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ATRS Rule 7

REPORTING AND ELIGIBILITY

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A.C.A. §§ 24-7-103, 24-7-202, 24-7-401, 24-7-406, 24-7-411,
24-7-601 — 24-7-611, 24-7-705, 24-7-708, 24-7-736, 24-7-1303, 24-2-701

I. Calculation of Final Average Salary

A. Definitions

1. "~~Participating~~ ATRS Employer" means an employer who participates in the Arkansas Teacher Retirement System whose employees are eligible for membership under A.C.A. § 24-7-501 or other applicable law.
2. "Full service year" means employment by a covered employer for one hundred sixty (160) days or more in a fiscal year.
23. "~~Partial Year~~ service year" means ~~service in a fiscal year that constitutes less than a full service year of credited service in a fiscal year due to less than the required service days at an ATRS employer due to a reduction in service credit caused by an adjustment in ATRS service credit because reciprocal service credit occurs in the same fiscal year, due to a member retiring prior to the end of a fiscal year, or due to any other law or policy that provides a member less than a full year of service in a fiscal year.~~

B. Rules Salary Limitations

1. ~~For purposes of calculating a member's~~ To calculate final average salary, ATRS will include salary received during a fiscal year from all participating ATRS employers ~~during a fiscal year.~~
2. ~~For purposes of determining if a salary year constitutes a full service year, the following shall be excluded from the limits under A.C.A. § 24-7-736:~~
 - a. ~~Any salary year which constitutes member service during two (2) or fewer quarters in a fiscal year; or~~
 - b. ~~Any salary year that constitutes less than one (1) year of service credit under the schedule set forth in ATRS Rule 7.II. Proof of Service Credit.~~ Partial service years are excluded from the calculation of final average salary unless the partial service year is higher than a full service year, or if the member has less than the required numbers of years to calculate a final average salary.
3. Regardless of any provision in a State statute, rule, or regulation to the contrary, salary or other compensation paid which exceeds the

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limitations set forth in Section 401(a)(17) of the Internal Revenue Code shall be disregarded. The limitation on compensation for "eligible employees" shall not be less than the amount allowed under ATRS in effect on July 1, 1993. For this purpose, an "eligible employee" is an individual who was a member of ATRS before the first plan year beginning after December 31, 1995.

4. Certain remuneration paid by an ATRS employer to ATRS members shall not be treated as salary in the calculation of ATRS benefits although it would otherwise meet the definition of salary ~~prior to the adoption of this Rule by the ATRS Board.~~

a. Paid or unpaid accrued, unused sick leave shall not be credited as service unless the member dies while an active member, in which case it shall be credited as service in the fiscal year of the member's death.

a.b. Any remuneration or salary paid as an incentive payment, bonus, separation payment, additional salary or a special payment made in return for or in consideration of an ATRS member's agreement to separate from the ATRS employer, retire, or not renew the member's contract with the ATRS employer shall not be treated as salary by ATRS.

i. This salary limitation applies if:

1. ~~The offering by the~~ The ATRS employer ~~employer's offer~~ applies to two (2) or more ATRS members;
2. ~~The offering is proposed as an~~ The ATRS employer offers a voluntary early retirement incentive plan, staff reduction plan, or buyout plan ~~that is offered to ATRS members to either directly retire or separate employment from the ATRS employer~~ as a condition of participating in the plan;
3. ~~The offering is made in return for the voluntary decision of the ATRS member to participate~~ voluntarily participates in the program in return for the additional remuneration or salary.

ii. This salary limitation does not apply if:

1. ~~It is an offering to one (1) ATRS member by the ATRS employer; It is~~ payment to purchase service credit or additional salary as a part of a separation agreement and as a result of the resolution of a claim of wrongful termination, and the member continues to work on-site for the employer; or
2. ~~It is part of a standing offer to all ATRS members at the time of retirement for the payment of annual time, sick time, or related retirement payment; It is~~ payment made for

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accumulated, unused sick leave in excess of the number of sick days that a member's employer allows them to carry forward, and that are accrued during years immediately prior to termination of covered employment.

~~3. It is a payment or bonus made to all members or specific categories of members that is not dependent or conditioned upon the member's separation from or retirement from the employer;~~

~~4. It is a payment made in the settlement of litigation or paid to avoid threat of litigation.~~

~~bc.~~ ATRS employers shall not withhold member contributions or pay employer contributions from the remuneration paid that is subject to the salary limitation established by this Rule.

~~ed.~~ Any ATRS employer ~~offering of~~ who offers an early retirement plan, separation plan, or contract non-renewal plan, that ~~would result in remuneration being paid by the employer~~ pays remuneration that would be limited from treatment of salary by this Rule subject to the salary limitation shall notify ATRS of the plan prior to ~~payment of any remuneration that is subject to this salary limitation~~ any payment under such plan.

~~de.~~ Upon At the request of an ATRS employer, ~~the~~ ATRS staff shall review any potential plan or payment that could be subject to this salary limitation ~~in order to~~ and provide guidance as to whether the salary limitation would apply ~~to the remuneration paid by the proposed plan or payment.~~

~~ef.~~ Any decision by ATRS staff on a particular plan or payment may be appealed to the ATRS Board using the ATRS appeal procedure as set forth in Rule 13.

5. If a conflict exists ~~between the statute or policy governing the treatment of a member's salary~~ between ATRS's calculation of final average salary and the participating ATRS employer's laws or policies relating to the compensation of final average salary and ~~the calculating of a member's final average salary for benefits~~, ATRS's laws and rules shall control.

