

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

Act 494 of the Regular Session

As Engrossed: H2/10/05

A Bill

1 State of Arkansas
2 8th General Assembly
3 Regular Session, 2005

SENATE BILL 130

4
5 By: Senators J. Jeffress, Faris
6 By: Representative Sullivan

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8
9 **For An Act To Be Entitled**

10 AN ACT TO CLARIFY PAYMENT OF ARKANSAS TEACHER
11 RETIREMENT SYSTEM BENEFITS IN THE EVENT OF THE
12 DEATH OF A RETIRANT OR HIS OR HER BENEFICIARY;
13 AND FOR OTHER PURPOSES.

14
15 **Subtitle**

16 AN ACT TO CLARIFY PAYMENT OF ARKANSAS
17 TEACHER RETIREMENT BENEFITS IN THE EVENT
18 OF THE DEATH OF A RETIRANT OR HIS OR HER
19 BENEFICIARY.

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21
22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

23
24 SECTION 1. Arkansas Code § 24-7-709 is amended to read as follows:
25 24-7-709. Disposition of residue.

26 (a) If a retirant and his or her eligible beneficiary, if any, both
27 die before they have received in annuity payments a total amount equal to the
28 accumulated contributions standing to the retirant's credit in the members'
29 deposit account at the time of his or her retirement, the difference between
30 the accumulated contributions and the total amount of annuities received by
31 them shall be paid to such persons as the retirant shall have nominated by
32 written designation duly executed and filed with the Board of Trustees of the
33 Arkansas Teacher Retirement System.

34 (b) If the last eligible beneficiary dies before the beneficiary and
35 the retirant have received in annuity payments a total amount equal to the



1 accumulated contributions standing to retirant's credit in the member's
 2 deposit account at the time of the member's retirement, the remaining
 3 difference, if any, shall be paid to the beneficiary's estate.

4 ~~(b)(c)~~ If no eligible beneficiary or designated person survives the
 5 retirant ~~and his beneficiary~~, the difference, if any, between the total
 6 amount of annuity payments received by the retirant and the accumulated
 7 contributions standing to the retirant's credit in the member's deposit
 8 account at the time of his or her retirement, shall be paid to the ~~estate of~~
 9 ~~the survivor of the retirant and his beneficiary~~ retirant's estate.

10
 11 SECTION 2. Arkansas Code § 24-7-710(e), concerning annuities payable
 12 on the death of a member of the Arkansas Teacher Retirement System, is
 13 amended to read as follows:

14 *(e)(1) In the event all the annuities provided for in this section*
 15 *payable on account of the death of a member terminate before there has been*
 16 *paid an aggregate amount equal to his or her accumulated contributions*
 17 *standing to his or her credit in the members' deposit account at the time of*
 18 *his or her death, the difference between the accumulated contributions and*
 19 *the aggregate amount of annuity payments shall be paid to such person as he*
 20 *or she shall have nominated by written designation duly executed and filed*
 21 *with the board, the provisions of § 24-7-709 shall apply.*

22 (2)(A) If there ~~is~~ are no designated ~~person~~ persons surviving at
 23 termination, the difference shall be payable in the following statutory
 24 succession: spouse, children, parents, estate.

25 (B) Effective for all members dying after June 30, 2006,
 26 if there are no designated persons surviving at termination, the difference
 27 shall be payable to the member's estate.

28
 29 SECTION 3. Arkansas Code § 24-7-711(b), concerning the disposition of
 30 member contributions upon membership termination, is amended to read as
 31 follows:

32 (b)(1) In the event a member dies and no annuity becomes, or can
 33 become, payable by the Arkansas Teacher Retirement System on account of ~~his~~
 34 the member's death, ~~his~~ the member's accumulated contributions standing to
 35 his or her credit in the members' deposit account at the time of ~~his~~ the
 36 member's death, together with regular interest thereon from the time of death

1 to the time of payment, shall be paid to such persons as ~~he~~ the member shall
2 have nominated by written designation duly executed and filed with the board.

3 (2)(A) If there are no designated persons surviving the member,
4 the accumulated contributions shall be paid in the following statutory
5 succession: Spouse, children, parents, estate.

6 (B) Effective for all members dying after June 30, 2006,
7 if there are no designated persons surviving the member, the accumulated
8 contributions shall be payable to the member's estate.

9 (3) If no annuity can become payable to a dependent child on
10 account of the member's death and if the sole beneficiary who could receive
11 the annuity is the surviving spouse, then the surviving spouse may elect to
12 receive a refund of accumulated contributions in place of any benefits being
13 paid under the provisions of § 24-7-710.

