

# Osborn, Carreiro & Associates, Inc.

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September 15, 2020

Mr. David Clark, Executive Director  
Arkansas Fire and Police Pension Review Board  
620 West Third Street, Suite 200  
Little Rock, AR 72201

RE: City of Bryant Fire Pension Fund (Department 35)  
Estimated 2021 Premium Tax Allocation

We have estimated the base benefit calculations needed for the Premium Tax Allocation formula created by Act 979 of 2011 and PRB Board Rule 12. This letter will provide these estimates for the above referenced consolidated Local Plan. The premium tax estimates for LOPFI-only departments are NOT included in this letter.

Actual Benefits Valued 1/1/2020	\$11,760
Base Benefits Valued 1/1/2020	\$11,760
Actuarial Cost of Base Benefits	\$6,621
Estimated Premium Tax 2021 (30% of Actuarial Cost)	\$1,986
Estimated Additional Allocation 2020, <i>if eligible</i> (15% of Actuarial Cost)	\$993

2020 Employer Contributions for Additional Allocation 2021 Eligibility (80% of Actuarial Cost)	\$5,297
Adjusted 2019 Reported Employer Contributions*	\$1,163
Shortfall based on 2019 contributions	\$4,134
Expected Eligibility based on 2019 contributions	No

The premium tax formula allocates monies based on an Actuarial Cost derived from a Local Plan's Base Benefits (that is, 50% of Final Salary, minimum \$350 per month for paid members, and \$100 per month for volunteer members). Each Local Plan receives 30% of this calculated Actuarial Cost as Premium Tax. A Local Plan is also eligible for an Additional Allocation equal to 10% of this Actuarial Cost, provided that the Employer Contributions **other than Premium Tax** made by the location are equal to at least 80% of the Actuarial Cost. The contributions made during calendar year 2020 will determine eligibility for Additional Allocation for 2021. We have included last year's contributions and the estimated shortfall to become eligible for the Additional Allocation, if Employer Contributions were to remain level in 2020. All monies received as Additional Allocation are applied directly to the Local Plan unfunded liability.

As a reminder, these numbers constitute *estimates* and may vary materially from the actual premium tax allocation. In particular, an additional employer contribution equal to the shortfall estimate shown will **not guarantee** Additional Allocation eligibility in 2021. **Please note that the Additional Allocation may be proportionally reduced due to a shortfall in Premium Tax revenues. There was not a reduction in 2019 or 2020, but a reduction occurred in 2017 and 2018.**

*\*2019 Contribution Amount adjusted to reflect 2020 Premium Tax received and does not include employer contributions above the required amount. So the Shortfall shown reflects an estimate of the contributions above required employer contributions.*

**Bryant-2021 Premium Tax Letter**

1 message

**Lesley Weaver** <lweaver@lophi-prb.com>

Wed, Sep 16, 2020 at 1:28 PM

To: "clwinkler@cityofbryant.com" <clwinkler@cityofbryant.com>, "crue@cityofbryant.com" <crue@cityofbryant.com>, "jblack@cityofbryant.com" <jblack@cityofbryant.com>, "arunnells@cityofbryant.com" <arunnells@cityofbryant.com>, "ascott@cityofbryant.com" <ascott@cityofbryant.com>

To All Members of the Governing Body & Trustees of Locally Administered Local Plans -

The attached letter provides the estimated Premium Tax your Local Fire and/or Police Pension Fund (Local Plan) may receive when the 2021 Premium Tax distribution occurs (typically late June/early July). The letter also provides an amount labeled Additional Allocation that may be available if sufficient Employer Contributions are remitted to the Local Plan prior to December 31, 2020. Again, all amounts are estimates and could change depending, in part, on the total amount of Premium Tax collected by the State of Arkansas.

Please ensure a copy of this email and attached letter is promptly provided to each trustee (for Local Plans that have NOT consolidated) and all members of the Governing Body i.e. City Council or Board of Directors/Commissioners.

Should you have questions, please contact our office toll free at 866-859-1745.

Respectfully,

PRB Staff

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 **Bryant Fire 2021 PT.pdf**  
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