

Arkansas Teacher Retirement System

Annual Actuarial Valuation of
Active and Inactive Members
June 30, 2021



Report of the June 30, 2021 Actuarial Valuation

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December 7, 2021

Board of Trustees
Arkansas Teacher Retirement System
Little Rock, Arkansas

Dear Board Members:

Presented in this report are the results of the ***Annual Actuarial Valuation of non-retired members as of June 30, 2021***. The June 30th annual valuation of retired lives receiving monthly benefits indicates the liabilities for future benefit payments to existing retirees. These liabilities are covered in detail in a separate report. They are also covered briefly in this report on page B-4.

The purposes of the valuation are to measure the System's funding progress and to determine the amortization period that results from the statutory employer and employee rates and the actuarial assumptions that the Board has adopted. This report should not be relied on for any purpose other than the purposes described herein. Financial results associated with the benefits described in this report that are developed for purposes other than those identified above may be significantly different than those in this report.

This report was prepared at the request of the Board and is intended for use by the Retirement System and those designated or approved by the Board. This report may be provided to parties other than the Retirement System only in its entirety and only with the permission of the Board. GRS is not responsible for unauthorized use of this report.

This valuation was based upon census data and financial information provided by the System's administrative staff. Preparation of this data requires considerable staff time. The helpful cooperation of the Arkansas Teacher Retirement System (ATRS) staff in furnishing the data is acknowledged with appreciation. We checked for internal and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of any data provided by ATRS.

This report was prepared using certain assumptions approved by the Board. The actuarial assumptions used for valuation purposes are summarized in Section G. These assumptions reflect expectations of future experience under the plan. They were developed in connection with an experience study covering the period July 1, 2015 to June 30, 2020.

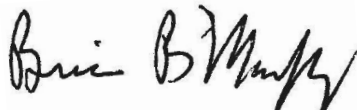
This report was prepared using our proprietary valuation model and related software which, in our professional judgment, has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that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

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law. The scope of an actuarial valuation does not contain an analysis of the potential range of such future measurements.

To the best of our knowledge, this report is complete and accurate and was made in accordance with standards of practice promulgated by the Actuarial Standards Board. The actuarial assumptions used for the valuation produce results which, individually and in the aggregate, are reasonable.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. Brian B. Murphy, Judith A. Kermans and Heidi G. Barry 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. The individuals submitting this report are independent of the plan sponsor.

Respectfully submitted,
Gabriel, Roeder, Smith & Company



Brian B. Murphy, FSA, EA, FCA, MAAA, PhD



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BBM/JAK/HGB:bd



SECTION A

EXECUTIVE SUMMARY

Executive Summary

General Financial Objective. Section 24-7-401 (a) of the Arkansas Code provides as follows (emphasis added):

- (1) The financial objective of the Arkansas Teacher Retirement System is to establish and receive contributions that expressed as percentages of active member payroll will **remain approximately level from generation to generation of Arkansas citizens.**
- (2) Contributions received each year shall be sufficient:
 - (A) To **fully cover the costs of benefit commitments** being made to members for their service being rendered **in that year**; and
 - (B) To **make a level payment** that if paid annually over a reasonable period of future years will **fully cover the unfunded costs** of benefit commitments for service previously rendered.

Arkansas Teacher Retirement System Status: Based upon the results of the June 30, 2021 actuarial valuations, **ATRS is satisfying the financial objective of level-contribution-percent financing.**

This report contains the results of the June 30, 2021 valuation. The table below shows a summary of the data used in the valuation. This data was the basis for determining valuation results and recommended employer contribution rates.

	Number	Average	Type of Average
Active not in T-DROP	66,633	\$42,901	Pay
Active in T-DROP	3,465	65,732	Pay
Deferred Vested	13,574	5,613	Annual Projected Benefit
Retired	51,405	24,175	Annual Current Benefit
Total Members	135,077		

Included in the 2021 valuation were 3,575 reemployed retirees (included in the Retired data file) with total earnings of \$118.3 million. ATRS receives full employer contributions on these individuals per Arkansas Code Section 24-7-708. The actuarial valuation assumes the number of working members will remain constant at the current level. In some recent years the total number of working members has decreased. A decreasing population means less contribution income for the retirement system than expected and can lead to funding difficulty in extreme cases. ATRS receives employer contributions on behalf of all working members.

Actuarial Assumptions: The June 30, 2021 valuation reflects assumption changes based on experience during the period July 1, 2015 to June 30, 2020 and expectations for the future. The Board adopted these changes at the November 15, 2021 board meeting. The assumption changes are summarized below. Please see Section G for a full listing of the actuarial assumptions.

- (1) The assumed rate of interest was lowered from 7.50% to 7.25%.
- (2) The mortality tables were updated to the PubG-2010 benefit weighted tables with projection scale MP-2020. The base rates were to ATRS experience.
- (3) The assumed rates of retirement, withdrawal, disability, merit and seniority pay increases, and other miscellaneous changes were updated as described in the separate experience study report.



Executive Summary (Continued)

Benefit Changes: There were no benefit provision changes adopted for consideration in the June 30, 2021 valuation.

Contribution Rate Changes

Employer and member contribution rates will change in the future according to the following schedule. This schedule of changes has been incorporated into the results shown in this report.

Fiscal Year	Contribution Rate	
	Member	Employer
2022	6.75%	14.75%
2023 and Later	7.00%	15.00%

Results of the Valuation

The amortization period this year is 32 years, an increase from last year's period of 27 years. The resulting increase is primarily due to the assumption changes described on the preceding pages. However, the impact of the assumption changes was offset by the extraordinary investment return experienced during 2021. While an amortization period of 32 years meets statutory requirements, the ATRS has targeted 18 years in recent legislation as the amortization period that would eliminate negative amortization. The contribution rate based upon the target amortization period (18 years) would be approximately 18.5% of payroll. On a market value basis, the amortization period is 12 years.

The Arkansas Teacher Retirement System remains stable with an 80.6% funded position as of June 30, 2021. If experience is reasonably in line with expectations in Fiscal Year 2022, the amortization period is likely to decrease in the next valuation due to the scheduled phase-in of net investment gains.

The rate of investment return was 31.66%[#] this year. As of June 30, 2021, the market value of assets exceeded the funding value of assets by approximately \$2,126 million. (Please refer to page D-3 for details.) Investment gains and losses that occur each year are smoothed in over a 4-year period. After considering smoothing, the recognized return this year was 11.39%, compared to an assumed 7.50% return for Fiscal Year 2021.

[#] *The actuary calculated this return figure which may not exactly match the investment consultant's figure.*

Executive Summary (Continued)

Other Observations

General Implications of Contribution Allocation Procedure or Funding Policy on Future Expected Plan Contributions and Funded Status

Given the plan's contribution allocation procedure, if all actuarial assumptions are met (including the assumption of the plan earning 7.25% on the funding value of assets), it is expected that:

- 1) The unfunded actuarial accrued liabilities will be fully amortized after 32 years;
- 2) The funded status of the plan will increase gradually towards a 100% funded ratio; and
- 3) The unfunded accrued liability will increase for an extended period before beginning to decline.

Limitations of Funded Status Measurements

Unless otherwise indicated, a funded status measurement presented in this report is based upon the actuarial accrued liability and the funding value of assets. Unless otherwise indicated, with regard to any funded status measurements presented in this report:

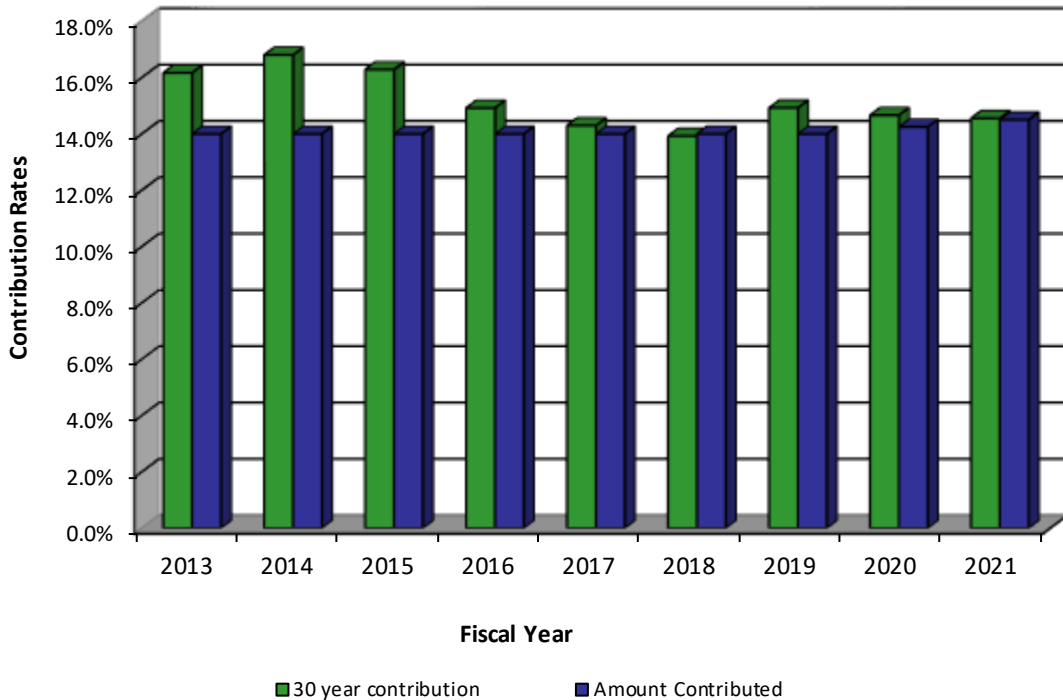
- 1) The measurement is inappropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations; in other words, of transferring the obligations to an unrelated third party in an arm's length market value type transaction;
- 2) The measurement is dependent upon the actuarial cost method which, in combination with the plan's amortization policy, affects the timing and amounts of future contributions. A funded status measurement in this report of 100% is not synonymous with no required future contributions. If the funded status were 100%, the plan would still require future normal cost contributions (i.e., contributions to cover the cost of the active membership accruing an additional year of service credit); and
- 3) The measurement would produce a different result if the market value of assets were used instead of the funding value of assets, unless the market value of assets is used in the measurement.

Limitations of Project Scope

Actuarial standards do not require the actuary to evaluate the ability of the plan sponsor or other contributing entity to make required contributions to the plan when due. Such an evaluation was not within the scope of this project and is not within the actuary's domain of expertise. Consequently, the actuary performed no such evaluation.

Executive Summary (Concluded)

The following graph shows a history of the amounts contributed vs. the employer contributions based on a maximum amortization period of 30 years. The results would look different if the Employer Contribution were calculated according to the Board's target of 18 years.



The amount contributed is less than the 30-year contribution in FY 2013-2017 and FY 2019-2021. In FY 2018 (June 30, 2016 valuation), the amount contributed exceeded the 30-year contribution.

The calculated amortization period was 28 years in the June 30, 2019 valuation, and was based on anticipated increases in the employer and member contribution rates. The employer and member rates are scheduled to increase by 0.25% increments through FY 2023. The ultimate employer and member contribution rates will be 15% and 7%, respectively. The FY 2021 employer contribution rate was 14.50% which was slightly less than the 30-year contribution.

SECTION B

VALUATION RESULTS

Determination of Amortization Period Computed as of June 30, 2021 and June 30, 2020

Computed Contributions for	Percents of Active Member Payroll			
	June 30, 2021			June 30, 2020
	Teachers	Support	Combined	Combined
Normal Cost				
Age & Service Annuities	11.19%	7.48%	10.17%	9.52%
Deferred Annuities	1.50%	2.34%	1.73%	1.44%
Survivor Benefits	0.27%	0.20%	0.25%	0.34%
Disability Benefits	0.41%	0.40%	0.41%	0.45%
Refunds of Member Contributions	0.48%	1.20%	0.68%	0.66%
Total	13.85%	11.62%	13.24%	12.41%
Average Member Contributions	6.58%	5.11%	6.17%	6.14%
Net Employer Normal Cost	7.27%	6.51%	7.07%	6.27%
Unfunded Actuarial Accrued Liabilities			7.93%	8.73%
Employer Contribution Rate (FY 2023 and later)			15.00%	15.00%
Amortization Years			32	27

The calculated amortization period of 32 years is based on anticipated increases in the employer and member contribution rates. The FY 2021 employer and member contribution rates were 14.50% and 6.50%, respectively. The employer and member rates are scheduled to increase by 0.25% increments ending in FY 2023. The ultimate employer and member contribution rates will be 15% and 7%, respectively, which are reflected in the above schedule.

The amortization period is the number of years it will take to pay off the unfunded liability of \$4.6 billion, assuming that the employer contribution rate increases to 15% according to the schedule described above. Since 2000, the period has varied from a low of 19 years to a high of over 100 years. If experience in FY 2022 is reasonably in line with expectations, the amortization period is likely to decrease in the next valuation. Please see additional comments regarding the amortization period on page A-2.

Employer Contribution Rates 10-Year Comparative Statement

Valuation Date June 30	Active Members in Valuation **		Average Annual Pay		Consumer Price (Inflation) Index		Employer Contributions	
	Number	Annual Payroll (\$ Millions)					Computed Financing Period (Years)	Total Employer Rate
			Amount	% Change	Value	% Change		
2011#*	76,780	\$ 2,728	\$ 35,534	7.7 %	\$ 225.7	3.6 %	66	14.00 %
2012	75,627	2,714	35,891	1.0 %	229.5	1.7 %	over 100	14.00 %
2013#	74,925	2,727	36,400	1.4 %	233.5	1.8 %	70	14.00 %
2014	74,352	2,758	37,092	1.9 %	238.3	2.1 %	39	14.00 %
2015	72,919	2,777	38,088	2.7 %	238.6	0.1 %	33	14.00 %
2016	72,232	2,785	38,557	1.2 %	241.0	1.0 %	29	14.00 %
2017#*	72,148	2,814	38,997	1.1 %	245.0	1.6 %	29	14.00 %
2018#	72,341	2,872	39,702	1.8 %	252.0	2.9 %	28	14.00 %
2019#	72,164	2,907	40,285	1.5 %	256.1	1.6 %	28	14.00 %
2020#	70,539	2,954	41,884	4.0 %	257.8	0.6 %	27	14.25 %
2021#*	70,098	3,086	44,030	5.1 %	271.7	5.4 %	32	14.50 %

* Revised assumptions.

Legislated benefit or contribution rate changes; employer and employee rates scheduled to increase to 15% and 7%, respectively, in 4 steps beginning in FY 2020.

** Beginning with the June 30, 2011 valuation, active members include T-DROP members and payroll. ATRS also receives contributions on return to work retirees, but they are not included on this schedule.

Computed Actuarial Liabilities as of June 30, 2021

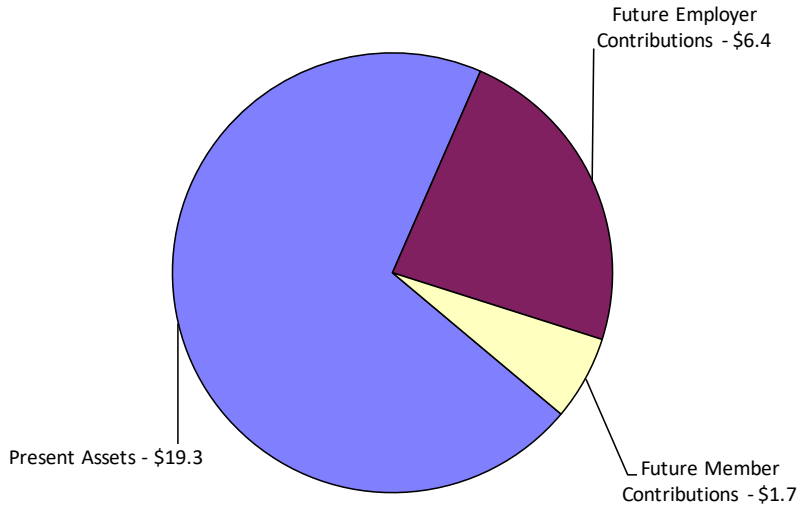
Actuarial Present Value of	(1) Total Present Value	Entry Age Actuarial Cost Method	
		(2) Portion Covered by Future Normal Cost Contributions	(3) Actuarial Accrued Liabilities (1)-(2)
Age and service retirement allowances based on total service likely to be rendered by present active members.	\$ 9,915,022,460	\$2,579,400,745	\$ 7,335,621,715
Age and service retirement allowances based on total service likely to be rendered by present T-DROP members.	2,065,008,357	38,361,841	2,026,646,516
Vested deferred benefits likely to be paid present active and inactive members.	1,403,789,722	442,648,479	961,141,243
Survivor benefits expected to be paid on behalf of present active members.	173,585,518	65,721,797	107,863,721
Disability benefits expected to be paid on behalf of present active members.	203,931,125	100,372,772	103,558,353
Refunds of Member contributions expected to be paid on behalf of present active members.	21,644,942	165,329,803	(143,684,861)
Benefits payable to present retirees and beneficiaries.	13,595,736,483	0	13,595,736,483
Total	\$27,378,718,607	\$3,391,835,437	\$23,986,883,170
Funding Value of Assets	19,342,870,512	0	19,342,870,512
Liabilities to be Covered by Future Contributions	\$ 8,035,848,095	\$3,391,835,437	\$ 4,644,012,658

Liabilities for Retirees July 1, 2021 Tabulated by Type of Benefit Being Paid

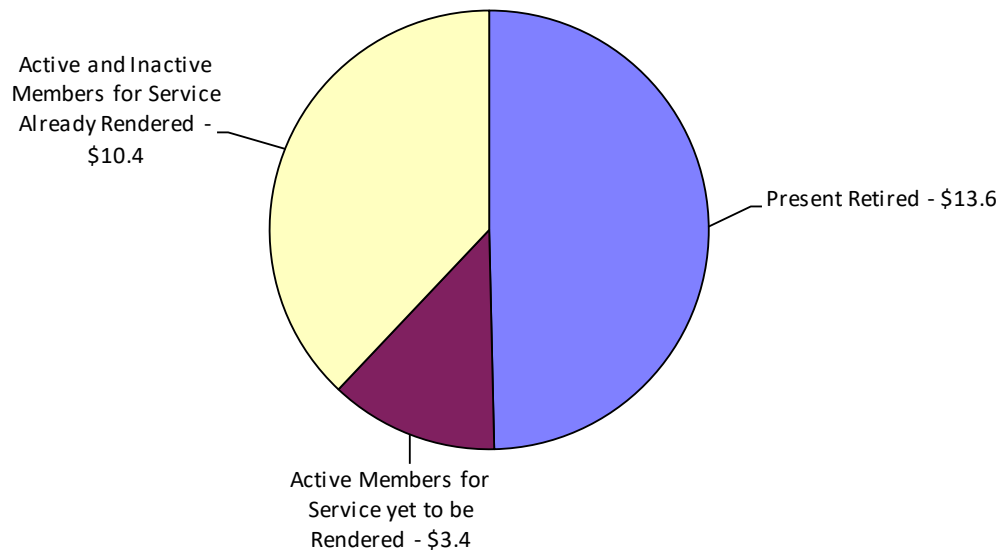
Type of Annuity	Liabilities July 1, 2020		
	Male	Female	Totals
RETIREMENT RESERVE ACCOUNT			
Age & Service Annuities			
Option 1 (Straight Life)	\$ 1,577,276,471	\$ 7,647,982,065	\$ 9,225,258,536
Option A (100% Joint & Survivor)	881,066,645	976,625,754	1,857,692,399
Option B (50% Joint & Survivor)	425,013,911	697,646,384	1,122,660,295
Option C (10 Years Certain & Life)	36,656,466	153,777,849	190,434,315
Beneficiaries	71,554,433	189,753,279	261,307,712
Total Age & Service	2,991,567,926	9,665,785,331	12,657,353,257
Disability Annuities			
Option 1	51,658,476	292,860,793	344,519,269
Option A	27,089,049	46,351,357	73,440,406
Option B	6,238,078	13,625,120	19,863,198
Option C	-	-	-
Beneficiaries	21,725,560	24,655,196	46,380,756
Total Disability	106,711,163	377,492,466	484,203,629
Act 793	8,286,259	5,092,357	13,378,616
Retirement Reserve Account	3,106,565,348	10,048,370,154	13,154,935,502
Act 808 Retirement Reserve Account	6,096,496	2,174,644	8,271,140
Total Retirement Reserve Account	3,112,661,844	10,050,544,798	13,163,206,642
SURVIVORS' BENEFIT ACCOUNT			
Beneficiaries of Deceased Members	\$ 51,861,492	\$ 61,879,184	\$ 113,740,676
RETIREMENT SYSTEM TOTALS			
Total Annuity Liabilities	\$ 3,164,523,336	\$ 10,112,423,982	\$ 13,276,947,318
Cash Benefit Account Liabilities			183,336,816
Liabilities for Lump Sum Death Benefits			135,452,349
Total	\$ 3,164,523,336	\$ 10,112,423,982	\$ 13,595,736,483

Financing \$27.4 Billion of Benefit Promises for Present Active and Retired Members June 30, 2021

Sources of Funds
(\$ Billions)



Uses of Funds



Short Condition Test

ATRS' funding objective is to meet long-term benefit promises through contributions that remain approximately level from year to year as a percent of member payroll. If the contributions to the System are level in concept and soundly executed, the System will **pay all promised benefits when due -- the ultimate test of financial soundness**. Testing for level contribution rates is the long-term test.

A short condition test is one means of checking a system's progress under its funding program. In a short condition test, the plan's present assets (cash and investments) are compared with: 1) Member contributions on deposit; 2) The liabilities for future benefits to present retired lives; and 3) The liabilities for service already rendered by members. In a system that has been following the discipline of level percent-of-payroll financing, the liabilities for member contributions on deposit (liability 1) and the liabilities for future benefits to present retired lives (liability 2) will be fully covered by present assets (except in rare circumstances). In addition, the liabilities for service already rendered by members (liability 3) will be partially covered by the remainder of present assets. The larger the funded portion of liability 3, the stronger the condition of the system. Liability 3 being fully funded is unusual, but highly desired.

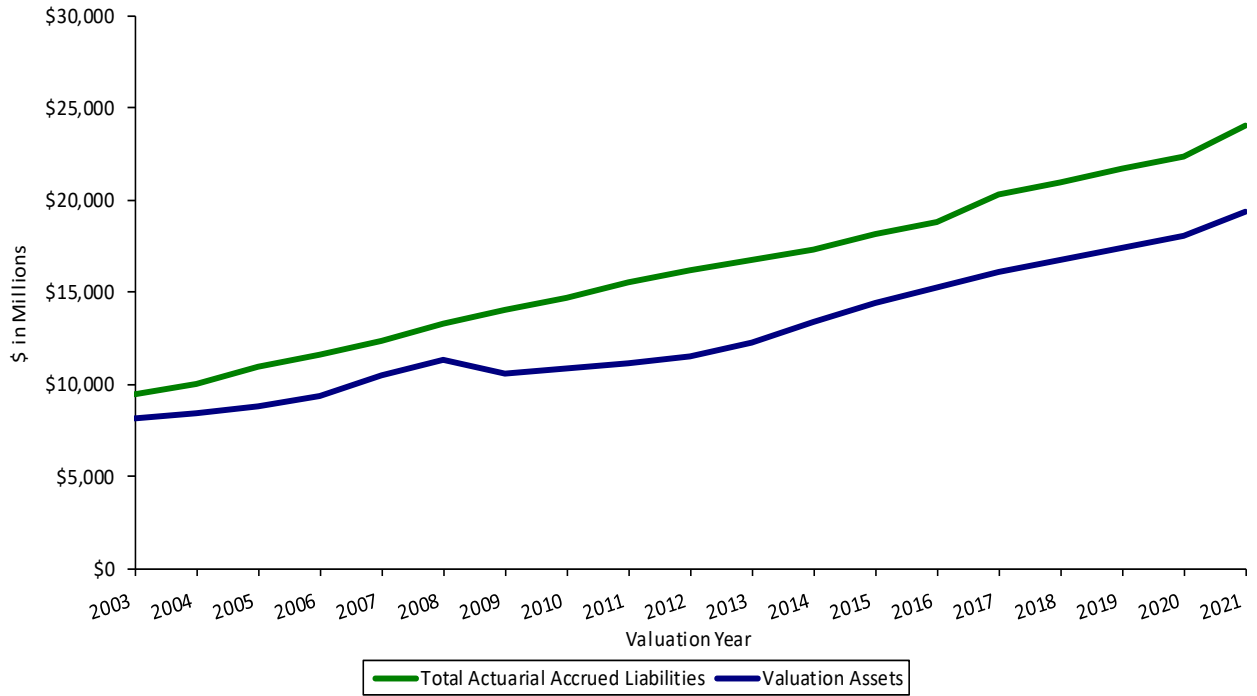
The schedule below illustrates the history of Liability 3 of the System and is indicative of the ATRS' objective of following the discipline of level percent-of-payroll financing.

