



March 29, 2019

Mr. Frank J. Wills, Deputy Director
Arkansas Public Employees Retirement System
One Union National Plaza
124 West Capitol, Suite 400
Little Rock, Arkansas 72201

Re: House Bill 1346

Dear Mr. Wills:

We are providing our analysis of House Bill (HB) 1346 as it relates to the Arkansas Public Employees Retirement System (APERS).

HB 1346 amends section §24-4-521(b)(4) of the Arkansas Code which changes the ten (10) year requirement for retirement eligibility for a member of the General Assembly to consider credited service rather than actual service and allows for the purchase of military service if the member has five (5) years of actual service.

No explicit modeling of the proposed benefit change was performed. We have no data with regard to the number of General Assembly members who would benefit from this change. The change for affected members would be meaningful but would not result in measurable increase in employer cost spread over APERS as a whole. Therefore, the costs that will 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. Frank J. Wills
March 29, 2019
Page 2

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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:ah

