

MEMBERSHIP

POLICIES

1. Membership in the Teacher Retirement System shall be an integral part of the agreement entered into by a member and his board or employing agency. Membership is automatic and the cooperation of the member is needed to fulfill the rules and regulations as adopted by the Board of Trustees and required by law. (Act 866/99)
2. Beginning July 1, 1989, membership in the System covers all employees of the school district. Those employees whose non-teaching service began before July 1, 1989, and whose non-teaching service is covered or coverable by the Public Employees Retirement System, shall continue to be covered by that system for all non-teaching service. All persons newly hired after July 1, 1989, by a covered employer shall become members of the Teacher Retirement System. Beginning July 1, 1991, all part-time persons, except public school students, employed in a covered position shall become members of the Teacher Retirement System. Beginning July 1, 1993, employees who accumulate less than thirty (30) days of credited service within a fiscal year are not eligible for membership in the Teacher Retirement System.

Effective July 1, 1993, membership in the Teacher Retirement System shall include employment in a position with an educationally related agency if the employee is or has been a member of the Teacher Retirement System for a minimum of five (5) years and elects to become or remain a member of the system. The employment shall be related to the training of public school employees or school board members or teaching public school students or in adult education programs. The employment shall not be related in any manner to private schools. The employer shall be responsible for all required employer contributions.

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.

3. Effective July 1, 1997, under certain conditions, membership in the Teacher Retirement System shall include employment in an enterprise privatized by a public school district. If a public school district should privatize any of its services, any individual who is or was employed by the school district in one of those services and who is or has been a member of ATRS may elect to remain a member provided the Board of Trustees determines by adopting rules and regulations that participation of these employees in the system will not in any way impair any legal status of the system, including, but not limited to, its status as a governmental plan, or have a substantial adverse impact on the actuarial soundness of the system. In addition, the private provider must assume all responsibility for the required employer contributions and any fees for obtaining IRS rulings or ERISA opinions. (Amended by Act 1064 of 1997) See "Privatized Employers and Nonprofit Corporations Requesting Entry into the Arkansas Teacher Retirement System."

4. Effective July 1, 1997, under certain conditions, membership in the Teacher Retirement System shall include employment in positions with educational nonprofit corporations, provided the nonprofit corporation has elected to participate in the Arkansas Teacher Retirement System and the Board of Trustees determines by adopting rules and regulations that participation of these employees in the system will not in any way impair any legal status of the system, including, but not limited to, its status as a governmental plan, its tax-qualified status under the Internal Revenue Code, or would subject the plan to additional federal requirements, or have a substantial adverse impact on the actuarial soundness of the system. Such employment shall be related to the training of public school employees or school board members, teaching public school students, or in adult education programs. The employment shall not be related in any manner to private schools. Each educational nonprofit corporation shall be approved according to rules and regulations established by the Board of Trustees to be considered an employer, and such nonprofit corporation assumes all responsibility for the required employer contributions and any fees for obtaining IRS rulings or ERISA opinions. (Amended by Act 1064 of 1997; Act 865 of 1999)
 - a) All employees of a new ATRS employer must participate in the Arkansas Teacher Retirement System as a condition of their employment.
 - b) Employees of a new ATRS employer will enter the system as a non-contributory 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 non-contributory plan.
 - c) 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.
 - d) 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 and not be subject to the ATRS earnings limitation.
5. Effective July 1, 2001, those employees whose non-teaching service began before July 1, 1989, and whose non-teaching service is covered or coverable by the Public Employees Retirement System may elect to be covered by the Arkansas Teacher Retirement System. The election shall be made prior to May 31st on the form provided by the System and shall be effective the following July 1. (Act 742 of 2001)

Amended: June 15, 2003

AGE AND SERVICE (VOLUNTARY) RETIREMENT

1. **ELIGIBILITY/QUALIFICATIONS** (Amended by Acts 281 and 282 of 1995; Acts 992 and 1053 of 1997; Act 461 of 2001) (A.C.A. § 24-7-701)
 - a) Effective July 1, 1998, any active member who attains age 60 and has 5 or more years of actual service may voluntarily retire upon written application filed with the Board of Trustees.
 - b) Active membership will continue beyond a fiscal year in which credited service was rendered, provided the employing institution certified continuing employment. Leave of absence with pay upon which the member is making contributions also continues active membership.
 - c) Effective April 1, 1997, any active or inactive member who has 28 or more years of credited service but has not attained age 60 years may voluntarily retire without reduction in benefits upon written application filed with the Board.
 - i. For active members, said annuity shall begin the first day of the calendar month next following the latest of: (A) one month after the date the written application is filed with the board; (B) the member's termination of active membership; (C) the member's attainment of the minimum age; or (D) the member's completion of the minimum years of credited service.
 - ii. For inactive members, said annuity shall begin the first of the month following the date of application.
 - d) Effective July 1, 2001;
 - (i) A member who has not attained normal retirement age (65) must terminate covered employment to be eligible for retirement.
 - (ii) A member shall not be considered to be terminated from employment for retirement purposes if the person returns to a position that would otherwise be covered by ATRS within thirty (30) days of the person's effective date of retirement.
 - (iii) A person failing to meet these termination of employment requirements shall forfeit retirement benefits until the requirements are met.
 - e) In no event shall such annuity begin earlier than the July 1 next following a fiscal school year for which the member has signed an employment contract unless his contract is terminated with employer consent before the year of service is rendered.
 - f) Effective 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 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) of a year of service credit shall be given for each quarter 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.