Val. Date June 30	(1) Member Contrb.	(2) Retirees and Benef.	(3) Active and Inactive Members (Employer Financed Portion)	Present Valuation Assets	Portion of Present Values Covered by Present Assets			
					(1)	(2)	(3)	Total
-----\$ Millions-----								
2011#*	\$ 929	\$ 7,132	\$ 7,460	\$ 11,146	100%	100%	41%	72%
2012	981	7,649	7,509	11,484	100%	100%	38%	71%
2013#	1,027	8,181	7,510	12,247	100%	100%	40%	73%
2014	1,077	8,777	7,456	13,375	100%	100%	47%	77%
2015	1,128	9,778	7,230	14,434	100%	100%	49%	80%
2016	1,184	10,430	7,198	15,239	100%	100%	50%	81%
2017#*	1,254	11,337	7,707	16,131	100%	100%	46%	79%
2018	1,312	11,851	7,772	16,756	100%	100%	46%	80%
2019	1,377	12,460	7,872	17,413	100%	100%	45%	80%
2020	1,455	12,890	8,007	18,007	100%	100%	46%	81%
2021*	1,544	13,596	8,847	19,343	100%	100%	48%	81%

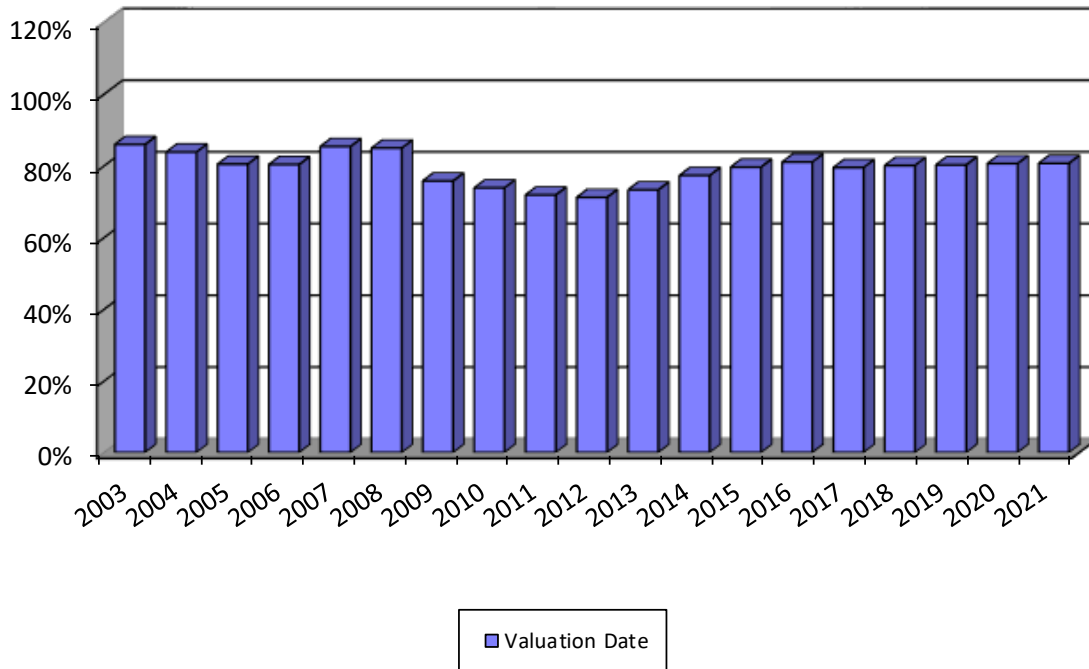
* Revised actuarial assumptions or methods.

Legislated benefit or contribution rate change.

Actuarial Accrued Liabilities and Valuation Assets

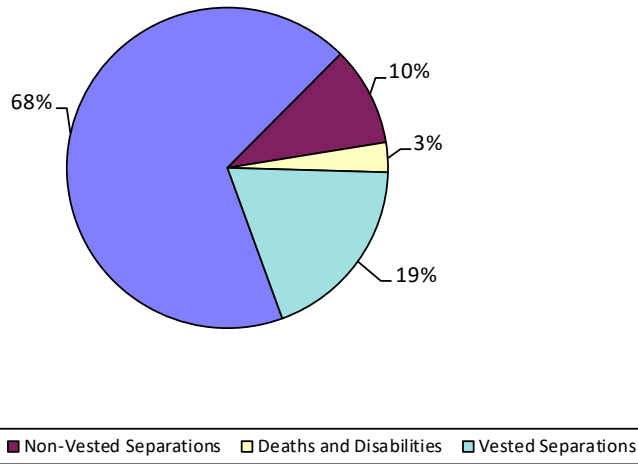
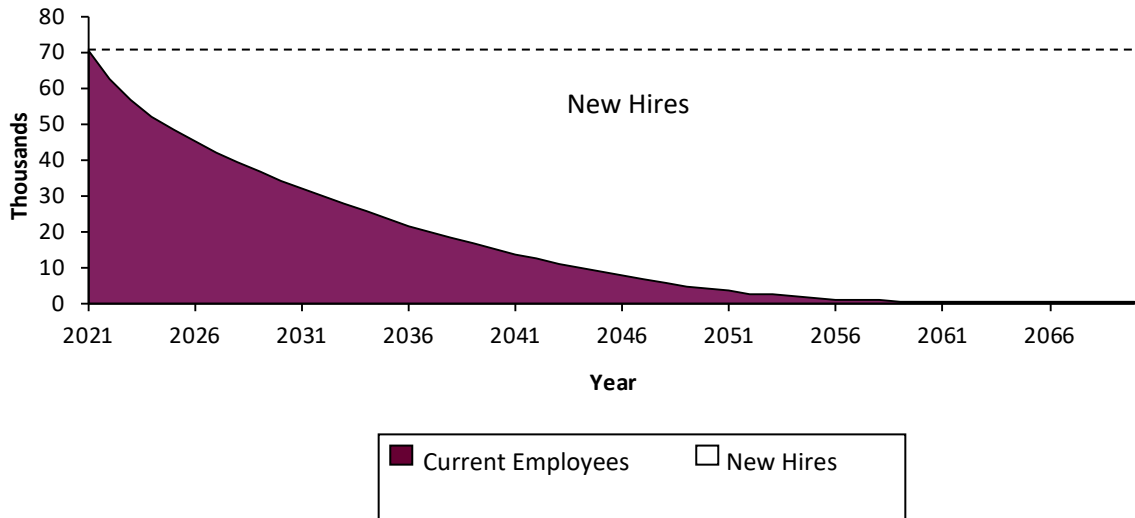


Valuation Assets as a Percent of Accrued Liabilities (Funded Ratio)



Expected Development of Present Population June 30, 2021 (Excludes Rehired Retirees)

Population Projection



The charts show the expected future development of the present population in simplified terms. The Retirement System presently covers 70,098 active members (includes T-DROP). Eventually, 10% of the population is expected to terminate covered employment prior to retirement and forfeit eligibility for an employer provided benefit. Approximately 87% of the present population is expected to receive monthly retirement benefits. Approximately 3% of the present population is expected to become eligible for death-in-service or disability benefits. Within nine years, over half of the covered active membership is expected to consist of new hires.

SECTION C

SUMMARY OF BENEFITS

Summary of Provisions

June 30, 2021

1. **Voluntary Retirement – A.C.A. § 24-7-701.** A member may retire at age 60 with 5 or more years of credited service, or after 28 years of credited service regardless of age.
2. **Early Retirement – A.C.A. § 24-7-702.** A member who has more than 25 but less than 28 years of credited service and has not attained age 60 years may retire and receive an immediate early retirement annuity. The early annuity is an age & service annuity reduced by the lesser of (i) and (ii) below:
 - (i) 10/12 of 1% multiplied by the number of months by which early retirement precedes completion of 28 years of service, or
 - (ii) 10/12 of 1% multiplied by the number of months by which early retirement precedes the attainment of age 60 years.

The ATRS Board is allowed to set by resolution the early annuity reduction at a rate between 5% and 15% per year, to be prorated monthly if the System's actuary certifies that the amortization period to pay the unfunded liabilities exceeds 18 years. The Board adjusted the reduction to 10% per year beginning August 1, 2017 by Resolution 2017-14 on April 17, 2017.

3. **Deferred Retirement – A.C.A. § 24-7-707.** An inactive member who has 5 or more years of credited ATRS service will be entitled to an age & service annuity beginning at age 60, provided accumulated contributions are on deposit with the retirement system.
4. **Disability Retirement – A.C.A. § 24-7-704.** An active member with 5 or more years of actual and reciprocal service, who becomes totally and permanently disabled may be retired and receive a disability annuity computed in the same manner as an age & service annuity. In order to qualify for disability retirement, the member must exhibit symptoms of physical or mental incapacitation while the member is an active member. A member who is eligible for age and service retirement (age 60 and 5 years of service or 28 years of service at any age) is no longer eligible to apply for disability retirement.

An ATRS disability retiree is required to obtain a Social Security Administration determination letter finding that the retiree is disabled within 36 months of the effective date of disability retirement. If a member cannot provide the SSA determination letter within the 36-month period, benefits will be terminated, the member will be returned to active service, and all member history will be restored. The requirement to qualify for SSA disability shall not apply to a disability retiree who was age 57 or older before July 1, 2015, because that member would qualify for age & service benefits prior to requiring the SSA determination of disability. The retiree may apply for an extension of the 36-month deadline if the retiree can demonstrate the SSA determination is in progress. There is a rebuttable presumption that if a Teacher Retirement member is qualified for Social Security Administration disability benefits then they would also qualify for ATRS disability retirement benefits.

A disability retiree may be employed in a position under a covered employer that is less than (80) days of actual service during a fiscal year. The covered employer who employs a disability retiree under this subsection shall remit contributions on all salary paid to the disability retiree in an amount equal



Summary of Provisions

June 30, 2021

4. **Disability Retirement – A.C.A. § 24-7-704 (Cont.)** to the employer contributions rate. The retiree will continue receiving their annuity from the system and shall not accrue additional service credit. If a retiree tries to return to full time employment, and fails, the suspended disability benefit will be restored to what it would have been had they not tried to return to work, or a recomputed benefit using the additional service, whichever is higher.
5. **Final Average Salary (FAS) – A.C.A. § 24-7-736 and A.C.A. § 24-7-601.** The ATRS Board made changes to the final average salary (FAS) by Resolution 2017-33 on November 13, 2017. Effective July 1, 2018, a member's final average salary is the average of the five (5) highest service year salaries (5-year FAS).

Members active in ATRS or a reciprocal system as of June 30, 2018 and with at least 3 full years of service in ATRS can use a benchmark 3-year FAS, which is the average of the three (3) highest service year salaries as of June 30, 2018. The three (3) highest service year salaries are adjusted for anti-spiking before being used in the calculation of the benchmark 3-year FAS.

In calculating the 5-year FAS, if a member has less five (5) years of credited service, the final average salary of the member shall be the total salary paid to the member for his or her years of credited service divided by the member's total credited years of service.

The Board may adjust the final average salary anti-spiking parameters by board resolution provided that the anti-spiking percentage range is no lower than 105% nor higher than 120% per year; and the anti-spiking amount is no lower than \$1,250 nor higher than \$5,000. The ATRS Board set the anti-spiking percentage to 110% and the anti-spiking amount to \$5,000 by Resolution 2017-13 on April 17, 2017.

If a member has at least five (5) years of credited service the five (5) highest service year salaries shall be adjusted for anti-spiking and the final average salary will be calculated as follows:

- a. The service year salaries are ranked from lowest to highest.
- b. The lowest service year salary in the ranking shall be the base salary.
- c. The next-highest-ranked service year salary shall be compared to the base salary.
- d. The next-highest service year salary in the calculation of final average salary that is less than eight (8) years from the base salary year, shall not exceed the base salary value plus \$5,000 unless the next-highest year's value is less than or equal to 110% of the base salary.
- e. After comparison of the base salary to the next-highest service year salary, a reduction to the next-highest service year salary is made if required to satisfy the conditions of the prior step.
- f. The next-highest service year salary, with any required reduction, becomes the new base salary to compare to the next succeeding highest service year salary in the ranking until all service year salaries in the ranking have been compared.
- g. The total value of the base salaries shall then be divided by the applicable number of years to be used in computing final average salary.

Summary of Provisions

June 30, 2021

Final Average Salary (FAS) – A.C.A. § 24-7-736 and A.C.A. § 24-7-601 (Cont.) ATRS members with reciprocal service credit will also have a reciprocal FAS calculated. The reciprocal FAS is generally a value calculated by the non-ATRS reciprocal system. Effective March 2, 2021, ATRS will use the value calculated by the non-ATRS reciprocal system only if the member has at least two (2) years of service credit in that system.

The highest of the 5-year FAS, benchmark 3-year FAS, or reciprocal FAS will be used to calculate retirement benefits for the member.

6. **Age & Service Annuity and Disability Annuity – A.C.A. §§ 24-7-705, 24-7-727 (stipend).** The annuity payable will not be less than the total of: years of contributory service times 2.15% of FAS; plus years of noncontributory service times 1.39% of FAS (1.25% for service earned after 2019); plus a stipend for all members with 10 or more years of ATRS actual service. The ATRS Board is allowed to set the contributory multiplier for service credit earned after June 30, 2013, within a range of 1.75% to 2.15%. Also, the noncontributory multiplier for service credit earned after June 30, 2013, may be set within a range of 0.5% and 1.39%. In addition, the Board is allowed to set special multiplier rates for the first 10 years of ATRS service earned after June 30, 2013, for both contributory and noncontributory service. By Board Resolution 2017-31 on November 13, 2017, the noncontributory multiplier was set to 1.25% beginning in FY 2020. By Board Resolution 2017-32 on November 13, 2017, the contributory multiplier and noncontributory multiplier for the first 10 years of service was set to 1.75% and 1.0% respectively beginning July 1, 2018. Once a member accrues 10 years of service, all service including the first 10 years is then credited at the standard multiplier rate in place at the time the service was earned.
7. **T-DROP – A.C.A. §§ 24-7-1301–1316.** A member with 28 or more years of service may participate in the Teacher Deferred Retirement Option Plan (T-DROP). T-DROP participants do not make member contributions. A T-DROP deposit is made monthly to the participant's T-DROP account. The T-DROP deposit is the amount that would have been paid had the member retired, reduced by 1% for each year of contributory, noncontributory, and reciprocal service. Members who enter T-DROP with less than 30 years of service are subject to an additional 6% reduction for each year less than 30 years. T-DROP deposits are increased each year by 3% of the member's initial T-DROP deposit. T-DROP Deposits cease at the earlier of 10 years of T-DROP participation or separation from service. T-DROP participants may continue in covered employment after 10 years of T-DROP participation, but do not accumulate additional T-DROP deposits.

T-DROP participants receive interest annually on the balance of the T-DROP account. Regular T-DROP interest is credited for 10 or less years of participation. Post 10-year T-DROP interest is credited for more than 10 years of participation.

Regular T-DROP interest is a combination of a fixed interest rate and an incentive interest rate. An incentive rate may be approved by the Board to encourage continued participation in T-DROP, if the estimated ATRS rate of return is 2% greater than the ATRS actuarial assumed rate of return in the preceding calendar year. Beginning in fiscal year 2019, the Board has set the Regular T-DROP fixed interest rate at 3% and the maximum incentive rate at 3% by Resolution 2017-35 on November 13,

Summary of Provisions

June 30, 2021

T-DROP – A.C.A. §§ 24-7-1301–1316 (Cont.) 2017. The fixed and incentive interest rates may be adopted by board resolution before the first quarter of the fiscal year and would apply to subsequent fiscal years unless modified by the Board. For fiscal year 2021, the Board set the Regular T-DROP fixed interest rate at 3% and the incentive interest rate at 0%, resulting in a total interest rate of 3%, by Resolution 2020-29 on September 28 2020.

Post 10-year T-DROP interest has been in effect since July 1, 2010. The Post 10-year T-DROP interest rate can be determined as appropriate by the Board and adopted by the resolution prior to the first quarter of the fiscal year in which the interest rate shall apply. Post 10-year T-DROP interest is a combination of a variable interest rate and an incentive interest rate, to encourage continued participation in T-DROP. The Post 10-year T-DROP variable interest rate formula is based on investment returns and other factors. On November 13, 2017, the ATRS Board by Resolution 2017-36 set the formula for the variable interest rate and the maximum combined variable and incentive interest rate for fiscal year 2019 and beyond. The Post 10-year T-DROP variable interest rate is calculated as 2% less than the system's rate of return, but not less than 4%, nor greater than 6%. The maximum Post 10-year T-DROP combined interest rate including the incentive interest rate is 7.5%. The Post 10-year T-DROP incentive interest rate can be awarded if the estimated ATRS rate of T-DROP – A.C.A. § 24-7-1301-1316. return is 2% greater than the ATRS actuarial assumed rate of return in the preceding calendar year. For fiscal year 2021, the Board set the Post 10-year T-DROP variable interest rate at 4% and the incentive interest rate at 0%, resulting in a combined interest rate of 4%, by Resolution 2020-20 on September 28, 2020.

Upon actual retirement, the member may receive the T-DROP account balance in the form of a lump sum, a Cash Balance Account (CBA), or as an additional annuity. The T-DROP distribution may be a combination of lump sum, CBA, and additional annuity.

8. **Post-Retirement Increases – A.C.A. §§ 24-7-713, 24-7-727 (compound COLA).** Each July 1, annuities are adjusted to be equal to the base annuity times 100% plus 3% for each full year in the period from the effective date of the base annuity to the current July 1. The base annuity is the amount of the member's annuity on the later of July 1, 2001 or the effective date of retirement. The July 1, 2009 cost of living adjustment for retirees was compounded. The annuity was set to 103% of the June 30, 2009 retirement benefit amount. After it was calculated on July 1, 2009, the base amount was reset to be the July 1, 2009 benefit amount. Future cost of living raises will be established by the new updated base amount. Future cost of living adjustments will be evaluated on an annual basis to determine if a simple or compound cost of living increase will be given, depending on the financial condition of the System.
9. **Survivor Benefits – A.C.A. § 24-7-710.** Upon the death of an active member, who has 5 or more years of actual and reciprocal service, the following annuities are payable:
 - (a) The surviving spouse receives an annuity computed in the same manner as if the member had (i) retired the date of his death with entitlement to an annuity, (ii) elected Option A - 100% Survivor Annuity, and (iii) nominated the spouse as joint beneficiary. If the member has attained age 60 and has acquired 5 years of credited service or has acquired 25 years of

Summary of Provisions

June 30, 2021

Survivor Benefits – A.C.A. § 24-7-710. Cont.

- (a) credited service regardless of age, the annuity begins immediately; otherwise the annuity begins the month following the date the member would have attained age 60. Under certain circumstances, a lump sum distribution may be made to the beneficiary(ies) of the deceased member.

- (b) A surviving child's benefit is prorated to an amount equal to 1% of the member's highest salary year for each quarter of a year credited as actual service in the system, up to 20% or up to a maximum of \$20,000 per year. If there is more than 1 surviving dependent, the benefits are capped to the lesser of 60% of the member highest salary or \$60,000 per year to be divided equally among the dependents. A child is dependent until the child's death, marriage, or attainment of age 18 (age 23 if the child is a full-time student).

A child of a deceased member is considered a dependent child and is eligible for the dependent child annuity at eighteen years of age or older, but no older than twenty-three years of age if the dependent child stays continuously enrolled as a full-time student at an accredited school, college, or university.

- 10. **Lump Sum Death Benefit – A.C.A. § 24-7-720.** Beneficiaries of deceased active members or retirees with 10 or more years of ATRS credited service are eligible to receive a lump sum death benefit of up to \$10,000. Resolution 2020-27 on September 28, 2021 set the minimum amount of the lump sum death benefit for all eligible members to six thousand six hundred sixty-seven dollars (\$6,667); retired members who retired on or before July 1, 2007 will receive an additional six hundred sixty-six dollars and sixty cents (\$666.60) for each contributory year of service credit up to the maximum amount of ten thousand dollars (\$10,000); and all other members will receive an additional three hundred thirty-three dollars and thirty cents (\$333.30) for each contributory year of service credit up to the maximum amount of ten thousand dollars (\$10,000).

- 11. **Member Contributions – A.C.A. § 24-7-406.** Through FY 2019, contributory members contributed 6% of their salaries. Members that are participating in the T-DROP program or are working retirees do not make member contributions. If a member leaves service prior to becoming eligible to retire, the accumulated member contributions are returned upon request. No interest is credited to a member's contributions for the first year of membership; after 1 year, interest is credited. The ATRS Board set the interest rate on refunded contributions to 0.08% for fiscal year 2017 and beyond by Resolution 2017-17 on April 17, 2017. By Resolution 2017-30 on November 13, 2017, the Board set the member contribution rate to 6.25%, 6.50%, 6.75%, and 7.00% for FY 2020, FY 2021, FY 2022, and FY 2023 respectively and 7.00% thereafter. Effective July 1, 1986, a noncontributory plan was created. Effective July 1, 1999 the default choice for new members is contributory. Effective July 1, 1997, all future member contributions are tax deferred in accordance with §414(h) of the Internal Revenue Code of the United States. Each July 1, members who previously elected to be noncontributory may elect to change to contributory status. The election is irrevocable.

A member, who was reported as non-contributory and should have been contributory, may remain in a non-contributory status for the current fiscal year and will be pended for the next fiscal year as



Summary of Provisions

June 30, 2021

11. **Member Contributions – A.C.A. § 24-7-406 (Cont.)** contributory. If the member owes contributions, he or she may have the system convert the contributory service to noncontributory service rather than pay the balance due.

Members who are contracted for 181 days or more in a fiscal year must be contributory. Effective July 1, 2021 the number of contracted days increased to 185.

12. **Act 808 Retirement – A.C.A. § 24-4-732.** Any employee of a state agency who was an active member of the Arkansas Teacher Retirement System on April 8, 1987, and who qualified for retirement before January 1, 1988, could become a member of the Arkansas Public Employees Retirement System and retire from that system. All credited service was transferred to that system but the member's contributions were retained by the Arkansas Teacher Retirement System and the benefit amount is transferred monthly to the Arkansas Public Employees Retirement System. Each July 1, annuities are adjusted by 3% (compound escalator).
13. **Act 793 Retirement – A.C.A. § 24-4-522.** Any employee who was a member of the rehabilitation services in 1977 was permitted to become a member of the Arkansas Public Employees Retirement System. Liabilities associated with prior service earned through June 30, 1978 remain in the Arkansas Teacher Retirement System. Future service is allocated to the Arkansas Public Employees Retirement System. Each July 1, annuities are adjusted by 3% (compound escalator).
14. **Retiree Benefit Stipend – A.C.A. § 24-7-713.** Each retired member as of June 30, 2008, with 5 or more years of ATRS credited service receives a \$75 per month stipend. Members in T-DROP do not receive the \$75 per month stipend until actual retirement. For all members retiring on or after July 1, 2008, a minimum of 10 years of ATRS credited service is required to receive the \$75 per month stipend. The ATRS Board is allowed to set the stipend to a minimum of \$1 per month and a maximum of \$75 per month. By Board Resolution 2017-34 on November 13, 2017 the benefit stipend is removed from the base amount for all retirees and beneficiaries beginning in fiscal year 2019 and the benefit stipend will be reduced to \$50.00 for fiscal year 2020 and beyond. The Resolution contains a "hold harmless" provision that prevents the lowering of the stipend if it would actually reduce the total monthly benefit. This would only affect retirees when the COLA is less than \$25 per month.

15. **Optional Forms of Benefits – A.C.A. § 24-7-706:**

Option 1 (Straight Life Annuity)

A member will receive the maximum monthly benefit for which he/she qualifies, throughout his/her lifetime. No monthly benefits will be paid to his/her beneficiary after the member's death. Should a member die before he/she has drawn in benefits an amount equal to his/her contributions plus earned interest, the balance will be paid to a designated beneficiary. The designated beneficiary may be anyone chosen by the member.

Option A (100% Survivor Annuity)

Under this option a member will receive a reduced annuity throughout his/her lifetime. Upon the member's death, the designated beneficiary will receive the same annuity for the balance of his/her lifetime.



Summary of Provisions

June 30, 2021

Option B (50% Survivor Annuity)

Under this option a member will receive a reduced annuity throughout his/her lifetime. Upon the member's death, the designated beneficiary will receive one-half (1/2) of this annuity for the balance of his/her lifetime.

Option C (Annuity for Ten Years Certain and Life Thereafter)

A reduced monthly benefit payable for 120 months. After that time, a member's monthly allowance will revert to the amount he/she would have received under the regular plan and continue for life. If the member dies before receiving 120 payments, the designated beneficiary will receive a monthly benefit in the same amount until monthly benefits to both the member and the beneficiary equal 120 monthly payments. No further benefits are then payable to the beneficiary.

Pop-Up Election

Following the death of or a divorce from the member's designated beneficiary, his or her benefit reverts (pops-up) to the straight life annuity amount from the elected optional annuity amount. The member may then elect new beneficiaries in accordance with Arkansas Code and rules adopted by the ATRS board.

Option Factors are based upon a 5.0% interest rate and the RP-2014/MP2017 tables (static projection to 2022) adjusted with a 50% unisex mix.

