

ARKANSAS TEACHER RETIREMENT SYSTEM

February 7, 2022

1400 West Third Street

BOARD ROOM

Little Rock, AR 72201

Board of Trustees Meeting

11:00 a.m.

Trustees

Danny Knight, Chair

Lloyd Black, Vice Chair

Anita Bell

Kathy Clayton

Kelly Davis

Dr. Mike Hernandez

Shawn Higginbotham

Michael Johnson

Bobby G. Lester

Chip Martin

Amanda Webb

Ex Officio Trustees

Susannah Marshall, State Bank Commissioner

Johnny Key, Education Secretary

Honorable Andrea Lea, State Auditor

Honorable Dennis Milligan, State Treasurer

AGENDA
ARKANSAS TEACHER RETIREMENT SYSTEM
BOARD OF TRUSTEES

February 7, 2022
11:00 a.m.
1400 West Third Street
Little Rock, AR 72201

- I. ***Call to Order/Roll Call.** page 1.
- II. ***Motion to Excuse Absent Board Members.**
- III. ***Adoption of Agenda.** page 2.
- IV. Executive Summary. (Attachment No. 1) page 9.
- V. ***Approval of Prior Board Minutes.**
 - A. ***April 5, 2021, Minutes - Scrivener's Error.** (Attachment No. 2) page 29.
 - B. ***December 6, 2021, Minutes.** (Attachment No. 3) page 36.
- VI. ***Member Appeal.** *Kevin Odum, Attorney Specialist*
 - A. ***In re: Mary K. Wood, Case No. 2021-MA-002.** (Attachment No. 4) page 46.
- VII. ***Staff Empowerment.** *Clint Rhoden, Executive Director*
 - A. ***Authority to Transact Business.**
 - 1. ***Resolution 2022-01.** (Attachment No. 5) page 53.
 - B. ***Specific Powers of Executive Director.**
 - 1. ***Resolution 2022-02.** (Attachment No. 6) page 54.
 - C. ***Appointment of ATRS as Manager of LLCs.**
 - 1. ***Resolution 2022-03.** (Attachment No. 7) page 55.
- VIII. ***Authority to Reimburse Trustee Expenses for 2022.**
 - A. ***Resolution 2022-04.** (Attachment No. 8) page 56.

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- IX. ***Authorization for Board Travel and Expense Reimbursement for 2022.**
 - A. ***Resolution 2022-05.** (Attachment No. 9) page 57.

- X. ***2022-2023 Employer Contribution Rate.**
 - A. ***Resolution 2022-06.** (Attachment No. 10) page 62.

- XI. ***2022-2023 Member Contribution Rate.**
 - A. ***Resolution 2022-07.** (Attachment No. 11) page 63.

- XII. ***Surcharge Rate for Outsourced Positions.**
 - A. ***Resolution 2022-08.** (Attachment No. 12) page 64.

- XIII. ***Retirement Benefit Formula.**
 - A. ***Resolution 2022-09.** (Attachment No. 13) page 65.

- XIV. ***Board of Trustee Election Update.**
 - A. Position No. 1 and Position No. 9.
 - B. ***Selection of Election Vendor.** (Attachment No. 14) page 68.
 - 1. ***Resolution 2022-17.** (Attachment No. 15) page 69.
 - C. ***Selection of Vendor for Campaign Material.**
 - 1. ***Resolution 2022-22.** (Attachment No. 16)

- XV. ***Actuarial Valuations, June 30, 2021.**
 - A. ***Active & Inactive Members.** (Attachment No. 17) page 70.
 - B. ***Retirees & Beneficiaries.** (Attachment No. 18) page 144.

- XVI. Report of Member Interest Amount Waived Under A.C.A. Sec. 24-7-205.
(Attachment No. 19) page 188.

- XVII. Report of Employer Penalties and Interest Waived Under A.C.A. Sec. 24-7-411.
(Attachment No. 20) page 189.

- XVIII. ***Unreported Service: Employer and Member Contributions Due.**
 - A. In Re: ATRS ID: 235667.
 - 1. ***Resolution 2022-21.** (Attachment No. 21) page 190.

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- XIX. ***Manifest Injustice Board Review.** *Clint Rhoden, Executive Director*
- A. ***In the Matter of MI Claim #2021-05.**
 - 1. ***Resolution 2022-19.** (Attachment No. 22) page 193.
 - B. ***In the Matter of MI Claim #2021-07.**
 - 1. ***Resolution 2022-20.** (Attachment No. 23) page 195.
- XX. ***Forfeiture Recommendations Pursuant to A.C.A. 24-7-734(6).** *Martha Miller, General Counsel* (Attachment No. 24) page 197.
- XXI. ***Approval of New ATRS Employer.** *Clint Rhoden, Executive Director*
- A. ***In the Matter of Economics Arkansas.** (Attachment No. 25) page 199.
 - 1. ***Resolution 2022-18.** (Attachment No. 26) page 206.
- XXII. Audit Committee Report. *Kelly Davis, Audit Committee Chair*
- A. ***Election of Committee Chair and Vice Chair.**
 - B. ***Board Policy No. 1 Revision.** (Attachment No. 27) page 209.
 - C. Internal Audit: Reciprocal Service Benefits Follow-Up Report. (Attachment No. 28) page 220.
- XXIII. Investment Committee Report.
- A. ***Election of Committee Chair and Vice Chair.**
 - B. Arkansas Related and Investment Update.
 - 1. List of Fund Closings.
 - a. Juniperus Insurance Opportunity Fund Limited, a fund that invests across insurance linked securities, including private reinsurance, reassignment of insurance risk to other carriers, catastrophe bonds, and other insurance linked investments, the Board authorized commitment of up to \$95 million dollars on September 27, 2021 was accepted and closed on December 16, 2021.
 - b. Morgan Stanley Prime Property Fund LLC, (PPF) an open end, core real estate fund focused on income producing properties, the Board authorized commitment of up to \$70 million dollars on October 18, 2021 with imminent need was accepted and closed on December 20, 2021.

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- c. RREEF Core Plus Industrial Fund L.P.(CPIF), an open end, core plus real estate fund specializing in industrial assets, the Board authorized commitment of up to \$70 million dollars on October 18, 2021 with imminent need was accepted and closed on December 29, 2021.
 - d. Bison Capital Partners VI, L.P., a private equity debt and equity fund focused on hybrid debt and equity investments in small to middle market companies, the Board authorized commitment of up to \$30 million dollars on September 27, 2021 was accepted and closed on October 23, 2021.
 - e. Franklin Park Venture Fund XIV, L.P., (formerly Franklin Park Venture Fund Series) a fund of funds managed by Franklin Park investing in venture capital private equity funds, the Board authorized commitment of up to \$30 million dollars on September 27, 2021 was accepted and closed on January 7, 2022.
 - f. Franklin Park Corporate Finance Access Fund II, L.P., a fund of funds managed by Franklin Park investing in smaller buyout, growth, and turnaround private equity funds, the Board authorized commitment of up to \$30 million dollars on September 27, 2021 was accepted and closed on January 14, 2022.
 - g. Purchase of the revenue stream generated by state of Arkansas tax credits associated with Highland Pellets, the Board authorized commitment of up to \$5,015,816 on December 6, 2021 with imminent need was accepted and closed on December 17, 2021.
 - h. Franklin Park International Fund XI, L.P., a fund of funds managed by Franklin Park investing in international private equity funds, the Board authorized commitment of up to \$30 million dollars on December 6, 2021 with imminent need was accepted and closed on January 14, 2022.
 - i. Franklin Park Venture Capital Opportunity Fund, L.P., a fund of funds managed by Franklin Park investing in later stage private equity funds, the Board authorized commitment of up to \$30 million dollars on December 6, 2021 with imminent need was accepted and closed on January 7, 2022.
2. ***Recommendation to approve for Board adoption Resolution 2022-10 authorizing the purchase of the revenue stream generated by state of Arkansas tax credits associated with Big River Steel with Imminent Need.** (Attachment No. 29) page 231.
- a. ***Resolution 2022-10.** (Attachment No. 30) page 238.

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- C. General Investment Consultant.
 - 1. Preliminary Performance Report for the Quarter Ending December 31, 2021. (Attachment No. 31) page 240.
 - 2. ***Recommendation to approve for Board adoption Resolution 2022-11 authorizing an investment of up to \$50 million dollars in Silver Point Capital Fund LP. with Imminent Need.** (Attachment No. 32) page 362.
 - a. ***Resolution 2022-11.** (Attachment No. 33) page 376.
- D. Real Asset Consultant Report.
 - 1. Performance Report for the Quarter Ending September 30, 2021. (Attachment No. 34) page 378.
- E. Private Equity Consultant Report.
 - 1. Private Equity Portfolio Review for the Quarter Ending September 30, 2021. (Attachment No. 35) page 431.
 - 2. ***Recommendation to approve for Board adoption Resolution 2022-12 authorizing an investment of up to \$30 million dollars in SK Capital Partners VI, L.P. with Imminent Need.** (Attachment No. 36) page 485.
 - a. ***Resolution No. 2022-12.** (Attachment No. 37) page 489.
 - 3. ***Recommendation to approve for Board adoption Resolution 2022-13 authorizing an investment of up to \$15 million dollars in Thoma Bravo Fund XV, L.P. with Imminent Need.** (Attachment No. 38) page 491.
 - a. ***Resolution No. 2022-13.** (Attachment No. 39) page 495.
 - 4. ***Recommendation to approve for Board adoption Resolution 2022-14 authorizing an investment of up to \$15 million dollars in Thoma Bravo Discover Fund IV, L.P. with Imminent Need.** (Attachment No. 40) page 497.
 - a. ***Resolution No. 2022-14.** (Attachment No. 41) page 501.
 - 5. ***Recommendation to approve for Board adoption Resolution 2022-15 authorizing an investment of up to \$15 million dollars in Thoma Bravo Explore Fund II, L.P. with Imminent Need.** (Attachment No. 42) page 503.
 - a. ***Resolution 2022-15.** (Attachment No. 43) page 507.

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6. ***Recommendation to approve for Board adoption Resolution 2022-16 authorizing an additional investment of up to \$30 million dollars in Franklin Park Corporate Finance Access Fund II, L.P. with Imminent Need.** (Attachment No. 44) page 509.
 - a. ***Resolution No. 2022-16.** (Attachment No. 45) page 518.

XXIV. Operations Committee Report.

- A. ***Election of Committee Chair and Vice Chair.**
- B. Open Forum for Potential Rule and Law Changes by Committee Members and Board Members in Attendance.
 1. Open Forum.
- C. ***Approval of Rules after Public Comment Period.**
 1. Approval of Rules after Public Comment Period.
 - a. ***Rule 4 Election of Board of Trustees.** (Attachment No. 46) page 520.
 - b. ***Rule 6 Membership Rules.** (Attachment No. 47) page 537.
 - c. ***Rule 7 Reporting and Eligibility.** (Attachment No. 48) page 571.
 - d. ***Rule 8 Purchases and Refunds.** (Attachment No. 49) page 594.
 - e. ***Rule 9 Retirement Benefits.** (Attachment No. 50) page 617.
 - f. ***Rule 10 T-DROP and Return to Service.** (Attachment No. 51) page 656.
 - g. ***Rule 11 Survivors and Domestic Relations Orders.** (Attachment No. 52) page 675.

XXV. ***Board of Trustees Disability Review.**

- A. ***Group Order - Approved - DR-2022-02-A.** (Attachment No. 53) page 699.

XXVI. ***Staff Reports.**

- A. ***Medical Committee Report.** *Willie Kincade, Director of Operations* (Attachment No. 54) page 701.
- B. ***Personnel Report.** *Vicky Fowler, Human Resources Director* (Attachment No. 55) page 703.

* Action Item

- C. ***Direct Investment Consultant RFP/RFQ Discussion.** *Rod Graves, Deputy Director*

XXVII. Other Business.

XXVIII. ***Adjourn.**

EXECUTIVE SUMMARY

TO: Board of Trustees
FROM: ATRS Staff
RE: Executive Summary
DATE: February 7, 2022

VI. Member Appeal

- A. In Re: MA-2021-002.** This appeal is before the Board of Trustees for consideration. Under Rule 13, the Board has the final authority to accept the Proposed Order, reject the Proposed Order, or accept the Proposed Order as modified by the Board. In addition to the Board making its own findings of fact and conclusions of law, if the Board rejects the Proposed Order in whole or in part, they may remand the matter back to the Administrative Hearing Officer for reconsideration.

The issue is whether Ms. Wood is eligible to have her retirement benefits retroactively applied to begin on July 1, 2020, rather than September 1, 2020, even though her retirement application was not submitted to ATRS until August 21, 2020.

A summary of the findings of fact are as follows:

- 1) On August 21, 2020, Ms. Woods filed her application for retirement with ATRS, which triggered an effective date for her retirement benefits to begin on September 1, 2020.
- 2) In a letter dated October 22, 2020, Ms. Wood requested a waiver of the application deadline and that her benefits be paid retroactive beginning July 1, 2020. The primary reasons stated to justify the waiver were unfairness due to illness and disruptions due to the COVID-19 pandemic.
- 3) On November 12, 2020, ATRS sent Ms. Wood a staff determination letter denying her request for a waiver primarily based on the executive director not possessing the authority to waive deadlines for retirement applications.
- 4) On December 16, 2020, ATRS received an appeal of the staff determination letter to the executive director.
- 5) On March 2, 2021, the executive director upheld the staff determination citing compliance with Arkansas Code 24-7-701(c)(1) and that ATRS relies on deadlines for efficient operations. It was acknowledged that COVID-19 did interrupt normal activities, however ATRS must follow the law regarding deadlines for retirement applications.
- 6) On March 30, 2021, Ms. Wood pursued this appeal to the Board by

requesting a hearing.

The Administrative Hearing Officer found that the ATRS cannot retroactively apply benefits when the applicable law does not allow it to do so, nor can it expand a deadline without specific Board authority, even in the case of a pandemic. ATRS has no legal authority to waive the statutorily imposed deadline set out in Arkansas Code 24-7-701(c)(1).

ATRS law and rules specify that the waiver of a deadline is exclusively a Board remedy, and not a remedy available to the executive director. However, due to the COVID-19 pandemic the Board voted to allow the executive director discretion in waiving minor discrepancies in the May 31, 2020 deadline for retirement applications. The executive director decided to allow submission of retirement applications 10 days past the May 31st deadline. Ms. Wood submitted her application for retirement on August 21, 2020, which was 82 days past the deadline. The executive director did not find the lateness of 82 days was a “minor discrepancy” to justify a waiver.

It is certainly true that COVID-19 has wreaked havoc in many people’s lives, including Ms. Wood’s. There is no proof in the record that Ms. Wood was unaware of the May 31st deadline or that she submitted her application anytime prior to the extended deadline, or that ATRS was somehow at fault and misplaced her application. ATRS has a fiduciary duty to its members to adhere to the law and treat all members equally. ATRS is not a mind-reader and cannot predict or mandate the date when an applicant voluntarily wished to begin retirement benefits. ATRS cannot retroactively apply benefits when the applicable law does not allow it to do so, nor can it expand a deadline without specific board authority, even in the case of a pandemic. To do so would be discriminatory against other members who failed, for whatever reason, to file a retirement application at the time they had initially planned on doing.

In summary, the Administrative Hearing Officer concluded that there was no evidence presented to show that the executive director acted unreasonably in denying Ms. Wood’s request for a waiver. Furthermore, there is no legal authority which would allow the executive director to waive this deadline since the waiver of a deadline is exclusively a Board remedy.

The Administrative Hearing Officer recommends that Ms. Wood's appeal be denied. ATRS staff agrees and recommends the Board accept and affirm the proposed order regarding this member appeal, MA-2021-002. **This is an action item.**

VII. Staff Empowerment. Each year the ATRS Board authorizes ATRS staff to transact certain business to set the specific powers of the executive director and to appoint the executive director to manage and delegate operational duties to the limited liability companies that ATRS uses to manage its investments and Arkansas related property. The three resolutions regarding such actions are attached to this agenda as action items. The resolutions are worded the same as last year.

A. Authority to Transact Business. This is the standard Board resolution to authorize staff to take all actions necessary and limit authority of staff with the same authority and restrictions as in previous years. Other than to change the year, this is unchanged from last year.

1. Resolution 2022-01.

B. Specific Powers of Executive Director. This is the standard Board resolution to authorize specific powers of the Executive Director and to also limit those powers as in previous years. Other than to change the year, this is unchanged from last year.

1. Resolution 2022-02

C. Appointment of ATRS as Manager of LLC's. This is the standard Board resolution to authorize staff to transact business as manager of LLCs. Other than to change the year, this is unchanged from last year.

1. Resolution 2022-03

VIII. Authority to Reimburse Trustee Expenses for 2022. This is an action item for the Board to adopt a resolution authorizing reimbursement to Trustees for their expenses and costs for serving as Trustees. The resolution is the same as last year. Other than to change the year, this is unchanged from last year.

A. Resolution 2022-04.

IX. Authorization for Board Travel and Expense Reimbursement for 2022. This is a standard Resolution for Board reimbursement. Other than to change the year, this is unchanged from last year. You should note that all travel reimbursement requests for both in-state and out-of-state travel can be found on the Federal General Services Administration website at:

<http://www.gsa.gov/portal/category/100120>

GSA rates are set by fiscal year, effective October 1 each year. For cities not identified or located on the website, the standard lodging rate is \$96 per day and \$55 per day for meals.

A. Resolution 2022-05.

- X. 2022-2023 Employer Contribution Rate.** This is a standard resolution that has been adopted over the years to establish the employer contribution rate for the upcoming fiscal year. The ATRS Board, on November 13, 2017, adopted an employer contribution rate schedule that established the employee contribution rate for FY2023 should be 15.00%. This resolution sets the employer contribution rate at 15.00%.

A. Resolution 2022-06.

- XI. 2022-2023 Member Contribution Rate.** This is a standard resolution that has been adopted over the years to establish the member contribution rate for the upcoming fiscal year. The ATRS Board, on November 13, 2017, adopted a member contribution rate schedule that established the member contribution rate for FY2023 should be 7.00%. This resolution sets the member contribution rate at 7.00%.

A. Resolution 2022-07.

- XII. Surcharge Rate for Outsourced Positions.** From the 2017 Legislative session, a contribution rate now applies to outsourced salaries that are embedded positions as defined by that law. The law provides a "phased in" rate over several years. In order to process this rate like the employer and member contribution rate, it is also placed on the agenda for the Board to officially set the rate by Resolution. After the full phased in period, the Board has the authority to adjust the rate to a maximum rate 4%. The authorized rate by law for fiscal year 2023 is 4%.

A. Resolution 2022-08.

- XIII. Retirement Benefit Formula.** The Board sets the multiplier rate that are used in the calculation of retirement benefits. Over the years the Board has set the current multipliers for contributory and noncontributory service through board actions and resolutions. The Board has also set multiplier rates for both contributory and noncontributory service for the first ten (10) years of service credit that is lower than the standard multiplier rate. The proposed resolution does not change any of the current multiplier rates, but rather clarifies the formula for the retirement benefit that has been developed through Board actions and resolutions over the past years as a single authoritative document.

A. Resolution 2022-09

XIV. Board of Trustee Election Update.

- A.** ATRS Board of Trustees has two (2) positions up for election, Position No. 1 – Member Trustee, First Congressional District, and Position No. 9 - Retiree Trustee. Both positions are up in this year’s Board of Trustee Elections.

Position No. 1 – Member Trustee, First Congressional District. Two (2) candidates filed for the Member Trustee, First Congressional District position, Amanda Webb, incumbent, and Susan Ford.

Position No. 9 – Retiree Trustee. Four (4) candidates filed for the Retiree Trustee position, Valerie McLean, Robin Nichols, Jeff Stubblefield, and Ella Walker-Rolfe.

- B. Selection of Election Vendor.** ATRS conducted an invitation for bids and had three (3) responses. TrueBallot is a Maryland company and provided the highest bid. SourceOne conducted the election last year, is an Arkansas company, and provided a bid comparable to last year. Election Services Co. is a New York company, and provided the lowest bid. ATRS staff recommends that the Board consider Election Services Co. and SourceOne and select best election vendor. The election vendor selection will be formalized as Resolution 2022-17.

1. Resolution 2022-17

- XV. Actuarial Valuations, June 30, 2021.** These are the annual reports prepared by the actuaries concerning the valuation of liabilities to active and inactive members along with the valuation of liabilities for annuities being paid to current retirees and current beneficiaries. These reports reflect the future liabilities of ATRS to these two groups. The two groups are: (1) Active and Inactive Members; and (2) Members and Beneficiaries of Members currently receiving a monthly annuity. The ATRS Board has already had a presentation by the actuaries on these reports that are now in final form. **This is an action item to approve the reports.**

A. Active & Inactive Members.

This report reflects the liabilities owed by ATRS to active and inactive members. Active members include all those who are currently employed with an ATRS employer and continue to accrue service credit. Inactive members include those who are vested but no longer active and would be entitled to a benefit at a point in the future when they reach an appropriate age.

B. Retirees & Beneficiaries.

This explanation is set forth above. These liabilities reflect the liabilities to ATRS retirees, beneficiaries, survivors, and incapacitated children.

XVI. Report of Member Interest Amount Waived Under A.C.A. Sec. 24-7-205.

ATRS waives interest for members when there is a dispute between ATRS and the member as to whether ATRS made a mistake or otherwise did not do all that was required on the member's account. Since ATRS has implemented the actuarial cost method for the purchase of service credit, interest waived is slowly disappearing, as well as the number of members who purchase service credit. No member interest was waived for this reporting period. This is a standard report for information and is not an action item.

XVII. Report of Employer Penalties and Interest Waived Under A.C.A. Sec. 24-7-411.

ATRS may also waive employer interest and penalties when reports or payments are late or have issues due to a new bookkeeper, inclement weather, sickness and other situations that justify a waiver. Five (5) employer penalties and interest amounts were waived for this reporting period in the amount of \$2,028.54. This is a standard report for information and is not an action item.

XVIII. Unreported Service: Employer and Member Contributions Due.

A. In Re: ATRS ID: 235667. The member has 6 years of unreported service from the Trumann School District from 1981 to 1986. The Trumann SD failed to report the member's employment and did not pay the employer contributions for the contributory service. As a result, the member's record is missing six (6) years of contributory service. ATRS has no evidence that the failure to report and remit employer contributions on this member's service was the result of an intentional nondisclosure, fraud or misrepresentation. Given that the initial failure to report the service occurred over 40 years ago, the amount of interest due is unduly penal and burdensome. The Trumann SD owes employer contributions in the amount of \$4,746.59 with an interest penalty of \$59,283.68. The member owes member contributions in the amount of \$2,177.52 with an interest penalty of \$27,384.63. Executive Staff recommends the waiver of the employer's and member's interest due in the effort to finally resolve the errors in this member's record. The proposed Board action to waive the interest on the unreported service has been formalized as a resolution. Executive Staff recommends the adoption of Resolution 2022-21.

1. Resolution 2022-21

XIX. Manifest Injustice Board Review.

- A. In the Matter of MI Claim # 2021-05.** This matter involves a request and recommendation to retroactively extend a six-month deadline found in A.C.A. §24-7-710(a)(2)(B) by an additional three (3) months in which to complete the application process for survivor benefits. This matter involves the extension of deadlines and is therefore outside the authority of the executive director. The matter will be presented to the Board for its consideration of final concurrence with the manifest injustice committee's recommendation.

This matter was the subject of Board action at the June 7, 2021, meeting when the Board granted an extension of the three (3) month application window by an additional two (2) months for a total application period of five (5) months. See A.C.A. §24-7-710(a)(2)(A). The effect of increasing the length of the application window was to establish the effective date of the benefits as the month after the member's death.

The death of this member on November 27, 2020, was caused by a horrific gas leak explosion in the member's home. Other family members who were also at home were seriously injured, some of whom had to be air-transported to medical facilities in another state. The home and contents were destroyed as were cell phones. Several months passed before ATRS staff was able to contact member's surviving spouse to begin the process of providing financial benefits to the survivors.

An initial application was received by ATRS in late April 2021, and the last of all other documents needed to begin benefit payments (such as copies of Social Security cards, tax withholding, birth certificates, banking information) were received by January 25, 2022.

The question before the Board today is whether to retroactively extend the statutory deadline by three (3) months (from six to nine) in which to submit the additional documents needed to add survivors to the payroll. If the Board does not extend the deadline, the current application will be void and the application process will have to begin again. The proposed Board action to extend the deadline in this matter has been formalized as a resolution. Executive Staff recommends the adoption of Resolution 2022-19.

1. Resolution 2022-19

- B. In the Matter of MI Claim # 2021-07.** This matter involves a technical violation of the required separation period after retirement. The fiscal impact could arguably be over \$10,000 and therefore outside the authority of the executive director. Out of abundance of caution the matter will be

presented to the Board for its consideration of final concurrence with the manifest injustice committee's recommendation.

The member retired effective December 1, 2020, with 38 years of credited service, including eight (8) years in T-DROP, reflected on his ATRS record. Member was advised that his return-to-work date was December 31, 2020. In late January 2021 (after his return-to-work date) ATRS learned that member had started working for a covered employer again. The member's ATRS account was then reviewed again and staff discovered that member's work history for the school year 2017-18 was not correct. Member should not have received T-DROP deposits for that year, reducing his years of credited service to less than 38 at the time of retirement, thus changing his separation period from one month to six months. This newly discovered error in member's credited service created a technical violation of the required termination of active status in A.C.A. §24-7-502 when member began working for a covered employer in January, 2021.

Once advised by ATRS of the correction in the return-to-work date from December 31, 2020, to May 31, 2021, member terminated his job and waited until August 5, 2021, to begin working for a covered employer again.

The Manifest Injustice Committee and staff recommend that the Board find that a manifest injustice exists because member fully followed the directives of ATRS regarding termination of active status, and the penalties imposed for a violation of the separation period would be "an obvious unfairness that has a direct and observable unconscionable effect that will occur as a result of a technical error". A.C.A. §24-7-202(25).

According to A.C.A. §24-7-502(a)(3):

- (3) A member who fails to meet both the termination requirement and the termination separation period requirement of this subsection shall:
 - (A) Repay retirement benefits paid during the period the member did not meet the requirements; and
 - (B) Forfeit all future retirement benefits until the member files a new completed retirement application using the standard system process.

The Committee and staff recommend that the member be held harmless, that repayment of retirement benefits received from and after December 2020 in the amount of \$62,510.42 be waived, that repayment of T-DROP distribution of \$45,097.84 be waived, and that no new retirement application be required of member. The proposed Board action to hold the member harmless in this matter has been formalized as a resolution. Executive Staff recommends the adoption of Resolution 2022-20.

1. Resolution 2022-20

XX. Forfeiture Recommendations Pursuant to A.C.A. 24-7-734(6). A.C.A. §24-7-734(b) provides that benefits that are not paid within five (5) years of the date they are due may be forfeited if (1) ATRS is unable to contact the person entitled to the benefit by mail addressed to the last known address on record; or (2) if the person entitled to the benefit fails to submit the required paperwork to ATRS to claim the benefit. The forfeiture of benefits is a question for the Board.

A.C.A. §24-7-734. Lost payees. (b) (1) If the board is unable within five (5) years after payment of a benefit is due to a member or beneficiary to make the payment because it cannot ascertain the whereabouts of the member or the identity and whereabouts of the beneficiary or personal representative by mailing to the last known address shown on the board's records and neither the member, the beneficiary, or personal representative has submitted the paperwork and forms required by the system before the expiration of the five (5) years, then, and in each case, the board shall direct that the amount shall be forfeited to the trust assets of the system. (emphasis added)

Staff is reviewing a new list of four hundred sixty-seven (467) member accounts where the member died more than five (5) years ago and where benefits have not been distributed to determine if unpaid benefits should be subject to forfeiture

In this round, staff reviewed forty-seven (47) member accounts and identified benefits in thirty (30) accounts totaling in the aggregate \$22,366.64 that fall within the provisions of this Code section. Staff recommends that the Board find these benefits should be forfeited according to A.C.A. §24-7-734(b) and direct the staff to transfer these benefits to the trust assets of ATRS. **This is an action item.**

XXI. Approval of New ATRS Employer.

A. In the Matter of Economics Arkansas. The Arkansas Council on Economic Education, dba Economics Arkansas (Economics Arkansas) has applied for covered employer status under ATRS in order to enable its employees to become members of ATRS. Economics Arkansas is a private educational organization founded in 1962 to promote economic literacy in Arkansas. The Arkansas Department of Education (ADE) annually approves Economics Arkansas as a training institution.

If Economics Arkansas did not provide its brand of professional development services, the ADE would be responsible for delivering the training. The board has been provided a detailed memo, prepared by the

ATRS legal staff, that walks through the analysis behind this recommendation. In short, the ATRS executive staff has determined that approving Economics Arkansas as a covered employer, does not jeopardize ATRS as a qualified governmental plan.

Executive staff recommends the Board adopt Resolution 2022-18, which details the approval of Economics Arkansas as a covered employer.

1. Resolution 2022-18

XXII. Audit Committee Report. *Kelly Davis, Audit Committee Chair*

- A. Election of Committee Chair and Vice Chair.** Appointments to committees shall be made before the next regular meeting after the Board elects the Board Chair. The Board elected Mr. Danny Knight to serve as Board Chair at the December 6, 2021 meeting. Mr. Knight kept the existing committee assignments. At this meeting, the committee needs to elect their own Chair and Vice Chair.
- B. Board Policy 1 Revision.** A minor change to Board Policy 1 that defines the make-up of the audit committee will be presented.
- C. Internal Audit: Reciprocal Service Benefits Follow-up Report.** The ATRS Internal Audit staff will present the findings from their follow-up of a previous audit performed on reciprocal service benefits.

XXIII. Investment Committee Report. *Chip Martin, Investment Committee Vice Chair*

- A. Election of Committee Chair and Vice Chair.** Appointments to committees shall be made before the next regular meeting after the Board elects the Board Chair. The Board elected Mr. Danny Knight to serve as Board Chair at the December 6, 2021 meeting. Mr. Knight kept the existing committee assignments. At this meeting, the committee needs to elect their own Chair and Vice Chair.
- B. Arkansas Related and Investment Update.**
 - 1. List of Fund Closings.**
 - a. Juniperus Insurance Opportunity Fund Limited, a fund that invests across insurance linked securities, including private reinsurance, reassignment of insurance risk to other carriers, catastrophe bonds, and other insurance linked investments, the Board**

authorized commitment of up to \$95 million dollars on September 27, 2021 was accepted and closed on December 16, 2021. The ATRS full commitment of \$95 million dollars was negotiated, accepted, and closed on December 16, 2021.

- b. Morgan Stanley Prime Property Fund LLC, (PPF) an open end, core real estate fund focused on income producing properties, the Board authorized commitment of up to \$70 million dollars on October 18, 2021 with imminent need was accepted and closed on December 20, 2021.** The ATRS full commitment of \$70 million dollars was negotiated, accepted, and closed on December 20, 2021.
- c. RREEF Core Plus Industrial Fund L.P.(CPIF), an open end, core plus real estate fund specializing in industrial assets, the Board authorized commitment of up to \$70 million dollars on October 18, 2021 with imminent need was accepted and closed on December 29, 2021.** The ATRS full commitment of \$70 million dollars was negotiated, accepted, and closed on December 29, 2021.
- d. Bison Capital Partners VI, L.P., a private equity debt and equity fund focused on hybrid debt and equity investments in small to middle market companies, the Board authorized commitment of up to \$30 million dollars on September 27, 2021 was accepted and closed on October 23, 2021.** The ATRS full commitment of \$30 million dollars was negotiated, accepted, and closed on October 23, 2021.
- e. Franklin Park Venture Fund XIV, L.P., (formerly Franklin Park Venture Fund Series) a fund of funds managed by Franklin Park investing in venture capital private equity funds, the Board authorized commitment of up to \$30 million dollars on September 27, 2021 was accepted and closed on January 7, 2022.** The ATRS full commitment of \$30 million dollars was negotiated, accepted, and closed on January 7, 2022.
- f. Franklin Park Corporate Finance Access Fund II, L.P., a fund of funds managed by Franklin Park investing in smaller buyout, growth, and turnaround private equity funds, the Board authorized commitment of up to \$30 million dollars on September 27, 2021 was accepted and closed on January 14, 2022.** The ATRS full commitment of \$30 million dollars was negotiated, accepted, and closed on January 14, 2022.

- g. **Purchase of the revenue stream generated by state of Arkansas tax credits associated with Highland Pellets, the Board authorized commitment of up to \$5,015,816 on December 6, 2021 with imminent need was accepted and closed on December 17, 2021.** The ATRS full commitment of \$5,015,816 was negotiated, accepted, and closed on December 17, 2021.
 - h. **Franklin Park International Fund XI, L.P., a fund of funds managed by Franklin Park investing in international private equity funds, the Board authorized commitment of up to \$30 million dollars on December 6, 2021 with imminent need was accepted and closed on January 14, 2022.** The ATRS full commitment of \$30 million dollars was negotiated, accepted, and closed on January 14, 2022.
 - i. **Franklin Park Venture Capital Opportunity Fund, L.P., a fund of funds managed by Franklin Park investing in later stage private equity funds, the Board authorized commitment of up to \$30 million dollars on December 6, 2021 with imminent need was accepted and closed on January 7, 2022.** The ATRS full commitment of \$30 million dollars was negotiated, accepted, and closed on January 7, 2022.
2. **Recommendation to approve for Board adoption Resolution 2022-10 authorizing the purchase of the revenue stream generated by state of Arkansas tax credits associated with Big River Steel with Imminent Need.** Rod Graves will explain the need to use Arkansas Capital Corporation as an approved subcontractor for Global Principal Partners for the review of this investment opportunity. Representatives of Arkansas Capital Corporation will present the Board with a recommendation to purchase the revenue stream generated by tax credits associated with Big River Steel.
- C. General Investment Consultant. *Aon Hewitt Investment Consulting.***
1. **Preliminary Performance Report for the Quarter Ending December 31, 2021.** PJ Kelly and Katie Comstock of Aon Hewitt Investment Consulting will provide the Board with a preliminary portfolio update for the quarter ending December 31, 2021.
 2. **Recommendation to approve for Board adoption Resolution 2022-11 authorizing an investment of up to \$50 million dollars**

in Silver Point Capital Fund LP. with Imminent Need. Silver Point is a fund that invests in mispriced, stressed and special situation catalyst driven debt instruments. The fund is an activist manager that takes a meaningful position in debt of a company to drive return. Silver Point and the strategy itself were founded in 2002 by Ed Mule and Bob O'Shea based on their similar trading strategy at Goldman Sachs. The primarily Greenwich, CT based team consists of 173 employees, which includes 58 investment professionals with \$15 billion in assets under management.

Silver Point has a large staff founded on the principles of specialization and collaboration. With respect to specialization, Silver Point's investment team is divided into four groups: credit research, restructuring, sourcing, and trading with Ed Mule presiding over the entire investment structure. While the subdivisions within investment groups enables a great deal of specialization, the firm ensures it can effectively collaborate through multiple committee structures. Mr. Mule is the sole portfolio manager and has the final decision on all trades. The fund has a ten year average return of 8.3%.

Due to the fact that the fund may need to close before the next scheduled meeting of the Arkansas Legislative Council, Imminent Need is requested. Aon Hewitt Investment Consulting recommends an investment of up to \$50 million dollars in Silver Point Capital Fund LP.

D. Real Assets. *Aon Hewitt Investment Consulting.*

- 1. Performance Report for the Quarter Ending September 30, 2021.** Jack Dowd of Aon Hewitt Investment Consulting will provide the Board with a portfolio update for the quarter ending September 30, 2021.

E. Private Equity. *Franklin Park.*

1. **Private Equity Portfolio Review for the Quarter Ending September 30, 2021.** Michael Bacine of Franklin Park will provide the Board with a portfolio update for the quarter ending September 30, 2021.
2. **Recommendation to approve for Board adoption Resolution 2022-12 authorizing an investment of up to \$30 million dollars in SK Capital Partners VI, L.P. with Imminent Need.** The investment is a private equity buyout fund focused on middle market specialty chemicals and specialty materials companies. The general partner was founded in 2007 by Barry Siadat and Jamshid Keynejad and has offices in New York and Boca Raton, Florida. Currently the firm is led by the founders as well as Jack Norris, Aaron Davenport, Stephen d'Incelli and Barry Penney who are supported by thirteen additional investment professionals and other professionals with experience in certain functional areas such as talent management, operations, finance and transition management, and business development. The team has been very successful with its prior investments and has generated an average gross IRR of over 31% in its previous three funds.

The fund is well-positioned compared to competing investors in its target market. The founders have significant senior level operating experience and networks in the fund's target sectors, and the general partner has assembled an extensive network of corporate executives, entrepreneurs, operating partners, and other industry participants that it leverages for deal flow and assistance with diligence and post-investment value-add. Also, the general partner is one of the only private equity firms focused exclusively on the specialty chemicals and specialty pharmaceuticals sectors and it has developed a strong reputation in its target sectors through its excellent track record to date.

Due to the fact that the fund may need to close before the next scheduled meeting of the Arkansas Legislative Council, Imminent Need is requested. Franklin Park recommends an investment of up to \$30 million dollars in SK Capital Partners VI, L.P. with Imminent Need, and ATRS staff concurs.

3. **Recommendation to approve for Board adoption Resolution 2022-13 authorizing an investment of up to \$15 million dollars in Thoma Bravo Fund XV, L.P. with Imminent Need.** This investment is a private equity buyout fund that invests in larger

market software and technology-enabled services companies. Founded in 2007 and based in both Chicago and San Francisco, Thoma Bravo is a very experienced manager that acquires software companies in the U.S. The fund is led by six partners, Orlando Bravo, Scott Crabill, Seth Boro, Holden Spaht, Carl Thoma and Lee Mitchell. The partners have an average of over twenty-seven years each in the private equity industry and an average of twenty years each with the General Partner. Since 2014, ATRS has invested in four Thoma Bravo core funds that have generated an aggregate gross IRR of 36% on investments of over \$35 billion.

The manager typically pursues a buy and build strategy seeking large companies where profitability can be significantly increased. Once operating improvements have been completed, Thoma Bravo seeks to make add-on acquisitions to rapidly grow portfolio companies to increase scale and attractiveness to strategic buyers. The general partner will primarily seek opportunities in the application, infrastructure and security software industries with a secondary focus on technology-enabled service industries. ATRS has also invested in Thoma Bravo Discover funds and a Thoma Bravo Explore fund that employ a similar strategy in middle market and smaller businesses, respectively. The new core fund will provide ATRS with additional exposure to the software industry with this highly sought-after manager.

Due to the fact that there is no scheduled meeting of the Arkansas Legislative Council before the anticipated closing date, Imminent Need is requested. Franklin Park recommends an investment in Thoma Bravo Fund XV, L.P. of up to \$15 million dollars with Imminent Need, and ATRS staff concurs.

4. **Recommendation to approve for Board adoption Resolution 2022-14 authorizing an investment of up to \$15 million dollars in Thoma Bravo Discover Fund IV, L.P. with Imminent Need.** The investment is a buyout fund focused on U.S. investments with a specialization in middle market software and technology-enabled services companies. Based in Chicago and San Francisco, Thoma Bravo is a very experienced manager that acquires software companies in the U.S. ATRS has invested in the previous three Thomas Bravo Discover funds since early 2016. In the aggregate, these funds have produced a gross IRR of 51% as of September 30, 2021.

The general partner typically pursues a buy and build strategy seeking companies that operate in the application, infrastructure

and security software industries with a secondary focus on technology-enabled service industries. ATRS has previously invested in four of Thoma Bravo core funds and one Thoma Bravo Explore fund, and each those funds have performed very well. This fund will invest in opportunities in the middle market and is targeting a fund size of up to \$6 billion. The partners of the firm and team leaders, Carl Thoma, Lee Mitchell, Orlando Bravo, Scott Crabill, Holden Spaht, Seth Boro, AJ Rhode and Hudson Smith have worked together for an average of seventeen years and, on average, have twenty-three years of private equity experience each.

Due to the fact that there is no scheduled meeting of the Arkansas Legislative Council before the anticipated closing date, Imminent Need is requested. Franklin Park recommends an investment in Thoma Bravo Discover IV, L.P. with a commitment of up to \$15 million dollars with Imminent Need, and ATRS staff concurs.

- 5. Recommendation to approve for Board adoption Resolution 2022-15 authorizing an investment of up to \$15 million dollars in Thoma Bravo Explore Fund II, L.P. with Imminent Need.** This investment is a private equity buyout fund focused on U.S. investments with a specialization in small and lower middle market software and technology-enabled services companies. Founded in 2007 and based in both Chicago and San Francisco, Thoma Bravo is a very experienced manager that acquires software companies in the U.S. The managing partners and team leaders, Carl Thoma, Lee Mitchell, Orlando Bravo, Scott Crabill, Seth Boro, Holden Spaht, Carl Press and Adam Solomon have an average of twenty-three years each in the private equity industry and an average of fifteen years each with the General Partner. ATRS invested in the first Thoma Bravo Explore Fund in 2019, and the fund has generated a gross IRR of 78.5% as of September 2021. To date, ATRS has also invested in four of the Thoma Bravo core funds as well as three of the Discover funds. The core funds typically invest in large companies while the Discover funds focus on the middle market. All of the Thoma Bravo funds have been outstanding performers within the ATRS private equity portfolio.

The manager typically pursues a buy and build strategy seeking companies where profitability can be significantly increased. For Thoma Bravo Explore II, the focus will be on small and lower middle market companies. Once operating improvements have been completed for these companies, Thoma Bravo aims to make add-on acquisitions to rapidly grow portfolio companies to increase

scale and attractiveness to strategic buyers. The general partner will primarily seek opportunities in the application, infrastructure and security software industries with a secondary focus on technology-enabled service industries. This fund will provide additional investment opportunities in the software industry with a highly sought-after manager for ATRS.

Since the expected closing date for this fund is prior to the next scheduled ALC meeting, Imminent Need is requested in order for ATRS to participate in the closing. Franklin Park recommends an investment of up to \$15 million dollars in Thoma Bravo Explore Fund II, L.P. with Imminent Need, and ATRS staff concurs.

6. **Recommendation to approve for Board adoption Resolution 2022-16 authorizing an additional investment of up to \$30 million dollars in Franklin Park Corporate Finance Access Fund II, L.P. with Imminent Need.** This is an additional commitment to a fund of funds managed by Franklin Park investing in smaller buyout, growth, and turnaround private equity funds. The Board authorized an initial commitment of \$30 million to the fund in September 2021, and an additional commitment of \$30 million is part of the pacing for 2022. Franklin Park Corporate Finance Access Fund II (FPCFAC) is a multi-year fund of funds that was formed to allow other investors to invest in smaller buyout, growth equity and turnaround funds with ATRS as the anchor. Though the fund sizes are smaller, the managers chosen are experienced investors, often having spun-out from larger successful firms. The managers are usually sector-focused with competitively advantaged domain knowledge. They typically have an operationally intensive value-add approach. Previously, ATRS invested in these smaller or “next generation” funds through the ATRS/FP Fund. Over the years, the ATRS/FP Fund had become fairly complicated with various types of investments. Investing in these smaller funds through FPCFAC has helped to simplify the monitoring and accounting processes for the ATRS/FP Fund.

With the exception of ATRS, both clients and non-clients of Franklin Park are currently paying a management fee of .9% and carried interest of 5% in Fund I. Beginning with FPCFAC II, non-clients will pay a .9% management fee and 5% carried interest while existing clients will pay no management fee and 5% carried interest. Carried interest will be reduced to 4% for existing clients, such as ATRS that invest a total of at least \$60 million in the fund over the 2 to 3 year investment period. The fees and carried interest provide a source of incentive compensation for Franklin Park’s investment

staff and better align ATRS's interest with that of Franklin Park and its other investors. Franklin Park is committed to remaining a small boutique firm and is not seeking to add large clients to grow their fee base. Again, the small size and high level of expertise of the firm are of significant benefit to ATRS because they allow Franklin Park to access top-tier funds.

The first FPCFAC is now fully committed having invested approximately \$147 million in sixteen funds. ATRS has invested a total of \$90 million in the first FPCFAC fund since 2019. Though the investments are young, they are all on track to perform well. The additional capital commitment to the second FPCFAC fund is necessary due to the robust deal-flow of high-quality smaller funds coming to market in the near future. Again, due to the fact that there is no scheduled meeting of the Arkansas Legislative Council before the anticipated closing date, Imminent Need is requested. ATRS staff concurs with Franklin Park's recommendation to commit up to \$30 million dollars in Franklin Park Corporate Finance Access Fund II, L.P. with Imminent Need and to the fee structure.

XXIV. Operations Committee Report. *Bobby Lester, Operations Committee Chair*

A. Election of Committee Chair and Vice Chair

B. Open Forum for Potential Rule or Law Changes by Committee Members and Board Members in Attendance

- 1. Open Forum.** This is a standard part of the Committee agenda to allow Committee Members and Board Members in attendance to address topics and issues for consideration.

C. Approval of Rules after Public Comment Period.

- 1. Approval of Rules after Public Comment Period.** The proposed rule changes for ATRS Rules 4, 6, 7, 8, 9, 10, and 11 completed the public comment period on January 14, 2022. The Bureau of Legislative Research (BLR) has submitted comments and suggestions for changes. ATRS staff has also suggested some internal changes to the proposed rules. ATRS staff proposes the rules be approved with the changes as suggested by BLR and ATRS staff. For each of the rules approved by the Board, a request will be sent to BLR for the rule to be placed on the agendas of the Joint Committee on Public Retirement and Social Security

Programs and the Legislative Council's Administrative Rules Subcommittee. **This is an action item.**

- a. Rule 4 – Election of Board of Trustees
- b. Rule 6 – Member Rules.
- c. Rule 7 – Reporting and Eligibility
- d. Rule 8 – Purchase and Refunds.
- e. Rule 9 – Retirement Benefits
- f. Rule 10 – T-DROP and Return to Service.
- g. Rule 11 – Survivors and Domestic Relations Orders.

XXV. Board of Trustees Disability Review. Under the Disability Review procedure described in A.C.A. §24-7-704(b)(3)(D) the Board shall approve the recommendations of the Medical Committee.

- A. Group Order – Approved – DR-2022-02-A.** The proposed order is for the acceptance of **one (1) approved** disability review. **This is an action item.**

XXVI. Staff Reports.

- A. Medical Committee Reports.** The Medical Committee Report is a standard report made by staff on behalf of the Medical Committee approving disability cases. A total of twenty-four (24) disability applications were received, sixteen (16) were approved, four (4) were denied, and four (4) needed more information. **This is an action item.**
- B. Personnel Report.** The personnel report is provided annually for information. ATRS currently has 87 appropriated positions. Currently, there are 69 positions filled and 18 are vacant. Ms. Vicky Fowler, the ATRS Human Resources Manager, will be available to answer any questions about this report.
- C. Direct Investment Consultant RFP/RFQ Discussion.** The Board approved staff to begin a procurement process for a consultant to provide recommendations for potential new direct investments and also provide monitoring and management of existing and new direct investments at the June 7, 2021 meeting. ATRS staff worked with the Office of State

Procurement (OSP) to issue an RFP for these services. Due to no vendor response for the bid opportunity. The ATRS deputy director will update the board on process of working with OSP to reissue the RFP. **This is an action item.**

**CORRECTED MINUTES
ARKANSAS TEACHER RETIREMENT SYSTEM
BOARD OF TRUSTEES**

Monday, April 5, 2021

11:00 a.m.

**1400 West Third Street
Little Rock, AR 72201**

ATTENDEES

Board Members Present

Danny Knight, Chair
Lloyd Black, Vice Chair*
Anita Bell*
Kathy Clayton*
Kelly Davis*
Dr. Mike Hernandez*
Michael Johnson*
Bobby Lester*
Chip Martin*
Robin Nichols*
Susannah Marshall, Bank Commissioner*
Hon. Andrea Lea, State Auditor*
Jason Brady, designee for Dennis Milligan,
State Treasurer*

Board Members Absent.

Shawn Higginbotham.
Johnny Key, Secretary, Dept. of Ed.

ATRS Staff Present

Clint Rhoden, Executive Director
Rod Graves, Deputy Director*
Tammy Porter, Ex. Assistant/Board Secretary
Curtis Carter, Chief Financial Officer*
Dena Dixson, Int. Audit/Risk Mgmt.*
Vicky Fowler, Directory, Human Resources
Willie Kincade, Director of Operations*
Jerry Meyer, Manager, Real Assets*
Martha Miller, General Counsel*
Joe Sithong, Information Systems Coordinator
Brenda West, Int. Audit/Risk Mgmt.*
Misty Yant

Guest Present

Duncan Baird, APERS*
Katie Comstock, Aon Hewitt (AHIC)*
PJ Kelly, Aon Hewitt (AHIC)*
Donna Morey, ARTA*

*via Zoom**

- I. **Call to Order/Roll Call.** Mr. Danny Knight, Chair, called the Board of Trustees meeting to order at 10:54 a.m. Roll call was taken. Mr. Shawn Higginbotham and Mr. Johnny Key were absent.

- II. **Motion for Excused Absences.**

Mr. Black *moved to excuse* Mr. Shawn Higginbotham and Mr. Johnny Key from the April 5, 2021 Board of Trustees Meeting. Mr. Lester *seconded the motion*, and the Board *unanimously approved the motion.*

III. Adoption of Agenda.

Ms. Nichols *moved for adoption of the Agenda. Ms. Bell seconded the motion, and the Board unanimously approved the motion.*

IV. Executive Summary. The Executive Summary was provided for reference with no questions or expansions on the written summary.

V. Approval of Prior Meeting Minutes.

A. February 1, 2021, Minutes.

Ms. Clayton *moved for approval of the Minutes of the Board of Trustees meeting of February 1, 2021. Ms. Davis seconded the motion, and the Board unanimously approved the motion.*

B. March 3, 2021, Minutes.

Ms. Davis *moved for approval of the Minutes of the Board of Trustees meeting of March 3, 2021. Ms. Nichols seconded the motion, and the Board unanimously approved the motion.*

VI. Report of Member Interest Amount Waived Under A.C.A. Sec. 24-7-205. ATRS waives interest for members when there is a dispute between ATRS and the member as to whether ATRS made a mistake or otherwise did not do all that was required on the member's account. Since ATRS has implemented the actuarial cost method for the purchase of service credit, interest waived is slowly disappearing, as well as the number of members who purchase service credit. No member interest was waived for this reporting period. This is a standard report for information and is not an action item

VII. Report of Employer Penalties and Interest Waived Under A.C.A. Sec. 24-7-411. ATRS may also waive employer interest and penalties when reports or payments are late or have issues due to a new bookkeeper, inclement weather, sickness and other situations that justify a waiver. Fifteen (15) employer penalties and interest amounts were waived for this reporting period in the amount of \$4,390.29. This is a standard report for information and is not an action item.

VII. Adoption of Number of Years for Calculating Final Average Salary pursuant to A.C.A. 24-7-736(c)(1). A.C.A. § 24-7-736 authorizes the Board to adjust the final average salary calculation annually. One method to adjust the final average salary calculation is to adjust the number of years used in the calculation of the final average salary between three (3) and five (5) years of service. ATRS staff recommends maintaining the five (5) year final average salary as adopted by the Board on November 13, 2017.

A. Resolution 2021-18

Mr. Lester *moved to adopt* Resolution 2021-18, Adoption of Number of Years for Calculating Final Average Salary pursuant to A.C.A. 24-7-736(c)(1). Mr. Johnson *seconded the motion*, and the Board *unanimously adopted the resolution*.

IX. Manifest Injustice Board Review.

A. In the Matter of MI Claim #2021-03. Director Rhoden presented the Board with MI Claim #2021-03. Executive Staff recommended the Board find a manifest injustice exists in this case and grant a three (3) month extension retroactively

B. Mr. Lester *moved to approve* the Recommendation to find a manifest injustice exists and grant a three (3) month extension retroactively. Ms. Nichols *seconded the motion*, and the Board *unanimously approved the motion*.

C. In the Matter of MI Claim #2021-04. Director Rhoden presented the Board with MI Claim #2020-07. Executive Staff recommended the Board find a manifest injustice exists in this case and grant a ten (10) month extension retroactively

D. Ms. Clayton *moved to approve* the Recommendation to find a manifest injustice exists and grant a ten (10) month extension retroactively. Mr. Black *seconded the motion*, and the Board *unanimously approved the motion*.

X. Investment Committee Report. Robin Nichols, Chair, gave a report on the Investment Committee meeting.

A. Arkansas Related and Investment Update.

1. **List of Fund Closings.** Rod Graves, Deputy Director, gave an update on recent Investment activity.
2. **Discussion of US Agriculture Investment Queue.** Rod Graves, Deputy Director, gave the Committee an update on the US Agriculture Queue.

B. General Investment Consultant Report.

1. **Preliminary Performance Report for the Month Ending February 28, 2021.** PJ Kelly and Katie Comstock of Aon Hewitt Investment Consulting provided the Committee with a preliminary portfolio update for the month ending February 28, 2021.
2. **Total Equity Review.** Katie Comstock of Aon Hewitt Investment Consulting provided the Committee with a Total Equity Review.

XI. Operations Committee Report. Bobby Lester, Chair, gave a report on the Operations Committee meeting.

A. Open Forum for Potential Rule or Law Changes by Committee Members and Board Members in Attendance.

1. Open Forum. None.

B. Legislative Package. Mr. Rhoden gave the Committee an update on the 2021 Legislative Package.

C. Potential Rule Change. Mr. Rhoden gave the Committee a report on potential rule changes based on the 2021 Legislative session.

1. **Rule 9: 160 Days at Retirement Exceptions.** The passage of Act 279 of 2021 allows for rules promulgation regarding the 160 day law. Staff suggests a modification to Rule 9 to allow for some exceptions to the 160 day law.
2. **Rule 9: Board of Trustees Disability Review.** The passage of Act 223 of 2021 clarified the ATRS law for disability eligibility. Staff suggests a modification to Rule 9 to clarify the process performed by the Board after a disability review denial.
3. **Rule 9: Current Draft.** All of the ATRS Rules will need to be reviewed and edited to account for the recent legislative session. This is just the first draft of Rule 9.

XII. Board of Trustees Disability Review. Under the Disability Review procedure described in A.C.A. §24-7-704(b)(3)(D) the Board shall approve the recommendations of the Medical Committee. Mr. Rhoden presented the Board with the following are proposed orders for Board approval regarding Disability Review recommendations.

A. Group Order - Approved. The proposed order is for the acceptance of 12 **approved** disability reviews from June 2018 to February 2021. Staff concurs with the recommendation.

Dr. Abernathy moved to approve the Group Order – Approved for the acceptance of 12 approved disability reviews from June 2018 to February 2021. Auditor Lea seconded the motion and the Board unanimously approved the Motion.

B. Group Order - Denied. The proposed order is for the acceptance of 4 **denied** disability reviews from June 2018 to February 2021. Staff concurs with the recommendation.

Ms. Davis moved to approve the Group Order – Denied for the acceptance of 4 denied disability reviews from June 2018 to February 2021. Mr. Brady seconded the motion and the Board unanimously approved the Motion.

C. Member Order - ATRS ID #293902. The proposed order is for the acceptance of an **approved** disability review for member ATRS ID #293902 after a second review conducted on September 4, 2019. Staff concurs with the recommendation.

Mr. Black moved to approve the Member Order – ATRS ID# 293902 – acceptance of an approved disability review after a second review conducted on September 4, 2019. Ms. Bell seconded the motion and the Board unanimously approved the Motion.

D. Member Order - ATRS ID #498094. The proposed order is to return the matter to the medical committee with a request that it reconsider the matter in light of the additional information available in the Social Security Decision for member ATRS ID #498094. Staff concurs with the recommendation.

Ms. Nichols *moved to approve* the Member Order – ATRS ID# #498094 – return the matter to the medical committee with a request that it reconsider the matter in light of the additional information available in the Social Security Decision. Ms. Clayton *seconded the motion* and the Board *unanimously approved the Motion*.

- E. Member Order - ATRS ID #368231.** The proposed order is to return the matter to the medical committee with a request that it reconsider the matter to confirm that the standard of review is based upon the ATRS standard established in A.C.A.§24-7-704(a)(1)(D) for member ATRS ID #368231. Staff concurs with the recommendation.

Ms. Marshall *moved to approve* the Member Order – ATRS ID# #368231 – return the matter to the medical committee with a request that it reconsider the matter to confirm that the standard of review is based upon the ATRS standard established in A.C.A.§24-7-704(a)(1)(D). Ms. Davis *seconded the motion* and the Board *unanimously approved the Motion*.

XIII Staff Reports.

- A. Medical Committee Report.** Mr. Kincade reported that a total of Eleven (11) Disability Retirement Applications were approved.

Ms. Davis *moved to approve* the Medical Committee Report. Mr. Martin *seconded the motion* and the Board *unanimously approved the Motion*.

- XIV. Other Business:** Mr. Rod Graves gave the Board an update on the American Center.

XV. Adjourn.

Mr. Bobby Lester *moved to adjourn* the Board of Trustees meeting. Ms. Davis *seconded the motion*, and the Board *unanimously approved the motion*.

Meeting adjourned at 11:45 a.m.

Mr. Clint Rhoden,
Executive Director

Mr. Danny Knight, Chair
Board of Trustees

Tammy Porter,
Recorder

Date Approved

**MINUTES
ARKANSAS TEACHER RETIREMENT SYSTEM
BOARD OF TRUSTEES**

**Monday, December 6, 2021
10:30 a.m.
1400 West Third Street
Little Rock, AR 72201**

ATTENDEES

Board Members Present

Danny Knight, Chair
Lloyd Black, Vice Chair
Anita Bell
Kathy Clayton
Kelly Davis
Dr. Mike Hernandez
Shawn Higginbotham
Michael Johnson
Bobby Lester
Chip Martin
Amanda Webb
Susannah Marshall, Bank Commissioner*
Hon. Andrea Lea, State Auditor*
Jason Brady, designee for Dennis Milligan,
State Treasurer

Board Members Absent

Johnny Key, Cabinet Secretary

Reporters Present

Mike Wickline, AR Democrat Gazette

ATRS Staff Present

Clint Rhoden, Executive Director
Rod Graves, Deputy Director
Tammy Porter, Ex. Assistant/Board Secretary
Curtis Carter, Chief Financial Officer
Dena Dixon, Internal Audit/Risk Management*
Braeden Duke, Software Specialist Analyst
Vick Fowler, Manager, Human Resources*
Willie Kincade, Director of Operations
Jennifer Liwo, Attorney Specialist
Manju, Director, Information Services
Jerry Meyer, Manager, Real Assets
Martha Miller, General Counsel*
Leslie Ward, Manager, Private Equity
Brenda West, Internal Audit/Risk Management*
Misty Yant, Manager, Accounting/Reporting*

Guest Present

PJ Kelly, Aon (AHIC) *
Katie Comstock Aon (AHIC) *
Chae Hong, Aon (AHIC) *
Judith Kermans, GRS*
Brian Murphy, GRS*
Heidi Berry, GRS*
Derek Henning, GRS*
Donna Morey, ARTA*
Duncan Baird, APERS*
Kevin Baload, PageantMedia*
Lindsey Saienni*
Michael Bacine, Franklin Park*
Robin Nichols*

**via ZOOM*

I. **Call to Order/Roll Call.** Mr. Danny Knight, Chair, called the Board of Trustees meeting to order at 11:03 a.m. Roll call was taken. Mr. Johnny Key was absent.

II. **Adoption of Agenda.**

Mr. Lester *moved for adoption of the Agenda. Ms. Bell seconded the motion, and the Board unanimously approved the motion.*

III. **Executive Summary.** The Executive Summary was provided for reference with no questions or expansions on the written summary.

IV. **Approval of Prior Meeting Minutes.**

A. **February 1, 2021, Corrected Minutes.**

Mr. Black *moved for approval of the Corrected Minutes of the Board of Trustees meeting of February 1, 2021. Mr. Lester seconded the motion, and the Board unanimously approved the motion.*

B. **September 27, 2021, Minutes**

Mr. Higginbotham *moved for approval of the Minutes of the Board of Trustees meeting of September 27, 2021. Ms. Davis seconded the motion, and the Board unanimously approved the motion.*

C. **October 18, 2021, Minutes.**

Ms. Bell *moved for approval of the Minutes of the Board of Trustees meeting of October 18, 2021. Mr. Black seconded the motion, and the Board unanimously approved the motion.*

D. **November 15, 2021, Minutes.**

Mr. Martin *moved for approval of the Minutes of the Board of Trustees meeting of November 15, 2021. Ms. Clayton seconded the motion, and the Board unanimously approved the motion.*

V. **Actuarial Assumed Rate of Return.** Director Rhoden presented the Board with a report regarding his recommendation to lower the Actuarial Assumed Rate of Return. The Board members had extensive discussions regarding the assumed rate of return being lowered. This was not an action item, it was for informational purposes only.

VI. Preliminary Active Actuarial Valuation. Judy Kermans, Brian Murphy, Heidi Berry, and Derek Henning of GRS, gave a presentation regarding the Preliminary Active Actuarial Valuation. This was not an action item, it was for informational purposes only.

VII. Statement of Financial Interest. Director Rhoden gave a reminder that ATRS Trustees must file a Statement of Financial Interest (SFI) by the end of January 2021, for their financial information for calendar year 2021. This was not an action item, it was for informational purposes only.

VIII. Proposed 2022 Board of Trustees Schedule.

Ms. Davis moved for approval of the 2022 Board of Trustees meeting schedule. Dr. Hernandez seconded the motion, and the Board unanimously approved the motion.

IX. Report of Member Interest Amount Waived Under A.C.A. Sec. 24-7-205. ATRS waives interest for members when there is a dispute between ATRS and the member as to whether ATRS made a mistake or otherwise did not do all that was required on the member's account. Since ATRS has implemented the actuarial cost method for the purchase of service credit, interest waived is slowly disappearing, as well as the number of members who purchase service credit. No member interest was waived this reporting period. This was for information purposes only and no action was taken.

X. Report of Employer Penalties and Interest Waived Under A.C.A. Sec. 24-7-411. ATRS may also waive employer interest and penalties when reports or payments are late or have issues due to a new bookkeeper, inclement weather, sickness and other situations that justify a waiver. Six (6) employer penalties and interest amounts were waived for this reporting period in the amount of \$3,046.30. This was information purposes only and no action was taken.

XI. Unreported Service: Employer and Member Contributions Due. Director Rhoden gave the Board a report of a member with 15 years of unreported service. Executive staff recommended to the Board that a waiver of the employer's and member's interest be given in a effort to resolve the errors in the member's record.

Mr. Lester moved for approval of the Executive Director recommendation to waive the Employer's and Member's interest due in order to resolve the errors in the member's record. Ms. Bell

seconded the motion. Roll call vote was taken and the Board unanimously approved the motion.

XII. Manifest Injustice Report. The second Manifest Injustice report of 2021 was presented to the Board. The report is for information purposes only.

XIII. Investment Committee Report. *Chip Martin, Vice Chair*

A. Arkansas Related and Investment Update.

1. **List of Fund Closings.** Rod Graves, Deputy Director, gave an update on recent investment activity.
2. **Recommendation to Approve for Board Adoption Resolution 2021-68, authorizing the purchase of the revenue stream generated by State of Arkansas tax credits associated with Highland Pellets with Imminent Need.** Ari Levy with Global Principal Partners (GPP) presented the Board with a recommendation to purchase the revenue stream generated by tax credits associated with Highland Pellets

a. Resolution 2021-68.

Mr. Martin *moved to adopt* Resolution 2021-68, to authorize the purchase of the revenue stream generated by State of Arkansas tax credits associated with Highland Pellets with Imminent Need, and the Board *unanimously approved the* Resolution.

B. General Investment Consultant Report.

1. **Preliminary Performance Report for the Quarter Ended September 30, 2021.** P. J. Kelly and Katie Comstock of Aon Hewitt Investment Consulting provided the Committee with a preliminary portfolio update for the quarter ending September 30, 2021.
2. **Preliminary Performance Report for the Month Ended October 31, 2021.** P. J. Kelly and Katie Comstock of Aon Hewitt Investment Consulting provided the Committee with a preliminary portfolio update for the month ending October 31, 2021.

C. Real Assets Consultant Report.

1. **Performance Report for the Quarter Ended June 30, 2021.**
Jack Dowd and Chae Hong of Aon Hewitt Investment Consulting provided the Committee with the performance report for the quarter ending March 31, 2021.
2. **Recommendation to approve for Board adoption Resolution 2021-66, authorizing an investment of up to \$50 million dollars in Landmark Real Estate Partners IX, L.P.** .
Chae Hong of Aon Hewitt Investment Consulting provided the Committee with a recommendation to Commit up to \$40 Million Dollars in Almanac Realty Securities IX, L.P. Director Rhoden confirmed staff concurs with the recommendation.
 - a. **Resolution 2021-66.**

Mr. Martin *moved to adopt* Resolution 2021-66, Recommendation authorizing an investment of up to \$50 million dollars in Landmark Real Estate Partners IX, L.P., and the Board *unanimously approved the* Resolution.
3. **2022 Real Assets Commitment Pacing (Total Pacing \$575 Million Dollars).** Chae Hong presented the Committee with the recommendation to approve the 2022 Real Asset Commitment Pacing (Total Pacing \$575 million dollars) as follows:
 1. **Core Real Assets - \$250 Million Dollars.**
 2. **Value Added and Opportunistic Real Estate - \$250 Million Dollars; and**
 3. **Infrastructure - \$75 Million Dollars.**

Director Rhoden stated staff concurs with the recommendation.

Mr. Martin *moved to approve* the 2022 Real Assets Commitment Pacing (Total Pacing \$575 Million Dollars), and the Board *unanimously approved the* Motion.

D. Private Equity Consultant Report.

1. **Preliminary Private Equity Portfolio Review for the Quarter Ended June 30, 2021.** Michael Bacine of Franklin Park provided the Committee with a portfolio review for the quarter ending June 30, 2021.
2. **2022 Private Equity Pacing Schedule (Total Pacing \$350 Million Dollars).** Michael Bacine of Franklin Park provided the Committee with the 2022 Private Equity Pacing Schedule (Total Pacing \$350 million dollars) as follows:
 - a. **Six Small or Mid Buyout/Growth/Turnaround \$30-35 Million Dollars Each in the U.S. (Total \$200 Million Dollars)**
 - b. **One Debt/Distressed Assets \$30 Million Dollars.**
 - c. **Franklin Park International Fund XI \$30 Million Dollars**
 - d. **Franklin Park Venture Fund XIV \$30 Million Dollars.**
 - e. **Franklin Park Venture Capital Opportunity Fund \$30 Million Dollars.**
 - f. **Franklin Park Corporate Finance Access Fund II \$30 Million Dollars.**
 - g. **ATRS/FP Private Equity Fund (Co-Investment Fund) No New Allocation.**

Director Rhoden stated that staff concurs with the Recommendation.

Mr. Martin *moved to approve 2022 Private Equity Pacing Schedule (Total Pacing \$350 Million Dollars), and the Board *unanimously approved the Motion**

3. **Recommendation to approve for Board adoption Resolution 2021-63 authorizing an investment of up to \$30 million dollars in Franklin Park International Fund XI, L.P. with Imminent Need.** Mr. Michael Bacine of Franklin Park provided the Committee with the recommendation for Board adoption Resolution 2021-63 authorizing an investment of up to

\$30 million dollars in Franklin Park International Fund XI, L.P. with Imminent Need. Director Rhoden stated that staff concurs with the recommendation.

Mr. Martin *moved to adopt* Resolution 2021-63, authorizing an investment of up to \$30 million dollars in Franklin Park International Fund XI, L.P. with Imminent Need, and the Board *seconded the motion*, and the Board *unanimously approved the motion*.

4. **Recommendation to approve for Board adoption Resolution 2021-64 authorizing an investment of up to \$30 million dollars in Franklin Park Venture Capital Opportunity Fund, L.P. with Imminent Need.** Mr. Michael Bacine of Franklin Park provided the Committee with the recommendation to approve for Board adoption Resolution 2021-64 authorizing an investment of up to \$30 million dollars in Franklin Park Venture Capital Opportunity Fund, L.P. with Imminent Need.

Director Rhoden stated staff concurs with the recommendation.

Mr. Martin *moved to adopt* Resolution 2021-64, authorizing an investment of up to \$30 million dollars in Franklin Park Venture Capital Opportunity Fund, L.P. with Imminent Need, and the Board *unanimously approved the motion*.

5. **Recommendation to approve for Board adoption Resolution 2021-65, authorizing an investment of up to \$30 million dollars in Riverside Value Fund I, L.P. with Imminent Need.** Mr. Michael Bacine presented the Committee with the recommendation to approve for Board adoption Resolution 2021-65 authorizing an investment of up to \$30 million dollars in Riverside Value Fund I, L.P. with Imminent Need.

Director Rhoden stated staff concurs with the recommendation.

Mr. Martin *moved to adopt* Resolution 2021-65, authorizing an investment of up to \$30 million dollars in Riverside Value Fund I, L.P. with Imminent Need, and the Board *unanimously approved the motion*.

XIV. Operations Committee Report. Kelly Davis, Vice Chair, gave a report on the Operations Committee meeting.

A. Open Forum for Potential Rule or Law Changes by Committee Members and Board Members in Attendance.

1. Director Rhoden discussed the issue regarding the new Arkansas Congressional District map as it relates to ATRS Board elections. The Arkansas Legislature redefined the boundaries of the four congressional districts in October of 2021. The boundaries of the four Congressional Districts will become effective January 14th, 2022. ATRS staff is recommending that the Board approve a resolution that for purposes of trustee eligibility, the congressional district map in place on the first day of the fiscal year be used for the entire fiscal year. This will provide consistency for Board elections and appointments.

2. Ms. Clayton discussed some concerns regarding the use of ATRS' logo by a candidate running for a Trustee's position. She stated that she was asked by several people (non ATRS staff or Board member) if ATRS was endorsing a particular candidate. The Committee agreed that neither the ATRS Board or staff endorses any candidate running for a Trustee's position in a Board Election. Director Rhoden told the Committee ATRS currently has no written rules regarding these issues. He stated that we are in the public comment period on Rule promulgation for Rule 4. We can craft a public comment regarding endorsing any candidate and the use of ATRS logo. The Committee agreed that protecting the integrity of the Board is of utmost importance.

After discussion, the Committee asked Staff to draft public comments to Rule 4 regarding these 2 issues and present to the Committee at the next meeting in February, 2022.

- B. Board Policy 3 Update – Regarding Independent Actuary. Committee Appointments.** Director Rhoden gave the Committee a draft of the update to Board Policy 3 Update regarding independent actuary. Board Policy 3 has been updated to reflect the current process that is before each Regular Session of the Arkansas General Assembly, all actuarial

census data is sent to an independent actuary hired by the State Legislature for use in reviewing the system and preparing cost analysis reports for legislation affecting ATRS.

Director Rhoden stated that staff concurs with the recommendation.

Mr. Lester moved to approve the update to approve the update to Board Policy 3 regarding Independent Actuary, and the Board unanimously approved the Motion.

- C. Rule Promulgation Status Update.** Jennifer Liwo, Attorney Specialist, gave the Committee an update on the current status of ATRS Rule package promulgation.

- XV. Board of Trustees Congressional District Map. Resolution 2021-67.** Director Rhoden presented the Board with a recommendation regarding the Congressional District as it relates to Board Election.

Mr. Lester moved to adopt Resolution 2021-67, that the Arkansas congressional district boundaries as defined on the first day of the fiscal year shall be used to determine trustee candidate eligibility for the complete fiscal year. Auditor Lea seconded the motion and the Board unanimously approved the Motion.

- XVI. Board of Trustees Disability Review.** Under the Disability Review procedure described in A.C.A. §24-7-704(b)(3)(D) the Board shall make a final decision on the recommendations of the Medical Committee. Mr. Rhoden presented the Board with the following proposed orders for Board approval regarding Disability Review recommendations.

- A. Group Order - Approved. DR-2021-12-A**

Mr. Black moved to approve the Group Order – Approved DR.2021-12-A. Ms. Brady seconded the motion and the Board unanimously approved the Motion.

- XVII. Staff Reports.**

- A. Medical Committee Report.** Mr. Kincade reported that a total of Seventeen (17) Disability Retirement Applications were approved.

Ms. Clayton moved to approve the Medical Committee Report. Mr. Martin seconded the motion and the Board unanimously approved the Motion.

XVIII. Election of Board Chair and Vice Chair.

1. Board Chair

Mr. Lester *moved for nominate* Mr. Danny Knight as Chairman of the Board of Trustees. Mr. Higginbotham *seconded the motion*, and the Board *unanimously approved the motion*.

2. Vice Chair

Mr. Lester *moved for nominate* Mr. Lloyd Black as Vice Chairman of the Board of Trustees. Mr. Higginbotham *seconded the motion*, and the Board *unanimously approved the motion*.

XIX. Other Business. None.

XX. Adjourn.

Mr. Martin *moved to adjourn* the Board of Trustees meeting. Mr. Lester *seconded the motion*, and the Board *unanimously approved the motion*.

Meeting adjourned at 1:04 p.m.

Mr. Clint Rhoden,
Executive Director

Mr. Danny Knight, Chair
Board of Trustees

Tammy Porter,
Recorder

Date Approved

BEFORE THE ARKANSAS TEACHER RETIREMENT SYSTEM

IN THE MATTER OF
MARY K. WOOD

)
)

ATRS CASE NO. 2021-MA-002

ORDER

On this _____ day of February, 2022, the proposed Order and Recommendation of the Administrative Hearing Officer regarding the appeal of Mrs. Mary K. Wood is presented to the Arkansas Teacher Retirement System (ATRS) Board of Trustees, which is attached hereto and made part of this Order as if set out word for word herein.

After review by the Board of Trustees, the ATRS Board of Trustees hereby accepts and affirms the hearing officer's Proposed Order and Recommendation.

IT IS SO ORDERED.

MR. DANNY KNIGHT, Chairman
ATRS Board of Trustees

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10/15/21

BEFORE THE ARKANSAS TEACHER RETIREMENT SYSTEM

IN THE MATTER OF) ATRS CASE NO. 2021-MA-002
MARY K. WOOD)

PROPOSED ORDER AND RECOMMENDATION TO THE BOARD

I. INTRODUCTION

The Administrative Hearing Officer (AHO) has received and reviewed the administrative record provided in this case, including the following briefs and pleadings of the parties: (1) the Arkansas Teacher Retirement System's (ATRS') Findings of Fact and Conclusions of Law (FOF/COL), which included the ATRS exhibits and witness list, (2) additional exhibits that were provided by the parties at the hearing in this matter, and in subsequent correspondence pursuant to the Petitioner's request; and (3) the Petitioner's Post-Hearing Brief and the ATRS' responsive Post-Hearing Brief with attachments.

Further, on August 5, 2021, a hearing was held at which time additional testimony was presented by the parties, which has also been considered.

The parties submit this appeal on the issue as to whether Ms. Wood is eligible to have her retirement benefits retroactively applied to begin on July 1, 2020, rather than September 1, 2020, since she did not submit her retirement application into the ATRS until August 21, 2020.

II. FINDINGS OF FACT

The following Findings of Fact are found:

1. Ms. Wood is currently a retired member of the ATRS and is 65 years old.
2. On August 21, 2020, Ms. Wood filed her retirement application with the ATRS, which triggered an effective date for her retirement benefits to begin on September 1, 2020 pursuant to Arkansas law.

3. On November 4, 2020, ATRS received a letter from Ms. Wood dated October 22, 2020, requesting a waiver of the application deadline and that her benefits should be retroactive beginning July 1, 2020. While in her letter she admitted that it was "probably her mistake" that she did not timely file to receive the benefits beginning July 1, 2020, she requested a waiver for several reasons, which included that: (a) due to COVID, her routines were disrupted and she became inefficient in that she believed she had submitted the application by March 12, 2020 in order for her benefits to begin on July 1, 2020; (b) she was ill for two weeks during this time period, which was possibly COVID; (c) she truly earned the benefits; (d) it was not fair for her to lose several months of retirement income because of COVID disruption; (e) granting her request would not set any material precedent to which the ATRS would be committed in future years since the prevailing reason for her failure to submit earlier was due to COVID; and (f) that other retirement funds such as Social Security allow for back-pay in similar situations.

4. On November 12, 2020, ATRS sent a Staff Determination letter to Ms. Wood, denying Ms. Wood's request for a waiver, citing to state law at A.C.A. Sec. 24-7-701(c)(1) which sets out the timing for issuing a retirement annuity; and which stated that the ATRS Executive Director does not have the authority to waive the law on extending the date for application for retirement benefits.

5. On December 16, 2020, the ATRS received an appeal from Ms. Wood of the Staff Determination to the Executive Director.

6. On March 2, 2021, the Executive Director upheld the Staff Determination for the following reasons: (a) he cited to A.C.A. Sec. 24-7-701(c)(1) to find that the ATRS relies on deadlines set out in applicable law in order to have "efficient operation," and

must be compliant with the law; (b) he acknowledged that while COVID did interrupt normal activities, the ATRS is not authorized to change the law as to the initiation of retirement benefits once an application is received; and (c) that the ATRS is sympathetic to her situation, but must “treat all members equally under the law.”

7. On March 30, 2021, Ms. Wood pursued this instant appeal to the ATRS Board, requesting a hearing.

III. CONCLUSIONS OF LAW

It is determined that Ms. Wood’s appeal is denied, as further set out below.

Subchapter 7–ATRS - Benefits of Title 24 - Retirement and Pensions, Chapter 7–Retirement of Employees of Schools and Educational Institutions of the Arkansas Code, codified at A.C.A. Secs. 24-7-101 et seq., provides for the timing of a member receiving retirement benefits based on the date of the submittal of the member’s application to ATRS, at A.C.A. Sec. 24-7-701, which states in pertinent part:

“(a)(1)(A) . . . an active member . . . may voluntarily retire upon written application filed with the [ATRS] . . .

(c) **The annuity shall begin the first day of the calendar month next following the latest of:**

(1) One (1) month after the date the written application is filed with the Board of Trustees of the [ATRS] . . . “Emphasis added.

There does not appear to be any statutory exceptions to the above law which sets out the time frame for an applicant to receive retirement benefits based on when a retirement application is filed with the ATRS, which is, in effect, a deadline. Rather, ATRS Board Rule 17-1 *Manifest Injustice* at Secs. III(A) and (B) specifically prohibits the Executive Director “from waiving any deadline that may apply in the ATRS Rules or law” and

provides that **“the waiver of a deadline is exclusively a Board remedy, and not a remedy available to the Executive Director.”** (Emphasis added.)

However, last year, due to the severity of the COVID pandemic which undoubtedly adversely affected the public in many ways, on April 6, 2020, the Board of Trustees voted to **“allow the Executive Director discretion in waiving minor discrepancies this year in the deadline for retirement applications,** let him take them up on an individual basis and deal with them on an individual basis.” (Emphasis added.) Respondent’s Exhibit G. The ATRS provided testimony at the hearing through its Associate Director of Operations, Mr. Willie Kincade, that he consulted with the Executive Director concerning the limited waiver approved by the Board. The Executive Director decided to allow the submission of retirement applications up to June 10, 2020, which would be retroactive for retirement benefits for applications received by May 31, 2020. Transcript, p. 58, ll. 3-8, 13-16. This extension was for 10 days, the period of time that the Executive Director determined was a “minor discrepancy” for the waiver in compliance with the Board’s instructions. In this case, Ms. Wood did not submit her application prior to the extended deadline of June 10, 2020, but instead submitted it well after June 10th – on August 21, 2020 – which is about 72 days after the extended deadline. It is immaterial as to whether she knew about the extension since she also missed the extended deadline. The Executive Director, in his discretion, did not find that the lateness of her application of 72 days from the extended deadline was a “minor discrepancy” to justify a waiver.

Ms. Wood submitted a letter dated August 5, 2021, from District 41 State Representative Karilyn Brown, requesting that this AHO grant leniency to Ms. Wood due

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to the pandemic and to err in her favor on the side of fairness. See Petitioner's Ex. B.

While her opinion is appreciated, and it is certainly true that COVID has wreaked havoc in many people's lives, including Ms. Wood's, there is no proof in the record that Ms. Wood was unaware of the initial due date or that she submitted her application any time prior to the extended deadline, or that ATRS was at somehow at fault and misplaced her application. Instead, it is clear from the record that her application was not filed until August 21, 2020. While Ms. Wood claims that the result is unfair because of the pandemic, the law is clear regarding when an annuity begins and that only the Board, not the Executive Director, has the authority to waive deadlines. The Board gave the Executive Director limited authority to do so for "minor discrepancies." This AHO cannot substitute her judgment for the judgment of the Executive Director in denying Ms. Wood's request for a waiver of an application that was about 82 days past the deadline of May 31, 2020, and about 72 days past the Executive Director's 10-day extension of that deadline. There needs to be a limit to any deadline, including an extended deadline, for efficient operation of an agency. There is no evidence presented in this matter or any further law relied upon or submitted by the Petitioner to controvert the law on waiving deadlines or to show that the Director acted unreasonably in denying Ms. Wood's request for a waiver.

The ATRS has a fiduciary duty to its members to adhere to the law and to treat all members equally. The ATRS is not a mind-reader and cannot predict or mandate the date when an applicant voluntarily wishes to begin retirement benefits. It cannot retroactively apply benefits when the applicable law does not allow it to do so, nor can it expand a deadline without specific Board authority, even in the case of a pandemic. To

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do so would be discriminatory against other members who failed, for whatever reason, to file a retirement application at the time they initially planned on doing so or did so well after the extended reasonable deadline due to the pandemic.

Ms. Wood disputed that her benefits began in September 2020, but instead has claimed that she did not begin receiving benefits until October 2020. However, the record shows in correspondence provided by the ATRS to Ms. Wood, that the first retirement funds began to be deposited in her account in September 2020. See also Transcript, pp. 79-80, 94-95, testimony of Mr. Kincade. According to ATRS procedure, such payments are always paid at the end of the month. See also ATRS Rule 9 Chart, attached to the Post Hearing Brief Submitted by the ATRS Staff.

IV. RECOMMENDATION

The Petitioner's appeal is denied for the reasons set forth above.

DATED this 5th day of October, 2021.


ANN P. FAITZ
Administrative Hearing Officer

Distributed to by fax and U.S. Mail:

Mr. Kevin Odum
Arkansas Teacher Retirement System
1400 West Third Street
Little Rock, AR 72201
501.682.1517
kevinod@artrs.gov
Attorney Specialist for ATRS

ARKANSAS TEACHER RETIREMENT SYSTEM
1400 West Third Street
Little Rock, Arkansas 72201

RESOLUTION
No. 2022-01

Authority to Transact Business

BE IT RESOLVED, That effective this 7th day of February, 2022, **CLINT RHODEN**, Executive Director, **ROD GRAVES**, Deputy Director, and **WILLIE KINCADE**, Associate Director of Operations, each are authorized to execute, acknowledge and deliver such agreements, documents, and instruments as might be necessary or appropriate in connection with the purchase, sale, pledge, transfer, or other transaction of any kind whatsoever involving any investment approved by the Arkansas Teacher Retirement System Board of Trustees or approved by the Investment Committee of said Board; and

WHEREAS, This authority shall continue until after the first regular scheduled Board meeting in 2023; and

FURTHER RESOLVED, That the execution, acknowledgment and/or delivery of such agreement, document, or instrument by any one of the three (3) named persons shall constitute the valid, binding and enforceable act of the Arkansas Teacher Retirement System by its Board of Trustees.

Adopted this 7th day of February 2022.

Mr. Danny Knight, *Chair*
Arkansas Teacher Retirement System

**ARKANSAS TEACHER RETIREMENT SYSTEM
1400 West Third Street
Little Rock, Arkansas 72201**

**RESOLUTION
No. 2022-02**

Specific Powers of Executive Director

WHEREAS, The Board of Trustees has determined the policy concerning the specific powers of the Executive Director is not explicitly set forth in policy, and

WHEREAS, The Executive Director should be authorized and empowered to perform the usual and customary acts of the Executive Director of the Arkansas Teacher Retirement System as the Executive Director's usual and customary authority has been developed through a course of performance of Executive Directors over the years. However, the Executive Director should notify the Board Chair about any material decision that has usually and customarily been performed by the Executive Director to ensure the Board of Trustees is involved in all material decisions;

IT IS THEREFORE RESOLVED, The Executive Director shall be and hereby is authorized and empowered to perform the usual and customary acts of the Executive Director of the Arkansas Teacher Retirement System as the Executive Director's usual and customary authority has been developed through a course of performance of Executive Directors over the years. Provided however, the Executive Director shall notify the Board Chair about any material decision that has usually and customarily been performed by the Executive Director to ensure the Board of Trustees is involved in all material decisions before a final decision is made.

Adopted this 7th day of February 2022.

Mr. Danny Knight, *Chair*
Arkansas Teacher Retirement System

ARKANSAS TEACHER RETIREMENT SYSTEM
1400 West Third Street
Little Rock, Arkansas 72201

RESOLUTION
No. 2022-03

Appointment of ATRS as Manager of LLC's

WHEREAS, The Arkansas Teacher Retirement System (“ATRS”) is the sole member and manager of several LLC's, including: Pinnacle Mountain Holding Company, LLC, Pinnacle Mountain Holding Company II, LLC, Pinnacle Mountain Holding Company III, LLC, Pinnacle Mountain Holding Company IV, LLC, Pinnacle Mountain Holding Company V, LLC, Pinnacle Mountain Holding Company VI, LLC, all Arkansas limited liability companies; and American Timberland, LLC, a Delaware company (collectively, the “Companies”); and

WHEREAS, The ATRS Board of Trustees, acting as a prudent investor for the benefit of all ATRS members, and in recognizing ATRS as sole member and manager of the Companies, adopts the following actions and resolution for, and on behalf of the Companies;

NOW, THEREFORE, BE IT RESOLVED, That

1. As managing member of the Companies and pursuant to its authority in A.C.A § 24-2-619, ATRS hereby delegates the authority to the ATRS Executive Director to perform all duties related to the respective Companies consistent with the amended Articles of Organization, Operating Agreements, and other applicable laws and policies of ATRS and further the Executive Director may delegate authority to a Deputy Director or to an investment staff member, when proper, to perform needed actions and executions in his absence.

2. That the Executive Director or his delegate will provide regular reports to the ATRS Board on the Companies.

Adopted this 7th day of February 2022.

Mr. Danny Knight, *Chair*
Arkansas Teacher Retirement System

**ARKANSAS TEACHER RETIREMENT SYSTEM
1400 West Third Street
Little Rock, Arkansas 72201**

**RESOLUTION
No. 2022-04**

Authority to Reimburse Trustee Expenses for 2022

WHEREAS, The Board of Trustees may reimburse expenses of the Trustees for performing official Board duties under A.C.A. § 24-7-303 (b) and other laws and policies of the State of Arkansas that may apply; and

WHEREAS, The Board must pre-approve any expenses incurred for the calendar year at its first meeting under ATRS Board Policy 1 section VII.A.

THEREFORE, BE IT RESOLVED, That the ATRS Board of Trustees hereby authorizes ATRS to reimburse Trustees for losses in salary resulting from attendance of a Board meeting that would otherwise be paid by the employer, including but not limited to, a Trustee's out of pocket cost associated with employing substitute personnel or losses in salary or compensation and any costs of communication, including long distance, postage, internet access, and other communication charges consistent with ATRS Board Policy 1 section VII.A. upon presentation of a written request by a Trustee, with adequate documentation enclosed.

Adopted this 7th day of February 2022.

Mr. Danny Knight, *Chair*
Arkansas Teacher Retirement System

ARKANSAS TEACHER RETIREMENT SYSTEM
1400 West Third Street
Little Rock, Arkansas 72201

RESOLUTION
No. 2022-05

Authorization for Board Travel and Expenses for 2022

WHEREAS, Act 1211 of 1995 (A.C.A. § 25-16-901 *et seq.*) provides that every state board may, by a majority vote of the total membership of the board cast during its first regularly scheduled meeting of each calendar year, authorize expense reimbursement for each board member for performing official board duties. Such reimbursement cannot exceed the rate established for state employees by state travel regulations; and

WHEREAS, Act 975 of 2011 provides for expense reimbursement for members of the Board of Trustees of the Arkansas Teacher Retirement System; and

NOW, THEREFORE, BE IT RESOLVED, That the Board of Trustees of the Arkansas Teacher Retirement System, by a majority vote of its total membership, authorizes expense reimbursement for each Board member for performing official Board duties during the calendar year 2022; and

FURTHER RESOLVED, That the expense reimbursement shall not exceed the rate established for state employees by state travel regulations and shall be in compliance with the attached Addendum A to this Resolution, adopted by this Board to reflect changes in state travel regulations; and

FURTHER RESOLVED, That Board members who live in the Little Rock area (excluding ex officio trustees) may be reimbursed for mileage and meal expenses incurred while performing official board duties in Little Rock at a rate not exceeding the rate established for state employees; and

FURTHER RESOLVED, That the adoption of this resolution authorizes reimbursement for any such expenses including those incurred in 2022 prior to the adoption of this resolution; and

FURTHER RESOLVED, That in years in which a Board retreat is held, each Board member shall be reimbursed for up to two (2) out-of-state conferences for the purpose of education; and

FURTHER RESOLVED, That in years in which the Board does not have a retreat each Board member shall be reimbursed for up to two (2) out-of-state

conferences for the purpose of education, with one (1) additional out-of-state conference with the approval of the Board Chair.

Adopted this 7th day of February 2022

Mr. Danny Knight, *Chair*
Arkansas Teacher Retirement System

Addendum A

Resolution 2022-05

The following regulations have been adopted to provide guidance to board members and employees of the Arkansas Teacher Retirement System (ATRS).

For purposes of these rules, the following definitions shall apply:

1. "Official Station" shall be:
 - (a) For board members, the city or town in which a board member has a permanent address.
 - (b) For employees, the city or town of the employee's actual location of work.
2. Travel expenses will be reimbursed when board members or employees are required to travel away from their official station on ATRS business. Minimization of expenses while traveling should be the same, as a prudent person would exercise if traveling on personal business.
3. A Travel Reimbursement Form (TR-1) must be verified and signed by the traveler, accompanied by the proper receipts, and duly signed by the Executive Director, or designee, before reimbursement may be processed.
4. All travel reimbursement requests, whether for in-state or out-of-state travel, must adhere to the reimbursement rates listed in the Federal Travel Directory unless a waiver is granted. Current rates as of the filing of this Resolution for cities not identified or located in listed cities have a Standard rate of \$96 per day for lodging and \$55 per day for meals. All current rates can be found on the Federal General Services Administration Website:

<http://www.gsa.gov/portal/category/100120>
5. Reimbursement may be claimed for actual expenses only, and must not exceed the Federal Directory maximums. In-state meals will not be reimbursed without overnight lodging. There are no exceptions to the maximum meal rates. The tip reimbursement amount shall not exceed fifteen percent (15%) of the meal amount expended. The total reimbursement for meals and tips shall not exceed the maximum rates prescribed by the Financial Management Guide published by the Office of Accounting of the Department of Finance and Administration.
6. Exceptions to lodging maximums may be allowed only with good justification, i.e., when conference hotel rates exceed area maximums, and staying elsewhere would incur transportation charges. The Executive Director, or designee, must approve all requests for exceptions prior to incurring the expense.

Addendum A
Resolution 2022-05

7. Private vehicle mileage is reimbursable at the current rate per mile authorized by the Arkansas Department of Finance and Administration, currently 42 cents per mile. If a traveler's personal vehicle is used for transportation to and from the airport, a mileage reimbursement may be requested.
8. Reimbursable travel expenses are limited to those expenses authorized and essential to conducting official ATRS business. Telephone, Internet access, and facsimile expenses shall be allowed only when necessary for the completion of official business. Incidental amounts not directly related to travel (such as postage, small emergency supplies, etc.) may be allowed, when necessary, if incurred during the performance of official business while traveling. These necessary incidental expenses shall be itemized on the TR-1 form with receipts attached.
9. If one-way travel exceeds 400 miles from the traveler's official station, reimbursement may be requested for no more than one day prior to, and/or after, the official start/end of an approved conference/convention.
10. Travelers shall not be reimbursed for the purchase of alcoholic beverages, entertainment, flowers, valet service, laundry, cleaning, printing items, or other discretionary purchases.
11. Travel expenses shall not be billed to ATRS by a third-party except for lodging, meals, registration fees, and air transportation, duly approved in advance by the Executive Director.
12. Travel may be achieved by plane, train, bus, private or system-owned vehicle, rented vehicle, or taxi, whichever method serves the requirements of ATRS most economically and advantageously. The maximum allowable mileage will be computed by the shortest major highway route. Flights resulting in the lowest available airfare for ATRS should be used for all business trips, unless there are extenuating circumstances, such as unreasonable arrival/departure times or unusually long layovers.
13. When common carriers (airplane, train, or bus) are needed to transport persons on ATRS business, ATRS will make the travel arrangements, if possible, in order for the system to be billed direct. If this is not possible, the traveler may make and pay for arrangements and request reimbursement. Items that are properly purchased by, and invoiced directly to ATRS, are not reimbursable to the traveler.

Addendum A

Resolution 2022-05

14. For out-of-state travel, reimbursement shall be the lesser of coach class air, or the current rate per mile authorized by the Arkansas Department of Finance and Administration.
15. If more than one traveler is transported in the same vehicle, only the owner can claim a mileage reimbursement.
16. When attending out-of-state conferences, travelers should choose the most economical mode of transportation between airports and hotels, i.e., rental car, shuttle, or taxi. Consideration must be given to mileage, fuel, and parking fees when selecting a rental. Vehicle rentals are under a mandatory state contract; therefore, board members must contact the ATRS Executive Assistant for assistance with making any rental reservations under the terms of the contract. Employees requiring a vehicle rental must contact the ATRS fiscal department for assistance. If a rental car is obtained, and two (2) or more board members or employees travel to the same location, rentals should be shared, if possible.
17. Board members and employees of ATRS shall be reimbursed for their own travel expenses only. Board members and employees shall not be reimbursed for expenses incurred by their spouse or guest.

**ARKANSAS TEACHER RETIREMENT SYSTEM
1400 West Third Street
Little Rock, Arkansas 72201**

**RESOLUTION
No. 2022-06**

2022-2023 Employer Contribution Rate

WHEREAS, A.C.A. § 24-7-401(c) authorize the Board of Trustees of the Teacher Retirement System to establish the employer contribution rate paid into the System prospectively for each year; and

WHEREAS, A.C.A. § 24-7-401(c) dictates that the rate shall be set by the Board following consultation with its actuary based on the annual actuarial valuation and that the rate shall be based on the actuary's determination of the rate required to fund the plan in accordance with the financial objectives set forth in A.C.A. § 24-7-401(a); and

WHEREAS, Arkansas Teacher Retirement System is 81% funded, with an amortization period to pay off unfunded liabilities of 32 years, which shows that ATRS is in a strong financial position as of the last actuarial valuation at the end of the last fiscal year; and

WHEREAS, The ATRS Board, on November 13, 2017, adopted an employer contribution rate schedule that established the employee contribution rate for FY2023 should be 15.00%.

NOW, THEREFORE, BE IT RESOLVED, That the Board of Trustees in accordance with the legislative restrictions hereby sets the employer contribution rate for the fiscal year beginning July 1, 2022, at fifteen percent (15.00%).

Adopted this 7th day of February 2022.

Mr. Danny Knight, Chair
Arkansas Teacher Retirement System Board

ARKANSAS TEACHER RETIREMENT SYSTEM
1400 West Third Street
Little Rock, Arkansas 72201

RESOLUTION
No. 2022-07

2022-2023 Member Contribution Rate

WHEREAS, A.C.A. § 24-7-406, authorizes the Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS) to establish and modify the member contribution rate paid into ATRS by contributory members; and

WHEREAS, A.C.A. § 24-7-406 dictates that the member contribution rate shall be set by the Board following consultation with its actuary based on the annual actuarial valuation and that the rate shall be set to maintain actuarial soundness;

WHEREAS, Arkansas Teacher Retirement System is 81% funded, with an amortization period to pay off unfunded liabilities of 32 years, which shows that ATRS is in a strong financial position as of the last actuarial valuation at the end of the last fiscal year; and

WHEREAS, The ATRS Board, on November 13, 2017, adopted an member contribution rate schedule that established the member contribution rate for FY2022 should be 7.00%.

NOW, THEREFORE, BE IT RESOLVED, That the Board of Trustees in accordance with the legislative restrictions hereby sets the member contribution rate for the fiscal year beginning July 1, 2022, at seven percent (7.00%).

Adopted this 7th day of February, 2022.

Mr. Danny Knight, Chair
Arkansas Teacher Retirement System Board

**ARKANSAS TEACHER RETIREMENT SYSTEM
1400 WEST THIRD STREET
LITTLE ROCK, ARKANSAS 72201**

**RESOLUTION
No. 2022-08**

Adoption of Surcharge Rate for Outsourced Positions

WHEREAS, A.C.A. § 24-7-506, authorizes the Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS) to collect a surcharge on salary paid to certain embedded positions that are outsourced at certain ATRS employers; and

WHEREAS, The surcharge rate for outsourced positions is set by law with the option for the ATRS Board to increase the rate after an implementation period; and

WHEREAS, The authorized surcharge rate by law for fiscal year 2023 is four percent (4%); and

WHEREAS, ATRS should set the surcharge rate for outsourced salary as a part of its regular function.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Trustees of the Arkansas Teacher Retirement System hereby declares that the surcharge rate for applicable outsourced salaries for fiscal year 2023 is four percent (4%) in accordance with Arkansas law.

Adopted this 7th day of February, 2022.

Mr. Danny Knight, Chair
Arkansas Teacher Retirement System Board

ARKANSAS TEACHER RETIREMENT SYSTEM
1400 West Third Street
Little Rock, Arkansas 72201

RESOLUTION
No. 2022-09

RETIREMENT BENEFIT FORMULA

WHEREAS, Arkansas Code § 24-7-705 authorizes the Board of Trustees of the Arkansas Teacher Retirement System (Board) to set multipliers between one and seventy-five hundredths percent (1.75%) and two and fifteen hundredths percent (2.15%) for contributory service and between five-tenths percent (0.5%) and one and thirty-nine hundredths percent (1.39%) for noncontributory service; and

WHEREAS, Arkansas Code § 24-7-705 authorizes the Board to set an initial multiplier rate for both contributory and noncontributory service for the first ten (10) years of service credit that is lower than the standard multiplier rate; and

WHEREAS, at the Board meeting held January 16, 2001, the Board set the standard multipliers to two and fifteen hundredths percent (2.15%) for contributory service and one and thirty-nine hundredths percent (1.39%) for noncontributory service; and

WHEREAS, the Board adopted Resolution 2017-32, effective July 1, 2018, that established the Arkansas Teacher Retirement System (ATRS) first 10-year multiplier procedure that set multipliers less than the standard multipliers if a member retires with less than ten (10) years of credited service; and

WHEREAS, after ten (10) years of service, including reciprocity, the standard multipliers for the applicable years of service will be used as if the member had always received the standard multipliers without the application of any first 10-year multipliers; and

WHEREAS, Resolution 2017-32 set the first 10-year multiplier for contributory service to one and seventy-five hundredths percent (1.75%) and the first 10-year multiplier for noncontributory service to one percent (1.00%); and

WHEREAS, the Board adopted Resolution 2017-31, effective July 1, 2019, that established the standard multiplier to one and twenty-five hundredths percent (1.25%) for noncontributory service; and

WHEREAS, the Board desires to clarify the formula for the retirement benefit that has been developed through Board actions and resolutions over the past years.

NOW, THEREFORE, BE IT RESOLVED, that the Board in accordance and compliance with Arkansas Code § 24-7-705 establishes and confirms the retirement benefit formula effective July 1, 2019, until changed.

FURTHER BE IT RESOLVED, for all service credited before July 1, 2018, the **pre-2019 benefit** shall be the total number of contributory years of credited service, multiplied by two and fifteen hundredths percent (2.15%) of the final average salary, plus the total number of noncontributory years of credited service multiplied by one and thirty-nine hundredths percent (1.39%) of the final average salary.

FURTHER BE IT RESOLVED, at the time of retirement, if the member has ten (10) or more years of credited service, including reciprocity, for service credited between July 1, 2018 and June 30, 2019, the **2019 benefit** shall be the total number of contributory years of credited service, multiplied by two and fifteen hundredths percent (2.15%) of the final average salary, plus the total number of noncontributory years of credited service multiplied by one and thirty-nine hundredths percent (1.39%) of the final average salary.

FURTHER BE IT RESOLVED, at the time of retirement, if the member has less than ten (10) years of credited service, including reciprocity, for service credited between July 1, 2018 and June 30, 2019, the **2019 benefit** shall be the total number of contributory years of credited service, multiplied by one and seventy-five hundredths percent (1.75%) of the final average salary, plus the total number of noncontributory years of credited service multiplied by one percent (1.00%) of the final average salary.

FURTHER BE IT RESOLVED, at the time of retirement, if the member has ten (10) or more years of credited service, including reciprocity, for service credited after June 30, 2019, the **post-2019 benefit** shall be the total number of contributory years of credited service, multiplied by two and fifteen hundredths percent (2.15%) of the final average salary, plus the total number of noncontributory years of credited service multiplied by one and twenty-five hundredths percent (1.25%) of the final average salary.

FURTHER BE IT RESOLVED, at the time of retirement, if the member has less than ten (10) years of credited service, including reciprocity, for service credited after June 30, 2019, the **post-2019 benefit** shall be the total number of contributory years of credited service, multiplied by one and seventy-five hundredths percent (1.75%) of the final average salary, plus the total number of noncontributory years of credited service multiplied by one percent (1.00%) of the final average salary.

FURTHER BE IT RESOLVED, that the total retirement benefit is the sum of the pre-2019 benefit, the 2019 benefit, and the post-2019 benefit.

FURTHER BE IT RESOLVED, that the ATRS staff is hereby authorized and directed to take all necessary and proper steps to implement this resolution.

Adopted this 7th day of February, 2022.

Mr. Danny Knight, Chair
Arkansas Teacher Retirement System Board

**Board of Trustees Election Vendor
Pros & Cons for each Vendor**

Bidder	Pros	Cons
Election Services Co.	Lowest Bid for Ballots (0.23 / unit)	Out of State Company No Prior Elections for ATRS Highest Cost for Campaign Mailing (.32)
SourceOne	Arkansas Based Company Prior Successful Elections for ATRS Lowest Cost for Campaign Mailing (.13)	Middle Bid for Ballots (0.38 / unit)
TrueBallot		Out of State Company Highest Bid for Ballots (0.91 / unit)

ATRS estimates that 59,849 ballots will be mailed to eligible voters.

Election Services Co:	\$13,756
SourceOne:	\$22,743
TrueBallot:	\$54,462

ARKANSAS TEACHER RETIREMENT SYSTEM
1400 West Third Street
Little Rock, Arkansas 72201

RESOLUTION
No. 2022-17

2022 Election Vendor

WHEREAS, the Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS) will conduct an election in March 2022 to fill Position #1 and Position #9; and

WHEREAS, the staff of the ATRS issued an "invitation to bid" to election companies to conduct the election in accordance with state laws and regulations; and

WHEREAS, the staff of the ATRS selected two (2) election companies, that submitted the lowest bids, for consideration by the Board to be approved as the election vendor; and

WHEREAS, _____ of _____ submitted a quote, which was the _____ lowest bid.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Trustees of the Arkansas Teacher Retirement System approves the selection of _____ of _____ to conduct the election, and

BE IT FURTHER RESOLVED, that the Board of Trustees of the Arkansas Teacher Retirement System authorizes the Executive Director to enter into a Purchase Order Contract with _____ of _____ to conduct the election.

Adopted this 7th day of February, 2022

Mr. Danny Knight, Chair
Arkansas Teacher Retirement System

Arkansas Teacher Retirement System

Annual Actuarial Valuation of
Active and Inactive Members
June 30, 2021



Report of the June 30, 2021 Actuarial Valuation

Outline of Contents

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Section F	Financial Principles and Operational Techniques
Section G	Actuarial Assumptions
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December 7, 2021

Board of Trustees
Arkansas Teacher Retirement System
Little Rock, Arkansas

Dear Board Members:

Presented in this report are the results of the **Annual Actuarial Valuation of non-retired members as of June 30, 2021**. The June 30th annual valuation of retired lives receiving monthly benefits indicates the liabilities for future benefit payments to existing retirees. These liabilities are covered in detail in a separate report. They are also covered briefly in this report on page B-4.

The purposes of the valuation are to measure the System's funding progress and to determine the amortization period that results from the statutory employer and employee rates and the actuarial assumptions that the Board has adopted. This report should not be relied on for any purpose other than the purposes described herein. Financial results associated with the benefits described in this report that are developed for purposes other than those identified above may be significantly different than those in this report.

This report was prepared at the request of the Board and is intended for use by the Retirement System and those designated or approved by the Board. This report may be provided to parties other than the Retirement System only in its entirety and only with the permission of the Board. GRS is not responsible for unauthorized use of this report.

This valuation was based upon census data and financial information provided by the System's administrative staff. Preparation of this data requires considerable staff time. The helpful cooperation of the Arkansas Teacher Retirement System (ATRS) staff in furnishing the data is acknowledged with appreciation. We checked for internal and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of any data provided by ATRS.

This report was prepared using certain assumptions approved by the Board. The actuarial assumptions used for valuation purposes are summarized in Section G. These assumptions reflect expectations of future experience under the plan. They were developed in connection with an experience study covering the period July 1, 2015 to June 30, 2020.

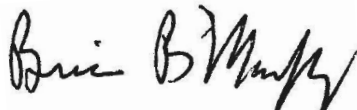
This report was prepared using our proprietary valuation model and related software which, in our professional judgment, has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law. The scope of an actuarial valuation does not contain an analysis of the potential range of such future measurements.

To the best of our knowledge, this report is complete and accurate and was made in accordance with standards of practice promulgated by the Actuarial Standards Board. The actuarial assumptions used for the valuation produce results which, individually and in the aggregate, are reasonable.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. Brian B. Murphy, Judith A. Kermans and Heidi G. Barry are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The individuals submitting this report are independent of the plan sponsor.

Respectfully submitted,
Gabriel, Roeder, Smith & Company



Brian B. Murphy, FSA, EA, FCA, MAAA, PhD



Judith A. Kermans, EA, FCA, MAAA



Heidi G. Barry, ASA, FCA, MAAA

BBM/JAK/HGB:bd

SECTION A

EXECUTIVE SUMMARY

Executive Summary

General Financial Objective. Section 24-7-401 (a) of the Arkansas Code provides as follows (emphasis added):

- (1) The financial objective of the Arkansas Teacher Retirement System is to establish and receive contributions that expressed as percentages of active member payroll will **remain approximately level from generation to generation of Arkansas citizens.**
- (2) Contributions received each year shall be sufficient:
 - (A) To **fully cover the costs of benefit commitments** being made to members for their service being rendered **in that year**; and
 - (B) To **make a level payment** that if paid annually over a reasonable period of future years will **fully cover the unfunded costs** of benefit commitments for service previously rendered.

Arkansas Teacher Retirement System Status: Based upon the results of the June 30, 2021 actuarial valuations, **ATRS is satisfying the financial objective of level-contribution-percent financing.**

This report contains the results of the June 30, 2021 valuation. The table below shows a summary of the data used in the valuation. This data was the basis for determining valuation results and recommended employer contribution rates.

	Number	Average	Type of Average
Active not in T-DROP	66,633	\$42,901	Pay
Active in T-DROP	3,465	65,732	Pay
Deferred Vested	13,574	5,613	Annual Projected Benefit
Retired	51,405	24,175	Annual Current Benefit
Total Members	135,077		

Included in the 2021 valuation were 3,575 reemployed retirees (included in the Retired data file) with total earnings of \$118.3 million. ATRS receives full employer contributions on these individuals per Arkansas Code Section 24-7-708. The actuarial valuation assumes the number of working members will remain constant at the current level. In some recent years the total number of working members has decreased. A decreasing population means less contribution income for the retirement system than expected and can lead to funding difficulty in extreme cases. ATRS receives employer contributions on behalf of all working members.

Actuarial Assumptions: The June 30, 2021 valuation reflects assumption changes based on experience during the period July 1, 2015 to June 30, 2020 and expectations for the future. The Board adopted these changes at the November 15, 2021 board meeting. The assumption changes are summarized below. Please see Section G for a full listing of the actuarial assumptions.

- (1) The assumed rate of interest was lowered from 7.50% to 7.25%.
- (2) The mortality tables were updated to the PubG-2010 benefit weighted tables with projection scale MP-2020. The base rates were to ATRS experience.
- (3) The assumed rates of retirement, withdrawal, disability, merit and seniority pay increases, and other miscellaneous changes were updated as described in the separate experience study report.

Executive Summary (Continued)

Benefit Changes: There were no benefit provision changes adopted for consideration in the June 30, 2021 valuation.

Contribution Rate Changes

Employer and member contribution rates will change in the future according to the following schedule. This schedule of changes has been incorporated into the results shown in this report.

Fiscal Year	Contribution Rate	
	Member	Employer
2022	6.75%	14.75%
2023 and Later	7.00%	15.00%

Results of the Valuation

The amortization period this year is 32 years, an increase from last year's period of 27 years. The resulting increase is primarily due to the assumption changes described on the preceding pages. However, the impact of the assumption changes was offset by the extraordinary investment return experienced during 2021. While an amortization period of 32 years meets statutory requirements, the ATRS has targeted 18 years in recent legislation as the amortization period that would eliminate negative amortization. The contribution rate based upon the target amortization period (18 years) would be approximately 18.5% of payroll. On a market value basis, the amortization period is 12 years.

The Arkansas Teacher Retirement System remains stable with an 80.6% funded position as of June 30, 2021. If experience is reasonably in line with expectations in Fiscal Year 2022, the amortization period is likely to decrease in the next valuation due to the scheduled phase-in of net investment gains.

The rate of Investment return was 31.66%[#] this year. As of June 30, 2021, the market value of assets exceeded the funding value of assets by approximately \$2,126 million. (Please refer to page D-3 for details.) Investment gains and losses that occur each year are smoothed in over a 4-year period. After considering smoothing, the recognized return this year was 11.39%, compared to an assumed 7.50% return for Fiscal Year 2021.

[#] *The actuary calculated this return figure which may not exactly match the investment consultant's figure.*

Executive Summary (Continued)

Other Observations

General Implications of Contribution Allocation Procedure or Funding Policy on Future Expected Plan Contributions and Funded Status

Given the plan's contribution allocation procedure, if all actuarial assumptions are met (including the assumption of the plan earning 7.25% on the funding value of assets), it is expected that:

- 1) The unfunded actuarial accrued liabilities will be fully amortized after 32 years;
- 2) The funded status of the plan will increase gradually towards a 100% funded ratio; and
- 3) The unfunded accrued liability will increase for an extended period before beginning to decline.

Limitations of Funded Status Measurements

Unless otherwise indicated, a funded status measurement presented in this report is based upon the actuarial accrued liability and the funding value of assets. Unless otherwise indicated, with regard to any funded status measurements presented in this report:

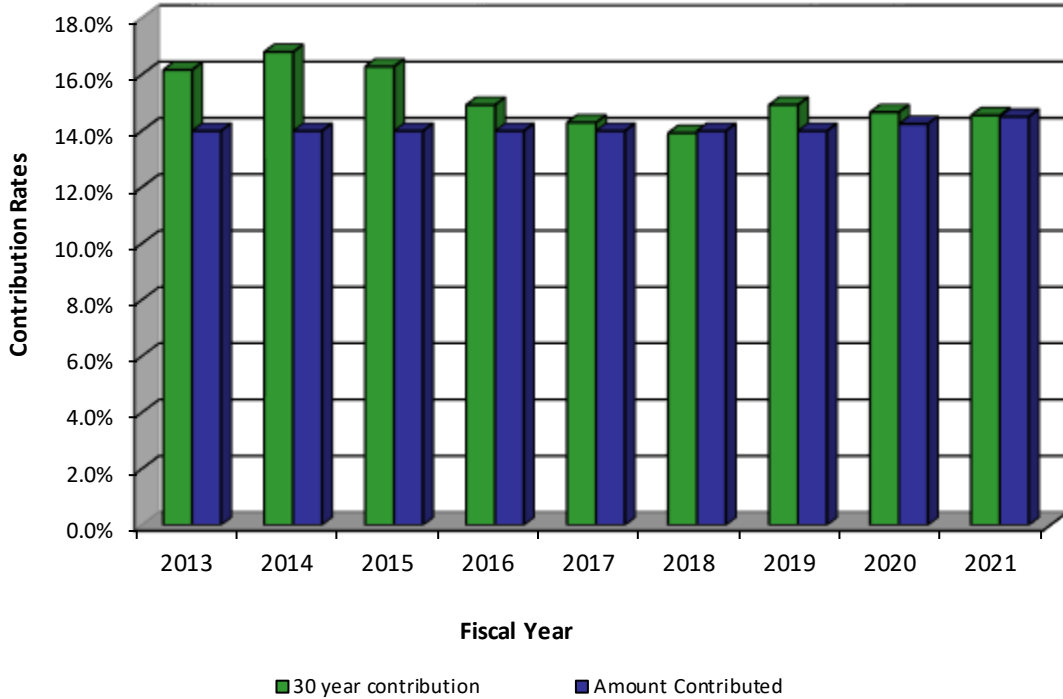
- 1) The measurement is inappropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations; in other words, of transferring the obligations to an unrelated third party in an arm's length market value type transaction;
- 2) The measurement is dependent upon the actuarial cost method which, in combination with the plan's amortization policy, affects the timing and amounts of future contributions. A funded status measurement in this report of 100% is not synonymous with no required future contributions. If the funded status were 100%, the plan would still require future normal cost contributions (i.e., contributions to cover the cost of the active membership accruing an additional year of service credit); and
- 3) The measurement would produce a different result if the market value of assets were used instead of the funding value of assets, unless the market value of assets is used in the measurement.

Limitations of Project Scope

Actuarial standards do not require the actuary to evaluate the ability of the plan sponsor or other contributing entity to make required contributions to the plan when due. Such an evaluation was not within the scope of this project and is not within the actuary's domain of expertise. Consequently, the actuary performed no such evaluation.

Executive Summary (Concluded)

The following graph shows a history of the amounts contributed vs. the employer contributions based on a maximum amortization period of 30 years. The results would look different if the Employer Contribution were calculated according to the Board's target of 18 years.



The amount contributed is less than the 30-year contribution in FY 2013-2017 and FY 2019-2021. In FY 2018 (June 30, 2016 valuation), the amount contributed exceeded the 30-year contribution.

The calculated amortization period was 28 years in the June 30, 2019 valuation, and was based on anticipated increases in the employer and member contribution rates. The employer and member rates are scheduled to increase by 0.25% increments through FY 2023. The ultimate employer and member contribution rates will be 15% and 7%, respectively. The FY 2021 employer contribution rate was 14.50% which was slightly less than the 30-year contribution.

SECTION B

VALUATION RESULTS

Determination of Amortization Period Computed as of June 30, 2021 and June 30, 2020

Computed Contributions for	Percents of Active Member Payroll			
	June 30, 2021			June 30, 2020
	Teachers	Support	Combined	Combined
Normal Cost				
Age & Service Annuities	11.19%	7.48%	10.17%	9.52%
Deferred Annuities	1.50%	2.34%	1.73%	1.44%
Survivor Benefits	0.27%	0.20%	0.25%	0.34%
Disability Benefits	0.41%	0.40%	0.41%	0.45%
Refunds of Member Contributions	0.48%	1.20%	0.68%	0.66%
Total	13.85%	11.62%	13.24%	12.41%
Average Member Contributions	6.58%	5.11%	6.17%	6.14%
Net Employer Normal Cost	7.27%	6.51%	7.07%	6.27%
Unfunded Actuarial Accrued Liabilities			7.93%	8.73%
Employer Contribution Rate (FY 2023 and later)			15.00%	15.00%
Amortization Years			32	27

The calculated amortization period of 32 years is based on anticipated increases in the employer and member contribution rates. The FY 2021 employer and member contribution rates were 14.50% and 6.50%, respectively. The employer and member rates are scheduled to increase by 0.25% increments ending in FY 2023. The ultimate employer and member contribution rates will be 15% and 7%, respectively, which are reflected in the above schedule.

The amortization period is the number of years it will take to pay off the unfunded liability of \$4.6 billion, assuming that the employer contribution rate increases to 15% according to the schedule described above. Since 2000, the period has varied from a low of 19 years to a high of over 100 years. If experience in FY 2022 is reasonably in line with expectations, the amortization period is likely to decrease in the next valuation. Please see additional comments regarding the amortization period on page A-2.

Employer Contribution Rates 10-Year Comparative Statement

Valuation Date June 30	Active Members in Valuation **		Average Annual Pay		Consumer Price (Inflation) Index		Employer Contributions	
	Number	Annual Payroll (\$ Millions)					Computed Financing Period (Years)	Total Employer Rate
			Amount	% Change	Value	% Change		
2011#*	76,780	\$ 2,728	\$ 35,534	7.7 %	\$ 225.7	3.6 %	66	14.00 %
2012	75,627	2,714	35,891	1.0 %	229.5	1.7 %	over 100	14.00 %
2013#	74,925	2,727	36,400	1.4 %	233.5	1.8 %	70	14.00 %
2014	74,352	2,758	37,092	1.9 %	238.3	2.1 %	39	14.00 %
2015	72,919	2,777	38,088	2.7 %	238.6	0.1 %	33	14.00 %
2016	72,232	2,785	38,557	1.2 %	241.0	1.0 %	29	14.00 %
2017#*	72,148	2,814	38,997	1.1 %	245.0	1.6 %	29	14.00 %
2018#	72,341	2,872	39,702	1.8 %	252.0	2.9 %	28	14.00 %
2019#	72,164	2,907	40,285	1.5 %	256.1	1.6 %	28	14.00 %
2020#	70,539	2,954	41,884	4.0 %	257.8	0.6 %	27	14.25 %
2021#*	70,098	3,086	44,030	5.1 %	271.7	5.4 %	32	14.50 %

* Revised assumptions.

Legislated benefit or contribution rate changes; employer and employee rates scheduled to increase to 15% and 7%, respectively, in 4 steps beginning in FY 2020.

** Beginning with the June 30, 2011 valuation, active members include T-DROP members and payroll. ATRS also receives contributions on return to work retirees, but they are not included on this schedule.

Computed Actuarial Liabilities as of June 30, 2021

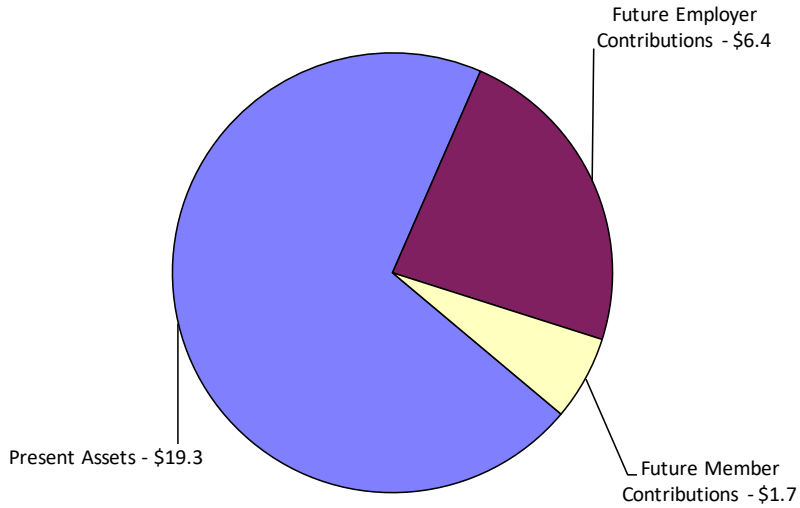
Actuarial Present Value of	(1) Total Present Value	Entry Age Actuarial Cost Method	
		(2) Portion Covered by Future Normal Cost Contributions	(3) Actuarial Accrued Liabilities (1)-(2)
Age and service retirement allowances based on total service likely to be rendered by present active members.	\$ 9,915,022,460	\$2,579,400,745	\$ 7,335,621,715
Age and service retirement allowances based on total service likely to be rendered by present T-DROP members.	2,065,008,357	38,361,841	2,026,646,516
Vested deferred benefits likely to be paid present active and inactive members.	1,403,789,722	442,648,479	961,141,243
Survivor benefits expected to be paid on behalf of present active members.	173,585,518	65,721,797	107,863,721
Disability benefits expected to be paid on behalf of present active members.	203,931,125	100,372,772	103,558,353
Refunds of Member contributions expected to be paid on behalf of present active members.	21,644,942	165,329,803	(143,684,861)
Benefits payable to present retirees and beneficiaries.	13,595,736,483	0	13,595,736,483
Total	\$27,378,718,607	\$3,391,835,437	\$23,986,883,170
Funding Value of Assets	19,342,870,512	0	19,342,870,512
Liabilities to be Covered by Future Contributions	\$ 8,035,848,095	\$3,391,835,437	\$ 4,644,012,658

Liabilities for Retirees July 1, 2021 Tabulated by Type of Benefit Being Paid

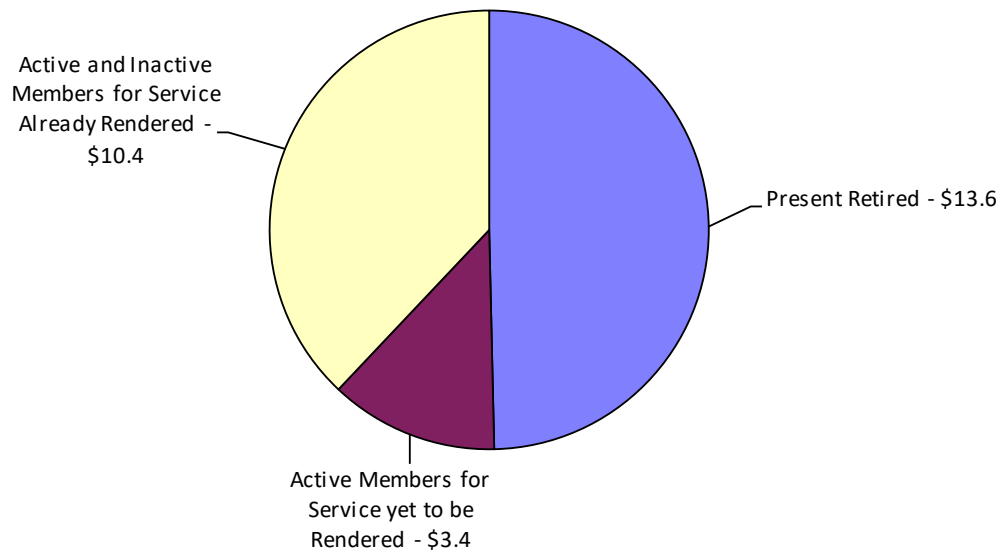
Type of Annuity	Liabilities July 1, 2020		
	Male	Female	Totals
RETIREMENT RESERVE ACCOUNT			
Age & Service Annuities			
Option 1 (Straight Life)	\$ 1,577,276,471	\$ 7,647,982,065	\$ 9,225,258,536
Option A (100% Joint & Survivor)	881,066,645	976,625,754	1,857,692,399
Option B (50% Joint & Survivor)	425,013,911	697,646,384	1,122,660,295
Option C (10 Years Certain & Life)	36,656,466	153,777,849	190,434,315
Beneficiaries	71,554,433	189,753,279	261,307,712
Total Age & Service	2,991,567,926	9,665,785,331	12,657,353,257
Disability Annuities			
Option 1	51,658,476	292,860,793	344,519,269
Option A	27,089,049	46,351,357	73,440,406
Option B	6,238,078	13,625,120	19,863,198
Option C	-	-	-
Beneficiaries	21,725,560	24,655,196	46,380,756
Total Disability	106,711,163	377,492,466	484,203,629
Act 793	8,286,259	5,092,357	13,378,616
Retirement Reserve Account	3,106,565,348	10,048,370,154	13,154,935,502
Act 808 Retirement Reserve Account	6,096,496	2,174,644	8,271,140
Total Retirement Reserve Account	3,112,661,844	10,050,544,798	13,163,206,642
SURVIVORS' BENEFIT ACCOUNT			
Beneficiaries of Deceased Members	\$ 51,861,492	\$ 61,879,184	\$ 113,740,676
RETIREMENT SYSTEM TOTALS			
Total Annuity Liabilities	\$ 3,164,523,336	\$ 10,112,423,982	\$ 13,276,947,318
Cash Benefit Account Liabilities			183,336,816
Liabilities for Lump Sum Death Benefits			135,452,349
Total	\$ 3,164,523,336	\$ 10,112,423,982	\$ 13,595,736,483

Financing \$27.4 Billion of Benefit Promises for Present Active and Retired Members June 30, 2021

Sources of Funds
(\$ Billions)



Uses of Funds



Short Condition Test

ATRS' funding objective is to meet long-term benefit promises through contributions that remain approximately level from year to year as a percent of member payroll. If the contributions to the System are level in concept and soundly executed, the System will **pay all promised benefits when due -- the ultimate test of financial soundness**. Testing for level contribution rates is the long-term test.

A short condition test is one means of checking a system's progress under its funding program. In a short condition test, the plan's present assets (cash and investments) are compared with: 1) Member contributions on deposit; 2) The liabilities for future benefits to present retired lives; and 3) The liabilities for service already rendered by members. In a system that has been following the discipline of level percent-of-payroll financing, the liabilities for member contributions on deposit (liability 1) and the liabilities for future benefits to present retired lives (liability 2) will be fully covered by present assets (except in rare circumstances). In addition, the liabilities for service already rendered by members (liability 3) will be partially covered by the remainder of present assets. The larger the funded portion of liability 3, the stronger the condition of the system. Liability 3 being fully funded is unusual, but highly desired.

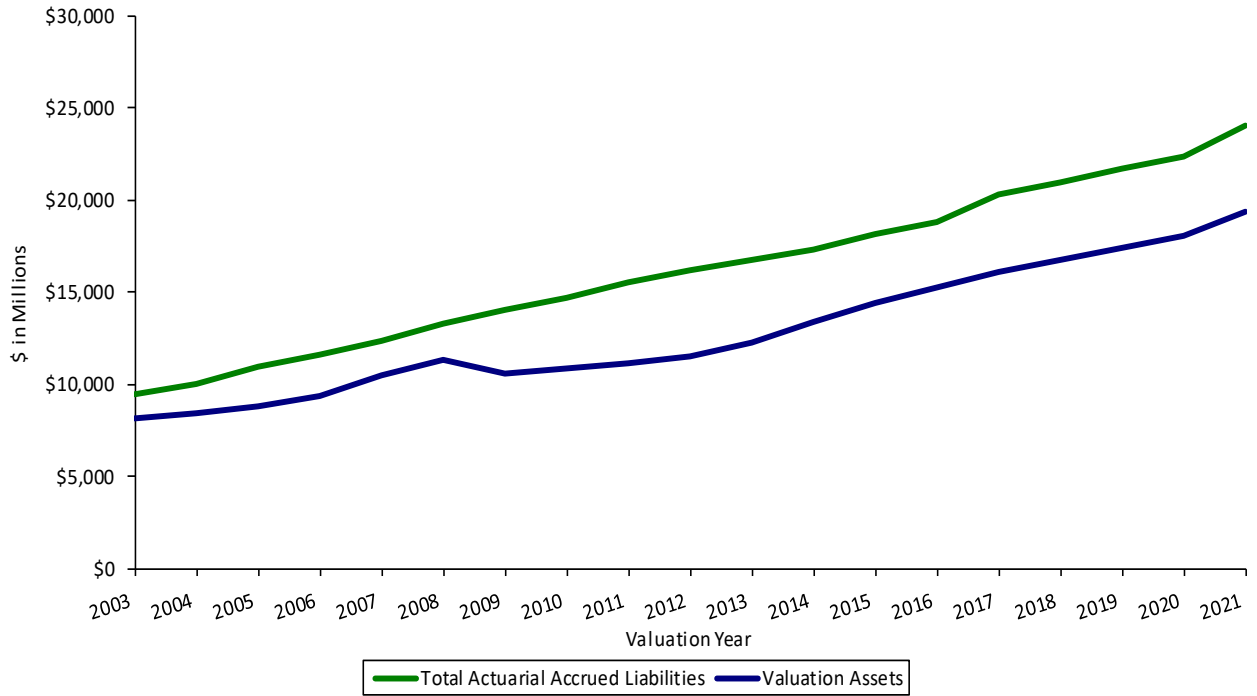
The schedule below illustrates the history of Liability 3 of the System and is indicative of the ATRS' objective of following the discipline of level percent-of-payroll financing.

Val. Date June 30	(1) Member Contrb.	(2) Retirees and Benef.	(3) Active and Inactive Members (Employer Financed Portion)	Present Valuation Assets	Portion of Present Values Covered by Present Assets			
					(1)	(2)	(3)	Total
-----\$ Millions-----								
2011#*	\$ 929	\$ 7,132	\$ 7,460	\$ 11,146	100%	100%	41%	72%
2012	981	7,649	7,509	11,484	100%	100%	38%	71%
2013#	1,027	8,181	7,510	12,247	100%	100%	40%	73%
2014	1,077	8,777	7,456	13,375	100%	100%	47%	77%
2015	1,128	9,778	7,230	14,434	100%	100%	49%	80%
2016	1,184	10,430	7,198	15,239	100%	100%	50%	81%
2017#*	1,254	11,337	7,707	16,131	100%	100%	46%	79%
2018	1,312	11,851	7,772	16,756	100%	100%	46%	80%
2019	1,377	12,460	7,872	17,413	100%	100%	45%	80%
2020	1,455	12,890	8,007	18,007	100%	100%	46%	81%
2021*	1,544	13,596	8,847	19,343	100%	100%	48%	81%

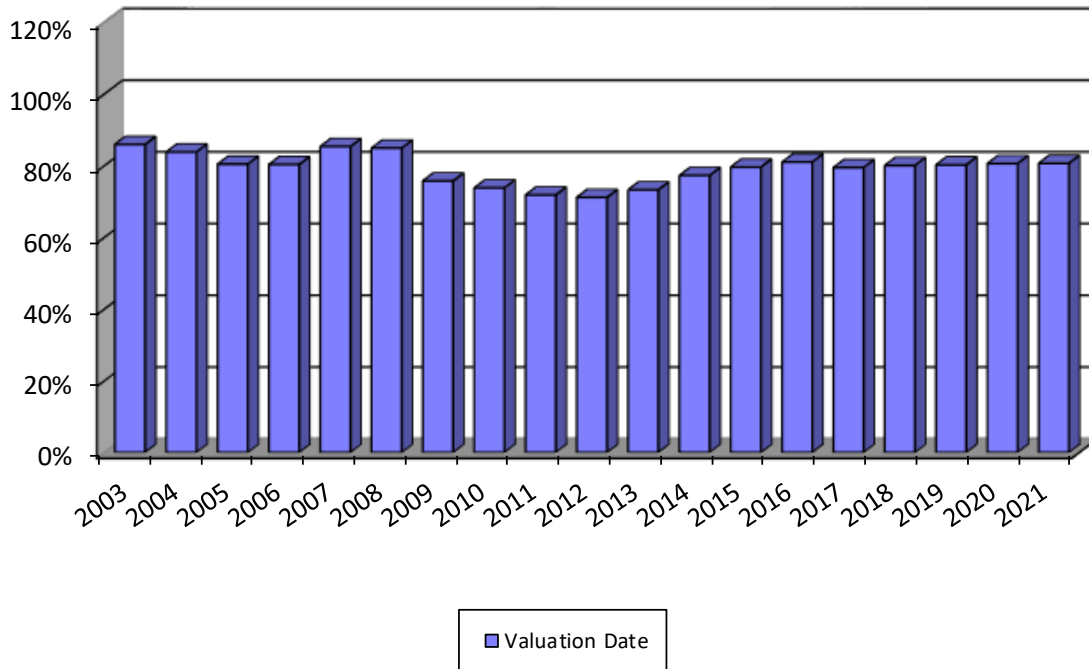
* Revised actuarial assumptions or methods.

Legislated benefit or contribution rate change.

Actuarial Accrued Liabilities and Valuation Assets

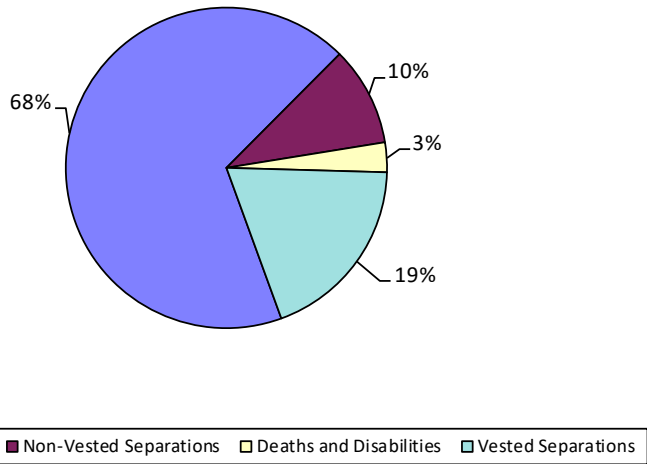
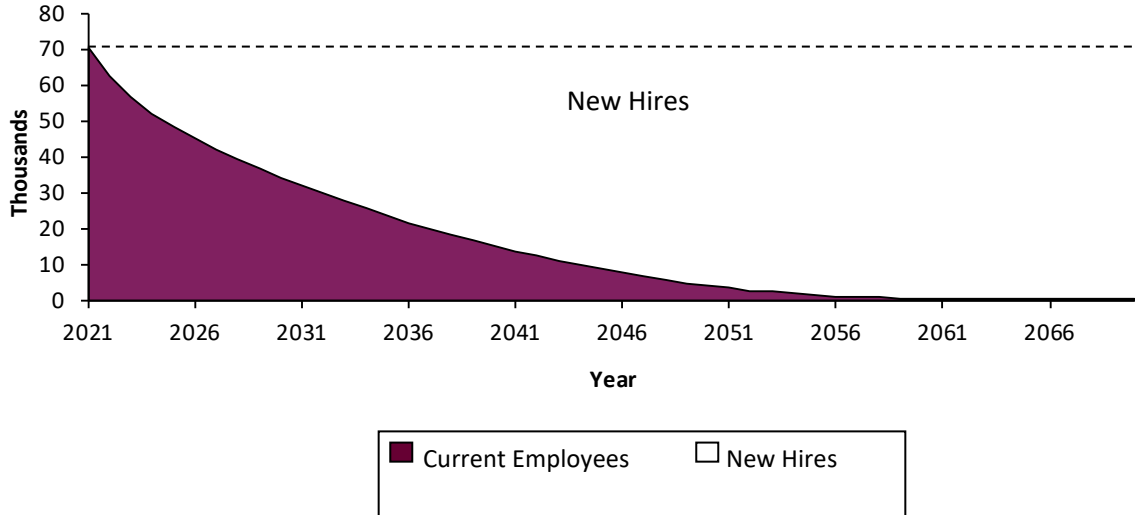


Valuation Assets as a Percent of Accrued Liabilities (Funded Ratio)



Expected Development of Present Population June 30, 2021 (Excludes Rehired Retirees)

Population Projection



The charts show the expected future development of the present population in simplified terms. The Retirement System presently covers 70,098 active members (includes T-DROP). Eventually, 10% of the population is expected to terminate covered employment prior to retirement and forfeit eligibility for an employer provided benefit. Approximately 87% of the present population is expected to receive monthly retirement benefits. Approximately 3% of the present population is expected to become eligible for death-in-service or disability benefits. Within nine years, over half of the covered active membership is expected to consist of new hires.

SECTION C

SUMMARY OF BENEFITS

Summary of Provisions

June 30, 2021

1. **Voluntary Retirement – A.C.A. § 24-7-701.** A member may retire at age 60 with 5 or more years of credited service, or after 28 years of credited service regardless of age.
2. **Early Retirement – A.C.A. § 24-7-702.** A member who has more than 25 but less than 28 years of credited service and has not attained age 60 years may retire and receive an immediate early retirement annuity. The early annuity is an age & service annuity reduced by the lesser of (i) and (ii) below:
 - (i) 10/12 of 1% multiplied by the number of months by which early retirement precedes completion of 28 years of service, or
 - (ii) 10/12 of 1% multiplied by the number of months by which early retirement precedes the attainment of age 60 years.

The ATRS Board is allowed to set by resolution the early annuity reduction at a rate between 5% and 15% per year, to be prorated monthly if the System's actuary certifies that the amortization period to pay the unfunded liabilities exceeds 18 years. The Board adjusted the reduction to 10% per year beginning August 1, 2017 by Resolution 2017-14 on April 17, 2017.

3. **Deferred Retirement – A.C.A. § 24-7-707.** An inactive member who has 5 or more years of credited ATRS service will be entitled to an age & service annuity beginning at age 60, provided accumulated contributions are on deposit with the retirement system.
4. **Disability Retirement – A.C.A. § 24-7-704.** An active member with 5 or more years of actual and reciprocal service, who becomes totally and permanently disabled may be retired and receive a disability annuity computed in the same manner as an age & service annuity. In order to qualify for disability retirement, the member must exhibit symptoms of physical or mental incapacitation while the member is an active member. A member who is eligible for age and service retirement (age 60 and 5 years of service or 28 years of service at any age) is no longer eligible to apply for disability retirement.

An ATRS disability retiree is required to obtain a Social Security Administration determination letter finding that the retiree is disabled within 36 months of the effective date of disability retirement. If a member cannot provide the SSA determination letter within the 36-month period, benefits will be terminated, the member will be returned to active service, and all member history will be restored. The requirement to qualify for SSA disability shall not apply to a disability retiree who was age 57 or older before July 1, 2015, because that member would qualify for age & service benefits prior to requiring the SSA determination of disability. The retiree may apply for an extension of the 36-month deadline if the retiree can demonstrate the SSA determination is in progress. There is a rebuttable presumption that if a Teacher Retirement member is qualified for Social Security Administration disability benefits then they would also qualify for ATRS disability retirement benefits.

A disability retiree may be employed in a position under a covered employer that is less than (80) days of actual service during a fiscal year. The covered employer who employs a disability retiree under this subsection shall remit contributions on all salary paid to the disability retiree in an amount equal

Summary of Provisions

June 30, 2021

4. **Disability Retirement – A.C.A. § 24-7-704 (Cont.)** to the employer contributions rate. The retiree will continue receiving their annuity from the system and shall not accrue additional service credit. If a retiree tries to return to full time employment, and fails, the suspended disability benefit will be restored to what it would have been had they not tried to return to work, or a recomputed benefit using the additional service, whichever is higher.
5. **Final Average Salary (FAS) – A.C.A. § 24-7-736 and A.C.A. § 24-7-601.** The ATRS Board made changes to the final average salary (FAS) by Resolution 2017-33 on November 13, 2017. Effective July 1, 2018, a member's final average salary is the average of the five (5) highest service year salaries (5-year FAS).

Members active in ATRS or a reciprocal system as of June 30, 2018 and with at least 3 full years of service in ATRS can use a benchmark 3-year FAS, which is the average of the three (3) highest service year salaries as of June 30, 2018. The three (3) highest service year salaries are adjusted for anti-spiking before being used in the calculation of the benchmark 3-year FAS.

In calculating the 5-year FAS, if a member has less five (5) years of credited service, the final average salary of the member shall be the total salary paid to the member for his or her years of credited service divided by the member's total credited years of service.

The Board may adjust the final average salary anti-spiking parameters by board resolution provided that the anti-spiking percentage range is no lower than 105% nor higher than 120% per year; and the anti-spiking amount is no lower than \$1,250 nor higher than \$5,000. The ATRS Board set the anti-spiking percentage to 110% and the anti-spiking amount to \$5,000 by Resolution 2017-13 on April 17, 2017.

If a member has at least five (5) years of credited service the five (5) highest service year salaries shall be adjusted for anti-spiking and the final average salary will be calculated as follows:

- a. The service year salaries are ranked from lowest to highest.
- b. The lowest service year salary in the ranking shall be the base salary.
- c. The next-highest-ranked service year salary shall be compared to the base salary.
- d. The next-highest service year salary in the calculation of final average salary that is less than eight (8) years from the base salary year, shall not exceed the base salary value plus \$5,000 unless the next-highest year's value is less than or equal to 110% of the base salary.
- e. After comparison of the base salary to the next-highest service year salary, a reduction to the next-highest service year salary is made if required to satisfy the conditions of the prior step.
- f. The next-highest service year salary, with any required reduction, becomes the new base salary to compare to the next succeeding highest service year salary in the ranking until all service year salaries in the ranking have been compared.
- g. The total value of the base salaries shall then be divided by the applicable number of years to be used in computing final average salary.

Summary of Provisions

June 30, 2021

Final Average Salary (FAS) – A.C.A. § 24-7-736 and A.C.A. § 24-7-601 (Cont.) ATRS members with reciprocal service credit will also have a reciprocal FAS calculated. The reciprocal FAS is generally a value calculated by the non-ATRS reciprocal system. Effective March 2, 2021, ATRS will use the value calculated by the non-ATRS reciprocal system only if the member has at least two (2) years of service credit in that system.

The highest of the 5-year FAS, benchmark 3-year FAS, or reciprocal FAS will be used to calculate retirement benefits for the member.

6. **Age & Service Annuity and Disability Annuity – A.C.A. §§ 24-7-705, 24-7-727 (stipend).** The annuity payable will not be less than the total of: years of contributory service times 2.15% of FAS; plus years of noncontributory service times 1.39% of FAS (1.25% for service earned after 2019); plus a stipend for all members with 10 or more years of ATRS actual service. The ATRS Board is allowed to set the contributory multiplier for service credit earned after June 30, 2013, within a range of 1.75% to 2.15%. Also, the noncontributory multiplier for service credit earned after June 30, 2013, may be set within a range of 0.5% and 1.39%. In addition, the Board is allowed to set special multiplier rates for the first 10 years of ATRS service earned after June 30, 2013, for both contributory and noncontributory service. By Board Resolution 2017-31 on November 13, 2017, the noncontributory multiplier was set to 1.25% beginning in FY 2020. By Board Resolution 2017-32 on November 13, 2017, the contributory multiplier and noncontributory multiplier for the first 10 years of service was set to 1.75% and 1.0% respectively beginning July 1, 2018. Once a member accrues 10 years of service, all service including the first 10 years is then credited at the standard multiplier rate in place at the time the service was earned.
7. **T-DROP – A.C.A. §§ 24-7-1301–1316.** A member with 28 or more years of service may participate in the Teacher Deferred Retirement Option Plan (T-DROP). T-DROP participants do not make member contributions. A T-DROP deposit is made monthly to the participant's T-DROP account. The T-DROP deposit is the amount that would have been paid had the member retired, reduced by 1% for each year of contributory, noncontributory, and reciprocal service. Members who enter T-DROP with less than 30 years of service are subject to an additional 6% reduction for each year less than 30 years. T-DROP deposits are increased each year by 3% of the member's initial T-DROP deposit. T-DROP Deposits cease at the earlier of 10 years of T-DROP participation or separation from service. T-DROP participants may continue in covered employment after 10 years of T-DROP participation, but do not accumulate additional T-DROP deposits.

T-DROP participants receive interest annually on the balance of the T-DROP account. Regular T-DROP interest is credited for 10 or less years of participation. Post 10-year T-DROP interest is credited for more than 10 years of participation.

Regular T-DROP interest is a combination of a fixed interest rate and an incentive interest rate. An incentive rate may be approved by the Board to encourage continued participation in T-DROP, if the estimated ATRS rate of return is 2% greater than the ATRS actuarial assumed rate of return in the preceding calendar year. Beginning in fiscal year 2019, the Board has set the Regular T-DROP fixed interest rate at 3% and the maximum incentive rate at 3% by Resolution 2017-35 on November 13,

Summary of Provisions

June 30, 2021

T-DROP – A.C.A. §§ 24-7-1301–1316 (Cont.) 2017. The fixed and incentive interest rates may be adopted by board resolution before the first quarter of the fiscal year and would apply to subsequent fiscal years unless modified by the Board. For fiscal year 2021, the Board set the Regular T-DROP fixed interest rate at 3% and the incentive interest rate at 0%, resulting in a total interest rate of 3%, by Resolution 2020-29 on September 28 2020.

Post 10-year T-DROP interest has been in effect since July 1, 2010. The Post 10-year T-DROP interest rate can be determined as appropriate by the Board and adopted by the resolution prior to the first quarter of the fiscal year in which the interest rate shall apply. Post 10-year T-DROP interest is a combination of a variable interest rate and an incentive interest rate, to encourage continued participation in T-DROP. The Post 10-year T-DROP variable interest rate formula is based on investment returns and other factors. On November 13, 2017, the ATRS Board by Resolution 2017-36 set the formula for the variable interest rate and the maximum combined variable and incentive interest rate for fiscal year 2019 and beyond. The Post 10-year T-DROP variable interest rate is calculated as 2% less than the system's rate of return, but not less than 4%, nor greater than 6%. The maximum Post 10-year T-DROP combined interest rate including the incentive interest rate is 7.5%. The Post 10-year T-DROP incentive interest rate can be awarded if the estimated ATRS rate of T-DROP – A.C.A. § 24-7-1301-1316. return is 2% greater than the ATRS actuarial assumed rate of return in the preceding calendar year. For fiscal year 2021, the Board set the Post 10-year T-DROP variable interest rate at 4% and the incentive interest rate at 0%, resulting in a combined interest rate of 4%, by Resolution 2020-20 on September 28, 2020.

Upon actual retirement, the member may receive the T-DROP account balance in the form of a lump sum, a Cash Balance Account (CBA), or as an additional annuity. The T-DROP distribution may be a combination of lump sum, CBA, and additional annuity.

8. **Post-Retirement Increases – A.C.A. §§ 24-7-713, 24-7-727 (compound COLA).** Each July 1, annuities are adjusted to be equal to the base annuity times 100% plus 3% for each full year in the period from the effective date of the base annuity to the current July 1. The base annuity is the amount of the member's annuity on the later of July 1, 2001 or the effective date of retirement. The July 1, 2009 cost of living adjustment for retirees was compounded. The annuity was set to 103% of the June 30, 2009 retirement benefit amount. After it was calculated on July 1, 2009, the base amount was reset to be the July 1, 2009 benefit amount. Future cost of living raises will be established by the new updated base amount. Future cost of living adjustments will be evaluated on an annual basis to determine if a simple or compound cost of living increase will be given, depending on the financial condition of the System.
9. **Survivor Benefits – A.C.A. § 24-7-710.** Upon the death of an active member, who has 5 or more years of actual and reciprocal service, the following annuities are payable:
 - (a) The surviving spouse receives an annuity computed in the same manner as if the member had (i) retired the date of his death with entitlement to an annuity, (ii) elected Option A - 100% Survivor Annuity, and (iii) nominated the spouse as joint beneficiary. If the member has attained age 60 and has acquired 5 years of credited service or has acquired 25 years of

Summary of Provisions

June 30, 2021

Survivor Benefits – A.C.A. § 24-7-710. Cont.

- (a) credited service regardless of age, the annuity begins immediately; otherwise the annuity begins the month following the date the member would have attained age 60. Under certain circumstances, a lump sum distribution may be made to the beneficiary(ies) of the deceased member.

- (b) A surviving child's benefit is prorated to an amount equal to 1% of the member's highest salary year for each quarter of a year credited as actual service in the system, up to 20% or up to a maximum of \$20,000 per year. If there is more than 1 surviving dependent, the benefits are capped to the lesser of 60% of the member highest salary or \$60,000 per year to be divided equally among the dependents. A child is dependent until the child's death, marriage, or attainment of age 18 (age 23 if the child is a full-time student).

A child of a deceased member is considered a dependent child and is eligible for the dependent child annuity at eighteen years of age or older, but no older than twenty-three years of age if the dependent child stays continuously enrolled as a full-time student at an accredited school, college, or university.

- 10. **Lump Sum Death Benefit – A.C.A. § 24-7-720.** Beneficiaries of deceased active members or retirees with 10 or more years of ATRS credited service are eligible to receive a lump sum death benefit of up to \$10,000. Resolution 2020-27 on September 28, 2021 set the minimum amount of the lump sum death benefit for all eligible members to six thousand six hundred sixty-seven dollars (\$6,667); retired members who retired on or before July 1, 2007 will receive an additional six hundred sixty-six dollars and sixty cents (\$666.60) for each contributory year of service credit up to the maximum amount of ten thousand dollars (\$10,000); and all other members will receive an additional three hundred thirty-three dollars and thirty cents (\$333.30) for each contributory year of service credit up to the maximum amount of ten thousand dollars (\$10,000).

- 11. **Member Contributions – A.C.A. § 24-7-406.** Through FY 2019, contributory members contributed 6% of their salaries. Members that are participating in the T-DROP program or are working retirees do not make member contributions. If a member leaves service prior to becoming eligible to retire, the accumulated member contributions are returned upon request. No interest is credited to a member's contributions for the first year of membership; after 1 year, interest is credited. The ATRS Board set the interest rate on refunded contributions to 0.08% for fiscal year 2017 and beyond by Resolution 2017-17 on April 17, 2017. By Resolution 2017-30 on November 13, 2017, the Board set the member contribution rate to 6.25%, 6.50%, 6.75%, and 7.00% for FY 2020, FY 2021, FY 2022, and FY 2023 respectively and 7.00% thereafter. Effective July 1, 1986, a noncontributory plan was created. Effective July 1, 1999 the default choice for new members is contributory. Effective July 1, 1997, all future member contributions are tax deferred in accordance with §414(h) of the Internal Revenue Code of the United States. Each July 1, members who previously elected to be noncontributory may elect to change to contributory status. The election is irrevocable.

A member, who was reported as non-contributory and should have been contributory, may remain in a non-contributory status for the current fiscal year and will be pended for the next fiscal year as

Summary of Provisions

June 30, 2021

11. **Member Contributions – A.C.A. § 24-7-406 (Cont.)** contributory. If the member owes contributions, he or she may have the system convert the contributory service to noncontributory service rather than pay the balance due.

Members who are contracted for 181 days or more in a fiscal year must be contributory. Effective July 1, 2021 the number of contracted days increased to 185.

12. **Act 808 Retirement – A.C.A. § 24-4-732.** Any employee of a state agency who was an active member of the Arkansas Teacher Retirement System on April 8, 1987, and who qualified for retirement before January 1, 1988, could become a member of the Arkansas Public Employees Retirement System and retire from that system. All credited service was transferred to that system but the member's contributions were retained by the Arkansas Teacher Retirement System and the benefit amount is transferred monthly to the Arkansas Public Employees Retirement System. Each July 1, annuities are adjusted by 3% (compound escalator).
13. **Act 793 Retirement – A.C.A. § 24-4-522.** Any employee who was a member of the rehabilitation services in 1977 was permitted to become a member of the Arkansas Public Employees Retirement System. Liabilities associated with prior service earned through June 30, 1978 remain in the Arkansas Teacher Retirement System. Future service is allocated to the Arkansas Public Employees Retirement System. Each July 1, annuities are adjusted by 3% (compound escalator).
14. **Retiree Benefit Stipend – A.C.A. § 24-7-713.** Each retired member as of June 30, 2008, with 5 or more years of ATRS credited service receives a \$75 per month stipend. Members in T-DROP do not receive the \$75 per month stipend until actual retirement. For all members retiring on or after July 1, 2008, a minimum of 10 years of ATRS credited service is required to receive the \$75 per month stipend. The ATRS Board is allowed to set the stipend to a minimum of \$1 per month and a maximum of \$75 per month. By Board Resolution 2017-34 on November 13, 2017 the benefit stipend is removed from the base amount for all retirees and beneficiaries beginning in fiscal year 2019 and the benefit stipend will be reduced to \$50.00 for fiscal year 2020 and beyond. The Resolution contains a "hold harmless" provision that prevents the lowering of the stipend if it would actually reduce the total monthly benefit. This would only affect retirees when the COLA is less than \$25 per month.

15. **Optional Forms of Benefits – A.C.A. § 24-7-706:**

Option 1 (Straight Life Annuity)

A member will receive the maximum monthly benefit for which he/she qualifies, throughout his/her lifetime. No monthly benefits will be paid to his/her beneficiary after the member's death. Should a member die before he/she has drawn in benefits an amount equal to his/her contributions plus earned interest, the balance will be paid to a designated beneficiary. The designated beneficiary may be anyone chosen by the member.

Option A (100% Survivor Annuity)

Under this option a member will receive a reduced annuity throughout his/her lifetime. Upon the member's death, the designated beneficiary will receive the same annuity for the balance of his/her lifetime.

Summary of Provisions

June 30, 2021

Option B (50% Survivor Annuity)

Under this option a member will receive a reduced annuity throughout his/her lifetime. Upon the member's death, the designated beneficiary will receive one-half (1/2) of this annuity for the balance of his/her lifetime.

Option C (Annuity for Ten Years Certain and Life Thereafter)

A reduced monthly benefit payable for 120 months. After that time, a member's monthly allowance will revert to the amount he/she would have received under the regular plan and continue for life. If the member dies before receiving 120 payments, the designated beneficiary will receive a monthly benefit in the same amount until monthly benefits to both the member and the beneficiary equal 120 monthly payments. No further benefits are then payable to the beneficiary.

Pop-Up Election

Following the death of or a divorce from the member's designated beneficiary, his or her benefit reverts (pops-up) to the straight life annuity amount from the elected optional annuity amount. The member may then elect new beneficiaries in accordance with Arkansas Code and rules adopted by the ATRS board.

Option Factors are based upon a 5.0% interest rate and the RP-2014/MP2017 tables (static projection to 2022) adjusted with a 50% unisex mix.

16. **Refund of Member Contributions – A.C.A. § 24-7-711.** Any termination refund made to a member or a lump sum payout made to a surviving spouse after July 1, 2011, cancels all service credit, including noncontributory service credit; any repurchase of refunded service will be as contributory years at actuarial cost. All membership rights (including noncontributory service credit) and beneficiary designations to the ATRS are cancelled when a member gets a refund of his or her contributions.
17. **Contract Buyout – A.C.A. § 24-7-735.** During periods of contract buyout/litigation/termination, members will not receive service credit if no on-call service or on-site work is performed. ATRS will not allow the purchase of the time between actual work and the settlement unless the settlement was made to resolve a claim of wrongful termination.
18. **Actuarial Cost of Service – A.C.A. §§ 24-1-107, 24-2-502, 24-7-202, 24-7-406, 24-7-501, 24-7-502, 24-7-612, 24-7-602, 24-7-603, 24-7-604, 24-7-606, 24-7-607, 24-7-610, 24-7-611.** Effective July 1, 2011, all service purchases will be at actuarial cost. The system will allow inactive members to purchase service at actuarial cost before monthly retirement benefits or T-DROP deposits begin.
19. **Deceased Member Refund of Contributions – § 24-7-711.** Effective July 1, 2011, if a beneficiary is not eligible for survivor benefits, or if a surviving spouse is eligible and chooses a contribution refund, the interest on the refund stops the July 1 following the member's death.
20. **Look-back Period – A.C.A. §§ 24-7-202, 24-7-205.** Effective July 1, 2011, absent intentional nondisclosure, fraud, misrepresentation, criminal act, or obvious/documentated error by an employer of ATRS members can no longer establish old service previously unreported unless such service is acquired by purchase at actuarial cost. ATRS is allowed to correct an understated service credit error

Summary of Provisions

June 30, 2021

Look-back Period – A.C.A. §§ 24-7-202, 24-7-205 (Cont.) upon which all required contributions have been paid or when understated service credit is well documented and undisputed, even if beyond the 5-year look-back period.

21. **Service Credit Requirements – A.C.A. §§ 24-7-501, 24-7-502, 24-7-601, 24-7-603, 24-7-604, 24-7-606, 24-7-607, 24-7-611.** Effective July 1, 2011, members must receive 160 days of service to be credited with a year of service credit.
22. **T-DROP Cash Balance Account.** Effective July 1, 2012, a T-DROP cash balance account was established that allows members exiting (retiring) from T-DROP to place all or a portion of their T-DROP proceeds into a Cash Balance Account (CBA) at ATRS. On November 13, 2017, by Resolution 2017-38 the Board set the CBA interest rate schedule based on years of participation as follows: 2.50% for year one, 2.75% for year two, 3.00% for year three, 3.25% for year four, 3.50% for year five, and 4.00% for year six and beyond. Each fiscal year, the Board can grant an incentive interest rate to encourage continued participation in the CBA program. For fiscal year 2021, the Board did not grant CBA participants an incentive rate.
23. **Purchase of “Air Time” as a Result of Wrongful Termination – A.C.A. §§ 24-7-702, 24-7-735, 6-17-413.** A member is allowed to purchase service credit under a settlement agreement or court order to resolve a claim of wrong termination if the service credit is purchased from the date of termination by an ATRS employer to the date of the resolution of the dispute. This service credit would be purchased at actuarial cost.
24. **Buyout of Inactive Members—A.C.A. § 24-7-505.** The ATRS Board created a voluntary "buyout plan" for inactive vested members. The System will make a one-time lump sum payment to a member, a surviving spouse, or an alternate payee in exchange for a member, surviving spouse, or alternate payee's cancellation of membership and retirement benefit rights. The buyout plan will be established by Board rules. Rule 16 Cash and Savings Help Program for Members (CASH) defines the terms of the “buyout plan”. Depending upon the success of the plan, it may be extended by the Board. The ATRS Board expanded the CASH program to include all inactive vested members, regardless of service type by Resolution 2017-18 on May 10, 2017. The ATRS Board offered the FY 2021 CASH program for all inactive vested members to end on June 30, 2021 by Resolution 2020-28 on September 28, 2020.
25. **Private School Service—A.C.A. § 24-7-607.** Prior to 2015, private school service had to be recognized by the Arkansas Department of Education as positions that required the issuance of teaching licenses. The certification of this service credit was performed by one employee of the Arkansas Department of Education, and that one employee retired. Upon that employee's retirement, the Arkansas Department of Education no longer certified private school service credit. No certifications occurred for approximately a year until legislation could be passed to allow ATRS to make this determination. In addition, a distinction was made between certified and noncertified private school service credit. Certified private school service (basically administrative and teaching) could be purchased at actuarial cost, up to 15 years. Noncertified private school service could be purchased at actuarial cost, up to 5 years.

Summary of Provisions

June 30, 2021

26. **Military Service Credit—A.C.A. § 24-7-602.** Act 301 of 2015 made technical corrections to the ATRS laws. In the military service credit section, ATRS was not in compliance with a state law that was passed in 2009, Act 295, which repealed the requirement for free military service credit to be granted only if the service was not credited under any other plan except Social Security and the requirement that receipt of a pension from the federal military retirement system paid solely for disability shall not be considered as having service with another retirement plan. The military technical corrections bill raised questions by some of the legislators, and Act 558 of 2015 was passed to further clarify military service credit. Compulsory military service was changed throughout the law to read: "federal military draft". The word "honorable" was inserted before discharge in order for the member to obtain free military service credit throughout the law.
27. **Pension Advance Prohibition – A.C.A. § 24-7-715.** Prohibits a pension advance company from obtaining a retiree's benefit to repay a loan.
28. **Accrued Sick Leave – A.C.A. § 24-7-601.** Unused accrued sick leave, whether paid or unpaid, is allowed to count as service credit to determine retirement eligibility for survivor benefits and lump sum death benefits. One day of service shall be added to the service credit for the fiscal year of the member's death for each day of unused sick leave. This does not include catastrophic leave and other unused donated leave.
29. **Spousal Survivor Benefit – A.C.A. § 24-7-710.** Members may direct an alternative residual beneficiary to receive a lump sum payment of the member's residue amount or T-DROP balance. No spousal survivor benefits will be payable if an alternative beneficiary who is not the surviving spouse is designated by the member.
30. **Settlement Agreements – A.C.A. § 24-7-202, § 24-7-735.** Salary or service credit may be purchased as part of a settlement agreement between a member and their employer. Salary will be added to the salary at the time of purchase and will be determined using the same factors used to calculate an additional monthly benefit in the annuitization of a T-DROP distribution. It is assumed the member would have retired immediately at the time of the purchase.
31. **Outsourcing – A.C.A. § 24-7-506.** Outsourcing is defined to mean employment for an ATRS covered employer through a third party, private employer, independent contractor, or other contractual relationship. A person who performs services that are necessary for the normal daily operation for an ATRS covered employer is considered an Embedded Employee. The ATRS covered employer has a one-time decision to choose between two options for handling their Embedded Employees. The first option for the ATRS covered employer is to become a participating employer and make embedded employees participating members of ATRS. The second option for the ATRS covered employer is to become a Surcharge Employer and opt to pay a surcharge on the Embedded Employee's salary to ATRS to help cover the actuarial cost. The surcharge starts at ½% the first year and slowly rises to 3% over 4 years with a hard cap of 4%. The Embedded Employees of a Surcharge Employer will not be members of ATRS. The services necessary for normal daily operations include: substitute teaching, teacher's aides, food service, transportation service, custodial service, security services, and school nursing. Only those working on the premises are subject to the surcharge. The surcharge is ONLY on

Summary of Provisions

June 30, 2021

Outsourcing – A.C.A. § 24-7-506 (Cont.) SALARY of embedded employees. All salary is reported in the aggregate with the contractor's salary amount being the final word unless it is clearly in error. The Division of Youth Services shall be a participating Employer and may designate any or all Embedded Employees as members of ATRS. The law does not apply to post-secondary higher education institutions.

32. **Concurrent Reciprocal Service Credit – A.C.A. § 24-7-601.** ATRS members have the option of waiving their ATRS service in the event the member had concurrent service in two (2) state supported retirement systems. The member has the option to surrender either ATRS service or the reciprocal plan service. If a member worked full-time under a reciprocal retirement system and only part-time under ATRS, the member can to waive the ATRS service to obtain a higher benefit based upon the full-time service in the other system. Concurrent reciprocal members have the option to voluntarily elect to waive service in ATRS.
33. **Employer Contribution Rate – A.C.A. § 24-7-401.** Employer contributions are collected on active members, T-DROP participants (even those who work beyond the 10-year participation period), and working retirees. Through fiscal year 2019, the employer contribution rate is 14%. For the fiscal year beginning July 1, 2018, the Board may modify the employer contribution rate for future fiscal years above 14% in increments of 0.25% per fiscal year provided the system has a greater than 18-year amortization period to pay unfunded liabilities without an employer contribution rate of more than 14% limited to a maximum employer contribution rate of 15%. ,By Resolution 2017-40 on November 13, 2017, the Board set the employer contribution rate to 14.25%, 14.50%, 14.75%, and 15.00% for FY 2020, FY 2021, FY 2022, and FY 2023 respectively and 15.00% thereafter.
34. **Forfeiture of Benefits by Certain Persons – A.C.A. §§ 24-1-301, 302, 303, 304, 305.** A beneficiary's benefits under a public retirement system can be forfeited when the beneficiary unlawfully kills a member or retiree.
35. **Socially responsible investments – A.C.A. § 24-7-105.** A decision on whether to invest, not invest, or withdraw from investment the funds of the Arkansas Teacher Retirement System or an alternate retirement plan of the system shall not be based on a consideration that the location of the investment, fund, company, or any other type of investment vehicle is in the State of Israel.
36. **Normal Retirement Age & Separation Period – A.C.A. §§ 24-7-202, 24-7-502.** In order for a member to start drawing retirement benefits the IRS requires them to have a bona fide termination of employment or have attained the “normal retirement age”. ATRS ensures the bona fide termination of employment by requiring a member stay separated from covered employment for six (6) months before returning to work for an ATRS covered employer. Effective September 1, 2021, the ATRS "normal retirement age" is defined to be age 65 with 5 years of actual service OR at least age 60 with 38 total years of actual service, T-DROP service and reciprocal service. A member that has attained the normal retirement age is able to draw full retirement benefits and remain employed without separating from employment.

Sample Benefit Computations for a Member Retiring June 30, 2021

The data for the Example member is shown below:

A.	\$35,000	Final Average Compensation
B.	32	Total Service Credit
C.	27	Contributory Service Credit
D.	60	Age of Retiree
E.	55	Age of Spouse
F.	100%	Percentage of Retirement Allowance to Continue to Spouse after Retiree's Death (Retiree Chooses this Percentage)

The computations that would be made for this case are:

	<u>Annual</u>
G. Non-Contributory Base: $1.39\% \times A \times B$	\$15,568
H. Extra for Contributory: $0.76\% \times A \times C$	<u>7,182</u>
I. Subtotal Benefit: G + H	22,750
J. Health Stipend	<u>600</u>
K. Total Benefit: I + J	23,350
L. Adjustment for Line F election: $(1 - 0.78571) \times I$	<u>4,875</u>
M. Annual Amount Payable	\$18,475

Projected Benefits, taking into account increases after retirement would be:

<u>Year Ended June 30</u>	<u>Annual Amount</u>
2022	\$18,475
2023	19,011
2024	19,547
2025	20,083
2026	20,619

Thereafter, the amount would increase by \$536 annually for life.

Sample T-DROP Benefit Computations for a Member Entering T-DROP June 30, 2021

The data for the Example member is shown below:

A.	\$35,000	Final Average Compensation
B.	28	Total Service Credit
C.	28	Contributory Service Credit
D.	55	Age of Retiree

The computations that would be made for this case are:

		Annual Amount
E.	Non-Contributory Base: $1.39\% \times A \times B$	\$13,622
F.	Extra for Contributory: $0.76\% \times A \times C$	7,448
G.	Reduction for T-DROP Plan: (1% for each year of service) $0.28 \times (E+F)$	5,900
H.	Reduction for Entering T-DROP with less than 30 years of service (6% for each year less than 30): $0.12 \times (E + F - G)$	<u>1,820</u>
I.	Annual Deposit $E + F - G - H$	\$13,350

Projected Deposits, taking into account increases after DROP, and 5 years duration would be:

Year Ended June 30	Amount Deposited
2022	\$13,350
2023	13,751
2024	14,151
2025	14,552
2026	14,952
Total	\$70,756

The amount deposited, plus credited interest, can be paid as a lump sum or as an annuity. A portion of the deposits can also be placed into a Cash Balance account.

SECTION D

FINANCIAL INFORMATION

This information is presented in draft form for review by the System's auditor. Please let us know if there are any items the auditor changes so that we may maintain consistency with the System's financial statements.

Asset Valuation Method

An essential step in the valuation process is comparing valuation assets with computed liabilities. Valuation assets are those assets that are recognized for funding purposes.

Asset valuation methods are distinguished by the timing of the recognition of investment income. Total investment income is the sum of ordinary income and capital value changes. Under a pure market value approach, ordinary investment income and all capital value changes would be recognized immediately. Because of market volatility, use of pure market values in retirement funding can result in volatile contribution rates and unstable financial ratios, contrary to ATRS' objectives.

Under the ATRS asset valuation method (see page D-3), assumed investment return is recognized fully each year. Differences between actual and assumed investment return are phased-in over a closed four-year period. During periods when investment performance exceeds the assumed rate, the funding value will tend to be less than the market value. Conversely, during periods when investment performance is less than the assumed rate, funding value will tend to be greater than market value. If assumed rates are exactly realized for three consecutive years, funding value will become equal to market value.

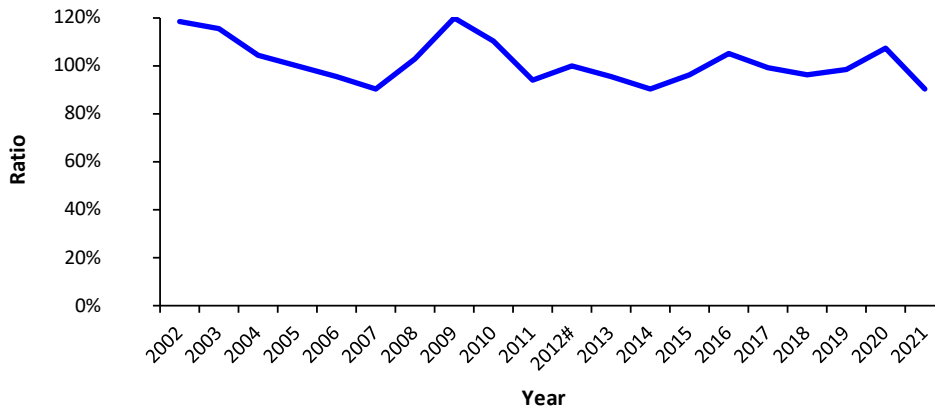
A multi-year comparison of market value to funding (actuarial) value is on the following page.

Asset Valuation Method

Valuation Date June 30	Market Value of Assets (1)	Actuarial Value of Assets (2)	Ratio of AV to MV (2) / (1)
2002	\$ 7,084	\$ 8,328	118%
2003	7,050	8,113	115%
2004	8,122	8,424	104%
2005	8,811	8,817	100%
2006	9,868	9,332	95%
2007	11,637	10,519	90%
2008	11,018	11,319	103%
2009	8,847	10,617	120%
2010	9,884	10,845	110%
2011	11,895	11,146	94%
2012#	11,484	11,484	100%
2013	12,830	12,247	95%
2014	14,856	13,375	90%
2015	15,036	14,434	96%
2016	14,559	15,239	105%
2017	16,285	16,131	99%
2018	17,493	16,756	96%
2019	17,742	17,413	98%
2020	16,902	18,007	107%
2021	21,469	19,343	90%

Funding Value set equal to Market Value.

Ratio of Funding Value to Market Value



This year the market value of assets is more than the funding value (see page A-2 for a more detailed explanation). To prevent unreasonably large differences between market value and funding value, there is a requirement that the recognized assets must always be between 80% and 120% of the market value (see page D-3).

Development of Funding Value of Assets

Year Ended June 30:	2018	2019	2020	2021	2022	2023	2024
A. Funding Value Beginning of Year	\$ 16,131,466,927	\$ 16,756,062,928	\$ 17,412,534,651	\$ 18,007,255,143			
B. Market Value End of Year	17,492,627,740	17,741,621,773	16,902,076,224	21,468,772,872			
C. Market Value Beginning of Year	16,284,808,245	17,492,627,740	17,741,621,773	16,902,076,224			
D. Non-Investment Net Cash Flow	(606,938,770)	(642,256,050)	(665,324,622)	(676,930,006)			
E. Investment Return							
E1. Market Total: B - C - D	1,814,758,265	891,250,083	(174,220,927)	5,243,626,654			
E2. Assumed Rate	7.50%	7.50%	7.50%	7.50%	7.25%		
E3. Amount for Immediate Recognition	1,187,099,816	1,232,620,118	1,280,990,426	1,325,159,261			
E4. Amount for Phased-In Recognition: E1-E3	627,658,449	(341,370,035)	(1,455,211,353)	3,918,467,393			
F. Phased-In Recognition of Investment Return							
F1. Current Year: 0.25 x E4	156,914,612	(85,342,509)	(363,802,838)	979,616,848	Unknown	Unknown	Unknown
F2. First Prior Year	271,285,424	156,914,612	(85,342,509)	(363,802,838)	\$ 979,616,848	Unknown	Unknown
F3. Second Prior Year	(276,749,871)	271,285,424	156,914,612	(85,342,509)	(363,802,838)	\$ 979,616,848	Unknown
F4. Third Prior Year	(107,015,210)	(276,749,872)	271,285,423	156,914,613	(85,342,508)	(363,802,839)	\$ 979,616,849
F5. Total Recognized Investment Gain	44,434,955	66,107,655	(20,945,312)	687,386,114	530,471,502	615,814,009	979,616,849
G. Funding Value End of Year:							
G1. Preliminary Funding Value End of Year: A+D+E3+F5	16,756,062,928	17,412,534,651	18,007,255,143	19,342,870,512			
G2. Upper Corridor Limit: 120% x B	20,991,153,288	21,289,946,128	20,282,491,469	25,762,527,446			
G3. Lower Corridor Limit: 80% x B	13,994,102,192	14,193,297,418	13,521,660,979	17,175,018,297			
G4. Funding Value End of Year	16,756,062,928	17,412,534,651	18,007,255,143	19,342,870,512			
H. Actual/Projected Difference between Market and Funding Value	736,564,812	329,087,122	(1,105,178,919)	2,125,902,360	1,595,430,858	979,616,849	-
I. Market Rate of Return	11.36 %	5.19 %	(1.00)%	31.66 %			
J. Funding Rate of Return	7.78 %	7.90 %	7.38 %	11.39 %			
K. Ratio of Funding Value to Market Value	95.79 %	98.15 %	106.54 %	90.10 %			

The Funding Value of Assets recognizes assumed investment return (line E3) fully each year. Differences between actual and assumed investment income (line E4) are phased-in over a closed four-year period. During periods when investment performance exceeds the assumed rate, Funding Value of Assets will tend to be less than Market Value. During periods when investment performance is less than the assumed rate, Funding Value of Assets will tend to be greater than Market Value. ***The Funding Value of Assets is unbiased with respect to Market Value.*** At any time, it may be either greater or less than Market Value. If assumed rates (applied to the funding value of assets) are exactly realized for three consecutive years, it will become equal to Market Value.

The assets of the Retirement System, as of June 30, 2021, were reported to your actuary to be \$21,468,772,872. This amount, reduced by a funding value adjustment of \$2,125,902,360 this year, is used to finance the Retirement System liability.

Accounts	Assets at June 30	
	2021	2020
Regular Accounts		
Members' Deposit Accounts		
Contributions	\$ 1,517,838,030	\$ 1,427,360,668
Interest	12,934,857,979	8,609,929,516
Total	14,452,696,009	10,037,290,184
T-DROP Member Deposit Accounts		
Contributions	25,976,011	27,540,642
Interest	21,070,652	24,666,395
Total	47,046,663	52,207,037
Cash Balance Account	183,336,816	158,330,186
Employer's Accumulation Account	(6,500,901,628)	(6,237,130,081)
Retirement Reserve Account	12,792,323,810	12,379,405,139
Act 808 Retirement Reserve Account	8,234,533	9,635,773
T-Lump Payable	369,188,176	390,184,585
Survivors Benefit Account	107,149,458	102,904,403
Total Regular Accounts	21,459,073,837	16,892,827,226
Other Accounts		
Income Expense Account	9,699,035	9,248,998
Other Special Reserves	-	-
Miscellaneous	-	-
Total Other Accounts	9,699,035	9,248,998
Total Accounting Value of Assets	21,468,772,872	16,902,076,224
Funding Value Adjustment	(2,125,902,360)	1,105,178,919
Funding Value of Assets	\$ 19,342,870,512	\$ 18,007,255,143

Market Value of Assets

The net market value of assets at year-end was \$21,468,772,872 and was invested as shown below:

	Market Value at June 30	
	2021	2020
Cash	\$ 333,682,820	\$ 348,737,178
Receivables		
Unsettled Trades and Accrued Return	50,866,535	35,276,529
Member Contributions	11,588,169	8,758,853
Employer Contributions	36,495,741	28,268,436
Other	581,924	607,309
Total Receivables	99,532,369	72,911,127
Investments		
Government Securities	42,257,532	28,245,622
Domestic Equities	3,324,472,617	2,517,950,607
International Equities	1,365,415,171	1,165,199,715
Commingled Funds	7,654,938,633	5,929,317,712
Corporate Bonds	1,217,117,195	925,185,002
Asset and Mortgage-backed Securities	45,233,154	23,104,762
Mortgages (CMO's)	-	-
Promissory Notes (BRS / Highland)	265,210,480	257,463,572
Alternative Investments	6,942,538,895	5,431,816,034
Limited Partnerships	27,785,149	28,276,070
Real Estate	47,332,050	52,674,001
Other Investments	160,360,477	176,000,000
Investment Derivative Instruments	-	(41,081)
Total Investments	21,092,661,353	16,535,192,016
Invested Securities Lending	479,988,268	315,851,510
Net Equipment	200,341	186,820
Deferred Outflows Related to OPEB	1,034,149	1,310,404
Total Assets	22,007,099,300	17,274,189,055
Liabilities		
Survivor Benefits for Minors	80,911	256,126
Other Payables	10,345,476	10,032,955
Securities Related Payables	47,771,989	45,253,144
Securities Lending Collateral	479,988,268	315,851,510
Deferred Inflows Related to OPEB	139,784	719,096
Total Liabilities	538,326,428	372,112,831
Net Market Value	\$ 21,468,772,872	\$ 16,902,076,224
Change from Prior Year	4,566,696,648	(839,545,549)

Market Value Reconciliation

Assets developed during the year as follows:

	Year Ended June 30	
	2021	2020
Net Market Value July 1	\$ 16,902,076,224	\$ 17,741,621,773
Additions		
Employer Contributions	472,567,147	446,228,128
Employee Contributions	168,129,972	153,105,134
Appreciation	5,166,017,302	(269,255,966)
Interest	26,342,410	34,095,691
Dividends	95,919,865	101,648,812
Real Estate	6,321,144	7,545,561
Other	1,769,200	1,662,896
Securities Lending Activity	2,678,677	3,072,879
Total Additions	5,939,745,717	478,103,135
Deductions		
Age & Service Benefits	1,092,814,070	1,046,397,991
Disability Benefits	40,710,587	40,420,225
Option Benefits	34,124,252	31,767,042
Survivor Benefits	12,129,985	11,555,653
Reciprocal Service	61,382,530	58,429,113
Act 808	2,013,072	2,215,262
Refunds	9,463,375	9,592,091
Active Member Death	487,669	338,189
T-DROP Benefits	48,309,780	47,978,202
CBA Benefits	13,978,659	13,241,312
CASH Benefit Program	2,213,146	2,722,804
Investment Expense	48,095,147	44,536,364
Administrative Expense	7,326,801	8,454,436
Total Deductions	1,373,049,073	1,317,648,684
Miscellaneous	4	-
Net Market Value June 30	\$ 21,468,772,872	\$ 16,902,076,224

Schedule of Funding Progress (Dollar Amounts in Millions)

Valuation Date June 30	(1) Actuarial Value of Assets	(2) Entry Age AAL	(3) UAAL (2)-(1)	(4) Funding Ratio (1)/(2)	(5) Annual Payroll	Liabilities as a % of Payroll		
						Unfunded (3)/(5)	Funded (1)/(5)	Total (2)/(5)
2001+	\$ 8,166	\$ 8,561	\$ 395	95.4%	\$ 1,557	25.4%	524.4%	549.8%
2002*	8,328	9,062	734	91.9%	1,628	45.1%	511.5%	556.6%
2003+	8,113	9,445	1,332	85.9%	1,683	79.1%	482.1%	561.2%
2004	8,424	10,050	1,626	83.8%	1,748	93.0%	481.9%	574.9%
2005	8,817	10,973	2,156	80.4%	1,962	109.9%	449.4%	559.3%
2006	9,332	11,623	2,291	80.3%	2,080	110.1%	448.7%	558.8%
2007+	10,519	12,329	1,810	85.3%	2,191	82.6%	480.1%	562.7%
2008+	11,319	13,334	2,015	84.9%	2,268	88.8%	499.1%	587.9%
2009	10,617	14,019	3,402	75.7%	2,318	146.8%	458.0%	604.8%
2010+	10,845	14,697	3,852	73.8%	2,381	161.8%	455.5%	617.3%
2011+*	11,146	15,521	4,375	71.8%	2,728	160.4%	408.6%	569.0%
2012	11,484	16,139	4,655	71.2%	2,714	171.5%	423.2%	594.7%
2013+*	12,247	16,718	4,471	73.3%	2,727	164.0%	449.1%	613.1%
2014	13,375	17,310	3,935	77.3%	2,758	142.7%	484.9%	627.6%
2015	14,434	18,136	3,702	79.6%	2,777	133.3%	519.8%	653.1%
2016	15,239	18,812	3,573	81.0%	2,785	128.3%	547.2%	675.5%
2017+*	16,131	20,298	4,167	79.5%	2,814	148.1%	573.2%	721.3%
2018+*	16,756	20,935	4,179	80.0%	2,872	145.5%	583.4%	728.9%
2019	17,413	21,709	4,296	80.2%	2,907	147.8%	599.0%	746.8%
2020	18,007	22,352	4,345	80.6%	2,954	147.1%	609.6%	756.7%
2021*	19,343	23,987	4,644	80.6%	3,086	150.5%	626.8%	777.3%

+ Legislated benefit or contribution rate change.

* Revised actuarial assumptions.

A system with a high ratio of assets or liabilities to payroll will tend to experience more volatility than a system with a lesser ratio, assuming a similar asset allocation.

Risks Associated with Measuring the Accrued Liability and Actuarially Determined Contribution

The determination of the accrued liability and the actuarially determined contribution requires the use of assumptions regarding future economic and demographic experience. Risk measures, as illustrated in this report, are intended to aid in the understanding of the effects of future experience differing from the assumptions used in the course of the actuarial valuation. Risk measures may also help with illustrating the potential volatility in the accrued liability and the actuarially determined contribution that result from the differences between actual experience and the actuarial assumptions.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions due to changing conditions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period, or additional cost or contribution requirements based on the Plan's funded status); and changes in plan provisions or applicable law. The scope of an actuarial valuation does not include an analysis of the potential range of such future measurements.

Examples of risk that may reasonably be anticipated to significantly affect the plan's future financial condition include:

1. **Investment Risk** – actual investment returns may differ from the expected returns;
2. **Asset/Liability Mismatch** – changes in asset values may not match changes in liabilities, thereby altering the gap between the accrued liability and assets and consequently altering the funded status and contribution requirements;
3. **Contribution Risk** – actual contributions may differ from expected future contributions. For example, actual contributions may not be made in accordance with the plan's funding policy or material changes may occur in the anticipated number of covered employees, covered payroll, or other relevant contribution base;
4. **Salary and Payroll Risk** – actual salaries and total payroll may differ from expected, resulting in actual future accrued liability and contributions differing from expected;
5. **Longevity Risk** – members may live longer or shorter than expected and receive pensions for a period of time other than assumed; and
6. **Other Demographic Risks** – members may terminate, retire or become disabled at times or with benefits other than assumed resulting in actual future accrued liability and contributions differing from expected.

The effects of certain trends in experience can generally be anticipated. For example, if the investment return since the most recent actuarial valuation is less (or more) than the assumed rate, the cost of the plan can be expected to increase (or decrease). Likewise, if longevity is improving (or worsening), increases (or decreases) in cost can be anticipated.

The timely receipt of the actuarially determined contributions is critical to support the financial health of the plan. Users of this report should be aware that contributions made at the actuarially determined rate do not necessarily guarantee benefit security.

Plan Maturity Measures

Risks facing a pension plan evolve over time. A young plan with virtually no investments and paying few benefits may experience little investment risk. An older plan with a large number of members in pay status and a significant trust may be much more exposed to investment risk. Generally accepted plan maturity measures are discussed below and on the following pages. An additional historical summary of plan maturity measures can be found on page D-11.

	2021	2020	2019	2018	2017
Ratio of the Market Value of Assets to Total Payroll	6.7	5.7	6.1	6.1	5.8
Ratio of Actuarial Accrued Liability to Payroll	7.5	7.6	7.5	7.3	7.2
Ratio of Actives to Retirees and Beneficiaries	1.4	1.4	1.5	1.5	1.6
Ratio of Net Cash Flow to Market Value of Assets	-3.2%	-3.9%	-3.6%	-3.5%	-3.4%
Duration of the Present Value of Future Benefits	14.02	13.83	13.82	13.86	13.88

Ratio of the Market Value of Assets to Payroll

The relationship between assets and payroll is a useful indicator of the potential volatility of contributions. The market value of assets is currently 7.0 times the payroll indicating that a return on assets 2% different from assumed would equal approximately 14% of payroll. Such a change could affect the amortization period by approximately eight years based on 2021 results. While asset smoothing would reduce the effect, asset gains and losses much larger than 2% are common. An increasing level of this maturity measure generally indicates an increasing volatility in the amortization period.

Ratio of Actuarial Accrued Liability to Payroll

As the ratio of actuarial accrued liability to payroll increases, the amortization period becomes increasingly sensitive to the effects of demographic gains and losses, and assumption changes. For example, a 1% demographic gain or loss would correspond to 7.8% of payroll and would affect the amortization period by four years based on the 2021 results.

Ratio of Actives to Retirees and Beneficiaries

A young plan with many active members and few retirees will have a high ratio of actives to retirees. A mature open plan may have close to the same number of actives to retirees resulting in a ratio near 1.0. A super-mature or closed plan may have significantly more retirees than actives resulting in a ratio below 1.0.

Ratio of Net Cash Flow to Market Value of Assets

A positive net cash flow means contributions exceed benefits and expenses. A negative cash flow means benefits and expenses exceed contributions, and existing funds may be used to make payments. A certain amount of negative net cash flow is generally expected to occur when benefits are prefunded through a qualified trust. Large negative net cash flows as a percent of assets may indicate a super-mature plan or a need for additional contributions.

Plan Maturity Measures (Concluded)

Duration of Present Value of Future Benefits

The modified duration of the present value of future benefits may be used to approximate the sensitivity to a 1% change in the assumed rate of return. For example, the current duration of 14.0 (which is based on a 7.25% discount rate) indicates that the present value of future benefits would increase approximately 14.0% if the assumed rate of return were lowered 1%. Such a change could affect the amortization period by 20 years or more.

Additional Risk Assessment

Additional risk assessment is outside the scope of the annual actuarial valuation. Additional assessment may include scenario tests, sensitivity tests, stochastic modeling, stress tests, and a comparison of the present value of accrued benefits at low-risk discount rates with the actuarial accrued liability.

Plan Maturity Measures (Based on Market Value of Assets)

Valuation Date June 30	(1) Accrued Liabilities (AAL)	(2) Market Value of Assets	(3) Unfunded AAL (1)-(2)	(4) Valuation Payroll	(5) % Change in Payroll	(6) Funded Ratio (2)/(1)	(7) Annuitant Liabilities (AnnLiab)	(8) AnnLiab/AAL (7)/(1)	(9) Liability/Payroll (1)/(4)	(10) Assets/Payroll (2)/(4)	(11) Est. Portfolio Std. Dev.	(12) Std. Dev. % of Pay (10)x(11)	(13) Unfunded/Payroll (3)/(4)	(14) Net External Cash Flow (NECF)	(15) NECF/Assets (9)/(2)	(16) Portfolio Rate of Return	(17) 10-year Trailing Average
2012	\$ 16,139	\$ 11,484	\$ 4,655	\$ 2,803		71.2%	\$ 7,649	47.4%	575.8%	409.7%			166.1%	\$ (285)	-2.5%	-1.1%	6.6%
2013#	16,718	12,830	3,888	2,819	0.6%	76.7%	8,181	48.9%	593.0%	455.1%			137.9%	(337)	-2.6%	14.9%	8.0%
2014	17,310	14,856	2,454	2,851	1.1%	85.8%	8,777	50.7%	607.2%	521.1%			86.1%	(395)	-2.7%	19.2%	8.2%
2015	18,136	15,036	3,100	2,874	0.8%	82.9%	9,778	53.9%	631.0%	523.1%			107.9%	(445)	-3.0%	4.3%	7.7%
2016	18,812	14,559	4,253	2,888	0.5%	77.4%	10,430	55.4%	651.3%	504.0%			147.3%	(505)	-3.5%	0.2%	6.3%
2017#*	20,298	16,285	4,013	2,922	1.2%	80.2%	11,337	55.9%	694.7%	557.4%			137.3%	(556)	-3.4%	16.0%	6.0%
2018	20,935	17,493	3,442	2,986	2.2%	83.6%	11,851	56.6%	701.1%	585.8%	12.7%	77.3%	115.3%	(607)	-3.5%	11.4%	7.6%
2019	21,709	17,742	3,967	3,027	1.4%	81.7%	12,460	57.4%	717.2%	586.1%	12.5%	76.3%	131.1%	(642)	-3.6%	5.2%	10.4%
2020	22,352	16,902	5,450	3,078	1.7%	75.6%	12,890	57.7%	726.2%	549.1%	12.5%	71.5%	177.1%	(665)	-3.9%	-1.0%	8.8%
2021*	23,987	21,469	2,518	3,205	4.1%	89.5%	13,596	56.7%	748.4%	669.8%	13.8%	92.1%	78.6%	(677)	-3.2%	31.7%	9.6%

(*) ATRS had experience studies in these years leading to a change or "true up" in actuarial assumptions. A pattern of periodic studies is a sign of a well-run system and suggests the extent to which the liability measures the actuary provides are likely to be realistic.

(#) ATRS had benefit changes in these years. Benefit increases cause liabilities to rise; benefit decreases cause liabilities to fall. In either case benefit changes affect the year by year comparability of the measures on this page.

(6). The Funded ratio is the most widely known measure of a plan's financial strength, but the trend in the funded ratio is much more important than the absolute ratio. The funded ratio should trend to 100%. As it approaches 100%, it is important to re-evaluate the level of investment risk in the portfolio and potentially to re-evaluate the assumed rate of return.

(9) and (10) The ratios of liabilities and assets to payroll gives an indication of both maturity and volatility. Many systems have values between 500% and 700%. Values significantly above that range may indicate difficulty in supporting the benefit level as a level % of payroll.

(13) The ratio of unfunded liability to payroll gives an indication of the plan sponsor's ability to actually pay off the unfunded liability. A value above approximately 300% or 400% may indicate difficulty in discharging the unfunded liability within a reasonable time frame.

(14) and (15) The ratio of Net External Cash Flow to assets is an important measure of sustainability. Negative ratios are common and expected for a maturing system. In the longer term, this ratio should be on the order of approximately -4%. A ratio that is significantly more negative than that for an extended period could be a leading indicator of potential exhaustion of assets.

