

1 State of Arkansas
2 92nd General Assembly
3 Regular Session, 2019
4

A Bill

HOUSE BILL 1335

5 By: Representative Maddox
6

For An Act To Be Entitled

8 AN ACT TO AMEND THE LAW CONCERNING CREDITED SERVICE
9 AND VOLUNTARY RETIREMENT 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 CREDITED
15 SERVICE AND VOLUNTARY RETIREMENT UNDER
16 THE ARKANSAS TEACHER RETIREMENT SYSTEM;
17 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 § 24-7-601(e), concerning credited service
24 under the Arkansas Teacher Retirement System, is amended to read as follows:

25 (e)(1) The Arkansas Teacher Retirement System is a reciprocal system
26 under §§ 24-2-401 – 24-2-405.

27 (2) In establishing eligibility for a benefit from the Arkansas
28 Teacher Retirement System, the credited service under all reciprocal systems
29 shall be totaled, and the total credited service shall be used in determining
30 eligibility for an Arkansas Teacher Retirement System benefit.

31 (3) In determining the amount of a benefit from the Arkansas
32 Teacher Retirement System, there shall be used only the actual service under
33 the Arkansas Teacher Retirement System and the benefit formula of the
34 Arkansas Teacher Retirement System.

35 (4) The final average ~~compensation~~ salary used shall be that of
36 the reciprocal system that furnishes the highest final average salary at the



1 time of retirement.

2 ~~(5) Beginning July 1, 2014, if the reciprocal system in which a~~
 3 ~~member has service credit has fewer than the number of years of service~~
 4 ~~credit required in the Arkansas Teacher Retirement System's formula for the~~
 5 ~~calculation of final average salary for a member, then the Arkansas Teacher~~
 6 ~~Retirement System shall obtain the salary and service credit information from~~
 7 ~~the reciprocal system and use the combined salary and service credit~~
 8 ~~information to calculate the member's final average salary as if the salary~~
 9 ~~and service credit have all been earned in the Arkansas Teacher Retirement~~
 10 ~~System.~~

11 ~~(6) When the Arkansas Teacher Retirement System provides a~~
 12 ~~benefit amount that is not dependent on length of credited service, the~~
 13 ~~benefit amount shall be reduced to the proportion that actual system service~~
 14 ~~bears to total reciprocal system credited service.~~

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 16 SECTION 2. Arkansas Code § 24-7-701(d) and (e), concerning voluntary
 17 retirement under the Arkansas Teacher Retirement System, is repealed.

18 ~~(d) A member retiring with an effective date other than July 1 or the~~
 19 ~~first day of a calendar quarter within the fiscal year may receive service~~
 20 ~~credit for the current year and use the salary for the current year in the~~
 21 ~~calculation of the member's final average salary with the following~~
 22 ~~restrictions: If a member has accrued a full year of service credit for a~~
 23 ~~fiscal year, the annuity shall not begin earlier than on the July 1 after the~~
 24 ~~fiscal year.~~

25 ~~(1) Credited service for service within the fiscal year shall~~
 26 ~~not exceed one-quarter ($\frac{1}{4}$) year for each full calendar quarter elapsed since~~
 27 ~~the beginning of the fiscal year; and~~

28 ~~(2) Service credit to be used in the computation of benefits~~
 29 ~~shall be computed only on the full calendar quarter completed and shall not~~
 30 ~~include service credit for a partial calendar quarter worked.~~

31 ~~(e)(1) If a member has signed an employment contract for a fiscal~~
 32 ~~school year and been paid in full for that fiscal school year, in no event~~
 33 ~~shall the annuity begin earlier than the July 1 next following that fiscal~~
 34 ~~school year.~~

35 ~~(2) If a member has signed an employment contract for a fiscal~~
 36 ~~school year and if that contract is not completed, the member shall receive~~

1 ~~credit for service within the current fiscal year as provided in this~~
2 ~~section.~~

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4 SECTION 3. EMERGENCY CLAUSE. It is found and determined by the
5 General Assembly of the State of Arkansas that certain provisions of the
6 Arkansas Teacher Retirement System Act which created the Arkansas Teacher
7 Retirement System as a state agency for the purpose of providing retirement
8 benefits to school employees in Arkansas, are in need of revision and
9 updating to maintain the teacher retirement laws in conformance with sound
10 public pension policy; that the Arkansas Teacher Retirement System operates
11 on a fiscal year of July 1 to June 30; that having a July 1, 2019 effective
12 date is necessary to allow the provisions of this act to take effect on the
13 first day of the fiscal year in order to facilitate the proper administration
14 of the Arkansas Teacher Retirement System; that revisions and updates to the
15 Arkansas Teacher Retirement System Act are of great importance for actuarial
16 purposes and to protect member benefits; and that this act is necessary to
17 maintain an orderly system of managing member benefits offered by the
18 Arkansas Teacher Retirement System. Therefore, an emergency is declared to
19 exist, and this act being necessary for the preservation of the public peace,
20 health, and safety shall become effective on July 1, 2019.