

Senate Bill 78

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

Provisions of the Bill

Senate Bill 78 affects the Arkansas Judicial Retirement System (AJRS). This bill amends two sections of AJRS code which concern the mandatory retirement age set in AJRS. Current law states that a judge who is eligible to retire and turns age 70 before their next election must forfeit their retirement benefit. If not otherwise eligible to retire at age 70 they can complete their current elected term without forfeiting retirement. This is clearly a policy issue on mandatory retirement for a member of the group that is applied through the retirement law.

Senate Bill 78 amends the sections of code that deal with the return of member contributions in the situation where a member must forfeit benefits due to working beyond the mandatory retirement age under AJRS so that such a member would receive a return of member contributions.

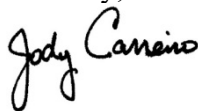
Fiscal Impact

The AJRS is valued so that everyone does retire before they would have to forfeit their benefits. Therefore, in the one or two times this has happened in the history of Tier 2 of the system, the plan had an actuarial gain. Senate Bill 78 would mean that an actuarial gain when a member works beyond the mandatory retirement age would be less. So the gain would not be as large, but there would not be additional cost to AJRS. Therefore, it is our opinion that there will be no material fiscal impact to AJRS if Senate Bill 78 is enacted.

Related Legislation

Senate Bill 77 amends the same law, but it completely removes the mandatory retirement age. Because of changes to the same sections of code, the passage of both Senate Bill 77 and 78 would be contradictory.

Sincerely,



Jody Carreiro, ASA, MAAA, EA, FCA
Actuary