



**OFFICE OF LEGISLATIVE AUDITOR
2023 REGULAR SESSION
ACTUARIAL NOTE**

Senate Bill 18 SLS 23RS-15
Reengrossed
Author: Price and Cortez
LLA Note SB 18.03

Date: May 10, 2023
Organizations Affected: LASERS,
LSERS, LSPRS, TRSL
RE INCREASE FC SG RE

Bill Header: RETIREMENT SYSTEMS. Provides for benefit increases for retirees, beneficiaries, and survivors of state retirement systems and the funding therefor. (2/3-CA10s(29)(F)) (gov sig)

Purpose of Bill: This bill amends the method for funding and granting increases to retiree benefits (Permanent Benefit Increases or PBIs for LSERS, LSPRS, and TRSL and Cost-of-Living Adjustments or COLAs for LASERS) for the four State retirement systems. The bill provides for a period of transition from the current Experience Account, which relies on “excess” investment returns, to a PBI/COLA Account which relies on dedicated employer contributions. The bill also simplifies the determination of when a PBI or COLA may be granted.

Summary: The estimated net actuarial and fiscal impact of the proposed law is summarized below.

Actuarial and Plan Design Impacts Under current law, PBIs/COLAs are indirectly funded by transferring investment earnings into a special purpose account (the Experience Account or EA) in “good” years, i.e. when investment returns exceed certain statutory thresholds. These transfers result from market volatility, making them difficult to predict and obscuring the anticipated cost to employers (i.e. the impact on contribution rates). The volatility in funding also makes it difficult to predict both timing and amount of PBI/COLA payments.

Under the proposed law, a new special purpose account will be created (the PBI/COLA Account) for the sole purpose of funding PBIs/COLAs and rules will be established defining a direct employer contribution rate to this Account (the account funding contribution rate or AFC rate). This creates a clearly defined cost to the employer specifically for the purpose of funding PBIs/COLAs. A predictable funding source also makes the timing and amount of PBI/COLA payments more predictable.

Under certain market conditions, current law would provide greater upside potential by permitting more frequent PBIs/COLAs, within the legislative structure, at what appear to be lower contribution rates. However, this occurs partly due to the indirect nature of the funding mechanism. Under those same market conditions, PBIs/COLAs under the proposed law are not shown to increase in frequency; instead, those gains would contribute directly to the overall health of the retirement system. If future legislatures determine the design is not meeting desired policy goals, the simple, transparent design and direct funding mechanism under proposed law make adjusting both the contribution and benefit limits easier.

The expected change in the net actuarial present value of expected future benefits and administrative expenses incurred by the retirement systems from the proposed law is estimated to be a reduction¹, primarily because PBI/COLAs under the proposed law, while more predictable, are expected to be lower in value over the long term than under the current law. A more detailed explanation can be found in Section I: Actuarial Impact on Retirement Systems.

Net Fiscal Costs pertain to changes to all cash flows over the next five-year period including retirement system cash flows or cash flows related to local and state government entities. Fiscal costs to the state and local governments participating in the four state retirement systems for the next five fiscal years are expected to be higher under the proposed law because 1) 50% of any reduction in the employer contribution that might otherwise occur, up to a total of 2.5% of payroll, will be dedicated to the new COLA/PBI Account (the AFC rate) and 2) the current PBI/COLA structure will continue to run parallel to the new COLA/PBI Account over the near future. Therefore, employer contributions can only be expected to increase during the next five years under the proposed law, while the overall long-term employer contribution rates are not expected to change significantly. Note, the table below reflects the average expected effect on employer contributions because when the AFC rate(s) will be greater than 0%, and by how much, cannot be known with any certainty.

In the following table, expenditures and revenues include cash flows to or from the affected retirement system (e.g. administrative expenses incurred by, benefit payments from, or contributions to the retirement system) and do not include administrative expenditures and revenues specifically incurred by the state or local government entities associated with implementing the legislation. A more detailed explanation can be found in Section I: Actuarial Impact on Retirement Systems and Section II: Fiscal Impact on Retirement Systems.

| Five Year Net Fiscal Costs Pertaining to: | <u>Expenditures</u> | <u>Revenues</u> |
|--|-----------------------|-----------------------|
| The Retirement Systems | \$ 0 | \$ 176,500,000 |
| Local Government Entities | 147,700,000 | 0 |
| State Government Entities | <u>28,800,000</u> | <u>0</u> |
| Total | \$ 176,500,000 | \$ 176,500,000 |

In the following table, expenditures and revenues include administrative expenditures and revenues specifically incurred by the state or local government entities associated with implementing the legislation and do not include cash flows to or from the affected retirement system (i.e. contribution changes included in the above table). This information is provided by the LLA Local Government Services or the Legislative Fiscal Office. A more detailed explanation can be found in Sections III: Fiscal Impact on Local Government Entities and Section IV: Fiscal Impact on State Government Entities.

| Five Year Net Fiscal Costs Pertaining to: | <u>Expenditures</u> | <u>Revenues</u> |
|--|---------------------|-----------------|
| Local Government Entities | \$ 0 | \$ 0 |
| State Government Entities | <u>0</u> | <u>0</u> |
| Total | \$ 0 | \$ 0 |

¹ This is a different assessment from the actuarial cost requiring a 2/3rd vote (refer to the section near the end of this Actuarial Note “Information Pertaining to La. Const. Art. X, §29(F)”).