6. Effective July 1, 2018, ~~when calculating a member's final average salary~~, ATRS shall calculate final average salary using the five (5) years in which the member received the highest salary from ~~a participating~~ an ATRS employer subject to the foregoing limitations.;

a. For active members as of July 1, 2018 who have three (3) or more full service years, ATRS shall determine the benchmark final average

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salary using the highest salary from a member's three (3) separate full service years through fiscal year 2018, as if the member were retiring or entering T-DROP as of June 30, 2018.

b. If, at the time of actual retirement, a five (5) year calculation of the final average salary of a member who qualifies for the three (3) year calculation is higher, the five (5) year calculation will be used.

c. The three (3) year final average salary calculation above is a permanent benchmark for comparison to a five (5) year average salary calculation.

7. ~~A one-time benchmark final average salary will be computed on service attained as of June 30, 2018. The benchmark final average salary is not provided to inactive ATRS members unless proof is provided to ATRS indicating the member was active in a reciprocal or alternative system in fiscal year 2018. The benchmark final average salary will be calculated using the three (3) years in which the member received the highest salary from a participating employer. This benchmark final average salary will be used at the time of retirement if it is higher than the five (5) year final average salary calculated above.~~
8. The final average salary used for members with reciprocal service shall be the highest salary years credited by either the ATRS participating employer or the reciprocal system under A.C.A. § 24-2-402.
9. For members who are retiring and who are employed in agencies or other institutions that use the state 26-week payroll, employers should report to ATRS the salary, contributions, and actual days worked through the current year payroll period. Contributions should not be withheld on any salary earned after the close of the current year's payroll, nor should any salary or days of service be reported for that period.
10. For members who are retiring and who are employed by employers using a fiscal year ending June 30, employers should report to ATRS the salary contributions, and actual days worked through the current fiscal years ending June 30. Contributions should not be withheld on any salary earned after the end of the current fiscal year, nor should any salary or days of service be reported for that period.
11. For retiring members, employee contributions remitted on salary paid after the end of the current fiscal year or current year payroll period, whichever applied, will be refunded as promptly as possible.

II. Proof of Service Credit

- A. The Board shall determine the number of years and fractions thereof for

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paid service credited to members of ATRS. No fewer than one hundred sixty (160) days of employee service in a fiscal year (ending June 30) shall be credited as a full ~~year of service~~ year.

- B. Members employed less than ~~one-fourth (1/4)~~ of forty (40) days during a fiscal year are not eligible for credit or benefits in ATRS for that fiscal year; ~~provided however, a contributory member's service days~~ beginning in the 2011-2012 fiscal year, a contributory member's service days are carried forward from previous fiscal years until at least ~~one-quarter year~~ forty (40) days of service ~~is obtained~~ are earned by the member. ~~If~~ When a contributory member obtains at least ~~a quarter year~~ forty (40) days of service in a fiscal year, whether using regular service days or accumulated service days, or both, the member begins the next fiscal year with no days of service carried forward.

C. ~~FOR MEMBERS WITH SERVICE AFTER JULY 1, 1971~~

- ~~1. Actual~~ For members with service after July 1, 1971, actual service credited to a member's account shall be determined in accordance with the following table:

Number of Days Worked in a Fiscal Year	Service Credit Earned
1 -39	None
40-79	0.25 year
80-119	0.50 year
120-159	0.75 year
160 days or over	1.00 year

- ~~2.D. All contracts~~ ATRS shall utilize the days specified in a contract between an ATRS employer and member that specify the number of days worked by the member shall be used by ATRS to establish the number of days of service worked.

- E. If a member is employed in a position that for which a regular and typical work day includes eight (8) hours or more of work time (full-day position), then at least four (4) hours of work in a day shall be required for a "day" of service. For "full-day" members

- F. A member who is not employed in specialized support positions and who ~~do~~ does not work four (4) hours or more a day, will earn service credit by dividing by four (4) the total number of hours worked in a fiscal quarter divided by four (4) will determine the number of days to arrive at the number of days to be credited.

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- G. ATRS employers have specialized support positions that include bus drivers, custodial workers, cafeteria workers, and similar positions ~~for which a typical day of service by the member will be~~ that may require less than eight (8) hours of work a day. ~~Effective for the 2011-2012 fiscal year Beginning July 1, 2011,~~ a member employed, ~~without a contract specifying the number of days of service to be worked,~~ in a specialized support position that has been certified to ATRS as a specialized support position shall receive a full day of service credit, ~~even if the member works less than four (4) hours in a service day,~~ if the ATRS employer reasonably determines that the member performed the regular and usual service expected of a member in that position during the service day.
- H. A specialized support employee who is employed without a contract specifying the numbers of days of serviced shall be credited a full service day for each day worked, regardless whether the member works fewer than four (4) hours during the day.
- ~~3.~~ ~~For purposes of days counted toward service credit, absences shall be counted as service if for paid leave including sick leave. However, for administrative leave, the member must be on call by the employer for the service to be counted.~~
- ~~4.~~ ~~ATRS shall not give service credit to a member until all required contributions and interest, if any, are remitted to ATRS.~~
- ~~5I.~~ ~~The participating ATRS employers shall certify proof of service on such forms and with any documentation required by ATRS.~~
- ~~6J.~~ ~~If a member is retiring with an effective date other than October 1, January 1, April 1, or July 1, service credited for the year in which a member retires shall not exceed one-fourth (1/4) year for each full calendar quarter worked during the fiscal year~~ has accrued a full service year credit for a fiscal year and then retires, the member's annuity shall ~~no-not~~ begin earlier than on the July 1 of the following fiscal year.
- ~~7K.~~ ~~In any case of question as to service credit of a member, the~~ The Board of Trustees has the final authority to decide the amount of service creditable to a member for any particular circumstance.

