

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.

1 State of Arkansas
2 84th General Assembly
3 Regular Session, 2003
4

As Engrossed: H2/7/03
A Bill

HOUSE BILL 1121

5 By: Representative R. Smith
6 By: Senator J. Jeffress
7
8

9 **For An Act To Be Entitled**

10 *AN ACT TO CHANGE THE ASSUMED ANNUITY OPTION FROM*
11 *A STRAIGHT-LIFE TO A SIXTY-MONTH CERTAIN ANNUITY*
12 *AND TO CHANGE THE REDUCTION PERCENTAGES FOR THE*
13 *AVAILABLE ANNUITY OPTIONS FOR THE ARKANSAS LOCAL*
14 *POLICE AND FIRE RETIREMENT SYSTEM; AND FOR OTHER*
15 *PURPOSES.*

16 **Subtitle**

17 *TO CHANGE THE ASSUMED ANNUITY OPTION*
18 *FROM A STRAIGHT-LIFE TO A SIXTY-MONTH*
19 *CERTAIN ANNUITY AND TO CHANGE THE*
20 *REDUCTION PERCENTAGES FOR THE ANNUITY*
21 *OPTIONS UNDER THE LOCAL POLICE AND FIRE*
22 *RETIREMENT SYSTEM.*

23
24
25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
26

27 *SECTION 1. Arkansas Code § 24-10-603(a)(1)(B), concerning the annuity*
28 *options for the Arkansas Local Police and Fire Retirement System, is amended*
29 *to read as follows:*

30 *(B) The reduced annuity shall be ninety-six percent (96%)*
31 *of the life annuity if the first payment due date is before July 1, 2001, or*
32 *ninety-seven percent (97%) of the life annuity if the first payment due date*
33 *is on or after July 1, 2001, or one hundred percent (100%) of the life*
34 *annuity if the first payment due date is on or after July 1, 2003.*

35
36 *SECTION 2. Arkansas Code § 24-10-603(a)(2)(B), concerning the annuity*



1 options for the Arkansas Local Police and Fire Retirement System, is amended
2 to read as follows:

3 (B) The reduced annuity shall be ninety percent (90%) of
4 the life annuity if the first payment due date is before July 1, 2001, or
5 ninety-five percent (95%) of the life annuity if the first payment due date
6 is on or after July 1, 2001, or ninety-eight percent (98%) of the life
7 annuity if the first payment due date is on or after July 1, 2003.

8
9 SECTION 3. Arkansas Code § 24-10-603(a)(3), concerning the annuity
10 options for the Arkansas Local Police and Fire Retirement System, is amended
11 to read as follows:

12 (3) Option B50 - Fifty Percent (50%) Survivor Beneficiary
13 Annuity.

14 (A)(i) Under Option B50, the retirant shall be paid a
15 reduced annuity for life with the provision that upon the retirant's death,
16 one-half (1/2) of the reduced annuity shall be continued throughout the
17 future lifetime of and paid to such person as the retirant shall have
18 designated in writing and filed with the board before his or her annuity
19 starting date.

20 (ii) However, the person must be either the
21 retirant's spouse for not less than one (1) year immediately preceding the
22 first payment due date, ~~or~~ another person aged forty (40) or older receiving
23 more than one-half (1/2) support from the retirant for not less than one (1)
24 year immediately preceding the first payment due date, or a dependent child
25 as defined under § 24-10-102(11)(B)(ii).

26 (B) If the first payment due date is before July 1, 2001,
27 the reduced annuity to the retirant shall be eighty-five percent (85%) if the
28 retirant's age and his or her beneficiary's age are the same on the first
29 payment due date, which shall be decreased by one-half of one percent (0.5%)
30 for each year that the beneficiary's age is less than the retirant's age or
31 which shall be increased by one-half of one percent (0.5%) up to a maximum of
32 ninety-five percent (95%) for each year that the beneficiary's age is more
33 than the retirant's age.

34 (C) If the first payment due date is on or after July 1,
35 2001, the reduced annuity to the retirant shall be ninety-one percent (91%)
36 if the retirant's age and his or her beneficiary's age are the same on the

1 first payment due date, which shall be decreased by one-half of one percent
 2 (0.5%) for each year that the beneficiary's age is less than the retirant's
 3 age or which shall be increased by one-half of one percent (0.5%) up to a
 4 maximum of ninety-five percent (95%) for each year that the beneficiary's age
 5 is more than the retirant's age.

