

1 State of Arkansas  
2 89th General Assembly  
3 Regular Session, 2013  
4

# A Bill

HOUSE BILL 1198

5 By: Representative Kizzia  
6

## For An Act To Be Entitled

8 AN ACT TO AUTHORIZE THE BOARD OF TRUSTEES OF THE  
9 ARKANSAS TEACHER RETIREMENT SYSTEM TO CREATE A TIER  
10 II BENEFIT PROGRAM FOR MEMBERS OF THE ARKANSAS  
11 TEACHER RETIREMENT SYSTEM HIRED AFTER A CERTAIN DATE;  
12 AND FOR OTHER PURPOSES.  
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## Subtitle

15 TO AUTHORIZE THE BOARD OF TRUSTEES OF THE  
16 ARKANSAS TEACHER RETIREMENT SYSTEM TO  
17 CREATE A TIER II BENEFIT PROGRAM.  
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21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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23 SECTION 1. Arkansas Code Title 24, Chapter 7, is amended to add an  
24 additional subchapter to read as follows:

25 Subchapter 17. Tier II Benefit Plan

26 24-7-1701. Tier II benefit plan authorized. The Board of Trustees of  
27 the Arkansas Teacher Retirement System is authorized to establish a Tier II  
28 benefit plan for members of the Arkansas Teacher Retirement System.  
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30 24-7-1702. Rules.

31 (a) The Board of Trustees of the Arkansas Teacher Retirement System  
32 shall promulgate rules for a Tier II benefit plan if the board chooses to  
33 establish a Tier II benefit plan.

34 (b)(1) The board may amend the rules for the Tier II benefit plan as  
35 actuarially necessary.

36 (2) The board shall not adopt an amendment to the rules for the



1 Tier II benefit plan that will reduce the benefit for a vested member of the  
 2 Tier II benefit plan, except the board may modify the cost-of-living  
 3 adjustment under § 24-7-1704.

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 5 24-7-1703. Tier II benefit plan provisions.

6 (a) A Tier II benefit plan established by the Board of Trustees of the  
 7 Arkansas Teacher Retirement System shall become effective on the first day of  
 8 a fiscal year.

9 (b)(1) A Tier II benefit plan shall:

10 (A) Apply only to members initially hired on or after July  
 11 1, 2015; and

12 (B) Afford the same benefits and rights to a Tier II  
 13 benefit plan member as those members not in the Tier II benefit plan except  
 14 for the benefits and rights under subsection (c) of this section.

15 (2) A member of the Arkansas Teacher Retirement System initially  
 16 hired after a Tier II benefit plan is established shall be a member of the  
 17 Tier II benefit plan.

18 (c) A Tier II benefit plan adopted by the board may modify the  
 19 following benefits and rights for Tier II benefit plan members:

20 (A) Age requirements for unreduced benefits;

21 (B) Years of service requirements for unreduced benefits;

22 (C) Qualifications and benefit reductions for early  
 23 retirement;

24 (D) Multipliers for both contributory and noncontributory  
 25 service;

26 (E) Years of service credit required for vesting;

27 (F) Lump sum death benefit;

28 (G) Monthly stipend;

29 (H) Survivor benefits;

30 (I) Disability benefits;

31 (J) Cost-of-living adjustments; and

32 (K) Teacher Deferred Option Plan.

33 (d) A Tier II benefit plan is subject to the following limitations:

34 (1) The age for unreduced benefits shall not exceed sixty-seven  
 35 (67);

36 (2) The years of service for unreduced benefits shall not exceed

1 thirty-five (35) years of service;

2 (3) A member shall be eligible for early retirement after twenty-  
3 five (25) years of service;

4 (4) The multiplier for contributory service shall not be less  
5 than one and seventy-five hundredths percent (1.75%) or higher than two and  
6 fifteen hundredths percent (2.15%) and the multiplier for noncontributory  
7 service shall not be less than five-tenths of one percent (.5%) or higher  
8 than one and thirty-nine hundredths percent (1.39%);

9 (5) The years of service credit to vest shall not exceed ten  
10 (10);

11 (6) The lump sum death benefit shall not exceed ten thousand  
12 dollars (\$10,000);

13 (7) A monthly stipend shall not exceed seventy-five dollars  
14 (\$75.00) ;

15 (8) The survivor benefits shall not exceed twenty percent (20%)  
16 of a member's highest one-year salary per survivor or sixty percent (60%) of  
17 a member's one-year salary when multiple minors are payable for a survivor  
18 benefit; and

19 (9) Disability benefits shall not exceed the benefits payable to  
20 the member if the member had retired under age and service retirement.

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22 24-7-1704. Cost-of-living adjustment.

23 (a) The Board of Trustees of the Arkansas Teacher Retirement System  
24 may establish and adjust a simple cost-of-living rate adjustment for members  
25 of the Tier II benefit plan by resolution at a meeting of the board.

26 (b) A cost-of-living adjustment provided under this section shall not  
27 exceed three percent (3%).

28 (c) An established or adjusted cost-of-living adjustment rate may be:

29 (1) A set rate adjusted from time to time by the board;

30 (2) Tied to an inflation index; and

31 (3) Applied to a future year.

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