

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: S2/17/99

A Bill

SENATE BILL 371

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

For An Act To Be Entitled

9
10 "AN ACT TO AMEND VARIOUS SECTIONS OF ARKANSAS CODE
11 TITLE 24, CHAPTER 7, REGARDING THE TEACHER RETIREMENT
12 SYSTEM, TO MAKE TECHNICAL CORRECTIONS FOR THE SYSTEM;
13 TO EXPAND THE TYPE OF OVERSEAS SERVICE FOR WHICH
14 MEMBERS ARE ELIGIBLE TO PURCHASE SERVICE CREDIT; TO
15 CHANGE THE METHOD BY WHICH THE COST TO PURCHASE
16 SERVICE CREDIT IS COMPUTED; TO DECLARE AN EMERGENCY;
17 AND FOR OTHER PURPOSES. "
18

Subtitle

19
20 "TO MAKE TECHNICAL CORRECTIONS FOR THE
21 TEACHER RETIREMENT SYSTEM AND EXPAND THE
22 PURCHASE OF OVERSEAS SERVICE CREDIT AND
23 CHANGE THE METHOD OF COMPUTING THE
24 PURCHASE SERVICE CREDIT. "
25
26

27 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
28

29 SECTION 1. Arkansas Code § 24-7-301 is amended to read as follows:

30 "24-7-301. Members.

31 The general administration and responsibility for the proper operation
32 of the system and for making effective the provisions of this act are vested
33 in a board of trustees of fifteen (15) persons as follows:

34 (1) The Bank Commissioner, the Treasurer of State, the Auditor of
35 State, and the Director of General Education shall be ex officio trustees.

36 (2)(A) ~~Eight (8)~~ Seven (7) members shall be elected member trustees,

1 each of whom shall have at least five (5) years of credited service in force
 2 and be an active member. For the purpose of this section and § 24-7-302,
 3 participants in the Teacher Deferred Retirement Option Plan shall be
 4 considered active members.

5 ~~(i)~~(B) Four (4) member trustees shall be employed in a position
 6 which requires state certification, but not an administrator's certificate.
 7 One (1) member trustee will be elected from each of the four (4) congressional
 8 districts. The four (4) member trustees shall be elected by the members
 9 employed in positions which require state certification, but not a
 10 administrator's certificate.

11 ~~(ii)~~(C) Two (2) member trustees shall be employed in a position
 12 requiring an administrator's certificate, one must be a superintendent. These
 13 two (2) member trustees shall be elected by members employed in positions
 14 requiring administrator certification.

15 ~~(iii)~~(D) One (1) member trustee shall be employed in a position
 16 not requiring state certification. This member trustee shall be elected by
 17 members employed in positions not requiring state certification; ~~and.~~

18 ~~(iv)~~(3) One (1) trustee shall be a person of a minority racial ethnic
 19 group who is either an active or retired member of the system and shall be
 20 elected from the active and retired membership of the system.

21 ~~(3)~~(4)(A) Three (3) retirants shall be elected retirant trustees by the
 22 retirees of the Arkansas Teacher Retirement System.

23 (B) Each retirant trustee shall be a retirant with an annuity
 24 being paid by the Arkansas Teacher Retirement System at the beginning of his
 25 term of office.

26 ~~(4)~~(5) The member and retirant trustees shall be elected in accordance
 27 with such rules and regulations as have been adopted by the board of trustees
 28 to govern the elections."
 29

30 SECTION 2. Arkansas Code § 24-7-603(c), regarding the purchase of out-
 31 of-state service for the Teacher Retirement System, is amended to read as
 32 follows:

33 "(c) From and after July 1, 1987, an active member ~~may contract with~~
 34 ~~the Board of Trustees of the Arkansas Teacher Retirement System for~~ shall be
 35 eligible, upon application, to purchase out-of-state service to be credited as
 36 service hereunder in accordance with the following conditions:

