

## **Senate Bill 137**

### Actuarial Cost Study prepared for Joint Committee on Public Retirement and Social Security Programs of the Arkansas 90th General Assembly

#### **Provisions of the Bill**

Senate Bill 137 affects the Arkansas Teacher Retirement System (ATRS).

Arkansas Code Annotated §24-7-716 currently allows ATRS to pay certain small annuity amounts as single lump sums. Senate Bill 137 eliminates the ability of ATRS to pay small annuity amounts as lump sums by deleting this section of code.

#### **Fiscal Impact**

According to ATRS staff, very few participants elect to use the option to receive a lump sum. The small annuity amounts occur typically when there is reciprocal service with other systems. Since annuity payments are now paid electronically and automatically deposited, there is not an administrative cost to paying a small monthly benefit. Finally, the lump sums are the actuarial equivalent of the small annuity and would not create an actuarial cost to the system. Therefore, it is our opinion that there would be no measurable cost impact to ATRS because of Senate Bill 137.

#### **Other**

Senate Bill 137 does not change the amount of any benefit, only the ability to pay the small annuity amounts as a lump sum.

Sincerely,



Jody Carreiro, EA, ASA, MAAA  
Actuary