Osborn, Carreiro & Associates, Inc.

ACTUARIES ● CONSULTANTS ● ANALYSTS

Senate Bill 105
Actuarial Cost Study prepared for
Joint Committee on Public Retirement and Social Security Programs
of the Arkansas 93rd General Assembly

Provisions of the Bill

Senate Bill 105 affects the Arkansas State Highway Employees Retirement System (ASHERS). Currently to receive annuity benefits upon the death of a retired member, the spouse must have been married to the member for at least two years before the member retired or went on DROP. Senate Bill 105 would reduce that required period to one year.

Fiscal Impact

Any fiscal impact would be from the few who changed their behavior hoping to take advantage of this provision if this bill becomes law. It is our opinion there would not be enough of these choices to create a significant fiscal impact on ASHERS.
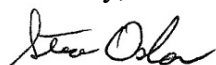
Other Information

Length of marriage requirements are not unusual within public or private pension plans. Arkansas Teacher Retirement System (ATRS) and Arkansas Local Police and Fire Retirement System (LOPFI) both have one-year requirements. The Arkansas State Police Retirement System (ASPRS) and Arkansas Public Employees Retirement System (APERS) reduced their requirement to six months during the 2019 legislative session. The Federal Employees Retirement System has a nine-month requirement. The social security system has a one-year requirement as well. Most private sector plans have a one-year requirement. These requirements exist to protect plans from death bed decisions that penalize the system.

Related Legislation

The Arkansas State Highway Employees Retirement System (ASHERS) has a group of five bills that are being proposed to improve the funding of the system. Senate Bill 105 does not have an overlapping impact on the other four bills.

Sincerely,

Steve Osborn, EA, FSA MAAA, FCA
Actuary