

Amendment No. 1

COMMITTEE/SUBCOMMITTEE ACTION

ADOPTED	_____	(Y/N)
ADOPTED AS AMENDED	_____	(Y/N)
ADOPTED W/O OBJECTION	_____	(Y/N)
FAILED TO ADOPT	_____	(Y/N)
WITHDRAWN	_____	(Y/N)
OTHER		

---

1 Committee/Subcommittee hearing bill: Appropriations Committee  
 2 Representative Caldwell offered the following:

**Amendment (with title amendment)**

5 Remove everything after the enacting clause and insert:

6 Section 1. Paragraphs (f) and (g) of subsection (1) of  
 7 section 112.63, Florida Statutes, are amended to read:

8 112.63 Actuarial reports and statements of actuarial  
 9 impact; review.—

10 (1) Each retirement system or plan subject to the  
 11 provisions of this act shall have regularly scheduled actuarial  
 12 reports prepared and certified by an enrolled actuary. The  
 13 actuarial report shall consist of, but shall not be limited to,  
 14 the following:

15 ~~(f) A disclosure of the present value of the plan's~~  
 16 ~~accrued vested, nonvested, and total benefits, as adopted by the~~  
 17 ~~Financial Accounting Standards Board, using the Florida~~  
 18 ~~Retirement System's assumed rate of return, in order to promote~~  
 19 ~~the comparability of actuarial data between local plans.~~

Amendment No. 1

20 ~~(f)(g)~~ A statement by the enrolled actuary that the report  
21 is complete and accurate and that in his or her opinion the  
22 techniques and assumptions used are reasonable and meet the  
23 requirements and intent of this act.

24  
25 The actuarial cost methods utilized for establishing the amount  
26 of the annual actuarial normal cost to support the promised  
27 benefits shall only be those methods approved in the Employee  
28 Retirement Income Security Act of 1974 and as permitted under  
29 regulations prescribed by the Secretary of the Treasury.

30 Section 2. Subsection (14) is added to section 112.66,  
31 Florida Statutes, to read:

32 112.66 General provisions.—The following general  
33 provisions relating to the operation and administration of any  
34 retirement system or plan covered by this part shall be  
35 applicable:

36 (14) The state is not liable for any obligation relating  
37 to any current or future shortfall in any local government  
38 retirement system or plan.

39 Section 3. Section 112.664, Florida Statutes, is created  
40 to read:

41 112.664 Reporting standards for defined benefit retirement  
42 plans or systems.—

43 (1) In addition to the other reporting requirements of  
44 this part, within 60 days after receipt of the certified  
45 actuarial report submitted after the close of the plan year that  
46 ends on or after June 30, 2014, and thereafter in each year  
47 required under s. 112.63(2), each defined benefit retirement

Amendment No. 1

48 system or plan, excluding the Florida Retirement System, shall  
49 prepare and electronically report the following information to  
50 the Department of Management Services in a format prescribed by  
51 the department:

52 (a) Annual financial statements that are in compliance  
53 with the requirements of the Government Accounting and Standard  
54 Board's Statement No. 67, Financial Reporting for Pension Plans  
55 and Statement No. 68, Accounting and Financial Reporting for  
56 Pensions, using RP-2000 Combined Healthy Participant Mortality  
57 Tables, by gender, with generational projection by Scale AA.

58 (b) Annual financial statements similar to those required  
59 under paragraph (a), but which use an assumed rate of return on  
60 investments and an assumed discount rate that are equal to 200  
61 basis points less than the plan's assumed rate of return.

62 (c) Information indicating the number of months or years  
63 for which the current market value of assets are adequate to  
64 sustain the payment of expected retirement benefits as  
65 determined in the plan's latest valuation and under the  
66 financial statements prepared pursuant to paragraphs (a) and  
67 (b).

68 (d) Information indicating the recommended contributions  
69 to the plan based on the plan's latest valuation, and the  
70 contributions necessary to fund the plan based on financial  
71 statements prepared pursuant to paragraphs (a) and (b), stated  
72 as an annual dollar value and a percentage of valuation payroll.