III. Employee (Member) Contributions

- A. ~~After June 30, 1997, each~~ Each employer will remit the member contributions by employer "pick up" from the salary earned by contributory members, and those member contributions ~~will then be treated as~~ are treated as employer contributions in ~~determining tax treatment under the provision~~ applicable provisions of the federal Internal Revenue Code and the Arkansas Income Tax Act. The employer may pay these contributions

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by a reduction in the cash salary of the member, ~~or by a setoff against future salary increases, or by a combination of a reduction in salary and a setoff against future salary increases both.~~

- B. ~~Member~~ The rate of member contributions shall be ~~is~~ set by the Board by resolution.
- C. Overpayments or underpayments of member contributions in an amount determined by the Board to be "de minimus" shall be pursuant to the following:
1. ~~If ATRS shall not collect an underpayment of member contributions of for an amount less than \$25 twenty-five dollars (\$25.00) occurs, ATRS shall not collect the difference of this underpayment and no adjustment to or adjust member service credit will be made for such amount.~~
 2. ~~If ATRS will refund an overpayment of member contributions of less than \$25 twenty-five dollars (\$25.00) occurs, a refund will not be issued unless requested by if the member requests.~~
 3. ~~Should If an underpayment of member contributions occur occurs as a result of a member's changing because the member changed status from noncontributory to contributory, the member must remit to ATRS the contributions due based on gross salary earned retroactive to the beginning of that fiscal year. Service credit will not be credited until the total amounts due are underpayment is fully paid in full to ATRS.~~
 4. ~~Should If an overpayment of member contributions occur occurs as a result of erroneous reporting, ATRS will refund the overpayment of member contributions to the employer, subject to the de minimus amount.~~
- D. If ATRS is owed member contributions and with accrued interest by a member, the interest ~~owed by the member~~ may be waived by the Board or its designee under ATRS Rules.

IV. Employer Contribution Rate

- A. The Board shall annually set the employer contribution rate ~~shall be the rate established by the Board of Trustees of the Arkansas Teacher Retirement System prospectively for each the following fiscal year.~~
- B. ATRS shall annually notify participating ATRS employers of the employer contribution rate established set by the Board ~~for the upcoming fiscal year.~~
- C. ~~Participating employers shall pay ATRS employer contributions for eligible employees in accordance with these rules.~~

V. Employee and Employer Remittances and Reports

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- A. Remittances of employee and employer contributions are due monthly.
- B. Employer reports required by ATRS are due on a monthly and quarterly basis.
- C. The employer ~~reports required by ATRS~~ must remit reports and required supporting documentation to ATRS electronically ~~be on ATRS-approved forms or electronic media~~ either ~~furnished by ATRS or approved by ATRS,~~ and shall be accompanied by supporting documentation as determined by ATRS.
- D. An employer report or remittance ~~by an employer~~ shall not be delinquent if received by ATRS on the 15th day of the month in which it is due or postmarked by the 14th day of the month. If the 14th falls on Saturday, Sunday, or a holiday, the postmarked date is extended to the next business day.
- E. A ~~\$150~~ one-hundred and fifty dollar (\$150) late report penalty will be assessed on any required employer report not received by its due date.
- F. If an employer fails to remit employee or employer contributions by the date due above, an interest penalty of ~~8%~~ eight percent (8%) shall be assessed with daily interest accrual until paid.
- G. The Board or its designee may, ~~but is not required, to~~ waive penalties and interest due from an employer if in its discretion it finds:
 - 1. The delinquency was not the result of the employer's nondisclosure, fraud, or other misrepresentation; and
 - 2. Based on the facts and circumstances, the required payment of the penalties and/or interest would be unduly penal, burdensome, or manifestly unjust.
- H. The Board designates the Executive Director to waive penalties and interest from an employer in an amount not to exceed ~~\$1,000~~ one thousand dollars (\$1000) per fiscal year. The Executive Director shall report to the Board any amounts ~~excused~~ waived under this section. Any request to waive employer penalties and interest exceeding ~~\$1,000~~ one thousand dollars (\$1000) per fiscal year shall be submitted to the ATRS Board for consideration.
- ~~I. Annual billings for underpayments of employee or employer contributions that result in a balance of \$25 or less may be written off by ATRS.~~

VI. Reporting Employer Contributions

- A. The employer contributions to be paid each fiscal year by ~~participating~~ ATRS employers shall be the current employer contribution rate multiplied by the employees' total salaries.

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- B. The Department of Education shall pay from the Public School Fund, in accordance with rules established by the Board, the ATRS employer contributions due for eligible employees of certain State agencies as allowed under the Transformation and Efficiencies Act of 2019, and for eligible employees of Cooperative Education Services Areas, Vocational Centers, Arkansas Easter Seals, and the school operated by the Department of Correction. ATRS shall certify to the Department of Education at the close of each quarterly report the amount of employer contributions due. The amount will be based on the employers' reported salaries.
- C. ATRS may certify to the state's Chief Fiscal Officer the names of ~~participating~~ ATRS employers who are delinquent in reporting and remitting contributions under this rule. Upon notification, the Chief Fiscal Officer may direct a transfer of funds on deposit in the State Treasurer's Office for any delinquent employer payments plus the eight percent (8%) interest penalty to ATRS. (A.C.A. § 19-5-106)
- D. Supplemental salary payment reports for previous years will be accompanied by the employer contributions due.
- E. The Arkansas Teacher Retirement System shall return to ~~participating~~ ATRS employers overpaid contribution amounts due to erroneous submission of payments or incorrect reporting of Salary Option 2 (first \$7,800) member salaries. If an overpayment of a contribution amount is less than \$25, the refund will not be issued to the employer unless requested in writing by the employer.
- F. The Arkansas Teacher Retirement System shall not collect from ~~participating~~ ATRS employers an underpayment of employer contribution amount if less than \$25.
- G. For members retiring and who are employed by agencies or other institutions that use the state's 26-week payroll schedule, employers should adhere to and report the salary, contributions, and actual days worked through the state's fiscal year payroll schedule and for the termination date of employment. Contributions should not be withheld on any salary earned after the close of the current year's payroll, nor should any salary or days of service be reported for that period of time.
- H. A public school employer shall pay any additional employer contributions above fourteen percent (14%) from additional funds appropriated by the State for the purpose of paying ATRS employer contributions.

