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24 CAR § 1-213. DROP provisions.

(a) Contributions to DROP account.

(1)(A) For a member who has thirty (30) or more years of actual service, the contribution shall:

(i) Be seventy-five percent (75%) of the member's computed benefit after election of a straight life or option benefit, as required by Subchapter 8 of Chapter 3 of Title 24 of the Arkansas Code; and

(ii) Include the temporary annuity, if applicable.

(B) For a member who has twenty-eight (28) years but less than thirty (30) years of actual service, the contribution shall be seventy-five percent (75%) reduced by five-tenths percent (0.5%) for each month that the DROP election precedes the date the member would complete thirty (30) years of actual service.

(2) Contributions to the account shall be increased for COLAs and ad hoc increases granted to retirees.

(b) Interest on the DROP account.

(1) Interest shall be credited monthly and compounded annually to the date of actual retirement.

(2) The Board of Trustees of the Arkansas Public Employees' Retirement System:

(A) Shall reevaluate the DROP interest rate annually at its regular February meeting; and

(B) May modify it by a simple majority vote without promulgating additional rules.

(c) DROP payment methods.

(1) The member may elect a lump sum or an annuity that concludes at the completion of twenty-five (25) years.

(2)(A) The member may select a combination of lump sum, rollover, and annuity, never to exceed the total amount of the DROP accrual.

(B) If the member elects a lump sum, the member may request that the lump sum be transferred to another qualified plan in a trustee-to-trustee transfer.

(C)(i) If the member elects a monthly annuity, the monthly amount shall remain constant for the twenty-five-year term.

(ii) That is, COLAs and ad hoc increases will not be added to this monthly annuity and the balance in the account will not earn interest after the effective date of retirement.

(d) Death of a DROP participant.

(1) In the event a DROP participant dies during the period of participation, the benefit payable from the Arkansas Public Employees' Retirement System shall be determined as though the participant had separated from service and been found eligible for monthly benefits by the board on the day prior to the death, with death following immediately thereafter (per Acts 1997, No. 1052).

(2) The balance in the DROP account shall be paid to the designated beneficiary

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or to the member's estate if no designated beneficiary survives or is named.

(e) Death of a retiree receiving a monthly annuity from DROP.

(1) Upon the death of a retiree who was receiving a monthly annuity from the DROP:

(A) The DROP annuity will be treated as if it had been a straight life benefit; and

(B) The undistributed remaining balance in the DROP account, if any, will be paid to the designated beneficiary.

(2) The regular monthly retirement benefit will be treated according to the election made by the retiree at his or her entry into the DROP.

(f) Failure to terminate covered employment within the maximum allowable time from DROP entry.

(1) If a DROP participant fails to terminate employment within ten (10) years of entry into the DROP, the participant shall forfeit the balance in the DROP account.

(2)(A) The participant's employer shall be required to pay all contributions, with interest, that would have been paid on behalf of the member had he or she not participated in the DROP.

(B) The employer will acknowledge this requirement on the member's application for participation in the DROP.

(3)(A) However, a DROP participant also enrolled in the Arkansas Teacher Retirement System T-DROP due to reciprocal service credit shall be permitted to keep the accrued balance on account with the Arkansas Public Employees' Retirement System until completion of the term of the Arkansas Teacher Retirement System T-DROP.

(B) No interest shall be paid on such balances.

(C) COLAs will continue to be paid.

(g) Review of provisions.

(1)(A) The provisions of the DROP program will be reviewed periodically, as determined to be necessary by the Board.

(B), The contribution and interest rate provisions may be adjusted prospectively as the board considers such action to be actuarially appropriate.

(2) A member whose DROP participation has ceased shall not be prohibited from thereafter seeking and taking a publicly-elected office that otherwise is covered under the Arkansas Public Employees' Retirement System but that member shall not be eligible to rejoin the Arkansas Public Employees' Retirement System.

(h) DROP provisions for members called to active duty.

(1) Generally.

