



# TEXAS PENSION REVIEW BOARD

ACTUARIAL COMMITTEE MEETING  
JANUARY 29, 2026

TEXAS PENSION REVIEW BOARD

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**TEXAS PENSION REVIEW BOARD  
ACTUARIAL COMMITTEE MEETING AGENDA**

**Thursday, January 29th – 10:00 AM**

**William P. Clements Building, Fourth Floor, Room 402**

**300 W. 15<sup>th</sup> Street, Austin, TX, 78701**

*Committee members may attend this meeting by videoconference pursuant to Texas Government Code § 551.127. One or more committee members, including the presiding officer, will be physically present at the physical location of the meeting listed above. The meeting will be accessible to the public at the physical location listed above. The public may access the meeting virtually by joining via the Zoom link: <https://us02web.zoom.us/j/83250591073>. A livestream of this meeting, materials of the meeting, and a recording of the meeting will be made available at [www.prb.texas.gov](http://www.prb.texas.gov). The Committee may discuss or take action regarding any of the items on this agenda. A quorum of the Administrative Committee will be present during the Actuarial Committee meeting, but no Administrative Committee matters will be discussed.*

1. Meeting called to order
2. Roll call of committee members
3. Consideration and possible action to approve February 27, 2025, meeting minutes
4. Opening remarks from committee members
5. Public comment
6. Updates on upcoming rule review and possible need for Funding Soundness Restoration Plan rule revisions or statutory recommendations
7. Future meetings: Agenda items, dates, locations, and related matters
8. Adjournment

*NOTE: The committee may go into closed session concerning any item on this agenda as authorized under the Texas Open Meetings Act, Government Code, Chapter 551. Persons with disabilities who plan to attend this meeting and who may need special assistance are requested to contact Jessimond McLaughlin at (512) 463-1736 as far in advance as possible, but no less than three business days prior to the meeting date, so that appropriate arrangements can be made.*

*How to provide public comment: Members of the public who wish to provide public comment to the committee may attend the meeting in person at the address above or register for the meeting using the Zoom link provided above. If you wish to provide comment remotely by Zoom, you must contact Jessimond McLaughlin ([jessimond.mclaughlin@prb.texas.gov](mailto:jessimond.mclaughlin@prb.texas.gov)) no later than Wednesday, January 28, 2026. Note that public comments will be limited to no more than three minutes.*

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# Item 3. February 27, 2025 meeting minutes

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**Actuarial Committee Meeting Minutes  
February 27, 2025**

**1. Meeting called to order**

The Pension Review Board (PRB) Actuarial Committee was called to order Thursday, February 27, 2025, at 2 p.m. in the William P. Clements Building, room 402, 300 W. 15<sup>th</sup> Street, Austin, Texas, 78701.

**2. Roll call of committee members**

Board members present:

Keith Brainard, Chair  
Marcia Dush  
Stephanie Leibe

A quorum being present, the meeting was called to order by Chair Brainard.

**3. Consideration and possible action to approve May 9, 2024, meeting minutes**

Chair Brainard entertained a motion to approve the May 9, 2024, Actuarial Committee meeting minutes as circulated.

The motion was made by Ms. Dush and seconded by Ms. Leibe.

**The motion passed unanimously.**

**4. Public comment (0:01)**

Justin Graham, Chair of Midland Firemen's Relief and Retirement Fund, provided an update to committee members on the recent Funding Soundness Restoration Plan (FSRP) progress. Taylor Novak, chief of staff for the city of Midland, stated the system and city have come to an agreement regarding future plan provisions and contributions.

**5. Update from Nacogdoches County Hospital District Retirement Plan (4:48)**

Nacogdoches County Hospital District representatives provided an update on the funding status, including current financial constraints to contributions. Committee members inquired as to what financial solutions they had explored to meet its obligation to pension plan members. Ms. Dush asked for confirmation that the representatives understood that other systems with frozen benefits continued to fund the pension plans. The representatives responded that the sole issue was identifying funding sources for contributions. Ms. Leibe asked whether they could levy an ad valorem tax. The representatives responded that it was a possibility. Chair Brainard questioned the system's pace in addressing its unfunded liability, the stagnant asset allocation, and asked for clarification on recent comments representatives had made to system members regarding miscommunication with the PRB. The representatives clarified that they did not blame the PRB, offered to issue new member communications to that effect, and stated their intention to discuss

the system's asset allocation at its upcoming board meeting. The Committee provided areas of concern with the system's handling of its unfunded liability.

