

AGE AND SERVICE (VOLUNTARY) RETIREMENT

1. **ELIGIBILITY/QUALIFICATIONS** (Amended by Acts 281 and 282 of 1995; Acts 992 and 1053 of 1997; Act 461 of 2001) (A.C.A. §24-7-701)
 - A. Effective July 1, 1998, any active member who attains age 60 and has five (5) or more years of actual service may voluntarily retire upon written application filed with the Board of Trustees.
 - B. Active membership will continue beyond a fiscal year in which credited service was rendered provided the employing institution certified continuing employment. Leave of absence with pay upon which the member is making contributions also continues active membership.
 - C. Effective April 1, 1997, any active or inactive member who has 28 or more years of credited service but has not attained age 60 years may voluntarily retire without reduction in benefits upon written application filed with the Board.
 - i. For active members, said annuity shall begin the first day of the calendar month next following the latest of: (a) one month after the date the written application is filed with the Board; (b) the member's termination of active membership; (c) the member's attainment of the minimum age; or (d) the member's completion of the minimum years of credited service.
 - ii. For inactive members, said annuity shall begin the first of the month following the date of application.
 - D. Effective July 1, 2001:
 - i. A member who has not attained normal retirement age (65) must terminate covered employment to be eligible for retirement.
 - ii. A member shall not be considered terminated from employment for retirement purposes if the person returns to a position that would otherwise be covered by ATRS within thirty (30) days of the person's effective date of retirement.
 - iii. A person failing to meet these termination of employment requirements shall forfeit retirement benefits until the requirements are met.
 - E. In no event shall such annuity begin earlier than the July 1 next following a fiscal school year for which the member has signed an employment contract unless his contract is terminated with employer consent before the year of service is rendered.

- F. Effective July 1, 1995, a member retiring with an effective date other than July 1, who has not completed his employment contract and who wants to retain credit for service within the current fiscal year may make application to retire one (1) full month prior to the month benefits are to be effective. No salary earned during the fiscal year may be used in the computation of benefits, and no more than one-fourth (1/4) of a year of service credit shall be given for each quarter completed regardless of the number of days worked in a quarter. If a member has signed an employment contract for a fiscal year and has been paid in full for that year, benefits shall not become effective until July 1.
- G. The official postmark date may be used as the official date of a transaction when the use of the mails is the usual and customary method of communication for handling such transactions.
- H. The date of application for disability retirement benefits may be used to determine the effective date of age and service retirement benefits under the provisions of the law. The date of application for age and service retirement benefits may be used to determine the effective date of disability retirement under the provisions of the law.
- I. A member may cancel his application for retirement benefits any time prior to thirty (30) days after the later of: the effective date of benefits or the receipt of the first retirement check. The member shall notify the Teacher Retirement System of such cancellation in writing within the 30-day period, and he shall again become eligible for active membership in the System. This shall be in effect for the 1993-94 fiscal year and thereafter.
- J. Leave earned prior to the date of termination of employment does not change the date of termination, although a lump-sum payment is made subsequent to the date of termination. The key to termination is the date the employee actually goes off the payroll.

2. BENEFITS

A. Benefits Formula (Amended by Act 992 of 1997 and Act 396 of 1999)

For payment periods April 1, 1997, and later, the benefits payable under the above formula shall not be less than the total number of years of credited service multiplied by not less than 2.065% of his final average salary, except that benefits shall not be less than 1.305% of his final average salary multiplied by his number of years of credited service rendered after July 30, 1986, for which no member contributions were made.

For an increase(s) in benefit formulas to be effective, the regular annual actuarial valuation for the calendar year immediately preceding the effective date of the increase(s) shall be based upon an investment rate assumption of no more than eight percent (8%) and shall indicate that up to and including a twelve percent (12%) of pay employer contribution rate is sufficient to amortize all unfunded actuarial accrued liabilities for members over a period of thirty (30) years or less. For any increase to be effective on a scheduled date, all increases scheduled for that date must collectively meet the minimum financial conditions.

On any scheduled date the increases do not collectively meet the minimum financial conditions, the Board of Trustees shall have the authority to delay the increase until the minimum financial conditions are met. Such delayed increase shall only be given on a July 1 and shall be the increases set out above.

Act 396 of 1999 provides the ATRS Board authority to increase the multiplier used to compute retirement benefits from 2.065% to 2.15% for contributory service and 1.305% to 1.39% for noncontributory service when actuarially appropriate. In addition, this legislation authorized the Board to provide an increase for retirees and beneficiaries already on the retirement rolls.

Effective July 1, 1971, if additional Teacher Retirement contributions are remitted by an employer for any retirant, and the additional salary does not result in an annual increase or decrease in benefits of at least \$5.00, the contributions will be transferred from the Member's Deposit Account to the Employer Accumulation Account without making any change in the records in the member's folder. These transfers will be made annually or as deemed necessary. If the additional salary does increase or decrease the retirant's benefits at least \$5.00 annually, the benefits will be recomputed, and necessary changes will be made in the member's records.

