

Senate Bill 158

(As Engrossed March 15, 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

Senate Bill 158 affects the closed Local Fire and Police Pension Funds (“Local Funds”).

Current law, under the Arkansas Policemen’s Pension Supplement Program, provides a supplement to retired police officers and their survivors an additional payment of \$50 per month (a minimum of the amount necessary to have a \$400 per month benefit). Senate Bill 158 would increase this supplemental payment to \$100 per month.

Fiscal Impact

As of the last premium tax distribution cycle, there were approximately 1,250 recipients of this Police Supplement receiving a total supplement of \$759,000. The effect of Senate Bill 158 would be to double this amount to approximately \$1.5 million. This supplement increase would pass directly to beneficiaries and would not serve to improve the funding status of the Local Funds. These funds come from the remainder portion of the premium tax formula.

Related Legislation

Senate Bill 181 is a significant change to the premium tax formula and would affect the same section of code. Senate Bill 158 does not directly conflict with Senate Bill 181, but it would serve to further reduce the remainder portion of the premium tax formula.

Sincerely,



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

Actuary