

# ARKANSAS REGISTER

## FILED Transmittal Sheet

APR 5 1996



SHARON PRIEST  
SECRETARY OF STATE

Sharon Priest  
Secretary of State  
State Capitol Rm. 01  
Little Rock, Arkansas 72201-1094

For Office Use Only: Effective Date 7/1/96 Code Number 088.00.96--001

Name of Agency ARKANSAS TEACHER RETIREMENT SYSTEM

Department \_\_\_\_\_

Contact Person TAMMY MEDLOCK Phone 682-1827

Statutory Authority for Promulgating Rules A.C.A. 24-7-301

	Date
Intended Effective Date	Legal Notice Published . . . . . <u>1-13-96</u>
<input type="checkbox"/> Emergency	Final Date for Public Comment . . . . . <u>2-01-96</u>
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<u>JULY 1, 1995</u>	Adopted by State Agency . . . . . <u>3-06-96</u>

### CERTIFICATION OF AUTHORIZED OFFICER

I Hereby Certify That The Attached Rules Were Adopted  
In Compliance with Act 434 of 1967 As Amended.

Bill Shirron

Signature

BILL A. SHIRRON

682-1827

Phone Number

EXECUTIVE DIRECTOR

Title

4-5-96

Date

**FILED**

POLICY CHANGES

APR 5 1996

Additions to policies are underlined; deletions are struck through.

BOARD OF TRUSTEES

SHARON PRIEST  
BY SECRETARY OF STATE

COMPOSITION

Section 3 of Act 427 of 1973, as amended, (A.C.A. 24-7-301) provides that the general administration and responsibility for the proper operation of the System and for making effective the provisions of the Teacher Retirement law are vested in the Board of Trustees of 12 13 persons. The State Bank Commissioner, the State Treasurer, the State Auditor, and the State ~~Commissioner~~ Director of Education. (Amended by Act 523 of 1995)

BOARD OF TRUSTEES MEETINGS

1. Quorum: ~~Six~~ Seven (7) trustees, of whom at least one (1) shall be an ex officio trustee or his designee, ~~shall~~ constitute a quorum at any meeting of the Board. (Amended by Act 523 of 1995)
2. Each trustee shall be entitled to one (1) vote on each question before the board, and at least seven (7) concurring votes shall be required for a decision by the board at any meeting.
3. Ex officio Trustees and Designated Substitutes: Ex officio Trustees are urged and expected to attend meetings when possible. Each ex officio trustee is authorized to designate an official substitute to be approved by the Board to represent him/her when responsibilities as a constitutional officer or head of a State agency make it impossible for him/her to attend. Such designated substitutes shall be counted in determining if a quorum is present. They shall have the same rights as other trustees to participate in a meeting, including voting, making and speaking on motions.
4. Roberts Rules of Order shall be followed in the conduct of all meetings except when a departure from Roberts is authorized by action of the Board.
5. Agenda: A suggested agenda for each meeting shall be submitted in advance to all trustees. The Board shall adopt an agenda at the beginning of each meeting.
6. Minutes: The board shall keep an official record of the proceedings of each meeting, the final draft of which must be approved by the board and signed by the Chairman and the Director.

7. Public Meetings, Freedom of Information Act: All meetings of the Board shall be public and in compliance with the Freedom of Information Act. Representatives of the Little Rock news media shall be notified of each meeting.

#### INVESTMENT COMMITTEE

##### POLICIES

1. There shall be an Investment Committee composed of ~~five (5)~~ six (6) members of the Board of Trustees. ~~Three (3)~~ Four (4) will be appointed by the Chairman of the Board. The Chairman and Vice-Chairman of the Board shall serve as ex-officio voting members of the Committee.
2. Appointments shall be for terms of ~~three (3)~~ four (4) years with no limit on the number of times a member may be reappointed.

#### ACTIVE MEMBER

##### POLICIES

(Amended by Act 542 of 1995)

- c) Deferred members acquire survivor, disability, and early retirement privileges after rendering ~~one (1) year~~ 30 days of service credit subsequent to reentering the Teacher Retirement System ~~(must be done in a maximum of four (4) years)~~.
- d) An employee who is considered inactive, will become an active member after returning to employment and completing at least 30 days of credited service.

#### NON-CONTRIBUTORY SERVICE

##### POLICIES

(Amended by Acts 542 of 1995)

10. Any former active member who had been contributing on a maximum salary of \$7800, returns to work on or after July 1, 1995, and elects to make contributions to the system, will contribute on his full salary.