- g) The official 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.
- h) The date of application for disability retirement benefits may be used to determine the effective date of age and service retirement benefits under the provisions of the law. The date of application for age and service retirement benefits may be used to determine the effective date of disability retirement under the provisions of the law.
- i) A member may cancel his application for retirement benefits any time prior to thirty (30) days after the later of: the effective date of benefits; or the receipt of the first retirement check . The member shall notify the Teacher Retirement System of such cancellation in writing within the 30-day period, and he shall again become eligible for active membership in the system. This shall be in effect for the 1993-94 fiscal year and thereafter.
- j) Leave earned prior to the date of termination of employment does not change the date of termination, although a lump sum payment is made subsequent to the date of termination. The key to termination is the date the employee actually goes off the payroll.

2. BENEFITS

- a) Benefits Formula (Amended by Act 992 of 1997; Act 396/99)

For payment periods April 1, 1997 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 2.065% of his final average salary, except that benefits shall not be less than 1.305% 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.

Act 396 of 1999 provides the ATRS board authority to increase the multiplier used to compute retirement benefits from 2.065% to 2.15% for contributory service and 1.305% to 1.39% for non-contributory service when actuarially appropriate. In addition, this legislation authorized the Board to provide an increase for retirees and beneficiaries already on the retirement rolls.

Effective July 1, 1971, if additional Teacher Retirement contributions are remitted by an employer for any retirant, and the additional salary does not result in an annual increase or decrease in benefits of at least \$5.00, the contributions will be transferred from the Members' Deposit Account to the Employer Accumulation Account without making any change in the records in the member's folder. These transfers will be made annually or as deemed necessary. If the additional salary does increase or decrease the retirant's benefits at least \$5.00 annually, the benefits will be recomputed and necessary changes will be made in the member's records.

A retirant whose final average salary for annuity purposes was \$7800 may elect to change effective July 1, 1986, to the non-contributory plan and from that date be considered on full salary. Additional employer contributions for that period shall not be due from the retirant. However, if a retirant 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. When all contributions due have been paid, the monthly annuity for the retirant shall be recalculated, using the actual salary earned, and the increase in the annuity shall be effective the first of the month following the payment of all contributions due.

b) Minimum Benefits (Amended by Act 1053 of 1997; Act 221/99 and 396/99)

1. Any member who has 10 or more years of credited service shall receive the following minimum benefit: \$150.00 per month if the member has only contributory credited service; \$94.00 per month if the member has only non-contributory service; and a monthly amount prorated between \$94.00 and \$150.00 if the member has a combination of contributory and non-contributory service.
2. Any member retiring July 1, 1998 or later and who has 5 or more years of credited service shall receive the following minimum benefit: \$100.00 per month if the member has only contributory service; \$64.00 per month if the member has only non-contributory service; and a monthly amount prorated between \$64.00 and \$100.00 if the member has a combination of contributory and non-contributory service.

3. Beginning July 1, 1998, if a member has at least five (5) years of contributory service, regardless of his number of years of non-contributory service, his monthly annuity shall not be less than one hundred dollars (\$100.00).

c) Fractional Years of Service Credit

Board policy allows fractional years of credit for service rendered after July 1, 1971, as follows:

Number of Days	Years of Service Credit
0 - 29	None
30 - 59	1/4 year
60 - 89	1/2/year
90 - 119	3/4 year
120 or more	1 year

For a member retiring before August 13, 1993, if any fractional part of a year in which the member retires is used in computing benefits, the effective date of benefits would be the following July 1. The member would have the option of forfeiting the fractional year. In this case, contributions that he made during the year in which he retired would be refunded to him upon request. If the member chose this option, his benefits would be computed on his service through the preceding fiscal year.

In no event shall such annuity begin earlier than July 1 next following a fiscal school year for which the member has signed an employment contract unless his contract is terminated with employer consent before the year of service is rendered.

For a member retiring after August 13, 1993, 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, his retirement date may be October 1, January 1 or April 1. No salary earned during the fiscal year may be used in the computation of benefits and no more than one-fourth (1/4) of a year of service credit may be given for each quarter worked, 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 the next July 1.

