

CHAPTER 2015-157

Committee Substitute for Committee Substitute for House Bill No. 1309

An act relating to publicly funded retirement plans; amending s. 112.63, F.S.; requiring that actuarial reports for certain retirement plans include mortality tables; specifying requirements; amending s. 112.664, F.S.; revising information to be included in a defined benefit system or plan's annual report to the Department of Management Services; providing a declaration of important state interest; providing effective dates.

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

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

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

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

(a) Adequacy of employer and employee contribution rates in meeting levels of employee benefits provided in the system and changes, if any, needed in such rates to achieve or preserve a level of funding deemed adequate to enable payment through the indefinite future of the benefit amounts prescribed by the system, which shall include a valuation of present assets, based on statement value, and prospective assets and liabilities of the system and the extent of unfunded accrued liabilities, if any.

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

(c) A description and explanation of actuarial assumptions.

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

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

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

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

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

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

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

(1) In addition to the other reporting requirements of this part, within 60 days after receipt of the certified actuarial report submitted after the close of the plan year that ends on or after December 31, 2015 ~~June 30, 2014~~, and thereafter in each year required under s. 112.63(2), each defined benefit retirement system or plan, excluding the Florida Retirement System, shall prepare and electronically report the following information to the Department of Management Services in a format prescribed by the department:

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

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

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

(d) Information indicating the recommended contributions to the plan based on the plan's latest valuation, and the contributions necessary to fund the plan based on financial statements prepared pursuant to paragraphs (a)

and (b), stated as an annual dollar value and a percentage of valuation payroll.

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

Section 4. Except as otherwise expressly provided in this act, this act shall take effect upon becoming a law.

Approved by the Governor June 11, 2015.

Filed in Office Secretary of State June 11, 2015.