1986, is contributory service.
4. A contributory member shall not elect to become a noncontributory member.
5. A contributory election is valid if the contributory election is:
 - A. Made on an election form provided by ATRS; and
 - B. Signed by both the member and the covered employer.
6. If a member makes a contributory election before the preparation of his or her first salary payment in the fiscal year, the contributory election is effective immediately.
7. If a member makes a contributory election after the preparation of his or her first salary payment in the fiscal year, the contributory election is effective July 1 of the next fiscal year.

~~B. Whether or not a member is considered contributory or non-contributory depends upon the year the member entered the system.~~

~~C. All service rendered before July 1, 1986, is contributory service.~~

~~D. All new members under contract for 181 or more days will make member contributions to ATRS.~~

~~E. New members under contract for 180 days or less:~~

- ~~1. Until June 30, 2007, all new members under contract for 180 days or~~

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~~less will have one (1) year from their hire date to make an irrevocable election to make member contributions.~~

- ~~2. Effective July 1, 2007, all new members under contract for 180 days or less may elect to become contributory members.~~

b. Contributory Election — Member Contracts

1. Members Not Under Contract

- A. A member who is not under contract may make a contributory election.

2. Members Under Contract

- A. A member under contract for one hundred eighty-five (185) days or more shall make contributions to ATRS.

- B. A member under contract for one hundred eighty-four (184) days or less may make a contributory election.

3. Contributory Elections Based on Status Change from Nonteacher to Teacher or Administrator Under Contract

- A. Regardless of a member's earlier noncontributory election, an active member whose status changes from nonteacher to teacher or administrator under contract for one hundred eighty-five days (185) or more shall make member contributions to ATRS.

- B. An active member's change from noncontributory status to contributory status due to the status change described in this ATRS Rule III.b.3.A is effective on the first day of the next fiscal year if the active member:

- i. Changes status from nonteacher to teacher or administrator during a year in which the active member's service has already been reported as noncontributory; and

- ii. Is under contract for one hundred eighty-five (185) days or more.

F. Change from nonteacher to teacher under contract for 181 days or more:

- ~~1. Effective July 1, 2005, any active member whose status later changes from nonteacher status to teacher status under contract for 181 days or more shall make the member contributions regardless of an earlier election to be noncontributory.~~

- ~~2. If the change of status from nonteacher to teacher occurs during a year in which service has already been reported as noncontributory, and the member is under contract for 181 days or more, the change to contributory will occur beginning with the next fiscal year.~~

G. New members not under contract:

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1. ~~Until June 30, 2007, new members who are not under contract will not make member contributions.~~
2. ~~Effective July 1, 2007, all new members who are not under contract may elect to become contributory members.~~

~~H. Contributory member election:~~

1. ~~Until June 30, 2007, active members who have previously elected to be noncontributory may make an irrevocable election to become contributory members.~~
2. ~~Effective July 1, 2007, any noncontributory member may elect to become a contributory member.~~

c. Contributory Election - Noncontributory Members

1. A noncontributory member may make a contributory election.
- a. ~~2. If the election is made~~ If a noncontributory member makes a contributory election before the preparation of the first salary payment to the noncontributory member in the fiscal year, the contributory election will become is effective immediately.
3. If the election is a noncontributory member makes a contributory election after the preparation of the first payroll containing the first salary payment to the noncontributory member in the fiscal year, the contributory election shall become is effective July 1 of the next fiscal year.
- b. ~~4. Any member's election to become contributory is irrevocable. All service rendered after the election is filed with ATRS shall be contributory. All service rendered after a contributory election is filed with ATRS shall be contributory.~~
5. A noncontributory member's contributory election that is filed with ATRS is irrevocable.
- c. ~~All active members, as of July 1, 1999, were required to make an irrevocable election to be contributory or noncontributory on or before June 30, 2000. An election to become contributory remains in effect for the remainder of the member's career. If no election was made by June 30, 2000, the member remained in the plan he/she was in as of that date.~~
- i. ~~Noncontributory inactive members or noncontributory rescinding retirees who reenter ATRS after June 30, 2007, may elect to become contributory members. If no election is made, the member will be enrolled in the plan that he/she was in prior to reentry.~~

d. Contributory Election – Noncontributory Inactive Members and Rescinding Retirees

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1. Previously Contributory Inactive Members

A. An inactive member shall make contributions on his or her full salary if the inactive member:

- i. Was contributory and earned a maximum salary of seven thousand eight hundred dollars (\$7,800); and
- ii. Returns to work on or after July 1, 1995.

2. Previously Noncontributory Inactive Members and Retirees

A. An inactive member or rescinding retiree may make a contributory election if the inactive member or rescinding retiree:

- i. Was noncontributory; and
- ii. Reenters ATRS after June 30, 2007.

B. If the inactive member or rescinding retiree does not make a contributory election, the inactive member or rescinding retiree shall be enrolled in the plan that he or she was enrolled in before reentering ATRS.

J. Employees of state agencies:

~~1. Full-time employees of state agencies covered by ATRS shall be contributory.~~

~~2. Part-time employees of state agencies covered by ATRS shall be noncontributory. Effective July 1, 2007, part-time employees of state agencies covered by ATRS may elect to become contributory.~~

~~K. Inactive members who had been contributory on a maximum salary of \$7,800.00, return to work on or after July 1, 1995, and elect to become contributory will make contributions on their full salary.~~

e. Contributory Election – State Agency Employees

1. Full-time Employees

A. A full-time employee of a state agency covered by ATRS shall be contributory.

2. Part-time Employees

A. A part-time employee of a state agency covered by ATRS shall be noncontributory.

B. A part-time employee of a state agency covered by ATRS may make a contributory election.

~~L. If a member enters ATRS and is reported incorrectly by the employer for the first year as a noncontributory member, ATRS will accept the member the first year as a noncontributory member. ATRS shall notify the employer of the member's contributory status. Effective the next July 1,~~

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~~the member shall make member contributions to ATRS.~~

M. ~~If an inactive member returns to covered employment as an active member after July 1, 1999, and is reported incorrectly by the employer as a noncontributory member for the first year, ATRS will accept the member the first year as a noncontributory member. ATRS shall notify the employer of the member's contributory status. Effective the next July 1, the member shall make member contributions to ATRS.~~

f. Contributory Election – Employer Reporting Errors

1. Inactive Members

A. ATRS shall consider a member as noncontributory if the member:

- i. Was an inactive member who returned to covered employment as an active member after July 1, 1999;
- ii. Is reported incorrectly as noncontributory by his or her covered employer for his or her first year of service with the covered employer.

B. ATRS shall notify the covered employer of the member's contributory status.

C. Effective **the next** July 1, the member shall make contributions to ATRS.

2. New Members

A. ATRS shall consider a member as noncontributory for his or her first year of service with a covered employer if the member is a new member of ATRS and incorrectly reported as noncontributory by his or her covered employer for the first year.

B. ATRS shall notify the covered employer of the member's contributory status.

C. Effective **the next** July 1, the member shall make contributions to ATRS and the covered employer shall correctly report the member as contributory.

IV. Erroneous Membership Rules

~~A. Employees erroneously enrolled in a state retirement system on or after January 1, 1979, may elect to remain a member of the system of record or may become a member of the eligible retirement system.~~

~~B. After July 1, 1979, ATRS will make no further effort to correct the retirement system membership of persons who were erroneously enrolled in another state retirement system before January 1, 1979. ATRS will not accept as members persons who were erroneously enrolled in another state retirement system before January 1, 1979, unless that person's~~

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contributions were refunded prior to July 1, 1979.

- ~~C. If an employee was erroneously enrolled in ATRS before January 1, 1979, and if his/her contributions were not refunded prior to July 1, 1979, the employee shall continue to be a member of ATRS. The member shall receive service credit for all paid membership service in ATRS and any free service creditable under Act 427 of 1973 as amended. He shall also be entitled to reciprocal service credit as provided by § 24-7-401 through 408.~~
- ~~D. If ATRS discovers that an employee became erroneously enrolled in a state retirement system on or after January 1, 1979, ATRS will notify both the employer and employee that the membership is erroneous and that it may be corrected as prescribed by Act 13 of 1991.~~
- ~~E. If a person who is employed before July 1, 1989, as a school janitor, bus driver, or cafeteria worker is enrolled in the Arkansas Public Employees Retirement System under the provision of Act 63 of 1965, and later is promoted to a position of school maintenance worker or supervisor, bus mechanic or transportation supervisor, or cafeteria manager, respectively, the employee shall continue to be a member of the Arkansas Public Employees Retirement System as long as they are employed in one of these respective capacities.~~
- ~~F. If ATRS discovers that an employee became erroneously enrolled in a state retirement system on and after January 1, 1979, ATRS will notify both the employer and employee that the membership is erroneous and that it should be corrected as prescribed by A.C.A. § 24-2-302 et seq.~~

IV. Confidentiality of Member Accounts

- a. In compliance with the ATRS Code of Ethics, ATRS shall keep each member's salary, employment history, retirement account, and other personal data or other information compiled by ATRS for purposes of establishing and maintaining the member's retirement account confidential.
- b. Disclosure
 - 1. All member information compiled by ATRS for the purpose of establishing and maintaining the member's retirement account shall not be disclosed to a third-party unless:
 - A. The member provides ATRS with his or her written consent; or
 - B. A valid legal process requires the disclosure of the member's information.
 - 2. Individual member records that are kept for the purpose of compiling information for a member's retirement or Social Security records shall not be open to the public under Arkansas Code § 24-4-1003.