This Note has been prepared by the Actuary for 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.

Kenneth J. “Kenny” Herbold, ASA, EA, MAAA
Director of Actuarial Services
Louisiana Legislative Auditor

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I. ACTUARIAL IMPACT ON RETIREMENT SYSTEMS

This section of the actuarial note is intended to provide a brief outline of the changes in plan provisions and actuarial effect on key aspects of the affected retirement systems.

The expected change in the net actuarial present value of expected future benefits and administrative expenses incurred by the retirement systems from the proposed law is estimated to be a reduction², primarily because PBI/COLAs under the proposed law, while more predictable, are expected to be less frequent over the long term than under the current law.

Comparison of Plan Provisions

Under current law, PBIs/COLAs are funded via a special purpose account maintained within the respective retirement system trust, the Experience Account (EA). The transfers into the EA occur in “good” years, i.e. when investment returns meet certain statutory thresholds, and are therefore subject to the volatility of investment markets. The ability for a retirement system to request a PBI/COLA be granted is subject to the availability of sufficient funds as well as statutory timing and amount limitations (e.g. funded status, CPI, etc.). There is no clear connection between the transfers to the EA and the granting of a PBI/COLA, which obscures the anticipated cost to employers (i.e. the impact on contribution rates) and makes it more difficult for members to understand the likelihood of receiving a PBI/COLA (in both timing and amount).

Under the proposed law, a new PBI/COLA Account will be established for the sole purpose of funding PBIs/COLAs. Rules will be established defining a direct employer contribution rate (AFC rate), not to exceed 2.5%. The AFC rate will be phased in over time as the expected required employer contribution rate for funding current benefits is expected to decrease. However, for LASERS, LSERS, and TRSL, the AFC rate will be limited (even below the 2.5% cap) in years in which the total employer contribution rate would otherwise exceed a specified maximum rate. The proposed law will make additional changes to statutory timing and amount limitations for PBIs/COLAs paid out of the PBI/COLA Account. The proposed law creates a clearer connection between the contribution to the PBI/COLA Account and the benefits they are designed to fund.

Finally, the current structure will remain in place for a specified number of years, which differs by retirement system.

The following table provides a comparison of key provisions between current and proposed law.

| Plan Provisions | Current Law | SB 18 |
|----------------------------|---|---|
| Funding | Transfers to the Experience Account occur when investment returns exceed a specified threshold. Amounts are tied to investment earnings and driven by market volatility. | Dedicated employer contribution to the COLA/PBI Account in excess of the actuarially determined amount for funding existing benefits. |
| Employer Contribution Rate | Amounts necessary to amortize that portion of the investment income that was transferred to the Experience Account over 10 years. | Up to 2.5% of payroll per year. |
| Granting Criteria | Balance in the Experience Account sufficient to actuarially fund a “full increase.” No increase will be granted if <ul style="list-style-type: none"> - the system is less than 55% funded, or - the system is funded between 55% and 85% and legislature granted an increase in the preceding year. - the system is less than 80% funded and the rate of investment return was less than the assumed. | Balance in the COLA/PBI Account sufficient to actuarially fund an increase. |
| Amount | Between 1.5% and 3% of the retirement benefit, based on the CPI for the preceding fiscal year. No increase will be granted on benefits in excess of \$60,000 per year, adjusted for inflation. Percentage dependent on the funding status, system’s rate of return on investments, and inflation. | Up to 2% of retirement benefits. No increase will be granted on benefits in excess of \$60,000 per year, without adjustments for inflation. |
| Eligibility | Retirees – at least age 60 and retired for at least one year Survivors – Retiree would have been at least age 60 and retired for at least one year Disability retirees – retired for at least one year | Retirees – at least age 62 and retired for at least two years Survivors – Retiree would have been at least age 62 and retired for at least two years Disability retirees – retired for at least two years |

² This is a different assessment from the actuarial cost requiring a 2/3rd vote (refer to the section near the end of this Actuarial Note “**Information Pertaining to La. Const. Art. X, §29(F)**”).

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Actuarial Impact

To measure the effects of the proposed law, we simulated the operation of the retirement systems, both with and without the passage of this bill, over the next 30 years under different investment return scenarios. The investment return scenarios are unique to the respective retirement system and are based on that retirement system’s current Investment Policy Statement.

In addition, for retirement systems where the AFC rate is reduced if the total employer contribution rate exceeds a specified maximum (LASERS, LSERS, and TRSL), we have included an alternative scenario that is identical to the proposed law without any potential reduction to the AFC rate. We feel this alternative scenario helps demonstrate the effect of applying that specified maximum.

