

Senate Bill 152

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 152 affects the closed Local Fire and Police Pension Funds (Local Funds). Under the Arkansas Policemen's Pension Supplement Program, retired police officers and their survivors receive an additional payment of \$50 per month (or the amount necessary to elevate the benefit to \$400 per month). Senate Bill 152 would increase the additional supplemental payment to \$100 per month. This supplement is funded by the premium tax allocation.

Fiscal Impact


As of the last premium tax allocation, there were approximately 1,200 recipients of the Police Supplement receiving a total of \$721,800. Senate Bill 152 would, in effect, double this amount to approximately \$1.44 million. This supplement would pass directly to members and beneficiaries and would not serve to improve the funding status of the Local Funds.

Under the new premium tax formula introduced by Act 979 of 2011, the amount turned back to state general revenues is guaranteed to be at least \$4,000,000. The amount allocated in 2012 was \$4,118,699. The first fund to be cut should premium tax revenues not be sufficient would be the Additional Allocation fund; therefore, based on the 2012 allocation amounts, the most this bill would cost general revenues is \$118,699. The remainder of the approximately \$600,000 would come from reductions in the Additional Allocation. However, as early estimates suggest that costs from other sources within the formula will be at least as high as last year, the full cost of \$721,800 might be funded through reductions in the Additional Allocation in the 2013 allocation.

Related Legislation

Senate Bill 51, which this Committee has recommended do pass, amended the same sections of code, making technical corrections. Senate Bill 41 would alter eligibility conditions to receive the Additional Allocation; the size of the Additional Allocations would be impacted by Senate Bill 152 depending on the growth in the premium tax revenues.

Sincerely,


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

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