

**Removal of Mandatory Retirement**  
**Arkansas Judicial Retirement System**

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

**Background**

The Joint Retirement Committee has been requested to consider legislation to remove the mandatory retirement age of 70 from the Arkansas Judicial Retirement System. Our firm has been asked to provide some preliminary comments.

There is no mandatory retirement age for federal judges. A overview of requirements by the 50 states shows that 32 have some form of mandatory retirement age with the most prevalent age being 70. A closer look at our surrounding states finds that three of these six states have a mandatory retirement age. It appears that Tennessee, Mississippi and Oklahoma do not have a mandatory retirement age. Four of these states have a separate retirement plan for their judges which is administered by the bigger state plan as is the case in Arkansas. The other two states (Tennessee and Mississippi) have a special group within their state plan (similar to what we have for District Judges in Arkansas).

It is also interesting to note that it appears that Louisiana, Oklahoma, and Missouri have all created a separate tier for their judicial systems in the past two years. This is likely done as a cost containment measure.

**Fiscal Impact**

We can discuss some general cost considerations at this time, but until there is an actual proposal we cannot calculate an actual cost savings for this concept. There are two tiers to AJRS. The first tier has 32 active member with an average age of 63.4 and average service of 21.8. As you can see, the majority of this group is eligible to retire at this time. Tier 2 of AJRS has 108 active members. They have an average age of 57.1 and average service of 14 years.

If the mandatory retirement age was lifted and the average retirement age increase by one year, the Accrued Liabilities for the actives would decrease by about 6%. This is based on the current Active Accrued Liability of \$88 million in the most recent valuation. There would be a similar decrease in the normal cost. These savings would translate to a rough estimate of 1.4% of payroll for one year that average retirement was postponed.

This cost change is dependent on member behavior and for the final study we would ask some help in trying to poll the current members to understand the change in behavior that would occur.

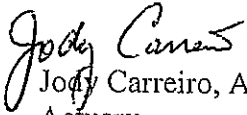
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**Related Legislation**

If this was pursued as legislation, I would assume that there are provisions in the code the judicial chapter of Arkansas Code that would likely need to be considered in consultation with the Judiciary Committee. This raises policy issues that are outside the actuarial issues discussed in this note.

Sincerely,



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