

~ ACTUARIAL COST NOTE ~ ~ REGULAR SESSION 2008 ~

House Bill 226; HLS 08RS-320

Original No Amendments

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Tuesday, May 06, 2008

LA # 12.01

TEACHERS' RETIREMENT SYSTEM of LOUISIANA
OR INCREASE GF EX

Bill Provisions



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Legislative Actuary

RETIREMENT/TEACHERS: Provides relative to the Teachers' Retirement System of Louisiana with respect to disability retirement rehires

Estimated Fiscal Impact

| EXPENDITURES | 2008-09 | 2009-010 | 2010-11 | 2011-12 | 2012-13 | 5 YEAR TOTAL |
|---------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| State General Fund | * | * | * | * | * | * |
| Agy Self Generated | * | * | * | * | * | * |
| Stat Deds/Other | * | * | * | * | * | * |
| Federal Funds | * | * | * | * | * | * |
| Local Funds | Increase | Increase | Increase | Increase | Increase | Increase |
| ANNUAL TOTAL | Increase | Increase | Increase | Increase | Increase | Increase |

| 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 |

Purpose: Allows a disability retiree of the Teachers' Retirement System of Louisiana (TRSL) to be employed as a substitute teacher without suspension of retirement benefits.

Current Law : Currently if a disability retiree becomes employed in the field of education the disability benefit terminates.

Actuarial Cost Impact

The proposed legislation relates to a population consisting of 3,961 disability retirees with an average annual benefit of \$10,700 as of the most recent valuation.

Rehired retiree provisions are complicated evaluations and can result in substantial costs to the employer. We are unable to provide a dollar cost estimate for the proposed legislation at this time. However, it would result in a cost well over \$500,000 a year.

Actuarial Analysis

Simulations and studies involving Teachers' and LASERS members indicate that significant costs can be involved with any "rehired retiree" provisions. They could encourage active members to retire and then return at full pay plus full retirement benefits, plus COLAs.

*** System Information**

Teachers' Retirement System of Louisiana (TRSL)

The total required employer contribution for Teachers' Retirement System of Louisiana (TRSL) is paid directly from general fund appropriations, local school districts, self-generated funds, and from federally funded programs. The projected contribution rate for FY 2009 is 15.5% of member payroll.