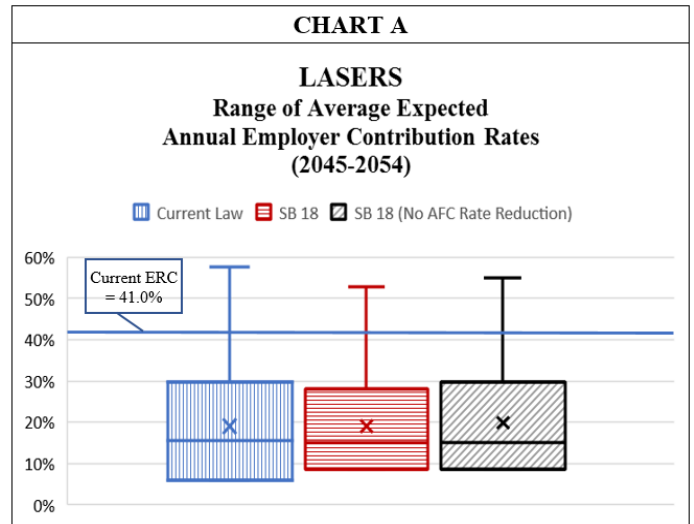
Finally, the illustrations below show the final 10-year period of the projection (i.e. years 20-30). We believe this gives a clearer picture of the differences between the current structure and the proposed law because the transition period will have ended prior to the beginning of year 20, in the majority of cases. The charts shown are specific to LASERS, but we explain where differences in system demographics and plan design may have different impacts on LSERS, LSPRS, and TRSL. Similar graphs for LSERS, LSPRS, and TRSL can be found in the appendix.

How to read a Box and Whiskers graph

- The boxes represent what is expected to occur 50% of the time (the 25th – 75th percentiles).
- The lines extending above and below the boxes illustrate the full range of results (25% above the box and 25% below).
- The line running through the box is the median expectation (50% is above and 50% is below).
- The X is the average expectation.

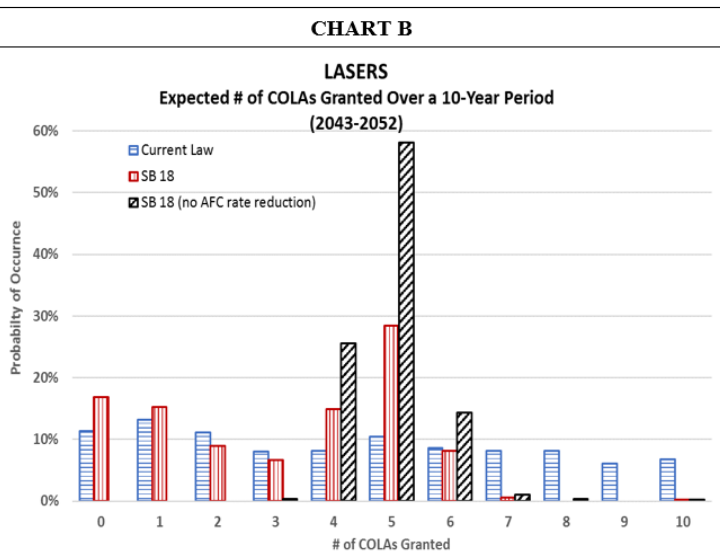
Observations about expected employer contribution rates (Chart A):

- Comparing the current employer contribution rate line (blue line) to the boxes indicates employer contribution rates are expected to generally be lower in the future, even under current law.
- In general, expected employer contribution rates under current and proposed law are expected to be relatively similar over the long-term.
- The difference between the SB 18 and the SB 18 (No AFC Rate Reduction) expectations illustrate the expected impact of reducing the AFC rate when the total employer contribution rate exceeds the specified maximum. This aspect of the proposed law results in a slightly smaller expected range, but the volatility in the employer contribution rate is impacted to a much higher degree by investment gains and losses.
- This impact is even more pronounced when comparing expectations under current law to proposed law, where current law can have the potential for both higher and lower contribution rates than proposed law.



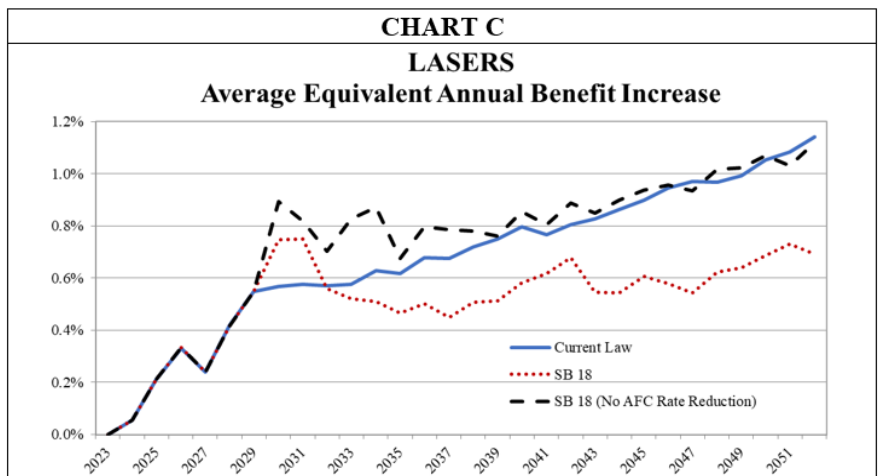
Observations about PBI/COLA payment frequency (Chart B):

