

# LOPFI

## ARKANSAS LOCAL POLICE & FIRE RETIREMENT SYSTEM

September 2, 2008

Jim Barksdale, Finance Director  
City of Jonesboro  
PO Box 1845  
Jonesboro, AR 72403

620 W. 3rd, Suite 200  
Little Rock, Arkansas 72201-2223  
Telephone: (501) 682-1745  
Toll-Free: (866) 859-1745  
Fax: (501) 682-1751  
email: [info@lopfi-prb.com](mailto:info@lopfi-prb.com)  
website: [www.lopfi-prb.com](http://www.lopfi-prb.com)

Re: \$250/month increase

Dear Mr. Barksdale:

Enclosed is the requested valuation that provides the cost to implement the proposed \$250/month increase for members of the Jonesboro Local Fire Pension Fund. Page 3 of the valuation states the computed cost, which is 2.39% of payroll. The increased rate would simply be added to the current employer contribution rate for the fire department. Page 3 also provides useful budget information within the three Comment sections.

If the City Council chooses to implement the stated increase, please provide a copy of the City Council-approved Ordinance to LOPFI. The Ordinance will need to state the effective date for implementing the increase as well. You may consider referring to Ordinance 25-2007 for suggested language. Lastly, please keep in mind that the results of this valuation are valid until December 31, 2008.

In the event you have any questions, please feel free to contact me at your convenience.

Respectfully,



David B. Clark  
Executive Director

Encl:

**Arkansas Local Police and Fire Retirement System**  
**Jonesboro Paid Firemen**  
**Actuarial Valuation of Proposals Under Consideration**  
**December 31, 2007**

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**Submitted To:** Mr. David B. Clark, Executive Director  
Arkansas Local Police and Fire Retirement System

**Submitted By:** David L. Hoffman and Mita D. Drazilov  
Gabriel, Roeder, Smith & Company

**Date:** September 2, 2008

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As requested, we have determined the expected increase in the City of Jonesboro's employer contribution rate that would result from a proposed benefit change for their local paid firemen. This supplemental report was requested by the Executive Director.

The date of the study was December 31, 2007. This supplemental valuation does not predict the result of the December 31, 2008 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 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. No statement in this report is intended to be interpreted as a recommendation in favor of the changes, or in opposition to them.

The actuary submitting this statement is a Member of the American Academy of Actuaries (MAAA) as indicated, and meets the qualification standards of the Academy required to render the actuarial opinion contained herein.

The calculations are based upon assumptions regarding future events, which may or may not materialize. They are also based upon present and proposed plan provisions that are outlined in the report. If you have reason to believe that the assumptions that were used are unreasonable, that the plan provisions are incorrectly described, that important plan provisions relevant to this proposal are not described, or that conditions have changed since the calculations were made, you should contact the authors of this report prior to relying on information in the report.

If you have reason to believe that the information provided in this report is inaccurate, or is in any way incomplete, or if you need further information in order to make an informed decision on the subject matter of this report, please contact the authors of the report prior to making such decision.

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.

**Arkansas Local Police and Fire Retirement System**  
**Jonesboro Paid Firemen**  
**Actuarial Valuation of Proposals Under Consideration**  
**December 31, 2007**

A summary of member data as of December 31, 2007 follows:

	LOPFI	Local Plan
Number Active	110	2
Payroll	\$4,230,616	\$127,817
Average Pay	\$ 38,460	\$ 63,909
Average Age	36.1	50.6
Average Service	10.5	27.5
Number Retired	5	57
Monthly Benefits	\$ 7,612	\$ 107,416
Average Age	42.9	64.0

**Present Provisions:**

*Benefit Amount* - Annual benefit equal to 75% of highest year's pay plus an additional **\$5,400** annually. If acquired more than 20 years of service credit, benefit is increased by \$240 annually for each additional year of service credit. (Maximum \$1,200 annual addition). If acquired more than 25 years of service credit, retirant's benefit is increased at age 60 by 1.25% of highest year's pay for service over 25 years. (Maximum benefit is 100% of final salary).

**Proposed Provisions:**

*Benefit Amount* - Annual benefit equal to 75% of highest year's pay plus an additional **\$8,400** annually. If acquired more than 20 years of service credit, benefit is increased by \$240 annually for each additional year of service credit. (Maximum \$1,200 annual addition). If acquired more than 25 years of service credit, retirant's benefit is increased at age 60 by 1.25% of highest year's pay for service over 25 years. (Maximum benefit is 100% of final salary).

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