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# The Teacher Retirement Laws of the State of Arkansas

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## TITLE 24

## RETIREMENT AND PENSIONS

### CHAPTER 7

### RETIREMENT OF EMPLOYEES OF SCHOOLS AND EDUCATIONAL INSTITUTIONS

SUBCHAPTER.

1. GENERAL PROVISIONS.
2. ARKANSAS TEACHER RETIREMENT SYSTEM — GENERAL PROVISIONS.
3. ARKANSAS TEACHER RETIREMENT SYSTEM — BOARD OF TRUSTEES.
4. ARKANSAS TEACHER RETIREMENT SYSTEM — FUNDS AND MANAGEMENT OF ASSETS.
5. ARKANSAS TEACHER RETIREMENT SYSTEM — MEMBERSHIP.
6. ARKANSAS TEACHER RETIREMENT SYSTEM — CREDITED SERVICE.
7. ARKANSAS TEACHER RETIREMENT SYSTEM — BENEFITS.
8. ALTERNATE PLAN FOR STATE COLLEGES.
9. ALTERNATE PLAN FOR VOCATIONAL-TECHNICAL SCHOOLS.
10. EMPLOYEES OF PARTICULAR INSTITUTIONS.
11. NONTEACHING EMPLOYEES OF PUBLIC SCHOOLS.
12. TAX-DEFERRED SAVINGS PROGRAMS FOR THE MEMBERS OF THE ARKANSAS TEACHER RETIREMENT SYSTEM.
13. TEACHER DEFERRED RETIREMENT OPTION PLAN.
14. ARKANSAS TEACHER RETIREMENT SYSTEM AFFORDABLE HOUSING INVESTMENT ACT.

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**A.C.R.C. Notes.** References to “this chapter” in §§ 24-7-101 — 24-7-206, 24-7-209 — 24-7-502, 24-7-601 — 24-7-607, 24-7-701, 24-7-702, 24-7-704 — 24-7-720, 24-7-723, 24-7-801, 24-7-803 — 24-7-901, 24-7-903 — 24-7-1312, and 24-7-1314 may not apply to §§ 24-7-207, 24-7-208, 24-7-504, 24-7-608, 24-7-721, 24-7-722, 24-7-726 — 24-7-729, 24-7-1313, 24-7-1315, and 24-7-1401 — 24-7-1409 where were enacted subsequently.

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#### RESEARCH REFERENCES

**Am. Jur.** 60A Am. Jur. 2d, Pensions, § 1614.

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#### SUBCHAPTER 1 — GENERAL PROVISIONS

SECTION.

24-7-101. Special allowances to encourage early retirement.

SECTION.

24-7-102. Management of early retirement window incentives.

## SECTION.

24-7-103. Payment of employer contribution rate.

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**Effective Dates.** Acts 1983, No. 271, § 11: July 1, 1983. Emergency clause provided: "It is hereby found and determined by the Seventy-Fourth General Assembly, that the Constitution of the State of Arkansas prohibits the appropriation of funds for more than a two (2) year period; that the effectiveness of this Act on July 1, 1983 is essential to the operation of the agency for which the appropriations in this Act are provided, and that in the event of an extension of the Regular Session, the delay in the effective date of this Act beyond July 1, 1983 could work irreparable harm upon the proper administration and provision of essential governmental programs. Therefore, an emergency is hereby declared to exist and this Act being necessary for the immediate preservation

of the public peace, health and safety shall be in full force and effect from and after July 1, 1983."

Acts 1995, No. 296, § 9: Feb. 13, 1995. Emergency clause provided: "It is hereby found and determined by the General Assembly that it is essential to the efficient operation of the state supported institutions of higher education that the delay in the effective date of this act could work irreparable harm upon the proper administration and provision of essential governmental programs. Therefore, an emergency is hereby declared to exist and this act being necessary for the preservation of the public peace, health and safety shall be in full force and effect from and after its passage and approval."

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**24-7-101. Special allowances to encourage early retirement.**

(a) In order to effect a net savings in personnel costs paid by colleges and universities, the presidents and chancellors of the various publicly supported colleges and universities may, upon the approval of their respective boards of trustees, negotiate with tenured faculty members of their institutions so that, in order to secure the faculty members' early retirement, special allowances may be paid to them or into retirement plans for their benefit.

(b) The board of trustees of each institution is authorized to pay such allowances as the board may approve from any appropriation provided for regular salaries for the benefit of its institution and from any source of funds available to its institution.

