

1 State of Arkansas
2 80th General Assembly
3 Regular Session, 1995
4 By: Representative Dawson

A Bill

HOUSE BILL 1570

For An Act To Be Entitled

8 "AN ACT TO AMEND ARKANSAS CODE § 24-7-706 TO ALLOW A
9 MEMBER OF THE TEACHER RETIREMENT SYSTEM WHO BECAME A
10 RETIRANT ON OR AFTER JULY 1, 1994 TO CHANGE HIS ELECTION
11 FOR RECEIVING AN ANNUITY; TO DECLARE AN EMERGENCY; AND FOR
12 OTHER PURPOSES."

Subtitle

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15 "TO ALLOW A MEMBER OF THE TEACHER
16 RETIREMENT SYSTEM WHO BECAME A RETIRANT
17 ON OR AFTER JULY 1, 1994 TO CHANGE HIS
18 ELECTION FOR RECEIVING AN ANNUITY."

19
20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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22 SECTION 1. Arkansas Code § 24-7-706 is amended to read as follows:
23 "24-7-706. Annuity options.

24 (a) Before the date the first payment of his annuity becomes due, but
25 not thereafter, a member may elect to receive his annuity as a straight life
26 annuity or he may elect to receive the actuarial equivalent, at that time, of
27 his straight life annuity in a reduced annuity payable throughout his life.
28 The member may nominate a beneficiary, in accordance with the provisions of
29 one (1) of the following options:

30 (1) Option A - 100% Survivor Annuity. Under Option A, upon the
31 death of a retirant, his reduced annuity shall be continued throughout the
32 life of and paid to such person as he shall have nominated by written
33 designation duly executed and filed with the board before the date the first
34 payment of his annuity becomes due. The person must be either his spouse for
35 not less than one (1) year immediately preceding the first payment due date,

1 or another person aged forty (40) years or older receiving more than one-half
2 (1/2) support from the retirant for not less than one (1) year immediately
3 preceding the first payment due date; however, the age forty (40) requirement
4 shall not exclude the designation as beneficiary of a dependent child who has
5 been ruled physically or mentally incompetent either by an Arkansas court of
6 competent jurisdiction or by the board.

7 (2) Option B - 50% Survivor Annuity. Under Option B, upon the
8 death of a retirant, one-half (1/2) of his reduced annuity shall be continued
9 throughout the life of and paid to such person as he shall have nominated by
10 written designation duly executed and filed with the board before the date
11 the first payment of his annuity becomes due. The person must be either his
12 spouse for not less than one (1) year immediately preceding the first payment
13 due date, or another person aged forty (40) years or older receiving more
14 than one-half (1/2) support from the retirant for not less than one (1) year
15 immediately preceding the first payment due date; however, the age forty (40)
16 requirement shall not exclude the designation as beneficiary of a dependent
17 child who has been ruled physically or mentally incompetent either by an
18 Arkansas court of competent jurisdiction or by the board.

19 (3) Option C - Annuity for Ten (10) Years Certain and Life
20 Thereafter. Under Option C, a retirant shall receive a reduced annuity
21 payable throughout his life with the provision that if he dies before he has
22 received one hundred twenty (120) monthly annuity payments, the payments will
23 be continued for the remainder of the period of one hundred twenty (120)
24 months and paid to such persons, in equal shares, as the retirant shall have
25 nominated by written designation duly executed and filed with the board. If
26 the designated beneficiaries predecease the retirant, the retirant may
27 nominate successor beneficiaries by written designation duly executed and
28 filed with the board. If no designated beneficiary survives him, the annuity
29 reserve for the remainder of the annuity payments shall be paid to the
30 retirant's estate. If the last designated beneficiary receiving annuity
31 payments dies before all annuity payments are made, the annuity reserve for
32 the remainder of the annuity payments shall be paid to the beneficiary's
33 estate.

34 (b)(1) The death of the beneficiary or divorce or other marriage
35 dissolution after retirement from a spouse designated as beneficiary shall,

1 at the written election of the retirant, cancel any optional plan elected at
2 retirement to provide continuing lifetime benefits to the beneficiary and
3 shall return the retirant to his single lifetime benefit equivalent, to be
4 effective the month following receipt of his election by the system.

5 (2) A retirant who is receiving a single lifetime benefit and
6 who marries after retirement may elect to cancel his single lifetime benefit
7 and may elect Option B providing continuing lifetime benefits to his spouse,
8 but only if the election is on a form approved by the system and is received
9 by the system not earlier than the date of the marriage and not later than
10 six (6) months thereafter; the election shall be effective the first day of
11 the month following its receipt.

12 (c) If a member fails to elect an option, his annuity shall be paid
13 him as a straight life annuity.

14 (d)(1) Notwithstanding anything contained in this section to the
15 contrary, the beneficiary may elect to cancel the form of annuity in effect
16 and elect Option A - 100% Survivor Annuity upon the death of a retirant on or
17 after July 1, 1989, if:

18 (A) The retirant died within one (1) year following the
19 effective date of retirement; and

20 (B) The retirant was receiving a straight life annuity.

21 (2) Such election to change may be made only once and must be on
22 a form approved by the system.

23 (3) The election form must be received by the system within
24 thirty (30) days after February 7, 1991, or within thirty (30) days of the
25 death of the retiree, whichever is later.

26 (4) Such election change shall become effective the first day of
27 the month following receipt of the election form by the system.

28 (e)(1) Notwithstanding anything in this section to the contrary, a
29 retirant who retired on or after July 1, 1994, may elect to cancel his
30 election made at retirement for receiving an annuity and elect another
31 option, provided:

32 (A) he does so within one (1) year of the effective date
33 of this act, or within one (1) year of retirement;

34 (B) he files with the system a new election form approved
35 by the system; and

1 (C) he repays to the system the difference between the
2 amount of the annuity received when he retired and the new annuity due as a
3 result of the election change, plus regular interest from July 1, 1994 or his
4 retirement date, whichever is later, to the date of payment in full. The
5 difference shall be calculated retroactive to July 1, 1994, or his retirement
6 date, whichever is later.

7 (2) The election to change shall be made only once.

8 (3) The election change shall be effective retroactive to the
9 effective date of his annuity."

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11 SECTION 2. All provisions of this act of general and permanent nature
12 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
13 Revision Commission shall incorporate the same in the Code.

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15 SECTION 3. If any provisions of this act or the application thereof to
16 any person or circumstance is held invalid, the invalidity shall not affect
17 other provisions or applications of the act which can be given effect without
18 the invalid provisions or application, and to this end the provisions of this
19 act are declared to be severable.

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21 SECTION 4. All laws and parts of laws in conflict with this act are
22 hereby repealed.

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24 SECTION 5. Emergency. It is hereby found and determined by the
25 Eightieth General Assembly of the State of Arkansas that it is necessary to
26 provide members of the Teacher Retirement System with the opportunity to
27 change their retirement options upon retirement; that this change in Arkansas
28 law will provide the system retirants a needed alternative to the rigid
29 annuities of the past; and that it will correct some inequitable situations
30 which occur subsequent to retirement for some individual retirants.
31 Therefore, in order to aid retirants in their retirement planning, an
32 emergency is hereby declared to exist, and this act being necessary for the
33 immediate preservation of the public peace, health, and safety, shall be in
34 full force and effect from and after July 1, 1995.

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