

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

A Bill

SENATE BILL 232

4
5 By: Senator Faris
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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

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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.

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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.