

1 State of Arkansas
2 94th General Assembly
3 Regular Session, 2023
4

A Bill

HOUSE BILL 1186

5 By: Representative A. Collins
6 By: Senator K. Hammer
7

For An Act To Be Entitled

9 AN ACT TO AMEND AND UPDATE THE LAW CONCERNING ANNUITY
10 OPTIONS UNDER THE ARKANSAS TEACHER RETIREMENT SYSTEM;
11 TO ALLOW A RETIRANT TO DESIGNATE BOTH SURVIVING
12 SPOUSE AND DEPENDENT CHILDREN AS OPTION BENEFICIARIES
13 UNDER THE ARKANSAS TEACHER RETIREMENT SYSTEM; TO
14 CLARIFY WHEN A SURVIVING SPOUSE OF A DISABILITY
15 RETIRANT IS ENTITLED TO BEGIN RECEIVING PAYMENTS
16 UNDER THE ARKANSAS TEACHER RETIREMENT SYSTEM; TO
17 DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.
18

Subtitle

19
20
21 TO AMEND AND UPDATE THE LAW CONCERNING
22 ANNUITY OPTIONS UNDER THE ARKANSAS
23 TEACHER RETIREMENT SYSTEM; AND TO DECLARE
24 AN EMERGENCY.
25

26
27 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
28

29 SECTION 1. Arkansas Code § 24-7-706(a)(2), concerning a member's
30 annuity election and criteria that must be met for a member's nominated
31 beneficiary to receive an annuity in accordance with the Option A – 100%
32 Survivor Annuity option under the Arkansas Teacher Retirement System, is
33 amended to read as follows:

34 (2) The member may ~~nominate~~ designate a beneficiary one (1) or
35 more beneficiaries, in accordance with one (1) of the following options:

36 (A) Option A – 100% Survivor Annuity.



1 (i) Under Option A, upon the death of a ~~retirant~~
 2 retiree, his or her reduced annuity shall be continued throughout the life of
 3 and paid ~~to such person~~ in equal shares to each person as he or she shall
 4 ~~have~~ has nominated by written designation executed and filed with the Board
 5 of Trustees of the Arkansas Teacher Retirement System before the date the
 6 first payment of his or her annuity becomes due.

7 (ii)(a) ~~The A~~ A person designated as a beneficiary ~~by~~
 8 ~~the retirant~~ of a retiree shall be ~~+~~ the spouse or a dependent child of the
 9 retiree.

10 ~~(a)(b)~~ (b) The ~~retirant's spouse for not less than~~
 11 ~~one (1) year immediately preceding the first payment due date; or spouse of a~~
 12 retiree may be designated as the retiree's beneficiary if the retiree has
 13 been married to the spouse for at least one (1) year immediately preceding
 14 the first annuity payment due date.

15 ~~(b)(c)~~ (c) A ~~dependent child of the retirant who~~
 16 ~~has been adjudged physically or mentally incapacitated by a court of~~
 17 ~~competent jurisdiction~~ dependent child of a retiree may be designated as the
 18 beneficiary of the retiree if the dependent child has been:

19 (1) Adjudged physically or mentally
 20 incapacitated by a court of competent jurisdiction; or

21 (2) Found by the Social Security
 22 Administration to be disabled, as shown by a Social Security Administration
 23 determination letter;

24
 25 SECTION 2. Arkansas Code § 24-7-706(a)(2)(B), concerning the Option B
 26 – 50% Survivor Annuity option under the Arkansas Teacher Retirement System,
 27 is amended to read as follows:

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

29 (i) Under Option B, upon the death of a ~~retirant~~
 30 retiree, one-half ($\frac{1}{2}$) of his or her reduced annuity shall be continued
 31 throughout the life of and paid ~~to such person~~ in equal shares to each person
 32 as he or she has nominated by written designation executed and filed with the
 33 board before the date the first payment of his or her annuity becomes due.

34 (ii)(a) ~~The A~~ A person designated as a beneficiary ~~by~~
 35 ~~the retirant~~ of a retiree shall be ~~+~~ the spouse or a dependent child of the
 36 retiree.

1 dependent children as a beneficiary; and

2 (B) The surviving spouse files a written waiver of his or
3 her right to the spousal annuity with the system.

4 (5) If a residue beneficiary elects the Option A – 100% Survivor
5 Annuity under this subsection and is the surviving spouse of a disability
6 retiree, the same procedures used under § 24-7-710 to determine when an
7 active member’s surviving spouse is entitled to begin receiving benefit
8 payments shall be used to determine when the residue beneficiary is entitled
9 to begin receiving benefit payments.

10
11 SECTION 5. Arkansas Code § 24-7-706, concerning annuity options, is
12 amended to add an additional subsection to read as follows:

13 (g) A retiree’s effective retirement date and the date when survivor
14 benefits under this section are payable shall be determined by the law in
15 effect at the time of the retiree’s death.

16
17 SECTION 6. EMERGENCY CLAUSE. It is found and determined by the
18 General Assembly of the State of Arkansas that the operations of a state
19 public retirement system are complex; that the Arkansas Teacher Retirement
20 System must be able to meet the needs of its members as anticipated by the
21 General Assembly; that certain provisions of the Arkansas Teacher Retirement
22 System Act need revision and updating to bring them into conformance with
23 sound public pension policy and actuarial requirements; that the current
24 provisions of the Arkansas Teacher Retirement System Act do not allow a
25 retirant to provide for both his or her surviving spouse and dependent
26 children in the event of the retirant’s death by designating both his or her
27 surviving spouse and dependent children as option beneficiaries; that the
28 current provisions of the Arkansas Teacher Retirement System Act do not
29 clearly address when the surviving spouse of a disability retirant is
30 entitled to begin receiving benefit payments; that the revisions and updates
31 are of great importance to members of the Arkansas Teacher Retirement System
32 and to other citizens of the State of Arkansas; that the Arkansas Teacher
33 Retirement System operates on a fiscal year of July 1 to June 30; that a July
34 1, 2023, effective date is necessary to allow the provisions within this act
35 to begin on the first day of the fiscal year to provide for the proper
36 administration of the procedures referenced in this act; that the updates and

1 revisions to the Arkansas Teacher Retirement System Act are of great
2 importance for actuarial purposes and for the improvement and protection of
3 member benefits under the Arkansas Teacher Retirement System; and that this
4 act is necessary in order to maintain an orderly system of benefits for the
5 members of the Arkansas Teacher Retirement System. Therefore, an emergency
6 is declared to exist, and this act being necessary for the preservation of
7 the public peace, health, and safety shall become effective on July 1, 2023.

8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36