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House Bill 1143

(as engrossed February 17, 2011)

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 1143 affects the Arkansas Teachers Retirement System ("ATRS").

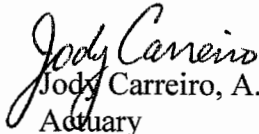
Current law makes a general reference in regard to eligibility for disability, death-in-service and lump sum death benefits. For example, current law says one must be active in order to be eligible for disability benefits. In practice, there is a time lag between the occurrence of the disability and the approval of disability benefits. Current practice makes allowances for this lag time. House Bill 1143 would codify the definitions of eligibility to match current practice.

The system also needs to be able to make certain judgments concerning the manner, definition and changing of the naming of beneficiaries. House Bill 1143 assures that ATRS is authorized to make rules necessary to manage these beneficiary issues.

Fiscal Impact

After review of House Bill 1143 and discussions with ATRS staff, there should not be any change in the number of disability, death-in-service or lump sum death benefits due to the provisions of the bill since it is a codification of current practice. This change could help avert any future misunderstandings with the members. Therefore, it is our opinion that House Bill 1143 will not have any cost impact on the employer rate or amortization period of unfunded liabilities. We do believe that this would create administrative efficiencies that would benefit ATRS.

Sincerely,


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

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February 18, 2011