OFFICE OF LEGISLATIVE AUDITOR
2026 REGULAR SESSION
ACTUARIAL NOTE

Senate Bill 455 SLS 26RS-1462	**Date: May 14, 2026**
Enrolled	**Organizations Affected: PERS, LASERS**
Author: Talbot	
LLA Note SB 455.05	**EN SEE ACTUARIAL NOTE FC**

Bill Header: RETIREMENT SYSTEMS. Provides for admission of entities as employers to the Parochial Employees' Retirement System.

Purpose of Bill: Proposed law adds any district court or parish court in the state as an entity eligible for applying for membership in the Parochial Employees' Retirement System (PERS).

Summary of Impact[1]: The estimated net actuarial and fiscal impact of the proposed legislation is summarized below.

Proposed law is expected to increase the ***actuarial present value of expected future benefits and administrative expenses*** incurred by the retirement systems. 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	See Section II
Local Government Entities	0	0
State Government Entities	See Section II	0
Total	**See Section II**	**See Section II**

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** **Director of Actuarial Services** **Louisiana Legislative Auditor**

2026 REGULAR SESSION
ACTUARIAL NOTE SB 455

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 has the following primary provisions, from an actuarial perspective:
1. Allows any district or parish court in the state to the list of entities that may submit a plan for extending PERS benefits to some, or all, of its employees.
2. Permits any employee of such an entity that joins PERS, who was hired before the employer joined PERS and is a member of another public retirement system that covers the same employment, the opportunity to make an irrevocable election to become a member of PERS, provided such employee has not participated in the deferred retirement option plan of, or retired from, that other system and has not previously exercised an irrevocable election to remain a member LASERS.

The primary actuarial impact of these provisions are:
1. New members accruing a potential lifetime benefit to be paid by PERS.
2. A new employer(s) providing contributions to PERS.
3. A decline in population and payroll for the Louisiana State Employees Retirement System (LASERS).
4. To the extent a current LASERS member transfers existing service from LASERS to PERS pursuant to 11:143, both the actuarial present value and associated assets will move from LASERS to PERS.

As far as we are aware, LASERS is the only other public retirement system in which employees of the district and parish courts participate. According to LASERS staff, as of June 30, 2025, 309 members could be affected by this legislation. To the extent some employees participate in another system, all effects outlined for LASERS would also apply to that system. Because both LASERS and PERS Plan A do not contribute to social security it would be reasonable to assume that any such employer that switches from LASERS coverage to PERS coverage would join PERS Plan A. Any employer that does contribute to social security would join PERS Plan B.

The following discussion focuses on the impact of an employer moving from LASERS coverage to PERS coverage. If any employer is not covered by LASERS, the impact to PERS will be similar, but the contribution rates would lower because they are likely to be joining Plan B, not Plan A.

<u>With respect to PERS:</u> New members will begin accruing a benefit, causing the actuarial present value of benefits for the retirement system to increase more than it otherwise would have. This will put upward pressure on the total dollars of required contributions. However, the total payroll of the retirement system will also be larger, which puts downward pressure on the required employer contribution rate. The payroll for the 309 LASERS members is approximately $16 million. If they were all to join PERS Plan A, that would increase the active lives headcount and payroll approximately 2%. According to PERS' actuary, new hires have generally decreased PERS' normal cost accrual rate, but the actuary noted that this has not always been the case and that only the demographics of the new entrants would ultimately dictate whether the plan's normal cost would increase or decrease. However, the following would be certain:
1. The actuarial present value of future benefits would be larger than if new members had not joined.
2. The total payroll contributing to PERS Plan A would increase due to the new membership. In turn, this would increase the amount of employer contributions received by PERS. PERS' fiscal 2025 employer contribution rate is 11%, thus PERS would expect to see approximately $1.76 million in extra contributions based on the increase in payroll of approximately $16 million.

<u>With respect to LASERS:</u> As district and parish courts join PERS, LASERS will experience a decline in membership and payroll. Thus, both LASERS' actuarial present value of future benefits and total payroll will decrease more than it otherwise would have. This, and any service transfers, have the opposite effect on contributions than that described for PERS. To the extent that all members of an eligible employer move from LASERS to PERS, the impact would be immediate. If no current members move from LASERS to PERS, the impact would occur gradually over time due to the natural attrition of members.