- Under current law, the probability of any number of PBIs/COLAs between 0 and 10 for the 10-year period 2043-2052, are all approximately the same.
- If a consistent 2.5% annual contribution to the COLA Account is made (as illustrated by the SB 18 (No AFC Rate Reduction) bars in Chart B), LASERS could be expected to be able to grant a 2% PBI/COLA approximately every other year, on average. We found similar probabilities for TRSL, with LSERS in a position to grant a PBI slightly more frequently and LSPRS slightly less. The largest driver of this variation is most likely a function of the relative size of the respective system’s active population (and therefore total payroll) compared to the size of its retiree population.
- However, as illustrated by the SB 18 bars in Chart A, to the extent the AFC rate is limited under proposed law the expected frequency of the PBIs/COLAs is decreased.



Observations about the “value” of expected PBIs/COLAs (Chart C):

- Even though COLAs in current or proposed law are not granted annually, they can be represented by approximate annual COLAs, illustrated on Chart C, that have the same “value” as the less frequent, but larger COLAs being modelled. This considers both expected frequency and size of the increases, allowing us to compare the relative values of expected future amounts.
- We can conclude from Chart C that, on average, current law is expected to provide a more valuable benefit than proposed law over the long-term for LASERS. However, a consistent 2.5% AFC rate can be expected to provide similar value as current law.
- This analysis also results in the greatest variation of outcomes between retirement systems. For LSERS, proposed law appears to be ultimately more valuable than current law while TRSL and LSPRS proposed law appears to be less valuable over the entire projection period.



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Conclusions

- Our projections provide a useful method to compare potential outcomes under current and proposed law. However, it is important to recognize the inherent limitations within that analysis. Therefore, a discussion of the actuarial impact must frequently also include a discussion of non-financial aspects of large policy design changes.
- The current structure for determining both when the Experience Account will be funded, and when and how much of a PBI/COLA will be granted, is relatively complex and largely subject to factors outside the control of either the retirement system or the legislature.
- The reliance on market volatility to fund the Experience Account makes it difficult for stakeholders to predict when, or even if, the account balance will be sufficient to grant a PBI/COLA. This is illustrated by the fact that our projection of the probability of any number of PBIs/COLAs between 0 and 10, for the 10-year period between 2043-2052, are approximately the same.
- If transfers to the Experience Account are unpredictable, the impact of these transfers on employer contributions are also unpredictable.
- The proposed law simplifies the method for determining the funding of the “side” account as well as when a PBI/COLA may be granted.
- The proposed law increases transparency of cost to employers for any PBIs/COLAs granted by creating a clearly defined, direct contribution rate (the AFC rate).
- This simplification makes it easier to predict and communicate both funding levels of the PBI/COLA Account and PBI/COLA payments.
- The proposed changes do not appear to impact the expected total long-term employer contribution rates while making the payment of PBIs/COLAs more predictable.
- As noted above, current law appears to provide greater upside potential by permitting more frequent PBIs/COLAs, at what appear to be lower contribution rates. However, the contributions appear lower during the projection period in part due to the indirect nature of how contributions to the EA are calculated. In addition, periods of positive investment returns more directly impact the funds available in the Experience Account.
- Under those same market conditions, PBIs/COLAs under the proposed law are not shown to increase in frequency, instead, those gains would contribute directly to the overall health of the retirement system. The simple, transparent design and direct funding mechanism under the proposed law, however, make adjusting both the contribution and benefit limits easier, if future legislatures determine the design is not meeting desired policy goals.

II. FISCAL IMPACT ON RETIREMENT SYSTEMS

This section of the actuarial note pertains to fiscal (annual) costs or savings associated with the retirement systems.

Fiscal costs or savings include only cash flows to or from the affected retirement system (e.g. administrative expenses incurred by, benefit payments from, or contributions to the retirement system) and do not include administrative expenditures and revenues specifically incurred by the state or local government entities associated with implementing the legislation. 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.

Table A: Retirement System Fiscal Cost

| Expenditures | <u>2023-24</u> | <u>2024-25</u> | <u>2025-26</u> | <u>2026-27</u> | <u>2027-28</u> | <u>5-Year Total</u> |
|---------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------------|
| State General Fund | \$ 0 | \$ 0 | \$ 4,400,000 | \$ 9,800,000 | \$ 14,600,000 | \$ 28,800,000 |
| 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 | 35,100,000 | 54,110,000 | 58,500,000 | 147,700,000 |
| Annual Total | \$ 0 | \$ 0 | \$ 39,500,000 | \$ 63,900,000 | \$ 73,100,000 | \$ 176,500,000 |

| Revenues | <u>2023-24</u> | <u>2024-25</u> | <u>2025-26</u> | <u>2026-27</u> | <u>2027-28</u> | <u>5-Year Total</u> |
|---------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------------|
| State General Fund | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Agy Self-Generated | 0 | 0 | 39,500,000 | 63,900,000 | 73,100,000 | 176,500,000 |
| 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 | \$ 39,500,000 | \$ 63,900,000 | \$ 73,100,000 | \$ 176,500,000 |

Changes in employer contributions for LASERS and LSPRS are reflected in the State General Fund expenditure and changes in employer contributions for LSERS and TRSL are reflected in the Local Fund expenditure lines above. The actual sources of funding (e.g., Federal Funds, State General Fund, Local Funds, etc.) may vary by employer and are not differentiated in the table.