(16) and (17) Investment return is probably the largest single risk that most systems face. The year by year return and the 10-year geometric average give an indicator of the past performance of the investment program. Of course, past performance is not a guarantee of future results. Some of the trailing averaged are distorted by the extraordinary events of 2008.

SECTION E

COVERED MEMBER DATA

Active Members in Valuation June 30, 2021
by Attained Age and Years of Service
(Excludes T-DROP and Rehired Retirees)

Attained Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
Under 20	569							569	\$ 1,336,952
20-24	2,043	9						2,052	48,423,090
25-29	4,609	1,277	7					5,893	225,273,208
30-34	3,046	3,538	800	5				7,389	308,422,849
35-39	2,585	2,409	2,578	819	5			8,396	369,391,123
40-44	2,293	2,050	1,783	2,501	599	5		9,231	429,162,881
45-49	1,681	1,727	1,656	1,736	2,272	510	1	9,583	474,266,148
50-54	1,416	1,422	1,352	1,713	1,602	1,646	50	9,201	446,873,310
55-59	1,184	1,064	1,035	1,344	1,390	1,040	82	7,139	304,551,680
60	223	197	184	232	237	199	20	1,292	52,345,437
61	199	180	154	192	194	155	16	1,090	42,578,548
62	197	154	153	165	184	137	17	1,007	38,505,227
63	141	139	132	155	126	114	14	821	31,420,182
64	147	127	98	95	109	92	19	687	25,139,767
65	127	124	87	83	84	78	9	592	22,208,898
66	109	76	49	32	34	23	8	331	9,931,541
67	97	57	26	21	14	7	7	229	5,766,320
68	88	47	20	15	5	9	8	192	4,919,513
69	79	50	21	8	7	5	3	173	4,156,921
70 & Up	395	244	86	22	9	6	4	766	13,978,451
Totals	21,228	14,891	10,221	9,138	6,871	4,026	258	66,633	\$2,858,652,046

Group Averages:

Age: 44.2 years

Service: 10.5 years



FEMALE Active Members in Valuation June 30, 2021
by Attained Age and Years of Service
(Excludes T-DROP and Rehired Retirees)

Attained Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
Under 20	217							217	\$ 642,252
20-24	1,508	4						1,512	36,575,510
25-29	3,492	1,010	5					4,507	169,089,740
30-34	2,374	2,650	623	3				5,650	225,869,448
35-39	2,111	1,932	1,965	671	1			6,680	281,350,366
40-44	1,838	1,658	1,379	1,945	481	2		7,303	324,069,583
45-49	1,302	1,389	1,355	1,398	1,748	401		7,593	358,290,171
50-54	1,060	1,089	1,099	1,465	1,299	1,306	37	7,355	343,686,346
55-59	816	764	793	1,112	1,198	820	61	5,564	230,663,883
60	159	134	140	182	203	168	16	1,002	38,591,244
61	136	121	110	150	163	132	12	824	30,570,861
62	117	114	110	139	155	119	14	768	28,806,140
63	77	90	95	119	106	100	13	600	22,888,319
64	90	77	65	74	91	81	13	491	17,512,514
65	67	74	67	73	70	65	8	424	15,659,997
66	60	41	36	24	30	17	8	216	6,386,555
67	58	31	18	15	11	6	5	144	3,815,844
68	48	24	11	11	3	9	5	111	3,092,902
69	40	20	11	6	5	3	2	87	2,126,291
70 & Up	199	99	42	17	2	5	4	368	6,622,050
Totals	15,769	11,321	7,924	7,404	5,566	3,234	198	51,416	\$ 2,146,310,016

Group Averages:

Age: 44.2 years

Service: 10.8 years



MALE Active Members in Valuation June 30, 2021
by Attained Age and Years of Service
(Excludes T-DROP and Rehired Retirees)

Attained Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
Under 20	352							352	\$ 694,700
20-24	535	5						540	11,847,580
25-29	1,117	267	2					1,386	56,183,468
30-34	672	888	177	2				1,739	82,553,401
35-39	474	477	613	148	4			1,716	88,040,757
40-44	455	392	404	556	118	3		1,928	105,093,298
45-49	379	338	301	338	524	109	1	1,990	115,975,977
50-54	356	333	253	248	303	340	13	1,846	103,186,964
55-59	368	300	242	232	192	220	21	1,575	73,887,797
60	64	63	44	50	34	31	4	290	13,754,193
61	63	59	44	42	31	23	4	266	12,007,687
62	80	40	43	26	29	18	3	239	9,699,087
63	64	49	37	36	20	14	1	221	8,531,863
64	57	50	33	21	18	11	6	196	7,627,253
65	60	50	20	10	14	13	1	168	6,548,901
66	49	35	13	8	4	6		115	3,544,986
67	39	26	8	6	3	1	2	85	1,950,476
68	40	23	9	4	2		3	81	1,826,611
69	39	30	10	2	2	2	1	86	2,030,630
70 & Up	196	145	44	5	7	1		398	7,356,401
Totals	5,459	3,570	2,297	1,734	1,305	792	60	15,217	\$ 712,342,030

Group Averages:

Age: 44.4 years

Service: 9.6 years



Summary of Active Members (Excludes T-DROP and Rehired Retirees)

	Teachers		Support		Total Active Members	
	No.	Valuation Payroll	No.	Valuation Payroll	No.	Valuation Payroll
Female	28,261	\$ 1,521,532,855	23,155	\$ 624,777,161	51,416	\$ 2,146,310,016
Male	8,032	488,724,866	7,185	223,617,164	15,217	712,342,030
All	36,293	\$ 2,010,257,721	30,340	\$ 848,394,325	66,633	\$ 2,858,652,046

	Teachers	Support	Total
Members Contributing Now	34,471	18,143	52,614
Members Not Contributing	1,822	12,197	14,019
All	36,293	30,340	66,633

June 30	Number	Group Averages			Active Member Payroll (\$ Millions)
		Age	Service	Annual Earnings	
2004	63,185	44.2	9.5	\$27,660	\$1,748
2005	65,793	44.2	9.4	29,826	1,962
2006	67,710	44.3	9.3	30,714	2,080
2007	69,226	44.4	9.3	31,645	2,191
2008	70,172	44.5	9.4	32,319	2,268
2009	70,655	44.7	9.5	32,804	2,318
2010	72,208	44.7	9.7	32,980	2,381
2011	72,293	44.8	9.9	33,995	2,458
2012	71,195	45.0	10.1	34,362	2,446
2013	70,660	45.0	10.2	34,920	2,467
2014	70,225	44.7	10.2	35,673	2,505
2015	68,945	44.6	10.3	36,717	2,531
2016	68,368	44.4	10.2	37,235	2,546
2017	68,337	44.3	10.2	37,707	2,577
2018	68,645	44.2	10.2	38,477	2,641
2019	68,457	44.1	10.1	39,065	2,674
2020	66,900	44.3	10.3	40,709	2,723
2021	66,633	44.2	10.5	42,901	2,859

Deferred Vested Members at June 30, 2021 by Attained Age

Age	Number	Estimated Annual Benefits	Contribution Balance
Below 40	1,924	\$ 10,778,458	\$ 26,207,355
40	270	1,979,545	4,807,286
41	319	2,132,715	5,208,787
42	305	1,985,689	4,805,950
43	339	2,254,179	5,342,051
44	300	2,198,638	5,300,624
45	358	2,520,788	5,739,790
46	355	2,451,700	5,628,150
47	402	2,674,355	5,597,114
48	365	2,540,210	5,699,543
49	424	2,692,984	5,386,075
50	496	3,074,650	5,888,111
51	439	2,760,342	5,550,119
52	455	2,881,233	5,756,969
53	530	3,357,828	5,968,427
54	521	2,986,984	5,430,516
55	515	3,064,978	5,641,249
56	622	3,679,215	6,518,468
57	647	3,507,094	6,396,455
58	623	3,886,375	6,884,998
59	650	4,040,893	7,636,649
60 & Up	2,661	8,408,785	14,659,384
Future Beneficiaries #	54	329,649	0
Totals	13,574	\$ 76,187,287	\$ 156,054,070

These are beneficiaries of deceased active members who are eligible for a pension at age 62.

An inactive member is no longer actively working but has sufficient service credit to qualify for a monthly benefit at retirement age.



All Members Participating in T-DROP at June 30, 2021 by Attained Age

Age	Number	Current T-DROP Contribution	Original T-DROP Contribution	T-DROP Account Balance	Pay
49	4	\$ 714,516	\$ 687,696	\$ 73,527	\$ 205,500
50	16	3,540,000	3,391,428	429,897	987,815
51	59	14,993,580	14,401,092	1,709,189	3,913,508
52	135	36,107,832	34,370,424	5,041,016	9,265,612
53	197	55,099,764	51,819,900	9,947,294	13,601,501
54	232	61,539,792	57,013,176	13,702,572	15,522,198
55	245	67,841,424	61,976,220	18,176,201	16,927,225
56	301	82,822,584	74,951,028	24,814,632	20,329,292
57	299	81,302,136	72,083,040	30,277,240	19,715,987
58	324	87,272,100	76,677,588	35,942,609	21,395,803
59	319	82,809,012	74,626,176	42,152,913	20,529,248
60	305	75,587,052	71,866,260	45,687,564	20,062,560
61	303	70,579,572	69,620,592	42,123,716	19,531,658
62	233	46,026,528	51,869,076	35,117,809	14,877,270
63	191	39,240,108	42,402,696	27,685,892	12,069,369
64	143	27,562,464	29,764,236	18,511,411	8,699,388
65	93	18,512,268	22,225,644	15,167,483	6,120,492
66	29	4,659,372	5,473,068	3,265,442	1,637,158
67	13	3,075,276	3,454,440	2,920,174	914,960
68	5	595,152	767,076	639,715	269,534
69	8	1,030,872	1,679,988	1,554,868	522,051
70	6	1,016,592	965,004	745,906	338,855
72	1	205,824	174,432	105,078	32,801
73	1	136,992	116,088	69,935	56,922
74	3	56,051	66,322	728,131	234,360
Totals	3,465	\$ 862,326,863	\$ 822,442,690	\$ 376,590,214	\$ 227,761,067

A T-DROP member continues to work, but does not accrue additional retirement benefits and does not make member contributions. A reduced benefit is paid into the T-DROP account (see pages C-3 and C-4) during T-DROP participation. Deposits to T-DROP cease at 10 years of T-DROP participation. ATRS receives full employer contributions on behalf of T-DROP participants.

Active, T-DROP and Return to Work Members as of June 30, 2021

June 30	Number				Total Payroll
	Active	T-DROP	RTW	Total	\$ Millions
2012	71,195	4,432	4,001	79,628	\$ 2,803
2013	70,660	4,265	4,025	78,950	2,819
2014	70,225	4,127	3,845	78,197	2,851
2015	68,945	3,974	3,741	76,660	2,874
2016	68,368	3,864	3,829	76,061	2,888
2017	68,337	3,811	3,881	76,029	2,922
2018	68,645	3,696	4,029	76,370	2,986
2019	68,457	3,707	4,077	76,241	3,027
2020	66,900	3,639	4,019	74,558	3,078
2021	66,633	3,465	3,575	73,673	3,205

The actuarial valuation assumes the number of working members will remain constant at the current level. In some recent years the total number of working members has decreased. A decreasing population means less contribution income for the Retirement System than expected and can lead to funding difficulties in extreme cases.

Annuities Being Paid Retirees and Beneficiaries July 1, 2021 by Type of Annuity Being Paid

Type of Annuity	No.	Annual Amounts		
		Original Annuities	Base Annuities	Current Annuities
RETIREMENT RESERVE ACCOUNT				
Age & Service				
Option 1 (Basic single life)	37,197	\$ 588,039,746	\$ 678,166,594	\$ 895,617,301
Option A (Joint & 100% Survivor)	5,496	94,100,473	107,247,830	142,278,648
Option B (Joint & 50% Survivor)	2,721	61,843,674	72,976,243	96,904,931
Option C (10 year certain)	698	11,719,768	11,934,629	14,780,376
Beneficiaries	1,350	24,797,107	22,613,757	31,083,516
Totals	47,462	780,500,768	892,939,053	1,180,664,772
Disability				
Option 1	2,276	23,984,086	25,976,748	34,610,036
Option A	354	3,948,962	3,982,055	5,224,971
Option B	83	1,226,303	1,301,706	1,707,706
Option C	0	-	-	-
Beneficiaries	275	3,288,753	3,363,074	4,704,204
Totals	2,988	32,448,104	34,623,583	46,246,917
Act 793	148	829,238	1,705,769	1,705,769
Retirement Reserve Account	50,598	813,778,110	929,268,405	1,228,617,458
Act 808 Retirement Reserve Account	35	652,515	1,967,170	1,967,170
Total Retirement Reserve Account	50,633	814,430,625	931,235,575	1,230,584,628
SURVIVOR'S BENEFIT ACCOUNT				
Beneficiaries of Deceased Members	772	\$ 8,457,997	\$ 9,371,680	\$ 12,116,736
RETIREMENT SYSTEM TOTALS				
Total Annuities Being Paid	51,405	\$ 822,888,622	\$ 940,607,255	\$ 1,242,701,364

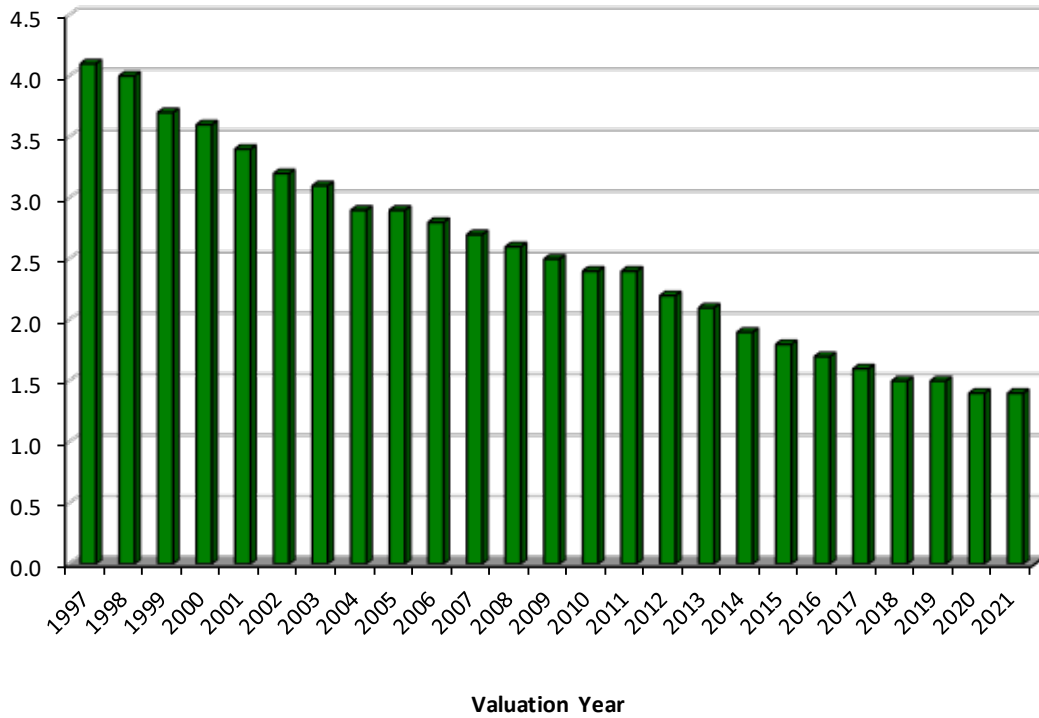
The Original Annuity is the annuity at the date of retirement.

The Base Annuity is the amount from which the 3.0% COLA is calculated.

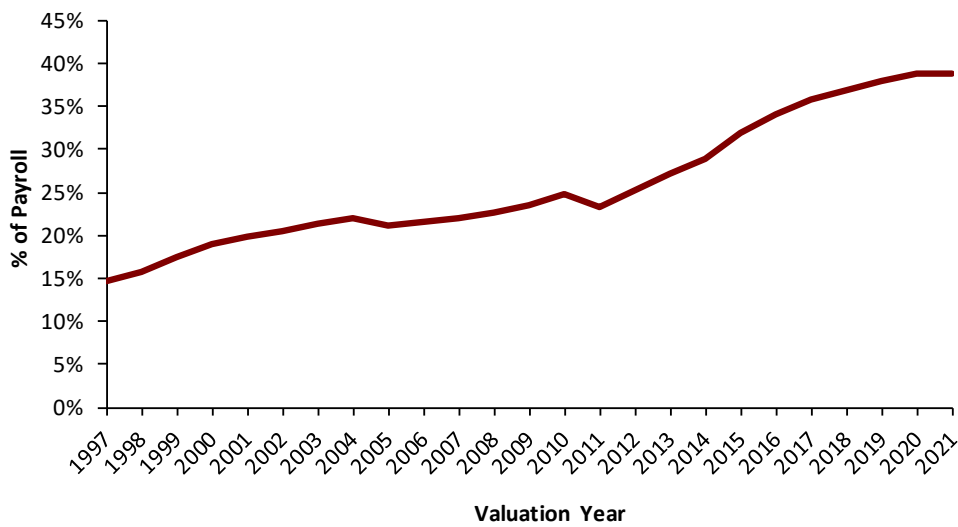
The Current Annuity is the annuity payable at July 1, 2021 (Includes July 1 COLA).

Historical Graphs

Active Members Per Retired Life *



Retirement Benefits Being Paid as a Percent of Member Payroll *



* Beginning with the June 30, 2011 valuation, active members include T-DROP participants in payroll.

Benefit Changes During Recent Years of Retirement and Related Changes in Purchasing Power (1990 \$)

Year Ended June 30	Increase Beginning of Year	Benefit Dollars in Year*	Inflation (Loss) in Year#	Purchasing Power at Year End	
				1990 \$	% of 1990
1990	\$ - - - -	\$ 11,000	- - - -	\$ 11,000	100%
1991	330	11,330	(4.7)%	10,822	98%
1992	1,005	12,335	(3.1)%	11,429	104%
1993	1,045	13,380	(3.0)%	12,036	109%
1994	1,082	14,462	(2.5)%	12,693	115%
1995	400	14,862	(3.0)%	12,660	115%
1996	400	15,262	(2.8)%	12,652	115%
1997	772	16,034	(2.3)%	12,993	118%
1998	481	16,515	(1.7)%	13,161	120%
1999	1,383	17,898	(2.0)%	13,989	127%
2000	1,129	19,027	(3.7)%	14,336	130%
2001	1,406	20,433	(3.2)%	14,911	136%
2002	807	21,240	(1.1)%	15,337	139%
2003	562	21,802	(2.1)%	15,417	140%
2004	562	22,364	(3.3)%	15,314	139%
2005	562	22,926	(2.5)%	15,312	139%
2006	562	23,488	(4.3)%	15,037	137%
2007	562	24,050	(2.7)%	14,994	136%
2008	562	24,612	(5.0)%	14,611	133%
2009	562	25,174	1.4 %	15,161	138%
2010	755	25,929	(1.1)%	15,453	140%
2011	778	26,707	(3.6)%	15,370	140%
2012	778	27,485	(1.7)%	15,558	141%
2013	778	28,263	(1.8)%	15,723	143%
2014	778	29,041	(2.1)%	15,828	144%
2015	778	29,819	(0.1)%	16,232	148%
2016	778	30,597	(1.0)%	16,491	150%
2017	778	31,375	(1.6)%	16,638	151%
2018	778	32,153	(2.9)%	16,575	151%
2019	751	32,904	(1.6)%	16,687	152%
2020	451	33,355	(0.6)%	16,807	153%
2021	751	34,106	(5.4)%	16,306	148%
2022	751	34,857			

* The \$11,000 benefit used to begin this schedule is an arbitrary amount. A smaller beginning amount could show a smaller purchasing power loss in percent loss.

Based on Consumer Price Index, All Urban Consumers, United States City Average (June values).

Benefit Changes During Recent Years of Retirement and Related Changes in Purchasing Power (2000 \$)

Year Ended June 30	Increase Beginning of Year	Benefit Dollars in Year*	Inflation (Loss) in Year#	Purchasing Power at Year End	
				2000 \$	% of 2000
2000	\$ ----	\$ 11,600	----	\$ 11,600	100%
2001	1,003	12,603	(3.2)%	12,207	105%
2002	523	13,126	(1.1)%	12,579	108%
2003	372	13,498	(2.1)%	12,668	109%
2004	372	13,870	(3.3)%	12,605	109%
2005	372	14,242	(2.5)%	12,624	109%
2006	372	14,614	(4.3)%	12,417	107%
2007	372	14,986	(2.7)%	12,400	107%
2008	372	15,358	(5.0)%	12,100	104%
2009	372	15,730	1.4 %	12,573	108%
2010	472	16,202	(1.1)%	12,815	110%
2011	486	16,688	(3.6)%	12,746	110%
2012	486	17,174	(1.7)%	12,902	111%
2013	486	17,660	(1.8)%	13,039	112%
2014	486	18,146	(2.1)%	13,125	113%
2015	486	18,632	(0.1)%	13,460	116%
2016	486	19,118	(1.0)%	13,675	118%
2017	486	19,604	(1.6)%	13,797	119%
2018	486	20,090	(2.9)%	13,745	118%
2019	459	20,549	(1.6)%	13,831	119%
2020	159	20,708	(0.6)%	13,848	119%
2021	459	21,167	(5.4)%	13,140	113%
2022	459	21,626			

* The \$11,600 benefit used to begin this schedule is an arbitrary amount. A smaller beginning amount could show a smaller purchasing power loss in percent loss.

Based on Consumer Price Index, All Urban Consumers, United States City Average (June values).

Benefit Changes During Recent Years of Retirement and Related Changes in Purchasing Power (2010 \$)

Year Ended June 30	Increase Beginning of Year	Benefit Dollars in Year*	Inflation (Loss) in Year#	Purchasing Power at Year End	
				2010 \$	% of 2010
2010	\$ ----	\$ 11,900	----	\$ 11,900	100%
2011	357	12,257	(3.6)%	11,836	99%
2012	357	12,614	(1.7)%	11,981	101%
2013	357	12,971	(1.8)%	12,108	102%
2014	357	13,328	(2.1)%	12,188	102%
2015	357	13,685	(0.1)%	12,499	105%
2016	357	14,042	(1.0)%	12,699	107%
2017	357	14,399	(1.6)%	12,812	108%
2018	357	14,756	(2.9)%	12,764	107%
2019	330	15,086	(1.6)%	12,837	108%
2020	30	15,116	(0.6)%	12,780	107%
2021	330	15,446	(5.4)%	12,127	102%
2022	330	15,776			

* The \$11,900 benefit used to begin this schedule is an arbitrary amount. A smaller beginning amount could show a smaller purchasing power loss in percent loss.

Based on Consumer Price Index, All Urban Consumers, United States City Average (June values).

SECTION F

FINANCIAL PRINCIPLES

Financial Principles and Operational Techniques

Promises Made and To Be Paid For. As each year is completed, the System, in effect, hands an “IOU” to each member then acquiring a year of service credit. The “IOU” says: “The Arkansas Teacher Retirement System owes you one year’s worth of retirement benefits, payments in cash commencing when you qualify for retirement.”

The related *key financial questions* are:

Which generation of taxpayers contributes the money to cover the IOU?

The present taxpayers, who receive the benefit of the member’s present year of service?

Or the future taxpayers, who happen to be in Arkansas at the time the IOU becomes a cash demand?

The financial objective of the ATRS is that this year’s taxpayers contribute the money to cover the IOUs being handed out this year so that **the employer contribution rate will remain approximately level from generation to generation** -- our children and our grandchildren will not have to contribute greater percents of pay than we contribute now. This objective was set forth in Act 793 of 1977.

(There are systems which have **a design for deferring contributions to future taxpayers**, lured by a lower contribution rate now and putting aside the fact that the contribution rate must then relentlessly grow much greater over decades of time -- consume now, and let your children face higher contribution rates after you retire.)

An inevitable byproduct of the level-cost design is the accumulation of reserve assets for decades and the income produced when the assets are invested. **Investment income** becomes the **third and largest contributor** for benefits to employees, and is interlocked with the contribution amounts required from employees and employers.

Translated to actuarial terminology, this level-cost objective means that the contribution rates must total at least the following:

Normal Cost (the cost of members’ service being rendered this year)

... plus ...

Interest on Unfunded Actuarial Accrued Liabilities (unfunded accrued liabilities are the difference between (i) liabilities for service already rendered and (ii) the accrued assets of the plan).

Computing Contributions to Support System Benefits. From a given schedule of benefits and from the employee data and asset data furnished, the actuary determines the contribution rates to support the benefits, by means of **an actuarial valuation**. An actuarial valuation has a number of ingredients such as: the rate of investment income which plan assets will earn; the rates of withdrawal of active members who leave covered employment before qualifying for any monthly benefit; the rates of mortality; the rates of disability; the rates of pay increases; and the assumed age or ages at actual retirement. In an actuarial valuation, assumptions must be made as to what the above rates will be, for the next year and for decades in the future. Only the subsequent actual experience of the System can indicate the degree of accuracy of the assumptions.

Reconciling Differences Between Assumed Experience and Actual Experience. Once actual experience has occurred and been observed, it will not coincide exactly with assumed experience, regardless of the accuracy of the various financial assumptions or the skill of the actuary and the precision of the calculations made. The System copes with these continually changing differences by having annual actuarial valuations. Each actuarial valuation is a complete recalculation of assumed future experience, taking into account all past differences between assumed and actual experience. The result is continual adjustments in financial position.



Actuarial Valuation Process

The financing diagram on the next page shows the relationship between the two fundamentally different philosophies of paying for retirement benefits: the method where contributions match cash benefit payments (or barely exceed cash benefit payments, as in the Federal Social Security program), and is thus an *increasing contribution method*; and the *level contribution method* which equalizes contributions between the generations.

The actuarial valuation is the mathematical process by which the level contribution rate is determined, and the flow of activity constituting the valuation may be summarized as follows:

- A. **Census Data**, furnished by plan administrator
 - Retired lives now receiving benefits
 - Former employees with vested benefits not yet payable
 - Active employees

- B. + **Asset data** (cash & investments), furnished by plan administrator

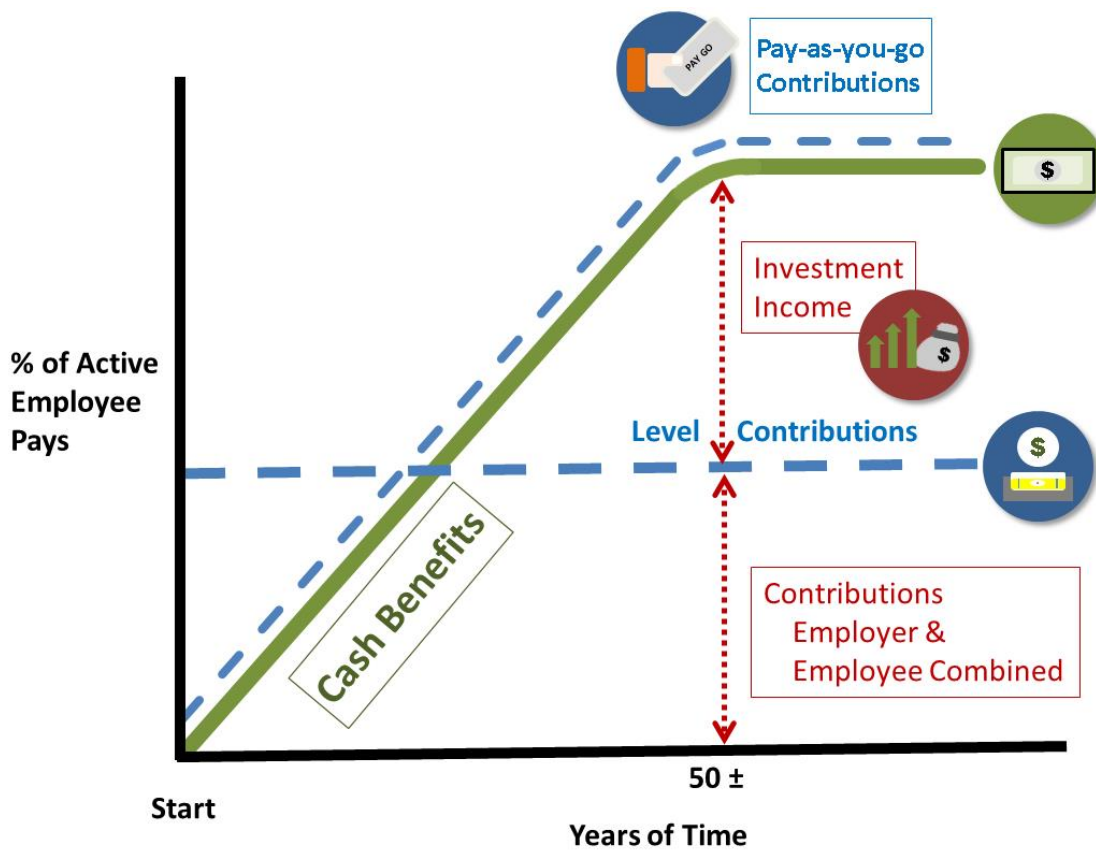
- C. + **Benefit provisions** that establish eligibility and amounts of payments to members

- D. + **Assumptions concerning future financial experiences in various risk areas**, which assumptions are established by the Board of Trustees after consulting with the actuary

- E. + **The funding method** for employer contributions (the long-term planned pattern for employer contributions)

- F. + **Mathematically combining the assumptions, the funding method, and the data**

- G. = Determination of:
 - Plan financial position**, and/or
 - New Employer Contribution Rate**



CASH BENEFITS LINE. This relentlessly increasing line is the fundamental reality of retirement plan financing. It happens each time a new benefit is added for future retirements (and happens regardless of the design for contributing for benefits).

LEVEL CONTRIBUTION LINE. Determining the level contribution line requires detailed assumptions concerning a variety of experiences in future decades, including:

- **Economic Risk Areas**
 - Rates of investment return
 - Rates of pay increase
 - Changes in active member group size
- **Non-Economic Risk Areas**
 - Ages at actual retirement
 - Rates of mortality
 - Rates of withdrawal of active members (turnover)
 - Rates of disability

SECTION G

ACTUARIAL ASSUMPTIONS

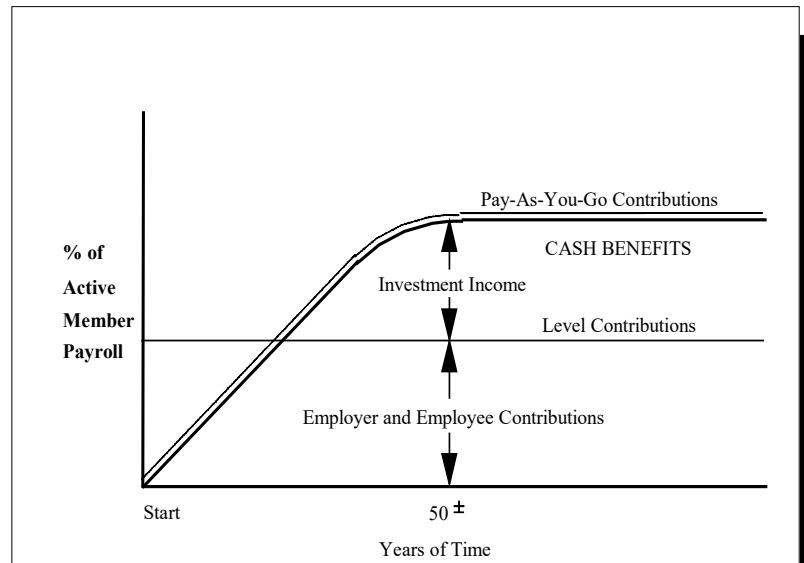
Selection of Assumptions Used in Actuarial Valuations

Economic Assumptions

Investment return
Pay increases to individual employees
Active member group size and
total payroll growth

Demographic Assumptions

Actual ages at service retirement
Disability while actively employed
Separations before retirement
Mortality after retirement
Mortality before retirement



Relationship Between Plan Governing Body and the Actuary

The actuary should have the primary responsibility for choosing the **demographic** assumptions used in the actuarial valuation, making use of specialized training and experience.

The actuary and other professionals can provide guidance concerning the choice of suitable economic assumptions.

Guidance regarding the selection of economic assumptions for measuring pension obligations is provided by Actuarial Standards of Practice (ASOP) No. 27. The standard requires that the selected economic assumptions be consistent with each other. That is, the selection of the investment return assumption should be consistent with the selection of the payroll growth and inflation assumptions.

ASOP No. 27 defines a reasonable economic assumption as an assumption that has the following characteristics: (a) It is appropriate for the purpose of the measurement; (b) It reflects the actuary's professional judgment; (c) It takes into account historical and current economic data that is relevant as of the valuation date; (d) It reflects the actuary's estimate of future experience, the actuary's observation of the estimates inherent in market data, or a combination thereof; and (e) It has no significant bias (i.e., it is not significantly optimistic or pessimistic), except when provisions for adverse deviation or plan provisions that are difficult to measure are included and disclosed under Section 3.5.1, or when alternative assumptions are used for the assessment of risk.

Summary of Assumptions Used in Actuarial Valuations for the Arkansas Teacher Retirement System Assumptions Adopted by the Board of Trustees After Consulting with Actuary

The actuarial assumptions used in the valuation are shown in this section. The rationale for the assumptions is provided in the Experience Study covering the period July 1, 2010 through June 30, 2015. The Board of Trustees adopts the actuarial assumptions used for actuarial valuation purposes after consulting with the actuary. The actuarial assumptions represent estimates of future experience.

Economic Assumptions

The **price inflation** assumption is 2.50% although no specific Price Inflation is needed for this valuation. It is assumed that the 3% COLA will always be paid.

The investment return rate used in the valuation was 7.25% per year, compounded annually (net after administrative expenses). This rate was first used for the **June 30, 2021** valuation. The assumed real rate of return over price inflation is 4.75%.

The **wage inflation** assumption is 2.75%. This consists of 2.50% related to pure price inflation and 0.25% related to general economic improvements. This assumption was first used for the **June 30, 2017** valuation.

Pay increase assumptions for individual active members are shown on page G-9. Part of the assumption for each age is for a merit and/or seniority increase, and the other 2.75% recognizes wage inflation. These rates were first used for the **June 30, 2021** valuation.

The Active Member Group (Active, T-DROP, RTW) size is assumed to remain constant at its present level.

Total active member payroll is assumed to increase 2.75% per year, which is the portion of the individual pay increase assumptions attributable to wage inflation. This rate was first used for the **June 30, 2017** valuation.

Non-Economic Assumptions

The mortality tables used were the Pub-2010 General Healthy Retired, General Disabled Retiree and General Employee Mortality amount weighted tables for males and females. Mortality rates were adjusted for future mortality improvements using projection scale MP-2020 from 2010.

A limited fluctuation credibility procedure was used to determine the appropriate scaling factor of each gender and each member classification (see the 2015-2020 Experience Study), and are shown below:

	Scaling Factor
Healthy Male Retirees	105%
Healthy Female Retirees	105%
Disabled Male Retirees	104%
Disabled Female Retirees	104%
Male Active Members	100%
Female Active Members	100%

Related values are shown on page G-4. These tables were first used for the **June 30, 2021** valuation.

The probabilities of retirement for members eligible to retire are shown on pages G-5 and G-6. The rates for full retirement and reduced retirement were first used in the **June 30, 2021** valuation.

The probabilities of withdrawal from service, death-in-service and disability are shown for sample ages on pages G-7 and G-8. These rates were first used in the **June 30, 2021** valuation.

The entry age actuarial cost method of valuation was used in determining accrued liabilities and normal cost. TDROP members are treated as active members. Normal cost runs from the date of entry to the date of retirement.

Differences in the past between assumed experience and actual experience (“actuarial gains and losses”) become part of actuarial accrued liabilities.

Unfunded actuarial accrued liabilities are amortized to produce contribution amounts (the total of principal & interest) which are level percents of payroll contributions.

These cost methods were first used in the June 30, 1986 valuation.

The Fiscal Year 2021 employer and member contribution rates were 14.50% and 6.50%, respectively. The employer and member rates are scheduled to increase by 0.25% increments ending in Fiscal Year 2023. The ultimate employer and member contribution rates will be 15% and 7%, respectively. The projected unfunded actuarial accrued liabilities were increased when developing the amortization period to account for the temporary shortfalls in the employer and employee contribution rates.

Asset Valuation Method. A market value related asset method is used as described on page D-1. This method was first used in the June 30, 1995 valuation. It was modified following the 1997-2002 Experience Study to include an 80% - 120% market value corridor.

The data about persons now covered and about present assets was furnished by the System’s administrative staff. Although examined for general reasonableness, the data was not audited by the Actuary. Members whose dates of birth were not supplied were assumed to be 40 years old on the valuation date. Members whose salaries were not supplied and that entered T-DROP were assumed to have the group average pay of those with salary data as of the valuation date that entered T-DROP.

Single Life Retirement Values*

Sample Attained Ages in 2021	Present Value of \$1.00 Monthly for Life		Present Value of \$1 Monthly for Life Increasing 3.0% Annually		Future Life Expectancy (Years)		Percent Dying within Next Year	
	Male	Female	Male	Female	Male	Female	Male	Female
40	\$155.44	\$157.82	\$206.14	\$210.65	45.18	48.21	0.09 %	0.04 %
45	151.33	154.38	198.31	203.87	39.95	42.93	0.12 %	0.07 %
50	145.92	149.83	188.53	195.32	34.84	37.75	0.29 %	0.22 %
55	139.31	144.33	176.98	185.25	29.97	32.80	0.44 %	0.31 %
60	130.92	137.08	163.07	172.69	25.28	27.97	0.67 %	0.43 %
65	120.49	127.56	146.69	157.22	20.84	23.28	0.97 %	0.62 %
70	107.50	115.32	127.57	138.61	16.63	18.79	1.50 %	1.00 %
75	92.00	100.24	106.17	117.19	12.76	14.59	2.54 %	1.78 %
80	74.80	83.03	83.88	94.27	9.35	10.84	4.58 %	3.30 %
85	57.79	65.11	63.06	71.83	6.59	7.70	8.40 %	6.24 %
Base	2705 x 1.05	2706 x 1.05	2705 x 1.05	2706 x 1.05				
Projection	964	965	964	965				

* Rates and life expectancies in future years are determined by the MP-2020 projection scale.

Sample Attained Ages in 2021	Benefit Increasing 3.0% Yearly	Portion of Age 60 Lives Still Alive	
		Male	Female
60	\$100.00	100%	100%
65	115.00	96%	98%
70	130.00	91%	94%
75	145.00	84%	89%
80	160.00	73%	81%
Ref		2705 x 1.05	2706 x 1.05

Probabilities of Retirement for Members

Retirement Ages	% of Active Participants Retiring with Unreduced Benefits			
	Education		Support	
	Male	Female	Male	Female
48	8%	7%	8%	8%
49	8%	7%	8%	8%
50	8%	7%	8%	8%
51	8%	7%	8%	8%
52	8%	7%	8%	8%
53	8%	7%	8%	8%
54	8%	7%	8%	8%
55	8%	8%	8%	8%
56	10%	8%	8%	8%
57	10%	10%	8%	11%
58	10%	12%	8%	11%
59	14%	15%	8%	15%
60	17%	18%	13%	15%
61	24%	20%	13%	16%
62	27%	29%	28%	26%
63	27%	26%	25%	20%
64	27%	28%	25%	24%
65	60%	57%	57%	59%
66	60%	57%	47%	49%
67	50%	42%	44%	40%
68	45%	42%	44%	40%
69	45%	42%	44%	40%
70	45%	42%	44%	40%
71	45%	42%	44%	40%
72	45%	42%	44%	40%
73	45%	42%	44%	40%
74	45%	42%	44%	40%
75	100%	100%	100%	100%
Ref	3245	3246	3247	3248

These rates are based upon data presented in the 2015-2020 experience study and were first used in the 2021 valuation.

Probabilities of Reduced Retirement for Members

Retirement Ages	% of Active Participants Retiring with Reduced Benefits			
	Education		Support	
	Male	Female	Male	Female
45	1.0%	1.0%	2.0%	3.0%
46	1.0%	1.0%	2.0%	3.0%
47	1.0%	1.0%	2.0%	3.0%
48	1.0%	1.0%	2.0%	3.0%
49	1.0%	1.0%	2.0%	3.0%
50	2.0%	2.0%	3.0%	4.0%
51	3.0%	2.0%	3.0%	4.0%
52	3.0%	3.0%	4.0%	4.0%
53	4.0%	4.0%	4.0%	4.0%
54	5.0%	4.0%	5.0%	4.0%
55	6.0%	5.0%	6.0%	4.0%
56	6.0%	5.0%	7.0%	6.0%
57	8.0%	5.0%	7.0%	6.0%
58	9.0%	6.0%	7.0%	6.0%
59	6.0%	6.0%	7.0%	6.0%
Ref	3249	3250	3251	3252

These rates are based upon data presented in the 2015-2020 experience study and were first used in the 2021 valuation.

Duration of T-DROP for Members

Present T-DROP members are assumed to remain in T-DROP according to the following table:

Entry Age	Assumed Duration Years
50-56	7
57	6
58	5
59+	4

Teachers Separations from Active Employment Before Age and Service Retirement

Sample Ages in 2021	Percent of Active Members Separating within the Next Year						
	Years of Service	Death *		Disability		Other	
		Male	Female	Male	Female	Male	Female
	0					17.00%	13.00%
	1					13.80%	11.30%
	2					11.30%	10.50%
	3					8.90%	8.30%
	4					6.30%	6.50%
25	5 & Up	0.03%	0.01%	0.02%	0.02%	5.80%	6.50%
30		0.05%	0.02%	0.02%	0.02%	4.20%	4.80%
35		0.07%	0.03%	0.02%	0.03%	2.90%	3.20%
40		0.09%	0.04%	0.04%	0.07%	2.00%	2.10%
45		0.10%	0.05%	0.13%	0.17%	1.70%	1.70%
50		0.14%	0.08%	0.31%	0.37%	1.60%	1.70%
55		0.21%	0.13%	0.61%	0.63%	1.60%	1.70%
60		0.33%	0.20%	0.82%	0.89%	1.50%	1.60%
65	0.48%	0.28%	0.82%	0.89%	1.20%	1.30%	
Ref:						1364	1365
		2723 x 1.00	2724 x 1.00	1217 x 1	1218 x 1	1574	1575

* Rates and life expectancies in future years are determined by the MP-2020 projection scale.

Support Employees Separations from Active Employment Before Age and Service Retirement

Sample Ages in 2021	Percent of Active Members Separating within the Next Year						
	Years of Service	Death *		Disability		Other	
		Male	Female	Male	Female	Male	Female
	0					54.50%	48.50%
	1					29.90%	27.20%
	2					19.80%	19.00%
	3					15.50%	15.30%
	4					12.00%	12.80%
25	5 & Up	0.03%	0.01%	0.02%	0.01%	10.60%	9.90%
30		0.05%	0.02%	0.05%	0.03%	7.80%	7.00%
35		0.07%	0.03%	0.10%	0.04%	5.70%	5.10%
40		0.09%	0.04%	0.13%	0.08%	4.40%	4.30%
45		0.10%	0.05%	0.21%	0.16%	3.70%	4.00%
50		0.14%	0.08%	0.45%	0.33%	3.50%	3.90%
55		0.21%	0.13%	0.88%	0.61%	3.50%	3.70%
60	0.33%	0.20%	1.36%	0.79%	3.40%	3.20%	
65	0.48%	0.28%	1.36%	0.79%	2.70%	2.50%	
Ref:						1366	1367
		2723 x 1.00	2724 x 1.00	1219 x 1	1220 x 1	1576	1577

* Rates and life expectancies in future years are determined by the MP-2020 projection scale.

Individual Pay Increases

Education			
Service	Pay Increase Assumptions for an Individual Member		
	Merit & Seniority	Base (Economic)	Increase Next Year
1	2.50%	2.75%	5.25%
2	2.20%	2.75%	4.95%
3	1.90%	2.75%	4.65%
4	1.80%	2.75%	4.55%
5	1.70%	2.75%	4.45%
6	1.60%	2.75%	4.35%
7	1.50%	2.75%	4.25%
8	1.40%	2.75%	4.15%
9	1.30%	2.75%	4.05%
10	1.25%	2.75%	4.00%
11	1.20%	2.75%	3.95%
12	1.15%	2.75%	3.90%
13	1.10%	2.75%	3.85%
14	1.05%	2.75%	3.80%
15	1.00%	2.75%	3.75%
16	0.95%	2.75%	3.70%
17	0.85%	2.75%	3.60%
18	0.75%	2.75%	3.50%
19	0.65%	2.75%	3.40%
20	0.55%	2.75%	3.30%
21	0.50%	2.75%	3.25%
22	0.45%	2.75%	3.20%
23	0.40%	2.75%	3.15%
24	0.30%	2.75%	3.05%
25	0.20%	2.75%	2.95%
26	0.15%	2.75%	2.90%
27	0.10%	2.75%	2.85%
28	0.25%	2.75%	3.00%
29+	0.00%	2.75%	2.75%
Ref:	931		

Support			
Service	Pay Increase Assumptions for an Individual Member		
	Merit & Seniority	Base (Economic)	Increase Next Year
1	3.00%	2.75%	5.75%
2	2.60%	2.75%	5.35%
3	1.60%	2.75%	4.35%
4	1.45%	2.75%	4.20%
5	1.35%	2.75%	4.10%
6	1.25%	2.75%	4.00%
7	1.20%	2.75%	3.95%
8	1.15%	2.75%	3.90%
9	1.10%	2.75%	3.85%
10	1.05%	2.75%	3.80%
11	1.00%	2.75%	3.75%
12	0.95%	2.75%	3.70%
13	0.90%	2.75%	3.65%
14	0.80%	2.75%	3.55%
15	0.75%	2.75%	3.50%
16	0.70%	2.75%	3.45%
17	0.65%	2.75%	3.40%
18	0.60%	2.75%	3.35%
19	0.50%	2.75%	3.25%
20	0.45%	2.75%	3.20%
21	0.40%	2.75%	3.15%
22	0.35%	2.75%	3.10%
23	0.30%	2.75%	3.05%
24	0.25%	2.75%	3.00%
25	0.25%	2.75%	3.00%
26	0.25%	2.75%	3.00%
27	0.25%	2.75%	3.00%
28	0.40%	2.75%	3.15%
29+	0.00%	2.75%	2.75%
Ref:	932		

Miscellaneous and Technical Assumptions

June 30, 2021

Marriage Assumption:	100% of males and 100% of females are assumed to be married for purposes of death-in-service benefits. Male members are assumed to have a beneficiary three years younger and female members are assumed to have a beneficiary two years older.
Pay Increase Timing:	Beginning of (Fiscal) year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date.
Decrement Timing:	Decrements are assumed to occur mid-year, with the exception of normal and early retirement, which are assumed to occur at the beginning of the year. This implies that people who worked the entire school year are reported as active members even if they retired at the end of the year.
Eligibility Testing:	Eligibility for benefits is determined based upon the age nearest birthday and the service nearest whole year on the date of the valuation.
Decrement Relativity:	Decrement rates are used directly from the experience study, without adjustment for multiple decrement table effects.
Decrement Operation:	Disability does not operate during the first 5 years of service. Disability and turnover do not operate during retirement eligibility.
Normal Form of Benefit:	The assumed normal form of benefit is the straight life form.
Incidence of Contributions:	Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made. The payroll used for this purpose is payroll for all active members plus payroll for members in the T-DROP and retirees who returned to work.
Liability Adjustments:	The liability calculations assume that the non-contributory and contributory multipliers for the first ten years of service are at the standard rate at the time the service is earned.
Data Adjustments:	Members whose dates of birth were not supplied were assumed to be 40 years old on the valuation date. Members whose salaries were not supplied and that entered the T-DROP were assumed to have the group average pay of those with salary data as of the valuation that entered the T-DROP.

SECTION H

GLOSSARY

Glossary

Accrued Service. The service credited under the plan which was rendered before the date of the actuarial valuation.

Accumulated Benefit Obligation. The actuarial present value of vested and non-vested benefits based on service to date and past and current salary levels.

Actuarial Accrued Liability. The difference between (i) the actuarial present value of future plan benefits, and (ii) the actuarial present value of future normal cost. Sometimes referred to as “accrued liability” or “past service liability.”

Actuarial Assumptions. Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

Actuarial Cost Method. A mathematical budgeting procedure for allocating the dollar amount of the “actuarial present value of future plan benefits” between the actuarial present value of future normal cost and the actuarial accrued liability. Sometimes referred to as the “actuarial funding method.”

Actuarial Equivalent. A single amount or series of amounts of equal value to another single amount or series of amounts, computed on the basis of the rate(s) of interest and mortality tables used by the plan.

Actuarial Present Value. The amount of funds presently required to provide a payment or series of payments in the future. It is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.

Actuarial Present Value of Credited Projected Benefits or Pension Benefit Obligation. The present value of future benefits based on service to date and the effect projected salary increases.

Actuary. A person who is trained in the applications of probability and compound interest to solve problems in business and finance that involve payment of money in the future, contingent upon the occurrence of future events. Most actuaries in the United States are Members of the American Academy of Actuaries. The Society of Actuaries is an international research, education and membership organization for actuaries in the life and health insurance, employee benefits, and pension fields. It administers a series of examinations leading initially to Associateship and the designation A.S.A. and ultimately to Fellowship with the designation F.S.A. The federal government certifies actuaries to practice under ERISA with the designation of E.A.

Amortization. Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

Glossary

Experience Gain (Loss). A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, in accordance with the actuarial cost method being used.

Normal Cost. The annual cost assigned, under the actuarial funding method, to current and subsequent plan years. Sometimes referred to as “current service cost.” Any payment toward the unfunded actuarial accrued liability is not part of the normal cost.

Plan Termination Liability. The actuarial present value of future plan benefits based on the assumption that there will be no further accruals for future service and salary. The termination liability will generally be less than the liabilities computed on a “going concern” basis and is not normally determined in a routine actuarial valuation.

Reserve Account. An account used to indicate that funds have been set aside for a specific purpose and are not generally available for other uses.

Unfunded Actuarial Accrued Liability. The difference between the actuarial accrued liability and valuation assets. Sometimes referred to as “unfunded accrued liability.”

Valuation Assets. The value of current plan assets recognized for valuation purposes. Generally based on book value plus a portion of unrealized appreciation or depreciation.

Arkansas Teacher Retirement System

Annual Actuarial Valuation of Annuities Being Paid to
Retirees and Beneficiaries

June 30, 2021



OUTLINE OF CONTENTS

Report of Actuarial Valuation of ATRS Retired Lives

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December 20, 2021

Board of Trustees
Arkansas Teacher Retirement System
Little Rock, Arkansas

Dear Board Members:

Presented in this report are the results of the ***Annual Actuarial Valuation of annuities being paid to retirees and beneficiaries*** of the Arkansas Teacher Retirement System.

The date of the valuation was June 30, 2021 (using amounts payable as of July 1, 2021).

This report was prepared at the request of the Board and is intended for use by the Retirement System and those designated or approved by the Board. This report may be provided to parties other than the Retirement System only in its entirety and only with the permission of the Board. GRS is not responsible for unauthorized use of this report.

The valuation was based upon census data and financial information provided by the System's administrative staff. Preparation of this data requires considerable staff time. The helpful cooperation of the Arkansas Teacher Retirement System staff in furnishing the data is acknowledged with appreciation. We checked for internal and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the data provided by ATRS.

This report was prepared using certain assumptions approved by the Board. The actuarial assumptions used for valuation purposes are summarized in the Appendix. These assumptions reflect experience during the period July 1, 2015 to June 30, 2020 and expectations for the future.

This report was prepared using our proprietary valuation model and related software which, in our professional judgment, has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

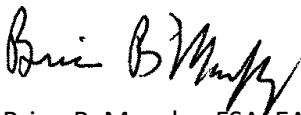
Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law. The scope of an actuarial valuation does not contain an analysis of the potential range of such future measurements.

This is one of multiple documents comprising the actuarial results. The other documents include the active and inactive valuation dated December 7, 2021, and the presentation dated December 6, 2021.

To the best of our knowledge, this report is complete and accurate and was made in accordance with standards of practice promulgated by the Actuarial Standards Board. The actuarial assumptions used for the valuation produce results which, individually and in the aggregate, are reasonable.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. Brian B. Murphy, Judith A. Kermans and Heidi G. Barry are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The actuaries submitting this report are independent of the plan sponsor.

Respectfully submitted,
Gabriel, Roeder, Smith & Company



Brian B. Murphy, FSA, EA, FCA, MAAA, PhD



Judith A. Kermans, EA, FCA, MAAA



Heidi G. Barry, ASA, FCA, MAAA

BBM/JAK/HGB:sc

Comments

As expected, during the year ended June 30, 2021 the number of retired lives increased, as did the total amount being paid monthly to retired lives.

The financing diagram on page 7 shows the general pattern in which cash benefits increase (the green line). The schedule below shows how ATRS history illustrates the general pattern.

June 30	Retired Lives Receiving Benefits		
	No.	Annual Rates (Millions)	% of Active Payroll
1967	3,846	\$ 6.27	
1972	5,453	11.08	
1977	7,524	23.96	
1982	8,828	36.64	
1987	10,526	66.45	10.0%
1992	12,033	115.50	10.7%
1997	14,233	194.90	15.0%
1998	14,802	220.38	16.1%
1999	15,887	248.75	17.4%
2000	16,657	280.14	18.9%
2001	17,778	309.03	19.8%
2002	19,199	334.15	20.5%
2003	20,271	359.98	21.4%
2004	21,428	386.23	22.1%
2005	22,680	415.04	21.1%
2006	24,153	449.77	21.6%
2007	25,611	484.55	22.1%
2008	26,801	515.56	22.7%
2009	28,818	564.59	23.5%
2010	30,587	612.77	24.8%
2011	32,099	657.08	23.3%
2012	34,160	709.17	25.3%
2013	36,254	763.76	27.1%
2014	38,478	822.19	28.8%
2015	40,748	916.62	31.9%
2016	43,095	983.87	34.1%
2017	45,092	1,044.74	35.8%
2018	46,824	1,099.35	36.8%
2019	48,677	1,146.74	37.9%
2020	50,133	1,194.82	38.8%
2021	51,405	1,242.70	38.8%

A significant financial goal for the Teacher Retirement System was to reach a point in time where System assets fully covered the liabilities for future benefit payments to retirees and beneficiaries then on rolls. This goal was achieved in 1980 and retired life liabilities continue to be 100% funded.

Other Observations

General Implications of Contribution Allocation Procedure or Funding Policy on Future Expected Plan Contributions and Funded Status

Given the plan's contribution allocation procedure, if all actuarial assumptions are met (including the assumption of the plan earning 7.25% on the actuarial value of assets), it is expected that:

- 1) The unfunded actuarial accrued liabilities will be fully amortized after 33 years;
- 2) The funded status of the plan will increase gradually towards a 100% funded ratio; and
- 3) The unfunded accrued liability will increase for an extended period before beginning to decline.

Limitations of Funded Status Measurements

Unless otherwise indicated, a funded status measurement presented in this report is based upon the actuarial accrued liability and the actuarial value of assets. Unless otherwise indicated, with regard to any funded status measurements presented in this report:

- 1) The measurement is inappropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations, in other words of transferring the obligations to an unrelated third party in an arm's length market value type transaction.
- 2) The measurement is dependent upon the actuarial cost method which, in combination with the plan's amortization policy, affects the timing and amounts of future contributions. A funded status measurement in this report of 100% is not synonymous with no required future contributions. If the funded status were 100%, the plan would still require future normal cost contributions (i.e., contributions to cover the cost of the active membership accruing an additional year of service credit).
- 3) The measurement would produce a different result if the market value of assets were used instead of the actuarial value of assets, unless the market value of assets is used in the measurement.

Limitations of Project Scope

Actuarial standards do not require the actuary to evaluate the ability of the plan sponsor or other contributing entity to make required contributions to the plan when due. Such an evaluation was not within the scope of this project and is not within the actuary's domain of expertise. Consequently, the actuary performed no such evaluation.

FINANCIAL PRINCIPLES

Annual Reserve Transfers

The annual accounting transfers listed below are recommended so that retired life accounts will be fully funded as of the valuation date.

Reserve Account	June 30, 2021 Balance Reported	Transfer Amount	June 30, 2021 Balance After Transfer
Retiree Accounts			
RRA	\$ 12,792,323,810	\$ 362,611,692	\$ 13,154,935,502
808 RRA	8,234,533	36,607	8,271,140
SBA	107,149,458	6,591,218	113,740,676
Total Retiree Accounts	12,907,707,801	369,239,517	13,276,947,318
EAA	(6,500,901,628)	(369,239,517)	(6,870,141,145)
Total	\$ 6,406,806,173	\$ -	\$ 6,406,806,173

Lump sum death benefits for retirees are paid from the Employer Accumulation Account and are not included in the figures shown in this report. The liabilities for lump sum death benefits for retirees are currently \$135.5 million.

Financial Principles and Operational Techniques

Promises Made and To Be Paid For. As each year is completed, the System in effect hands an “IOU” to each member then acquiring a year of service credit. The “IOU” says: “The Arkansas Teacher Retirement System owes you one year’s worth of retirement benefits, payments in cash commencing when you qualify for retirement.”

The related *key financial questions* are:

Which generation of taxpayers contributes the money to cover the IOU?

The present taxpayers, who receive the benefit of the member’s present year of service?

Or the future taxpayers, who happen to be in Arkansas at the time the IOU becomes a cash demand?

The financial objective of the ATRS is that this year’s taxpayers contribute the money to cover the IOUs being handed out this year so that **the employer contribution rate will remain approximately level from generation to generation** -- our children and our grandchildren will not have to contribute greater percents of pay than we contribute now. This objective was set forth in Act 793 of 1977.

(There are systems which have **a design for deferring contributions to future taxpayers**, lured by a lower contribution rate now and putting aside the fact that the contribution rate must then relentlessly grow much greater over decades of time -- consume now, and let your children face higher contribution rates after you retire.)

An inevitable byproduct of the level-cost design is the accumulation of reserve assets for decades and the income produced when the assets are invested. **Investment income** becomes the **third and largest contributor** for benefits to employees, and is interlocked with the contribution amounts required from employees and employers.

Translated to actuarial terminology, this level-cost objective means that the contribution rates must total at least the following:

Normal Cost (the cost of members’ service being rendered this year)

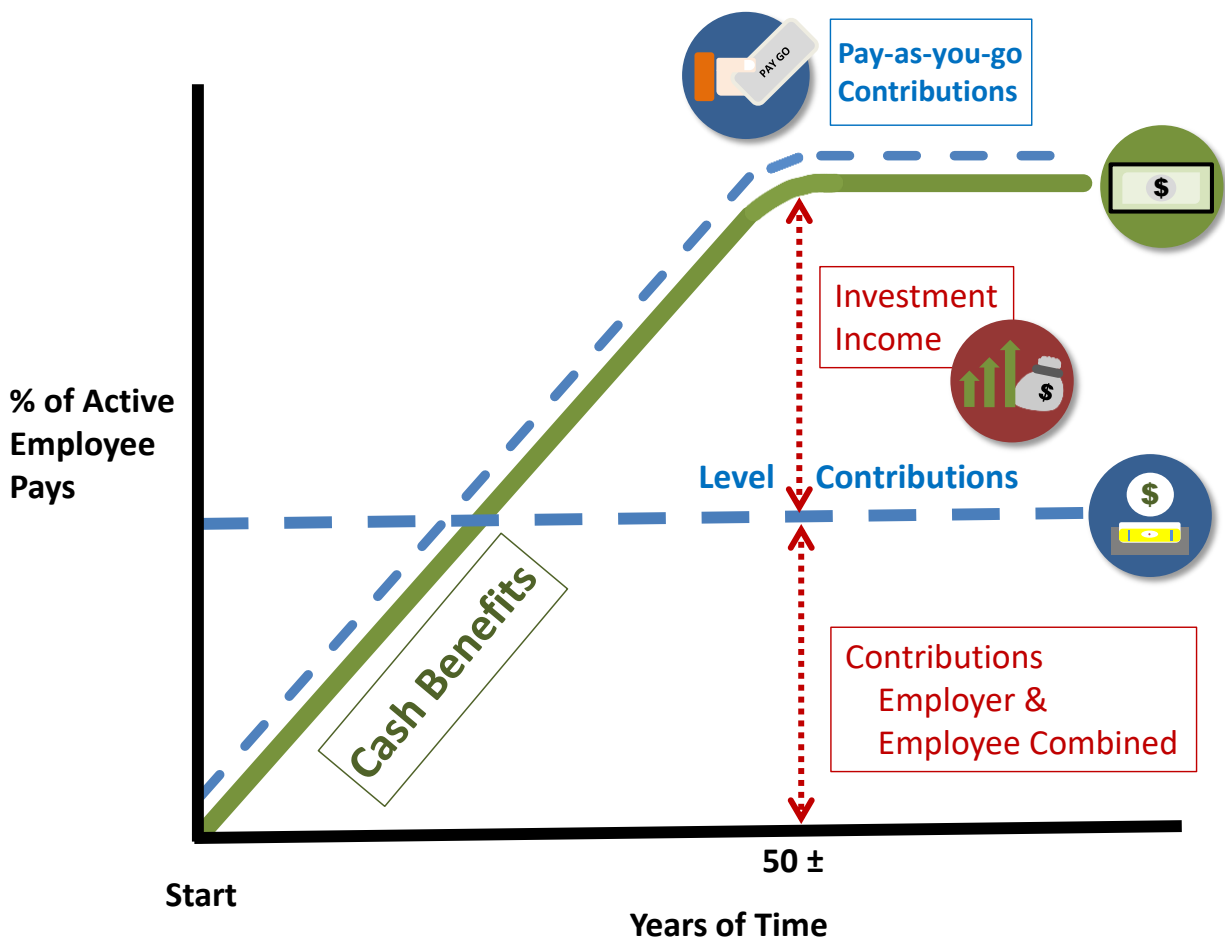
... plus ...

Interest on Unfunded Actuarial Accrued Liabilities (unfunded accrued liabilities are the difference between (i) liabilities for service already rendered and (ii) the accrued assets of the plan).

Computing Contributions to Support System Benefits. From a given schedule of benefits and from the employee data and asset data furnished, the actuary determines the contribution rates to support the benefits, by means of **an actuarial valuation**. An actuarial valuation has a number of ingredients such as: the rate of investment income which plan assets will earn; the rates of withdrawal of active members who leave covered employment before qualifying for any monthly benefit; the rates of mortality; the rates of disability; the rates of pay increases; and the assumed age or ages at actual retirement. In an actuarial valuation, assumptions must be made as to what the above rates will be, for the next year and for decades in the future. Only the subsequent actual experience of the System can indicate the degree of accuracy of the assumptions.

Reconciling Differences Between Assumed Experience and Actual Experience. Once actual experience has occurred and been observed, it will not coincide exactly with assumed experience, regardless of the accuracy of the assumptions or the skill of the actuary and the precision of the calculations made. The future can be predicted with considerable but not complete precision. ATRS copes with these continually changing differences by having annual actuarial valuations. Each actuarial valuation is a complete recalculation of assumed future experience, taking into account all past differences between assumed and actual experience. The result is continual adjustments in financial position.





CASH BENEFITS LINE. This relentlessly increasing line is the fundamental reality of retirement plan financing. It happens each time a new benefit is added for future retirements (and happens regardless of the design for contributing for benefits).

LEVEL CONTRIBUTION LINE. Determining the level contribution line requires detailed assumptions concerning a variety of experiences in future decades, including:

- **Economic Risk Areas**
 - Rates of investment return
 - Rates of pay increase
 - Changes in active member group size
- **Non-Economic Risk Areas**
 - Ages at actual retirement
 - Rates of mortality
 - Rates of withdrawal of active members (turnover)
 - Rates of disability

The Actuarial Valuation Process

The financing diagram on the preceding page shows the relationship between the two fundamentally different philosophies of paying for retirement benefits: the method where contributions match cash benefit payments (or barely exceed cash benefit payments, as in the Federal Social Security program), and is thus an *increasing contribution method*; and the *level contribution method* which equalizes contributions between the generations.

The actuarial valuation is the mathematical process by which the level contribution rate is determined, and the flow of activity constituting the valuation may be summarized as follows:

- A. **Census data**, furnished by plan administrator
 - Retired lives now receiving benefits
 - Former employees with vested benefits not yet payable
 - Active employees
- B. + **Asset data** (cash & investments), furnished by plan administrator
- C. + **Benefit provisions** that establish eligibility and amounts of payments to members
- D. + **Assumptions concerning future financial experience in various risk areas**, which assumptions are established by the Board of Trustees after consulting with the actuary
- E. + **The funding method** for employer contributions (the long-term planned pattern for employer contributions)
- F. + **Mathematically combining the assumptions, the funding method, and the data**
- G. = Determination of:
 - Plan financial position**, and/or
 - New Employer Contribution Rate**

Risks Associated with Measuring the Accrued Liability and Actuarially Determined Contribution

The determination of the accrued liability and the actuarially determined contribution requires the use of assumptions regarding future economic and demographic experience. Risk measures, as illustrated in this report, are intended to aid in the understanding of the effects of future experience differing from the assumptions used in the course of the actuarial valuation. Risk measures may also help with illustrating the potential volatility in the accrued liability and the actuarially determined contribution that result from the differences between actual experience and the actuarial assumptions.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions due to changing conditions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period, or additional cost or contribution requirements based on the Plan's funded status); and changes in plan provisions or applicable law. The scope of an actuarial valuation does not include an analysis of the potential range of such future measurements.

Examples of risk that may reasonably be anticipated to significantly affect the plan's future financial condition include:

1. **Investment Risk** – actual investment returns may differ from the expected returns;
2. **Asset/Liability Mismatch** – changes in asset values may not match changes in liabilities, thereby altering the gap between the accrued liability and assets and consequently altering the funded status and contribution requirements;
3. **Contribution Risk** – actual contributions may differ from expected future contributions. For example, actual contributions may not be made in accordance with the plan's funding policy or material changes may occur in the anticipated number of covered employees, covered payroll, or other relevant contribution base;
4. **Salary and Payroll Risk** – actual salaries and total payroll may differ from expected, resulting in actual future accrued liability and contributions differing from expected;
5. **Longevity Risk** – members may live longer or shorter than expected and receive pensions for a period of time other than assumed; and
6. **Other Demographic Risks** – members may terminate, retire or become disabled at times or with benefits other than assumed resulting in actual future accrued liability and contributions differing from expected.

The effects of certain trends in experience can generally be anticipated. For example, if the investment return since the most recent actuarial valuation is less (or more) than the assumed rate, the cost of the plan can be expected to increase (or decrease). Likewise, if longevity is improving (or worsening), increases (or decreases) in cost can be anticipated.

The timely receipt of the actuarially determined contributions is critical to support the financial health of the plan. Users of this report should be aware that contributions made at the actuarially determined rate do not necessarily guarantee benefit security.

Plan Maturity Measures

Risks facing a pension plan evolve over time. A young plan with virtually no investments and paying few benefits may experience little investment risk. An older plan with a large number of members in pay status and a significant trust may be much more exposed to investment risk. Generally accepted plan maturity measures are discussed below and on the following pages. An additional historical summary of plan maturity measures can be found on page D-11.

	2021	2020	2019	2018	2017
Ratio of the Market Value of Assets to Total Payroll	6.7	5.7	6.1	6.1	5.8
Ratio of Actuarial Accrued Liability to Payroll	7.5	7.6	7.5	7.3	7.2
Ratio of Actives to Retirees and Beneficiaries	1.4	1.4	1.5	1.5	1.6
Ratio of Net Cash Flow to Market Value of Assets	-3.2%	-3.9%	-3.6%	-3.5%	-3.4%
Duration of the Present Value of Future Benefits	14.02	13.83	13.82	13.86	13.88

Ratio of the Market Value of Assets to Payroll

The relationship between assets and payroll is a useful indicator of the potential volatility of contributions. The market value of assets is currently 6.7 times the payroll indicating that a return on assets 2% different from assumed would equal approximately 13% of payroll. Such a change could affect the amortization period by approximately eight years based on 2021 results. While asset smoothing would reduce the effect, asset gains and losses much larger than 2% are common. An increasing level of this maturity measure generally indicates an increasing volatility in the amortization period.

Ratio of Actuarial Accrued Liability to Payroll

As the ratio of actuarial accrued liability to payroll increases, the amortization period becomes increasingly sensitive to the effects of demographic gains and losses, and assumption changes. For example, a 1% demographic gain or loss would correspond to 7.5% of payroll and would affect the amortization period by four years based on the 2021 results.

Ratio of Actives to Retirees and Beneficiaries

A young plan with many active members and few retirees will have a high ratio of actives to retirees. A mature open plan may have close to the same number of actives to retirees resulting in a ratio near 1.0. A super-mature or closed plan may have significantly more retirees than actives resulting in a ratio below 1.0.

Ratio of Net Cash Flow to Market Value of Assets

A positive net cash flow means contributions exceed benefits and expenses. A negative cash flow means benefits and expenses exceed contributions, and existing funds may be used to make payments. A certain amount of negative net cash flow is generally expected to occur when benefits are prefunded through a qualified trust. Large negative net cash flows as a percent of assets may indicate a super-mature plan or a need for additional contributions.

Plan Maturity Measures (Concluded)

Duration of Present Value of Future Benefits

The modified duration of the present value of future benefits may be used to approximate the sensitivity to a 1% change in the assumed rate of return. For example, the current duration of 14.0 (which is based on a 7.25% discount rate) indicates that the present value of future benefits would increase approximately 14.0% if the assumed rate of return were lowered 1%. Such a change could affect the amortization period by 20 years or more.

Additional Risk Assessment

Additional risk assessment is outside the scope of the annual actuarial valuation. Additional assessment may include scenario tests, sensitivity tests, stochastic modeling, stress tests, and a comparison of the present value of accrued benefits at low-risk discount rates with the actuarial accrued liability.

Plan Maturity Measures (Based on Market Value of Assets)

Valuation Date	(1) Accrued Liabilities (AAL)	(2) Market Value of Assets	(3) Unfunded AAL (1)-(2)	(4) Valuation Payroll	(5) % Change in Payroll	(6) Funded Ratio (2)/(1)	(7) Annuitant Liabilities (AnnLiab)	(8) AnnLiab/AAL (7)/(1)	(9) Liability/Payroll (1)/(4)	(10) Assets/Payroll (2)/(4)	(11) Est. Portfolio Std. Dev.	(12) Std. Dev. % of Pay (10)x(11)	(13) Unfunded/Payroll (3)/(4)	(14) Net External Cash Flow (NECF)	(15) NECF/Assets (9)/(2)	(16) Portfolio Rate of Return	(17) 10-year Trailing Average
2012	\$ 16,139	\$ 11,484	\$ 4,655	\$ 2,803		71.2%	\$ 7,649	47.4%	575.8%	409.7%			166.1%	\$ (285)	-2.5%	-1.1%	6.6%
2013#	16,718	12,830	3,888	2,819	0.6%	76.7%	8,181	48.9%	593.0%	455.1%			137.9%	(337)	-2.6%	14.9%	8.0%
2014	17,310	14,856	2,454	2,851	1.1%	85.8%	8,777	50.7%	607.2%	521.1%			86.1%	(395)	-2.7%	19.2%	8.2%
2015	18,136	15,036	3,100	2,874	0.8%	82.9%	9,778	53.9%	631.0%	523.1%			107.9%	(445)	-3.0%	4.3%	7.7%
2016	18,812	14,559	4,253	2,888	0.5%	77.4%	10,430	55.4%	651.3%	504.0%			147.3%	(505)	-3.5%	0.2%	6.3%
2017#*	20,298	16,285	4,013	2,922	1.2%	80.2%	11,337	55.9%	694.7%	557.4%			137.3%	(556)	-3.4%	16.0%	6.0%
2018	20,935	17,493	3,442	2,986	2.2%	83.6%	11,851	56.6%	701.1%	585.8%	12.7%	77.3%	115.3%	(607)	-3.5%	11.4%	7.6%
2019	21,709	17,742	3,967	3,027	1.4%	81.7%	12,460	57.4%	717.2%	586.1%	12.5%	76.3%	131.1%	(642)	-3.6%	5.2%	10.4%
2020	22,352	16,902	5,450	3,078	1.7%	75.6%	12,890	57.7%	726.2%	549.1%	12.5%	71.5%	177.1%	(665)	-3.9%	-1.0%	8.8%
2021*	23,987	21,469	2,518	3,205	4.1%	89.5%	13,596	56.7%	748.4%	669.8%	13.8%	92.1%	78.6%	(677)	-3.2%	31.7%	9.6%

(*) ATRS had experience studies in these years leading to a change or "true up" in actuarial assumptions. A pattern of periodic studies is a sign of a well-run system and suggests the extent to which the liability measures the actuary provides are likely to be realistic.

(#) ATRS had benefit changes in these years. Benefit increases cause liabilities to rise; benefit decreases cause liabilities to fall. In either case benefit changes affect the year by year comparability of the measures on this page.

(6) The Funded ratio is the most widely known measure of a plan's financial strength, but the trend in the funded ratio is much more important than the absolute ratio. The funded ratio should trend to 100%. As it approaches 100%, it is important to re-evaluate the level of investment risk in the portfolio and potentially to re-evaluate the assumed rate of return.

(9) and (10) The ratios of liabilities and assets to payroll gives an indication of both maturity and volatility. Many systems have values between 500% and 700%. Values significantly above that range may indicate difficulty in supporting the benefit level as a level % of payroll.

(13) The ratio of unfunded liability to payroll gives an indication of the plan sponsor's ability to actually pay off the unfunded liability. A value above approximately 300% or 400% may indicate difficulty in discharging the unfunded liability within a reasonable time frame.

(14) and (15) The ratio of Net External Cash Flow to assets is an important measure of sustainability. Negative ratios are common and expected for a maturing system. In the longer term, this ratio should be on the order of approximately -4%. A ratio that is significantly more negative than that for an extended period could be a leading indicator of potential exhaustion of assets.

(16) and (17) Investment return is probably the largest single risk that most systems face. The year by year return and the 10-year geometric average give an indicator of the past performance of the investment program. Of course, past performance is not a guarantee of future results. Some of the trailing averaged are distorted by the extraordinary events of 2008.

BENEFIT PROVISIONS

Summary of Benefit Provisions

June 30, 2021

- 1. Post-Retirement Increases – A.C.A. §§ 24-7-713, 24-7-727 (compound COLA).** Each July 1, annuities are adjusted to be equal to the base annuity times 100% plus 3% for each full year in the period from the effective date of the base annuity to the current July 1. The base annuity is the amount of the member's annuity on the later of July 1, 2001 or the effective date of retirement. The July 1, 2009 cost of living adjustment for retirees was compounded. The annuity was set to 103% of the June 30, 2009 retirement benefit amount. After it was calculated on July 1, 2009, the base amount was reset to be the July 1, 2009 benefit amount. Future cost of living raises will be established by the new updated base amount. Future cost of living adjustments will be evaluated on an annual basis to determine if a simple or compound cost of living increase will be given, depending on the financial condition of the System.
- 2. Lump Sum Death Benefit – A.C.A. § 24-7-720.** Beneficiaries of deceased active members or retirees with 10 or more years of ATRS credited service are eligible to receive a lump sum death benefit of up to \$10,000. Resolution 2020-27 on September 28, 2021 set the minimum amount of the lump sum death benefit for all eligible members to six thousand six hundred sixty-seven dollars (\$6,667); retired members who retired on or before July 1, 2007 will receive an additional six hundred sixty-six dollars and sixty cents (\$666.60) for each contributory year of service credit up to the maximum amount of ten thousand dollars (\$10,000); and all other members will receive an additional three hundred thirty-three dollars and thirty cents (\$333.30) for each contributory year of service credit up to the maximum amount of ten thousand dollars (\$10,000).
- 3. Act 808 Retirement – A.C.A. § 24-4-732.** Any employee of a state agency who was an active member of the Arkansas Teacher Retirement System on April 8, 1987, and who qualified for retirement before January 1, 1988, could become a member of the Arkansas Public Employees Retirement System and retire from that system. All credited service was transferred to that system but the member's contributions were retained by the Arkansas Teacher Retirement System and the benefit amount is transferred monthly to the Arkansas Public Employees Retirement System. Each July 1, annuities are adjusted by 3% (compound escalator).
- 4. Act 793 Retirement – A.C.A. § 24-4-522.** Any employee who was a member of the rehabilitation services in 1977 was permitted to become a member of the Arkansas Public Employees Retirement System. Liabilities associated with prior service earned through June 30, 1978 remain in the Arkansas Teacher Retirement System. Future service is allocated to the Arkansas Public Employees Retirement System. Each July 1, annuities are adjusted by 3% (compound escalator).

Summary of Benefit Provisions

June 30, 2021

5. **Retiree Benefit Stipend – A.C.A. § 24-7-713.** Each retired member as of June 30, 2008, with 5 or more years of ATRS credited service receives a \$75 per month stipend. Members in T-DROP do not receive the \$75 per month stipend until actual retirement. For all members retiring on or after July 1, 2008, a minimum of 10 years of ATRS credited service is required to receive the \$75 per month stipend. The ATRS Board is allowed to set the stipend to a minimum of \$1 per month and a maximum of \$75 per month. By Board Resolution 2017-34 on November 13, 2017 the benefit stipend is removed from the base amount for all retirees and beneficiaries beginning in fiscal year 2019 and the benefit stipend will be reduced to \$50.00 for fiscal year 2020 and beyond. The Resolution contains a "hold harmless" provision that prevents the lowering of the stipend if it would actually reduce the total monthly benefit. This would only affect retirees when the COLA is less than \$25 per month.
6. **T-DROP Cash Balance Account.** Effective July 1, 2012, a T-DROP cash balance account was established that allows members exiting (retiring) from T-DROP to place all or a portion of their T-DROP proceeds into a Cash Balance Account (CBA) at ATRS. On November 13, 2017, by Resolution 2017-38 the Board set the CBA interest rate schedule based on years of participation as follows: 2.50% for year one, 2.75% for year two, 3.00% for year three, 3.25% for year four, 3.50% for year five, and 4.00% for year six and beyond. Each fiscal year, the Board can grant an incentive interest rate to encourage continued participation in the CBA program. For fiscal year 2021, the Board did not grant CBA participants an incentive rate.

7. **Optional Forms of Benefits – A.C.A. § 24-7-706:**

Option 1 (Straight Life Annuity)

A member will receive the maximum monthly benefit for which he/she qualifies, throughout his/her lifetime. No monthly benefits will be paid to his/her beneficiary after the member's death. Should a member die before he/she has drawn benefits in an amount equal to his/her contributions plus earned interest, the balance will be paid to a designated beneficiary. The designated beneficiary may be anyone chosen by the member.

Option A (100% Survivor Annuity)

Under this option a member will receive a reduced annuity throughout his/her lifetime. Upon the member's death, the designated beneficiary will receive the same annuity for the balance of his/her lifetime.

Option B (50% Survivor Annuity)

Under this option a member will receive a reduced annuity throughout his/her lifetime. Upon the member's death, the designated beneficiary will receive one-half (1/2) of this annuity for the balance of his/her lifetime.

Summary of Benefit Provisions

June 30, 2021

Option C (Annuity for Ten Years Certain and Life Thereafter)

A reduced monthly benefit payable for 120 months. After that time, or if the beneficiary dies prior to 120 months, a member's monthly allowance will revert to the amount he/she would have received under the regular plan and continue for life. If the member dies before receiving 120 payments, the designated beneficiary will receive a monthly benefit in the same amount until monthly benefits to both the member and the beneficiary equal 120 monthly payments. No further benefits are then payable to the beneficiary.

Pop-Up Election

Following the death of or a divorce from the member's designated beneficiary, his or her benefit reverts (pops-up) to the straight life annuity amount from the elected optional annuity amount. The member may then elect new beneficiaries in accordance with Arkansas Code and rules adopted by the ATRS board.

Option Factors are based upon a 5.0% interest rate and the RP-2014/MP2017 tables (static projection to 2022) adjusted with a 50% unisex mix.

Sample Benefit Computations for a Member Retiring July 1, 2021 with a Simple 3% COLA

Data for an example member is shown below.

Annual retirement benefit as of July 1, 2021 (excluding stipend): \$30,000

Projected benefits, taking into account increases after retirement would be:

Year Ended June 30	Annual Amount		\$ Increase
	Base	Current	
2022	\$30,000	\$30,000	\$ 0
2023	30,000	30,900	900
2024	30,000	31,800	900
2025	30,000	32,700	900
2026	30,000	33,600	900

Thereafter, the amount would increase by \$900 annually for life. Act 793 members and Act 808 members receive compound COLAs.

CHANGES IN PURCHASING POWER

Benefit Changes During Recent Years of Retirement & Related Changes in Purchasing Power (1990 \$)

Year Ended June 30	Increase Beginning of Year	Benefit Dollars in Year*	Inflation (Loss) in Year#	Purchasing Power at Year End	
				1990 \$	% of 1990
1990	\$ - - - -	\$ 11,000	- - - -	\$11,000	100%
1991	330	11,330	(4.7)%	10,822	98%
1992	1,005	12,335	(3.1)%	11,429	104%
1993	1,045	13,380	(3.0)%	12,036	109%
1994	1,082	14,462	(2.5)%	12,693	115%
1995	400	14,862	(3.0)%	12,660	115%
1996	400	15,262	(2.8)%	12,652	115%
1997	772	16,034	(2.3)%	12,993	118%
1998	481	16,515	(1.7)%	13,161	120%
1999	1,383	17,898	(2.0)%	13,989	127%
2000	1,129	19,027	(3.7)%	14,336	130%
2001	1,406	20,433	(3.2)%	14,911	136%
2002	807	21,240	(1.1)%	15,337	139%
2003	562	21,802	(2.1)%	15,417	140%
2004	562	22,364	(3.3)%	15,314	139%
2005	562	22,926	(2.5)%	15,312	139%
2006	562	23,488	(4.3)%	15,037	137%
2007	562	24,050	(2.7)%	14,994	136%
2008	562	24,612	(5.0)%	14,611	133%
2009	562	25,174	1.4 %	15,161	138%
2010	755	25,929	(1.1)%	15,453	140%
2011	778	26,707	(3.6)%	15,370	140%
2012	778	27,485	(1.7)%	15,558	141%
2013	778	28,263	(1.8)%	15,723	143%
2014	778	29,041	(2.1)%	15,828	144%
2015	778	29,819	(0.1)%	16,232	148%
2016	778	30,597	(1.0)%	16,491	150%
2017	778	31,375	(1.6)%	16,638	151%
2018	778	32,153	(2.9)%	16,575	151%
2019	751	32,904	(1.6)%	16,687	152%
2020+	451	33,355	(0.6)%	16,807	153%
2021	751	34,106	(5.4)%	16,306	148%
2022	751	34,857			

* The \$11,000 benefit used to begin this schedule is an arbitrary amount. A different beginning amount could show a different purchasing power amount, but the same in percent loss.

Based on Consumer Price Index, All Urban Consumers, United States City Average (June values).

+ The Retiree Benefit Stipend was reduced by \$300 in FY 2020.

Benefit Changes During Recent Years of Retirement & Related Changes in Purchasing Power (2000 \$)

Year Ended June 30	Increase Beginning of Year	Benefit Dollars in Year*	Inflation (Loss) in Year#	Purchasing Power at Year End	
				2000 \$	% of 2000
2000	\$ - - - -	\$ 11,600	- - - -	\$11,600	100%
2001	1,003	12,603	(3.2)%	12,207	105%
2002	523	13,126	(1.1)%	12,579	108%
2003	372	13,498	(2.1)%	12,668	109%
2004	372	13,870	(3.3)%	12,605	109%
2005	372	14,242	(2.5)%	12,624	109%
2006	372	14,614	(4.3)%	12,417	107%
2007	372	14,986	(2.7)%	12,400	107%
2008	372	15,358	(5.0)%	12,100	104%
2009	372	15,730	1.4 %	12,573	108%
2010	472	16,202	(1.1)%	12,815	110%
2011	486	16,688	(3.6)%	12,746	110%
2012	486	17,174	(1.7)%	12,902	111%
2013	486	17,660	(1.8)%	13,039	112%
2014	486	18,146	(2.1)%	13,125	113%
2015	486	18,632	(0.1)%	13,460	116%
2016	486	19,118	(1.0)%	13,675	118%
2017	486	19,604	(1.6)%	13,797	119%
2018	486	20,090	(2.9)%	13,745	118%
2019	459	20,549	(1.6)%	13,831	119%
2020+	159	20,708	(0.6)%	13,848	119%
2021	459	21,167	(5.4)%	13,431	116%
2022	459	21,626			

* The \$11,600 benefit used to begin this schedule is an arbitrary amount. A different beginning amount could show a different purchasing power amount, but the same in percent loss.

Based on Consumer Price Index, All Urban Consumers, United States City Average (June values).

+ The Retiree Benefit Stipend was reduced by \$300 in FY 2020.

Benefit Changes During Recent Years of Retirement & Related Changes in Purchasing Power (2010 \$)

Year Ended June 30	Increase Beginning of Year	Benefit Dollars in Year*	Inflation (Loss) in Year#	Purchasing Power at Year End	
				2010 \$	% of 2010
2010	\$ ----	\$ 11,900	----	\$11,900	100%
2011	357	12,257	(3.6)%	11,836	99%
2012	357	12,614	(1.7)%	11,981	101%
2013	357	12,971	(1.8)%	12,108	102%
2014	357	13,328	(2.1)%	12,188	102%
2015	357	13,685	(0.1)%	12,499	105%
2016	357	14,042	(1.0)%	12,699	107%
2017	357	14,399	(1.6)%	12,812	108%
2018	357	14,756	(2.9)%	12,764	107%
2019	330	15,086	(1.6)%	12,837	108%
2020+	30	15,116	(0.6)%	12,780	107%
2021	330	15,446	(5.4)%	12,391	104%
2022	330	15,776			

* The \$11,900 benefit used to begin this schedule is an arbitrary amount. A different beginning amount could show a different purchasing power amount, but the same in percent loss.

Based on Consumer Price Index, All Urban Consumers, United States City Average (June values).

+ The Retiree Benefit Stipend was reduced by \$300 in FY 2020.

VALUATION DATA

Summary of Annuities Being Paid Retirees and Beneficiaries July 1, 2021 by Disbursing Account and Gender

Disbursing Account	Men		Women		Totals	
	No.	Annual Annuities	No.	Annual Annuities	No.	Annual Annuities
RETIREMENT RESERVE ACCOUNT						
Age & Service Annuities						
Retirees	10,226	\$278,125,449	35,886	\$871,455,807	46,112	\$1,149,581,256
Beneficiaries	415	8,906,870	935	22,176,646	1,350	31,083,516
Totals	10,641	287,032,319	36,821	893,632,453	47,462	1,180,664,772
Disability						
Retirees	521	8,013,293	2,192	33,529,420	2,713	41,542,713
Beneficiaries	140	2,213,919	135	2,490,285	275	4,704,204
Totals	661	10,227,212	2,327	36,019,705	2,988	46,246,917
Act 793	78	1,138,187	70	567,582	148	1,705,769
Retirement Reserve Account	11,380	298,397,718	39,218	930,219,740	50,598	1,228,617,458
Act 808 Retirement Reserve Account	21	1,391,649	14	575,521	35	1,967,170
Total Retirement Reserve Account	11,401	299,789,367	39,232	930,795,261	50,633	1,230,584,628
SURVIVOR'S BENEFIT ACCOUNT						
Beneficiaries of Deceased Members	378	5,607,426	394	6,509,310	772	12,116,736
RETIREMENT SYSTEM TOTALS						
Total Annuities Being Paid	11,779	\$305,396,793	39,626	\$937,304,571	51,405	\$1,242,701,364
Prior Year Totals	11,638	\$298,145,470	38,495	\$896,678,738	50,133	\$1,194,824,208
Average Age	71.8		71.5		71.6	

Summary of Annuities Being Paid Retirees and Beneficiaries July 1, 2021 by Disbursing Account and Source of Financing

Disbursing Account	Annual Annuities		Total	
	Employee Financed	Employer Financed	No.	Annual Annuities
RETIREMENT RESERVE ACCOUNT				
Age & Service Annuities				
Retirees	\$ 69,580,628	\$ 1,080,000,628	46,112	\$ 1,149,581,256
Beneficiaries	371,027	30,712,489	1,350	31,083,516
Totals	69,951,655	1,110,713,117	47,462	1,180,664,772
Disability				
Retirees	1,518,134	40,024,579	2,713	41,542,713
Beneficiaries	151,578	4,552,626	275	4,704,204
Totals	1,669,712	44,577,205	2,988	46,246,917
Act 793	116,975	1,588,794	148	1,705,769
Retirement Reserve Account	71,738,342	1,156,879,116	50,598	1,228,617,458
Act 808 Retirement Reserve Account	80,909	1,886,261	35	1,967,170
Total Retirement Reserve Account	71,819,251	1,158,765,377	50,633	1,230,584,628
SURVIVOR'S BENEFIT ACCOUNT				
Beneficiaries of Deceased Members	422,158	11,694,578	772	12,116,736
RETIREMENT SYSTEM TOTALS				
Total Annuities Being Paid	\$ 72,241,409	\$ 1,170,459,955	51,405	\$ 1,242,701,364
Prior Year Totals	\$ 74,061,025	\$ 1,120,763,183	50,133	\$ 1,194,824,208

Annuities Being Paid Retirees and Beneficiaries July 1, 2021 by Type of Annuity Being Paid

Type of Annuity	No.	Annual Amounts		
		Original Annuities	Base Annuities	Current Annuities
RETIREMENT RESERVE ACCOUNT				
Age & Service				
Option 1 (Basic single life)	37,197	\$ 588,039,746	\$ 678,166,594	\$ 895,617,301
Option A (Joint & 100% Survivor)	5,496	94,100,473	107,247,830	142,278,648
Option B (Joint & 50% Survivor)	2,721	61,843,674	72,976,243	96,904,931
Option C (10-year certain)	698	11,719,768	11,934,629	14,780,376
Beneficiaries	1,350	24,797,107	22,613,757	31,083,516
Totals	47,462	780,500,768	892,939,053	1,180,664,772
Disability				
Option 1	2,276	23,984,086	25,976,748	34,610,036
Option A	354	3,948,962	3,982,055	5,224,971
Option B	83	1,226,303	1,301,706	1,707,706
Option C	0	-	-	-
Beneficiaries	275	3,288,753	3,363,074	4,704,204
Totals	2,988	32,448,104	34,623,583	46,246,917
Act 793	148	829,238	1,705,769	1,705,769
Retirement Reserve Account	50,598	813,778,110	929,268,405	1,228,617,458
Act 808 Retirement Reserve Account	35	652,515	1,967,170	1,967,170
Total Retirement Reserve Account	50,633	814,430,625	931,235,575	1,230,584,628
SURVIVOR'S BENEFIT ACCOUNT				
Beneficiaries of Deceased Members	772	8,457,997	9,371,680	12,116,736
RETIREMENT SYSTEM TOTALS				
Total Annuities Being Paid	51,405	\$ 822,888,622	\$ 940,607,255	\$ 1,242,701,364

The Original Annuity is the annuity at the date of retirement (includes stipend).

The Base Annuity is the amount from which the 3.0% COLA is calculated.

The Current Annuity is the annuity payable at July 1, 2021 including the COLA granted on July 1.

**Annuities Being Paid July 1, 2021
from the Retirement Reserve Account to
AGE AND SERVICE Retirees and Beneficiaries
by Attained Ages**

Attained Age	Annual Amounts			
	No.	Original Annuities	Base Annuities	Current Annuities
Under 40	11	\$ 221,731	\$ 195,091	\$ 252,107
40-44	5	81,412	75,538	89,878
45-49	29	564,703	541,154	589,377
50-54	293	7,751,486	7,554,048	8,338,405
55-59	1,353	36,218,578	36,208,065	42,977,396
60-64	6,600	125,875,589	128,575,031	157,702,501
65-69	11,891	207,538,980	221,183,358	283,001,993
70-74	12,433	204,422,044	232,684,635	315,292,209
75-79	7,464	108,978,649	134,367,751	187,535,557
80-84	4,239	54,383,263	74,067,464	104,132,896
85-89	2,100	24,394,665	37,540,817	52,762,923
90-94	828	8,313,935	15,658,498	21,981,754
95 & Up	216	1,755,733	4,287,603	6,007,776
Totals	47,462	\$780,500,768	\$892,939,053	\$1,180,664,772
Avg. Age	71.6			

Amounts in the Original Annuities column include the original \$900 Retiree Benefit Stipend. Amounts in the Base Annuities column exclude this amount for purposes of determining the COLA. Amounts in the Current Annuities column include the current \$600 Retiree Benefit Stipend.

**Annuities Being Paid July 1, 2021
from the Retirement Reserve Account to
DISABILITY Retirees and Beneficiaries by Attained Ages**

Attained Age	Annual Amounts			
	No.	Original Annuities	Base Annuities	Current Annuities
Under 40	11	\$ 91,522	\$ 85,309	\$ 100,479
40-44	33	355,465	335,120	389,415
45-49	97	1,091,447	1,031,580	1,201,741
50-54	202	2,742,276	2,600,010	3,093,608
55-59	452	5,244,127	4,986,675	6,121,706
60-64	613	6,766,531	6,451,446	8,368,640
65-69	576	6,132,559	6,180,178	8,587,511
70-74	508	5,266,771	5,997,819	8,526,794
75-79	305	3,111,711	4,029,561	5,720,571
80-84	116	1,190,154	1,841,949	2,601,365
85-89	47	327,413	676,884	958,647
90-94	20	93,762	292,296	413,842
95 & Up	8	34,366	114,756	162,598
Totals	2,988	\$32,448,104	\$34,623,583	\$46,246,917
Avg. Age	65.4			

Amounts in the Original Annuities column include the original \$900 Retiree Benefit Stipend. Amounts in the Base Annuities column exclude this amount for purposes of determining the COLA. Amounts in the Current Annuities column include the current \$600 Retiree Benefit Stipend.

**Annuities Being Paid July 1, 2021
from the Retirement Reserve Account to
ACT 793 Retirees and Beneficiaries by Attained Ages**

Attained Age	Annual Amounts		
	No.	Original Annuities	Current Annuities
Under 40	-	\$ -	\$ -
40-44	-	-	-
45-49	-	-	-
50-54	-	-	-
55-59	-	-	-
60-64	1	314	410
65-69	15	38,393	65,949
70-74	41	186,465	335,567
75-79	37	239,989	490,717
80-84	29	190,834	377,298
85-89	17	115,154	278,581
90-94	8	58,089	157,247
95 & Up	-	-	-
Totals	148	\$829,238	\$1,705,769
Avg. Age	77.6		

Base annuities are equal to current annuities since the COLA is compound.

**Annuities Being Paid July 1, 2021
from the Retirement Reserve Account to
SURVIVOR BENEFICIARIES by Attained Ages**

Attained Age	Annual Amounts			
	No.	Original Annuities	Base Annuities	Current Annuities
Under 40	196	\$1,708,165	\$1,695,298	\$ 1,921,814
40-44	3	27,040	28,390	34,709
45-49	7	68,178	68,216	81,018
50-54	28	328,894	322,961	391,334
55-59	40	555,566	533,412	651,309
60-64	96	1,299,416	1,266,800	1,590,418
65-69	122	1,491,855	1,523,017	1,999,912
70-74	121	1,474,895	1,675,426	2,267,837
75-79	70	848,370	1,071,168	1,495,289
80-84	55	433,845	681,988	968,686
85-89	23	172,252	357,504	504,573
90-94	9	47,721	139,676	197,429
95 & Up	2	1,800	7,824	12,408
Totals	772	\$8,457,997	\$9,371,680	\$12,116,736
Avg. Age	55.9			

Amounts in the Original Annuities column include the original \$900 Retiree Benefit Stipend. Amounts in the Base Annuities column exclude this amount for purposes of determining the COLA. Amounts in the Current Annuities column include the current \$600 Retiree Benefit Stipend.

**Annuities Being Paid July 1, 2021
from the Act 808 Retirement Reserve Account to
ACT 808 Retirees and Beneficiaries by Attained Ages**

Attained Age	Annual Amounts		
	No.	Original Annuities	Current Annuities
Under 40	-	\$ -	\$ -
40-44	-	-	-
45-49	-	-	-
50-54	-	-	-
55-59	-	-	-
60-64	-	-	-
65-69	-	-	-
70-74	-	-	-
75-79	-	-	-
80-84	3	41,788	134,302
85-89	15	294,938	933,964
90-94	13	247,028	723,474
95 & Up	4	68,761	175,430
Totals	35	\$652,515	\$1,967,170
Avg. Age	89.7		

Base annuities are the same as current annuities since the COLA is compound.

Retiree and Beneficiary Data as of June 30

Year	Estimated Number		Total Retirees*	Annual Allowances (Millions)	% Increase in Annual Allowances@	Average Annual Allowances
	Added	Removed				
1991	489	253	11,890	\$ 104.60	12.8%	\$ 8,797
1992	455	312	12,033	115.50	10.4%	9,599
1993	589	316	12,306	129.71	12.3%	10,540
1994	846	512	12,640	141.87	9.4%	11,224
1995	908	342	13,206	156.59	10.4%	11,857
1996	1,107	654	13,659	170.59	8.9%	12,489
1997	1,049	475	14,233	194.90	14.3%	13,694
1998	809	240	14,802	220.38	13.1%	14,888
1999	1,582	497	15,887	248.75	12.9%	15,658
2000	1,249	479	16,657	280.14	12.6%	16,818
2001	1,571	450	17,778	309.03	10.3%	17,383
2002	1,989	568	19,199	334.15	8.1%	17,404
2003	1,621	549	20,271	359.98	7.7%	17,758
2004	1,685	528	21,428	386.23	7.3%	18,025
2005	1,822	570	22,680	415.04	7.5%	18,300
2006	1,958	485	24,153	449.77	8.4%	18,622
2007	2,017	559	25,611	484.55	7.7%	18,920
2008	1,703	513	26,801	515.56	6.4%	19,237
2009	2,721	704	28,818	564.59	9.5%	19,591
2010	2,588	819	30,587	612.77	8.5%	20,034
2011	2,394	882	32,099	657.08	7.2%	20,470
2012	2,932	871	34,160	709.17	7.9%	20,760
2013	3,039	945	36,254	763.76	7.7%	21,067
2014	3,156	932	38,478	822.19	7.7%	21,368
2015	3,326	1,056	40,748	916.62	11.5%	22,495
2016	3,272	925	43,095	983.87	7.3%	22,830
2017	2,996	999	45,092	1,044.74	6.2%	23,169
2018	2,927	1,195	46,824	1,099.35	5.2%	23,478
2019	2,849	996	48,677	1,146.74	4.3%	23,558
2020	2,811	1,355	50,133	1,194.82	4.2%	23,833
2021	2,852	1,580	51,405	1,242.70	4.0%	24,175

* T-DROP participants are classified as active members for purposes of the valuation and are not included in this schedule.

@ Upon actual retirement, T-DROP account balances maybe paid in the form of an additional annuity – a “T-DROP Annuity.” Annual annuities shown include T-DROP annuities beginning in 2015.

REPORTED ASSETS

Reported Assets

The assets of the Retirement System, as of June 30, 2021, were reported to your actuary to be \$21,468,772,872. This amount, reduced by a funding value adjustment of \$2,125,902,360 this year, is used to finance the Retirement System liability.

Accounts	Assets at June 30	
	2021	2020
Regular Accounts		
Members' Deposit Accounts		
Contributions	\$ 1,517,838,030	\$ 1,427,360,668
Interest	12,934,857,979	8,609,929,516
Total	14,452,696,009	10,037,290,184
T-DROP Member Deposit Accounts		
Contributions	25,976,011	27,540,642
Interest	21,070,652	24,666,395
Total	47,046,663	52,207,037
Cash Balance Account	183,336,816	158,330,186
Employer's Accumulation Account	(6,500,901,628)	(6,237,130,081)
Retirement Reserve Account	12,792,323,810	12,379,405,139
Act 808 Retirement Reserve Account	8,234,533	9,635,773
T-Lump Payable	369,188,176	390,184,585
Survivors Benefit Account	107,149,458	102,904,403
Total Regular Accounts	21,459,073,837	16,892,827,226
Other Accounts		
Income Expense Account	9,699,035	9,248,998
Other Special Reserves	-	-
Miscellaneous	-	-
Total Other Accounts	9,699,035	9,248,998
Total Market Value of Assets	21,468,772,872	16,902,076,224
Funding Value Adjustment	(2,125,902,360)	1,105,178,919
Funding Value of Assets	\$19,342,870,512	\$18,007,255,143

VALUATION RESULTS

Liabilities for Annuities Being Paid July 1, 2021 Tabulated by Type of Annuity Being Paid

Type of Annuity	Liabilities July 1, 2021		
	Men	Women	Totals
RETIREMENT RESERVE ACCOUNT			
Age & Service Annuities			
Option 1 (Straight Life)	\$ 1,577,276,471	\$ 7,647,982,065	\$ 9,225,258,536
Option A (100% Joint & Survivor)	881,066,645	976,625,754	1,857,692,399
Option B (50% Joint & Survivor)	425,013,911	697,646,384	1,122,660,295
Option C (10 Years Certain & Life)	36,656,466	153,777,849	190,434,315
Beneficiaries	71,554,433	189,753,279	261,307,712
Total Age & Service	2,991,567,926	9,665,785,331	12,657,353,257
Disability Annuities			
Option 1	51,658,476	292,860,793	344,519,269
Option A	27,089,049	46,351,357	73,440,406
Option B	6,238,078	13,625,120	19,863,198
Option C	-	-	-
Beneficiaries	21,725,560	24,655,196	46,380,756
Total Disability	106,711,163	377,492,466	484,203,629
Act 793	8,286,259	5,092,357	13,378,616
Retirement Reserve Account	3,106,565,348	10,048,370,154	13,154,935,502
Act 808 Retirement Reserve Account	6,096,496	2,174,644	8,271,140
Total Retirement Reserve Account	3,112,661,844	10,050,544,798	13,163,206,642
SURVIVORS' BENEFIT ACCOUNT			
Beneficiaries of Deceased Members	51,861,492	61,879,184	113,740,676
RETIREMENT SYSTEM TOTALS			
Total Annuity Liabilities	3,164,523,336	10,112,423,982	13,276,947,318
Cash Benefit Account Liabilities			183,336,816
Liabilities for Lump Sum Death Benefits			135,452,349
Total	\$ 3,164,523,336	\$ 10,112,423,982	\$ 13,595,736,483

Retirement Reserve Account

Comparative Statement of Annuities, Accrued Liabilities and Assets (\$ Millions)

Valuation Date June 30	Annual Annuities Being Paid			Average	Computed Liabilities	Applicable Assets	Unfunded Retired Life Liabilities	Ratio of Assets to Liabilities
	No.	Amount	% Incr.					
1980*#	8,001	\$ 30.10	3.5%	\$ 3,761	\$ 280.70	\$ 280.7	none	100.0%
1985*+	9,331	51.49	13.6%	5,518	479.9	479.9	none	100.0%
1990	11,054	87.84	7.2%	7,946	847.7	847.7	none	100.0%
1995	12,622	150.45	10.8%	11,920	1,428.6	1,428.6	none	100.0%
2000* ##	16,172	275.65	14.6%	17,045	2,828.8	2,828.8	none	100.0%
2005	22,147	409.42	7.5%	18,486	4,148.1	4,148.1	none	100.0%
2006	23,606	443.98	8.4%	18,808	4,483.4	4,483.4	none	100.0%
2007	25,038	478.30	7.7%	19,103	4,816.4	4,816.4	none	100.0%
2008	26,258	509.29	6.5%	19,396	5,391.3	5,391.3	none	100.0%
2009	28,228	557.83	9.5%	19,762	5,891.9	5,891.9	none	100.0%
2010	29,969	605.55	8.6%	20,206	6,358.0	6,358.0	none	100.0%
2011^	31,498	649.47	7.3%	20,619	6,972.6	6,972.6	none	100.0%
2012	33,533	701.09	7.9%	20,907	7,481.0	7,481.0	none	100.0%
2013	35,622	755.26	7.7%	21,202	8,004.8	8,004.8	none	100.0%
2014	37,824	813.33	7.7%	21,503	8,561.9	8,561.9	none	100.0%
2015@	40,070	907.09	11.5%	22,638	9,515.7	9,515.7	none	100.0%
2016	42,395	973.78	7.4%	22,969	10,157.2	10,157.2	none	100.0%
2017* ^	44,394	1,034.17	6.2%	23,295	11,026.4	11,026.4	none	100.0%
2018	46,108	1,088.30	5.2%	23,603	11,515.7	11,515.7	none	100.0%
2019	47,979	1,137.79	4.5%	23,714	12,094.6	12,094.6	none	100.0%
2020	49,365	1,182.98	4.0%	23,964	12,494.4	12,494.4	none	100.0%
2021^	50,633	1,230.58	4.0%	24,304	13,163.2	13,163.2	none	100.0%

* After plan amendments.

After change in interest assumption from 6.0% to 7.0%, change in post-retirement adjustments from 1.5% to 3.0% and recommended reserve transfer.

+ After redetermination of base, retroactive application of new minimum benefit formula and reserve transfers.

Includes Act 808 and Act 793 retirees beginning in 2000.

^ After changes in assumptions.

@ Upon actual retirement, T-DROP account balances maybe paid in the form of an additional annuity – a “T-DROP Annuity.” Annual annuities shown include T-DROP annuities beginning in 2015.

Survivors' Benefit Account Accrued Liabilities and Assets Comparative Statement

Valuation Date June 30	Annual Annuities Being Paid		Computed Liabilities	Applicable Assets	Unfunded Accrued Liabilities	Ratio of Assets to Liabilities
	No.	Amount				
1980*#	393	\$ 772,631	\$ 7,042,644	\$ 7,042,644	none	100.0%
1985*+	421	1,240,399	12,411,800	12,411,800	none	100.0%
1990	424	1,830,743	18,117,244	18,117,244	none	100.0%
1995	416	2,723,940	26,220,218	26,220,218	none	100.0%
2000*	485	4,487,519	43,701,138	43,701,138	none	100.0%
2005	533	5,619,675	56,257,745	56,257,745	none	100.0%
2006	547	5,791,974	57,605,939	57,605,939	none	100.0%
2007	573	6,250,603	63,481,565	63,481,565	none	100.0%
2008	543	6,269,551	66,496,539	66,496,539	none	100.0%
2009	590	6,761,034	70,857,161	70,857,161	none	100.0%
2010	618	7,224,585	75,108,334	75,108,334	none	100.0%
2011^	601	7,605,212	81,150,385	81,150,385	none	100.0%
2012	627	8,081,913	84,930,745	84,930,745	none	100.0%
2013	632	8,491,667	88,139,802	88,139,802	none	100.0%
2014	654	8,861,734	89,793,996	89,793,996	none	100.0%
2015	678	9,530,889	95,272,795	95,272,795	none	100.0%
2016	700	10,084,359	98,960,258	98,960,258	none	100.0%
2017* ^	698	10,574,602	104,668,995	104,668,995	none	100.0%
2018	716	11,042,074	107,043,067	107,043,067	none	100.0%
2019	741	11,313,962	106,306,434	106,306,434	none	100.0%
2020	768	11,843,667	108,528,929	108,528,929	none	100.0%
2021^	772	12,116,736	113,740,676	113,740,676	none	100.0%

* Includes plan amendments.

After change in interest assumption from 6.0% to 7.0%, change in post-retirement adjustments from 1.5% to 3.0% and recommended reserve transfer.

+ After redetermination of base annuity, retroactive application of new minimum benefit formula and recommended reserve transfer.

^ After changes in assumptions.

Annual Allowances of Retired Lives by Year of Retirement as of June 30, 2021

Calendar Year of Retirement	No.	Annual Amount Being Paid			Average
		Original	Total Increase	Current	
2021*	579	\$ 7,414,368	\$ 419,453	\$ 7,833,821	\$13,530
2020	2,731	46,309,695	6,305,253	52,614,948	19,266
2019	2,766	44,636,752	7,750,899	52,387,651	18,940
2018	2,767	45,838,937	9,077,072	54,916,009	19,847
2017	2,769	45,500,337	11,534,064	57,034,401	20,597
2016	2,829	46,293,497	13,397,478	59,690,975	21,100
2015	3,028	49,587,742	16,116,114	65,703,856	21,699
2014	2,973	50,048,891	17,835,286	67,884,177	22,834
2013	2,714	45,820,061	18,444,948	64,265,009	23,679
2012	2,650	43,125,895	18,978,891	62,104,786	23,436
2011	2,384	39,169,084	18,307,761	57,476,845	24,109
2010	2,032	33,307,592	17,811,337	51,118,929	25,157
2009	2,092	34,777,208	19,703,877	54,481,085	26,043
2008	2,004	31,714,534	17,879,815	49,594,349	24,748
2007	1,855	29,225,174	16,830,738	46,055,912	24,828
2006	1,633	26,221,105	16,598,079	42,819,184	26,221
2005	1,622	26,240,795	18,706,583	44,947,378	27,711
2004	1,428	22,114,613	15,450,756	37,565,369	26,306
2003	1,268	19,375,182	14,319,949	33,695,131	26,573
2002	1,231	19,363,961	14,589,184	33,953,145	27,582
2001	1,199	17,298,735	13,232,393	30,531,128	25,464
2000	1,048	16,877,138	13,999,757	30,876,895	29,463
1999	879	13,031,171	12,068,158	25,099,329	28,554
1998	843	11,925,887	11,568,647	23,494,534	27,870
1997	639	10,122,909	10,836,250	20,959,159	32,800
1996	498	8,256,359	9,004,304	17,260,663	34,660
1995	534	8,638,797	9,756,168	18,394,965	34,448
1994	516	8,438,239	10,479,454	18,917,693	36,662
1993	377	6,194,465	8,229,618	14,424,083	38,260
1992	235	3,093,038	4,536,302	7,629,340	32,465
1991	175	2,014,015	3,120,866	5,134,881	29,342
1990	196	2,056,228	3,755,391	5,811,619	29,651
1989	187	2,058,902	3,971,279	6,030,181	32,247
1988	175	1,937,955	3,895,045	5,833,000	33,331
1987	167	1,831,875	4,077,234	5,909,109	35,384
Before 1986	382	3,027,486	7,224,339	10,251,825	26,837
TOTAL	51,405	\$822,888,622	\$419,812,742	\$1,242,701,364	\$24,175

* Reporting for calendar year 2021 is not yet complete. The July 1st retirees are not included in the schedule.



APPENDIX

APPENDIX

Single Life Retirement Values Based on PubG-2010 Mortality Amount-Weighted Tables Adjusted Using MP-2020 Projection Scale & 7.25% Interest

Sample Attained Ages in 2021*	Present Value of \$1.00 Monthly for Life		Present Value of \$1 Monthly for Life Increasing 3.0% Annually		Future Life Expectancy (Years)		Percent Dying within Next Year	
	Men	Women	Men	Women	Men	Women	Men	Women
40	\$155.44	\$157.82	\$206.14	\$210.65	45.18	48.21	0.09 %	0.04 %
45	151.33	154.38	198.31	203.87	39.95	42.93	0.12 %	0.07 %
50	145.92	149.83	188.53	195.32	34.84	37.75	0.29 %	0.22 %
55	139.31	144.33	176.98	185.25	29.97	32.80	0.44 %	0.31 %
60	130.92	137.08	163.07	172.69	25.28	27.97	0.67 %	0.43 %
65	120.49	127.56	146.69	157.22	20.84	23.28	0.97 %	0.62 %
70	107.50	115.32	127.57	138.61	16.63	18.79	1.50 %	1.00 %
75	92.00	100.24	106.17	117.19	12.76	14.59	2.54 %	1.78 %
80	74.80	83.03	83.88	94.27	9.35	10.84	4.58 %	3.30 %
85	57.79	65.11	63.06	71.83	6.59	7.70	8.40 %	6.24 %
Base	2705 x 1.05	2706 x 1.05	2705 x 1.05	2706 x 1.05				
Projection	964	965	964	965				

* Rates and life expectancies in future years are determined by the MP-2020 projection scale.

Age	Benefit Increasing 3.0% Yearly	Portion of Age 60 Lives Still Alive	
		Men	Women
60	\$100.00	100%	100%
65	115.00	96%	98%
70	130.00	91%	94%
75	145.00	84%	89%
80	160.00	73%	81%
Ref		2705 x 1.05	2706 x 1.05

The above chart is an illustration for a member who retires at age 60 in 2021.



December 20, 2021

Mr. Clint Rhoden
Executive Director
Arkansas Teacher Retirement System
1400 West Third Street
Little Rock, Arkansas 72201

Re: Report of the June 30, 2021 Actuarial Valuation of Retirees and Beneficiaries

Dear Mr. Rhoden:

Enclosed are 15 copies of this report. Please let us know if anything else is needed.

Sincerely,
Gabriel, Roeder, Smith & Company

A handwritten signature in black ink that reads "Judith A. Kermans". The signature is written in a cursive style with a large, looping initial "J".

Judith A. Kermans, EA, FCA, MAAA

JAK:sc
Enclosures

Waiver of Member Interest 2021
February 7, 2022, Board Meeting
A.C.A. Sec. 24-7-205

Amount

Reason to Waive Interest

NONE

Waiver of Employer Report Penalties 2022
February 7, 2022, Board Meeting
A.C.A. Sec. 24-7-411

These are typical reports of employer penalties and interest waived by ATRS during a reporting period.

Employer Penalties Waived	
Arkansas Virtual Academy Charter Little Rock, AR	\$300.00
Black River Technical College Pocahontas, AR	\$450.00
Crowley's Ridge Educational Service Co-op Harrisburg, AR	\$450.00
Drew County School District Monticello, AR	\$600.00
TOTAL PENALTIES WAIVED	\$1,800.00
Employer Interest Waived	
Drew County School District Monticello, AR	\$228.54
TOTAL INTEREST WAIVED	\$228.54
TOTAL PENALTIES AND INTEREST WAIVED	\$2,028.54

ARKANSAS TEACHER RETIREMENT SYSTEM
1400 West Third Street
Little Rock, Arkansas 72201

RESOLUTION
No. 2022-21

**Approving the Waiver of
Interest on Contributions for Unreported Service**

WHEREAS, the Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS) is authorized to resolve unreported service; and

WHEREAS, A.C.A. §24-7-401 provides that employer contributions be paid in for all employees by each employer calculated as the applicable employer contribution rate multiplied by the total covered employee salaries; and

WHEREAS, A.C.A. §24-7-406 provides that, based on the year of membership, member contributions be paid in by contributory members calculated as the applicable member contribution rate multiplied by their covered salary; and

WHEREAS, A.C.A. §24-7-205 allows the system to correct errors related to unreported service when there exists an obvious or documented error by an employer or the system that understated the service credit or salary of a member; and

WHEREAS, A.C.A. §§24-7-205(b)(1)(C) and 24-7-406(c)(1)(B)(ii) allow the member to elect to convert service credit for which there is a member contribution balance due from contributory to noncontributory rather than pay the balance due; and

WHEREAS, A.C.A. 24-7-411(a) requires ATRS to impose an interest penalty for late remittance of employer and member contributions; and

WHEREAS, A.C.A. 24-7-411(c) allows the Board to waive interest if the employer delinquency was not the result of intentional nondisclosure, fraud or misrepresentation and that under the circumstances the payment would be unduly penal, or burdensome; and

WHEREAS, under Act 504 of 1985 and ATRS Rule 6, whether or not a member is considered contributory or non-contributory depends upon the year the member entered the system and that all service rendered before July 1, 1986, is contributory service; and

WHEREAS, the member (ATRS ID: 235667) has 6 years of unreported service from the Trumann School District from 1981 to 1986 and the Trumann SD failed to report the member's employment and did not remit the employer contributions or member contributions for the unreported service; and

WHEREAS, the Trumann SD has certified the member's service for the years from 1981 to 1986 and ATRS has received documentation from the member and the Social Security Administration that shows the member was employed full-time by the Trumann SD from 1981 to 1986; and

WHEREAS, in order to correct the error of unreported service, the member shall either remit member contributions in the amount of \$2,177.52 to ATRS, or elect to convert the unreported service from contributory service to noncontributory service; and

WHEREAS, a large amount of member interest totaling \$27,384.63 has been assessed as a result of the 40 plus years that have passed since the initial unreported service; and

WHEREAS, to resolve the unreported service employer contributions in the amount of \$4,746.59 must be paid to ATRS; and

WHEREAS, a large amount of employer interest totaling \$59,283.68 has been assessed as a result of the 40 plus years that have passed since the initial unreported service; and

WHEREAS, ATRS has no evidence that the failure to report and remit employer contributions on this member's service was the result of an intentional nondisclosure, fraud or misrepresentation; and

WHEREAS, given that the initial failure to report the service occurred over 40 years ago, the amount of interest due could be considered unduly penal and burdensome; and

WHEREAS, in the past the Board has waived the interest associated with errors involving unreported employer and member contributions; and

WHEREAS, the Board finds it desirable to correct the member's service record caused by the employer failing to report past service due to no fault of the member.

NOW, THEREFORE, BE IT RESOLVED, that the ATRS Board waives the employer's and member's interest due for unreported service to resolve the errors in this member's (ATRS ID: 235667) record; and

FURTHER, BE IT RESOLVED, that, should the member not elect to convert the unreported service to noncontributory, promissory notes for both the employee and employer contributions will be established so that the interest will be waived as long as the notes are paid off by the end of the following fiscal year, otherwise the full interest is reinstated. For the avoidance of doubt, interest will not be reinstated should the member elect to convert the unreported service credit from contributory to non-contributory.

Adopted this 7th day of February 2022.

Mr. Danny Knight, *Chair*
Arkansas Teacher Retirement System

**ARKANSAS TEACHER RETIREMENT SYSTEM
1400 West Third Street
Little Rock, Arkansas 72201**

**RESOLUTION
No. 2022-19**

**Approving Extension of Time
In which to Complete Application
For Survivor Benefits**

WHEREAS, the Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS) is authorized to grant an extension of a deadline; and

WHEREAS, the ATRS Board has reviewed the recommendation of its Manifest Injustice Committee, along with the ATRS staff, regarding the claim that a manifest injustice exists in the matter of MI 2021-005; and

WHEREAS, the Board finds that the death of the member in an explosion and fire that destroyed member's home and seriously injured other members of the family made it extremely difficult to communicate with the family and assist them in providing documents needed to claim ATRS survivor benefits; and

WHEREAS, without an extension of the deadline provided in A.C.A. § 24-7-710(a)(2)(b), the pending application shall be void and a new application will be required; and

WHEREAS, the ATRS Board finds that a retroactive extension by three (3) months beyond the six (6) calendar months permitted in A.C.A. § 24-7-710(a)(2)(b) to provide additional documentation required by the system is appropriate.

NOW, THEREFORE, BE IT RESOLVED, that the ATRS Board grants a retroactive extension by three (3) months beyond the six (6) calendar months allowed in A.C.A. § 24-7-710(a)(2)(b) to complete the application for survivor benefits; and

FURTHER, BE IT RESOLVED, any other deadline not herein specifically noted that is related to processing the application for survivor benefits in this matter is waived.

Adopted this 7th day of February 2022.

Mr. Danny Knight, *Chair*
Arkansas Teacher Retirement System

**ARKANSAS TEACHER RETIREMENT SYSTEM
1400 West Third Street
Little Rock, Arkansas 72201**

**RESOLUTION
No. 2022-20**

**Approving the Waiver of
Penalties for Technical Violation of
Termination Separation Period**

WHEREAS, the Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS) is authorized to resolve a manifest injustice in a fair manner; and

WHEREAS, the ATRS Board has reviewed the facts of this case, as well as the recommendation of its Manifest Injustice Committee, along with the ATRS staff, regarding the claim that a manifest injustice exists in the matter of MI #2021-007; and

WHEREAS, the Board finds that the member in this matter returned to work after December 31, 2020, the date ATRS identified as member's return-to-work date; and

WHEREAS, after member returned to covered employment, ATRS discovered that member's credited service history contained an error, causing member's return-to-work date to increase from a one-month separation period to a six-month separation period; and

WHEREAS, the member immediately terminated employment upon the advice of ATRS staff and remained terminated from covered employment until August 5, 2021, more than six months after the error was discovered; and

WHEREAS, the Board finds that the violation of the termination separation period established in A.C.A. §24-7-502 was a technical violation and due to no fault of the member; and

WHEREAS, the Board finds that a manifest injustice exists and, considering all the facts of this case, it would be unconscionable to impose the statutory penalties imposed by A.C.A. §24-7-502.

NOW, THEREFORE, BE IT RESOLVED, that the ATRS Board waives the repayment of retirement benefits received by member from the date of retirement

to present in the gross amount of \$62,510.42, as well as T-DROP disbursements in the net amount of \$45,097.84; and

FURTHER, BE IT RESOLVED, no new retirement application shall be required of member to be eligible to continue to receive retirement benefits.

Adopted this 7th day of February 2022.

Mr. Danny Knight, *Chair*
Arkansas Teacher Retirement System

FORFEITURE RECOMMENDATIONS

A.C.A. §24-7-734(6)

February 7, 2022

ATRS #	MEMBER	DATE OF DEATH	AMOUNT OF BENEFIT
100023	B.L.F.	12/09/97	\$ 98.53
100024	W.W.	05/02/10	12.67
100909	N.R.B.	08/11/01	3,066.20
101594	M.W.W.	02/12/15	1,440.78
103591	D.A.P.	07/23/93	2,536.93
104279	J.M.K.	01/04/05	868.69
105705	E.D.C.	01/25/05	122.22
106397	H.S.K.	12/23/07	1,510.98
108873	K.J.B.	08/20/01	624.71
109268	F.G.B.	07/28/02	2,802.60
186107	R.P.	06/06/13	69.57
187507	V.A.B.	08/20/15	221.00
189129	M.M.W.	03/15/99	122.12
190954	D.L.W.	07/06/10	629.47
194526	F.L.T.	12/11/11	83.02
194697	P.A.B.	02/27/16	1,169.27
194798	M.P.F.	04/13/10	986.64
195881	J.D.L.	11/22/13	3.12
200537	D.L.S.	07/19/13	83.12
291586	E.G.G.	08/29/11	7.96
294930	B.R.M.	09/27/02	31.98
298192	A.C.M.	11/18/15	3,301.57

300161	J.M.B.	12/04/10	696.74
300179	L.R.	03/14/13	3.92
300185	T.R.P.	03/23/10	44.63
392619	J.J.	12/09/06	436.74
394158	J.G.T.	07/12/04	825.46
394238	E.W.R.	05/15/97	86.31
398660	L.A.C.	09/23/94	3.29
399330	S.L.M.	03/25/16	<u>471.40</u>
	TOTAL		\$ 22,366.64



**MEMO TO: BOARD OF TRUSTEES OF THE ARKANSAS TEACHER
RETIREMENT SYSTEM**

FROM: EXECUTIVE DIRECTOR, CLINT RHODEN

**SUBJECT: ECONOMICS ARKANSAS — APPLICATION FOR COVERED
EMPLOYER STATUS UNDER THE ARKANSAS TEACHER
RETIREMENT SYSTEM**

I. Questions Presented

1. Is Economics Arkansas eligible to apply for covered employer status under the Arkansas Teacher Retirement System (ATRS)?
2. Will the participation of Economics Arkansas employees in ATRS impair ATRS' legal status as a governmental plan under the Internal Revenue Code (IRC), 26 U.S.C. § 1 et seq., or the Employee Retirement Income Security Act of 1974 (ERISA), 29 U.S.C. § 1001 et seq., or subject ATRS to additional federal requirements?
3. Will the participation of Economics Arkansas employees in ATRS have a substantial adverse impact on ATRS' actuarial soundness?
4. Should the Board of Trustees of the Arkansas Teacher Retirement System (Board of Trustees) vote to approve Economics Arkansas' application for covered employer status under ATRS?

II. Staff Recommended Answers to Questions Presented

1. Yes, Economics Arkansas is eligible to apply for covered employer status under ATRS as its employees will likely meet the requirements of Ark. Code Ann. § 24-7-202(19)(D).
2. No, the participation of Economics Arkansas employees in ATRS will not or is unlikely to impair ATRS' legal status as a governmental plan or subject ATRS to additional federal requirements.
3. No, there is no evidence to support a contention that the participation of Economics Arkansas employees in ATRS is unlikely to have a substantial adverse impact on ATRS' actuarial soundness.
4. Yes, the Board of Trustees should vote to approve Economics Arkansas' application for covered employer status under ATRS for the reasons provided in this Section II (1) – (3).



III. Relevant Facts

On January 3, 2022, Arkansas Council on Economic Education, dba Economics Arkansas (Economics Arkansas) applied for covered employer status under ATRS in order to enable its employees to become members of ATRS. Economics Arkansas has approximately six (6) employees per year. Economics Arkansas proposes May 1, 2022, as the effective start date for ATRS membership.

Economics Arkansas is a private, tax exempt non-profit, non-partisan, educational organization founded in 1962 to promote economic literacy in Arkansas. Economics Arkansas provides resources to and trains PreK-12 public and independent school teachers on how to incorporate principles of economics and personal finance into the classroom curriculum. The majority of teachers served by Economics Arkansas are employed with public schools. Most trainings offered by Economics Arkansas are open to all educators and are not generally offered for a specific school. Economics Arkansas also administers the Bessie B. Moore Arkansas Awards for Excellence in Teaching Economics and also offers grants and stipends to teachers who meet certain criteria.

The Arkansas Department of Education (ADE) annually issues Economics Arkansas an Assurance Document with a professional development code approving the organization as a training institution. If Economics Arkansas did not provide its brand of professional development services, the ADE and Arkansas Education Service Cooperatives (AESC) would be responsible for delivering the training and resources.

The Executive Committee of the Board of Directors for Economics Arkansas (Executive Committee) serves as the Nominating Committee and informs the Board of Directors for Economics Arkansas (Board of Directors) regarding the number of vacancies. Nominations for new members, officers, and Executive Committee members are obtained from all the members of the Board of Directors. The approval of the Board of Directors is required before a candidate may receive an invitation to serve on the board. No governmental agency has input in the selection of the members of the Board of Directors.

The state and federal government account for approximately forty-six percent (46%) of Economics Arkansas' funding. Government funding sources include the ADE, PPP Loan, American Rescue Plan Grant, Arkansas Securities Department, and Investor Protection Trust. The ADE provides the highest amount of government funding to Economics Arkansas through state appropriation grants for Economic Education.

The salaries for Economics Arkansas' employee positions and the matched employer contributions are intended, but unconfirmed, to be covered by funding received by the ADE.

Economics Arkansas' End of Year net assets or fund balances were \$849,683 for 2017, \$934,241 for 2018, and \$836,526 for 2019.



IV. Applicable Law

With regard to an organization's eligibility to apply for covered employer status under ATRS, the organization's employees must be engaged in "employment with a school" as defined in Ark. Code Ann. § 24-7-202.

The applicable definition of "employment with a school" for the employees of Economics Arkansas is Ark. Code Ann. § 24-7-202(19)(D). Ark. Code Ann. § 24-7-202(19)(D) defines "employment with a school" as "[e]mployment in a position with an education-related agency or organization 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 Arkansas Teacher Retirement System." The employment with the education-related agency or organization must be related to: "(a) Training public school employees or school board members; (b) Teaching public school students; or (c) Adult education programs." *Id.* Additionally, the employment cannot "be related in any manner to private schools." *Id.*

When ATRS receives an application for covered employer status, ATRS is required to determine if an Internal Revenue Service (IRS) ruling should be requested concerning whether or not the participation of the applicant's employees in ATRS will jeopardize ATRS' status as a governmental plan. *See Section (VII)(E) of ATRS Rule 6 - Membership Rules (Rule 6)*¹.

Both the Internal Revenue Code and ERISA define "governmental plan", in relevant part, as "a plan established and maintained for its employees by the Government of the United States, by the government of any State or political subdivision thereof, or by any agency or instrumentality of any of the foregoing." 26 U.S.C. § 414(d) and 29 U.S.C. § 1002(32).

In determining whether a retirement plan is a governmental plan within the meaning of the IRC, the Internal Revenue Services (IRS) noted the following non-determinative factors:

1. Whether there is specific legislation creating the organization;
2. The source of funds for the organization;
3. The manner in which the organization's trustees or operating board are selected; and
4. Whether the applicable governmental unit considers the employees of the organization to be employees of the applicable governmental unit.

Rev. Rul. 89-49.

Additionally, the IRS has advised, "A plan will not be considered a governmental plan merely because the sponsoring organization has a relationship with a governmental unit or some quasi-governmental power." *Id.* The IRS has further stated, "One of the most important factors to be considered in determining whether an organization is an agency or instrumentality of the United States or any state or political subdivision is the degree of control that the federal or state government has over the organization's everyday operations."² *Id.*

¹ The IRS is no longer issuing private letter rulings or determination letters with regard to whether a plan is a governmental plan. *Rev. Proc. 2021-3, § 3.*



The IRS further noted, “*Although all of the above factors are considered in determining whether an organization is an agency of a government, the mere satisfaction of one or all of the factors is not necessarily determinative.*” *Id.*

Finally, the Department of Labor (DOL), which has the authority to interpret the definition of “governmental plan” as applicable to ERISA³, has issued advisory opinions indicating that the participation of a de minimis number of private employees in an otherwise governmental plan will not adversely affect governmental plan status.⁴

With regard to constitutional issues, in *Chandler v. Bd. of Trustees of the Teacher Ret. Sys.*, 236 Ark. 256, 365 S.W.2d 447 (1963), the Supreme Court of Arkansas considered constitutional arguments centered around the participation of employees of the Arkansas Education Association (AEA) and the Arkansas Teacher Association (ATA) in ATRS. The issue before the court was whether the participation of AEA and ATA employees in ATRS would constitute an appropriate use of state funds for a public as required under the privileges and immunities clause (Ark. Const. Art. 2, § 18), illegal exactions clause (Ark. Const. Art. 16, § 13), and the due process clause (Ark. Const. Art. 2, § 8).

² Here the IRS is referencing Rev. Rul. 57-128. In Rev. Rul. 57-128, the IRS was asked to determine whether an organization was an instrumentality of a state for Federal employment tax purposes. In making its determination, the IRS considered the following factors:

1. Whether the organization is used for a governmental purpose and performs a governmental function;
2. Whether performance of the organization’s function is on behalf of one or more states or political subdivisions;
3. Whether there are any private interests involved, or whether the states or political subdivisions involved have the powers and interests of an owner;
4. Whether control and supervision of the organization is vested in public authority or authorities;
5. If express or implied statutory or other authority is necessary for the creation and/or use of such an instrumentality, and whether such authority exists; and
6. The degree of financial autonomy and the source of organization’s operating expenses.

³ The DOL has the authority to interpret Title I of ERISA, which includes 29 U.S.C. § 1002(32), the definition of governmental plan.

⁴ See Advisory Opinion 1999-15A (“*It would not be consonant with the intended scope and purpose of the "governmental plan" exception to treat the Fund as failing to fall within the exception in ERISA § 4(b)(1) because of the participation of one Fund employee, particularly inasmuch as the activities of that employee on which participation is based relate exclusively to conducting the affairs of the Fund. However, if a benefit arrangement is extended to cover more than a de minimis number of private sector employees, the Department may not consider it a governmental plan under Title I of ERISA.*”). Also see Advisory Opinion 2000-08A (“*It is the view of the Department of Labor that the participation by a de minimis number of private-sector employees in an otherwise governmental plan will not adversely affect the plan’s status as a governmental plan. However, if a benefit arrangement were to cover more than a de minimis number of private sector employees, the Department may not consider it a governmental plan under Title I of ERISA.*”).

The court cited *Brodhead v. City of Milwaukee*, 19 Wis. 624 (1865)⁵ and *Texarkana-Forest Park Paving etc. Dist. No. 1 v. State*, 189 Ark. 617, 74 S.W.2d 784 (1934)⁶. In making its determination, the court considered whether the essential nature of the AEA and ATA was public or private in character and concluded as follows:

We can reach no conclusion except that the use of tax moneys to provide a retirement income for AEA and ATA staff employees cannot be classified as an expenditure for a public purpose. A retirement allowance represents compensation paid to the recipient. [internal citation omitted]. The workers in question, however, are not employees of the State. There is no sound reason why their salaries should be supplemented by the taxpaying public. Although the cause of public education is undoubtedly furthered by the activities of the AEA members, there is no indication that the AEA employees devote their time to the pub[l]ic service. Even if such a showing had been made, the public services would still have been rendered by these people in the course of their work for a private employer, unsolicited by the State and affording no basis for a claim against the State.

[Requiring] the AEA and the ATA to match their employees' contributions, does not remedy the situation. Tax moneys are still being devoted to a private purpose, because (a) the administrative expense of the system is in part borne by the State, and (b) the retirement allowances are life annuities, [internal citation omitted]; so if an annuitant should live long enough to receive more in benefits than had been contributed to his account, the remaining annuity installments would have to be paid with public funds.

V. Application of Law to Facts

As Economics Arkansas' purpose is to provide economic literacy resources and training to PreK-12 public school teachers in Arkansas, Economics Arkansas may be considered an education-related agency or organization. As employment with Economics Arkansas is related to training public school employees,

⁵ *Brodhead v. City of Milwaukee*, 19 Wis. 624 (1865) ("The legislature cannot create a public debt, or levy a tax, or authorize a municipal corporation to do so, in order to raise funds for a mere private purpose. It cannot in the form of a tax take the money of the citizens and give it to an individual, the public interest or welfare being in no way connected with the transaction. The objects for which money is raised by taxation must be public, and such as subserve the common interest and well being of the community required to contribute.")

⁶ *Texarkana-Forest Park Paving etc. Dist. No. 1 v. State*, 189 Ark. 617, 74 S.W.2d 784 (1934) ("The power to pay gratuities to individuals is denied to the Legislature generally by constitutional mandate and usually a gift of money to an individual would be an appropriation of public funds to private use, which cannot be justified in law.")



an employee of Economics Arkansas who is or has been a member of ATRS for a minimum of five (5) years may elect to become or remain a member of ATRS.

While at this time it is unknown whether all six (6) employees of Economics Arkansas are required to provide resources and training to independent school teachers, any employee of Economics Arkansas who exclusively provides resources and training to public school teachers may elect participation in ATRS. Furthermore, even if all six (6) employees continued to provide resources or training for independent schools, their membership in ATRS would likely be considered de minimis and insufficient to impair ATRS' status as a governmental plan.

Economics Arkansas is not created by specific legislation; however, a major source of the organization's funding is derived from state and federal funds. Additionally, the ADE is the organization's largest government funding source through a state appropriation grant.

While any relationship that Economics Arkansas has with a governmental unit or some quasi-governmental power is not dispositive as to ATRS' status as a governmental plan, it should be noted that the ADE annually issues Economics Arkansas an Assurance Document and approves the organization as a training institution. Additionally, Economics Arkansas provides services that would otherwise become the responsibility of the ADE and AESC to provide.

With regard to the government's degree of control over the operations of Economics Arkansas, governmental agencies are not involved in the selection of the Board of Directors. Furthermore, the present information at hand does not indicate whether or not the ADE considers the employees of Economics Arkansas as employees or quasi-employees of the ADE. However, as previously mentioned, the ADE is Economics Arkansas' largest source of government funding and annually approves the organization as a training institution. As Economics Arkansas' largest source of government funding and the agency responsible for approving Economics Arkansas as a training institution, it is likely that the ADE offers input regarding or exercises some level control over Economics Arkansas' operations.

Finally, granting Economics Arkansas' application and allowing its employees to elect membership in ATRS is unlikely to raise constitutional concerns. The concerns expressed in *Chandler v. Bd. of Trustees of the Teacher Ret. Sys.* with regard to AEA and ATA do not appear to present with regard to Economics Arkansas as Economics Arkansas: (1) receives funds from the State of Arkansas through the state appropriation grant; (2) does not appear to engage in lobbying activities; (3) has a primary objective that can be described as furthering Arkansas' public education; (4) likely employs public employees who are dedicated to providing resources and training that will improve the quality of education in Arkansas; and the ADE arguably solicits the services of Economics Arkansas by annually approving Economics Arkansas as a training institution and relying on the organization to provide the training and services that would otherwise fall to the ADE and AESC to provide.

VI. Conclusion

The Board of Trustees should vote to approve Economics Arkansas' application for covered employer status under ATRS as:



1. Economics Arkansas employees qualify for membership under Ark. Code Ann. § 24-7-202(19)(D);
2. ATRS' status as a governmental plan is unlikely to be impaired if Economics Arkansas' application is granted;
3. It is unlikely that there will be a substantial adverse impact on ATRS' actuarial soundness if Economics Arkansas' application is granted; and
4. It is unlikely that granting Economics Arkansas' application will raise constitutional questions or concerns.

ARKANSAS TEACHER RETIREMENT SYSTEM
1400 West Third Street
Little Rock, Arkansas 72201

RESOLUTION
No. 2022-18

**Approving Application of Economics Arkansas
To be a Covered Employer**

WHEREAS, the Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS) is authorized to review applications by education-related agencies or organizations to become covered employers; and

WHEREAS, employment with an education-related agency or organization may be considered “employment with a school” under certain circumstances as detailed in A.C.A. §24-7-202(19)(D); and

WHEREAS, ATRS members who have been members of ATRS for a minimum of five (5) years who become employed in a position with an education-related agency or organization may elect to become or remain a member of ATRS if the employment is related to (a) training public school employees or school board members; (b) teaching public school students; or (c) providing adult education programs; and (d) is not related in any manner to private schools; and

WHEREAS, the education-related agency or organization must apply to ATRS to become eligible as a covered employer and agree to be responsible for all required employer contributions as it relates to the ATRS member with at least five (5) years who wishes to continue membership in ATRS; and

WHEREAS, the Board of Trustees has a fiduciary duty to ensure that the approval of an application of an education-related agency or organization will not in any way impair any legal status of ATRS, its status as a governmental plan pursuant to the Internal Revenue Code and the Employee Retirement Income Security Act of 1974, or have a substantial adverse impact on the actuarial soundness of ATRS; and

WHEREAS, a private letter ruling from the Internal Revenue Service is not available according to IRS Rev. Proc. 2021-3, Section 3 regarding the potential impact of the approval of an application of an education-related agency or organization to become a covered employer; and

WHEREAS, previous IRS rulings may provide guidance to the Board of Trustees in evaluating an application to become a covered employer as discussed in the Exhibit A (attached) which include factors such as (a) the degree of control the State has over the agency or organization's everyday operations; (b) whether the agency or organization was created by a governmental entity; (c) the nature and source of its funding; (d) the manner in which the agency or organization's governing body is selected; (e) whether the employees are employees of a governmental entity; and (f) whether the addition of the eligible employees of the agency or organization would increase the number of ATRS membership beyond a *de minimis* amount of the aggregate membership; and

WHEREAS, the Arkansas Supreme Court considered whether a private agency or organization may be a covered employer of ATRS in the case of *Chandler v. Board of Trustees of the Teacher Retirement System of the State of Arkansas*, 236 Ark. 256, 365 S.W.2d 447 (1963). Act 80 of 1949 permitted employees of AEA and ATA to participate in ATRS, and the question before the Court was whether the use of state funds (in the form of matching contributions to ATRS) was for a public purpose. The Court observed that none of the funding for either AEA or ATA came from the State; their members did not devote time to public service; and their activities were not solicited by the State, leading the Court to conclude that, under Act 80, public funds were being used for a private purpose in violation of the Due Process Clause of the Constitution; and

WHEREAS, the Board finds that Economics Arkansas and its employees are distinguishable from the facts of the *Chandler* case in that a substantial amount of their funding comes from the State; the very purpose of the organization is to provide services and training in support of Arkansas education; and, without their activities, the work they do would otherwise fall to the State; and

WHEREAS, the ATRS Board has reviewed and evaluated the application of Economics Arkansas according to the criteria discussed in Exhibit A and finds that it should be approved.

NOW, THEREFORE, BE IT RESOLVED, that the ATRS Board approves the request of Economics Arkansas to be recognized as a covered employer (as defined in A.C.A. § 24-7-202) in order for its eligible employees to become or remain members of ATRS; and

FURTHER, BE IT RESOLVED, that as an Employer under the ATRS Act, Economics Arkansas shall make all member contributions required by A.C.A. §

24-7-406 regarding any employee who has been a member of ATRS for a minimum of five (5) years and who wishes to remain a member of ATRS; and

FURTHER, BE IT RESOLVED, that the ATRS staff is hereby authorized to take all necessary and proper steps to implement.

Adopted this 7th day of February, 2022

Mr. Danny Knight, *Chair*
Arkansas Teacher Retirement System

ATRS Board Policy 1
BOARD GOVERNANCE
A.C.A. § 24-7-301 et seq., A.C.A. § 24-7-401 et seq.,
and A.C.A. § 25-16-901 et seq.

I. Board Plan Administration

A. The authority and responsibility for the administration, management, and control of the Retirement System, and for the construing and carrying out the provisions of the plan is vested in the Board of Trustees (hereinafter the “Board”). The Board is responsible for the governance of ATRS. It is accountable for establishing policies and for supervising the implementation of those policies in compliance with all applicable legal mandates.

B. The function of the Board is to make certain contributions that lead the Retirement System toward the desired performance and ensure that it occurs. The Board’s specific contributions are unique to its trusteeship role and necessary for appropriate governance and management. Board decisions are to be based on facts and expert opinions.

C. The Board will approach its task with a style that emphasizes outward vision rather than an internal preoccupation; encouragement of diversity of viewpoints; strategic leadership more than administrative detail; clear distinction of Board and staff roles; future rather than past or present; and proactive rather than reactive.

D. Consequently, the contributions of the Board shall be:

1. The link between the Retirement System and its members.¹

2. Written governing policies that, at the broadest levels, address:

a. Governance Process

Specification of how the Board conceives, carries out, and monitors its own task.

b. Board-Staff Relationship

How authority is delegated and its appropriate use is monitored.

c. Ends

Retirement system products, impacts, benefits, and outcomes (what good for which needs at what cost).

d. Limitations

Constraints on executive authority that establish the prudence and ethics boundaries within which executive activity, decisions, and organizational matters shall be carried out.

3. The assurance of Executive Director performance against Ends and Limitations policies above.

II. Board Guiding Principles

- A. The Board of Trustees is dedicated to the proposition that its paramount purpose is that of providing an adequate and equitable retirement plan for the members of the teaching profession, to protect this group in the event total and permanent disability causes them to be unable to continue employment in their profession, and to provide in part for their dependents in case of death.
- B. The Board is responsible for the prudent investment of System funds. The two paramount considerations in fund investment are safety and yield, with yield being of first importance, provided such investments comply with legally mandated safeguards.
- C. The Board should be fully informed of its financial liabilities, not only to the retirees and beneficiaries, but also to active members of the teaching profession, and to make those liabilities known to members of the state legislature, to other state officials, and to education-related organizations.
- D. The Board should provide all interested citizens with information regarding ATRS's procedures for investing system funds, as well as the budgeting, control, and disbursement of those funds.
- E. The Board will actively promote the enactment of state and federal legislation that may improve the economic welfare of ATRS members.
- F. The Board endorses programs of counseling and information designed to assist members who are approaching retirement.
- G. The Board should be knowledgeable of the most current information regarding effective, efficient governance and operation of state retirement systems that could augment prudent decisions for the benefit of members. To this end, Board members are encouraged to participate actively in regional and national retirement organization programs that offer such information and training.

III. Board Code Of Conduct

The Board expects of itself and its members ethical and business-like conduct.

- A. Board members, as fiduciaries, shall discharge their duties solely in the best interest of ATRS members for the exclusive purpose of providing optimum benefits.
- B. Board members must avoid any conflict of interest with respect to their fiduciary responsibility. Board members must not use their positions to obtain favorable treatment for themselves, family members, or close employees.
- C. Board members who desire specific information from firms employed by ATRS should make the request through the Executive Director.
- D. Board members shall not, directly or indirectly, solicit or accept any gift of value as defined by the Arkansas Ethics Commission.
- E. Board members shall decline any offer and shall not have any contact with anyone associated with a firm that the Board is considering employing after

requests for proposals (RFP's) or requests for qualifications (RFQ's) have been sent.

F. Board members shall not attempt to exercise individual authority over the operation of the retirement system or staff members except as explicitly set forth in Board policies. Board members' interaction with the staff, public, press, or other entities must recognize the inability of any Board member or Board members to speak for the Board.

G. Board members shall report violations of any of these policies of conduct in writing to the Board Chair.

IV. Board Member Development

The Board is responsible for its own readiness for Board work and the performance of that work.

A. The Board determines appropriate issues for Board work and appropriate issues to be addressed, as well as the education and data required to address those issues wisely.

B. The Board determines the need and mechanisms for Board development.

1. Among the mechanisms will be membership in the National Council on Teacher Retirement, Board-approved consultants, and seminars provided by employees of ATRS.

2. The Board's annual plan will include expected outcomes, costs, and scheduling of the Board development effort.

3. The Board will set forth the educational experiences it determines appropriate for a new Board member.

C. The Board may enlist assistance from the Executive Director in any phase of its own development.

V. Board Meetings

The Board shall hold regular meetings at least quarterly. Additional meetings may be called by the Chair or scheduled by action of the Board in a regular meeting. The Board shall adopt its own rules of procedure, which shall be subject to the following:

A. The Board shall elect a Chair and Vice Chair from its own membership. The election will be in the odd numbered years at the first regular meeting after the beginning of the fiscal year. The Chair and Vice Chair shall be elected for a term of two years and may be reelected for two additional two-year terms. The Chair and Vice Chair shall be either an active member or retiree trustee. A Board member must have served at least one full year as a member of the Board to be eligible for election to the position of Chair or Vice Chair.

B. In the event a vacancy of the Chair or Vice Chair occurs for any reason other than completion of a term, the Board shall fill said vacancy by election from the existing Board members for the remainder of the unexpired term at its next

regular meeting. A trustee elected to fill an unexpired term of the Chair or Vice Chair shall be eligible for two additional two-year terms.

C. Quorum: Eight trustees shall constitute a quorum at any meeting of the Board.

D. Each trustee shall be entitled to one vote on each question before the Board, and at least eight affirmative votes shall be required for a decision by the Board at any meeting.

E. *Robert's Rules of Order* shall be followed in the conduct of all meetings except when a departure from Robert's is authorized by action of the Board.

F. Agenda

The Board shall adopt an agenda at the beginning of each meeting. By a majority vote of the Board, items may be added to the agenda before it is adopted.

1. The Executive Director shall prepare a tentative agenda and submit it to all trustees at least ten (10) days prior to a regularly scheduled meeting. The meeting agenda and materials will be submitted to trustees no later than three (3) days before the regularly scheduled meeting.

2. Trustees who want item(s) to be considered for the agenda should notify the Executive Director no later than seven (7) days prior to a regularly scheduled meeting.

3. Members or individuals who wish to have an item placed on the agenda at a regularly scheduled Board meeting should submit their request in writing to the Executive Director no later than twenty (20) days prior to the meeting.

4. Members or individuals who wish to make comments during a regularly scheduled Board meeting should indicate on forms provided the subject on which they intend to speak.

5. A time limit of five (5) minutes will be allowed members and individuals for presentation, unless extended by majority vote of the Board.

G. Minutes

The Board shall keep an official record of the proceedings of each meeting, the final draft of which must be approved by the Board and signed by the Chair and the Executive Director. The Board minutes are to contain only the action of the Board, information required by case law, and the vote thereon.

H. Public Meetings

All meetings of the Board shall be public and in compliance with the Freedom of Information Act. Representatives of the Little Rock news media shall be notified of each meeting.

VI. Duties Of Chair And Vice Chair

A. Duties of the Chair

The duty of the Chair is to ensure the integrity of the Board's process and to represent the Board to outside parties.

1. The Chair will see that the Board operates consistent with its own rules and those legitimately imposed on it from outside ATRS.
 - a. Meeting discussion content will be only those issues that, according to Board policy, clearly belong to the Board to decide.
 - b. Deliberation will be timely, fair, orderly, and thorough, but also efficient, limited in time, and kept to the point.
2. The authority of the Chair consists only in making decisions on behalf of the Board that fall within and are consistent with Board policies.
 - a. The Chair is empowered to chair Board meetings with all the commonly accepted power of that position (e.g., ruling, recognizing, etc.).
 - b. The Chair may also:
 - i. Convene meetings of the Board, or committees thereof, as prescribed by law.
 - ii. Certify actions taken by the Board.
 - iii. Serve as the official spokesperson for the Board.
 - iv. Appoint Board members to committees.
 - v. Perform other duties specifically requested by the Board that are deemed necessary and appropriate for the Board to fulfill its duties and responsibilities under law.

B. Duties of the Vice Chair

The duties of the Vice Chair are to act as temporary chair in the absence of the regular chair.

VII. Reimbursement Of Expenses

A. The Board, by majority vote of the total membership cast at the first regularly scheduled meeting of each calendar year, may authorize expense reimbursement for each trustee for performing official Board duties. Official Board duties are defined as follows:

1. Attending regular and called Board meetings.
2. Attending committee meetings of the Board or any specially appointed committee comprised in whole or in part of Board members.
3. Attending conferences approved by the Board of Trustees.
4. Attending legislative committee meetings when acting as spokesperson for the Board.
5. Attending legislative sessions at the request of the Board or Executive Director.

B. Board members are subject to the same reimbursable expenses as state employees.

C. Board officers are authorized payment for personal expenses, not otherwise

reimbursed, incurred in the performance of their ATRS related duties. Such reimbursement is to cover (1) any losses in salary or compensation that would otherwise result from their attendance at Board or committee meetings, and will be paid to the officer's employer; and (2) the costs of communication (long-distance telephone calls, postage, etc.) with other trustees or staff members.

VIII. Procurement of Services

A. ATRS shall utilize an equitable and open system of awarding contracts to providers of all contractual, management, and consultant services, including, but not limited to: (1) construction architects, engineers, and contractors; (2) building managers; (3) real estate, legal, and investment consultants; and (4) actuaries and auditors.

B. The system of awarding contracts will assure that all bona fide providers of such services will have equal opportunity to submit competitive bids or competitive proposals for consideration.

1. Consistent with the Prudent Investor Rule and pursuant to A.C.A. § 24-2-618, ATRS has a statutory goal to recruit and hire emerging managers and emerging investment funds.

2. For purposes of this Rule, "emerging managers" and "emerging investment funds" means a managing group or fund that is predominately owned by black or African American, Hispanic American, American Indian or Native American, Asian, or Pacific Islander.

3. Each investment consultant retained by ATRS to recommend investment managers or investment funds shall submit an annual report to ATRS consistent with the requirements in A.C.A. § 24-2-618 that addresses the goal of ATRS to recruit and hire emerging managers and emerging investment funds.

C. The Executive Director shall develop procurement procedures and a plan for implementing the process of awarding contracts.

D. The Board of Trustees shall approve all procedures and contracts related to the procurement of services.

IX. Board Self-Evaluation

The Board will regularly evaluate its own performance, taking whatever action is necessary to govern with excellence. The Board will review these policies of conduct at least annually and discuss the degree to which it complies.

X. Board Committee Principles

The Board may establish committees to help carry out its responsibilities.

A. Board committees may not speak or act for the Board except when formally given such authority.

B. Committees ordinarily will assist the Board by preparing policy alternatives and implications for Board deliberation.

C. Board committees may not exercise authority over staff.

D. All members of the Board shall be notified as to the time and place of all committee meetings. A Board member may attend any committee meeting, but only committee members may vote on committee matters.

E. Appointments to committees shall be made before the next regular meeting after the Board elects the Board Chair.

F. A quorum of each committee and the number of affirmative votes needed for a motion to carry shall be a majority of the designated size of the committee.

G. Board committees shall elect their own Chair and Vice Chair unless otherwise indicated by Board policy.

H. The Executive Director shall serve as secretary and ex officio nonvoting member of Board committees or shall delegate another member of the staff to serve in this capacity.

I. Committees shall report to the Board following each of their meetings.

XI. Investment Committee Charter

A. There shall be an Investment Committee composed of eight members. The Board Chair shall appoint five members from the Board, and the Board Chair shall serve as an ex officio voting member. The remaining two members shall be the State Treasurer and the State Bank Commissioner upon their acceptance of the position.

B. The committee shall meet on call by the committee chair and/or the Executive Director, but not less than on a quarterly basis.

C. The purposes of the committee shall be:

1. To consider investment policies and procedures for recommendation to the Board for adoption.

2. To consider asset allocations for recommendation to the Board for adoption.

3. To consider all investment proposals for approval or rejection, unless the Board assigns the proposals to other committees.

4. To monitor all phases of the investment program and to recommend any changes that need to be made to the full Board.

D. The agenda will be set by the committee chair after conferring with the Executive Director and will be furnished in advance when practical.

E. The committee may act by majority consent of all the committee members.

F. The actions taken by the committee shall be reported at the next regularly scheduled meeting of the Board.

G. All public Board disclosures and the Code of Ethics are applicable to all members of this committee.

XII. Operations Committee Charter

A. There shall be an Operations Committee composed of up to eight members.

The Board Chair shall appoint five members from the Board, and the Board Chair shall serve as an ex officio voting member. The remaining two members shall be the State Auditor and the Commissioner of Education upon their acceptance of the position.

B. The committee shall meet on call by the committee chair and/or the Executive Director.

C. The purposes of the committee shall be:

1. To receive and consider proposals for the adoption of new or revised policy to recommend to the Board for adoption.

2. To receive and consider legislative proposals to recommend to the Board for adoption.

3. To suggest and develop legislative proposals for the benefit of ATRS and its members to recommend to the Board for adoption.

4. To make recommendations to the Board for initiating, supporting, or opposing legislation.

5. To recommend and oversee the Board and Executive Director evaluation process.

6. To recommend and oversee the Board's training and conference schedules.

D. All matters that are not within the jurisdiction/purposes of the Investment or Audit Committees shall be within the jurisdiction/purposes of the Operations Committee.

E. The agenda will be set by the committee chair after conferring with the Executive Director and will be furnished in advance when practical.

F. The committee may act by majority consent of all the committee members.

G. The actions taken by the committee shall be reported at the next regularly scheduled meeting of the Board.

H. All public Board disclosures and the Code of Ethics are applicable to all members of this committee.

XIII. Audit Committee Charter

A. There shall be an Audit Committee composed of ~~three members of the ATRS five members. The Board of Trustees appointed by Chair shall appoint one member from the Board, and~~ the Board Chair ~~and shall serve as an ex officio voting member. One member shall be the State Auditor upon their acceptance of the position. The remaining two members shall be~~ at-large members from the public with extensive auditing experience approved by the Board. The at-large members must be independent and have no affiliation with ATRS.

B. At-large members may serve two (2) four-year terms. If the initial term of an at-large member is for less than four (4) years they may serve two (2) more four-year terms.

C. The committee shall meet as needed on call by either the committee chair or the ATRS Internal Auditor. Actions taken by the committee shall be reported to the ATRS Board of Trustees.

D. The committee has authority to conduct or authorize investigations into any matters within its scope of responsibility and to seek any information it requires from employees, all of who are directed to cooperate with the committee's request. In the event the committee has difficulty obtaining the necessary information from an employee or employees, the committee may seek assistance from the Executive Director or the Board of Trustees as the circumstances dictate.

E. The committee may invite members of management, auditors, employees, or others to attend meetings and provide pertinent information as necessary.

F. The committee will assist the Board of Trustees in fulfilling the Board's oversight responsibility relating to:

1. The financial reporting processes
2. The system of internal controls
3. The internal audit process
4. ATRS's compliance with laws and regulatory requirements and ethics policies

G. Meeting agendas will be prepared and provided in advance to committee members , along with appropriate briefing material when practical.

H. The committee may act by majority consent of all the members of the committee.

I. Minutes of the meeting will be prepared and presented at the next scheduled Audit Committee meeting for review and approval.

J. The committee will carry out the following responsibilities:

1. Financial Statements

a. Review with management and auditors the results of audits which have significant findings and recommendations, together with management's responses to findings and follow up on corrective actions.

2. Internal Control

a. Review the risk assessment to consider the effectiveness of ATRS's internal controls.

b. Review with management and auditors any significant findings and recommendations on internal controls over financial reporting, together with management's responses.

3. Internal Audit

a. Review with management and the Internal Auditor the charter, activities, staffing, and organizational structure of the internal audit function.

b. Review and approve the audit plan and all major changes to the plan.

c. Review Internal Audit's reports and follow up on findings and recommendations.

4. Compliance

a. Review the findings of any examinations by regulatory agencies, and any auditor observations.

5. Reporting Responsibilities

a. Regularly report to the Board of Trustees on the committee's activities and issues that arise with respect to the quality or integrity of ATRS's financial statement, compliance with legal or regulatory requirements, and the performance of the internal audit function.

6. Other Responsibilities

a. Perform other activities related to this charter or the audit functions as requested by the Board of Trustees.

b. Resolve any disagreements between management and the Internal Auditor regarding financial reporting.

c. Review and assess the adequacy of the committee charter, and propose recommended changes as needed, and request Board of Trustees approval for recommended changes.

d. Approve administrative decisions regarding the appointment and removal of the Internal Auditor. Approval of appointment or termination of the Internal Auditor by the Audit Committee is not final until confirmed by the Board of Trustees.

e. Perform an annual employee evaluation of the Internal Auditor of ATRS. The audit committee shall:

i. Meet in executive session, with or without the Internal Auditor, for the purpose of conducting, reviewing, and discussing an employee evaluation of the internal auditor;

ii. Gather information as it deems necessary, including input from the Executive director or other persons with direct knowledge of the Internal Auditor's performance, for the purpose of conducting a fair and thorough annual employee evaluation of the Internal Auditor;

iii. Report to the Board of Trustees when the Committee has completed the annual evaluation that the evaluation has been completed. If a Trustee requests by motion and second to learn the specific results of the Internal Auditor evaluation, and the majority of the Board votes in favor of such motion, the Board of Trustees may meet in executive session to hear the Committee's findings and recommendation on the employee evaluation.

K. The committee may periodically evaluate itself and report the results to the Board of Trustees. The effective date for the start of any evaluation process and

frequency of evaluations may be determined by the committee.

1 "Members" as used in the Board policies means plan participants of the Arkansas Teacher Retirement System.

**INTERNAL AUDIT FOLLOW-UP REPORT
RECIPROCAL SERVICE BENEFITS
FOR THE PERIOD JULY 1, 2019 – JULY 1, 2020; APRIL 1, 2021 – JULY 1, 2021**

February 7, 2022

Introduction

Reciprocal service allows employees to move from one employer that participates in an Arkansas public retirement system to another employer participating in a different public retirement system without losing the retirement benefits accrued in their previous public service. A.C.A. §24-2-401(3) defines the participating systems as the Arkansas Teacher Retirement System, the Arkansas State Highway Employees' Retirement System, the Arkansas Public Employees' Retirement System, the State Police Retirement System, the Arkansas Judicial Retirement System, or an alternate plan for higher education institutions, and the Arkansas Local Police and Fire Retirement System.

Pursuant to A.C.A. §§24-2-402(4)(B) and 24-7-601(e)(5), the Final Average Salary (FAS) used to determine benefits in all reciprocal systems shall be that of the reciprocal system that furnishes the highest FAS at retirement. The FAS of alternate retirement plans and the Arkansas Local Police and Fire Retirement Systems are not considered. The FAS of each system is determined according to their own rules. Upon the retirement of a member with reciprocal service, the reciprocal retirement systems will notify other affected systems of their calculated FAS and share their service records to ensure that service requirements for each system are met.

Act 555 of 2013 changed the ATRS method of calculating FAS for those reciprocal members with less than 3 years of service in a reciprocal system. For the affected members, the new methodology requires ATRS to obtain the salary and service credit information from the reciprocal system and use that information to calculate the member's final average salary as if the salary and service credit have all been earned in ATRS. The Act was effective July 1, 2014. During the latter part of the 2018 state fiscal year, staff in the Benefits and Counseling Section of ATRS discovered that Act 555 had not been implemented. Retirees from July 1, 2014 to April 1, 2018 were queried by the Data Processing Department to identify affected retirees. The query identified 301 reciprocal retirees with less than 3 years of service in the reciprocal system. Of those identified, 6 retirees were determined to be affected by Act 555. The 6 retirees were notified and their benefits were corrected.

The failure to timely implement Act 555 was reported to Internal Audit and led Internal Audit to include an audit of reciprocal benefits in the 2018 Audit Plan approved by the Internal Audit Committee of the Board of Trustees at their meeting June 5, 2018.

Objectives

The objective of the follow-up audit was to assess if corrective measures implemented by the Agency have adequately addressed the issues noted in the findings of the original report.

Scope and Methodology

This follow-up was conducted for the period July 1, 2019 – July 1, 2020 and April 1, 2021 – July 1, 2021. To accomplish our objective, we interviewed employees, reviewed any changes in procedures or forms, and compiled work queue data.

Findings and Recommendations

The objective of a system of internal controls is to provide management with reasonable, but not absolute, assurance that transactions are executed in accordance with policies and guidelines and are recorded properly. Our findings and recommendations are provided to assist

management in implementing internal controls that ensure proper procedures are implemented and followed, and should not be used for any other purpose.

Following are the findings and recommendations presented in the original Reciprocal Service Benefit audit, along with the results of our review of the progress by ATRS in the implementation of corrective actions.

Finding 1 – Concurrent Service

Concurrent service occurs when a member earns service in ATRS and a reciprocal system in the same fiscal year. A.C.A. § 24-7-601(g)(2) provides "The Arkansas Teacher Retirement System shall not recognize any concurrent service added to the member's credited service in the Arkansas Teacher Retirement System that credits a member with more than one (1) year of credited service for a fiscal year or combines salary earned in both systems in a fiscal year for the purpose of: (A) Vesting; (B) Retirement eligibility; and (C) Calculating final average salary."

ATRS Rule 6-2 provides a methodology for removing service that, when combined with service in a reciprocal system, results in service credit greater than 1 year. ATRS staff refers to this type of concurrent service as "overlapping" even though time periods may not overlap. Overlapping most often occurs because ATRS awards service credit on a quarterly basis, while a reciprocal system may award service credit on a monthly basis. For example: A member works July – November for a reciprocal employer and accumulates 5 months of service credit. The member immediately begins work for an ATRS employer, works 150 days through the end of the fiscal year, and earns 3 quarters service credit. (120 days = .75 service credit.) ATRS and the reciprocal system would equate 3 quarters service to 9 months and determine the member had 14 months of service, thereby creating an overlap.

Act 612 of 2017 allows members to elect to waive all or part of their ATRS concurrent service and retire under a reciprocal system, provided the election is voluntary and both employee and employer contributions associated with the member remain with ATRS. Prior to Act 612, correspondence between staff members and with reciprocal systems indicates that in most cases, ATRS and the reciprocal system would review their member files and remove service based on what they thought was in the best interest of the member based on various factors such as contributory/non-contributory status in each system. We found no calculation documentation to support their decisions in member files and we found inconsistency in the removal of overlapping service.

Since the implementation of Act 612, members with overlapping service are provided forms to waive their ATRS service. However, no guidance is provided to members in making a decision to voluntarily surrender their ATRS service in favor of reciprocal service.

Recommendation 1:

Train staff members in the application of Rule 6-2 and Act 612 of 2017 to ensure accurate and consistent application of ATRS rules and the Arkansas Code. If the overlap is discovered before a member is eligible for retirement, estimates of the effect on benefits will be unreliable as salaries, length of service, and new benefit rules could affect the actual benefit to be paid at retirement. In this case, Rule 6-2 should be followed in the removal of overlapping service. If an overlap is discovered at retirement, staff should compare the effect of voluntary surrender of service credit on retiree benefits versus the effect of the application of Rule 6-2 and share the results with members so they may make an informed decision.

Management Response:

Membership Departments will include reciprocal processes on ATRS Annual Training Calendar in the very near future for all Membership Staff to participate. The training will be conducted by our selected Reciprocity Team, which will be composed of ATRS Pre-Retirement Manager, Benefits and Counseling Manager, Retirement Section Manager (Extra Help), as well as the (Reciprocal) Specialty Counselor. The training will include defining Rule 6-2 and removal of service credit, and when to utilize Act 612 of 2017 (waiving service credit) during a Reciprocal member's retirement. The facilitators will also include examples as visual aids and update our Standard Operating Procedures and Training Manuals in our shared directory.

Follow-Up:

Benefits and Counseling, Pre-retirement, Call Center and Membership departments received training on reciprocity including concurrent service in January 2019. Standard Operating Procedures have been updated to cover concurrent service. Procedures do include examples.

Fifty-eight (58) members had their concurrent service between ATRS and a reciprocal system processed in fiscal year 2020. Internal Audit gathered a sample twenty (20) members by random number generator. Internal Audit reviewed the accuracy of information provided to the member and the reciprocal system. Of the twenty members sampled, one member did not receive the best advice on which system's service should be forfeited.

Management Response:

Act 221 of 2021 training was conducted with our Membership managers in the month of December 2021 and with staff in the month of January 2022.

The member did receive Form 219 (Waiver of Concurrent Service) and elected to waive his ATRS service.

Finding 2 – History Screens

As reported in a previous audit, the Member History Screen maintained in the ATRS Member Information System (ATRMIS) is not displayed intuitively. The following are some of the issues that contribute to the confusing display of the History Screens

- T-Drop enrollment is labeled as a refund;
- Refund purchases are reflected in the same manner as original contributions, making it appear as though the contributions were paid twice;
- Adjustments to service credit are not shown; and
- Entries to zero out contributions and service credits upon retirement are shown in columns other than the one to which they pertain.

The unusual display of the History Screen does not provide a complete member history, is not user friendly, requires excessive training and review, and provides for a difficult audit trail.

Recommendation 2:

Redesign the History Screen so that it reflects a member's complete service, contributions, and status in an intuitive and easy to use format.

Management Response:

We concur with Finding 2 regarding ARTMIS History Screen. It is imperative that future coordination takes place between Membership, Accounting Payroll, Accounting Reporting, and Data Processing to approve, edit, and design a more user-friendly screen that offers a shared vision for all departments.

Follow-Up:

Information Technology is currently working on revising ATRMIS History Screen. Information Technology plans on having the revised history screen in production by the end of the fiscal year 2022.

Finding 3 – Act 555 – Reciprocal retirees with less than 3 years of service in a reciprocal retirement system:

Act 555 of 2013 changed the ATRS method of calculating FAS for those reciprocal members with less than 3 years of service in a reciprocal system. For the affected members, the new methodology requires ATRS to obtain the salary and service credit information from the reciprocal system and use that information to calculate the member's final average salary as if the salary and service credit have all been earned in ATRS. The Act was effective July 1, 2014.

- 3a.** Act 555 of 2013 was not implemented by ATRS until July 1, 2018. Benefits and Counseling staff requested a query of the records of members retiring July 1, 2014 and later to identify those subject to Act 555 and appropriate benefit adjustments were made. Internal Audit conducted audit tests to provide assurance that all affected retirees were identified and corrections were accurate. No additional affected retirees were identified.

Recommendation 3a.:

Implement procedures to ensure new legislation is implemented timely, accurately, and efficiently.

Management Response:

ATRS strategic plan is to inform staff of new legislation when it is introduced and provide an explanation of its intentions for the system. ATRS Staff will be given steps and guidance to enhance their comprehension and provide feedback to management for review. This can be accomplished by providing examples along with written procedures as a guide.

Follow-Up:

ATRS has developed a checklist for implementing new legislation. Checklist includes changes to be made to forms, letters, procedures, programming and who is responsible.

- 3b.** For the 6 retirees affected by Act 555, FAS was calculated and reported to the reciprocal system before the application of Act 555.

Recommendation 3b.:

Before calculating FAS for retiring members subject to Act 555, request service record and salary information from the reciprocal system. Only FAS calculated in accordance with Act 555 should be reported to the reciprocal system.

Management Response:

The previous response, an enhanced retirement checklist, and 2nd review by supervisors and Reciprocal team will allow staff to follow standard procedures when calculating the FAS for Act 555 members.

Follow-Up:

ATRS updated their retirement checklist to include whether Act 555 is applicable. Act 221 of 2021 removed Act 555 of 2013. ATRS retirement checklist now includes whether Act 221 is applicable.

IA reviewed three samples: seven reciprocal retirees from January 2020 through July 2020 who had less than five years of service in either ATRS or reciprocal system; thirty (30) reciprocal retirees out of one hundred sixty-five (165) from fiscal year 2020 and forty-seven (47) reciprocal Teacher Deferred Retirement Option Plan (T-Drop) members out of forty-seven (47) from fiscal year 2020. A total of eighty-four (84) reciprocal members were reviewed. From the three samples, there are nineteen (19) reciprocal retirees and T-Drop members whose FAS is to be calculated under Act 555.

ATRS submitted to the reciprocal system a FAS that was calculated before the receipt of information from the reciprocal system on three members. ATRS salaries are the highest for all three members. Their benefit will be unaffected.

- 3c.** We noted some inconsistencies in member records that had no effect on retirement benefits, but indicate internal control weaknesses. The following was noted:

- The service record of one member submitted by the reciprocal system did not support the FAS reported by the reciprocal system. However, ATRS FAS was higher and there was no effect on the retiree's benefit. ATRS staff state they accept the reciprocal system FAS without question.
- The FAS reported by ATRS to the reciprocal system was erroneous for 1 member. The error was less than \$10 and had no effect on the member benefit.
- For one member, correspondence concerning FAS between ATRS and the reciprocal system could not be located.

Recommendation 3c.:

To provide for proper internal control and quality assurance, the reciprocal service record and FAS submitted to ATRS by the reciprocal system should be reviewed for

reasonableness and follow-up performed as necessary. Letters providing the ATRS FAS and service record should be reviewed by a supervisor or other trained employee before being sent to a reciprocal system. As a final step in the retirement process, a member's record should be reviewed for completeness before they are added to the retiree payroll.

Management Response:

ATRS internal control measure for quality assurance on Act 555 members can be improved by adding additional reciprocal service information to our checklist below or a separate reciprocal check sheet, such as (Act 555 member) and verified by the Reciprocal team.

Checksheet Processing Verification			
App. Received	<input type="text" value="//"/>	Cert. Requested	<input type="text" value="//"/>
App. Acknowledged	<input type="text" value="//"/>	Cert. Received	<input type="text" value="//"/>
Bene. BC Received	<input type="text" value="//"/>	Revised Cert. Req.	<input type="text" value="//"/>
Bene. SSN Received	<input type="text" value="//"/>	Revised Cert. Rcvd.	<input type="text" value="//"/>
FAS Sent/Requested	<input type="text" value="//"/>	History card prepared	<input type="text" value="//"/>
FAS Received	<input type="text" value="//"/>	History card to Image	<input type="text" value="//"/>
Mil. Recert. Req.	<input type="text" value="//"/>	Retiring out of TDrop	<input type="text" value=""/>
Mil. Recert. Rcvd.	<input type="text" value="//"/>	Retirement Eff. Date	<input type="text" value="/"/>
		Benefit	<input type="text" value=""/>
		Ret. Type	<input type="text" value=""/>
		Recip. Years	<input type="text" value=".00"/>
		Employee Oath	<input type="text" value=""/>
		Employer Oath	<input type="text" value=""/>
		Purchase Balance	
		Desc.	<input type="text" value=""/>
		Amount	<input type="text" value=".00"/>

Follow-Up:

Reciprocal checklist was updated to include Act 555; current checklist includes Act 221. All benefits and correspondence are second reviewed for accuracy prior to being sent to the member or a reciprocal system.

IA reviewed all samples for the reasonableness of the FAS submitted by the reciprocal system. The service record for two members out of eighty-four (84) reviewed did not support the FAS submitted by the reciprocal system.

IA reviewed all samples for the accuracy of the ATRS FAS submitted to the reciprocal system. Ten members out of eighty-four sampled ATRS FAS was reported erroneously to the reciprocal system. ATRS calculated ATRS FAS under Act 555 of 2013 for nine members who were not covered under Act 555. One member's ATRS FAS was not calculated using Act 555 when the member was covered under Act 555.

3d. ATRS has implemented Act 555 of 2013 by supplanting the ATRS FAS calculated in accordance with the Act, for the use of the highest FAS of all reciprocal systems as provided in A.C.A. §§ 24-7-601(e)(4) and 24-2-402(4)(B). The title for Act 555 states, in part, it is an Act to limit the use of a reciprocal system's calculation of Final Average Salary, which supports the ATRS position that the Act was implemented in accordance with legislative intent. However, the language in the codification of Act 555 in A.C.A. § 24-7-601(e)(5) provides no indication that the calculated ATRS FAS will supplant the aforementioned sections of the code that require the use of the highest FAS of the reciprocal systems.

For the 4.75 years included in this audit, Act 555 saved ATRS a total of \$11,057.84. Also, with the implementation of the 5 year FAS, the Act may have the unintended consequence of lowering the ATRS FAS instead of the reciprocal system FAS.

Recommendation 3d.:

ATRS could resolve the conflict of the codification of Act 555 with the intent of the law through additional legislation. Alternately, in consideration of the minimal savings provided by Act 555 and the unintended consequences of the Act, ATRS may opt to return to the guidance provided by A.C.A. §§ 24-7-601(e)(4) and 24-2-402(4)(B).

Management Response:

ATRS Administration will review recommendation 3d for further consideration in the future.

Follow-Up:

Act 221 of 2021 removed Act 555 of 2013 from Arkansas code.

Finding 4 – Reciprocal retirees with less than 3 years of service in ATRS

- 4a.** There is no written policy that addresses how salary earned outside a service credit period is treated when calculating the FAS. However, through interviews with staff, Internal Audit concluded that the ATRS unwritten policy is to include all salary in a fiscal year in which any service is credited to the member, and exclude salary earned in a fiscal year in which no service credit was earned. This policy was inconsistently followed. In 11 of 43 cases where the employee earned salary in a fiscal year but received no associated service credit, the salary earned was included in the calculation of FAS.

Recommendation 4a.:

Develop written procedures to cover all aspects of the calculation of FAS for reciprocal retirees. The procedures should be detailed and maintained consistently with current ATRS laws and rules.

Management Response:

ATRS Administrative and Management Staff will provide guidance and intent to the Membership Department on methods of calculations and examples when salary earned outside a service credit period exists. These written procedures and examples will also be a part of our reciprocal training and made available to staff in our shared directory as a guide. A 2nd review will be conducted by experienced staff or a supervisor for approval prior to forwarding calculations to a Reciprocal member and/or Reciprocal plan.

Follow-Up:

Act 595 of 2019 changed how service credit was applied to a member's account. Previously, a mid-year retiree's service credit for the year of retirement was applied on a quarterly basis. Under Act 595, service credit is calculated on days worked. Current procedures cover the calculation of reciprocal member's FAS under Act 555 of 2013 and Act 221 of 2021. Procedures include examples.

4b. The ATRS policy of including all salary paid in a fiscal year, even if paid in a quarter for which no service credit was awarded, may inflate the Final Average Salary (FAS) of affected members. For example, one retiree earned \$124,229.66 for 245 days of work in fiscal year 20X2. The retiree chose to retire effective June 1, 20X2 making the retiree ineligible for service credit for the last quarter of 20X2. However, the salary earned in the 4th quarter remained part of the FAS calculation since the retiree had at least 1 quarter of service in 20X2. When combined with the retiree's 20X1 salary and service credit, the retiree's service totaled 1.25 years and the retiree's salary totaled \$166,152.96 resulting in FAS of \$132,922.37. (Note: FAS = total salary/service credit.) This amount was reported to the reciprocal retirement system where the retiree had in excess of 30 years of service and a final average salary of \$38,476. If the retiree's FAS had been computed using only salary associated with service credit, total salary would have been reduced by \$35,853.65 to \$130,299.31, resulting in FAS of \$104,239.45.

Recommendation 4b.:

It is recommended ATRS resolve the issue of an inflated FAS resulting from the inclusion of salary not associated with service credit. Following are 3 possible options to accomplish that goal:

- 1) Move to a monthly service credit. This would minimize the effect of including salary without associated service credit when calculating FAS, while providing more service credit for the member. The retiree in the example used in Finding 3b would receive 11 months service credit for the 20X2 fiscal year as compared to 3 quarters (9 months). The calculation of FAS would then be more reflective of the actual salary rate of the member.

Moving to monthly service credit would provide additional benefits for ATRS and its members including more timely reconciliation of member accounts and resulting error corrections; more timely completion of the year end retiree posting process; and the elimination of overlapping service between systems that results from differing service credit time periods.

- 2) Allow a member to receive service credit in the quarter they retire. In our example, the member worked 56 days for which they received salary but no service credit, thereby skewing the FAS.
- 3) Exclude salary paid during a quarter in which no service credit was awarded from FAS calculations.

Management Response:

All recommendations listed in 4b are logical and would be efficient for our system. However, we would give credence to 4b(2) in which a member would maximize their salary and service credit for the quarter in which the salary and service is accrued, if the salary is one of the five (5) highest during that period. 4b(1) would be more complex because many Arkansas Schools operate on a nine (9) month schedule for most of their staff. Although a change to calendar months would be efficient, our Reporting Department would have to make major adjustments to their reporting schedules and coordinate those changes with our employers.

Follow-Up:

Act 595 of 2019 eliminated the inflating of the FAS.

- 4c.** The (FAS) reported to ATRS by reciprocal systems was not reviewed for reasonableness. For 36 of the 154 retirees, the documentation was either missing from the file or did not appear to support the amount reported by the reciprocal system. Employees stated that they accept what the other system provides without question.
- 4d.** The FAS reported by ATRS to the reciprocal system was erroneous for 33 of the 154 retirees. These errors resulted from mathematical errors, the use of certified rather than actual salaries in computing FAS, or the reporting of total salary rather than FAS. However, for all but 6 of the 33 errors, the reciprocal system had the higher FAS and therefore, the retiree's benefit was unaffected by the error.

Recommendation 4c. and 4d.:

To provide for proper internal control and quality assurance, the reciprocal service record and FAS submitted to ATRS by the reciprocal system should be reviewed for reasonableness and follow-up performed as necessary. Letters providing the ATRS FAS and service record should be reviewed by a supervisor or other trained employee before being sent to a reciprocal system. As a final step in the retirement process, a member's record should be reviewed for completeness before they are added to the retiree payroll.

Management Response:

Membership Departments utilize a Retirement Checklist when processing retirement for our members. Staff has been instructed to update and edit the checklist to include reciprocal service documents received, reviewed by supervisor or trained staff (notably Reciprocal Team), documented, and loaded into ATRMIS. This procedure will alleviate errors when processing reciprocal members' retirement and ensure a more effective internal control measure. We will also include this update in our Standard Operating Procedures and Training Manuals.

Follow-Up:

See 3c

Finding 5 – Reciprocal retirees with more than 3 years of service in ATRS and reciprocal systems:

- 5a.** The Final Average Salaries calculated by ATRS were found to be accurate and were correctly reported to the reciprocal system.
- 5b.** The final average salary (FAS) reported to ATRS by reciprocal systems was not reviewed for reasonableness. For 7 of the 30 retirees reviewed, the documentation was either missing from the file or did not appear to support the amount reported by the reciprocal system. Employees stated that they accept what the other system provides without question.

Recommendation 5b.:

To provide for proper internal control and quality assurance, the reciprocal service record and FAS submitted to ATRS by the reciprocal system should be reviewed for reasonableness and follow-up performed as necessary.

Management Response:

Membership Staff will incorporate internal and external control measures by processing and providing calculations with supporting documentation and authenticating with reciprocal plans. This can be accomplished by communicating with the reciprocal plan via telephone, email, and/or fax and obtaining supporting resources such as reciprocal system's multipliers and calculation procedures.

Follow-Up:

See 3c

Conclusion

Act 221 of 2021 and Act 595 of 2019 solved most of the issues addressed in this audit. Act 221 of 2021 removed Act 555 of 2013. Act 595 of 2019 redesigned how service credit was to be applied to a mid-year retiree's service in the year of retirement and eliminating the inflation of the member's FAS.

ATRS should review concurrent service, final average salary computation for reciprocal members and calculating the reasonableness of the FAS provided by a reciprocal system in the staff training.



EMPOWERING ENTREPRENEURS

February 4, 2022

Mr. Clint Rhoden
Executive Director
Arkansas Teacher Retirement System
1400 West Third Street
Little Rock, AR 72201

Re: Purchase and Sale of State Tax Credits

Dear Mr. Rhoden:

As a subcontracting party to Global Principal Partners LLC ("GPP"), Arkansas Capital Corporation ("ACC") delivers this letter to Arkansas Teacher Retirement System ("ATRS"), outlining ACC's recommendations to ATRS related to the potential purchase (the "Transaction") by ATRS's wholly-owned subsidiary, Pinnacle Mountain Holding Company III, LLC ("Pinnacle") from Big River Steel Holdings LLC ("BRSH" or the "Company") on behalf of itself and its wholly-owned subsidiary, Exploratory Ventures, LLC ("EV") of a revenue stream delivered by the State of Arkansas, stemming from certain Arkansas tax credits (the "Tax Credits") earned by the Company, and the commensurate agreed sale of the Tax Credits by ATRS at a discount to the Arkansas Department of Finance and Administration ("DFA").

Background

The Company is a subsidiary of United States Steel Corporation ("USS"). The Company through its wholly-owned subsidiary Big River Steel LLC ("BRS") currently operates a steel recycling and manufacturing facility in Mississippi County, Arkansas. The Company, through its wholly-owned subsidiary, Exploratory Ventures, LLC ("EV") plans to construct and operate a new steel recycling and manufacturing facility in Mississippi County, Arkansas (the "Project"), adjacent to BRS's existing facility.

As an economic incentive for the Company's planned \$3 billion investment in the Project (the "Investment Requirement") and the creation of at least 900 net new direct and independent direct positions at defined compensation levels (the "Job Creation Requirement"), qualifying the Project as a qualified growth project under Act 3 of the Second Extraordinary Session of the 93rd Arkansas General Assembly (the "Act"), the Company has been offered state income tax credits by the Arkansas Economic Development Commission ("AEDC") in an amount equal to 30% of the cost of waste

Mr. Clint Rhoden
Re: ATRS Purchase of State Tax Credits
February 4, 2022
Page 2

reduction, reuse, or recycling equipment for costs incurred by the Company after February 8, 2022, such credits including the Tax Credits in a total amount equal to \$154 million. The Tax Credits may be sold by the Company, pursuant to the terms of a Recycling Tax Credit Incentive Agreement (the "Incentive Agreement"), which is expected to be executed by the relevant parties on March 10, 2022, which is when all conditions precedent to its execution will have occurred. No more than \$11 million in Tax Credits may be submitted to DFA for sale during any calendar year.

Pinnacle, as an equity holder in the Company, is eligible under the Act to acquire possession and control of the Tax Credits from the Company through the Transaction, as is being documented in a Tax Credit and Revenue Stream Purchase Agreement (the "Purchase Agreement"). With acquisition by Pinnacle of possession and control of the revenue stream from the Tax Credits, it may then notify DFA on or before July 15 of each year of the annual amount of the Tax Credits in its possession, and DFA shall then pay Pinnacle for the Tax Credits submitted for sale at 80% of the face value of the Tax Credits, with payment due on or before June 30 of the year following notification by Pinnacle.

We understand that the execution of and the undertaking of obligations pursuant to the Incentive Agreement and Purchase Agreement by either ATRS or Pinnacle is subject to approval by the Board of Trustees of ATRS.

The Tax Credits are considered earned upon the Company's achievement of the Investment Requirement and the Job Creation Requirement (such date of achievement being the "Achievement Date"), which is to be documented by the Company and submitted to the relevant state agencies. We have been advised that Achievement Date is expected to occur on or before June 30, 2024, and the Transaction and our recommended purchase price for the Tax Credits contemplates that fact. With Achievement Date on or before June 30, 2024, and taking into account the factors cited above, the first payment by DFA to Pinnacle for the Tax Credits will occur on June 30, 2025, and thereafter on the same day of the year for 13 additional years.

Proposed Transaction

Pursuant to the Purchase Agreement, it is contemplated that Pinnacle will purchase from the Company the future revenue stream to be delivered by DFA to Pinnacle. The identified risks to the transaction include:

- a. the Company's failure to achieve the Investment Requirement and its failure to achieve and maintain the Job Creation Requirement. A purchase price refund mechanism and a make whole covenant by the Company to Pinnacle, both as contemplated in the Purchase Agreement, address this risk

- b. the Company's insolvency during the period of the Company's obligations under the Purchase Agreement. A provision whereby USS guarantees the obligations of the Company under the Purchase Agreement addresses this risk.

Recommendation

Assuming a closing date of March 10, 2022, ACC's recommendation for ATRS's purchase price of the Company's tax credit revenue stream from DFA is **\$82,119,766**. As rationale for the purchase price, ACC has reviewed data from previous ATRS tax credit revenue stream transactions and factored in adjustments as deemed relevant for the Transaction.

The structured-return nature of the Transaction (i.e., defined payment amounts at defined payment intervals) is essentially equivalent to a fixed-income investment, so we consider a risk-based discount rate applied over the life of the revenue stream to be appropriate for determining a fair and reasonable purchase price. Exhibit A to this letter reflects the revenue stream that is contemplated in the Transaction. It assumes Achievement Date on or before June 30, 2024, which would create a 14-year payment stream from DFA to ATRS of \$8,800,000 per year, with the first payment being on June 30, 2025. In the precedent transactions that we reviewed a discount rate was "built" using an essentially risk-free rate (using U.S. treasuries as a surrogate), a nominal premium for Arkansas state risk, and then a company-specific risk premium.

With USS as a guarantor of the Company's obligations in the Transaction, we have the analytical benefit of a large, publicly-reported company with debt that is rated by recognized rating agencies. Fitch is the rating agency that has most-recently updated its debt rating of USS, and it assigns a BB-(positive outlook) rating to USS. According to recent economic data from the Federal Reserve Bank of St. Louis, the current coupon rate for corporate bonds rated BB is 4.13%. This coupon rate would incorporate a company-specific premium over a risk free rate. We believe that an additional premium of 25 basis points is appropriate in arriving at a discount rate for the Transaction, accounting for a nominal risk premium for the State of Arkansas and for the fact that a guarantee obligation of a company, even if unconditional, carries a slightly higher risk than a direct obligation such as is inherent in a bond obligation. Consequently, it is our opinion that a discount rate of 4.38% is a fair and reasonable rate to use in discounting the revenue stream that Pinnacle would receive in arriving at a purchase price for the Transaction.

Mr. Clint Rhoden
Re: ATRS Purchase of State Tax Credits
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The Net Present Value column on the far right of Exhibit A (displayed in Landscape configuration) reflects the mathematical calculation of the recommended purchase price, applying these factors.

ACC Statement

In performing its analysis and delivering this recommendation, ACC relied on drafts of the Incentive Agreement and the Purchase Agreement as provided by ATRS's outside counsel in the Transaction along with research from the sources cited herein. ACC has not independently verified the accuracy of such information and disclaims all liability based on its reliance on such information in performing its analysis and making its recommendation hereunder.

Sincerely yours,
ON BEHALF OF ACC:



Rush B. Deacon

Total Tax Credits to be sold to DFA
Purchase Price by DFA
Nominal Payment Stream Total
Transaction Closing Date
DFA Purchase Date
Achievement Date
Interim Period - Purchase to Achievement

\$154,000,000
80.00%
\$123,200,000
3/10/2022
30-Jun
6/30/2024

EXHIBIT A TO ACC LETTER DATED FEB. 4, 2022

2.31

Payment Date	Tax Credit Earned	Annual Payment	Discount Rate -		Discount Factor	Years	NPV
			US\$ guaranteee	US\$			
6/30/2025	\$11,000,000	\$8,800,000	4.38%	4.38%	0.9580	1	\$8,430,734
6/30/2026	\$11,000,000	\$8,800,000	4.38%	4.38%	0.9178	2	\$8,076,963
6/30/2027	\$11,000,000	\$8,800,000	4.38%	4.38%	0.8793	3	\$7,738,037
6/30/2028	\$11,000,000	\$8,800,000	4.38%	4.38%	0.8424	4	\$7,413,333
6/30/2029	\$11,000,000	\$8,800,000	4.38%	4.38%	0.8071	5	\$7,102,254
6/30/2030	\$11,000,000	\$8,800,000	4.38%	4.38%	0.7732	6	\$6,804,229
6/30/2031	\$11,000,000	\$8,800,000	4.38%	4.38%	0.7408	7	\$6,518,709
6/30/2032	\$11,000,000	\$8,800,000	4.38%	4.38%	0.7097	8	\$6,245,171
6/30/2033	\$11,000,000	\$8,800,000	4.38%	4.38%	0.6799	9	\$5,983,111
6/30/2034	\$11,000,000	\$8,800,000	4.38%	4.38%	0.6514	10	\$5,732,047
6/30/2035	\$11,000,000	\$8,800,000	4.38%	4.38%	0.6240	11	\$5,491,519
6/30/2036	\$11,000,000	\$8,800,000	4.38%	4.38%	0.5979	12	\$5,261,083
6/30/2037	\$11,000,000	\$8,800,000	4.38%	4.38%	0.5728	13	\$5,040,317
6/30/2038	\$11,000,000	\$8,800,000	4.38%	4.38%	0.5487	14	\$4,828,815
Cumulative		\$123,200,000					\$90,666,322

Apply Interim Period Discount 4.38% 0.9057 2.31 \$82,119,766

January 25, 2022

Clint Rhoden
Executive Director
Arkansas Teacher Retirement System
1400 West Third Street
Little Rock, AR 72201

Dear Clint:

This letter represents Global Principal Partners' ("GPP") request for approval to subcontract its services performed for the Arkansas Teacher Retirement System ("ATRS") under Services Contract #4600049791, dated October 26, 2021 (the "Contract"), in connection with ATRS's potential purchase of a revenue stream delivered by the State of Arkansas to U.S. Steel ("USS") stemming from the award of certain Arkansas income tax credits granted to USS and its affiliates (the "Transaction"). Under the Contract, GPP provides advisory services to ATRS with respect to ATRS's private investment activities, including purchases of tax credits similar to the Transaction.