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V. Summary of Reciprocal Service Reciprocal Service Credit

a. Generally

1. A member who leaves a position covered by ATRS, becomes employed by a reciprocal system, and files a reciprocal service agreement shall become an inactive member of ATRS and may be eligible for an annuity benefit according to the annuity benefit formula in effect at the time of the member's effective retirement date.
2. Minimum benefits under Acts 1965, No. 488, Arkansas Code § 24-2-402(5)(E), as amended, for reciprocal service shall not apply unless a member has five (5) or more years of credited service in ATRS.
3. If ATRS is a member's preceding system, ATRS shall not pay annuity benefits to the member under reciprocity unless the member:
 - A. Attains the normal retirement age; or
 - B. Leaves his or her employment with his or her state employer.
4. If ATRS is a member's preceding system, the member, after attaining the normal retirement age, is eligible to apply for retirement benefits without leaving his or her employment with his or her last state employer.
5. The member's annuity benefit payments shall begin after the member attains the normal age of retirement or on the first day of the month following the month in which the member's application is filed, whichever occurs last.
6. ATRS shall only consider service credited to the member and salaries earned by the member before the member's effective retirement date to calculate the member's annuity benefit.

b. Reciprocal Service Credit – Calculation of Service Credit

1. If a member of ATRS has service credited during the same fiscal year with another reciprocal system and the combined service is greater than one (1) year of service credit, ATRS shall credit service as follows:
 - A. If credit by the reciprocal system is less than three (3) months, ATRS shall credit service for one (1) year;
 - B. If credit by the reciprocal system is three (3) or more months but less than six (6) months, ATRS shall credit service for three-fourths (3/4) year;
 - C. If credit by the reciprocal system is six (6) or more months but less than nine (9) months, ATRS shall credit service for one-half (1/2) year; and

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D. If credit by the reciprocal system is for nine (9) months but less than twelve (12) months, ATRS shall credit service for one-fourth (1/4) year.

c. Reciprocal Service Credit – Contributions and Repayments

1. While an employee participates in a reciprocal system, back contributions, additional contributions, and repayment of refund payments made to ATRS shall be made in accordance with the payment method provisions of ATRS Rule 8.
2. Employer pick-up is prohibited while the employee works for a noncovered ATRS employer.

d. Reciprocal Service Credit – Concurrent Service

1. Unless the reciprocal system is APERS or an alternate retirement plan, beginning July 1, 2013, ATRS shall allow a member who earns concurrent service in both ATRS and a reciprocal system to receive full service credit in ATRS without reduction of service credit due to the concurrent service.
2. ATRS shall not recognize concurrent service added to a member's credited service in ATRS that, for the purpose of vesting, retirement eligibility, or calculating final average salary, either:
 - A. Credits the member with more than one (1) year of credited service for a fiscal year; or
 - B. Combines salary earned in ATRS and a reciprocal system in a fiscal year.
3. A member may waive all or part of the concurrent service credited to him or her in ATRS and have the concurrent service credited to him or her under a reciprocal system if:
 - A. The member acknowledges that the waiver is a voluntary surrender of the member's concurrent service credit in ATRS;
 - B. The member acknowledges that the waiver cancels his or her concurrent service credit in ATRS; and
 - C. The member submits an ATRS approved concurrent service credit waiver form to ATRS. (Arkansas Code § 24-7-601).
4. If a member waives all or part of the concurrent service credited to him or her in ATRS and has the concurrent service credited to him or her under a reciprocal system, ATRS may refund the employer-accrued contributions and employee-accrued contributions.

e. Reciprocal Service Credit – Alternate Reciprocal Retirement System

1. A member of ATRS may establish reciprocal service credit from an

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alternate retirement plan if he or she submits an appropriate, approved, and completed ATRS form concerning the reciprocal service credit to ATRS.

2. Distributions from an alternate retirement plan may prevent reciprocal service from being established if ATRS is unable to verify that the withdrawals were made without penalty under Internal Revenue Service guidelines concerning rollovers to eligible plans, withdrawals, that are not subject to early withdrawal, etc.

f. Reciprocal Service Credit – Active Members of APERS

1. From July 1, 1991, until December 31, 1991, an active member of APERS may establish reciprocity between APERS and ATRS and purchase out-of-state service rendered before January 1, 1978, in accordance with Arkansas Code §§ 24-7-601 and 24-7-603, if the active member:

- A. Was an active member of ATRS before January 1, 1978; and
- B. Became a member of APERS within thirty (30) days of leaving ATRS.

g. Reciprocal Service Credit – Arkansas Rehabilitation Services Employees

1. Effective July 1, 1993, for a ninety (90) day period, an employee of the Arkansas Rehabilitation Services may transfer his or her membership from APERS to ATRS under Acts 1993, No. 574.
2. An employee who transfers his or her membership from APERS to ATRS shall establish reciprocity between the two (2) systems and Acts 1977, No. 793 shall not apply to the employee.

h. Reciprocal Service Credit – Department of Human Services Employees

1. The law applicable to ATRS shall be used to determine the annuity benefits to which an employee is entitled for service provided before or after Acts 1977, No. 793 if the employee:
 - A. Was an employee of the Department of Human Services and became a member of APERS under the provisions of Acts 1977, No. 793, as amended; and
 - B. Left employment with the Department of Human Services and became employed in a position covered by ATRS.
2. A member meeting the description of this ATRS Rule 6 V.H.1. may establish reciprocity under Acts 1965, No. 488, as amended.

i. Reciprocal Service Credit – Member Entitlement to Deferred Annuity

1. If a member leaves state employment and their position is covered by any of the retirement systems listed above and enters the employ of

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another state employer whose position is covered by any of these retirement systems, the member shall be entitled to a deferred annuity according to A.C.A. § 24-2-401 et seq. Pursuant to Arkansas Code § 24-4-401 et seq., a member is entitled to a deferred annuity benefit if the member:

- A. Leaves his or her state employment in a position that is covered by one (1) of the reciprocal systems; and
- B. Enters subsequent state employment in a position that is covered by another of the reciprocal systems.

A. Age and Service Retirement with Reciprocal Service Credit

I. Reciprocal Service Credit – Age and Service Retirement

1. Annuity Benefit Payments

- A. If ATRS is the a member's preceding system, the member's annuity begins benefit payments shall begin after the member attains the normal age of retirement or on the first day of the month following the month in which the member's retirement application was filed, or after attainment of age 60 years, whichever is later.
- B. However, should the member have If the member has combined service of at least 25 twenty-five (25) years, the age limitation normal retirement age requirement shall not apply.
- C. The deferred annuity shall not begin prior to the date of leaving the employ of the last state employer unless the member reaches age 65. Deferred annuity benefit payments to the member shall not begin before the date on which the member leaves employment with his or her last state employer unless the member attains the normal retirement age.

2. Applying for Retirement Benefits Before Leaving Employment

- A. If ATRS is the member's preceding system, the member is eligible to apply for retirement benefits without leaving the employ of the last state employer upon reaching age 65 employment with his or her last state employer upon attaining the normal retirement age.
- B. The member's annuity will begin benefit payments shall begin after the member attains the normal retirement age or on the first day of the month following the month in which the member's retirement application was is filed, or after attainment of age 65, whichever is later.
- C. Only service credited and salaries earned prior to the ATRS effective date of benefits will be used in the ATRS benefit calculation. ATRS shall use only service credited to the member

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and salaries earned by the member before the member's effective retirement date to calculate the member's annuity benefit.

B. Disability Retirement with Reciprocal Service Credit

k. Reciprocal Service Credit – Disability Retirement

1. A member is eligible to apply for disability retirement benefits under A.C.A. § 24-2-405 from each reciprocal system in which the member has credited service according to the rules for eligibility promulgated by that reciprocal system. (Arkansas Code § 24-2-405)
2. The member's annuity for disability retirement disability retirement benefits payable by the preceding reciprocal system shall:
 - A. begin Begin the first day of the month following the month in which the member's disability retirement application was is filed with the preceding system; and
 - B. , but not prior to the date of leaving the employ of the last state employer Not begin before the date on which the member leaves employment with his or her last state employer.

l. Reciprocal Service Credit – Survivor Annuity Benefits

1. If survivor annuity benefits are payable by more than one (1) reciprocal system to an eligible survivor of a deceased member, a survivor who receives annuity benefit payments shall not receive, as a percentage of the deceased member's final salary or as a minimum dollar amount, more than the largest amount payable by a single reciprocal system.
2. ATRS shall prorate minimum benefits payable to a survivor with other reciprocal systems that have a minimum benefit provision in their plans.
3. Each reciprocal system shall pay a proportionate share of the minimum benefit based on the ratio of the member's service in that reciprocal system to the member's total service in all the reciprocal systems.
4. If the reciprocal system is an alternate retirement plan, survivor annuity benefits shall be contingent on whether the:
 - A. Alternate retirement plan provides survivor annuity benefits; and
 - B. Member selected survivor annuity benefits as a benefit under the alternate retirement plan. (Arkansas Code § 24-2-402(5)).

VI. Reciprocal Service Rules

- A. A member who leaves a position covered by the Teacher Retirement System, becomes employed by a reciprocal system, and files a reciprocal service agreement becomes an inactive member and may become eligible for the benefit formula in effect at the time of retirement.

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B. ~~—~~

1. ~~Benefits will not be paid under reciprocity from ATRS as the preceding system until the member has ceased to be in the employ of a state employer unless the member reaches age 65.~~
2. ~~If ATRS is the preceding system, the member is eligible to apply for benefits without leaving the employ of the last state employer upon reaching age 65. The member's annuity will begin the first day of the month following the month the application was filed or after attainment of age 65, whichever is later. Only service credited and salaries earned prior to the ATRS effective date of benefits will be used in the ATRS benefit calculation.~~

C. ~~Benefits will not be paid to a member under reciprocity from ATRS as the preceding system earlier than age 60 unless the member has 25 or more years of combined service.~~

D. ~~No minimum benefits apply under Act 488 of 1965 [A.C.A. § 24-2-402(5)(E)], as amended, for reciprocal service unless the member has five (5) or more years of credited service in ATRS.~~

E. ~~If survivor benefits are payable by more than one reciprocal system to eligible survivors of a deceased member, the survivors shall not receive more, as a percentage of the deceased member's final pay or as a minimum dollar amount than the largest amount payable by a single reciprocal system. ATRS will prorate minimum benefits payable with other reciprocal systems that have a minimum benefit provision in their plans. Each reciprocal system shall pay a proportionate share of the minimum amount based on the ratio of service in that system to the total service in all reciprocal systems. If the reciprocal system is an alternate retirement plan, survivor benefits shall be contingent upon provisions of that benefit having been provided by the alternate retirement plan and having been selected by the member as a benefit. [A.C.A. § 24-2-402 (5)]~~

F. ~~If an employee of the Department of Human Services who becomes a member of the Public Employees Retirement System under the provisions of Act 793 of 1977, as amended, leaves employment with the Department of Human Services and becomes employed in another position covered by ATRS, the benefits for service, both before and after any service under Act 793, shall be subject to the benefit provisions of the Teacher Retirement law. Such member shall be eligible to establish reciprocity under the provisions of Act 488 of 1965 as amended.~~

