



February 13, 2019

Mr. Clint Rhoden  
Executive Director  
Arkansas Teacher Retirement System  
1400 West Third Street  
Little Rock, Arkansas 72201

**Re: Senate Bill 222 – Noncontributory Eligibility Clarification**

Dear Mr. Rhoden:

You have asked us for our analysis of Senate Bill (SB) 222 as it relates to the Arkansas Teacher Retirement System (ATRS).

SB 222 modifies Title 24 Section 7-406 related to contributory and noncontributory service.

Section 1 of the Bill, which is not to be codified, describes legislative history, finding, and intent of the Bill. We understand that Section 13(E) of the intent language related to setting a minimum salary threshold for a new noncontributory member of the retirement system is not included in the proposed amendment to 24-7-406 and our analysis assumes that it will not be included.

Section 2 replaces current language in §24-7-406(e) with language that is intended to restructure and simplify the existing language without making substantive changes.

Senate Bill 222 is primarily a technical Bill. We have reviewed the Bill and do not identify any obvious substantive changes between the language in the Bill and the language in existing statutes. However, we are not attorneys, and are not qualified to give a legal opinion on this matter. We would suggest that the proposed amendment to Section 24-7-406 (e)(1)(B)(iii)(b) may be missing the words “made before the election” after the words “requirements of a member” in order to maintain consistency with the following section and to eliminate any confusion.

Assuming that there are in fact, no substantive changes between this Bill and the provisions in existing statutes, we find this Bill to be cost neutral with respect to ATRS. We hope this analysis meets your needs.

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. Such a review was not within the scope of our assignment.

Brian B. Murphy and Judith A. Kermans are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

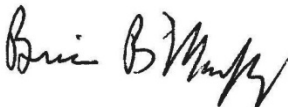
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This communication shall not be construed to provide tax advice, legal advice or investment advice.

Sincerely,



Judith A. Kermans, EA, MAAA, FCA



Brian B. Murphy, FSA, EA, MAAA, FCA



Heidi G. Barry, ASA, MAAA, FCA

JAK/BBM/HGB:sc