A retirant whose final average salary for annuity purposes was \$7,800.00 may elect to change effective July 1, 1986, to the noncontributory plan and from that date be considered on full salary. Additional employer contributions for that period shall not be due from the retirant. However, if a retirant elects to make this change, he must pay the additional employee and employer contributions due on any service reported between July 1, 1969, and June 30, 1986. When all contributions due have been paid, the monthly annuity for the retirant shall be recalculated, using the actual salary earned, and the increase in the annuity shall be effective the first of the month following the payment of all contributions due.

B. Minimum Benefits (Amended by Act 1053 of 1997; Acts 221 of 1999 and 396 of 1999)

- i. Any member who has 10 or more years of credited service shall receive the following minimum benefit: \$150.00 per month if the member has only contributory credited service; \$94.00 per month if the member has only noncontributory service; and a monthly amount prorated between \$94.00 and \$150.00 if the member has a combination of contributory and noncontributory service.

- i. Any member retiring July 1, 1998, or later and who has five (5) or more years of credited service shall receive the following minimum benefit: \$100.00 per month if the member has only contributory service; \$64.00 per month if the member has only noncontributory service; and a monthly amount prorated between \$64.00 and \$100.00 if the member has a combination of contributory and noncontributory service.

- ii. Beginning July 1, 1998, if a member has at least five (5) years of contributory service, regardless of his number of years of noncontributory service, his monthly annuity shall not be less than one hundred dollars (\$100.00).

C. Fractional Years of Service Credit

Board policy allows fractional years of credit for service rendered after July 1, 1971, as follows:

Number of Days	Years of Service Credit
0 - 29	None
30 - 59	1/4 year
60 - 89	1/2/year
90 - 119	3/4 year
120 or more	1 year

For a member retiring before August 13, 1993, if any fractional part of a year in which the member retires is used in computing benefits, the effective date of benefits would be the following July 1. The member would have the option of forfeiting the fractional year. In this case, contributions that he made during the year in which he retired would be refunded to him upon request. If the member chose this option, his benefits would be computed on his service through the preceding fiscal year.

In no event shall such annuity begin earlier than July 1 next following a fiscal school year for which the member has signed an employment contract unless

the contract is terminated with employer consent before the year of service is rendered.

For a member retiring after August 13, 1993, with an effective date other than July 1, who has not completed his employment contract and who wants to retain credit for service within the current fiscal year, the retirement date may be October 1, January 1, or April 1. No salary earned during the fiscal year may be used in the computation of benefits, and no more than one-fourth (1/4) of a year of service credit may be given for each quarter worked regardless of the number of days worked in a quarter. If a member has signed an employment contract for a fiscal year and has been paid in full for that year, benefits shall not become effective until the next July 1.

Should a member not want to retain his current year service credit, his retirement will be handled in the same manner as if he had retired before August 13, 1993.

D. Built-in Cost of Living Increase

- i. Beginning July 1, 1983, and each year thereafter, all retirees who have been on the rolls 12 months or longer shall receive a 3% increase. This increase will be added each year as long as they remain on the benefit payrolls. (Act 400 of 1999)(A.C.A. §24-7-713)
- ii. Act 404 of 1999 grants the ATRS Board of Trustees authority to compound the cost-of-living adjustment when actuarially appropriate. (A.C.A. §24-7-727)

E. Additional Benefit (Act 400 of 1999; Acts 360 and 742 of 2001; Act 853 of 2003) [A.C.A. §24-7-713(b)(2)].

Members with five (5) or more years of credited service with ATRS retiring after July 1, 1999, and their survivors and beneficiaries, shall receive an additional benefit of \$75.00 per month over and above their regular annuity. The ATRS Board may authorize raising the additional benefit to an amount not to exceed \$200.00 per month.

F. Suspension of Benefits (Act 29 of 1999)

Anyone entitled to receive an annuity from the System may request the ATRS Executive Director in writing, for personal reasons and without disclosure, to suspend the payment of all benefits otherwise payable to him/her by the System. Upon approval to authorize suspension of benefits, the person shall be deemed to have forfeited all rights to the benefit but will retain the right to have the full benefit reinstated upon

written notice to the Executive Director to revoke the request for suspension.

- G. Benefits are payable through the month in which the retirant's death occurs.

Amended: June 15, 2004
February 7, 2006

ANNUITY OPTIONS

(A.C.A. § 24-7-701, A.C.A. § 24-7-706, A.C.A. 24-7-709, as amended by Acts 385 and 494 of 2005)

DEFINITIONS

1. **Annuity Options** - The member's election at retirement of the annuity that shall be paid throughout the retiree's life in accordance with A.C.A. § 24-7-706.
2. **Option Beneficiary** - A person(s) nominated by the retiree by written designation duly executed and filed with ATRS at the time of retirement, who, if eligible, will receive annuity payments under the annuity option chosen by the retiree after the retiree's death.
3. **Marriage Dissolution** - A final order of divorce or annulment duly executed by a Court of competent jurisdiction and filed of record in the Office of the Ex-Officio Recorder.
4. **Person** – an individual, corporation, partnership, or other legal entity.
5. **Retirement Account Balance** – The total of the accumulated contributions plus interest standing to the retiree's credit in the member's deposit account at the time of retirement.
6. **Residue** – The difference between the retirement account balance and the total amount of annuities paid to the retiree and his option beneficiaries.
7. **Residue Beneficiary** – A person(s) nominated by the member/retiree to receive the retirement account balance, if any, at the termination of any option annuities payable on account of the retiree's death.

