

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

State of Arkansas
89th General Assembly
Regular Session, 2013

A Bill

SENATE BILL 112

By: Senator R. Thompson

For An Act To Be Entitled

AN ACT TO ALLOW THE BOARD OF TRUSTEES OF THE ARKANSAS TEACHER RETIREMENT SYSTEM TO ISSUE RULES NECESSARY TO ALIGN WITH THE RULES OF THE INTERNAL REVENUE SERVICE WHEN THE INTERNAL REVENUE SERVICE REMOVES A PENALTY OR LOOSENS A RESTRICTION ON PUBLIC PENSION PLANS TO BENEFIT MEMBERS; TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle

TO ALLOW THE BOARD OF TRUSTEES OF THE ARKANSAS TEACHER RETIREMENT SYSTEM TO ISSUE RULES NECESSARY TO ALIGN WITH THE RULES OF THE INTERNAL REVENUE SERVICE AND TO DECLARE AN EMERGENCY.

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

SECTION 1. Arkansas Code § 24-7-305(b)(2), concerning duties and responsibilities of the ~~board of trustees~~ Board of Trustees of the Arkansas Teacher Retirement System, is amended to read as follows:

(2) In order to fully comply with federal requirements that may affect the members or the members' benefits under this subchapter, and to limit the impact of changes in federal requirements on members or the members' benefits, the board may promulgate rules to:

(A) Establish the regular retirement age for members consistent with the provisions of Section 411 of the Internal Revenue Code; ~~and~~



(B) Maintain the system's retirement plan tax qualification status by the federal government to remain tax exempt and tax qualified under Section 401(a) of the Internal Revenue Code;

(C) Modify or eliminate a plan provision that was originally established to comply with Internal Revenue Code requirements but is no longer necessary to maintain the plan's tax-qualified status under the Internal Revenue Code, including without limitation provisions concerning:

(i) Penalties;

(ii) Restrictions;

(iii) Time limitations; or

(iv) Other requirements that impact a member,

members' benefits, or the plan.

(D) The board may adopt rules, procedures, plans, programs, and actions necessary to enable the system to pay all benefits earned by the system's members and reduce penalties or restrictions required by the Internal Revenue Service while maintaining compliance with the Internal Revenue Service.

SECTION 2. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that to maintain an orderly system of benefits for the members of the Arkansas Teacher Retirement System and to comply with complex federal tax laws and regulations the Board of Trustees of the Arkansas Teacher Retirement System needs the authority to adopt rules, procedures, plans, programs, and actions necessary to enable the system to pay all benefits earned by the system's members; that the board should have broad authority whenever possible to resolve expeditiously an Internal Revenue System code limitation or restriction on payment of earned benefits of members and to lessen the financial burden on members of any unnecessary penalties or charges; and that this act is immediately necessary to take appropriate action to lessen any penalties or restrictions required by the Internal Revenue Service code while maintaining qualified plan status to protect members and their retirement. Therefore, an emergency is declared to exist, and this act being immediately necessary for the preservation of the public peace, health, and safety shall become effective on:

(1) The date of its approval by the Governor;

(2) If the bill is neither approved nor vetoed by the Governor,

the expiration of the period of time during which the Governor may veto the bill; or

(3) If the bill is vetoed by the Governor and the veto is overridden, the date the last house overrides the veto.