G. ~~If an ATRS member has service credited during the same fiscal year with another reciprocal system and the combined service is greater than one year of service credit, ATRS will credit service as follows:~~

1. ~~If credit by the reciprocal system is less than three (3) months, ATRS~~

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~~will credit service for one (1.00) year.~~

~~2. If credit by the reciprocal system is three (3) or more months but less than six (6) months, ATRS will credit service for three-fourths (3/4) year.~~

~~3. If credit by the reciprocal system is six (6) or more months but less than nine (9) months, ATRS will credit service for one-half (1/2) year.~~

~~4. If credit by the reciprocal system is for nine (9) months but less than twelve (12) months, ATRS will credit service for one-fourth (1/4) year.~~

~~H. While participating in a reciprocal system, back contributions, additional contributions, and repayment of refund payments made to ATRS shall be made according to payment methods contained in Rule 8 – Purchase Payment Rules, except employer pick-up is prohibited while working for a noncovered ATRS employer.⁴~~

~~I. A member may elect to waive all or part of concurrent service credited to the member in ATRS and have the waived concurrent service credited under a reciprocal system by submitting their intention to ATRS on an ATRS approved form (A.C.A. § 24-7-601 (g)).~~

~~VII. Privatized Employers and Nonprofit Corporations Rules~~

~~A.C.A. § 24-2-202(18)(E)-(F) allows the employees of certain privatized employers performing services for public school districts and certain educational nonprofit corporations to become members of ATRS.~~

~~A. Effective July 1, 1997, under certain conditions, membership in ATRS shall include employment in an enterprise privatized by a public school district. If a public school district should privatize any of its services, any individual who is or was employed by the school district in one of those services and who is or has been a member of ATRS may elect to remain a member, provided the Board of Trustees determines by adopting rules that participation of these employees in ATRS will not in any way impair any legal status of ATRS, including, but not limited to, its status as a governmental plan, pursuant to the federal Internal Revenue Code and ERISA, or its tax-qualified status under the Internal Revenue Code; will not subject the plan to additional federal requirements and will not have a substantial adverse impact on the actuarial soundness of ATRS. In addition, the private provider must assume all responsibility for the required employer contributions and any fees for obtaining IRS rulings or ERISA opinions.~~

~~B. Effective July 1, 1997, under certain conditions, membership in ATRS shall include employment in positions with educational nonprofit corporations licensed and regulated by the Division of Developmental Disabilities Services of the Department of Human Services, provided the nonprofit corporation has elected to participate in ATRS, and the Board of Trustees~~

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~~determines by adopting rules that participation of these employees in ATRS will not in any way impair any legal status of ATRS, including, but not limited to, its status as a governmental plan, pursuant to the Internal Revenue Code and the Employee Retirement Income Security Act of 1974, or its tax-qualified status under the Internal Revenue Code; will not subject the plan to additional federal requirements; and will not have a substantial adverse impact on the actuarial soundness of ATRS. Such employment shall be related to the training of public school employees or school board members, teaching public school students, or in adult education programs. The employment shall not be related in any manner to private schools. Each educational nonprofit corporation shall be approved according to rules established by the Board of Trustees to be considered an employer, and such nonprofit corporation assumes all responsibility for the required employer contributions and any fees for obtaining IRS rulings or ERISA opinions.~~

~~C. Application for Membership.~~

~~Any organization that desires its employees to become members of ATRS shall make written application to the Executive Director of ATRS, specifying the proposed effective date for such participation.~~

~~D. Information Provided to ATRS.~~

~~Each application for membership shall contain the following information and materials:~~

- ~~1. A certified copy of the Articles of Incorporation, Bylaws, and other organizational documents of the organization;~~
- ~~2. A copy of the most recent three (3) years' annual financial statements, including balance sheet, financial statements, and statement of cash flows, or if such organization does not have audited financial statements, the year-end compilation reports or internal balance sheet and income statements for the organization;~~
- ~~3. A copy of the most recent three (3) years' federal and state income tax returns;~~
- ~~4. A description of the sources of funding of the organization, including the percentage of such funds provided by federal or state government and the type of such government funds;~~
- ~~5. A description of how the board of directors or board of trustees is selected, and whether any governmental agency has input in the selection of board members;~~
- ~~6. A description of the types of persons served by the organization, and which government agency or agencies would be responsible for providing such services if the organization did not do so.~~

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E. Tax Ruling.

~~After counsel for ATRS has reviewed the above information provided to ATRS, such counsel shall determine whether a ruling should be requested from the Internal Revenue Service that the participation of the employees of the organization will not jeopardize the status of ATRS as a "governmental plan." If counsel determines that such a ruling should be requested, the organization shall provide any additional information and statements requested by counsel in connection with such ruling request.~~

F. Fees.

~~If counsel for ATRS determines that a ruling should be requested, the organization shall pay to ATRS not less than the sum of \$3,000.00 or the actual cost for the fees and costs associated with such ruling request.~~

VIII. Confidentiality of Member Accounts

~~A. In compliance with the ATRS Code of Ethics, ATRS shall keep all members' salary, employment history, retirement account, and other personal data or information compiled by ATRS for purposes of establishing and maintaining a member's retirement account confidential. Such information shall not be disclosed to any third party without the express written consent of the member or other valid legal process.~~

~~B. Individual member's records which are kept for the purpose of compiling information for the member's retirement or social security records shall not be open to the public under A.C.A. § 24-4-1003.~~

IX. College Plan Rules

~~A. Generally, an ATRS member who became employed by a non-mandatory employer prior to July 1, 2011, may continue to participate in ATRS instead of an alternative program offered by the non-mandatory employer if the ATRS member continues providing consistent service to the non-mandatory employer. For new employees after July 1, 2011, participation is governed by A.C.A. § 24-7-1601 et seq.~~

~~B. A post-secondary or higher education employer may elect to offer ATRS participation to its employees by fulfilling the requirements under A.C.A. § 24-7-1605.~~

~~C. If an eligible non-mandatory employer college elects to offer ATRS participation to its employees, then the employer must regularly report information to ATRS on forms developed by ATRS as allowed by ATRS law. In addition to standard ATRS reporting forms, a post-secondary or higher education employer shall provide supplemental reports on any form approved and adopted by the ATRS Board as a required form.~~

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~~1 From July 1, 1991, until December 31, 1991, an active member of the Arkansas Public Employees Retirement System who was an active member of ATRS prior to January 1, 1978, and who became a member of the Arkansas Public Employees Retirement System within thirty (30) days of departure from ATRS may establish reciprocity between the two systems and purchase out-of-state service rendered prior to January 1, 1978, in accordance with the provisions and conditions contained in A.C.A. § 24-7-601 and § 24-7-603. Effective July 1, 1993, for a ninety (90) day period, employees of the Arkansas Rehabilitation Services may transfer from the Arkansas Public Employees Retirement System to ATRS under Act 574 of 1993. Any employee making the change will establish reciprocity between the two systems, and Act 793 of 1977 shall no longer apply.~~

~~VI. Contributory/Non-Contributory~~ Contributory and Noncontributory Service Chart by Year of Entry into System

(Elections and Re-entry may affect Individual Member Service Status)

All Members		
1937 - 1986	All Members	Contributory
1986 - 1991	All Members	Contributory unless elect Non-Contributory <u>Noncontributory</u>
1991 - 1999	All Members	Non-Contributory <u>Noncontributory</u> unless elect Contributory
School District Employees		
1999 - 2007	Active	One-time <u>One-time</u> election to be Contributory or Non-Contributory , <u>Noncontributory</u> , no election made by 7/1/2000, status on 6/30/2000
	Inactive	One-time <u>One-time</u> election to be Contributory or Non-Contributory <u>Noncontributory</u> upon reentering system, no election then <u>status enrolled in the plan that he or she was enrolled in before reentering ATRS</u>

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	New	<p>Contract 181 <u>one hundred eighty-one (181)</u> days or more - Contributory</p> <p>-</p> <p>Contract 180 <u>one hundred eighty (180)</u> days or less - Non-Contributory, <u>Noncontributory</u>, may elect Contributory, election must be made one <u>(1)</u> year from hire date</p> <p>-</p> <p>No contract, member must be non-contributory <u>noncontributory</u></p>
2005 - <u>2021</u>	Non-teacher <u>Nonteacher</u> to Teacher or Administrator	<p>Contract 181 <u>one hundred eighty-one (181)</u> days or more - Contributory. If position change happens during the year, election is effective first of next fiscal year</p> <p>-</p> <p>All Non-Contributory <u>Noncontributory</u> members may elect Contributory</p>
2007 - <u>2021</u>	All Members	May elect Contributory
	New	<p>Contract 181 <u>one hundred eighty-one (181)</u> days or more - Contributory</p> <p>-</p> <p>Contract 180 days or less – Non-Contributory</p> <ul style="list-style-type: none"> • <u>Noncontributory, may elect Contributory</u> • <u>No contract — Noncontributory, may elect Contributory</u>
	Inactive	May elect Contributory
<u>2021</u>	<u>Nonteacher to Teacher or Administrator</u>	<p><u>Contract one hundred eighty-five (185) days or more - Contributory. If position change happens during the year, election is effective first of next fiscal year.</u></p> <p><u>All Noncontributory members may elect Contributory</u></p>
<u>2021 -</u>	<u>All Members</u>	<u>May elect Contributory</u>
	<u>A member with</u>	<u>Contract one hundred eighty-five (185) days or more - Contributory</u>
	<u>A member with</u>	<u>Contract one hundred eight-four (184) days or less - Noncontributory, may elect Contributory</u>

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	<u>New</u>	<u>No contract – Noncontributory, may elect Contributory unless already Contributory</u>
	<u>Inactive</u>	<u>May elect Contributory</u>
State Agency Employees		
1999 - 2007	Full-Time Employment	Must be Contributory
	Part-Time Employment	Must be Non-Contributory <u>Noncontributory</u>
2007 -	Full-Time Employment	Must be Contributory
	Part-Time Employment	Non-Contributory , <u>Noncontributory</u> , may elect to be Contributory

~~Once you are a contributory member of ATRS, your contributory status is irrevocable.~~