POLICIES

Before the date the first payment of an annuity becomes due, a member retiring on age and service or disability may elect to receive an annuity payable as provided in one of the following:

1. **Option 1:** A straight life annuity payable monthly for the life of the retiree.

Upon the retiree's death, if the retiree has not received payments equal to the retirement account balance, the residue, if any, shall be paid to the residue beneficiary. If no residue beneficiaries survive the retiree, the residue will be paid to the retiree's estate.

2. Effect of Option 1 Retiree's Death Within the First Year of Retirement

If an Option 1 retiree dies within one year of retirement, his/her spouse may elect to cancel the Option 1 annuity in effect and elect Option A (100% survivor annuity) if:

- A. The spouse otherwise qualifies as an Option A beneficiary;
- B. The spouse is designated as the retiree's residue beneficiary; and
- C. The election form to convert the annuity to Option A is received by ATRS within 90 days of the retiree's death.

The election shall become effective the first day of the month following receipt of the election form by ATRS. If the spouse elects Option A, the residue, if any, will not be paid until the Option A beneficiaries' death.

- 3. **Option A:** A 100% survivor annuity paid to the retiree as a reduced annuity monthly for the retiree's life and, upon his/her death, the reduced annuity shall be paid throughout the life of the retiree's option beneficiary.
- 4. **Option B:** A 50% survivor annuity paid to the retiree as a reduced annuity monthly for the retiree's life and, upon his/her death, a one-half reduced annuity shall be paid throughout the life of the retiree's option beneficiary.

5. Persons Eligible as Option A or B Beneficiaries

In order to be nominated as an Option A or B beneficiary, the person must be one of the following:

- A. The retiree's spouse (if the retiree has been married to the spouse for at least one (1) year prior to the first annuity payment being paid to the retiree);
 - B. A person, aged 40 or older, who receives more than one-half support from the retiree for a minimum of one (1) year immediately preceding the first annuity payment being paid to the retiree; or
 - C. A dependent child (regardless of age) who has been ruled physically or mentally incapacitated by an Arkansas court of competent jurisdiction or by the Board.
- 6. **Option C:** A reduced annuity payable for 10 years certain, then as a straight life annuity thereafter for the retiree's life. If the retiree dies before receiving 120 monthly annuity payments, the annuity shall be continued for the remaining 120 months and paid to the retiree's option beneficiary.

- A. If, after retirement, the Option C beneficiaries predecease the retiree, the retiree may either nominate successor beneficiaries or elect to return to an Option 1 annuity. The election will be effective the first day of the month following receipt of the election form by ATRS.
- B. If a retiree receives the one hundred twenty (120) monthly payments under Option C, ATRS will return the retiree to an Option 1 annuity for the remainder of his life.
- C. An Option C beneficiary may not nominate a successor beneficiary should he/she not survive to draw the 120 payments.

7. Payment of Residue Upon Option A, B, or C Retiree's Death

If a retiree who elected Option A, B, or C and his option beneficiaries die before receiving annuity payments equal to the retirement account balance, the residue shall be paid to the residue beneficiaries on file with ATRS.

If no designated option or residue beneficiary survives the retiree at his death, the residue, if any, shall be paid to the retiree's estate.

If after a retiree dies, an option beneficiary begins receiving an annuity but dies prior to the retiree and the option beneficiary receiving payments equal to the retirement account balance, the residue shall be paid to last surviving option beneficiaries' estate if the retiree has no residue beneficiary surviving or otherwise filed with ATRS.

8. Final Benefit Check

Benefits are payable through the month in which the option beneficiaries' death occurs. If the option beneficiary dies prior to receiving the last check, ATRS will pay the final check in the normal manner it was paid prior to death. If payment of the final check in the normal course becomes impossible, the final annuity check will be paid to the option beneficiaries' estate.

9. Effect of the Beneficiary Spouse's Death, Marriage Dissolution, and Retiree Marriage after Retirement on Annuity Options

- A. Cessation of Marriage to a Spouse Selected as the Retiree's Option Beneficiary After Retirement

If a retiree receiving an Option A, B, or C annuity ceases to be married to a spouse who is nominated as his/her option beneficiary due to the spouse's death or marriage dissolution, the retiree may elect to return to an Option 1 annuity. The election must be submitted on an approved form,

and the change shall be effective the first day of the month following receipt of the election.

B. Retiree Marriage after Retirement

A retiree who is receiving an Option 1 annuity and marries after retirement may cancel the Option 1 annuity and elect Option B providing a 50% survivor annuity for the life of his/her spouse. The election must be filed with ATRS on an approved form within 6 months from the date of the marriage.

