

Senate Bill 144

Actuarial Cost Study prepared for
Joint Committee on Public Retirement and Social Security Programs
of the Arkansas 92nd General Assembly

Provisions of the Bill

Senate Bill 144 affects the Arkansas State Police Retirement System (ASPRS). ASPRS provides annuity options that, when elected, grants a benefit to a surviving spouse after the death of a retired member. ASPRS also provides an annuity benefit to the surviving spouse of a member who dies while in active service. Both of these provisions require that the spouse be married to the member for one year before the retirement date or death of an active member. Senate Bill 144 proposes to reduce this requirement to six months.

Fiscal Impact

There is not sufficient data collected by ASPRS to be able to discern the number of members that marry within one year or six months of retirement or within one year of death when active. Pension participants make decisions that they believe gives them an advantage. So, there would be those who change their behavior hoping to take advantage of this provision if this bill becomes law. It is our opinion that, although individually significant events, on a systemwide basis there would not be enough cost of these choices to create a significant fiscal impact on ASPRS.

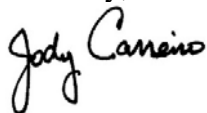
Other

Length of marriage requirements are not unusual within public pension plans. Arkansas Teacher Retirement System (ATRS) and Arkansas Local Police and Fire Retirement System (LOPFI) both have one-year requirements. Arkansas State Highway Employees Retirement System (ASHERS) has a two-year requirement. The Federal Employees Retirement System has a nine month requirement. Other public plans only require that a member is married on the annuity starting date. These requirements exist to protect plans from death bed decisions that penalize the system.

Senate Bill 219 would make this same change to Arkansas Public Employees Retirement System.

Also note that Senate Bill 144 has a retroactive clause back to July 1, 2017. As of this time, we only know of one survivor who would benefit from this change. The committee should consider possible consequences of any retroactive provision.

Sincerely,



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