

1 State of Arkansas As Engrossed: H1/28/19 H2/13/19 H3/4/19

2 92nd General Assembly

A Bill

3 Regular Session, 2019

HOUSE BILL 1173

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5 By: Representative House

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For An Act To Be Entitled

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AN ACT REQUIRING PUBLICLY FUNDED RETIREMENT SYSTEMS

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TO CONDUCT FINANCIAL RISK ANALYSES; AND FOR OTHER

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PURPOSES.

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Subtitle

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REQUIRING PUBLICLY FUNDED RETIREMENT

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SYSTEMS TO CONDUCT FINANCIAL RISK

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ANALYSES.

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19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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21 SECTION 1. Arkansas Code Title 24, Chapter 1, Subchapter 1, is amended
22 to add an additional section to read as follows:

23 24-1-109. Financial risk analyses.

24 (a) As used in this section, "publicly funded retirement system" means
25 a defined benefit retirement system that is one (1) of the following:

26 (1) The Arkansas Teacher Retirement System, established by the
27 Arkansas Teacher Retirement System Act, § 24-7-201 et seq.;

28 (2) The Arkansas State Highway Employees' Retirement System,
29 established by § 24-5-103;

30 (3) The Arkansas Public Employees' Retirement System,
31 established by § 24-4-103;

32 (4) The State Police Retirement System, established by § 24-6-
33 203;

34 (5) The Arkansas Judicial Retirement System, established by §
35 24-8-201 et seq.;

36 (6) The Arkansas Local Police and Fire Retirement System



1 provided for under § 24-10-101 et seq.; and

2 (7) A firemen's relief and pension fund or a policemen's pension
3 and relief fund provided for under § 24-11-101 et seq.

4 (A) Projections of:

5 (i) Assets;

6 (ii) Liabilities;

7 (iii) Pension debt;

8 (iv) Service costs;

9 (v) Employee contributions;

10 (vi) Employer contributions;

11 (vii) Net amortization;

12 (viii) Benefit payments;

13 (ix) Payroll; and

14 (x) A publicly funded retirement system's funded
15 ratio for each of the next thirty (30) years that is based on current
16 actuarial assumptions, including the assumed rate of return;

17 (B) Projections for the items listed in subdivisions
18 (a)(2)(A)(i)-(x) of this section if the:

19 (i) Investment returns are two (2) percentage points
20 lower than the assumed rate of return; and

21 (ii) State makes employer contributions that are:

22 (a) Based on current funding policy for the
23 publicly funded retirement system; and

24 (b) Held constant at the levels calculated
25 under subdivision (a)(2)(A)(x) of this section;

26 (C) Estimates of the items listed in subdivisions
27 (a)(2)(A)(i)-(x) of this section if there is a one-year loss on planned
28 investments of twenty percent (20%) that is followed by a twenty-year period
29 of investment returns of two (2) percentage points below plan assumptions,
30 including without limitation assumptions concerning:

31 (i) Adjusting the contributions of an employer based
32 on current policy; and

33 (ii) Holding the contributions of an employer

34 (b)(1) Each publicly funded retirement system shall conduct a
35 financial risk analyses if recommended by the actuary for the respective
36 publicly funded retirement system.

1 (2) The financial risk analyses shall be conducted as may be
2 mandated or required by generally accepted government accounting standards
3 and generally accepted actuarial standards that exist at the time the
4 financial risk analyses are performed.

5 (c)(1) The board of trustees of a publicly funded retirement system
6 shall select an actuary to conduct the financial risk analyses of the

7 (2) The Joint Committee on Public Retirement and Social Security
8 Programs may direct an actuary employed by the General Assembly to conduct a
9 financial risk analyses of each of the publicly funded retirement systems.

10 (d) No later than twenty (20) days before the convening of a regular
11 session, the results of a financial risk analyses conducted under this
12 section

13 (c) No later than twenty (20) days before the convening of a regular
14 session, the results of a financial stress test performed under this section
15 shall be submitted to the Joint Committee on Public Retirement and Social
16 Security Programs by the:

17 (1) Board of trustees of a publicly funded retirement system;
18 and

19 (2) Actuary employed by the General Assembly if the actuary is
20 directed to conduct a financial risk analyses by the Joint Committee on
21 Public Retirement and Social Security Programs.

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23 /s/House
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