

State of Arkansas
89th General Assembly
Regular Session, 2013

As Engrossed: S2/7/13 S2/19/13
A Bill

SENATE BILL 123

By: Senator Maloch

For An Act To Be Entitled

AN ACT TO SET THE MEMBER CONTRIBUTION RATE IN THE ARKANSAS TEACHER RETIREMENT SYSTEM BETWEEN SIX PERCENT (6%) AND *SEVEN PERCENT (7%)* OF SALARY AND TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle

TO SET THE MEMBER CONTRIBUTION RATE IN THE ARKANSAS TEACHER RETIREMENT SYSTEM BETWEEN SIX PERCENT (6%) AND *SEVEN PERCENT (7%)* OF SALARY BASED ON ACTUARIAL NEED AND TO DECLARE AN EMERGENCY.

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

SECTION 1. Arkansas Code § 24-7-406(b), concerning member contributions, is amended to read as follows:

(b)(1) Except as provided otherwise in this section, the contributions of a member to the ~~system~~ Arkansas Teacher Retirement System shall be the amounts set forth in this subsection.

(2)(A) Each member who first became a member July 1, 1971, or later shall contribute to the system six percent (6%) of his or her salary for all salary earned on or before June 30, 2013.

(B) Beginning July 1, 2013, each member who first became a member July 1, 1971, or later shall contribute to the system the percentage of his or her salary set by the Board of Trustees of the Arkansas Teacher Retirement System under this subdivision (b)(8) of this section.

(3) Member contributions before July 1, 1969, shall be in



accordance with provisions in force before July 1, 1969.

(4)(A) For each member who first became a member before July 1, 1971, member contributions for the period after June 30, 1969, shall be six percent (6%) of the first seven thousand eight hundred dollars (\$7,800) of his or her annual salary through June 30, 2013, unless he or she shall have elected, in accordance with rules and regulations established by the Board of Trustees of the Arkansas Teacher Retirement System, to contribute six percent (6%) of his or her full salary for the period after June 30, 1969, through June 30, 2013.

(B) Beginning July 1, 2013, each member who first became a member before July 1, 1971, shall contribute to the system the percentage of salary set by the board under subdivision (b)(8) of this section on the first seven thousand eight hundred dollars (\$7,800) of his or her annual salary unless he or she elects to contribute a percentage of his or her entire salary, in accordance with the rules established by the board.

(C) If the election is made before July 1, 1984, the member shall contribute to the ~~Arkansas Teacher Retirement System~~ system the difference between full salary member contributions and member contributions based on seven thousand eight hundred dollars (\$7,800) annual covered salary retroactive to July 1, 1969, or to the actual date of employment, whichever is later, by paying the actuarial equivalent of the member's benefits to the system.

~~(C)(D)~~ If the election is made July 1, 1984, or later, the member shall contribute to the system both the added member contributions and the added employer contributions that would have been paid to the system if the member's full salary always had been covered by paying the actuarial equivalent of the member's benefits to the system.

~~(D)(E)~~ The interest and added employer contributions shall be considered member contributions for purposes of the system. However, any former active member who returns to covered employment on or after July 1, 1995, and who elects to make contributions to the system, shall contribute on his or her full salary.

(5) Members who left covered employment before July 1, 1985, and who had annual compensation of seven thousand eight hundred dollars (\$7,800) or less shall have, upon their return to covered employment, full salary considered for purposes of the system.

(6) Contributions shall be required on all salary earned in covered employment during the fiscal year in which membership begins.

(7) The member contribution rate shall be six percent (6%) unless increased by the board.

(8)(A) The board may set the member contribution rate between six percent (6%) and seven percent (7%) subject to the limitations under subdivision (b)(8)(D) of this section.

(B) An increase or decrease in a member contribution rate shall:

(i) Apply to a complete fiscal year; and

(ii) Remain in effect until modified by the board.

(C) The board may adopt a change in the member contribution rate by resolution at any board meeting.

(D) The board shall not increase the member contribution rate unless the system's actuary certifies to the board that the amortization period exceeds thirty (30) years and that in order to address an amortization period in excess of thirty (30) years to pay the unfunded liabilities of the system, the board determines that an increase in the member contribution rate is necessary.

SECTION 2. 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 are in need of revision and updating to bring the retirement laws into conformance with sound public pension policy; that the Arkansas Teacher Retirement System member contributions may need to be adjusted from time to time to keep the system financially sound and to provide a proper retirement benefit to all its members; and that this act is immediately necessary to maintain an orderly system of benefits for members of the Arkansas Teacher Retirement System. Therefore, an emergency is declared to exist, and this act being immediately necessary for the preservation of the public peace, health, and safety shall become effective on:

(1) The date of its approval by the Governor;

(2) If the bill is neither approved nor vetoed by the Governor, the expiration of the period of time during which the Governor may veto the bill; or

(3) If the bill is vetoed by the Governor and the veto is overridden, the date the last house overrides the veto.

/s/Maloch

APPROVED: 04/04/2013