

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

A Bill

SENATE BILL 115

5 By: Senator K. Hammer
6 By: Representative Warren
7

For An Act To Be Entitled

9 AN ACT TO AMEND AND UPDATE THE LAW CONCERNING
10 SURVIVOR ANNUITY BENEFITS UNDER THE ARKANSAS TEACHER
11 RETIREMENT SYSTEM; TO CLARIFY SURVIVOR APPLICATION
12 DEADLINES UNDER THE ARKANSAS TEACHER RETIREMENT
13 SYSTEM; TO CLARIFY A DEPENDENT CHILD'S ABILITY TO
14 RECEIVE A DEPENDENT CHILD ANNUITY UNDER THE ARKANSAS
15 TEACHER RETIREMENT SYSTEM WHEN THE CHILD IS CALLED TO
16 ACTIVE MILITARY DUTY OR TRAINING; TO CLARIFY A
17 DEPENDENT CHILD'S ELIGIBILITY FOR A DEPENDENT CHILD
18 ANNUITY UNDER THE ARKANSAS TEACHER RETIREMENT SYSTEM
19 WHEN THE CHILD'S PARENT HAS RETIRED BUT RETURNS TO
20 WORK UNDER A COVERED EMPLOYER; TO DECLARE AN
21 EMERGENCY; AND FOR OTHER PURPOSES.
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Subtitle

25 TO AMEND AND UPDATE THE LAW CONCERNING
26 SURVIVOR ANNUITY BENEFITS UNDER THE
27 ARKANSAS TEACHER RETIREMENT SYSTEM; AND
28 TO DECLARE AN EMERGENCY.
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31 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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33 SECTION 1. Arkansas Code § 24-7-710 is amended to read as follows:
34 24-7-710. Survivor annuity benefits.

35 (a)(1) If an active member with five (5) or more years of actual and
36 reciprocal service, including credited service for the year immediately



1 preceding his or her death, dies before the receipt of retirement benefits
 2 from the Arkansas Teacher Retirement System, then the benefits provided in
 3 this section shall be paid to eligible survivors.

4 (2)(A) An immediately eligible survivor is entitled to receive
 5 monthly benefits beginning the month after the death of the active member if
 6 the survivor application is filed with the system ~~within three (3) months of~~
 7 ~~the death of the member~~ by the end of the sixth full calendar month following
 8 the date of the active member's death, otherwise the monthly benefits shall
 9 begin the month that the survivor application is filed with the system.

10 (B) If an immediately eligible survivor or the minor
 11 survivor's guardian or legal representative fails to complete the application
 12 process ~~within six (6) calendar months after~~ by the end of the sixth full
 13 calendar month following the date on which the application required under
 14 subdivision (a)(2)(A) of this section and any additional documentation
 15 required by the system is filed, ~~including the submission of any additional~~
 16 ~~documentation required by the system~~, the application shall be void unless an
 17 extension is granted by the ~~system~~ Executive Director of the Arkansas Teacher
 18 Retirement System.

19 (b)(1)(A)(i) Unless the active member otherwise directs an alternative
 20 beneficiary to receive a residue with a payable balance by using a
 21 beneficiary form approved by the system, ~~a~~ the active member's surviving
 22 spouse, who was married to the active member for at least the two (2) years
 23 immediately preceding the active member's death, shall receive an annuity
 24 computed in the same manner in all respects as if the active member had
 25 retired on the date of the active member's death and elected Option A under §
 26 24-7-706 to provide one hundred percent (100%) survivor annuity benefits,
 27 including benefits applicable under § 24-7-713, for his or her surviving
 28 spouse.

29 (ii)(a) Unless otherwise provided by this section, a
 30 surviving spouse who is ineligible for an annuity under this section solely
 31 as a result of the active member designating an alternative beneficiary shall
 32 be eligible for an annuity under this section if the alternative beneficiary
 33 waives his or her right to the residue.

34 (b) If the active member does not have a
 35 residue with a payable balance, a waiver of an alternative beneficiary's
 36 right to a residue shall not be required.

1 ~~(ii)~~(iii) The system shall continue to pay any
 2 benefits applicable under § 24-7-713 for an eligible surviving spouse,
 3 including a spouse who began receiving benefits on or after July 1, 2009.

4 (B)(i) If a surviving spouse is immediately eligible to
 5 receive a monthly benefit immediately after the death of ~~a~~ an active member,
 6 the immediately eligible surviving spouse is entitled to receive monthly
 7 benefits beginning the month after the death of the active member if the
 8 survivor application and all other required additional information is filed
 9 with the system ~~within three (3) months of the death of the member~~ by the end
 10 of the sixth full calendar month following the date of the active member's
 11 death, otherwise the monthly benefits shall begin the month that the survivor
 12 application is filed with the system if at the time of the active member's
 13 death the active member had:

14 (a) Accumulated twenty-five (25) years or more
 15 of credited service and qualified as eligible to receive a retirement annuity
 16 under §§ 24-7-701 and 24-7-702; or

17 (b) Reached sixty (60) years of age and
 18 qualified as eligible to receive a retirement annuity under § 24-7-707.