(A)(i) A DROP participant who is called to active duty will provide the Arkansas Public Employees' Retirement System with a copy of his or her orders that will be maintained in the member's file.

(ii) A copy of the orders will be utilized to verify the date that the member is called to active duty.

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(B)(i) The employer will continue to report the DROP participant on the monthly DROP report.

(ii) The employer representative will indicate that the member is on military leave.

(C) When the member is released from active duty, he or she will submit a copy of the DD214 Form or other appropriate documents to the Arkansas Public Employees' Retirement System to verify that the member has returned to covered employment, been released from active duty, or both.

(2) Maximum participation period.

(A) A DROP participant who is on active duty shall continue to receive his or her monthly DROP payment (which includes any benefit enhancements awarded to eligible retirees) until the maximum allowable time in the DROP has occurred or the member requests retirement and distribution of his or her DROP account, whichever occurs first.

(B)(i) If the member has participated in the DROP for at least five (5) years, he or she must:

(a) Complete a retirement application packet and DROP distribution form or forms prior to his or her departure for active duty; and

(b) Deliver the completed forms to the Arkansas Public Employees' Retirement System office along with a copy of his or her orders.

(ii) The retirement application and DROP distribution forms will be held and processed on the effective date indicated unless he or she returns to covered employment within the maximum allowable DROP term.

(C) Should the DROP member not deliver a retirement application packet and DROP distribution form or forms to the Arkansas Public Employees' Retirement System and the maximum allowable time in the DROP expires prior to the member returning to covered employment, requesting retirement, or both:

(i) The monthly DROP accrual will cease after reaching the maximum allowable time in the DROP and no additional interest will be paid;

(ii) The monthly retirement benefit will not become effective until the member files a completed retirement application and complies with applicable deadlines; and

(iii) The DROP account balance shall be distributed upon the member's filing of the required DROP distribution form or forms.

(i) Death while on active duty.

(1) In the event a DROP participant on active duty dies during the period of DROP participation, the benefit payable from the Arkansas Public Employees' Retirement System shall be determined as though the participant had separated from service and been found eligible for monthly benefits on the day prior to his or her death, with death following immediately thereafter.

(2)(A) If survivor benefits are payable in accordance with Arkansas Code § 24-4-606, the surviving spouse ~~(who has been married to the participant for at least one (1) year),~~

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dependent children, or dependent parents will receive monthly benefits.

(B) The spousal benefit will be computed as if the member had elected Option B75.

(3)(A) The balance in the participant's DROP account will be adjusted to reflect a balance as if the member had chosen Option B75 upon entering the DROP.

(B) The DROP balance will then be paid to the designated beneficiaries.

(j) Becoming eligible for DROP participation while on active duty.

(1)(A) If a member becomes eligible to participate in the DROP while on active duty, he or she will be placed in the plan retroactive to the date of initial eligibility providing the application is received within one (1) month of the member returning to covered employment.

(B) Such participation will also be contingent upon the necessary employee, if applicable, and employer contributions being made to the Arkansas Public Employees' Retirement System for the period of active duty prior to the employee entering the DROP.

(k) Reemployment.

(1) After release from active duty, should a DROP member fail to apply for reemployment or fail to accept reemployment pursuant to the provisions of 38 U.S.C. § 4312, as amended, the employer shall promptly notify the Arkansas Public Employees' Retirement System.

(2) After notice to the member and opportunity for hearing, should the Arkansas Public Employees' Retirement System determine that the member failed to apply for or accept reemployment as provided above, the Arkansas Public Employees' Retirement System shall:

(A) Determine that the member's retirement application and DROP distribution form required under Maximum Participation Period, subdivision (h)(2)(C)(ii) of this section are void as of the date of the member's release from active duty;

(B) Terminate payments of the deferred benefit into the member's DROP account;

(C) Deduct any payments of the deferred benefit into the member's DROP account after date of the member's release from active duty and interest thereon and pay said amount of the deferred benefit without interest thereon to the member as accumulated monthly annuity payments upon the member's filing a completed retirement application and DROP distribution forms in compliance with applicable deadlines;

(D) Not pay interest on the member's DROP account after the date of the member's release from active duty and hold said account balance pending the member's filing of the DROP distribution forms; and

(E) Pay the member's monthly retirement annuity to the member upon his or her filing a completed retirement application and in compliance with applicable deadlines.

