

CHAPTER 143

S.B. No. 420

An Act relating to administrative reports by public retirement systems; relating to financial reports and information to be submitted by public retirement systems to the State Pension Review Board and to system members; amending Title 110B, Public Retirement Systems, Revised Statutes, by amending Subdivision (2), Section 11.001; Subdivision (2), Section 12.001; Subsection (a), Section 12.002; Subsection (b), Section 12.101; Subsections (a) and (c), Section 12.106; and Sections 12.102, 12.103, 12.104, and 12.105; and by adding Subsection (h) to Section 12.106 and Section 12.1061 to Subchapter B, Chapter 12.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Subdivision (2), Section 11.001, Title 110B, Revised Statutes, is amended to read as follows:

“(2) ‘Public retirement system’ means a continuing, organized program of service retirement, disability retirement, or death benefits for officers or employees of the state or a political subdivision, or of an agency or instrumentality of the state or a political subdivision, and includes the optional retirement program governed by Chapter 36 of this title, but does not include:

“(A) a program, other than the optional retirement program, for which benefits are administered by a life insurance company; [;]

“(B) a program providing only workers’ compensation benefits; [; ~~or~~]

“(C) a program administered by the federal government;

“(D) an individual retirement account or individual retirement annuity within the meaning of Section 408, or a retirement bond within the meaning of Section 409, of the federal Internal Revenue Code of 1954;

“(E) a plan described by Section 401(d) of the federal Internal Revenue Code of 1954;

“(F) an individual account plan consisting of an annuity contract described by Section 403(b) of the federal Internal Revenue Code of 1954; or

“(G) an eligible state deferred compensation plan described by Section 457(b) of the federal Internal Revenue Code of 1954.”

SECTION 2. Subdivision (2), Section 12.001, Title 110B, Revised Statutes, as amended, is amended to read as follows:

“(2) ‘Public retirement system’ means a continuing, organized program of service retirement, disability retirement, or death benefits for officers or employees of the state or a political subdivision, or of an agency or instrumentality of the state or a political subdivision, other than:

“(A) a program providing only workers’ compensation benefits; [;]

“(B) a program administered by the federal government;

“(C) an individual retirement account or individual retirement annuity within the meaning of Section 408, or a retirement bond within the meaning of Section 409, of the federal Internal Revenue Code of 1954;

“(D) a plan described by Section 401(d) of the federal Internal Revenue Code of 1954;

“(E) an individual account plan consisting of an annuity contract described by Section 403(b) of the federal Internal Revenue Code of 1954;

“(F) an eligible state deferred compensation plan described by Section 457(b) of the federal Internal Revenue Code of 1954; [;] or [;]

“(G)(i) [~~(A)~~] in Sections 12.104 and 12.105 of this chapter, a program for which benefits are administered by a life insurance company; and

“(ii) [~~(B)~~] in the rest of this chapter, a program for which the only funding agency is a life insurance company.”

SECTION 3. Subsection (a), Section 12.002, Title 110B, Revised Statutes, as amended, is amended to read as follows:

“(a) Except as provided by Subsection (b) of this section, the Employees Retirement System of Texas, the Teacher Retirement System of Texas, the Texas County and District Retirement System, and the Texas Municipal Retirement System are exempt from Sections 12.101(a), 12.101(b), 12.101(d), 12.102, 12.103(a), [~~12.103(b)~~], 12.202, 12.203, 12.204, 12.205, 12.206, and 12.207 of this chapter. The Judicial Retirement System of Texas is exempt from all of Subchapters B and C of this chapter except Sections [~~Section~~] 12.104 and 12.105. The optional

retirement program governed by Chapter 36 of this title is exempt from all of Subchapters B and C of this chapter except Section 12.106.”

SECTION 4. Subsection (b), Section 12.101, Title 110B, Revised Statutes, as amended, is amended to read as follows:

“(b) On the basis of the valuation, the actuary shall make recommendations to the governing body of the public retirement system to ensure the actuarial soundness of the system. ~~The [in making recommendations, the]~~ actuary shall define each actuarial term and enumerate and explain each actuarial assumption used in making the valuation. This information must be included either in the actuarial study or in a separate report made available as a public record.”

SECTION 5. Sections 12.102, 12.103, 12.104, and 12.105, Title 110B, Revised Statutes, as added and amended, are amended to read as follows:

“Section 12.102. **AUDIT.** The governing body of a public retirement system shall have the accounts of the system audited at least annually by a certified public accountant *in accordance with generally accepted auditing standards.*

“Section 12.103. **ANNUAL FINANCIAL REPORT.** (a) *Except as provided by Subsection (c) of this section, the [The]* governing body of a public retirement system shall publish an annual financial report showing the financial condition of the system as of the last day of the fiscal year ~~[12/month period]~~ covered in the report. *The report must include the financial statements and schedules examined in the most recent audit performed as required by Section 12.102 of this subtitle and must include a statement of opinion by the certified public accountant as to whether or not the financial statements and schedules are presented fairly and in accordance with generally accepted accounting principles. [The report must include statements showing:*

“(1) receipts and disbursements during the 12/month period;

“(2) changes in various accounts within the system during the period;

“(3) the investments of the system as of the last day of the period; and

“(4) the actuarial condition of the system based on the most recent actuarial valuation of the system.]”

