

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 84th General Assembly
3 Regular Session, 2003
4

As Engrossed: H2/7/03 H3/4/03

A Bill

Act 473 of 2003
HOUSE BILL 1121

5 By: Representative R. Smith
6 By: Senator J. Jeffress
7
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For An Act To Be Entitled

10 AN ACT TO CHANGE THE ASSUMED ANNUITY OPTION FROM
11 A STRAIGHT-LIFE TO A SIXTY-MONTH CERTAIN ANNUITY
12 AND TO CHANGE THE REDUCTION PERCENTAGES FOR THE
13 AVAILABLE ANNUITY OPTIONS FOR THE ARKANSAS LOCAL
14 POLICE AND FIRE RETIREMENT SYSTEM; AND FOR OTHER
15 PURPOSES.

Subtitle

16 TO CHANGE THE ASSUMED ANNUITY OPTION
17 FROM A STRAIGHT-LIFE TO A SIXTY-MONTH
18 CERTAIN ANNUITY AND TO CHANGE THE
19 REDUCTION PERCENTAGES FOR THE ANNUITY
20 OPTIONS UNDER THE LOCAL POLICE AND FIRE
21 RETIREMENT SYSTEM.
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25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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27 SECTION 1. Arkansas Code § 24-10-603(a)(1), concerning the annuity
28 options for the Arkansas Local Police and Fire Retirement System, is amended
29 to read as follows:

30 (a) Before the date the first payment of a member's annuity becomes
31 due, but not thereafter, a member may elect in writing to receive his or her
32 annuity as ~~a life annuity~~ an Option A60 annuity under this section or the
33 member may elect to have his or her life annuity reduced, excepting any
34 temporary annuity which may be payable. The member may nominate a beneficiary
35 in accordance with the provisions of one (1) of the following options:

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



1 (A)(i) Under Option A60, the retirant shall be paid a
2 reduced annuity for life with the provision that if the retirant's death
3 occurs before sixty (60) monthly payments have been made, the full reduced
4 annuity shall continue to be paid for the remainder of the sixty (60) months
5 to such persons and in such shares as the retirant shall have designated in
6 writing and filed with the Board of Trustees of the Arkansas Local Police and
7 Fire Retirement System.

8 (ii) If there is no payee surviving, the lump sum
9 actuarial equivalent of the remaining monthly payments shall be paid to the
10 estate of the last survivor among the retirant and the designated persons.

11 (B) The reduced annuity shall be ninety-six percent (96%)
12 of the life annuity if the first payment due date is before July 1, 2001, or
13 ninety-seven percent (97%) of the life annuity if the first payment due date
14 is on or after July 1, 2001, or one hundred percent (100%) of the life
15 annuity if the first payment due date is on or after July 1, 2003.

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17 SECTION 2. Arkansas Code § 24-10-603(a)(2)(B), concerning the annuity
18 options for the Arkansas Local Police and Fire Retirement System, is amended
19 to read as follows:

20 (B) The reduced annuity shall be ninety percent (90%) of
21 the life annuity if the first payment due date is before July 1, 2001, or
22 ninety-five percent (95%) of the life annuity if the first payment due date
23 is on or after July 1, 2001, or ninety-eight percent (98%) of the life
24 annuity if the first payment due date is on or after July 1, 2003.

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26 SECTION 3. Arkansas Code § 24-10-603(a)(3), concerning the annuity
27 options for the Arkansas Local Police and Fire Retirement System, is amended
28 to read as follows:

29 (3) Option B50 - Fifty Percent (50%) Survivor Beneficiary
30 Annuity.

31 (A)(i) Under Option B50, the retirant shall be paid a
32 reduced annuity for life with the provision that upon the retirant's death,
33 one-half (1/2) of the reduced annuity shall be continued throughout the
34 future lifetime of and paid to such person as the retirant shall have
35 designated in writing and filed with the board before his or her annuity
36 starting date.

1 (ii) However, the person must be either the
2 retirant's spouse for not less than one (1) year immediately preceding the
3 first payment due date, ~~or another person aged forty (40) and older~~ receiving
4 more than one-half (1/2) support from the retirant for not less than one (1)
5 year immediately preceding the first payment due date, or a dependent child
6 as defined under § 24-10-102(11)(B)(ii).

7 (B) If the first payment due date is before July 1, 2001,
8 the reduced annuity to the retirant shall be eighty-five percent (85%) if the
9 retirant's age and his or her beneficiary's age are the same on the first
10 payment due date, which shall be decreased by one-half of one percent (0.5%)
11 for each year that the beneficiary's age is less than the retirant's age or
12 which shall be increased by one-half of one percent (0.5%) up to a maximum of
13 ninety-five percent (95%) for each year that the beneficiary's age is more
14 than the retirant's age.

