ARKANSAS REGISTER

Proposed Rule Cover Sheet

Secretary of State
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Name of Department Legal Department

Agency or Division Name Arkansas Teacher Retirement System

Other Subdivision or Department, If Applicable n/a

Previous Agency Name, If Applicable n/a

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Name of Rule 24 CAR § 10-513 - Purchasable Service Credit - Contact Buyouts, Settlements, and Court-ordered Payments

Newspaper Name Arkansas Democrat Gazette

Date of Publishing August 9, 2025

Final Date for Public Comment September 8, 2025

Location and Time of Public Meeting 11:00 a.m., Monday, September 29, 2025, 1400 W. 3rd Street, Little Rock, AR 72201

MARK UP

24 CAR § 10-513. Purchasable service credit — ~~Contact~~ Contract buyouts, settlements, and court-ordered payments.

(a)(1) A member shall only earn service credit for actual, on-site work performed for a covered employer for the period specified in a contract buyout, settlement, or court-ordered payment unless the member purchases service or salary that would have been received by the member if the member had been successful in his or her legal claim.

(2)(A) If a member is on call with a covered employer and not subject to either a contract buyout, settlement, or court-ordered payment, the salary paid to the member as a regular employee shall be credited to the member.

(B) On-call credit shall not be added to a member's salary with another covered employer.

(c) The Arkansas Teacher Retirement System shall not adjust a member's service history until the:

(1) Member or the member's covered employer provides a copy of the settlement, a file-marked court order, or a certified copy of the contract buyout to the system; and

(2)(A) Actuarial cost to purchase the service has been paid in full to the system.

(B) A member shall purchase service or salary at the actuarial cost for service and salary that the member would have earned if the member had not been terminated.

(d)(1) Service credit purchased under a settlement agreement or court order shall offset service credit that is earned through covered employment with another covered employer during the same period of time covered by the service credit purchased under the settlement agreement or court order.

(2) Service credit purchased under a settlement agreement or court order shall not be applied in a manner that allows a member to earn more than one (1) year of service credit in a fiscal year.

MARK UP

(e)(1) The system shall credit a member with additional salary credit purchased through a settlement agreement or court order only if the:

(A) Additional salary being purchased is being paid to the member in order to resolve a claim of wrongful termination or employment discrimination that culminated in a settlement agreement or court order; and

(B) Additional salary is salary that the member would have been paid but for the employment discrimination.

(2) Only qualifying additional salary credit purchased through a contract buyout may be used in the final average salary calculation.

(f) The system shall not permit a member to use unearned future service credit or nonqualified service credit purchased through a contract buyout settlement agreement with a school district to retire under age and service retirement or disability retirement before the member's employment contract with the school district would naturally have terminated.

FINANCIAL IMPACT STATEMENT

PLEASE ANSWER ALL QUESTIONS COMPLETELY.

DEPARTMENT Legal
BOARD/COMMISSION Arkansas Teacher Retirement System
PERSON COMPLETING THIS STATEMENT Jennifer Liwo
TELEPHONE NO. (501) 682-1517 **EMAIL** jenniferl@artrs.gov

To comply with Ark. Code Ann. § 25-15-204(e), please complete the Financial Impact Statement and email it with the questionnaire, summary, markup and clean copy of the rule, and other documents. Please attach additional pages, if necessary.

TITLE OF THIS RULE 24 CAR § 10-513- Purchasable Service Credit — Contact Buyouts, Settlements, and Court-orde

1. Does this proposed, amended, or repealed rule have a financial impact?
   Yes ☐ No ☑

2. Is the rule based on the best reasonably obtainable scientific, technical, economic, or other evidence and information available concerning the need for, consequences of, and alternatives to the rule?
   Yes ☑ No ☐

3. In consideration of the alternatives to this rule, was this rule determined by the agency to be the least costly rule considered? Yes ☑ No ☐

   If no, please explain:

   (a) how the additional benefits of the more costly rule justify its additional cost;

   (b) the reason for adoption of the more costly rule;

   (c) whether the reason for adoption of the more costly rule is based on the interests of public health, safety, or welfare, and if so, how; and

   (d) wh ther the reason for adoption of the more costly rule is within the scope of the agency's statutory authority, and if so, how.

4. If the purpose of this rule is to implement a *federal* rule or regulation, please state the following:

   (a) What is the cost to implement the federal rule or regulation?

Current Fiscal Year

General Revenue_____
Federal Funds_____
Cash Funds_____
Special Revenue_____
Other (Identify)_____

Total $0.00 _____

Next Fiscal Year

General Revenue_____
Federal Funds_____
Cash Funds_____
Special Revenue_____
Other (Identify)_____

Total $0.00 _____

(b) What is the additional cost of the state rule?

Current Fiscal Year

General Revenue_____
Federal Funds_____
Cash Funds_____
Special Revenue_____
Other (Identify)_____

Total $0.00 _____

Next Fiscal Year

General Revenue_____
Federal Funds_____
Cash Funds_____
Special Revenue_____
Other (Identify)_____

Total $0.00 _____

5. What is the total estimated cost by fiscal year to any private individual, private entity, or private business subject to the proposed, amended, or repealed rule? Please identify those subject to the rule, and explain how they are affected.