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

1. Expenditures:

Employer contributions are expected to be higher during Years 3 through 5 under the proposed law because, beginning in Year 3, 50% of any reduction in the employer contribution that might otherwise occur, up to a total of 2.5% of payroll, will be dedicated to the new PBI/COLA Account (AFC rate). Further, the current Experience Account structure will continue to run parallel to the new PBI/COLA Account for the near future; therefore, employer contributions can only be expected to increase until the Experience Account is eliminated.

As described in the actuarial analysis section above, we performed actuarial simulations of the future operation of the retirement system with and without this proposed law. Exactly when the AFC rate(s) will be greater than 0%, and by how much, is not known with any certainty, therefore Table A reflects the average expected effect on employer contributions. For the purpose of this Table A, the first potential impact on employer contribution rates could be as early as FY 2025-26.

2. Revenues:

Employer contributions to the retirement systems are represented as Agy Self-Generated revenues in the table above.

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**III. FISCAL IMPACT ON LOCAL GOVERNMENT ENTITIES
(Prepared by LLA Local Government Services)**

This section of the actuarial note pertains to annual fiscal costs (savings) related to administrative expenditures and revenue impacts incurred by local government entities other than those included in Table A.

The proposed law is not expected to have any additional effects on fiscal administrative costs and revenues related to local government entities during the five-year measurement period, other than those outlined above.

**IV. FISCAL IMPACT ON STATE GOVERNMENT ENTITIES
(Prepared by Legislative Fiscal Office)**

This section of the actuarial note pertains to annual fiscal costs (savings) related to administrative expenditures and revenue impacts incurred by state government entities other than those included in Table A.

Other than the impact on employer contribution rates which is already reflected in Table A above, there is no anticipated direct material effect on governmental expenditures and revenues as a result of this measure.

V. ACTUARIAL DISCLOSURES

Intended Use

This actuarial note is based on our understanding of the bill as of the date shown above. It is intended to be used by the legislature during the current legislative session only and assumes no other legislative changes will be adopted which might affect the funding or benefits of the affected systems, other than those identified. Other readers of this actuarial note are advised to seek professional guidance as to its content and interpretation, and not to rely upon this communication without such guidance. The actuarial note, and any referenced documents, should be read as a whole. Distribution of, or reliance on, only parts of this actuarial note could result in its misuse and may mislead others. The summary of the impact of the bill included in this actuarial note is for the purposes of an actuarial analysis only, as required by La. R.S. 24:521, and is not a legal interpretation of the provisions of the bill.

Actuarial Data, Methods and Assumptions

Unless indicated otherwise, this actuarial note was prepared using actuarial data, methods, and assumptions as disclosed in the retirement systems' most recent actuarial valuation reports adopted by the Public Retirement Systems' Actuarial Committee (PRSAC). The assumptions and methods are reasonable for the purpose of this analysis.

Further, we simulated the operation of each of the retirement systems, both with and without the passage of this bill, over the next 30 years under 1,000 different stochastically determined investment return scenarios based on the respective retirement system's current Investment Policy Statement.

For certain calculations that may be presented herein, we have utilized commercially available valuation software and/or are relying on proprietary valuation models and related software developed by our actuarial contractor. We made a reasonable attempt to understand the intended purpose of, general operation of, major sensitivities and dependencies within, and key strengths and limitations of these models. In our professional judgment, the models have the capability to provide results that are consistent with the purposes of the analysis and have no material limitations or known weaknesses. Tests were performed to ensure that the model reasonably represents that which is intended to be modeled.

To the extent that this actuarial note relies on calculations performed by the retirement systems' actuaries, to the best of our knowledge, no material biases exist with respect to the data, methods or assumptions used to develop the analysis other than those specifically identified. We did not audit the information provided, but have reviewed the information for reasonableness and consistency with other information provided by or for the affected retirement systems.

Conflict of Interest

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

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.

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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 at rates that differ from what was 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 the timely receipt of the 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.

Certification

Kenneth J. Herbold is an Associate of the Society of Actuaries (ASA), a Member of the American Academy of Actuaries (MAAA), and an Enrolled Actuary (EA) under the Employees Retirement Income Security Act of 1974. Mr. Herbold meets the US Qualification Standards necessary to render the actuarial opinion contained herein.

