

By: Paul

H.B. No. 3310

A BILL TO BE ENTITLED

AN ACT

relating to the funding policies, actuarial valuations, and reporting requirements of certain public retirement systems.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 802.002(a), Government Code, is amended to read as follows:

(a) Except as provided by Subsection (b), the Employees Retirement System of Texas, the Teacher Retirement System of Texas, the Texas County and District Retirement System, the Texas Municipal Retirement System, and the Judicial Retirement System of Texas Plan Two are exempt from Sections 802.101(a), 802.101(b), 802.101(d), 802.102, 802.103(a), 802.103(b), 802.2015, 802.202, 802.203, 802.204, 802.205, 802.206, and 802.207. The Judicial Retirement System of Texas Plan One is exempt from all of Subchapters B and C except Sections 802.104 and 802.105. The optional retirement program governed by Chapter 830 is exempt from all of Subchapters B and C except Section 802.106.

SECTION 2. Section 802.101(a), Government Code, is amended to read as follows:

(a) The governing body of a public retirement system shall employ an actuary, as a full-time or part-time employee or as a consultant, to make a valuation at least once every three years of the assets and liabilities of the system on the basis of assumptions and methods that are reasonable in the aggregate, considering the

1 experience of the program and reasonable expectations, and that, in  
2 combination, offer the actuary's best estimate of anticipated  
3 experience under the program. The valuation must include an  
4 actuarially determined contribution.

5 SECTION 3. Section 802.1014(b), Government Code, is amended  
6 to read as follows:

7 (b) Except as provided by Subsection (c), a public  
8 retirement system that has assets of at least \$100 million shall  
9 conduct once every five years [~~conducts~~] an actuarial experience  
10 study and shall submit to the board a copy of the actuarial  
11 experience study before the 31st day after the date of the study's  
12 adoption.

13 SECTION 4. Subchapter B, Chapter 802, Government Code, is  
14 amended by adding Section 802.2015 to read as follows:

15 Sec. 802.2015. FUNDING POLICY. (a) In this section,  
16 "governmental entity" has the meaning assigned by Section 802.1012.

17 (b) The governing body of a public retirement system and the  
18 associated governmental entity shall cooperate in formulating and  
19 adopting a funding policy for the retirement system to enable the  
20 retirement system to achieve and maintain actuarial soundness.

21 (c) A funding policy adopted under this section must  
22 establish a funding level based on the actuarially determined  
23 contribution. The public retirement system and the governmental  
24 entity, in consultation with the system's actuary, shall develop  
25 the actuarially determined contribution needed to achieve and  
26 maintain an amortization period that is in accordance with the  
27 board's Guidelines for Actuarial Soundness.

1       (d) Each public retirement system shall adopt a funding  
2 policy as provided by this section and submit a copy of that policy  
3 to the board. A public retirement system shall provide the board  
4 with a copy of any change to the adopted policy not later than the  
5 31st day after the date on which the change is adopted.

6       (e) A public retirement system shall notify the associated  
7 governmental entity in writing if the retirement system receives an  
8 actuarial valuation indicating that the system's actual  
9 contributions are not sufficient to achieve and maintain the  
10 amortization period applicable to the retirement system as  
11 established in the retirement system's adopted funding policy.

12       (f) If a public retirement system receives three  
13 consecutive annual actuarial valuations, or two consecutive  
14 actuarial valuations in the case of a system that conducts the  
15 valuations every two or three years, indicating that the funding  
16 level is not sufficient to meet the requirements of the system's  
17 funding policy, the retirement system and the associated  
18 governmental entity shall develop a written plan with specific  
19 measures reasonably designed to restore funding to a level adequate  
20 to achieve and maintain the amortization period applicable to the  
21 retirement system as established in the retirement system's adopted  
22 funding policy. The public retirement system shall submit a copy of  
23 the plan developed under this subsection to the board.

24       SECTION 5. A public retirement system subject to Section  
25 802.2015, Government Code, as added by this Act, and the associated  
26 governmental entity, as defined by that section, shall adopt a  
27 funding policy based on the most recent actuarial valuation study

1 conducted under Section 802.101, Government Code, not later than  
2 November 1, 2016. The first actuarial valuation study that is  
3 conducted for or by a public retirement system on or after the date  
4 the retirement system adopts its funding policy must include an  
5 actuarially determined contribution rate.

6 SECTION 6. This Act takes effect immediately if it receives  
7 a vote of two-thirds of all the members elected to each house, as  
8 provided by Section 39, Article III, Texas Constitution. If this  
9 Act does not receive the vote necessary for immediate effect, this  
10 Act takes effect September 1, 2015.