

**Senate Bill 79**

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 79 makes several technical changes affecting the closed Local Fire and Police Pension Funds (“Local Funds”).

Section 1 allows for the transfer of remaining subsidy account monies to the respective Local Funds.

Section 2 updates the language concerning a number of financial reporting procedures.

Section 3 ensures that the extra benefit of \$20 per month for each year of service over 20 years (up to a maximum of \$100 per month) continues to surviving spouses and children in the event of death.

Section 4 has two small changes. One allows for the continuation of survivorship payments to children over 18 as long as they are a full-time student (regardless of whether or not they are enrolled in an institution of higher learning). The second adds a line ensuring that survivorship benefits cannot exceed the pension paid to the officer at the time of death.

Section 5 makes a number of changes involving makeup of fire pension boards.

**Fiscal Impact**

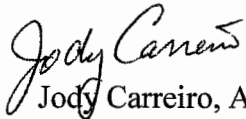
Section 1 would allow a very small number of locations which currently have a subsidy account balance to transfer the remainder to its respective Local Fire or Police Funds. This money is currently sitting unused, and it would provide a modest benefit to the funding of the affected Funds.

Section 3 is a codification of 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 to survivors. The Local Funds’ actuarial valuations also assume that this benefit continues to surviving spouses and children. Therefore, there will be no fiscal impact as a result of changes in this section.

**Related Legislation**

Senate Bill 155 has similar language to Section 3 of Senate Bill 79. Senate Bill 155 will not be necessary if this bill passes.

Sincerely,



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