

By Senator Brandes

22-00288-15

2015242\_\_

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~~ not ~~be~~ limited  
21       to, the following:

22       (a) Adequacy of employer and employee contribution rates in  
23       meeting levels of employee benefits provided in the system and  
24       changes, if any, needed in such rates to achieve or preserve a  
25       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

22-00288-15

2015242\_\_

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 assumptions.

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

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

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

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

49

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

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

57 112.664 Reporting standards for defined benefit retirement  
58 plans or systems.-

22-00288-15

2015242\_\_

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

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

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

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

22-00288-15

2015242\_\_

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

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

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