~~If election to be contributory is made before the preparation of the first salary payment to the member in the fiscal year, the election will become effective immediately. If the election is after the preparation of the first payroll containing the first salary payment to the member in the fiscal year, the election shall become effective July 1 of the next fiscal year.~~

~~If a member enters ATRS and is reported incorrectly by an employer for the first year, ATRS will accept the election reported by the employer the first year. ATRS shall notify the employer of the member's correct status. Effective the next July 1, the member shall be reported with the correct status.~~

~~Inactive members who had been contributory on a maximum salary of \$7,800.00, return to work on or after July 1, 1995, and elect to become contributory will make contributions on their full salary.~~

HISTORY

Adopted:	August 11, 1998	6-10
Amended:	June 15, 2004	6-1
Amended:	July 18, 2005	6-1, 6-2, 6-10
	April 26, 2007	6-1, 6-2, 6-11
	July 1, 2011	(Emergency) 6-1, 6-12
Adopted:	August 8, 2011	6-1, 6-12
Effective:	November 11, 2011	6-1, 6-12

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Adopted by Board:	April 2, 2012	6-1
Amended:	May 2, 2012	6-1
Effective:	September 4, 2012	6-1
Amended:	May 2, 2012	6-2
Effective:	September 4, 2012	6-2
Approved by Board:	July 26, 2013	6-2, 6-12
Amended:	October 9, 2013	6-2, 6-12
Effective:	November 8, 2013	
Approved by Board:	February 5, 2018	6-2
Effective:	February 16, 2018	6-2
Effective:	May 28, 2020	Rule 6

State of Arkansas
93rd General Assembly
Regular Session, 2021

A Bill

HOUSE BILL 1319

By: Representative Maddox

For An Act To Be Entitled

AN ACT TO AMEND THE LAW CONCERNING THE FINAL AVERAGE
SALARY AND CREDITED SERVICE UNDER THE ARKANSAS
TEACHER RETIREMENT SYSTEM; TO DECLARE AN EMERGENCY;
AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE LAW CONCERNING THE FINAL
AVERAGE SALARY AND CREDITED SERVICE 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 § 24-7-601(e)(4)-(6), concerning credited
service and the calculation of the final average salary under the Arkansas
Teacher Retirement System, are amended to read as follows:

(4) The final average salary used shall be that of the Arkansas
Teacher Retirement System or any reciprocal system that in which the member
has at least two (2) years of service credit, whichever furnishes the highest
final average salary at the time of retirement.

~~(5) Beginning July 1, 2014, if the reciprocal system in which a
member has service credit has fewer than the number of years of service
credit required in the Arkansas Teacher Retirement System's formula for the
calculation of final average salary for a member, then the Arkansas Teacher
Retirement System shall obtain the salary and service credit information from
the reciprocal system and use the combined salary and service credit
information to calculate the member's final average salary as if the salary~~



1 ~~and service credit have all been earned in the Arkansas Teacher Retirement~~
2 ~~System.~~

3 ~~(6)(5)~~ When the Arkansas Teacher Retirement System provides a
4 benefit amount that is not dependent on length of credited service, the
5 benefit amount shall be reduced to the proportion that actual system service
6 bears to total reciprocal system-credited service.

7
8 SECTION 2. Arkansas Code § 24-7-601(g)(3), concerning credited service
9 generally and concurrent credit service under the Arkansas Teacher Retirement
10 System, is amended to read as follows:

11 (3)(A) A member may elect to waive all or part of the concurrent
12 service credited to the member in the system and retire under a reciprocal
13 system if:

14 ~~(A) The~~ the member acknowledges that the waiver is a
15 voluntary surrender of the member's concurrent service credit in the system
16 and cancels the member's concurrent service credit in the system; ~~and.~~

17 ~~(B) The member's employer accrued contributions and~~
18 ~~employee accrued contributions in the system remain with the system~~ The
19 employer-and-employee accrued contributions attributable to the concurrent
20 service may be refunded to the employer and member.

21
22 SECTION 3. EMERGENCY CLAUSE. It is found and determined by the
23 General Assembly of the State of Arkansas that the operations of a state
24 public retirement system are complex; that the Arkansas Teacher Retirement
25 System must be able to meet the needs of its members as anticipated by the
26 General Assembly; that certain provisions of the Arkansas Teacher Retirement
27 System Act, § 24-7-201 et seq., are in need of immediate revision and
28 updating to conform with sound public pension policy and actuarial
29 requirements; that there are conflicts in the law applicable to the various
30 retirement systems concerning concurrent service; that member benefits will
31 be at risk if the conflicts in the law concerning concurrent service remain
32 unresolved; that this act resolves the conflicts in the law concerning
33 concurrent service; that such revision and updating is of great importance to
34 members of the Arkansas Teacher Retirement System and to other citizens of
35 the State of Arkansas; and that this act is necessary in order to maintain an
36 orderly system of benefits for the members of the Arkansas Teacher Retirement

1 System and reciprocal systems. Therefore, an emergency is declared to exist,
2 and this act being immediately necessary for the preservation of the public
3 peace, health, and safety shall become effective on:

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

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

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

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12 **APPROVED: 3/2/21**
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1 State of Arkansas

As Engrossed: H2/22/21

2 93rd General Assembly

A Bill

3 Regular Session, 2021

HOUSE BILL 1326

4
5 By: Representative Warren

For An Act To Be Entitled

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

Subtitle

12
13
14
15 TO MAKE TECHNICAL CORRECTIONS TO TITLE 24
16 OF THE ARKANSAS CODE CONCERNING THE
17 ARKANSAS TEACHER RETIREMENT SYSTEM; AND
18 TO DECLARE AN EMERGENCY.

19
20
21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

22
23 SECTION 1. Arkansas Code § 24-7-202(5)(B)(i), concerning the
24 definition of "administrator" as applicable to the Arkansas Teacher
25 Retirement System, is amended to read as follows:

26 (i) Employed by ~~a-participating~~ an employer of the
27 Arkansas Teacher Retirement System; and

28
29 SECTION 2. Arkansas Code § 24-7-202(18)(D), concerning the definition
30 of "employment with a school" as applicable to the Arkansas Teacher
31 Retirement System, is amended to read as follows:

32 (D)(i) Employment in a position with an ~~educationally~~
33 ~~related~~ education-related agency or organization if the employee is or has
34 been a member of the Arkansas Teacher Retirement System for a minimum of five
35 (5) years and elects to become or remain a member of the Arkansas Teacher
36 Retirement System. The employment shall be related to:



(a) Training public school employees or school board members;

(b) Teaching public school students; or

(c) Adult education programs.

(ii) The employment shall not be related in any manner to private schools.

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

(a) Approved according to rules established by the board;

(b) Considered an employer under subdivision (17) of this section; and

(c) Responsible for all required employer contributions;

SECTION 3. Arkansas Code § 24-7-202(26), concerning the definition of "nonteacher" as applicable to the Arkansas Teacher Retirement System, is amended to read as follows:

(26) "Nonteacher" means a member who is not a teacher or an administrator;

SECTION 4. Arkansas Code § 24-7-202(41), concerning the definition of "T-DROP plan interest" as applicable to the Arkansas Teacher Retirement System, is amended to read as follows:

(41) "T-DROP plan interest" means the rate or rates per annum that the board shall adopt from time to time that will be used to compute interest paid on T-DROP mean balances at the end of each fiscal year;

SECTION 5. Arkansas Code § 24-7-208 is amended to read as follows:

24-7-208. Benefit enhancements – Restrictions.

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

(b) No benefit enhancement provided for by this ~~act~~ chapter shall be implemented by ~~any publicly supported system which~~ the system if the system

1 has unfunded actuarial accrued liabilities being amortized over a period
2 exceeding eighteen (18) years until the unfunded actuarial accrued liability
3 is reduced to a level less than the standards prescribed by § 24-1-101 et
4 seq.

5
6 SECTION 6. Arkansas Code § 24-7-301(2)(C)(i), concerning the
7 membership of the Board of Trustees of the Arkansas Teacher Retirement
8 System, is amended to read as follows:

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

12
13 SECTION 7. Arkansas Code § 24-7-401(e)(1)-(4), concerning retirement
14 fund assets accounts, member deposit accounts, and contributions under the
15 Arkansas Teacher Retirement System, are amended to read as follows:

16 (e)(1) The board shall annually notify the ~~participating~~ employers of
17 the employer contribution rate established by the board for the upcoming
18 fiscal year.

19 (2) Local school districts shall pay the teacher retirement
20 employment contribution for any eligible employee in accordance with rules
21 established by the board.

22 (3) The Department of Education shall pay from the Public School
23 Fund the teacher retirement employer contributions for eligible employees of
24 ~~participating~~ employers as required by the department's appropriations act
25 and in accordance with rules established by the board.

26 (4) The annual employer contributions to be paid in each year
27 for all other employees by each ~~participating~~ employer shall be the current
28 state contribution percent multiplied by the total covered salaries of the
29 employer's members in the fiscal year.

30
31 SECTION 8. Arkansas Code § 24-7-406(e)(1)(B)(iv), concerning
32 retirement fund assets accounts, member deposit accounts, and contributions
33 under the Arkansas Teacher Retirement System, is amended to read as follows:

34 (iv) An active member who ~~previously elected to~~
35 ~~become a~~ has previous noncontributory member of the system credited service
36 may change credited service on which a member contribution has not been paid

1 to contributory credited service by paying the system the actuarial
2 equivalent of the member benefits.

3
4 SECTION 9. Arkansas Code § 24-7-502(d), concerning definitions
5 applicable to the termination of active membership under the Arkansas Teacher
6 Retirement System, is amended to read as follows:

7 (d) As used in this section:

8 ~~(1) "System covered employer" means all employers as defined in~~
9 ~~§ 24-7-202 and also includes all employers offering the Arkansas Teacher~~
10 ~~Retirement System as an optional retirement plan on or before January 1,~~
11 ~~2011, to any employee;~~

12 ~~(2)(A)(1)(A)~~ "Terminate" means:

13 (i) The member's covered employment has ended at all
14 ~~system-covered~~ covered employers;

15 (ii) A complete severance of the employer-employee
16 relationship has occurred at all ~~system-covered~~ covered employers that the
17 member was employed with before the member retired from the Arkansas Teacher
18 Retirement System;

19 (iii) The member has ceased performing any
20 employment services for any ~~system-covered~~ covered employer, except for
21 uncompensated functions related to the transfer of the duties or the transfer
22 of the position of the member;

23 (iv) The member has not formed any express or
24 implied employment agreement or taken action that would obligate the member
25 to render compensable services to a ~~system-covered~~ covered employer or
26 entitle a ~~system-covered~~ covered employer to the services of the member after
27 the termination separation period;

28 (v) The member has followed normal retirement
29 procedures for resigning from the ~~system-covered~~ covered employer unless
30 involuntarily terminated before the member's effective date of retirement;
31 and

32 (vi) All ~~system-covered~~ covered employers have paid
33 or have initiated the process to pay all accumulated benefits such as annual
34 leave and sick leave to the member by the effective date of retirement.

