



ARKANSAS FIRE & POLICE PENSION REVIEW BOARD

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December 6, 2011

Senator Johnny Key
Representative Les "Skip" Carnine
Co-Chairs, Joint Committee on Public Retirement
and Social Security Programs
State Capitol, Room 315
Little Rock, AR 72201

Dear Mr. Chairman:

On behalf of the members of the Arkansas Fire and Police Pension Review Board (PRB), please be advised that as of January 1, 2012 an appointment will open in the public representative position on the PRB.

Arkansas Code Annotated 24-11-203 directs the Governor to appoint the public representative from a list of names submitted to him by the Joint Committee on Public Retirement and Social Security Programs. The law specifies that this representative is not a member, retirant, or beneficiary of the Arkansas Local Police and Fire Retirement System and who is not a current or former member of the governing body of any political subdivision. The Board respectfully requests that one of the names submitted be that of the person who currently holds this position, Buddy Ledford, of Fayetteville.

As always, we appreciate your assistance.

Respectfully,

A handwritten signature in black ink, appearing to read "David B. Clark".

David B. Clark
Executive Director

Cc: PRB Members

INTERIM STUDY PROPOSAL 2011-196

REQUESTING THAT THE INTERIM JOINT COMMITTEE ON PUBLIC RETIREMENT & SOCIAL SECURITY PROGRAMS STUDY THE EFFECT OF AUTOMATICALLY ENROLLING NEW STATE EMPLOYEES IN A DEFERRED COMPENSATION PLAN SUBJECT TO CERTAIN OPT-OUT PROVISIONS.

WHEREAS, the life expectancy for males and females continues to increase; and

WHEREAS, the average life expectancy in the United States is seventy-eight (78) years; and

WHEREAS, the average retirement age in the United States is sixty-four (64) for men and sixty-two (62) for women; and

WHEREAS, longer life spans increase the need for income during the retirement years; and

WHEREAS, Arkansans should be encouraged to begin saving for their retirement early; and

WHEREAS, deferred compensation plans are an important component of a total retirement benefits package; and

WHEREAS, participation in a deferred compensation plan is important for Arkansans' financial security in retirement; and

WHEREAS, the General Assembly should encourage public employees to make a deferred compensation plan part of their retirement benefits package, supplemental to the benefits public employees receive under the Arkansas Public Employees' Retirement System,

NOW THEREFORE,

BE IT PROPOSED BY THE INTERIM JOINT COMMITTEE ON PUBLIC RETIREMENT & SOCIAL SECURITY PROGRAMS OF THE EIGHTY-EIGHTH GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

THAT the Interim Joint Committee on Public Retirement & Social Security Programs study the effect of automatically enrolling new state employees in a deferred compensation plan that would require contributions of at least three percent (3%) of the employee's annual compensation subject to certain opt-

1 out provisions.

