

**OFFICE OF THE CITY MANAGER
LITTLE ROCK, ARKANSAS**

**BOARD OF DIRECTORS COMMUNICATION
OCTOBER 2, 2024 AGENDA**

<p>Subject:</p> <p>Authorization for the Arkansas Local Police and Fire Retirement System (LOPFI) to implement a \$200.00 per month benefit increase to all Little Rock Firemen’s Relief and Pension Fund Retiree and Survivor Accounts, excluding alternate payees under a Qualified Domestic Relations Order, effective January 1, 2025.</p> <p>Submitted By:</p> <p>City Manager’s Office</p>	<p>Action Required:</p> <p style="text-align: center;">√ Ordinance Resolution</p>	<p>Approved By:</p> <p style="text-align: center;">Emily Cox Acting City Manager</p>
<p>SYNOPSIS</p>	<p>Authorization for the Arkansas Local Police and Fire Retirement System (LOPFI) to implement a \$200.00 per month benefit increase to all Little Rock Firemen’s Relief and Pension Fund Retiree and Survivor Accounts, excluding alternate payees under a Qualified Domestic Relations Order, effective January 1, 2025.</p>	
<p>FISCAL IMPACT</p>	<p>Contributions to LOPFI to fully fund plan benefits, including the proposed benefit increase, must be fully satisfied within the remaining twenty (20)-year amortization period. Per the Supplemental Actuarial Valuation – Little Rock Fire prepared by Gabriel, Roeder, Smith & Company on September 27, 2024, with a study date as of December 31, 2023, the Actuarial Accrued Liabilities (AAL) for the plan will increase by \$4,725,963 from a base of \$84,787,708 to \$89,513,671. The Funding Value of Assets as of December 31, 2023, is \$43,310,105, resulting in an Unfunded Actuarial Accrued Liability of \$46,203,566, which includes the proposed benefit increase. Staff anticipates that the recurring dedicated pension revenue streams are sufficient to satisfy the required annual contributions to LOPFI within the prescribed amortization period. All of the dedicated revenues are contributed to the pension plan annually to fund the annual benefit payments and toward retirement of the unfunded liability.</p>	

RECOMMENDATION

Approval of the ordinance.

BACKGROUND

The Review Committee appointed to study the various benefit increase amounts for members of the closed Firemen’s Relief and Pension Fund and their survivors met to evaluate the latest actuarial evaluation prepared by Osborne, Carreiro and Associates. The Committee included: Acting City Manager Emily Jordan Cox (chair); Chief Financial Officer Nicholas Sarpy; City Director Joan Adcock; and retired members of the Pension Fund. The Committee evaluated multiple Cost of Living Adjustment (COLA) options and monthly benefit increases and concluded that a monthly benefit increase amount of \$200.00 effective January 1, 2025, should be requested for all paid recipients and survivors, excluding alternate payees under a Qualified Domestic Relations Order. The proposed increase amount was submitted to the Arkansas Local Police and Fire Retirement System (LOPFI) System Actuarial Firm, Gabriel, Roeder, Smith & Company to determine the increase in funding required from the City to implement the benefit increase. The Little Rock Board of Directors must approve any benefit increase for 2025 by October 31, 2024.

Ordinance No. 21,639 (October 16, 2018), transferred administration of retirement coverage for eligible members of the Little Rock Firemen’s Relief and Pension Fund to LOPFI and authorized the City Manager to enter into an irrevocable agreement, using a twenty-five (25)-year closed amortization schedule. Included in the ordinance is a commitment to review and reconsider increases on a reoccurring three (3)-year basis until the conclusion of the closed twenty-five (25)-year amortization period (now twenty (20)-years). The recommendation presented is the result of the second review. The next review will take place in 2027 and will study calendar year 2026 for a possible increase effective January 1, 2028.