

Stricken language would be deleted from and underlined language would be added to law as it existed prior to the 82nd General Assembly.

1 State of Arkansas
2 82nd General Assembly
3 Regular Session, 1999
4

As Engrossed: H1/28/99

A Bill

HOUSE BILL 1189

5 By: Representative Faris
6 By: Senator Hopkins
7
8

For An Act To Be Entitled

10 "AN ACT TO AMEND ARKANSAS CODE § 24-7-406 TO ELIMINATE
11 A NEW MEMBER'S CHOICE TO NOT MAKE MEMBER CONTRIBUTION
12 AND TO PROVIDE A ONE-TIME IRREVOCABLE CHOICE FOR
13 ACTIVE MEMBERS OF THE TEACHER RETIREMENT SYSTEM; TO
14 DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES."

Subtitle

16 "TO ELIMINATE THE NON-CONTRIBUTORY OPTION
17 FOR NEW MEMBERS AND TO ALLOW A ONE-TIME
18 IRREVOCABLE CHOICE FOR ACTIVE MEMBERS OF
19 THE TEACHER RETIREMENT SYSTEM."
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23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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25 SECTION 1. Arkansas Code § 24-7-406(f), regarding contributions to
26 member's deposit accounts for the Teacher Retirement System, is amended to
27 read as follows:

28 "~~(f)(1) Each member may~~ Active members as of July 1, 1999 shall elect,
29 by written election filed with the system in accordance with rules and
30 regulations adopted by the board, to eliminate future member contributions, or
31 to make member contributions, otherwise provided for in this section. The
32 election shall be irrevocable and shall be made on or before July 1, 2000. If
33 no election is made, the member's status on June 30, 2000 shall be in effect
34 and shall be irrevocable.

35 (2) For a ~~new~~ former inactive member, the election shall ~~become a~~
36 ~~binding agreement upon its effective date, if the election is so filed before~~

1 ~~preparation of the payroll containing his first salary payment, but in no~~
 2 ~~event before July 1, 1986 be made within one (1) year of the effective date~~
 3 ~~the member is considered an active member. The election shall be effective~~
 4 ~~the earlier of the preparation of the payroll containing the first salary~~
 5 ~~payment upon re-entry, or the July 1 next following the date the election is~~
 6 ~~filed with the system. If no election is made within one (1) year, the~~
 7 ~~member's status prior to re-entry will remain in effect.~~

8 ~~(3) Beginning July 1, 1993, any member may change his election~~
 9 ~~concerning member contributions once each fiscal year. Beginning July 1, 1997,~~
 10 ~~the election shall be effective the July 1 immediately preceding its filing~~
 11 ~~provided it is received by the system before October 1 of the current fiscal~~
 12 ~~year.~~

13 ~~(4)(3)(A)~~ If the election is to eliminate member contributions,
 14 then the election shall apply only to future member salaries and shall not
 15 change the status of any member contributions made before the election.

16 (B)(i) If the effect of the election is to require member
 17 contributions, then the election shall apply only to future member salaries
 18 and shall not change any member contribution requirements existing before the
 19 election.

20 (ii) ~~However, if~~ If a member has previously
 21 contributed on only the first seven thousand eight hundred dollars (\$7,800) of
 22 his annual salary, he cannot contribute on full future salaries until he has
 23 made added contributions on past full salaries as provided in subsection (b)
 24 of this section.

25 ~~(5)(4)(A)~~ All After July 1, 1999, all new members, ~~including any~~
 26 ~~former active members,~~ shall not make the member contributions otherwise
 27 provided for in this section.

28 (B)(i) ~~Such members may elect, by written election filed~~
 29 ~~with the system in accordance with rules and regulations adopted by the board,~~
 30 ~~to make contributions as provided for in this section~~ After July 1, 1999, an
 31 employee who worked less than thirty (30) days during the previous fiscal year
 32 shall not make member contributions as provided in this section.

33 (ii)(a) ~~Such election shall become a binding~~
 34 ~~agreement upon its effective date, if the election is so filed with the system~~
 35 ~~before the preparation of the payroll containing his first salary payment.~~

36 (b) ~~In all other circumstances, the election~~

1 ~~shall be effective the July 1 immediately following the filing of the~~
2 ~~election.~~

3 ~~(6)(A) For a new member who files in compliance with subdivisions~~
4 ~~(f)(1) or (f)(5) of this section, the effective date shall be the date the~~
5 ~~first paycheck is received.~~

6 ~~(B) In all other circumstances, the effective date shall be~~
7 ~~July 1."~~

9 SECTION 2. Arkansas Code § 24-7-406(g), regarding the contributions to
10 member's deposit accounts for the Teacher Retirement System, is amended to
11 read as follows:

12 "(g)(1) Employees who are eligible for membership in the system under
13 §24-7-202, who are or have been erroneously enrolled in the Arkansas Public
14 Employees' Retirement System, whose membership in that system is cancelled and
15 whose employee or employer contributions are refunded by that system under
16 §§24-2-301 - 24-2-305, ~~shall be eligible to become members of either the~~
17 ~~contributory plan or the noncontributory plan of this system under the~~
18 provisions of this section make member contributions to the system as provided
19 in subdivision (b)(2) of this section.

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

25 ~~(3) If he becomes an active member of the noncontributory plan of~~
26 ~~this system, he may establish noncontributory credit for all or part of his~~
27 ~~service that is cancelled by the Arkansas Public Employees' Retirement System~~
28 ~~by paying the employer contributions required by this system, plus regular~~
29 ~~interest."~~

31 SECTION 3. No benefit enhancement provided for by this act shall be
32 implemented if it would cause the publicly supported retirement system's
33 unfunded actuarial accrued liabilities to exceed a thirty (30) year
34 amortization. No benefit enhancement provided for by this act shall be
35 implemented by any publicly supported system which has unfunded actuarial
36 accrued liabilities being amortized over a period exceeding thirty (30) years

1 until the unfunded actuarial accrued liability is reduced to a level less than
2 the standards prescribed by Arkansas Code, Title 24.

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4 SECTION 4. All provisions of this act of a general and permanent nature
5 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
6 Revision Commission shall incorporate the same in the Code.

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

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

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17 SECTION 7. EMERGENCY CLAUSE. It is hereby found and determined by the
18 Eighty-second General Assembly that the Teacher Retirement System provides
19 members with the option to choose either a contributory or noncontributory
20 membership, that keeping track of these options consumes a considerable amount
21 of administrative time and effort, that the law needs to be simplified to
22 reduce the cost and effort of keeping track of these options, and that the
23 most effective time to make changes to the retirement system is at the
24 beginning of the State's fiscal year and therefore this act should take effect
25 immediately at that time. Therefore, an emergency is declared to exist and
26 this act being immediately necessary for the preservation of the public peace,
27 health and safety shall become effective on July 1, 1999.

28 /s/ Faris
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