**6. Update from Beaumont Firemen's Relief & Retirement Fund (37:36)**

Chair Brainard asked representatives from Beaumont Firemen's Relief and Retirement Fund and the city of Beaumont to provide an update on the current FSRP status. Representatives provided explanations of issues preventing the system from being fully funded, including ongoing lawsuits regarding whether Beaumont EMS employees belong in the civilian pension plan or the firefighter pension plan before Chair Brainard requested the city provide an outline of recent legal proceedings. The system and city expressed disagreement regarding how new EMS hires were being treated. Chair Brainard asked the city if it agreed that it had shared responsibility to fully fund the pension plan. The city confirmed its funding responsibility. Chair Brainard asked if the city had a plan to address the unfunded liability. The city stated the any such plan would be contingent on resolving other disagreements with the system.

The system stated that it had reduced members' benefits and increased the retirement eligibility age to address its unfunded liability, and stated its intent to submit a completed FSRP later this year. The system and city recently met for the first time to discuss the FSRP progress. The city stated that its contract calls for pension negotiations with the union rather than the system board, and this contract presents a complication to moving forward with negotiations with the system board. Ms. Leibe stated her belief that the city should consider addressing Beaumont Fire's unfunded liability when moving through its upcoming budget process.

**7. Future meetings: Agenda items, dates, locations, and related matters (1:04:30)**

Chair Brainard announced that the next PRB meeting will be held on July 10, 2025, at 10 a.m. with the location to be determined.

**8. Adjournment (1:05:15)**

The meeting was adjourned at 3:10 p.m.

**PRB staff in attendance:**

Amy Cardona	David Fee, virtually	Mariah Miller	Tamara Aronstein
Ashley Rendon	Robert Munter	Alina Shaikh	Jasmin Loomis, virtually
Bryan Burnham	Rae Jordan	Lindsay Seymour	

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**Keith Brainard, Chair**

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# Item 6: Updates on upcoming rule review and possible need for Funding Soundness Restoration Plan rule revisions or statutory recommendations

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Tamara Aronstein and David Fee

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# Presentation Overview

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- Purpose
- Background
  - Overview of key FSRP requirements
  - Progress under revised statute
    - Progress through September 1, 2025
    - Key differences after September 1, 2025
- FSRP rulemaking and statutory review process
  - Rulemaking process and timeline
  - Stakeholder engagement
- Rule concepts – preliminary considerations
- Statutory recommendations – preliminary considerations
- Questions
- Appendix



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# Purpose

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- Statute requires agency review rules every four years.
- FSRP rules were initially adopted in 2022, following 2021 changes to the FSRP statute.
- Initial FSRP deadline under new statute and rules was Sept. 1, 2025.
- Opportunity for board to:
  - evaluate what is working about rules currently
  - make needed rule changes
  - identify potential statutory recommendations



# Overview of Key Requirements for FSRPs Triggered on or After September 1, 2025

- **Due Date:** Within 2 years of the valuation date of the triggering actuarial valuation report
- **Periodic Updates:** Progress updates due to PRB one year after valuation date of triggering actuarial valuation report, then every six months
- **Member Communication:** Mandatory disclosure of inadequate funding arrangement
- **Submission Form:** FSRPs must include the PRB submission form, which fosters complete documentation

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# Progress Through September 1, 2025

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- 12 systems completed FSRPs by September 1, 2025, under the revised statute
  - Two FSRPs that were due by September 1, 2025, are expected to be completed soon
  - No systems have triggered an FSRP after September 1, 2025
- Most systems provided regular updates as required, but many questioned what information should be included in the updates
- The FSRP submission form worked well to ensure submitting systems included all required documentation
- Uncertain if systems adhered to communications requirements



