

1 State of Arkansas
2 93rd General Assembly
3 Regular Session, 2021
4

As Engrossed: H2/22/21

A Bill

HOUSE BILL 1326

5 By: Representative Warren
6

For An Act To Be Entitled

8 AN ACT TO MAKE TECHNICAL CORRECTIONS TO TITLE 24 OF
9 THE ARKANSAS CODE CONCERNING THE ARKANSAS TEACHER
10 RETIREMENT SYSTEM; TO DECLARE AN EMERGENCY; AND FOR
11 OTHER PURPOSES.
12
13

Subtitle

14 TO MAKE TECHNICAL CORRECTIONS TO TITLE 24
15 OF THE ARKANSAS CODE CONCERNING THE
16 ARKANSAS TEACHER RETIREMENT SYSTEM; AND
17 TO DECLARE AN EMERGENCY.
18
19
20

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

23 SECTION 1. Arkansas Code § 24-7-202(5)(B)(i), concerning the
24 definition of "administrator" as applicable to the Arkansas Teacher
25 Retirement System, is amended to read as follows:

26 (i) Employed by a ~~participating~~ an employer of the
27 Arkansas Teacher Retirement System; and
28

29 SECTION 2. Arkansas Code § 24-7-202(18)(D), concerning the definition
30 of "employment with a school" as applicable to the Arkansas Teacher
31 Retirement System, is amended to read as follows:

32 (D)(i) Employment in a position with an ~~educationally~~
33 ~~related~~ education-related agency or organization if the employee is or has
34 been a member of the Arkansas Teacher Retirement System for a minimum of five
35 (5) years and elects to become or remain a member of the Arkansas Teacher
36 Retirement System. The employment shall be related to:



- 1 (a) Training public school employees or school
- 2 board members;
- 3 (b) Teaching public school students; or
- 4 (c) Adult education programs.
- 5 (ii) The employment shall not be related in any
- 6 manner to private schools.
- 7 (iii) Each ~~educationally related~~ education-related
- 8 agency or organization shall be:
 - 9 (a) Approved according to rules established by
 - 10 the board;
 - 11 (b) Considered an employer under subdivision
 - 12 (17) of this section; and
 - 13 (c) Responsible for all required employer
 - 14 contributions;
 - 15

16 SECTION 3. Arkansas Code § 24-7-202(26), concerning the definition of
 17 "nonteacher" as applicable to the Arkansas Teacher Retirement System, is
 18 amended to read as follows:

19 (26) "Nonteacher" means a member who is not a teacher or an
 20 administrator;

21
 22 SECTION 4. Arkansas Code § 24-7-202(41), concerning the definition of
 23 "T-DROP plan interest" as applicable to the Arkansas Teacher Retirement
 24 System, is amended to read as follows:

25 (41) "T-DROP plan interest" means the rate or rates per annum
 26 that the board shall adopt from time to time that will be used to compute
 27 interest paid on T-DROP mean balances at the end of each fiscal year;

28
 29 SECTION 5. Arkansas Code § 24-7-208 is amended to read as follows:
 30 24-7-208. Benefit enhancements – Restrictions.

31 (a) No benefit enhancement provided for by this ~~act~~ chapter shall be
 32 implemented if it would cause the ~~publicly supported retirement system's~~
 33 Arkansas Teacher Retirement System's unfunded actuarial accrued liabilities
 34 to exceed an eighteen-year amortization.

35 (b) No benefit enhancement provided for by this ~~act~~ chapter shall be
 36 implemented by ~~any publicly supported system which~~ the system if the system

1 has unfunded actuarial accrued liabilities being amortized over a period
2 exceeding eighteen (18) years until the unfunded actuarial accrued liability
3 is reduced to a level less than the standards prescribed by § 24-1-101 et
4 seq.

5

6 SECTION 6. Arkansas Code § 24-7-301(2)(C)(i), concerning the
7 membership of the Board of Trustees of the Arkansas Teacher Retirement
8 System, is amended to read as follows:

9 (C)(i) Two (2) active member trustees shall be employed in
10 a position requiring an administrator's license, one (1) of whom shall be ~~an~~
11 ~~administrator~~ a superintendent or an educational cooperative director.

12

13 SECTION 7. Arkansas Code § 24-7-401(e)(1)-(4), concerning retirement
14 fund assets accounts, member deposit accounts, and contributions under the
15 Arkansas Teacher Retirement System, are amended to read as follows:

16 (e)(1) The board shall annually notify the ~~participating~~ employers of
17 the employer contribution rate established by the board for the upcoming
18 fiscal year.

19 (2) Local school districts shall pay the teacher retirement
20 employment contribution for any eligible employee in accordance with rules
21 established by the board.

22 (3) The Department of Education shall pay from the Public School
23 Fund the teacher retirement employer contributions for eligible employees of
24 ~~participating~~ employers as required by the department's appropriations act
25 and in accordance with rules established by the board.

26 (4) The annual employer contributions to be paid in each year
27 for all other employees by each ~~participating~~ employer shall be the current
28 state contribution percent multiplied by the total covered salaries of the
29 employer's members in the fiscal year.