Current Fiscal Year
$ 0.00

N/A

Next Fiscal Year
$ 0.00

6. What is the total estimated cost by fiscal year to a state, county, or municipal government to implement this rule? Is this the cost of the program or grant? Please explain how the government is affected.

Current Fiscal Year
$ 0.00

N/A

Next Fiscal Year
$ 0.00

7. With respect to the agency's answers to Questions #5 and #6 above, is there a new or increased cost or obligation of at least one hundred thousand dollars ($100,000) per year to a private individual, private entity, private business, state government, county government, municipal government, or to two (2) or more of those entities combined?

Yes ☐ No ☑

If yes, the agency is required by Ark. Code Ann. § 25-15-204(e)(4) to file written findings at the time of filing the financial impact statement. The written findings shall be filed simultaneously with the financial impact statement and shall include, without limitation, the following:

(1) a statement of the rule's basis and purpose;

(2) the problem the agency seeks to address with the proposed rule, including a statement of whether a rule is required by statute;

(3) a description of the factual evidence that:
(a) justifies the agency's need for the proposed rule; and
(b) describes how the benefits of the rule meet the relevant statutory objectives and justify the rule's costs;

(4) a list of less costly alternatives to the proposed rule and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;

(5) a list of alternatives to the proposed rule that were suggested as a result of public comment and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;

(6) a statement of whether existing rules have created or contributed to the problem the agency seeks to address with the proposed rule and, if existing rules have created or contributed to the problem, an explanation of why amendment or repeal of the rule creating or contributing to the problem is not a sufficient response; and

(7) an agency plan for review of the rule no less than every ten (10) years to determine whether, based upon the evidence, there remains a need for the rule including, without limitation, whether:
(a) the rule is achieving the statutory objectives;
(b) the benefits of the rule continue to justify its costs; and
(c) the rule can be amended or repealed to reduce costs while continuing to achieve the statutory objectives.

Arkansas Teacher Retirement System
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August 8, 2025

Executive Summary
Proposed Rule Amendment
24 CAR § 10-513 — Purchasable Service Credit — Contact Buyouts, Settlements, and Court-ordered Payments

I. Purpose

The Arkansas Teacher Retirement System ("ATRS" or "System") requests the review and approval of proposed amendments to 24 CAR § 10-513 — Purchasable Service Credit — Contact Buyouts, Settlements, and Court-ordered Payments.

On June 2, 2025, the Board of Trustees of the Arkansas Teacher Retirement System ("Board") voted to proceed with the promulgation process for 24 CAR § 10-513.

II. Authority

A.C.A. § 24-7-301 provides that the Board is responsible for the general administration and proper operation of the System and for implementing the Arkansas Teacher Retirement System Act, A.C.A. § 24-7-201 et seq.

A.C.A. § 24-7-305(b) gives the Board the authority to promulgate rules as it deems necessary from time to time in the transaction of its business and in administering the System.

III. Amendments

The title of 24 CAR § 10-513 has been amended to correct a typo by revising "Contact" to read "Contract".

IV. Recommendation

The System recommends that the proposed amendments to 24 CAR § 10-513 be approved as proposed.

Mark-Up Color Code

- Blue – Non-substantive changes by ATRS staff.
- Green – Substantive changes by ATRS staff.
- Red – Required legislative changes.
- Brown – Non-substantive changes where the rule was transferred from one rule to another.

NOTICE OF INTENDED ATRS BOARD ACTION

At a meeting of the Board of Trustees of the Arkansas Teacher Retirement System (Board) to be held at **11:00 a.m. on Monday, September 29, 2025**, at 1400 West Third Street, Room 300, Little Rock, Arkansas 72201, the Board, pursuant to its authority under A.C.A. §§ 24-7-201– 24-7-1409, will consider the adoption, amendment, and repeal of certain rules concerning the Arkansas Teacher Retirement System (ATRS).

Rules to be repealed:

- 24 CAR § 10-808
- 24 CAR § 10-809

Rules to be amended:

- 24 CAR § 10-207
- 24 CAR § 10-302
- 24 CAR § 10-501
- 24 CAR § 10-512
- 24 CAR § 10-513
- 24 CAR § 10-613
- 24 CAR § 10-616
- 24 CAR § 10-710
- 24 CAR § 10-712
- 24 CAR § 10-804
- 24 CAR § 10-807
- 24 CAR § 10-811
- 24 CAR § 10-826

Rules to be adopted:

- 24 CAR § 10-329

Interested persons may submit their comments, orally or in writing, to the Executive Director of ATRS at the above address. In accordance with A.C.A. § 25-15-204, **comments should be received no later than Monday, September 8, 2025 at 4:30 p.m. and requests for an oral hearing should be received no later than Wednesday, September 10, 2025 at 4:30 p.m.,** in order for the oral hearing to be placed on the agenda.

The proposed amendments, along with the questionnaire, financial impact statement, and summaries of the changes, may be accessed on the ATRS website at https://www.artrs.gov/board-rules, or copies may be obtained by contacting the Executive Director's office at (501) 621-8853. The current rules may also be viewed at https://www.artrs.gov/board-rules or at the ATRS office Monday through Friday from 8:00 a.m. to 4:30 p.m.