

APERSpective

RETIRED MEMBERS

Fall 2020

APERS Director's Update

As we move into fall, APERS can look back on a successful summer. We managed to transition to additional remote operations as needed while still ensuring that new enrollments into the system, new applications to retire, and current benefits were being handled in a timely manner. APERS planned and executed the transition in a fashion that was virtually undetectable for our membership. The biggest change was closing the offices to the public.

In addition to the Members Self-Service (MSS) portal, where many of the most common tasks of our membership can be handled online, APERS has put in place virtual retirement counseling and virtual retirement seminars as well. So even though our offices remain closed to the public, we feel confident we are meeting the needs of our membership during the pandemic.

"Successfully meeting the commitment to our members and retirees requires us to constantly look toward the future."

Now APERS has begun to focus on the upcoming year and the challenges we face. An area of interest is the upcoming legislative session and what we would like to see. During the fall of 2019, APERS staff participated in 11 statewide legislative town hall meetings attended by more than 2,000 individuals. The staff listened to the concerns, input, ideas, and suggestions from members and retirees regarding changes to benefits and contribution rates. This information was faithfully relayed to the APERS Board of Trustees (the Board) and incorporated into their discussions and analysis of the future of the system.

The Board has a statutory responsibility to ensure the system remains financially strong and healthy from



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Executive Director Duncan Baird

generation to generation so that the system can meet its commitment to providing monthly retirement benefits to its nearly 100,000 active and retired members. With the assistance of a professional investment consultant, the Board prudently manages and grows the investment assets of the system over time. With the assistance of a professional actuary, the Board works to make accurate assumptions and responsible preparations in order to meet future obligations. The Board has worked over the years to improve the system's financial status without changing member benefits with the understanding that change is inevitable and necessary.

Successfully meeting the commitment to our members and retirees requires us to constantly look toward the future, evaluate risks, and recommend measured changes when it's prudent. For this reason, the Board is proposing three legislative changes for the 2021 legislative session. These are briefly outlined in the table provided on page 2.

Why is APERS proposing changes to the system? In a nutshell we want to make modest adjustments to the plan to strengthen the system for the benefit of our members over the long term. As of FY19, APERS is 79% funded with a \$2.39B Unfunded Actuarial Accrued Liability (UAAL). By making modest changes to the plan now, we have an opportunity to make significant progress in improving our funded ratio and reducing our unfunded liabilities over time. This would improve the financial condition of the system and reduce the risks to the system as we go forward.

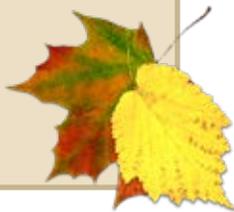
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Upcoming Direct Deposit Dates

Deposits are made on the first work day of each month. If the first falls on a holiday or weekend, deposits are made the next official work day.

- Thursday, October 1
- Monday, November 2
- Tuesday, December 1
- Monday, January 4
- Monday, February 1



APERS Director's Update

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While the final language is still being developed for the legislative changes listed on the table below, it is our intention to continue discussing the proposed changes through social media and our website. We will continue to update our members and the general public as more specific language is crafted.

Proposed Legislative Changes for 2021

Benefit Provision	Description of Proposal	Group Affected
Member Contributions	Increase from 5% to 7% — 0.25% per year for 8 years.	All active members
Final Average Compensation	Increase from 3 to 5 years — The current 3-year FAC of all members would be computed and then frozen with the ultimate FAC being the greater of the frozen 3-year FAC and the ultimate 5-year FAC.	All active members
COLA	Provide a COLA based on the Lower of 3% or Consumer Price Index (CPI).	New hires only

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Duncan Baird
Executive Director

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