

CS/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; specifying requirements; amending s. 112.664,  
6 F.S.; revising information to be included in a defined  
7 benefit system or plan's annual report to the  
8 Department of Management Services; providing a  
9 declaration of important state interest; providing an  
10 effective date.

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

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

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

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

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

27 indefinite future of the benefit amounts prescribed by the  
28 system, which shall include a valuation of present assets, based  
29 on statement value, and prospective assets and liabilities of  
30 the system and the extent of unfunded accrued liabilities, if  
31 any.

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

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

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

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

44 (f) The mortality tables used in either of the two most  
45 recently published actuarial valuation reports of the Florida  
46 Retirement System, including the projection scale for mortality  
47 improvement. Appropriate risk and collar adjustments must be  
48 made based on plan demographics. The tables must be used for  
49 assumptions for preretirement and postretirement mortality.

50 (g)~~(f)~~ A statement by the enrolled actuary that the report  
51 is complete and accurate and that in his or her opinion the  
52 techniques and assumptions used are reasonable and meet the

53 requirements and intent of this act.

54

55 The actuarial cost methods utilized for establishing the amount  
 56 of the annual actuarial normal cost to support the promised  
 57 benefits shall only be those methods approved in the Employee  
 58 Retirement Income Security Act of 1974 and as permitted under  
 59 regulations prescribed by the Secretary of the Treasury.

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

62 112.664 Reporting standards for defined benefit retirement  
 63 plans or systems.—

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

73 (a) Annual financial statements that comply ~~are in~~  
 74 ~~compliance~~ with the requirements of the Governmental Accounting  
 75 Standards ~~Government Accounting and Standard~~ Board's Statement  
 76 No. 67, titled "Financial Reporting for Pension Plans," and  
 77 Statement No. 68, titled "Accounting and Financial Reporting for  
 78 Pensions," using mortality tables used in either of the two most

79 recently published actuarial valuation reports of the Florida  
 80 Retirement System, including the projection scale for mortality  
 81 improvement. Appropriate risk and collar adjustments must be  
 82 made based on plan demographics. The tables must be used for  
 83 assumptions for preretirement and postretirement mortality RP-  
 84 2000 Combined Healthy Participant Mortality Tables, by gender,  
 85 with generational projection by Scale AA.

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

90 (c) Information indicating the number of months or years  
 91 for which the current market value of assets are adequate to  
 92 sustain the payment of expected retirement benefits as  
 93 determined in the plan's latest valuation and under the  
 94 financial statements prepared pursuant to paragraphs (a) and  
 95 (b).

96 (d) Information indicating the recommended contributions  
 97 to the plan based on the plan's latest valuation, and the  
 98 contributions necessary to fund the plan based on financial  
 99 statements prepared pursuant to paragraphs (a) and (b), stated  
 100 as an annual dollar value and a percentage of valuation payroll.

101 Section 3. The Legislature finds that a proper and  
 102 legitimate state purpose is served when employees and retirees  
 103 of the state and its political subdivisions, and the dependents,  
 104 survivors, and beneficiaries of such employees and retirees, are

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105 extended the basic protections afforded by governmental  
106 retirement systems that provide fair and adequate benefits and  
107 that are managed, administered, and funded in an actuarially  
108 sound manner as required by s. 14, Article X of the State  
109 Constitution and part VII of chapter 112, Florida Statutes.  
110 Therefore, the Legislature determines and declares that this act  
111 fulfills an important state interest.

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