Should a member not want to retain his current year service credit, his retirement will be handled in the same manner as if he had retired before August 13, 1993.

d) Built-in Cost of Living Increase

1. Beginning July 1, 1983, and each year thereafter, all retirees who have been on the rolls 12 months or longer shall receive a 3% increase. This increase will be

added each year as long as they remain on the benefit payrolls (Act 400/99). (A.C.A. §24-7-713)

2. Act 404 of 1999 grants the ATRS Board of Trustees authority to compound the cost-of-living adjustment when actuarially appropriate. (A.C.A. §24-7-727)

e) Additional Benefit (Act 400/99; Acts 360 & 742/01; Act 853/03) (A.C.A. §24-7-713(b)(2)).

Members with five (5) or more years of credited service with ATRS retiring after July 1, 1999, and their survivors and beneficiaries, shall receive an additional benefit of \$75.00 per month over and above their regular annuity. The ATRS Board may authorize raising the additional benefit to an amount not to exceed \$200 per month.

f) Suspension of Benefits (Act 29/99)

Anyone entitled to receive an annuity from the system may request the ATRS Executive Director in writing, for personal reasons and without disclosure, to suspend the payment of all benefits otherwise payable to him/her by the system. Upon approval to authorize suspension of benefits, the person shall be deemed to have forfeited all rights to the benefit but will retain the right to have the full benefit reinstated upon written notice to the Executive Director to revoke the request for suspension.

g) Benefits are payable through the month in which the retirant's death occurs.

h) Annuity Options

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 retiree may elect Option 1 - Straight Life Annuity (Act 395/99).

Prior to the receipt of the first retirement check, 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. In the case of a retiree reaching one hundred twenty (120) months under the Option C election, ATRS will ensure the pop-up to Option 1.

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.

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.

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;
- b) It is filed with the system on a new election form approved by the system; and
- c) 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 six percent (6%) 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, 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, whichever is later. The election change can only be made once and shall be effective retroactive to the effective date of the annuity.

After July 1, 1998, interest charged will be no less than the System's current actuarial interest rate assumption, which is eight percent (8%).

Amended: June 15, 2004

DISABILITY RETIREMENT

A.C.A. 24-7-704

DEFINITIONS

1. (Deferred Provision) - Disability protection continues for deferred members, provided applicant's physician can present medical information to substantiate approval by the Medical Board that disability occurred while last employed in a position covered by the System.
2. (Active Membership) - The member must be an active member of this System when the disability occurs. Active membership will continue beyond a fiscal year in which credited service was rendered, provided the employing institution certified continuing employment. Leave of absence with pay, upon which the member is making contributions, also continues active membership.
3. (Death of an active member) - In the case of an active member who has made application for disability retirement and dies before he has signed his Final Retirement Contract, determination must be made by the System, on an individual basis, as to whether survivor benefits or disability benefits would be payable.
4. (Effective date of benefits) - In determining the date to be used for termination of active membership, as applied to the effective date of disability benefits, the last date of teaching is to be used. Paid sick leave, if any, would be included to extend the date of active membership and would be included to determine the days of service to be credited.
5. (Date of application) - The date of application for disability retirement benefits may be used to determine the effective date of age and service retirement benefits under the provisions of the law. The date of application for age and service retirement benefits may be used to determine the effective date of disability retirement benefits under the provisions of the law.
6. (Minimum Benefits)* - A disability retiree with ten (10) or more years of Arkansas service shall not receive less than \$1800.00 per year (contributory option) or \$1128.00 (non-contributory option). After July 1, 1997, a disability retiree with five (5) or more years of Arkansas service shall not receive less than \$1200 per year (contributory option) or \$768.00 per year (non-contributory option). (Amended by Act 1053 of 1997)

POLICIES

1. Upon the written application by a member, or upon written application by his/her employing authority on behalf of the member, filed with the Board of Trustees, a member in employer service who has five (5) or more years of credited service, and who has become or becomes totally and permanently physically or mentally

incapacitated to perform the duties of his/her position covered by the Teacher Retirement System, as a result of a personal injury or disease, may be retired by the Board of Trustees; provided, that after a medical examination of said member made by or under the direction of the Medical Board, the Medical Board reports by majority opinion in writing to the Board of Trustees, that such member is:

- a) Physically or mentally totally incapacitated for the further performance of duty,
 - b) That such incapacity will probably be permanent, and
 - c) That such member should be retired or
 - d) That such member should be retired under temporary disability retirement to be reconsidered at a specified time.
2. Such disability retirement shall be effective the first day of the month following the later of: his/her termination of active membership; or six months prior to the date written application is filed with the Board.
 3. The annuity formula for computing disability retirement benefits is the same as for age and service retirement.
 4.
 - a. Effective July 1, 2001, an active member who has not attained normal retirement age (65) must terminate employment to be eligible for disability retirement.
 - b. A member shall not be considered terminated from employment for retirement purposes if the person returns to a position that would otherwise be covered by ATRS within thirty (30) days of the person's effective date of retirement.
 - c. A person failing to meet the termination of employment requirements shall forfeit retirement benefits until the requirements are met.
 5.
 - a. The Board of Trustees may require any disability retirant who has not attained age 60 to undergo a medical examination to be made by or under the direction of the Medical Board at least once each year during the first five (5) years following a member's retirement, and at least once in each three-year (3) period thereafter.
 - b. If the retirant refuses to submit to the medical examination, his/her disability annuity may be suspended by the Board until his/her withdrawal of his/her refusal.
 - c. If his/her refusal continues for 1 year, all his or her rights in and to a disability annuity may be revoked by the Board.

