


**2016 REGULAR SESSION
ACTUARIAL NOTE HB 23**

<p>House Bill 23 HLS 16RS-299 Engrossed</p> <p>Author: Representative Gene Reynolds Date: March 28, 2016</p> <p>LLA Note HB 23.02</p> <p>Organizations Affected: Municipal Employees' Retirement System EG NO IMPACT APV</p>	<p>This Note has been prepared by the Actuarial Services Department of the Office of the Legislative Auditor. The attachment of this Note to HB 23 provides compliance with the requirements of R.S. 24:521</p> <div style="text-align: center;">  Paul T. Richmond, ASA, MAAA, EA Manager Actuarial Services </div>
---	---

Bill Header: RETIREMENT/MUNICIPAL EMP: Requires the Municipal Employees' Retirement System to establish rules and regulations governing certain procedures relative to the election of trustees to the system board.

Cost Summary:

The estimated actuarial and fiscal impact of the proposed legislative 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

**2016 REGULAR SESSION
ACTUARIAL NOTE HB 23**

Bill Information:

Current Law

Current law establishes an eleven member board of trustees for the Municipal Employees' Retirement System (MERS) and provides procedures relative to the election of such trustees to the board.

Each ballot received by the system must be stored and kept in a secure location within the system office with access being limited only to the director or his designee. Only the director or his designee may certify the date of receipt of each ballot cast in an election and safeguard procedures related to an election.

Proposed Law

HB 23 repeals the rules relative to trustee elections set forth under the second paragraph above under **Current Law**. Instead, HB 23 requires the MERS board to establish rules and regulations for the retention and certification of ballots received by the system during such elections

Implications of the Proposed Changes

As a result of HB 23 the MERS board of trustees will be responsible for safeguarding the trustee election process instead of the director for the system.

Cost Analysis:

Analysis of Actuarial Costs

Retirement Systems

HB 23 contains no benefit provisions having an actuarial cost.

There are no actuarial costs associated with HB 23.

Other Post-Employment Benefits

HB 23 has no effect on actuarial costs associated with post-employment benefits other than pensions.

Analysis of Fiscal Costs

HB 23 will have no effect on fiscal costs during the five year measurement period.

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 23 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:

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