

Memorandum

To: Texas Public Retirement Systems

From: Texas Pension Review Board

Date: June 18, 2019

Subject: New Reporting Requirements in Chapter 802 – 86th Legislature

Legislation enacted by the 86th Legislature and signed by the Governor amended Texas Government Code Chapter 802 to expand and update the reporting requirements for public retirement systems. Outlined below is a brief summary of the changes to reporting requirements through Senate Bills (SB) 2224 and SB 322. **Please note: PRB staff is working with the Board to provide further guidance on these new requirements as soon as possible. Please see the [June 27th Board Meeting agenda](#) and watch for future posted meetings to follow and/or participate in those discussions.**

- **Funding Policy (SB 2224, effective September 1, 2019):** The governing body of a public retirement system shall:
 - adopt a written funding policy that details the governing body's plan for achieving a funding ratio of the system that is equal to or greater than 100%;
 - file a copy of the policy with the PRB no later than the 31st day after the date the policy or change, as applicable, is adopted; and
 - submit a copy of the policy and each change to the system's sponsor not later than the 31st day after the date the policy or change is adopted.
 - **Each public retirement system shall adopt a funding policy by January 1, 2020.**
 - **To provide further guidance on this requirement, the Board will discuss and consider the research and recommendations contained in its study of [Funding Policies for Fixed-Rate Pension Plans](#).**

- **Investment Performance Evaluation (SB 322, effective immediately):** Certain public retirement systems are required to select an independent firm to evaluate investment practices and performance and make recommendations for improving the retirement system's investment policies procedures, and practices.
 - **Systems >= \$100M** in assets must conduct investment performance evaluations every 3 years.
 - **Systems >= \$30M** in assets must conduct investment performance evaluations every 6 years.
 - **Systems < \$30M** in assets are not required to conduct these evaluations.
 - **A report of the first evaluation must be filed with the system's governing body by May 1, 2020. The report is due to the PRB 31 days after the date the governing body receives it.**

- **Fee Disclosures (SB 322):** Public retirement systems are required to include in their annual financial report a listing, by asset class, of all direct and indirect commissions and fees paid by the retirement system for the sale, purchase, or management of its assets and to provide the names of the investment managers engaged by the retirement system.

If you have any questions about these requirements, please contact PRB staff at prb@prb.texas.gov or 512-463-1736.