



January 31, 2023

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

Re: House Bill (HB) 1199 Refunds of Unused Service Purchases

Dear Mr. Rhoden:

You have asked us for our analysis of HB 1199 as it relates to the Arkansas Teacher Retirement System (ATRS).

Section 1 modifies Arkansas Code § 24-1-107(b)(1)(B), concerning credit for federal service.
Section 2 modifies Arkansas Code § 24-7-602(b), concerning credit for military service.
Section 3 modifies Arkansas Code § 24-7-603, concerning credit for out of state service.
Section 4 modifies Arkansas Code § 24-7-604, concerning credit for overseas service.
Section 5 modifies Arkansas Code § 24-7-605, concerning credit for General Assembly service.
Section 7 modifies Arkansas Code § 24-7-606, concerning credit for time spent on leave of absence.
Section 8 modifies Arkansas Code § 24-7-607(b)(3)(B)(ii), concerning private school service.
Section 9 modifies Arkansas Code § 24-7-607(c)(2)(B)(ii), concerning non-certified or private education related entity private school service.
Section 10 modifies Arkansas Code § 24-7-610(f) concerning National Guard or Armed Forces Reserve service.
Section 11 modifies Arkansas Code § 24-7-611 concerning Domestic Federal service.

In all cases, the amendment provides that at the member's request, payment for the service credit shall be refunded (upon request of the member) if the member ceases to be an active member before the service credit is established in the system or the service credit is not otherwise used to establish eligibility under the system, effectively cancelling the entire transaction.

In addition to the above Section 6 modifies Arkansas Code § 24-7-606(a)(1) to eliminate obsolete language related to an effective date.

Based upon discussions with staff, we understand that HB 1199 is codifying existing practice. Therefore, we conclude that it will have no material financial impact on the Arkansas Teacher Retirement System.

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.

Judith A. Kermans, Brian B. Murphy 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.

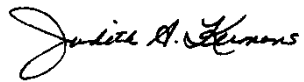
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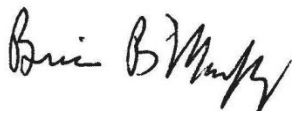
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This communication shall not be construed to provide tax advice, legal advice or investment advice.


Sincerely,
Gabriel, Roeder, Smith & Company



Judith A. Kermans, EA, FCA, MAAA



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



Heidi G. Barry, ASA, FCA, MAAA

JAK/BBM/HGB:ah

