

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.
Act 296 of the Regular Session

1 State of Arkansas
2 86th General Assembly
3 Regular Session, 2007

A Bill

HOUSE BILL 1188

4
5 By: Representative Harris
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For An Act To Be Entitled

8
9 AN ACT CONCERNING LUMP SUM BENEFIT PAYMENTS TO
10 MEMBERS OF THE ARKANSAS TEACHER RETIREMENT
11 SYSTEM; AND FOR OTHER PURPOSES.
12

Subtitle

13
14 AN ACT CONCERNING LUMP SUM BENEFIT
15 PAYMENTS TO MEMBERS OF THE ARKANSAS
16 TEACHER RETIREMENT SYSTEM.
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19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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21 SECTION 1. Arkansas Code § 24-7-720 is amended to read as follows:

22 24-7-720. Lump-sum benefit.

23 (a)(1)(A) If prior to July 1, 2007, an active member of the Arkansas
24 Teacher Retirement System with five (5) or more years of ~~credited actual~~
25 service, including ~~credited actual~~ service for the year immediately preceding
26 the member's death, dies in employer service before retirement, then a lump
27 sum of up to ~~fifteen thousand dollars (\$15,000)~~ ten thousand dollars
28 (\$10,000) shall be paid to such persons as he or she shall have nominated by
29 written designation duly executed and filed with the Board of Trustees of the
30 Arkansas Teacher Retirement System.

31 (B) If on or after July 1, 2007, an active member of the
32 Arkansas Teacher Retirement system with ten (10) or more years of actual
33 service, including actual service for the year immediately preceding the
34 member's death, dies in employer service before retirement, then a lump sum
35 of up to ten thousand dollars (\$10,000) shall be paid to such persons as he



1 or she shall have nominated by written designation duly executed and filed
 2 with the board.

3 ~~(B)~~(C) If there are no designated persons surviving the
 4 member, the lump sum shall be paid in the following statutory succession:

- 5 (i) Spouse; then
- 6 (ii) Children; then
- 7 (iii) Parents; then
- 8 (iv) Estate.

9 ~~(C)~~(D) Effective for members dying after June 30, 2006, if
 10 there are no designated persons surviving the member, the lump sum shall be
 11 paid to the member's estate.

12 (2) If the member had only noncontributory ~~credited~~ actual
 13 service, then the lump sum shall be up to ~~ten thousand (\$10,000)~~ six thousand
 14 six hundred and sixty-seven dollars (\$6,667).

15 (3) If upon his or her death the member had a combination of
 16 credited service of both contributory and noncontributory, the lump sum will
 17 be prorated according to the relationship between the member's
 18 noncontributory credited service and his or her total credited service.

19 (b)(1)(A) Upon the death of a retirant whose annuity is paid by the
 20 system and, effective July 1, 2007, who had ten (10) or more years of actual
 21 service, a lump sum of up to ~~fifteen~~ ten thousand dollars ~~(\$15,000)~~ (\$10,000)
 22 shall be paid to such persons as he or she shall have nominated by written
 23 designation duly executed and filed with the board.

24 (B) If there are no designated persons surviving the
 25 retirant, the lump sum shall be paid in the following statutory succession:

- 26 (i) Spouse; then
- 27 (ii) Children; then
- 28 (iii) Parents; then
- 29 (iv) Estate.

30 (C) Effective for retirants dying after June 30, 2006, if
 31 there are no designated persons surviving the retirant, the lump sum shall be
 32 paid to the retirant's estate.

33 (2) If the retirant had only noncontributory ~~credited~~ actual
 34 service, then the lump sum shall be up to ~~ten thousand (\$10,000)~~ six thousand
 35 six hundred sixty-seven dollars (\$6,667).

36 (3) If upon his or her death the retirant had a combination of

1 credited service of both contributory and noncontributory, the lump sum will
 2 be prorated according to the relationship between the member's
 3 noncontributory credited service and his or her total credited service.

4 ~~(e) In addition to the benefits provided in subsections (a) and (b) of~~
 5 ~~this section, each surviving dependent child shall be paid a lump sum of ten~~
 6 ~~thousand dollars (\$10,000) upon the death of either an active member or~~
 7 ~~retirant.~~

8 ~~(d)(c)~~ The exact amount of the lump-sum payments shall be set annually
 9 by rules and regulations of the board as it determines is actuarially
 10 appropriate for the system. The board is authorized by this subsection to set
 11 the level of these benefits to the current members and retirants where the
 12 ratio between the contributory and noncontributory benefits are maintained at
 13 a three-to-two (3:2) ratio and to a level to match the benefits that the
 14 board finds are appropriate for the actuarial soundness of the system.

15 (d)(1) For determining eligibility for the lump-sum death benefit under
 16 this section, "actual service" means service rendered in a position covered
 17 by the system.

18 (2) "Actual service" does not include purchased or free credited
 19 service or reciprocal service.

20 (e) No benefit enhancement provided for by this section shall be
 21 implemented if it would cause the publicly supported retirement system's
 22 unfunded actuarial accrued liabilities to exceed a thirty-year amortization.
 23 No benefit enhancement provided for by this section shall be implemented by
 24 any publicly supported system which has unfunded actuarial accrued
 25 liabilities being amortized over a period exceeding thirty (30) years until
 26 the unfunded actuarial accrued liability is reduced to a level less than the
 27 standards prescribed by § 24-1-101 et seq.

28 (f) The board shall implement this benefit provision for lump-sum
 29 payments by either making the lump-sum payments directly from the system or
 30 by purchasing a group life insurance policy for the benefit of system
 31 members, whichever is the most cost effective.

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 33 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the
 34 General Assembly of the State of Arkansas that the current laws applicable to
 35 the Arkansas Teacher Retirement System regarding lump sum benefit payments
 36 require revision; that revisions are necessary to ensure the effective and

1 efficient operation of the system; and that the most effective time to make
2 changes to the retirement system is at the beginning of the state's fiscal
3 year. Therefore, an emergency is declared to exist and this act being
4 immediately necessary for the preservation of the public peace, health, and
5 safety shall become effective on July 1, 2007.

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7 APPROVED: 3/16/2007
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