

~~RULE 8-1~~

~~PURCHASE OF SERVICE CREDIT/REPAYMENT OF REFUNDS~~

~~A.C.A. § 24-7-601~~

~~DEFINITIONS~~

- ~~1. Back Contributions — Mandatory contributions payable for service and salary rendered in a covered position within the ATRS look-back period.~~
- ~~2. Private School Service — As defined in A.C.A. § 24-7-607, additionally, employment under the Head Start Programs will also be considered private school service and will have the same requirements for the issuance of teaching licenses by the Arkansas State Department of Education as determined by ATRS staff.~~

~~GENERAL~~

~~The Arkansas code sets forth the service purchases available and the cost mechanism to be used in service purchases. The various types of service that can be purchased and the definitions for these are in the code. Unless greater explanation is required, the code's provisions are self-effecting without the need to be placed in the policy.~~

~~Actuarial cost for purchase of service does not include adjustments to salary and service that are made in order to properly reflect the member's mandatory salary and service records. In addition, the actuarial cost of service does not apply to free military service credit that is established with ATRS.~~

~~The actuarial cost for purchase of service shall use the member's highest salary year as the formula's "base year." The base year shall always be the member's highest salary year unless the highest salary year is more than 150% greater than the next highest salary year; in that case, the best two salary years shall be added together and divided by two to establish the base year for the formula.~~

~~If a member does not have sufficient full service years to establish the base year for the purchase formula, then each partial year's service percentage shall be divided into each partial year's salary to establish a full year salary from the partial year salary to determine the base year for the formula.~~

~~Salaries for actuarially purchased service shall not be used in the calculation of final average salary except for repaid refunds for mandatorily reported service within the refunded service.~~

~~All actuarially purchased service shall be purchased as contributory.~~

~~Members seeking to purchase service with ATRS shall use forms developed by ATRS staff to establish the service.~~

~~All service purchases must be accompanied by a service purchase commitment statement. Once the service purchase stated on the service purchase commitment statement is paid in full, the service purchase is final and may not be cancelled by the member.~~

~~If an active member with an active purchase account dies, the member's spouse, ATRS beneficiary, or legal representative shall have up to six (6) months to pay the balance of the purchase account. If the purchase account is not paid in full within six (6) months of the date of death, the purchase account is cancelled and any payments shall be treated as part of the member's residual account balance. ATRS may extend the six (6) month period for good cause shown.~~

~~SPECIAL PROVISIONS FOR THE REPAYMENT OF REFUNDED MEMBER CONTRIBUTIONS~~

- ~~1. To be eligible to repay a refund, a person must be an active member of the System. A person who has received a refund may reestablish active membership by completing forty (40) days or more after reemployment by an ATRS covered employer.~~
- ~~2. A member must purchase the total credited service forfeited by the refund in order to purchase the refunded service.~~
- ~~3. If a member has received more than one refund, repayment must be made in inverse order. The most recent refund account must be paid in full before a previous refund account can be purchased.~~

Adopted:	June 15, 2004	
Amended:	April 26, 2007	
	July 1, 2011	(Emergency)
Adopted:	August 8, 2011	
Effective:	November 11, 2011	
Approved by Board:	February 6, 2012	
Amended:	April 18, 2012	
Effective:	May 29, 2012	
Approved by Board:	October 5, 2015	
Amended:	February 1, 2016	
Effective:	February 10, 2016	