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# Key differences After September 1, 2025

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- **Immediate Trigger:** Systems can now trigger an FSRP with one post-9/1/25 actuarial valuation if the funding period exceeds 30 years and the funded ratio is below 65 percent
- **Voluntary FSRPs:** Deadline for V-FSRPs has passed
- **Required Full Funding Date:** Previously the required projected full funding date was September 1, 2055 (based on 9/1/2025 date in statute)
  - Now required to reach 30-year funding period within two years of triggering valuation
  - If triggering valuation is January 1, 2026, must reach 30-year funding period before January 1, 2028

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# FSRP Rulemaking Process

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# Rulemaking Process and Timeline

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- 1/29/26 – Actuarial committee presentation on FSRP rule reviews and preliminary concepts for changes
- 2/25/26 – Present rule review to full board, potential consideration on notice of intent to review rules
- March 2026 – Stakeholder outreach for feedback on existing rules and potential changes
- 4/30/26 – Present proposed changes to actuarial committee for feedback
- May 2026 – Stakeholder feedback on proposed changes
- May/June 2026 – Draft modifications to proposed changes as needed
- 7/23/26 – Present draft changes to board for potential action (triggers 30-day public comment period)
- 9/30/26 – Potential adoption of any rule changes and statutory recommendations
- October-December 2026 – Implementation and outreach on any rule changes; include any legislative recommendations in Biennial Report



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# Stakeholder Engagement

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- The PRB's typical rulemaking and project planning includes numerous opportunities for stakeholder engagement.
- Informal and formal opportunities.
- Will also coordinate with TEXPERS and TLFFRA Education Foundation to highlight this work
- All stakeholders invited to participate; and will also solicit targeted feedback from systems/sponsors that have completed FSRPs or been subject to the requirement.

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# Rules Concepts: Preliminary Considerations

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## Section 610.13 – Definitions

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- Consider striking the definition for voluntary FSRP (V-FSRP), and striking references to V-FSRPs throughout the rules.
  - V-FSRP eligibility expired 9/1/2025
  - One system is operating under a V-FSRP
  - May be preferable to keep V-FSRP wording until this system graduates



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## Section 610.14 – Applicability

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- Remove reference to voluntary FSRPs; or
- Modify language to reflect voluntary FSRPs were previously authorized.

## Section 610.15 - Required Disclosure of Inadequate Financing Arrangement to Plan Members

- Statute requires that systems disclose inadequate funding to the sponsoring entity and members.
- The rules provide further detail on these requirements, including clarifying that a funding period greater than 30 years is considered inadequate funding for the purposes of notifying members.
- The PRB could consider adding a requirement that systems provide a copy of the communications to the agency to ensure systems comply with this requirement.
  - Implementation of such a change could include guidance and sample language for informing sponsors/members of inadequate funding. The PRB could also include a reminder of the requirements in the FSRP trigger letter.

## Section 610.20 - Criteria for Determining Adherence to a Legacy Funding Soundness Restoration Plan

- One system is still under a Legacy FSRP (L-FSRP), so these rules are likely still needed for now.
- Consider rephrasing rule language pertaining to allowable degree of variation to remove any appearance of subjectivity.
  - Current: “A system would be considered compliant if plan experience exceeds a corridor in a favorable way.”
  - Could modify to read: “A system would be considered compliant if plan experience exceeds the funded ratio minimum threshold or falls below the funding period maximum threshold.”
- Consider clarifying the language pertaining to when a system is adhering to an L-FSRP (minor technical changes).

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## Section 610.21 – Completion of a Legacy FSRP

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- One system is still under a Legacy FSRP (L-FSRP), so these rules are likely still needed for now.

## Section 610.30 – Submission and Completion Criteria for the FSRP Requirement

- Consider clarifying the deadlines for formulating an FSRP and reaching full funding.
- Statute specifies that the FSRP must:
  - (2) be designed to achieve a contribution rate that will be sufficient to amortize the unfunded actuarial accrued liability within 30 years not later than the later of:
    - (A) the second anniversary of the valuation date stated in the actuarial valuation that required formulation of the plan under this subsection; or
    - (B) September 1, 2025
- Rule could restate this requirement in plain language to ensure systems and sponsors understand the timeline for completing an FSRP, by clarifying that any analysis must show a full funding date within 32 years of the triggering AV date.



