

BILL ANALYSIS

C.S.H.B. 2664
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Pensions & Investments
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Retired governmental employees rely on their pension funds for the well being of their retirement income. Actuarial assessments of those funds can and have varied considerably from one assessment to the next, and from one actuary to the next. C.S.H.B. 2664 seeks to reduce actuarial variability and increase pensioner confidence by requiring certain actuarial statements be audited once every five years to reduce variability in audit results over time.

RULEMAKING AUTHORITY

This bill does not expressly delegate any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

The Act amends Chapter 802, of the Government Code, by adding a section which requires that certain actuarial valuations, studies, and reports of each public retirement be audited once every five years by an independent actuary who possesses qualifications set forth by the Act. The independent actuary must also be engaged for the purpose of this audit by the governmental entity that is the employer of the active members of the retirement system. The Act requires that the independent actuary discuss the preliminary results of an audit with the retirement system audited before issuing a final audit report. The Act requires that an audited governmental entity must maintain a copy of the audit at its main office for public inspection and must submit a copy of the audit to the retirement system and the State Pension Review Board no more than 30 days after the date the audit is accepted by the governmental entity.

This Act does not apply to the Employees Retirement System of Texas, the Teacher Retirement System of Texas, the Texas County and District Retirement System, the Texas Municipal Retirement System, or the Judicial Retirement System of Texas Plan Two.

The Act specifies the date by which the first audit must be completed as well as what must be included in that audit.

EFFECTIVE DATE

This Act takes effect September 1, 2007.

COMPARISON OF SUBSTITUTE TO BILL AS FILED

The substitute rewords and reorganizes the original draft.

The substitute eliminates the additional rulemaking authority granted to the State Pension Review Board by the bill as filed.

The substitute adds language requiring that the independent actuary auditing the retirement system be engaged for the purpose of the audit by the governmental entity that is the employer of the active members of the retirement system. The substitute adds language requiring the independent actuary to discuss the preliminary results of the audit with the retirement system before issuing a final audit report. The substitute also adds provisions regarding the maintenance of the audit and submission of the audit to the State Pension Review Board. The substitute adds language that exempts certain public retirement systems from the requirements of the Act. The substitute adds language specifying the date by which the first audit must be completed as well as what must be included in that audit.