

March 1, 2011

Mr. George Hopkins
Executive Director
Arkansas Teacher Retirement System
1400 West Third Street
Little Rock, Arkansas 72201

Re: House Bill 1216 as Engrossed 2/21/2011

Dear George:

You have asked us for our analysis of House Bill (HB) 1216 (Engrossed 2/21/2011) as it relates to the Arkansas Teacher Retirement System (ATRS).

HB 1216 modifies Arkansas Code Section 24-7-502 related to the termination of active membership to 1) include what we understand to be a clarified and improved version of current ATRS policies on termination and 2) add a new subsection (d) which provides definitions for specific terminology related to Section 24-7-502.

We understand from our review of ATRS policies and related discussions with ATRS staff that HB 1216 codifies current administrative practice related to termination from active membership. Consequently, we believe it will not result in an increase in the retirement system's costs or the amortization period.

Codifying established practices can be expected to result in improved administration and additional consistency in the application of benefit provisions.

We hope this analysis meets your needs.

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.

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The undersigned are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

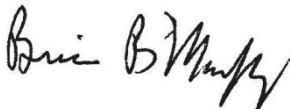
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This communication shall not be construed to provide tax advice, legal advice or investment advice.

Sincerely,



Judith A. Kermans, EA, MAAA, FCA



Brian B. Murphy, FSA, EA, MAAA, FCA

JAK:BBM:sc