

# TEXAS HOUSE OF REPRESENTATIVES

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October 18, 2016

Ms. Anumeha  
Executive Director  
Texas Pension Review Board  
P.O. Box 13498  
Austin, TX 78711-3498

DENNIS PAUL  
DISTRICT 129

Dear Ms. Anumeha:

I understand that the Pension Review Board (PRB) received a question regarding the implementation of the funding soundness restoration plan (FSRP) requirement created by House Bill (HB) 3310. This letter addresses concerns raised about the legislative intent of HB 3310 for future formulation deadlines.

Sections 802.2015(g) and 802.2016(g) of the Texas Government Code state that the public retirement system, and/or its associated governmental entity formulate a funding soundness restoration plan if the public retirement system's actuarial valuation shows that the system's amortization period has exceeded 40 years for three consecutive annual actuarial valuations, or two consecutive actuarial valuations in the case of a system that conducts the valuations every two or three years.

Once formulated, the public retirement system shall submit a copy of the plan to the PRB not later than the 31st day after the date on which the plan or change is agreed to.

Section 6 of HB3310 provides the submission deadline for the first FSRP formulation and states: A public retirement system subject to Section 802.2015, Government Code, as added by this Act, or a governmental entity subject to Section 802.2016, Government Code, as added by this Act, shall formulate a funding soundness restoration plan, if required to do so under the applicable section, based on the most recent actuarial valuation study conducted under Section 802.101, Government Code, as amended by this Act, not later than November 1, 2016.



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The above outlines reporting requirement deadlines for this initial year. For subsequent years, the retirement system and/or associated governmental entity shall formulate an FSRP within six months of the adoption of the valuation that triggers the formulation requirement. Additionally, since there may be retirement systems that become subject to the FSRP in the initial year, but have less than six months to complete the requirement if their FSRP is formulated by November 1, 2016, those systems shall also have six months to complete the FSRP. Once the plan is formulated and adopted, the 31-day reporting period becomes applicable.

I hope this provides the information needed, thank you for your attention to this matter.

Sincerely,

A handwritten signature in cursive script that reads "Dennis Paul".

Dennis Paul  
State Representative  
House District 129