


**2012 REGULAR SESSION
ACTUARIAL NOTE HB 9**

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| <p>House Bill 9 HLS 12RS-107 Engrossed with House Committee Amendment #3080</p> <p>Author: Representative Anthony V. Ligi Date: April 23, 2012</p> <p>LLA Note HB 9.02</p> <p>Organizations Affected: All Louisiana public retirement systems</p> <p>EG NO IMPACT APV</p> | <p>The Note was prepared by the Actuarial Services Department of the Office of the Legislative Auditor.</p> <div style="text-align: center;">  Paul T. Richmond, ASA, MAAA, EA Manager Actuarial Services </div> |
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Bill Header: RETIREMENT BENEFITS: (Constitutional Amendment) Authorizes the legislature to provide for forfeiture of retirement benefits by public officials and employees who are convicted of felony acts associated with their positions.

Cost Summary:

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| 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 increase/(decrease) in the actuarial value of benefits, if any, attributable to the proposed legislation. Note: it includes the present value cost of fiscal costs associated with benefit changes. It does **not** include present value costs associated with administration or other fiscal concerns.

| <u>Actuarial Cost (Savings) to:</u> | <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.

| EXPENDITURES | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-2017 | 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 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-2017 | 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 |

Bill Information:

Current Law

The present constitution prohibits diminishing or impairing members' accrued benefits in any Louisiana public retirement system, including state, statewide, and local retirement systems.

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Proposed Law

Following the adoption of this proposed constitutional amendment, the legislature may enact legislation that will provide for the forfeiture of all or part of members' benefits earned on or after January 1, 2013 in any public retirement system under the following conditions:

- The member is a person who holds or held any public office or employment on or after January 1, 2013, and
- The member has been convicted of a felony associated with and committed during his service in such public office or employment.

The legislature may provide that all or part of any forfeited benefit will be applied to reduce the unfunded accrued liability of the retirement system to which the member belongs.

Implications of the Proposed Changes

HB 9 does not change any benefit provisions associated with the public retirement systems of Louisiana. It merely gives the legislature the authority to enact legislation.

Cost Analysis:

Analysis of Actuarial Costs

Retirement Systems

There is no cost to this bill. Benefit provisions of the public retirement systems of Louisiana are not changed by the adoption of this amendment to the constitution.

Other Post Retirement Benefits

There is no cost to this bill. This bill is enabling legislation and does not, of itself, affect any rights of any persons to receive other post-retirement benefits.

Analysis of Fiscal Costs

There is no cost to this bill. This bill is enabling legislation and does not, of itself, change any administrative procedures for the public retirement systems of Louisiana or for any other government entity.

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 \geq \$100,000 Annual Fiscal Cost

13.5.2 \geq \$500,000 Annual Tax or Fee Change

House

6.8(F) \geq \$500,000 Annual Fiscal Cost

6.8(G) \geq \$500,000 Annual Tax or Fee Change