

WALKTHROUGH OF AN ACTUARIAL FISCAL NOTE

Actuarial Results Summary

Goal: Illustrate the actuarial impacts of the bill

Intended Audience: More technical readers

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Many proposed pension bills would impact the actuarial funding of the retirement plans. For example, a bill that improves member benefits can increase plan liabilities. Another bill that allows certain members (and their previously made retirement contributions) to transfer plans can result in a shift to plan assets. When a plan's liabilities or assets change, contribution rates and budgets are usually impacted as well. This section addresses these key actuarial impacts via the following sub-sections...

* **How the Liabilities Changed**

* **How the Assets Changed**

* **How the Present Value of Future Salaries Changed**

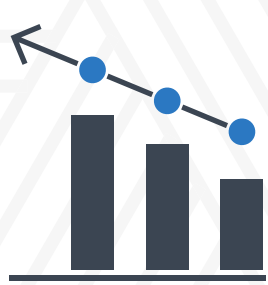
- These three items each factor into the calculation of a plan's contribution rates.
- If the pension bill results in a change to these items, we provide a table (like the one below for assets) summarizing the estimated impacts.

| Actuarial Value of Assets (As of 6/30/20yy) | | | |
|---|----------|----------|----------|
| (Dollars in Millions) | Current | Increase | Total |
| Sample Plan | \$10,000 | \$200 | \$10,200 |

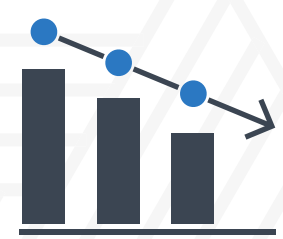
* **How the Contribution Rates Changed**

* **How This Impacts Budgets and Employees**

- We display the unrounded contribution rate change that arises from the pension bill. These unrounded rates are then used to measure budget changes in future biennia. We display employee and employer budget changes for each of the following two biennia and over a 25-year horizon.
- If the contribution rate change rounds to at least 0.01% (like it does for "Sample Plan A" below), then the rounded contribution rate change is enacted as a "supplemental contribution rate" which will be charged in the current biennium. Otherwise, the pension bill will not affect contribution rates in the current biennium (as is the case for "Sample Plan B" below). In both cases, the unrounded rate is used to measure budget changes in future biennia.



| Impact on Contribution Rates | | |
|------------------------------|---------------|---------------|
| | Sample Plan A | Sample Plan B |
| Current Members | | |
| Employee | 0.0085% | 0.0033% |
| Employer | 0.0085% | 0.0033% |



* **Comments on Risk**

* **How the Results Change When the Assumptions Change**

- The future will never unfold exactly as we expect, and this introduces an element of risk and uncertainty to our analysis. These sections highlight some of these risks and how they would affect the results we calculated.