16. **Refund of Member Contributions – A.C.A. § 24-7-711.** Any termination refund made to a member or a lump sum payout made to a surviving spouse after July 1, 2011, cancels all service credit, including noncontributory service credit; any repurchase of refunded service will be as contributory years at actuarial cost. All membership rights (including noncontributory service credit) and beneficiary designations to the ATRS are cancelled when a member gets a refund of his or her contributions.
17. **Contract Buyout – A.C.A. § 24-7-735.** During periods of contract buyout/litigation/termination, members will not receive service credit if no on-call service or on-site work is performed. ATRS will not allow the purchase of the time between actual work and the settlement unless the settlement was made to resolve a claim of wrongful termination.
18. **Actuarial Cost of Service – A.C.A. §§ 24-1-107, 24-2-502, 24-7-202, 24-7-406, 24-7-501, 24-7-502, 24-7-612, 24-7-602, 24-7-603, 24-7-604, 24-7-606, 24-7-607, 24-7-610, 24-7-611.** Effective July 1, 2011, all service purchases will be at actuarial cost. The system will allow inactive members to purchase service at actuarial cost before monthly retirement benefits or T-DROP deposits begin.
19. **Deceased Member Refund of Contributions – § 24-7-711.** Effective July 1, 2011, if a beneficiary is not eligible for survivor benefits, or if a surviving spouse is eligible and chooses a contribution refund, the interest on the refund stops the July 1 following the member's death.
20. **Look-back Period – A.C.A. §§ 24-7-202, 24-7-205.** Effective July 1, 2011, absent intentional nondisclosure, fraud, misrepresentation, criminal act, or obvious/documentated error by an employer of ATRS members can no longer establish old service previously unreported unless such service is acquired by purchase at actuarial cost. ATRS is allowed to correct an understated service credit error

Summary of Provisions

June 30, 2021

Look-back Period – A.C.A. §§ 24-7-202, 24-7-205 (Cont.) upon which all required contributions have been paid or when understated service credit is well documented and undisputed, even if beyond the 5-year look-back period.

21. **Service Credit Requirements – A.C.A. §§ 24-7-501, 24-7-502, 24-7-601, 24-7-603, 24-7-604, 24-7-606, 24-7-607, 24-7-611.** Effective July 1, 2011, members must receive 160 days of service to be credited with a year of service credit.
22. **T-DROP Cash Balance Account.** Effective July 1, 2012, a T-DROP cash balance account was established that allows members exiting (retiring) from T-DROP to place all or a portion of their T-DROP proceeds into a Cash Balance Account (CBA) at ATRS. On November 13, 2017, by Resolution 2017-38 the Board set the CBA interest rate schedule based on years of participation as follows: 2.50% for year one, 2.75% for year two, 3.00% for year three, 3.25% for year four, 3.50% for year five, and 4.00% for year six and beyond. Each fiscal year, the Board can grant an incentive interest rate to encourage continued participation in the CBA program. For fiscal year 2021, the Board did not grant CBA participants an incentive rate.
23. **Purchase of “Air Time” as a Result of Wrongful Termination – A.C.A. §§ 24-7-702, 24-7-735, 6-17-413.** A member is allowed to purchase service credit under a settlement agreement or court order to resolve a claim of wrong termination if the service credit is purchased from the date of termination by an ATRS employer to the date of the resolution of the dispute. This service credit would be purchased at actuarial cost.
24. **Buyout of Inactive Members—A.C.A. § 24-7-505.** The ATRS Board created a voluntary "buyout plan" for inactive vested members. The System will make a one-time lump sum payment to a member, a surviving spouse, or an alternate payee in exchange for a member, surviving spouse, or alternate payee's cancellation of membership and retirement benefit rights. The buyout plan will be established by Board rules. Rule 16 Cash and Savings Help Program for Members (CASH) defines the terms of the “buyout plan”. Depending upon the success of the plan, it may be extended by the Board. The ATRS Board expanded the CASH program to include all inactive vested members, regardless of service type by Resolution 2017-18 on May 10, 2017. The ATRS Board offered the FY 2021 CASH program for all inactive vested members to end on June 30, 2021 by Resolution 2020-28 on September 28, 2020.
25. **Private School Service—A.C.A. § 24-7-607.** Prior to 2015, private school service had to be recognized by the Arkansas Department of Education as positions that required the issuance of teaching licenses. The certification of this service credit was performed by one employee of the Arkansas Department of Education, and that one employee retired. Upon that employee's retirement, the Arkansas Department of Education no longer certified private school service credit. No certifications occurred for approximately a year until legislation could be passed to allow ATRS to make this determination. In addition, a distinction was made between certified and noncertified private school service credit. Certified private school service (basically administrative and teaching) could be purchased at actuarial cost, up to 15 years. Noncertified private school service could be purchased at actuarial cost, up to 5 years.

Summary of Provisions

June 30, 2021

26. **Military Service Credit—A.C.A. § 24-7-602.** Act 301 of 2015 made technical corrections to the ATRS laws. In the military service credit section, ATRS was not in compliance with a state law that was passed in 2009, Act 295, which repealed the requirement for free military service credit to be granted only if the service was not credited under any other plan except Social Security and the requirement that receipt of a pension from the federal military retirement system paid solely for disability shall not be considered as having service with another retirement plan. The military technical corrections bill raised questions by some of the legislators, and Act 558 of 2015 was passed to further clarify military service credit. Compulsory military service was changed throughout the law to read: "federal military draft". The word "honorable" was inserted before discharge in order for the member to obtain free military service credit throughout the law.
27. **Pension Advance Prohibition – A.C.A. § 24-7-715. Prohibits a pension advance company from** obtaining a retiree's benefit to repay a loan.
28. **Accrued Sick Leave – A.C.A. § 24-7-601.** Unused accrued sick leave, whether paid or unpaid, is allowed to count as service credit to determine retirement eligibility for survivor benefits and lump sum death benefits. One day of service shall be added to the service credit for the fiscal year of the member's death for each day of unused sick leave. This does not include catastrophic leave and other unused donated leave.
29. **Spousal Survivor Benefit – A.C.A. § 24-7-710.** Members may direct an alternative residual beneficiary to receive a lump sum payment of the member's residue amount or T-DROP balance. No spousal survivor benefits will be payable if an alternative beneficiary who is not the surviving spouse is designated by the member.
30. **Settlement Agreements – A.C.A. § 24-7-202, § 24-7-735.** Salary or service credit may be purchased as part of a settlement agreement between a member and their employer. Salary will be added to the salary at the time of purchase and will be determined using the same factors used to calculate an additional monthly benefit in the annuitization of a T-DROP distribution. It is assumed the member would have retired immediately at the time of the purchase.
31. **Outsourcing – A.C.A. § 24-7-506.** Outsourcing is defined to mean employment for an ATRS covered employer through a third party, private employer, independent contractor, or other contractual relationship. A person who performs services that are necessary for the normal daily operation for an ATRS covered employer is considered an Embedded Employee. The ATRS covered employer has a one-time decision to choose between two options for handling their Embedded Employees. The first option for the ATRS covered employer is to become a participating employer and make embedded employees participating members of ATRS. The second option for the ATRS covered employer is to become a Surcharge Employer and opt to pay a surcharge on the Embedded Employee's salary to ATRS to help cover the actuarial cost. The surcharge starts at ½% the first year and slowly rises to 3% over 4 years with a hard cap of 4%. The Embedded Employees of a Surcharge Employer will not be members of ATRS. The services necessary for normal daily operations include: substitute teaching, teacher's aides, food service, transportation service, custodial service, security services, and school nursing. Only those working on the premises are subject to the surcharge. The surcharge is ONLY on

Summary of Provisions

June 30, 2021

Outsourcing – A.C.A. § 24-7-506 (Cont.) SALARY of embedded employees. All salary is reported in the aggregate with the contractor's salary amount being the final word unless it is clearly in error. The Division of Youth Services shall be a participating Employer and may designate any or all Embedded Employees as members of ATRS. The law does not apply to post-secondary higher education institutions.

32. **Concurrent Reciprocal Service Credit – A.C.A. § 24-7-601.** ATRS members have the option of waiving their ATRS service in the event the member had concurrent service in two (2) state supported retirement systems. The member has the option to surrender either ATRS service or the reciprocal plan service. If a member worked full-time under a reciprocal retirement system and only part-time under ATRS, the member can to waive the ATRS service to obtain a higher benefit based upon the full-time service in the other system. Concurrent reciprocal members have the option to voluntarily elect to waive service in ATRS.
33. **Employer Contribution Rate – A.C.A. § 24-7-401.** Employer contributions are collected on active members, T-DROP participants (even those who work beyond the 10-year participation period), and working retirees. Through fiscal year 2019, the employer contribution rate is 14%. For the fiscal year beginning July 1, 2018, the Board may modify the employer contribution rate for future fiscal years above 14% in increments of 0.25% per fiscal year provided the system has a greater than 18-year amortization period to pay unfunded liabilities without an employer contribution rate of more than 14% limited to a maximum employer contribution rate of 15%. ,By Resolution 2017-40 on November 13, 2017, the Board set the employer contribution rate to 14.25%, 14.50%, 14.75%, and 15.00% for FY 2020, FY 2021, FY 2022, and FY 2023 respectively and 15.00% thereafter.
34. **Forfeiture of Benefits by Certain Persons – A.C.A. §§ 24-1-301, 302, 303, 304, 305.** A beneficiary's benefits under a public retirement system can be forfeited when the beneficiary unlawfully kills a member or retiree.
35. **Socially responsible investments – A.C.A. § 24-7-105.** A decision on whether to invest, not invest, or withdraw from investment the funds of the Arkansas Teacher Retirement System or an alternate retirement plan of the system shall not be based on a consideration that the location of the investment, fund, company, or any other type of investment vehicle is in the State of Israel.
36. **Normal Retirement Age & Separation Period – A.C.A. §§ 24-7-202, 24-7-502.** In order for a member to start drawing retirement benefits the IRS requires them to have a bona fide termination of employment or have attained the “normal retirement age”. ATRS ensures the bona fide termination of employment by requiring a member stay separated from covered employment for six (6) months before returning to work for an ATRS covered employer. Effective September 1, 2021, the ATRS "normal retirement age" is defined to be age 65 with 5 years of actual service OR at least age 60 with 38 total years of actual service, T-DROP service and reciprocal service. A member that has attained the normal retirement age is able to draw full retirement benefits and remain employed without separating from employment.

Sample Benefit Computations for a Member Retiring June 30, 2021

The data for the Example member is shown below:

A.	\$35,000	Final Average Compensation
B.	32	Total Service Credit
C.	27	Contributory Service Credit
D.	60	Age of Retiree
E.	55	Age of Spouse
F.	100%	Percentage of Retirement Allowance to Continue to Spouse after Retiree's Death (Retiree Chooses this Percentage)

The computations that would be made for this case are:

	<u>Annual</u>
G. Non-Contributory Base: $1.39\% \times A \times B$	\$15,568
H. Extra for Contributory: $0.76\% \times A \times C$	<u>7,182</u>
I. Subtotal Benefit: G + H	22,750
J. Health Stipend	<u>600</u>
K. Total Benefit: I + J	23,350
L. Adjustment for Line F election: $(1 - 0.78571) \times I$	<u>4,875</u>
M. Annual Amount Payable	\$18,475

Projected Benefits, taking into account increases after retirement would be:

<u>Year Ended June 30</u>	<u>Annual Amount</u>
2022	\$18,475
2023	19,011
2024	19,547
2025	20,083
2026	20,619

Thereafter, the amount would increase by \$536 annually for life.



Sample T-DROP Benefit Computations for a Member Entering T-DROP June 30, 2021

The data for the Example member is shown below:

A.	\$35,000	Final Average Compensation
B.	28	Total Service Credit
C.	28	Contributory Service Credit
D.	55	Age of Retiree

The computations that would be made for this case are:

		Annual Amount
E.	Non-Contributory Base: $1.39\% \times A \times B$	\$13,622
F.	Extra for Contributory: $0.76\% \times A \times C$	7,448
G.	Reduction for T-DROP Plan: (1% for each year of service) $0.28 \times (E+F)$	5,900
H.	Reduction for Entering T-DROP with less than 30 years of service (6% for each year less than 30): $0.12 \times (E + F - G)$	1,820
I.	Annual Deposit $E + F - G - H$	\$13,350

Projected Deposits, taking into account increases after DROP, and 5 years duration would be:

Year Ended June 30	Amount Deposited
2022	\$13,350
2023	13,751
2024	14,151
2025	14,552
2026	14,952
Total	\$70,756

The amount deposited, plus credited interest, can be paid as a lump sum or as an annuity. A portion of the deposits can also be placed into a Cash Balance account.



SECTION D

FINANCIAL INFORMATION

This information is presented in draft form for review by the System's auditor. Please let us know if there are any items the auditor changes so that we may maintain consistency with the System's financial statements.

Asset Valuation Method

An essential step in the valuation process is comparing valuation assets with computed liabilities. Valuation assets are those assets that are recognized for funding purposes.

Asset valuation methods are distinguished by the timing of the recognition of investment income. Total investment income is the sum of ordinary income and capital value changes. Under a pure market value approach, ordinary investment income and all capital value changes would be recognized immediately. Because of market volatility, use of pure market values in retirement funding can result in volatile contribution rates and unstable financial ratios, contrary to ATRS' objectives.

Under the ATRS asset valuation method (see page D-3), assumed investment return is recognized fully each year. Differences between actual and assumed investment return are phased-in over a closed four-year period. During periods when investment performance exceeds the assumed rate, the funding value will tend to be less than the market value. Conversely, during periods when investment performance is less than the assumed rate, funding value will tend to be greater than market value. If assumed rates are exactly realized for three consecutive years, funding value will become equal to market value.

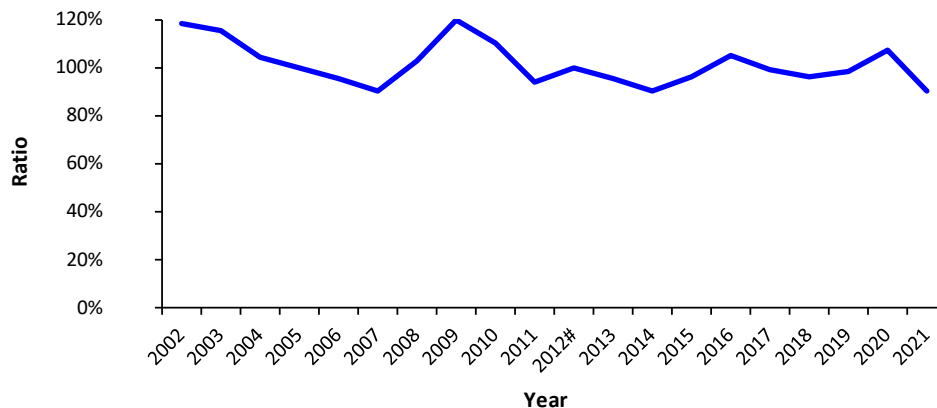
A multi-year comparison of market value to funding (actuarial) value is on the following page.

Asset Valuation Method

Valuation Date June 30	Market Value of Assets (1)	Actuarial Value of Assets (2)	Ratio of AV to MV (2) / (1)
2002	\$ 7,084	\$ 8,328	118%
2003	7,050	8,113	115%
2004	8,122	8,424	104%
2005	8,811	8,817	100%
2006	9,868	9,332	95%
2007	11,637	10,519	90%
2008	11,018	11,319	103%
2009	8,847	10,617	120%
2010	9,884	10,845	110%
2011	11,895	11,146	94%
2012#	11,484	11,484	100%
2013	12,830	12,247	95%
2014	14,856	13,375	90%
2015	15,036	14,434	96%
2016	14,559	15,239	105%
2017	16,285	16,131	99%
2018	17,493	16,756	96%
2019	17,742	17,413	98%
2020	16,902	18,007	107%
2021	21,469	19,343	90%

Funding Value set equal to Market Value.

Ratio of Funding Value to Market Value



This year the market value of assets is more than the funding value (see page A-2 for a more detailed explanation). To prevent unreasonably large differences between market value and funding value, there is a requirement that the recognized assets must always be between 80% and 120% of the market value (see page D-3).

Development of Funding Value of Assets

Year Ended June 30:	2018	2019	2020	2021	2022	2023	2024
A. Funding Value Beginning of Year	\$ 16,131,466,927	\$ 16,756,062,928	\$ 17,412,534,651	\$ 18,007,255,143			
B. Market Value End of Year	17,492,627,740	17,741,621,773	16,902,076,224	21,468,772,872			
C. Market Value Beginning of Year	16,284,808,245	17,492,627,740	17,741,621,773	16,902,076,224			
D. Non-Investment Net Cash Flow	(606,938,770)	(642,256,050)	(665,324,622)	(676,930,006)			
E. Investment Return							
E1. Market Total: B - C - D	1,814,758,265	891,250,083	(174,220,927)	5,243,626,654			
E2. Assumed Rate	7.50%	7.50%	7.50%	7.50%	7.25%		
E3. Amount for Immediate Recognition	1,187,099,816	1,232,620,118	1,280,990,426	1,325,159,261			
E4. Amount for Phased-In Recognition: E1-E3	627,658,449	(341,370,035)	(1,455,211,353)	3,918,467,393			
F. Phased-In Recognition of Investment Return							
F1. Current Year: 0.25 x E4	156,914,612	(85,342,509)	(363,802,838)	979,616,848	Unknown	Unknown	Unknown
F2. First Prior Year	271,285,424	156,914,612	(85,342,509)	(363,802,838)	\$ 979,616,848	Unknown	Unknown
F3. Second Prior Year	(276,749,871)	271,285,424	156,914,612	(85,342,509)	(363,802,838)	\$ 979,616,848	Unknown
F4. Third Prior Year	(107,015,210)	(276,749,872)	271,285,423	156,914,613	(85,342,508)	(363,802,839)	\$ 979,616,849
F5. Total Recognized Investment Gain	44,434,955	66,107,655	(20,945,312)	687,386,114	530,471,502	615,814,009	979,616,849
G. Funding Value End of Year:							
G1. Preliminary Funding Value End of Year: A+D+E3+F5	16,756,062,928	17,412,534,651	18,007,255,143	19,342,870,512			
G2. Upper Corridor Limit: 120% x B	20,991,153,288	21,289,946,128	20,282,491,469	25,762,527,446			
G3. Lower Corridor Limit: 80% x B	13,994,102,192	14,193,297,418	13,521,660,979	17,175,018,297			
G4. Funding Value End of Year	16,756,062,928	17,412,534,651	18,007,255,143	19,342,870,512			
H. Actual/Projected Difference between Market and Funding Value	736,564,812	329,087,122	(1,105,178,919)	2,125,902,360	1,595,430,858	979,616,849	-
I. Market Rate of Return	11.36 %	5.19 %	(1.00)%	31.66 %			
J. Funding Rate of Return	7.78 %	7.90 %	7.38 %	11.39 %			
K. Ratio of Funding Value to Market Value	95.79 %	98.15 %	106.54 %	90.10 %			

The Funding Value of Assets recognizes assumed investment return (line E3) fully each year. Differences between actual and assumed investment income (line E4) are phased-in over a closed four-year period. During periods when investment performance exceeds the assumed rate, Funding Value of Assets will tend to be less than Market Value. During periods when investment performance is less than the assumed rate, Funding Value of Assets will tend to be greater than Market Value. ***The Funding Value of Assets is unbiased with respect to Market Value.*** At any time, it may be either greater or less than Market Value. If assumed rates (applied to the funding value of assets) are exactly realized for three consecutive years, it will become equal to Market Value.



The assets of the Retirement System, as of June 30, 2021, were reported to your actuary to be \$21,468,772,872. This amount, reduced by a funding value adjustment of \$2,125,902,360 this year, is used to finance the Retirement System liability.

Accounts	Assets at June 30	
	2021	2020
Regular Accounts		
Members' Deposit Accounts		
Contributions	\$ 1,517,838,030	\$ 1,427,360,668
Interest	12,934,857,979	8,609,929,516
Total	14,452,696,009	10,037,290,184
T-DROP Member Deposit Accounts		
Contributions	25,976,011	27,540,642
Interest	21,070,652	24,666,395
Total	47,046,663	52,207,037
Cash Balance Account	183,336,816	158,330,186
Employer's Accumulation Account	(6,500,901,628)	(6,237,130,081)
Retirement Reserve Account	12,792,323,810	12,379,405,139
Act 808 Retirement Reserve Account	8,234,533	9,635,773
T-Lump Payable	369,188,176	390,184,585
Survivors Benefit Account	107,149,458	102,904,403
Total Regular Accounts	21,459,073,837	16,892,827,226
Other Accounts		
Income Expense Account	9,699,035	9,248,998
Other Special Reserves	-	-
Miscellaneous	-	-
Total Other Accounts	9,699,035	9,248,998
Total Accounting Value of Assets	21,468,772,872	16,902,076,224
Funding Value Adjustment	(2,125,902,360)	1,105,178,919
Funding Value of Assets	\$ 19,342,870,512	\$ 18,007,255,143

Market Value of Assets

The net market value of assets at year-end was \$21,468,772,872 and was invested as shown below:

	Market Value at June 30	
	2021	2020
Cash	\$ 333,682,820	\$ 348,737,178
Receivables		
Unsettled Trades and Accrued Return	50,866,535	35,276,529
Member Contributions	11,588,169	8,758,853
Employer Contributions	36,495,741	28,268,436
Other	581,924	607,309
Total Receivables	99,532,369	72,911,127
Investments		
Government Securities	42,257,532	28,245,622
Domestic Equities	3,324,472,617	2,517,950,607
International Equities	1,365,415,171	1,165,199,715
Commingled Funds	7,654,938,633	5,929,317,712
Corporate Bonds	1,217,117,195	925,185,002
Asset and Mortgage-backed Securities	45,233,154	23,104,762
Mortgages (CMO's)	-	-
Promissory Notes (BRS / Highland)	265,210,480	257,463,572
Alternative Investments	6,942,538,895	5,431,816,034
Limited Partnerships	27,785,149	28,276,070
Real Estate	47,332,050	52,674,001
Other Investments	160,360,477	176,000,000
Investment Derivative Instruments	-	(41,081)
Total Investments	21,092,661,353	16,535,192,016
Invested Securities Lending	479,988,268	315,851,510
Net Equipment	200,341	186,820
Deferred Outflows Related to OPEB	1,034,149	1,310,404
Total Assets	22,007,099,300	17,274,189,055
Liabilities		
Survivor Benefits for Minors	80,911	256,126
Other Payables	10,345,476	10,032,955
Securities Related Payables	47,771,989	45,253,144
Securities Lending Collateral	479,988,268	315,851,510
Deferred Inflows Related to OPEB	139,784	719,096
Total Liabilities	538,326,428	372,112,831
Net Market Value	\$ 21,468,772,872	\$ 16,902,076,224
Change from Prior Year	4,566,696,648	(839,545,549)

Market Value Reconciliation

Assets developed during the year as follows:

	Year Ended June 30	
	2021	2020
Net Market Value July 1	\$ 16,902,076,224	\$ 17,741,621,773
Additions		
Employer Contributions	472,567,147	446,228,128
Employee Contributions	168,129,972	153,105,134
Appreciation	5,166,017,302	(269,255,966)
Interest	26,342,410	34,095,691
Dividends	95,919,865	101,648,812
Real Estate	6,321,144	7,545,561
Other	1,769,200	1,662,896
Securities Lending Activity	2,678,677	3,072,879
Total Additions	5,939,745,717	478,103,135
Deductions		
Age & Service Benefits	1,092,814,070	1,046,397,991
Disability Benefits	40,710,587	40,420,225
Option Benefits	34,124,252	31,767,042
Survivor Benefits	12,129,985	11,555,653
Reciprocal Service	61,382,530	58,429,113
Act 808	2,013,072	2,215,262
Refunds	9,463,375	9,592,091
Active Member Death	487,669	338,189
T-DROP Benefits	48,309,780	47,978,202
CBA Benefits	13,978,659	13,241,312
CASH Benefit Program	2,213,146	2,722,804
Investment Expense	48,095,147	44,536,364
Administrative Expense	7,326,801	8,454,436
Total Deductions	1,373,049,073	1,317,648,684
Miscellaneous	4	-
Net Market Value June 30	\$ 21,468,772,872	\$ 16,902,076,224

Schedule of Funding Progress (Dollar Amounts in Millions)

Valuation Date June 30	(1) Actuarial Value of Assets	(2) Entry Age AAL	(3) UAAL (2)-(1)	(4) Funding Ratio (1)/(2)	(5) Annual Payroll	Liabilities as a % of Payroll		
						Unfunded (3)/(5)	Funded (1)/(5)	Total (2)/(5)
2001+	\$ 8,166	\$ 8,561	\$ 395	95.4%	\$ 1,557	25.4%	524.4%	549.8%
2002*	8,328	9,062	734	91.9%	1,628	45.1%	511.5%	556.6%
2003+	8,113	9,445	1,332	85.9%	1,683	79.1%	482.1%	561.2%
2004	8,424	10,050	1,626	83.8%	1,748	93.0%	481.9%	574.9%
2005	8,817	10,973	2,156	80.4%	1,962	109.9%	449.4%	559.3%
2006	9,332	11,623	2,291	80.3%	2,080	110.1%	448.7%	558.8%
2007+	10,519	12,329	1,810	85.3%	2,191	82.6%	480.1%	562.7%
2008+	11,319	13,334	2,015	84.9%	2,268	88.8%	499.1%	587.9%
2009	10,617	14,019	3,402	75.7%	2,318	146.8%	458.0%	604.8%
2010+	10,845	14,697	3,852	73.8%	2,381	161.8%	455.5%	617.3%
2011+*	11,146	15,521	4,375	71.8%	2,728	160.4%	408.6%	569.0%
2012	11,484	16,139	4,655	71.2%	2,714	171.5%	423.2%	594.7%
2013+*	12,247	16,718	4,471	73.3%	2,727	164.0%	449.1%	613.1%
2014	13,375	17,310	3,935	77.3%	2,758	142.7%	484.9%	627.6%
2015	14,434	18,136	3,702	79.6%	2,777	133.3%	519.8%	653.1%
2016	15,239	18,812	3,573	81.0%	2,785	128.3%	547.2%	675.5%
2017+*	16,131	20,298	4,167	79.5%	2,814	148.1%	573.2%	721.3%
2018+*	16,756	20,935	4,179	80.0%	2,872	145.5%	583.4%	728.9%
2019	17,413	21,709	4,296	80.2%	2,907	147.8%	599.0%	746.8%
2020	18,007	22,352	4,345	80.6%	2,954	147.1%	609.6%	756.7%
2021*	19,343	23,987	4,644	80.6%	3,086	150.5%	626.8%	777.3%

+ Legislated benefit or contribution rate change.

