

Senate Bill 105

(As Engrossed February 13, 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

Senate Bill 105 affects Arkansas Public Employees Retirement System (APERS).

Section one makes a language change clarifying that the “62 and 20” retirement option applies only to the old contributory plan, not the post-2005 contributory plan participants. Section two makes a language cleanup regarding public safety members. Section three makes a series of grammatical changes and clarifies that the term “police officer” does not apply to someone who has not satisfied training requirements under §12-9-106. Sections four through seven clarify the definition of “retirant” and situations involving failure to meet termination requirements. Section eight adds language ensuring that participating employers promptly respond to requests for information. Section nine make a disability annuity commence upon APERS’ approval of the disability application rather than the later of the termination date or onset date of disability. Section ten removes old language regarding contributory election. Section eleven cleans up language regarding special cases for service purchases. Section twelve allows non-contributory members to make a one-time, irrevocable election of contributory coverage for future service—such opportunities to elect to become contributory have often been granted for limited windows of time in the past; Senate Bill 105 makes this option permanent.

Fiscal Impact

Senate Bill 105 is predominantly composed of technical corrections. Section nine would create a small cost savings, as disability benefits would likely commence slightly later than they do now—however, we do not estimate a material impact on the funded ratio or contribution rate resulting from this change. Section twelve makes permanent the ability to elect contributory status. There have been temporary windows in the past. A non-contributory member becoming contributory would result in a small savings to the system over time. Therefore, Senate Bill 105 would create a reduction in cost to APERS, although not material.

Sincerely,



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