

AGE AND SERVICE (VOLUNTARY) RETIREMENT
(A.C.A. § 24-7-701 as amended by Act 297 of 2007)

RULES

1. ELIGIBILITY/QUALIFICATIONS

- A. Any active or inactive member who attains age 60 and has five (5) or more years of actual and reciprocal service may voluntarily retire upon written application filed with the System.
- B. 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~~ System.
 - i. For active members, annuities payable under the provisions of this rule shall commence the calendar month following the member's eligibility to receive the annuity under § 24-7-701.
 - ii. For inactive members, annuities payable under the provisions of this rule shall commence the calendar month following the member's eligibility to receive the annuity under § 24-7-707.
- C. 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 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 not be eligible to retire and shall forfeit retirement benefits until the requirements are met. Moreover, any retirement benefits received shall be repaid to the System.
- D. 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/her contract is terminated with employer consent before the year of service is rendered.
- E. The official postmark date may be used as the official received date of the retirement application.

- F. 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.
- G. A member may cancel an 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 shall again become eligible for active membership in the System. This shall be in effect for the 1993-94 fiscal year and thereafter.
- H. 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**

The retirement benefits payable shall not be the total number of contributory years of credited service multiplied by 2.065% of the final average salary, plus the total number of noncontributory years of credited service multiplied by 1.305% of the final average salary

If an employer reports additional salary for a retirant, but the result does not increase or decrease the annual benefits by \$5.00 or more, the contributions will be transferred from the Member's Deposit Account to the Employer Accumulation Account without making any change in the member's benefit. If the additional salary does increase or decrease the retirant's annual benefit by \$5.00, the benefits will be recomputed, and necessary changes will be made in the member's benefit.

B. **Minimum Retirement Benefits** § 24-7-707 and § 24-7-713

A member who retires under § 24-7-701 shall receive no less than the following benefits:

- i. A member who has at least ten (10) years of contributory credited service with ATRS will receive not less than \$1,800 per year; or
- ii. A member who has at least five (5) years of contributory credited service with ATRS will receive not less than \$1,200 per year; or

- iii. A member who has at least ten (10) years of noncontributory credited service with ATRS will receive not less than \$1,128 per year; or
- iv. A member who has at least five (5) years of noncontributory credited service with ATRS will receive not less than \$768 per year; or
- v. A member who has a mixture of contributory and noncontributory credited service greater than ten (10) years but less than the minimum credited years listed above will receive a prorated amount between \$1,128 and \$1,800 per year according to the relationship between the member's noncontributory and contributory credited service and ten (10) years of service; or
- vi. A member who has a mixture of contributory and noncontributory credited service greater than five (5) years but less than the minimum credited years listed above will receive a prorated amount between \$768 and \$1,200 per year according to the relationship between the member's noncontributory and contributory credited service and five (5) years of service.

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

C. Effective Date of Retirement Benefits (§ 24-7-701)

A retirement benefit shall not begin earlier than July 1 following a fiscal year ~~for~~ in which the member has signed an employment contract unless the contract is terminated with employer consent before the year of service is rendered. 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. (A.C.A. § 24-7-701)

For a member retiring with an effective date other than July 1 who has terminated employment and wants to retain credit for service within the current fiscal year, 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. (A.C.A. § 24-7-701)

D. Annual Cost of Living Increase

- i. On July 1 of each year, all retirees who have received a retirement annuity for 12 months or longer shall receive a 3% cost-of-living increase. (A.C.A. § 24-7-713)

- ii. 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 of 1999; Acts 360 and 742 of 2001; Act 853 of 2003; Act 297 of 2007 [A.C.A. § 24-7-713(b)(2)])

Members with five (5) or more years of actual service with ATRS retiring after July 1, 1999, but prior to July 1, 2008, and their survivors and beneficiaries, shall receive an additional benefit of \$75.00 per month over and above the regular annuity.

Members with ten (10) or more years of actual service with ATRS retiring on or after July 1, 2008, and their survivors and beneficiaries shall receive an additional benefit of \$75 per month over and above the regular annuity.