State of Arkansas

As Engrossed: H2/27/19

92nd General Assembly

A Bill

Regular Session, 2019

HOUSE BILL 1320

By: Representative Maddox

For An Act To Be Entitled

AN ACT TO MAKE TECHNICAL CORRECTIONS TO TITLE 24 OF
THE ARKANSAS CODE CONCERNING RETIREMENT AND PENSIONS
UNDER THE ARKANSAS TEACHER RETIREMENT SYSTEM; TO
DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle

TO MAKE TECHNICAL CORRECTIONS TO TITLE 24
OF THE ARKANSAS CODE CONCERNING
RETIREMENT AND PENSIONS 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 § 24-2-701(c)(1), concerning employer
contribution rates to the state public employee retirement systems, is
amended to read as follows:

(1)(A) For the Arkansas Teacher Retirement System, ~~for the~~
~~fiscal years ending June 30, 2008, and June 30, 2009,~~ the Board of Trustees
of the Arkansas Teacher Retirement System shall establish employer
contribution rates prospectively each year.

(B) The employer contribution rates shall be based on the
actuary's determination of the rate required to fund the plan ~~in accordance~~
~~with the objectives~~ as necessary to meet the general financial objective set
forth in subsection (a) of this section.

(C) The employer contribution rates shall be the rates
determined by the Board of Trustees of the Arkansas Teacher Retirement System



1 under § 24-7-401(c) and based on the annual actuarial valuation of the
2 Arkansas Teacher Retirement System.

3 ~~(D) For the fiscal years ending June 30, 2008, and June 20,~~
4 ~~2009, the employer contribution rate shall not exceed fourteen percent (14%).~~

6 SECTION 2. Arkansas Code § 24-7-202(18), concerning the definition of
7 "final average salary" under the Arkansas Teacher Retirement System Act, is
8 amended to read as follows:

9 (18)(A)(i) "Final average salary" means the average of the
10 ~~remuneration paid to a member by a participating employer during the fiscal~~
11 ~~year ending June 30 of not less than three (3) years nor more than five (5)~~
12 ~~years of credited service producing the highest annual average~~ highest
13 salaries earned by a member in state fiscal years determined in accordance
14 with the rules and regulations of the board as is actuarially appropriate for
15 the Arkansas Teacher Retirement System;

16 ~~(ii) Before reducing the time period used to~~
17 ~~determine final average salary, the board shall file relevant information~~
18 ~~concerning the actuarial appropriateness of the action with the Joint Interim~~
19 ~~Committee on Public Retirement and Social Security Programs, and the action~~
20 ~~shall be reviewed by the Joint Interim Committee on Public Retirement and~~
21 ~~Social Security Programs.~~

22 ~~(B) If a member has less than the minimum of three (3)~~
23 ~~years of credited service, "final average salary" means the annual average of~~
24 ~~salaries paid to him or her during his or her total years of credited~~
25 ~~service, subject to the provisions of subdivision (32) of this section;~~

27 SECTION 3. Arkansas Code § 24-7-202(25), concerning the definition of
28 "nonteacher" under the Arkansas Teacher Retirement System Act, is amended to
29 read as follows:

30 (25) "Nonteacher" means ~~any member except a~~ member who is not a
31 teacher;

33 SECTION 4. Arkansas Code § 24-7-202(30), concerning the definition of
34 "retirant" under the Arkansas Teacher Retirement System Act, is amended to
35 read as follows:

36 (30) ~~"Retirant"~~ "Retiree" or "retirant" means a member receiving

1 an Arkansas Teacher Retirement System annuity;

2
3 SECTION 5. Arkansas Code § 24-7-202, concerning definitions applicable
4 to the Arkansas Teacher Retirement System Act, is amended to add an
5 additional subdivision to read as follows:

6 (43) "Administrator" means:

7 (A) A person who is:

8 (i) Employed by an education related agency that
9 participates in the Arkansas Teacher Retirement System;

10 (ii) An active member employed in a position that is
11 a grade GS13, a grade above a GS13, or the equivalent of a grade GS13; or

12 (B) A person who is:

13 (i) Employed by a participating employer of the
14 Arkansas Teacher Retirement System; and

15 (ii) Any one of the following:

16 (a) A public school superintendent, assistant
17 superintendent, principal, or vice principal;

18 (b) A president, chancellor, or a director of
19 an institution of higher education; or

20 (c) A president, vice president, or a director
21 of a community college vocational, technical, or educational cooperative.

22
23 SECTION 6. Arkansas Code § 24-7-208 is amended to read as follows:

24 24-7-208. Benefit enhancements – Restrictions.

25 (a) No benefit enhancement provided for by this act shall be
26 implemented if it would cause the publicly supported retirement system's
27 unfunded actuarial accrued liabilities to exceed ~~a thirty-year~~ an eighteen-
28 year amortization.

