



**OFFICE OF LEGISLATIVE AUDITOR  
2024 REGULAR SESSION  
ACTUARIAL NOTE**

<b>House Bill 752 HLS 24RS-752</b> <b>Engrossed</b> <b>Author: Carrier</b> <b>LLA Note HB 752.02</b>	<b>Date: April 7, 2024</b> <b>Organizations Affected: LSPRF</b>  <b>EG DECREASE APV</b>
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**Bill Header:** RETIREMENT/SHERIFFS FUND: Provides relative to membership in the Sheriffs' Pension and Relief Fund

**Purpose of Bill:** This bill increases the minimum required salary necessary to participate in the Louisiana Sheriffs' Pension and Relief Fund (LSPRF) from \$1,000 per month to \$1,250 per month.

**Cost Summary<sup>1</sup>:** The estimated net actuarial and fiscal impact of the proposed legislation is summarized below.

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 **decrease**. 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.

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 II: Fiscal Impact on Retirement Systems.

<b>Five Year Net Fiscal Costs Pertaining to:</b>	<u><b>Expenditures</b></u>	<u><b>Revenues</b></u>
The Retirement Systems	\$ 0	Decrease
Local Government Entities	Decrease	0
State Government Entities	<u>0</u>	<u>0</u>
<b>Total</b>	<b>Decrease</b>	<b>Decrease</b>

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.

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

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

<p><b>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.</b></p>	<p><b>Kenneth J. "Kenny" Herbold, ASA, EA, MAAA</b>  <b>Director of Actuarial Services</b>  <b>Louisiana Legislative Auditor</b></p>
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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.

Increasing the minimum salary necessary to participate in LSPRF from \$1,000 per month to \$1,250 per month will decrease the number of individuals eligible to participate in the retirement plan. This will decrease total expected benefit payments by excluding periods of service for those who earn between \$1,000 and \$1,250 per month, decreasing the actuarial present value of future benefits over the long term. Expected employer contributions will also decrease for this population because no contributions will be made on this salary.

The employer contribution rate might increase slightly because these individuals generally require longer periods of employment to become eligible for retirement (i.e. have a longer funding period and therefore lower normal cost) than other participants. However, total contributions are unlikely to change in any significant way given these are offsetting affects and it appears the total population making more than \$1,000 but less than \$1,250 is relatively small.

**II. FISCAL IMPACT ON RETIREMENT SYSTEMS**

This section of the actuarial note pertains to annual fiscal costs (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**

<b>Expenditures</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>	<b>5-Year Total</b>
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
<b>Annual Total</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

<b>Revenues</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>	<b>5-Year Total</b>
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
<b>Annual Total</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

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

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

1. Expenditures:
  - a. No changes in employer benefit payments (Agy Self-Generated revenues) are expected to during the five-year measurement period.
  - b. Any changes in employer contributions (Local Funds) are expected to be immaterial.

2. Revenues:

Changes in retirement contributions identified as expenditures have corresponding changes in Agy Self-Generated revenues.

**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 legislation 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.

N/A - This bill only impacts local government, and therefore, has no state impact. The LFO does not review local government bills.

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**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 affecting the funding or benefits of the affected systems, other than those identified, will be adopted. 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 most recent actuarial valuation report adopted by the Public Retirement Systems' Actuarial Committee (PRSAC). The assumptions and methods are reasonable for the purpose of this analysis.

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 legislation 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. Risk disclosures otherwise required by ASOP No. 51 do not apply to this actuarial note because the proposed bill does not significantly change the types or levels of risks of the retirement system.

**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.

No member of a retirement system would receive a larger benefit with the enactment of this bill than what 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 2024 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**