

State of Arkansas
91st General Assembly
Regular Session, 2017

As Engrossed: S3/2/17
A Bill

SENATE BILL 187

By: Senator Hester

For An Act To Be Entitled

AN ACT TO AMEND THE LAW ON CONTRIBUTION RATE
ADJUSTMENTS BY THE BOARD OF TRUSTEES OF THE ARKANSAS
TEACHER RETIREMENT SYSTEM; TO PERMIT CONTRIBUTION
RATE ADJUSTMENTS BASED ON ACTUARIAL SOUNDNESS; TO
DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE LAW ON CONTRIBUTION RATE
ADJUSTMENTS BY THE BOARD OF TRUSTEES OF
THE ARKANSAS TEACHER RETIREMENT SYSTEM;
TO PERMIT CONTRIBUTION RATE ADJUSTMENTS
BASED ON ACTUARIAL SOUNDNESS; 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)(8), concerning the member contribution rate set by the Board of Trustees of the Arkansas Teacher Retirement System, is amended to read as follows:

(8)(A) Subject to the limitations under subdivision (b)(8)(D) of this section, The the board may set the member contribution rate between at no less than six percent (6%) and seven percent (7%) may increase the member contribution rate to maintain actuarial soundness ~~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 to apply to subsequent fiscal years until changed.

(D) *The board shall not increase the member contribution rate unless the:*

(i) ~~system's~~ System's actuary certifies to the board that the amortization period to pay the unfunded liabilities of the system exceeds ~~thirty (30)~~ eighteen (18) years; and

(ii) ~~that in order to address an amortization period in excess of thirty (30) years to pay the unfunded liabilities of the system,~~ the board Board determines that an increase in the member contribution rate is necessary prudent to maintain actuarial soundness.

SECTION 2. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that the operations of a state public retirement system are complex; that the Arkansas Teacher Retirement System must be able to meet the needs of its members as anticipated by the General Assembly; that certain provisions of the Arkansas Teacher Retirement System Act are imminently in need of revision and updating to bring them into conformance with sound public pension policy and actuarial requirements; that such revision and updating is of great importance to members of the system and to other citizens of the State of Arkansas; that the system needs to have the ability to make immediate changes to maintain and improve its actuarial status; and that this act is immediately necessary in order 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 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/Hester

APPROVED: 03/21/2017