

## MEMBERSHIP

(A.C.A. § 24-7-501-502, § 24-7-202, § 24-7-406, as amended by Act 97 of 2007)

### DEFINITIONS

**Active member** means any member rendering service to an employer that is covered by the System.

**Deferred member** means a member who has five (5) or more years of actual or reciprocal service who is eligible for retirement under § 24-7-707.

**Inactive member** means a member who is no longer rendering service covered by the System and who is not retired.

**Member** means any person included in the membership of the System.

**Nonteacher** means any member except a teacher.

**Teacher** means any member employed by a school for purposes of giving instruction and whose employment requires state licensure.

### MEMBERSHIP IN THE ARKANSAS TEACHER RETIREMENT SYSTEM SHALL INCLUDE THE FOLLOWING PERSONS:

1. All teachers hired after July 1, 1971, who are not participating in another state-supported retirement plan;
2. All employees of an Arkansas public school district hired after July 1, 1989<sup>1</sup>; and
3. All persons newly hired after July 1, 1989, by any covered employer who are not participating in an alternate or other state-supported retirement plan.

### RULES

1. A person who has excluded himself from membership before July 1, 1991, may rescind the exclusion by filing with the System a Membership Data form.

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<sup>1</sup> Those employees whose nonteaching service began before July 1, 1989, and whose nonteaching service is covered or coverable by the Public Employees Retirement System, shall continue to be covered by that System for all nonteaching service.

2. Effective July 1, 2001, those employees whose nonteaching service began before July 1, 1989, and whose nonteaching service is covered or coverable by the Public Employees Retirement System may elect to be covered by the Arkansas Teacher Retirement System. The elections shall be made prior to May 31 on a form provided by System and shall be effective the following July 1. (Act 742 of 2001).
3. Employees who are eligible for membership in the Teacher Retirement System are ineligible for membership in another state retirement system while employed in a position covered by Teacher Retirement excluding service in the Arkansas General Assembly § 24-7-204(6).
4. Employees hired by the following employers are ineligible to become members of the System unless the employee has prior service in the System with another covered employer: Arkansas Activities Association; Arkansas Association of Educational Administrators; Arkansas School Board Insurance Trust, Arkansas Easter Seals Society; Ashley County Adult Education; Florence Crittenden Home; Jefferson County Adult Education; Laidlaw Transit; and the Literacy Council of Lonoke. (See ATRS Board Resolution 2006-15, IRS Private Letter Ruling, June 17, 2006.)

### **ACTIVE MEMBERS**

An active member means a person rendering service to a covered employer as follows:

1. For the purpose of crediting service in a fiscal year, an active member must earn a year of credit (120 teaching days) or a fraction thereof (not less than 1/4 year - 30 teaching days).
2. No service credit shall accrue until the member works thirty (30) days for a covered employer in a fiscal year. If the member does not accrue any service credit for a fiscal year, then any employee contributions shall be refunded to the member by the System at the end of the fiscal year.
3. Active membership will continue beyond a fiscal year in which actual service was rendered, provided the employing institution certified continuing employment, and leave of absence with pay upon which the member is making contributions or is a noncontributory member, also continues active membership
4. An inactive member will become an active member after returning to covered employment and completing at least 30 (thirty) days of credited service.

## **TERMINATION OF ACTIVE MEMBERSHIP**

Active membership in the System will terminate upon the occurrence of any of the following:

### **RULES**

1. An active member who terminates covered employment and retires becomes inactive and is not eligible to accrue additional service credit or make employee contributions to the System unless the member's retirement is rescinded.
2. An active member who is no longer employed by a covered employer and does not retire shall become inactive.
3. If an inactive member who has not retired becomes employed by a covered employer, he/she will become an active member and is eligible to accrue service credit upon the completion of 30 days of service to the employer.

### **ADMISSION OF NEW EMPLOYERS COVERED BY THE SYSTEM**

1. All employees of a new ATRS employer must participate in the Arkansas Teacher Retirement System as a condition of their employment.
2. Employees of a new ATRS employer will enter the System as a noncontributory member, and be allowed one (1) year from the date the new employer is approved by the Board of Trustees to make an irrevocable choice to participate in either the contributory or noncontributory plan.
3. Employees of a new employer who want to purchase their previous service with the new employer may do so in accordance with the policies pertaining to the purchase of prior service. Service with other Arkansas educational nonprofit corporations not covered by ATRS may be purchased in accordance with the policies pertaining to the purchase of private school service.
4. A retiree who is working for a new ATRS employer on the date the employer is approved by the Board of Trustees may continue employment with the employer without being considered to be rendering service to a covered employer. A retiree working for a newly covered employer in this instance is not subject to the ATRS earnings limitation.

