2020 REGULAR SESSION
ACTUARIAL NOTE HB 8

House Bill 8 HLS 20RS-18 **Engrossed with Senate Floor Amendment #1974 REVISED** **Author: Representative Bourriaque** **Date: May 28, 2020** **LLA Note HB 8.04** **Organizations Affected:** **Teachers' Retirement System of Louisiana** **EGF INCREASE APV**	**This Note has been prepared by the Actuarial Services Department of the Louisiana Legislative Auditor (LLA) with assistance from either the Fiscal Notes staff of the Legislative Auditor or staff of the Legislative Fiscal Office (LFO). The attachment of this Note provides compliance with the requirements of R.S. 24:521 as amended by Act 353 of the 2016 Regular Session.** **Lowell P. Good, ASA, EA, MAAA** **Actuarial Services Manager** **James J. Rizzo, ASA, EA, MAAA** **Senior Consultant & Actuary** **Gabriel, Roeder, Smith & Company**

Bill Header: RETIREMENT/TEACHERS: Provides relative to the rehire of retired teachers in the Teachers' Retirement System of Louisiana as substitute classroom teachers.

Cost Summary:

The estimated net actuarial and fiscal impact of this proposed legislation on the retirement systems and their plan sponsors is summarized below. Net actuarial costs pertain to estimated changes in the ***net actuarial present value of future benefit payments and administrative expenses incurred by the retirement system***. Net fiscal costs or savings pertain to changes to all cash flows over the next five year period including retirement system cash flows, OPEB cash flows, or cash flows related to local and state government entities.

An increase in actuarial costs is denoted throughout the actuarial note by "Increase" or a positive number. Actuarial savings are denoted by "Decrease" or a negative number. An increase in expenditures or revenues (fiscal impact) is denoted by "Increase" or a positive number. A decrease in expenditures or revenues is denoted by "Decrease" or a negative number.

Estimated Actuarial Impact:

The top part of the following chart shows the estimated change in the ***net actuarial present value of future benefit payments and expenses***, if any, attributable to the proposed legislation. The bottom part shows the effect on cash flows (i.e., contributions, benefit payments, and administrative expenses).

Net Actuarial Costs (Liabilities) Pertaining to:		**Net Actuarial Cost**
The Retirement Systems		Increase
Other Post-employment Benefits (OPEB)		Decrease
Total		Increase
Five Year Net Fiscal Cost Pertaining to:	**Expenditures**	**Revenues**
The Retirement Systems	Increase	Increase
Other Post-employment Benefits (OPEB)	Decrease	0
Local Government Entities	Increase	0
State Government Entities	0	0
Total	Increase	Increase

This bill complies with the Louisiana Constitution which requires unfunded liabilities created by an improvement in retirement benefits to be amortized over a period not to exceed ten years.

Bill Information

Current Law

Current law (R.S. 11:710) applies different benefit suspensions and reductions for different categories of rehires. Additionally, all reemployed retired teachers have their benefits suspended for the first year following retirement.

- If a retired teacher is reemployed as a *Reemployment-eligible retiree,* his full pension benefit is paid after that first year. The employee and his employer will make contributions to TRSL, but he will receive no additional service credit and will not accrue any additional retirement benefits. Upon termination of active service, he will, upon application, be refunded his employee contributions paid since reemployment. The refund will be without interest. TRSL will retain the employer contributions.
- If a retired teacher is not reemployed as a *Reemployment-eligible retiree,* but is reemployed in a *Reemployment-eligible position or a critical shortage position,* then his pension benefit will be reduced one dollar for each dollar he earns from employment that exceeds 25% of his pension benefit after that first year. The employee and his employer will make contributions to TRSL, but he will receive no additional service credit and will not accrue any additional retirement benefits. Upon termination of active service, he will, upon application, be refunded his employee contributions paid since reemployment. The refund will be without interest. TRSL will retain the employer contributions.
- If neither of the above categories apply, then his pension benefit is entirely suspended during reemployment. The employee and his employer will not make contributions to TRSL during such time, and he will receive no additional service credit and will not accrue any additional retirement benefits.