35 (B) "Terminate" does not mean:

36 (i) Taking a leave of absence; or

1 (ii) Performing any job duties or services without
2 remuneration, except for the functions related to the transfer of duties or
3 the transfer of the position itself.

4 (C) Providing volunteer activities at a ~~system-covered~~
5 covered employer that does not have the effect of holding a position open for
6 the member during a termination separation period does not mean that the
7 member is not terminated; and

8 ~~(3)(2)~~ "Termination separation period" means the time from a
9 member's effective date of retirement until the date that the member is no
10 longer prohibited by state law from returning to work at a ~~system-covered~~
11 covered employer.

12
13 SECTION 10. Arkansas Code § 24-7-601(b)(3), concerning credited
14 service generally and concurrent service credit under the Arkansas Teacher
15 Retirement System, is amended to read as follows:

16 (3) A member shall not receive more than one (1) year of service
17 credit for the member's employment with a covered employer and reciprocal
18 system employer in any one (1) fiscal year.

19
20 SECTION 11. Arkansas Code § 24-7-603(c)-(e), concerning out-of-state
21 service under the Arkansas Teacher Retirement System, are amended to read as
22 follows:

23 (c) ~~From and after July 1, 1987, an active A~~ member shall be eligible
24 to establish out-of-state service to be credited as service under this
25 subchapter under the following conditions:

26 (1)(A) The out-of-state service credit to be granted shall be
27 limited to service for which no benefit could be paid by another system
28 similar in purpose to this system, except Social Security, if the member had
29 left on deposit his or her contributions to the other system.

30 (B) The credit under subdivision (c)(1)(A) of this section
31 is limited to fifteen (15) years;

32 (2)(A) The member shall pay to the system for each year of
33 service credit granted the actuarial equivalent of the member's benefits.

34 (B) The payment shall be credited to the member's account
35 in the members' deposit account and shall be in addition to regular member
36 contributions ~~thereto~~ credited to the member's deposit account;

1 (3)(A) The out-of-state service shall not become credited
2 service under this system until the member has established five (5) or more
3 years of actual service.

4 (B) If a member ceases to be an active member before the
5 out-of-state service has been established as system-credited service, the
6 member payments made under this section shall be refundable;

7 (4) The benefit program to be applied to each year of service
8 credit being granted shall be the benefit program in effect at the time of
9 retirement; and

10 (5) ~~Such~~ Any other rules consistent with this subchapter as the
11 Board of Trustees of the Arkansas Teacher Retirement System may ~~from time to~~
12 ~~time~~ adopt.

13 (d) ~~An active~~ A member may purchase a fraction of a year of out-of-
14 state service to be credited as service under this subchapter in the same
15 manner as provided for out-of-state service under subsection (c) of this
16 section if the service meets the following requirements:

17 (1) The member has not less than one-fourth ($\frac{1}{4}$) year of out-of-
18 state credited service in the fiscal year; and

19 (2) The fraction of a year of out-of-state service may be
20 credited in keeping with policies of the board under § 24-7-601.

21 (e) ~~An active~~ A member shall be eligible, upon application, to
22 purchase service rendered outside the state during a period of employment
23 with an education coordinating council to be credited as out-of-state service
24 under the provisions of this section, provided that the conditions of
25 subsection (c) of this section are met.

26
27 SECTION 12. Arkansas Code § 24-7-607(b)-(d), concerning private school
28 service under the Arkansas Teacher Retirement System, are amended to read as
29 follows:

30 (b) ~~An active~~ A member purchasing certified private school service
31 shall be eligible, upon application, to purchase private school service for a
32 period not to exceed fifteen (15) years, to be credited as certified service
33 under this subchapter under the following conditions:

34 (1) The private school service credit to be purchased shall be
35 limited to service for which no benefit could be paid by another system
36 similar in purpose to the Arkansas Teacher Retirement System, except Social

1 Security, if the member left on deposit his or her contributions to the other
2 system;

3 (2)(A) The member shall pay the actuarial equivalent of benefits
4 as set forth under § 24-7-202 to the Arkansas Teacher Retirement System for
5 each year of private school service credit being purchased.

6 (B) The payment shall be credited to the member's account
7 in the members' deposit account and shall be in addition to regular member
8 contributions ~~thereto~~ credited to the member's deposit account;

9 (3) The private school service shall not become credited service
10 under the Arkansas Teacher Retirement System until:

11 (A) The member payment under this section has been paid in
12 full; and

13 (B)(i) The member has established five (5) or more years
14 of actual service, exclusive of private school service.

15 (ii) If a member ceases to be an active member
16 before the private school service has been established as system-credited
17 service, the member payments contributed under this section shall be refunded
18 to the member upon request;

19 (4) The benefit program to be applied to each year of private
20 school service credit and private educationally related entity service credit
21 being purchased shall be the benefit program in effect at the time of
22 retirement; and

23 (5) ~~Such~~ Any other rules consistent with this subchapter as the
24 Board of Trustees of the Arkansas Teacher Retirement System may from time to
25 time adopt.

26 (c)(1) ~~An active~~ A member is eligible to purchase noncertified private
27 school service or private ~~educationally-related~~ education-related entity
28 private school service for a period of five (5) years or less that will be
29 credited as noncertified service under this subchapter when:

30 (A) The member properly submits an application to purchase
31 noncertified private school service or private ~~educationally-related~~
32 education-related entity private school service;

33 (B) The noncertified service credit to be purchased is
34 limited to service for which no benefit could be paid by another state-
35 supported pension system or a system with a similar purpose when the
36 contributions of the member were left on deposit with the other system; and

1 (C)(i) The member pays the actuarial equivalent of
2 benefits as set forth under § 24-7-202 to the Arkansas Teacher Retirement
3 System for each year of service credit being purchased.

4 (ii) The payment shall be credited to the member's
5 account in the members' deposit account and shall be in addition to regular
6 member contributions ~~thereto~~ credited to the member's deposit account.

7 (2) The noncertified service shall not become credited service
8 under the Arkansas Teacher Retirement System until:

9 (A) The member payment under this section has been paid in
10 full; and

11 (B)(i) The member has established five (5) or more years
12 of actual service in the Arkansas Teacher Retirement System.

13 (ii) If a member ceases to be an active member
14 before the noncertified service has been established as system-credited
15 service, the member payments contributed under this section shall be refunded
16 to the member upon request.

17 (3) The benefit program applied to each year of private school
18 service or private ~~educationally-related~~ education-related entity private
19 school service credit being purchased shall be the benefit program in effect
20 at the time of retirement.

21 (4) The purchase and application of the noncertified service
22 credit shall be subject to the rules consistent with this subchapter ~~as that~~
23 the Arkansas Teacher Retirement System may ~~from time to time~~ adopt.

24 (d) ~~An active~~ A member may purchase a fraction of a year of private
25 school service to be credited as service under this subchapter in the same
26 manner as provided for private school service under subsection (b) of this
27 section if the service meets the following requirements:

28 (1) The member has not less than one-fourth ($\frac{1}{4}$) of a year of
29 private school service in a fiscal year under § 24-7-601; and

30 (2) The fraction of a year of private school service may be
31 credited in keeping with policies as provided by § 24-7-601.

32
33 SECTION 13. Arkansas Code § 24-7-610(c), concerning credit for service
34 in the National Guard and armed forces reserve under the Arkansas Teacher
35 Retirement System, is amended to read as follows:

36 (c) A member may, ~~one (1) time each fiscal year,~~ purchase up to one

1 (1) year of service credit for each one (1) year of service in the National
2 Guard or armed forces reserve.

3
4 SECTION 14. Arkansas Code § 24-7-610(e) and (f), concerning credit for
5 service in the National Guard and armed forces reserve under the Arkansas
6 Teacher Retirement System, are amended to read as follows:

7 (e) Service in the National Guard or armed forces reserve service
8 shall be credited to the year in which it was rendered even if the member has
9 concurrent service with a covered employer.

10 (f) If a member ceases to be an active member before the service in
11 the National Guard or the armed forces reserve has been established as
12 system-credited service, the member payments contributed as specified in
13 subdivision (b)(1)(C) of this section shall be refundable.

14 ~~(f)(1)(g)(1)~~ This section is supplemental to § 24-7-602, and this
15 section does not diminish the right of ~~any~~ a member of the system to obtain
16 credited service in the system for active duty military service within the
17 limits permitted by § 24-7-602.

18 (2) However, a member shall not be entitled to or receive in
19 excess of five (5) years of credited service rendered by the member under
20 this section.

21
22 SECTION 15. Arkansas Code § 24-7-611(b) and (c), concerning domestic
23 federal service under the Arkansas Teacher Retirement System, are amended to
24 read as follows:

25 (b) ~~From On~~ and after January 1, 2003, ~~an active~~ a member shall be
26 eligible upon application to purchase domestic federal service to be credited
27 as service under this section under the following conditions:

28 (1) The domestic federal service credit to be granted shall be
29 limited to service for which no benefit could be paid by a retirement system
30 similar in purpose to the Arkansas Teacher Retirement System except Social
31 Security if the member left on deposit his or her contributions to the other
32 system, and it shall be limited to ten (10) years;

33 (2)(A) For each year of domestic federal service credit granted,
34 the member shall pay to the system the employee and employer contributions
35 based on the actuarial equivalent of the member's benefits.

36 (B) The payment is credited to the member's account in the

1 members' deposit account and is in addition to regular member contributions;

2 (3) The domestic federal service shall not become credited
3 service under this system until:

4 (A) The member payment under this section has been paid in
5 full; and

6 (B)(i) The member has established five (5) or more years
7 of actual service exclusive of domestic federal service.

