

# Osborn, Carreiro & Associates, Inc.

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May 9, 2019

Joint Interim Committee on Public Retirement  
And Social Security Programs  
500 Woodlane Street  
State Capitol Building  
Little Rock, AR 72201

RE: Summary of 2019 Legislative Session Work

Ladies and Gentlemen:

It was our privilege to serve the Joint Retirement Committee again during the 2019 legislative session. We are grateful that you entrust us with this important work. During the 2019 session, there were 41 different bills referred to us for which we prepared an actuarial cost study. We also prepared six additional cost studies on bills that were amended. [Note: There were other bills referred to the committee that were withdrawn or deferred by the sponsors for which we did not complete actuarial cost studies.] The Joint Retirement Committee then referred 26 of these bills to the general assembly with a recommendation of Do Pass. Twenty five of those bills eventually became Acts.

We have prepared for you two listings of the twenty five Acts that came through the Joint Retirement Committee. The first is a listing by Act number. The second listing is sorted by Retirement System and then by Act number. We hope these lists provide you with helpful information concerning your work during the recently completed session.

Please let us know if you have any questions. We are looking forward to continuing to work with the committee.

Sincerely,



Jody Carreiro, ASA, MAAA, EA, FCA  
Actuary

## 2019 Joint Retirement Committee Legislation by Act Number

<b>Act 84</b>	<b>Name of participating entity</b>	SB 209	Rapert
Act 84 changed the references in ATRS code to be Career Education and Workforce Development Board to conform to the other departmental changes that were made.			
<b>Act 85</b>	<b>Contributory changeover</b>	SB 210	Chesterfield
Act 85 addressed ATRS members that convert from a part time contract to a full time contract, making them contributory. This Act will give ATRS the ability to give the member the option of making up the contribution or to remain non-contributory until the next plan year.			
<b>Act 178</b>	<b>Technical/Administrative Changes</b>	SB 72	Sample
Act 178 made several technical and administrative changes to the LOPFI system. These changes concerned certain additional service credit, other recognized service credit, disability application procedures and treatment of deferred vested benefits after termination of service.			
<b>Act 209</b>	<b>Disability part time work conditions</b>	HB 1308	M Gray
Act 209 simplified the conditions under which a disability retiree in ATRS can return to work part time without interrupting benefits. The current waiver process was replaced by limiting the maximum time worked to 80 contract days per year, which is approximately half-time.			
<b>Act 210</b>	<b>Dependent child benefit</b>	HB 1316	S. Smith
Act 210 clarifies that a full time student that has already reached age 18 continues to be eligible for the death benefit annuity provided by ATRS.			
<b>Act 294</b>	<b>COLA on Supplement</b>	SB 200	Sample
Act 294 changes the cost of living calculation for ASHERS retirees so that the amount eligible for a cost of living adjustment does not include the additional amount typically referred to as the health supplement.			
<b>Act 295</b>	<b>Increase Contributions</b>	SB 201	Sample
Act 295 increases the contribution amounts to ASHERS. The employee amount now has a maximum of 7% of compensation. The employer contribution amount is now set so that it is no more than 14.9% of compensation.			
<b>Act 296</b>	<b>TDROP changes</b>	SB 218	Cheatham
Act 296 clarifies and aligns with current practice the reduction of the accrued benefit that becomes the TDROP benefit that is deposited in the member's account while they are on TDROP. There was no change in current practice.			
<b>Act 297</b>	<b>Contributory Service definitions</b>	SB 222	Cheatham
Act 297 restates the section of code dealing with member contributions and contributory service to accurately and logically organize the language of the statute in order to prevent ambiguity. There was no change to current practice.			
<b>Act 427</b>	<b>Technical Corrections</b>	HB 1320	Maddox
Act 427 contains technical corrections to the ATRS code that are meant to clarify, consolidate and make a more consistent reading of ATRS law. There are no changes to current practice.			
<b>Act 448</b>	<b>Technical Corrections</b>	SB 220	Sample
Act 448 contains various technical corrections to the APERS code to clarify and to repeal obsolete sections of code. The Act also makes certain sections consistent with other Arkansas law. There were no changes to practice.			
<b>Act 449</b>	<b>Public Water Authorities in APERS</b>	SB 229	Dismang
Act 449 clarifies that a public water authority is allowed to become a participating employer in APERS and defines the appropriate terms.			

