

**MINUTES**  
**JOINT COMMITTEE ON PUBLIC RETIREMENT &**  
**SOCIAL SECURITY PROGRAMS**  
April 17, 2012

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The Joint Committee on Public Retirement and Social Security Programs met Tuesday, April 17, 2012, at 9:30 a.m., at Hampton Inn, Monticello, Arkansas.

**Committee members in attendance:** Senators Johnny Key, Senate Co-Chair, and Jeremy Hutchinson; Representatives Les Carnine, House Co-Chair, Sheilla Lampkin, and Homer Lenderman.

**Also attending:** Senators Jerry Taylor and Eddie Joe Williams.

Senator Key called the meeting to order. He thanked university officials for hosting the committee meeting. He introduced Jack Lassiter, Chancellor, U of A at Monticello who gave an overview of his campus to members.

Approval of Minutes December 12 and 13, 2011 (Exhibits B, B-1)

- ✓ **Minutes of the December 12 and 13, 2011 meetings were approved without objection.**

Consideration to adopt Interim Study Proposal (ISP) 2011-196 by Senator Johnny Key (Exhibit C)

Senator Key asked the committee to consider adoption of the ISP, with testimony to be given at a later time.

- ✓ **Without objection, the ISP was adopted unanimously.**

Proposed Rule – Arkansas Public Employees Retirement System (APERS) (Exhibit D)

Ms. Gail Stone, Executive Director, summarized a proposed regulation change, which has been adopted by the APERS Board to conform with laws passed. The proposed change was:

- Regulation 214 – DROP Provisions. This change is to strike through an anomalous statement, in conflict with the law.
- ✓ **Senator Key directed Legislative Staff to advise the ALC-Administrative Rules and Regulations Committee the rule has been reviewed.**

Proposed Rules – Arkansas Teacher Retirement System (ATRS) (Exhibits E-a thru E-l)

Mr. George Hopkins, Executive Director, summarized the proposed changes to several rules, which have been adopted by the ATRS Board to conform with laws passed during the 2011 legislative session. The proposed changes include:

- Rule 0-1 -- Organization & Operation. This amendment clarifies the required steps of the appeal process.
- Rule 7-2 -- Proof of Service Credit. This rule began running concurrently as an emergency rule on April 2, 2012. This rule ensures that if an employee works all

the hours of their regularly scheduled day, they can receive a full day of service credit.

- Rule 7-4 -- Reporting Employee & Employer Contributions. This allows an underpaid balance of an employee or employer contribution of less than \$10 to be written off for accounting purposes. This change saves ATRS time and money since the cost of collection of such a de minimis amount would far exceed the underpayment.
- Rule 8-1-- Purchase of Service Credit/Repayment of Refunds. This sets out the procedure for a member who wants to buy service with ATRS, including the signing of a commitment statement, which, once fulfilled, is irrevocable. It also sets out a time period, in case of death, for the estate to determine how they would like to handle an open service purchase agreement.
- Rule 8-2 -- Refunds of Member Contributions. This rule began running concurrently as an emergency rule on April 2, 2012. This sets the interest rate for refunded contributions for the fiscal 2011-12 year. It also allows the board to change the interest rate going forward by resolution, rather than by rule change. It removes the "hardship" requirement that a member has to prove before receiving a refund of member contributions from ATRS. Thus, ATRS no longer has to make a judgment call on the facts presented by a member claiming to have a hardship that justifies a refund of the member's contribution.
- Rule 8-3 -- Repayment of Refunded Member Contributions. This is a repeal of this rule. The Repayment of Refunds is now addressed/replaced in language that amends Rule 8-1.
- Rule 8-5 -- Purchase Payment Rules. This provides for the service purchase commitments made before the enactment of Act 69 of 2011 to continue, or be modified, in compliance with the law, unless withdrawn or cancelled by the member.
- Rule 8-6 -- Cancellation of Purchase Service Accounts. This removes the "hardship" requirement that a member must prove to ATRS before a purchase service account can be cancelled. It also substitutes the specific department at ATRS, the "Accounting Reporting Department," for the previous cites "ATRS Administration" as the correct department to file a cancellation request.
- Rule 8-8 -- Free Teaching Service Before 1937. This repeals a rule that is obsolete and whose provisions regarding proof of serve credit are covered in ATRS Rule 7-2.
- Rule 9-4 -- Disability Retirement. This sets clearer parameters for the date of the start of payment of disability retirement benefits, if a member is still receiving payments from the employer. It also clarifies that a member can reapply for disability retirement.

- Rule 9-7 -- Annuity Options & Disposition of Residue After Retirement. This provides for an incapacitated child to be removed from the member's account if the incapacitated child is emancipated, marries, dies, or is otherwise found by a court to no longer be incapacitated. This change simultaneously affects the election of options with respect to the spouse as well. There are also corrections of typographical errors.
- Rule 10-3 -- Teacher Deferred Retirement Option Plan (T-Drop). This rule began running concurrently as an emergency rule on April 2, 2012. This sets the rule as outlined in Act 162 of 2011. It defines "T-DROP Cash Balance Account" and "T-DROP Cash Balance Account Interest" consistent with ATRS accounting procedures and prior board action. It also gives a member the choice of receiving all or part of his/her T-DROP Cash Balance Account. It also allows ATRS to maintain any balance of that account for the member. This establishes rules for the election of a partial lump-sum distribution and sets the interest rates thereon. This adds a definition of "Fiscal Year," and "Quarter," consistent with the state fiscal year.
- ✓ **Senator Key directed Legislative Staff to advise the ALC-Administrative Rules and Regulations Committee the rules have been reviewed.**

There being no further business, the meeting adjourned at 10:51 a.m.