## SALARY DETERMINATION FOR RETIREMENT SYSTEM PURPOSES

### DEFINITIONS

1. "Salary" means the recurring remuneration paid an employee for personal services rendered by the employee in a position, or positions covered by the system. It includes remuneration received from all covered employers during a school fiscal year. However, compensation in excess of the limitations set forth in Section 401(a)(17) of the Internal Revenue Code shall be disregarded. The limitation on compensation for 'eligible employees' shall not be less than the amount which was allowed to be taken into account under the system as in effect on July 1, 1993. For this purpose, an 'eligible employee' is an individual who was a member of the system before the first plan year beginning after December 31, 1995 (Amended by Act 460 of 1995) However, when a member retires, the current year's salary used in the computation of retirement benefits shall not exceed one hundred ten percent (110%) of the previous year's salary, unless the increase is a direct result of a promotion, change in position, incremental increases provided in the school district salary schedule, or an increase in school revenues, unless the increase is a direct result of a promotion, change in position, incremental increases provided in the school district salary schedule, or an increase in school revenues. (Amended by Act 638 of 1995)
2. "Covered salary" means the portion, or all, of an employee's salary which is covered by the system. For each member who first became a member before July 1, 1971 his covered salary for each year after June 30, 1969 is the first \$7,800 of this total annual salary for all covered employment unless he has elected to make contributions to the system on his full salary. For each member who first became a member after June 30, 1971 or who has elected to make contributions on full salary, his covered salary is his full salary for all covered employment; provided, however, if a member who is making contributions only on the first \$7,800 of his total annual salary receives a refund of his contributions and subsequently returns to covered service as a non-contributory member, he shall be considered on full salary for reporting purposes. However, should he wish to repay any refunds which include contributory service, he must pay the additional contributions due to change to full salary. Any former active member who returns to covered employment on or after July 1, 1995, and who elects to make contributions to the system shall contribute on his full salary. (Amended by Act 542 of 1995)
4. "Final average salary" means, for a member who retires after June 30, 1995, the average of the annual salaries paid him during the five (5) years of credited service producing the

highest annual average, subject to the provisions in Item 1.  
(Amended by Act 638 of 1995)

7. Each employer shall deduct the member contributions from the salary of each member on each and every payroll for each and every payroll period, from the date of his entrance into the system until he retires. However, compensation in excess of the limitations set forth in Section 401(a)(17) of the Internal Revenue Code shall be disregarded. The limitation on compensation for 'eligible employees' shall not be less than the amount which was allowed to be taken into account under the system as in effect on July 1, 1993. For this purpose, an 'eligible employee' is an individual who was a member of the system before the first plan year beginning after December 31, 1995. (Amended by Act 460 of 1995)
8. In case of any dispute concerning an employee's salary for system purposes, the system shall have the power to settle the dispute.

#### AGE AND SERVICE RETIREMENT

##### ELIGIBILITY

4. An inactive member with 25 or more years of credited service who attains or has attained age 55 but has not attained age 60 may voluntarily retire early on a reduced annuity upon his written application filed with the Board of Trustees. The reduction is the lesser of the members' age to 60 or his years of credited service to 30. Said annuity shall begin the later of 1/1/93 or the first of the month following his attainment of age 55 or the first of the month following the date the application is received. (Amended by Act 281 of 1995)
7. Effective August 13, 1993 July 1, 1995, a member retiring with an effective date other than July 1, who has not completed his employment contract and who wants to retain credit for service within the current fiscal year may make application to retire on October 1/January 1/ or April 1 one (1) full month prior to the month benefits are to be effective. No salary earned during the fiscal year may be used in the computation of benefits and no more than one-fourth (1/4) year of service credit shall be given for each quarter worked completed, regardless of the number of days worked in a quarter. If a member has signed an employment contract for a fiscal year and has been paid in full for that year, benefits shall not become effective until July 1. (Amended by Act 282 of 1995)

##### Benefits Formula

Annual/Annuitiy/Formula//1.18%/of/the/first/\$8,800/of/the/final average/salary/multiplied/by/the/years/of/credited/service rendered/before/July/1//1989//but/not/less/than/benefits/in accordance/with/provisions/in/force/before/July/1//1971//plus/1.18% of/the/final/average/salary/multiplied/by/the/years/of/credited service/rendered/after/July/1//1977//provided/if/a/member contributed/on/only/the/first/\$7,800/of/each/annual/salary/after June/30//1989//each/annual/salary/used/in/computing/his/final average/salary/shall/be/limited/to/a/maximum/of/\$7,800//provided/ however//if/a/member/who/is/making/contributions/only/on/the/first \$7,800/of/his/total/annual/salary/receives/a/refund/of/his contributions/and/subsequently/returns/to/covered/service/as/a non-contributory/member//he/shall/be/considered/on/full/salary/for reporting/purposes//however//should/he/wish/to/repay/any/refunds which/include/contributory/service//he/must/pay/the/additional contributions/due/to/change/to/full/salary/

A/member/whose/salary/for/reporting/purposes/is/\$7800//and/who/had not/received/a/refund/may/elect/to/change/effective/July/1//1986/ to/the/non-contributory/plan/and/from/that/date/be/considered/on full/salary/for/reporting/purposes//Additional/employer contributions/for/that/period/shall/not/be/due/from/the/member/ however//if/a/member/elects/to/make/this/change//he/must/pay/the additional/employee/and/employer/contributions/due/on/any/service reported/between/July/1//1989//and/June/30//1986/

