

State of Arkansas
94th General Assembly
Regular Session, 2023

A Bill

HOUSE BILL 1201

By: Representative Warren
By: Senator K. Hammer

For An Act To Be Entitled

AN ACT TO ENACT THE ARKANSAS TEACHER RETIREMENT
SYSTEM'S GENERAL OMNIBUS ACT; TO CORRECT CERTAIN
REFERENCES TO "ALTERNATE RETIREMENT PLAN", "COVERED
EMPLOYER", "CREDITED SERVICE", "RETIRANT", "SERVICE
CREDIT", AND "THE SYSTEM"; TO AMEND AND ADD CERTAIN
DEFINITIONS APPLICABLE TO THE ARKANSAS TEACHER
RETIREMENT SYSTEM; TO CLARIFY THE LAW CONCERNING
BENEFIT INCREASES AND COMPUTATION, DEADLINES, SYSTEM
ASSETS, TERMINATION SEPARATION PERIOD, SERVICE
CREDIT, SECOND REVIEWS OF DISABILITY RETIREMENT
APPLICATIONS, A MEMBER'S RESIDUE, CONTRACT BUYOUT
SETTLEMENT AGREEMENTS, THE DE MINIMIS AMOUNT, AND
OTHER VARIOUS PROVISIONS APPLICABLE TO THE ARKANSAS
TEACHER RETIREMENT SYSTEM; TO DECLARE AN EMERGENCY;
AND FOR OTHER PURPOSES.

Subtitle

TO ENACT THE ARKANSAS TEACHER RETIREMENT
SYSTEM'S GENERAL OMNIBUS ACT; AND TO
DECLARE AN EMERGENCY.

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

SECTION 1. Arkansas Code § 21-5-411(a)(1)(A)(v), concerning the
eligibility of certain retired employees to participate in the State and
Public School Life and Health Insurance Program, is amended to read as



1 follows:

2 (v) An alternate retirement plan ~~of a qualifying~~
3 ~~institution under as defined in § 24-7-801~~ 24-7-202; and

4
5 SECTION 2. Arkansas Code § 24-2-302(3)(D), concerning the
6 classification under the Arkansas Teacher Retirement System of a person
7 employed in a position requiring professional training or certification with
8 an area vocational-technical school or employed by the Arkansas Educational
9 Television Commission, is amended to read as follows:

10 (D) Any person employed in a position requiring
11 professional training or certification with an area vocational-technical
12 school or employed by the Arkansas Educational Television Commission, except
13 that employees of area vocational-technical schools and the Division of
14 Career and Technical Education, the Adult Education Section, and the Office
15 of Skills Development, who have elected to participate in an alternate
16 retirement plan established by ~~§§ 24-7-901 and 24-7-903 — 24-7-908~~ § 24-7-901
17 et seq. shall be active members of the alternate retirement plan; and

18
19 SECTION 3. Arkansas Code § 24-2-401(3)(F), concerning the definition
20 of "reciprocal system" that is applicable to public employee retirement
21 plans, is amended to read as follows:

22 (F) An alternate retirement plan ~~for:~~
23 ~~(i) A college, university, or the Division of Higher~~
24 ~~Education provided for under § 24-7-801 et seq., or~~
25 ~~(ii) A vocational-technical school or the Division~~
26 ~~of Career and Technical Education, the Adult Education Section of the~~
27 ~~Division of Workforce Services, the Division of Higher Education, and the~~
28 ~~Office of Skills Development, with respect to plans provided for under § 24-~~
29 ~~7-901 et seq. as defined in § 24-7-202; or~~

30
31 SECTION 4. Arkansas Code § 24-2-401(4)(D), concerning the definition
32 of "state employer" that is applicable to public employee retirement plans,
33 is amended to read as follows:

34 (D) A public employer ~~who is:~~
35 ~~(i) A college, university, or the Division of Higher~~
36 ~~Education whose employees are covered by an alternate retirement plan~~

1 ~~provided for under § 24-7-801 et seq., or~~

2 ~~(ii) A vocational technical school or the Division~~
 3 ~~of Career and Technical Education, the Adult Education Section, and the~~
 4 ~~Office of Skills Development, whose employees are covered by an alternate~~
 5 ~~retirement plan provided for under § 24-7-901 et seq. that has an alternate~~
 6 ~~retirement plan as defined in § 24-7-202;~~

7
 8 SECTION 5. Arkansas Code § 24-2-402(g)(6), concerning death-in-service
 9 benefits as to an alternate retirement plan, is amended to read as follows:

10 (6) If the reciprocal system is an alternate retirement plan
 11 ~~under § 24-7-801 et seq. or § 24-7-901 et seq. as defined in § 24-7-202,~~
 12 death-in-service benefits shall be contingent on death-in-service benefits
 13 having been provided by the alternate retirement plan and having been
 14 selected by the member as a benefit.

15
 16 SECTION 6. Arkansas Code § 24-2-402(k), concerning the payment of
 17 payable benefits in accordance with terms specified in a written alternate
 18 retirement plan document, is amended to read as follows:

19 (k) If the reciprocal system is an alternate retirement plan ~~for a~~
 20 ~~college, a university, or the Division of Higher Education provided for under~~
 21 ~~§ 24-7-801 et seq., or for a vocational technical school or the Department of~~
 22 ~~Career Education provided for under § 24-7-901 et seq. as defined in § 24-7-~~
 23 ~~202,~~ the benefits payable shall be in accordance with terms specified in the
 24 written alternate retirement plan document for purchasing the insurance
 25 policies or annuity contracts, both fixed and variable in nature, for the
 26 participants.

27
 28 SECTION 7. Arkansas Code § 24-4-901(a)(1)(F), concerning credited
 29 service and reciprocity under the Arkansas Public Employees' Retirement
 30 System and the amount of annuity awarded to a member employed by an alternate
 31 retirement plan, is amended to read as follows:

32 (F) An alternate retirement plan ~~under § 24-8-101 et seq.~~
 33 ~~or § 24-9-201 et seq. as defined in § 24-7-202;~~ or

34
 35 SECTION 8. Arkansas Code § 24-4-901(a)(3)(B), concerning credited
 36 service and reciprocity under the Arkansas Public Employees' Retirement

1 System and the computation of final average compensation for credited service
 2 in the Arkansas Judicial Retirement System or an alternate retirement plan,
 3 is amended to read as follows:

4 (B) Compensation for credited service in the Arkansas
 5 Judicial Retirement System or an alternate retirement plan ~~under § 24-8-101~~
 6 ~~et seq. or § 24-9-201 et seq.~~ as defined in § 24-7-202 shall not be used to
 7 determine final average compensation.

