

**2019 REGULAR SESSION
ACTUARIAL NOTE SB 107**

<p>Senate Bill 107 SLS 19RS-84 Engrossed with Senate Floor Amendment #1278 (Replaces RE version of AN exported on 5/3/19)</p> <p>Author: Senator Gatti Date: May 5, 2019 LLA Note SB 107.03</p> <p>Organizations Affected: Louisiana State Employees' Retirement System (LASERS)</p> <p>EG INCREASE APV</p>	<p>This Note has been prepared by the Actuarial Services Department of the Legislative Auditor with assistance from either the Fiscal Notes staff of the Legislative Auditor or staff of the Legislative Fiscal Office. 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.</p> <div style="text-align: center;">  </div> <p>James J. Rizzo, ASA, MAAA Senior Consultant & Actuary Gabriel, Roeder, Smith & Company, Actuary for the Legislative Auditor</p>
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Bill Header: PUBLIC EMPLOYEES: Adds post traumatic stress disorder to the list of injuries which are compensable for injured public employees. (8/1/19)

Cost Summary:

The estimated net actuarial and fiscal impact of this proposed legislation on the retirement systems and their plan sponsors is summarized below. Net actuarial costs pertain to estimated changes in the *net actuarial present value of future benefit payments and administrative expenses incurred by the retirement system*. Net fiscal costs or savings pertain to changes to all cash flows over the next five year period including retirement system cash flows, OPEB cash flows, or cash flows related to other government entities.

An increase in actuarial costs is denoted throughout the actuarial note by "Increase" or a positive number. Actuarial savings are denoted by "Decrease" or a negative number. An increase in expenditures or revenues (fiscal impact) is denoted by "Increase" or a positive number. A decrease in expenditures or revenues is denoted by "Decrease" or a negative number.

Estimated Actuarial Impact:

The top part of the following chart shows the estimated change in the *net actuarial present value of future benefit payments and expenses*, if any, attributable to the proposed legislation. The bottom part shows the effect on cash flows (i.e., contributions, benefit payments, and administrative expenses).

Net Actuarial Costs (Liabilities) Pertaining to:		Net Actuarial Cost
The Retirement Systems		Increase
Other Post-employment Benefits (OPEB)		Increase
Total		Increase
Five Year Net Fiscal Cost Pertaining to:	Expenditures	Revenues
The Retirement Systems	Increase	Increase
Other Post-employment Benefits	Increase	0
Other Government Entities	Increase	0
Total	Increase	Increase

This bill complies with the Louisiana Constitution which requires unfunded liabilities created by an improvement in retirement benefits to be amortized over a period not to exceed ten years. The actuaries for the retirement system(s) to which this Constitutional requirement applies are expected to calculate costs and liabilities in compliance with this requirement.

Bill Information

Relevant Current Law

Current law states that the services provided by volunteer fire departments are vital for fire prevention and suppression to the safety of the citizens of the state. The state fire marshal is required to obtain workers' compensation coverage for volunteer members who participate in the normal functions of the fire company.

Current law provides disability benefits to emergency medical services personnel, employees of a police department, or fire employees who are members in one of the retirement systems of Louisiana, and every employee of the division of state police, except the head thereof [R.S. 40:1374], and who apply for retirement due to a disability. Under current law, retirement plans generally require the disability to have occurred (and possibly even the application made) during the period of covered employment.

Under current law, LASERS (which covers employees of the division of state police) provides for disability benefits, which are payable if a member: (a) becomes disabled, (b) is not eligible for regular retirement, (c) files for disability benefits while in service, (d) is found to be totally disabled for any cause upon medical examination and certification, (e) has at least 10 years of creditable service and (f) the disability was incurred while the member was an active contributing member in state service. [R.S. 11:212(A)].

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Under current law, disability claims shall not be honored in the case of preexisting conditions (i.e., incurred prior to commencement of service in the relevant retirement system). [R.S. 11:216]. If the application for disability benefits is not filed while the member is in state service, LASERS shall presume that the disability was not incurred while the member was an active contributing member in active service. Such presumption may be overcome only by clear, competent, and convincing evidence that the disability was incurred while the member was an active contributing member in active service. [R.S. 11:212(C)]. Therefore, if the application for disability benefits is not filed while the member is in state service, the presumption is that the disability was not incurred in active service and the burden of proof lies with the member to present clear, competent, and convincing evidence to the contrary.