For/payment/periods/July/1//1991/through/June/30//1992//total benefits/payable/under/the/above/formula/shall/not/be/less/than the/total/number/of/years/of/credited/service/multiplied/by/1.18% of/his/final/average/salary/except/that/benefits/shall/be/1.17% of his/final/average/salary/multiplied/by/his/number/of/years/of credited/service/rendered/after/June/30//1986//for/which/no/member contributions/were/made//as/provided/in/A/C/A/Sec//24+7+406/

For/payment/periods/July/1//1992/through/June/30//1993//the/total benefits/payable/under/the/above/formulas/shall/not/be/less/than the/total/number/of/years/of/credited/service/multiplied/by/1.19% of/his/final/average/salary//except/that/benefits/shall/be/1.23% of/his/final/average/salary/multiplied/by/his/number/of/years/of credited/service/rendered/after/June/30//1986//for/which/no/member contributions/were/made/

For payment periods July 1, 1993, and later, the benefits payable under the above formula shall not be less than the total number of years of credited service multiplied by not less than 2.05% of his final average salary, except that benefits shall not be less than 1.29% of his final average salary multiplied by his number of years of credited service rendered after July 30, 1986, for which no member contributions were made.

For an increase(s) in benefit formulas to be effective, the regular annual actuarial valuation for the calendar year immediately preceding the effective date of the increase(s) shall be based upon an investment rate assumption of no more than eight

percent (8%) and shall indicate that up to and including a twelve percent (12%) of pay employer contribution rate is sufficient to amortize all unfunded actuarial accrued liabilities for members over a period of thirty (30) years or less. For any increase to be effective on a scheduled date, all increases scheduled for that date must collectively meet the minimum financial conditions.

On any scheduled date the increases do not collectively meet the minimum financial conditions, the Board of Trustees shall have the authority to delay the increase until the minimum financial conditions are met. Such delayed increase shall only be given on a July 1 and shall be the increases set out above.

#### POLICIES

6. Annuity Options: ~~Prior to~~Before the date the first payment of an annuity becomes due, but not thereafter, except as provided under item 7, a member retiring on age and service or disability may elect to receive his annuity provided in one of the following options:

Option 1: He may elect his annuity as straight life annuity payable as long as he lives. Upon his death the difference, if any, between his accumulated contributions, plus interest, and the amount paid in benefits, shall be paid to the beneficiary, if living; otherwise it will be paid to the estate.

Option A: He may elect the actuarial equivalent of his straight life annuity in a reduced annuity payable throughout his life and, upon his death, his reduced annuity shall be continued throughout the life of, and paid to, such person as he shall have nominated by written designation duly executed and filed with the Board of Trustees prior to the date of the first payment of his annuity becomes due. Such person must either be his spouse for not less than one year immediately preceding such first payment due date or another person, aged 40 years or older, receiving more than one-half support from the retirant for not less than one year immediately preceding such first payment date, provided the age 40 requirement shall not exclude designation as beneficiary a dependent child who has been ruled physically or mentally incompetent by an Arkansas court of competent jurisdiction (or by the Board).

Option B: He may elect the actuarial equivalent of his straight life annuity in a reduced annuity payable throughout his life and, upon his death, one-half of his reduced annuity shall be continued throughout the life of, and paid to, such person as he shall have nominated by written designation duly executed and filed with the Board of Trustees prior to the date the first payment of his annuity become due. Such person must be either his spouse for not less than one year immediately preceding such first payment due date, or another

person, age forty (40) years or older, receiving more than one-half support from the retirant for not less than one year immediately preceding such first payment due date, provided that the age 40 requirement shall not exclude designation as beneficiary a dependent child who has been ruled physically or mentally incompetent by an Arkansas court of competent jurisdiction (or by the Board).

If a retirant who elected Option A or B and his beneficiary both die before he has received an annuity equal to the accumulated contributions standing to the retirant's credit in the Member's Deposit Account at the time of his retirement, the difference between his said accumulated contributions and the said total amount of annuities received by him shall be paid to such person or persons as the retirant shall have nominated by written designation duly executed and filed with the Board of Trustees. If no such designated person survives the retirant and his surviving beneficiary, such difference, if any, shall be paid to the estate of the survivor of the retirant and his beneficiary.

Option C: He may elect a reduced annuity payable throughout his life with the provision that if he dies before he has received 120 monthly annuity payments, the payments will be continued for the remainder of the period of 120 months and paid to each person or persons, in equal shares, as the retirant shall have nominated by written designation duly executed and filed with the Board of Trustees. If such designated beneficiary or beneficiaries predecease the retirant, the retirant may nominate a successor beneficiary or beneficiaries by written designation duly executed and filed with the Board. If no such designated beneficiary survives him, the annuity reserve for the remainder annuity payments shall be paid to the retirant's estate.

