

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

As Engrossed: S2/13/01

A Bill

SENATE BILL 69

5 By: Senator Faris
6
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For An Act To Be Entitled

9 AN ACT TO AMEND THE ANNUITY OPTION PROVISIONS FOR THE
10 ARKANSAS PUBLIC EMPLOYEES' RETIREMENT SYSTEM; TO
11 DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.
12

Subtitle

13 AN ACT TO AMEND ANNUITY OPTION
14 PROVISIONS.
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18 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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20 *SECTION 1. Arkansas Code 24-4-606(e), as amended by Act 151 of 2001,*
21 *concerning annuity options, is amended to read as follows:*

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

26 *(1) The member dies within ~~six (6)~~ twelve (12) months of the*
27 *effective date of retirement; and*

28 *(2) The surviving spouse makes application to the system within*
29 *~~six (6)~~ twelve (12) months of the date of the member's death.*
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31 SECTION 2. Arkansas Code 24-4-606(a), concerning annuity options is
32 amended to read as follows:

33 (a) Before the date the first payment of his annuity becomes due, but
34 not thereafter, a member may elect to receive his annuity as a straight life
35 annuity or he may elect to have his annuity reduced and nominate a
36 beneficiary in accordance with the provisions of one (1) of the following

1 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 designated in writing
8 and filed with the plan. 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 ninety-eight percent (98%) of the straight life annuity;

13 (2) Option A120 - 120 Months Certain and Life Annuity.

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

23 (B) The reduced annuity shall be ~~ninety percent (90%)~~
24 ninety-four percent (94%) of the straight life annuity;

25 (3) Option B50 - 50 Percent Survivor Beneficiary Annuity.

26 (A) Under Option B50, the retirant shall be paid a reduced
27 annuity for life with the provision that, upon his death, one-half (1/2) of
28 the reduced annuity shall be continued throughout the future lifetime of, and
29 paid to, such person as the retirant shall have designated in writing and
30 filed with the plan before his annuity starting date. However, the person
31 must be either his spouse for not less than one (1) year immediately
32 preceding the first payment due date, or another person aged forty (40) or
33 older receiving more than one-half (1/2) support from the retirant for not
34 less than one (1) year immediately preceding the first payment due date.

35 (B) The reduced annuity to the retirant shall be ~~eighty-~~
36 ~~three percent (83%)~~ eighty-eight percent (88%) 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 percent (0.5%), for each year that the beneficiary's
 3 age is less than the retirant's age, or which shall be increased by one-half
 4 percent (0.5%), up to a maximum of ninety-five percent (95%), for each year
 5 that the beneficiary's age is more than the retirant's age;

6 (4) Option B75 - 75 Percent Survivor Beneficiary Annuity.

7 (A) Under Option B75, the retirant shall be paid a reduced
 8 annuity for life with the provision that, upon his death, three-fourths (3/4)
 9 of the reduced annuity shall be continued throughout the future lifetime of,
 10 and paid to, such person as the retirant shall have designated in writing and
 11 filed with the plan before his annuity starting date. However, the person
 12 must be either his spouse for not less than one (1) year immediately
 13 preceding the first payment due date, or another person aged forty (40) or
 14 older receiving more than one-half (1/2) support from the retirant for not
 15 less than one (1) year immediately preceding the first payment due date.

16 (B) The reduced annuity to the retirant shall be ~~seventy-~~
 17 ~~eight percent (78%)~~ eighty-three percent (83%) if the retirant's age and his
 18 beneficiary's age are the same on the first due date, which shall be
 19 decreased by ~~three-fourths percent (0.75%)~~ seven tenths of one percent (0.7%)
 20 for each year that the beneficiary's age is less than the retirant's age, or
 21 which shall be increased by ~~three-fourths percent (0.75%)~~ seven tenths of one
 22 percent (0.7%), up to a maximum of ninety percent (90%), for each year that
 23 the beneficiary's age is more than the retirant's age.

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 25 SECTION 3. Application of the provisions of this Act.

26 The increases in reduced annuity option amounts provided in this act
 27 shall not apply to retirees or survivors whose effective date of benefits
 28 occurred before July 1, 2001.

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 30 SECTION 4. [THE ARKANSAS CODE REVISION COMMISSION IS NOT REQUIRED TO
 31 CODIFY THIS SECTION.] No benefit enhancement provided for by this act shall
 32 be implemented if it would cause the publicly supported retirement system's
 33 unfunded actuarial accrued liabilities to exceed a thirty (30) year
 34 amortization. No benefit enhancement provided for by this act shall be
 35 implemented by any publicly supported system which has unfunded actuarial
 36 accrued liabilities being amortized over a period exceeding thirty (30) years

1 until the unfunded actuarial accrued liability is reduced to a level less
2 than the standards prescribed by Arkansas Code, Title 24.

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4 SECTION 5. EMERGENCY CLAUSE. It is found and determined by the
5 Eighty-third General Assembly that for the effective administration of this
6 act and to avoid undue harm to the members and benefit recipients of the
7 Arkansas Public Employees' Retirement System this act should become effective
8 on July 1, 2001. Therefore, an emergency is declared to exist and this act
9 being immediately necessary for the preservation of the public peace, health,
10 and safety shall become effective on July 1, 2001.

11 */s/ Fari s*