



March 7, 2025

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

Re: House Bill (HB) 1322 Dated 02/26/2025 (Cancer-Related Death Benefits)

Dear Mr. Clark:

We are providing our analysis of HB 1322 as it relates to the Arkansas Local Police and Fire Retirement System.

The proposed bill amends §24-10-608(b)(1) of the Arkansas Code related to survivor death benefits. The bill would allow for the payment of a duty-related survivor benefit in the case of a death resulting from an incidence of cancer attributable to a LOPFI member carrying out their duties as an active employee.

The legislation does incorporate language that would grant a benefit increase to any eligible survivor with an annuity effective between November 1, 2019 and March 1, 2020, provided that the active member's death was a result of cancer as defined in the bill. LOPFI staff has indicated that there is one such instance of a survivor benefit that would be impacted by this language. While the eligibility for a duty-related survivor benefit is retroactive for the period between November 1, 2019 and March 1, 2020, no retroactive benefit payments will be made.

If this bill becomes law, it would likely lead to additional approved duty-related survivor benefits. Based on discussions with staff, the parameters of the proposed provisions are consistent with existing rules for duty-related disability retiree benefits. As such, there would be no substantive administrative changes related to granting duty-related death benefits arising from the incidents of cancer as outlined in this legislation. Staff has further indicated that the number of duty-related disabilities related to similar legislation has been small. We believe that the number of survivors expected to be eligible to receive duty-related death benefits from LOPFI on an ongoing basis is small; therefore, we would expect to see only a small financial impact on LOPFI if this bill becomes law.

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

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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.

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.

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



Heidi G. Barry, ASA, FCA, MAAA



Casey T. Ahlbrandt-Rains, ASA, FCA, MAAA

HGB/CTA:ah

