



February 13, 2019

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

**Re: House Bill 1219**

Dear Mr. Wills:

We are providing our analysis of House Bill (HB) 1219 as it relates to the Arkansas Judicial Retirement System (AJRS).

HB 1219 amends section §24-8-215(c)(1) of the Arkansas Code related to forfeiture of benefits by judges who become seventy (70) years of age during a term of office. Specifically, the change would provide that becoming age seventy (70) during a term in office no longer results in the forfeiture of retirement benefits if a judge is elected to another term (so long as the birthday comes after the election but before the term begins).

No explicit modeling of the proposed benefit change was performed. We have no data with regard to the number of judges who may have ever forfeited a benefit to run again for office. After discussions with Retirement System staff, we have no reason to believe that this has occurred in recent history and no savings to the System have resulted. Generally, we expect that the extension of careers results in no increase in employer contributions.

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.

Circular 230 Notice: Pursuant to regulations issued by the IRS, to the extent this communication (or any attachment) concerns tax matters, it is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding tax-related penalties under the Internal Revenue Code or (ii) marketing or recommending to another party any tax-related matter addressed within. Each taxpayer should seek advice based on the individual's circumstances from an independent tax advisor.

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