(c) The amount of all such allowances for any institution shall not exceed, in the aggregate during any fiscal year, an amount equal to one percent (1%) of the aggregate paid for personnel costs during the preceding fiscal year for the institution.

(d) The board of trustees of each institution shall report the exact disposition of the special allowances to the Legislative Joint Auditing Committee each year.

**History.** Acts 1983, No. 271, § 8; A.S.A. 1947, § 80-1465.

**24-7-102. Management of early retirement window incentives.**

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(a) The purpose of this section is to create incentives for the efficient management of the public higher education resources of the State of Arkansas by allowing public higher education institutions to establish early retirement window incentives for qualified nontenured faculty and staff who elect voluntary separation from the institution.

(b) The boards of trustees of the publicly supported institutions of higher education may provide special allowances for nontenured faculty and staff to effect a saving in personnel salaries and fringe benefits costs when it is determined by the boards that such saving will provide for more efficient operation of the institutions.

(c)(1) The boards of trustees shall approve criteria to determine qualifications to be met by the institutions and the employee.

(2) Such qualifications shall include, but are not limited to:

(A) Assurance that participation is strictly voluntary for employees;

(B) Only full-time employees who are at least fifty-five (55) years of age or meet the retirement requirements for the United States Civil Service; and

(C) A savings in personnel cost will be realized by the institution.

(d) The amount of all such allowances for any institution shall not exceed, in the aggregate during any fiscal year, an amount equal to one percent (1%) of the aggregate paid for personnel costs during the preceding fiscal year for the institution.

(e) The boards of trustees are authorized to pay such allowances from any appropriation provided for regular salaries for the benefit of their institutions and from any sources of funds available to the institutions.

(f) The board of trustees of each institution shall report the exact disposition of the special allowance to the Legislative Joint Auditing Committee by July 1 of each year.

**History.** Acts 1995, No. 296, §§ 1-5.

### **24-7-103. Payment of employer contribution rate.**

Local school districts shall pay the teacher retirement employer contribution rate for any eligible employee in accordance with rules and regulations established by the Board of Trustees of the Arkansas Teacher Retirement System.

**History.** Acts 1995, No. 1194, § 13.

**A.C.R.C. Notes.** As enacted, this section began: "Beginning with the 1996-97 school year."

As enacted, this section ended: "Furthermore, beginning in the 1996-97 fiscal year, the appropriation contained herein for Teacher Retirement Matching shall be used to provide the employer matching for employees of the Cooperative Education Services Areas, Vocational Centers and

the school operated by the Department of Correction."

Acts 2001, No. 1667, § 6, provided: "Retirement Matching. Beginning with the 1996-97 school year, Local School Districts shall pay the teacher retirement employer contribution rate for any eligible employee in accordance with rules and regulations established by the Teacher Retirement Board of Directors. The appropriation contained herein for Teacher Retirement

Matching each fiscal year shall be used to provide the employer matching for employees of the Cooperative Education Services Areas, Vocational Centers, Model Vocational — Technical Education Resource Center, Arkansas Easter Seals and the school operated by the Department of

Correction. The provisions of this section shall be in effect only from July 1, 2001 through June 30, 2003.”

**Publisher’s Notes.** Acts 2001, No. 1667, § 6 did not specifically amend or supersede this section.

## SUBCHAPTER 2 — ARKANSAS TEACHER RETIREMENT SYSTEM — GENERAL PROVISIONS

SECTION.

- 24-7-201. Title.
- 24-7-202. Definitions.
- 24-7-203. Penalty.
- 24-7-204. Tax status of system assets.
- 24-7-205. Adjustment of payment to correct error.
- 24-7-206. Withholding association membership dues.

SECTION.

- 24-7-207. Increase in benefit amount.
- 24-7-208. Benefit enhancements — Restrictions.
- 24-7-209. Suspension of benefit payments upon request.
- 24-7-210. Federal taxation.

**Cross References.** Certain employees of educational institutions to be members of Public Employees’ Retirement System, § 24-7-1002.