* Revised actuarial assumptions.

A system with a high ratio of assets or liabilities to payroll will tend to experience more volatility than a system with a lesser ratio, assuming a similar asset allocation.



Risks Associated with Measuring the Accrued Liability and Actuarially Determined Contribution

The determination of the accrued liability and the actuarially determined contribution requires the use of assumptions regarding future economic and demographic experience. Risk measures, as illustrated in this report, are intended to aid in the understanding of the effects of future experience differing from the assumptions used in the course of the actuarial valuation. Risk measures may also help with illustrating the potential volatility in the accrued liability and the actuarially determined contribution that result from the differences between actual experience and the actuarial assumptions.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions due to changing conditions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period, or additional cost or contribution requirements based on the Plan's funded status); and changes in plan provisions or applicable law. The scope of an actuarial valuation does not include an analysis of the potential range of such future measurements.

Examples of risk that may reasonably be anticipated to significantly affect the plan's future financial condition include:

1. **Investment Risk** – actual investment returns may differ from the expected returns;
2. **Asset/Liability Mismatch** – changes in asset values may not match changes in liabilities, thereby altering the gap between the accrued liability and assets and consequently altering the funded status and contribution requirements;
3. **Contribution Risk** – actual contributions may differ from expected future contributions. For example, actual contributions may not be made in accordance with the plan's funding policy or material changes may occur in the anticipated number of covered employees, covered payroll, or other relevant contribution base;
4. **Salary and Payroll Risk** – actual salaries and total payroll may differ from expected, resulting in actual future accrued liability and contributions differing from expected;
5. **Longevity Risk** – members may live longer or shorter than expected and receive pensions for a period of time other than assumed; and
6. **Other Demographic Risks** – members may terminate, retire or become disabled at times or with benefits other than assumed resulting in actual future accrued liability and contributions differing from expected.

The effects of certain trends in experience can generally be anticipated. For example, if the investment return since the most recent actuarial valuation is less (or more) than the assumed rate, the cost of the plan can be expected to increase (or decrease). Likewise, if longevity is improving (or worsening), increases (or decreases) in cost can be anticipated.

The timely receipt of the actuarially determined contributions is critical to support the financial health of the plan. Users of this report should be aware that contributions made at the actuarially determined rate do not necessarily guarantee benefit security.

Plan Maturity Measures

Risks facing a pension plan evolve over time. A young plan with virtually no investments and paying few benefits may experience little investment risk. An older plan with a large number of members in pay status and a significant trust may be much more exposed to investment risk. Generally accepted plan maturity measures are discussed below and on the following pages. An additional historical summary of plan maturity measures can be found on page D-11.

	2021	2020	2019	2018	2017
Ratio of the Market Value of Assets to Total Payroll	6.7	5.7	6.1	6.1	5.8
Ratio of Actuarial Accrued Liability to Payroll	7.5	7.6	7.5	7.3	7.2
Ratio of Actives to Retirees and Beneficiaries	1.4	1.4	1.5	1.5	1.6
Ratio of Net Cash Flow to Market Value of Assets	-3.2%	-3.9%	-3.6%	-3.5%	-3.4%
Duration of the Present Value of Future Benefits	14.02	13.83	13.82	13.86	13.88

Ratio of the Market Value of Assets to Payroll

The relationship between assets and payroll is a useful indicator of the potential volatility of contributions. The market value of assets is currently 7.0 times the payroll indicating that a return on assets 2% different from assumed would equal approximately 14% of payroll. Such a change could affect the amortization period by approximately eight years based on 2021 results. While asset smoothing would reduce the effect, asset gains and losses much larger than 2% are common. An increasing level of this maturity measure generally indicates an increasing volatility in the amortization period.

Ratio of Actuarial Accrued Liability to Payroll

As the ratio of actuarial accrued liability to payroll increases, the amortization period becomes increasingly sensitive to the effects of demographic gains and losses, and assumption changes. For example, a 1% demographic gain or loss would correspond to 7.8% of payroll and would affect the amortization period by four years based on the 2021 results.

Ratio of Actives to Retirees and Beneficiaries

A young plan with many active members and few retirees will have a high ratio of actives to retirees. A mature open plan may have close to the same number of actives to retirees resulting in a ratio near 1.0. A super-mature or closed plan may have significantly more retirees than actives resulting in a ratio below 1.0.

Ratio of Net Cash Flow to Market Value of Assets

A positive net cash flow means contributions exceed benefits and expenses. A negative cash flow means benefits and expenses exceed contributions, and existing funds may be used to make payments. A certain amount of negative net cash flow is generally expected to occur when benefits are prefunded through a qualified trust. Large negative net cash flows as a percent of assets may indicate a super-mature plan or a need for additional contributions.

Plan Maturity Measures (Concluded)

Duration of Present Value of Future Benefits

The modified duration of the present value of future benefits may be used to approximate the sensitivity to a 1% change in the assumed rate of return. For example, the current duration of 14.0 (which is based on a 7.25% discount rate) indicates that the present value of future benefits would increase approximately 14.0% if the assumed rate of return were lowered 1%. Such a change could affect the amortization period by 20 years or more.

Additional Risk Assessment

Additional risk assessment is outside the scope of the annual actuarial valuation. Additional assessment may include scenario tests, sensitivity tests, stochastic modeling, stress tests, and a comparison of the present value of accrued benefits at low-risk discount rates with the actuarial accrued liability.

Plan Maturity Measures (Based on Market Value of Assets)

Valuation Date June 30	(1) Accrued Liabilities (AAL)	(2) Market Value of Assets	(3) Unfunded AAL (1)-(2)	(4) Valuation Payroll	(5) % Change in Payroll	(6) Funded Ratio (2)/(1)	(7) Annuitant Liabilities (AnnLiab)	(8) AnnLiab/AAL (7)/(1)	(9) Liability/Payroll (1)/(4)	(10) Assets/Payroll (2)/(4)	(11) Est. Portfolio Std. Dev.	(12) Std. Dev. % of Pay (10)x(11)	(13) Unfunded/Payroll (3)/(4)	(14) Net External Cash Flow (NECF)	(15) NECF/Assets (9)/(2)	(16) Portfolio Rate of Return	(17) 10-year Trailing Average
2012	\$ 16,139	\$ 11,484	\$ 4,655	\$ 2,803		71.2%	\$ 7,649	47.4%	575.8%	409.7%			166.1%	\$ (285)	-2.5%	-1.1%	6.6%
2013#	16,718	12,830	3,888	2,819	0.6%	76.7%	8,181	48.9%	593.0%	455.1%			137.9%	(337)	-2.6%	14.9%	8.0%
2014	17,310	14,856	2,454	2,851	1.1%	85.8%	8,777	50.7%	607.2%	521.1%			86.1%	(395)	-2.7%	19.2%	8.2%
2015	18,136	15,036	3,100	2,874	0.8%	82.9%	9,778	53.9%	631.0%	523.1%			107.9%	(445)	-3.0%	4.3%	7.7%
2016	18,812	14,559	4,253	2,888	0.5%	77.4%	10,430	55.4%	651.3%	504.0%			147.3%	(505)	-3.5%	0.2%	6.3%
2017#*	20,298	16,285	4,013	2,922	1.2%	80.2%	11,337	55.9%	694.7%	557.4%			137.3%	(556)	-3.4%	16.0%	6.0%
2018	20,935	17,493	3,442	2,986	2.2%	83.6%	11,851	56.6%	701.1%	585.8%	12.7%	77.3%	115.3%	(607)	-3.5%	11.4%	7.6%
2019	21,709	17,742	3,967	3,027	1.4%	81.7%	12,460	57.4%	717.2%	586.1%	12.5%	76.3%	131.1%	(642)	-3.6%	5.2%	10.4%
2020	22,352	16,902	5,450	3,078	1.7%	75.6%	12,890	57.7%	726.2%	549.1%	12.5%	71.5%	177.1%	(665)	-3.9%	-1.0%	8.8%
2021*	23,987	21,469	2,518	3,205	4.1%	89.5%	13,596	56.7%	748.4%	669.8%	13.8%	92.1%	78.6%	(677)	-3.2%	31.7%	9.6%

(*) ATRS had experience studies in these years leading to a change or "true up" in actuarial assumptions. A pattern of periodic studies is a sign of a well-run system and suggests the extent to which the liability measures the actuary provides are likely to be realistic.

(#) ATRS had benefit changes in these years. Benefit increases cause liabilities to rise; benefit decreases cause liabilities to fall. In either case benefit changes affect the year by year comparability of the measures on this page.

(6). The Funded ratio is the most widely known measure of a plan's financial strength, but the trend in the funded ratio is much more important than the absolute ratio. The funded ratio should trend to 100%. As it approaches 100%, it is important to re-evaluate the level of investment risk in the portfolio and potentially to re-evaluate the assumed rate of return.

(9) and (10) The ratios of liabilities and assets to payroll gives an indication of both maturity and volatility. Many systems have values between 500% and 700%. Values significantly above that range may indicate difficulty in supporting the benefit level as a level % of payroll.

(13) The ratio of unfunded liability to payroll gives an indication of the plan sponsor's ability to actually pay off the unfunded liability. A value above approximately 300% or 400% may indicate difficulty in discharging the unfunded liability within a reasonable time frame.

(14) and (15) The ratio of Net External Cash Flow to assets is an important measure of sustainability. Negative ratios are common and expected for a maturing system. In the longer term, this ratio should be on the order of approximately -4%. A ratio that is significantly more negative than that for an extended period could be a leading indicator of potential exhaustion of assets.

(16) and (17) Investment return is probably the largest single risk that most systems face. The year by year return and the 10-year geometric average give an indicator of the past performance of the investment program. Of course, past performance is not a guarantee of future results. Some of the trailing averaged are distorted by the extraordinary events of 2008.



SECTION E

COVERED MEMBER DATA

Active Members in Valuation June 30, 2021
by Attained Age and Years of Service
(Excludes T-DROP and Rehired Retirees)

Attained Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
Under 20	569							569	\$ 1,336,952
20-24	2,043	9						2,052	48,423,090
25-29	4,609	1,277	7					5,893	225,273,208
30-34	3,046	3,538	800	5				7,389	308,422,849
35-39	2,585	2,409	2,578	819	5			8,396	369,391,123
40-44	2,293	2,050	1,783	2,501	599	5		9,231	429,162,881
45-49	1,681	1,727	1,656	1,736	2,272	510	1	9,583	474,266,148
50-54	1,416	1,422	1,352	1,713	1,602	1,646	50	9,201	446,873,310
55-59	1,184	1,064	1,035	1,344	1,390	1,040	82	7,139	304,551,680
60	223	197	184	232	237	199	20	1,292	52,345,437
61	199	180	154	192	194	155	16	1,090	42,578,548
62	197	154	153	165	184	137	17	1,007	38,505,227
63	141	139	132	155	126	114	14	821	31,420,182
64	147	127	98	95	109	92	19	687	25,139,767
65	127	124	87	83	84	78	9	592	22,208,898
66	109	76	49	32	34	23	8	331	9,931,541
67	97	57	26	21	14	7	7	229	5,766,320
68	88	47	20	15	5	9	8	192	4,919,513
69	79	50	21	8	7	5	3	173	4,156,921
70 & Up	395	244	86	22	9	6	4	766	13,978,451
Totals	21,228	14,891	10,221	9,138	6,871	4,026	258	66,633	\$2,858,652,046

Group Averages:

Age: 44.2 years

Service: 10.5 years



FEMALE Active Members in Valuation June 30, 2021
by Attained Age and Years of Service
(Excludes T-DROP and Rehired Retirees)

Attained Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
Under 20	217							217	\$ 642,252
20-24	1,508	4						1,512	36,575,510
25-29	3,492	1,010	5					4,507	169,089,740
30-34	2,374	2,650	623	3				5,650	225,869,448
35-39	2,111	1,932	1,965	671	1			6,680	281,350,366
40-44	1,838	1,658	1,379	1,945	481	2		7,303	324,069,583
45-49	1,302	1,389	1,355	1,398	1,748	401		7,593	358,290,171
50-54	1,060	1,089	1,099	1,465	1,299	1,306	37	7,355	343,686,346
55-59	816	764	793	1,112	1,198	820	61	5,564	230,663,883
60	159	134	140	182	203	168	16	1,002	38,591,244
61	136	121	110	150	163	132	12	824	30,570,861
62	117	114	110	139	155	119	14	768	28,806,140
63	77	90	95	119	106	100	13	600	22,888,319
64	90	77	65	74	91	81	13	491	17,512,514
65	67	74	67	73	70	65	8	424	15,659,997
66	60	41	36	24	30	17	8	216	6,386,555
67	58	31	18	15	11	6	5	144	3,815,844
68	48	24	11	11	3	9	5	111	3,092,902
69	40	20	11	6	5	3	2	87	2,126,291
70 & Up	199	99	42	17	2	5	4	368	6,622,050
Totals	15,769	11,321	7,924	7,404	5,566	3,234	198	51,416	\$ 2,146,310,016

Group Averages:

Age: 44.2 years

Service: 10.8 years



MALE Active Members in Valuation June 30, 2021
by Attained Age and Years of Service
(Excludes T-DROP and Rehired Retirees)

Attained Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
Under 20	352							352	\$ 694,700
20-24	535	5						540	11,847,580
25-29	1,117	267	2					1,386	56,183,468
30-34	672	888	177	2				1,739	82,553,401
35-39	474	477	613	148	4			1,716	88,040,757
40-44	455	392	404	556	118	3		1,928	105,093,298
45-49	379	338	301	338	524	109	1	1,990	115,975,977
50-54	356	333	253	248	303	340	13	1,846	103,186,964
55-59	368	300	242	232	192	220	21	1,575	73,887,797
60	64	63	44	50	34	31	4	290	13,754,193
61	63	59	44	42	31	23	4	266	12,007,687
62	80	40	43	26	29	18	3	239	9,699,087
63	64	49	37	36	20	14	1	221	8,531,863
64	57	50	33	21	18	11	6	196	7,627,253
65	60	50	20	10	14	13	1	168	6,548,901
66	49	35	13	8	4	6		115	3,544,986
67	39	26	8	6	3	1	2	85	1,950,476
68	40	23	9	4	2		3	81	1,826,611
69	39	30	10	2	2	2	1	86	2,030,630
70 & Up	196	145	44	5	7	1		398	7,356,401
Totals	5,459	3,570	2,297	1,734	1,305	792	60	15,217	\$ 712,342,030

Group Averages:

Age: 44.4 years

Service: 9.6 years



Summary of Active Members (Excludes T-DROP and Rehired Retirees)

	Teachers		Support		Total Active Members	
	No.	Valuation Payroll	No.	Valuation Payroll	No.	Valuation Payroll
Female	28,261	\$ 1,521,532,855	23,155	\$ 624,777,161	51,416	\$ 2,146,310,016
Male	8,032	488,724,866	7,185	223,617,164	15,217	712,342,030
All	36,293	\$ 2,010,257,721	30,340	\$ 848,394,325	66,633	\$ 2,858,652,046

	Teachers	Support	Total
Members Contributing Now	34,471	18,143	52,614
Members Not Contributing	1,822	12,197	14,019
All	36,293	30,340	66,633

June 30	Number	Group Averages			Active Member Payroll (\$ Millions)
		Age	Service	Annual Earnings	
2004	63,185	44.2	9.5	\$27,660	\$1,748
2005	65,793	44.2	9.4	29,826	1,962
2006	67,710	44.3	9.3	30,714	2,080
2007	69,226	44.4	9.3	31,645	2,191
2008	70,172	44.5	9.4	32,319	2,268
2009	70,655	44.7	9.5	32,804	2,318
2010	72,208	44.7	9.7	32,980	2,381
2011	72,293	44.8	9.9	33,995	2,458
2012	71,195	45.0	10.1	34,362	2,446
2013	70,660	45.0	10.2	34,920	2,467
2014	70,225	44.7	10.2	35,673	2,505
2015	68,945	44.6	10.3	36,717	2,531
2016	68,368	44.4	10.2	37,235	2,546
2017	68,337	44.3	10.2	37,707	2,577
2018	68,645	44.2	10.2	38,477	2,641
2019	68,457	44.1	10.1	39,065	2,674
2020	66,900	44.3	10.3	40,709	2,723
2021	66,633	44.2	10.5	42,901	2,859

Deferred Vested Members at June 30, 2021 by Attained Age

Age	Number	Estimated Annual Benefits	Contribution Balance
Below 40	1,924	\$ 10,778,458	\$ 26,207,355
40	270	1,979,545	4,807,286
41	319	2,132,715	5,208,787
42	305	1,985,689	4,805,950
43	339	2,254,179	5,342,051
44	300	2,198,638	5,300,624
45	358	2,520,788	5,739,790
46	355	2,451,700	5,628,150
47	402	2,674,355	5,597,114
48	365	2,540,210	5,699,543
49	424	2,692,984	5,386,075
50	496	3,074,650	5,888,111
51	439	2,760,342	5,550,119
52	455	2,881,233	5,756,969
53	530	3,357,828	5,968,427
54	521	2,986,984	5,430,516
55	515	3,064,978	5,641,249
56	622	3,679,215	6,518,468
57	647	3,507,094	6,396,455
58	623	3,886,375	6,884,998
59	650	4,040,893	7,636,649
60 & Up	2,661	8,408,785	14,659,384
Future Beneficiaries #	54	329,649	0
Totals	13,574	\$ 76,187,287	\$ 156,054,070

These are beneficiaries of deceased active members who are eligible for a pension at age 62.

An inactive member is no longer actively working but has sufficient service credit to qualify for a monthly benefit at retirement age.



All Members Participating in T-DROP at June 30, 2021 by Attained Age

Age	Number	Current T-DROP Contribution	Original T-DROP Contribution	T-DROP Account Balance	Pay
49	4	\$ 714,516	\$ 687,696	\$ 73,527	\$ 205,500
50	16	3,540,000	3,391,428	429,897	987,815
51	59	14,993,580	14,401,092	1,709,189	3,913,508
52	135	36,107,832	34,370,424	5,041,016	9,265,612
53	197	55,099,764	51,819,900	9,947,294	13,601,501
54	232	61,539,792	57,013,176	13,702,572	15,522,198
55	245	67,841,424	61,976,220	18,176,201	16,927,225
56	301	82,822,584	74,951,028	24,814,632	20,329,292
57	299	81,302,136	72,083,040	30,277,240	19,715,987
58	324	87,272,100	76,677,588	35,942,609	21,395,803
59	319	82,809,012	74,626,176	42,152,913	20,529,248
60	305	75,587,052	71,866,260	45,687,564	20,062,560
61	303	70,579,572	69,620,592	42,123,716	19,531,658
62	233	46,026,528	51,869,076	35,117,809	14,877,270
63	191	39,240,108	42,402,696	27,685,892	12,069,369
64	143	27,562,464	29,764,236	18,511,411	8,699,388
65	93	18,512,268	22,225,644	15,167,483	6,120,492
66	29	4,659,372	5,473,068	3,265,442	1,637,158
67	13	3,075,276	3,454,440	2,920,174	914,960
68	5	595,152	767,076	639,715	269,534
69	8	1,030,872	1,679,988	1,554,868	522,051
70	6	1,016,592	965,004	745,906	338,855
72	1	205,824	174,432	105,078	32,801
73	1	136,992	116,088	69,935	56,922
74	3	56,051	66,322	728,131	234,360
Totals	3,465	\$ 862,326,863	\$ 822,442,690	\$ 376,590,214	\$ 227,761,067

A T-DROP member continues to work, but does not accrue additional retirement benefits and does not make member contributions. A reduced benefit is paid into the T-DROP account (see pages C-3 and C-4) during T-DROP participation. Deposits to T-DROP cease at 10 years of T-DROP participation. ATRS receives full employer contributions on behalf of T-DROP participants.

Active, T-DROP and Return to Work Members as of June 30, 2021

June 30	Number				Total Payroll
	Active	T-DROP	RTW	Total	\$ Millions
2012	71,195	4,432	4,001	79,628	\$ 2,803
2013	70,660	4,265	4,025	78,950	2,819
2014	70,225	4,127	3,845	78,197	2,851
2015	68,945	3,974	3,741	76,660	2,874
2016	68,368	3,864	3,829	76,061	2,888
2017	68,337	3,811	3,881	76,029	2,922
2018	68,645	3,696	4,029	76,370	2,986
2019	68,457	3,707	4,077	76,241	3,027
2020	66,900	3,639	4,019	74,558	3,078
2021	66,633	3,465	3,575	73,673	3,205

The actuarial valuation assumes the number of working members will remain constant at the current level. In some recent years the total number of working members has decreased. A decreasing population means less contribution income for the Retirement System than expected and can lead to funding difficulties in extreme cases.

Annuities Being Paid Retirees and Beneficiaries July 1, 2021 by Type of Annuity Being Paid

Type of Annuity	No.	Annual Amounts		
		Original Annuities	Base Annuities	Current Annuities
RETIREMENT RESERVE ACCOUNT				
Age & Service				
Option 1 (Basic single life)	37,197	\$ 588,039,746	\$ 678,166,594	\$ 895,617,301
Option A (Joint & 100% Survivor)	5,496	94,100,473	107,247,830	142,278,648
Option B (Joint & 50% Survivor)	2,721	61,843,674	72,976,243	96,904,931
Option C (10 year certain)	698	11,719,768	11,934,629	14,780,376
Beneficiaries	1,350	24,797,107	22,613,757	31,083,516
Totals	47,462	780,500,768	892,939,053	1,180,664,772
Disability				
Option 1	2,276	23,984,086	25,976,748	34,610,036
Option A	354	3,948,962	3,982,055	5,224,971
Option B	83	1,226,303	1,301,706	1,707,706
Option C	0	-	-	-
Beneficiaries	275	3,288,753	3,363,074	4,704,204
Totals	2,988	32,448,104	34,623,583	46,246,917
Act 793	148	829,238	1,705,769	1,705,769
Retirement Reserve Account	50,598	813,778,110	929,268,405	1,228,617,458
Act 808 Retirement Reserve Account	35	652,515	1,967,170	1,967,170
Total Retirement Reserve Account	50,633	814,430,625	931,235,575	1,230,584,628
SURVIVOR'S BENEFIT ACCOUNT				
Beneficiaries of Deceased Members	772	\$ 8,457,997	\$ 9,371,680	\$ 12,116,736
RETIREMENT SYSTEM TOTALS				
Total Annuities Being Paid	51,405	\$ 822,888,622	\$ 940,607,255	\$ 1,242,701,364

The Original Annuity is the annuity at the date of retirement.