(l) Procedures applicable to DROP — Active duty issues.

(1) The Executive Director of the Arkansas Public Employees' Retirement System shall:

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(A) Determine all issues of interpretation or implementation of this rule in regard to DROP members and active military duty; and

(B) Conduct any hearings provided for herein or required by other law.

(2)(A) If the member is not satisfied with the executive director's decision on matters that were not decided in conjunction with a hearing, the member may request that the issue be presented to the board.

(B) The board shall:

(i) Review the:

(a) Member's request for review;

(b) Record considered by the executive director; and

(c) Executive director's decision;

(ii) Afford the member the opportunity to:

(a) Present additional information or documentation; and

(b) Appear before the board; and

(iii) Determine whether to:

(a) Affirm or modify the executive director's decision; or

(b) Return the case to the executive director for further

consideration.

(3)(A) A member who was a party to a hearing by the executive director concerning DROP and active military duty and who is not satisfied with the executive director's decision may file an appeal to the board.

(B) The member shall file notice of appeal in writing, stating the grounds therefore, with the executive director on or before thirty (30) days following the date of record of the executive director's decision.

(C) The executive director's written decision shall be mailed to the member by certified mail, return receipt requested, restricted delivery to the member's last known address of record.

(4) Upon appeal, the review by the board shall be confined to the record considered by the executive director, provided, however:

(A)(i) The member may apply to present additional evidence and should the board find that the evidence is material and that there were good reasons for failure to present it in the proceeding before the executive director, the board may order that the additional evidence be taken before the executive director upon any conditions that may be just.

(ii) The executive director:

(a) May modify the findings and decision by reason of the additional evidence; and

(b) Shall file that evidence and any modification, new findings, or decisions with the board; and

(B)(i) Should the member assert any alleged irregularity in procedure before the executive director not shown in the record, the board:

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(a) May hear testimony on that issue; or
(b) In its discretion may remand the matter to the executive director to conduct further proceedings on the record on the member's allegation of procedural irregularity.

(ii) After any further proceeding by the executive director regarding any procedural irregularity, the executive director:

(a) May modify the findings and decision by reason of the additional evidence; and

(b) Shall file that evidence and any modifications, new findings, or decisions with the board.

(iii) The member may request the opportunity to make an oral presentation to the board.

(5) The board may affirm or reverse the executive director's decision or remand the case for further proceedings.

(m) Separation from employment — Popularly-elected official.

(1)(A) In accord with Acts 2019, No. 624, a member who participates in the Arkansas Public Employees' Retirement System Deferred Retirement Option Plan (DROP) is not required to separate from service at the end of the maximum allowable time in the DROP participation following entry into the DROP if it would prevent that member from taking or holding office as a popularly-elected official.

(B) That member will not forfeit their DROP balance if they separate from service as provided under Arkansas Code § 24-4-520 after that member leaves elected office.

(2)(A) The DROP balance of a popularly-elected official who does not separate service after the maximum allowable time in the DROP and pursuant to Acts 2019, No. 624, shall remain with the Arkansas Public Employees' Retirement System until he or she separates from service.

(B) At that time, the member's DROP balance shall be distributed according to the Arkansas Public Employees' Retirement System rules regarding distribution.

(C) That DROP balance shall not accrue interest while being held by the Arkansas Public Employees' Retirement System pursuant to this part.

(3) A member who does not separate service after the maximum allowable time in the DROP and pursuant to Act 624 of 2019 shall have his or her monthly Arkansas Public Employees' Retirement System retirement annuity benefit paid to begin when the member separates from service as provided under Arkansas Code § 24-4-520.

(4) The employer of the popularly-elected official shall continue to make the same employer contributions on behalf of the popularly-elected official as it would have been required to make for a rehired retiree.