Under current law, certain job categories may be entitled greater disability benefits without a service requirement if the disability was service-connected. [R.S. 212(B)(2)].

Proposed Law

This Reengrossed Actuarial Note was prepared with respect to the Original bill and incorporating the following amendments (hereinafter referred to as the “proposed bill”, “proposed law” or simply “SB 107”):

- Senate Committee Amendment #1050 L&IR Adopted,
- Senate Floor Legislative Bureau Amendment #1111 Martiny Adopted and
- Senate Floor Amendment #1278 Gatti Adopted.

SB 107 augments current law by requiring that any workers’ compensation policy which provides coverage for a *volunteer member of a fire company, or for an employee of the division of state police* shall include coverage for post traumatic stress injury (PTSI) as presumptively an occupational disease. SB 107 includes this presumption *for emergency medical services personnel, employees of a police department, or fire employees who are members in one of the retirement systems of Louisiana*. Therefore, SB 107 also affects disability benefits provided by state and statewide retirement systems covering these employees. It requires these members to be “entitled to all rights and benefits as granted by state law to one suffering an occupational disease and is entitled as service connected in the line of duty”, and requires a presumption of having “developed during employment” and presumed “to have been caused by or resulted from the nature of the work performed.” If the changes made by the proposed bill conflict with present law, the present law shall control. So there is no expected actuarial impact from this provision on these job categories.

However, SB 107 also extends this presumption for *employees of the division of state police* to be “entitled to all rights and benefits as granted by state law to one suffering an occupational disease and is entitled as service connected in the line of duty.” Therefore, in addition to workers’ compensation law, SB 107 also affects disability benefits provided by LASERS to *employees of the division of state police*. SB 107 requires a presumption of having “developed during employment” and presumed “to have been caused by or resulted from the nature of the work performed.” This is expected to have a slight increase in the rate of disabilities granted by LASERS as compared to the current law.

There are two types of presumptions required in the proposed law:

1. Employment-related. A qualifying PTSI diagnosis is presumed to be “connected to his employment” and “an occupational disease and . . . service connected in the line of duty”. This presumption specifically affects *employees of the division of state police* that participate in LASERS with access to two levels of benefits: one for service-connected disabilities and one for non-service-connected disabilities for a given job category. The proposed bill requires treatment as service-connected if otherwise qualifying.
2. Timing. A qualifying PTSI diagnosis is presumed as above, “regardless of whether the employee is employed at the time of diagnosis”, and “shall be presumed, prima facie, to have developed during employment and shall be presumed, prima facie, to have been caused by or have resulted from the nature of the work performed.” This presumption affects *employees of the division of state police* that participate in LASERS even if only a general disability benefits is provided (without being specifically for service-connected disabilities), because it affects the retroactive presumption of disability as having developed during employment.

The following definitions will apply to the disability benefits payable or to the workers’ compensation policies affected by SB 107:

1. "Post traumatic stress injury" means those injuries which are defined as "posttraumatic stress disorder" (PTSD) by the most recently published edition of the Diagnostic and Statistical Manual of Mental Disorders by the American Psychiatric Association.
2. "Psychiatrist" shall have the same meaning as it is defined pursuant to current law (R.S. 23:1371.1).
3. "Psychologist" shall have the same meaning as it is defined pursuant to current law (R.S. 23:1371.1).
4. "Emergency medical services personnel" shall have the same meaning as it is defined pursuant to current law (R.S. 40:1075.3).
5. "Employee of a police department" shall have the same meaning as it is defined pursuant to current law (R.S. 33:2211).
6. "Fire employee" means any person employed in the fire department of any municipality, parish, or fire protection district that maintains full-time regularly paid fire department employment, regardless of the specific duties of such person within the fire department. "Fire employee" also includes employees of nonprofit corporations under contract with a fire protection district or other political subdivision to provide fire protection services, including operators of the fire-alarm system when such operators are members of the regularly constituted fire department." [as per proposed Amendment No.