For the purpose of determining eligibility for the additional benefit, "actual service" means service rendered in a position covered by ATRS. "Actual service" does not include purchased or free credited service or reciprocal service.

F. Suspension of Benefits (Act 29 of 1999 and Act 97 of 2007) (A.C.A § 24-7-209(a))

Subject to the minimum distribution provisions of § 24-7-730, 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.

Amended: June 15, 2004
February 7, 2006
April 26, 2007

DEFERRED RETIREMENT

(A.C.A. § 24-7-707 as amended by Act 281 of 1995, Act 1053 of 1997 and Act 97 of 2007)

DEFINITIONS

Deferred member means an inactive member who is eligible to receive benefits under A.C.A § 24-7-707,

RULES

1. Effective July 1, 1998, a deferred member with five (5) or more years of actual and reciprocal service may retire upon or after attaining age 60, provided he or she is not employed in a position covered by another retirement plan supported wholly or in part by state contributions.
2. Deferred benefits are effective the first day of the month following the later of: the date the member's application is received by ATRS or the month following the member's sixtieth birthday.
3. A deferred member under age 60 with 25 or more years of credited service may retire with a reduction in benefits as provided in A.C.A. § 24-7-702.
4. A deferred member under age 60 with 25 or more years of credited service may begin deferred benefits the first of the month following the date the member's application is received by ATRS.
5. A deferred member may elect an option benefit amount provided for in A.C.A § 24-7-706 at the time of filing the written retirement application.
6. A deferred member's annuity shall be a life annuity provided by A.C.A § 24-7-705 plus the benefits applicable under A.C.A. § 24-7-713.
7. A deferred member shall receive benefits in accordance with the benefit program in effect at the time of retirement (A.C.A. § 24-7-712).
8. A member who leaves a position covered by ATRS, is employed by a reciprocal system, and establishes reciprocal service with ATRS as the preceding system may becomes a deferred reciprocal member. A deferred reciprocal member is entitled to the benefit formula in effect at the time of retirement. Minimum benefit amounts shall apply as long as the member has at least five (5) years of actual ATRS service. Retirement benefits shall be based on the highest final average salary furnished by the respective reciprocal systems involved.

9. In the event of death of a deferred member, if no retirement application has been received by ATRS, the accumulated contributions and regular interest shall be paid to the designated beneficiary as provided in A.C.A § 24-7-711.

Amended: April 26, 2007

**ANNUITY OPTIONS AND
DISPOSITION OF RESIDUE AFTER RETIREMENT**

(A.C.A. § 24-7-701, A.C.A. § 24-7-706, A.C.A. 24-7-709, as amended by Acts 385 and 494 of 2005 and Act 97 of 2007)

DEFINITIONS

1. **Annuity Options** - The member's election at retirement of the annuity that shall be paid throughout the retiree's life in accordance with A.C.A. § 24-7-706.
2. **Option Beneficiary** - A person(s) nominated by the retiree by written designation duly executed and filed with ATRS at the time of retirement, who, if eligible, will receive annuity payments under the annuity option chosen by the retiree after the retiree's death.
3. **Marriage Dissolution** - A final decree of divorce, separate maintenance, or annulment duly executed by a court of competent jurisdiction and filed of record in the Office of the Ex-Officio Recorder.
4. **Person** – an individual, corporation, partnership, or other legal entity.
5. **Residue** – The member's accumulated contributions, including regular interest standing in the member's credit at the time of his/her retirement.
6. **Residue Beneficiary** – A person(s) nominated by the member/retiree to receive the residue, if any, at the termination of any option annuities payable on account of the retiree's death under § 24-7-709.

RULES

Before the date the first payment of an annuity becomes due, a member retiring on age and service or disability may elect to receive an annuity payable as provided in one of the following:

1. **Option 1:** A straight life annuity payable monthly for the life of the retiree. Upon the retiree's death, if the retiree has not received payments equal to the residue amount, the residue remaining, if any, shall be paid to the residue beneficiary. If no residue beneficiaries survive the retiree, the residue will be paid to the retiree's estate.

