


**2014 REGULAR SESSION
ACTUARIAL NOTE HB 75**

<p>House Bill 75 HLS 14RS-439 Reengrossed with House Floor Legislative Bureau Amendment #1754</p> <p>Author: Representative Jack Montoucet</p> <p>Date: April 9, 2014</p> <p>LLA Note HB 75.03</p> <p>Organizations Affected: Firefighters' Retirement System</p> <p>RE NO IMPACT APV</p>	<p>The Note was prepared by the Actuarial Services Department of the Office of the Legislative Auditor. The attachment of the Note to HB 75 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/FIREFIGHTERS: Requires court order be provided to the Firefighters' Retirement System before the system can seize or garnish benefits of a member.

Cost Summary:

The estimated actuarial and fiscal impact of the proposed legislation 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/(Savings) to Retirement Systems and OGB	\$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.

Actuarial Cost (Savings) to:	<u>Increase (Decrease) 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 government entities including the retirement systems and the Office of Group Benefits. Fiscal costs include estimated administrative costs and costs associated with other fiscal concerns. A fiscal cost is denoted by "Increase" or a positive number. Fiscal savings are denoted by "Decrease" or a negative number.

EXPENDITURES	2014-15	2015-16	2016-17	2017-2018	2018-2019	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	2014-15	2015-16	2016-17	2017-2018	2018-2019	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

Present law provides that any current or former member or retiree's retirement allowance, benefit, or refund of accumulated contributions or any portion thereof payable to a spouse or former spouse under present law regarding a community property interest, is subject to garnishment or court-ordered assignment to pay child support.

Present law provides that any current or former member or retiree's retirement allowance, benefit, or refund of accumulated contributions is subject to court-ordered garnishment to pay restitution or a fine for commission of a job-related felony offense committed by an elected official or public employee.

Proposed Law

Proposed law provides that any funds payable from FRS are subject to present law only if a certified copy of a court order or judgment is provided to FRS bearing the signature of the issuing court or administrative law judge.

Proposed law provides that where no certified copy of an order or judgment has been received by FRS, the system shall continue to pay the entire amount of any funds due to the retiree, designated beneficiary, survivor benefit recipient, or the estate of a deceased member, as applicable. Further provides that upon receipt of the certified order or judgment, the system is required to enforce the garnishment only prospectively.

Implications of the Proposed Changes

HB 75 requires the FRS to have a certified copy of a court order or judgment, bearing the signature of the issuing court or administrative law judge before it may garnish or seize any portion of a former member's or retiree's interest in the plan.

Cost Analysis:

Analysis of Actuarial Costs

Retirement Systems

There are no actuarial costs associated with HB 75.

The terms of the bill only deal with procedures that FRS should follow before benefits of a member are seized or garnished. There is no change in benefit structure.

Other Post Retirement Benefits

There are no actuarial costs associated with HB 75 for post-retirement benefits.

Analysis of Fiscal Costs

There are no fiscal costs associated with HB 75.

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 approved by PRSAC. These assumptions and methods are in compliance with actuarial standards of practice. This 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.

Actuarial Caveat

There is nothing in HB 75 that will compromise the signing actuary's ability to present an unbiased statement of actuarial opinion.

Actuarial Credentials:

Paul T. Richmond is the Manager of Actuarial Services 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 to render the actuarial opinion contained herein.

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