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1 to SB 107]. In Original SB 107, “Fire employee” was defined to have the same meaning as it is defined pursuant to R.S. 33:2181.

7. “Volunteer member” shall have the same meaning as it is defined pursuant to current law (R.S. 23:1036).
8. “Volunteer service” means that service performed by a volunteer member, for one or more fire companies, who is entitled to worker’ compensation benefits pursuant to R. S. 23:1036.

Any *employee of the division of state police* who is diagnosed by a psychiatrist or psychologist with post traumatic stress injury, either during employment or thereafter will be presumed to have a disease or infirmity connected with his employment.

Once diagnosed with post traumatic stress injury, any *employee of the division of state police* affected or his survivors will be entitled to all rights and benefits as granted by the current law to one suffering an occupational disease and is entitled as service connected in the line of duty, regardless of whether the employee is employed at the time of the diagnosis.

The presumptions that the post traumatic stress was attributable to employment as an *employee of the division of state police* may only be rebutted by clear and convincing evidence. In determining whether the evidence presented has successfully rebutted the presumptions in proposed law, the trier of facts may consider any of the following factors:

1. The length of time between the beginning and the end of the period of employment and the date of the diagnosis.
2. Whether there has been any trauma or traumatic events between the beginning and the end of the period of employment as an employee and the date of the diagnosis.
3. Whether the individual diagnosed had been previously diagnosed with post traumatic stress injury prior to his employment.

Implications of the Proposed Changes

SB 107 adds post traumatic stress injury to the disabilities which are presumed to be service-connected and presumed to occur during employment. Additional disability benefits under LASERS are expected to be provided since some retirees will receive disability benefits after being diagnosed by a psychiatrist or psychologist with a post traumatic stress injury.

Additionally, for a post traumatic stress injury, SB 107 removes the condition that an application for LASERS disability benefits has to be filed while the member is in active service for the member to receive a service connected disability benefit.

I. ACTUARIAL ANALYSIS SECTION

**A. Analysis of Net Actuarial Costs
(Prepared by LLA)**

This section of the actuarial note pertains to net actuarial costs or savings associated with the retirement systems and with OPEB.

1. Retirement Systems

The net actuarial cost or savings of the proposed legislation associated with the retirement systems is expected to increase. The actuary’s analysis is summarized below.

Following are a few areas of actuarial risk to consider under this proposed law that may cause LASERS to be exposed to a certain level of risk or increased frequency of disability approvals as compared to current law.

- Under the proposed law, the burden of proof and standards for proof shift from member to system. Under the proposed law, the member may select his own psychiatrist or psychologist, rather than LASERS selecting a physician as typically under the current law. LASERS’ board will be less likely to deny service-connectedness for disability claims for this condition under the proposed law as compared to the current law.
- The presumption as to timing (the second type presumption) may increase the disability approvals because, under current law, LASERS’ board may be inclined to deny disability approvals for PTSI that are filed regardless of how long after the member left covered employment and may deny them for not have been proved to the satisfaction of the board as having arose or occurred during employment even if allowing applications to be file later. However, under the proposed law, there is a presumption even for conditions diagnosed and claims filed after employment has ceased.

These actuarial risks tend to increase the likelihood of more disabilities being approved by LASERS.

Other aspects of this proposed law to be considered as mitigation of these risks above may include the following.

- The first type of presumption described above is not a presumption of “disability”, nor a presumption of “total” disability, nor a presumption of “permanent” disability. Certain job categories in LASERS require the member to be totally and permanently disabled (for others, partially disabled is an option). Subject to legal opinions and interpretations, the proposed law may only affect the presumption of service-connectedness, not whether the disability is total or permanent disability. However, there may be an increased likelihood of granting a total disability or a permanent disability if the diagnosis qualifies under the proposed law and is presumed to be service-

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connected. According to data from the National Comorbidity Survey Replications (NCS-R)¹, the past year severity of PTSD among U.S. adults showed: 36.6% serious, 33.1% moderate and 30.2% mild. Boards may still need to determine if the condition is total and if it is permanent.

- The proposed bill's presumption for any given case is subject to denial and rebuttal by LASERS' board "by clear and convincing evidence".