~~REFUNDS OF MEMBER CONTRIBUTIONS~~

~~A.C.A. § 24-7-711~~

~~RULES~~

- ~~1. Should an overpayment of contributions of less than \$25.00 be reported from the local level, no refund of this amount will be made to the member, except upon the written request from the member. The total amount reported by the employing authority shall be credited to contributions.~~
- ~~2. On refunded contributions, the rate for all interest credited before June 30, 1984, is 3%, compounded annually, after the first year of contributions. The rate of interest credited on June 30, 1984, through June 30, 2000, is 6%, compounded annually, after the first year of contributions. The rate of interest credited for June 30, 2010, through June 30, 2011, is 2%, compounded annually after the first year of contributions. Beginning June 30, 2012, the interest rate shall be 1% compounded annually after the first year's contributions. Payable interest shall be computed on each member's individual account as of June 30 each year by multiplying the balance in the member's individual account as of July 1 (including all contributions and interest credit from previous years) plus one-half (1/2) of the contributions for the year ending on June 30 by the annual applicable interest percentage rate.~~
- ~~3. The Board may change the interest rate on refunded contributions for future years by Resolution stating the new interest rate, the date that the new interest rate will become effective, and any other features of the interest rate's implementation.~~
- ~~4. Regular interest is not paid on contributions made in the year in which a refund is paid.~~
- ~~5. As of July 1, 2012, ATRS no longer requires a hardship in order to pay a refund in no more than two payments on a direct payment to the member. Upon receipt of a properly completed refund application, ATRS will issue a refund for all member contributions that have been closed on the books of ATRS. Any amount due in a second payment will be made when all quarters of service the member worked are closed on the books of ATRS. Rollovers will be made in one payment when all quarters of service worked have been closed on the books of ATRS.~~
- ~~6. The effective date of a refund is the date that ATRS first issues payment of a refund.~~

~~Amended: July 18, 2005~~
~~February 1, 2010 under emergency rules.~~
~~June 7, 2010 Permanent~~
~~July 1, 2011 (Emergency)~~
~~Adopted: August 8, 2011~~
~~Effective: November 11, 2011~~
~~Approved by Board: February 6, 2012~~
~~Amended: April 2, 2012 (Emergency)~~
~~Effective: May 29, 2012~~

~~ROLLOVER ACCEPTANCE AND DISTRIBUTION~~

~~A.C.A. § 24-7-719 and A.C.A. § 24-7-406 as amended by Act 97 of 2007~~

~~RULES-~~

~~1. ACCEPTING ROLLOVERS FOR PAYMENT ON ATRS PURCHASE ACCOUNTS~~

~~A. ATRS will accept participant rollover contributions and/or direct rollovers for the purchase of service credit from: qualified retirement plans as set forth in the Arkansas Code.~~

~~2. ROLLOVER ELIGIBILITY OF ATRS DISTRIBUTIONS~~

~~A. The depository trustee shall certify to the System that the rollover deposit account is "qualified" and eligible to receive rollover distributions prior to a distribution being rolled over. If the depository trustee cannot certify the eligibility status, ATRS will accept a certification from a currently licensed certified public accountant who has an active certified public accountant's license. The certification may not be made by a certified public accountant if the certified public accountant has an interest in the account as a member, spouse, or designated beneficiary.~~

Adopted: February 3, 2004

Amended: June 15, 2004

April 26, 2007

July 1, 2011 (Emergency)

Adopted: August 8, 2011

Effective: November 11, 2011

~~PURCHASE PAYMENT RULES~~

- ~~1. Prior to July 1, 2011, any service purchase commitment statement provided by a member to ATRS constitutes an agreement between ATRS and the member for ATRS to allow the member to complete the service purchase stated on the commitment form unless withdrawn or cancelled by the member. Failure of a member to complete the terms of the service purchase agreement authorizes ATRS to cancel the agreement. However, a service purchase commitment may be modified in terms of types of payment, duration, and the service being purchased, except the service being purchased cannot be increased and any decrease must otherwise be in compliance with ATRS law and policy.~~
- ~~2. An agreement to complete payment of purchase account shall exist upon acceptance of the initial payment.~~

Adopted: June 15, 2004
Approved by Board: February 6, 2012
Amended: April 18, 2012
Effective: May 29, 2012

~~CANCELLATION OF PURCHASE SERVICE ACCOUNTS~~

- ~~1. An established purchase account may be cancelled if the request is submitted in writing by the member and approved by the Accounting-Reporting Department. The amount of payments to date will be returned to the member without interest unless the payment of interest is statutorily mandated. Purchase account payments through employer pick-up cannot be cancelled until (a) the number of payments on IPA is completed, (b) the member terminates employment, or (c) the member retires.~~
- ~~2. The cancelled purchase account may be refunded under certain conditions:
 - ~~A. Accounts paid only with after tax contributions can be returned to the member.~~
 - ~~B. Accounts paid only with employer pick-up contributions cannot be returned to the member unless the member terminates employment or retires.~~
 - ~~C. Accounts paid only with rollover/transfer contributions may be rolled to another qualified plan or refunded to the member minus federal taxes.~~
 - ~~D. Accounts paid with a combination of after tax and rollover/transfer may be refunded.~~~~