30

31 SECTION 8. Arkansas Code § 24-7-406(e)(1)(B)(iv), concerning
32 retirement fund assets accounts, member deposit accounts, and contributions
33 under the Arkansas Teacher Retirement System, is amended to read as follows:

34 (iv) An active member who ~~previously elected to~~
35 ~~become a~~ has previous noncontributory ~~member of the system~~ credited service
36 may change credited service on which a member contribution has not been paid

1 to contributory credited service by paying the system the actuarial
2 equivalent of the member benefits.

3
4 SECTION 9. Arkansas Code § 24-7-502(d), concerning definitions
5 applicable to the termination of active membership under the Arkansas Teacher
6 Retirement System, is amended to read as follows:

7 (d) As used in this section:

8 ~~(1) "System covered employer" means all employers as defined in~~
9 ~~§ 24-7-202 and also includes all employers offering the Arkansas Teacher~~
10 ~~Retirement System as an optional retirement plan on or before January 1,~~
11 ~~2011, to any employee;~~

12 ~~(2)(A)(1)(A)~~ "Terminate" means:

13 (i) The member's covered employment has ended at all
14 ~~system-covered~~ covered employers;

15 (ii) A complete severance of the employer-employee
16 relationship has occurred at all ~~system-covered~~ covered employers that the
17 member was employed with before the member retired from the Arkansas Teacher
18 Retirement System;

19 (iii) The member has ceased performing any
20 employment services for any ~~system-covered~~ covered employer, except for
21 uncompensated functions related to the transfer of the duties or the transfer
22 of the position of the member;

23 (iv) The member has not formed any express or
24 implied employment agreement or taken action that would obligate the member
25 to render compensable services to a ~~system-covered~~ covered employer or
26 entitle a ~~system-covered~~ covered employer to the services of the member after
27 the termination separation period;

28 (v) The member has followed normal retirement
29 procedures for resigning from the ~~system-covered~~ covered employer unless
30 involuntarily terminated before the member's effective date of retirement;
31 and

32 (vi) All ~~system-covered~~ covered employers have paid
33 or have initiated the process to pay all accumulated benefits such as annual
34 leave and sick leave to the member by the effective date of retirement.

35 (B) "Terminate" does not mean:

36 (i) Taking a leave of absence; or

1 (ii) Performing any job duties or services without
2 remuneration, except for the functions related to the transfer of duties or
3 the transfer of the position itself.

4 (C) Providing volunteer activities at a ~~system-covered~~
5 covered employer that does not have the effect of holding a position open for
6 the member during a termination separation period does not mean that the
7 member is not terminated; and

8 ~~(3)(2)~~ (2) "Termination separation period" means the time from a
9 member's effective date of retirement until the date that the member is no
10 longer prohibited by state law from returning to work at a ~~system-covered~~
11 covered employer.

12
13 SECTION 10. Arkansas Code § 24-7-601(b)(3), concerning credited
14 service generally and concurrent service credit under the Arkansas Teacher
15 Retirement System, is amended to read as follows:

16 (3) A member shall not receive more than one (1) year of service
17 credit for the member's employment with a covered employer and reciprocal
18 system employer in any one (1) fiscal year.

19
20 SECTION 11. Arkansas Code § 24-7-603(c)-(e), concerning out-of-state
21 service under the Arkansas Teacher Retirement System, are amended to read as
22 follows:

23 (c) ~~From and after July 1, 1987, an active~~ A member shall be eligible
24 to establish out-of-state service to be credited as service under this
25 subchapter under the following conditions:

26 (1)(A) The out-of-state service credit to be granted shall be
27 limited to service for which no benefit could be paid by another system
28 similar in purpose to this system, except Social Security, if the member had
29 left on deposit his or her contributions to the other system.

30 (B) The credit under subdivision (c)(1)(A) of this section
31 is limited to fifteen (15) years;

32 (2)(A) The member shall pay to the system for each year of
33 service credit granted the actuarial equivalent of the member's benefits.

34 (B) The payment shall be credited to the member's account
35 in the members' deposit account and shall be in addition to regular member
36 contributions ~~thereto~~ credited to the member's deposit account;

1 (3)(A) The out-of-state service shall not become credited
2 service under this system until the member has established five (5) or more
3 years of actual service.

4 (B) If a member ceases to be an active member before the
5 out-of-state service has been established as system-credited service, the
6 member payments made under this section shall be refundable;

7 (4) The benefit program to be applied to each year of service
8 credit being granted shall be the benefit program in effect at the time of
9 retirement; and

10 (5) ~~Such~~ Any other rules consistent with this subchapter as the
11 Board of Trustees of the Arkansas Teacher Retirement System may ~~from time to~~
12 ~~time~~ adopt.

13 (d) ~~An active~~ A member may purchase a fraction of a year of out-of-
14 state service to be credited as service under this subchapter in the same
15 manner as provided for out-of-state service under subsection (c) of this
16 section if the service meets the following requirements:

17 (1) The member has not less than one-fourth ($\frac{1}{4}$) year of out-of-
18 state credited service in the fiscal year; and

19 (2) The fraction of a year of out-of-state service may be
20 credited in keeping with policies of the board under § 24-7-601.

