

"AN ACT TO AMEND PARAGRAPH 3 OF SUBSECTION (a) OF SECTION 12 OF ACT 454 OF 1949, AS AMENDED [ARK. STAT. 76-1912(a)(3)], FOR THE ARKANSAS STATE HIGHWAY EMPLOYEES RETIREMENT SYSTEM TO PROVIDE AN OPTION CHANGE FOR RETIREES; AND FOR OTHER PURPOSES."

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

SECTION 1. Paragraph 3 of Subsection (a) of Section 12 of Act 454 of 1949, as amended, the same being Arkansas Statute 76-1912(a)(3), is hereby amended to read as follows:

"3. Before the date the first payment of an annuity becomes due but not thereafter, a person about to become a retirant may elect, in lieu of a straight life annuity as set forth in paragraph 1 of this Subsection, to have the annuity reduced and to nominate a beneficiary, as provided by Option A or Option B or a spouse in Option C as set forth below:

Option A. Under Option a, an annuity payable to the retirant shall be reduced to ninety per cent (90%) of the annuity otherwise payable and shall be paid to the retirant for life or for one hundred twenty (120) monthly payments whichever is longer. If the retirant dies before having received one hundred twenty (120) monthly payments of the reduced annuity, said reduced annuity to which the retirant would have been entitled, if living, shall be paid for the remainder of the one hundred twenty (120) month period to such person as the deceased retirant shall have nominated by written designation, duly executed and filed with the Board. If the beneficiary does not survive the retirant, the retirant may name another beneficiary or failing to name a beneficiary, the annuity reserve for such annuity for the remainder of the one hundred twenty (120) month period shall be paid to the retirant's estate, and if the beneficiary survives the retirant, but dies before the end of the one hundred twenty (120) month period, the annuity reserve for such annuity for the remainder of the one hundred twenty (120) month period shall be paid to the beneficiary's designated beneficiary.

Option B. Under Option B, an annuity payable to the retirant shall be reduced to eighty-five percent (85%) of the annuity otherwise payable if the retirant's age and his beneficiary's age are the same on the first payment due date, and the annuity shall be decreased by one-half (|) of one percent (0.5%) for each year or fraction thereof that the beneficiary's age is less than the retirant's age, or shall be increased by one half (|) of one percent (0.5%), up to a maximum of ninety-five percent (95%), for each year or fraction thereof that the beneficiary's age is more than the retirant's age. Upon the retirant's death, one half (|) of the reduced annuity to which the retirant would have been entitled, if living, shall be paid for the remainder of the life of the surviving beneficiary, if the beneficiary was either the retirant's spouse for at least two (2) years immediately preceding the first payment due date of the retired member's annuity, or another person age forty (40) years or older on such first payment due date receiving more than one-half (|) support from the retirant for at least two (2) years immediately preceding the first payment due date of the retired member's annuity. If both the retirant and his named beneficiary die before the annuity payments have amounted to the sum of the member's accumulated contributions and interest that is vested at date of retirement, the difference between the benefits paid and the member's contribution account at date of retirement, shall be paid to the estate of the person to whom the last annuity preceding death was paid.

If no annuities had been paid prior to the member's death, then the balance in the member's account shall be paid to the member's estate.

Provided, however, that should the eligible beneficiary of a member retirant who selected Option B, pre-decease the member retirant or divorce or other marriage dissolution occur, or should the beneficiary who is not a spouse cease to be a qualified beneficiary, then the retirant may, by written notification to the System, cancel Option B chosen at retirement, and return to a Straight Life annuity, to be effective the month following receipt of the notification by the System.

The Straight Life annuity so elected, shall then be the amount of the Option B annuity at date of notification, less any increase that is excluded from the base annuity, multiplied by a fraction the numerator of which is 100 and the denominator of which is the percentage of the Straight Life annuity that the retirant received at date of retirement, plus the non-base increase that was excluded in the computation. The effect of the foregoing shall be that the retirant's monthly annuity, after cancellation of Option B, shall be the same amount that it would have been had a Straight Life annuity been selected at date of retirement.

No further changes in benefit options for retirants shall be permitted.

Option C. Retirants who retired prior to March 10, 1971, and who have been married to their present spouses for no less than sixteen (16) years on March 10, 1985, may elect to cancel their 'Straight Life' annuity, by written notification to the System no later than six (6) months following the effective date of this Act, and elect Option C. The annuity for this option shall be effective from the first day of the month following receipt of notification of electing Option C.

Under Option C, the annuity payable to the retirant for the month preceding the electing of this Option shall be reduced to eighty-five percent (85%) if the retirant's date of birth and the retirant's spouse's date of birth are identical, and shall be decreased by one half of one percent (0.5%) for each year or fraction thereof that the retirant's spouse's age is less than the retirant's age, or shall be increased by one-half of one percent (0.5%), up to a maximum of ninety-five percent (95%), for each year or fraction thereof that the retirant's spouse's age is more than the retirant's age.

Upon the retirant's death, one-half (|) of the reduced monthly annuity that the retirant was receiving shall be paid to the beneficiary spouse for the remainder of her/his life.

Provided, however, that should the eligible beneficiary spouse predecease the member retirant or divorce or other marriage dissolution occur, then the retirant may, by written notification to the System, cancel Option C, and return to a Straight Life annuity, to be effective the month following receipt of the notification by the System.

The Straight Life annuity so elected, shall then be the amount of Option C at date of notification, less any increase that is excluded from the base annuity after the month Option C was elected, multiplied by a fraction the numerator of which is 100 and the denominator of which is the percentage of the annuity that the retirant received when first electing Option C, plus the non-base increase that was excluded in the computation. The effect of the foregoing shall be that the retirant's monthly annuity, after cancellation of Option C, shall be the same amount that it would have been had Option C not been selected.

Base annuity for those selecting Option C shall be the amount of the reduced annuity first received under Option C, plus any subsequent increases that are added to this amount before the 'Consumer Price Index' increase (as provided for in Section 12, hereof) is applied."

SECTION 2. REPEALING CLAUSE. All laws and parts of laws in conflict

with this Act are hereby repealed.

SECTION 3. EMERGENCY CLAUSE. The appointment of a beneficiary and changing of options should be made available to the retirants as expeditiously as possible and it is hereby found and determined by the General Assembly that this Act is immediately necessary to accomplish the same. Therefore, an emergency is hereby declared to exist, and this Act being necessary for the immediate preservation of the public peace, health and safety shall be in full force and effect from and after its passage and approval.

APPROVED: 3/19/87
