



March 8, 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: Senate Bill 240

Dear Mr. Clark:

You have asked us for our analysis of Senate Bill (SB) 240 as it relates to the Arkansas Local Police and Fire Retirement System (LOPFI).

SB 240 adds a new section §24-10-504 to the Arkansas Code relating to reemployment of certain retired members of LOPFI. The bill allows a retirant, regardless of whether the retirant was a participant in the Local Police and Fire Deferred Retirement Option Plan (DROP), to return to employment if he or she was a retirant for at least 180 days and waives his or her right to any benefit accrual. A member contribution shall not be required during the period of reemployment. However, an employer of a retirant who returns to employment under this section shall pay an employer contribution. The employer shall not be eligible for participation in funding with or the receipt of premium tax revenues provided under §24-11-214.

No explicit modeling of the proposed benefit change was performed. Based on discussions with LOPFI staff, no data exists to predict utilization of this benefit. No increases in employer contributions are expected to result if this legislation is enacted.

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.

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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:sc

