



February 5, 2019

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

Re: Senate Bill 234

Dear Mr. Clark:

You have asked us for our analysis of Senate Bill (SB) 234 as it relates to the Arkansas Local Police and Fire Retirement System (LOPFI).

SB 234 adds a new Section §24-1-306 to the Arkansas Code which allows the System the provision for the garnishment of retirement benefits of a member or retirant to pay for actual economic loss to the state resulting from a felony offense that arises out of an official action of the member or retirant while he or she was serving as a public employee.

No explicit modeling of the proposed benefit change was performed. We have no data with regard to the number of felons currently receiving a LOPFI benefit. After discussions with LOPFI staff, we have no reason to believe that the number is large. Therefore, any cost savings that may result from adopting this benefit provision will be small and emerge over time.

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.

Heidi G. Barry 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.

Mr. David B. Clark

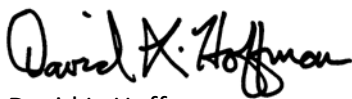
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This communication shall not be construed to provide tax advice, legal advice or investment advice.

Respectfully submitted,



David L. Hoffman



Heidi G. Barry, ASA, FCA, MAAA

DLH/HGB:dj

