

February 14, 2013

Ms. Gail H. Stone
Executive Director
Arkansas Public Employees Retirement System
One Union National Plaza
124 West Capitol, Suite 400
Little Rock, Arkansas 72201

Re: House Bill 1123

Dear Ms. Stone:

House Bill 1123 amends one section of Arkansas Code, namely § 24-4-521. Our analysis of the proposed changes to this section follows.

Our understanding is that most of this bill is a cleanup of existing language but that the change proposed to § 24-4-521(b)(5)(A)(iii) affects current provisions for elected public officials. The change is intended to eliminate inconsistency in benefit provisions that may have arisen as a result of current language. The intention is that both the political subdivision and the elected public officials are required to each contribute an additional 2.5% of payroll for elected public officials who first served on or after July 1, 2014 in a contributory position. This change (additional charge) better allocates the costs of the two-for-one service credit benefit provision amongst the participating employers. However, total contributions to the system would be expected to remain unchanged.

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,



Randall J. Dziubek, ASA, EA, MAAA



David L. Hoffman

RJD/DLH:dj