10. Change of Option Election Allowed Within One (1) Year of Retirement

A member who retires on or after July 1, 1994, may cancel the annuity election made at retirement and elect a different option provided that:

- A. The election is received by ATRS on an approved form within one (1) year from the date of retirement;
- B. The retiree repays ATRS the difference between the annuity received under the prior option and the annuity elected from the date of retirement, plus regular interest (8% after July 1, 1998); and
- C. The change of annuity option is made only once during the first year of retirement and is effective retroactive to the commencement date of the annuity.

11. Beneficiaries Designated at Retirement

Prior to the receipt of the first monthly annuity check, a retiree shall name a beneficiary or beneficiaries and may name contingent beneficiaries.

Amended: June 15, 2004
February 7, 2006

ANNUITY OPTIONS

(A.C.A. § 24-7-701, A.C.A. § 24-7-706, A.C.A. 24-7-709, as amended by Acts 385 and 494 of 2005)

DEFINITIONS

1. **Annuity Options** - The member's election at retirement of the annuity that shall be paid throughout the retiree's life in accordance with A.C.A. § 24-7-706.
2. **Option Beneficiary** - A person(s) nominated by the retiree by written designation duly executed and filed with ATRS at the time of retirement, who, if eligible, will receive annuity payments under the annuity option chosen by the retiree after the retiree's death.
3. **Marriage Dissolution** - A final order of divorce or annulment duly executed by a Court of competent jurisdiction and filed of record in the Office of the Ex-Officio Recorder.
4. **Person** – an individual, corporation, partnership, or other legal entity.
5. **Retirement Account Balance** – The total of the accumulated contributions plus interest standing to the retiree's credit in the member's deposit account at the time of retirement.
6. **Residue** – The difference between the retirement account balance and the total amount of annuities paid to the retiree and his option beneficiaries.
7. **Residue Beneficiary** – A person(s) nominated by the member/retiree to receive the retirement account balance, if any, at the termination of any option annuities payable on account of the retiree's death.

POLICIES

Before the date the first payment of an annuity becomes due, a member retiring on age and service or disability may elect to receive an annuity payable as provided in one of the following:

1. **Option 1:** A straight life annuity payable monthly for the life of the retiree.

Upon the retiree's death, if the retiree has not received payments equal to the retirement account balance, the residue, if any, shall be paid to the residue beneficiary. If no residue beneficiaries survive the retiree, the residue will be paid to the retiree's estate.

2. Effect of Option 1 Retiree's Death Within the First Year of Retirement

If an Option 1 retiree dies within one year of retirement, his/her spouse may elect to cancel the Option 1 annuity in effect and elect Option A (100% survivor annuity) if:

- A. The spouse otherwise qualifies as an Option A beneficiary;
- B. The spouse is designated as the retiree's residue beneficiary; and
- C. The election form to convert the annuity to Option A is received by ATRS within 90 days of the retiree's death.

The election shall become effective the first day of the month following receipt of the election form by ATRS. If the spouse elects Option A, the residue, if any, will not be paid until the Option A beneficiaries' death.

- 3. **Option A:** A 100% survivor annuity paid to the retiree as a reduced annuity monthly for the retiree's life and, upon his/her death, the reduced annuity shall be paid throughout the life of the retiree's option beneficiary.
- 4. **Option B:** A 50% survivor annuity paid to the retiree as a reduced annuity monthly for the retiree's life and, upon his/her death, a one-half reduced annuity shall be paid throughout the life of the retiree's option beneficiary.

5. Persons Eligible as Option A or B Beneficiaries

In order to be nominated as an Option A or B beneficiary, the person must be one of the following:

- A. The retiree's spouse (if the retiree has been married to the spouse for at least one (1) year prior to the first annuity payment being paid to the retiree);
 - B. A person, aged 40 or older, who receives more than one-half support from the retiree for a minimum of one (1) year immediately preceding the first annuity payment being paid to the retiree; or
 - C. A dependent child (regardless of age) who has been ruled physically or mentally incapacitated by an Arkansas court of competent jurisdiction or by the Board.
- 6. **Option C:** A reduced annuity payable for 10 years certain, then as a straight life annuity thereafter for the retiree's life. If the retiree dies before receiving 120 monthly annuity payments, the annuity shall be continued for the remaining 120 months and paid to the retiree's option beneficiary.

- A. If, after retirement, the Option C beneficiaries predecease the retiree, the retiree may either nominate successor beneficiaries or elect to return to an Option 1 annuity. The election will be effective the first day of the month following receipt of the election form by ATRS.
- B. If a retiree receives the one hundred twenty (120) monthly payments under Option C, ATRS will return the retiree to an Option 1 annuity for the remainder of his life.
- C. An Option C beneficiary may not nominate a successor beneficiary should he/she not survive to draw the 120 payments.

7. Payment of Residue Upon Option A, B, or C Retiree's Death

If a retiree who elected Option A, B, or C and his option beneficiaries die before receiving annuity payments equal to the retirement account balance, the residue shall be paid to the residue beneficiaries on file with ATRS.

If no designated option or residue beneficiary survives the retiree at his death, the residue, if any, shall be paid to the retiree's estate.

