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February 23, 2023

Ms. Amy Fecher, Executive Director
Arkansas State Police Retirement System
One Union National Plaza
124 West Capitol Avenue, Suite 400
Little Rock, Arkansas 72201

Re: Actuarial Analysis of Senate Bill (SB) 128 Dated 1-25-2023

Dear Ms. Fecher:

We are providing our analysis of SB 128 dated 1-25-2023 as it relates to the Arkansas State Police Retirement System (ASPRS).

Section 1 of the bill modifies Arkansas Code § 24-2-701(c)(2), to clarify that the employer contribution rate under the State Police Retirement System is twenty-six percent (26%) rather than twenty-two percent (22%). This is a correction to the Code and does not have an impact on the System.

Section 2 of the bill modifies Code § 24-6-223(c), concerning exceptions to the prohibition against subjection of annuity rights to legal processes. The bill slightly modifies the current language and adds a subsection which allows for an exception to the prohibition against the subjection of annuity rights to any process of law in the case where a court of competent jurisdiction of the State may order the monthly benefit of a retirant to be paid into the registry of the court for disposition as the court deems just and proper if the retirant is found by the court to be willfully refusing or failing to support his or her minor dependent children in violation of a court order providing for such support.

In our judgement, this change would have no material financial impact on 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.

Mita D. Drazilov and Heidi G. Barry are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

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

Respectfully submitted,
Gabriel, Roeder, Smith & Company

Mita Drazilov

Mita D. Drazilov, ASA, FCA, MAAA

Heidi G Barry

Heidi G. Barry, ASA, FCA, MAAA

MDD/HGB:rmn

GRS