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3 Respectfully submitted,

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7 Senator Johnny Key

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13 By: JLL/JLL

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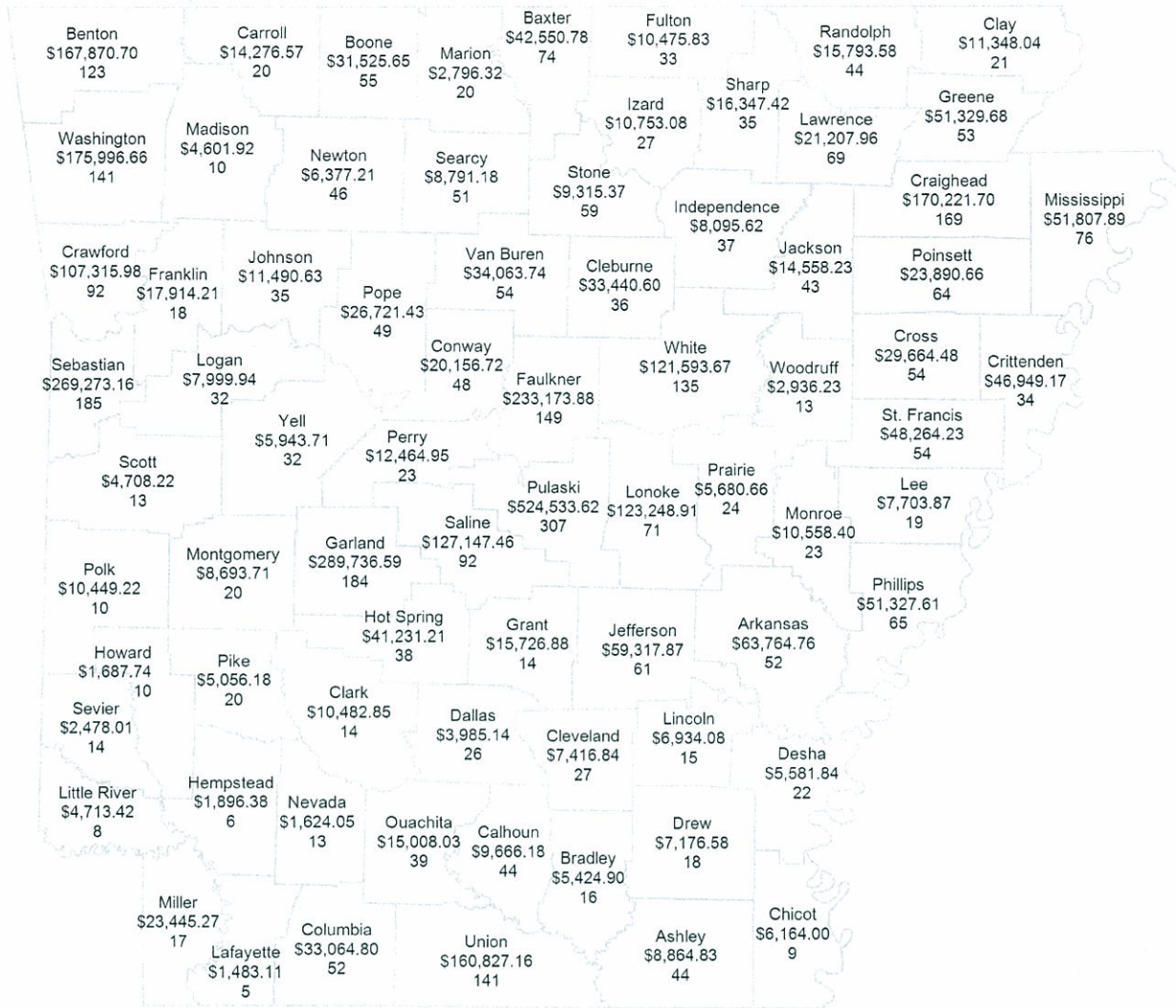
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LOPFI Benefit Recipients (as of September 1, 2012 Payroll)



Summary of Monthly Data

	Arkansas	Out of State
Total Recipients	3,866	230
LOPFI	2,007	130
Local Plan	1,837	100
LOPFI/Local Plan*	22	0
Total Payments	\$3,566,109.16	\$255,352.21
LOPFI	\$1,743,848.13	\$134,883.17
Local Plan	\$1,822,261.03	\$120,469.04

*recipients having both a LOPFI retirement and Local Plan retirement

Arkansas State Highway Employees Retirement System
 Tentative Unfunded Liabilities
 June 30, 2012

EXHIBIT E-5

	Actual June 30, 2010	Actual June 30, 2011	Tentative June 30, 2012
Increase in Liabilities of:			
Liabilities/Tentative Liabilities	\$ 1,304,993,793	\$ 1,342,675,804	\$ 1,382,675,804
Market Value of Assets	\$ 1,052,235,399	\$ 1,298,501,306	\$ 1,230,012,388
Percent Funded @ Market	80.63145%	96.70997%	88.95884%
Assets w/ five year smoothing	\$ 1,199,418,106	\$ 1,227,700,000	\$ 1,240,489,554
Percent funded w/ smoothed assets	91.90987%	91.43682%	89.71659%