GPP is also a party to an agreement with USS dated October 3, 2021 in which GPP provides certain advisory services to USS in connection with USS's site selection activities for prospective new steel mill facility investments. A component of GPP's services to USS involves the negotiation of economic incentives made available to USS, including the provisioning of tax credits and the monetization thereof.

Because USS is interested in ATRS's participation as a counterparty to the Transaction, GPP could possibly have a conflict of interest if it advised both USS and ATRS in connection with the Transaction.

As a result, GPP proposes to subcontract its services to ATRS with respect to the Transaction in order to avoid that conflict of interest. GPP would represent USS in the Transaction. GPP also would continue to provide services to ATRS under the Contract with respect to other private investment activities and requests that ATRS waive the potential conflict of interest that results from GPP advising USS in connection with the Transaction while also advising ATRS in connection with private investment activities not involving USS.

Assuming ATRS grants this request, GPP has selected Arkansas Capital Corporation ("ACC") to serve as its subcontractor for the Transaction. ACC is highly qualified to perform the work for ATRS with respect to the Transaction. GPP's subcontracting agreement with ACC will clearly state that (i) all fees payable to ACC in connection with its subcontracting services for the Transaction will be paid directly by GPP and no additional costs will be borne by ATRS, (ii) ACC will independently render its conclusions and recommendations to ATRS with respect to the Transaction without any direction or control from GPP and (iii) ACC recognizes its fiduciary obligations to ATRS in connection with the performance of its duties.

We appreciate ATRS's consideration of this request. GPP believes these actions will help mitigate the appearance of any conflict of interest. In the interest of full disclosure, GPP requests that the factual background for the request to subcontract and waive the potential conflict of interest be

Arkansas Teacher Retirement System

January 25, 2022

Page 2

disclosed to the Board of Trustees of ATRS as part of any approval and documented in the related minutes.

Very truly yours,

A handwritten signature in black ink, appearing to be 'DS', written over a horizontal line.

David Stickler
Senior Managing Director

ARKANSAS TEACHER RETIREMENT SYSTEM
1400 West Third Street
Little Rock, Arkansas 72201

RESOLUTION
No. 2022-10

**Approving Purchase of Revenue Stream Generated by Tax
Credits Associated with Big River Steel
with Imminent Need**

WHEREAS, the Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS) is authorized to invest and manage trust assets for the benefits of its plan participants; and

WHEREAS, the ATRS Board has reviewed the recommendation of Arkansas Capital Corporation, the approved sub-contractor of its special investment consultant, Global Principal Partners, along with the recommendation of the Investment Committee and ATRS staff regarding the purchase of the revenue stream generated by tax credits associated with Big River Steel to be issued by the state of Arkansas; and

WHEREAS, the ATRS Board approves an investment of up to \$82,119,766 dollars (for up to approximately \$154 million dollars in tax credits producing a revenue stream of approximately \$123.2 million dollars) to purchase the revenue stream generated by the tax credits associated with Big River Steel to be issued by the state of Arkansas; and

WHEREAS, the Board, after its review of the timing in which the closing of the investment to purchase the revenue stream generated by tax credits associated with Big River Steel may need to occur, has determined that there is an imminent need to immediately enter into the agreement prior to the next scheduled meeting of the Arkansas Legislative Council. The Board also deems it financially appropriate to enter into the agreement and concludes that to forego the opportunity to promptly implement its investment directives under the prudent investor rule would be inconsistent with its fiduciary duty of care to the members and annuitants.

NOW, THEREFORE, BE IT RESOLVED, that the ATRS Board approves an investment of up to **\$82,119,766 dollars** to purchase the revenue stream generated by tax credits associated with Big River Steel to be issued and agrees to immediately move to close and subscribe the approved purchase of the

revenue stream generated by tax credits associated with Big River Steel to be issued by the state of Arkansas; and

FURTHER, BE IT RESOLVED, that the ATRS staff is hereby authorized to take all necessary and proper steps to implement this investment using the Imminent Need process if acceptable terms are reached.

Adopted this 7th day of February 2022.

Mr. Danny Knight, *Chair*
Arkansas Teacher Retirement System



Arkansas Teacher Retirement System | Fourth Quarter 2021

Quarterly Investment Review

Visit the *Investments Thought Leadership Site* (<https://insights-north-america.aon.com/investment>); sharing our best thinking.

Visit our new video library with our views on key investment topics for this quarter using access code "aon!"
(<https://site-494121.bcvp0rtal.com/category/videos/key-topics-by-investor-type>)

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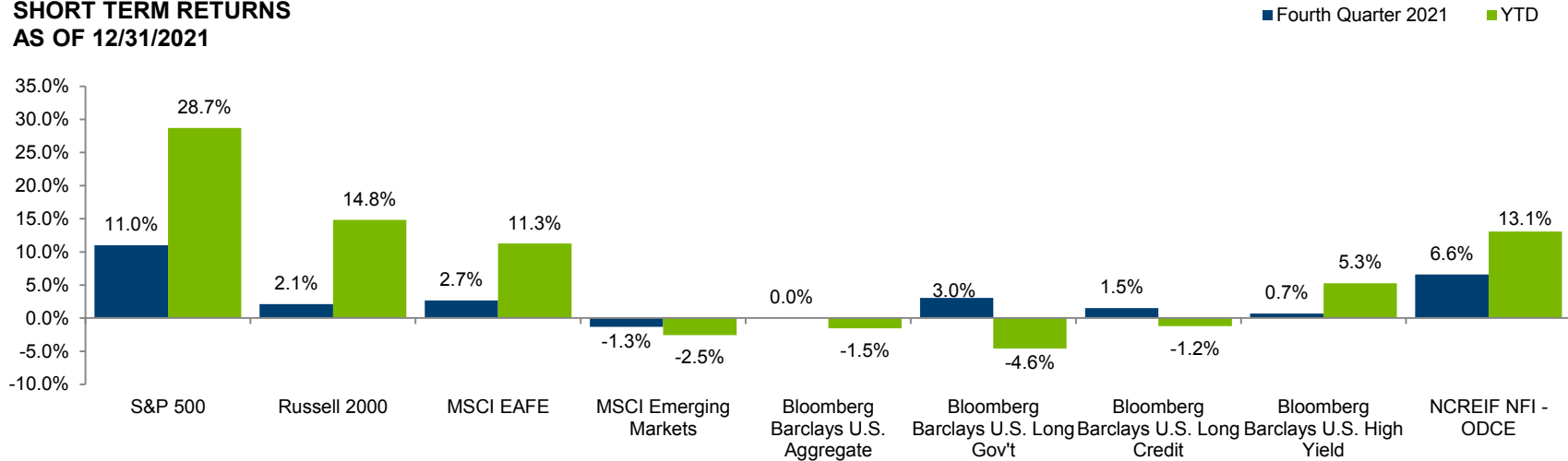
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Executive Summary

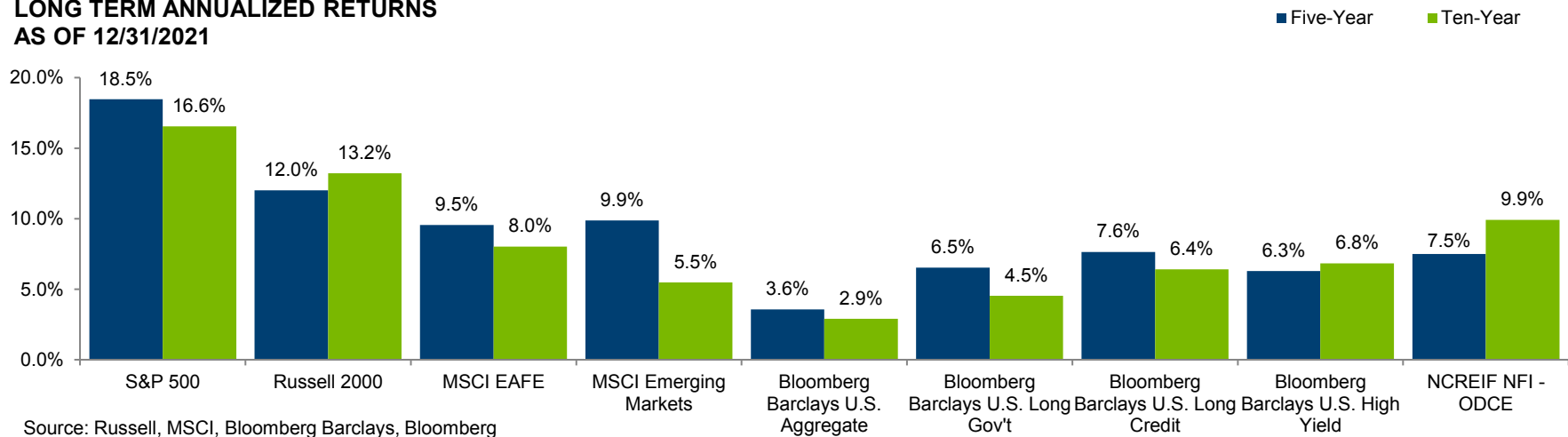
Market Highlights

SHORT TERM RETURNS AS OF 12/31/2021



Source: Russell, MSCI, Bloomberg Barclays, Bloomberg

LONG TERM ANNUALIZED RETURNS AS OF 12/31/2021



Source: Russell, MSCI, Bloomberg Barclays, Bloomberg

Note: MSCI Indices show net total returns throughout this report. All other indices show gross total returns.

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Market Highlights

Returns of the Major Capital Markets

Period Ending 12/31/2021	Fourth Quarter	YTD	1-Year	3-Year ¹	5-Year ¹	10-Year ¹
Equity						
MSCI All Country World IMI	6.10%	18.22%	18.22%	20.20%	14.12%	11.84%
MSCI All Country World	6.68%	18.54%	18.54%	20.38%	14.40%	11.85%
Dow Jones U.S. Total Stock Market	9.14%	25.66%	25.66%	25.72%	17.92%	16.24%
Russell 3000	9.28%	25.66%	25.66%	25.79%	17.97%	16.30%
S&P 500	11.03%	28.71%	28.71%	26.07%	18.47%	16.55%
Russell 2000	2.14%	14.82%	14.82%	20.02%	12.02%	13.23%
MSCI All Country World ex-U.S. IMI	1.64%	8.53%	8.53%	13.62%	9.83%	7.57%
MSCI All Country World ex-U.S.	1.82%	7.82%	7.82%	13.18%	9.61%	7.28%
MSCI EAFE	2.69%	11.26%	11.26%	13.54%	9.55%	8.03%
MSCI EAFE (Local Currency)	3.91%	18.70%	18.70%	13.35%	8.36%	10.09%
MSCI Emerging Markets	-1.31%	-2.54%	-2.54%	10.94%	9.87%	5.49%
Equity Factors						
MSCI World Minimum Volatility (USD)	7.00%	14.84%	14.84%	13.70%	11.34%	11.02%
MSCI World High Dividend Yield	7.17%	16.81%	16.81%	13.61%	10.27%	9.70%
MSCI World Quality	10.32%	26.10%	26.10%	28.37%	20.53%	16.00%
MSCI World Momentum	5.84%	14.95%	14.95%	23.80%	19.69%	15.72%
MSCI World Enhanced Value	4.19%	20.77%	20.77%	11.84%	8.28%	9.66%
MSCI World Equal Weighted	3.10%	15.40%	15.40%	16.53%	11.58%	11.07%
MSCI World Index Growth	8.19%	21.40%	21.40%	29.76%	21.31%	16.06%
Fixed Income						
Bloomberg Barclays Global Aggregate	-0.67%	-4.71%	-4.71%	3.59%	3.36%	1.77%
Bloomberg Barclays U.S. Aggregate	0.01%	-1.54%	-1.54%	4.79%	3.57%	2.90%
Bloomberg Barclays U.S. Long Gov't	3.05%	-4.57%	-4.57%	8.78%	6.53%	4.53%
Bloomberg Barclays U.S. Long Credit	1.52%	-1.18%	-1.18%	11.37%	7.64%	6.42%
Bloomberg Barclays U.S. Long Gov't/Credit	2.15%	-2.52%	-2.52%	10.62%	7.39%	5.72%
Bloomberg Barclays U.S. TIPS	2.36%	5.96%	5.96%	8.44%	5.34%	3.09%
Bloomberg Barclays U.S. High Yield	0.71%	5.28%	5.28%	8.83%	6.30%	6.83%
Bloomberg Barclays Global Treasury ex U.S.	-1.45%	-8.17%	-8.17%	1.86%	2.74%	0.44%
JP Morgan EMBI Global (Emerging Markets)	0.02%	-1.51%	-1.51%	6.06%	4.47%	4.95%
Commodities						
Bloomberg Commodity Index	-1.56%	27.11%	27.11%	9.86%	3.66%	-2.85%
Goldman Sachs Commodity Index	1.51%	40.35%	40.35%	7.99%	2.80%	-5.50%
Hedge Funds						
HFRI Fund-Weighted Composite ²	0.56%	10.30%	10.30%	10.86%	7.10%	5.79%
HFRI Fund of Funds ²	0.77%	6.53%	6.53%	8.59%	5.78%	4.59%
Real Estate						
NAREIT U.S. Equity REITS	16.31%	43.24%	43.24%	18.41%	10.75%	11.38%
NCREIF NFI - ODCE	6.59%	13.09%	14.59%	7.05%	7.50%	9.92%
FTSE Global Core Infrastructure Index	10.03%	17.84%	17.84%	13.91%	11.35%	10.23%
Private Equity						
Burgiss Private iQ Global Private Equity ³			54.98%	22.55%	20.17%	15.22%

MSCI Indices show net total returns throughout this report. All other indices show gross total returns.

¹ Periods are annualized.

² Latest 5 months of HFR data are estimated by HFR and may change in the future.

³ Burgiss Private iQ Global Private Equity data is as of June 30, 2021

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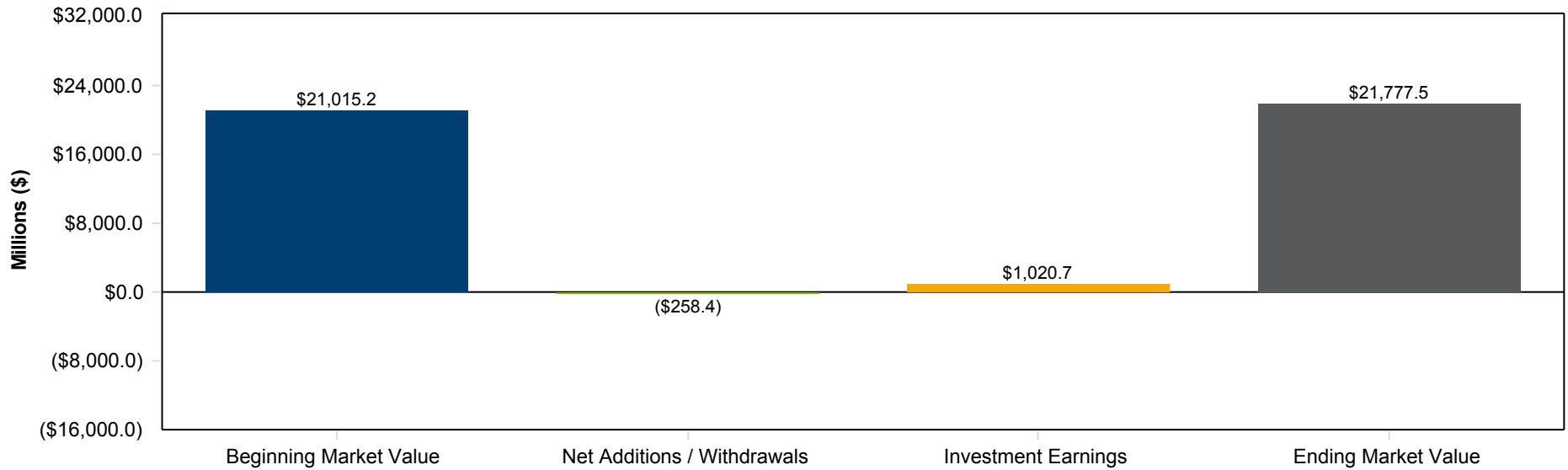
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Total Fund

Total Plan Asset Summary

**Change in Market Value
From October 1, 2021 to December 31, 2021**

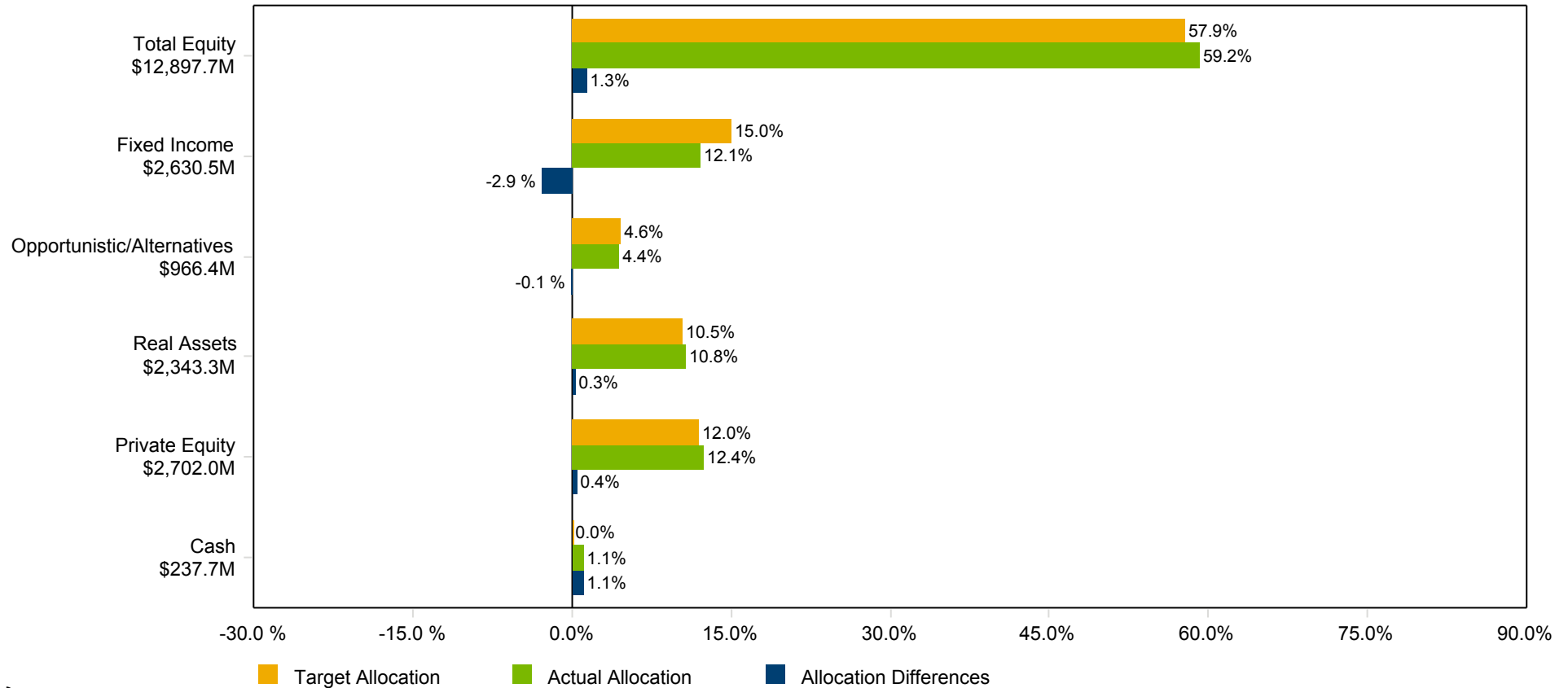


Summary of Cash Flow

	1 Quarter	Fiscal YTD	1 Year
Beginning Market Value	21,015,249,044	21,163,415,611	19,449,264,888
+ Additions / Withdrawals	-258,419,021	-509,878,916	-822,903,079
+ Investment Earnings	1,020,719,682	1,124,013,009	3,151,187,895
= Ending Market Value	21,777,549,704	21,777,549,704	21,777,549,704

Asset Allocation Compliance

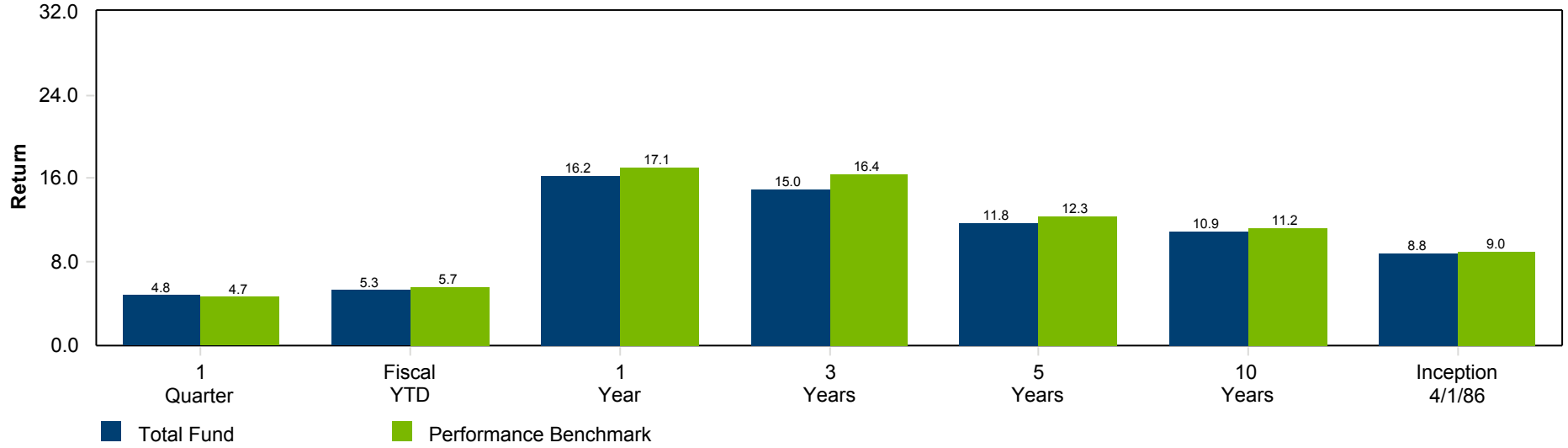
	Market Value (\$M)	Current Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)
Total Fund	21,777.5	100.00	100.00	N/A	N/A
Total Equity	12,897.7	59.22	57.92	50.00	60.00
Fixed Income	2,630.5	12.08	15.00	13.00	17.00
Opportunistic/Alternatives	966.4	4.44	4.58	0.00	7.00
Real Assets	2,343.3	10.76	10.50	10.00	15.00
Private Equity	2,702.0	12.41	12.00	9.50	14.50
Cash	237.7	1.09	0.00	0.00	5.00



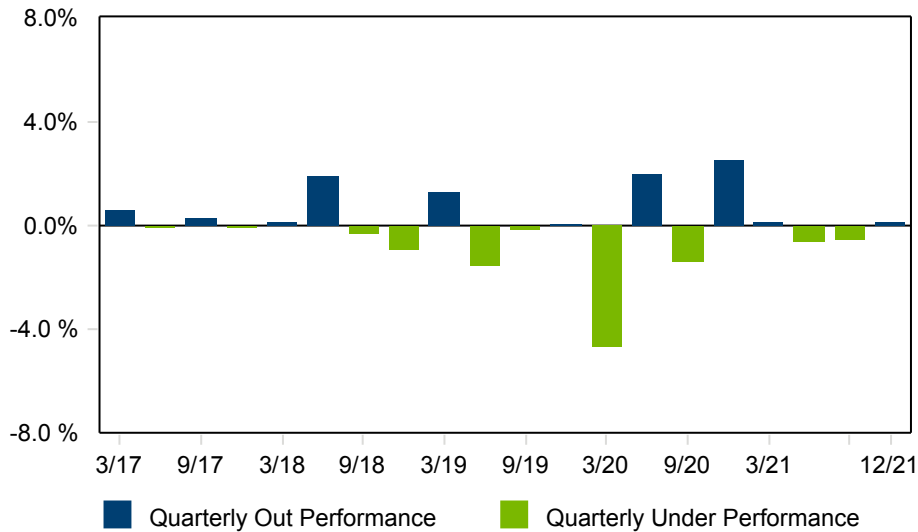
Market values and allocation percentages may not add to the sum total due to rounding.

Total Plan Performance Summary

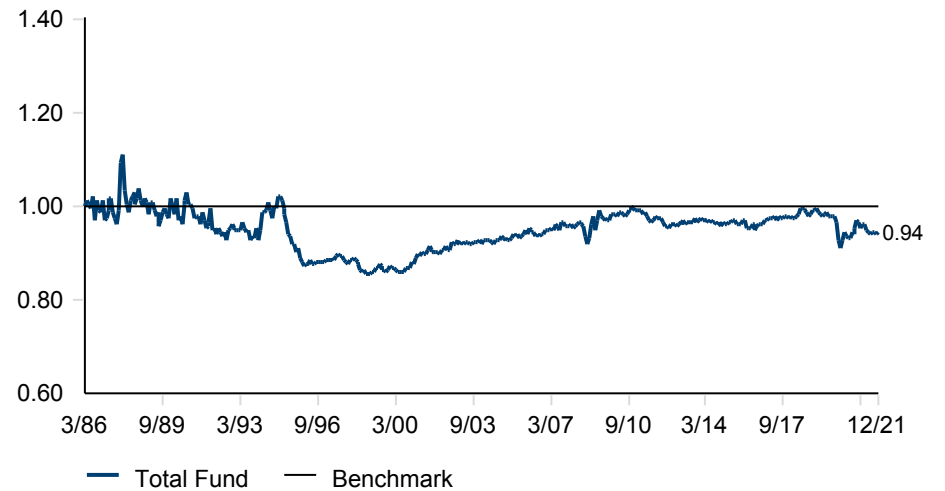
Return Summary



Quarterly Excess Performance



Ratio of Cumulative Wealth - Since Inception



As of December 31, 2021

Asset Allocation & Performance

	Allocation			Performance(%)							
	Market Value (\$)	%	Policy(%)	1 Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Total Fund	21,777,549,704	100.0	100.0	4.8	5.3	16.2	15.0	11.8	10.9	8.8	04/01/1986
<i>Performance Benchmark</i>				4.7	5.7	17.1	16.4	12.3	11.2	9.0	
Total Equity	12,897,676,915	59.2	57.4	5.8	4.8	17.9	19.6	13.7	12.7	11.1	07/01/2015
<i>Total Equity Performance Benchmark</i>				7.1	6.2	20.5	21.9	15.3	13.5	12.6	
Fixed Income	2,630,474,324	12.1	15.0	-0.4	-0.5	-0.8	4.7	4.4	4.0	5.3	07/01/1992
<i>Performance Benchmark</i>				0.0	0.0	-1.1	5.2	3.8	3.3	5.5	
Opportunistic/Alternatives	966,435,247	4.4	4.3	2.2	-2.1	3.5	2.0	0.7	3.9	3.0	05/01/2011
<i>Custom Alternatives Benchmark</i>				0.8	0.9	6.5	4.8	3.3	3.0	2.2	
Real Assets	2,343,326,472	10.8	11.3	2.2	5.8	10.7	5.6	6.7		7.9	07/01/2013
<i>Total Real Assets Benchmark</i>				4.6	7.9	10.9	5.6	5.9		7.7	
Real Estate	1,475,791,966	6.8		6.2	9.6	13.0	4.9	6.5	8.7	8.6	12/01/1998
<i>NFI-ODCE (Net)</i>				6.4	10.3	13.6	6.1	6.6	9.0	8.8	
Timber	309,643,935	1.4		2.0	5.9	11.5	6.9	5.5	4.6	7.1	06/01/1998
<i>Timberland Property Benchmark</i>				1.9	3.6	5.0	2.8	2.6	4.0		
Agriculture	218,648,993	1.0		1.5	3.3	7.0	4.3	4.1	5.7	5.5	09/01/2011
<i>Agriculture Benchmark</i>				1.5	3.0	5.5	4.5	4.3	8.3		
Infrastructure	339,241,578	1.6		3.3	8.1	19.4	14.3			14.6	07/01/2018
<i>CPI + 5%</i>				2.9	5.1	12.4	8.7			8.1	
Private Equity	2,701,959,673	12.4	12.0	4.6	10.4	26.7	16.8	17.6	15.7	13.1	03/01/1997
<i>Private Equity Policy</i>				0.4	9.2	34.8	18.3	19.2	18.9	11.7	
Cash	237,677,072	1.1	0.0								

*The Real Assets and Private Equity market values, returns and their benchmark returns are shown on a one-quarter lag. Market values have been adjusted for current quarter cash flows.

*The inception of the Total Equity asset class was July 1, 2015. Performance prior to July 2015 represents the weighted average of the U.S. Equity and Global Equity asset class monthly returns.

For historical performance of the U.S. Equity and Global Equity asset classes please see page 151 of this report.

The inception date above for infrastructure reflects the inception date for the calculation and reporting of time-weighted returns. The Infrastructure program began in July 2014 and the full history of Infrastructure returns are included in Total Real Assets and Total Fund performance.

Market values and allocation percentages may not add to the sum total due to rounding.

As of December 31, 2021

Asset Allocation & Performance

	Allocation		Performance(%)							
	Market Value (\$)	%	1 Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Total Fund	21,777,549,704	100.0	4.8	5.3	16.2	15.0	11.8	10.9	8.8	04/01/1986
Performance Benchmark			4.7	5.7	17.1	16.4	12.3	11.2	9.0	
Total Equity	12,897,676,915	59.2	5.8	4.8	17.9	19.6	13.7	12.7	11.1	07/01/2015
Total Equity Performance Benchmark			7.1	6.2	20.5	21.9	15.3	13.5	12.6	
Jacobs Levy 130/30	1,107,800,703	5.1	17.3	18.7	43.5	28.4	19.4	19.1	12.8	01/01/2008
Russell 3000 Index			9.3	9.2	25.7	25.8	18.0	16.3	11.0	
Kennedy Capital Management	854,326,595	3.9	11.1	9.9	39.2	22.7	11.0	14.2	12.8	01/01/1994
Russell 2000 Value Index			4.4	1.2	28.3	18.0	9.1	12.0	10.1	
Stephens	689,117,183	3.2	2.9	4.3	14.3	24.7	19.2	15.2	11.8	08/01/2006
Russell 2000 Growth Index			0.0	-5.6	2.8	21.2	14.5	14.1	10.5	
Voya Absolute Return	832,910,196	3.8	8.4	6.8	19.0	20.6	14.3	14.3	11.8	10/01/2008
Performance Benchmark			6.7	5.6	18.5	20.4	14.4	14.1	11.7	
Allianz (Nicholas Applegate)	1,065,648,176	4.9	1.0	0.4	5.9	27.9	20.2	14.9	11.5	12/01/1998
Performance Benchmark			0.0	-0.5	6.3	24.1	16.9	13.9	9.2	
Pershing Square International	1,238,401	0.0	0.0	0.0	4.9	30.8	17.1	10.9	11.5	07/01/2008
Dow Jones U.S. Total Stock Market Index			9.1	9.0	25.7	25.7	17.9	16.2	12.4	
Pershing Square Holdings	293,498,919	1.3	13.8	13.4	18.7	49.4	24.3	10.9	10.9	01/01/2013
Dow Jones U.S. Total Stock Market Index			9.1	9.0	25.7	25.7	17.9	16.2	16.2	
Trian Partners	87,775,619	0.4	2.8	0.7	11.2	15.9	9.3	9.6	9.6	11/01/2015
S&P 500 Index			11.0	11.7	28.7	26.1	18.5	16.6	16.6	
Trian Co-Investments	77,708,261	0.4	4.2	5.3	11.6	17.4	8.0	8.0	8.0	01/01/2017
S&P 500 Index			11.0	11.7	28.7	26.1	18.5	18.5	18.5	
SSgA Global Index	1,257,733,947	5.8	6.2	5.0	18.5	20.6	14.5	12.2	8.1	04/01/2008
MSCI AC World IMI (Net)			6.1	4.9	18.2	20.2	14.1	11.8	7.8	

As of December 31, 2021

Asset Allocation & Performance

	Allocation		Performance(%)							
	Market Value (\$)	%	1 Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
BlackRock MSCI ACWI IMI Fund	1,050,810,948	4.8	6.2	5.0	18.5	20.4	14.4	12.2	10.2	07/01/2011
<i>MSCI AC World IMI (Net)</i>			6.1	4.9	18.2	20.2	14.1	11.8	9.9	
Wellington Global Perspectives	794,529,298	3.6	4.0	4.0	20.4	18.8	13.2	13.4	14.3	07/01/2009
<i>Performance Benchmark</i>			2.1	0.6	16.1	19.0	12.3	11.7	12.2	
T. Rowe Price Global Equity	1,696,120,796	7.8	0.9	0.4	10.8	31.6	24.0	18.7	15.9	09/01/2009
<i>MSCI AC World Index (Net)</i>			6.7	5.6	18.5	20.4	14.4	11.9	10.7	
<i>MSCI AC World Index Growth (net)</i>			6.9	6.2	17.1	27.6	19.9	14.7	13.4	
Lazard	848,481,434	3.9	3.7	-0.2	8.0	20.4	15.1	11.8	10.8	09/01/2009
<i>MSCI AC World Index (Net)</i>			6.7	5.6	18.5	20.4	14.4	11.9	10.7	
D.E. Shaw	1,011,927,503	4.6	8.0	6.1	16.4	18.8	14.1	13.3	12.1	09/01/2009
<i>MSCI World Index (Net)</i>			7.8	7.8	21.8	21.7	15.0	12.7	11.4	
GMO Global All Country Equity	569,869,146	2.6	3.9	0.9	15.0	16.6	11.7		6.8	07/01/2014
<i>MSCI AC World Index (Net)</i>			6.7	5.6	18.5	20.4	14.4		9.9	
<i>MSCI AC World Index Value (Net)</i>			6.3	4.8	19.6	12.9	8.7		5.9	
Harris Global Equity	658,107,569	3.0	2.9	0.9	18.8	19.8	11.7		8.5	06/01/2014
<i>MSCI World Index (Net)</i>			7.8	7.8	21.8	21.7	15.0		10.7	
<i>MSCI World Value (Net)</i>			7.2	6.3	21.9	13.6	8.9		6.5	
Fixed Income	2,630,474,324	12.1	-0.4	-0.5	-0.8	4.7	4.4	4.0	5.3	07/01/1992
<i>Performance Benchmark</i>			0.0	0.0	-1.1	5.2	3.8	3.3	5.5	
BlackRock	281,606,824	1.3	-0.1	0.1	-1.4	5.4	4.0	3.5	4.5	10/01/2003
<i>Performance Benchmark</i>			0.0	0.0	-1.1	5.2	3.8	3.3	4.3	
Loomis Sayles	502,350,034	2.3	-0.3	0.0	1.2	8.0	6.3	6.8	8.0	09/01/2008
<i>Performance Benchmark</i>			0.4	0.7	0.7	6.8	4.9	4.5	5.6	
Putnam	374,600,000	1.7	-1.7 (86)	-2.9 (84)	-3.3 (87)	2.1 (85)	2.3 (75)	2.4 (71)	2.6	08/01/2008
<i>LIBOR</i>			0.0 (65)	0.1 (63)	0.2 (77)	1.3 (87)	1.4 (82)	0.9 (93)	0.9	
SSgA Aggregate Bond Index	469,028,884	2.2	0.0	0.0	-1.6	4.8	3.6	2.9	3.4	06/01/2010
<i>Barclays Aggregate Index</i>			0.0	0.1	-1.5	4.8	3.6	2.9	3.4	
Wellington Global Total Return	351,734,038	1.6	-1.2 (84)	-0.9 (80)	0.5 (77)	1.8 (85)	2.6 (74)		1.8 (66)	05/01/2014
<i>BofA Merrill Lynch 3 Month US T-Bill</i>			0.0 (65)	0.0 (65)	0.0 (77)	1.0 (87)	1.1 (83)		0.8 (74)	
Reams Core Plus Bond Fund	398,122,936	1.8	0.3	0.2	-1.6	7.8	5.5		4.3	05/01/2014
<i>Barclays Aggregate Index</i>			0.0	0.1	-1.5	4.8	3.6		3.2	
BRS Recycling Tax Credit	176,000,000	0.8								
BRS Recycling Tax Credit Phase 2	77,031,608	0.4								

As of December 31, 2021

Asset Allocation & Performance

	Allocation		Performance(%)							
	Market Value (\$)	%	1 Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Opportunistic/Alternatives	966,435,247	4.4	2.2	-2.1	3.5	2.0	0.7	3.9	3.0	05/01/2011
<i>Custom Alternatives Benchmark</i>			0.8	0.9	6.5	4.8	3.3	3.0	2.2	
Anchorage	90,305,440	0.4	-1.5	-0.5	16.9	6.1	5.2	7.3	5.8	05/01/2011
<i>Credit Suisse Event Driven</i>			0.1	2.5	12.9	9.3	5.9	5.2	3.6	
York	8,785,151	0.0	-2.0	-25.9	-9.9	-24.1	-13.8	-4.1	-4.9	05/01/2011
<i>Credit Suisse Event Driven</i>			0.1	2.5	12.9	9.3	5.9	5.2	3.6	
Capula	80,929,021	0.4	0.2	0.8	2.0	5.6	5.1	5.6	5.8	05/01/2011
<i>HFRI Macro (Total) Index</i>			-0.5	-0.7	7.6	6.5	3.4	2.2	1.5	
Graham	71,054,526	0.3	-1.0	-2.2	6.5	9.3	3.0	5.1	3.2	05/01/2011
<i>HFRI Macro (Total) Index</i>			-0.5	-0.7	7.6	6.5	3.4	2.2	1.5	
Circumference Group Core Value	38,198,420	0.2	1.7	0.3	15.4	12.9	11.7	10.4	11.2	08/01/2015
<i>Russell 2000 Index</i>			2.1	-2.3	14.8	20.0	12.0			
Aeolus Keystone Fund	176,879,820	0.8	3.9	-13.5	-16.5	-3.4	-6.6	-3.4	-3.4	12/01/2015
<i>Citigroup 3 Month T-Bill</i>			0.0	0.0	0.0	1.0	1.1	1.0	1.0	
<i>Eurekahedge ILS Advisers Index</i>			0.4	-0.3	0.6	1.7	-1.0	0.1	0.1	
Nephila Rubik Holdings	9,888,702	0.0	-2.5	-8.9	-11.1	-4.6	-6.0	-5.1	-5.1	06/01/2016
<i>Citigroup 3 Month T-Bill</i>			0.0	0.0	0.0	1.0	1.1	1.0	1.0	
<i>Eurekahedge ILS Advisers Index</i>			0.4	-0.3	0.6	1.7	-1.0	-0.2	-0.2	
Parametric Global Defensive Equity Fund	203,625,373	0.9	4.4	4.6	13.4	10.0		6.8	6.8	05/01/2017
<i>Performance Benchmark</i>			3.3	2.8	9.0	10.7		7.2	7.2	
<i>MSCI AC World Index</i>			6.8	5.8	19.0	21.0		14.1	14.1	
Man Alternative Risk Premia	99,780,526	0.5	5.3	6.6	13.0	1.7		0.1	0.1	06/01/2018
<i>SG Multi Alternative Risk Premia Index</i>			1.4	1.6	7.6	-1.7		-2.2	-2.2	
CFM Systematic Global Macro Fund	91,988,268	0.4						0.6	0.6	12/01/2021
<i>HFRI Macro: Systematic Diversified Index</i>			-1.1	-1.2	6.4	5.4	2.2	1.4	0.3	
Pillar Opportunity	95,000,000	0.4								

As of December 31, 2021

Asset Allocation & Performance

	Allocation		Performance(%)							Inception Date
	Market Value (\$)	%	1 Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	
Real Assets	2,343,326,472	10.8	2.2	5.8	10.7	5.6	6.7		7.9	07/01/2013
<i>Total Real Assets Benchmark</i>			4.6	7.9	10.9	5.6	5.9		7.7	
Real Estate	1,475,791,966	6.8	6.2	9.6	13.0	4.9	6.5	8.7	8.6	12/01/1998
<i>NFI-ODCE (Net)</i>			6.4	10.3	13.6	6.1	6.6	9.0	8.8	
Timber	309,643,935	1.4	2.0	5.9	11.5	6.9	5.5	4.6	7.1	06/01/1998
<i>Timberland Property Benchmark</i>			1.9	3.6	5.0	2.8	2.6	4.0		
BTG Timber Separate Account	110,330,890	0.5								
BTG U.S. Timberland Fund, L.P.	199,313,045	0.9								
Agriculture	218,648,993	1.0	1.5	3.3	7.0	4.3	4.1	5.7	5.5	09/01/2011
<i>Agriculture Benchmark</i>			1.5	3.0	5.5	4.5	4.3	8.3		
HFMS Farmland	162,527,173	0.7	1.8	3.8	8.3	4.6	4.1	5.7	5.5	09/01/2011
<i>HFMS custom NCREIF Farmland Index</i>			1.5	3.0	5.5	5.0	4.2	8.1		
UBS Agrivest Core Farmland Fund	56,121,820	0.3	0.8	2.3	3.9	3.5	4.1		4.4	07/01/2015
<i>UBS Agrivest custom NCREIF Farmland Index</i>			1.5	3.0	5.5	5.1	5.2		5.7	
Infrastructure	339,241,578	1.6	3.3	8.1	19.4	14.3			14.6	07/01/2018
<i>CPI + 5%</i>			2.9	5.1	12.4	8.7			8.1	
Private Equity	2,701,959,673	12.4	4.6	10.4	26.7	16.8	17.6	15.7	13.1	04/01/1997
<i>Private Equity Policy</i>			0.4	9.2	34.8	18.3	19.2	18.9	11.8	
Cash	237,677,072	1.1								

*The Real Assets and Private Equity market values, returns and their benchmark returns are shown on a one-quarter lag. Market values have been adjusted for current quarter cash flows.

*The inception of the Total Equity asset class was July 1, 2015. Performance prior to July 2015 represents the weighted average of the U.S. Equity and Global Equity asset class monthly returns. For historical performance of the U.S. Equity and Global Equity asset classes please see page 151 of this report.

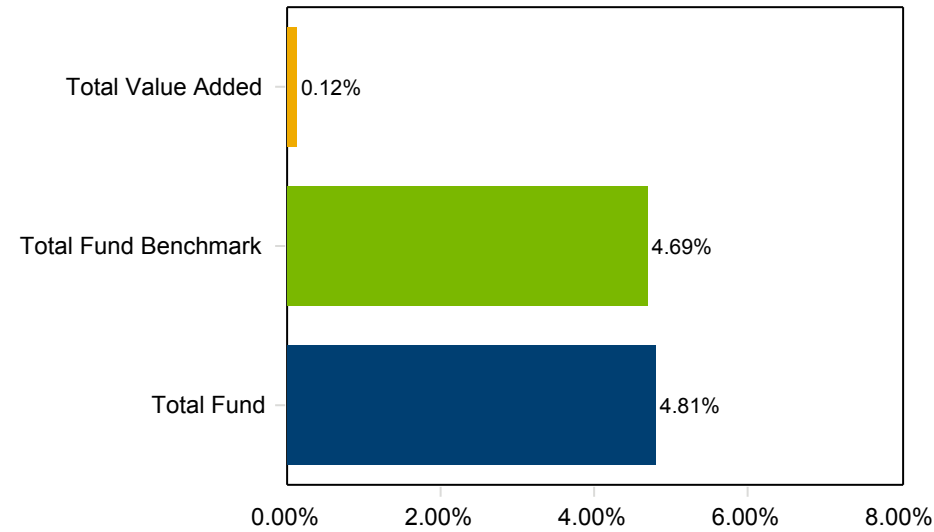
*The inception date above for infrastructure reflects the inception date for the calculation and reporting of time-weighted returns. The Infrastructure program began in July 2014 and the full history of Infrastructure returns are included in Total Real Assets and Total Fund performance.

*The BRS Recycling Tax Credit represents an annual income stream of \$16 million dollars over the next 14 years, which ATRS purchased for approximately \$162 million. This represents an approximate 9.9% yield for the 2017 fiscal year. The value shown above represents the year-end market value in accordance with GASB Statement 72, representing the 14 years of annual income, and has been incorporated into Total Fixed Income and Total Fund performance.

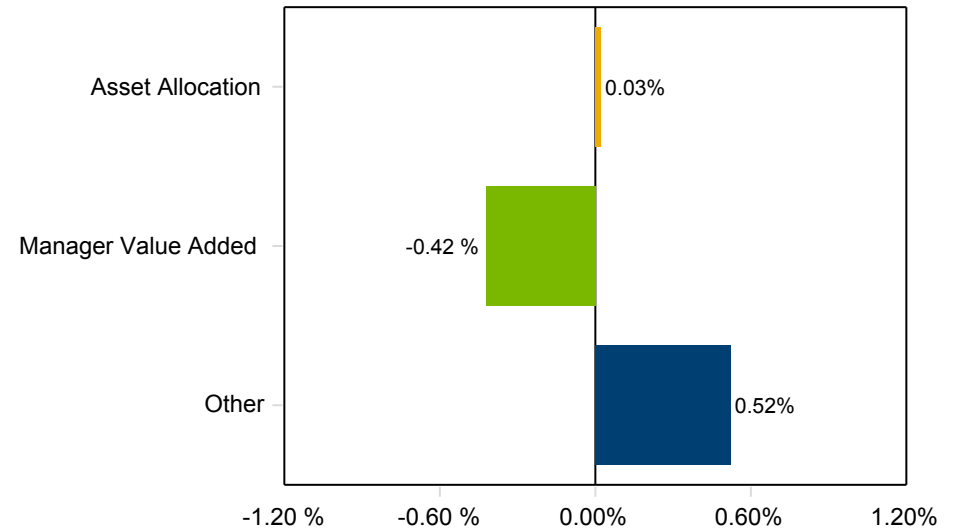
*ATRS made a total commitment of \$100 million to the Triun Co-Investments Fund. As of 3/31/2021, there was an unfunded commitment value equal to \$18,287,776.

Total Fund Attribution

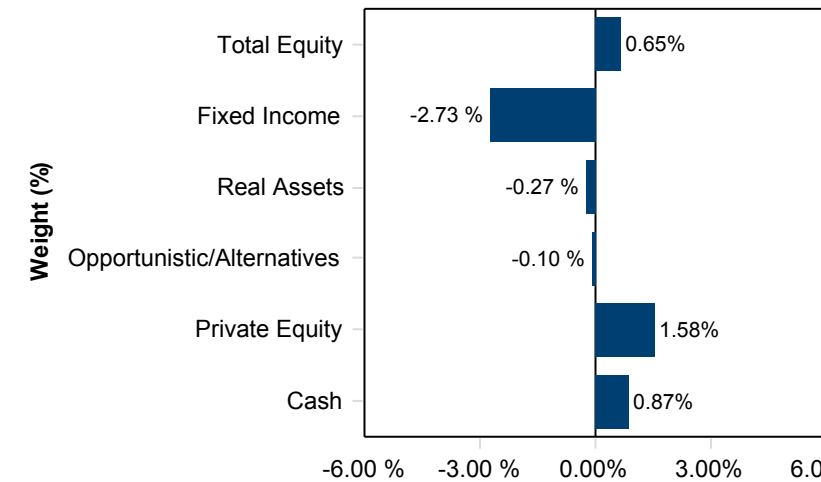
Total Fund Performance



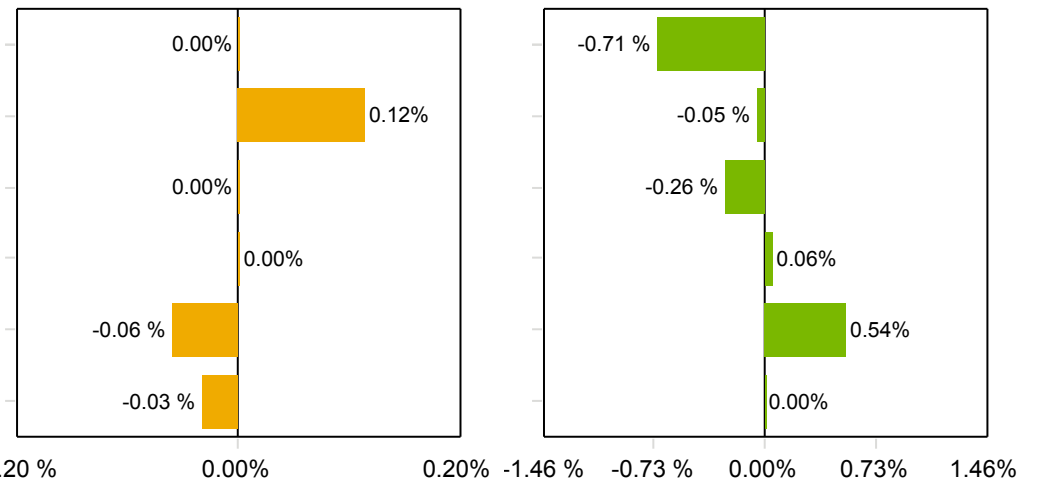
Total Value Added: 0.12%



Total Asset Allocation: 0.03%



Total Manager Value Added: -0.42%



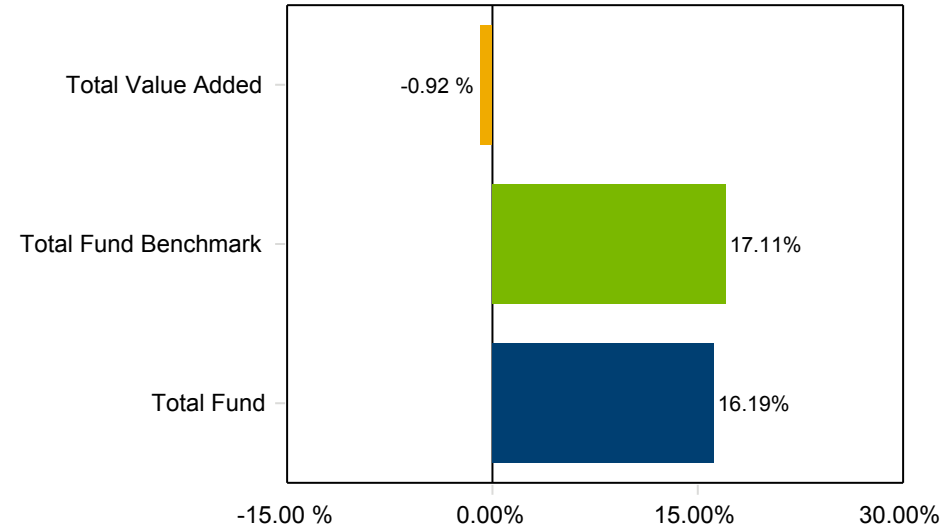
■ Average Active Weight

■ Asset Allocation Value Added

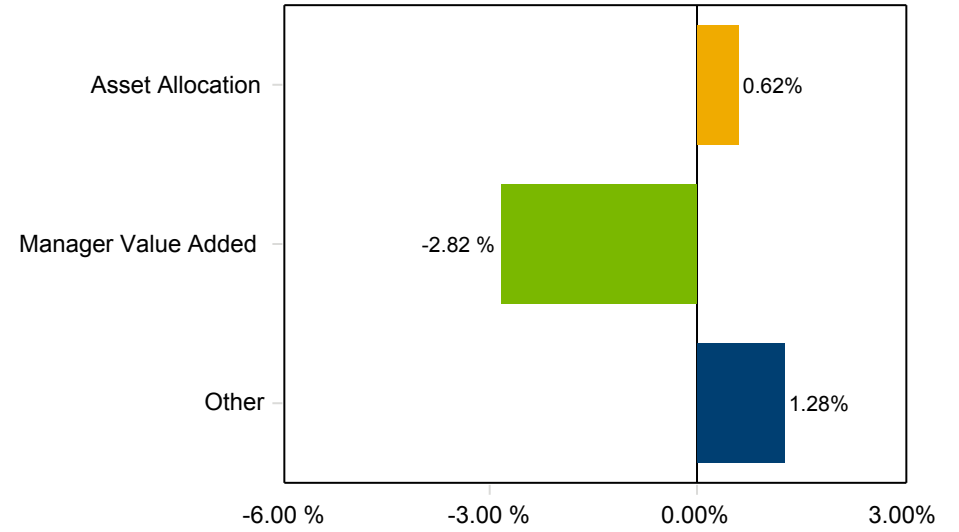
■ Manager Value Added

Total Fund Attribution

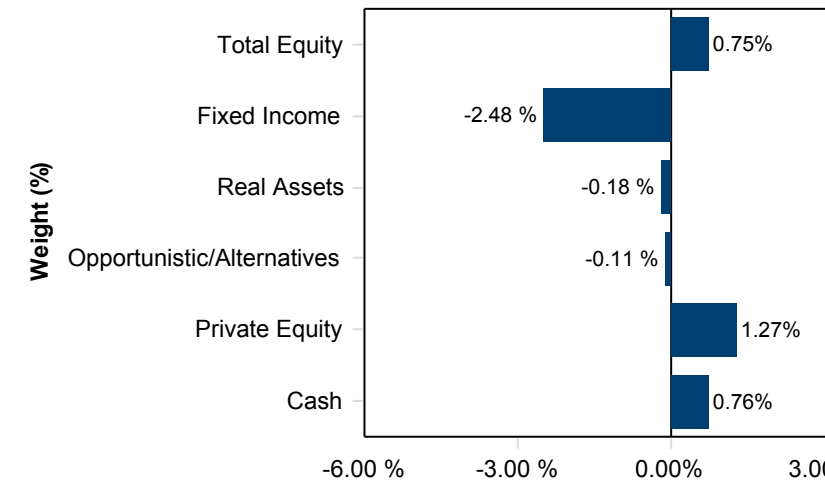
Total Fund Performance



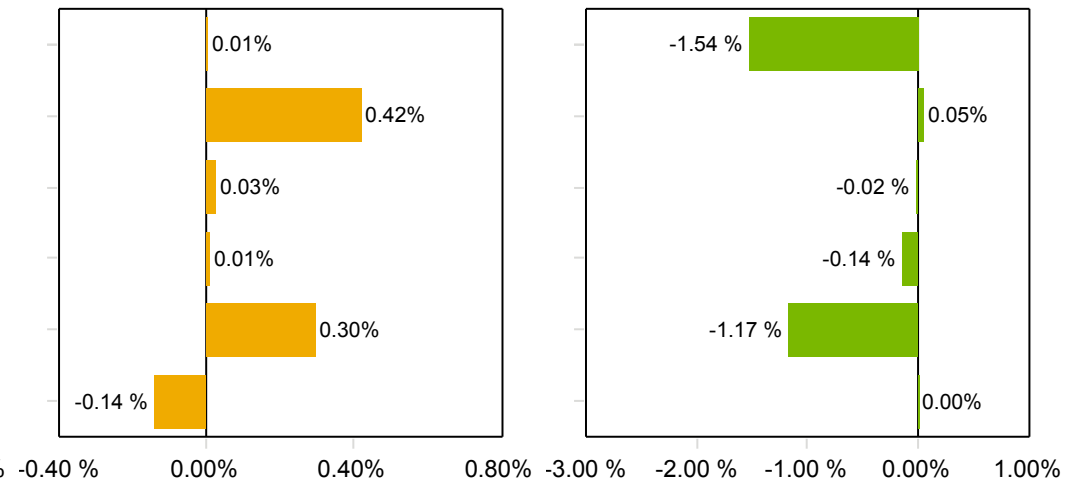
Total Value Added:-0.92 %



Total Asset Allocation:0.62%



Total Manager Value Added:-2.82 %



Average Active Weight

Asset Allocation Value Added

Manager Value Added

As of December 31, 2021

Calendar Year Performance

	Performance(%)										
	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014	Fiscal Year 2013	Fiscal Year 2012	Fiscal Year 2011
Total Fund	31.9 (10)	-1.4 (94)	5.3 (66)	11.7 (3)	16.1 (1)	-0.5 (82)	5.2 (9)	19.0 (5)	14.3 (13)	-1.0 (98)	22.4 (41)
<i>Performance Benchmark</i>	31.2 (14)	2.3 (35)	7.0 (12)	9.2 (24)	13.2 (28)	1.8 (5)	5.2 (9)	18.3 (14)	13.5 (20)	2.1 (17)	21.9 (51)
Total Equity	47.4 (23)	-6.4 (77)	4.1 (58)	13.4 (31)	22.1 (28)	-4.8 (57)	4.1 (33)	25.5 (34)	20.3 (31)	-6.3 (58)	31.5 (47)
<i>Total Equity Performance Benchmark</i>	42.0 (42)	2.7 (46)	5.9 (49)	12.2 (37)	19.0 (47)	-1.5 (38)	3.6 (36)	23.9 (48)	18.9 (42)	-1.8 (29)	31.2 (49)
Jacobs Levy 130/30	50.3 (42)	0.2 (46)	5.5 (50)	19.9 (23)	24.6 (18)	8.3 (4)	14.2 (7)	24.3 (53)	22.4 (49)	1.4 (41)	43.2 (16)
<i>Russell 3000 Index</i>	44.2 (57)	6.5 (32)	9.0 (32)	14.8 (46)	18.5 (56)	2.1 (22)	7.3 (43)	25.2 (44)	21.5 (55)	3.8 (25)	32.4 (57)
Kennedy Capital Management	72.4 (29)	-16.2 (52)	-7.8 (67)	12.2 (51)	24.2 (36)	-4.9 (62)	2.7 (52)	29.4 (9)	34.4 (6)	-4.2 (69)	33.9 (55)
<i>Russell 2000 Value Index</i>	73.3 (26)	-17.5 (60)	-6.2 (58)	13.1 (42)	24.9 (30)	-2.6 (39)	0.8 (66)	22.5 (72)	24.8 (62)	-1.4 (35)	31.4 (72)
Stephens	40.2 (90)	7.8 (50)	8.4 (32)	29.5 (28)	18.3 (83)	-7.8 (44)	5.1 (88)	18.4 (78)	18.7 (88)	3.0 (10)	46.7 (36)
<i>Russell 2000 Growth Index</i>	51.4 (65)	3.5 (58)	-0.5 (77)	21.9 (65)	24.4 (46)	-10.8 (61)	12.3 (38)	24.7 (37)	23.7 (57)	-2.7 (41)	43.5 (56)
Voya Absolute Return	41.9 (42)	0.1 (57)	4.0 (58)	9.9 (55)	20.3 (37)	1.9 (22)	7.8 (11)	26.9 (25)	19.7 (37)	6.0 (8)	30.5 (55)
<i>Performance Benchmark</i>	39.3 (55)	2.1 (49)	5.7 (50)	10.7 (50)	18.8 (48)	1.1 (24)	7.4 (11)	24.6 (40)	20.6 (30)	5.4 (9)	30.7 (54)
Allianz (Nicholas Applegate)	47.3 (48)	20.1 (11)	12.5 (15)	16.4 (36)	15.9 (74)	-7.1 (77)	4.4 (66)	23.1 (65)	19.4 (70)	-2.4 (65)	29.7 (74)
<i>Performance Benchmark</i>	45.7 (52)	15.3 (16)	7.8 (38)	12.0 (63)	16.8 (68)	-4.7 (64)	3.5 (72)	24.4 (52)	18.6 (76)	-3.2 (71)	22.5 (96)
Pershing Square International	29.0 (96)	28.0 (4)	30.7 (1)	2.8 (97)	8.2 (95)	-33.2 (100)	12.9 (10)	29.1 (16)	17.3 (80)	0.8 (44)	26.8 (88)
<i>Dow Jones U.S. Total Stock Market Index</i>	44.3 (56)	6.4 (32)	8.9 (33)	14.8 (45)	18.5 (56)	2.0 (22)	7.2 (44)	25.0 (46)	21.5 (55)	4.0 (24)	32.4 (56)
Pershing Square Holdings	57.0 (27)	36.5 (2)	21.7 (2)	-2.7 (100)	8.3 (95)	-49.1 (100)	15.2 (5)	30.4 (11)			
<i>Dow Jones U.S. Total Stock Market Index</i>	44.3 (56)	6.4 (32)	8.9 (33)	14.8 (45)	18.5 (56)	2.0 (22)	7.2 (44)	25.0 (46)			
Trian Partners	33.4	-2.3	13.1	2.8	9.5						
<i>S&P 500 Index</i>	40.8	7.5	10.4	14.4	17.9						
SSgA Global Index	41.3 (45)	1.6 (50)	4.8 (55)	11.4 (44)	19.4 (43)	-3.4 (49)	1.2 (56)	23.8 (48)	17.5 (52)	-6.6 (60)	31.4 (47)
<i>MSCI AC World IMI (Net)</i>	40.9 (46)	1.2 (52)	4.6 (57)	11.1 (46)	19.0 (46)	-3.9 (50)	0.8 (59)	23.4 (51)	17.1 (56)	-6.9 (61)	31.0 (51)

As of December 31, 2021

Calendar Year Performance

	Performance(%)										
	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014	Fiscal Year 2013	Fiscal Year 2012	Fiscal Year 2011
BlackRock MSCI ACWI IMI Fund	41.4 (45)	1.5 (51)	4.5 (57)	11.4 (44)	19.1 (46)	-3.4 (48)	1.2 (55)	23.9 (48)	17.7 (51)	-6.6 (60)	
MSCI AC World IMI (Net)	40.9 (46)	1.2 (52)	4.6 (57)	11.1 (46)	19.0 (46)	-3.9 (50)	0.8 (59)	23.4 (51)	17.1 (56)	-6.9 (61)	
Wellington Global Perspectives	60.0 (8)	-11.7 (90)	-3.8 (90)	15.7 (20)	24.8 (16)	-4.2 (52)	-1.4 (72)	33.1 (5)	30.7 (5)	-9.1 (74)	45.8 (3)
Performance Benchmark	54.1 (12)	-5.5 (75)	-3.0 (88)	13.8 (29)	20.5 (37)	-4.7 (56)	1.5 (53)	26.0 (30)	20.6 (29)	-9.9 (78)	35.8 (21)
T. Rowe Price Global Equity	52.0 (14)	22.8 (6)	8.0 (35)	21.3 (8)	28.8 (8)	-0.6 (33)	7.5 (11)	32.0 (6)	18.2 (47)	-7.7 (63)	28.2 (71)
MSCI AC World Index (Net)	39.3 (55)	2.1 (49)	5.7 (50)	10.7 (50)	18.8 (48)	-3.7 (49)	0.7 (59)	22.9 (54)	16.6 (61)	-6.5 (59)	30.1 (57)
MSCI AC World Index Growth (net)	39.7 (52)	16.6 (10)	7.2 (41)	16.1 (19)	18.6 (49)	-2.7 (44)	4.9 (26)	23.1 (53)	15.4 (68)	-5.3 (51)	32.0 (43)
Lazard	47.5 (23)	1.6 (50)	2.7 (67)	9.8 (55)	26.2 (13)	-10.7 (89)	7.3 (11)	23.3 (52)	15.8 (66)	-11.4 (84)	29.6 (60)
MSCI AC World Index (Net)	39.3 (55)	2.1 (49)	5.7 (50)	10.7 (50)	18.8 (48)	-3.7 (49)	0.7 (59)	22.9 (54)	16.6 (61)	-6.5 (59)	30.1 (57)
D.E. Shaw	38.0 (59)	0.1 (57)	2.6 (68)	15.8 (20)	19.2 (45)	0.0 (28)	3.9 (33)	25.6 (33)	19.3 (40)	-1.9 (30)	31.1 (50)
MSCI World Index (Net)	39.0 (55)	2.8 (46)	6.3 (46)	11.1 (46)	18.2 (51)	-2.8 (45)	1.4 (54)	24.0 (47)	18.6 (44)	-5.0 (49)	30.5 (55)
GMO Global All Country Equity	40.6	-2.3	3.5	6.8	20.0	-6.5	-4.5				
MSCI AC World Index (Net)	39.3	2.1	5.7	10.7	18.8	-3.7	0.7				
MSCI AC World Index Value (Net)	38.4	-11.8	4.3	5.4	19.0	-4.8	-3.4				
Harris Global Equity	56.6	-6.6	-2.0	5.0	38.9	-12.8	0.7				
MSCI World Index (Net)	39.0	2.8	6.3	11.1	18.2	-2.8	1.4				
MSCI World Value (Net)	37.9	-11.3	4.2	5.6	18.7	-3.7	-2.9				
Fixed Income	3.1	6.4	6.4	1.3	5.2	3.5	1.0	6.1	3.8	5.2	7.3
Performance Benchmark	1.1	7.9	8.1	-0.3	0.9	5.8	1.6	5.2	0.2	7.4	4.8
BlackRock	0.9 (72)	9.0 (17)	8.0 (25)	-0.3 (77)	0.3 (69)	6.0 (22)	2.4 (15)	5.2 (49)	0.3 (63)	8.0 (28)	6.3 (37)
Performance Benchmark	1.1 (67)	7.9 (27)	8.1 (23)	-0.3 (75)	0.9 (55)	5.8 (24)	1.6 (36)	5.2 (49)	0.2 (66)	7.4 (37)	4.8 (51)
Loomis Sayles	9.3 (20)	7.6 (30)	7.4 (36)	1.8 (26)	8.1 (16)	1.9 (68)	1.1 (55)	12.0 (9)	10.7 (7)	4.4 (70)	15.7 (9)
Performance Benchmark	4.9 (33)	6.6 (38)	8.2 (20)	0.5 (48)	4.0 (26)	5.0 (35)	1.0 (60)	6.8 (34)	2.8 (30)	8.4 (23)	7.8 (28)
Putnam	4.0 (82)	0.1 (55)	3.7 (32)	4.1 (36)	7.9 (29)	-3.6 (70)	-0.7 (53)	3.7 (71)	5.5 (29)	-1.8 (62)	4.6 (55)
LIBOR	0.2 (89)	2.1 (35)	2.6 (41)	1.5 (59)	0.8 (83)	0.4 (42)	0.2 (42)	0.3 (85)	0.4 (83)	0.4 (49)	0.4 (88)
SSgA Aggregate Bond Index	-0.3 (93)	8.7 (20)	7.9 (26)	-0.4 (78)	-0.3 (82)	6.0 (22)	1.9 (27)	4.3 (60)	-0.6 (84)	7.4 (36)	3.9 (65)
Barclays Aggregate Index	-0.3 (93)	8.7 (20)	7.9 (26)	-0.4 (78)	-0.3 (83)	6.0 (22)	1.9 (28)	4.4 (59)	-0.7 (86)	7.5 (35)	3.9 (64)
Wellington Global Total Return	1.7 (87)	2.1 (36)	5.3 (14)	5.1 (32)	-0.7 (85)	1.3 (32)	0.5 (38)				
BofA Merrill Lynch 3 Month US T-Bill	0.1 (89)	1.6 (41)	2.3 (45)	1.4 (60)	0.5 (83)	0.2 (42)	0.0 (45)				
Reams Core Plus Bond Fund	2.1	15.3	8.6	0.0	0.0	6.1	1.5				
Barclays Aggregate Index	-0.3	8.7	7.9	-0.4	-0.3	6.0	1.9				
BRS Recycling Tax Credit											
BRS Recycling Tax Credit Phase 2											

As of December 31, 2021

Calendar Year Performance

	Performance(%)										
	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014	Fiscal Year 2013	Fiscal Year 2012	Fiscal Year 2011
Opportunistic/Alternatives	10.4	-5.3	-0.2	0.6	6.8	-1.7	5.8	10.2	12.9	-1.0	
<i>Custom Alternatives Benchmark</i>	11.7	-2.5	2.1	3.4	2.8	-3.7	1.7	6.3	7.1	-3.9	
Anchorage	23.9	-5.4	1.4	6.2	5.9	-3.9	3.8	18.9	19.4	-1.0	
<i>Credit Suisse Event Driven</i>	27.5	-6.9	1.9	3.8	9.3	-10.4	-2.0	14.1	14.5	-7.2	
York	5.3	-45.2	-5.9	12.2	14.3	-12.9	-7.2	22.4	19.4	-0.8	
<i>Credit Suisse Event Driven</i>	27.5	-6.9	1.9	3.8	9.3	-10.4	-2.0	14.1	14.5	-7.2	
Capula	2.5	9.8	6.3	3.8	7.8	6.1	8.9	7.9	4.0	3.4	
<i>HFR1 Macro (Total) Index</i>	15.0	0.8	2.4	1.1	-2.4	1.8	4.2	1.5	-0.1	-2.8	
Graham	27.4	-5.6	2.1	6.5	-3.2	-1.0	23.9	2.7	5.9	-8.3	
<i>HFR1 Macro (Total) Index</i>	15.0	0.8	2.4	1.1	-2.4	1.8	4.2	1.5	-0.1	-2.8	
Circumference Group Core Value	27.9	5.0	2.7	15.9	14.0						
<i>Russell 2000 Index</i>	62.0	-6.6	-3.3	17.6	24.6						
Aeolus Keystone Fund	-0.2	5.1	-5.8	-17.9	11.2						
<i>Citigroup 3 Month T-Bill</i>	0.1	1.6	2.3	1.3	0.5						
<i>Eurekahedge ILS Advisers Index</i>	3.6	2.9	-5.5	-6.6	5.0						
Nephila Rubik Holdings	-9.6	3.1	-6.9	-7.7	2.2						
<i>Citigroup 3 Month T-Bill</i>	0.1	1.6	2.3	1.3	0.5						
<i>Eurekahedge ILS Advisers Index</i>	3.6	2.9	-5.5	-6.6	5.0						
Parametric Global Defensive Equity Fund	22.6	-4.2	3.9	5.8							
<i>Performance Benchmark</i>	18.5	2.4	4.4	6.0							
<i>MSCI AC World Index</i>	39.9	2.6	6.3	11.3							
Man Alternative Risk Premia	2.8	-7.9	1.8								
<i>SG Multi Alternative Risk Premia Index</i>	3.1	-11.6	0.4								
CFM Systematic Global Macro Fund											
<i>HFR1 Macro: Systematic Diversified Index</i>	14.1	-1.8	2.9	0.4	-7.4	3.1	8.7	0.2	-2.5	-1.1	7.4
Pillar Opportunity											

As of December 31, 2021

Calendar Year Performance

	Performance(%)										
	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014	Fiscal Year 2013	Fiscal Year 2012	Fiscal Year 2011
Real Assets	4.7	3.9	5.6	9.4	7.5	9.5	11.7	9.0			
<i>Total Real Assets Benchmark</i>	2.4	4.1	5.7	6.2	6.6	10.0	11.5	11.4			
Real Estate	0.8	2.0	5.7	11.1	6.9	12.0	13.4	12.1	7.9	9.8	17.7
<i>NFI-ODCE (Net)</i>	1.5	3.9	6.5	7.1	7.4	12.6	12.4	12.7	10.5	13.4	16.0
Timber	4.9	12.2	-0.3	1.2	8.0	0.4	9.4	-1.1	6.8	-5.3	4.8
<i>Timberland Property Benchmark</i>	1.6	3.1	0.1	2.6	3.7	2.5	10.5	7.7	6.9	-2.9	-0.4
BTG Timber Separate Account											
BTG U.S. Timberland Fund, L.P.											
Agriculture	6.0	1.8	3.5	3.3	4.3	9.8	2.5	11.0	11.5		
<i>Agriculture Benchmark</i>	4.1	3.3	5.4	3.5	4.5	5.6	6.5	12.8	20.9		
HFMS Farmland	7.0	1.4	3.4	2.9	3.9	10.7	2.5	11.0	11.5		
<i>HFMS custom NCREIF Farmland Index</i>	4.4	4.6	4.9	2.0	4.0	4.8	6.5	12.8	20.9		
UBS Agrivest Core Farmland Fund	3.5	3.1	4.0	4.5	5.0	6.2					
<i>UBS Agrivest custom NCREIF Farmland Index</i>	4.2	4.7	6.2	5.0	5.5	8.4					
Infrastructure	21.2	7.2	14.6								
<i>CPI + 5%</i>	10.6	5.7	6.7								
Private Equity	33.3	4.9	12.8	22.3	16.7	7.7	11.9	20.6	12.5	12.5	16.0
<i>Private Equity Policy</i>	65.9	-7.5	10.8	16.1	20.4	1.6	14.5	25.0	16.8	9.4	20.1
Cash	0.8	3.8	6.5	1.2	5.0	3.2					

*The Real Assets and Private Equity returns and their benchmark returns are shown on a one-quarter lag.

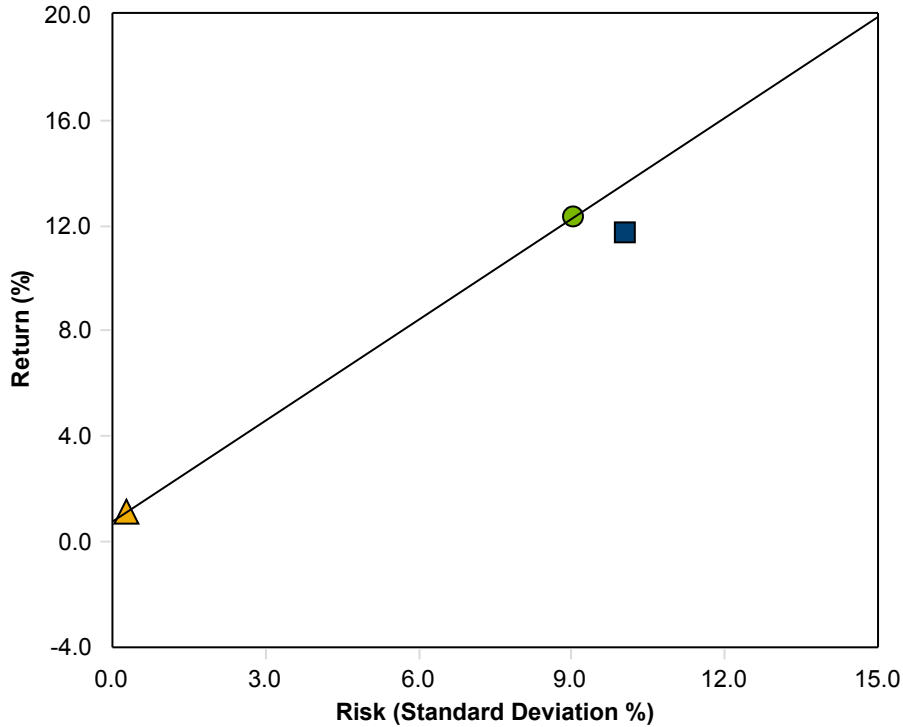
*The inception of the Total Equity asset class was July 1, 2015. Performance prior to July 2015 represents the weighted average of the U.S. Equity and Global Equity asset class monthly returns. For historical performance of the U.S. Equity and Global Equity asset classes please see page 151 of this report.

*The inception date above for infrastructure reflects the inception date for the calculation and reporting of time-weighted returns. The Infrastructure program began in July 2014 and the full history of Infrastructure returns are included in Total Real Assets and Total Fund performance.

*The BRS Recycling Tax Credit represents an annual income stream of \$16 million dollars over the next 14 years, which ATRS purchased for approximately \$162 million. This represents an approximate 9.9% yield for the 2017 fiscal year. The value shown above represents the year-end market value in accordance with GASB Statement 72, representing the 14 years of annual income, and has been incorporated into Total Fixed Income and Total Fund performance.

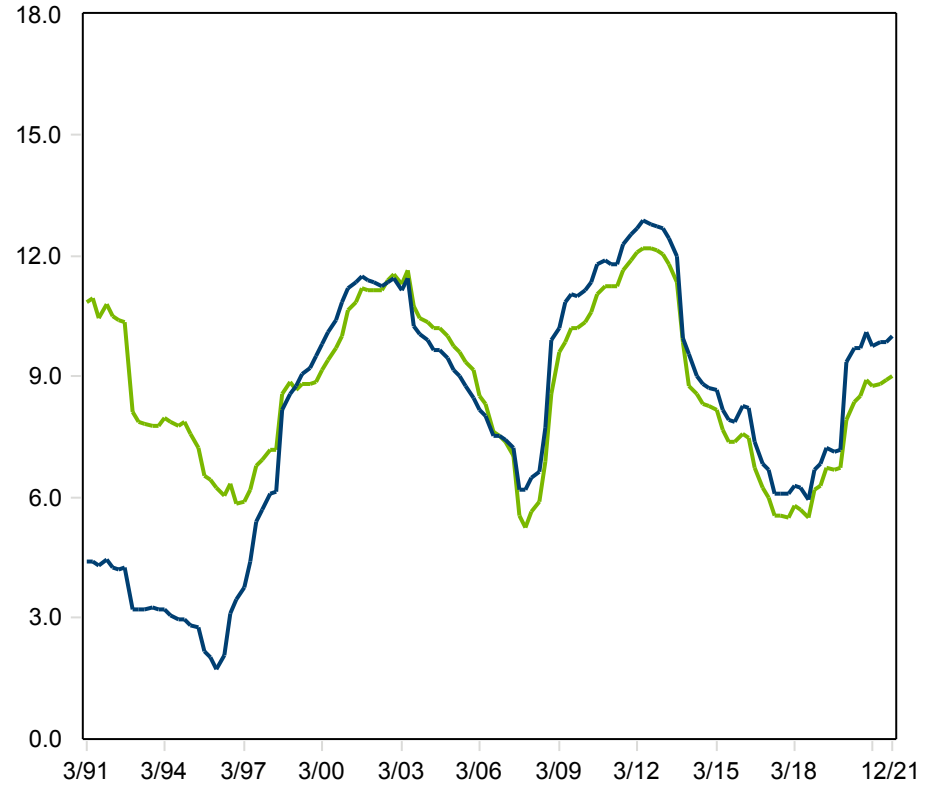
Total Fund Risk Profile

**Annualized Return vs. Annualized Standard Deviation
5 Years**



■ Total Fund ● Performance Benchmark
▲ FTSE 3 Month T-Bill

Rolling 5 Years Standard Deviation



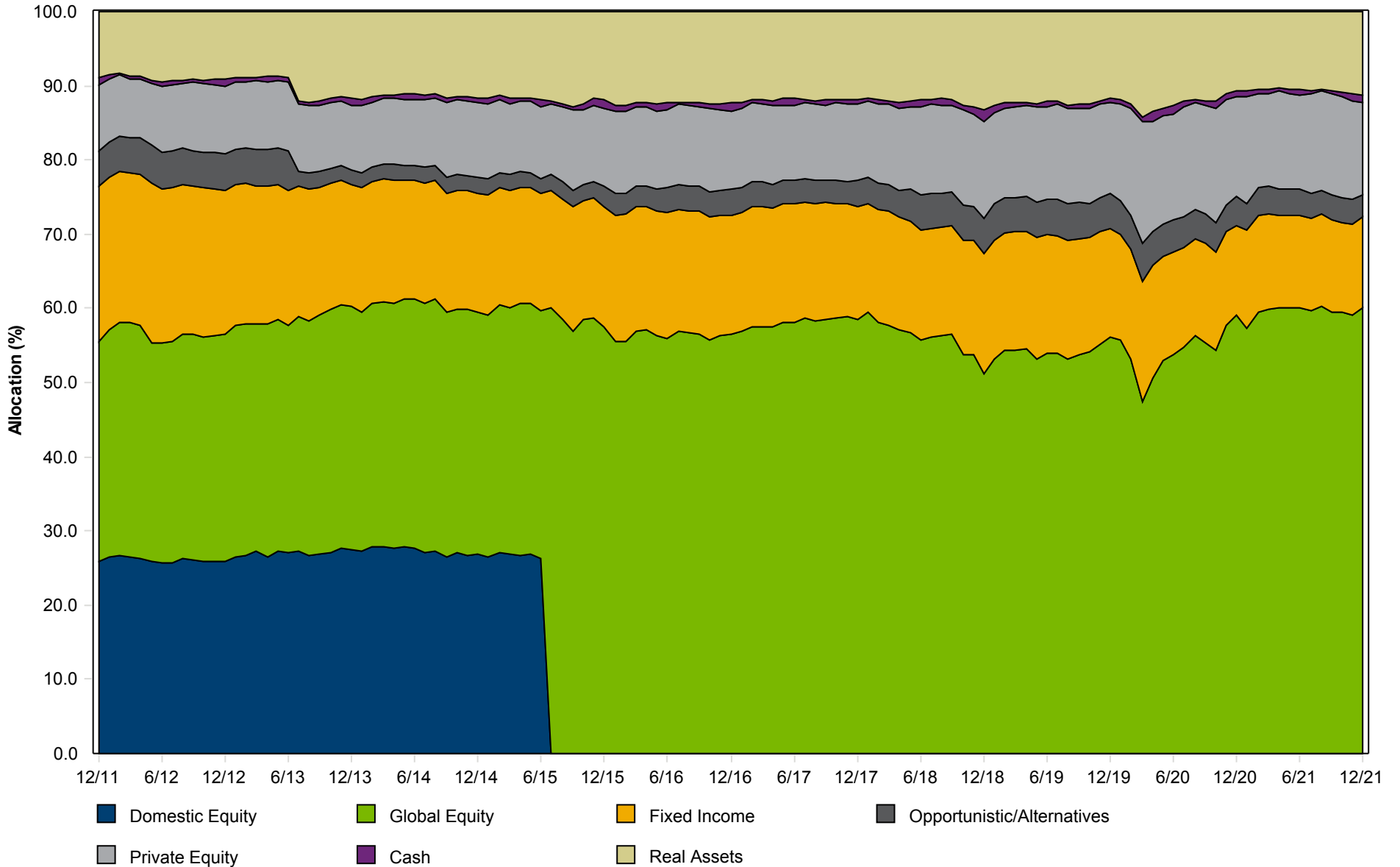
— Total Fund — Performance Benchmark

5 Years Historical Statistics

	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Total Fund	-0.39	3.07	-0.13	0.91	1.05	-1.09	1.06	11.77	10.03	0.95
Performance Benchmark	0.00	0.00	N/A	1.00	1.21	0.00	1.00	12.32	9.03	1.00
FTSE 3 Month T-Bill	-10.97	9.10	-1.21	0.05	N/A	1.19	-0.01	1.11	0.26	-0.23

Historical Asset Allocation by Segment

Total Fund



Asset Allocation as of 12/31/2021										Values in \$1,000	
	Total Equity	U.S. Bond	Real Estate	Private Equity	Cash	Total	Percent of Total	Interim Policy	Long-Term Target		
Jacobs Levy 130/30	\$1,107,800.7	--	--	--	--	\$1,107,800.7	5.11%				
Kennedy Capital Management	\$854,326.6	--	--	--	--	\$854,326.6	3.94%				
Stephens	\$689,117.2	--	--	--	--	\$689,117.2	3.18%				
Voya Absolute Return	\$832,910.2	--	--	--	--	\$832,910.2	3.84%				
Allianz (Nicholas Applegate)	\$1,065,648.2	--	--	--	--	\$1,065,648.2	4.91%				
Pershing Square International	\$1,238.4	--	--	--	--	\$1,238.4	0.01%				
Pershing Square Holdings	\$293,498.9	--	--	--	--	\$293,498.9	1.35%				
SSgA Global Index	\$1,257,733.9	--	--	--	--	\$1,257,733.9	5.80%				
BlackRock MSCI ACWI IMI Fund	\$1,050,810.9	--	--	--	--	\$1,050,810.9	4.85%				
Wellington Global Perspectives	\$794,529.3	--	--	--	--	\$794,529.3	3.66%				
T. Rowe Price Global Equity	\$1,696,120.8	--	--	--	--	\$1,696,120.8	7.82%				
Lazard	\$848,481.4	--	--	--	--	\$848,481.4	3.91%				
D.E. Shaw	\$1,011,927.5	--	--	--	--	\$1,011,927.5	4.67%				
GMO Global All Country Equity	\$569,869.1	--	--	--	--	\$569,869.1	2.63%				
Harris Global Equity	\$658,107.6	--	--	--	--	\$658,107.6	3.03%				
Triam Partners	\$87,775.6	--	--	--	--	\$87,775.6	0.40%				
Triam Partners Co-Investments	\$77,708.3	--	--	--	--	\$77,708.3	0.36%				
Capital Guardian & Knight Vinke	\$72.2	--	--	--	--	\$72.2	0.00%				
Total Equity						\$12,897,676.9	59.48%	58.08%		53.00%	
BlackRock	--	\$281,606.8	--	--	--	\$281,606.8	1.30%				
Loomis Sayles	--	\$502,350.0	--	--	--	\$502,350.0	2.32%				
Putnam	--	\$374,600.0	--	--	--	\$374,600.0	1.73%				
SSgA Aggregate Bond Index	--	\$469,028.9	--	--	--	\$469,028.9	2.16%				
Wellington Global Total Return	--	\$351,734.0	--	--	--	\$351,734.0	1.62%				
Reams Core Plus Bond Fund	--	\$398,122.9	--	--	--	\$398,122.9	1.84%				
BRS Recycling Tax Credit	--	\$176,000.0	--	--	--	\$176,000.0	0.81%				
BRS Recycling Tax Credit Phase 2	--	\$77,031.6	--	--	--	\$77,031.6	0.36%				
Total Fixed Income						\$2,630,474.3	12.13%	15.00%		15.00%	
Anchorage	--	--	--	\$90,305.4	--	\$90,305.4	0.42%				
Capula	--	--	--	\$80,574.5	--	\$80,574.5	0.37%				
Graham	--	--	--	\$71,054.5	--	\$71,054.5	0.33%				
York	--	--	--	\$8,785.2	--	\$8,785.2	0.04%				
Circumference Group Core Value	--	--	--	\$38,198.4	--	\$38,198.4	0.18%				
Aeolus Keystone Fund	--	--	--	\$176,879.8	--	\$176,879.8	0.82%				
Nephila Rubik Holdings	--	--	--	\$9,888.7	--	\$9,888.7	0.05%				
Parametric Global Defensive Equity	--	--	--	\$203,625.4	--	\$203,625.4	0.94%				
Man Alternative Risk Premia	--	--	--	\$99,780.5	--	\$99,780.5	0.46%				
Total Opportunistic/Alternatives						\$779,092.5	3.59%	4.46%		5.00%	
Real Estate			\$1,570,792.0			\$1,570,792.0	7.24%				
Timber			\$309,643.9			\$309,643.9	1.43%				
Agriculture			\$218,649.0			\$218,649.0	1.01%				
Infrastructure			\$339,241.6			\$339,241.6	1.56%				
Total Real Assets						\$2,438,326.5	11.24%	10.46%		15.00%	
Total Private Equity				\$2,701,959.7		\$2,701,959.7	12.46%	12.00%		12.00%	
Total Cash					\$237,677.1	\$237,677.1	1.10%	0.00%		0.00%	
Total Fund	\$12,897,676.9	\$2,630,474.3	\$2,438,326.5	\$3,481,052.1	\$237,677.1	\$21,685,206.9	100.00%	100.00%		100.00%	

*Note: The market values for the Real Assets and Private Equity investments shown above are lagged one quarter and adjusted for the current quarter's cash flows. Market values and allocation percentages may not add to the sum total due to rounding.

Asset Allocation as of 12/31/2021				Values in \$1,000			
	Real Estate	Percent of Real Estate	Percent of Total Fund		Real Estate	Percent of Real Estate	Percent of Total Fund
Almanac Realty Securities Fund V	\$86.5	0.01%	0.00%	LaSalle Asia Opportunity Fund V	\$9,315.0	0.63%	0.04%
Almanac Realty Securities Fund VI	\$4,012.7	0.27%	0.02%	LaSalle Income & Growth Fund VI	\$5,358.7	0.36%	0.02%
Almanac Realty Securities Fund VII	\$17,297.0	1.17%	0.08%	LaSalle Income & Growth Fund VII	\$16,720.5	1.13%	0.08%
Almanac Realty Securities Fund VIII	\$10,722.3	0.73%	0.05%	LaSalle Income & Growth Fund VIII	\$7,596.0	0.51%	0.04%
American Center	\$27,750.1	1.88%	0.13%	Lone Star Real Estate Fund IV	\$6,615.4	0.45%	0.03%
AR Insurance	\$2,248.2	0.15%	0.01%	Long Wharf Real Estate Partners V	\$19,043.5	1.29%	0.09%
AR Teachers Retirement Building	\$5,648.4	0.38%	0.03%	Long Wharf Real Estate Partners VI	\$19,006.6	1.29%	0.09%
Blackstone Real Estate Partners VII	\$24,026.9	1.63%	0.11%	Mesa West Income Fund V	\$2,307.8	0.16%	0.01%
Blackstone RE Europe VI	\$26,691.2	1.81%	0.12%	Metropolitan RE Co-Investments	\$9,062.7	0.61%	0.04%
Carlyle Realty Partners VII	\$8,327.0	0.56%	0.04%	Met Life Commercial Mtg Inc Fund	\$48,719.9	3.30%	0.22%
Carlyle Realty VIII	\$9,236.8	0.63%	0.04%	New Boston Fund VII	\$3,567.0	0.24%	0.02%
Carlyle Realty IX	-\$56.9	0.00%	0.00%	O'Connor NAPP II	\$8,514.9	0.58%	0.04%
CBREI SP U.S. Opportunity V	\$407.5	0.03%	0.00%	PRISA	\$299,690.5	20.31%	1.38%
CBREI SP VIII	\$21,629.8	1.47%	0.10%	Recoveries Land	\$70.0	0.00%	0.00%
CBREI SP IX	\$11,562.6	0.78%	0.05%	Rockwood Capital RE Partners IX	\$5,977.2	0.41%	0.03%
Cerberus Institutional RE Partners III	\$11,424.8	0.77%	0.05%	Rockwood Capital RE XI	\$21,221.9	1.44%	0.10%
Calmwater	\$15,293.2	1.04%	0.07%	Rose Law Firm	\$4,363.7	0.30%	0.02%
Chatham	\$50,000.0	3.39%	0.23%	Texarkana DHS	\$0.0	0.00%	0.00%
Fletcher Properties	\$1,144.1	0.08%	0.01%	Torchlight Debt Opportunity Fund IV	\$4,357.1	0.30%	0.02%
FPA Core Plus IV	\$31,672.0	2.15%	0.15%	Torchlight Debt Opportunity Fund V	\$4,618.1	0.31%	0.02%
GCP GLP IV	\$14,567.3	0.99%	0.07%	Torchlight Debt Opportunity Fund VI	\$19,884.7	1.35%	0.09%
Harbert European Real Estate	\$14,640.8	0.99%	0.07%	Torchlight Debt Opportunity Fund VII	\$12,712.9	0.86%	0.06%
Heitman European Property IV	\$1,506.5	0.10%	0.01%	UBS Trumbull Property Fund	\$175,486.1	11.89%	0.81%
JP Morgan Strategic Property Fund	\$303,641.2	20.57%	1.40%	UBS Trumbull Property Income Fund	\$54,775.6	3.71%	0.25%
Kayne Anderson V	\$23,788.0	1.61%	0.11%	Victory	\$32,968.7	2.23%	0.15%
Kayne Anderson VI	\$4,485.1	0.30%	0.02%	Walton Street Real Estate Debt II	\$9,576.6	0.65%	0.04%
Landmark Fund VI	\$1,581.4	0.11%	0.01%	West Mphs. DHS	\$0.0	0.00%	0.00%
Landmark Real Estate VIII	\$10,748.5	0.73%	0.05%	Westbrook IX	\$9,027.7	0.61%	0.04%
LaSalle Asia Opportunity Fund IV	\$1,783.1	0.12%	0.01%	Westbrook Real Estate Fund X	\$9,367.1	0.63%	0.04%
Total Real Estate					\$1,475,792.0	100.00%	7.24%

*Note: The market values for the real estate investments shown above are lagged one quarter and adjusted for the current quarter's cash flows. Market values and allocation percentages may not add to the sum total due to rounding.

Asset Allocation as of 12/31/2021				Values in \$1,000			
	Private Equity	Percent of Private Equity	Percent of Total Fund		Private Equity	Percent of Private Equity	Percent of Total Fund
Alpine VIII	\$1,122.0	0.04%	0.01%	JF Lehman III	\$14,577.1	0.54%	0.07%
Arlington Capital IV	\$36,688.2	1.36%	0.17%	JF Lehman IV	\$10,023.1	0.37%	0.05%
Arlington Capital V	\$17,874.2	0.66%	0.08%	JF Lehman V	\$15,383.7	0.57%	0.07%
Advent GPE VI	\$4,570.9	0.17%	0.02%	KPS III	\$182.6	0.01%	0.00%
Altus Capital II	\$7,676.1	0.28%	0.04%	KPS IV	\$14,288.9	0.53%	0.07%
American Industrial Partners VI	\$22,163.2	0.82%	0.10%	KPS X	\$10,216.6	0.38%	0.05%
American Industrial Partners VII	\$21,333.1	0.79%	0.10%	KPS Mid-Cap	\$7,172.9	0.27%	0.03%
Altaris Constellation Partners	\$20,797.5	0.77%	0.10%	Levine Leichtman V	\$17,685.3	0.65%	0.08%
Altaris Health Partners IV	\$21,073.6	0.78%	0.10%	Lime Rock III	\$20,049.2	0.74%	0.09%
Atlas Capital II	\$13,968.2	0.52%	0.06%	LLR III	\$3,695.3	0.14%	0.02%
Audax Mezzanine III	\$1,661.0	0.06%	0.01%	LLR VI	\$11,872.4	0.44%	0.05%
Big River - Equity	\$1,910.1	0.07%	0.01%	Mason Wells III	\$2,060.6	0.08%	0.01%
Big River - Holdings Note 2023	-\$74,794.7	-2.77%	-0.34%	NGP IX	\$199.4	0.01%	0.00%
Big River - Holdings Note 3/16/23	-\$14,310.2	-0.53%	-0.07%	NGP X	\$4,136.3	0.15%	0.02%
Bison V	\$29,714.2	1.10%	0.14%	NGP XI	\$21,663.1	0.80%	0.10%
Boston Ventures VII	\$1,136.1	0.04%	0.01%	NGP XII	\$19,559.2	0.72%	0.09%
Boston Ventures IX	\$34,282.6	1.27%	0.16%	One Rock Capital Partners II	\$38,217.7	1.41%	0.18%
Boston Ventures X	\$13,133.4	0.49%	0.06%	PineBridge	\$6,925.2	0.26%	0.03%
BV VIII	\$20,121.1	0.74%	0.09%	Revelstoke	\$2,392.6	0.09%	0.01%
Castlake II	\$16,420.7	0.61%	0.08%	Riverside IV	\$233.9	0.01%	0.00%
Castlake III	\$16,089.7	0.60%	0.07%	Riverside V	\$26,771.9	0.99%	0.12%
Clearlake V	\$39,007.8	1.44%	0.18%	Riverside VI	\$15,593.4	0.58%	0.07%
Clearlake VI	\$36,823.5	1.36%	0.17%	Siris III	\$18,992.0	0.70%	0.09%
Court Square III	\$43,187.3	1.60%	0.20%	Siris IV	\$23,974.4	0.89%	0.11%
CSFB-ATRS 2005-1 Series	\$58,931.6	2.18%	0.27%	SK Capital V	\$31,067.8	1.15%	0.14%
CSFB-ATRS 2006-1 Series	\$74,944.1	2.77%	0.35%	Sycamore Partners II	\$12,923.4	0.48%	0.06%
Diamond State Ventures II	\$2,280.2	0.08%	0.01%	Sycamore Partners III	\$11,722.0	0.43%	0.05%
Doughty Hanson Tech I	\$0.0	0.00%	0.00%	TA XI	\$27,152.1	1.00%	0.13%
DW Healthcare III	\$11,123.0	0.41%	0.05%	Tennenbaum VI	\$9,712.5	0.36%	0.04%
DW Healthcare IV	\$29,260.8	1.08%	0.13%	Thoma Bravo Discover	\$5,739.2	0.21%	0.03%
DW Healthcare V	\$14,602.7	0.54%	0.07%	Thoma Bravo Discover II	\$27,099.8	1.00%	0.12%
EnCap IX	\$11,417.9	0.42%	0.05%	Thoma Bravo Discover III	\$13,743.8	0.51%	0.06%
EnCap VIII	\$15,187.3	0.56%	0.07%	Thoma Bravo Explore I	\$12,081.7	0.45%	0.06%
EnCap X	\$24,829.1	0.92%	0.11%	Thoma Bravo XI	\$39,451.1	1.46%	0.18%
EnCap XI	\$18,686.9	0.69%	0.09%	Thoma Bravo XII	\$51,211.3	1.90%	0.24%
Franklin Park Series	\$1,110,473.7	41.10%	5.12%	Thoma Bravo XIII	\$43,103.8	1.60%	0.20%
Greenbriar V	\$15,010.6	0.56%	0.07%	Thoma Bravo XIV	\$17,194.3	0.64%	0.08%
GCG IV	\$14,290.7	0.53%	0.07%	Vista Equity III	\$5,716.0	0.21%	0.03%
GCG V	\$9,234.6	0.34%	0.04%	Vista Foundation II	\$15,441.8	0.57%	0.07%
GTLA Holdings	\$40,000.0	1.48%	0.18%	Vista Foundation III	\$31,949.5	1.18%	0.15%
Highland	\$216,190.0	8.00%	1.00%	Wellspring V	\$13,126.6	0.49%	0.06%
Insight Equity II	\$10,671.6	0.39%	0.05%	Wicks IV	\$10,461.8	0.39%	0.05%
Insight Mezzanine I	\$1,750.3	0.06%	0.01%	WNG II	\$6,659.7	0.25%	0.03%
Total Private Equity					\$2,701,959.7	100.00%	12.46%

*Note: The market values for the private equity investments shown above are lagged one quarter and adjusted for the current quarter's cash flows. Market values and allocation percentages may not add to the sum total due to rounding.

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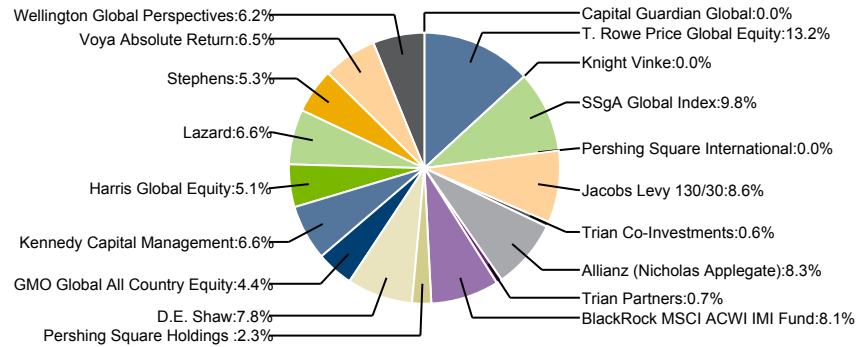


Total Equity

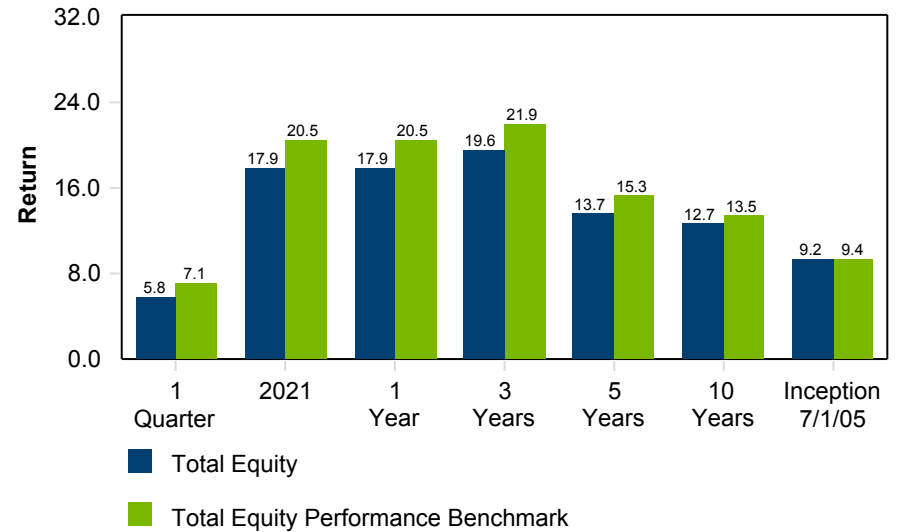
Total Equity Portfolio Overview

Current Allocation

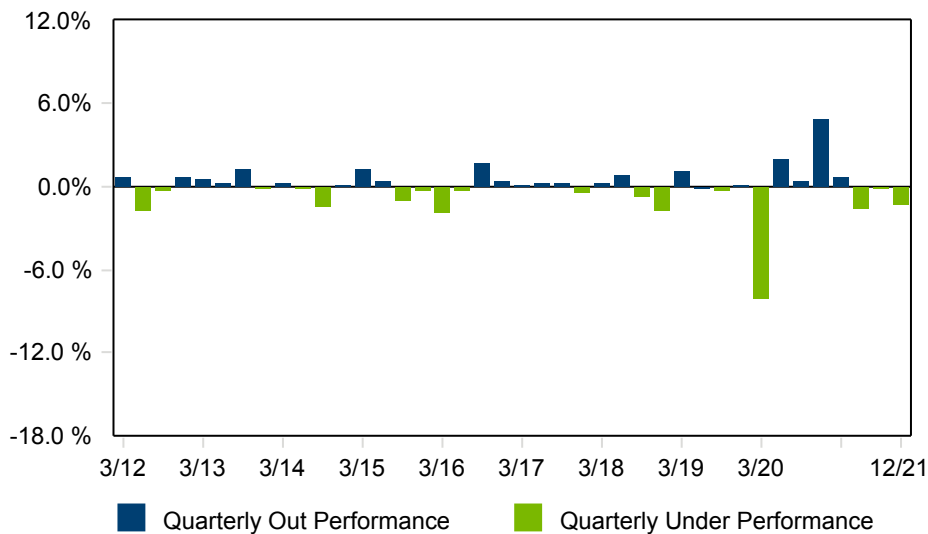
December 31, 2021 : \$12,898M



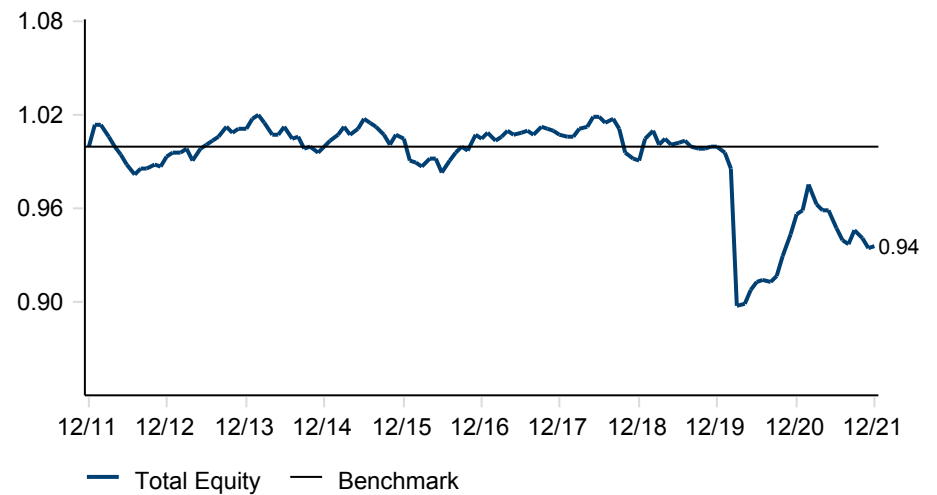
Return Summary



Quarterly Excess Performance



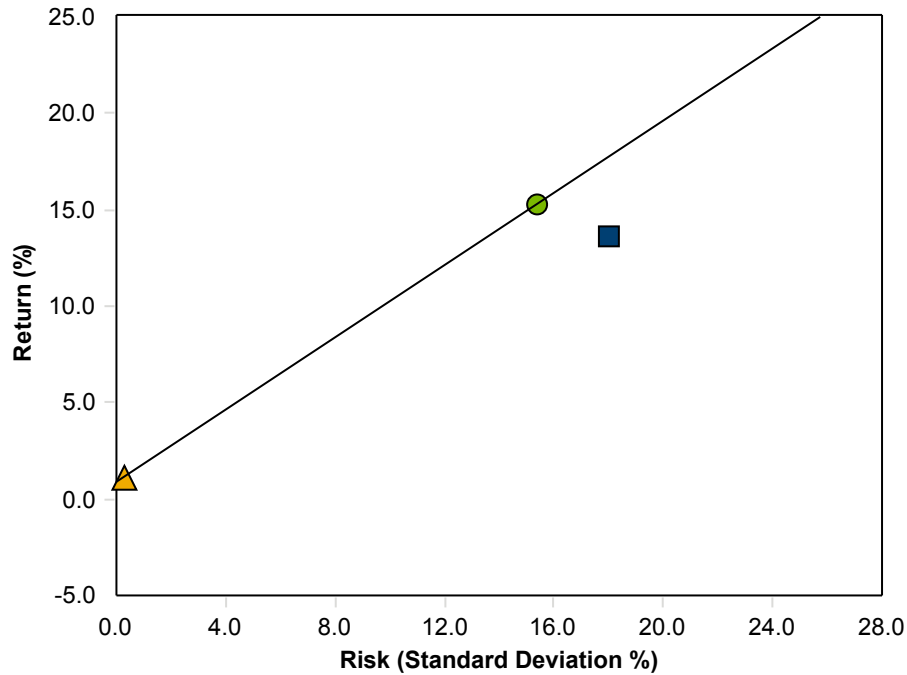
Ratio of Cumulative Wealth - 10 Years



The inception of the Total Equity asset class was July 1, 2015. Performance prior to July 2015 represents the weighted average of the U.S. Equity and Global Equity asset class monthly returns. For historical performance of the U.S. Equity and Global Equity asset classes please see page 151 of this report.

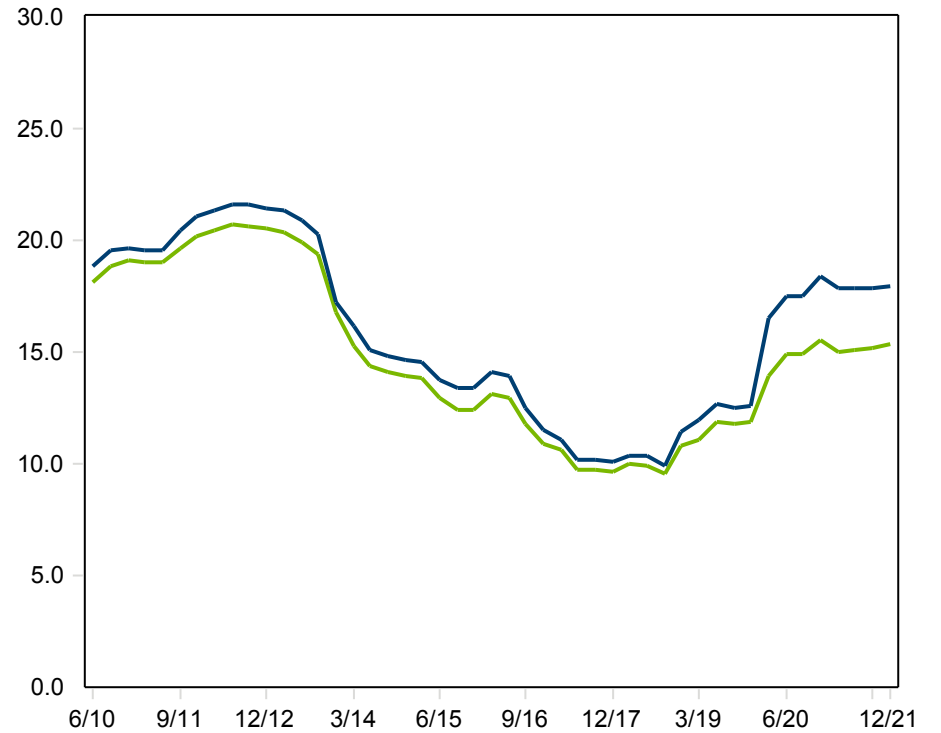
Total Equity Risk Profile

Annualized Return vs. Annualized Standard Deviation 5 Years



- Total Equity
- Total Equity Performance Benchmark
- ▲ FTSE 3 Month T-Bill

Rolling 5 Years Standard Deviation



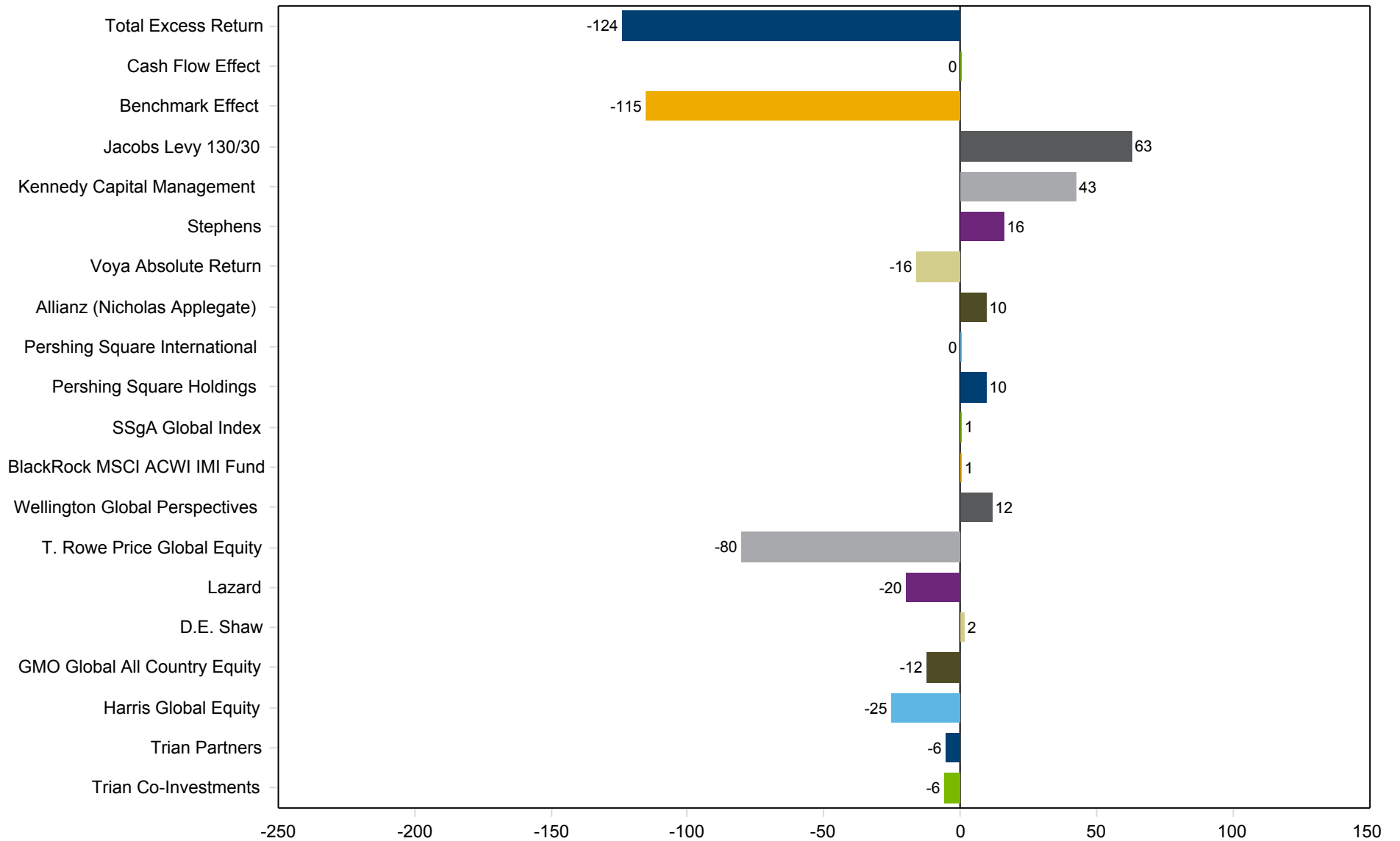
- Total Equity
- Total Equity Performance Benchmark

5 Years Historical Statistics

	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Total Equity	-0.96	4.18	-0.23	0.96	0.74	-3.21	1.15	13.65	17.99	0.98
Total Equity Performance Benchmark	0.00	0.00	N/A	1.00	0.93	0.00	1.00	15.29	15.36	1.00
FTSE 3 Month T-Bill	-14.38	15.42	-0.93	0.05	N/A	1.17	0.00	1.11	0.26	-0.22

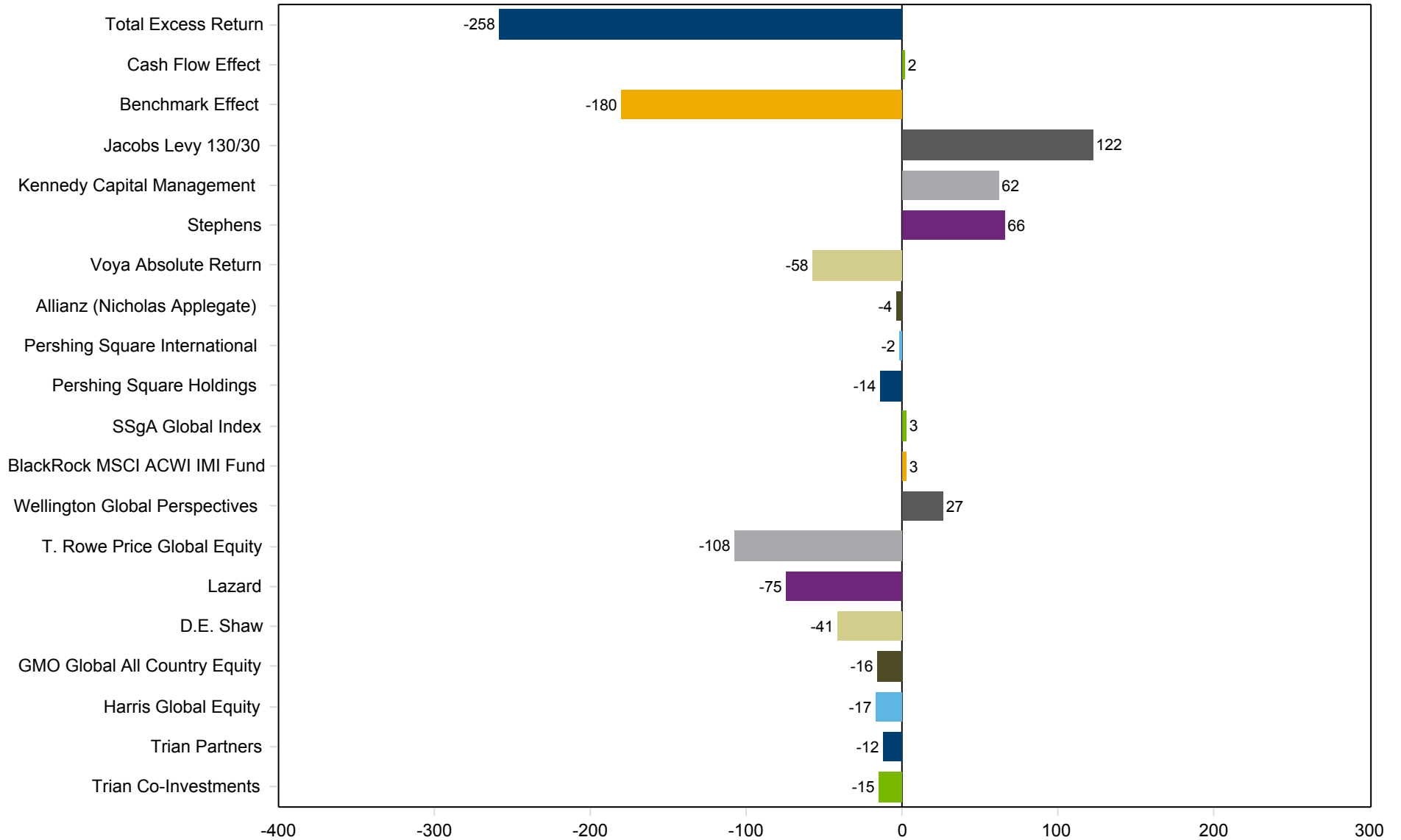
Asset Class Attribution

1 Quarter



Asset Class Attribution

1 Year

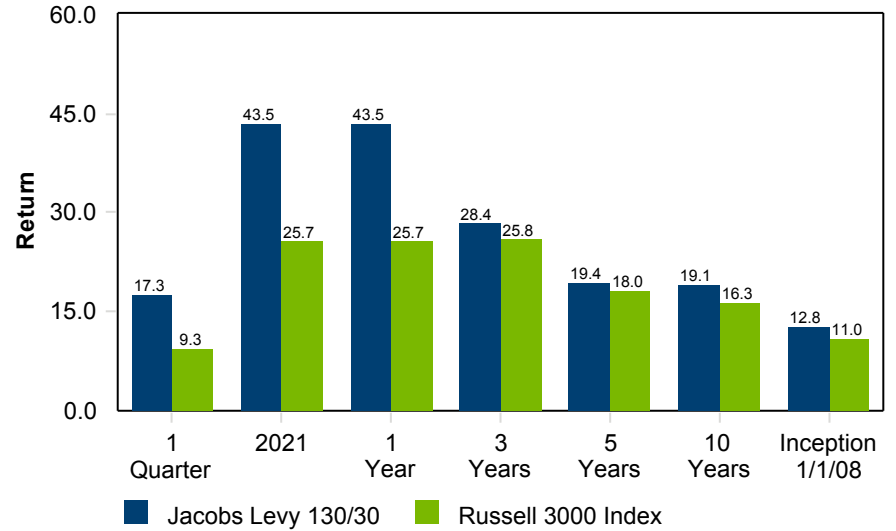


Jacobs Levy 130/30 Performance Summary

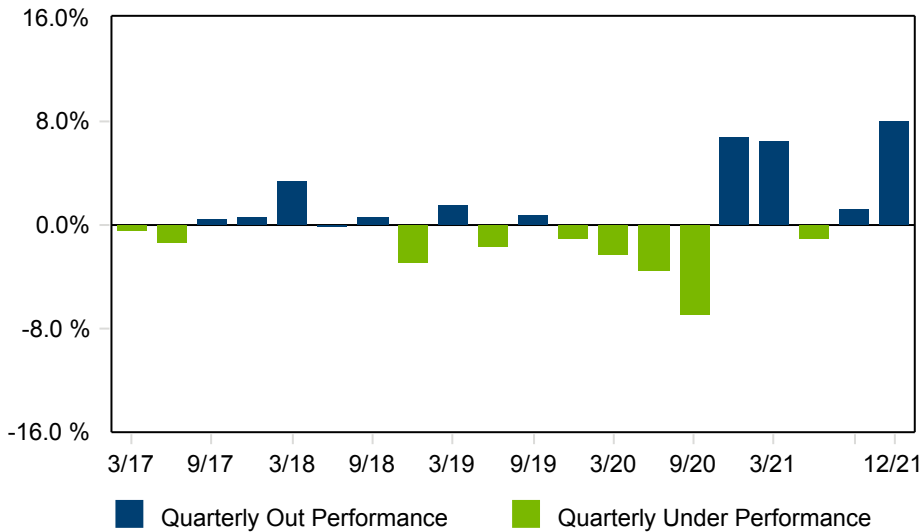
Account Information

Account Name: Jacobs Levy 130/30
 Inception Date: 12/31/2007
 Account Structure: Commingled Fund
 Asset Class: US Equity
 Benchmark: Russell 3000 Index
 Peer Group: IM U.S. Equity (SA+CF)

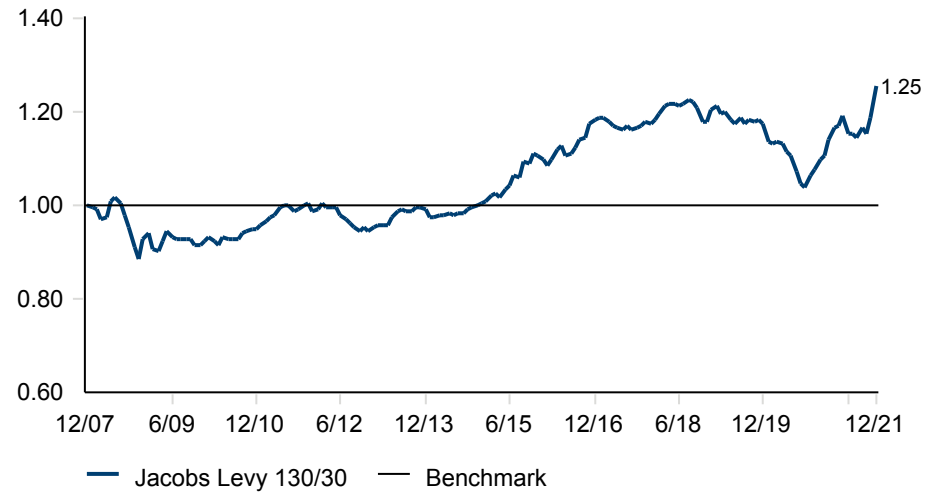
Return Summary



Quarterly Excess Performance

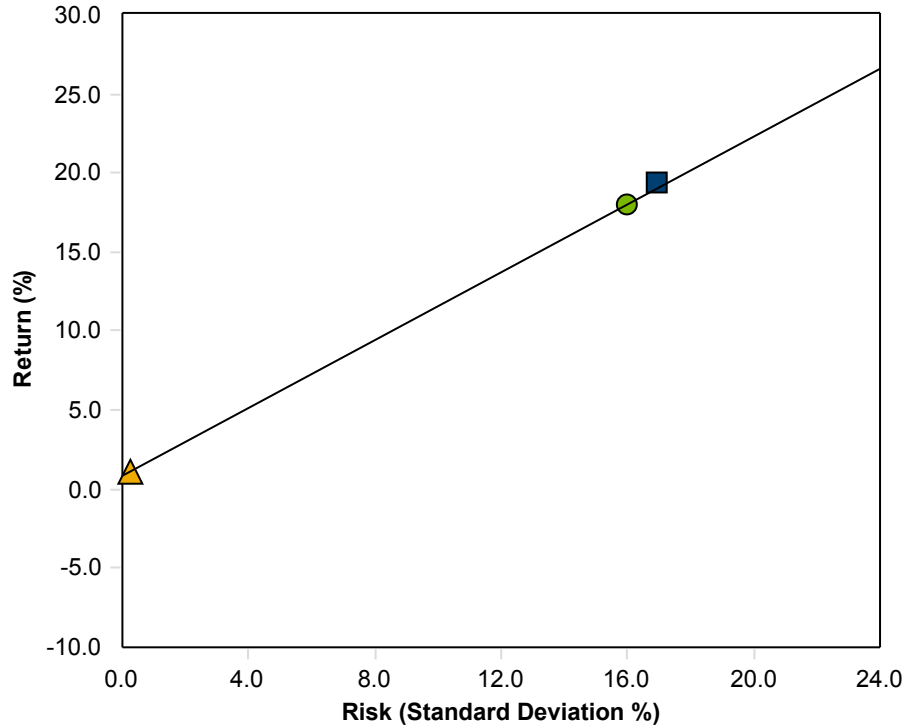


Ratio of Cumulative Wealth - Since Inception



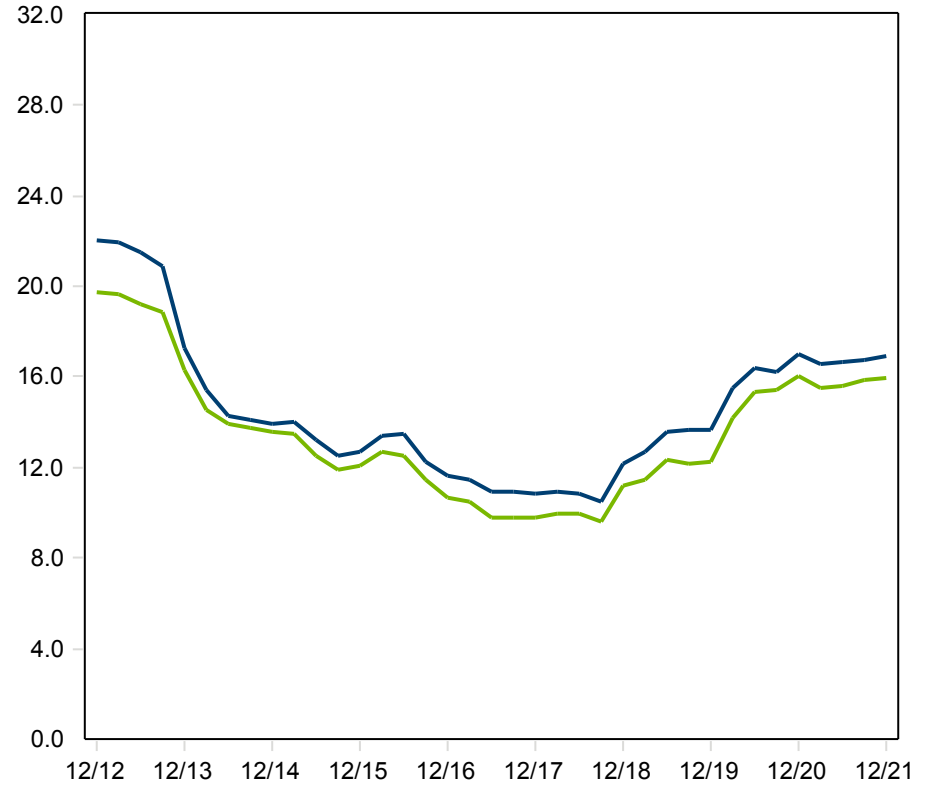
Jacobs Levy 130/30 Risk Profile

Annualized Return vs. Annualized Standard Deviation 5 Years



■ Jacobs Levy 130/30 ● Russell 3000 Index
 ▲ FTSE 3 Month T-Bill

Rolling 5 Years Standard Deviation



— Jacobs Levy 130/30 — Russell 3000 Index

5 Years Historical Statistics

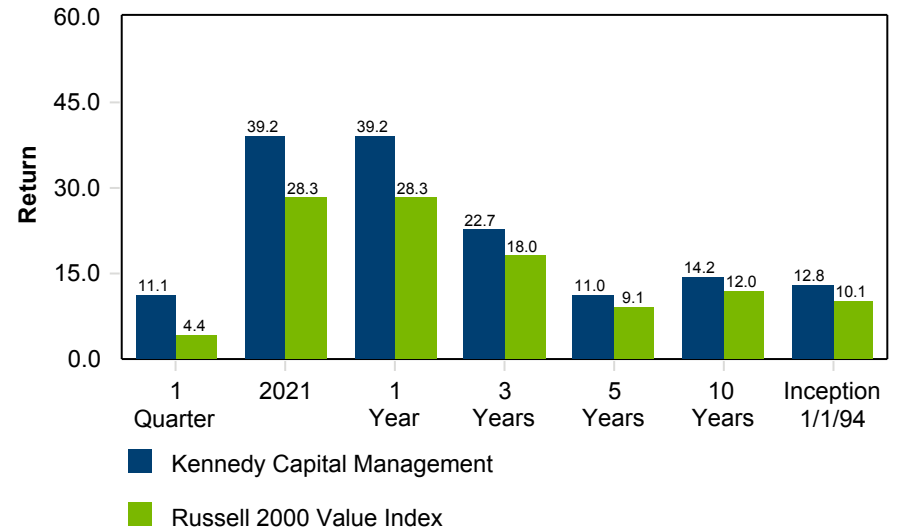
	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Jacobs Levy 130/30	1.35	5.58	0.24	0.89	1.07	1.31	1.00	19.37	16.95	0.94
Russell 3000 Index	0.00	0.00	N/A	1.00	1.05	0.00	1.00	17.97	15.96	1.00
FTSE 3 Month T-Bill	-16.79	16.01	-1.05	0.04	N/A	1.17	0.00	1.11	0.26	-0.20

Kennedy Capital Management Performance Summary

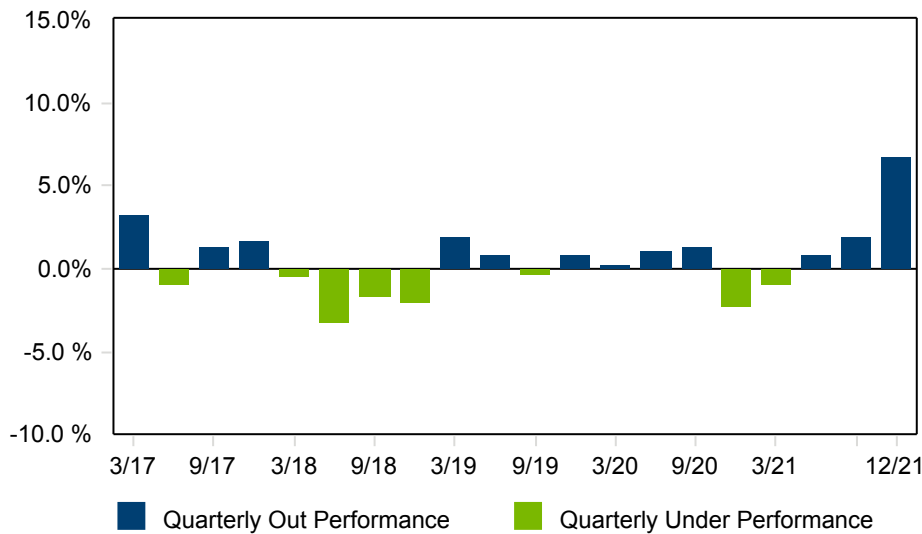
Account Information

Account Name: Kennedy Capital Management
 Inception Date: 12/31/1993
 Account Structure: Separate Account
 Asset Class: US Equity
 Benchmark: Russell 2000 Value Index
 Peer Group: IM U.S. Small Cap Value Equity (SA+CF)

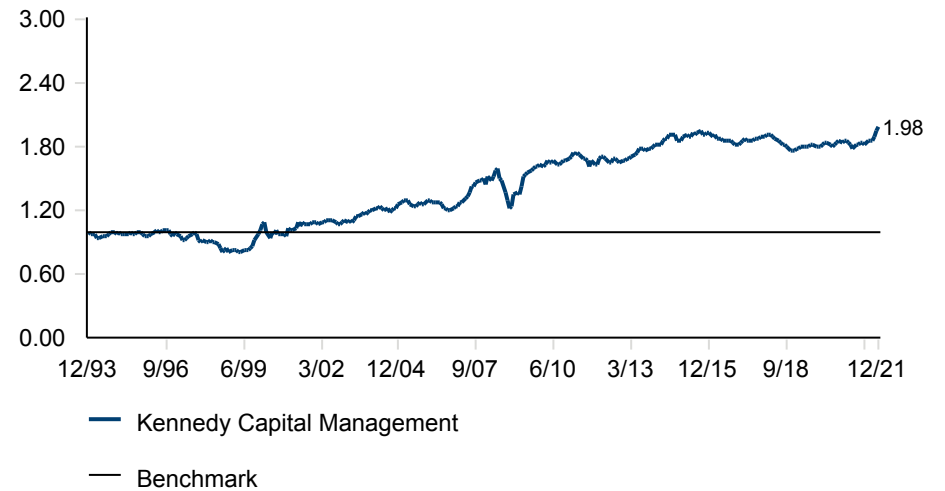
Return Summary



Quarterly Excess Performance

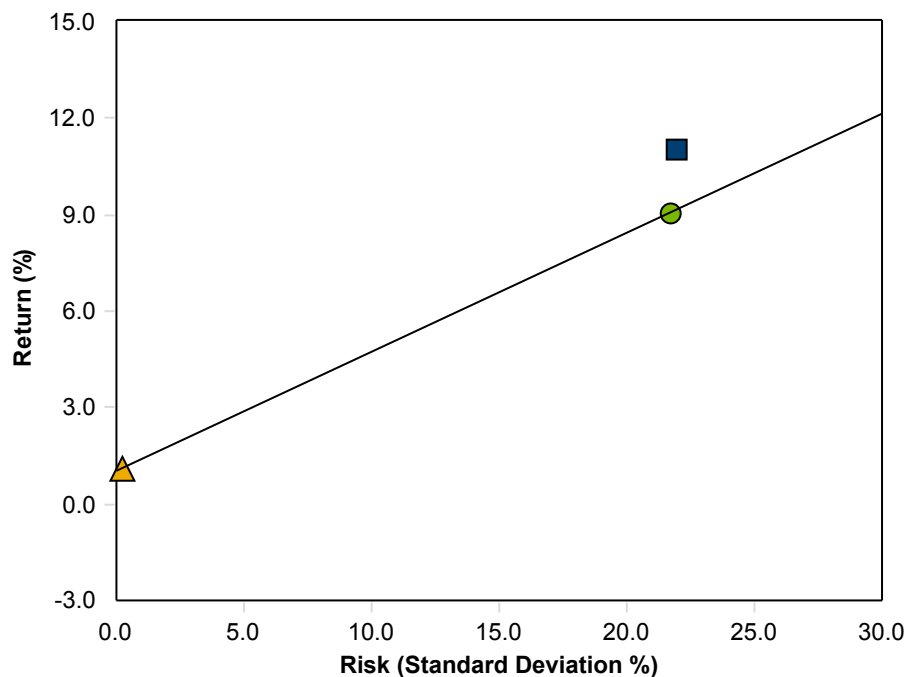


Ratio of Cumulative Wealth - Since Inception



Kennedy Capital Management Risk Profile

Annualized Return vs. Annualized Standard Deviation 5 Years



- Kennedy Capital Management
- Russell 2000 Value Index
- ▲ FTSE 3 Month T-Bill

Rolling 5 Years Standard Deviation



5 Years Historical Statistics

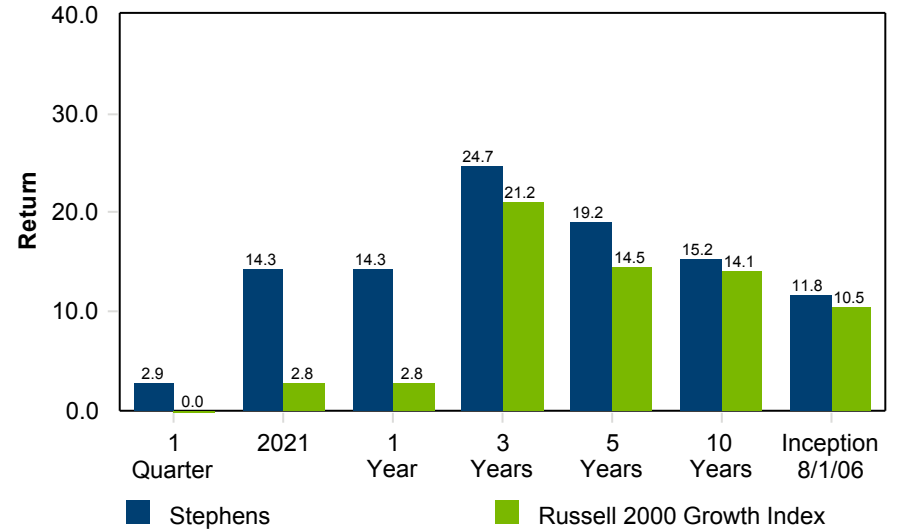
	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Kennedy Capital Management	1.89	3.74	0.50	0.97	0.54	1.95	1.00	11.04	21.96	0.99
Russell 2000 Value Index	0.00	0.00	N/A	1.00	0.46	0.00	1.00	9.07	21.74	1.00
FTSE 3 Month T-Bill	-10.02	21.80	-0.46	0.06	N/A	1.15	0.00	1.11	0.26	-0.24

Stephens Performance Summary

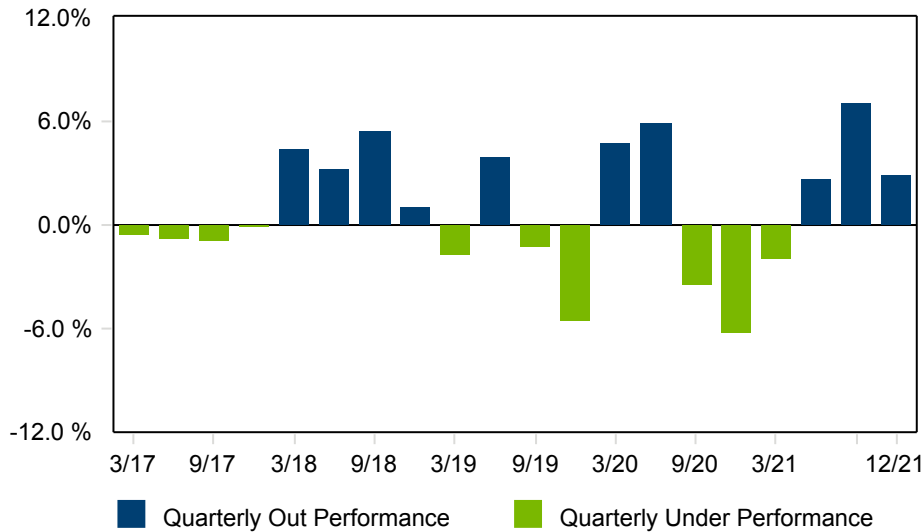
Account Information

Account Name: Stephens
 Inception Date: 07/31/2006
 Account Structure: Separate Account
 Asset Class: US Equity
 Benchmark: Russell 2000 Growth Index
 Peer Group: IM U.S. Small Cap Growth Equity (SA+CF)

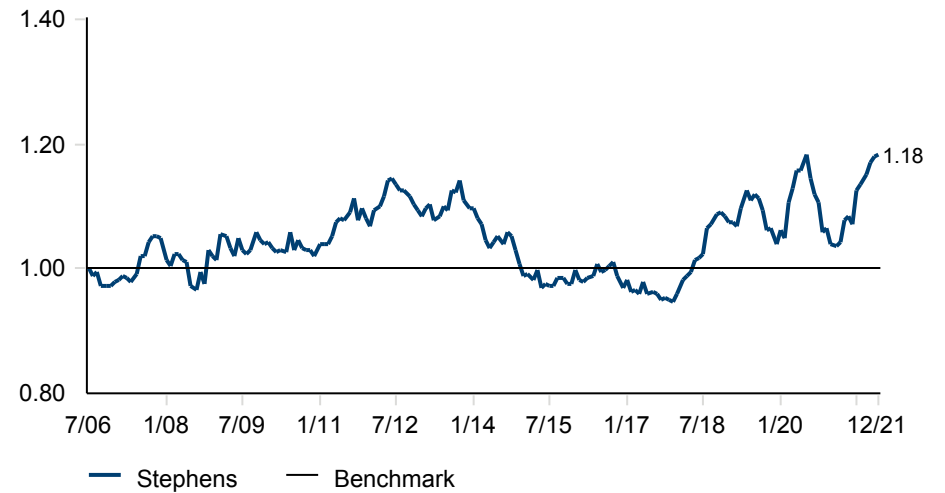
Return Summary



Quarterly Excess Performance

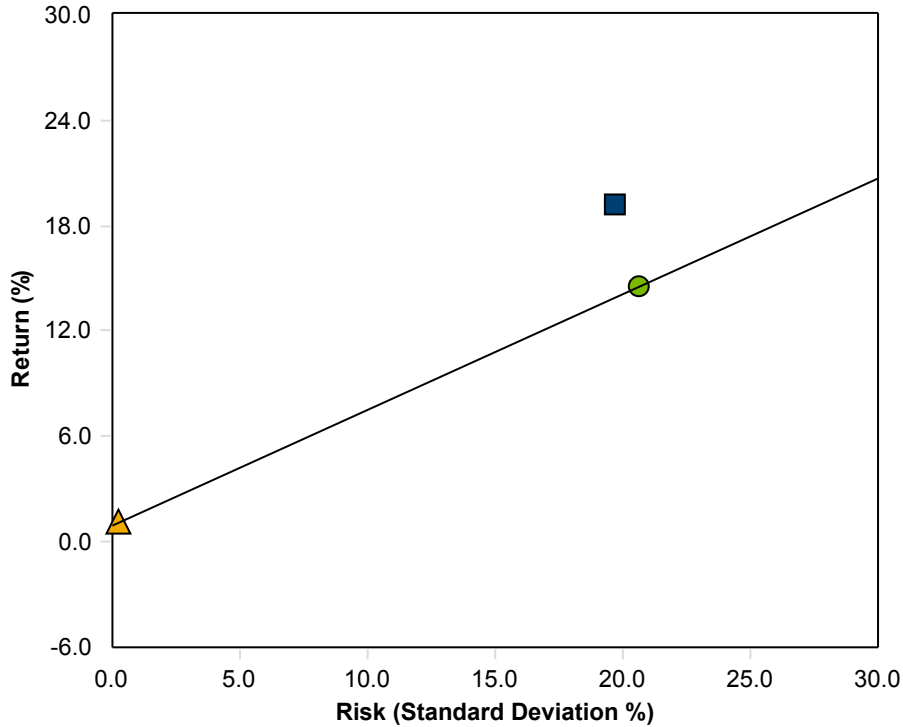


Ratio of Cumulative Wealth - Since Inception



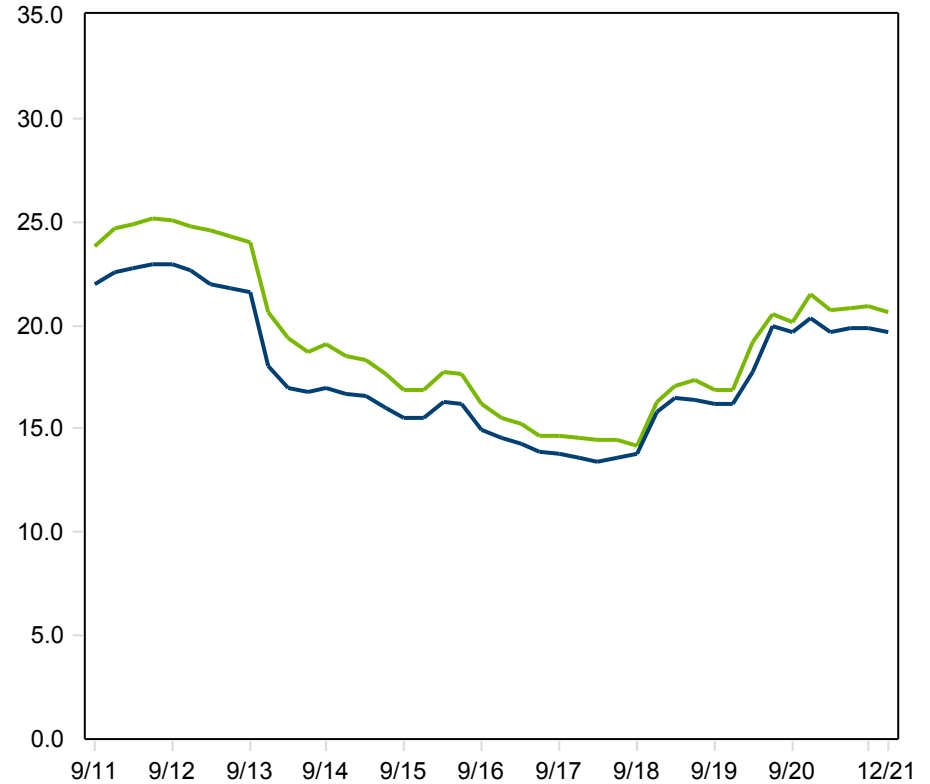
Stephens Risk Profile

Annualized Return vs. Annualized Standard Deviation
5 Years



■ Stephens ● Russell 2000 Growth Index
▲ FTSE 3 Month T-Bill

Rolling 5 Years Standard Deviation



— Stephens — Russell 2000 Growth Index

5 Years Historical Statistics

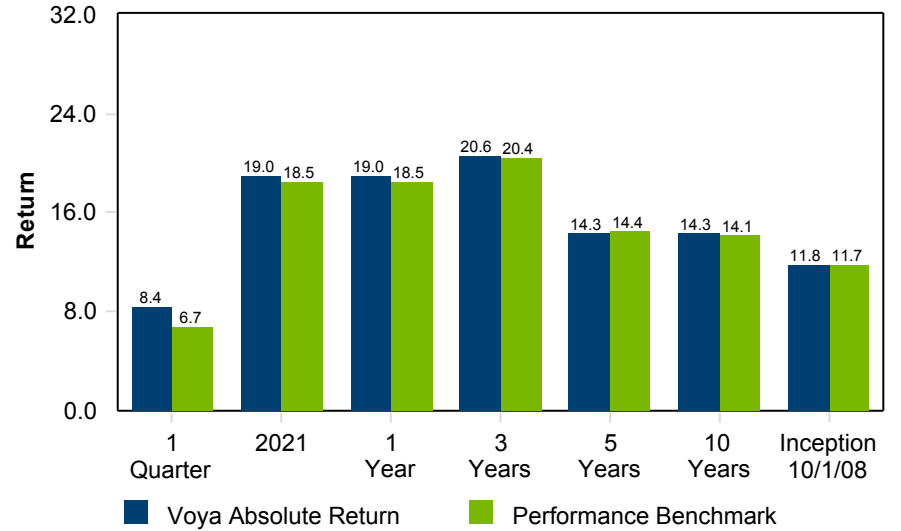
	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Stephens	3.80	6.62	0.57	0.90	0.93	5.44	0.90	19.17	19.71	0.95
Russell 2000 Growth Index	0.00	0.00	N/A	1.00	0.71	0.00	1.00	14.53	20.64	1.00
FTSE 3 Month T-Bill	-14.66	20.68	-0.71	0.03	N/A	1.15	0.00	1.11	0.26	-0.17

Voya Absolute Return Performance Summary

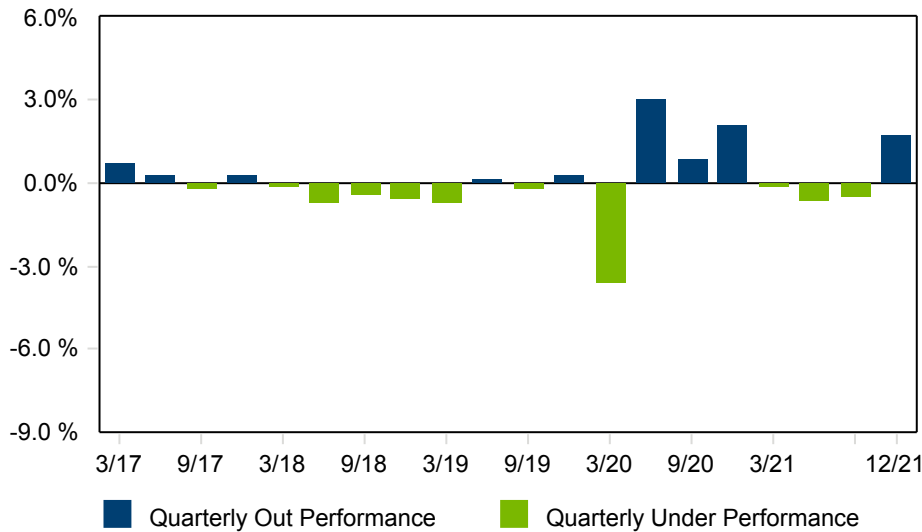
Account Information

Account Name: Voya Absolute Return
 Inception Date: 09/30/2008
 Account Structure: Commingled Fund
 Asset Class: Global Equity
 Benchmark: Performance Benchmark
 Peer Group: IM Global Equity (MF)

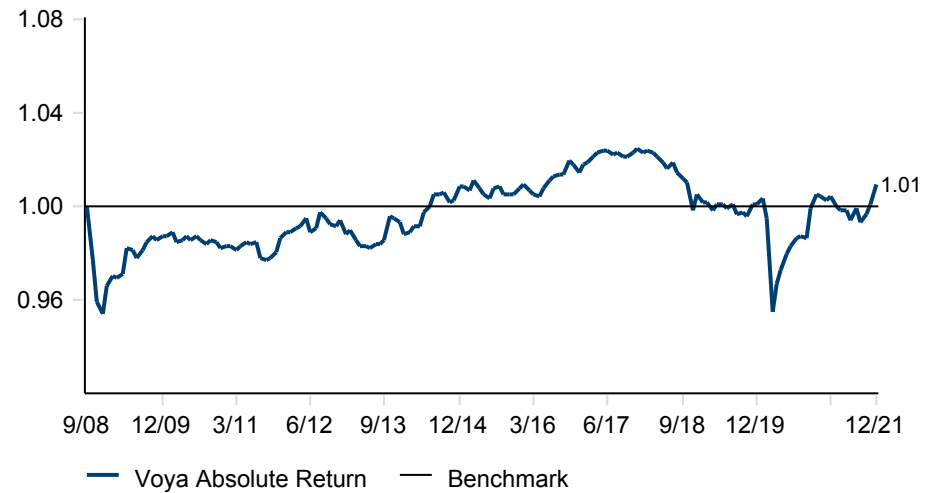
Return Summary



Quarterly Excess Performance

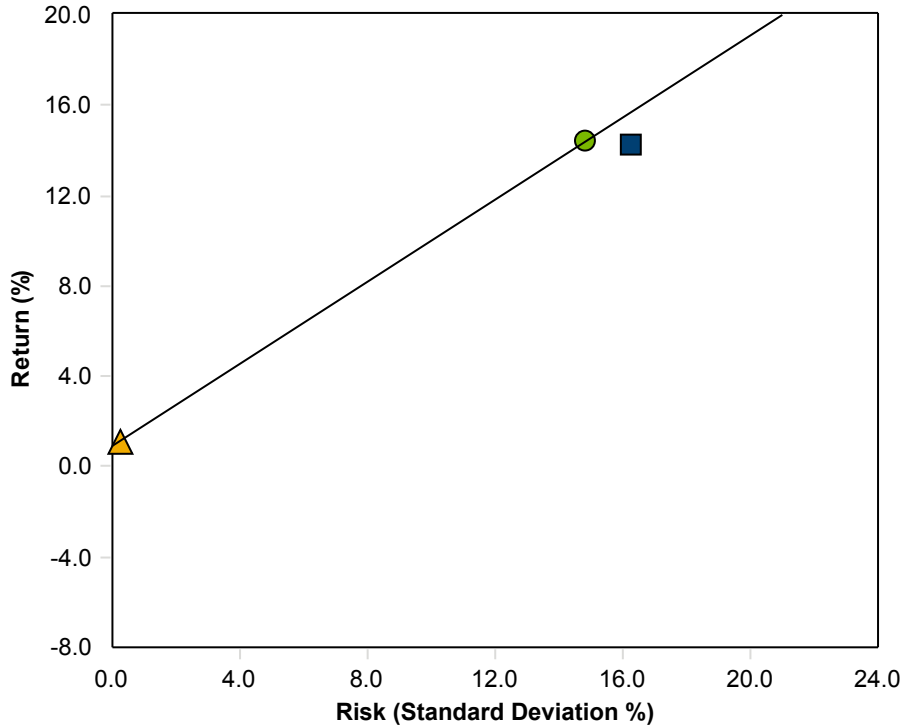


Ratio of Cumulative Wealth - Since Inception



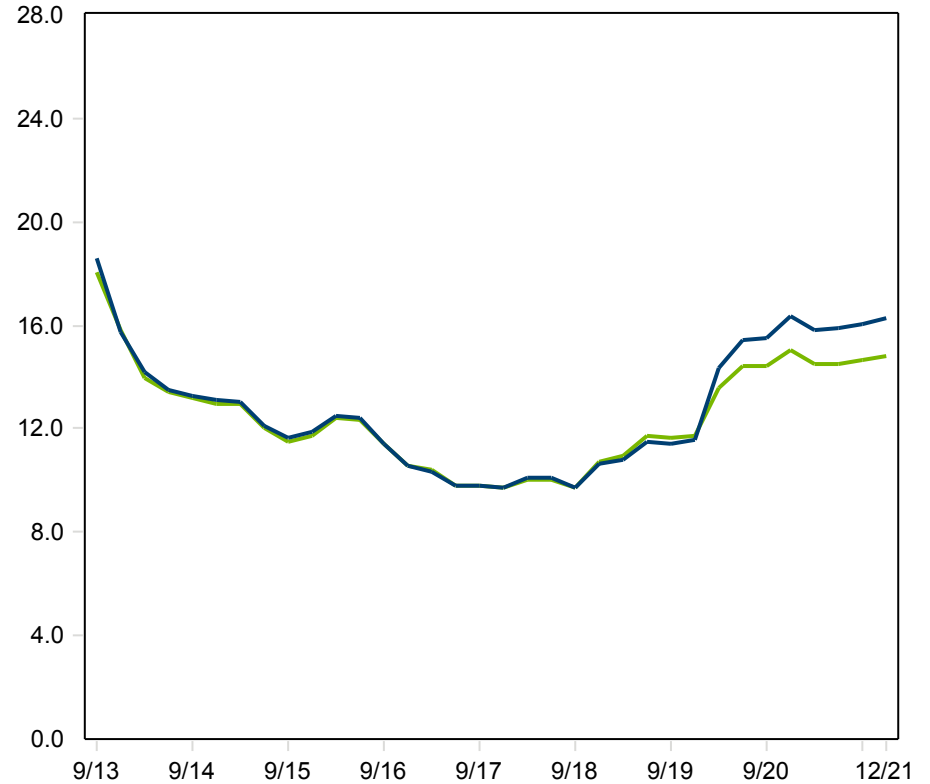
Voya Absolute Return Risk Profile

Annualized Return vs. Annualized Standard Deviation 5 Years



■ Voya Absolute Return ● Performance Benchmark
▲ FTSE 3 Month T-Bill

Rolling 5 Years Standard Deviation



— Voya Absolute Return — Performance Benchmark

5 Years Historical Statistics

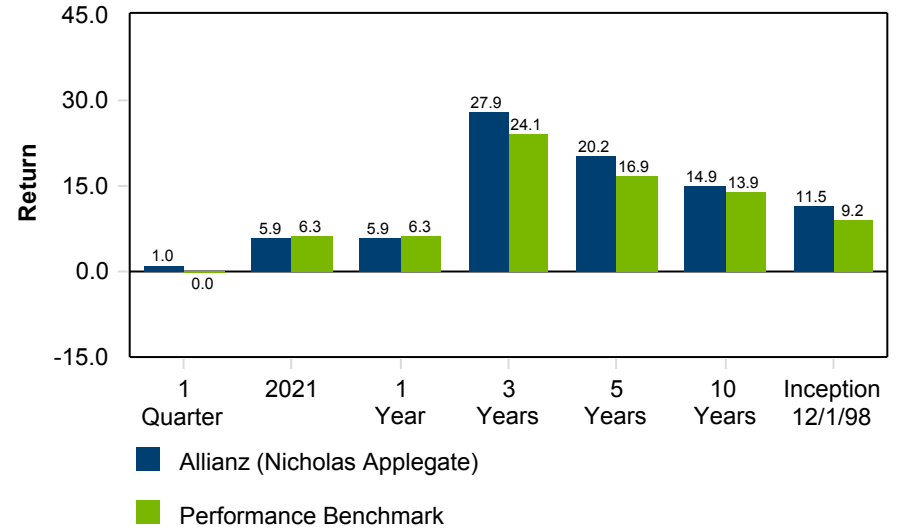
	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Voya Absolute Return	0.13	2.22	0.06	0.99	0.84	-1.16	1.09	14.29	16.26	0.99
Performance Benchmark	0.00	0.00	N/A	1.00	0.91	0.00	1.00	14.40	14.84	1.00
FTSE 3 Month T-Bill	-13.51	14.90	-0.91	0.05	N/A	1.17	0.00	1.11	0.26	-0.22

Allianz (Nicholas Applegate) Performance Summary

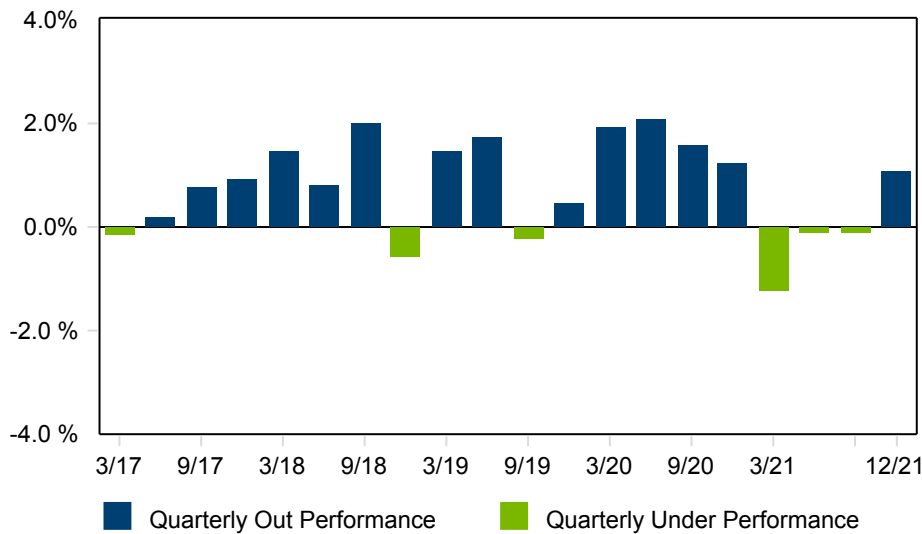
Account Information

Account Name: Allianz (Nicholas Applegate)
 Inception Date: 11/30/1998
 Account Structure: Separate Account
 Asset Class: US Equity
 Benchmark: Performance Benchmark
 Peer Group: IM U.S. Equity (SA+CF)

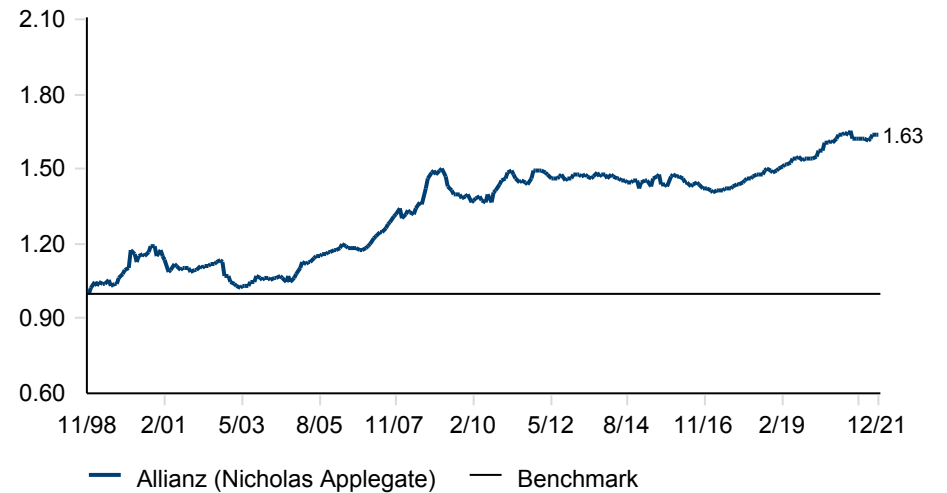
Return Summary



Quarterly Excess Performance

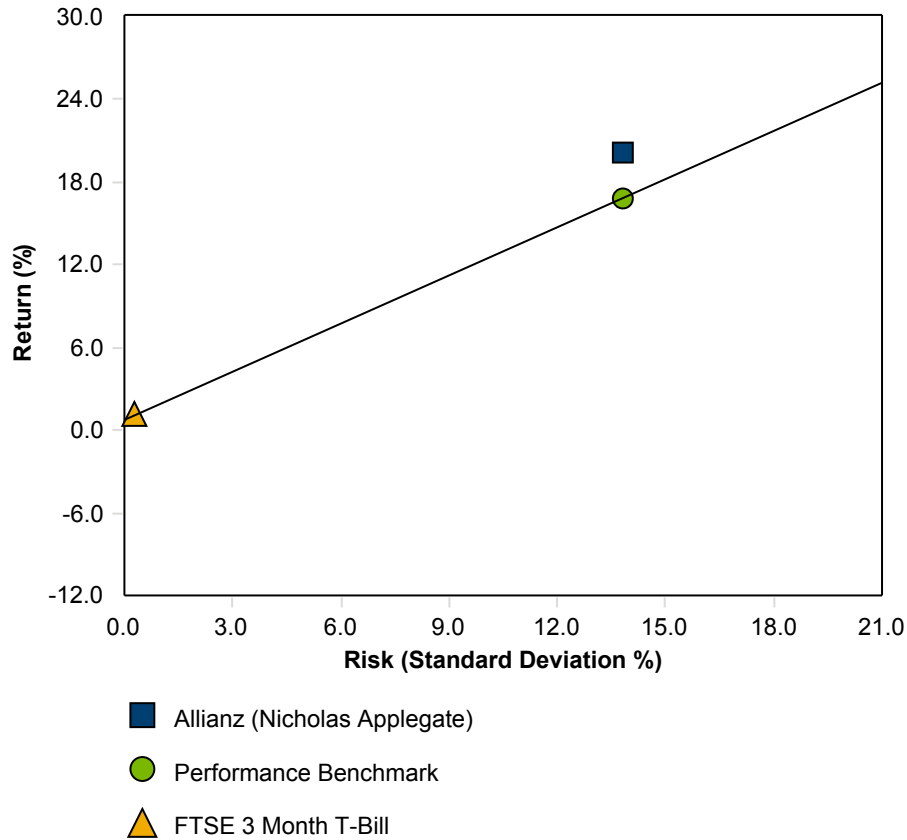


Ratio of Cumulative Wealth - Since Inception

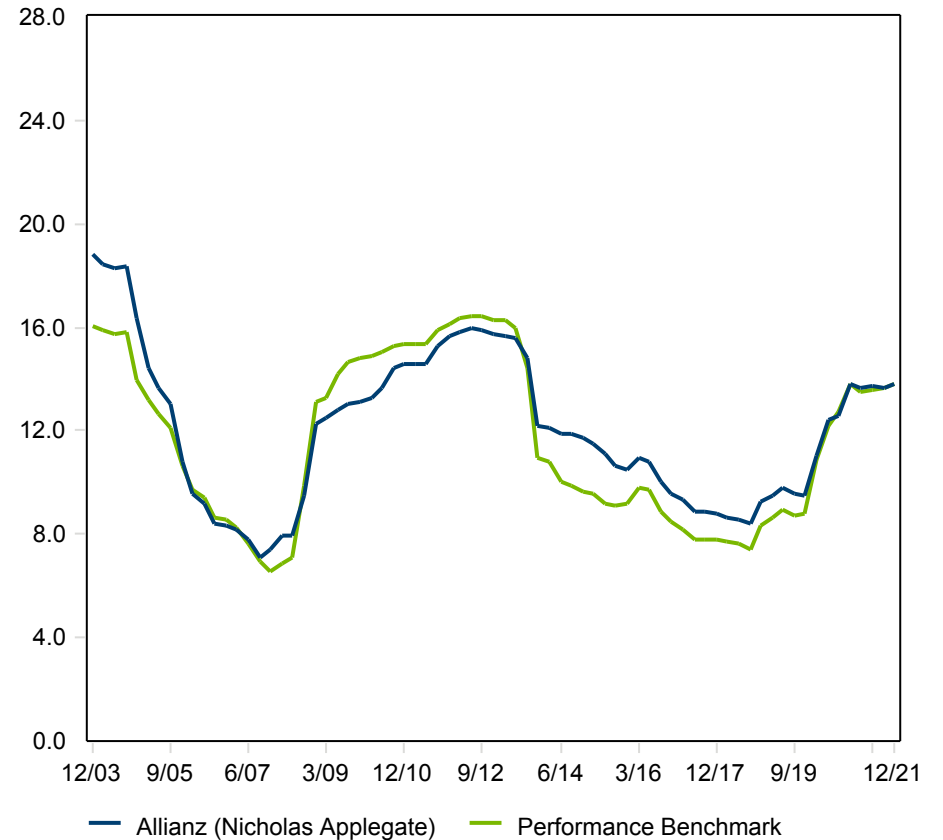


Allianz (Nicholas Applegate) Risk Profile

**Annualized Return vs. Annualized Standard Deviation
5 Years**



Rolling 5 Years Standard Deviation



5 Years Historical Statistics

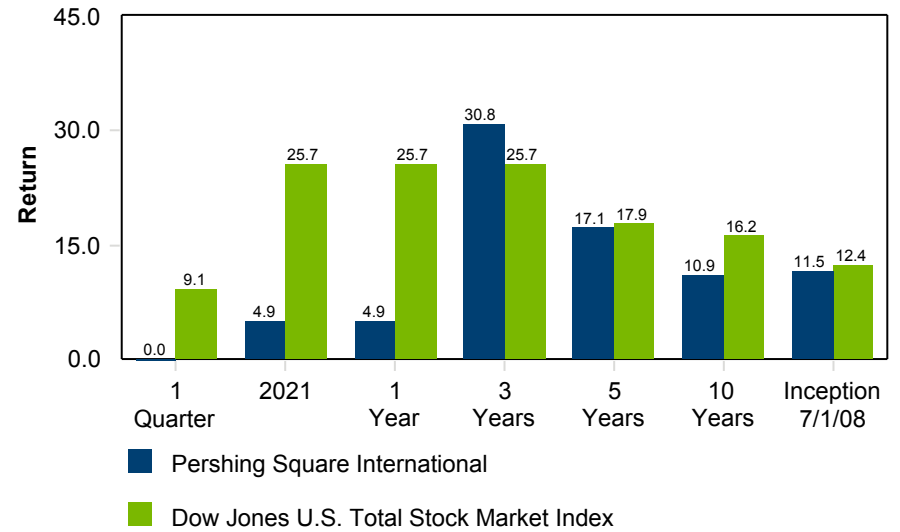
	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Allianz (Nicholas Applegate)	2.87	2.17	1.32	0.98	1.32	3.07	0.99	20.22	13.83	0.99
Performance Benchmark	0.00	0.00	N/A	1.00	1.12	0.00	1.00	16.86	13.79	1.00
FTSE 3 Month T-Bill	-15.51	13.85	-1.12	0.04	N/A	1.17	0.00	1.11	0.26	-0.19

Pershing Square International Performance Summary

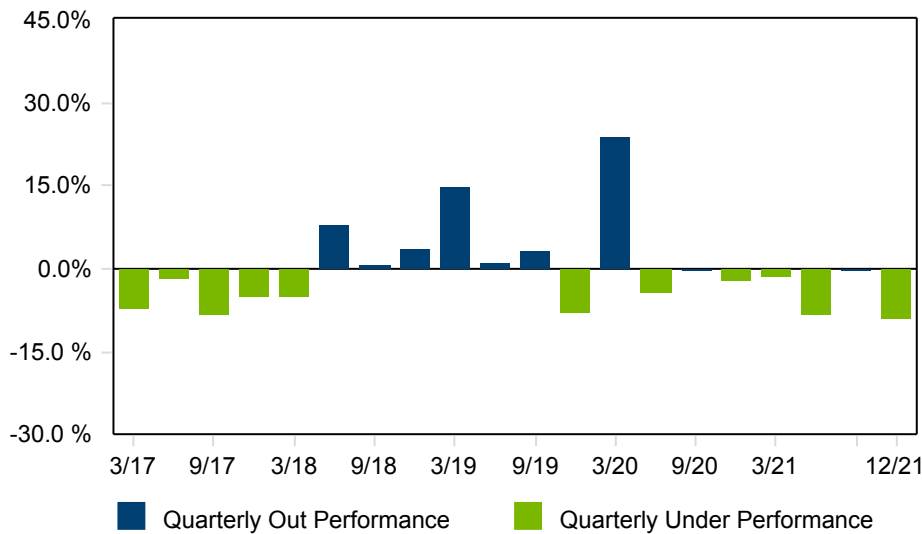
Account Information

Account Name: Pershing Square International
 Inception Date: 06/30/2008
 Account Structure: Commingled Fund
 Asset Class: US Equity
 Benchmark: Dow Jones U.S. Total Stock Market Index
 Peer Group: IM U.S. Equity (SA+CF)

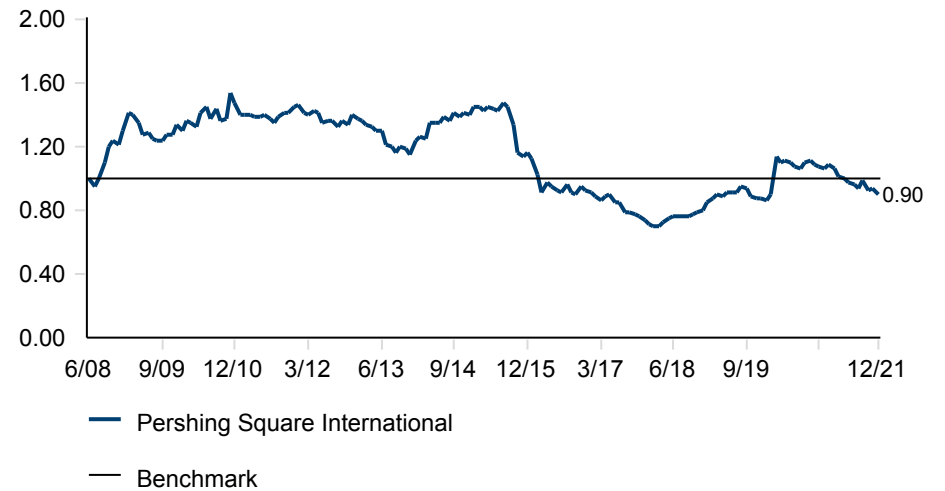
Return Summary



Quarterly Excess Performance

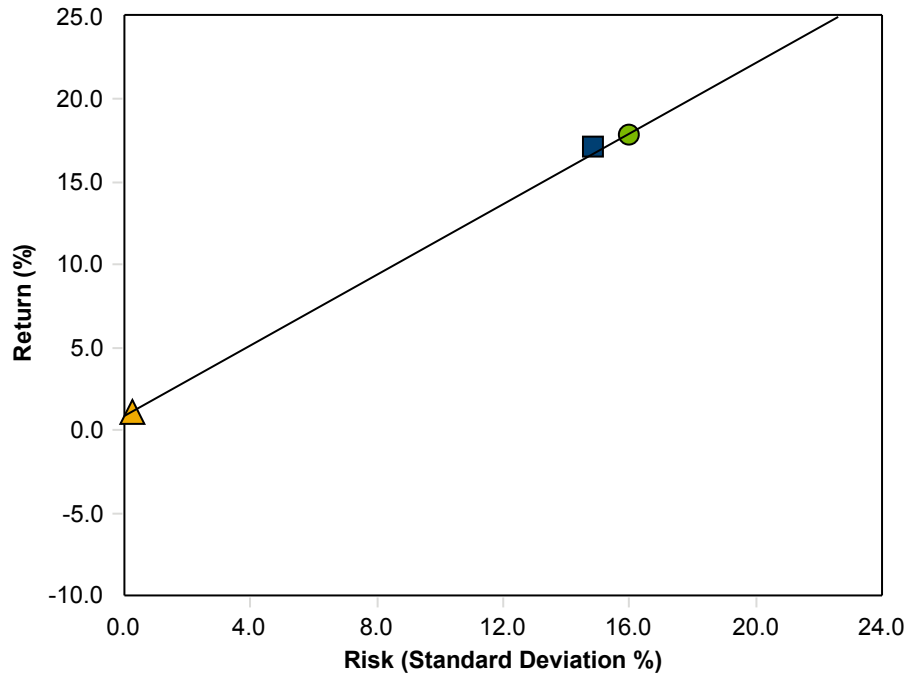


Ratio of Cumulative Wealth - Since Inception



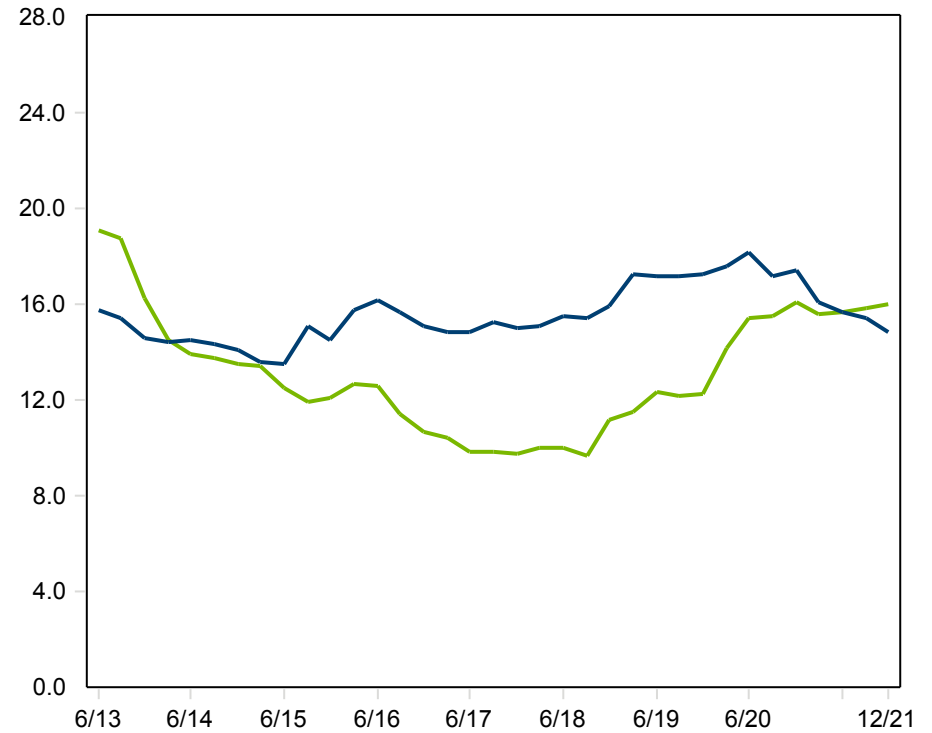
Pershing Square International Risk Profile

Annualized Return vs. Annualized Standard Deviation 5 Years



- Pershing Square International
- Dow Jones U.S. Total Stock Market Index
- ▲ FTSE 3 Month T-Bill

Rolling 5 Years Standard Deviation



- Pershing Square International
- Dow Jones U.S. Total Stock Market Index

5 Years Historical Statistics

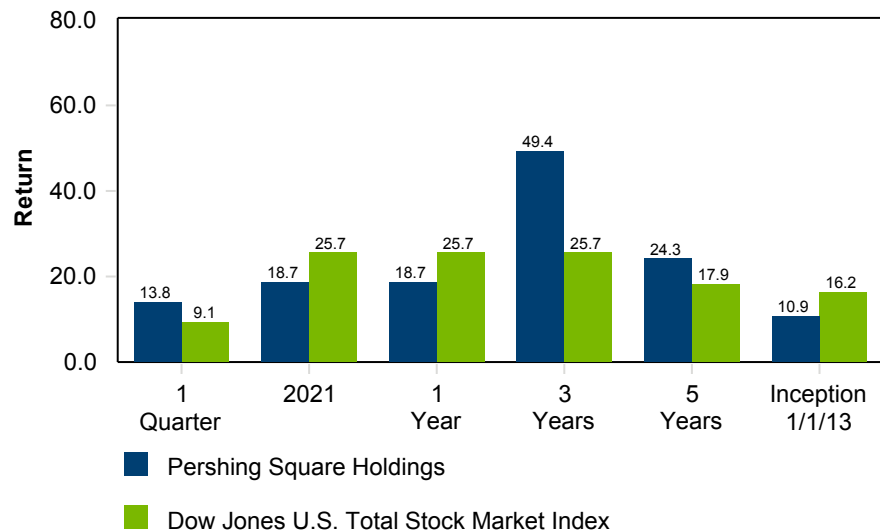
	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Pershing Square International	-0.87	14.57	-0.06	0.31	1.07	8.08	0.52	17.15	14.83	0.55
Dow Jones U.S. Total Stock Market Index	0.00	0.00	N/A	1.00	1.05	0.00	1.00	17.92	15.97	1.00
FTSE 3 Month T-Bill	-16.75	16.03	-1.05	0.04	N/A	1.17	0.00	1.11	0.26	-0.20

Pershing Square Holdings Performance Summary

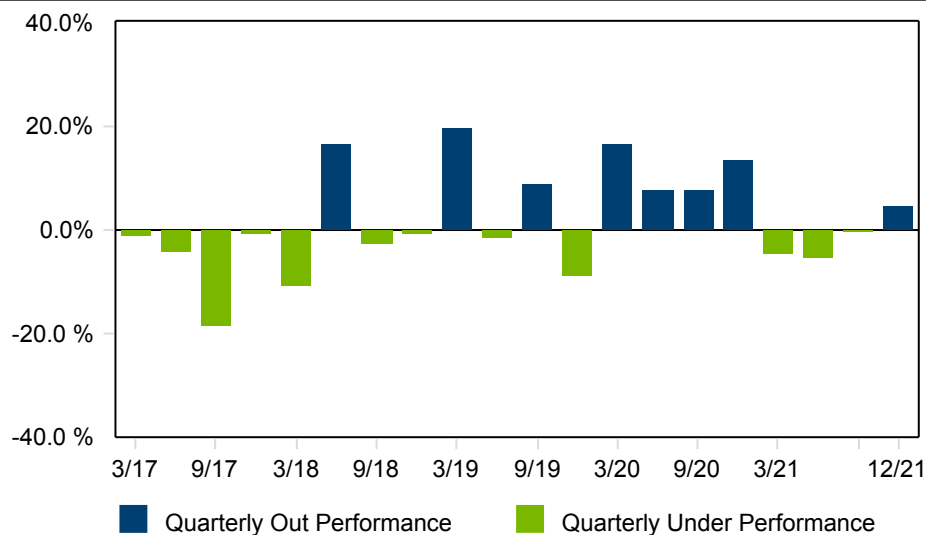
Account Information

Account Name: Pershing Square Holdings
 Inception Date: 12/31/2012
 Account Structure: Commingled Fund
 Asset Class: US Equity
 Benchmark: Dow Jones U.S. Total Stock Market Index
 Peer Group: IM U.S. Equity (SA+CF)

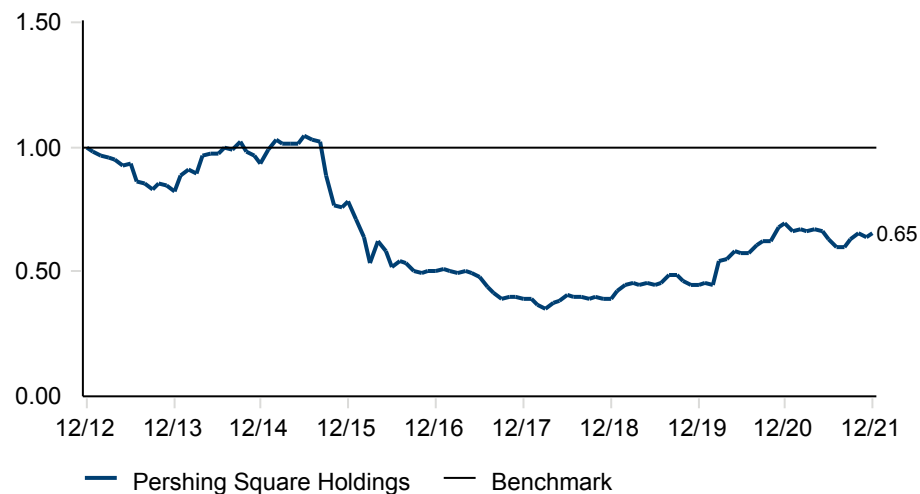
Return Summary



Quarterly Excess Performance

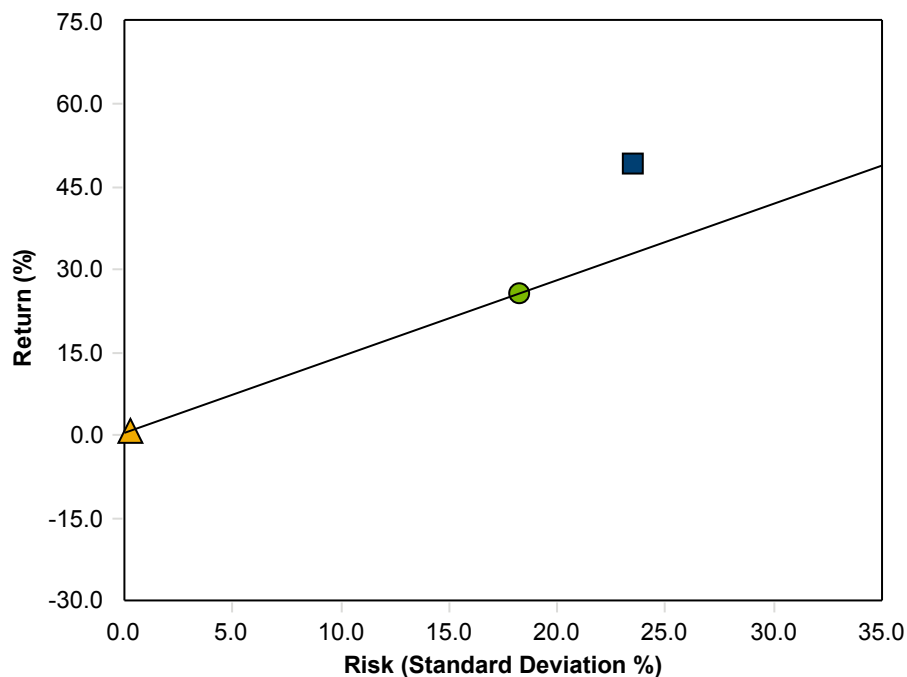


Ratio of Cumulative Wealth - Since Inception



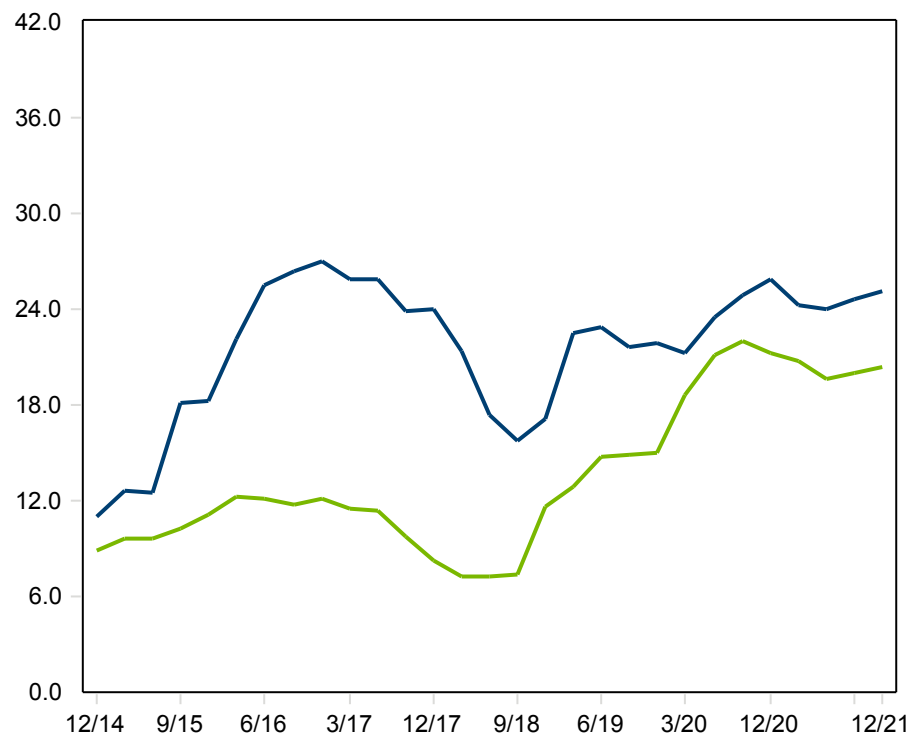
Pershing Square Holdings Risk Profile

Annualized Return vs. Annualized Standard Deviation 3 Years



- Pershing Square Holdings
- Dow Jones U.S. Total Stock Market Index
- ▲ FTSE 3 Month T-Bill

Rolling 2 Years Standard Deviation



- Pershing Square Holdings
- Dow Jones U.S. Total Stock Market Index

3 Years Historical Statistics

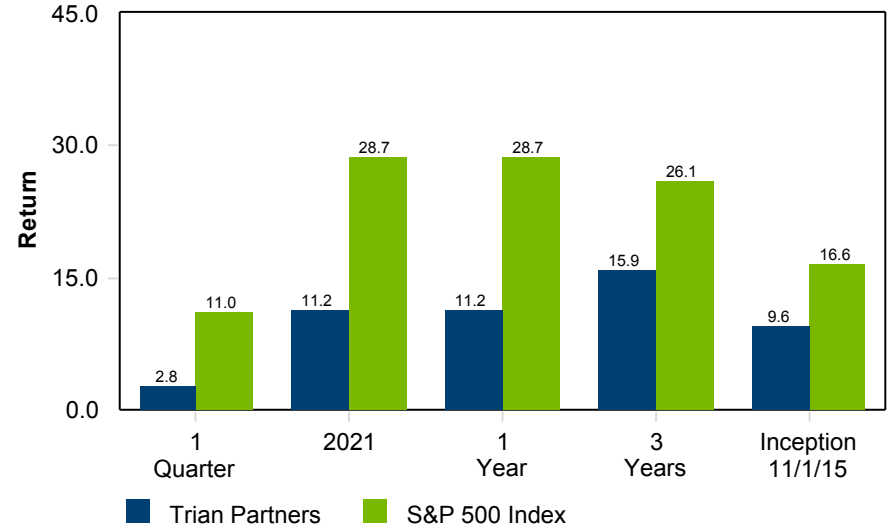
	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Pershing Square Holdings	18.64	16.81	1.11	0.49	1.81	23.14	0.90	49.42	23.47	0.70
Dow Jones U.S. Total Stock Market Index	0.00	0.00	N/A	1.00	1.30	0.00	1.00	25.72	18.20	1.00
FTSE 3 Month T-Bill	-23.77	18.24	-1.30	0.02	N/A	1.01	0.00	0.96	0.29	-0.12

Trian Partners Performance Summary

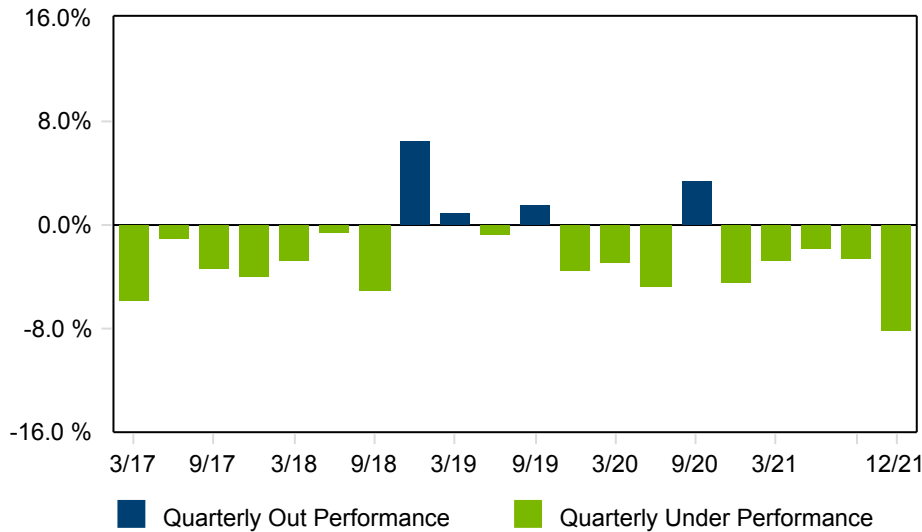
Account Information

Account Name: Trian Partners
 Inception Date: 11/01/2015
 Account Structure: Commingled Fund
 Asset Class: US Equity
 Benchmark: S&P 500 Index
 Peer Group:

