

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas
94th General Assembly
Regular Session, 2023

As Engrossed: H2/9/23
A Bill

HOUSE BILL 1193

By: Representative Warren
By: Senator K. Hammer

For An Act To Be Entitled

AN ACT TO AMEND TITLES OF MEMBERS OF THE BOARD OF TRUSTEES OF THE ARKANSAS STATE HIGHWAY EMPLOYEES' RETIREMENT SYSTEM TO CONFORM TO THEIR CORRESPONDING POSITIONS; TO AMEND THE LAWS REGARDING SURVIVOR BENEFITS UNDER THE ARKANSAS STATE HIGHWAY EMPLOYEES' RETIREMENT SYSTEM; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND TITLES OF MEMBERS OF THE BOARD OF TRUSTEES OF THE ARKANSAS STATE HIGHWAY EMPLOYEES' RETIREMENT SYSTEM; AND TO AMEND THE LAWS REGARDING SURVIVOR BENEFITS UNDER THE ARKANSAS STATE HIGHWAY EMPLOYEES' RETIREMENT SYSTEM.

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

SECTION 1. Arkansas Code § 24-5-104(b)(1)(D), concerning the role of the Chief Engineer of the Department of Transportation as a member of the Board of Trustees of the Arkansas State Highway Employees' Retirement System, is amended to read as follows:

(D) The Chief Engineer – Operations of the Arkansas Department of Transportation;

SECTION 2. Arkansas Code § 24-5-116 is amended to read as follows:
24-5-116. Benefits – Death of member or retirant.



(a)(1) In the case of death of a member prior to retirement ~~or of a member's beneficiary whose benefits have been deferred or who for any other reason has not withdrawn the member's contributions~~, the member's accumulated contributions and any life insurance policy proceeds shall become payable to the designated beneficiary or to the estate of the person having the deferred benefits if a beneficiary has not been designated or is deceased.

~~(2)(A)(i) The designated beneficiary may be changed by the member or member's beneficiary in the manner prescribed by the Board of Trustees of the Arkansas State Highway Employees' Retirement System, but the designated beneficiary shall have no legal claim on any contribution made by the state with a view to the retirement of the member or member's beneficiary. The designated beneficiary of a member who has not completed five (5) years of creditable service at the time of the member's death, or the member's estate if there is no designated beneficiary, is eligible to receive the member's accumulated contributions and life insurance proceeds.~~

(ii) The designated beneficiary of a member who has not completed five (5) years of creditable service at the time of the member's death, or the estate if there is no designated beneficiary, is not eligible to receive any additional benefits described in this section other than the benefits set forth in subdivision (a)(2)(A)(i) of this section.

(B)(i) A member may change his or her designated beneficiary in the manner prescribed by the Board of Trustees of the Arkansas State Highway Employees' Retirement System.

(ii) A member may designate different persons to be the beneficiaries for a member's retirement and for his or her life insurance policy in the manner prescribed by the board.

(3) Unless otherwise elected in accordance with § 24-5-116(a)(4), the surviving spouse of a member with five (5) or more years of creditable service who was married to the member at least one (1) year immediately preceding the member's death may elect an annuity that is computed in the same manner in all respects as if the member had retired on the date of his or her death with entitlement to an annuity provided for in § 24-5-115 and the member elected:

(A) An Option A annuity provided for in § 24-5-118(a)(1);

(B) An Option B annuity provided for in § 24-5-118(a)(2) with payments to begin when the deceased member would have reached age and

service requirements for eligibility to retire; or

(C)(i) A one-time lump sum payment of all the member's accumulated contributions.

(ii) A person reimbursed under subdivision (a)(2)(C) of this section shall have no legal claim to any contributions made by the state with a view to the retirement of the member or member's beneficiary.

(4)(A) A member with five (5) or more years of creditable service may designate a beneficiary other than the member's current spouse.

