



OFFICE OF LEGISLATIVE AUDITOR
2026 REGULAR SESSION
ACTUARIAL NOTE

House Bill 47 HLS 26RS-308	Date: March 23, 2026
Engrossed	Organizations Affected: LARF
Author: Berault	
LLA Note HB 47.02	EG INCREASE APV

Bill Header: RETIREMENT/ASSESSORS: Provides relative to cost-of-living adjustments for the Louisiana Assessors’ Retirement Fund

Purpose of Bill: Proposed law applies to the Louisiana Assessors Retirement Fund (LARF) and 1) removes and amends rules related to setting the employer contribution rate; 2) removes and amends rules related to cost-of-living adjustments; 3) removes the system’s funding deposit account (FDA) rules from the general statutes and defines them within the system’s section of statutes.

Summary of Impact¹: The estimated net actuarial and fiscal impact of the proposed legislation is summarized below.

Proposed law is not expected to have an immediate impact on the actuarial present value of expected future benefits incurred by the retirement system. However, proposed law allows for cost-of-living adjustments to be both larger and potentially occur more frequently, which could lead to an increase in the actuarial present value of expected future benefits over the long term, but prefunding via the funding deposit account will offset these increases. A more detailed explanation can be found in Section I: Actuarial Impact on Retirement Systems.

Net Fiscal Costs pertain to changes to all cash flows over the next five-year period including retirement system cash flows or cash flows related to local and state government entities.

In the following table, expenditures and revenues include cash flows to or from the affected retirement system (e.g. administrative expenses incurred by, benefit payments from, or contributions to the retirement system) and do not include administrative expenditures and revenues specifically incurred by the state or local government entities associated with implementing the legislation. A more detailed explanation can be found in Section II: Fiscal Impact on Retirement Systems.

Five Year Net Fiscal Costs Pertaining to:	Expenditures	Revenues
The Retirement Systems	See Section II	\$ 0
Local Government Entities	0	0
State Government Entities	0	0
Total	See Section II	\$ 0

In the following table, expenditures and revenues include administrative expenditures and revenues specifically incurred by the state or local government entities associated with implementing the legislation and do not include cash flows to or from the affected retirement system (i.e. contribution changes included in the above table). This information is provided by the LLA Local Government Services or the Legislative Fiscal Office. A more detailed explanation can be found in Sections III: Fiscal Impact on Local Government Entities and Section IV: Fiscal Impact on State Government Entities.

Five Year Net Fiscal Costs Pertaining to:	Expenditures	Revenues
Local Government Entities	\$ 0	\$ 0
State Government Entities	0	0
Total	\$ 0	\$ 0

¹ This is a different assessment from the actuarial cost requiring a 2/3rd vote (refer to the section near the end of this Actuarial Note “Information Pertaining to La. Const. Art. X, §29(F)”).

This Note has been prepared by the Actuary for the Louisiana Legislative Auditor (LLA) with assistance from either the Fiscal Notes staff of the Legislative Auditor or staff of the Legislative Fiscal Office (LFO). The attachment of this Note provides compliance with the requirements of R.S. 24:521 as amended by Act 353 of the 2016 Regular Session.

Kenneth J. “Kenny” Herbold, ASA, EA, MAAA
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Louisiana Legislative Auditor

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I. ACTUARIAL IMPACT ON RETIREMENT SYSTEMS

This section of the actuarial note is intended to provide a brief outline of the changes in plan provisions and actuarial effect on key aspects of the affected retirement systems.

The primary impact of the proposed law is adjusting the rules governing the frequency and calculation of cost-of-living adjustments (COLAs).

