

Osborn, Carrelro & Associates, Inc.

ACTUARIES • CONSULTANTS • ANALYSTS

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November 5, 2009

Board of Trustees
Arkansas Fire and Police Pension Review Board
620 West Third Street
Suite 200
Little Rock, AR 72201

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RE: Actuarial Fees - Renewal for 2010 and 2011

Ladies and Gentlemen:

This year we will complete our tenth two-year cycle as your actuary.

We would like to continue as the actuaries for the Pension Review Board for the next two years.

We can perform the same services as during the last twenty years. The amounts we received for the last twenty years, and the amount I propose for 2010 and 2011 are shown on the attachment.

We are asking for a cost-of-living increase in the charge per valuation and in the retainer amounts. We are not asking for an increase in the Maximum for the actuarial valuations since we have not reached this the last two cycles and are not projected to do so this next year.

The premium tax allocation continues to take more time than budgeted. We are asking for a \$5,000 increase in the amount for this project to a total of \$29,000.

The cost for benefit increases and other types of calculations will remain the same for the next two years. There is an increase for cash flow valuations since these tend to include a meeting. There are some items that have only arisen about once a year. This category is special calculations for a particular plan, such as, purchase of service credit, QDROs, transfer of service to another plan, etc. We propose to charge the particular plan \$200 for each special calculation letter. We would also reserve the right to bill more in extraordinary circumstances (e.g., if we were subpoenaed in a divorce case).

Please let me know if you have any questions or comments. I look forward to discussing this with you at your convenience.

Sincerely,



Steve Osborn, F.S.A.
Actuary

Arkansas Fire and Police Pension Review Board

Schedule of Professional Fees
Osborn, Carreiro & Associates, Inc.
with Proposed fees for 2010 and 2011

	<u>Actual 1990-91</u>	<u>Actual 1992-93</u>	<u>Actual 1994-95</u>	<u>Actual 1996-97</u>	<u>Actual 1998-99</u>	<u>Actual 2000-01</u>	<u>Actual 2002-03</u>	<u>Actual 2004-05</u>	<u>Actual 2006-07</u>	<u>Actual 2008-09</u>	<u>Proposed 2010-11</u>
Valuation Fees:											
Standard Plans	150	150	150	160	170	180	185	190	200	210	250
Non-standard Plans	300	300	300	320	340	360	370	380	400	420	450
Maximum fee for Valuations *	51,000	51,000	54,000	57,000	60,000	63,000	66,000	69,000	72,000	72,000	
Actual Valuation Fees								66,800	66,000	65,000 a	58,830
										59,000 b	53,650
Quarterly Retainer											
for even valuation year	1,000	1,000	1,000	1,050	1,100	1,150	1,200	1,300	1,350	1,400	1,500
for legislative year **	1,000	1,800	2,000	2,100	2,200	2,300	3,100	3,250	3,350	3,450	3,600
"Off" year Data Input	NA	NA	NA	NA	NA	3,000	***	***	***	***	***
Act 1197 of 1993 calculations	NA	NA	16,000	5,000	3,000	3,000	3,000	# ***	NA	NA	NA
Act 1452 of 1999 calculations	NA	NA	NA	NA	NA	1,200	NA	NA	NA	NA	NA
Premium Tax Allocation Report		NA	NA	NA	NA	10,800	11,300 & 13,500	14,000	21,000	24,000	29,000
<u>Special Calculations paid for by the local plans.</u>											
Benefit Increase Proposals											
Standard Plans											
Initial Request	400	400	400	400	400	400	400	400	400	400	400
"Random" Search	425	425	425	425	425	425	425	425	425	425	425
Non Standard Plans											
Initial Request	600	600	600	600	600	600	600	600	600	600	600
Additional Requests	300	300	300	300	300	300	300	300	300	300	300
"Random" Search					900	900	900	900	900	900	900
Cash Flow Valuations				1,750	1,750	1,900	2,000	2,000	2,200	2,200	2,400
Alternate Cash Flow Valuations								1,500	1,800	1,800	1,900
"Off" cycle valuation		400	400	400	400	400	400	400	400	400	400
Special Calculations (e.g. QDRO, purchase service credit)		150	150	150	150	150	150	150	150	200	200

* Charge for the entire two year period.

** The General Assembly meets in the second year.

*** Combined into the "off" year quarterly retainer.

Elimated for volunteers by Act 1370 of 2003.

a Actual amount for 2008 valuations

b Estimated amount for 2009 valuations