GRS Retirement Consulting
800.521.0498 | P: 248.799.9000 | F: 248.799.9020 | www.grsconsulting.com

February 13, 2019

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

Re: Senate Bill 52

Dear Mr. Wills:

We are providing our analysis of Senate Bill (SB) 52 as it relates to the Arkansas Public Employees Retirement System (APERS), Arkansas State Police Retirement System (ASPRS), and Arkansas Judicial Retirement System (AJRS).

SB 52 modifies §24-1 of the Arkansas Code relating to forfeiture of retirement benefits.

Sections 1 through 4 of the bill add language within §24-1-302, 303, 304 and 305 of the Arkansas Code to expand the forfeiture of benefits to include any member convicted of a felony offense arising out of the member's official actions while serving as a public employee.

Section 5 of the bill adds a new section §24-1-306 to the Arkansas Code. If a member is convicted of or pleads guilty to a felony that relates to his or her public employment, that person forfeits his or her right to benefit payments under the retirement system. The bill is applicable to all members of the system on or after the effective date of the bill.

No explicit modeling of the proposed benefit change was performed. We have no data with regard to the number of felons currently receiving an APERS/ASPRS/AJRS benefit. After discussions with APERS staff, we have no reason to believe that the number is large. Therefore, any cost savings that may result from adopting this benefit provision will be small and emerge over time.

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.

One Towne Square | Suite 800 | Southfield, Michigan 48076-3723

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