## Section 610.31 – Compliance With Progress Updates

- Currently, progress updates vary significantly
  - Letters, varying in level of detail
  - Meetings between system (and actuaries) and the PRB to discuss updates; depending on the situation these may be held more frequently than the six-month requirement
  - Updates may be from just system or from both system and sponsor
- More detail on requirements (in rule or guidance) may be helpful and yield more meaningful updates.
- Clarify dates for progress updates.
- Strike outdated references to:
  - V-FSRPs
  - FSRPs triggered with AVs prior to 9/1/21

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# Statutory Recommendations: Preliminary Considerations

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# Potential Topics for Statutory Recommendations

- Situation where legislation, rather than specific action by system and/or sponsor, addresses funding issues
- Unilateral submission
- Transparency and reporting requirements to highlight noncompliance
- Section 802.2016 – Applies only to Fort Worth Employees' Retirement Fund





# Questions?





# Appendix



# Systems Immediately Subject to 30-Year FSRP Formulation Requirement

These systems had amortization periods above the applicable threshold (40 years prior to September 1, 2021 and 30 years thereafter) for three consecutive annual actuarial valuations (AVs), or two consecutive non-annual AVs. An FSRP must now be developed under the new law, **targeting 30 years by Sept. 1, 2025**, and must be developed by the public retirement system and the associated governmental entity in accordance with the system's governing statute.

Systems Immediately Subject to an FSRP Formulation Requirement							
Retirement System	Am Period	Date of AV	Am Period	Date of AV	Am Period	Date of most recent AV	FSRP Due Date
Dallas Police & Fire Pension System (Combined Plan)	63.0	1/1/2021	68.0	1/1/2022	82.0	1/1/2023	9/1/2025
Marshall Firemen's Relief & Retirement Fund <sup>1,2</sup>	41.0	12/31/2020	72.0	12/31/2022	65.0	12/31/2024	9/1/2025

<sup>1</sup> Previously submitted an FSRP or Revised FSRP under previous law.

<sup>2</sup> Previously adhering to Legacy FSRP

Orange font indicates the triggering valuation.

# Systems at Risk of 30-Year FSRP Formulation Requirement

These at-risk systems' most recent actuarial valuation shows an amortization period that exceeds the applicable threshold but does not yet trigger the FSRP requirement.

## Systems at Risk of an FSRP - Not Yet Subject to FSRP Requirement

Retirement System	Am Period	Date of AV	Am Period	Date of AV	Am Period	Date of AV	Funded Ratio
Harlingen Firemen's Relief & Retirement Fund	38.0	9/30/2019	23.0	9/30/2021	45.0	9/30/2023	62.3%
McAllen Firemen's Relief & Retirement Fund	Infinite	9/30/2018	27.7	9/30/2020	34.6	9/30/2022	68.7%
San Angelo Firemen's Relief & Retirement Fund	37.6	12/31/2019	29.7	12/31/2021	34.0	12/31/2023	60.7%
San Benito Firemen Relief & Retirement Fund	26.1	9/30/2019	16.9	9/30/2021	32.0	9/30/2023	62.2%
Texarkana Firemen's Relief & Retirement Fund	58.3	12/31/2019	27.5	12/31/2021	Infinite	12/31/2023	81.3%

**Orange font** indicates the amortization period above the applicable threshold.

**Teal font** indicates funded ratio less than 65%

# Progress Report on Previously Submitted FSRPs – Legacy FSRPs

The following systems formulated and submitted an FSRP before Sept. 1, 2021. The table below outlines their progress towards the FSRP requirement.

Systems Still Working Towards Meeting the Target Amortization Period Requirement						
Retirement System	FSRP Trigger		Current Progress <sup>1</sup>		Target Date <sup>2</sup>	Next AV Expected
	Am Period	Date	Am Period	Date		
Plainview Firemen's Relief & Retirement Fund	79.7	12/31/2019	33.1	12/31/2023	2031	2026

<sup>1</sup> Based on the most recent actuarial valuation or FSRP.