Proposed Law

HB 8 as amended by Senate Floor Amendment #1974 eliminates the different categories of rehires, treating all reemployed retirees the same way by enacting R.S. 11:710.1. HB 8 preserves the suspension of benefits during the first year following retirement; but then it offers a choice, to be made in writing and filed with the appropriate officer of the employer, between two options for the retired teachers who return to active service with an employer covered by TRSL on or after July 1, 2020:

- Option 1 – During the second and later years following retirement, the retirement benefits cease once the accumulated payments reach 25% of his final average compensation each year; both the employee and employer will make contributions to TRSL; the retiree will receive no additional service credit and will not accrue any additional retirement benefits in TRSL; employee contributions are refunded, without interest, upon termination of reemployment and TRSL will retain the employer contributions. Any retiree employed in a full-time position initially exercising Option 1 may prospectively exercise Option 2 any time prior to or after reaching 25% of his final average compensation, and all employee contributions made during reemployment and prior to the exercise of Option 2 will be refunded at that time. If a retiree has earned in excess of 25% of his final average compensation prior to exercising Option 2, after initially exercising Option 1, the employee contributions eligible for refund or the benefits payable to the retiree will be reduced by said amount.

- Option 2 – For any retiree employed in a full-time position, the retirement benefits are suspended and the reemployed retired teacher will become a member of TRSL; both the employee and employer will make contributions to TRSL; if the reemployed retired teacher works and contributes after reemployment, he will receive a supplemental benefit, payable ninety days after the date of termination of reemployment as certified by the employer, based on the service during such reemployment and based on the greater of his original final average compensation or his final average compensation since reemployment (certain restrictions apply, such as limiting the total benefit to 100% of his average final compensation); if the reemployed retired teacher does not work or contribute for at least thirty-six months, the supplement will be based on the final average compensation used to calculate the original retirement allowance. Upon regaining membership and subsequent retirement, if a retiree has any subsequent employment that is not full-time employment, he will be permitted to select Option 1 for such reemployment as well as full-time employment thereafter.

Any current rehired retiree who continues to be covered by the provisions of the current law may elect to be covered by the provisions of R.S. 11:710.1. Any retiree who makes an election to be covered by the provisions of R.S. 11:710.1 will no longer be covered by the provisions of the current law.

Any retired member who returns to active service with an employer covered by the provisions of R.S. 11:710.1 will have his benefit suspended for the duration of his period of reemployment if such reemployment is based on a contract or corporate contract. The retiree and his employer will not make contributions to TRSL during such time, and he will receive no additional service credit and will not accrue any additional retirement benefits.

If an employer covered by TRSL employs a retiree and fails to submit the monthly contributions report pursuant to R.S. 11:888(A), the retiree will be considered as returning to active service under the provisions of Option 1.

Implications of the Proposed Changes

Retired teachers who would have been reemployed as *Reemployment-eligible retirees* after the effective date will likely have a reduction in their pension benefits, since they will no longer be collecting their full retirement benefits during reemployment.

For retired teachers who would have been employed in a *Retirement-eligible position or critical shortage position*, and for retired teachers who would have had their pension benefits entirely suspended during reemployment, this change opens up reemployment opportunities, providing a higher cap on benefits, and allowing a reemployed retired teacher to suspend benefits and accrue supplemental benefits.

I. ACTUARIAL IMPACT ON RETIREMENT SYSTEMS AND OPEB [Completed by LLA]

A. Analysis of Net Actuarial Costs
(Prepared by LLA)

This section of the actuarial note pertains to net actuarial costs or savings associated with the retirement systems and with OPEB.

