

House Bill 1368

(As Engrossed February 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 1368 affects the Arkansas Public Employees' Retirement System (APERS).

Arkansas Code Annotated §24-4-1004 contains details involving service for certain public safety members covered under APERS. These eligible public safety members receive credited service at one-and-one-half times the regular rate. House Bill 1368, as engrossed, would add a subsection to §24-4-1004 to clarify that public safety members would purchase service credit at the same rate as those who are not public safety members in APERS. This subsection also clarifies that these members receive the regular rate for service crediting when purchasing military service.

Fiscal Impact

It is our understanding that public safety members already purchase service at the same rate as other members of APERS. House Bill 1368 simply codifies current practice in order to eliminate confusion. As a result, we believe that House Bill 1368 would not generate additional costs (or savings) to the system.

Other

Military service purchases are currently available at the combined contribution rate of APERS (with interest). Granting public safety service credit at a non-actuarial-equivalent rate is primarily a policy decision; these purchases can result in gains or losses to the system, depending on the timing of the purchases.

Sincerely,



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