

1 State of Arkansas

2 80th General Assembly

3 Regular Session, 1995

4 By: Representative McGinnis

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For An Act To Be Entitled

8 "AN ACT TO PRESCRIBE THE PURPOSE FOR ALL ARKANSAS STATE-
9 SUPPORTED RETIREMENT SYSTEMS; TO SET THE PROCEDURE FOR
10 VALUING THE ASSETS AND INCOMES FOR ALL STATE-SUPPORTED
11 RETIREMENT SYSTEMS AND TO SET THE LIMIT FOR ANY UNFUNDED
12 ACCRUED LIABILITIES TO NOT EXCEED THIRTY (30) YEARS; TO
13 DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES."

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Subtitle

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

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SECTION 1. All assets and income of any state-supported retirement system administered by an agency of the state of Arkansas shall be held, invested, or disbursed for the exclusive purpose of providing for benefit, investment management, and administrative expenses, including the acquisition of a building for the permanent offices of the state-supported retirement systems, and shall not be encumbered for or diverted to any other purposes.

SECTION 2. Annually, each Arkansas state supported retirement system shall make a valuation of each system's assets and incomes for the system. Actuarial assumptions and methods, which are used for the annual valuation of each Arkansas state supported retirement system shall be set by each system's board based upon the recommendations made by the board's actuary and agreed upon by the actuary employed by the Joint Committee on Public Retirement and

1 Social Security Programs or other actuary employed by the General Assembly to
2 *review public retirement system legislation. No contribution rate of any*
3 *state-supported retirement system in effect on the effective date of this act*
4 *shall be changed except by a vote of the General Assembly. No legislated*
5 *benefit enhancement shall be enacted which would cause the system's unfunded*
6 *accrued actuarial liabilities to exceed a thirty (30) year amortization. If*
7 *the board's actuary and the actuary employed by the General Assembly do not*
8 *agree as to the actuarial assumptions and methods used to calculate the*
9 *systems valuation, then a third actuary shall be selected mutually between*
10 *the actuaries and the third actuary shall determine the actuarial assumptions*
11 *and methods to be used. The actuarial assumptions and methods shall include*
12 *the actuarial funding method, the method of valuing assets, and similar*
13 *actuarial matters involved in the actuarial valuation. When any retirement*
14 *system on or after the effective date of this act has unfunded actuarial*
15 *accrued liabilities being amortized over a period exceeding thirty (30)*
16 *years, that system shall not have a legislated benefit enhancement until the*
17 *unfunded actuarial accrued liability is reduced to a level less than the*
18 *standards set by this act.*

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20 SECTION 3. All provisions of this act of general and permanent nature
21 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
22 Revision Commission shall incorporate the same in the Code.

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24 SECTION 4. If any provisions of this act or the application thereof to
25 any person or circumstance is held invalid, the invalidity shall not affect
26 other provisions or applications of the act which can be given effect without
27 the invalid provisions or application, and to this end the provisions of this
28 act are declared to be severable.

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

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33 SECTION 6. *Emergency. It is hereby found and determined by the*
34 *Eightieth General Assembly of the State of Arkansas that the fiscal soundness*
35 *of the various state-supported retirement systems is vital to the operation*

1 of Arkansas state government; that the proper fiscal management of public
2 retirement systems promotes the goal of good government and provides public
3 employees with an incentive to perform efficiently and effectively; and that
4 any delay in implementing a policy of sound fiscal management with regard to
5 state-supported retirement systems could result in a financial disaster for
6 any marginally financed retirement system in Arkansas. Therefore, in order
7 to prevent a potential financial catastrophe, an emergency is hereby declared
8 to exist, and this act being necessary for the immediate preservation of the
9 public peace, health, and safety, shall be in full force and effect from and
10 after its passage and approval.

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/s/Rep. McGinnis

As Engrossed: 1/27/95 2/17/95

HB 1409

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