

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
4

As Engrossed: S1/31/05

A Bill

SENATE BILL 19

5 By: Senator Faris
6 *By: Representative Sullivan*
7

For An Act To Be Entitled

8
9
10 AN ACT TO AMEND THE ARKANSAS PUBLIC EMPLOYEES'
11 RETIREMENT SYSTEM LAWS TO PROVIDE THAT IF THE
12 NAMED BENEFICIARY OF CERTAIN ANNUITY OPTIONS
13 PREDECEASES THE RETIRANT, THE ORIGINAL UNREDUCED
14 BENEFITS WILL BE PAID TO THE RETIRANT; AND FOR
15 OTHER PURPOSES.
16

Subtitle

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

24
25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
26

27 SECTION 1. Arkansas Code § 24-4-606(a), concerning annuity options, is
28 amended to read as follows:

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

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

35 (A) Under Option A60, the retirant shall be paid a reduced
36 annuity for life with the provision that if the retirant's death occurs



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

7 (B) The reduced annuity shall be ninety-eight percent
8 (98%) of the straight life annuity;

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

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

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

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

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

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

1 up to a maximum of ninety-five percent (95%), for each year that the
2 beneficiary's age is more than the retirant's age+ .

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

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

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

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

27
28 SECTION. EMERGENCY CLAUSE. It is found and determined by the General
29 Assembly of the State of Arkansas that for the effective administration of
30 this act and to avoid undue harm to the members and benefit recipients of the
31 Arkansas Public Employees' Retirement System that this act should become
32 effective on July 1, 2005. Therefore, an emergency is declared to exist and
33 this act being necessary for the preservation of the public peace, health,
34 and safety shall become effective on July 1, 2005.

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36 /s/ Faris