

~ ACTUARIAL COST NOTE ~ ~ REGULAR SESSION 2008 ~

House Bill 993; HLS 08RS-1285

Original No Amendments

Author: Representative Arnold

Friday, May 09, 2008

LA # 55.01

FIREFIGHTERS' PENSION & RELIEF FUND in the City of NEW ORLEANS

OR SEE ACTUARIAL NOTE LF EX

Bill Provisions



Thomas N. Rice, EA, MAAA, ASA

Legislative Actuary

RETIREMENT/LOCAL: Creates a varying schedule of accrual rates of the retirement benefits for members of the Firefighters' Pension and Relief Fund in the city of New Orleans

Estimated Fiscal Impact

EXPENDITURES	2008-09	2009-010	2010-11	2011-12	2012-13	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	See Below	See Below	See Below	See Below	See Below	See Below
ANNUAL TOTAL	See Below	See Below	See Below	See Below	See Below	See Below

REVENUES	2008-09	2009-010	2010-11	2011-12	2012-13	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

The proposed legislation pertains to benefits for the Firefighters' Pension and Relief Fund in the City of New Orleans. This system is funded through local appropriations.

Purpose: Changes the benefit formula to a varying schedule of accrual rates.

Actuarial Cost Impact

This is a local retirement system sponsored by the City of New Orleans. Our office does not maintain data or valuation systems for the retirement plan. However, the system actuary estimates that this amendment will result in an increased actuarial funding cost of \$2,175,000 annually, or 9.45% of a payroll of \$23 million as of January 1, 2007. **Based on our review and understanding of the provisions we agree that the cost would exceed the \$500,000 fiscal cost required for dual referral during this session.**

We are unable to provide a reliable actuarial estimate of the possible impact of the proposed legislation given the time allowed for this note and lack of essential information. Act 304 of the 2007 Regular Session increased the accrual formula for firefighters who worked at least one hour of service after December 31, 1995 from a rate of 2.5% to the current 3.0% for each year beyond twelve years and after age 55; and also to 3.0% after thirty years of service for each year beyond twelve years of service. Actuarial costs were not supposed to change as a result of the Act, but has not been confirmed at this time by the system. This would be another change to the accrual formula.