

State of Arkansas  
89th General Assembly  
Regular Session, 2013

*As Engrossed: S2/19/13*  
**A Bill**

SENATE BILL 116

By: Senator R. Thompson

**For An Act To Be Entitled**

AN ACT TO LIMIT THE USE OF A RECIPROCAL SYSTEM'S  
CALCULATION OF FINAL AVERAGE SALARY FOR AN ARKANSAS  
TEACHER RETIREMENT SYSTEM MEMBER IF THE MEMBER'S  
RECIPROCAL SERVICE CREDIT IS LESS THAN THE NUMBER OF  
YEARS OF SERVICE CREDIT USED TO CALCULATE THE FINAL  
AVERAGE SALARY FOR THE SYSTEM; TO DECLARE AN  
EMERGENCY; AND FOR OTHER PURPOSES.

**Subtitle**

TO LIMIT THE USE OF A RECIPROCAL SYSTEM'S  
CALCULATION OF FINAL AVERAGE SALARY FOR  
AN ARKANSAS TEACHER RETIREMENT SYSTEM  
MEMBER; TO DECLARE AN EMERGENCY.

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

SECTION 1. Arkansas Code § 24-7-601(e), concerning credited service generally, is amended to read as follows:

(e)(1) The system is a reciprocal system under the provisions of §§ 24-2-401 – 24-2-405.

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

(3) In determining the amount of a benefit from this system, there shall be used only the actual service under this system and the benefit formula of this system.



(4) The final average compensation used shall be that of the reciprocal system that furnishes the highest final salary at the time of retirement.

(5) Beginning July 1, 2014, if the reciprocal system in which a member has service credit has less than the number of years of service credit required in the system's formula for the calculation of final average salary for a member, then this system shall obtain the salary and service credit information from the reciprocal system and use the combined salary and service credit information to calculate the member's final average salary as if the salary and service credit has all been earned in this system.

(6) Wherever this 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.

SECTION 2. Arkansas Code § 24-7-601, concerning credited service generally, is amended to add an additional subsection to read as follows:

(g)(1)(A) Beginning July 1, 2013, the system shall allow a member who earns concurrent service in both this system and a reciprocal system to receive full service credit in this system without reduction of service credit due to the concurrent service.

(B) Credited service in an alternate retirement plan or the Arkansas Public Employees Retirement plan is not allowed under subdivision (g)(1)(A) of this section.

(2) The system shall not recognize any concurrent service added to the member's credited service in the system that credits a member with more than one (1) year of credited service for a fiscal year or combines salary earned in both systems in a fiscal year for the purpose of:

(A) Vesting;

(B) Retirement eligibility; and

(C) Calculating final average salary.

SECTION 3. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that provisions of the Arkansas Teacher Retirement System Act need revision to maintain the teacher retirement laws in conformance with sound public pension policy; that a

reciprocal retirement system may have different requirements regarding the compilation of credited service and computation of final average salary for retirement purposes; that it is not unusual for members to change jobs and thus become a member of the Arkansas Teacher Retirement System from a reciprocal retirement system with different rules regarding retirement; that the Arkansas Teacher Retirement System strives to operate a fair system with rules that are respectful of the reciprocal system and give the member the retirement benefits to which they are entitled; that the system operates on a July 1 to June 30 fiscal year; that having a July 1, 2013, effective date is necessary to allow the provisions of this act to begin on the first day of the fiscal year and to provide proper administration and that this act is necessary to maintain an orderly system of benefits for the members of the Arkansas Teacher Retirement System. Therefore, an emergency is declared to exist, and this act being necessary for the preservation of the public peace, health, and safety shall become effective on July 1, 2013.

*/s/R. Thompson*

**APPROVED: 04/02/2013**

