

Public Employers - Don't Miss This!

Earlier this year, the 97th General Assembly of Missouri passed House Bill 1882 which increases oversight of and provides guidance to state and local employee retirement systems. While this bill offers no sweeping changes, it does alter several current administrative requirements in public employee retirement plans.

With the passing of H.B. 1882, the Joint Committee on Public Employee Retirement, JCPER, is posed to play a more significant role in the oversight of government plans. H.B. 1882 mandates more information be presented to the JCPER and also gives the committee power to request testimony from staff or board members of non-compliant government plans. The Committee will now draw from appropriated funds, rather than using the state's contingent fund.

Required actuarial valuations must now be submitted to the JCPER within 60 days of approval. For substantial proposed changes in plan benefits, cost studies must now express figures as both estimated annual dollars and as a percent of active employee payroll. Cost studies must also include the Actuarial Value of Assets, Market Value of Assets, Actuarial Accrued Liability, and the Funded Ratio. Actuaries must show, at minimum, a 10 year projection of the impact of the proposed change in plan benefits.

Plan board members are also affected by H.B. 1882. The bill requires board members who have served one or more years to attend at least six hours of continuing education each year, compared to the previous two hour annual requirement. Routine annual presentations by outside plan service providers do not satisfy this requirement. Each Plan must maintain a public record of continuing education hours for each board member.

The most significant change brought about by H.B. 1882 requires public employee retirement plans to develop a "procurement action plan for utilization of minority and women money managers, brokers, and investment counselors." The progress of these action plans must be reported annually to the JCPERS as well as the Governor's Minority Advocacy Commission. Plan boards should ensure that their financial advisory team includes a diverse workforce, and be willing to switch advisors if diversification is lacking.

For further explanation of House Bill 1882 and its effect on your Plan, please contact our office at 314.367.6555 or contact your Dedicated Plan Specialist directly.