

HOUSE BILL 387

K4

3lr1893

By: **Delegate Bates**

Introduced and read first time: January 25, 2013

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **State Retirement and Pension System – Truth in Pension Accounting Act**

3 FOR the purpose of requiring the Board of Trustees for the State Retirement and
4 Pension System to adopt a certain assumed rate of investment return in its
5 adoption of certain actuarial assumptions for the State Retirement and Pension
6 System; and generally relating to the assumed rate of investment return for the
7 State Retirement and Pension System.

8 BY repealing and reenacting, with amendments,
9 Article – State Personnel and Pensions
10 Section 21–125
11 Annotated Code of Maryland
12 (2009 Replacement Volume and 2012 Supplement)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
14 MARYLAND, That the Laws of Maryland read as follows:

15 **Article – State Personnel and Pensions**

16 21–125.

17 (a) The Board of Trustees shall designate an actuary who shall:

18 (1) give technical advice to the Board of Trustees on the operation of
19 the funds of the several systems; and

20 (2) perform other related duties that the Board of Trustees requires.

21 (b) (1) On the basis of actuarial assumptions that the Board of Trustees
22 adopts, each year the actuary shall make a valuation of the assets and liabilities of the
23 funds of the several systems.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2) Each year the Board of Trustees shall certify to the Secretary of
2 Budget and Management and to the Governor the rates of employer contributions.

3 (3) For purposes of actuarial valuation, the Board of Trustees may
4 adopt a generally accepted method for determining the value of the assets held by the
5 several systems.

6 (4) For general ledger accounting and financial reporting, the Board of
7 Trustees shall use generally accepted accounting principles.

8 (c) (1) At least once in each 5-year period, the actuary shall make:

9 (i) actuarial investigations into the compensation, mortality,
10 and service experience of the participants of each of the several systems; and

11 (ii) a valuation of the assets and liabilities of the funds of each
12 of the several systems.

13 (2) **(I) [The] SUBJECT TO SUBPARAGRAPH (II) OF THIS**
14 **PARAGRAPH, THE** Board of Trustees shall:

15 [(i)] **1.** review the results of the investigations and valuations
16 of the actuary; and

17 [(ii)] **2.** adopt the actuarial assumptions for each of the
18 several systems as the Board of Trustees considers necessary.

19 **(II) THE BOARD OF TRUSTEES SHALL ADOPT THE INTEREST**
20 **RATE DESCRIBED IN § 430(H)(2) OF THE INTERNAL REVENUE CODE AS THE**
21 **ASSUMED RATE OF INVESTMENT RETURN.**

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
23 July 1, 2013.