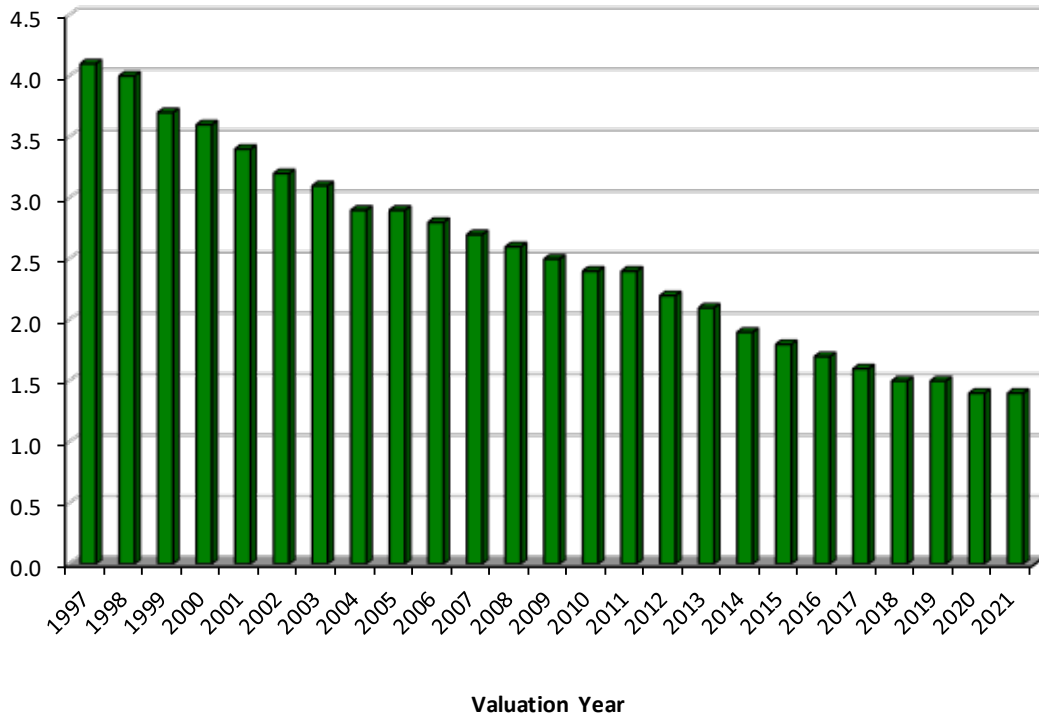
The Base Annuity is the amount from which the 3.0% COLA is calculated.

The Current Annuity is the annuity payable at July 1, 2021 (Includes July 1 COLA).

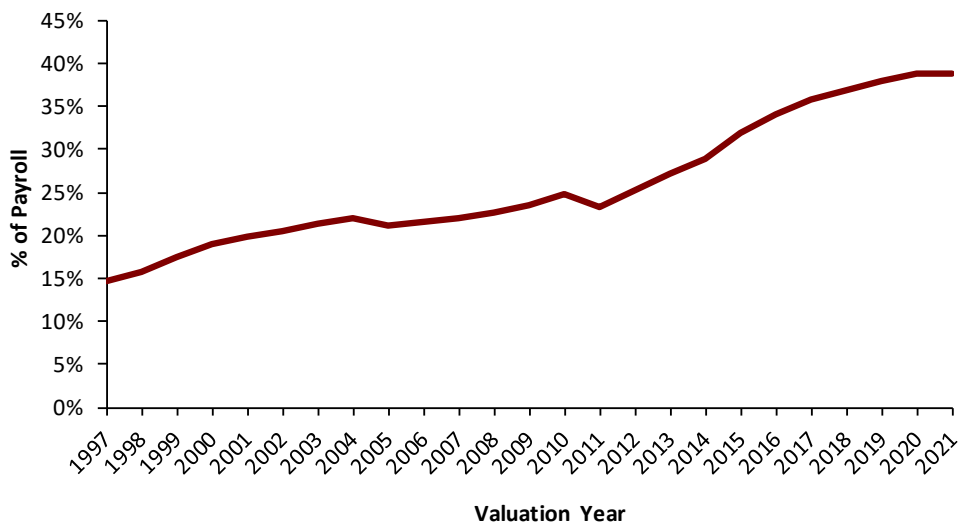


Historical Graphs

Active Members Per Retired Life *



Retirement Benefits Being Paid as a Percent of Member Payroll *



* Beginning with the June 30, 2011 valuation, active members include T-DROP participants in payroll.

Benefit Changes During Recent Years of Retirement and Related Changes in Purchasing Power (1990 \$)

Year Ended June 30	Increase Beginning of Year	Benefit Dollars in Year*	Inflation (Loss) in Year#	Purchasing Power at Year End	
				1990 \$	% of 1990
1990	\$ - - - -	\$ 11,000	- - - -	\$ 11,000	100%
1991	330	11,330	(4.7)%	10,822	98%
1992	1,005	12,335	(3.1)%	11,429	104%
1993	1,045	13,380	(3.0)%	12,036	109%
1994	1,082	14,462	(2.5)%	12,693	115%
1995	400	14,862	(3.0)%	12,660	115%
1996	400	15,262	(2.8)%	12,652	115%
1997	772	16,034	(2.3)%	12,993	118%
1998	481	16,515	(1.7)%	13,161	120%
1999	1,383	17,898	(2.0)%	13,989	127%
2000	1,129	19,027	(3.7)%	14,336	130%
2001	1,406	20,433	(3.2)%	14,911	136%
2002	807	21,240	(1.1)%	15,337	139%
2003	562	21,802	(2.1)%	15,417	140%
2004	562	22,364	(3.3)%	15,314	139%
2005	562	22,926	(2.5)%	15,312	139%
2006	562	23,488	(4.3)%	15,037	137%
2007	562	24,050	(2.7)%	14,994	136%
2008	562	24,612	(5.0)%	14,611	133%
2009	562	25,174	1.4 %	15,161	138%
2010	755	25,929	(1.1)%	15,453	140%
2011	778	26,707	(3.6)%	15,370	140%
2012	778	27,485	(1.7)%	15,558	141%
2013	778	28,263	(1.8)%	15,723	143%
2014	778	29,041	(2.1)%	15,828	144%
2015	778	29,819	(0.1)%	16,232	148%
2016	778	30,597	(1.0)%	16,491	150%
2017	778	31,375	(1.6)%	16,638	151%
2018	778	32,153	(2.9)%	16,575	151%
2019	751	32,904	(1.6)%	16,687	152%
2020	451	33,355	(0.6)%	16,807	153%
2021	751	34,106	(5.4)%	16,306	148%
2022	751	34,857			

* The \$11,000 benefit used to begin this schedule is an arbitrary amount. A smaller beginning amount could show a smaller purchasing power loss in percent loss.

Based on Consumer Price Index, All Urban Consumers, United States City Average (June values).

Benefit Changes During Recent Years of Retirement and Related Changes in Purchasing Power (2000 \$)

Year Ended June 30	Increase Beginning of Year	Benefit Dollars in Year*	Inflation (Loss) in Year#	Purchasing Power at Year End	
				2000 \$	% of 2000
2000	\$ ----	\$ 11,600	----	\$ 11,600	100%
2001	1,003	12,603	(3.2)%	12,207	105%
2002	523	13,126	(1.1)%	12,579	108%
2003	372	13,498	(2.1)%	12,668	109%
2004	372	13,870	(3.3)%	12,605	109%
2005	372	14,242	(2.5)%	12,624	109%
2006	372	14,614	(4.3)%	12,417	107%
2007	372	14,986	(2.7)%	12,400	107%
2008	372	15,358	(5.0)%	12,100	104%
2009	372	15,730	1.4 %	12,573	108%
2010	472	16,202	(1.1)%	12,815	110%
2011	486	16,688	(3.6)%	12,746	110%
2012	486	17,174	(1.7)%	12,902	111%
2013	486	17,660	(1.8)%	13,039	112%
2014	486	18,146	(2.1)%	13,125	113%
2015	486	18,632	(0.1)%	13,460	116%
2016	486	19,118	(1.0)%	13,675	118%
2017	486	19,604	(1.6)%	13,797	119%
2018	486	20,090	(2.9)%	13,745	118%
2019	459	20,549	(1.6)%	13,831	119%
2020	159	20,708	(0.6)%	13,848	119%
2021	459	21,167	(5.4)%	13,140	113%
2022	459	21,626			

* The \$11,600 benefit used to begin this schedule is an arbitrary amount. A smaller beginning amount could show a smaller purchasing power loss in percent loss.

Based on Consumer Price Index, All Urban Consumers, United States City Average (June values).

Benefit Changes During Recent Years of Retirement and Related Changes in Purchasing Power (2010 \$)

Year Ended June 30	Increase Beginning of Year	Benefit Dollars in Year*	Inflation (Loss) in Year#	Purchasing Power at Year End	
				2010 \$	% of 2010
2010	\$ ----	\$ 11,900	----	\$ 11,900	100%
2011	357	12,257	(3.6)%	11,836	99%
2012	357	12,614	(1.7)%	11,981	101%
2013	357	12,971	(1.8)%	12,108	102%
2014	357	13,328	(2.1)%	12,188	102%
2015	357	13,685	(0.1)%	12,499	105%
2016	357	14,042	(1.0)%	12,699	107%
2017	357	14,399	(1.6)%	12,812	108%
2018	357	14,756	(2.9)%	12,764	107%
2019	330	15,086	(1.6)%	12,837	108%
2020	30	15,116	(0.6)%	12,780	107%
2021	330	15,446	(5.4)%	12,127	102%
2022	330	15,776			

* The \$11,900 benefit used to begin this schedule is an arbitrary amount. A smaller beginning amount could show a smaller purchasing power loss in percent loss.

Based on Consumer Price Index, All Urban Consumers, United States City Average (June values).

SECTION F

FINANCIAL PRINCIPLES

Financial Principles and Operational Techniques

Promises Made and To Be Paid For. As each year is completed, the System, in effect, hands an “IOU” to each member then acquiring a year of service credit. The “IOU” says: “The Arkansas Teacher Retirement System owes you one year’s worth of retirement benefits, payments in cash commencing when you qualify for retirement.”

The related **key financial questions** are:

Which generation of taxpayers contributes the money to cover the IOU?

The present taxpayers, who receive the benefit of the member’s present year of service?

Or the future taxpayers, who happen to be in Arkansas at the time the IOU becomes a cash demand?

The financial objective of the ATRS is that this year’s taxpayers contribute the money to cover the IOUs being handed out this year so that **the employer contribution rate will remain approximately level from generation to generation** -- our children and our grandchildren will not have to contribute greater percents of pay than we contribute now. This objective was set forth in Act 793 of 1977.

(There are systems which have **a design for deferring contributions to future taxpayers**, lured by a lower contribution rate now and putting aside the fact that the contribution rate must then relentlessly grow much greater over decades of time -- consume now, and let your children face higher contribution rates after you retire.)

An inevitable byproduct of the level-cost design is the accumulation of reserve assets for decades and the income produced when the assets are invested. **Investment income** becomes the **third and largest contributor** for benefits to employees, and is interlocked with the contribution amounts required from employees and employers.

Translated to actuarial terminology, this level-cost objective means that the contribution rates must total at least the following:

Normal Cost (the cost of members’ service being rendered this year)

... plus ...

Interest on Unfunded Actuarial Accrued Liabilities (unfunded accrued liabilities are the difference between (i) liabilities for service already rendered and (ii) the accrued assets of the plan).

Computing Contributions to Support System Benefits. From a given schedule of benefits and from the employee data and asset data furnished, the actuary determines the contribution rates to support the benefits, by means of **an actuarial valuation**. An actuarial valuation has a number of ingredients such as: the rate of investment income which plan assets will earn; the rates of withdrawal of active members who leave covered employment before qualifying for any monthly benefit; the rates of mortality; the rates of disability; the rates of pay increases; and the assumed age or ages at actual retirement. In an actuarial valuation, assumptions must be made as to what the above rates will be, for the next year and for decades in the future. Only the subsequent actual experience of the System can indicate the degree of accuracy of the assumptions.

Reconciling Differences Between Assumed Experience and Actual Experience. Once actual experience has occurred and been observed, it will not coincide exactly with assumed experience, regardless of the accuracy of the various financial assumptions or the skill of the actuary and the precision of the calculations made. The System copes with these continually changing differences by having annual actuarial valuations. Each actuarial valuation is a complete recalculation of assumed future experience, taking into account all past differences between assumed and actual experience. The result is continual adjustments in financial position.



Actuarial Valuation Process

The financing diagram on the next page shows the relationship between the two fundamentally different philosophies of paying for retirement benefits: the method where contributions match cash benefit payments (or barely exceed cash benefit payments, as in the Federal Social Security program), and is thus an *increasing contribution method*; and the *level contribution method* which equalizes contributions between the generations.

The actuarial valuation is the mathematical process by which the level contribution rate is determined, and the flow of activity constituting the valuation may be summarized as follows:

- A. **Census Data**, furnished by plan administrator
 - Retired lives now receiving benefits
 - Former employees with vested benefits not yet payable
 - Active employees

- B. + **Asset data** (cash & investments), furnished by plan administrator

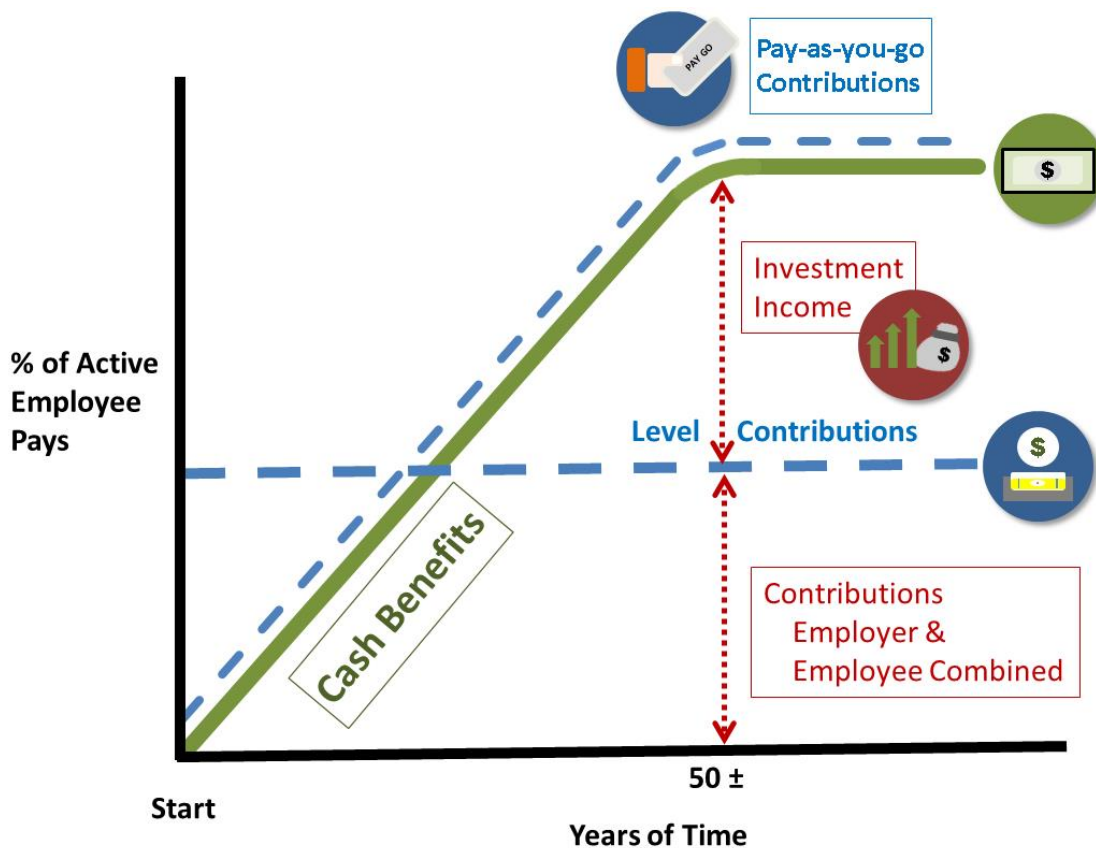
- C. + **Benefit provisions** that establish eligibility and amounts of payments to members

- D. + **Assumptions concerning future financial experiences in various risk areas**, which assumptions are established by the Board of Trustees after consulting with the actuary

- E. + **The funding method** for employer contributions (the long-term planned pattern for employer contributions)

- F. + **Mathematically combining the assumptions, the funding method, and the data**

- G. = Determination of:
 - Plan financial position**, and/or
 - New Employer Contribution Rate**



CASH BENEFITS LINE. This relentlessly increasing line is the fundamental reality of retirement plan financing. It happens each time a new benefit is added for future retirements (and happens regardless of the design for contributing for benefits).

LEVEL CONTRIBUTION LINE. Determining the level contribution line requires detailed assumptions concerning a variety of experiences in future decades, including:

- **Economic Risk Areas**
 - Rates of investment return
 - Rates of pay increase
 - Changes in active member group size
- **Non-Economic Risk Areas**
 - Ages at actual retirement
 - Rates of mortality
 - Rates of withdrawal of active members (turnover)
 - Rates of disability

SECTION G

ACTUARIAL ASSUMPTIONS

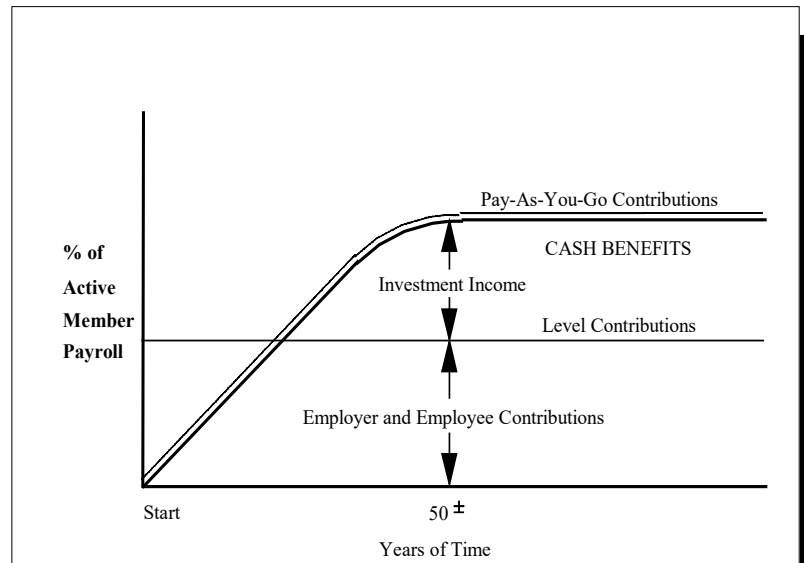
Selection of Assumptions Used in Actuarial Valuations

Economic Assumptions

Investment return
Pay increases to individual employees
Active member group size and
total payroll growth

Demographic Assumptions

Actual ages at service retirement
Disability while actively employed
Separations before retirement
Mortality after retirement
Mortality before retirement



Relationship Between Plan Governing Body and the Actuary

The actuary should have the primary responsibility for choosing the **demographic** assumptions used in the actuarial valuation, making use of specialized training and experience.

The actuary and other professionals can provide guidance concerning the choice of suitable economic assumptions.

Guidance regarding the selection of economic assumptions for measuring pension obligations is provided by Actuarial Standards of Practice (ASOP) No. 27. The standard requires that the selected economic assumptions be consistent with each other. That is, the selection of the investment return assumption should be consistent with the selection of the payroll growth and inflation assumptions.

ASOP No. 27 defines a reasonable economic assumption as an assumption that has the following characteristics: (a) It is appropriate for the purpose of the measurement; (b) It reflects the actuary's professional judgment; (c) It takes into account historical and current economic data that is relevant as of the valuation date; (d) It reflects the actuary's estimate of future experience, the actuary's observation of the estimates inherent in market data, or a combination thereof; and (e) It has no significant bias (i.e., it is not significantly optimistic or pessimistic), except when provisions for adverse deviation or plan provisions that are difficult to measure are included and disclosed under Section 3.5.1, or when alternative assumptions are used for the assessment of risk.

Summary of Assumptions Used in Actuarial Valuations for the Arkansas Teacher Retirement System Assumptions Adopted by the Board of Trustees After Consulting with Actuary

The actuarial assumptions used in the valuation are shown in this section. The rationale for the assumptions is provided in the Experience Study covering the period July 1, 2010 through June 30, 2015. The Board of Trustees adopts the actuarial assumptions used for actuarial valuation purposes after consulting with the actuary. The actuarial assumptions represent estimates of future experience.

Economic Assumptions

The **price inflation** assumption is 2.50% although no specific Price Inflation is needed for this valuation. It is assumed that the 3% COLA will always be paid.

The investment return rate used in the valuation was 7.25% per year, compounded annually (net after administrative expenses). This rate was first used for the **June 30, 2021** valuation. The assumed real rate of return over price inflation is 4.75%.

The **wage inflation** assumption is 2.75%. This consists of 2.50% related to pure price inflation and 0.25% related to general economic improvements. This assumption was first used for the **June 30, 2017** valuation.

Pay increase assumptions for individual active members are shown on page G-9. Part of the assumption for each age is for a merit and/or seniority increase, and the other 2.75% recognizes wage inflation. These rates were first used for the **June 30, 2021** valuation.

The Active Member Group (Active, T-DROP, RTW) size is assumed to remain constant at its present level.

Total active member payroll is assumed to increase 2.75% per year, which is the portion of the individual pay increase assumptions attributable to wage inflation. This rate was first used for the **June 30, 2017** valuation.

Non-Economic Assumptions

The mortality tables used were the Pub-2010 General Healthy Retired, General Disabled Retiree and General Employee Mortality amount weighted tables for males and females. Mortality rates were adjusted for future mortality improvements using projection scale MP-2020 from 2010.

A limited fluctuation credibility procedure was used to determine the appropriate scaling factor of each gender and each member classification (see the 2015-2020 Experience Study), and are shown below:

	Scaling Factor
Healthy Male Retirees	105%
Healthy Female Retirees	105%
Disabled Male Retirees	104%
Disabled Female Retirees	104%
Male Active Members	100%
Female Active Members	100%

Related values are shown on page G-4. These tables were first used for the **June 30, 2021** valuation.

The probabilities of retirement for members eligible to retire are shown on pages G-5 and G-6. The rates for full retirement and reduced retirement were first used in the **June 30, 2021** valuation.

The probabilities of withdrawal from service, death-in-service and disability are shown for sample ages on pages G-7 and G-8. These rates were first used in the **June 30, 2021** valuation.

The entry age actuarial cost method of valuation was used in determining accrued liabilities and normal cost. TDROP members are treated as active members. Normal cost runs from the date of entry to the date of retirement.

Differences in the past between assumed experience and actual experience (“actuarial gains and losses”) become part of actuarial accrued liabilities.

Unfunded actuarial accrued liabilities are amortized to produce contribution amounts (the total of principal & interest) which are level percents of payroll contributions.

These cost methods were first used in the June 30, 1986 valuation.

The Fiscal Year 2021 employer and member contribution rates were 14.50% and 6.50%, respectively. The employer and member rates are scheduled to increase by 0.25% increments ending in Fiscal Year 2023. The ultimate employer and member contribution rates will be 15% and 7%, respectively. The projected unfunded actuarial accrued liabilities were increased when developing the amortization period to account for the temporary shortfalls in the employer and employee contribution rates.

Asset Valuation Method. A market value related asset method is used as described on page D-1. This method was first used in the June 30, 1995 valuation. It was modified following the 1997-2002 Experience Study to include an 80% - 120% market value corridor.

The data about persons now covered and about present assets was furnished by the System’s administrative staff. Although examined for general reasonableness, the data was not audited by the Actuary. Members whose dates of birth were not supplied were assumed to be 40 years old on the valuation date. Members whose salaries were not supplied and that entered T-DROP were assumed to have the group average pay of those with salary data as of the valuation date that entered T-DROP.

Single Life Retirement Values*

Sample Attained Ages in 2021	Present Value of \$1.00 Monthly for Life		Present Value of \$1 Monthly for Life Increasing 3.0% Annually		Future Life Expectancy (Years)		Percent Dying within Next Year	
	Male	Female	Male	Female	Male	Female	Male	Female
40	\$155.44	\$157.82	\$206.14	\$210.65	45.18	48.21	0.09 %	0.04 %
45	151.33	154.38	198.31	203.87	39.95	42.93	0.12 %	0.07 %
50	145.92	149.83	188.53	195.32	34.84	37.75	0.29 %	0.22 %
55	139.31	144.33	176.98	185.25	29.97	32.80	0.44 %	0.31 %
60	130.92	137.08	163.07	172.69	25.28	27.97	0.67 %	0.43 %
65	120.49	127.56	146.69	157.22	20.84	23.28	0.97 %	0.62 %
70	107.50	115.32	127.57	138.61	16.63	18.79	1.50 %	1.00 %
75	92.00	100.24	106.17	117.19	12.76	14.59	2.54 %	1.78 %
80	74.80	83.03	83.88	94.27	9.35	10.84	4.58 %	3.30 %
85	57.79	65.11	63.06	71.83	6.59	7.70	8.40 %	6.24 %
Base	2705 x 1.05	2706 x 1.05	2705 x 1.05	2706 x 1.05				
Projection	964	965	964	965				

* Rates and life expectancies in future years are determined by the MP-2020 projection scale.

