

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

As Engrossed: S2/13/13
A Bill

SENATE BILL 164

5 By: Senator E. Cheatham
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7 **For An Act To Be Entitled**

8 AN ACT TO ESTABLISH A VOLUNTARY BUYOUT PLAN FOR
9 INACTIVE MEMBERS OF THE ARKANSAS TEACHER RETIREMENT
10 *SYSTEM AND PAYEES ENTITLED TO A FUTURE BENEFIT* TO
11 RECEIVE A ONE-TIME LUMP SUM PAYMENT FROM THE SYSTEM;
12 AND FOR OTHER PURPOSES.
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15 **Subtitle**

16 TO ESTABLISH A VOLUNTARY BUYOUT PLAN FOR
17 INACTIVE MEMBERS OF THE ARKANSAS TEACHER
18 RETIREMENT *SYSTEM AND OTHER PAYEES*
19 *ENTITLED TO A FUTURE BENEFIT* TO RECEIVE A
20 ONE-TIME LUMP SUM PAYMENT FROM THE
21 SYSTEM.
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24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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26 SECTION 1. Arkansas Code Title 24, Chapter 7, Subchapter 5, is amended
27 to add an additional section to read as follows:

28 24-7-505. Buyout plan for inactive members.

29 (a) As used in this section, "buyout plan" means a *voluntary program*
30 *established by the Board of Trustees of the Arkansas Teacher Retirement*
31 *System to make a one-time lump sum payment to a member, a surviving spouse,*
32 *or an alternate payee in exchange for a member, surviving spouse, or*
33 *alternate payee's cancellation of membership and retirement benefit rights in*
34 *the Arkansas Teacher Retirement System.*

35 (b)(1) The board may adopt rules as necessary to implement this
36 section.



1 (2) A buyout plan established by the board:

2 (A) May be offered periodically and have a limited term of
3 duration for participation, as determined by a resolution adopted by the
4 board at a meeting of the board;

5 (B) Shall specifically identify the formulas by which
6 contributory and noncontributory service or a future retirement benefit will
7 be purchased by the system as a one-time lump sum payment from the system,
8 paid directly to the member, surviving spouse, or alternate payee or
9 transferred to another administrator in compliance with Internal Revenue
10 Code; and

11 (C) Applies only to a group of members, group of surviving
12 spouses, or group of alternate payees, who:

13 (i) Are identified by the board as a group eligible
14 to participate in a buyout plan offered by the board; and

15 (ii) Elect to participate in a buyout plan in
16 exchange for future benefit rights in the system.

17 (c) A member is eligible to participate in a buyout plan if the member
18 is:

19 (1) Eligible for deferred retirement under § 24-7-707; and

20 (2) Inactive for a minimum of one (1) year following the last
21 fiscal year that the member rendered actual service to a covered employer and
22 received at least one-fourth (1/4) year of service credit.

23 (d) The board may offer a buyout plan to surviving spouses or
24 alternate payees who:

25 (1) Are eligible for a future retirement benefit from the
26 system; and

27 (2) Have not received a retirement benefit from the system.

28 (e) A member who participates in a buyout plan shall receive a one-
29 time lump sum payment from the system that cancels interest in any retirement
30 benefit and all future rights in the system effective upon tender of payment
31 by the system.

32 (f) A buyout plan may be used to cancel both a member's contributory
33 and noncontributory credited service in the system.

34 (g) A member who receives a buyout of his or her credited service
35 under this section may repurchase his or her previously credited service as
36 contributory service after becoming an active member of the system as if the

1 service had been private school service.

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3 SECTION 2. Arkansas Code § 24-7-707(a)(1), concerning deferred
4 retirement, is amended to read as follows:

5 (a)(1)(A) If an active member becomes inactive before the member
6 reaches sixty (60) years of age, ~~upon completion of~~ and completes five (5)
7 years of actual and reciprocal service, or if the member has not obtained a
8 refund or participated in a buyout plan of the member's rights to benefits in
9 the system under § 24-7-505, then the member is entitled to a deferred
10 annuity when the member becomes sixty (60) years of age as provided in this
11 section.

12 (B) The member is eligible for deferred retirement if the
13 member has not withdrawn his or her accumulated contributions from the
14 members' deposit account, has not participated in a buyout plan of the
15 member's rights to benefits in the system under § 24-7-505, and is not
16 employed in a position covered by another retirement plan that is supported
17 wholly or in part by state contributions if the member's being vested is
18 based on the other system service.

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20 */s/E. Cheatham*
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