



February 5, 2021

Mr. Clint Rhoden  
Executive Director  
Arkansas Teacher Retirement System  
1400 West Third Street  
Little Rock, Arkansas 72201

**Re: House Bill (HB) 1279 – Disability Retirement**

Dear Mr. Rhoden:

You have asked us for our analysis of a Bill entitled HB 1279 as it relates to the Arkansas Teacher Retirement System (ATRS).

HB 1279 modifies Title 24 Section 7-704 of the Arkansas Code related to disability retirement under the Arkansas Teacher Retirement System.

The Bill inserts a new subsection 24-7-704 (a)(1)(D) following 24-7-704 (a)(1)(C). The new subsection contains the language that is currently in 24-7-704(d). The Bill then renames current subsection 24-7-704 (a)(1)(D) to subsection 24-7-704 (a)(1)(E) and creates new subsections 24-7-704 (a)(1)(F), (G), (H). New subsection (F) provides that a favorable determination from the Social Security Administration finding that the member is unable to perform his or her current work duties creates a rebuttable presumption that the person should qualify for disability benefits from ATRS. New subsection (G) provides that if the medical committee requests additional documentation, the member must provide it within 6 months (or get an extension). New subsection (H) provides an appeal process in case the medical committee denies the disability claim.

The Bill rewrites 24-7-704 (a)(3). The rewritten language relates to documentation that must be submitted in order for the benefit to commence and clarifies deadlines.

The Bill rewrites 24-7-704 (b)(3)(A) to provide that a disability retiree may continue receiving disability benefits if the retiree provides a social security determination letter finding that the disability retiree is unable to perform their current work duties.

The Bill rewrites 24-7-704 (b)(3)(C) and (D) to provide that a disability retiree may continue receiving disability benefits if the retiree provides a social security determination letter finding that the disability retiree is unable to perform their former work duties and updates other language for consistency.

In summary, the Bill modifies language in the existing disability retirement section. The Bill clarifies that a member has six (6) calendar months from the date of his or her application for disability retirement to submit a completed application and accompanying documentation. Further, the Bill adds that if the medical committee finds that a member is not qualified to receive disability benefits, the member may request a second review provided the member submits additional medical documentation. The member has six (6) calendar months to submit additional medical documentation unless an extension is granted by the System. A second review may be requested one time only. Also, the Bill clarifies that the member only needs a Social Security Determination letter finding that the member or retiree is unable to perform their current or former work duties (which is an "own occupation" type of determination) as a rebuttable presumption for disability from ATRS.

**Comments:** We understand from ATRS staff that, during the last few years, the number of disability cases approved by the ATRS medical committee has decreased substantially. Staff reports that the Bill does not change the criteria for approval for a disability benefit outlined in §24-7-704(a)(1)(A) and that the intent of the Bill is to help streamline the disability approval process and to allow members a second chance for approval. The second chance is especially helpful for members who may have a progressive disease or illness.

**Conclusion:** In our opinion HB 1279, if enacted, may have a cost impact on ATRS. Providing members a second opportunity for a review could lead to additional approved disability cases. Assuming that the number of members who currently receive disability benefits from ATRS remains relatively representative of ongoing experience, we think the cost impact on ATRS will be small.

We hope this analysis meets your needs.

Please review this letter carefully to ensure that we have understood the Bill properly. The analysis in this letter should not be relied upon if there is doubt about our understanding of the Bill. Our analysis relates only to the plan changes described in this correspondence. In the event that other plan changes are being considered, it is very important to remember that the results of separate actuarial analyses cannot generally be added together to produce a total. The total can be considerably greater than the sum of the parts due to the interaction of various plan provisions with each other, and with the assumptions that must be used.

We did not review this Bill for compliance with Federal, State, or local laws or regulations, and internal revenue code provisions. Such a review was not within the scope of our assignment.

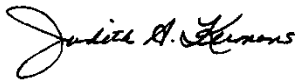
Brian B. Murphy, Judith A. Kermans and Heidi G. Barry are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.



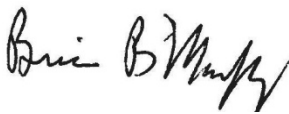
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This communication shall not be construed to provide tax advice, legal advice or investment advice.


Sincerely,



Judith A. Kermans, EA, MAAA, FCA



Brian B. Murphy, FSA, EA, MAAA, FCA, PhD



Heidi G. Barry, ASA, MAAA, FCA

JAK/BBM/HGB:bd