19 (ii) If an immediately eligible spouse fails to
 20 complete the application process ~~within six (6) calendar months after~~ by the
 21 end of the sixth full calendar month following the date on which the survivor
 22 application and additional documentation required under subdivision
 23 (b)(1)(B)(i) of this section is filed, ~~including the submission of all~~
 24 ~~additional documentation required by the system~~, the survivor application
 25 shall be void unless an extension is granted by the ~~system~~ executive
 26 director.

27 (C)(i) If the surviving spouse is not immediately eligible
 28 to receive monthly benefits under subdivision (b)(1)(B) of this section, the
 29 surviving spouse's benefits shall begin the later of either the month
 30 following the date the active member would have been eligible to receive
 31 benefits had the active member survived or the date that ~~an application for a~~
 32 ~~surviving spouse's benefits~~ a survivor application is filed with the system.

33 (ii) If a surviving spouse becomes eligible for
 34 surviving spouse benefits and fails to complete the application process
 35 ~~within six (6) calendar months after~~ by the end of the sixth full calendar
 36 month following the date on which the survivor application and additional

1 documentation required under subdivision (b)(1)(B)(i) of this section is
 2 filed, ~~including the submission of any additional documentation required by~~
 3 ~~the system~~, the survivor application shall be void unless an extension is
 4 granted by the ~~system~~ executive director.

5 (D) If the surviving spouse is eligible to receive the
 6 survivor annuity and the active member had not reached sixty (60) years of
 7 age at the time of the active member's death, the surviving spouse may elect
 8 to defer receipt of the annuity until the active member would have reached
 9 sixty (60) years of age, and the surviving spouse's benefits shall not be
 10 reduced under the early retirement provisions of § 24-7-702.

11 (E) The surviving spouse's benefits under this section are
 12 payable for the surviving spouse's lifetime.

13 (F) If the active member directs an alternative
 14 beneficiary by using a beneficiary form approved by the system, the active
 15 member may designate one or more residual beneficiaries to receive a lump-sum
 16 payment of the active member's residue amount under § 24-7-709 in lieu of the
 17 active member's surviving spouse.

18 (2) If at the time of the active member's death there are no
 19 dependent children and the surviving spouse who is eligible to receive the
 20 annuity under this subsection files with the system a written waiver of his
 21 or her right to the spousal annuity, a lump-sum distribution of the deceased
 22 active member's accumulated contributions plus regular interest may be made
 23 to the surviving spouse.

24 ~~(3) The Board of Trustees of the Arkansas Teacher Retirement~~
 25 ~~System may adopt rules to carry out the provisions of this section.~~

26 (c)(1)(A)(i) ~~A surviving dependent child of the member~~ An active
 27 member's surviving dependent child shall receive an annuity in an amount
 28 equal to one percent (1%) of the active member's highest salary year for each
 29 quarter of a year credited as actual service in the system but not to exceed
 30 twenty (20) quarters of a year that are credited as actual service in the
 31 system for up to a maximum of twenty thousand dollars (\$20,000).

32 (ii) If the active member's highest salary year
 33 occurs in the year that the active member died, the system shall calculate
 34 the surviving dependent child's annuity on the basis of a full year of salary
 35 by the active member.

36 (B) If a an active member has more than three (3)

1 surviving dependent children, the aggregate amount of the surviving dependent
 2 children's annuity shall not exceed the lesser of sixty percent (60%) of the
 3 active member's highest salary year or sixty thousand dollars (\$60,000) per
 4 year and shall be divided equally among the surviving dependent children.

5 (2)(A) A deceased active member's child shall be considered a
 6 dependent child and eligible for the dependent child annuity until he or she
 7 reaches eighteen (18) years of age.

8 ~~(B)(i) The child of a deceased member is considered a~~
 9 ~~dependent child and is eligible for the dependent child annuity at eighteen~~
 10 ~~(18) years of age or older, but not older than twenty three (23) years of~~
 11 ~~age, if the dependent child stays continuously enrolled as a full-time~~
 12 ~~student at an accredited secondary school, college, or university. A~~
 13 deceased active member's child shall be considered a dependent child who is
 14 eligible for a dependent child annuity if the child:

15 (a) Is at least eighteen (18) years of age and
 16 not older than twenty-two (22) years of age; and

17 (b) Stays continuously enrolled as a full-time
 18 student in an accredited secondary school, college, university, or
 19 vocational-technical school.

20 (ii) Notwithstanding subdivision (c)(2)(B)(i)(b) of
 21 this section, a dependent child who enrolls in an accredited college,
 22 university, or vocational-technical school and defers his or her enrollment
 23 in accordance with rules promulgated by the Board of Trustees of the Arkansas
 24 Teacher Retirement System shall remain eligible to receive a dependent child
 25 annuity during his or her period of deferred enrollment.