VI. LEGISLATIVE PROCEDURAL ITEMS

Information Pertaining to La. Const. Art. X, §29(F)

- This bill contains a retirement system benefit provision having an actuarial cost. Some members of the Louisiana State Employees' Retirement System, Louisiana School Employees Retirement System, Louisiana State Police Retirement System, and Teachers' Retirement System of Louisiana could receive a larger benefit with the enactment of this bill than they would have received without this bill.

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

The information presented below is based on information contained in Sections II, III, and IV for the first three years following the 2023 regular session.

Senate

- 13.5.1 Applies to Senate or House Instruments
If an annual fiscal cost \geq \$100,000, then bill is dual referred to:
Dual Referral: Senate Finance
- 13.5.2 Applies to Senate or House Instruments
If an annual tax or fee change \geq \$500,000, then bill is dual referred to:
Dual Referral: Revenue and Fiscal Affairs

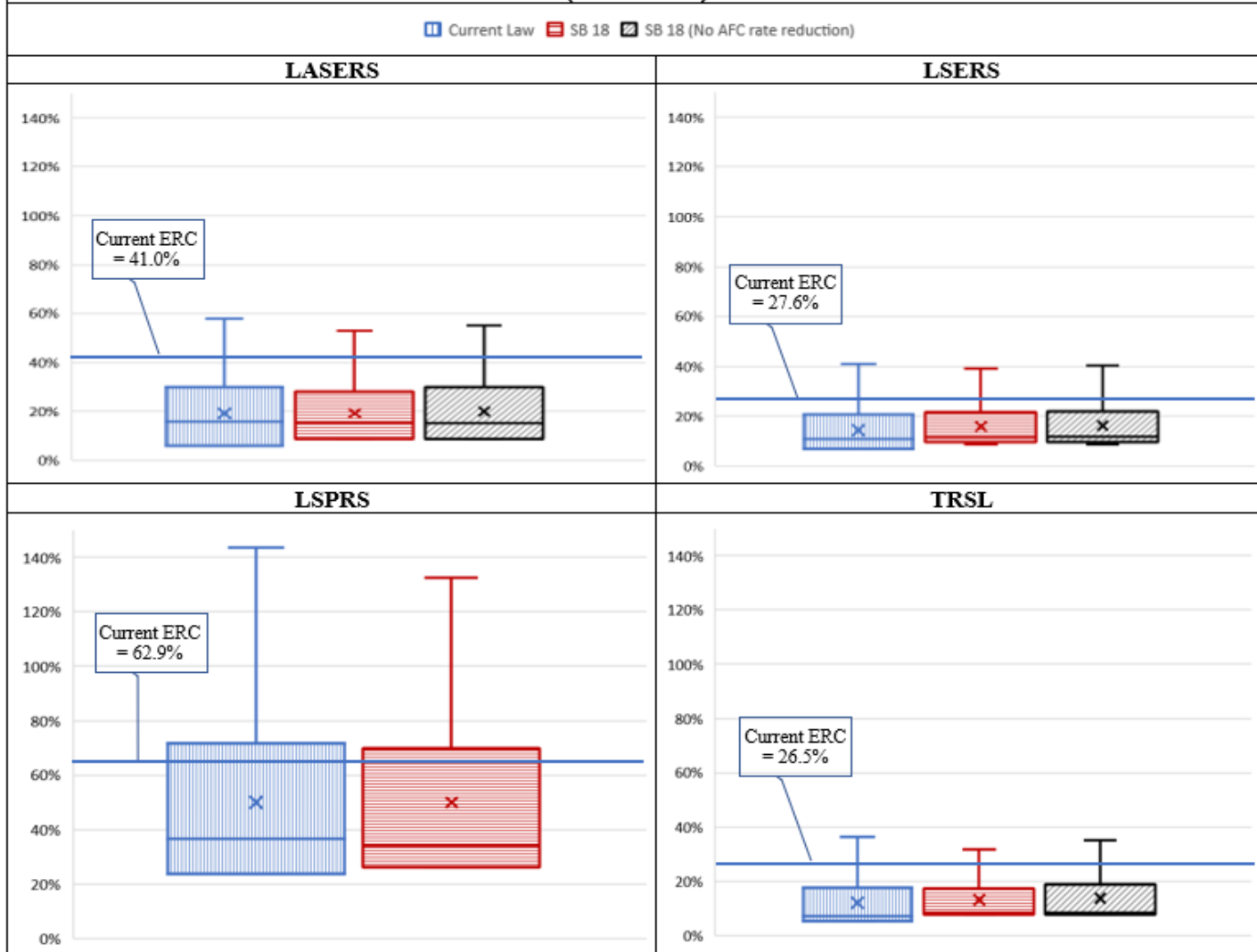
House

- 6.8F Applies to Senate or House Instruments
If an annual General Fund fiscal cost \geq \$100,000, then bill is dual referred to:
Dual Referral: Appropriations
- 6.8G Applies to Senate Instruments only
If a net fee decrease occurs or is an increase in annual fees and taxes \geq \$500,000, then bill is dual referred to:
Dual Referral: Ways and Means