Prior to the signing of the Final Retirement Contract, the retiree shall name a beneficiary or beneficiaries and may name a contingent beneficiary or beneficiaries.

The Attorney General has ruled that a beneficiary of a retiree may not name a beneficiary to succeed him should he not survive to draw the remaining 120 payments under Option C. All beneficiaries or contingent beneficiaries must have been named by the retiree; otherwise, the money will be payable only to the estate of the retiree or survivor, whichever is applicable.

7. The death of a spouse or divorce or other marriage dissolution following retirement shall, at the written election of the retirant, cancel any optional plan elected at retirement to provide continuing lifetime benefits to such beneficiary and return the retirant to his single lifetime benefit equivalent, to be effective the month following receipt of his election by the system. A retirant who is



receiving a single lifetime benefit and who marries after retirement may elect to cancel his single lifetime benefit and elect Option B providing continuing lifetime benefits to his spouse, provided such election is on a form approved by the system and is received by the system not earlier than the date of such marriage and not later than six months after such date; such election shall be effective the first day of the month following such receipt.

8. Effective February 7, 1991, the designated beneficiary of a retiree who chose Option 1 (straight life annuity) may elect to cancel the form of annuity in effect and elect Option A - 100% Survivor Annuity upon the death of a retirant on or after July 1, 1989, if the retirant died within one year following the effective date of retirement and the retirant was receiving a straight life annuity. Such election to change may be made only once and must be on a form approved by the system. The election form must be received by the system within thirty (30) days after the effective date of Act 51 of 1991, or within thirty (30) days of the death of the retiree, whichever is later. Such election change shall become effective the first day of the month following receipt of the election form by the system.

9. A retirant who retired on or after July 1, 1994, may elect to cancel his election made at retirement for receiving an annuity and elect another option, provided:

a) it is done within one (1) year from July 1, 1995; or within one (1) year of retirement, (2) it is filed with the system on a new election form approved by the system, (3) the system is repaid the difference between the amount of the annuity received when the individual retired and the new annuity is due as a result of the election change, plus regular six percent (6%) regular interest from July 1, 1994 or the date of retirement, whichever is later, to the date of payment in full. The difference shall be calculated retroactive to July 1 1994, or the date of retirement, which is later. The election change can only be made once and shall be effective retroactive to the effective date of the annuity. (Amended by Act 528 of 1995)

10. Authorization of the use of postmark date as the official date of a transaction: The postmark date may be used as the official date of a transaction when the use of the mails is the usual and customary method of communication for handling such transactions.

## DEFERRED RETIREMENT

### DEFINITIONS

(Amended by Act 281 of 1995)

An inactive member with 10 or more years of credited service may retire upon or after attaining age 60, provided he is not employed in a position covered by another retirement plan which is supported wholly or in part by state contributions.

An inactive member with 25 or more years of credited service may retire ~~at age 55~~ with a reduction in benefits. The reduction shall be as provided in A.C.A. 24-7-702 as amended.

Benefits are effective the first of the month following ~~the last of~~ the date the member's application is received in the Teacher Retirement System office ~~or the deferred annuity age~~. Deferred annuity age is age 55 ~~for members terminating active membership with 25 or more years of credited service and age 60 for all other members eligible for a deferred annuity.~~

The member shall receive, or shall have paid on his behalf, benefits in accordance with the benefit program in effect at the time of retirement.

## EARLY RETIREMENT

### DEFINITIONS

(Amended by Act 281 of 1995)

Early retirement with a reduction in the benefit formula allows an active member who has at least 25 years of credited service but who has not attained age 60 to retire early on a reduced annuity.

Early retirement (deferred) allows an inactive member with 25 or more years of credited service to retire with a reduction. Effective date of benefits for inactive member is the first of the month following the ~~last of~~ the date the member's application is received in the Teacher Retirement office ~~or age 55~~.

## REPORTING

### DEFINITIONS

1. "Salary" means the recurring remuneration paid an employee for personal services rendered by the member in a position, or positions, covered by the system. It includes remuneration received from all covered employers during a school fiscal year. However, when a member retires, the current year's salary used in the computation of retirement

benefits shall not exceed one hundred ten percent (110%) of the previous year's salary. (Amended by Act 638 of 1995)

2. "Covered salary" means the portion, or all, of an employee's salary which is covered by the system. For each member who first became a member before July 1, 1971, his covered salary for each year after June 30, 1969 is the first \$7,800 of his total annual salary for all covered employment unless he has elected to make contributions to the system on his full salary. For each member who first became a member after June 30, 1971, or has elected to make contributions on full salary, his covered salary is his full salary for all covered employment; provided, however, if a member who is making contributions only on the first \$7,800 of his total annual salary receives a refund of his contributions and subsequently returns to covered service as a non-contributory member, he shall be considered on full salary for reporting purposes. However, should he wish to repay any refunds which include contributory service, he must pay the additional contributions due to change to full salary.

