

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

A Bill

HOUSE BILL 1559

4 By: Representatives Brown, McKissack, Angel, Ferguson and Wilkins
5 By: Senators Hopkins, Canada, Fitch, Bearden, Boozman, Todd, and Walker

For An Act To Be Entitled

8 "AN ACT TO AMEND ARKANSAS CODE § 24-7-701 AND ARKANSAS
9 CODE §24-7-702 TO PROVIDE MEMBERS OF THE TEACHER
10 RETIREMENT SYSTEM WITH FULL RETIREMENT BENEFITS WITH
11 TWENTY-EIGHT (28) YEARS OF CREDITED SERVICE REGARDLESS OF
12 AGE; TO AMEND ARKANSAS CODE § 24-7-406 TO PROVIDE FOR
13 CHANGES IN MEMBER CONTRIBUTION RATES; TO DECLARE AN
14 EMERGENCY; AND FOR OTHER PURPOSES."

Subtitle

17 "AN ACT TO PROVIDE FOR RETIREMENT UNDER
18 THE T.R.S. WITH 28 YEARS OF CREDITED
19 SERVICE REGARDLESS OF AGE."

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

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

25 "24-7-701. Voluntary retirement.

26 (a) An active member who either attains age sixty (60) years and has
27 ten (10) or more years of credited service or who has *twenty-eight (28)* or
28 more years of credited service regardless of age may voluntarily retire upon
29 his written application filed with the board.

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

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

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

1 (2) The member's termination of active membership;
2 (3) The member's attainment of the minimum age; or
3 (4) The member's completion of the minimum years of credited
4 service.

5 (d) If a member is retiring with an effective date other than July 1,
6 and if the member wishes credit for service within the current fiscal school
7 year, the member may retire effective the first day of a calendar quarter
8 within that fiscal year, subject to the following limitations:

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

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

14 (e)(1) If a member has signed an employment contract for a fiscal
15 school year and been paid in full for that fiscal school year, in no event
16 shall the annuity begin earlier than the July 1 next following that fiscal
17 school year.

18 (2) If a member has signed an employment contract for a fiscal
19 school year and if that contract is not completed, the member may receive
20 credit for service within the current fiscal year as provided in subsection
21 (d) of this section.

22 (f) The benefits provided by this section shall also be available to
23 an inactive member with *twenty-eight (28)* or more years of credited service."
24

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

27 "24-7-702. Early voluntary retirement.

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

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

35 (2) The percent shall be one hundred percent (100%) reduced by

1 five-twelfths of one percent (5/12 of 1%) multiplied by the number of months
2 by which the time of early retirement precedes the earlier of either
3 completion of *twenty-eight (28)* years of credited service or attainment of
4 age sixty (60) years.

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

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

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

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

11 (d) If a member is retiring with an effective date other than July 1,
12 and if the member wishes credit for service within the current fiscal school
13 year, the member may retire effective the first day of a calendar quarter
14 within that fiscal year, subject to the following limitations:

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

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

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

23 (2) If a member has signed an employment contract for a fiscal
24 school year and that contract is not completed, the member may receive credit
25 for service within the current fiscal year as provided in subsection (d) of
26 this section."

27

28 *SECTION 3. Arkansas Code § 24-7-406 is amended to read as follows:*

29 *"24-7-406. Retirement fund assets accounts - Members' deposit account -*
30 *Contributions.*

31 *(a)(1) The members' deposit account shall be the account in which*
32 *shall be accumulated at regular interest the members' contributions to the*
33 *system and from which shall be paid refunds of accumulated contributions and*
34 *transfers as provided in this act; however, employer contributions which are*
35 *paid by an employee instead of an employer shall be credited to the members'*

1 deposit account. Those contributions shall be subject to refund under the
2 same conditions that regular member contributions are refundable.

3 (2) Upon a member's retirement, his accumulated contributions
4 standing to his credit in the members' deposit account shall be transferred
5 to the retirement reserve account.

6 (3) In the event survivor benefits become payable on account of
7 the death of a member, his accumulated contributions standing to his credit
8 in the members' deposit account shall be transferred to the survivor benefit
9 account.

10 (b)(1) Except as provided otherwise in this section, the contributions
11 of a member to the system shall be the amounts set forth in this subsection.

12 (2) Each member who first became a member July 1, 1971, or later
13 shall contribute to the system six percent (6%) of his salary, except that on
14 and after July 1, 1995, a member who becomes a member before the age of
15 thirty-two (32) years, or who is less than age sixty (60) years or has
16 accrued less than thirty (30) years of credited service, shall contribute to
17 the system six and seven-tenths percent (6.7%) of his salary if he makes the
18 full member contributions.

19 (3) Member contributions before July 1, 1969, shall be in
20 accordance with provisions in force before July 1, 1969.

