

House Bill 1203

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 1203 affects the retirement of mayors of cities of the first class. These benefits are not typically funded as a retirement plan but are paid from a city's general revenues. In general, a mayor is entitled to a benefit if they are age 60 and have served 10 years or at any age if they serve 20 years. A city can elect to include retirement at age 55 with 10 years of service. For eligibility purposes these mayors can count service with the city either before or after their time as mayor. That eligibility service is counted as one year for every two years of service. For example, a mayor who worked for the city in another capacity for four years and then served as mayor for eight years would have the 10 years of eligibility ($8 \text{ plus } (4 / 2) = 10$) for a benefit at age 60.

There is a sentence in this section of code that causes some confusion as to when you can count other city service toward eligibility service. House Bill 1203 removes that sentence and does some renumbering to ACA §24-12-123.

Fiscal Impact

House Bill 1203 should not change the eligibility or benefits paid to mayors by the cities. It would appear that removing the sentence might open the door for some people to be provided a benefit twice for the same service (or "double dip"). There is a state prohibition on receiving benefits from two plans for the same service in ACA 14-42-117. Therefore, it is our opinion that together this will not allow for two benefits to be drawn on the same service. Therefore, it is our opinion that there is no additional cost to the cities that have mayors that qualify for this benefit.

Sincerely,



Jody Carreiro, ASA, MAAA, EA, FCA
Actuary