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 41

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 41 affects the Arkansas Public Employees Retirement System ("APERS").

In current law, under §24-4-520, a member of APERS must wait 180 days from their effective date of retirement before returning to covered employment in order to keep receiving his or her retirement benefit. Senate Bill 41 would require a member with "two for one" service credit under §24-4-521 to wait one year instead of 180 days in order to be considered terminated for retirement purposes.

Fiscal Impact

There are currently about 750 active members in APERS with "two for one" service credit. In general, to a member affected by the provisions of Senate Bill 41, extending this waiting period would either cause the member to forgo retirement in the first place (because he or she was intending to return to work after 180 days anyway) or wait an entire year before returning to work. We conclude that Senate Bill 41 may result in a small cost savings to APERS, as well as promote the integrity of the system.

Related Legislation

House Bill 1186 would apply this requirement to a much larger percentage of the APERS membership. House Bill 1186 addresses the elected service members who are also on the Deferred Retirement Option Plan ("DROP"). Senate Bill 41 does not address those members.

Sincerely,

Jody Carreiro

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