8
 9 SECTION 9. Arkansas Code § 24-4-901(b)(1)(F), concerning credited
 10 service and reciprocity under the Arkansas Public Employees' Retirement
 11 System and what criteria an annuity is determined from when a member of an
 12 alternate retirement plan retires due to disability or dies in service, is
 13 amended to read as follows:

14 (F) An alternate retirement plan ~~under § 24-8-101 et seq.~~
 15 ~~or § 24-9-201 et seq.~~ as defined in § 24-7-202; or

16
 17 SECTION 10. Arkansas Code § 24-4-901(b)(4), concerning credited
 18 service and reciprocity under the Arkansas Public Employees' Retirement
 19 System and the contingency of disability and death-in-service benefits being
 20 awarded if provision of the benefits were provided to the alternate
 21 retirement plan and were selected by the member as a benefit, is amended to
 22 read as follows:

23 (4) If a member has service credit in an alternate retirement
 24 plan ~~under § 24-8-101 et seq. or § 24-9-201 et seq.~~ as defined in § 24-7-202,
 25 disability and death-in-service benefits shall be contingent on provision of
 26 those benefits having been provided by the alternate retirement plan and
 27 having been selected by the member as a benefit.

28
 29 SECTION 11. Arkansas Code § 24-4-901(d)(6), concerning credited
 30 service and reciprocity under the Arkansas Public Employees' Retirement
 31 System and the provision of reciprocal service credits between contributory
 32 and noncontributory members of an alternate retirement plan, is amended to
 33 read as follows:

34 (6) An alternate retirement plan ~~for a college, university, or~~
 35 ~~the Division of Higher Education provided for under § 24-8-101 et seq. or for~~
 36 ~~a vocational technical school or the Division of Career and Technical~~

~~Education, the Adult Education Section, and the Office of Skills Development,~~
~~provided for under § 24-9-201 et seq. as defined in § 24-7-202; and~~

SECTION 12. Arkansas Code § 24-7-202(7), concerning the definition of "annuity" applicable to the Arkansas Teacher Retirement System, is amended to read as follows:

(7) "Annuity" means an amount payable to a ~~retirant~~ retiree each fiscal year by the Arkansas Teacher Retirement System in equal monthly installments;

SECTION 13. Arkansas Code § 24-7-202(14), concerning the definition of "credited service" applicable to the Arkansas Teacher Retirement System, is amended to read as follows:

(14) "Credited service" means service which is ~~creditable~~ credited as service by the Arkansas Teacher Retirement System;

SECTION 14. Arkansas Code § 24-7-202(19)(D)(iii), concerning the definition of "employment with a school" applicable to the Arkansas Teacher Retirement System, is amended to read as follows:

(iii) Each education-related agency or organization shall ~~be~~:

(a) ~~Approved~~ Be approved according to rules established by the ~~board~~ Board of Trustees of the Arkansas Teacher Retirement System;

(b) ~~Considered an employer under subdivision (18) of this section~~ Become a covered employer at the time that an employee elects to become or remain a member of the Arkansas Teacher Retirement System; and

(c) Be considered a covered employer only for each employee who elects to become or remain a member of the Arkansas Teacher Retirement System; and

(d) ~~Responsible~~ Be responsible for all required employer contributions;

SECTION 15. Arkansas Code § 24-7-202(21)(B), concerning the definition of "inactive member" applicable to the Arkansas Teacher Retirement System, is

1 amended to read as follows:

2 (B) Not a ~~retirant~~ retiree;

3
4 SECTION 16. Arkansas Code § 24-7-202(28), concerning the definition of
5 "normal retirement age" applicable to the Arkansas Teacher Retirement System,
6 is amended to read as follows:

7 (28) "Normal retirement age" means:

8 (A) Sixty-five (65) years of age if the member has at
9 least five (5) years of actual service or reciprocal service; or

10 (B) ~~At least sixty (60) years of age if the member has a~~
11 ~~combined total of thirty-eight (38) years or more of credited service in the~~
12 ~~Arkansas Teacher Retirement System, Teacher Deferred Retirement Option Plan,~~
13 ~~or reciprocal service in another eligible state retirement system~~ Sixty (60)
14 years of age or older if the member's age and the member's combined years of
15 credited service in the Arkansas Teacher Retirement System, Teacher Deferred
16 Retirement Option Plan, or reciprocal service in another eligible state
17 retirement system total ninety-eight (98);

18
19 SECTION 17. Arkansas Code § 24-7-202(32), concerning the definition of
20 "retiree" or "retirant" under the Arkansas Teacher Retirement System, is
21 amended to read as follows:

22 (32) "Retiree" ~~or "retirant"~~ means a member receiving an
23 Arkansas Teacher Retirement System annuity;

24
25 SECTION 18. Arkansas Code § 24-7-202, concerning definitions
26 applicable to the Arkansas Teacher Retirement System, is amended to add
27 additional subdivisions to read as follows:

28 (45)(A) "Benefit enhancement" means any change to the current
29 benefit policy for a retired, active, or inactive member of the Arkansas
30 Teacher Retirement System or T-DROP participant that increases the
31 amortization period by one (1) year or more.

32 (B) Benefit enhancement does not include any change that is
33 required to comply with federal law, prevent a manifest injustice, correct an
34 error, avoid an unintended consequence of an existing statutory provision, or
35 prevent undue hardship on any benefit participant or class of benefit
36 participants.

(46) "Employment with a covered employer" means the employment of an employee that would require a covered employer to pay employer contributions to the system; and

(47) "Residue" for the purposes of § 24-7-701 et seq. means the difference between the accumulated contributions and regular interest credited to the retirement reserve account as of the member's effective date of retirement and the total amount of retirement annuities paid.

SECTION 19. Arkansas Code § 24-7-207 is amended to read as follows:
24-7-207. Increase in benefit amount.

(a)(1) The Board of Trustees of the Arkansas Teacher Retirement System is authorized ~~by this act~~ to raise the level of benefits provided to the current ~~retirants~~ retirees and other beneficiaries of the Arkansas Teacher Retirement System ~~to a comparable level increase to match the increase in benefits that would accrue to active members as a result of any reduction of the calculation of "final average salary" to not less than a three-year period nor more than the five-year period in accordance with any rules the board might promulgate.~~

(2) The board may raise the level of benefits to a comparable level increase that matches the increase in benefits that would accrue to active members as a result of any reduction caused by setting the applicable number of years used in computing final average salary for retirement benefits at not less than three (3) years and not more than five (5) years in accordance with any rules that the board may promulgate.

(b) The amount of any increase for ~~retirants~~ retirees and other beneficiaries shall also be determined in accordance with the rules of the board as is actuarially appropriate for the system.

