

1 **State of Arkansas**  
2 **80th General Assembly**  
3 **Regular Session, 1995**  
4 **By: Representative Dawson**

# A Bill

**ACT 528 OF 1995**  
**HOUSE BILL 1570**

## For An Act To Be Entitled

8 "AN ACT TO AMEND ARKANSAS CODE § 24-7-706 TO ALLOW A  
9 MEMBER OF THE TEACHER RETIREMENT SYSTEM WHO BECAME A  
10 RETIRANT ON OR AFTER JULY 1, 1994 TO CHANGE HIS ELECTION  
11 FOR RECEIVING AN ANNUITY; TO DECLARE AN EMERGENCY; AND FOR  
12 OTHER PURPOSES."

## Subtitle

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15 "TO ALLOW A MEMBER OF THE TEACHER  
16 RETIREMENT SYSTEM WHO BECAME A RETIRANT  
17 ON OR AFTER JULY 1, 1994 TO CHANGE HIS  
18 ELECTION FOR RECEIVING AN ANNUITY."

19  
20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

21  
22 SECTION 1. Arkansas Code § 24-7-706 is amended to read as follows:  
23 "24-7-706. Annuity options.

24 (a) Before the date the first payment of his annuity becomes due, but  
25 not thereafter, a member may elect to receive his annuity as a straight life  
26 annuity or he may elect to receive the actuarial equivalent, at that time, of  
27 his straight life annuity in a reduced annuity payable throughout his life.  
28 The member may nominate a beneficiary, in accordance with the provisions of  
29 one (1) of the following options:

30 (1) Option A - 100% Survivor Annuity. Under Option A, upon the  
31 death of a retirant, his reduced annuity shall be continued throughout the  
32 life of and paid to such person as he shall have nominated by written  
33 designation duly executed and filed with the board before the date the first  
34 payment of his annuity becomes due. The person must be either his spouse for  
35 not less than one (1) year immediately preceding the first payment due date,  
36 or another person aged forty (40) years or older receiving more than one-half

1 (1/2) support from the retirant for not less than one (1) year immediately  
2 preceding the first payment due date; however, the age forty (40) requirement  
3 shall not exclude the designation as beneficiary of a dependent child who has  
4 been ruled physically or mentally incompetent either by an Arkansas court of  
5 competent jurisdiction or by the board.

6 (2) Option B - 50% Survivor Annuity. Under Option B, upon the  
7 death of a retirant, one-half (1/2) of his reduced annuity shall be continued  
8 throughout the life of and paid to such person as he shall have nominated by  
9 written designation duly executed and filed with the board before the date the  
10 first payment of his annuity becomes due. The person must be either his  
11 spouse for not less than one (1) year immediately preceding the first payment  
12 due date, or another person aged forty (40) years or older receiving more than  
13 one-half (1/2) support from the retirant for not less than one (1) year  
14 immediately preceding the first payment due date; however, the age forty (40)  
15 requirement shall not exclude the designation as beneficiary of a dependent  
16 child who has been ruled physically or mentally incompetent either by an  
17 Arkansas court of competent jurisdiction or by the board.

18 (3) Option C - Annuity for Ten (10) Years Certain and Life  
19 Thereafter. Under Option C, a retirant shall receive a reduced annuity  
20 payable throughout his life with the provision that if he dies before he has  
21 received one hundred twenty (120) monthly annuity payments, the payments will  
22 be continued for the remainder of the period of one hundred twenty (120)  
23 months and paid to such persons, in equal shares, as the retirant shall have  
24 nominated by written designation duly executed and filed with the board. If  
25 the designated beneficiaries predecease the retirant, the retirant may  
26 nominate successor beneficiaries by written designation duly executed and  
27 filed with the board. If no designated beneficiary survives him, the annuity  
28 reserve for the remainder of the annuity payments shall be paid to the  
29 retirant's estate. If the last designated beneficiary receiving annuity  
30 payments dies before all annuity payments are made, the annuity reserve for  
31 the remainder of the annuity payments shall be paid to the beneficiary's  
32 estate.