<u>In summary:</u> PERS will experience an increase in the actuarial present value of future benefits while LASERS will experience a decrease. We believe that the increase experienced by PERS will exceed the decrease experienced by LASERS.

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	Decrease	Decrease	Decrease	Decrease	Decrease	Decrease
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	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**

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. The current employer contribution rate for LASERS is 33.15% of payroll. The current contribution rate for PERS Plan A is 11.00%. As new employees are hired, employer contributions from parish and district courts (Local Funds) will decrease due to the lower contribution rate. Given the estimate of impacted payroll of $16 million as provided by LASERS' actuary, contributions could decrease by about $3.5 million. This assumes that all currently eligible employers and their employees transition to PERS, but that is not guaranteed to occur.
   b. New employees moving from LASERS to PERS will not accrue enough service to impact expected benefit payments (Agy-Self Generated) from either retirement system within the five-year measurement period.
   c. If a member were to transfer service from LASERS to PERS, there will be an expense increase for LASERS related to the transfer of assets under R.S. 11:143. (Agy-Self Generated)
   d. If a member were to transfer service from LASERS to PERS, that member could retire under PERS within the five-year measurement period, increasing the expense for PERS. (Agy-Self Generated)

2. Revenues:

   a. Changes in retirement contributions identified as changes in expenditures have corresponding changes in Agy Self-Generated revenues. In this case, LASERS would experience a decrease of up to $5.3 million, while PERS could experience an increase of up to $1.76 million.
   b. LASERS expenditures identified as service transfers would have corresponding changes in Agy Self-Generated revenues.

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.

Other than the impact on employer contribution rates which is already reflected in Section II above, there is no anticipated direct material effect on governmental expenditures and revenues as a result of this measure.

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.

A full actuarial determination of the retirement system's costs, actuarially determined contributions, and accrued liability require the use of assumptions regarding future economic and demographic events. The assumptions used to determine the retirement system's contribution requirement and accrued liability are summarized in the system's most recent actuarial valuation report accepted by the respective retirement board and by PRSAC.

The actual emerging future experience, such as a retirement fund's future investment returns, may differ from the assumptions. To the extent that emerging future experience differs from the assumptions, the resulting shortfalls (or gains) must be recognized in future years by future taxpayers. Future actuarial measurements may also differ significantly from the current measurements due to other factors: changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period; or additional cost or contribution requirements based on the system's funded status); and changes in plan provisions or applicable law.

Examples of risk that may reasonably be anticipated to significantly affect the plan's future financial condition include:

1. Investment risk – actual investment returns may differ from the expected returns (assumptions);
2. Contribution risk – actual contributions may differ from expected future contributions. For example, actual contributions may not be made in accordance with the plan's funding policy or material changes may occur in the anticipated number of covered employees, covered payroll, or other relevant contribution base;
3. Salary and Payroll risk – actual salaries and total payroll may differ from expected, resulting in actual future accrued liability and contributions differing from expected;
4. Longevity and life expectancy risk – members may live longer or shorter than expected and receive pensions for a period of time other than assumed;
5. Other demographic risks – members may terminate, retire or become disabled at times or with benefits at rates that differ from what was assumed, resulting in actual future accrued liability and contributions differing from expected.

The scope of an actuarial note prepared for the Louisiana Legislature does not include an analysis of the potential range of such future measurements or a quantitative measurement of the future risks of not achieving the assumptions. In certain circumstances, detailed or quantitative assessments of one or more of these risks as well as various plan maturity measures and historical actuarial measurements may be requested from the actuary. Additional risk assessments are generally outside the scope of an actuarial note. Additional assessments may include stress tests, scenario tests, sensitivity tests, stochastic modeling, and a comparison of the present value of accrued benefits at low-risk discount rates with the actuarial accrued liability.

However, the general cost-effects of emerging experience deviating from assumptions can be known. For example, the investment return since the most recent actuarial valuation may be less (or more) than the assumed rate, or a cost-of-living adjustment may be more (or less) than the assumed rate, or life expectancy may be improving (or worsening) compared to what is assumed. In each of these situations, the cost of the plan can be expected to increase (or decrease).

The use of reasonable assumptions and the timely receipt of the actuarially determined contributions are critical to support the financial health of the plan. However, employer contributions made at the actuarially determined rate do not necessarily guarantee benefit security.

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 ≥ $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 ≥ $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 ≥ $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 ≥ $500,000, then bill is dual referred to:
Dual Referral: Ways and Means