

Stricken language would be deleted from and underlined language would be added to present law.
Act 606 of the Regular Session

State of Arkansas
89th General Assembly
Regular Session, 2013

As Engrossed: S2/13/13
A Bill

SENATE BILL 164

By: Senator E. Cheatham

For An Act To Be Entitled

AN ACT TO ESTABLISH A VOLUNTARY BUYOUT PLAN FOR
INACTIVE MEMBERS OF THE ARKANSAS TEACHER RETIREMENT
SYSTEM AND PAYEES ENTITLED TO A FUTURE BENEFIT TO
RECEIVE A ONE-TIME LUMP SUM PAYMENT FROM THE SYSTEM;
AND FOR OTHER PURPOSES.

Subtitle

TO ESTABLISH A VOLUNTARY BUYOUT PLAN FOR
INACTIVE MEMBERS OF THE ARKANSAS TEACHER
RETIREMENT *SYSTEM AND OTHER PAYEES*
ENTITLED TO A FUTURE BENEFIT TO RECEIVE A
ONE-TIME LUMP SUM PAYMENT FROM THE
SYSTEM.

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

SECTION 1. Arkansas Code Title 24, Chapter 7, Subchapter 5, is amended
to add an additional section to read as follows:

24-7-505. Buyout plan for inactive members.

(a) As used in this section, "buyout plan" means a voluntary program established by the Board of Trustees of the Arkansas Teacher Retirement System to make a one-time lump sum payment to a member, a surviving spouse, or an alternate payee in exchange for a member, surviving spouse, or alternate payee's cancellation of membership and retirement benefit rights in the Arkansas Teacher Retirement System.

(b)(1) The board may adopt rules as necessary to implement this section.



(2) A buyout plan established by the board:

(A) May be offered periodically and have a limited term of duration for participation, as determined by a resolution adopted by the board at a meeting of the board;

(B) Shall specifically identify the formulas by which contributory and noncontributory service or a future retirement benefit will be purchased by the system as a one-time lump sum payment from the system, paid directly to the member, surviving spouse, or alternate payee or transferred to another administrator in compliance with Internal Revenue Code; and

(C) Applies only to a group of members, group of surviving spouses, or group of alternate payees, who:

(i) Are identified by the board as a group eligible to participate in a buyout plan offered by the board; and

(ii) Elect to participate in a buyout plan in exchange for future benefit rights in the system.

(c) A member is eligible to participate in a buyout plan if the member is:

(1) Eligible for deferred retirement under § 24-7-707; and

(2) Inactive for a minimum of one (1) year following the last fiscal year that the member rendered actual service to a covered employer and received at least one-fourth (1/4) year of service credit.

(d) The board may offer a buyout plan to surviving spouses or alternate payees who:

(1) Are eligible for a future retirement benefit from the system; and

(2) Have not received a retirement benefit from the system.

(e) A member who participates in a buyout plan shall receive a one-time lump sum payment from the system that cancels interest in any retirement benefit and all future rights in the system effective upon tender of payment by the system.

(f) A buyout plan may be used to cancel both a member's contributory and noncontributory credited service in the system.

(g) A member who receives a buyout of his or her credited service under this section may repurchase his or her previously credited service as contributory service after becoming an active member of the system as if the

service had been private school service.

SECTION 2. Arkansas Code § 24-7-707(a)(1), concerning deferred retirement, is amended to read as follows:

(a)(1)(A) If an active member becomes inactive before the member reaches sixty (60) years of age, ~~upon completion of~~ and completes five (5) years of actual and reciprocal service, or if the member has not obtained a refund or participated in a buyout plan of the member's rights to benefits in the system under § 24-7-505, then the member is entitled to a deferred annuity when the member becomes sixty (60) years of age as provided in this section.

(B) The member is eligible for deferred retirement if the member has not withdrawn his or her accumulated contributions from the members' deposit account, has not participated in a buyout plan of the member's rights to benefits in the system under § 24-7-505, and is not employed in a position covered by another retirement plan that is supported wholly or in part by state contributions if the member's being vested is based on the other system service.

/s/E. Cheatham

APPROVED: 04/04/2013