

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 8th General Assembly  
3 Regular Session, 2005  
4

# A Bill

SENATE BILL 130

5 By: Senators J. Jeffress, Faris  
6 By: Representative Sullivan  
7  
8

## For An Act To Be Entitled

9 AN ACT TO CLARIFY PAYMENT OF ARKANSAS TEACHER  
10 RETIREMENT SYSTEM BENEFITS IN THE EVENT OF THE  
11 DEATH OF A RETIRANT OR HIS OR HER BENEFICIARY;  
12 AND FOR OTHER PURPOSES.  
13  
14

## Subtitle

15 AN ACT TO CLARIFY PAYMENT OF ARKANSAS  
16 TEACHER RETIREMENT BENEFITS IN THE EVENT  
17 OF THE DEATH OF A RETIRANT OR HIS OR HER  
18 BENEFICIARY.  
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22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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24 SECTION 1. Arkansas Code § 24-7-709 is amended to read as follows:  
25 24-7-709. Disposition of residue.

26 (a) If a retirant and his or her eligible beneficiary, if any, both  
27 die before they have received in annuity payments a total amount equal to the  
28 accumulated contributions standing to the retirant's credit in the members'  
29 deposit account at the time of his or her retirement, the difference between  
30 the accumulated contributions and the total amount of annuities received by  
31 them shall be paid to such persons as the retirant shall have nominated by  
32 written designation duly executed and filed with the Board of Trustees of the  
33 Arkansas Teacher Retirement System.

34 (b) If the last eligible beneficiary receiving annuity payments dies  
35 before the beneficiary and the retirant have received in annuity payments a  
36 total amount equal to the accumulated contributions standing to retirant's



1 credit in the member's deposit account at the time of the member's  
 2 retirement, the remaining difference, if any, shall be paid to the  
 3 beneficiary's estate.

4 ~~(b)(c)~~ If no eligible beneficiary or designated person survives the  
 5 ~~retirant and his beneficiary~~, the difference, if any, between the total  
 6 amount of annuity payments received by the retirant and the accumulated  
 7 contributions standing to the retirant's credit in the member's deposit  
 8 account at the time of his or her retirement, shall be paid to the ~~estate of~~  
 9 ~~the survivor of the retirant and his beneficiary~~ retirant's estate.

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 11 SECTION 2. Arkansas Code § 24-7-710(e), concerning annuities payable  
 12 on the death of a member of the Arkansas Teacher Retirement System, is  
 13 amended to read as follows:

14 (e)(1) In the event all the annuities provided for in this section  
 15 payable on account of the death of a member terminate before there has been  
 16 paid an aggregate amount equal to his or her accumulated contributions  
 17 standing to his or her credit in the members' deposit account at the time of  
 18 his or her death, the difference between the accumulated contributions and  
 19 the aggregate amount of annuity payments shall be paid to such ~~person~~ persons  
 20 as he or she shall have nominated by written designation duly executed and  
 21 filed with the board.

22 (2)(A) If there ~~is~~ are no designated ~~person~~ persons surviving at  
 23 termination, the difference shall be payable in the following statutory  
 24 succession: spouse, children, parents, estate.

25 (B) Effective for all members dying after June 30, 2006,  
 26 if there are no designated persons surviving at termination, the difference  
 27 shall be payable to the member's estate.

28  
 29 SECTION 3. Arkansas Code § 24-7-711(b), concerning the disposition of  
 30 member contributions upon membership termination, is amended to read as  
 31 follows:

32 (b)(1) In the event a member dies and no annuity becomes, or can  
 33 become, payable by the Arkansas Teacher Retirement System on account of ~~his~~  
 34 the member's death, ~~his~~ the member's accumulated contributions standing to  
 35 his or her credit in the members' deposit account at the time of ~~his~~ the  
 36 member's death, together with regular interest thereon from the time of death

1 to the time of payment, shall be paid to such persons as ~~he~~ the member shall  
 2 have nominated by written designation duly executed and filed with the board.

