



January 24, 2025

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

**Re: House Bill (HB) 1158 - T-DROP Distribution Options**

Dear Mr. White:

You have asked us for our analysis of HB 1158 as it relates to the Arkansas Teacher Retirement System (ATRS).

The bill modifies Arkansas Code §24-7-1308(b) concerning the election of distribution options under the Teacher Deferred Retirement Option (T-DROP).

The bill modifies Arkansas Code §24-7-1308(b) by adding subdivision (3) which allows a member to cancel his or her T-DROP distribution election under subdivision (1) before the end of the second full calendar month immediately following his or her effective retirement date, provided that the member did not elect to receive all or a part of the balance in the plan account as a lump sum payable through an Internal Revenue Code eligible rollover transaction, and has not previously changed his or her election. The member would also be required to file a new distribution election form and repay the System any amount that he or she is no longer entitled to have received as a result of the election change. Presumably, the member would have the option to elect a different method of distribution or create a Cash Balance Account with the System.

In our judgment, this bill is more of an administrative change and would have very little, if any, material financial impact on the Arkansas Teacher Retirement System.

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.

Judith A. Kermans, Heidi G. Barry and Derek Henning 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.

Circular 230 Notice: Pursuant to regulations issued by the IRS, to the extent this communication (or any attachment) concerns tax matters, it is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding tax-related penalties under the Internal Revenue Code or (ii) marketing or recommending to another party any tax-related matter addressed within. Each taxpayer should seek advice based on the individual's circumstances from an independent tax advisor.

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

Sincerely,  
Gabriel, Roeder, Smith & Company



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JAK/HGB/DH:dj