SECTION 20. Arkansas Code § 24-7-301(4) and (5), concerning the membership of the Board of Trustees of the Arkansas Teacher Retirement System and the election thereof, are amended to read as follows:

(4)(A) Three (3) ~~retirants~~ retirees shall be elected ~~retirant~~ retiree trustees by the retirees of the system.

(B) Each ~~retirant~~ retiree trustee shall be a ~~retirant~~ retiree with an annuity being paid by the system at the beginning of his or her term of office;

(5) The member and ~~retirant~~ retiree trustees shall be elected in accordance with rules as have been adopted by the board to govern the elections; and

SECTION 21. Arkansas Code § 24-7-302(a)(2)(B), concerning the ineligibility of a retirant trustee to serve on the Board of Trustees of the Arkansas Teacher Retirement System after becoming active, is amended to read as follows:

(B) A ~~retirant~~ retiree trustee is ineligible to serve after becoming active.

SECTION 22. Arkansas Code § 24-7-305(b)(5), concerning the ability of the Board of Trustees of the Arkansas Teacher Retirement System to set a de minimis amount to charge for distributing or collecting various moneys, is amended to read as follows:

(5) The board may set or amend by a motion or resolution at any board meeting a de minimis amount ~~of twenty-five dollars (\$25.00) or less~~ concerning the system's obligation to distribute or collect payments, penalties, interest, funds, or moneys.

SECTION 23. Arkansas Code § 24-7-403(b), concerning the restriction of trustees, officers, and employees of the Board of Trustees of the Arkansas Teacher Retirement System from holding an interest in the gains or profits of any of the board's investments, is amended to read as follows:

(b)(1) Except as to the rights of a member, ~~retirant~~ retiree, or beneficiary, ~~no trustee and no officer or employee~~ a trustee, officer, or employee of the board shall not have any direct or indirect interest, ~~direct or indirect~~, in the gains or profits of any investment made by the board.

(2) ~~Nor shall any of them, directly or indirectly, for himself or herself or as an agent, in any manner use the assets of the system except to make such current and necessary payments as are authorized by the board; nor shall any of them become an endorser or surety or become in any manner an obligor for moneys loaned by or borrowed from the board~~ A trustee, officer, or employee of the board shall not directly or indirectly use the assets of the system in any manner for himself or herself or as an agent.

(3) A trustee, officer, or employee of the board shall not in

1 any manner become an endorser, surety, or obligor for moneys loaned by or
 2 borrowed from the board.

3 (4) A trustee, officer, or employee of the board may make such
 4 current and necessary payments as are authorized by the board.

6 SECTION 24. Arkansas Code § 24-7-408 is amended to read as follows:

7 24-7-408. Retirement fund assets accounts – Retirement reserve
 8 account.

9 (a) The retirement reserve account shall be the account from which
 10 shall be paid all annuities and benefits in lieu of annuities payable as
 11 provided in this act to ~~retirants~~ retirees who retired on account of
 12 superannuation or disability and to beneficiaries of such ~~retirants~~ retirees.

13 (b) If a disability ~~retirant~~ retiree returns to teaching service:

14 (1) The amount of his or her accumulated contributions at the
 15 time of his or her disability retirement shall be transferred from the
 16 retirement reserve account to the members' deposit account; and

17 (2) The remainder of his or her annuity reserve at the time of
 18 return shall be transferred from the retirement reserve account to the
 19 employer accumulation account.

21 SECTION 25. Arkansas Code § 24-7-501(a)(2)(B)(iii), concerning the
 22 employer contribution rate under the Arkansas Teacher Retirement System being
 23 established at a rate necessary to fund liabilities, is amended to read as
 24 follows:

25 (iii) The employer contribution rate for this closed
 26 system shall be established at a rate necessary to fund all present and
 27 future liabilities until such time as there are no longer members, ~~retirants~~
 28 retirees, or deferred annuitants.

30 SECTION 26. Arkansas Code § 24-7-502(a)(6), concerning restrictions on
 31 a member during his or her termination separation period under the Arkansas
 32 Teacher Retirement System, is amended to read as follows:

33 (6) During the termination separation period, the member shall
 34 remain terminated and shall not:

35 (A) Form an employment relationship with ~~any system-~~
 36 ~~covered employer~~ a covered employer;

(B) Render any compensable services to or on behalf of ~~any system-covered employer~~ a covered employer, except that a member may ~~provide~~ perform volunteer activities ~~at a system-covered employer~~ for a covered employer that ~~does~~ do not have the effect of holding a position open for the member during a termination separation period; ~~and~~

(C) Exercise any authority to act as a representative of ~~any system-covered employer~~ a covered employer or exercise any authority over employees of ~~any system-covered employer~~ a covered employer; or

(D) Be indirectly employed by or through an independent contractor, limited liability company, partnership, corporation, or legal entity that is employed by a covered employer if the member has substantial control of the employer-employee relationship, including without limitation the ability to negotiate rates of pay with the covered employer or assign work and work hours to the member.

SECTION 27. Arkansas Code § 24-7-601(e)(5), concerning the provision of a benefit amount that is not dependent on length of credited service under the Arkansas Teacher Retirement System, is amended to read as follows:

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

SECTION 28. Arkansas Code § 24-7-601(g)(1), concerning concurrent service earned in the Arkansas Teacher Retirement System and reciprocal systems, is amended to add an additional subdivision to read as follows:

(C) A member's part-time employment with a PSHE employer or an employer covered by the Arkansas Public Employees' Retirement System shall not prevent the member from earning service credit under the Arkansas Teacher Retirement System if the member does not earn service credit in an alternate retirement plan or the Arkansas Public Employees' Retirement System.

SECTION 29. Arkansas Code § 24-7-602(c)(1), concerning military service credit under the Arkansas Teacher Retirement System when a member

1 leaves employment with a school to serve in the uniformed services of the
2 United States and later returns to employment with a school, is amended to
3 read as follows:

4 (c)(1)(A) ~~Effective December 12, 1994, a~~ A member who leaves
5 employment with a school or employment with a covered employer to serve, on a
6 voluntary or involuntary basis, in the uniformed services of the United
7 States and returns to employment with a school or employment with a covered
8 employer shall be treated as not having incurred a break in service with the
9 employer.

10 (B) The employer shall certify to the system that
11 reemployment was in accordance with the requirements set forth in section
12 4312 of the Uniformed Services Employment and Reemployment Rights Act of
13 1994, Pub. L. No. 103-353.