~~Adopted: June 15, 2004
Approved by Board: February 6, 2012
Amended: April 18, 2012
Effective: May 29, 2012~~

~~RULE 8-7~~

~~FREE MILITARY SERVICE~~

A.C.A. § 24-7-602

~~A member of the Arkansas Teacher Retirement System (ATRS) who entered the Armed Forces of the United States between July 1, 1937, and June 30, 1973 or during a period that a federal military draft is in effect, may establish that active duty service in this System without cost, provided the following conditions are met:~~

- ~~1. Service must be the initial enlistment. Reenlistment or voluntary extension of the initial enlistment is not considered compulsory and shall not be allowed as service credit.~~
- ~~2. Military service shall not exceed five (5) years, and the years to be credited shall be those closest to the teaching service.~~
- ~~3. Crediting of military service will require the completion of Form M-1, provided by ATRS, and official military documents listing the entry and discharge dates of the first enlistment or induction.~~
- ~~4. Must have received an honorable discharge.~~
- ~~5. All military service credited prior to July 1, 1986, is contributory service.~~
- ~~6. Military service may be established at any time after becoming a member of ATRS but official crediting shall be effective upon completion of five (5) years of actual service ATRS, excluding military service credit.~~

~~Amended: April 26, 2007~~

~~October 6, 2008~~

~~July 1, 2011~~

~~(Emergency)~~

~~Adopted: August 8, 2011~~

~~Effective: November 11, 2011~~

~~Amended: October 5, 2015~~

~~Amended: February 1, 2016~~

~~Effective: February 10, 2016~~

~~PURCHASE OF FEDERAL RETIREMENT SERVICE~~

~~A.C.A. § 24-1-107, A.C.A. § 24-7-601~~

~~RULES~~

- ~~1. An active member shall be eligible to purchase federal retirement service under the following conditions (Act 2001 of 2005):
 - ~~A. Federal retirement service eligible for purchase is limited to service for which no benefit is payable from the federal retirement system in which he or she had previously been a member.~~
 - ~~B. Federal retirement service purchased shall be limited to ten (10) years.~~~~
- ~~2. The cost to purchase federal retirement service is actuarial cost determined by ATRS.~~
- ~~3. The federal retirement service will become credited service in the System when:
 - ~~A. The member payments have been paid in full; and~~
 - ~~B. The member has established five (5) or more years of actual service exclusive of federal retirement service.~~~~
- ~~4. Should a member cease to be an active member before the federal retirement service has been established as System credited service, the member payments contributed shall be refundable, together with regular interest; however, due to IRS regulations, purchase account payments made through employer pick-up are subject to the restrictions as stated in Rule No. 8-6 (Rollover Eligibility).~~
- ~~5. To be eligible to establish one (1) year of federal retirement service, a minimum of one hundred sixty (160) days must have been worked. Fractional years of domestic federal service may be purchased in accordance with A.C.A. § 24-7-601 and A.C.A. § 24-1-107. A month of domestic federal service shall be considered as twenty (20) days.~~
- ~~6. Certification of federal retirement service must be submitted to ATRS on a form provided by the System.~~
- ~~7. All federal retirement service shall be counted as contributory service.~~
- ~~8. Purchased federal credited service shall be credited to the fiscal year in which it was rendered.~~
- ~~9. ATRS will accept participant rollover contributions and/or direct rollovers of distributions for the purchase of service credit under certain circumstances. See Rule No. 8-4 (Direct Rollover Eligibility).~~

MARK-UP

~~Agency No. 088.00~~

Adopted: ~~February 11, 2008~~
July 1, 2011 (Emergency)
Adopted: ~~August 8, 2011~~
Effective: ~~November 11, 2011~~

