



February 13, 2019

Mr. Frank J. Wills, Deputy Director  
Arkansas State Police Retirement System  
One Union National Plaza  
124 West Capitol, Suite 400  
Little Rock, Arkansas 72201

**Re: Senate Bill 143**

Dear Mr. Wills:

You have asked us for our analysis of Senate Bill (SB) 143 as it relates to the Arkansas State Police Retirement System (ASPRS).

SB 143 amends sections §24-6-201 and §24-6-205 of the Arkansas Code. ACA §24-6-201 is amended to add a definition for "Manifest Injustice" (subdivision (23)) and ACA §24-6-205 is amended to give the Board authority to correct a "Manifest Injustice" (subsection (c)(1)).

**No explicit modeling of the proposed benefit change was performed. We have no data with regard to the participants that could be potentially affected by this benefit change. After discussions with Retirement System staff, we have no reason to believe that the number is large. However, the change would result in benefits being paid that are not payable under the current law. Please note that the actuarial accrued liabilities for a typical new retired member in ASPRS is currently greater than \$1 million. We expect the costs resulting from adopting this benefit provision will only emerge over time but may be meaningful in relation to the total costs associated with ASPRS.**

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.

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.

Circular 230 Notice: Pursuant to regulations issued by the IRS, to the extent this communication (or any attachment) concerns tax matters, it is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding tax-related penalties under the Internal Revenue Code or (ii) marketing or recommending to another party any tax-related matter addressed within. Each taxpayer should seek advice based on the individual's circumstances from an independent tax advisor.

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:sc