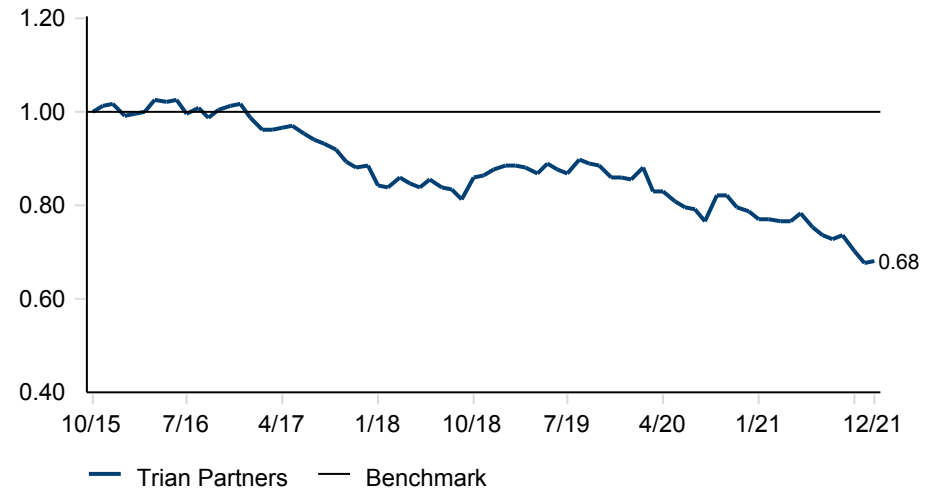
Return Summary



Quarterly Excess Performance



Ratio of Cumulative Wealth - Since Inception

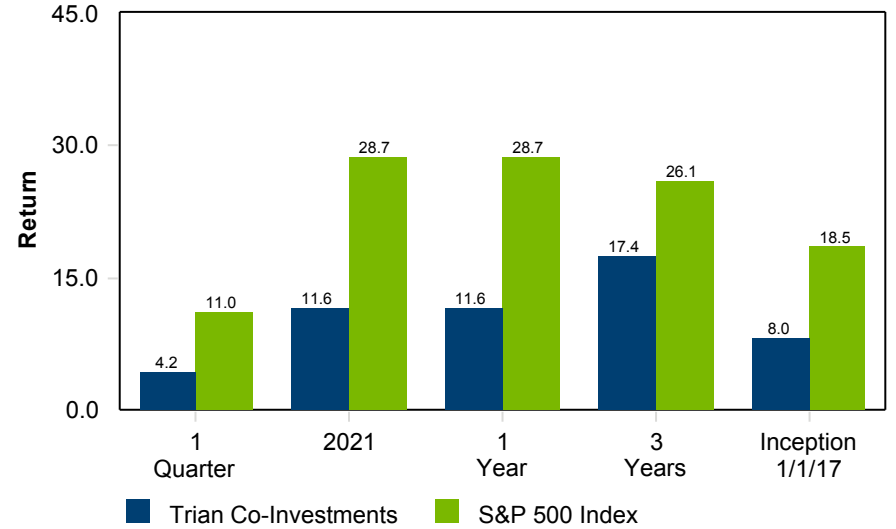


Trian Co-Investments Performance Summary

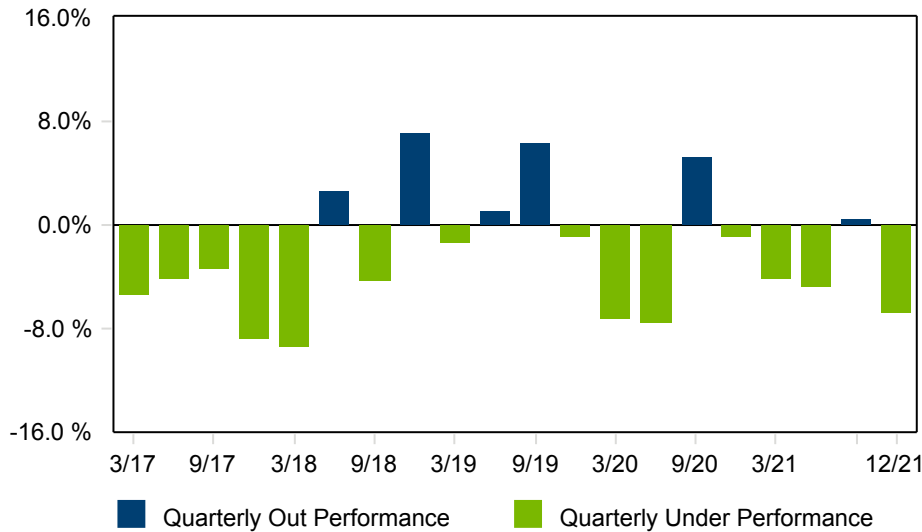
Account Information

Account Name: Trian Co-Investments
 Inception Date: 01/01/2017
 Account Structure: Commingled Fund
 Asset Class: US Equity
 Benchmark: S&P 500 Index
 Peer Group:

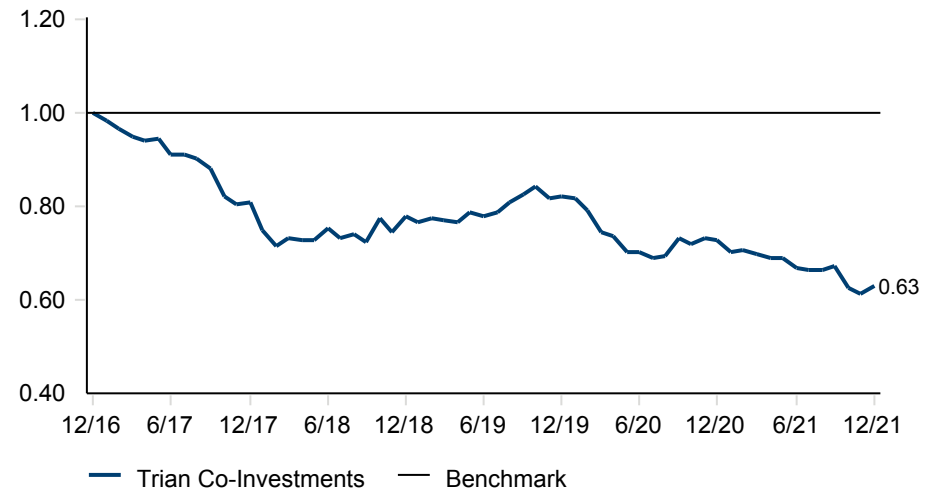
Return Summary



Quarterly Excess Performance



Ratio of Cumulative Wealth - Since Inception

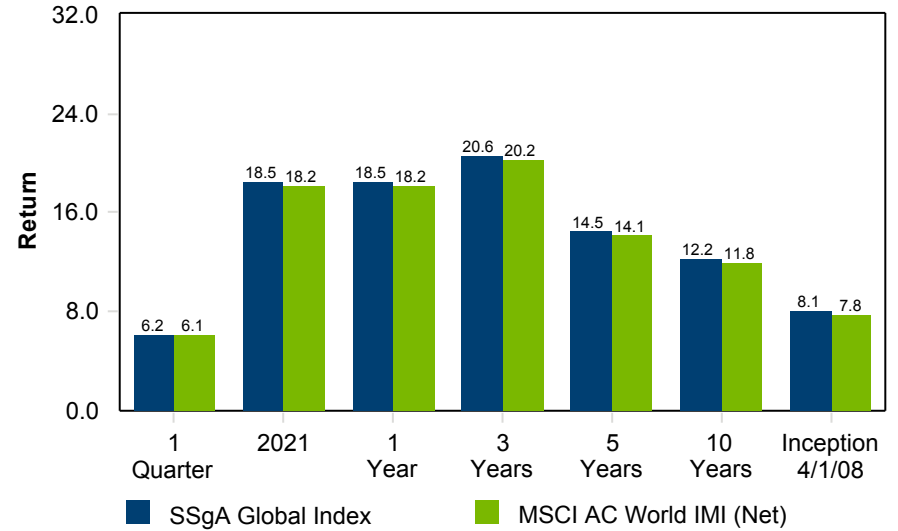


SSgA Global Index Performance Summary

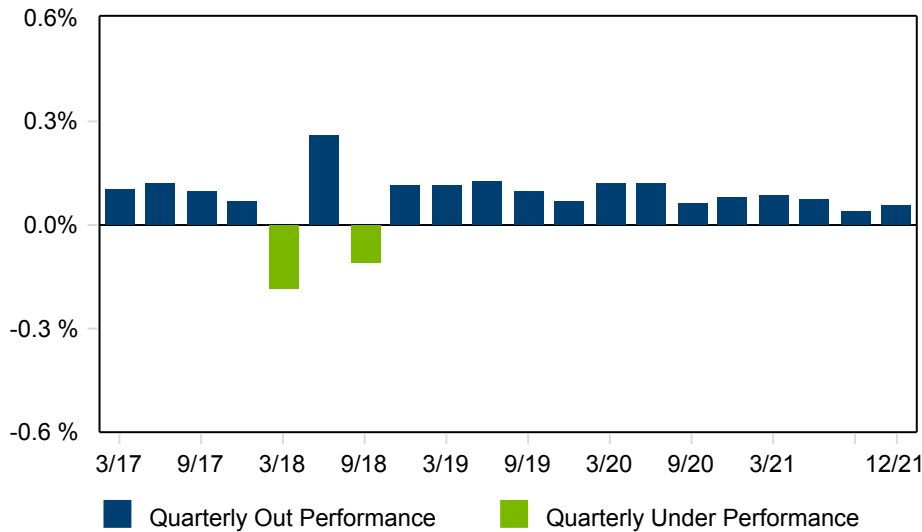
Account Information

Account Name: SSgA Global Index
 Inception Date: 03/31/2008
 Account Structure: Commingled Fund
 Asset Class: Global Equity
 Benchmark: MSCI AC World IMI (Net)
 Peer Group: IM Global Equity (SA+CF)

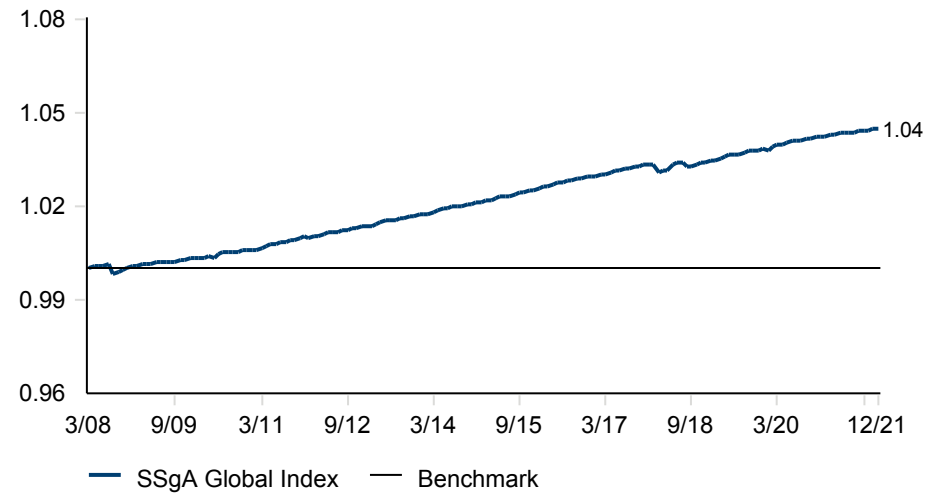
Return Summary



Quarterly Excess Performance

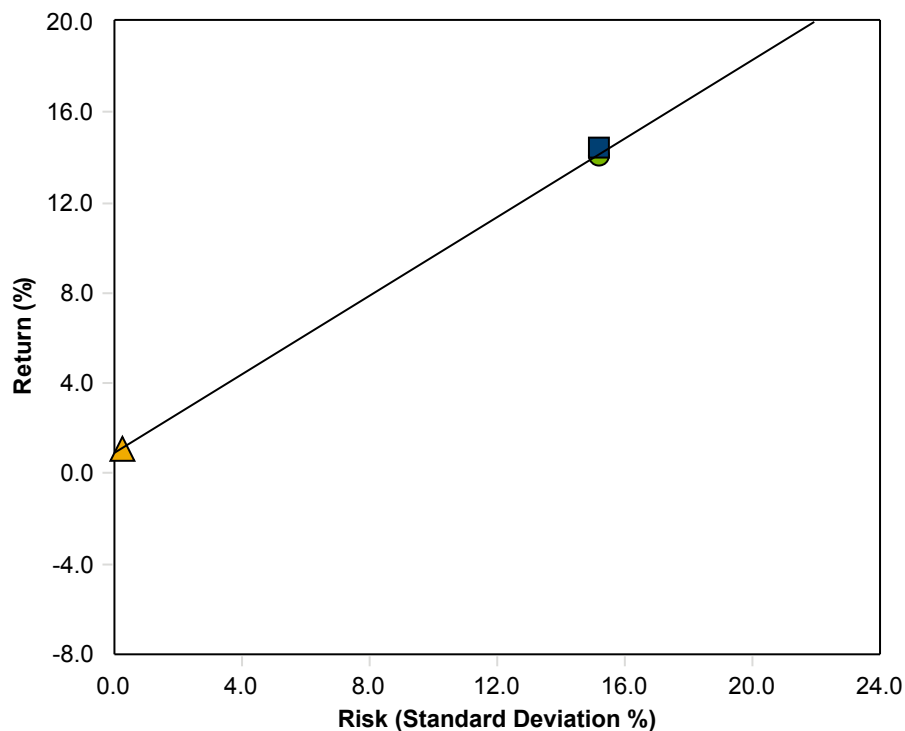


Ratio of Cumulative Wealth - Since Inception



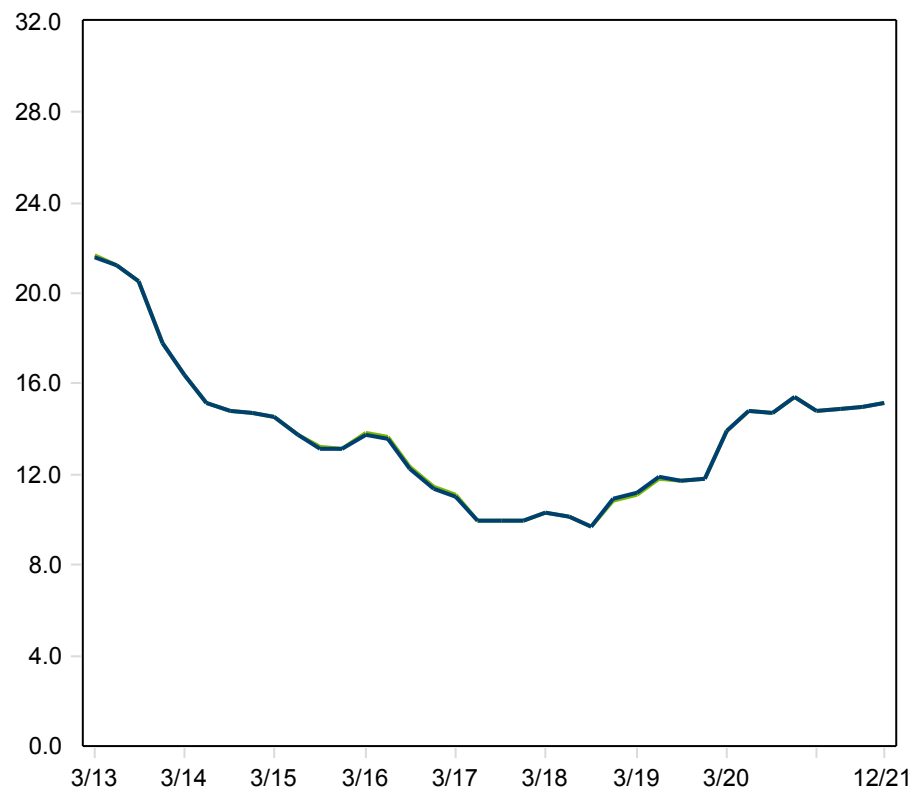
SSgA Global Index Risk Profile

Annualized Return vs. Annualized Standard Deviation 5 Years



■ SSgA Global Index ● MSCI AC World IMI (Net)
 ▲ FTSE 3 Month T-Bill

Rolling 5 Years Standard Deviation



— SSgA Global Index — MSCI AC World IMI (Net)

5 Years Historical Statistics

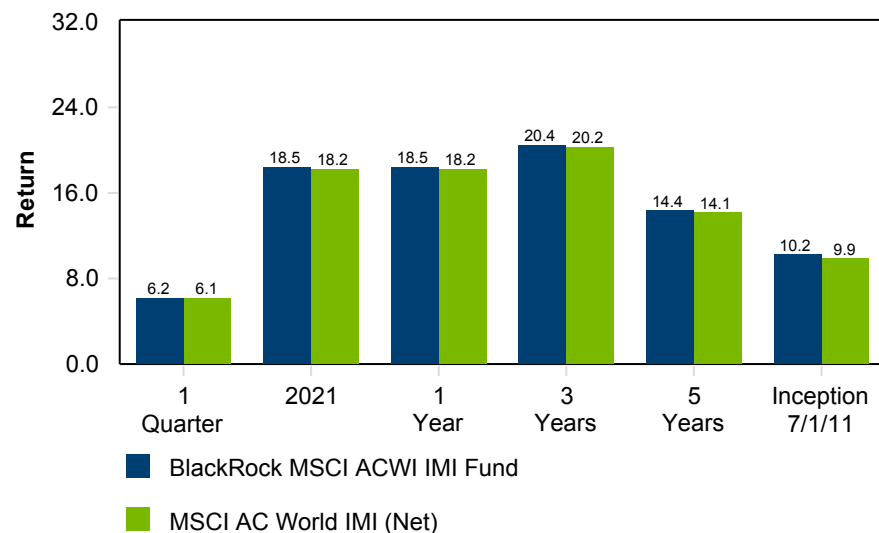
	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
SSgA Global Index	0.30	0.18	1.71	1.00	0.89	0.30	1.00	14.46	15.17	1.00
MSCI AC World IMI (Net)	0.00	0.00	N/A	1.00	0.87	0.00	1.00	14.12	15.17	1.00
FTSE 3 Month T-Bill	-13.32	15.23	-0.87	0.05	N/A	1.17	0.00	1.11	0.26	-0.23

BlackRock MSCI ACWI IMI Fund Performance Summary

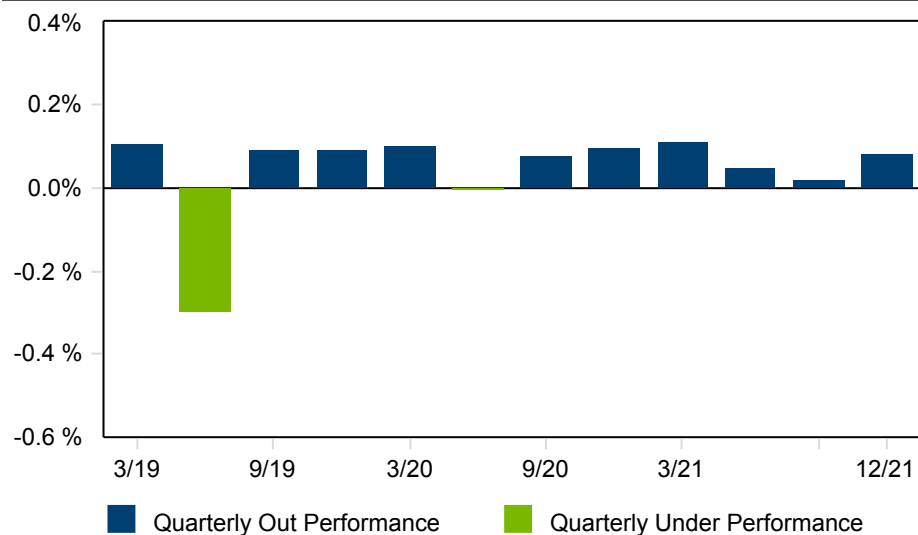
Account Information

Account Name: BlackRock MSCI ACWI IMI Fund
 Inception Date: 06/30/2011
 Account Structure: Commingled Fund
 Asset Class: Global Equity
 Benchmark: MSCI AC World IMI (Net)
 Peer Group: IM Global Equity (SA+CF)

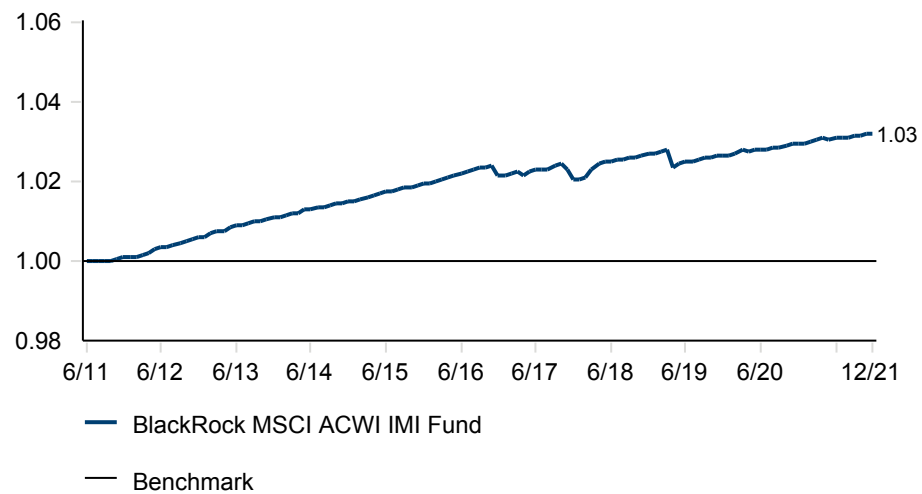
Return Summary



Quarterly Excess Performance

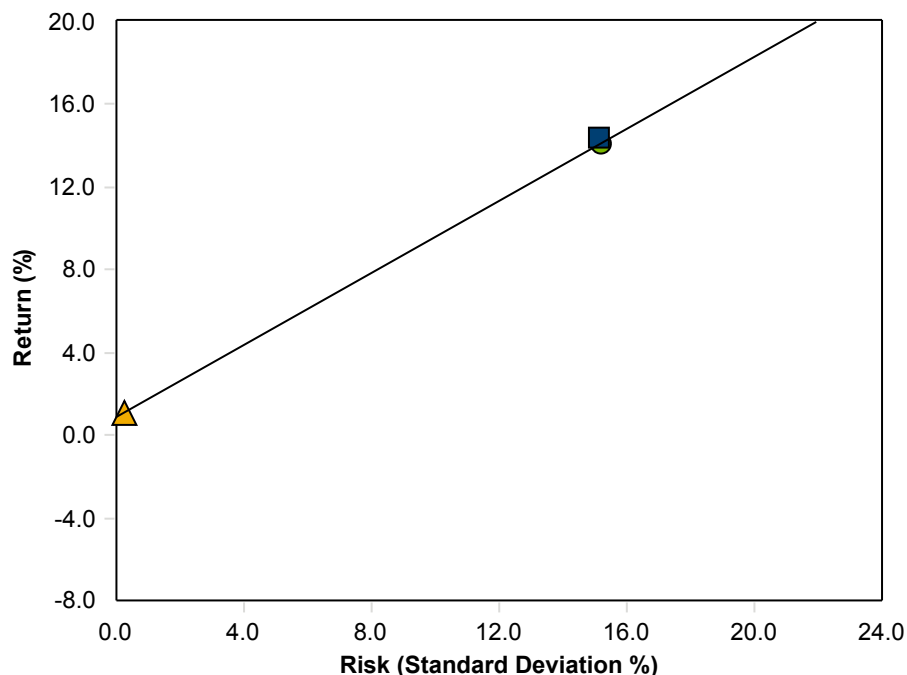


Ratio of Cumulative Wealth - Since Inception



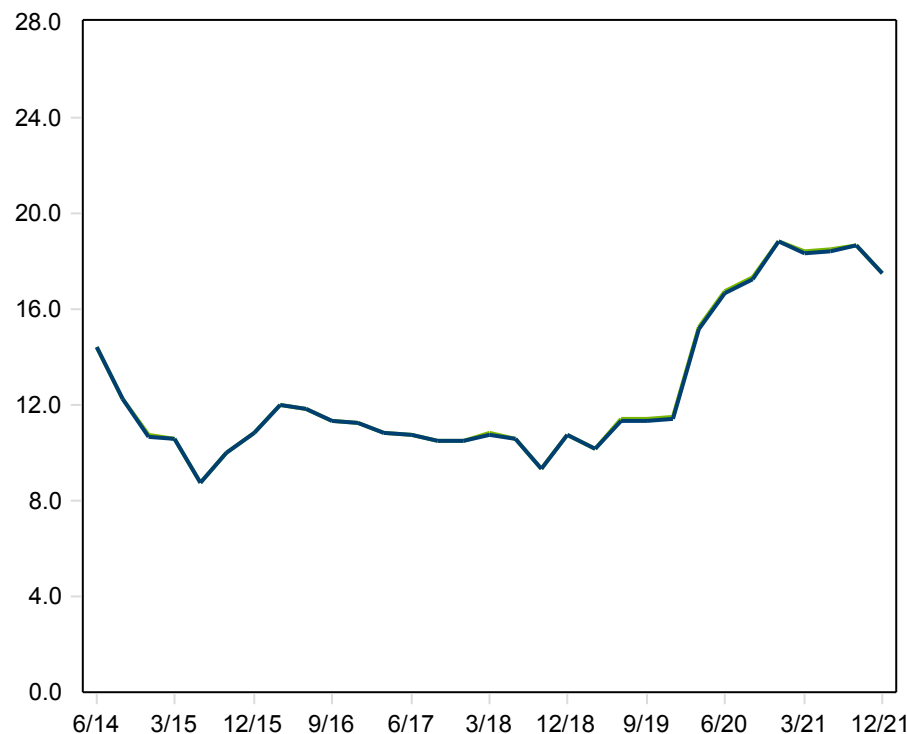
BlackRock MSCI ACWI IMI Fund Risk Profile

**Annualized Return vs. Annualized Standard Deviation
5 Years**



- BlackRock MSCI ACWI IMI Fund
- MSCI AC World IMI (Net)
- ▲ FTSE 3 Month T-Bill

Rolling 3 Years Standard Deviation



- BlackRock MSCI ACWI IMI Fund
- MSCI AC World IMI (Net)

5 Years Historical Statistics

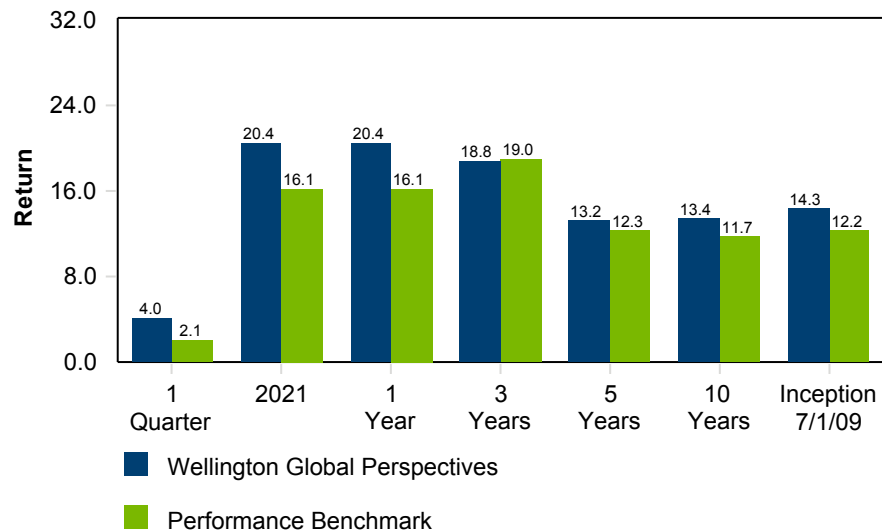
	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
BlackRock MSCI ACWI IMI Fund	0.20	0.29	0.69	1.00	0.89	0.25	1.00	14.36	15.13	1.00
MSCI AC World IMI (Net)	0.00	0.00	N/A	1.00	0.87	0.00	1.00	14.12	15.17	1.00
FTSE 3 Month T-Bill	-13.32	15.23	-0.87	0.05	N/A	1.17	0.00	1.11	0.26	-0.23

Wellington Global Perspectives Performance Summary

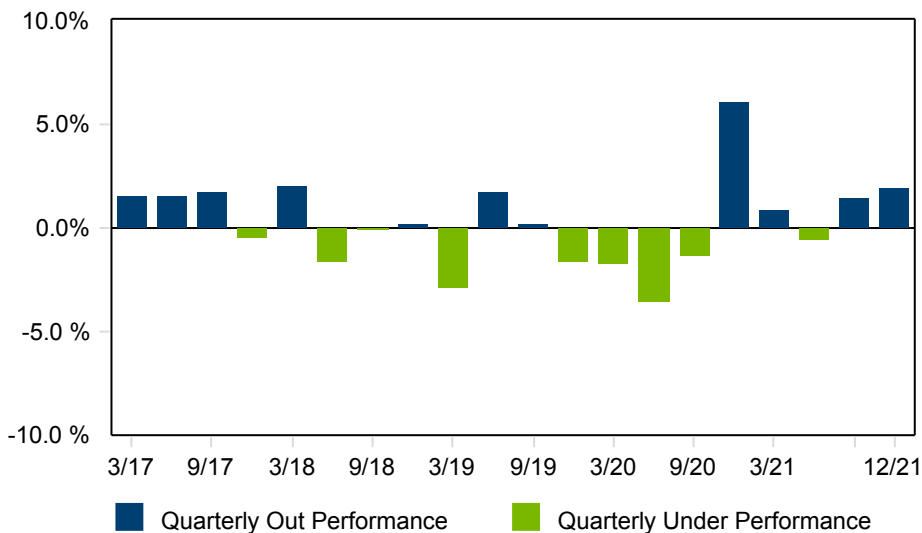
Account Information

Account Name: Wellington Global Perspectives
 Inception Date: 06/30/2009
 Account Structure: Separate Account
 Asset Class: Global Equity
 Benchmark: Performance Benchmark
 Peer Group: IM Global Equity (SA+CF)

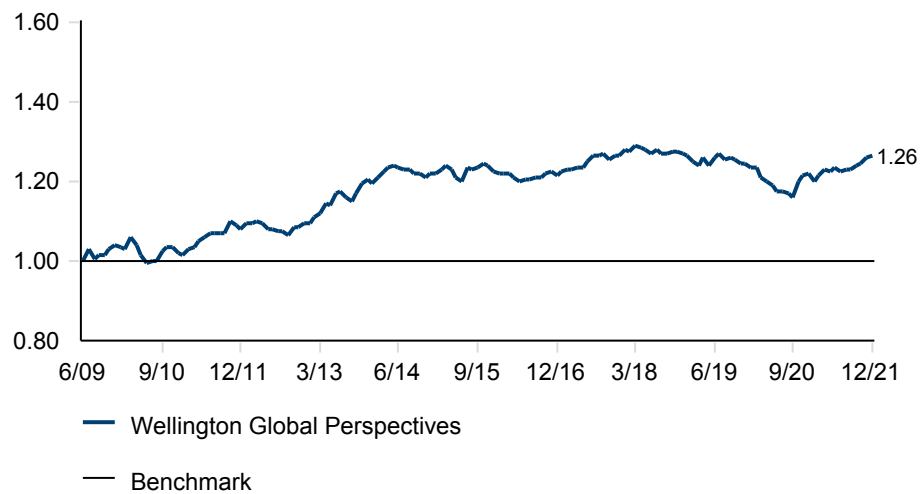
Return Summary



Quarterly Excess Performance

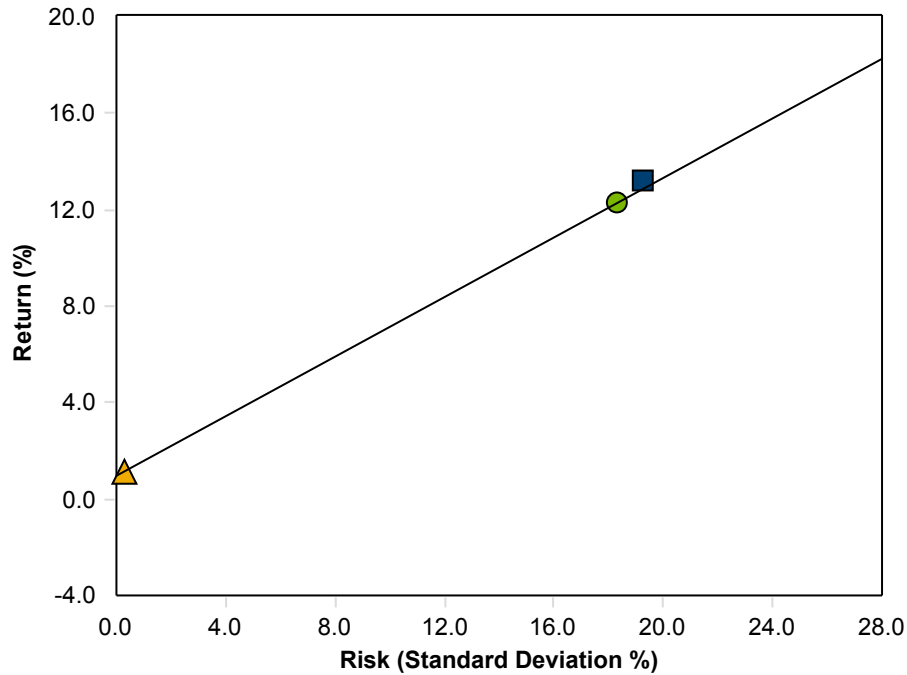


Ratio of Cumulative Wealth - Since Inception



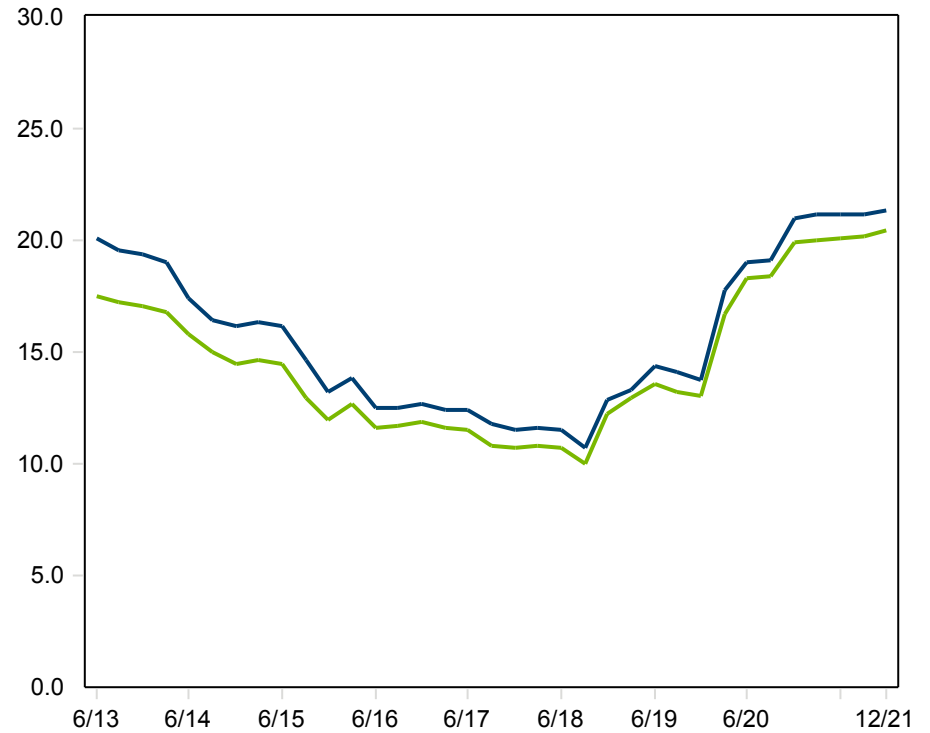
Wellington Global Perspectives Risk Profile

Annualized Return vs. Annualized Standard Deviation 5 Years



- Wellington Global Perspectives
- Performance Benchmark
- ▲ FTSE 3 Month T-Bill

Rolling 4 Years Standard Deviation



- Wellington Global Perspectives
- Performance Benchmark

5 Years Historical Statistics

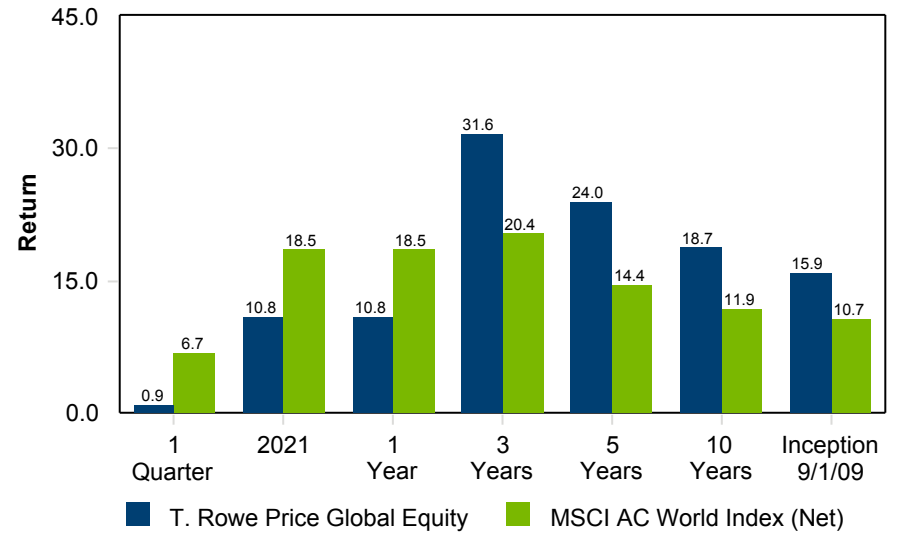
	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Wellington Global Perspectives	1.01	3.32	0.30	0.97	0.69	0.54	1.04	13.19	19.23	0.99
Performance Benchmark	0.00	0.00	N/A	1.00	0.67	0.00	1.00	12.28	18.31	1.00
FTSE 3 Month T-Bill	-12.23	18.37	-0.67	0.06	N/A	1.16	0.00	1.11	0.26	-0.25

T. Rowe Price Global Equity Performance Summary

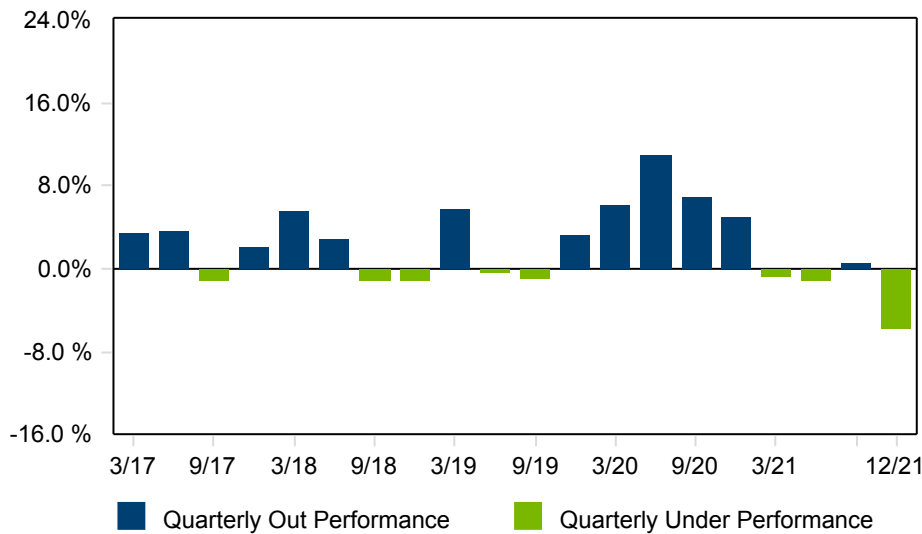
Account Information

Account Name: T. Rowe Price Global Equity
 Inception Date: 08/31/2009
 Account Structure: Separate Account
 Asset Class: Global Equity
 Benchmark: MSCI AC World Index (Net)
 Peer Group: IM Global Equity (SA+CF)

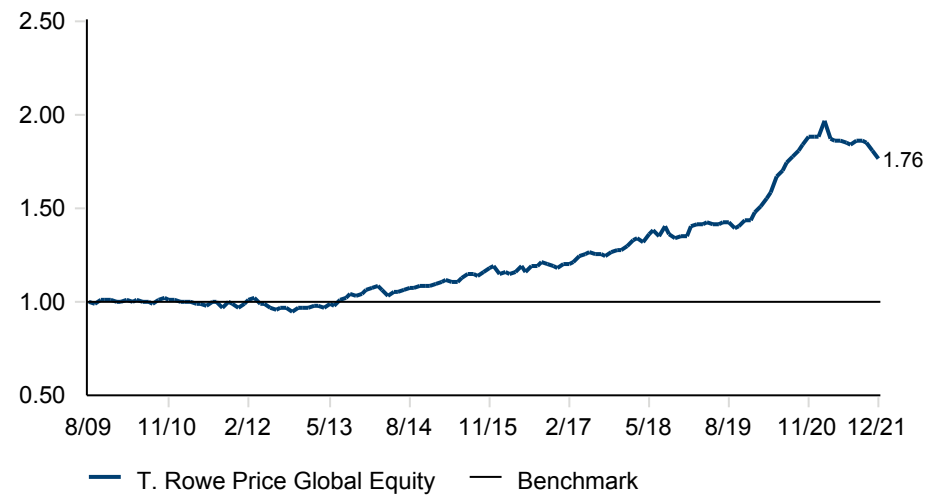
Return Summary



Quarterly Excess Performance

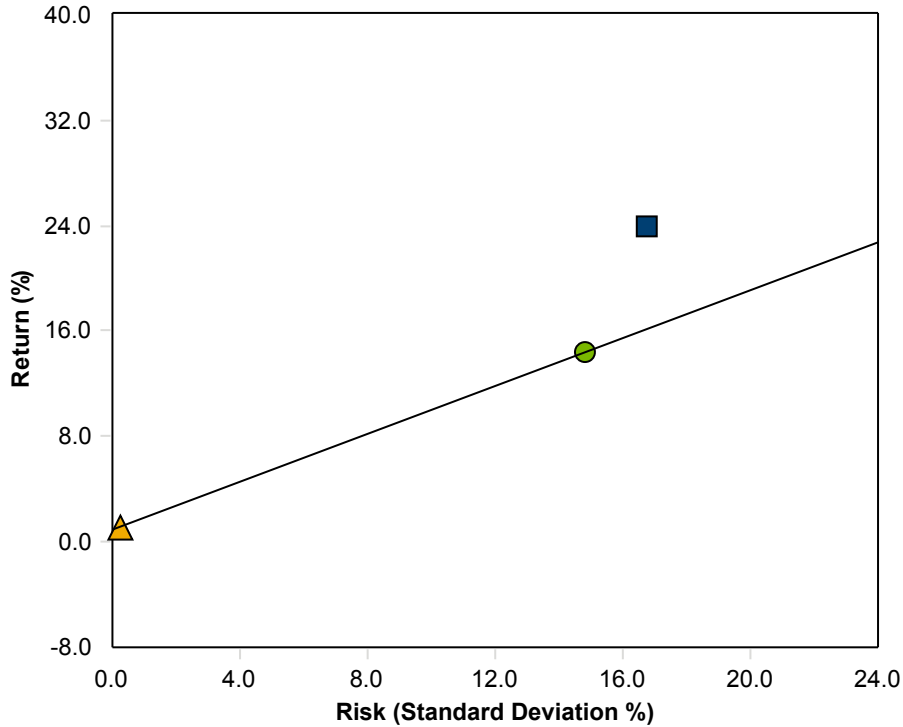


Ratio of Cumulative Wealth - Since Inception



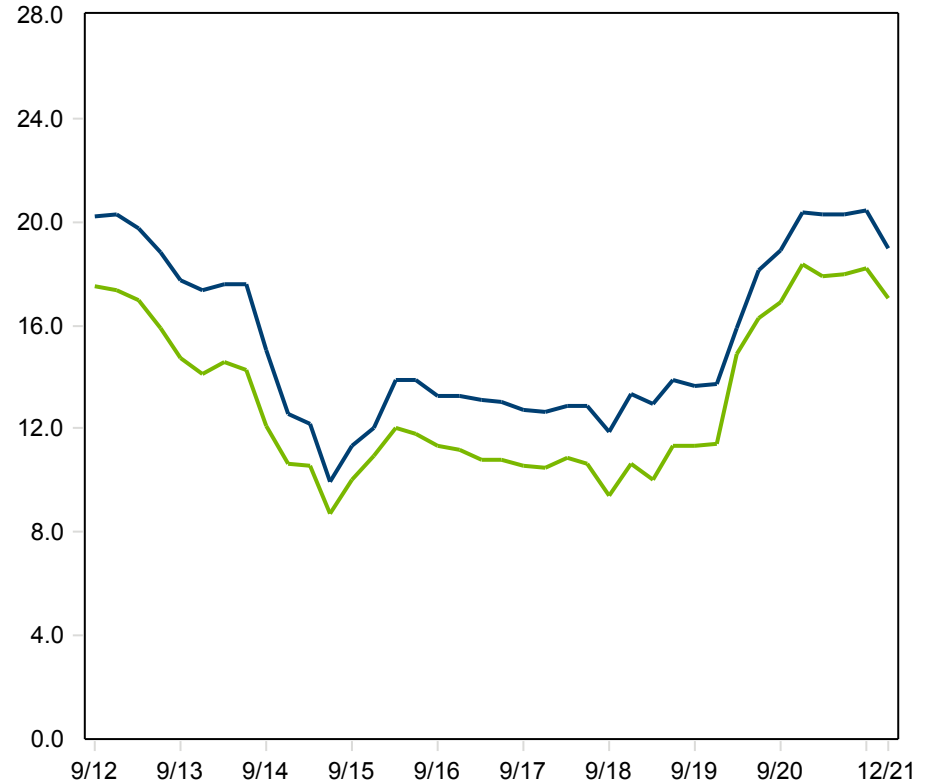
T. Rowe Price Global Equity Risk Profile

Annualized Return vs. Annualized Standard Deviation 5 Years



■ T. Rowe Price Global Equity ● MSCI AC World Index (Net)
▲ FTSE 3 Month T-Bill

Rolling 3 Years Standard Deviation



— T. Rowe Price Global Equity — MSCI AC World Index (Net)

5 Years Historical Statistics

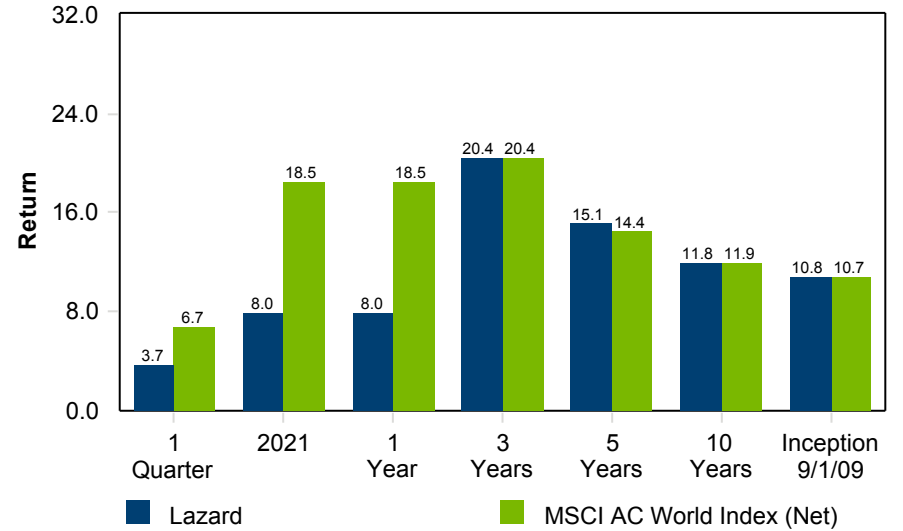
	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
T. Rowe Price Global Equity	8.41	6.46	1.30	0.85	1.30	8.07	1.04	23.96	16.76	0.92
MSCI AC World Index (Net)	0.00	0.00	N/A	1.00	0.91	0.00	1.00	14.40	14.84	1.00
FTSE 3 Month T-Bill	-13.51	14.90	-0.91	0.05	N/A	1.17	0.00	1.11	0.26	-0.22

Lazard Performance Summary

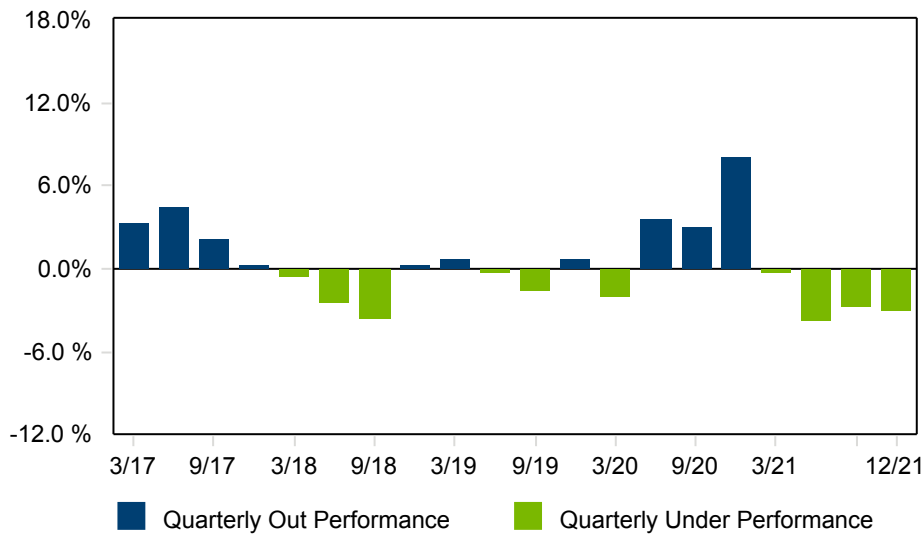
Account Information

Account Name: Lazard
 Inception Date: 08/31/2009
 Account Structure: Separate Account
 Asset Class: Global Equity
 Benchmark: MSCI AC World Index (Net)
 Peer Group: IM Global Equity (SA+CF)

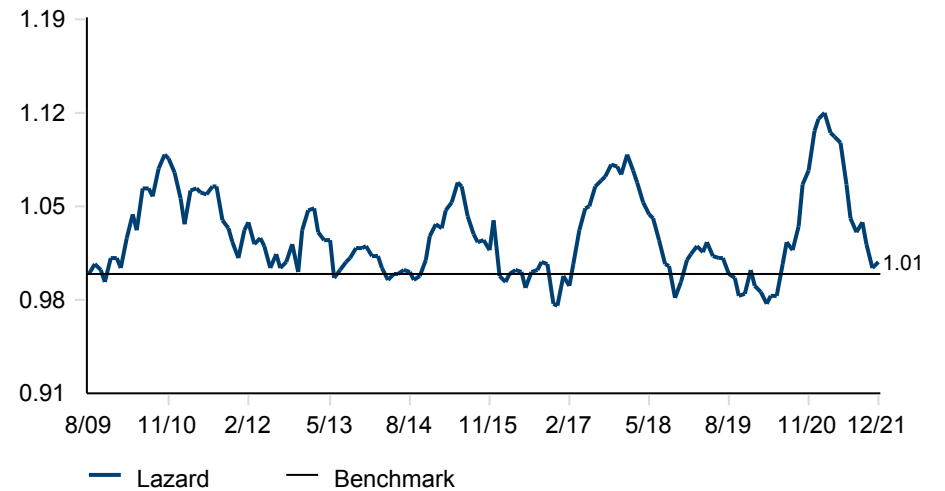
Return Summary



Quarterly Excess Performance

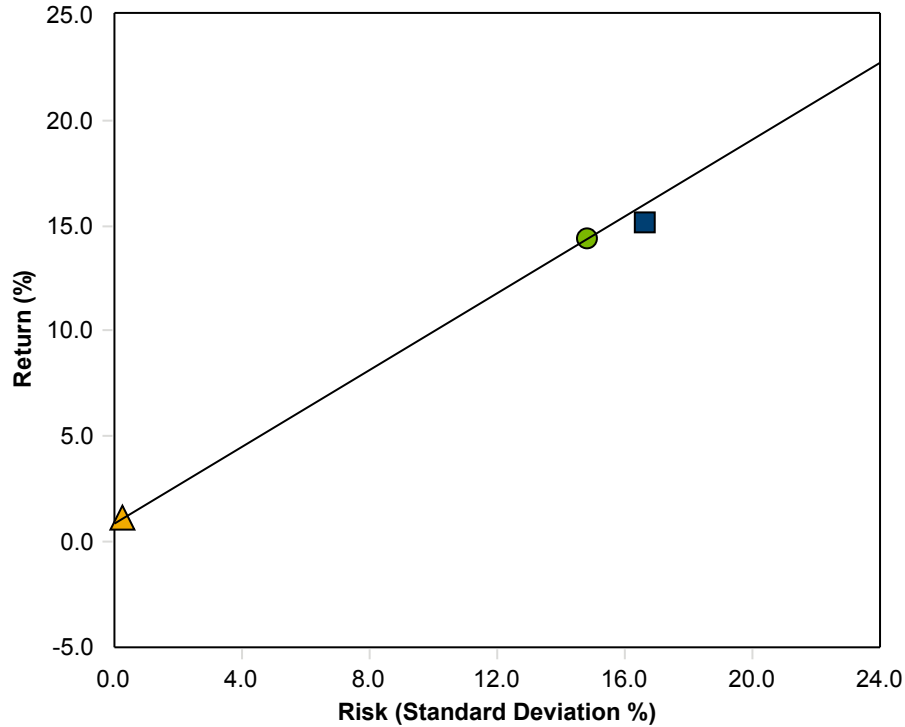


Ratio of Cumulative Wealth - Since Inception



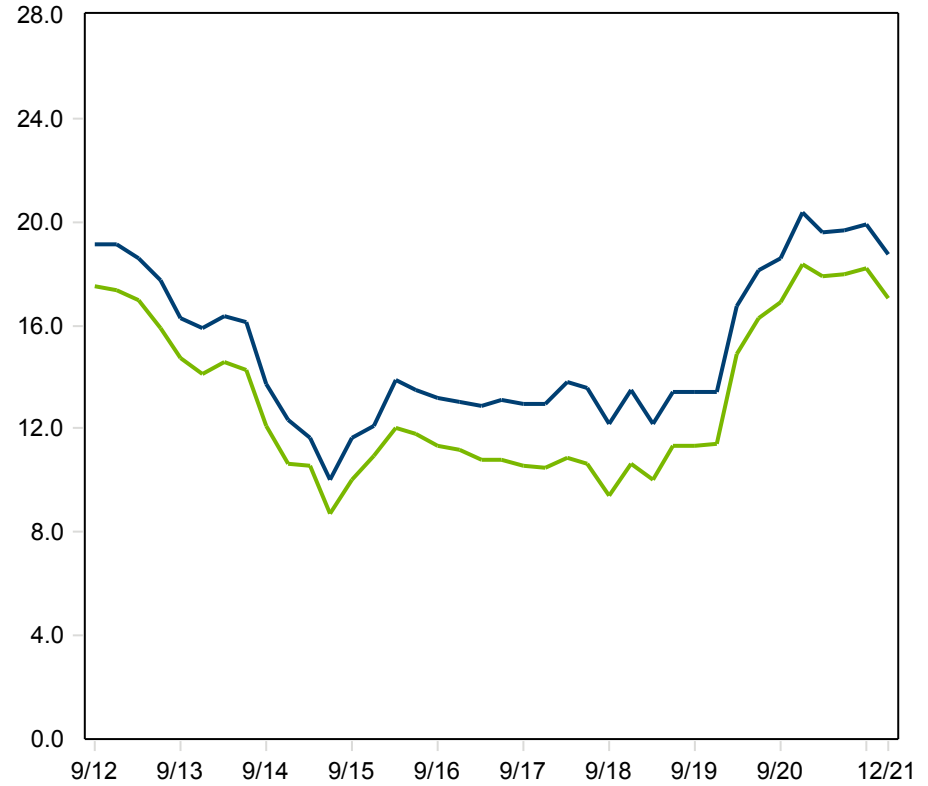
Lazard Risk Profile

Annualized Return vs. Annualized Standard Deviation 5 Years



- Lazard
- MSCI AC World Index (Net)
- ▲ FTSE 3 Month T-Bill

Rolling 3 Years Standard Deviation



- Lazard
- MSCI AC World Index (Net)

5 Years Historical Statistics

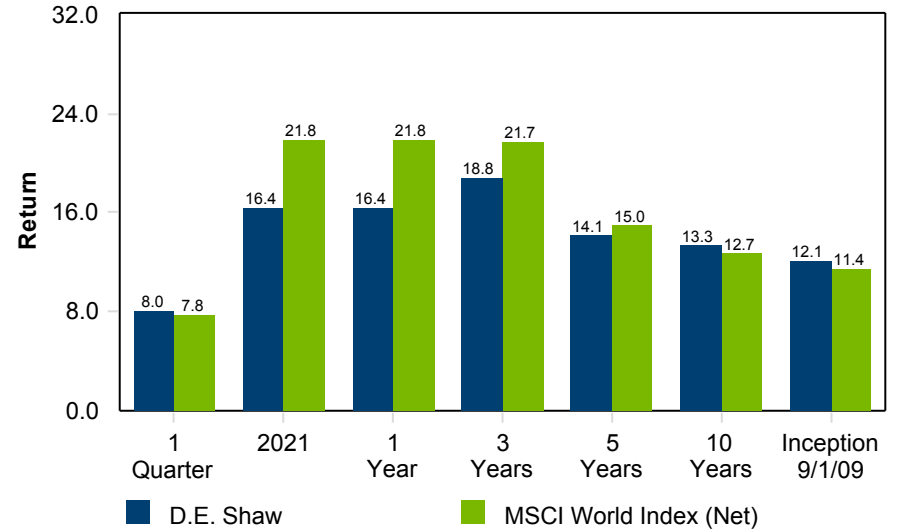
	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Lazard	0.93	4.74	0.20	0.92	0.87	-0.16	1.08	15.15	16.61	0.96
MSCI AC World Index (Net)	0.00	0.00	N/A	1.00	0.91	0.00	1.00	14.40	14.84	1.00
FTSE 3 Month T-Bill	-13.51	14.90	-0.91	0.05	N/A	1.17	0.00	1.11	0.26	-0.22

D.E. Shaw Performance Summary

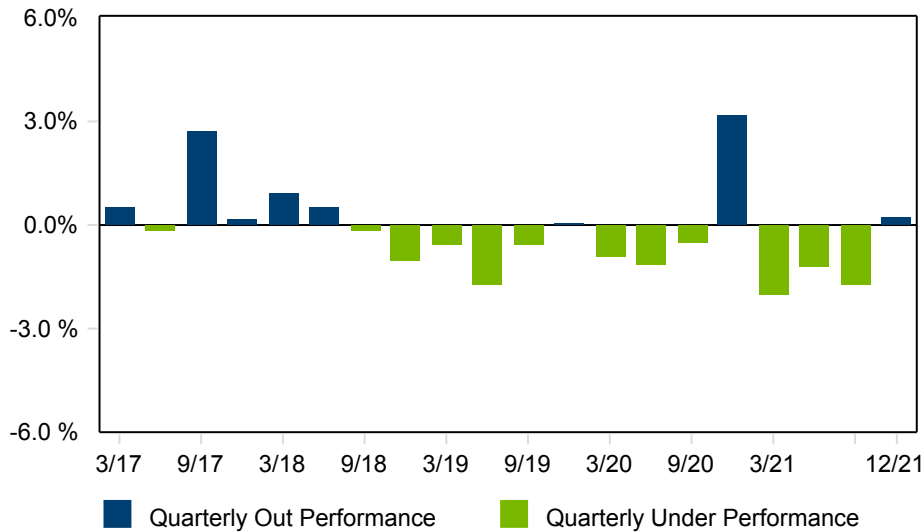
Account Information

Account Name: D.E. Shaw
 Inception Date: 08/31/2009
 Account Structure: Commingled Fund
 Asset Class: Global Equity
 Benchmark: MSCI World Index (Net)
 Peer Group: IM Global Equity (SA+CF)

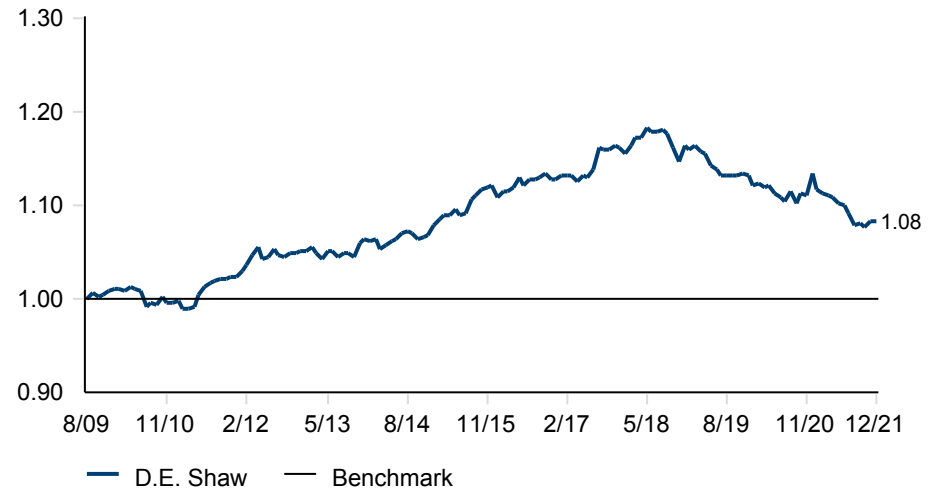
Return Summary



Quarterly Excess Performance

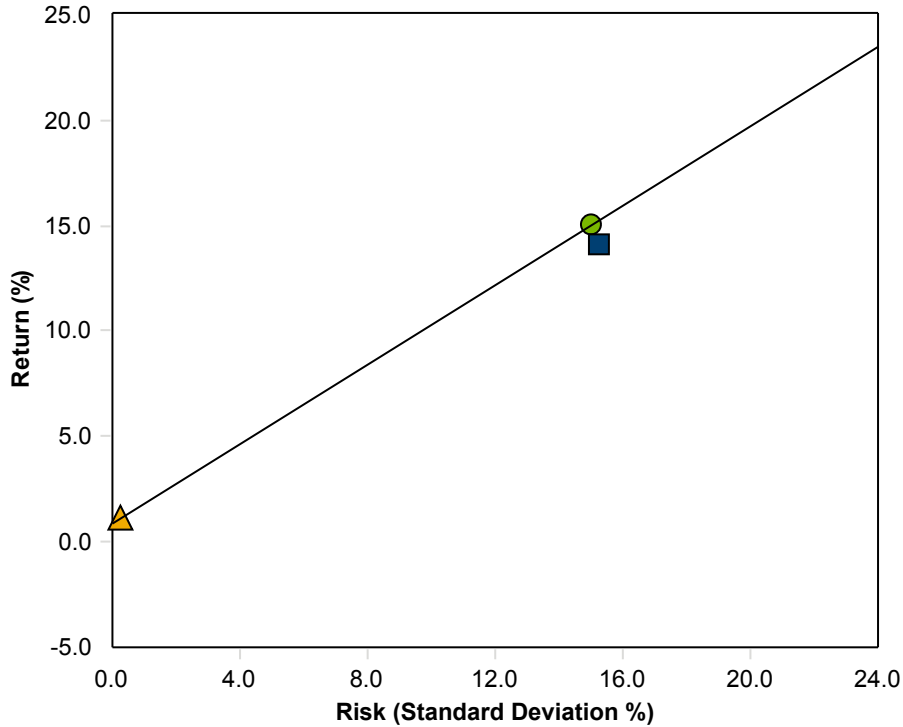


Ratio of Cumulative Wealth - Since Inception



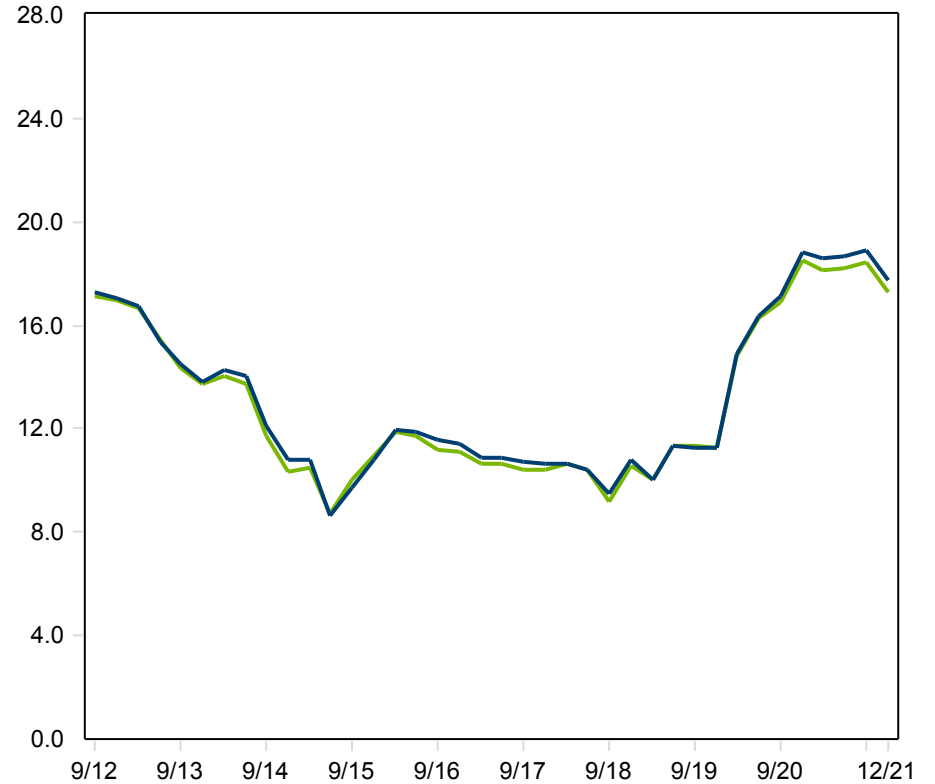
D.E. Shaw Risk Profile

Annualized Return vs. Annualized Standard Deviation
5 Years



■ D.E. Shaw ● MSCI World Index (Net)
▲ FTSE 3 Month T-Bill

Rolling 3 Years Standard Deviation



— D.E. Shaw — MSCI World Index (Net)

5 Years Historical Statistics

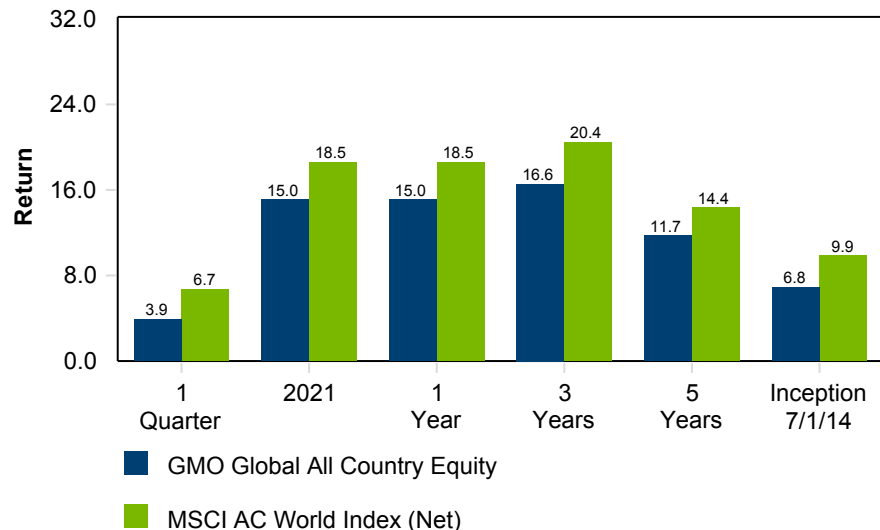
	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
D.E. Shaw	-0.78	2.45	-0.32	0.97	0.87	-0.79	1.00	14.11	15.23	0.99
MSCI World Index (Net)	0.00	0.00	N/A	1.00	0.94	0.00	1.00	15.03	15.01	1.00
FTSE 3 Month T-Bill	-14.10	15.07	-0.94	0.05	N/A	1.17	0.00	1.11	0.26	-0.22

GMO Global All Country Equity Performance Summary

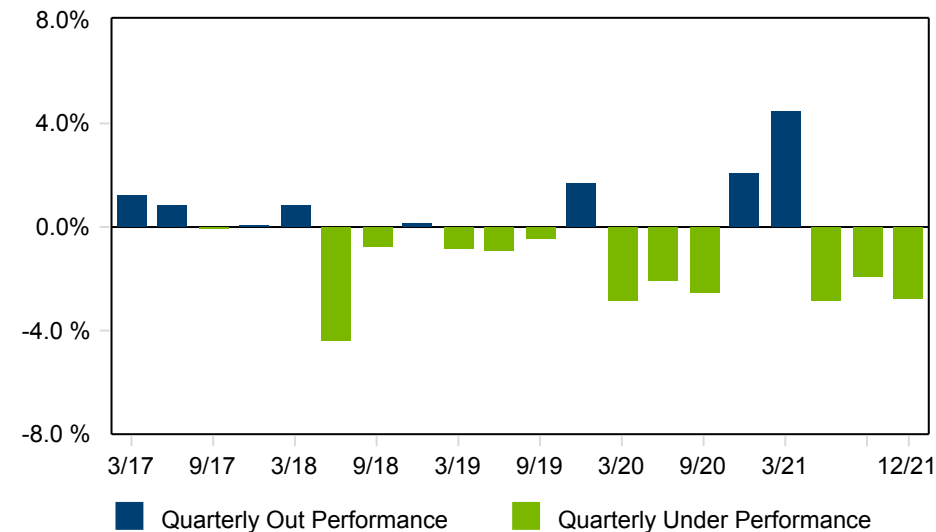
Account Information as of 12/31/21

Product Name : GMO:Global Eq All;III (GMGEX)
 Fund Family : GMO
 Ticker : GMGEX
 Peer Group : IM Global Multi-Cap Core Equity (MF)
 Benchmark : MSCI AC World Index (Net)
 Fund Inception : 11/26/1996
 Portfolio Manager : Team Managed
 Total Assets : \$1,606.30 Million
 Total Assets Date : 11/30/2021
 Gross Expense : 0.57%
 Net Expense : 0.56%
 Turnover : 20%

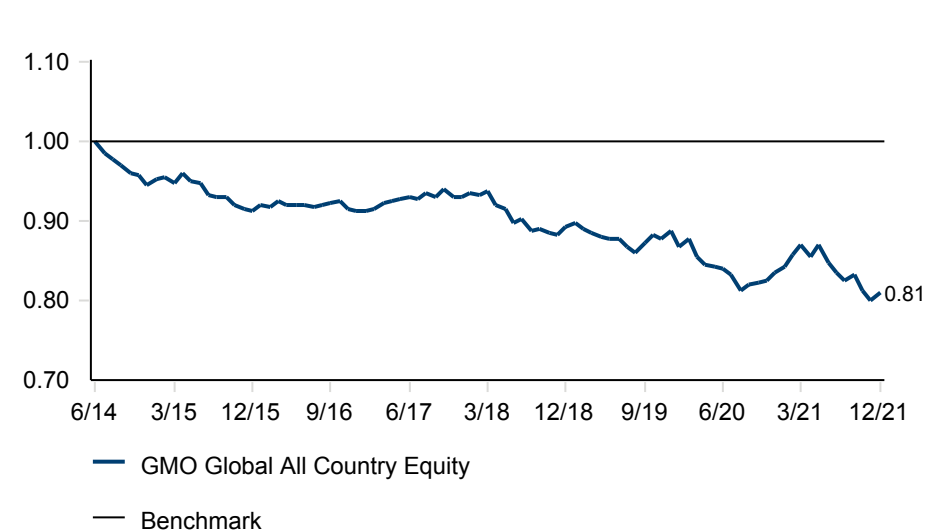
Return Summary



Quarterly Excess Performance

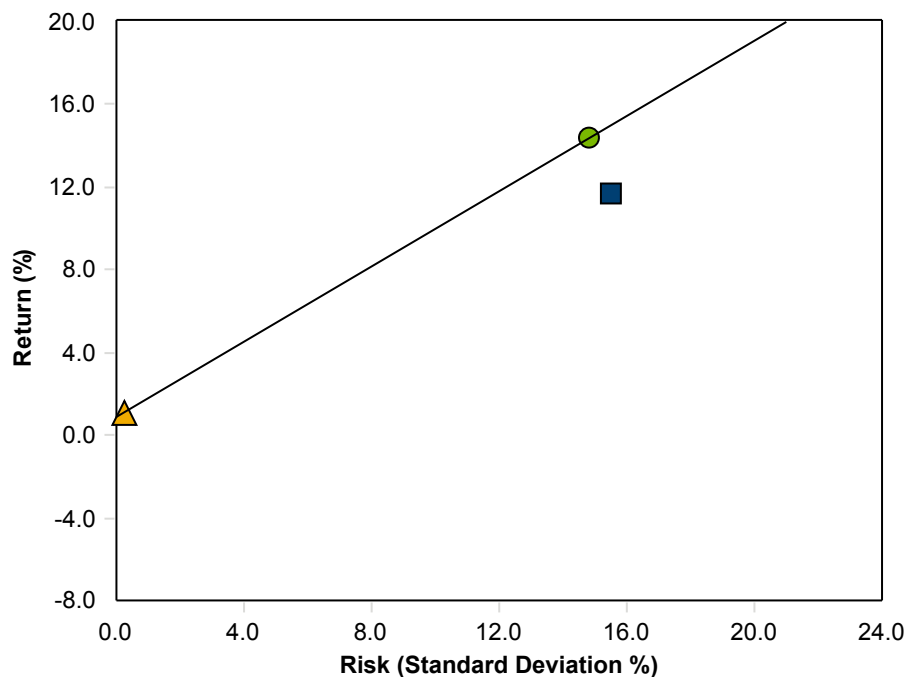


Ratio of Cumulative Wealth - Since Inception



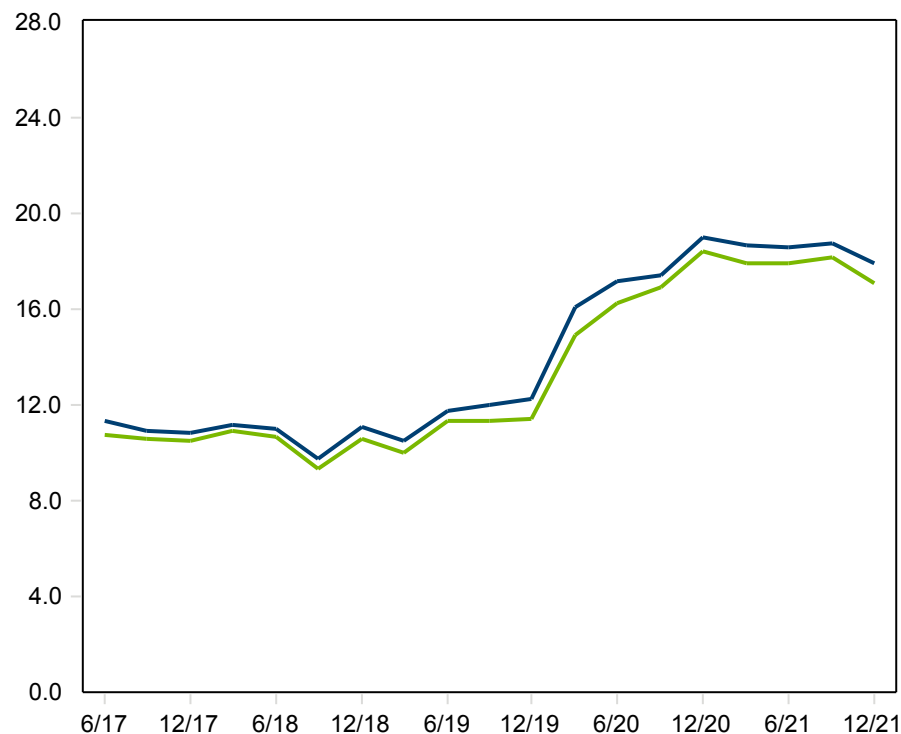
GMO Global All Country Equity Risk Profile

**Annualized Return vs. Annualized Standard Deviation
5 Years**



- GMO Global All Country Equity
- MSCI AC World Index (Net)
- ▲ FTSE 3 Month T-Bill

Rolling 3 Years Standard Deviation



- GMO Global All Country Equity
- MSCI AC World Index (Net)

5 Years Historical Statistics

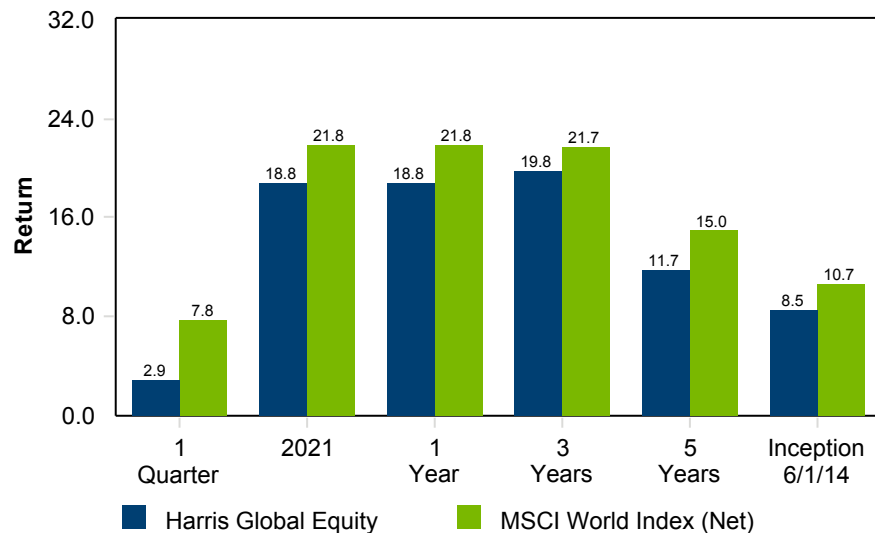
	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
GMO Global All Country Equity	-2.29	4.11	-0.56	0.93	0.72	-2.39	1.01	11.71	15.52	0.96
MSCI AC World Index (Net)	0.00	0.00	N/A	1.00	0.91	0.00	1.00	14.40	14.84	1.00
FTSE 3 Month T-Bill	-13.51	14.90	-0.91	0.05	N/A	1.17	0.00	1.11	0.26	-0.22

Harris Global Equity Performance Summary

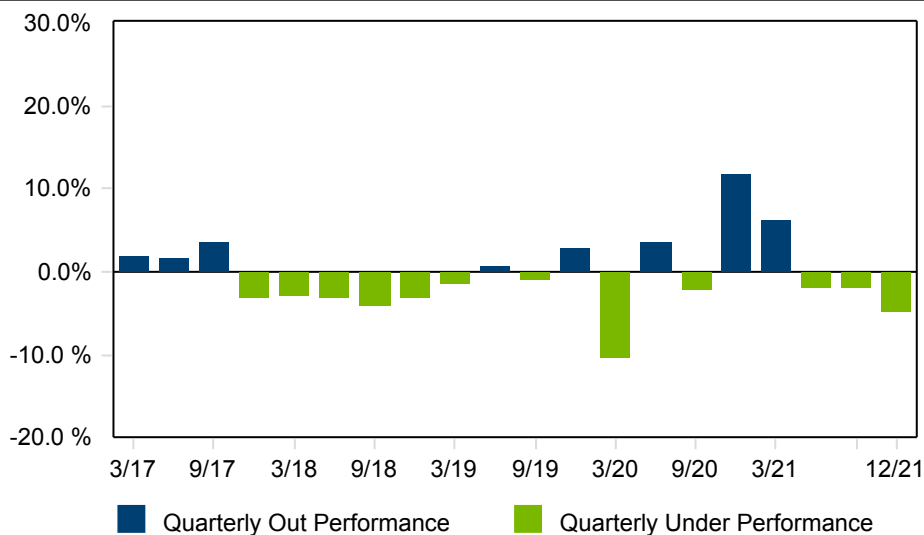
Account Information

Account Name: Harris Global Equity
 Inception Date: 06/01/2014
 Account Structure: Separate Account
 Asset Class: Global Equity
 Benchmark: MSCI World Index (Net)
 Peer Group: IM Global Equity (SA+CF)

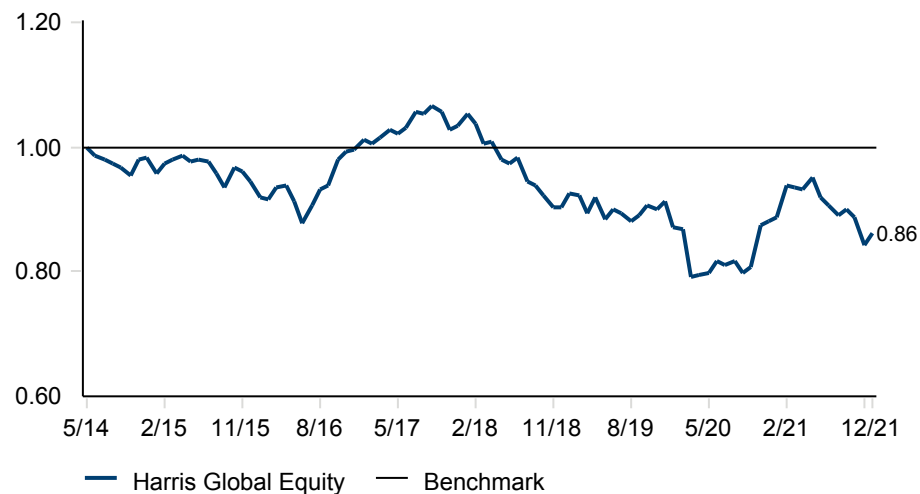
Return Summary



Quarterly Excess Performance

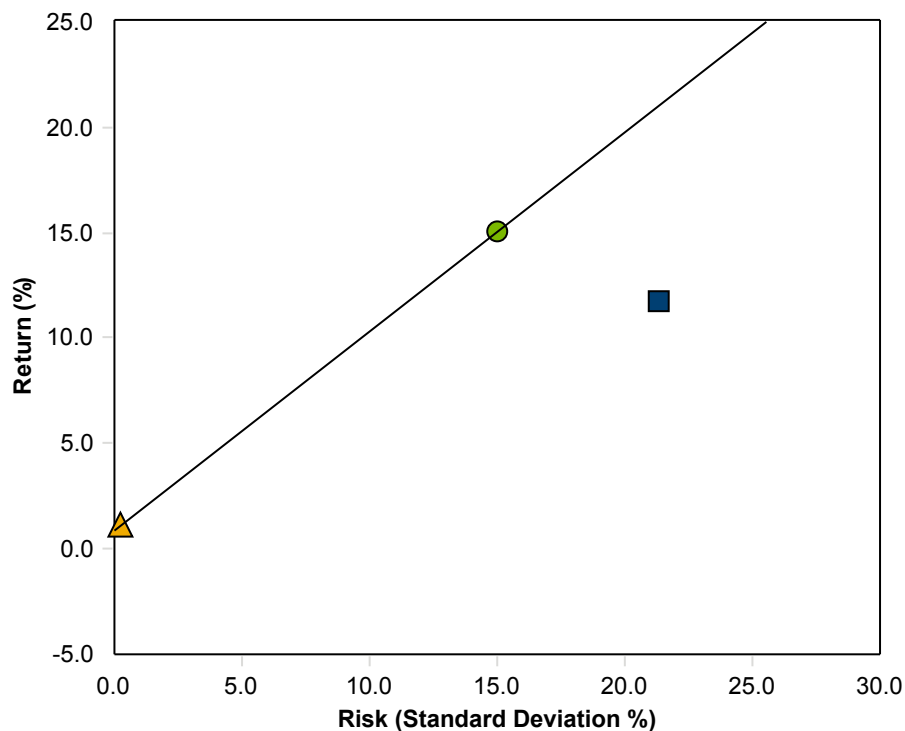


Ratio of Cumulative Wealth - Since Inception



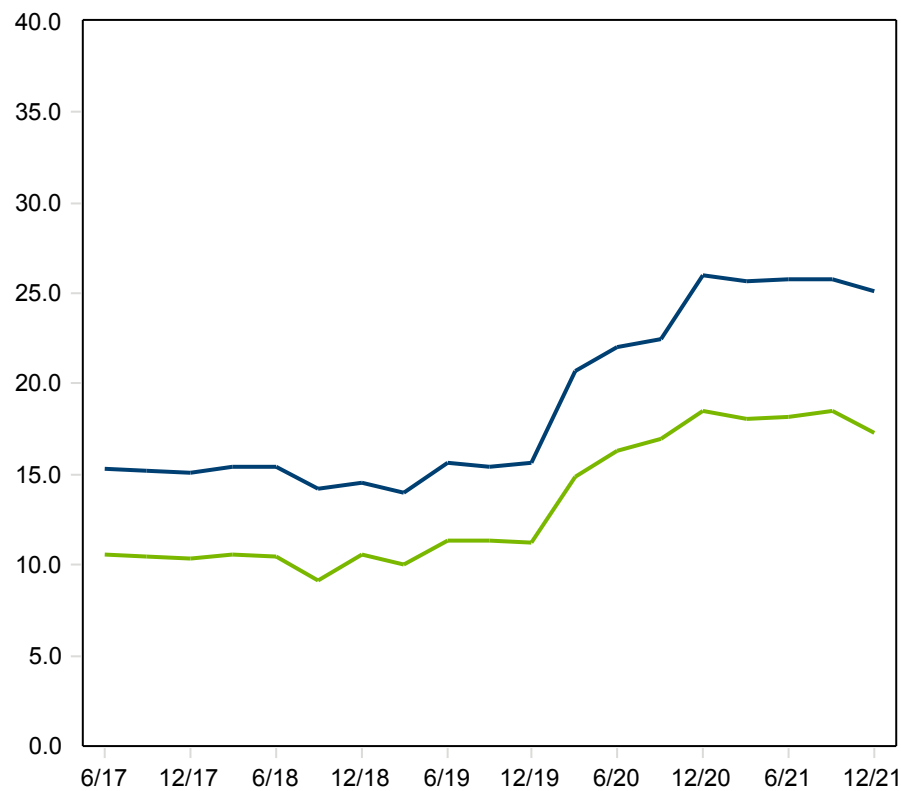
Harris Global Equity Risk Profile

Annualized Return vs. Annualized Standard Deviation 5 Years



■ Harris Global Equity ● MSCI World Index (Net)
▲ FTSE 3 Month T-Bill

Rolling 3 Years Standard Deviation



— Harris Global Equity — MSCI World Index (Net)

5 Years Historical Statistics

	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Harris Global Equity	-1.81	8.91	-0.20	0.88	0.57	-6.68	1.33	11.72	21.34	0.94
MSCI World Index (Net)	0.00	0.00	N/A	1.00	0.94	0.00	1.00	15.03	15.01	1.00
FTSE 3 Month T-Bill	-14.10	15.07	-0.94	0.05	N/A	1.17	0.00	1.11	0.26	-0.22

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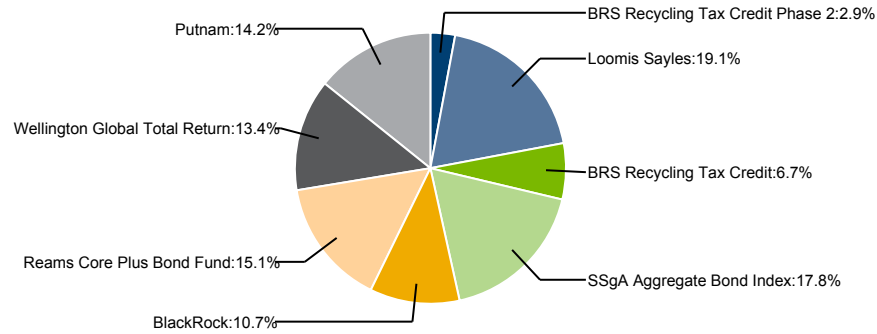


Fixed Income

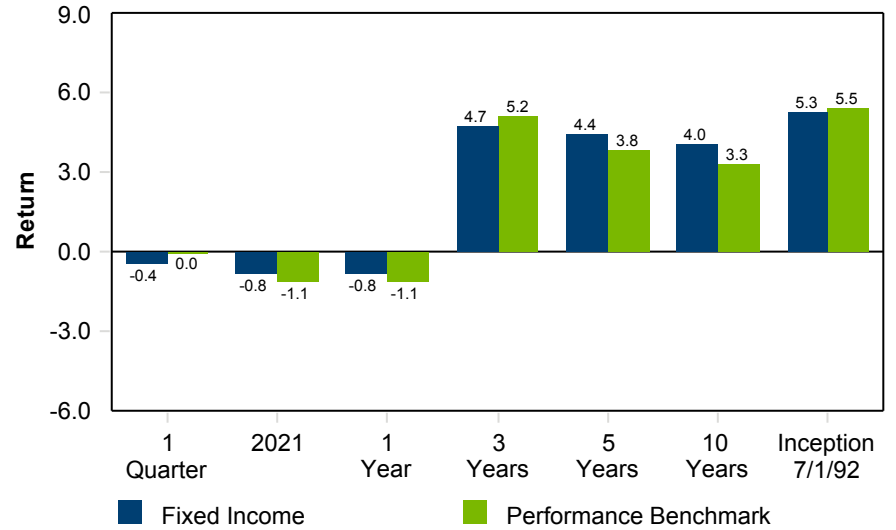
Fixed Income Portfolio Overview

Current Allocation

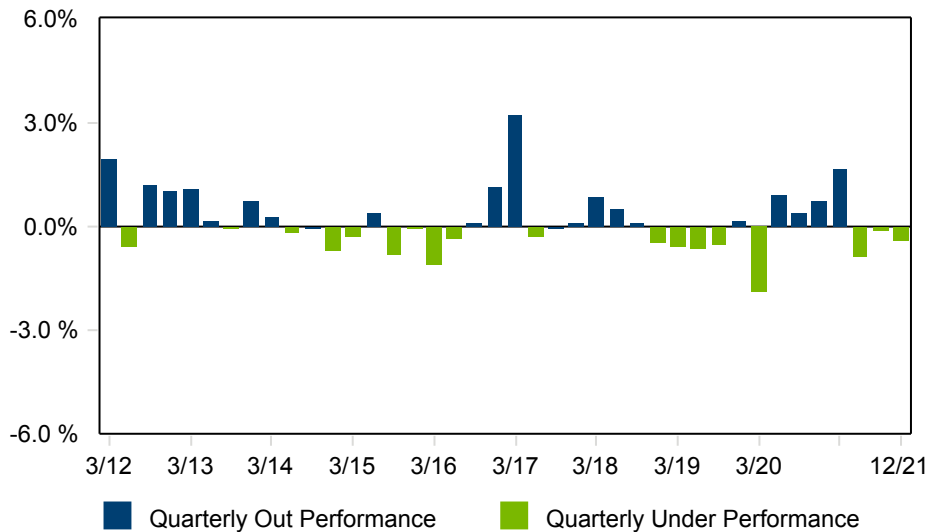
December 31, 2021 : \$2,630M



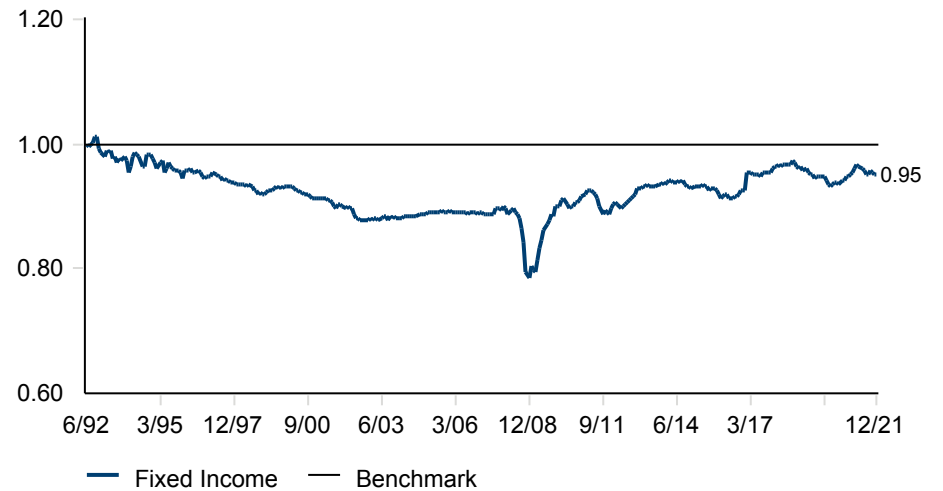
Return Summary



Quarterly Excess Performance

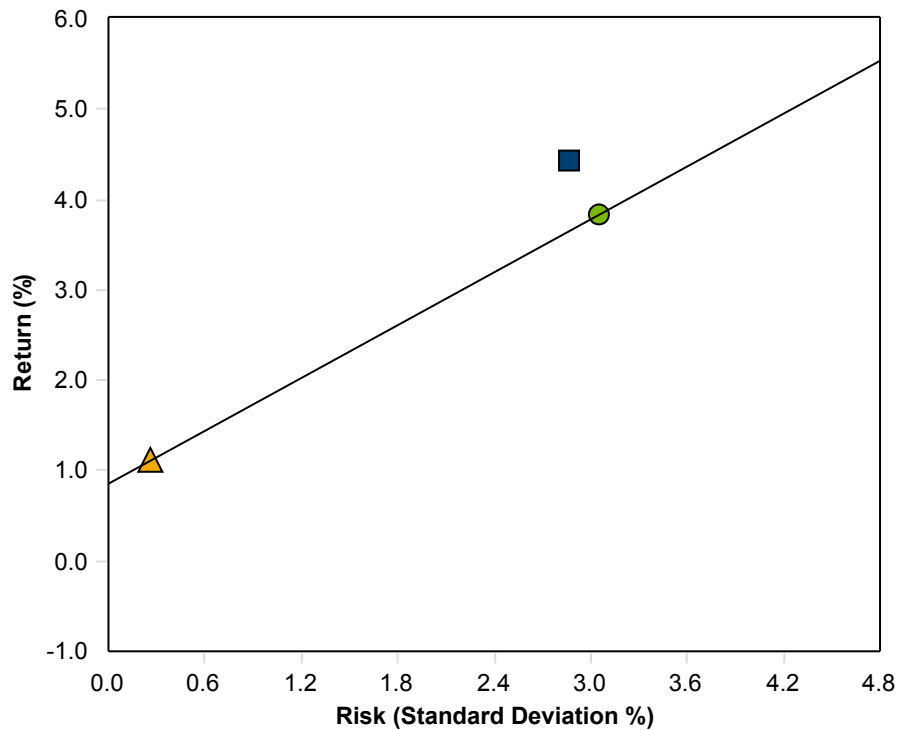


Ratio of Cumulative Wealth - Since Inception



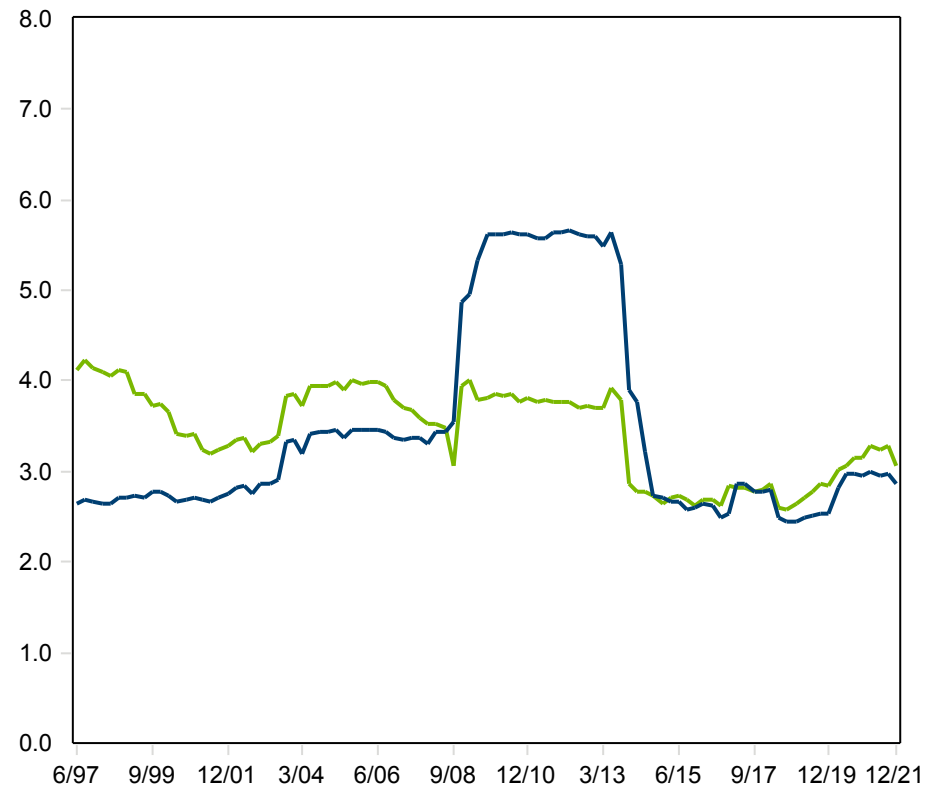
Fixed Income Risk Profile

Annualized Return vs. Annualized Standard Deviation 5 Years



■ Fixed Income ● Performance Benchmark
▲ FTSE 3 Month T-Bill

Rolling 5 Years Standard Deviation



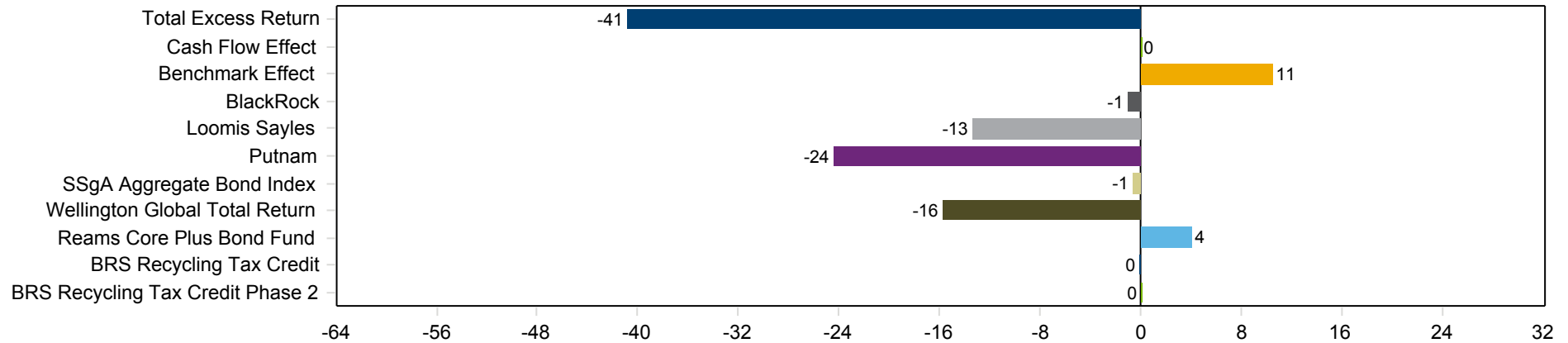
— Fixed Income — Performance Benchmark

5 Years Historical Statistics

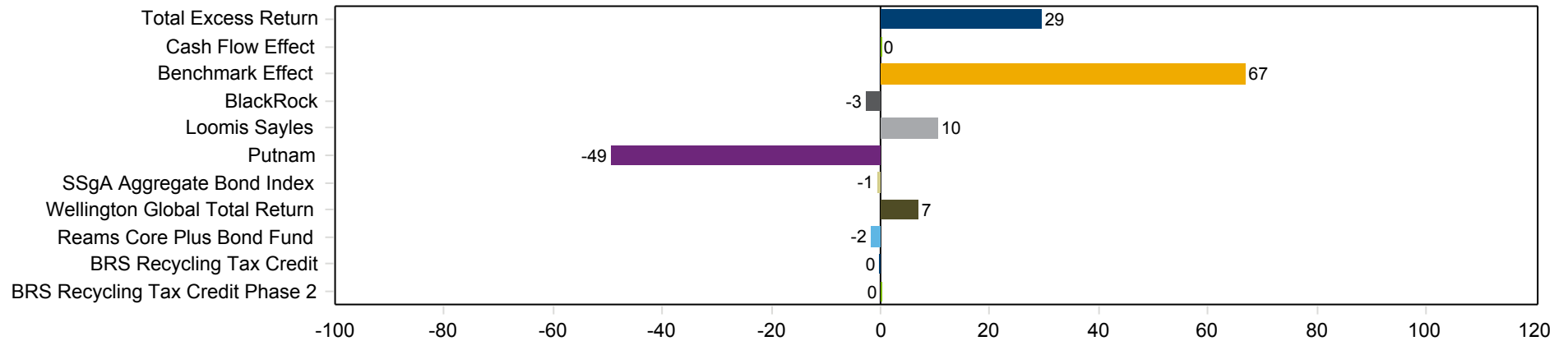
	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Fixed Income	0.57	1.84	0.31	0.65	1.15	1.52	0.76	4.44	2.86	0.81
Performance Benchmark	0.00	0.00	N/A	1.00	0.90	0.00	1.00	3.84	3.05	1.00
FTSE 3 Month T-Bill	-2.71	3.01	-0.90	0.04	N/A	1.05	0.02	1.11	0.26	0.21

Asset Class Attribution

1 Quarter



1 Year



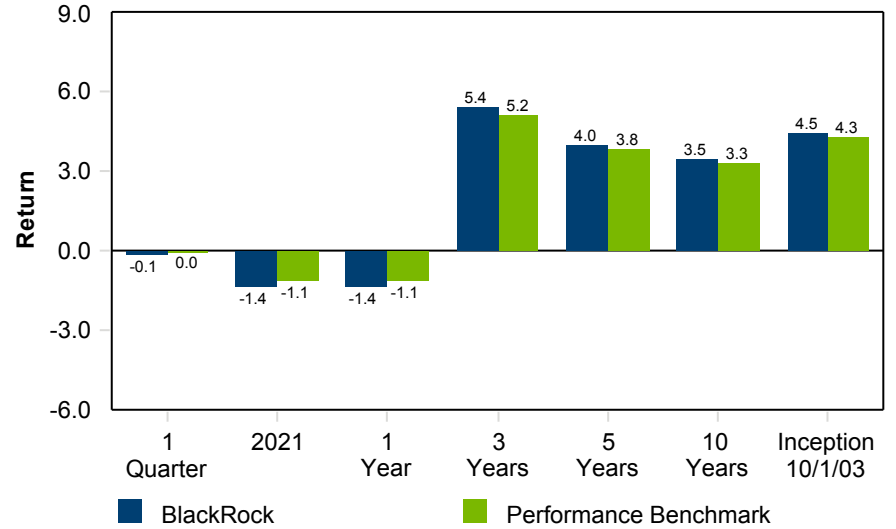
*The BRS Recycling Tax Credit represents an annual income stream of \$16 million dollars over the next 14 years, which ATRS purchased for approximately \$162 million. This represents an approximate 9.9% yield for the 2017 fiscal year. The value shown above represents the year-end market value in accordance with GASB Statement 72, representing the 14 years of annual income, and has been incorporated into Total Fixed Income and Total Fund performance.

BlackRock Performance Summary

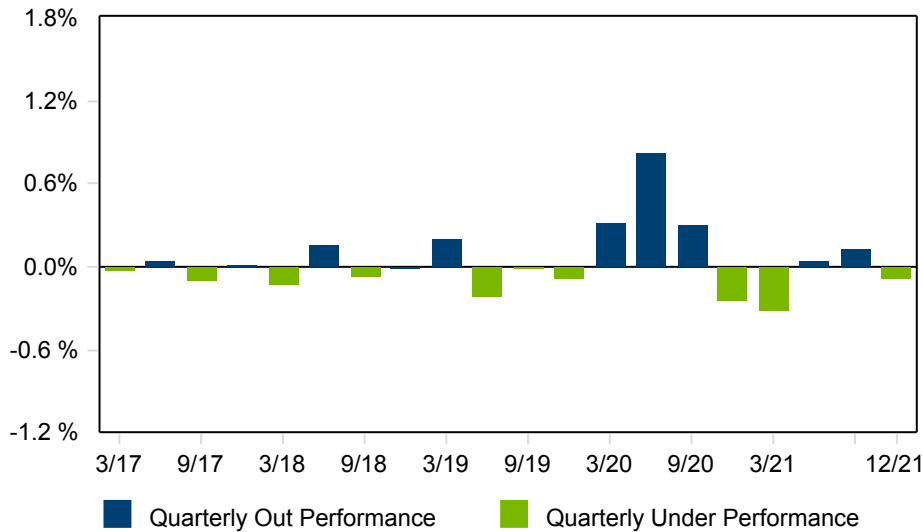
Account Information

Account Name: BlackRock
 Inception Date: 09/30/2003
 Account Structure: Separate Account
 Asset Class: US Fixed Income
 Benchmark: Performance Benchmark
 Peer Group: IM U.S. Fixed Income (SA+CF)

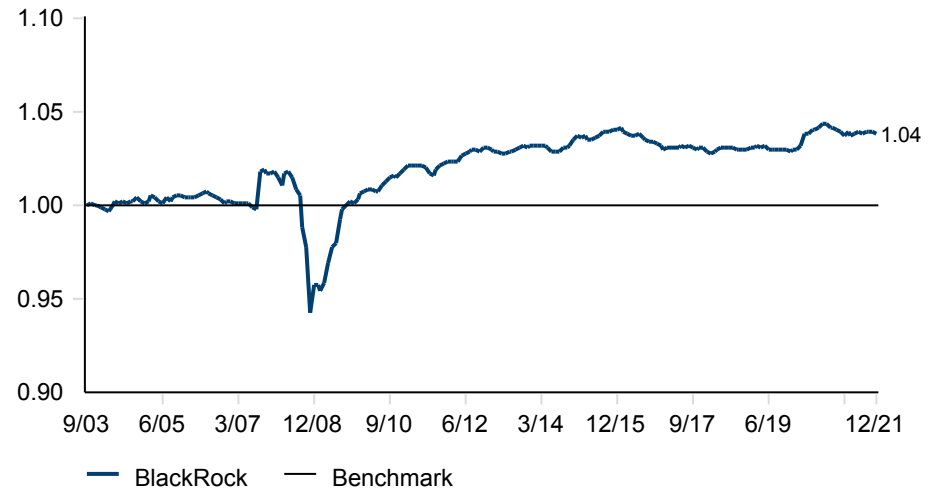
Return Summary



Quarterly Excess Performance

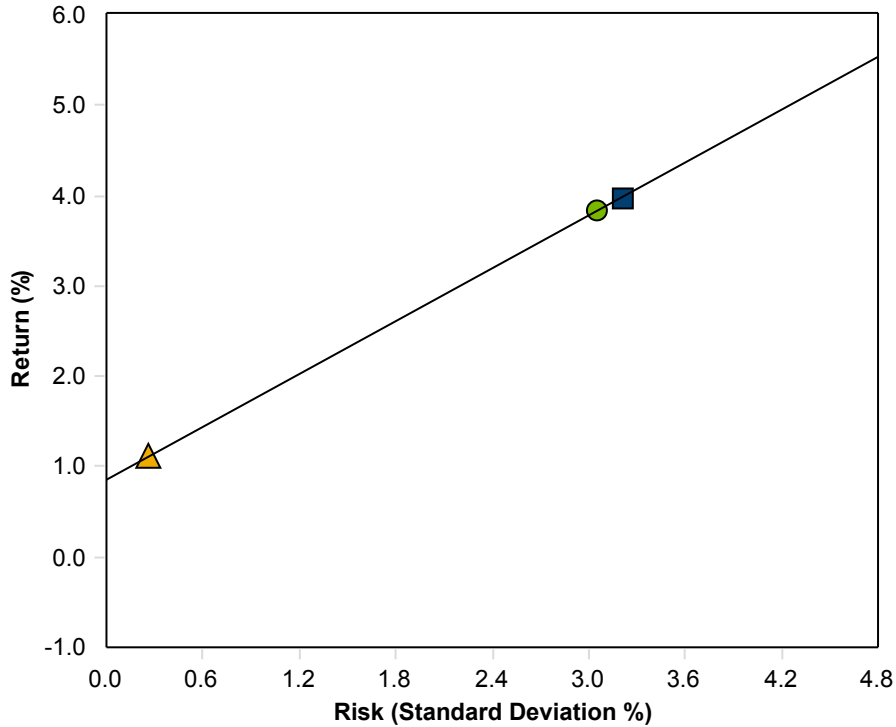


Ratio of Cumulative Wealth - Since Inception



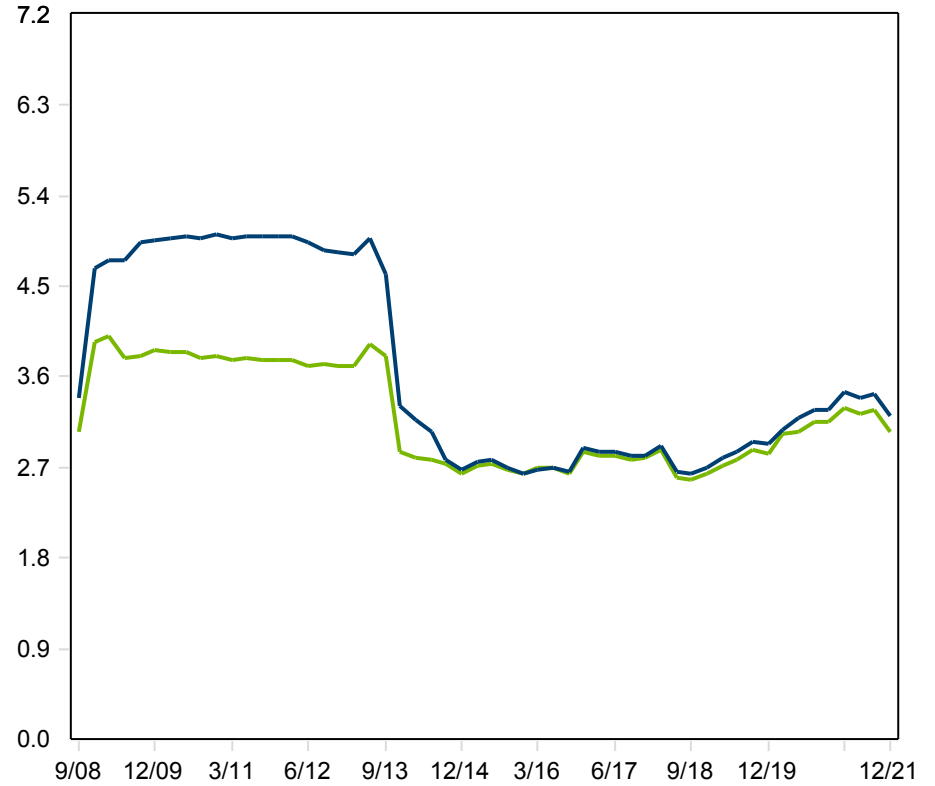
BlackRock Risk Profile

Annualized Return vs. Annualized Standard Deviation 5 Years



■ BlackRock ● Performance Benchmark
▲ FTSE 3 Month T-Bill

Rolling 5 Years Standard Deviation



— BlackRock — Performance Benchmark

5 Years Historical Statistics

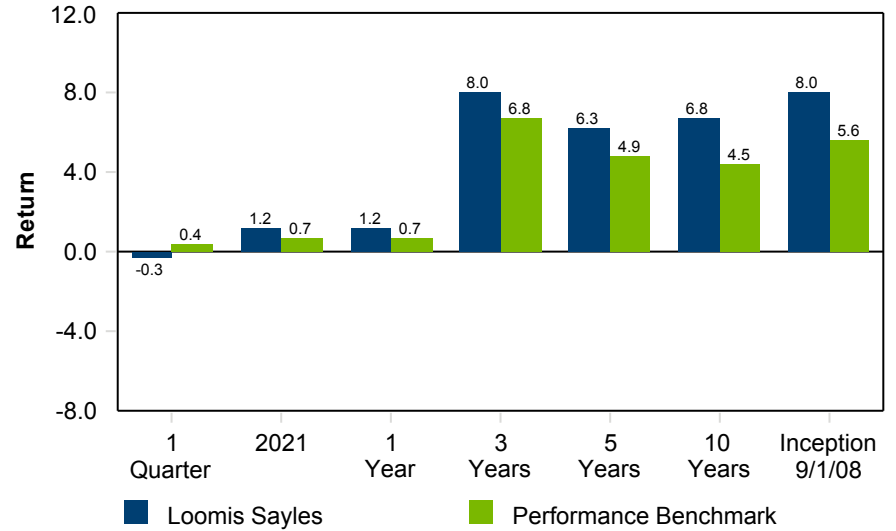
	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
BlackRock	0.14	0.42	0.33	0.98	0.90	-0.02	1.04	3.98	3.21	0.99
Performance Benchmark	0.00	0.00	N/A	1.00	0.90	0.00	1.00	3.84	3.05	1.00
FTSE 3 Month T-Bill	-2.71	3.01	-0.90	0.04	N/A	1.05	0.02	1.11	0.26	0.21

Loomis Sayles Performance Summary

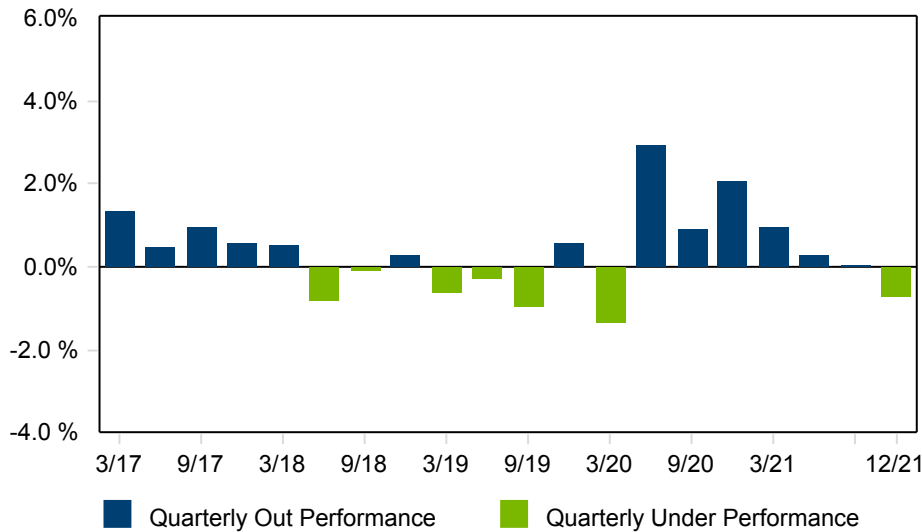
Account Information

Account Name: Loomis Sayles
 Inception Date: 06/30/2008
 Account Structure: Separate Account
 Asset Class: US Fixed Income
 Benchmark: Performance Benchmark
 Peer Group: IM U.S. Fixed Income (SA+CF)

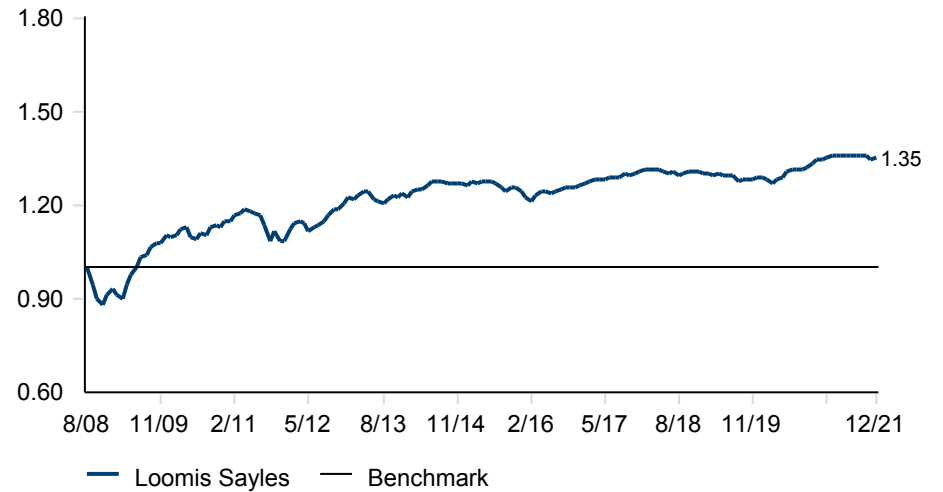
Return Summary



Quarterly Excess Performance

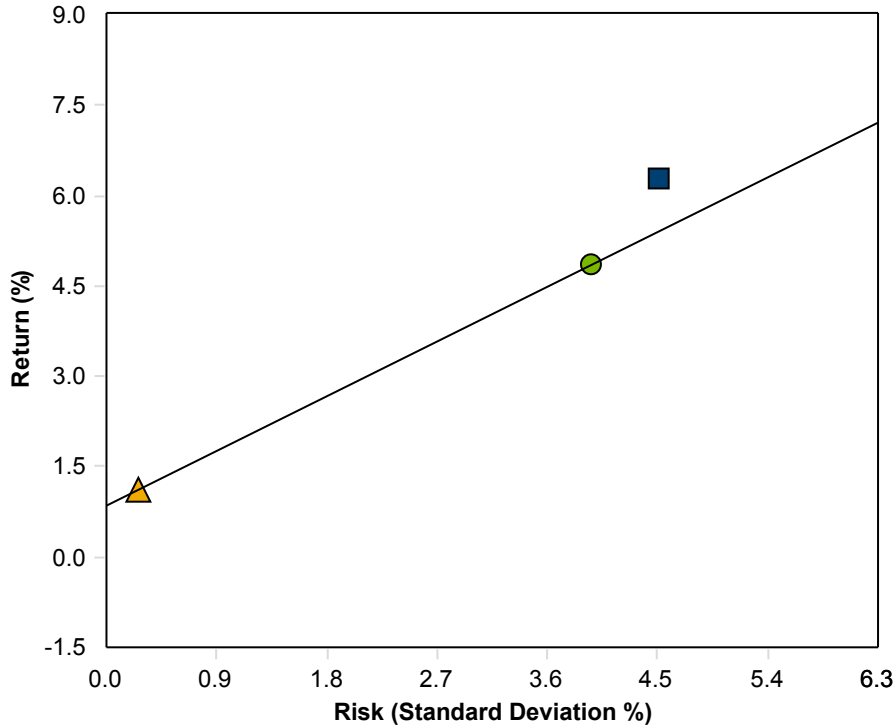


Ratio of Cumulative Wealth - Since Inception



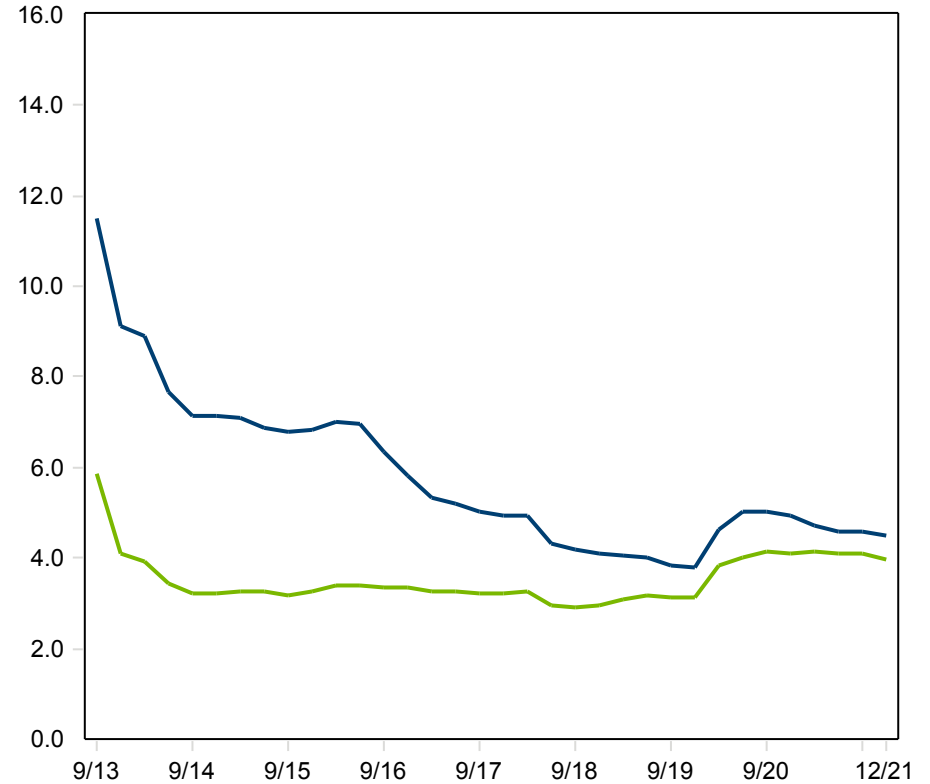
Loomis Sayles Risk Profile

Annualized Return vs. Annualized Standard Deviation 5 Years



■ Loomis Sayles ● Performance Benchmark
▲ FTSE 3 Month T-Bill

Rolling 5 Years Standard Deviation



— Loomis Sayles — Performance Benchmark

5 Years Historical Statistics

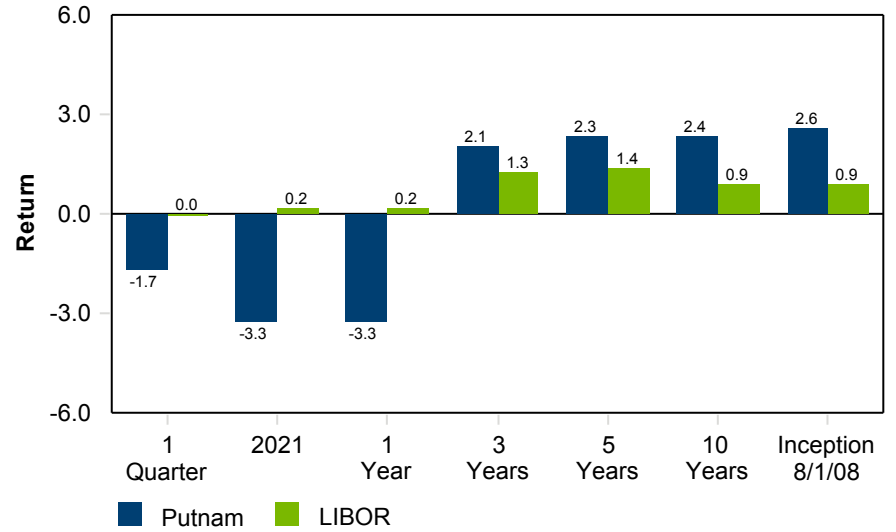
	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Loomis Sayles	1.37	1.64	0.83	0.87	1.12	1.08	1.06	6.27	4.51	0.93
Performance Benchmark	0.00	0.00	N/A	1.00	0.94	0.00	1.00	4.86	3.96	1.00
FTSE 3 Month T-Bill	-3.72	3.95	-0.94	0.00	N/A	1.10	0.00	1.11	0.26	0.05

Putnam Performance Summary

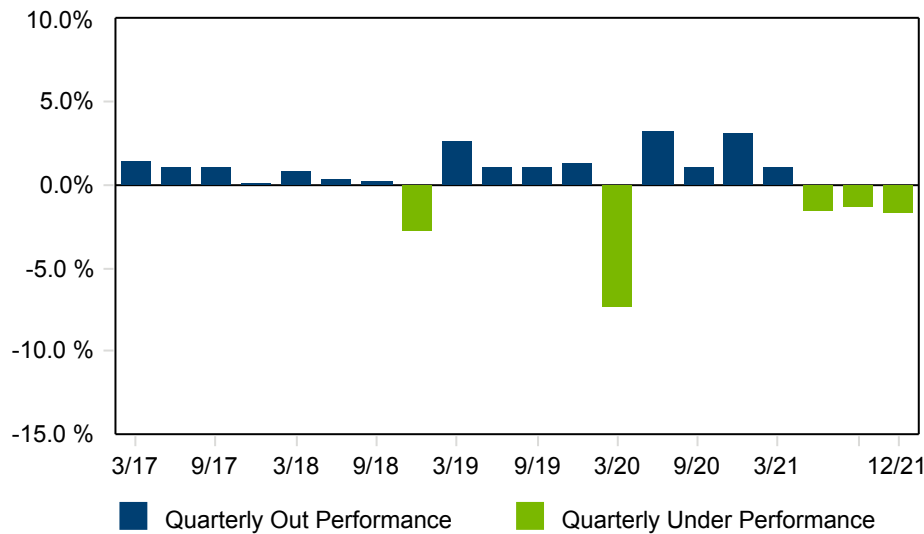
Account Information

Account Name: Putnam
 Inception Date: 06/30/2008
 Account Structure: Commingled Fund
 Asset Class: US Fixed Income
 Benchmark: LIBOR
 Peer Group: IM U.S. Fixed Income (SA+CF)

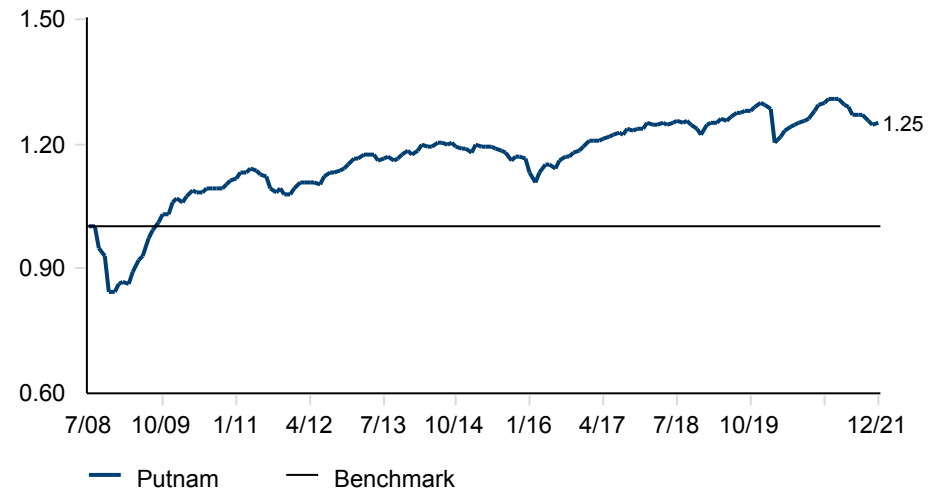
Return Summary



Quarterly Excess Performance

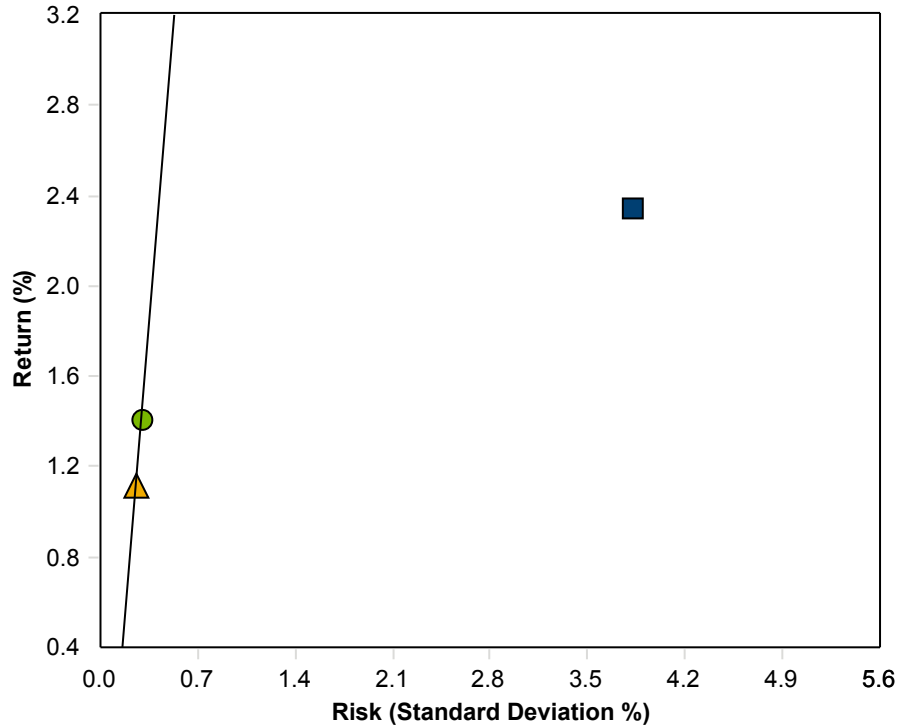


Ratio of Cumulative Wealth - Since Inception



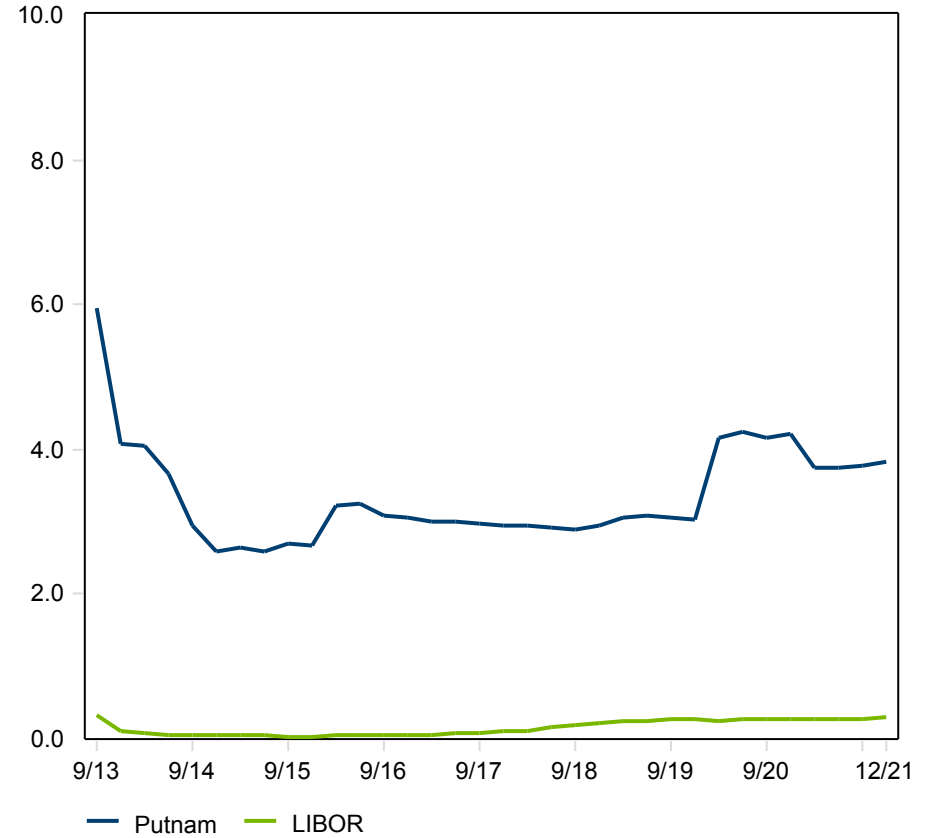
Putnam Risk Profile

Annualized Return vs. Annualized Standard Deviation 5 Years



- Putnam
- LIBOR
- ▲ FTSE 3 Month T-Bill

Rolling 5 Years Standard Deviation



5 Years Historical Statistics

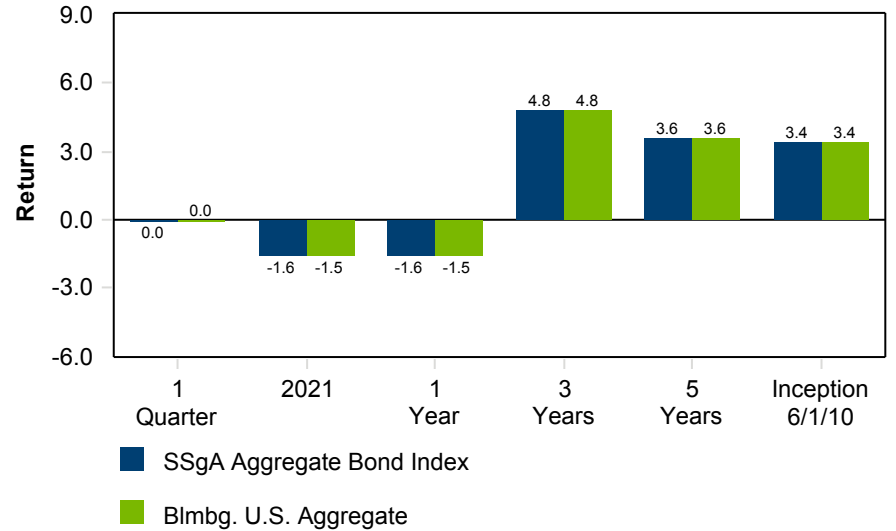
	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Putnam	0.99	3.78	0.26	0.03	0.34	-0.59	2.14	2.34	3.82	0.17
LIBOR	0.00	0.00	N/A	1.00	2.41	0.00	1.00	1.40	0.30	1.00
FTSE 3 Month T-Bill	-0.29	0.12	-2.41	0.84	N/A	-0.01	0.80	1.11	0.26	0.92

SSgA Aggregate Bond Index Performance Summary

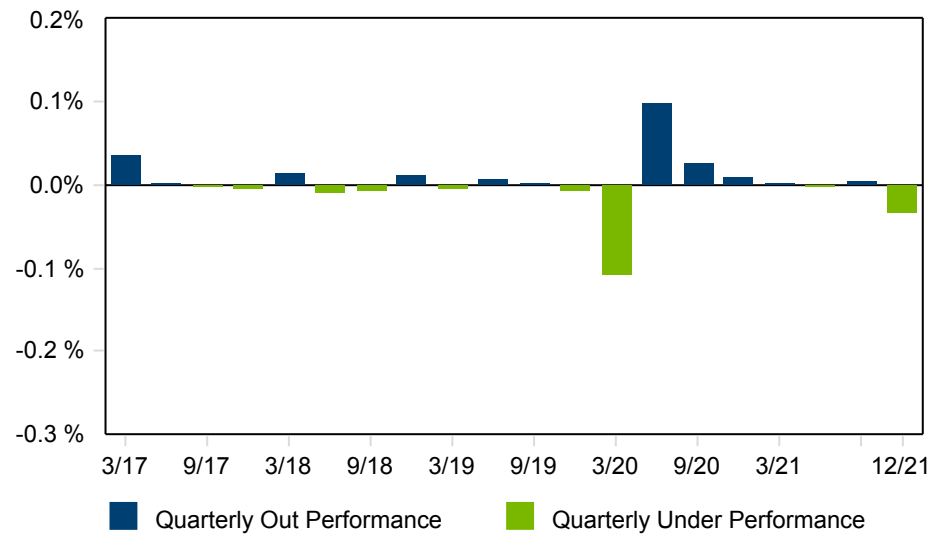
Account Information

Account Name: SSgA Aggregate Bond Index
 Inception Date: 01/01/1901
 Account Structure: Commingled Fund
 Asset Class: US Fixed Income
 Benchmark: Blmbg. U.S. Aggregate
 Peer Group: IM U.S. Fixed Income (SA+CF)

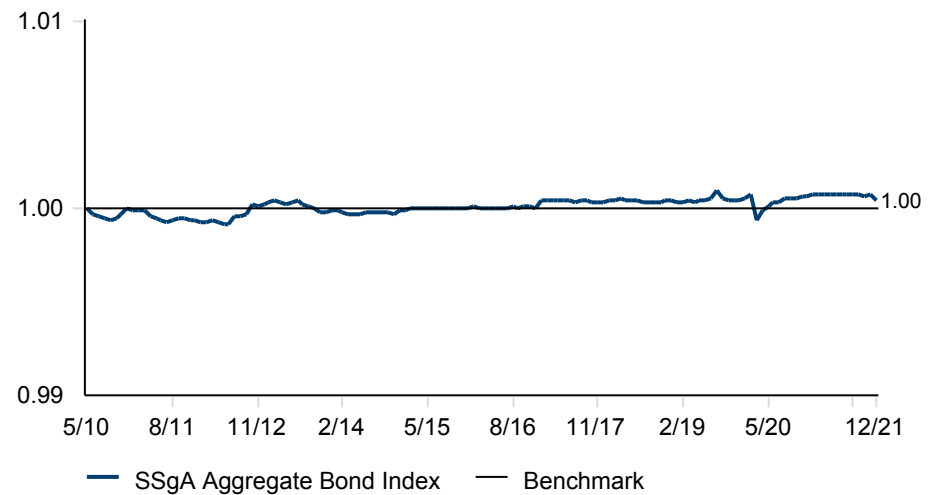
Return Summary



Quarterly Excess Performance

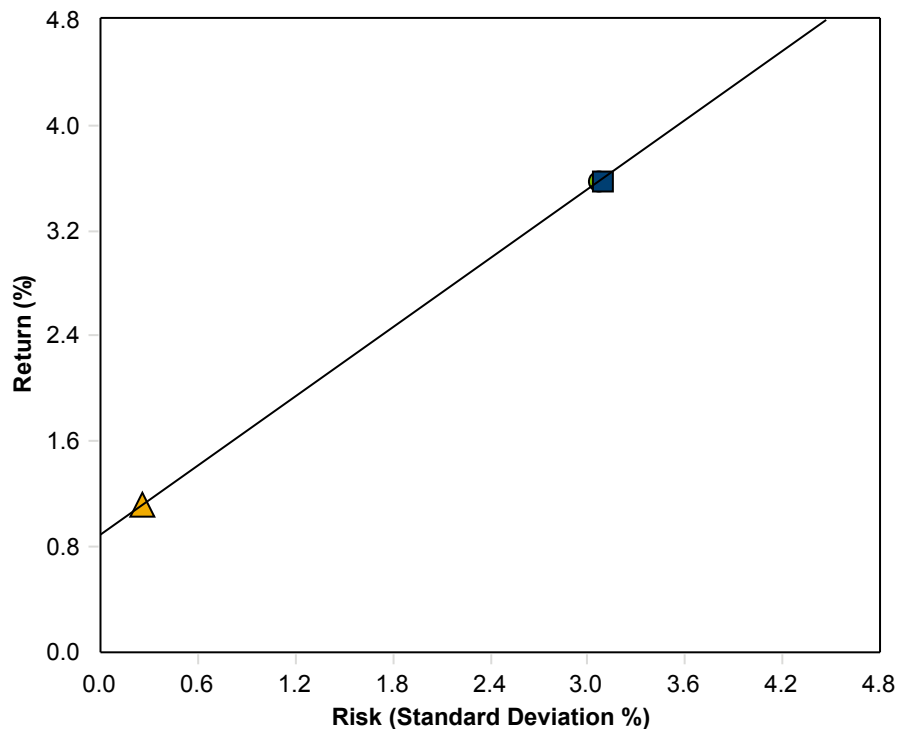


Ratio of Cumulative Wealth - Since Inception



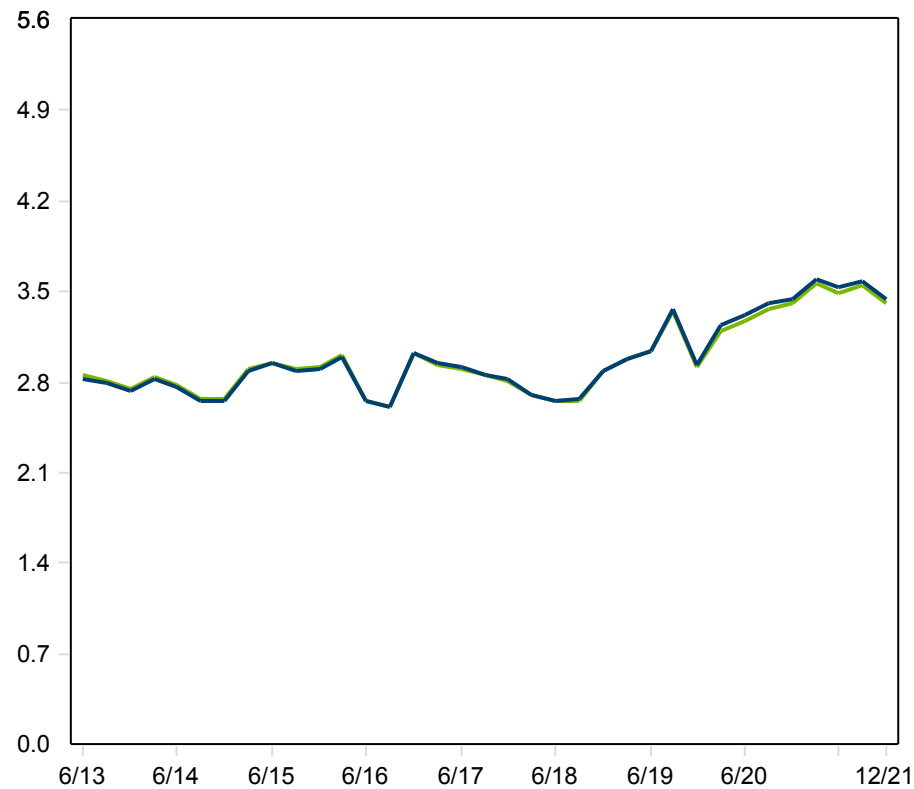
SSgA Aggregate Bond Index Risk Profile

Annualized Return vs. Annualized Standard Deviation 5 Years



■ SSgA Aggregate Bond Index ● Blmbg. U.S. Aggregate
 ▲ FTSE 3 Month T-Bill

Rolling 3 Years Standard Deviation



— SSgA Aggregate Bond Index — Blmbg. U.S. Aggregate

5 Years Historical Statistics

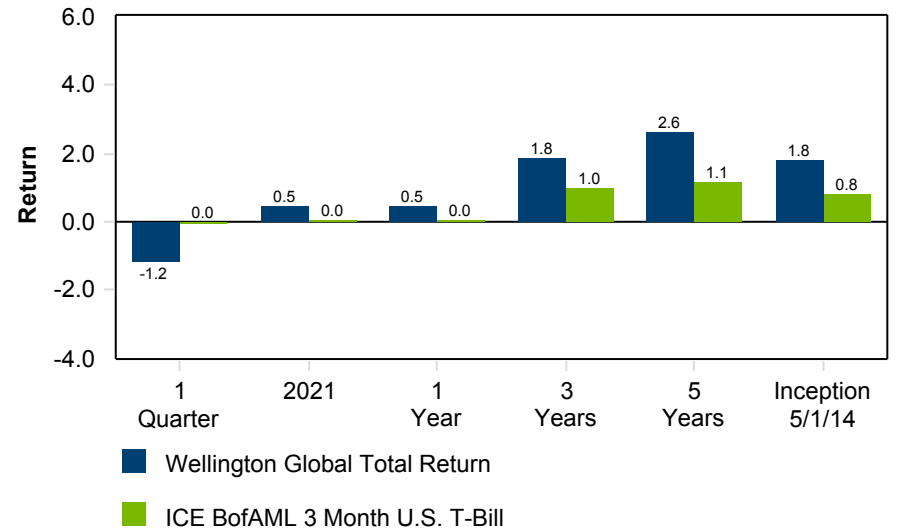
	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
SSgA Aggregate Bond Index	0.01	0.08	0.10	1.00	0.81	-0.03	1.01	3.58	3.09	1.00
Blmbg. U.S. Aggregate	0.00	0.00	N/A	1.00	0.82	0.00	1.00	3.57	3.06	1.00
FTSE 3 Month T-Bill	-2.45	3.00	-0.82	0.07	N/A	1.03	0.02	1.11	0.26	0.27

Wellington Global Total Return Performance Summary

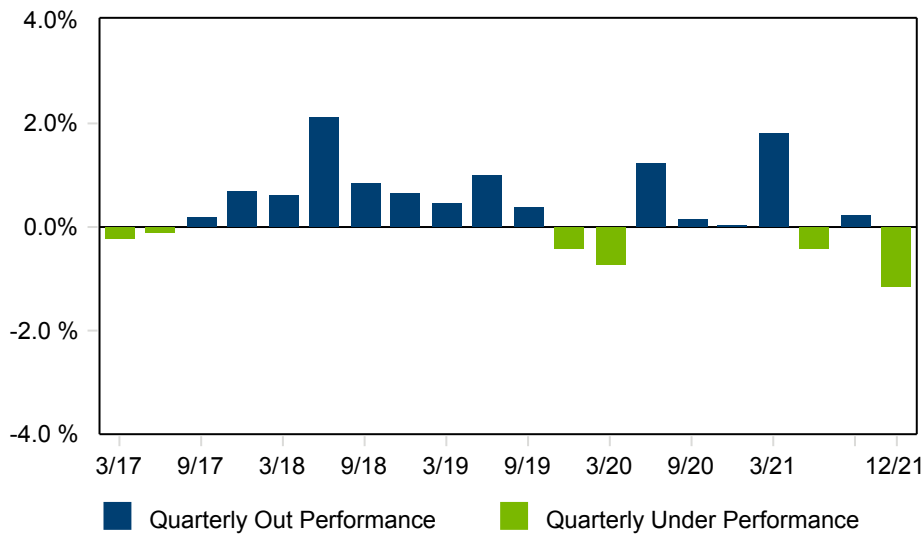
Account Information

Account Name: Wellington Global Total Return
 Inception Date: 05/13/2014
 Account Structure: Commingled Fund
 Asset Class: Global Fixed Income
 Benchmark: ICE BofAML 3 Month U.S. T-Bill
 Peer Group: IM Absolute Return (MF)

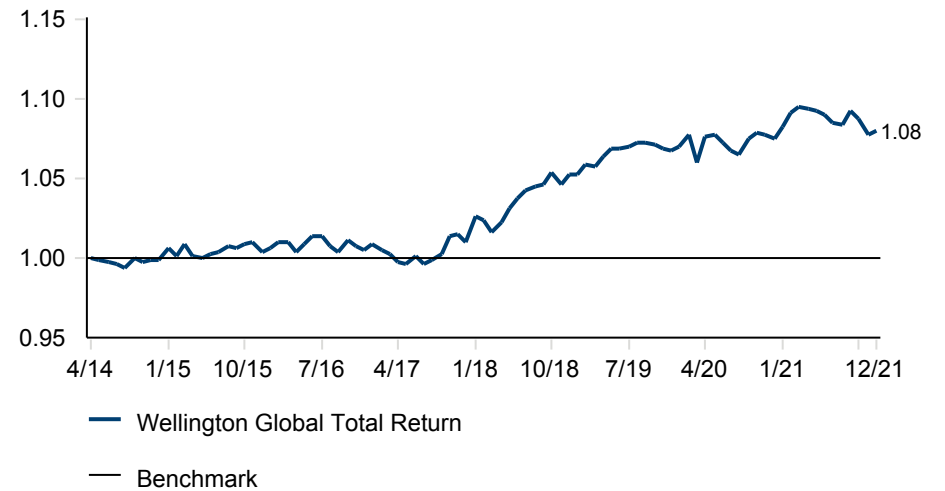
Return Summary



Quarterly Excess Performance

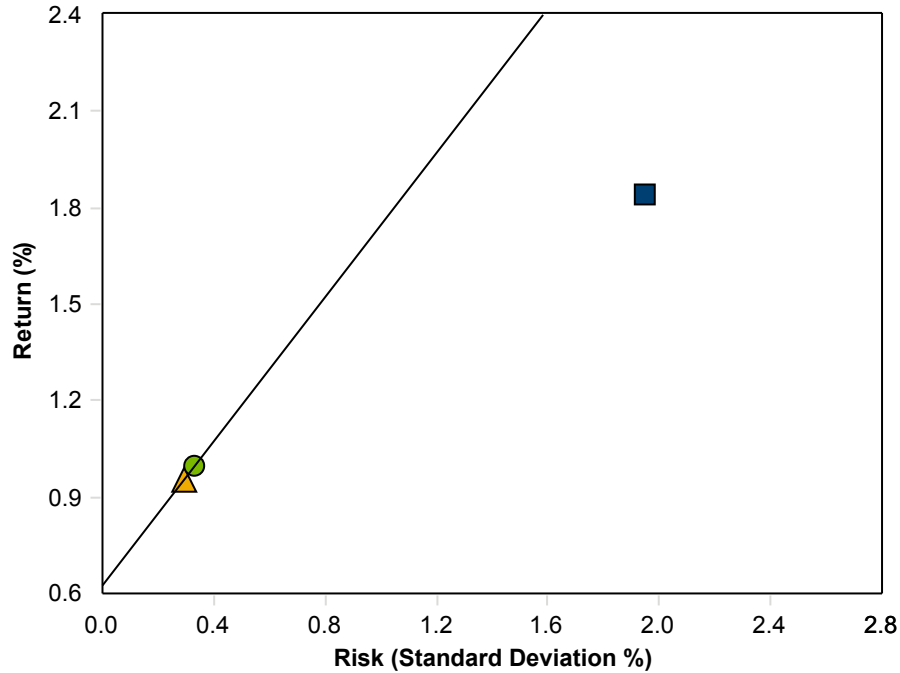


Ratio of Cumulative Wealth - Since Inception



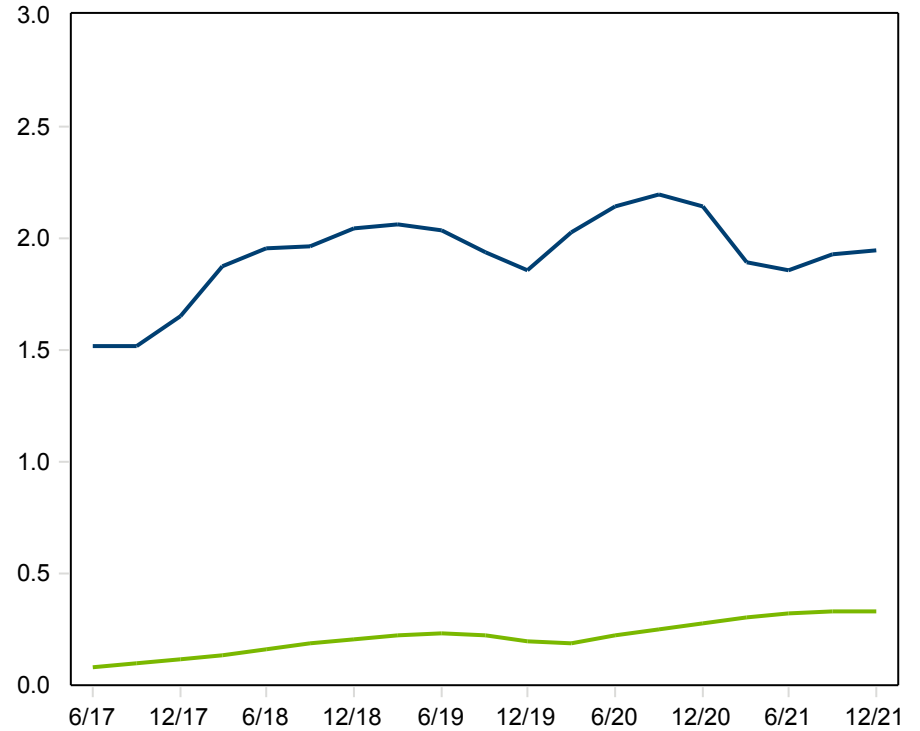
Wellington Global Total Return Risk Profile

Annualized Return vs. Annualized Standard Deviation 3 Years



- Wellington Global Total Return
- ICE BofAML 3 Month U.S. T-Bill
- ▲ FTSE 3 Month T-Bill

Rolling 3 Years Standard Deviation



- Wellington Global Total Return
- ICE BofAML 3 Month U.S. T-Bill

3 Years Historical Statistics

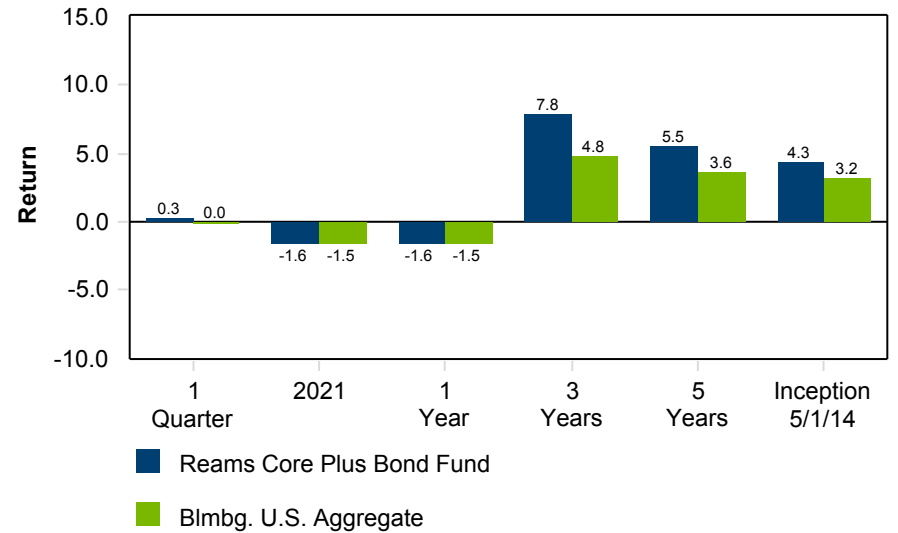
	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Wellington Global Total Return	0.85	1.96	0.44	0.00	0.47	1.62	0.24	1.84	1.95	0.04
ICE BofAML 3 Month U.S. T-Bill	0.00	0.00	N/A	1.00	0.34	0.00	1.00	0.99	0.33	1.00
FTSE 3 Month T-Bill	-0.04	0.11	-0.34	0.88	N/A	0.12	0.84	0.96	0.29	0.94

Reams Core Plus Bond Fund Performance Summary

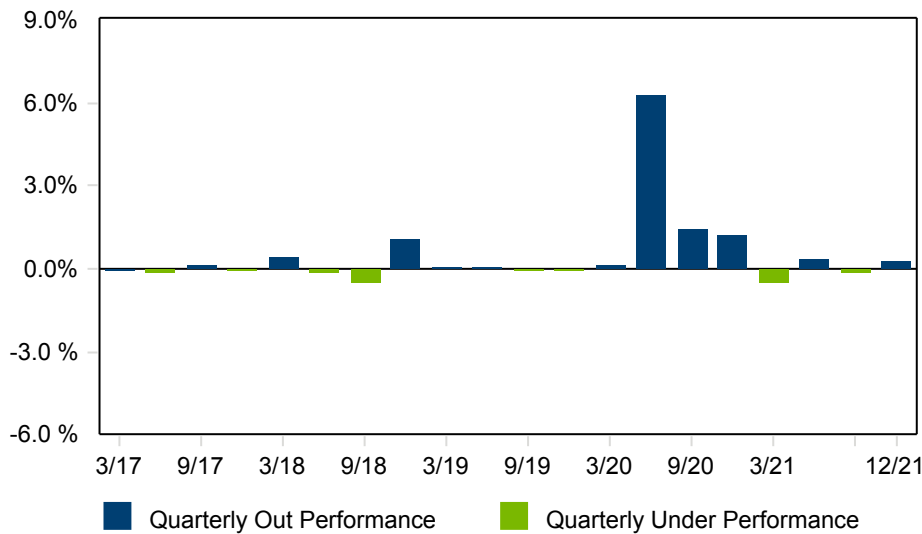
Account Information

Account Name: Reams Core Plus Bond Fund
 Inception Date: 05/08/2014
 Account Structure: Commingled Fund
 Asset Class: US Fixed Income
 Benchmark: Blmbg. U.S. Aggregate
 Peer Group: IM U.S. Fixed Income (SA+CF)

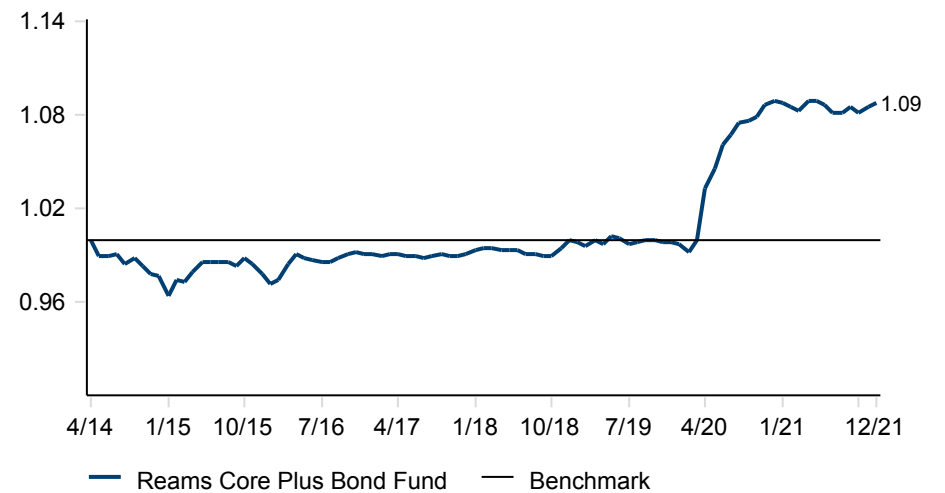
Return Summary



Quarterly Excess Performance

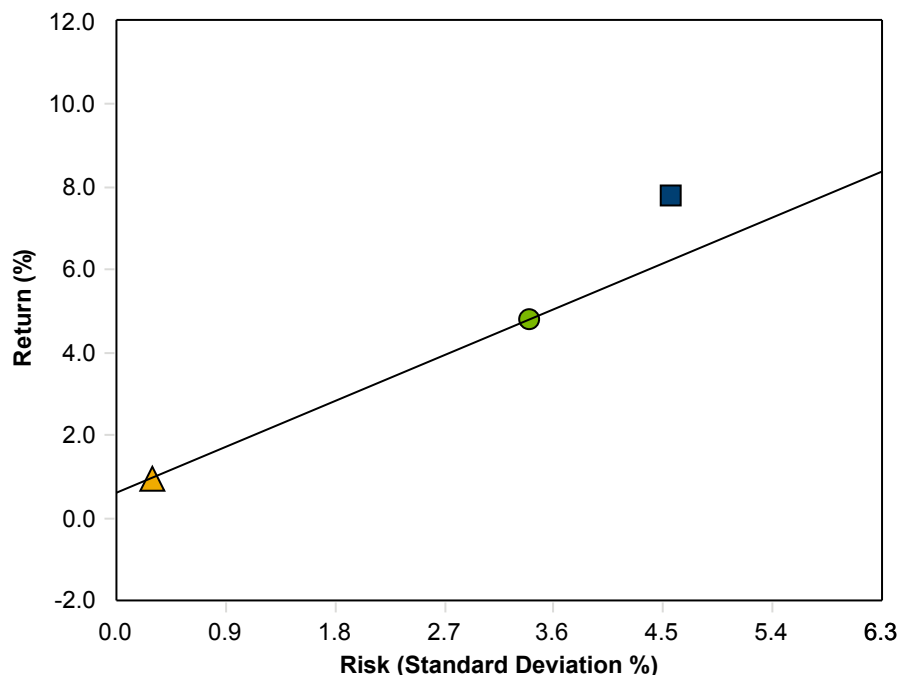


Ratio of Cumulative Wealth - Since Inception



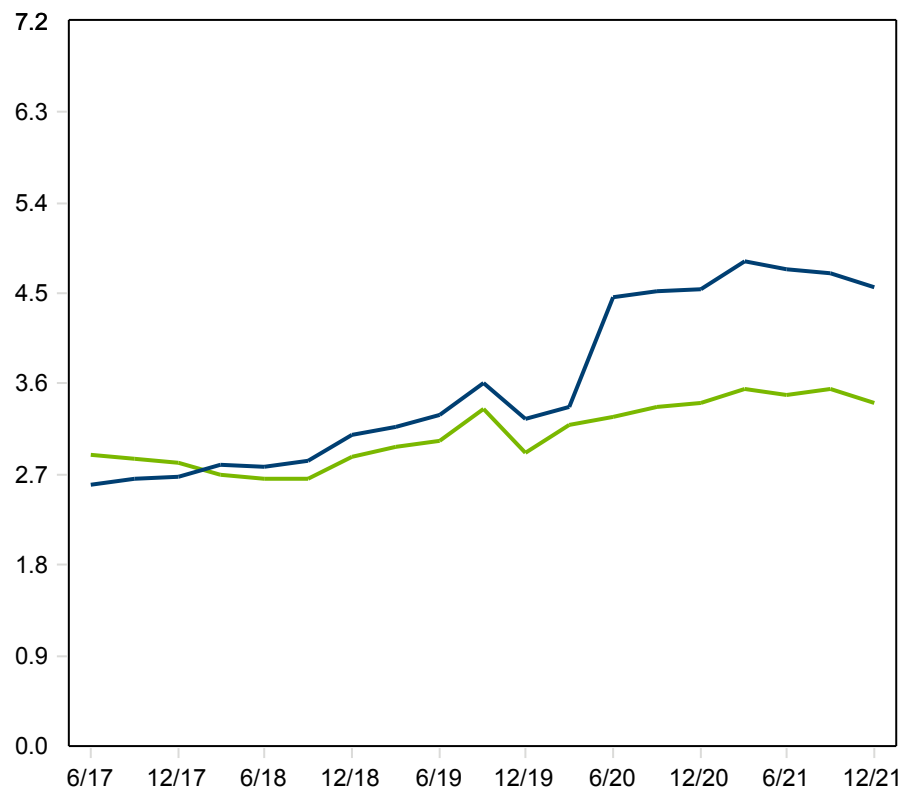
Reams Core Plus Bond Fund Risk Profile

Annualized Return vs. Annualized Standard Deviation 3 Years



- Reams Core Plus Bond Fund
- Blmbg. U.S. Aggregate
- ▲ FTSE 3 Month T-Bill

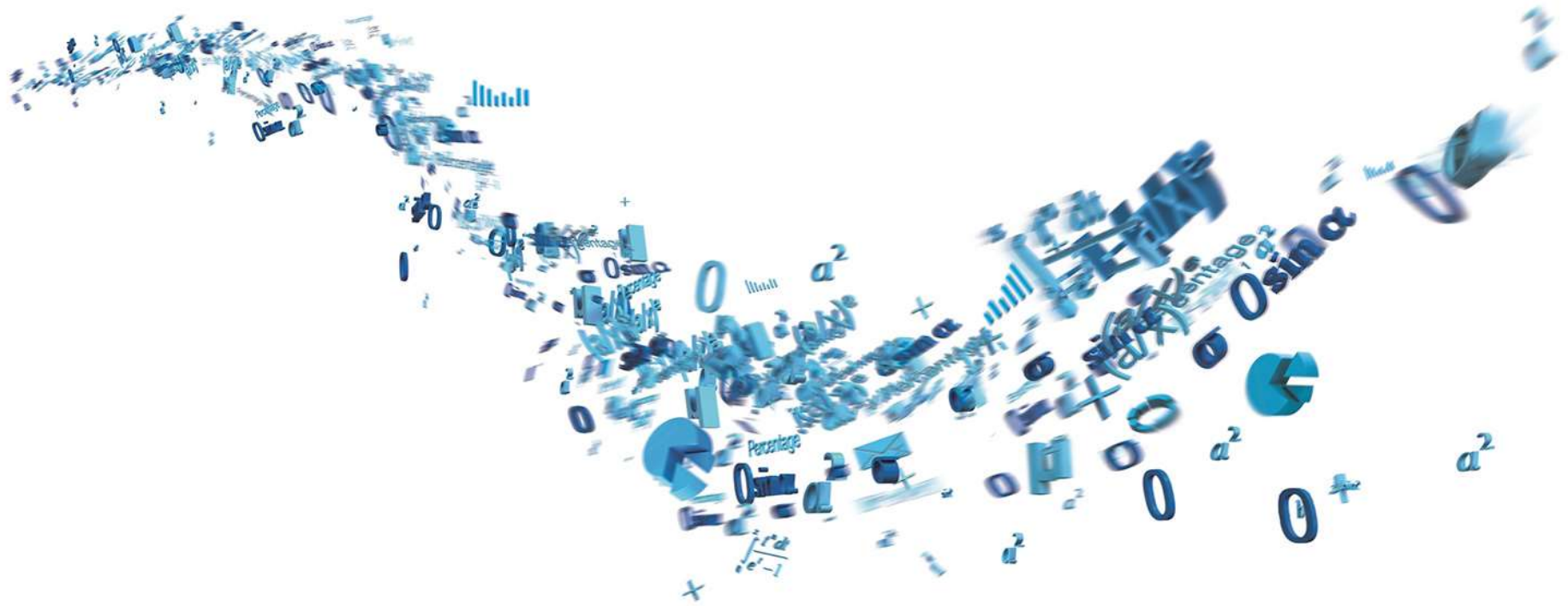
Rolling 3 Years Standard Deviation



- Reams Core Plus Bond Fund
- Blmbg. U.S. Aggregate

3 Years Historical Statistics

	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Reams Core Plus Bond Fund	2.89	2.44	1.18	0.73	1.48	2.23	1.14	7.80	4.57	0.85
Blmbg. U.S. Aggregate	0.00	0.00	N/A	1.00	1.15	0.00	1.00	4.79	3.40	1.00
FTSE 3 Month T-Bill	-3.79	3.30	-1.15	0.16	N/A	0.79	0.03	0.96	0.29	0.40

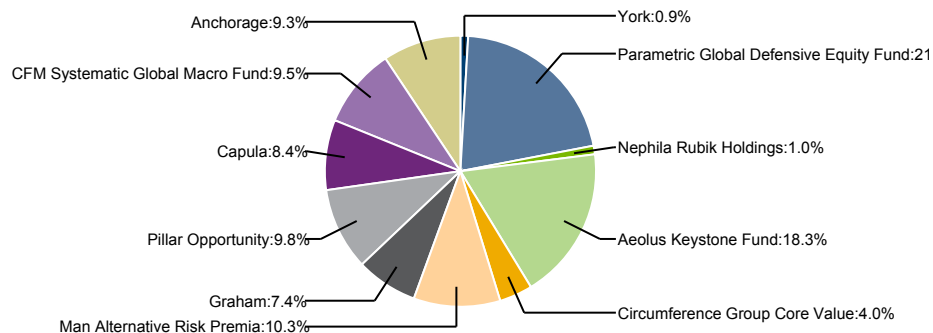


Opportunistic/Alternatives

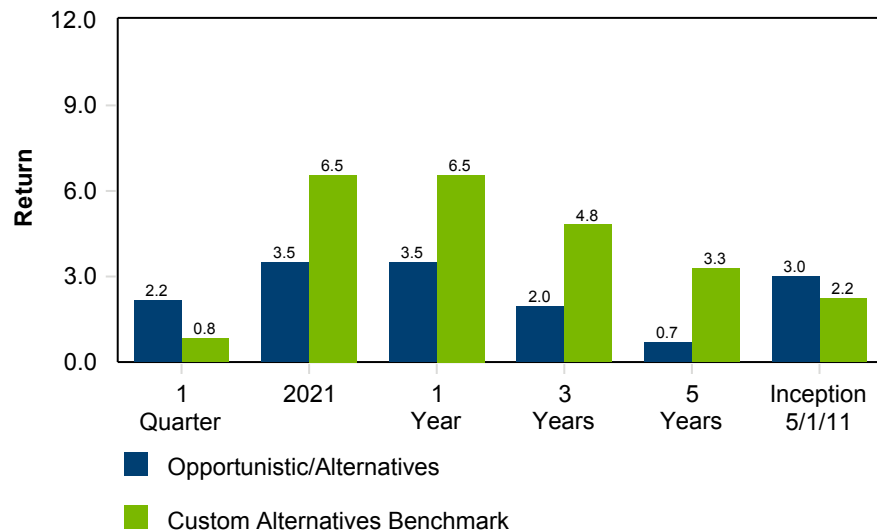
Opportunistic/Alternatives Portfolio Overview

Current Allocation

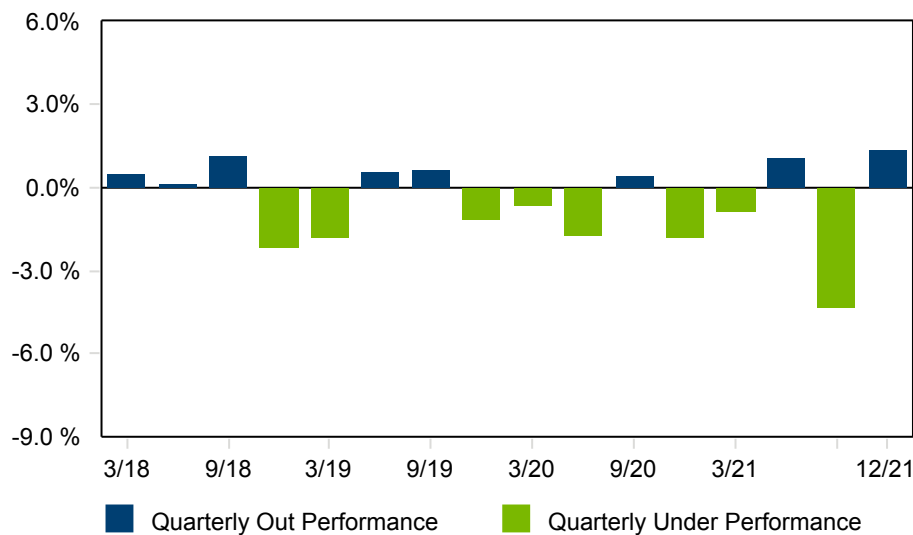
December 31, 2021 : \$966M



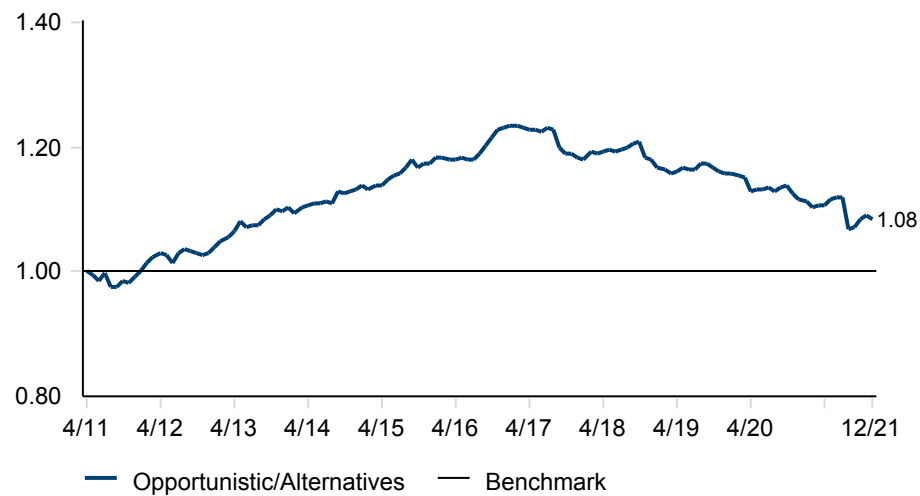
Return Summary



Quarterly Excess Performance

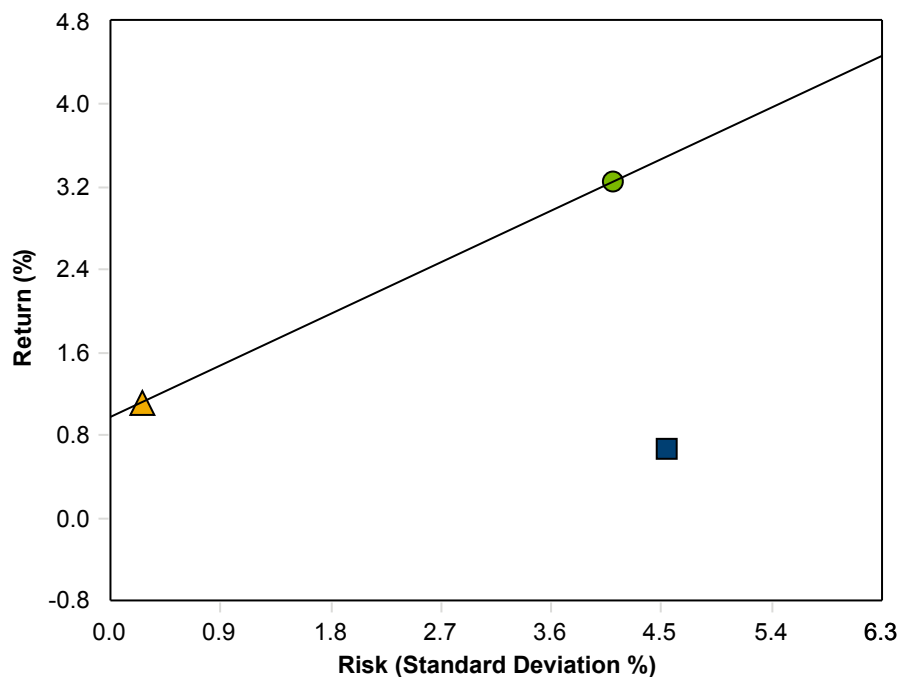


Ratio of Cumulative Wealth - Since Inception



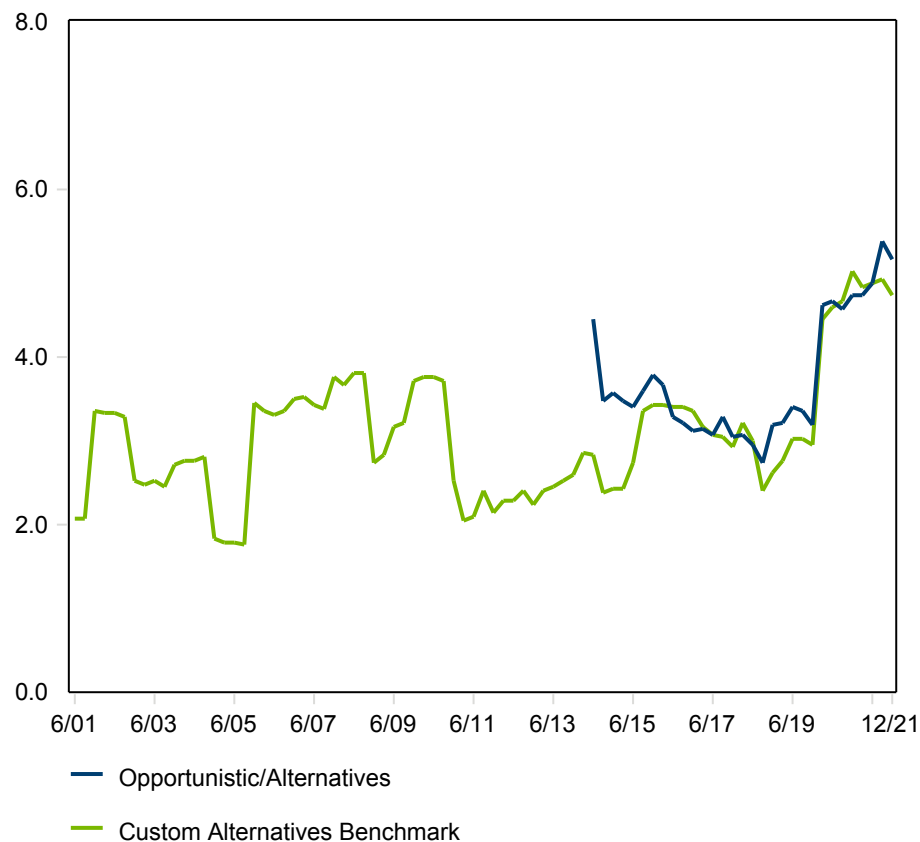
Opportunistic/Alternatives Risk Profile

Annualized Return vs. Annualized Standard Deviation 5 Years



- Opportunistic/Alternatives
- Custom Alternatives Benchmark
- ▲ FTSE 3 Month T-Bill

Rolling 3 Years Standard Deviation

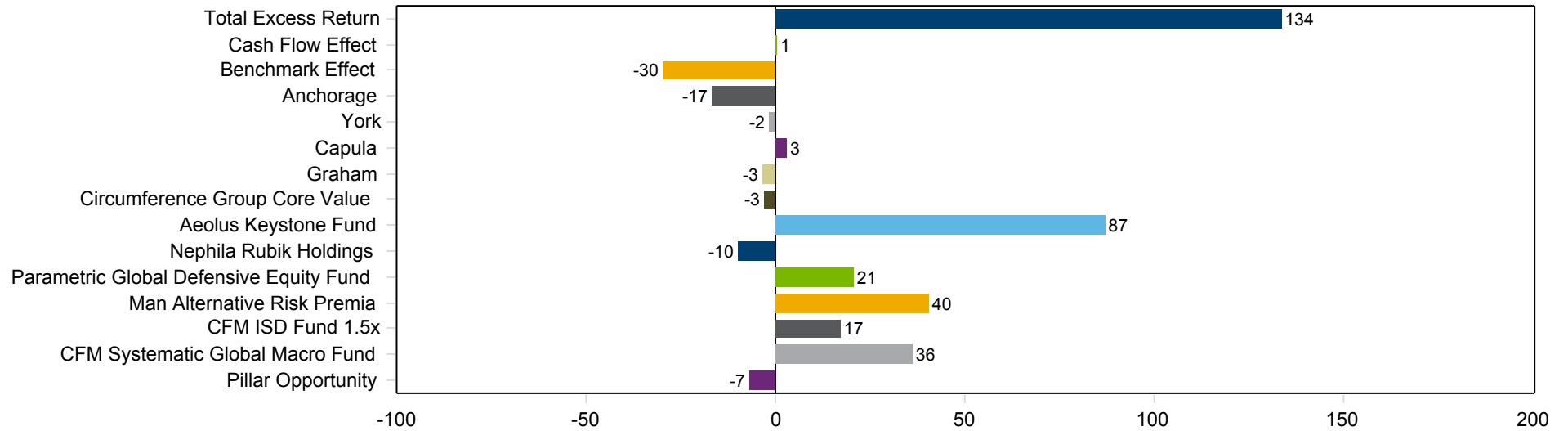


5 Years Historical Statistics

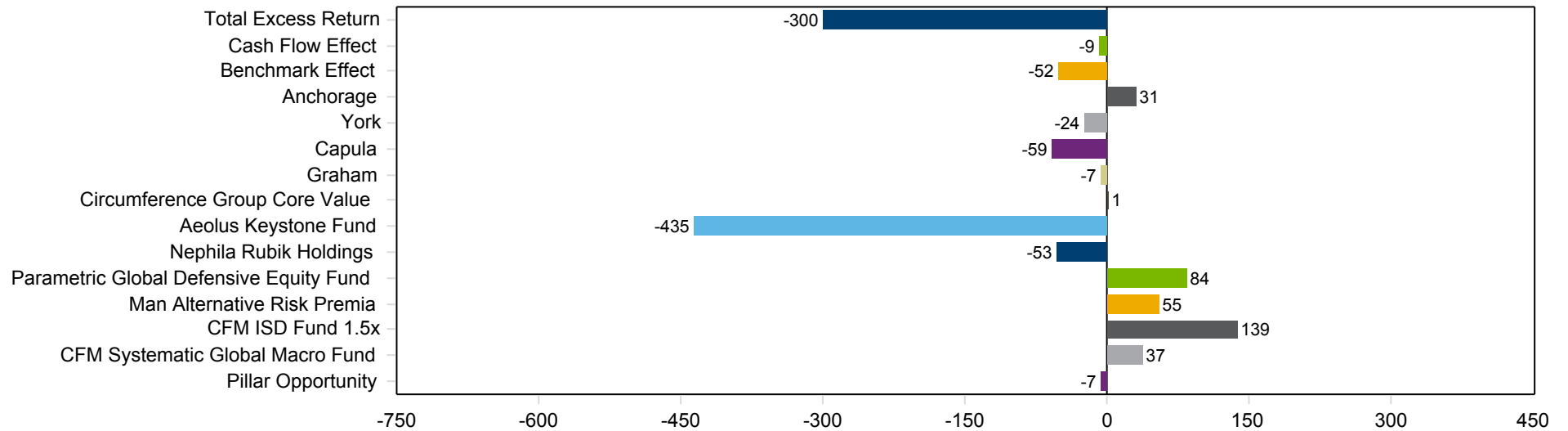
	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Opportunistic/Alternatives	-2.52	3.11	-0.81	0.56	-0.07	-1.93	0.83	0.67	4.55	0.75
Custom Alternatives Benchmark	0.00	0.00	N/A	1.00	0.52	0.00	1.00	3.25	4.10	1.00
FTSE 3 Month T-Bill	-2.18	4.16	-0.52	0.04	N/A	1.16	-0.01	1.11	0.26	-0.20

Asset Class Attribution

1 Quarter



1 Year

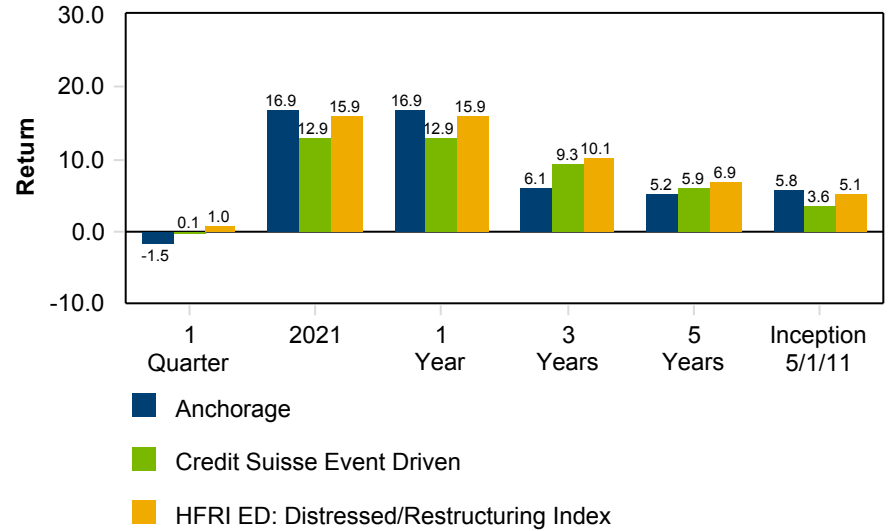


Anchorage Performance Summary

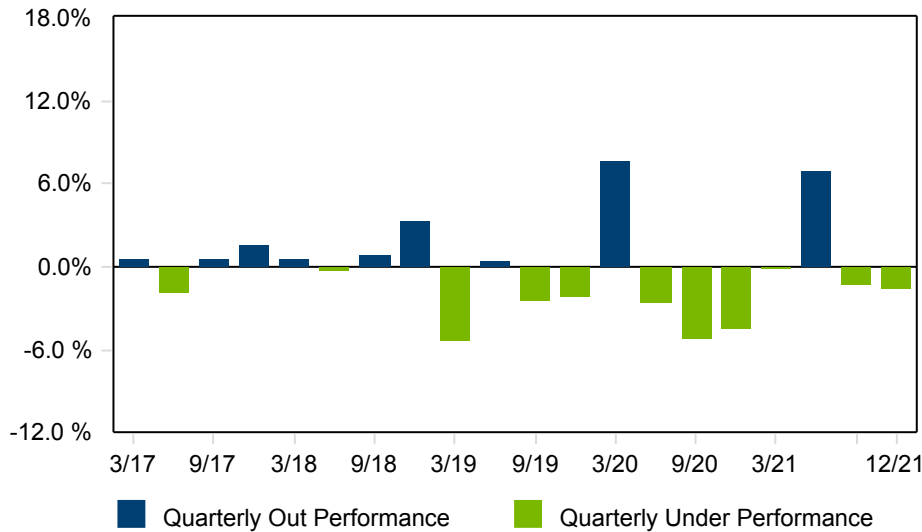
Account Information

Account Name: Anchorage
 Inception Date: 05/01/2011
 Account Structure: Hedge Fund
 Asset Class: US Hedge Fund
 Benchmark: Credit Suisse Event Driven
 Peer Group:

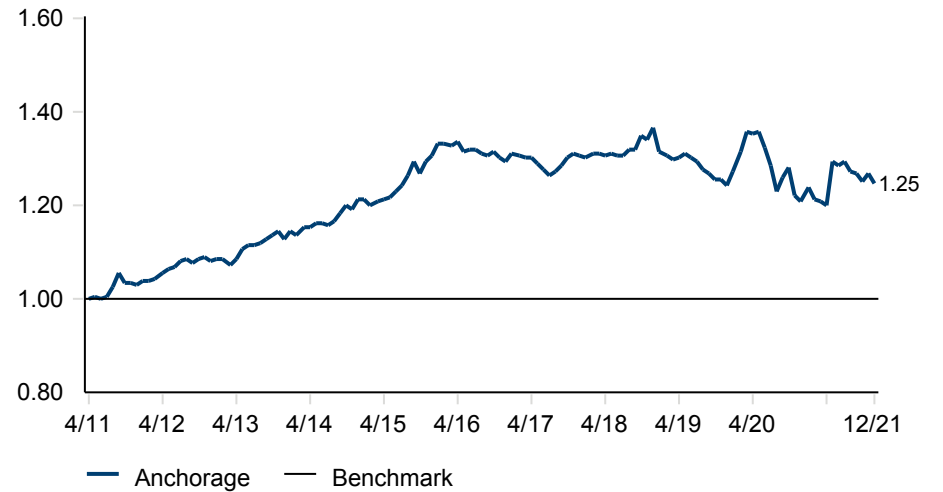
Return Summary



Quarterly Excess Performance

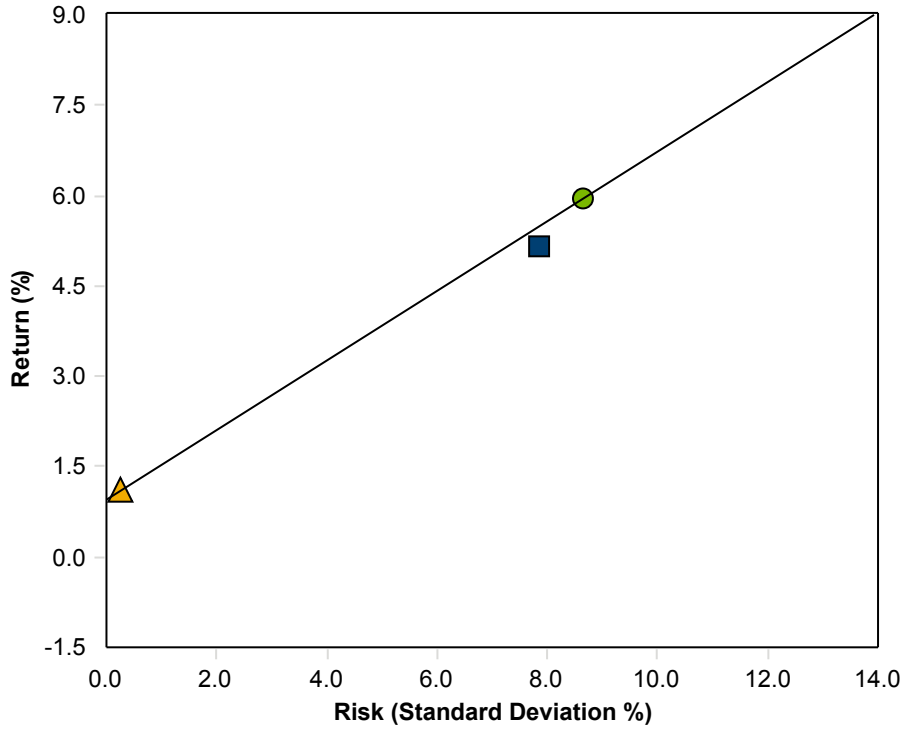


Ratio of Cumulative Wealth - Since Inception



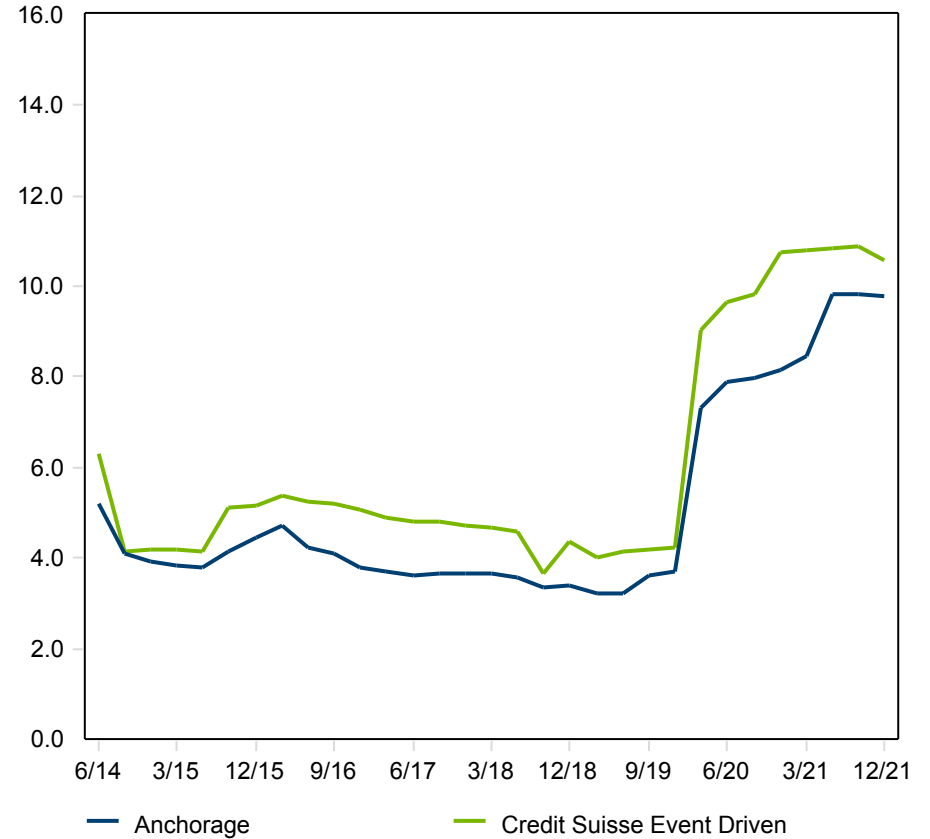
Anchorage Risk Profile

Annualized Return vs. Annualized Standard Deviation 5 Years



■ Anchorage ● Credit Suisse Event Driven
▲ FTSE 3 Month T-Bill

Rolling 3 Years Standard Deviation



5 Years Historical Statistics

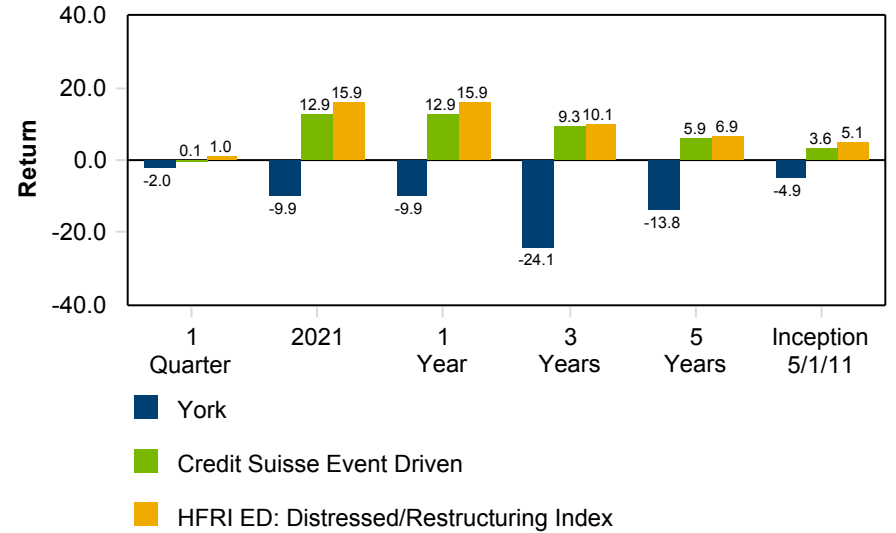
	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Anchorage	-0.81	6.57	-0.12	0.47	0.54	1.53	0.62	5.17	7.83	0.69
Credit Suisse Event Driven	0.00	0.00	N/A	1.00	0.58	0.00	1.00	5.94	8.63	1.00
FTSE 3 Month T-Bill	-5.06	8.71	-0.58	0.08	N/A	1.17	-0.01	1.11	0.26	-0.29