6 (D) If the first payment due date is on or after July 1,
 7 2003, the reduced annuity to the retirant shall be ninety-four percent (94%)
 8 if the retirant's age and the retirant's beneficiary's age are the same on
 9 the first payment due date, which shall be decreased by five-tenths of one
 10 percent (0.5%) for each year that the beneficiary's age is less than the
 11 retirant's age or which shall be increased by five-tenths of one percent
 12 (0.5%) up to a maximum of ninety-eight percent (98%) for each year that the
 13 beneficiary's age is more than the retirant's age.

14
 15 SECTION 4. Arkansas Code § 24-10-603(a)(4), concerning the annuity
 16 options for the Arkansas Local Police and Fire Retirement System, is amended
 17 to read as follows:

18 (4) Option B75 - Seventy-Five Percent (75%) Survivor Beneficiary
 19 Annuity.

20 (A)(i) Under Option B75, the retirant shall be paid a
 21 reduced annuity for life with the provision that upon the retirant's death,
 22 three-quarters (3/4) of the reduced annuity shall be continued throughout the
 23 future lifetime of and paid to such person as the retirant shall have
 24 designated in writing and filed with the board before the retirant's annuity
 25 starting date.

26 (ii) However, the person must be either the
 27 retirant's spouse for not less than one (1) year immediately preceding the
 28 first payment due date or another person aged forty (40) or older receiving
 29 more than one-half (1/2) support from the retirant for not less than one (1)
 30 year immediately preceding the first payment due date, or a dependent child
 31 as defined under § 24-10-102(11)(B)(ii).

32 (B) If the first payment due date is before July 1, 2001,
 33 the reduced annuity to the retirant shall be eighty percent (80%) if the
 34 retirant's age and his or her beneficiary's age are the same on the first due
 35 date, which shall be decreased by three-quarters of one percent (0.75%) for
 36 each year that the beneficiary's age is less than the retirant's age or which

1 shall be increased by three-quarters of one percent (0.75%) up to a maximum
 2 of ninety percent (90%) for each year that the beneficiary's age is more than
 3 the retirant's age.

4 (C) If the first payment due date is on or after July 1,
 5 2001, the reduced annuity to the retirant shall be eighty-six percent (86%)
 6 if the retirant's age and his or her beneficiary's age are the same on the
 7 first payment due date, which shall be decreased by three-quarters of one
 8 percent (0.75%) for each year that the beneficiary's age is less than the
 9 retirant's age or which shall be increased by three-quarters of one percent
 10 (0.75%) up to a maximum of ninety percent (90%) for each year that the
 11 beneficiary's age is more than the retirant's age.

12 (D) If the first payment due date is on or after July 1,
 13 2003, the reduced annuity to the retirant shall be eighty-nine percent (89%)
 14 if the retirant's age and the retirant's beneficiary's age are the same on
 15 the first payment due date, which shall be decreased by seventy-five
 16 hundredths of one percent (0.75%) for each year that the beneficiary's age is
 17 less than the retirant's age or which shall be increased by seventy-five
 18 hundredths of one percent (0.75%) up to a maximum of ninety-four percent
 19 (94%) for each year that the beneficiary's age is more than the retirant's
 20 age.

21
 22 SECTION 5. Arkansas Code § 24-10-603(c), concerning the annuity
 23 options for the Arkansas Local Police and Fire Retirement System, is amended
 24 to read as follows:

25 (c) If a member does not elect an option, his or her annuity shall be
 26 paid him or her as ~~a life annuity~~ an Option A60 annuity provided for under
 27 subdivision (a)(1) of this section.

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 29 SECTION 6. EMERGENCY CLAUSE. It is found and determined by the
 30 General Assembly of the State of Arkansas that long term members of the
 31 Arkansas Local Police and Fire Retirement System are entitled to the maximum
 32 benefits under the system; that increases in annuity options will provide an
 33 added level of benefit for vital public safety employees covered under the
 34 system; that implementing the benefit option will be administratively most-
 35 efficient on July 1, 2003; and that because of this economy of scale and
 36 efficiency consideration for the retirement system this act should take

1 effect on July 1, 2003. Therefore, an emergency is declared to exist and this
2 act being necessary for the preservation of the public peace, health and
3 safety shall become effective on July 1, 2003.

4 /s/ R. Smith

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