The proposed bill has an effective date of August 1, 2019. It does not say it is effective to disabilities that occur after August 1, 2019. Presumably, it may apply to any disability applications filed on or after August 1, 2019.

The proposed bill will likely also increase the administrative expenses for LASERS, in addition to the increase expected in benefits payable. Considering the physicians' fee, legal fees and other administrative expenses, the total administrative expenses could be well over \$10,000 for each such case including initial adjudication, appeals and continuing eligibility qualifications.

SB 107 will provide disability benefits payable when certain members of LASERS become disabled after suffering a post traumatic stress injury sustained in the line of duty. A slight increase in members expected to receive disability benefits would increase the net actuarial cost.

2. Other Post-employment Benefits (OPEB)

The net actuarial cost of the proposed legislation associated with OPEB, including retiree health insurance premiums, is estimated to increase. The actuary's analysis is summarized below.

The liability for post-retirement medical insurance protection provided to retirees would increase to the extent that disability retirements are covered for retiree medical insurance beyond merely the COBRA period and price, because of the likely increase in frequency of disability approvals.

B. Actuarial Data, Methods and Assumptions (Prepared by LLA)

A detailed review of the actuarial data, methods or assumptions applicable to LASERS was not made or required for the preparation of this Actuarial Note.

C. Actuarial Caveat (Prepared by LLA)

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

II. FISCAL ANALYSIS SECTION

This section of the actuarial note pertains to fiscal (annual) costs or savings associated with the retirement systems (Table A), with OPEB (Table B), and with other fiscal costs or savings incurred by other government entities (Table C). Fiscal costs or savings in Table A include benefit-related actuarial costs and administrative costs incurred by the retirement systems. The total effect of SB 107 on fiscal costs, fiscal savings, or cash flows is presented in Table D.

A. Estimated Fiscal Impact – Retirement Systems (Prepared by LLA)

1. Narrative

Table A shows the estimated fiscal impact of the proposed legislation on the retirement systems and the government entities that sponsor them. 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.

¹ https://www.nimh.nih.gov/health/statistics/post-traumatic-stress-disorder-ptsd.shtml#part_155471

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Retirement System Fiscal Cost: Table A

EXPENDITURES	2019-20	2020-21	2021-22	2022-23	2023-24	5 Year Total
State General Fund	\$ 0	Increase	Increase	Increase	Increase	Increase
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

REVENUES	2019-20	2020-21	2021-22	2022-23	2023-24	5 Year Total
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Agy Self Generated	0	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	\$ 0	Increase	Increase	Increase	Increase	Increase

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

2. Expenditures:

- a. Expenditures from LASERS (Agy Self-Generated) will increase because additional disability benefits would likely be paid.
- b. Expenditures from the State General Fund would increase because employer contribution requirements to LASERS would increase to cover the expected and actual crease in benefit costs.

3. Revenues:

The revenues to LASERS (Agy Self-Generated) would increase since the employer contribution requirements would likely increase.

**B. Estimated Fiscal Impact – OPEB
(Prepared by LLA)**

1. Narrative

Table B shows the estimated fiscal impact of the proposed legislation on actuarial benefit and administrative costs or savings associated with OPEB and the government entities that sponsor these benefit programs. 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.

OPEB Fiscal Cost: Table B

EXPENDITURES	2019-20	2020-21	2021-22	2022-23	2023-24	5 Year Total
State General Fund	Increase	Increase	Increase	Increase	Increase	Increase
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	Increase	Increase	Increase	Increase	Increase	Increase

REVENUES	2019-20	2020-21	2021-22	2022-23	2023-24	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 OPEB related fiscal costs and revenues during the five year measurement period.

2. Expenditures:

Expenditures by the State General Fund would likely increase somewhat due to an increase in disability retirements.

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3. Revenues:

No measurable effects.

**C. Estimated Fiscal Impact: Other Government Entities (other than the retirement systems or OPEB)
(Prepared by Tanesha Morgan, Legislative Fiscal Office, and Bradley Cryer, Director of Local Government Services, LLA)**

1. Narrative

Proposed law provides that any workers' compensation policy which provides coverage for an employee of the division of state police shall include coverage for post traumatic stress injury (PTSI). Proposed law also provides that an employee of the division of state police who is diagnosed with PTSI, either during employment or thereafter, shall be presumed to have a disease or infirmity connected with his employment.

