

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: S2/3/99
A Bill

SENATE BILL 101

5 By: Senator Hopkins
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For An Act To Be Entitled

9 "AN ACT TO AMEND ARKANSAS CODE § 24-7-713 TO ELIMINATE
10 REFERENCES TO THE FEDERAL CONSUMER PRICE INDEX AND TO
11 PROVIDE AN ADDITIONAL MONTHLY BENEFIT TO ALL RETIREES
12 IN THE TEACHER RETIREMENT SYSTEM; TO DECLARE AN
13 EMERGENCY; AND FOR OTHER PURPOSES."

Subtitle

15 "TO PROVIDE TEACHER RETIREMENT SYSTEM
16 RETIREES WITH AN ADDITIONAL MONTHLY
17 BENEFIT AND ELIMINATE REFERENCES TO THE
18 FEDERAL CPI."
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22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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24 SECTION 1. Arkansas Code § 24-7-713 is amended to read as follows:

25 "24-7-713. Monthly benefits - Redetermination.

26 (a)(1) Beginning with the July 1 which is at least twelve (12) full
27 months after the effective date of a monthly benefit, the amount of the
28 benefit shall be redetermined effective each July 1, and the redetermined
29 amount shall be payable for the ensuing year.

30 (2) ~~Subject to the maximum stated in subdivision (3) of this~~
31 ~~subsection, the~~ The redetermined amount shall be the base amount multiplied by
32 the following percent: One hundred percent (100%), plus three percent (3%) for
33 each full year, but excluding any fraction of a year, in the period from the
34 effective date of the base amount to the current July 1.

35 (3) In no event shall the redetermined amount be less than the
36 base amount ~~nor more than the base amount multiplied by the following~~

1 ~~fraction: The numerator shall be the average of the consumer price index for~~
 2 ~~the twelve (12) calendar months in the calendar year immediately preceding the~~
 3 ~~July 1, but in no event shall it be an amount less than the denominator, which~~
 4 ~~shall be the average of the consumer price index for the twelve (12) calendar~~
 5 ~~months in the calendar year immediately preceding the effective date of the~~
 6 ~~base amount.~~

7 (4) As used in this section:

8 (A) 'The amount of the benefit otherwise payable' means the
 9 monthly amount of the benefit which would be payable disregarding the
 10 provisions of this section redetermining benefit amounts after retirement;

11 ~~(B)(i) 'Consumer price index' means the Consumer Price~~
 12 ~~Index for All Urban Consumers, as determined by the United States Department~~
 13 ~~of Labor and in effect January 1, 1986.~~

14 ~~(ii) Should the consumer price index be restructured~~
 15 ~~subsequent to 1985 in a manner materially changing its character, the board,~~
 16 ~~after receiving the advice of its actuary, shall change the application of the~~
 17 ~~consumer price index so that, as far as is practicable, the 1985 intent of the~~
 18 ~~use of the consumer price index shall be continued;~~

19 ~~(C)(B)(i) 'Base amount' means the monthly amount of the~~
 20 ~~benefit upon which benefit redeterminations after retirement are based, as~~
 21 ~~provided in this section.~~

22 (ii) Base amount includes the amount of the benefit
 23 otherwise payable plus any one-time increase or increases granted by
 24 legislative change.

25 (iii) The effective date of the base amount shall be
 26 the effective date of the benefit or, if any, the effective date of the last
 27 increase in base amount, whichever is later.

28 (b)(1) Subject Effective July 1, 1999, subject to the minimum financial
 29 conditions set forth in § 24-7-718, ~~and for the payment periods indicated, a~~
 30 ~~special increase amount shall be calculated and shall be the indicated percent~~
 31 ~~of the indicated month amount:~~

Effective Date	Percent	Monthly Benefit
of Increase	Payment Periods	In Effect For
7-1-91	7-1-91 and later	5.7%
7-1-92	7-1-92 and later	5.4%
		6-91
		6-92

~~7-1-93~~ ~~7-1-93 and later~~ ~~5.1%~~ ~~6-93~~

retirees shall receive an increase in benefits of *not less than fifty dollars (\$50.00) per month, provided the board of trustees may elect and is granted authority to increase the benefit to retirees in an amount determined by the board except such benefit increase shall not exceed one hundred twenty-five dollars (\$125) per month.*

(2) ~~Any other provisions to the contrary notwithstanding, the special increase amount or amounts shall be added to and become part of the base amount for the purpose of determining benefit amount payable July 1, 1991, and later~~ Members retiring after July 1, 1999 shall receive an additional benefit of *not less than fifty dollars (\$50.00) per month over and above their regular annuity, provided the board of trustees may elect and is granted authority to increase the additional benefit to members retiring in an amount determined by the board except such additional benefit shall not exceed one hundred twenty-five dollars (\$125) per month.*

(3) *If an individual is also receiving benefits as a result of credited service under one (1) or more of the other reciprocal systems, as such systems enumerated in Arkansas Code 24-2-401, that individual shall receive a prorated portion of the amount from the system.*

(4) *The prorated portion shall be determined by dividing the years of credited service with the Arkansas Teacher Retirement System by the member's or deceased member's total years of credited service with all reciprocal systems provided the individual receiving such benefits shall receive the additional amounts set out in subsection (b) of this section in total from such systems if the member or deceased member was employed at least five (5) years in each of the reciprocal systems."*

SECTION 2. No benefit enhancement provided for by this act shall be implemented if it would cause the publicly supported retirement system's unfunded actuarial accrued liabilities to exceed a thirty (30) year amortization. No benefit enhancement provided for by this act shall be implemented by any publicly supported system which has unfunded actuarial accrued liabilities being amortized over a period exceeding thirty (30) years until the unfunded actuarial accrued liability is reduced to a level less than the standards prescribed by Arkansas Code, Title 24.

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

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

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

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14 SECTION 6. EMERGENCY CLAUSE. It is hereby found and determined by the
15 Eighty-second General Assembly that changes in the amount of monthly benefits
16 in the Teacher Retirement System are necessary for the continued financial
17 stability of the current retirees and that it is necessary to implement the
18 changes in benefits at the beginning of the current fiscal year and therefore
19 this act should have immediate effect. Therefore, an emergency is declared to
20 exist and this act being immediately necessary for the preservation of the
21 public peace, health and safety shall become effective on the date of its
22 approval by the Governor. If the bill is neither approved nor vetoed by the
23 Governor, it shall become effective on the expiration of the period of time
24 during which the Governor may veto the bill. If the bill is vetoed by the
25 Governor and the veto is overridden, it shall become effective on the date the
26 last house overrides the veto.

27 /s/ Hopkins
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