~~**RULE 8-20**~~
~~**CONTRACT BUYOUTS OR OTHER COURT-**~~
~~**ORDERED PAYMENTS**~~

~~A.C.A. § 24-7-735~~

~~**I. SERVICE CREDIT ACCRUAL**~~

- ~~A. For contract buyouts and settlements or court ordered payments to a member, service credit is only allowed to accrue for actual on-site work for the covered employer by the member. However, if the member is not subject to either a contract buyout or court ordered payment, salary paid to the member as a regular employee, as if the member were providing services, shall be credited for salary and service purposes if the member is on call to the employer; however, such on call credit may not be stacked with salary at another ATRS employer.~~
- ~~B. In order to accrue service credit during a period of time that is redressed in a contract buyout or other court ordered payment of salary, or salary and benefits, the member shall perform on-site work for the covered employer.~~

~~**II. ADJUSTMENT OF BENEFIT**~~

~~ATRS shall not adjust a benefit or benefit calculation for a member until the covered employer or benefit participant provides a certified copy of the court order payment or settlement to ATRS, or if a contract buyout, a certified copy of the contract buyout.~~

Adopted:	July 1, 2011	(Emergency)
Adopted:	August 8, 2011	
Effective:	November 11, 2011	
Approved by Board:	July 26, 2013	
Amended:	October 9, 2013	
Effective:	November 8, 2013	

ATRS Rule 8
PURCHASES AND REFUNDS

A.C.A §§ 24-7-406, 24-7-601, 24-7-602, 24-7-607, 24-7-711, 24-7-719, 24-7-735,
24-1-107

I. Definitions

- A. "Back Contributions" means mandatory contributions payable for service and salary rendered in a covered position within the ATRS look-back period.
- B. "Private School Service" as defined in A.C.A. § 24-7-607, additionally, employment under the Head Start Programs will also be considered private school service and will have the same requirements for the issuance of teaching licenses by the Arkansas State Department of Education as determined by ATRS staff.

II. Purchase of Service Credit/Repayment of Refunds - General

- A. The Arkansas Code sets forth the service purchases available and the cost mechanism to be used in service purchases. The various types of service that can be purchased and the definitions for these are in the Arkansas Code. Unless greater explanation is required, the code's provisions are self-effecting without the need to be placed in the policy.
- B. Actuarial cost for purchase of service does not include adjustments to salary and service that are made in order to properly reflect the member's mandatory salary and service records. In addition, the actuarial cost of service does not apply to free military service credit that is established with ATRS.
- C. The actuarial cost for purchase of service shall use the member's highest salary year as the formula's "base year." The base year shall always be the member's highest salary year unless the highest salary year is more than 150% greater than the next highest salary year; in that case, the best two salary years shall be added together and divided by two to establish the base year for the formula.
- D. If a member does not have sufficient full service years to establish the base year for the purchase formula, then each partial year's service percentage shall be divided into each partial year's salary to establish a full year salary from the partial year salary to determine the base year for the formula.
- E. Salaries for actuarially purchased service shall not be used in the calculation of final average salary except for repaid refunds for

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mandatorily reported service within the refunded service.

- F. All actuarially purchased service shall be purchased as contributory.
- G. Members seeking to purchase service with ATRS shall use forms developed by ATRS staff to establish the service.
- H. All service purchases must be accompanied by a service purchase commitment statement. Once the service purchase stated on the service purchase commitment statement is paid in full, the service purchase is final and may not be cancelled by the member.
- I. If an active member with an active purchase account dies, the member's spouse, ATRS beneficiary, or legal representative shall have up to six (6) months to pay the balance of the purchase account. If the purchase account is not paid in full within six (6) months of the date of death, the purchase account is cancelled and any payments shall be treated as part of the member's residual account balance. ATRS may extend the six (6) month period for good cause shown.

III. Special Provisions for the Repayment of Refunded Member Contributions

- A. To be eligible to repay a refund, a person must be an active member of ATRS. A person who has received a refund may reestablish active membership by completing forty (40) days or more after reemployment by an ATRS covered employer.
- B. A member must purchase the total credited service forfeited by the refund in order to purchase the refunded service.
- C. If a member has received more than one refund, repayment must be made in inverse order. The most recent refund account must be paid in full before a previous refund account can be purchased.