Sample Attained Ages in 2021	Benefit Increasing 3.0% Yearly	Portion of Age 60 Lives Still Alive	
		Male	Female
60	\$100.00	100%	100%
65	115.00	96%	98%
70	130.00	91%	94%
75	145.00	84%	89%
80	160.00	73%	81%
Ref		2705 x 1.05	2706 x 1.05

Probabilities of Retirement for Members

Retirement Ages	% of Active Participants Retiring with Unreduced Benefits			
	Education		Support	
	Male	Female	Male	Female
48	8%	7%	8%	8%
49	8%	7%	8%	8%
50	8%	7%	8%	8%
51	8%	7%	8%	8%
52	8%	7%	8%	8%
53	8%	7%	8%	8%
54	8%	7%	8%	8%
55	8%	8%	8%	8%
56	10%	8%	8%	8%
57	10%	10%	8%	11%
58	10%	12%	8%	11%
59	14%	15%	8%	15%
60	17%	18%	13%	15%
61	24%	20%	13%	16%
62	27%	29%	28%	26%
63	27%	26%	25%	20%
64	27%	28%	25%	24%
65	60%	57%	57%	59%
66	60%	57%	47%	49%
67	50%	42%	44%	40%
68	45%	42%	44%	40%
69	45%	42%	44%	40%
70	45%	42%	44%	40%
71	45%	42%	44%	40%
72	45%	42%	44%	40%
73	45%	42%	44%	40%
74	45%	42%	44%	40%
75	100%	100%	100%	100%
Ref	3245	3246	3247	3248

These rates are based upon data presented in the 2015-2020 experience study and were first used in the 2021 valuation.

Probabilities of Reduced Retirement for Members

Retirement Ages	% of Active Participants Retiring with Reduced Benefits			
	Education		Support	
	Male	Female	Male	Female
45	1.0%	1.0%	2.0%	3.0%
46	1.0%	1.0%	2.0%	3.0%
47	1.0%	1.0%	2.0%	3.0%
48	1.0%	1.0%	2.0%	3.0%
49	1.0%	1.0%	2.0%	3.0%
50	2.0%	2.0%	3.0%	4.0%
51	3.0%	2.0%	3.0%	4.0%
52	3.0%	3.0%	4.0%	4.0%
53	4.0%	4.0%	4.0%	4.0%
54	5.0%	4.0%	5.0%	4.0%
55	6.0%	5.0%	6.0%	4.0%
56	6.0%	5.0%	7.0%	6.0%
57	8.0%	5.0%	7.0%	6.0%
58	9.0%	6.0%	7.0%	6.0%
59	6.0%	6.0%	7.0%	6.0%
Ref	3249	3250	3251	3252

These rates are based upon data presented in the 2015-2020 experience study and were first used in the 2021 valuation.

Duration of T-DROP for Members

Present T-DROP members are assumed to remain in T-DROP according to the following table:

Entry Age	Assumed Duration Years
50-56	7
57	6
58	5
59+	4

Teachers Separations from Active Employment Before Age and Service Retirement

Sample Ages in 2021	Percent of Active Members Separating within the Next Year						
	Years of Service	Death *		Disability		Other	
		Male	Female	Male	Female	Male	Female
	0					17.00%	13.00%
	1					13.80%	11.30%
	2					11.30%	10.50%
	3					8.90%	8.30%
	4					6.30%	6.50%
25	5 & Up	0.03%	0.01%	0.02%	0.02%	5.80%	6.50%
30		0.05%	0.02%	0.02%	0.02%	4.20%	4.80%
35		0.07%	0.03%	0.02%	0.03%	2.90%	3.20%
40		0.09%	0.04%	0.04%	0.07%	2.00%	2.10%
45		0.10%	0.05%	0.13%	0.17%	1.70%	1.70%
50		0.14%	0.08%	0.31%	0.37%	1.60%	1.70%
55		0.21%	0.13%	0.61%	0.63%	1.60%	1.70%
60		0.33%	0.20%	0.82%	0.89%	1.50%	1.60%
65	0.48%	0.28%	0.82%	0.89%	1.20%	1.30%	
Ref:						1364	1365
		2723 x 1.00	2724 x 1.00	1217 x 1	1218 x 1	1574	1575

* Rates and life expectancies in future years are determined by the MP-2020 projection scale.

Support Employees Separations from Active Employment Before Age and Service Retirement

Sample Ages in 2021	Percent of Active Members Separating within the Next Year						
	Years of Service	Death *		Disability		Other	
		Male	Female	Male	Female	Male	Female
	0					54.50%	48.50%
	1					29.90%	27.20%
	2					19.80%	19.00%
	3					15.50%	15.30%
	4					12.00%	12.80%
25	5 & Up	0.03%	0.01%	0.02%	0.01%	10.60%	9.90%
30		0.05%	0.02%	0.05%	0.03%	7.80%	7.00%
35		0.07%	0.03%	0.10%	0.04%	5.70%	5.10%
40		0.09%	0.04%	0.13%	0.08%	4.40%	4.30%
45		0.10%	0.05%	0.21%	0.16%	3.70%	4.00%
50		0.14%	0.08%	0.45%	0.33%	3.50%	3.90%
55		0.21%	0.13%	0.88%	0.61%	3.50%	3.70%
60	0.33%	0.20%	1.36%	0.79%	3.40%	3.20%	
65	0.48%	0.28%	1.36%	0.79%	2.70%	2.50%	
Ref:						1366	1367
		2723 x 1.00	2724 x 1.00	1219 x 1	1220 x 1	1576	1577

* Rates and life expectancies in future years are determined by the MP-2020 projection scale.

Individual Pay Increases

Education			
Service	Pay Increase Assumptions for an Individual Member		
	Merit & Seniority	Base (Economic)	Increase Next Year
1	2.50%	2.75%	5.25%
2	2.20%	2.75%	4.95%
3	1.90%	2.75%	4.65%
4	1.80%	2.75%	4.55%
5	1.70%	2.75%	4.45%
6	1.60%	2.75%	4.35%
7	1.50%	2.75%	4.25%
8	1.40%	2.75%	4.15%
9	1.30%	2.75%	4.05%
10	1.25%	2.75%	4.00%
11	1.20%	2.75%	3.95%
12	1.15%	2.75%	3.90%
13	1.10%	2.75%	3.85%
14	1.05%	2.75%	3.80%
15	1.00%	2.75%	3.75%
16	0.95%	2.75%	3.70%
17	0.85%	2.75%	3.60%
18	0.75%	2.75%	3.50%
19	0.65%	2.75%	3.40%
20	0.55%	2.75%	3.30%
21	0.50%	2.75%	3.25%
22	0.45%	2.75%	3.20%
23	0.40%	2.75%	3.15%
24	0.30%	2.75%	3.05%
25	0.20%	2.75%	2.95%
26	0.15%	2.75%	2.90%
27	0.10%	2.75%	2.85%
28	0.25%	2.75%	3.00%
29+	0.00%	2.75%	2.75%
Ref:	931		

Support			
Service	Pay Increase Assumptions for an Individual Member		
	Merit & Seniority	Base (Economic)	Increase Next Year
1	3.00%	2.75%	5.75%
2	2.60%	2.75%	5.35%
3	1.60%	2.75%	4.35%
4	1.45%	2.75%	4.20%
5	1.35%	2.75%	4.10%
6	1.25%	2.75%	4.00%
7	1.20%	2.75%	3.95%
8	1.15%	2.75%	3.90%
9	1.10%	2.75%	3.85%
10	1.05%	2.75%	3.80%
11	1.00%	2.75%	3.75%
12	0.95%	2.75%	3.70%
13	0.90%	2.75%	3.65%
14	0.80%	2.75%	3.55%
15	0.75%	2.75%	3.50%
16	0.70%	2.75%	3.45%
17	0.65%	2.75%	3.40%
18	0.60%	2.75%	3.35%
19	0.50%	2.75%	3.25%
20	0.45%	2.75%	3.20%
21	0.40%	2.75%	3.15%
22	0.35%	2.75%	3.10%
23	0.30%	2.75%	3.05%
24	0.25%	2.75%	3.00%
25	0.25%	2.75%	3.00%
26	0.25%	2.75%	3.00%
27	0.25%	2.75%	3.00%
28	0.40%	2.75%	3.15%
29+	0.00%	2.75%	2.75%
Ref:	932		

Miscellaneous and Technical Assumptions

June 30, 2021

Marriage Assumption:	100% of males and 100% of females are assumed to be married for purposes of death-in-service benefits. Male members are assumed to have a beneficiary three years younger and female members are assumed to have a beneficiary two years older.
Pay Increase Timing:	Beginning of (Fiscal) year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date.
Decrement Timing:	Decrements are assumed to occur mid-year, with the exception of normal and early retirement, which are assumed to occur at the beginning of the year. This implies that people who worked the entire school year are reported as active members even if they retired at the end of the year.
Eligibility Testing:	Eligibility for benefits is determined based upon the age nearest birthday and the service nearest whole year on the date of the valuation.
Decrement Relativity:	Decrement rates are used directly from the experience study, without adjustment for multiple decrement table effects.
Decrement Operation:	Disability does not operate during the first 5 years of service. Disability and turnover do not operate during retirement eligibility.
Normal Form of Benefit:	The assumed normal form of benefit is the straight life form.
Incidence of Contributions:	Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made. The payroll used for this purpose is payroll for all active members plus payroll for members in the T-DROP and retirees who returned to work.
Liability Adjustments:	The liability calculations assume that the non-contributory and contributory multipliers for the first ten years of service are at the standard rate at the time the service is earned.
Data Adjustments:	Members whose dates of birth were not supplied were assumed to be 40 years old on the valuation date. Members whose salaries were not supplied and that entered the T-DROP were assumed to have the group average pay of those with salary data as of the valuation that entered the T-DROP.

SECTION H

GLOSSARY

Glossary

Accrued Service. The service credited under the plan which was rendered before the date of the actuarial valuation.

Accumulated Benefit Obligation. The actuarial present value of vested and non-vested benefits based on service to date and past and current salary levels.

Actuarial Accrued Liability. The difference between (i) the actuarial present value of future plan benefits, and (ii) the actuarial present value of future normal cost. Sometimes referred to as “accrued liability” or “past service liability.”

Actuarial Assumptions. Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

Actuarial Cost Method. A mathematical budgeting procedure for allocating the dollar amount of the “actuarial present value of future plan benefits” between the actuarial present value of future normal cost and the actuarial accrued liability. Sometimes referred to as the “actuarial funding method.”

Actuarial Equivalent. A single amount or series of amounts of equal value to another single amount or series of amounts, computed on the basis of the rate(s) of interest and mortality tables used by the plan.

Actuarial Present Value. The amount of funds presently required to provide a payment or series of payments in the future. It is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.

Actuarial Present Value of Credited Projected Benefits or Pension Benefit Obligation. The present value of future benefits based on service to date and the effect projected salary increases.

Actuary. A person who is trained in the applications of probability and compound interest to solve problems in business and finance that involve payment of money in the future, contingent upon the occurrence of future events. Most actuaries in the United States are Members of the American Academy of Actuaries. The Society of Actuaries is an international research, education and membership organization for actuaries in the life and health insurance, employee benefits, and pension fields. It administers a series of examinations leading initially to Associateship and the designation A.S.A. and ultimately to Fellowship with the designation F.S.A. The federal government certifies actuaries to practice under ERISA with the designation of E.A.

Amortization. Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

Glossary

Experience Gain (Loss). A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, in accordance with the actuarial cost method being used.

Normal Cost. The annual cost assigned, under the actuarial funding method, to current and subsequent plan years. Sometimes referred to as “current service cost.” Any payment toward the unfunded actuarial accrued liability is not part of the normal cost.

Plan Termination Liability. The actuarial present value of future plan benefits based on the assumption that there will be no further accruals for future service and salary. The termination liability will generally be less than the liabilities computed on a “going concern” basis and is not normally determined in a routine actuarial valuation.

Reserve Account. An account used to indicate that funds have been set aside for a specific purpose and are not generally available for other uses.

Unfunded Actuarial Accrued Liability. The difference between the actuarial accrued liability and valuation assets. Sometimes referred to as “unfunded accrued liability.”

Valuation Assets. The value of current plan assets recognized for valuation purposes. Generally based on book value plus a portion of unrealized appreciation or depreciation.

Arkansas Teacher Retirement System

Annual Actuarial Valuation of Annuities Being Paid to
Retirees and Beneficiaries

June 30, 2021



OUTLINE OF CONTENTS

Report of Actuarial Valuation of ATRS Retired Lives

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December 20, 2021

Board of Trustees
Arkansas Teacher Retirement System
Little Rock, Arkansas

Dear Board Members:

Presented in this report are the results of the ***Annual Actuarial Valuation of annuities being paid to retirees and beneficiaries*** of the Arkansas Teacher Retirement System.

The date of the valuation was June 30, 2021 (using amounts payable as of July 1, 2021).

This report was prepared at the request of the Board and is intended for use by the Retirement System and those designated or approved by the Board. This report may be provided to parties other than the Retirement System only in its entirety and only with the permission of the Board. GRS is not responsible for unauthorized use of this report.

The valuation was based upon census data and financial information provided by the System's administrative staff. Preparation of this data requires considerable staff time. The helpful cooperation of the Arkansas Teacher Retirement System staff in furnishing the data is acknowledged with appreciation. We checked for internal and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the data provided by ATRS.

This report was prepared using certain assumptions approved by the Board. The actuarial assumptions used for valuation purposes are summarized in the Appendix. These assumptions reflect experience during the period July 1, 2015 to June 30, 2020 and expectations for the future.

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.

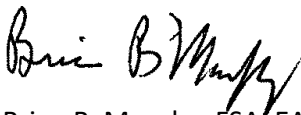
Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law. The scope of an actuarial valuation does not contain an analysis of the potential range of such future measurements.

This is one of multiple documents comprising the actuarial results. The other documents include the active and inactive valuation dated December 7, 2021, and the presentation dated December 6, 2021.

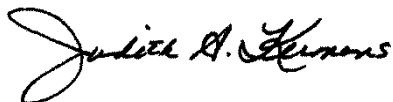
To the best of our knowledge, this report is complete and accurate and was made in accordance with standards of practice promulgated by the Actuarial Standards Board. The actuarial assumptions used for the valuation produce results which, individually and in the aggregate, are reasonable.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. Brian B. Murphy, Judith A. Kermans and Heidi G. Barry 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. The actuaries submitting this report are independent of the plan sponsor.

Respectfully submitted,
Gabriel, Roeder, Smith & Company



Brian B. Murphy, FSA, EA, FCA, MAAA, PhD



Judith A. Kermans, EA, FCA, MAAA



Heidi G. Barry, ASA, FCA, MAAA

BBM/JAK/HGB:sc



Comments

As expected, during the year ended June 30, 2021 the number of retired lives increased, as did the total amount being paid monthly to retired lives.

The financing diagram on page 7 shows the general pattern in which cash benefits increase (the green line). The schedule below shows how ATRS history illustrates the general pattern.

June 30	Retired Lives Receiving Benefits		
	No.	Annual Rates (Millions)	% of Active Payroll
1967	3,846	\$ 6.27	
1972	5,453	11.08	
1977	7,524	23.96	
1982	8,828	36.64	
1987	10,526	66.45	10.0%
1992	12,033	115.50	10.7%
1997	14,233	194.90	15.0%
1998	14,802	220.38	16.1%
1999	15,887	248.75	17.4%
2000	16,657	280.14	18.9%
2001	17,778	309.03	19.8%
2002	19,199	334.15	20.5%
2003	20,271	359.98	21.4%
2004	21,428	386.23	22.1%
2005	22,680	415.04	21.1%
2006	24,153	449.77	21.6%
2007	25,611	484.55	22.1%
2008	26,801	515.56	22.7%
2009	28,818	564.59	23.5%
2010	30,587	612.77	24.8%
2011	32,099	657.08	23.3%
2012	34,160	709.17	25.3%
2013	36,254	763.76	27.1%
2014	38,478	822.19	28.8%
2015	40,748	916.62	31.9%
2016	43,095	983.87	34.1%
2017	45,092	1,044.74	35.8%
2018	46,824	1,099.35	36.8%
2019	48,677	1,146.74	37.9%
2020	50,133	1,194.82	38.8%
2021	51,405	1,242.70	38.8%

A significant financial goal for the Teacher Retirement System was to reach a point in time where System assets fully covered the liabilities for future benefit payments to retirees and beneficiaries then on rolls. This goal was achieved in 1980 and retired life liabilities continue to be 100% funded.

Other Observations

General Implications of Contribution Allocation Procedure or Funding Policy on Future Expected Plan Contributions and Funded Status

Given the plan's contribution allocation procedure, if all actuarial assumptions are met (including the assumption of the plan earning 7.25% on the actuarial value of assets), it is expected that:

- 1) The unfunded actuarial accrued liabilities will be fully amortized after 33 years;
- 2) The funded status of the plan will increase gradually towards a 100% funded ratio; and
- 3) The unfunded accrued liability will increase for an extended period before beginning to decline.

Limitations of Funded Status Measurements

Unless otherwise indicated, a funded status measurement presented in this report is based upon the actuarial accrued liability and the actuarial value of assets. Unless otherwise indicated, with regard to any funded status measurements presented in this report:

- 1) The measurement is inappropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations, in other words of transferring the obligations to an unrelated third party in an arm's length market value type transaction.
- 2) The measurement is dependent upon the actuarial cost method which, in combination with the plan's amortization policy, affects the timing and amounts of future contributions. A funded status measurement in this report of 100% is not synonymous with no required future contributions. If the funded status were 100%, the plan would still require future normal cost contributions (i.e., contributions to cover the cost of the active membership accruing an additional year of service credit).
- 3) The measurement would produce a different result if the market value of assets were used instead of the actuarial value of assets, unless the market value of assets is used in the measurement.

Limitations of Project Scope

Actuarial standards do not require the actuary to evaluate the ability of the plan sponsor or other contributing entity to make required contributions to the plan when due. Such an evaluation was not within the scope of this project and is not within the actuary's domain of expertise. Consequently, the actuary performed no such evaluation.

FINANCIAL PRINCIPLES

Annual Reserve Transfers

The annual accounting transfers listed below are recommended so that retired life accounts will be fully funded as of the valuation date.

Reserve Account	June 30, 2021 Balance Reported	Transfer Amount	June 30, 2021 Balance After Transfer
Retiree Accounts			
RRA	\$ 12,792,323,810	\$ 362,611,692	\$ 13,154,935,502
808 RRA	8,234,533	36,607	8,271,140
SBA	107,149,458	6,591,218	113,740,676
Total Retiree Accounts	12,907,707,801	369,239,517	13,276,947,318
EAA	(6,500,901,628)	(369,239,517)	(6,870,141,145)
Total	\$ 6,406,806,173	\$ -	\$ 6,406,806,173

Lump sum death benefits for retirees are paid from the Employer Accumulation Account and are not included in the figures shown in this report. The liabilities for lump sum death benefits for retirees are currently \$135.5 million.

Financial Principles and Operational Techniques

Promises Made and To Be Paid For. As each year is completed, the System in effect hands an “IOU” to each member then acquiring a year of service credit. The “IOU” says: “The Arkansas Teacher Retirement System owes you one year’s worth of retirement benefits, payments in cash commencing when you qualify for retirement.”

The related *key financial questions* are:

Which generation of taxpayers contributes the money to cover the IOU?

The present taxpayers, who receive the benefit of the member’s present year of service?

Or the future taxpayers, who happen to be in Arkansas at the time the IOU becomes a cash demand?

The financial objective of the ATRS is that this year’s taxpayers contribute the money to cover the IOUs being handed out this year so that **the employer contribution rate will remain approximately level from generation to generation** -- our children and our grandchildren will not have to contribute greater percents of pay than we contribute now. This objective was set forth in Act 793 of 1977.

(There are systems which have **a design for deferring contributions to future taxpayers**, lured by a lower contribution rate now and putting aside the fact that the contribution rate must then relentlessly grow much greater over decades of time -- consume now, and let your children face higher contribution rates after you retire.)

An inevitable byproduct of the level-cost design is the accumulation of reserve assets for decades and the income produced when the assets are invested. **Investment income** becomes the **third and largest contributor** for benefits to employees, and is interlocked with the contribution amounts required from employees and employers.

Translated to actuarial terminology, this level-cost objective means that the contribution rates must total at least the following:

Normal Cost (the cost of members’ service being rendered this year)

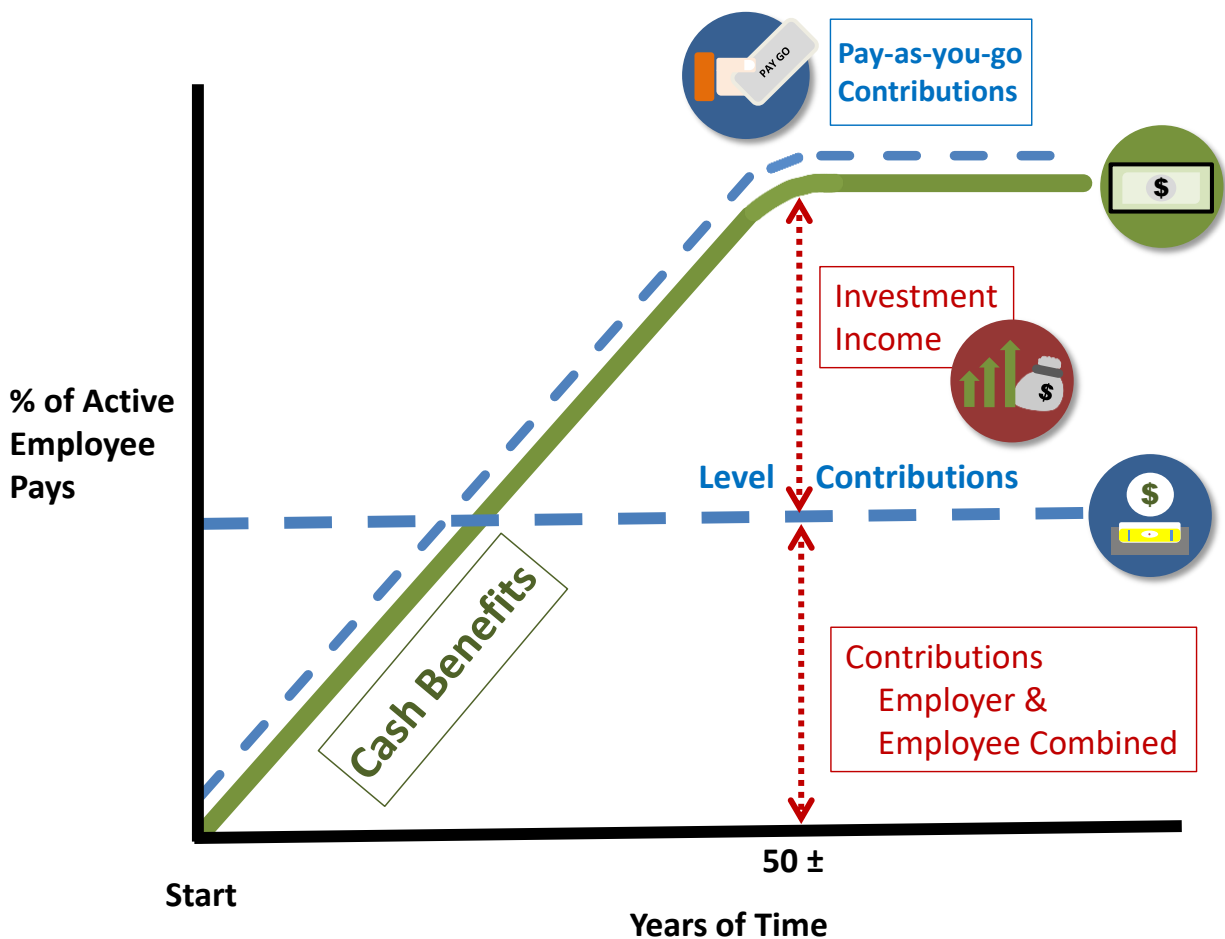
... plus ...

Interest on Unfunded Actuarial Accrued Liabilities (unfunded accrued liabilities are the difference between (i) liabilities for service already rendered and (ii) the accrued assets of the plan).

Computing Contributions to Support System Benefits. From a given schedule of benefits and from the employee data and asset data furnished, the actuary determines the contribution rates to support the benefits, by means of **an actuarial valuation**. An actuarial valuation has a number of ingredients such as: the rate of investment income which plan assets will earn; the rates of withdrawal of active members who leave covered employment before qualifying for any monthly benefit; the rates of mortality; the rates of disability; the rates of pay increases; and the assumed age or ages at actual retirement. In an actuarial valuation, assumptions must be made as to what the above rates will be, for the next year and for decades in the future. Only the subsequent actual experience of the System can indicate the degree of accuracy of the assumptions.

Reconciling Differences Between Assumed Experience and Actual Experience. Once actual experience has occurred and been observed, it will not coincide exactly with assumed experience, regardless of the accuracy of the assumptions or the skill of the actuary and the precision of the calculations made. The future can be predicted with considerable but not complete precision. ATRS copes with these continually changing differences by having annual actuarial valuations. Each actuarial valuation is a complete recalculation of assumed future experience, taking into account all past differences between assumed and actual experience. The result is continual adjustments in financial position.





CASH BENEFITS LINE. This relentlessly increasing line is the fundamental reality of retirement plan financing. It happens each time a new benefit is added for future retirements (and happens regardless of the design for contributing for benefits).

