

Senate Bill 244

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 244 affects the Arkansas Public Employees Retirement System (APERS). All new members of APERS after July 1, 2005 are contributory. The previous non-contributory members have had the opportunity to elect into the contributory plan as well. The contribution rate for employees beginning July 1, 2005 was 5% of payroll and has not changed since that time. Senate Bill 244 increases the employee contribution amount from 5% to 6% over four years beginning July 1, 2020.

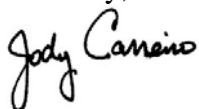
Fiscal Impact

Since there is a benefit of a return of contributions paid to non-vested terminated members, the ultimate effect of the additional 1% of payroll is not the full 1%. The current amortization period for the Unfunded Actuarial Accrued Liabilities (UAAL) is 26 years. Based on the assumption that the employer rates would remain based on the same payout pattern (the current rates is 15.32% of payroll), the additional employee contributions would reduce the amortization period of the UAAL by about 3.5 years to about 22.5 years.

Other

House Bill 1359 (as engrossed 3/6/2019) appears to amend the same section in the same amounts. Only one of these two bills should be advanced from the Retirement Committee.

Sincerely,



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