


**2015 REGULAR SESSION
ACTUARIAL NOTE HB 46**

<p>House Bill 46 HLS 15RS-385 Enrolled</p> <p>Author: Representative Gene Reynolds Date: May 28, 2015</p> <p>LLA Note HB 46.03</p> <p>Organizations Affected: Louisiana State Employees' Retirement System</p> <p>EN INCREASE 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 46 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>
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Bill Header: RETIREMENT/STATE EMPS: Provides relative to benefits for minor children of certain wildlife agents in the enforcement division of the Department of Wildlife and Fisheries.

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	Increase
Total Five Year Fiscal Cost	
Expenditures	Increase
Revenues	Increase

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	Increase
Other Post Retirement Benefits	\$0
Total	Increase

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	2015-16	2016-17	2017-18	2018-19	2019-2020	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	0	0	0	0	0	0
Annual Total	Increase	Increase	Increase	Increase	Increase	Increase

REVENUES	2015-16	2016-17	2017-18	2018-19	2019-2020	5 Year Total
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
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

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Bill Information:

Current Law

A child under 18 years of age of a deceased member of the Wildlife and Fisheries sub plan of the Louisiana State Employees Retirement System (LASERS) is entitled to a survivor benefit under certain circumstances.

Survivor benefits payable to parents of the deceased member, the surviving spouse, and other surviving children under 18 years of age also depend on the existence of the child under 18 years of age, or the second or third child also under 18 years of age.

Proposed Law

Under HB 46, the phrase “child under 18 years of age” has been replaced by “minor child”. A minor child is defined as an unmarried child under the age of 18 or an unmarried student under the age of 23.

Implications of the Proposed Changes

Under HB 46, the number of children of deceased members of the Wildlife and Fisheries sub plan of LASERS who may be entitled to survivor benefits has been expanded. The period of time for which survivor benefits may be to a child has been extended.

Cost Analysis:

Analysis of Actuarial Costs

HB 46 contains benefit provisions having an actuarial cost.

Retirement Systems

Under current law, survivor benefits are paid to children of a deceased member who are under 18 years of age. Under HB 46, more children will be entitled to survivor benefits and survivor benefits will be payable to a child until he is 23 years of age if he is also a student.

LASERS had 94 minor children receiving survivor benefits on June 30, 2014. The average monthly benefit was \$2,194. The present value cost of providing benefits to one child for an additional 5 years from age 18 to 23 is about \$100,000.

Currently no minor children are receiving survivor benefits under the Wildlife and Fisheries sub-plan. However, for each child that would receive survivor benefits under HB 46 that would not have received survivor benefits under current law, retirement plan costs are estimated to increase about \$100,000.

Other Post-Employment Benefits

There are no actuarial costs associated with HB 46 for post-employment benefits other than pensions.

Analysis of Fiscal Costs

HB 46 will have the following effects on fiscal costs during the five year measurement period.

Expenditures:

1. Expenditures from the General Fund will increase to the extent that employer contributions increase to cover any costs resulting from HB 46.
2. Expenditures from LASERS (Agy Self-Generated) will increase to the extent that qualifying minor children of certain wildlife agents will receive survivor benefits for a longer period than they would have otherwise.

Revenues:

- LASERS revenues (Agy Self-Generated) will increase to the extent that employer contributions will be larger to accommodate the estimated increase in costs.

Fiscal expenditures are unlikely to exceed \$100,000 for any of the three years immediately following the 2015 legislative session.

According to LASERS, administrative costs associated with HB 46 are expected to be \$0.

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.

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Actuarial Caveat

There is nothing in HB 46 that will compromise the signing actuary's ability to present an unbiased statement of actuarial opinion.

Actuarial Credentials:

Paul T. Richmond is the actuary 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