26 ~~(ii)(C)~~ Regardless of age, a deceased active
 27 member's child who has been deemed physically or mentally incapacitated by a
 28 court of competent jurisdiction is eligible to receive a dependent child
 29 annuity for as long as the incapacity exists.

30 (D)(i) A dependent child may have his or her dependent
 31 child annuity temporarily suspended if the dependent child:

32 (a) Is called to active military duty or
 33 active military training; and

34 (b) Submits a copy of his or her military
 35 orders to the system.

36 (ii) The dependent child's dependent child annuity

1 shall be temporarily suspended for the duration of the dependent child's
 2 participation in active military duty or active military duty training.

3 (iii) The dependent child's dependent child annuity
 4 shall be reinstated if the dependent child:

5 (a) Is at least eighteen (18) years of age and
 6 not older than twenty-two (22) years of age;

7 (b) Immediately enrolls as a full-time student
 8 at an accredited secondary school, college, university, or vocational-
 9 technical school after returning from active military duty or active military
 10 training; and

11 (c) Submits documentation of his or her
 12 enrollment at an accredited secondary school, college, university, or
 13 vocational-technical school to the system.

14 (3) When a dependent child ceases to ~~be a dependent~~ qualify as a
 15 dependent child or dies, the dependent child shall not be eligible to qualify
 16 as a dependent child of the deceased active member again, and his or her
 17 share of the dependent child annuity shall terminate.

18 (d) For the purposes of §§ 24-7-709 and 24-7-711 related to the
 19 disposition of a member's residue amount, a survivor annuity received from
 20 ~~the~~ an active member's deposit account under this section shall be considered
 21 annuity payments received by the active member or his or her designated
 22 beneficiary and shall offset any disposition of residue payable under §§ 24-
 23 7-709 and 24-7-711 to the estate of the member or to an alternate payee.

24 (e) If ~~the~~ an active member ~~had~~ previously received benefits from the
 25 system and has not repaid in full all amounts payable by him or her to the
 26 system, the annuity amounts otherwise provided by this section shall be
 27 withheld until the total amount owed to the system is repaid.

28 (f)(1) For eligibility under this section, a member is considered
 29 active for an additional fiscal year following the last fiscal year that the
 30 member renders actual service to a covered employer and obtains at least one-
 31 fourth ($\frac{1}{4}$) of a year of service credit.

32 (2) In addition, a member is considered active for eligibility
 33 under this section if in the fiscal year of a member's death, the member
 34 earned at least ten (10) days of service credit in each quarter before and
 35 including the quarter of the member's death.

36 (3) Service credit used in calculating any benefits paid under

1 this section ~~means~~ includes days of service, ~~including~~ and any paid sick
2 leave covered by the covered employer.

3 (g)(1) A dependent child annuity shall be payable to each surviving
4 child of a retiree who dies after returning to work if the child qualifies as
5 a dependent child and is eligible for a dependent child annuity under this
6 section and the rules and resolutions of the system.

7 (2) The provisions of this section that are applicable to the
8 child of an active member shall be used to determine:

9 (A) Whether the child of a retiree who dies after
10 returning to work qualifies as a dependent child who is eligible for a
11 dependent child annuity;

12 (B) When the dependent child annuity is payable to the
13 child of a retiree who dies after returning to work; and

14 (C) The amount of the dependent child annuity payable to
15 the child of a retiree who dies after returning to work.

16 (h) A member's effective retirement date and the date when survivor
17 benefits under this section are payable shall be determined by the law in
18 effect at the time of a member's death.

19 (i) The board may adopt rules to carry out this section.

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21 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the
22 General Assembly of the State of Arkansas that the operations of a state
23 public retirement system are complex; that the Arkansas Teacher Retirement
24 System must be able to meet the needs of its members as anticipated by the
25 General Assembly; that certain provisions of the Arkansas Teacher Retirement
26 System Act need revision and updating to bring these provisions into
27 conformance with sound public pension policy and actuarial requirements; that
28 the current provisions of the Arkansas Teacher Retirement System Act are
29 unclear with regard to application deadlines, a dependent child's ability to
30 continue receiving a dependent child annuity when the dependent child is
31 called to active military duty or training, and the eligibility of a child of
32 a retiree who returns to work to receive a dependent child annuity; that the
33 revisions and updates are of great importance to members of the Arkansas
34 Teacher Retirement System and to other citizens of the State of Arkansas;
35 that as the Arkansas Teacher Retirement System operates on a fiscal year of
36 July 1 to June 30, a July 1, 2023, effective date is necessary in order to

1 allow the provisions within this act to begin on the first day of the fiscal
2 year and to allow for a structured and proper administration of the
3 procedures referenced in this act; that the updates and revisions to the
4 Arkansas Teacher Retirement System Act are of great importance and necessary
5 for improving and protecting member benefits; and that this act is necessary
6 in order to maintain an orderly system of benefits for the members of the
7 Arkansas Teacher Retirement System. Therefore, an emergency is declared to
8 exist, and this act being necessary for the preservation of the public peace,
9 health, and safety shall become effective on July 1, 2023.

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