If after a retiree dies, an option beneficiary begins receiving an annuity but dies prior to the retiree and the option beneficiary receiving payments equal to the retirement account balance, the residue shall be paid to last surviving option beneficiaries' estate if the retiree has no residue beneficiary surviving or otherwise filed with ATRS.

8. Final Benefit Check

Benefits are payable through the month in which the option beneficiaries' death occurs. If the option beneficiary dies prior to receiving the last check, ATRS will pay the final check in the normal manner it was paid prior to death. If payment of the final check in the normal course becomes impossible, the final annuity check will be paid to the option beneficiaries' estate.

9. Effect of the Beneficiary Spouse's Death, Marriage Dissolution, and Retiree Marriage after Retirement on Annuity Options

- A. Cessation of Marriage to a Spouse Selected as the Retiree's Option Beneficiary After Retirement

If a retiree receiving an Option A, B, or C annuity ceases to be married to a spouse who is nominated as his/her option beneficiary due to the spouse's death or marriage dissolution, the retiree may elect to return to an Option 1 annuity. The election must be submitted on an approved form,

and the change shall be effective the first day of the month following receipt of the election.

B. Retiree Marriage after Retirement

A retiree who is receiving an Option 1 annuity and marries after retirement may cancel the Option 1 annuity and elect Option B providing a 50% survivor annuity for the life of his/her spouse. The election must be filed with ATRS on an approved form within 6 months from the date of the marriage.

10. Change of Option Election Allowed Within One (1) Year of Retirement

A member who retires on or after July 1, 1994, may cancel the annuity election made at retirement and elect a different option provided that:

- A. The election is received by ATRS on an approved form within one (1) year from the date of retirement;
- B. The retiree repays ATRS the difference between the annuity received under the prior option and the annuity elected from the date of retirement, plus regular interest (8% after July 1, 1998); and
- C. The change of annuity option is made only once during the first year of retirement and is effective retroactive to the commencement date of the annuity.

11. Beneficiaries Designated at Retirement

Prior to the receipt of the first monthly annuity check, a retiree shall name a beneficiary or beneficiaries and may name contingent beneficiaries.

Amended: June 15, 2004
February 7, 2006

SURVIVOR BENEFITS
(ACTIVE MEMBERS)
(A.C.A. § 24-7-710)

DEFINITIONS:

1. **Person** includes a corporation, partnership, or other legal entity.
2. **Refund beneficiary** means a person(s) designated by the member in writing on file with ATRS to receive the member's accumulated contributions standing to his or her credit in the member's deposit account at the time of the member's death, together with regular interest thereon from the time of death to the time of payment.
3. **Residue beneficiary** means a person(s) designated by the member in writing on file with ATRS to receive the residue amount, if any, at the termination of the survivor benefit annuities payable on account of the member's death.
4. **Residue** means the difference between the member's accumulated contributions, including regular interest, standing to the member's credit in the members' deposit account at the time of her/her death and the aggregate amount of survivor annuity payments paid prior to the termination of such survivor annuity payments.
5. **Waiver beneficiary** means a person(s) designated by the member in writing on file with ATRS to receive a lump-sum distribution of the deceased member's accumulated contributions, plus interest, under the conditions set out in No. 1B below.

POLICIES

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, benefits as provided in A.C.A. §24-7-710 ("Survivor Benefits") shall be paid as set forth below:

1. SPOUSE

- A. The member's surviving spouse, who was married to the member for at least the two (2) years immediately preceding his or her death, shall receive an annuity computed in the same manner in all respects as if the member had:
 - i. Retired the date of his or her death with entitlement to an annuity provided for in § [24-7-705](#), notwithstanding that he or she might not have attained age sixty (60) or acquired five (5) years of actual service;

- ii. Elected Option A - One hundred percent (100%) survivor annuity, as provided for in § 24-7-706; and
 - iii. Nominated his or her spouse as beneficiary.
- B. Specifics in the law dealing with the rights of the spouse are construed to take precedence over designated beneficiaries. If at the time of the member's death there are no dependent children and the surviving spouse who would otherwise receive the annuity under this subsection has filed with the Arkansas Teacher Retirement System a signed written waiver of his or her right to the annuity and that waiver was in effect at the time of the member's death, a lump-sum distribution of the deceased member's accumulated contributions plus interest may be made to any waiver beneficiary or beneficiaries so designated by the member before death.
- C. The spouse annuity shall commence at the later of the spouse's age of sixty-two (62) or the spouse's age at the member's death and be payable until the earlier of the spouse's remarriage or death.
- D. However, if the member had:
 - i. Satisfied the age and service requirements provided for in § 24-7-701 or had acquired twenty (20) years of credited service, the spouse annuity shall commence immediately and be payable for the spouse's life; or
 - ii. Acquired fifteen (15) years of credited service but had not attained age sixty (60), then the spouse annuity shall commence at the later of the spouse's age of fifty (50) or the spouse's age at the member's death and be payable until the earlier of the spouse's remarriage or death.
- E. If the member had:
 - i. Only contributory credited service, the spouse annuity shall not be less than the greater of ten percent (10%) of the deceased member's covered salary at the time of death or fifty dollars (\$50.00) monthly, plus the benefits applicable under § 24-7-713.
 - ii. Only noncontributory credited service, then the amounts shall be six percent (6%), instead of ten percent (10%), and thirty-one dollars (\$31.00), plus the benefits applicable under § 24-7-713, instead of fifty dollars (\$50.00); or
 - iii. A mixture of credited service, the minimum amount shall be prorated between the all-contributory minimum amount and the all-noncontributory minimum amount according to the relationship between his or her noncontributory credited service and his or her total credited service, plus the benefits applicable under § 24-7-713.