## 2019 Joint Retirement Committee Legislation by Act Number

<b>Act 465</b>	<b>Premium Tax Allocation update</b>	SB 241	Sample
Act 465 is an update to the premium tax allocation formula that is used to help fund the fire and police pension funds in Arkansas. The primary change in this update is a more predictable formula for the additional allocation for retirees in the local fire and police pension funds.			
<b>Act 474</b>	<b>National Guard on Active Duty</b>	SB 242	Wallace
Act 474 provides the same pension protections given to active duty US armed forces to those in the Arkansas National Guard called to Active State Duty.			
<b>Act 511</b>	<b>Amend surviving spouse provision</b>	SB 144	Cheatham
Act 511 reduces the length of time a member needs to be married so that the spouse is eligible to receive certain death benefits under the State Police Retirement System to six months.			
<b>Act 526</b>	<b>Interest credit on member contributions.</b>	HB 1358	Bragg
Act 526 reduces the amount of interest credited to the member contributions from four percent to two percent per year.			
<b>Act 594</b>	<b>Source of Increased Contributions</b>	HB 1310	Warren
Act 594 clarifies that the source of the previously increased employer contributions to ATRS is from the employers.			
<b>Act 624</b>	<b>DROP period &amp; elected officials</b>	SB 217	Sample
Act 624 changes the DROP participation period for elected officials to make consistent with other Arkansas law. That is, the end of the DROP participation period cannot prevent an elected official from taking or holding office.			
<b>Act 625</b>	<b>Amend surviving spouse provision</b>	SB 219	Cheatham
Act 625 reduces the length of time a member needs to be married so that the spouse is eligible to receive certain death benefits under APERS to six months.			
<b>Act 638</b>	<b>Presumed Disability for certain cancers</b>	HB 1345	Clowney
Act 638 changes APERS and LOPFI disability eligibility so that certain cancers are presumed to be a duty related disability.			
<b>Act 753</b>	<b>Adjust Mandatory age 70 retirement</b>	HB 1219	Hillman
Act 753 adjusts the mandatory age 70 retirement in the Judicial Retirement System for Tier 1 so that if a judge is elected before their 70th birthday they can serve without forfeiting their benefits.			
<b>Act 826</b>	<b>Military time for Legislature</b>	HB 1346	Warren
A member of the general assembly is not vested in APERS until they have ten years of service. Act 826 would allow for the purchase of military time for those general assembly members who are not yet vested but do have at least five years of actual service.			
<b>Act 948</b>	<b>Mayor's Benefit</b>	HB 1298	Mayberry
Act 948 allows cities of the first class to reduce the current statutory retirement benefit for their future mayors under certain circumstances.			
<b>Act 950</b>	<b>Tier 2 DROP</b>	HB 1333	Warren
Act 950 allows a member of the State Police Retirement System to use credited service, which is actual service plus any reciprocal service, to become eligible for unreduced retirement, which is at 30 years of credited service.			
<b>Act 988</b>	<b>Rehire certain DROP</b>	SB 240	Wallace
Act 988 provides the conditions under which a retired member or a retired DROP member can be reemployed by a LOPFI employer after a separation of 180 days.			

## 2019 Joint Retirement Committee Legislation by System

<b>Arkansas Judicial Retirement System</b>			
<b>Act 753</b>	<b>Adjust Mandatory age 70 retirement</b>	HB 1219	Hillman
Act 753 adjusts the mandatory age 70 retirement in the Judicial Retirement System for Tier 1 so that if a judge is elected before their 70th birthday they can serve without forfeiting their benefits.			

<b>All State Retirement Systems</b>			
<b>Act 474</b>	<b>National Guard on Active Duty</b>	SB 242	Wallace
Act 474 provides the same pension protections given to active duty US armed forces to those in the Arkansas National Guard called to Active State Duty.			

<b>Arkansas Public Employees Retirement System (APERS)</b>			
<b>Act 448</b>	<b>Technical Corrections</b>	SB 220	Sample
Act 448 contains various technical corrections to the APERS code to clarify and to repeal obsolete sections of code. The Act also makes certain sections consistent with other Arkansas law. There were no changes to practice.			
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Act 449 clarifies that a public water authority is allowed to become a participating employer in APERS and defines the appropriate terms.			
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## 2019 Joint Retirement Committee Legislation by System

<b>Arkansas State Highway Employees Retirement System (ASHERS)</b>			
<b>Act 294</b>	<b>COLA on Supplement</b>	SB 200	Sample
Act 294 changes the cost of living calculation for ASHERS retirees so that the amount eligible for a cost of living adjustment does not include the additional amount typically referred to as the health supplement.			
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Act 295 increases the contribution amounts to ASHERS. The employee amount now has a maximum of 7% of compensation. The employer contribution amount is now set so that it is no more than 14.9% of compensation.			

<b>Arkansas State Police Retirement System (ASPRS)</b>			
<b>Act 511</b>	<b>Amend surviving spouse provision</b>	SB 144	Cheatham
Act 511 reduces the length of time a member needs to be married so that the spouse is eligible to receive certain death benefits under the State Police Retirement System to six months.			
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Act 950 allows a member of the State Police Retirement System to use credited service, which is actual service plus any reciprocal service, to become eligible for unreduced retirement, which is at 30 years of credited service.			

<b>Arkansas Teachers Retirement System (ATRS)</b>			
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<b>Local Fire and Police Pension Funds</b>			
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<b>Municipal Retirement Plans</b>			
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