York Performance Summary

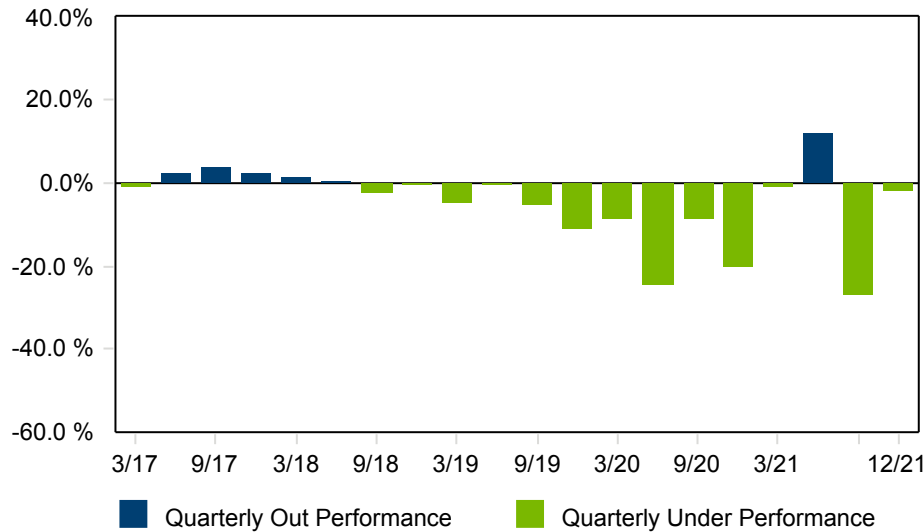
Account Information

Account Name: York
 Inception Date: 05/01/2011
 Account Structure: Hedge Fund
 Asset Class: US Hedge Fund
 Benchmark: Credit Suisse Event Driven
 Peer Group:

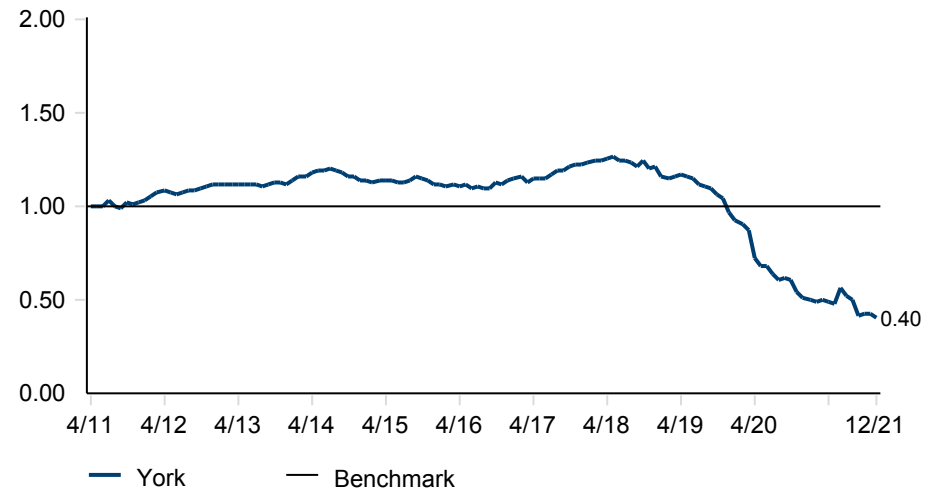
Return Summary



Quarterly Excess Performance

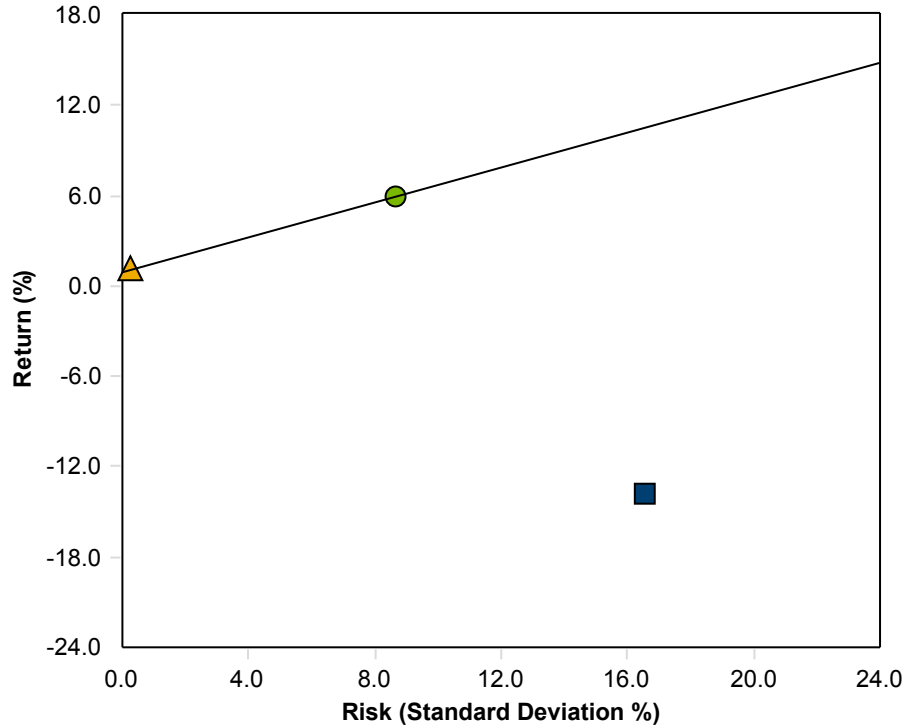


Ratio of Cumulative Wealth - Since Inception



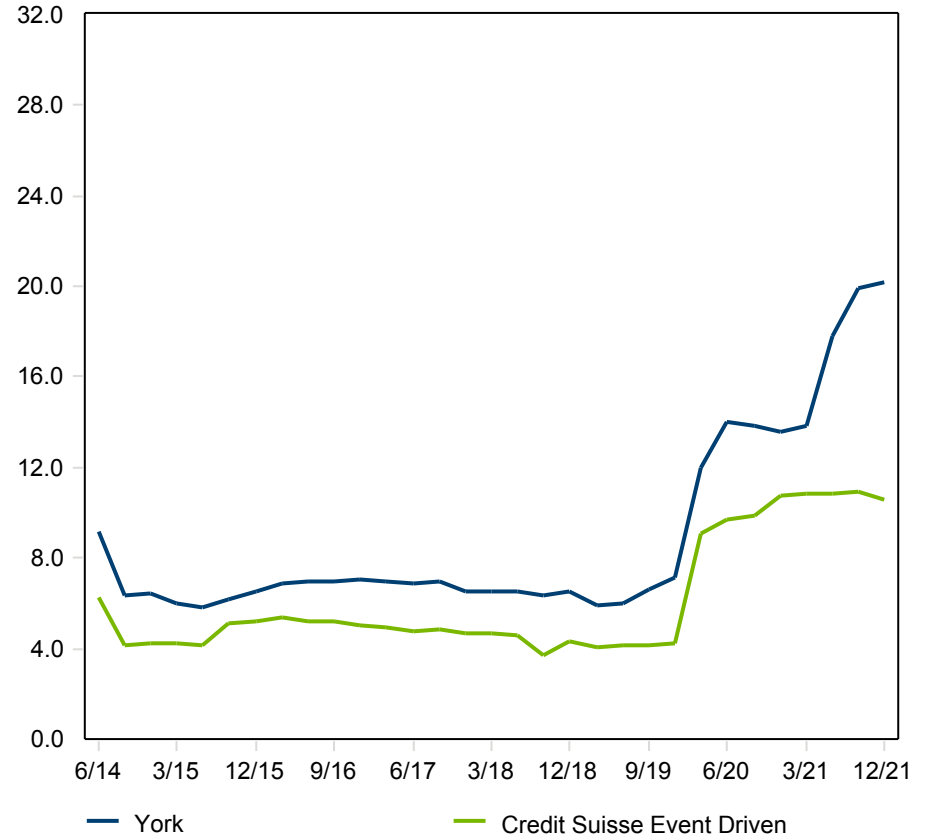
York Risk Profile

Annualized Return vs. Annualized Standard Deviation 5 Years



■ York
● Credit Suisse Event Driven
▲ FTSE 3 Month T-Bill

Rolling 3 Years Standard Deviation



5 Years Historical Statistics

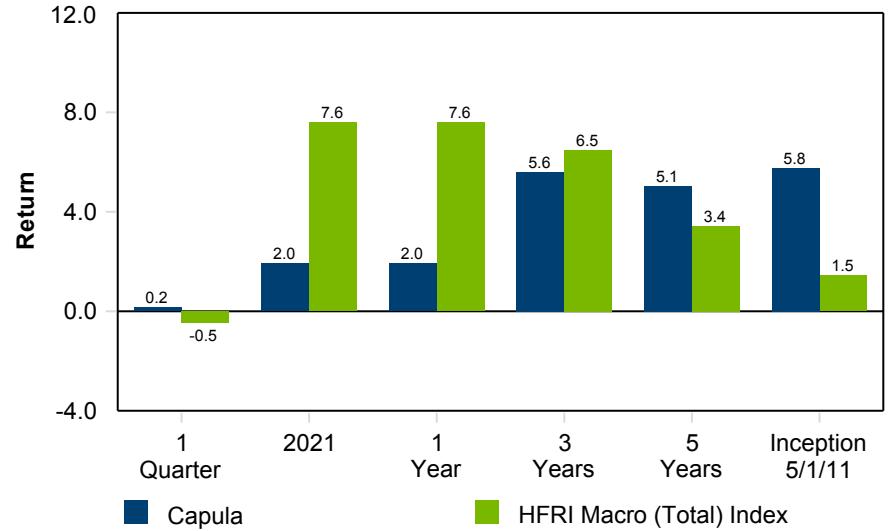
	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
York	-19.54	16.36	-1.19	0.08	-0.87	-15.53	0.55	-13.81	16.58	0.29
Credit Suisse Event Driven	0.00	0.00	N/A	1.00	0.58	0.00	1.00	5.94	8.63	1.00
FTSE 3 Month T-Bill	-5.06	8.71	-0.58	0.08	N/A	1.17	-0.01	1.11	0.26	-0.29

Capula Performance Summary

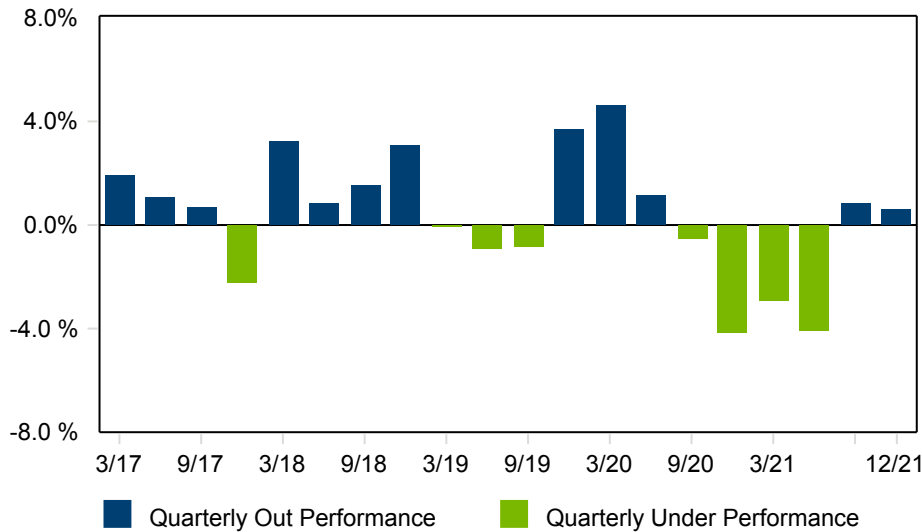
Account Information

Account Name: Capula
 Inception Date: 05/01/2011
 Account Structure: Hedge Fund
 Asset Class: US Hedge Fund
 Benchmark: HFRI Macro (Total) Index
 Peer Group:

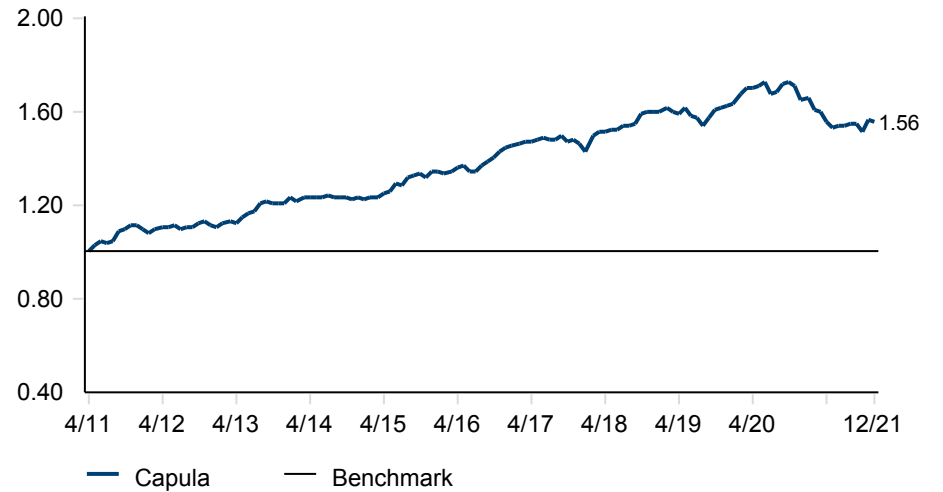
Return Summary



Quarterly Excess Performance

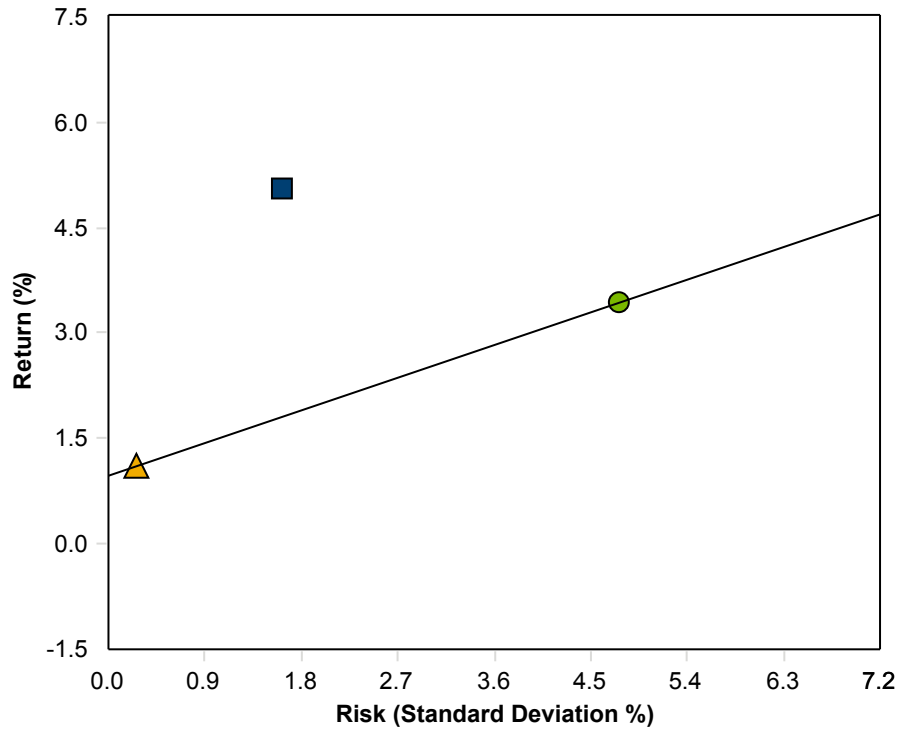


Ratio of Cumulative Wealth - Since Inception



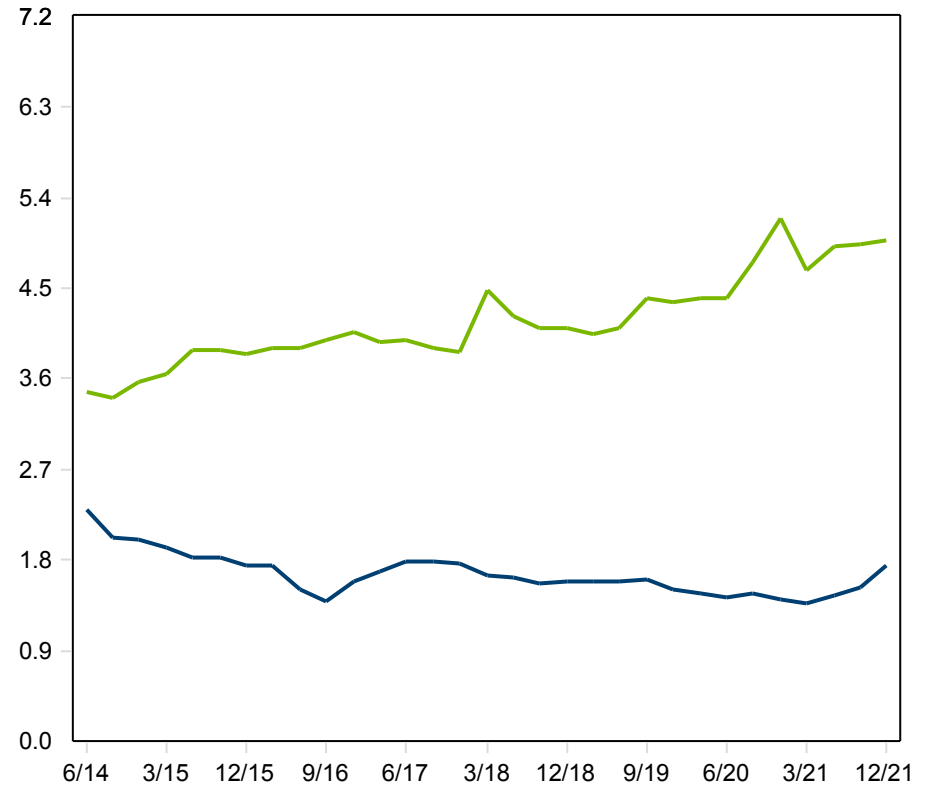
Capula Risk Profile

Annualized Return vs. Annualized Standard Deviation 5 Years



■ Capula
 ● HFRI Macro (Total) Index
 ▲ FTSE 3 Month T-Bill

Rolling 3 Years Standard Deviation



— Capula
 — HFRI Macro (Total) Index

5 Years Historical Statistics

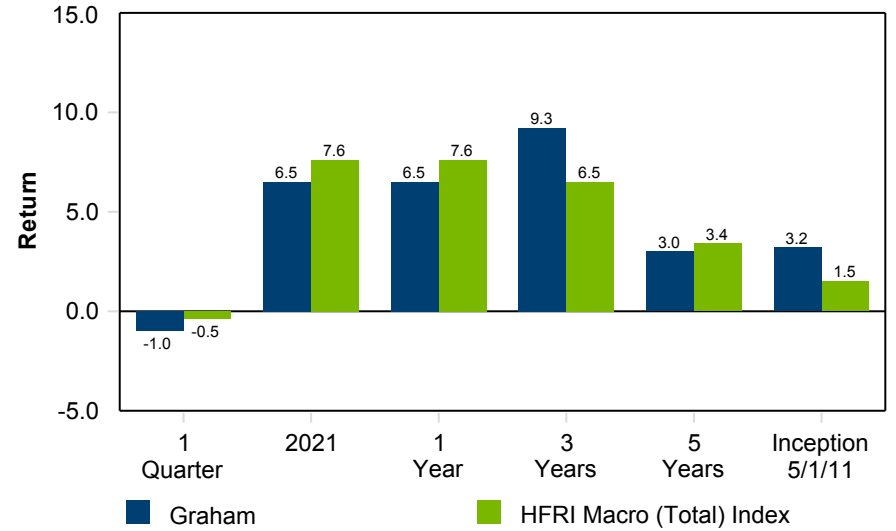
	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Capula	1.48	5.30	0.28	0.03	2.48	5.31	-0.06	5.07	1.61	-0.18
HFRI Macro (Total) Index	0.00	0.00	N/A	1.00	0.50	0.00	1.00	3.43	4.76	1.00
FTSE 3 Month T-Bill	-2.38	4.80	-0.50	0.02	N/A	1.14	-0.01	1.11	0.26	-0.13

Graham Performance Summary

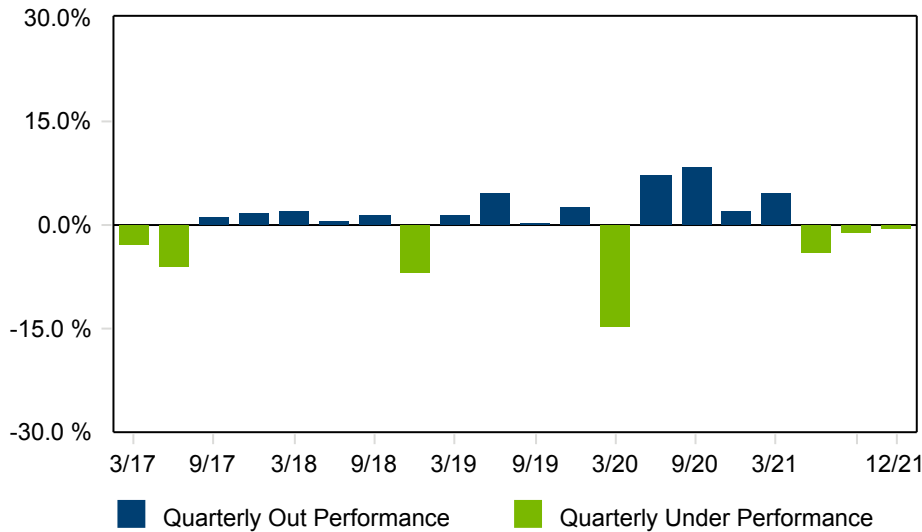
Account Information

Account Name: Graham
 Inception Date: 05/01/2011
 Account Structure: Hedge Fund
 Asset Class: Hedge Fund
 Benchmark: HFRI Macro (Total) Index
 Peer Group:

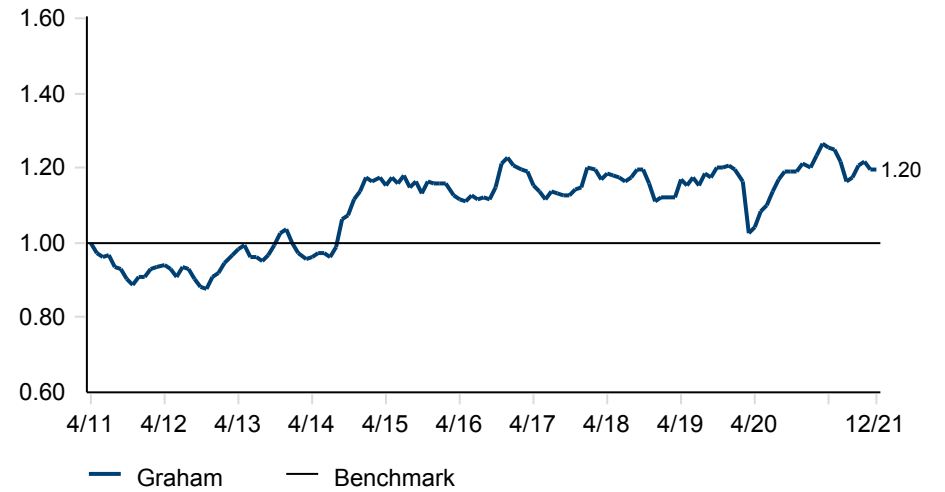
Return Summary



Quarterly Excess Performance

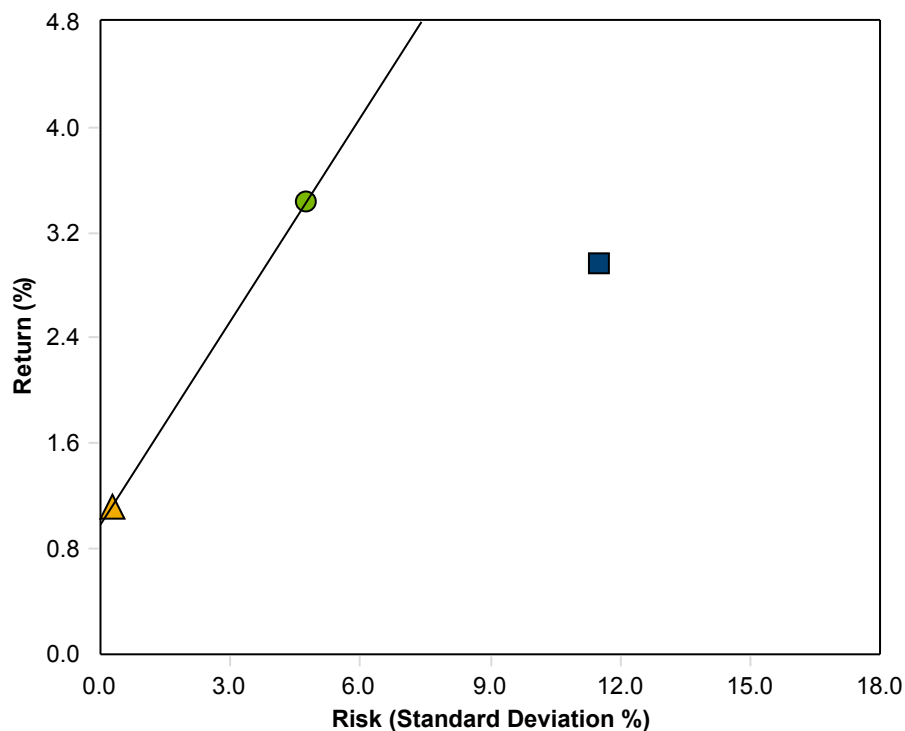


Ratio of Cumulative Wealth - Since Inception



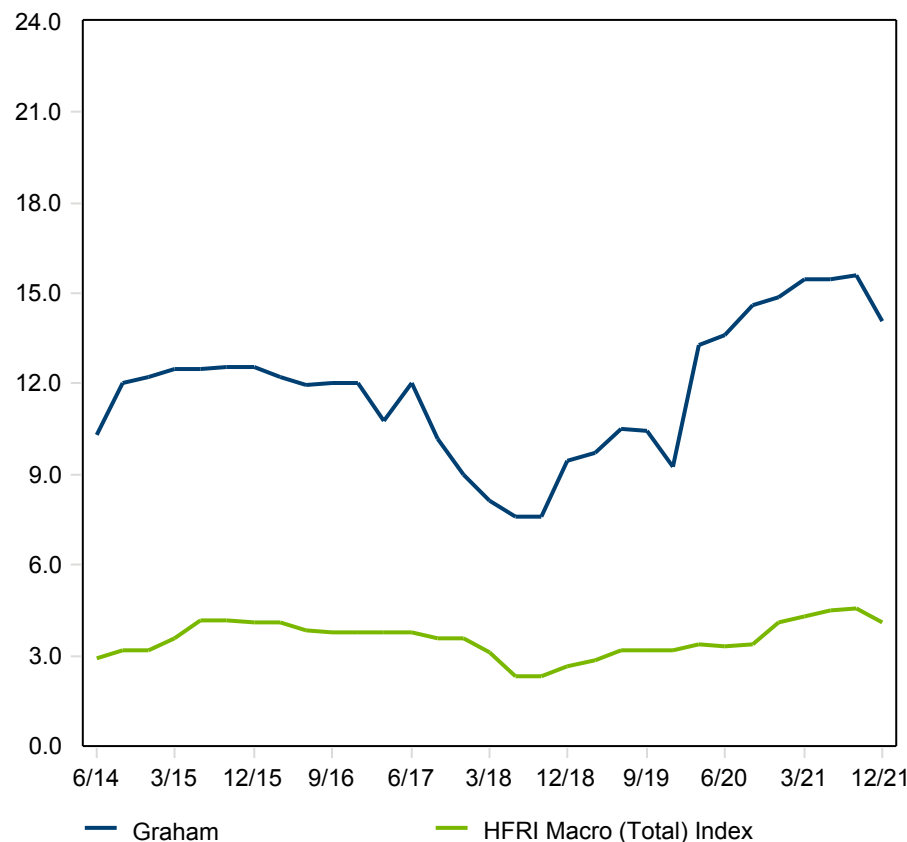
Graham Risk Profile

Annualized Return vs. Annualized Standard Deviation 5 Years



■ Graham ● HFRI Macro (Total) Index
 ▲ FTSE 3 Month T-Bill

Rolling 3 Years Standard Deviation



5 Years Historical Statistics

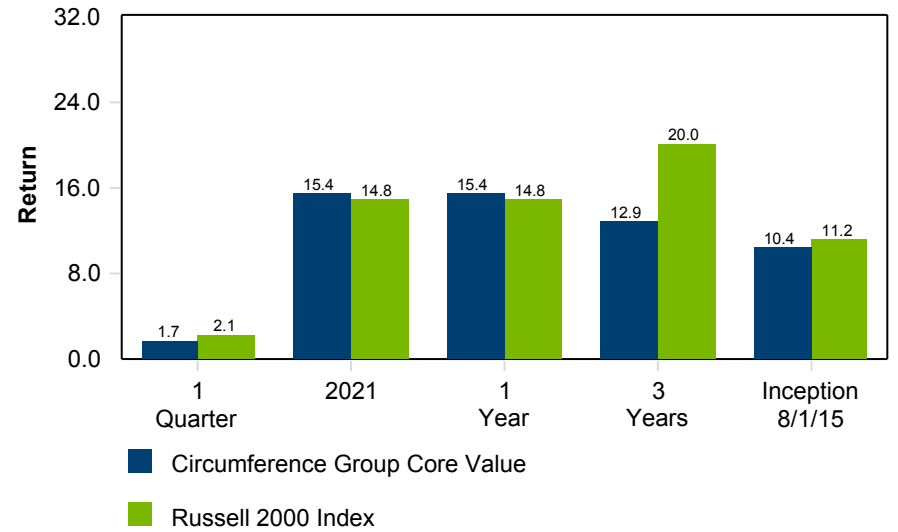
	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Graham	0.10	8.83	0.01	0.50	0.22	-2.32	1.70	2.97	11.51	0.70
HFRI Macro (Total) Index	0.00	0.00	N/A	1.00	0.50	0.00	1.00	3.43	4.76	1.00
FTSE 3 Month T-Bill	-2.38	4.80	-0.50	0.02	N/A	1.14	-0.01	1.11	0.26	-0.13

Circumference Group Core Value Performance Summary

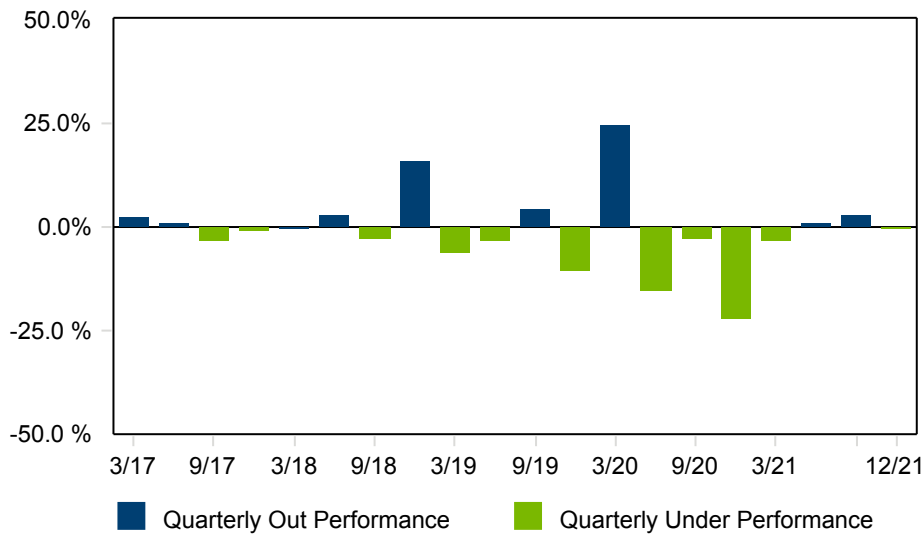
Account Information

Account Name: Circumference Group Core Value
 Inception Date: 08/31/2015
 Account Structure: Hedge Fund
 Asset Class: US Hedge Fund
 Benchmark: Russell 2000 Index
 Peer Group:

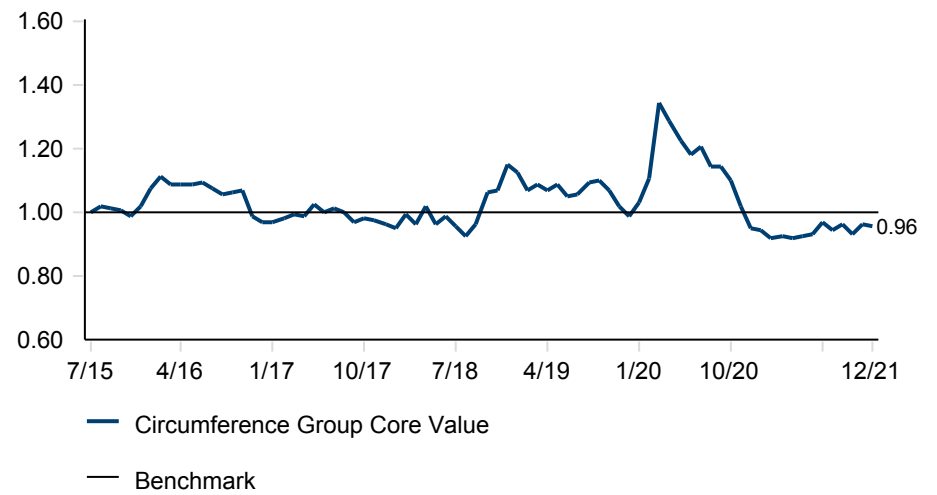
Return Summary



Quarterly Excess Performance



Ratio of Cumulative Wealth - Since Inception

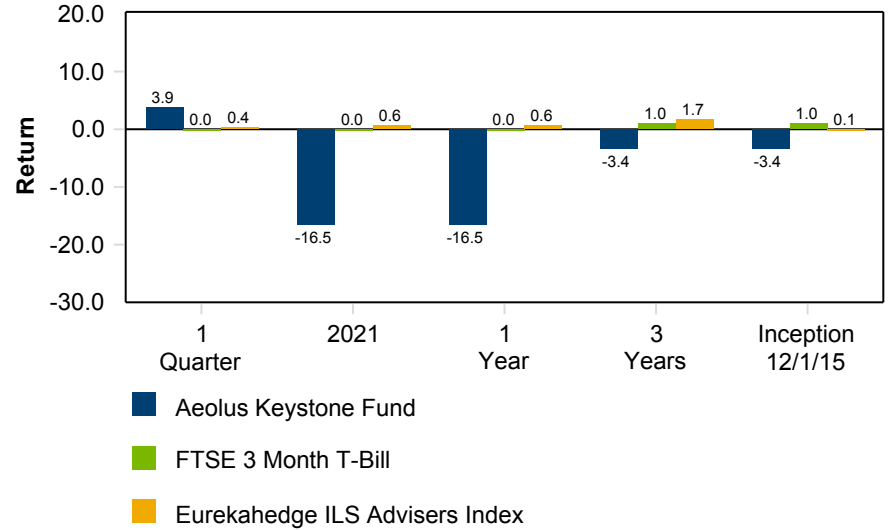


Aeolus Keystone Fund Performance Summary

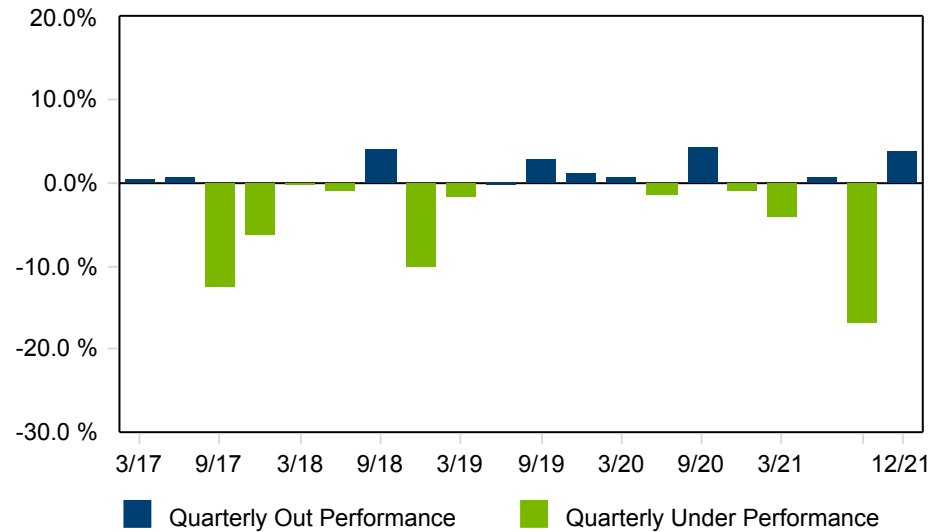
Account Information

Account Name: Aeolus Keystone Fund
 Inception Date: 12/01/2015
 Account Structure: Hedge Fund
 Asset Class: Hedge Fund
 Benchmark: FTSE 3 Month T-Bill
 Peer Group:

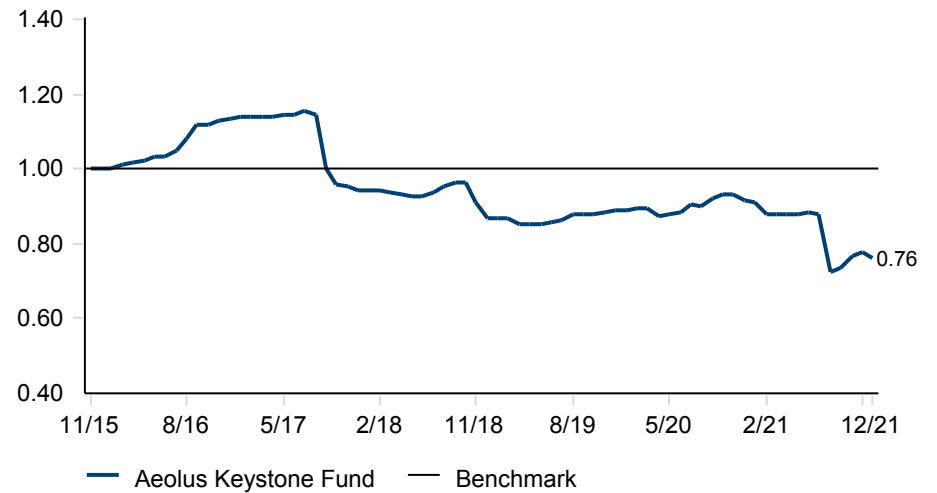
Return Summary



Quarterly Excess Performance



Ratio of Cumulative Wealth - Since Inception

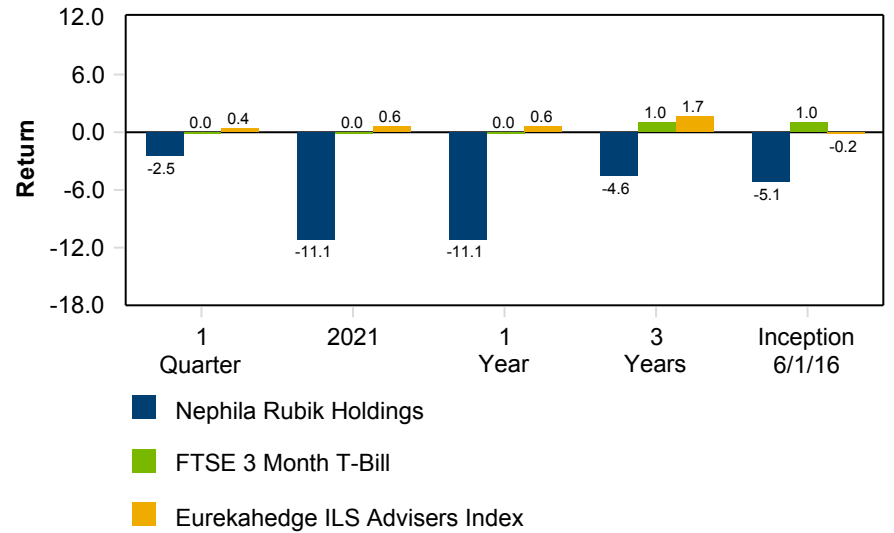


Nephila Rubik Holdings Performance Summary

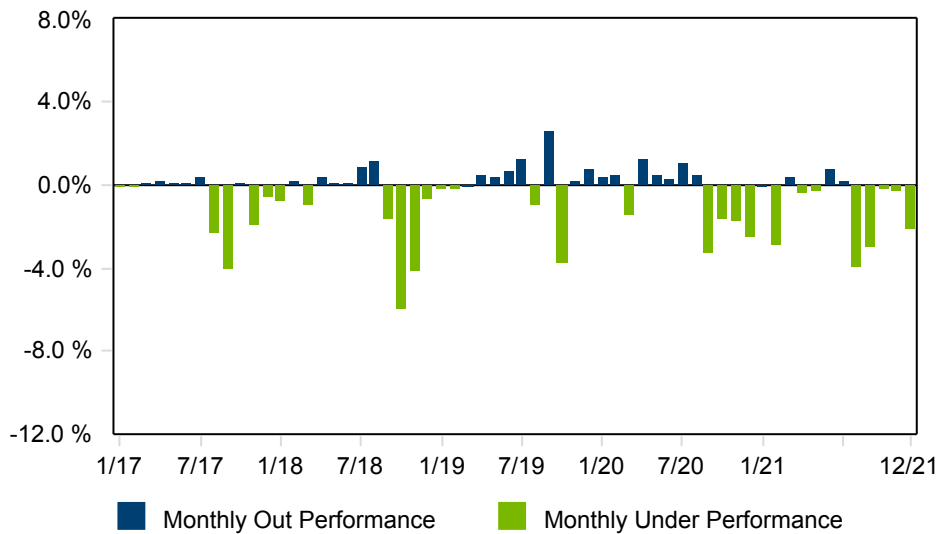
Account Information

Account Name: Nephila Rubik Holdings
 Inception Date: 06/01/2016
 Account Structure:
 Asset Class: Hedge Fund
 Benchmark: FTSE 3 Month T-Bill
 Peer Group:

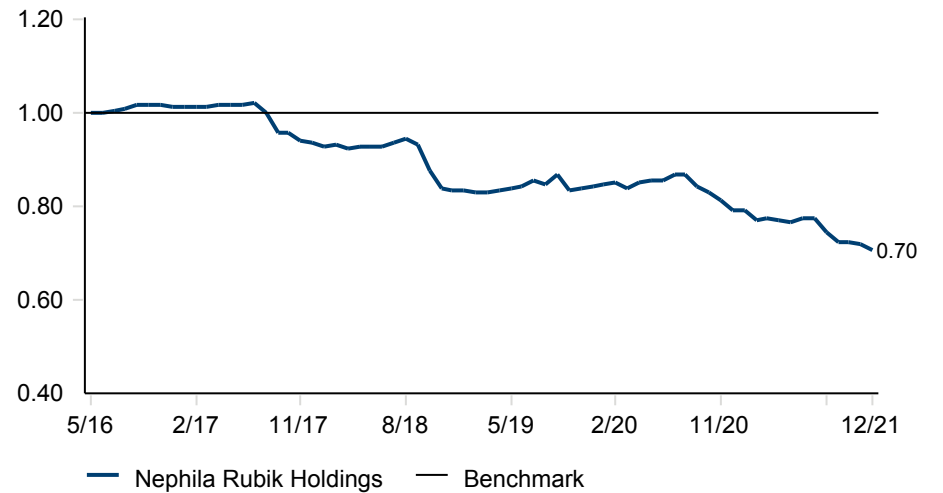
Return Summary



Monthly Excess Performance



Ratio of Cumulative Wealth - Since Inception

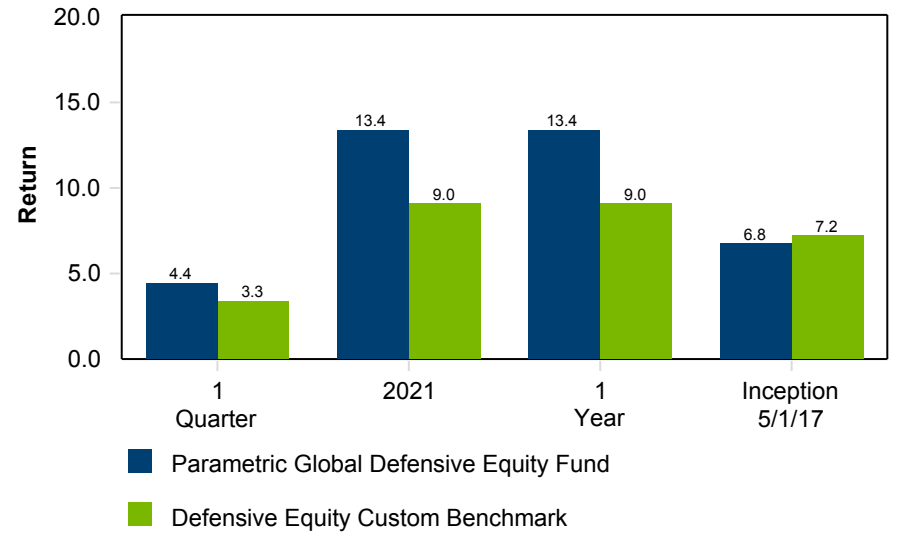


Parametric Global Defensive Equity Fund Performance Summary

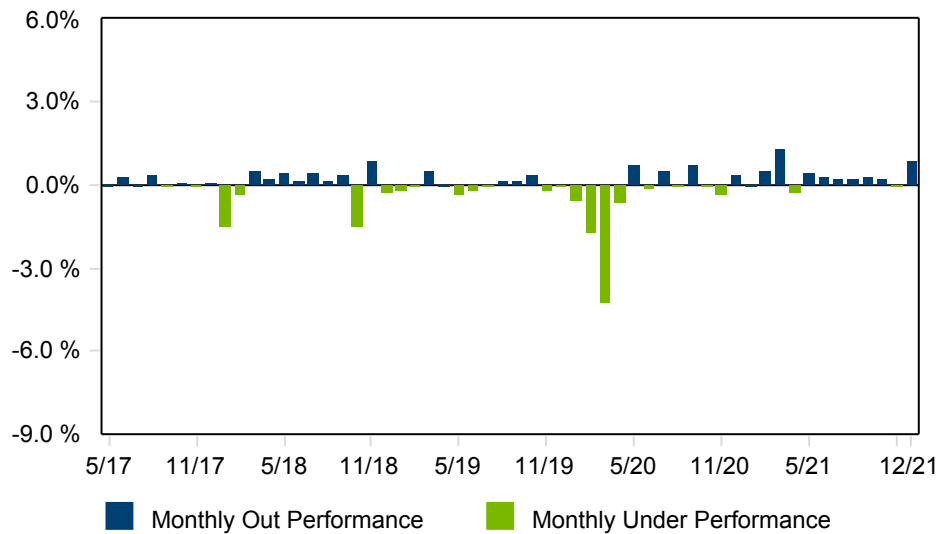
Account Information

Account Name: Parametric Global Defensive Equity Fund
 Inception Date: 06/01/2017
 Account Structure: Commingled Fund
 Asset Class: Global Equity
 Benchmark: Defensive Equity Custom Benchmark
 Peer Group:

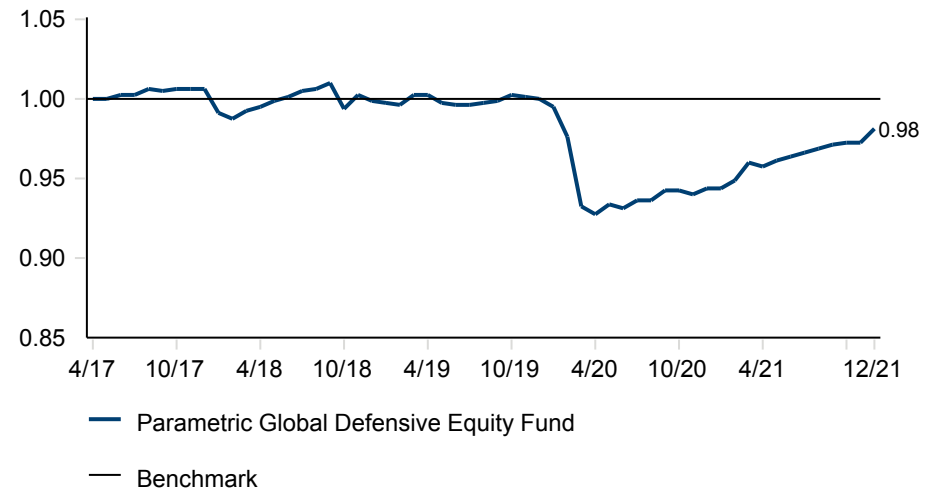
Return Summary



Monthly Excess Performance



Ratio of Cumulative Wealth - Since Inception

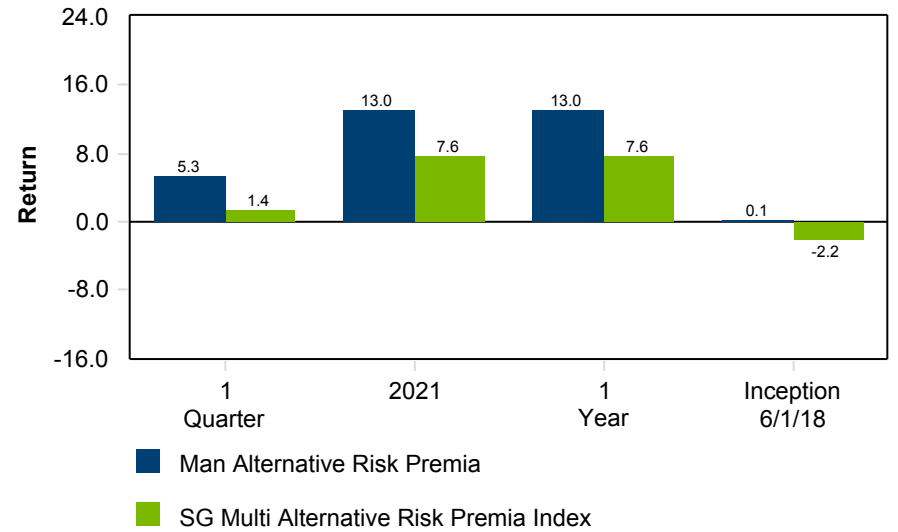


Man Alternative Risk Premia Performance Summary

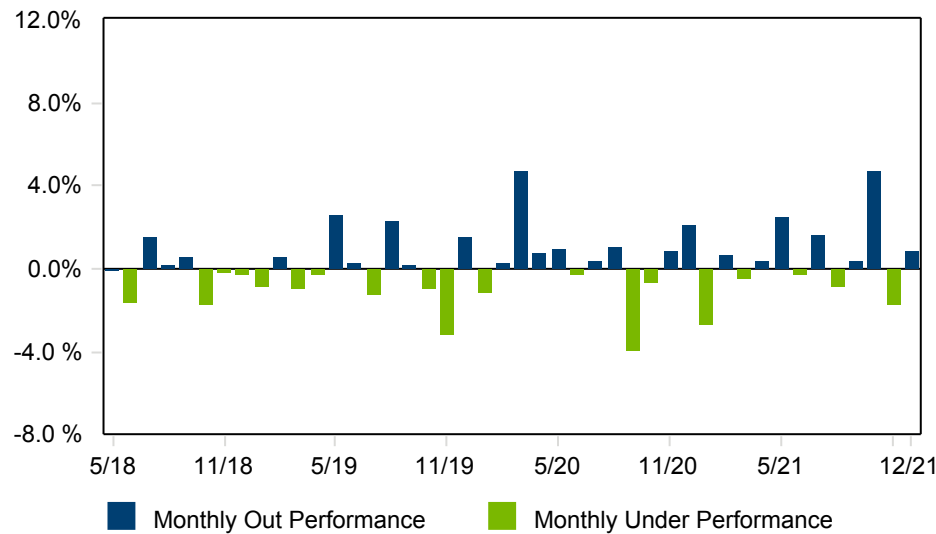
Account Information

Account Name: Man Alternative Risk Premia
 Inception Date: 06/01/2018
 Account Structure: Commingled Fund
 Asset Class: US Equity
 Benchmark: SG Multi Alternative Risk Premia Index
 Peer Group:

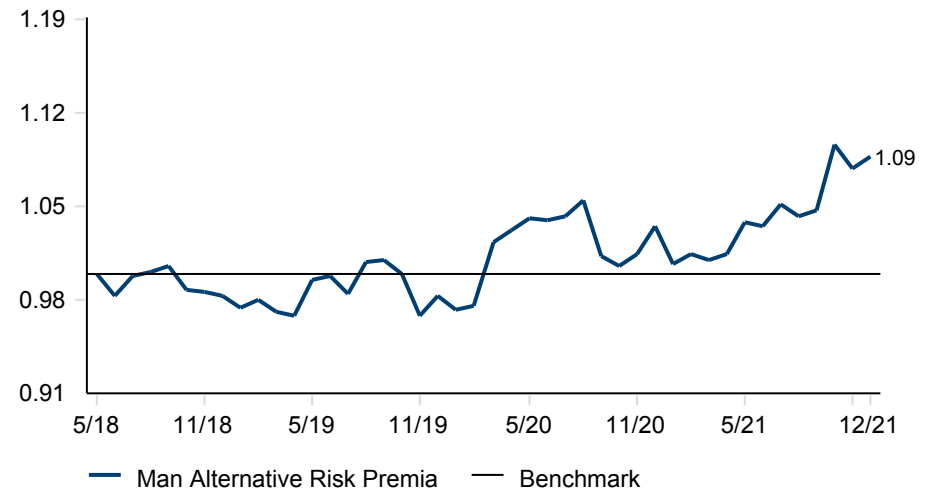
Return Summary



Monthly Excess Performance



Ratio of Cumulative Wealth - Since Inception

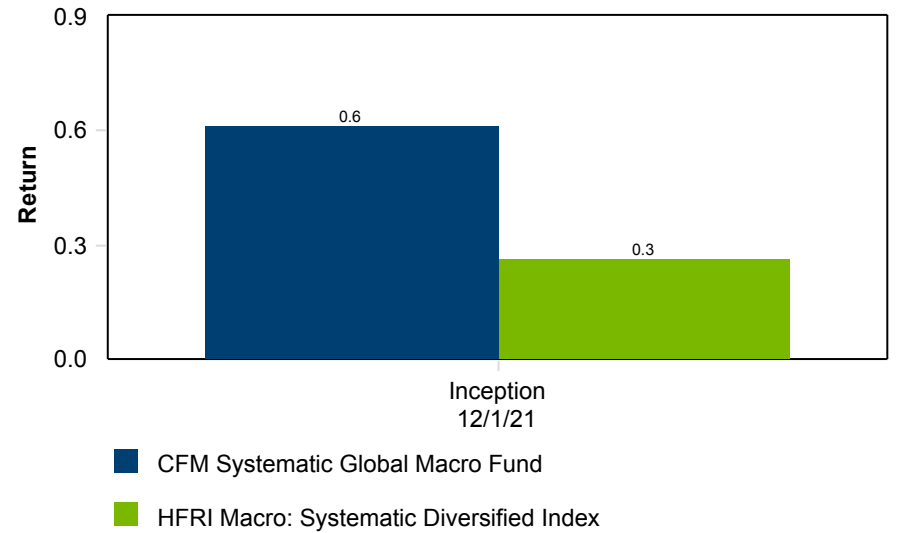


CFM Systematic Global Macro Fund Performance Summary

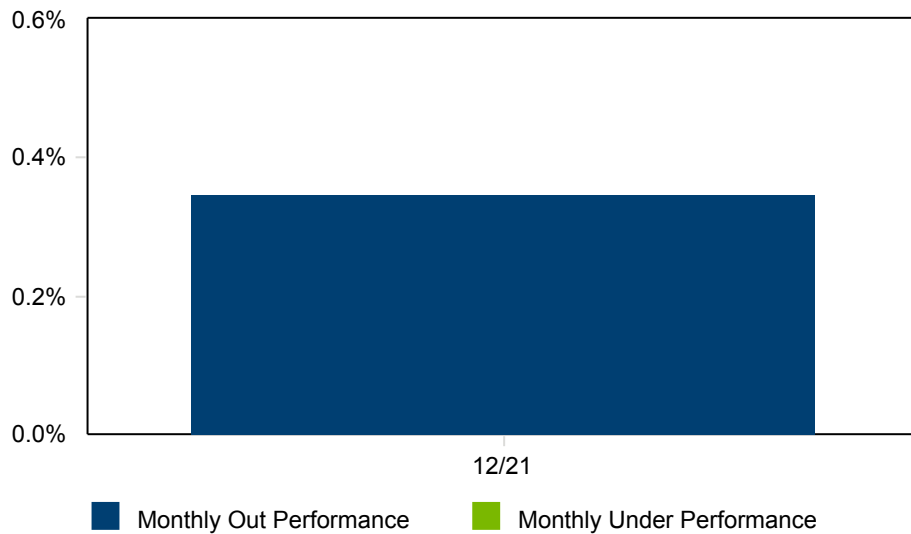
Account Information

Account Name: CFM Systematic Global Macro Fund
 Inception Date: 11/01/2021
 Account Structure: Commingled Fund
 Asset Class: US Equity
 Benchmark: HFRI Macro: Systematic Diversified Index
 Peer Group:

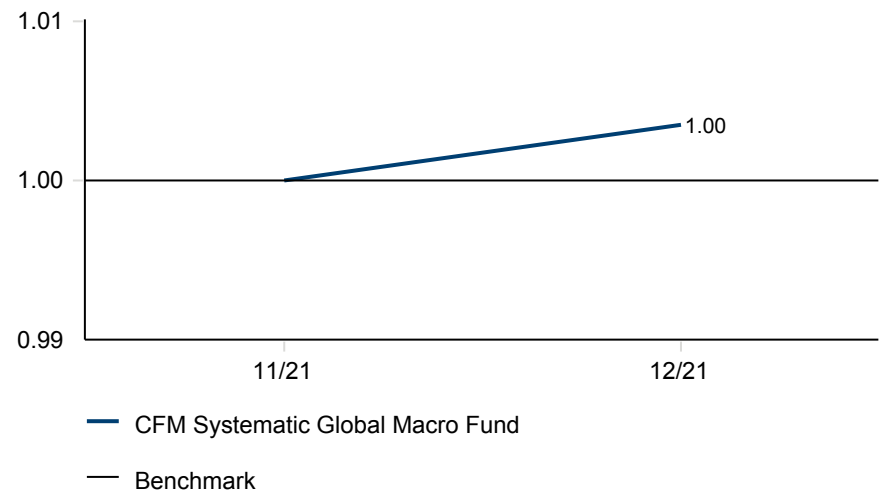
Return Summary

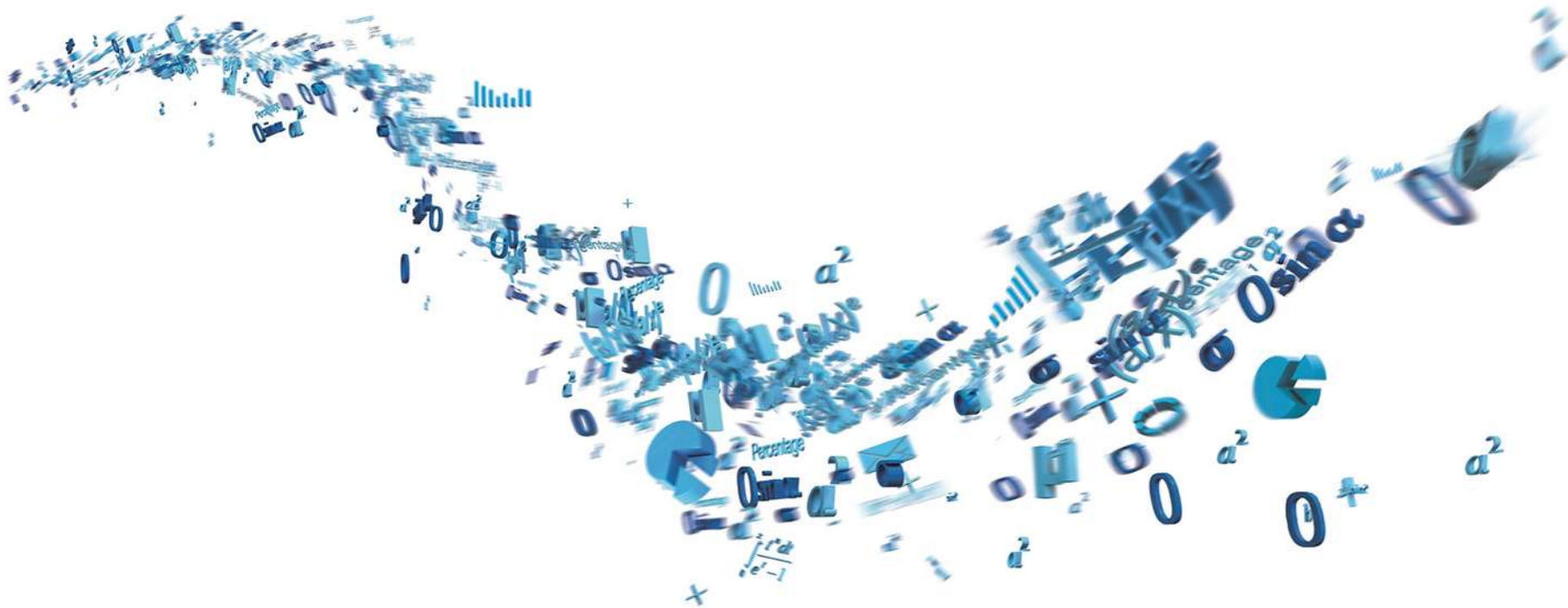


Monthly Excess Performance



Ratio of Cumulative Wealth - Since Inception



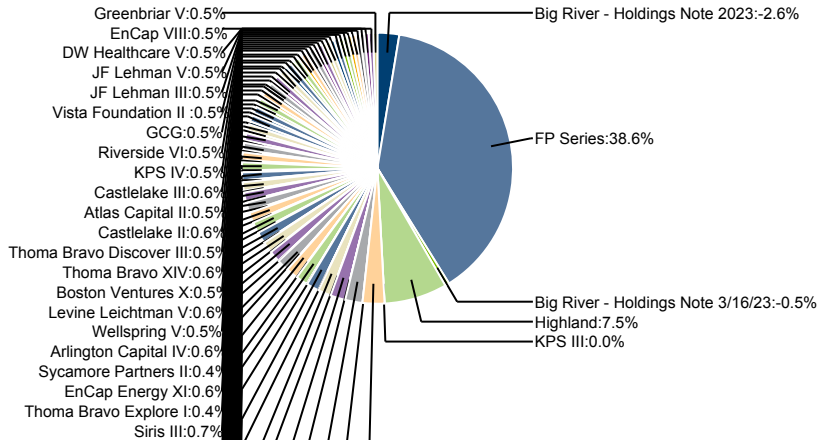


Private Equity

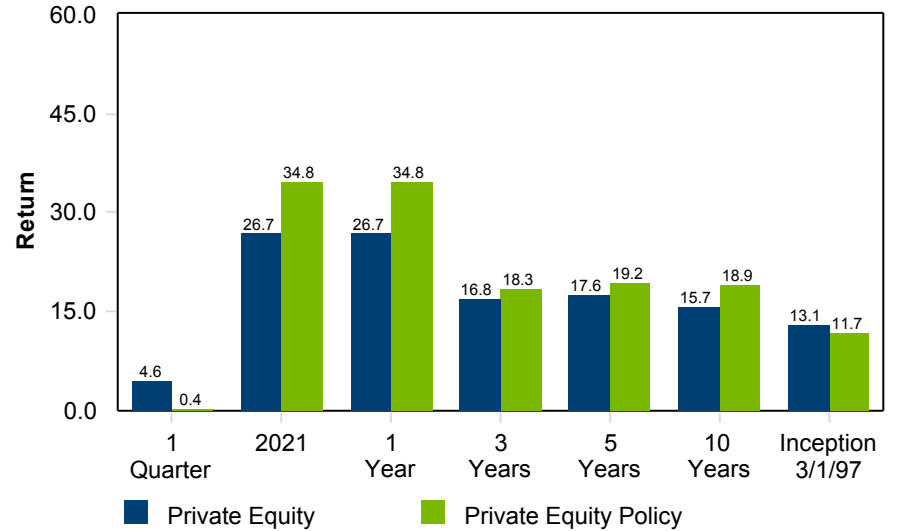
Private Equity Portfolio Overview

Current Allocation

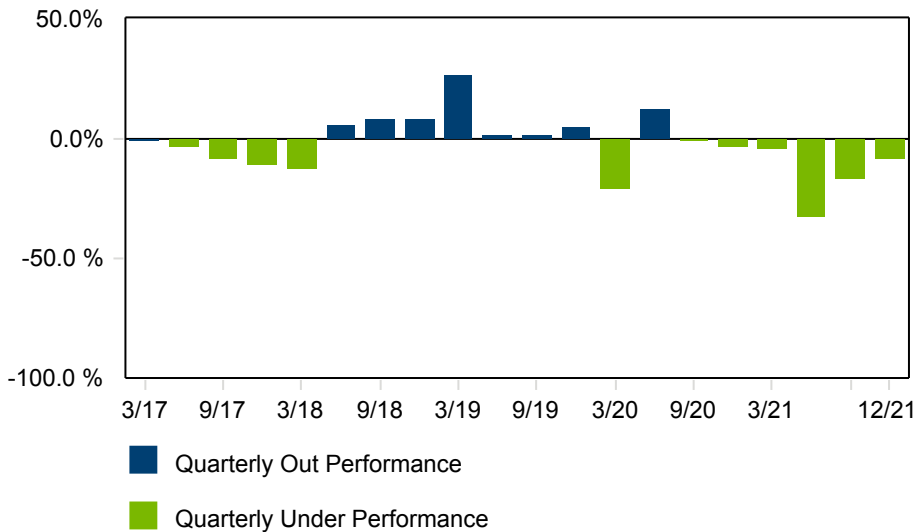
December 31, 2021 : \$2,702M



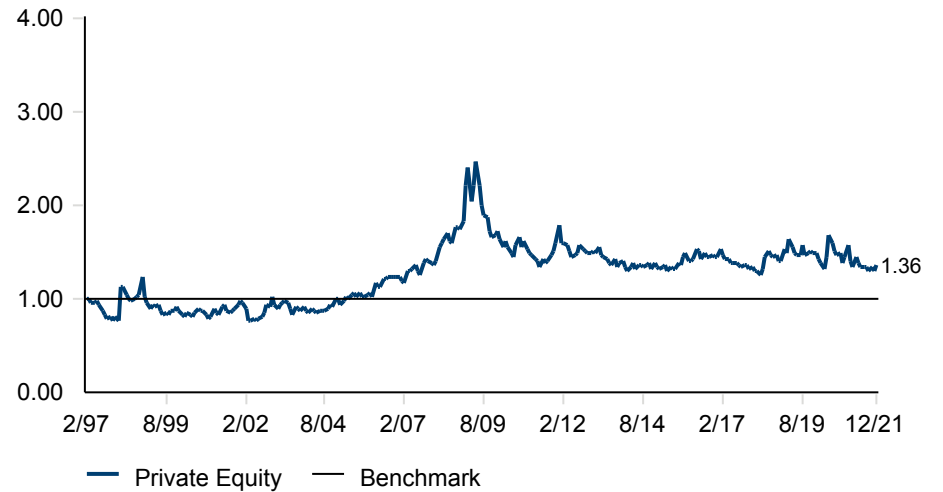
Return Summary

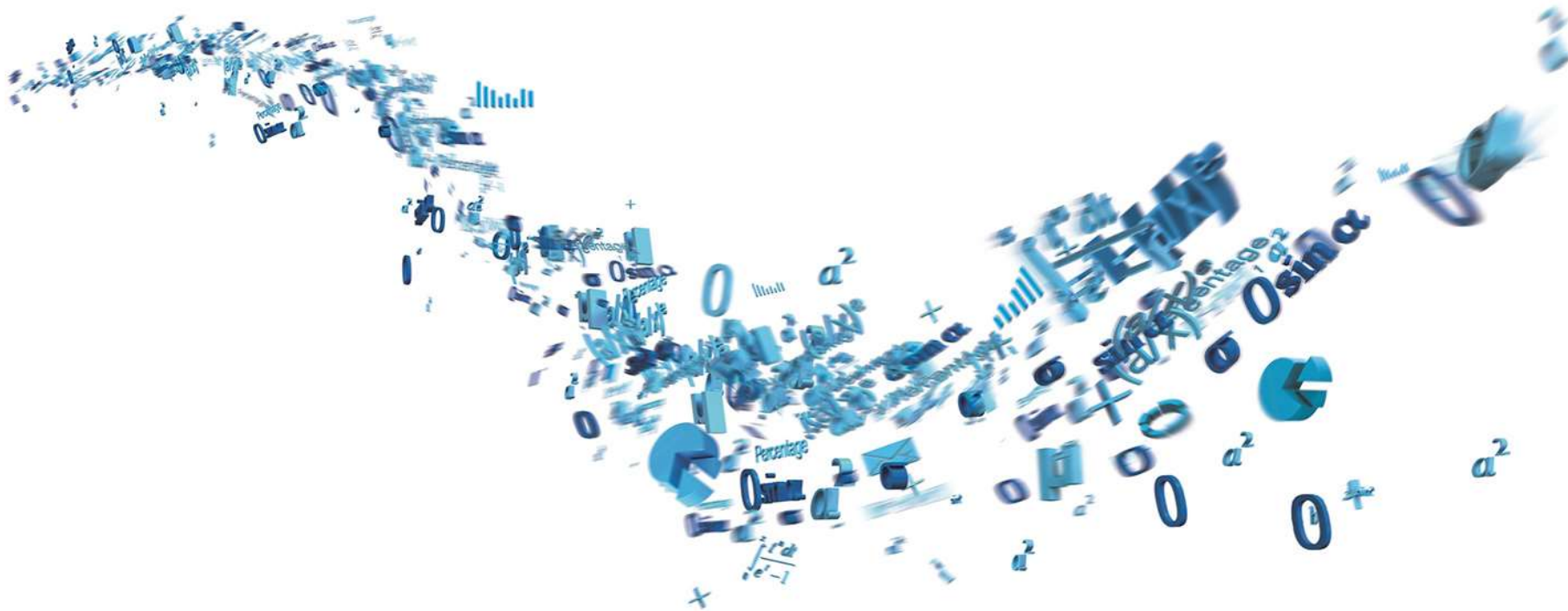


Quarterly Excess Performance



Ratio of Cumulative Wealth - Since Inception



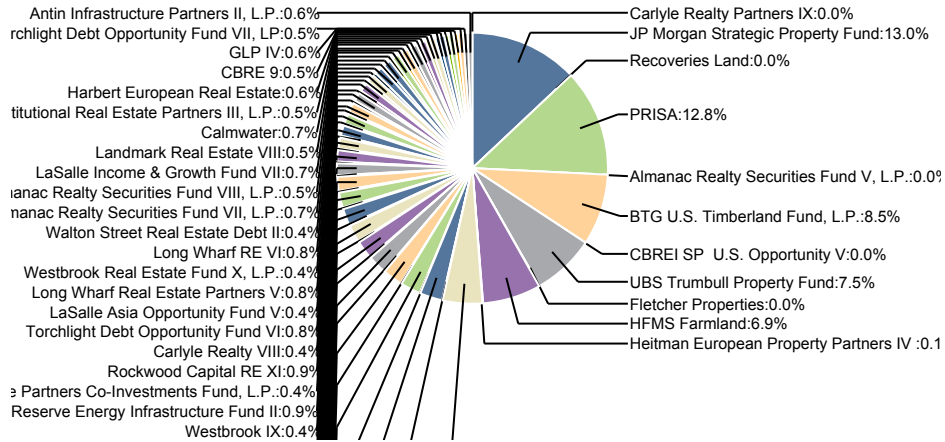


Real Assets

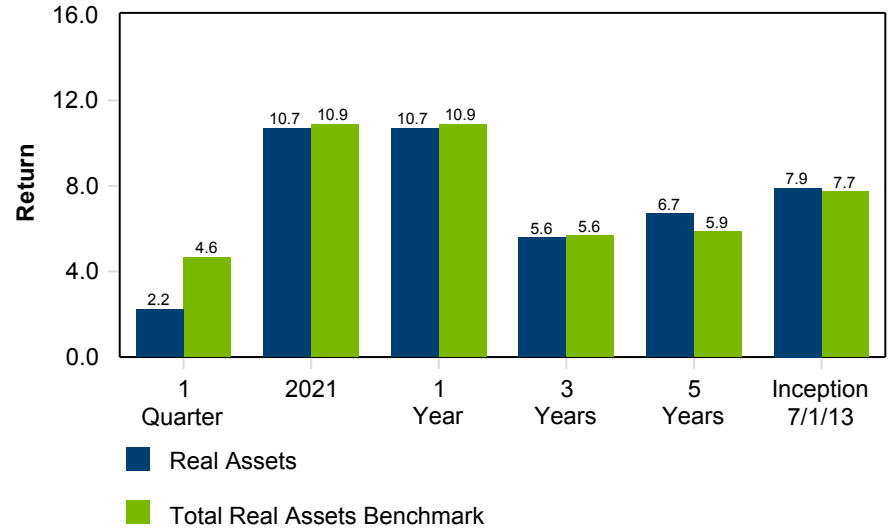
Real Assets Portfolio Overview

Current Allocation

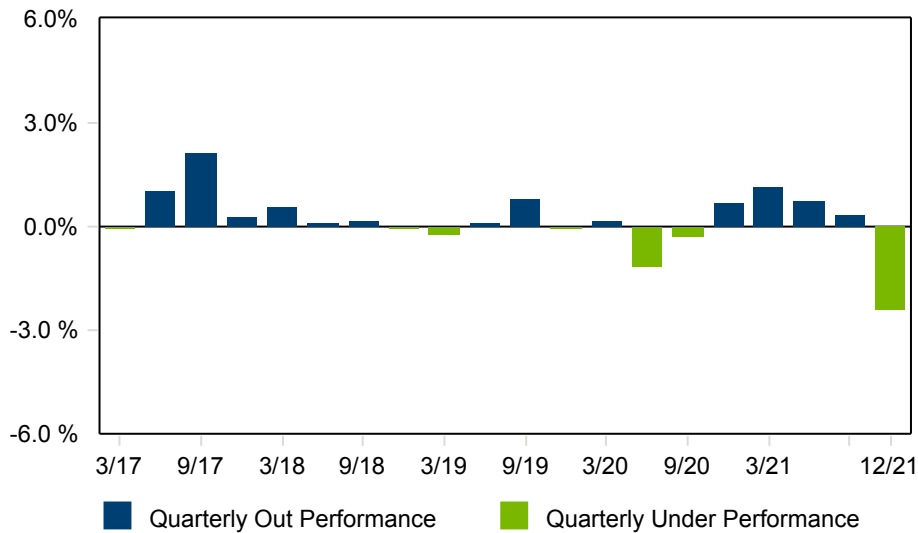
December 31, 2021 : \$2,343M



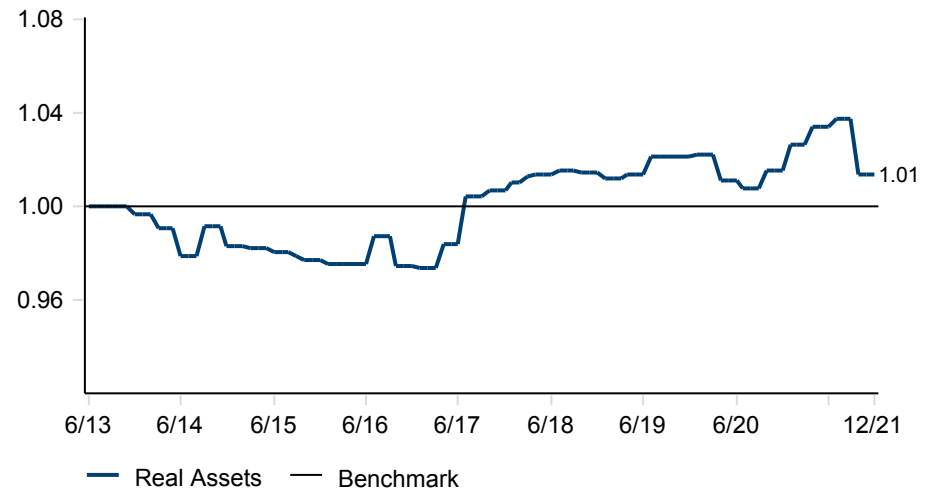
Return Summary

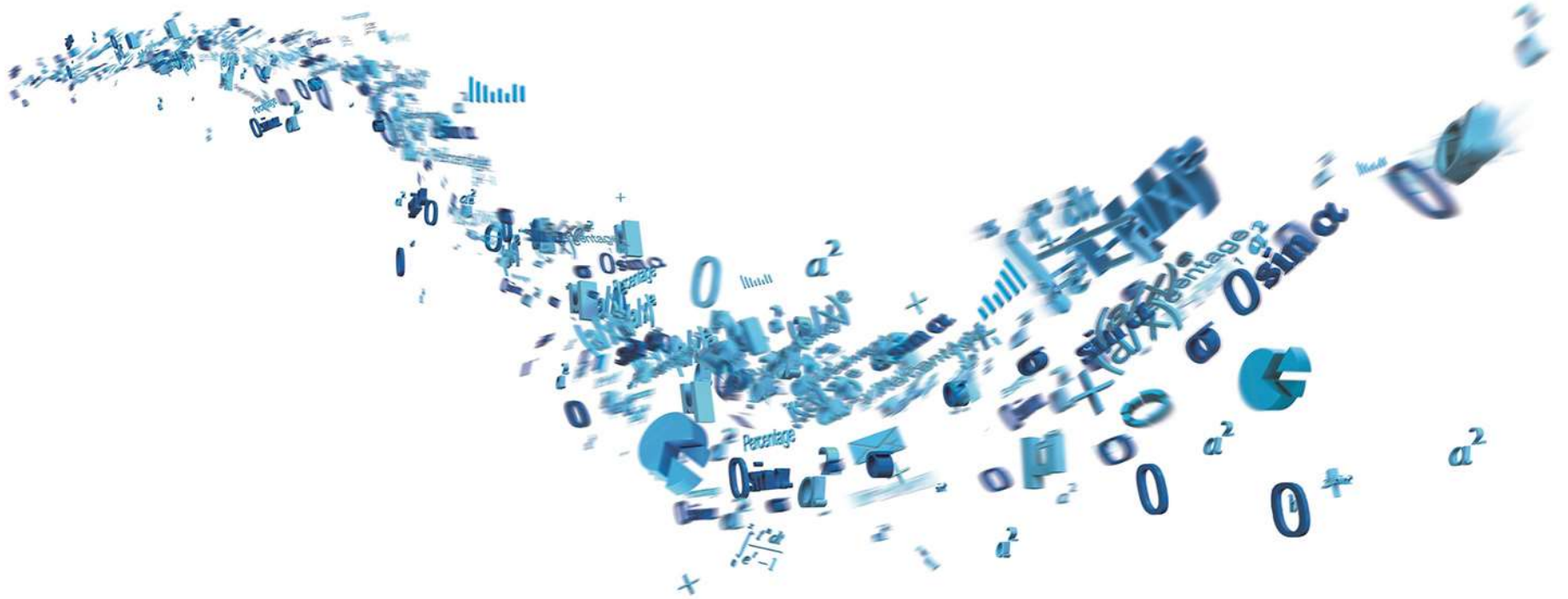


Quarterly Excess Performance



Ratio of Cumulative Wealth - Since Inception





Fee Schedule

Total Equity

As of December 31, 2021

Fee Schedule

	Fee Schedule	Market Value As of 12/31/2021 \$000	Estimated Annual Fee \$000	Estimated Annual Fee (%)
Total Equity		12,897,677	59,951	0.46
Jacobs Levy 130/30	0.60 % of First \$200 M 0.35 % of Next \$300 M 0.30 % Thereafter	1,107,801	4,073	0.37
Kennedy Capital Management	0.60 % of First \$100 M 0.50 % Thereafter	854,327	4,372	0.51
Stephens	0.75 % of First \$150 M 0.70 % of Next \$50 M 0.65 % Thereafter	689,117	4,654	0.68
Voya Absolute Return	0.60 % of First \$250 M 0.40 % Thereafter	832,910	3,832	0.46
Allianz (Nicholas Applegate)	0.40 % of First \$100 M 0.30 % of Next \$100 M 0.25 % of Next \$100 M 0.20 % Thereafter	1,065,648	2,481	0.23
Pershing Square International	1.50 % of Assets	1,238	19	1.50
Pershing Square Holdings	1.50 % of Assets	293,499	4,402	1.50
Triam Partners	1.50 % of Assets	87,776	1,317	1.50
Triam Co-Investments	0.50 % of Assets	77,708	389	0.50
SSgA Global Index	0.04 % of First \$1000 M 0.03 % Thereafter	1,257,734	477	0.04
BlackRock MSCI ACWI IMI Fund	0.05 % of First \$250 M 0.04 % Thereafter	1,050,811	445	0.04
Wellington Global Perspectives	0.80 % of Assets	794,529	6,356	0.80
T. Rowe Price Global Equity	0.43 % of First \$500 M 0.40 % Thereafter	1,696,121	6,909	0.41
Lazard	0.68 % of First \$300 M 0.65 % Thereafter	848,481	5,605	0.66
D.E. Shaw	0.84 % of First \$100 M 0.80 % of Next \$100 M 0.76 % Thereafter	1,011,928	7,811	0.77
GMO Global All Country Equity	0.64 % of Assets	569,869	3,647	0.64
Harris Global Equity	0.60 % of First \$100 M 0.50 % of Next \$100 M 0.45 % Thereafter	658,108	3,161	0.48

344 Above fees reflect only the current base management fee and excludes any performance fee arrangement.

Total Equity

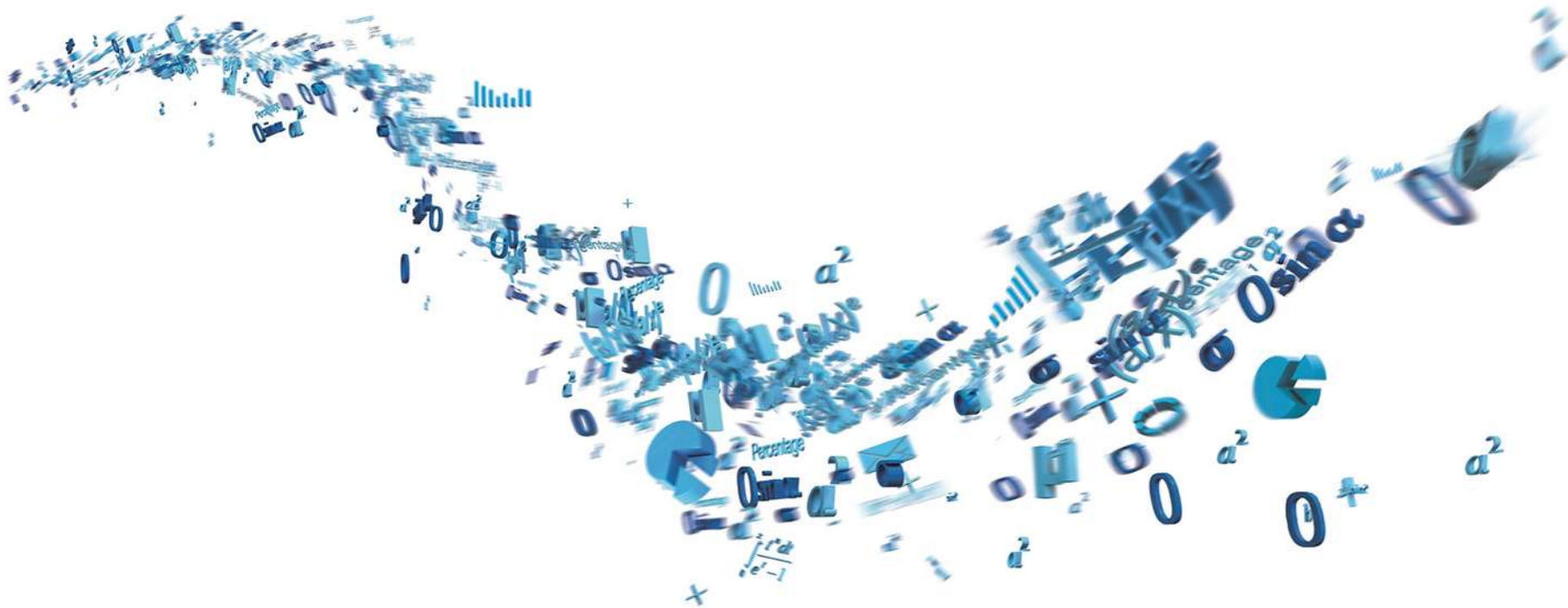
As of December 31, 2021

Fee Schedule

	Fee Schedule	Market Value As of 12/31/2021 \$000	Estimated Annual Fee \$000	Estimated Annual Fee (%)
Fixed Income		2,630,474	5,359	0.20
BlackRock	0.20 % of First \$200 M 0.15 % of Next \$200 M 0.10 % of Next \$400 M 0.08 % Thereafter	281,607	522	0.19
Loomis Sayles	0.50 % of First \$20 M 0.40 % of Next \$30 M 0.30 % Thereafter	502,350	1,577	0.31
Putnam	0.40 % of First \$100 M 0.35 % of Next \$150 M 0.30 % of Next \$250 M 0.25 % Thereafter	374,600	1,299	0.35
SSgA Aggregate Bond Index	0.04 % of First \$100 M 0.02 % Thereafter	469,029	109	0.02
Wellington Global Total Return	0.30 % of Assets	351,734	1,055	0.30
Reams Core Plus Bond Fund	0.20 % of Assets	398,123	796	0.20
BRS Recycling Tax Credit		176,000	-	-
BRS Recycling Tax Credit Phase 2		77,032	-	-
Opportunistic/Alternatives		966,435	11,203	1.16
Anchorage	2.00 % of Assets	90,305	1,806	2.00
York	1.50 % of Assets	8,785	132	1.50
Capula	2.00 % of Assets	80,929	1,619	2.00
Graham	2.00 % of Assets	71,055	1,421	2.00
Circumference Group Core Value	1.50 % of Assets	38,198	573	1.50
Aeolus Keystone Fund	2.00 % of Assets	176,880	3,538	2.00
Nephila Rubik Holdings	1.50 % of Assets	9,889	148	1.50
Parametric Global Defensive Equity Fund	0.40 % of First \$150 M 0.35 % Thereafter	203,625	788	0.39
Man Alternative Risk Premia	0.85 % of Assets	99,781	848	0.85
CFM Systematic Global Macro Fund	0.36 % of Assets	91,988	331	0.36

345 Above fees reflect only the current base management fee and excludes any performance fee arrangement.

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Disclaimers and Notes

Arkansas Teacher Retirement System

Appendix

Description of Benchmarks

Total Fund - The Performance Benchmark for the Total Fund reflects a weighted average of the underlying asset class benchmarks, weighted as follows: Opportunistic/Alternatives and Real Assets at the weight of the previous month's ending market values, Fixed Income at its long-term Policy Target of 15%, and Total Equity at its long-term Policy Target of 55% plus the balance of the unfunded or uncommitted assets of the Opportunistic/Alternatives and Real Assets categories. These targets can be found on page 21 of this report. From October 2007 to July 2013, the Performance Benchmark was the performance of the asset class benchmarks as a weighted average of the previous month's ending market values. The historical components of the benchmark are shown in the table below. Returns prior to September 30, 1996, consist of the actual allocations to the seven different asset classes included in the Arkansas Teacher Retirement System over time. The historical benchmarks used for each asset class are noted below.

Date	DJ Total Stock Market Index	Russell 3000 Index	MSCI ACW ex-U.S. Index	MSCI All Country World Index	BC Universal Bond Index	BC Aggregate Bond Index	Alternative Policy*
03/2004-9/2007	40.0 %	--	17.5 %	--	25.0 %	--	17.5 %
06/2003-02/2004	40.0	--	17.5	--	--	25.0 %	17.5
10/2001-07/2003	--	40.0 %	17.5	--	--	25.0	17.5
08/1998-09/2001	--	40.0	17.0	--	--	28.0	15.0
10/1996-07/1998	--	40.0	20.0	--	--	28.0	12.0

*Historically, the Alternative Policy was comprised of the weighted averages of the Private Equity, Real Estate, and Alternatives policy benchmarks. Prior to July 31, 2003 the alternative benchmark consisted of 57.0% of the Russell 3000 + a 2% Premium per year, 8.5% of the NCREIF Southeast Timberland Index, 28.5% of the Real Estate Index, 6% of the EnnisKnupp STIF Index.

Benchmark Descriptions

Total Equity - A weighted average of the Dow Jones U.S. Total Stock Market Index and the MSCI All Country World IMI Index based on weights of the underlying investment manager allocations. As of December 1, 2021, the Total Equity Performance Benchmark was comprised of 32.4% DJ U.S. Total Stock Market Index and 67.6% MSCI ACWI IMI.

Fixed Income - The Barclays U.S. Universal Bond Index as of March 1, 2004.

Opportunistic/Alternatives - A custom benchmark consisting of 25% DJ/CS Event-Driven Index, 25% HFR Macro Index, and 50% South Timberland NCREIF Index until June 30, 2013; 60% HFRI Macro Index and 40% DJ/CS Event-Driven Index until July 31, 2015; 56% HFRI Macro Index, 38% DJ/CS Event-Driven Index, and 6% Russell 2000 Index until March 31, 2016; 45% HFRI Macro Index, 30% DJ/CS Event-Driven Index, 5% Russell 2000 Index, and 20% Citigroup 3 Month T-bill until May 31, 2016; 37% HFRI Macro Index, 25% DJ/CS Event-Driven Index, 5% Russell 2000 Index, and 33% Citigroup 3 Month T-bill until May 31, 2017; 28% HFRI Macro Index, 20% DJ/CS Event-Driven Index, 4% Russell 2000 Index, 25% Citigroup 3 Month T-bill, and 23% Parametric Performance Benchmark thereafter.

Real Assets - A custom benchmark consisting of a weighted average of the net asset values at previous month's end of the sub-categories' benchmarks, defined as Real Estate Benchmark, Timber Benchmark, Agriculture Benchmark and Infrastructure Benchmark.

Real Estate- NFI-ODCE - NCREIF Fund Index Open-end Diversified Core Equity Index is an index of investment returns reporting on both a historical and current basis the results of 33 open-end commingled funds pursuing a core investment strategy; underlying funds are leveraged with gross and net returns available.

Timber Property Benchmark - NCREIF Timberland Property Index (NTPI) weighted according to ATRS' regional exposure based on net asset value.

Agriculture Benchmark - NCREIF Farmland Index (NFI) weighted according to ATRS' regional and crop type exposure based on net asset value.

Infrastructure Benchmark - Consumer Price Index (CPI) plus 500 basis points annually.

Private Equity - The Dow Jones U.S. Total Stock Market Index + a 2% premium per year.

Cash Equivalents - The Citigroup 90 day T-bill.

As of December 31, 2021

Benchmark Descriptions

Allianz (Convertibles) Performance Benchmark - On January 1, 2005, the benchmark for the portfolio was changed to the Merrill Lynch Convertible Bond (All Quality) Index. Prior to January 1, 2005, the performance benchmark for the Allianz (previously Nicholas Applegate) portfolio was the CSFB Convertible Securities Index. Prior to May 1, 2004, the performance benchmark consisted of 90% CSFB Convertible Securities Index and 10% Salomon High Yield Index.

BlackRock Performance Benchmark - The Barclays Universal Bond Index as of March 1, 2004. Previously it was the Barclays Aggregate Bond Index.

Jacobs Levy Performance Benchmark - On January 1, 2008, the benchmark for the portfolio was changed to the Russell 3000 Index. Prior to January 1, 2008, the portfolio benchmark was the Russell 1000 Growth Index.

Loomis Sayles Performance Benchmark - An Index that splices 65% of the Barclays Government/Credit Index and 35% Barclays High Yield Index.

Nicholas Applegate Performance Benchmark - On January 1, 2005, the benchmark for the portfolio was changed to the Merrill Lynch Convertible Bond (All Quality) Index. Prior to January 1, 2005, the performance benchmark for the Nicholas Applegate portfolio was the CSFB Convertible Securities Index. Prior to May 1, 2004, the performance benchmark consisted of 90% CSFB Convertible Securities Index and 10% Salomon High Yield Index.

Parametric Performance Benchmark - 50% MSCI All Country World Index (net) and 50% Citigroup 90 day T-Bill Index as of June 1, 2017.

Wellington Global Performance Benchmark - As of July 1, 2012 the benchmark was changed to MSCI All Country World Small Cap Index. Prior to July 1, 2012, the benchmark was MSCI All Country World Small/Mid Cap Index.

Voya Absolute Return Performance Benchmark - As of December 1, 2015 the benchmark was changed to MSCI All Country World Index. Prior to December 1, 2015, the benchmark was the S&P 500 Stock Index.

Barclays Aggregate Bond Index - A market-value weighted index consisting of the Barclays Corporate, Government and Mortgage-Backed Securities Indices. The Index also includes credit card-, auto- and home equity loan-backed securities, and is the broadest available measure of the aggregate U.S. fixed income market.

Barclays Government/Credit Index - The Barclays Government/Credit Index measures the investment return of all medium and larger public issues of U.S. Treasury, agency, investment-grade corporate, and investment-grade international dollar-denominated bonds.

Barclays High Yield Index - The Barclays High Yield Index covers the universe of fixed rate, non-investment grade debt. Pay-in-kind (PIK) bonds, Eurobonds, and debt issues from countries designated as emerging markets (e.g., Argentina, Brazil, Venezuela, etc.) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included.

Barclays U.S. Universal Bond Index - A market-value weighted index consisting of the components of the Barclays Aggregate Bond Index, plus EuroDollar bonds, emerging markets bonds, 144A fixed income securities, and U.S. corporate high yield securities.

Benchmark Descriptions

Barclays Mortgage Index - A market value-weighted index consisting of the mortgage pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA) and Freddie Mac (FHLMC).

Citigroup 90 day T-bill Index - Treasury bill rates of return, as reported by Citigroup (Salomon Smith Barney), for bills with a maximum time remaining to maturity of 90 days.

Dow Jones U.S. Total Stock Market Index - A capitalization-weighted stock index representing all U.S. common stocks traded regularly on the organized exchanges. The Index is the broadest measure of the aggregate U.S. stock market.

FTSE Europe - A tradable index, designed to represent the performance of the 100 most highly capitalized blue chip companies in Europe.

Merrill Lynch Convertible Bond (All Quality) Index - The Merrill Lynch All Convertibles All Qualities Index is a widely used index that measures convertible securities' performance. It measures the performance of U.S. dollar-denominated convertible securities not currently in bankruptcy with a total market value greater than \$50 million at issuance.

MSCI All Country World ex-U.S. Index - A capitalization-weighted index consisting of 22 developed and 23 emerging countries, but excluding the U.S. Covers approximately 85% of global equity opportunity set outside of the U.S.

MSCI All Country World Index - A capitalization-weighted index of stocks representing 46 stock markets in Europe, Australia, the Far East, the Middle East, Latin America and North America.

MSCI All Country World IMI Index - A capitalization-weighted index representing large and small cap stock from 46 stock markets in Europe, Australia, the Far East, the Middle East, Latin America and North America.

MSCI Europe, Australasia, Far East (EAFE) Non-U.S. Stock Index - A capitalization-weighted index of stocks representing 21 developed and emerging country markets in Europe, Australia, Asia and the Far East.

MSCI World Index - A capitalization-weighted index of stocks representing 22 developed stock markets in Europe, Asia and Canada.

NFI-ODCE Index- NCREIF Fund Index Open-end Diversified Core Equity Index is an index of investment returns reporting on both a historical and current basis the results of 33 open-end commingled funds pursuing a core investment strategy; underlying funds are leveraged with gross and net returns available

DJ/CS Event-Driven Index - Event driven funds typically invest in various asset classes and seek to profit from potential mispricing of securities related to a specific corporate or market event. Such events can include: mergers, bankruptcies, financial or operational stress, restructurings, asset sales, recapitalizations, spin-offs, litigation, regulatory and legislative changes as well as other types of corporate events. Event driven funds can invest in equities, fixed income instruments (investment grade, high yield, bank debt, convertible debt and distressed), options and various other derivatives. Many event driven fund managers use a combination of strategies and adjust exposures based on the opportunity sets in each subsector.

Benchmark Descriptions

LIBOR Index - London Interbank Offered Rate. A filtered average of the world's most creditworthy banks' interbank deposit rates with maturities between overnight and one full year.

Russell 3000 Index - An index that measures the performance of the 3,000 stocks that make up the Russell 1000 and Russell 2000 Indices.

Russell 1000 Index - An index that measures the performance of the largest 1,000 stocks contained in the Russell 3000 Index.

Russell 1000 Value Index - An index that measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower I/B/E/S growth forecasts.

Russell 2000 Index - An index that measures the performance of the smallest 2,000 companies contained in the Russell 3000 Index.

Russell 2000 Growth Index - An index that measures the performance of those Russell 2000 companies with greater price-to-book ratios and greater I/B/E/S growth forecasts.

Russell 2000 Value Index - An index that measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower I/B/E/S growth forecasts.

Russell Mid Cap Value Index - An index that measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

S&P 500 Stock Index - A capitalization-weighted stock index consisting of the 500 largest publicly traded U.S. stocks.

South Timberland Index - The largest regional subindex of the NCREIF Timberland Index, consisting of timberland properties held in the U.S. South. This includes close to 300 properties with more than 10 million cumulative acres of timberland in the following states: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, Missouri, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia. Calculations are based on quarterly returns at the individual property level. Performance is reported on an all-cash, unlevered basis, gross of investment management fees.

HFR Macro Index - Macro: Investment Managers which trade a broad range of strategies in which the investment process is predicated on movements in underlying economic variables and the impact these have on equity, fixed income, hard currency and commodity markets. Managers employ a variety of techniques, both discretionary and systematic analysis, combinations of top down and bottom up theses, quantitative and fundamental approaches and long and short term holding periods. Primary investment thesis is predicated on predicted or future movements in the underlying instruments.

HFR Distressed/Restructuring Index - Distressed Restructuring Strategies employ an investment process focused on corporate fixed income instruments, primarily on corporate credit instruments of companies trading at significant discounts to their value at issuance or obliged (par value) at maturity as a result of either formal bankruptcy proceeding or financial market perception of near term proceedings. Distressed Strategies employ primarily debt (greater than 60%) but also may maintain related equity exposure. Hedge Fund Research, Inc. (HFR) utilizes a UCITSIII compliant methodology to construct the HFR Hedge Fund Indices. The methodology is based on defined and predetermined rules and objective criteria to select and rebalance components to maximize representation of the Hedge Fund Universe.

Arkansas Teacher Retirement System

Appendix

Historical U.S. Equity and Global Equity composite returns

As of June 30, 2015	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
U.S. Equity	6.7	18.1	16.4	9.4	10.5	04/01/1986
Dow Jones U.S. Total Stock Market Index	7.2	17.6	17.5	8.3	-	
Global Equity	1.8	14.6	12.1	-	2.5	11/01/2007
MSCI AC World Index (Net)	0.7	13.0	11.9	6.4	2.1	

In June 2015, the ATRS Board approved the combination of the U.S. and Global equity asset classes to a single Total Equity asset class. Total Equity performance reporting began in July 2015. In the table above, we show the historical returns for the U.S. Equity and Global Equity asset classes since inception through June 2015. Performance for the Total Equity asset class prior to July 2015 represents a weighted average of the U.S. Equity and Global Equity historical performance.

Benchmark Descriptions

Bloomberg Barclays Corporate High Yield Bond Index - An index that covers the U.S.D-dominated, non-investment grade, fixed rate, taxable corporate bond market. Debt issues from emerging market countries are excluded. Securities are classified as high-yield if the middle rating is Ba1/BB+ or below.

Bloomberg Barclays Emerging Markets Index - An unmanaged index that tracks total returns for external-currency-denominated debt instruments of the emerging markets.

Bloomberg Barclays Global Aggregate - Provides a broad-based measure of the global investment-grade fixed income markets. The three major components of this index are the U.S. Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate Indices. The index also includes Eurodollar and Euro-Yen corporate bonds, Canadian government, agency and corporate securities, and U.S.D investment grade 144A securities.

Bloomberg Barclays Global Treasury Ex-U.S. - The Barclays Global Treasury ex U.S. Index is a subset of the flagship Global Treasury Index that does not have any exposure to U.S. debt. This multi-currency benchmark includes investment grade, fixed-rate bonds issued by governments in their native currencies.

Bloomberg Barclays Inflation Index - Measures the performance of the U.S. Treasury Inflation Protected Securities ("TIPS") market.

Bloomberg Barclays Universal Index - A market value-weighted index which is the union of the U.S. Aggregate Index, U.S. High Yield Corporate Index, Eurodollar Index, U.S. Emerging Markets Index and the CMBS High Yield Index. The Index is appropriate for core plus fixed income mandates.

Bloomberg Barclays U.S. Aggregate Bond Index - A market value-weighted index consisting of government bonds, SEC-registered corporate bonds and mortgage-related and asset-backed securities with at least one year to maturity and an outstanding par value of \$250 M or greater. This index is a broad measure of the performance of the investment grade U.S. fixed income market.

Bloomberg Barclays U.S. Government/Credit Index - A subcomponent of the Barclays Capital Aggregate Index, this benchmark includes treasury securities, government related issues, and high quality corporate bonds with an outstanding par value of \$250 M or greater and at least one year of maturity remaining.

Bloomberg Barclays U.S. Government Index - A market value weighted index of U.S. government and government agency securities (other than mortgage securities) with maturities of one year or more.

Bloomberg Barclays U.S. High Yield Index - An index composed of non-investment grade corporate debt denominated in U.S. dollars. The issues have to have an outstanding par value of \$150 M or greater and at least one year of maturity remaining.

Bloomberg Barclays U.S. Intermediate Aggregate Bond Index - A market value-weighted index consisting of U.S. Treasury securities, corporate bonds and mortgage-related and asset-backed securities with one to ten years to maturity and an outstanding par value of \$250 M or greater.

Bloomberg Barclays U.S. Intermediate Government Bond Index - An unmanaged index considered representative of intermediate-term fixed-income obligations issued by the U.S. Treasury, government agencies and quasi-federal corporations.

Bloomberg Barclays U.S. Intermediate Government/Credit Index - A market-value weighted index consisting of U.S. government bonds and SEC-registered corporate bonds with one to ten years to maturity and an outstanding par value of \$150 M or greater.

Bloomberg Barclays U.S. Intermediate Treasury - An unmanaged index considered representative of intermediate-term fixed-income obligations issued by the U.S. Treasury.

Bloomberg Barclays U.S. Long Credit Bond Index - An unmanaged index considered representative of long-term fixed-income obligations issued by U.S. corporate, specified foreign debentures, and secured notes that meet the specified maturity, liquidity, and quality requirements. To qualify, bonds must be SEC-registered.

Benchmark Descriptions

Bloomberg Barclays U.S. Long Gov't/Credit Index - The Barclays Capital U.S. Government/ Credit Bond Index measures performance of U.S. dollar denominated U.S. treasuries, government-related, and investment grade U.S. corporate securities that have a remaining maturity of greater than or equal to 1 year. In addition, the securities have \$250 M or more of outstanding face value, and must be fixed rate and non-convertible.

Bloomberg Barclays U.S. Long Government Bond Index - An unmanaged index considered representative of long-term fixed- income obligations issued by the U.S. Treasury, government agencies and quasi-federal corporations.

Bloomberg Barclays U.S. TIPS - A market value-weighted index consisting of U.S. Treasury Inflation Protected Securities with one or more years remaining until maturity with total outstanding issue size of \$500m or more.

Bloomberg Barclays U.S. Treasury 20-30 Year STRIPS Index - A subcomponent of the Barclays Aggregate Index, this benchmark includes long-term treasury STRIPS.

Bloomberg Commodity Index - Consists of 22 exchange-traded futures on physical commodities, which are weighted to account for economic significance and market liquidity. Performance is calculated on an excess return basis and reflects commodity future price movements.

BofA Merrill Lynch 3 Month Treasury Bill - An index that measures the average return of the last three-month U.S. Treasury Bill issues.

BofA Merrill Lynch High Yield Master - A market-capitalization weighted index that tracks the performance of U.S. dollar- denominated, below investment grade corporate debt publicly issued in the U.S. domestic market.

Citigroup 90-Day T-Bill Index - An index that measures the average return of the last three-month U.S. Treasury Bill issues.

Credit Suisse Leveraged Loan Index - Designed to mirror the investable universe of the U.S. dollar denominated leveraged loan market.

CRSP U.S. Large Cap Index - an index comprised of nearly 640 U.S. large cap companies and includes securities traded on NYSE, NYSE Market, NASDAQ, or ARCA, representing nearly 85% of the U.S. investable equity market. The index is reconstituted quarterly after the market close on the third Fridays of March, June, September, and December.

CRSP U.S. Total Market Index - an index comprised of nearly 4,000 constituents across mega, large, small, and micro capitalizations and includes securities traded on NYSE, NYSE Market, NASDAQ, or ARCA, representing nearly 100% of the U.S. investable equity market. The index is reconstituted quarterly after the market close on the third Fridays of March, June, September, and December.

DJ U.S. Completion Total Stock Market Index - A capitalization-weighted index that consists of the stocks in the Dow Jones U.S. Total Stock Market Index less the stocks in the S&P 500 Stock Index.

DJ U.S. Total Stock Market Index - A capitalization-weighted stock index representing all domestic common stocks traded regularly on the organized exchanges. The index is the broadest measure of the aggregate domestic stock market and includes approximately 5,000 stocks.

FTSE 4Good U.S. Select Index - a socially responsible investment (SRI) index of U.S. stocks that excludes companies with certain business activities such as weapons, tobacco, gambling, alcohol, nuclear power, and adult entertainment.

FTSE All-World ex-U.S. Index - A capitalization-weighted stock index representing 46 developed market countries and emerging market countries excluding the U.S.

Benchmark Descriptions

FTSE EPRA NAREIT Global ex-U.S. Index - Designed to represent general trends in eligible real estate equities worldwide. Relevant real estate activities are defined as the ownership, disposal and development of income-producing real estate.

FTSE Global All Cap ex U.S. Index - a market-capitalization weighted index representing the performance of roughly 5350 large, mid and small cap companies in 46 Developed and Emerging markets worldwide, excluding the USA.

FTSE Global Core Infrastructure Index - Represents the performance of infrastructure and infrastructure-related securities companies in a set of industries that FTSE defines as being involved in infrastructure. The series is based on the FTSE Global Equity Index Series and both developed and emerging markets are included.

FTSE NAREIT U.S. Equity REITS - Free float adjusted, market capitalization weighted index of U.S. based equity real estate investment trusts (REITs).

Goldman Sachs Commodity Index - A composite index of commodity sector returns which represents a broadly diversified, unleveraged, long-only position in commodity futures.

HFRI Fund-of-Fund Index - This index is equal-weighted including 800 constituents. It includes both domestic and offshore accounts and is valued in U.S. dollars. Only fund-of-fund products are included in the index that have at least \$50 M under managements and have been actively trading for at least one year. All funds report net monthly returns.

HFRI Fund Weighted Composite Index - The HFRI Fund Weighted Composite Index is a global, equal-weighted index of over 2,000 single-manager funds that report to HFR Database. Constituent funds report monthly net of all fees performance in U.S. Dollar and have a minimum of \$50 M under management or a twelve (12) month track record of active performance. The HFRI Fund Weighted Composite Index does not include Funds of Hedge Funds.

Hueler Stable Value Index - The Hueler Analytics Stable Value Pooled Fund Comparative Universe represents investment strategies of \$96 billion in stable value assets, across 24 pooled funds, invested in contracts universe across a universe of 16 general account issuers and 14 synthetic wrap providers. The allocation of pooled fund assets is dominated by synthetic contracts issued by insurance companies and banks.

iMoneyNet All Taxable Money Funds Index - An index made up of the entire universe of money market mutual funds. The index currently represents over 1,300 funds, or approximately 99 percent of all money fund assets.

iMoneyNet Money Fund Average - An index made up of the entire universe of money market mutual funds. The index currently represents over 1,300 funds, or approximately 99 percent of all money fund assets.

J.P. Morgan EMBI Global Diversified - Comprised of dollar-denominated Brady bonds, traded loans and Eurobonds issued by emerging market sovereign and quasi-sovereign entities. The Diversified version limits the weights of the index countries by only including a specified portion of those countries' eligible current face amounts of debt outstanding, providing for a more even distribution of weights within the countries in the index.

MSCI All Country World ex-U.S. Index - A capitalization-weighted index of stocks representing 44 stock markets in Europe, Australia, the Far East, the Middle East, Latin America and North America. Index consists of 23 developed and 21 emerging countries, but excludes the U.S.

MSCI All Country World ex-U.S. Index IMI- A capitalization-weighted index of large, mid and small cap stocks representing 22 developed (excluding the United States) and 24 emerging market countries. The index is the broadest measure of the aggregate non-U.S. stock market, covering approximately 99% of the global equity investment opportunity set outside of the United States.

Benchmark Descriptions

MSCI All Country World ex-U.S. Small Cap Index - Covers all investable small cap securities with a market capitalization below that of the companies in the MSCI Standard Indices (excluding U.S.), and target approximately 14% of each market's free-float adjusted market capitalization.

MSCI All Country World Index - A capitalization-weighted index of stocks representing 46 stock markets in Europe, Australia, the Far East, the Middle East, Latin America and North America.

MSCI All Country World Index IMI - A capitalization-weighted index of large, mid and small cap stocks representing 23 developed and 24 emerging market countries. The index is the broadest measure of the aggregate global stock market, covering approximately 99% of the global equity investment opportunity set.

MSCI EAFE Growth Index - A capitalization-weighted index of 21 stock markets in Europe, Australia, Asia and the Far East designed to capture the growth-oriented companies.

MSCI EAFE Index - A capitalization-weighted index of stocks representing 22 developed countries in Europe, Australia, Asia, and the Far East.

MSCI EAFE Small Cap Index - A capitalization-weighted index of small cap stocks representing 23 developed country markets in Europe, Australia, Asia, and the Far East.

MSCI EAFE Value Index - A capitalization-weighted index of 21 stock markets in Europe, Australia, Asia and the Far East designed to capture the value-oriented companies.

MSCI Emerging Markets Index - A capitalization-weighted index of stocks representing 22 emerging country markets.

MSCI Emerging Markets Value Index - A capitalization-weighted index considered representative of value stocks across 46 stock markets in Europe, Australia, the Far East, the Middle East, Latin America and North America.

MSCI U.S. Broad Market Index - A capitalization-weighted stock index that aggregates the MSCI U.S. Large Cap 300, Mid Cap 450, Small Cap 1,750 and Micro Cap Indices. This index represents approximately 99.5% of the capitalization of the U.S. Equity market and includes approximately 3,562 companies.

MSCI U.S. REIT Index - A broad index that fairly represents the equity REIT opportunity set with proper investability screens to ensure that the index is investable and replicable. The index represents approximately 85% of the U.S. REIT universe.

MSCI World Index - A free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets, representing 24 developed market country indices.

NCREIF Property Index - A capitalization-weighted index of privately owned investment grade income-producing properties representing approximately \$269 billion in assets.

NFI ODCE Index - A capitalization weighted index comprised of open-end, Core funds investing in commercial real estate properties. The funds that constitute the index are subject to certain geographic and property type diversification requirements as well as leverage restrictions. The index reflects the impact of leverage on investment results. The returns shown in this report are net of management fees of the respective funds included in the index.

Rolling 3-year Constant Maturity Treasury Index - An index published by the Federal Reserve Board based on the monthly average yield of a range of Treasury securities, all adjusted to the equivalent of a three-year maturity.

Russell 1000 Growth Index - An index that measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher I/B/E/S growth forecasts.

Russell 1000 Index - A capitalization-weighted index of the 1,000 largest publicly traded U.S. stocks by capitalization.

Benchmark Descriptions

Russell 1000 Value Index - An index that measures the performance of those stocks included in the Russell 1000 Index with lower price-to-book ratios and lower I/B/E/S earnings growth forecasts.

Russell 2000 Growth Index - A capitalization-weighted index of those stocks in the Russell 2000 Index with higher price-to-book ratios and higher I/B/E/S earnings growth forecasts.

Russell 2000 Index - A capitalization-weighted index of the smallest 2,000 stocks in the Russell 3000 Index. The index excludes the largest- and smallest-capitalization issues in the domestic stock market.

Russell 2000 Value Index - An index that measures the performance of those stocks included in the Russell 2000 Index with lower price-to-book ratios and lower I/B/E/S earnings growth forecasts.

Russell 2500 Growth Index - A capitalization-weighted index representing those companies within the Russell 2500 Index with higher price-to-book ratios and higher I/B/E/S earnings growth forecasts.

Russell 2500 Index - The Index is constructed by first identifying the 3,000 largest-capitalization U.S. stocks and ranking them by market capitalizations, choosing the bottom 2,500 names on the list.

Russell 2500 Value Index - An index that measures the performance of those stocks included in the Russell 2500 Index with lower price-to-book ratios and lower I/B/E/S earnings growth forecasts.

Russell 3000 Growth Index - A capitalization-weighted index consisting of those Russell 3000 Index stocks that have higher price-to-book ratios and higher I/B/E/S earnings growth forecasts.

Russell 3000 Index - A capitalization-weighted index consisting of the 3,000 largest publicly traded U.S. stocks by capitalization. This index is a broad measure of the performance of the aggregate domestic equity market.

Russell 3000 Value Index - A capitalization-weighted index consisting of those Russell 3000 Index stocks that have lower price-to-book ratios and lower I/B/E/S earnings growth forecasts.

Russell Mid Cap Growth Index - A capitalization-weighted index representing those stocks in the Russell MidCap Index with higher price-to-book ratios and higher I/B/E/S earnings growth forecasts.

Russell Mid Cap Index - A capitalization-weighted index of the 800 smallest stocks in the Russell 1000 Index. This index is a broad measure of mid-capitalization stocks.

Russell Mid Cap Value Index - A capitalization-weighted index consisting of those Russell MidCap Index stocks that have lower price-to-book ratios and lower I/B/E/S earnings growth forecasts.

S&P 500 Index - A capitalization-weighted index representing stocks chosen by Standard & Poor's, Inc. for their size, liquidity, stability and industry group representation. The companies in the S&P 500 Index are generally among the largest in their industries.

Benchmark Descriptions

S&P Completion Index -The S&P Completion Index is a sub-index of the S&P Total Market Index, including all stocks eligible for the S&P TMI and excluding all current constituents of the S&P 500. The index covers approximately 4,000 constituents, offering investors broad exposure to mid, small, and micro cap companies.

S&P Leverage Loan Index - A daily total return index that uses LSTA/LPC Mark-to-Market Pricing to calculate market value change.

S&P MidCap 400 Index - A market-capitalization-weighted index of stocks in all major industries in the mid-range of the U.S. stock market.

Wilshire REIT - A measure of the types of U.S. real estate securities that represent the ownership and operation of commercial or residential real estate. To be included in the index, a company must have a market capitalization of \$200 M and have at least 75% of the total revenue derived from the ownership and operation of the real estate assets.

- Indices cannot be invested in directly. Unmanaged index returns assume reinvestment of any and all distributions and do not reflect our fees or expenses.
- Past performance is no guarantee of future results.
- Please feel free to contact us at retirement@aon.com for more index information.

Notes

- The rates of return contained in this report are shown on an after-fees basis unless otherwise noted. They are geometric and time-weighted. Returns for periods longer than one year are annualized.
- Universe percentiles are based upon an ordering system in which 1 is the best ranking and 100 is the worst ranking.
- Due to rounding throughout the report, percentage totals displayed may not sum to 100%. Additionally, individual fund totals in dollar terms may not sum to the plan total.

Disclaimer

Past performance is not necessarily indicative of future results.

Unless otherwise noted, performance returns presented reflect the respective fund's performance as indicated. Returns may be presented on a before-fees basis (gross) or after-fees basis (net). After-fee performance is net of each respective sub-advisors' investment management fees and include the reinvestment of dividends and interest as indicated on the notes page within this report or on the asset allocation and performance summary pages. Actual returns may be reduced by Aon Investments' investment advisory fees or other trust payable expenses you may incur as a client. Aon Investments' advisory fees are described in Form ADV Part 2A. Portfolio performance, characteristics and volatility also may differ from the benchmark(s) shown.

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Aon Investments USA Inc.
200 East Randolph Street
Suite 700
Chicago, IL 60601
ATTN: Aon Investments Compliance Officer



Memo

To Arkansas Teacher Retirement System (ATRS) Board of Trustees

From PJ Kelly, CFA, CAIA, Katie Comstock, Craig Adkins

Cc Clint Rhoden, Rod Graves, Jerry Meyer

Date February 7, 2022

Re Recommendation to replace Anchorage with a \$50M commitment to Silver Point Capital

Background and Recommendation

During the 2021 review of the Opportunistic/Alternatives Portfolio, Aon recommended a restructuring of the credit and event/driven exposure and maintaining the allocation at 10% of the portfolio. During the December 2021 meeting, the Board approved a \$50M commitment to the Chatham Private Debt and Strategic Capital Fund III ("PDSC III") to replace the York Credit Opportunities Fund which is currently in liquidation mode. Aon had also initiated an evaluation of the Anchorage Capital Partners Fund given lacklustre returns and recent high client withdrawals. Aon identified Silver Point Capital as a strong replacement strategy for Anchorage.

Aon recommends ATRS commit \$50 million to Silver Point Capital to replace Anchorage. Silver Point invests in mispriced stressed/distressed and special situation catalyst driven credit focused ideas, taking positions across the capital structure and managing the portfolio to be successful through the credit cycle. The manager's edge is their ability to actively become involved in an investment and help influence the outcome in favor of their investors. Aon believes Silver Point is complimentary to the Chatham PDSC III Fund and will provide ATRS with strong credit exposure within the Opportunistic/Alternatives Portfolio.

Background

Anchorage Announcement

On December 15, 2021, Anchorage informed investors that it is closing the Anchorage Capital Partners Fund and will be returning capital to investors. Anchorage communicated that it felt that the evergreen structure of this Fund was not conducive to taking advantage of the opportunity set. Although Aon did not anticipate Anchorage's announcement in December, Aon had been actively searching for a credit strategy replacement for ATRS due to disappointing returns and diminishing confidence on a go forward basis.

Anchorage has provided the following soft guidance around the timing of returning investors' capital (all numbers are approximations and subject to change):



- 40% by the end of 2Q22, representing liquid investments
- 30% by the end of 2022, representing the MGM side-pocket.
- 10% expected to take up to 2 years to unwind, representing mostly structured credit positions
- 20% expected to take up to a 3 year to unwind, representing the most illiquid positions

As of December 31, 2021, ATRS had \$90M invested in the Anchorage Capital Partners Fund. Since inception into the ATRS portfolio (5/2011) through December 2021, the strategy earned an annualized 5.8% and outperformed its primary peer benchmark¹ of other event driven strategies by 70 basis points. Based on the expectations of capital returning to ATRS, Aon recommends committing to Silver Point at the end of Q2 2022.

Silver Point Capital

Silver Point Capital is a credit manager out of Greenwich, CT with approximately \$15 billion in assets under management. Silver Point's flagship commingled fund comprises over half of the assets under management and invests in credit focused ideas across mispriced stressed/distressed and catalyst driven special situations. The manager prefers to invest in complex investments where it can use its large, specialized team to extract alpha. Silver Point strives to be active in its investments to help drive the outcomes in favor of investors. The team also manages net exposures to help control drawdowns in poor market environments. Silver Point's performance has been strong on a risk-adjusted basis. The manager tends to be a little more conservative than the peer group with their emphasis on exposure management. Therefore, it protects capital better than the index and peers in down markets. However, Silver Point has also shown the ability to capture a high percentage of the upside when credit markets are in a distressed cycle. The manager has done very well managing the pandemic/re-opening period of 2020 and 2021 and for the 10-year period ending June 30, 2021 the strategy has earned an annualized 8.3% return.

Aon believes this strategy is a nice fit for the ATRS portfolio given the expected attractive returns via an illiquidity premium and the managers ability to manage risk across opportunistic investments. Silver Point will also be a nice compliment to Chatham's fund as it has a broader geographic, sector, and market capitalization mandate.

Please see Appendix for Silver Point manager profile.

¹ Credit Suisse Event Driven Index

Aon InTotal: Silver Point Capital

Silver Point Capital Offshore Fund Ltd

Review Date	Overall Rating	Previous Overall Rating
August 2021	Buy	No Change

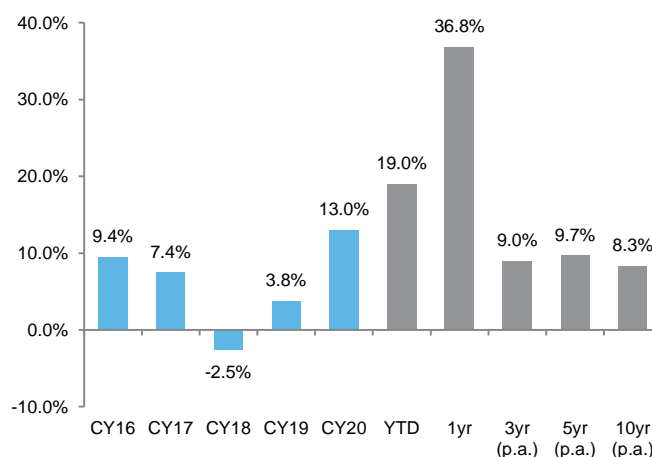
Overall Rating

The Silver Point Offshore Fund invests in mispriced stressed and distressed and special situation catalyst driven credit focused ideas. The investment team will use a wide range of financial instruments while they take positions across the capital structure of companies. Investment ideas and portfolio decisions will be made based on deep fundamental research executed through a large sector-based research team. The portfolio manager and team run the strategy to be successful across the credit cycle. Silver Point prefers to invest and extract alpha from complex process driven investments where they frequently become active in the investment to drive the outcome in their investors' favor. The manager's edge is their ability to actively become involved in an investment and help influence the outcome in favor of their investors.

Component Ratings

	Rating	Previous Rating	Aon InForm Assessment**
Business	3	No Change	-
Staff	3	No Change	-
Process	3	No Change	-
Risk	2	No Change	-
ODD	A2	No Change	-
Performance	3	No Change	-
T&C	2	No Change	-

Absolute Performance to 30 Jun 2021



** We are not currently able to provide an Aon InForm Assessment for this strategy as the manager has not provided us with enough data to perform a meaningful analysis. We are working with the manager to collect the necessary data for future quarters.

Performance (USD) is net of fees. CY = calendar year. Source: Manager
Performance is representative performance as reported in eVestment. The performance for a specific vehicle may differ from the representative strategy.

Firm and Strategy Summary

Head Office Location	Greenwich, CT	Parent Name	Silver Point Capital, L.P.
Firm AUM	\$15.0 billion	Hedge Fund AUM	\$8.5 billion
Team Location	Greenwich, CT/Chicago, IL	Team Head	Ed Mule
Firm/Strategy Inception	2002 / 2002	Strategy Size	\$8.5 billion
Management Fee	1.50%	Performance Fee	20%
Hurdle Rate	No	Lock-up	One year
Redemption Terms	Annual (90 days' notice)	Currency Available	\$

Note: Past performance is no guarantee of future results.

Investment Manager Evaluation

Rating Sheet			
Factor	Rating	Previous Rating	Comments
Business	3	<i>No Change</i>	Silver Point has a strong business with a long track record built by founders Ed Mule and Bob O'Shea on the Goldman Sachs model. Silver Point adjusts capacity as market opportunities dictate over time. The management company is 100% internally owed by the senior leaders of the firm, and the client base is institutional and diverse. Silver Point's internal capital makes-up a good portion of AUM and provides a strong alignment of interests.
Investment Staff	3	<i>No Change</i>	Silver Point has a large staff founded on the principles of specialization and collaboration. With respect to specialization, Silver Point's investment team is divided into four groups: credit research, restructuring, sourcing, and trading with Ed Mule presiding over the entire investment structure. While the sub-divisions within investment groups enables a great deal of specialization, the firm ensures it can effectively collaborate through multiple committee structures. Mr. Mule is the sole portfolio manager and has the final decision on all trades.
Investment Process	3	<i>No Change</i>	The investment process is controlled by three committees: the credit committee, which looks at investment ideas and research; the portfolio committee, which manages the overall portfolio and its exposures; and the market committee, which manages macro and liquidity risk. As a part of the investment mandate, Silver Point tries to be active to drive an outcome that is most advantageous to its investment thesis and portfolio position.
Risk Management	2	<i>No Change</i>	Risk management at Silver Point is built into the investment process, as one of the key beliefs is that risk management begins with security selection. The committees that oversee the investment process all contribute to the risk management process, with each committee focused on a certain set of risks faced by the portfolio. Given the inherent uncertainty of distressed outcomes, the fund will seek to limit downside risk by selecting either senior securities in the capital structure or credits with unique collateral.

Rating Sheet

Factor	Rating	Previous Rating	Comments
Operational Due Diligence (ODD)	A2	<i>No Change</i>	<p>The manager has established a well-designed compliance program due to a combination of the two founding partners' institutional background from Goldman Sachs and their desire to have a strong legal and compliance department. The technology and operations department are well developed while the manager has an internal control proprietary infrastructure to review and control its non-investment functions. Silver Point utilizes a well-known third-party fund administrator and compliance consultant.</p>
Performance Analysis	3	<i>No Change</i>	<p>Silver Point's performance has been strong on a risk-adjusted basis. The manager tends to be a little more conservative than the peer group with their emphasis on exposure management. Therefore, it protects capital better than the index and peers in down markets. However, Silver Point has also shown the ability to capture a high percentage of the upside when credit markets are in a distressed cycle. The manager has done very well managing the pandemic/re-opening period of 2020 and 2021.</p>
Terms & Conditions (T&C)	2	<i>No Change</i>	<p>Terms and conditions are consistent with Silver Point's peer group of distressed credit managers, with reasonable fees and investor liquidity that is appropriate for the portfolio.</p>
Overall Rating	Buy	<i>No Change</i>	<p>The Silver Point Offshore Fund invests in mispriced stressed and distressed and special situation catalyst driven credit focused ideas. The investment team will use a wide range of financial instruments while they take positions across the capital structure of companies. Investment ideas and portfolio decisions will be made based on deep fundamental research executed through a large sector-based research team. The portfolio manager and team run the strategy to be successful across the credit cycle. Silver Point prefers to invest and extract alpha from complex process driven investments where they frequently become active in the investment to drive the outcome in their investors' favor. The manager's edge is their ability to actively become involved in an investment and help influence the outcome in favor of their investors.</p>

Manager Profile

Overview

The Silver Point Offshore Fund invests in mispriced stressed and distressed and special situation catalyst driven credit focused ideas. The investment team will use a wide range of financial instruments while they take positions across the capital structure of companies. Investment ideas and portfolio decisions will be made based on deep fundamental research executed through a large sector-based research team. The portfolio manager and team run the strategy to be successful across the credit cycle. Silver Point prefers to invest and extract alpha from complex process driven investments where they frequently become active in the investment to drive the outcome in their investors' favor. The manager's edge is their ability to actively become involved in an investment and help influence the outcome in favor of their investors.

Business

- Silver Point Capital is wholly owned by internal partners with Ed Mule and Robert O'Shea as managing partners controlling the majority of the ownership interests.
- Silver Point manages the flagship credit fund and longer duration opportunistic distressed credit and lending funds.
- The largely Greenwich, CT based team consists of 173 employees, which includes 58 investment professionals.

Client Base

- Firm wide assets on June 30, 2021 were \$15.0 billion, while the AUM of the flagship fund was \$8.5 billion.
- Silver Point's client base is institutional with approximately 50% of assets invested coming from endowments, foundations, sovereign wealth funds, and insurance companies.
- Internal capital from Silver Point partners and employees represent between 25% and 30% of capital

Investment Staff

Key Staff	Position	Date Joined	Years of Experience
Edward Mule	Chief Executive Officer and Portfolio Manager	2002	37
Robert O'Shea	Chairman	2002	31
John Abate	Head of Trading	2008	37
Michael Gatto	Head of Restructuring	2002	22

- Silver Point is a strong believer in specialization among its teams. Therefore, the manager has broken the investment teams into four separate specialized teams: a credit research team, an idea sourcing team, a restructuring team, and a trading team.
- The research team is broken out by sectors, as Ed Mule believes that having researchers focused on a sector allows them to know the companies better, as well as have a better understanding of what market forces are affecting the industry.
- The sourcing team, which is a unique team that most hedge fund managers do not have, focuses on finding potential ideas for the credit research team to explore as potential new portfolio positions.
- The restructuring team, whose members usually have a legal background, focuses its work on helping Silver Point be active by sitting on credit committees or helping to negotiate terms of settlements.

Investment Process

Philosophy

Silver Point's investment approach is predicated on two beliefs. First, distressed investing is structurally inefficient compared to equities given a wider range of acceptable values related to different fairness opinions. This inefficiency allows investors more flexibility to negotiate for a desired outcome. Additionally, barriers to entry such as process complexities, credit laws that are difficult to interpret, and the challenge of valuing a business during financial difficulties contributes to the inefficiencies.

Second, the primary cause of distressed situations results from poor management instead of cyclical or secular issues. This view weighs heavily on the firm's decision to hold post re-org equity. To the extent that a weak management team remains in place, Silver Point will likely monetize its equity and move on. If it has the ability to influence change with management, then Silver Point will likely retain re-org equity over a longer period of time.

Process

Aon believes Silver Point's edge is its ability to drive alpha through a long history of being very active with investments, which helps it either take advantage of a catalyst or create a catalyst such as a reorganization or a change in management. Being active can take on a number of different outlets – they can be a lead on a creditor committee for a small or medium sized company or they can be one of the strong leaders in a large investment with other institutional investors in the mix. The manager being active usually involves negotiating documents, working to restructure capital structures and/or an individual security, or working with the existing or new management team to improve the financial position of a company through better operations.

Silver Point's investment process is driven by three committees:

The Credit Committee ("CC") is the driver of individual investment ideas. The main function of the CC is to analyze individual investments based on fundamental research presented by the sector analysts with a strong consideration for relative value and risk-adjusted returns. If an investment is approved, the CC will determine the purchase strategy, the desired entry price, and the position sizing. The CC will also look at what position-level hedges should be employed. Once an investment is made, the CC will discuss news on the company, the current investment outlook, and team's confidence in the positions.

The Markets Committee ("MC") is charged with viewing the macro landscape and the technical analysis of the credit markets. The MC will analyze market and macro conditions from a top-down perspective including broad economic events and changes to the worldwide macro landscape. To help with looking at the liquidity of the portfolio, a technical analysis of the credit markets and changes to how it is trading is presented. The MC also looks at changes to broad asset class valuations. The MC is the source and driver of recommendation for the creation of and changes to portfolio level hedges.

The Portfolio Committee ("PC") has the overall charge of actively managing the portfolio. Activities of the PC include looking at how the portfolio is currently positioned and a review of exposure levels, risk, and sector and position concentration. The Fund's gross and net exposure levels are managed via the PC, which also reviews the betas of the portfolio and its positions.

In an addition to the meetings of the three committees, Ed Mule and the investment team meet daily in the morning. John Abate meets with his traders before the investment team meeting to talk through early market views and potential changes in technical views or patterns.

Idea Generation:

Sourcing for new investment ideas comes from a broad platform. Between the founders' Goldman experience and the firm's long tenure, Silver Point is frequently a first call for industry participants such as financial and restructuring advisers, investment firms, lawyers, and broker/dealers looking to move an idea about a stressed or distressed company.

When an investment idea begins to be worked on, an analyst team is paired with a trader to complete the diligence. The thesis behind pairing a trader with the analysts working on an idea is to help with understanding the liquidity of the potential trades, the other market participants in the trades, potential exit strategies, and ideas for creating any

needed position-level hedges. The sector analysts will do the deep fundamental work on a company and its capital structure including meeting with management, creating models, and reading debentures.

When the CC meets to review a potential trade ideas they are presented in the following forms:

Short Form Memo "Thumbnail", a sector analyst writes up a thesis (less than two pages) that is submitted to the CC. After all members of the CC have read the initial memo, the CC meeting will include the members of the CC, the author of the memo and the trader with coverage on the proposed idea.

At the CC meeting, Ed Mule requires all discussions to start from the most junior person and end with the most senior in order to avoid biases. The primary goals of the short form discussion are to force the members of the CC to rank a proposal from 1 to 4 against other opportunities based on views of risk and return, and ensure that the potential idea is actionable if pursued. The ranking helps both the CC and PC understand the level of comfort the research team has in current portfolio positions when looking at overall risk. If an idea passes the short form committee, then it will be followed up by a long form memo.

The long form memo is a deep dive on a credit which could take up to four weeks to complete before being presented back to the CC for final approval. During this period of time, the CC will periodically check in and challenge the thesis in order to ensure that the analyst is not chasing after an unrealistic opportunity.

Final approval from the CC will come after it reviews the opportunity one last time to challenge the thesis. If the idea passes then the group will move forward to decide upon sizing/scaling, entry/exit prices and any other considerations for moving forward on the position. Ultimately, Ed Mule is the final decision maker on all investments and he makes the call on entry price, sizing, etc.

When structuring an investment idea, Silver Point gravitates toward senior securities in the capital structure. Silver Point wants to invest in the fulcrum security which would provide the most upside as well as more control in the reorganization process.

Post investment, the team covering the idea and the CC follow the company and its performance and make changes to assumptions, thesis, etc. as circumstances dictate. Portfolio reviews are conducted by the CC each quarter with the analyst team covering the investment.

The PC sits above the CC and is responsible for ensuring that the idiosyncratic ideas coming from the CC are blended into a portfolio with an appropriate level of gross and net exposure for the current market. The PC is the group charged with moving around the portfolio's net exposures, which historically has been a successful way to protect capital for the fund. When the need to reduce portfolio exposure arises, this can be done quickly through hedging or by selling riskier positions where the PC will look to close out those with lower rankings.

Risk Management

Risk management at Silver Point is built into the investment process as one of the key beliefs is that risk management begins with security selection. Ed Mule is the manager of risk for the portfolio. The firm employs a risk management team which has the role of aggregating and reporting on risk data to the firm's committees.

Given the inherent uncertainty of distressed outcomes, the fund will seek to limit downside risk by selecting either senior securities in the capital structure or credits with unique collateral. Before entering a position, the fund will also consider extension risk and exit strategies. Specifically, the fund will consider the merits of additional information on going private on a position at the expense of giving up liquidity. The team will also seek to understand the size and objective of other creditors to ensure that Silver Point has the size to advocate for its creditor class.

Silver Point runs a multi-asset portfolio with a number of different beta and risk factor exposures. To better be able to manage risk with these different exposures, Silver Point calculates a high yield equivalent beta for all positions. All assets' beta to high yield are aggregated for the PC to review gross and net exposure levels. Silver Point employs both position level hedges, as well as portfolio level hedging. The MC will look at their views of the overall market and make a determination if they are comfortable with the current net exposure. They may put on a portfolio hedge to reduce net exposure using equity and debt indices when they believe it is warranted.

Operational Due Diligence

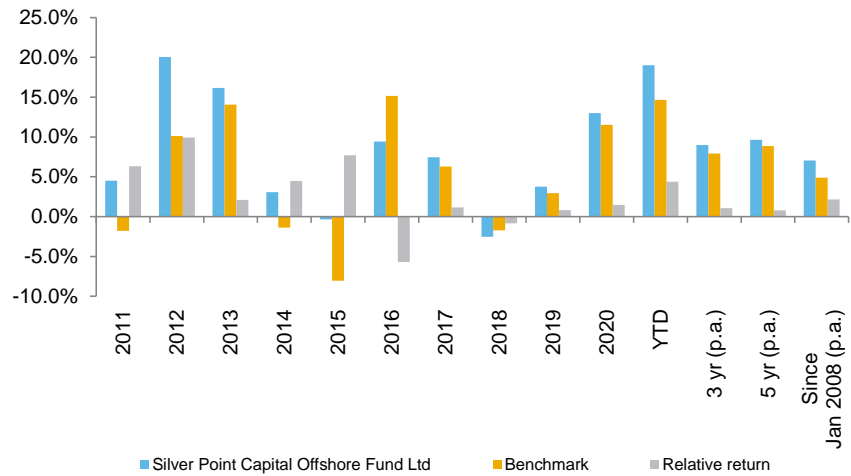
- The Silver Point's administrator, SS&C Technologies, is the official books and records for the Fund which provides a level of independence in the valuation process.
- Silver Point is registered with the SEC.
- All fund trades are reviewed by the manager's compliance team.

Terms & Conditions

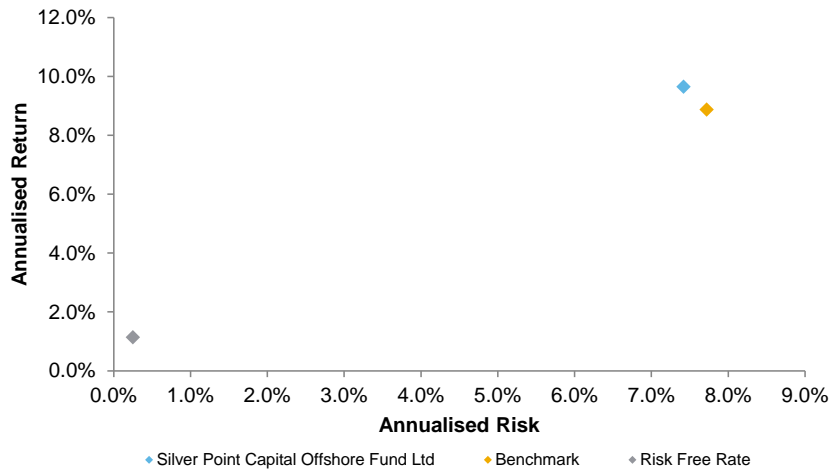
- Management fees are 1.50% and performance fees are 20%.
 - Investments are locked up for one year from the end of the quarter during which an initial investment is made.
 - After the initial lock-up, investors may redeem on their anniversary date, with a notice period of no less than 90 days and no more than 120 days.
-

Performance and Risk Metrics

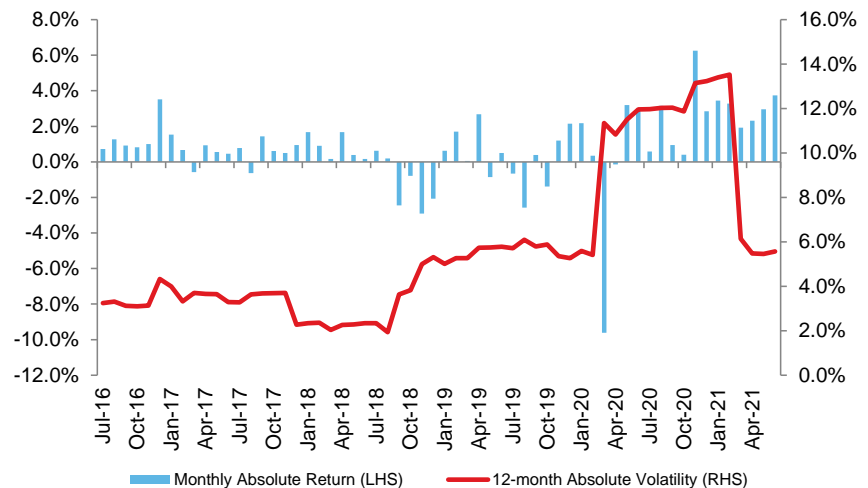
Historic Performance (Since January 2008)



Risk – Return 5 Years Ending 30 June 2021



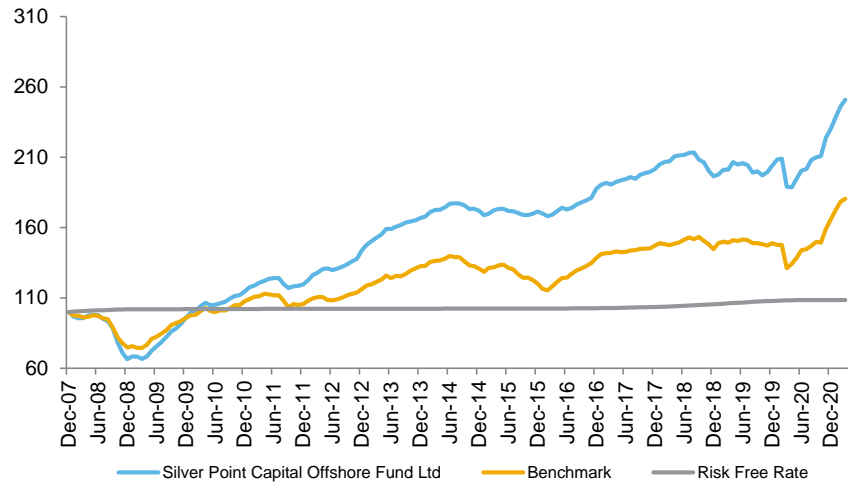
Monthly Return and 12- Month Rolling Volatility 5 Years Ending 30 June 2021



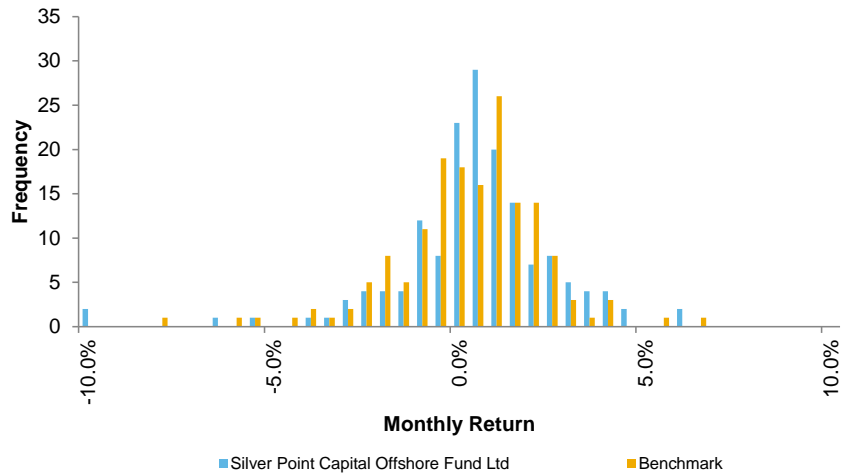
Benchmark: HFRI ED Distressed/Restructuring Index; Risk Free Rate: FTSE 3-Month T-Bill
Past performance is no guarantee of future results.

Performance and Risk Metrics

Growth of \$100 (Since January 2008)



Monthly Distribution of Returns (Since January 2008)



Note: Performance (USD) is net of fees and sourced from Manager.
 Benchmark: HFRI ED Distressed/Restructuring Index; Risk Free Rate: FTSE 3-Month T-Bill
Past performance is no guarantee of future results.

Ratings Explanation

Below we describe the criteria which we use to rate fund management organizations and their specific investment products. Our manager research process assesses each component using both our qualitative and Aon InForm criteria. With the exception of Operational Due Diligence ("ODD"), each component is assessed as follows:

Qualitative Outcome	Aon InForm Outcome
1 = Weak	✓ Pass: This component in isolation meets or exceed our desired criteria
2 = Average	⚠ Alert: This component in isolation does not meet our desired criteria, or the lack of data on this component means that we are not able to judge whether it meets our desired criteria
3 = Above Average	
4 = Strong	- Not assessed: There is a lack of data, which means that we are not able to assess this component, however we do not consider this in isolation to justify an Alert

The ODD factor is assigned a rating and can be interpreted as follows:

Overall ODD Rating*	What does this mean?
A1 Pass	No material operational concerns – the firm’s operations largely align with a well-controlled operating environment.
A2 Pass	The firm’s operations largely align with a well-controlled operating environment, with limited exceptions – managers may be rated within this category due to resource limitations or where isolated areas do not align with best practice.
Conditional Pass (“CP”)	Specific operational concerns noted that the firm has agreed to address in a reasonable timeframe; upon resolution, we will review the firm’s rating.
F	Material operational concerns that introduce the potential for economic or reputational exposure exist – we recommend investors do not invest and/or divest current holdings.

*Operational due diligence inputs provided to the research team by Aon’s Operational Risk Solutions and Analytics Group (ORSA). ORSA is an independent entity from Aon Solutions UK Limited, Aon Investments USA Inc., and Aon Hewitt Inc./ Aon Investments Canada Inc.
Investment advice is provided by these Aon entities.

Aon previously assigned ODD ratings of pass, conditional pass, or fail for the ODD factor. We are in the process of refreshing all ODD ratings to the new terminology. During the transition period, the prior ratings, as follows, may persist in some deliverables until the ODD factor rating is converted to the above noted letter ratings.

- **Pass** – Our research indicates that the manager has acceptable operational controls and procedures in place.
- **Conditional Pass** – We have specific concerns that the manager needs to address within a reasonable established timeframe.
- **Fail** – Our research indicates that the manager has critical operational weaknesses and we recommend that clients formally review the appointment.

An overall rating is then derived taking into account both the above outcomes for the product. The overall rating can be interpreted as follows:

Overall Rating	What does this mean?
Buy	We recommend clients invest with or maintain their existing allocation to our Buy rated high conviction products
Buy (Closed)	We recommend clients invest with or maintain their existing allocation to our Buy rated high conviction products, however it is closed to new investors
Qualified	A number of criteria have been met and we consider the investment manager to be qualified to manage client assets
Not Recommended	A quantitative assessment of this strategy indicates it does not meet our desired criteria for investment. This strategy is not recommended
Sell	We recommend termination of client investments in this product
In Review	The rating is under review as we evaluate factors that may cause us to change the current rating

The comments and assertions reflect our views of the specific investment product and our opinion of its quality. Differences between the qualitative and Aon InForm outcome can occur and if meaningful these will be explained within the Key Monitoring Points section. Although the Aon InForm Assessment forms a valuable part of our manager research process, it does not automatically alter the overall rating where we already have a qualitative assessment. Overall rating changes must go through our qualitative manager vetting process. Similarly, we will not issue a Buy recommendation before fully vetting the manager on a qualitative basis.

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As of December 31, 2020, Aon's quantitative model is run on approximately 13,000 strategies from an external database. Aon assigned a quantitative rating of "Qualified" to 42% of these strategies and a "Not Recommended" to 23% of these strategies. The remainder were not rated. A "Buy" rating cannot be assigned via quantitative analysis. Across asset classes (excludes private real estate and real assets), Aon had approximately 21,000 strategies in its internal database. Aon assigned a qualitative rating of "Buy" to 7% of strategies in the database; "Qualified" to 1% of strategies in the database; "Sell" to <1% of strategies in the database; and "In Review" to <1% of strategies in the database. The remaining strategies in the database are not rated. Some strategies may be included in both the internal and external database. Where a qualitative rating exists, it prevails over the quantitative rating. These statistics exclude real estate / Townsend databases and ratings.

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ARKANSAS TEACHER RETIREMENT SYSTEM
1400 West Third Street
Little Rock, Arkansas 72201

RESOLUTION
No. 2022-11

**Approving Investment in Silver Point Capital Fund, L.P. with
Imminent Need**

WHEREAS, the Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS) is authorized to invest and manage trust assets for the benefits of its plan participants; and

WHEREAS, the ATRS Board has reviewed the recommendation of its general investment consultant, Aon Hewitt Investment Consulting, Inc., along with the recommendation of the Investment Committee and ATRS staff regarding a potential investment in **Silver Point Capital Fund, L.P.**, a fund that will invest in stressed and mispriced credit instruments traded on the private markets; and

WHEREAS, the ATRS Board approves an investment of up to **\$50 million dollars (\$50,000,000.00)** in **Silver Point Capital Fund, L.P.**, and the Board, after its review of the timing in which the closing of the investment in **Silver Point Capital Fund, L.P.** may need to occur, has determined that there is an imminent need to immediately enter into the partial equity ownership agreement prior to the next scheduled meeting of the Arkansas Legislative Council. The Board also deems it financially appropriate to enter into the partial equity ownership agreement and concludes that to forego the opportunity to promptly implement its investment directives under the prudent investor rule would be inconsistent with its fiduciary duty of care to the members and annuitants;

NOW, THEREFORE, BE IT RESOLVED, that the ATRS Board approves an investment of up to **\$50 million dollars (\$50,000,000.00)** in **Silver Point Capital Fund, L.P.** and agrees to immediately move to close and subscribe the approved ATRS limited partnership interest in **Silver Point Capital Fund, L.P.** The total investment amount is to be determined by the general investment consultant and ATRS staff based upon the allocation available to ATRS and the overall investment objectives set by the Board; and

FURTHER, BE IT RESOLVED, that the ATRS staff is hereby authorized to take all necessary and proper steps to implement this investment using the Imminent Need process, if acceptable terms are reached.

Adopted this 7th day of February 2022

Mr. Danny Knight, *Chair*
Arkansas Teacher Retirement System



TOWNSEND[®]
GROUP

an Aon company

Arkansas Teachers Retirement System Third Quarter 2021 Real Assets Performance Review

PROPRIETARY & CONFIDENTIAL

February 2022

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Agenda

Section 1	Executive Summary
Section 2	Market Overview
Section 3	Real Assets Portfolio Update
Section 4	Glossary

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Real Assets Markets Performance and Overview

Performance Summary	Quarter (%)		1 Year (%)		3 Year (%)		5 Year (%)		10 Year (%)	
	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
NFI-ODCE Value Weight	6.6	6.4	14.6	13.6	7.1	6.1	7.5	6.6	9.9	8.9
NCREIF Property Index "NPI"	5.2		12.1		6.7		6.8		9.0	
NCREIF Farmland Property Index "NFI"	1.5		5.5		4.9		5.5		10.2	
NCREIF Timberland Property Index "NTI"	1.9		5.0		2.5		2.9		4.9	

- In the third quarter of 2021, the NFI-ODCE (net) returned 6.4%, up 273 basis points quarter-over-quarter. NFI-ODCE returns have recovered to long-term expectations of 7% to 9% gross due to the robust recovery of the Global economy following the COVID-19 pandemic.
- The NCREIF Farmland Index ("NFI") returned 1.5%, up 4 basis points from the prior quarter. Row crops drove performance with a returns of 2.3%, while permanent crops returned 38 basis points.
- The NCREIF Timberland Index ("NTI") returned 1.9% for the quarter and 5.0% for the trailing one-year return. The quarterly total return was driven by appreciation, while the one-year was driven by income. Regionally, the Northwest was the NTI's top performer while the Northeast lagged for the quarter.

Portfolio Funding Status and Composition

As of September 30, 2021	ATRS' Portfolio \$ in Millions
Number of Investments	74
Total Commitments	3,211.6
Unfunded Commitments	672.2
Total Paid-In Capital	2,723.2
Total Distributions	1,962.3
Net Asset Value	2,355.9
Gross Asset Value	3,305.1
DPI	0.7x
TVPI	1.5x
Since Inception IRR	7.3%
<i>*Active and Liquidated</i>	

PORTFOLIO COMPOSITION TO TARGETS (As of 9/30/2021)		
	Target	Actual Funded
Target Real Asset Allocation	15%	11.2%
<u>Portfolio Style Composition</u>		
Real Estate	10%	7.0%
Core*	50%-70%	66.4%
Non-Core	30%-50%	33.6%
Value-Added**	N/A	19.3%
Opportunistic**	N/A	14.3%
Agriculture	1%	1.1%
Timber	2%	1.5%
Infrastructure	2%	1.7%
Leverage	50%	28.7%

* Includes Arkansas Investments

** No stated targets

- Recent infrastructure and real estate commitments will help the portfolio continue to move towards its target allocation irrespective of liquidating investments
- In general, the portfolio is in compliance with its Statement of Investment Policy. There are a few exceptions:
 - An overallocation to hotels though still less than 5% of the real estate portfolio
 - Timber geographic concentration to “Other” remains out of compliance largely due in part to the BTG OEF’s Ohio investments

ATRS' Real Assets Performance

Performance Summary	Quarter (%)		1 Year (%)		3 Year (%)		5 Year (%)		10 Year (%)		Net IRR	Equity Multiple
	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET		
ATRS Total Portfolio	5.4	4.7	15.1	12.9	7.9	6.4	8.7	7.1	9.7	8.3	7.3	1.5
Total Real Assets Benchmark		4.6		10.9		5.6		5.9		7.9		

- The table shows the returns for ATRS' Total Real Assets Portfolio and the Real Assets Benchmark.
- ATRS is outperforming the benchmark over all measurement periods.

ATRS' Real Estate Performance

Performance Summary	Quarter (%)		1 Year (%)		3 Year (%)		5 Year (%)		10 Year (%)		Net IRR	Equity Multiple
	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET		
Real Estate	7.0	6.2	15.3	13.0	6.4	5.0	7.9	6.5	10.4	9.0	7.9	1.5
NFI-ODCE Value Weight	6.6	6.4	14.6	13.6	7.1	6.1	7.5	6.6	9.9	8.9		

- The table shows the time-weighted, net of fee returns for ATRS' Total Real Estate Portfolio and the NFI-ODCE benchmark.
- There are a number of Non-Core Funds that have exited the J-curve and performance is expected to have a more meaningful impact as newer funds' investments are realized.
- The real estate portfolio underperformed the benchmark for the quarter, as well as over the 1-, 3-, and 5-Year periods largely due in part to market distress caused by the global pandemic, relative underperformance of UBS TPF, and a cash out refinance and property sales from an Arkansas Investments that decreased net asset value and consequently effected the return.

ATRS' Timberland and Agriculture Performance

Performance Summary	Quarter (%)		1 Year (%)		3 Year (%)		5 Year (%)		10 Year (%)		Net IRR	Equity Multiple
	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET		
Timberland	2.2	2.0	12.5	11.5	8.0	7.0	6.5	5.5	5.5	4.7	5.3	1.9
Timberland Property Benchmark*	1.9		5.0		2.8		2.6		4.0			
Agriculture	1.8	1.5	8.2	7.0	5.4	4.3	5.2	4.1	6.9	5.8	5.1	1.3
Agriculture Benchmark*	1.5		5.5		4.8		4.5		8.4			

- The timber portfolio is outperforming the benchmark over all measurable time periods.
- The agriculture portfolio is outperforming the benchmark over all measurement periods except for the 10-year period.

ATRS' Infrastructure Performance

Performance Summary	Quarter (%)		1 Year (%)		3 Year (%)		5 Year (%)		10 Year (%)		Net IRR	Equity Multiple
	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET		
Infrastructure	4.1	3.3	21.9	18.5	16.4	14.0	19.7	16.0	N/A	N/A	13.6	1.4
Infrastructure Benchmark*	1.7		8.5		7.1		7.2		N/A			

- The infrastructure portfolio outperformed the Infrastructure benchmark over the quarter, primarily driven by strong performance from Macquarie Infrastructure V (14.7% net).
- ATRS' Infrastructure portfolio is outperforming the Infrastructure benchmark over all measurement periods.

ATRS' Real Assets Portfolio Highlights

- Commitment activity update
 - ATRS made the following commitments during the quarter or subsequent to quarter end
 - LaSalle Asia Opportunity VI: \$50 million
 - Almanac Realty Securities IX: \$55 million
 - LBA Logistics Value IX: \$55 million
 - Landmark Real Estate Partners IX: \$50 million
 - ATRS approved a \$140 million partial redemption of JP Morgan SPF, which will be reallocated as follows
 - Morgan Stanley Prime Property: \$70 million
 - RREEF Core Plus Industrial: \$70 million
 - ATRS is in the queue for a partial redemption of UBS TPF
 - As of YE21, the TPF redemption queue is \$6.8 billion and expect full repayment by YE23

Significant Events

- During the quarter, Al Rabil will replace Mike Levitt as CEO of KACALP. Mr. Rabil will remain the CEO of Kayne Anderson Real Estate, an indirect, wholly owned subsidiary of KACALP. Mr. Levitt has assumed the role of CEO of Core Scientific, a company he co-founded, as it prepares to become a public company. Townsend has reviewed this and is comfortable with the change in leadership.
- Subsequent to quarter end, GLP Pte. Ltd. announced its intentions of a US IPO, naming Alan Yang (chief executive of GLP Capital Partners) to serve as chief executive of the new public company. Townsend has been made aware and continues to monitor.

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United States Real Estate Market Update (3Q21)

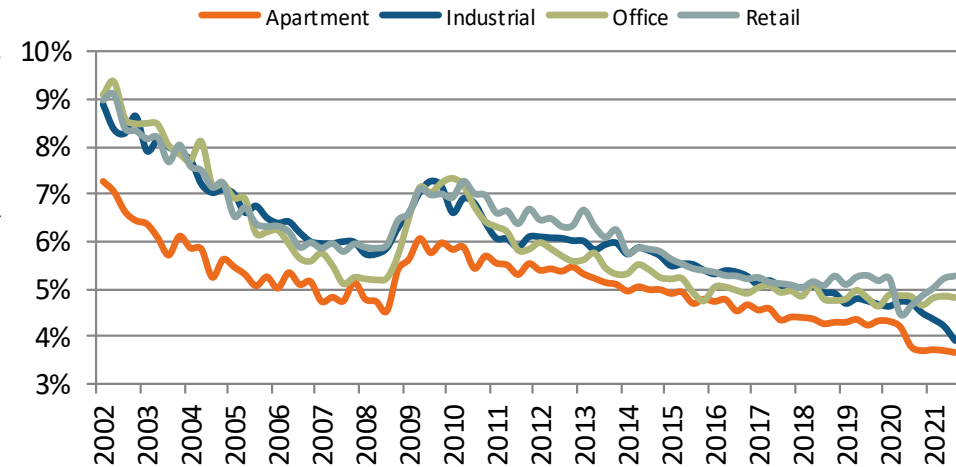
General

- As a result of the COVID-19 pandemic, national, state and local governments across the world implemented stay-at-home orders, which caused a near complete halt of the world economy in the 1st half 2020. Governments dramatically expanded expenditures in order to protect people and businesses from large-scale disruption. In 3Q21, equity markets continued to bounce back from the March 2020 rout and continued to exceed prior highs, the S&P 500 produced a gross total return of 0.6%, bringing the year-to-date total return to 15.9%. The MSCI US REIT index continued to rebound and produced a return of 12.0% and exceed pre-COVID levels.
- The U.S. entered a recession in February 2020, but the economy has since rebounded with the accelerated development and continued rollout of vaccines. In the 3rd quarter, U.S. GDP grew at an annualized rate of 2.0%. The unemployment rate peaked in April at 14.8% and has since declined to 4.8% at quarter end 3Q21, falling an additional 110 bps from the end of 2Q21. The Federal Reserve continues to act aggressively, thus far financial markets have stabilized. The world economy shrunk by -3.5% in 2020 but is forecasted to grow 5.9% in 2021.

Commercial Real Estate

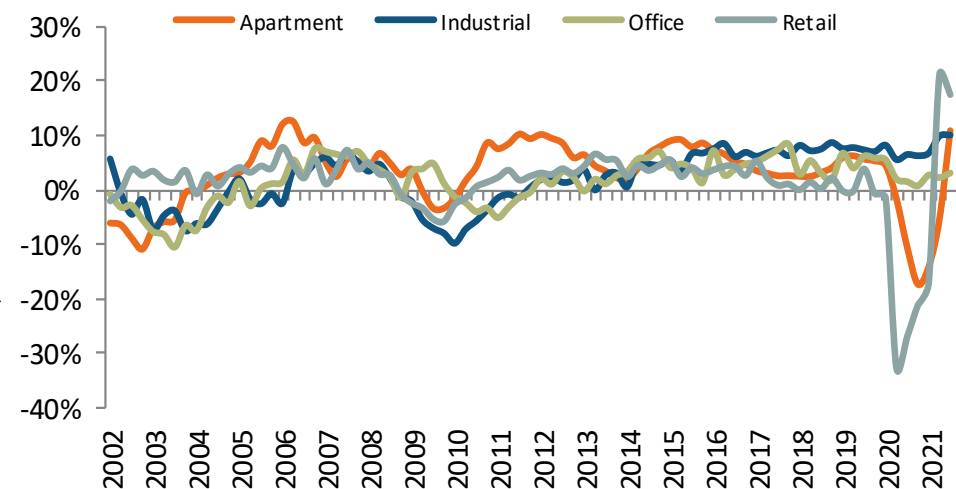
- Through the third quarter of 2021, total CRE transaction activity for the quarter was up 151% YoY, after seeing a significant transaction freeze in the first half of 2020, the market continues to rebound and has now exceeded activity levels observed prior to the COVID-19 induced slowdown. Transaction volume has been the strongest in the apartment and industrial sectors.
- Transaction cap rates (5.0%) compressed -16 bps during the quarter. Current valuation cap rates declined for industrial (-30 bps), apartment (-4 bps), and office (-3 bps). The retail (+5 bps) property sector continued to experience cap rate expansion.
- NOI growth has substantially diverged between property sectors due to the impacts of COVID-19. Retail NOI has expanded substantially (+17%) YoY as the sector recovers from decreased rent collections and retailer shutdowns early last year. Apartment NOI expanded (+11%) YoY, as broad-based effective market rents are deep in their recovery.
- In the third quarter of 2021, \$49 bn of aggregate capital was raised by real estate funds. There continues to be substantial dry powder, ~\$384 billion, seeking exposure to private real estate.
- 10-year treasury bond yields expanded 7 bps to 1.52% during the quarter.

Current Value Cap Rates by Property Type



Source: NCREIF

4 Qtr Rolling NOI Growth



Source: NCREIF

United States Property Matrix (3Q21)



INDUSTRIAL

- In 3Q21, industrial properties were the highest returning sector at 10.9% and outperformed the NPI by 570 bps.
- Transaction volumes rose to \$39.5 billion in the third quarter of the year, resulting in a 130% increase year-over-year. Individual asset sales increased 79% year-over-year, while portfolio purchases turned in a year-over-year volume increase of 258%. At slightly over \$39.5 billion, the industrial sector increased a significant \$7.0 billion quarter-over-quarter.
- The industrial sector turned in NOI growth of 10.2% over the past year. NOI continues to reach all time highs for the sector.
- Vacancy decreased by 100 bps year-over-year to 2.5%. Vacancy in the sector decreased 60 bps from last quarter, reaching all-time historic lows. E-commerce continues to drive demand across the sector.
- Industrial cap rates compressed approximately 80 bps from a year ago, to 3.9%. Industrial overall fundamentals still top all property sectors.

MULTIFAMILY

- The apartment sector delivered a 6.5% return during the quarter, outperforming the NPI by 130 bps.
- Transaction volume in the third quarter of 2021 rose to \$78.7 billion, resulting in an increase of 192% year-over-year. Transaction volume for the sector is now exceeding all historic highs. This volume continues to make multifamily the most actively traded sector for the seventeenth straight quarter.
- Cap rates remained steady at 3.7% quarter-over-quarter, compressing 10 bps year-over-year. Multifamily cap rates remain at the lowest level observed in years, driven by continued increases in valuation.
- The multifamily sector saw increasing vacancy rates throughout the entirety of 2020 due to the global pandemic. Through 2021, the sector appears to have shaken that trend as vacancy rates decreased 60 bps quarter-over-quarter, now 280 bps lower than a year ago and back to pre-pandemic levels. The aging millennials have begun shifting their desires to suburban living, but continued home price appreciation has deterred the full effect of this migratory trend.

OFFICE

- The office sector returned 1.9% in 3Q21, 340 bps below the NPI return over the period.
- Transaction volumes increased by 137% year-over-year in the third quarter. Transaction volume equated to \$34.8 billion for the quarter, an increase of \$6.7 billion quarter-over-quarter. Office transaction levels have officially regressed to levels only seen prior to the COVID-19 pandemic.
- Office sector vacancy rates have expanded since the beginning of the pandemic due to work from home orders and uncertainty revolving around the future of office space. Office continues to be the highest vacancy property type at close to 13.1%, expanding 40 bps from last quarter.
- NOI growth in the office sector expanded quarter-over-quarter by 80 bps and appears to be in the midst of its recovery to pre-pandemic levels as it has increased 160 bps since the same period last year.
- Office cap rates remained flat from a year ago, sitting at approximately 4.9%. Office-using job growth was stunted significantly throughout 2020 due to work from home orders. Though we are observing a slow but steady flow back to in-office work, there is still uncertainty in the sector as many companies remain hesitant.

RETAIL

- As of 3Q21, the retail sector delivered a quarterly return of 1.6%, performing 370 bps below the NPI.
- Transaction volumes totaled \$17.4 billion in the third quarter, increasing 127% year-over-year. Single asset transactions accounted for just over 73.5% of all sales volume for the quarter.
- Cap rates have expanded approximately 60 bps within the sector over the last year, to 5.3%. Current valuation cap rates did expand quarter-over-quarter by 10 bps due to slight downward valuation adjustments made across the sector in general.
- NOI growth significantly increased, +17.4% over the last year. Retail has begun its slow recovery as vaccine rollouts have allowed a large portion of store nationally to open and operate safely.
- Retail vacancy rates compressed over the quarter by 60 bps, though still up 80 bps over the past year to 9.1%. Many big box stores have closed as the need for retail space shrinks, translating to a negative outlook for rent growth. Paired with the global economic crisis, which has had a significant negative impact on this sector.

Global Real Estate Market Update (3Q21)

- The real estate investment market has continued its recovery from the COVID-19 crisis with investments in income producing real estate doubling the level of that last year. In 3Q21 US Volume was \$187.4 billion, a 193% growth year over year. The US was at the forefront of this recovery and transaction volume as a result of strong demand in industrial and apartment properties.
- Renewed COVID restrictions stemming from the spread of the Delta variant impeded the recovery in some parts of the world during the third quarter, but in most countries the economy continued to rebound. Uncertainty remains an ongoing theme.
- Investment activity in the Americas witnessed an extreme surge to by 193% year-over-year. Transaction volume in the US decreased 28% relative to 2Q21.
- In the Asia Pacific region, volumes grew only 1% year-over-year. Mainland China (+20%) remains the top market in the region with , Australia (+106%), and South Korea (+54%) seeing the most improvements in deal activity year over year in 3Q21.
- In the office sector, global leasing activity improved by 39% year-over-year; however, they remain 25% lower than Q3 2019, showing that the recovery, although underway, is far from over. Office re-entry rates still vary significantly by country but are now starting to rise around the globe. This is important, as before new space requirements are cemented, corporates need more evidence of how hybrid office and remote work impacts their demand profile. Vacancy continued its upward trajectory in Q3, adding 30bps over the quarter to 14.6%; that said, this is the slowest rate of increase since the onset of the pandemic.
- Supported by rising vaccination rates and easing restrictions, trading conditions for a large number of retailers have improved over the third quarter in markets such as the U.S. as well as most of Europe. Leasing activity continues to pick up in many major retail destinations globally, with prime space highly sought-after in countries with high vaccination rates and eased containment measures. In markets where containment measures have been tightened recently, notably across the Southeast Asia region, many retailers remain concentrated on servicing domestic consumers and opening stores in suburban shopping centers.
- Multifamily maintained its status as the most liquid asset type in the U.S. in the third quarter, while complementary segments such as single-family residential attracted increased attention. In Europe, investor interest in multifamily, along with single-family and affordable housing, continues unabated. In Asia Pacific, Japan remained the most active market for multifamily in Q3, while the build-to-rent (BTR) market in Australia is gaining momentum. There are still very few projects operational in Australia, but the number planned and under construction continues to grow.
- Ongoing supply chain disruptions and pressure on critical supply hubs are posing a challenge to the global economic recovery. Demand for logistics space remained extremely robust across all three regions in the third quarter, to the extent that new supply is struggling to keep up with the weight of demand in some markets. With supply tight, aggregate vacancy rates are sub-5% in both the U.S. and Europe. These supply and demand dynamics are supporting solid rental growth, which is evident across all three regions.

Global Total Commercial Real Estate Volume - 2020 - 2021

\$ US Billions	Q3 2021	Q3 2020	%		% Change	
			Q3 21 - Q3 20	YTD 2021	Q1-Q3 2021	YTD 2021/Q1 - Q3 21
Americas	187	64	193%	424	230	84%
EMEA	76	61	24%	239	206	16%
Asia Pacific	205	203	1%	569	558	2%
Total	468	328	43%	1232	994	24%

Source: Real Capital Analytics, Inc., Q3' 21

Global Outlook - GDP (Real) Growth % pa, 2021-2023

	2021	2022	2023
Global	5.8	4.4	3.4
Asia Pacific	6.0	5.0	4.6
Australia	3.8	3.7	3.0
China	8.0	5.4	5.4
India	9.2	7.5	
Japan	2.4	2.6	1.3
North America	5.5	3.9	2.5
US	5.5	3.9	2.5
Middle East	3.0	4.7	3.6
European Union	5.4	4.4	2.3
France	6.7	4.1	2.1
Germany	2.8	4.8	2.0
UK	7.0	5.0	2.1

Source: Bloomberg

Farmland – Third Quarter 2021 Market Update

FARMLAND MARKETS

- Agricultural commodity prices saw mixed performance during the quarter with volatile weather in major production regions, a slow-down in Chinese buying, and global logistical challenges were abound. (FIGURE 1)
- However, farmers in the row crop sector continued to experience strong profitability driven by (relative) increased exports to China and production problems in other production regions of the world.
- Corn and soybean prices have shown remarkable resilience in 2021, with futures prices peaking in May 2021 (\$7.50 – corn; \$16 – soybeans), driven by surging US exports and production shortfalls in major ex-US growing regions. prices for both crops have remained at historically high levels since then and are expected to carry into 2022. (FIGURE 2)
- Almond prices have also recovered from the 10-year low observed during the summer 2021, and are now trending at levels consistent with the last five-year average. Strong demand coupled with a lower than expected 2021 crop size has kept the market stable and prices firm.
- In Brazil, crop prices remained strong but farmers are beginning to feel the strain from increased input prices, which have risen quickly due to supply shortages and increased energy prices.

FIGURE 1: Major Ag Commodities Quarterly Performance

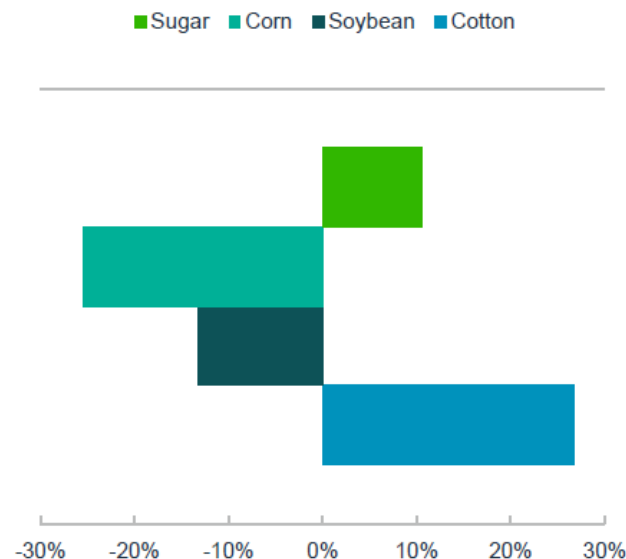
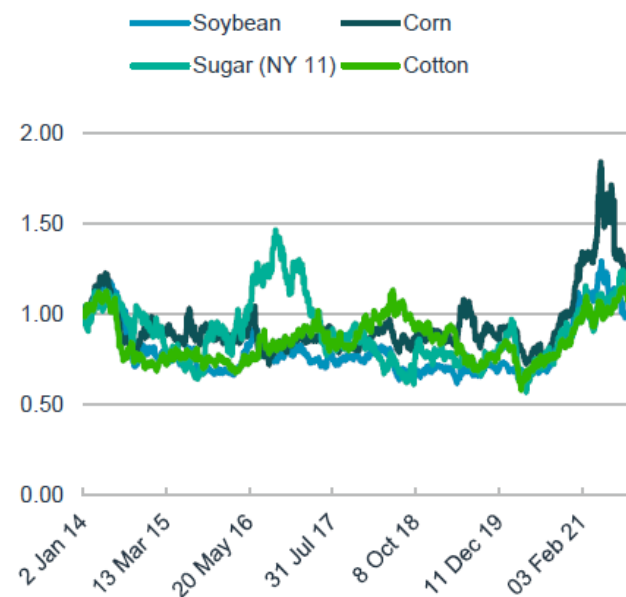


FIGURE 2: Major Ag Commodities Rolling Performance

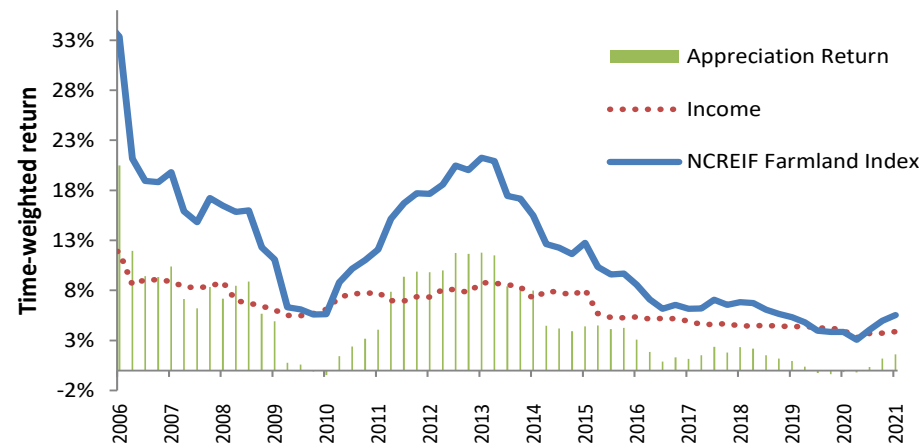


Farmland – Third Quarter 2021 Market Update

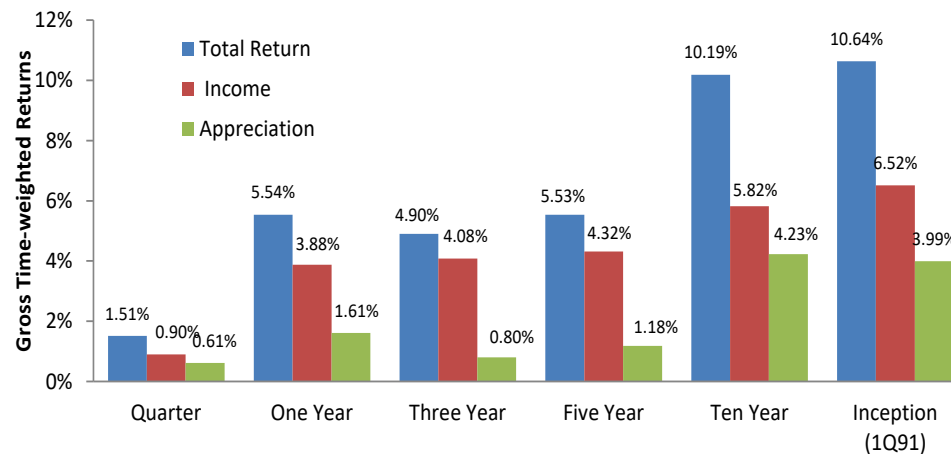
FARMLAND PERFORMANCE

- The NCREIF Farmland Index (“NFI”) returned 1.51% for 3Q21, up slightly from last quarter’s 1.47% return but a large improvement over last year’s third quarter return of 0.96%. The return consisted of a 0.90% income return and appreciation of 0.61%.
- Row crops continued to outperform versus permanent crops with another strong quarterly return of 2.25% versus 0.38% for permanent cropland. Row crop returns have been buoyed by strong quarterly appreciation returns, 1.48%, and consistent but relatively flat - income return of 0.76%.
- In contrast, permanent crops posted a strong income return of 1.11% during the quarter, up from last quarter’s 0.34% return and last year’s same quarter return of 0.74%; permanent crop values, however, declined during the quarter with a -0.73% appreciation return, primarily driven by declines in Almond orchard values as that sector continues to face headwinds. In contrast, Pistachios continued to perform very well and lead all other permanent crops with a 4.26% return as global demand has continued to outpace supply, keeping prices at healthy levels.
- On a regional basis, all NCREIF regions posted positive total returns again for the quarter, with the Corn Belt, which are entirely row crops, outperforming all other regions by a significant margin - 4.14% versus the next highest return of 2.95% out of the Northern Plains.

NCREIF Farmland Index Performance
(Rolling 1-year total returns through 3Q 2021)



NCREIF Farmland Index Returns
Gross time-weighted returns as of 3Q 2021

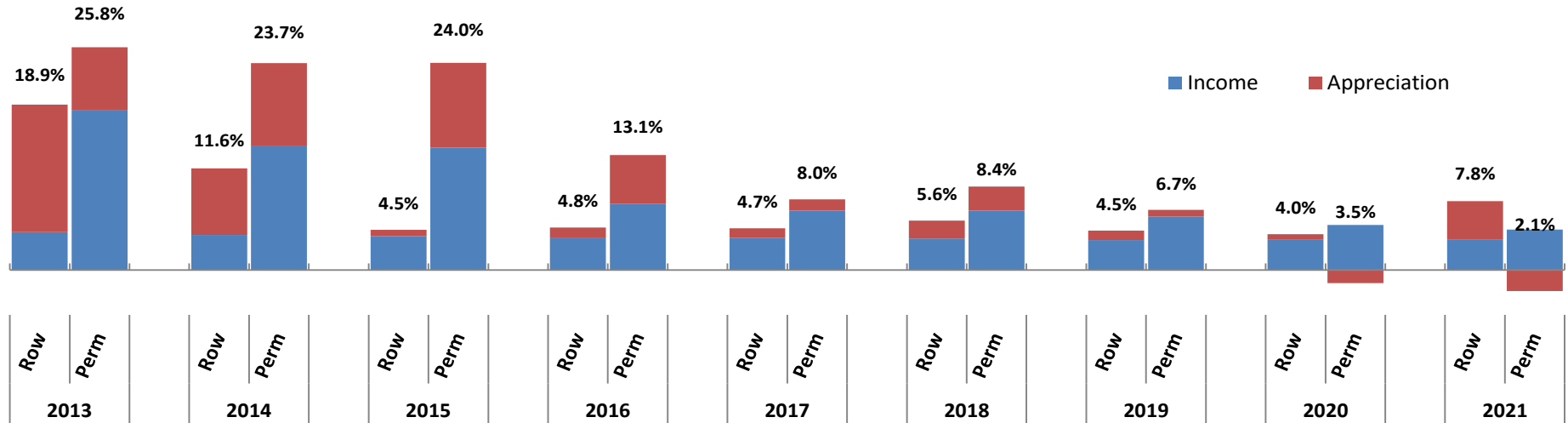


Farmland – Third Quarter 2021 Market Update

FARMLAND PERFORMANCE

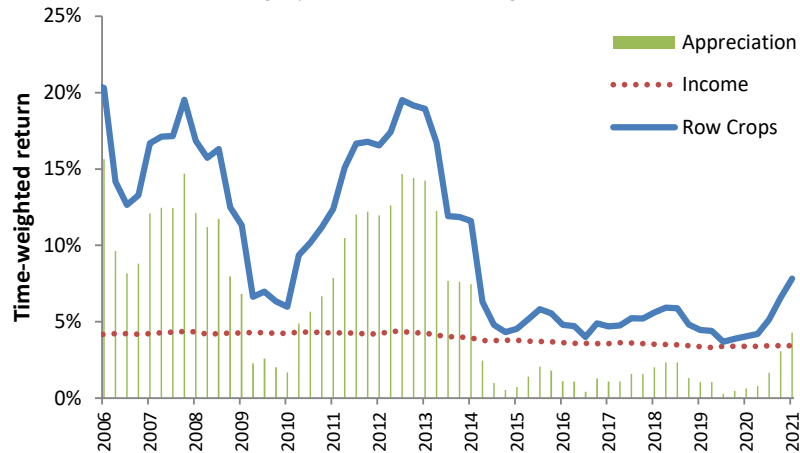
NCREIF Farm Type Performance Attribution 2013-2021

12-Mos returns as of 3Q 2021



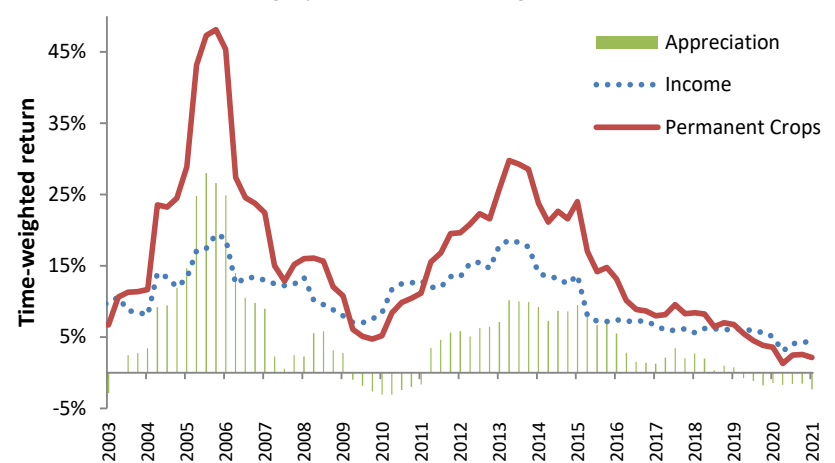
NCREIF Row Crop Performance

(Rolling 1-year total returns through 3Q 2021)



NCREIF Permanent Crop Performance

(Rolling 1-year total returns through 3Q 2021)



Infrastructure – Third Quarter 2021 Market Update

General

- Infrastructure transaction activity remained steady quarter-over-quarter, ending a two consecutive quarter slide in activity. Despite the number of individual transactions remaining steady, the aggregate value of these deals decreased 24% quarter-over-quarter, regressing to the average following a quarter with extraordinary aggregate deal value. In terms of fundraising, 22 funds reached their final close during Q3 2021; a decrease of 46% quarter-over-quarter and a decrease of 54% since the highs reached in Q4 2019. Aggregate capital raised during Q3 2021 regressed to around \$20 billion, a decrease of 47% quarter-over-quarter. The positive trend we observed in prior quarters, following the lows reached at the onset of the pandemic, was broken as we saw regression towards mean values in the third quarter 2021.

Europe

- Notable transactions for the quarter were headlined by the sale of HEDNO, a Greece-based power utility company that develops, operates, and maintains a portfolio of power distribution networks in Greece. In September 2021, a 49% ownership stake was acquired for \$2.5 billion. One additional transaction of note occurred during the quarter, the sale of Sorta Connection Road Project, 59km highway of Norwegian National Road 555 that connects Sorta and Bergen in Norway. A consortium of investors successfully acquired the Road Project for \$2.2 billion.

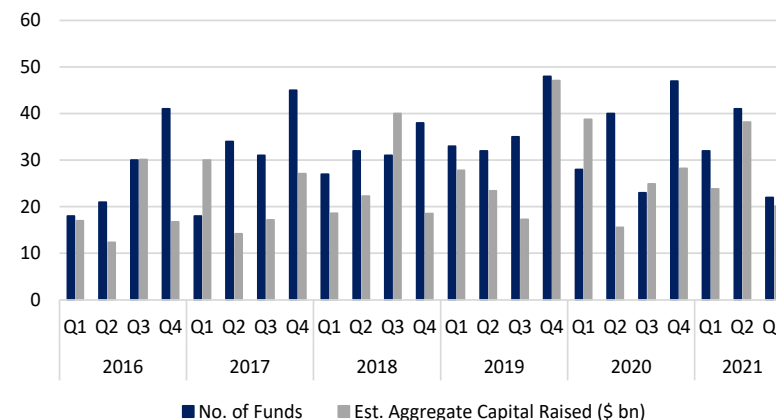
North America

- Kansas City Southern, a US-based transportation company that owns and operates railroads across North America, successfully entered into a merger agreement with Canadian Pacific Railway for \$31.0 billion. Two additional note worthy transactions occurred during the quarter, the acquisition of Lumen Technologies ILEC Business, consisting of multiple telecom assets located across 20 states in the US (including local fiber and copper networks, central offices and connectivity routes to tower sites and enable buildings), for \$7.5 billion and the acquisition of Covanta, a US-based waste management company that owns and operates a portfolio of waste-to-energy plants, material processing facilities, transfer stations, and metals recycling facilities across the US, Canada, and Europe, for \$5.3 billion.

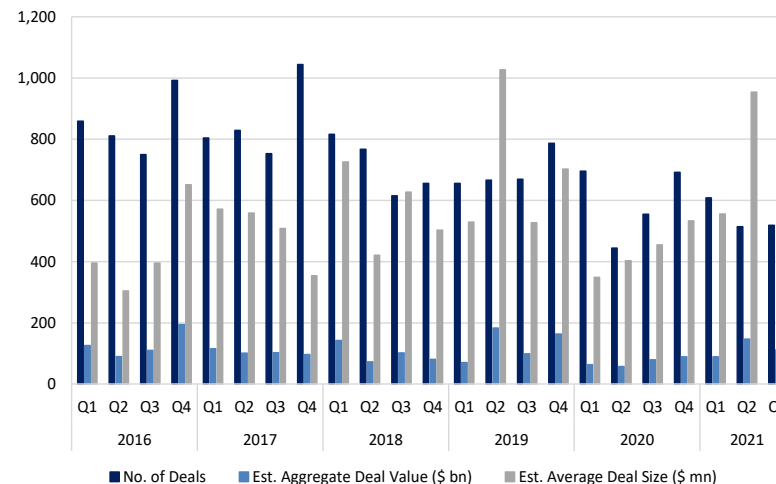
Asia Pacific

- In Q3 2021, it is worth highlighting the sale of Aboitiz Power, a Philippine-based energy company that owns and operates renewable energy assets, conventional power plants, and power distribution facilities across the Philippines. A 27% stake in Aboitiz Power was acquired for a total of \$1.6 billion.

Infrastructure Fundraising



Infrastructure Deals Completed



Timberland – Third Quarter 2021 Market Update

TIMBERLAND MARKETS

- Global timber markets continued to perform well with timber prices improving across most major wood producing regions. In the U.S., housing markets continued to improve, up over 8% from the same period last year. Housing starts remain high relative to the last several years as changing homebuyer preferences for suburban living persist.
- This was evident in the strong southern log prices, increasing 3.7% from last quarter and 16.6% over the one-year period. (FIGURE 1). Pacific Northwest demand from domestic and Asian markets remained strong, keeping prices for sawlogs elevated.
- Despite improving U.S. log prices, lumber and panel pricing saw steep declines during the quarter after reaching historic highs last quarter. (FIGURE 2)
- Brazilian timber prices were also strong across most product types driven by both strong domestic and export demand as economies continue to improve across the globe, led by the continued rebound in Brazil’s pig iron industry with wood charcoal prices (used for pig iron) up 35% over the year with demand from major Asian countries remaining strong.
- Softwood and hardwood prices in Oceania were up across all major product types, and despite China’s ongoing ban on Australian logs, log prices were up 5% during the quarter as domestic demand remained robust while many exporters shifted sales to other Asian and European countries along with increased sales to North and South America.