**Amended:** June 15, 2004  
April 26, 2007

**CONTRIBUTORY/NONCONTRIBUTORY SERVICE**  
(A.C.A. § 24-7-406 as amended by Act 93 of 2007)

**DEFINITIONS**

1. **Contributory service** is service on which a member makes or made member contributions to the Teacher Retirement System.
2. A **contributory election** is a written election by a member to make member contributions to the Teacher Retirement System. To be valid, an election must be on an election form provided by the System and signed by both the member and the employer.
3. **Noncontributory service** is service on which a member does not make member contributions to the Teacher Retirement System and accepts a reduced retirement annuity for the years of service on which he/she does not contribute.
4. **Nonteacher** means any member except a teacher.
5. **Teacher** means any person employed by a school for the purpose of giving instructions and whose employment requires state licensure.

**RULES** (Act 385 of 2005 and Act 93 of 2007)

1. All service rendered before July 1, 1986, is contributory service.
2. All new members under contract for 181 or more days will make member contributions to the Teacher Retirement System. (Acts 81 and 907 of 1999)
3. A. Until June 30, 2007, all new members under contract for 180 days or less will have one (1) year from their hire date to make an irrevocable election to make member contributions.  
  
B. Effective July 1, 2007, all new members under contract for 180 days or less may elect to become contributory members.
4. A. Effective July 1, 2005, any active member whose status later changes from nonteacher status to teacher status under contract for 181 days or more shall make the member contributions regardless of an earlier election to be noncontributory.  
  
B. If the change of status from nonteacher to teacher occurs during a year in which service has already been reported as noncontributory, and the member is under contract for 181 days or more, the change to contributory will occur beginning with the next fiscal year.

5. A. Until June 30, 2007, new members who are not under contract will not make member contributions.
  - B. Effective July 1, 2007, all new members who are not under contract may elect to become contributory members.
6. A. Until June 30, 2007, active members who have previously elected to be noncontributory may make an irrevocable election to become contributory members.
  - B. Effective July 1, 2007, any noncontributory member may elect to become a contributory member.
    - i. If the election is made before the preparation of the first salary payment to the member in the fiscal year, the election will become effective immediately. If the election is after the preparation of the first payroll containing the first salary payment to the member in the fiscal year, the election shall become effective July 1 of the next fiscal year.
    - ii. Any member's election to become contributory is irrevocable. All service rendered after the election is filed with the System shall be contributory.
      - ° All active members, as of July 1, 1999, were required to make an irrevocable election to be contributory or noncontributory on or before June 30, 2000. An election to become contributory remains in effect for the remainder of the member's career. If no election was made by June 30, 2000, the member remained in the plan he/she was in as of that date.
7. A. Inactive members or rescinding retirees who reenter covered employment after June 30, 1999, may make an election to become contributory members within one year of reentry. If no election is made, the member will be enrolled in the plan that he/she was in prior to reentry.
  - B. Noncontributory inactive members or noncontributory rescinding retirees who reenter the System after June 30, 2007, may elect to become contributory members.
8. A. Full-time employees of state agencies covered by the Teacher Retirement System shall be contributory
  - B. Part-time employees of state agencies covered by the Teacher Retirement System shall be noncontributory. Effective July 1, 2007, part-

time employees of state agencies covered by the Teacher Retirement System may elect to become contributory.

9. Inactive members who had been contributory on a maximum salary of \$7,800.00, return to work on or after July 1, 1995, and elect to become contributory will make contributions on his/her full salary.
10. If a member enters the System and is reported incorrectly by the employer for the first year as a noncontributory member, the System will accept the member the first year as a noncontributory member. The System shall notify the employer of the member's contributory status. Effective the next July 1, the member shall make member contributions to the System.
11. If an inactive member returns to covered employment as an active member after July 1, 1999, and is reported incorrectly by the employer as a noncontributory member for the first year, the System will accept the member the first year as a noncontributory member. The System shall notify the employer of the member's contributory status. Effective the next July 1, the member shall make member contributions to the System.