8 (ii) If a member ceases to be an active member
9 before the domestic federal 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;

12 (4) The benefit program to be applied to each year of service
13 credit being granted shall be the benefit program in effect at the time of
14 retirement; and

15 (5) ~~The~~ Any other rules consistent with this section ~~as that~~ the
16 Board of Trustees of the Arkansas Teacher Retirement System may ~~from time to~~
17 ~~time~~ adopt.

18 (c) ~~An active~~ A member may purchase a fraction of a year of domestic
19 federal service to be credited as service under this subchapter in the manner
20 ~~as~~ provided for domestic federal service under subsection (b) of this section
21 if the service meets the following requirements:

22 (1) The member has not less than one-fourth ($\frac{1}{4}$) year of domestic
23 federal service in a fiscal year under § 24-7-601; and

24 (2) The fraction of a year of domestic federal service may be
25 credited in keeping with policies as provided by § 24-7-601.

26
27 SECTION 16. Arkansas Code § 24-7-612, concerning the purchase of
28 service credit under the Arkansas Teacher Retirement System, is amended to
29 add an additional subsection to read as follows:

30 (e) All payments for service credit purchases shall be received by the
31 system before the member's first annuity installment or T-DROP deposit
32 occurs.

33
34 SECTION 17. Arkansas Code § 24-7-701(c)(2), concerning the beginning
35 date of an annuity upon voluntary retirement under the Arkansas Teacher
36 Retirement System, is amended to read as follows:

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

SECTION 18. Arkansas Code § 24-7-701(d), concerning limitations on the beginning date of an annuity following voluntary retirement under the Arkansas Teacher Retirement System, is amended to read as follows:

(d) If a member has accrued a full year of service credit for a fiscal year, the annuity shall not begin earlier than on ~~the~~ July 1 after the fiscal year ends unless the board adopts by rule or resolution an earlier beginning date for all members whose retirement will not result in a reduction of classroom teachers.

SECTION 19. Arkansas Code § 24-7-702(b)(2)(A), concerning the percentage decrease of an annuity following voluntary early retirement under the Arkansas Teacher Retirement System, is amended to read as follows:

(2)(A) The percent shall be one hundred percent (100%) reduced by between five-twelfths percent (5/12%) and fifteen-twelfths percent (15/12%) multiplied by the number of months by which the time of early retirement precedes the earlier of either completion of twenty-eight (28) years of credited service or attainment of sixty (60) years of age.

SECTION 20. Arkansas Code § 24-7-702(c)(2), concerning early voluntary retirement under the Arkansas Teacher Retirement System, is amended to read as follows:

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

SECTION 21. Arkansas Code § 24-7-702(e), concerning early voluntary retirement under the Arkansas Teacher Retirement System, is amended to read as follows:

(e) If a member has accrued a full year of service credit for a fiscal year, the annuity shall not begin earlier than on ~~the~~ July 1 after the fiscal year ends unless the board adopts by rule or resolution an earlier beginning date for members whose retirement will not result in a reduction of classroom teachers.

1 SECTION 22. Arkansas Code § 24-7-708 is amended to read as follows:

2 24-7-708. Employment of retired members by covered employers.

3 (a) Effective July 1, 2009, after terminating employment under § 24-7-
4 502 or reaching the ~~age of~~ normal retirement age, a ~~retirant~~ retiree may:

5 (1) Accept employment with an employer covered by the Arkansas
6 Teacher Retirement System without a limitation of his or her retirement
7 annuity; and

8 (2) Continue to receive his or her monthly retirement annuity.

9 (b) Employers covered by the system that hire an employee who meets
10 the conditions under subsection (a) of this section shall report the hiring
11 of the ~~retirant~~ retiree to the system in a time and a manner that the system
12 may reasonably require.

13 (c) A ~~retirant~~ retiree who receives monthly benefits and is employed
14 by a covered employer shall not accrue additional service credit.

15 (d)(1) For a retired member employed in a position covered by the
16 system, the covered employer shall remit the contributions on all salary paid
17 to the ~~retirant~~ retiree in an amount equal to the employer contribution rate
18 applicable to active members.

19 (2) Contributions shall be paid by the employer and are not the
20 responsibility of the ~~retirant~~ retiree.

21 (e)(1) The Board of Trustees of the Arkansas Teacher Retirement System
22 shall adopt rules to carry out the provisions of this section.

23 (2) A covered employer that employs ~~retirants~~ retirees is
24 subject to the rules adopted by the board.

25
26 SECTION 23. Arkansas Code § 24-7-709(a), concerning the disposition
27 and residue of member contributions, is amended to read as follows:

28 (a)(1)(A) If a ~~retirant~~ retiree and his or her option annuitants, if
29 any, die before receiving annuity payments equal to the member's residue
30 amount, then the residue amount shall be paid to such persons as the ~~retirant~~
31 retiree shall have nominated by written designation duly executed and filed
32 with the Arkansas Teacher Retirement System.

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

1 (2) If a ~~retirant~~ retiree and his or her option annuitants die
2 and the member has failed to designate a beneficiary or if all designated
3 beneficiaries have predeceased the ~~retirant~~ retiree, the residue shall be
4 paid to the ~~retirant's~~ retiree's estate.

5
6 SECTION 24. Arkansas Code § 24-7-711(a)(1), concerning the refund of
7 member contributions upon termination of employment under the Arkansas
8 Teacher Retirement System, is amended to read as follows:

9 (a)(1) If a member discontinues covered employment and does not plan
10 to be rehired by a covered employer, the member may elect to be paid a refund
11 of his or her contributions and regular interest credited to the member's
12 deposit account within six (6) months following the date the member's written
13 application is filed with the Arkansas Teacher Retirement System.

14
15 SECTION 25. Arkansas Code § 24-7-711(b)(5), concerning the refund of
16 member contributions upon termination of employment under the Arkansas
17 Teacher Retirement System, is amended to read as follows:

18 (5) ~~Interest~~ Regular interest on a deceased member's accumulated
19 contributions under this subsection shall cease to accrue on the July 1 after
20 the member's death.

21
22 SECTION 26. Arkansas Code § 24-7-720(c), concerning lump-sum benefits
23 under the Arkansas Teacher Retirement System, is amended to read as follows:

24 (c) The amount of the lump-sum payments under this section shall be
25 set periodically and not more often than annually by rules and resolutions of
26 the board as ~~it~~ the board determines is actuarially appropriate for the
27 system.

28
29 SECTION 27. Arkansas Code § 24-7-720(j)(1)(A), concerning lump-sum
30 benefits under the Arkansas Teacher Retirement System, is amended to read as
31 follows:

32 (j)(1)(A) If a member accrues a minimum of ~~fifteen (15)~~ ten (10) years
33 of actual, contributory service, regardless of noncontributory service
34 accrued in combination with the contributory service, the member shall
35 receive the maximum lump-sum death benefit as determined by the board under
36 this section.

1
2 SECTION 28. Arkansas Code § 24-7-730(a)(1), concerning required
3 distributions under the Arkansas Teacher Retirement System, is amended to
4 read as follows:

5 (a)(1) Notwithstanding the provisions of this subchapter regarding the
6 required dates of distribution of benefits under the Arkansas Teacher
7 Retirement System to former members, the distribution of a former member's
8 benefits under the system shall in any event be made or begun by April 1 of
9 the calendar year following the later of the calendar year in which the
10 member attains age ~~seventy and one-half (70½)~~ seventy-two (72) or the
11 calendar year in which the member retires.
12

13 SECTION 29. Arkansas Code § 24-7-730(b)(2)(C), concerning required
14 distributions to a spouse who is the beneficiary under the Arkansas Teacher
15 Retirement System, is amended to read as follows:

16 (C)(i) If the designated beneficiary is the member's
17 surviving spouse, the date distributions required to begin in accordance with
18 subdivision (b)(2)(A) of this section shall not be earlier than the date on
19 which the member would have attained age ~~seventy and one-half (70½)~~ seventy-
20 two (72).

21 (ii) If the spouse dies before payments begin,
22 subsequent distributions shall be made as if the spouse had been the member.
23

24 SECTION 30. Arkansas Code § 24-7-735 is amended to read as follows:

25 24-7-735. Contract buyout agreement – Settlements – Judgments –
26 Calculation of benefits.

27 (a) A member shall not accumulate service credit in the Arkansas
28 Teacher Retirement System during the time that payments under a contract
29 buyout agreement, settlement, claim, judgment, arbitration award, decree, or
30 court-ordered payment are paid to the member by the employer unless the
31 member continues to work on-site for the employer, or the service credit or
32 additional salary is purchased as provided under subsection (c) of this
33 section.

34 (b)(1) The employer shall provide a copy of a settlement agreement or
35 court order under this section to the system so that the system can:

36 (A) ~~prevent~~ Prevent the accumulation of service credit for

1 any payments that are not for on-site work for the employer; and

2 (B) Calculate the cost to purchase service credit,
3 additional salary, or both service credit and additional salary as provided
4 under this section.

5 (2) A member shall not receive service credit or additional
6 salary from the system under a settlement agreement or court order unless
7 permitted under this section.

8 (c)(1) The system shall allow a member or employer to purchase service
9 credit, ~~or additional salary, or both~~ for the member for service credit the
10 member would have earned but for termination, or salary that should would
11 have been paid under a settlement agreement or court order but for employment
12 discrimination to resolve a claim of wrongful termination or ~~the underpayment~~
13 ~~of salary that should have been paid if the service credit is:~~ employment
14 discrimination that results in a settlement agreement or court order.

15 ~~(1)(A)(i) Purchased as additional salary by an employer or~~
16 ~~member to be added to the final average salary of the member calculated at~~
17 ~~the time of the purchase.~~

18 ~~(ii)(2)~~ (2) The member's official salary record shall be
19 adjusted to include the purchased additional salary years which may be used
20 to compute the final average salary at the time of retirement if the
21 purchased salary in any of the additional purchased salary years qualifies
22 for the final average salary calculation.

