

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

As Engrossed: S3/2/17

A Bill

SENATE BILL 187

5 By: Senator Hester
6

For An Act To Be Entitled

8 AN ACT TO AMEND THE LAW ON CONTRIBUTION RATE
9 ADJUSTMENTS BY THE BOARD OF TRUSTEES OF THE ARKANSAS
10 TEACHER RETIREMENT SYSTEM; TO PERMIT CONTRIBUTION
11 RATE ADJUSTMENTS BASED ON ACTUARIAL SOUNDNESS; TO
12 DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.
13
14

Subtitle

15 TO AMEND THE LAW ON CONTRIBUTION RATE
16 ADJUSTMENTS BY THE BOARD OF TRUSTEES OF
17 THE ARKANSAS TEACHER RETIREMENT SYSTEM;
18 TO PERMIT CONTRIBUTION RATE ADJUSTMENTS
19 BASED ON ACTUARIAL SOUNDNESS; AND TO
20 DECLARE AN EMERGENCY.
21
22
23

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

26 SECTION 1. Arkansas Code § 24-7-406(b)(8), concerning the member
27 contribution rate set by the Board of Trustees of the Arkansas Teacher
28 Retirement System, is amended to read as follows:

29 (8)(A) Subject to the limitations under subdivision (b)(8)(D) of
30 this section, The the board may set the member contribution rate between at
31 no less than six percent (6%) and seven percent (7%) may increase the member
32 contribution rate to maintain actuarial soundness subject to the limitations
33 under subdivision (b)(8)(D) of this section.

34 (B) An increase or decrease in a member contribution rate
35 shall:

36 (i) Apply to a complete fiscal year; and



1 (ii) Remain in effect until modified by the board.

2 (C) The board may adopt a change in the member
3 contribution rate by resolution at any board meeting to apply to subsequent
4 fiscal years until changed.

5 (D) *The board shall not increase the member contribution*
6 *rate unless the:*

7 (i) ~~system's~~ System's *actuary certifies to the board*
8 *that the amortization period to pay the unfunded liabilities of the system*
9 *exceeds ~~thirty (30)~~ eighteen (18) years; and*

10 (ii) ~~that in order to address an amortization period~~
11 ~~in excess of thirty (30) years to pay the unfunded liabilities of the system,~~
12 ~~the board~~ Board *determines that an increase in the member contribution rate*
13 *is necessary prudent to maintain actuarial soundness.*

14

15 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the
16 General Assembly of the State of Arkansas that the operations of a state
17 public retirement system are complex; that the Arkansas Teacher Retirement
18 System must be able to meet the needs of its members as anticipated by the
19 General Assembly; that certain provisions of the Arkansas Teacher Retirement
20 System Act are imminently in need of revision and updating to bring them into
21 conformance with sound public pension policy and actuarial requirements; that
22 such revision and updating is of great importance to members of the system
23 and to other citizens of the State of Arkansas; that the system needs to have
24 the ability to make immediate changes to maintain and improve its actuarial
25 status; and that this act is immediately necessary in order to maintain an
26 orderly system of benefits for the members of the Arkansas Teacher Retirement
27 System. Therefore, an emergency is declared to exist, and this act being
28 immediately necessary for the preservation of the public peace, health, and
29 safety shall become effective on:

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

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

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

36

1
2
3
4
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

/s/Hester