LEVEL CONTRIBUTION LINE. Determining the level contribution line requires detailed assumptions concerning a variety of experiences in future decades, including:

- **Economic Risk Areas**
 - Rates of investment return
 - Rates of pay increase
 - Changes in active member group size
- **Non-Economic Risk Areas**
 - Ages at actual retirement
 - Rates of mortality
 - Rates of withdrawal of active members (turnover)
 - Rates of disability

The Actuarial Valuation Process

The financing diagram on the preceding page shows the relationship between the two fundamentally different philosophies of paying for retirement benefits: the method where contributions match cash benefit payments (or barely exceed cash benefit payments, as in the Federal Social Security program), and is thus an *increasing contribution method*; and the *level contribution method* which equalizes contributions between the generations.

The actuarial valuation is the mathematical process by which the level contribution rate is determined, and the flow of activity constituting the valuation may be summarized as follows:

A. **Census data**, furnished by plan administrator

Retired lives now receiving benefits
Former employees with vested benefits not yet payable
Active employees

B. + **Asset data** (cash & investments), furnished by plan administrator

C. + **Benefit provisions** that establish eligibility and amounts of payments to members

D. + **Assumptions concerning future financial experience in various risk areas**, which assumptions are established by the Board of Trustees after consulting with the actuary

E. + **The funding method** for employer contributions (the long-term planned pattern for employer contributions)

F. + **Mathematically combining the assumptions, the funding method, and the data**

G. = Determination of:

Plan financial position, and/or
New Employer Contribution Rate

Risks Associated with Measuring the Accrued Liability and Actuarially Determined Contribution

The determination of the accrued liability and the actuarially determined contribution requires the use of assumptions regarding future economic and demographic experience. Risk measures, as illustrated in this report, are intended to aid in the understanding of the effects of future experience differing from the assumptions used in the course of the actuarial valuation. Risk measures may also help with illustrating the potential volatility in the accrued liability and the actuarially determined contribution that result from the differences between actual experience and the actuarial assumptions.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions due to changing conditions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period, or additional cost or contribution requirements based on the Plan's funded status); and changes in plan provisions or applicable law. The scope of an actuarial valuation does not include an analysis of the potential range of such future measurements.

Examples of risk that may reasonably be anticipated to significantly affect the plan's future financial condition include:

1. **Investment Risk** – actual investment returns may differ from the expected returns;
2. **Asset/Liability Mismatch** – changes in asset values may not match changes in liabilities, thereby altering the gap between the accrued liability and assets and consequently altering the funded status and contribution requirements;
3. **Contribution Risk** – actual contributions may differ from expected future contributions. For example, actual contributions may not be made in accordance with the plan's funding policy or material changes may occur in the anticipated number of covered employees, covered payroll, or other relevant contribution base;
4. **Salary and Payroll Risk** – actual salaries and total payroll may differ from expected, resulting in actual future accrued liability and contributions differing from expected;
5. **Longevity Risk** – members may live longer or shorter than expected and receive pensions for a period of time other than assumed; and
6. **Other Demographic Risks** – members may terminate, retire or become disabled at times or with benefits other than assumed resulting in actual future accrued liability and contributions differing from expected.

The effects of certain trends in experience can generally be anticipated. For example, if the investment return since the most recent actuarial valuation is less (or more) than the assumed rate, the cost of the plan can be expected to increase (or decrease). Likewise, if longevity is improving (or worsening), increases (or decreases) in cost can be anticipated.

The timely receipt of the actuarially determined contributions is critical to support the financial health of the plan. Users of this report should be aware that contributions made at the actuarially determined rate do not necessarily guarantee benefit security.

Plan Maturity Measures

Risks facing a pension plan evolve over time. A young plan with virtually no investments and paying few benefits may experience little investment risk. An older plan with a large number of members in pay status and a significant trust may be much more exposed to investment risk. Generally accepted plan maturity measures are discussed below and on the following pages. An additional historical summary of plan maturity measures can be found on page D-11.

	2021	2020	2019	2018	2017
Ratio of the Market Value of Assets to Total Payroll	6.7	5.7	6.1	6.1	5.8
Ratio of Actuarial Accrued Liability to Payroll	7.5	7.6	7.5	7.3	7.2
Ratio of Actives to Retirees and Beneficiaries	1.4	1.4	1.5	1.5	1.6
Ratio of Net Cash Flow to Market Value of Assets	-3.2%	-3.9%	-3.6%	-3.5%	-3.4%
Duration of the Present Value of Future Benefits	14.02	13.83	13.82	13.86	13.88

Ratio of the Market Value of Assets to Payroll

The relationship between assets and payroll is a useful indicator of the potential volatility of contributions. The market value of assets is currently 6.7 times the payroll indicating that a return on assets 2% different from assumed would equal approximately 13% of payroll. Such a change could affect the amortization period by approximately eight years based on 2021 results. While asset smoothing would reduce the effect, asset gains and losses much larger than 2% are common. An increasing level of this maturity measure generally indicates an increasing volatility in the amortization period.

Ratio of Actuarial Accrued Liability to Payroll

As the ratio of actuarial accrued liability to payroll increases, the amortization period becomes increasingly sensitive to the effects of demographic gains and losses, and assumption changes. For example, a 1% demographic gain or loss would correspond to 7.5% of payroll and would affect the amortization period by four years based on the 2021 results.

Ratio of Actives to Retirees and Beneficiaries

A young plan with many active members and few retirees will have a high ratio of actives to retirees. A mature open plan may have close to the same number of actives to retirees resulting in a ratio near 1.0. A super-mature or closed plan may have significantly more retirees than actives resulting in a ratio below 1.0.

Ratio of Net Cash Flow to Market Value of Assets

A positive net cash flow means contributions exceed benefits and expenses. A negative cash flow means benefits and expenses exceed contributions, and existing funds may be used to make payments. A certain amount of negative net cash flow is generally expected to occur when benefits are prefunded through a qualified trust. Large negative net cash flows as a percent of assets may indicate a super-mature plan or a need for additional contributions.

Plan Maturity Measures (Concluded)

Duration of Present Value of Future Benefits

The modified duration of the present value of future benefits may be used to approximate the sensitivity to a 1% change in the assumed rate of return. For example, the current duration of 14.0 (which is based on a 7.25% discount rate) indicates that the present value of future benefits would increase approximately 14.0% if the assumed rate of return were lowered 1%. Such a change could affect the amortization period by 20 years or more.

Additional Risk Assessment

Additional risk assessment is outside the scope of the annual actuarial valuation. Additional assessment may include scenario tests, sensitivity tests, stochastic modeling, stress tests, and a comparison of the present value of accrued benefits at low-risk discount rates with the actuarial accrued liability.

Plan Maturity Measures (Based on Market Value of Assets)

Valuation Date	(1) Accrued Liabilities (AAL)	(2) Market Value of Assets	(3) Unfunded AAL (1)-(2)	(4) Valuation Payroll	(5) % Change in Payroll	(6) Funded Ratio (2)/(1)	(7) Annuitant Liabilities (AnnLiab)	(8) AnnLiab/AAL (7)/(1)	(9) Liability/Payroll (1)/(4)	(10) Assets/Payroll (2)/(4)	(11) Est. Portfolio Std. Dev.	(12) Std. Dev. % of Pay (10)x(11)	(13) Unfunded/Payroll (3)/(4)	(14) Net External Cash Flow (NECF)	(15) NECF/Assets (9)/(2)	(16) Portfolio Rate of Return	(17) 10-year Trailing Average
2012	\$ 16,139	\$ 11,484	\$ 4,655	\$ 2,803		71.2%	\$ 7,649	47.4%	575.8%	409.7%			166.1%	\$ (285)	-2.5%	-1.1%	6.6%
2013#	16,718	12,830	3,888	2,819	0.6%	76.7%	8,181	48.9%	593.0%	455.1%			137.9%	(337)	-2.6%	14.9%	8.0%
2014	17,310	14,856	2,454	2,851	1.1%	85.8%	8,777	50.7%	607.2%	521.1%			86.1%	(395)	-2.7%	19.2%	8.2%
2015	18,136	15,036	3,100	2,874	0.8%	82.9%	9,778	53.9%	631.0%	523.1%			107.9%	(445)	-3.0%	4.3%	7.7%
2016	18,812	14,559	4,253	2,888	0.5%	77.4%	10,430	55.4%	651.3%	504.0%			147.3%	(505)	-3.5%	0.2%	6.3%
2017#*	20,298	16,285	4,013	2,922	1.2%	80.2%	11,337	55.9%	694.7%	557.4%			137.3%	(556)	-3.4%	16.0%	6.0%
2018	20,935	17,493	3,442	2,986	2.2%	83.6%	11,851	56.6%	701.1%	585.8%	12.7%	77.3%	115.3%	(607)	-3.5%	11.4%	7.6%
2019	21,709	17,742	3,967	3,027	1.4%	81.7%	12,460	57.4%	717.2%	586.1%	12.5%	76.3%	131.1%	(642)	-3.6%	5.2%	10.4%
2020	22,352	16,902	5,450	3,078	1.7%	75.6%	12,890	57.7%	726.2%	549.1%	12.5%	71.5%	177.1%	(665)	-3.9%	-1.0%	8.8%
2021*	23,987	21,469	2,518	3,205	4.1%	89.5%	13,596	56.7%	748.4%	669.8%	13.8%	92.1%	78.6%	(677)	-3.2%	31.7%	9.6%

(*) ATRS had experience studies in these years leading to a change or "true up" in actuarial assumptions. A pattern of periodic studies is a sign of a well-run system and suggests the extent to which the liability measures the actuary provides are likely to be realistic.

(#) ATRS had benefit changes in these years. Benefit increases cause liabilities to rise; benefit decreases cause liabilities to fall. In either case benefit changes affect the year by year comparability of the measures on this page.

(6) The Funded ratio is the most widely known measure of a plan's financial strength, but the trend in the funded ratio is much more important than the absolute ratio. The funded ratio should trend to 100%. As it approaches 100%, it is important to re-evaluate the level of investment risk in the portfolio and potentially to re-evaluate the assumed rate of return.

(9) and (10) The ratios of liabilities and assets to payroll gives an indication of both maturity and volatility. Many systems have values between 500% and 700%. Values significantly above that range may indicate difficulty in supporting the benefit level as a level % of payroll.

(13) The ratio of unfunded liability to payroll gives an indication of the plan sponsor's ability to actually pay off the unfunded liability. A value above approximately 300% or 400% may indicate difficulty in discharging the unfunded liability within a reasonable time frame.

(14) and (15) The ratio of Net External Cash Flow to assets is an important measure of sustainability. Negative ratios are common and expected for a maturing system. In the longer term, this ratio should be on the order of approximately -4%. A ratio that is significantly more negative than that for an extended period could be a leading indicator of potential exhaustion of assets.

(16) and (17) Investment return is probably the largest single risk that most systems face. The year by year return and the 10-year geometric average give an indicator of the past performance of the investment program. Of course, past performance is not a guarantee of future results. Some of the trailing averaged are distorted by the extraordinary events of 2008.



BENEFIT PROVISIONS

Summary of Benefit Provisions

June 30, 2021

- 1. Post-Retirement Increases – A.C.A. §§ 24-7-713, 24-7-727 (compound COLA).** Each July 1, annuities are adjusted to be equal to the base annuity times 100% plus 3% for each full year in the period from the effective date of the base annuity to the current July 1. The base annuity is the amount of the member's annuity on the later of July 1, 2001 or the effective date of retirement. The July 1, 2009 cost of living adjustment for retirees was compounded. The annuity was set to 103% of the June 30, 2009 retirement benefit amount. After it was calculated on July 1, 2009, the base amount was reset to be the July 1, 2009 benefit amount. Future cost of living raises will be established by the new updated base amount. Future cost of living adjustments will be evaluated on an annual basis to determine if a simple or compound cost of living increase will be given, depending on the financial condition of the System.
- 2. Lump Sum Death Benefit – A.C.A. § 24-7-720.** Beneficiaries of deceased active members or retirees with 10 or more years of ATRS credited service are eligible to receive a lump sum death benefit of up to \$10,000. Resolution 2020-27 on September 28, 2021 set the minimum amount of the lump sum death benefit for all eligible members to six thousand six hundred sixty-seven dollars (\$6,667); retired members who retired on or before July 1, 2007 will receive an additional six hundred sixty-six dollars and sixty cents (\$666.60) for each contributory year of service credit up to the maximum amount of ten thousand dollars (\$10,000); and all other members will receive an additional three hundred thirty-three dollars and thirty cents (\$333.30) for each contributory year of service credit up to the maximum amount of ten thousand dollars (\$10,000).
- 3. Act 808 Retirement – A.C.A. § 24-4-732.** Any employee of a state agency who was an active member of the Arkansas Teacher Retirement System on April 8, 1987, and who qualified for retirement before January 1, 1988, could become a member of the Arkansas Public Employees Retirement System and retire from that system. All credited service was transferred to that system but the member's contributions were retained by the Arkansas Teacher Retirement System and the benefit amount is transferred monthly to the Arkansas Public Employees Retirement System. Each July 1, annuities are adjusted by 3% (compound escalator).
- 4. Act 793 Retirement – A.C.A. § 24-4-522.** Any employee who was a member of the rehabilitation services in 1977 was permitted to become a member of the Arkansas Public Employees Retirement System. Liabilities associated with prior service earned through June 30, 1978 remain in the Arkansas Teacher Retirement System. Future service is allocated to the Arkansas Public Employees Retirement System. Each July 1, annuities are adjusted by 3% (compound escalator).

Summary of Benefit Provisions

June 30, 2021

5. **Retiree Benefit Stipend – A.C.A. § 24-7-713.** Each retired member as of June 30, 2008, with 5 or more years of ATRS credited service receives a \$75 per month stipend. Members in T-DROP do not receive the \$75 per month stipend until actual retirement. For all members retiring on or after July 1, 2008, a minimum of 10 years of ATRS credited service is required to receive the \$75 per month stipend. The ATRS Board is allowed to set the stipend to a minimum of \$1 per month and a maximum of \$75 per month. By Board Resolution 2017-34 on November 13, 2017 the benefit stipend is removed from the base amount for all retirees and beneficiaries beginning in fiscal year 2019 and the benefit stipend will be reduced to \$50.00 for fiscal year 2020 and beyond. The Resolution contains a "hold harmless" provision that prevents the lowering of the stipend if it would actually reduce the total monthly benefit. This would only affect retirees when the COLA is less than \$25 per month.
6. **T-DROP Cash Balance Account.** Effective July 1, 2012, a T-DROP cash balance account was established that allows members exiting (retiring) from T-DROP to place all or a portion of their T-DROP proceeds into a Cash Balance Account (CBA) at ATRS. On November 13, 2017, by Resolution 2017-38 the Board set the CBA interest rate schedule based on years of participation as follows: 2.50% for year one, 2.75% for year two, 3.00% for year three, 3.25% for year four, 3.50% for year five, and 4.00% for year six and beyond. Each fiscal year, the Board can grant an incentive interest rate to encourage continued participation in the CBA program. For fiscal year 2021, the Board did not grant CBA participants an incentive rate.

7. **Optional Forms of Benefits – A.C.A. § 24-7-706:**

Option 1 (Straight Life Annuity)

A member will receive the maximum monthly benefit for which he/she qualifies, throughout his/her lifetime. No monthly benefits will be paid to his/her beneficiary after the member's death. Should a member die before he/she has drawn benefits in an amount equal to his/her contributions plus earned interest, the balance will be paid to a designated beneficiary. The designated beneficiary may be anyone chosen by the member.

Option A (100% Survivor Annuity)

Under this option a member will receive a reduced annuity throughout his/her lifetime. Upon the member's death, the designated beneficiary will receive the same annuity for the balance of his/her lifetime.

Option B (50% Survivor Annuity)

Under this option a member will receive a reduced annuity throughout his/her lifetime. Upon the member's death, the designated beneficiary will receive one-half (1/2) of this annuity for the balance of his/her lifetime.

Summary of Benefit Provisions

June 30, 2021

Option C (Annuity for Ten Years Certain and Life Thereafter)

A reduced monthly benefit payable for 120 months. After that time, or if the beneficiary dies prior to 120 months, a member's monthly allowance will revert to the amount he/she would have received under the regular plan and continue for life. If the member dies before receiving 120 payments, the designated beneficiary will receive a monthly benefit in the same amount until monthly benefits to both the member and the beneficiary equal 120 monthly payments. No further benefits are then payable to the beneficiary.

Pop-Up Election

Following the death of or a divorce from the member's designated beneficiary, his or her benefit reverts (pops-up) to the straight life annuity amount from the elected optional annuity amount. The member may then elect new beneficiaries in accordance with Arkansas Code and rules adopted by the ATRS board.

Option Factors are based upon a 5.0% interest rate and the RP-2014/MP2017 tables (static projection to 2022) adjusted with a 50% unisex mix.

Sample Benefit Computations for a Member Retiring July 1, 2021 with a Simple 3% COLA

Data for an example member is shown below.

Annual retirement benefit as of July 1, 2021 (excluding stipend): \$30,000

Projected benefits, taking into account increases after retirement would be:

Year Ended June 30	Annual Amount		\$ Increase
	Base	Current	
2022	\$30,000	\$30,000	\$ 0
2023	30,000	30,900	900
2024	30,000	31,800	900
2025	30,000	32,700	900
2026	30,000	33,600	900

Thereafter, the amount would increase by \$900 annually for life. Act 793 members and Act 808 members receive compound COLAs.

CHANGES IN PURCHASING POWER

Benefit Changes During Recent Years of Retirement & Related Changes in Purchasing Power (1990 \$)

Year Ended June 30	Increase Beginning of Year	Benefit Dollars in Year*	Inflation (Loss) in Year#	Purchasing Power at Year End	
				1990 \$	% of 1990
1990	\$ - - - -	\$ 11,000	- - - -	\$11,000	100%
1991	330	11,330	(4.7)%	10,822	98%
1992	1,005	12,335	(3.1)%	11,429	104%
1993	1,045	13,380	(3.0)%	12,036	109%
1994	1,082	14,462	(2.5)%	12,693	115%
1995	400	14,862	(3.0)%	12,660	115%
1996	400	15,262	(2.8)%	12,652	115%
1997	772	16,034	(2.3)%	12,993	118%
1998	481	16,515	(1.7)%	13,161	120%
1999	1,383	17,898	(2.0)%	13,989	127%
2000	1,129	19,027	(3.7)%	14,336	130%
2001	1,406	20,433	(3.2)%	14,911	136%
2002	807	21,240	(1.1)%	15,337	139%
2003	562	21,802	(2.1)%	15,417	140%
2004	562	22,364	(3.3)%	15,314	139%
2005	562	22,926	(2.5)%	15,312	139%
2006	562	23,488	(4.3)%	15,037	137%
2007	562	24,050	(2.7)%	14,994	136%
2008	562	24,612	(5.0)%	14,611	133%
2009	562	25,174	1.4 %	15,161	138%
2010	755	25,929	(1.1)%	15,453	140%
2011	778	26,707	(3.6)%	15,370	140%
2012	778	27,485	(1.7)%	15,558	141%
2013	778	28,263	(1.8)%	15,723	143%
2014	778	29,041	(2.1)%	15,828	144%
2015	778	29,819	(0.1)%	16,232	148%
2016	778	30,597	(1.0)%	16,491	150%
2017	778	31,375	(1.6)%	16,638	151%
2018	778	32,153	(2.9)%	16,575	151%
2019	751	32,904	(1.6)%	16,687	152%
2020+	451	33,355	(0.6)%	16,807	153%
2021	751	34,106	(5.4)%	16,306	148%
2022	751	34,857			

* The \$11,000 benefit used to begin this schedule is an arbitrary amount. A different beginning amount could show a different purchasing power amount, but the same in percent loss.

Based on Consumer Price Index, All Urban Consumers, United States City Average (June values).

+ The Retiree Benefit Stipend was reduced by \$300 in FY 2020.

Benefit Changes During Recent Years of Retirement & Related Changes in Purchasing Power (2000 \$)

Year Ended June 30	Increase Beginning of Year	Benefit Dollars in Year*	Inflation (Loss) in Year#	Purchasing Power at Year End	
				2000 \$	% of 2000
2000	\$ - - - -	\$ 11,600	- - - -	\$11,600	100%
2001	1,003	12,603	(3.2)%	12,207	105%
2002	523	13,126	(1.1)%	12,579	108%
2003	372	13,498	(2.1)%	12,668	109%
2004	372	13,870	(3.3)%	12,605	109%
2005	372	14,242	(2.5)%	12,624	109%
2006	372	14,614	(4.3)%	12,417	107%
2007	372	14,986	(2.7)%	12,400	107%
2008	372	15,358	(5.0)%	12,100	104%
2009	372	15,730	1.4 %	12,573	108%
2010	472	16,202	(1.1)%	12,815	110%
2011	486	16,688	(3.6)%	12,746	110%
2012	486	17,174	(1.7)%	12,902	111%
2013	486	17,660	(1.8)%	13,039	112%
2014	486	18,146	(2.1)%	13,125	113%
2015	486	18,632	(0.1)%	13,460	116%
2016	486	19,118	(1.0)%	13,675	118%
2017	486	19,604	(1.6)%	13,797	119%
2018	486	20,090	(2.9)%	13,745	118%
2019	459	20,549	(1.6)%	13,831	119%
2020+	159	20,708	(0.6)%	13,848	119%
2021	459	21,167	(5.4)%	13,431	116%
2022	459	21,626			

* The \$11,600 benefit used to begin this schedule is an arbitrary amount. A different beginning amount could show a different purchasing power amount, but the same in percent loss.

Based on Consumer Price Index, All Urban Consumers, United States City Average (June values).

+ The Retiree Benefit Stipend was reduced by \$300 in FY 2020.

Benefit Changes During Recent Years of Retirement & Related Changes in Purchasing Power (2010 \$)

Year Ended June 30	Increase Beginning of Year	Benefit Dollars in Year*	Inflation (Loss) in Year#	Purchasing Power at Year End	
				2010 \$	% of 2010
2010	\$ ----	\$ 11,900	----	\$11,900	100%
2011	357	12,257	(3.6)%	11,836	99%
2012	357	12,614	(1.7)%	11,981	101%
2013	357	12,971	(1.8)%	12,108	102%
2014	357	13,328	(2.1)%	12,188	102%
2015	357	13,685	(0.1)%	12,499	105%
2016	357	14,042	(1.0)%	12,699	107%
2017	357	14,399	(1.6)%	12,812	108%
2018	357	14,756	(2.9)%	12,764	107%
2019	330	15,086	(1.6)%	12,837	108%
2020+	30	15,116	(0.6)%	12,780	107%
2021	330	15,446	(5.4)%	12,391	104%
2022	330	15,776			

* The \$11,900 benefit used to begin this schedule is an arbitrary amount. A different beginning amount could show a different purchasing power amount, but the same in percent loss.

Based on Consumer Price Index, All Urban Consumers, United States City Average (June values).

+ The Retiree Benefit Stipend was reduced by \$300 in FY 2020.