IV. Refunds of Member Contributions

- A. Should an overpayment of contributions of less than \$25.00 be reported from the local level, no refund of this amount will be made to the member, except upon the written request from the member. The total amount reported by the employing authority shall be credited to contributions.
- B. On refunded contributions, the rate of interest compounded annually after the first year of contributions is credited as follows:

<u>Service</u>	<u>Interest Rate</u>
<u>Before July 1, 1984</u>	<u>3%</u>
<u>For July 1, 1984 through June 30, 2009</u>	<u>6%</u>
<u>For July 1, 2010, through June 30, 2011</u>	<u>2%</u>

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<u>For July 1, 2012, through June 30, 2017</u>	<u>1%</u>
<u>For July 1, 2017 and after</u>	<u>0.08%</u>

- C. Payable interest shall be computed on each member's individual account on June 30 each year by multiplying the balance in the member's individual account as of July 1 (including all contributions and interest credit from previous years) plus one-half (1/2) of the contributions for the year ending on June 30 by the annual applicable interest percentage rate.
- D. The Board may change the interest rate on refunded contributions for future years by Resolution stating the new interest rate, the date that the new interest rate will become effective, and any other features of the interest rate's implementation.
- E. Regular interest is not paid on contributions made in the year in which a refund is paid.
- F. As of July 1, 2012, ATRS no longer requires a hardship in order to pay a refund in no more than two payments on a direct payment to the member. Upon receipt of a properly completed refund application, ATRS will issue a refund for all member contributions that have been closed on the books of ATRS. Any amount due in a second payment will be made when all quarters of service the member worked are closed on the books of ATRS. Rollovers will be made in one payment when all quarters of service worked have been closed on the books of ATRS.
- G. The effective date of a refund is the date that ATRS first issues payment of a refund.

V. Rollover Acceptance and Distribution

A. Accepting Rollovers for Payment on ATRS Purchase Accounts

ATRS will accept participant rollover contributions and/or direct rollovers for the purchase of service credit from: qualified retirement plans as set forth in the Arkansas Code.

B. Rollover Eligibility of ATRS Distributions

The depository trustee shall certify to the System that the rollover deposit account is "qualified" and eligible to receive rollover distributions prior to a distribution being rolled over. If the depository trustee cannot certify the eligibility status, ATRS will accept a certification from a currently licensed certified public accountant who has an active certified public accountant's license. The certification may not be made by a certified public accountant if the certified public accountant has an interest in the account as a member, spouse, or designated beneficiary.

VI. Purchase Payment Rules

- A. Prior to July 1, 2011, any service purchase commitment statement provided by a member to ATRS constitutes an agreement between ATRS and the member for ATRS to allow the member to complete the service purchase stated on the commitment form unless withdrawn or cancelled by the member. Failure of a member to complete the terms of the service purchase agreement authorizes ATRS to cancel the agreement. However, a service purchase commitment may be modified in terms of types of payment, duration, and the service being purchased, except the service being purchased cannot be increased and any decrease must otherwise be in compliance with ATRS law and policy.
- B. An agreement to complete payment of purchase account shall exist upon acceptance of the initial payment.

VII. Cancellation of Purchase Service Accounts

- A. An established purchase account may be cancelled if the request is submitted in writing by the member and approved by ATRS. The amount of payments to date will be returned to the member without interest unless the payment of interest is statutorily mandated. Purchase account payments through employer pick-up cannot be cancelled until (a) the number of payments on IPA is completed, (b) the member terminates employment, or (c) the member retires.
- B. The cancelled purchase account may be refunded under certain conditions:
1. Accounts paid only with after-tax contributions can be returned to the member.
 2. Accounts paid only with employer pick-up contributions cannot be returned to the member unless the member terminates employment or retires.
 3. Accounts paid only with rollover/transfer contributions may be rolled to another qualified plan or refunded to the member minus federal taxes.
 4. Accounts paid with a combination of after-tax and rollover/transfer may be refunded.