- d. If, upon the medical examination of the retirant, the Medical Board reports to the ATRS board that the retirant is physically and mentally able and capable or resuming his/her duties in the position held by him or her at the time of disability retirement, then his or her disability retirement shall terminate.
6. If a disability retirant under age 60 becomes employed as a full time employee by an employer whose employees are covered by a public employer whose employees are covered by a retirement plan supported wholly or in part by state contributions, his/her disability retirement shall terminate. His/her credited service and accumulated contributions at the time of disability retirement shall be restored to his/her credit in the members deposit account, and the person shall immediately again become a member of the System, if eligible. In no event shall a member be given service credit for the period in which he received a disability annuity. (Act 541 of 1977) See policies under “CONDITIONS UNDER WHICH A RETIRANT MAY RETURN TO COVERED SERVICE OTHER THAN BY RESCINDING RETIREMENT”.
7. (Reciprocal service)
 - a) If a member has five (5) or more years of creditable service in two or more reciprocal systems, he/she is eligible to apply for disability benefits from each reciprocal system.
 - b) Eligibility for disability benefits is determined under the rules and regulations of each respective reciprocal system.
 - c) The member shall be eligible for a refund of his/her accumulated contributions plus interest, if any, from any reciprocal system in which he /she does not qualify for disability benefits. Such refund shall not alter his/her eligibility for benefits from any other reciprocal system.
 - d) The member’s annuity for disability retirement payable by the preceding system shall begin the first day of the calendar month next following the month he/she filed his application for same with the preceding system but not prior to the date he/she leaves the employ of his/her last State employer.
8. Disability retirees who are approved for only one year shall be reviewed one year from the effective date of benefits. Disability retirees who are disapproved for further disability annuities shall be removed from the payroll the earlier of: six months following the review date (one year from effective date of benefits) or the first of the month following return to full time employment.
9. The Board of Trustees may require any disability retirant who has not attained age 60 to undergo a medical examination. If the retirant refuses to submit to the

medical examination, his/her disability annuity may be suspended by the Board until his/her withdrawal of his/her refusal.

10. If a member is approved for disability retirement but continues to work, he/she must terminate employment at the end of the school year. If service is not terminated at that time, a new application must be submitted and Medical Board approval must be given based on the new application.
11. If a disability retirant returns to full-time employment and receives credited service but dies before he completes 120 days of creditable service, a determination must be made as to whether survivor or disability benefits will be payable.
12. If a member applies for disability retirement and is disapproved, he/she has the right to appeal that decision. If a new application has been filed for the appeal and is approved, the effective date of benefits will be determined by the date of the filing of the original application.
13. Disability protection continues for deferred members with 27 years of service if deferred status was effective before July 1, 1971. (Deferred provision under old law.)
14. An active member of the System who applies for disability retirement is eligible to repay any refunded service, provided that the member repays to the System the amount withdrawn, plus interest, from the date of withdrawal to the date of final payment. (See repayment of refund section).
15. An active member of the System who applies for disability retirement is eligible to pay contributions, and employer costs, plus interest, on service rendered in a covered position after July 1, 1937, on which no applicable contributions and employer costs have been paid and on which no service has been credited, provided he completes all requirements. (See Back Contributions section)
16. An active member of the system who applies for disability retirement is eligible to file proof of military service provided he completes the

Amended: June 15, 2004

EARLY RETIREMENT

(Amended by Act 282/95; Acts 282/95; Acts 992, 1074/97; Act 1521/99;
Acts 461, 1300/2001)
(A.C.A. § 24-7-702)

- 1 (a) 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.
 - (b) For active members, benefits are effective the first day of the calendar month next following the latest of one month after the receipt of the application for retirement, the member's termination of active membership, or the member's completion of the required credited service.
2. (a) Early retirement allows an inactive member who has 25 or more years of credited service but who has not attained age 60 to retire early with a percentage reduction to produce a reduced annuity.
 - (b) For inactive members, effective date of benefits is the first day of the month following the date the member's application is received in the Teacher Retirement office.
3. The reduction percentage is the lesser of the member's age to 60 or his/her years of credited service to 28.
4. (a) Effective July 1, 2001, a member who has not attained normal retirement age (65) must terminate covered employment to be eligible for early retirement.
 - (b) A member shall not be considered to be terminated from employment for retirement purposes if the person returns to a position that would otherwise be covered by ATRS within thirty (30) days of the person's effective date of retirement.
 - (c) A person failing to meet these termination of employment requirements shall forfeit retirement benefits until the requirements are met.
5. Effective 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 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) of a year of service credit shall be given for each quarter 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: June 15, 2004

