

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

State of Arkansas
94th General Assembly
Regular Session, 2023

A Bill

HOUSE BILL 1188

By: Representative A. Collins

By: Senator K. Hammer

For An Act To Be Entitled

AN ACT TO AMEND AND UPDATE THE LAW CONCERNING THE FINAL AVERAGE SALARY UNDER THE ARKANSAS TEACHER RETIREMENT SYSTEM; TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND AND UPDATE THE LAW CONCERNING THE FINAL AVERAGE SALARY 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 § 24-7-736(c)(2)(A), concerning the method through which full and partial service years are used to calculate a member's final average salary under the Arkansas Teacher Retirement System, is amended to read as follows:

(2)(A) Full and partial service years that are recorded as service credit shall be used in the calculation of the final average salary in accordance with rules promulgated by the board.

SECTION 2. Arkansas Code § 24-7-736(c)(4)(D), concerning the calculation of a member's final average salary under the Arkansas Teacher Retirement System, is amended to read as follows:

(D)(i) The next-highest service year salary in the calculation of final average salary that is less than eight (8) years from



the base salary year shall not exceed the base salary value plus the ~~salary differential~~ anti-spiking amount unless the next-highest year's value is less than or equal to the ~~percentage increase~~ anti-spiking percentage of the base salary.

(ii) Subdivision (c)(4)(D)(i) of this section shall not apply to a partial service year or a fiscal year immediately following a partial service year.

SECTION 3. Arkansas Code § 24-7-736(e), concerning the ability of the Board of Trustees of the Arkansas Teacher Retirement System to adjust a member's calculated final average salary by board resolution when certain criteria are met, is amended to read as follows:

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

(1) The ~~percentage increase~~ anti-spiking percentage under subdivision (c)(4)(D) of this section is set no lower than one hundred five percent (105%) per year and no higher than one hundred twenty percent (120%) per year; and

(2) The ~~salary differential~~ anti-spiking amount permitted under subdivision (c)(4)(D) of this section is set no lower than one thousand two hundred fifty dollars (\$1,250) per year and no higher than five thousand dollars (\$5,000) per year.

SECTION 4. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that the operations of a state public retirement system are complex; that the Arkansas Teacher Retirement System must be able to meet the needs of its members as anticipated by the General Assembly; that certain provisions of the Arkansas Teacher Retirement System Act need revision and updating to bring them into conformance with sound public pension policy and actuarial requirements; that the revisions and updates are of great importance to members of the Arkansas Teacher Retirement System and to other citizens of the State of Arkansas; that as the Arkansas Teacher Retirement System operates on a fiscal year of July 1 to June 30, a July 1, 2023, effective date is necessary in order to allow the provisions within this act to begin on the first day of the fiscal year and

to allow for a structured and 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 for the improvement and 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, 2023.