

HB 1309

2015

1 A bill to be entitled
2 An act relating to publicly funded retirement plans;
3 amending s. 112.63, F.S.; requiring that actuarial
4 reports for certain retirement plans include mortality
5 tables; amending s. 112.664, F.S.; revising
6 information to be included in a defined benefit system
7 or plan's annual report to the Department of
8 Management Services; providing a declaration of
9 important state interest; providing an effective date.

10

11 Be It Enacted by the Legislature of the State of Florida:

12

13 Section 1. Subsection (1) of section 112.63, Florida
14 Statutes, is amended to read:

15 112.63 Actuarial reports and statements of actuarial
16 impact; review.—

17 (1) Each retirement system or plan subject to the
18 provisions of this act shall have regularly scheduled actuarial
19 reports prepared and certified by an enrolled actuary. The
20 actuarial report shall consist of, but is shall ~~shall~~ not ~~be~~ limited
21 to, the following:

22 (a) Adequacy of employer and employee contribution rates
23 in meeting levels of employee benefits provided in the system
24 and changes, if any, needed in such rates to achieve or preserve
25 a level of funding deemed adequate to enable payment through the
26 indefinite future of the benefit amounts prescribed by the

27 | system, which shall include a valuation of present assets, based
28 | on statement value, and prospective assets and liabilities of
29 | the system and the extent of unfunded accrued liabilities, if
30 | any.

31 | (b) A plan to amortize any unfunded liability pursuant to
32 | s. 112.64 and a description of actions taken to reduce the
33 | unfunded liability.

34 | (c) A description and explanation of actuarial
35 | assumptions.

36 | (d) A schedule illustrating the amortization of unfunded
37 | liabilities, if any.

38 | (e) A comparative review illustrating the actual salary
39 | increases granted and the rate of investment return realized
40 | over the 3-year period preceding the actuarial report with the
41 | assumptions used in both the preceding and current actuarial
42 | reports.

43 | (f) Mortality tables that use mortality methodology
44 | consistent with the most recently published actuarial valuation
45 | report of the Florida Retirement System.

46 | (g)~~(f)~~ A statement by the enrolled actuary that the report
47 | is complete and accurate and that in his or her opinion the
48 | techniques and assumptions used are reasonable and meet the
49 | requirements and intent of this act.

50 |
51 | The actuarial cost methods utilized for establishing the amount
52 | of the annual actuarial normal cost to support the promised

53 benefits shall only be those methods approved in the Employee
 54 Retirement Income Security Act of 1974 and as permitted under
 55 regulations prescribed by the Secretary of the Treasury.

56 Section 2. Subsection (1) of section 112.664, Florida
 57 Statutes, is amended to read:

58 112.664 Reporting standards for defined benefit retirement
 59 plans or systems.—

60 (1) In addition to the other reporting requirements of
 61 this part, within 60 days after receipt of the certified
 62 actuarial report submitted after the close of the plan year that
 63 ends on or after June 30, 2014, and thereafter in each year
 64 required under s. 112.63(2), each defined benefit retirement
 65 system or plan, excluding the Florida Retirement System, shall
 66 prepare and electronically report the following information to
 67 the Department of Management Services in a format prescribed by
 68 the department:

69 (a) Annual financial statements that comply ~~are in~~
 70 ~~compliance~~ with the requirements of the Governmental Accounting
 71 Standards ~~Government Accounting and Standard Board's Statement~~
 72 No. 67, titled Financial Reporting for Pension Plans, and
 73 Statement No. 68, titled Accounting and Financial Reporting for
 74 Pensions, using mortality tables that use mortality methodology
 75 consistent with the most recently published actuarial valuation
 76 report of the Florida Retirement System RP-2000 Combined Healthy
 77 Participant Mortality Tables, by gender, with generational
 78 projection by Scale AA.

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

83 (c) Information indicating the number of months or years
84 for which the current market value of assets are adequate to
85 sustain the payment of expected retirement benefits as
86 determined in the plan's latest valuation and under the
87 financial statements prepared pursuant to paragraphs (a) and
88 (b).

89 (d) Information indicating the recommended contributions
90 to the plan based on the plan's latest valuation, and the
91 contributions necessary to fund the plan based on financial
92 statements prepared pursuant to paragraphs (a) and (b), stated
93 as an annual dollar value and a percentage of valuation payroll.

94 Section 3. The Legislature finds that a proper and
95 legitimate state purpose is served when employees and retirees
96 of the state and its political subdivisions, and the dependents,
97 survivors, and beneficiaries of such employees and retirees, are
98 extended the basic protections afforded by governmental
99 retirement systems that provide fair and adequate benefits and
100 that are managed, administered, and funded in an actuarially
101 sound manner as required by s. 14, Article X of the State
102 Constitution and part VII of chapter 112, Florida Statutes.
103 Therefore, the Legislature determines and declares that this act
104 fulfills an important state interest.

HB 1309

2015

105

Section 4. This act shall take effect July 1, 2015.