

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

As Engrossed: H2/16/23

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 as he or she shall have nominated~~ as provided under
 4 subdivision (a)(4) of this subsection to the persons that he or she nominates
 5 by written designation executed and filed with the Board of Trustees of the
 6 Arkansas Teacher Retirement System before the date the first payment of his
 7 or her annuity becomes due.

8 (ii)(a) ~~The person designated as a beneficiary by the~~
 9 ~~retirant shall be.~~ The designated beneficiary or beneficiaries of a retiree
 10 shall be either:

11 (1) The retiree's spouse;

12 (2) One (1) or more of the retiree's
 13 children who qualify as a dependent child under subdivision (a)(2)(A)(ii)(c)
 14 of this section; or

15 (3) Both the retiree's spouse and one (1)
 16 or more of the retiree's children who qualify as a dependent child under
 17 subdivision (a)(2)(A)(ii)(c) of this section.

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

23 ~~(b)(c) A dependent child of the retirant who~~
 24 ~~has been adjudged physically or mentally incapacitated by a court of~~
 25 ~~competent jurisdiction~~ A child of a retiree qualifies as a dependent child
 26 and may be designated as an Option A beneficiary of the retiree if the child
 27 has been adjudged physically or mentally incapacitated by a court of
 28 competent jurisdiction;

29
 30 SECTION 2. Arkansas Code § 24-7-706(a)(2)(B), concerning the Option B
 31 - 50% Survivor Annuity option under the Arkansas Teacher Retirement System,
 32 is amended to read as follows:

33 (B) Option B - 50% Survivor Annuity.

34 (i) Under Option B, upon the death of a ~~retirant~~
 35 retiree, one-half ($\frac{1}{2}$) of his or her reduced annuity shall be continued
 36 throughout the life of and paid ~~to such person as he or she has nominated~~ as

1 provided under subdivision (a)(4) of this subsection to the persons that he
 2 or she nominates by written designation executed and filed with the board
 3 before the date the first payment of his or her annuity becomes due.

4 ~~(ii)(a) The person designated as a beneficiary by~~
 5 ~~the retirant shall be.~~ The designated beneficiary or beneficiaries of a
 6 retiree shall be either:

7 (1) The retiree's spouse;

8 (2) One (1) or more of the retiree's
 9 children who qualify as a dependent child under subdivision (a)(2)(B)(ii)(c)
 10 of this section; or

11 (3) Both the retiree's spouse and one
 12 (1) or more of the retiree's children who qualify as a dependent child under
 13 subdivision (a)(2)(B)(ii)(c) of this section.

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

19 ~~(b)(c) A dependent child of the retirant who~~
 20 ~~has been adjudged physically or mentally incapacitated by a court of~~
 21 ~~competent jurisdiction~~ A dependent child of a retiree may be designated as an
 22 Option B beneficiary of the retiree if the dependent child has been adjudged
 23 physically or mentally incapacitated by a court of competent jurisdiction; or
 24

25 SECTION 3. Arkansas Code § 24-7-706(a), concerning annuity options
 26 under the Arkansas Teacher Retirement System, is amended to add new
 27 subdivisions to read as follows:

28 (4)(A)(i) Upon the death of a retiree, if both a spouse and one
 29 (1) dependent child are designated as the retiree's Option A beneficiaries,
 30 the retiree's reduced annuity shall be paid in equal shares to the spouse and
 31 the dependent child.

32 (ii) Upon the death of a retiree, if both a spouse
 33 and more than one (1) dependent child are designated as the retiree's Option
 34 A beneficiaries, the spouse shall receive fifty percent (50%) of the
 35 retiree's reduced annuity and the remaining fifty percent (50%) of the
 36 retiree's reduced annuity shall be paid in equal shares to the dependent

1 children.

2 (iii) Upon the death of a retiree, if more than one
3 (1) dependent child is designated as the retiree's Option A beneficiary and a
4 spouse is not designated as the retiree's Option A beneficiary, the retiree's
5 reduced annuity shall be paid in equal shares to each dependent child
6 designated as the retiree's Option A beneficiary.

7 (B)(i) Upon the death of a retiree, if both a spouse and
8 one (1) dependent child are designated as the retiree's Option B
9 beneficiaries, one-half (1/2) of the retiree's reduced annuity shall be paid
10 in equal shares to the spouse and the dependent child.