21 (e) ~~An active~~ A member shall be eligible, upon application, to
22 purchase service rendered outside the state during a period of employment
23 with an education coordinating council to be credited as out-of-state service
24 under the provisions of this section, provided that the conditions of
25 subsection (c) of this section are met.

26
27 SECTION 12. Arkansas Code § 24-7-607(b)-(d), concerning private school
28 service under the Arkansas Teacher Retirement System, are amended to read as
29 follows:

30 (b) ~~An active~~ A member purchasing certified private school service
31 shall be eligible, upon application, to purchase private school service for a
32 period not to exceed fifteen (15) years, to be credited as certified service
33 under this subchapter under the following conditions:

34 (1) The private school service credit to be purchased shall be
35 limited to service for which no benefit could be paid by another system
36 similar in purpose to the Arkansas Teacher Retirement System, except Social

1 Security, if the member left on deposit his or her contributions to the other
2 system;

3 (2)(A) The member shall pay the actuarial equivalent of benefits
4 as set forth under § 24-7-202 to the Arkansas Teacher Retirement System for
5 each year of private school service credit being purchased.

6 (B) The payment shall be credited to the member's account
7 in the members' deposit account and shall be in addition to regular member
8 contributions ~~thereto~~ credited to the member's deposit account;

9 (3) The private school service shall not become credited service
10 under the Arkansas Teacher Retirement System until:

11 (A) The member payment under this section has been paid in
12 full; and

13 (B)(i) The member has established five (5) or more years
14 of actual service, exclusive of private school service.

15 (ii) If a member ceases to be an active member
16 before the private school service has been established as system-credited
17 service, the member payments contributed under this section shall be refunded
18 to the member upon request;

19 (4) The benefit program to be applied to each year of private
20 school service credit and private educationally related entity service credit
21 being purchased shall be the benefit program in effect at the time of
22 retirement; and

23 (5) ~~Such~~ Any other rules consistent with this subchapter as the
24 Board of Trustees of the Arkansas Teacher Retirement System may from time to
25 time adopt.

26 (c)(1) ~~An active~~ A member is eligible to purchase noncertified private
27 school service or private ~~educationally-related~~ education-related entity
28 private school service for a period of five (5) years or less that will be
29 credited as noncertified service under this subchapter when:

30 (A) The member properly submits an application to purchase
31 noncertified private school service or private ~~educationally-related~~
32 education-related entity private school service;

33 (B) The noncertified service credit to be purchased is
34 limited to service for which no benefit could be paid by another state-
35 supported pension system or a system with a similar purpose when the
36 contributions of the member were left on deposit with the other system; and

1 (C)(i) The member pays the actuarial equivalent of
2 benefits as set forth under § 24-7-202 to the Arkansas Teacher Retirement
3 System for each year of service credit being purchased.

4 (ii) The payment shall be credited to the member's
5 account in the members' deposit account and shall be in addition to regular
6 member contributions ~~thereto~~ credited to the member's deposit account.

7 (2) The noncertified service shall not become credited service
8 under the Arkansas Teacher Retirement System until:

9 (A) The member payment under this section has been paid in
10 full; and

11 (B)(i) The member has established five (5) or more years
12 of actual service in the Arkansas Teacher Retirement System.

13 (ii) If a member ceases to be an active member
14 before the noncertified service has been established as system-credited
15 service, the member payments contributed under this section shall be refunded
16 to the member upon request.

17 (3) The benefit program applied to each year of private school
18 service or private ~~educationally-related~~ education-related entity private
19 school service credit being purchased shall be the benefit program in effect
20 at the time of retirement.

21 (4) The purchase and application of the noncertified service
22 credit shall be subject to the rules consistent with this subchapter ~~as that~~
23 the Arkansas Teacher Retirement System may ~~from time to time~~ adopt.

24 (d) ~~An active~~ A member may purchase a fraction of a year of private
25 school service to be credited as service under this subchapter in the same
26 manner as provided for private school service under subsection (b) of this
27 section if the service meets the following requirements:

28 (1) The member has not less than one-fourth ($\frac{1}{4}$) of a year of
29 private school service in a fiscal year under § 24-7-601; and

30 (2) The fraction of a year of private school service may be
31 credited in keeping with policies as provided by § 24-7-601.

32
33 SECTION 13. Arkansas Code § 24-7-610(c), concerning credit for service
34 in the National Guard and armed forces reserve under the Arkansas Teacher
35 Retirement System, is amended to read as follows:

36 (c) A member may, ~~one (1) time each fiscal year,~~ purchase ~~up to~~ one

1 (1) year of service credit for each one (1) year of service in the National
2 Guard or armed forces reserve.

3
4 SECTION 14. Arkansas Code § 24-7-610(e) and (f), concerning credit for
5 service in the National Guard and armed forces reserve under the Arkansas
6 Teacher Retirement System, are amended to read as follows:

7 (e) Service in the National Guard or armed forces reserve service
8 shall be credited to the year in which it was rendered even if the member has
9 concurrent service with a covered employer.