2. Effect of Option 1 Retiree's Death Within the First Year of Retirement

If an Option 1 retiree dies within one year of retirement, his/her spouse may elect to cancel the Option 1 annuity in effect and elect Option A (100% survivor annuity) if:

- A. The spouse otherwise qualifies as an Option A beneficiary;
- B. The spouse is designated as the retiree's residue beneficiary; and
- C. The election form to convert the annuity to Option A is received by ATRS within 120 days of the retiree's death.

The election shall become effective the first day of the month following receipt of the election form by ATRS. If the spouse elects Option A, the residue, if any, will not be paid until the Option A beneficiary's death.

- 3. **Option A:** A 100% survivor annuity paid to the retiree as a reduced annuity monthly for the retiree's life and, upon his/her death, the reduced annuity shall be paid throughout the life of the retiree's option beneficiary.
- 4. **Option B:** A 50% survivor annuity paid to the retiree as a reduced annuity monthly for the retiree's life and, upon his/her death, a one-half reduced annuity shall be paid throughout the life of the retiree's option beneficiary.

5. Persons Eligible as Option A or B Beneficiaries

In order to be nominated as an Option A or B beneficiary, the person must be one of the following:

- A. The retiree's spouse (if the retiree has been married to the spouse for at least one (1) year prior to the first annuity payment being paid to the retiree);
 - B. A person, aged 40 or older, who receives more than one-half support from the retiree for a minimum of one (1) year immediately preceding the first annuity payment being paid to the retiree; or
 - C. A dependent child (regardless of age) who has been ruled physically or mentally incapacitated by a court of competent jurisdiction.
- 6. **Option C:** A reduced annuity payable for 10 years, then as a straight life annuity for the remainder of the retiree's life. If the retiree dies before receiving 120 monthly annuity payments, the annuity shall be continued for the remaining 120 months to the retiree's Option C beneficiary.

- A. If, after retirement, the Option C beneficiary predeceases the retiree, the retiree may either nominate a successor beneficiary or elect an Option 1 annuity. The election will be effective the first day of the month following receipt of the election form by ATRS.
- B. If a retiree receives the one hundred twenty (120) monthly payments under Option C, ATRS will return the retiree to an Option 1 annuity for the remainder of his/her life.
- C. An Option C beneficiary may not nominate a contingent beneficiary should he/she not survive to draw the 120 payments.

7. Payment of Residue Upon Option A, B, or C Retiree's Death

A. Residue Paid if No Option Is Payable

If a retiree who elected Option A, B, or C dies and no option annuity is payable, the residue amount, if any, shall be paid to the member's residue beneficiary on file with ATRS.

If the member's residue beneficiary does not survive or no beneficiary is designated by the retiree at his/her death, the residue, if any, shall be paid to the retiree's estate.

B. Residue Paid Upon Death of Option Annuitant

If after a retiree dies, an option annuity is payable but the option beneficiary dies prior to the retiree and the option beneficiary receiving annuity payments equal to the residue amount, the residue, if any, shall be paid to member's residue beneficiary. If no residue beneficiary is nominated or survives upon the death of the option beneficiary, the residue remaining, if any, shall be paid to the last surviving option beneficiary's estate.

8. Final Benefit Check

Benefits are payable through the month in which the last option beneficiary's death occurs. If the option beneficiary dies prior to receiving the last check, ATRS will pay the final check in the normal manner paid prior to death. If payment of the final check in the normal course becomes impossible, the final annuity check will be returned to the System.

9. Effect of Qualifying Events on the Retiree's Annuity Options

A. Cessation of Marriage to a Spouse Selected as the Retiree's Option Beneficiary at Retirement

If a retiree receiving an Option A, B, or C annuity ceases to be married to a spouse nominated as his/her option beneficiary at retirement, the retiree may designate an eligible contingent option beneficiary and continue the same option or elect an Option 1 annuity. The election must be submitted to the System on an approved form. The change shall be effective the month following receipt of the election.