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15 SECTION 4. Arkansas Code § 24-7-720 is amended to read as follows:
16 24-7-720. Lump-sum benefit.

17 (a)(1)(A) If an active member of the Arkansas Teacher Retirement
18 System with five (5) or more years of credited service, including credited
19 service for the year immediately preceding the member's death, dies in
20 employer service before retirement, then a lump sum of up to fifteen thousand
21 dollars (\$15,000) shall be paid to such persons as he or she shall have
22 nominated by written designation duly executed and filed with the Board of
23 Trustees of the Arkansas Teacher Retirement System.

24 (B) If there are no designated persons surviving the
25 member, the lump sum shall be paid in the following statutory succession:

- 26 (i) Spouse;
27 (ii) Children;
28 (iii) Parents; and
29 (iv) Estate.

30 (C) Effective for members dying after June 30, 2006, if
31 there are no designated persons surviving the member, the lump sum shall be
32 paid to the member's estate.

33 (2) If the member had only noncontributory credited service,
34 then the lump sum shall be up to ten thousand dollars (\$10,000).

35 (3) If upon his or her death the member had a combination of
36 credited service of both contributory and noncontributory, the lump sum will

1 be prorated according to the relationship between the member's
2 noncontributory credited service and his or her total credited service.

3 (b)(1)(A) Upon the death of a retirant whose annuity is paid by the
4 system, a lump sum of up to fifteen thousand dollars (\$15,000) shall be paid
5 to such persons as he or she shall have nominated by written designation duly
6 executed and filed with the board.

7 (B) If there are no designated persons surviving the
8 retirant, the lump sum shall be paid in the following statutory succession:

- 9 (i) Spouse;
10 (ii) Children;
11 (iii) Parents; and
12 (iv) Estate.

13 (C) Effective for retirants dying after June 30, 2006, if
14 there are no designated persons surviving the retirant, the lump sum shall be
15 paid to the retirant's estate.

16 (2) If the retirant had only noncontributory credited service,
17 then the lump sum shall be up to ten thousand dollars (\$10,000).

18 (3) If upon his or her death the retirant had a combination of
19 credited service of both contributory and noncontributory, the lump sum will
20 be prorated according to the relationship between the member's
21 noncontributory credited service and his or her total credited service.

22 (c) In addition to the benefits provided in subsections (a) and (b) of
23 this section, each surviving dependent child shall be paid a lump sum of ten
24 thousand dollars (\$10,000) upon the death of either an active member or
25 retirant.

26 (d) The exact amount of the lump-sum payments shall be set annually by
27 rules and regulations of the board as it determines is actuarially
28 appropriate for the system. The board is authorized by this subsection to set
29 the level of these benefits to the current members and retirants where the
30 ratio between the contributory and noncontributory benefits are maintained at
31 a three-to-two (3:2) ratio and to a level to match the benefits that the
32 board finds are appropriate for the actuarial soundness of the system.

33 (e) No benefit enhancement provided for by this section shall be
34 implemented if it would cause the publicly supported retirement system's
35 unfunded actuarial accrued liabilities to exceed a thirty-year amortization.
36 No benefit enhancement provided for by this section shall be implemented by

1 any publicly supported system which has unfunded actuarial accrued
2 liabilities being amortized over a period exceeding thirty (30) years until
3 the unfunded actuarial accrued liability is reduced to a level less than the
4 standards prescribed by § 24-1-101 et seq.

5 (f) The board shall implement this benefit provision for lump-sum
6 payments by either making the lump-sum payments directly from the system or
7 by purchasing a group life insurance policy for the benefit of system
8 members, whichever is the most cost effective.

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10 SECTION 5. EMERGENCY CLAUSE. It is found and determined by the
11 General Assembly of the State of Arkansas that the Arkansas Teacher
12 Retirement System is expending valuable time and resources in determining and
13 locating the recipients of benefits upon a member's death in certain
14 circumstances; that the effective operation and administration of the system
15 in these instances would be advanced by paying the benefits to the member's
16 estate; and that the most effective time to make changes to the retirement
17 system is at the beginning of the state's fiscal year. Therefore, an
18 emergency is declared to exist and this act being immediately necessary for
19 the preservation of the public peace, health, and safety shall become
20 effective on July 1, 2005.

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/s/ J. Jeffress, et al

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APPROVED: 3/02/2005

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