

1 State of Arkansas
2 91st General Assembly
3 Regular Session, 2017
4

A Bill

HOUSE BILL 1374

5 By: Representative Deffenbaugh
6

For An Act To Be Entitled

8 AN ACT TO AMEND THE LAW CONCERNING THE COMPOUNDED
9 COST OF LIVING ADJUSTMENT UNDER THE ARKANSAS TEACHER
10 RETIREMENT SYSTEM; TO DECLARE AN EMERGENCY; AND FOR
11 OTHER PURPOSES.
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Subtitle

14 TO AMEND THE LAW CONCERNING THE
15 COMPOUNDED COST OF LIVING ADJUSTMENT
16 UNDER THE ARKANSAS TEACHER RETIREMENT
17 SYSTEM; AND TO DECLARE AN EMERGENCY.
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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 § 24-7-727(b)(1), concerning compounded cost
24 of living adjustment under the Arkansas Teacher Retirement System, is amended
25 to read as follows:

26 (b)(1) The redetermined amount shall be the amount of the benefit
27 payable as of the immediately preceding June 30 increased by three percent
28 (3%), excluding the benefit stipend payable under § 24-7-713(b).
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30 SECTION 2. Arkansas Code § 24-7-727(b)(6), concerning compounded cost
31 of living adjustment under the Arkansas Teacher Retirement System, is amended
32 to read as follows:

33 (6) The board ~~shall not~~ may reverse by board resolution a
34 compounding cost of living adjustment ~~unless the Arkansas Teacher Retirement~~
35 ~~System's actuary certifies to the board that the amortization period exceeds~~
36 ~~thirty (30) years and that in order to address an amortization period in~~



1 ~~excess of thirty (30) years to pay the unfunded liabilities of the system,~~
2 that occurred in 2009 if the board determines that the compounding cost of
3 living adjustment ~~be reversed~~ is necessary to maintain actuarial soundness
4 based upon current and expected future actuarial assumptions, mortality
5 tables, and accounting rules.

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7 SECTION 3. Arkansas Code § 24-7-727(b), concerning compounded cost of
8 living adjustment under the Arkansas Teacher Retirement System, is amended to
9 add additional subdivisions to read as follows:

10 (7) A board resolution reversing a compounding cost of living
11 adjustment under subdivision (b)(6) of this section may include a chart or
12 proxy formula to be applied when a member has a change in his or her benefits
13 due to divorce, remarriage, or the death of the member or the member's
14 spouse.

15 (8)(A) The board may phase in the reversal of a compounding
16 cost of living adjustment under subdivision (b)(6) of this section by board
17 resolution.

18 (B) Any reversal of a compounding cost of living
19 adjustment under subdivision (b)(6) of this section shall be applied at the
20 beginning of the fiscal year.

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22 SECTION 4. EMERGENCY CLAUSE. It is found and determined by the
23 General Assembly of the State of Arkansas that the operations of a state
24 public retirement system are complex; that the Arkansas Teacher Retirement
25 System must be able to meet the needs of its members as anticipated by the
26 General Assembly; that certain provisions of the Arkansas Teacher Retirement
27 System Act are imminently in need of revision and updating to bring them into
28 conformance with sound public pension policy and actuarial requirements; that
29 such revision and updating is of great importance to members of the system
30 and to other citizens of the State of Arkansas; that the system needs to have
31 the ability to make immediate changes to maintain and improve its actuarial
32 status; and that this act is immediately necessary in order to maintain an
33 orderly management of benefits for the members of the system. Therefore, an
34 emergency is declared to exist, and this act being immediately necessary for
35 the preservation of the public peace, health, and safety shall become
36 effective on:

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

(2) If the bill is neither approved nor vetoed by the Governor, the expiration of the period of time during which the Governor may veto the bill; or

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