



February 24, 2023

Ms. Amy Fecher, Executive Director
Arkansas Public Employees Retirement System
One Union National Plaza
124 West Capitol Avenue, Suite 400
Little Rock, Arkansas 72201

Re: Actuarial Analysis of House Bill (HB) 1203 Dated 1-23-2023

Dear Ms. Fecher:

We are providing our analysis of HB 1203 Dated 1-23-2023 as it relates to the Arkansas Public Employees Retirement System (APERS).

The bill modifies Arkansas Code § 24-12-123(a)(3), concerning the retirement of mayors of cities of the first class. The bill removes current § 24-12-123(a)(3)(B) which states that service as an elected official or as an employee of the city that is also covered under another retirement plan offered by the city or that is covered by another benefit provided for by law shall not be applied towards the mayor's retirement benefits provided for under this section.

In our judgement, this change would have no material financial impact on APERS. However, it may be viewed as "double-dipping" to the extent that a mayor may receive retirement benefits from another retirement plan offered by the city comparable to the retirement benefits provided by APERS.

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.

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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,
Gabriel, Roeder, Smith & Company



Mita D. Drazilov, ASA, FCA, MAAA



Heidi G. Barry, ASA, FCA, MAAA

MDD/HGB:dj

