

1 State of Arkansas
2 80th General Assembly
3 Regular Session, 1995

A Bill

HOUSE BILL 1285

4 By: Representative Bobby Wood
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For An Act To Be Entitled

8 "AN ACT TO AMEND ARK. CODE ANN. § 24-7-202 TO LIMIT THE
9 AMOUNT OF SALARY TO BE USED IN THE COMPUTATION OF TEACHER
10 RETIREMENT BENEFITS; AND FOR OTHER PURPOSES."
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Subtitle

12 "AN ACT TO LIMIT THE AMOUNT OF SALARY TO
13 BE USED IN THE COMPUTATION OF TEACHER
14 RETIREMENT BENEFITS."
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18 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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20 SECTION 1. Ark. Code Ann. § 24-7-202(14) is amended to read as
21 follows: "(14)(A) Salary means the recurring remuneration paid an
22 employee for personal services rendered by the employee in a position covered
23 by the system. However, when a member retires, the current year's salary
24 used in the computation of retirement benefits shall not exceed *one hundred*
25 *and ten (10) percent of the previous year's salary, unless the increase is a*
26 *direct result of a promotion, change in position, incremental increases*
27 *provided in the school district salary schedule, or an increase in school*
28 *revenues.*

29 (B) Should a portion of an employee's remuneration be paid other than
30 in cash, the cash value of the remuneration shall be established by the
31 system in an amount not to exceed the amount the employee is required to
32 report for federal income tax purposes.

33 (C) In determining salary, no consideration shall be given to any
34 nonrecurring single-sum payment paid by an employer, any employer
35 contributions to any employee benefit plan, except cafeteria plans as defined

1 in § 21-5-901, or any other unusual or nonrecurring remuneration or stipends
2 paid by an employer or other educational agency which are six hundred dollars
3 (\$600) or less in amount. For salary purposes, the amounts shall not be
4 cumulative.

5 (D) Money which is in lieu of remuneration and which is used by an
6 employer to purchase a qualified tax-sheltered annuity or a life insurance
7 policy for an employee shall be considered as salary for system purposes.

8 (E) An employee who is receiving remuneration under both a regular
9 contract and a purchased contract or under both a regular contract and a
10 contract won through litigation shall have only the greater of the two (2)
11 amounts considered as salary for system purposes.

12 (F) Should an employee make a charitable donation or return any part
13 of his salary to his employer, the amount of his recurring remuneration
14 otherwise usable as salary shall be reduced by such amount or amounts to
15 arrive at his salary for system purposes.

16 (G) In case of any dispute concerning an employee's salary for system
17 purposes, the system shall have the power to settle the dispute;"

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19 SECTION 2. Ark. Code Ann. § 24-7-202(16) is amended to read as
20 follows:

21 "(16) 'Final average salary' means, for a member who retires after June
22 30, 1995 , the average of the annual salaries paid him during the five (5)
23 years of credited service producing the highest annual average, subject to
24 the provisions of (14)(A) of this section. Should a member have less than
25 five (5) years of credited service, final average salary means the annual
26 average of salaries paid him during his total years of credited service,
27 subject to the provisions of (14)(A) of this section;"

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29 SECTION 3. All provisions of this act of a general and permanent
30 nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas
31 Code Revision Commission shall incorporate the same in the Code.

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33 SECTION 4. If any provision of this act or the application thereof to
34 any person or circumstance is held invalid, such invalidity shall not affect
35 other provisions or applications of the act which can be given effect without

1 the invalid provision or application, and to this end the provisions of this
2 act are declared to be severable.

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4 SECTION 5. All laws and parts of laws in conflict with this act are
5 hereby repealed.

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7 SECTION 6. EMERGENCY. It is hereby found and determined by the
8 General Assembly that this act is essential to the continued operation of the
9 Teacher Retirement System. Therefore, an emergency is hereby declared to
10 exist and this act being necessary for the immediate preservation of the
11 public peace, health and safety shall be in full force and effect on and
12 after July 1, 1995.

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/s/Bobby Wood

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As Engrossed: 1/20/95 1/25/95 2/10/95

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