10 (f) If a member ceases to be an active member before the service in
11 the National Guard or the armed forces reserve has been established as
12 system-credited service, the member payments contributed as specified in
13 subdivision (b)(1)(C) of this section shall be refundable.

14 ~~(f)(1)~~(g)(1) This section is supplemental to § 24-7-602, and this
15 section does not diminish the right of ~~any~~ a member of the system to obtain
16 credited service in the system for active duty military service within the
17 limits permitted by § 24-7-602.

18 (2) However, a member shall not be entitled to or receive in
19 excess of five (5) years of credited service rendered by the member under
20 this section.

21
22 SECTION 15. Arkansas Code § 24-7-611(b) and (c), concerning domestic
23 federal service under the Arkansas Teacher Retirement System, are amended to
24 read as follows:

25 (b) ~~From~~ On and after January 1, 2003, ~~an active~~ a member shall be
26 eligible upon application to purchase domestic federal service to be credited
27 as service under this section under the following conditions:

28 (1) The domestic federal service credit to be granted shall be
29 limited to service for which no benefit could be paid by a retirement system
30 similar in purpose to the Arkansas Teacher Retirement System except Social
31 Security if the member left on deposit his or her contributions to the other
32 system, and it shall be limited to ten (10) years;

33 (2)(A) For each year of domestic federal service credit granted,
34 the member shall pay to the system the employee and employer contributions
35 based on the actuarial equivalent of the member's benefits.

36 (B) The payment is credited to the member's account in the

1 members' deposit account and is in addition to regular member contributions;

2 (3) The domestic federal service shall not become credited
3 service under this system until:

4 (A) The member payment under this section has been paid in
5 full; and

6 (B)(i) The member has established five (5) or more years
7 of actual service exclusive of domestic federal service.

8 (ii) If a member ceases to be an active member
9 before the domestic federal service has been established as system-credited
10 service, the member payments contributed under this section shall be refunded
11 to the member upon request;

12 (4) The benefit program to be applied to each year of service
13 credit being granted shall be the benefit program in effect at the time of
14 retirement; and

15 (5) ~~The~~ Any other rules consistent with this section ~~as that~~ the
16 Board of Trustees of the Arkansas Teacher Retirement System may ~~from time to~~
17 ~~time~~ adopt.

18 (c) ~~An active~~ A member may purchase a fraction of a year of domestic
19 federal service to be credited as service under this subchapter in the manner
20 ~~as~~ provided for domestic federal service under subsection (b) of this section
21 if the service meets the following requirements:

22 (1) The member has not less than one-fourth ($\frac{1}{4}$) year of domestic
23 federal service in a fiscal year under § 24-7-601; and

24 (2) The fraction of a year of domestic federal service may be
25 credited in keeping with policies as provided by § 24-7-601.

26
27 SECTION 16. Arkansas Code § 24-7-612, concerning the purchase of
28 service credit under the Arkansas Teacher Retirement System, is amended to
29 add an additional subsection to read as follows:

30 (e) All payments for service credit purchases shall be received by the
31 system before the member's first annuity installment or T-DROP deposit
32 occurs.

33
34 SECTION 17. Arkansas Code § 24-7-701(c)(2), concerning the beginning
35 date of an annuity upon voluntary retirement under the Arkansas Teacher
36 Retirement System, is amended to read as follows:

1 (2) The member's termination of ~~active membership~~ covered
2 employment;

3
4 SECTION 18. Arkansas Code § 24-7-701(d), concerning limitations on the
5 beginning date of an annuity following voluntary retirement under the
6 Arkansas Teacher Retirement System, is amended to read as follows:

7 (d) If a member has accrued a full year of service credit for a fiscal
8 year, the annuity shall not begin earlier than on ~~the~~ July 1 after the fiscal
9 year ends unless the board adopts by rule or resolution an earlier beginning
10 date for all members whose retirement will not result in a reduction of
11 classroom teachers.

12
13 SECTION 19. Arkansas Code § 24-7-702(b)(2)(A), concerning the
14 percentage decrease of an annuity following voluntary early retirement under
15 the Arkansas Teacher Retirement System, is amended to read as follows:

16 (2)(A) The percent shall be one hundred percent (100%) reduced
17 by between five-twelfths percent (5/12%) and fifteen-twelfths percent
18 (15/12%) multiplied by the number of months by which the time of early
19 retirement precedes the earlier of either completion of twenty-eight (28)
20 years of credited service or attainment of sixty (60) years of age.

21
22 SECTION 20. Arkansas Code § 24-7-702(c)(2), concerning early voluntary
23 retirement under the Arkansas Teacher Retirement System, is amended to read
24 as follows:

25 (2) The member's termination of ~~active membership~~ covered
26 employment; or

27
28 SECTION 21. Arkansas Code § 24-7-702(e), concerning early voluntary
29 retirement under the Arkansas Teacher Retirement System, is amended to read
30 as follows:

31 (e) If a member has accrued a full year of service credit for a fiscal
32 year, the annuity shall not begin earlier than on ~~the~~ July 1 after the fiscal
33 year ends unless the board adopts by rule or resolution an earlier beginning
34 date for members whose retirement will not result in a reduction of classroom
35 teachers.