Authority. Arkansas Code § 24-4-105.

Codification Notes. This section as promulgated prior to codification into the Code of Arkansas

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Rules 2024 provided as follows:

"214– 1997 (5) – DROP Provisions (as amended May 1999, May 2001, August 2003, November 2010, May 2011, November 2011, October 2017, and December 2019)"

"COLA" means cost of living adjustment.

"DROP" means deferred retirement option plan.

"T-DROP" means teacher deferred retirement option plan.

1 State of Arkansas

As Engrossed: S2/21/23

2 94th General Assembly

A Bill

3 Regular Session, 2023

SENATE BILL 126

5 By: Senator Hickey

6 By: Representative Maddox

For An Act To Be Entitled

9 AN ACT TO AMEND THE ARKANSAS PUBLIC EMPLOYEES'
10 RETIREMENT SYSTEM PLAN REGARDING SURVIVOR BENEFITS;
11 TO SIMPLIFY THE POSTRETIREMENT MARRIAGE PERIOD FOR
12 ELECTION OF SPOUSAL BENEFITS; TO STREAMLINE THE
13 ADMINISTRATION OF SURVIVOR BENEFITS FOR MEMBERS' AND
14 FORMER MEMBERS' CHILDREN; TO CLARIFY THE EFFECTIVE
15 DATE OF SURVIVORS' BENEFITS; TO REMOVE OBSOLETE LAW
16 REGARDING THE ARKANSAS PUBLIC EMPLOYEES' RETIREMENT
17 SYSTEM; TO DECLARE AN EMERGENCY; AND FOR OTHER
18 PURPOSES.

Subtitle

22 TO AMEND THE ARKANSAS PUBLIC EMPLOYEES'
23 RETIREMENT SYSTEM PLAN REGARDING SURVIVOR
24 BENEFITS; AND TO DECLARE AN EMERGENCY.

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

29 SECTION 1. Arkansas Code § 24-4-606 is amended to read as follows:
30 24-4-606. Annuity options.

31 ~~(a) Before the date the first payment of a member's annuity becomes~~
32 ~~due, but not thereafter, a~~ A member may elect to receive his or her annuity
33 as a straight life annuity or ~~may~~ elect to have ~~his or her~~ that annuity
34 reduced and ~~nominate~~ designate a beneficiary in writing and file the election
35 with the Arkansas Public Employees' Retirement System before that annuity
36 starting date ~~in accordance with the provisions of~~ under one (1) of the



1 following options:

2 (1) Option A60 – 60 Months Certain and Life Annuity.

3 (A) Under Option A60, the retirant shall be paid a reduced
4 annuity for life with the provision that if the retirant's death occurs
5 before sixty (60) monthly payments have been made, the full reduced annuity
6 shall continue to be paid for the remainder of the sixty (60) months to such
7 persons and in such shares as the retirant ~~shall have~~ has designated ~~in~~
8 ~~writing and filed with the plan.~~ If there is no payee beneficiary surviving,
9 the lump-sum actuarial equivalent of the remaining monthly payments shall be
10 paid to the estate of the last survivor among the retirant and the designated
11 ~~persons~~ beneficiary.

12 (B) The reduced annuity shall be ninety-eight percent
13 (98%) of the straight life annuity;

14 (2) Option A120 – 120 Months Certain and Life Annuity.

15 (A) Under Option A120, the retirant shall be paid a
16 reduced annuity for life with the provision that if the retirant's death
17 occurs before one hundred twenty (120) monthly payments have been made, the
18 full reduced annuity shall continue to be paid for the remainder of the one
19 hundred twenty (120) months to such persons and in such shares as the
20 retirant ~~shall have~~ has designated ~~in writing and filed with the plan.~~ If
21 there is no payee beneficiary surviving, the lump sum actuarial equivalent of
22 the remaining monthly payments shall be paid to the estate of the last
23 survivor among the retirant and the designated ~~persons~~ beneficiary.