SURVIVOR BENEFITS

DEFINITIONS

1. Lump-sum death benefits of the deceased member's contributions plus interest are payable if no survivor benefits are payable. If the spouse is qualified for survivor benefits, he may request the lump-sum payment rather than monthly benefits, provided no dependent children qualify for monthly benefits from the account. Survivor benefits are payable to certain dependents upon the death of an active member with five (5) or more years of credited service including credited service for the year immediately preceding his death.
2. A dependent child shall be defined as:
 - (A) A natural child of the member;
 - (B) A child that has been made a dependent of the member by adoption or other court action prior to the time of the death of the member; or,
 - (C) A child under the permanent care of the member prior to and at the time of death of the member, which permanent care status shall be determined by evidence satisfactory to the Board.
3. Fifty per cent (50%) dependency for survivor benefits for parent is defined: If the annual income of the parent (parents) was not greater than the amount contributed by the deceased member for his support, the parent is considered 50% dependent for financial support.

POLICIES

1. Survivor Benefit Payments: Separate payments shall be made to the spouse and to each child, rather than one lump-sum check payable to the spouse each month.
2. 50% Dependency: If the surviving parent did not have income exceeding the amount contributed to his support by the deceased member during the preceding calendar year, then for the purpose of the plan, he would be considered 50% dependent.
3. Specifics in the law dealing with the rights of the spouse are construed to take precedence over designated beneficiaries; provided that if at the time of the member's death there are no dependent children and the surviving spouse who would otherwise receive the annuity under this paragraph has filed with the system a signed waiver of his right to the annuity and that waiver was in effect at the time of the member's death, a lump sum distribution of the deceased member's accumulated contributions, plus interest, may be made to any beneficiary or beneficiaries so designated by the member before death.

4. If at the time of an active member's death, a surviving spouse is listed on the death certificate, the Arkansas Teacher Retirement System (ATRS)will search for the surviving spouse for up to one year. If after one year, ATRS has not located the surviving spouse, nor been contacted by the surviving spouse, ATRS will refund the member's account to the designated beneficiary(s) or use statutory succession to make the distribution (spouse, children, parents, estate).
5. Dependent child: Under part 2 (C) of the definition of a dependent child, the Board requires that the child must:
 - (A) Meet requirements and qualify for survivor benefits under social security;
 - (B) Have been claimed as a dependent by the deceased member on his federal income tax for the immediately preceding calendar year; and
 - (C) Have lived in the same household for at least two (2) years immediately preceding death of the member, unless the child is under two years of age.
 - (D) A child identified as a dependent will remain so until his death or his marriage or his attainment of age 18, whichever comes first; provided the age 18 maximum shall be extended as long as the child continues uninterruptedly being a full time student at an accredited secondary, or post secondary school (vocational technical school) or college or university, but not beyond his attainment of age 23; or as amended by Act 549 or 1975 [A.C.A. 24-7-710 (c)]. A full time student is defined as one carrying 12 semester hours (eight trimester hours) in college or four hours per day in a secondary or post secondary school.
6. If a surviving dependent child, who has obtained or passed age 18 (and drawing benefits) becomes temporarily physically or mentally incompetent, the Teacher Retirement Board can continue paying benefits upon receipt of a doctor's certification that the child is not competent to attend school for the period of one semester (term). At the beginning of the next semester or term, A.C.A. 24-7-710 (c) will be effective.
7. Certification of attendance in an accredited school may be made by the dependent child in the absence of a parent or legal guardian (after the dependent child reaches age 18).
8. Survivor benefits in case of death of disability applicant: In the case of an active member who has applied for disability retirement and dies before receipt of the first retirement check, determination must be made on an individual basis as to whether survivor benefits will be payable or whether the case will be processed for disability retirement.
9. Covered Salary: For the purposes of determining survivor benefits, covered salary shall be that salary on which the member would have made contributions had he lived

through the end of the fiscal year as evidenced by the contract salary or \$7,800 maximum; 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 that include contributory service, he must pay the additional contributions due to change to full salary.

For a deceased member whose salary for reporting purposes is \$7,800, and who did not receive a refund, his beneficiary may elect to change the member's status effective July 1, 1986, to the non-contributory plan and his account shall be considered on full salary for reporting purposes. Additional employer contributions for that period shall not be due. However, if the beneficiary elects to make the change in the member's account, additional employee and employer contributions must be paid on any service reported between July 1, 1969, and June 30, 1986.

