

Senate Bill 232

(As Engrossed March 9, 2021)

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

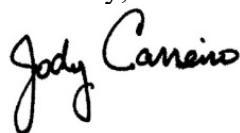
Provisions of the Bill

Senate Bill 232 affects the Arkansas Teachers Retirement System (ATRS). Currently, a member with a contract for less than 181 days may elect to be noncontributory, meaning they would not contribute to the plan and would have a lower multiplier than the contributory members. The minimum duration of a teacher contract is for 190 days. Senate Bill 232 would increase the number of days for a contract to mandate contributory status to 185 days. Therefore, this bill would allow a few more support staff to elect to be noncontributory. Note the election is irrevocable until you sign a new contract for more than 184 days.

Fiscal Impact

We have reviewed the proposed changes in Senate Bill 232 and have discussed them with the ATRS staff. It is our understanding there are very few individuals who are caught in between the 181 and 185 contract days. We also note that there is a very insignificant cost difference between a contributory and noncontributory member at support staff salary levels. It is our opinion there will be no significant cost impact to ATRS due to the passage of Senate Bill 232.

Sincerely,



Jody Carreiro, EA, ASA, MAAA, FCA
Actuary