

# **Osborn, Carreiro & Associates, Inc.**

ACTUARIES • CONSULTANTS • ANALYSTS

One Union National Plaza, Suite 1690  
124 West Capitol Avenue  
Little Rock, Arkansas 72201  
(501) 376-8043  
FAX (501) 376-7847

## **House Bill 1234**

(As Engrossed February 21, 2011)

Actuarial Cost Study prepared for  
Joint Committee on Public Retirement and Social Security Programs  
of the Arkansas 88th General Assembly

### **Provisions of the Bill**

House Bill 1234 affects the Arkansas Public Employees Retirement System ("APERS"). Under current law a member of APERS that works for two employers gets credit for their total salary, but only a single year of service. For example, if one works for a county and also works for the state serving at a state park on weekends, both the county and the state report the salary and pay a contribution on that salary. But, the member only receives one year of service credit. House Bill 1234 would allow a member to receive two years of service credit under this scenario.

### **Fiscal Impact**

The cost will be different in each case. The extreme example would be someone who works concurrent jobs their entire career. This member could become eligible for full retirement in 14 years instead of 28 years. In this case, it would increase the cost to the system for that member by at least the normal cost, which is 11.71% of pay. But, in every case, there would be an added cost to the system.

APERS reports that about 224 members had service with multiple employers in the most recent fiscal year. If all of those members earn the average pay of the system and take maximum advantage of the provision of House Bill 1234, the additional contribution would be 900,000 which would increase the overall contribution rate from 13.47% to 13.52% of payroll.


### **Other Comments**

Although this bill does not directly increase the unfunded accrued liability of the system, it does increase the cost so that the current contribution could not pay off unfunded accrued liabilities in 30 years as required by §24-1-104.

### **Related Legislation**

House Bills 1019 and 1146 currently under consideration would restrict or cause an additional contribution to be paid for other types of multiple service credit.

Sincerely,

  
Jody Carreiro, A.S.A, M.A.A.A.  
Actuary

House Bill 1234 (As Engrossed 2/21/2011)  
February 25, 2011