FIGURE 1: U.S. South Quarterly Log Prices

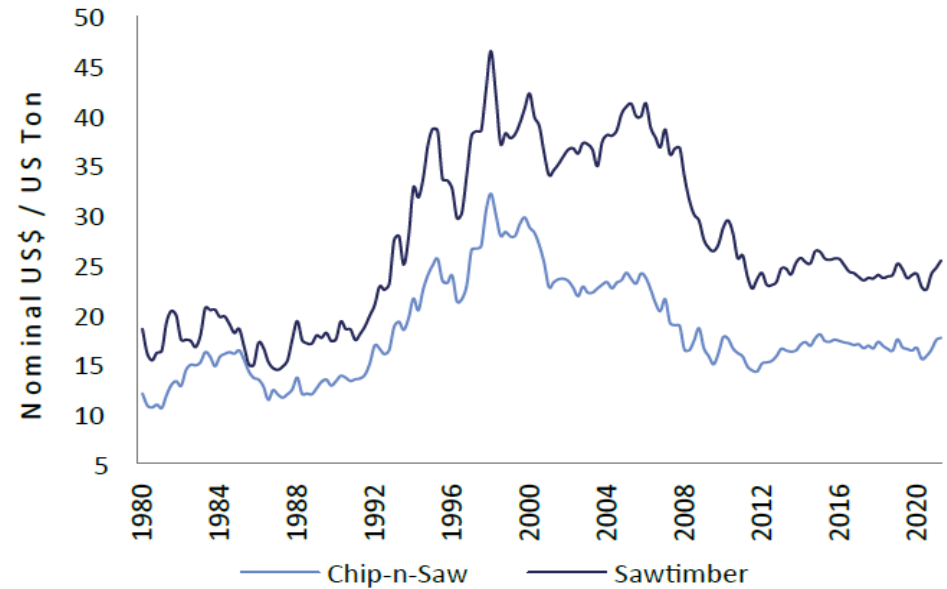
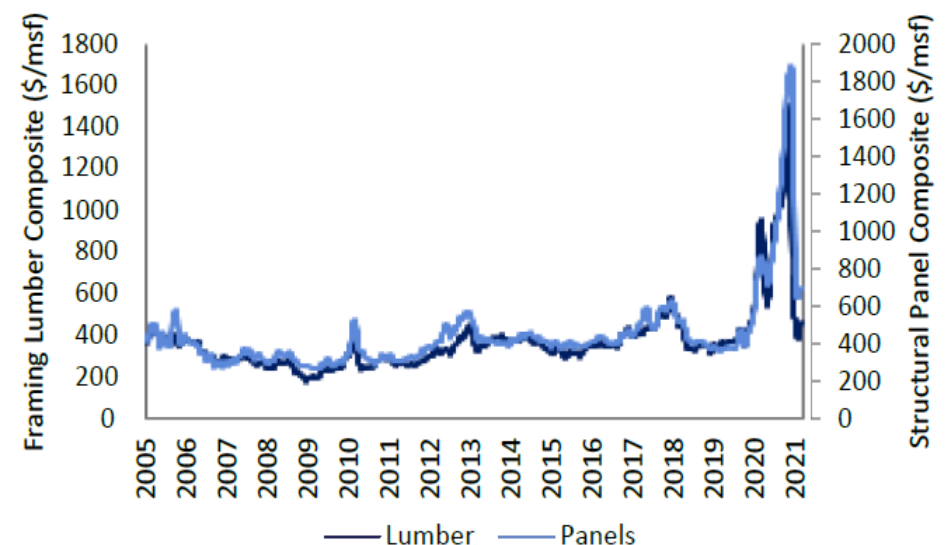


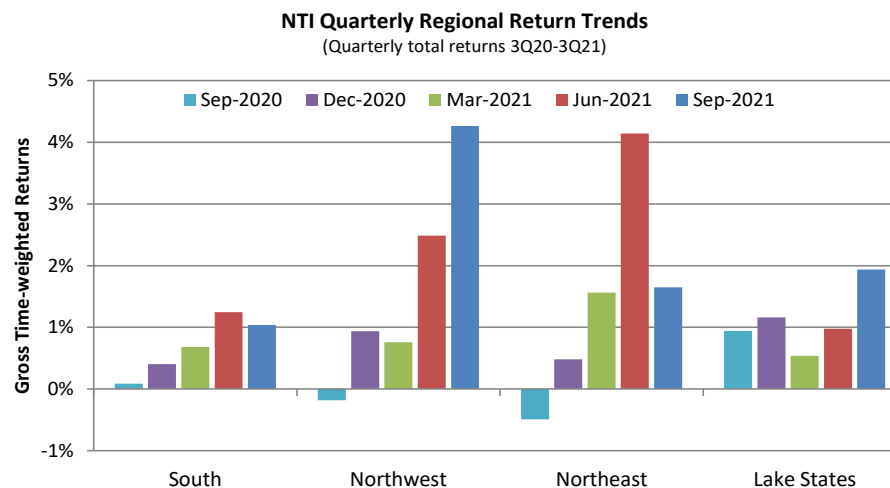
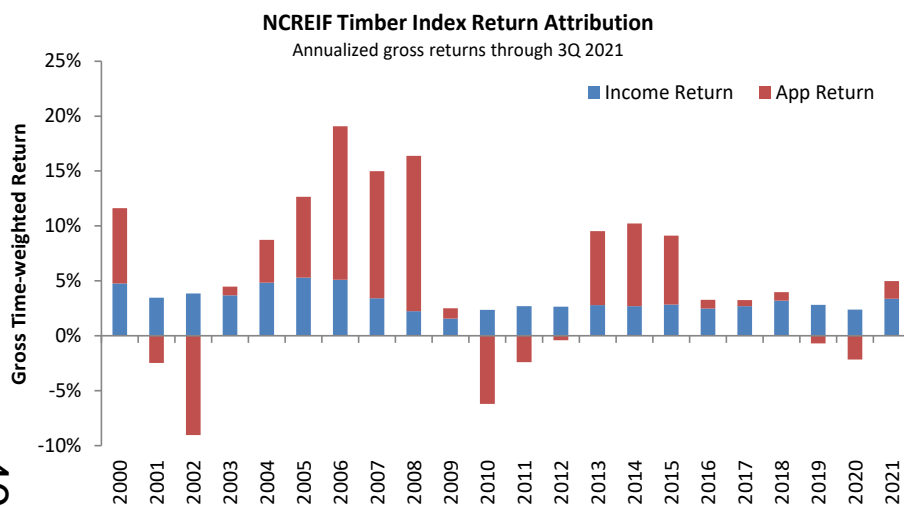
FIGURE 2: U.S. Framing Lumber Index and Panel Composite Index



Timberland – Third Quarter 2021 Market Update

TIMBERLAND PERFORMANCE

- The NCREIF Timberland Index (“NTI”) returned 1.9% for the quarter, up slightly over last quarter’s 1.7% return and significantly over 3Q20’s 0.04% return - comprised of a 0.9% income return and a 1.0% appreciation return. This is the second consecutive quarter of value gains after seven straight quarters of depreciation. This also marks the fifth quarter-over-quarter improvement in total return.
- The Northwest region led the NTI in performance for the quarter with a 4.3% return, a notable improvement over last quarter’s strong return of 2.5%, and the largest single quarter return since 2015 as demand from domestic and Chinese markets remained strong during the quarter, keeping log prices elevated.
- The largest region - U.S. South – was the lowest performing region for the quarter with a 1.0% return, a modest decline from last quarter’s 1.2% return, and driven by a moderately lower appreciation return relative to last quarter (0.3% vs 0.5%) as the income return remained relatively stable at 0.73% (vs last quarters 0.70% income return) with log prices up slightly (~3%) in the region as ongoing improvements in the housing industry continues to help bolster demand.
- Timberland per acre values were down slightly during the quarter, declining 80 bps to \$1,732/ac from last quarter’s \$1,746/ac; this decline was driven by the NTI’s underlying composition as the slight decline in the NTI’s market value outpaced the decline in acreage due to several sales during the quarter.



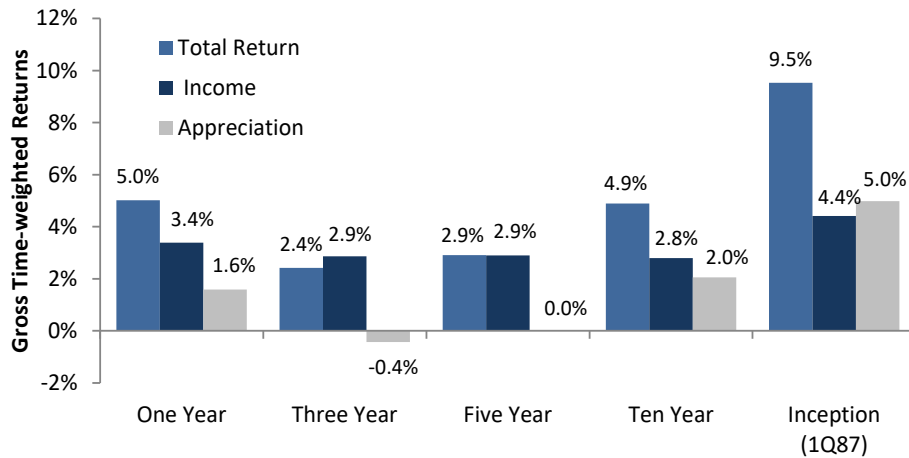
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Timberland – Third Quarter 2021 Market Update

TIMBERLAND PERFORMANCE

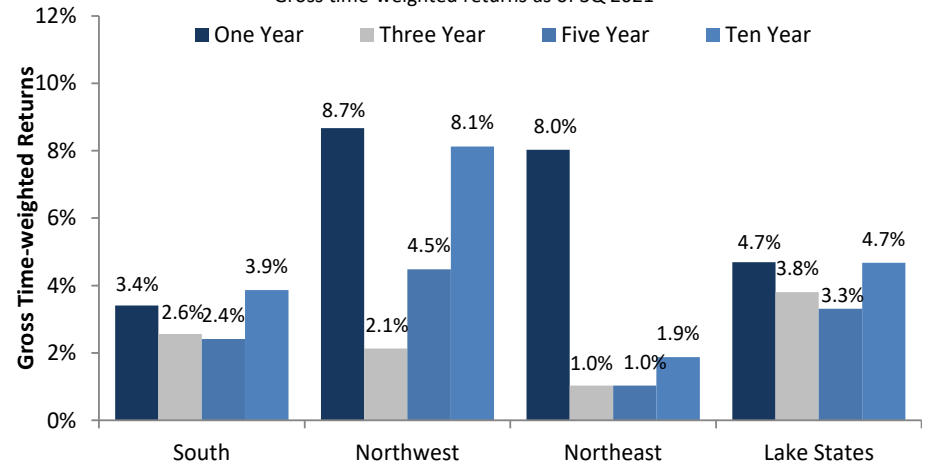
NCREIF Timber Index Returns

Gross time-weighted returns as of 3Q 2021



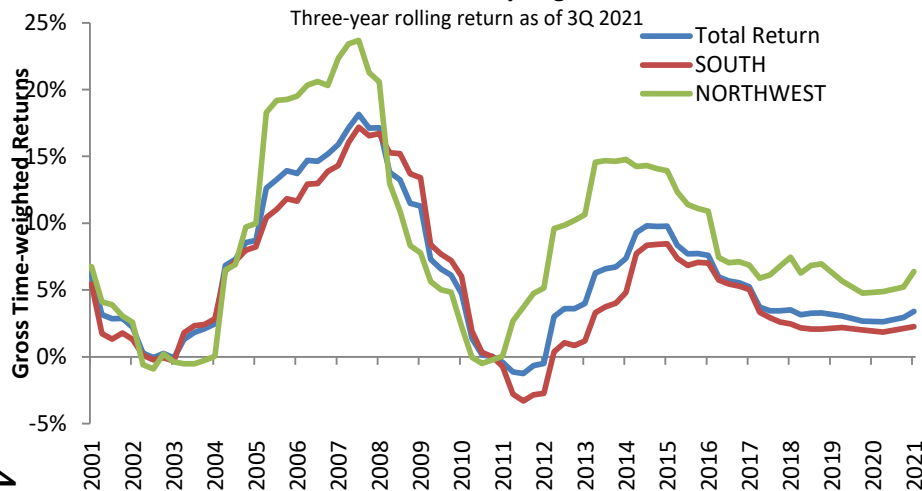
NCREIF Timber Index Regional Returns

Gross time-weighted returns as of 3Q 2021



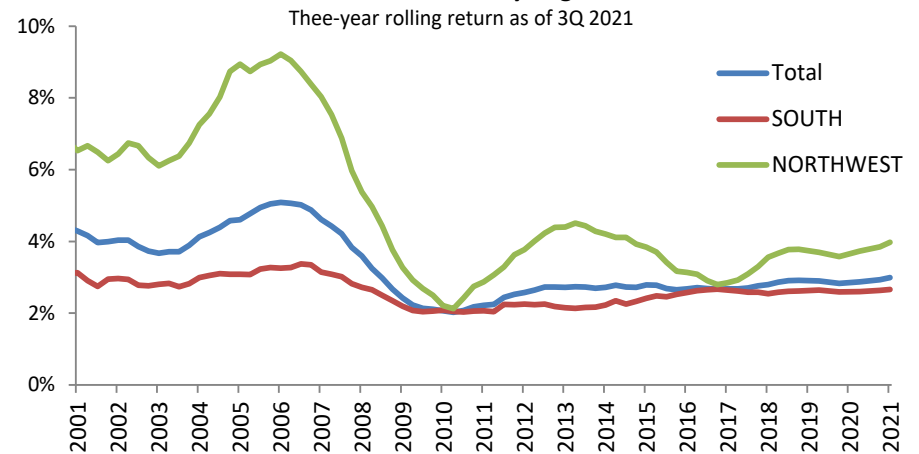
Total Returns by Region

Three-year rolling return as of 3Q 2021



EBITDA Returns by Region

Three-year rolling return as of 3Q 2021



Agenda

Section 1	Executive Summary
Section 2	Market Overview
Section 3	Real Assets Portfolio Update
Section 4	Glossary

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ATRS' Real Estate Performance: Core Portfolio

As of 9/30/2021

Funding Status (\$)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
Core								
Arkansas Investments	2007	142,694,200	144,624,546	0	198,092,768	74,593,235	3.2	2.5
JP Morgan Strategic Property Fund	2007	170,000,000	170,000,000	0	78,061,854	305,776,606	13.0	10.1
Metlife Commercial Mortgage Income Fund	2019	50,000,000	50,000,000	0	4,991,075	49,240,503	2.1	1.6
PRISA SA	2005	170,000,000	184,182,196	0	117,129,779	302,415,934	12.8	10.0
UBS Trumbull Property Fund	2006	170,000,000	190,587,980	0	167,564,794	184,053,434	7.8	6.1
UBS Trumbull Property Income Fund	2017	50,000,000	50,000,000	0	6,592,796	55,205,737	2.3	1.8
Core	2005	752,694,200	789,394,723	0	572,433,066	971,285,450	41.2	32.1

Returns (%)	Quarter				1 Year				3 Year				5 Year				10 Year				Inception		TWR Calculation Inception	Net IRR	Equity Multiple
	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	TGRS	TNET			
Core																									
Arkansas Investments	0.0	-2.4	-2.4	-2.4	0.0	1.7	1.7	1.7	0.0	-3.9	-3.9	-3.9	0.0	5.4	5.4	5.4	0.0	6.7	6.7	6.7	7.1	7.1	1Q08	8.1	1.9
JP Morgan Strategic Property Fund	1.0	5.7	6.7	6.5	3.5	10.2	14.0	13.1	3.7	2.7	6.5	5.6	3.9	3.0	7.0	6.1	4.5	5.2	9.8	8.9	6.6	5.7	2Q07	6.7	2.3
Metlife Commercial Mortgage Income Fund	1.3	0.0	1.2	1.0	5.5	0.1	5.6	4.8													4.7	3.9	3Q19	3.8	1.1
PRISA SA	1.0	6.7	7.8	7.6	3.9	11.8	16.1	15.2	4.1	4.0	8.3	7.5	4.3	3.9	8.3	7.5	4.7	5.5	10.4	9.6	7.4	6.6	3Q05	6.7	2.3
UBS Trumbull Property Fund	1.0	5.1	6.2	6.0	4.0	4.4	8.5	7.7	4.3	-2.3	1.9	1.1	4.4	-0.7	3.7	2.9	4.7	2.3	7.1	6.2	5.7	4.8	2Q06	5.4	1.8
UBS Trumbull Property Income Fund	0.9	3.4	4.3	4.1	3.7	6.6	10.5	9.6	3.8	2.4	6.2	5.4									6.4	5.6	3Q17	5.6	1.2
Core	0.9	4.8	5.7	5.6	3.6	8.0	11.8	11.0	3.6	1.1	4.8	4.1	3.7	2.7	6.5	5.7	4.0	4.7	8.8	8.0	8.0	7.3	3Q05	6.5	2.0

Note: Arkansas Investments are included in Core portfolio

ATRS' Real Estate Performance: Value-Add Portfolio

As of 9/30/2021

Funding Status (\$)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
Value Added								
Almanac Realty Securities V, LP	2008	50,000,000	21,787,314	0	48,380,466	86,546	0.0	0.0
Almanac Realty Securities VI	2012	30,000,000	19,102,008	0	21,006,051	4,012,670	0.2	0.1
Almanac Realty Securities VII	2015	30,000,000	28,976,584	6,948,434	23,430,071	16,307,350	0.7	0.8
Almanac Realty Securities VIII	2018	30,000,000	9,292,027	20,707,973	602,392	9,750,790	0.4	1.0
Calmwater Real Estate Credit Fund III	2017	30,000,000	23,113,383	7,427,676	9,401,093	18,885,305	0.8	0.9
CBRE Strategic Partners U.S. Value 8	2017	25,000,000	22,826,523	2,173,477	7,576,028	23,497,466	1.0	0.8
CBRE Strategic Partners U.S. Value 9	2020	50,000,000	16,043,489	37,860,461	4,025,000	11,562,557	0.5	1.6
FPA Core Plus Fund IV	2018	30,000,000	30,000,000	0	2,002,709	31,953,560	1.4	1.1
GLP Capital Partners IV	2021	50,000,000	16,172,711	33,827,289	0	14,823,151	0.6	1.6
Harbert European Real Estate Fund IV	2016	25,011,918	23,920,550	1,761,610	14,405,355	16,072,716	0.7	0.6
LaSalle Income & Growth Fund VI	2013	20,000,000	19,047,619	0	22,379,425	5,358,693	0.2	0.2
LaSalle Income & Growth Fund VII	2017	20,000,000	19,571,839	2,244,082	8,323,514	18,731,956	0.8	0.7
LaSalle Income & Growth Fund VIII	2020	50,000,000	12,727,447	38,067,871	1,380,793	14,470,642	0.6	1.7
Long Wharf Real Estate Partners V	2015	30,000,000	29,828,371	0	18,781,347	20,208,774	0.9	0.7
Long Wharf Real Estate Partners VI, L.P.	2020	50,000,000	18,353,102	31,605,550	5,748,266	16,608,185	0.7	1.6
PGIM Real Estate Capital VII (USD Feeder) SCSp	2021	40,000,000	2,655,274	37,344,726	0	2,717,536	0.1	1.3
Rockwood Capital Real Estate Partners Fund IX	2012	30,000,000	27,422,960	2,577,040	31,305,432	5,977,189	0.3	0.3
Rockwood Capital Real Estate Partners Fund XI	2019	40,000,000	15,660,249	24,339,751	0	18,203,336	0.8	1.4
Walton Street Real Estate Debt Fund II, L.P.	2019	40,000,000	15,447,300	28,971,837	4,430,453	11,902,273	0.5	1.3
Westbrook Real Estate Fund IX	2013	40,000,000	46,292,335	3,603,488	45,995,329	10,240,710	0.4	0.5
Westbrook Real Estate Fund X	2016	25,000,000	24,115,121	2,016,766	18,061,406	11,541,912	0.5	0.4
Value Added	2007	735,011,918	442,356,206	281,478,032	287,235,130	282,913,317	12.0	18.6

ATRS' Real Estate Performance: Value-Add Portfolio (Cont.)

Time Weighted Returns:

Returns (%)	Quarter				1 Year				3 Year				5 Year				Inception		TWR Calculation Inception	Net IRR	Equity Multiple
	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	TGRS	TNET			
Value Added																					
Almanac Realty Securities V, LP	-0.7	0.1	-0.6	-0.6	-35.6	8.1	-29.1	-29.2	-13.6	0.3	-12.5	-13.2	3.2	-5.3	-0.2	-1.3	6.6	5.2	4Q09	11.9	2.2
Almanac Realty Securities VI	0.0	2.5	2.4	2.1	-5.0	11.9	6.2	4.9	4.9	-14.0	-9.4	-10.3	6.0	-9.7	-4.1	-4.9	5.4	3.9	1Q13	9.5	1.3
Almanac Realty Securities VII	2.4	4.0	6.4	6.1	7.4	5.5	13.1	11.9	7.8	4.7	12.8	11.6	8.2	6.7	15.4	13.5	15.6	12.6	3Q15	13.0	1.4
Almanac Realty Securities VIII	3.1	2.0	5.2	4.2	8.5	22.4	32.2	25.9									32.7	-50.4	1Q19	9.0	1.1
Calmwater Real Estate Credit Fund III	2.5	0.0	2.5	1.8	10.8	0.0	10.8	7.6	11.3	0.0	11.3	7.0					11.4	7.5	1Q18	7.4	1.2
CBRE Strategic Partners U.S. Value 8	1.9	5.5	7.3	6.1	7.8	7.2	15.5	13.3	7.0	3.9	11.1	9.8					12.6	10.9	2Q17	10.2	1.4
CBRE Strategic Partners U.S. Value 9	1.5	1.8	3.3	2.0	3.3	7.7	11.1	5.2									11.1	5.2	4Q20	-3.1	1.0
FPA Core Plus Fund IV	1.0	4.4	5.4	5.2	3.4	9.1	12.7	12.1	3.8	2.9	6.8	6.1					6.8	6.1	4Q18	7.0	1.1
GLP Capital Partners IV																			4Q21	-9.3	0.9
Harbert European Real Estate Fund IV	1.7	-3.9	-2.2	-2.5	5.2	-6.2	-1.1	-2.3	7.6	-4.8	2.9	3.1	5.6	2.0	7.8	6.7	7.2	6.0	3Q16	6.3	1.3
LaSalle Income & Growth Fund VI	1.2	0.0	1.2	1.0	4.2	-11.1	-7.3	-5.3	3.5	-8.2	-4.9	-3.6	4.2	-2.7	1.4	1.5	7.5	6.5	4Q13	10.5	1.5
LaSalle Income & Growth Fund VII	0.5	28.4	28.9	24.9	1.2	35.4	36.9	31.3	0.3	13.0	13.4	11.1					13.8	11.5	3Q17	12.1	1.4
LaSalle Income & Growth Fund VIII	0.0	17.1	17.1	11.4	1.6	60.4	62.8	47.7									34.9	23.1	2Q20	19.9	1.2
Long Wharf Real Estate Partners V	0.5	3.9	4.4	4.1	1.9	11.6	13.7	12.2	1.5	7.6	9.1	8.2	1.9	8.7	10.7	8.2	11.1	7.9	1Q16	8.8	1.3
Long Wharf Real Estate Partners VI, L.P.	2.2	15.8	18.0	13.2	3.5	102.3	108.7	79.7									59.9	38.2	2Q20	29.7	1.2
PGIM Real Estate Capital VII (USD Feeder) SCSp	0.5	2.2	2.8	1.3													6.5	4.0	2Q21	2.3	1.0
Rockwood Capital Real Estate Partners Fund IX	1.9	2.5	4.4	3.7	5.5	9.5	15.4	12.4	3.2	-7.0	-4.1	-6.8	3.1	-1.1	1.9	-0.8	9.9	6.8	4Q13	10.7	1.4
Rockwood Capital Real Estate Partners Fund XI	1.0	6.4	7.3	6.6	4.1	23.2	27.9	20.2									-64.2	-2.4	1Q20	22.0	1.2
Walton Street Real Estate Debt Fund II, L.P.	2.2	0.0	2.2	1.9	11.9	-3.2	8.4	7.0									9.2	7.4	3Q19	7.7	1.1
Westbrook Real Estate Fund IX	-0.1	2.4	2.3	2.0	-0.6	-1.2	-1.8	-3.0	-0.7	-7.7	-8.4	-9.5	-0.3	0.2	-0.2	-1.4	6.5	3.6	3Q13	7.5	1.2
Westbrook Real Estate Fund X	0.3	4.4	4.7	4.3	0.4	15.3	15.7	14.2	-0.1	12.4	12.3	10.7	-1.4	17.8	16.3	10.0	16.3	10.0	4Q16	11.1	1.2
Value Added	1.1	5.2	6.3	4.9	4.3	12.5	17.2	13.5	4.6	3.8	8.5	6.0	4.7	5.9	10.8	8.1	7.2	4.7	2Q07	7.1	1.3

ATRS' Real Estate Performance: Opportunistic Portfolio

As of 9/30/2021

Funding Status (\$)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
Opportunistic								
Blackstone Real Estate Partners Europe VI (EURO Vehicle)	2019	49,096,184	20,587,105	32,210,416	1,235,226	25,247,903	1.1	1.9
Blackstone Real Estate Partners VII	2012	50,000,000	64,644,251	5,608,725	82,606,553	25,342,945	1.1	1.0
Carlyle Realty Partners IX	2021	35,000,000	0	35,000,000	0	-56,929	0.0	1.2
Carlyle Realty Partners VII	2014	30,000,000	28,690,211	14,406,050	32,845,294	10,251,538	0.4	0.8
Carlyle Realty Partners VIII	2018	25,000,000	14,975,092	17,197,040	8,603,370	11,427,093	0.5	0.9
CBRE Strategic Partners U.S. Opportunity 5	2008	50,000,000	48,619,340	1,643,033	67,318,410	591,570	0.0	0.1
Cerberus Institutional Real Estate Partners III	2013	30,000,000	37,777,980	7,307,395	43,578,169	16,120,881	0.7	0.8
Heitman European Property Partners IV	2008	44,089,700	34,546,944	2,340,640	25,833,869	1,506,502	0.1	0.1
Kayne Anderson Real Estate Partners V	2018	25,000,000	23,000,000	3,184,595	5,628,664	24,806,241	1.1	0.9
Kayne Anderson Real Estate Partners VI	2021	50,000,000	1,999,996	48,000,004	0	1,250,797	0.1	1.6
Landmark Real Estate Fund VI	2010	40,000,000	35,090,608	4,909,392	52,753,910	1,581,427	0.1	0.2
Landmark Real Estate Fund VIII	2017	25,000,000	11,989,768	16,760,232	6,440,444	9,501,291	0.4	0.9
LaSalle Asia Opportunity Fund IV	2014	30,000,000	28,674,871	2,013,173	38,913,010	2,370,149	0.1	0.1
LaSalle Asia Opportunity V	2016	30,000,000	22,604,406	14,782,208	17,143,761	10,032,149	0.4	0.8
Lone Star Real Estate Fund IV	2015	24,260,817	19,445,848	4,814,970	19,779,413	6,615,402	0.3	0.4
Metropolitan Real Estate Partners Co-Investments Fund, L.P.	2015	20,000,000	19,132,876	867,124	17,632,804	9,067,613	0.4	0.3
O'Connor North American Property Partners II, L.P.	2008	50,000,000	58,299,613	5,000,000	40,199,561	8,514,874	0.4	0.4
Torchlight Debt Fund VII, LP	2020	50,000,000	12,500,000	37,500,000	0	12,743,454	0.5	1.7
Torchlight Debt Opportunity Fund IV	2013	30,000,000	29,369,211	0	37,835,564	4,503,579	0.2	0.1
Torchlight Debt Opportunity Fund V	2015	25,000,000	20,001,024	5,000,000	20,891,557	5,164,109	0.2	0.3
Torchlight Debt Opportunity Fund VI	2018	25,000,000	19,559,303	5,420,255	595,408	22,288,025	0.9	0.9
Opportunistic	1998	737,446,701	551,508,447	263,965,252	519,834,986	208,870,613	8.9	15.6

ATRS' Real Estate Performance: Opportunistic Portfolio (Cont.)

Time Weighted Returns:

Returns (%)	Quarter				1 Year				3 Year				5 Year				Inception		TWR Calculation Inception	Net IRR	Equity Multiple
	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	TGRS	TNET			
Opportunistic																					
Blackstone Real Estate Partners Europe VI	0.3	21.6	22.0	16.7	2.4	52.0	55.2	38.5									21.7	11.2	1Q20	30.1	1.3
Blackstone Real Estate Partners VII	0.2	30.2	30.4	24.1	0.8	45.4	46.5	35.2	2.2	5.1	7.4	5.3	2.8	7.6	10.6	7.7	18.4	13.2	2Q12	15.5	1.7
Carlyle Realty Partners IX																			1Q22	N/M	N/M
Carlyle Realty Partners VII	2.5	4.3	6.8	5.0	19.7	2.2	22.8	20.5	21.2	-5.6	15.4	15.2	17.6	-0.1	18.0	15.5	18.2	13.2	1Q15	14.7	1.5
Carlyle Realty Partners VIII	11.2	12.2	23.4	17.7	34.2	35.9	77.9	49.2	9.7	26.4	37.6	20.3					37.6	20.3	4Q18	24.8	1.3
CBRE Strategic Partners U.S. Opportunity 5	0.1	6.9	7.0	7.0	-1.8	17.6	15.6	15.6	-0.9	11.4	10.4	10.3	0.9	9.5	10.5	10.0	-9.3	-11.0	4Q08	5.4	1.4
Cerberus Institutional Real Estate Partners III	-0.2	51.9	51.7	41.3	-0.3	95.6	95.1	67.3	-0.3	29.8	29.4	22.6	-0.2	19.6	19.4	15.1	21.8	16.1	4Q13	13.9	1.6
Heitman European Property Partners IV	0.2	-2.6	-2.4	-2.4	-7.4	-2.1	-9.1	-9.1	0.8	-14.2	-13.2	-14.0	2.8	-14.0	-11.5	-12.6	-4.4	-5.8	1Q11	-3.7	0.8
Kayne Anderson Real Estate Partners V	8.5	-0.8	7.7	5.9	11.2	20.2	33.5	22.2	7.1	15.2	23.2	16.6					20.1	13.5	3Q18	14.0	1.3
Kayne Anderson Real Estate Partners VI	0.7	0.3	1.1	-10.2													1.1	-10.2	3Q21	-37.7	0.6
Landmark Real Estate Fund VI	-5.9	5.6	-0.4	-0.6	-10.9	3.7	-7.4	-8.4	-3.7	-11.3	-11.9	-13.0	3.7	-12.6	-6.7	-7.9	25.7	23.1	3Q10	18.7	1.5
Landmark Real Estate Fund VIII	5.2	16.4	21.6	18.4	17.6	20.1	40.3	32.0	14.5	3.6	19.5	13.4					28.5	19.9	3Q17	16.7	1.3
LaSalle Asia Opportunity Fund IV	1.2	-1.4	-0.2	-0.3	-4.7	17.4	12.7	12.0	-14.1	11.8	0.3	-9.8	-3.6	11.4	10.3	1.7	18.6	10.6	4Q14	32.7	1.4
LaSalle Asia Opportunity V	-0.8	-1.2	-1.9	-2.6	-6.4	26.8	21.0	18.1	-6.0	27.9	21.7	17.5	2.9	6.2	15.3	8.9	15.3	8.9	4Q16	12.5	1.2
Lone Star Real Estate Fund IV	-4.4	2.3	-2.1	-0.8	-1.6	4.2	2.6	4.5	7.4	-7.5	-0.1	-2.3	9.8	-1.6	8.6	6.9	9.4	7.6	4Q15	12.2	1.4
Metropolitan Real Estate Partners Co-Investments Fund	0.4	10.7	11.0	9.7	0.5	14.4	15.0	12.6	1.2	3.3	4.6	3.5	1.0	8.4	9.5	7.6	8.9	6.9	1Q16	10.9	1.4
O'Connor North American Property Partners II, L.P.	0.0	0.0	0.0	-0.2	1.1	-0.1	1.0	0.1	0.2	-6.5	-6.4	-7.1	1.0	-7.2	-6.4	-7.3	-5.5	-8.2	2Q08	-3.2	0.8
Torchlight Debt Fund VII, LP	1.8	0.5	2.3	0.9	4.6	11.5	16.5	7.6									16.5	7.6	4Q20	2.8	1.0
Torchlight Debt Opportunity Fund IV	0.4	4.4	4.7	2.9	2.0	3.6	5.7	5.2	3.8	-7.3	-3.7	0.6	6.2	-0.7	5.4	5.7	8.0	7.6	4Q13	9.7	1.4
Torchlight Debt Opportunity Fund V	1.9	4.1	6.0	3.8	5.7	14.2	20.4	13.3	6.5	0.1	6.6	5.8	9.6	4.0	13.9	10.1	14.8	9.2	3Q15	10.5	1.3
Torchlight Debt Opportunity Fund VI	1.7	5.7	7.4	7.0	6.1	9.0	15.6	14.1	10.5	-3.2	7.2	1.2					14.5	6.5	2Q18	7.1	1.2
Opportunistic	2.2	11.6	13.8	10.8	5.7	24.7	31.3	22.8	5.4	6.6	12.2	8.5	6.0	5.9	12.2	8.5	9.7	7.2	1Q98	10.3	1.4

ATRS' Timberland, Agriculture, and Infrastructure Performance

As of 9/30/2021

Funding Status (\$)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
Agriculture								
Agrivest Farmland Fund	2015	50,000,000	50,000,000	0	7,511,906	56,203,918	2.4	1.9
US Agriculture, LLC	2011	125,000,000	160,939,470	2,134,323	50,229,476	164,827,173	7.0	5.5
Agriculture	2011	175,000,000	210,939,470	2,134,323	57,741,382	221,031,090	9.4	7.4
Timber								
BTG Pactual Open Ended Core U.S. Timberland Fund, LP	2019	182,930,629	182,930,628	0	5,774,301	208,307,045	8.8	6.9
BTG Timber Separate Account	1998	133,069,371	156,357,733	0	315,750,000	110,330,890	4.7	3.6
Timber	1998	316,000,000	339,288,361	0	321,524,301	318,637,935	13.5	10.5

Funding Status (\$)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
Infrastructure - Core								
AxInfra NA II LP	2021	50,000,000	50,222,910	0	433,955	51,961,576	2.2	1.7
DIF Infrastructure V	2018	47,762,784	35,896,996	13,910,402	4,670,301	39,457,763	1.7	1.8
IFM Global Infrastructure	2018	50,000,000	50,000,000	0	4,613,687	63,686,138	2.7	2.1
Macquarie Infrastructure Partners III	2013	50,000,000	48,766,066	6,379,161	38,688,102	46,023,689	2.0	1.7
Macquarie Infrastructure Partners V	2020	50,000,000	14,843,532	35,245,788	89,321	15,777,831	0.7	1.7
Infrastructure - Core	2015	247,762,784	199,729,504	55,535,351	48,495,365	216,906,997	9.2	9.0
Infrastructure - Non-Core								
Antin Infrastructure Partners Fund II	2014	47,696,920	35,953,565	5,267,423	46,425,272	22,165,281	0.9	0.9
Global Energy & Power Infrastructure Fund II	2014	50,000,000	53,373,020	2,350,248	43,458,340	27,421,571	1.2	1.0
Global Infrastructure Partners III	2016	50,000,000	45,940,955	9,438,014	11,483,082	46,185,219	2.0	1.8
ISQ Global Infrastructure Fund III	2021	50,000,000	0	50,000,000	0	-924,220	0.0	1.6
KKR Global Infrastructure Investors II	2014	50,000,000	54,716,787	2,018,655	53,666,983	41,411,669	1.8	1.4
Infrastructure - Non-Core	2014	247,696,920	189,984,327	69,074,340	155,033,677	136,259,520	5.8	6.8
Infrastructure	2014	495,459,704	389,713,831	124,609,691	203,529,042	353,166,517	15.0	15.8

ATRS' Timberland, Agriculture, and Infrastructure Performance (Cont.)

Time Weighted Returns:

Returns (%)	Quarter				1 Year				3 Year				5 Year				10 Year				Inception		TWR Calculation Inception	Net IRR	Equity Multiple
	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	TGRS	TNET			
Agriculture																									
Agrivest Farmland Fund	0.7	0.1	0.9	0.6	3.0	1.7	4.8	3.7	3.2	1.2	4.5	3.4	3.3	1.7	5.1	4.0					5.4	4.4	2Q15	4.3	1.3
US Agriculture, LLC	0.9	1.1	2.1	1.8	3.8	5.5	9.5	8.2	3.8	1.9	5.8	4.5	3.7	1.5	5.3	4.1	3.9	3.0	6.9	5.8	6.9	5.6	3Q11	5.4	1.3
Agriculture	0.9	0.9	1.8	1.5	3.6	4.5	8.2	7.0	3.6	1.8	5.4	4.3	3.6	1.6	5.2	4.1	3.8	3.0	6.9	5.8	6.8	5.5	3Q11	5.1	1.3
Agriculture Benchmark*			1.5				5.5				4.8				4.5				8.4		8.3		3Q11		
Timber																									
BTG Pactual Open Ended Core U.S. Timberland Fund, LP	-0.4	3.6	3.2	2.9	-0.3	14.9	14.6	13.4													10.6	9.5	1Q20	9.5	1.2
BTG Timber Separate Account	-0.1	0.6	0.5	0.3	4.6	4.1	8.9	8.1	17.1	-19.7	4.9	4.1	11.1	-11.8	4.6	3.8	6.4	-4.9	4.6	3.8	7.3	6.5	2Q98	5.2	2.7
Timber	-0.3	2.5	2.2	2.0	1.4	10.9	12.5	11.5	15.4	-15.7	8.0	7.0	10.1	-9.2	6.5	5.5	6.0	-3.5	5.5	4.7	7.7	6.9	2Q98	5.3	1.9
Timberland Property Benchmark*			1.9				5.0				2.8				2.6				4.0		5.2		2Q98		

Returns (%)	Quarter				1 Year				3 Year				5 Year				10 Year				Inception		TWR Calculation Inception	Net IRR	Equity Multiple
	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	TGRS	TNET			
Infrastructure – Core																									
AxInfra NA II LP	0.6	2.4	3.0	2.0																	13.3	11.8	2Q21	8.0	1.0
DIF Infrastructure V	0.3	0.3	0.7	0.2	5.6	7.3	13.1	11.0	4.6	10.2	15.1	12.1									12.2	9.1	3Q18	9.8	1.2
IFM Global Infrastructure	0.6	5.0	5.6	4.9	5.4	14.9	20.9	18.1	4.0	9.1	13.4	11.3									13.4	11.3	4Q18	11.2	1.4
Macquarie Infrastructure Partners III	1.0	5.7	6.7	5.2	1.1	33.2	34.6	26.2	0.9	23.8	24.8	18.6	1.3	21.7	23.2	17.1					20.8	15.4	2Q15	15.5	1.7
Macquarie Infrastructure Partners V	1.2	14.5	15.7	14.7																	15.4	11.7	1Q21	10.2	1.1
Infrastructure - Core	0.7	4.1	4.8	3.9	3.6	18.5	22.5	18.1	2.9	14.1	17.3	13.6	2.5	15.5	18.3	13.5					17.1	12.7	2Q15	13.2	1.3
Infrastructure - Non-Core																									
Antin Infrastructure Partners Fund II	0.0	3.2	3.2	3.0	2.4	29.9	33.0	31.9	1.6	21.7	23.6	22.8	1.9	18.8	21.0	20.0					17.0	15.3	4Q14	13.0	1.9
Global Energy & Power Infrastructure Fund II	1.1	0.6	1.7	0.9	4.6	-12.5	-8.4	-9.2	9.5	-6.5	3.1	0.8	19.0	-5.5	22.1	16.1					17.4	7.9	1Q15	17.0	1.3
Global Infrastructure Partners III	1.7	1.3	3.0	2.5	4.8	17.8	23.2	20.9	5.7	1.7	7.7	6.5	4.6	6.2	11.2	6.8					11.2	6.8	4Q16	7.6	1.3
ISQ Global Infrastructure Fund III																							1Q22	N/M	N/M
KKR Global Infrastructure Investors II	0.3	3.5	3.8	3.2	13.0	21.2	37.8	34.3	18.0	1.9	24.5	23.3	8.9	9.5	21.9	19.6					20.3	15.9	1Q15	18.0	1.7
Infrastructure - Non-Core	0.9	2.1	3.0	2.5	7.2	12.5	20.5	18.4	10.3	4.5	15.6	14.2	9.7	8.9	19.9	17.0					16.2	12.3	4Q14	13.9	1.5
Infrastructure	0.8	3.3	4.1	3.3	5.2	16.0	21.9	18.5	6.9	8.9	16.4	14.0	6.8	12.0	19.7	16.0					16.0	11.7	4Q14	13.6	1.4
Infrastructure Benchmark*			1.7				8.5				7.1				7.2				6.8		6.8		4Q14		



*The Timberland Property Benchmark was comprised of the NCREIF Timberland returns weighted according to ATRS' regional exposure based on Net Asset Value prior to 3Q20, gross of fees. The Agriculture Benchmark was comprised of the NCREIF Farmland returns weighted according to ATRS' regional and crop type exposure based on Net Asset Value prior to 3Q20, gross of fees. As of 3Q20, the Timberland and Agriculture benchmarks going forward will no longer be weighted and are just the NCREIF Timberland and NCREIF Farmland returns, gross of fees. Additionally, the Infrastructure Benchmark of CPI plus 500 bps has been adjusted to CPI plus 300 bps as of 3Q20 and the new Infrastructure Benchmark will be a blend of the two going forward.



Portfolio Performance Detail: By Vintage Year

As of 9/30/2021

Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
1997	75,000,000	80,737,536	0	120,795,230	0	0.0	0.0
1998	233,069,371	269,220,382	0	463,689,777	110,330,890	4.7	3.6
1999	178,794,401	189,842,518	0	316,052,650	0	0.0	0.0
2000	209,242,960	228,396,220	0	289,418,462	355,396	0.0	0.0
2005	340,000,000	374,770,177	0	284,694,573	486,469,368	20.6	16.1
2006	220,000,000	219,970,569	0	142,261,216	305,776,606	13.0	10.1
2007	197,694,200	198,972,143	0	246,819,116	74,593,235	3.2	2.5
2008	220,000,000	195,151,044	9,866,941	245,803,401	9,192,990	0.4	0.5
2009	44,089,700	34,546,944	2,340,640	25,833,869	1,506,502	0.1	0.1
2010	40,000,000	35,090,608	4,909,392	52,753,910	1,581,427	0.1	0.2
2011	175,000,000	225,583,720	7,743,048	132,836,028	190,170,117	8.1	6.5
2012	130,000,000	130,595,283	13,487,923	141,884,981	36,351,450	1.5	1.6
2013	150,000,000	147,182,896	6,379,161	106,414,998	112,089,879	4.8	3.9
2014	157,696,920	146,691,667	24,036,894	161,641,916	62,208,539	2.6	2.8
2015	204,260,817	196,216,610	21,665,949	172,243,581	110,316,829	4.7	4.4
2016	180,011,918	165,292,434	28,155,309	57,201,023	150,993,287	6.4	5.9
2017	150,000,000	124,234,293	31,852,245	29,374,146	133,092,715	5.6	5.4
2018	257,762,784	175,891,562	93,067,881	27,879,303	181,106,592	7.7	9.1
2019	312,026,813	234,625,282	85,522,004	11,439,980	263,660,557	11.2	11.5
2020	250,000,000	111,963,034	142,211,800	10,296,541	108,653,603	4.6	8.3
2021	225,000,000	20,827,981	204,172,019	0	17,810,335	0.8	7.3
Total Portfolio (Including Current & Historical Activity)							
	3,949,649,884	3,505,802,904	675,411,206	3,039,334,700	2,356,260,317	100	100

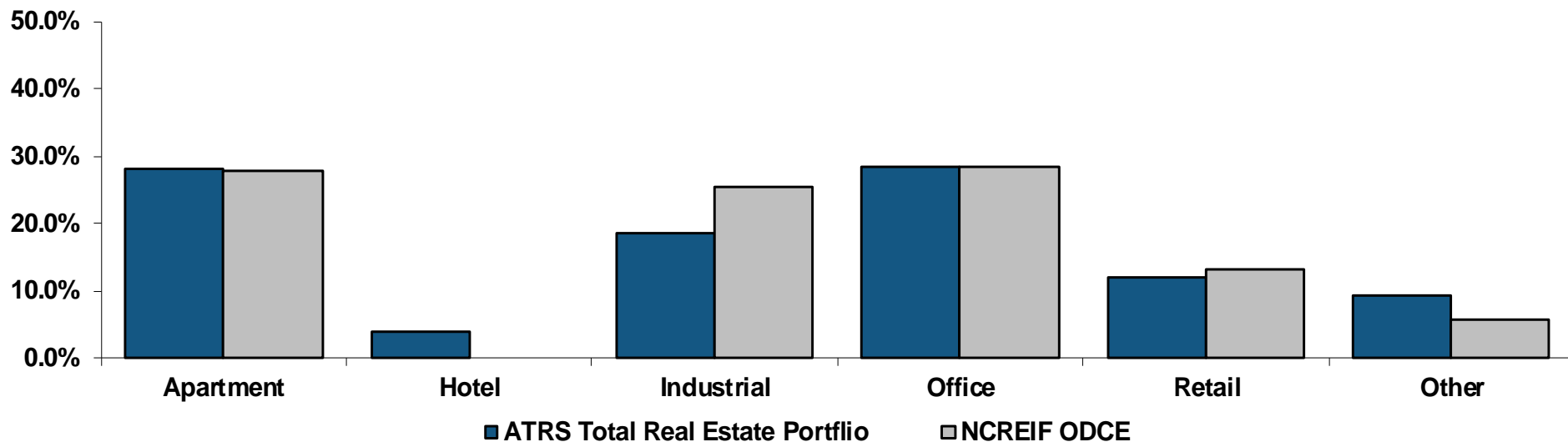
Portfolio Performance Detail: By Vintage Year (Cont.)

Time Weighted Returns:

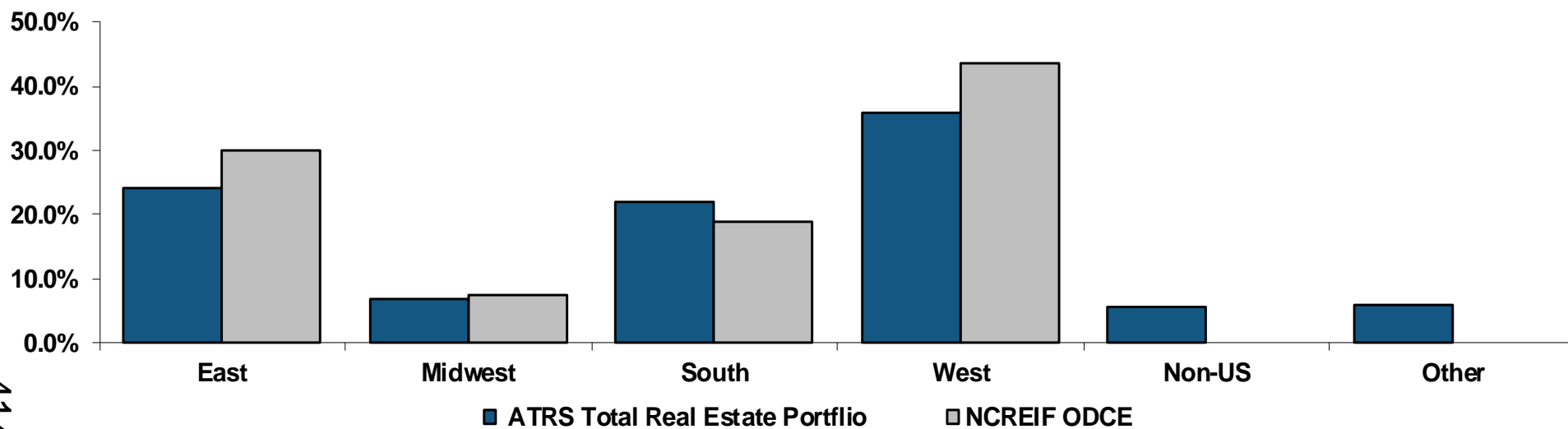
Investment Vintage Year	Quarter				1 Year				3 Year				5 Year				Inception		TWR Calculation Inception	Net IRR	Equity Multiple
	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	TGRS	TNET			
1997																	3.9	3.3	1Q98	13.4	1.5
1998	-0.1	0.6	0.5	0.3	4.6	4.1	8.9	8.1	17.1	-19.7	4.9	4.1	11.1	-11.8	4.6	3.8	7.4	6.4	2Q98	5.6	2.1
1999																			4Q99	15.9	1.7
2000									0.0	-6.0	-6.0	-6.0	0.0	-8.8	-8.8	-8.8	2.4	1.5	4Q00	8.5	1.3
2005	1.0	6.1	7.2	7.0	3.9	8.7	12.9	12.1	4.2	1.2	5.4	4.6	4.3	1.8	6.2	5.4	7.0	6.1	3Q05	6.1	2.1
2006	1.0	5.7	6.7	6.5	3.5	10.2	14.0	13.1	3.7	2.7	6.5	5.6	3.9	3.0	7.0	6.1	6.2	5.2	2Q07	6.2	2.0
2007	0.0	-2.4	-2.4	-2.4	0.0	1.7	1.7	1.7	0.4	-3.9	-3.5	-3.5	0.3	3.9	4.3	4.3	6.0	5.8	1Q08	6.1	1.6
2008	0.0	0.5	0.5	0.3	0.2	2.9	3.1	2.4	0.1	0.2	0.3	-0.2	2.7	-0.7	2.0	1.1	1.0	-1.9	2Q08	5.1	1.3
2009	0.2	-2.6	-2.4	-2.4	-7.4	-2.1	-9.1	-9.1	0.8	-14.2	-13.2	-14.0	2.8	-14.0	-11.5	-12.6	-4.4	-5.8	1Q11	-3.7	0.8
2010	-5.9	5.6	-0.4	-0.6	-10.9	3.7	-7.4	-8.4	-3.7	-11.3	-11.9	-13.0	3.7	-12.6	-6.7	-7.9	25.7	23.1	3Q10	18.7	1.5
2011	0.8	4.4	5.3	4.3	3.4	9.8	13.5	11.2	3.6	2.4	6.0	4.6	3.6	2.8	6.5	5.0	10.1	7.7	3Q11	7.7	1.4
2012	0.2	20.5	20.7	16.7	0.1	34.7	34.8	24.9	1.0	4.6	5.7	2.2	1.3	5.9	7.3	4.6	13.5	9.3	1Q13	10.7	1.4
2013	0.8	2.5	3.4	2.5	2.3	13.0	15.5	12.0	2.4	8.6	11.2	8.7	3.2	8.8	12.2	9.2	12.8	10.1	4Q13	9.3	1.5
2014	1.0	2.1	3.0	2.3	6.4	3.5	10.1	8.9	7.2	5.1	12.7	10.8	10.2	7.6	18.8	15.7	17.9	13.7	4Q14	15.9	1.5
2015	0.4	4.4	4.8	4.3	6.4	14.7	21.9	19.6	9.9	3.7	14.7	13.4	7.7	7.8	16.5	14.1	17.6	12.0	1Q15	13.4	1.4
2016	1.3	1.8	3.1	2.6	4.1	9.4	13.9	12.2	4.8	2.8	7.8	6.7	4.7	4.8	9.8	7.5	8.6	5.9	3Q16	7.3	1.3
2017	1.4	7.9	9.3	8.1	6.7	14.0	21.4	18.0	5.8	6.8	12.9	10.1					16.4	12.4	3Q17	10.5	1.3
2018	2.6	2.8	5.5	4.2	7.5	12.6	20.7	15.8	5.3	8.3	13.9	9.9					11.0	6.7	3Q18	9.4	1.2
2019	-0.1	5.1	5.0	4.3	0.6	17.4	18.0	15.7									12.0	7.9	3Q19	10.9	1.2
2020	1.1	5.3	6.4	4.8	1.4	28.7	30.4	20.6									14.2	2.0	2Q20	11.7	1.1
2021	-2.9	-1.5	-4.4	-8.9													-9.0	-23.8	2Q21	-33.5	0.9

Portfolio Diversification – Real Estate

Property Type Diversification
(As of 09/30/2021)

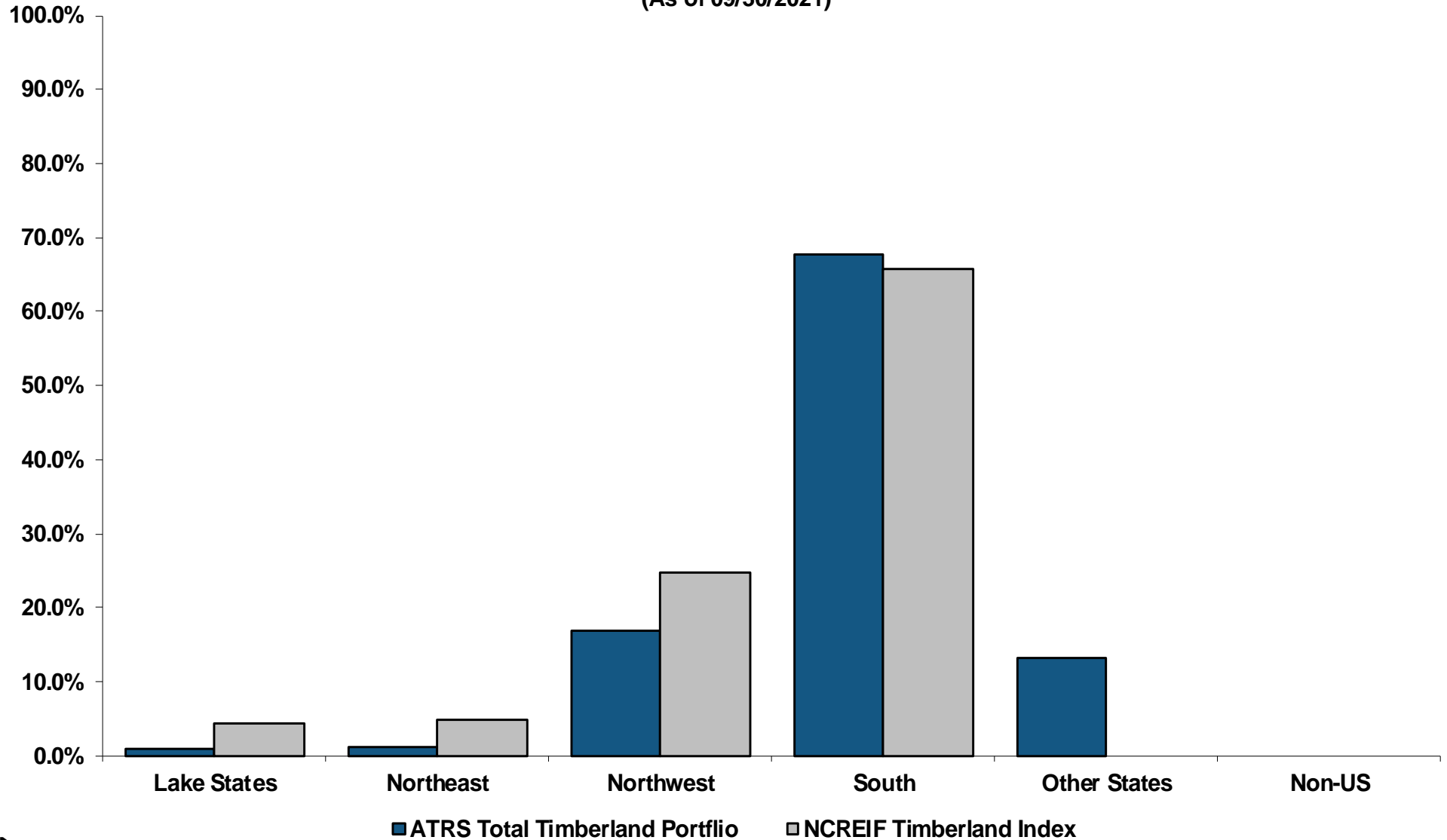


Geographic Type Diversification
(As of 09/30/2021)



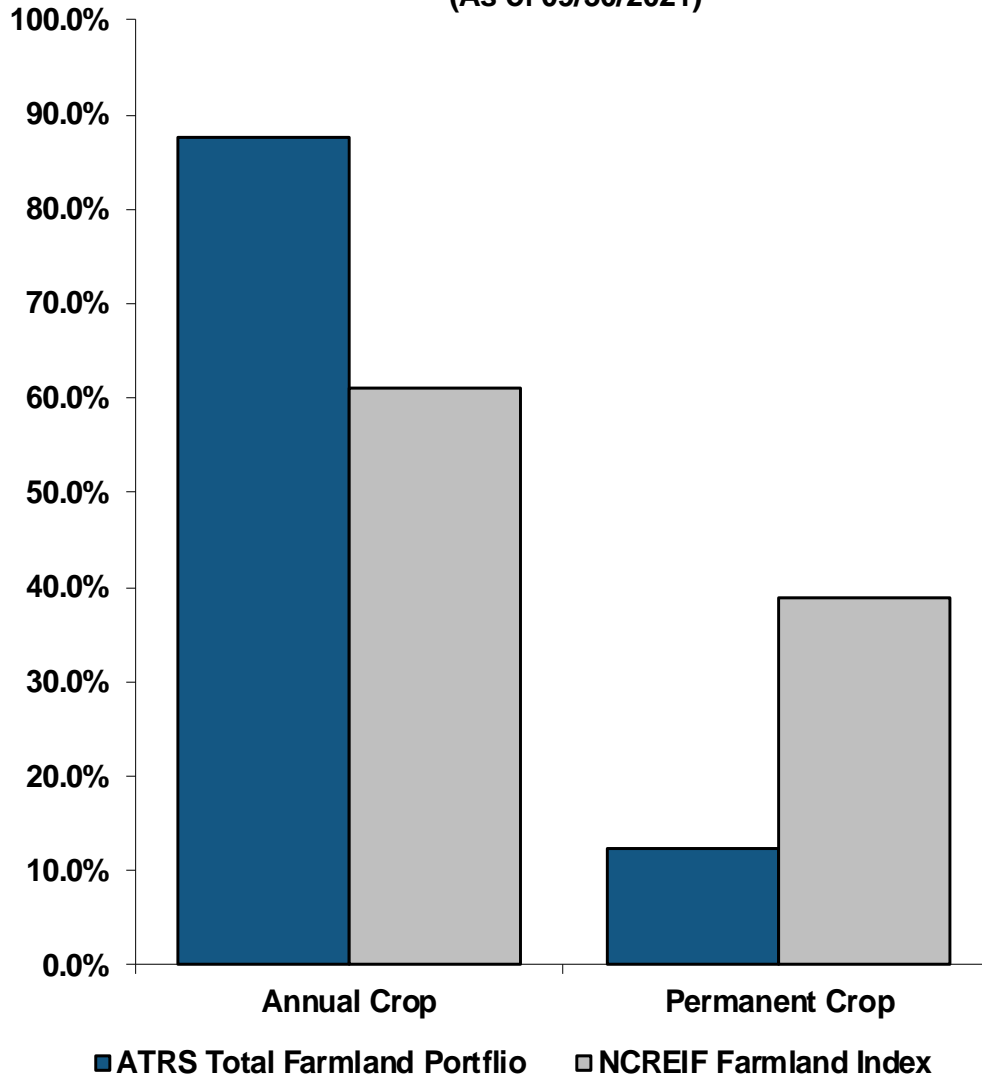
Portfolio Diversification – Timberland

Geographic Type Diversification
(As of 09/30/2021)

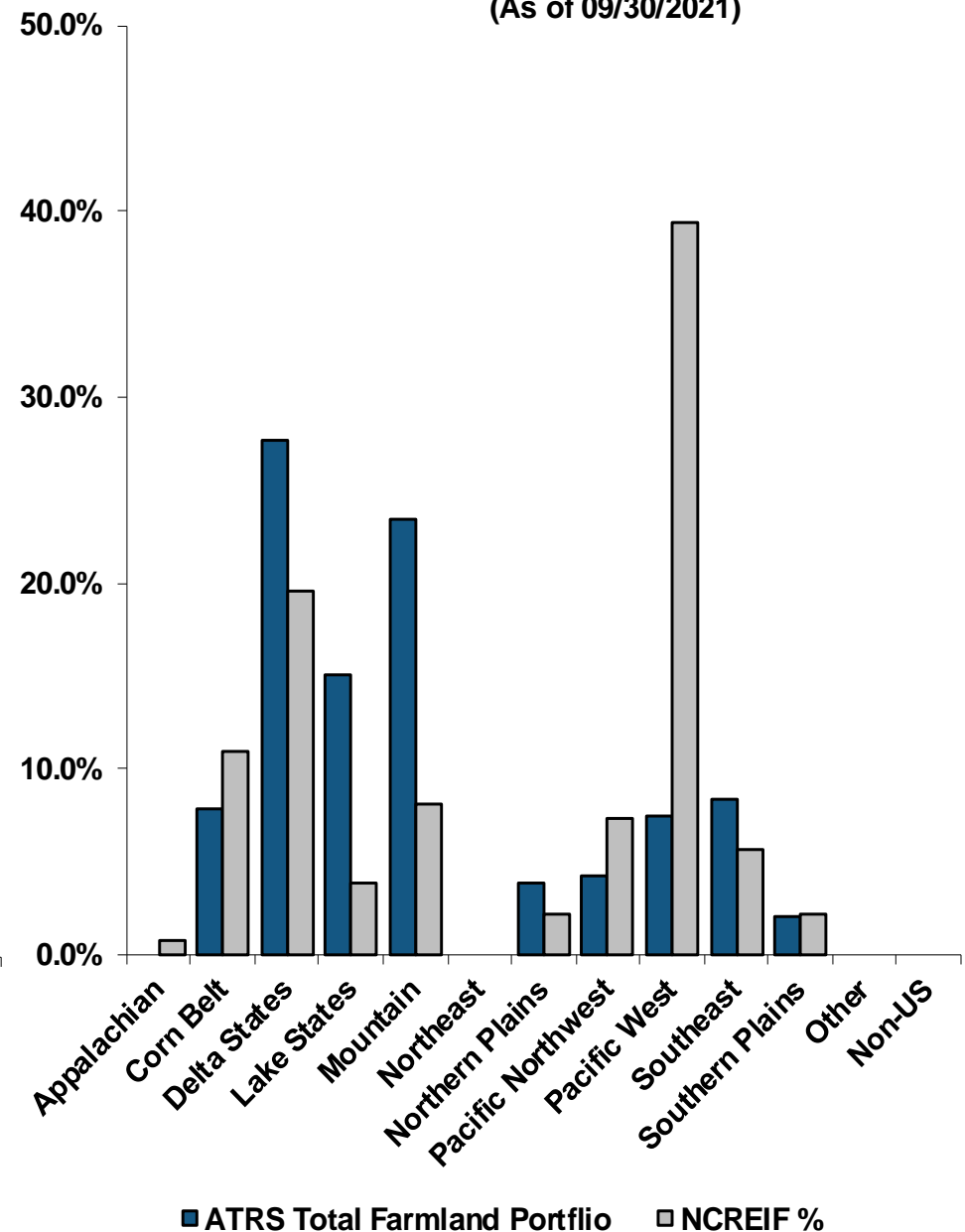


Portfolio Diversification – Agriculture

Crop Type Diversification
(As of 09/30/2021)

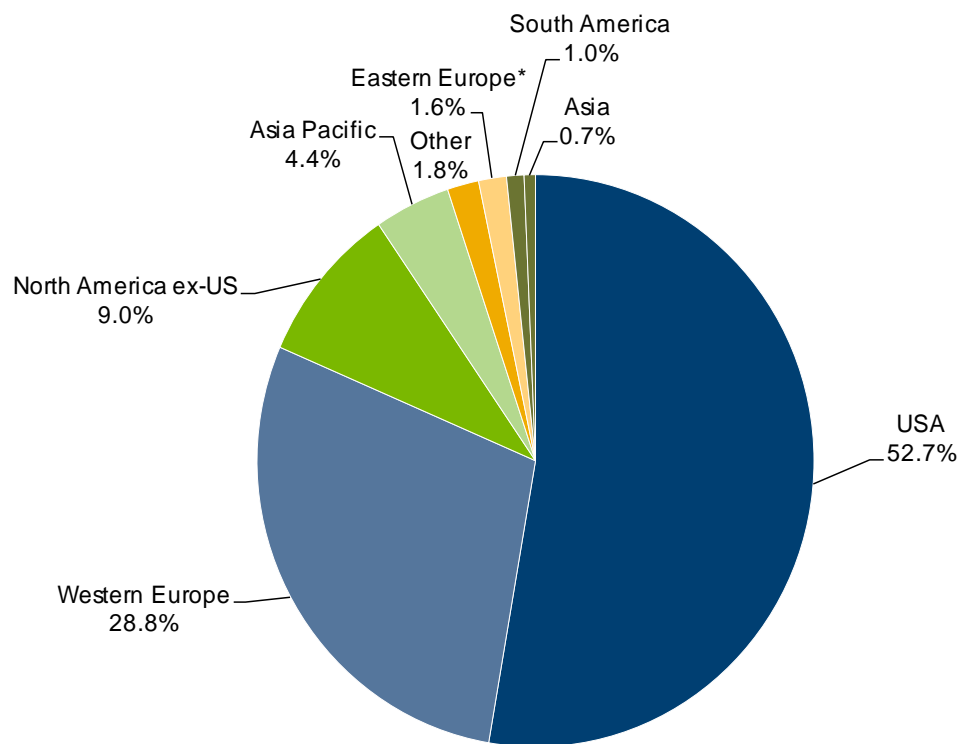


Geographic Type Diversification
(As of 09/30/2021)

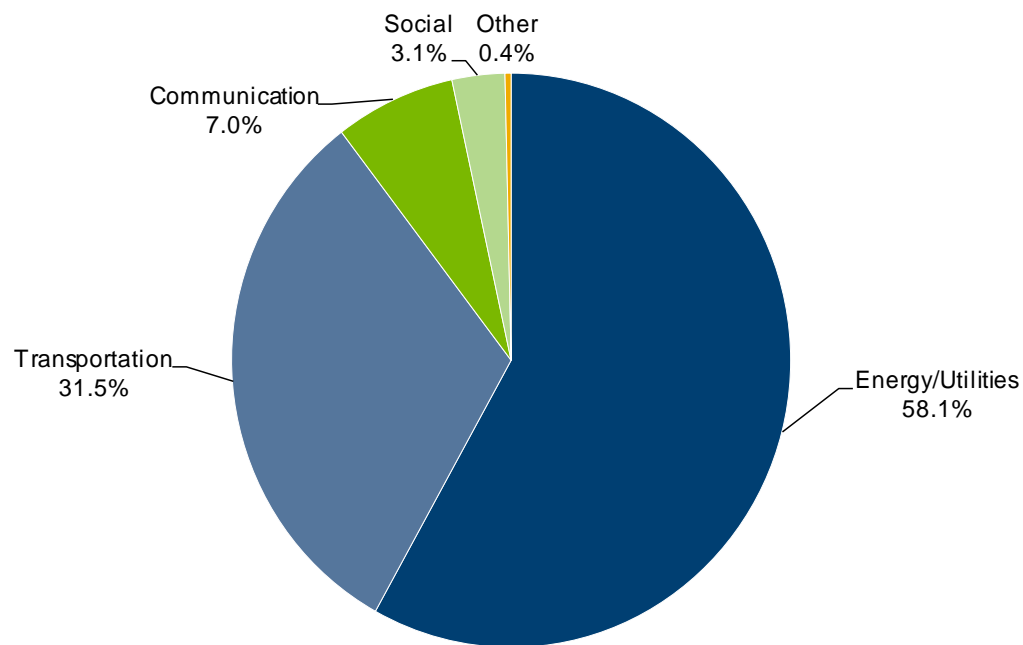


Portfolio Diversification – Infrastructure

**Geographic Diversification
as % of Portfolio Company Value**

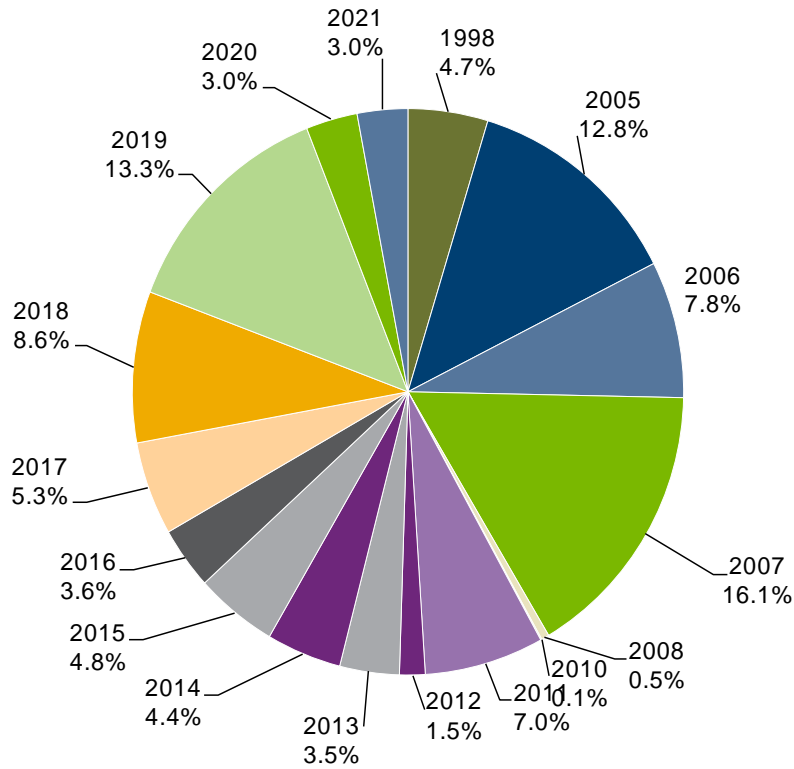


**Industry Diversification
as % of Portfolio Company Value**

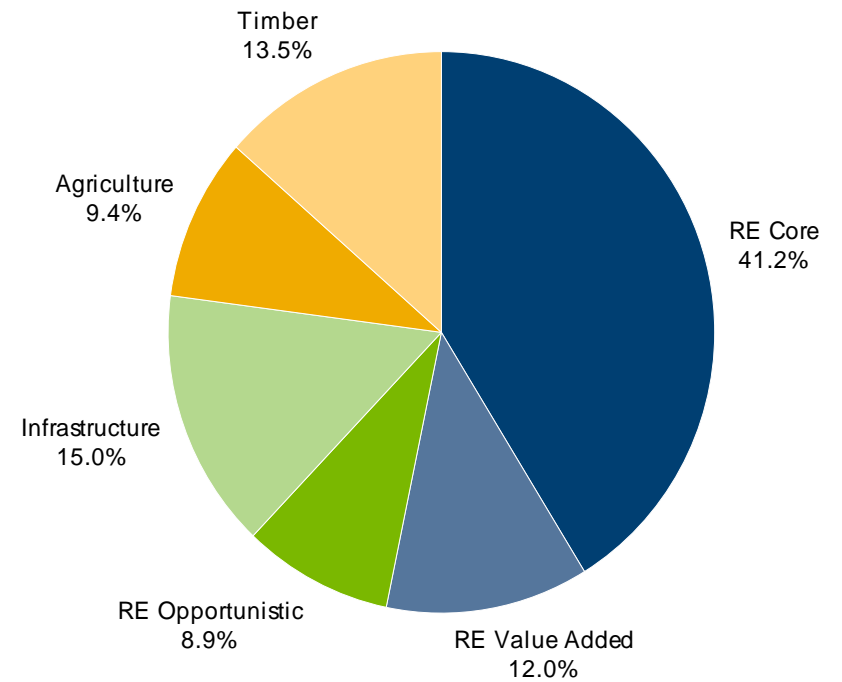


Portfolio Diversification (cont'd)

**Vintage Year Diversification by Net Asset Value
(As of 09/30/2021)**



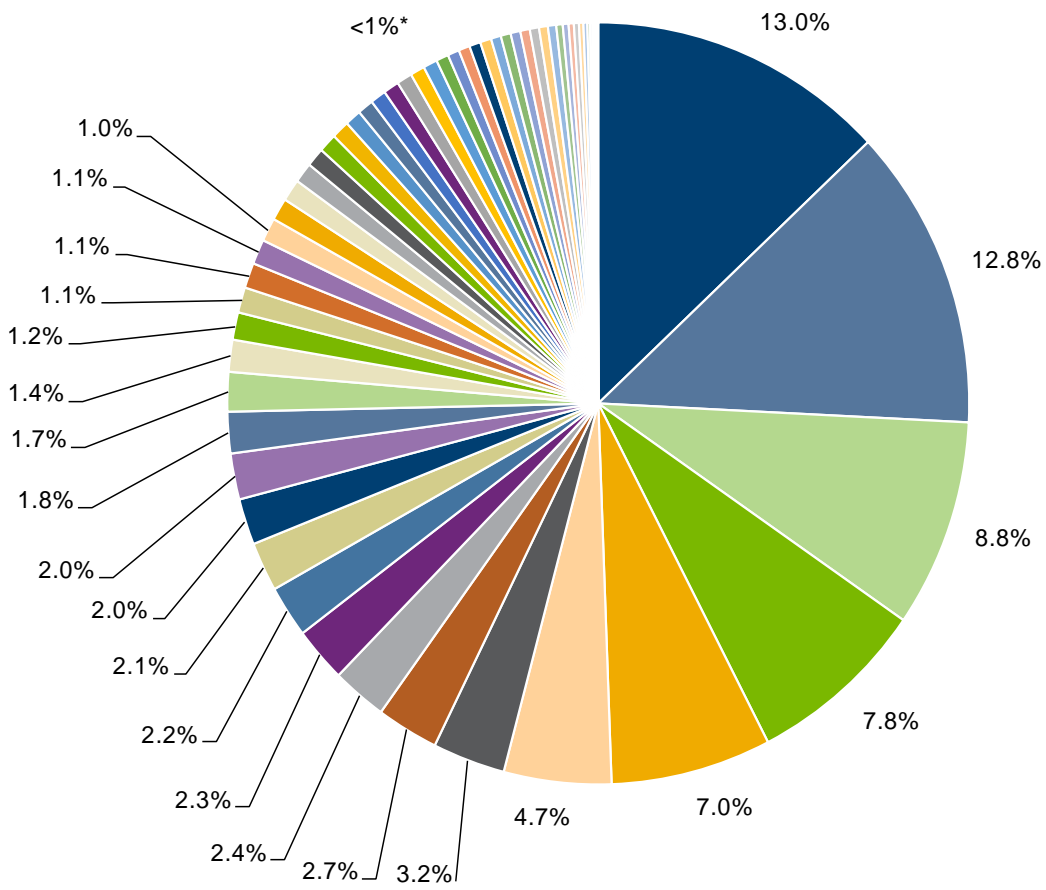
**Style Diversification by Net Asset Value
(As of 09/30/2021)**



Note: Arkansas Investments are included in Core portfolio



Manager Diversification



- JP Morgan Strategic Property Fund
- PRISA SA
- BTG Pactual Open Ended Core U.S. Timberland Fund, L.P.
- UBS Trumbull Property Fund
- HFMS Farmland Separate Account
- BTG Timber Separate Account
- Arkansas Investments
- IFM Global Infrastructure
- Agrivest Farmland Fund
- UBS Trumbull Property Income Fund
- AxInfra NA II LP
- Metlife Commercial Mortgage Income Fund
- Global Infrastructure Partners III
- Macquarie Infrastructure Partners III
- KKR Global Infrastructure Investors II
- DIF Infrastructure V
- FPA Core Plus Fund IV
- Global Energy & Power Infrastructure Fund II
- Blackstone Real Estate Partners VII
- Blackstone Real Estate Partners Europe VI (EURO Vehicle)
- Kayne Anderson Real Estate Partners V
- CBRE Strategic Partners U.S. Value 8
- Torchlight Debt Opportunity Fund VI
- Antin Infrastructure Partners Fund II
- Long Wharf Real Estate Partners V
- Calmwater Real Estate Credit Fund III
- LaSalle Income & Growth Fund VII
- Rockwood Capital Real Estate Partners Fund XI
- Long Wharf Real Estate Partners VI, L.P.
- Almanac Realty Securities VII
- Cerberus Institutional Real Estate Partners III
- Harbert European Real Estate Fund IV
- Macquarie Infrastructure Partners V
- GLP Capital Partners IV
- LaSalle Income & Growth Fund VIII
- Torchlight Debt Fund VII, LP
- Walton Street Real Estate Debt Fund II, L.P.
- CBRE Strategic Partners U.S. Value 9
- Westbrook Real Estate Fund X
- Carlyle Realty Partners VIII
- Carlyle Realty Partners VII
- Westbrook Real Estate Fund IX
- LaSalle Asia Opportunity V
- Almanac Realty Securities VIII
- Landmark Real Estate Fund VIII
- Metropolitan Real Estate Partners Co-Investments Fund, L.P.
- O'Connor North American Property Partners II, L.P.
- Lone Star Real Estate Fund IV
- Rockwood Capital Real Estate Partners Fund IX
- LaSalle Income & Growth Fund VI
- Torchlight Debt Opportunity Fund V
- Torchlight Debt Opportunity Fund IV
- Almanac Realty Securities VI
- PGIM Real Estate Capital VII (USD Feeder) SCSp
- LaSalle Asia Opportunity Fund IV
- Landmark Real Estate Fund VI
- Heitman European Property Partners IV
- Kayne Anderson Real Estate Partners VI
- CBRE Strategic Partners U.S. Opportunity 5
- Almanac Realty Securities V, LP
- Carlyle Realty Partners IX
- ISQ Global Infrastructure Fund III

*each manager represents less than 1% of NAV

Management Fees

Partnership Name	Current Quarter Management Fees	YTD Management Fees
Core		
Arkansas Investments	0	0
JP Morgan Strategic Property Fund	-551,561	-1,706,254
Metlife Commercial Mortgage Income Fund	-100,000	-300,000
PRISA SA	-561,616	-1,651,353
UBS Trumbull Property Fund	-328,040	-1,000,485
UBS Trumbull Property Income Fund	-104,936	-311,030
Core	-1,646,154	-4,969,122
Value Added		
Almanac Realty Securities V, LP	0	0
Almanac Realty Securities VI	-11,263	-33,422
Almanac Realty Securities VII	-45,137	-131,537
Almanac Realty Securities VIII	-93,019	-278,978
Calmwater Real Estate Credit Fund III	-81,958	-243,201
CBRE Strategic Partners U.S. Value 8	-48,894	-147,012
CBRE Strategic Partners U.S. Value 9	-156,249	-468,747
FPA Core Plus Fund IV	-41,167	-115,223
GLP Capital Partners IV	-542,028	-542,028
Harbert European Real Estate Fund IV	-55,013	-179,857
LaSalle Income & Growth Fund VI	-8,932	-34,080
LaSalle Income & Growth Fund VII	-50,713	-150,688
LaSalle Income & Growth Fund VIII	-126,027	-373,973
Long Wharf Real Estate Partners V	-72,116	-214,984
Long Wharf Real Estate Partners VI, L.P.	-189,041	-560,959
PGIM Real Estate Capital VII (USD Feeder) SCSp	-38,443	-89,109
Rockwood Capital Real Estate Partners Fund IX	-38,427	-115,491
Rockwood Capital Real Estate Partners Fund XI	-123,400	-358,996
Walton Street Real Estate Debt Fund II, L.P.	-37,138	-86,523
Westbrook Real Estate Fund IX	-32,107	-95,274
Westbrook Real Estate Fund X	-38,173	-123,534
Value Added	-1,790,803	-4,254,506

Management Fees (cont'd)

Partnership Name	Current Quarter Management Fees	YTD Management Fees
Opportunistic		
Blackstone Real Estate Partners Europe VI (EURO Vehicle)	-191,016	-580,202
Blackstone Real Estate Partners VII	-62,542	-187,853
Carlyle Realty Partners IX	0	0
Carlyle Realty Partners VII	-40,504	-120,082
Carlyle Realty Partners VIII	-88,219	-261,781
Cerberus Institutional Real Estate Partners III	-4,640	-20,104
Kayne Anderson Real Estate Partners V	-100,704	-319,454
Kayne Anderson Real Estate Partners VI	-156,250	-509,734
Landmark Real Estate Fund VI	-3,975	-13,229
Landmark Real Estate Fund VIII	-62,500	-187,500
LaSalle Asia Opportunity Fund IV	-3,864	-11,545
LaSalle Asia Opportunity V	-73,765	-220,733
Lone Star Real Estate Fund IV	-5,291	-17,353
Metropolitan Real Estate Partners Co-Investments Fund, L.P.	-24,209	-71,374
O'Connor North American Property Partners II, L.P.	-15,958	-50,805
Torchlight Debt Fund VII, LP	-137,500	-412,500
Torchlight Debt Opportunity Fund IV	-15,149	-43,499
Torchlight Debt Opportunity Fund V	-18,939	-61,451
Torchlight Debt Opportunity Fund VI	-79,688	-239,064
Opportunistic	-1,123,156	-3,417,371
Real Estate	-4,560,113	-12,640,999

Management Fees (cont'd)

Partnership Name	Current Quarter Management Fees	YTD Management Fees
Infrastructure - Core		
AxInfra NA II LP	-175,495	-222,833
DIF Infrastructure V	-163,492	-496,446
IFM Global Infrastructure	-119,929	-352,552
Macquarie Infrastructure Partners III	-103,783	-296,839
Macquarie Infrastructure Partners V	-105,520	-323,672
Infrastructure - Core	-668,219	-1,692,342
Infrastructure - Non-Core		
Antin Infrastructure Partners Fund II	-44,126	-132,006
Global Energy & Power Infrastructure Fund II	-157,495	-544,882
Global Infrastructure Partners III	-216,737	-645,782
ISQ Global Infrastructure Fund III	-796,512	-796,512
KKR Global Infrastructure Investors II	-94,411	-290,116
Infrastructure - Non-Core	-1,309,281	-2,409,298
Infrastructure	-1,977,500	-4,101,640
Agriculture		
Agrivest Farmland Fund	-140,287	-417,281
US Agriculture, LLC	-473,721	-1,404,665
Agriculture	-614,008	-1,821,946
Timber		
BTG Pactual Open Ended Core U.S. Timberland Fund, LP	-522,190	-1,523,659
BTG Timber Separate Account	-180,772	-539,050
Timber	-702,963	-2,062,709
Total Real Assets	-3,294,470	-7,986,295
Total Portfolio		
Arkansas Teachers Retirement System	-7,854,583	-20,627,294

Compliance Matrix

RISK MANAGEMENT						
Property Type - Real Estate	NFI-ODCE	Target/Constraint	Minimum	Maximum	Actual	Compliant?
Office	28.30	NFI-ODCE +/- 50%	14.15	42.45	28.30	Yes
Retail	13.10	NFI-ODCE +/- 50%	6.55	19.65	11.86	Yes
Industrial	25.30	NFI-ODCE +/- 50%	12.65	37.95	18.52	Yes
Multifamily	27.70	NFI-ODCE +/- 50%	13.85	41.55	28.07	Yes
Lodging/Hotel	0.00	NFI-ODCE +/- 50%	0.00	0.00	3.89	No
Other	5.70	n/a	0.00	20.00	9.36	Yes
Geography - Real Estate	NFI-ODCE	Target/Constraint	Minimum	Maximum	Actual	Compliant?
West	43.60	NFI-ODCE +/- 50%	21.80	65.40	35.80	Yes
East	30.00	NFI-ODCE +/- 50%	15.00	45.00	24.18	Yes
Midwest	7.40	NFI-ODCE +/- 50%	3.70	11.10	6.82	Yes
South	18.90	NFI-ODCE +/- 50%	9.45	28.35	21.88	Yes
Other	0.00	n/a	n/a	n/a	5.73	Yes
Non-U.S.	0.00	n/a	0.00	40.00	5.59	Yes
Geography - Timber	NCREIF Timberland	Target/Constraint	Minimum	Maximum	Actual	Compliant?
Lake States	4.39	NCREIF Timberland +/- 15%	0.66	5.05	0.85	Yes
Northeast	4.95	NCREIF Timberland +/- 15%	0.74	5.69	1.23	Yes
Northwest	24.80	NCREIF Timberland +/- 15%	3.72	28.52	16.95	Yes
South	65.86	NCREIF Timberland +/- 15%	9.88	75.74	67.84	Yes
Other	0.00	NCREIF Timberland +/- 15%	0.00	0.00	13.14	No

Compliance Matrix (cont'd)

RISK MANAGEMENT						
Geography - Agriculture	NCREIF Farmland	Target/Constraint	Minimum	Maximum	Actual	Compliant?
Appalachian	0.73		0.00	50.00	0.00	Yes
Corn Belt	10.91		0.00	50.00	7.79	Yes
Delta States	19.56		0.00	50.00	27.67	Yes
Lake States	3.81		0.00	50.00	15.10	Yes
Mountain	8.16		0.00	50.00	23.46	Yes
Northeast	0.00		0.00	50.00	0.00	Yes
Northern Plains	2.19		0.00	50.00	3.81	Yes
Pacific Northwest	7.30		0.00	50.00	4.25	Yes
Pacific West	39.41		0.00	50.00	7.46	Yes
Southeast	5.71		0.00	50.00	8.34	Yes
Southern Plains	2.22		0.00	50.00	2.11	Yes
Other	0.00		0.00	50.00	0.00	Yes
Non-U.S.	0.00		0.00	50.00	0.00	Yes
Geography - Infrastructure	Target/Constraint		Minimum	Maximum	Actual	Compliant?
U.S.			n/a	n/a	52.69	Yes
Non-U.S.			0.00	50.00	47.31	Yes
Asset Type - Infrastructure	Target/Constraint		Minimum	Maximum	Actual	Compliant?
Energy/Utilities			0.00	70.00	58.07	Yes
Transportation			0.00	70.00	31.55	Yes
Social			0.00	70.00	3.05	Yes
Communications			0.00	70.00	6.98	Yes
Other			0.00	70.00	0.35	Yes
Manager	Target/Constraint		Minimum	Maximum	Max	Compliant?
			0.00	30.00	13.53	Yes
Style - Real Estate	Target/Constraint		Minimum	Maximum	Actual	Compliant?
Core			50.00	70.00	66.39	Yes
Non-Core			30.00	50.00	33.61	Yes

Agenda

Section 1	Executive Summary
Section 2	Market Overview
Section 3	Real Assets Portfolio Update
Section 4	Glossary

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Glossary of Terms

- Catch-up - The provision that dictates how cash flows from the fund will be allocated between the investors and the manager in order for the manager to receive their performance fee. This allocation of cash flows occurs once the investors have collected their capital and preferred return
- Core - The most conservative institutional real estate investing style
- Core-Plus - A style whereby investments have a slightly higher level of risk and expected return than Core, primarily through use of leverage
- Development - The construction of buildings from breaking the ground through building completion. This may also include entitlement of the land and the pursuit of permits prior to construction
- DPI – Distributions to Paid In; the ratio of distributions from investments to total invested capital
- First Closing - The point at which a manager receives and executes the subscription documents and can begin drawing capital from investors
- Final Closing - The final date at which new investors can subscribe to a fund
- Internal Rate of Return (IRR) - A method of measuring the performance of a portfolio from inception through a particular point in time. This method weights returns according to the dollars invested at each point in time. Hence, this is known as dollar-weighted return. This is a better measure when the manager controls when dollars must be invested and is the most commonly used method of real estate performance evaluation; Gross IRR is gross of fee and Net IRR is net of fee
- NFI-ODCE – NCREIF Fund Index Open-end Diversified Core Equity Index is an index of investment returns reporting on both a historical and current basis the results of 33 open-end commingled funds pursuing a core investment strategy; underlying funds are leveraged with gross and net returns available
 - NCREIF changed the basis of diversification for the NFI ODCE from NREA to GRE effective 1Q20
- NPI – NCREIF Property Index is a quarterly time series composite total rate of return measure of investment performance of a very large pool of individual commercial real estate properties acquired in the private market for investment purposes only; it is reported unlevered and gross of fee

Glossary of Terms (Cont'd)

- FTSE-NAREIT Equity REIT – An unmanaged capitalization-weighted index of all equity real estate investment trusts
- FTSE EPRA/NAREIT Global REIT – An unmanaged market-weighted total return index, which consists of many companies from Global markets whose floats are larger than \$100 million and derive more than half of their revenue from property-related activities
- Opportunistic - A style that is the riskiest form of real estate investing. The name derives from when such funds were formed after the early 1990s real estate market crash to take advantage of opportunities in unwanted properties. Such investments include ground-up development, highly-leveraged purchases, or transactions involving highly complicated legal or environmental situations
- Pre-Specified Deals – Investments that are purchased for a fund before its final close. The assets are typically warehoused on a line of credit
- Promote (Carried Interest) -The performance fee a manager receives once the investors have received their return of capital and the preferred return (return promised by the manager)
- RVPI – Residual Value to Paid In; the ratio of the residual value of an investment to total invested capital
- Time-Weighted Return - A method of measuring the performance of a portfolio over a particular period of time. Effectively, it is the return of one dollar invested in the portfolio at the beginning of the measurement period. This is a better return measure when the manager does not control when the dollars must be invested
- TVPI – Total value to paid-in ratio; the ratio of total value from an investment, including distributions, to total invested capital
- Value-Added - A style that represents moderate-risk real estate. A manager typically increases the future value of the investment by undertaking activities such as leasing, improving an existing building, or taking some risk through operating intensive assets, such as hotels or self-storage
- Vintage Year - The year in which a fund has its final closing. Typically coincides with the year a fund begins making investments

Glossary of Terms (Cont'd)

- NCREIF Timberland Index- The National Council of Real Estate Investment Fiduciaries (NCREIF) Timberland Index is a quarterly time series composite return measure of investment performance of a large pool of individual timber properties acquired in the private market for investment purposes only.
- NCREIF Farmland Index- The National Council of Real Estate Investment Fiduciaries (NCREIF) Farmland Index is a quarterly time series composite return measure of investment performance of a large pool of individual agricultural properties acquired in the private market for investment purposes only.

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There can be no assurance that any account will achieve results comparable to those presented. Past performance is not indicative of future results.

Arkansas Teacher Retirement System Private Equity Portfolio Review

September 30, 2021

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Executive Summary

Portfolio Summary

Since establishing the private equity program in 1996, Arkansas Teacher Retirement System (“ATRS”) has committed approximately \$5.5 billion to 89 primary funds, 26 fund-of-funds, 1 co-investment fund, and 12 direct investments through September 30, 2021. Of the \$5.5 billion committed, 90% has been contributed, 112% of contributed capital has been returned, and a total value of 1.7 times contributed capital has been generated. ATRS’ portfolio has outperformed the Dow Jones U.S. Total Stock Market Index equivalent (“PME”) by 400 basis points since inception.

Investment Activity

For the nine months ended September 30, 2021, ATRS made capital contributions of approximately \$302.5 million and received distributions of \$712.5 million, for net distributions of \$409.9 million.

Commitment Activity

For the year ended December 31, 2021, ATRS closed on commitments of \$30.0 million each to Greenbriar V, Alpine Investors VIII, Revelstoke III, Clearlake VII, and Bison VI; and made additional commitments of \$30.0 million each to FP CF Access and FP Intl X. Subsequent to year-end, ATRS closed on \$30.0 million commitments to FP Venture Opp and FP Venture XIV. Additionally, ATRS approved \$30.0 million commitments to FP Intl XI, Riverside Value Fund I, and FP CF Access II, which remain pending.

Market Commentary

U.S. Private Equity

The U.S PE markets continue to capitalize on the bullish market conditions through Q3 surpassing 2019’s annual record for deal value and deal count, at \$788 billion and 6,004 respectively. U.S. PE markets experienced a record setting pace in Q3 2021 with deal count and value totals exceeding the highest full year numbers since 2015. Fundraising is proceeding at a robust pace, with the first three quarters on pace to exceed 2020 levels. Pricing and leverage also continue to be elevated near peaks, with median entry multiples at

10.8x EBITDA and median leverage multiples of 5.7x EBITDA. Add-on acquisitions continue to be a key driver of investment activity, with those deals representing 73% of all PE activity. Secondary buyouts continue to represent approximately 30% of U.S. PE activity, while corporate divestitures have become increasingly less common in recent years. While quarantine conditions likely had an impact on the 2020 dip, LPs are on pace to invest 30% more capital in first-time funds year-over-year.

U.S. Venture Capital

Venture markets remain red-hot with investment and fundraising activity surpassing 2020 full-year totals, and exit activity already doubling 2020 totals. Investment activity is on pace to grow by 17% year-over-year in deal count terms vs. 83% in dollar terms. With 161 new venture funds closing in Q3, fundraising activity for 2021 is on track to top the \$100 billion mark. Exit value surpassed \$500 billion in 2021, mostly driven by public listings which accounted for 88% of total exit value.

Franklin Park

January 13, 2022

Portfolio Overview

Portfolio Summary



Group	Num.	Committed Capital (\$)	Contributed Capital (\$)	Unfunded Commitment (\$)	Distributed Capital (\$)	Remaining Value (\$)	Remaining Value (%)	Exposure (\$)	DPI	TVPI	Net IRR
By Vehicle											
1996-2000: Legacy Portfolio	13	1,106,390,461	1,070,676,238	0	1,641,226,547	0	0.0%	0	1.5 x	1.5 x	9.2%
2005-2006: CSFB Portfolio	2	654,300,000	688,202,653	64,999,804	1,009,714,000	139,545,178	4.7%	204,544,982	1.5 x	1.7 x	9.4%
Post 2006 Fund Portfolio	101	3,253,323,718	2,667,350,164	1,044,029,408	2,448,056,498	2,570,813,307	86.2%	3,614,842,715	0.9 x	1.9 x	18.2%
Big River Steel	8	257,880,449	257,940,356	0	409,830,332	21,775,211	0.7%	21,775,211	1.6 x	1.7 x	14.5%
Blue Oak Arkansas	1	18,000,000	19,740,000	0	5,385,136	0	0.0%	0	0.3 x	0.3 x	-34.8%
Highland LLC	2	218,244,727	234,114,727	0	31,674,525	211,174,169	7.1%	211,174,169	0.1 x	1.0 x	1.8%
GTLA Holdings	1	20,000,000	20,000,000	0	0	40,000,000	1.3%	40,000,000	0.0 x	2.0 x	25.2%
Total	128	5,528,139,355	4,958,024,138	1,109,029,212	5,545,887,037	2,983,307,865	100.0%	4,092,337,077	1.1 x	1.7 x	11.7%
By Fund Type											
Co-Investment Fund	1	263,823,718	310,653,222	163,115,853	232,542,653	304,611,879	10.2%	467,727,732	0.7 x	1.7 x	19.0%
Fund-of-Funds	26	1,394,300,000	1,141,295,212	348,122,034	1,358,929,940	993,089,089	33.3%	1,341,211,123	1.2 x	2.1 x	13.1%
Operating Company	12	514,125,176	531,795,084	0	446,889,992	272,949,380	9.1%	272,949,380	0.8 x	1.4 x	10.5%
Primary Fund	89	3,355,890,461	2,974,280,621	597,791,325	3,507,524,452	1,412,657,517	47.4%	2,010,448,842	1.2 x	1.7 x	11.2%
Total	128	5,528,139,355	4,958,024,138	1,109,029,212	5,545,887,037	2,983,307,865	100.0%	4,092,337,077	1.1 x	1.7 x	11.7%

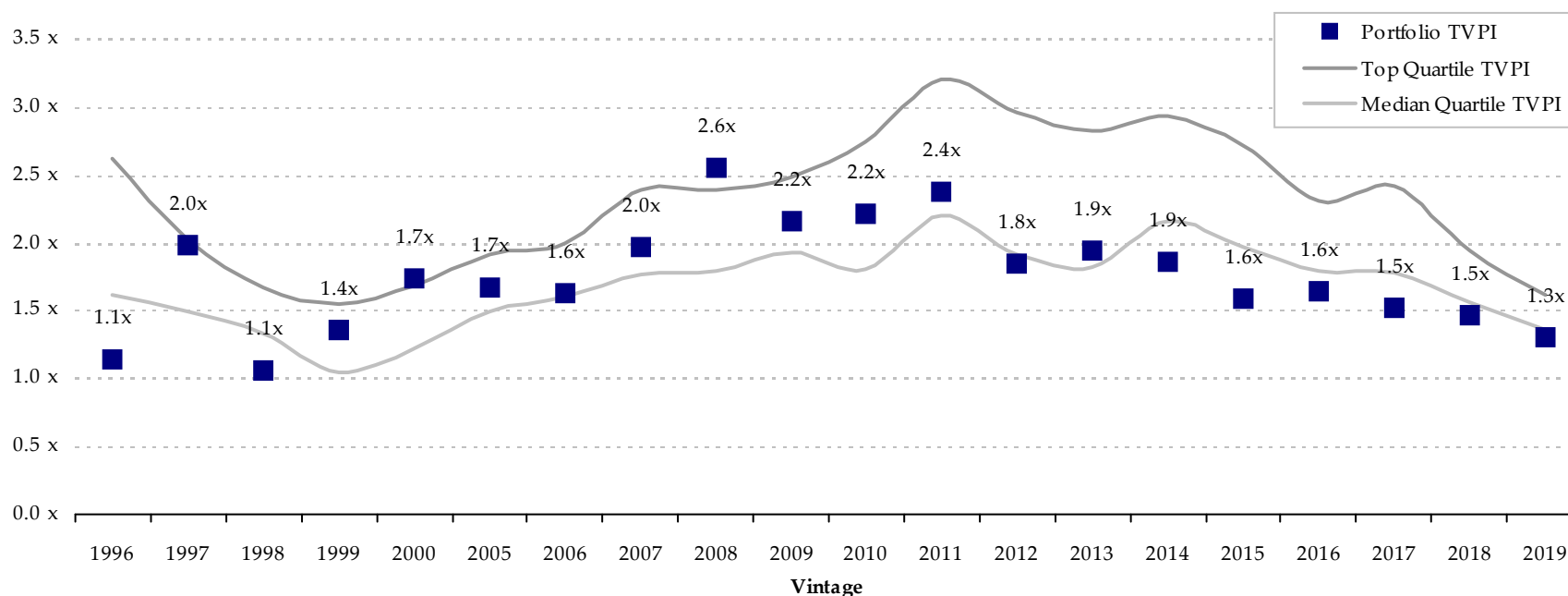
Portfolio Summary



Group	Num.	Committed Capital (\$)	Contributed Capital (\$)	Unfunded Commitment (\$)	Distributed Capital (\$)	Remaining Value (\$)	Remaining Value (%)	Exposure (\$)	DPI	TVPI	Net IRR
By Strategy											
Buyout	64	2,542,390,461	2,156,545,641	547,681,493	2,607,474,221	1,188,193,933	39.8%	1,735,875,426	1.2 x	1.8 x	11.8%
Distressed Debt	3	100,000,000	93,881,464	28,694,119	91,471,533	45,215,924	1.5%	73,910,043	1.0 x	1.5 x	7.3%
Growth Equity	3	120,000,000	95,104,590	27,757,033	225,265,260	45,753,468	1.5%	73,510,501	2.4 x	2.8 x	21.3%
Hard Assets	12	545,744,727	547,871,365	35,925,754	223,558,036	391,556,265	13.1%	427,482,019	0.4 x	1.1 x	4.2%
Infrastructure	8	270,880,449	272,676,670	0	406,990,177	21,775,211	0.7%	21,775,211	1.5 x	1.6 x	12.3%
Mezzanine	7	285,000,000	193,944,041	36,318,907	219,618,656	36,650,148	1.2%	72,969,055	1.1 x	1.3 x	10.1%
Multi-Strategy	6	974,123,718	1,065,843,909	228,598,657	1,273,658,300	446,937,245	15.0%	675,535,902	1.2 x	1.6 x	8.9%
Special Assets	1	30,000,000	10,116,168	19,883,832	3,195	7,891,641	0.3%	27,775,473	0.0 x	0.8 x	-14.1%
Structured Capital	3	85,000,000	87,273,473	21,443,407	55,905,566	60,925,216	2.0%	82,368,623	0.6 x	1.3 x	11.7%
Turnaround	8	210,000,000	162,136,732	75,950,695	158,333,395	93,687,570	3.1%	169,638,265	1.0 x	1.6 x	15.1%
Venture Capital	13	365,000,000	272,630,085	86,775,316	283,608,698	644,721,243	21.6%	731,496,559	1.0 x	3.4 x	26.5%
Total	128	5,528,139,355	4,958,024,138	1,109,029,212	5,545,887,037	2,983,307,865	100.0%	4,092,337,077	1.1 x	1.7 x	11.7%
By Sub-Asset Class											
Corporate Finance	103	4,649,014,179	4,153,598,970	1,022,253,896	4,815,388,347	2,065,637,242	69.2%	3,087,891,138	1.2 x	1.7 x	11.1%
Direct Investments	12	514,125,176	531,795,084	0	446,889,992	272,949,380	9.1%	272,949,380	0.8 x	1.4 x	10.5%
Venture Capital	13	365,000,000	272,630,085	86,775,316	283,608,698	644,721,243	21.6%	731,496,559	1.0 x	3.4 x	26.5%
Total	128	5,528,139,355	4,958,024,138	1,109,029,212	5,545,887,037	2,983,307,865	100.0%	4,092,337,077	1.1 x	1.7 x	11.7%

- Remaining Value is defined as the investor's value as reported by the fund's manager.
- Exposure is defined as the sum of the investor's Remaining Value plus Unfunded Commitment.
- DPI is the ratio of Distributed Capital to Contributed Capital.
- TVPI is the ratio of Distributed Capital plus Remaining Value to Contributed Capital.
- Net IRR is defined as the annualized, compound rate of return using daily draws, distributions and Remaining Value as of the Report Date, net of fees and expenses, including late closing interest.
- Results include fully liquidated investments (if applicable).
- Commitments made in a foreign currency have been converted into U.S. dollars using an exchange rate as of the Report Date.

TVPI by Vintage



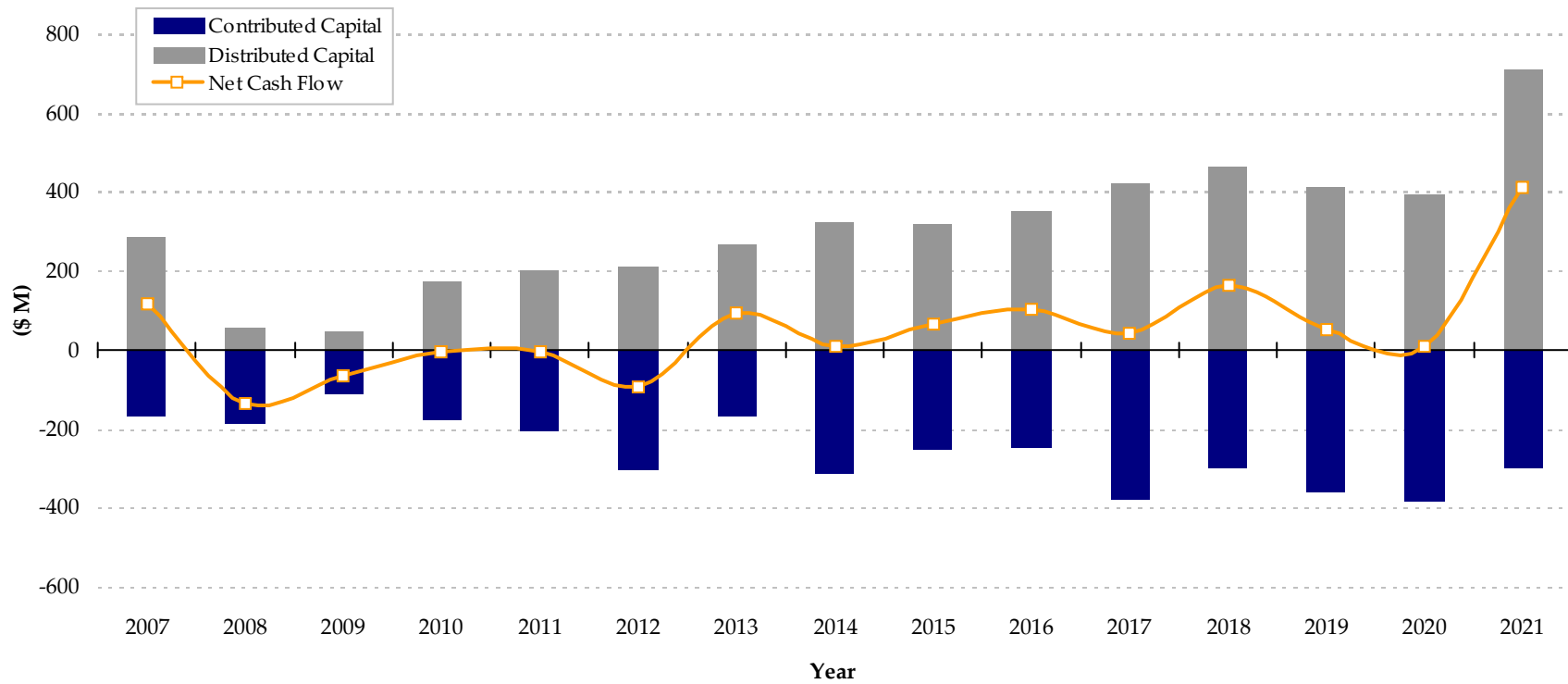
Net IRR vs. PME vs. Cambridge Associates: U.S. All Private Equity

Calculation Set	1-Year	3-Year	5-Year	10-Year	Inception
Aggregate Portfolio	30.2%	18.8%	19.4%	16.3%	11.7%
DJ US TSM TR Index* Public Market Equivalent	32.6%	15.5%	16.7%	16.6%	7.7%
Cambridge Associates: U.S. All Private Equity	25.5%	3.8%	7.0%	8.0%	N/A
Post 2006 Fund Portfolio	46.3%	25.1%	21.9%	18.8%	18.2%
DJ US TSM TR Index* Public Market Equivalent (Post 2006 Fund Portfolio)	31.7%	15.5%	16.6%	15.8%	14.2%

* The Dow Jones U.S. Total Stock Market Total Return Index measures all U.S. equity securities that have readily available prices and is calculated with dividend reinvestment.

- Benchmark TVPI represents vintage year first quartile per Cambridge Associates, as of June 30, 2021. The portfolio is compared to data compiled across multiple strategies including U.S. Buyout, Growth Equity, Venture Capital, Mezzanine, Distressed, Fund-of-funds, and Secondary funds.
- Net IRR is defined as the annualized, compound rate of return using daily draws, distributions and Remaining Value as of the Report Date, net of fees and expenses, including late closing interest.
- The public market equivalent (PME) represents the performance of a public market index expressed in terms of an IRR, using the same cash flows and timing as the investor's investment activity in private equity. The PME serves as a proxy for the return the investor could have achieved by investing in the public market. The PME return assumes cash flows are invested at the end of each day.
- Cambridge Associates: U.S. All Private Equity reflects the pooled net IRR based on data compiled from Cambridge Associates as of June 30, 2021.
- Benchmark data is not available (N/A).

Annual Cash Flow

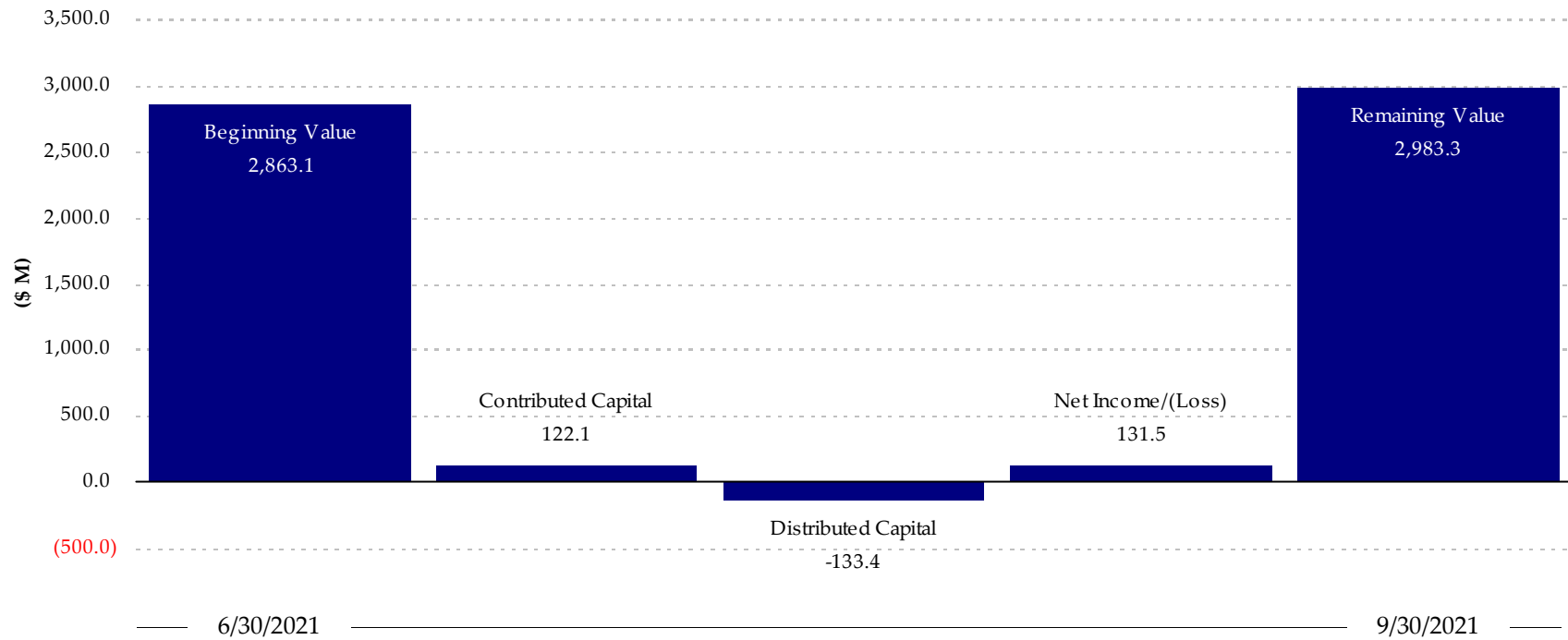


2021 (\$)		
Distributed	Contributed	Net Cash Flow
712,450,794	-302,510,393	409,940,402

▫ Cash flow data was compiled through the Report Date.

Capital Account Change Since Prior Quarter

Quarterly Portfolio Activity



Percent Change in Value	4.6%
-------------------------	------

- Beginning Value represents the aggregate Remaining Value of the portfolio as of the prior quarter-end.
- Percent Change in Value is calculated by dividing Net Income / (Loss) by Beginning Value.

Recent Commitments



Commitments for Year Ended December 31, 2021

Fund	Strategy	Date	Commitment (\$)
Greenbriar V	Buyout	Feb 2021	30,000,000
Alpine Investors VIII	Buyout	Aug 2021	30,000,000
Revelstoke III	Buyout	Oct 2021	30,000,000
Clearlake VII	Buyout	Oct 2021	30,000,000
Bison VI	Structured Capital	Dec 2021	30,000,000
Total			150,000,000

Year to Date Commitments as of January 13, 2022

Fund	Strategy	Date	Commitment (\$)
FP Venture Opp	Venture Capital	Jan 2022	30,000,000
FP Venture XIV	Venture Capital	Jan 2022	30,000,000
Total			60,000,000

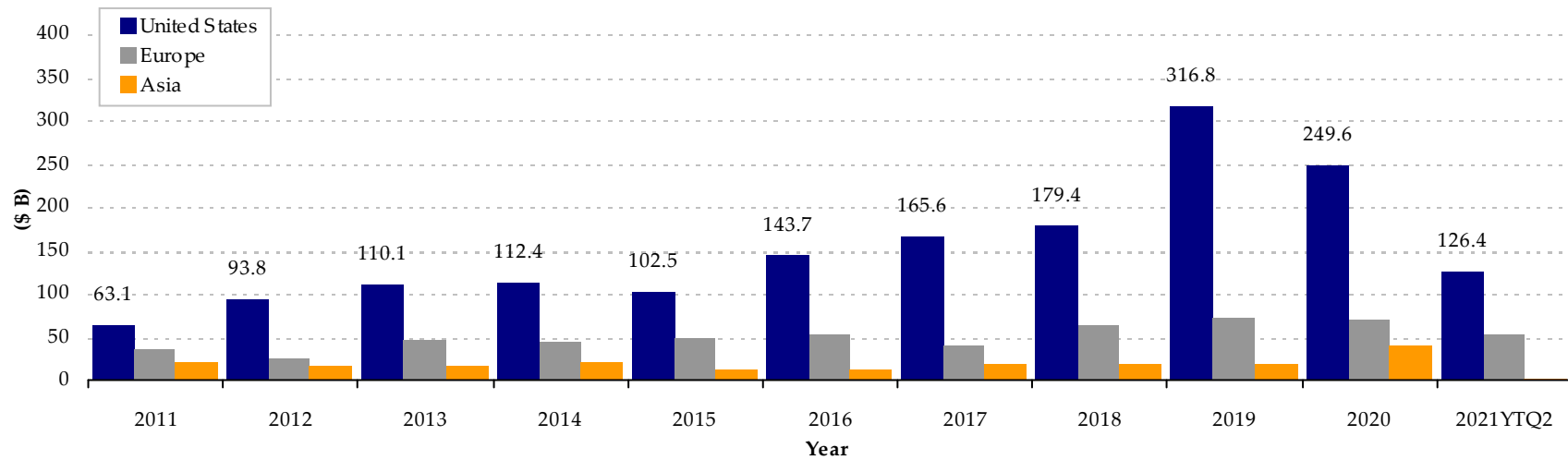
Approved and Pending Commitments as of January 13, 2022

Fund	Strategy	Date	Target Commitment (\$)
FP Intl XI	Buyout	N/A	30,000,000
Riverside Value Fund I	Turnaround	N/A	30,000,000
FP CF Access II	Buyout	N/A	30,000,000

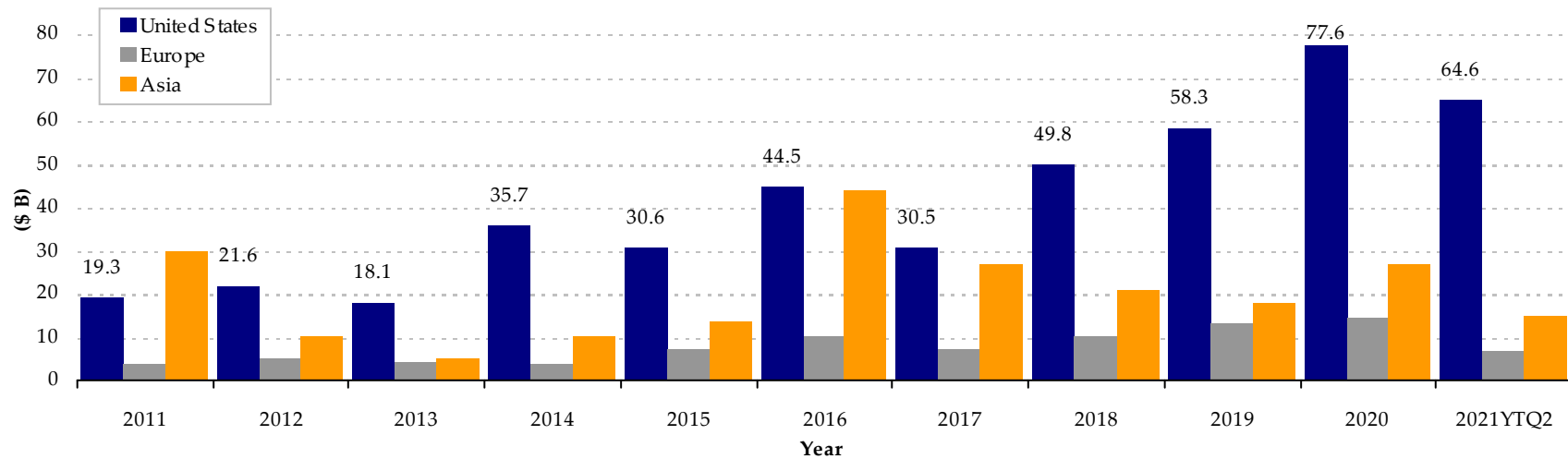
- Commitments made in a foreign currency have been converted into U.S. dollars using an exchange rate as of the Report Date, if applicable.
- ATRS committed an additional \$30.0 million to FPCF Access, bringing total commitments to the Fund to \$90.0 million. ATRS also committed an additional \$30.0 million to FP Intl X, bringing total commitments to the Fund to \$60.0 million.

Market Update

Buyout Funds

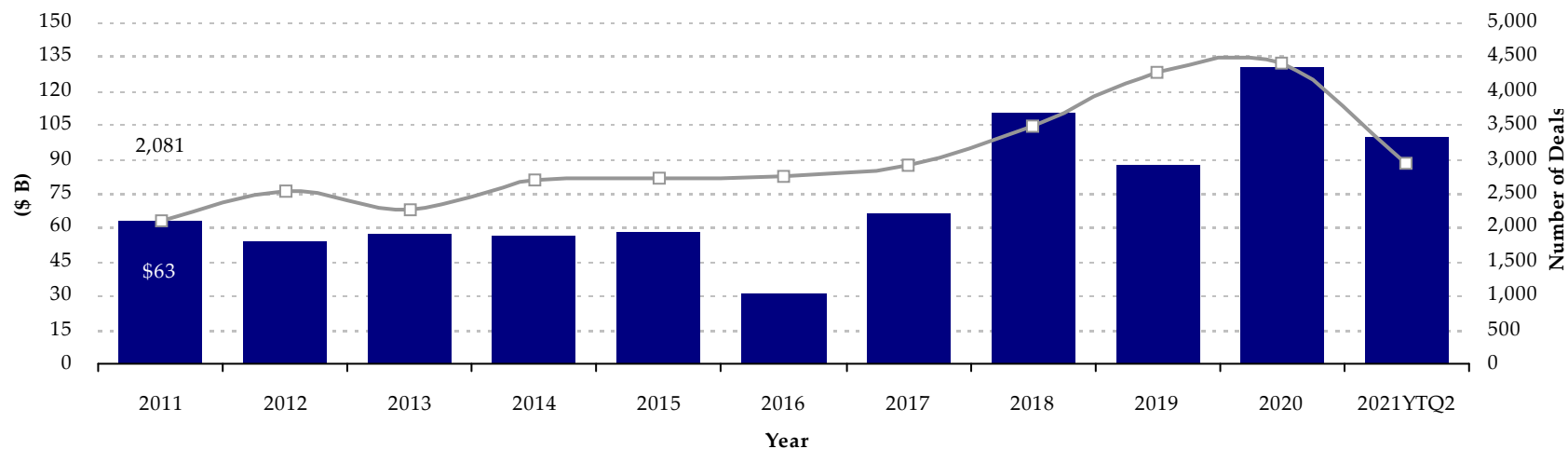


Venture Funds

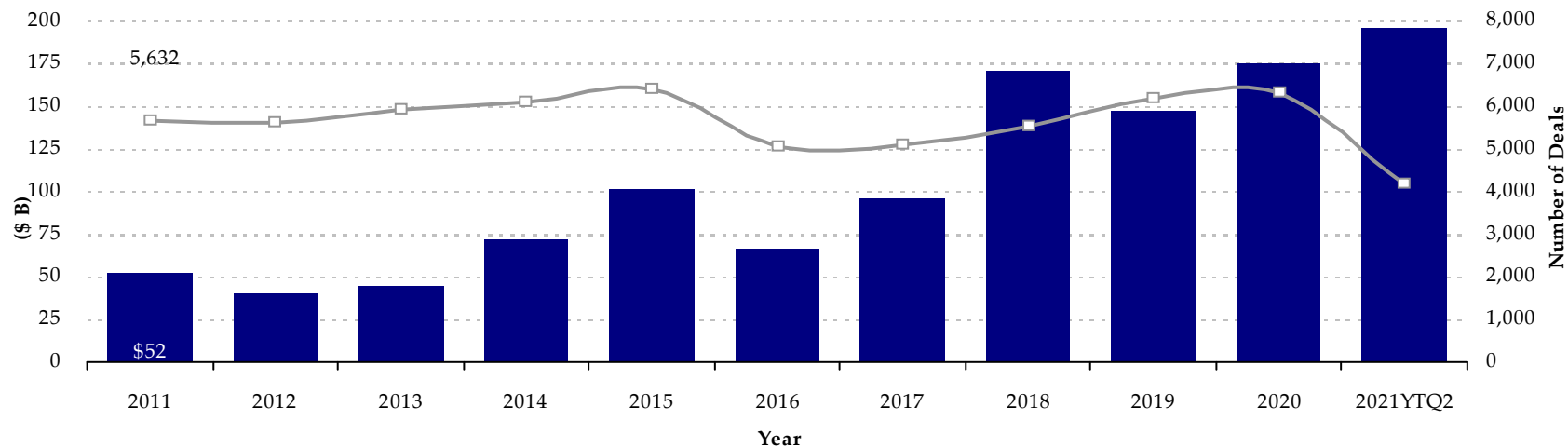


Source: Thomson One Private Equity.
Data compiled through 2Q 2021.

U.S. Buyout

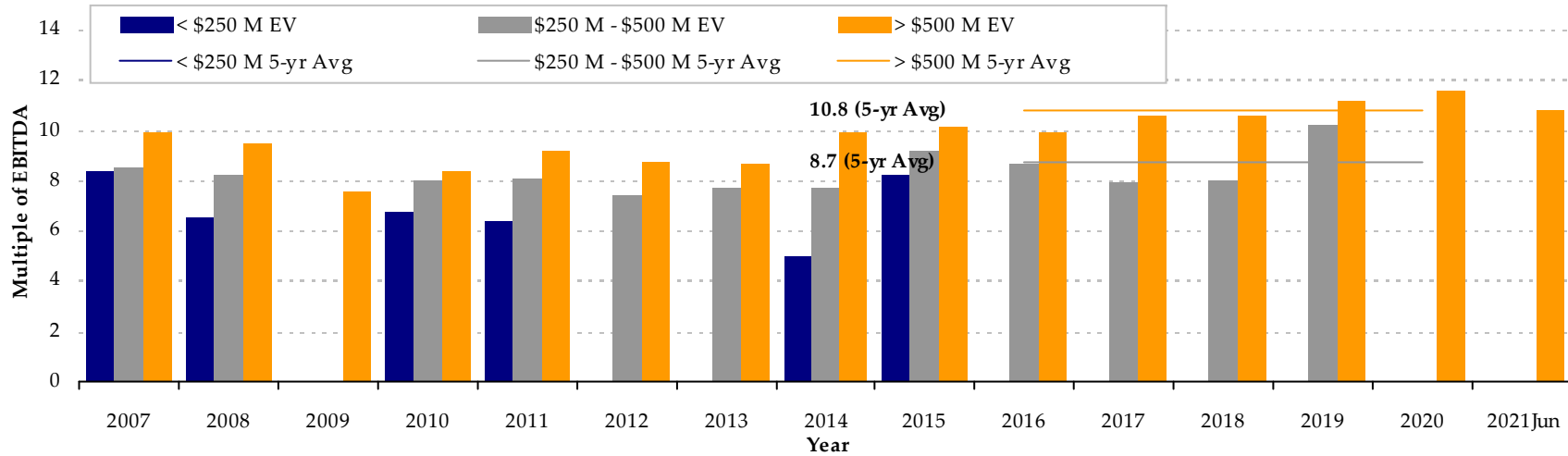


U.S. Venture

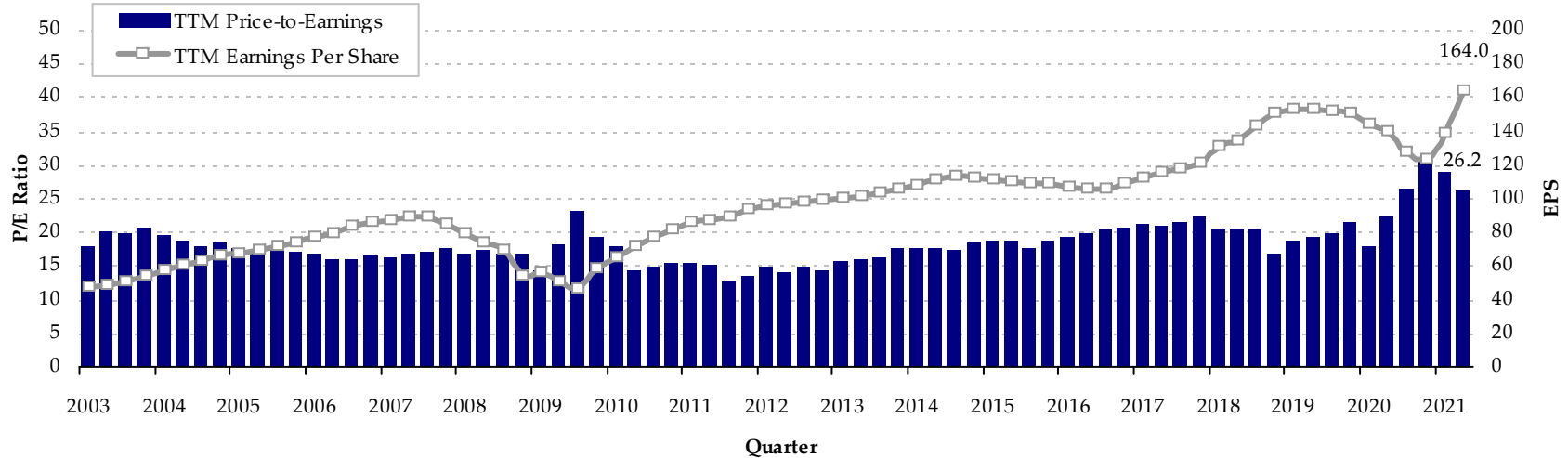


Source: Thomson One Private Equity.
Data compiled through 2Q 2021.

U.S. LBO Pricing Multiples

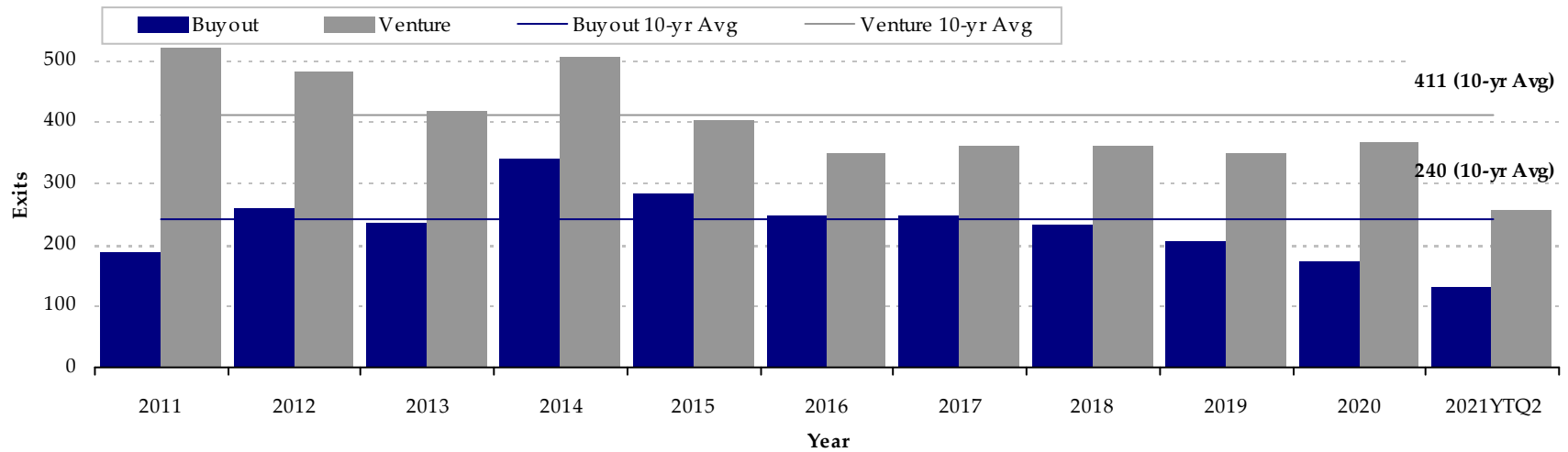


S&P 500 Valuation and Earnings

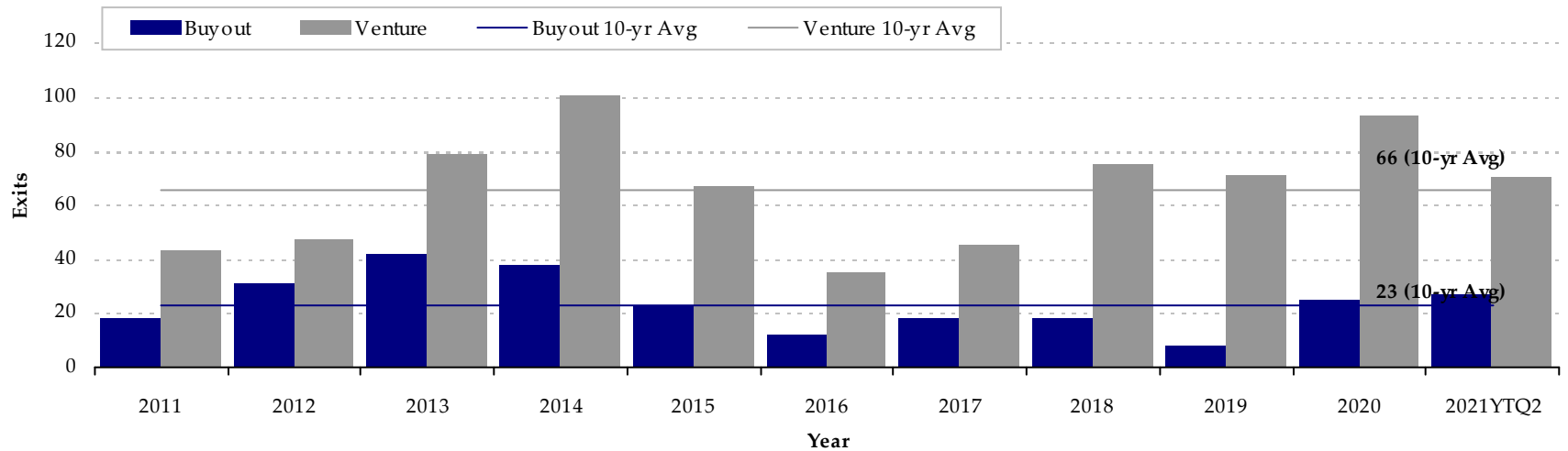


Source: Standard & Poor's Leveraged Commentary.

U.S. Mergers and Acquisitions



U.S. Initial Public Offerings



- Source: Thomson One Private Equity.
- Data compiled through 2Q 2021.

Vintage Returns

Group	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
U.S. All PE Median	13.4%	17.2%	16.2%	15.8%	21.4%	21.0%	22.6%	29.1%	30.4%	35.6%
U.S. All PE Top Quartile	23.0%	24.5%	24.1%	23.7%	28.8%	31.6%	33.3%	43.8%	50.1%	60.1%
U.S. Buyout Median	18.4%	19.9%	16.5%	17.1%	22.1%	20.9%	22.6%	32.8%	24.9%	30.1%
U.S. Buyout Top Quartile	23.8%	24.3%	24.8%	28.9%	26.2%	28.8%	30.3%	45.4%	37.9%	63.8%
U.S. Energy Median	6.4%	-1.2%	-1.7%	4.7%	7.1%	7.9%	8.7%	7.5%	5.8%	7.7%
U.S. Energy Top Quartile	19.4%	6.3%	4.3%	13.3%	13.3%	11.6%	10.5%	16.1%	22.3%	20.7%
U.S. Real Assets Median	11.8%	13.5%	10.0%	9.7%	9.4%	9.5%	10.6%	10.9%	11.7%	8.7%
U.S. Real Assets Top Quartile	18.2%	19.2%	14.4%	16.1%	13.5%	13.5%	13.5%	18.0%	19.2%	20.1%
U.S. Real Estate Median	13.4%	15.5%	11.3%	10.9%	10.4%	11.8%	11.9%	12.5%	13.0%	7.9%
U.S. Real Estate Top Quartile	18.7%	20.9%	15.4%	17.6%	13.8%	13.9%	14.9%	18.5%	19.3%	15.7%
U.S. Venture Median	15.4%	19.1%	18.8%	18.2%	26.0%	22.5%	29.8%	33.3%	40.0%	40.5%
U.S. Venture Top Quartile	27.5%	26.7%	27.2%	28.6%	35.4%	34.1%	36.0%	48.5%	55.3%	59.8%

▫ Source: Cambridge Associates.

▫ Data compiled through June 30, 2021.

Performance Analysis

Investment Performance by Strategy



Investment	Vintage	Fund Size	Committed Capital (\$)	Contributed Capital (\$)	Unfunded Commitment (\$)	Distributed Capital (\$)	Remaining Value (\$)	TVPI	Net IRR
Buyout									
21st Century Group I *	2000	\$80,365,451	25,000,000	27,141,173	0	22,841,928	0	0.8 x	-3.8%
Advent GPE VI-A	2008	\$9,000,000,000	40,000,000	40,167,228	0	80,492,730	4,570,933	2.1 x	16.7%
Alpine Investors VIII	2021	\$2,362,251,413	30,000,000	0	30,000,000	0	0	N/A	NMF
Altaris Constellation	2017	\$165,000,000	20,000,000	16,270,591	5,543,214	7,879,095	35,631,039	2.7 x	29.8%
Altaris IV	2018	\$1,085,000,000	24,000,000	22,520,777	3,124,573	10,885,790	30,895,541	1.9 x	38.1%
Altus Capital II	2010	\$200,000,000	20,000,000	19,033,024	3,985,796	24,125,912	6,912,767	1.6 x	12.4%
American Industrial VI	2016	\$1,845,000,000	20,000,000	22,636,658	5,043,310	11,269,095	25,001,526	1.6 x	15.8%
American Industrial VII	2019	\$3,075,000,000	30,000,000	15,912,531	16,176,584	2,089,115	13,967,798	1.0 x	1.6%
Arlington IV	2016	\$700,000,000	23,000,000	23,200,912	1,840,752	13,753,581	36,922,608	2.2 x	30.3%
Arlington V	2019	\$1,692,000,000	25,000,000	10,997,114	14,002,886	0	14,411,458	1.3 x	44.1%
Boston Ventures VII	2006	\$434,507,010	50,000,000	43,016,769	8,258,947	44,748,285	5,301,925	1.2 x	2.8%
BV IX	2017	\$750,000,000	30,000,000	26,412,576	8,651,389	11,680,903	34,433,105	1.7 x	34.0%
BV VIII	2012	\$486,800,000	30,000,000	27,215,697	3,065,489	41,556,375	21,480,954	2.3 x	50.3%
BV X	2020	\$1,122,000,000	30,000,000	5,709,052	24,290,947	0	8,113,367	1.4 x	NMF
Clearlake V	2018	\$3,623,125,000	30,000,000	31,731,077	8,542,226	27,125,356	53,151,009	2.5 x	58.1%
Clearlake VI	2020	\$7,068,000,000	30,000,000	20,416,391	5,963,537	1,026,242	32,873,248	1.7 x	NMF
Court Square III	2012	\$3,173,449,997	40,000,000	44,138,784	2,082,443	40,917,307	43,127,591	1.9 x	20.0%
Cypress MBP II *	1999	\$2,376,060,606	50,000,000	52,304,562	0	50,840,220	0	1.0 x	-0.5%
DLJ MBP III *	2000	\$5,304,941,647	200,000,000	215,345,711	0	458,746,671	0	2.1 x	19.4%
Doughty Hanson III *	1997	\$2,660,000,000	100,000,000	99,374,207	0	197,482,184	0	2.0 x	13.5%
DW Healthcare III	2012	\$268,147,500	40,000,000	37,138,408	2,861,592	60,592,883	11,123,048	1.9 x	18.3%
DW Healthcare IV	2016	\$294,274,000	30,000,000	29,106,500	2,422,466	20,631,745	35,429,696	1.9 x	29.1%
DW Healthcare V	2019	\$611,000,000	30,000,000	13,215,515	16,784,485	0	11,641,764	0.9 x	-10.9%
FP CF Access	2020	\$146,408,500	90,000,000	19,778,585	70,329,010	689,578	23,474,873	1.2 x	NMF
FP Intl 2011	2011	\$45,000,000	25,000,000	23,027,778	2,341,199	24,780,382	14,024,639	1.7 x	10.2%
FP Intl 2012	2012	\$70,000,000	25,000,000	17,250,000	7,975,802	16,045,729	8,754,656	1.4 x	9.0%
FP Intl 2013	2013	\$97,000,000	20,000,000	13,814,433	6,340,160	3,075,158	18,794,725	1.6 x	9.9%
FP Intl 2014	2014	\$97,000,000	25,000,000	16,675,258	8,469,978	9,530,274	18,791,718	1.7 x	16.1%
FP Intl 2015	2015	\$113,000,000	25,000,000	17,920,354	7,193,625	5,728,235	22,054,558	1.6 x	14.8%
FP Intl 2016	2016	\$97,000,000	25,000,000	17,190,722	7,945,462	2,638,230	21,287,680	1.4 x	11.7%
FP Intl 2017	2017	\$98,000,000	25,000,000	17,857,143	7,282,274	2,763,894	37,031,842	2.2 x	43.5%
FP Intl 2018	2018	\$65,500,000	25,000,000	19,847,328	5,344,552	355,762	24,249,381	1.2 x	17.4%
FP Intl 2019	2019	\$70,500,000	30,000,000	11,489,362	18,711,623	0	15,135,448	1.3 x	39.0%
FP Intl X	2021	\$139,000,000	60,000,000	5,611,511	54,413,229	0	5,223,148	0.9 x	NMF
Greenbriar V	2021	\$1,682,930,000	30,000,000	2,114,078	27,885,922	2,644	6,387,925	3.0 x	NMF
HMTF III *	1996	\$2,458,754,795	76,743,018	76,799,039	0	87,834,289	0	1.1 x	1.8%

Investment Performance by Strategy



Investment	Vintage	Fund Size	Committed Capital (\$)	Contributed Capital (\$)	Unfunded Commitment (\$)	Distributed Capital (\$)	Remaining Value (\$)	TVPI	Net IRR
HMTF IV *	1998	\$4,023,532,721	100,000,000	98,010,015	0	67,130,479	0	0.7 x	-6.1%
HMTF V *	2000	\$1,552,965,194	207,366,433	205,198,451	0	378,102,491	0	1.8 x	17.6%
JF Lehman III	2011	\$575,500,000	39,000,000	44,012,406	5,309,096	52,042,688	14,577,146	1.5 x	10.4%
JF Lehman IV	2016	\$833,000,000	30,000,000	28,747,093	1,252,907	38,950,325	34,524,721	2.6 x	36.2%
JF Lehman V	2020	\$1,350,000,000	30,000,000	16,482,982	13,517,018	0	15,383,712	0.9 x	NMF
Mason Wells III	2010	\$525,000,000	30,000,000	28,553,580	1,446,420	83,157,926	2,060,620	3.0 x	20.5%
Oak Hill I *	1999	\$1,600,000,000	50,000,000	50,786,497	0	91,264,962	0	1.8 x	10.6%
One Rock II	2017	\$964,000,000	30,000,000	26,548,268	5,570,136	3,906,746	38,217,744	1.6 x	19.4%
Riverside IV	2009	\$406,091,370	40,000,000	31,433,665	0	74,584,420	233,899	2.4 x	21.3%
Riverside V	2013	\$531,833,200	35,000,000	36,343,887	450,530	24,247,705	34,226,891	1.6 x	11.4%
Riverside VI	2019	\$327,916,667	30,000,000	13,996,370	16,003,630	0	15,593,387	1.1 x	7.4%
Second Cinven *	1998	£904,547,000	65,281,010	65,281,010	0	104,700,661	0	1.6 x	9.3%
Siris III	2015	\$1,810,000,000	25,000,000	30,925,309	4,137,215	24,456,706	18,991,980	1.4 x	14.0%
Siris IV	2019	\$3,452,454,000	30,000,000	19,309,653	12,767,155	3,454,665	23,974,383	1.4 x	22.1%
SK Capital V	2018	\$2,013,000,000	30,000,000	18,799,719	14,952,406	3,992,332	20,018,376	1.3 x	17.5%
Thoma Bravo Discover	2016	\$1,074,000,000	10,000,000	11,350,409	1,767,370	11,063,084	23,915,326	3.1 x	39.0%
Thoma Bravo Discover II	2018	\$2,438,485,000	17,000,000	16,833,057	3,263,467	3,096,524	30,892,809	2.0 x	51.3%
Thoma Bravo Discover III	2021	\$3,929,323,000	20,000,000	9,679,359	10,320,641	0	9,524,651	1.0 x	NMF
Thoma Bravo Explore I	2020	\$1,127,120,000	20,000,000	10,910,681	10,165,590	1,076,271	12,081,717	1.2 x	NMF
Thoma Bravo XI	2014	\$3,662,000,000	20,000,000	20,785,558	2,135,646	40,382,363	39,451,066	3.8 x	31.8%
Thoma Bravo XII	2016	\$7,603,860,000	30,000,000	32,536,127	6,465,672	9,003,953	51,211,328	1.9 x	18.6%
Thoma Bravo XIII	2019	\$12,594,745,000	30,000,000	32,859,701	6,185,338	15,449,096	43,103,821	1.8 x	53.6%
Thoma Bravo XIV	2021	\$17,896,818,000	20,000,000	12,578,285	7,421,715	5	12,701,045	1.0 x	NMF
Vista Equity III	2007	\$1,287,129,725	50,000,000	54,351,521	3,879,161	127,515,667	5,709,412	2.5 x	28.6%
Vista Foundation II	2013	\$1,145,000,000	15,000,000	15,894,802	7,239,834	16,530,598	15,441,773	2.0 x	16.2%
Vista Foundation III	2016	\$2,950,561,226	30,000,000	33,400,363	8,040,270	32,174,547	31,949,458	1.9 x	29.4%
Wellspring V	2011	\$1,194,387,756	40,000,000	46,174,751	14,090,402	63,103,613	13,233,330	1.7 x	16.4%
Wicks IV	2011	\$414,000,000	40,000,000	42,381,274	4,426,402	55,956,803	40,975,368	2.3 x	22.1%
Total Buyout			2,542,390,461	2,156,545,641	547,681,493	2,607,474,221	1,188,193,933	1.8 x	11.8%
Distressed Debt									
Castlelake II	2011	\$996,762,000	35,000,000	32,656,036	2,625,461	29,066,489	18,007,805	1.4 x	6.6%
Castlelake III	2014	\$1,421,000,000	25,000,000	23,149,741	1,864,884	16,952,292	17,495,669	1.5 x	7.7%
Tennenbaum VI	2010	\$530,000,000	40,000,000	38,075,687	24,203,774	45,452,752	9,712,450	1.4 x	7.7%
Total Distressed Debt			100,000,000	93,881,464	28,694,119	91,471,533	45,215,924	1.5 x	7.3%

Investment Performance by Strategy



Investment	Vintage	Fund Size	Committed Capital (\$)	Contributed Capital (\$)	Unfunded Commitment (\$)	Distributed Capital (\$)	Remaining Value (\$)	TVPI	Net IRR
Growth Equity									
LLR III	2008	\$803,000,000	50,000,000	48,504,590	4,357,033	106,559,357	3,695,281	2.3 x	16.6%
LLR VI	2021	\$1,800,000,000	30,000,000	7,200,000	22,800,000	76,223	6,491,157	0.9 x	NMF
TA XI	2010	\$4,000,100,000	40,000,000	39,400,000	600,000	118,629,680	35,567,030	3.9 x	27.6%
Total Growth Equity			120,000,000	95,104,590	27,757,033	225,265,260	45,753,468	2.8 x	21.3%
Hard Assets									
EnCap IX	2013	\$5,154,639,175	25,000,000	28,678,672	1,079,699	24,096,465	12,207,675	1.3 x	8.0%
EnCap VIII	2010	\$3,608,247,422	47,500,000	54,117,730	0	31,900,072	15,187,316	0.9 x	-3.7%
EnCap X	2015	\$6,701,030,928	30,000,000	29,764,044	2,244,559	10,892,550	28,313,328	1.3 x	8.6%
EnCap XI	2017	\$6,961,190,722	35,000,000	16,337,746	18,745,771	91,082	15,760,858	1.0 x	-1.6%
GTLA Holdings	2018	\$20,000,000	20,000,000	20,000,000	0	0	40,000,000	2.0 x	25.2%
Highland Contingent Note	2018	\$152,244,727	152,244,727	152,244,727	0	15,000,000	159,129,336	1.1 x	10.3%
Highland Equity	2016	\$66,000,000	66,000,000	81,870,000	0	16,674,525	52,044,833	0.8 x	-5.6%
Lime Rock Resources III	2014	\$762,000,000	25,000,000	25,577,295	319,325	4,687,078	20,011,909	1.0 x	-0.6%
NGP IX	2007	\$4,000,000,000	50,000,000	54,215,131	201,825	76,326,171	1,477,839	1.4 x	10.9%
NGP X	2012	\$3,586,000,000	35,000,000	36,280,095	413,635	29,978,771	4,930,576	1.0 x	-1.2%
NGP XI	2014	\$5,325,000,000	30,000,000	30,348,089	1,358,775	12,970,989	22,554,198	1.2 x	4.7%
NGP XII	2017	\$4,304,081,633	30,000,000	18,437,835	11,562,165	940,334	19,938,397	1.1 x	5.3%
Total Hard Assets			545,744,727	547,871,365	35,925,754	223,558,036	391,556,265	1.1 x	4.2%
Infrastructure									
Big River - Equity	2014	\$151,090,000	151,090,000	151,090,000	0	296,427,836	1,910,070	2.0 x	15.0%
Big River - Funding *	2017	\$3,750,000	3,750,000	3,750,000	0	3,812,795	0	1.0 x	4.3%
Big River - Holdings Note *	2017	\$12,000,000	12,000,000	12,000,000	0	13,343,726	0	1.1 x	11.0%
Big River - Holdings Note 2023	2018	\$12,000,000	12,000,000	12,000,000	0	380,905	13,965,866	1.2 x	5.2%
Big River - Holdings Note 2023-2	2018	\$5,150,000	5,150,000	5,150,000	0	237,847	5,899,275	1.2 x	6.0%
Big River - Preferred Equity *	2017	\$41,980,449	41,980,449	41,980,449	0	51,702,368	0	1.2 x	12.5%
Big River - Sr Secured Debt *	2015	\$26,910,000	26,910,000	26,966,221	0	35,699,565	0	1.3 x	14.7%
Blue Oak Arkansas *	2014	\$18,000,000	18,000,000	19,740,000	0	5,385,136	0	0.3 x	-34.8%
Total Infrastructure			270,880,449	272,676,670	0	406,990,177	21,775,211	1.6 x	12.3%

Investment Performance by Strategy



Investment	Vintage	Fund Size	Committed Capital (\$)	Contributed Capital (\$)	Unfunded Commitment (\$)	Distributed Capital (\$)	Remaining Value (\$)	TVPI	Net IRR
Mezzanine									
Audax Mezzanine III	2011	\$1,002,250,000	25,000,000	25,032,760	6,675,000	30,166,015	2,898,277	1.3 x	9.6%
Big River - Mezzanine *	2014	\$5,000,000	5,000,000	5,003,686	0	8,225,290	0	1.6 x	17.3%
Blackstone Mezzanine I *	1999	\$1,141,000,000	100,000,000	73,353,517	0	96,729,026	0	1.3 x	10.2%
DLJ Investment II *	1999	\$1,600,000,000	80,000,000	43,611,022	0	60,468,989	0	1.4 x	10.4%
Greyrock IV	2017	\$275,000,000	30,000,000	28,133,397	3,002,589	12,169,158	23,753,262	1.3 x	10.5%
Greyrock V	2020	\$280,000,000	35,000,000	8,838,189	26,161,811	0	8,248,312	0.9 x	NMF
Insight Mezzanine I	2009	\$94,678,011	10,000,000	9,971,470	479,507	11,860,178	1,750,297	1.4 x	6.6%
Total Mezzanine			285,000,000	193,944,041	36,318,907	219,618,656	36,650,148	1.3 x	10.1%
Multi-Strategy									
ATRS-FP PE	2012	\$265,516,382	263,823,718	310,653,222	163,115,853	232,542,653	304,611,879	1.7 x	19.0%
CSFB-ATRS 2005-1 Series	2005	\$252,525,253	250,000,000	277,750,644	10,732,143	404,818,189	58,931,639	1.7 x	8.4%
CSFB-ATRS 2006-1 Series	2006	\$406,331,658	404,300,000	410,452,009	54,267,661	604,895,811	80,613,539	1.7 x	10.2%
DH Tech I	2000	\$236,700,000	50,000,000	61,471,034	0	21,987,447	0	0.4 x	-16.7%
Diamond State *	1999	\$46,000,000	2,000,000	2,000,000	0	3,097,200	0	1.5 x	5.5%
Diamond State II	2007	\$25,361,350	4,000,000	3,517,000	483,000	6,317,000	2,780,188	2.6 x	10.4%
Total Multi-Strategy			974,123,718	1,065,843,909	228,598,657	1,273,658,300	446,937,245	1.6 x	8.9%
Special Assets									
WNG II	2019	\$438,350,000	30,000,000	10,116,168	19,883,832	3,195	7,891,641	0.8 x	-14.1%
Total Special Assets			30,000,000	10,116,168	19,883,832	3,195	7,891,641	0.8 x	-14.1%
Structured Capital									
Bison V	2017	\$384,132,653	35,000,000	32,638,534	8,666,186	9,936,417	32,977,598	1.3 x	14.7%
Levine Leichtman V	2013	\$1,644,081,633	20,000,000	27,478,432	2,323,593	29,717,288	21,022,393	1.8 x	17.6%
PineBridge Structured III	2016	\$600,000,000	30,000,000	27,156,507	10,453,628	16,251,862	6,925,225	0.9 x	-6.9%
Total Structured Capital			85,000,000	87,273,473	21,443,407	55,905,566	60,925,216	1.3 x	11.7%

Investment Performance by Strategy



Investment	Vintage	Fund Size	Committed Capital (\$)	Contributed Capital (\$)	Unfunded Commitment (\$)	Distributed Capital (\$)	Remaining Value (\$)	TVPI	Net IRR
Turnaround									
Atlas Capital II	2014	\$900,000,000	15,000,000	19,553,149	5,815,377	15,147,363	13,288,207	1.5 x	16.5%
Insight Equity II	2009	\$429,735,291	30,000,000	30,979,031	933,624	32,857,832	18,103,677	1.6 x	9.2%
KPS III Supplemental	2009	\$816,326,531	40,000,000	37,777,254	16,117,982	80,212,144	182,635	2.1 x	22.8%
KPS IV	2014	\$3,571,428,571	25,000,000	21,793,946	4,058,876	16,594,364	20,255,648	1.7 x	22.1%
KPS Mid-Market I	2019	\$1,020,408,163	20,000,000	7,951,099	12,048,901	0	8,235,654	1.0 x	3.7%
KPS V	2020	\$6,122,448,980	30,000,000	10,793,401	19,138,045	595,219	10,216,577	1.0 x	NMF
Sycamore Partners II	2014	\$2,700,000,000	25,000,000	22,181,246	3,945,496	12,926,472	12,923,378	1.2 x	4.9%
Sycamore Partners III	2018	\$4,870,000,000	25,000,000	11,107,606	13,892,394	0	10,481,794	0.9 x	-4.7%
Total Turnaround			210,000,000	162,136,732	75,950,695	158,333,395	93,687,570	1.6 x	15.1%
Venture Capital									
FP Venture 2008	2008	\$102,000,000	30,000,000	30,000,000	194,093	53,503,478	54,284,477	3.6 x	20.1%
FP Venture 2009	2009	\$58,000,000	25,000,000	24,500,000	737,345	50,553,710	19,632,105	2.9 x	18.7%
FP Venture 2010	2010	\$80,000,000	25,000,000	16,000,000	1,655,297	20,266,268	39,213,713	3.7 x	20.3%
FP Venture 2011	2011	\$70,000,000	25,000,000	24,125,000	1,096,510	82,688,310	120,668,144	8.4 x	39.9%
FP Venture 2012	2012	\$80,000,000	25,000,000	22,281,250	2,886,289	32,296,572	63,427,783	4.3 x	27.7%
FP Venture 2013	2013	\$87,000,000	20,000,000	18,218,391	1,891,653	19,596,157	53,781,298	4.0 x	31.8%
FP Venture 2014	2014	\$93,000,000	25,000,000	23,682,796	1,438,526	12,257,690	86,582,319	4.2 x	31.7%
FP Venture 2015	2015	\$113,000,000	25,000,000	23,683,629	1,430,729	6,126,648	53,694,183	2.5 x	26.7%
FP Venture 2016	2016	\$82,000,000	25,000,000	21,036,585	4,098,814	4,132,987	45,167,159	2.3 x	33.9%
FP Venture 2017	2017	\$113,000,000	25,000,000	16,261,062	8,824,986	2,091,337	32,773,529	2.1 x	48.6%
FP Venture 2018	2018	\$80,500,000	25,000,000	19,565,217	5,558,970	217	32,902,229	1.7 x	42.1%
FP Venture 2019	2019	\$80,500,000	30,000,000	15,652,174	14,454,484	23,600	22,840,004	1.5 x	40.2%
FP Venture XIII	2020	\$162,000,000	60,000,000	17,623,981	42,507,620	71,724	19,754,300	1.1 x	NMF
Total Venture Capital			365,000,000	272,630,085	86,775,316	283,608,698	644,721,243	3.4 x	26.5%
Total Portfolio			5,528,139,355	4,958,024,138	1,109,029,212	5,545,887,037	2,983,307,865	1.7 x	11.7%

- Remaining Value is defined as the investor's value as reported by the fund's manager.
- TVPI is the ratio of Distributed Capital plus Remaining Value to Contributed Capital.
- Net IRR is defined as the annualized, compound rate of return using daily draws, distributions and Remaining Value as of the Report Date, net of fees and expenses, including late closing interest.
- An asterisk indicates an investment that is fully liquidated, if applicable.
- Commitments made in a foreign currency have been converted into U.S. dollars using an exchange rate as of the Report Date, if applicable.
- Returns calculated for funds in the early years of their lives are particularly not meaningful given the J-curve effect. During these early years, due to illiquidity, stagnant valuations, fees and expenses, fund performance tends to be negative (the bottom of the "J").

Investment Performance by Vintage Year



Investment	Strategy	Committed Capital (\$)	Contributed Capital (\$)	Unfunded Commitment (\$)	Distributed Capital (\$)	Remaining Value (\$)	TVPI	Net IRR
1996								
HMTF III *	Buyout	76,743,018	76,799,039	0	87,834,289	0	1.1 x	1.8%
Total 1996		76,743,018	76,799,039	0	87,834,289	0	1.1 x	1.8%
1997								
Doughty Hanson III *	Buyout	100,000,000	99,374,207	0	197,482,184	0	2.0 x	13.5%
Total 1997		100,000,000	99,374,207	0	197,482,184	0	2.0 x	13.5%
1998								
HMTF IV *	Buyout	100,000,000	98,010,015	0	67,130,479	0	0.7 x	-6.1%
Second Cinven *	Buyout	65,281,010	65,281,010	0	104,700,661	0	1.6 x	9.3%
Total 1998		165,281,010	163,291,025	0	171,831,140	0	1.1 x	0.9%
1999								
Blackstone Mezzanine I *	Mezzanine	100,000,000	73,353,517	0	96,729,026	0	1.3 x	10.2%
Cypress MBP II *	Buyout	50,000,000	52,304,562	0	50,840,220	0	1.0 x	-0.5%
Diamond State *	Multi-Strategy	2,000,000	2,000,000	0	3,097,200	0	1.5 x	5.5%
DLJ Investment II *	Mezzanine	80,000,000	43,611,022	0	60,468,989	0	1.4 x	10.4%
Oak Hill I *	Buyout	50,000,000	50,786,497	0	91,264,962	0	1.8 x	10.6%
Total 1999		282,000,000	222,055,598	0	302,400,397	0	1.4 x	7.7%
2000								
21st Century Group I *	Buyout	25,000,000	27,141,173	0	22,841,928	0	0.8 x	-3.8%
DH Tech I	Multi-Strategy	50,000,000	61,471,034	0	21,987,447	0	0.4 x	-16.7%
DLJ MBP III *	Buyout	200,000,000	215,345,711	0	458,746,671	0	2.1 x	19.4%
HMTF V *	Buyout	207,366,433	205,198,451	0	378,102,491	0	1.8 x	17.6%
Total 2000		482,366,433	509,156,369	0	881,678,537	0	1.7 x	14.8%
2005								
CSFB-ATRS 2005-1 Series	Multi-Strategy	250,000,000	277,750,644	10,732,143	404,818,189	58,931,639	1.7 x	8.4%
Total 2005		250,000,000	277,750,644	10,732,143	404,818,189	58,931,639	1.7 x	8.4%

Investment Performance by Vintage Year



Investment	Strategy	Committed Capital (\$)	Contributed Capital (\$)	Unfunded Commitment (\$)	Distributed Capital (\$)	Remaining Value (\$)	TVPI	Net IRR
2006								
Boston Ventures VII	Buyout	50,000,000	43,016,769	8,258,947	44,748,285	5,301,925	1.2 x	2.8%
CSFB-ATRS 2006-1 Series	Multi-Strategy	404,300,000	410,452,009	54,267,661	604,895,811	80,613,539	1.7 x	10.2%
Total 2006		454,300,000	453,468,778	62,526,608	649,644,096	85,915,464	1.6 x	9.5%
2007								
Diamond State II	Multi-Strategy	4,000,000	3,517,000	483,000	6,317,000	2,780,188	2.6 x	10.4%
NGP IX	Hard Assets	50,000,000	54,215,131	201,825	76,326,171	1,477,839	1.4 x	10.9%
Vista Equity III	Buyout	50,000,000	54,351,521	3,879,161	127,515,667	5,709,412	2.5 x	28.6%
Total 2007		104,000,000	112,083,652	4,563,986	210,158,838	9,967,439	2.0 x	20.4%
2008								
Advent GPE VI-A	Buyout	40,000,000	40,167,228	0	80,492,730	4,570,933	2.1 x	16.7%
FP Venture 2008	Venture Capital	30,000,000	30,000,000	194,093	53,503,478	54,284,477	3.6 x	20.1%
LLR III	Growth Equity	50,000,000	48,504,590	4,357,033	106,559,357	3,695,281	2.3 x	16.6%
Total 2008		120,000,000	118,671,818	4,551,126	240,555,565	62,550,691	2.6 x	17.7%
2009								
FP Venture 2009	Venture Capital	25,000,000	24,500,000	737,345	50,553,710	19,632,105	2.9 x	18.7%
Insight Equity II	Turnaround	30,000,000	30,979,031	933,624	32,857,832	18,103,677	1.6 x	9.2%
Insight Mezzanine I	Mezzanine	10,000,000	9,971,470	479,507	11,860,178	1,750,297	1.4 x	6.6%
KPS III Supplemental	Turnaround	40,000,000	37,777,254	16,117,982	80,212,144	182,635	2.1 x	22.8%
Riverside IV	Buyout	40,000,000	31,433,665	0	74,584,420	233,899	2.4 x	21.3%
Total 2009		145,000,000	134,661,420	18,268,458	250,068,284	39,902,613	2.2 x	17.5%
2010								
Altus Capital II	Buyout	20,000,000	19,033,024	3,985,796	24,125,912	6,912,767	1.6 x	12.4%
EnCap VIII	Hard Assets	47,500,000	54,117,730	0	31,900,072	15,187,316	0.9 x	-3.7%
FP Venture 2010	Venture Capital	25,000,000	16,000,000	1,655,297	20,266,268	39,213,713	3.7 x	20.3%
Mason Wells III	Buyout	30,000,000	28,553,580	1,446,420	83,157,926	2,060,620	3.0 x	20.5%
TA XI	Growth Equity	40,000,000	39,400,000	600,000	118,629,680	35,567,030	3.9 x	27.6%
Tennenbaum VI	Distressed Debt	40,000,000	38,075,687	24,203,774	45,452,752	9,712,450	1.4 x	7.7%
Total 2010		202,500,000	195,180,021	31,891,287	323,532,609	108,653,896	2.2 x	16.3%

Investment Performance by Vintage Year



Investment	Strategy	Committed Capital (\$)	Contributed Capital (\$)	Unfunded Commitment (\$)	Distributed Capital (\$)	Remaining Value (\$)	TVPI	Net IRR
2011								
Audax Mezzanine III	Mezzanine	25,000,000	25,032,760	6,675,000	30,166,015	2,898,277	1.3 x	9.6%
Castlelake II	Distressed Debt	35,000,000	32,656,036	2,625,461	29,066,489	18,007,805	1.4 x	6.6%
FP Intl 2011	Buyout	25,000,000	23,027,778	2,341,199	24,780,382	14,024,639	1.7 x	10.2%
FP Venture 2011	Venture Capital	25,000,000	24,125,000	1,096,510	82,688,310	120,668,144	8.4 x	39.9%
JF Lehman III	Buyout	39,000,000	44,012,406	5,309,096	52,042,688	14,577,146	1.5 x	10.4%
Wellspring V	Buyout	40,000,000	46,174,751	14,090,402	63,103,613	13,233,330	1.7 x	16.4%
Wicks IV	Buyout	40,000,000	42,381,274	4,426,402	55,956,803	40,975,368	2.3 x	22.1%
Total 2011		229,000,000	237,410,006	36,564,070	337,804,301	224,384,709	2.4 x	19.0%
2012								
ATRS-FP PE	Multi-Strategy	263,823,718	310,653,222	163,115,853	232,542,653	304,611,879	1.7 x	19.0%
BV VIII	Buyout	30,000,000	27,215,697	3,065,489	41,556,375	21,480,954	2.3 x	50.3%
Court Square III	Buyout	40,000,000	44,138,784	2,082,443	40,917,307	43,127,591	1.9 x	20.0%
DW Healthcare III	Buyout	40,000,000	37,138,408	2,861,592	60,592,883	11,123,048	1.9 x	18.3%
FP Intl 2012	Buyout	25,000,000	17,250,000	7,975,802	16,045,729	8,754,656	1.4 x	9.0%
FP Venture 2012	Venture Capital	25,000,000	22,281,250	2,886,289	32,296,572	63,427,783	4.3 x	27.7%
NGP X	Hard Assets	35,000,000	36,280,095	413,635	29,978,771	4,930,576	1.0 x	-1.2%
Total 2012		458,823,718	494,957,456	182,401,103	453,930,290	457,456,487	1.8 x	19.0%
2013								
EnCap IX	Hard Assets	25,000,000	28,678,672	1,079,699	24,096,465	12,207,675	1.3 x	8.0%
FP Intl 2013	Buyout	20,000,000	13,814,433	6,340,160	3,075,158	18,794,725	1.6 x	9.9%
FP Venture 2013	Venture Capital	20,000,000	18,218,391	1,891,653	19,596,157	53,781,298	4.0 x	31.8%
Levine Leichtman V	Structured Capital	20,000,000	27,478,432	2,323,593	29,717,288	21,022,393	1.8 x	17.6%
Riverside V	Buyout	35,000,000	36,343,887	450,530	24,247,705	34,226,891	1.6 x	11.4%
Vista Foundation II	Buyout	15,000,000	15,894,802	7,239,834	16,530,598	15,441,773	2.0 x	16.2%
Total 2013		135,000,000	140,428,617	19,325,469	117,263,371	155,474,755	1.9 x	16.6%

Investment Performance by Vintage Year



Investment	Strategy	Committed Capital (\$)	Contributed Capital (\$)	Unfunded Commitment (\$)	Distributed Capital (\$)	Remaining Value (\$)	TVPI	Net IRR
2014								
Atlas Capital II	Turnaround	15,000,000	19,553,149	5,815,377	15,147,363	13,288,207	1.5 x	16.5%
Big River - Equity	Infrastructure	151,090,000	151,090,000	0	296,427,836	1,910,070	2.0 x	15.0%
Big River - Mezzanine *	Mezzanine	5,000,000	5,003,686	0	8,225,290	0	1.6 x	17.3%
Blue Oak Arkansas *	Infrastructure	18,000,000	19,740,000	0	5,385,136	0	0.3 x	-34.8%
Castlelake III	Distressed Debt	25,000,000	23,149,741	1,864,884	16,952,292	17,495,669	1.5 x	7.7%
FP Intl 2014	Buyout	25,000,000	16,675,258	8,469,978	9,530,274	18,791,718	1.7 x	16.1%
FP Venture 2014	Venture Capital	25,000,000	23,682,796	1,438,526	12,257,690	86,582,319	4.2 x	31.7%
KPS IV	Turnaround	25,000,000	21,793,946	4,058,876	16,594,364	20,255,648	1.7 x	22.1%
Lime Rock Resources III	Hard Assets	25,000,000	25,577,295	319,325	4,687,078	20,011,909	1.0 x	-0.6%
NGP XI	Hard Assets	30,000,000	30,348,089	1,358,775	12,970,989	22,554,198	1.2 x	4.7%
Sycamore Partners II	Turnaround	25,000,000	22,181,246	3,945,496	12,926,472	12,923,378	1.2 x	4.9%
Thoma Bravo XI	Buyout	20,000,000	20,785,558	2,135,646	40,382,363	39,451,066	3.8 x	31.8%
Total 2014		389,090,000	379,580,764	29,406,883	451,487,148	253,264,182	1.9 x	14.6%
2015								
Big River - Sr Secured Debt *	Infrastructure	26,910,000	26,966,221	0	35,699,565	0	1.3 x	14.7%
EnCap X	Hard Assets	30,000,000	29,764,044	2,244,559	10,892,550	28,313,328	1.3 x	8.6%
FP Intl 2015	Buyout	25,000,000	17,920,354	7,193,625	5,728,235	22,054,558	1.6 x	14.8%
FP Venture 2015	Venture Capital	25,000,000	23,683,629	1,430,729	6,126,648	53,694,183	2.5 x	26.7%
Siris III	Buyout	25,000,000	30,925,309	4,137,215	24,456,706	18,991,980	1.4 x	14.0%
Total 2015		131,910,000	129,259,558	15,006,128	82,903,704	123,054,049	1.6 x	16.4%
2016								
American Industrial VI	Buyout	20,000,000	22,636,658	5,043,310	11,269,095	25,001,526	1.6 x	15.8%
Arlington IV	Buyout	23,000,000	23,200,912	1,840,752	13,753,581	36,922,608	2.2 x	30.3%
DW Healthcare IV	Buyout	30,000,000	29,106,500	2,422,466	20,631,745	35,429,696	1.9 x	29.1%
FP Intl 2016	Buyout	25,000,000	17,190,722	7,945,462	2,638,230	21,287,680	1.4 x	11.7%
FP Venture 2016	Venture Capital	25,000,000	21,036,585	4,098,814	4,132,987	45,167,159	2.3 x	33.9%
Highland Equity	Hard Assets	66,000,000	81,870,000	0	16,674,525	52,044,833	0.8 x	-5.6%
JF Lehman IV	Buyout	30,000,000	28,747,093	1,252,907	38,950,325	34,524,721	2.6 x	36.2%
PineBridge Structured III	Structured Capital	30,000,000	27,156,507	10,453,628	16,251,862	6,925,225	0.9 x	-6.9%
Thoma Bravo Discover	Buyout	10,000,000	11,350,409	1,767,370	11,063,084	23,915,326	3.1 x	39.0%
Thoma Bravo XII	Buyout	30,000,000	32,536,127	6,465,672	9,003,953	51,211,328	1.9 x	18.6%
Vista Foundation III	Buyout	30,000,000	33,400,363	8,040,270	32,174,547	31,949,458	1.9 x	29.4%
Total 2016		319,000,000	328,231,876	49,330,651	176,543,933	364,379,560	1.6 x	18.2%

Investment Performance by Vintage Year



Investment	Strategy	Committed Capital (\$)	Contributed Capital (\$)	Unfunded Commitment (\$)	Distributed Capital (\$)	Remaining Value (\$)	TVPI	Net IRR
2017								
Altaris Constellation	Buyout	20,000,000	16,270,591	5,543,214	7,879,095	35,631,039	2.7 x	29.8%
Big River - Funding *	Infrastructure	3,750,000	3,750,000	0	3,812,795	0	1.0 x	4.3%
Big River - Holdings Note *	Infrastructure	12,000,000	12,000,000	0	13,343,726	0	1.1 x	11.0%
Big River - Preferred Equity *	Infrastructure	41,980,449	41,980,449	0	51,702,368	0	1.2 x	12.5%
Bison V	Structured Capital	35,000,000	32,638,534	8,666,186	9,936,417	32,977,598	1.3 x	14.7%
BV IX	Buyout	30,000,000	26,412,576	8,651,389	11,680,903	34,433,105	1.7 x	34.0%
EnCap XI	Hard Assets	35,000,000	16,337,746	18,745,771	91,082	15,760,858	1.0 x	-1.6%
FP Intl 2017	Buyout	25,000,000	17,857,143	7,282,274	2,763,894	37,031,842	2.2 x	43.5%
FP Venture 2017	Venture Capital	25,000,000	16,261,062	8,824,986	2,091,337	32,773,529	2.1 x	48.6%
Greyrock IV	Mezzanine	30,000,000	28,133,397	3,002,589	12,169,158	23,753,262	1.3 x	10.5%
NGP XII	Hard Assets	30,000,000	18,437,835	11,562,165	940,334	19,938,397	1.1 x	5.3%
One Rock II	Buyout	30,000,000	26,548,268	5,570,136	3,906,746	38,217,744	1.6 x	19.4%
Total 2017		317,730,449	256,627,600	77,848,710	120,317,855	270,517,374	1.5 x	20.6%
2018								
Altaris IV	Buyout	24,000,000	22,520,777	3,124,573	10,885,790	30,895,541	1.9 x	38.1%
Big River - Holdings Note 2023	Infrastructure	12,000,000	12,000,000	0	380,905	13,965,866	1.2 x	5.2%
Big River - Holdings Note 2023-2	Infrastructure	5,150,000	5,150,000	0	237,847	5,899,275	1.2 x	6.0%
Clearlake V	Buyout	30,000,000	31,731,077	8,542,226	27,125,356	53,151,009	2.5 x	58.1%
FP Intl 2018	Buyout	25,000,000	19,847,328	5,344,552	355,762	24,249,381	1.2 x	17.4%
FP Venture 2018	Venture Capital	25,000,000	19,565,217	5,558,970	217	32,902,229	1.7 x	42.1%
GTLA Holdings	Hard Assets	20,000,000	20,000,000	0	0	40,000,000	2.0 x	25.2%
Highland Contingent Note	Hard Assets	152,244,727	152,244,727	0	15,000,000	159,129,336	1.1 x	10.3%
SK Capital V	Buyout	30,000,000	18,799,719	14,952,406	3,992,332	20,018,376	1.3 x	17.5%
Sycamore Partners III	Turnaround	25,000,000	11,107,606	13,892,394	0	10,481,794	0.9 x	-4.7%
Thoma Bravo Discover II	Buyout	17,000,000	16,833,057	3,263,467	3,096,524	30,892,809	2.0 x	51.3%
Total 2018		365,394,727	329,799,508	54,678,588	61,074,732	421,585,616	1.5 x	24.9%

Investment Performance by Vintage Year



Investment	Strategy	Committed Capital (\$)	Contributed Capital (\$)	Unfunded Commitment (\$)	Distributed Capital (\$)	Remaining Value (\$)	TVPI	Net IRR
2019								
American Industrial VII	Buyout	30,000,000	15,912,531	16,176,584	2,089,115	13,967,798	1.0 x	1.6%
Arlington V	Buyout	25,000,000	10,997,114	14,002,886	0	14,411,458	1.3 x	44.1%
DW Healthcare V	Buyout	30,000,000	13,215,515	16,784,485	0	11,641,764	0.9 x	-10.9%
FP Intrnl 2019	Buyout	30,000,000	11,489,362	18,711,623	0	15,135,448	1.3 x	39.0%
FP Venture 2019	Venture Capital	30,000,000	15,652,174	14,454,484	23,600	22,840,004	1.5 x	40.2%
KPS Mid-Market I	Turnaround	20,000,000	7,951,099	12,048,901	0	8,235,654	1.0 x	3.7%
Riverside VI	Buyout	30,000,000	13,996,370	16,003,630	0	15,593,387	1.1 x	7.4%
Siris IV	Buyout	30,000,000	19,309,653	12,767,155	3,454,665	23,974,383	1.4 x	22.1%
Thoma Bravo XIII	Buyout	30,000,000	32,859,701	6,185,338	15,449,096	43,103,821	1.8 x	53.6%
WNG II	Special Assets	30,000,000	10,116,168	19,883,832	3,195	7,891,641	0.8 x	-14.1%
Total 2019		285,000,000	151,499,686	147,018,918	21,019,671	176,795,358	1.3 x	24.8%
2020								
BV X	Buyout	30,000,000	5,709,052	24,290,947	0	8,113,367	1.4 x	NMF
Clearlake VI	Buyout	30,000,000	20,416,391	5,963,537	1,026,242	32,873,248	1.7 x	NMF
FP CF Access	Buyout	90,000,000	19,778,585	70,329,010	689,578	23,474,873	1.2 x	NMF
FP Venture XIII	Venture Capital	60,000,000	17,623,981	42,507,620	71,724	19,754,300	1.1 x	NMF
Greyrock V	Mezzanine	35,000,000	8,838,189	26,161,811	0	8,248,312	0.9 x	NMF
JF Lehman V	Buyout	30,000,000	16,482,982	13,517,018	0	15,383,712	0.9 x	NMF
KPS V	Turnaround	30,000,000	10,793,401	19,138,045	595,219	10,216,577	1.0 x	NMF
Thoma Bravo Explore I	Buyout	20,000,000	10,910,681	10,165,590	1,076,271	12,081,717	1.2 x	NMF
Total 2020		325,000,000	110,553,263	212,073,578	3,459,034	130,146,106	1.2 x	NMF
2021								
Alpine Investors VIII	Buyout	30,000,000	0	30,000,000	0	0	N/A	NMF
FP Intrnl X	Buyout	60,000,000	5,611,511	54,413,229	0	5,223,148	0.9 x	NMF
Greenbriar V	Buyout	30,000,000	2,114,078	27,885,922	2,644	6,387,925	3.0 x	NMF
LLR VI	Growth Equity	30,000,000	7,200,000	22,800,000	76,223	6,491,157	0.9 x	NMF
Thoma Bravo Discover III	Buyout	20,000,000	9,679,359	10,320,641	0	9,524,651	1.0 x	NMF
Thoma Bravo XIV	Buyout	20,000,000	12,578,285	7,421,715	5	12,701,045	1.0 x	NMF
Total 2021		190,000,000	37,183,233	152,841,507	78,872	40,327,926	1.1 x	NMF
Total Portfolio		5,528,139,355	4,958,024,138	1,109,029,212	5,545,887,037	2,983,307,865	1.7 x	11.7%

- Remaining Value is defined as the investor's value as reported by the fund's manager.
- TVPI is the ratio of Distributed Capital plus Remaining Value to Contributed Capital.
- Net IRR is defined as the annualized, compound rate of return using daily draws, distributions and Remaining Value as of the Report Date, net of fees and expenses, including late closing interest.
- An asterisk indicates an investment that is fully liquidated, if applicable.
- Commitments made in a foreign currency have been converted into U.S. dollars using an exchange rate as of the Report Date, if applicable.
- Returns calculated for funds in the early years of their lives are particularly not meaningful given the J-curve effect. During these early years, due to illiquidity, stagnant valuations, fees and expenses, fund performance tends to be negative (the bottom of the "J").

Performance by Vintage Year and Quartile Group

	1996	1997	1998	1999
1st		○ Doughty Hanson III 13.5%		
2nd			○ Second Cinven 9.3%	○ Oak Hill I 10.6% ○ Diamond State 5.5%
3rd	○ HMTF III 1.8%			
4th			○ HMTF IV -6.1%	○ Cypress MBP II -0.5%

● Venture ○ Non-venture

BOLD = Realized

Performance by Vintage Year and Quartile Group



	2000	2005	2006	2007
1st				○ Vista Equity III 28.6%
2nd	○ DLJ MBP III 19.4% ○ HMTF V 17.6%	○ CSFB-ATRS 2005-1 Series 8.4%	○ CSFB-ATRS 2006-1 Series 10.2%	○ NGP IX 10.9%
3rd				○ Diamond State II 10.4%
4th	○ 21st Century Group I -3.8% ○ DH Tech I -16.7%		○ Boston Ventures VII 2.8%	

● Venture ○ Non-venture

BOLD = Realized

Performance by Vintage Year and Quartile Group

	2008	2009	2010	2011
1st			○ TA XI 27.6%	● FP Venture 2011 39.9%
2nd	<ul style="list-style-type: none"> ● FP Venture 2008 20.1% ○ Advent GPE VI-A 16.7% ○ LLR III 16.6% 	<ul style="list-style-type: none"> ○ KPS III Supplemental 22.8% ○ Riverside IV 21.3% ● FP Venture 2009 18.7% 	<ul style="list-style-type: none"> ○ Mason Wells III 20.5% ● FP Venture 2010 20.3% 	<ul style="list-style-type: none"> ○ Wicks IV 22.1%
3rd			<ul style="list-style-type: none"> ○ Altus Capital II 12.4% ○ EnCap VIII -3.7% 	<ul style="list-style-type: none"> ○ Wellspring V 16.4%
4th		○ Insight Equity II 9.2%		<ul style="list-style-type: none"> ○ JF Lehman III 10.4% ○ FP Intl 2011 10.2%

● Venture ○ Non-venture

BOLD = Realized

Performance by Vintage Year and Quartile Group

	2012	2013	2014	2015
1st	<ul style="list-style-type: none"> ○ BV VIII 50.3% ● FP Venture 2012 27.7% 	<ul style="list-style-type: none"> ● FP Venture 2013 31.8% 	<ul style="list-style-type: none"> ○ Thoma Bravo XI 31.8% 	
2nd	<ul style="list-style-type: none"> ○ Court Square III 20.0% ○ ATRS-FP PE 19.0% ○ DW Healthcare III 18.3% ○ NGP X -1.2% 	<ul style="list-style-type: none"> ○ EnCap IX 8.0% 	<ul style="list-style-type: none"> ● FP Venture 2014 31.7% ○ KPS IV 22.1% 	<ul style="list-style-type: none"> ● FP Venture 2015 26.7% ○ EnCap X 8.6%
3rd		<ul style="list-style-type: none"> ○ Vista Foundation II 16.2% ○ Riverside V 11.4% 	<ul style="list-style-type: none"> ○ Atlas Capital II 16.5% ○ FP Intl 2014 16.1% ○ NGP XI 4.7% ○ Lime Rock Resources III -0.6% 	<ul style="list-style-type: none"> ○ FP Intl 2015 14.8%
4th	<ul style="list-style-type: none"> ○ FP Intl 2012 9.0% 	<ul style="list-style-type: none"> ○ FP Intl 2013 9.9% 	<ul style="list-style-type: none"> ○ Sycamore Partners II 4.9% 	<ul style="list-style-type: none"> ○ Siris III 14.0%

● Venture ○ Non-venture

BOLD = Realized

Performance by Vintage Year and Quartile Group



	2016	2017	2018	2019
1st	<ul style="list-style-type: none"> ○ Thoma Bravo Discover 39.0% ○ JF Lehman IV 36.2% 	<ul style="list-style-type: none"> ● FP Venture 2017 48.6% 	<ul style="list-style-type: none"> ○ Clearlake V 58.1% ○ Thoma Bravo Discover II 51.3% ○ Altaris IV 38.1% 	
2nd	<ul style="list-style-type: none"> ● FP Venture 2016 33.9% ○ Arlington IV 30.3% ○ Vista Foundation III 29.4% ○ DW Healthcare IV 29.1% 	<ul style="list-style-type: none"> ○ FP Intl 2017 43.5% ○ BV IX 34.0% 	<ul style="list-style-type: none"> ● FP Venture 2018 42.1% 	<ul style="list-style-type: none"> ○ Thoma Bravo XIII 53.6% ○ Arlington V 44.1% ○ FP Intl 2019 39.0%
3rd	<ul style="list-style-type: none"> ○ Thoma Bravo XII 18.6% 	<ul style="list-style-type: none"> ○ Altaris Constellation 29.8% ○ NGP XII 5.3% 	<ul style="list-style-type: none"> ○ SK Capital V 17.5% ○ FP Intl 2018 17.4% 	<ul style="list-style-type: none"> ● FP Venture 2019 40.2% ○ Siris IV 22.1%
4th	<ul style="list-style-type: none"> ○ American Industrial VI 15.8% ○ FP Intl 2016 11.7% 	<ul style="list-style-type: none"> ○ One Rock II 19.4% ○ EnCap XI -1.6% 	<ul style="list-style-type: none"> ○ Sycamore Partners III -4.7% 	<ul style="list-style-type: none"> ○ Riverside VI 7.4% ○ KPS Mid-Market I 3.7% ○ American Industrial VII 1.6% ○ DW Healthcare V -10.9%

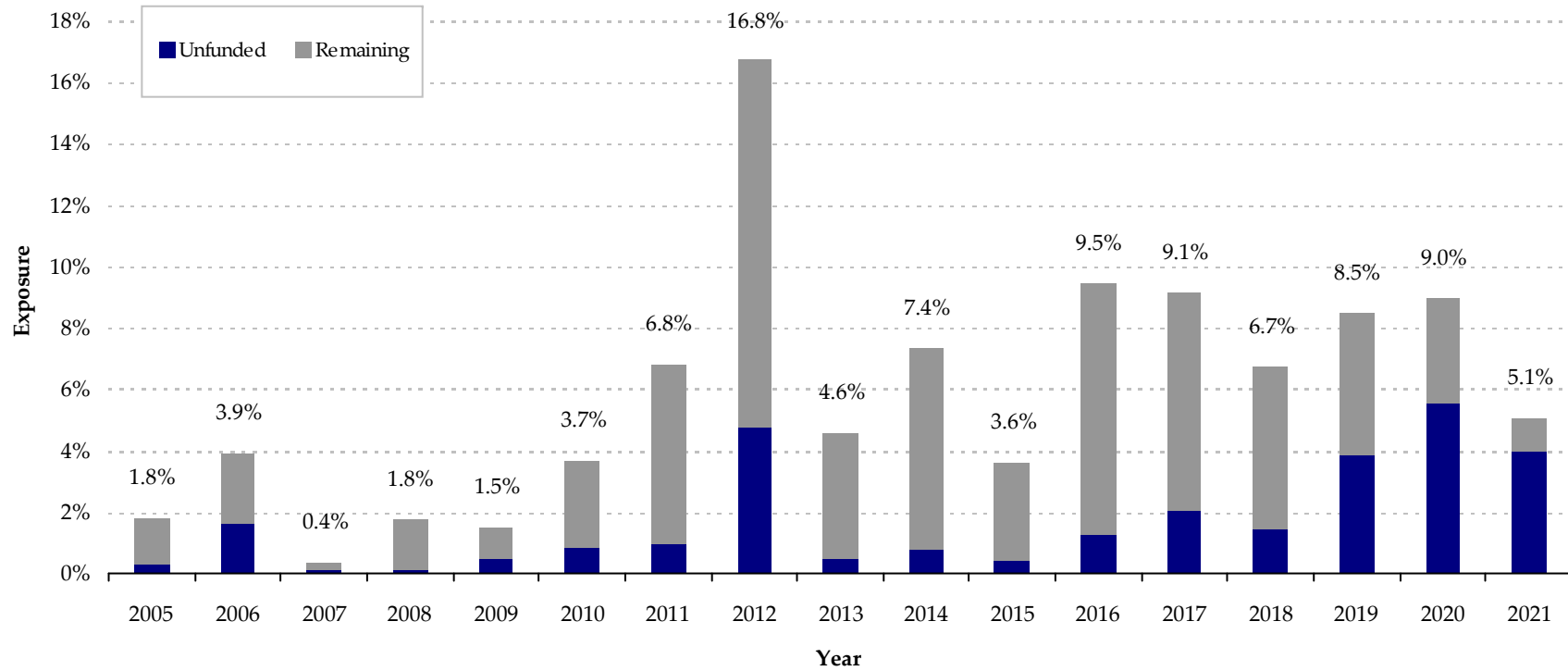
● Venture ○ Non-venture

BOLD = Realized

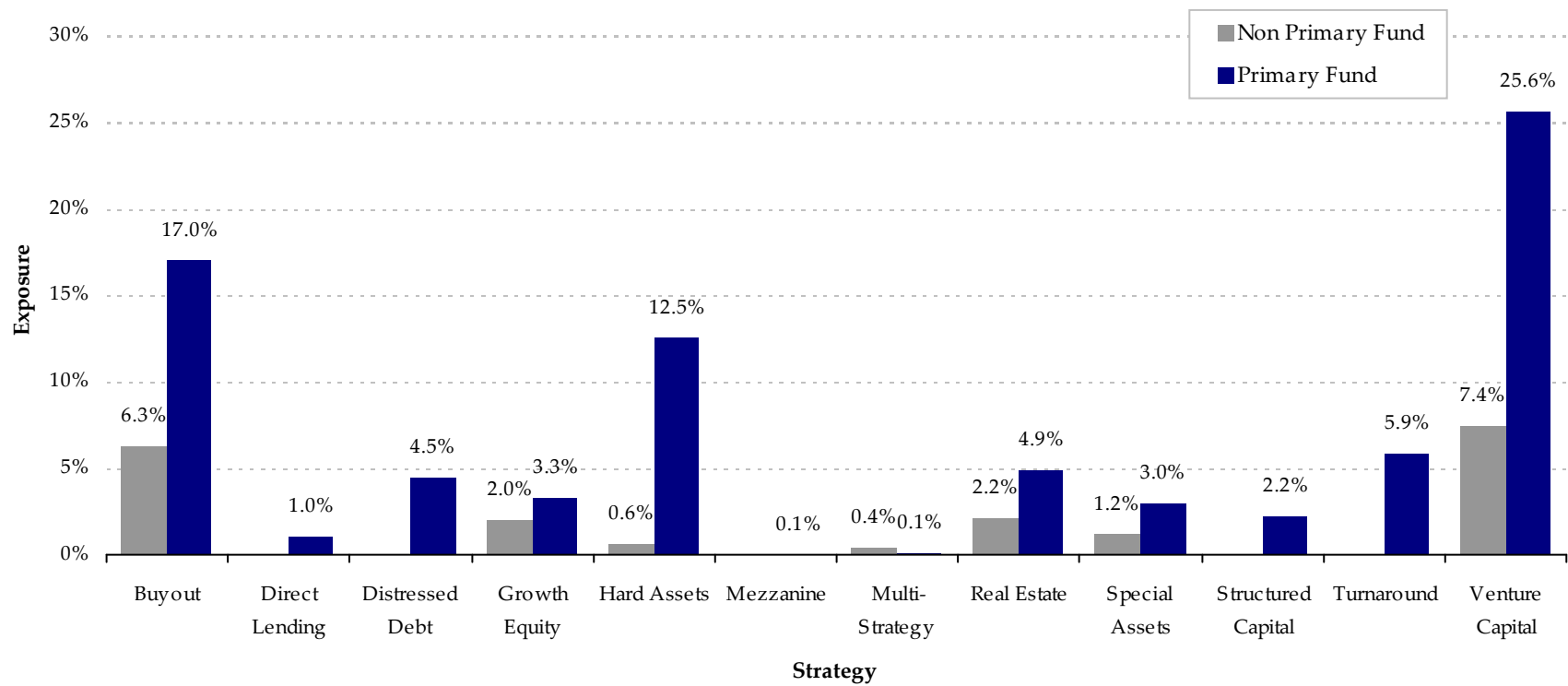
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- The analysis compares each fund's Net IRR versus its respective peer group by vintage year and strategy. Funds with a corporate finance strategy, excluding private debt, are compared to Cambridge Associates, U.S. Buyout. Funds with a venture capital strategy are compared to Cambridge Associates, U.S. Venture Capital. Multi-strategy funds are compared to data compiled by Cambridge Associates for funds across multiple strategies including U.S. Buyout, Growth Equity, Venture Capital, Mezzanine, Distressed, Fund-of-Funds, and Secondary Funds. Funds with a hard assets strategy are compared to Cambridge Associates, U.S. Private Equity Energy. Funds with a real estate strategy are compared to Cambridge Associates, U.S. Real Estate. Benchmark data is not available for funds with a private debt strategy.
 - The analysis excludes the two most recent vintage years, as fund performance is deemed not yet meaningful (NMF).
 - Net IRR is defined as the annualized, compound rate of return using daily draws, distributions and Remaining Value as of the Report Date, net of fees and expenses, including late closing interest.
 - Benchmark data was compiled from Cambridge Associates as of June 30, 2021. Hard Assets benchmark data for Vintage Years prior to 2005 is not available.

Diversification Analysis

Exposure By Vintage Year



- Exposure is defined as the sum of the investor's Remaining Value plus Unfunded Commitment.
- Data includes commitments through the Report Date.



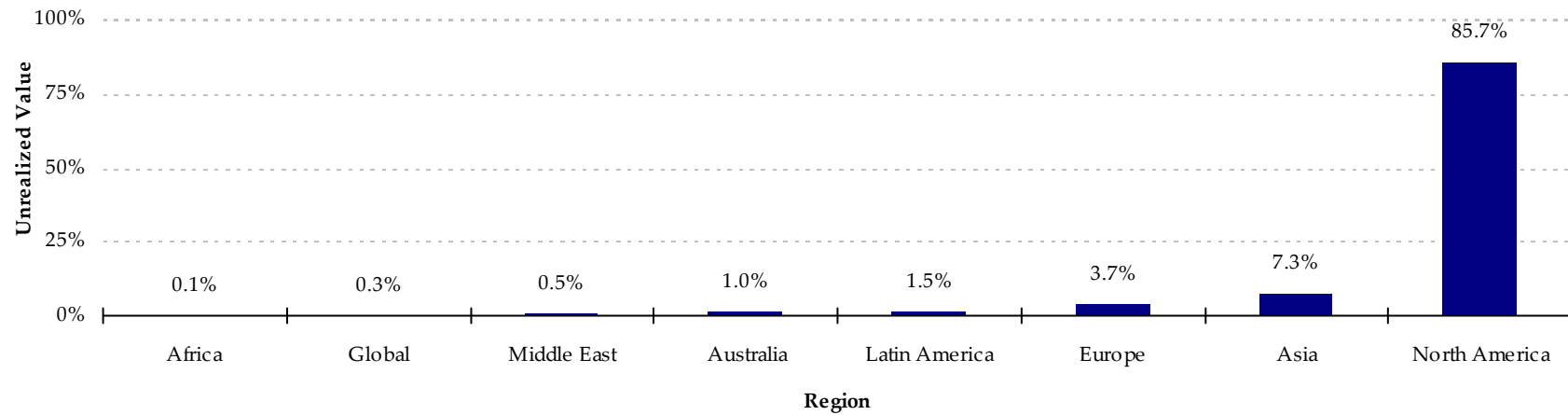
◦ Exposure is defined as the sum of the investor's Remaining Value plus Unfunded Commitment.