Arkansas State Highway Employees System
Investment Information

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Equities	-0.92%	41.20%	13.60%	-33.10%	11.40%	16.40%	13.80%	13.80%	26.40%	-2.00%	-27.90%	-11.20%	35.20%	41.50%	36.10%	
S & P 500	3.93%	30.69%	14.30%	-26.20%	-13.20%	20.60%	8.60%	6.20%	19.10%	0.03%	-18.04%	-14.90%	7.24%	22.70%	30.20%	
Fixed Income & Cash	1.83%	4.60%	6.20%	8.30%	5.00%	6.00%	0.50%	4.57%	1.20%	10.80%	8.29%	10.91%	1.50%	1.30%	13.00%	9.00%
Total Fund	-0.35%	29.80%	11.10%	-15.34%	8.65%	12.40%	9.02%	9.97%	14.60%	5.30%	-8.58%	-1.10%	19.80%	16.61%	22.44%	12.90%

Years	ASHERS Compounded Rate of Return		Callan Database	
	Top .10%	Top .25%	Top .10%	Top .25%
20	9.25%	8.25%	8.81%	8.25%
15	9.17%	6.49%	6.83%	6.49%
10	7.89%	6.97%	7.33%	6.97%
5	5.74%	2.73%	4.57%	2.73%
3	12.85%	12.46%	13.20%	12.46%
1	-0.35%	2.34%	5.91%	2.34%

Arkansas State Highway Employees Retirement System
Assets and Liabilities



	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Actuarial	\$ 653.0	\$ 755.0	\$ 870.3	\$ 971.6	\$1,026.3	\$1,040.4	\$1,050.2	\$1,049.1	\$1,068.6	\$1,132.3	\$1,206.9	\$1,193.4	\$1,199.4	\$1,227.7	\$1,240.5
Market	\$ 759.0	\$ 870.3	\$1,020.2	\$ 998.7	\$ 875.3	\$ 891.1	\$ 981.0	\$1,041.9	\$1,098.8	\$1,186.2	\$1,242.4	\$ 994.5	\$1,052.2	\$ 1,298.5	\$1,230.0
Liabilities	\$ 647.0	\$ 728.0	\$ 794.1	\$ 860.3	\$ 918.1	\$ 976.0	\$1,016.1	\$1,068.0	\$1,107.6	\$1,145.9	\$1,188.7	\$1,235.8	\$1,305.0	\$ 1,342.7	\$1,382.7
		\$ 81.0	\$ 66.1	\$ 66.2	\$ 57.8	\$ 57.9	\$ 40.1	\$ 51.9	\$ 39.6	\$ 38.3	\$ 42.8	\$ 47.1	\$ 69.2	\$ 37.7	\$ 40

JOHNNY KEY
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**THE SENATE
STATE OF ARKANSAS**

CHAIRMAN:
JOINT RETIREMENT & SOCIAL SECURITY
MEMBER:
LEGISLATIVE COUNCIL
JOINT BUDGET
EDUCATION
EFFICIENCY
STATE AGENCIES & GOVERNMENTAL AFFAIRS

July 26, 2012

The Honorable Vann Smith
Circuit Judge, Sixth Judicial Circuit
401 West Markham, Room 300
Little Rock, Arkansas 72201

Dear Judge Smith:

I wanted to let you know your request for an actuarial study of eliminating the mandatory retirement age for judges will be placed on the agenda for a meeting of the Joint Retirement Committee this fall. Committee staff will be in touch with you once a date has been determined.

Please know you are welcome to attend and present this request at the meeting. If I can be of further assistance at this time, do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Johnny Key".

Johnny Key
State Senator
District 1

JK:lag

CC: The Honorable Shawn Womack, Circuit Judge, Fourteenth Judicial Circuit
The Honorable Les Carnine, Arkansas State Representative
Ms. Karen Holliday, Bureau of Legislative Research