1. Retirement Systems

The net actuarial cost or savings of the proposed legislation associated with the retirement systems is estimated to be an increase in cost. Our analysis is summarized below:

HB 8 as amended by Senate Floor Amendment #1974 makes significant changes to the provisions for retired teachers who return to active service with an employer covered by TRSL on or after July 1, 2020 by enacting R.S. 11:710.1.

a. Retired teachers who would have been reemployed as *Reemployment-eligible retirees* will have a reduction in their pension benefits, since they will no longer be collecting their full retirement benefits during reemployment. This group is comprised of members retired on or before June 30, 2010, and retirees who hold advanced degrees in speech therapy, speech pathology, and audiology.

b. Retired teachers who would have been employed in a *Retirement-eligible position or critical shortage position* will likely have an increase in their pension benefits as compared to current law if they return under Option 1, though possibly a decrease in overall pension benefits if they return under Option 2. Among others, this group includes substitute classroom teachers, and those involved with adult education or literacy programs.
   - Under Option 1, retirement benefits will be capped at 25% of their **final average compensation** as compared to currently being capped at 25% of their **pension benefits**.
   - Under Option 2, retirement benefits will be suspended during the reemployment period; however, their pension benefits will be greater when they resume retirement.

c. Retired teachers who would have had their pension benefits entirely suspended during reemployment, will increase their total income (salary plus benefits) by becoming reemployed, but will potentially decrease their pension benefits as compared to current law.
   - Under Option 1, they will be able to receive benefits up to 25% of their final average compensation, however benefits in excess of that amount will not be paid.
   - Under Option 2, their retirement benefits will be suspended; however, their pension benefits will be greater when they resume retirement.

   Letting rehired teachers start in Option 1 and change to Option 2 may encourage more retired teachers who would have had their benefits entirely suspended (under present law) to seek reemployment.

When considering both options for all three categories,
- retired teachers who would have been reemployed as *Reemployment-eligible retirees* will receive lower pension benefits under HB 8, even though they have a new opportunity to accrue benefits under Option 2.
- retired teachers who would have been in *Retirement-eligible positions or critical shortage positions* will receive higher benefits under Option 1, but may receive net lower benefits over their lifetimes under Option 2 when the supplemental benefit is offset by the suspension.
- retired teachers who would have had their pension benefits entirely suspended during reemployment would likely not have returned to work and would have continued to receive their full benefits under present law. If they are reemployed under HB 8, then they could receive higher benefits under Option 1 or Option 2. However, they may receive net lower benefits over their lifetimes under Option 2 if the supplemental benefit is offset by the suspension.

The majority of the rehired teachers are expected to be retired teachers who would have been reemployed in a *Reemployment-eligible position or critical shortage position* and who would elect Option 1 under HB 8. For these rehired teachers, higher benefits are expected to be received. Partially offsetting this expected increase in benefits are the lower benefits expected to be received by the retired teachers who would have been reemployed as *Reemployment-eligible retirees* and by those who may receive lower benefits over their lifetimes under Option 2. The net actuarial present value of future benefits is therefore expected to increase with the enactment of HB 8 as amended.

2. Other Post-employment Benefits (OPEB)

The actuarial costs of HB 8 as amended associated with the state OPEB, including retiree health insurance premiums, are expected to decrease slightly. Our analysis is summarized below.

The total claims liability for post-retirement medical insurance subsidies provided to members by the OGB covering the affected teachers remains approximately the same regardless of whether a TRSL retiree is reemployed into active status or remains in retired status. The total costs are based on the present value of estimated claims and estimated claims will not change just because the member's status has changed from retiree to employee.

When a retired TRSL member returns to active employment with coverage for health insurance, he may no longer receive retiree health subsidies, but may be covered as an active employee again. Therefore, the OPEB costs and liabilities are decreased to reflect the time he will be expected to remain employed until his subsequent second retirement. This has a decreasing effect on the OPEB costs and liabilities. Many such retirees may not work enough hours to be re-classified as active employees again. For these employees, there would be no impact of HB 8, as amended, on the OPEB liability.

