

Stricken language would be deleted from present law. Underlined language would be added to present law.

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

As Engrossed: H3/20/97

# A Bill

ACT 1022 OF 1997  
HOUSE BILL 1574

5 By: Representatives Faris and Rodgers  
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## 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."  
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18

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

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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.

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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.

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8 hereby repealed.

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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.

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*/s/Rep. Faris et al*

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APPROVED:4-02-97

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