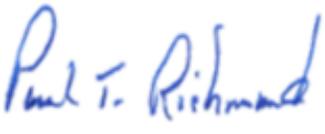


**2015 REGULAR SESSION
ACTUARIAL NOTE HB 39**

<p>House Bill 39 HLS 15RS-530 Engrossed 1 with Senate Retirement Committee Amendment #2059</p> <p>Author: Representative Tim Burns Date: May 22, 2015</p> <p>LLA Note HB 39.03</p> <p>Organizations Affected: Municipal Employees' Retirement System</p> <p>EG1 NO IMPACT APV</p>	<p>This Note has been prepared by the Actuarial Services Department of the Office of the Legislative Auditor. The attachment of this Note to HB 39 provides compliance with the requirements of R.S. 24:521</p> <div style="text-align: center;">  Paul T. Richmond, ASA, MAAA, EA Manager Actuarial Services </div>
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Bill Header: RETIREMENT/CONTRIBUTIONS: Provides relative to retirement contributions for employees of the city of Mandeville to the Municipal Employees' Retirement System.

Cost Summary:

The estimated actuarial and fiscal impact of the proposed legislative is summarized below. Actuarial costs pertain to changes in the *actuarial present value of future benefit payments*. A cost is denoted by "Increase" or a positive number. Savings are denoted by "Decrease" or a negative number.

Actuarial Cost to Retirement Systems	\$0
Total Five Year Fiscal Cost	
Expenditures	\$0
Revenues	\$0

Estimated Actuarial Impact:

The chart below shows the estimated change in the *actuarial present value of future benefit payments*, if any, attributable to the proposed legislation. A cost is denoted by "Increase" or a positive number. Savings are denoted by "Decrease" or a negative number. Present value costs associated with administration or other fiscal concerns are not included in these values.

<u>Actuarial Cost to:</u>	<u>Change in the Actuarial Present Value</u>
All Louisiana Public Retirement Systems	\$0
Other Post Retirement Benefits	\$0
Total	\$0

Estimated Fiscal Impact:

The chart below shows the estimated fiscal impact of the proposed legislation. This represents the effect on cash flows for the retirement systems and other government entities.. Fiscal costs include estimated administrative costs and costs associated with other fiscal concerns. A fiscal cost is denoted by "Increase" or a positive number. Actuarial or fiscal savings are denoted by "Decrease" or a negative number.

EXPENDITURES	2015-16	2016-17	2017-18	2018-19	2019-2020	5 Year Total
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Agy Self Generated	0	0	0	0	0	0
Stat Deds/Other	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
Local Funds	Increase	Increase	Increase	Increase	Increase	Increase
Annual Total	Increase	Increase	Increase	Increase	Increase	Increase

REVENUES	2015-16	2016-17	2017-18	2018-19	2019-2020	5 Year Total
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Agy Self Generated	0	0	0	0	0	0
Stat Deds/Other	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
Local Funds	0	0	0	0	0	0
Annual Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

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Bill Information:

Current Law

Under current law, the board of trustees for the Municipal Employees Retirement System (MERS) establishes employee contribution rates for employees participating in Plan A and Plan B. The rates so established must be within the following ranges:

1. For employees participating in Plan A – a rate that is not less than 9.5% or more than 10.0%.
2. For employees participating in Plan B – a rate that is not less than 5.0% or more than 6.0%.

Current law also provides that the following cities may make all or a portion of the employee's contributions: City of Monroe, City of Port Allen, City of Kenner, and the City of Slidell.

Proposed Law

HB 39 adds the City of Mandeville to the list of cities that may make all or a portion of the employee's contribution.

The payments authorized pursuant to HB 39 shall become effective 30 days after a favorable vote of the governing authority authorizing the use of additional public funds that would otherwise be deducted from employees' salaries.

Implications of the Proposed Changes

HB 39 will add the city of Mandeville to the list of cities participating in MERS that are authorized to pay the employee contributions on behalf of their employees.

Cost Analysis:

Analysis of Actuarial Costs

Retirement Systems

There are no actuarial costs associated with HB 39.

Other Post-Employment Benefits

There are no actuarial costs associated with HB 39 for post-employment benefits other than pensions.

Analysis of Fiscal Costs

HB 39 will have the following effects on fiscal costs during the five year measurement period.

Expenditures:

- Expenditures from the city of Mandeville (Local Funds) will increase to the extent of the city elects to make all or a portion of its employee's contributions.

Revenues:

- Revenues for MERS (Agy Self-Generated) will not change.

Actuarial Data, Methods and Assumptions

This actuarial note was prepared using actuarial data, methods, and assumptions as disclosed in the most recent actuarial valuation report adopted by PRSAC.

Actuarial Caveat

There is nothing in HB 39 that will compromise the signing actuary's ability to present an unbiased statement of actuarial opinion.

Actuarial Credentials:

Paul T. Richmond is actuary for the Louisiana Legislative Auditor. He is an Enrolled Actuary, a member of the American Academy of Actuaries, a member of the Society of Actuaries and has met the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinion contained herein.

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Dual Referral:

Senate

13.5.1: Annual Fiscal Cost \geq \$100,000

13.5.2: Annual Tax or Fee Change \geq \$500,000

House

6.8(F)(1): Annual Fiscal Cost \geq \$100,000

6.8(F)(2): Annual Revenue Reduction \geq \$100,000

6.8(G): Annual Tax or Fee Change \geq \$500,000