10. Payments of salary that are made after the death of a member, but have been earned prior to death are subject to Teacher Retirement deductions and reported in total salary and days of service on the D-2a. Payments made by an employer subsequent to the death of an active member that had not been earned but are made as a gratuity shall not be included as salary and are not subject to deductions.
11. Active membership will continue beyond a fiscal year in which credited service was rendered, provided the employing institution certifies continuing employment, and leave of absence with pay upon which the member is making contributions also continues active membership.
12. If death-in-service benefits are payable by more than one reciprocal system to eligible survivors of a deceased member, such survivors shall not receive more as a percent 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 any other reciprocal system that has a minimum benefit provision in its plan. Each reciprocal system shall pay only a proportionate share of such minimum amount based on the ratios of such service in such system to the total service in all reciprocal systems.
13. When the member elects to transfer from the Teacher Retirement System to the Public Employees Retirement System under the provisions of Act 793 of 1977 the Public Employees Retirement System becomes the system responsible for determining, upon the death of a member, a survivor's eligibility for a refund of the member's account, or monthly survivor benefits.

Amended: June 15, 2004

DEATH BENEFIT
(Act 1022/97; Act 312/99, Act 359 of 2001*)

Effective July 1, 1997, Act 1022 of 1997, provides a lump sum death benefit for active and retired members with five (5) or more years of credited service payable in the order of statutory succession.

DEFINITIONS

1. "Statutory succession" means the order in which benefits are paid: spouse, children, parents, and estate.
2. "Active member" means any person rendering service covered by the System.
3. "Retired member" means any person who receives an annuity paid by the System for service rendered in the System. This excludes beneficiaries who receive a survivor benefit check from a deceased member's account.
4. "Proof of death" is a death certificate or a Proof of Death form completed by the funeral home.

POLICIES

1. If an active member of the Arkansas Teacher Retirement System with five (5) or more years of credited contributory service, including service for the year immediately preceding his death, dies while in employer service before retirement, then a lump sum of ten thousand dollars (\$10,000) shall be paid to any designated person(s) or entity(s), or in the order of statutory succession. If the member had only non-contributory service, then the lump sum payable shall be six thousand six hundred and sixty-seven dollars (\$6,667). If upon his death, the member had a combination of credited service, both contributory and non-contributory, the lump sum will be prorated according to the ratio of the member's contributory and non-contributory service. In addition, each surviving dependent child will receive a lump sum benefit of ten thousand dollars (\$10,000) upon the death of the active member.
2. Upon the death of a retirant whose annuity is paid by the Arkansas Teacher Retirement System, a lump sum of ten thousand dollars (\$10,000) shall be paid to any person(s), or entity(s), or in the order of statutory succession. If the retirant had only non-contributory service, then the lump sum payable shall be six thousand six hundred and sixty-seven dollars (\$6,667). If upon his death, the retirant had a combination of credited service, both contributory and non-contributory, the lump sum will be prorated according to the ratio of the retirant's contributory and non-contributory service. In addition, each surviving dependent child will receive a lump sum benefit of ten thousand dollars (\$10,000) upon the death of the retiree.

3. The Board of Trustees is authorized to set the level of the lump sum benefit to the current members and retirants where the ratio between the contributory and non-contributory benefits are maintained at a three-to-two (3:2) ratio and to a level to match the benefits that the Board finds are appropriate for the System.
4. The lump sum payments shall be directly payable from the System upon receipt and acceptance of the lump sum death benefit form.
5. The Arkansas Teacher Retirement System shall honor any and all federal and state income tax laws regarding the payment of lump sum death benefits.

*Act 359 of 2001 authorized the Board of Trustees to increase the active and retired contributory members' lump sum death benefit to \$15,000 and the active and retired non-contributory members' lump sum death benefit to \$10,000. However, the Act provided that no benefit enhancement under the act is to be implemented if it would cause ATRS' unfunded actuarial accrued liabilities to exceed a 30 year amortization. Further, if ATRS has unfunded actuarial liabilities being amortized over a period exceeding 30 years, no benefit enhancement is to be implemented until the unfunded actuarial accrued liability is reduced to a level less than the standards prescribed by Arkansas Code, Title 24.

Amended: June 15, 2004

ARKANSAS TECHNICAL AND COMMUNITY COLLEGE SYSTEM
(Act 1244 of 1991, Act 1784 of 2001)
A.C.A. §§ 24-7-801-808 & 6-53-301 et seq)

DEFINITIONS

1. "Community college" means an institution of higher education established or to be established under Act 1244 of 1991 dedicated primarily to the educational needs of the service area offering a comprehensive program including, but without limitation, vocational, trade and technical specialty courses and programs, college transfer courses, and courses in general adult education.
2. "Branch campus of a community college" means an institution with facilities located apart from the community college campus but within the community college district.
3. "Satellite College" means an institution located within a service area of a technical or community college but not located within a community college district.
4. "Technical college" means an institution of higher education established under Act 1244 of 1991 dedicated primarily to the educational needs of the service area offering a comprehensive program including, but without limitation, vocational, trade and technical specialty courses and programs, courses in general adult education and courses comparable in content and quality to freshman and sophomore courses which may carry transfer credit to a four-year institution in a chosen course of study.

