

Senate Bill 111

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

Provisions of the Bill

Senate Bill 111 affects all of the reciprocal public retirement systems in Arkansas.

Senate Bill 111 would make local elected officials of municipalities with a locally authorized pension plan reciprocal with all other Arkansas systems. Senate Bill 111 also provides some service purchase rules if this member is now a member of APERS.

Fiscal Impact

Senate Bill 111 makes a local retirement plan of a municipality reciprocal with all Arkansas reciprocal systems. However, the purchase provision is only added to APERS code. It is not clear what cost there could be to other systems if a member met the other qualifications. There are about 165 cities which participate in APERS. Many of the larger municipalities in Arkansas have their own retirement system authorized by code. This bill would only affect the elected officials of those select larger municipalities. The purchase provisions of Senate Bill 111 provide at most a payment of 12% of pay, while the actuarial cost near retirement will be significantly higher. Since there are so few people that can take advantage of these provisions, there should not be a significant cost to the systems in total, but the cost of any one individual would be very significant.

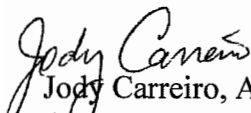
Other Information

Due to the very narrow focus of the bill, I would consider this to be a special interest bill. The committee should be very cautious and consider constitutional questions about approving any special interest bill. The bill also has retroactive features which should also be carefully weighed.

Related Legislation

The committee has recommended two bills (House Bill 1212 and Senate Bill 57) and will consider another (House Bill 1213) which increase the cost of purchasing service to actuarial cost, which is not consistent with the wording of Senate Bill 111.

Sincerely,


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

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