



February 23, 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 Senate Bill (SB) 126 as Engrossed 2-21-2023

Dear Ms. Fecher:

We are providing our analysis of SB 126 as Engrossed 2-21-2023 as it relates to the Arkansas Public Employees Retirement System (APERS).

Section 1 of the bill modifies Code § 24-4-606, concerning the designation of a beneficiary for annuity options. The bill makes some minor changes to the language as to how a beneficiary is designated. In addition, the bill requires the retirant to make an application in writing to APERS to cancel the designation of a beneficiary under certain conditions (e.g., beneficiary predeceases retirant) under Options B50 or B75. The member's election shall return to the retirant's straight life, Option A60 or Option A120 annuity effective the month following receipt by APERS of his or her election. As the bill is written, our understanding is that any benefits that may not have been paid due to a possible delayed application by the retirant are not paid retroactively.

Section 2 of the bill modifies Code § 24-4-608, making some minor changes regarding death before retirement benefits.

Section 3 of the bill modifies Arkansas Code § 24-4-609, concerning the effective date of benefits for survivors and beneficiaries. The modifications include references to § 24-4-606 and § 24-4-608 to provide additional clarity in the code. Our understanding, after speaking with APERS staff, is that any benefits that may not have been paid due to a possible delayed notification to APERS are paid retroactively to the first day of the calendar month next following the month in which the retirant died. The amendments restructure the language but do not change the meaning.

In our judgement, this change would have no material financial impact on APERS.

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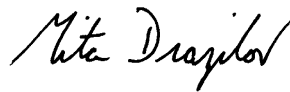
Please review this letter carefully to ensure that we have understood the bill properly. The analysis in this letter should not be relied upon if there is doubt about our understanding of the bill. Our analysis relates only to the plan changes described in this correspondence. In the event that other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



Mita D. Drazilov, ASA, FCA, MAAA



Heidi G. Barry, ASA, FCA, MAAA

MDD/HGB:dj

