



February 24, 2021

Mr. Duncan Baird, Executive Director
Arkansas Public Employees Retirement System
One Union National Plaza
124 West Capitol Avenue, Suite 400
Little Rock, Arkansas 72201

Re: HB 1281 Dated 01-26-2021 Amending DROP Program

Dear Mr. Baird:

You have asked us for our analysis of HB 1281 dated 01-26-2021 as it relates to the Arkansas Public Employees Retirement System (APERS).

The Bill modifies Section §24-4-802(c)(1) of the Arkansas Code. The proposed legislation allows a member to participate in the DROP over a ten-year period rather than a seven-year period. The Bill applies to current and future DROP participants. No increase in employer contributions is expected to result from this proposed legislation.

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.

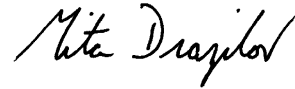
Mr. Duncan Baird
February 24, 2021
Page 2

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

Respectfully submitted,



David L. Hoffman



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Heidi G. Barry, ASA, FCA, MAAA

DLH/MDD/HGB:rmn

