

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 83rd General Assembly
3 Regular Session, 2001
4

A Bill

Act 769 of 2001
SENATE BILL 231

5 By: Senator Faris
6
7

For An Act To Be Entitled

9 AN ACT TO AMEND ARKANSAS CODE 24-10-603 TO INCREASE
10 THE ANNUITY OPTION AMOUNTS FOR SPOUSAL COVERAGE UNDER
11 THE LOCAL POLICE AND FIRE RETIREMENT SYSTEM; TO
12 DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.
13

Subtitle

14 TO INCREASE THE ANNUITY OPTION AMOUNTS
15 FOR SPOUSAL COVERAGE UNDER THE LOCAL
16 POLICE AND FIRE RETIREMENT SYSTEM.
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20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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22 SECTION 1. Arkansas Code 24-10-603 is amended to read as follows:
23 24-10-603. Annuity options.

24 (a) Before the date the first payment of his annuity becomes due, but
25 not thereafter, a member may elect in writing to receive his annuity as a life
26 annuity or he may elect to have his life annuity reduced, excepting any
27 temporary annuity which may be payable. The member may nominate a beneficiary
28 in accordance with the provisions of one of the following options:

29 (1) Option A60 - Sixty (60) Months Certain and Life Annuity.

30 Under Option A60, the retirant shall be paid a reduced annuity for life with
31 the provision that, if the retirant's death occurs before sixty (60) monthly
32 payments have been made, the full reduced annuity shall continue to be paid
33 for the remainder of the sixty (60) months to such persons, and in such
34 shares, as the retirant shall have designated in writing and filed with the
35 board. If there is no payee surviving, the lump sum actuarial equivalent of
36 the remaining monthly payments shall be paid to the estate of the last

1 survivor among the retirant and the designated persons. The reduced annuity
 2 shall be ninety-six percent (96%) of the life annuity if the first payment due
 3 date is before July 1, 2001, or ninety-seven percent (97%) of the life annuity
 4 if the first payment due date is on or after July 1, 2001.

5 (2) Option A120 - One Hundred Twenty (120) Months Certain and
 6 Life Annuity. Under Option A120, the retirant shall be paid a reduced annuity
 7 for life with the provision that, if the retirant's death occurs before one
 8 hundred twenty (120) monthly payments have been made, the full reduced annuity
 9 shall continue to be paid for the remainder of the one hundred twenty (120)
 10 months to such persons, and in such shares, as the retirant shall have
 11 designated in writing and filed with the board. If there is no payee
 12 surviving, the lump sum actuarial equivalent of the remaining monthly payments
 13 shall be paid to the estate of the last survivor among the retirant and the
 14 designated persons. The reduced annuity shall be ninety percent (90%) of the
 15 life annuity if the first payment due date is before July 1, 2001, or ninety-
 16 five percent (95%) of the life annuity if the first payment due date is on or
 17 after July 1, 2001.

18 (3) Option B50 - Fifty Percent (50%) Survivor Beneficiary
 19 Annuity. Under Option B50, the retirant shall be paid a reduced annuity for
 20 life with the provision that upon his death, one-half (1/2) of the reduced
 21 annuity shall be continued throughout the future lifetime of, and paid to,
 22 such person as the retirant shall have designated in writing and filed with
 23 the board before his annuity starting date. However, the person must be either
 24 his spouse for not less than one (1) year immediately preceding the first
 25 payment due date, or another person aged forty (40) years or older receiving
 26 more than one-half (1/2) support from the retirant for not less than one (1)
 27 year immediately preceding the first payment due date. ~~The~~ If the first
 28 payment due date is before July 1, 2001, the reduced annuity to the retirant
 29 shall be eighty-five percent (85%) if the retirant's age and his beneficiary's
 30 age are the same on the first payment due date, which shall be decreased by
 31 one-half of one percent (0.5%) for each year that the beneficiary's age is
 32 less than the retirant's age, or which shall be increased by one-half of one
 33 percent (0.5%), up to a maximum of ninety-five percent (95%), for each year
 34 that the beneficiary's age is more than the retirant's age. If the first
 35 payment due date is on or after July 1, 2001, the reduced annuity to the
 36 retirant shall be ninety-one percent (91%) if the retirant's age and his