36

1 SECTION 22. Arkansas Code § 24-7-708 is amended to read as follows:

2 24-7-708. Employment of retired members by covered employers.

3 (a) Effective July 1, 2009, after terminating employment under § 24-7-
4 502 or reaching the ~~age of~~ normal retirement age, a ~~retirant~~ retiree may:

5 (1) Accept employment with an employer covered by the Arkansas
6 Teacher Retirement System without a limitation of his or her retirement
7 annuity; and

8 (2) Continue to receive his or her monthly retirement annuity.

9 (b) Employers covered by the system that hire an employee who meets
10 the conditions under subsection (a) of this section shall report the hiring
11 of the ~~retirant~~ retiree to the system in a time and a manner that the system
12 may reasonably require.

13 (c) A ~~retirant~~ retiree who receives monthly benefits and is employed
14 by a covered employer shall not accrue additional service credit.

15 (d)(1) For a retired member employed in a position covered by the
16 system, the covered employer shall remit the contributions on all salary paid
17 to the ~~retirant~~ retiree in an amount equal to the employer contribution rate
18 applicable to active members.

19 (2) Contributions shall be paid by the employer and are not the
20 responsibility of the ~~retirant~~ retiree.

21 (e)(1) The Board of Trustees of the Arkansas Teacher Retirement System
22 shall adopt rules to carry out the provisions of this section.

23 (2) A covered employer that employs ~~retirants~~ retirees is
24 subject to the rules adopted by the board.

25
26 SECTION 23. Arkansas Code § 24-7-709(a), concerning the disposition
27 and residue of member contributions, is amended to read as follows:

28 (a)(1)(A) If a ~~retirant~~ retiree and his or her option annuitants, if
29 any, die before receiving annuity payments equal to the member's residue
30 amount, then the residue amount shall be paid to such persons as the ~~retirant~~
31 retiree shall have nominated by written designation duly executed and filed
32 with the Arkansas Teacher Retirement System.

33 (B) As used in this ~~section~~ subchapter, "residue" means
34 the difference between the accumulated contributions and regular interest
35 credited to the retirement reserve account as of the member's retirement
36 effective date and the total amount of retirement annuities paid.

1 (2) If a ~~retirant~~ retiree and his or her option annuitants die
2 and the member has failed to designate a beneficiary or if all designated
3 beneficiaries have predeceased the ~~retirant~~ retiree, the residue shall be
4 paid to the ~~retirant's~~ retiree's estate.

5
6 SECTION 24. Arkansas Code § 24-7-711(a)(1), concerning the refund of
7 member contributions upon termination of employment under the Arkansas
8 Teacher Retirement System, is amended to read as follows:

9 (a)(1) If a member discontinues covered employment and does not plan
10 to be rehired by a covered employer, the member may elect to be paid a refund
11 of his or her contributions and regular interest credited to the member's
12 deposit account within six (6) months following the date the member's written
13 application is filed with the Arkansas Teacher Retirement System.

14
15 SECTION 25. Arkansas Code § 24-7-711(b)(5), concerning the refund of
16 member contributions upon termination of employment under the Arkansas
17 Teacher Retirement System, is amended to read as follows:

18 (5) ~~Interest~~ Regular interest on a deceased member's accumulated
19 contributions under this subsection shall cease to accrue on the July 1 after
20 the member's death.

21
22 SECTION 26. Arkansas Code § 24-7-720(c), concerning lump-sum benefits
23 under the Arkansas Teacher Retirement System, is amended to read as follows:

24 (c) The amount of the lump-sum payments under this section shall be
25 set periodically and not more often than annually by rules and resolutions of
26 the board as ~~it~~ the board determines is actuarially appropriate for the
27 system.

28
29 SECTION 27. Arkansas Code § 24-7-720(j)(1)(A), concerning lump-sum
30 benefits under the Arkansas Teacher Retirement System, is amended to read as
31 follows:

32 (j)(1)(A) If a member accrues a minimum of ~~fifteen (15)~~ ten (10) years
33 of actual, contributory service, regardless of noncontributory service
34 accrued in combination with the contributory service, the member shall
35 receive the maximum lump-sum death benefit as determined by the board under
36 this section.

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

SECTION 28. Arkansas Code § 24-7-730(a)(1), concerning required distributions under the Arkansas Teacher Retirement System, is amended to read as follows:

(a)(1) Notwithstanding the provisions of this subchapter regarding the required dates of distribution of benefits under the Arkansas Teacher Retirement System to former members, the distribution of a former member's benefits under the system shall in any event be made or begun by April 1 of the calendar year following the later of the calendar year in which the member attains age ~~seventy and one half (70½)~~ seventy-two (72) or the calendar year in which the member retires.