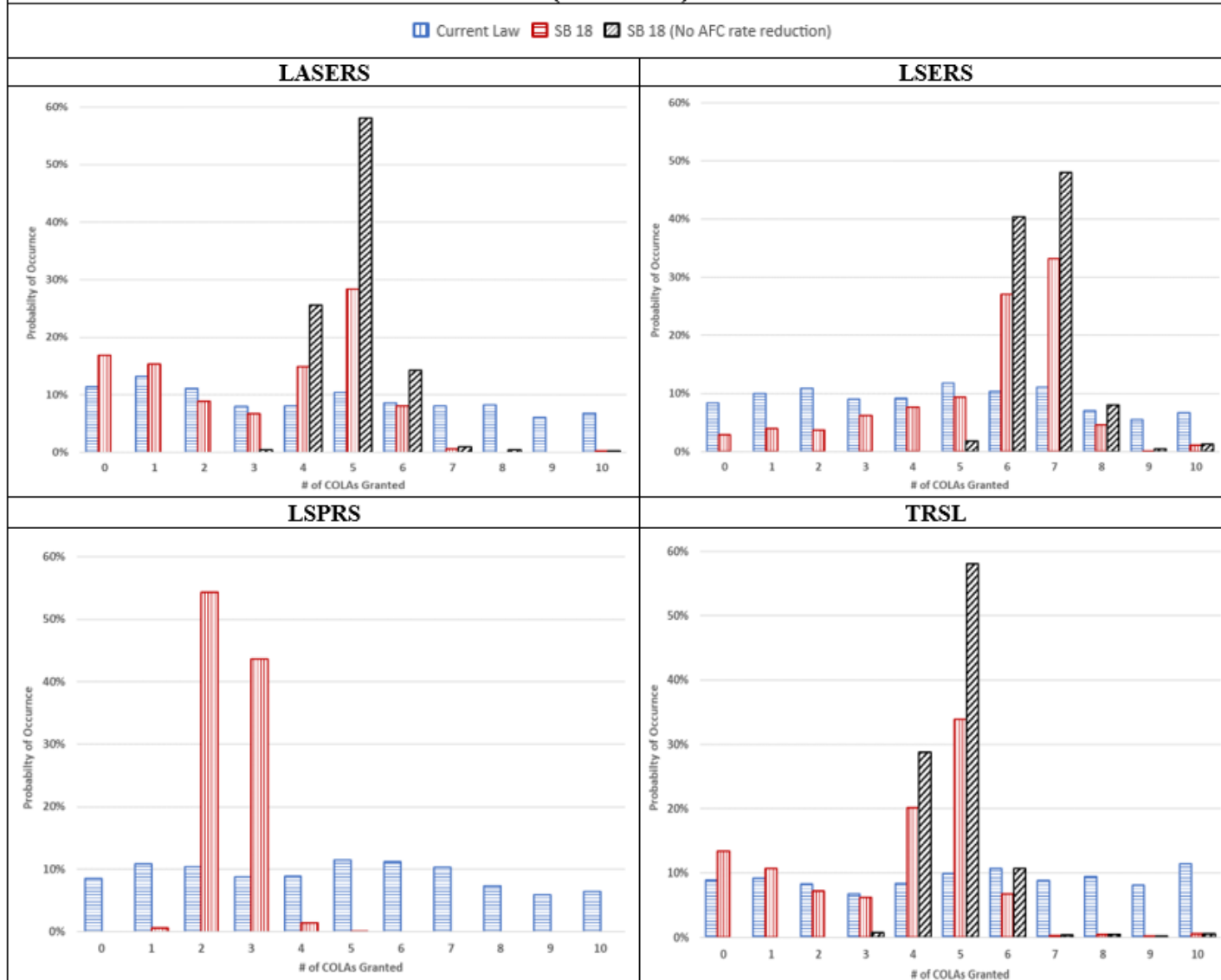
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APPENDIX