73 (2) Each defined benefit retirement system or plan,  
74 excluding the Florida Retirement System, and its plan sponsor:

Amendment No. 1

75 (a) Shall provide the information required by this section  
76 and the funded ratio of the system or plan as determined in the  
77 most recent actuarial valuation as part of the disclosures  
78 required under s. 166.241(3) and on any website that contains  
79 budget information relating to the plan sponsor or actuarial or  
80 performance information related to the system or plan.

81 (b) That has a publicly available website shall provide on  
82 that website:

83 1. The plan's most recent financial statement and  
84 actuarial valuation, including a link to the Division of  
85 Retirement Actuarial Summary Fact Sheet for that plan.

86 2. For the previous 5 years, beginning with 2013, a side-  
87 by-side comparison of the plan's assumed rate of return compared  
88 to the actual rate of return, as well as the percentages of  
89 cash, equity, bond, and alternative investments in the plan  
90 portfolio.

91 3. Any charts and graphs of the data provided in  
92 subparagraphs 1. and 2., presented in a standardized, user-  
93 friendly, and easily interpretable format as prescribed by the  
94 department.

95 (3) The plan shall be deemed to be in noncompliance if it  
96 has not submitted the required information to the Department of  
97 Management Services within 60 days after receipt of the  
98 certified actuarial report for the plan year for which the  
99 information is required to be submitted to the department.

100 (a) The Department of Management Services may notify the  
101 Department of Revenue and the Department of Financial Services  
102 of the noncompliance, and the Department of Revenue and the

Amendment No. 1

103 Department of Financial Services shall withhold any funds not  
104 pledged for satisfaction of bond debt service and which are  
105 payable to the plan sponsor until the information is provided to  
106 the department. The department shall specify the date the  
107 withholding is to begin and notify the Department of Revenue,  
108 the Department of Financial Services, and the plan sponsor 30  
109 days before the specified date.

110 (b) Within 21 days after receipt of the notice, the plan  
111 sponsor may petition the Department of Management Services for a  
112 hearing under ss. 120.569 and 120.57. The Department of Revenue  
113 and the Department of Financial Services may not be parties to  
114 the hearing, but may request to intervene if requested by the  
115 department or if the Department of Revenue or the Department of  
116 Financial Services determines its interests may be adversely  
117 affected by the hearing.

118 Section 4. Subsection (1) of section 112.665, Florida  
119 Statutes, is amended to read:

120 112.665 Duties of Department of Management Services.—

121 (1) The Department of Management Services shall:

122 (a) Gather, catalog, and maintain complete, computerized  
123 data information on all public employee retirement systems or  
124 plans in the state, based upon a review of audits, reports, and  
125 other data pertaining to the systems or plans;

126 (b) Receive and comment upon all actuarial reviews of  
127 retirement systems or plans maintained by units of local  
128 government;

129 (c) Cooperate with local retirement systems or plans on  
130 matters of mutual concern and provide technical assistance to

Amendment No. 1

131 units of local government in the assessment and revision of  
132 retirement systems or plans;

133 (d) Annually issue, by January 1 ~~annually~~, a report to the  
134 President of the Senate and the Speaker of the House of  
135 Representatives, which ~~report~~ details division activities,  
136 findings, and recommendations concerning all governmental  
137 retirement systems. The report may include legislation proposed  
138 to carry out such recommendations;

139 (e) Provide a fact sheet for each participating local  
140 government defined benefit pension plan which summarizes  
141 ~~summarizing~~ the plan's actuarial status. The fact sheet should  
142 provide a summary of the plan's most current actuarial data,  
143 minimum funding requirements as a percentage of pay, and a 5-  
144 year history of funded ratios. The fact sheet must include a  
145 brief explanation of each element in order to maximize the  
146 transparency of the local government plans. The fact sheet must  
147 also contain the information specified in s. 112.664(1). These  
148 documents shall be posted on the department's website. Plan  
149 sponsors that have websites must provide a link to the  
150 department's website;

151 (f) Annually issue, by January 1 ~~annually~~, a report to the  
152 Special District Information Program of the Department of  
153 Economic Opportunity which ~~that~~ includes the participation in  
154 and compliance of special districts with the local government  
155 retirement system provisions in s. 112.63 and the state-  
156 administered retirement system provisions ~~as~~ specified in part I  
157 of chapter 121; and

Amendment No. 1

158 (g) Adopt reasonable rules to administer ~~the provisions of~~  
159 this part.

