

**OFFICE OF LEGISLATIVE AUDITOR
2026 REGULAR SESSION
ACTUARIAL NOTE**

Senate Bill 18 SLS 26RS-105
Engrossed
Author: Price
LLA Note SB 18.02

Date: April 10, 2026
Organizations Affected: MERS
EG SEE ACTUARIAL NOTE APV

Bill Header: MUNICIPAL EMPLOYEE RET: Clarifies the termination date for certain exceptions relative to retirement benefit of retirees who return to part-time employment in a position covered by the system.

Purpose of Bill: Proposed law 1) removes the temporary provision enacted by Acts 2024, No. 634, that permitted retirees with at least 30 years of service to be reemployed in a Municipal Employees’ Retirement System (MERS) eligible position and continue to receive their retirement benefit without a reduction and 2) permits anyone who was reemployed under these provisions prior to July 1, 2026, to continue in that position without a reduction in retirement benefits after the original sunset date of June 30, 2028, as long as such reemployment is continuous.

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.

When retirees are permitted to return-to-work without a suspension of retiree benefit payments, participants are incentivized to retire earlier than they otherwise might knowing they can immediately (or shortly thereafter) return to work and receive both their retirement benefits and active employment pay. This generally results in an increase in total expected benefit payments because the longer period over which the payments are made generally outweighs the slightly lower benefit received. The shorter period over which to fund a retiree’s benefit also increases the employer contribution rate.

The primary cost driver of such a provision is the long-term impact to retirement patterns. The temporary nature of the provisions of Acts 2024, No. 634 limited the likelihood of changing retirement patterns.

The short-term cost driver of such provisions is actual benefit payments being larger than otherwise assumed in the actuarial valuation. When benefit payments are larger than expected an actuarial loss on the liability occurs, increasing the normal cost and therefore, the employer contribution rate. Removing these provisions almost two years earlier than provided for in present law will decrease the expected benefit payments for fiscal years 2027 and 2028 because fewer people will be eligible to take advantage of this option.

However, approximately 30 members have been reemployed under these provisions. Allowing them to continue to work and receive an unreduced retirement benefit beyond the original June 30, 2028 sunset date will result in higher benefits paid after that date and therefore, more actuarial losses. For reference, the average annual retirement benefit paid by both MERS Plan A and Plan B retirees as of June 30, 2025, was approximately \$22,000. Given each of these retirees has at least 30 years of service credit, their benefit is likely to be larger than the average. Regardless, if all 30 retirees reemployed under these provisions continue to work beyond June 30, 2028 and are paid the average benefit, approximately \$660,000 more would be paid in benefits per year than permitted under present law.

The net actuarial and fiscal impact to the retirement system is likely a small decrease in benefit payments for fiscal year 2027 and 2028, an indeterminable increase in benefit payments for fiscal years 2029 and later, and a small increase in the required contribution due to actuarial losses that occur after fiscal year 2028. The actual amounts are not determinable at this time.

II. FISCAL IMPACT ON RETIREMENT SYSTEMS

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

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

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.

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
 Director of Actuarial Services
 Louisiana Legislative Auditor**

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**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.

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.

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 2025 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