29 (b) No benefit enhancement provided for by this act shall be
30 implemented by any publicly supported system which has unfunded actuarial
31 accrued liabilities being amortized over a period exceeding ~~thirty~~ (30)
32 eighteen (18) years until the unfunded actuarial accrued liability is reduced
33 to a level less than the standards prescribed by § 24-1-101 et seq.

34
35 SECTION 7. Arkansas Code § 24-7-301(2)(C), concerning active member
36 trustees employed in a position requiring an administrator's license as

1 members of the Board of Trustees of the Arkansas Teacher Retirement System,
2 is amended to read as follows:

3 (C)(i) Two (2) active member trustees shall be employed in
4 a position requiring an administrator's license, one (1) of whom ~~must~~ shall
5 be a ~~superintendent or an educational cooperative director~~ an administrator.

6 (ii) These two (2) active member trustees shall be
7 elected by members employed in positions requiring ~~administrator licensure~~ an
8 administrator's license.

9
10 SECTION 8. Arkansas Code § 24-7-406(b)(5), concerning members who left
11 covered employment under the Arkansas Teacher Retirement System before July
12 1, 1985, is amended to read as follows:

13 (5) Members who ~~left~~ leave covered employment ~~before July 1,~~
14 ~~1985,~~ and who had annual compensation of seven thousand eight hundred dollars
15 (\$7,800) or less shall have, upon their return to covered employment, full
16 salary considered for purposes of the system.

17
18 SECTION 9. Arkansas Code § 24-7-601(c)(2)(A), concerning when days of
19 paid sick leave cannot be considered service under the Arkansas Teacher
20 Retirement System, is amended to read as follows:

21 (2)(A) Except as provided under subdivision (c)(2)(B) of this
22 section, ~~days of paid sick leave shall not be considered service if the~~
23 ~~payment is for unused sick leave~~ paid or unpaid accrued, unused sick leave
24 shall not be credited as service in the Arkansas Teacher Retirement System.

25
26
27 SECTION 10. Arkansas Code § 24-7-605 is amended to read as follows:
28 24-7-605. Service in General Assembly.

29 (a)(1)(A)(i) Any member of the Senate or House of Representatives of
30 the General Assembly who is a member of the Arkansas Teacher Retirement
31 System shall be eligible, upon application, to receive credited service and
32 salary in the system for his or her full contract salary in the event that a
33 cut in pay is required by the school district during his or her attendance at
34 regular or extraordinary sessions of the General Assembly or during his or
35 her attendance at meetings of regular or special committees of the General
36 Assembly during the interim.

1 (ii) These meetings shall include, but not be
2 limited to, the Legislative Council, the Legislative Joint Auditing
3 Committee, the interim committees, and special legislative committees.

4 (B) The member shall receive credited service and salary
5 upon payment by him or her of the necessary member contribution and upon
6 appropriation from the Public School Fund of the necessary employer
7 contribution for the amount of the salary reduction during periods of
8 attending regular or extraordinary sessions of the General Assembly or
9 sessions of legislative committees.

10 (2) The amount of credited ~~service~~ salary shall not exceed the
11 contract salary of the member for the school year contract period.

12 (3)(A) Any member of the House of Representatives or the Senate
13 currently serving in the General Assembly or the legislative committees for
14 any year prior to July 6, 1977, not to exceed five (5) years, may make
15 application for and receive credited service and salary in the system for his
16 or her full contract salary as an employee with respect to any reduction
17 therein during attendance at regular or extraordinary sessions of the General
18 Assembly or sessions of legislative committees in which he or she served.

19 (B) This shall be done only if he or she pays to the
20 system the member contribution required by law, and if appropriation is made
21 from the Public School Fund for the necessary employer contribution required
22 by law for that portion of his or her contract salary for any period for
23 which he or she suffered a reduction in pay during legislative service.

24 (b)(1) Any member of the Senate or House of Representatives of the
25 General Assembly who is an employee and is a member of the system shall be
26 eligible, upon application, to receive credited service and salary in the
27 system for his or her full contract salary in the event that either the
28 member or the school district decides it is in the best interest of the
29 school district for the member to take a leave of absence for up to one (1)
30 full calendar year at a time to attend to his or her duties as a General
31 Assembly member.

32 (2) Service and salary shall be credited upon payment by the
33 member of the necessary member contribution and the necessary employer
34 contribution for the amount of the member's contract salary during periods of
35 attending regular or extraordinary sessions of the General Assembly or
36 sessions of legislative committees.

1 (3) The amount of credited ~~service~~ salary shall not exceed the
2 member's contract salary for the school year contract period.

3
4 SECTION 11. Arkansas Code § 24-7-608 is amended to read as follows:
5 24-7-608. Limitation on benefit enhancement.

6 (a) ~~No~~ A benefit enhancement provided for by this act shall not be
7 implemented if it would cause the publicly supported retirement system's
8 unfunded actuarial accrued liabilities to exceed ~~a thirty-year~~ an eighteen-
9 year amortization.

10 (b) ~~No~~ A benefit enhancement provided for by this act shall not be
11 implemented by any publicly supported system which has unfunded actuarial
12 accrued liabilities being amortized over a period exceeding ~~thirty (30)~~
13 eighteen (18) years until the unfunded actuarial accrued liability is reduced
14 to a level less than the standards prescribed by § 24-1-101 et seq.