A retiree may cease to be married under this rule by reason of the spouse's death, divorce, or other marriage dissolution.

B. Retiree's Marriage after Retirement

A retiree who is receiving an Option 1 annuity and marries after retirement may cancel the Option 1 annuity and elect Option B providing a 50% survivor annuity for the life of the spouse. The election must be filed with ATRS on an approved form within 6 months from the date of the marriage to be effective.

10. Change of Option Election Allowed Within One (1) Year of Retirement

A member who retires on or after July 1, 1994, may cancel the annuity election made at retirement and elect a different option provided that:

- A. The election is received by ATRS on an approved form within one (1) year from the date of retirement;
- B. The retiree repays ATRS the difference between the annuity received under the prior option and the annuity elected from the date of retirement, plus regular interest (8% after July 1, 1998); and
- C. The change of annuity option is made only once during the first year of retirement and is effective retroactive to the commencement date of the annuity.

11. Beneficiaries Designated at Retirement

All members who elect Option A, B, or C shall designate, in writing, and file with the System an option beneficiary prior to the receipt of the first annuity check.

12. Option Beneficiaries Prohibited from Nominating Beneficiaries

Option beneficiaries shall not be eligible to nominate a member's residue, lump sum, or contingent annuity beneficiaries or otherwise affect the annuity option selected by the member.

13. Annuities Paid Reduce Residue Amount

When a member retires, any amounts paid to the retiree and his/her option beneficiaries as an annuity shall act to reduce or eliminate the disposition of residue that would be payable under § 24-7-709 upon the retiree's death.

14. Eligible Residue Beneficiaries

Any "person" as defined in this policy is eligible to be designated by the member to receive the residue, if any, payable upon the member's death including: individuals; trusts; estates; corporations; and other legally-recognized entities.

Amended: June 15, 2004
February 7, 2006
April 26, 2007

RESCINDING RETIREMENT

(A.C.A. § 24-7-717; § 24-7-702)

(Amended by Acts 435 and 478 or 1993; Act 481 of 2001; Act 97 of 2007)

A retired member of the System may rescind his/her decision to retire and may become an active member upon reemployment by a covered employer subject to the following Rules.

RULES

1. A retiree rescinding the decision to retire shall file a written rescission on an approved form with the System.
2. A. For any school year in which a retirant takes a position in a public school, the rescission form shall be filed with the System office on or before June 30 of the previous year.

B. Should a retiree fail to meet the deadline set out in No. 2A, the school district may file an appeal for a waiver of the required filing date.
3. The rescission shall become effective the month following the date the written rescission is received by the System.
4. Any retirement annuity being paid to the retiree by the System shall be terminated upon the effective date of the rescission.
5. Upon rescission, the former retiree shall be considered an active member and shall accrue additional service subject to the following conditions:
 - A. If reemployment terminates before the end of the fiscal year in which the former retirant has accumulated at least three (3) years of actual service, the former retirant shall become a retired member, and the payment of annuity shall resume upon such termination. The former retirant shall be entitled to receive a refund of any member contributions made during the reemployment period.
 - B. If reemployment terminates after the end of the fiscal year in which the former retirant has accumulated at least three (3) years of actual service, upon termination of reemployment, the rescinded member shall become a retiree and receive an annuity calculated according to the benefit formula based upon the salary and service credit earned during rescission.

