


2016 REGULAR SESSION
ACTUARIAL NOTE HB 51

House Bill 51 HLS 16RS-201 Original Author: Representative Barry Ivey Date: April 26, 2016 LLA Note HB 51.01 Organizations Affected: State Retirement Systems OR NO IMPACT APV	This Note has been prepared by the Actuarial Services Department of the Office of the Legislative Auditor. The attachment of this Note to HB 51 provides compliance with the requirements of R.S. 24:521  Paul T. Richmond, ASA, MAAA, EA Manager Actuarial Services
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Bill Header: RETIREMENT/STATE SYSTEMS: Requires each state retirement system actuary to be approved by the La. Legislative Auditor.

Cost Summary:

The estimated actuarial and fiscal impact of the proposed legislation is summarized below. Actuarial costs pertain to changes in the *actuarial present value of future benefit payments*. A cost is denoted by “Increase” or a positive number. Savings are denoted by “Decrease” or a negative number.

Actuarial Cost to Retirement Systems	\$0
Total Five Year Fiscal Cost	
Expenditures	\$0
Revenues	\$0

Estimated Actuarial Impact:

The chart below shows the estimated change in the *actuarial present value of future benefit payments*, if any, attributable to the proposed legislation. A cost is denoted by “Increase” or a positive number. Savings are denoted by “Decrease” or a negative number. Present value costs associated with administration or other fiscal concerns are not included in these values.

Actuarial Cost to:	<u>Change in the Actuarial Present Value</u>
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 the retirement systems and other government entities. Fiscal costs include estimated administrative costs and costs associated with other fiscal concerns. A fiscal cost is denoted by “Increase” or a positive number. Actuarial or fiscal savings are denoted by “Decrease” or a negative number.

EXPENDITURES	2016-17	2017-18	2018-19	2019-2020	2020-2021	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	2016-17	2017-18	2018-19	2019-2020	2020-2021	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

Current law authorizes the board of trustees of each of the four state retirement systems – Louisiana State Employees’ Retirement System (LASERS), Teachers’ Retirement System of Louisiana (TRSL), Louisiana School Employees’ Retirement System (LSERS), and Louisiana State Police Retirement System (STPOL) – to appoint an actuary to provide technical advice and other actuarial services to the board of trustees.

Proposed Law

HB 51 requires the legislative auditor to prepare a list of at least three actuarial firms from which the board of trustees of each state retirement system will select one to provide technical advice and actuarial services.

Implications of the Proposed Changes

The legislative auditor will prepare a list of pre-qualified actuarial firms. Each state retirement system will select an actuary from the pre-qualified list.

Cost Analysis:

Analysis of Actuarial Costs

HB 51 does not contain any benefit provisions having an actuarial cost.

Retirement Systems

There are no actuarial costs associated with HB 51.

Other Post-Employment Benefits

There are no actuarial costs associated with HB 51 relative to post-employment benefits other than pension.

Analysis of Fiscal Costs

There are no fiscal costs associated with HB 51.

Actuarial Data, Methods and Assumptions

This actuarial note was prepared using actuarial data, methods, and assumptions as disclosed in the most recent actuarial valuation report adopted by PRSAC. These assumptions and methods are in compliance with actuarial standards of practice. This data, methods, and assumptions are being used to provide consistency with the actuary for the retirement system who may also be providing testimony to the Senate and House retirement committees.

Actuarial Caveat

There is nothing in HB 51 that will compromise the signing actuary’s ability to present an unbiased statement of actuarial opinion.

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 necessary to render the actuarial opinion contained herein.

Dual Referral:

<u>Senate</u>	<u>House</u>
<input type="checkbox"/> 13.5.1: Annual Fiscal Cost ≥ \$100,000	<input type="checkbox"/> 6.8(F)(1): Annual Fiscal Cost ≥ \$100,000
<input type="checkbox"/> 13.5.2: Annual Tax or Fee Change ≥ \$500,000	<input type="checkbox"/> 6.8(F)(2): Annual Revenue Reduction ≥ \$100,000
	<input type="checkbox"/> 6.8(G): Annual Tax or Fee Change ≥ \$500,000