

House Bill 1341

(With Amendment #1, March 13, 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 1341 affects the definition of Pay within the Local Police and Fire Retirement System (LOPFI). LOPFI has a definition of pay in §24-10-102(26). This definition does not clearly include workers compensation benefits. Although §24-10-102(17) does include them in the definition of final average pay. House Bill 1341 allows a member receiving workers compensation to remit that to the employing city and receive it as regular pay, so that it is included in the definition of pay.

Fiscal Impact

Since final average pay is the highest 36 consecutive months out of the last 120 months, periods of temporary workers compensation do not negatively affect the benefits of a member of LOPFI. The practical affect of this legislation would be to clarify that any workers compensation payments are included in the definition of pay. One consequence of this is that LOPFI should receive employer and employee contributions on the amounts since they come through the employing city as regular pay. Therefore, it is our opinion that the net result will be a slight increase in contributions to LOPFI without a significant increase in benefits from LOPFI. That is, House Bill 1341 will not create a significant increase in the actuarially determined contributions of LOPFI..

Sincerely,



Jody Carreiro, ASA MAAA, EA, FCA
Actuary