**Effective Dates.** Acts 1973, No. 427, § 11, as added by Acts 1973, No. 878, § 1: Apr. 16, 1973. Emergency clause provided: “It is hereby found and determined by the General Assembly that the provisions of this Act would substantially revise the provisions and benefits provided in the Teacher Retirement System law; that it is essential that such revision be given effect on July 1, 1973 in order that the effective date of the Act will coincide with the beginning of a new fiscal year; that under the Constitution of Arkansas, Acts without an emergency clause do not take effect until ninety days after adjournment of the General Assembly and that unless an emergency is declared, extension of the regular session of the General Assembly will result in a delay in the effectiveness of this Act beyond July 1 and would work irreparable harm upon the teachers of this State. Therefore, an emergency is hereby declared to exist and this Act being necessary for the immediate preservation of the public peace, health and safety shall be in full force and effect from and after its passage and approval.”

Acts 1973, No. 878, § 2: Apr. 16, 1973. Emergency clause provided. “It is hereby found and determined by the General As-

sembly that Act 427 of 1973 relating to and making substantial revisions in the Teacher Retirement System did not contain an Emergency Clause; that it is essential to the proper administration of the Teacher Retirement System that the new provisions be given effect on July 1, 1973; that this Act is immediately necessary to amend Act 427 of 1973 to declare an emergency in order that said Act may be given effect immediately. Therefore, an emergency is hereby declared to exist and this Act being necessary for the immediate preservation of the public peace, health and safety shall be in full force from and after its passage and approval.”

Acts 1975, No. 549, § 16: Mar. 25, 1975. Emergency clause provided: “It is hereby found and determined by the General Assembly that the unprecedented increase in the cost of living has resulted in a particular hardship to persons living on a fixed retirement income in the State of Arkansas; that it is essential to the health and well being of the retired and active schoolteachers of this State that the benefits received by them be increased immediately to offset this unusual cost of living increase and that this act should be given effect immediately in order to accomplish this purpose. Therefore, an emergency is hereby declared to exist and this act being necessary for the immediate preservation of the public peace, health and safety shall

be in full force and effect from and after its passage and approval.”

Acts 1983, No. 619, § 14 and No. 665, § 14: July 1, 1983. Emergency clauses provided: “It is hereby found and determined by the General Assembly that certain provisions of the Teacher Retirement Law are badly in need of revision and updating to bring them into conformance with sound public pension policy and that such correction and updating is of great importance to members of the Teacher Retirement System and to all other citizens of the state of Arkansas. Therefore, an emergency is hereby declared to exist and this act, being necessary for the immediate preservation of the public peace, health, and safety, shall be in full force and effect from and after July 1, 1983.”

Acts 1985, No. 105, § 4: Feb. 12, 1985. Emergency clause provided: “It is hereby found and determined by the General Assembly that the Arkansas Retired Teacher’s Association has a comprehensive program for involving its members in community service, continuing education, and personal growth and development and that these activities are making a major contribution to the well being of many citizens of Arkansas. Therefore, an emergency is hereby declared to exist and this Act being necessary for the preservation of the public peace, health and safety shall be in full force and effect from all and after its passage and approval.”

Acts 1985, No. 805, § 12: July 1, 1985. Emergency clause provided: “It is hereby found and determined by the General Assembly that certain provisions of the Teacher Retirement Law are badly in need of revision and updating to bring them into conformance with sound public pension policy and that such revision and updating is of great importance to members of the Teacher Retirement System and to other citizens of the State of Arkansas. Therefore, an emergency is hereby declared to exist and this Act being necessary for the immediate preservation of the public peace, health and safety, shall be in full force and effect from and after July 1, 1985.”

Acts 1989, No. 376, § 4: Mar. 7, 1989. Emergency clause provided: “It is hereby found and determined by the General Assembly that the Arkansas Education Association/National Education Association Retired has a comprehensive program for

involving its members in community service, continuing education, and personal growth and development and that these activities are making a major contribution to the well-being of many citizens of Arkansas. Therefore, an emergency is hereby declared to exist and this Act being necessary for the preservation of the public peace, health and safety shall be in full force and effect from and after its passage and approval.”

Acts 1989, No. 652, § 14: July 1, 1989. Emergency clause provided: “It is hereby found and determined by the General Assembly that certain provisions of the Teacher Retirement Law are badly in need of revision and updating to bring them into conformance with sound public pension policy and that such revision and updating is of great importance to members of the Teacher Retirement System and to other citizens of the State of Arkansas. Therefore, an emergency is hereby declared to exist and this Act being necessary for the preservation of the public peace, health and safety shall be in full force and effect from and after July 1, 1989.”

