

## House Bill 1358

### Actuarial Cost Study prepared for Joint Committee on Public Retirement and Social Security Programs of the Arkansas 92nd General Assembly

#### Provisions of the Bill

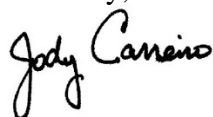
House Bill 1358 affects the Arkansas Public Employees Retirement System (APERS). House Bill 1358 decreases the interest rate that accumulates on the member contributions from four percent (4%) to two percent (2%). The practical effect of this change would be for those who are not vested that leave employment and receive a return of employee contributions. Those individuals would receive a little less money. After a member is vested, the amount of interest credited to member contributions has no practical effect.

#### Fiscal Impact

House Bill 1358 together with other proposed legislation from the APERS board is intended to bring down the period of time needed to amortize the Unfunded Actuarial Accrued Liability. The table below shows the effect of House Bill 1358 in reducing the Unfunded Actuarial Accrued Liability (in \$millions).

	<u>Current Provisions</u>	<u>After HB 1358</u>	<u>Impact</u>
Actuarial Accrued Liabilities	\$10,694.3	\$10,694.2	\$(0.1)
Actuarial Value of Assets	8,416.4	8,416.4	
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 2,277.9</u>	<u>\$ 2,277.8</u>	<u>\$(0.1)</u>
Amortization Period	26.0	26.0	(0.0)
Funded Ratio	78.7%	78.7%	0.0%
Employer Contribution Rate			
Employer Normal Cost	7.89%	7.88%	(0.01)%
Payoff of UAAL	7.43%	7.43%	0.00 %
Total Employer Rate	<u>15.32%</u>	<u>15.31%</u>	<u>(0.01)%</u>

Sincerely,



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