- C. All rescinding members who reenter the System will be enrolled in the plan that he or she was in prior to retirement. All rescinding non-contributory members who reenter the System after June 30, 2007, may elect to make member contributions.
6. If a retiree has previously rescinded his/her decision to retire and has become an active member by reemployment, but after becoming a retiree and before rescinding, had been employed in a position covered by the System, as an active member he/she shall be eligible to purchase such previous service by:
- A. Fulfilling the requirements set out in Sec. § 24-7-717(e)(2), which is No.5B of this rule;
 - B. Returning to the System all retirement benefits received during such employment, together with regular interest, from the date of receipt of such payments to the date of repayment in full; and
 - C. Paying to the System both member and employer contributions for the previous service rendered after becoming a retiree but before rescinding, plus interest, from the date of reemployment to the date of payment in full.
7. A. An early retiree under A.C.A. § 24-7-702 may rescind the decision to retire and become an active member upon reemployment for the purpose of participating in T-DROP under the following conditions:
- i. Retirement rescission form must be filed with the System;
 - ii. The rescission shall become effective the month following the date the written rescission is received by the Board;
 - iii. Any annuity benefit formerly due from the System shall be terminated upon the effective date of the rescission; and
 - iv. Reemployment must be for at least three (3) years.
- B. When the early retiree who has rescinded accumulates the minimum number of years required for participation in T-DROP, the member will enter T-DROP at that time.
 - C. The early retiree's T-DROP account will be based upon his/her voucher amount at the time of his eligibility to participate in the T-DROP.
 - D. If the early retiree who has rescinded terminates covered employment before the completion of three (3) years of actual service, the following will apply:

- i. The retirement annuity will resume at the rate effective at the time of rescission (including any cost of living adjustments and legislative adjustments);
 - ii. Member contributions remitted while rescinded will be refunded;
 - iii. Any funds accumulated in the T-DROP account will be forfeited (Act 481 of 2001).
- E. When the early retiree who has rescinded completes three (3) full years of service, he/she may retire and receive benefits accrued from both accounts (T-DROP and retirement) as provided under normal T-DROP provisions.

Amended: 2001
June 17, 2003
June 15, 2004
April 26, 2007

**TEACHER DEFERRED
RETIREMENT OPTION PLAN (T-DROP)**
(Amended by Act 188 of 2005; Acts 97 and 298 of 2007)

DEFINITIONS

1. **T-DROP** means the Teacher Deferred Retirement Option Plan established by the System pursuant to Act 1096 of 1995.
2. **T-DROP Plan deposits** means the deposits made to each participant's T-DROP account pursuant to A.C.A. § 24-7-1306.
3. **Plan interest** means the rate per annum, compounded annually, as the Board shall adopt at the end of each fiscal year, credited annually on each T-DROP participant's T-DROP account. The interest rate shall be 2% less than the System's average rate of return with a maximum of 6% and minimum of 2%. Effective for fiscal years 2003-2004 and 2004-2005, the Board will determine the interest rate for the fiscal year based upon the rate of return for the twelve-month period ending March 31. The initial calculation of this rate shall begin March 31, 2004, for interest to be paid for the 2003-2004 fiscal year. Effective for fiscal year 2005-2006 and after, the Board will determine the interest rate for the next fiscal year based upon the rate of return for the immediately preceding twelve-month period ending March 31 prior to the start of such fiscal year. The initial calculation of this rate shall begin March 31, 2005, for interest to be paid in the 2005-2006 fiscal year.
4. **DROP** means a deferred retirement option plan created by law under the ATRS or a reciprocal system.

T-DROP PARTICIPATION and ACCOUNT CREDIT

Effective July 1, 1995, in lieu of terminating employment and retiring under § 24-7-701, an active member of the System may elect to participate in the T-DROP and continue to work in covered employment. If a member elects to participate in T-DROP, the annuity deposits will not be subject to the earnings limitation restriction of Arkansas Code § 24-7-708, and he/she will continue to work in a position covered by the System, deferring receipt of retirement benefits until a later date.

During participation, ATRS shall credit each member's T-DROP account with Plan deposits and Plan interest. Plan interest will be interest credited at the end of each fiscal year in the account at the rate set by the ATRS Board.

The Plan interest credited shall be set by the Board of Trustees based upon the principles of cost-neutrality and actuarial soundness of T-DROP and the System.

In setting the T-DROP interest rate, the Board shall determine the interest rate annually for the following fiscal year. The Plan interest rate determined by an affirmative vote of the Board shall be final and binding upon the System and shall not be adjusted based on any revised rate of return reported after that date.

