


2016 REGULAR SESSION
ACTUARIAL NOTE SB 4

Senate Bill 4 SLS 16RS-75 Original Author: Senator Barrow Peacock Date: March 18, 2016 LLA Note SB 4.01 Organizations Affected: Teachers' Retirement System of Louisiana OR NO IMPACT APV	This Note has been prepared by the Actuarial Services Department of the Office of the Legislative Auditor. The attachment of this Note to SB 4 provides compliance with the requirements of R.S. 24:521  Paul T. Richmond, ASA, MAAA, EA Manager Actuarial Services
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Bill Header: TEACHERS RETIREMENT. Provides for the frequency of meetings of the board of trustees. (6/30/16)

Cost Summary:

The estimated actuarial and fiscal impact of the proposed legislative 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 to Retirement Systems	\$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 to:	<u>Change 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 the retirement systems and other government entities. Fiscal costs include estimated administrative costs and costs associated with other fiscal concerns. A fiscal cost is denoted by “Increase” or a positive number. Actuarial or fiscal savings are denoted by “Decrease” or a negative number.

EXPENDITURES	2016-17	2017-18	2018-19	2019-2020	2020-2021	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	2016-17	2017-18	2018-19	2019-2020	2020-2021	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

Current law establishes the board of trustees for the Teachers’ Retirement System of Louisiana (TRSL) and states that the board shall meet at least once a month.

For attendance at meetings the members of the board of trustees receives a per diem of fifty dollars plus the normal expense allowance allowed state employees by the division of administration provided funds are available for this purpose.

Proposed Law

Under SB 4, the TRSL board of trustees shall meet at least 10 times each calendar year.

Implications of the Proposed Changes

As a result of SB 4 TRSL board of trustees will meet at least 10 times instead of 12 times each calendar year.

Cost Analysis:

Analysis of Actuarial Costs

SB 4 has no benefit provisions with an actuarial cost.

Retirement Systems

There are no actuarial costs associated with SB 4.

Other Post-Employment Benefits

SB 4 has no effect on actuarial costs associated with post-employment benefits other than pensions.

Analysis of Fiscal Costs

Administrative cost savings associated with the TRSL board of trustees meetings will be negligible.

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 adopted 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 SB 4 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 ≥ \$100,000
- ☐ 13.5.2: Annual Tax or Fee Change ≥ \$500,000

House

- ☐ 6.8(F)(1): Annual Fiscal Cost ≥ \$100,000
- ☐ 6.8(F)(2): Annual Revenue Reduction ≥ \$100,000
- ☐ 6.8(G): Annual Tax or Fee Change ≥ \$500,000