**Amended:** July 18, 2005  
April 26, 2007

**ERRONEOUS MEMBERSHIP**  
(formerly Rule No. 6-9)

**RULES**

1. Employees erroneously enrolled in a state retirement system on or after January 1, 1979, may elect to remain a member of the system of record or may become a member of the eligible retirement system.
1. After July 1, 1979, the Teacher Retirement System will make no further effort to correct the retirement system membership of persons who were erroneously enrolled in another state retirement system before January 1, 1979. The Teacher Retirement System will not accept as members persons who were erroneously enrolled in another state retirement system before January 1, 1979, unless that person's contributions were refunded prior to July 1, 1979.
2. If an employee was erroneously enrolled in the Teacher Retirement System before January 1, 1979, and if his/her contributions were not refunded prior to July 1, 1979, the employee shall continue to be a member of the Teacher Retirement System. The member shall receive service credit for all paid membership service in the System and any free service creditable under Act 427 of 1973 as amended. He shall also be entitled to reciprocal service credit as provided by § 24-7-401-408.
3. If it is discovered by the Teacher Retirement System that an employee became erroneously enrolled in a state retirement system on or after January 1, 1979, the Teacher Retirement System will notify both the employer and employee that the membership is erroneous and that it may be corrected as prescribed by Act 13 of 1991.
4. If a person who is employed before July 1, 1989, as a school janitor, bus driver, or cafeteria worker is enrolled in the Public Employees Retirement System under the provision of Act 63 of 1965, and later is promoted to a position of school maintenance worker or supervisor, bus mechanic or transportation supervisor, or cafeteria manager, respectively, the employee shall continue to be a member of the Public Employees Retirement System as long as he/she is employed in one of these respective capacities.
5. If it is discovered by the Teacher Retirement System that an employee became erroneously enrolled in a state retirement system on and after January 1, 1979, the Teacher Retirement System will notify both the employer and employee that the membership is erroneous and that it should be corrected as prescribed by A.C.A. § 24-2-304.

**Amended:** April 26, 2007

## RECIPROCITY

(A.C.A. §§ 24-2-401—408, as amended by Act 1022 of 2005 and Acts 97 and 297 of 2007)

### DEFINITIONS

1. **Reciprocal system** means the Arkansas Teacher Retirement System in operation June 30, 1957, and continued by statutes; the Arkansas State Highway Employees' Retirement System, established by A.C.A. § 24-5-103; the Arkansas Public Employees' Retirement System established by A.C.A. § 24-4-103; the Arkansas State Police Retirement System established by A.C.A. § 24-6-203; the Arkansas Judicial Retirement System established by A.C.A. § 24-8-201; the Arkansas District Judge Retirement System established by A.C.A. §§ 24-8-801--824; the Arkansas Local Police and Fire Retirement System provided for under A.C.A. § 24-10-101; or an alternate retirement plan for a public college or university, or the Arkansas Department of Higher Education provided for under A.C.A. § 24-7-801, et seq., or for a vocational-technical school or the Division of Workforce Education (formerly the Division of Vocational and Technical Education) provided for under A.C.A. § 24-7-901, et seq.
2. **State employer** means the public employer whose employees are covered under the Arkansas Teacher Retirement System, the Arkansas State Highway Employees' Retirement System (A.C.A. § 24-5-103), the Arkansas Public Employees' Retirement System (A.C.A. § 24-4-103), the Arkansas State Police Retirement System (A.C.A. § 24-6-203), the Arkansas Judicial Retirement System (A.C.A. § 24-8-201), or the Arkansas District Judge Retirement System (A.C.A. §§ 24-8-801—824). "State employer" also includes a public employer that is a college, university, or the Arkansas Department of Higher Education (A.C.A. § 24-7-801 et seq.), or a vocational-technical school or the Division of Workforce Education (formerly the Division of Vocational and Technical Education (A.C.A. § 24-7-901 et seq.)).
3. **Alternate retirement plans** refers to the retirement plan(s) of a public college or university, or the Department of Higher Education provided for under A.C.A. § 24-7-801, et seq., or for a vocational-technical school or the Division of Workforce Education (formerly the Division of Vocational and Technical Education) provided for under A.C.A. § 24-7-901, et seq.
4. **Preceding system** is a previous retirement system of record as defined above.
5. **Succeeding system** is the current retirement system of record, following membership in a retirement system covered above.

