

## Senate Bill 201

### 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 201 affects the Arkansas Judicial Retirement System (AJRS).

Under current law, a judge may only work until the end of the term during which they reach age 70; if he or she continues working, then he or she must forfeit his or her retirement benefits under AJRS. Senate Bill 201 would eliminate this forfeiture provision—in effect, it would allow judges to continue working past age 70.

#### Fiscal Impact

The AJRS is a two tier system. The first tier has 32 active members with an average age of 63 and average service of 22 years. As you can see, the majority of this group is eligible to retire at this time and has not retired. Tier 2 of AJRS has 108 active members. They have an average age of 57 and average service of 14 years.

The fiscal impact of Senate Bill 201 is difficult to estimate without observing the pattern of retirement with the age-70 requirement removed. However, we believe that if the average age of retirement were to increase by one year as a result of Senate Bill 201, then the accrued liabilities for the active members would decrease by approximately 6%; there would be a similar decrease in the normal cost. These savings would roughly equate to a 1.4% of payroll reduction in cost per year that average retirement was postponed.

#### Other

Senate Bill 201 resulted from an interim study proposal, in which we determined that 32 states have some form of mandatory retirement age. The most prevalent mandatory age is 70. Three of the six contiguous states have a mandatory retirement age.

Sincerely,



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