21 (4) For each member who first became a member before July 1,
22 1971, member contributions for the period after June 30, 1969, shall be six
23 percent (6%) of the first seven thousand eight hundred dollars (\$7,800) of
24 his annual salary, unless he shall have elected, in accordance with rules and
25 regulations established by the board, to contribute six percent (6%) of his
26 full salary for the period after June 30, 1969. If the election is made
27 before July 1, 1984, the member must contribute to the system the difference
28 between full salary member contributions and member contributions based on
29 seven thousand eight hundred dollars (\$7,800) annual covered salary
30 retroactive to July 1, 1969, or to the actual date of employment, whichever
31 is later, plus regular interest from the dates the added contributions would
32 normally have been received by the system to the date of the actual added
33 contributions. If the election is made July 1, 1984, or later, the member
34 must contribute to the system both the added member contributions and the
35 added employer contributions which would have been paid to the system had the

1 member's full salary always been covered, plus regular interest from the
2 dates the added contributions would normally have been received by the system
3 to the date of the actual added contributions. The regular interest and added
4 employer contributions shall be considered member contributions for purposes
5 of the system. On and after July 1, 1995, full member contributions for a
6 member who becomes a member before the age of thirty-two (32) years, or who
7 is less than age sixty (60) years or has accrued less than thirty (30) years
8 of credited service, shall be six and seven-tenths percent (6.7%) of his full
9 salary.

10 (5) Members who left covered employment before July 1, 1985, and
11 who had annual compensation of seven thousand eight hundred dollars (\$7,800)
12 or less shall, upon their return to covered employment, have full salary
13 considered for purposes of the system.

14 (6) Contributions shall be required on all salary earned in
15 covered employment during the fiscal year in which membership begins.

16 (c)(1) Each employer shall deduct the member contributions provided
17 for in this section from the salary of each member on each and every payroll,
18 for each and every payroll period, from the date of his entrance into the
19 system until he retires, and the employer shall remit the contributions to
20 the system; however, a member who is receiving remuneration under both a
21 regular contract and a purchased contract, or under both a regular contract
22 and a contract won through litigation, shall have only the greater of the two
23 (2) amounts considered as salary for the purposes of the system. Should the
24 employer fail at any time to report the salary of a member and remit the
25 contributions to the system, the system shall have the right to collect from
26 the employee and the employer the contributions due, if any, from each,
27 together with regular interest beginning with the subsequent fiscal year;
28 provided further, in no case shall a member be given credit for service
29 rendered until any contributions and interest due from each are paid in full.

30 (2) The member's contributions provided for in this section
31 shall be made notwithstanding that the minimum salary provided by law for any
32 member shall be thereby changed.

33 (3) Each member shall be deemed to consent and agree to the
34 deductions made and provided for in this section. Payment of his salary less
35 the deductions shall be a full and complete discharge and acquittance of all

1 *claims and demands whatsoever for the services rendered by the member during*
2 *the period covered by the payment, except as to benefits provided by the*
3 *system.*

4 (4) *The members' contributions, so deducted from their salaries,*
5 *shall be remitted to the system in such manner and form and in such frequency*
6 *and shall be accompanied by such supporting data as the board shall prescribe*
7 *from time to time.*

8 (5) *Money used by a school district to purchase a qualified*
9 *tax-sheltered annuity or a life insurance policy for a member in lieu of*
10 *salary shall be considered as salary for purposes of the system. Retainers,*
11 *consultant's fees, lump sum payments for unused sick leave, special payments*
12 *not in the form of regular remuneration, and stipends paid by an employer or*
13 *other educational agency which are five hundred dollars (\$500) or less in*
14 *amount shall not be considered salary for the purposes of the system.*
15 *Further, stipend amounts shall not be cumulative.*

16 (d)(1) *In addition to the contributions deducted from the salaries of*
17 *a member, as provided in this section, a member may deposit in the system, by*
18 *a single contribution or by an increased rate of contributions as approved by*
19 *the board, the amounts he may have received therefrom and not repaid thereto,*
20 *together with regular interest from the date of withdrawal to the date of*
21 *repayment.*

22 (2) *In no case shall a member be given credit for service*
23 *rendered prior to the date he received payments until he returns to the*
24 *system all amounts due from him.*

25 (e)(1) *A retirant may elect to make additional contributions to the*
26 *system in order to provide himself with additional benefits if he retired*
27 *after June 30, 1970, and is still receiving a system annuity and he had not*
28 *contributed on his full salary for the period after June 30, 1969.*

29 (2) *By written election made after June 1, 1981, the retirant*
30 *may contribute on his full salary in the same manner as provided in*
31 *subsection (b) of this section for members, but regular interest must be*
32 *added to the additional contributions for the period from the date the*
33 *relevant salary was paid to the date the contributions are received by the*
34 *system.*

35 (3) *When the contributions and interest are received, the*

1 monthly annuity of the retirant shall be recalculated to be the annuity
2 amount which would be payable if the contributions had all been paid by the
3 effective date of retirement.

