



January 29, 2021

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

**Re: House Bill (HB) 1339 – Unused Sick Leave**

Dear Mr. Rhoden:

You have asked us for our analysis of a bill entitled HB 1339 as it relates to the Arkansas Teacher Retirement System (ATRS).

HB 1339 repeals Arkansas Code § 21-4-503(c) and modifies § 21-4-505(b) concerning the use of unused sick leave in the calculation of final average salary. Current written law states that compensation for accumulated unused sick leave may not be used in the calculation of the final average salary. This bill removes the language imposing the restriction for ATRS.

It is our understanding from ATRS staff that this change is a technical correction to align retirement system administrative practices with codified language. Since ATRS already includes unused sick leave in the calculation of average final salary, the changes in written law associated with HB 1339 would have no financial impact on retirement system costs or the amortization period of 27 years in the June 30, 2020 actuarial valuation.

We hope this analysis meets your needs.

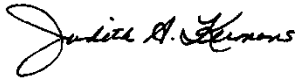
Please review this letter carefully to ensure that we have understood the Bill properly. The analysis in this letter should not be relied upon if there is doubt about our understanding of the Bill. Our analysis relates only to the plan changes described in this correspondence. In the event that other 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.

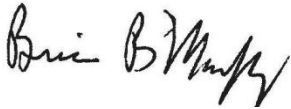
Brian B. Murphy, Judith A. Kermans and Heidi G. Barry are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

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

Sincerely,



Judith A. Kermans, EA, MAAA, FCA



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



Heidi G. Barry, ASA, MAAA, FCA

JAK/BBM/HGB:bd

