

House Bill 1322

(As Engrossed February 26, 2025)

Actuarial Cost Study prepared for
Joint Committee on Public Retirement and Social Security Programs
of the Arkansas 95th General Assembly

Provisions of the Bill

House Bill 1322 affects the death benefits provided within the Local Police and Fire Retirement System (LOPFI). LOPFI provides a survivor annuity death benefit to all those who die while in active service. This benefit is basically what the member had accrued if paid as a joint and 50% survivor annuity beginning at their death. There are also dependent child benefits. The death benefits provided when a death is duty related are the same, except that if credited service at the time of death is less than 25 years, credited service is increased to 25 years. Complete details of the death benefits are found in §24-10-608.

House Bill 1322 amends §24-10-608 so that a cancer that was diagnosed while the member was in the line of duty is presumed to be a result of active duty and eligible for the higher benefits. There are rules outlined and the ability of the system to show grounds to refute this presumption. The language of this bill closely correlates with the presumptive disability definition in §24-10-607 as it was amended by Act 638 of 2019.

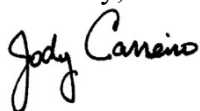
Fiscal Impact

We have reviewed the provisions of House Bill 1322 and discussed changes that have occurred with disability filings after the presumptive disability was added in 2019. During the five plus years that this provision has been in place it was reported that three had filed for benefits under this provision and only one met the requirements to receive those enhanced benefits. It is our opinion that any increase in enhanced death benefits would be similarly small. For reference, there were about 7,500 paid service members each of those five years. Therefore, it is our opinion that House Bill 1322 will provide increased benefits to some individuals, but the increase will not be enough to create a significant increase in the actuarially determined contributions.

Other Considerations

House Bill 1322 states that it does not create any retroactive benefit payments. But it does provide a retroactive window for the approval of the enhanced death benefits.

Sincerely,



Jody Carreiro, ASA MAAA, EA, FCA
Actuary