

"AN ACT TO AUTHORIZE BANKS TO CREATE AND ACCEPT DEPOSITS IN DEFERRED INCOME INVESTMENT ACCOUNTS, AND OTHER PURPOSES."

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

SECTION 1. Banks may create and open on behalf of depositors Deferred Income Investment Accounts of the following type:

- (a) The depositor makes a deposit of a lump sum and the bank agrees to pay the depositor an agreed monthly or annual payment for life or for a term certain beginning immediately or at some time in the future.
- (b) The depositor makes a deposit periodically on an agreed basis and the bank agrees to pay the depositor, on a periodic basis beginning at some time in the future for life or a term certain, an agreed monthly or annual payment.

SECTION 2. The depositor and the bank may agree that:

- (a) a partial refund of the deposit may occur upon specified events, or no refund may occur;
- (b) the depositor may elect to stop payments from the bank for a term;
- (c) the payments may go to designated beneficiaries in all cases both before and after death of the depositor;
- (d) the amount of the payments to the bank and to the depositor will be fixed for the term agreed upon or that the payment to the depositor will be determined by an index or criteria beyond the control of the depositor or bank.

SECTION 3. The Bank Commissioner of the state shall promulgate rules and regulations as may be necessary and proper to carry out the intent and purpose of this Act, and to issue cease and desist orders to any state banks, trust company or savings banks under his jurisdiction found to be violating this Act or the rules and regulations promulgated by the Commissioner. Such rules and regulations shall incorporate, where applicable, Sections 324-331 of Act No. 148 of 1959 as amended.

SECTION 4. The Deferred Income Investment Accounts allowed herein shall be exempt from Sections 7 and 15 of Act 254 of 1959 as amended.

SECTION 5. It is the intent of this Act that distributions from such Deferred Income Investment Accounts be treated as non-taxable to the greatest extent possible under Section 72 of the Internal Revenue Code of 1987.

SECTION 6. The term "bank" shall be construed to be any institution or entity organized under Act No. 113 of 1913 as amended.

SECTION 7. The provisions of this Act shall be deemed to be severable. If any one or more of the provisions of this Act, or the application thereof to any person or circumstance shall be held by any court of competent jurisdiction to be invalid or to be inapplicable, such holding shall not affect the validity or applicability of the remainder of the provisions of this Act.

SECTION 8. All Acts and parts of Acts which are inconsistent with the provisions of this Act are hereby repealed.

APPROVED: 4/1/87

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