14
15 SECTION 30. Arkansas Code § 24-7-701(a)(1)(B), concerning the time
16 frame necessary for a member to submit a complete application for voluntary
17 retirement under the Arkansas Teacher Retirement System, is amended to read
18 as follows:

19 (B) If a member fails to submit a complete retirement
20 application ~~within six (6) calendar months after~~ by the end of the sixth full
21 calendar month immediately following the effective date of benefits,
22 including all additional documentation required by the system, the
23 application shall be void unless an extension has been granted by the ~~system~~
24 Executive Director of the Arkansas Teacher Retirement System.

25
26 SECTION 31. Arkansas Code § 24-7-701(e)(1), concerning when a member
27 may cancel an application for voluntary retirement benefits under the
28 Arkansas Teacher Retirement System, is amended to read as follows:

29 (e)(1) A member may cancel an application for voluntary retirement
30 benefits ~~up to two (2) calendar months after~~ any time before the end of the
31 second full calendar month immediately following the effective date of
32 benefits.

33
34 SECTION 32. Arkansas Code § 24-7-702(a)(1)(A) and (B), concerning a
35 member's application for voluntary early retirement under the Arkansas
36 Teacher Retirement System, are amended to read as follows:

1 (a)(1)(A) Except as provided under subdivision (a)(2) of this section,
2 an active or inactive member who has a combined total of twenty-five (25) or
3 more years of actual and reciprocal service, including purchased or free
4 credited service, but has not attained sixty (60) years of age and is not
5 eligible for retirement under § 24-7-701 may voluntarily retire early by
6 filing a written application with the ~~Board of Trustees of the Arkansas~~
7 ~~Teacher Retirement System~~ Arkansas Teacher Retirement System.

8 (B) If a member fails to submit a complete retirement
9 application ~~within six (6) calendar months of~~ by the end of the sixth full
10 calendar month immediately following the effective date of benefits,
11 including all additional documentation required by the Arkansas Teacher
12 Retirement System, the application shall be void unless an extension is
13 granted by the ~~system~~ Executive Director of the Arkansas Teacher Retirement
14 System.

15
16 SECTION 33. Arkansas Code § 24-7-702(f)(1), concerning when a member
17 may cancel an application for early voluntary retirement benefits under the
18 Arkansas Teacher Retirement System, is amended to read as follows:
19 (f)(1) A member may cancel an application for early voluntary
20 retirement benefits up to two (2) full calendar months after the effective
21 date of benefits.

22
23 SECTION 34. Arkansas Code § 24-7-704(a)(1)(D)(i) and (ii), concerning
24 when a member must submit an application and accompanying documentation for
25 disability retirement under the Arkansas Teacher Retirement System, are
26 amended to read as follows:

27 (D)(i) A member has ~~six (6) calendar months from~~ until the
28 end of the sixth full calendar month immediately following the date of his or
29 her application for disability retirement to submit a completed application
30 and accompanying documentation.

31 (ii) If a member does not provide all accompanying
32 documentation requested by the system ~~within the six (6) calendar months by~~
33 the end of the sixth full calendar month immediately following the date of
34 his or her application for disability retirement, the system shall:

35 (a) Submit the application to the medical
36 committee for review as complete; or

(b) Withdraw the application at the request of the member unless an extension is granted by the ~~system~~ Executive Director of the Arkansas Teacher Retirement System.

SECTION 35. Arkansas Code § 24-7-704(a)(1)(G) and (H), concerning actions by the medical committee related to when a member submits an application for disability retirement under the Arkansas Teacher Retirement System, are amended to read as follows:

(G) If the medical committee requests additional documentation upon initial review, a member has ~~six (6) calendar months from~~ until the end of the sixth full calendar month immediately following the date of a medical committee request to submit any additional accompanying documentation unless an extension is granted by the ~~system~~ executive director.

(H)(i) If the medical committee finds that a member is not qualified to receive disability benefits, written notice of the medical committee's finding shall be sent to the member and the member may request a second review provided the member submits additional medical documentation.

(ii)(a) ~~A second review may be requested one (1) time~~ A member may request a second review one (1) time for each application for disability retirement filed by the member.

(b) A member's option to request a second review does not apply to a disability retiree who applies for a review under subsection (b) of this section.

(iii) The member has ~~six (6) calendar months until~~ the end of the sixth full calendar month immediately following the date of the written notice to submit additional medical documentation unless an extension is granted by the ~~system~~ executive director.

SECTION 36. Arkansas Code § 24-7-704(a)(3)(B), concerning when a member must submit all documents and election forms required to begin annuity payments for disability retirement under the Arkansas Teacher Retirement System, is amended to read as follows:

(B) If a member does not submit the required documents ~~within six (6) calendar months after~~ by the end of the sixth full calendar month immediately following the date on which the medical committee finds

1 that the member qualifies to receive disability benefits, the member's
2 application shall be void unless an extension has been granted by the ~~system~~
3 executive director.

4
5 SECTION 37. Arkansas Code § 24-7-704(a)(4), concerning restrictions on
6 when a member is eligible to begin receiving disability retirement payments
7 under the Arkansas Teacher Retirement System, is amended to read as follows:

8 (4) To begin receiving disability retirement, a member shall
9 not:

10 (A) Be employed by a ~~system-covered employer~~ covered
11 employer; or

12 (B) ~~Be indirectly employed by or through an independent~~
13 ~~contractor, limited liability company, partnership, corporation, or legal~~
14 ~~entity that is employed by a system-covered employer if the member has~~
15 ~~substantial control of the employer-employee relationship, including without~~
16 ~~limitation the ability to negotiate rates of pay with the system-covered~~
17 ~~employer or assign work and work hours to the member~~ Unless otherwise
18 provided by law, perform any action described in § 24-7-502(a)(6).

19
20 SECTION 38. Arkansas Code § 24-7-704(b)(3)(C)(iii), concerning actions
21 not taken by a disability retiree under the Arkansas Teacher Retirement
22 System that will cause termination of disability retirement benefits, is
23 amended to read as follows:

24 (iii) Apply for a review by the system's medical
25 committee ~~within three (3) months of disability benefits ceasing by the end~~
26 of the third full calendar month immediately following the cessation of
27 disability benefits due to the lack of a Social Security Administration
28 determination letter finding that the disability retiree is unable to perform
29 his or her former work duties as described in subdivision (a)(1)(E)(iii) of
30 this section.

31
32 SECTION 39. Arkansas Code § 24-7-704(b)(3)(D)(i), concerning certain
33 conditions that allow a disability retiree under the Arkansas Teacher
34 Retirement System to seek a review by the system's medical committee, is
35 amended to read as follows:

36 (D)(i) A disability retiree who seeks and fails to receive

1 a determination letter finding the disability retiree is unable to perform
 2 his or her former work duties as described in subdivision (a)(1)(E)(iii) of
 3 this section by the Social Security Administration may seek a review
 4 permitted under subdivision (b)(3)(C)(iii) of this section no earlier than
 5 three (3) full calendar months before the date on which the member's
 6 disability retirement would otherwise end and no later than ~~three (3) months~~
 7 after the end of the third full calendar month immediately following the
 8 termination of disability retirement.