Present law restricts the frequency of COLAs to, at most, every other year, even when the funded ratio is 100% or more. Proposed law permits COLAs to be granted in any year if the funded ratio is at least 100% after accounting for the increase in present value of future benefits due to the COLA. Furthermore, present law allows for the following COLAs:

- 1. Up to 3% of the benefit in payment at time of retirement. Limited to a maximum increase of \$300 per year of retirement.
- 2. \$1 times the total number of years of credited service accrued at retirement plus the number of years since retirement.
- 3. A 2% supplemental COLA for those over age 65 based on the benefit in payment at the time of retirement (or that was in force on October 1, 1977).

Proposed law removes the present law and implements the following COLAs:

- 1. Up to 3% of current monthly benefit.
- 2. The same as (2) above, except any multiple of the years of service and retirement instead of \$1, subject to the present value of the COLA not exceeding that of the 3% COLA.
- 3. A supplemental COLA, up to 2%, for those over the age of 65 based on the current monthly benefit.

Thus, the proposed law allows for larger and potentially more frequent increases in retiree benefits, which could increase the present value of future benefits when compared to the current law.

Proposed law also removes the authority for using “excess” investment earnings to fund COLAs; thus, any potential COLA must be pre-funded via use of the FDA.

Therefore, while larger and more frequent COLAs could lead to an increase in the present value of future benefits, the release of funds from the FDA to the core pension fund offsets this increase, thus there is no anticipated increase in required contributions.

Other aspects of the proposed law involve moving statute related to maintaining, reducing, or increasing the employer contribution rate; to funding and using the FDA; and to implementing COLAs from Subtitle I of Title 11 to Subtitle III of Title 11. These changes have no actuarial impact.

II. FISCAL IMPACT ON RETIREMENT SYSTEMS

This section of the actuarial note pertains to annual fiscal costs (savings) associated with the retirement systems.

Fiscal costs or savings include only cash flows to or from the affected retirement system (e.g. administrative expenses incurred by, benefit payments from, or contributions to the retirement system) and do not include administrative expenditures and revenues specifically incurred by the state or local government entities associated with implementing the legislation. A fiscal cost is denoted by “Increase” or a positive number. Fiscal savings are denoted by “Decrease” or a negative number. A revenue increase is denoted by “Increase” or a positive number. A revenue decrease is denoted by “Decrease” or a negative number.

Table A: Retirement System Fiscal Cost

Expenditures	2026-27	2027-28	2028-29	2029-30	2030-31	5-Year Total
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Agy Self-Generated	See Below	See Below	See Below	See Below	See Below	See Below
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	See Below	See Below	See Below	See Below	See Below	See Below

Revenues	2026-27	2027-28	2028-29	2029-30	2030-31	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

Changes in employer contributions are reflected in the State General Fund and/or Local Fund expenditure lines above. The actual sources of funding (e.g., Federal Funds, State General Fund, etc.) may vary by employer and are not differentiated in the table.

The proposed legislation is expected to have the following effects on retirement related fiscal costs and revenues during the five-year measurement period.

- 1. Expenditures:
 - a. Proposed law could lead to more frequent COLAs, thus an increase in expenditures from the retirement system. However, this can only happen if the plan has a funded ratio of at least 100% after accounting for the increase in present value of future benefits due to the COLA. As of the September 30, 2024 valuation, the funded ratio was 98%.
 - b. Proposed law could lead to larger COLAs, thus an increase in expenditures from the retirement system.

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2. Revenues:

Proposed law does not increase revenues. Any increase in expenditures would be funded by the release of funds from the FDA to the core pension fund.

III. FISCAL IMPACT ON LOCAL GOVERNMENT ENTITIES

This section of the actuarial note pertains to annual fiscal costs (savings) related to administrative expenditures and revenue impacts incurred by local government entities other than those included in Section II.

The proposed legislation is not expected to have any additional effects on fiscal administrative costs and revenues related to local government entities during the five-year measurement period, other than those outlined above.

IV. FISCAL IMPACT ON STATE GOVERNMENT ENTITIES (Prepared by Legislative Fiscal Office)

This section of the actuarial note pertains to annual fiscal costs (savings) related to administrative expenditures and revenue impacts incurred by state government entities other than those included in Section II.