<sup>2</sup> The year in which a system must reach an amortization period target.

# Systems That Previously Completed FSRP Requirement – Prior Statute

The following systems have submitted an FSRP or subsequent actuarial valuation that has demonstrated projected full funding prior to September 1, 2055. They could trigger a 30-year FSRP for the first time if they cross certain funding period and/or funded ratio thresholds.

## Systems that Have Submitted Post-FSRP Actuarial Valuations Showing Amortization Period at or Below 30 Years

Retirement System	FSRP Trigger		Completed Progress <sup>1</sup>	
	Am Period	Date	Am Period	Date
<b>Fort Worth Employees' Retirement Fund</b>	72.5	12/31/2015	29	12/31/2024
<b>Galveston Employees' Retirement Plan for Police</b>	55.1	1/1/2014	27	1/1/2021
<b>Irving Firemen's Relief &amp; Retirement Fund - Revised FSRP</b>	63.4	1/1/2014	27.3 <sup>2</sup>	12/31/2021
<b>Orange Firemen's Relief &amp; Retirement Fund – Second Revised FSRP</b>	Infinite	1/1/2019	20.7	1/1/2021
<b>University Park Firemen's Relief &amp; Retirement Fund – Revised FSRP</b>	81.3	12/31/2012	26.8	12/31/2020

<sup>1</sup> Based on the valuation in which the system completed its FSRP requirement.

<sup>2</sup> Based on the market value of assets

# Systems That Previously Completed FSRP Requirement By 9/1/2025– Current Statute

The following systems have submitted a 30-year FSRP that has demonstrated projected full funding prior to September 1, 2055. They are protected from Revised 25-year FSRPs as long as they remain within established compliance corridors.

## Systems that Have Submitted Post-FSRP Actuarial Valuations Showing Amortization Period at or Below 30 Years

Retirement System	FSRP Trigger		Completed Progress <sup>1</sup>	
	Am Period	Date	Am Period	Date
Atlanta Firemen's Relief & Retirement Fund	Infinite	12/31/2020	26.6	12/31/2022
Austin Firefighters Retirement System <sup>3</sup>	N/A	N/A	17.9 <sup>2</sup>	12/31/2024
Beaumont Firemen's Relief & Retirement Fund	52.8	12/31/2018	26 <sup>2</sup>	12/31/2024
Brownwood Firemen's Relief & Retirement Fund	52.8	12/31/2021	31 <sup>2</sup>	12/31/2021
Dallas Employees' Retirement Fund	65.0	12/31/2019	31 <sup>2</sup>	12/31/2023
Galveston Firefighter's Relief & Retirement Fund	51.6	12/31/2021	30 <sup>2</sup>	12/31/2021
Laredo Firefighters Retirement System	56.8	9/30/2020	26 <sup>2</sup>	9/30/2020
Longview Firefighter's Relief & Retirement Fund	Infinite	12/31/2018	27.5 <sup>2</sup>	12/31/2021
Midland Firemen's Relief & Retirement Fund	Infinite	12/31/2017	29 <sup>2</sup>	12/31/2023
Nacogdoches County Hospital District	Infinite	07/01/2023	30 <sup>2</sup>	07/01/2024
Sweetwater Firemen's Relief & Retirement Fund	68.9	12/31/2020	29 <sup>2</sup>	12/31/2024
Wichita Falls Firemen's Relief & Retirement Fund	56.7	01/01/2024	29.6 <sup>2</sup>	01/01/2025

<sup>1</sup> Based on the valuation in which the system completed its FSRP requirement.

<sup>2</sup> Based on the additional analysis provided with the FSRP submission

<sup>3</sup> Voluntary FSRP

TEXAS ADMINISTRATIVE CODE: As in effect on 12/10/2025.

TITLE 40. SOCIAL SERVICES AND ASSISTANCE  
PART 17. STATE PENSION REVIEW BOARD  
CHAPTER 610. FUNDING SOUNDNESS RESTORATION PLANS  
§610.11. Authority and Purpose.