VIII. Free Military Service

A member of ATRS who entered the Armed Forces of the United States between July 1, 1937, and June 30, 1973 or during a period that a federal military draft is in effect, may establish that active duty service in ATRS without cost, provided the following conditions are met:

- A. Service must be the initial enlistment. Reenlistment or voluntary extension

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of the initial enlistment is not considered compulsory and shall not be allowed as service credit.

B. Military service shall not exceed five (5) years, and the years to be credited shall be those closest to the teaching service.

C. Crediting of military service will require the completion of Form M-1, provided by ATRS, and official military documents listing the entry and discharge dates of the first enlistment or induction.

D. The member must have received an honorable discharge.

E. All military service credited prior to July 1, 1986, is contributory service.

F. Military service may be established at any time after becoming a member of ATRS but official crediting shall be effective upon completion of five (5) years of actual service ATRS, excluding military service credit.

IX. Purchase of Federal Retirement Service

A. An active member shall be eligible to purchase federal retirement service under the following conditions:

1. Federal retirement service eligible for purchase is limited to service for which no benefit is payable from the federal retirement system in which he or she had previously been a member.

2. Federal retirement service purchased shall be limited to ten (10) years.

B. The cost to purchase federal retirement service is actuarial cost determined by ATRS.

C. The federal retirement service will become credited service in ATRS when:

1. The member payments have been paid in full; and

2. The member has established five (5) or more years of actual service exclusive of federal retirement service.

D. Should a member cease to be an active member before the federal retirement service has been established as ATRS credited service, the member payments contributed shall be refundable, together with regular interest; however, due to IRS regulations, purchase account payments made through employer pick-up are subject to the restrictions as stated in this rule.

E. To be eligible to establish one (1) year of federal retirement service, a minimum of one hundred sixty (160) days must have been worked. Fractional years of federal service may be purchased in accordance with A.C.A. §§ 24-7-601 and 24-1-107. A month of federal service shall be considered as twenty (20) days.

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- F. Certification of federal retirement service must be submitted to ATRS on a form provided by ATRS.
- G. All federal retirement service shall be counted as contributory service.
- H. Purchased federal credited service shall be credited to the fiscal year in which it was rendered.
- I. ATRS will accept participant rollover contributions and/or direct rollovers of distributions for the purchase of service credit under certain circumstances under this rule.

X. Service Credit Accrual

- A. For contract buyouts and settlements or court ordered payments to a member, service credit is only allowed to accrue for actual on-site work for the covered employer by the member. However, if the member is not subject to either a contract buyout or court ordered payment, salary paid to the member as a regular employee, as if the member were providing services, shall be credited for salary and service purposes if the member is on call to the employer; however, such on call credit may not be stacked with salary at another ATRS employer.
- B. In order to accrue service credit during a period of time that is redressed in a contract buyout or other court-ordered payment of salary, or salary and benefits, the member shall perform on-site work for the covered employer.

XI. Adjustment of Benefit

ATRS shall not adjust a benefit or benefit calculation for a member until the covered employer or benefit participant provides a certified copy of the court-order payment or settlement to ATRS, or if a contract buyout, a certified copy of the contract buyout.

ATRS Rule 8

PURCHASES AND REFUNDS

A.C.A §§ 24-7-406, 24-7-601, 24-7-602, 24-7-607, 24-7-711, 24-7-719, 24-7-735,
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I. Definitions

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- B. "Private School Service" as defined in A.C.A. § 24-7-607, additionally, employment under the Head Start Programs will also be considered private school service and will have the same requirements for the issuance of teaching licenses by the Arkansas State Department of Education as determined by ATRS staff.

