


**2016 REGULAR SESSION  
ACTUARIAL NOTE HB 14**

<p><b>House Bill 14 HLS 16RS-51 Original</b></p> <p><b>Author: Representative J. Kevin Pearson</b> <b>Date: April 6, 2016</b></p> <p><b>LLA Note HB 14.01</b></p> <p><b>Organizations Affected: All State and Statewide Retirement Systems</b></p> <p><b>OR NO IMPACT APV</b></p>	<p>This Note has been prepared by the Actuarial Services Department of the Office of the Legislative Auditor. The attachment of this Note to HB 14 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:** RETIREMENT/BDS – COMMISSIONS: Replaces the chairmen of the House and Senate committees on retirement with the speaker of the House of Representatives and the president of the Senate as trustees on each state and statewide retirement system board.

**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.

<b>Actuarial Cost to:</b>	<b><u>Change 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 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.

<b>EXPENDITURES</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-2020</b>	<b>2020-2021</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>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-2020</b>	<b>2020-2021</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**

Current law establishes the following state and statewide retirement systems, plans, and funds:

1. Louisiana State Employees' Retirement System (LASERS)
2. Teachers' Retirement System of Louisiana (TRSL)
3. Louisiana School Employees' Retirement System (LSERS)
4. Louisiana State Police Retirement System (STPOL)
5. Louisiana Assessors' Retirement Fund (ASSR)
6. Clerks of Court Retirement and Relief Fund (CCRS)
7. District Attorneys' Retirement System (DARS)
8. Firefighters' Retirement System (FRS)
9. Municipal Employees' Retirement System (MERS)
10. Municipal Police Employees' Retirement System (MPERS)
11. Parochial Employees' Retirement System (PERS)
12. Registrars of Voters Employees' Retirement System (RVRS)
13. Sheriffs' Pension and Relief Fund (SPRF)

Under current law, the chairmen of the House and Senate retirement committees serve as trustees on each board of the state and statewide retirement systems.

Current law also authorizes the legislative ex officio trustees for each system, except the State Police Retirement System, to appoint designees.

**Proposed Law**

HB 14 removes the chairmen of the House and Senate retirement committees as trustees of each of the state and statewide boards and provides that the speaker of the House of Representatives and the president of the Senate shall serve as ex officio members on each state and statewide retirement system board of trustees.

HB 14 further authorizes the legislative ex officio trustees to appoint designees to serve on the State Police Retirement system board.

**Implications of the Proposed Changes**

As a result of HB 14 the legislative ex officio trustees on each board of the state and statewide retirement systems will be the speaker of the House of Representatives and the president of the Senate, or their designees.

**Cost Analysis:**

**Analysis of Actuarial Costs**

**Retirement Systems**

There are no actuarial costs associated with HB 14.

**Other Post-Employment Benefits**

HB 14 has no effect on actuarial costs associated with post-employment benefits other than pensions.

**Analysis of Fiscal Costs**

HB 14 will have no effect on fiscal costs during the five year measurement period.

**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 HB 14 that will compromise the signing actuary's ability to present an unbiased statement of actuarial opinion.

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**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 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