These rules implement and are authorized by Texas Government Code §§801.201, 802.2011, 802.2015, and 802.2016.

§610.13. Definitions.

When used in this chapter, the terms listed below shall have the following meanings:

- (1) "Board" means State Pension Review Board.
- (2) "Compliance corridor" means the acceptable range of variation from a system's baseline for the system's funding period or funded ratio, as further described in board rules that concern a system's adherence to a funding soundness restoration plan, and related figures.
- (3) "Formulated" means finalized and approved by the appropriate decision-making bodies.
- (4) "Funded ratio" has the meaning assigned by Texas Government Code §802.2011.
- (5) "Funding period" means the length of time it would take to fully fund the unfunded actuarial accrued liability under the current actuarial assumption based on the greater of the actuarial value of assets or the market value of assets.
- (6) "Governmental entity" has the meaning assigned by §802.1012, Texas Government Code.
- (7) "Legacy funding soundness restoration plan" or "L-FSRP" means a funding soundness restoration plan formulated prior to September 1, 2021, accepted by the board, and governed by the law as it existed immediately before that date.
- (8) "Public retirement system" has a meaning as defined by §801.001(2) and §802.001(3), Texas Government Code but shall not include defined contribution plans as defined by §802.001(1-a), Texas Government Code or retirement systems consisting exclusively of volunteers organized under the Texas Local Fire Fighters' Retirement Act as defined by §802.002(d), Texas Government Code.



(9) "Revised funding soundness restoration plan" or "R-FSRP" means a funding soundness restoration plan prepared under §802.2015(e-1) or §802.2016(e-1), Texas Government Code, which includes additional components compared to a funding soundness restoration plan prepared under §802.2015(e) or §802.2016(e), Texas Government Code.

(10) "Revised funding soundness restoration plan exemption" or "revision exemption" means the applicable section of either Texas Government Code §§802.2015(d-1) or 802.2016(d-1) under which qualifying systems prepare a funding soundness restoration plan under Texas Government Code §§802.2015(e) or 802.2016(e) rather than a revised funding soundness restoration plan.

(11) "Target date" means the 10th anniversary of the date on which the final version of a legacy funding soundness restoration plan was agreed to as required by law as it existed immediately before September 1, 2021.

(12) "Valuation date" means the date as of which the actuarial accrued liability and the actuarial value of assets are determined, often the first or last day of the plan year as specified in the valuation.

(13) "Voluntary funding soundness restoration plan" or "V-FSRP" means a funding soundness restoration plan formulated submitted, and completed under either Texas Government Code §802.2015 or §802.2016 as it stands after September 1, 2021, without the system or associated governmental entity first becoming subject to the requirement.

#### §610.14. Applicability.

This chapter applies to every public retirement system and its associated governmental entity that is subject to Texas Government Code §802.2015 or §802.2016 and to a system or associated governmental entity that choose to submit a voluntary funding soundness restoration plan.

#### §610.15. Required Disclosure of Inadequate Financing Arrangement to Plan Members.

(a) A notification to the associated governmental entity under Texas Government Code §802.2015(c) or §802.2016(c) regarding an actuarial valuation that indicates the public retirement system's actual contributions are not sufficient to amortize the unfunded liability within 30 years, means that the financing of the system is inadequate for the purposes of §802.106(d), Texas Government Code.

(b) The disclosure to members of an actuarial determination of an inadequate financing arrangement required under Texas Government Code §802.106(d) shall be

accompanied by a notice that the system is subject to the funding soundness restoration plan requirement under Texas Government Code §802.2015(c) or §802.2016(c) when a system becomes subject to the requirement.

§610.20. Criteria for Determining Adherence to a Legacy Funding Soundness Restoration Plan.

