

March 11, 2015

Ms. Gail H. Stone
Executive Director
Arkansas Judicial Retirement System
One Union National Plaza
124 West Capitol, Suite 400
Little Rock, Arkansas 72201

Re: House Bill 1202

Dear Ms. Stone:

House Bill (HB) 1202 amends several sections of Arkansas Code (ACA), namely § 24-8-101, § 24-8-215, § 24-8-218, § 24-8-224 and § 24-8-710. Our analysis of the proposed changes to these sections as they pertain to the Arkansas Judicial Retirement System follows.

Currently, a judge working past age 70 who is eligible to retire will forfeit retirement benefits unless he or she leaves office at the end of the term during which he or she turns age 70. The proposed legislation extends the age 70 limit to age 72.

We are unaware of any judges who have forfeited their benefits as a result of the current provisions so it is possible that, with an age limit of 72 rather than age 70, some judges will extend their careers. If this occurs and if there are no significant changes in the hiring (election) patterns of judges, we would expect some employer savings to result. Given the small number of cases that may be affected, we believe any potential savings would not be material.

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. Such a review was not within the scope of our assignment.

Mita Drazilov 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.

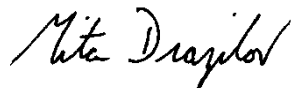
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This communication shall not be construed to provide tax advice, legal advice or investment advice.

Please feel free to contact us with additional questions or comments.

Respectfully submitted,



Mita D. Drazilov, ASA, MAAA



David L. Hoffman

MDD:DLH:mrb