

House Bill 1336

(As Engrossed March 7, 2017)

Actuarial Cost Study prepared for
Joint Committee on Public Retirement and Social Security Programs
of the Arkansas 91st General Assembly

Provisions of the Bill

House Bill 1336 affects all of the state retirement systems (i.e., ATRS, ASHERS, APERS, ASPRS, AJRS, LOPFI, Local police and fire funds, as well as the alternate retirement plans).

House Bill 1336 adds a new subchapter 3 to Title 24, Chapter 1. This bill defines the situations under which a beneficiary of a retirement system member would forfeit their benefit. The situation is defined as when a beneficiary is found to be at fault for the murder as sufficiently proven in a due process hearing. However, House Bill 1336 protects innocent parties that may be entitled to the benefits under applicable statutes. House Bill 1336 also provides that the benefit may be suspended to a beneficiary who has been charged with such a crime until the final adjudication. There are notice requirements described as well as provisions for the beneficiary to be able to appeal the administrative decision to the board of trustees.

Fiscal Impact

Fortunately, the circumstances described in House Bill 1336 are rare. When the provisions of this bill would be invoked there would be a small savings to the system involved. There is some additional administrative cost involved, but the total fiscal impact would be a savings to the systems. The savings resulting from the passage of this bill would be too small to measure.

Other

Almost all legislation dealing with the forfeiture of a benefit would not be consistent with the exclusive benefit standard of §24-1-101. The situation described in House Bill 1336 is narrowed to only beneficiaries and not members. It is also consistent with other Arkansas law that generally does not allow a person to profit from their crime. House Bill 1336 is constructed so that a system that any dependent child benefits are protected. The beneficiary in this situation is treated as deceased; all benefits defined for the deceased member would be paid (e.g. lump sum death benefits or DROP accounts) to other named beneficiaries or the estate.

Sincerely,



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