



February 5, 2019

Mr. David B. Clark, Executive Director  
Arkansas Local Police and Fire Retirement System  
620 West 3rd, Suite 200  
Little Rock, Arkansas 72201-2212

**Re: House Bill 1297**

Dear Mr. Clark:

You have asked us for our analysis of House Bill (HB) 1297 as it relates to the Arkansas Local Police and Fire Retirement System (LOPFI).

HB 1297 adds a new Section §24-1-306 to the Arkansas Code related to forfeiture of benefits after a felony conviction. If a member or retirant is convicted of or pleads guilty to a felony that relates to his or her public office or public employment, that person forfeits his or her right to benefit payments under the Retirement System. The bill is applicable to any person employed after the effective date of the bill, any non-vested member, vested member or retirant of the system. A person who forfeits his or her retirement benefits under this section shall be entitled to reimbursement of the balance of his or her member contributions, after deduction for child support and any fines, court cost or restitution to the state that arises out of the felony crime.

No explicit modeling of the proposed benefit change was performed. We have no data with regard to the number of felons currently receiving a LOPFI benefit. After discussions with LOPFI staff, we have no reason to believe that the number is large. Therefore, any cost savings that may result from adopting this benefit provision will be small and emerge over time.

Please review this letter carefully to ensure that we have understood the Bill properly. The analysis in this letter should not be relied upon if there is doubt about our understanding of the Bill. Our analysis relates only to the plan changes described in this correspondence. In the event that other plan changes are being considered, it is very important to remember that the results of separate actuarial analyses cannot generally be added together to produce a total. The total can be considerably greater than the sum of the parts due to the interaction of various plan provisions with each other, and with the assumptions that must be used.

We did not review this Bill for compliance with Federal, State, or local laws or regulations, and internal revenue code provisions, nor did we attempt to determine whether these changes would contradict or negate other related State, or local laws. Such a review was not within the scope of our assignment.

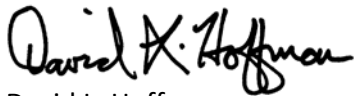
Mr. David B. Clark  
February 5, 2019  
Page 2

Heidi G. Barry is a Member of the American Academy of Actuaries (MAAA) and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

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This communication shall not be construed to provide tax advice, legal advice or investment advice.

Respectfully submitted,



David L. Hoffman



Heidi G. Barry, ASA, FCA, MAAA

DLH/HGB:dj