SECTION 29. Arkansas Code § 24-7-730(b)(2)(C), concerning required distributions to a spouse who is the beneficiary under the Arkansas Teacher Retirement System, is amended to read as follows:

(C)(i) If the designated beneficiary is the member's surviving spouse, the date distributions required to begin in accordance with subdivision (b)(2)(A) of this section shall not be earlier than the date on which the member would have attained age ~~seventy and one half (70½)~~ seventy-two (72).

(ii) If the spouse dies before payments begin, subsequent distributions shall be made as if the spouse had been the member.

SECTION 30. Arkansas Code § 24-7-735 is amended to read as follows:

24-7-735. Contract buyout agreement – Settlements – Judgments – Calculation of benefits.

(a) A member shall not accumulate service credit in the Arkansas Teacher Retirement System during the time that payments under a contract buyout agreement, settlement, claim, judgment, arbitration award, decree, or court-ordered payment are paid to the member by the employer unless the member continues to work on-site for the employer, or the service credit or additional salary is purchased as provided under subsection (c) of this section.

(b)(1) The employer shall provide a copy of a settlement agreement or court order under this section to the system so that the system can:

(A) ~~prevent~~ Prevent the accumulation of service credit for

1 any payments that are not for on-site work for the employer; and
2 (B) Calculate the cost to purchase service credit,
3 additional salary, or both service credit and additional salary as provided
4 under this section.

5 (2) A member shall not receive service credit or additional
6 salary from the system under a settlement agreement or court order unless
7 permitted under this section.

8 (c)(1) The system shall allow a member or employer to purchase service
9 credit, ~~or~~ additional salary, or both for the member for service credit the
10 member would have earned but for termination, or salary that should would
11 have been paid under a settlement agreement or court order but for employment
12 discrimination to resolve a claim of wrongful termination or ~~the underpayment~~
13 ~~of salary that should have been paid if the service credit is:~~ employment
14 discrimination that results in a settlement agreement or court order.

15 ~~(1)(A)(i) Purchased as additional salary by an employer or~~
16 ~~member to be added to the final average salary of the member calculated at~~
17 ~~the time of the purchase.~~

18 ~~(ii)(2)~~ (2) The member's official salary record shall be
19 adjusted to include the purchased additional salary ~~years~~ which may be used
20 to compute the final average salary at the time of retirement if the
21 purchased salary ~~in any of the additional purchased salary years~~ qualifies
22 for the final average salary calculation.

23 ~~(B) Service credit earned by the member from an employer~~
24 ~~from the date of termination by an employer to the date of the settlement~~
25 ~~agreement or court order shall be subtracted from the amount of service~~
26 ~~credit allowed for purchase under subdivision (c)(1)(A) of this section; and~~

27 ~~(2)(3) Paid using the actuarial equivalent, as calculated by the~~
28 ~~system, of the member's benefits to the system~~ Service credit earned by a
29 member from an employer from the date of termination by an employer to the
30 date of the settlement agreement or court order shall be subtracted from the
31 amount of service credit allowed for purchase under subdivision (c)(1) of
32 this section.

33 (d)(1) The cost to purchase service credit, additional salary, or both
34 shall be established using the actuarial equivalent as calculated by the
35 system using the member's service history at the time of the purchase.

36 (2) The system shall use the same factors ~~as used~~ to determine

1 the cost of the additional salary purchase as used to calculate an additional
2 monthly benefit in the annuitization of a Teacher Deferred Retirement Option
3 Plan distribution.

4 ~~(2)(3)~~ The calculation shall be made with the assumption that
5 the member would have immediately retired at the time of the additional
6 salary purchase.

7
8 SECTION 31. Arkansas Code § 24-7-736(c)-(f), concerning the
9 calculation of final average salary under the Arkansas Teacher Retirement
10 System, is amended to read as follows:

11 (c)(1)(A) The Board of Trustees of the Arkansas Teacher Retirement
12 System shall set ~~annually~~ the applicable number of years to be used in
13 computing final average salary for retirement benefits at not less than three
14 (3) years and not more than five (5) years.

15 (B) Before reducing the applicable number of years to be
16 used in computing the final average salary, the board shall file relevant
17 information concerning the actuarial appropriateness of the action with the
18 Joint Interim Committee on Public Retirement and Social Security Programs for
19 review by the Joint Interim Committee on Public Retirement and Social
20 Security Programs.

21 (2)(A) Full and partial service years that are recorded as
22 service credit shall be used in the calculation of the final average salary.

23 (B) If the member does not have full service years for the
24 total years of service used in the calculation of final average salary, then
25 the board may establish by rule a fair base ~~year~~ salary for a member's final
26 average salary for purposes of comparison under ~~subdivision (e)(3)~~
27 subdivision (c)(4) of this section.

28 ~~(C)(3)~~ If a member has less than the minimum number of
29 years of credited service required for the final average salary formula, the
30 final average salary of the member shall be the total salary paid to the
31 member for his or her years of credited service divided by the member's total
32 credited years of service.

