

CONTRIBUTORY/NONCONTRIBUTORY SERVICE

A.C.A. § 24-7-406 as amended by Act 93 of 2007

DEFINITIONS

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

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

1. All service rendered before July 1, 1986, is contributory service.
2. All new members under contract for 181 or more days will make member contributions to the Teacher Retirement System (Acts 81 and 907 of 1999).
3. A. Until June 30, 2007, all new members under contract for 180 days or less will have one (1) year from their hire date to make an irrevocable election to make member contributions.

B. Effective July 1, 2007, all new members under contract for 180 days or less may elect to become contributory members.
4. A. Effective July 1, 2005, any active member whose status later changes from nonteacher status to teacher status under contract for 181 days or more shall make the member contributions regardless of an earlier election to be noncontributory.

B. If the change of status from nonteacher to teacher occurs during a year in which service has already been reported as noncontributory, and the

member is under contract for 181 days or more, the change to contributory will occur beginning with the next fiscal year.

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

- B. Part-time employees of state agencies covered by the Teacher Retirement System shall be noncontributory. Effective July 1, 2007, part-time employees of state agencies covered by the Teacher Retirement System may elect to become contributory.
9. Former members who had been contributory on a maximum salary of \$7,800.00, who received a refund of contributions, who return to work on or after July 1, 1995, and who elect to become contributory will make contributions on their full salaries.
 10. If a member enters the System and is reported incorrectly by the employer for the first year as a noncontributory member, the System will accept the member the first year as a noncontributory member. The System shall notify the employer of the member's contributory status. Effective the next July 1, the member shall make member contributions to the System.
 11. If an inactive member returns to covered employment as an active member after July 1, 1999, and is reported incorrectly by the employer as a noncontributory member for the first year, the System will accept the member the first year as a noncontributory member. The System shall notify the employer of the member's contributory status. Effective the next July 1, the member shall make member contributions to the System.

Amended: July 18, 2005
April 26, 2007