

February 15, 2011

Mr. David B. Clark
Executive Director
Arkansas Local Police and Fire Retirement System
620 W. 3rd, Suite 200
Little Rock, AR 72201-2212

Re: Senate Bill 169

Dear Mr. Clark:

Senate Bill 169 amends one section of Arkansas Code, namely § 24-10-304. Our analysis of the proposed change to this section follows.

The proposed change to this section deals with the transferring of retirement coverage of police officers from the Arkansas Public Employees Retirement System (APERS) to the Arkansas Local Police and Fire Retirement System (LOPFI). The legislation modifies eligibility for this transfer.

We believe that the proposed legislation would expand the number of members who could be subject to such a transfer. We do not have a number count of affected members but believe that it is rather limited relative to the total number of members in both APERS and LOPFI. Furthermore, as each political subdivision is responsible for its own costs in LOPFI, only the political subdivision receiving the member is expected to be affected and there is no expected impact on the other participating LOPFI political subdivisions associated with the proposed legislation.

Please note the proposed legislation could result in higher computed employer contributions for all current LOPFI employers (either volunteer or paid) if either (a) members transfer with volunteer service or (b) computed employer contribution rates for LOPFI paid service employers change from being individually experience rated to being group experience rated in some fashion. However, in either case, the effect is expected to be minimal on LOPFI in total.

One or more of the undersigned are Members of the American Academy of Actuaries (MAAA) as indicated, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

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

Respectfully submitted,



David L. Hoffman



Mita D. Drazilov, ASA, MAAA

DLH:MDD:mrb