1 (1) The out-of-state service credit to be granted shall be
2 limited to service for which no benefit could be paid by another system
3 similar in purpose to this system, except social security, if the member left
4 on deposit his contributions to the other system and shall be limited to ~~ten~~
5 (10) fifteen (15) years;

6 (2)(A)(i) The member shall pay to the system for each year of
7 service credit being granted the employee and employer contribution rate in
8 effect at the time of purchase the greater of the annual salary received by
9 him for his first full year of credited service that precedes the fiscal year
10 in which the service is purchased, or the average of the three (3) highest
11 salaries earned at the time of purchase, together with interest from the end
12 of that year of credited service to the date of payment in full.

13 (ii) If the payment is not made in a single sum at
14 the time the contract is made, interest shall be added from the date of the
15 contract to the date of payment in full.

16 (B) The payment shall be credited to the member's account
17 in the member's deposit account and shall be in addition to regular member
18 contributions thereto;

19 (3) The out-of-state service shall not become credited service
20 under this system until:

21 (A) The member payments specified in subdivision (c)(2) of
22 this section have been paid in full; and

23 (B)(i) The member has established five (5) or more years of
24 actual service.

25 (ii) Should a member cease to be an active member
26 before the out-of-state service has been established as system-credited
27 service, the member payments contributed as specified in subdivision (c)(2) of
28 this section shall be refundable, together with regular interest thereon;

29 (4) The benefit program to be applied to each year of service
30 credit being granted shall be the benefit program in effect at the time of
31 retirement;

32 (5) Such other rules and regulations consistent herewith as the
33 board may from time to time adopt."

34
35 SECTION 3. Arkansas Code § 24-7-603(e), regarding the purchase of out-
36 of-state service for the Teacher Retirement System, is amended to read as

1 follows:

2 "(e) An active member ~~may contract with the board for~~ shall be
3 eligible, upon application, to purchase service rendered outside the state
4 during a period of employment with an education coordinating council to be
5 credited as out-of-state service under the provisions of this section provided
6 the conditions of subsection (c) of this section are met."

7

8 SECTION 4. Arkansas Code § 24-7-604(a), regarding the purchase of
9 overseas service for the Teacher Retirement System, is amended to read as
10 follows:

11 "(a) As used in this section, 'overseas service' means service in an
12 American-type overseas school, sponsored and approved by either the United
13 States Department of State or the Department of Defense, or service rendered
14 in the Peace Corps or Volunteers In Service To America (VISTA)."

15

16 SECTION 5. Arkansas Code § 24-7-606(c), regarding the purchase of
17 service for a leave of absence for an advanced degree with Teacher Retirement
18 System, is amended to read as follows:

19 "(c) Payment for the service shall be based on the greater of the
20 annual salary earned for the first full year of state teaching service
21 preceding the fiscal year in which the service is purchased and the total of
22 the member contribution rate in effect during that fiscal school year plus the
23 employer contribution rate in effect during that fiscal year, or the average
24 of the three (3) highest salaries earned at the time of purchase, plus
25 interest from the end of the fiscal year in which the service is purchased
26 until payment is made in full."

27

28 SECTION 6. Arkansas Code § 24-7-607(b), regarding the purchase of
29 private school service for the Teacher Retirement System, is amended to read
30 as follows:

31 "(b) From and after January 1, 1990, an active member ~~may contract with~~
32 ~~the board for~~ shall be eligible, upon application, to purchase private school
33 service to be credited as service hereunder in accordance with the following
34 conditions:

35 (1) The private school service credit to be granted shall be
36 limited to service for which no benefit could be paid by another system

1 similar in purpose to the Arkansas Teacher Retirement System, except social
2 security, if the member left on deposit his contributions to the other system,
3 and shall be limited to ten (10) years;

4 (2)(A) The member shall pay to the system for each year of
5 service credit being granted, the greater of, the employee and employer
6 contribution rate in effect at the time of purchase of the annual salary
7 received by him for his first full year of credited service that precedes the
8 fiscal year in which the service is purchased, or the average of the three (3)
9 highest salaries earned at the time of purchase, together with interest from
10 the end of that year of credited service to the date of payment in full.

