

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
10 effective dates.

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

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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) Effective January 1, 2016, the mortality tables used
45 in either of the two most recently published actuarial valuation
46 reports of the Florida Retirement System, including the
47 projection scale for mortality improvement. Appropriate risk and
48 collar adjustments must be made based on plan demographics. The
49 tables must be used for assumptions for preretirement and
50 postretirement mortality.

51 (g) ~~(f)~~ A statement by the enrolled actuary that the report
52 is complete and accurate and that in his or her opinion the

53 techniques and assumptions used are reasonable and meet the
54 requirements and intent of this act.

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

61 Section 2. Effective January 1, 2016, subsection (1) of
62 section 112.664, Florida Statutes, is amended to read:

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

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

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

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

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

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

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

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

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

113 Section 4. Except as otherwise expressly provided in this
114 act, this act shall take effect July 1, 2015.