However, the portion of the expected claims or premiums paid by the employer on behalf of a retiree is eliminated, in exchange for the employer share borne by the employer on behalf of the substitute teacher as an active employee for those who work enough hours to be covered as such. There is no difference between the employer share for retirees with a full career of service as compared to an active employee. But for shorter service retirees, the employer subsidy for an active employee is larger than for a retiree, resulting in an increase in current costs to the employer. Most of OGB retirees are long service retirees receiving the full subsidy. Furthermore, it is not known whether greater or lesser subsidies are provided toward the payment of such claims or premiums to retirees as compared to active employees.

On balance, HB 8 as amended is expected to have a slight decreasing effect on OPEB costs and liabilities. The increase in net actuarial costs for the retirement benefits is larger than the decrease in OPEB costs, resulting in an overall net increase.

B. <u>Actuarial Data, Methods and Assumptions</u>
(Prepared by LLA)

Unless indicated otherwise, the actuarial note for the proposed legislation was prepared using actuarial data, methods, and assumptions as disclosed in the most recent actuarial valuation report adopted by the Public Retirement Systems' Actuarial Committee (PRSAC). The data, methods and assumptions are being used to provide consistency with the actuary for the retirement system who may also be providing testimony to the Senate and House retirement committees. With certain exceptions, the actuary for the LLA finds the assumptions used by the retirement systems and PRSAC to be reasonable.

C. Actuarial Caveat
(Prepared by LLA)

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

II. FISCAL IMPACT ON RETIREMENT SYSTEMS AND OPEB [Completed by LLA]

This section of the actuarial note pertains to fiscal (annual) costs or savings associated with the retirement systems (Table A) and with OPEB (Table B). Fiscal costs or savings in Table A include benefit-related actuarial costs and administrative costs incurred by the retirement systems.

A. Estimated Fiscal Impact – Retirement Systems
(Prepared by LLA)

1. Narrative

Table A shows the estimated fiscal impact of the proposed legislation on the retirement systems and the government entities that sponsor them. A fiscal cost is denoted by "Increase" or a positive number. Fiscal savings are denoted by "Decrease" or a negative number. A revenue increase is denoted by "Increase" or a positive number. A revenue decrease is denoted by "Decrease" or a negative number.

Retirement System Fiscal Cost: Table A

EXPENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	5 Year Total
State General Fund	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Agy Self Generated	Increase	Increase	Increase	Increase	Increase	Increase
Stat Deds/Other	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
Local Funds	0	Increase	Increase	Increase	Increase	Increase
Annual Total	Increase	Increase	Increase	Increase	Increase	Increase

REVENUES	2020-21	2021-22	2022-23	2023-24	2024-25	5 Year Total
State General Fund	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Agy Self Generated	0	Increase	Increase	Increase	Increase	Increase
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	Increase	Increase	Increase	Increase	Increase

All expenditures for employer contributions are reflected on a single line in the table above. The actual sources of funding (e.g., Federal Funds, State General Fund) may vary by employer and are not differentiated on the table.

The proposed legislation will have the following effects on retirement related fiscal costs and revenues during the five year measurement period.

2. Expenditures:

a. TRSL expenditures (Agy Self Generated) will increase under HB 8 because TRSL is expected to distribute more in benefits each year under HB 8 than it will under current law.

b. TRSL may incur administrative costs to make minor software modifications to existing computer programs to identify members that are rehired under this measure. These costs are negligible and are anticipated to be absorbed through the agency's existing budget.

c. Expenditures from Local Funds will increase under HB 8 because school districts will contribute more per year, on average, to TRSL with the enactment of HB 8 than would have been contributed under current law.

3. Revenues:

TRSL revenues (Agy Self Generated) will increase each year if HB 8 is enacted because school districts will contribute more per year to TRSL under HB 8 than they would have contributed under current law.

