

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

# A Bill

SENATE BILL 111

5 By: Senator R. Thompson  
6

## For An Act To Be Entitled

8 AN ACT TO ALLOW THE BOARD OF TRUSTEES OF THE ARKANSAS  
9 TEACHER RETIREMENT SYSTEM TO ISSUE RULES NECESSARY TO  
10 ALIGN WITH THE RULES OF THE INTERNAL REVENUE SERVICE  
11 WHEN THE INTERNAL REVENUE SERVICE REMOVES A PENALTY  
12 OR LOOSENS A RESTRICTION ON PUBLIC PENSION PLANS TO  
13 BENEFIT MEMBERS; TO DECLARE AN EMERGENCY; AND FOR  
14 OTHER PURPOSES.  
15  
16

## Subtitle

17  
18 TO ALLOW THE BOARD OF TRUSTEES OF THE  
19 ARKANSAS TEACHER RETIREMENT SYSTEM TO  
20 ISSUE RULES NECESSARY TO ALIGN WITH THE  
21 RULES OF THE INTERNAL REVENUE SERVICE AND  
22 TO DECLARE AN EMERGENCY.  
23  
24

25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
26

27 SECTION 1. Arkansas Code § 24-7-305(b)(2), concerning duties and  
28 responsibilities of the ~~board of trustees~~ Board of Trustees of the Arkansas  
29 Teacher Retirement System, is amended to read as follows:

30 (2) In order to fully comply with federal requirements that may  
31 affect the members or the members' benefits under this subchapter, and to  
32 limit the impact of changes in federal requirements on members or the  
33 members' benefits, the board may promulgate rules to:

34 (A) Establish the regular retirement age for members  
35 consistent with the provisions of Section 411 of the Internal Revenue Code;  
36 ~~and~~



1 (B) Maintain the system's retirement plan tax  
 2 qualification status by the federal government to remain tax exempt and tax  
 3 qualified under Section 401(a) of the Internal Revenue Code;

4 (C) Modify or eliminate a plan provision that was  
 5 originally established to comply with Internal Revenue Code requirements but  
 6 is no longer necessary to maintain the plan's tax-qualified status under the  
 7 Internal Revenue Code, including without limitation provisions concerning:

8 (i) Penalties;

9 (ii) Restrictions;

10 (iii) Time limitations; or

11 (iv) Other requirements that impact a member,  
 12 members' benefits, or the plan.

13 (D) The board may adopt rules, procedures, plans,  
 14 programs, and actions necessary to enable the system to pay all benefits  
 15 earned by the system's members and reduce penalties or restrictions required  
 16 by the Internal Revenue Service while maintaining compliance with the  
 17 Internal Revenue Service.

18  
 19 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the  
 20 General Assembly of the State of Arkansas that to maintain an orderly system  
 21 of benefits for the members of the Arkansas Teacher Retirement System and to  
 22 comply with complex federal tax laws and regulations the Board of Trustees of  
 23 the Arkansas Teacher Retirement System needs the authority to adopt rules,  
 24 procedures, plans, programs, and actions necessary to enable the system to  
 25 pay all benefits earned by the system's members; that the board should have  
 26 broad authority whenever possible to resolve expeditiously an Internal  
 27 Revenue System code limitation or restriction on payment of earned benefits  
 28 of members and to lessen the financial burden on members of any unnecessary  
 29 penalties or charges; and that this act is immediately necessary to take  
 30 appropriate action to lessen any penalties or restrictions required by the  
 31 Internal Revenue Service code while maintaining qualified plan status to  
 32 protect members and their retirement. Therefore, an emergency is declared to  
 33 exist, and this act being immediately necessary for the preservation of the  
 34 public peace, health, and safety shall become effective on:

35 (1) The date of its approval by the Governor;

36 (2) If the bill is neither approved nor vetoed by the Governor,

1 the expiration of the period of time during which the Governor may veto the  
2 bill; or

3 (3) If the bill is vetoed by the Governor and the veto is  
4 overridden, the date the last house overrides the veto.

5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36