15
16 SECTION 12. Arkansas Code § 24-7-610(c), concerning the amount of
17 purchased service credit a member receives for service in the National Guard
18 or armed forces reserve under the Arkansas Teacher Retirement System, is
19 amended to read as follows:

20 (c) ~~Members shall receive one (1) year of purchased service credit for~~
21 ~~each one (1) year of service in the National Guard or the armed forces~~
22 ~~reserve~~ A member may, one (1) time each fiscal year, purchase up to one (1)
23 year of service credit for each one (1) year of service in the National Guard
24 or armed forces reserve.

25
26 SECTION 13. Arkansas Code § 24-7-710(d), concerning amounts received
27 in the form of a survivor annuity from the deposit account of a member of the
28 Arkansas Teacher Retirement System, is amended to read as follows:

29 (d) For the purposes of § 24-7-709 related to the disposition of a
30 member's residue amount, ~~any amounts~~ a survivor annuity received from the
31 member's deposit account ~~in the form of a survivor annuity~~ under this section
32 shall be considered annuity payments received by the member or his or her
33 designated beneficiary and shall offset any disposition of residue payable
34 under § 24-7-709 to the estate of the member or to an alternate payee.

35
36 SECTION 14. Arkansas Code § 24-7-713(b), concerning a modification of

1 the amount of a benefit stipend by the Board of Trustees of the Arkansas
2 Teacher Retirement System, is amended to read as follows:

3 (b)(1) A member with at least ten (10) years of actual service in the
4 Arkansas Teacher Retirement System is eligible to receive a benefit stipend
5 in addition to his or her monthly retirement benefit.

6 ~~(2) Effective July 1, 2013, the~~ The Board of Trustees of the
7 Arkansas Teacher Retirement System may modify the amount of the benefit
8 stipend from a maximum of seventy-five dollars (\$75.00) per month to not less
9 than one dollar (\$1.00) per month for eligible benefit participants as a
10 benefit supplement in addition to the cost of living adjustment under
11 subsection (a) of this section.

12 ~~(2)(3)~~ (3) A benefit stipend increase or decrease adopted by the
13 board shall apply to a complete fiscal year and shall remain in effect until
14 adjusted by the board subject to the limitations under subdivision ~~(b)(4)~~
15 (b)(5) of this section.

16 ~~(3)(4)~~ (4) The board may adjust the benefit stipend amount by
17 resolution at a meeting of the board.

18 ~~(4)(5)~~ (5) The board shall not reduce the benefit stipend unless
19 the:

20 (A) Arkansas Teacher Retirement System's actuary certifies
21 to the board that the amortization period exceeds eighteen (18) years; and

22 (B) Board determines that a reduction in the benefit
23 stipend is prudent to maintain actuarial soundness.

24 ~~(5)(6)~~ (6) The board may phase in an increase or decrease of the
25 benefit stipend.

26 (7) If a member was eligible for a benefit stipend, the benefit
27 stipend shall be applied to the monthly benefit of the member's designated
28 survivor and option beneficiary.

29
30 SECTION 15. Arkansas Code § 24-7-718(a), concerning the requirements
31 for an increase in benefit formulas to be effective under the Arkansas
32 Teacher Retirement System, is amended to read as follows:

33 (a) For an increase in benefit formulas to be effective, the regular
34 annual actuarial valuation for the calendar year immediately preceding the
35 effective date of the increase shall be based upon an investment rate
36 ~~assumption of no more than eight percent (8%) as recommended by the system's~~

1 actuary as financially sound for the Arkansas Teacher Retirement System and
2 set by the Board of Trustees of the Arkansas Teacher Retirement System and
3 shall indicate that up to and including a fourteen percent (14%) of pay
4 employer contribution rate is sufficient to amortize all unfunded actuarial
5 accrued liabilities for members over a period of ~~thirty (30)~~ eighteen (18)
6 years or less unless the required contribution rate would exceed fourteen
7 percent (14%).
8

9 SECTION 16. Arkansas Code § 24-7-720(e), concerning the implementation
10 of a benefit enhancement under the Arkansas Teacher Retirement System, is
11 amended to read as follows:

12 (e)(1) ~~No~~ A benefit enhancement provided for by under this section
13 shall not be implemented if it would cause the ~~publicly supported retirement~~
14 ~~system's unfunded actuarial accrued liabilities to exceed a thirty-year~~ an
15 eighteen-year amortization.

16 (2) ~~No~~ If the system's unfunded actuarial accrued liabilities
17 exceed an eighteen-year amortization, a benefit enhancement provided for by
18 under this section shall not be implemented by ~~any publicly supported system~~
19 ~~that has unfunded actuarial accrued liabilities being amortized over a period~~
20 ~~exceeding thirty (30) years~~ until the unfunded actuarial accrued liability is
21 reduced to a level less than the standards prescribed by § 24-1-101 et seq.
22

23 SECTION 17. Arkansas Code § 24-7-725 is amended to read as follows:
24 24-7-725. Limitation on benefit enhancement of § 24-7-702.

25 (a) ~~No~~ A benefit enhancement provided by § 24-7-702 shall not be
26 implemented if it would cause ~~the publicly supported retirement system's~~
27 ~~unfunded actuarial accrued liabilities of the Arkansas Teacher Retirement~~
28 System to exceed ~~a thirty-year~~ an eighteen-year amortization.

29 (b) ~~No~~ If the system's unfunded actuarial accrued liabilities exceed
30 an eighteen-year amortization, a benefit enhancement provided for by § 24-7-
31 702 shall not be implemented by ~~any publicly supported system which has~~
32 ~~unfunded actuarial accrued liabilities being amortized over a period~~
33 ~~exceeding thirty (30) years~~ until the unfunded actuarial accrued liability is
34 reduced to a level less than the standards prescribed by § 24-1-101 et seq.
35

36 SECTION 18. Arkansas Code § 24-7-736(c)(1) and (2), concerning the

1 computation of a final average salary for retirement benefits received under
2 the Arkansas Teacher Retirement System, are amended to read as follows:

3 (c)(1) The Board of Trustees of the Arkansas Teacher Retirement System
4 shall set annually the applicable number of years to be used in computing
5 final average salary for retirement benefits at not less than three (3) years
6 and not more than five (5) years.

