

State of Arkansas
85th General Assembly
Regular Session, 2005

A Bill

SENATE BILL 175

By: Senator J. Bookout

For An Act To Be Entitled

AN ACT TO PROVIDE A LUMP-SUM BENEFIT FOR MEMBERS
OF THE ARKANSAS PUBLIC EMPLOYEES' RETIREMENT
SYSTEM; AND FOR OTHER PURPOSES.

Subtitle

AN ACT TO PROVIDE A LUMP-SUM BENEFIT FOR
MEMBERS OF THE ARKANSAS PUBLIC
EMPLOYEES' RETIREMENT SYSTEM.

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

SECTION 1. Arkansas Code Title 24, Chapter 4, Subchapter 6 is amended
to add an additional section to read as follows:

24-4-622. Lump-sum benefit.

(a)(1)(A) If an active member of the Arkansas Public Employees' Retirement System with five (5) or more years of credited service, including credited service for the year immediately preceding the member's death, dies in employer service before retirement, a lump sum of up to ten thousand dollars (\$10,000) shall be paid to the person or persons the member has nominated by written designation executed and filed with the Board of Trustees of the Arkansas Public Employees' Retirement System.

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

- (i) Spouse;
- (ii) Children;
- (iii) Parents; and
- (iv) Estate of the member.



1 (2) If the member had only noncontributory credited service,
2 then the lump sum shall not exceed six thousand six hundred sixty-seven
3 dollars (\$6,667).

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

8 (b)(1)(A) Upon the death of a retirant whose annuity is paid by the
9 system, a lump sum of up to ten thousand dollars (\$10,000) shall be paid to
10 the person or persons the member has nominated by written designation
11 executed and filed with the board.

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

- 14 (i) Spouse;
- 15 (ii) Children;
- 16 (iii) Parents; and
- 17 (iv) Estate of the retirant.

18 (2) If the retirant had only noncontributory credited service,
19 then the lump sum shall not exceed six thousand six hundred sixty-seven
20 dollars (\$6,667).

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

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

29 (d) The board shall annually establish the exact amount of the lump-
30 sum payments paid under this section that it determines are actuarially
31 appropriate for the system. The board may determine the amount of these
32 benefits to the current members and retirants so that the ratio between the
33 contributory and noncontributory benefits are maintained at a three-to-two
34 (3:2) ratio and the benefit amounts are appropriate for the actuarial
35 soundness of the system.

36 (e) No benefit enhancement provided for by this section shall be

1 implemented if it would cause the publicly supported retirement system's
2 unfunded actuarial accrued liabilities to exceed a thirty-year amortization.

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

7
8 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the
9 General Assembly of the State of Arkansas that deceased members of the
10 Arkansas Public Employees' Retirement System leave families in need of
11 financial support; that there is a necessity of financial stability for
12 families during this time of crisis; that the death benefit provisions of the
13 retirement system can most effectively be managed at the beginning of the
14 state's fiscal year; and that this act should take effect on July 1, 2005.
15 Therefore, an emergency is declared to exist and this act being immediately
16 necessary for the preservation of the public peace, health, and safety shall
17 become effective on July 1, 2005.