

LOPFI

LOCAL POLICE & FIRE RETIREMENT SYSTEM

620 W. 3rd, Suite 200
Little Rock, Arkansas 72201-2223
Telephone: 501.682.1745
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August 29, 2024

Steve Purtee, Finance Director
Jonesboro Local Police Plan
300 S. Church St.
Jonesboro, AR 72401

Via Email: SPurtee@jonesboro.org

Dear Mr. Purtee:

This is regarding the City of Jonesboro's proposed increase in the amount of the death benefit for its Local Police Plan (Local Plan). This specific provision is found in ACA 24-11-430 and applies to all members of the Local Plan.

Based on the city's request, an actuarial valuation was completed. The enclosed valuation provides the *revised* monthly Local Plan employer contribution rate to implement this change. The revised rate that will be used through 2025 is:

- Increase death benefit from the current \$6,500 to \$10,000: \$20,332/month. This is an increase of \$531 per month in the Local Plan employer contribution rate.

To assist with implementing this increase, enclosed is a draft ordinance that you are welcome to use when presenting this topic to the city council. If the city council does approve the increase, please provide LOPFI with a copy of the approved ordinance and draft minutes from that meeting, so that LOPFI can implement this benefit change. It is important to keep in mind that the valuation expires October 31, 2024, so LOPFI must receive the approved ordinance and draft minutes by the October 31st date to use the results in this valuation. And to help facilitate the timely receipt of these documents, you are welcome to email them to me in lieu of mailing hardcopies.

If you should have any questions, please feel free to contact Jen Sines or Lesley Weaver.

Respectfully,



David B. Clark
Executive Director

Encl:



August 29, 2024

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

Re: Employer Contribution Cost for Jonesboro Local Police Plan Death Benefit Amendment

Dear Mr. Clark:

Enclosed are the results of a supplemental actuarial valuation related to a proposed benefit change for the Jonesboro Police Local Plan administered by the Arkansas Local Police and Fire Retirement System (LOPFI).

Please call if you have any questions or comments.

Respectfully submitted,
Gabriel, Roeder, Smith & Company

A handwritten signature in black ink that reads "Heidi G. Barry".

Heidi G. Barry, ASA, FCA, MAAA

A handwritten signature in black ink that reads "Casey T. Ahlbrandt-Rains".

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

HGB/CTA:rmn

Arkansas Local Police and Fire Retirement System Supplemental Actuarial Valuation – Jonesboro Local Police as of December 31, 2023

Requested By: Mr. David B. Clark, Executive Director
Arkansas Local Police and Fire Retirement System

Date: August 29, 2024

Submitted By: Heidi G. Barry, ASA, FCA, MAAA and
Casey T. Ahlbrandt-Rains, ASA, FCA, MAAA
Gabriel, Roeder, Smith & Company

As requested, we have determined the expected increase in the employer contribution rate that would result from increasing the current death benefit from \$6,500 to \$10,000 for a retired member who passes away on or after September 1, 2024.

The date of the study was as of December 31, 2023. This supplemental valuation does not predict the result of the December 31, 2024 valuation or of any other future actuarial valuation. (Future activities can affect future valuation results in an unpredictable manner.) Rather, the supplemental valuation gives an indication of the probable effect of the proposed changes on future valuations without comment on the complete end result of the future valuations.

This report is intended to describe the financial effect of the proposed plan changes. Except as otherwise noted, potential effects on other benefit plans were not considered. No statement in this report is intended to be interpreted as a recommendation in favor of the changes, or in opposition to them. GRS is not responsible for unauthorized use of this report.

In the event that more than one plan change is being considered, it is very important to remember that the results of separate actuarial valuations cannot generally be added together to produce a correct estimate of the combined effect of all of the changes. 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.

In accordance with LOPFI Board policy, the employer contribution rates established by this valuation report are valid for purposes of approving the benefit changes until October 31, 2024.

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 required to render the actuarial opinions contained herein.



Arkansas Local Police and Fire Retirement System Supplemental Actuarial Valuation – Jonesboro Local Police as of December 31, 2023

This report was prepared using our proprietary valuation model and related software which, in our professional judgment, has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

The actuarial methods and assumptions were the same as those used in the regular valuation as of December 31, 2023. In particular, the economic assumptions used in the supplemental actuarial valuation were net investment return of 7.25% per year and wage inflation of 3.00% per year.

A brief summary of the benefit recipient data used for the purposes of the study as of December 31, 2023 is presented below:

Number	Current Annual Benefits	Average	
		Current Age	Benefit
28	\$979,025	77.4	\$34,965

There are no active members of the Local Plan.



Arkansas Local Police and Fire Retirement System

Supplemental Actuarial Valuation – Jonesboro Local Police as of December 31, 2023

Benefit Provisions of Interest:

Proposal: Increase the current death benefit from \$6,500 to \$10,000 for an eligible survivor of a retired member who passes away on or after September 1, 2024.

Actuarial Information: The following shows the computed change in the monthly employer contribution rate, under current assumptions, that would be necessary to fund the proposed benefit on a level cost basis:

	Before Change: \$6,500 Death Benefit	With Change: \$10,000 Death Benefit	Increase/ Decrease
Actuarial Accrued Liabilities (AAL)			
Benefit Recipients	\$ 10,476,288	\$ 10,501,367	\$ 25,079
Total AAL	10,476,288	10,501,367	25,079
Assets			
Available to Fund AAL	\$ 9,496,375	\$ 9,496,375	-
Total Assets	9,496,375	9,496,375	-
Unfunded AAL¹	\$ 979,913	\$ 1,004,992	\$ 25,079
Monthly Employer Contribution²	\$ 19,801	\$ 20,332	\$ 531

¹ Estimated Unfunded Actuarial Accrued Liability as of December 31, 2023.

² UAAL amortized over multiple periods not to exceed 5 years.

This report is intended for use by the City and those designated or approved by the City. This report may be provided to other parties only in its entirety and only with the permission of the City. GRS is not responsible for unauthorized use of this report. The purpose of this valuation is to calculate actuarial liabilities and resulting contributions under the proposed benefit provisions. This report should not be relied on for any purpose other than the purpose previously described.

The actuarial methods and assumptions and data were the same as those used in the regular valuation as of December 31, 2023. Please see the December 31, 2023 compiled valuation report for more information.

