

Senate Bill 113

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 113 affects the Arkansas Teacher Retirement System (ATRS).

Senate Bill 113 would increase the penalties associated with delinquent payments from employers within the system and would allow payments to be deducted from operating funds through the Department of Education. The bill increases the daily interest penalty for delinquent payments from a 6% annual rate to 8%. The bill also allows the system to impose an additional \$500 penalty for reports filed over one month late. Senate Bill 113 also allows ATRS to receive past due payments through funds designated to the employer by the Department of Education; funds would be remitted directly to ATRS for the use and benefits of the members.

Fiscal Impact

The bill would generate a small cost savings for ATRS, but it would not be a material impact on the funding level or amortization period of the system. The savings would result from both the increased penalties and the increased likelihood of payments being made in a timely fashion.

ATRS has reported that in the past two years there have been five employers that would have been affected by these provisions if they had been in place. There would have been about 170 members affected as well. This is because a member does not receive credit unless both employee and employer contributions have been received by ATRS (see ACA §24-7-406(c)(1)).

Sincerely,



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