160 Section 5. The Legislature finds that a proper and  
161 legitimate state purpose is served when employees and retirees  
162 of the state and its political subdivisions, and the dependents,  
163 survivors, and beneficiaries of such employees and retirees, are  
164 extended the basic protections afforded by governmental  
165 retirement systems that provide fair and adequate benefits and  
166 that are managed, administered, and funded in an actuarially  
167 sound manner as required by s. 14, Article X of the State  
168 Constitution and part VII of chapter 112, Florida Statutes.  
169 Therefore, the Legislature determines and declares that this act  
170 fulfills an important state interest.

171 Section 6. This act shall take effect July 1, 2013.

172

173

174

-----  
**T I T L E A M E N D M E N T**

175

Remove everything before the enacting clause and insert:

176

A bill to be entitled

177

An act relating to publicly funded defined benefit

178

retirement plans; amending s. 112.63, F.S.; deleting

179

the requirement that required actuarial reports for

180

retirement plans include a disclosure of the present

181

value of the plan's benefits; amending s. 112.66,

182

F.S.; providing that the state is not liable for

183

shortfalls in local government retirement systems or

184

plans; creating s. 112.664, F.S.; requiring a defined

185

benefit system or plan to report certain information

## Amendment No. 1

186 to the Department of Management Services by a certain  
187 date; requiring the plan sponsor to make certain  
188 information available on certain websites; providing  
189 consequences for failure to timely submit the required  
190 information; providing a method for a plan sponsor to  
191 request a hearing to contest such consequences;  
192 amending s. 112.665, F.S.; requiring the department to  
193 provide a fact sheet specifying certain information;  
194 providing a declaration of important state interest;  
195 providing an effective date.

196  
197 WHEREAS, in 2012, there were 492 local government employee  
198 defined benefit pension plans in Florida, providing pension  
199 benefits to approximately 79,000 retirees. The interests of  
200 participants in many of these plans may have property rights  
201 implications under state law, and

202 WHEREAS, local government employee defined benefit pension  
203 plans are becoming a large financial burden on certain local  
204 governments and have already resulted in tax increases and the  
205 reduction of services, and

206 WHEREAS, the 2012 Florida Local Government Retirement  
207 Systems Annual Report published by the Department of Management  
208 Services specifies the total unfunded actuarial accrued  
209 liability of all local government defined benefit pension plans  
210 at approximately \$10 billion, and

211 WHEREAS, some economists and observers have stated that the  
212 extent to which state or local government employee defined  
213 benefit pension plans are underfunded is obscured by



Amendment No. 1

214 governmental accounting rules and practices, particularly as  
215 they relate to the valuation of plan assets and liabilities.  
216 This results in a misstatement of the value of plan assets and  
217 an understatement of plan liabilities, a situation that poses a  
218 significant threat to the soundness of state and local budgets,  
219 and

220 WHEREAS, there is currently a lack of meaningful disclosure  
221 regarding the value of state or local government employee  
222 defined benefit pension plan assets and liabilities. This lack  
223 of meaningful disclosure poses a direct and serious threat to  
224 the financial stability of such plans and their sponsoring  
225 governments, impairs the ability of state and local government  
226 taxpayers and officials to understand the financial obligations  
227 of their government, and reduces the likelihood that state and  
228 local government processes will be effective in assuring the  
229 prudent management of their plans, and

230 WHEREAS, the financial health of state or local government  
231 employee pension benefit plans can have statewide public  
232 repercussions, and the meaningful disclosure of the value of  
233 their assets and liabilities is necessary and desirable in order  
234 to adequately protect plan participants and their beneficiaries  
235 as well as the general public, and to further efforts to provide  
236 for the general welfare and the free flow of commerce, NOW,  
237 THEREFORE,