VALUATION DATA

Summary of Annuities Being Paid Retirees and Beneficiaries July 1, 2021 by Disbursing Account and Gender

Disbursing Account	Men		Women		Totals	
	No.	Annual Annuities	No.	Annual Annuities	No.	Annual Annuities
RETIREMENT RESERVE ACCOUNT						
Age & Service Annuities						
Retirees	10,226	\$278,125,449	35,886	\$871,455,807	46,112	\$1,149,581,256
Beneficiaries	415	8,906,870	935	22,176,646	1,350	31,083,516
Totals	10,641	287,032,319	36,821	893,632,453	47,462	1,180,664,772
Disability						
Retirees	521	8,013,293	2,192	33,529,420	2,713	41,542,713
Beneficiaries	140	2,213,919	135	2,490,285	275	4,704,204
Totals	661	10,227,212	2,327	36,019,705	2,988	46,246,917
Act 793	78	1,138,187	70	567,582	148	1,705,769
Retirement Reserve Account	11,380	298,397,718	39,218	930,219,740	50,598	1,228,617,458
Act 808 Retirement Reserve Account	21	1,391,649	14	575,521	35	1,967,170
Total Retirement Reserve Account	11,401	299,789,367	39,232	930,795,261	50,633	1,230,584,628
SURVIVOR'S BENEFIT ACCOUNT						
Beneficiaries of Deceased Members	378	5,607,426	394	6,509,310	772	12,116,736
RETIREMENT SYSTEM TOTALS						
Total Annuities Being Paid	11,779	\$305,396,793	39,626	\$937,304,571	51,405	\$1,242,701,364
Prior Year Totals	11,638	\$298,145,470	38,495	\$896,678,738	50,133	\$1,194,824,208
Average Age	71.8		71.5		71.6	

Summary of Annuities Being Paid Retirees and Beneficiaries July 1, 2021 by Disbursing Account and Source of Financing

Disbursing Account	Annual Annuities		Total	
	Employee Financed	Employer Financed	No.	Annual Annuities
RETIREMENT RESERVE ACCOUNT				
Age & Service Annuities				
Retirees	\$ 69,580,628	\$ 1,080,000,628	46,112	\$ 1,149,581,256
Beneficiaries	371,027	30,712,489	1,350	31,083,516
Totals	69,951,655	1,110,713,117	47,462	1,180,664,772
Disability				
Retirees	1,518,134	40,024,579	2,713	41,542,713
Beneficiaries	151,578	4,552,626	275	4,704,204
Totals	1,669,712	44,577,205	2,988	46,246,917
Act 793	116,975	1,588,794	148	1,705,769
Retirement Reserve Account	71,738,342	1,156,879,116	50,598	1,228,617,458
Act 808 Retirement Reserve Account	80,909	1,886,261	35	1,967,170
Total Retirement Reserve Account	71,819,251	1,158,765,377	50,633	1,230,584,628
SURVIVOR'S BENEFIT ACCOUNT				
Beneficiaries of Deceased Members	422,158	11,694,578	772	12,116,736
RETIREMENT SYSTEM TOTALS				
Total Annuities Being Paid	\$ 72,241,409	\$ 1,170,459,955	51,405	\$ 1,242,701,364
Prior Year Totals	\$ 74,061,025	\$ 1,120,763,183	50,133	\$ 1,194,824,208

Annuities Being Paid Retirees and Beneficiaries July 1, 2021 by Type of Annuity Being Paid

Type of Annuity	No.	Annual Amounts		
		Original Annuities	Base Annuities	Current Annuities
RETIREMENT RESERVE ACCOUNT				
Age & Service				
Option 1 (Basic single life)	37,197	\$ 588,039,746	\$ 678,166,594	\$ 895,617,301
Option A (Joint & 100% Survivor)	5,496	94,100,473	107,247,830	142,278,648
Option B (Joint & 50% Survivor)	2,721	61,843,674	72,976,243	96,904,931
Option C (10-year certain)	698	11,719,768	11,934,629	14,780,376
Beneficiaries	1,350	24,797,107	22,613,757	31,083,516
Totals	47,462	780,500,768	892,939,053	1,180,664,772
Disability				
Option 1	2,276	23,984,086	25,976,748	34,610,036
Option A	354	3,948,962	3,982,055	5,224,971
Option B	83	1,226,303	1,301,706	1,707,706
Option C	0	-	-	-
Beneficiaries	275	3,288,753	3,363,074	4,704,204
Totals	2,988	32,448,104	34,623,583	46,246,917
Act 793	148	829,238	1,705,769	1,705,769
Retirement Reserve Account	50,598	813,778,110	929,268,405	1,228,617,458
Act 808 Retirement Reserve Account	35	652,515	1,967,170	1,967,170
Total Retirement Reserve Account	50,633	814,430,625	931,235,575	1,230,584,628
SURVIVOR'S BENEFIT ACCOUNT				
Beneficiaries of Deceased Members	772	8,457,997	9,371,680	12,116,736
RETIREMENT SYSTEM TOTALS				
Total Annuities Being Paid	51,405	\$ 822,888,622	\$ 940,607,255	\$ 1,242,701,364

The Original Annuity is the annuity at the date of retirement (includes stipend).

The Base Annuity is the amount from which the 3.0% COLA is calculated.

The Current Annuity is the annuity payable at July 1, 2021 including the COLA granted on July 1.



**Annuities Being Paid July 1, 2021
from the Retirement Reserve Account to
AGE AND SERVICE Retirees and Beneficiaries
by Attained Ages**

Attained Age	Annual Amounts			
	No.	Original Annuities	Base Annuities	Current Annuities
Under 40	11	\$ 221,731	\$ 195,091	\$ 252,107
40-44	5	81,412	75,538	89,878
45-49	29	564,703	541,154	589,377
50-54	293	7,751,486	7,554,048	8,338,405
55-59	1,353	36,218,578	36,208,065	42,977,396
60-64	6,600	125,875,589	128,575,031	157,702,501
65-69	11,891	207,538,980	221,183,358	283,001,993
70-74	12,433	204,422,044	232,684,635	315,292,209
75-79	7,464	108,978,649	134,367,751	187,535,557
80-84	4,239	54,383,263	74,067,464	104,132,896
85-89	2,100	24,394,665	37,540,817	52,762,923
90-94	828	8,313,935	15,658,498	21,981,754
95 & Up	216	1,755,733	4,287,603	6,007,776
Totals	47,462	\$780,500,768	\$892,939,053	\$1,180,664,772
Avg. Age	71.6			

Amounts in the Original Annuities column include the original \$900 Retiree Benefit Stipend. Amounts in the Base Annuities column exclude this amount for purposes of determining the COLA. Amounts in the Current Annuities column include the current \$600 Retiree Benefit Stipend.

**Annuities Being Paid July 1, 2021
from the Retirement Reserve Account to
DISABILITY Retirees and Beneficiaries by Attained Ages**

Attained Age	Annual Amounts			
	No.	Original Annuities	Base Annuities	Current Annuities
Under 40	11	\$ 91,522	\$ 85,309	\$ 100,479
40-44	33	355,465	335,120	389,415
45-49	97	1,091,447	1,031,580	1,201,741
50-54	202	2,742,276	2,600,010	3,093,608
55-59	452	5,244,127	4,986,675	6,121,706
60-64	613	6,766,531	6,451,446	8,368,640
65-69	576	6,132,559	6,180,178	8,587,511
70-74	508	5,266,771	5,997,819	8,526,794
75-79	305	3,111,711	4,029,561	5,720,571
80-84	116	1,190,154	1,841,949	2,601,365
85-89	47	327,413	676,884	958,647
90-94	20	93,762	292,296	413,842
95 & Up	8	34,366	114,756	162,598
Totals	2,988	\$32,448,104	\$34,623,583	\$46,246,917
Avg. Age	65.4			

Amounts in the Original Annuities column include the original \$900 Retiree Benefit Stipend. Amounts in the Base Annuities column exclude this amount for purposes of determining the COLA. Amounts in the Current Annuities column include the current \$600 Retiree Benefit Stipend.

**Annuities Being Paid July 1, 2021
from the Retirement Reserve Account to
ACT 793 Retirees and Beneficiaries by Attained Ages**

Attained Age	Annual Amounts		
	No.	Original Annuities	Current Annuities
Under 40	-	\$ -	\$ -
40-44	-	-	-
45-49	-	-	-
50-54	-	-	-
55-59	-	-	-
60-64	1	314	410
65-69	15	38,393	65,949
70-74	41	186,465	335,567
75-79	37	239,989	490,717
80-84	29	190,834	377,298
85-89	17	115,154	278,581
90-94	8	58,089	157,247
95 & Up	-	-	-
Totals	148	\$829,238	\$1,705,769
Avg. Age	77.6		

Base annuities are equal to current annuities since the COLA is compound.

**Annuities Being Paid July 1, 2021
from the Retirement Reserve Account to
SURVIVOR BENEFICIARIES by Attained Ages**

Attained Age	Annual Amounts			
	No.	Original Annuities	Base Annuities	Current Annuities
Under 40	196	\$1,708,165	\$1,695,298	\$ 1,921,814
40-44	3	27,040	28,390	34,709
45-49	7	68,178	68,216	81,018
50-54	28	328,894	322,961	391,334
55-59	40	555,566	533,412	651,309
60-64	96	1,299,416	1,266,800	1,590,418
65-69	122	1,491,855	1,523,017	1,999,912
70-74	121	1,474,895	1,675,426	2,267,837
75-79	70	848,370	1,071,168	1,495,289
80-84	55	433,845	681,988	968,686
85-89	23	172,252	357,504	504,573
90-94	9	47,721	139,676	197,429
95 & Up	2	1,800	7,824	12,408
Totals	772	\$8,457,997	\$9,371,680	\$12,116,736
Avg. Age	55.9			

Amounts in the Original Annuities column include the original \$900 Retiree Benefit Stipend. Amounts in the Base Annuities column exclude this amount for purposes of determining the COLA. Amounts in the Current Annuities column include the current \$600 Retiree Benefit Stipend.

**Annuities Being Paid July 1, 2021
from the Act 808 Retirement Reserve Account to
ACT 808 Retirees and Beneficiaries by Attained Ages**

Attained Age	Annual Amounts		
	No.	Original Annuities	Current Annuities
Under 40	-	\$ -	\$ -
40-44	-	-	-
45-49	-	-	-
50-54	-	-	-
55-59	-	-	-
60-64	-	-	-
65-69	-	-	-
70-74	-	-	-
75-79	-	-	-
80-84	3	41,788	134,302
85-89	15	294,938	933,964
90-94	13	247,028	723,474
95 & Up	4	68,761	175,430
Totals	35	\$652,515	\$1,967,170
Avg. Age	89.7		

Base annuities are the same as current annuities since the COLA is compound.

Retiree and Beneficiary Data as of June 30

Year	Estimated Number		Total Retirees*	Annual Allowances (Millions)	% Increase in Annual Allowances@	Average Annual Allowances
	Added	Removed				
1991	489	253	11,890	\$ 104.60	12.8%	\$ 8,797
1992	455	312	12,033	115.50	10.4%	9,599
1993	589	316	12,306	129.71	12.3%	10,540
1994	846	512	12,640	141.87	9.4%	11,224
1995	908	342	13,206	156.59	10.4%	11,857
1996	1,107	654	13,659	170.59	8.9%	12,489
1997	1,049	475	14,233	194.90	14.3%	13,694
1998	809	240	14,802	220.38	13.1%	14,888
1999	1,582	497	15,887	248.75	12.9%	15,658
2000	1,249	479	16,657	280.14	12.6%	16,818
2001	1,571	450	17,778	309.03	10.3%	17,383
2002	1,989	568	19,199	334.15	8.1%	17,404
2003	1,621	549	20,271	359.98	7.7%	17,758
2004	1,685	528	21,428	386.23	7.3%	18,025
2005	1,822	570	22,680	415.04	7.5%	18,300
2006	1,958	485	24,153	449.77	8.4%	18,622
2007	2,017	559	25,611	484.55	7.7%	18,920
2008	1,703	513	26,801	515.56	6.4%	19,237
2009	2,721	704	28,818	564.59	9.5%	19,591
2010	2,588	819	30,587	612.77	8.5%	20,034
2011	2,394	882	32,099	657.08	7.2%	20,470
2012	2,932	871	34,160	709.17	7.9%	20,760
2013	3,039	945	36,254	763.76	7.7%	21,067
2014	3,156	932	38,478	822.19	7.7%	21,368
2015	3,326	1,056	40,748	916.62	11.5%	22,495
2016	3,272	925	43,095	983.87	7.3%	22,830
2017	2,996	999	45,092	1,044.74	6.2%	23,169
2018	2,927	1,195	46,824	1,099.35	5.2%	23,478
2019	2,849	996	48,677	1,146.74	4.3%	23,558
2020	2,811	1,355	50,133	1,194.82	4.2%	23,833
2021	2,852	1,580	51,405	1,242.70	4.0%	24,175

* T-DROP participants are classified as active members for purposes of the valuation and are not included in this schedule.

@ Upon actual retirement, T-DROP account balances maybe paid in the form of an additional annuity – a “T-DROP Annuity.” Annual annuities shown include T-DROP annuities beginning in 2015.

REPORTED ASSETS

Reported Assets

The assets of the Retirement System, as of June 30, 2021, were reported to your actuary to be \$21,468,772,872. This amount, reduced by a funding value adjustment of \$2,125,902,360 this year, is used to finance the Retirement System liability.

Accounts	Assets at June 30	
	2021	2020
Regular Accounts		
Members' Deposit Accounts		
Contributions	\$ 1,517,838,030	\$ 1,427,360,668
Interest	12,934,857,979	8,609,929,516
Total	14,452,696,009	10,037,290,184
T-DROP Member Deposit Accounts		
Contributions	25,976,011	27,540,642
Interest	21,070,652	24,666,395
Total	47,046,663	52,207,037
Cash Balance Account	183,336,816	158,330,186
Employer's Accumulation Account	(6,500,901,628)	(6,237,130,081)
Retirement Reserve Account	12,792,323,810	12,379,405,139
Act 808 Retirement Reserve Account	8,234,533	9,635,773
T-Lump Payable	369,188,176	390,184,585
Survivors Benefit Account	107,149,458	102,904,403
Total Regular Accounts	21,459,073,837	16,892,827,226
Other Accounts		
Income Expense Account	9,699,035	9,248,998
Other Special Reserves	-	-
Miscellaneous	-	-
Total Other Accounts	9,699,035	9,248,998
Total Market Value of Assets	21,468,772,872	16,902,076,224
Funding Value Adjustment	(2,125,902,360)	1,105,178,919
Funding Value of Assets	\$19,342,870,512	\$18,007,255,143

VALUATION RESULTS

Liabilities for Annuities Being Paid July 1, 2021 Tabulated by Type of Annuity Being Paid

Type of Annuity	Liabilities July 1, 2021		
	Men	Women	Totals
RETIREMENT RESERVE ACCOUNT			
Age & Service Annuities			
Option 1 (Straight Life)	\$ 1,577,276,471	\$ 7,647,982,065	\$ 9,225,258,536
Option A (100% Joint & Survivor)	881,066,645	976,625,754	1,857,692,399
Option B (50% Joint & Survivor)	425,013,911	697,646,384	1,122,660,295
Option C (10 Years Certain & Life)	36,656,466	153,777,849	190,434,315
Beneficiaries	71,554,433	189,753,279	261,307,712
Total Age & Service	2,991,567,926	9,665,785,331	12,657,353,257
Disability Annuities			
Option 1	51,658,476	292,860,793	344,519,269
Option A	27,089,049	46,351,357	73,440,406
Option B	6,238,078	13,625,120	19,863,198
Option C	-	-	-
Beneficiaries	21,725,560	24,655,196	46,380,756
Total Disability	106,711,163	377,492,466	484,203,629
Act 793	8,286,259	5,092,357	13,378,616
Retirement Reserve Account	3,106,565,348	10,048,370,154	13,154,935,502
Act 808 Retirement Reserve Account	6,096,496	2,174,644	8,271,140
Total Retirement Reserve Account	3,112,661,844	10,050,544,798	13,163,206,642
SURVIVORS' BENEFIT ACCOUNT			
Beneficiaries of Deceased Members	51,861,492	61,879,184	113,740,676
RETIREMENT SYSTEM TOTALS			
Total Annuity Liabilities	3,164,523,336	10,112,423,982	13,276,947,318
Cash Benefit Account Liabilities			183,336,816
Liabilities for Lump Sum Death Benefits			135,452,349
Total	\$ 3,164,523,336	\$ 10,112,423,982	\$ 13,595,736,483

Retirement Reserve Account

Comparative Statement of Annuities, Accrued Liabilities and Assets (\$ Millions)

Valuation Date June 30	Annual Annuities Being Paid			Average	Computed Liabilities	Applicable Assets	Unfunded Retired Life Liabilities	Ratio of Assets to Liabilities
	No.	Amount	% Incr.					
1980*#	8,001	\$ 30.10	3.5%	\$ 3,761	\$ 280.70	\$ 280.7	none	100.0%
1985*+	9,331	51.49	13.6%	5,518	479.9	479.9	none	100.0%
1990	11,054	87.84	7.2%	7,946	847.7	847.7	none	100.0%
1995	12,622	150.45	10.8%	11,920	1,428.6	1,428.6	none	100.0%
2000* ##	16,172	275.65	14.6%	17,045	2,828.8	2,828.8	none	100.0%
2005	22,147	409.42	7.5%	18,486	4,148.1	4,148.1	none	100.0%
2006	23,606	443.98	8.4%	18,808	4,483.4	4,483.4	none	100.0%
2007	25,038	478.30	7.7%	19,103	4,816.4	4,816.4	none	100.0%
2008	26,258	509.29	6.5%	19,396	5,391.3	5,391.3	none	100.0%
2009	28,228	557.83	9.5%	19,762	5,891.9	5,891.9	none	100.0%
2010	29,969	605.55	8.6%	20,206	6,358.0	6,358.0	none	100.0%
2011^	31,498	649.47	7.3%	20,619	6,972.6	6,972.6	none	100.0%
2012	33,533	701.09	7.9%	20,907	7,481.0	7,481.0	none	100.0%
2013	35,622	755.26	7.7%	21,202	8,004.8	8,004.8	none	100.0%
2014	37,824	813.33	7.7%	21,503	8,561.9	8,561.9	none	100.0%
2015@	40,070	907.09	11.5%	22,638	9,515.7	9,515.7	none	100.0%
2016	42,395	973.78	7.4%	22,969	10,157.2	10,157.2	none	100.0%
2017* ^	44,394	1,034.17	6.2%	23,295	11,026.4	11,026.4	none	100.0%
2018	46,108	1,088.30	5.2%	23,603	11,515.7	11,515.7	none	100.0%
2019	47,979	1,137.79	4.5%	23,714	12,094.6	12,094.6	none	100.0%
2020	49,365	1,182.98	4.0%	23,964	12,494.4	12,494.4	none	100.0%
2021^	50,633	1,230.58	4.0%	24,304	13,163.2	13,163.2	none	100.0%

* After plan amendments.

After change in interest assumption from 6.0% to 7.0%, change in post-retirement adjustments from 1.5% to 3.0% and recommended reserve transfer.

+ After redetermination of base, retroactive application of new minimum benefit formula and reserve transfers.

Includes Act 808 and Act 793 retirees beginning in 2000.

^ After changes in assumptions.

@ Upon actual retirement, T-DROP account balances maybe paid in the form of an additional annuity – a “T-DROP Annuity.” Annual annuities shown include T-DROP annuities beginning in 2015.



Survivors' Benefit Account Accrued Liabilities and Assets Comparative Statement

Valuation Date June 30	Annual Annuities Being Paid		Computed Liabilities	Applicable Assets	Unfunded Accrued Liabilities	Ratio of Assets to Liabilities
	No.	Amount				
1980*#	393	\$ 772,631	\$ 7,042,644	\$ 7,042,644	none	100.0%
1985*+	421	1,240,399	12,411,800	12,411,800	none	100.0%
1990	424	1,830,743	18,117,244	18,117,244	none	100.0%
1995	416	2,723,940	26,220,218	26,220,218	none	100.0%
2000*	485	4,487,519	43,701,138	43,701,138	none	100.0%
2005	533	5,619,675	56,257,745	56,257,745	none	100.0%
2006	547	5,791,974	57,605,939	57,605,939	none	100.0%
2007	573	6,250,603	63,481,565	63,481,565	none	100.0%
2008	543	6,269,551	66,496,539	66,496,539	none	100.0%
2009	590	6,761,034	70,857,161	70,857,161	none	100.0%
2010	618	7,224,585	75,108,334	75,108,334	none	100.0%
2011^	601	7,605,212	81,150,385	81,150,385	none	100.0%
2012	627	8,081,913	84,930,745	84,930,745	none	100.0%
2013	632	8,491,667	88,139,802	88,139,802	none	100.0%
2014	654	8,861,734	89,793,996	89,793,996	none	100.0%
2015	678	9,530,889	95,272,795	95,272,795	none	100.0%
2016	700	10,084,359	98,960,258	98,960,258	none	100.0%
2017* ^	698	10,574,602	104,668,995	104,668,995	none	100.0%
2018	716	11,042,074	107,043,067	107,043,067	none	100.0%
2019	741	11,313,962	106,306,434	106,306,434	none	100.0%
2020	768	11,843,667	108,528,929	108,528,929	none	100.0%
2021^	772	12,116,736	113,740,676	113,740,676	none	100.0%

* Includes plan amendments.

After change in interest assumption from 6.0% to 7.0%, change in post-retirement adjustments from 1.5% to 3.0% and recommended reserve transfer.

+ After redetermination of base annuity, retroactive application of new minimum benefit formula and recommended reserve transfer.

^ After changes in assumptions.

Annual Allowances of Retired Lives by Year of Retirement as of June 30, 2021

Calendar Year of Retirement	No.	Annual Amount Being Paid			Average
		Original	Total Increase	Current	
2021*	579	\$ 7,414,368	\$ 419,453	\$ 7,833,821	\$13,530
2020	2,731	46,309,695	6,305,253	52,614,948	19,266
2019	2,766	44,636,752	7,750,899	52,387,651	18,940
2018	2,767	45,838,937	9,077,072	54,916,009	19,847
2017	2,769	45,500,337	11,534,064	57,034,401	20,597
2016	2,829	46,293,497	13,397,478	59,690,975	21,100
2015	3,028	49,587,742	16,116,114	65,703,856	21,699
2014	2,973	50,048,891	17,835,286	67,884,177	22,834
2013	2,714	45,820,061	18,444,948	64,265,009	23,679
2012	2,650	43,125,895	18,978,891	62,104,786	23,436
2011	2,384	39,169,084	18,307,761	57,476,845	24,109
2010	2,032	33,307,592	17,811,337	51,118,929	25,157
2009	2,092	34,777,208	19,703,877	54,481,085	26,043
2008	2,004	31,714,534	17,879,815	49,594,349	24,748
2007	1,855	29,225,174	16,830,738	46,055,912	24,828
2006	1,633	26,221,105	16,598,079	42,819,184	26,221
2005	1,622	26,240,795	18,706,583	44,947,378	27,711
2004	1,428	22,114,613	15,450,756	37,565,369	26,306
2003	1,268	19,375,182	14,319,949	33,695,131	26,573
2002	1,231	19,363,961	14,589,184	33,953,145	27,582
2001	1,199	17,298,735	13,232,393	30,531,128	25,464
2000	1,048	16,877,138	13,999,757	30,876,895	29,463
1999	879	13,031,171	12,068,158	25,099,329	28,554
1998	843	11,925,887	11,568,647	23,494,534	27,870
1997	639	10,122,909	10,836,250	20,959,159	32,800
1996	498	8,256,359	9,004,304	17,260,663	34,660
1995	534	8,638,797	9,756,168	18,394,965	34,448
1994	516	8,438,239	10,479,454	18,917,693	36,662
1993	377	6,194,465	8,229,618	14,424,083	38,260
1992	235	3,093,038	4,536,302	7,629,340	32,465
1991	175	2,014,015	3,120,866	5,134,881	29,342
1990	196	2,056,228	3,755,391	5,811,619	29,651
1989	187	2,058,902	3,971,279	6,030,181	32,247
1988	175	1,937,955	3,895,045	5,833,000	33,331
1987	167	1,831,875	4,077,234	5,909,109	35,384
Before 1986	382	3,027,486	7,224,339	10,251,825	26,837
TOTAL	51,405	\$822,888,622	\$419,812,742	\$1,242,701,364	\$24,175

* Reporting for calendar year 2021 is not yet complete. The July 1st retirees are not included in the schedule.



APPENDIX

APPENDIX

Single Life Retirement Values Based on PubG-2010 Mortality Amount-Weighted Tables Adjusted Using MP-2020 Projection Scale & 7.25% Interest

Sample Attained Ages in 2021*	Present Value of \$1.00 Monthly for Life		Present Value of \$1 Monthly for Life Increasing 3.0% Annually		Future Life Expectancy (Years)		Percent Dying within Next Year	
	Men	Women	Men	Women	Men	Women	Men	Women
40	\$155.44	\$157.82	\$206.14	\$210.65	45.18	48.21	0.09 %	0.04 %
45	151.33	154.38	198.31	203.87	39.95	42.93	0.12 %	0.07 %
50	145.92	149.83	188.53	195.32	34.84	37.75	0.29 %	0.22 %
55	139.31	144.33	176.98	185.25	29.97	32.80	0.44 %	0.31 %
60	130.92	137.08	163.07	172.69	25.28	27.97	0.67 %	0.43 %
65	120.49	127.56	146.69	157.22	20.84	23.28	0.97 %	0.62 %
70	107.50	115.32	127.57	138.61	16.63	18.79	1.50 %	1.00 %
75	92.00	100.24	106.17	117.19	12.76	14.59	2.54 %	1.78 %
80	74.80	83.03	83.88	94.27	9.35	10.84	4.58 %	3.30 %
85	57.79	65.11	63.06	71.83	6.59	7.70	8.40 %	6.24 %
Base	2705 x 1.05	2706 x 1.05	2705 x 1.05	2706 x 1.05				
Projection	964	965	964	965				

* Rates and life expectancies in future years are determined by the MP-2020 projection scale.

Age	Benefit Increasing 3.0% Yearly	Portion of Age 60 Lives Still Alive	
		Men	Women
60	\$100.00	100%	100%
65	115.00	96%	98%
70	130.00	91%	94%
75	145.00	84%	89%
80	160.00	73%	81%
Ref		2705 x 1.05	2706 x 1.05

The above chart is an illustration for a member who retires at age 60 in 2021.



December 20, 2021

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

Re: Report of the June 30, 2021 Actuarial Valuation of Retirees and Beneficiaries

Dear Mr. Rhoden:

Enclosed are 15 copies of this report. Please let us know if anything else is needed.

Sincerely,
Gabriel, Roeder, Smith & Company

A handwritten signature in black ink that reads "Judith A. Kermans". The signature is written in a cursive style with a large, flowing initial 'J'.

Judith A. Kermans, EA, FCA, MAAA

JAK:sc
Enclosures