

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 85th General Assembly  
3 Regular Session, 2005

# A Bill

SENATE BILL 19

4  
5 By: Senator Faris  
6  
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## For An Act To Be Entitled

9 AN ACT TO AMEND THE ARKANSAS PUBLIC EMPLOYEES'  
10 RETIREMENT SYSTEM LAWS TO PROVIDE THAT IF THE  
11 NAMED BENEFICIARY OF CERTAIN ANNUITY OPTIONS  
12 PREDECEASES THE RETIRANT, THE ORIGINAL UNREDUCED  
13 BENEFITS WILL BE PAID TO THE RETIRANT; AND FOR  
14 OTHER PURPOSES.

## Subtitle

15  
16 TO PROVIDE THAT IF THE NAMED BENEFICIARY  
17 OF CERTAIN ANNUITY OPTIONS UNDER APERS  
18 PREDECEASES THE RETIRANT, THE ORIGINAL  
19 UNREDUCED BENEFITS WILL BE PAID TO THE  
20 RETIRANT.  
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23

24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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26 SECTION 1. Arkansas Code § 24-4-606(a), concerning annuity options, is  
27 amended to read as follows:

28 (a) Before the date the first payment of a member's annuity becomes  
29 due, but not thereafter, a member may elect to receive his or her annuity as  
30 a straight life annuity or may elect to have his or her annuity reduced and  
31 nominate a beneficiary in accordance with the provisions of one (1) of the  
32 following options:

33 (1) Option A60 - 60 Months Certain and Life Annuity.

34 (A) Under Option A60, the retirant shall be paid a reduced  
35 annuity for life with the provision that if the retirant's death occurs  
36 before sixty (60) monthly payments have been made, the full reduced annuity



1 shall continue to be paid for the remainder of the sixty (60) months to such  
 2 persons and in such shares as the retirant shall have designated in writing  
 3 and filed with the plan. If there is no payee surviving, the lump sum  
 4 actuarial equivalent of the remaining monthly payments shall be paid to the  
 5 estate of the last survivor among the retirant and the designated persons.

6 (B) The reduced annuity shall be ninety-eight percent  
 7 (98%) of the straight life annuity;

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

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

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

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

21 (A) Under Option B50, the retirant shall be paid a reduced  
 22 annuity for life with the provision that upon the retirant's death one-half  
 23 (1/2) of the reduced annuity shall be continued throughout the future  
 24 lifetime of and paid to such person as the retirant shall have designated in  
 25 writing and filed with the plan before his or her annuity's starting date.  
 26 However, the person must be either his or her spouse for not less than one  
 27 (1) year immediately preceding the first payment due date or another person  
 28 aged forty (40) or older receiving more than one-half (1/2) support from the  
 29 retirant for not less than one (1) year immediately preceding the first  
 30 payment due date.

31 (B) The reduced annuity to the retirant shall be eighty-  
 32 eight percent (88%) if the retirant's age and his or her beneficiary's age  
 33 are the same on the first payment due date, which shall be decreased by one-  
 34 half percent (0.5%), for each year that the beneficiary's age is less than  
 35 the retirant's age, or which shall be increased by one-half percent (0.5%),  
 36 up to a maximum of ninety-five percent (95%), for each year that the

beneficiary's age is more than the retirant's age+ .

(C) However, if the named beneficiary of the B50 option predeceases the retirant, the original unreduced benefit shall be paid to the retirant prospectively;

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

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

(B) The reduced annuity to the retirant shall be eighty-three percent (83%) if the retirant's age and his or her beneficiary's age are the same on the first due date, which shall be decreased by seven-tenths of one percent (0.7%) for each year that the beneficiary's age is less than the retirant's age or which shall be increased by seven-tenths of one percent (0.7%) up to a maximum of ninety percent (90%) for each year that the beneficiary's age is more than the retirant's age.

(C) However, if the named beneficiary of the B75 option predeceases the retirant, the original unreduced benefit shall be paid to the retirant prospectively.

SECTION. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that for the effective administration of this act and to avoid undue harm to the members and benefit recipients of the Arkansas Public Employees' Retirement System that this act should become effective on July 1, 2005. Therefore, an emergency is declared to exist and this act being necessary for the preservation of the public peace, health, and safety shall become effective on July 1, 2005.