7 (2)(A) Full service years that are recorded as service credit
8 shall be used in the calculation ~~unless the member has a partial service year~~
9 ~~that is higher than a full service year of the final average salary~~.

10 (B) If the member does not have full service years for the
11 total years of service used in the calculation of final average salary, then
12 the board may establish by rule a fair base year for a member's final average
13 salary for purposes of comparison under subdivision (c)(3) of this section.

14 (C) If a member has less than the minimum number of years
15 of credited service required for the final average salary formula, the final
16 average salary of the member shall be the total salary paid to the member for
17 his or her years of credited service divided by the member's total credited
18 years of service.

19 (D) Before reducing the number of years that is used to
20 determine the final average salary, the board shall file relevant information
21 concerning the actuarial appropriateness of the action with the Joint Interim
22 Committee on Public Retirement and Social Security Programs for review by the
23 Joint Interim Committee on Public Retirement and Social Security Programs.

24
25 SECTION 19. Arkansas Code § 24-7-736(f), concerning final average
26 salary calculations under the Arkansas Teacher Retirement System, is amended
27 to read as follows:

28 (f)(1) The board may adjust the final average salary calculated in
29 accordance with subsection (c) of this section by board resolution provided
30 that:

31 ~~(1)(A)~~ (A) The percentage increase under subdivision (c)(3)(D)
32 of this section is adjusted no lower than one hundred five percent (105%) per
33 year and no higher than one hundred twenty percent (120%) per year; and

34 ~~(2)(B)~~ (B) The salary differential permitted under subdivision
35 (c)(3)(D) of this section is set no lower than one thousand two hundred fifty
36 dollars (\$1,250) per year and no higher than five thousand dollars (\$5,000)

1 per year.

2 (2) A partial service year is excluded from the calculation of
3 the final average salary under this subsection.

4
5 SECTION 20. Arkansas Code § 24-7-1307(d), concerning interest applied
6 to the Teacher Deferred Retirement Option Plan account of a participant, is
7 amended to read as follows:

8 (d) If a participant continues covered employment after completing ten
9 (10) consecutive years in the plan, the participant's plan account shall be
10 credited on June 30 of each year or through the date of retirement, whichever
11 occurs first, with ten (10) year plus plan interest as set by the board.

12
13 SECTION 21. Arkansas Code § 24-7-1313 is amended to read as follows:

14 24-7-1313. Limitation on benefit enhancement – Acts 1997, No. 953.

15 (a) ~~No A~~ benefit enhancement provided for by § 24-7-1306 shall not be
16 implemented if it would cause the ~~publicly supported retirement system's~~
17 Arkansas Teacher Retirement System's unfunded actuarial accrued liabilities
18 to exceed ~~a thirty-year~~ an eighteen-year amortization.

19 (b) ~~No A~~ benefit enhancement provided for by § 24-7-1306 shall not be
20 implemented by ~~any publicly supported the~~ system which has unfunded actuarial
21 ~~accrued liabilities being amortized over a period exceeding thirty (30) years~~
22 until the unfunded actuarial accrued liability is reduced to a level less
23 than ~~the standards prescribed by § 24-1-101 et seq.~~ an eighteen-year
24 amortization.

25
26 SECTION 22. Arkansas Code § 24-7-1504(b), concerning the
27 implementation of ad hoc benefits under the Retirants' Ad Hoc Increase Act,
28 is amended to read as follows:

29 (b) An ad hoc benefit under this subchapter shall not be implemented
30 if the ad hoc benefit would cause the Arkansas Teacher Retirement System's
31 unfunded actuarial accrued liabilities to exceed ~~a thirty-year~~ an eighteen-
32 year amortization.

33
34 SECTION 23. EMERGENCY CLAUSE. It is found and determined by the
35 General Assembly of the State of Arkansas that certain provisions of the
36 Arkansas Teacher Retirement System Act, an act that created a state agency

1 for the purpose of providing retirement benefits to school employees of the
2 state, are in need of revision and updating to maintain the teacher
3 retirement laws in conformance with sound public pension policy; that the
4 Arkansas Teacher Retirement System operates on a fiscal year of July 1 to
5 June 30; that a July 1, 2019 effective date is necessary to allow the
6 provisions of this act to begin on the first day of the fiscal year and to
7 provide for the proper administration of the Arkansas Teacher Retirement
8 System; that the updates and revisions to the Arkansas Teacher Retirement
9 System Act are of great importance for actuarial purposes and the protection
10 of member benefits under the Arkansas Teacher Retirement System; and that
11 this act is necessary in order to maintain an orderly system of benefits for
12 the members of the Arkansas Teacher Retirement System. Therefore, an
13 emergency is declared to exist, and this act being necessary for the
14 preservation of the public peace, health, and safety shall become effective
15 on July 1, 2019.

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17 */s/Maddox*

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20 **APPROVED: 3/12/19**
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State of Arkansas

As Engrossed: H3/14/19

92nd General Assembly

A Bill

Regular Session, 2019

HOUSE BILL 1310

By: Representative Warren

For An Act To Be Entitled

AN ACT TO AMEND THE LAW CONCERNING FUND CONTRIBUTIONS
AND FUND RATES UNDER THE ARKANSAS TEACHER RETIREMENT
SYSTEM; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE LAW CONCERNING FUND
CONTRIBUTIONS AND FUND RATES UNDER THE
ARKANSAS TEACHER RETIREMENT SYSTEM.