A member whose salary for reporting purposes is \$7800, and who has not received a refund, may elect to change effective July 1, 1986, to the non-contributory plan and from that date be considered on full salary for reporting purposes. Additional employer contributions for that period shall not be due from the member. However, if a member elects to make this change, he must pay the additional employee and employer contributions due on any service reported between July 1, 1969, and June 30, 1986.

3. "Covered Employer" means each employer for whom a member renders service in a covered position.

#### POLICIES

1. In determining "salary," no consideration shall be given to (a) any non-recurring single sum payment paid by an employer or (b) any employer contributions to any employee benefit plan, except cafeteria plans as defined in A.C.A. 21-5-90, or (c) any other unusual or non-recurring remuneration or stipends paid by an employer or other educational agency which are ~~five~~ six hundred dollars (~~\$500~~600) or less in amount, but not cumulative, except that money which is in lieu of remuneration and which is used by an employer to purchase a qualified tax sheltered annuity or a life insurance policy for an employee shall be considered as "salary" for system purposes. (Amended by Act 638 of 1995) If an eligible employee of a government entity, as defined in Act 810 of 1987, elects to participate in a cafeteria plan which meets the requirements of the Federal Internal Revenue Code, the amount by which such employee's salary is reduced pursuant to a salary reduction agreement, as defined in Act 810 of 1987, shall continue to be included as compensation

for the purpose of computing retirement benefits. Employees participating in the contributory plan will pay 6% of the total salary earned before such reductions are made, and employers will report the total salary earned before any reductions.

2. Each employer shall deduct the member contributions from the salary of each member on each and every payroll for each and every payroll period, from the date of his entrance into the system until he retires, and the employer shall remit the contributions to the system provided, however, compensation in excess of the limitations set forth in Section 401(a)(17) of the Internal Revenue Code shall be disregarded. The limitation on compensation for 'eligible employees' shall not be less than the amount which was allowed to be taken into account under the system as in effect on July 1, 1993. For this purpose, an 'eligible employee' is an individual who was a member of the system before the first plan year beginning after December 31, 1995.
3. An employee who is receiving remuneration under both a regular contract and a purchased contract or under both a regular contract and a contract won through litigation shall have only the greater of the two amounts considered as "salary" for system purposes.
4. Should an employee make a charitable donation or return any part of his salary to his employer, the amount of his recurring remuneration otherwise useable as "salary" shall be reduced by such amount or amounts to arrive at his "salary" for system purposes.
5. The system will not knowingly accept contributions that have been withheld from payments that do not meet the criteria for salary in policies 1-3. In case of doubt, the facts will be determined and the board will decide whether or not payments reported as salary can be accepted as salary for retirement purposes. Contributions based on payments that are not salary for retirement purposes will be refunded as promptly as possible.
6. If a member is making contributions to the system on a covered salary of \$7,800 rather than his full salary, 6% of his pay for each pay period must be withheld until withholding amounts to 6% of \$7,800 (\$468). Withholding of this amount shall not be spread over a longer time than it takes to withhold 6% of \$7,800.
7. A member who left covered employment before July 1, 1985, and who had annual compensation of \$7800 or less, shall upon return to covered employment, have full salary considered for retirement purposes.

8. In order that each member of the Teacher Retirement system may receive credit for his days of service, his covered salary and his contributions on a timely basis, each employer shall report to the System on the following schedule:

D-1 (Employees Monthly Remittance Report)

Data & Enclosures Required:

- 1) Name and account number of employing unit
- 2) Date payroll period ended
- 3) Total employee contributions
- 4) List and total of checks enclosed

Date Due: For public schools, 15th day of the following month; for colleges and state agencies, 15 days after end of each pay period.

D-1a (Employers Monthly Remittance Report)

Data & Enclosures Required:

- 1) Name and account number of employing unit
- 2) Type of employer and source of funding
- 3) Date payroll period ended
- 4) Number of employees in positions covered by XTRS
- 4) Total assessable salaries
- 5) Total employer contributions
- 6) List and total of checks

Date Due: For public schools, 15th day of the following month; for colleges and state agencies, 15 days after end of each pay period.

D-2a (Quarterly)

Data & Enclosures Required:

- 1) Social security number of each member employed during quarter
- 2) Name of each member
- 3) Salary of each member by source for quarter, and employee contributions withheld, if applicable
- 4) Total salaries of each member, and employee contributions withheld, if applicable
- 5) Days worked during quarter by each member

Date Due: 15 days of the following month after each calendar quarter.

