

By the Committee on Community Affairs; and Senator Brandes

578-02123-15

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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:

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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 in  
24 meeting levels of employee benefits provided in the system and  
25 changes, if any, needed in such rates to achieve or preserve a  
26 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

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

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

53  
54 The actuarial cost methods utilized for establishing the amount  
55 of the annual actuarial normal cost to support the promised  
56 benefits shall only be those methods approved in the Employee  
57 Retirement Income Security Act of 1974 and as permitted under  
58 regulations prescribed by the Secretary of the Treasury.

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

61 112.664 Reporting standards for defined benefit retirement  
62 plans or systems.—

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

72 (a) Annual financial statements that comply ~~are in~~  
73 ~~compliance~~ with the requirements of the Governmental Accounting  
74 Standards Government Accounting and Standard Board's Statement  
75 No. 67, titled "Financial Reporting for Pension Plans," and  
76 Statement No. 68, titled "Accounting and Financial Reporting for  
77 Pensions," using mortality tables used in either of the two most  
78 recently published actuarial valuation reports of the Florida  
79 Retirement System, including the projection scale for mortality  
80 improvement. Appropriate risk and collar adjustments must be  
81 made based on plan demographics. The tables must be used for  
82 assumptions for preretirement and postretirement mortality RP-  
83 2000 Combined Healthy Participant Mortality Tables, by gender,  
84 with generational projection by Scale AA.

85 (b) Annual financial statements similar to those required  
86 under paragraph (a), but which use an assumed rate of return on  
87 investments and an assumed discount rate that are equal to 200

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88 basis points less than the plan's assumed rate of return.

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

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

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

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