

Osborn, Carreiro & Associates, Inc.

ACTUARIES • CONSULTANTS • ANALYSTS

One Union National Plaza, Suite 1690
124 West Capitol Avenue
Little Rock, Arkansas 72201
(501) 376-8043
FAX (501) 376-7847

Senate Bill 135

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 135 affects the reciprocal Arkansas retirement systems ("Reciprocal Systems").

Current law provides reciprocal service between our public retirement systems in Arkansas. This means that the Reciprocal Systems (defined in §24-2-401) add the service from all Reciprocal Systems together to determine eligibility for retirement among other benefits. Senate Bill 135 adds a provision that provides additional eligibility for service under an alternate plan credited to members who are now in another Reciprocal System. In particular, only members with 10 years of service in their current system, 10 years of service in an alternate plan at a college or university, and 10 years of service before 1985 at a college or university which did not pay into an alternate plan. An alternate plan is a plan established by a college or university in lieu of the Arkansas Teacher Retirement System.

Fiscal Impact

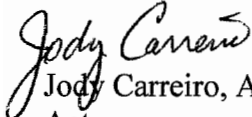
Because of this detailed, narrow definition, we do not believe there would be enough people eligible for the provision of Senate Bill 135 to significantly affect the contribution rate or unfunded liabilities of the Reciprocal Systems. It does appear that most people that could be affected are current members of APERS. Based on estimates of groups that once had this service (mostly people who had been at UAMS and then became part of the Health Department, now DHS) and discussions with APERS staff about the number who request service purchases, there are probably 200-300 members who still have some time before 1987. We do not know how many, but few would meet all of the qualifications.

There would be a significant benefit to those who would be eligible. Based on information for the one person we know meets these qualifications, they could begin receiving about a \$25,000 per year benefit two years earlier. Any others that met all requirements of the bill would be near retirement age and would have similar results.

Other

Due to the very narrow focus of the bill, this is could be a special bill as defined in the constitution. The committee should be cautious and consider constitutional questions before approving a bill that could be a special bill.

Sincerely,



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

Senate Bill 135
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