

1 State of Arkansas  
2 80th General Assembly  
3 Regular Session, 1995  
4 By: Representative Dawson

# A Bill

HOUSE BILL 1192

## For An Act To Be Entitled

"AN ACT TO AMEND ARKANSAS CODE §§ 24-7-701 AND 24-7-702 TO CHANGE THE METHOD OF COMPUTING BENEFITS FOR MEMBERS RETIRING OTHER THAN ON JULY 1 AND TO ALLOW INACTIVE MEMBERS WITH TWENTY-FIVE (25) YEARS OF CREDITED SERVICE TO APPLY FOR RETIREMENT; TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES."

## Subtitle

"TO CHANGE THE WAY OF COMPUTING BENEFITS FOR TRS MEMBERS RETIRING AND ALLOWING INACTIVE MEMBERS WITH 25 YEARS OF CREDITED SERVICE TO RETIRE FROM TRS."

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

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

"24-7-701. Voluntary retirement.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

35 "24-7-702. Early voluntary retirement.

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

5 (b)(1) Upon an active or inactive member's retirement as provided in  
6 this section, he shall receive, in lieu of any other system benefit, an early  
7 annuity which shall be a certain percent of an annuity provided for in  
8 § 24-7-705.

9 (2) The percent shall be one hundred percent (100%) reduced by  
10 five-twelfths of one percent (5/12 of 1%) multiplied by the number of months  
11 by which the time of early retirement precedes the earlier of either  
12 completion of thirty (30) years of credited service or attainment of age  
13 sixty (60) years.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14           (h) The benefits provided by this section shall also be available  
15 to an inactive member with thirty (30) or more years of credited service."  
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17           SECTION 3. All provisions of this act of general and permanent nature  
18 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code  
19 Revision Commission shall incorporate the same in the Code.  
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21           SECTION 4. If any provisions of this act or the application thereof to  
22 any person or circumstance is held invalid, the invalidity shall not affect  
23 other provisions or applications of the act which can be given effect without  
24 the invalid provisions or application, and to this end the provisions of this  
25 act are declared to be severable.  
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27           SECTION 5. All laws and parts of laws in conflict with this act are  
28 hereby repealed.  
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30           SECTION 6. Emergency. It is hereby found and determined by the  
31 Eightieth General Assembly of the State of Arkansas that the methods of  
32 computing retirement benefits for members of the Teacher Retirement System  
33 and the certain restrictions placed on the retirement of inactive members  
34 under the Arkansas Teacher Retirement System are inequitable and that those  
35 methods of computing benefits and those restrictions should be changed and

1 eliminated as soon as practicable without delay in order to avoid an undue  
2 hardship to many retirants and beneficiaries. Therefore, in order to reduce  
3 inequities of the Teacher Retirement System, an emergency is hereby declared  
4 to exist, and this act being necessary for the immediate preservation of the  
5 public peace, health, and safety, shall be in full force and effect from and  
6 after July 1, 1995.

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