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- A. The Arkansas Code sets forth the service purchases available and the cost mechanism to be used in service purchases. The various types of service that can be purchased and the definitions for these are in the Arkansas Code. Unless greater explanation is required, the code's provisions are self-effecting without the need to be placed in the policy.
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- C. The actuarial cost for purchase of service shall use the member's highest salary year as the formula's "base year." The base year shall always be the member's highest salary year unless the highest salary year is more than 150% greater than the next highest salary year; in that case, the best two salary years shall be added together and divided by two to establish the base year for the formula.
- D. If a member does not have sufficient full service years to establish the base year for the purchase formula, then each partial year's service percentage shall be divided into each partial year's salary to establish a full year salary from the partial year salary to determine the base year for the formula.
- E. Salaries for actuarially purchased service shall not be used in the calculation of final average salary except for repaid refunds for

mandatorily reported service within the refunded service.

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- G. Members seeking to purchase service with ATRS shall use forms developed by ATRS staff to establish the service.
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- I. If an active member with an active purchase account dies, the member's spouse, ATRS beneficiary, or legal representative shall have up to six (6) months to pay the balance of the purchase account. If the purchase account is not paid in full within six (6) months of the date of death, the purchase account is cancelled and any payments shall be treated as part of the member's residual account balance. ATRS may extend the six (6) month period for good cause shown.

III. Special Provisions for the Repayment of Refunded Member Contributions

- A. To be eligible to repay a refund, a person must be an active member of ATRS. A person who has received a refund may reestablish active membership by completing forty (40) days or more after reemployment by an ATRS covered employer.
- B. A member must purchase the total credited service forfeited by the refund in order to purchase the refunded service.
- C. If a member has received more than one refund, repayment must be made in inverse order. The most recent refund account must be paid in full before a previous refund account can be purchased.

IV. Refunds of Member Contributions

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- B. On refunded contributions, the rate of interest compounded annually after the first year of contributions is credited as follows:

Service	Interest Rate
Before July 1, 1984	3%
For July 1, 1984 through June 30, 2009	6%
For July 1, 2010, through June 30, 2011	2%

For July 1, 2012, through June 30, 2017	1%
For July 1, 2017 and after	0.08%

- C. Payable interest shall be computed on each member's individual account on June 30 each year by multiplying the balance in the member's individual account as of July 1 (including all contributions and interest credit from previous years) plus one-half (1/2) of the contributions for the year ending on June 30 by the annual applicable interest percentage rate.
- D. The Board may change the interest rate on refunded contributions for future years by Resolution stating the new interest rate, the date that the new interest rate will become effective, and any other features of the interest rate's implementation.
- E. Regular interest is not paid on contributions made in the year in which a refund is paid.
- F. As of July 1, 2012, ATRS no longer requires a hardship in order to pay a refund in no more than two payments on a direct payment to the member. Upon receipt of a properly completed refund application, ATRS will issue a refund for all member contributions that have been closed on the books of ATRS. Any amount due in a second payment will be made when all quarters of service the member worked are closed on the books of ATRS. Rollovers will be made in one payment when all quarters of service worked have been closed on the books of ATRS.
- G. The effective date of a refund is the date that ATRS first issues payment of a refund.

V. Rollover Acceptance and Distribution

A. Accepting Rollovers for Payment on ATRS Purchase Accounts

ATRS will accept participant rollover contributions and/or direct rollovers for the purchase of service credit from: qualified retirement plans as set forth in the Arkansas Code.

B. Rollover Eligibility of ATRS Distributions

The depository trustee shall certify to the System that the rollover deposit account is "qualified" and eligible to receive rollover distributions prior to a distribution being rolled over. If the depository trustee cannot certify the eligibility status, ATRS will accept a certification from a currently licensed certified public accountant who has an active certified public accountant's license. The certification may not be made by a certified public accountant if the certified public accountant has an interest in the account as a member, spouse, or designated beneficiary.

VI. Purchase Payment Rules

- A. Prior to July 1, 2011, any service purchase commitment statement provided by a member to ATRS constitutes an agreement between ATRS and the member for ATRS to allow the member to complete the service purchase stated on the commitment form unless withdrawn or cancelled by the member. Failure of a member to complete the terms of the service purchase agreement authorizes ATRS to cancel the agreement. However, a service purchase commitment may be modified in terms of types of payment, duration, and the service being purchased, except the service being purchased cannot be increased and any decrease must otherwise be in compliance with ATRS law and policy.
- B. An agreement to complete payment of purchase account shall exist upon acceptance of the initial payment.

