



March 22, 2023

Mr. David B. Clark, Executive Director  
Arkansas Local Police and Fire Retirement System  
620 West 3<sup>rd</sup>, Suite 200  
Little Rock, Arkansas 72201-2212

**Re: Senate Bill (SB) 135 as Engrossed 3-16-2023 (DROP Period)**

Dear Mr. Clark:

We are providing our analysis of SB 135 as it relates to the Arkansas Local Police and Fire Retirement System (LOPFI).

SB 135 modifies Section §24-10-706(a), concerning the duration of participation in the Local Police and Fire Deferred Retirement Option (DROP) Plan for active paid service police officers and firefighters under the Arkansas Local Police and Fire Retirement System. The proposed legislation allows a member to participate in the DROP over a 10-year period rather than a 7-year period.

In our judgment, this change would have no material financial impact on LOPFI.

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.

Heidi G. Barry and Casey T. Ahlbrandt-Rains 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.

Respectfully submitted,  
Gabriel, Roeder, Smith & Company



Heidi G. Barry, ASA, FCA, MAAA



Casey T. Ahlbrandt-Rains, ASA, MAAA

HGB/CTA:dj