“(b) ~~[In a statement of actuarial condition required by this section, a governing body must include the information required by Section 12.101(b) of this subtitle.~~

“~~[(e)]~~ The governing body of a public retirement system shall, *before the 181st day after the last day of the fiscal year under which the system operates,* file with the State Pension Review Board a copy of each annual financial report it makes as required by law.

“(c) *A public retirement system that is subject to Chapter 125, Acts of the 45th Legislature, Regular Session, 1937 (Article 6243e, Vernon’s Texas Civil Statutes), and that has total assets with a book value, as of the last day of the fiscal year, of less than \$50,000, may submit to the State Pension Review Board for that year, instead of the financial report otherwise required by this section to be published and submitted, a copy of the financial report it submits to the firemen’s pension commissioner.*

“~~[(d)]~~ *A public retirement system shall maintain for public review in its main office and at such other locations as the retirement system considers appropriate copies of the most recent annual report published by the system.]*

“Section 12.104. **REPORT OF MEMBERS AND RETIREES [TO STATE PENSION REVIEW BOARD].** *Each public retirement system annually shall, before the 210th day after the last day of the fiscal year under which the system operates, submit to the State Pension Review Board a report containing the number of members and number of retirees of the system as of the last day of the immediately preceding fiscal year. [(a) Each public retirement system annually shall submit a report to the State Pension Review Board:*

“~~[(b)]~~ *A report required by this section must contain summaries of:*

“(1) the benefits available to, or on behalf of, a person who retires under the system or dies while a member or retiree of the system;

“(2) the current financial status of the system, including the most recent audited financial data for the Employees Retirement System of Texas, the Teacher Retirement System of Texas, the Texas Municipal Retirement System, and the Texas County and District Retirement System; and

“(3) the actuarial condition of the system based on the most recent actuarial study of the system.”

“~~[(e)]~~ *A public retirement system shall submit the report required by this section before the 180th day after the last day of the fiscal year under which that system operates.]*

“Section 12.105. **REGISTRATION.** (a) Each public retirement system shall, *before the 91st day after the date of its creation,* register with the State Pension Review Board ~~[and the Legislative Budget Board. A public retirement system created after August 31, 1981,~~

shall register before the 91st day after the date of creation, and a public retirement system in existence on August 31, 1981, shall register before January 1, 1982].

"(b) A registration form submitted to the [each] board must include:

"(1) the name, mailing address, and telephone number of the public retirement system;

"(2) the names and occupations of the chairman and other members of its governing body; [and]

"(3) a citation of the law under which the system was created;

"(4) the beginning and ending dates of its fiscal year; and

"(5) the name of the administrator of the system and the person's business mailing address and telephone number if different from those of the retirement system.

"(c) A public retirement system shall notify the [each] board of changes in information required under Subsection (b) of this section before the 31st day after the day the change occurs.

~~"(d) Each public retirement system shall submit, between January 1 and January 31 and between July 1 and July 31 of each year, a semiannual report to the State Pension Review Board containing the number of members and retirees of that system according to the most recent information available to the system. The first report is due not later than January 31, 1982."~~

SECTION 6. Section 12.106, Title 110B, Revised Statutes, is amended by amending Subsections (a) and (c) and adding Subsection (h) to read as follows:

"(a) When a person becomes a member of a public retirement system, the system shall provide the person:

"(1) a summary of the benefits from the retirement system available to or on behalf of a person who retires or dies while a member or retiree of the system; [and]

"(2) a summary of procedures for claiming or choosing the benefits available from the retirement system; and

"(3) a summary of the provisions for employer and employee contributions, withdrawal of contributions, and eligibility for benefits, including any right to terminate employment and retain eligibility."

"(c) A public retirement system annually shall provide to each active member a statement of the amounts [amount] of the member's accumulated contributions and total accumulated service credit on which benefits may be based and to each annuitant a statement of the amount of payments made to the annuitant by the system during the preceding 12 months."

"(h) A public retirement system shall submit to the State Pension Review Board copies of the summarized information required by Subsections (a) and (b) of this section. A system shall submit a copy of the information required by Subsection (a) before the 31st day after the date of publication and a copy of the information required by Subsection (b) before the 271st day after the date a change is adopted. Until September 1, 1988, the State Pension Review Board may exempt a public retirement system from the requirement that it provide each member a statement of total accumulated service credit if the requirement will create an administrative hardship for the system."

SECTION 7. Subchapter B, Chapter 12, Title 110B, Revised Statutes, as amended, is amended by adding Section 12.1061 to read as follows:

"Section 12.1061. GENERAL PROVISIONS RELATING TO REPORTS. (a) A public retirement system shall maintain for public review at its main office and at such other locations as the retirement system considers appropriate copies of the most recent edition of each type of report or other information required by this chapter to be submitted to the State Pension Review Board.

"(b) Information required by this chapter to be submitted to the State Pension Review Board may be contained in one or more documents but must be submitted within the period provided by the provision requiring the information."

SECTION 8. This Act takes effect September 1, 1985, and applies to reports and other information provided on or after that date.

SECTION 9. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

Passed the Senate on February 25, 1985, by a viva-voce vote; passed the House on May 9, 1985, by a non-record vote.

Approved: May 24, 1985

Effective: September 1, 1985