3 (2)(A) If there are no designated persons surviving the member,  
 4 the accumulated contributions shall be paid in the following statutory  
 5 succession: Spouse, children, parents, estate.

6 (B) Effective for all members dying after June 30, 2006,  
 7 if there are no designated persons surviving the member, the accumulated  
 8 contributions shall be payable to the member's estate.

9 (3) If no annuity can become payable to a dependent child on  
 10 account of the member's death and if the sole beneficiary who could receive  
 11 the annuity is the surviving spouse, then the surviving spouse may elect to  
 12 receive a refund of accumulated contributions in place of any benefits being  
 13 paid under the provisions of § 24-7-710.

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 15 SECTION 4. Arkansas Code § 24-7-720 is amended to read as follows:  
 16 24-7-720. Lump-sum benefit.

17 (a)(1)(A) If an active member of the Arkansas Teacher Retirement  
 18 System with five (5) or more years of credited service, including credited  
 19 service for the year immediately preceding the member's death, dies in  
 20 employer service before retirement, then a lump sum of up to fifteen thousand  
 21 dollars (\$15,000) shall be paid to such persons as he or she shall have  
 22 nominated by written designation duly executed and filed with the Board of  
 23 Trustees of the Arkansas Teacher Retirement System.

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

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

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

33 (2) If the member had only noncontributory credited service,  
 34 then the lump sum shall be up to ten thousand dollars (\$10,000).

35 (3) If upon his or her death the member had a combination of  
 36 credited service of both contributory and noncontributory, the lump sum will

1 be prorated according to the relationship between the member's  
2 noncontributory credited service and his or her total credited service.

3 (b)(1)(A) Upon the death of a retirant whose annuity is paid by the  
4 system, a lump sum of up to fifteen thousand dollars (\$15,000) shall be paid  
5 to such persons as he or she shall have nominated by written designation duly  
6 executed and filed with the board.

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

- 9 (i) Spouse;  
10 (ii) Children;  
11 (iii) Parents; and  
12 (iv) Estate.

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

16 (2) If the retirant had only noncontributory credited service,  
17 then the lump sum shall be up to ten thousand dollars (\$10,000).

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

22 (c) In addition to the benefits provided in subsections (a) and (b) of  
23 this section, each surviving dependent child shall be paid a lump sum of ten  
24 thousand dollars (\$10,000) upon the death of either an active member or  
25 retirant.

26 (d) The exact amount of the lump-sum payments shall be set annually by  
27 rules and regulations of the board as it determines is actuarially  
28 appropriate for the system. The board is authorized by this subsection to set  
29 the level of these benefits to the current members and retirants where the  
30 ratio between the contributory and noncontributory benefits are maintained at  
31 a three-to-two (3:2) ratio and to a level to match the benefits that the  
32 board finds are appropriate for the actuarial soundness of the system.

33 (e) No benefit enhancement provided for by this section shall be  
34 implemented if it would cause the publicly supported retirement system's  
35 unfunded actuarial accrued liabilities to exceed a thirty-year amortization.  
36 No benefit enhancement provided for by this section shall be implemented by

1 any publicly supported system which has unfunded actuarial accrued  
2 liabilities being amortized over a period exceeding thirty (30) years until  
3 the unfunded actuarial accrued liability is reduced to a level less than the  
4 standards prescribed by § 24-1-101 et seq.

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

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10 SECTION 5. EMERGENCY CLAUSE. It is found and determined by the  
11 General Assembly of the State of Arkansas that the Arkansas Teacher  
12 Retirement System is expending valuable time and resources in determining and  
13 locating the recipients of benefits upon a member's death in certain  
14 circumstances; that the effective operation and administration of the system  
15 in these instances would be advanced by paying the benefits to the member's  
16 estate; and that the most effective time to make changes to the retirement  
17 system is at the beginning of the state's fiscal year. Therefore, an  
18 emergency is declared to exist and this act being immediately necessary for  
19 the preservation of the public peace, health, and safety shall become  
20 effective on July 1, 2005.

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