◦ Primary Fund represents interests in private equity funds acquired directly from the seller (i.e. fund manager). Non Primary Fund represents interests in private equity funds acquired through a commitment to a fund-of-funds or secondary fund-of-funds.

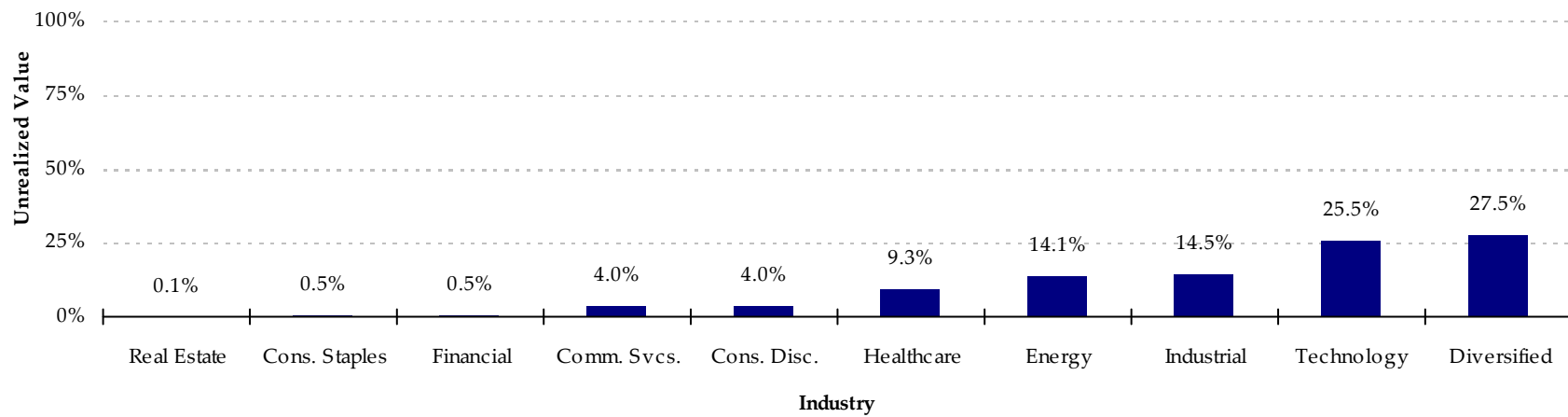
Holdings by Region and Industry



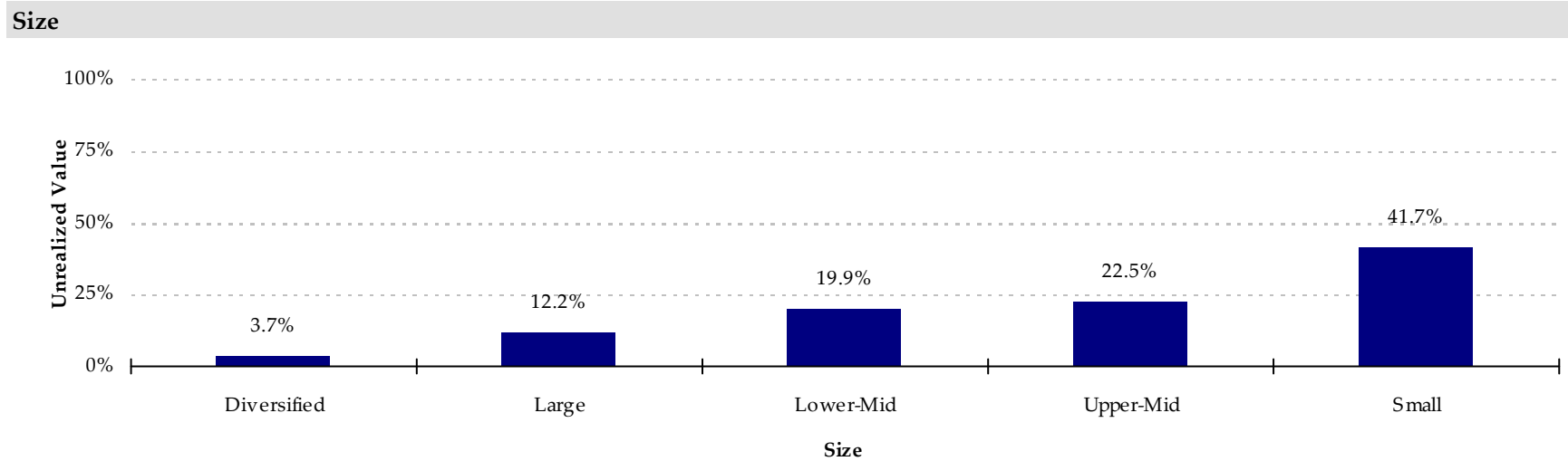
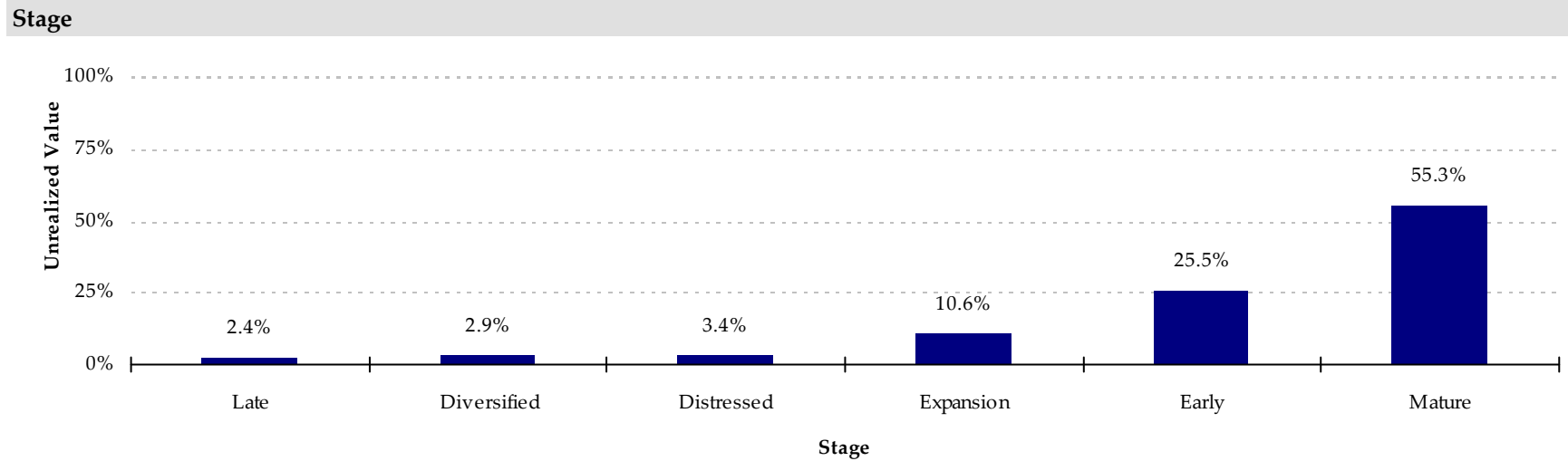
Region



Industry



- Unrealized Value represents the value of portfolio holdings as reported by fund managers.
- Values are estimated based on the investor's percent interest in each fund's portfolio holdings.
- Values are converted to the investor's currency, when applicable, as of the Report Date.

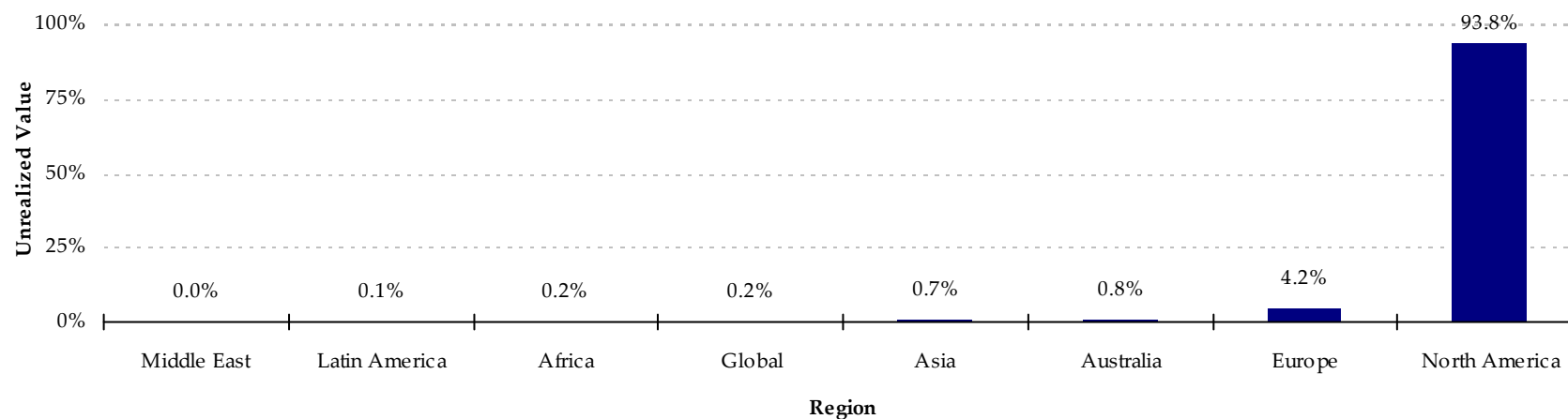


- Unrealized Value is the value of portfolio holdings as reported by the fund manager.
- Values are estimated based on the investor's percent interest in each fund's portfolio holdings.
- Values converted to the investor's currency, when applicable, as of the Report Date.

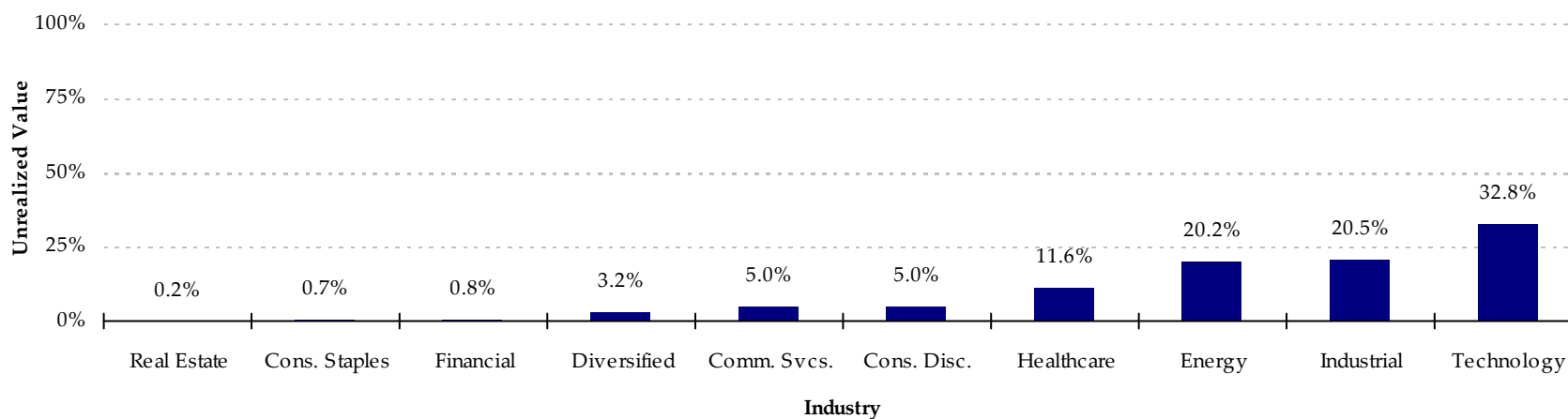
Holdings by Region and Industry (ex Fund Holdings)



Region



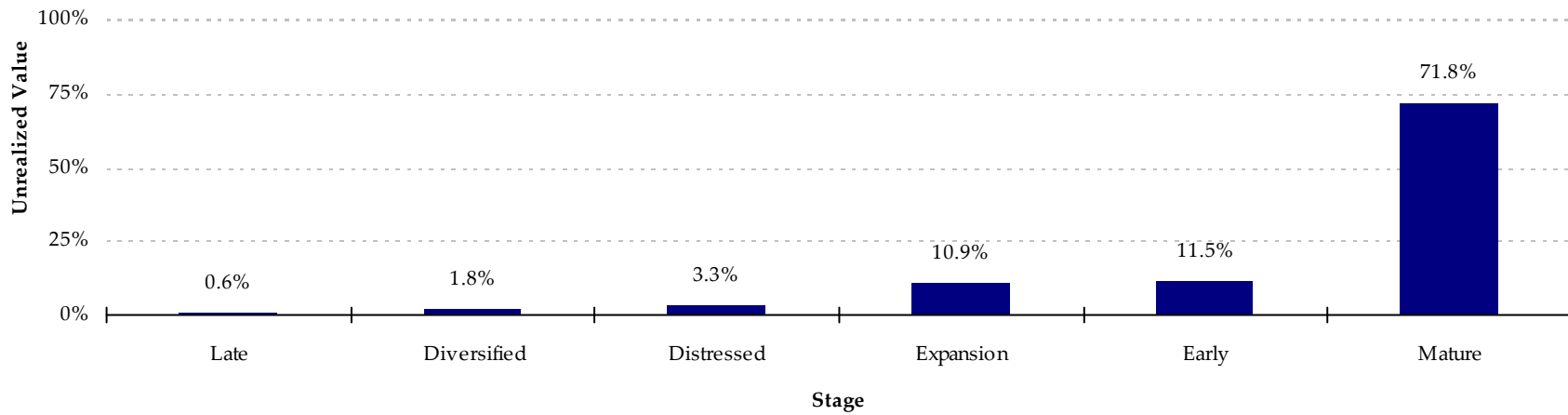
Industry



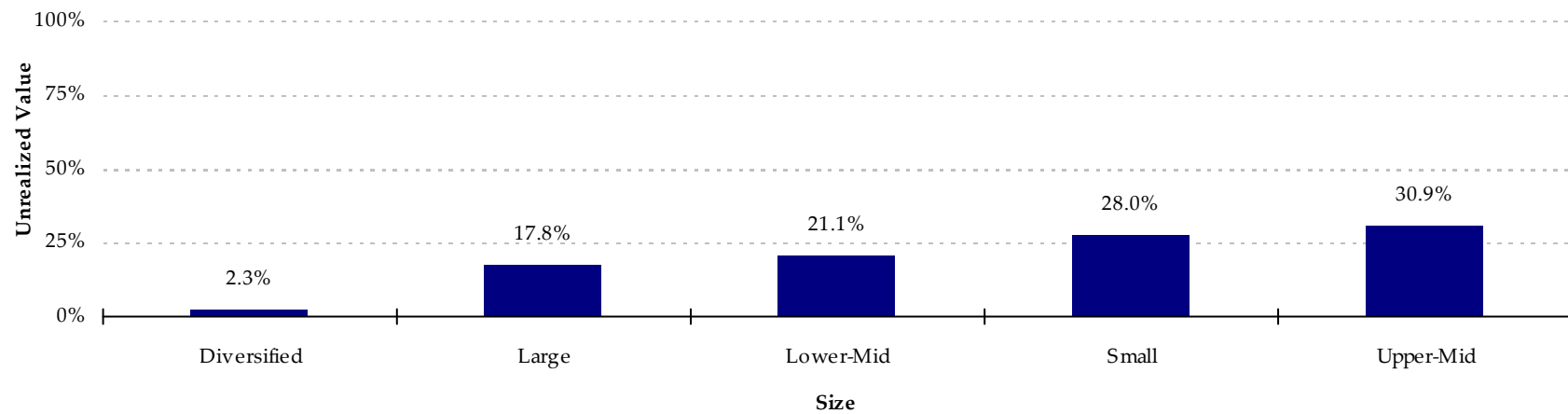
- Fund investments in other funds were excluded from this analysis.
- Unrealized Value represents the value of portfolio holdings as reported by fund managers.
- Values are estimated based on the investor's percent interest in each fund's portfolio holdings.
- Values are converted to the investor's currency, when applicable, as of the Report Date.

Holdings by Stage and Size (ex Fund Holdings)

Stage

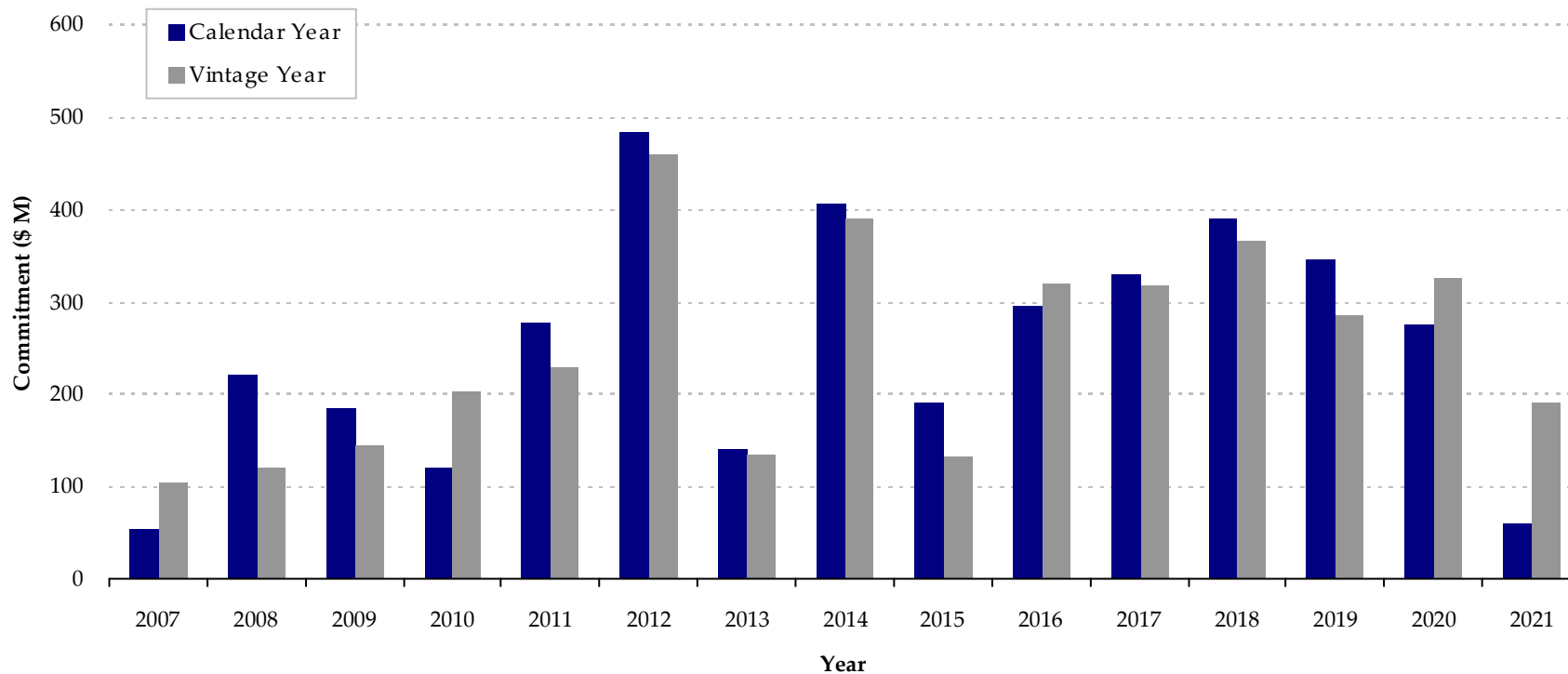


Size



- Fund investments in other funds were excluded from this analysis.
- Unrealized Value represents the value of portfolio holdings as reported by fund managers.
- Values are estimated based on the investor's percent interest in each fund's portfolio holdings.
- Values are converted to the investor's currency, when applicable, as of the Report Date.

Recent Activity



- Vintage Year represents the year in which investors first contribute capital to a fund.
- Calendar Year represents the year in which a commitment to a fund formally closed.
- Commitments made in a foreign currency have been converted into U.S. dollars using an exchange rate as of the Report Date, if applicable.
- Commitments were compiled through the Report Date.

Glossary

Term	Definition	Term	Definition
Barclays US Corporate High Yield Index	The Barclays US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded.	Dow Jones US Total Stock Market Total Return Index	The Dow Jones US Total Stock Market Total Return Index measures all U.S. equity securities with readily available prices. It is a free float-adjusted market capitalization weighted index and is calculated with dividend reinvestment.
Bridge Financing	Temporary funding that will eventually be replaced by permanent capital from equity investors or debt lenders	DPI	Ratio of Distributed Capital to Contributed Capital
Buyout	Fund whose strategy is to acquire controlling interests in companies	Early Stage	A company's first Stage of development. Company is generally generating modest or no revenues
Co/Direct Investment	Investment made directly into a company, rather than indirectly through a fund	Equity	Security type that signifies ownership of a company (e.g. common stock, preferred stock, warrants, etc.)
Committed Capital	Total dollar amount of capital pledged to a fund	Expansion Stage	A company's third Stage of development. Company is generally experiencing high growth and nearing profitability
Contributed Capital	Total capital contributed to a fund for investments, fees and expenses, including late closing interest paid, less returns of excess capital called	Exposure	Sum of Remaining Value plus Unfunded Commitment
Cost Basis	Remaining amount of invested capital	Fund-of-Funds	Fund whose strategy is to make investments in other funds
Debt	Security type that signifies a repayment obligation by a company (e.g. senior debt, subordinated debt, bridge loan etc.)	Geographic Region	Market location of a company: North America, Western Europe, Africa/Middle East, Latin America, Asia/Pacific Rim
Distressed	A company's final Stage of development. Company is generally experiencing operational or financial distress	Growth Equity	Fund whose strategy is to invest in companies to expand or restructure operations, enter new markets or finance an acquisition without a change of control of the business
Distressed Debt	<ul style="list-style-type: none"> • Distressed Trading – Fund whose strategy is to invest and trade debt of financially stressed companies • Distressed Restructuring – Fund whose strategy is to acquire and restructure debt of financially stressed companies • Opportunistic Credit – Fund whose strategy is to flexibly invest in debt securities and income-producing assets of any kind, where the issuer or holder is financially stressed • Structured Capital – Fund whose strategy is to issue hybrid debt and equity securities to mature companies 	Hard Assets	Fund whose strategy is to invest in natural resources or infrastructure
Distributed Capital	Capital distributed to the limited partners, including late closing interest earned	Infrastructure	Fund whose strategy is to acquire interests in physical structures and networks that provide the essential services for society's economic and social needs (e.g. roads, tunnels, communication networks, etc.)
		Internal Rate of Return (IRR)	The discount rate that results in a net present value of zero of a series of cash flows. The IRR considers both cash flow timing and amount and is the preferred performance measure for private market funds
		Invested Capital	Capital invested by a fund in portfolio holdings
		Investment Type	Classification of an investment vehicle: Primary Fund, Secondary Fund, Fund-of-Funds

Term	Definition	Term	Definition
J-Curve	Refers to the shape of the curve illustrating a fund's performance over time. During the initial years of a fund's life, as a result of illiquidity, stagnant valuations, fees and expenses, a fund's performance tends to be negative (the bottom of the "J"). Eventually, as portfolio companies are realized or increase in value and fees become a smaller percentage of overall contributions, performance improves and investors' returns move up the "J" shaped curve	Net IRR	Annualized effective compound rate of return using daily contributions, distributions and Remaining Value as of the Report Date, net of all fees and expenses, including late closing interest
Large	Company with a Size greater than \$1 billion	Percent Interest	Represents an investor's economic interest in a fund based upon the investor's commitment divided by total fund commitments
Late Stage	A company's second Stage of development. Company is generally generating high revenue growth and high losses	Primary Investment	An interest in a private equity fund acquired directly from the fund manager during the fundraising period
Lower-Mid	Company with a Size greater than \$100 million, but less than \$250 million	Public Market Equivalent (PME)	A private equity benchmark that represents the performance of a public market index expressed in terms of an IRR, using the same cash flows and timing as the investor's investment activity in private equity. The PME serves as a proxy for the return the investor could have achieved by investing in the public market. The PME benchmark return assumes cash flows are invested at the end of each day
Mature	A company's fourth Stage of development. Company is generally generating modest to no growth and operating profitably	Publication Date	Refers to the date this report was created as reflected in the Executive Summary
Mezzanine	<ul style="list-style-type: none"> • Sponsored Mezzanine – Fund whose strategy is to issue subordinated loans to companies owned by private equity fund sponsors • Non-Sponsored Mezzanine – Fund whose strategy is to issue subordinated loans to companies not owned by private equity fund sponsors 	Real Assets	Fund whose strategy is to invest in assets that are tangible or physical in nature such as land, machinery, and livestock
MSCI ACWI Index - Total Return	The MSCI ACWI Total Return is a reflection of the performance of the MSCI ACWI Index, including dividend reinvestment, as calculated by Bloomberg. The MSCI ACWI Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI ACWI consists of 45 country indices comprising 24 developed and 21 emerging market country indices.	Real Estate	Fund whose strategy is to acquire interests in real estate property
Natural Resources	Fund whose strategy is to acquire interests in naturally-occurring, economically valuable raw materials and all physical facilities and capabilities required for the extraction, refinement, and delivery to end users (e.g. oil and gas properties, timberland, etc.)	Realized Capital	Capital distributed to a fund from portfolio holdings
NCREIF Property Index	The NCREIF Property Index is a quarterly, unleveraged composite total return for private commercial real estate properties held for investment purposes only.	Recallable / Recyclable Capital	Capital that has been previously distributed by a fund to investors but may be called again for investment purposes. It is generally associated with realizations that have occurred in the early years of a fund or refers to uninvested capital that has been temporarily returned (i.e. returns of excess capital)
		Recapitalization	The reorganization of a company's capital structure
		Remaining Value	Capital account balance as reported by the General Partner, generally on a fair value basis
		Report Date	Refers to the end date of the reporting period as reflected on the cover page
		Return on Investment (ROI)	Ratio of Realized Capital plus Unrealized Value to Invested Capital

Term	Definition	Term	Definition
Russell 1000® Total Return Index	The Russell 1000® Total Return Index measures the performance, including dividend reinvestment, of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000® Index and includes approximately 1000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000 represents approximately 92% of the U.S. market.	Size	Capitalization size of a company: Large, Upper-Mid, Lower-Mid, Small
Russell 3000® Total Return Index	The Russell 3000® Total Return Index measures the performance, including dividend reinvestment, of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market.	Small	Company with a Size of less than \$100 million
S&P 500 Price Index	The S&P 500 Price Index is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.	Small Business Investment Company (SBIC)	Lending and investment firms that are licensed and regulated by the Small Business Administration (SBA). The licensing enables them to borrow from the federal government to supplement the private funds of their investors
S&P 500 Total Return Index	The S&P 500 Total Return Index is a reflection of the performance of the S&P 500 Index, including dividend reinvestment. All regular cash dividends are assumed to be reinvested in the S&P 500 Index on the ex-date. Special cash dividends trigger a price adjustment in the price return index.	Small Buyout	Fund whose strategy is to acquire or recapitalize Small businesses
Secondary Investment	Investments that involve the purchase of private equity fund interests or portfolios of direct investments in privately held companies from existing institutional investors	Special Assets	<ul style="list-style-type: none"> • Healthcare Royalties – Fund whose strategy is to acquire royalty or revenue interests, or issue loans, backed by approved life science products • Music Royalties – Fund whose strategy is to acquire royalty or revenue interests, or issue loans, backed by music copyright assets • Aircraft Leasing – Fund whose strategy is to acquire and lease commercial aircraft • Life Settlement - Fund whose strategy is to acquire life insurance policies • Shipping – Fund whose strategy is to acquire and charter commercial shipping vessels • Asset Backed Securities – Fund whose strategy is to acquire or structure securities that are backed by income-producing assets
Sector	Industry in which the company operates: technology, telecommunications, healthcare, financial services, diversified, industrial, consumer, energy, etc.	Stage	The course of development through which a company passes from its inception to its termination: Early, Late, Expansion, Mature, Distressed
Senior Debt	<ul style="list-style-type: none"> • Direct Lending – Fund whose strategy is to issue senior loans to mature companies • Unitranche – Fund whose strategy is to issue hybrid senior and subordinated loans to mature companies • Venture Debt – Fund whose strategy is to issue loans to venture stage companies • Asset Based Lending – Fund whose strategy is to issue loans to companies where the amount of allowable borrowing outstanding is based on asset collateral value • Rescue Financing – Fund whose strategy is to issue loans to financially stressed companies 	Sub-Asset Class	Private equity investments are generally classified as Buyout, Venture Capital, Mezzanine, Distressed/Turnaround, and Fund-of-Funds
		TVPI	Ratio of Distributed Capital plus Remaining Value to Contributed Capital
		Unfunded Commitment	Amount of capital that remains to be contributed to a fund as defined in a fund's limited partnership agreement
		Unrealized Value	Holding value of a portfolio company assigned by the General Partner, which generally represents fair value
		Upper-Mid	Company with a Size greater than \$250 million but less than \$1 billion
		Venture Capital	Fund whose strategy is to make investments in Early Stage and/or Late Stage companies

Term	Definition
Vintage Year	The calendar year in which an investor first contributes capital to a fund

End Notes

The information contained in this report is confidential and may contain proprietary information and trade secret information. The information contained herein is prepared by Franklin Park and is not reviewed or approved by the general partners or affiliates of underlying portfolio fund investments and is strictly for the use of Arkansas Teacher Retirement System and, subject to applicable law, may not be reproduced, transmitted or used in whole or in part for any other purpose without the expressed written consent of Franklin Park. Franklin Park requests that investors maintain this information in confidence and that this report is not disclosed to any person other than affiliates, advisers, and accountants, who agree to maintain this information in similar confidence, without the prior written consent of Franklin Park.

Information regarding the Arkansas Teacher Retirement System portfolio, trends and performance returns are based on or derived from information and data provided by third-party sources, including Arkansas Teacher Retirement System's historical records. Franklin Park assumes that such information is accurate and that the sources from which it has been obtained are reliable. For example, the performance figures contained within this report are calculated by Franklin Park based on information provided by the managers of Arkansas Teacher Retirement System's private equity fund investments (General Partners). The General Partners have not verified the performance figures presented by Franklin Park and such figures may differ from those calculated by General Partners or other investors.

Franklin Park presents Net IRR performance as recommended by the CFA Institute. The IRR calculation is a dollar-weighted return measurement, which considers both cash flow timing and amount, and is net of fees, expenses and carried interest. The total portfolio Net IRR presented herein is net of fees, expenses and carried interest paid by underlying private equity fund investments, but is gross of fees and expenses paid to Franklin Park. The IRR is most commonly used for measuring the performance of private equity funds. Until a fund is liquidated, typically over 10 to 12 years, the IRR is only an interim estimated return. An IRR is particularly not meaningful in the first two years of a fund's life given the J-curve effect (see footnote). The actual IRR of any private equity fund investment is not known until final liquidation.

▫ The J-curve refers to the shape of the curve that illustrates a private equity fund's performance over time. During the initial years of a fund's life, due to fees and expenses, a fund's performance tends to be negative (the bottom of the "J"). Eventually, as portfolio company investments increase in value, fund performance improves and returns move up the "J" shaped curve.



Executive Summary
SK Capital Partners VI, L.P.

Executive Summary

Fund	SK Capital Partners VI, L.P. (the "Fund")
General Partner	SK Capital Partners (the "General Partner" or "SK Capital")
Report Date	January 2022
Fundraising	The General Partner is targeting limited partner capital commitments of \$2.75 billion. The General Partner closed on \$480 million in December 2021 and expects to have further closings in 1Q22.
Source	Franklin Park sourced the offering directly from the General Partner. The General Partner has retained UBS to assist with fundraising.
Investment Strategy	<p>The Fund is being formed to make control equity investments in companies operating in the specialty chemicals and materials sectors. The Fund will target upper middle market and large companies that are fundamentally sound but have unrealized or unrecognized potential. The Fund may invest through transaction types including corporate carve-outs, founder/family recaps, and control buyouts.</p> <p>The General Partner pursues companies with technologically sophisticated products or services as well as the potential to expand margins through improved operational efficiencies. The General Partner has been successful in acquiring or creating companies at attractive entry prices and leverages the team's in-house industry and operational expertise in creating value post-investment.</p>
Management Team	<p>The General Partner was founded in 2007 by Barry Siadat and Jamshid Keynejad. The General Partner currently manages over \$4 billion in committed through upper middle market and lower middle market, specialty chemicals focused funds.</p> <p>The General Partner's investment team currently consists of approximately 20 professionals based in offices in New York and Boca Raton, FL. The investment team is led by six senior professionals (the "Principals"). The Principals are supported by five mid-level investment professionals and eight junior professionals, a Director of Business Development, three operating partners/functional experts and a group of five Senior Directors.</p>

The Principals backgrounds are summarized in the table below.

Principals	Title	Yrs. GP	Yrs. PE	Background
Barry Siadat	Co-Founder	14	20	Arsenal; Allied Sig/Honeywell; WR Grace
Jamshid Keynejad	Co-Founder	7	17	Signet Diagnostic Imaging
Jack Norris	MD	12	22	Arsenal; Berkshire
Aaron Davenport	MD	11	20	Arsenal; Braun Consulting
Stephen d'Incelli	MD	6	14	Sun Capital; Lehman
Barry Penney	MD	6	6	Ascend (Pre-Fund)

Track Record

The General Partner has raised three institutional funds since 2011 with \$500 million, \$1.05 billion, and \$2.01 billion in capital commitments, respectively. Prior to raising Fund III, the General Partner completed two investments on a deal-by-deal basis ("Pre-Funds I & II"). The following chart summarizes the performance of the three most recent funds, as of June 30, 2021 (\$000):

Aggregate Performance Summary ¹					(USD 000)	
Fund (Vintage)	Rlzd Deals / # Deals	Invested	Realized	Unrealized	Gross ROI	Gross IRR
Fund III (2011)	6 / 8	450,323	1,066,911	615,441	3.7x	32.5%
Fund IV (2016)	1 / 7	823,426	96,752	2,032,048	2.6x	27.0%
Fund V (2018)	0 / 6	1,214,026	183,125	1,651,289	1.5x	41.6%
Total	7 / 21	2,487,775	1,346,788	4,298,778	2.3x	31.4%

¹ Gross of fees and carried interest expenses. The unrealized investments were valued by the General Partner.

Investment Evaluation

- The Fund's strategy is compelling.** The General Partner targets fundamentally sound specialty chemicals companies with unrealized growth potential. In particular, the General Partner pursues companies with technologically sophisticated products or services that are difficult to replicate where there is potential to expand margins through improved operational efficiencies. The General Partner has historically been successful in acquiring or creating companies at relatively modest purchase prices. Post-investment, the General Partner seeks to improve company operations and drive value appreciation by strengthening management teams and implementing strategic initiatives to improve margins. The General Partner may also identify strategic customer and/or supplier relationships and execute strategic add-on acquisitions.
- The General Partner's sourcing approach should lead to attractively priced investment opportunities.** The General Partner has been successful in (i) identifying opportunities before an auction process has begun or (ii) creating opportunities by proactively approaching company owners. The Principals' deep networks in the industry and the General Partner's successful track record positions the firm well with corporations looking to divest business units as well as management teams pursuing capital and expertise to grow their companies.
- The General Partner has generated attractive returns in its prior funds.**
 - Fund IV has generated an attractive net ROI of 2.0x to date.
 - Fund III has produced an attractive net ROI of 3.0x to date. The six realized deals have generated a collective ROI of 5.0x and a gross IRR of 41%.
 - The net ROIs for Funds III & IV rank in the 1st or 2nd quartile when compared to similar funds raised in the same year.
 - Only three investments (two unique companies) in the prior three funds (14% of invested capital) have been realized for a loss or written down in value.
 - The General Partner generated attractive returns in its Pre-Fund investments. Both deals have generated ROI's over 60x to date.

Fund V is a relatively young portfolio and has not yet generated meaningful performance. Through June 2021, Fund V was 61% contributed and had invested in six portfolio companies. Two additional investments were completed in 4Q21. Fund V expects to complete one additional platform before the Fund is activated. While the Fund V net ROI ranks in the 3rd quartile for 2018 vintage U.S. buyout funds, performance is partly due to the J-curve, as the median age of the portfolio is under 12 months. Although the investments are all recent, all companies meet the General Partner's investment criteria and most are meeting performance expectations.

4. **The General Partner's investment team consists of experienced professionals with diverse and complementary backgrounds.** The Principals have diverse backgrounds in private equity, operations, investment banking and consulting. Jack Norris and Aaron Davenport have an average of 21 years of private equity experience and significant investment experience in the Fund's target sectors. Barry Siadat and Jamshid Keynejad each have over 20 years of experience as operators and executives in the specialty chemicals industries in addition to their experience in private equity.

The co-founders have had long and successful careers and will be allocated a significant portion of the Fund's economics. However, the co-founders are expected to continue to be significantly involved in the Fund's investments. They may lead or co-lead investments, and one of the two co-founders or a Senior Director will be on the board of every portfolio company. The co-founders have taken steps to professionalize the firm, including establishing an "Executive Committee," consisting of the co-founders, Jack Norris, Aaron Davenport, and Mario Toukan. Further, the co-founders' portion of the Fund's economics has declined from prior funds and carry is allocated broadly amongst the investment professionals and Senior Directors.

5. **The General Partner is well-positioned versus competing investors in its target sectors.** The founders have significant senior level operating experience and networks in the Fund's target sectors, and the General Partner has assembled an extensive network of corporate executives, entrepreneurs, operating partners, and other industry participants that it leverages for deal flow and assistance with diligence and post-investment value add. Further, the General Partner is one of the only private equity firms focused exclusively on the specialty chemicals and specialty pharmaceuticals sectors, and the General Partner has developed a strong reputation in the target sectors through its successful track record to date. The General Partner's network and brand often leads to proprietary or advantaged investment opportunities that may benefit the Fund.
6. **The Fund's size will be significantly larger than the prior fund.** At a potential cap of \$3.5 billion, the Fund will be 74% larger than Fund V and over three times the size of Fund IV. The General Partner's ability to successfully invest a larger fund is still unproven. This concern may be mitigated by the General Partner's experience and track record investing in larger companies. The General Partner has historically employed an opportunistic and size-agnostic approach, and expects the Fund to invest in companies that are similarly sized as prior funds. With a larger fund, the General Partner may: (i) utilize less co-investment capital, (ii) complete more follow-on investments in the Fund's companies and/or (iii) invest in one or two "mega" buyout deals in the Fund. The General Partner views a larger fund as providing more flexibility to complete larger deals where the General Partner may be advantaged versus other buyers.

Recommendation Franklin Park recommends a commitment of up to \$30 million to the Fund, subject to satisfactory negotiation of final documentation, based on the following:

- The Principals are seasoned private equity investors and have diverse and complementary backgrounds;
- The General Partner's strategy and positioning within the Fund's target sector can lead to above average returns for the Fund; and
- The General Partner has generated attractive returns in its funds.

ARKANSAS TEACHER RETIREMENT SYSTEM
1400 West Third Street
Little Rock, Arkansas 72201

RESOLUTION
No. 2022-12

Approving Investment in SK Capital Partners VI, L.P.
with Imminent Need

WHEREAS, the Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS) is authorized to invest and manage trust assets for the benefits of its plan participants; and

WHEREAS, the ATRS Board has reviewed the recommendation of its private equity consultant, Franklin Park Associates, LLC, along with the recommendation of the Investment Committee and ATRS staff regarding a potential investment in **SK Capital Partners VI, L.P.**, a fund that will invest in middle market specialty chemicals and specialty materials companies; and

WHEREAS, the ATRS Board approves an investment of up to **\$30 million dollars (\$30,000,000.00)** in **SK Capital Partners VI, L.P.**, and the Board, after its review of the timing in which the closing of the investment in **SK Capital Partners VI, L.P.** may need to occur, has determined that there is an imminent need to immediately enter into the partial equity ownership agreement prior to the next scheduled meeting of the Arkansas Legislative Council. The Board also deems it financially appropriate to enter into the partial equity ownership agreement and concludes that to forego the opportunity to promptly implement its investment directives under the prudent investor rule would be inconsistent with its fiduciary duty of care to the members and annuitants;

NOW, THEREFORE, BE IT RESOLVED, that the ATRS Board approves an investment of up to **\$30 million dollars (\$30,000,000.00)** in **SK Capital Partners VI, L.P.** and agrees to immediately move to close and subscribe the approved ATRS limited partnership interest in **SK Capital Partners VI, L.P.** The total investment amount is to be determined by the private equity consultant and ATRS staff based upon the allocation available to ATRS and the overall investment objectives set by the Board; and

FURTHER, BE IT RESOLVED, that the ATRS staff is hereby authorized to take all necessary and proper steps to implement this investment using the Imminent Need process, if acceptable terms are reached.

Adopted this 7th day of February 2022

Mr. Danny Knight, *Chair*
Arkansas Teacher Retirement System



Executive Summary
Thoma Bravo Fund XV, L.P.

Executive Summary

Fund	Thoma Bravo Fund XV, L.P. (the “Fund”)
General Partner	Thoma Bravo (the “General Partner”)
Report Date	January 2022
Fundraising	The General Partner is targeting capital commitments of \$22 billion. The General Partner held a first closing in 4Q21 with \$9.1 billion in commitments and is targeting a final close in mid-2022.
Source	The Fund was sourced directly from the General Partner.
Investment Strategy	<p>The Fund is being formed to acquire large software companies primarily in the U.S. The General Partner will typically pursue market leading software businesses with strong revenue growth, but below average cash flow margins. Within the software sector, the General Partner will seek companies in the application, infrastructure and security verticals. Post-investment, the General Partner will seek to effect improvements in operating costs, reorganizing management structure and investing in sales and marketing efforts to improve margins. Once operational enhancements are implemented, the General Partner will work with portfolio companies to expand through organic growth initiatives and through add-on acquisitions.</p> <p>The General Partner generally targets companies with annual revenue of \$400 million or more and pro forma EBITDA of at least \$50 million. The General Partner seeks companies exhibiting the following characteristics:</p> <ul style="list-style-type: none"> • Operating in large, fragmented markets where there is an opportunity for consolidation; • Substantial recurring and predictable revenue; • Established and diverse customer bases; • Capable management teams that are open to change; • Above average industry revenue growth with below average industry EBITDA margins; and • Transformational opportunities through cost reductions, operational enhancements, sales and marketing enhancements and/or add-on acquisitions.
Management Team	Based in San Francisco, Miami and Chicago, Thoma Bravo was formed in 2007 and is led by six Managing Partners, Carl Thoma, Orlando Bravo, Lee Mitchell, Scott Crabill, Seth Boro and Holden Spaht (the “Managing Partners”). The Managing Partners are supported by 26 investment professionals, a team dedicated to capital markets and a group of Operating Partners. Biographies for the Managing Partners are summarized in the table below.

Name	Title	Years at GP	Years PE	Relevant Experience
Carl Thoma	Managing Partner	23	45	GTCR, First Chicago
Lee Mitchell	Managing Partner	23	35	GTCR
Orlando Bravo	Managing Partner	23	23	GTCR, Morgan Stanley
Scott Crabill	Managing Partner	19	23	Summit, HP
Holden Spaht	Managing Partner	16	19	Morgan Stanley Capital
Seth Boro	Managing Partner	16	20	Summit

Track Record

Thoma Bravo has raised six prior funds, Thoma Bravo IX-XIV (the “Flagship Funds”), and two co-invest funds. In 2016, Thoma Bravo formed funds to focus on mid-sized (“Discover Funds”) and small cap (“Explore Funds”) software transactions. Summary performance information is provided below for the last four Flagship Funds, as of September 30, 2021 (\$000s).

Aggregate Performance Summary ¹				(USD 000)		
Fund (Vintage)	Realized Deals / # Deals	Invested	Realized	Unrealized	Gross ROI	Gross IRR
Fund XI (2014)	11 / 14	3,920,146	9,275,644	8,663,625	4.6x	38.9%
Fund XII (2016)	5 / 16	7,791,118	2,798,372	14,361,257	2.2x	24.3%
Fund XIII (2018)	1 / 11	13,060,000	6,695,700	18,304,667	1.9x	59.5%
Fund XIV (2021)	0 / 6	10,490,000	144,007	10,686,600	1.0x	12.9%
Total	17 / 48	35,375,264	18,930,881	52,468,527	2.0x	36.2%

¹ Gross of fees. Unrealized investments were valued by the General Partner.

Investment Evaluation

- Thoma Bravo is a leading private equity investor in the software sector.** As a result of the team’s experience and track record, the General Partner may be advantaged in closing investment opportunities and post-investment value creation strategies

Further, the senior team is experienced and cohesive. The Managing Partners have worked together at Thoma Bravo and predecessor firms for the last 16 years and average over 20 years of private equity investment experience. In addition to the experienced investment team, the General Partner will leverage 25 Operating Partners/Advisors, who work with portfolio companies post investment to oversee value creation strategies.

- Thoma Bravo’s track record is attractive.** Over the last four Flagship Funds, Thoma Bravo has invested over \$35 billion and generated an aggregate gross IRR of 36%, including 17 investments that have been realized or substantially realized for a 53.4% gross IRR and 5.4x ROI. While Thoma Bravo’s track record with large software companies is less deep, performance is solid. The General Partner’s track record in larger sized transactions consists of 17 investments above \$700 million in invested capital as of September 30, 2021. 14 of the 17 companies improved cash flow margins since the General Partner’s investment with a median improvement of 12% across the composite.
- The Fund will target a highly competitive market segment.** Private equity competition in the technology sector has risen sharply in the last ten years, driving entry pricing higher, which may diminish prospective returns. However, Thoma Bravo targets acquisitions of high growth software businesses that have been under-managed and where profitability can be increased. Once operating improvements have been completed, Thoma Bravo seeks to execute add-on acquisition strategies to rapidly grow portfolio companies to increase scale and attractiveness to strategic buyers or the public markets.
- Fund XIV has deployed commitments rapidly since forming.** Fund XIV was activated in January 2021 with \$17.9 billion in capital commitments. Through September 30, 2021, Fund XIV had closed six platforms totaling \$10.5 billion in invested capital. Since September 2021, Fund XIV has acquired an additional platform totaling \$2.3 billion. The General Partner attributes the pace of Fund XIV to (1) continued expansion of the software market, (2) ability to find compelling high growth software companies with below average cash flow margins, and (3) ability to execute/close transactions.

Further, the size of the Flagship Funds have increased significantly. As a result, the General Partner has formed funds to pursue small and mid-cap transactions in the software sector. The growth in assets under management and addition of new products may serve to misalign interests between the General Partner and investors in the Fund.

Recommendation Franklin Park recommends a commitment of up to \$15 million to the Fund, subject to satisfactory negotiation of final documentation, based on the following:

- Thoma Bravo is among the most established and successful private equity firms in the technology sector;
- The General Partner's team is experienced and cohesive; and
- Thoma Bravo's track record is attractive.

**ARKANSAS TEACHER RETIREMENT SYSTEM
1400 West Third Street
Little Rock, Arkansas 72201**

**RESOLUTION
No. 2022-13**

**Approving Investment in Thoma Bravo Fund XV, L.P.
with Imminent Need**

WHEREAS, the Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS) is authorized to invest and manage trust assets for the benefits of its plan participants; and

WHEREAS, the ATRS Board has reviewed the recommendation of its private equity consultant, Franklin Park Associates, LLC, along with the recommendation of the Investment Committee and ATRS staff regarding a potential investment in **Thoma Bravo Fund XV, L.P.**, a private equity buyout fund that invests in larger market software and technology-enabled service companies; and

WHEREAS, the ATRS Board approves an investment of up to **\$15 million dollars (\$15,000,000.00)** in **Thoma Bravo Fund XV, L.P.**, and the Board, after its review of the timing in which the closing of the investment in **Thoma Bravo Fund XV, L.P.** may need to occur, has determined that there is an imminent need to immediately enter into the partial equity ownership agreement prior to the next scheduled meeting of the Arkansas Legislative Council. The Board also deems it financially appropriate to enter into the partial equity ownership agreement and concludes that to forego the opportunity to promptly implement its investment directives under the prudent investor rule would be inconsistent with its fiduciary duty of care to the members and annuitants;

NOW, THEREFORE, BE IT RESOLVED, that the ATRS Board approves an investment of up to **\$15 million dollars (\$15,000,000.00)** in **Thoma Bravo Fund XV, L.P.** and agrees to immediately move to close and subscribe the approved ATRS limited partnership interest in **Thoma Bravo Fund XV, L.P.** The total investment amount is to be determined by the private equity consultant and ATRS staff based upon the allocation available to ATRS and the overall investment objectives set by the Board; and

FURTHER, BE IT RESOLVED, that the ATRS staff is hereby authorized to take all necessary and proper steps to implement this investment using the Imminent Need process, if acceptable terms are reached.

Adopted this 7th day of February 2022

Mr. Danny Knight, *Chair*
Arkansas Teacher Retirement System



Executive Summary
Thoma Bravo Discover IV, L.P.

Executive Summary

Fund	Thoma Bravo Discover IV, L.P. (the “Fund”)
General Partner	Thoma Bravo (the “General Partner”)
Report Date	January 2022
Fundraising	The General Partner is targeting capital commitments of \$5.0 billion. The General Partner is targeting a first close in January 2022 and a final closing in mid-2022.
Source	The Fund was sourced directly from the General Partner.
Investment Strategy	The Fund is being formed to acquire middle market software and technology-enabled services companies in the U.S. The General Partner will typically pursue a buy and build strategy focused on large, fragmented sectors where the General Partner can execute a consolidation strategy. Within the software sector, the General Partner will seek acquisitions in the application, infrastructure and security verticals.

The General Partner generally targets companies with annual revenue of \$100 million to \$300 million and EBITDA of up to \$75 million. The General Partner seeks companies exhibiting the following characteristics:

- Substantial recurring and predictable revenue growing at 20% or greater;
- Established and diverse customer bases;
- Capable management teams that are open to change;
- Above average industry growth potential with below industry average EBITDA margins;
- Operating in large, fragmented markets where there is an opportunity for consolidation; and
- Transformational opportunities through cost reductions, operational enhancements, sales and marketing enhancements and/or add-on acquisitions.

Post-investment, the General Partner seeks to add value by effecting immediate improvements in operating costs, reorganizing management structure and investing in sales and marketing efforts. Once operational enhancements are implemented, the General Partner will work with portfolio companies to expand through organic growth initiatives and through add-on acquisitions.

Management Team	Based in San Francisco, Miami and Chicago, Thoma Bravo was formed in 2007 and is led by six Managing Partners, Carl Thoma, Orlando Bravo, Lee Mitchell, Scott Crabill, Seth Boro and Holden Spaht (the “Managing Partners”). The team dedicated to the Fund will be led by two partners, AJ Rohde and Hudson Smith (the “Principals”) supported by one principal, four VPs and six associates. Biographies for the Managing Partners and the Principals are summarized below.
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Name	Title	Years at GP	Years PE	Relevant Experience
Carl Thoma	Managing Partner	23	45	GTCR, First Chicago
Lee Mitchell	Managing Partner	23	35	GTCR
Orlando Bravo	Managing Partner	23	23	GTCR, Morgan Stanley
Scott Crabill	Managing Partner	19	23	Summit, HP
Holden Spaht	Managing Partner	16	19	Morgan Stanley Capital
Seth Boro	Managing Partner	16	20	Summit
A.J. Rohde	Partner	11	13	Saban Capital
Hudson Smith	Partner	5	12	HGCC

Track Record

Thoma Bravo has raised six prior funds, Thoma Bravo IX-XIV (the “Flagship Funds”). In 2016, Thoma Bravo initiated funds (“Discover Funds”) to focus on mid-sized software transactions. Summary performance information is provided below for the Discover Funds, as of September 30, 2021 (\$000s).

Aggregate Performance Summary¹

Fund (Vintage)	Rlzd Deals / # Deals	Invested	Realized	Unrealized	Gross ROI	Gross IRR
Discover I (2015)	6 / 11	1,156,000	1,411,514	3,040,416	3.9x	48.2%
Discover II (2018)	2 / 12	2,443,777	619,763	5,090,797	2.3x	59.4%
Discover III (2020)	0 / 6	1,749,817	16,176	1,820,072	1.0x	15.1%
Total	8 / 29	5,349,595	2,047,454	9,951,285	2.2x	51.0%

¹ Gross of fees. Unrealized investments were valued by the General Partner.

Investment Evaluation

1. **Thoma Bravo is a leading private equity investor in the software sector.** As a result of the team’s experience and track record, the General Partner may be advantaged in closing investment opportunities and post-investment value creation strategies

Further, the senior team is experienced and cohesive. The Managing Partners have worked together at Thoma Bravo and predecessor firms for the last 16 years and average over 20 years of private equity investment experience. The Principals dedicated to the Discover funds average 12.5 years of investment experience, and are expected to leverage the senior team. In addition to the experienced investment team, the General Partner will be supported by 25 Operating Partners/Advisors, who work with portfolio companies post-investment to oversee value creation strategies.

2. **The Fund’s strategy is compelling.** The Fund will target acquisitions of middle market software businesses generating attractive revenue growth and where profitability can be significantly increased. Post-investment, the General Partner uses operating resources to assist portfolio companies in accelerating revenue, making operational improvements and executing add-ons in order to increase scale and attractiveness to strategic buyers.
3. **The mature Discover funds have generated attractive performance.** Formed in 2015, Fund I has generated a net IRR of 39% as of September 30, 2021. Six investments have been realized for an aggregate gross return of 44% and 2.6x. Fund II has invested \$2.4 billion in 12 transactions, generating a net IRR of 51%. However, the Fund III portfolio is young and has been invested relatively quickly. Since activating in September 2020, Fund III has made six investments and has not yet generated meaningful performance.
4. **The Fund is expected to be significantly larger than the prior fund.** At an expected cap of \$6 billion, the Fund will likely be 50% larger than Fund III and more than twice the size of Fund II. While the size (revenue at entry) of companies targeted by the Discover Funds has not increased materially as fund sizes have grown, entry valuations have risen significantly as pricing for software businesses has escalated. The General Partner attributes the pricing trend to (1) pricing escalation across the software market, and (2) evolution to higher growth profile companies.
5. **Thoma Bravo’s growth in assets under management and investment pace raises concerns.** Since 2008, the firm has raised substantially larger sized funds and deployed significant amounts of capital in software transactions. This is partly due to the Flagship Funds’ focus on large transactions, which require greater equity investments.

Recommendation Franklin Park recommends a commitment of up to \$15 million to the Fund, subject to satisfactory negotiation of final documentation, based on the following:

- The General Partner's strategy is compelling;
- Thoma Bravo is among the most established and successful private equity firms in the technology sector; and
- The General Partner has a solid track record.

ARKANSAS TEACHER RETIREMENT SYSTEM
1400 West Third Street
Little Rock, Arkansas 72201

RESOLUTION
No. 2022-14

**Approving Investment in Thoma Bravo Discover Fund IV, L.P.
with Imminent Need**

WHEREAS, the Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS) is authorized to invest and manage trust assets for the benefits of its plan participants; and

WHEREAS, the ATRS Board has reviewed the recommendation of its private equity consultant, Franklin Park Associates, LLC, along with the recommendation of the Investment Committee and ATRS staff regarding a potential investment in **Thoma Bravo Discover Fund IV, L.P.**, a private equity buyout fund focused on U.S. investments with a specialization in middle market software and technology-enabled service companies; and

WHEREAS, the ATRS Board approves an investment of up to **\$15 million dollars (\$15,000,000.00)** in **Thoma Bravo Discover Fund IV, L.P.**, and the Board, after its review of the timing in which the closing of the investment in **Thoma Bravo Discover Fund IV, L.P.** may need to occur, has determined that there is an imminent need to immediately enter into the partial equity ownership agreement prior to the next scheduled meeting of the Arkansas Legislative Council. The Board also deems it financially appropriate to enter into the partial equity ownership agreement and concludes that to forego the opportunity to promptly implement its investment directives under the prudent investor rule would be inconsistent with its fiduciary duty of care to the members and annuitants;

NOW, THEREFORE, BE IT RESOLVED, that the ATRS Board approves an investment of up to **\$15 million dollars (\$15,000,000.00)** in **Thoma Bravo Discover Fund IV, L.P.** and agrees to immediately move to close and subscribe the approved ATRS limited partnership interest in **Thoma Bravo Discover Fund IV, L.P.** The total investment amount is to be determined by the private equity consultant and ATRS staff based upon the allocation available to ATRS and the overall investment objectives set by the Board; and

FURTHER, BE IT RESOLVED, that the ATRS staff is hereby authorized to take all necessary and proper steps to implement this investment using the Imminent Need process, if acceptable terms are reached.

Adopted this 7th day of February 2022

Mr. Danny Knight, *Chair*
Arkansas Teacher Retirement System



Executive Summary
Thoma Bravo Explore II, L.P.

Executive Summary

Fund	Thoma Bravo Explore II, L.P. (the “Fund”)
General Partner	Thoma Bravo (the “General Partner”)
Report Date	January 2022
Fundraising	The General Partner is targeting capital commitments of \$1.5 billion with a first close expected in January 2022 and a final close in mid-2022.
Source	The Fund was sourced directly from the General Partner.
Investment Strategy	The Fund is being formed to acquire small and lower middle market software and technology-enabled services companies in the U.S. The General Partner will typically pursue a buy and build strategy focused on large, fragmented sectors where the General Partner can execute a consolidation strategy. Within the software sector, the General Partner will seek acquisitions in the application, infrastructure and security verticals.

The General Partner generally targets companies with annual revenue of up to \$100 million and EBITDA of breakeven up to \$25 million. The General Partner seeks companies exhibiting the following characteristics:

- Substantial recurring and predictable revenue growing at 20% or greater;
- Established and diverse customer bases;
- Capable management teams that are open to change;
- Above average industry growth potential with below industry average EBITDA margins;
- Operating in large, fragmented markets where there is an opportunity for consolidation; and
- Transformational opportunities through cost reductions, operational enhancements, sales and marketing enhancements and/or add-on acquisitions.

Post-investment, the General Partner seeks to add value by effecting immediate improvements in operating costs, reorganizing management structure and investing in sales and marketing efforts. Once operational enhancements are implemented, the General Partner will work with portfolio companies to expand through organic growth initiatives and through add-on acquisitions.

Management Team	Based in San Francisco, Miami and Chicago, Thoma Bravo was formed in 2007 and is led by six Managing Partners, Carl Thoma, Orlando Bravo, Lee Mitchell, Scott Crabill, Seth Boro and Holden Spaht. The team dedicated to the Fund will be led by Carl Press and Adam Solomon (the “Principals”). Biographies for the Managing Partners and the Principals are summarized in table below.
------------------------	--

Name	Title	Years at GP	Years PE	Relevant Experience
Carl Thoma	Managing Partner	23	45	GTCR, First Chicago
Lee Mitchell	Managing Partner	23	35	GTCR
Orlando Bravo	Managing Partner	23	23	GTCR, Morgan Stanley
Scott Crabill	Managing Partner	19	23	Summit, HP
Holden Spaht	Managing Partner	16	19	Morgan Stanley Capital
Seth Boro	Managing Partner	16	20	Summit
Carl Press	Principal (Explore)	6	10	HighBar Partners
Adam Solomon	Principal (Explore)	<1	9	Francisco Partners

2 of 4

Track Record

Thoma Bravo has raised five prior software-focused funds, Thoma Bravo IX-XIII (the “Flagship Funds”), and two co-invest funds (“SOF I” and “SOF II”). In 2016, Thoma Bravo initiated funds (the “Discover Funds”) to focus on mid-size software transactions and, in 2019, formed Explore I to focus on small software transactions. Summary performance information is provided below for Explore I, as of September 30, 2021.

Aggregate Performance Summary ¹				(USD 000)		
Fund (Vintage)	Rlzd Deals / # Deals	Invested	Realized	Unrealized	Gross ROI	Gross IRR
Explore I (2020)	1 / 4	453,000	65,577	597,800	1.5x	78.5%

¹ Gross of fees. Unrealized investments were valued by the General Partner.

Investment Evaluation

- Thoma Bravo is a leading private equity investor in the software sector.** As a result of the team’s experience and track record, the General Partner may be advantaged in closing investment opportunities and post-investment value creation strategies

However, the Principals have moderate private equity investment experience.

Mr. Press joined Thoma Bravo in 2015 and has a total of ten years of private equity investment experience. Mr. Solomon joined in 2021 from Francisco Partners, where he spent nine years. Several factors serve to mitigate the team concerns:

- The General Partner will leverage Thoma Bravo’s brand in the software sector. Thoma Bravo has developed a strong reputation as an investor in the software sector, which should provide the Fund advantages in sourcing investment opportunities.
 - The dedicated team will also utilize the firm’s broader internal resources, including other Thoma Bravo investment professionals, the Director of Capital Markets and the firm’s Operating Partners in sourcing, evaluating and structuring investments, as well as post-investment value creation strategies.
 - The Managing Partners will oversee the Fund’s investment process and approve all investment decisions. The Managing Partners have worked together at Thoma Bravo and predecessor firms for the last 16 years and average 21 years of private equity investment experience (excluding Messrs. Thoma and Mitchell).
- The Fund’s strategy is compelling.** The Fund will target acquisitions of small and lower middle market software businesses generating attractive revenue growth and where profitability can be significantly increased. Post-investment, the General Partner uses operating resources to assist portfolio companies in accelerating revenue, making operational improvements and executing add-ons in order to increase scale and attractiveness to strategic buyers.
 - The Fund will pursue a compelling investment strategy.** Target companies will exhibit high annual revenue growth, have substantially recurring revenue, and can serve as buy and build platforms. Further, target companies will have below average EBITDA margins among other operational metrics.

In making platform investments, the General Partner will analyze a target company’s operating metrics and compare them to the firm’s database of best-in-class metrics to identify operational improvements that can be targeted for completion at or soon after closing. The General Partner also maintains a record of operational changes completed by the software and services companies in the portfolios of the prior funds and expects to use this information to help identify the opportunities for improvement at new portfolio companies.

Once operating improvements have been completed, Thoma Bravo seeks to execute add-on acquisition strategies to rapidly grow portfolio companies to increase attractiveness to strategic acquirers. Add-on acquisitions may include purchasing competitors to increase scale and market share in a sector and/or purchasing companies in adjacent sectors to increase product and service offerings and leverage existing distribution channels and corporate overhead.

4. **While Fund I has generated attractive performance, the Explore track record is limited and the Fund I portfolio is young.** Formed in 2020, Fund I has invested \$453 million in four transactions through September 2021, which are meeting early performance expectations. This concern is mitigated by Thoma Bravo's broader software track record, which is deep and attractive. Despite evolving to larger sized transactions, Thoma Bravo's Flagship and Discover (mid-cap) Funds have generated attractive performance.

Further, Thoma Bravo's track record in smaller software sector investments is strong. Between 2015 and 2020, prior funds completed 32 investments of below \$300 million, which is the size range on which the Fund will focus. The 32 investments have generated an aggregate gross ROI of 3.6x through September 30, 2021, including 18 realized investments that have generated an aggregate 4.3x gross ROI.

5. **Thoma Bravo's recent growth in assets under management and investment pace raises concerns.** Since 2008, the firm has raised substantially larger sized funds and deployed significant amounts of capital in software transactions. This is partly due to the Flagship Funds evolution to focus predominantly on large transactions, which require greater equity investments.
6. **The General Partner will be entitled to premium carried interest.** After limited partners receive their aggregate capital contributions to the Fund and the Fund satisfies a fair value test of 120%, the General Partner will be entitled to 25% of the Fund's profits versus the market standard for buyout funds of 20% carry after an 8% preferred return.

Recommendation Franklin Park recommends a commitment of up to \$15 million to the Fund, subject to satisfactory negotiation of final documentation, based on the following:

- The General Partner's strategy is compelling;
- Thoma Bravo is among the most established and successful private equity firms in the technology sector; and
- Thoma Bravo's track record in relevant smaller investments is impressive.

ARKANSAS TEACHER RETIREMENT SYSTEM
1400 West Third Street
Little Rock, Arkansas 72201

RESOLUTION
No. 2022-15

**Approving Investment in Thoma Bravo Explore Fund II, L.P.
with Imminent Need**

WHEREAS, the Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS) is authorized to invest and manage trust assets for the benefits of its plan participants; and

WHEREAS, the ATRS Board has reviewed the recommendation of its private equity consultant, Franklin Park Associates, LLC, along with the recommendation of the Investment Committee and ATRS staff regarding a potential investment in **Thoma Bravo Explore Fund II, L.P.**, a private equity buyout fund focused on U.S. investments with a specialization in small and lower middle market software and technology-enabled service companies; and

WHEREAS, the ATRS Board approves an investment of up to **\$15 million dollars (\$15,000,000.00)** in **Thoma Bravo Explore Fund II, L.P.**, and the Board, after its review of the timing in which the closing of the investment in **Thoma Bravo Explore Fund II, L.P.** may need to occur, has determined that there is an imminent need to immediately enter into the partial equity ownership agreement prior to the next scheduled meeting of the Arkansas Legislative Council. The Board also deems it financially appropriate to enter into the partial equity ownership agreement and concludes that to forego the opportunity to promptly implement its investment directives under the prudent investor rule would be inconsistent with its fiduciary duty of care to the members and annuitants;

NOW, THEREFORE, BE IT RESOLVED, that the ATRS Board approves an investment of up to **\$15 million dollars (\$15,000,000.00)** in **Thoma Bravo Explore Fund II, L.P.** and agrees to immediately move to close and subscribe the approved ATRS limited partnership interest in **Thoma Bravo Explore Fund II, L.P.** The total investment amount is to be determined by the private equity consultant and ATRS staff based upon the allocation available to ATRS and the overall investment objectives set by the Board; and

FURTHER, BE IT RESOLVED, that the ATRS staff is hereby authorized to take all necessary and proper steps to implement this investment using the Imminent Need process, if acceptable terms are reached.

Adopted this 7th day of February 2022

Mr. Danny Knight, *Chair*
Arkansas Teacher Retirement System



Arkansas Teacher Retirement System
Franklin Park Corporate Finance Access II, L.P.

February 2022

Disclaimer

This Presentation (this “Presentation”) has been prepared by Franklin Park Associates, LLC (“Franklin Park”) solely for informational purposes for the exclusive use of the party to whom Franklin Park delivers this Presentation (the “Recipient”). This Presentation is not to be construed as a solicitation, invitation or an offer by Franklin Park or any of its members, officers, employees or agents to buy or sell any securities or related financial instruments. This Presentation is furnished on a confidential and limited basis for the sole and exclusive purpose of providing general and background information concerning Franklin Park Corporate Finance Access Fund II, L.P. (the “Fund”) as well as Franklin Park and its activities. This Presentation is not an offer or sale of, or a solicitation to any person to buy, any security or investment product or investment advice. Any such offer, sale or solicitation of interests in the Fund will be made only pursuant to the Fund’s definitive documents, and will be subject to the terms and conditions contained in such documents. This Presentation is qualified in its entirety by reference to the Fund’s definitive documents.

The information in this Presentation has been obtained from Franklin Park’s proprietary research and other publicly available sources and has not been independently verified by Franklin Park or any of its members, officers, employees, agents, representatives or advisers or any other person. Any valuations, projections, estimates, forecasts, targets, prospects, returns and/or opinions contained herein involve elements of subjective judgment and analysis. Any opinions expressed in this material are subject to change without notice. This Presentation may contain forward-looking statements. Any estimates or projections as to events that may occur in the future are based upon the reasonable expectation of Franklin Park. No obligation is undertaken by Franklin Park or any other person to provide the Recipient with additional information or to update, revise or reaffirm the information contained in this Presentation or to correct any inaccuracies therein which may become apparent.

Past or projected performance information contained in this Presentation is not necessarily indicative of future results. There can be no assurance that the Fund will ultimately achieve comparable performance results.

This Presentation is not intended to be relied upon as legal, tax, accounting or investment advice or a recommendation and is not, and should not be assumed to be, complete. The Recipient agrees that Franklin Park and its affiliates, members, partners, stockholders, managers, directors, officers, employees and agents shall have no liability for any misstatement or omission of fact or any opinion expressed herein. The contents herein are not to be construed as legal, business or tax advice, and the Recipient should consult its own attorney, business advisor and tax advisor as to legal, business and tax advice. Recipient is expected to rely on its own due diligence if it wishes to proceed further.

The Recipient further agrees that it will (i) not copy, reproduce or distribute the Presentation, in whole or in part, to any person or party without the prior written consent of Franklin Park, (ii) keep permanently confidential all information contained herein not already public and (iii) use the Presentation solely for the purpose set forth in the first paragraph above.

By accepting this Presentation the Recipient agrees to be bound by the foregoing obligations and limitations.

Strategy Overview

Focused on commitments to U.S. buyout, growth and turnaround managers raising \$1 billion or less

Less Efficient Market

- Small and lower mid market funds (\leq \$1B) pursuing growth capital, buyouts or turnarounds where incentives are aligned
- Smaller companies (typically $<$ \$250M in value) where a financial partner can drive performance
- Conservative entry multiples and use of leverage

Experience & Aligned Teams

- Experienced private equity investors, including spin-outs, first institutional capital, re-starts
- In the “sweet spot” of their investing careers

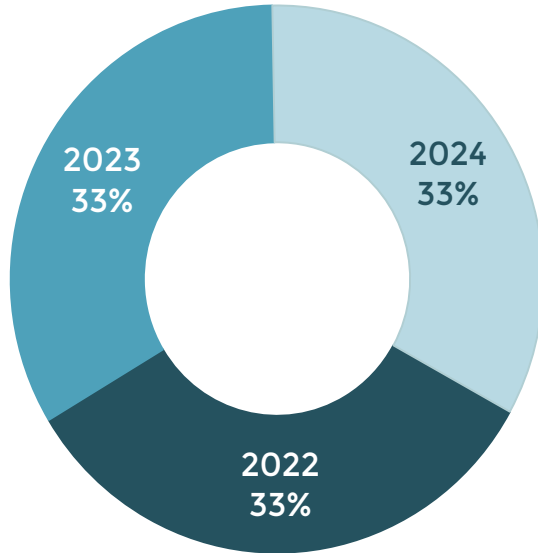
Competitive Advantages

- Sector-focused with competitively advantaged domain knowledge and relationships
 - Deep value with operationally intensive value add approach
 - Small buyout with differentiated deal sourcing and growth strategy
-

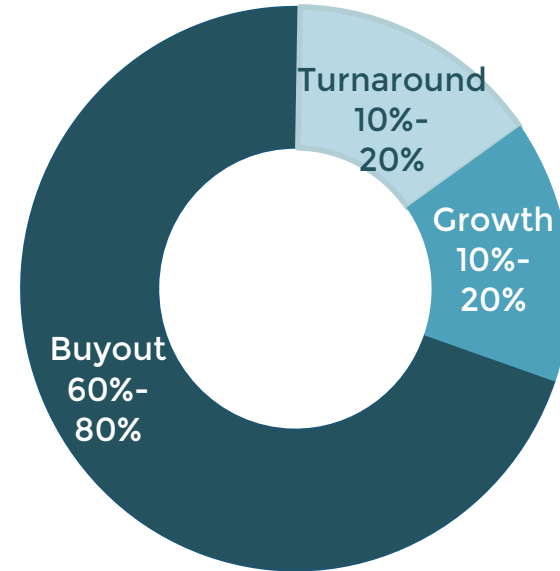
Portfolio Composition

The vehicle is expected to commit \$8-12 million in 14-16 underlying funds

Diversification By Vintage

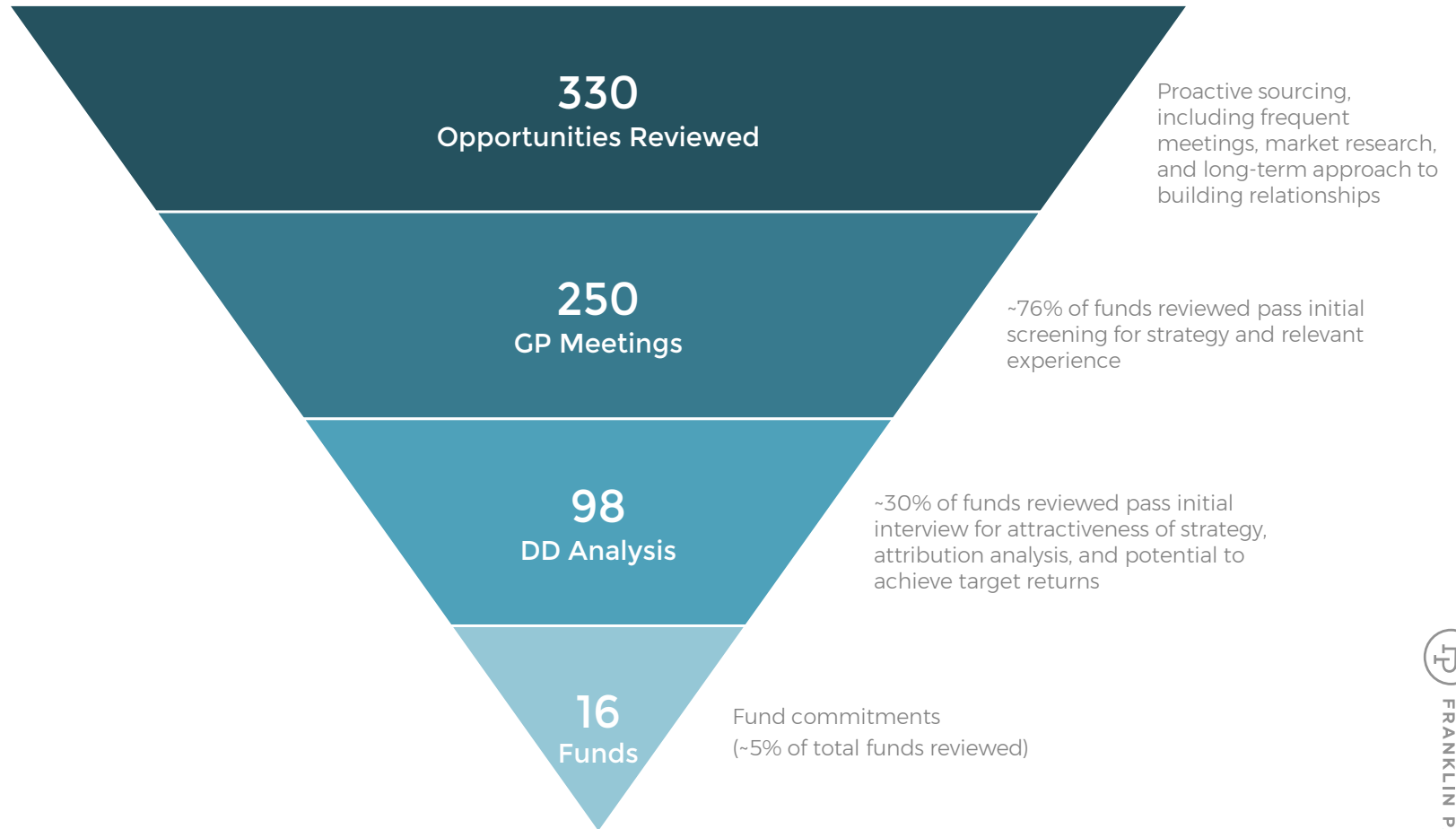


Diversification By Stage



Deal Flow

Broad market coverage with highly selective decision making



Track Record

Franklin Park's discretionary record for U.S. focused corporate finance funds \$1.0 billion and below

VINTAGE YEAR	COMMITTED	DPI	TVPI	NET IRR
2010	\$49.0	2.0	2.3	17.8%
2011	168.0	1.2	1.9	16.9%
2012	49.0	1.5	2.1	25.9%
2013	68.0	1.1	2.1	21.8%
2014	118.0	0.5	2.0	19.9%
2015	5.0	0.3	1.8	20.9%
2016	199.0	0.7	2.1	30.9%
2017	108.0	0.3	1.5	18.3%
2018	105.0	0.1	1.5	23.9%
2019	100.0	0.1	1.2	13.9%
2020	195.0	0.0	1.1	NMF
2021	239.0	0.0	1.3	NMF
Total	\$1,403.0	0.7	1.8	20.7%

Data in the table is as of June 30, 2021. \$ in millions. Excludes investments made through Franklin Park Corporate Finance Access Fund, L.P. Past results are not necessarily indicative of future performance. Wherever there is potential for profit, there is also potential for loss. See additional important information in the Footnotes in the Appendix.

Proposal

ATRS' plan is to consider committing \$30 million per year to Franklin Park Corporate Finance Access Fund II, L.P. over a 3-year period (2021-2023)

An initial \$30 million commitment was approved by ATRS in 2021 and the current proposal is to consider an additional \$30 million as part of the 2022 pacing plan discussed in December 2021

Terms:

- **Management Fees:** None for ATRS (0.9% of commitments for all other LPs)
 - **Carried Interest:** 4% for \$60m+ commitment (5% for all other LPs)
-

Footnotes

Track Record:

Based in Bala Cynwyd, Pennsylvania, Franklin Park was formed in April 2003. Franklin Park is an independent, registered investment adviser with the U.S. Securities and Exchange Commission. Franklin Park assists its clients in building and managing customized investment portfolios of private market investments.

Performance results are presented for a portfolio of predominantly U.S. domestic private equity fund commitments made on behalf of Franklin Park's discretionary client accounts (excluding Franklin Park Corporate Finance Access Fund, L.P.), with fund sizes of \$1.0 billion or less across various corporate finance strategies (including private debt) with vintage years 2010-2021.

The returns aggregate the performance for Franklin Park's discretionary client accounts based upon client cash flows and capital account balances as reported by the underlying private fund managers. The performance results are measured in U.S. dollars on a since-inception basis in aggregate and for each vintage year composite through June 30, 2021. Where more than one client account is invested in a fund, to mitigate the effect of clients' commitment size on performance results, returns are calculated on an equal-weighted basis whereby each underlying private fund is modeled to have received the same U.S. dollar commitment. No individual investor received the returns.

The returns presented are net of underlying private fund manager fees, transaction expenses and carried interest charges, but exclusive of Franklin Park's investment advisory fees and fund-of-one vehicle expenses. The returns will be reduced by Franklin Park's investment advisory fees. As described in Part II of Form ADV, Franklin Park's fees are negotiable and are based on either a fixed fee arrangement or as a percentage of assets under management. As a representative example, a fixed fee of \$800,000 annually, compounded over 10 years, may reduce a portfolio IRR of 17.3% by 20 basis points. Franklin Park may charge performance fees to specific funds it manages if specified performance conditions, as detailed in the fund documents, are met. Fees, including performance fees, and expenses charged may result in a greater reduction to performance depending on the terms and conditions specific to the fee arrangement or fund terms. If the performance results had been adjusted to reflect the Partnership's expense structure, net returns would be lower.

Certain client accounts may have differing cash flow timing, incur additional fund expenses or have other variances for a commitment to the same private fund or fund complex as other client accounts, which may impact the aggregated returns.

The Net IRR calculations represent the discount rate that results in a net present value of zero of a series of cash flows, and considers both cash flow timing and amount.

Vintage year is defined as year in which each underlying fund first called capital.

Performance for private funds with vintage years 2020 and 2021 is deemed not yet meaningful ("NMF") due to the young age of the underlying investment portfolios, and is therefore not presented. However, performance for private funds with vintage years 2020 and 2021 is included in the calculation of Total DPI, TVPI and Net IRR.

Committed represents the aggregate client account commitments to underlying funds in each vintage year composite, and are not equal weighted where more than one client account is invested in a fund.

DPI equals the ratio of distributed capital to contributed capital.

TVPI represents the ratio of distributed capital plus remaining value (the capital account balance) to contributed capital.

Risk of Loss:

Past Performance is Not a Guarantee: Prospective investors must be aware that investments in private equity funds such as the Fund are speculative and involve a substantial risk of loss. No assurance can be given that the Fund will achieve its investment objectives or avoid substantial losses. Information about other investments made by Franklin Park, including the past performance of other Franklin Park vehicles and investments, is provided solely to illustrate Franklin Park's investment experience, and processes and strategies used by Franklin Park in the past with respect to other Franklin Park vehicles and investments. The performance information relating to Franklin Park's previous investments is not intended to be indicative of the Fund's future results. Past performance is not necessarily indicative, or a guarantee, of future results. There can be no assurance that the Fund will achieve comparable results as those presented or that investors in the Fund will not lose any of their invested capital.

Potential Future Returns:

There can be no assurance that investments with an unrealized value will be realized based on the valuations used to calculate the returns shown, as actual realized returns will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs, and the timing and manner of sale, all of which may differ from the assumptions on which the valuations contained herein are based. Accordingly, the actual realized return of these unrealized investments may differ materially from the returns indicated herein.

Franklin Park Associates, LLC

251 St. Asaphs Road
Three Bala Plaza, Suite 500 West
Bala Cynwyd, PA 19004

For more information, please contact us at info@franklinparkllc.com

Franklin Park Associates, LLC is an SEC registered investment advisor pursuant to the Investment Advisors Act of 1940

ARKANSAS TEACHER RETIREMENT SYSTEM
1400 West Third Street
Little Rock, Arkansas 72201

RESOLUTION
No. 2022-16

**Approving Investment in Franklin Park Corporate Finance
Access Fund II, L.P. with Imminent Need**

WHEREAS, the Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS) is authorized to invest and manage trust assets for the benefits of its plan participants; and

WHEREAS, the ATRS Board has reviewed the recommendation of its private equity consultant, Franklin Park Associates, LLC, along with the recommendation of the Investment Committee and ATRS staff regarding a potential investment in **Franklin Park Corporate Finance Access Fund II, L.P.**, a fund of funds managed by Franklin Park investing in smaller buyout, growth and turnaround private equity funds; and

WHEREAS, the ATRS Board approves an investment of up to **\$30 million dollars (\$30,000,000.00)** in **Franklin Park Corporate Finance Access Fund II, L.P.**, and the Board, after its review of the timing in which the closing of the investment in **Franklin Park Corporate Finance Access Fund II, L.P.** may need to occur, has determined that there is an imminent need to immediately enter into the partial equity ownership agreement prior to the next scheduled meeting of the Arkansas Legislative Council. The Board also deems it financially appropriate to enter into the partial equity ownership agreement and concludes that to forego the opportunity to promptly implement its investment directives under the prudent investor rule would be inconsistent with its fiduciary duty of care to the members and annuitants;

NOW, THEREFORE, BE IT RESOLVED, that the ATRS Board approves an investment of up to **\$30 million dollars (\$30,000,000.00)** in **Franklin Park Corporate Finance Access Fund II, L.P.** and agrees to immediately move to close and subscribe the approved ATRS limited partnership interest in **Franklin Park Corporate Finance Access Fund II, L.P.** The total investment amount is to be determined by the private equity consultant and ATRS staff based upon the allocation available to ATRS and the overall investment objectives set by the Board; and

FURTHER, BE IT RESOLVED, that the ATRS staff is hereby authorized to take all necessary and proper steps to implement this investment using the Imminent Need process, if acceptable terms are reached.

Adopted this 7th day of February 2022

Mr. Danny Knight, *Chair*
Arkansas Teacher Retirement System

Public Comments
Proposed Rule 4 – Election of Board of Trustees

1. Page 4, Section (IV)(a)(1)

- a. **Comment:** Should the following language be added as a subdivision of Section (IV)(a)(1)?
- i. *“The Arkansas congressional district boundaries as defined on the first day of the fiscal year in which an election for an active member trustee position occurs shall be used to determine:*
- 1. Whether a person is qualified to become a candidate for an active member trustee position; and*
 - 2. The eligibility of a member to vote in an election for an active member trustee position.”*
- b. **Response:** Yes. This proposed language derives from an action adopted by the Board of Trustees of the Arkansas Teacher Retirement System (Board) by resolution 2021-67 on December 6, 2021. This change has been made.

2. Page 5, Section (IV)(b)(2)(A)

- a. **Comment:** Should the reference be to “*active administrator trustee positions*”?
- b. **Response:** Yes. This change has been made.

3. Page 5, Section (IV)(b)(2)(A)(ii)

- a. **Comment:** As a person can be a licensed administrator, but not be employed in a position that “*requires*” them to have an administrator’s license, to avoid confusion, should “*licensed administrator*” in Section (IV)(b)(2)(A)(ii) instead reflect the law in Ark. Code Ann. § 24-7-301(2)(C)(i) and say “*requiring an administrator’s license*”?
- b. **Response:** Yes. The appropriate change has been made.

4. Page 5, Section (IV)(b)(2)(A)(ii)

- a. **Comment:** As written, the proposed rule appears to require that to be qualified for candidacy for an active administrator trustee position that one must be an administrator and be employed as a school superintendent or an educational cooperative director; however, Ark. Code Ann. §24-7-301(2)(C)(i), as amended by Act 279 of 2021, § 6, appears to provide that only one of the two administrator trustee positions “*shall be a superintendent or educational cooperative director.*” Is there a reason the rule appears to differ from the statute?

- b. **Response:** The Arkansas Teacher Retirement System (ATRS) agrees with the commentator's reading of Ark. Code Ann. §24-7-301(2)(C)(i), as amended by Acts 2021, No. 279, § 6. The appropriate change has been made.

5. Page 9, Section (V)(d)(1) and (2)

- a. **Comment:** In order to clarify that the ATRS will not send the mailing addresses of members of the system directly to a candidate and to address campaign materials that appear to claim the endorsement of ATRS or the Board, should Section (V)(d)(1) and (2) read as follows:

- i. *"1. A candidate's message shall not include information that:*
- A. *Would constitute defamation of another candidate; or*
 - B. *Claims or appears to claim the endorsement of ATRS or the Board.*
2. *At the request of a candidate, ATRS shall provide a list of the mailing addresses of each eligible voter to the election vendor for the distribution of the candidate's campaign materials."*

- b. **Response:** Yes. This change has been made.

6. Page 14, Section (IX)(d)(3)(C)

- a. **Comment:** As a trustee who dies or resigns is unlikely to attend three (3) or more Board meetings, should Section (IX)(d)(3)(C) be revised to read, "Resignation or death of a trustee."?
- b. **Response:** ATRS agrees that it is unlikely for a trustee who dies or resigns to attend three (3) or more Board meetings. The appropriate changes have been made.

MARK UP

ATRS Rule RULE 4 ELECTION OF BOARD OF TRUSTEES

A.C.A. Arkansas Code §§ 24-7-301, 24-7-302, and 24-7-305

I. Definitions¹

- a. “Active member” for the purposes of eligibility for an active member trustee position and voting for an active member trustee position means:
1. An active member as defined in Arkansas Code § 24-7-202; or
 2. A member who:
 - A. Participates in the Teacher Deferred Retirement Option Plan (T-DROP);
 - B. Is employed by a covered employer; and
 - C. Receives T-DROP plan deposits;
- b. “Administrator” for the purposes of eligibility for an administrator trustee position and voting for an administrator trustee position means a person who:
1. Has a current administrator’s license; and
 2. Is either:
 - A. An employee of a covered employer who is employed in one (1) of the following positions:
 - i. Public school superintendent, assistant superintendent, principal, or vice-principal;
 - ii. Higher education president, chancellor, or director; or
 - iii. Director, president, or vice president of a community college, vocational or technical school, or educational cooperative; or
 - B. A classified or unclassified employee who is:
 - i. An employee of an education-related agency that participates in ATRS; and
 - ii. Employed in a GS13 grade position, its equivalent, or above.

¹ A term that is not defined in these ATRS Rules shall have the same meaning as provided in Arkansas Code § 24-7-202.

MARK UP

c. "Licensure" for the purposes of eligibility for a licensed trustee position or voting for a licensed trustee position means a person who is:

1. Not an administrator; and

2. Either employed in:

A. A position requiring state teaching licensure; or

B. An education institution GS09-GS12 grade position or its equivalent; and

d. "Nonlicensed" for the purposes of eligibility for a nonlicensed trustee position and voting for a nonlicensed trustee position means a person who is:

1. Employed in a position with a covered employer that does not require state teaching licensure;

2. Employed in a position with an education-related agency in a position that:

A. Does not require state teaching licensure; and

B. Is no higher than a GS08 grade position or its equivalent; and

3. Not an administrator as that term is defined in Arkansas Code § 24-7-202 and this ATRS Rule 4.

II. Board of Trustees of the Arkansas Teacher Retirement System

a. The general administration and proper operation of ATRS ~~the Arkansas Teacher Retirement System (ATRS)~~ is vested in the ~~Board of Trustees~~ Board of Trustees of the Arkansas Teacher Retirement System (Board).

b. ~~that consists~~ The Board shall consist of eleven (11) elected members and four (4) ex officio members.

c. Pursuant to A.C.A. Arkansas Code § 24-7-301, the Board shall adopt rules and regulations regarding the election of ~~trustees and trustee vacancies~~ a trustee and a vacancy on the Board.

I. ~~General Rules for Candidacy and Voting in Trustee Elections~~

III. Candidacy and Voting in Trustee Elections — Generally

A. ~~For purposes of eligibility for an active member trustee position and voting, "active members" shall mean active members as defined in A.C.A. § 24-7-202 and members participating in T-DROP, if employed by a participating employer and receiving T-DROP plan deposits.~~

MARK UP

B.a. Candidates

1. If a candidate for a trustee position on the Board is employed in more than one (1) position with a participating employer(s) covered employer, the candidate's eligibility shall be determined based on their the candidate's primary position for which they receive the candidate receives the greater percentage of covered salary.

~~C. For purposes of eligibility for an administrator trustee position or voting for that position, "administrator" shall mean a public school superintendent, assistant superintendent, principal, or vice principal; a higher education president, chancellor or director; or a community college, vocational/technical or educational cooperative director, president, or vice president, who is employed by a participating employer; OR any employee of an education related agency participating in ATRS that is employed in a position grade GS13 or above or its equivalent, including unclassified employees.~~

~~D. For purposes of eligibility for a licensed trustee position or voting for that position, "licensure" shall mean a person employed in a position requiring state teaching licensure or an education institution grade GS09-GS12 or its equivalent and who is not an administrator.~~

~~E. For purposes of eligibility for a nonlicensed trustee position and voting for that position, "nonlicensed" shall mean a member employed in a position with a participating employer that does not require state licensure including employment in an educationally related agency in a position grade GS08 or below or its equivalent. Nonlicensed shall not include any position that is defined as an administrator or that requires licensure.~~

F.b. Eligibility to Vote

1. Only members are authorized to of ATRS shall vote in a trustee election.

2. Guardians, attorneys-in-fact, or others may shall not vote on behalf of a member.

~~G. Terms not defined in these rules shall have the meaning set forth in A.C.A. § 24-7-202 et. seq.~~

H.3. An employee working for ATRS is not eligible ineligible to be:

A. elected Elected to the board Board;

B. appointed Appointed to the board Board; or

C. be a candidate to be elected or appointed to the board A candidate

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for election or appointment to the Board.

II. IV. Qualifications and Voter Eligibility for Elected Trustee Positions

~~There shall be four (4) active member trustees each of whom will represent one of the four congressional districts in Arkansas.~~

A. a. Active Member Trustee Position Nos. 1-4 - Congressional Districts Active Member Trustee Positions 1-4 — Congressional Districts

1. Generally

A. The Arkansas congressional district boundaries as defined on the first day of the fiscal year in which an election for an active member trustee position occurs shall be used to determine:

i. Whether a person is qualified to become a candidate for an active member trustee position; and

ii. The eligibility of a member to vote in an election for active member trustee position.

B. There shall be four (4) active member trustees.

C. Each active member trustee shall represent one (1) of the four (4) congressional districts in Arkansas.

1-2. Qualifications for Candidacy:

A. A person is qualified to become a candidate for active member trustee positions 1-4 if he or she is:

i. ~~a. Active~~ An active member with a minimum of five (5) years of actual service;

ii. ~~b. Employed by a participating~~ covered employer located in the congressional district for which ~~he/she~~ he or she is seeking election; and

iii. ~~c. Employed in a position requiring state teaching licensure or the equivalent under these rules~~ this ATRS Rule 4.

2-3. Eligible Voters for Trustee Position Nos. 1-4 Eligibility to Vote

A. A member is eligible to vote in an election for active member trustee positions 1-4 if he or she is:

i. ~~Active members~~ An active member, regardless of credited service;

ii. ~~employed~~ Employed by ~~covered employers~~ a covered

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- employer located in the respective congressional districts; and
- iii. ~~who are otherwise~~ Otherwise eligible to be a candidate under this subsection ATRS Rule 4.

~~B.b. Active Administrator Trustee Position Nos. 5-6~~ Active Administrator Trustee Positions 5-6

~~There shall be two (2) active member trustees each of whom must be employed as an administrator as defined in these rules.~~

1. Generally

- A. There shall be two (2) active member trustee each of whom shall be employed as an administrator as defined in this ATRS Rule 4.

4.2. Qualifications for Candidacy:

- A. A person is qualified to become a candidate for active administrator trustee positions 5-6 if he or she is:

- i. a. Active An active member with a minimum of five (5) years of actual service; and

- ii. b. Employed in a position requiring an administrator's license.

- a. As provided in A.C.A. § 24-7-301, at least Pursuant to Arkansas § 24-7-301, at least one (1) of the administrators serving as an active administrator trustee must shall be employed by a participating covered employer as an Arkansas a school superintendent or an educational cooperative director.

- b. c. If an election is being held for either position and the other administrator position is not held by a superintendent or educational cooperative director, candidates for the open position must be a superintendent or educational cooperative director and the notice of election shall so state that requirement. If there is an open administrator active member trustee position and the other administrator active member trustee position is held by a person who is not a superintendent or an educational cooperative director, a candidate for the open administrator active member trustee position shall be a superintendent or an educational cooperative director and the notice of election shall state that a candidate for the open

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administrator active member trustee position is required to be a superintendent or an educational cooperative director.

~~d. Candidates for Position No. 5 and Position No. 6 shall be licensed administrators employed by a participating employer.~~

~~2.3. Eligible Voters for Trustee Position Nos. 5-6~~ Eligibility to Vote

~~A. Eligible voters for Position Nos. 5 and 6 shall be active members, regardless of credited service, employed as licensed administrators active members employed in positions requiring an administrator's license.~~ A member is eligible to vote in an election for administrator active member trustee positions 5-6 if he or she is:

- i. An active member, regardless of credited service; and
- ii. Employed as a licensed administrator in a position requiring an administrator's license

~~C.c. Nonlicensed Trustee Position No. 7~~ Nonlicensed Trustee Position 7

1. Qualifications for Candidacy:

~~A. A person is qualified to become a candidate for nonlicensed trustee position 7 if he or she is:~~

- ~~i. a. Active~~ An active member with a minimum of five (5) years of actual service; and
- ~~ii. b. Employed in a position not requiring state licensure.~~

2. ~~Eligible Voters for Trustee Position No. 7~~ Eligibility to Vote

~~Eligible voters for Position No. 7 shall be all active members, regardless of credited service, who are employed by participating employers in nonlicensed positions as defined these rules.~~

~~A. A member is eligible to vote in an election for nonlicensed trustee position 7 if he or she is:~~

- i. An active member, regardless of credited service; and
- ii. Employed by a covered employer in a nonlicensed position.

~~D.d. Minority Trustee Position No. 8~~ Minority Trustee Position 8

1. Generally

A. There shall be one (1) member trustee of a minority racial ethnic group.

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4.2. Qualifications for Candidacy:

A. A person is qualified to become a candidate for minority trustee position 8 if he or she is:

i. ~~a.~~ An active or retiree member of ATRS with a minimum of five (5) years of actual service; and

ii. ~~b.~~ Member A member of a minority racial or ethnic group.

2.3. Eligible Voters for Trustee Position No. 8 Eligibility to Vote

A. A member is eligible to vote in an election for minority trustee position 8 if he or she is:

i. ~~a.~~ All active members An active member, regardless of credited service; or

ii. ~~b.~~ Retiree members Retiree.

E.e. ~~Retired Member Trustees (At-Large) – Position Nos. 9-11~~ Retired Member Trustee (At-Large) Positions 9-11

1. Generally

A. There shall be three (3) retired member trustees who shall be “retirees” or “retirant” retirees as defined under A.C.A. Arkansas Code § 24-7-202.

4.2. Qualifications for Candidacy:

A. A person is qualified to become a candidate for retired member trustee positions 9-11 if he or she is a:

i. ~~a.~~ Retiree member of ATRS; and

ii. ~~b.~~ Resident of the State of Arkansas.

2.3. Eligible Voters for Trustee Position Nos. 9-11 Eligibility to Vote

A. ~~All retirees of ATRS, regardless of present employment status or residency.~~ A retiree, regardless of present employment status or residency is eligible to vote in an election for retired member trustee positions 9-11.

III.V. Rules on Elected Trustee Nominations

A.a. Scheduling and Notice of Regular Election

1. ATRS may publish electronically a public notice required by this ATRS Rule 4.

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2. During December in a year in which an elected trustee position is subject to election or to fill a vacancy in a special election a special election is required to fill a vacancy, ATRS shall publish public notice of an upcoming trustee position election in a statewide newspaper for at least five (5) consecutive days.
3. The notice ~~will also~~ shall be sent to such persons or groups that have requested a each person of group that requests notice of Trustee vacancies a trustee vacancy.
4. The notice shall also be posted on the ATRS ATRS' website from December until the closing of the nomination period.

B.b. Candidate Petitions and Verification of Member Signatures

1. For all elected positions, a candidate ~~must~~ shall submit a petition signed legibly by at least twenty-five (25) ATRS members who are eligible to vote for the trustee position for which the member candidate is seeking nomination.
2. The petition ~~must~~ shall include the last four (4) digits of each signatory's Social Security number for verification of the member's eligibility to vote for the position.

C.

3. The original petitions for nomination ~~must~~ shall be submitted to the ATRS Executive Director no later than January 10.
4. Actual delivery ~~must~~ of the original petitions for nomination shall be made by January 10, regardless of postmark date or other methods to attempt delivery.

D.

5. Upon receipt of a petition, ATRS ~~will~~ shall confirm its receipt of the petition and shall verify the eligibility of the candidate for the trustee position under A.C.A. Arkansas Code § 24-7-301.
6. ATRS ~~will~~ shall verify ~~the member's signatures signing the petition as eligible voters~~ each signature of each member who signs the petition as an eligible voter.

- ~~E. The candidates submitting a petition for nomination will receive notice by ATRS if the petition is accepted and will receive a list of other members who were certified to participate in the election for the trustee position for which they seek nomination.~~

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7. ATRS shall:

- a. Notify each candidate who submits a petition for nomination if his or her petition is accepted; and
- b. Provide the candidate with a list of other members who were certified to participate in the election for the trustee position for which the nomination is sought.

F.c. Ballots

1. Prior to ballots being mailed, ATRS or its designee will conduct a random drawing for ballot position. ATRS or its designee shall conduct a random drawing for a ballot position before ballots are mailed.
2. At least two (2) independent witnesses shall be present to certify the drawing of the ballot position.
3. Candidates will be notified of the order in which they will be listed on the ballot. ATRS shall notify each candidate of the order in which the candidate will be listed on the ballot.

G.d. Campaign Materials

1. Upon the request of a candidate, ATRS will shall provide a list of the mailing addresses of each eligible voters voter for the distribution of a the candidate's campaign materials. A candidate's message shall not include information that:
 - A. Would constitute defamation of another candidate; or
 - B. Claims or appears to claim the endorsement of ATRS or the Board.
2. The candidate's message shall not contain information that would constitute defamation of another candidate. At the request of a candidate, ATRS shall provide a list of the mailing addresses of each eligible voter to the election vendor for the distribution of the candidate's campaign materials.
3. Campaign materials will shall be mailed by the election vendor from its the election vendor's place of business.
4. All postage for such campaign materials shall be the candidate's sole expense paid for by the candidate distributing the campaign materials.

IV.VI Rules on Trustee Elections

A.a. Election Vendor

1. ATRS shall employ an independent election vendor to conduct the

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trustee elections.

~~B. If any position receives only one nomination and the position is not contested, the Board at its next regular or special meeting may certify the nomination and declare the candidate duly elected as a trustee prior to the commencement of the trustee's term.~~

b. Ballots

- ~~1. C. ATRS shall publish ballots that shall be submitted to the election vendor for mailing on March 15 to the member's address of record.~~
ATRS shall publish ballots and submit the published ballots to the election vendor by March 15 for mailing to the address of record for each member who is eligible to vote in the election.
- ~~2. D. Completed ballots must be received by the election vendor on or before April 15 to be counted.~~
A completed ballot shall be counted if it is received by the election vendor on or before April 15.
- ~~3. The election vendor shall only count such~~ count only ~~ballots that are correctly completed.~~

c. Uncontested Elections

1. If any position receives only one (1) nomination and the position is uncontested, the Board at its next regular or special meeting may certify the nomination and declare the candidate duly elected as a trustee before the trustee's term begins.

E.d. Run-off Elections

- ~~1. Results for positions not subject to a run-off election shall be certified to ATRS by April 20.~~ The election vendor shall certify to ATRS, by April 20, the election results for a position that is not subject to a run-off election.

~~F. If upon certification of the outcome of a trustee election by the vendor, if no candidate receives at least 50% of the votes cast by eligible voters, a runoff election will be held between the two (2) candidates receiving the highest number of votes for the position. The run-off ballots will be mailed by the election vendor to eligible voters on or before May 1.~~

2. A run-off election shall be held between the two (2) candidates who receive the highest number of votes for a trustee position if:

A. The election vendor certifies the outcome of the trustee election;
and

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B. A single candidate does not receive at least fifty percent (50%) of the votes cast by eligible voters.

3. The election vendor shall mail run-off ballots to each member who is eligible to vote in the election on or before May 1.

4. G. Completed ballots for a run-off election must be received by the election vendor on or before June 1 to be counted. Completed ballots for a run-off election that are received by the election vendor after June 1 shall not be counted.

5. H. Upon the completion of the run-off election, results shall be certified by the election vendor to ATRS by June 5. The election vendor shall certify the results of a run-off election to ATRS by June 5

I.-e. Election Result Challenge

1. Any candidate included on the ballot may submit a challenge to the election vendor's certified results for an elected trustee position by submitting a written challenge to the ATRS Executive Director. A candidate who is included on the ballot may challenge the election vendor's certified results for an elected trustee position by submitting a written challenge to the ATRS Executive Director within five (5) calendar days of the date on which the election results are certified by the election vendor.

2. A challenge must be received within five (5) calendar days of the certification of the elections results for the position at issue. A written challenge to the election vendor's certified results for an election shall not be considered if it is submitted more than (5) calendar days after the date on which the election results are certified by the election vendor.

3. If a candidate challenges the election results, the election process will shall be suspended for the same number of days that the resolution of the challenge requires, and the remaining election schedule will shall be adjusted accordingly.

J.4. Upon receipt of a challenge, the ATRS Board will hold a special meeting to consider the challenge. After a written challenge to a certified election result is received by ATRS, the Board shall hold a special meeting to consider the challenge.

5. The ATRS Executive Director will shall issue an ATRS recommendation to the Board along with the administrative record relating to the certified election results of the position being challenged.

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f. Election Schedule — Official Dates

1. ~~K.~~ For any fixed date in the election schedule that falls on a holiday or a weekend, the official date shall become the next business day.

g. Beginning of Elected Trustee Terms

1. ~~L.~~ Upon completion of an election, all elected trustee terms, except for special elections, shall begin on July 1 following the election.

~~V.~~**VII. Board Procedures to Fill Unexpired Terms for Elected Trustees**

a. Notice

ATRS staff shall notify the Board of ~~all resignations and vacancies by other causes in any Trustee~~ a resignation or vacancy by other cause in a trustee position as soon as possible after ATRS staff has knowledge of the resignation or vacancy by other cause.

b. Board Action Upon Receiving Vacancy Notice

1. The Board shall take appropriate action authorized by law to fill the vacancy.
2. ~~The Board may by majority vote appoint~~ Board, by majority vote, may appoint a trustee until the next ATRS election.

c. Scheduling and Notice of Special Election

1. ~~In the event the Board by majority vote determines that the vacancy should be filled by a special election, then a special election shall be scheduled as follows:~~ A special election to fill a trustee position caused by resignation or vacancy by other cause shall be scheduled and held if the Board, by majority vote, determines that the vacancy should be filled by a special election.
2. If an elected trustee position is declared vacant by the Board and ~~is to be~~ the Board determines that the vacancy should be filled by a special election then, ~~in accordance with this rule,~~ ATRS shall:
 - ~~publish~~ Publish notice as ~~set out in Section III.A.~~ that a special election ~~will~~ shall be held; and
 - ~~will announce~~ Announce the schedule for the special election;
3. ~~which will include the~~ The schedule for the special election shall include the following:
 - 1)A. ~~the~~ The date the vacancy occurred and position being vacated;
 - 2)B. ~~the~~ The time period for circulating petitions for nominating

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signatures;

3) ~~C.~~ The deadline for filing petitions with ATRS;

4) ~~D.~~ The date ATRS will verify the validity of petitions;

5) ~~E.~~ The date ballots will be sent to eligible voters;

6) ~~F.~~ The election date; and

7) ~~G.~~ The date the term shall begin.

4. ATRS may follow or use as a guideline the rules concerning the publishing of public notice in this ATRS Rule 4 VII for publishing notice during a special election.

VI.VIII. Term of Elected Trustee Office and Vacancies

A.a. Duration of Term

1. The term of office of each elected trustee shall be six (6) years unless the trustee is elected in a special election.

2. A trustee who is elected in a special election shall serve for the remainder of the six-year term of the vacating trustee.

3. A trustee who is appointed to the Board shall serve until the next system election that is held to fill the trustee position to which the trustee was appointed.

4. ~~B.~~ Each trustee shall continue to serve as trustee until ~~their~~ his or her term expires unless ~~they resign~~ he or she resigns or is otherwise ineligible under ~~these rules~~ this ATRS Rule 4.

5. ~~C.~~ In a year in which a ~~six (6)-year~~ six-year term of a trustee expires, the position shall be filled under the regular election schedule in this rule.

~~D. A trustee elected to fill an unexpired term in a special election will serve for the remainder of the six (6)-year term of the vacating trustee.~~

VII.IX. Rules on Elected Trustee Vacancies

A.a. Ineligibility of Active Member Trustee

1. An active member trustee shall be ineligible to serve after becoming inactive or retiring if he or she:

~~B. An active member trustee shall be ineligible to serve if~~

A. Becomes inactive;

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B. Retires; or

C. he or she changes Changes his or her employment category during his or her term of office and the employment category is a requirement of the trustee position, i.e., an administrator becomes a classroom teacher.

C.b. Ineligibility of Retiree Member Trustee

1. A retiree member trustee shall be ineligible to serve after becoming an active member.

D.d. Trustee Absence from Board Meetings

1. A trustee vacancy ~~can~~ may occur if the a trustee is absent from meetings.

1.2. The Board of Trustees or its designee will shall notify the Board member trustee after the trustee's second consecutive absence.

2. A vacancy will shall occur if the Board votes to declare a position vacant due to one (1) or more of the following:

a.A. A trustee is absent for three (3) consecutive regular Board meetings and the absences are not excused unexcused by the Board.

i. An absence that is excused by a majority of the members of the Board shall not be counted towards a vacancy.

ii. Attendance on either day of a two-day Board meeting is sufficient to meet the attendance requirement for that meeting;

b.B. A trustee is ineligible due to a change in status under A.C.A. Arkansas Code § 24-7-302 resulting in three (3) consecutive absences at regular Board meetings prior to before the expiration of the trustee's term; or

c.C. Resignation or death of a trustee which will create creating three (3) or more consecutive absences at regular Board meetings prior to before the expiration of the trustee's term.

3. *The Board shall vote to declare, by resolution, a position vacant if:*

A. *A trustee has three (3) consecutive unexcused absences from regular meetings of the Board.*

i. *An absence that is excused by a majority of the members of the Board shall not be counted towards a vacancy.*

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ii. Attendance on either day of a two-day meeting of the Board is sufficient to meet the attendance requirement for the two-day meeting of the Board;

B. A trustee becomes ineligible to serve on the Board due to a change in status under Arkansas Code § 24-7-302 that results in the trustee being absent from three (3) consecutive regular meetings of the Board before the expiration of the trustee's term; or

C. A trustee resigns or dies.

4. If the Board declares a vacancy by resolution ~~under the section above~~ as provided under this ATRS Rule 4 IX, the Board may vote to hold a special election to fill an unexpired term ~~under using the Board~~ Board's procedures to fill unexpired terms for elected trustees.
5. If the Board does not certify a vacancy by resolution under this section ATRS Rule 4 IX, the vacancy ~~will~~ shall be filled, using approved election procedures for the position, during the next annual ATRS election held ~~upon~~ after the expiration of an the elected trustee's term, ~~utilizing approved election procedures for that position.~~

HISTORY

Approved:	May 10, 2000	4-2
Amended:	April 26, 2007	4-1
	February 11, 2008	4-1, 4-2
	December 18, 2009	4-1, 4-2
	July 1, 2011	4-2 (Emergency)
Adopted:	August 8, 2011	4-2
Effective:	November 11, 2011	4-2
Approved by Board:	October 5, 2015	4-1
Amended:	February 1, 2016	4-1
Effective:	February 10, 2016	4-1
Effective:	August 5, 2019	

Public Comments
Proposed Rule 6 – Membership Rules

1. Page 1, Title.

- a. **Comment:** Can we make the title of the rule “*Membership and Employer Participation*”?
- b. **Response:** Yes. This change has been made.

2. Page 2, Section (l)(f)(1)(B).

- a. **Comment:** Do we have or need a control to make sure of Section (l)(f)(1)(B)?
- b. **Response:** The Arkansas Teacher Retirement System (ATRS) will implement procedures as necessary to verify that an organization meets the definition of “*organization*” as provided by the proposed rule.

3. Page 2, Section (l)(h).

- a. **Comment:** As this is the first introduction to the acronym for post-secondary or higher education, for clarity should “*PSHE plan’ means*” be changed to “*Post-secondary higher education plan’ means*”?
- b. **Response:** ATRS does not have an objection to incorporating “*Post-secondary higher education plan*” into the definition of “*PSHE plan*”. The appropriate changes have been made.

4. Pages 2-3, Section (l)(i)(8)(B).

- a. **Comment:** This rule appears to be premised on Ark. Code Ann. § 24-2-401(3)(F)(ii). If so, the statute now includes the names of the various entities that were changed during Transformation.
- b. **Response:** The appropriate changes have been made.

5. Pages 3-4, Section (l)(j)(2)(B).

- a. **Comment:** This rule appears to be premised on Ark. Code Ann. § 24-2-401(4)(D)(ii). If so, the statute now includes the names of the various entities that were changed during Transformation.
- b. **Response:** The appropriate changes have been made.

6. Page 4, Section (l)(l).

- a. **Comment:** This section appears to be premised on Ark. Code Ann. § 24-7-202(44)(A); however, the statute does not include the term “*teaching*” before the term “*licensure*” as the proposed rule does. Is there a reason for the difference in the rule?

- b. **Response:** “*Teaching*” was added before the term “*licensure*” for additional clarity regarding the type of licensure required. The proposed rule as written aligns with Ark. Code Ann. § 24-7-202(44)(A). No changes have been made.

7. Page 5, Section (II)(c).

- a. **Comment:** Should “*executive director*” be capitalized?
- b. **Response:** No, this would not comply with the style format of the Code of Arkansas Rules. No changes have been made.

8. Page 5, Section (II)(c).

- a. **Comment:** Is this employer participation like in Section (II)(c)?
- b. **Response:** Yes. For clarity, Section (II)(c) and Section (II)(g) have been reorganized. The changes can be found starting on page 7, Section (II)(f). Additionally, the following has been included: (1) a section concerning employer participation under Ark. Code Ann. § 24-7-202(19)(D) has been included; and (2) a rule addressing the consideration of employer participation applications by the Board of Trustees of the Arkansas Teacher Retirement System (Board).

9. Page 5, Section (II)(c)(1).

- a. **Comment:** Should the time frame for when the executive director monitors employers that participate in ATRS be clarified?
- b. **Response:** Yes. The appropriate change has been made. This change can be found on page 7, Section (II)(f)(1)(A).

10. Page 8, Section (II)(f)(2)(C).

- a. **Comment:** Should something regarding consultation with a tax attorney be included in this section?
- b. **Response:** No. ATRS will initiate contact with a tax attorney as is necessary and when appropriate. No changes have been made.

11. Page 12, Section (III)(a)(1).

- a. **Comment:** When does a person first become a member of ATRS? Is it when the person first enrolls with ATRS, is first reported by his or her employer, or earns forty (40) days of service credit?
- b. **Response:** A person first becomes a member of ATRS when the person begins employment with a covered employer. No changes have been made.

12. Page 12, Section (III)(a)(3).

- a. **Comment:** Is all service rendered before July 1, 1986, contributory service unless forfeited?
- b. **Response:** Yes. No changes have been made.

13. Page 12, Section (III)(b)(1)(A).

- a. **Comment:** Should “*new*” be included before “*member*”?
- b. **Response:** No “*new*” should not be included before “*member*”. This change has been made.

14. Page 14, Section (III)(c).

- a. **Comment:** Should Section (III)(c) specify that a noncontributory status will change to contributory status effective on the July 1 that follows when a noncontributory member enters into a contract of one hundred eighty-five (185) days or more?
- b. **Response:** No. The specification mentioned by the commentator is already included in Section (III)(b)(3). No changes have been made.

15. Page 16, Section (III)(f)(1)(C).

- a. **Comment:** This section appears to be premised on current Section III.M., which contained a “*next*” before “*July 1*.” Is that no longer necessary to the rule?
- b. **Response:** “*Next*” should be inserted before “*July 1*”. This change has been made.

16. Page 16, Section (III)(f)(2)(C).

- a. **Comment:** This section appears to be premised on current Section III.L., which contained a “*next*” before “*July 1*.” Is that no longer necessary to the rule?
- b. **Response:** “*Next*” should be inserted before “*July 1*”. This change has been made.

17. Page 18, Section (V)(b).

- a. **Comment:** This section appears to provide that ATRS will credit service at a higher rate for a member who has less service credit with a reciprocal system. Is this intentional?
- b. **Response:** This section of the proposed rule is drafted to ensure that a member of ATRS does not receive credited service in excess of one (1) year in ATRS. No changes have been made.

18. Page 19, Section (V)(d)(4).

- a. **Comment:** Should Act 221 of 2021 also be cited as one of the bases for changes to the rules as it looks like Section VI.d.4. might be premised on Ark. Code Ann. § 24-7-601(g)(3)(B), as amended by Act 221?
- b. **Response:** Yes. No changes have been made.

19. Page 19, Section (V)(d)(4).

- a. **Comment:** As service credit could be waived and no contributions returned when all the member's salary was earned before his or her participation in another plan, should "*shall*" be changed to "*may*"?
- b. **Response:** Yes. In accordance with Acts 2021, No. 221, "*shall*" has been changed to "*may*".

20. Page 20, Section (V)(i).

- a. **Comment:** Should Section (V)(i) be included in Rule 10 – T-DROP and Return to Service?
- b. **Response:** ATRS intends to continue reorganizing its rules and an appropriate relocation of Section (V)(i) will be made at a later time. No changes have been made.

21. Page 20, Section (V)(j).

- a. **Comment:** Should this section be included in Rule 9 – Retirement and Benefits?
- b. **Response:** ATRS intends to continue reorganizing its rules and an appropriate relocation of Section (V)(j) will be made at a later time. No changes have been made.

22. Page 20, Section (V)(k).

- a. **Comment:** Should this section be included in Rule 9 – Retirement and Benefits?
- b. **Response:** ATRS intends to continue reorganizing its rules and an appropriate relocation of Section (V)(k) will be made at a later time. No changes have been made.

23. Page 19, Section (V)(l).

- a. **Comment:** Should this section be included in Rule 11 – Survivors and Domestic Relations Orders?
- b. **Response:** ATRS intends to continue reorganizing its rules and an appropriate relocation for Section (V)(l) will be made at a later time. No changes have been made.

24. Page 28, Service Chart by Year of Entry into System.

- a. **Comment:** Should "*Contract one hundred eighty-five (185) days or more – Contributory*" only apply to new members or should it apply to all members?
- b. **Response:** "*Contract one hundred eighty-five (185) days or more – Contributory*" applies to all members. The chart has been revised for clarity.

25. Page 28, Service Chart by Year of Entry into System.

- a. **Comment:** Should "*New*" be included for the last box concerning school district employees, year 2021-, or should "*New*" be revised to read "*A member with*"?
- b. **Response:** Both "*new*" and "*a member with*" are intended to be used. The chart has been revised for clarity.

MARK UP

ATRS Rule 6

MEMBERSHIP RULES ATRS RULE 6

MEMBERSHIP AND EMPLOYER PARTICIPATION

A.C.A. Arkansas Code §§ 24-2-202, 24-2-401 — 24-2-408, 24-7-202, 24-7-406, 24-7-501, 24-7-502, and 24-7-1601 — 24-7-1607

I. Definitions

~~A.a.~~ "Administrator" shall mean a public school superintendent, assistant superintendent, principal, or vice principal; a higher education president, chancellor or director; or a community college, vocational/technical or educational cooperative director, president, or vice president, who is employed by a participating employer; ~~OR any employee of an education related agency participating in ATRS that is an active member employed in a position grade GS13 or above or its equivalent.~~ means:

1. An employee of a covered employer in one (1) of the following positions:

A. Public school superintendent, assistant superintendent, principal, or vice principal;

B. A higher education president, chancellor, or director;

C. A community college, vocational or technical school, or educational cooperative director, president, or vice president; or

2. An employee of an education-related agency participating in the Arkansas Teacher Retirement System (ATRS) who is an active member employed in a GS13 grade position, its equivalent, or above;

~~B.~~ "Alternate Retirement Plans" refers to the retirement plan(s) of a public college or university, or the Division of Higher Education provided for under A.C.A. § 24-7-801 ~~et seq.~~, or for a vocational technical school or the Department of Career Education (formerly the Division of Vocational and Technical Education) provided for under A.C.A. § 24-7-901 ~~et seq.~~

~~C.b.~~ "Contributory service" is means service on which a member makes or made member contributions to ATRS. ~~;~~

~~D.c.~~ A "contributory election" is a written election by a member to make member contributions to ATRS. To be valid, an election must be on an election form provided by ATRS and signed by both the member and the employer. "Contributory election" means a member's written election to make member contributions to ATRS;

~~E.d.~~ "Noncontributory service" is means service on which a member does not make member contributions to the ATRS and for which the member accepts a reduced retirement annuity for the member's years of noncontributory service for which the member does not contribute. ~~;~~

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F.e. "Nonteacher" means any a member that who is not a teacher or administrator-;

G.f. "Organization" means: (i) ~~any private entity providing services for a public school district and whose employees were formerly employed by the school district and had been members of ATRS, and (ii) any educational nonprofit corporation licensed and regulated by the Division of Developmental Disabilities Services of the Department of Human Services.~~

1. A private entity that:

A. Provides services for a public school district; and

B. Has employees who were previously employed by the public school district and members of ATRS, or

2. An educational nonprofit corporation licensed and regulated by the Division of Developmental Disabilities Services of the Department of Human Services;

H.g. "Preceding System" is means a previous reciprocal retirement system of record as defined below-;

I.h. "Post-secondary higher education plan" or "PSHE plan" means a plan establishing the right of a new employee of a post-secondary or higher education employer to participate in ATRS on or after July 1, 2011;

i. "Reciprocal System" means:

1. ATRS operations as of June 30, 1957, and continued by statutes;

2. the The Arkansas State Highway Employees' Retirement System (ASHERS), established by A.C.A. Arkansas Code § 24-5-103;

3. the The Arkansas Public Employees' Retirement System (APERS) established by A.C.A. Arkansas Code § 24-4-103;

4. the The Arkansas State Police Retirement System (ASPRS) established by A.C.A. Arkansas Code § 24-6-203;

5. the The Arkansas Judicial Retirement System (AJRS) established by A.C.A. Arkansas Code § 24-8-201;

6. the The Arkansas District Judge Retirement System (ADJRS) established by A.C.A. Arkansas Code §§ 24-8-801 [repealed] -- 24-8-824 [repealed];

7. the The Arkansas Local Police and Fire Retirement System (ALOPFI) provided for under A.C.A. Arkansas Code § 24-10-101; or

8. or an An alternate retirement plan for:

A. a A public college or university, or the Arkansas Division of Higher

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Education provided for under A.C.A. Arkansas Code § 24-7-801 et seq.; A college, university, or the Division of Higher Education provided for under Arkansas Code § 24-7-801 et seq.

B. or for a A vocational-technical school or the Department of Career Education (formerly the Division of Vocational and Technical Education) provided for under A.C.A. § 24-7-901 et seq.; or A vocational-technical school or the Division of Career and Technical Education, the Adult Education Section of the Division of Workforce Services, the Division of Higher Education, and the Office of Skills Development provided for under Arkansas Code § 24-7-901 et seq.; or

C. and agencies An agency that may be assigned the duties under the agencies listed above one (1) or more of the agencies listed in this ATRS Rule 6 I.i.1– 8 through a state reorganization or transformation plan.;

J.i. "State Employer" means:

1. the A public employer whose employees are covered under the:

A. ATRS.;

B. the Arkansas State Highway Employees' Retirement System ASHERS (A.C.A. Arkansas Code § 24-5-103);;

C. the Arkansas Public Employees' Retirement System APERS (A.C.A. Arkansas Code § 24-4-103);;

D. the Arkansas State Police Retirement System ASPRS (A.C.A. Arkansas Code § 24-6-203);;

E. the Arkansas Judicial Retirement System AJRS (A.C.A. Arkansas Code § 24-8-201);; or

F. or the Arkansas District Judge Retirement System ADJRS (A.C.A. Arkansas Code §§ 24-8-801 [repealed] — 24-8-824 [repealed]);; or

2. "State employer" also includes a A public employer that is:

A. a A college, university, or the Arkansas Division of Higher Education (A.C.A. Arkansas Code § 24-7-801 et seq.);; A college, university, or the Division of Higher Education whose employees are covered by an alternate retirement plan provided for under Arkansas Code § 24-7-801 et seq.;

B. or a A vocational-technical school or the Department of Career Education (formerly the Division of Vocational and Technical Education (A.C.A. Arkansas Code § 24-7-901 et seq.);; and or A vocational-technical school of the Division of Career and Technical Education, the Adult Education Section, and the Office of Skills

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Development, whose employees are covered by an alternate retirement plan provided for under Arkansas Code § 24-7-901 et seq.; or

C. agencies An agency that may be assigned the duties under the agencies listed above of one (1) or more of the agencies listed in this ATRS Rule 6 I.j.1. and 2. through a state reorganization or transformation plan-;

K.k. "Succeeding System" is means the current reciprocal retirement system of record, following membership in a retirement system covered above that follows a person's membership in a preceding retirement system-;
and

L. "Teacher" means any a person employed by a school for the purpose of giving instructions instruction and whose employment requires state teaching licensure.

II. Membership and Employer Participation Rules

A. Effective July 1, 2001, those employees whose nonteaching service began before July 1, 1989, and whose nonteaching service is covered or coverable by the Arkansas Public Employees Retirement System may elect to be covered by ATRS. The elections shall be made prior to May 31 on a form provided by ATRS and shall be effective the following July 1 as provided by A.C.A. § 24-7-501(a)(2)(C).

B.a. **Employee** Membership in Another State Retirement System

1. Employees who are eligible for membership in ATRS are ineligible for membership in another state retirement system while employed in a position covered by ATRS, excluding service in the Arkansas General Assembly. Excluding service as a member of the General Assembly, an employee who is eligible for membership in ATRS is ineligible for membership in another state retirement system while he or she is employed in a position covered by ATRS.

C.b. **Erroneous Membership** of Employees

1. Erroneous Enrollment Before January 1, 1979 – Employees

A. An employee who was erroneously enrolled in ATRS before January 1, 1979, shall continue to be a member of ATRS if the employee's contributions were not refunded before July 1, 1979.

B. The employee shall:

i. Receive service credit for all paid membership service in ATRS and any free service creditable under Acts 1973, No. 427 as amended; and

ii. Be entitled to reciprocal service credit as provided by Arkansas

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Code §§ 24-7-401 — 24-7-408.

2. Erroneous Enrollment on or after January 1, 1979 – Employees
 - A. An employee who is erroneously enrolled in a state retirement system on or after January 1, 1979, may:
 - i. Elect to remain a member of the system of record; or
 - ii. Become a member of the eligible retirement system.
3. Correction of Erroneous Enrollment Occurring Before January 1, 1979 – ATRS Obligations
 - A. Effective July 1, 1979, ATRS shall not:
 - i. Be required to correct the state retirement system membership of an employee who was erroneously enrolled in another state retirement system before January 1, 1979; and
 - ii. Accept an employee who was erroneously enrolled in another state retirement system before January 1, 1979, as a member of ATRS unless the employee's contributions were refunded before July 1, 1979.
4. Correction of Erroneous Enrollment Occurring on or after January 1, 1979 – ATRS Obligations
 - A. If ATRS discovers that an employee is erroneously enrolled in a state retirement system on or after January 1, 1979, ATRS shall notify both the covered employer and employee that the:
 - i. Employee is erroneously enrolled in the state retirement system; and
 - ii. Error may be corrected as provided by Acts 1991, No. 13 or Arkansas Code § 24-2-302 et seq.

c. Employer Participation in ATRS — Generally

1. The ATRS Executive Director of ATRS (executive director) shall monitor, from time to time, employers that participate in ATRS to ensure that only employers that meet meeting both the federal and state requirements for participation and continued participation remain employers in ATRS.
2. If the Executive Director executive director determines that an employer no longer meets the requirements for continued participation in ATRS, the Executive Director executive director shall notify the Board of Trustees of the Arkansas Teachers Retirement System (Board) to allow appropriate review and action by the Board.

c. Employee Membership Eligibility — School Janitors, Bus Drivers, and Cafeteria

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Workers Employed Before July 1, 1989

1. An employee shall continue to be a member of APERS if the employee:
 - A. Was employed before July 1, 1989, as a school janitor, bus driver, or cafeteria worker;
 - B. Was enrolled in APERS under the provision of Acts 1965, No. 63;
 - C. Was promoted to a position of school maintenance worker or supervisor, bus mechanic or transportation supervisor, or cafeteria manager, respectively; and
 - D. Remains employed in the position to which he or she was promoted.

d. Employee Membership Eligibility – Nonteaching Service Employees

1. Effective July 1, 2001, an employee whose nonteaching service began before July 1, 1989, and is covered or coverable by APERS may elect to be covered by ATRS.
2. An employee shall submit his or her election to be covered by ATRS before May 31 on a form provided by ATRS.
3. An employee's timely submitted election to be covered by ATRS is effective on July 1 of the following year. (Arkansas Code § 24-7-501(a)(2)(C))

e. Employee Membership Eligibility – College Plans

1. Employees of Nonmandatory Employers

- A. A member of ATRS who was employed by a nonmandatory employer before July 1, 2011, may continue to participate in ATRS instead of an alternative program offered by the nonmandatory employer if the member continues providing consistent service to the nonmandatory employer.
- B. A nonmandatory employer shall be considered a post-secondary or higher education employer (PSHE employer) if the nonmandatory employer enrolls a new eligible member with ATRS on or after July 1, 2011.
- C. If an eligible nonmandatory employer college elects to offer ATRS participation to its employees, the nonmandatory employer shall report information regularly to ATRS, on forms approved by ATRS, as required or permitted by the law applicable to ATRS.

2. Employees of PSHE Employers

- A. A PSHE employer may elect to offer ATRS participation to its employees by fulfilling the requirements of Arkansas Code § 24-7-

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1605.

B. In addition to standard ATRS reporting forms, a PSHE Employer shall provide supplemental reports on any form required, approved, and adopted by the Board.

3. PSHE Employees Hired After July 1, 2011

A. The participation of new employees hired by a PSHE employer after July 1, 2011, is governed by Arkansas Code § 24-7-1601 et seq.

B. An employee of a PSHE employer who is hired after July 1, 2011, may participate in a PSHE plan if the employee:

i. Is benefits-eligible as determined by the PSHE employer;

ii. Is a vested member of ATRS at the time of initial employment;

iii. Is not a vested member of ATRS, but meets the requirements of a less restrictive PSHE plan adopted by the specific PSHE employer; and

iv. Signs an irrevocable PSHE plan participation form provided by ATRS

C. A PSHE plan employee shall remain a member of ATRS as long as he or she is employed by a PSHE employer.

D. A PSHE plan employee's election to participate in ATRS is irrevocable unless the PSHE plan employee obtains a termination refund from ATRS after his or her election to participate.

f. Employer Participation in ATRS

1. Executive Director Review of Employer Participation

A. This ATRS Rule 6 II.f.1. applies to an employer that participates in ATRS under the provisions of Arkansas Code § 24-7-202(D), (E), or (F).

B. Every five (5) years from the effective start date of an employer's participation in ATRS, the Executive Director of ATRS (executive director) shall review the employer's participation in ATRS to ensure that the employer meets both federal and state requirements for participation and continued participation in ATRS.

C. If the executive director determines that an employer no longer meets the requirements for continued participation in ATRS, the executive director shall notify the Board of Trustees of the Arkansas Teachers Retirement System (Board) to allow appropriate review and action by the Board.

2. Application for Employer Participation

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A. An employer that would prefer to participate in and have its employees become members of ATRS may submit a written application to the executive director.

B. The application shall:

i. Specify a proposed effective date for participation in ATRS; and

ii. Include the following information and materials:

a. A certified copy of the articles of incorporation, bylaws, and other organizational documents of employer;

b. A copy of the employer's:

1. Most recent three (3) years' annual financial statements, including balance sheet, financial statements, and statement of cash flows; or

2. If the employer does not have audited financial statements, the year-end compilation reports or internal balance sheet and income statements for the employer;

c. A copy of the employer's most recent three (3) years' federal and state income tax returns;

d. A description of the employer's sources of funding, including the percentage of the funds that is provided by federal or state government and the type of government funding provided;

e. A description of how the employer's board of directors or board of trustees is selected and whether any governmental agency has input in the selection of the board members;

f. A description of the types of services provided by the employer; and

g. A description of each government agency that would be responsible for providing the types of services provided by the employer if the employer did not provide the services.

C. After ATRS reviews the employer's application and accompanying information and materials, ATRS shall:

i. Determine whether an Internal Revenue Service ruling (IRS Ruling) should be requested concerning whether or not the participation of the employees of the employer jeopardizes

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ATRS' status as a governmental plan; and

ii. Request any necessary additional information and statements from the employer if ATRS determines that an IRS Ruling should be requested.

D. The employer shall provide ATRS with any additional information and statements requested by ATRS in relation to the IRS Ruling.

E. The employer shall pay ATRS three thousand dollars (\$3,000) or the actual cost for fees and costs associated with obtaining the IRS Ruling if ATRS determines that an IRS Ruling should be requested.

F. The Board shall consider and vote on an application for employer participation.

i. When considering an application for employer participation, the Board:

a. Shall consider any relevant constitutional arguments brought to the attention of the executive director concerning the employer's application for employer participation;

b. Shall consider Rev. Rul. 89-49; and

c. May consider any other relevant rulings issued by the Internal Revenue Service or the Department of Labor.

3. Employer Participation — Education- Related Agency or Organization

A. Pursuant to Arkansas Code § 24-7-202(19)(D), an individual may be eligible to become a member of ATRS if the:

i. Individual is employed in a position with an education-related agency or organization;

ii. Individual's employment is related to:

a. Training public school employees or school board members;

b. Teaching public school students; or

c. Adult education programs;

iii. Individual's employment is unrelated to private schools;

iv. Individual is or has been a member of ATRS for a minimum of five (5) years; and

v. Individual elects to become or remain a member of ATRS.

B. A member described in this ATRS Rule 6.II.f.3 may become a member of ATRS if the:

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i. Board determines, pursuant to rules adopted by the Board, that the participation of employees employed by the education-related agency or organization will not:

a. Impair ATRS' legal status, including:

1. ATRS' tax-qualified and governmental plan status under the Internal Revenue Code, 26 U.S.C. § 1 et seq.; and

2. ATRS' governmental plan status under the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1001 et seq.;

b. Subject ATRS to additional federal requirements;

c. Have a substantial adverse impact on ATRS' actuarial soundness; and

ii. Education-related agency or organization:

a. Elects to participate in ATRS;

b. Assumes responsibility for employer contributions;

c. Assumes responsibility for fees for obtaining IRS Rulings or Employee Retirement Income Security Act of 1974 opinions; and

d. Is approved as a covered employer by the Board according to rules adopted by the Board.

4. Employer Participation — Private Provider Employees

A. Pursuant to Arkansas Code § 24-7-202(19)(E), effective July 1, 1997, if a public school district privatizes any of its services, an individual who is or was employed by the public school district in one (1) or more of the privatized services and who is or has been a member of ATRS may elect to remain a member of ATRS if the:

i. Board determines, pursuant to rules adopted by the Board, that the participation of employees described in this ATRS Rule 6.II.f.4. will not:

a. Impair ATRS' legal status, including:

1. ATRS' tax-qualified and governmental plan status under the Internal Revenue Code, 26 U.S.C. § 1 et seq.; and

2. ATRS' governmental plan status under the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1001 et seq.;

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ii. Subject ATRS to additional federal requirements;

iii. Have a substantial adverse impact on ATRS' actuarial soundness; and

iv. Private provider assumes responsibility for:

a. Required employer contributions; and

b. Fees for obtaining IRS Rulings or Employee Retirement Income Security Act of 1974 opinions.

5. Employer Participation — Nonprofit Corporation Employees

A. Pursuant to Arkansas Code § 24-7-202(19)(F), effective July 1, 1997, an individual who meets the following requirements may be eligible to become a member of ATRS:

i. The individual is employed in a position with an educational nonprofit corporation that is licensed and regulated by the Division of Developmental Disabilities Services of the Department of Human Services;

ii. The individual's employment is related to:

a. Training public school employees or school board members;

b. Teaching public school students; or

c. Adult education programs; and

iii. The individual's employment is unrelated to private schools.

B. A member described in this ATRS Rule 6.II.f.5 may become a member of ATRS if the:

i. Board determines, pursuant to rules adopted by the Board, that the participation of employees employed by the educational nonprofit corporation will not:

a. Impair ATRS' legal status, including:

1. ATRS' tax-qualified and governmental plan status under the Internal Revenue Code, 26 U.S.C. § 1 et seq.; and

2. ATRS' governmental plan status under the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1001 et seq.;

b. Subject ATRS to additional federal requirements;

c. Have a substantial adverse impact on ATRS' actuarial soundness; and

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ii. Nonprofit corporation:

a. Elects to participate in ATRS;

b. Assumes responsibility for employer contributions;

c. Assumes responsibility for fees for obtaining IRS Rulings or Employee Retirement Income Security Act of 1974 opinions; and

d. Is approved as a covered employer by the Board according to rules adopted by the Board.

III. ~~Contributory/Noncontributory Service Rules~~ Contributory Election

A.a. Contributory Election — Generally

~~A contributory member may not elect to become a non-contributory member.~~

1. The year in which a person becomes a member of ATRS shall determine whether or not the person is considered a contributory or noncontributory member of ATRS.

2. A member's contributory status is irrevocable once the member becomes a contributory member of ATRS.

3. All service rendered before July 1, 1986, is contributory service.

4. A contributory member shall not elect to become a noncontributory member.

5. A contributory election is valid if the contributory election is:

A. Made on an election form provided by ATRS; and

B. Signed by both the member and the covered employer.

6. If a member makes a contributory election before the preparation of his or her first salary payment in the fiscal year, the contributory election is effective immediately.

7. If a member makes a contributory election after the preparation of his or her first salary payment in the fiscal year, the contributory election is effective July 1 of the next fiscal year.

~~B. Whether or not a member is considered contributory or non-contributory depends upon the year the member entered the system.~~

~~C. All service rendered before July 1, 1986, is contributory service.~~

~~D. All new members under contract for 181 or more days will make member contributions to ATRS.~~

~~E. New members under contract for 180 days or less:~~

~~1. Until June 30, 2007, all new members under contract for 180 days or~~

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~~less will have one (1) year from their hire date to make an irrevocable election to make member contributions.~~

~~2. Effective July 1, 2007, all new members under contract for 180 days or less may elect to become contributory members.~~

b. Contributory Election — Member Contracts

1. Members Not Under Contract

A. A member who is not under contract may make a contributory election.

2. Members Under Contract

A. A member under contract for one hundred eighty-five (185) days or more shall make contributions to ATRS.

B. A member under contract for one hundred eighty-four (184) days or less may make a contributory election.

3. Contributory Elections Based on Status Change from Nonteacher to Teacher or Administrator Under Contract

A. Regardless of a member's earlier noncontributory election, an active member whose status changes from nonteacher to teacher or administrator under contract for one hundred eighty-five days (185) or more shall make member contributions to ATRS.

B. An active member's change from noncontributory status to contributory status due to the status change described in this ATRS Rule III.b.3.A is effective on the first day of the next fiscal year if the active member:

i. Changes status from nonteacher to teacher or administrator during a year in which the active member's service has already been reported as noncontributory; and

ii. Is under contract for one hundred eighty-five (185) days or more.

~~F. Change from nonteacher to teacher under contract for 181 days or more:~~

~~1. 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.~~

~~2. 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.~~

~~G. New members not under contract:~~

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- ~~1. Until June 30, 2007, new members who are not under contract will not make member contributions.~~
- ~~2. Effective July 1, 2007, all new members who are not under contract may elect to become contributory members.~~

H. ~~Contributory member election:~~

- ~~1. Until June 30, 2007, active members who have previously elected to be noncontributory may make an irrevocable election to become contributory members.~~
- ~~2. Effective July 1, 2007, any noncontributory member may elect to become a contributory member.~~

c. Contributory Election - Noncontributory Members

1. A noncontributory member may make a contributory election.

~~a.2. If the election is made~~ If a noncontributory member makes a contributory election before the preparation of the first salary payment to the noncontributory member in the fiscal year, the contributory election will become is effective immediately.

3. If the election is a noncontributory member makes a contributory election after the preparation of the first payroll containing the first salary payment to the noncontributory member in the fiscal year, the contributory election shall become is effective July 1 of the next fiscal year.

~~b.4. Any member's election to become contributory is irrevocable. All service rendered after the election is filed with ATRS shall be contributory. All service rendered after a contributory election is filed with ATRS shall be contributory.~~

5. A noncontributory member's contributory election that is filed with ATRS is irrevocable.

~~c. 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.~~

~~I. Noncontributory inactive members or noncontributory rescinding retirees who reenter ATRS after June 30, 2007, may elect to become contributory members. If no election is made, the member will be enrolled in the plan that he/she was in prior to reentry.~~

d. Contributory Election – Noncontributory Inactive Members and Rescinding Retirees

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1. Previously Contributory Inactive Members

A. An inactive member shall make contributions on his or her full salary if the inactive member:

- i. Was contributory and earned a maximum salary of seven thousand eight hundred dollars (\$7,800); and
- ii. Returns to work on or after July 1, 1995.

2. Previously Noncontributory Inactive Members and Retirees

A. An inactive member or rescinding retiree may make a contributory election if the inactive member or rescinding retiree:

- i. Was noncontributory; and
- ii. Reenters ATRS after June 30, 2007.

B. If the inactive member or rescinding retiree does not make a contributory election, the inactive member or rescinding retiree shall be enrolled in the plan that he or she was enrolled in before reentering ATRS.

~~J. Employees of state agencies:~~

- ~~1. Full-time employees of state agencies covered by ATRS shall be contributory.~~
- ~~2. Part-time employees of state agencies covered by ATRS shall be noncontributory. Effective July 1, 2007, part-time employees of state agencies covered by ATRS may elect to become contributory.~~

~~K. Inactive members who had been contributory on a maximum salary of \$7,800.00, return to work on or after July 1, 1995, and elect to become contributory will make contributions on their full salary.~~

e. Contributory Election – State Agency Employees

1. Full-time Employees

A. A full-time employee of a state agency covered by ATRS shall be contributory.

2. Part-time Employees

A. A part-time employee of a state agency covered by ATRS shall be noncontributory.

B. A part-time employee of a state agency covered by ATRS may make a contributory election.

~~L. If a member enters ATRS and is reported incorrectly by the employer for the first year as a noncontributory member, ATRS will accept the member the first year as a noncontributory member. ATRS shall notify the employer of the member's contributory status. Effective the next July 1,~~

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~~the member shall make member contributions to ATRS.~~

M. ~~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, ATRS will accept the member the first year as a noncontributory member. ATRS shall notify the employer of the member's contributory status. Effective the next July 1, the member shall make member contributions to ATRS.~~

f. Contributory Election – Employer Reporting Errors

1. Inactive Members

A. ATRS shall consider a member as noncontributory if the member:

- i. Was an inactive member who returned to covered employment as an active member after July 1, 1999;
- ii. Is reported incorrectly as noncontributory by his or her covered employer for his or her first year of service with the covered employer.

B. ATRS shall notify the covered employer of the member's contributory status.

C. Effective **the next** July 1, the member shall make contributions to ATRS.

2. New Members

A. ATRS shall consider a member as noncontributory for his or her first year of service with a covered employer if the member is a new member of ATRS and incorrectly reported as noncontributory by his or her covered employer for the first year.

B. ATRS shall notify the covered employer of the member's contributory status.

C. Effective **the next** July 1, the member shall make contributions to ATRS and the covered employer shall correctly report the member as contributory.

IV. Erroneous Membership Rules

~~A. Employees erroneously enrolled in a state retirement system on or after January 1, 1979, may elect to remain a member of the system of record or may become a member of the eligible retirement system.~~

~~B. After July 1, 1979, ATRS will make no further effort to correct the retirement system membership of persons who were erroneously enrolled in another state retirement system before January 1, 1979. ATRS will not accept as members persons who were erroneously enrolled in another state retirement system before January 1, 1979, unless that person's~~

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~~contributions were refunded prior to July 1, 1979.~~

- ~~C. If an employee was erroneously enrolled in ATRS before January 1, 1979, and if his/her contributions were not refunded prior to July 1, 1979, the employee shall continue to be a member of ATRS. The member shall receive service credit for all paid membership service in ATRS and any free service creditable under Act 427 of 1973 as amended. He shall also be entitled to reciprocal service credit as provided by § 24-7-401 through 408.~~
- ~~D. If ATRS discovers that an employee became erroneously enrolled in a state retirement system on or after January 1, 1979, ATRS will notify both the employer and employee that the membership is erroneous and that it may be corrected as prescribed by Act 13 of 1991.~~
- ~~E. If a person who is employed before July 1, 1989, as a school janitor, bus driver, or cafeteria worker is enrolled in the Arkansas Public Employees Retirement System under the provision of Act 63 of 1965, and later is promoted to a position of school maintenance worker or supervisor, bus mechanic or transportation supervisor, or cafeteria manager, respectively, the employee shall continue to be a member of the Arkansas Public Employees Retirement System as long as they are employed in one of these respective capacities.~~
- ~~F. If ATRS discovers that an employee became erroneously enrolled in a state retirement system on and after January 1, 1979, ATRS will notify both the employer and employee that the membership is erroneous and that it should be corrected as prescribed by A.C.A. § 24-2-302 et seq.~~

IV. Confidentiality of Member Accounts

- a. In compliance with the ATRS Code of Ethics, ATRS shall keep each member's salary, employment history, retirement account, and other personal data or other information compiled by ATRS for purposes of establishing and maintaining the member's retirement account confidential.
- b. Disclosure
1. All member information compiled by ATRS for the purpose of establishing and maintaining the member's retirement account shall not be disclosed to a third-party unless:
 - A. The member provides ATRS with his or her written consent; or
 - B. A valid legal process requires the disclosure of the member's information.
 2. Individual member records that are kept for the purpose of compiling information for a member's retirement or Social Security records shall not be open to the public under Arkansas Code § 24-4-1003.

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V. Summary of Reciprocal Service Reciprocal Service Credit

a. Generally

1. A member who leaves a position covered by ATRS, becomes employed by a reciprocal system, and files a reciprocal service agreement shall become an inactive member of ATRS and may be eligible for an annuity benefit according to the annuity benefit formula in effect at the time of the member's effective retirement date.
2. Minimum benefits under Acts 1965, No. 488, Arkansas Code § 24-2-402(5)(E), as amended, for reciprocal service shall not apply unless a member has five (5) or more years of credited service in ATRS.
3. If ATRS is a member's preceding system, ATRS shall not pay annuity benefits to the member under reciprocity unless the member:
 - A. Attains the normal retirement age; or
 - B. Leaves his or her employment with his or her state employer.
4. If ATRS is a member's preceding system, the member, after attaining the normal retirement age, is eligible to apply for retirement benefits without leaving his or her employment with his or her last state employer.
5. The member's annuity benefit payments shall begin after the member attains the normal age of retirement or on the first day of the month following the month in which the member's application is filed, whichever occurs last.
6. ATRS shall only consider service credited to the member and salaries earned by the member before the member's effective retirement date to calculate the member's annuity benefit.

b. Reciprocal Service Credit – Calculation of Service Credit

1. If a member of ATRS has service credited during the same fiscal year with another reciprocal system and the combined service is greater than one (1) year of service credit, ATRS shall credit service as follows:
 - A. If credit by the reciprocal system is less than three (3) months, ATRS shall credit service for one (1) year;
 - B. If credit by the reciprocal system is three (3) or more months but less than six (6) months, ATRS shall credit service for three-fourths (3/4) year;
 - C. If credit by the reciprocal system is six (6) or more months but less than nine (9) months, ATRS shall credit service for one-half (1/2) year; and

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D. If credit by the reciprocal system is for nine (9) months but less than twelve (12) months, ATRS shall credit service for one-fourth (1/4) year.

c. Reciprocal Service Credit – Contributions and Repayments

1. While an employee participates in a reciprocal system, back contributions, additional contributions, and repayment of refund payments made to ATRS shall be made in accordance with the payment method provisions of ATRS Rule 8.
2. Employer pick-up is prohibited while the employee works for a noncovered ATRS employer.

d. Reciprocal Service Credit – Concurrent Service

1. Unless the reciprocal system is APERS or an alternate retirement plan, beginning July 1, 2013, ATRS shall allow a member who earns concurrent service in both ATRS and a reciprocal system to receive full service credit in ATRS without reduction of service credit due to the concurrent service.
2. ATRS shall not recognize concurrent service added to a member's credited service in ATRS that, for the purpose of vesting, retirement eligibility, or calculating final average salary, either:
 - A. Credits the member with more than one (1) year of credited service for a fiscal year; or
 - B. Combines salary earned in ATRS and a reciprocal system in a fiscal year.
3. A member may waive all or part of the concurrent service credited to him or her in ATRS and have the concurrent service credited to him or her under a reciprocal system if:
 - A. The member acknowledges that the waiver is a voluntary surrender of the member's concurrent service credit in ATRS;
 - B. The member acknowledges that the waiver cancels his or her concurrent service credit in ATRS; and
 - C. The member submits an ATRS approved concurrent service credit waiver form to ATRS. (Arkansas Code § 24-7-601).

4. If a member waives all or part of the concurrent service credited to him or her in ATRS and has the concurrent service credited to him or her under a reciprocal system, ATRS may refund the employer-accrued contributions and employee-accrued contributions.

e. Reciprocal Service Credit – Alternate Reciprocal Retirement System

1. A member of ATRS may establish reciprocal service credit from an

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alternate retirement plan if he or she submits an appropriate, approved, and completed ATRS form concerning the reciprocal service credit to ATRS.

2. Distributions from an alternate retirement plan may prevent reciprocal service from being established if ATRS is unable to verify that the withdrawals were made without penalty under Internal Revenue Service guidelines concerning rollovers to eligible plans, withdrawals, that are not subject to early withdrawal, etc.

f. Reciprocal Service Credit – Active Members of APERS

1. From July 1, 1991, until December 31, 1991, an active member of APERS may establish reciprocity between APERS and ATRS and purchase out-of-state service rendered before January 1, 1978, in accordance with Arkansas Code §§ 24-7-601 and 24-7-603, if the active member:

- A. Was an active member of ATRS before January 1, 1978; and
- B. Became a member of APERS within thirty (30) days of leaving ATRS.

g. Reciprocal Service Credit – Arkansas Rehabilitation Services Employees

1. Effective July 1, 1993, for a ninety (90) day period, an employee of the Arkansas Rehabilitation Services may transfer his or her membership from APERS to ATRS under Acts 1993, No. 574.
2. An employee who transfers his or her membership from APERS to ATRS shall establish reciprocity between the two (2) systems and Acts 1977, No. 793 shall not apply to the employee.

h. Reciprocal Service Credit – Department of Human Services Employees

1. The law applicable to ATRS shall be used to determine the annuity benefits to which an employee is entitled for service provided before or after Acts 1977, No. 793 if the employee:
 - A. Was an employee of the Department of Human Services and became a member of APERS under the provisions of Acts 1977, No. 793, as amended; and
 - B. Left employment with the Department of Human Services and became employed in a position covered by ATRS.
2. A member meeting the description of this ATRS Rule 6 V.H.1. may establish reciprocity under Acts 1965, No. 488, as amended.

i. Reciprocal Service Credit – Member Entitlement to Deferred Annuity

1. If a member leaves state employment and their position is covered by any of the retirement systems listed above and enters the employ of

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another state employer whose position is covered by any of these retirement systems, the member shall be entitled to a deferred annuity according to A.C.A. § 24-2-401 et seq. Pursuant to Arkansas Code § 24-4-401 et seq., a member is entitled to a deferred annuity benefit if the member:

A. Leaves his or her state employment in a position that is covered by one (1) of the reciprocal systems; and

B. Enters subsequent state employment in a position that is covered by another of the reciprocal systems.

~~A. Age and Service Retirement with Reciprocal Service Credit~~

i. Reciprocal Service Credit – Age and Service Retirement

1. Annuity Benefit Payments

A. If ATRS is the a member's preceding system, the member's annuity begins benefit payments shall begin after the member attains the normal age of retirement or on the first day of the month following the month in which the member's retirement application was filed, or after attainment of age 60 years, whichever is later.

B. However, should the member have If the member has combined service of at least 25 twenty-five (25) years, the age limitation normal retirement age requirement shall not apply.

C. The deferred annuity shall not begin prior to the date of leaving the employ of the last state employer unless the member reaches age 65. Deferred annuity benefit payments to the member shall not begin before the date on which the member leaves employment with his or her last state employer unless the member attains the normal retirement age.

2. Applying for Retirement Benefits Before Leaving Employment

A. If ATRS is the member's preceding system, the member is eligible to apply for retirement benefits without leaving the employ of the last state employer upon reaching age 65 employment with his or her last state employer upon attaining the normal retirement age.

B. The member's annuity will begin benefit payments shall begin after the member attains the normal retirement age or on the first day of the month following the month in which the member's retirement application was is filed, or after attainment of age 65, whichever is later.

C. Only service credited and salaries earned prior to the ATRS effective date of benefits will be used in the ATRS benefit calculation. ATRS shall use only service credited to the member

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~~and salaries earned by the member before the member's effective retirement date to calculate the member's annuity benefit.~~

~~B. Disability Retirement with Reciprocal Service Credit~~

~~k. Reciprocal Service Credit – Disability Retirement~~

1. A member is eligible to apply for disability ~~retirement~~ benefits under A.C.A. § 24-2-405 from each reciprocal system in which the member has credited service according to ~~the~~ rules for eligibility promulgated by that ~~reciprocal~~ system. ~~(Arkansas Code § 24-2-405)~~
2. The member's annuity for disability retirement ~~disability retirement benefits~~ payable by the preceding reciprocal system shall
 - A. ~~begin~~ **Begin** the first day of the month following the month ~~in which~~ the ~~member's disability retirement~~ application was ~~is~~ filed with the preceding system, ~~and~~
 - B. ~~, but not prior to the date of leaving the employ of the last state employer.~~ **Not begin before the date on which the member leaves employment with his or her last state employer.**

~~l. Reciprocal Service Credit – Survivor Annuity Benefits~~

1. ~~If survivor annuity benefits are payable by more than one (1) reciprocal system to an eligible survivor of a deceased member, a survivor who receives annuity benefit payments shall not receive, as a percentage of the deceased member's final salary or as a minimum dollar amount, more than the largest amount payable by a single reciprocal system.~~
2. ~~ATRS shall prorate minimum benefits payable to a survivor with other reciprocal systems that have a minimum benefit provision in their plans.~~
3. ~~Each reciprocal system shall pay a proportionate share of the minimum benefit based on the ratio of the member's service in that reciprocal system to the member's total service in all the reciprocal systems.~~
4. ~~If the reciprocal system is an alternate retirement plan, survivor annuity benefits shall be contingent on whether the:~~
 - A. ~~Alternate retirement plan provides survivor annuity benefits; and~~
 - B. ~~Member selected survivor annuity benefits as a benefit under the alternate retirement plan. (Arkansas Code § 24-2-402(5)).~~

VI. Reciprocal Service Rules

- A. ~~A member who leaves a position covered by the Teacher Retirement System, becomes employed by a reciprocal system, and files a reciprocal service agreement becomes an inactive member and may become eligible for the benefit formula in effect at the time of retirement.~~

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~~B.~~

- ~~1. Benefits will not be paid under reciprocity from ATRS as the preceding system until the member has ceased to be in the employ of a state employer unless the member reaches age 65.~~
- ~~2. If ATRS is the preceding system, the member is eligible to apply for benefits without leaving the employ of the last state employer upon reaching age 65. The member's annuity will begin the first day of the month following the month the application was filed or after attainment of age 65, whichever is later. Only service credited and salaries earned prior to the ATRS effective date of benefits will be used in the ATRS benefit calculation.~~

~~C. Benefits will not be paid to a member under reciprocity from ATRS as the preceding system earlier than age 60 unless the member has 25 or more years of combined service.~~

~~D. No minimum benefits apply under Act 488 of 1965 [A.C.A. § 24-2-402(5)(E)], as amended, for reciprocal service unless the member has five (5) or more years of credited service in ATRS.~~

~~E. If survivor benefits are payable by more than one reciprocal system to eligible survivors of a deceased member, the survivors shall not receive more, as a percentage of the deceased member's final pay or as a minimum dollar amount than the largest amount payable by a single reciprocal system. ATRS will prorate minimum benefits payable with other reciprocal systems that have a minimum benefit provision in their plans. Each reciprocal system shall pay a proportionate share of the minimum amount based on the ratio of service in that system to the total service in all reciprocal systems. If the reciprocal system is an alternate retirement plan, survivor benefits shall be contingent upon provisions of that benefit having been provided by the alternate retirement plan and having been selected by the member as a benefit. [A.C.A. § 24-2-402 (5)]~~

~~F. If an employee of the Department of Human Services who becomes a member of the Public Employees Retirement System under the provisions of Act 793 of 1977, as amended, leaves employment with the Department of Human Services and becomes employed in another position covered by ATRS, the benefits for service, both before and after any service under Act 793, shall be subject to the benefit provisions of the Teacher Retirement law. Such member shall be eligible to establish reciprocity under the provisions of Act 488 of 1965 as amended.~~

~~G. If an ATRS member has service credited during the same fiscal year with another reciprocal system and the combined service is greater than one year of service credit, ATRS will credit service as follows:~~

- ~~1. If credit by the reciprocal system is less than three (3) months, ATRS~~

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~~will credit service for one (1.00) year.~~

~~2. If credit by the reciprocal system is three (3) or more months but less than six (6) months, ATRS will credit service for three-fourths (3/4) year.~~

~~3. If credit by the reciprocal system is six (6) or more months but less than nine (9) months, ATRS will credit service for one-half (1/2) year.~~

~~4. If credit by the reciprocal system is for nine (9) months but less than twelve (12) months, ATRS will credit service for one-fourth (1/4) year.~~

~~H. While participating in a reciprocal system, back contributions, additional contributions, and repayment of refund payments made to ATRS shall be made according to payment methods contained in Rule 8 – Purchase Payment Rules, except employer pick-up is prohibited while working for a noncovered ATRS employer.⁴~~

~~I. A member may elect to waive all or part of concurrent service credited to the member in ATRS and have the waived concurrent service credited under a reciprocal system by submitting their intention to ATRS on an ATRS approved form (A.C.A. § 24-7-601 (g)).~~

VII. Privatized Employers and Nonprofit Corporations Rules

~~A.C.A. § 24-2-202(18)(E)-(F) allows the employees of certain privatized employers performing services for public school districts and certain educational nonprofit corporations to become members of ATRS.~~

~~A. Effective July 1, 1997, under certain conditions, membership in ATRS 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 that participation of these employees in ATRS will not in any way impair any legal status of ATRS, including, but not limited to, its status as a governmental plan, pursuant to the federal Internal Revenue Code and ERISA, or its tax-qualified status under the Internal Revenue Code; will not subject the plan to additional federal requirements and will not have a substantial adverse impact on the actuarial soundness of ATRS. In addition, the private provider must assume all responsibility for the required employer contributions and any fees for obtaining IRS rulings or ERISA opinions.~~

~~B. Effective July 1, 1997, under certain conditions, membership in ATRS shall include employment in positions with educational nonprofit corporations licensed and regulated by the Division of Developmental Disabilities Services of the Department of Human Services, provided the nonprofit corporation has elected to participate in ATRS, and the Board of Trustees~~

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determines by adopting rules that participation of these employees in ATRS will not in any way impair any legal status of ATRS, including, but not limited to, its status as a governmental plan, pursuant to the Internal Revenue Code and the Employee Retirement Income Security Act of 1974, or its tax-qualified status under the Internal Revenue Code; will not subject the plan to additional federal requirements; and will not have a substantial adverse impact on the actuarial soundness of ATRS. 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 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.

C. Application for Membership.

Any organization that desires its employees to become members of ATRS shall make written application to the Executive Director of ATRS, specifying the proposed effective date for such participation.

D. Information Provided to ATRS.

Each application for membership shall contain the following information and materials:

1. A certified copy of the Articles of Incorporation, Bylaws, and other organizational documents of the organization;
2. A copy of the most recent three (3) years' annual financial statements, including balance sheet, financial statements, and statement of cash flows, or if such organization does not have audited financial statements, the year-end compilation reports or internal balance sheet and income statements for the organization;
3. A copy of the most recent three (3) years' federal and state income tax returns;
4. A description of the sources of funding of the organization, including the percentage of such funds provided by federal or state government and the type of such government funds;
5. A description of how the board of directors or board of trustees is selected, and whether any governmental agency has input in the selection of board members;
6. A description of the types of persons served by the organization, and which government agency or agencies would be responsible for providing such services if the organization did not do so.

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~~E. Tax Ruling.~~

~~After counsel for ATRS has reviewed the above information provided to ATRS, such counsel shall determine whether a ruling should be requested from the Internal Revenue Service that the participation of the employees of the organization will not jeopardize the status of ATRS as a "governmental plan." If counsel determines that such a ruling should be requested, the organization shall provide any additional information and statements requested by counsel in connection with such ruling request.~~

~~F. Fees.~~

~~If counsel for ATRS determines that a ruling should be requested, the organization shall pay to ATRS not less than the sum of \$3,000.00 or the actual cost for the fees and costs associated with such ruling request.~~

VIII. Confidentiality of Member Accounts

~~A. In compliance with the ATRS Code of Ethics, ATRS shall keep all members' salary, employment history, retirement account, and other personal data or information compiled by ATRS for purposes of establishing and maintaining a member's retirement account confidential. Such information shall not be disclosed to any third party without the express written consent of the member or other valid legal process.~~

~~B. Individual member's records which are kept for the purpose of compiling information for the member's retirement or social security records shall not be open to the public under A.C.A. § 24-4-1003.~~

IX. College Plan Rules

~~A. Generally, an ATRS member who became employed by a non-mandatory employer prior to July 1, 2011, may continue to participate in ATRS instead of an alternative program offered by the non-mandatory employer if the ATRS member continues providing consistent service to the non-mandatory employer. For new employees after July 1, 2011, participation is governed by A.C.A. § 24-7-1601 et seq.~~

~~B. A post-secondary or higher education employer may elect to offer ATRS participation to its employees by fulfilling the requirements under A.C.A. § 24-7-1605.~~

~~C. If an eligible non-mandatory employer college elects to offer ATRS participation to its employees, then the employer must regularly report information to ATRS on forms developed by ATRS as allowed by ATRS law. In addition to standard ATRS reporting forms, a post-secondary or higher education employer shall provide supplemental reports on any form approved and adopted by the ATRS Board as a required form.~~

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~~1 From July 1, 1991, until December 31, 1991, an active member of the Arkansas Public Employees Retirement System who was an active member of ATRS prior to January 1, 1978, and who became a member of the Arkansas Public Employees Retirement System within thirty (30) days of departure from ATRS may establish reciprocity between the two systems and purchase out-of-state service rendered prior to January 1, 1978, in accordance with the provisions and conditions contained in A.C.A § 24-7-601 and § 24-7-603. Effective July 1, 1993, for a ninety (90) day period, employees of the Arkansas Rehabilitation Services may transfer from the Arkansas Public Employees Retirement System to ATRS under Act 574 of 1993. Any employee making the change will establish reciprocity between the two systems, and Act 793 of 1977 shall no longer apply.~~

– **VI. Contributory/Non-Contributory Contributory and Noncontributory Service Chart by Year of Entry into System**

(Elections and Re-entry may affect Individual Member Service Status)

All Members		
1937 - 1986	All Members	Contributory
1986 - 1991	All Members	Contributory unless elect Non-Contributory <u>Noncontributory</u>
1991 - 1999	All Members	Non-Contributory <u>Noncontributory</u> unless elect Contributory
School District Employees		
1999 - 2007	Active	One-time <u>One-time</u> election to be Contributory or Non-Contributory , <u>Noncontributory</u> , no election made by 7/1/2000, status on 6/30/2000
	Inactive	One-time <u>One-time</u> election to be Contributory or Non-Contributory <u>Noncontributory</u> upon reentering system, no election then status <u>enrolled in the plan that he or she was enrolled in before reentering ATRS</u>

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	New	<p>Contract 181 <u>one hundred eighty-one (181)</u> days or more - Contributory</p> <p>-</p> <p>Contract 180 <u>one hundred eighty (180)</u> days or less - Non-Contributory, <u>Noncontributory</u>, may elect Contributory, election must be made one <u>(1)</u> year from hire date</p> <p>-</p> <p>No contract, member must be non-contributory <u>noncontributory</u></p>
2005 - <u>2021</u>	Non-teacher <u>Nonteacher</u> to Teacher or Administrator	<p>Contract 181 <u>one hundred eighty-one (181)</u> days or more - Contributory. If position change happens during the year, election is effective first of next fiscal year</p> <p>-</p> <p>All Non-Contributory <u>Noncontributory</u> members may elect Contributory</p>
2007 - <u>2021</u>	All Members	May elect Contributory
	New	<p>Contract 181 <u>one hundred eighty-one (181)</u> days or more - Contributory</p> <p>-</p> <p>Contract 180 days or less – Non-Contributory</p> <ul style="list-style-type: none"> • <u>Noncontributory, may elect Contributory</u> • <u>No contract — Noncontributory, may elect Contributory</u>
	Inactive	May elect Contributory
<u>2021</u>	<u>Nonteacher to Teacher or Administrator</u>	<p><u>Contract one hundred eighty-five (185) days or more - Contributory. If position change happens during the year, election is effective first of next fiscal year.</u></p> <p><u>All Noncontributory members may elect Contributory</u></p>
<u>2021 -</u>	<u>All Members</u>	<u>May elect Contributory</u>
	<u>A member with</u>	<u>Contract one hundred eighty-five (185) days or more - Contributory</u>
	<u>A member with</u>	<u>Contract one hundred eight-four (184) days or less - Noncontributory, may elect Contributory</u>

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	<u>New</u>	<u>No contract – Noncontributory, may elect Contributory unless already Contributory</u>
	<u>Inactive</u>	<u>May elect Contributory</u>
State Agency Employees		
1999 - 2007	Full-Time Employment	Must be Contributory
	Part-Time Employment	Must be Non-Contributory <u>Noncontributory</u>
2007 -	Full-Time Employment	Must be Contributory
	Part-Time Employment	Non-Contributory , <u>Noncontributory</u> , may elect to be Contributory

Once you are a contributory member of ATRS, your contributory status is irrevocable.

~~If election to be contributory 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.~~

~~If a member enters ATRS and is reported incorrectly by an employer for the first year, ATRS will accept the election reported by the employer the first year. ATRS shall notify the employer of the member's correct status. Effective the next July 1, the member shall be reported with the correct status.~~

~~Inactive members who had been contributory on a maximum salary of \$7,800.00, return to work on or after July 1, 1995, and elect to become contributory will make contributions on their full salary.~~

HISTORY

Adopted:	August 11, 1998	6-10
Amended:	June 15, 2004	6-1
Amended:	July 18, 2005	6-1, 6-2, 6-10
	April 26, 2007	6-1, 6-2, 6-11
	July 1, 2011	(Emergency) 6-1, 6-12
Adopted:	August 8, 2011	6-1, 6-12
Effective:	November 11, 2011	6-1, 6-12

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Adopted by Board:	April 2, 2012	6-1
Amended:	May 2, 2012	6-1
Effective:	September 4, 2012	6-1
Amended:	May 2, 2012	6-2
Effective:	September 4, 2012	6-2
Approved by Board:	July 26, 2013	6-2, 6-12
Amended:	October 9, 2013	6-2, 6-12
Effective:	November 8, 2013	
Approved by Board:	February 5, 2018	6-2
Effective:	February 16, 2018	6-2
Effective:	May 28, 2020	Rule 6

Public Comments
Proposed Rule 7 – Reporting and Eligibility

1. Page 1, Section (I).

- a. **Comment:** Can the definitions related to the rules concerning final average salary be removed from Rule 7 – Reporting and Eligibility and placed in Rule 9 – Retirement and Benefits?
- b. **Response:** The Arkansas Teacher Retirement System (ATRS) intends to continue reorganizing its rules and an appropriate relocation of the definitions concerning final average salary will be made at a later time.

2. Page 13, Section (IV)(a)(1)(A).

- a. **Comment:** As ATRS no longer requires covered employers to submit a supplemental salary payment report, can Section (IV)(a)(1)(B) be removed?
- b. **Response:** Yes. This change has been made.

3. Page 13, Section (IV)(b)(2)(C).

- a. **Comment:** Should “*refund employee contributions*” be changed to “*refund employee and employer contributions*” as employee contributions are also refunded in this situation?
- b. **Response:** Yes. This change has been made.

4. Page 14, Section (IV)(d)(1)(B).

- a. **Comment:** Is this still required by law? If not, should this language be stricken since all reports and funds can be sent electronically?
- b. **Response:** No, the proposed rules in Section (IV)(d)(1)(B) are not required by law. However, Acts 2021, No. 220 amended the law to allow a covered employer to submit a written request for a temporary waiver from submitting reports and payments electronically if the covered employer is unable to do so. Therefore, it is necessary to include rules that address employers who obtain a waiver. Appropriate changes have been made to clarify that Section (IV)(d)(1)(B) applies when a covered employer obtains a waiver.

5. Page 15, Section (IV)(d)(4)(B)(i).

- a. **Comment:** As the assumed rate may change, should “*assumed rate of seven and one-half percent (7.5%) return*” be changed to “*assumed rate of return*”?
- b. **Response:** Yes. This change has been made.

6. Page 16, Section (IV)(d)(6)(B)(i).

- a. **Comment:** Does this section pertain to employee and employer contributions? If yes, does Section (IV)(d)(6)(B)(i) need to include more specific language?
- b. **Response:** Yes, Section (IV)(d)(6)(B)(i) concerns both employee contributions and employer contributions. The appropriate change has been made.

7. Page 16, Section (IV)(d)(6)(B)(ii).

- a. **Comment:** Should additional rules concerning the documentation of refunds or forfeitures of de minimis amounts owed to an employer be included in this section?
- b. **Response:** Yes. Appropriate changes have been made.

8. Page 16, Section (IV)(d)(6)(B)(ii) and (iii).

- a. **Comment:** As the Board of Trustees of the Arkansas Teacher Retirement System (Board) may set the de minimis amount, should only “*de minimis amount of twenty-five dollars (\$25)*” be changed to “*de minimis amount*”?
- b. **Response:** Yes. This change has been made.

9. Page 16, Section (V).

- a. **Comment:** Can the rules concerning final average salary be removed from Rule 7 – Reporting and Eligibility and placed in Rule 9 – Retirement and Benefits?
- b. **Response:** ATRS intends to continue reorganizing its rules and an appropriate relocation of the rules concerning final average salary will be made at a later time.

10. Page 19, Section (V)(b)(3)(C)(ii).

- a. **Comment:** Should “*fair base year*” be “*fair base salary*” as that term was changed in Ark. Code Ann. § 24-7-736(c)(2)(B) as amended by Acts 2021, No. 279, § 31?
- b. **Response:** Yes. This change has been made.

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~~ATRS Rule 7~~

~~REPORTING AND ELIGIBILITY~~ ATRS RULE 7

SERVICE CREDIT, CONTRIBUTIONS, REPORTING, AND FINAL AVERAGE SALARY

A.C.A. Arkansas Code §§ 24-2-701, 24-7-103, 24-7-202, 24-7-401, 24-7-406, 24-7-411, 24-7-601 — 24-7-611, 24-7-705, 24-7-708, 24-7-736, and 24-7-1303, ~~24-2-704~~

~~I. Calculation of Final Average Salary~~

I. Definitions

A. Definitions

1. ~~"ATRS Employer" means an employer who participates in the Arkansas Teacher Retirement System whose employees are eligible for membership under A.C.A. § 24-7-501 or other applicable law.~~
- a. "Actual service" means service rendered in a position covered by the Arkansas Teacher Retirement System (ATRS), not including purchased service credit, free service credit, or reciprocal service;
- b. "Credited service" means service that is creditable as service by ATRS;
- c. "Covered employer" as it relates to outsourcing means a public school, public educational agency, or other eligible employer participating in ATRS;
- d. "Eligible employee" for the purpose of salary or compensation limitations concerning the calculation of a final average salary means a person who was a member of ATRS before the first plan year beginning after December 31, 1995;
- e. "Embedded Employee" means a person who:
 1. Provides an outsourced service on the premises of a covered employer; and
 2. Is employed and paid by an outsource contractor;
 3. Is not employed by:
 - A. A covered employer listed under Arkansas Code § 24-7-202; or
 - B. An employer that offers ATRS as optional retirement plan as of the date of outsourcing;
- f. ~~2.~~ "Full service year" means employment by with a covered employer for one hundred sixty (160) days or more in a fiscal year;
- g. ~~3.~~ "Partial service year" means ~~less than a full service year of credited service~~ employment with a covered employer for less than one hundred sixty (160) days in a fiscal year;

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- h. “Participating employer” means a covered employer that outsources and opts for the embedded employees of all of the covered employer’s outsource contractors to become members of ATRS;
- i. “Service” means employment rendered as an employee;
- j. “Specialized support position” means a position requiring less than eight (8) working hours per day, including without limitation the positions of bus driver, custodial worker, and cafeteria worker;
- k. “Surcharge employer” means a covered employer that outsources and pays a surcharge to ATRS in lieu of opting for the embedded employees of outsource contractors to accrue credited service in ATRS; and
- l. “Youth participant” means an individual:
 - 1. Who is:
 - A. Enrolled in a secondary public school as a student; and
 - B. Employed through his or her participation in a summer work program for a period between the first day of June and the last day of August; and
 - 2. Whose compensation is disbursed by a covered employer as part of an agreement between the covered employer and an administrator of the summer work program that designates the covered employer as a pass-through fiscal agent.

B. Salary Limitations

- ~~1. To calculate final average salary, ATRS will include salary received during a fiscal year from all ATRS employers.~~
- ~~2. Partial service years are excluded from the calculation of final average salary unless the partial service year is higher than a full service year, or if the member has less than the required numbers of years to calculate a final average salary.~~
- ~~3. Regardless of any provision in a State statute, rule, or regulation to the contrary, salary or other compensation paid which exceeds the limitations set forth in Section 401(a)(17) of the Internal Revenue Code shall be disregarded. The limitation on compensation for "eligible employees" shall not be less than the amount allowed under ATRS in effect on July 1, 1993. For this purpose, an "eligible employee" is an individual who was a member of ATRS before the first plan year beginning after December 31, 1995.~~
- ~~4. Certain remuneration paid by an ATRS employer to ATRS members shall not be treated as salary in the calculation of ATRS benefits although it would otherwise meet the definition of salary.~~
 - ~~a. Paid or unpaid accrued, unused sick leave shall not be credited as~~

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~~service unless the member dies while an active member, in which case it shall be credited as service in the fiscal year of the member's death.~~

~~b. Any remuneration or salary paid as an incentive payment, bonus, separation payment, additional salary or a special payment made in return for or in consideration of an ATRS member's agreement to separate from the ATRS employer, retire, or not renew the member's contract with the ATRS employer shall not be treated as salary by ATRS.~~

~~i. This salary limitation applies if:~~

~~1. The ATRS employer's offer applies to two (2) or more ATRS members;~~

~~2. The ATRS employer offers a voluntary early retirement incentive plan, staff reduction plan, or buyout plan to ATRS members to retire or separate employment from the ATRS employer as a condition of participating in the plan;~~

~~3. The ATRS member voluntarily participates in the program in return for the additional remuneration or salary.~~

~~ii. This salary limitation does not apply if:~~

~~1. It is payment to purchase service credit or additional salary as a part of a separation agreement and as a result of the resolution of a claim of wrongful termination;
or~~

~~2. It is payment made for accumulated, unused sick leave in excess of the number of sick days that a member's employer allows them to carry forward, and that are accrued during years immediately prior to termination of covered employment.~~

~~c. ATRS employers shall not withhold member contributions or pay employer contributions from the remuneration paid that is subject to the salary limitation established by this Rule.~~

~~d. Any ATRS employer who offers an early retirement plan, separation plan, or contract non-renewal plan, that pays remuneration subject to the salary limitation shall notify ATRS prior to any payment under such plan.~~

~~e. At the request of an ATRS employer, ATRS shall review any potential plan or payment that could be subject to this salary limitation and provide guidance as to whether the salary limitation would apply.~~

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- ~~f. Any decision by ATRS staff on a particular plan or payment may be appealed to the ATRS Board using the ATRS appeal procedure as set forth in Rule 13.~~
- ~~5. If a conflict exists between ATRS's calculation of final average salary and the ATRS employer's laws or policies relating to the compensation of final average salary ATRS's laws and rules shall control.~~
- ~~6. Effective July 1, 2018, ATRS shall calculate final average salary using the five (5) years in which the member received the highest salary from an ATRS employer subject to the foregoing limitations.
 - ~~a. For active members as of July 1, 2018 who have three (3) or more full service years, ATRS shall determine the benchmark final average salary using the highest salary from a member's three (3) separate full service years through fiscal year 2018, as if the member were retiring or entering T-DROP as of June 30, 2018.~~
 - ~~b. If, at the time of actual retirement, a five (5) year calculation of the final average salary of a member who qualifies for the three (3) year calculation is higher, the five (5) year calculation will be used.~~
 - ~~c. The three (3) year final average salary calculation above is a permanent benchmark for comparison to a five (5) year average salary calculation.~~~~
- ~~7. The benchmark final average salary is not provided to inactive ATRS members unless proof is provided to ATRS indicating the member was active in a reciprocal or alternative system in fiscal year 2018.~~
- ~~8. The final average salary for members with reciprocal service shall be the highest salary years credited by either the ATRS employer or the reciprocal system under A.C.A. § 24-2-402.~~
- ~~9. For members who are retiring and who are employed in agencies or other institutions that use the state 26-week payroll, employers should report to ATRS the salary, contributions, and actual days worked through the current year payroll period. Contributions should not be withheld on any salary earned after the close of the current year's payroll, nor should any salary or days of service be reported for that period.~~
- ~~10. For members who are retiring and who are employed by employers using a fiscal year ending June 30, employers should report to ATRS the salary contributions, and actual days worked through the current fiscal years ending June 30. Contributions should not be withheld on any salary earned after the end of the current fiscal year, nor should any salary or days of service be reported for that period.~~
- ~~11. For retiring members, employee contributions remitted on salary paid after the end of the current fiscal year or current year payroll period,~~

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whichever applied, will be refunded as promptly as possible.

II. Proof of Service Credit

A. ~~The Board shall determine the number of years and fractions thereof for paid service credited to members of ATRS. No fewer than one hundred sixty (160) days of employee service in a fiscal year (ending June 30) shall be credited as a full service year.~~

B. ~~Members employed less than forty (40) days during a fiscal year are not eligible for credit or benefits in ATRS for that fiscal year; however, beginning in the 2011-2012 fiscal year, a contributory member's service days are carried forward from previous fiscal years until at least forty (40) days of service are earned by the member. When a contributory member obtains at least forty (40) days of service in a fiscal year, whether using regular service days or accumulated service days, or both, the member begins the next fiscal year with no days of service carried forward.~~

C. ~~For members with service after July 1, 1971, actual service credited to a member's account shall be determined in accordance with the following table:~~

Number of Days Worked in a Fiscal Year	Service Credit Earned
1-39	None
40-79	0.25 year
80-119	0.50 year
120-159	0.75 year
160 days or over	1.00 year

D. ~~ATRS shall utilize the days specified in a contract between an ATRS employer and member to establish days of service worked.~~

E. ~~If a member is employed in a position for which a regular and typical work day includes eight (8) hours or more of work time (full-day position), then at least four (4) hours of work in a day shall be required for a "day" of service.~~

F. ~~A member who is not employed in specialized support positions and who does not work four (4) hours or more a day will earn service credit by dividing by four (4) the total number of hours worked in a fiscal quarter to arrive at to be credited. the number of days~~

G. ~~ATRS employers have specialized support positions that include bus drivers, custodial workers, cafeteria workers, and similar positions that may require less than eight (8) hours of work a day. Beginning July 1, 2011, a member employed in a specialized support position that has been certified to ATRS as a specialized support position shall receive a full day of service credit if the ATRS employer reasonably determines that the member performed the regular and usual service expected of a member in that position during the service day.~~

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H. A specialized support employee who is employed without a contract specifying the numbers of days of serviced shall be credited a full service day for each day worked, regardless whether the member works fewer than four (4) hours during the day.

I. ATRS employers shall certify proof of service on forms and with documentation required by ATRS.

J. If a member has accrued a full service year credit for a fiscal year and then retires, the member's annuity shall not begin earlier than on the July 1 of the following fiscal year.

K. The Board of Trustees has the final authority to decide the amount of service creditable to a member for any particular circumstance.

III. Employee (Member) Contributions

A. Each employer will remit the member contributions by employer "pick up" from the salary earned by contributory members, and those member contributions are treated as employer contributions under the applicable provisions of the Internal Revenue Code and the Arkansas Income Tax Act. The employer may pay these contributions by a reduction in the cash salary of the member, by a setoff against future salary increases, or by a combination of both.

B. The rate of member contributions is set by Board resolution.

C. Overpayments or underpayments of member contributions in an amount determined by the Board to be "de minimus" shall be pursuant to the following:

1. ATRS shall not collect an underpayment of member contributions for an amount less than twenty five dollars (\$25.00) or adjust member service credit for such amount.
2. ATRS will refund an overpayment of member contributions of less than twenty five dollars (\$25.00) if the member requests.
3. If an underpayment of member contributions occurs because the member changed status from noncontributory to contributory, the member must remit to ATRS the contributions due based on gross salary earned retroactive to the beginning of that fiscal year. Service will not be credited until the underpayment is fully paid to ATRS.
4. If an overpayment of member contributions occurs as a result of erroneous reporting, ATRS will refund the overpayment of member contributions to the employer, subject to the de minimus amount.

D. If ATRS is owed member contributions with accrued interest, the interest may be waived by the Board or its designee under ATRS Rules.

IV. Employer Contribution Rate

A. The Board shall annually set the employer contribution rate for the following fiscal year.

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~~B. ATRS shall annually notify ATRS employers of the employer contribution rate set by the Board.~~

~~V. Employee and Employer Remittances and Reports~~

~~A. Remittances of employee and employer contributions are due monthly.~~

~~B. Employer reports required by ATRS are due on a monthly and quarterly basis.~~

~~C. The employer must remit reports and required supporting documentation to ATRS electronically on ATRS-approved forms~~

~~D. An employer report or remittance shall not be delinquent if received by ATRS on the 15th day of the month in which it is due or postmarked by the 14th day of the month. If the 14th falls on Saturday, Sunday, or a holiday, the postmarked date is extended to the next business day.~~

~~E. A one-hundred and fifty dollar (\$150) late report penalty will be assessed on any required employer report not received by its due date.~~

~~F. If an employer fails to remit employee or employer contributions by the date due above, an interest penalty shall be assessed with daily interest accrual until paid.~~

~~G. The Board or its designee may waive penalties and interest due from an employer if in its discretion it finds:~~

~~1. The delinquency was not the result of the employer's nondisclosure, fraud, or other misrepresentation; and~~

~~2. Based on the facts and circumstances, the required payment of the penalties and/or interest would be unduly penal, burdensome, or manifestly unjust.~~

~~H. The Board designates the Executive Director to waive penalties and interest from an employer in an amount not to exceed one thousand dollars (\$1000) per fiscal year. The Executive Director shall report to the Board any amounts waived under this section. Any request to waive employer penalties and interest exceeding one thousand dollars (\$1000) per fiscal year shall be submitted to the ATRS Board for consideration.~~

~~VI. Reporting Employer Contributions~~

~~A. The employer contributions to be paid each fiscal year by ATRS employers shall be the current employer contribution rate multiplied by the employees' total salaries.~~

~~B. The Department of Education shall pay from the Public School Fund, in accordance with rules established by the Board, the ATRS employer contributions due for eligible employees of certain State agencies as allowed under the Transformation and Efficiencies Act of 2019, and for eligible employees of Cooperative Education Services Areas, Vocational Centers, Arkansas Easter Seals, and the school operated by the Department of Correction. ATRS shall certify to the Department of Education at the close of~~

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~~each quarterly report the amount of employer contributions due. The amount will be based on the employers' reported salaries.~~

~~C. ATRS may certify to the state's Chief Fiscal Officer the names of ATRS employers who are delinquent in reporting and remitting contributions under this rule. Upon notification, the Chief Fiscal Officer may direct a transfer of funds on deposit in the State Treasurer's Office for any delinquent employer payments plus the eight percent (8%) interest penalty to ATRS. (A.C.A. § 19-5-106)~~

~~D. Supplemental salary payment reports for previous years will be accompanied by the employer contributions due.~~

~~E. The Arkansas Teacher Retirement System shall return to ATRS employers overpaid contribution amounts due to erroneous submission of payments or incorrect reporting of Salary Option 2 (first \$7,800) member salaries. If an overpayment of a contribution amount is less than \$25, the refund will not be issued to the employer unless requested in writing by the employer.~~

~~F. The Arkansas Teacher Retirement System shall not collect from ATRS employers an underpayment of employer contribution amount if less than \$25.~~

~~G. For members retiring and who are employed by agencies or other institutions that use the state's 26-week payroll schedule, employers should adhere to and report the salary, contributions, and actual days worked through the state's fiscal year payroll schedule and for the termination date of employment. Contributions should not be withheld on any salary earned after the close of the current year's payroll, nor should any salary or days of service be reported for that period of time.~~

~~H. A public school employer shall pay any additional employer contributions above fourteen percent (14%) from additional funds appropriated by the State for the purpose of paying ATRS employer contributions.~~

II. Service Credit

a. Generally

1. The Board of the Arkansas Teacher Retirement System (Board) shall determine the:
 - A. Number of years and corresponding fractions for service that may be credited to a member; and
 - B. Amount of service to be credited to a member.
2. A member shall earn one (1) year of credited service if the member completes a full service year.
3. A member shall not earn more than one (1) year of credited service in a fiscal year.
4. ATRS shall certify proof of a member's service on forms and with documentation required by ATRS.

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b. Unused Leave

1. Unless otherwise provided by law, paid or unpaid accrued, unused sick leave shall not be credited as service in ATRS.
2. If a member dies during active service on or after July 1, 2013, the member's unused catastrophic leave and unused donated leave shall not be credited as service.

c. Contract Buyouts, Settlements, Claims, Awards, and Court-Ordered Payments

1. A member shall not accumulate service credit in ATRS during the time that payments under a contract buyout agreement, settlement, claim, judgment, arbitration award, decree, or court-ordered payment are paid to the member by a covered employer unless the member continues to work on-site for the covered employer.
2. A member shall not receive service credit or additional salary from ATRS under a settlement agreement or court order unless purchased at actuarial cost.

d. Service Provided After July 1, 1971

1. Actual service credited to a member with service after July 1, 1971, shall be as follows:

<u>Number of Days Worked in a Fiscal Year</u>	<u>Service Credit Earned</u>
<u>1 –39</u>	<u>None</u>
<u>40-79</u>	<u>0.25 year</u>
<u>80-119</u>	<u>0.50 year</u>
<u>120-159</u>	<u>0.75 year</u>
<u>160 days or over</u>	<u>1.00 year</u>

e. Members Employed for Less Than Forty (40) Days

1. Unless otherwise provided by the law applicable to ATRS or the ATRS Rules, a member who is employed for less than forty (40) days during a fiscal year is ineligible for credited service or retirement benefits for that fiscal year.

f. Rollover Service Days

1. Beginning in the 2011-2012 fiscal year, a contributory member's service days shall be carried forward from previous fiscal years until at least forty (40) days of service are earned by the member.
2. Service days shall not be carried forward for a contributory member if

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the member earns at least forty (40) days of service in a fiscal year by using regular service days, accumulated service days, or both regular service and accumulated service days.

g. Full-Time Employees

1. A member who is employed full-time or employed in a position for which a regular or typical work day includes at least eight (8) working hours shall earn one (1) day of credited service if the member works for at least four (4) hours of the eight-hour working day.

h. Employees in Specialized Support Positions

1. Employment with Less Than Eight-Hour Working Days

A. Beginning July 1, 2011, a member employed in a specialized support position shall earn one (1) day of credited service if the:

- i. Specialized support position is certified as a specialized support position to ATRS; and
- ii. Covered employer reasonably determines that the member performed the regular and usual service expected of an employee in that position during the work day.

2. Employment with Unspecified Contractual Work Days

A. A member who is employed in a specialized support position and does not have a contractual obligation to work a specified number of days shall earn one (1) day of credited service for each day of service provided by the member.

B. A member described in this ATRS Rule 7 II.h.2.A shall earn one (1) day of credited service for each day of service provided by the member regardless of whether the member works for less than four (4) hours on a work day.

i. Employees in Non-Specialized Support Positions

1. The credited service earned by a member who is employed in a non-specialized support position and does not work for at least four (4) hours each working day shall be calculated by dividing the total number of hours worked by the member in a fiscal quarter by four (4).

III. Member and Employer Contributions

a. Contributions — Generally

1. The Board shall annually set member and employer contribution rates for the following fiscal year.
2. ATRS shall notify annually each covered employer of the contribution rates set by the Board.
3. A member's and covered employer's contributions are due monthly,

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regardless of the member's concurrent membership status.

b. Member Contributions

1. Authority of the Board

A. The Board shall not set the member contribution rate at less than six percent (6%).

B. The Board may increase the member contribution rate to maintain actuarial soundness.

2. Contribution Rate

A. A contributory member shall contribute the percentage of his or her salary that is set by the Board.

B. A member's contribution is due monthly, regardless of the member's concurrent membership status.

3. Remittance of Member Contributions by Covered Employer

A. A covered employer shall remit member contributions by pick-up from the salary earned by each member.

B. Member contributions shall be treated as employer contributions under the applicable provisions of the Internal Revenue Code and the Income Tax Act of 1929, Arkansas Code § 26-51-101 et seq.

C. A covered employer may remit a member's contributions by implementing a:

i. Reduction in the cash salary of the member;

ii. Setoff against the member's future salary increases; or

iii. Both a reduction in the cash salary of the member and a setoff against the member's future salary increases.

c. Employer Contributions — Public School Employers and Covered Employers

1. Covered Employers and Public School Employers

A. A covered employer's employer contributions shall be the sum of the current employer contribution rate set by the Board for the fiscal year multiplied by the total gross salaries of all the covered employer's employees.

B. A public school employer shall pay up to fourteen percent (14%) of the employer contribution rate.

C. Up to fifteen percent (15%) of any additional employer contributions required from a public school employer shall be paid from additional funds appropriated by the state for the purpose of paying employer contributions to ATRS.

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2. Employer Contributions Not Paid by the Department of Education

A. A covered employer shall pay annually, for its employees, employer contributions that are not required to be paid by the Department of Education.

B. The employer contribution rate shall be the current state contribution percent multiplied by the total covered salaries of the covered employer's employees in the fiscal year.

3. Employer Contributions Paid by the Department of Education

A. In accordance with rules established by the Board and the Department of Education's appropriations act, the Department of Education shall pay employer contributions due for eligible employees of covered employers, including without limitation the following:

i. State agencies as allowed under the Transformation and Efficiencies Act, Acts 2019, No. 910;

ii. Cooperative Education Services Areas;

iii. Vocational Centers;

iv. Arkansas Easter Seals; and

v. A school operated by the Corrections School System.

B. The Department of Education shall pay the employer contributions for eligible employees of covered employers from the Public School Fund.

C. At the close of each quarterly report, ATRS shall report the amount of employer contributions due from the Department of Education.

