

Stricken language would be deleted from and underlined language would be added to present law.
Act 750 of the Regular Session

State of Arkansas
91st General Assembly
Regular Session, 2017

As Engrossed: H3/16/17
A Bill

HOUSE BILL 1286

By: Representative Rye

For An Act To Be Entitled

AN ACT TO AMEND THE LAW CONCERNING EARLY VOLUNTARY
RETIREMENT REDUCTIONS UNDER THE ARKANSAS TEACHER
RETIREMENT SYSTEM; TO DECLARE AN EMERGENCY; AND FOR
OTHER PURPOSES.

Subtitle

TO AMEND THE LAW CONCERNING EARLY
VOLUNTARY RETIREMENT REDUCTIONS UNDER 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 § 24-7-702(b)(2), concerning early voluntary retirement under the Arkansas Teacher Retirement System, is amended to read as follows:

(2)(A) The percent shall be one hundred percent (100%) reduced by five-twelfths percent ($5/12\%$) multiplied by the number of months by which the time of early retirement precedes the earlier of either completion of twenty-eight (28) years of credited service or attainment of sixty (60) years of age.

(B) The board may set by board resolution the early annuity reduction under § 24-7-702(b)(1) at a percentage rate between five percent (5%) per year and fifteen percent (15%) per year, to be prorated monthly, if the:

(i) System's actuary certifies to the board that the amortization period to pay the unfunded liabilities of the system exceeds



eighteen (18) years; and

(ii) Board determines that a reduction in the cost of early voluntary retirement is prudent to maintain actuarial soundness.

SECTION 2. Arkansas Code § 24-7-1314(b), concerning early participation in the Teacher Deferred Retirement Option Plan, is amended to read as follows:

(b) If the board authorizes early participation, the plan deposit under § 24-7-1306 shall be based upon the deposit percent payable for a participant with thirty (30) years of service, reduced by at least an additional one-half of one percent (0.5%) and no more than one percent (1%) of the plan benefit for each month the member begins participating in the plan prior to having thirty (30) years of credited service. The board may increase the percentage required as an early participation reduction, by board resolution, in order to provide a fair and just and reasonable benefit for all members of the Arkansas Teacher Retirement System and to provide for appropriate actuary considerations.

SECTION 3. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that the operations of the Arkansas Teacher Retirement System are complex; that the 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 management of benefits for the members of the 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/Rye

APPROVED: 03/30/2017