(a) A public retirement system is adhering to a legacy funding soundness restoration plan if the system's actuarial valuation shows:

(1) the funding period is expected to fall within 40 years by the target date and so long as the system's funding period continues to shorten while the system's funding period is above 40 years and does not increase to a length of time greater than 40 years after falling below 40 years; or

(2) an increase in funding period compared to the previous valuation, and the system's actuarial valuation shows that, between the valuation date and the system's target date, the system's funding period or funded ratio remains within the compliance corridor adopted in board rule. If the system's funding period is infinite, only the funded ratio will be evaluated to determine compliance for the purposes of this paragraph.

(b) A public retirement system with a legacy funding soundness restoration plan may submit a projection to serve as the baseline for the purpose of this subsection. This projection must show the projected funded ratio and funding period for each year beginning with the current date until the target date. For any years the system's funding period is projected to be above 40 years, the corridor will be based on the baseline. For any years the system's funding period is projected to be below 40 years, the compliance corridor will be based on a minimum of 40 years. If the system does not submit such a projection to the board for this purpose, the board will determine adherence to the legacy funding soundness restoration plan using a baseline in which a system's funding period must decrease by one year every consecutive year as measured on the anniversary of the date on which the final version of the funding soundness restoration plan was agreed to as required by law.

(c) The allowable degree of variation from the baseline will begin at five percent for a funded ratio corridor or ten years for a funding period corridor and will decrease over period between the current date and the target date as described by Figure: 40 TAC §610.20(c). A system would be considered compliant if plan experience exceeds a corridor in a favorable way. The board will use each system's baseline to provide a compliance corridor unique to that system based on their funding period and funded ratio, using the corridor sizes specified in these rules.

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§610.21. Completion of a Legacy Funding Soundness Restoration Plan.

(a) A public retirement system adhering to a legacy funding soundness restoration plan may continue following that plan until the earlier of:

- (1) the target date; or,
- (2) the date of an actuarial valuation that indicates the system's funding period is at or below 30 years.

(b) actuarial valuations with valuation dates during a time that a system is adhering to a legacy funding soundness restoration plan shall not be counted towards triggering a funding soundness restoration plan under Texas Government Code §802.2015(c) or §802.2016(c) as it stands after September 1, 2021, until after the applicable date described in subsection (a) of this section when the system completes the legacy funding soundness restoration plan.

§610.22. Application of Revised Funding Soundness Restoration Plan Exemption.

(a) A public retirement system's actuarial valuation must be dated after September 1, 2025, to qualify for the revision exemption under Texas Government Code §802.2015(d-1)(1) or §802.2016(d-1)(1).

(b) The revision exemption does not apply to a system adhering to a legacy funding soundness restoration plan before the date prescribed by §610.21 of this chapter (relating to Completion of a Legacy Funding Soundness Restoration Plan).

§610.30. Submission and Completion Criteria for the Funding Soundness Restoration Plan Requirement.

(a) The board will consider a retirement system to have submitted a funding soundness restoration plan when the board receives:

- (1) a completed form approved by the board for this purpose;
- (2) any supplementary or explanatory documents necessary to illustrate how the system's funding period will be within the maximum by the prescribed date, including a revised funding policy; and
- (3) documentation of the date the plan was adopted by both the governing body of the system and of the governmental entity. Documentation may include the minutes or other record of an open meeting when each adoption occurred.

(b) The board will consider a retirement system to have completed the funding soundness restoration plan requirement when the board receives an actuarial valuation or separate analysis under Texas Government Code §§802.2015(e-2) or 802.2016(e-2) and the staff actuary or board actuary determines the actuarial valuation or separate analysis complies with actuarial standards of practice. An actuarial valuation and separate analysis are equivalent for the purposes of Texas Government Code §§802.2015(e-2) or 802.2016(e-2) and either may be submitted in lieu of the other during the respective submission periods, provided it includes the components required by the applicable subsection.

(c) For a system submitting a revised funding soundness restoration plan with specific changes required by statute, "automatic risk-sharing mechanisms" means changes to plan provisions, including adjustments to benefit levels or contribution amounts, upon meeting or exceeding certain criteria established beforehand without needing additional approval at the time of the change. The plan shall specify how the changes to the contribution amounts are split between the employer and members. At least one of the automatic risk-sharing mechanisms included in the plan must be an adjustable benefit or contribution mechanism.

