

House Bill 1164

(As Engrossed April 2, 2013)

Actuarial Cost Study prepared for
Joint Committee on Public Retirement and Social Security Programs
of the Arkansas 89th General Assembly

Provisions of the Bill

House Bill 1164 affects the Local Police and Fire Retirement System (LOPFI) and members formerly employed by an employer in a Local Police pension fund.

Under current law, a police officer who had been a member of the Deferred Retirement Option Plan (DROP) of a local plan could retire and after a break of at least 30 days rejoin a department in another municipality. House Bill 1164 allows that an officer after retirement, a 30 day break in service, who is reemployed in law enforcement and becomes a member of LOPFI receive credit for this additional service and this service may now be with the same municipality.

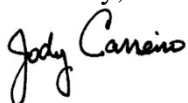
Fiscal Impact

It is our understanding in discussions with LOPFI staff that there are 3 known individuals in this situation. Because of the narrow construction of the language it is unlikely that there will be other members affected by House Bill 1164. Current language covers current DROP participants, and there are very few of these left in Local Police plans. Although the employment of an individual older than average entry ages creates a slight cost to the system, it is our opinion that with the small number the effect on the system is not significant.

Policy Issues

Act 1572 of 2007 placed most of this language in the local police DROP section of code. The individuals affected by House Bill 1164 were caught between the previous language and the language added in 2007. They are not being allowed any additional benefit that would not be afforded to a member in similar circumstances today. The addition of this language may assist LOPFI in averting any legal challenges and related expenses to this section of law.

Sincerely,



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