- F. In any event, as long as the surviving spouse has in his or her care any of the deceased member's dependent children receiving a benefit as provided for in No. 2 below (Dependent Children) of this policy, there shall be payable to the spouse a spouse annuity of not less than the minimum amount determined according to No. Ei above of this rule.

2. DEPENDENT CHILDREN

The member's dependent children shall each receive an annuity:

- A .i. If the member had only contributory credited service, the greater of ten percent (10%) of the member's covered salary at the time of death or fifty dollars (\$50.00) monthly, plus the benefits applicable under § [24-7-713](#).
- ii. However, if there are three (3) or more dependent children, each dependent child shall receive an annuity of an equal share of the greater of twenty-five percent (25%) of the member's covered salary or one hundred twenty-five dollars (\$125) monthly, plus the benefits applicable under § [24-7-713](#).
- B. If the member had only noncontributory credited service, then the amounts shall be six percent (6%) instead of ten percent (10%), and thirty-one dollars (\$31.00) instead of fifty dollars (\$50.00), and if there are three (3) or more dependent children, sixteen percent (16%) instead of twenty-five percent (25%), and seventy-nine dollars (\$79.00) instead of one hundred twenty-five dollars (\$125), plus the benefits applicable under § [24-7-713](#); or
- C. If the member had a mixture of credited service, the amounts payable shall be prorated between the all-contributory amounts and the all-noncontributory amounts according to the relationship between his or her noncontributory credited service and his or her total credited service, plus the benefits applicable under § [24-7-713](#).
- D. A child of a member is defined in A.C.A. § 24-7-202(8) as:
- i. A natural child of the member;
- ii. A child that has been made a child of the member by adoption or other court action prior to the time of the death of the member; or,
- iii. A child under the permanent care of the member at the time of death of the member, which permanent care status shall be determined by evidence satisfactory to the Board.
- E. To be a dependent child under these rules, the child must:

- i. Meet requirements and qualify for survivor benefits under Social Security;
 - ii. Have been claimed as a dependent by the deceased member on his federal income tax for the immediately preceding calendar year; and
 - iii. Have lived in the same household for at least two (2) years immediately preceding death of the member, unless the child is under two years of age.
- F. A child identified as a dependent will remain so until his death or his marriage or his attainment of age 18, whichever comes first, provided however, that:
- i. The age 18 maximum shall be extended as long as the child continues uninterruptedly being a full-time student at an accredited secondary or postsecondary school (vocational technical school) or college or university, but not beyond his attainment of age 23 (a full time student is defined as one carrying 12 semester hours (8 trimester hours) in college or four hours per day in a secondary or postsecondary school) and
 - ii. The age 18 maximum shall be also be extended for any surviving dependent child who has been deemed physically or mentally incapacitated either by an Arkansas court of competent jurisdiction or by the Board of Trustees of the Arkansas Teacher Retirement System, for as long as the incapacity exists.
 - iii. If a surviving dependent child who has obtained or passed age 18 (and drawing benefits) becomes temporarily physically or mentally incapacitated, the Teacher Retirement Board can continue paying benefits upon receipt of a doctor's certification that the child is not competent to attend school for the period of one semester (term). At the beginning of the next semester or term, A.C.A. §24-7-710 (c) will be effective.
 - iv. Certification of attendance in an accredited school may be made by the dependent child in the absence of a parent or legal guardian (after the dependent child reaches age 18).
- G. Upon a child's ceasing to be a dependent child, his or her annuity shall terminate, and there shall be a redetermination of the amounts payable to any remaining dependent children.
- H. Survivor Benefit Payments: Separate payments shall be made to the spouse and to each child, rather than one lump-sum check payable to the spouse each month.

3. DEPENDENT PARENT

If at the time of the member's death, there is neither a spouse nor a dependent child, each dependent parent found by the board to have been dependent for at least fifty percent (50%) of his or her financial support from the member shall receive an allowance of:

- A. If the member had only contributory credited service, the greater of ten percent (10%) of the member's covered salary or fifty dollars (\$50.00) monthly, plus the benefits applicable under § 24-7-713,
- B. If the member had only noncontributory credited service, then the amounts shall be six percent (6%) instead of ten percent (10%), and thirty-one dollars (\$31.00), plus the benefits applicable under § 24-7-713, instead of fifty dollars (\$50.00); or
- C. if the member had a mixture of credited service, the amount shall be prorated between the all-contributory amount and the all-noncontributory amount according to the relationship between his or her noncontributory credited service and his or her total credited service, plus the benefits applicable under § 24-7-713.
- D. A parent is considered 50% dependent for financial support if the annual income of the parent was not greater than the amount contributed by the deceased member for his or her support.

