

House Bill 1193

(As Engrossed February 9, 2023)

Actuarial Cost Study prepared for
Joint Committee on Public Retirement and Social Security Programs
of the Arkansas 94th General Assembly

Provisions of the Bill

House Bill 1193 affects the Arkansas State Highway Employees Retirement System (ASHERS). Section 1 of the bill aligns the title of one member of the ASHERS Board of Trustees to the current structure of the Department of Transportation. The Chief Engineer position would become the Chief Engineer – Operations.

Section 2 of House Bill 1193 deals with the death benefits provided by ASHERS. The bill does not change the practice or amount of the death benefits paid, but it reorganizes the information into one section of code, §24-5-116. To summarize the annuity death benefits provided are a refund of contributions for a nonvested member; The beneficiary of a married vested member will be able to choose between an Option A annuity (120 months certain) or an Option B annuity (50% survivor annuity) or a return of contributions; The named beneficiary of an unmarried vested member may choose between the Option A annuity or the return of contributions.

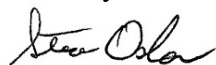
Fiscal Impact

House Bill 1193 would not change the amount of death benefits paid. Upon review with the system staff, this bill will not change the administrative policies of paying these benefits. The bill will reorganize and more clearly lay out the benefits available upon the death of an active member. The bill also clarifies but does not change the administration of annuities paid on the death of a retiree. The annuities after death of a retiree are based on the annuity options chosen at the time of retirement. It is our opinion that House Bill 1193 will not have a fiscal impact upon the ASHERS plan.

Other Information

The February 9, 2023 engrossment removed the requirement that the current spouse of a member must sign off the designation of a non-spouse beneficiary.

Sincerely,



Steve Osborn, EA, FSA MAAA, FCA
Actuary