

Senate Bill 38

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 38 affects the Arkansas Teacher Retirement System (ATRS).

Arkansas Code Annotated §24-7-719 contains language which allows for an eligible member, former member, surviving spouse, or alternate payee under a qualified domestic relations order to elect to rollover a distribution from the system. Senate Bill 38 allows an eligible rollover distribution to be a portion of the total distribution. It also allows for non-spouse distributions as are allowed under changes to Section 402(c)(11) of the Internal Revenue Code.

It is our understanding that SB38 codifies the current practice of the system since July, 2010.

Fiscal Impact

There would be no actuarial cost associated with this bill as the amount of the distribution would remain the same. There should be no additional administrative cost resulting from the passage of this bill.

Other

The Federal Pension Protection Act of 2008 amended 402(c)(11) to allow for non-spouse distributions as an eligible rollover distribution. This change brings ATRS into compliance with those changes.

The definition of "Eligible Rollover Distribution" in 24-7-719 should be reviewed by appropriate tax counsel at ATRS to determine if it is consistent with the payments to non-spouse beneficiaries.

Sincerely,



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