33 (b)(1) The death of the beneficiary or divorce or other marriage  
34 dissolution after retirement from a spouse designated as beneficiary shall, at  
35 the written election of the retirant, cancel any optional plan elected at

1 retirement to provide continuing lifetime benefits to the beneficiary and  
2 shall return the retirant to his single lifetime benefit equivalent, to be  
3 effective the month following receipt of his election by the system.

4           (2) A retirant who is receiving a single lifetime benefit and who  
5 marries after retirement may elect to cancel his single lifetime benefit and  
6 may elect Option B providing continuing lifetime benefits to his spouse, but  
7 only if the election is on a form approved by the system and is received by  
8 the system not earlier than the date of the marriage and not later than six  
9 (6) months thereafter; the election shall be effective the first day of the  
10 month following its receipt.

11           (c) If a member fails to elect an option, his annuity shall be paid him  
12 as a straight life annuity.

13           (d) (1) Notwithstanding anything contained in this section to the  
14 contrary, the beneficiary may elect to cancel the form of annuity in effect  
15 and elect Option A - 100% Survivor Annuity upon the death of a retirant on or  
16 after July 1, 1989, if:

17                   (A) The retirant died within one (1) year following the  
18 effective date of retirement; and

19                   (B) The retirant was receiving a straight life annuity.

20           (2) Such election to change may be made only once and must be on  
21 a form approved by the system.

22           (3) The election form must be received by the system within  
23 thirty (30) days after February 7, 1991, or within thirty (30) days of the  
24 death of the retiree, whichever is later.

25           (4) Such election change shall become effective the first day of  
26 the month following receipt of the election form by the system.

27           (e) (1) Notwithstanding anything in this section to the contrary, a  
28 retirant who retired on or after July 1, 1994, may elect to cancel his  
29 election made at retirement for receiving an annuity and elect another option,  
30 provided:

31                   (A) he does so within one (1) year of the effective date of  
32 this act, or within one (1) year of retirement;

33                   (B) he files with the system a new election form approved  
34 by the system; and

35                   (C) he repays to the system the difference between the

1 amount of the annuity received when he retired and the new annuity due as a  
2 result of the election change, plus regular interest from July 1, 1994 or his  
3 retirement date, whichever is later, to the date of payment in full. The  
4 difference shall be calculated retroactive to July 1, 1994, or his retirement  
5 date, whichever is later.

6 (2) The election to change shall be made only once.

7 (3) The election change shall be effective retroactive to the  
8 effective date of his annuity."

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10 SECTION 2. All provisions of this act of general and permanent nature  
11 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code  
12 Revision Commission shall incorporate the same in the Code.

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14 SECTION 3. If any provisions of this act or the application thereof to  
15 any person or circumstance is held invalid, the invalidity shall not affect  
16 other provisions or applications of the act which can be given effect without  
17 the invalid provisions or application, and to this end the provisions of this  
18 act are declared to be severable.

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20 SECTION 4. All laws and parts of laws in conflict with this act are  
21 hereby repealed.

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23 SECTION 5. Emergency. It is hereby found and determined by the  
24 Eightieth General Assembly of the State of Arkansas that it is necessary to  
25 provide members of the Teacher Retirement System with the opportunity to  
26 change their retirement options upon retirement; that this change in Arkansas  
27 law will provide the system retirants a needed alternative to the rigid  
28 annuities of the past; and that it will correct some inequitable situations  
29 which occur subsequent to retirement for some individual retirants.  
30 Therefore, in order to aid retirants in their retirement planning, an  
31 emergency is hereby declared to exist, and this act being necessary for the  
32 immediate preservation of the public peace, health, and safety, shall be in  
33 full force and effect from and after July 1, 1995.

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APPROVED: 3-6-95