## **SUMMARY OF RECIPROCAL SERVICE**

If a member leaves the employ of a state employer whose position is covered by any of the retirement systems listed above and enters the employ of another state employer whose position is covered by any of these retirement systems, the member shall be entitled to a deferred annuity payable from the preceding system subject to the following conditions:

### **1. Age and Service Retirement with Reciprocal Service Credit**

- A. The member has credited service acquired in the employ of the preceding state employer.
- B. The member does not withdraw his or her contributions, or if the contributions are withdrawn, the member repays the amount withdrawn, plus interest while an active member of a reciprocal system.
- C. The member qualifies for age and service retirement in the succeeding reciprocal system through combined credited service with the preceding and succeeding reciprocal systems, to meet the minimum service requirements of the succeeding system. This would also qualify the member for benefits in the preceding system.
- D. The member's deferred annuity payable by the preceding reciprocal system shall be determined by the annuity formula in effect at the time of retirement in the preceding system.
- E. If the Teacher Retirement System is the preceding system, the member's annuity begins the first day of the month following the month the application was filed or after attainment of age 60 years, whichever is later. However, should the member have combined service of at least 25 years, the age limitation shall not apply. The deferred annuity shall not begin prior to the date of leaving the employ of the last state employer unless the member reaches age 65.
- F. If the Teacher Retirement System is the preceding system, the member is eligible to apply for benefits without leaving the employ of the last state employer upon reaching age 65. The member's annuity will begin the first day of the month following the month the application was filed or after attainment of age 65, whichever is later. Only service credited and salaries earned prior to the ATRS effective date of benefits will be used in the ATRS benefit calculation.

## 2. Disability Retirement with Reciprocal Service Credit

- A. If the member has five (5) or more years of combined actual and reciprocal service in two (2) or more reciprocal systems, he-or she is eligible to apply for disability benefits from each reciprocal system in which he or she has credited service.
- B. Eligibility for disability benefits is determined under the rules and regulations of each respective system.
- C. The member shall be eligible for a refund of accumulated contributions plus interest, if any, from any reciprocal system in which he/ or she does not qualify for disability benefits. Such refund shall not alter eligibility for benefits from any other reciprocal system.
- D. The member's annuity for disability retirement payable by the preceding reciprocal system shall begin the first day of the month ~~next~~ following the month the application was filed with the preceding system, but not prior to the date of leaving the employ of the last state employer.

## RULES

- 1. A member who leaves a position covered by the Teacher Retirement System, becomes employed by a reciprocal system, and files a reciprocal service agreement becomes an inactive member and may become eligible for the benefit formula in effect at the time of retirement.
- 2. The final average compensation used in computing benefits shall be that of the reciprocal system furnishing the highest final average salary at the time of retirement. To determine the final average salary, only service credit and salaries earned in a system will be used, even if the service does not total three years. Salaries earned from employers participating in the Arkansas Judicial Retirement System, the Arkansas District Judge Retirement System, and alternate retirement plans shall not be used in computing final average compensation.
- 3. The provisions of paragraph 2 above shall not be applicable to a member who elects to contribute on a maximum salary of \$7,800.00 unless he or she changes to full salary and pays the difference between 6% of \$7,800.00 and 6% of full salary retroactive to July 1, 1969. Should a member who is making contributions on the first \$7,800.00 of the total annual salary receive a refund of contributions and subsequently return to an ATRS covered employer as a noncontributory member, the member shall be considered on full salary for reporting purposes. If the member wishes to repay any refunds, he or she must pay the additional contributions due to change to full salary.

A member whose salary for reporting purposes is \$7,800.00 and who has not received a refund may elect to change effective July 1, 1986, to the noncontributory 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 or she must pay the additional employee and employer contributions plus interest due on any service reported between July 1, 1969, and June 30, 1986. (Interest will be calculated to July 1, 1986.)

4. A. Benefits will not be paid under reciprocity from the Teacher Retirement System as the preceding system until the member has ceased to be in the employ of a state employer unless the member reaches age 65.  
  
