



March 20, 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 1345

Dear Mr. Clark:

You have asked us for our analysis of House Bill (HB) 1345 as it relates to the Arkansas Local Police and Fire Retirement System (LOPFI).

HB 1345 modifies Section §24-10-607(a)(1)(A) of the Arkansas Code related to eligibility for benefits and disability retirement. The Bill expands the definition of disease to include, without limitation, cancer that a member is diagnosed with while he or she is in the line of duty.

No explicit modeling of the proposed benefit change was performed. LOPFI staff has provided information on the number of cancer disability cases for the period 2003-2018. During that period, there were a total of 16 cancer disability cases approved for monthly benefit payments. Of this total, for Police, one case was duty-related and four were non-duty related. For Fire, there were no duty-related cases, but there were 11 non-duty cases. If we assume all cancer disability cases were to be approved as duty-related and that the number will average one (1) per year, the expected effect is to increase employer contribution rates by 0.05% of active member payroll. Actual experience from adopting this benefit provision will 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

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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