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

SECTION 1. Arkansas Code § 24-7-401(e)(7)(B), concerning fund
contributions and fund rates, is amended to read as follows:

(B) A public school employer shall pay the employer
contribution rate up to fourteen percent (14%), and any additional employer
contribution up to fifteen percent (15%) required by a public school employer
shall be paid from additional funds appropriated to the Department of
Education by the State of Arkansas for the purpose of paying Arkansas Teacher
Retirement System employer contributions.

SECTION 2. EMERGENCY CLAUSE. It is found and determined by the
General Assembly of the State of Arkansas that certain provisions of the
Arkansas Teacher Retirement System Act, a state agency created by the General
Assembly for the purpose of providing retirement benefits to school employees
of the state, are in need of revision and updating to maintain the teacher
retirement laws in conformance with sound public pension policy; that the
Arkansas Teacher Retirement System operates on a fiscal year of July 1 to



1 June 30; that having a July 1, 2019, effective date is necessary to allow the
2 provisions within this act to begin on the first day of the fiscal year to
3 provide proper administration of the procedures herein; that such revisions
4 and updating are of great importance for actuarial purposes and to protect
5 the benefits to members of the Arkansas Teacher Retirement System; that the
6 funding of employer contributions by the State of Arkansas is an integral
7 component to the design and function of the Arkansas Teacher Retirement
8 System; and that this act is immediately necessary in order to maintain an
9 orderly system of benefits for the members of the Arkansas Teacher Retirement
10 System. Therefore, an emergency is declared to exist, and this act being
11 necessary for the preservation of the public peace, health, and safety shall
12 become effective on July 1, 2019.

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14 /s/Warren

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17 **APPROVED: 3/29/19**
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State of Arkansas As Engrossed: H3/6/19 H3/14/19

92nd General Assembly

A Bill

Regular Session, 2019

HOUSE BILL 1335

By: Representative Maddox

For An Act To Be Entitled

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

Subtitle

TO AMEND THE LAW CONCERNING CREDITED
SERVICE AND VOLUNTARY RETIREMENT 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 § 24-7-601(e)(4), concerning credited service
under the Arkansas Teacher Retirement System, is amended to read as follows:

(4) The final average ~~compensation~~ salary used shall be that of
the reciprocal system that furnishes the highest final average salary at the
time of retirement.

SECTION 2. Arkansas Code § 24-7-701(d) and (e), concerning voluntary
retirement under the Arkansas Teacher Retirement System, are amended to read
as follows:

(d) ~~A member retiring with an effective date other than July 1 or the
first day of a calendar quarter within the fiscal year may receive service
credit for the current year and use the salary for the current year in the
calculation of the member's final average salary with the following
restrictions: If a member has accrued a full year of service credit for a~~



fiscal year, the annuity shall not begin earlier than on the July 1 after the fiscal year.

~~(1) Credited service for service within the fiscal year shall not exceed one quarter ($\frac{1}{4}$) year for each full calendar quarter elapsed since the beginning of the fiscal year; and~~

~~(2) Service credit to be used in the computation of benefits shall be computed only on the full calendar quarter completed and shall not include service credit for a partial calendar quarter worked.~~

~~(e)(1) If a member has signed an employment contract for a fiscal school year and been paid in full for that fiscal school year, in no event shall the annuity begin earlier than the July 1 next following that fiscal school year.~~

~~(2) If a member has signed an employment contract for a fiscal school year and if that contract is not completed, the member shall receive credit for service within the current fiscal year as provided in this section.~~

SECTION 3. Arkansas Code § 24-7-702(e) and (f), concerning early voluntary retirement, are amended to read as follows:

~~(e) A member retiring with an effective date other than July 1 or the first day of a calendar quarter within the fiscal year may receive service credit for the current year and use the salary for the current year in the calculation of the member's final average salary with the following restrictions: If a member has accrued a full year of service credit for a fiscal year, the annuity shall not begin earlier than on the July 1 after the fiscal year.~~

~~(1) Credited service for service within the fiscal year shall not exceed one-fourth ($\frac{1}{4}$) of a year for each full calendar quarter elapsed since the beginning of the fiscal year; and~~

~~(2) Service credit to be used in the computation of benefits shall be computed only on the full calendar quarter completed and shall not include service credit for a partial calendar quarter worked.~~

~~(f)(1) If a member has signed an employment contract for a fiscal school year and been paid in full for that fiscal year, in no event shall the annuity begin earlier than the July 1 next following that fiscal school year.~~

~~(2) If a member has signed an employment contract for a fiscal~~

~~school year and that contract is not completed, the member shall receive credit for service within the current fiscal year as provided in subsection (e) of this section.~~

SECTION 4. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that certain provisions of the Arkansas Teacher Retirement System Act which created the Arkansas Teacher Retirement System as a state agency for the purpose of providing retirement benefits to school employees in Arkansas, are in need of revision and updating to maintain the teacher retirement laws in conformance with sound public pension policy; that the Arkansas Teacher Retirement System operates on a fiscal year of July 1 to June 30; that having a July 1, 2019 effective date is necessary to allow the provisions of this act to take effect on the first day of the fiscal year in order to facilitate the proper administration of the Arkansas Teacher Retirement System; that revisions and updates to the Arkansas Teacher Retirement System Act are of great importance for actuarial purposes and to protect member benefits; and that this act is necessary to maintain an orderly system of managing member benefits offered by 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, 2019.

/s/Maddox

APPROVED: 3/29/19