



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

Senate Bill 494 SLS 26RS-1486 Original Author: Carter LLA Note SB 494.01	Date: April 21, 2026 Organizations Affected: DARS OR INCREASE APV
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Bill Header: DISTRICT ATTORNEYS RET: Provides relative to the District Attorneys' Retirement System.

Purpose of Bill: Proposed law 1) adds the Louisiana District Attorneys' Association (LDAA) to the definition of participating employer for the District Attorneys' Retirement System (DARS), 2) clarifies that the benefit suspension rules apply to all participating employers of DARS, 3) beginning January 31, 2027, through June 30, 2031, all participating employers must submit an annual report listing all rehired retirees, and 4) a rehired retiree may elect to repay all benefits received, with interest, and have their ultimate benefit payable be based on their total period of employment rather than receiving their original retirement benefit and a supplemental benefit accrued during the subsequent period of reemployment.

Summary of Impact¹: The estimated net actuarial and fiscal impact¹ of the proposed legislation is summarized below.

Proposed law is expected to immediately increase the *actuarial present value of expected future benefits* incurred by the retirement system. A more detailed explanation can be found in Section I: Actuarial Impact on Retirement Systems.

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:	<u>Expenditures</u>	<u>Revenues</u>
The Retirement Systems	Increase	Increase
Local Government Entities	Increase	0
State Government Entities	0	0
Total	Increase	Increase

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:	<u>Expenditures</u>	<u>Revenues</u>
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.

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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.

Proposed law 1) adds the Louisiana District Attorneys' Association (LDAA) to the definition of participating employer for the District Attorneys' Retirement System (DARS), 2) clarifies that the benefit suspension rules apply to all participating employers of DARS, 3) beginning January 31, 2027, through June 30, 2031, all participating employers must submit an annual report listing all rehired retirees, and 4) a rehired retiree may elect to repay all benefits received, with interest, and have their ultimate benefit payable be based on their total period of employment rather than receiving their original retirement benefit and a supplemental benefit accrued during the subsequent period of reemployment, as long as the repayment of previously paid retirement benefits is received by the later of October 1, 2026 or 180 days following reemployment.

1. LDAA employees are already members in DARS, so this is a technical amendment only.
2. Item 2 above ensures the suspension of benefits rules applied consistently to DARS and LDAA employees, in addition to those hired by district attorneys. Technically this has the potential to reduce costs, should a DARS retiree be rehired as DARS or LDAA employees. But practically speaking there is minimal impact.
3. Item 3 above has no actuarial impact.
4. Item 4 above could have a significant actuarial and fiscal impact.

Under present law, when a retiree returns to work full-time, they suspend their retirement benefit during their period of reemployment and may elect to accrue a supplemental benefit where the amount paid is, generally, calculated on the basis of service and compensation earned during the subsequent period of employment. Proposed law would permit a reemployed retiree to repay all prior benefits received, with interest, and participate in the plan as if the original retirement did not occur. The final benefit paid would be based on total years of service in a DARS eligible position with the average final compensation (AFC) calculated at ultimate retirement.

There are 2 potential driving forces behind the actuarial and fiscal impact of this benefit provision: a) the ability to use AFC at ultimate retirement for the entire employment period and b) how the "maximum permissible benefit," which is equal to 100% of AFC, is applied.

- a. DARS benefit accrual is 3.5% per year of service. Under present law, if a member begins employment with a \$50,000 annual salary, receives annual raises of 3.0%, and works 20 years, they will accrue an annual benefit of approximately \$58,000. If they return to work at the same salary received immediately before retiring, again receive 3.0% annual raises, and work for an additional 20 years, they will accrue a supplemental annual benefit of approximately \$104,000, for a total annual benefit of \$162,000, before applying any actuarial reductions for optional forms of payment or maximum permissible benefit caps. Under proposed law, where the entire 40 years and the AFC at ultimate retirement are used to calculate the benefit, the member would be eligible for an increase of \$47,000 per year, or \$209,000, before applying any actuarial reductions for optional forms of payment and maximum permissible benefit caps.
- b. DARS retirement benefits may not exceed 100% of a members AFC. However, this maximum is not applied to the accrued benefit, it is applied to the elected optional payment form. For example, a married participant could elect a joint & 100% survivor annuity (100% J&S), which pays the member and the chosen beneficiary the same dollar amount as long as at least one of them is alive. Depending on the member and beneficiary ages, the actuarial reduction can easily be 20% or more.

For our hypothetical member outlined above, if we assume a 20% reduction for the optional payment form, the 100% J&S benefits payable under present law would be approximately \$129,000, significantly less than the member's ultimate AFC of \$149,000. Under proposed law, the 100% J&S benefits payable would be approximately \$167,000, which exceeds the members AFC, resulting in an ultimate benefit payable of \$149,000.

This would represent a significant increase in total benefits payable. The cost would be partially offset by the repayment of any original benefits paid by the member. However, the repayment of past benefit distributions is unlikely to be sufficient to fully offset the cost of the increased benefits.

DARS' actuary performed a similar analysis for an existing member who would be eligible to take advantage of proposed law, incorporating the impact of the repayment of retirement benefits plus interest. The analysis indicated the member would need to pay approximately \$350,000 in accumulated benefit payments and interest. However, if they elected to take a 36-month Back-DROP, they could increase their annual benefit by \$40,000 per year and receive an additional \$250,000 in a lump sum payment, above what would be permitted under present law. The impact, for this one individual, would be an increase in the present value of future benefits of approximately \$678,000, and an increase in unfunded liability of approximately \$328,000.

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.

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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	Increase	Increase	Increase	Increase	Increase	Increase
Stat Deds/Other	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
Local Funds	0	Increase	Increase	Increase	Increase	Increase
Annual Total	Increase	Increase	Increase	Increase	Increase	Increase

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	Increase	Increase	Increase	Increase	Increase	Increase
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	Increase	Increase	Increase	Increase	Increase	Increase

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. DARS annual benefit payments (Agy Self-Generated) would increase. The ultimate amount will depend on the number of individuals who elect to take advantage of this provision.
- b. Employer contributions (local funds) would increase to reflect the increase in liabilities. This would first be reflected in the June 30, 2026 actuarial valuation, which calculates the employer contribution rate for Fiscal 2028.

2. Revenues:

- a. Repayments of benefit distributions will increase Agy Self-Generated revenues.
- b. Changes in employer contributions identified as changes in expenditures have corresponding changes in Agy Self-Generated revenue.

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.

From time to time, legislation is proposed that has an indirect effect on administrative expenditures and revenues associated with local government entities (other than the impact included in Section II). Table B shows the estimated fiscal administrative cost impact of the proposed legislation on such local government entities. 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 B: Fiscal Costs for Local Government Entities

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	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	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

The proposed legislation will have the following effects on fiscal administrative costs and revenues related to local government entities during the five-year measurement period.

- 1. Expenditures: The requirement to compile and submit a list of all retirees rehired in a DARS eligible position is expected to be absorbed within the existing budgets of participating employers.
- 2. Revenues: The proposed legislation is not expected to have any additional effects on fiscal administrative revenues related to local government entities during the five-year measurement period, other than those outlined above.

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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 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