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House Bill 1135

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

Provisions of the Bill

House Bill 1135 affects the Arkansas Teachers Retirement System (“ATRS”).


Current law allows a member of ATRS who has retired to rescind their decision to retire. That is, after notifying ATRS, the retirement benefit stops, and the member is again an active member. If they remain active for one year, the member can again accrue additional benefits. A member can also return to active status during the 180 period required by the definition of termination if benefits are returned, and they are restored as if the member did not retire. House Bill 1135 repeals section §24-7-717, which provides for the rescission of benefits.

Fiscal Impact

Recent information from ATRS shows only 2 members currently using the provisions of §24-7-717. We would assume that a member would only use this provision if they wanted to return to work at a higher paying job or wanted to reduce their early retirement reductions. In that case, there would be a cost to ATRS since only those electing to choose against the system use this provision. Since the provision is used so seldom, the reduction of cost would not significantly reduce the contribution rate or the number of years to payoff unfunded liabilities.

For your information, as we have reviewed other states’ return to work provisions, the only systems that have a similar provision require at least 3 years of service before a member can begin to accrue additional benefits. For example, the LOPFI system does not have the 180 day rule but has a rule where one would need to work 3 more years to increase one’s benefit. This takes away the possible anti-selection in current ATRS law.

Sincerely,


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

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