**Range of Average Annual Employer Contribution Rates
(2045-2054)**



**Expected # of COLAs Granted over a 10-Year Period
(2043-2052)**

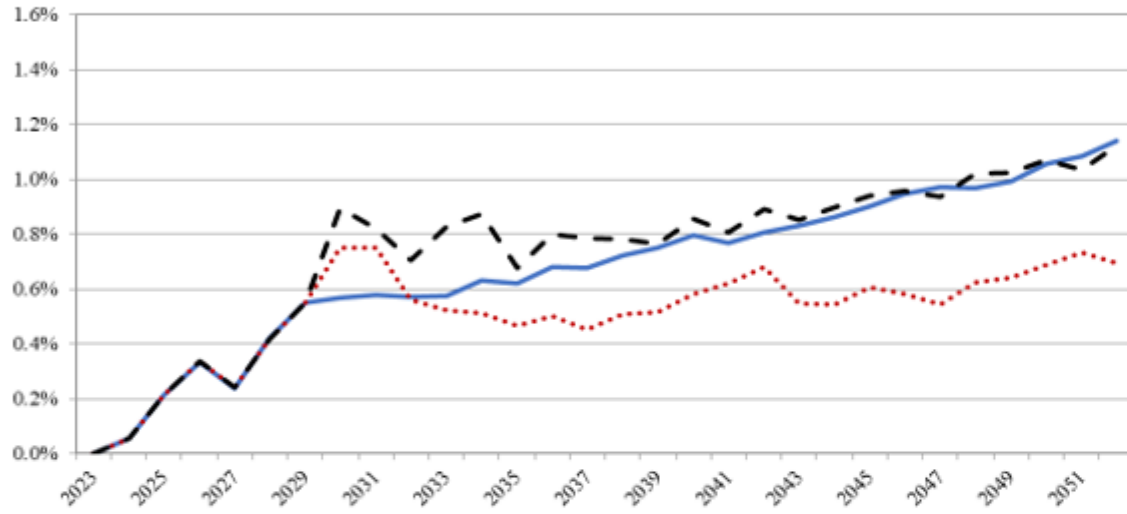


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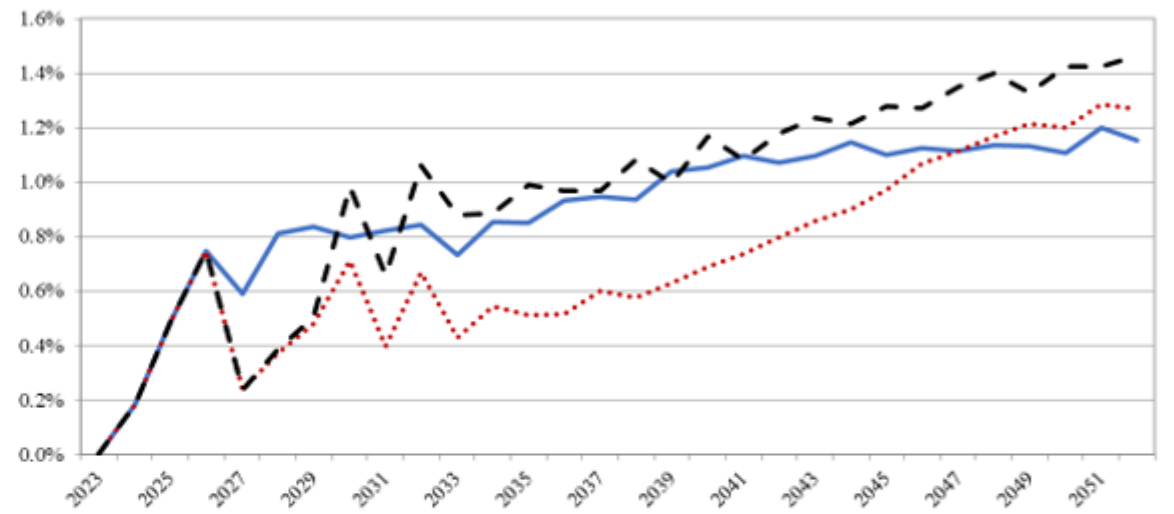
Average Equivalent Annual Benefit Increase

— Current Law ···· SB 18 - - - SB 18 (No AFC Rate Reduction)

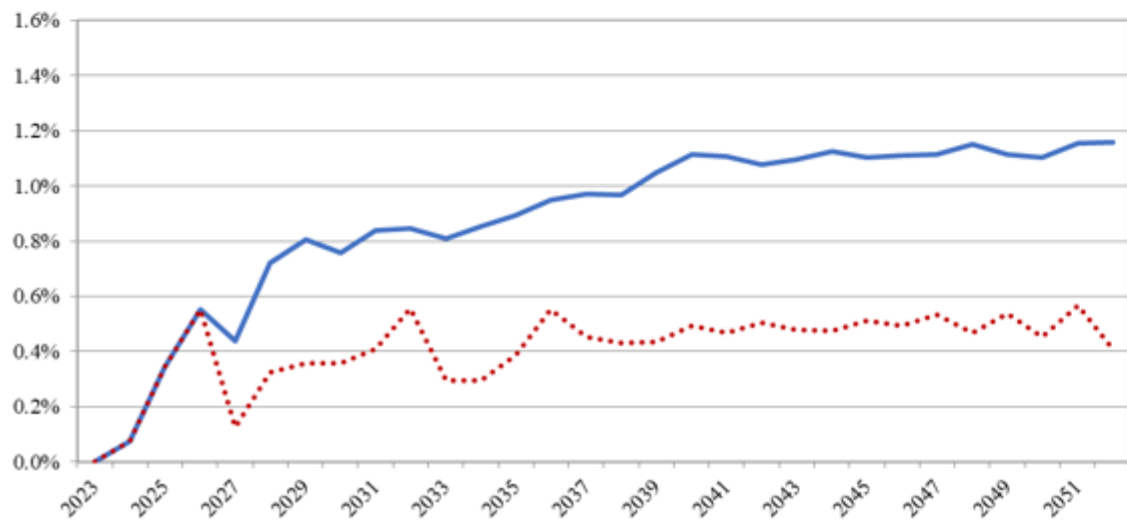
LASERS



LSERS



LSPRS



TRSL