(d) A system or associated governmental entity shall submit to the board the materials related to a funding soundness restoration plan that adequately fulfill the analysis and documentation requirements in statute and rules to be considered compliant. If the board determines the materials are inadequate, the board will notify the system of the determination with an explanation of the reason and may request additional information. The system shall submit additional materials consistent with the board's instructions. The board would consider a system noncompliant if the board does not receive the system's funding soundness restoration plan; if the system fails to comply with an approved funding soundness restoration plan, revised funding soundness restoration plan, or other type of funding soundness restoration plan; or if the system fails to submit to the board the funding soundness restoration plan materials that adequately satisfy the requirements in statute and board rules within the appropriate time periods for those materials.

#### §610.31. Compliance with Progress Updates.

(a) A system adhering to a legacy funding soundness restoration plan shall continue providing progress updates every two years rather than submitting progress updates in accordance with this section.

(b) The first draft of a plan submitted as a part of a progress update under Texas Government Code §§802.2015(f) or 802.2016(f) must, at minimum, include a projected timeline for enactment of the plan, and identify the action that various entities must take to approve or enact the plan, such as votes that may be necessary in accordance with the system's governing statute. Each subsequent progress

update should include a draft plan that contains updated information and that demonstrates movement toward a complete and finalized plan.

(c) A description of changes submitted as part of a progress update to fulfill the requirements of Texas Government Code §§802.2015(f) or 802.2016(f) must include the projected actuarial impact of each change under consideration on the retirement system's funding period and funded ratio.

(d) A system must submit updates consistent with subsections (b) and (c) of this section to the board starting September 1, 2023, and every six months thereafter until the system submits a funding soundness restoration plan to the board and the board determines it is compliant if the system:

(1) received an actuarial valuation dated prior to September 1, 2021, that triggered a funding soundness restoration plan requirement; and

(2) does not have a board-approved legacy funding soundness restoration plan.

(e) A system or associated governmental entity that receives an actuarial valuation dated after September 1, 2021, that triggers a funding soundness restoration plan, including a revised funding soundness restoration plan, must submit updates to the board beginning not later than the first anniversary of the valuation date of the actuarial valuation that required formulation of the plan and every subsequent six-month period until the plan is submitted as described in Texas Government Code §§802.2015(f) or 802.2016(f).

(f) A system or associated governmental entity preparing a voluntary funding soundness restoration plan is not required to submit progress updates to the board.

#### §610.32. Revised Funding Soundness Restoration Plan Exemption.

(a) A public retirement system is adhering to a funding soundness restoration plan formulated between September 1, 2021, and September 1, 2025, if, during the period between the date the funding soundness restoration plan is adopted by the system and governmental entity and the 10th anniversary of the applicable date for the funding soundness restoration plan to be formulated and the system to be within the maximum funding period prescribed by Texas Government Code §§802.2015(e)(2) or 802.2016(e)(2), the system's actuarial valuation shows the system's funding period or funded ratio remain within the applicable compliance corridors established in this section. If the system's funding period is infinite, only the funded ratio will be evaluated to determine compliance for the purposes of this subsection.

(b) The baseline for a system's funding period compliance corridor will be 30 years, and the baseline for the funded ratio corridor will be the actuarial projection of the system's expected future actuarial value of assets and liabilities submitted as part of

an actuarial valuation or separate analysis in accordance with either Texas Government Code §§802.2015(e-2)(1) or 802.2016(e-2)(1).

(c) The allowable degree of variation from the baseline will begin at five percent for a funded ratio corridor or ten years for a funding period corridor and will decrease over the 10-year period as described by Figure: 40 TAC §610.32(c). A system would be considered compliant if plan experience exceeds the corridor in a favorable way. The board will use each system's baseline to provide a compliance corridor unique to that system based on their amortization period and funded ratio, using the corridor sizes specified in these rules.

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(d) A system may submit a voluntary funding soundness restoration plan without first becoming subject to the requirement, for the purposes of qualifying for the revision exemption, provided the V-FSRP is consistent with all applicable submission requirements in statute and rules.