

Senate Bill 110

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

Provisions of the Bill

Senate Bill 110 affects the Arkansas Teacher Retirement System (ATRS).

Arkansas Code Annotated §24-7-205 and §24-7-411 contain references to a “manifest injustice” regarding circumstances involving corrections of errors and compelling payments, respectively. Senate Bill 110 defines the term “manifest injustice” in law. The bill also adds an additional subsection to §24-7-205 which would allow the ATRS board, in a particular instance, to “waive or modify the impact of a rule, provision or law...to prevent a manifest injustice” so long as this does not violate federal law or jeopardize the system’s tax-qualified status.

Fiscal Impact

The waiver power granted to the board could create a fiscal impact—it could generate either a savings or a cost, depending on the scope of the “particular instance” in question and whether the action benefitted the system, employers, or participants. We believe that instances where this waiver would be used are rare and typically fall in favor of the member or the employers. These instances would create a small cost. We would estimate no material fiscal impact. This is primarily a policy decision.

Other

The addition of subsection (e) to §24-7-205 as worded seems to allow the ATRS board to waive or modify the impact of rules, provisions, or laws. The intent of the bill is to protect the system, participants, and employers from exactly the types of situations where the law creates a “manifest injustice”.

Sincerely,



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