

State of Arkansas  
89th General Assembly  
Regular Session, 2013

As Engrossed: S3/4/13  
**A Bill**

SENATE BILL 174

By: Senator J. Key

### For An Act To Be Entitled

AN ACT TO ALLOW MORE OPTIONS FOR AN EMPLOYEE OR EMPLOYER OF A POST-SECONDARY INSTITUTION OF HIGHER EDUCATION TO PARTICIPATE IN THE ARKANSAS TEACHER RETIREMENT SYSTEM; TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

### Subtitle

TO ALLOW MORE OPTIONS FOR AN EMPLOYEE OR EMPLOYER OF A POST-SECONDARY INSTITUTION OF HIGHER EDUCATION TO PARTICIPATE IN THE ARKANSAS TEACHER RETIREMENT SYSTEM AND TO DECLARE AN EMERGENCY.

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

SECTION 1. Arkansas Code § 24-7-1605 is amended to read as follows:

24-7-1605. Optional participation by institution of higher education employers on or after July 1, 2011.

(a)(1) A PSHE employer shall adopt and record a policy or designation that identifies which positions at the PSHE employer's institution of higher education are benefits-eligible for retirement benefits.

(2) A new employee of a PSHE employer may participate in the PSHE plan if the employee:

(A) Is benefits-eligible as determined by the PSHE employer;

(B) Is a *vested* member of the Arkansas Teacher Retirement System at the time of initial employment;



(C) Is not a vested member of the system but meets the requirements of a less restrictive PSHE plan adopted by the specific PSHE employer; and

(D) Signs an irrevocable PSHE plan participation form provided by the system.

(b)(1) A nonmandatory employer becomes a PSHE employer upon enrolling a new eligible member with the system on or after July 1, 2011.

(2) A PSHE plan employee shall continue as a member in the system retirement plan so long as the member is employed by a PSHE employer.

(3) An election to participate in the retirement system plan under this subsection is irrevocable so long as the employee does not obtain a termination refund from the system after the election.

(c)(1)(A) A PSHE employer may adopt a resolution that allows a new employee to participate as a PSHE plan employee without being vested in the system.

(B)(i) A less restrictive plan is effective when the resolution adopted by a PSHE employer is presented to the system.

(ii) A PSHE employer may modify a less restrictive PSHE plan at any time.

(iii) A less restrictive plan adopted by a PSHE employer before July 1, 2013, may provide that a new employee hired between July 1, 2011, and June 30, 2013, who was prohibited from participating as a PSHE employee in the system and who would have been eligible under the less restrictive plan adopted by the PSHE plan employer may have an opt-in opportunity to participate in the system.

(2)(A) A PSHE employer may adopt an opt-in opportunity as provided under subdivision (c)(1)(B)(iii) of this section by resolution adopted by the governing body of the PSHE employer that allows a benefits-eligible employee who was prohibited from becoming a member of the system from July 1, 2011, to June 30, 2013, because the benefits-eligible employee was not a vested member of the system at the time of initial employment.

(B) To participate in the opt-in opportunity provided by a PSHE employer, an employee shall:

(i) Have been continuously employed by the PSHE employer once hired after July 1, 2011;

(ii) Meet the PSHE employer's less restrictive PSHE

plan; and

(iii) Elect to become a member of the system between July 1, 2013, and June 30, 2014.

(3)(A) A benefits-eligible employee who elects to become a member of the system as provided under subdivision (c)(2) of this section may purchase service credit based on the applicable member employee and employer contribution rates on annual salary plus eight percent (8%) annual interest if the election is made between July 1, 2013, and June 30, 2014.

(B) A purchase of service credit under subdivision (c)(3)(A) of this section shall be paid in full within one (1) year of the date that the benefits-eligible member elects to become a member of the system.

(4) If a PSHE employer does not adopt a less restrictive plan, the PSHE plan shall remain in effect as provided under subsection (a) of this section.

(d)(1) If a benefits-eligible employee at a PSHE employer was prohibited from becoming a member of the system from July 1, 2011 to June 30, 2013, because the benefits-eligible employee was not a vested member of the system at the time of employment, and the benefits-eligible employee has been continuously employed by the PSHE employer, then the benefits-eligible employee may elect to become a member of the system between July 1, 2013 to June 30, 2014.

(2) A benefits-eligible employee who elects to become a member of the system under subdivision (c)(1) of this section may purchase service credit based on the applicable member and employer contributions rates on annual salary plus eight percent (8%) annual interest using a special formula if the election is made between July 1, 2013 and June 30, 2014, and is paid in full within one (1) year of the date the benefits-eligible member elects to become a member of the system.

(e)(1) The PSHE employer shall remit employer contributions under § 24-7-401 et seq. and be subject to the rights and obligations of an employer under the Arkansas Teacher Retirement System Act once a benefits-eligible employee elects to participate in the system.

(2) The benefits-eligible employee who elects to participate in the system retirement plan shall remit employee contributions under § 24-7-406 ~~et seq.~~ and be subject to the rights and obligations of an employee under

the Arkansas Teacher Retirement System Act.

~~(d)~~(f) The PSHE employer shall comply with the system's verification and reporting requirements that ~~may be~~ are implemented by the system.

~~(e)~~(g) A member shall not purchase prior unreported service except as provided under subdivision (c)(2) of this section on or after July 1, 2011, regardless of when service was provided to a nonmandatory employer.

SECTION 2. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that some employees of post-secondary institutions of higher education were denied membership in the Arkansas Teacher Retirement System because of the requirement that they be a vested member of the system at the time of employment; that options for retirement and retirement planning should be available for employees who continue to serve the state through the educational system; that certain colleges who participate in the system want to offer new employees additional retirement options; and that this act is necessary to ensure the educational professional who was hired between July 1, 2011 and June 30, 2013 and remains employed by a PSHE employer is not prohibited from becoming a member 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/J. Key*

**APPROVED: 04/04/2013**