

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 40
Appropriations

(Delegate McConkey)

State Retirement and Pension System - Funding Ratio Report - Market Value of
Assets

This bill requires the Board of Trustees of the State Retirement and Pension System (SRPS) to report its funding ratio based on the market value of assets annually to the Joint Committee on Pensions and the General Assembly.

The bill takes effect July 1, 2017.

Fiscal Summary

State Effect: The State Retirement Agency can modify its processes to submit the required report with existing resources. Revenues are not affected.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background: Each year, the actuary designated by the SRPS Board of Trustees must conduct a valuation of the assets and liabilities of the several systems. The board may adopt a generally accepted method for determining the value of the assets held by the several systems. To mitigate the effects of large fluctuations in the market value of assets on employer contribution rates due to the performance of financial markets, the board has adopted a five-year smoothing process to calculate an actuarial value of assets that is used to determine funding levels and employer contribution rates.

For accounting purposes, standards promulgated by the Governmental Accounting Standards Board require that public pension funds report their accrued liabilities and market value of assets, among other variables. These figures are included in two annual reports, the *Actuarial Valuation Report* and the system's *Comprehensive Annual Financial Report*, both of which are available electronically on the State Retirement Agency's website.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): State Retirement Agency; Department of Legislative Services

Fiscal Note History: First Reader - January 26, 2017
mm/rhh

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