

1 State of Arkansas
2 91st General Assembly
3 Regular Session, 2017
4
5 By: Senator Hester

A Bill

SENATE BILL 184

For An Act To Be Entitled

8 AN ACT TO MODIFY THE METHOD USED TO SET THE TEACHER
9 DEFERRED RETIREMENT OPTION PLAN INTEREST RATE; TO
10 ALLOW BALANCE TRANSFERS BETWEEN RECIPROCAL SYSTEMS;
11 TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle

15 AN ACT TO MODIFY THE METHOD USED TO SET
16 THE TEACHER DEFERRED RETIREMENT OPTION
17 PLAN INTEREST RATE; TO ALLOW BALANCE
18 TRANSFERS BETWEEN RECIPROCAL SYSTEMS; AND
19 TO DECLARE AN EMERGENCY.

22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

24 SECTION 1. Arkansas Code Title 24, Chapter 2, Subchapter 4, is amended
25 to add an additional section to read as follows:

26 24-2-409. Transfer of deferred retirement option plan balance.

27 (a) Except as provided in subsection (b) of this section, each
28 reciprocal system shall administer its deferred retirement option plan in
29 accordance with its provisions concerning a member who elects the deferred
30 retirement option plan and has credited service in two (2) or more reciprocal
31 systems.

32 (b)(1) If a member with reciprocal service simultaneously enters into
33 the deferred retirement option plan of each of two (2) reciprocal systems
34 that have varying time periods for when a member is eligible to participate
35 in the deferred retirement option plan of each reciprocal system, the member
36 may elect to have the completed deferred retirement option plan balance from



1 the reciprocal system with the shortest deferred retirement term transferred
2 to the reciprocal system with the longest deferred retirement term.

3 (2) A member may elect the balance transfer allowed under
4 subsection (b)(1) of this section if the member:

5 (A) Is actively employed by the employer of the reciprocal
6 system that has the longer deferred retirement term at the time of the
7 simultaneous deferred retirement option plan entry;

8 (B) Completes the maximum deferred retirement term in the
9 reciprocal system from which the balance transfer will occur;

10 (C) Has at least two (2) years of continuing eligibility
11 to participate in the receiving reciprocal system's deferred retirement
12 option plan; and

13 (D) Applies to transfer his or her deferred retirement
14 option plan balance by notifying the transferring reciprocal system and the
15 receiving reciprocal system of the intended balance transfer at least thirty
16 (30) days before the member completes the maximum deferred retirement term in
17 the transferring reciprocal system.

18 (3) If a balance transfer under subdivision (b)(1) of this
19 section is authorized then:

20 (A) A member who elects a balance transfer under
21 subdivision (b)(1) of this section shall not be eligible to draw a monthly
22 retirement benefit from either reciprocal system until twelve (12) months
23 after submitting a completed deferred retirement option plan deposit
24 eligibility form to the transferring reciprocal system;

25 (B) Subject to the requirements of the receiving
26 reciprocal system's deferred retirement option plan in effect at the time of
27 a balance transfer under subdivision (b)(1) of this section, the receiving
28 reciprocal system shall treat the member's transferred balance as a benefit
29 component of the receiving system on the day it receives the member's
30 transferred balance;

31 (C) The receiving reciprocal system shall treat the
32 balance transferred under subdivision (b)(1) of this section in the same
33 manner as a direct rollover from the transferring reciprocal system;

34 (D) The transferring reciprocal system shall not pay a
35 monthly retirement benefit to the member until the member officially retires
36 from the receiving reciprocal system;

1 appropriate by the board and adopted by board resolution prior to the
2 beginning of the fiscal year in which the interest rate shall apply.

3
4 SECTION 4. EMERGENCY CLAUSE. It is found and determined by the
5 General Assembly of the State of Arkansas that the operations of the Arkansas
6 Teacher Retirement System are complex; that the system must be able to meet
7 the needs of its members as anticipated by the General Assembly; that certain
8 provisions of the Arkansas Teacher Retirement System Act are imminently in
9 need of revision and updating to bring them into conformance with sound
10 public pension policy and actuarial requirements; that such revision and
11 updating is of great importance to members of the system and to other
12 citizens of the State of Arkansas; that the system needs to have the ability
13 to make immediate changes to maintain and improve its actuarial status; and
14 that this act is immediately necessary in order to maintain an orderly
15 management of benefits for the members of the system. Therefore, an emergency
16 is declared to exist, and this act being immediately necessary for the
17 preservation of the public peace, health, and safety shall become effective
18 on:

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

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

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