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House Bill 1250

(As Engrossed March 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 1250 affects the Arkansas Public Employees' Retirement System ("APERS").

Under current law, members of the General Assembly are covered by APERS. APERS has 5-year vesting. However, a person who has APERS service only because of being in the General Assembly, must have 10 years of service to be vested. House Bill 1250 provides 5-year vesting for these members of the General Assembly, in particular. In general, House Bill 1250 will treat members of the General Assembly the same as all other APERS members.

Fiscal Impact

There would be no immediate impact to APERS from this bill.

When APERS calculates their liabilities, and the contributions they need, their actuary does not assume that members of the General Assembly automatically leave when they reach their term limits. In other words, they project that members of the General Assembly will stay as long as other employees. Now, when a member of the General Assembly does leave and is not vested, this produces a slight gain for APERS. This bill would eliminate some potential future gains.

At the same time, the absence of special General Assembly language would eliminate much of the advantage to be gained by a former legislator needing a state job to complete their vesting. Therefore, it is our opinion that there is no overall impact of House Bill 1250 on APERS.

Sincerely,



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

House Bill 1250 (As Engrossed March 21, 2011)
March 24, 2011