9
 10 SECTION 40. Arkansas Code § 24-7-706(a)-(e), concerning annuity
 11 options under the Arkansas Teacher Retirement System, are amended to read as
 12 follows:

13 (a)(1) Before the date the first payment of his or her annuity becomes
 14 due, a member may elect to receive his or her annuity as a straight life
 15 annuity, or he or she may elect to receive the actuarial equivalent, at that
 16 time, of his or her straight life annuity in a reduced annuity payable
 17 throughout his or her life.

18 (2) The member may nominate a beneficiary, in accordance with
 19 one (1) of the following options:

20 (A) Option A – 100% Survivor Annuity.

21 (i) Under Option A, upon the death of a ~~retirant~~
 22 retiree, his or her reduced annuity shall be continued throughout the life of
 23 and paid to such person as he or she shall have nominated by written
 24 designation executed and filed with the Board of Trustees of the Arkansas
 25 Teacher Retirement System before the date the first payment of his or her
 26 annuity becomes due.

27 (ii) The person designated as a beneficiary by the
 28 ~~retirant~~ retiree shall be:

29 (a) The ~~retirant's~~ retiree's spouse for not
 30 less than one (1) year immediately preceding the first payment due date; or

31 (b) A dependent child of the ~~retirant~~ retiree
 32 who has been adjudged physically or mentally incapacitated by a court of
 33 competent jurisdiction;

34 (B) Option B – 50% Survivor Annuity.

35 (i) Under Option B, upon the death of a ~~retirant~~
 36 retiree, one-half ($\frac{1}{2}$) of his or her reduced annuity shall be continued

1 throughout the life of and paid to such person as he or she has nominated by
2 written designation executed and filed with the board before the date the
3 first payment of his or her annuity becomes due.

4 (ii) The person designated as a beneficiary by the
5 ~~retirant~~ retiree shall be:

6 (a) The ~~retirant's~~ retiree's spouse for not
7 less than one (1) year immediately preceding the first payment due date; or

8 (b) A dependent child of the ~~retirant~~ retiree
9 who has been adjudged physically or mentally incapacitated by a court of
10 competent jurisdiction; or

11 (C) Option C – Annuity for Ten (10) Years Certain and Life
12 Thereafter.

13 (i) Under Option C, a ~~retirant~~ retiree shall receive
14 a reduced annuity payable throughout his or her life with the provision that
15 if he or she dies before he or she has received one hundred twenty (120)
16 monthly annuity payments, the payments shall be continued for the remainder
17 of the period of one hundred twenty (120) months and paid to such persons in
18 equal shares as the ~~retirant~~ retiree has nominated by written designation
19 executed and filed with the board.

20 (ii) If the designated beneficiaries predecease the
21 ~~retirant~~ retiree, the ~~retirant~~ retiree may nominate successor beneficiaries
22 or may elect to return to his or her single lifetime benefit equivalent by
23 written designation executed and filed with the board, to be effective the
24 month following receipt of his or her election by the Arkansas Teacher
25 Retirement System.

26 (iii)(a) If the designated beneficiary is the spouse
27 of the ~~retirant~~ retiree and the marriage ends in divorce or other marriage
28 dissolution, the ~~retirant~~ retiree may:

29 (1) Nominate a successor beneficiary; or
30 (2) Elect to return to his or her single
31 lifetime benefit equivalent.

32 (b) The nomination or election made under
33 subdivision (a)(2)(C)(iii)(a) of this section shall be in writing, executed
34 by the ~~retirant~~ retiree, and filed with the board, to be effective the month
35 following receipt of his or her election by the system.

36 (iv) If no designated beneficiary survives the

1 ~~retirant~~ retiree, the annuity reserve for the remainder of the annuity
2 payments shall be paid to the ~~retirant's~~ retiree's estate.

3 (v) If the last designated beneficiary receiving
4 annuity payments dies before all annuity payments are made, the annuity
5 reserve for the remainder of the annuity payments shall be paid to the
6 beneficiary's estate.

7 (vi) Effective the month following completion of the
8 one-hundred-twenty-month period, the ~~retirant's~~ retiree's annuity shall
9 return to his or her single lifetime benefit equivalent.

10 (3) In addition to the persons eligible to be designated as a
11 beneficiary under either Option A or Option B in subdivision (a)(2) of this
12 section, the board may promulgate rules concerning the addition of classes of
13 eligible persons to be designated as a beneficiary under this section and for
14 the rights of option beneficiaries of deceased disability retirees under §
15 24-7-704.

16 (b)(1)(A) If a member's marital status changes after retirement due to
17 the death of the member's spouse, or a divorce or marriage dissolution from
18 the member's spouse who is also the member's designated beneficiary, then the
19 member may elect to cancel any optional plan designating the former spouse as
20 a beneficiary.

21 (B) A member's election under subdivision (b)(1)(A) of
22 this section shall cause the member to return to his or her lifetime benefit
23 equivalent, to be effective the month following the system's receipt of the
24 approved form.

25 (2) A ~~retirant~~ retiree who is receiving a single lifetime
26 benefit and who marries after retirement may elect to cancel his or her
27 single lifetime benefit and may elect an annuity providing continuing
28 lifetime benefits to his or her spouse under rules promulgated by the board.

29 (c) If a member fails to elect an option, his or her annuity shall be
30 paid to him or her as a straight life annuity.

31 (d)(1) Notwithstanding anything contained in this section to the
32 contrary, the residue beneficiary under § 24-7-709 may elect to cancel the
33 form of annuity in effect and elect Option A – 100% Survivor Annuity upon the
34 death of a ~~retirant~~ retiree on or after July 1, 1989, if:

35 (A) The ~~retirant~~ retiree died within one (1) year
36 following the effective date of retirement;

(B) The ~~retirant~~ retiree was receiving a straight life annuity; and

(C) The residue beneficiary otherwise qualifies for an Option A – 100% Survivor Annuity.

(2) The election to change may be made only one (1) time and shall be on a form approved by the system.

(3) The election form must be received by the system within one hundred twenty (120) days of the death of the retiree.