23 ~~(B) Service credit earned by the member from an employer~~
24 ~~from the date of termination by an employer to the date of the settlement~~
25 ~~agreement or court order shall be subtracted from the amount of service~~
26 ~~credit allowed for purchase under subdivision (c)(1)(A) of this section; and~~

27 ~~(2)(3) Paid using the actuarial equivalent, as calculated by the~~
28 ~~system, of the member's benefits to the system~~ Service credit earned by a
29 member from an employer from the date of termination by an employer to the
30 date of the settlement agreement or court order shall be subtracted from the
31 amount of service credit allowed for purchase under subdivision (c)(1) of
32 this section.

33 (d)(1) The cost to purchase service credit, additional salary, or both
34 shall be established using the actuarial equivalent as calculated by the
35 system using the member's service history at the time of the purchase.

36 (2) The system shall use the same factors ~~as used~~ to determine

1 the cost of the additional salary purchase as used to calculate an additional
2 monthly benefit in the annuitization of a Teacher Deferred Retirement Option
3 Plan distribution.

4 ~~(2)(3)~~ The calculation shall be made with the assumption that
5 the member would have immediately retired at the time of the additional
6 salary purchase.

7
8 SECTION 31. Arkansas Code § 24-7-736(c)-(f), concerning the
9 calculation of final average salary under the Arkansas Teacher Retirement
10 System, is amended to read as follows:

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

15 (B) Before reducing the applicable number of years to be
16 used in computing the final average salary, the board shall file relevant
17 information concerning the actuarial appropriateness of the action with the
18 Joint Interim Committee on Public Retirement and Social Security Programs for
19 review by the Joint Interim Committee on Public Retirement and Social
20 Security Programs.

21 (2)(A) Full and partial service years that are recorded as
22 service credit shall be used in the calculation of the final average salary.

23 (B) If the member does not have full service years for the
24 total years of service used in the calculation of final average salary, then
25 the board may establish by rule a fair base ~~year~~ salary for a member's final
26 average salary for purposes of comparison under ~~subdivision (e)(3)~~
27 subdivision (c)(4) of this section.

28 ~~(C)(3)~~ If a member has less than the minimum number of
29 years of credited service required for the final average salary formula, the
30 final average salary of the member shall be the total salary paid to the
31 member for his or her years of credited service divided by the member's total
32 credited years of service.

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

~~Joint Interim Committee on Public Retirement and Social Security Programs.~~

~~(3)(A)(4)(A)~~ The If a member has at least the minimum number of years of credited service required for the final average salary formula, the applicable number of highest salary years service year salaries shall be ranked from lowest to highest remuneration.

(B) The lowest remuneration service year salary in the ranking shall be the base year salary.

(C) The next-highest-ranked remuneration service year salary shall be compared to the base year salary.

(D) The next-highest year's value service year salary in the calculation of final average salary that is less than eight (8) years from the base salary year, shall not exceed the percentage increase of the base year, unless the difference in value between the next highest year and the base year is within the amount of the salary differential base salary value plus the salary differential unless the next-highest year's value is less than or equal to the percentage increase of the base salary.

~~(4)(E)~~ After comparison of the base year salary to the next-highest service year salary to meet the requirements of subdivision (c)(4)(D) of this section, any required reduction to the next-highest service year salary shall be made.

~~(5)(F)~~ The next-highest service year salary, with any required reduction, becomes the new base year salary to compare to the next succeeding highest remuneration service year salary in the ranking until all years service year salaries in the ranking have been compared ~~to its base and reduced as necessary under subdivision (c)(3) of this section.~~

~~(6)(G)~~ The total value of the base years salaries shall then be averaged to determine final average salary divided by the applicable number of years to be used in computing final average salary.

~~(d)~~ If a member has a break in covered employment for eight (8) years or more between any of the member's highest salary years used in the calculation of final average salary, then subdivision (c)(3)(D) of this section shall not apply to the next highest salary year in the formula.

~~(e)(d)~~ The system may settle any dispute concerning an employee's salary for purposes of the system.

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

1 that:

2 ~~(A)(1)~~ The percentage increase under ~~subdivision (c)(3)(D)~~
3 subdivision (c)(4)(D) of this section is adjusted set no lower than one
4 hundred five percent (105%) per year and no higher than one hundred twenty
5 percent (120%) per year; and

6 ~~(B)(2)~~ The salary differential permitted under ~~subdivision~~
7 ~~(c)(3)(D)~~ subdivision (c)(4)(D) of this section is set no lower than one
8 thousand two hundred fifty dollars (\$1,250) per year and no higher than five
9 thousand dollars (\$5,000) per year.

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

12
13 SECTION 32. Arkansas Code § 24-7-1307(c)(1), concerning accounts and
14 credit under the Teacher Deferred Retirement Option Plan, is amended to read
15 as follows:

16 (c)(1) The board shall determine the plan interest rate to members'
17 plan accounts based on:

18 (A) A fixed interest rate that is adopted by board
19 ~~resolution prior to the beginning by the end of the first quarter~~ of the
20 fiscal year in which the interest rate shall apply and ~~which that~~ applies to
21 subsequent fiscal years unless modified by the board; or

22 (B)~~(i)~~ A variable interest rate formula that is based on
23 investment returns and other factors adopted by board resolution ~~prior to the~~
24 beginning by the end of the first quarter of the fiscal year in which the
25 interest rate shall apply and that applies to subsequent fiscal years unless
26 modified by the board.

27 ~~(ii) If the board uses a variable interest rate~~
28 ~~formula, the board shall adopt by board resolution the plan interest rate~~
29 ~~prior to the beginning of the fiscal year in which the plan interest rate~~
30 ~~applies.~~

31
32 SECTION 33. Arkansas Code § 24-7-1307(e), concerning the calculation
33 of the interest rate to a member's Teacher Deferred Retirement Option Plan,
34 is amended to read as follows:

35 (e) For the purposes of this section, the ten (10) year plus plan
36 interest rate shall be the rate determined to be appropriate by the board and

1 adopted by board resolution ~~prior to the beginning~~ by the end of the first
2 quarter of the fiscal year in which the interest rate shall apply and that
3 applies to subsequent fiscal years unless modified by the board.
4

5 SECTION 34. Arkansas Code § 24-7-1308(b)(2) and (3), concerning the
6 termination of participation in and distribution options under the Teacher
7 Deferred Retirement Option Plan, is amended to read as follows:

8 ~~(2) A member who selects the option under subdivision (b)(1)(C)~~
9 ~~of this section may receive his or her account distribution as follows:~~

10 ~~(A) Seventy-five percent (75%) in a lump-sum payment and~~
11 ~~twenty-five percent (25%) annuitized;~~

12 ~~(B) Fifty percent (50%) in a lump-sum payment and the~~
13 ~~remaining fifty percent (50%) annuitized; or~~

14 ~~(C) Twenty-five percent (25%) in a lump-sum payment and~~
15 ~~seventy-five percent (75%) annuitized.~~

16 ~~(3)(2)~~ The Board of Trustees of the Arkansas Teacher Retirement
17 System shall:

18 (A) Determine factors to be used for the conversion of
19 plan balances to monthly amounts;

20 (B) Set requirements for the member's election under this
21 subsection; and

22 (C) Modify the options under subdivision (b)(1) of this
23 section by rule as necessary.
24

25 SECTION 35. Arkansas Code § 24-7-1310(c), concerning the death of a
26 participant of the Teacher Deferred Retirement Option Plan, is amended to
27 read as follows:

28 ~~(c) For the purposes of § 24-7-709, any amounts received from the~~
29 ~~Teacher Deferred Retirement Option Plan account in the form of lump-sum or~~
30 ~~annuity payments shall be considered to be annuity payments received by the~~
31 ~~member or his or her designated beneficiary and shall reduce or eliminate the~~
32 ~~disposition of residue that, except for the provisions of this subsection,~~
33 ~~would have been paid under § 24-7-709~~ The Teacher Deferred Retirement Option
34 Plan participant's residue as used in § 24-7-701 et seq. that, except for the
35 provisions of this subsection, would have been paid under § 24-7-709 shall be
36 calculated as the greater of the following:

1 (1) The accumulated contributions and regular interest credited
2 to the retirement reserve account as of the member's retirement effective
3 date reduced by the total amount of regular annuities paid, further reduced
4 by amounts received from the Teacher Deferred Retirement Option Plan account
5 in the form of lump-sum or annuity payments; or

6 (2) The Teacher Deferred Retirement Option Plan account as of
7 the member's retirement effective date reduced by amounts received from the
8 Teacher Deferred Retirement Option Plan account in the form of lump-sum or
9 annuity payments.

10
11 SECTION 36. Arkansas Code § 24-7-1604(b), concerning coverage for
12 employees enrolled in the Arkansas Teacher Retirement System before July 1,
13 2011, is amended to read as follows:

14 (b) The nonmandatory employer shall remit employer contributions under
15 § 24-7-401 et seq. for an employee under this section and shall be subject to
16 the rights and obligations of an employer under the Arkansas Teacher
17 Retirement System Act for the employees of the nonmandatory employer
18 participating in the system.

19
20 SECTION 37. Arkansas Code § 24-7-1605(e)(1), concerning optional
21 participation in the Arkansas Teacher Retirement System by an institution of
22 higher education employers on or after July 1, 2011, is amended to read as
23 follows:

24 (e)(1) The PSHE employer shall remit employer contributions under §
25 24-7-401 et seq. and be subject to the rights and obligations of an employer
26 under the Arkansas Teacher Retirement System Act once a benefits-eligible
27 employee elects to participate in the system for the employees of the PSHE
28 employer participating in the system.

29
30 SECTION 38. EMERGENCY CLAUSE. It is found and determined by the
31 General Assembly of the State of Arkansas that the operations of a state
32 public retirement system are complex; that the Arkansas Teacher Retirement
33 System must be able to meet the needs of its members as anticipated by the
34 General Assembly; that certain provisions of the Arkansas Teacher Retirement
35 System Act, § 24-7-201 et seq., are imminently in need of revision and
36 updating to bring them into conformance with sound public pension policy and

1 actuarial requirements; that such revision and updating is of great
2 importance to members of the Arkansas Teacher Retirement System and to other
3 citizens of the State of Arkansas; that the Arkansas Teacher Retirement
4 System needs to have the ability to make changes to maintain and improve its
5 actuarial status; and that this act is necessary in order to maintain an
6 orderly system of benefits for the members of the Arkansas Teacher Retirement
7 System. Therefore, an emergency is declared to exist, and this act being
8 necessary for the preservation of the public peace, health, and safety shall
9 become effective on July 1, 2021.

