

State of Arkansas

A Bill

Regular Session, 2025

HOUSE BILL 1160

By: Representative K. Moore

By: Senator J. Dotson

For An Act To Be Entitled

AN ACT TO AMEND THE LAW CONCERNING PERMISSIVE SERVICE CREDIT FOR GAP YEAR SERVICE UNDER THE ARKANSAS TEACHER RETIREMENT SYSTEM; TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE LAW CONCERNING PERMISSIVE SERVICE CREDIT FOR GAP YEAR SERVICE 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 § 24-7-202(23), concerning the definition of “gap year” as applicable to the Arkansas Teacher Retirement System, is amended to read as follows:

(23) ~~“Gap year”~~ “Gap period” means ~~a period of time one-quarter~~ (1/4) of a fiscal year:

(A) In which a member:

(i) Was an inactive member; and

(ii) Either:

(a) Was unemployed; or

(b) Did not provide qualified service; and

(B) For which the system may grant the member permissive service credit;

SECTION 2. Arkansas Code § 24-7-613 is amended to read as follows:



24-7-613. Permissive service credit – Gap ~~year~~ period service.

(a) A member of the Arkansas Teacher Retirement System may purchase permissive service credit for one (1) or more gap ~~years~~ periods if the member:

(1) ~~The member~~;

~~(A)~~ Has five (5) years of actual service in the system;

~~(B)~~(2) Has left his or her position as a classroom teacher immediately before each nonconsecutive ~~gap-year~~ gap period or the initial ~~gap-year~~ gap period of consecutive ~~gap-years~~ gap periods;

~~(C)~~(3) Returns to his or her position as a classroom teacher after one (1) or more ~~gap-years~~ gap periods;

~~(D)~~(4) Accrues at least one-half ($\frac{1}{2}$) year of service credit after returning to his or her position as a classroom teacher;

~~(E)~~(5) Was inactive during the ~~gap-year~~ gap period or ~~gap-years~~ gap periods; and

~~(F)~~(6) Is ineligible to receive free service credit for each ~~gap-year~~ gap period under another provision of the law applicable to the system; ~~and~~

~~(2) Each gap-year amounts to an entire fiscal year.~~

(b)(1) A member may purchase ~~one (1)~~ one-quarter (1/4) year of permissive service credit for each ~~one (1)~~ gap-year gap period.

(2) A member shall not purchase more than five (5) years of permissive service credit.

(c) Permissive service credit for one (1) or more ~~gap-years~~ periods shall not be purchasable after a member retires from the system.

(d) Permissive service credit shall be credited in accordance with § 24-7-601.

(e)(1) The member shall pay the actuarial equivalent of the member's benefits to the system for each one-quarter (1/4) year of permissive service credit purchased.

(2) ~~A-year~~ Each one-quarter (1/4) year of permissive service credit that is being purchased by a member shall not become credited service under the system until the actuarial equivalent of the member's benefits is paid in full.

(f) At the member's request, a member's payment for permissive service credit under this section shall be refunded if the:

- (1) Member ceases to be an active member before the permissive service credit is established as credited service in the system; or
- (2) Permissive service credit is not otherwise used to establish the member's eligibility for retirement under the system.

SECTION 3. 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, § 24-7-201 et seq., need immediate revision and updating to address administrative complexities caused by these provisions and to bring these provisions into conformance with sound public pension policy and actuarial requirements; that the revisions and updates are of great importance to members and covered employers 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, 2025, 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 and necessary for protecting member benefits and clarifying the reporting and contribution requirements of employers participating in 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, 2025.