

House Bill 1326

(As Engrossed February 22, 2021)

Actuarial Cost Study prepared for
Joint Committee on Public Retirement and Social Security Programs
of the Arkansas 93rd General Assembly

Provisions of the Bill

House Bill 1326 affects the Arkansas Teachers Retirement System (ATRS). This bill has 37 sections that amend various portions of Title 24, Chapter 7 of the code, that is, the ATRS code. Many of these changes involve using consistent terms, for example, replacing “retirant” with “retiree”. Several sections clarify definitions. There are a couple of previous drafting errors that are cleaned up. There are a few items dealing with TDROP (the Teacher Deferred Retirement Option Plan) where the current procedures are clarified and made part of the code. The procedure and timing of setting the TDROP interest rates is also clarified. The change in federal law increasing the required minimum distribution age from 70½ to 72 is recognized.

Fiscal Impact

We have reviewed the proposed changes in House Bill 1326 and have discussed how they might change the administration of benefits at ATRS with their staff. It is our understanding that none of these changes would cause a change in the administrative procedures and therefore no changes in the benefits of the participants. It is our opinion that there will be no cost impact to ATRS due to the passage of House Bill 1326.

Related Legislation

There were several items that were requested by the ATRS board to be considered by the legislature. This has resulted in the filing of House Bills 1279, 1319, 1320, 1326, 1339, and 1340. There is a seventh item which was discussed by the ATRS board, but was not officially requested, that is now Senate Bill 174. It is our opinion that none of these bills have a significant fiscal impact on ATRS and that they do not have significant overlapping effects.

Sincerely,



Jody Carreiro, EA, ASA, MAAA, FCA
Actuary