(e)(1) Notwithstanding anything in this section to the contrary, a ~~retirant~~ retiree who retired on or after July 1, 1994, may elect to cancel his or her election made at retirement for receiving an annuity and elect another option, provided that he or she:

(A) Does so within one (1) year after July 1, 1995, or within one (1) year of retirement;

(B) Files with the system a new election form approved by the system; and

(C)(i) Repays to the system the difference between the amount of the annuity received when he or she retired and the new annuity due as a result of the election change, plus interest from July 1, 1994, or his or her retirement date, whichever is later, to the date of payment in full.

(ii) The difference shall be calculated retroactively to July 1, 1994, or his or her retirement date, whichever is later.

(2) The election to change shall be made only one (1) time.

(3) The election change shall be effective retroactively to the effective date of his or her annuity.

SECTION 41. Arkansas Code § 24-7-707(d), concerning when a member must submit an application for deferred retirement under the Arkansas Teacher Retirement System, is amended to read as follows:

(d) If a member fails to submit a complete deferred retirement application ~~within six (6) calendar months of~~ by the end of the sixth full calendar month immediately following the effective date of benefits, including all additional documentation required by the system, the application shall be void unless an extension is granted by the ~~system~~ Executive Director of the Arkansas Teacher Retirement System.

SECTION 42. Arkansas Code § 24-7-707(e)(1), concerning when a member may cancel an application for deferred retirement under the Arkansas Teacher Retirement System, is amended to read as follows:

(e)(1) A member may cancel an application for deferred retirement benefits any time before ~~two (2) calendar months from the end of the second full calendar month immediately following~~ the effective date of benefits.

SECTION 43. Arkansas Code § 24-7-709 is amended to read as follows:

24-7-709. Disposition of ~~member~~ retiree contributions – Residue.

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

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

(2) If a retiree designates more than one (1) beneficiary, the residue shall be divided equally among each designated beneficiary.

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

(4) If all designated beneficiaries predecease the retiree, the residue shall be paid to the estate of the most recently deceased designated beneficiary.

(b) If upon the termination of the option annuity no surviving beneficiary designated by the ~~member~~ retiree survives and it is impracticable to make payment to the ~~member's~~ retiree's estate, the residue shall be forfeited to the trust assets of the system subject to any valid claim of the ~~member's~~ retiree's estate under § 24-7-734.

SECTION 44. Arkansas Code § 24-7-710(a)(2)(B), concerning when an

1 eligible survivor or a minor survivor's guardian or legal representative must
2 complete an application for survivor annuity benefits under the Arkansas
3 Teacher Retirement System, is amended to read as follows:

4 (B) If an immediately eligible survivor or the minor
5 survivor's guardian or legal representative fails to complete the application
6 process ~~within six (6) calendar months after~~ by the end of the sixth full
7 calendar month following the date on which the application required under
8 subdivision (a)(2)(A) of this section is filed, including the submission of
9 any additional documentation required by the system, the application shall be
10 void unless an extension is granted by the ~~system~~ Executive Director of the
11 Arkansas Teacher Retirement System.

12
13 SECTION 45. Arkansas Code § 24-7-710(b)(1)(A)(i), concerning a
14 member's survivor annuity under the Arkansas Teacher Retirement System and
15 when it is received by a member's surviving spouse who was married to the
16 member for at least the two (2) years immediately preceding the member's
17 death, is amended to read as follows:

18 (b)(1)(A)(i) Unless the member otherwise directs an alternative
19 beneficiary to receive the member's residue amount by using a beneficiary
20 form approved by the system, a member's surviving spouse, who was married to
21 the member for at least the two (2) years immediately preceding the member's
22 death, shall receive an annuity computed in the same manner in all respects
23 as if the member had retired on the date of the member's death and elected
24 Option A under § 24-7-706 to provide one hundred percent (100%) survivor
25 annuity benefits, including benefits applicable under § 24-7-713, for his or
26 her spouse.

27
28 SECTION 46. Arkansas Code § 24-7-710(b)(1)(B)(ii), concerning when an
29 immediately eligible spouse must complete an application process for a
30 survivor annuity benefit under the Arkansas Teacher Retirement System, is
31 amended to read as follows:

32 (ii) If an immediately eligible spouse fails to
33 complete the application process ~~within six (6) calendar months after~~ by the
34 end of the sixth full calendar month following the date on which the
35 application required under subdivision (b)(1)(B)(i) of this section is filed,
36 including the submission of all additional documentation required by the

1 system, the application shall be void unless an extension is granted by the
2 ~~system~~ executive director.

3
4 SECTION 47. Arkansas Code § 24-7-710(b)(1)(C)(ii), concerning when a
5 surviving spouse's application for surviving spouse benefits becomes void
6 under the Arkansas Teacher Retirement System, is amended to read as follows:

7 (ii) If a surviving spouse becomes eligible for
8 surviving spouse benefits and fails to complete the application process
9 ~~within six (6) calendar months after~~ by the end of the sixth full calendar
10 month following the date on which the application required under subdivision
11 (b)(1)(B)(i) of this section is filed, including the submission of any
12 additional documentation required by the system, the application shall be
13 void unless an extension is granted by the ~~system~~ executive director.

14
15 SECTION 48. Arkansas Code § 24-7-713(a)(1), concerning when certain
16 persons receiving benefits under the Arkansas Teacher Retirement System
17 receive a simple cost of living adjustment, is amended to read as follows:

18 (a)(1) July 1 of each year, ~~retirants~~ retirees, survivors,
19 participants in the Teacher Deferred Retirement Option Plan, and annuity
20 beneficiaries who have been receiving monthly benefits for the previous
21 twelve (12) months shall receive a simple cost of living adjustment.

22
23 SECTION 49. Arkansas Code § 24-7-713(d), concerning the administration
24 of the Arkansas Teacher Retirement System benefit stipend by the Board of
25 Trustees of the Arkansas Teacher Retirement System, is amended to read as
26 follows:

27 (d)(1) The board may remove by board resolution the benefit stipend
28 from the base amount of current ~~retirants~~ retirees and option beneficiaries
29 if the board determines that the removal of the benefit stipend from the base
30 amount is prudent in order to maintain actuarial soundness.

31 (2) The board may phase in the removal of the benefit stipend
32 from the base amount of current ~~retirant~~ retiree and option beneficiaries by
33 board resolution.

34
35 SECTION 50. Arkansas Code § 24-7-714 is amended to read as follows:

36 24-7-714. Increase in monthly benefits – Acts 1979, No. 655, and Acts

1 1981, No. 885.