B. If the Teacher Retirement System is the preceding system, the member is eligible to apply for benefits without leaving the employ of the last state employer upon reaching age 65. The member's annuity will begin the first day of the month following the month the application was filed or after attainment of age 65, whichever is later. Only service credited and salaries earned prior to the ATRS effective date of benefits will be used in the ATRS benefit calculation.
5. Benefits will not be paid under reciprocity from the Teacher Retirement System as the preceding system earlier than age 60 unless the member has 25 or more years of combined service.
6. No minimum benefits apply under Act 488 of 1965 [A.C.A. § 24-2-402(5)(E)], as amended, for reciprocal service unless the member has five (5) or more years of credited service in the Teacher Retirement System.
7. If the survivor benefits are payable by more than one reciprocal system to eligible survivors of a deceased member, the survivors shall not receive more, as a percentage of the deceased member's final pay or as a minimum dollar amount, than the largest amount payable by a single reciprocal system. The Teacher Retirement System will prorate minimum benefits payable with other reciprocal systems that have a minimum benefit provision in their plans. Each reciprocal system shall pay a proportionate share of the minimum amount based on the ratio of service in that system to the total service in all reciprocal systems. If the reciprocal system is an alternate retirement plan, survivor benefits shall be contingent upon provisions of that benefit having been provided by the alternate retirement plan and having been selected by the member as a benefit [A.C.A § 24-2-402 (5)].
8. If an employee of the Department of Human Services who becomes a member of the Public Employees Retirement System under the provisions of Act 793 of 1977, as amended, leaves employment with the Department of Human Services and becomes employed in another position covered by the

Teacher Retirement System, the benefits for service, both before and after any service under Act 793, shall be subject to the benefit provisions of the Teacher Retirement law. Such member shall be eligible to establish reciprocity under the provisions of Act 488 of 1965 as amended.

9. If an ATRS member has service credited during the same fiscal year with another reciprocal system and the combined service is greater than one year of service credit, ATRS will credit service as follows:
  - A. If credit by the reciprocal system is less than three (3) months, ATRS will credit service for one (1.00) year.
  - B. If credit by the reciprocal system is three (3) or more months but less than six (6) months, ATRS will credit service for three-fourths (3/4) year.
  - C. If credit by the reciprocal system is six (6) or more months but less than nine (9) months, ATRS will credit service for one-half (1/2) year.
  - D. If credit by the reciprocal system is for nine (9) months but less twelve (12) months, ATRS will credit service for one-fourth (1/4) year.
- 10 A member who has established reciprocity with ATRS and has at least five (5) years of actual service will be eligible for the greatest minimum retirement benefit as provided by A.C.A. § 24-7-705(b)(2). See Policy No. 9-1 for minimum benefit guidelines.

In addition to the minimum benefit amount, a member who meets eligibility requirements shall receive benefits applicable under A.C.A. § 24-7-713.

11. While participating in a reciprocal system, back contributions, additional contributions, and repayment\_of refund payments made to ATRS shall be made according to rules pertaining to the minimum payments and payment methods contained in Rule No. 8-5 (Purchase Payments),\_except employer pick-up is prohibited while working for a non-covered ATRS employer<sup>1</sup>.

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<sup>1</sup> 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 §24-7-601 and §24-7-603. Effective July 1, 1993, for a ninety (90) day period, employees of the Arkansas Rehabilitation Services may transfer from the Public Employees Retirement System to the Teacher Retirement System under Act 574 of 1993. Any employee making the change will establish reciprocity between the two systems, and Act 793 of 1977 shall no longer apply.

**Amended:** July 18, 2005  
April 26, 2007

## **CONFIDENTIALITY OF MEMBER ACCOUNTS**

In compliance with the ATRS Code of Ethics, the System shall keep all members' salary, employment history, retirement account, and other personal data or information compiled by ATRS for purposes of establishing and maintaining a member's retirement account with the System confidential. Such information shall not be disclosed to any third party without the express written consent of the member or other valid legal process.

**NOTE:** See A.C.A. § 24-4-1003. Benefit provisions—Inspection of records:

Any and all records kept by an Arkansas public retirement system, whether required to be kept by law or board policy, shall be open to public inspection as provided in § 25-19-105, except that individual member's records which are kept for the purpose of compiling information for the member's retirement or social security records shall not be open to the public.

History: Act 151 of 2001, § 53; formerly A.C.A. § 24-3-213 (Act 793 of 1977 § 5; A.S.A. 1947, § 12-330).

**Amended:** April 26, 2007