

January 24, 2011

Mr. Larry Dickerson
Executive Secretary
Arkansas State Highway
Employees Retirement System
PO Box 2261
Little Rock, AR 72203

Re: Actuarial Impact of Senate Bill No. 55 (SB 55)

Dear Larry:

You have requested that Gabriel Roeder Smith & Company (GRS) determine the actuarial impact on the Arkansas State Highway Employees Retirement System (ASHERS) of SB 55. This bill adds § 24-5-137 to the Arkansas Code.

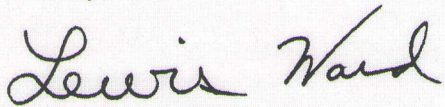
The added section states that ASHERS shall pay benefits in accordance with the maximum benefit limitations of Internal Revenue Code Section 415 (IRC Sec. 415). It also gives the ASHERS Board of Trustees authority to adopt rules necessary to implement compliance with IRC Sec. 415 and to make payments in excess of the 415 limitations under the Qualified Excess Benefit Arrangement found in Internal Revenue Code Section 415(m), which was created by a previous Legislature.

Following common practice in the evaluation of public sector retirement systems, in determining the contribution requirements of ASHERS, GRS ignores the maximum benefit limitations of IRC Sec. 415. Therefore, if SB 55 becomes law it will have no financial impact on the funded status and contribution requirements of ASHERS.

Joe Newton is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

If you have any questions regarding this estimated impact statement, please don't hesitate to contact us.

Sincerely,



Lewis Ward
Consultant



Joseph P. Newton, FSA, MAAA, EA
Senior Consultant

January 24, 2011

Mr. Larry Dickerson
Executive Secretary
Arkansas State Highway
Employees Retirement System
PO Box 2261
Little Rock, AR 72203

Re: Actuarial Impact of Senate Bill No. 74 (SB 74)

Dear Larry:

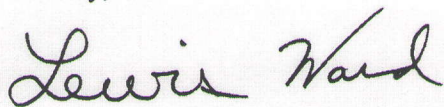
You have requested that Gabriel Roeder Smith & Company (GRS) determine the actuarial impact on the Arkansas State Highway Employees Retirement System (ASHERS) of SB 74. This bill makes several changes to the definitions section of the Arkansas Code § 24-5-101.

We have reviewed the changes to the Arkansas Code as proposed in SB 74 and we do not believe that the bill makes any material changes to the benefits of ASHERS. Given that fact, we do not believe that if SB 74 should become law it will have any actuarial or financial impact on ASHERS.

Joe Newton is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

If you have any questions regarding this estimated impact statement, please don't hesitate to contact us.

Sincerely,



Lewis Ward
Consultant



Joseph P. Newton, FSA, MAAA, EA
Senior Consultant

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