Fiscal Costs for Other Government Entities: Table C

EXPENDITURES	2019-20	2020-21	2021-22	2022-23	2023-24	5 Year Total
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Agy Self Generated	See Below					
Stat Deds/Other	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
Local Funds	Increase	Increase	Increase	Increase	Increase	Increase
Annual Total	Increase	Increase	Increase	Increase	Increase	Increase

REVENUES	2019-20	2020-21	2021-22	2022-23	2023-24	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 bill will have the following effects on fiscal costs and revenues related to other government entities during the five year measurement period.

2. Expenditures:

- a. This bill may increase the number of workers' compensation claims paid by the Division of Administration – Office of Risk Management (ORM) related to PTSI. To the extent that a state police officer files a workers' compensation claim related to PTSI, this bill provides the presumption is that the PTSI is connected with his employment, which increases the likelihood that the claim will be paid. The LFO is working with ORM to determine the number of claims that were denied due to the claimant's inability to prove that PTSI is connected with his employment. This note will be updated once the information is received from the agency.
- b. The effect on retirement systems and OPEB is addressed in Sections A and B above. However, for local government entities there may be an impact with respect to workers' compensation or other benefits programs. The bill's presumption that a post-traumatic stress injury occurred in connection with employment will likely result in an increase in the frequency of claims. In addition, the employer can only rebut these claims by "clear and convincing evidence." Collectively, these factors may increase the frequency of claims and require an employer to dedicate more resources (e.g., increased staff time, professional service fees, legal fees) if the employer attempts to rebut an employee's claim. The amount of increased expenditures cannot be accurately determined.

3. Revenues:

There is no anticipated direct material effect on governmental revenues as a result of this measure.

**D. Estimated Fiscal Impact – All Retirement Systems, OPEB, and All Government Entities
(Prepared by LLA)**

1. Narrative

Table D shows the estimated fiscal impact of the proposed legislation on all government entities within the state of Louisiana. Cell values in Table D are the sum of the respective cell values in Table A, table B, and Table C. 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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Total Fiscal Cost: Table D (Cumulative Costs from Tables A, B, & C)

EXPENDITURES	2019-20	2020-21	2021-22	2022-23	2023-24	5 Year Total
State General Fund	Increase	Increase	Increase	Increase	Increase	Increase
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	Increase	Increase	Increase	Increase	Increase	Increase
Annual Total	Increase	Increase	Increase	Increase	Increase	Increase

REVENUES	2019-20	2020-21	2021-22	2022-23	2023-24	5 Year Total
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Agy Self Generated	0	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	\$ 0	Increase	Increase	Increase	Increase	Increase

Credentials of the Signatory Staff:

James J. Rizzo is a Senior Consultant and Actuary with Gabriel, Roeder, Smith & Company, which is currently serving as the actuary for the Louisiana Legislative Auditor. He is an Enrolled Actuary, a member of the American Academy of Actuaries, an Associate 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.

Actuarial Disclosure: 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 the Public Retirement Systems' Actuarial Committee (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 other than 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.

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Information Pertaining to Article (10)(29(F) of the Louisiana Constitution

SB 107 contains a retirement system benefit provision having an actuarial cost.

Some members of LASERS will receive a larger benefit with the enactment of SB 107 than what they would have received without SB 107.

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

The information presented below is based on information contained in Table D for the first three years following the 2019 regular session.

Senate

House

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

6.8F Applies to Senate or House Instruments.
If an annual General Fund fiscal cost \geq \$100,000, then the bill is dual referred to:
Dual Referral to Appropriations

13.5.2 Applies to Senate or House Instruments.
If an annual tax or fee change \geq \$500,000, then the bill is dual referred to:
Dual Referral: Revenue and Fiscal Affairs

6.8G Applies to Senate Instruments only.
If a net fee decrease occurs or if an increase in annual fees and taxes \geq \$500,000, then the bill is dual referred to:
Dual Referral: Ways and Means