

March 2, 2011

Ms. Gail H. Stone  
Executive Director  
Arkansas Public Employees Retirement System  
One Union National Plaza  
124 West Capitol, 4th Floor  
Little Rock, Arkansas 72201

**Re: Senate Bill 135**

Dear Ms. Stone:

Senate Bill 135 amends one section of Arkansas Code, namely § 24-2-402(2). Our analysis of the proposed changes to this section follows.

The proposed amendment to this section deals with reciprocal service from employment in state colleges and universities. The reciprocal service is granted at a rate of one (1) year of retirement eligibility service for every five (5) years of service at a state college or university, subject to the following: the member must have (a) at least ten (10) years of service in APERS, (b) at least ten (10) years of service in the alternative retirement plan provided thru a state college or university after 1985 and (c) ten (10) or more years of full time employment, prior to 1985, at the same institution during a time when that institution did not require participation in an alternative retirement plan.

We do not have data to perform a detailed analysis of the financial effect of the proposed legislation. We expect that very few members would be affected by the proposed legislation given the requirement for service rendered before 1985 and expect that no material increases in projected APERS employer contributions will result. However, we do believe that the legislation provides a significant benefit to affected individuals. Our reasoning is based on the required number of years of total employment inside and outside of APERS. This means that retirement eligibility of affected individuals may be advanced up to four years. Consideration of special interest bills such as this should be based upon whether or not they represent sound public policy.

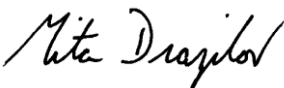
The undersigned are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

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

Respectfully submitted,



Norman L. Jones, FSA, MAAA



Mita D. Drazilov, ASA, MAAA

NLJ:MDD:dlh