15 (C) If the first payment due date is on or after July 1,
16 2001, the reduced annuity to the retirant shall be ninety-one percent (91%)
17 if the retirant's age and his or her beneficiary's age are the same on the
18 first payment due date, which shall be decreased by one-half of one percent
19 (0.5%) for each year that the beneficiary's age is less than the retirant's
20 age or which shall be increased by one-half of one percent (0.5%) up to a
21 maximum of ninety-five percent (95%) for each year that the beneficiary's age
22 is more than the retirant's age.

23 (D) If the first payment due date is on or after July 1,
24 2003, the reduced annuity to the retirant shall be ninety-four percent (94%)
25 if the retirant's age and the retirant's beneficiary's age are the same on
26 the first payment due date, which shall be decreased by five-tenths of one
27 percent (0.5%) for each year that the beneficiary's age is less than the
28 retirant's age or which shall be increased by five-tenths of one percent
29 (0.5%) up to a maximum of ninety-eight percent (98%) for each year that the
30 beneficiary's age is more than the retirant's age.

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32 SECTION 4. Arkansas Code § 24-10-603(a)(4), concerning the annuity
33 options for the Arkansas Local Police and Fire Retirement System, is amended
34 to read as follows:

35 (4) Option B75 - Seventy-Five Percent (75%) Survivor Beneficiary
36 Annuity.

1 (A)(i) Under Option B75, the retirant shall be paid a
2 reduced annuity for life with the provision that upon the retirant's death,
3 three-quarters (3/4) of the reduced annuity shall be continued throughout the
4 future lifetime of and paid to such person as the retirant shall have
5 designated in writing and filed with the board before the retirant's annuity
6 starting date.

7 (ii) However, the person must be either the
8 retirant's spouse for not less than one (1) year immediately preceding the
9 first payment due date or another person ~~aged forty (40) and older~~ receiving
10 more than one-half (1/2) support from the retirant for not less than one (1)
11 year immediately preceding the first payment due date, or a dependent child
12 as defined under § 24-10-102(11)(B)(ii).

13 (B) If the first payment due date is before July 1, 2001,
14 the reduced annuity to the retirant shall be eighty percent (80%) if the
15 retirant's age and his or her beneficiary's age are the same on the first due
16 date, which shall be decreased by three-quarters of one percent (0.75%) for
17 each year that the beneficiary's age is less than the retirant's age or which
18 shall be increased by three-quarters of one percent (0.75%) up to a maximum
19 of ninety percent (90%) for each year that the beneficiary's age is more than
20 the retirant's age.

21 (C) If the first payment due date is on or after July 1,
22 2001, the reduced annuity to the retirant shall be eighty-six percent (86%)
23 if the retirant's age and his or her beneficiary's age are the same on the
24 first payment due date, which shall be decreased by three-quarters of one
25 percent (0.75%) for each year that the beneficiary's age is less than the
26 retirant's age or which shall be increased by three-quarters of one percent
27 (0.75%) up to a maximum of ninety percent (90%) for each year that the
28 beneficiary's age is more than the retirant's age.

29 (D) If the first payment due date is on or after July 1,
30 2003, the reduced annuity to the retirant shall be eighty-nine percent (89%)
31 if the retirant's age and the retirant's beneficiary's age are the same on
32 the first payment due date, which shall be decreased by seventy-five
33 hundredths of one percent (0.75%) for each year that the beneficiary's age is
34 less than the retirant's age or which shall be increased by seventy-five
35 hundredths of one percent (0.75%) up to a maximum of ninety-four percent
36 (94%) for each year that the beneficiary's age is more than the retirant's

1 age.

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3 SECTION 5. Arkansas Code § 24-10-603(c), concerning the annuity
4 options for the Arkansas Local Police and Fire Retirement System, is amended
5 to read as follows:

6 (c) If a member does not elect an option, his or her annuity shall be
7 paid him or her as ~~a life annuity~~ an Option A60 annuity provided for under
8 subdivision (a)(1) of this section.

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10 SECTION 6. EMERGENCY CLAUSE. It is found and determined by the
11 General Assembly of the State of Arkansas that long term members of the
12 Arkansas Local Police and Fire Retirement System are entitled to the maximum
13 benefits under the system; that increases in annuity options will provide an
14 added level of benefit for vital public safety employees covered under the
15 system; that implementing the benefit option will be administratively most-
16 efficient on July 1, 2003; and that because of this economy of scale and
17 efficiency consideration for the retirement system this act should take
18 effect on July 1, 2003. Therefore, an emergency is declared to exist and this
19 act being necessary for the preservation of the public peace, health and
20 safety shall become effective on July 1, 2003.

21 /s/ R. Smith

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24 APPROVED: 3/18/2003
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