

Stricken language would be deleted from and underlined language would be added to present law.
Act 427 of the Regular Session

State of Arkansas
93rd General Assembly
Regular Session, 2021

As Engrossed: H3/8/21

A Bill

HOUSE BILL 1275

By: Representative S. Smith

For An Act To Be Entitled

AN ACT CONCERNING RECIPROCAL SERVICE CREDIT AS IT RELATES TO THE ADMINISTRATION OF MONTHLY BENEFITS; CONCERNING THE DEFINITIONS OF "ALTERNATE RETIREMENT PLAN" AND "ALTERNATIVE RETIREMENT PLAN"; TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle

CONCERNING RECIPROCAL SERVICE CREDIT AS IT RELATES TO THE ADMINISTRATION OF MONTHLY BENEFITS; CONCERNING THE DEFINITIONS OF "ALTERNATE RETIREMENT PLAN" AND "ALTERNATIVE RETIREMENT PLAN"; AND TO DECLARE AN EMERGENCY.

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

SECTION 1. Arkansas Code § 24-7-202, concerning definitions applicable to the Arkansas Teacher Retirement System, is amended to add an additional subdivision to read as follows:

(44) "Alternate retirement plan" means a retirement plan based on the purchase of contracts providing retirement and death benefits for employees under § 24-7-801 et seq. or § 24-7-901 et seq.

SECTION 2. Arkansas Code § 24-7-601(e), concerning credited service generally and reciprocal service under the Arkansas Teacher Retirement System, is amended to add an additional subdivision to read as follows:

(7)(A) Except as otherwise provided under this subdivision,



reciprocal service earned from participation in an alternate retirement plan shall be used only if the member's contributions to the alternate retirement plan have not been withdrawn in full or in part from the alternate retirement plan by the member.

(B) The following shall not prevent a member from establishing reciprocal service in an alternate retirement plan:

(i) A withdrawal made by the member from the alternate retirement plan after the member attains fifty-nine and one-half (59 1/2) years of age; and

(ii) An eligible rollover transaction under the Internal Revenue Code.

(C) In order to restore the use of reciprocal service, a member may repay to an alternate retirement plan a withdrawal made from the alternate retirement plan by the member before the member attained fifty-nine and one-half (59 1/2) years of age if allowed by the alternate retirement plan.

(D) A salary earned from participation in an alternate retirement plan shall not be used in the final average salary calculated by the system.

(E) The board may promulgate rules for the administration of reciprocal service under an alternate retirement plan, including without limitation rules for salaries, withdrawals, and rollover eligibility under this subdivision.

SECTION 3. Arkansas Code § 24-7-909 is amended to read as follows:

24-7-909. Extension of group insurance coverage by dependents of deceased eligible employee.

Upon the death of an insured eligible employee of an institution of higher education or of an insured eligible employee who is a member of the alternate retirement plan for employees of the Career Education and Workforce Development Board or of a person retired and receiving benefits under the alternate retirement plan, the dependents of the deceased person shall have the same option to extend the group insurance coverage of the dependents under the state group insurance plan as is afforded dependents of other deceased insured employees and ~~retirants~~ retirees.

SECTION 4. Arkansas Code § 24-7-1601(b)(4), concerning the legislative history and findings regarding optional participation by employees of institutions of higher education in the Arkansas Teacher Retirement System, is amended to read as follows:

(4) The general intent of the early legislation was to allow those institutions of higher education employers to offer their employees the option to participate in an ~~alternative~~ alternate retirement plan, the Arkansas Teacher Retirement System retirement plan, or the Arkansas Public Employees' Retirement System retirement plan.

SECTION 5. Arkansas Code § 24-7-1602(1) and (2), concerning the definitions of "alternative retirement plan" and "benefits-eligible" as they apply to the optional participation of employees of institutions of higher education in the Arkansas Teacher Retirement System, is amended to read as follows:

(1) ~~"Alternative retirement plan" means an optional retirement plan based on the purchase of contracts providing retirement and death benefits for a benefits-eligible employee of a post-secondary or higher education employer;~~

~~(2) "Benefits-eligible" means a class of employees, determined at the discretion of a post-secondary or higher education employer, eligible to participate in the Arkansas Teacher Retirement System, an alternate retirement plan, or the Arkansas Public Employees' Retirement System;~~

SECTION 6. Arkansas Code § 24-7-1603(a)(1), concerning the effect of the subchapter on other law, is amended to read as follows:

(a)(1) This subchapter controls any inconsistent provision of any other law regarding the enrollment and coverage of an employee of a PSHE employer in either the Arkansas Teacher Retirement System retirement plan or an ~~alternative~~ alternate retirement plan that is offered by a PSHE employer.

SECTION 7. 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 § 24-7-201 et seq. are in need

of immediate revision and updating to conform with sound public pension policy and actuarial requirements; that there are conflicts in the law applicable to the Arkansas Teacher Retirement System concerning reciprocal service in alternate retirement plans; that member benefits will be at risk if the conflicts in the law concerning reciprocal service in alternate retirement plans remain unresolved; that this act resolves the conflicts in the law concerning reciprocal service in alternate retirement plans; that such revision and updating is of great importance to members of the Arkansas Teacher Retirement System and to other citizens of this state; and that this act is necessary in order to maintain an orderly system of benefits for the members of the Arkansas Teacher Retirement System and reciprocal systems. 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/S. Smith

APPROVED: 3/23/21