33 ~~(D) Before reducing the number of years that is used to~~
34 ~~determine the final average salary, the board shall file relevant information~~
35 ~~concerning the actuarial appropriateness of the action with the Joint Interim~~
36 ~~Committee on Public Retirement and Social Security Programs for review by the~~

1 ~~Joint Interim Committee on Public Retirement and Social Security Programs.~~

2 ~~(3)(A)(4)(A)~~ The If a member has at least the minimum number of
3 years of credited service required for the final average salary formula, the
4 applicable number of highest salary years service year salaries shall be
5 ranked from lowest to highest remuneration.

6 (B) ~~The lowest remuneration~~ service year salary in the
7 ranking shall be the base ~~year~~ salary.

8 (C) The next-highest-ranked ~~remuneration~~ service year
9 salary shall be compared to the base ~~year~~ salary.

10 (D) The next-highest ~~year's value~~ service year salary in
11 the calculation of final average salary that is less than eight (8) years
12 from the base salary year, shall not exceed the ~~percentage increase of the~~
13 ~~base year, unless the difference in value between the next highest year and~~
14 ~~the base year is within the amount of the salary differential~~ base salary
15 value plus the salary differential unless the next-highest year's value is
16 less than or equal to the percentage increase of the base salary.

17 ~~(4)(E)~~ After comparison of the base ~~year~~ salary to the next-
18 highest service year salary to meet the requirements of subdivision (c)(4)(D)
19 of this section, any required reduction to the next-highest service year
20 salary shall be made.

21 ~~(5)(F)~~ The next-highest service year salary, with any required
22 reduction, becomes the new base ~~year~~ salary to compare to the next succeeding
23 highest ~~remuneration~~ service year salary in the ranking until all ~~years~~
24 service year salaries in the ranking have been compared ~~to its base and~~
25 ~~reduced as necessary under subdivision (c)(3) of this section.~~

26 ~~(6)(G)~~ The total value of the base ~~years~~ salaries shall then be
27 ~~averaged to determine final average salary~~ divided by the applicable number
28 of years to be used in computing final average salary.

29 ~~(d)~~ ~~If a member has a break in covered employment for eight (8) years~~
30 ~~or more between any of the member's highest salary years used in the~~
31 ~~calculation of final average salary, then subdivision (c)(3)(D) of this~~
32 ~~section shall not apply to the next highest salary year in the formula.~~

33 ~~(e)(d)~~ The system may settle any dispute concerning an employee's
34 salary for purposes of the system.

35 ~~(f)(1)(e)~~ The board may adjust the final average salary calculated in
36 accordance with subsection (c) of this section by board resolution provided

1 that:

2 ~~(A)(1)~~ The percentage increase under ~~subdivision (e)(3)(D)~~
3 subdivision (c)(4)(D) of this section is ~~adjusted~~ set no lower than one
4 hundred five percent (105%) per year and no higher than one hundred twenty
5 percent (120%) per year; and

6 ~~(B)(2)~~ The salary differential permitted under ~~subdivision~~
7 ~~(e)(3)(D)~~ subdivision (c)(4)(D) of this section is set no lower than one
8 thousand two hundred fifty dollars (\$1,250) per year and no higher than five
9 thousand dollars (\$5,000) per year.

10 ~~(2) A partial service year is excluded from the calculation of~~
11 ~~the final average salary under this subsection.~~

12

13 SECTION 32. Arkansas Code § 24-7-1307(c)(1), concerning accounts and
14 credit under the Teacher Deferred Retirement Option Plan, is amended to read
15 as follows:

16 (c)(1) The board shall determine the plan interest rate to members'
17 plan accounts based on:

18 (A) A fixed interest rate that is adopted by board
19 resolution ~~prior to the beginning~~ by the end of the first quarter of the
20 fiscal year in which the interest rate shall apply and ~~which that~~ applies to
21 subsequent fiscal years unless modified by the board; or

22 (B)~~(i)~~ A variable interest rate formula that is based on
23 investment returns and other factors adopted by board resolution ~~prior to the~~
24 beginning by the end of the first quarter of the fiscal year in which the
25 interest rate shall apply and that applies to subsequent fiscal years unless
26 modified by the board.

27 ~~(ii) If the board uses a variable interest rate~~
28 ~~formula, the board shall adopt by board resolution the plan interest rate~~
29 ~~prior to the beginning of the fiscal year in which the plan interest rate~~
30 ~~applies.~~

31

32 SECTION 33. Arkansas Code § 24-7-1307(e), concerning the calculation
33 of the interest rate to a member's Teacher Deferred Retirement Option Plan,
34 is amended to read as follows:

35 (e) For the purposes of this section, the ten (10) year plus plan
36 interest rate shall be the rate determined to be appropriate by the board and

1 adopted by board resolution ~~prior to the beginning~~ by the end of the first
2 quarter of the fiscal year in which the interest rate shall apply and that
3 applies to subsequent fiscal years unless modified by the board.
4

5 SECTION 34. Arkansas Code § 24-7-1308(b)(2) and (3), concerning the
6 termination of participation in and distribution options under the Teacher
7 Deferred Retirement Option Plan, is amended to read as follows:

8 ~~(2) A member who selects the option under subdivision (b)(1)(C)~~
9 ~~of this section may receive his or her account distribution as follows:~~

