


**2014 REGULAR SESSION  
ACTUARIAL NOTE SCR 5**

<p><b>Senate Concurrent Resolution 5 SLS 14RS-200 Enrolled</b></p> <p><b>Author: Senator Elbert L. Guillory</b></p> <p><b>Date: May 28, 2014</b></p> <p><b>LLA Note SCR 5.02</b></p> <p><b>Organizations Affected: Congress of the United States</b></p> <p><b>EN NO IMPACT APV</b></p>	<p>The Note was prepared by the Actuarial Services Department of the Office of the Legislative Auditor. The attachment of the Note to SCR 5 provides compliance with the requirements of R.S. 24:521.</p> <div style="text-align: center;">   <b>Paul T. Richmond, ASA, MAAA, EA</b>  <b>Manager Actuarial Services</b> </div>
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**Bill Header:** CONGRESS. Memorializes Congress to reduce or eliminate the reductions in federal law applicable to social security benefits for those receiving public retirement system benefits.

**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.

<b>Actuarial Cost (Savings) to:</b>	<b><u>Increase (Decrease) in The Actuarial Present Value</u></b>
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.

<b>EXPENDITURES</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-2018</b>	<b>2018-2019</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
Annual Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

<b>REVENUES</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-2018</b>	<b>2018-2019</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
Annual Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

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**Bill Information:**

**Current Law**

The Congress of the United States of America established the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP) which reduce Social Security benefits for any person who also receives a public pension benefit.

The GPO formula reduces the spousal or survivor Social Security benefit by two-thirds of the amount of the federal, state, or local government retirement or pension benefit received by the spouse or survivor.

The WEP reduces the earned Social Security benefit using an averaged indexed monthly earnings formula and may reduce Social Security benefits for affected persons by as much as one-half of the retirement benefit earned as a public servant in employment not covered under Social Security.

**Proposed Law**

SCR 5 requests the Congress of the United States of America to review the Government Pension Offset and the Windfall Elimination Provision Social Security benefit reductions and to consider eliminating or reducing them by enacting the Social Security Fairness Act of 2013.

**Implications of the Proposed Changes**

SCR 5 memorializes Congress to reduce or eliminate the reductions in federal law applicable to social security benefits, such as the GPO and WEP, for those receiving public retirement system benefits.

**Cost Analysis:**

**Analysis of Actuarial Costs**

**Retirement Systems**

There are no actuarial costs associated with SCR 5.

**Other Post Retirement Benefits**

There are no actuarial costs associated with SCR 5 for post-employment benefits other than pensions.

**Analysis of Fiscal Costs**

SCR 5 will have no effect on fiscal costs during the five year measurement period.

**Actuarial Data, Methods and Assumptions**

Not applicable.

**Actuarial Caveat**

There is nothing in SCR 5 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 necessary 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 State Fiscal Cost  $\geq$  \$100,000
- 6.8(F)(2): Annual State Revenue Reduction  $\geq$  \$500,000
- 6.8(G): Annual Tax or Fee Change  $\geq$  \$500,000