RULES

1. To participate in the T-DROP, the member must have twenty-eight (28) or more years of service credit in the Arkansas Teacher Retirement System.
2. To participate in the T-DROP, the member will make the election on an application form approved by the System.
3. Upon submission, the member's application will be reviewed, and the System shall determine if the member meets the eligibility requirements specified in § 24-7-1302.
4. If the member is deemed eligible to participate, T-DROP participation will begin the July 1 after the application is approved.
5. The member's T-DROP benefit will be the monthly straight life annuity benefit to which he or she would have been entitled had the member retired under § 24-7-701 reduced as specified in by No. 7 below. the T-DROP deposit will not include the benefits provided in A.C.A. §24-7-713(b) (\$75.00 stipend).¹
6. T-DROP deposits shall be a percentage of the T-DROP benefit, as follows:
 - A. One hundred percent (100%) reduced by the product of one percent (1.0%) multiplied by the number of years of contributory service credit and fractions thereof, plus,
 - B. One hundred percent (100%) reduced by the product of six-tenths percent (0.6%) multiplied by the number of years of noncontributory service credit and fractions thereof.
 - C. i. In the event a member whose effective date in the T-DROP is before September 1, 2003, has more than thirty (30) years of service, the years of service above thirty (30) years shall be reduced by one-half of one percent (0.5%) for contributory years and three-tenths of one percent (0.3%) for noncontributory years.

¹ A T-DROP member who entered the T-DROP plan effective June 1, 2001, or earlier will receive the benefit provided in A.C.A. § 24-7-713(b) (\$75.00 stipend) over and above the regular annuity upon retirement regardless of the years of credited service with ATRS.

- ii. Beginning July 1, 2001, when a participant whose effective date in the T-Drop is before September 1, 2003, reaches normal retirement age, the plan deposits shall be 100% with no reduction.
 - iii. For any member whose effective date in the T-Drop is before September 1, 2003, or after, and who has more than thirty (30) years of service, the plan deposits for the years of service above thirty (30) years shall be reduced under Nos. 7A and 7B.
 - iv. For any member whose effective date in the T-Drop is September 1, 2003, or after, the plan deposits for a participant who reaches normal retirement age shall continue as reduced under Nos. 7A and 7B.
 - v. T-DROP plan deposits will not be subject to the earnings limitation in § 24-7-708.
7. A participant's plan deposit will incur an additional reduction of 0.5% for each month the member lacks having thirty (30) years of credited service.
8. A T-DROP participant may elect an annuity options provided in A.C.A. § 24-7-706. The election shall be made at the time the member separates from service and is granted a monthly retirement benefit.
9. A member's participation in T-DROP shall not exceed ten (10) years. Upon completion of 10 years of participation, all monthly deposits and accrued interest shall cease and no more than ten (10) years of plan deposits or interest shall be credited to any participant's T-DROP account.
- If a participant continues covered employment after completing 10 years in T-DROP, the T-DROP benefits payable at retirement will be based on the account balance at the end of the tenth year.
10. The annuity upon which T-DROP deposits are based shall receive the cost-of-living increase provided for in A.C.A. § 24-7-713(a) that shall be subject to the reduction applicable to all plan deposits in No. 7 above. .
11. The election to participate in the T-DROP is irrevocable.
12. In the event a T-DROP participant applies for disability benefits under A.C.A. § 24-7-704, A.C.A. § 24-7-701 shall apply, and no disability benefits shall become payable.
13. During for after completion of T-DROP participation, a member shall not receive service credit under in ATRS or any other state-supported retirement system.