24 (B) The reduced annuity shall be ninety-four percent (94%)
25 of the straight life annuity;

26 (3) Option B50 – ~~50~~ Fifty Percent (50%) Survivor Beneficiary
27 Annuity.

28 (A)(i) Under Option B50, the retirant shall be paid a
29 reduced annuity for life ~~with the provision that, and~~ upon the retirant's
30 death, one-half ($\frac{1}{2}$) of the reduced annuity shall ~~be continued~~ continue
31 throughout the future lifetime of and paid to such person as the retirant
32 ~~shall have~~ has designated ~~in writing and filed with the plan before his or~~
33 ~~her annuity's starting date.~~

34 (ii) ~~However, the person must be~~ The member may
35 elect either his;

36 (a) His or her spouse, to whom the member has

1 been married for not less than six (6) months immediately preceding the first
2 payment due date; or ~~another person~~

3 (b) A dependent child aged forty (40) or older
4 ~~receiving more than one-half ($\frac{1}{2}$) support from the retirant who is claimed as~~
5 a dependent on the retirant's federal tax return for not less than one (1)
6 year immediately preceding the first payment due date.

7 (B) The reduced annuity to the retirant shall be eighty-
8 eight percent (88%) if the retirant's age and his or her beneficiary's age
9 are the same on the first payment due date, which shall be decreased by one-
10 half of one percent (0.5%), for each year that the beneficiary's age is less
11 than the retirant's age, or which shall be increased by one-half of one
12 percent (0.5%), up to a maximum of ninety-five percent (95%), for each year
13 that the beneficiary's age is more than the retirant's age.

14 (C) ~~However, if~~ If the named beneficiary under Option B50
15 predeceases the retirant, the original unreduced benefit shall be paid to the
16 retirant prospectively; or

17 (4) Option B75 - ~~75~~ Seventy-Five Percent (75%) Survivor
18 Beneficiary Annuity.

19 (A)(i) Under Option B75, the retirant shall be paid a
20 reduced annuity for life ~~with the provision that, and upon his or her the~~
21 retirant's death, three-fourths ($\frac{3}{4}$) of the reduced annuity shall be continued
22 throughout the future lifetime of, and paid to, such person as the retirant
23 ~~shall have~~ has designated in writing and filed with the plan before his or
24 her annuity's starting date.

25 (ii) ~~However, the person must be~~ The member may
26 elect either:

27 (a) the retirant's His or her spouse to whom
28 the member has been married for not less than six (6) months immediately
29 preceding the first payment due date; or ~~another person~~

30 (b) A dependent child aged forty (40) or older
31 receiving who is claimed as a dependent on the retirant's federal tax return
32 ~~more than one-half ($\frac{1}{2}$) support from the retirant~~ for not less than one (1)
33 year immediately preceding the first payment due date.

34 (B) The reduced annuity to the retirant shall be eighty-
35 three percent (83%) if the retirant's age and his or her beneficiary's age
36 are the same on the first payment due date, which shall be decreased by

1 seven-tenths of one percent (0.7%) for each year that the beneficiary's age
2 is less than the retirant's age or which shall be increased by seven-tenths
3 of one percent (0.7%) up to a maximum of ninety percent (90%) for each year
4 that the beneficiary's age is more than the retirant's age.

5 (C) ~~However, if~~ If the named beneficiary under Option B75
6 predeceases the retirant, the original unreduced benefit shall be paid to the
7 retirant prospectively.

8 (b)(1)(A) The member may elect to cancel the designation of a
9 beneficiary under Option B50 or Option B75 in writing and file with the
10 system upon:

11 (i) A The death, of a spouse or divorce, or other
12 marriage dissolution from the member's spouse; or the

13 (ii) The death of a person the member's dependent
14 child forty (40) years of age or older who is the has been designated as a
15 beneficiary under Option B50 or Option B75 shall cancel, at the written
16 election of the retirant, Option B50 or Option B75 at retirement, providing
17 continuing lifetime benefits to the designated person, and § 24-4-606(a).

