

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

State of Arkansas
85th General Assembly
Regular Session, 2005

As Engrossed: H2/10/05

A Bill

HOUSE BILL 1207

By: Representative Mahony

For An Act To Be Entitled

AN ACT CONCERNING THE TEACHER DEFERRED RETIREMENT
OPTION PLAN; AND FOR OTHER PURPOSES.

Subtitle

AN ACT CONCERNING THE TEACHER DEFERRED
RETIREMENT OPTION PLAN.

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

*SECTION 1. Arkansas Code § 24-7-1306 is amended to read as follows:
24-7-1306. Amount of ~~contributions~~ deposits.*

*(a)(1) Teacher Deferred Retirement Option Plan ~~contributions~~ deposits
shall be a percentage of the plan benefit.*

*(2)(A) The percentage is one hundred percent (100%) reduced by
the product of one percent (1%) multiplied by the number of years of
contributory service credit and fractions thereof, and further reduced by the
product of six-tenths percent (0.6%) multiplied by the number of years of
noncontributory service credit and fractions thereof.*

*(B)(i) When a participant whose effective date in the plan
is before September 1, 2003, reaches normal retirement age, the plan
contributions shall be one hundred percent (100%) with no reduction.*

*(ii) For any member whose effective date in the plan
is September 1, 2003, or after, the plan contributions for a participant who
reaches normal retirement age shall continue as reduced under subdivision
(a)(2)(A) of this section.*

*(3)(A) In the event a member whose effective date in the plan is
before September 1, 2003, has more than thirty (30) years of service, the*



1 years of service above thirty (30) years shall be reduced by one-half percent
2 (0.5%) for contributory years and three-tenths percent (0.3%) for
3 noncontributory years.

4 (B) For any member whose effective date in the plan is
5 September 1, 2003, or after and who has more than thirty (30) years of
6 service, the plan contributions for the years of service above thirty (30)
7 years shall be reduced under subdivision (a)(2)(A) of this section.

8 (4) Furthermore, the Board of Trustees of the Arkansas Teacher
9 Retirement System is authorized to make further adjustments on the plan to
10 make it cost-neutral to the Arkansas Teacher Retirement System.

11 (5) As used in this section, "effective date" means the date
12 determined to be the member's plan date under the policies, rules, and
13 regulations of the board.

14 (b) For the purpose of § 24-7-709 related to disposition of residue,
15 ~~plan contributions shall be considered to be annuity payments~~ any amounts
16 received from the Teacher Deferred Retirement Option Plan account either in
17 the form of a lump sum or annuity payments shall be considered to be annuity
18 payments received by the member or his or her designated beneficiary and
19 shall act to reduce or eliminate the disposition of residue that, except for
20 the provisions of this subsection, would have been paid under § 24-7-709.

21
22 SECTION 2. Arkansas Code § 24-7-1307 is amended to read as follows:

23 (a) The member's Teacher Deferred Retirement Option Plan account shall
24 be the account in which shall be accumulated ~~at plan interest~~ ~~the member's~~
25 ~~plan contributions~~ Teacher Deferred Retirement Option Plan deposits made on
26 behalf of the member and plan interest.

27 (b) At the end of each fiscal year, the Board of Trustees of the
28 Arkansas Teacher Retirement System shall credit each plan participant's plan
29 account with plan interest on the mean balance in the account for the fiscal
30 year.

31 (c) For the purposes of this section, "plan interest" shall be at the
32 rate determined by the Board from time to time.

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34 SECTION 3. Arkansas Code § 24-7-1310 is amended to read as follows:

35 24-7-1310. Death of participant.

36 In the event that a Teacher Deferred Retirement Option Plan participant

1 dies, the benefits payable from the plan shall be determined according to §
2 24-7-710(b)(1)(A) and (B), provided, however, the plan participant's
3 surviving spouse may choose to receive the plan benefit in a lump sum without
4 affecting ~~options on~~ the monthly retirement benefit payable from the Arkansas
5 Teacher Retirement System.

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7 SECTION 4. Arkansas Code § 24-7-1314(b), concerning early
8 participation in the Teacher Deferred Retirement Option Plan, is amended to
9 read as follows:

10 (b) If the board authorizes early participation, the plan ~~contribution~~
11 deposit under § 24-7-1306 shall be based upon the ~~contribution~~ deposit
12 percent payable for a participant with thirty (30) years of service, reduced
13 by at least an additional one-half of one percent (0.5%) of the plan benefit
14 for each month the member begins participating in the plan prior to having
15 thirty (30) years of credited service. The board may increase the percentage
16 required as an early participation reduction in order to provide a fair and
17 just and reasonable benefit for all members of the Arkansas Teacher
18 Retirement System and to provide for appropriate actuary considerations.

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20 SECTION 5. EMERGENCY CLAUSE. It is found and determined by the
21 General Assembly of the State of Arkansas that current Arkansas laws
22 concerning the Teacher Retirement Deferred Option plan require clarity; that
23 the nature of existing laws concerning the Teacher Retirement Deferred Option
24 Plan complicates the operation of the Arkansas Teacher Retirement System and
25 hinders the system in its efforts to serve its members; and that the most
26 effective time to make change to the system is at the beginning of the
27 state's fiscal year. Therefore, an emergency is declared to exist and this
28 act being necessary for the preservation of the public peace, health, and
29 safety shall become effective on July 1, 2005.

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31 /s/ Mahony
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