

State of Arkansas
90th General Assembly
Regular Session, 2015

A Bill

SENATE BILL 38

By: Senator B. Johnson

For An Act To Be Entitled

AN ACT TO MAINTAIN COMPLIANCE WITH FEDERAL LAW BY ALLOWING A DIRECT ROLLOVER OF A PORTION OF AN ELIGIBLE ROLLOVER DISTRIBUTION TO AN ELIGIBLE RETIREMENT PLAN OR DESIGNATED BENEFICIARY; TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle

TO ALLOW A DIRECT ROLLOVER OF A PORTION OF AN ELIGIBLE ROLLOVER DISTRIBUTION TO AN ELIGIBLE RETIREMENT PLAN OR DESIGNATED BENEFICIARY TO BE CONSISTENT WITH FEDERAL LAW; AND TO DECLARE AN EMERGENCY.

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

SECTION 1. Arkansas Code § 24-7-719(b), concerning rollover of distributions, is amended to read as follows:

(b)(1)~~(A)~~ ~~Beginning January 1, 1993, a member~~ A distributee or other eligible beneficiary receiving a distribution from the system may ~~elect a direct rollover of the distribution if the funds consist of an eligible rollover distribution~~ direct to have any portion of an eligible rollover distribution that is five hundred dollars (\$500) or more paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

(B) The distribution under subsection (b)(1)(A) of this section may be made:

(i) Despite any provision of this chapter that would otherwise limit a distributee's election under this section; and



(ii) At the time and in the manner prescribed by the system.

(C) The election under subsection (b)(1)(A) of this section shall not be allowed for an eligible rollover distribution less than five hundred dollars (\$500).

(2) The amount under subdivision ~~(b)(1)~~ (b)(1)(A) of this section shall be paid to the trustee of the eligible retirement plan.

(3) Effective July 1, 2010, an eligible rollover distribution to a beneficiary who is not the surviving spouse of a member may be directed as provided under 26 U.S.C. § 402(c)(11) to a trustee-to-trustee transfer to an individual retirement account described in 26 U.S.C. § 408(a) or to an individual retirement annuity described in 26 U.S.C. § 408(b).

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 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, a state agency created by the General Assembly for the purpose of providing retirement benefits to school employees of the state, operates on a fiscal year of July 1 to June 30; that having an effective date of July 1, 2015, is necessary to allow the provisions within this act to begin on the first day of the fiscal year to provide proper administration of the procedures herein; that such revisions and updating are of great importance for actuarial purposes and to protect the benefits to members of the Arkansas Teacher Retirement System; and that this act is immediately necessary in order 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 necessary for the preservation of the public peace, health, and safety shall become effective on July 1, 2015.