


**2013 REGULAR SESSION
ACTUARIAL NOTE SB 2**

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| <p>Senate Bill 2 SLS 13RS-100 Enrolled</p> <p>Author: Senator Barrow Peacock Date: June 3, 2013</p> <p>LLA Note SB 2.04</p> <p>Organizations Affected: Municipal Employees' Retirement System</p> <p>EN NO IMPACT FC SG EX</p> | <p>The Note was prepared by the Actuarial Services Department of the Office of the Legislative Auditor. The attachment of the Note to SB 2 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: MUNICIPAL EMPLOYEE RET. To provide for board membership of the Municipal Employees' Retirement System. (6/30/13)

Cost Summary:

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| 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: | <u>Increase (Decrease) in</u> <u>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 government entities including the retirement systems and the Office of Group Benefits.

| EXPENDITURES | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-2018 | 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 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-2018 | 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 |

Bill Information:

Current Law

Current law provides that the board of trustees for the Municipal Employees' Retirement System consists of nine members determined in the following manner.

1. Six active and contributing members of MERS with at least 10 or more years of service, elected by system members.
2. One member who is the president of the Louisiana Municipal Association, ex officio.

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3. One member who is the chairman of the Senate Retirement Committee, ex officio, or his designee.
4. One member who is the chairman of the House Retirement Committee, ex officio, or his designee.

Proposed Law

Under SB 2, two new members will be added to the MERS board of trustees. These members shall be nonvoting members and will be determined as follows.

1. One member who shall be the commissioner of administration, or his designee.
2. One member who shall be the state treasurer, or his designee.

Implications of the Proposed Changes

As a result of SB 2, the number of members serving on the MERS board of trustees will increase from nine to eleven. Representation by members of the system will remain at 6 members, the number of trustee representing the interests of the plan sponsor and government will increase from 3 members to 5 members.

Cost Analysis:

Analysis of Actuarial Costs

Retirement Systems

There are no actuarial costs associated with SB 2.

Other Post Retirement Benefits

SB 2 has no effect on actuarial costs associated with post-retirement benefits other than pensions.

Analysis of Fiscal Costs

Administrative costs associated with the addition of two additional members to the board of trustees will be negligible. The new trustees are likely to be state employees and therefore will not be eligible for per diem expenses. Incidental travel expenses should also be negligible.

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 \geq \$100,000 Annual Fiscal Cost

13.5.2 \geq \$500,000 Annual Tax or Fee Change

House

6.8(F) \geq \$500,000 Annual Fiscal Cost

6.8(G) \geq \$500,000 Annual Tax or Fee Change