4. COMMENCEMENT OF ANNUITIES

Annuities payable under the provisions of this rule shall commence the first day of the calendar month next following the later of the date of the member's death or a later date specified for commencement of annuity payments.

5. REPAYMENT OF AMOUNTS PAYABLE

In the event the member had previously received benefits from the system and has not repaid in full all amounts payable by him or her to the system, the annuity amounts otherwise provided by this section shall be withheld and used to effect repayment until the total of the withholdings repays in full all amounts payable by him or her to the system.

6. DISPOSITION OF RESIDUE. (A.C.A. 24-7-710(e))

- A. In the event all the survivor benefit annuities provided for in A.C.A. § 24--710 payable on account of the death of a member terminate before there has been paid an aggregate amount equal to the accumulated member contributions standing to the member's credit in the members' deposit account at the time of the member's death, the residue shall be paid to the member's designated residue beneficiary.

- B. If there are no such designated residue beneficiaries surviving when the survivor benefit annuities terminate, the residue shall be payable in the following statutory succession:
 - i. Spouse; then
 - ii. Children; then
 - iii. Parents; then
 - iv. Estate.
- C. Effective for all members dying after June 30, 2006, if there are no designated residue beneficiaries surviving the member at termination, the residue shall be payable to the member's estate.
- D. If the designated residue beneficiary survives both the member and the recipient of the survivor benefit annuities but dies prior to receiving the residue, the residue shall be payable to such beneficiary's estate.

7. DISPOSITION (REFUND) OF ACCUMULATED CONTRIBUTIONS. (A.C.A. § 24-7-711)

- A. In the event a member dies and no annuity becomes, or can become, payable by the Arkansas Teacher Retirement System on account of the member's death, the member's accumulated contributions standing to his or her credit in the member's deposit account at the time of the member's death, together with regular interest thereon from the time of death to the time of payment, shall be paid to the designated refund beneficiary.
- B. If there are no designated refund beneficiaries surviving the member, the accumulated contributions shall be paid in the following statutory succession:
 - i. Spouse; then
 - ii. Children; then
 - iii. Parents; then
 - iv. Estate.
- C. Effective for all members dying after June 30, 2006, if there are no designated refund beneficiaries surviving the member, the accumulated contributions shall be payable to the member's estate.
- D. If no annuity can become payable to a dependent child on account of the member's death and if the sole beneficiary who could receive the annuity is the surviving spouse, then the surviving spouse may elect to receive a refund of accumulated contributions in place of any benefits being paid under the provisions of § 24-7-710.

E. If at the time of an active member's death, a surviving spouse is listed on the death certificate, the Arkansas Teacher Retirement System (ATRS) will search for the surviving spouse for up to one year. If after one year, ATRS has not located the surviving spouse, nor been contacted by the surviving spouse, ATRS will refund the member's account to the designated refund beneficiary(s), or if there are no designated refund beneficiaries surviving the member, the accumulated contributions shall be payable to the member's estate.

8. SURVIVOR BENEFITS IN CASE OF DEATH OF DISABILITY APPLICANT

In the case of an active member who has applied for disability retirement and dies before receipt of the first retirement check, determination must be made on an individual basis as to whether survivor benefits will be payable or whether the case will be processed for disability retirement.

9. COVERED SALARY

For the purposes of determining survivor benefits, covered salary shall be that salary on which the member would have made contributions had he lived through the end of the fiscal year as evidenced by the contract salary or \$7,800.00 maximum. If, however, a member making contributions only on the first \$7,800.00 of his total annual salary receives a refund of his contributions and subsequently returns to covered service as a noncontributory member, he shall be considered on full salary for reporting purposes. Should he wish to repay any refunds that include contributory service, he must pay the additional contributions due to change to full salary.

For a deceased member whose salary for reporting purposes is \$7,800.00 and who did not receive a refund, the beneficiary may elect to change the member's status effective July 1, 1986, to the noncontributory plan, and the account shall be considered on full salary for reporting purposes. Additional employer contributions for that period shall not be due. However, if the beneficiary elects to make the change in the member's account, additional employee and employer contributions must be paid on any service reported between July 1, 1969, and June 30, 1986.

10. INCLUSION OF POST-DEATH PAYMENTS AS SALARY AND DAYS OF SERVICE

Payments of salary that are made after the death of a member, but have been earned prior to death are subject to Teacher Retirement deductions and reported in total salary and days of service on the D-2a. Payments made by an employer subsequent to the death of an active member that had not been

earned but are made as a gratuity shall not be included as salary and are not subject to deductions.

11. CONTINUATION OF ACTIVE MEMBERSHIP STATUS

Active membership will continue beyond a fiscal year in which credited service was rendered, provided the employing institution certifies continuing employment, and leave of absence with pay upon which the member is making contributions also continues active membership.

