



February 24, 2021

Mr. Duncan Baird, Executive Director  
Arkansas Public Employees Retirement System  
One Union National Plaza  
124 West Capitol, Suite 400  
Little Rock, Arkansas 72201

**Re: Senate Bill 231 Dated 01-27-2021**

Dear Mr. Baird:

We are providing our analysis of Senate Bill (SB) 231 dated 01-27-2021 as it relates to the Arkansas Public Employees Retirement System (APERS), Arkansas State Police Retirement System (ASPRS), and Arkansas Judicial Retirement System (AJRS).

SB 231 dated 01-27-2021 modifies §24-1 of the Arkansas Code relating to forfeiture of retirement benefits.

Sections 1 through 3 of the bill add language within §24-1-301, 302, 303, 304 and 305 of the Arkansas Code to expand the forfeiture of benefits to include any member or beneficiary convicted of a felony offense related to the duties of his or her office while serving as a public employee. A person who forfeits his or her retirement benefits under this section shall be entitled to reimbursement of the balance of his or her member contributions without interest.

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. Based on prior discussions with APERS staff, we have no reason to believe that the number will be large. Therefore, any cost savings that may result from adopting this benefit provision will be small and emerge over time.

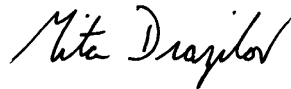
Please review this letter carefully to ensure that we have understood the Bill properly. The analysis in this letter should not be relied upon if there is doubt about our understanding of the Bill. Our analysis relates only to the plan changes described in this correspondence. In the event that other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

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.

Mita D. Drazilov 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.

Respectfully submitted,



Mita D. Drazilov, ASA, FCA, MAAA



David L. Hoffman



Heidi G. Barry, ASA, FCA, MAAA

MDD/DLH/HGB:ah