B. <u>Estimated Fiscal Impact – OPEB</u>
(Prepared by LLA)

1. Narrative

Table B shows the estimated fiscal impact of the proposed legislation on actuarial benefit and administrative costs or savings associated with OPEB and the government entities that sponsor these benefit programs. A fiscal cost is denoted by "Increase" or a positive number. Fiscal savings are denoted by "Decrease" or a negative number. A revenue increase is denoted by "Increase" or a positive number. A revenue decrease is denoted by "Decrease" or a negative number.

OPEB Fiscal Cost: Table B

EXPENDITURES	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**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	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease
Annual Total	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease

REVENUES	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**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

All expenditures for employer contributions are reflected on a single line in the table above. The actual sources of funding (e.g., Federal Funds, State General Fund) may vary by employer and are not differentiated on the table.

The proposed legislation will have the following effects on OPEB related fiscal costs and revenues during the five year measurement period.

2. Expenditures:

To the extent that TRSL retirees return to work, the retiree medical subsidies would be eliminated, having a decreasing effect on OPEB.

3. Revenues:

No measurable effects.

III. <u>FISCAL IMPACT ON LOCAL GOVERNMENT ENTITIES [Completed by LLA]</u>

This section of the actuarial note pertains to annual fiscal costs, cost savings, and revenue impacts incurred by local government entities other than those included in Tables A and B. See Table C.

<u>Estimated Fiscal Impact - Local Government Entities (other than the impact included in Tables A and B)</u>
(Prepared by Bradley Cryer, Director of Local Government Services)

1. Narrative

From time to time, legislation is proposed that has an indirect effect on expenditures and revenues associated with local government entities (other than the impact included in Tables A and B). Table C shows the estimated fiscal impact of the proposed legislation on such local government entities. A fiscal cost is denoted by "Increase" or a positive number. Fiscal savings are denoted by "Decrease" or a negative number. A revenue increase is denoted by "Increase" or a positive number. A revenue decrease is denoted by "Decrease" or a negative number.

Fiscal Costs for Local Government Entities: Table C

EXPENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	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

REVENUES	2020-21	2021-22	2022-23	2023-24	2024-25	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

The proposed legislation will have the following effects on fiscal costs and revenues related to local government entities during the five year measurement period.

2. Expenditures:

No measurable effects.

3. Revenues:

No measurable effects.

IV. FISCAL IMPACT ON STATE GOVERNMENT ENTITIES [Completed by LFO]

This section of the actuarial note pertains to annual fiscal costs, cost savings, and revenue impacts incurred by state government entities other than those included in Tables A and B. See Table D.

Estimated Fiscal Impact − State Government Entities (other than the impact included in Tables A and B)
(Prepared by John Carpenter, Legislative Fiscal Officer)

1. Narrative

Legislation may be proposed that has an indirect effect on expenditures and revenues associated with state government entities (other than the impact included in Tables A and B). Table D shows the estimated fiscal impact of the proposed legislation on such state government entities. A fiscal cost is denoted by “Increase” or a positive number. Fiscal savings are denoted by “Decrease” or a negative number. A revenue increase is denoted by “Increase” or a positive number. A revenue decrease is denoted by “Decrease” or a negative number.

Fiscal Costs for State Government Entities: Table D

EXPENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	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

REVENUES	2020-21	2021-22	2022-23	2023-24	2024-25	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

The proposed legislation will have the following effects on fiscal costs and revenues related to state government entities during the five year measurement period.

2. Expenditures:

   There is no anticipated direct material effect on governmental expenditures as a result of this measure.

3. Revenues:

   There is no anticipated direct material effect on governmental revenues as a result of this measure.

Credentials of the Signatory Staff:

Lowell P. Good is the Actuary for the Louisiana Legislative Auditor. He is an Enrolled Actuary, a member of the American Academy of Actuaries, an Associate 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.

