

1 State of Arkansas
2 89th General Assembly
3 Regular Session, 2013
4

A Bill

SENATE BILL 116

5 By: Senator R. Thompson
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For An Act To Be Entitled

8 AN ACT TO LIMIT THE USE OF A RECIPROCAL SYSTEM'S
9 CALCULATION OF FINAL AVERAGE SALARY FOR AN ARKANSAS
10 TEACHER RETIREMENT SYSTEM MEMBER IF THE MEMBER'S
11 RECIPROCAL SERVICE CREDIT IS LESS THAN THE NUMBER OF
12 YEARS OF SERVICE CREDIT USED TO CALCULATE THE FINAL
13 AVERAGE SALARY FOR THE SYSTEM; TO DECLARE AN
14 EMERGENCY; AND FOR OTHER PURPOSES.
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Subtitle

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18 TO LIMIT THE USE OF A RECIPROCAL SYSTEM'S
19 CALCULATION OF FINAL AVERAGE SALARY FOR
20 AN ARKANSAS TEACHER RETIREMENT SYSTEM
21 MEMBER; TO DECLARE AN EMERGENCY.
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24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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26 SECTION 1. Arkansas Code § 24-7-601(e), concerning credited service
27 generally, is amended to read as follows:

28 (e)(1) The system is a reciprocal system under the provisions of §§
29 24-2-401 – 24-2-405.

30 (2) In establishing eligibility for a benefit from the Arkansas
31 Teacher Retirement System, the credited service under all reciprocal systems
32 shall be totaled and the total credited service shall be used in determining
33 eligibility for a system benefit.

34 (3) In determining the amount of a benefit from this system,
35 there shall be used only the actual service under this system and the benefit
36 formula of this system.



1 (4) The final average compensation used shall be that of the
 2 reciprocal system that furnishes the highest final salary at the time of
 3 retirement.

4 (5) If the reciprocal system in which a member has service
 5 credit has less than the number of years of service credit required in the
 6 system's formula for the calculation of final average salary for a member,
 7 then this system shall obtain the salary and service credit information from
 8 the reciprocal system and use the combined salary and service credit
 9 information to calculate the member's final average salary as if the salary
 10 and service credit has all been earned in this system.

11 (6) Wherever this system provides a benefit amount that is not
 12 dependent on length of credited service, the benefit amount shall be reduced
 13 to the proportion that actual system service bears to total reciprocal
 14 system-credited service.

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 16 SECTION 2. Arkansas Code § 24-7-601, concerning credited service
 17 generally, is amended to add an additional subsection to read as follows:

18 (g)(1)(A) Beginning July 1, 2013, the system shall allow a member who
 19 earns concurrent service in both this system and a reciprocal system to
 20 receive full service credit in this system without reduction of service
 21 credit due to the concurrent service.

22 (B) Credited service in an alternate retirement plan or
 23 the Arkansas Public Employees Retirement plan is not allowed under
 24 subdivision (g)(1)(A) of this section.

25 (2) The system shall not recognize any concurrent service added
 26 to the member's credited service in the system that credits a member with
 27 more than one (1) year of credited service for a fiscal year or combines
 28 salary earned in both systems in a fiscal year for the purpose of:

- 29 (A) Vesting;
- 30 (B) Retirement eligibility; and
- 31 (C) Calculating final average salary.

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 33 SECTION 3. EMERGENCY CLAUSE. It is found and determined by the
 34 General Assembly of the State of Arkansas that provisions of the Arkansas
 35 Teacher Retirement System Act need revision to maintain the teacher
 36 retirement laws in conformance with sound public pension policy; that a

1 reciprocal retirement system may have different requirements regarding the
2 compilation of credited service and computation of final average salary for
3 retirement purposes; that it is not unusual for members to change jobs and
4 thus become a member of the Arkansas Teacher Retirement System from a
5 reciprocal retirement system with different rules regarding retirement; that
6 the Arkansas Teacher Retirement System strives to operate a fair system with
7 rules that are respectful of the reciprocal system and give the member the
8 retirement benefits to which they are entitled; that the system operates on a
9 July 1 to June 30 fiscal year; that having a July 1, 2013, effective date is
10 necessary to allow the provisions of this act to begin on the first day of
11 the fiscal year and to provide proper administration and that this act is
12 necessary to maintain an orderly system of benefits for the members of the
13 Arkansas Teacher Retirement System. Therefore, an emergency is declared to
14 exist, and this act being necessary for the preservation of the public peace,
15 health, and safety shall become effective on July 1, 2013.

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