2 (a) The monthly retirement benefit payable to ~~retirants~~ retirees and
3 beneficiaries of the Arkansas Teacher Retirement System who were retired on
4 or before July 1, 1978, and who were receiving benefits on July 1, 1979,
5 shall be increased as follows:

6 (1) For all benefits to ~~retirants~~ retirees and beneficiaries of
7 the system whose total credited service is before July 1, 1961, a monthly
8 benefit increase equal to one dollar (\$1.00) per each year of credited
9 service;

10 (2) For all benefits to ~~retirants~~ retirees and beneficiaries of
11 the system which are based in whole or in part upon credited service rendered
12 after July 1, 1961, a monthly benefit increase equal to seventy-five cents
13 (75¢) per each year of credited service;

14 (3) For benefit increases authorized by subdivisions (a)(1) and
15 (2) of this section, fractional years of service shall be disregarded, and
16 the increase shall be added to the monthly annuity after the annual
17 postretirement increase based on the consumer price index has been applied to
18 the ~~retirant's~~ retiree's base annuity; and

19 (4) In the event that there is more than one (1) beneficiary or
20 survivor of a member or ~~retirant~~ retiree receiving benefits, the increases in
21 subdivisions (a)(1) and (2) of this section shall be based upon the member's
22 total credited service. The benefit increase so determined shall be divided
23 between the survivors or beneficiaries in proportion to their base annuities.

24 (b) For retirements effective after July 1, 1978, for which a monthly
25 benefit is payable for the month of July 1981 or later, calculations shall be
26 made as provided in subdivisions (b)(1) and (2) of this section. If the
27 monthly benefit calculated using subdivision (b)(1) of this section is more
28 than the monthly benefit calculated using subdivision (b)(2) of this section,
29 then the difference shall be paid to the ~~retirant~~ retiree as a monthly
30 benefit increase, subject to the provisions of subdivisions (b)(3)-(6) of
31 this section, as follows:

32 (1) Calculate the monthly annuity payable to the member under §
33 24-7-705, based on the provisions of § 24-7-705, his or her salary record,
34 and his or her service record, all as of July 1, 1978, and add seventy-five
35 cents (75¢) for each year of the member's credited service rendered before
36 July 1, 1978;

1 (2) Calculate the monthly annuity payable to the member under
2 the provisions of § 24-7-705 in effect at the time of the member's
3 retirement;

4 (3) For benefit increases authorized by this subsection,
5 fractional years of service shall be disregarded. The increase shall be added
6 to the monthly annuity after the annual postretirement increase based on the
7 consumer price index has been applied to the ~~retirant's~~ retiree's base
8 annuity;

9 (4) In the event that there is more than one (1) beneficiary or
10 survivor of a member or ~~retirant~~ retiree receiving benefits, the increases in
11 this subsection shall be based upon the member's total credited service, and
12 the benefit increase so determined shall be divided between the survivors or
13 beneficiaries in proportion to their base annuities;

14 (5) Any benefit increase created by this subsection shall be
15 effective at retirement but not for any month before July 1981; and

16 (6) If there is any change in § 24-7-705 after the member's
17 retirement, the amount under subdivision (b)(2) of this section shall be
18 recalculated using the changed provisions, and the benefit increase provided
19 by this subsection shall be changed correspondingly.

20
21 SECTION 51. Arkansas Code § 24-7-727(a)(1), concerning when the Board
22 of Trustees of the Arkansas Teacher Retirement System may compound the cost
23 of living adjustment for retirants and participants in the Teacher Deferred
24 Retirement Option Plan, is amended to read as follows:

25 (a)(1) ~~After July 1, 1999, the~~ The Board of Trustees of the Arkansas
26 Teacher Retirement System may compound the cost of living adjustment for all
27 ~~retirants~~ retirees and participants in the Teacher Deferred Retirement Option
28 Plan who have received a monthly retirement benefit for the prior twelve-
29 month period.

30
31 SECTION 52. Arkansas Code § 24-7-727(b)(3)(A), concerning when the
32 Board of Trustees of the Arkansas Teacher Retirement System may reverse a
33 compounding of the cost of living adjustment for retirants and participants
34 in the Teacher Deferred Retirement Option Plan, is amended to read as
35 follows:

36 (3)(A) The board may reverse a compounding of the cost of living

adjustment for all ~~retirants~~ retirees and participants in the Teacher
Deferred Retirement Option Plan who benefit from the compounding.

SECTION 53. Arkansas Code § 24-7-728 is amended to read as follows:

24-7-728. Computation of benefits based on life annuity.

(a)(1) The Board of Trustees of the Arkansas Teacher Retirement System is authorized ~~by this section~~ to raise the level of benefit to the current ~~retirants~~ retirees and other beneficiaries of the Arkansas Teacher Retirement System ~~to a comparable level increase to match the increase in benefits that would accrue to active members as a result of any increase in the calculation of a life annuity as provided in § 24-7-705(a)(1) in accordance with any rules the board might promulgate.~~

(2) The board may raise the level of benefit to a comparable level increase that matches the increase in benefits that would accrue to active members as a result of any increase in the calculation of a life annuity as provided in § 24-7-705(a)(1) in accordance with any rules the board might promulgate.

(b)(1) The amount of any increase for ~~retirants~~ retirees and other beneficiaries shall also be determined in accordance with the rules of the board as is actuarially appropriate for the system.

(2) ~~Prior to~~ Before increasing a benefit as provided in this section, the board shall file relevant information concerning the actuarial appropriateness of the action with the Joint Committee on Public Retirement and Social Security Programs, and the action shall be reviewed by the Joint Committee on Public Retirement and Social Security Programs.

SECTION 54. Arkansas Code § 24-7-730(a)(1), concerning the required dates of distributions of member benefits under the Arkansas Teacher Retirement System, is amended to read as follows:

(a)(1)(A) 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~~ latter of the calendar year in which the member ~~attains age seventy-two (72) or the calendar year in which the member retires~~ or the calendar year in which the

1 member attains the applicable age.

2 (B) The applicable age for a member is as follows:

3 (i) In the case of a member who attains seventy-two
4 (72) years of age after December 31, 2022, and seventy-three (73) years of
5 age before January 1, 2030, the applicable age is seventy-three (73) years of
6 age;

7 (ii) In the case of a member who attains seventy-
8 three (73) years of age after December 31, 2029, and seventy-four (74) years
9 of age before January 1, 2033, the applicable age is seventy-four (74) years
10 of age; and

11 (iii) In the case of a member who attains seventy-
12 four (74) years of age after December 31, 2032, the applicable age is
13 seventy-five (75) years of age.

14
15 SECTION 55. Arkansas Code § 24-7-733(a)(2), concerning the requirement
16 that annual benefits under the Arkansas Teacher Retirement System shall not
17 violate limitations under the Internal Revenue Code, 26 U.S.C. 415(b), is
18 amended to read as follows:

19 (2) The annual benefits, as may be increased in subsequent
20 years, that are paid to ~~retirants~~ retirees by the system shall not violate
21 the limitations under the Internal Revenue Code, 26 U.S.C. 415(b), applicable
22 to the annuity effective date under the Internal Revenue Code, 26 U.S.C.
23 415(d), and benefits shall be paid in a manner that protects the tax-
24 qualified status of the system.