Acts 1993, No. 435, § 12: July 1, 1993. Emergency clause provided: “It is hereby found and determined by the Seventy-Ninth General Assembly that changed conditions have dictated that certain provisions of the Teacher Retirement law need to be revised and updated, that these changes are necessary for the System to continue with proper management and administration, and that the revisions in the law are essential to the continued effective operation of the Teacher Retirement System. Therefore, an emergency is hereby declared to exist and this act being necessary for the immediate preservation of the public peace, health and safety shall be in full force and effect from and after July 1, 1993.”

Acts 1993, No. 897, § 5: July 1, 1993. Emergency clause provided: “It is hereby found and determined by the Seventy-Ninth General Assembly that the education of the citizens of Arkansas will be served by allowing the service or employment with an educationally-related agency to be included within the provisions of the Teacher Retirement law; that the service with educationally-related agencies will be of no cost to the state or the System; and that the System laws

should be revised to permit this service to be counted as System covered service credit to benefit Arkansas' children with the most effective education possible. Therefore, an emergency is hereby declared to exist and this act being necessary for the immediate preservation of the public peace, health and safety shall be in full force and effect from and after July 1, 1993."

Acts 1995, No. 460, § 6: July 1, 1995. Emergency clause provided: "It is hereby found and determined by the Eightieth General Assembly of the State of Arkansas that current language in the federal Internal Revenue Code makes it imperative that changes be made in laws concerning the Teacher Retirement System; that those changes need to be made at the beginning of the state fiscal year on July 1st; and that these changes are essential to the continued efficient and effective operation of the Teacher Retirement System. Therefore, in order to maintain an effective administration of the System, an emergency is hereby declared to exist, and this act being necessary for the immediate preservation of the public peace, health, and safety, shall be in full force and effect from and after July 1, 1995."

Acts 1995, No. 542, § 10: July 1, 1995. Emergency clause provided: "It is hereby found and determined by the Eightieth General Assembly of the State of Arkansas that changing conditions have dictated that certain provisions of the Teacher Retirement System law need to be revised and updated, that these changes are necessary for the System to continue with proper management and administration, and that the revisions in the law are essential to the continued effective operation of the Teacher Retirement System. Therefore, an emergency is hereby declared to exist and this act being necessary for the immediate preservation of the public peace, health and safety shall be in full force and effect from and after July 1, 1995."

Acts 1995, No. 638, § 6: July 1, 1995. Emergency clause provided: "It is hereby found and determined by the General Assembly that this act is essential to the continued operation of the Teacher Retirement System. Therefore, an emergency is hereby declared to exist and this act being necessary for the immediate preservation of the public peace, health and safety shall

be in full force and effect on and after July 1, 1995."

Acts 1997, No. 142, § 8: July 1, 1997.

Acts 1997, No. 1064, § 5: July 1, 1997. Emergency clause provided: "It is hereby found and determined by the Eighty-First General Assembly of the State of Arkansas that the current trend in government and school administration is to privatize more and more school services; that many school districts in Arkansas are following this privatization trend; that many employees of the school districts will go to work for those privatized enterprises; that it is in the best interest of State of Arkansas and its public schools to continue to allow these employees to remain members of the Teacher Retirement System; and that the best practices of fiscal management for the System require that this act be effective at the beginning of the fiscal year. Therefore, in order to accommodate the developing trends in school administration and sound fiscal administration, an emergency is hereby declared to exist, and this act being necessary for the immediate preservation of the public peace, health, and safety, shall become effective July 1, 1997."

Acts 1997, No. 1137, § 9: July 1, 1997.

Emergency clause provided: "It is hereby found and determined by the Eighty-First General Assembly of the State of Arkansas that the Arkansas Public Employees' Retirement System and the Teacher Retirement System were created to benefit the public employees and the employees of the public educational institutions and school districts of Arkansas; that increases in both the retirement system's asset values allow for increases in systems members' benefits; that most retirements under the Public Employees' Retirement System and the Teacher Retirement System are effective on July 1 and any delay in the effective date of this act beyond July 1, 1997 will cause an undue hardship in administering this act. Therefore, in order to promote the sound fiscal administration of State government, an emergency is hereby declared to exist, and this act being necessary for the immediate preservation of the public peace, health, and safety, shall become effective July 1, 1997."

Acts 1999, No. 11, § 7: July 1, 1999.

Emergency clause provided: "It is found and determined by the Eighty-second General Assembly that the Teacher Re-

irement System law does not recognize certain payments made by schools to teaching personnel as salary payments as defined under the retirement law, that allowing a broader definition of salary will help members achieve higher salaries for credit in the retirement system, that by increasing the benefits to members, more educators will be encouraged to stay in the teaching career fields, and that the most effective time to make changes to the retirement system is at the beginning of the State's fiscal year and therefore this act should take effect immediately at that time. Therefore an emergency is declared to exist and this act being immediately necessary for the preservation of the public peace, health and safety shall become effective on July 1, 1999."

