


2016 REGULAR SESSION
ACTUARIAL NOTE HB 52

House Bill 52 HLS 16RS-397 Original Author: Representative Barry Ivey Date: May 2, 2016 LLA Note HB 52.01 Organizations Affected: Public Retirement System’s Actuarial Committee 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 52 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 SYSTEMS: Provides relative to the composition of the Public Retirement Systems’ Actuarial Committee

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.

<u>Actuarial Cost to:</u>	<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

The Public Retirement Systems' Actuarial Committee (PRSAC) consists of seven voting members identified below:

1. The state treasurer, ex officio, or his designee.
2. The commissioner of administration, ex officio, or his designee.
3. The legislative auditor, ex officio, or his designee.
4. An actuary who represents the state retirement systems selected by a majority of the directors of the state retirement systems.
5. An actuary who represents the statewide retirement systems selected by a majority of the directors of the statewide retirement systems.
6. The president of the Senate, ex officio, or his designee.
7. The speaker of the House of Representatives, ex officio, or his designee.

Six members constitute a quorum.

Proposed Law

The number of members of PRSAC will be increased to eleven with the addition of the following voting members.

1. The chairman of the House Committee on Retirement, ex officio, or his designee.
2. The chairman of the Senate Committee on Retirement, ex officio, or his designee.
3. One member appointed by the chairman of the House Committee on Retirement.
4. One member appointed by the chairman of the Senate Committee on Retirement.

Nine members will constitute a quorum.

Implications of the Proposed Changes

The number of members of PRSAC will be increased from seven to eleven members.

Cost Analysis:

Analysis of Actuarial Costs

HB 52 does not contain any benefit provisions having an actuarial cost.

Retirement Systems

There are no actuarial costs associated with HB 52.

Other Post-Employment Benefits

HB 52 has no effect on actuarial costs associated with post-retirement benefits other than pensions.

Analysis of Fiscal Costs

HB 52 will not have any effect on fiscal costs.

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.

Actuarial Caveat

There is nothing in HB 52 that will compromise the signing actuary's ability to present an unbiased statement of actuarial opinion.

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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:

Senate

- ☐ 13.5.1: Annual Fiscal Cost \geq \$100,000
- ☐ 13.5.2: Annual Tax or Fee Change \geq \$500,000

House

- ☐ 6.8(F)(1): Annual Fiscal Cost \geq \$100,000
- ☐ 6.8(F)(2): Annual Revenue Reduction \geq \$100,000
- ☐ 6.8(G): Annual Tax or Fee Change \geq \$500,000