2011 REGULAR SESSION
ACTUARIAL NOTE HB 425

House Bill 425 HLS 11RS-766 Engrossed **Author:** **Representative Charmaine Stiaes** **Date: June 7, 2011** **LLA Note HB 425.02** **Organizations Affected:** **Employees' Retirement System of the Sewerage and Water Board of New Orleans** **EG NO IMPACT APV**	**The Note was prepared by the Actuarial Services Department of the Office of the Legislative Auditor.**  **Paul T. Richmond, ASA, MAAA, EA** **Manager Actuarial Services**

Bill Header: RETIREMENT/LOCAL: Relative to the Employees' Retirement System of the Sewerage and Water Board of the city of New Orleans, provides with respect to system governance.

Cost Summary:

Actuarial Cost/(Savings) to Retirement Systems and OGB	$0
Total Five Year Fiscal Cost	
Expenditures	$0
Revenues	$0

Estimated Actuarial Impact:

The chart below shows the estimated increase/(decrease) in the actuarial value of benefits, if any, attributable to the proposed legislation. Note: it includes the present value cost of fiscal costs associated with benefit changes. It does **not** include present value costs associated with administration or other fiscal concerns.

Actuarial Cost (Savings) to:	**Increase (Decrease) in The Actuarial Present Value**
All Louisiana Public Retirement Systems	$0
Other Post Retirement Benefits	$0
Total	$0

Estimated Fiscal Impact:

The chart below shows the estimated fiscal impact of the proposed legislation. This represents the effect on cash flows for government entities including the retirement systems and the Office of Group Benefits.

EXPENDITURES	**2011-12**	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**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	**2011-12**	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**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

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Bill Information:

Current Law

Under current law, the Employees' Retirement System of the Sewerage and Water Board of New Orleans is created for the benefit of the employees of the Sewerage and Water Board of New Orleans (SWBNO) and is under the jurisdiction, control, and management of the SWBNO. The SWBNO shall have the authority to establish rules and regulations it finds necessary for carrying out the purpose of the retirement system.

The pension committee of SWBNO is defined under the rules and regulations of the retirement system, where by no salaries, fees, commissions, or compensation for service shall be paid out of the pension fund to anyone serving on the committee or in any other capacity.

Proposed Law

Under the proposed law, the Employees' Retirement System of the Sewerage and Water Board of New Orleans is under the jurisdiction, control, and management of the board of trustees of the retirement system rather than that of the SWBNO. The board of trustees shall be composed of:

1. The members of the Sewerage and Water Board of New Orleans.
2. Three elected employee members of the pension committee.
3. One retiree member of the pension committee.

Implications of the Proposed Changes

The proposed legislation changes the governing body of the retirement system from the Sewerage and Water Board of New Orleans (SWBNO) to the board of trustees of the retirement system. The board of trustees shall consist of the members of the Sewerage and Water Board of New Orleans, as well as, three elected employee members of the pension committee and one retiree member or the pension committee.

Cost Analysis:

Analysis of Actuarial Costs

Retirement Systems

There are no actuarial costs associated with this bill for the retirement system.

Other Post Retirement Benefits

There are no actuarial costs associated with this bill for the post retirement benefits.

Analysis of Fiscal Costs

The Sewerage and Water Board of New Orleans anticipates no fiscal impact associated with HB 425.

Actuarial Credentials:

Paul T. Richmond is the Manager of Actuarial Services for the Louisiana Legislative Auditor. He is an Enrolled Actuary, a member of the American Academy of Actuaries, a member of the Society of Actuaries and has met the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Dual Referral:

Senate

☐ 13.5.1 ≥ $100,000 Annual Fiscal Cost

☐ 13.5.2 ≥ $500,000 Annual Tax or Fee Change

House

☐ 6.8(F)(1) ≥ $500,000 Annual Fiscal Cost

☐ 6.8(F)(2) ≥ $100,000 Annual SGF Fiscal Cost

☐ 6.8(G) ≥ $500,000 Annual Tax or Fee Change