James J. Rizzo is a Senior Consultant and Actuary with Gabriel, Roeder, Smith & Company, which currently serves as staff for the Actuarial Services Department of the Louisiana Legislative Auditor. He is an Enrolled Actuary, a member of the American Academy of Actuaries, an Associate 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.

Actuarial Disclosure: Risks Associated with Measuring Costs

This Actuarial Note is an actuarial communication, and is required to include certain disclosures in compliance with Actuarial Standards of Practice (ASOP) No. 51.

A full actuarial determination of the retirement system's costs, actuarially determined contributions and accrued liability require the use of assumptions regarding future economic and demographic events. The assumptions used to determine the retirement system's contribution requirement and accrued liability are summarized in the system's most recent Actuarial Valuation Report accepted by the respective retirement board and by the Public Retirement Systems' Actuarial Committee (PRSAC).

The actual emerging future experience, such as a retirement fund's future investment returns, may differ from the assumptions. To the extent that emerging future experience differs from the assumptions, the resulting shortfalls (or gains) must be recognized in future years by future taxpayers. Future actuarial measurements may also differ significantly from the current measurements due to other factors: changes in economic or demographic assumptions; 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 system's funded status); and changes in plan provisions or applicable law.

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 (assumptions);
2. 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;
3. Salary and Payroll risk – actual salaries and total payroll may differ from expected, resulting in actual future accrued liability and contributions differing from expected;
4. Longevity and life expectancy risk – members may live longer or shorter than expected and receive pensions for a period of time other than assumed;
5. 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 scope of an Actuarial Note prepared for the Louisiana Legislature does not include an analysis of the potential range of such future measurements or a quantitative measurement of the future risks of not achieving the assumptions. In certain circumstances, detailed or quantitative assessments of one or more of these risks as well as various plan maturity measures and historical actuarial measurements may be requested from the actuary. Additional risk assessments are generally outside the scope of an Actuarial Note. Additional assessments may include stress tests, scenario tests, sensitivity tests, stochastic modeling, and a comparison of the present value of accrued benefits at low-risk discount rates with the actuarial accrued liability.

However, the general cost-effects of emerging experience deviating from assumptions can be known. For example, the investment return since the most recent actuarial valuation may be less (or more) than the assumed rate, or a cost-of-living adjustment may be more (or less) than the assumed rate, or life expectancy may be improving (or worsening) compared to what is assumed. In each of these situations, the cost of the plan can be expected to increase (or decrease).

The use of reasonable assumptions and timely receipt of actuarially determined contributions are critical to support the financial health of the plan. However, employer contributions made at the actuarially determined rate do not necessarily guarantee benefit security.

2020 REGULAR SESSION
ACTUARIAL NOTE HB 8

Information Pertaining to Article (10)(29(F) of the Louisiana Constitution

[X] HB 8 contains a retirement system benefit provision having an actuarial cost.

Some members of the Teachers' Retirement System of Louisiana could receive a larger benefit with the enactment of HB 8 than what they would have received without HB 8.

Dual Referral Relative to Total Fiscal Costs or Total Cash Flows:

The information presented below is based on information contained in Tables A, B, C, and D for the first three years following the 2020 regular session.

Senate			House		
[ ]	13.5.1	Applies to Senate or House Instruments. If an annual fiscal cost ≥ $100,000, then bill is dual referred to: **Dual Referral: Senate Finance**	[ ]	6.8F	Applies to Senate or House Instruments. If an annual General Fund fiscal cost ≥ $100,000, then the bill is dual referred to: **Dual Referral to Appropriations**
[ ]	13.5.2	Applies to Senate or House Instruments. If an annual tax or fee change ≥ $500,000, then the bill is dual referred to: **Dual Referral: Revenue and Fiscal Affairs**	[ ]	6.8G	Applies to Senate Instruments only. If a net fee decrease occurs or if an increase in annual fees and taxes ≥ $500,000, then the bill is dual referred to: **Dual Referral: Ways and Means**