

1 State of Arkansas
2 94th General Assembly
3 Regular Session, 2023
4

A Bill

SENATE BILL 116

5 By: Senator K. Hammer
6 By: Representative Warren
7

For An Act To Be Entitled

9 AN ACT TO ALLOW THE PURCHASE OF PERMISSIVE SERVICE
10 CREDIT UNDER THE ARKANSAS TEACHER RETIREMENT SYSTEM;
11 TO ADD DEFINITIONS APPLICABLE TO THE ARKANSAS TEACHER
12 RETIREMENT SYSTEM; TO DECLARE AN EMERGENCY; AND FOR
13 OTHER PURPOSES.
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Subtitle

15 TO ALLOW THE PURCHASE OF PERMISSIVE
16 SERVICE CREDIT UNDER THE ARKANSAS TEACHER
17 RETIREMENT SYSTEM; AND TO DECLARE AN
18 EMERGENCY.
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23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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25 SECTION 1. Arkansas Code § 24-7-202, concerning definitions applicable
26 to the Arkansas Teacher Retirement System Act, is amended to add additional
27 subdivisions to read as follows:

28 (45) "Gap year" means a period of time:

29 (A) In which a member:

30 (i) Was an inactive member; and

31 (ii) Either:

32 (a) Was unemployed; or

33 (b) Did not provide qualified service; and

34 (B) For which the system may grant the member permissive
35 service credit;

36 (46) "Permissive service credit" means service:



1 (A) That is credited under the system for the purpose of
2 calculating a member's benefit;

3 (B) That has not previously been credited under the
4 system; and

5 (C) For which a member contributes or pays the amount
6 necessary to fund the benefit attributable to the service as required by the
7 system; and

8 (47) "Qualified service" means the service described in 26
9 U.S.C. § 415(n)(3)(C)(i)-(iv), as it existed on January 1, 2023.

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11 SECTION 2. Arkansas Code Title 24, Chapter 7, Subchapter 6, is amended
12 to add a new section to read as follows:

13 24-7-613. Permissive service credit – Gap year service.

14 (a) A member of the Arkansas Teacher Retirement System may purchase
15 permissive service credit for one (1) or more gap years if:

16 (1) The member:

17 (A) Has five (5) years of actual service in the system;

18 (B) Has left his or her position as a classroom teacher
19 immediately before each nonconsecutive gap year or the initial gap year of
20 consecutive gap years;

21 (C) Returns to his or her position as a classroom teacher
22 after one (1) or more gap years;

23 (D) Accrues at least one-half (1/2) year of service credit
24 after returning to his or her position as a classroom teacher;

25 (E) Was inactive during the gap year or gap years; and

26 (F) Is ineligible to receive free service credit for each
27 gap year under another provision of the law applicable to this system; and

28 (2) Each gap year amounts to an entire fiscal year.

29 (b)(1) A member may purchase one (1) year of permissive service credit
30 for each one (1) gap year.

31 (2) A member shall not purchase more than five (5) years of
32 permissive service credit.

33 (c) Permissive service credit for one (1) or more gap years shall not
34 be purchasable after a member retires from the system.

35 (d) Permissive service credit shall be credited in accordance with §
36 24-7-601.

1 (e)(1) The member shall pay the actuarial equivalent of the member's
2 benefits to the system for each year of permissive service credit purchased.

3 (2) A year of permissive service credit that is being purchased
4 by a member shall not become credited service under the system until the
5 actuarial equivalent of the member's benefits is paid in full.

6 (f) At the member's request, a member's payment for permissive service
7 credit under this section shall be refunded if the:

8 (1) Member ceases to be an active member before the permissive
9 service credit is established as credited service in the system; or

10 (2) Permissive service credit is not otherwise used to establish
11 the member's eligibility for retirement under the system.

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13 SECTION 3. EMERGENCY CLAUSE. It is found and determined by the
14 General Assembly of the State of Arkansas that the operations of a state
15 public retirement system are complex; that the Arkansas Teacher Retirement
16 System must be able to meet the needs of its members as anticipated by the
17 General Assembly; that certain provisions of the Arkansas Teacher Retirement
18 System Act need revision and updating to bring them into conformance with
19 sound public pension policy and actuarial requirements; that the revisions
20 and updates are of great importance to members of the Arkansas Teacher
21 Retirement System and to other citizens of the State of Arkansas; that as the
22 Arkansas Teacher Retirement System operates on a fiscal year of July 1 to
23 June 30, a July 1, 2023, effective date is necessary in order to allow the
24 provisions within this act to begin on the first day of the fiscal year and
25 to allow for a structured and proper administration of the procedures
26 referenced in this act; that the updates and revisions to the Arkansas
27 Teacher Retirement System Act are of great importance for actuarial purposes
28 and for the improvement and protection of member benefits under the Arkansas
29 Teacher Retirement System; and that this act is necessary in order to
30 maintain an orderly system of benefits for the members of the Arkansas
31 Teacher Retirement System. Therefore, an emergency is declared to exist, and
32 this act being necessary for the preservation of the public peace, health,
33 and safety shall become effective on July 1, 2023.

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