

**Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.**

1 State of Arkansas  
2 83rd General Assembly  
3 Regular Session, 2001  
4

# A Bill

**Act 1300 of 2001**  
SENATE BILL 232

5 By: Senator Faris  
6  
7

## **For An Act To Be Entitled**

9 AN ACT TO AMEND ARKANSAS CODE 24-7-702 TO PROVIDE FOR  
10 AN ADJUSTMENT IN THE ANNUITIES OF THOSE MEMBERS WHO  
11 RETIRED EARLY UNDER THE ARKANSAS TEACHER RETIREMENT  
12 SYSTEM; TO DECLARE AN EMERGENCY; AND FOR OTHER  
13 PURPOSES.  
14

## **Subtitle**

15 TO PROVIDE FOR AN ADJUSTMENT IN THE  
16 ANNUITIES OF THOSE MEMBERS WHO RETIRED  
17 EARLY UNDER THE ARKANSAS TEACHER  
18 RETIREMENT SYSTEM.  
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22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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24 SECTION 1. Arkansas Code 24-7-702(b), concerning adjustments made for  
25 early voluntary retirements under the Teacher Retirement System, is amended to  
26 read as follows:

27 (b)(1) Upon an active or inactive member's retirement as provided in  
28 this section, he shall receive, in lieu of any other system benefit, an early  
29 annuity which shall be a certain percent of an annuity provided for in § 24-7-  
30 705.

31 (2) The percent shall be the greater of:

32 (A) One hundred percent (100%) reduced by five-twelfths  
33 percent (5/12%) multiplied by the number of months by which the time of early  
34 retirement precedes the earlier of either completion of twenty-eight (28)  
35 years of credited service or attainment of age sixty (60); or

36 (B) One hundred percent (100%) reduced by five-twelfths

1 percent (5/12%) multiplied by the number of months by which the time of early  
2 retirement precedes the attainment of age sixty (60).

3 (3)(A) Effective July 1, 1997, the annuities of those members who  
4 chose early retirement when the years of service required for an unreduced  
5 annuity was thirty-five (35) or more years shall be adjusted to reflect the  
6 amount for which they would have been entitled had the number of years to  
7 retire with an unreduced annuity been thirty (30) years on the effective date  
8 of their retirement.

9 (B) The annuities of those members who chose early  
10 retirement from July 1, 1995, through June 30, 1999, who received an early  
11 annuity as provided in § 24-7-702 which was in effect at the time of their  
12 retirement shall be adjusted effective July 1, 1999, to reflect a percent of  
13 the annuity as provided in subdivisions (b)(2)(A) and (b)(2)(B) of this  
14 section.

15 (C) Effective July 1, 2001, the annuities of those members  
16 who chose early retirement when the years of service required for an unreduced  
17 annuity was thirty (30) or more years shall be adjusted to reflect the amount  
18 for which they would have been entitled had the number of years to retire with  
19 an unreduced annuity been twenty-eight (28) years on the effective date of  
20 their retirement, and the annuities of those members shall be adjusted  
21 effective July 1, 2001, to reflect a percent of the annuity as provided in  
22 subdivisions (b)(2)(A) and (b)(2)(B) of this section which was in effect July  
23 1, 1999.

24 (4) The adjustments described in subdivision (b)(3) of this  
25 section shall not be retroactive to the effective date of the member's  
26 retirement.

27  
28 SECTION 2. [THE ARKANSAS CODE REVISION COMMISSION IS NOT REQUIRED TO  
29 CODIFY THIS SECTION.] No benefit enhancement provided for by this act shall  
30 be implemented if it would cause the publicly supported retirement system's  
31 unfunded actuarial accrued liabilities to exceed a thirty (30) year  
32 amortization. No benefit enhancement provided for by this act shall be  
33 implemented by any publicly supported system which has unfunded actuarial  
34 accrued liabilities being amortized over a period exceeding thirty (30) years  
35 until the unfunded actuarial accrued liability is reduced to a level less than  
36 the standards prescribed by Arkansas Code, Title 24.

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SECTION 3. EMERGENCY CLAUSE. It is found and determined by the General Assembly that the length of time for earning an unreduced retirement benefit for the Teacher Retirement System was lowered to twenty-eight (28) years and the penalty percentage for early retirement was reduced significantly in 1997; that many members of the retirement system retired on early retirement annuities before that time under a higher percentage penalty; that this difference creates an inequity between those retiring before and after 1997; and that it is necessary to correct this inequity which is best done at the beginning of the state's fiscal year. Therefore, an emergency is declared to exist and this act being immediately necessary for the preservation of the public peace, health and safety shall become effective on July 1, 2001.

**APPROVED: 4/5/2001**