18 (B) The member's election under subsection (b) of this
19 section shall return the retirant to his or her straight life, or the member
20 may elect the Option A60, or Option A120 annuity, to be effective the month
21 following receipt by the system of his or her election by the Arkansas Public
22 Employees' Retirement System.

23 (2)(A) A retirant who is receiving a straight life, Option A60,
24 or Option A120 annuity and who marries after retirement or within ~~the one (1)~~
25 year six (6) months immediately preceding retirement may elect to cancel his
26 or her straight life, Option A60, or Option A120 annuity and may elect Option
27 B50 or Option B75, ~~providing to provide~~ continuing lifetime benefits to his
28 or her spouse, ~~but only~~ if the election is:

29 (i) Submitted on a form approved by the system; and
30 ~~is received~~

31 (ii) Received by the system ~~not no~~ no earlier than ~~one~~
32 ~~(1) year six (6) months~~ after the date of the marriage and ~~not no~~ no later than
33 ~~eighteen (18) months one (1) year~~ after that date.

34 (B) The election shall be effective the first day of the
35 month following the receipt of the notice.

36 (c) If a member fails to elect an option, his or her annuity shall be

1 paid to him or her as a straight life annuity.

2 ~~(d)(1) The surviving spouse of a system member who retired prior to~~
3 ~~July 1, 1967, shall receive a monthly survivor's annuity equal to seventy-~~
4 ~~five percent (75%) of the retirant's monthly benefit at the time of death,~~
5 ~~provided that the surviving spouse was married to the retirant on the date of~~
6 ~~retirement, the surviving spouse is unmarried, and the surviving spouse makes~~
7 ~~application to the system on or before June 30, 1995.~~

8 ~~(2) The monthly survivor's annuity shall be effective the first~~
9 ~~day of the month following the month of application, and no annuity will be~~
10 ~~paid the surviving spouse for any period prior to the first of the month~~
11 ~~following the month of application.~~

12 ~~(e)(d)~~ The surviving spouse of a member of the system who retired on
13 or after February 1, 1991, and who elected a straight life annuity shall be
14 entitled to receive a survivor's annuity equal to the amount that would have
15 been received had the member elected Option B75, provided:

16 (1) The member dies within twelve (12) months of the effective
17 date of retirement; and

18 (2) The surviving spouse makes application to the system within
19 twelve (12) months of the date of the member's death.
20

21 SECTION 2. Arkansas Code § 24-4-608 is amended to read as follows:

22 24-4-608. ~~Payment of benefits upon death of member before retirement~~
23 Death before retirement – Exception.

24 (a) Effective July 1, 2001, if ~~an active~~ a member or former member
25 with five (5) or more years of actual service dies before retirement, the
26 applicable benefits provided in this section shall be ~~paid~~ allowed upon the
27 survivor's written application ~~to filed with the Board of Trustees of the~~
28 Arkansas Public Employees' Retirement System.

29 (b) ~~For purposes of computing~~ To compute benefits provided by this
30 section, the deceased member's or deceased former member's compensation at
31 the time of death shall be the member's compensation for the year immediately
32 preceding the cessation of his or her pay.

33 (c)(1) A deceased member's or deceased former member's surviving
34 spouse who was married to the member at least six (6) months immediately
35 preceding ~~his or her~~ the member's death shall receive an annuity computed in
36 the same manner in all respects as if the member or former member had:

1 (A) Retired the date of his or her death with entitlement
2 to an annuity provided for in § 24-4-601;

3 (B) Elected the Option B75 survivor annuity provided for
4 in § 24-4-606(a)(4); and

5 (C) Nominated his or her spouse as joint beneficiary.

6 (2)(A)(i) If the deceased member or deceased former member had
7 satisfied the age and service requirements provided for in § 24-4-101 or had
8 acquired twenty (20) years of actual service, then the spouse spousal annuity
9 shall ~~commence immediately and~~ be payable for life.

