

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

# A Bill

HOUSE BILL 1200

5 By: Representative Deffenbaugh  
6

## For An Act To Be Entitled

8 AN ACT TO ALLOW THE BOARD OF TRUSTEES OF THE ARKANSAS  
9 TEACHER RETIREMENT SYSTEM TO RESET THE BENEFIT BASE  
10 AMOUNT FOR COMPOUNDING COST OF LIVING ADJUSTMENT  
11 RATES; TO DECLARE AN EMERGENCY; AND FOR OTHER  
12 PURPOSES.  
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## Subtitle

15 TO ALLOW THE BOARD OF TRUSTEES OF THE  
16 ARKANSAS TEACHER RETIREMENT SYSTEM TO  
17 RESET THE BENEFIT BASE AMOUNT FOR  
18 COMPOUNDING COST OF LIVING ADJUSTMENT  
19 RATES; AND TO DECLARE AN EMERGENCY.  
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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 § 24-7-727(b), concerning compounded cost of  
26 living adjustments, is amended to add an additional subdivisions to read as  
27 follows:

28 (3) The board may reverse a compounding of the cost of living  
29 adjustment for all retirants and participants in the Teacher Deferred  
30 Retirement Option Plan who benefit from the compounding.

31 (A) If a compounding of the cost of living adjustment is  
32 reversed the simple cost of living adjustment shall be used for the year that  
33 the compounded cost of living adjustment was reversed and future benefits  
34 shall be paid based on the simple cost of living adjustment.

35 (B) The future benefits of a member shall not be reduced  
36 to recover any additional benefits paid from the date the board uses a



1 compounding cost of living adjustment to the date the board uses a simple  
2 cost of living adjustment.

3 (C) If a compounding cost of living adjustment is  
4 reversed, the reversal shall be effective at the beginning of the fiscal  
5 year.

6 (4) The compounding cost of living adjustment set by the board  
7 shall remain in effect until adjusted or reversed by the board.

8 (5) The board may change the compounding of the cost of living  
9 adjustment by resolution at a meeting of the board subject to the limitations  
10 under subdivision (b)(6) of this section.

11 (6) The board shall not reverse a compounding cost of living  
12 adjustment unless the system's actuary recommends a reversal of a compounding  
13 cost of living adjustment to the board in order to address an amortization  
14 period in excess of thirty (30) years to pay the unfunded liabilities of the  
15 system.

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17 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the  
18 General Assembly of the State of Arkansas that provisions of the Arkansas  
19 Teacher Retirement System Act are in need of revision to maintain the teacher  
20 retirement laws in conformance with sound public pension policy and actuarial  
21 appropriateness of the system's plan; that the Arkansas Teacher Retirement  
22 System operates on a July 1 to June 30 fiscal year; that having a July 1,  
23 2013 effective date is necessary to allow the provisions of this act to begin  
24 on the first day of the fiscal year and to provide proper administration of  
25 the system; and that this act is necessary to maintain an orderly system of  
26 benefits for the members of the Arkansas Teacher Retirement System.  
27 Therefore, an emergency is declared to exist, and this act being immediately  
28 necessary for the preservation of the public peace, health, and safety shall  
29 become effective on July 1, 2013.