

1 State of Arkansas
2 81st General Assembly
3 Regular Session, 1997
4

As Engrossed: H3/20/97

A Bill

HOUSE BILL 1574

5 By: Representatives Faris and Rodgers
6
7

For An Act To Be Entitled

9 "AN ACT TO AMEND ARKANSAS CODE TITLE 24, CHAPTER 7,
10 SUBCHAPTER 7 TO PROVIDE IN THE ARKANSAS CODE A LUMP SUM
11 BENEFIT UPON THE DEATH OF AN ACTIVE MEMBER OR RETIRANT OF
12 THE ARKANSAS TEACHER RETIREMENT SYSTEM; TO DECLARE AN
13 EMERGENCY; AND FOR OTHER PURPOSES."
14

Subtitle

15 "AN ACT TO PROVIDE A LUMP SUM DEATH
16 BENEFIT."
17
18

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

21 SECTION 1. Arkansas Code Title 24, Chapter 7, Subchapter 7, concerning
22 the Arkansas Teacher Retirement System, is amended to add the following new
23 section:

24 "24-7-720. Lump sum benefit.

25 (a)(1) If an active member of the Arkansas Teacher Retirement System
26 with five (5) or more years of credited service, including credited service
27 for the year immediately preceding his death, dies in employer service before
28 retirement, then a lump sum of up to seven thousand five hundred dollars
29 (\$7,500) shall be paid in the following statutory succession: spouse,
30 children, parents, estate.

31 (2) If the member had only non-contributory credited service then
32 the lump sum shall be up to five thousand dollars (\$5,000).

33 (3) If upon his death, the member had a mixture of credited
34 service of both contributory and non-contributory, the lump sum will be
35 prorated according to the relationship between his non-contributory credited
36 service and his total credited service.

1 (b)(1) Upon the death of a retirant whose annuity is paid by the
2 Arkansas Teacher Retirement System, a lump sum of up to seven thousand five
3 hundred dollars (\$7,500) shall be paid in the following statutory succession:
4 spouse, children, parents, estate.

5 (2) If the retirant had only non-contributory credited service,
6 then the lump sum shall be up to five thousand dollars (\$5,000).

7 (3) If upon his death, the retirant had a mixture of credited
8 service of both contributory and non-contributory, the lump sum will be
9 prorated according to the relationship between his non-contributory credited
10 service and his total credited service.

11 (c) The exact amount of the lump-sum payments shall be set annually by
12 rules and regulations of the Board of Trustees of the Teacher Retirement
13 System as it determines is actuarially appropriate for the system. The Board
14 of Trustees of the Arkansas Teacher Retirement System is authorized by this
15 subsection to set the level of these benefits to the current members and
16 retirants where the ratio between the contributory and noncontributory
17 benefits are maintained at a three to two (3:2) ratio and to a level to match
18 the benefits that the Board of Trustees finds are appropriate for the
19 actuarial soundness of the system.

20 (d) No benefit enhancement provided for by this act shall be
21 implemented if it would cause the publicly supported retirement systems
22 unfunded actuarial accrued liabilities to exceed a thirty (30) year
23 amortization. No benefit enhancement provided for by this act shall be
24 implemented by any publicly supported system which has unfunded actuarial
25 accrued liabilities being amortized over a period exceeding thirty (30) years
26 until the unfunded actuarial accrued liability is reduced to a level less than
27 the standards prescribed by §24-1-101 et seq.

28 (e) The Board of Trustees shall implement this benefit provision for
29 lump-sum payments by either making the lump-sum payments directly from the
30 system or by purchasing a group life insurance policy for the benefit of
31 system members, whichever is the most cost effective."

32

33 SECTION 2. All provisions of this act of a general and permanent nature
34 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
35 Revision Commission shall incorporate the same in the Code.

36

1 SECTION 3. If any provision of this act or the application thereof to
2 any person or circumstance is held invalid, such invalidity shall not affect
3 other provisions or applications of the act which can be given effect without
4 the invalid provision or application, and to this end the provisions of this
5 act are declared to be severable.

6

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

9

10 SECTION 5. EMERGENCY. It is found and determined by the General
11 Assembly of the State of Arkansas that this section herein is added to the
12 Arkansas Code to provide a benefit for beneficiaries of members and retirants
13 of the Arkansas Teacher retirement system for their service dedicated to the
14 facilitation of educating Arkansas children. Therefore, an emergency is
15 declared to exist and this act being immediately necessary for the
16 preservation of the public peace, health and safety shall be in full force and
17 in effect from and after July 1, 1997.

18

19

20

21

/s/Rep. Faris et al

22

23

24

25

26

27

28

29

30

31

32

33

34

35