POLICIES (Amended by Act 332 of 1995)

1. Effective July 1, 1991, the following institutions are designated as technical colleges and become part of the Arkansas Technical and Community College System under the coordination of the State Board of Higher Education:
 - a) Black River Vocational Technical College, Pocahontas
 - b) Cossatot Vocational Technical College, De Queen
 - c) Gateway Vocational Technical College, Batesville
 - d) Mid-South Vocational Technical College, West Memphis
 - e) Oil Belt Vocational Technical College, El Dorado
 - f) Ozark Vocational Technical College, Melbourne
 - g) Petit Jean Vocational Technical College, Morrilton
 - h) Pines Vocational Technical College, Pine Bluff
 - i) Pulaski Vocational Technical College, North Little Rock
 - j) Red River Vocational Technical College, Hope
 - k) Twin Lakes Vocational Technical College, Harrison
2. As provided in Act 1244 of 1991 or upon approval of the State Board of Vocational Education, the board of trustees of the receiving institution, The State Board of Higher Education and the North Central Association - Commission on Institutions of

Higher Education thereafter, a state-supported vocational-technical institution may be consolidated with a four-year institution or a two-year branch campus of a four-year institution.

3. Following approval by the North Central Association - Commission on Institutions of Higher Education, and upon approval of the board of trustees of the receiving institution, the following state-supported vocational-technical institutions and four-year institutions or two-year branch campuses of a four-year institution shall be consolidated: White River Vocational Technical School with Arkansas State University - Beebe Campus.
4. Except as provided below, effective July 1, 1991, the Mountain Home Education Center (postsecondary only) (Baxter County) shall be designated as a technical college. However, the advisory board of the Mountain Home Education Center (Baxter County) may, by resolution prior to July 1, 1991, elect not to be a technical college.
5. If approved by majority vote of the qualified electors of Boone County voting in a special election before July 1, 1991, then effective July 1, 1991, Twin Lakes Technical College shall become a candidate for merger with North Arkansas Community College. However, if the voters of Boone County do not approve the measure, then Twin Lakes Technical College shall continue to be a technical college.
6. All employees who are employed by state-supported postsecondary vocational-technical schools converting to an institution under the Technical and Community College System or those employees of a two-year branch campus of a four-year institution converting to a technical or community college, shall become employees of the technical or community college, branch campus of the community college or satellite campus of the community college and shall continue their terms of employment and shall have all rights and benefits of employment, including retirement benefits, that they had when employed by the state-supported postsecondary vocational-technical schools or by the two-year branch campus of the four-year institution.
7. Each instructor and administrative staff member of a state-supported postsecondary vocational-technical school employed on July 1, 1991, shall within ninety (90) days following the transfer to the Technical and Community College System or upon transfer to the system with the approval of the board, elect either to continue membership in the retirement plan in which he or she was enrolled prior to that date or transfer to the Teacher Retirement System or any alternate retirement plan currently established for the institution into which it is being merged or consolidated. Once such election is made, the election is irrevocable during the tenure of employment with the system.
8. Each instructor and administrative staff member of a two-year campus of a four-year institution which is later converted to a technical college or community college shall

within ninety (90) days following the appointment of the local board elect either to continue membership in the retirement plan in which he or she was enrolled prior to the conversion or to transfer membership to the Teacher Retirement System. Once such election is made, the election is irrevocable during the tenure of employment with the system.

9. Any other employees of an institution transferring to the system under this act or under the approval of the board, shall remain a member of the retirement system to which they were enrolled prior to the transfer.
10. Arkansas Code of 1987 Annotated 24-7-1003 requires certain employees of state universities and community colleges to be enrolled in the Arkansas Public Employees Retirement System (APERS), rather than the Arkansas Teacher Retirement System (ATRS). Beginning November 20, 1997, those individuals first employed by the various colleges, universities, or community colleges and are in pay grade of 17 and below will become members of APERS. All members of APERS who are promoted to a position Grade 18 and above will automatically become a member of ATRS or the College Alternate Plan unless they choose to remain in APERS. (Revised 11/18/97).
11. Effective July 1, 2001, 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, 2001, and notice of the election shall be made in writing and filed with the retirement system and disbursing officer of the employing college or university by December 31, 2001. *

*The statutory basis for this subsection (A.C.A. 24-7-807(5)(D) was first passed in 1995; subsequent legislation changed the dates from 1995 to 1997 to 1999 to 2001.