12. DEATH BENEFITS PAYABLE BY MORE THAN ONE RECIPROCAL SYSTEM

If death-in-service benefits are payable by more than one reciprocal system to eligible survivors of a deceased member, such survivors shall not receive more as a percent of the deceased member's final pay or as a minimum dollar amount than the largest amount payable by a single reciprocal system. The Teacher Retirement System will prorate minimum benefits payable with any other reciprocal system that has a minimum benefit provision in its plan. Each reciprocal system shall pay only a proportionate share of such minimum amount based on the ratios of such service in such system to the total service in all reciprocal systems.

13. ACT 793 TRANSFERS

When the member elects to transfer from the Teacher Retirement System to the Public Employees Retirement System under the provisions of Act 793 of 1977, the Public Employees Retirement System becomes the system responsible for determining, upon the death of a member, a survivor's eligibility for a refund of the member's account or monthly survivor benefits.

Amended: June 15, 2004
February 7, 2006

LUMP-SUM DEATH BENEFIT

(Act 1022 of 1997, Act 312 of 1999, Act 359 of 2001*, Act 494 of 2005)
(A.C.A. §24-7-720, 711)

Effective July 1, 1997, Act 1022 of 1997, provides a lump-sum death benefit for active and retired members with five (5) or more years of credited service.

DEFINITIONS

1. **Statutory succession** means the order in which benefits are paid if there are no designated beneficiaries surviving the member or retirant who dies on or before June 30, 2006: spouse; then children; then parents; then estate.
2. **Designated lump sum death beneficiary** means a person(s) or entity(s) a member or retiree has designated in writing on file with ATRS to receive the lump sum death benefit payable under A.C.A. § 24-7-720.
3. **Person** includes a corporation, partnership or other legal entity.
4. **Surviving dependent child** shall be determined according to the guidelines contained in section No. 2 of Policy No. 11-1 (Survivor Benefits).

POLICIES

1. If an active member of the Arkansas Teacher Retirement System with five (5) or more years of credited service, including service for the year immediately preceding the member's death, dies while in employer service before retirement, then a lump sum shall be paid to the member's designated lump sum death beneficiary(ies). Effective for members dying on or before June 30, 2006, if there are no such designated beneficiaries surviving the member the lump sum shall be paid in the order of statutory succession. ~~or~~ Effective for members dying after June 30, 2006, if there are no such designated beneficiaries surviving the member, the lump sum shall be paid to the retirant's estate.
 - A. If the member had only contributory service, then the lump sum payable shall be ten thousand dollars (\$10,000.00);
 - B. If the member had only noncontributory service, then the lump sum payable shall be six thousand six hundred and sixty-seven dollars (\$6,667.00).
 - C. If the member had a combination of credited service, both contributory and noncontributory, the lump sum will be prorated according to the ratio of the member's contributory and noncontributory service.

- D. In addition, each surviving dependent child will receive a lump-sum benefit of ten thousand dollars (\$10,000.00) upon the death of the active member.
2. If a retirant whose annuity is paid by the Arkansas Teacher Retirement System dies, a lump sum shall be paid to any designated lump sum death beneficiary. Effective for retirants dying on or before June 30, 2006, if there are no such designated beneficiaries surviving the retirant, the lump sum shall be paid in the order of statutory succession. Effective for retirants dying after June 30, 2006, if there are no such designated beneficiaries surviving the retirant, the lump sum shall be paid to the retirant's estate.
- A. If the retirant had only contributory service, then the lump sum payable; shall be ten thousand dollars (\$10,000.00);
- B. If the retirant had only noncontributory service, then the lump sum payable shall be six thousand six hundred and sixty-seven dollars (\$6,667.00).
- C. If the retirant had a combination of credited service, both contributory and noncontributory, the lump sum will be prorated according to the ratio of the retirant's contributory and noncontributory service.
- D. In addition, each surviving dependent child will receive a lump-sum benefit of ten thousand dollars (\$10,000.00) upon the death of the retiree.
3. The Board of Trustees sets the exact amount of the lump-sum payments as it determines is actuarially appropriate for the system.
4. The Board of Trustees is authorized to set the level of the lump-sum benefit to the current members and retirants where the ratio between the contributory and noncontributory benefits are maintained at a three-to-two (3:2) ratio and to a level to match the benefits that the Board finds are appropriate for the actuarial soundness of the System.
5. The lump-sum payments shall be directly payable from the System upon receipt and acceptance of the lump-sum death benefit application, member or retirant's original death certificate, copy of the recipient's Social Security card or Form W-9, and such other documentation required by ATRS.
6. The Arkansas Teacher Retirement System shall honor any and all federal and state income tax laws regarding the payment of lump-sum death benefits.

*Act 359 of 2001 authorized the Board of Trustees to increase the active and retired contributory members' lump-sum death benefit to \$15,000.00 and the active and retired noncontributory members' lump-sum death benefit to \$10,000.00. However, the act provided that no benefit enhancement under the

act is to be implemented if it would cause ATRS' unfunded actuarial accrued liabilities to exceed a 30-year amortization. Further, if ATRS has unfunded actuarial liabilities being amortized over a period exceeding 30 years, no benefit enhancement is to be implemented until the unfunded actuarial accrued liability is reduced to a level less than the standards prescribed by Arkansas Code, Title 24.

Amended: June 15, 2004
February 7, 2006