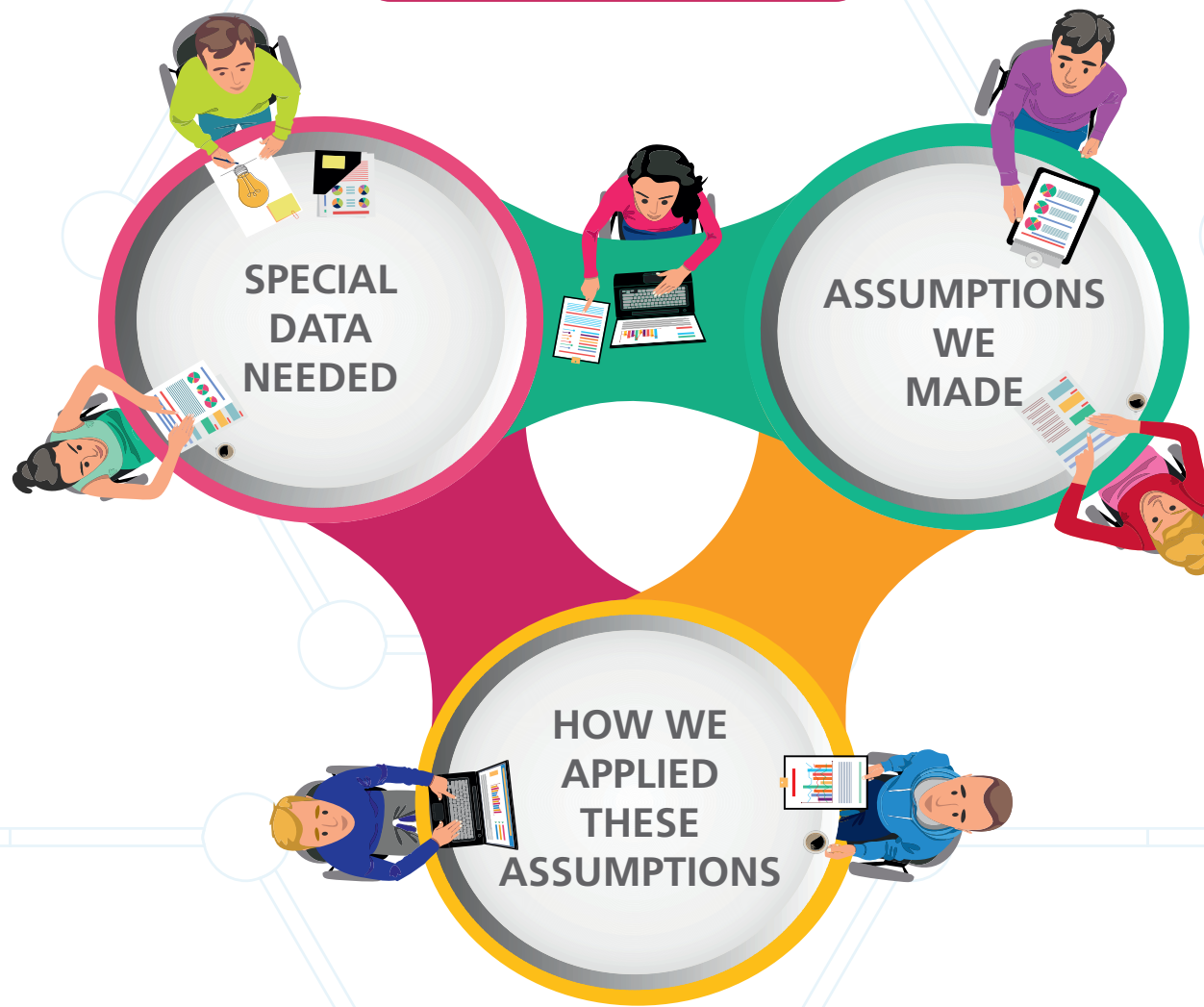# WALKTHROUGH OF AN ACTUARIAL FISCAL NOTE

Analysis Summary

Goal: Disclose the data, assumptions, and methods used to analyze the bill

Intended Audience: More technical readers

Click here to see an example 💡

SPECIAL DATA NEEDED

ASSUMPTIONS WE MADE

HOW WE APPLIED THESE ASSUMPTIONS

Every year, our office conducts an actuarial valuation of the state's pension plan. These valuations provide us with information on the plan's demographics and funding.

However, many pension bills propose changes to plan provisions which can require us to gather new data or make changes to the assumptions and methodologies found in our valuation. The following sub-sections disclose those data, assumptions, and methods used in our actuarial fiscal note analysis.

1. Special Data Needed

The majority of the time, we rely on data from our most recent valuation of the plan. However, for certain bills, we may need to request additional data. As an example, if a new benefit is being created, we may request data or conduct outside research on how many members may be eligible for the benefit. This section of the actuarial fiscal note describes that additional data, where we received it from, why we needed it, and what we learned from it.

2. Assumptions We Made

The provisions of a bill may be clear, but its implications on a plan could be uncertain. A bill may create a new benefit for members who meet a certain criterion, but how many members will that be? Another bill may increase a plan's retirement benefits, but will that incentivize members to retire earlier or later because of it? To model these impacts, we make assumptions based on available data, research, and our professional judgement. This section of the actuarial fiscal note describes the assumptions we made and how we determined them.

3. How We Applied These Assumptions

Once the data and assumptions are determined, we must apply them to estimate the fiscal impact of the bill. This section of the actuarial fiscal note describes how we update our valuation model to reflect the changes in plan provisions from the bill.
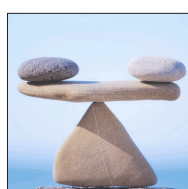
Office of the State Actuary
"Supporting financial security for generations."