(B) A member's non-spousal beneficiary may elect an annuity computed in the same manner in all respects as if the member had retired on the date of his or her death with entitlement to an annuity provided for in § 24-5-115 and the member elected:

(i) An Option A annuity provided for in § 24-5-228(a)(1); or

(ii)(a) A one-time lump sum payment of all the member's accumulated contributions.

(b) A person reimbursed under subdivision (a)(4)(B)(ii) of this section shall have no legal claim to any contributions made by the state with a view to the retirement of the member or member's beneficiary.

(b)(1) If a retired member with a straight life annuity dies before he or she has been paid benefits equivalent to his or her contributions to the Arkansas State Highway Employees' Retirement System, the difference between the benefits received and his or her contributions while an active member of the system, together with any other balance to his or her credit in the system, shall be paid to his or her designated beneficiary.

(2) In the event there is no designated beneficiary, refund of the unpaid balance shall be paid to his or her estate.

(3)(A) Payment of the refund shall be made in full or in installments, as determined by the board.

(B) The benefits may be paid directly to a curator or guardian, to an administrator or to an executor authorized to receive such payments, wherever such representative may be, without the appointment of a representative in this state.

(4) For retired members who elected one of the annuity options in § 24-5-118, the available death benefits are as described in that section.

(c)(1) The system shall provide life insurance in the amount of fifteen thousand dollars (\$15,000) for the benefit of each of its actively employed members.

(2) The insurance shall remain in force during the life of each member until his or her retirement and shall be paid for by the system.

(3) The system may offer a similar or lesser amount of life insurance coverage on the lives of the member's spouse and his or her dependents with the member bearing the costs of any additional coverage.

(d) The effective date of the benefits provided for in this section shall in no event be prior to the first day following the member's death.

SECTION 3. Arkansas Code § 24-5-118(a)(1)(C)-(D), concerning the death of a retirant during the first 120 months of retirement under the Arkansas State Highway Employees' Retirement System, is amended to read as follows:

(C) If the beneficiary does not survive the retirant, the retirant may name another beneficiary, or failing to name a beneficiary, ~~the annuity reserve for~~ the annuity for the remainder of the one-hundred-twenty-month period shall be paid to the retirant's estate.

(D) If the beneficiary survives the retirant but dies before the end of the one-hundred-twenty-month period, ~~the annuity reserve for~~ the annuity for the remainder of the one-hundred-twenty-month period shall be paid to the beneficiary's designated beneficiary; or

SECTION 4. Arkansas Code § 24-5-118(b)-(d), concerning the benefits payable to a surviving spouse under the Arkansas State Highway Employees' Retirement System, are repealed.

~~(b) If an active member with five (5) or more years of credited service, including credited service for the year immediately preceding his or her death, dies in employer service before retirement, the applicable benefits provided in this section shall be paid upon written application to the board. It is the intent of this section to include all surviving spouses or beneficiaries, regardless of the time of the death of the member.~~

~~(c) The effective date of the benefits provided in this section shall in no event be prior to the first day succeeding the member's death.~~

~~(d) A member's surviving spouse who was married to the member at least the one (1) year immediately preceding his or her death shall receive an~~

~~annuity computed in the same manner in all respects as if the member had:~~

~~(1) Retired the date of his or her death with entitlement to an annuity provided for in § 24-5-115;~~

~~(2) Elected the Option A survivor annuity provided for in subdivision (a)(1) of this section; and~~

~~(3) Nominated his or her spouse as joint beneficiary provided for in subdivision (a)(2)(A) of this section.~~

SECTION 5. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that certain provisions of the law applicable to the Arkansas State Highway Employees' Retirement System are in urgent need of revision to bring the operations of the system into conformance with sound public pension policy; that amendments to the law in this act are of great importance to the citizens of this state; that a July 1, 2023 effective date is necessary to allow the provisions within this act to begin on the first day of the fiscal year to provide for the proper administration of the procedures referenced in this act; and that this act is necessary to maintain an orderly system of benefits for the members of the system. Therefore, an emergency is declared to exist, and this act being necessary for the preservation of the public peace, health, and safety shall become effective on July 1, 2023.

/s/Warren