

By: Taylor of Collin

S.B. No. 2009

A BILL TO BE ENTITLED

AN ACT

relating to requiring a supplemental actuarial analysis by certain public retirement systems.

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

SECTION 1. Subchapter B, Chapter 802, Government Code, is amended by adding Section 802.109 to read as follows:

Sec. 802.109. SUPPLEMENTAL ACTUARIAL ANALYSIS ASSUMING CERTAIN RATES OF RETURN BY PUBLIC RETIREMENT SYSTEMS; REPORT. (a) In this section, "assumed rate of return" means the expected long-term rate of return on the investment of public retirement system assets.

(b) Each public retirement system shall submit to the board a supplemental analysis prepared in conjunction with the system's actuarial valuation that performs a 30-year forward-looking projection of system assets and liabilities using the following assumptions:

(1) annual investment returns for the full 30-year period equal to the assumed rate of return used in the system's actuarial valuation;

(2) annual investment returns for the:

(A) first 20-year period equal to the assumed rate of return used in the system's actuarial valuation less 300 basis points; and

(B) final 10-year period equal to the assumed

1 rate of return used in the system's actuarial valuation; and

2 (3) annual investment returns for the:

3 (A) first 20-year period equal to the assumed
4 rate of return used in the system's actuarial valuation plus 300
5 basis points; and

6 (B) final 10-year period equal to the assumed
7 rate of return used in the system's actuarial valuation.

8 (c) The board shall adopt rules necessary to implement this
9 section, including rules regarding the level of detail that must be
10 included in analyses required under Subsection (b).

11 (d) The board shall annually compile the analyses described
12 by Subsection (b) in a report and submit the report to the governor,
13 lieutenant governor, speaker of the house of representatives, and
14 members of the legislature. The report required by this subsection
15 may be combined with any other report required by this chapter or
16 other law.

17 SECTION 2. This Act takes effect September 1, 2017.