

House Bill 1135

(As Engrossed March 14, 2013)

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

Provisions of the Bill

House Bill 1135 affects the Arkansas Teacher Retirement System (ATRS).

House Bill 1135 modifies §24-7-710 to require five years of actual service for survivor annuity benefits, rather than the combined five years between actual and reciprocal service required currently. The bill also adds a new subsection which entitles an eligible survivor to receive benefits from the date the application is filed (or the month following the death of the member, as long as the application is filed within three months); currently, survivor benefit payments are required to begin the month following the month of death.

Fiscal Impact

House Bill 1135 should create a small cost savings for ATRS. The slightly more restrictive service requirements would produce a small savings; benefits for eligible survivors who delay filing an application for benefits would potentially be reduced, although there is a three month grace period present in the bill as engrossed. The system reports that, in some circumstances, survivors wait long periods of time before filing for benefits—under current law, back payments would be required, but this would not be the case under House Bill 1135. We would estimate that these small savings would not result in a material impact on the funding ratio or contribution rates of ATRS.

Other

The March 14th engrossment added the three month grace period language—otherwise our remarks echo those from our March 7th letter. Also, there is a small typographical error present in line 20 of page 2 of the bill—“If the surviving spouse in not immediately eligible” should be “If the surviving spouse *is* not immediately eligible.”

Sincerely,



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Actuary