

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

A Bill

SENATE BILL 164

5 By: Senator E. Cheatham
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For An Act To Be Entitled

8 AN ACT TO ESTABLISH A MANDATORY OR VOLUNTARY BUYOUT
9 PLAN FOR CONTRIBUTORY AND NONCONTRIBUTORY INACTIVE
10 MEMBERS OF THE ARKANSAS TEACHER RETIREMENT SYSTEM TO
11 RECEIVE A ONE-TIME LUMP SUM PAYMENT FROM THE SYSTEM;
12 AND FOR OTHER PURPOSES.
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Subtitle

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16 TO ESTABLISH A MANDATORY OR VOLUNTARY
17 BUYOUT PLAN FOR CONTRIBUTORY AND
18 NONCONTRIBUTORY INACTIVE MEMBERS OF THE
19 ARKANSAS TEACHER RETIREMENT SYSTEM TO
20 RECEIVE A ONE-TIME LUMP SUM PAYMENT FROM
21 THE SYSTEM.
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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 Title 24, Chapter 7, Subchapter 5, is amended
27 to add an additional section to read as follows:

28 24-7-505. Buyout plan for inactive members.

29 (a) As used in this section, "buyout plan" means a program established
30 by the Board of Trustees of the Arkansas Teacher Retirement System to make a
31 one-time lump sum payment to a member in exchange for a member's cancellation
32 of membership and retirement benefit rights in the Arkansas Teacher
33 Retirement System.

34 (b)(1) The board may adopt rules as necessary to implement this
35 section.

36 (2) A buyout plan established by the board:



1 (A) May be offered to members periodically and have a
 2 limited term of duration for member participation, as determined by a
 3 resolution adopted by the board at a meeting of the board; and

4 (B) Shall specifically identify the formulas by which both
 5 contributory and noncontributory service will be purchased by the system as a
 6 one-time lump sum payment from the system, paid directly to the member or
 7 transferred to another administrator in compliance with Internal Revenue
 8 Code.

9 (c) A member is eligible to participate in a voluntary buyout plan if
 10 the member is:

11 (1) Eligible for deferred retirement under § 24-7-707; and

12 (2) Inactive for a minimum of one (1) year following the last
 13 fiscal year that the member rendered actual service to a covered employer and
 14 received at least one-fourth (1/4) year of service credit.

15 (d) A mandatory buyout plan established by the board shall only apply
 16 to a member that:

17 (1) Is eligible for deferred retirement under § 24-7-707; and

18 (2) Has been inactive for five (5) or more consecutive fiscal
 19 years following the last fiscal year that the member received at least one-
 20 fourth (1/4) year of service credit.

21 (e) A member who participates in a buyout plan shall receive a one-
 22 time lump sum payment from the system and cancels any retirement benefit and
 23 the member's rights in the system effective upon payment by the system.

24 (f) A buyout plan may be used to cancel both a member's contributory
 25 and noncontributory credited service in the system.

26 (g) A member who receives a buyout of his or her credited service
 27 under this section may repurchase his or her previously credited service as
 28 contributory service after becoming an active member of the system as if the
 29 service had been private school service.

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 31 SECTION 2. Arkansas Code § 24-7-707(a)(1), concerning deferred
 32 retirement, is amended to read as follows:

33 (a)(1)(A) If an active member becomes inactive before the member
 34 reaches sixty (60) years of age, ~~upon completion of~~ and completes five (5)
 35 years of actual and reciprocal service, or if the member has not obtained a
 36 refund or participated in a voluntary or mandatory buyout plan of the

1 member's rights to benefits in the system under § 24-7-505, then the member
2 is entitled to a deferred annuity when the member becomes sixty (60) years of
3 age as provided in this section.

4 (B) The member is eligible for deferred retirement if the
5 member has not withdrawn his or her accumulated contributions from the
6 members' deposit account, has not participated in a voluntary or mandatory
7 buyout plan of the member's rights to benefits in the system under § 24-7-
8 505, and is not employed in a position covered by another retirement plan
9 that is supported wholly or in part by state contributions if the member's
10 being vested is based on the other system service.

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