4 (4) The resulting increase in the monthly annuity shall be
5 effective for the calendar month after the date the payment of contributions
6 and interest is completed.

7 (f)(1) Each member may elect, by written election filed with the
8 system in accordance with rules and regulations adopted by the board, to
9 eliminate future member contributions otherwise provided for in this section,
10 except to the extent, that on and after July 1, 1995 all members who become
11 members before the age of thirty-two (32) years, or who are less than age
12 sixty (60) years or have accrued less than thirty (30) years of credited
13 service, shall contribute at least a minimum of seven-tenths of a percent
14 (0.7%) of his full salary.

15 (2) For a new member, the election shall become a binding
16 agreement upon its effective date, if the election is so filed before
17 preparation of the payroll containing his first salary payment, but in no
18 event before July 1, 1986. In all other circumstances, the election shall be
19 effective the July 1 immediately following the filing of the election, but in
20 no event before July 1, 1986.

21 (3) Beginning July 1, 1993, any member may change his election
22 concerning member contributions once each fiscal year, to be effective the
23 July 1 immediately following the filing of the election.

24 (4) If the election is to make the minimum member contributions
25 for members who become members before the age of thirty-two (32) years, or
26 who are less than age sixty (60) years or have accrued less than thirty (30)
27 years of credited service, (0.7%), then the election shall apply only to
28 future member salaries and shall not change the status of any member
29 contributions made before the election. If the effect of the election is to
30 require full member contributions (6.7%), then the election shall apply only
31 to future member salaries and shall not change any member contribution
32 requirements existing before the election. However, if a member has
33 previously contributed on only the first seven thousand eight hundred dollars
34 (\$7,800) of his annual salary, he cannot contribute on full future salaries
35 until he has made added contributions on past full salaries as provided in

1 subsection (b) of this section.

2 (5) All new members who become members before the age of thirty-
3 two (32) years, or who are less than age (60) years or have accrued less than
4 thirty (30) years of credited service, including any former active members,
5 shall make the minimum member contributions (0.7%) otherwise provided for in
6 this section. Such members may elect, by written election filed with the
7 system in accordance with rules and regulations adopted by the board, to make
8 full member contributions (6.7%) as provided for in this section. Such
9 election shall become a binding agreement upon its effective date, if the
10 election is so filed with the system before the preparation of the payroll
11 containing his first salary payment. In all other circumstances, the
12 election shall be effective the July 1 immediately following the filing of
13 the election.

14 (6) For a new member who files in compliance with subdivisions
15 (f)(1) or (f)(5), the effective date shall be the date the first paycheck is
16 received. In all other circumstances, the effective date shall be July 1.

17 (g)(1) Employees who are eligible for membership in the system under §
18 24-7-202, who are or have been erroneously enrolled in the Public Employees'
19 Retirement System, whose membership in that system is cancelled and whose
20 employee or employer contributions are refunded by that system under §§
21 24-2-301 - 24-2-305, shall be eligible to become members of either the full
22 contributory plan or the minimum contributory plan of this system under the
23 provisions of this section.

24 (2) If such an employee becomes an active member of the full
25 contributory plan of this system, he may establish full contributory credit
26 for all or part of his service that is cancelled by the Public Employees'
27 Retirement System by paying both the full employee and employer contributions
28 required by this system, plus regular interest.

29 (3) If he becomes an active member of the minimum contributory
30 plan of this system, he may establish minimum contributory credit for all or
31 part of his service that is cancelled by the Public Employees' Retirement
32 System by paying the minimum employee contributions and the employer
33 contributions required by this system, plus regular interest."
34

35 SECTION 4. All provisions of this act of general and permanent nature

1 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
2 Revision Commission shall incorporate the same in the Code.

3

4 SECTION 5. If any provisions of this act or the application thereof to
5 any person or circumstance is held invalid, the invalidity shall not affect
6 other provisions or applications of the act which can be given effect without
7 the invalid provisions or application, and to this end the provisions of this
8 act are declared to be severable.

9

10 SECTION 6. All laws and parts of laws in conflict with this act are
11 hereby repealed.

12

13 SECTION 7. Emergency. It is hereby found and determined by the
14 Eightieth General Assembly of the State of Arkansas that reducing the amount
15 of time a public school employee must serve to receive full retirement
16 benefits under the Teacher Retirement System will improve the motivation of
17 public school employees; that the improved motivation of public school
18 employees will increase the productivity of the public schools and
19 educational institutions in Arkansas; and that this change in the retirement
20 benefits for the Teacher Retirement System will promote the most efficient
21 and effective operation of the Arkansas public schools and educational
22 institutions. Therefore, in order to more effectively utilize public school
23 and educational funds, an emergency is hereby declared to exist, and this act
24 being necessary for the immediate preservation of the public peace, health,
25 and safety, shall be in full force and effect from and after July 1, 1995.

26

27 */s/Rep. Brown, et al*

28

29

30

31

32

33

34

35

1
2
3
4
5
6
7
8
9
10