

Stricken language would be deleted from and underlined language would be added to law as it existed prior to the 82nd General Assembly.

1 State of Arkansas
2 82nd General Assembly
3 Regular Session, 1999
4

As Engrossed: S2/8/99

A Bill

Act 312 of 1999
SENATE BILL 102

5 By: Senator Hopkins
6 By: Representative Faris
7
8

For An Act To Be Entitled

9
10 "AN ACT TO AMEND ARKANSAS CODE § 24-7-720 TO INCREASE
11 THE LUMP-SUM BENEFIT PAID TO THE SURVIVORS OF ACTIVE
12 AND RETIRED MEMBERS OF THE TEACHER RETIREMENT SYSTEM
13 (TRS) AND TO PROVIDE AN ADDITIONAL LUMP-SUM BENEFIT
14 FOR DEPENDENT CHILDREN OF DECEASED ACTIVE AND RETIRED
15 TRS MEMBERS; TO DECLARE AN EMERGENCY; AND FOR OTHER
16 PURPOSES. "

Subtitle

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19 "TO INCREASE THE LUMP-SUM BENEFIT PAID TO
20 THE SURVIVORS OF MEMBERS OF THE TEACHER
21 RETIREMENT SYSTEM (TRS) AND TO GIVE A
22 BENEFIT TO DEPENDENT CHILDREN. "

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

26
27 SECTION 1. Arkansas Code § 24-7-720 is amended to read as follows:

28 "24-7-720. Lump-sum benefit.

29 (a)(1) If an active member of the Arkansas Teacher Retirement System
30 with five (5) or more years of credited service, including credited service
31 for the year immediately preceding his death, dies in employer service before
32 retirement, then a lump sum of up to ~~seven thousand five hundred dollars~~
33 ~~(\$7,500)~~ ten thousand dollars (\$10,000) shall be paid to such persons as he or
34 she shall have nominated by written designation duly executed and filed with
35 the board of trustees. If there are no designated persons surviving the
36 member, the lump sum shall be paid in the following statutory succession:

1 spouse, children, parents, estate.

2 (2) If the member had only noncontributory credited service then
3 the lump sum shall be up to ~~five thousand dollars (\$5,000)~~ six thousand six
4 hundred and sixty-seven dollars (\$6,667).

5 (3) If upon his death, the member had a ~~mixture~~ combination of
6 credited service of both contributory and noncontributory, the lump sum will
7 be prorated according to the relationship between his noncontributory credited
8 service and his total credited service.

9 (b)(1) Upon the death of a retirant whose annuity is paid by the
10 Arkansas Teacher Retirement System, a lump sum of up to ~~seven thousand five~~
11 ~~hundred dollars (\$7,500)~~ ten thousand dollars (\$10,000) shall be paid to such
12 persons as he or she shall have nominated by written designation duly executed
13 and filed with the board of trustees. If there are no designated persons
14 surviving the retirant, the lump sum shall be paid in the following statutory
15 succession: spouse, children, parents, estate.

16 (2) If the retirant had only noncontributory credited service,
17 then the lump sum shall be up to ~~five thousand dollars (\$5,000)~~ six thousand
18 six hundred and sixty-seven dollars (\$6,667).

19 (3) If upon his death, the retirant had a ~~mixture~~ combination of
20 credited service of both contributory and noncontributory, the lump sum will
21 be prorated according to the relationship between his noncontributory credited
22 service and his total credited service.

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

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

36 ~~(d)~~(e) No benefit enhancement provided for by this act shall be

1 implemented if it would cause the publicly supported retirement system's
2 unfunded actuarial accrued liabilities to exceed a thirty-year amortization.
3 No benefit enhancement provided for by this act shall be implemented by any
4 publicly supported system which has unfunded actuarial accrued liabilities
5 being amortized over a period exceeding thirty (30) years until the unfunded
6 actuarial accrued liability is reduced to a level less than the standards
7 prescribed by § 24-1-101 et seq.

8 ~~(e)~~(f) The board of trustees shall implement this benefit provision for
9 lump-sum payments by either making the lump-sum payments directly from the
10 system or by purchasing a group life insurance policy for the benefit of
11 system members, whichever is the most cost effective."
12

13 SECTION 2. No benefit enhancement provided for by this act shall be
14 implemented if it would cause the publicly supported retirement system's
15 unfunded actuarial accrued liabilities to exceed a thirty (30) year
16 amortization. No benefit enhancement provided for by this act shall be
17 implemented by any publicly supported system which has unfunded actuarial
18 accrued liabilities being amortized over a period exceeding thirty (30) years
19 until the unfunded actuarial accrued liability is reduced to a level less than
20 the standards prescribed by Arkansas Code, Title 24.
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22 SECTION 3. All provisions of this act of a general and permanent nature
23 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
24 Revision Commission shall incorporate the same in the Code.
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26 SECTION 4. If any provision of this act or the application thereof to
27 any person or circumstance is held invalid, such invalidity shall not affect
28 other provisions or applications of the act which can be given effect without
29 the invalid provision or application, and to this end the provisions of this
30 act are declared to be severable.
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32 SECTION 5. All laws and parts of laws in conflict with this act are
33 hereby repealed.
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35 SECTION 6. EMERGENCY CLAUSE. It is hereby found and determined by the
36 Eighty-second General Assembly that deceased members of the Teacher Retirement

1 System leave families in need of financial support and that there is a
2 necessity of financial stability for families during this time of crisis and
3 the death benefit provisions should be increased, and that increasing the
4 death benefit provisions of the retirement system can most effectively be
5 managed at the beginning of the state's fiscal year and therefore this act
6 should have effect immediately with the beginning of the state's fiscal year.
7 Therefore, an emergency is declared to exist and this act being immediately
8 necessary for the preservation of the public peace, health and safety shall
9 become effective on July 1, 1999.

10 /s/ Hopkins

13 APPROVED: 2/25/1999

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