14. A member may not rescind T-DROP participation or retirement after T-DROP participation for purposes of accruing additional service credit for retirement.
15. If a T-DROP participant elects to retire and a distribution of the T-DROP account is made by the System, the participant shall not be allowed to reenroll in T-DROP.
16. As soon as possible after the end of each fiscal year of participation in the T-DROP, the participant shall be furnished an annual statement of his/her T-DROP account.
17. At the time the member separates from service and is granted a monthly retirement benefit, participation in the T-DROP shall cease.
18. When the member's participation in the T-DROP ceases, the member may elect to receive the balance in the T-DROP account as a lump sum or in a monthly benefit paid according to the annuity option elected by the member for voluntary retirement. This T-DROP amount, if annuitized, shall be in addition to the monthly benefit to which the member became entitled under the age and service retirement provisions.
19. A lump-sum distribution of a member's T-DROP account balance is eligible to be rolled over into a qualifying retirement plan. The System may only roll over the T-DROP account balance into one qualifying plan. A participant must elect to roll over a minimum of \$2,500 in order to request a rollover of the T-DROP account balance. All rollovers must be done in accordance with Policy No. 8-4.
20. If the member elects to receive the balance in the T-DROP account as a monthly benefit, a factor approved by the Board of Trustees shall be used to determine the conversion of the T-DROP balance to a lifetime monthly benefit amount.
21. When participation in the T-DROP ceases, the member shall receive age and service retirement benefits as if the member had retired on the T-DROP completion date.
22. The T-DROP is intended to operate in accordance with Section 415 and other applicable sections of the IRS Code. Any provision of the T-DROP found to be in conflict with an applicable provision of the IRS Code shall be declared null and void.
23. If a member separates from covered employment but does not apply for monthly retirement benefits, the T-DROP monthly deposit and accrued interest shall cease the month of separation from service. No deposits or

interest will be credited to the members account for the duration of the separation. Upon returning to covered employment, the monthly deposits and interest will resume. Upon application for retirement, benefits will be paid according to the account balance at the time of separation from service.

24. If a T-DROP participant leaves covered employment to serve, on a voluntary or involuntary basis, in the uniformed services of the United States and returns to service with a school, the member shall be treated as not having incurred a break in service with the employer. The employer shall certify to the System that reemployment was in accordance with the requirements set forth in Section 4312 of P.L.103-353, the Uniformed Services Employment and Reemployment Act (USERA) of 1994.

Under this subsection, uniformed services of the United States are limited to the armed forces, the Army, and the Air National Guard when engaged in active duty for training, inactive duty training, or full-time National Guard duty, the commissioned corps of the Public Health Service, and any other category of persons designated by the President in time of war or emergency.

25. The ATRS Board of Trustees is authorized to modify, amend, or promulgate additional policies in order to make the T-DROP cost-neutral to the System.

DEATH OF A T-DROP PARTICIPANT PRIOR TO RETIREMENT

1. In the event a T-DROP participant dies, the benefits payable from the T-DROP account shall be determined according to A.C.A. § 24-7-710.
2. A T-DROP participant's surviving spouse may choose to receive the T-DROP benefit in a lump sum. If the spouse elects a lump-sum payment of the T-DROP balance, the survivor annuities payable under § 24-7-710 shall be calculated on the service credit and salary earned by the member prior to participating in T-DROP.
3. For the purposes of A.C.A. § 24-7-709 related to disposition of residue, any amount received from the T-DROP account, either in the form of a lump sum or annuity payments, shall be considered to be annuity payments received by the member or his or her designated beneficiary and shall act to reduce or eliminate the disposition of residue payable under A.C.A. § 24-7-1306(b).

DROP PARTICPATION UNDER RECIPROCAL SYSTEMS

1. If a reciprocal system offers a DROP for its members, both service in ATRS and the reciprocal system may be counted to meet the minimum service credit requirements for participation under each system's DROP.
2. The benefit payable by the reciprocal system shall be based on the DROP provisions of each system. The final average salary used to determine plan deposits shall be that of the reciprocal system which furnishes the highest final average salary at the time of retirement. Each reciprocal system shall use the method of computing final average salary stipulated by its law. Salaries earned in the Arkansas Judicial Retirement System and alternate retirement plans shall not be used in computing final average compensation.
3. Plan deposits and plan interest credited to the DROP account will be paid under the deferred retirement option program in effect for that system.
4. The Board of each reciprocal system shall promulgate rules and regulations as are necessary to coordinate its benefits with any system providing a deferred retirement option plan.

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