

~ ACTUARIAL COST NOTE ~ ~ REGULAR SESSION 2008 ~

House Bill 1121; HLS 08RS-1509
 Original No Amendments
 Author: Representative Armes
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**LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM
 OR INCREASE GF EX**
Bill Provisions

RETIREMENT/STATE EMPS: Relative to the Louisiana State Employees' Retirement System, increases the benefit accrual rate for certain law enforcement personnel

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	*	*	*	*	*	*
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

* **System Information:** The proposed legislation applies to members of the Louisiana State Employees' Retirement System (LASERS). The total required employer contribution for this system is paid directly from general fund appropriations, self-generated funds, and from federally funded programs. The projected contribution rate for FY 2009 is 18.5% of member payroll.

Purpose: Provides a maximum retirement allowance equal to three and one-third percent of average compensation for every year of creditable service earned on or after July 1, 2008, to members of LASERS who are employed in a position for which they are required to be P.O.S.T.-certified, have the power of arrest, holds a commission from the agency by which they are employed, and are not a member of any other retirement system.

The following are not included: members in the Public Safety Services plan; peace officers employed by the Department of Public Safety and Corrections, office of state police, other than state troopers; full-time law enforcement personnel, supervisors, and administrators who are employed with the Department of Revenue, office of alcohol and tobacco control; and members employed as a wildlife agent with the enforcement division of the Louisiana Department of Wildlife and Fisheries.

Employee Contributions (R.S. 11:62 amended): A nine and one-half percent (9.5%) employee contribution is required under the proposed legislation. Currently, the general LASERS contribution is 7.5% for those hired prior to July 1, 2006 and 8.0% hired since that date. Certain other member categories pay up to 9.0%.

Actuarial Cost Impact

Net actuarial and fiscal cost impacts are probable for the proposed future service provisions. Information necessary to identify all LASERS' members that may be eligible for the proposed future service benefit and contribution increases is not maintained on our retirement database. Therefore a reliable dollar estimate cannot be provided in the time allowed for the preparation of this note. Evaluating the impact of significant changes in the benefits and contributions of an unknown group of existing members is complex. Costing attributes such as experience salary levels and accumulated retirement eligibility credits can have much greater impact then for a new member. **The cost could exceed the \$500,000 annual amount (0.02% of LASERS payroll) required for dual referral.**

A single consistently applied comprehensive design for members employed in these positions would be expected to result in ultimate administrative efficiency's not available under multiple various alternative plan designs, and thereby lead to administrative cost savings to the employers and the state.