9. Each of the above reports must be on forms or magnetic media that are either furnished by the Teacher Retirement System or approved by the System.
10. The employer's cost for the local school district with Federal Programs, institutions of higher learning, and other State agencies, shall be the State's percent of the next preceding fiscal year to be applied to the assessable salary for the current fiscal year.
11. Four hours shall be required as the minimum for a "day of service" for all employees. For part-time employees who do

not work full days, total the number of hours or periods worked in a school year and divide by four (4) to determine the number of days to be credited as a year of service or as a fraction of a year.

12. Kindergarten teachers who are employed by a school district shall be compulsory members of the Teacher Retirement System. The local school district will be responsible for employer contributions on salaries paid kindergarten teachers when the salaries are financed from any source other than the Public School fund allocation.
13. Should an overpayment or an underpayment of contributions be reported from the local level in an amount of more or less than \$5.00, it shall be handled in the following manner by this office:

  - (a) If the underpayment of less than \$5.00 was reported from the local level, ~~contributions will be credited to the member's contribution account~~ and no attempt will be made to collect the difference of this underpayment.
  - (b) Should an overpayment of contributions of less than \$5.00 be reported from the local level, no refund of this amount will be made to the member, except upon written request from the member. The total amount reported by the employing authority shall be credited to contributions.
14. Should an employer fail at any time to report the salary of a member and remit the contributions to the system, the system shall have the right to collect from the employee and the employer the contributions due, if any, from each, together with regular interest beginning with the subsequent fiscal year; provided further, in no case shall a member be given credit for service rendered until any contributions and interest due from each are paid in full.
15. For each fiscal year beginning July 1, 1993, or later, the dollar amount of state employer contributions to be paid during the fiscal year shall be the lesser of the result of multiplying the applicable percent of active member payroll for the fiscal year by the total covered salaries during the fiscal year, including any required prior year reported salaries of members whose positions are financed by the State Public School Fund, taking the result to the nearest dollar, or the amount appropriated by the General Assembly during each biennium.
16. Should a school or other educational agency receive a grant from which stipends of more than \$300,000.00 will be paid, the grant must include employer contributions due the Teacher Retirement System. (Amended by Act 542 of 1995)

### PART III

#### PURCHASE OF MILITARY SERVICE UNDER ACT 573 OF 1975 AS AMENDED BY ACT 1098/OF/1993/ACT 611 OF 1995

##### DEFINITION

Effective August 13, 1993, any person who is a member or former member of a state-supported retirement system may purchase up to five (5) years of credited service in the System for military service prior to becoming a member of the state-supported retirement system.

For the purpose of purchasing military service credit - Military service rendered is defined to be any active duty service as military obligation including active duty service in the National Guard or Reserve.

##### POLICIES

1. Military service rendered prior to July 1, 1971, will not be credited unless it is for a full year as defined in terms of the number of days necessary to receive credit for a year of membership service (120 days rendered during a fiscal year - July 1 through June 30. Thirty (30) days shall be considered a month). Military service after July 1, 1971, can be credited in fractions of years in the same manner as membership service.
2. Effective/August/13//1993//the/computation/for/the/purchase of/military/service/under/Act/573/of/1975//as/amended/by/Act 1098/of/1993//shall/be/the/rate/of/employee/contributions required/on/the/salary/earned//or/the/maximum/assessable salary//for/the/first/year/of/membership/service/credit//and the/rate/of/employer/contributions/in/effect/at/the/time first/eligible/to/purchase/the/military/service//excluding refunded/service//Interest/will/be/figured/from/the eligibility/date/six/6/months/after/completion/of/ten/10/ years/of/membership/service/credit/or/January/1//1976/ whichever/is/late/For the first three (3) years of credited service, the member contributes the the member's deposit account a sum of money equal to the amount he would have contributed to the account had he been a member during his term of military service. This amount shall be based upon his monthly contributions at the time he first became a member of the retirement system and interest thereon at the rate of six percent (6%), together with an amount equal to the employer matching contribution and interest thereon at the rate of six percent (6%), which interest shall commence January 1, 1976, or six (6) months after eligibility, whichever is later.

For the fourth and fifth year of credited service the member contributes to the member's deposit account a sum of money

equal to the amount he would have contributed to the account had he been a member during his term of military service. This amount shall be based upon:

- a) His salary at the time he first became a member of the retirement system; and
  - b) The employer's contribution in effect at the time the member first became eligible to purchase the military service; and
  - c) Interest on both the employee's and employer's contributions at the rate of six percent (6%), which interest shall commence January 1, 1976, or six (6) months after eligibility, whichever is later.
3. A person may contract to purchase one (1) year at a time if he so chooses. The year or years to be purchased shall be closest to member service. He may make partial payments if the amount due is \$300 or greater.
4. Eligibility to purchase military service credit shall be subject to the following conditions:
- a) Any person who is now or was in the past a member of a reciprocal system and has ten (10) years of combined credited membership service, or
  - b) A member of the Teacher Retirement System with ten (10) years of membership service credit.
  - c) Must have received an honorable discharge.
  - d) No more than five (5) years may be purchased.