25
26 SECTION 56. Arkansas Code § 24-7-735(c), concerning a member or
27 employer's ability to purchase service credit, additional salary, or both for
28 a member under the Arkansas Teacher Retirement System, is amended to add an
29 additional subdivision to read as follows:

30 (4)(A) Service credit purchased under a settlement agreement or
31 court order shall offset service credit that is earned by the member as an
32 employee of another covered employer during the same period of time covered
33 by the service credit purchased under the settlement agreement or court
34 order.

35 (B) Service credit purchased under a settlement agreement
36 or court order shall not be applied by the system in a manner that allows the

member to earn more than one (1) year of service credit in a fiscal year.

SECTION 57. Arkansas Code § 24-7-738(b)(2), concerning the recovery of an erroneously paid disability retirement benefit for a month in which a member receives salary from a covered employer under the Arkansas Teacher Retirement System, is amended to read as follows:

(2) Any disability retirement benefit erroneously paid to the member or ~~retirant~~ retiree for a month in which the member receives salary from a covered employer may be recovered by the system as an overpayment as allowed by law.

SECTION 58. Arkansas Code § 24-7-1302(c), concerning when a member may withdraw his or her application for the Teacher Deferred Retirement Option Plan under the Arkansas Teacher Retirement System, is amended to read as follows:

(c) The member may withdraw his or her plan application if notice to withdraw is received by the system ~~no later than two (2) calendar months after~~ by the end of the second full calendar month immediately following the member's plan date.

SECTION 59. Arkansas Code Title 24, Chapter 7, Subchapter 15 is amended to read as follows:

Subchapter 15 – ~~Retirants'~~ Retirees' Ad Hoc Increase Act

24-7-1501. Title.

This subchapter shall be known and may be cited as the "~~Retirants'~~ Retirees' Ad Hoc Increase Act".

24-7-1502. Benefit generally.

(a)(1) The annual benefit payable to eligible retirees, survivors, and beneficiaries of ~~retirants~~ retirees of the Arkansas Teacher Retirement System shall be subject to a one-time ad hoc increase based on the ~~retirant's~~ retiree's years of credited service that is grouped within descending decades as calculated by subtracting the total years of credited service from the date of retirement.

(2) A break in credited service is not considered under this

subchapter.

(3) Teacher Deferred Retirement Option Plan participants shall have the total years of credited service subtracted from the date of entry into the plan.

(b)(1) One-half ($\frac{1}{2}$) of the annual dollar increase per year of credited service shall be calculated and provided to all retirees, survivors, and beneficiaries of ~~retirants~~ retirees that are eligible to receive this increase.

(2) One-half ($\frac{1}{2}$) of the annual dollar increase per year of credited service shall be calculated then prorated based on the amount of contributory service credit to total service on the ~~retirant's~~ retiree's:

(A) Retirement date; or

(B) Plan entry date.

(3) The amounts under this subsection shall be calculated and provided to all retirees, survivors, and beneficiaries of ~~retirants~~ retirees.

(c) The ad hoc benefit is payable to the retirees, survivors, and beneficiaries of ~~retirants~~ retirees of the system beginning on a July 1 that is at least twelve (12) full months after the effective date of a monthly benefit.

(d) The ad hoc benefit for a ~~retirant~~ retiree, survivor, and beneficiary of a ~~retirant~~ retiree shall not increase the ~~retirant's~~ retiree's current benefit by more than twenty-five percent (25%) of the annuity benefit payable as of the prior June 30.

24-7-1503. Ad hoc benefit formula.

The schedule of decade dollar amounts per year of credited service is:

Formula Decades in Which Credited Service Was Accrued Service	Annual \$ Increase Per Year of Credited Service
2000 – and later	\$5
1990–1999	\$10
1980–1989	\$20
1970–1979	\$30
1960–1969	\$40
1950–1959	\$50

1	1940–1949	\$60
2	1930–1939	\$70
3	1920–1929	\$80
4	1910–1919	\$90

5

6 24-7-1504. Promulgation of rules – Duty of board.

7 (a) The Board of Trustees of the Arkansas Teacher Retirement System
8 shall promulgate rules for the ad hoc benefit under this subchapter.

9 (b) An ad hoc benefit under this subchapter shall not be implemented
10 if the ad hoc benefit would cause the Arkansas Teacher Retirement System's
11 unfunded actuarial accrued liabilities to exceed an eighteen-year
12 amortization.

13 (c) The board shall only authorize an ad hoc benefit that is
14 actuarially appropriate for the system.

15 (d) Before an increase of retirement benefit through an ad hoc benefit
16 is authorized, the board shall file relevant information with the Joint
17 Interim Committee on Public Retirement and Social Security Programs regarding
18 the actuarial appropriateness of the increase.

19 (e) The board may reduce the decade increase formula under § 24-7-1503
20 proportionately on a one-to-one formula basis for each decade when the
21 reduction is actuarially feasible to implement.

22 (f) The ad hoc benefit increase is a one-time adjustment and shall
23 also be used to increase the base amount of a ~~retirant's~~ retiree's benefits
24 when calculating any future additional benefit increases.

25

26 SECTION 61. EMERGENCY CLAUSE. It is found and determined by the
27 General Assembly of the State of Arkansas that the operations of a state
28 public retirement system are complex; that the Arkansas Teacher Retirement
29 System must be able to meet the needs of its members as anticipated by the
30 General Assembly; that certain provisions of the Arkansas Teacher Retirement
31 System Act need revision and updating to bring them into conformance with
32 sound public pension policy and actuarial requirements; that the revisions
33 and updates are of great importance to members of the Arkansas Teacher
34 Retirement System and to other citizens of the State of Arkansas; that as the
35 Arkansas Teacher Retirement System operates on a fiscal year of July 1 to
36 June 30, a July 1, 2023, effective date is necessary in order to allow the

1 provisions within this act to begin on the first day of the fiscal year and
2 to allow for a structured and proper administration of the procedures
3 referenced in this act; that the updates and revisions to the Arkansas
4 Teacher Retirement System Act are of great importance for actuarial purposes
5 and for the improvement and protection of member benefits under the Arkansas
6 Teacher Retirement System; and that this act is necessary in order to
7 maintain an orderly system of benefits for the members of the Arkansas
8 Teacher Retirement System. Therefore, an emergency is declared to exist, and
9 this act being necessary for the preservation of the public peace, health,
10 and safety shall become effective on July 1, 2023.