N/A - This bill only impacts local government, and therefore, has no state impact. The LFO does not review local government bills.

V. ACTUARIAL DISCLOSURES

Intended Use

This actuarial note is based on our understanding of the bill as of the date shown above. It is intended to be used by the legislature during the current legislative session only and assumes no other legislative changes affecting the funding or benefits of the affected systems, other than those identified, will be adopted. Other readers of this actuarial note are advised to seek professional guidance as to its content and interpretation, and not to rely upon this communication without such guidance. The actuarial note, and any referenced documents, should be read as a whole. Distribution of, or reliance on, only parts of this actuarial note could result in its misuse and may mislead others. The summary of the impact of the bill included in this actuarial note is for the purposes of an actuarial analysis only, as required by La. R.S. 24:521, and is not a legal interpretation of the provisions of the bill.

Actuarial Data, Methods and Assumptions

Unless indicated otherwise, this actuarial note was prepared using actuarial data, methods, and assumptions as disclosed in the most recent actuarial valuation report adopted by the Public Retirement Systems' Actuarial Committee (PRSAC). The assumptions and methods are reasonable for the purpose of this analysis.

For certain calculations presented herein, we may have utilized commercially available valuation software. We made a reasonable attempt to understand the intended purpose of, general operation of, major sensitivities and dependencies within, and key strengths and limitations of these models. In our professional judgment, the models have the capability to provide results that are consistent with the purposes of the analysis and have no material limitations or known weaknesses. Tests were performed to ensure that the model reasonably represents that which is intended to be modeled.

To the extent that this actuarial note relies on calculations performed by the retirement systems' actuaries, to the best of our knowledge, no material biases exist with respect to the data, methods or assumptions used to develop the analysis other than those specifically identified. We did not audit the information provided but have reviewed the information for reasonableness and consistency with other information provided by or for the affected retirement systems.

Conflict of Interest

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

Risks Associated with Measuring Costs

This actuarial note is an actuarial communication and is required to include certain disclosures in compliance with Actuarial Standards of Practice (ASOP) No. 51. Risk disclosures otherwise required by ASOP No. 51 do not apply to this actuarial note because the proposed bill does not significantly change the types or levels of risks of the retirement system.

Certification

Kenneth J. Herbold is an Associate of the Society of Actuaries (ASA), a Member of the American Academy of Actuaries (MAAA), and an Enrolled Actuary (EA) under the Employees Retirement Income Security Act of 1974. Mr. Herbold meets the US Qualification Standards necessary to render the actuarial opinion contained herein.

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VI. LEGISLATIVE PROCEDURAL ITEMS

Information Pertaining to La. Const. Art. X, §29(F)

- ☒ This bill contains a retirement system benefit provision having an actuarial cost.

Some members of a retirement system, or their beneficiary, could receive a larger benefit with the enactment of this bill than what they would have received without this bill.

Dual Referral Relative to Total Fiscal Costs or Total Cash Flows:

The information presented below is based on information contained in Sections II, III, and IV for the first three years following the 2026 Regular Session.

Senate

- ☒ 13.5.1 Applies to Senate or House Instruments
If an annual fiscal cost $\geq$ \$100,000, then bill is dual referred to:
Dual Referral: Senate Finance
- ☐ 13.5.2 Applies to Senate or House Instruments
If an annual tax or fee change $\geq$ \$500,000, then bill is dual referred to:
Dual Referral: Revenue and Fiscal Affairs

House

- ☐ 6.8F Applies to Senate or House Instruments
If an annual General Fund fiscal cost $\geq$ \$100,000, then bill is dual referred to:
Dual Referral: Appropriations
- ☐ 6.8G Applies to Senate Instruments only
If a net fee decrease occurs or is an increase in annual fees and taxes $\geq$ \$500,000, then bill is dual referred to:
Dual Referral: Ways and Means