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

7 (4) Option B75 - Seventy-Five Percent (75%) Survivor Beneficiary
 8 Annuity. Under Option B75, the retirant shall be paid a reduced annuity for
 9 life with the provision that upon his death, three-quarters (3/4) of the
 10 reduced annuity shall be continued throughout the future lifetime of, and paid
 11 to, such person as the retirant shall have designated in writing and filed
 12 with the board before his annuity starting date. However, the person must be
 13 either his spouse for not less than one (1) year immediately preceding the
 14 first payment due date, or another person aged forty (40) years or older
 15 receiving more than one-half (1/2) support from the retirant for not less than
 16 one (1) year immediately preceding the first payment due date. ~~The~~ If the
 17 first payment due date is before July 1, 2001, the reduced annuity to the
 18 retirant shall be eighty percent (80%) if the retirant's age and his
 19 beneficiary's age are the same on the first due date, which shall be decreased
 20 by three-quarters of one percent (0.75%) for each year that the beneficiary's
 21 age is less than the retirant's age, or which shall be increased by three-
 22 quarters of one percent (0.75%), up to a maximum of ninety percent (90%), for
 23 each year that the beneficiary's age is more than the retirant's age. If the
 24 first payment due date is on or after July 1, 2001, the reduced annuity to the
 25 retirant shall be eighty-six percent (86%) if the retirant's age and his
 26 beneficiary's age are the same on the first payment due date, which shall be
 27 decreased by three-quarters of one percent (0.75%) for each year that the
 28 beneficiary's age is less than the retirant's age or which shall be increased
 29 by three-quarters of one percent (0.75%), up to a maximum of ninety percent
 30 (90%) for each year that the beneficiary's age is more than the retirant's
 31 age.

32 (b)(1) A death of the beneficiary, or the divorce or other marriage
 33 dissolution after retirement from a spouse designated as beneficiary, shall,
 34 at the written election of the retirant, cancel any optional plan elected at
 35 retirement to provide continuing lifetime benefits to the beneficiary and
 36 shall return the retirant to his single lifetime benefit equivalent, to be

1 effective the month following receipt of his election by the plan.

2 (2) A retirant who is receiving a single lifetime benefit and who
3 marries after retirement or within the one (1) year immediately preceding
4 retirement may elect to cancel his single lifetime benefit and to elect an
5 optional plan providing continuing lifetime benefits to his spouse, but only
6 if the election is on a form approved by the board and is received by the
7 board not earlier than one (1) year after the date of the marriage, and not
8 later than eighteen (18) months thereafter.

9 (3) The election shall be effective the first day of the month
10 following its receipt.

11 (c) If a member does not elect an option, his annuity shall be paid him
12 as a life annuity.

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14 SECTION 2. [THE ARKANSAS CODE REVISION COMMISSION IS NOT REQUIRED TO
15 CODIFY THIS SECTION.] No benefit enhancement provided for by this act shall
16 be implemented if it would cause the publicly supported retirement system's
17 unfunded actuarial accrued liabilities to exceed a thirty (30) year
18 amortization. No benefit enhancement provided for by this act shall be
19 implemented by any publicly supported system which has unfunded actuarial
20 accrued liabilities being amortized over a period exceeding thirty (30) years
21 until the unfunded actuarial accrued liability is reduced to a level less than
22 the standards prescribed by Arkansas Code, Title 24.

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24 SECTION 3. Emergency Clause. It is found and determined by the General
25 Assembly of the State of Arkansas that the annuity options available to
26 retirants of the Local Police and Fire Retirement System do not adequately pay
27 retirants for their earned benefits; that the annuity reductions are too great
28 based on the true actuarial costs of the risks for beneficiary coverage; that
29 the retirant's annuity options should be increased to relieve those excessive
30 costs; and that it is necessary to implement these changes at the beginning of
31 the state's fiscal year. Therefore an emergency is declared to exist and this
32 act being immediately necessary for the preservation of the public peace,
33 health and safety shall become effective on July 1, 2001.

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36 APPROVED: 3/14/2001