D. The employer contributions due from the Department of Education shall be based on the salaries of the eligible employees reported to ATRS by each covered employer.

d. Employer Contributions — Participating Employers

1. The Board shall annually notify each participating employer of the employer contribution rate established by the Board for the upcoming fiscal year.

e. Employer Contributions — Surcharge Employers

1. A surcharge employer's employer contributions shall be a monthly surcharge on the total salaries paid to all the surcharge employer's embedded employees on an aggregate basis as provided under Arkansas Code § 24-7-506(c).

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IV. Employer Reports

a. Generally

1. A covered employer shall submit:

A. Reports and supporting documentation required by ATRS on a monthly and quarterly basis; and

B. Reports and supporting documentation electronically to ATRS on forms approved by ATRS.

b. Covered Employers

1. Youth Participant — Summer Work Programs

A. At the request of ATRS, a covered employer shall provide ATRS with a memorandum of understanding, partnership agreement, or another similar document related to the covered employer's actions as a pass-through fiscal agent for a youth participant in a summer work program.

B. A covered employer shall provide ATRS with all documents related to the agreement designating the covered employer as a pass-through fiscal agent before disbursing compensation to a youth participant.

C. A covered employer that acts as a pass-through fiscal agent shall not report a youth participant as an employee for ATRS purposes.

2. Twenty-Six (26) Week Payroll

A. A covered employer that uses a twenty-six-week payroll system shall report an employee's salary, contributions, and actual working days through the current fiscal year ending June 30 if the employee is a member of ATRS and retiring.

B. If an employee is a member of ATRS and retiring effective July 1, a covered employer shall not:

i. Withhold contributions on a salary earned by the member after the close of payroll for the current fiscal year; and

ii. Report any salary paid to the member or actual working days performed by the member after the close of payroll for the current fiscal year.

C. ATRS shall refund employee contributions and employer contributions remitted to ATRS from a salary paid to the employee after the end of the current fiscal year or payroll period for the current fiscal year.

c. Surcharge Employers and Participating Employers

1. Generally

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A. A covered employer may submit a request to ATRS for a determination on whether a service or position is subject to the provisions of Arkansas Code § 24-7-506.

2. Surcharge Employers

A. A surcharge employer shall submit a surcharge report monthly to ATRS with all other reports required by ATRS.

3. Participating Employers

A. A participating employer shall submit a contribution report monthly to ATRS with all other reports required by ATRS.

d. Employer Submission of Reports

1. Electronic Submission of Reports

A. Beginning on July 1, 2022, a covered employer shall:

i. Electronically report employee contributions and employer contributions made by the covered employer through the ATRS portal; and

ii. Pay employee contributions and employer contributions through electronic transfer.

2. Electronic Submission of Reports — Waiver

A. A covered employer shall submit a written request for a temporary waiver to the Board by July 1, 2022, if the covered employer is unable to:

i. Electronically report employee contributions or employer contributions; or

ii. Pay employee contributions or employer contributions through electronic transfer.

B. A request for a temporary waiver shall include a timeline for when the employer will be able to comply with submitting reports electronically and paying employee contributions or employer contributions through electronic transfer.

3. Deadline for Submission of Reports

A. A report and supporting documentation submitted by a covered employer shall not be considered untimely if:

i. The report and supporting documentation are received by ATRS on the tenth (10th) day of the month in which the report and supporting documentation are due; or

ii. In the case of a covered employer that obtains a waiver as provided under this ATRS Rule 7 IV.d.2. or is unable to

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electronically submit a report and supporting documentation, the report and supporting documentation are mailed and postmarked by the fourteenth (14th) day of the month.

a. If the fourteenth (14th) day of the month falls on a Saturday, Sunday, or holiday, the postmarked date shall be the next business day.

4. Failure to Submit Report or Remit Contributions and Penalties

A. Late Fee for Untimely Reports

i. A one hundred fifty dollar (\$150) late fee shall be assessed on a covered employer for each occurrence in which a report and supporting documentation is untimely submitted to ATRS.

B. Interest Penalty

i. If a covered employer does not remit member or employer contributions, including surcharge contributions, by the monthly due date, ATRS shall assess an interest penalty equal to ATRS' actuarially assumed rate of return on investments and daily interest accrual against the covered employer until the member or employer contributions, whichever is applicable, are paid.

ii. The Board or its designee, in its discretionary authority, may waive an interest penalty assessed against a covered employer if:

a. The delinquency is not a result of the covered employer's nondisclosure, fraud, or other misrepresentation; and

b. Based on the facts and circumstances, payment of the penalty interest would be unduly penal, burdensome, or manifestly unjust.

iii. The Board shall not instruct the Executive Director of ATRS (executive director) to waive one (1) or more interest penalties assessed against a covered employer if the amount will exceed one thousand dollars (\$1,000) for the fiscal year.

iv. A covered employer may submit an interest penalty waiver request for one (1) or more interest penalties exceeding one thousand dollars (\$1,000) for the fiscal year to the Board.

v. The executive director shall report each interest penalty waived under this ATRS Rule 7 IV.d.4.B to the Board.

5. Report to Chief Fiscal Officer of the State

A. ATRS may certify the names of each covered employer that fails to

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timely report and remit member or employer contributions, including surcharge contributions, to the Chief Fiscal Officer of the State.

B. After receiving the certification from ATRS, the Chief Fiscal Officer of the State may direct a transfer of funds on deposit in the State Treasury for the payment of delinquent member or employer contributions and an assessed interest penalty. (Arkansas Code § 19-5-106)

6. Refunds

A. Service History Conflicts

i. A conflict in a member's service history due to concurrent service shall be resolved at the end of the fiscal year and ATRS shall issue refunds as appropriate.

B. Overpayments and Underpayments

i. ATRS shall return **overpayments of employee contributions and employer contributions** resulting from erroneous contribution submissions or incorrect reporting of Salary Option 2 member salaries (first seven thousand eight hundred dollars (\$7,800)) to the appropriate covered employer.

ii. Contribution Overpayments

a. ATRS shall send written notification to a covered employer of a contribution overpayment that is less than the de minimis amount that may be refunded.

b. A contribution overpayment that is less than the de minimis amount shall not be refunded to the appropriate covered employer unless the covered employer submits a written request for a refund to ATRS within fourteen (14) days of receiving the written notice of the contribution overpayment from ATRS.

c. If a covered employer does not submit a written request for a refund within fourteen (14) days of receiving the written notice of the contribution overpayment from ATRS, the amount of the contribution overpayment shall be forfeited to the trust assets of ATRS.

iii. Contribution Underpayments

a. ATRS shall not collect a contribution underpayment of less than the de minimis amount from a covered employer.

V. Final Average Salary

a. Salary Limitations

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1. Authority of the Board

A. The Board may adopt rules to modify the definition of salary for the purpose of calculating ATRS retirement benefits. (Arkansas Code § 24-7-202)

2. Salary – Multiple Covered Employers

A. ATRS shall include the salary received from each of a member's covered employers when calculating the member's final average salary.

3. Internal Revenue Code § 401(a)(17)

A. Regardless of any provision in a state statute, rule, or regulation to the contrary, remuneration, salary, or other compensation that exceeds the limitations set forth provided in the Internal Revenue Code of 1986, 26 U.S.C. § 401(a)(17), as it existed on January 1, 2011, shall not be used for the purposes of calculating the final average salary on which ATRS benefits are based.

B. The limitation on remuneration, salary, or compensation for an eligible employee shall not be less than the amount that was allowed to be considered by ATRS as in effect on July 1, 1993.

4. Excluded Remuneration, Salary, or Compensation

A. ATRS shall not consider remuneration, salary, or compensation paid by a covered employer to a member as a salary earned by the member if the:

i. Remuneration, salary, or compensation is paid as an incentive payment, bonus, separation payment, additional salary, or special payment in consideration for the member's agreement to retire, terminate employment, or not renew a contract with the covered employer;

ii. Offer described in this ATRS Rule 7 V.a.4.A.i. is extended by the covered employer to two (2) or more members;

iii. Remuneration, salary, or compensation is not offered as an additional salary or payment for the purchase of service credit that is part of a separation agreement resulting from the resolution of a claim of wrongful termination;

iv. Remuneration, salary, or compensation is not payment for accumulated, unused sick leave that:

a. Accrued in the years immediately preceding the member's termination of covered employment; and

b. Were in excess of the number of sick days that the covered employer allowed the member to carry forward;

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v. Covered employer offers a voluntary early retirement incentive plan, staff reduction plan, or buyout plan that would require the member as a participant of the plan to retire or terminate his or her employment with the covered employer; and

vi. Member voluntarily participates in the plan in exchange for the remuneration, salary, or compensation offered by the covered employer.

B. A covered employer shall not withhold a member's contributions or pay employer contributions from a remuneration, salary, or compensation paid to a member if the remuneration, salary, or compensation is subject to a salary limitation as provided by this ATRS Rule 7.

C. A covered employer that offers an early retirement plan, separation, plan, or contract nonrenewal plan and intends to pay remuneration, salary, or compensation that is subject to a salary limitation as provided by this ATRS Rule 7 shall notify ATRS before making a payment under the plan.

D. At the request of a covered employer, ATRS shall:

i. Review a potential plan or payment that may be subject to a salary limitation as provided by this ATRS RULE 7; and

ii. Provide guidance to the covered employer concerning the applicability of the salary limitation to the plan or payment.

E. A covered employer may appeal ATRS' decision concerning the applicability of a salary limitation to a plan or payment to the Board using ATRS' appeal procedures provided in ATRS Rule 13.

5. Conflict of Laws

A. The law applicable to ATRS and the ATRS Rules shall be controlling if a conflict exists between ATRS' calculation of final average salary and a covered employer's laws or policies concerning the compensation of final average salary.

b. Service Years Included in Computation of Final Average Salary

1. Unused Leave

A. If a member dies during active service on or after July 1, 2013, the member's paid or unpaid accrued, unused sick leave, shall be credited as service in the fiscal year of the member's death for the purpose of determining the member's retirement eligibility, final average salary, and eligibility for other ATRS benefits.

2. Full Service and Partial Service Years

A. A partial service year shall be excluded from the calculation of a

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member's final average salary unless the:

- i. Partial service year is higher than a full service year; or
- ii. Member has less than the required number of years to calculate a final average salary.

3. Number of Service Years Used to Calculate Final Average Salary

A. The Board shall set annually the applicable number of years to be used in computing final average salary for retirement benefits at not less three (3) years and not more than five (5) years.

B. Unless otherwise provided by law applicable to ATRS or the ATRS Rules, effective July 1, 2018, ATRS shall calculate a member's final average salary using the five (5) years in which the member received the highest salary from a covered employer.

C. Members with Insufficient Credited Service or Full Service Years

i. If a member has less than the minimum number of years of credited service that would be used to calculate a final average salary, the member's final average salary shall be the total salary paid to the member for his or her years of credited service divided by the member's total credited years of service.

ii. If a member does not have full service years for the total years of service used in the calculation of final average salary, the Board may establish by rule a fair base salary for a member's final average salary for purposes of comparing the member's highest salary years.

D. Active Members with Three (3) Full Service Years as of July 1, 2018

i. For an active member who has three (3) or more full service years as of July 1, 2018, ATRS shall:

a. Treat the active member as if he or she was retiring or entering the Teacher Deferred Retirement Option Plan (T-DROP) as of June 30, 2018; and

b. Determine the benchmark final average salary using the highest salary from the member's three (3) full service years through fiscal year 2018.

ii. A final average salary calculation using three (3) full service years shall be the benchmark comparison for a five-year final average salary calculation to which the active member may be entitled.

iii. ATRS shall calculate the active member's final average salary using the five (5) years in which the active member received

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the highest salary from a covered employer if at the time of the active member's retirement using a five-year calculation of the final average salary is higher than using a three-year calculation.

E. Inactive Members Who May Have Three (3) Full Service Years of July 1, 2018

i. ATRS shall not use a benchmark final average salary for an inactive member unless the inactive member provides ATRS with appropriate documentation showing that the inactive member was active in a reciprocal system or alternate retirement plan during the 2018 fiscal year.

F. Members with Reciprocal Service Credit

i. For a member with reciprocal service credit, ATRS shall use the highest final average salary calculated, at the time of the member's retirement, by ATRS or a reciprocal system in which the member has at least two (2) years of service credit pursuant to Arkansas Code § 24-2-402.

HISTORY

Amended:	August 11, 1998	7-1, 7-3
Amended:	June 17, 2003	7-4
Amended:	April 6, 2004	7-4
Reaffirmed:	June 15, 2004	7-4
Amended:	July 18, 2005	7-1, 7-2, 7-3, 7-4
Amended:	April 26, 2007	7-4
Amended:	February 11, 2008	7-3, 7-4
Amended:	June 16, 2009	7-1, 7-2 (Emergency)
Amended:	October 5, 2009	7-1, 7-2 (Permanent)
Amended:	December 18, 2009	7-3, 7-4
Amended:	July 1, 2011	7-1, 7-2 (Emergency)
Adopted:	August 8, 2011	7-1, 7-2
Effective:	November 11, 2011	7-1, 7-2
Board Approved:	February 6, 2012	7-2, 7-4
Amended:	April 2, 2012	7-2 (Emergency)
Amended:	April 18, 2012	7-4
Effective:	May 29, 2012	7-2, 7-4
Approved by Board:	July 26, 2013	7-1, 7-3
Amended:	October 9, 2013	7-1, 7-3
Effective:	November 8, 2013	7-1, 7-3

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Approved by Board:	January 8, 2014	7-1
Amended:	February 17, 2014	7-1
Effective:	March 18, 2014	7-1
Effective:	August 5, 2019	Rule 7
Effective:	May 28, 2020	

Public Comments
Proposed Rule 8 – Purchases and Refunds

1. Page 1, Section (I)(d).

- a. **Comment:** Is the reference to the “*United States Department of State*” correct?
- b. **Response:** Yes.

2. Page 2, Section (I)(e)(1)(B)(ii).

- a. **Comment:** Should there be an “*and*” at end of Section (I)(e)(1)(B)(ii)?
- b. **Response:** Yes. This conforms with the style format of the Code of Arkansas Rules.

3. Page 2, Section (II)(a).

- a. **Comment:** Should a rule providing, “*If the member has both contributory and noncontributory service, free military service will be credited to the member’s account on a pro-rated basis*”, be included in this section?
- b. **Response:** Yes. The appropriate changes have been made.

4. Page 5, Section (III)(c)(1).

- a. **Comment:** Is the list numbering for Section (III)(c)(1) correct?
- b. **Response:** No. The appropriate changes have been made.

5. Page 8, Section (III)(h)(2)(A)(i)(b) and (c).

- a. **Comment:** Should there be an “*and*” between Section (III)(h)(2)(A)(i)(b) and Section (III)(h)(2)(A)(i)(c)?
- b. **Response:** **Response:** No. The appropriate change has been made.

6. Page 9, Section (III)(i)(1)

- a. **Comment:** To be consistent with the other types of purchases in Rule 8, under the Federal Retirement Service, should “*active*” be removed from “*An active member may purchase...*”?
- b. **Response:** No. The proposed rule aligns with the current provisions of Ark. Code Ann. § 24-1-107.

7. Page 10, Section (IV)(a)

- a. **Comment:** Should a rule requiring members to purchase service no later than one (1) month before the member’s effective date of retirement be included?
- b. **Response:** No. Legislative amendments appear to be required before the commentator’s suggestion could be included in the proposed rules.

8. Page 10, Section (IV)(a)

- a. **Comment:** Should a rule prohibiting a member from purchasing service unless the member is vested be included?
- b. **Response:** No. Legislative amendments appear to be required before the commentator's suggestion could be included in the proposed rules. Additionally, as purchasing service earlier reduces the purchase price, adopting the commentator's suggestion would prevent a member from being able to purchase service at the cheapest cost possible.

9. Page 10, Section (IV)(a)

- a. **Comment:** Should a rule prohibiting a member from purchasing service unless the member meets the requirements for having the purchase service included in the calculation of the member's benefits be included?
- b. **Response:** No. Legislative amendments appear to be required before the commentator's suggestion could be included in the proposed rules. Additionally, as purchasing service earlier reduces the purchase price, adopting the commentator's suggestion would prevent a member from being able to purchase service at the cheapest cost possible.

10. Page 11, Section (IV)(c)(1)

- a. **Comment:** Section (IV)(c) relates to the way the purchase is calculated. Do we need to define the year? Once a year has closed?
- b. **Response:** No, the year does not need to be defined. No changes have been made.

11. Page 11, Section (IV)(c)(5)

- a. **Comment:** This rule appears to be premised on current Section (II)(D). Is the calculation the same? The current rule seems to provide the percentage is divided into the partial year's salary (salary ÷ percentage or salary/percentage), while the proposed rule seems to provide that the percentage is divided by salary (percentage ÷ salary or percentage/salary)?
- b. **Response:** The calculation has not changed. The percentage should be divided into the partial year's salary (salary ÷ percentage or salary/percentage). This change has been made.

12. Page 12, Section (IV)(c)(6)

- a. **Comment:** This deals with calculation. I don't understand why we would not use the correct salary or service reflected on a member's history if it was corrected through a history adjustment.
- b. **Response:** The proposed rule provides an accurate and fair method for calculating actuarial cost for service to be purchased. No changes have been made.

13. Page 13, Section (IV)(d)(2)(D)

- a. **Comment:** In the third line, should the terms "*account*" and "*accountant*" be switched?
- b. **Response:** Yes. This change has been made.

14. Page 14, Section (IV)(d)(4)(E)

- a. **Comment:** When would Section (IV)(d)(4)(E) come into play?
- b. **Response:** Ark. Code Ann. § 24-7-612(b)(2) provides that if a member has not agreed to a reasonable payment schedule for a service credit purchase on or before June 30, 2012, the member's payments, if any, shall be returned to the member without interest on the member's payments. Therefore, Section (IV)(d)(4)(E) would likely come into play if there was a legislative change to Ark. Code Ann. § 24-7-612(b)(2) or another statute that required a refund of interest in this situation. Appropriate changes have been made to clarify when the Arkansas Teacher Retirement System (ATRS) would refund interest.

15. Page 15, Section (V)(b)

- a. **Comment:** Does this section address the termination of refunds? If yes, should this section be removed and placed in Rule 6 – Membership Rules or Rule 7 - Reporting and Eligibility?
- b. **Response:** This section addresses a refund of member contributions and employer contributions. ATRS intends to continue reorganizing its rules and an appropriate relocation of Section (V)(b) will be made at a later time. No changes have been made.

16. Page 15, Section (V)(b).

- a. **Comment:** Should additional rules concerning the documentation of refunds or forfeitures of de minimis amounts owed to an employer be included in this section?
- b. **Response:** Yes. Appropriate changes have been made.

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~~ATRS Rule 8~~

~~PURCHASES AND REFUNDS~~ ATRS RULE 8

FREE SERVICE CREDIT, PURCHASABLE SERVICE CREDIT, AND PURCHASE ACCOUNTS

A.C.A. Arkansas Code §§ 24-1-107, 24-7-406, 24-7-601, 24-7-602, 24-7-607, 24-7-711, 24-7-719, and 24-7-735, ~~24-1-107~~

I. Definitions

I. Definitions

- a. "Armed forces reserve" means one (1) of the reserve components of the United States Armed Forces;
- ~~"Back Contributions" means mandatory contributions payable for service and salary rendered in a covered position within the ATRS look-back period.~~
- b. "Domestic federal service" means service rendered as a teacher or administrator in a school or similar institution located on a military base or installation that is administered by the United States Department of Defense;
- c. "Out-of-state service" means service performed in a state other than Arkansas and in a position that would have been covered by the Arkansas Teacher Retirement System (ATRS) if the service had been actual service performed in Arkansas and covered by ATRS;
- d. "Overseas service" means service in:
1. An American-related overseas school that is sponsored and approved by either the United States Department of State or the United States Department of Defense; or
 2. The Peace Corps or AmeriCorps VISTA, Volunteers in Service to America;
- B. ~~e. "Private School Service~~ school service~~" as defined in A.C.A. § 24-7-607, additionally, employment under the Head Start Programs will also be considered private school service and will have the same requirements for the issuance of teaching licenses by the Arkansas State Department of Education as determined by ATRS staff. means:~~
1. Service rendered in a private school, or agency that would have been covered by ATRS if the:
 - A. Service had been rendered in a public school; and
 - B. Private school or agency:
 - i. Has positions that would require the issuance of a teaching

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license in a public school based on a determination by ATRS;
or

ii. Is recognized as a private education-related entity by
resolution adopted by the Board of Trustees of the Arkansas
Teacher Retirement System (Board); and

f. "Uniformed Services of the United States" means service in the:

1. United States Armed Forces;
2. Army National Guard;
3. Air National Guard when engaged in active duty for training, state
active duty, inactive duty training, or full-time National Guard duty;
4. United States Commissioned Corps of the Public Health Service; and
5. Any other category of persons designated by the President of the
United States in time of war or emergency.

II. Free Service Credit

a. Military Service Credit

1. Generally

- A. A person may establish military service credit with ATRS at any
time after becoming a member.
- B. Military service credit established with ATRS is effective after the
member completes five (5) years of actual service in ATRS,
excluding military service credit.
- C. ATRS shall provide a member with military service credit after the
member:
 - i. Completes and submits Form M-1 to ATRS; and
 - ii. Submits official military documentation listing the entry and
discharge dates of the member's first enlistment or induction
into the United States Armed Forces.
- D. Military service credited to a member before July 1, 1986, shall be
considered contributory service.
- E. Military service credited to a member shall not exceed five (5) years
unless the member is entitled to service credit for service in the
uniformed services of the United States. (Arkansas Code § 24-7-
602(c)).
- F. Military service shall be credited in order of the years that are
chronologically closest to the member's service with a covered
employer.

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G. A member shall not receive military service credit for military service years resulting from the member's reenlistment or voluntary extension of his or her initial enlistment.

H. Free military service shall be credited to a member's account on a prorated basis if the member has bot contributory and noncontributory service.

2. Federal Military Draft

A. New Members

i. A member who is first employed after serving in the United States Armed Forces during a period of time in which the military draft was in effect is eligible to receive free military service credit if the member:

ii. Completes five (5) or more years of actual service in ATRS; and

iii. Receives an honorable discharge.

B. Active Members

i. An active member who enters the United States Armed Forces during any period that a federal military draft was in effect and who becomes an active member after an honorable discharge from the United States Armed Forces may receive free military service credit regardless of whether the member has five (5) or more years of credited service at the time of his or her reemployment.

ii. An active member who enters the United States Armed Forces during a period that a federal military draft was in effect and obtains a refund of member contributions from ATRS may receive free military service credit if the member:

a. Receives an honorable discharge from the United States Armed Forces; and

b. Repays the actuarial equivalent of the member's refunded service to ATRS before retiring.

II. Purchase of Service Credit/Repayment of Refunds – General

III. Purchasable Service Credit

a. Military Service Credit

1. Service in the United States Armed Forces

A. A member shall receive service credit for service in the United States Armed Forces that cannot be credited to the member under

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Arkansas Code § 24-7-602(a) if the member pays ATRS the actuarial equivalent for the service credit.

2. Service in the Uniformed Services of the United States

A. Effective December 12, 1994, a member shall be treated as not having incurred a break in service with a covered employer if the member:

i. Leaves employment with a school to voluntarily or involuntarily serve in the uniformed services of the United States; and

ii. Returns to employment with a school.

B. A member's absence from his or her employment with a school due to his or her service in the uniformed services of the United States shall not exceed five (5) years.

C. A member described in this ATRS Rule 8 III.a.2.A shall accrue benefits for the time he or she served in the uniformed services of the United States if:

i. The member pays the employee contributions as provided in Arkansas Code § 24-7-406; and

ii. Employer contributions are paid for the time the member served in the uniformed services of the United States.

b. Service in National Guard and Armed Forces

1. A member may purchase up to five (5) years of service for his or her service in the National Guard or armed forces reserve.

2. A member shall receive credit for service in the National Guard or armed forces reserve if the member:

A. Submits an application for National Guard or armed forces reserve service credit to the Board;

B. Provides ATRS with satisfactory proof of his or her service in the National Guard or armed forces reserve;

C. Pays ATRS, in full, the actuarial equivalent of the member's benefits for each year of National Guard or armed forces reserve service credit being purchased; and

D. Has established at least five (5) years of actual service with ATRS, excluding National Guard or armed forces reserve service.

3. ATRS shall not credit a member with more than five (5) years of service for service in the National Guard or armed forces reserve.

c. Domestic Federal Service

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1. Beginning January 1, 2003, a member may purchase up to ten (10) years of domestic federal service that shall be credited if:

i. The member:

i. Has contributions left on deposit with another system and the domestic federal service credit being purchased is limited to service for which another system similar in purpose to ATRS, except for Social Security, could not pay a benefit;

ii. Pays ATRS, in full, the actuarial equivalent of benefits for each year of domestic federal service credit being purchased; and

iii. Has established at least five (5) years of actual service, excluding federal domestic service; and

ii. All other requirements set by rules adopted by the Board are met.

2. A member may purchase a fraction of a year of domestic federal service that shall be credited if the:

A. Member has at least one-fourth (1/4) of a year of domestic federal service in a fiscal year; and

B. Fraction of a year of domestic federal service can be credited in accordance with Arkansas Code § 24-7-601.

d. Out-of-State Service

1. Out-of-State Service — Purchased Before July 1, 1987

A. Out-of-state service purchased before July 1, 1987, shall be credited as service in accordance with the law in effect before July 1, 1987.

2. Out-of-State Service — Purchased on and after July 1, 1987

A. A member may purchase up to fifteen (15) years of out-of-state service.

B. Out-of-state service shall be credited if:

i. The member:

a. Has contributions left on deposit with another system and the out-of-state service credit being purchased is limited to service for which another system similar in purpose to ATRS, except for Social Security, could not pay a benefit;

b. Pays ATRS, in full, the actuarial equivalent of benefits for each year of out-of-state service credit being purchased; and

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c. Has established at least five (5) years of actual service, excluding out-of-state service; and

ii. All other requirements set by rules adopted by the Board are met.

C. A member may purchase a fraction of a year of out-of-state service that shall be credited if the:

i. Member has at least one-fourth (1/4) of a year of out-of-state service in a fiscal year; and

ii. Fraction of a year of out-of-state service can be credited in accordance with Arkansas Code § 24-7-601.

e. Overseas Service

1. A member may purchase service credit for service in an overseas school if:

A. The member:

i. Has at least five (5) years of service in a position covered by ATRS; and

ii. Performs the minimum days of service at the overseas school required for a fiscal year of service credit;

B. The overseas service credit is limited to service for which another system similar in purpose to ATRS, except Social Security, could not pay a benefit; and

C. The actuarial equivalent of the member's benefits is paid to ATRS

2. ATRS shall not credit a member with more than ten (10) years of overseas service credit.

f. Service in the General Assembly

1. A member of the Senate or House of Representatives of the General Assembly who is a member of ATRS shall receive credited service and salary in ATRS for his or her full contract salary if the:

A. School district requires the member's salary to be reduced during the member's attendance at:

i. Regular or extraordinary sessions of the General Assembly; or

ii. Interim meetings of regular or special committees of the General Assembly;

B. Member submits an application for General Assembly service credit to ATRS;

C. Member pays ATRS the necessary member contributions; and

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D. Required employer contributions are paid to ATRS for the amount of the salary reduction during periods of the member's attendance at regular or extraordinary sessions of the General Assembly or sessions of legislative committees.

2. A member of the Senate or House of Representatives who currently serves in the General Assembly or has served in the legislative committees for any year that is within five (5) years of July 6, 1977, shall receive credited service and salary for his or her full contract if the:

A. Member submits an application for General Assembly service credit to ATRS and pays the employee contributions; and

B. Required employer contributions are paid from the Public School Fund to ATRS for the portion of the contractual period in which the member's salary was reduced during the member's legislative service.

3. A member of the Senate or House of Representatives of the General Assembly who is an employee and member of ATRS shall receive credited service and salary for his or her full contract salary if:

A. Either the member or school district decides it is in the best interest of the member to take a leave of absence for up to one (1) full calendar year at a time in order for the member to attend his or her duties as a member of the General Assembly; and

B. Both the required employee and employer contributions are paid to ATRS for the amount of the member's contract salary during periods in which the member attended sessions of the General Assembly or legislative committees.

g. Advanced Degree Service

1. Beginning June 28, 1985, a member who is a public school teacher or administrator and takes a leave of absence from a school in order to obtain an advanced degree at an institution of higher learning or to fulfill the requirements of a scholarship or grant shall receive credited service for the time of the member's actual enrollment in the institution if the member:

A. Submits an application for the advanced degree service credit to ATRS; and

B. Pays the actuarial equivalent of the member's benefits to the system for each year of service credit being purchased.

h. Private School Service

1. Head Start Programs

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A. Employment with a Head Start program shall be considered private school service.

2. Certified Private School Service Credit

A. A member may purchase up to fifteen (15) years of private school service to be credited as certified service if:

i. The member:

- a. Has contributions left on deposit with another system and the private school service credit being purchased is limited to service for which another system similar in purpose to ATRS, except for Social Security, could not pay a benefit;
- b. Pays ATRS, in full, the actuarial equivalent of benefits for each year of private school service credit being purchased; and
- c. Has established at least five (5) years of actual service, excluding private school service; and

ii. All other requirements set by rules adopted by the Board are met.

2. Noncertified Private School Service Credit

A. A member may purchase up to five (5) years of noncertified private school service that shall be credited as noncertified service if:

i. The member:

- a. Submits an application to purchase noncertified private school service to ATRS;
- b. Has contributions left on deposit with another system and the noncertified service credit being purchased is limited to service for which another state-supported pension system or system similar in purpose to ATRS could not pay a **benefit**;
- c. Pays ATRS, in full, the actuarial equivalent of benefits for each year of service credit being purchased; **and**
- d. Has established at least five (5) years of actual service; and

ii. All other requirements set by rules adopted by the Board are met.

B. A member may purchase a fraction of a year of private school service that shall be credited if the:

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- i. Member has at least one-fourth (1/4) of a year of private school service in a fiscal year; and
- ii. Fraction of a year of private school service can be credited in accordance with Arkansas Code § 24-7-601.

3. Private Education-Related Entity Private School Service

A. A member may purchase up to five (5) years of private education-related entity private school service that shall be credited as noncertified service if:

- i. The member:
 - a. Submits an application to purchase private education-related entity private school service to ATRS;
 - b. Has contributions left on deposit with another system and the private education-related entity private school service credit being purchased is limited to service for which another state-supported pension system or system similar in purpose to ATRS could not pay a benefit;
 - c. Pays ATRS, in full, the actuarial equivalent of benefits for each year of service credit being purchased;
 - d. Has established at least five (5) years of actual service; and
- ii. All other requirements set by rules adopted by the Board are met.

i. Federal Retirement Service

1. An active member may purchase up to ten (10) years of federal retirement service that shall be credited if the

- A. Federal retirement service being purchased is limited to service for which the federal retirement system could not pay a benefit to the member;
- B. Member submits an application to purchase federal retirement service to ATRS;
- C. Member provides certification of his or her federal retirement service to ATRS on a form approved by ATRS;
- D. Member pays ATRS, in full, the actuarial equivalent of benefits for each year of service credit being purchased; and
- E. Member has established at least five (5) years of actual service, excluding federal retirement service.

2. A member shall complete at least one hundred sixty (160) working

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- days before the member may establish one (1) year of federal retirement service credit.
3. One (1) month of federal service shall be considered twenty (20) days of service.
 4. A member may purchase a fraction of a year of federal retirement service that shall be credited if the:
 - A. Member has at least one-fourth (1/4) of a year of federal retirement service in a fiscal year; and
 - B. Fraction of a year of federal retirement service can be credited in accordance with Arkansas Code § 24-7-601.
 5. Federal retirement service credit shall be considered contributory service.
 6. Purchased federal retirement service shall be credited to the fiscal year in which the service was rendered.
 7. If a member is not an active member before establishing federal retirement service with ATRS, the member's contribution payments and regular interest shall be refunded.
 8. Purchase account payments made through employer pick-up are subject to restrictions specified in this ATRS Rule 8, regulations, and the Internal Revenue Code.

IV. Cost of Service and Purchase Accounts

~~A. Arkansas Code § 24-7-601 et seq. allows a member to purchase various types of service and credit that service to the member under certain circumstances.~~

a. Generally

1. A member shall purchase service using ATRS approved forms.
2. A member who purchases service shall receive credit for the purchased service if the actuarial equivalent of both the employee and employer contributions, as calculated by ATRS, are paid to ATRS.
3. The requirement for service to be purchased at the actuarial cost shall not apply to free military service credit established with ATRS.
4. A salary earned for service purchased at the actuarial cost:
 - A. Shall not be used to calculate a member's final average salary; and
 - B. May be used to determine repaid refunds for service that is required to be reported within the refunded service.

b. Contact Buyouts, Settlements, and Court Ordered Payments

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1. A member shall only earn service credit for actual, on-site work performed for a covered employer for the period specified in a contract buyout, settlement, or court ordered payment unless the member purchases service or salary that would have been received by the member if the member had been successful in his or her legal claim.
2. A member shall purchase service or salary at the actuarial cost for service and salary that the member would have earned if the member had not been terminated.
3. If a member is on call with a covered employer and not subject to either a contract buyout, settlement, or court ordered payment, the salary paid to the member as a regular employee shall be credited to the member.
4. On call credit shall not be added to a member's salary with another covered employer.
5. ATRS shall not adjust a member's service history until the:
 - A. Member or the member's covered employer provides a copy of the settlement, a file-marked court order, or a certified copy of the contract buyout to ATRS; and
 - B. Actuarial cost to purchase the service has been paid in full to ATRS.

c. Actuarial Cost of Service — Purchase Formula

~~B. Actuarial cost for purchase of service does not include adjustments to salary and service that are made in order to properly reflect the member's mandatory salary and service records. In addition, the actuarial cost of service does not apply to free military service credit that is established with ATRS.~~

1. A member's highest salary shall be used as the base year when calculating the actuarial cost for service being purchased by the member.
2. A member's base year shall be the member's highest salary year unless the highest salary year is more than one hundred fifty percent (150%) greater than the next highest salary year.
3. If a member's highest salary year is more than one hundred fifty percent (150%) greater than the next highest salary year, the highest two (2) salary years shall be added together and divided by two (2) to determine the base year to be used for calculating the actuarial cost for service being purchased.
4. If a member does not have enough full service years to determine a base year for the purchase formula, a full year salary shall be used to

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determine the base year.

5. A full year salary shall be calculated by dividing each partial year's service percentage into each partial year's salary.

6. The actuarial cost for service to be purchased shall not include adjustments to salary and service that are made in order to properly reflect the member's mandatory salary and service record.

7. Service purchased at the actuarial cost shall be contributory.

~~C. The actuarial cost for purchase of service shall use the member's highest salary year as the formula's "base year." The base year shall always be the member's highest salary year unless the highest salary year is more than 150% greater than the next highest salary year. In that event, the best two (2) salary years shall be added together and divided by two (2) to establish the base year for the formula.~~

~~D. If a member does not have sufficient full service years to establish the base year for the purchase formula, then each partial year's service percentage shall be divided into each partial year's salary to establish a full year salary from the partial year salary to determine the base year for the formula.~~

~~E. Salaries for actuarially purchased service shall not be used in the calculation of final average salary except for repaid refunds for mandatorily reported service within the refunded service.~~

~~F. All actuarially purchased service shall be purchased as contributory.~~

~~G. Members seeking to purchase service with ATRS shall use forms developed by ATRS staff to establish the service.~~

d. Purchase Accounts

1. Purchase Account Commitment Statement

A. A purchase account established before July 1, 2011, shall have an approved Purchase Account Commitment Statement (PACS) on file with ATRS detailing the member's payment plan.

B. A PACS may be modified with the agreement of the member and ATRS.

C. A modification of a PACS may include changes to the type of payment, the duration of the service purchase agreement, and a decrease of the service purchased policy.

D. The service purchased under a PACS shall not be increased.

E. ATRS shall cancel a service purchase agreement with a member if the member fails to comply with the terms of the agreement.

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F. Purchase account payments shall be applied to the member's account on the date the payment is received by ATRS.

2. Rollover Payments

A. ATRS shall accept participant rollover contributions and direct rollovers for the purchase of service credit from a qualified retirement plan.

B. A depository trustee from a qualified retirement plan shall certify to ATRS that the rollover deposit account is qualified and eligible to receive rollover distributions before a distribution of a member's account monies.

C. If the depository trustee is unable to certify the rollover deposit account as qualified and eligible to receive rollover distributions, ATRS shall accept a certification from a public accountant who has an active certified public accountant's license.

D. A public accountant shall not certify a rollover deposit account as qualified and eligible to receive rollover distributions if the public **accountant** has an interest in the rollover deposit **account** as a member, spouse, or designated beneficiary.

3. Deceased Member

A. If a member with an active purchase account dies, the member's spouse, beneficiary, or legal representative shall have up to six (6) months from the member's date of death to pay the balance of the purchase account unless the deadline is extended by ATRS for good cause.

B. If the member's purchase account is not paid in full within six (6) months of the member's date of death, the purchase account shall be closed and payments made towards the purchase account shall be considered as part of the member's residual account balance.

4. Cancellation of Purchase Accounts

A. A purchase account that is paid in full after a final payment has been tendered shall not be cancelled.

B. A member's purchase account may be cancelled if:

i. The member submits a written cancellation request to ATRS;
and

ii. ATRS approves the cancellation request.

C. ATRS may approve a cancellation request and refund a member's purchase account if the purchase account:

i. Is an account that has been paid only with after-tax

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contributions:

- ii. Is an account that has been paid only with employer pick-up contributions and one (1) of the following applies:
 - a. All payments on the irrevocable payroll authorization have been completed;
 - b. The member terminates employment with the employer;
or
 - c. The member retires; or
- iii. Is an account that has been paid only with rollover or transfer contributions and the rollover or transfer contributions may be rolled over or transferred to another qualified plan or refunded to the member after the deduction and payment of federal taxes.

D. If a member's cancellation request is approved by ATRS, ATRS shall refund the balance of the member's purchase account without interest to the member.

E. ATRS shall refund interest to a member if a refund of interest is statutorily mandated under Arkansas Code § 24-7-612 or another applicable provision of the Arkansas Code.

~~H. If an active member with an active purchase account dies, the member's spouse, ATRS beneficiary, or legal representative shall have up to six (6) months to pay the balance of the purchase account. If the purchase account is not paid in full within six (6) months of the date of death, the purchase account is cancelled and any payments shall be treated as part of the member's residual account balance. ATRS may extend the six (6) month period for good cause shown.~~

III. Special Provisions for the Repayment of Refunded Member Contributions

V. Refunds

a. Purchase of Refunded Service

~~A. To be eligible to repay a refund, a person must be an active member of ATRS by completing forty (40) days or more after reemployment by an ATRS covered employer.~~

1. B. A member must purchase the total credited service forfeited by the refund in order to purchase the refunded service. **A member shall not purchase refunded service unless he or she purchases the total credited service forfeited by a refund.**

2. C. If a member has received more than one refund, repayment must

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~~be made in inverse order.~~ A repayment of refunded contributions shall be made in inverse order if the member has received more than one (1) refund of contributions.

3. The most recent refund account must shall be paid in full before a member may purchase a previous refund account can be purchased.

b. Refund of Member and Employer Contributions

1. Overpayments

A. ATRS shall send written notification to a member or covered employer, as appropriate, of a contribution overpayment that is less than the de minimis amount that may be refunded.

B. ATRS shall not refund an overpayment of the member's contributions that is equal to or less than the de minimis amount unless the member submits a written request for a refund to ATRS within fourteen (14) days of receiving the written notice of the contribution overpayment from ATRS.

C. ATRS shall not refund an overpayment of employee contributions and employer contributions paid by the covered employer that is equal to or less than the de minimis amount unless the covered employer submits a written request for a refund to ATRS within fourteen (14) days of receiving the written notice of the contribution overpayment from ATRS.

D. If the member or covered employer does not submit a written request for a refund within fourteen (14) days of receiving the written notice of the contribution overpayment from ATRS, the amount of the contribution overpayment shall be forfeited to the trust assets of ATRS.

2. The total amount reported by the covered employer shall be credited to contributions.

3. The de minimis amount shall be periodically set by the Board, by board resolution, and shall remain the same amount until adjusted by the Board.

4. For refunded contributions, the rate of regular interest compounded annually after the first year of contributions shall be credited as follows:

<u>Service</u>	<u>Regular Interest Rate</u>
<u>Before July 1, 1984</u>	<u>3%</u>
<u>For July 1, 1984 through June 30, 2009</u>	<u>6%</u>
<u>For July 1, 2010, through June 30, 2011</u>	<u>2%</u>
<u>For July 1, 2012, through June 30, 2017</u>	<u>1%</u>

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<u>For July 1, 2017 and after</u>	<u>0.08%</u>
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5. Payable regular interest shall be computed:
 - A. On each member's individual account on June 30; and
 - B. By multiplying the balance in the member's individual account as of July 1, including contributions and regular interest credit from previous years, plus one-half (1/2) of the contributions for the year ending June 30 by the annual applicable regular interest percentage rate.
6. The Board, by board resolution, may change the regular interest rate on refunded contributions for subsequent years by stating the new regular interest rate, the date that the new regular interest rate is effective, and any other features necessary for implementing the regular interest rate.
7. Regular interest shall not be paid on contributions made in the year in which a refund of contributions is paid to a member.
8. ATRS shall issue a refund for a member's contributions that are closed on ATRS' books after receiving the member's properly completed refund application.
9. If a second refund payment is required to complete the refund of contributions, the second payment shall be made when all quarters of service the member works are closed on ATRS' books.
10. A rollover payment shall be made in one (1) payment when all quarters of service the member works are closed on ATRS' books.
11. A refund is effective on the date on which ATRS first issues a payment of the refund.

IV. Refunds of Member Contributions

~~A. ATRS will not refund an overpayment of a member's or employer's contribution that is equal or less than the de minimus amount remitted to ATRS, except upon the written request from the member. The total amount reported by the employing authority shall be credited to contributions. The board shall periodically set the de minimus amount by board resolution, which shall remain until adjusted by the board.~~

~~B. On refunded contributions, the rate of interest compounded annually after the first year of contributions is credited as follows:~~

Service	Interest Rate
Before July 1, 1984	3%
For July 1, 1984 through June 30, 2009	6%

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For July 1, 2010, through June 30, 2011	2%
For July 1, 2012, through June 30, 2017	1%
For July 1, 2017 and after	0.08%

~~C. Payable interest shall be computed on each member's individual account on June 30 each year by multiplying the balance in the member's individual account as of July 1 (including all contributions and interest credit from previous years) plus one-half (1/2) of the contributions for the year ending on June 30 by the annual applicable interest percentage rate.~~

~~D. The Board may by board resolution change the interest rate on refunded contributions for future years by stating the new interest rate, the date that the new interest rate will become effective, and any other features of the interest rate's implementation.~~

~~E. Regular interest is not paid on contributions made in the year in which a refund is paid.~~

~~F. ATRS will issue a refund for any member contributions that have been closed on the books of ATRS upon receipt of a properly completed refund application. If a second payment is required to complete the refund, the payment will be made when all quarters of service the member worked are closed on the books of ATRS. Rollovers will be made in one payment when all quarters of service worked have been closed on the books of ATRS.~~

~~G. The effective date of a refund is the date that ATRS first issues payment of a refund.~~

~~V. Rollover Acceptance and Distribution~~

~~A. Accepting Rollovers for Payment on ATRS Purchase Accounts~~

~~ATRS will accept participant rollover contributions and/or direct rollovers for the purchase of service credit from qualified retirement plans as set forth in the Arkansas Code.~~

~~B. Rollover Eligibility of ATRS Distributions~~

~~The depository trustee from the qualified retirement plan shall certify to ATRS that the rollover deposit account is "qualified" and eligible to receive rollover distributions prior to a distribution of a member's account monies. If the depository trustee cannot certify the eligibility status, ATRS will accept a certification from a currently licensed certified public accountant who has an active certified public accountant's license. The certification may not be made by a certified public accountant if the certified public accountant has an interest in the account as a member, spouse, or designated beneficiary.~~

~~VI. Purchase Payment Rules~~

~~A. A purchase account established prior to July 1, 2011 must have an approved~~

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~~Purchase Account Commitment Statement on file with ATRS that details the member's payment plan. The Purchase Account Commitment Statement may be modified by agreement of ATRS and the member. A member who fails to complete the terms of the service purchase agreement authorizes ATRS to cancel the agreement. Modifications of the Purchase Account Commitment Statement may include types of payment, duration, and a decrease of the service purchased policy. The service purchased under a Purchase Account Commitment Statement cannot be increased.~~

~~B. An agreement to complete payment of purchase account shall exist upon tender of the initial payment to ATRS.~~

~~VII. Cancellation of Purchase Service Accounts~~

~~A. An established purchase account may be cancelled if the request is submitted in writing by the member and approved by ATRS. The amount of payments to date will be returned to the member without interest unless the payment of interest is statutorily mandated.~~

~~B. The cancelled purchase account may be refunded under certain conditions:~~

- ~~1. Accounts paid only with after-tax contributions can be returned to the member.~~
- ~~2. Accounts paid only with employer pick-up contributions cannot be returned to the member unless the member terminates employment or retires.~~
- ~~3. Accounts paid only with rollover/transfer contributions may be rolled to another qualified plan or refunded to the member after deduction and payment of federal taxes.~~

~~C. Purchase account payments made through employer pick-up (Irrevocable Payroll Authorization) cannot be canceled until:~~

- ~~1. The number of payments on the Irrevocable Payroll Authorization is completed; or~~
- ~~2. The member terminates employment; or~~
- ~~3. The member retires.~~

~~D. A purchase account that has been paid in full upon the tender of a final payment cannot be canceled.~~

~~VIII. Free Military Service~~

~~A member of ATRS who entered the Armed Forces of the United States between July 1, 1937, and June 30, 1973, or during a period that a federal military draft is in effect, may establish that military active duty service as service in ATRS without cost, provided the following conditions are met:~~

~~A. Established active duty service must be based upon the service required for the initial enlistment. Reenlistment or voluntary extension of the initial enlistment is not considered compulsory and shall not be allowed as service credit.~~

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~~B. Military service credit shall not exceed five (5) years, and the years to be credited shall be those chronologically closest to the ATRS-covered employer service.~~

~~C. ATRS will credit military service upon the completion of Form M-1, provided by ATRS, and official military documents listing the entry and discharge dates of the first enlistment or induction.~~

~~D. The member must have received an honorable discharge.~~

~~E. All military service credited prior to July 1, 1986, is contributory service.~~

~~F. Military service credit may be established at any time after becoming a member of ATRS but official crediting shall be effective upon completion of five (5) years of actual service in ATRS, excluding military service credit.~~

IX. Purchase of Federal Retirement Service

~~A. An active member shall be eligible to purchase federal retirement service credit under the following conditions:~~

~~1. Federal retirement service eligible for credit purchase is limited to service for which no benefit is payable from the federal retirement system in which he or she had previously been a member.~~

~~2. Federal retirement service credit purchased shall be limited to ten (10) years.~~

~~B. The cost to purchase federal retirement service credit is actuarial cost determined by ATRS.~~

~~C. The federal retirement service will become credited service in ATRS when:~~

~~1. The member payments have been paid in full; and~~

~~2. The member has established five (5) or more years of actual service in ATRS exclusive of federal retirement service.~~

~~D. To be eligible to establish one (1) year of federal retirement service credit, a minimum of one hundred sixty (160) days must have been worked by the member. Fractional years of federal service may be purchased in accordance with A.C.A. §§ 24-7-601 and 24-1-107. A month of federal service shall be considered as twenty (20) days.~~

~~E. Certification of federal retirement service must be submitted to ATRS on a form provided by ATRS.~~

~~F. All federal retirement service credit shall be counted as contributory service.~~

~~G. Purchased federal retirement service shall be credited to the fiscal year in which it was rendered.~~

X. Contract Buyouts, Settlements, and Court Ordered Payments

~~A. Unless service or salary is purchased for service the member would have~~

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~~received if the member had not been terminated, a member may only accrue service credit for actual, on-site work for a covered employer for any period of time represented in a contract buyout, settlement, or court ordered payment. Such purchased service or salary will be purchased at actuarial cost for service and salary the member would have earned had the member not been terminated. However, if the member is not subject to either a contract buyout, settlement, or court ordered payment, salary paid to the member as a regular employee be credited to the member if the member is on call to the employer. On call credit may not be stacked with salary at another ATRS employer.~~

~~B. ATRS shall not adjust a member's service history until the covered employer or member provides a copy of the court order or settlement, or a certified copy of the contract buyout, to ATRS, and the full cost to purchase has been received.~~

HISTORY

Adopted:	February 3, 2004	8-4
Adopted:	June 15, 2004	8-1, 8-4, 8-5, 8-6
Amended:	July 18, 2005	8-2
Amended:	April 26, 2007	8-1, 8-4, 8-7
Adopted:	February 11, 2008	8-19
	October 6, 2008	8-7
	February 1, 2010	8-2 under emergency rules.
	June 7, 2010	8-2 Permanent
	July 1, 2011	8-1, 8-2, 8-4, 8-7, 8-19, 8-20 (Emergency)
Adopted:	August 8, 2011	8-1, 8-2, 8-4, 8-7, 8-19, 8-20
Effective:	November 11, 2011	8-1, 8-2, 8-4, 8-7, 8-19, 8-20
Approved by Board:	February 6, 2012	8-1, 8-2, 8-5, 8-6
Amended:	April 2, 2012	8-2 (Emergency)
Amended:	April 18, 2012	8-1, 8-5, 8-6
Effective:	May 29, 2012	8-1, 8-2, 8-5, 8-6
Approved by Board:	July 26, 2013	8-20
Amended:	October 9, 2013	8-20
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Approved by Board:	October 5, 2015	8-1, 8-7
Amended:	February 1, 2016	8-1, 8-7
Effective:	February 10, 2016	8-1, 8-7
Effective:	August 5, 2019	Rule 8
Effective:	May 28, 2020	

Public Comments
Proposed Rule 9 – Retirement and Benefits

1. General Comment Concerning Organization of Rule.

- a. **Comment:** Can the rules concerning final average salary be removed from Rule 7 – Reporting and Eligibility and placed in Rule 9 – Retirement and Benefits?
- b. **Response:** The Arkansas Teacher Retirement System (ATRS) intends to continue reorganizing its rules and an appropriate relocation of the rules concerning final average salary will be made at a later time.

2. General Comment Concerning Organization of Rule .

- a. **Comment:** Can the definitions related to the rules concerning final average salary be removed from Rule 7 – Reporting and Eligibility and placed in Rule 9 – Retirement and Benefits?
- b. **Response:** ATRS intends to continue reorganizing its rules and an appropriate relocation of the definitions concerning final average salary will be made at a later time.

3. Page 4, Section (III)(a)(2).

- a. **Comment:** In order to clarify the current benefit formula, should Section (III)(a)(2) be changed to read as follows, “*The Board shall modify the standard multipliers for credited service of ten (10) years as necessary to maintain actuarial soundness (Arkansas Code § 24-7-705)*”?
- b. **Response:** Yes. This change has been made.

4. Page 4, Sections (III)(b)(4)(A) and (B).

- a. **Comment:** For clarity, should it be explained further that if A or B has been met the member can retire before July 1?
- b. **Response:** No, the proposed rule adequately explains that a member’s retirement date may begin before July 1 if the member meets the requirements of Sections (III)(b)(4)(A) and (B). No changes have been made.

5. Page 4, Sections (III)(b)(4)(A) and (B).

- a. **Comment:** For clarity, should the amount of service credit a member can retire with before July 1 be explained? It may be important to state if A or B has been met, a member will receive a full year of service credit prior to a July 1 retirement effective date. Section (III)(b)(4) does clearly state that they can retire prior to July 1 – just not how much service credit they are allowed to receive. As this

is part of ATRS procedures, it may be a good idea to state that a member will be credited with 1.00 year of service if they meet A or B and have at least 160 days.

- b. **Response:** No, the proposed rule explains that a member must have a full year of service credit equal or greater to one hundred sixty (160) days in a fiscal year in order to possibly have a retirement date that begins before July 1. No changes have been made.

6. Page 6, Section (III)(f)(2).

- a. **Comment:** ATRS does not refund both the member contributions and the residue from the T-DROP. Should Section (III)(f)(2) be revised to clarify that the refund would be the greater of the contributions/interest or the T-DROP balance?
- b. **Response:** Yes. These changes have been made.

7. Page 7, Section (IV)(a)(2).

- a. **Comment:** Why is this different? Is there a benefit to keeping it all consistent with active members?
- b. **Response:** A reason for the difference is that an inactive member does not need to file a retirement application until he or she is ready to retire. There does not appear to be a benefit to treating inactive and active members the same in this situation. No changes have been made.

8. Page 10, Section (IV)(d)(1).

- a. **Comment:** This talks of just retirement applications. Is it 6 months?
- b. **Response:** This section is intended to address submission deadlines for additional documents required by ATRS with regard to age and service retirement applications and early retirement applications. Appropriate changes have been made to clarify this section.

9. Page 11, Section (IV)(d).

- a. **Comment:** On page 11, before Section (V), is all the language in black font intended to be stricken?
- b. **Response:** Yes. This change has been made.

10. Page 12, Section (VI)(a)(3).

- a. **Comment:** Should Section (VI)(a)(3) be revised to read, "*Disability retirement benefits shall begin on the first of the month in which a member files a disability retirement application with ATRS if the:*"?
- b. **Response:** Yes. This change has been made.

11. Pages 12-13, Section (VI)(a)(4).

- a. **Comment:** Should Section (VI)(a)(2) be revised to read, *“If the member is still employed by a covered employer at the time the member files the disability retirement application, then, once approved by the Medical Committee and then ATRS Board, the disability retirement shall begin on the first of the month following the last day of the member’s covered employment.”?*
- b. **Response:** ATRS agrees with a majority of the commentator’s suggested revision. The suggestions concerning style format were not adopted in order to comply with the style format of the Code of Arkansas Rules. The appropriate changes have been made.

12. Page 13, Section (VI)(b)(3)(B)(i).

- a. **Comment:** Should Section (VI)(b)(3)(B)(i) be changed to read, *“Terminate direct or indirect employment with the covered employer by the proposed disability effective retirement date; or”?*
- b. **Response:** Yes. This change has been made.

13. Pages 13-14, Section (VI)(b)(3)(B)(ii).

- a. **Comment:** Should Section (VI)(b)(3)(B)(ii) be revised to read, *“If the member is finalizing work for the covered employer, terminate employment no later than two (2) full calendar months after the Medical Committee’s final decision.”?*
- b. **Response:** ATRS agrees with a majority of the commentator’s suggested revision. The suggestions concerning style format were not adopted in order to comply with the style format of the Code of Arkansas Rules. The appropriate changes have been made.

14. Page 14, Section (VI)(b)(3)(C).

- a. **Comment:** Should *“if eligible”* be added to end of the sentence in Section (VI)(b)(3)(C)?
- b. **Response:** Yes. This change has been made.

15. Page 14, Section (VI)(b)(4)(A).

- a. **Comment:** Should *“member”* be replaced with *“retiree”* in Section (VI)(b)(4)(A)?
- b. **Response:** Yes. These changes have been made.

16. Page 14, Sections (VI)(b)(5).

- a. **Comment:** Should the following be included in Section (VI)(b)(5), *“If retiree expresses the intent to return to work for more than 80 days with termination and status sheet or membership data form, their ARTS disability retirement will be terminated immediately and retiree will become active member.”?*

b. **Response:** Yes. The appropriate changes have been made.

17. Page 14, Section (VI)(b)(5).

a. **Comment:** Should “*member*” be replaced with “*retiree*” in Section (VI)(b)(5)?

b. **Response:** Yes. These changes have been made.

18. Page 15, Section (VI)(c)(2).

a. **Comment:** Should references to “*member*” be removed from Section (VI)(c)(2)?

b. **Response:** Yes. These changes have been made.

19. Page 15, Section (VI)(c)(2)(A)(i).

a. **Comment:** Should “*on or after*” be “*before*” in accordance with Ark. Code Ann. § 24-7-704(b)(3)(A)(i) as amended by Act 223 of 2021, § 1?

b. **Response:** Yes. This change has been made.

20. Page 15, Section (VI)(c)(2)(B).

a. **Comment:** Should references to “*member*” be removed from Section (VI)(c)(2)(B)?

b. **Response:** Yes. These changes have been made.

21. Page 15, Section (VI)(c)(2)(B)(i).

a. **Comment:** Should Section (VI)(c)(2)(B)(i) be revised to read, “*The retiree demonstrates through an administrative or judicial confirmation of an initial active SSA claim that the claim is:*”?

b. **Response:** No. The proposed rule aligns with the provisions of Ark. Code Ann. § 24-7-704. No changes have been made.

22. Pages 15-16, Section (VI)(c)(3).

a. **Comment:** Should “*member*” be replaced with “*retiree*”?

b. **Response:** Yes. These changes have been made.

23. Pages 15-16, Section (VI)(c)(3).

a. **Comment:** In Section (VI)(c)(3)(B), if receiving retirement benefits, the person would be a retiree. Should references to “*member or retiree*” be changed to “*retiree*”?

b. **Response:** Yes. These changes have been made.

24. Page 16, Section (VI)(c)(3).

a. **Comment:** Should “*medical committee*” be replaced with “*Medical Committee*”?

b. **Response:** No. This suggestion does not comply with the style format of the Code of Arkansas Rules. No changes have been made.

25. Pages 16-17, Section (VI)(c)(4).

- a. **Comment:** Should references to “*member or retiree*” be changed to “*retiree*”?
- b. **Response:** Yes. These changes have been made.

26. Pages 16-17, Section (VI)(c)(4).

- a. **Comment:** If receiving retirement benefits, the person would be a retiree. Should references to “*member or retiree*” be changed to “*retiree*”?
- b. **Response:** Yes. These changes have been made.

27. Page 17, Section (VI)(c)(4)(C).

- a. **Comment:** Should “*medical committee*” be changed to “*Medical Committee*”?
- b. **Response:** No. This suggestion does not comply with the Code of Arkansas Rules style format.

28. Page 17, Section (VI)(c)(5).

- a. **Comment:** Should “*send return*” be changed to “*send and return*”?
- b. **Response:** No, the proposed rule is intended to read “*return*”. This change has been made.

29. Page 17, Section (VI)(c)(6).

- a. **Comment:** Should Section (VI)(c)(6) be revised to read as follows?
 - A. *If the retiree turns fifty-seven (57) in the month their disability retirement benefit payments become effective; or*
 - B. *Once the retiree receiving disability retirement benefit payments reaches sixty (60) years of age, the retiree shall begin receiving regular retirement benefits as if the retiree voluntarily retired under Arkansas Code § 24-7-701 and a SSA Determination letter shall not be required.*
- b. **Response:** Yes. The appropriate changes have been made.

30. Page 18, Section (VI)(d).

- a. **Comment:** Should “Section (VI)(d) be revised to include the following?
Denial of Disability Retirement
 - 1. *If a member’s application for disability retirement is denied and the member elects and qualifies for voluntary retirement, the member’s effective retirement date shall be determined by the date the member’s disability retirement application is filed.*
 - 2. *If a member’s application for disability retirement is denied and the member is active and eligible to apply again for disability, the member must submit a new application for disability and new medical reports.*

3. *If a member's application for disability retirement is denied and the member is not active and eligible to apply again for disability, the member is eligible for Age and Service Retirement benefits the month after turning 60.*

Denial of Disability Review Retirement

1. *If a retiree's application for disability review is denied, the member may request a one-time appeal review within six (6) calendar months from the date of initial denial.*
2. *The retiree must submit a written letter requesting an appeal to the ATRS director, and new medical reports.*
3. *The ATRS Board must approve a Board Order for the retiree to proceed with a one-time appeal case, which will be heard by the Medical Committee.*
4. *All disability review decisions are submitted to the ATRS Board in an order to be finalized and approved.*

- b. **Response:** The response to each suggestion is as follows:

Denial of Disability Retirement

- a. **Response:** The suggestion and the proposed rule do not differ. No changes have been made.

1. *If a member's application for disability retirement is denied and the member elects and qualifies for voluntary retirement, the member's effective retirement date shall be determined by the date the member's disability retirement application is filed.*

- a. **Response:** This comment is addressed in Section (VI)(d)(1). The suggested language does not differ from the proposed rules. No changes have been made.

2. *If a member's application for disability retirement is denied and the member is active and eligible to apply again for disability, the member must submit a new application for disability and new medical reports.*

- a. **Response:** This comment is addressed in Section (VI)(d)(5). Ark Code Ann. § 24-7-704 does not require a member to request a second review. As such, incorporating language that requires a member to submit a new application for disability and medical reports would require legislative amendments. The proposed rule has been revised to clarify that the member may submit another disability retirement application if the member is active and eligible for disability retirement under Ark. Code Ann. § 24-7-704.

3. *If a member's application for disability retirement is denied and the member is not active and eligible to apply again for disability, the member is eligible for Age and Service Retirement benefits the month after turning 60.*

- a. **Response:** There is no objection to addressing this suggestion in Section (VI)(d). Appropriate changes have been made.

Denial of Disability Review Retirement

- a. **Response:** For clarity, a separate section titled "*Denial of Disability Review*" has been added as Section (VI)(c)(5).

1. *If a retiree's application for disability review is denied, the member may request a one-time appeal review within six (6) calendar months from the date of initial denial.*

- a. **Response:** Section (VI)(c)(5)(2) of the proposed rule addresses this comment. The proposed rule gives a member who is denied further disability benefits after a disability review by medical committee an opportunity to offer additional medical information and request that the Board of Trustees of the Arkansas Teacher Retirement System return the matter to the medical committee for reconsideration. No changes have been made.

2. *The retiree must submit a written letter requesting an appeal to the ATRS director, and new medical reports.*

- a. **Response:** This suggestion relates to the suggestion immediately above. For the reasons mentioned above, no changes have been made.

3. *The ATRS Board must approve a Board Order for the retiree to proceed with a one-time appeal case, which will be heard by the Medical Committee.*

- a. **Response:** This suggestion relates to the two (2) suggestions immediately above. For the reasons mentioned above, no changes have been made.

4. *All disability review decisions are submitted to the ATRS Board in an order to be finalized and approved.*

- a. **Response:** This suggestion is addressed in Section (VI)(c)(5). No changes have been made.

31. Page 18, Section (VI)(d)(2).

- a. **Comment:** Is the option for a second review only available to first time disability applicants?

-
- b. **Response:** A second review is only available in the case of an initial disability application. Section (VI)(c)(4)(D) has been added and Section (VI)(d)(2) has been revised to clarify that a member may request a second review of only his or her initial disability application.

32. Page 18, Section (VI)(d)(4).

- a. **Comment:** The rule seems to provide that documentation must be filed within six months; however, Ark. Code Ann. § 24-7-704(a)(1)(H)(iii), as amended by Act 223, §1, seems to provide that a member has six months unless an extension is granted by the system. Is there a reason the rule does not reference any extension?
- b. **Response:** ATRS agrees with the commentator's reading of Ark. Code Ann. § 24-7-704(a)(1)(H)(iii) and has revised Section (VI)(d)(4) accordingly.

33. Page 26, Section (VIII)(a)(1).

- a. **Comment:** Should "may" be changed to "shall"? If not, how does the agency determine which option to pursue?
- b. **Response:** Yes. This and other appropriate changes have been made to align Section (VIII)(a)(1) with Ark. Code Ann. § 24-7-205.

34. Page 27, Section (VIII)(c)(1).

- a. **Comment:** Does Section (VIII)(c)(1) only apply if the adjustment of benefits causes a reduction?
- b. **Response:** Yes. Section (VIII)(c)(1) has been revised to clarify that the rule applies only if the adjustment of benefits causes a reduction. Additional revisions have been made in accordance with Ark. Code Ann. § 24-7-205.

35. Page 26, Section (VIII)(f).

- a. **Comment:** For clarification, as contributions has a different meaning in reporting, does Section (VIII)(f) refer to waiving interest on payroll benefits paid in error?
- b. **Response:** No, this section does not refer to payroll benefits paid in error. No changes have been made.

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~~ATRS Rule 9~~ **ATRS RULE 9** **RETIREMENT AND BENEFITS**

A.C.A. Arkansas Code §§ 24-7-202, 24-7-205, 24-7-502, 24-7-701 — 24-7-707, 24-7-709, 24-7-710, 24-7-727, 24-4-732, 24-7-734, Act 808 of 1987 and Acts 1987, No. 808

I. Definitions

- a. A. ~~"Act 808 Employee" means an employee of a state agency who:~~
1. ~~on~~ On April 8, 1987, was an active member of the Arkansas Teacher Retirement System (ATRS);
 2. ~~and~~ qualified Qualified to retire before January 1, 1988, under the Early Retirement Incentive Law of 1987 (~~Act 187 of 1987~~) (Acts 1987, No. 187); and
 - 4.3. ~~could~~ Could elect to become a member of the Arkansas Public Employees Retirement System (APERS) and have their his or her credited service in ATRS transferred to APERS-;
- b. B. ~~"Annuity options" means the member's election at retirement of an annuity that shall be paid throughout the retiree's lifetime in accordance with A.C.A. § 24-7-706~~ one (1) or more options that:
1. Concern how an annuity benefit shall be paid, in accordance with Arkansas Code § 24-7-706, to a member for his or her lifetime after the member's retirement; and
 2. Are available for a member's election at the time of the member's retirement-;
- c. "Application" for the purposes of retirement eligibility means an application form and any other documents required by ATRS to establish a member's eligibility to retire;
- d. "Covered employer" or "employer" means an employer who participates in ATRS and whose employees are eligible for membership under Arkansas Code §§ 24-7-202, 24-7-501, or other applicable law;
- e. "Dependent child" means a child of a member or retiree who:
1. Is a minor;
 2. Is between eighteen (18) and twenty-three (23) years of age and continuously enrolled as a full-time student at an accredited secondary

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school, college, or university; or

3. Has been adjudged physically or mentally incapacitated by a court of competent jurisdiction;

~~a.f.~~ G. "Effective Retirement Date Effective retirement date" means, for purposes of ATRS ATRS' retirement benefits, the ~~1st~~ first day of the month in which the a member requests to receive retirement benefits and for which the member ~~has submitted~~ submits a timely retirement application~~;-;~~

g. D. "Incapacitated child" means a child who has been adjudged physically or mentally incapacitated by a court of competent jurisdiction;

b.h. _____ "Marriage dissolution" means 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~~;-;~~

~~e.i.~~ E. "Medical committee" means the committee of three (3) physicians appointed by the Board of Trustees of the Arkansas Teacher Retirement System (Board) under A.C.A. Arkansas Code § 24-7-303 for the purpose of evaluating disability retirement applications~~;-;~~

i. F. "Option beneficiary" means a ~~person(s) nominated by the member, in writing at retirement, who, if eligible, will receive annuity payments under the annuity option selected by the member after the member's death~~ person who:

1. A member nominates by written designation, before or after the member's retirement, to receive annuity payments after the member's death in accordance with the annuity option selected by the member; and

~~1-2.~~ If eligible, shall receive annuity payments after the member's death in accordance with the annuity option selected by the member;-;

~~d.k.~~ G. "Person" for purposes of Rule 9 means an individual, corporation, partnership or other legal entity means an individual, trust, estate, corporation, partnership, or other legal entity;-;

~~H.~~ "Participating employer" means an employer who participates in ATRS whose employees are eligible for membership under A.C.A. § 24-7-501, A.C.A. § 24-7-202, or other applicable law.

~~e.l.~~ I. "Residue" means the a member's accumulated contributions, including regular interest standing in the member's credit at the time of his/her his or her retirement~~;-;~~

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~~f.n.~~ J. "Residue beneficiary" means a ~~person(s) nominated by the member~~ person who a member nominates by written designation to receive the member's residue, if any, under A.C.A. Arkansas Code § 24-7-709-;

~~g.n.~~ K. "Receivable" means monies due to ATRS from a member, former member, ~~participating~~ covered employer, contributor, retiree, beneficiary, or alternate payee under a qualified domestic relations order (QDRO) as a result of an overpayment of any payment or benefit by ATRS-; and

~~h.o.~~ L. "Retiree" means a retired member who ~~is receiving~~ receives an annuity from ATRS.

II. ~~Age And~~ and Service Retirement Eligibility

- a. ~~A.~~ If eligible, an active or inactive member who attains age sixty (60) and has five (5) or more years of actual and reciprocal service credit may voluntarily retire upon written application filed with ATRS by filing a written application with ATRS.
- b. ~~B.~~ If eligible, an active or inactive member who has not reached age sixty (60) and has twenty-five (25) or more years of actual and reciprocal service credit, including purchased or free credited service, may voluntarily retire upon written application filed with ATRS by filing a written application with ATRS.
- c. ~~C.~~ In order to be eligible To be eligible for retirement, a member must shall comply with the following requirements:
 1. Satisfy the credited service requirements under one of ATRS' retirement statutes, A.C.A. Arkansas Code §§ 24-7-701—707;
 2. Be credited with all required covered employer and member contributions in the member's deposit account, with no amounts owed to ATRS;
 3. Pay all amounts owed to ATRS for underpayments or purchase service accounts; and
 4. Terminate employment with all ~~participating employers,~~ each of his or her covered employers or ~~have reached age sixty-five or older~~ reach the normal retirement age.

III. Benefits

- a. ~~A.~~ Benefits Formula

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1. The retirement benefits payable to a retiree shall be the total number of contributory years of credited service, multiplied by a factor between 1.75% and 2.15% one and seventy-five hundredths percent (1.75%) and two and fifteen hundredths percent (2.15%) of the final average salary as set by the board Board, plus the total number of noncontributory years of credited service multiplied by a factor between 0.5% and 1.39% five-tenths percent (0.5%) and one and thirty-ninth hundredths percent (1.39%) of the final average salary, as set by the board Board.
 2. The board Board shall modify the factor for credited service as necessary to maintain actuarial soundness. (A.C.A. Arkansas Code § 24-7-705). The Board shall modify the standard multipliers for credited service of ten (10) years as necessary to maintain actuarial soundness. (Arkansas Code § 24-7-705).
- b. B. Effective Date of Retirement Benefits (A.C.A. Arkansas Code § 24-7-701)
1. If a member meets all eligibility requirements for retirement and is approved for retirement, annuity benefits shall be effective on the month proposed by the member in their application in the member's application.
 2. If the member does not file an application at least one (1) calendar month ~~prior to~~ before the proposed effective retirement date, then ~~that~~ the proposed retirement effective date ~~cannot~~ in the member's application shall not be used, and the member's effective retirement date shall be the following month.
 - 2.3. If a member has signed an employment contract for the fiscal year and has been paid in full without providing service for the full period of the employment contract, the member's ~~retirement~~ effective retirement date shall not be ~~prior to~~ before July 1 of the subsequent fiscal year.
 - 2.4. If a member has accrued a full year of service credit equal or greater to one hundred and sixty one hundred sixty (160) days in a fiscal year, the member's retirement date shall not begin earlier than July 1 of the subsequent fiscal year. year unless the member:
 - A. Has attained the normal retirement age and is not separating from employment; or
 - B. Is not licensed or otherwise certified as a classroom teacher and vacating a classroom.

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c. C.—Normal Retirement Age

1. A member who attains the normal retirement age may:

A. Apply for retirement benefits without terminating employment; and

B. Begin drawing retirement benefits.

2. The retirement benefits of a member who attains the normal retirement age shall not be affected if the member applies for and draws retirement benefits.

e.d. _____ Compound Cost of Living Adjustment (A.C.A. Arkansas Code § 24-7-727)

1. The Board ~~by resolution~~ may, by resolution, reverse a compound cost of living adjustment as needed to maintain the actuarial soundness of ATRS.

2. A reversal may be phased in as the Board determines appropriate.

D.—Last Benefit Payment Upon Death

~~Benefits are payable through the month in which the retiree's death occurs.~~

d.e. _____ Change of Marital Status (Arkansas Code § 24-7-706)

1. If the marriage marital status of the a retiree member legally ends for any reason changes due to the death of the retiree's spouse or a marriage dissolution, the member retiree may choose to ~~cancel the designation of the former spouse as the designated beneficiary.~~

A. _____ Cancel his or her designation of the former spouse as a beneficiary; or

B. _____ Designate a dependent child as a replacement beneficiary if the:

i. Retiree previously designated the former spouse as his or her Option A or Option B beneficiary; and

ii. Former spouse predeceases the retiree.

2. If the ~~member so~~ retiree chooses to cancel the designation of his or her former spouse as his or her Option A or Option B beneficiary or chooses to designate a dependent child as a replacement Option A or Option B beneficiary, the ~~member must~~ retiree shall file with ATRS a change of option beneficiary on an ATRS approved form, and any change in the benefit amount shall become effective the month after

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receipt by ATRS of receives the approved form.

f. Alternative Residue Beneficiary Designation

1. If a member designates one (1) or more alternative residual beneficiaries in lieu of his or her spouse, the member shall submit the names of each alternative residue beneficiary on ATRS approved form to ATRS.

2. If a member designates one (1) or more alternative residue beneficiaries in lieu of his or her spouse, each alternative residue beneficiary shall receive an appropriate lump-sum payment of the greater of either:

A. The member's residue from the Teacher Deferred Retirement Option Plan (T-DROP); or

B. The member's contributions.

g. Final Benefit Payments and Lost Payees (Arkansas Code § 24-7-734)

1. Benefits are payable through the month in which the retiree's death occurs.

2. If a final benefit payment is not delivered in the normal course of business, the benefit payment shall be sent in the following order until delivered:

A. To the member's residue beneficiary, if any;

B. To the member's lump-sum death beneficiary, if any;

C. To the member's estate' if any; or

D. To the trust assets of ATRS.

3. The Board shall direct a benefit payment amount forfeited to the trust assets of ATRS if the:

A. Benefit payment cannot be made five (5) years after the benefit payment is due because the location of the member or the identity and location of the member's beneficiary or personal representative cannot be ascertained by mailing the benefit payment to the last known address of the member, beneficiary, or personal representative in ATRS' records; and

A.B. Neither the member, beneficiary, or personal representative submitted paperwork or forms approved by ATRS updating his or her location or last known address to ATRS before the

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expiration of five (5) years from when the benefit payment is due.

IV.

~~A member age 65 or older may apply for retirement benefits without terminating employment and may begin drawing benefits with no effect on the member's retirement benefit.~~

V-IV Retirement Application and Other Documents

a. Generally

1. A copy of the ATRS retirement application may be downloaded from the ATRS website or requested from ATRS.

2. For a member who is inactive, vested, and immediately eligible to retire, retirement benefits shall be payable the month after ATRS receives the member's retirement application.

b. Time Period for Filing Retirement Application

1. In order for a retirement application to be timely filed, there is a three-month "window" to apply for retirement benefits.

2. An active member who is currently employed by a covered employer shall file his or her retirement application:

A. No sooner than four (4) months before the active member's effective retirement date; and

B. No later than one (1) month before the active member's effective retirement date.

3. Procedure for Handling Received Retirement Applications

A. ATRS' procedure for handling a retirement application received by ATRS shall be as follows:

i. If a retirement application is received by ATRS before the three-month window begins for the member's anticipated effective retirement date, ATRS shall:

a. Consider the retirement application untimely;

b. Reject the retirement application;

c. Notify the member of one (1) or more dates on which the member may timely file a retirement application; and

d. Notify the member of the procedure to use in order to

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timely file a retirement application.

ii. If a retirement application is received after the three-month window ends for the member's anticipated effective retirement date, ATRS shall:

- a. Consider the retirement application untimely; and
- b. Provide the member with a new effective retirement date that begins on the first day of the month following the member's previously anticipated effective retirement date.

4. This ATRS Rule 9 IV.b. does not apply to a disability retirement application or an application for survivor benefits.

5. The following table shows examples of the windows for filing a retirement application:

<u>EXAMPLE OF RETIREMENT FILING DATES</u>			
<u>Effective Date of Retirement</u>	<u>Retirement Application Must be Filed In:</u>	<u>Last Date of Employment</u>	<u>First Retirement Check</u>
<u>January 1</u>	<u>September, October or November</u>	<u>December 31</u>	<u>End of January</u>
<u>February 1</u>	<u>October, November or December</u>	<u>January 31</u>	<u>End of February</u>
<u>March 1</u>	<u>November, December or January</u>	<u>Feb 28/29 (Leap year)</u>	<u>End of March</u>
<u>April 1</u>	<u>December, January or February</u>	<u>March 31</u>	<u>End of April</u>
<u>May 1</u>	<u>January, February or March</u>	<u>April 30</u>	<u>End of May</u>
<u>June 1</u>	<u>February, March or April</u>	<u>May 31</u>	<u>End of June</u>
<u>July 1</u>	<u>March, April or May</u>	<u>June 30</u>	<u>End of July</u>
<u>August 1</u>	<u>April, May or June</u>	<u>July 31</u>	<u>End of August</u>
<u>September 1</u>	<u>May, June or July</u>	<u>August 31</u>	<u>End of September</u>

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<u>October 1</u>	<u>June, July or August</u>	<u>September 30</u>	<u>End of October</u>
<u>November 1</u>	<u>July, August or September</u>	<u>October 31</u>	<u>End of November</u>
<u>December 1</u>	<u>August, September or October</u>	<u>November 30</u>	<u>End of December</u>

6. The following table is the only "window" for filing a T-DROP application:

<u>Effective Date of Retirement</u>	<u>Retirement Application Must be Filed In:</u>
<u>July 1</u>	<u>March, April, or May</u>

c. Retirement Application and Other Documents Required by ATRS

1. In addition to a complete retirement application, the following documents ~~are mandatory documents and~~ required by ATRS in order to begin making benefit payments shall be submitted to ATRS within six (6) months of the effective date of retirement unless an extension is granted by ATRS:

A. Member elects a straight life annuity:

- i. ~~4.~~ Proof of member's birthdate from a birth certificate or other authenticating documents-; and
- ii. ~~2.~~ Proof of member's taxpayer identification number from a Social Security card or other authenticating documents.

B. Member elects Option A or Option B benefit with Spouse as the beneficiary:

- i. ~~4.~~ Proof of the member's birthdate from a birth certificate or other authenticating documents-;
- ii. ~~2.~~ Proof of the member's taxpayer identification number from a Social Security card or other authenticating documents-;
- iii. 3 Proof of the spouse's birthdate from a birth certificate or other authenticating documents-;
- iv. ~~4.~~ Proof of the spouse's taxpayer identification number from a Social Security card or other authenticating documents-; and
- v. ~~5.~~ Proof of the marriage between the member and spouse

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from a marriage license or equivalent, marriage license recording document, or other legally acceptable proof of the existence of the marriage.

C. Member elects Option A or Option B benefit with incompetent a dependent child as the beneficiary:

i. ~~4.~~ Proof of the member's birthdate from a birth certificate or other authenticating documents-;

ii. ~~2.~~ Proof of the member's taxpayer identification number from a Social Security card or other authenticating documents-;

iii. ~~3.~~ Proof of Guardianship

A. Adequate proof of the existence of a guardianship due to the incapacity of the member's dependent child that preexists the member's official retirement date.

A.B. Authenticating documents may include the order appointing guardianship of the person, letters of guardianship, or other adequate proof of the existence of the guardianship-;

iv. ~~4.~~ Proof of the dependent child's birthdate from a birth certificate or other authenticating documents; and

iii-v. Proof of the dependent child's taxpayer identification number from a Social Security card or other authenticating documents.

D. Member elects Option C annuity:

i. ~~4.~~ Proof of the member's birthdate from a birth certificate or other authenticating documents-; and

ii. ~~2.~~ Proof of the member's taxpayer identification number from a Social Security card or other authenticating documents.

d. E. Submission Deadlines — Age and Service Retirement and Early Retirement Applications — Additional Documents

1. If a member files an age and service retirement application or early retirement application, all additional documents required by ATRS in order to begin making benefit payments shall be submitted within six (6) calendar months after the member's effective retirement date unless an extension is granted by ATRS.

2. If all additional documents required by ATRS are not submitted by the six-month deadline or any extension granted by ATRS, the retirement

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application shall be void and without effect.

If the member elects an alternative residual beneficiary or beneficiaries in lieu of their spouse, the member shall submit the names of the alternative residual beneficiary or beneficiaries along with the alternative residual beneficiary's or beneficiaries' birthdate from a birth certificate or other authenticating document approved by ATRS, on a form provided and approved by ATRS. The selection of an alternative residual beneficiary or beneficiaries allows the member's residue from T-DROP and/or the member's contributions to be paid in a lump sum to the alternative residual beneficiary or beneficiaries and a monthly retirement annuity shall not be paid.

F. The failure to submit a complete retirement application and any mandatory documents within a six-month period from the member's effective retirement date plus any extension granted by ATRS shall result in the retirement application being voided and the application shall have no effect. This rule on required documents applies to all retirement applications including retirement based upon age retirement, service retirement, early retirement, and disability retirement.

VI.V. State Employee Transfers to APERS (Act 808) Rules

- a. ~~A.~~ The An Act 808 employee will shall make the election to transfer to APERS on a form furnished by ATRS approved by ATRS.
- b. ~~B.~~ The transfer from ATRS to APERS will become shall be effective on the employee's effective date of retirement.
- c. ~~C.~~ ATRS will shall certify to APERS a record of the Act 808 employee's service credit in ATRS.
- d. ~~D.~~ At the time of retirement, if the Act 808 employee is a non-contributory member of ATRS, he will If an Act 808 employee is a non-contributory member of ATRS at the time of his or her retirement, the Act 808 employee shall retire under the non-contributory provisions of Act 187 of 1987 Acts 1987, No. 187 and shall be entitled to a refund of his or her Act 808 employee contributions made since January 1, 1978, to ATRS.
- e. ~~E.~~ At the time of retirement, if the Act 808 employee was a contributory member of ATRS, he will If an Act 808 employee was a contributory member of ATRS at the time of his or her retirement, the Act 808 employee shall retire under the contributory provisions of Act 187 of 1987 Acts 1987, No. 187.
- f. ~~F.~~ For any Act 808 employee who elects to transfer to APERS, APERS

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will pay the monthly benefits. APERS shall pay the monthly benefits of an Act 808 employee who elects to transfer to APERS.

- g. ~~G.~~ APERS will shall certify monthly to ATRS the amount of monthly benefits paid and ATRS will shall transfer its its pro-rata portion to APERS.
- h. ~~H.~~ Upon receipt of a death certificate from APERS for a retiree who chose straight life annuity and has a balance remaining in his or her account, ATRS will shall transfer the remaining balance in the retiree's account to APERS for refunding to ~~the designated beneficiary or beneficiaries~~ the retiree's designated beneficiary.

VII.VI. Disability Retirement Rules

- a. ~~A.~~ Submission Deadlines and Commencement of Disability Retirement Benefit Payments

1. A member has six (6) calendar months from the date of the member's disability retirement application to submit a completed application and all accompanying documentation required by ATRS.

2. If a member does not submit all accompanying documentation required by ATRS within the six-month deadline, ATRS shall:

i. Submit the disability retirement application to the medical committee for review as complete; or

ii. Withdraw the application at the request of the member unless an extension is granted by ATRS.

3. If the member is eligible under A.C.A. § 24-7-704 and these Rules, and the Medical Committee medical committee determines a disability exists for the member, then disability retirement benefits shall commence the month the member files a written application with ATRS if at the time the member files the application the member is no longer employed by an ATRS covered employer. Disability retirement benefits shall begin on the first of the month in which a member files a disability retirement application with ATRS if the:

A. Member is eligible for disability retirement under Arkansas Code § 24-7-704 and the ATRS Rules;

B. Member is no longer employed by a covered employer at the time he or she files the disability retirement application; and

A.C. Medical committee determines that the member has a disability.

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~~1.4.~~ 2. If the member is still employed by an ATRS ~~a~~ covered employer at the time the member files the ~~disability retirement~~ application for disability retirement, then, once approved ~~by ATRS~~, the disability retirement will ~~shall commence~~ begin on the month following the last day of ~~the member's~~ covered employment. *If the member is still employed a covered employer at the time the member files the disability retirement application, then, once approved by the medical committee and then the Board, the disability retirement shall begin on the first of the month following the last day of the member's covered employment.*

b. B. Effective Retirement Date and Employment After Disability Retirement

1. Effective Retirement Date

a. Termination of active membership for disability retirement benefits shall be the last date of any employer payment to the member due to the end of the employee/employer relationship. A member's disability retirement is effective from the date the member files a disability retirement application with ATRS and terminates employment with each of his or her covered employers.

2. Leave

A. The A member is considered active if they are the member is using earned sick leave, Family Medical Leave Act (FMLA) leave, annual leave, and catastrophic leave.

B. Worker's compensation, which may or may not include the use of leave granted by the an employer, is shall not:

i. Be considered leave by which a member is considered active; ~~nor does it;~~ and

ii. ~~extend~~ Extend the date of active membership.

3. Direct or Indirect Employment

A. A member shall not receive disability retirement benefit payments if the member indirectly performs work for an ATRS covered employer as described in Arkansas Code § 24-7-704(a)(4)(B).

B. If a member is approved for disability retirement and continues to work either directly or indirectly for a covered employer, the member shall:

i. *Terminate direct or indirect employment with the covered employer by the proposed disability effective retirement date;*

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or

ii. If the member is finalizing work for the covered employer, terminate employment no later than two (2) full calendar months after the medical committee's final decision.

C. If the member does not terminate employment under the ATRS Rules and the termination requirement under Arkansas Code § 24-7-502, the member's disability retirement application shall be considered rescinded and the member may reapply if eligible.

4. Continued Employment Under Age Sixty (60)

A. A retiree under the age of sixty (60) may be employed by an ATRS covered employer and also receive ATRS disability retirement benefit payments if the retiree performs less than eighty (80) days of actual service during a fiscal year.

5. Return to Employment

A. After receiving ATRS approval for disability retirement a retiree may choose to return to covered employment with an ATRS covered employer and relinquish his or her disability retirement.

B. If a retiree chooses to return to covered employment, the member shall:

i. Not receive disability retirement benefit payments;

ii. Be considered an active member; and

iii. Comply with Arkansas Code § 24-7-738 (Acts 2017, No. 549).

C. A retiree shall become an active member and his or her disability retirement shall be immediately terminated if:

i. The retiree notifies ATRS in writing of his or her intent to perform more than eighty (80) days of actual service during a fiscal year; or

ii. ATRS receives written notification of the retiree's intent to perform more than eighty (80) days of actual service during a fiscal year through a termination and status sheet, membership data form, or any other reasonably reliable documentation.

c. C.—Social Security Determination Letter

1. Deadlines — Generally

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A. ~~The following criteria and deadlines, applied to the individual member circumstances, affect eligibility for continued disability payments for a member who has been approved by ATRS for disability retirement, based upon the date of the first ATRS disability retirement check. The deadlines may be extended under the provisions of this Rule and A.C.A. A deadline imposed by this ATRS Rule 9 VI may be extended as provided by this ATRS Rule 9 and Arkansas Code § 24-7-704.~~

2. Thirty-Six-Month Deadline

A. a. ~~If the first disability retirement check to the member is dated before July 1, 2015, and the member is under fifty-seven (57) years before July 1, 2015, the member shall submit to ATRS a Social Security Administration (SSA) determination letter dated before July 1, 2018, that finds that the member is disabled. In the absence of a SSA determination letter, the member's disability retirement payments will cease on June 30, 2018. A retiree shall submit to ATRS a Social Security Administration (SSA) determination letter that finds the retiree disabled within thirty-six (36) months from:~~

- i. ~~July 1, 2015, if the retiree's effective retirement date is before July 1, 2015; or~~
- ii. ~~The retiree's effective retirement date if the effective date of retirement is on or after July 1, 2015.~~

B. ~~A retiree may apply for an extension of the thirty-six-month deadline to submit the SSA determination letter to ATRS if:~~

- i. ~~The retiree demonstrates through an administrative or judicial confirmation of an active SSA claim that the claim is:~~
 - a. ~~Still under review; and~~
 - b. ~~Part of a continuous claim without voluntary dismissal or withdrawal; and~~
- ii. ~~The SSA disability claim was filed and remained active for at least twenty-four (24) months before the thirty-six-month deadline.~~

3. Suspension of Disability Retirement Benefit Payments

A. ~~ATRS shall suspend disability retirement benefit payments to a retiree if the retiree does not:~~

- i. ~~Provide ATRS with a SSA determination letter finding the~~

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retiree disabled within the thirty-six-month deadline;

- ii. Receive an extension of the thirty-six-month deadline to provide ATRS with a SSA determination letter finding the retiree disabled; or
- iii. Apply to the medical committee for a review within three (3) months of ATRS suspending disability retirement benefit payments to the retiree due to the retiree's failure to provide ATRS with a SSA determination letter finding the retiree disabled.

~~b. If the first disability retirement check to the member is dated July 1, 2015, or after, and the member is under fifty-seven (57) years on the date of the first disability retirement check, member shall submit to ATRS a Social Security Administration (SSA) determination letter dated within thirty-six (36) months from the date of the first disability retirement check that finds that the member is disabled. In the absence of a SSA determination letter, the member's disability retirement payments will cease thirty-six (36) months from the date of the first disability retirement check. For example:~~

- ~~—Date of 1st ATRS disability retirement check: January 2017, then~~
- ~~—Social Security Administration determination letter finding dated by: December 2019; or~~
- ~~—Date of last disability retirement check if no SSA determination letter: December 2019~~

~~2. ATRS will grant an extension to the above deadlines if the member can provide documentation to ATRS that:~~

- ~~a. The SSA disability claim was properly filed and remained active for at least twenty-four (24) months prior to the deadline above; and~~
- ~~b. An active SSA disability claim is still under review by the SSA with no voluntary dismissal or withdrawal.~~

3.4. Inability to Obtain SSA Determination Letter — Medical Committee Review

A. A retiree who attempts and is unable to receive a SSA determination letter finding the retiree disabled may apply for a review by the medical committee.

B. A retiree may apply for a review by the medical committee:

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- i. No earlier than three (3) months before the date on which the retiree's disability retirement benefit payment would otherwise be suspended; and
- ii. No later than three (3) months after disability retirement benefit payments to the retiree is suspended.

C. A review performed by the medical committee shall follow the standards and procedures in Arkansas Code § 24-7-704(a)(1)(E).

D. A member's option to request a second review as provided by Arkansas Code § 24-7-704(a)(1)(H) shall not apply to a retiree who seeks disability review under Arkansas Code § 24-7-704(b)(3)(D).

5. Denial of Disability Review

1. After a disability review is held due to the SSA finding that a member is not disabled, the medical committee's recommendations shall be submitted to the Board for a final order.
2. If a member is denied further disability benefits after a disability review by the medical committee, the member may:
 - i. Offer additional medical information within thirty (30) days of the date of the disability review; and
 - ii. Request that the Board return the matter to the medical committee for reconsideration.

6. SSA Determination Letter No Longer Required

- A. Once the member who is receiving disability retirement benefit payments reaches sixty (60) years of age, the member thereafter will receive ~~shall begin receiving~~ regular retirement benefits as if the member voluntarily retired under A.C.A. Arkansas Code § 24-7-701 and no Social Security Administration a SSA determination letter is ~~shall not be~~ required. A retiree shall begin receiving regular retirement benefits as if the retiree voluntarily retired and a SSA determination letter shall not be required if the retiree
- i. Attains fifty-seven (57) years of age in the month the retiree's disability retirement benefits become effective; or
 - ii. Attains sixty (60) years of age.

4. ~~A member may apply for an additional review of a disability claim within three (3) months of disability benefits ceasing due to a denial letter and finding by the Social Security Administration that the~~

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member is not disabled. The member's disability claim review will follow the procedure set forth in A.C.A. § 24-7-704.

d. Denial of Disability Retirement

1. If a member's initial application for disability retirement is denied and the member elects and qualifies for voluntary retirement, the member's effective retirement date shall be determined by the date the member's initial disability retirement application is filed.
2. A member may request a second review if the member's initial disability retirement application is denied and the member submits additional medical documentation for the medical committee's consideration.
3. A member may only request a second review one (1) time.
4. If a member requests a second review, unless an extension is granted by ATRS, the member has six (6) calendar months from the date of the letter notifying the member of the denial of his or her initial disability retirement application to submit additional medical documentation.
5. If a member's initial disability retirement application is denied after the second review, the member may file another subsequent disability retirement application and submit additional information for consideration if the member is active and eligible for disability retirement under Arkansas Code § 24-7-704.
6. If a member's initial disability retirement application is denied and the member is ineligible to apply for disability retirement benefits under Arkansas Code § 24-7-704 or is inactive, the member may apply for age and service retirement or early voluntary retirement if the member meets the requirements for age and service retirement or early voluntary retirement.

D.

1. A member under the age of sixty (60) may be employed by an ATRS covered employer and also receive ATRS disability retirement if the member performs less than eighty (80) days of actual service during a fiscal year.
2. A member shall not receive disability retirement if the member indirectly performs work for an ATRS covered employer as described in A.C.A. § 24-7-704(a)(4)(B).
3. If a member is approved for disability retirement but continues to work

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~~either directly or indirectly for the covered employer, the member shall terminate employment with the covered employer or indirect employer by the proposed disability retirement effective date, or, if the member is finalizing work for the employer, then the employee may terminate employment up to two (2) full calendar months after the Medical Committee meets.~~

~~4. If the member does not terminate employment under these Rules and the termination requirement under A.C.A. § 24-7-502, the application is rescinded and the member can reapply.~~

~~5. After receiving an ATRS disability retirement a member may choose to return to regular employment with an ATRS covered employer and relinquish their disability retirement. In this instance, the member would no longer receive disability retirement and would be an active member and shall comply with A.C.A. § 24-7-738 (Act 549 of 2017).~~

~~E. If the application for disability retirement benefits is denied and the member elects and otherwise qualifies for voluntary retirement, the effective date for retirement shall be determined by the date the disability retirement application is filed.~~

e. F. Member Death Before Determination on Disability Retirement Application

1. If the member dies after the disability application is received by ATRS, but before his or her disability retirement application is approved, then the:

A. ~~ATRS shall consider the member to have~~ Member shall be considered as having died in "active"active service; and

A.B. ~~survivor~~ Survivor benefits under A.C.A. Arkansas Code § 24-7-710 shall be paid, unless the member has designated an one (1) or more alternative residual beneficiary or beneficiaries.

f. G. Disability Retirement Benefit Formula

1. The annuity formula for computing disability retirement benefits is shall be the same as for annuity formula used to compute voluntary age and service retirement benefits.

g. H. Beneficiary Designation After Approval of Disability Retirement

1. ~~For all disability retirement applications~~ If a disability retirement application is approved by the Medical Committee medical committee after May 31, 2011, the Board shall allow a ~~disability retiree at the time~~

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of retirement the member to designate an Option A or Option B beneficiary at the time of retirement.

2. ~~Option C beneficiaries shall not be available to disability retirees~~ An Option C beneficiary shall not be designated by a member who applies for disability retirement or a disability retiree. A.C.A. § 24-7-706(a)(3), (Arkansas Code § 24-7-706(a)(3))

2.3. ~~If a disability retiree designates an Option A or Option B spouse beneficiary, and the disability retiree dies before reaching age sixty (60), then the same rules that apply to active member option beneficiaries shall apply to the disability Option A and Option B beneficiaries under A.C.A. § 24-7-710(b).~~ The same rules that apply to an active member's surviving spouse under Arkansas Code § 24-7-710(b) shall apply to a disability retiree's surviving spouse if the disability retiree:

A. Designates his or her spouse as Option A or Option B beneficiary at the time of retirement; and

B. Dies before reaching sixty (60) years of age.

4. The same rules that apply to a surviving spouse of an active member under Arkansas Code § 24-7-710(b) shall apply to the surviving spouse of a disability retiree if the disability retiree:

A. Dies after disability retirement benefit payments to the disability retiree begin;

B. Does not designate his or her spouse as an Option A or Option B beneficiary; and

C. Does not designate a residue beneficiary.

5. The same rules that apply to a surviving spouse of an active member under Arkansas Code § 24-7-710(b)(1)(B) shall apply to the surviving spouse of a disability retiree if the disability retiree:

A. Dies after disability retirement benefit payments to the disability retiree began;

B. Does not designate his or her spouse as an Option A or Option B beneficiary; and

A-C. _____ Designates his or her spouse as a residue beneficiary.

3.6. If a disability retiree designates his or her dependent child as an Option A or Option B ~~incapacitated child~~ beneficiary, and the disability

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retiree dies before reaching age sixty (60), then:

A. the The same rules that apply under Arkansas Code § 24-7-710(c) to an active member active member's surviving child shall apply to the disability retiree's Option A or Option B dependent child beneficiary under A.C.A. § 24-7-710(e) until the date on which the disability retiree would have turned age sixty (60) years of age; and

B. On the date on which the disability retiree would have turned sixty (60) years of age, then the Option A or Option B incapacitated dependent child beneficiary shall receive the greater of the surviving child annuity under A.C.A. Arkansas Code § 24-7-710(c) or the Option A spouse annuity under A.C.A. § 24-7-710(a) Arkansas Code § 24-7-710(b).

~~I. Disability retirees who are disapproved for further disability annuities due to a medical examination reviewed by the Medical Committee shall be removed from ATRS' retiree payroll the earlier of six months following the review date or the first of the month following the return to covered employment.~~

~~J. If a member applies for disability retirement and is disapproved, he/she has the right to file a new disability application submitting additional information for review as long as the member remains active.~~

VIII.VII. Annuity Options and Disposition of Residue After Retirement Rules

a. Option Annuity Election

1. Before the date the first benefit payment of an annuity becomes due, a member retiring with age or service may elect an option to receive an annuity payable as provided in one of the following. (Disability retirement option rights are set forth in Rule 9.VII.H. above) one (1) of the following annuity options:

A. Option 1: — Straight Life Annuity

i. 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.

B. Option 2 — Reduced Straight Life Annuity with Option Beneficiaries

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- i. A retiree shall receive the actuarial equivalent of the retiree's straight life annuity in a reduced annuity payable throughout the retiree's life.
- ii. A member may designate a beneficiary to receive one (1) of the following annuity options:
 - a. Option A — One hundred percent (100%) Survivor Annuity
 - 1. Upon the death of the retiree, the retiree's reduced annuity shall be continued and paid throughout the life of the retiree's designated beneficiary.
 - 2. A member may designate one (1) beneficiary under Option A.
 - b. Option B — 50% Survivor Annuity
 - 1. Upon the death of the retiree, one-half (1/2) of the retiree's reduced annuity shall be continued and paid throughout the life of the retiree's designated beneficiary.
 - 2. A member may designate one (1) beneficiary under Option B.
 - c. Option C — Annuity for Ten (10) Years Certain and Life Thereafter
 - 1. The retiree shall receive a reduced annuity payable throughout the retiree's life.
 - 2. If the retiree dies before receiving one hundred twenty (120) monthly annuity payments, the payments shall be continued for the remainder of the period of one hundred twenty (120) months and paid to one (1) or more of the retiree's designated beneficiaries in equal shares.
 - 4.3. A member may designate one (1) or more beneficiaries under Option C.

b. **~~B.~~—Effect of Option 1 Retiree's Death within the First Year of Retirement**

- 1. If an Option 1 retiree dies within one (1) year of retirement, and his or her spouse qualifies for Option A benefits, the spouse may elect to

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cancel the Option 1 annuity in effect and elect Option A, (100% survivor annuity) one hundred percent (100%) survivor annuity, at that time.

2. The election ~~shall become~~ shall be effective the first day of the month following receipt of the election form by ATRS.

2.3. If the spouse elects Option A, the residue, if any, ~~will~~ shall not be paid until the Option A beneficiary's death.

c. ~~C.~~ **Persons Eligible as Option A or Option B Beneficiaries at the Time of Retirement**

1. ~~In order to be nominated as an Option A or B beneficiary, the person must be one of the following:~~ The following persons are eligible to be nominated by written designation as an Option A or Option B beneficiary:

A. ~~1.~~ 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) if the retiree and his or her spouse have been married to each other for at least one (1) year before the first annuity benefit payment to the retiree;

B. ~~2.~~ A retiree's dependent child (regardless of age) who has been ruled adjudged physically or mentally incapacitated by a court of competent jurisdiction, regardless of the age of the dependent child.

~~a.d.~~ D. **Eligibility of a Spouse to Become an Option A or Option B Beneficiary after a Member's Retirement**

1. ~~If a member was married to his or her spouse for less than one (1) year upon his or her effective retirement date or the member marries after his or her effective retirement date, then the member may elect to cover the spouse after being married for one (1) year.~~ After his or her retirement, a retiree may designate his or her spouse as an Option A or Option B beneficiary if the retiree:

A. Has been married to his or her spouse for one (1) year; and

B. Either:

i. Was married to his or her spouse for less than one (1) year upon his or her effective retirement date; or

ii. Marries his or her spouse after his or her effective retirement date.

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2. Upon meeting the ~~one (1)-year~~ one-year marriage requirement, the member ~~retiree~~ shall have six (6) months to ~~file an election to cover his or her~~ file a written nomination designating his or her spouse under as either an Option A or Option B beneficiary.

3. The ~~written election must~~ designation shall be filed on a form approved by ATRS.

e. E. Eligibility of a Dependent Child to Become an Option A or Option B Beneficiary after a Member's Retirement

1. After a retiree's effective retirement date, the retiree may designate an Option A or Option B dependent child beneficiary if the:

A. Retiree previously designated his or her spouse as the Option A or Option B beneficiary;

B. Spouse designated as the retiree's Option A or Option B beneficiary predeceases the retiree; and

C. Dependent child has been adjudged physically or mentally incapacitated by a court of competent jurisdiction.

b.f. Emancipation of Incapacitated Child Option Beneficiary

~~If an incapacitated child, who has been adjudged physically or mentally incapacitated by a court of competent jurisdiction, is nominated as an Option A or Option B beneficiary, and a court has determined that the incapacity issue no longer indicates incapacitation, or the incapacitated person is emancipated through marriage or dies, then the member may request ATRS to remove the incapacitated child from the member's account. Proof of the court's decision shall be by a copy of the court order, proof of emancipation shall be by a copy of the child's marriage license, or proof of death shall be by the death certificate.~~

1. A member may request that ATRS remove an incapacitated child as his or her Option A or Option B beneficiary if:

A. The member designated the incapacitated child as his or her Option A or Option B dependent child beneficiary; and

B. One (1) of the following applies:

i. A court finds that the incapacitated child is no longer incapacitated;

ii. The incapacitated child is emancipated through marriage; or

iii. The incapacitated child dies.

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2. The following forms of proof shall be submitted, as appropriate, with the member's request to remove an incapacitated child as his or her Option A or Option B:
 - A. A file-marked copy of the court's order finding that the incapacitated child is no longer incapacitated;
 - B. A copy of the incapacitated child's marriage license or equivalent, marriage license recording document, or other legally acceptable proof of the existence of the marriage; or
 - A-C. A copy of the incapacitated child's death certificate.
3. Once proof is provided, the member may elect to return to Option 1 at that time, or if the member is married, the member shall have six months to designate the member's spouse as the member's option beneficiary. The election shall become effective the first day of the month following receipt of the election form by ATRS. Once the proof required to remove an incapacitated child as the member's Option A or Option B beneficiary is submitted to ATRS, the member may:

 - A. Elect to return to an Option 1; or
 - B. If the member is married, designate his or her spouse as the Option A or Option B beneficiary within six (6) months of the date on which ATRS receives the proof required under this ATRS Rule 9 VII.f.2.
 - A-C. The member's election shall be effective on the first day of the month following the date on which ATRS receives the election form.

e.g. F. Residue Paid Upon Death of Option Annuitant

1. A member may designate any person as a residue beneficiary.
2. If after a retiree dies, an option annuity becomes 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. A retiree's residue, if any, shall be paid to the retiree's residue beneficiary if the:

 - A. Retiree dies before receiving annuity benefit payments equal to the residue amount; and
 - B. Option beneficiary dies before receiving annuity benefit payments equal to the residue amount.

- 4.3. If no residue a residue beneficiary is not nominated or survives

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upon does not survive the death of the option beneficiary, the residue remaining, if any, shall be paid to the ~~last surviving option beneficiary's~~ retiree's estate.

~~d.h.~~ G. **Final Benefit Check**

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

~~H.~~ **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.~~

~~IX-VIII.~~ **Error Corrections and Collection of Overpayments Rules**

a. **Payment Errors**

1. If a change or error in ATRS' records discovered during the ATRS look back look-back period results in either an overpayment or underpayment to ATRS, the Board authorizes shall authorize ATRS to:
 - A. ~~correct~~ Correct the error in the records;
 - B. ~~and to adjust any~~ Adjust a benefit or adjust any other amount payable to the corrected amount; and Adjust a benefit or any other amount payable to the corrected amount as far as practicable; and
 - C. take Take all necessary and appropriate action as the circumstances may require, including the options allowed under A.C.A. Arkansas Code § 24-7-205(b).
- 1.2. The Board or its designee may adjust the records of ATRS, a covered employer, and a member beyond the look-back period if the Board determines that the time limitation imposed by the look-back period will result in a manifest injustice in a specific case.¹

¹ See ATRS Rule 17 – Manifest Injustice.

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b. B.—Benefit Participant Under QDRO

1. If a benefit participant under a ~~qualified domestic relations order~~ QDRO pursuant to A.C.A. Arkansas Code §§ 9-18-101—103, is paid any benefit or payment by ATRS to which the benefit participant is not entitled, and it is discovered during the ~~ATRS look-back~~ look-back period, then a receivable is created and the Board or its ~~designee(s)~~ designee, may collect the amount due to ATRS as ~~set forth in A.C.A.~~ provided by Arkansas Code § 24-7-205.

c. C.—Notice of Benefit Adjustment

1. ~~Before making an adjustment of benefits or pursuing any other collection action, a notice shall be provided~~ ATRS shall provide notice to the person who is the subject of the adjustment. *Before making an adjustment of benefits that causes a reduction of the benefits or pursuing any other collection action, ATRS shall provide notice to the person who is the subject of the adjustment.*
2. The notice will shall:
 - A. ~~state~~ State the amount determined to be a receivable;
 - B. ~~and~~ State the reasons underlying the determination;
 - C. Describe the process for disputing an adjustment of benefits; and*
 - A.D. ~~_____~~ The notice shall also suggest Suggest alternate methods for payment of the receivable.

d. D.—Dispute and Appeal of Collections

1. Appeals to dispute collections shall be made according to the procedures and requirements of ATRS Rule 13.
- ~~1.2.~~ _____ During the appeal process, retirement benefits may continue to be paid.

e. E.—Correction and Adjustment Limitations

1. Actions that affect ~~rights on benefits cannot~~ benefit rights shall not be corrected or adjusted further than a ~~5-year "look back"~~ five-year look-back period unless a manifest injustice has occurred or an exception exists under ~~A.C.A. § 24-7-205~~ Arkansas Code § 24-7-205(c).
- ~~1.2.~~ _____ A determination by ATRS of a manifest injustice in a particular instance due to a technical error or error in judgment is discretionary and governed by Arkansas Code § 24-7-205.

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~~F. The board or its designee may also make adjustments to the employer, member, and ATRS records beyond the look-back period if the board determines that the time limitation imposed by the lookback period will result in a manifest injustice in a specific case. See Rule 17 — Manifest Injustice.~~

~~f. G. Waiver of Interest on Contributions~~

~~1. The Board authorizes the Executive Director of ATRS (executive director) to waive interest on required contributions in an amount not to exceed \$5,000.~~

~~2. Any A request to excuse an interest amount exceeding \$5,000 shall be submitted to the ATRS Board for review.~~

~~4.3. The Executive Director executive director shall report to the Board any amounts excused under this section to the Board.~~

~~g. H. Uncollectible or Waived Receivables~~

~~1. If required, a receivable under this section this ATRS Rule 9 VIII that is found by the Board or its designee to be uncollectible or for which adjustment or payment has been waived ~~will~~ shall be submitted to the Chief Fiscal Officer of the state State for abatement pursuant to A.C.A. ~~§§ 19-2-301—307~~ Arkansas Code §§ 19-2-301 — 19-2-307.~~

~~I. A determination by ATRS of a manifest injustice in a particular instance due to a technical error or error in judgment is always discretionary and governed by the provisions in A.C.A. § 24-7-205.~~

~~X. Retirement Application Rules~~

~~A. A copy of the ATRS retirement application can be downloaded from the ATRS website or requested from ATRS.~~

~~B. In order for a retirement application to be timely filed, there is a three (3) month "window" to apply for retirement benefits.~~

~~For active members currently employed, the window for filing your retirement application is:~~

~~1. No sooner than four (4) months prior to your Effective Retirement Date; and,~~

~~2. No later than one (1) month before your Effective Retirement Date.~~

~~C. For an inactive, vested, immediately eligible-to- retire member, retirement benefits are payable the month after the retirement application is received.~~

~~D. The procedure for handling received retirement applications is as follows:~~

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- ~~1. If a retirement application is received by ATRS before the three (3) month window begins for the member's anticipated Effective Retirement Date, the application is not timely filed, and ATRS will reject the application and notify the member of the dates that their retirement application can be filed timely and the procedure to do so.~~
 - ~~2. If a retirement application is received after the three (3) month window ends for the member's anticipated Effective Retirement Date, the retirement application is not timely filed and the member will receive a new Effective Retirement Date beginning on the 1st day of the next month.~~
- ~~E. This Rule does not apply to an application for disability retirement or survivor benefits.~~

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The following table shows examples of the "windows" for filing a retirement application:

EXAMPLE OF RETIREMENT FILING DATES			
Effective Date of Retirement	Retirement Application Must be Filed In:	Last Date of Employment	First Retirement Check
January 1	September, October or November	December 31	End of January
February 1	October, November or December	January 31	End of February
March 1	November, December or January	Feb 28/29 (Leap year)	End of March
April 1	December, January or February	March 31	End of April
May 1	January, February or March	April 30	End of May
June 1	February, March or April	May 31	End of June
July 1	March, April or May	June 30	End of July
August 1	April, May or June	July 31	End of August
September 1	May, June or July	August 31	End of September
October 1	June, July or August	September 30	End of October
November 1	July, August or September	October 31	End of November
December 1	August, September or October	November 30	End of December

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The following table is the only "window" for filing a T-DROP application:

Effective Date of Retirement	Retirement Application Must be Filed In:
July 1	March, April or May

HISTORY

Effective:	July 2, 2002	9-3
Amended:	June 15, 2004	9-2, 9-4, 9-7
Amended:	July 18, 2005	9-4, 9-8
Amended:	February 7, 2006	9-2, 9-7
Amended:	April 26, 2007	9-2, 9-7
Amended:	June 19, 2007	9-4
Amended:	June 16, 2009	(Emergency) 9-2
Amended:	October 5, 2009	(Permanent) 9-2
Adopted:	December 18, 2009	9-1, 9-4, 9-8
Amended:	July 1, 2011	(Emergency) 9-1, (Emergency) 9-2, 9-4, (Emergency) 9-7, (Emergency) 9-8
Adopted:	August 8, 2011	9-1, 9-2, 9-4, 9-7, 9-8
Effective:	November 11, 2011	9-1, 9-2, 9-4, 9-7, 9-8
Approved by Board:	February 6, 2012	9-4, 9-7
Amended:	April 18, 2012	9-4, 9-7
Effective:	May 29, 2012	9-4, 9-7
Approved by Board:	July 26, 2013	9-2, 9-4, 9-8
Amended:	October 9, 2013	9-2, 9-4, 9-8
Effective:	November 8, 2013	9-2, 9-4, 9-8
Approved by Board:	October 5, 2015	9-2, 9-4
Amended:	February 1, 2016	9-2, 9-4
Effective:	February 10, 2016	9-2, 9-4
Approved by Board:	February 5, 2018	9-2, 9-4, 9-8, 9-9
Effective:	February 16, 2018	9-2, 9-4, 9-8, 9-9
Effective:	May 28, 2020	Rule 9

Public Comments
Proposed Rule 10 – T-DROP and Return to Service

1. Page 4, Section (III)(a)(4).

- a. **Comment:** Should “for deposits” be added?
- b. **Response:** Yes. The appropriate change has been made.

2. Page 6, Section (III)(e)(2)(B)(i)(a).

- a. **Comment:** Is a report or other control currently used or needed to ensure that Section (III)(e)(2)(B)(i)(a) occurs?
- b. **Response:** The Arkansas Teacher Retirement System (ATRS) will implement procedures as necessary to verify that plan participant earns at least one hundred sixty (160) days of service credit in a fiscal year and does not terminate employment, retire, or die during the fiscal year.

3. Page 6, Section (III)(e)(2)(B)(ii)

- a. **Comment:** It looks like the number of days of service credit has changed for both first and fourth quarters (from 5 to 15) and second and third (from 15 to 25), What prompted these changes?
- b. **Response:** The changes are intended to create more equity in the treatment of plan participants who are either full-time employees or part-time employees. The proposed rule will reduce the likelihood that a plan participant who is a part-time employee will receive plan deposits for twelve (12) months when the plan participant has worked only forty (40) days out of the year. The proposed rule will require a plan participant who is a part-time employee to work at least eighty (80) days out of the year, half of the one hundred sixty (160) days required for plan participants who are full-time employees, in order to receive plan deposits for twelve (12) months. No changes have been made.

4. Pages 6-7, Section (III)(e)(2)(B)(ii).

- a. **Comment:** This will need a programming change.
- b. **Response:** ATRS will implement any programming changes as necessary.

5. Page 9, Section (III)(e)(4)(B)(i).

- a. **Comment:** How will a member who leaves on the 29th of the month be handled?
- b. **Response:** A member who leaves on the 29th of the month will have his or her monthly plan deposits suspended.

- Yellow – Changes Made
- Green – Changes Not Made
- Revised language in mark-up is italicized.

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ATRS Rule 10

~~T-DROP AND RETURN TO SERVICE~~ ATRS RULE 10

RETURN TO SERVICE AND TEACHER DEFERRED RETIREMENT OPTION PLAN Arkansas Code §§ 24-7-502, 24-7-708, and 24-7-1301 et seq.

~~I. Definitions~~

I. Definitions

- A. ~~"DROP" means a deferred retirement option plan enacted by the General Assembly and administered under ATRS or a reciprocal system.~~
- B. ~~"Early participant" means a member who has at least twenty-eight (28) years but less than thirty (30) years of credited service in ATRS including combined service with a reciprocal system, and is authorized by the Board for early participation in the plan.~~
- a. ~~G.~~ "Fiscal year" means the operating year for the State of Arkansas that begins on July 1 of each calendar year and ends on June 30 of the next calendar year.;
- b. ~~D.~~ "Participant" "Plan participant" means a member who elects to participate in ~~T-DROP~~ the Teacher Deferred Retirement Option Plan (T-DROP) under A.C.A. Arkansas Code § 24-7-1301 et seq.;
- E. ~~"ATRS Employer" means an employer who participates in the Arkansas Teacher Retirement System whose employees are eligible for membership under A.C.A. § 24-7-501 or other applicable law.~~
- c. ~~F.~~ "Plan deposits" "Plan deposit" means the deposits a deposit made to each plan participant's T-DROP account pursuant to A.C.A. Arkansas Code § 24-7-1306.;
- d. ~~G.~~ "Plan interest" means the rate per annum, as the Board shall set prior to the beginning of the fiscal year and applies to subsequent years unless modified by the Board, that is credited in each participant's T-DROP account. The Board shall determine the plan interest rate based upon A.C.A. § 24-7-1307(c). All T-DROP participants that have not retired shall receive plan interest at the end of each fiscal year. one (1) or more interest rates per annum that are adopted by the Board of Trustees of the Arkansas Teacher Retirement System (Board) by the end of the first quarter of the fiscal year in which the interest rate shall apply in order for the appropriate interest to be credited to each plan participant's T-DROP account in subsequent years following the Board's adoption of the interest rate;
- e. ~~H.~~ "Post 10-year T-DROP interest" means the rate per annum, compounded annually, as the Board shall set and adopt at the end of each fiscal year, credited on June 30 to the balance of the T-DROP participant's

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account that meets the following criteria:

1. The member participated in T-DROP for ten (10) years by receiving deposits, interest, or both; and
 2. The member has not retired. a rate per annum that is compounded annually and adopted by the Board by the end of the first quarter of the fiscal year in which the interest rate shall apply in order for the interest to be credited on June 30 to the T-DROP account of a plan participant who has not retired and whose participation in T-DROP has ended;
- f. ~~L.~~ "Quarter" means one-fourth (1/4) of a fiscal year. ~~The four (4) quarters applicable in this rule are:~~ as follows:
1. 1st Quarter: July 1 through September 30;
 2. 2nd Quarter: October 1 through December 31;
 3. 3rd Quarter January 1 through March 31; and
 4. 4th Quarter: April 1 through June 30;
- g. ~~J.~~ "Retiree" means a member receiving an ATRS a retirement annuity from the Arkansas Teacher Retirement System (ATRS);
- h. ~~K.~~ "Salary" is defined by means the same as defined in A.C.A. Arkansas Code § 24-7-202, provided that and does not include nonmandatory compensation that is taxable by the IRS ~~is not salary for ATRS purposes.;~~
- i. ~~L.~~ "T-DROP Cash Balance Account" means the a financial account set up established for a plan participant who elects to defer distribution of his or her T-DROP account balance at a the time that he or she is eligible to receive a lump-sum distribution of the T-DROP account balance.;
- j. ~~M.~~ "T-DROP Cash Balance Account interest" means the interest rate per annum applicable to a plan participant's T-DROP Cash Balance Account, and compounded monthly into a plan participant's T-DROP Cash Balance Account. ~~The interest rates payable on the T-DROP Cash Balance Accounts are set forth in this Rule.;~~ and
- N. ~~"T-DROP Service Credit" shall be determined using the same rules that apply for service credit for an active member with the exception that "on call" availability shall not be used for T-DROP service credit requirements.~~
- k. "Uniformed Services of the United States" means service in the:
1. United States Armed Forces;
 2. Army National Guard;
 3. Air National Guard when engaged in active duty for training, state active duty, inactive duty training, or full-time National Guard duty;
 4. United States Commissioned Corps of the Public Health Service; and

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5. Any other category of persons designated by the President of the United States in time of war or emergency.

II. Employment of an ATRS Retiree by an ATRS Employer

II. Return to Service¹

~~a. A.~~ Upon acceptance of employment with an ATRS employer, the retiree and the ATRS employer must report to ATRS the retiree's employment on the forms and reports as required by ATRS. Unless otherwise provided by the Office of Personnel Management's Policy No. 65, effective July 1, 2009, a retiree who terminates employment under Arkansas Code § 24-7-502 or reaches the normal retirement age may:

1. Accept employment with a covered employer; and
2. Continue to receive a monthly retirement annuity without a limitation of his or her retirement annuity.

~~b. B.~~ ATRS employers will regularly report all employed retirees on retirement reports as required by ATRS. A retiree who returns to service with a covered employer and a covered employer who employs a retiree shall report the retiree's employment to ATRS using forms and reports required by ATRS.

~~c. C.~~ Effective July 1, 2009, no earnings limitation shall apply to retirees employed with ATRS employers. A retiree who receives monthly retirement benefits and is employed by a covered employer shall not:

1. Pay member contributions;
2. Be responsible for employer contributions; or
3. Accrue additional service credit.

~~d. D.~~ A retiree employed by an ATRS employer shall not accrue additional service credit, and no member contributions shall be withheld or paid to ATRS. Employer contributions, however, shall be paid to ATRS on the salary earned by a retiree who returns to work for an ATRS employer. A covered employer that employs a retiree shall pay employer contributions on the salary paid to the retiree in an amount equal to the employer contribution rate applicable to an active member.

~~E~~ For the return-to-work rules applicable to disability retirees receiving benefits under A.C.A. § 24-7-704, see Rule 9.VII (Disability Retirement).

III. ~~The ATRS Board of Trustees has the authority under A.C.A. § 24-7-1301 to promulgate rules, including the adoption of an interest rate, by resolution of the Board, for the administration of a deferred retirement option plan (T-DROP) for eligible members.~~

¹ Rules concerning a disability retiree's return to service are included in ATRS Rule 9.

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III. Teacher Deferred Retirement Option Plan (T-DROP)

IV. T-DROP Participation and Account Credit

a. Participation — Generally

1. A. In lieu of terminating employment and voluntarily retiring under A.C.A. § 24-7-701, an active member of ATRS with at least thirty (30) years of service credit may elect to participate in T-DROP and continue to work for an ATRS a covered employer.
2. An active member with at least twenty-eight (28) years of service credit may elect to participate early in T-DROP and continue to work for a covered employer.
3. The service credit of a plan participant shall be determined using the same rules that apply for determining the service credit of an active member.
4. On call availability shall not be used for:
 - A. T-DROP service credit requirements; or
 - B. Monthly plan deposits to a plan participant's T-DROP account.
5. By continuing covered employment, the participant defers receipt of retirement benefits until a later date. An active member who elects to participate in T-DROP and continues his or her covered employment defers the receipt of retirement benefits.

~~B. A member shall have at least thirty (30) years of credit in ATRS to participate in T-DROP, or, to become an early participant in T-DROP, at least twenty-eight (28) years but less than thirty (30).~~

b. Participation — Reciprocal Systems

1. Service credit in ATRS, a reciprocal system, or a combination of service credit in ATRS and the reciprocal system may be counted to meet the minimum service credit requirements for participation under T-DROP and the reciprocal system's deferred retirement option plan if the reciprocal system offers members of the reciprocal system a deferred retirement option plan.
2. A retirement benefit payable by a reciprocal system shall be determined according to the law, rules, and regulations applicable to the reciprocal system.
3. The final average salary of a plan participant with reciprocal service credit shall be the highest final average salary calculated by ATRS or a reciprocal system in which the plan participant has at least two (2) years of service credit. (Arkansas Code § 24-2-402)
4. Each reciprocal system shall calculate final average salary in

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accordance with the law applicable to the reciprocal system.

5. A salary earned as a member of the Arkansas Judicial Retirement System or an alternate retirement plan shall not be used to calculate final average salary.
6. A reciprocal system shall credit a deferred retirement option plan account with plan deposits and plan interest according to the deferred retirement option program applicable to the reciprocal system.

c. Limits on Participation

1. ATRS shall not pay a monthly plan deposit into a plan participant's T-DROP account for more than ten (10) consecutive years from the date on which the plan participant enters T-DROP.

d. D. T-DROP Benefits

1. A plan participant shall elect an annuity option provided in Arkansas Code § 24-7-706 at the time the plan participant:
 - A. Separates from service; and
 - B. Either:
 - i. Applies for retirement upon reaching the normal retirement age; or
 - ii. Is granted a monthly retirement benefit.
2. A plan participant's T-DROP plan deposit may be reduced as provided by the ATRS Rules and Arkansas Code § 24-7-1301 et seq.
3. A plan participant's T-DROP benefit shall:
 - A. Be the monthly straight life annuity benefit that the plan participant would have received if he or she voluntarily retired; and
 - B. Not include a monthly benefit stipend otherwise provided under Arkansas Code § 24-7-713.

e. Plan Interest and Plan Deposits

1. C- Generally

- A. During participation in T-DROP, ATRS shall credit ~~the T-DROP account of each participant's T-DROP account~~ plan participant with plan deposits and plan interest.

2. Plan Deposits

A. Determination of Plan Deposit

- i. A plan participant's plan deposit shall be determined as

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follows:

- a. If a plan participant has at least thirty (30) years of credited service in ATRS, including combined service with a reciprocal system, the plan deposit shall be the plan participant's T-DROP benefit, as calculated at the plan participant's entry into T-DROP, reduced by one percent (1%) for each year of credited service, including fractions of a year.
- ii. If a plan participant enters T-DROP early, the plan participant's plan deposit shall be the plan participant's T-DROP benefit, as calculated at the plan participant's entry into T-DROP, reduced by:
 - a. One percent (1%) for each year of credited service, including fractions of a year; and
 - b. At least an additional one-half percent (.5%), but no more than one percent (1%), of the initially reduced plan deposit, for each month of credited service under thirty (30) years.

B. Crediting Plan Deposit

- i. A plan participant's T-DROP account shall be credited with twelve (12) monthly plan deposits per fiscal year if the:
 - a. Plan participant earns at least one hundred sixty (160) days of service credit in a fiscal year and does not terminate employment, retire, or die during the fiscal year; or
 - b. Plan participant's covered employer does not terminate the employer-employee relationship.
- ii. If a plan participant earns less than one hundred sixty (160) days of service credit in a fiscal year, the plan deposit shall be made in accordance with the part-time employment schedule as follows:
 - a. If a plan participant earns at least fifteen (15) days of service credit in the first or fourth quarter of the fiscal year, the plan participant's T-DROP account shall be credited with three (3) monthly plan deposits for the quarter.
 - b. If a plan participant earns less than fifteen (15) days of service credit in the first or fourth quarter of the fiscal year, the plan participant's T-DROP shall not be credited with a plan deposit for the three (3) months of that

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quarter.

c. If a plan participant earns at least twenty-five (25) days of service credit in the second or third quarter of the fiscal year, the plan participant's T-DROP account shall be credited with three (3) monthly plan deposits for the quarter.

d. If a plan participant earns less than twenty-five (25) days of service credit in the second or third quarter of the fiscal year, the plan participant's T-DROP shall not be credited with a plan deposit for the three (3) months of that quarter.

C. Cost-of-Living Increase

- i. A cost-of-living increase under Arkansas Code §§ 24-7-713 or 24-7-727 shall be applied to the T-DROP benefit that is used to calculate the plan deposit.
- ii. A T-DROP benefit and the cost-of-living increase may be modified as provided by this ATRS Rule 10 and law applicable to ATRS.

D. Election to Cash-Out or Annuitize

- i. Upon electing to retire, if a plan participant elects to cash out or annuitize his or her T-DROP account balance, the plan participant shall not be permitted to reenroll in T-DROP after his or her T-DROP account is distributed unless the plan participant cancels his or her election under Arkansas Code § 24-7-1302.

E. Annual Statement

- i. ATRS shall provide each plan participant with an annual statement of the plan participant's T-DROP account.
- ii. The statement of plan deposits and plan interest shall not be final until the annual accounting has been reconciled for part-time plan participants.

3. Interest Rates

A. Plan Interest

- i. A plan participant who has not retired shall receive plan interest at the end of each fiscal year.
- ii. ~~D. The plan interest rate determined by majority vote of the Board is final and binding upon ATRS and shall not be adjusted based on any revised rate of return reported after that~~

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~~date.~~ The plan interest rate shall be based on a:

- a. Fixed interest rate that is adopted by the Board by the end of the first quarter of the fiscal year in which the interest rate shall apply; or
- b. Variable interest rate formula that is based on investment returns and other factors adopted by the Board by the end of the first quarter of the fiscal year in which the interest rate shall apply.
- iii. The Board shall adopt a plan interest rate by the end of the first quarter of the fiscal year in which the plan interest shall apply if a variable interest rate formula is used.

B. Post-10-Year T-DROP Interest

- i. If a plan participant continues covered employment after ten (10) consecutive years from the date of his or her entry into T-DROP, the plan participant's T-DROP account shall be credited with a post-ten-year T-DROP interest rate.
- ii. ~~E.~~ The Post 10-year T-DROP interest rate shall be set by the Board prior to the beginning of each fiscal year at the same meeting that the plan interest rate is set. The Board shall set the post-10-year T-DROP interest rate:
 - a. By the end of the first quarter of the fiscal year in which the interest rate shall apply; and
 - b. At the same meeting in which the plan interest rate is set.
- iii. ~~The Post 10-year T-DROP interest rate will be credited to the participant's T-DROP account~~ post-10-year T-DROP interest rate shall be credited to a plan participant's T-DROP account on June ~~30th~~ 30 of each year, or through the date of retirement, whichever occurs first.
- iv. ~~F.~~ The Post 10-year T-DROP interest rate for each year determined by majority vote of the Board is final and binding upon ATRS and shall not be adjusted based on any revised rate of return reported after that date. The post-10-year T-DROP interest rate for T-DROP shall be determined by the Board and adopted by the by the end of the first quarter of the fiscal year in which the interest rate shall apply.

C. Incentive Rate

- i. In addition to the interest rate for the fiscal year, the Board may adopt an incentive rate during the fiscal year if investment returns justify an incentive rate for the fiscal year.

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4. Suspension or Cessation of Plan Deposits and Benefit Distributions

A. Monthly plan deposits to a plan participant's T-DROP account shall stop if the plan participant:

- i. Separates from service and is granted a monthly retirement benefit from ATRS or a reciprocal plan;
- ii. Reaches normal retirement age and retires without separating from covered employment;
- iii. Separates from covered employment and does not apply for retirement benefits; or
- iv. Dies.

B. Separation from Covered Employment without Applying for Retirement Benefits

i. If a plan participant separates from covered employment and does not apply for retirement benefits, monthly plan deposits into the plan participant's T-DROP account shall be suspended beginning on the month in which the plan participant separates from covered employment.

- ii. The plan participant's T-DROP account shall not be credited with a plan deposit for the duration of the plan participant's separation from covered employment.
- iii. Monthly plan deposits into a plan participant's T-DROP account shall resume if the plan participant returns to covered employment before the end of the plan period.
- iv. If a plan participant applies for retirement, the retirement benefits shall be paid according to the plan participant's T-DROP account balance:
 - a. At the time of the plan participant's separation from covered employment; or
 - b. In the month before the effective date of the plan participant's retirement benefits after the plan participant reaches the normal retirement age.
- v. A plan participant shall remain eligible for annual plan interest to be credited to his or her T-DROP account if the member:
 - a. Does not separate from covered employment; and
 - b. Remains on the covered employer's payroll without earning sufficient service credit for monthly plan deposits.

C. Plan Participant's in Uniformed Services of United States

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- i. A plan participant shall be treated as not having incurred a break in service with a covered employer if the plan participant leaves covered employment to voluntarily or involuntarily serve in the uniformed services of the United States and later returns to covered employment.
- ii. A covered employer shall certify to ATRS that reemployment of the plan participant complies with § 4312 of the Uniformed Services Employment and Reemployment Act of 1994 (USERA).

f. Compliance — Section 415 of the Internal Revenue Code

- 1. The operation of T-DROP shall comply with U.S.C. § 415 and other applicable sections of the Internal Revenue Code, 26 U.S.C. § 1 et seq.
- 2. Any provision concerning the operation of T-DROP that conflicts with § 415 and other applicable sections of the Internal Revenue Code, 26 U.S.C. § 1 et seq. is invalid.

g. T-DROP Account Balance — Rollover

- 1. A lump-sum distribution of a plan participant's T-DROP account balance may be rolled over into the plan participant's qualifying retirement plan.
- 2. ATRS shall rollover the T-DROP account lump-sum balance into only one (1) qualifying plan.

h. T-DROP Cash Balance Account Program

1. Election Option

- A. In lieu of electing a lump-sum distribution of his or her T-DROP account balance, a plan participant may elect to transfer all or a part of his or her T-DROP account balance into a Cash Balance Account (CBA).
- B. If a plan participant elects to have only a part of his or her T-DROP account balance transferred into a CBA, the remaining balance of the T-DROP account shall be annuitized under ATRS or paid as a lump-sum distribution.
- C. A CBA shall be credited monthly with T-DROP Cash Balance Account interest and debited monthly for withdrawals and distributions beginning on the month immediately following the establishment of the CBA.

2. T-DROP Cash Balance Account Interest Schedule

- A. A CBA established on or after July 1, 2012, shall be credited with T-

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DROP Cash Balance Account interest as follows:

<u>T-DROP Cash Balance Account Program Years of Participation</u>	<u>Interest Rate</u>
<u>First fiscal year of participation</u>	<u>Two and one-half percent</u> <u>(2.5%)</u>
<u>Two (2) fiscal years of participation</u>	<u>Two and seventy-five hundredths percent</u> <u>(2.75%)</u>
<u>Three (3) fiscal years of participation</u>	<u>Three percent</u> <u>(3.00%)</u>
<u>Four (4) fiscal years of participation</u>	<u>Three and twenty-five hundredths percent</u> <u>(3.25%)</u>
<u>Five (5) fiscal years of participation</u>	<u>Three and one-half percent</u> <u>(3.50%)</u>
<u>Six (6) or more fiscal years of participation</u>	<u>Four percent</u> <u>(4.00%)</u>

B. The Board may:

- i. Increase the T-DROP Cash Account Balance interest rate for future fiscal years and on an ad hoc basis;
- ii. Consider current market conditions, competing financial offerings to plan participants, bank rates for certificates of deposits, the status of ATRS' return on investments, and the current state of participation in the T-DROP Cash Balance Account program when determining the T-DROP Cash Balance Account interest rate;
- iii. Periodically authorize, by board resolution, a special ad hoc incentive payment for CBAs if the Board determines that payment of the special ad hoc incentive is likely to encourage continued participation and increase future participation in the T-DROP Cash Balance Account program; and
- iv. Adopt, by board resolution, a new T-DROP Cash Balance Account Interest Schedule (Schedule) for future CBAs.

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C. An ad hoc increase may be:

- i. Set as a single amount to be applied to each CBA; or
- ii. Computed as a graduated amount based on the length of time the CBA has existed.

D. The T-DROP Cash Balance Account interest rate shall remain in effect until the Board adopts a new Schedule with lower interest rates for future CBA accounts established by the end of the first quarter of the fiscal year in which the interest rate shall apply.

E. A CBA established before the effective date of a board resolution adopting a new Schedule for future CBAs shall not be subject to the provisions of the new Schedule.

F. If a plan participant dies with a CBA balance, the CBA balance shall be paid as provided under Arkansas Code § 24-7-1310.

3. Withdrawals

A. If a plan participant's CBA has a balance, a plan participant may withdraw funds from his or her CBA up to six (6) times per quarter by using forms approved by ATRS.

B. A plan participant may make more than six (6) withdrawals in a quarter with the approval of the Executive Director of ATRS.

C. A plan participant may request a recurring monthly distribution of a set amount from his or her CBA until the CBA balance is depleted or the plan participant withdraws his or her request.

D. Minimum distributions made to a plan participant shall comply with Arkansas Code § 24-7-730 and the Internal Revenue Code, 26 U.S.C. § 1 et seq.

V. Rules

A. T-DROP Benefit Generally

~~1. The participant's T-DROP benefit will be the monthly straight life annuity benefit to which the member would have been entitled had the member retired under A.C.A. § 24-7-701.~~

~~2. The participant's T-DROP benefit may be reduced as set forth in these Rules and under A.C.A. § 24-7-1301 et seq.~~

~~3. The T-DROP deposit shall not include the additional benefit, also known as the "monthly benefit stipend" provided in A.C.A. § 24-7-713.~~

~~B. Plan deposits shall be a percentage of the T-DROP benefit, as follows:~~

~~If a plan participant has at least thirty (30) years of credited service in ATRS, including combined service with a reciprocal system, the plan deposit is the~~

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participant's plan benefit as calculated at the entry into T-DROP, and then reduced by one percent (1%) for each year of credited service, including fractions of a year.

For early participants, the plan deposit is the early participant's plan benefit as calculated at the entry into T-DROP, and then reduced by one percent (1%) for each year of credited service, including fractions of a year, and further reduced by at least an additional one-half percent (.5%), but no more than one percent (1%), of the initially reduced plan deposit, for each month of credited service under thirty (30) years.

G. A participant shall elect an annuity option provided in A.C.A. § 24-7-706 at the time the participant separates from service and is granted a monthly retirement benefit or files for retirement upon reaching normal retirement age.

D. T-DROP Participation Limits

1. A member's participation in T-DROP shall not exceed ten (10) consecutive calendar years for accruing plan deposits; however, the Board is authorized under A.C.A. § 24-7-1307 to provide for a separate deposit, called the Post 10-year T-DROP interest.

2. If a participant continues covered employment after completing ten (10) years in T-DROP, the T-DROP account will be credited with Post 10-year T-DROP interest as set by the Board. Benefits payable at retirement will be based on the account balance the month before the participant begins drawing retirement benefits.

E. The annuity upon which plan deposits are calculated shall receive the cost-of-living increase provided for in A.C.A. § 24-7-713 or § 24-7-727. The annuity plus the cost-of-living increase is reduced or adjusted under this Rule.

F. If a participant elects to cash out or annuitize their T-DROP account balance upon election to retire, once the T-DROP account is distributed to the member, the participant shall not be allowed to reenroll in T-DROP, unless the member cancels their election under A.C.A. § 24-7-1302.

G. As soon as possible after the end of each fiscal year, ATRS shall furnish the participant an annual statement of the participant's T-DROP account. The statement of T-DROP deposits and interest will not be final until the annual accounting has been reconciled for part-time T-DROP participants.

H. If a participant earns service credit of one hundred sixty (160) days or greater within a fiscal year and the participant does not terminate employment, retire, or die during the fiscal year, or the ATRS employer does not terminate the employer/employee relationship, then ATRS will allow crediting of twelve (12) monthly T-DROP deposits per fiscal year.

I. Part time employment while participating in the T-DROP plan:

1. In the first or fourth quarter of the fiscal year, five (5) or more days of service

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~~credit shall be required to credit the participant's account with three (3) monthly deposits for that particular quarter. If a participant receives less than five (5) days of service credit in either the first or fourth quarter of the fiscal year, then no T-DROP deposits shall be made in the three months for that particular quarter.~~

~~2. In the second or third quarters of the fiscal year, fifteen (15) or more days of service credit shall be required to credit the participant's account with three (3) monthly deposits for that particular quarter. If a participant receives less than fifteen (15) days of service credit in either the second or third quarter of the fiscal year, then no T-DROP deposits shall be made in the three months for that particular quarter.~~

VI. Ceasing T-DROP and Distribution Options

~~A. T-DROP monthly deposits automatically cease when:~~

- ~~1. The participant separates from service and is granted a monthly retirement benefit from ATRS or a reciprocal plan; or~~
- ~~2. The participant reaches normal retirement age and retires without separation from service, or~~
- ~~3. The participant separates from covered employment but does not apply for monthly retirement benefits; or~~
- ~~4. The participant dies.~~

~~B. Any lump-sum distribution of a participant's T-DROP account balance is eligible to be rolled over into the member's qualifying retirement plan. The ATRS shall only roll over the T-DROP lump-sum balance into one qualifying plan.~~

~~C. A participant may direct that all or a part of their lump-sum distribution as set forth in Ark. Code Ann. § 24-7-1308 continue to be held by ATRS in a T-DROP Cash-Balance Account described in this rule.~~

~~D. 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 that conflicts with an applicable provision of the IRS Code is invalid.~~

~~E. If a participant separates from covered employment but does not apply for monthly retirement benefits, the T-DROP monthly deposit shall cease the month of separation from service. No deposits will be credited to the participant's account for the duration of the separation. Upon returning to covered employment, the monthly deposits will resume. Upon application for retirement, benefits will be paid according to the account balance at the time of separation from service or the month prior to the effective date of benefits after reaching normal retirement age. Provided however, if a member has not separated from covered employment and remains on an ATRS employer payroll without obtaining sufficient service credit for monthly deposits, the member shall remain eligible for annual interest.~~

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F. Effect of Uniformed Service on T-DROP

1. If a participant leaves ATRS covered employment to serve, on a voluntary or involuntary basis, in the uniformed services of the United States and returns to ATRS covered employment, the member shall be treated as not having incurred a break in service with the ATRS employer. The ATRS employer shall certify to ATRS 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.

2. 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, 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.

VII. Death of a T-DROP Participant Prior to Retirement

A. In the event a participant dies while still in T-DROP, the benefits payable from the T-DROP account shall be determined according to A.C.A. § 24-7-710.

B. Unless otherwise directed to an alternative residual beneficiary or beneficiaries by the member, 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, then the survivor annuities payable under A.C.A. § 24-7-710 shall be calculated on the service credit and salary earned by the member prior to participating in T-DROP. If an alternative residual beneficiary or beneficiaries are chosen, then the residue is paid as a lump sum, and no monthly annuity is paid.

C. 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. § 24-7-1310.

VIII. DROP Participation Under Reciprocal Systems

A. If a reciprocal system offers a DROP for its members, then service credit in ATRS, a reciprocal system, or the combination of service credit in the systems may be counted to meet the minimum service credit requirements for participation under each system's DROP.

B. 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 salary.

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C. Plan deposits and plan interest credited to the DROP account will be paid under the deferred retirement option program in effect for that reciprocal system.

IX. T-DROP Cash Balance Account (CBA)

A. At the time that a participant may elect to receive a lump-sum distribution of all of their T-DROP account balance, the participant may instead elect to defer all or a part of their T-DROP account and direct that such amount be held in a T-DROP Cash Balance Account (CBA) for the participant. If a participant chooses to defer only part of the T-DROP distribution into a T-DROP Cash Balance Account, the remainder of the T-DROP distribution shall be annuitized with ATRS according to the distribution options set out under A.C.A. § 24-7-1308.

B. After the T-DROP Cash Balance Account has been established on the ATRS' accounting system, a participant with a T-DROP Cash Balance Account balance may withdraw funds from the account six (6) times per quarter on such forms as ATRS may issue. ATRS may allow the participant to obtain additional withdrawals in a quarter with Executive Director approval. A participant may also request a recurring monthly distribution of a set amount until the CBA balance is depleted or the request is terminated by the participant. Minimum distributions will be made sufficient to satisfy legal requirements under Ark. Code Ann. § 24-7-730 and the Internal Revenue Code.

C. A T-DROP Cash Balance Account shall be credited monthly with T-DROP Cash Balance Account interest, beginning the month after the account is established, and debited for all withdrawals and distributions.

D. T-DROP Cash Balance Account Interest Schedule

1. The initial interest rates for participants electing to enter the T-DROP Cash Balance Account program are set forth in this subsection. Members establishing a T-DROP Cash Balance Account on or after July 1, 2012, shall receive interest on their T-DROP Cash Balance Account according to the following schedule:

After establishing a T-DROP Cash Balance Account and:

For the first fiscal year of participation: 2.50% interest.

For two (2) fiscal years: 2.75% interest.

For three (3) fiscal years: 3.00% interest.

For four (4) fiscal years: 3.25% interest.

For five (5) fiscal years: 3.50% interest.

For six (6) or more fiscal years: 4.00% interest.

2. These interest rates are minimum interest rates that apply to T-DROP Cash Balance Accounts that are established while these rates are in effect. The T-DROP Cash Balance Account interest may be increased by the ATRS Board of Trustees on a forward-looking and Ad Hoc basis.

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~~E. The T-DROP Cash Balance Account interest rates payable on T-DROP Cash Balance Accounts established on or after July 1, 2012, shall remain in effect unless the ATRS Board of Trustees adopts a different schedule with lower interest rates to be used for future entrants to the T-DROP Cash Balance Account at least one (1) year prior to the beginning of a fiscal year in which the lower interest rates shall apply. The ATRS Board of Trustees may adopt an interest rate schedule for new entrants by Resolution, setting forth the new interest rate schedule for the T-DROP Cash Balance Account. T-DROP Cash Balance Accounts existing prior to the effective date of the Resolution shall be unaffected by the new interest rate schedule.~~

~~F. When adjusting and setting rates for interest on a T-DROP Cash Balance Account, the Board may consider the current market conditions, competing financial offerings to members, the bank rate for certificates of deposits, the status of ATRS' returns on investments, and the current state of T-DROP Cash Balance Account participation. The Board may periodically authorize by resolution a special ad hoc incentive payment for the Cash Balance Accounts if the Board determines that payment is likely to retain existing T-DROP Cash Balance Account holders and increase future participation in T-DROP Cash Balance Accounts. The ad hoc increase may be set as a single amount to be applied to all Cash Balance Accounts or may be computed as a graduated amount based upon the length of time the Cash Balance Account has been in existence.~~

~~G. If a participant dies with a T-DROP Cash Balance Account, the account balance shall be paid as provided under Ark. Code Ann. § 24-7-1310.~~

HISTORY

Approved:	June 13, 1995	10-3
Amended:	July 30, 1997	10-3
Amended:	June 17, 2003	10-3
Amended:	June 15, 2004	10-2
Amended:	February 15, 2005	10-3
Amended:	July 18, 2005	10-2, 10-3
Amended:	October 4, 2005	10-2
Amended:	December 6, 2005	10-2
Amended:	April 26, 2007	10-3
Amended:	June 19, 2007	10-2
Amended:	February 11, 2008	10-2
Amended:	June 16, 2009	10-2 (Emergency)
Amended:	October 5, 2009	10-2 (Permanent)
Amended:	February 1, 2010	10-3 under emergency rules.
Amended:	June 7, 2010	10-3 Permanent

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Amended:	July 1, 2011	10-3 (Emergency)
Adopted:	August 8, 2011	10-3
Effective:	November 11, 2011	10-3
Approved by Board:	February 6, 2012	10-3
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Approved by Board:	December 1, 2014	10-3
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Effective:	February 16, 2018	10-3
Effective:	August 5, 2019	Rule 10
Effective:	May 28, 2020	

Public Comments
Proposed Rule 11 – Survivors and Domestic Relations Orders

1. Page 2, Section (I)(g)(1)(B)(iii)

- a. **Comment:** The proposed rule appears to be premised on Ark. Code Ann. § 24-7-720(a)(1)(B), which provides that the member have “*ten (10) or more years of actual service.*” I’m not seeing the language contained in the rule that the service be “*for the year immediately preceding his or her death.*” Is there a reason that the language has been included in the rule?
- b. **Response:** No. The Arkansas Teacher Retirement System (ATRS) agrees that the language referenced by the commentator should not be included. This change has been made.

2. Page 2, Section (I)(g)(1)(C)(ii)

- a. **Comment:** The proposed rule appears to be premised on Ark. Code Ann. § 24-7-720(b)(1). Should “*including actual service*” preface “*for the year immediately preceding his or her death*”?
- b. **Response:** Yes. This change has been made.

3. Pages 6-7, Sections (III)(d)(2) and (3)

- a. **Comment:** Do the provisions of Sections (III)(d)(2) and (3) permit a member’s surviving spouse to elect Option A survivor annuity benefits if the member designates one (1) or more alternative residue beneficiaries as primary beneficiaries of the member’s residue?
- b. **Response:** No. The proposed rule has been revised to clarify that in order for a member’s surviving spouse to elect Option A survivor annuity benefits, the surviving spouse must be the only designated primary residue beneficiary.

4. Page 9, Section (IV)(c)(3)(B)

- a. **Comment:** There is a typo with the word “physicaly”.
- b. **Response:** Yes. This change has been made.

5. Page 19, Section (VII)

- a. **Comment:** Should this section include additional rules concerning the responsibility for payments that are not received by a party under a qualified domestic relations order?
- b. **Response:** Yes. Appropriate changes have been made.

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ATRS Rule RULE 11 SURVIVORS AND DOMESTIC RELATIONS ORDERS

A.C.A. Arkansas Code §§ 9-18-101 — 9-18-103, 24-7-710, 24-7-713, and 24-7-720, 24-7-734, 9-18-101 — 9-18-103

I. Definitions

- a. ~~A.~~ "Alternate payee" means a spouse, former spouse, child, or other dependent of a member under Arkansas law ~~;~~;
- b. ~~B.~~ "Application" for the purposes of retirement eligibility means an application form and any other documents required by the Arkansas Teacher Retirement System (ATRS) to establish a member's eligibility to retire;
- c. "Immediately eligible" for the purpose of survivor annuity benefits means a survivor of an active member who at the time of his or her death attained the normal retirement age and could have retired;
- d. "Lump-sum death beneficiary" means ~~the person(s) or entity(s)~~ one (1) or more persons or entities designated in writing by the member to receive payment of the lump-sum death benefit under A.C.A. Arkansas Code § 24-7-720 ~~;~~;
- ~~C.e.~~ "Lump-sum death benefit" means a monetary amount set by the Board of Trustees of the Arkansas Teacher Retirement System (Board), and paid by ATRS to one (1) or more lump-sum death beneficiaries as provided for under A.C.A. Arkansas Code § 24-7-720 ~~;~~ and
- ~~D.f.~~ "QDRO" means a court order that:
- ~~1. meets~~ Meets the definition of a ~~"Qualified Domestic Relations Order"~~ qualified domestic relations order under A.C.A. Arkansas Code § 9-18-101 ~~;~~ or
 - Assigns a portion of a member's retirement benefit to the member's divorced spouse or an alternate payee upon the member's retirement or a refund of the member's contributions at the request of the member;
- g. "Qualifying member" means:
- For the purposes of eligibility for a lump-sum death benefit under

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Arkansas Code § 24-7-720, a member or retiree to whom one (1) of the following categories apply:

A. The member:

- i. Is deceased;
- ii. Was an active member of ATRS before July 1, 2007; and
- iii. Has five (5) or more years of actual service, including actual service for the year immediately preceding his or her death;

B. The member:

- i. Is deceased;
- ii. Was an active member of ATRS on or after July 1, 2007; and
- iii. Has ten (10) or more years of actual service; or

C. The retiree:

- i. Dies before July 1, 2007; and
- ii. Has accrued five (5) or more years of actual service, including actual service, for the year immediately preceding his or her death; or

D. The retiree:

- i. Dies on or after July 1, 2007; and
- ii. Has accrued ten (10) or more years of actual service, including actual service for the year immediately preceding his or her death; or

2. For the purpose of an eligible survivor qualifying for survivor annuity benefits under Arkansas Code § 24-7-710, a member who:

A. Is an active member as defined in Arkansas Code § 24-7-202(2);

B. Has at least five (5) years of actual service and reciprocal service, including credited service for the year immediately preceding his or her death; and

C. Is active as provided in Arkansas Code § 24-7-710(f) and this ATRS Rule 11 II.a.

II. Survivors General Survivors – Generally

~~a. A. Benefits may be provided to dependents of qualifying members after the death of the member. To qualify, a member must have five (5) years of~~

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~~actual service and be an active member at the time of death.~~ Survivor Annuity Benefits – Member Qualification

1. A member shall be considered active for the purpose of an eligible survivor qualifying for survivor annuity benefits under Arkansas Code § 24-7-710 if:

A. The member has at least:

i. Ten (10) days of service credit in each prior quarter of the fiscal year from the time the fiscal year began or the member was employed by a covered employer, whichever occurs last; and

ii. One (1) quarter with ten (10) days of service; or

B. Either of the following apply to the member:

i. The member has earned at least ten (10) days of service credit in the quarter of the member's death and in each quarter before the member's death, collectively; or

ii. Less than ten (10) working days have elapsed in the quarter of the member's death.

2. A member shall also be considered active for an additional fiscal year following the last fiscal year in which the member renders actual service to a covered employer and obtains at least one-fourth (1/4) of a year of service credit.

b. Survivor Annuity Benefit – Applicable Law

1. The law in effect on the date of the qualifying member's death shall determine the:

A. Eligibility of a qualifying member's spouse or child to receive survivor annuity benefits;

B. Amount of the survivor annuity benefits to be received by an eligible survivor; and

C. The time at which an eligible survivor may begin receiving survivor annuity benefit payments.

c. Survivor Annuity Benefit - Eligibility - Generally

1. An eligible survivor of a qualifying member may receive survivor annuity benefits after the death of the qualifying member.

~~B. ATRS considers a member to be active for the purpose of qualifying for~~

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survivor benefits under A.C.A. § 24-7-710 if:

- ~~1. The member has at least ten (10) days of service credit in each prior quarter of the fiscal year from the time the fiscal year began or the member was employed by an ATRS employer, whichever occurs last, provided however, the member must have at least one quarter with ten (10) days of service; or~~
- ~~2. The member has at least ten (10) days of service in the quarter of the member's death, or, ten (10) working days have not elapsed in the quarter of the member's death.~~

III. Spousal Benefits or Alternative Residual Beneficiaries

a. A.—Eligibility for Surviving Spouse Annuity

- ~~1. Unless the member directs an a qualifying member designates one (1) or more alternative residual beneficiary or beneficiaries residue beneficiaries by written form approved by ATRS, the survivor annuity benefits provided for in A.C.A. Arkansas Code § 24-7-710, shall be paid to the spouse of the qualifying member if the spouse:~~

~~A. —survives the member~~ Survives the qualifying member; and

~~A.B. —was married to the member~~ Was married to the qualifying member for at least two (2) years immediately prior to the member's death before the qualifying member's death.

a.b. B.—Waiver of Spousal Surviving Spouse Annuity

- ~~1. If at the time of the member's death there are no dependent children eligible to receive a dependent child annuity, a surviving spouse who qualifies to receive a surviving spouse annuity may file with ATRS a waiver of any rights to the spousal annuity.~~ A surviving spouse who is eligible to receive surviving spouse annuity benefits may file a waiver of his or her right to the surviving spouse annuity benefits with ATRS if, at the time of the qualifying member's death, the qualifying member does not have children who are eligible to receive dependent child survivor annuity benefits.
- ~~2. If the surviving spouse files a waiver of the spousal of his or her right to receive surviving spouse annuity benefits, then the surviving spouse may receive the member's qualifying member's accumulated contributions plus interest, if any, in a lump-sum distribution.~~

b.c. C.—Spousal Payment of Surviving Spouse Annuity Generally

- ~~1. The Pursuant to Arkansas Code § 24-7-710, spousal surviving spouse~~

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annuity is benefits are payable for the surviving spouse's lifetime, regardless of the remarriage of the surviving spouse, pursuant to A.C.A. § 24-7-710.

2. The surviving spouse may defer receipt of the surviving spouse annuity benefits, if applicable, under the deferred ~~retirements~~ retirement provisions of A.C.A. Arkansas Code § 24-7-707.
3. A surviving spouse shall submit the following documents to ATRS before a surviving spouse annuity benefit payment is issued to the surviving spouse:
 - A. Proof of the qualifying member's death and date of death from the qualifying member's death certificate or another legally acceptable document;
 - B. Proof of the surviving spouse's taxpayer identification number from a Social Security card or another authenticating document;
 - C. Proof of the surviving spouse's date of birth from a birth certificate or another authenticating document; and
 - D. Proof of the marriage between the qualifying member and surviving spouse from a marriage license or equivalent, marriage license recording document, or other legally acceptable proof of the existence of the marriage.
4. A surviving spouse who is immediately eligible to receive a monthly survivor annuity benefit after the death of the qualifying member shall receive monthly survivor annuity benefits:
 - A. Beginning the month after the death of the qualifying member if the survivor application is filed with ATRS within three (3) months of the qualifying member's death; or
 - B. Beginning the month in which the survivor application is filed with ATRS if at the time of the qualifying member's death the qualifying member:
 - i. Accumulated at least twenty-five (25) years of credited service and was eligible to receive a voluntary retirement or early retirement annuity; or
 - ii. Reached sixty (60) years of age and was eligible to receive a deferred retirement annuity.
5. A surviving spouse who is not immediately eligible to receive a monthly survivor annuity benefit shall receive monthly survivor annuity benefits

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beginning the later of either the:

A. Month following the date on which the qualifying member would have been eligible to receive retirement benefits had the qualifying member survived; or

A-B. Date on which a survivor application is filed with ATRS.

d. ~~D.~~ Alternative Residual Beneficiaries Generally

1. Generally

A. A member may change his or her alternative residue beneficiary designation and designate his or her spouse as a residue beneficiary under Arkansas Code § 24-7-710 by documenting the change on a form provided and approved by ATRS.

2. Qualifying Member

A. ~~A member may select one or more~~ A qualifying member may designate one (1) or more alternative beneficiaries, also known as alternative residue beneficiaries, to receive a ~~lump-sum~~ lump-sum payment of the ~~member's~~ qualifying member's residue in lieu of the ~~member's~~ qualifying member's surviving spouse (called "alternative residual beneficiary or beneficiaries"), documented on forms by using a beneficiary form provided and approved by ATRS, and ~~no~~ spousal benefit or other monthly benefits shall be paid.

B. A surviving spouse annuity benefit or any other type of monthly benefit shall not be paid to a qualifying member's surviving spouse if the qualifying member designates one (1) or more alternative beneficiaries to receive a lump-sum payment of the qualifying member's residue in lieu of the qualifying member's surviving spouse.

C. A surviving spouse may elect Option A — 100% Survivor Annuity benefits if the qualifying member:

i. Designates only the surviving spouse as the primary residue beneficiary; and

ii. Does not designate an alternative residue beneficiary as the primary residue beneficiary.

3. ~~2.~~ If the member is a participant in T-DROP and chooses an alternative residual beneficiary or beneficiaries in lieu of the surviving spouse, and the member dies before retiring, then the designated alternative residual beneficiary or beneficiaries shall receive the T-

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~~DROP deposits as a lump sum and no spousal benefit or other monthly benefit shall be paid.~~ T-DROP Plan Participant

A. A Teacher Deferred Retirement Option Plan (T-DROP) participant (plan participant) may designate one (1) or more alternative residue beneficiaries to receive a lump-sum payment of his or her T-DROP benefits in lieu of his or her surviving spouse.

B. A T-DROP plan benefit, surviving spouse annuity benefit, or any other type of monthly benefit shall not be paid to a plan participant's surviving spouse if the plan participant designates one (1) or more alternative residue beneficiaries to receive a lump-sum payment of his or her T-DROP benefits in lieu of his or her surviving spouse.

C. A surviving spouse may elect Option A — 100% Survivor Annuity benefits if the plan participant:

i. Designates only the surviving spouse as the primary residue beneficiary; and

ii. Does not designate an alternative residue beneficiary as the primary residue beneficiary.

~~E. A member may change an alternative residual beneficiary or beneficiaries designation and revert to a spousal annuity designation by documenting the change on a form provided and approved by ATRS.~~

D. A plan participant's T-DROP residue that otherwise would have been paid pursuant to Arkansas Code § 24-7-709 shall be calculated as the greater of either of the following:

i. The accumulated contributions and regular interest credited to the retirement reserve account as of the member's effective retirement date reduced by the total amount of regular annuities paid, further reduced by amounts received from the T-DROP account in the form of a lump-sum or annuity benefit payments; or

ii. The T-DROP account as of the member's effective retirement date reduced by amounts received from the T-DROP account in the form of a lump-sum or annuity benefit payments.

IV. Dependent Children Benefits

~~a. A surviving dependent child of the a qualifying member may receive an~~ is eligible to receive a survivor annuity benefit under A.C.A. Arkansas Code § 24-7-710 if the child qualifies as a dependent child.

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b. ~~B.~~ "Child of a member" as defined under A.C.A. § 24-7-202, is considered a dependent child for purposes of receiving a survivor annuity under § 24-7-710 from ATRS; A child of a qualifying member qualifies as a dependent child if the child is:

1. The child is younger Is younger than eighteen (18) years of age; or
2. The child is younger than twenty-three (23) years of age and has been a full-time student without interruption since reaching age eighteen (18) consistent with § 24-7-710(c)(2); or Is between eighteen (18) years of age and twenty-three (23) years of age and continuously enrolled as a full-time student at an accredited secondary school, college, or university; or
3. The child is adjudged Has been adjudged physically or mentally incapacitated by a court of competent jurisdiction.

c. ~~C.~~ Dependent Child – Full-time Student

1. To be considered a full-time student, the dependent child shall:
 - A. ~~carry~~ Take twelve (12) semester hours or eight (8) trimester hours in college; _i
 - B. Take four (4) hours per day in a secondary or postsecondary school; _i or
 - C. ~~engage~~ Engage full-time in a curriculum or field of study based upon verifiable indices from an accredited institution.
2. After the a dependent child reaches eighteen (18) years of age, in the absence of a parent or legal guardian, the dependent child may self-report their his or her Certification of Attendance to ATRS, ~~in the absence of a parent or legal guardian.~~

~~D. For a dependent child who is not a full-time student to continue receiving benefits after reaching eighteen (18) years of age, a doctor shall certify that the child is temporarily physically or mentally incapacitated to attend school for the current semester or term. At the beginning of the next semester or term, if the child does not reenter school full-time, the dependent child annuity will terminate.~~

3. Temporary Physical or Mental Incapacitation

- A. A qualifying member's child who is between eighteen (18) years of age and twenty-three (23) years of age and not a full-time student may continue to qualify as a dependent child and receive a survivor annuity benefit if a doctor certifies that the child is temporarily

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physically or mentally incapacitated to attend school for the current semester or term.

A.B. If a doctor does not certify the child as temporarily **physically** or mentally incapacitated to attend school for the following semester or term and the child does not attend school as a full-time student in the following semester, the child shall no longer qualify as a dependent child and shall be ineligible to receive survivor annuity benefits.

~~E. A child who is adjudged physically or mentally incapacitated by a court of competent jurisdiction and for whom a guardian has been appointed shall continue to be eligible to receive a dependent child annuity as long as the incapacity exists, regardless of age. A.C.A. § 24-7-710.~~

4. Active Military Duty or Training

A. A dependent child who qualifies under Arkansas Code § 24-7-710(c)(2)(B)(i) to receive survivor annuity benefit payments may have his or her payments temporarily suspended if he or she:

B. Is called to active military duty or active military training; and

C. Submits a copy of his or her military orders to the ATRS.

D. Survivor annuity benefit payments to the dependent child shall be suspended for the duration of the dependent child's participation in active military duty or active military training.

E. Survivor annuity benefit payments to the dependent child shall resume if the dependent child:

i. Is between eighteen (18) and twenty-three (23) years of age;

ii. Immediately re-enrolls as a full-time student upon his or her return from active military duty or active military training; and

iii. Submits documentation of his or her re-enrollment as a full-time student to ATRS.

d. Dependent Child — Incapacitated Child

1. A qualifying member's child who qualifies as a dependent child because he or she has been adjudged physically or mentally incapacitated by a court of competent jurisdiction and for whom a guardian has been appointed shall continue to be eligible to receive a dependent child survivor annuity benefit as long as the incapacity exists, regardless of the age of the child. Arkansas Code § 24-7-710.

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e. F. Dependent Child – Calculation and Payment of Survivor Annuity

1. A dependent child annuity is established according to the formula set out in A.C.A. §24-7-710. The amount of the survivor annuity benefit payable to a dependent child shall be the amount provided in Arkansas Code § 24-7-710.
2. The highest of the following shall be used to calculate a dependent child's survivor annuity benefit:
 - A. The total salary that the qualifying member would have received in the fiscal year in which the qualifying member died; or
 - B. The qualifying member's highest salary in another fiscal year.
3. The dependent child survivor annuity remains at its shall remain at the initial monthly amount, adjusted by an annual COLA cost-of-living adjustment increase, as may be designated by the board Board.
4. If more than one (1) dependent child in a member's family of a qualifying member receives an survivor annuity benefits, each dependent child's annuity remains at its survivor annuity benefit shall:
 - A. Remain at the initial monthly amount and is not; and
 - B. readjusted when the member's other dependent children's annuities terminate Not be readjusted if the survivor annuity benefit payments to one (1) or more of the dependent children terminates.
5. A dependent child shall receive monthly survivor annuity benefits:
 - A. Beginning the month after the qualifying member's death if the survivor application is filed with ATRS within three (3) months of the qualifying member's death; or
 - B. If a survivor application is not filed with ATRS within three (3) months of the qualifying member's death, beginning the month in which the survivor application is filed with ATRS.
6. A dependent child shall submit the following documents to ATRS before a survivor annuity benefit payment is issued to the dependent child:
 - A. Proof of the qualifying member's death and date of death from the qualifying member's death certificate or another legally acceptable document;
 - B. Proof of the dependent child's taxpayer identification number from a Social Security card or another authenticating documents;

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- C. Proof that the dependent child is a child of the qualifying member from the dependent child's birth certificate or another legally acceptable document;
- D. Proof of the dependent child's date of birth from a birth certificate or another authenticating document;
- E. If applicable, a file-marked court order finding the dependent child physically or mentally incapacitated; and
- F. If applicable, proof of enrollment as a full-time student from an accredited secondary school, college, or university.

~~G.~~

- 7. A deposit account designated to receive a survivor annuity benefit payment for the benefit of a dependent child who is under age eighteen (18) years of age shall conform with:
 - A. ~~the Arkansas Uniform Transfers to Minors Act~~ The Arkansas Uniform Transfers to Minors Act, Arkansas Code § 9-26-201 et seq.; or
 - B. ~~with a~~ A court order in a guardianship proceeding for the benefit of the ward dependent child.
- 8. Each survivor annuity benefit payment is shall:
 - A. ~~made~~ Be made as a separate payment to the eligible dependent child in the appropriate deposit account; and
 - A.B. ~~shall not~~ Not be co-mingled with payments to other family members.

~~H. The total salary that the member would have received in the fiscal year in which the member died, or the member's highest member salary in another fiscal year, whichever is higher, will be used to calculate a dependent child survivor benefit.~~

V. **General Rules Regarding Survivor Annuities** Annuity Benefits

- a. ~~A. Survivors are required to produce sufficient proof of eligibility under these provisions prior to receiving benefit payments.~~ Survivor annuity benefits shall not be paid to the survivor of a qualifying member until the survivor provides ATRS with sufficient proof of his or her eligibility to receive survivor annuity benefit payments.
- b. ~~B. ATRS will notify survivors~~ shall send each survivor who is identified by the qualifying member to ATRS and who may be eligible for a survivor's

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survivor annuity benefit written notice of his or her potential eligibility at the survivor's last address on file at with ATRS.¹ (See also ATRS Rule 11.VIII below).

- c. ~~C.~~ If the member dies before receipt of the first disability retirement check but after receiving final approval for disability retirement, the benefits will be paid under the disability retirement option, alternative residual beneficiary designation, or to the beneficiaries as selected by the member. If a member receives final approval for disability retirement and dies before receiving the first disability retirement benefit payment, the member's disability retirement benefits shall be paid to one (1) or more option, alternative residual, or other beneficiaries designated by the member.
- d. ~~D.~~ If the member dies after the disability application is received by ATRS but before disability retirement is approved, then ATRS shall consider the member to have died in "active" service and survivor benefits under A.C.A. § 24-7-710 may be paid if no alternative residual beneficiary or beneficiaries designation has been made by the member. If a member's disability retirement application is received by ATRS and the member dies before his or her disability application is approved, the member shall be considered to have died in active service and survivor annuity benefits under Arkansas Code § 24-7-710 may be paid if the member has not designated an alternative residual beneficiary.

e. E.—Payments After Death of Member

1. ~~Salary payments made after the death of a member that were earned prior to death are subject to ATRS deductions and shall be reported in total salary and days of service in the employer's quarterly report. A salary earned by a member before the member's death and paid after the member's death is subject to ATRS deductions and the member's covered employer shall report the member's total salary and days of service in the covered employer's quarterly report.~~
2. ~~Payments made by an employer after the death of an active member that are made as a mere gratuity and were not earned by the member shall not be included in the member's salary reported to ATRS and are not subject to contributions. Gratuitous payments made by a covered employer to a member after the death of the member shall not be:~~
 - A. Considered the salary of the member;
 - B. Subject to contribution requirements; and

¹ (See also ATRS Rule 11.VIII below).

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~~A.C.~~ Included in the covered employer's quarterly report to ATRS

f. F. Survivor Annuity Benefits Payable by One (1) or More Reciprocal Systems

1. If survivor annuity benefits are payable by more than one (1) reciprocal system to ~~eligible survivors~~ one (1) or more eligible survivors of a deceased qualifying member, the survivors shall not receive ~~more (as a percentage of the deceased member's final pay or as a minimum dollar amount)~~ as a percentage of the qualifying member's final pay or as a minimum dollar amount, more than the largest amount payable by a single, reciprocal system.
2. ATRS will shall prorate minimum benefits payable with any other reciprocal systems that have system that has a minimum benefit provision.
3. ~~Each reciprocal system shall pay only its proportionate share of the minimum amount based on the ratio of service in its system to the total service in all reciprocal systems.~~ A reciprocal system shall pay the reciprocal system's proportionate share of the minimum benefit amount.
4. A reciprocal system's proportionate share of the minimum benefit amount shall be based on the ratio of the qualifying member's service in the reciprocal system to the qualifying member's total service in all other reciprocal systems.

~~e.g. G.~~ When the a member elects to transfer from ATRS to APERS under the provisions of Act 793 of 1977, Acts 1977, No. 793, APERS' law ~~governs~~ shall govern the survivors' eligibility for a payment of residue or survivor annuity benefits upon the member's death.

VI. Lump-Sum Lump-Sum Death Benefit Rules

a. Lump-Sum Death Benefits – Member Qualification

1. A member who is active or retired and accrues the required amount of actual service at the time of his or her death may qualify for a lump-sum death benefit.
2. For the purposes of eligibility for a lump-sum death benefit under Arkansas Code § 24-7-720, a member shall be considered active for an additional fiscal year following the last fiscal year in which the member renders actual service to a covered employer and obtains at least a quarter (1/4) of a year of service credit.

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b. Lump-Sum Death Benefit – Amount

1. The amount of the lump-sum death benefit may be set pursuant to rules adopted by the ~~board~~ Board in an amount of up to ten thousand dollars (\$10,000) per member.
- ~~4.2.~~ The ~~board~~ Board may adjust the amount of the lump-sum death benefit each year and, as actuarially appropriate, prorate the amount of the lump-sum benefit based on the ratio of the member's contributory and noncontributory service credit.
- ~~4.3.~~ The A lump-sum death benefit will shall be paid as a single amount to the beneficiary designated by the eligible qualifying member.
- ~~4.~~ If the ~~eligible member failed~~ qualifying member fails to designate a beneficiary or a designated beneficiary ~~did not~~ does not survive the qualifying member, the lump-sum death benefit will shall be paid to the qualifying member's estate.
- ~~2.~~ Under Act 1323 of 2009, all lump-sum death benefit distributions made after June 30, 2009, shall be tax exempt, and no federal or state income tax shall be withheld by ATRS. After June 30, 2009, the lump-sum death benefit shall not be eligible for a direct rollover.

c. Lump-Sum Death Benefit – Tax Exemption

1. Pursuant to Acts 2009, No. 1323, a lump-sum death benefit distribution made after June 30, 2009, shall be tax exempt, and no federal or state income tax shall be withheld by ATRS.
- ~~4.2.~~ After June 30, 2009, a lump-sum death benefit shall not be eligible for a direct rollover.

~~B. Only members who are active or retired at the time of their death qualify for the lump-sum death benefit. Inactive members shall not be entitled to a lump-sum death benefit. A member is considered active for an additional fiscal year following the last fiscal year that the member renders at least one-fourth (1/4) year of actual service to a covered employer, credited as the total days of service.~~

~~C. A member must have accrued the required amount of actual service at the time of his or her death to qualify for the lump-sum death benefit.~~

D.d. Lump-Sum Death Benefit – Beneficiary Designations and Authorized Agents

1. A member may designate any natural person(s) or one (1) or more natural persons, a duly formed legal entity, including a corporation,

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trust, partnership, or other legal entity, as his or her lump-sum death benefit beneficiary, including a corporation, trust, partnership, or other recognized legal entity.

2. A completed lump-sum death benefit beneficiary form shall not be considered effective if the form is received by ATRS after the member's death.

3. A member's most recently completed, executed, and filed lump-sum death benefit beneficiary form shall supersede all previous lump-sum death benefit beneficiary forms completed, executed, and filed by the member.

4. Authorized Agent and Guardian – Authority to Designate Beneficiary

A. Attorney-in-Fact and Power of Attorney

i. A lump-sum death benefit beneficiary form that is signed by a member's authorized agent, including an attorney-in-fact, agent under a power of attorney, or any other legally recognized agent, shall not be processed until the document appointing the member's authorized agent is filed with and accepted by ATRS.

ii. Only a document that appoints and authorizes the member's authorized agent to transact retirement plan business on behalf of the member shall be effective for ATRS purposes.

iii. Only a document that specifically authorizes a member's authorized agent to change the member's beneficiary designations shall be effective to allow the authorized agent to change a beneficiary designation on the member's behalf with ATRS.

B. Guardians and Court-Appointed Conservators

i. A lump-sum death benefit beneficiary form signed by a guardian of the member's estate or another court-appointed conservator shall not be effective to allow the guardian or court-appointed conservator to change a beneficiary designation on the member's behalf with ATRS unless there is an accompanying court order specifically authorizing the guardian or court-appointed conservator to change a beneficiary designation on the member's behalf.

e. Lump-Sum Death Benefit – Distribution, Waiver, and Assignment

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1. A designated beneficiary shall submit the following forms and documents to ATRS before a lump-sum death benefit payment is issued to the designated beneficiary:
 - A. A written application on a form approved by ATRS; and
 - B. The qualifying member's death certificate or other acceptable proof of the qualifying member's death.
2. A lump-sum death benefit payment shall be made within a reasonable time to a qualifying member's designated beneficiary after the death of the qualifying member.
3. A designated beneficiary of a lump-sum death benefit may waive his or her right to receiving a payment of the lump-sum death benefit by submitting a waiver of his or her right to the lump-sum death benefit on a form that is acceptable to ATRS.
4. If a designated beneficiary waives his or her right to the payment of a lump-sum death benefit, ATRS shall pay all or the balance of the lump-sum death benefit, whichever is applicable, to any other remaining designated beneficiaries.
- ~~4.5. A designated beneficiary shall not assign his or her right to a payment of a lump-sum death benefit to another person or entity.~~
- ~~E. The completed lump-sum death beneficiary form must be received by ATRS prior to the member's death to be effective.~~
- ~~F. The member's most recently executed and filed lump-sum death beneficiary form supersedes all prior lump-sum death beneficiary forms that may have been filed by the member.~~
- ~~G. If the member is eligible for the lump-sum death benefit at their death, the lump-sum death benefit payment shall be made within a reasonable amount of time to the member's proper beneficiary upon receipt of a written application, acceptable proof of the beneficiary's identification, and proof of the member's death.~~
- ~~H. Lump-sum death beneficiary forms signed by a member's agent (such as an attorney-in-fact under a power of attorney) will not be processed until the document appointing the agent is filed with and accepted by ATRS. The document must authorize the agent to transact retirement plan business on behalf of the member, and specifically authorize the agent to change beneficiary designations.~~
- ~~I. ATRS will not accept a lump-sum death beneficiary form signed by a~~

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~~guardian of the member's estate or other court-appointed conservator without an accompanying court order authorizing the guardian's designation of beneficiary(s).~~

~~J. A lump-sum death beneficiary may waive his or her rights to payment of the lump-sum death benefit by submitting a waiver and relinquishment form acceptable to ATRS. Upon receipt of a valid waiver, ATRS will pay the remaining eligible beneficiary(s).~~

~~K. A lump-sum death beneficiary may not assign payment of a lump-sum death benefit to another person or entity.~~

~~L. ATRS reserves the right to deduct from the lump-sum death benefit any amounts owed to ATRS by the member under A.C.A. § 24-7-205.~~

~~M. ATRS reserves the right to collect any overpayments or other amounts owed to ATRS by the lump-sum death beneficiary(s).~~

f. Lump-Sum Death Benefit – Overpayments

1. ATRS reserves the right to deduct from a qualifying member's lump-sum death benefit any amount owed to ATRS by the qualifying member under Arkansas Code § 24-7-205.

1.2. ATRS reserves the right to collect any overpayment or other amount owed to ATRS by a designated beneficiary.

N.g. Lump-Sum Death Benefit – Compliance

ATRS shall comply with all applicable laws relating to the distribution of the a lump-sum death benefit including federal and state tax laws and the Uniform Transfer to Minors Act the Arkansas Uniform Transfers to Minors Act, Arkansas Code § 9-26-201 et seq.

VII. Qualified Domestic Relations Orders (QDRO) for ATRS Members

~~A. A QDRO is a court order that assigns a portion of a member's retirement benefit to be paid to an alternate payee (the divorced spouse) upon the member's retirement or upon a refund of the member's contributions.~~

~~B. Under A.C.A. § 9-18-103(b), ATRS adopted a model QDRO to be utilized by its members when dividing an ATRS retirement benefit. A QDRO issued by a court must substantially follow the form and content of the ATRS model QDRO.~~

a. QDRO — Adopted by ATRS

1. The model QDRO adopted by ATRS pursuant to Arkansas Code § 9-18-103(b) shall be used by a member **if a court intends to divide the**

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member's retirement benefits or contributions between the member and an alternate payee.

b. QDRO Issued by Court

1. ~~C.~~ ATRS shall accept a QDRO issued by a circuit court of the State of Arkansas or other court of competent jurisdiction regarding a member and an alternate payee, subject to the following:

~~A. 1.~~ Benefits to the alternate payee shall begin when the member Retires. The alternate payee is eligible to receive benefit payments if the member:

- i. ~~retires~~ Retires; or
- ii. ~~when the member ceases~~ Terminates employment with a covered employer and receives a refund of contributions.

~~A.B. 2.~~ ATRS shall:

- a. i. Promptly notify the member and the alternate payee upon receipt of receiving a QDRO; ~~and~~
- b. ii. ~~Within a reasonable time after receipt of the QDRO, determine whether the QDRO complies with ATRS's model QDRO and ATRS laws and regulations.~~ Determine within a reasonable time after receiving the QDRO whether the QDRO complies with the Arkansas Code, ATRS Rules, ATRS' model QDRO, and other applicable laws.

~~B.C. 3. A~~ The member or the alternate payee may file a QDRO with ATRS ~~prior to~~ before the member's retirement or termination of covered employment, ~~but the alternate payee's portion is held in the member's account until payable under paragraph VII.C.1 above.~~

~~C.D. 4.~~ A QDRO shall not require ATRS to:

- i. a. Provide ~~an the~~ alternate payee with any type or form of benefit or option not otherwise available to the member;
- ii. b. Provide the alternate payee actuarial benefits not available to the member; or
- iii. c. Pay any benefits to ~~an the~~ alternate payee that are required to be paid to another alternate payee under an existing QDRO.

~~D.E. 5.~~ If Any benefit that would be due to the alternate payee under the QDRO shall revert back to the member if the alternate payee dies prior to the receipt of before receiving the benefit

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benefits under the QDRO, any amount or benefit that would be due to the alternate payee reverts to the member.

F. ~~6.~~ If the member dies prior to before retirement, the alternate payee shall receive the same portion of the member's contributions, if any, as was assigned by the QDRO.

E.G. ~~_____~~ In no case shall the alternate payee The alternate payee shall not receive monthly retirement annuity benefits from ATRS if the member has not received his/her his or her retirement annuity at the time of his/her his or her death.

F.H. ~~_____~~ 7. ATRS computes shall compute the alternate payee's monthly retirement annuity benefit under a QDRO ~~on~~ using the benefit formula in effect at the time of the member's retirement and includes shall include only service credit earned by the member during the marriage.

G.I. ~~_____~~ 8. If the QDRO assigns a marital portion or other part of a member's interest in his/her T-DROP plan deposits and interest, the benefits in the T-DROP account shall be computed as a separate calculation under the provisions in the model order. If the QDRO issued by the circuit court assigns a marital portion or other part of the member's interest in his or her T-DROP plan deposits and interest, the benefits in the member's T-DROP account shall be computed as a separate calculation as provided by ATRS' model QDRO.

J. ~~9.~~ ATRS shall have the right to:

i. ~~make~~ Make any necessary correction to the monthly retirement benefit amount paid under a the QDRO; and

i.ii. ~~to recover from either the member or the alternate payee~~ Recover any overpayments due owed to ATRS from either the member or the alternate payee.

K. ~~10. If the alternate payee fails at any time to notify ATRS of a change of mailing address, ATRS shall not be required to make restitution for payments not made prior to receipt of a change of address.~~ The alternate payee shall:

i. Notify ATRS of a change of the alternate payee's mailing address; and

ii. Verify annually his or her address with ATRS beginning one (1) year from the date of the letter notifying the alternate payee

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of ATRS' acceptance of the QDRO.

L. The alternate payee's portion of the member's retirement benefits or contributions shall be held in the member's account until the alternate payee is eligible to receive benefit payments under this ATRS Rule 11 VII b.1.A.

M. If the alternate payee is eligible to receive benefit payments, ATRS shall:

i. Not hold the alternate payee's portion of the member's retirement benefits or contributions in the member's account;

ii. Pay the alternate payee's portion of the member's retirement benefits or contributions when payment is due to the:

a. Alternate payee if the alternate payee has completed and submitted to ATRS an enrollment form and all other documents required by ATRS in order to issue the payment; or

b. Member to be held by the member as constructive trustee.

N. If the alternate payee is eligible to receive benefit payments and has not completed and submitted an enrollment form or all other required documents to ATRS, the following shall apply:

i. ATRS shall notify the member in writing that the alternate payee has not completed and submitted an enrollment form or all other documents required in order for ATRS to issue a payment to the alternate payee;

ii. ATRS shall pay the alternate payee's portion of the member's retirement benefits or contributions to the member;

iii. The member shall hold as constructive trustee the alternate payee's portion of the member's retirement benefits or contributions upon receiving the alternate payee's portion of the member's retirement benefits or contributions; and

iv. The member shall be responsible for verifying with ATRS the amount of the alternate payee's portion of the member's retirement benefits or contributions to be held by the member as constructive trustee.

O. If an amount that should not have been distributed to the member or alternate payee under the QDRO is received by the member or

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alternate payee, the member or alternate payee shall:

i. Be responsible for holding the amount as a constructive trustee; and

ii. Notify ATRS immediately that he or she received the amount.

P. ATRS shall not make restitution for:

i. A payment that is issued to the alternate payee before ATRS receives notice of the alternate payee's change of address;

ii. A distributed amount that:

a. The alternate payee is entitled to receive under the terms of a QDRO; and

b. Is received by the member as constructive trustee; or

iii. A distributed amount that:

a. The member is entitled to receive under the terms of a QDRO; and

b. Is received by the alternate payee as constructive trustee.

~~O. 11. Any benefit enhancements enacted by the Legislature or the Board of Trustees after entry of a QDRO shall not be assigned to the alternate payee but shall inure to the sole benefit of the member. A benefit enhancement enacted by the General Assembly or the Board after entry of the QDRO shall inure to the benefit of the member and shall not be assigned to the alternate payee.~~

~~P. 12. ATRS shall not accept a QDRO for a member who does not have five (5) years of actual service with ATRS at the time the QDRO is issued by a court.~~

~~Q. 13. If ATRS determines that the alternate payee's monthly benefits are less than twenty dollars (\$20.00), ATRS shall pay the member the total benefit due and the member shall be responsible for paying the alternate payee their portion under the QDRO. ATRS shall pay the member the total retirement benefit if ATRS determines that the alternate payee's monthly retirement benefit is less than twenty dollars (\$20.00).~~

~~R. The member shall be responsible for paying the alternate payee his or her portion under the QDRO if ATRS determines that the alternate payee's monthly retirement benefit is less than twenty~~

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dollars (\$20.00).

- S. 14. The QDRO issued by the circuit court shall not require ATRS to provide any benefit that is an actuarial cost to ATRS and is not otherwise contemplated in ATRS' the law and rules applicable to ATRS.
- T. 15. No provision in this rule ATRS Rule 11 or in a QDRO accepted by ATRS shall require ATRS to violate any plan qualification requirement in IRS the Internal Revenue Code, 26 U.S.C. § 401(a), or otherwise affect ~~the ATRS~~ ATRS' requirement to operate as a governmental plan under IRS the Internal Revenue Code, 26 U.S.C. § 414(d).

VIII. Lost Payees Rules

- a. ~~A.~~ Each member of ATRS, as well as each beneficiary of a deceased member, is responsible for filing with ATRS in writing a current post office address and each change of post office address of the member or beneficiary. A member or beneficiary of a deceased member, whichever is appropriate, is responsible for filing a current post office address and any subsequent change of address with ATRS.
- b. ~~B.~~ Any communication Communication addressed to a member or beneficiary at the last filed post office address last filed with ATRS, or, if no post office address has been filed with ATRS, the last post office address indicated on the records of the employer of the member or the beneficiary shall be:
- ~~be the~~ The official post office address for ATRS communications communication to the member or beneficiary; and
 - ~~and shall be binding~~ Binding on the member or beneficiary for all purposes of ATRS purposes.
 - ~~Under A.C.A. § 24-7-734, ATRS has~~ shall have no obligation to determine the current post office address or any other address for any a member or beneficiary. (Arkansas Code § 24-7-734)
- c. ~~C.~~ Unclaimed Property Act
- ~~Member payments in the possession of ATRS are~~ shall be excluded from the definition of property under the Arkansas as provided in the Unclaimed Property Act, ~~(A.C.A. Arkansas Code § 18-28-201 et seq.)~~
 - ~~A.C.A. Arkansas Code § 24-7-734 supersedes any conflict with the Arkansas Unclaimed Property Act,~~ Arkansas Code § 18-28-201 et seq.

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HISTORY

Adopted:	August 10, 1993	11-3
Amended:	March 6, 1996	11-3
Amended:	February 10, 1998	11-3
Amended:	May 5, 1998	11-3
Amended:	October 7, 2003	11-3
Amended:	June 15, 2004	11-1, 11-2
Adopted:	July 18, 2005	11-5
Amended:	February 7, 2006	11-1, 11-2
Amended:	April 26, 2007	11-1, 11-2
Amended:	October 6, 2008	11-3
Amended:	June 16, 2009	(Emergency) 11-2
Amended:	October 5, 2009	(Permanent) 11-2
Amended:	December 18, 2009	11-1
Amended:	July 1, 2011	(Emergency) 11-1, (Emergency) 11-2
Adopted:	August 8, 2011	11-1, 11-2
Effective:	November 11, 2011	11-1, 11-2
Approved by Board:	August 6, 2012	11-1
Amended:	October 13, 2012	11-1
Effective:	March 6, 2013	11-1
Approved by Board:	July 26, 2013	11-1, 11-2, 11-5
Amended:	October 9, 2013	11-1, 11-2, 11-5
Effective:	November 8, 2013	11-1, 11-2, 11-5
Approved by Board:	December 1, 2014	11-1
Amended:	May 18, 2015	11-1
Effective:	June 16, 2015	11-1
Approved by Board:	February 5, 2018	11-1
Effective:	February 16, 2018	11-1
Effective:	May 28, 2020	Rule 11

**BEFORE THE
ARKANSAS TEACHER RETIREMENT SYSTEM**

IN THE MATTER OF
CONTINUATION OF DISABILITY RETIREMENT BENEFITS
UNDISPUTED RECOMMENDATIONS

PROPOSED DISABILITY REVIEW ORDER: DR-2022-02-A

INTRODUCTION

This matter is a review of the medical committee's recommendations that certain members' disability retirement benefits be continued under subdivision A.C.A. §24-7-704(b)(3)(D) (iii).

FINDINGS OF FACT

1. The following member applied for disability review after having been initially approved for disability benefits: 195598.
2. After reviewing the member's records, the medical committee recommended that the member be **approved** eligibility to continue receiving ATRS disability benefits.
3. After reviewing the member's records, the medical committee recommended that each member remain eligibility to receive ATRS disability benefits.

ANALYSIS AND RECOMMENDATION TO THE BOARD

Arkansas law provides that an ATRS member who has been approved for disability benefits must provide, within thirty-six months, a favorable determination by the Social Security Administration that the member is disabled. In the alternative A.C.A. §24-7-704(b)(3)(C) allows the member to ask for additional time to provide the SSA decision, or to apply for a review by the medical committee due to the lack of an SSA

determination letter.

The medical committee considers each request for review, and makes a recommendation to the Board on the question of whether the member continues to meet “the definition of disability under subdivision (a)(1)(D)” of A.C.A. §24-7-704. The primary element of the standard of review is whether the member is able to perform their previous covered employment work duties.

In the cases noted above, the medical committee is recommending to the Board that it find that these members continue to be “disabled” within the meaning of the ATRS law and are entitled to continue to receive ATRS disability benefits.

The Executive Director recommends that the Board of Trustees accept the medical committee recommendation to approve continued disability benefits in each case.

Reviewed and approved

Danny Knight, Chairman


February 7, 2022

SUMMARY OF DISABILITY APPLICATIONS SUBMITTED
FOR CONSIDERATION BY THE MEDICAL COMMITTEE

The Medical Committee met in executive session in the first floor conference room at 9:30 a.m. on December 1, 2021. Those members present were Dr. Hoyte Pyle and Dr. Jim Morse. Anne Marie Lehman Berardi of the Teacher Retirement System was also in attendance.

A total of thirteen disability applications were considered. Of the thirteen applicants, eleven were approved. One applicant was denied. One applicant had more information requested.

Respectfully Submitted,



DR. JIM MORSE
Acting Medical Committee Chairman

Respectfully Submitted,



Anne Marie Lehman Berardi
Retirement Benefits Counselor

SUMMARY OF DISABILITY APPLICATIONS SUBMITTED
FOR CONSIDERATION BY THE MEDICAL COMMITTEE

The Medical Committee met in executive session in the first floor conference room at 9:30 a.m. on January 5, 2022. Those members present were Dr. Eddie Phillips, Dr. Hoyte Pyle, and Dr. Jim Morse. Anne Marie Lehman Berardi of the Teacher Retirement System was also in attendance.


A total of eleven disability applications were considered. Of the eleven applicants, five were approved. Three applicants were denied. Three had more information requested.

Respectfully Submitted,



Eddie Phillips, CMO
Medical Committee Chairman

Respectfully Submitted,



Anne Marie Lehman Berardi
Retirement Benefits Counselor

TO: ATRS Board of Trustees
Mr. Clint Rhoden, Executive Director

FROM: Vicky Fowler, Human Resources Manager

Date: January 10, 2022

RE: Personnel Report

ATRS currently has a total of 87 appropriated positions. There are 69 positions filled and 18 vacant.

Breakdown of current vacancies

7 due to Internal Promotion
6 due to Voluntary Termination
5 due to Retirement

Position Activity for December 1, 2020 to January 10, 2022.

9 Positions advertised
149 Applications received
23 Applicants interviewed
7 Positions filled
2 Positions unfilled

The ATRS Human Resources Manager will be available to answer any questions regarding this report.