

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

State of Arkansas
92nd General Assembly
Regular Session, 2019

As Engrossed: S2/12/19 S2/21/19
A Bill

SENATE BILL 218

By: Senator E. Cheatham

For An Act To Be Entitled

AN ACT TO AMEND THE LAW CONCERNING DEPOSITS IN THE TEACHER DEFERRED RETIREMENT OPTION PLAN; TO REPEAL CERTAIN PROVISIONS CONCERNING THE TEACHER DEFERRED RETIREMENT OPTION PLAN; TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE LAW CONCERNING DEPOSITS IN THE TEACHER DEFERRED RETIREMENT OPTION PLAN; TO REPEAL CERTAIN PROVISIONS CONCERNING THE TEACHER DEFERRED RETIREMENT OPTION PLAN; AND TO DECLARE AN EMERGENCY.

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

SECTION 1. Arkansas Code § 24-7-1306 is amended to read as follows:

24-7-1306. Amount of deposits.

(a) Teacher Deferred Retirement Option Plan deposits shall be a percentage of the plan benefit.

~~(b)(1)(b) The percentage is one hundred percent (100%) reduced by the product of one percent (1%) multiplied by the number of years of reciprocal service and credited service and fractions thereof in the Arkansas Teacher Retirement System~~ If a plan participant has at least thirty (30) years of credited service in the Arkansas Teacher Retirement System, including combined service with a reciprocal system, a plan deposit shall be calculated beginning with the participant's plan benefit and then reduced by one percent



(1%) for each year of credited service, including fractions of a year.

~~(2)(A) When a participant whose effective date in the plan is before September 1, 2003, reaches normal retirement age, the plan deposits shall be one hundred percent (100%) with no reduction.~~

~~(B) For any participant whose effective date in the plan is September 1, 2003, or after, the plan deposits for a participant who reaches normal retirement age shall continue as reduced under subdivision (b)(1) of this section.~~

~~(c)(1) In the event a member whose effective date in the plan is before September 1, 2003, has more than thirty (30) years of service, the years of service above thirty (30) years shall be reduced by one half of one percent (0.5%) for contributory years and three tenths of one percent (0.3%) for noncontributory years If a plan participant has at least twenty-eight (28) years of credited service but fewer than thirty (30) years of credited service in the Arkansas Teacher Retirement System, including combined service with a reciprocal system, the Board of Trustees of the Arkansas Teacher Retirement System may authorize early participation in the plan.~~

~~(2) For any member whose effective date in the plan is September 1, 2003, or after and who has more than thirty (30) years of service, the plan deposits for the years of service above thirty (30) years shall be reduced under subdivision (b)(1) of this section The plan deposit of the early participant shall be calculated beginning with the plan benefit of the early participant, then initially reduced by one percent (1%) for each year of credited service, including fractions of a year, and then may be further reduced by at least an additional five-tenths percent (0.5%) but no more than one percent (1%) of the initially reduced plan deposit for each month of credited service under thirty (30) years.~~

~~(d) The Board of Trustees of the Arkansas Teacher Retirement System is authorized to make further adjustments ~~on~~ to the plan by board resolution to make it cost-neutral to the Arkansas Teacher Retirement System.~~

~~(e) As used in this section, "effective date" means the date determined to be the member's plan date under the policies and rules of the board.~~

SECTION 2. Arkansas Code § 24-7-1314 is repealed.

~~24-7-1314. Early participation.~~

~~(a) The Board of Trustees of the Arkansas Teacher Retirement System, in consultation with its actuary, may promulgate rules and regulations to allow members having at least twenty eight (28) but less than thirty (30) years of credited service to enter the Teacher Deferred Retirement Option Plan as early participants. The board may authorize the early participation as soon as it is technologically feasible and actuarially appropriate.~~

~~(b) If the board authorizes early participation, the plan deposit under § 24-7-1306 shall be based upon the deposit percent payable for a participant with thirty (30) years of service, reduced by at least an additional one-half of one percent (0.5%) and no more than one percent (1%) of the plan benefit for each month the member begins participating in the plan prior to having thirty (30) years of credited service. The board may increase the percentage required as an early participation reduction, by board resolution, in order to provide a fair and just and reasonable benefit for all members of the Arkansas Teacher Retirement System and to provide for appropriate actuary considerations.~~

SECTION 3. 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, an act that created a state agency 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 June 30; that a July 1, 2019 effective date 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 referenced in this act; that the updates and revisions to the Arkansas Teacher Retirement System Act are of great importance for actuarial purposes and the protection of member benefits under the Arkansas Teacher Retirement System; and that this act is 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, 2019.

/s/E. Cheatham