10 ~~(A) Seventy five percent (75%) in a lump sum payment and~~
11 ~~twenty five percent (25%) annuitized;~~

12 ~~(B) Fifty percent (50%) in a lump sum payment and the~~
13 ~~remaining fifty percent (50%) annuitized; or~~

14 ~~(C) Twenty five percent (25%) in a lump sum payment and~~
15 ~~seventy five percent (75%) annuitized.~~

16 ~~(3)~~(2) The Board of Trustees of the Arkansas Teacher Retirement
17 System shall:

18 (A) Determine factors to be used for the conversion of
19 plan balances to monthly amounts;

20 (B) Set requirements for the member's election under this
21 subsection; and

22 (C) Modify the options under subdivision (b)(1) of this
23 section by rule as necessary.
24

25 SECTION 35. Arkansas Code § 24-7-1310(c), concerning the death of a
26 participant of the Teacher Deferred Retirement Option Plan, is amended to
27 read as follows:

28 ~~(c) For the purposes of § 24-7-709, any amounts received from the~~
29 ~~Teacher Deferred Retirement Option Plan account in the form of lump sum or~~
30 ~~annuity payments shall be considered to be annuity payments received by the~~
31 ~~member or his or her designated beneficiary and shall reduce or eliminate the~~
32 ~~disposition of residue that, except for the provisions of this subsection,~~
33 ~~would have been paid under § 24-7-709~~ The Teacher Deferred Retirement Option
34 Plan participant's residue as used in § 24-7-701 et seq. that, except for the
35 provisions of this subsection, would have been paid under § 24-7-709 shall be
36 calculated as the greater of the following:

1 (1) The accumulated contributions and regular interest credited
2 to the retirement reserve account as of the member's retirement effective
3 date reduced by the total amount of regular annuities paid, further reduced
4 by amounts received from the Teacher Deferred Retirement Option Plan account
5 in the form of lump-sum or annuity payments; or

6 (2) The Teacher Deferred Retirement Option Plan account as of
7 the member's retirement effective date reduced by amounts received from the
8 Teacher Deferred Retirement Option Plan account in the form of lump-sum or
9 annuity payments.

10
11 SECTION 36. Arkansas Code § 24-7-1604(b), concerning coverage for
12 employees enrolled in the Arkansas Teacher Retirement System before July 1,
13 2011, is amended to read as follows:

14 (b) The nonmandatory employer shall remit employer contributions under
15 § 24-7-401 et seq. for an employee under this section and shall be subject to
16 the rights and obligations of an employer under the Arkansas Teacher
17 Retirement System Act for the employees of the nonmandatory employer
18 participating in the system.

19
20 SECTION 37. Arkansas Code § 24-7-1605(e)(1), concerning optional
21 participation in the Arkansas Teacher Retirement System by an institution of
22 higher education employers on or after July 1, 2011, is amended to read as
23 follows:

24 (e)(1) The PSHE employer shall remit employer contributions under §
25 24-7-401 et seq. and be subject to the rights and obligations of an employer
26 under the Arkansas Teacher Retirement System Act once a benefits-eligible
27 employee elects to participate in the system for the employees of the PSHE
28 employer participating in the system.

29
30 SECTION 38. EMERGENCY CLAUSE. It is found and determined by the
31 General Assembly of the State of Arkansas that the operations of a state
32 public retirement system are complex; that the Arkansas Teacher Retirement
33 System must be able to meet the needs of its members as anticipated by the
34 General Assembly; that certain provisions of the Arkansas Teacher Retirement
35 System Act, § 24-7-201 et seq., are imminently in need of revision and
36 updating to bring them into conformance with sound public pension policy and

1 actuarial requirements; that such revision and updating is of great
2 importance to members of the Arkansas Teacher Retirement System and to other
3 citizens of the State of Arkansas; that the Arkansas Teacher Retirement
4 System needs to have the ability to make changes to maintain and improve its
5 actuarial status; and that this act is necessary in order to maintain an
6 orderly system of benefits for the members of the Arkansas Teacher Retirement
7 System. Therefore, an emergency is declared to exist, and this act being
8 necessary for the preservation of the public peace, health, and safety shall
9 become effective on July 1, 2021.

10
11 SECTION 39. DO NOT CODIFY. Construction and legislative intent.

12 It is the intent of the General Assembly that:

13 (1) The enactment and adoption of this act shall not expressly or
14 impliedly repeal an act passed during the regular session of the Ninety-Third
15 General Assembly;

16 (2) To the extent that a conflict exists between an act of the
17 regular session of the Ninety- Third General Assembly and this act:

18 (A) The act of the regular session of the Ninety- Third
19 General Assembly shall be treated as a subsequent act passed by the General
20 Assembly for the purposes of:

21 (i) Giving the act of the regular session of the
22 Ninety- Third General Assembly its full force and effect; and

23 (ii) Amending or repealing the appropriate parts of the
24 Arkansas Code of 1987; and

25 (B) Section 1-2-107 shall not apply; and

26 (3) This act shall make only technical, not substantive, changes
27 to the Arkansas Code of 1987.

28
29 /s/Warren
30
31
32
33
34
35
36