

# **Osborn, Carreiro & Associates, Inc.**

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## **Senate Bill 89**

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 89 affects the Arkansas Teachers Retirement System (“ATRS”).

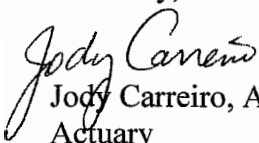
Current law allows for a member to withdraw their employee contributions plus interest if they terminate employment. This action would then cancel any contributory service that a member has earned. Senate Bill 89 would change this section of law so that the non-contributory service credit would also be cancelled for a member who withdraws their employee contributions.

### **Fiscal Impact**

ATRS reports that the system had 250 members that received a refund of contributions in 2010 that had remaining non-contributory service. Most of these did not have enough to be vested (5 years), but this service could still be used if they went back to an education job. This could also be used as reciprocal service if they left for a state job (or any other reciprocal system). Therefore, there is a future cost of leaving this service credit to be used. There is also administrative cost. ATRS has about 12,000 with vested terminated benefits. Of this number about 10,000 are non-contributory. There are many others that have at least some non-contributory service. This will reduce the number of members with very small future benefits and will reduce the number of members that the system has to keep track of their status and address.

There is no explicit cost for this in the contributions or unfunded liability of ATRS. Therefore any change will be a cost savings. We estimate that a cost savings between 0.01% and 0.03% of payroll would be the equivalent experienced savings. That is \$250,000 to \$750,000 per year. There would also be significant administrative savings.

Sincerely,



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

Senate Bill 89  
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