

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas
89th General Assembly
Regular Session, 2013

As Engrossed: H2/13/13
A Bill

HOUSE BILL 1200

By: Representative Deffenbaugh

For An Act To Be Entitled

AN ACT TO ALLOW THE BOARD OF TRUSTEES OF THE ARKANSAS
TEACHER RETIREMENT SYSTEM TO RESET THE BENEFIT BASE
AMOUNT FOR COMPOUNDING COST OF LIVING ADJUSTMENT
RATES; TO DECLARE AN EMERGENCY; AND FOR OTHER
PURPOSES.

Subtitle

TO ALLOW THE BOARD OF TRUSTEES OF THE
ARKANSAS TEACHER RETIREMENT SYSTEM TO
RESET THE BENEFIT BASE AMOUNT FOR
COMPOUNDING COST OF LIVING ADJUSTMENT
RATES; AND TO DECLARE AN EMERGENCY.

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

SECTION 1. Arkansas Code § 24-7-727(b), concerning compounded cost of living adjustments, is amended to add an additional subdivisions to read as follows:

(3) The board may reverse a compounding of the cost of living adjustment for all retirants and participants in the Teacher Deferred Retirement Option Plan who benefit from the compounding.

(A) If a compounding of the cost of living adjustment is reversed the simple cost of living adjustment shall be used for the year that the compounded cost of living adjustment was reversed and future benefits shall be paid based on the simple cost of living adjustment.

(B) The future benefits of a member shall not be reduced to recover any additional benefits paid from the date the board uses a



compounding cost of living adjustment to the date the board uses a simple cost of living adjustment.

(C) If a compounding cost of living adjustment is reversed, the reversal shall be effective at the beginning of the fiscal year.

(4) The compounding cost of living adjustment set by the board shall remain in effect until adjusted or reversed by the board.

(5) The board may change the compounding of the cost of living adjustment by resolution at a meeting of the board subject to the limitations under subdivision (b)(6) of this section.

(6) The board shall not reverse a compounding cost of living adjustment unless the system's actuary certifies to the board that the amortization period exceeds thirty (30) years and that in order to address an amortization period in excess of thirty (30) years to pay the unfunded liabilities of the system, the board determines that the compounding cost of living adjustment be reversed.

SECTION 2. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that provisions of the Arkansas Teacher Retirement System Act are in need of revision to maintain the teacher retirement laws in conformance with sound public pension policy and actuarial appropriateness of the system's plan; that the Arkansas Teacher Retirement System operates on a July 1 to June 30 fiscal year; that having a July 1, 2013 effective date is necessary to allow the provisions of this act to begin on the first day of the fiscal year and to provide proper administration of the system; and that this act is necessary to maintain an orderly system of benefits for the members of the Arkansas Teacher Retirement System. Therefore, an emergency is declared to exist, and this act being immediately necessary for the preservation of the public peace, health, and safety shall become effective on July 1, 2013.

/s/Deffenbaugh