



January 24, 2023

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

Re: House Bill (HB) 1202 Multiplier

Dear Mr. Rhoden:

You have asked us for our analysis of HB 1202 as it relates to the Arkansas Teacher Retirement System (ATRS).

Section 1 of HB 1202 modifies Arkansas Code §24-7-705(b)(2)(G), to eliminate the requirement that the contributory multiplier for service during the first 10 years shall not be higher than the rate for subsequent years of service. The eliminated wording could be considered redundant because subparagraph G also provides that after the member earns ten years of service credit, the Board may increase the multiplier to the standard multiplier for all or a portion of the first 10 years.

Section 2 of HB 1202 modifies Arkansas Code §24-7-705(b)(3)(G)(i) to eliminate the requirement that the non-contributory multiplier for service during the first 10 years shall not be higher than the rate for subsequent years of service and to define that the multiplier rate for non-contributory service during the first 10 years shall not be less than 0.5% nor more than 1.25%. The eliminated wording could be considered redundant because subparagraph G(ii) also provides that after the member earns 10 years of service credit, the Board may increase the multiplier to the standard multiplier for all or a portion of the first 10 years.

Based upon our review and information provided from ATRS staff, we believe that this bill is codifying existing practice and that therefore the proposed change in law would have no material financial impact on ATRS.

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.

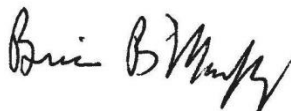
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This communication shall not be construed to provide tax advice, legal advice or investment advice.

Sincerely,
Gabriel, Roeder, Smith & Company



Judith A. Kermans, EA, MAAA, FCA



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



Heidi G. Barry, ASA, MAAA, FCA

JAK/BBM/HGB:dj