Acts 1999, No. 29, § 6: July 1, 1999. Emergency clause provided: "It is hereby found and determined by the Eighty-second General Assembly that certain Teacher Retirement System retirants, for personal reasons which they do not wish disclosed, may want to suspend their benefits, that providing retirants with this option leaves the system open to question about liability for these suspended benefits and the law needs clarification in this situation, and that the most effective time to make changes to the retirement system is at the beginning of the state's fiscal year and therefore this act should take effect immediately at that time. Therefore, an emergency is declared to exist and this act being immediately necessary for the preservation of the public peace, health and safety shall become effective on July 1, 1999."

Acts 2001, No. 155, § 5: Applies retroactively to January 1, 2001.

Acts 2001, No. 155, § 7: Feb. 8, 2001. Emergency clause provided: "It is found and determined by the General Assembly of the State of Arkansas that provisions of the Arkansas Teacher Retirement System law need to be reconciled with federal tax laws; that these changes should take place retroactively to January 1, 2001; and that this act should have immediate effect. Therefore an emergency is declared to exist and this act being immediately necessary for the preservation of the public peace, health and safety shall become effective on the date of its approval by the Governor. If the bill is neither approved nor vetoed by the Governor, it shall become effective on the expiration of the period of time during which the Governor may veto the bill. If the bill is vetoed by the Governor and the veto is overridden, it shall become effective on the date the last house overrides the veto."

Acts 2001, No. 461, § 7: July 1, 2001. Emergency clause provided: "It is found and determined by the General Assembly of the State of Arkansas that it is a necessity to set a normal retirement age for eligibility for retirement benefits in order to maintain the integrity of the Arkansas Teacher Retirement System; and that changes in legal provisions of the retirement system can most effectively be managed at the beginning of the state's fiscal year; and therefore this act should take effect with the beginning of the state's fiscal year. Therefore an emergency is declared to exist and this act being immediately necessary for the preservation of the public peace, health and safety shall become effective on July 1, 2001."

### 24-7-201. Title.

This act, which establishes the Arkansas Teacher Retirement System, may be cited as the "Arkansas Teacher Retirement System Act".

**History.** Acts 1973, No. 427, § 1; 1975, No. 549, § 1; A.S.A. 1947, § 80-1436.

**Publisher's Notes.** Acts 1977, No. 793, § 11(2), provided that §§ 24-2-201 — 24-2-206 should not apply to the Teacher Retirement System since the investment provisions of chapter 3 of this title are the

sole and exclusive method and procedure by which investments of the four named retirement systems may be made.

**Meaning of "this act".** Acts 1973, No. 427, codified as §§ 24-7-201 — 24-7-205, 24-7-301 — 24-7-305, 24-7-401 — 24-7-411, 24-7-501, 24-7-502, 24-7-601 — 24-7-

604, 24-7-701, 24-7-702, 24-7-704 — 24-7-713, 24-7-715, 24-7-716.

### **24-7-202. Definitions.**

As used in this act, unless the context otherwise requires:

(1) “Accumulated contributions” means the total of all amounts contributed by a member and standing to his or her credit in his or her individual account in the members’ deposit account, together with regular interest credited thereon;

(2) “Active member” means any member rendering service which is covered by the system;

(3) “Actuarial equivalent” means a benefit of equal reserve value;

(4) “Annuity” means an annual amount payable by the system in equal monthly installments throughout the life of a person or for a temporary period;

(5) “Beneficiary” means any person who is receiving or is designated to receive a system benefit by reason of the system membership of another person;

(6) “Benefit program” means a schedule of benefits or benefit formulas from which the amounts of system benefits can be determined;

(7) “Board” means the Board of Trustees of the Arkansas Teacher Retirement System;

(8) “Child of a member” means either a natural child of the member, a child that has been made a child of the member by applicable court action before the death of the member, or a child under the permanent care of the member at the time of the latter’s death, which permanent care status shall be determined by evidence satisfactory to the board;

(9) “Code” means the federal Internal Revenue Code of 1986, as amended, as it existed on January 1, 2001;

(10) “Credited service” means service which is creditable as service by the system;

(11) “Employee” means any person employed by a school in a regular or special position;