10 (ii) If the deceased member or deceased former
11 member had not satisfied the age and service requirement provided for in §
12 24-4-101 or had not acquired twenty (20) years of actual service, then the
13 spouse spousal annuity shall ~~commence immediately and~~ be payable until the
14 earlier of his or her remarriage or death.

15 (B)(i) A surviving spouse who is otherwise eligible but
16 whose benefit has been deferred because the spouse did not meet the age
17 requirements in effect before July 1, 1999, shall be eligible to commence a
18 spouse spousal annuity effective July 1, 1999. ~~The spouse annuity shall not~~
19 ~~be retroactive.~~

20 (ii) However, the spousal annuity in subdivision
21 (c)(2)(B)(i) of this section shall not be retroactive.

22 (3) The spouse spousal annuity shall not be less than ten
23 percent (10%) of the deceased member's or deceased former member's covered
24 compensation at the time of death.

25 (4) ~~In any event,~~ For as long as the surviving spouse has in his
26 or her care any of the deceased member's or deceased former member's
27 dependent children ~~receiving~~ who receive a benefit provided for in this
28 section, there shall be payable to him or her a spouse spousal annuity as
29 indicated in this section which shall not be less than ten percent (10%) of
30 the deceased member's or deceased former member's compensation at the time of
31 death.

32 (d)(1)(A) A deceased member's or deceased former member's dependent
33 child or dependent children shall each receive an annuity of the greater of
34 either ten percent (10%) of the deceased member's or deceased former member's
35 covered compensation at the time of death or an equal share of one hundred
36 fifty dollars (\$150) monthly.

1 (B) ~~Where there are~~ For three (3) or more dependent
2 children, each dependent child shall receive an annuity of an equal share of
3 the greater of either twenty-five percent (25%) of the covered compensation
4 or one hundred fifty dollars (\$150) monthly.

5 (2)(A) A child ~~shall be~~ is considered a dependent child as used
6 in subdivision (d)(1) of this section and for purposes of receiving a child
7 survivor's annuity until the child's death, marriage, or attainment of age
8 eighteen (18) years of age, whichever occurs first.

9 (B)(i) However, the age-eighteen maximum shall be extended
10 as long as the child continues uninterruptedly being a full-time student at
11 an accredited secondary school, college, or university, but in no event
12 beyond his or her attainment of age twenty-three (23) years of age.

13 (ii) In addition, the age-eighteen maximum shall be
14 extended for any child who has been deemed physically or mentally incompetent
15 by an Arkansas court of competent jurisdiction or by the ~~board~~ Board of
16 Trustees of the Arkansas Public Employees' Retirement System, for as long as
17 the incompetency exists.

18 (3) ~~Upon a child's ceasing~~ Once a child ceases to be a dependent
19 child, his or her annuity shall terminate, and there shall be a
20 redetermination of the amounts payable to any remaining dependent children.

21 (e)(1) If at the time of the deceased member's or deceased former
22 member's death there is neither a spouse nor a dependent child, each
23 dependent parent shall receive an allowance of the greater of ten percent
24 (10%) of the covered compensation or an equal share of one hundred fifty
25 dollars (\$150) monthly, ~~but only if the board finds that the parent was~~
26 ~~dependent for at least fifty percent (50%) of his or her financial support~~
27 ~~upon the member or former member.~~

28 (2) A dependent parent eligible for a survivor benefit under
29 this section shall be claimed as a dependent on the deceased member's or
30 deceased former member's federal tax return for not less than one (1) year
31 immediately preceding the member's death.

32 (f)(1) If no annuity can become payable to a dependent child due to
33 the death of the member or former member ~~and a,~~ the surviving spouse or
34 dependent parents may elect to receive a refund of the member's or former
35 member's accumulated contributions as provided in § 24-4-602(d) in lieu of
36 any benefits which could become payable under this plan if:

1 (A) The surviving spouse or dependent parents are the only
2 persons who will be eligible for monthly benefits; and the

3 (B) The spouse or dependent parents are also the designated
4 beneficiaries of the deceased member or deceased former member, ~~then, in that~~
5 ~~event, the surviving spouse or dependent parents may elect to receive a~~
6 ~~refund of the member's or former member's accumulated contributions as~~
7 ~~provided in § 24-4-602(d) in lieu of any benefits which could become payable~~
8 ~~under this act.~~

9 (2) The option to choose a refund of the deceased member's or
10 deceased former member's contributions shall also be afforded to any spouse
11 or dependent parent qualified under this section whose eligibility for the
12 benefit occurred before the passage of this act and who could not exercise
13 the option.