#### PURCHASED MILITARY AND RECIPROCITY

#### POLICIES

(Amended by Act 611 of 1995)

7. For the first three (3) years of credited service, the member contributes the the member's deposit account a sum of money equal to the amount he would have contributed to the account had he been a member during his term of military service. This amount shall be based upon his monthly contributions at the time he first became a member of the retirement system and interest thereon at the rate of six percent (6%), together with an amount equal to the employer matching contribution and interest thereon at the rate of six percent (6%), which interest shall commence January 1, 1976, or six (6) months after eligibility, whichever is later.



For the fourth and fifth year of credited service the member contributes to the member's deposit account a sum of money equal to the amount he would have contributed to the account had he been a member during his term of military service. This amount shall be based upon:

a) His salary at the time he first became a member of the retirement system; and

b) The employer's contribution in effect at the time the member first became eligible to purchase the military service; and

c) Interest on both the employee's and employer's contributions at the rate of six percent (6%), which interest shall commence January 1, 1976, or six (6) months after eligibility, whichever is later.

#### REPAYMENT OF REFUNDS

##### POLICIES

(Amended by Act 542 of 1995)

1. To be eligible to repay a refund, a person must be an active member of the system. A person who has received a refund may re-establish active membership by re-establishing completing one or more years of credited service after receipt of his refund thirty (30) days or more during his last such reemployment.

PURCHASE OF OUT-OF-STATE SERVICE

POLICIES

(Amended by Act 524 of 1995)1

7. An active member who had both public and private school service in one (1) school year may contract with the Board for one (1) year of service to be credited as service, if the service meets the following additional requirements:
  - a) The combination of public and private school service rendered in the fiscal school year was not fewer than one hundred twenty (120) days; provided, however, that a fraction of a year of out-of-state service may be credited in keeping with board policies as provided by Arkansas Code Ann. 24-7-601; and
  - b) The person had not less than thirty (30) days of private school teaching service in the school year and not less than thirty (30) days public teaching service in the fiscal school year.
  - c) A member may purchase fractional years of out-of-state and/or private school service provided the member has, or is eligible to purchase the difference in Arkansas service to equal one hundred twenty (120) days for the fiscal year.
  - d) Certification of out-of-state service, Arkansas private school service, or out-of-state private school service must submitted to ATRS on a form provided by the system.
8. Beginning July 1, 1991, an active member may purchase service rendered outside the state during a period of employment with an education coordinating council.
9. From July 1, 1991, until December 31, 1991, an active member of the Public Employees Retirement System who was an active member of the Teacher Retirement System prior to January 1, 1978, and who became a member of the Public Employees Retirement System within thirty (30) days of departure from the Teacher Retirement System may establish reciprocity between the two systems and purchase out-of-state service rendered prior to January 1, 1978, in accordance with the provisions and conditions contained in A.C.A. Secs. 24-7-601 and 24-7-603.

## SABBATICAL LEAVE

### POLICIES

(Amended by Act 542 of 1995)

1. In order to purchase sabbatical leave service such service must be for a minimum of one hundred twenty (120) working days in a fiscal year. In computing the cost to purchase sabbatical leave service, the ~~Highest~~ annual salary earned ~~at the time of purchase~~ for the fiscal year preceding the leave and the total of the member and employer contributions in effect during that fiscal year, plus regular interest from the ~~beginning~~ end of the fiscal year in which the leave is taken until payment is made in full, will be used.

## PURCHASE OF PRIVATE SCHOOL SERVICE

### Definition

"Private school service" means service rendered in any private school or agency which is recognized by the State Department of Education for the issuance of teaching certificates.

### Policies

1. From and after January 1, 1990, an active member may contract with the Board for ~~the purchase of~~ private school service to be credited as service hereunder in accordance with ~~under~~ the following conditions:
  - a) Service credit shall be limited to service for which no benefit could be paid by another system similar in purpose to this system, except social security, if the member left on deposit his contributions to that system.
  - b) Service credit shall be limited to ~~three~~ ten (10) years. (Amended by Act 513 of 1995)
2. The member shall pay to the system for each year of service credit being granted nineteen and one-half percent (19.5%) of the annual salary received by him for his first full year of state teaching service, together with regular annual interest from the end of that year of state teaching service to the date of payment. If the payment is not made in a single sum at the time the contract is made, regular interest shall be added from the date of the contract to the date of payment. The payment shall be credited to the member's account in the member's deposit account and shall be in addition to regular member contributions thereto.
3. The private school service shall not become credited service under this system until :

