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House Bill 1019

(As Engrossed January 19, 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 1019 affects the Arkansas Public Employees Retirement System (“APERS”).

Current law credits most elected officials with 2 years of credited service for each year worked. This is usually referred to as “2 for 1” service credit. Current law limits this type of credit to 10 years for those elected after July 1, 1999 or participating in the contributory plan. House Bill 1019 would eliminate this the elected service credit for those beginning to serve in elected office for the first time on or after July 1, 2011.

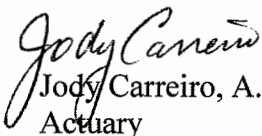
Fiscal Impact

There are about 700 members with at least some elected service credit. These members have payroll of just less than \$30 million. Although these members would not be affected by House Bill 1019, we used their information to estimate the cost impact on APERS. Based on this information, we estimate that the impact on the contribution rate of APERS would be a decrease of 0.10%, that is, a reduction in contribution rate from 13.47% to 13.37% of payroll. There would not be a change in the Unfunded Accrued Liability of APERS.

Related Legislation

House Bill 1146 also deals with “2 for 1” service credit. That bill would add a 8.25% of payroll employer surcharge to the contribution rate for members receiving elected service credit. If either House Bill 1019 or House Bill 1146 passes, the other bill would not be necessary.

Sincerely,



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