Osborn, Carreiro & Associates, Inc.

ACTUARIES ● CONSULTANTS ● ANALYSTS

One Union National Plaza, Suite 1690
124 West Capitol Avenue
Little Rock, Arkansas 72201
(501)376-8043 fax (501)376-7847

Senate Bill 233

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

Provisions of the Bill

Senate Bill 233 affects the Arkansas Teacher Retirement System (ATRS).

Arkansas Code Annotated §24-7-715 contains language that details the protection of a pension benefit from legal process with a few described exceptions. Senate Bill 233 adds a new definition of a "pension assignee," which is a person or entity who is not the designated beneficiary, whom would be assigned some or all of a participant's benefit or who claims an interest in or control over a participant's benefit. The bill also adds a subsection (e) to this section stating that a pension assignee cannot circumvent this section by using certain transfer devices. There are examples of a couple of those methods given. Senate Bill 233 also clarifies that this protection does not apply to corrections needed to be made by ATRS, and that it does not override the rules related to rollovers found in §24-7-719. According to discussions with ATRS staff, these changes are needed to protect unwary retirees from annuity purchase providers.

Fiscal Impact

There would be no actuarial cost associated with this bill. We do not believe that there would be any additional administrative cost resulting from the passage of this bill and a small administrative savings is possible.

Other

Section 8 of House Bill 1304 would also amend this section of code, but the changes do not appear to overlap.

This Bill appears to reinforce the primary purpose of the retirement systems as stated in §24-1-101, which in part states, "All assets and income of any state-supported retirement system… are for the exclusive purpose of providing for benefits,…and shall not be encumbered for or diverted to any other purposes."

Sincerely,

Jody Carreiro

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

Additional Disclosures on file with BLR