(12) “Employer” means any school, habilitative services corporation, or other educational agency participating in the system;

(13) “Employment with a school” means, beginning July 1, 1993:

(A) Employment with any of the following institutions or agencies:

(i) Arkansas School for the Blind;

(ii) Arkansas School for the Deaf;

(iii) Arkansas Activities Association;

(iv) A local school board;

(v) Chief county school officers;

(vi) The State Board of Education;

(vii) Regional education cooperatives;

(viii) The state Surplus Property Program; and

(ix) The Arkansas Teacher Retirement System;

(B) Employment in a position with any of the following organizations:

(i) Juvenile training schools;  
(ii) The Arkansas Educational Television Commission; and  
(iii) Area vocational-technical schools, except those employees of area vocational schools and the Department of Workforce Education who have elected to participate in an alternate retirement plan established by §§ 24-7-901 and 24-7-903 — 24-7-908;

(C) Employment by the Arkansas Rehabilitation Services or the Division of State Services for the Blind, except those employees who have elected to participate in the noncontributory plan of the Arkansas Public Employees' Retirement System;

(D) Employment in a position with an educationally related agency if the employee is or has been a member of the Arkansas 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. Such an agency shall be approved according to rules and regulations established by the board, shall be considered an employer under subdivision (12) of this section, and shall be responsible for all required employer contributions;

(E) 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 (1) of those services and who is or has been a member of the Arkansas Teacher Retirement System may elect to remain a member if the board determines pursuant to rules and regulations adopted by the board that the 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 pursuant to the federal Internal Revenue Code and the Employee Retirement Income Security Act of 1974, or have a substantial adverse impact on the actuarial soundness of the system and if the private provider assumes all responsibility for the required employer contributions and any fees for obtaining Internal Revenue rulings or Employee Retirement Income Security Act of 1974 opinions; and

(F)(i) Employment in positions with educational nonprofit corporations associated with the Community Providers Association in Arkansas if the nonprofit corporation has elected to participate in the Arkansas Teacher Retirement System, and if the board determines pursuant to rules and regulations adopted by the board that their participation will not in any way impair any legal status of the system, including, but not limited to, its status as a governmental plan pursuant to the federal Internal Revenue Code and the Employee Retirement Income Security Act of 1974, or have a substantial adverse impact on the actuarial soundness of the system.

(ii) 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.

(iii) The employment shall not be related in any manner to private schools.

(iv) Each nonprofit corporation shall be approved according to rules and regulations established by the board, shall be considered an employer under subdivision (12) of this section, and shall be responsible for all required employer contributions and any fees for obtaining Internal Revenue rulings or Employee Retirement Income Security Act of 1974 opinions;

(14)(A)(i) "Final average salary" means, for a member who retires after June 30, 1997, the average of the annual salaries paid him or her during the period of not less than three (3) years nor more than five (5) years of credited service producing the highest annual average with the exact time period to be determined in accordance with the rules and regulations of the Board of Trustees of the Arkansas Teacher Retirement System as is actuarially appropriate for the system, subject to the provisions of subdivision (23)(A) of this section.

(ii) Prior to reducing the time period used to determine final average salary, the board shall file relevant information concerning the actuarial appropriateness of the action with the Joint Interim Committee on Public Retirement and Social Security Programs, and the action shall be reviewed by the committee.

(B) Should a member have less than the minimum of three (3) years of credited service, "final average salary" means the annual average of salaries paid him or her during his or her total years of credited service, subject to the provisions of subdivision (23)(A) of this section;

(15) "Inactive member" means any former active member who is no longer rendering service which is covered by the system and who is not a retirant;

(16) "Interest" means the rate or rates per annum, compounded annually, as the board shall adopt from time to time, that will be charged for the purchase of service credit or to repay a refund, but the rate shall equal no less than the system's current assumed interest rate assumption;

(17) "Member" means any person included in the membership of the system;

(18) "Nonteacher" means any employee except a teacher;

(19) "Normal retirement age" means sixty-five (65) years of age;

(20) "Regular interest" means the rate or rates per annum, compounded annually, that the board shall adopt from time to time, that will be used to compute interest on members' contributions;

(21) "Reserve" means the present value of all payments to be made on account of any system benefit based upon such reasonable tables of experience and regular interest as the board shall adopt from time to time;

(22) "Retirant" means a former member receiving a system annuity by reason of having been a member;

(23) "Retires" means the beginning of annuity payments to a retirant;