



March 1, 2021

Mr. David B. Clark, Executive Director  
Arkansas Local Police and Fire Retirement System  
620 West 3rd, Suite 200  
Little Rock, Arkansas 72201-2212

**Re: HB 1205 Dated 01-21-2021 (Reemployment of Retired Members)**

Dear Mr. Clark:

We are providing our analysis of HB 1205 as it relates to the Arkansas Local Police and Fire Retirement System.

HB 1205 modifies Section §24-10-504(e), concerning forfeiture and restoration under the Arkansas Local Police and Fire Retirement System.

HB 1205 modifies Section §24-10-504(e)(1) to allow a member who retired under early retirement the opportunity to return to employment. It further allows a retiree to return to work if the retiree has been retired for at least 90 days rather than the 180 days currently in law. Under current law, a retiree may return to employment if the retiree returns to a covered employer other than the covered employer(s) from which he or she retired. This section of the Bill is amended to allow a retiree to return to employment with the covered employer from which he or she retired if the retiree returns to employment in an entry level position. However, this new provision would not apply to a retiree who returns to employment in a position appointed by a mayor, city manager, or city administrator.

Section §24-10-504(e) is amended to add an additional subdivision that states that a retiree who retired before the January 1, 2020 effective date of Acts 2019, No. 988, may return to employment as provided by this subsection. This would allow retirees who retired prior to January 1, 2020 the opportunity to return to employment.

Note that LOPFI staff has indicated that Section §24-10-504(e) has not been utilized since it was enacted in 2019 and the use of this provision is expected to be limited. Regardless, the proposed legislation will not result in higher benefits to be paid and, therefore, no increase in employer contributions is expected to result from this proposed legislation.

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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 and Casey T. Ahlbrandt-Rains 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.

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



Casey T. Ahlbrandt-Rains, ASA, MAAA

DLH/HGB/CTA:ah

