

1 State of Arkansas
2 88th General Assembly
3 Regular Session, 2011
4

As Engrossed: S3/1/11
A Bill

SENATE BILL 120

5 By: Senator J. Key
6

7 **For An Act To Be Entitled**

8 TO AMEND THE ARKANSAS TEACHER RETIREMENT SYSTEM
9 STATUTES IN TITLE 24, SUBCHAPTER 7, OF THE ARKANSAS
10 CODE.
11

12
13 **Subtitle**

14 *TO CLARIFY THE DESIGNATION OF OPTION*
15 *BENEFICIARIES UNDER THE ARKANSAS TEACHER*
16 *RETIREMENT SYSTEM; TO AUTHORIZE THE BOARD*
17 *TO PROMULGATE RULES CONCERNING OPTION*
18 *BENEFICIARIES; AND TO DECLARE AN*
19 *EMERGENCY.*
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21

22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
23

24 *SECTION 1. Arkansas Code § 24-7-706(a), concerning annuity option*
25 *beneficiary designation in the Arkansas Teacher Retirement System, is amended*
26 *to read as follows:*

27 *(a)(1) Before the date the first payment of his or her annuity becomes*
28 *due, but not thereafter, a member may elect to receive his or her annuity as*
29 *a straight life annuity, or he or she may elect to receive the actuarial*
30 *equivalent, at that time, of his or her straight life annuity in a reduced*
31 *annuity payable throughout his or her life.*

32 *(2) The member may nominate a beneficiary, in accordance with*
33 ~~*the provisions of one (1) of the following options:*~~

34 *(A) Option A – 100% Survivor Annuity.*

35 *(i) Under Option A, upon the death of a retirant,*
36 *his or her reduced annuity shall be continued throughout the life of and paid*



1 to such person as he or she shall have nominated by written designation ~~duly~~
 2 ~~executed and filed with the board~~ Board of Trustees of the Arkansas Teacher
 3 Retirement System before the date the first payment of his or her annuity
 4 becomes due.

5 (ii)~~(a)~~ The person ~~must~~ designated as a beneficiary
 6 by the retirant shall be ~~either his:~~

7 (a) ~~His or her~~ The retirant's spouse for not
 8 less than one (1) year immediately preceding the first payment due date, ~~or~~
 9 ~~another person forty (40) years of age or older receiving more than one-half~~
 10 ~~($\frac{1}{2}$) support from the retirant for not less than one (1) year immediately~~
 11 ~~preceding the first payment due date; or~~

12 (b) ~~However, the age-forty requirement shall~~
 13 ~~not exclude the designation as beneficiary of a~~ A dependent child of the
 14 retirant who has been adjudged physically or mentally incapacitated by a
 15 court of competent jurisdiction;

16 (B) Option B – 50% Survivor Annuity.

17 (i) Under Option B, upon the death of a retirant,
 18 one-half ($\frac{1}{2}$) of his or her reduced annuity shall be continued throughout the
 19 life of and paid to such person as he or she ~~shall have~~ has nominated by
 20 written designation ~~duly~~ executed and filed with the board before the date
 21 the first payment of his or her annuity becomes due.

22 (ii)~~(a)~~ The person ~~must~~ designated as a beneficiary
 23 by the retirant shall be ~~either his:~~

24 (a) ~~His or her~~ The retirant's spouse for not
 25 less than one (1) year immediately preceding the first payment due date, ~~or~~
 26 ~~another person forty (40) years of age or older receiving more than one-half~~
 27 ~~($\frac{1}{2}$) support from the retirant for not less than one (1) year immediately~~
 28 ~~preceding the first payment due date; or~~

29 (b) ~~However, the age-forty requirement shall~~
 30 ~~not exclude the designation as beneficiary of a~~ A dependent child of the
 31 retirant who has been adjudged physically or mentally incapacitated by a
 32 court of competent jurisdiction; or

33 (C) Option C – Annuity for Ten (10) Years Certain and Life
 34 Thereafter.

35 (i) Under Option C, a retirant shall receive a
 36 reduced annuity payable throughout his or her life with the provision that if

1 he or she dies before he or she has received one hundred twenty (120) monthly
2 annuity payments, the payments ~~will~~ shall be continued for the remainder of
3 the period of one hundred twenty (120) months and paid to such persons in
4 equal shares as the retirant ~~shall have~~ has nominated by written designation
5 ~~duly~~ executed and filed with the board.

6 (ii) If the designated beneficiaries predecease the
7 retirant, the retirant may nominate successor beneficiaries or may elect to
8 return to his or her single lifetime benefit equivalent by written
9 designation ~~duly~~ executed and filed with the board to be effective the month
10 following receipt of his or her election by the Arkansas Teacher Retirement
11 System.

12 (iii) If no designated beneficiary survives ~~him or~~
13 ~~her~~ the retirant, the annuity reserve for the remainder of the annuity
14 payments shall be paid to the retirant's estate.

15 (iv) If the last designated beneficiary receiving
16 annuity payments dies before all annuity payments are made, the annuity
17 reserve for the remainder of the annuity payments shall be paid to the
18 beneficiary's estate.

19 (v) Effective the month following completion of the
20 one-hundred-twenty-month period, the retirant's annuity shall return to his
21 or her single lifetime benefit equivalent.

22 (3) In addition to the persons eligible to be designated as a
23 beneficiary under either Option A or Option B in subdivision (a)(2) of this
24 section, the board may promulgate rules concerning the addition of classes of
25 eligible persons to be designated as a beneficiary under this section and for
26 the rights of option beneficiaries of deceased disability retirees under §
27 24-7-704.

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29 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the
30 General Assembly of the State of Arkansas that certain provisions of the
31 Arkansas Teacher Retirement System statutes are in urgent need of revision to
32 bring them into conformance with sound public pension policy; that this
33 revision is of great importance to members of the Arkansas Teacher Retirement
34 System and to other citizens of the State of Arkansas; that the current
35 listing of those eligible to be designated as a beneficiary under Option A
36 and Option B is unclear and difficult to administer; and that this act is

1 immediately necessary to maintain an orderly system of benefits for members
2 of the Arkansas Teacher Retirement System. Therefore, an emergency is
3 declared to exist and this act being immediately necessary for the
4 preservation of the public peace, health, and safety shall become effective
5 on:

- 6 (1) The date of its approval by the Governor;
7 (2) If the bill is neither approved nor vetoed by the Governor,
8 the expiration of the period of time during which the Governor may veto the
9 bill; or
10 (3) If the bill is vetoed by the Governor and the veto is
11 overridden, the date the last house overrides the veto.

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13 /s/J. Key
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