

04/3/2015: Executive Director Update: ATRS Bill Summary

Week 12 - Final Report of ATRS on the 90th General Assembly

The 90th General Assembly met from January 12, 2015, through April 2, 2015, for 81 days before a recess in anticipation of adjournment. The ATRS Board had a 9 bill package plus the ATRS Appropriation Bill for the coming fiscal year that starts July 1, 2015. The ATRS package bill on recycling tax credits was replaced by another bill on recycling tax credits for Big River Steel. Of those 10 bills, 9 became a law and one died when the session ended.

Many thanks are due to the General Assembly, Governor Hutchinson, and his staff. ATRS is grateful to the sponsors of the ATRS legislation and to those that presented ATRS legislation in the House and Senate. The Public Retirement Committee members and the Co-Chairs, Representative David Meeks and Senator David Johnson, were always ready to assist ATRS and its members. ATRS is now in the process of implementing the legislation that was passed into law.

The focus of ATRS coming into the 2015 session was to do the following:

1. Streamline operations

ATRS gained authority to make the determination of eligibility to purchase private school service. This was previously a function of the Arkansas Department of Education (DOE), but that function was phased out by DOE. Our members will now get faster and better service by allowing ATRS to perform this function.

2. Remain focused on eliminating unfair advantages and find cost savings

ATRS is in the process of implementing a new disability law which requires members to retire on disability as they currently do, but requires additional requirement for continued eligibility after retirement for those under age 57 at the time of disability retirement. Three years is a long period of time for these disability members to acquire the additional proof for continued eligibility. The three year period may be extended for good cause shown. This change in disability will be a cost savings to ATRS by removing certain disability retirement members who are able to work from the monthly disability retirement payroll. This will also enhance the integrity of the disability process and disability eligibility review after retirement.

3. Make benefits consistent among certain option beneficiaries

Legislation was passed to allow members who retire with an Option C benefit (at least 120 monthly benefit payments guaranteed plus a lifetime benefit to the member) to change beneficiaries after retirement if the Option C beneficiary is a spouse and the marriage ends in divorce or other marriage dissolution. This maintains consistency with the other option beneficiaries who divorce a spouse after retirement.

6. Maintain the current governance with federal tax laws

ATRS' law was not consistent with federal tax laws on certain non-spousal rollovers. Although ATRS has been following current federal tax laws on non-spousal rollovers, the specific ATRS law was not consistent with the federal laws.

7. Made all member retirement benefits lifetime benefits

ATRS was able to repeal a law that made some members to choose between a lifetime benefit or a reserve value lump sum payment of a lifetime benefit when the monthly benefit was less than \$20 per month. Most members and ATRS now prefer to pay the member a lifetime benefit, even on smaller benefit amounts since the small amounts are associated with the member receiving a lifetime benefit from another retirement system, such as APERS, at the same time. We feel that most retirees will draw more in benefits, even from a smaller beginning benefit, than the lump sum reserve amount.

8. Minor clean-up of language in the law

ATRS had a technical corrections clean-up bill, plus one was added during the session. These are minor clarifications of existing laws.

9. Recycling tax credits

One of the original ATRS package bills was a recycling tax credit bill which would have extended the transferability of recycling tax credits within equity owners of certain investment projects in Arkansas, and would encourage more specialized projects as well as enhance investment returns. This bill died after passing one chamber but was essentially replaced by a bill that ATRS supported on recycling tax credits on its investment in Big River Steel.