VII. Cancellation of Purchase Service Accounts

- A. An established purchase account may be cancelled if the request is submitted in writing by the member and approved by ATRS. The amount of payments to date will be returned to the member without interest unless the payment of interest is statutorily mandated. Purchase account payments through employer pick-up cannot be cancelled until (a) the number of payments on IPA is completed, (b) the member terminates employment, or (c) the member retires.
- B. The cancelled purchase account may be refunded under certain conditions:
 - 1. Accounts paid only with after-tax contributions can be returned to the member.
 - 2. Accounts paid only with employer pick-up contributions cannot be returned to the member unless the member terminates employment or retires.
 - 3. Accounts paid only with rollover/transfer contributions may be rolled to another qualified plan or refunded to the member minus federal taxes.
 - 4. Accounts paid with a combination of after-tax and rollover/transfer may be refunded.

VIII. Free Military Service

A member of ATRS who entered the Armed Forces of the United States between July 1, 1937, and June 30, 1973 or during a period that a federal military draft is in effect, may establish that active duty service in ATRS without cost, provided the following conditions are met:

- A. Service must be the initial enlistment. Reenlistment or voluntary extension

of the initial enlistment is not considered compulsory and shall not be allowed as service credit.

- B. Military service shall not exceed five (5) years, and the years to be credited shall be those closest to the teaching service.
- C. Crediting of military service will require the completion of Form M-1, provided by ATRS, and official military documents listing the entry and discharge dates of the first enlistment or induction.
- D. The member must have received an honorable discharge.
- E. All military service credited prior to July 1, 1986, is contributory service.
- F. Military service may be established at any time after becoming a member of ATRS but official crediting shall be effective upon completion of five (5) years of actual service ATRS, excluding military service credit.

IX. Purchase of Federal Retirement Service

- A. An active member shall be eligible to purchase federal retirement service under the following conditions:
 - 1. Federal retirement service eligible for purchase is limited to service for which no benefit is payable from the federal retirement system in which he or she had previously been a member.
 - 2. Federal retirement service purchased shall be limited to ten (10) years.
- B. The cost to purchase federal retirement service is actuarial cost determined by ATRS.
- C. The federal retirement service will become credited service in ATRS when:
 - 1. The member payments have been paid in full; and
 - 2. The member has established five (5) or more years of actual service exclusive of federal retirement service.
- D. Should a member cease to be an active member before the federal retirement service has been established as ATRS credited service, the member payments contributed shall be refundable, together with regular interest; however, due to IRS regulations, purchase account payments made through employer pick-up are subject to the restrictions as stated in this rule.
- E. To be eligible to establish one (1) year of federal retirement service, a minimum of one hundred sixty (160) days must have been worked. Fractional years of federal service may be purchased in accordance with A.C.A. §§ 24-7-601 and 24-1-107. A month of federal service shall be considered as twenty (20) days.

- F. Certification of federal retirement service must be submitted to ATRS on a form provided by ATRS.
- G. All federal retirement service shall be counted as contributory service.
- H. Purchased federal credited service shall be credited to the fiscal year in which it was rendered.
- I. ATRS will accept participant rollover contributions and/or direct rollovers of distributions for the purchase of service credit under certain circumstances under this rule.

X. Service Credit Accrual

- A. For contract buyouts and settlements or court ordered payments to a member, service credit is only allowed to accrue for actual on-site work for the covered employer by the member. However, if the member is not subject to either a contract buyout or court ordered payment, salary paid to the member as a regular employee, as if the member were providing services, shall be credited for salary and service purposes if the member is on call to the employer; however, such on call credit may not be stacked with salary at another ATRS employer.
- B. In order to accrue service credit during a period of time that is redressed in a contract buyout or other court-ordered payment of salary, or salary and benefits, the member shall perform on-site work for the covered employer.

XI. Adjustment of Benefit

ATRS shall not adjust a benefit or benefit calculation for a member until the covered employer or benefit participant provides a certified copy of the court-order payment or settlement to ATRS, or if a contract buyout, a certified copy of the contract buyout.