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Senate Bill 155

Actuarial Cost Study prepared for
Joint Committee on Public Retirement and Social Security Programs
of the Arkansas 88th General Assembly

Provisions of the Bill

Senate Bill 155 affects the closed Local Fire and Police Pension Funds (“Local Funds”).

Current law (under §24-11-422) provides for an extra benefit of \$20 dollars per month for each year of service beyond 20 years, up to a maximum increase of \$100 per month.

Senate Bill 155 clarifies the law to ensure that this extra benefit continues to surviving spouses.

Fiscal Impact

Senate Bill 155 codifies current practice. The latest valuation data shows that the Local Funds cover 3,221 retiree members, 89 active members, and 85 members on Deferred Retirement Option Plan (“DROP”). To our knowledge, each Local Fund already continues this increased benefit on to surviving spouses. The Local Funds’ actuarial valuations assume that this benefit continues to survivors. Therefore, there will be no fiscal impact as a result of this bill.

Related Legislation

The change generated by Senate Bill 155 is fully contained in Senate Bill 79, which contains a large number of technical corrections involving the Local Funds. If Senate Bill 79 passes, Senate Bill 155 becomes unnecessary.

Sincerely,



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

Senate Bill 155
February 24, 2011