10
11 SECTION 39. DO NOT CODIFY. Construction and legislative intent.

12 It is the intent of the General Assembly that:

13 (1) The enactment and adoption of this act shall not expressly or
14 impliedly repeal an act passed during the regular session of the Ninety-Third
15 General Assembly;

16 (2) To the extent that a conflict exists between an act of the
17 regular session of the Ninety- Third General Assembly and this act:

18 (A) The act of the regular session of the Ninety- Third
19 General Assembly shall be treated as a subsequent act passed by the General
20 Assembly for the purposes of:

21 (i) Giving the act of the regular session of the
22 Ninety- Third General Assembly its full force and effect; and

23 (ii) Amending or repealing the appropriate parts of the
24 Arkansas Code of 1987; and

25 (B) Section 1-2-107 shall not apply; and

26 (3) This act shall make only technical, not substantive, changes
27 to the Arkansas Code of 1987.

28
29 /s/Warren

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32 APPROVED: 3/8/21

State of Arkansas As Engrossed: S1/26/21 S2/24/21

93rd General Assembly

A Bill

Regular Session, 2021

SENATE BILL 174

By: Senator Teague

For An Act To Be Entitled

AN ACT CONCERNING THE TERMINATION OF ACTIVE
MEMBERSHIP UNDER THE ARKANSAS TEACHER RETIREMENT
SYSTEM; AMENDING THE DEFINITION OF "NORMAL RETIREMENT
AGE"; AND FOR OTHER PURPOSES.

Subtitle

CONCERNING THE TERMINATION OF ACTIVE
MEMBERSHIP UNDER THE ARKANSAS TEACHER
RETIREMENT SYSTEM; AND AMENDING THE
DEFINITION OF "NORMAL RETIREMENT AGE".

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

SECTION 1. Arkansas Code § 24-7-202(27), concerning the definition of
"normal retirement age" as applicable to the Arkansas Teacher Retirement
System, is amended to read as follows:

(27) "Normal retirement age" means:

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

(B) At least sixty (60) years of age if the member has a
combined total of thirty-eight (38) years or more of credited service in the
Arkansas Teacher Retirement System, Teacher Deferred Retirement Option Plan,
or reciprocal service in another eligible state retirement system;

SECTION 2. Arkansas Code § 24-7-502(a)(2), concerning the termination
of active membership under the Arkansas Teacher Retirement System, is amended
to read as follows:



1 (2)(A) ~~Effective July 1, 2011,~~ September 1, 2021, a member shall
2 not be terminated from employment for purposes of retirement eligibility if
3 within six (6) calendar months of the member's effective date of retirement
4 the member:

5 ~~(i) Meets both of the following requirements:~~

6 ~~(a)(A) Becomes employed with an employer~~
7 ~~covered by the system~~ a covered employer; and

8 ~~(b)(B) Has not attained the system's normal~~
9 ~~retirement age; or.~~

10 ~~(ii) Does not have a total or a combined total of~~
11 ~~thirty-eight (38) years or more of credited service in the system, Teacher~~
12 ~~Deferred Retirement Option Plan, or reciprocal service in another eligible~~
13 ~~state retirement system.~~

14 ~~(B) If a member has a combined total of thirty-eight (38)~~
15 ~~years or more of credited service in the system, Teacher Deferred Retirement~~
16 ~~Option Plan, or reciprocal credited service in another eligible state~~
17 ~~retirement system, then the member shall not be terminated from employment~~
18 ~~for purposes of retirement eligibility if within one (1) calendar month of~~
19 ~~the member's effective date of retirement the member:~~

20 ~~(i) Becomes employed with an employer covered by the~~
21 ~~system; and~~

22 ~~(ii) Has not attained the system's normal retirement~~
23 ~~age.~~

24
25 SECTION 3. DO NOT CODIFY. EFFECTIVE DATE.

26 This act is effective on and after September 1, 2021.

27
28 /s/Teague

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31 **APPROVED: 3/8/21**

State of Arkansas

As Engrossed: H3/8/21

93rd General Assembly

A Bill

Regular Session, 2021

HOUSE BILL 1275

By: Representative S. Smith

For An Act To Be Entitled

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

Subtitle

CONCERNING RECIPROCAL SERVICE CREDIT AS
IT RELATES TO THE ADMINISTRATION OF
MONTHLY BENEFITS; CONCERNING THE
DEFINITIONS OF "ALTERNATE RETIREMENT
PLAN" AND "ALTERNATIVE RETIREMENT PLAN";
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, is amended to add an additional
subdivision to read as follows:

(44) "Alternate retirement plan" means a retirement plan based
on the purchase of contracts providing retirement and death benefits for
employees under § 24-7-801 et seq. or § 24-7-901 et seq.

SECTION 2. Arkansas Code § 24-7-601(e), concerning credited service
generally and reciprocal service under the Arkansas Teacher Retirement
System, is amended to add an additional subdivision to read as follows:

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



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

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

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

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

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

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

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

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

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

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

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

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

10
11 SECTION 5. Arkansas Code § 24-7-1602(1) and (2), concerning the
12 definitions of "alternative retirement plan" and "benefits-eligible" as they
13 apply to the optional participation of employees of institutions of higher
14 education in the Arkansas Teacher Retirement System, is amended to read as
15 follows:

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

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

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

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

31
32 SECTION 7. EMERGENCY CLAUSE. It is found and determined by the
33 General Assembly of the State of Arkansas that the operations of a state
34 public retirement system are complex; that the Arkansas Teacher Retirement
35 System must be able to meet the needs of its members as anticipated by the
36 General Assembly; that certain provisions of § 24-7-201 et seq. are in need

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

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

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

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

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22 /s/S. Smith
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25 **APPROVED: 3/23/21**
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State of Arkansas
93rd General Assembly
Regular Session, 2021

As Engrossed: S3/9/21

A Bill

SENATE BILL 232

By: Senator G. Leding

For An Act To Be Entitled

AN ACT CONCERNING MANDATORY CONTRIBUTORY MEMBER
DESIGNATION FOR EMPLOYEES UNDER THE ARKANSAS TEACHER
RETIREMENT SYSTEM; TO DECLARE AN EMERGENCY; AND FOR
OTHER PURPOSES.

Subtitle

CONCERNING MANDATORY CONTRIBUTORY MEMBER
DESIGNATION FOR EMPLOYEES 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 § 24-7-406(e)(1)(C), concerning retirement
fund asset accounts, member deposit accounts, and contributions, is amended
to read as follows:

(C)(i) Effective From July 1, 2005, to July 1, 2021, an
active member whose status later changes from a nonteacher status to an
administrator or teacher status under contract for one hundred eighty-one
(181) days or more shall become a contributory member of the system otherwise
provided for in this section regardless of an earlier election to be a
noncontributory member of the system.

(ii)(a) From July 1, 2005, to June 30, 2007, an
active member who has previously elected to be a noncontributory member of
the system may make an irrevocable election to become a contributory member
of the system.

(b) If the election is made before the



1 preparation of the first salary payment to the member in the fiscal year, the
2 election is effective immediately.

3 (c) If the election is made after the
4 preparation of the first payroll containing the first salary payment to the
5 member in the fiscal year, the election is effective July 1 of the next
6 fiscal year.

7 (iii) Effective July 1, 2021, regardless of an
8 earlier election to be a noncontributory member of the system, an active
9 member whose status later changes from nonteacher status to administrator or
10 teacher status under a contract for one hundred eighty-five (185) days or
11 more shall become a contributory member of the system otherwise provided for
12 in this section.

13
14 SECTION 2. Arkansas Code § 24-7-406(e)(3), concerning retirement fund
15 asset accounts, member deposit accounts, and contributions, is amended to
16 read as follows:

17 (3)(A) Effective July 1, 1999, a new member shall be a
18 contributory member of the system.

19 (B) From July 1, 1999, to June 30, 2007, a new member who
20 is under contract with a covered employer for one hundred eighty (180) days
21 or less shall have one (1) year to make an irrevocable election to become a
22 contributory member of the system.

23 (C) From July 1, 1999, to June 30, 2007, a new member who
24 is not under contract with a covered employer shall not become a contributory
25 member of the system.

26 (D)(i) Effective From July 1, 2007, to July 1, 2021, a new
27 member under contract with a covered employer for one hundred eighty-one
28 (181) days or more shall be a contributory member of the system.

29 (ii) ~~A new member under contract with a covered~~
30 ~~employer for one hundred eighty (180) days or less may make an irrevocable~~
31 ~~election to become a contributory member of the system.~~

32 ~~(iii)~~ A new member not under contract with a covered
33 employer may make an irrevocable election to become a contributory member of
34 the system under this section.

35 (E)(i) Effective July 1, 2021, a member under contract
36 with a covered employer for one hundred eighty-five (185) days or more shall

1 be a contributory member of the system.

2 (ii) A member under contract with a covered employer
3 for one hundred eighty-four (184) days or less may make an irrevocable
4 election to become a contributory member of the system.

5
6 SECTION 3. EMERGENCY CLAUSE. It is found and determined by the
7 General Assembly of the State of Arkansas that the operations of a state
8 public retirement system are complex; that the Arkansas Teacher Retirement
9 System must be able to meet the needs of its members as anticipated by the
10 General Assembly; that certain provisions of the Arkansas Teacher Retirement
11 System Act, § 24-7-201 et seq., are in need of immediate revision and
12 updating to conform with sound public pension policy and actuarial
13 requirements; that the Arkansas Teacher Retirement System operates on a
14 fiscal year of July 1 to June 30; that a July 1, 2021 effective date is
15 necessary to allow the provisions within this act to begin on the first day
16 of the fiscal year to provide proper administration of the procedures
17 referenced in this act; that such revision and updating is of great
18 importance to members of the Arkansas Teacher Retirement System and to other
19 citizens of the State of Arkansas; and that this act is necessary in order to
20 maintain an orderly system of benefits for the members of the Arkansas
21 Teacher Retirement System and reciprocal systems. Therefore, an emergency is
22 declared to exist, and this act being necessary for the preservation of the
23 public peace, health, and safety shall become effective on July 1, 2021.

24
25
26 /s/G. Leding

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29 **APPROVED: 3/24/21**