11 (B) If the payment is not made in a single sum at the time
12 the contract is made, interest shall be added from the date of the contract to
13 the date of payment in full.

14 (C) The payment shall be credited to the member's account
15 in the members' deposit account and shall be in addition to regular member
16 contributions thereto;

17 (3) The private school service shall not become credited service
18 under this system until:

19 (A) The member payments specified in subdivision (b)(2) of
20 this section have been paid in full; and

21 (B)(i) The member has established five (5) or more years of
22 actual service exclusive of private school service.

23 (ii) Should a member cease to be an active member
24 before the private school service has been established as system-credited
25 service, the member payments contributed as specified in subdivision (b)(2) of
26 this section shall be refundable, together with regular interest thereon;

27 (4) The benefit program to be applied to each year of service
28 credit being granted shall be the benefit program in effect at the time of
29 retirement; and

30 (5) Such other rules and regulations consistent herewith as the
31 board may from time to time adopt."

32
33 SECTION 7. Arkansas Code § 24-7-706(d), regarding the annuity options
34 for the Teacher Retirement System, is amended to read as follows:

35 "(d)(1) Notwithstanding anything contained in this section to the
36 contrary, the beneficiary may elect to cancel the form of annuity in effect

1 and elect Option A - 100% Survivor Annuity upon the death of a retirant on or
2 after July 1, 1989, if:

3 (A) The retirant died within one (1) year following the
4 effective date of retirement; and

5 (B) The retirant was receiving a straight life annuity.

6 (2) Such election to change may be made only once and must be on
7 a form approved by the system.

8 (3) The election form must be received by the system within
9 thirty (30) days after February 7, 1991, or within ~~thirty (30)~~ ninety (90)
10 days of the death of the retiree, whichever is later.

11 ~~(4) Such election change shall become effective the first day of~~
12 ~~the month following receipt of the election form by the system."~~

13
14 SECTION 8. No benefit enhancement provided for by this act shall be
15 implemented if it would cause the publicly supported retirement system's
16 unfunded actuarial accrued liabilities to exceed a thirty (30) year
17 amortization. No benefit enhancement provided for by this act shall be
18 implemented by any publicly supported system which has unfunded actuarial
19 accrued liabilities being amortized over a period exceeding thirty (30) years
20 until the unfunded actuarial accrued liability is reduced to a level less than
21 the standards prescribed by Arkansas Code, Title 24.

22
23 SECTION 9. All provisions of this act of a general and permanent nature
24 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
25 Revision Commission shall incorporate the same in the Code.

26
27 SECTION 10. If any provision of this act or the application thereof to
28 any person or circumstance is held invalid, such invalidity shall not affect
29 other provisions or applications of the act which can be given effect without
30 the invalid provision or application, and to this end the provisions of this
31 act are declared to be severable.

32
33 SECTION 11. All laws and parts of laws in conflict with this act are
34 hereby repealed.

35
36 SECTION 12. EMERGENCY CLAUSE. It is hereby found and determined by the

1 Eighty-second General Assembly that the Teacher Retirement System law must be
2 changed and refined periodically to clarify existing administrative practices
3 within the system, that clarifying incorrect references and language in
4 current law consumes a considerable amount of administrative time and effort,
5 that the law needs to be clarified to reduce the cost and effort of responding
6 to those inconsistencies, and that the most effective time to make changes to
7 the retirement system is at the beginning of the State's fiscal year and
8 therefore this act should take effect immediately at that time. Therefore, an
9 emergency is declared to exist and this act being immediately necessary for
10 the preservation of the public peace, health and safety shall become effective
11 on July 1, 1999.

12 /s/ Hopkins
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36