

## Senate Bill 9

### Actuarial Cost Study prepared for Joint Committee on Public Retirement and Social Security Programs of the Arkansas 89th General Assembly

#### Provisions of the Bill

Senate Bill 9 affects the Arkansas Teacher Retirement System (ATRS).

Under current teacher retirement law, §24-7-202 defines “child of a member” to be either a natural child of the member or a child who has been made a child of the member by applicable court action before the death of the member. Senate Bill 9 would expand this definition to also include a child of the member by marriage or a child whose primary source of support and care is the member.

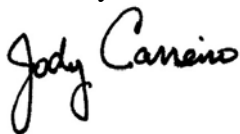
#### Fiscal Impact

Senate Bill 9 would present a significant cost to ATRS. Although it is difficult to estimate the additional number of children who would become covered as a result of Senate Bill 9, we consulted U.S. Census data on household living arrangements of children and found that approximately 8 million children (out of approximately 74 million total) live under a head-of-household who is not one of their parents. If one assumes a similar proportion of additional children would become covered by ATRS as a result of passage of Senate Bill 9, we estimate that the system’s liabilities would increase by \$1.9 million.

#### Other

The ATRS board would likely have to promulgate rules to interpret and clarify the meaning and application of Senate Bill 9. The additional number of children covered and net impact to the system would vary depending on interpretation.

Sincerely,



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