11 (ii) Upon the death of a retiree, if both a spouse
12 and more than one (1) dependent child are designated as the retiree's Option
13 B beneficiaries, the spouse shall receive fifty percent (50%) of one-half
14 (1/2) of the retiree's reduced annuity and the remaining fifty percent (50%)
15 of one-half (1/2) of the retiree's reduced annuity shall be paid in equal
16 shares to the dependent children.

17 (iii) Upon the death of a retiree, if more than one
18 (1) dependent child is designated as the retiree's Option B beneficiary and a
19 spouse is not designated as the retiree's Option B beneficiary, the retiree's
20 reduced annuity shall be paid in equal shares to each dependent child
21 designated as the retiree's Option B beneficiary.

22 (5) If both a spouse and one (1) or more dependent children are
23 designated as the Option A or Option B beneficiaries of a retiree and annuity
24 payments to either the spouse or one (1) or more of the dependent children
25 have begun, the following shall apply:

26 (A) A dependent child's portion of the annuity shall not
27 revert to the spouse or any other dependent children if the dependent child:

28 (i) Predeceases the spouse or any other dependent
29 children; or

30 (ii) Otherwise becomes ineligible to continue
31 receiving annuity payments; and

32 (B) The spouse's portion of the annuity shall not revert
33 to any dependent child if the spouse:

34 (i) Predeceases one (1) or more dependent children;
35 or

36 (ii) Otherwise becomes ineligible to continue

1 receiving annuity payments.

2
3 SECTION 4. Arkansas Code § 24-7-706(d), concerning the ability of a
4 residue beneficiary under § 24-7-709 to cancel the form of annuity in effect
5 and elect Option A – 100% Survivor Annuity option under certain conditions,
6 is amended to add additional subdivisions to read as follows:

7 (4) A surviving spouse who is eligible to receive an annuity
8 under this section may elect to receive a lump-sum distribution of the
9 retiree's residue in lieu of the spousal annuity if:

10 (A) The retiree did not designate one (1) or more
11 dependent children as a beneficiary; and

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

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

20
21 SECTION 5. Arkansas Code § 24-7-706, concerning annuity options, is
22 amended to add an additional subsection to read as follows:

23 (g) A retiree's effective retirement date and the date when survivor
24 benefits under this section are payable shall be determined by the law in
25 effect at the time of the retiree's death.

26
27 SECTION 6. EMERGENCY CLAUSE. It is found and determined by the
28 General Assembly of the State of Arkansas that the operations of a state
29 public retirement system are complex; that the Arkansas Teacher Retirement
30 System must be able to meet the needs of its members as anticipated by the
31 General Assembly; that certain provisions of the Arkansas Teacher Retirement
32 System Act need revision and updating to bring them into conformance with
33 sound public pension policy and actuarial requirements; that the current
34 provisions of the Arkansas Teacher Retirement System Act do not allow a
35 retirant to provide for both his or her surviving spouse and dependent
36 children in the event of the retirant's death by designating both his or her

1 surviving spouse and dependent children as option beneficiaries; that the
2 current provisions of the Arkansas Teacher Retirement System Act do not
3 clearly address when the surviving spouse of a disability retiree is
4 entitled to begin receiving benefit payments; that the revisions and updates
5 are of great importance to members of the Arkansas Teacher Retirement System
6 and to other citizens of the State of Arkansas; that the Arkansas Teacher
7 Retirement System operates on a fiscal year of July 1 to June 30; that a July
8 1, 2023, effective date is necessary to allow the provisions within this act
9 to begin on the first day of the fiscal year to provide for the proper
10 administration of the procedures referenced in this act; that the updates and
11 revisions to the Arkansas Teacher Retirement System Act are of great
12 importance for actuarial purposes and for the improvement and protection of
13 member benefits under the Arkansas Teacher Retirement System; and that this
14 act is necessary in order to maintain an orderly system of benefits for the
15 members of the Arkansas Teacher Retirement System. Therefore, an emergency
16 is declared to exist, and this act being necessary for the preservation of
17 the public peace, health, and safety shall become effective on July 1, 2023.

18
19 */s/A. Collins*

20
21
22 **APPROVED: 3/2/23**
23
24
25
26
27
28
29
30
31
32
33
34
35
36