14 (3) ~~Once the~~ A refund of the deceased member's or deceased
15 former member's accumulated contributions ~~has been made to the surviving~~
16 spouse or dependent parents under this section, ~~the person shall have no~~
17 precludes any right or future claim to monthly retirement benefits due to the
18 death of the member or former member.

19 (g)(1) In the event that all the annuities provided for in this
20 section payable on account of the member's or former member's death ~~of a~~
21 ~~member or former member~~ terminate before there has been paid an aggregate
22 amount equal to his or her accumulated contributions standing to his or her
23 credit in the ~~members'~~ member's or former member's deposit account at the
24 time of his or her death, the difference between the accumulated
25 contributions and the aggregate amount of annuity payments shall be paid to
26 such person as he or she shall have nominated by written designation duly
27 executed and filed with the ~~board~~ system.

28 (2) If there is no designated person surviving at termination,
29 the difference shall be paid to the deceased member's or deceased former
30 member's estate.

31 ~~(h) Annuities payable under the provisions of this section shall be~~
32 ~~effective the first day of the calendar month next following the date of the~~
33 ~~member's or former member's death or the first day of the month following the~~
34 ~~month in which the survivor becomes eligible for benefits as provided by law.~~

35 ~~(i)~~(h) The provisions of this section shall not be applicable in
36 determining survivor benefits under the General Assembly Division or the

1 State Constitutional Officers' Division of the Arkansas Public Employees'
2 Retirement System if a benefit is provided to the surviving spouse by other
3 laws applicable to the Arkansas Public Employees' Retirement System.

4 ~~(j)(i)~~ The benefits provided in this section for former members shall
5 not apply to former members who terminated covered employment prior to July
6 1, 1997, with less than ten (10) years of service or whose death occurred
7 before July 1, 2001.

8
9 SECTION 3. Arkansas Code § 24-4-609 is amended to read as follows:
10 24-4-609. Effective date of benefits – Survivors and beneficiaries.

11 ~~All monthly benefits payable to survivors of deceased members or~~
12 ~~retirants of the Arkansas Public Employees' Retirement System shall be~~
13 ~~effective the first day of the month following the month in which the member~~
14 ~~or retirant died or the first day of the month following the month in which~~
15 ~~the survivor becomes eligible for benefits as provided by law.~~

16 (a) The effective date of monthly benefits payable to a survivor of a
17 deceased member under § 24-4-608 is the first day of the calendar month next
18 following the month in which the member died.

19 (b) The effective date of monthly benefits payable to a beneficiary of
20 a retirant under § 24-4-606 is the first day of the calendar month next
21 following the month in which the retirant died.

22
23 SECTION 4. EMERGENCY CLAUSE. It is found and determined by the
24 General Assembly of the State of Arkansas that certain provisions of the
25 Arkansas Public Employees' Retirement System law are in need of revision and
26 updating to maintain the retirement laws in conformance with sound public
27 pension policy; that the Arkansas Public Employees' Retirement System
28 operates on a fiscal year of July 1 to June 30; that having a July 1, 2023
29 effective date is necessary to allow the provisions within this act to begin
30 on the first day of the fiscal year to provide proper administration of the
31 procedures herein; that such revisions and updating are of great importance
32 for actuarial purposes and to protect the benefits to members of the Arkansas
33 Public Employees' Retirement System. Therefore, an emergency is declared to
34 exist, and this act being necessary for the preservation of the public peace,
35 health, and safety shall become effective on July 1, 2023.

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/s/Hickey

APPROVED: 3/9/23