- a) The member payments have been paid in full; and
  - b) The member has established ten (10) or more years of credited service exclusive of private school service. Should a member cease to be an active member before the private school service has been established as system credited service, the member payments contributed shall be refundable, together with regular interest thereon.
4. An active member who had both public and private school service in one (1) school year may contract with the Board for one (1) year of service to be credited as service, if the service meets the following additional requirements:
- a) The combination of public and private school service rendered in the fiscal school year was not fewer than one hundred twenty (120) days; and provided, however, that a fraction of a year of service may be credited in keeping with board policies as provided by Arkansas Code Ann. 24-7-601; and (Amended by Act 524 of 1995)
  - b) The person had not less than thirty (30) days of private school teaching service in the school year and not less than thirty (30) days public teaching service in the fiscal school year.
  - c) A member may purchase fractional year of out-of-state and/or private school service provided the member has, or is eligible to purchase, the difference in Arkansas service to equal one hundred twenty (120) days for the fiscal year. (Amended by Act 524 of 1995)
  - d) Certification of out-of-state service, Arkansas private school service, or out-of-state private school service, must be submitted to ATRS on a form provided by the system. (Amended by Act 524 of 1995)
5. A year of private school service shall be for a minimum of one hundred twenty (120) days, except as outlined in #4 above. Twenty (20) days shall be considered a month.

RETIRANTS RETURN TO SERVICE  
(Amended by Act 1293 of 1995)

Conditions Under Which A Retirant May Return To Teaching or Other Employment Other Than By Rescinding His Retirement Under Act 39 of 1989

AGE AND SERVICE RETIRANT:

- 5). If a retirant is employed in a covered position by a state college, university, or vocational-technical school, his

annuity shall not be subject to the limitations provided in Item 1 a) and 1 b) above.

ARKANSAS TECHNICAL AND COMMUNITY COLLEGE SYSTEM  
(Act 1244 of 1991)

POLICIES

(Amended by Act 332 of 1995)

10. Effective July 1, 1995, staff members who elect to participate in an alternate retirement plan may elect to become members of the retirement system. Service credit forfeited while a member of an alternate retirement plan cannot be established in the retirement system. The election to withdraw from the alternate retirement plan and become a member of the retirement system shall be made by December 31, 1995, and notice of the election shall be made in writing and filed with the retirement system and the disbursing officer of the employing college or university by December 31, 1995.

VOCATIONAL EDUCATION ALTERNATE PLAN  
Act 480 of 1983)

POLICIES

10. Effective July 1, 1995, staff members who elect to participate in an alternate retirement plan may elect to become members of the retirement system. Service credit forfeited while a member of an alternate retirement plan cannot be established in the retirement system. The election to withdraw from the alternate retirement plan and become a member of the retirement system shall be made by December 31, 1995, and notice of the election shall be made in writing and filed with the retirement system and the disbursing officer of the employing college or university by December 31, 1995.
11. Service for the year in which a member changed to the retirement system shall be credited as follows:

Transfer made to TRS

Credit received in TRS

7-1-9395	120 days
8-1-9395	120 days
9-1-9395	90 days
10-1-9395	90 days
11-1-9395	60 days
12-1-9395	60 days

QUALIFIED DOMESTIC RELATIONS ORDERS  
FOR ACTIVE MEMBERS  
(Act 1143 of 1993)

POLICIES

(Amended by Act 644 of 1995)

1. The qualified domestic relations order of the chancery court is authorized to specify a designated percent of a fractional interest on any retirement benefit payment may be paid to an alternate payee.
2. Qualified domestic relations orders issued by a chancery court of the State of Arkansas and which apply to a participant of the Teacher Retirement System (retirement plan) shall be accepted by the system, subject to the following restrictions:
  - (a) Benefits to the alternate payee shall begin when the participant retires, or ceases employment in a covered position and receives a refund of contributions.
  - (b) participants receiving disability benefits, as defined in Section 24-7-704 of the Arkansas Code of 1987, Annotated, from the retirement plan shall not be subject to qualified domestic relations orders.
  - (c) Pursuant to Act 1143 of 1993, a model qualified domestic relations order is added as Addendum A to these policies. "Any qualified domestic relation order issued by a chancery court of Arkansas" must comply with the content of and substantially follow the form set out in the addendum.

QUALIFIED DOMESTIC RELATIONS ORDERS  
FOR RETIRED MEMBERS  
(Act 1143 of 1993)

POLICIES

(Amended by Act 644 of 1995)

1. The qualified domestic relations order of the chancery court is authorized to specify a designated percent of a fractional interest on any retirement benefit payment may be paid to an alternate payee.
2. Qualified domestic relations orders issued by a chancery court of the State of Arkansas and which apply to a participant of the Teacher Retirement System (retirement plan) shall be accepted by the system, subject to the following restrictions:
  - (a) Participants receiving disability benefits, as defined in Section 24-7-704 of the Arkansas Code of 1987, Annotated, from the retirement plan shall not be subject to qualified domestic relations orders.

- (b) Pursuant to Act 1143 of 1993, a model qualified domestic relations order is added as Addendum A to these policies. "Any qualified domestic relation order issued by a chancery court of Arkansas" must comply with the content of and substantially follow the form set out in the addendum.