Amended: June 15, 2004

VOCATIONAL EDUCATION ALTERNATE PLAN
(Act 480 of 1983, Act 1784 of 2001
A.C.A. §24-7-901-909

DEFINITIONS

1. "Alternate Retirement Plan" means a retirement plan based on the purchase of contracts providing retirement and death benefits for instructors and administrative staff of the post-secondary vocational technical school of the State of Arkansas and the staff of the Department of Workforce Education and which has been approved by the board.
2. "School" means any post-secondary vocational technical school established pursuant to Section 3 of Act 328 of 1957 for the vocational training of students.
3. "Board" means the state Board for Workforce Education and Career Opportunities.
4. "Staff members" means both instructors and administrative staff of a post-secondary vocational technical school and the staff of the Department of Workforce Education who are eligible for membership in the Teacher Retirement System.
5. "Director" means the Director of the Department of Workforce Education.

POLICIES (Amended by Act 332 of 1995; Act 944 of 1997)

1. On or after July 1, 1983, the Board may establish and maintain an Alternate Retirement Plan, which shall authorize the purchase of contracts providing retirement and death benefits for staff members. Under such plan, staff members shall contribute, to the extent authorized or required, toward the purchase of such contracts, which shall be issued to and become the property of, the participants. This Alternate Retirement Plan shall be administered by the Board pursuant to a written Alternate Retirement Plan document, which shall be formally adopted by the Board prior to the establishment of the Alternate Retirement Plan.
2. All staff members shall participate in either the Teacher Retirement System or an Alternate Plan or both, but participation in both shall be limited to the circumstances described in number 3 below.
3. Any staff member who has become fully vested in the Retirement system may elect to discontinue contributing to the Teacher Retirement System, thus becoming an "inactive member," and participate instead in an Alternate Retirement Plan. Such election shall be in writing and shall be filed with both the Teacher Retirement System and the Director within 90 days after establishment of the Alternate Retirement Plan and prior to the staff member's participation in an Alternate Retirement Plan. Under such circumstances, the staff member would be both an

"inactive member" of the Teacher Retirement System and an "active member" of the Alternate Retirement Plan.

4. Any staff member who has become fully vested in the Teacher Retirement System may elect to participate in an Alternate Retirement Plan and receive all accumulated contributions to the credit of such staff member in the member's deposit account and have such member's credited service under the Teacher Retirement System cancelled.
5. Notwithstanding the foregoing provisions, any staff member who has participated in the Teacher Retirement System for a period which is insufficient to allow for full vesting of that staff member's Retirement system benefits may elect to (1) continue as an "active member" in the Teacher Retirement System, (2) discontinue membership in the Teacher Retirement System and transfer from the Teacher Retirement System into his or her account with the alternate Retirement Plan; i.e., roll over all contributions which the staff member has previously made to the Teacher Retirement System, or (3) participate in the Alternate Retirement Plan and receive all accumulated contributions to the credit of such staff member in the member's deposit account. A refunds cancels such member's credited service under the Teacher Retirement System.
6. No staff member may participate in an Alternate Retirement Plan without giving prior written notice of his or her election to participate in the Alternate Retirement Plan. Such notice of election shall be made within 90 days of the date on which the Alternate Retirement Plan goes into effect, provided such election was made by September 1, 1985, or, for new staff members, 90 days after the staff member's date of employment. Such notice of election shall be in writing on a form established by the Department of Workforce Education and filed with both the Director and the Teacher Retirement System.
7. No staff member who elects to change from participation in the Teacher Retirement System to participation in the Alternate Retirement Plan, but continues employment in a position covered by the Teacher Retirement System, shall receive a year's service credit for less than a full year of contributions. The provision for crediting a year's service credit for only 120 days work is applicable only to members whose employment is terminated during a fiscal year.
8. Service for the year in which a member changed to the Alternate Retirement Plan will be adjusted by the Data Processing department of Teacher Retirement as follows:

Service Reported D2A for each year	Service Credit Allowed by TRS	Converted to Computer Days
0 - 44 days	0 year	0 - 29 days
45 - 89 days	¼ year	30 - 59 days
90 - 134 days	½ year	60 - 89 days
135 - 179 days	¾ year	90 - 119 days
180 days	1 year	120 days

9. Service for the year in which a member changed to the Arkansas Teacher Retirement System shall be credited as follows:

Transfer made to ATRS	Credit received in ATRS
7-1-97	120 days
8-1-97	120 days
9-1-97	90 days
10-1-97	90 days
11-1-97	60 days
12-1-97	60 days

10. Effective July 1, 2001, 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, 2001, 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, 2001. *

*The statutory basis for this subsection (A.C.A. 24-7-907(5)) was first passed in 1993; subsequent legislation changed the dates from 1993 to 1995 to 1997 to 1999 to 2001.

Amended: June 15, 2004