

	Legacy FSRP (old law)	Voluntary FSRP	FSRP before 9-1-2025	FSRP after 9-1-2025	Revised FSRP
Target Funding Period	≤40 years	≤30 years			≤25 years
Latest Date to Formulate	8-31-2021	N/A	8-31-2025	N/A	N/A
Time allowed to reach target	10 years	Until adoption of V-FSRP	Until 9-1-2025 or 2 years	2 years	
Progress Updates	After adoption, every 2 years	N/A	within 1 year of triggering valuation and every 6 months until adoption		
Valuation that starts the clock	Determined under previous law	Selected by System/Sponsor	Triggering valuation		Triggering valuation within 10 years of previous FSRP
Must include auto-risk sharing	N/A				Yes
Effects of Compliance	Remains under previous law until L-FSRP target date or funding period is <30 years	Recognized for revision exemption if submitted by 8-31-2025; update funding policy		FSRP/R-FSRP process completed	
Compliance Corridor	Applies until L-FSRP complete; Funding period when >40 years; Funded ratio optional	Both funding period and funded ratio corridors apply if submitted by 8-31-2025 and funding period between 30 and 40 years; Applies for 10 years		N/A	

# FSRP Types: Legacy Funding Soundness Restoration Plans (L-FSRP)

- Legacy FSRPs were **formulated before Sept. 1, 2021**. It is not possible to create a new legacy FSRP.
- Legacy FSRPs must be designed to achieve a contribution rate sufficient to amortize the UAAL within *40 years* by the target date.
- **Progress updates** on the Legacy FSRP are due every two years while the system is following the plan. These updates are less formalized than the progress updates for new FSRPs.
  - If a legacy FSRP is changed or amended while in progress, a copy of any changes must be submitted to PRB within 31 days.
- **If a system does not adhere to existing L-FSRP** and is no longer able to achieve a 40-year funding period by the target date, the system or sponsor would then become subject to the new FSRP requirements. A new FSRP must be prepared that achieves a funding period of *30 years*.
  - A system would need to prepare a standard FSRP under the new law *before* becoming subject to a revised FSRP under the new law.
- The PRB has two methods to determine **legacy FSRP compliance**.
  - The old way: a system's funding period must go down until it falls below 40 years, and it must remain under 40 years afterwards.
  - new way: **Compliance Corridors**: a system may still be considered compliant even if its funding period increases as long as it remains within established compliance corridors. There are two types.
    - **Funding period** compliance corridors are built around the systems funding period baseline, either established by the PRB or submitted by the system.
    - **Funded ratio** compliance corridors are based on an optional projection submitted by the system. **This corridor will not be available if the system does not submit a projection.**

# FSRP Types:

## Funding Soundness Restoration Plans (FSRP)

- FSRPs under new law must be designed to achieve a contribution rate sufficient to amortize the UAAL within **30 years** no later than **2 years** after the triggering AV **or Sept. 1, 2025**, whichever is later.
- These FSRPs must be adopted at open meetings of the governing bodies of both system and sponsor. Both the system and sponsor must participate in creation of an FSRP.
  - FSRP must be consistent with system's governing statute.
- **Progress updates** on the preparation of the FSRP are due to the PRB within **1 year of the triggering AV and every 6 months afterwards** until the plan is adopted.
- Certain **materials** are due on the applicable due date (Sept. 1, 2025 or 2 years after triggering AV). PRB rules clarify these materials.
  - A completed FSRP form as a cover-sheet
  - Any supplementary documents necessary to illustrate how the system's funding period will be within the maximum (i.e. revised funding policy, etc.)
  - Documentation of the adoption by the governing bodies of the system and sponsor.
- The **actuarial valuation or other analysis** showing the asset-liability projection and description of assumptions is due later.
  - The AV is due 90 days after FSRP adoption or the analysis is due 90 days after the PRB requests it. However, either may be submitted to fulfill the requirement at any point before the final deadline.
- The PRB will determine **compliance** with an FSRP based on if all the necessary materials are submitted and adequately meet the requirements in statute and rules.
  - For systems eligible for the pre-2025 branch of the revision exemption, adherence with the new FSRP will be based on **Compliance Corridors**. As long as a system remains within one of the corridors, it will be considered adherent.
- **Funding Policy** must be updated to reflect any changes.

# FSRP Types: Revised Funding Soundness Restoration Plans (R-FSRP)

- An R-FSRP is a special subtype of FSRP that a system or sponsor is required to prepare if they trigger the FSRP requirement within 10 years of a previous FSRP submission.
  - Since the first new FSRPs are not due until Sept. 1, 2025, then the first R-FSRPs will not be triggered until after that date.
- Must be designed to achieve a contribution rate sufficient to amortize the UAAL within **25 years** no later than **2 years** after the triggering valuation.
- **Must include** automatic risk-sharing mechanisms, ADC-based contributions, and other adjustable benefit or contribution mechanisms.
  - Otherwise, materials and analysis are the same as regular FSRPs.
- These FSRPs must be adopted at open meetings of the governing bodies of both system and sponsor. Both the system and sponsor must participate in creation of an FSRP.
  - FSRP must be consistent with the system's governing statute.
- Progress updates on the preparation of the FSRP are due to the PRB within 1 year of the triggering AV and every 6 months afterwards until the plan is adopted.
- **Funding Policy** must be updated to reflect any changes.

- **Revision exemption** available under certain conditions [§§802.2015(d-1) or 802.2016(d-1)]. A system meeting these conditions would prepare a regular FSRP rather than an R-FSRP if they triggered the requirement a second time within 10 years.
  - Systems funding period must be between 30 and 40 years to qualify.
  - **And**, one of two conditions must also be met:
    - The system is adhering to an FSRP formulated before Sept. 1, 2025. Compliance corridors are used to determine adherence with a new FSRP for this purpose.
    - The system is using or will ultimately use an actuarially determined contribution structure and is expected to reach full funding.

# FSRP Types: Voluntary Funding Soundness Restoration Plans (V-FSRP)

- **Prepared without first becoming subject to the FSRP requirement.**
  - **Progress updates not required.**
- FSRPs under new law must be designed to achieve a contribution rate sufficient to amortize the UAAL within **30 years**.
- These FSRPs must be adopted at open meetings of the governing bodies of both system and sponsor. Both the system and sponsor must participate in creation of an FSRP.
  - FSRP must be consistent with system's governing statute.
- **Materials required for submission are the same as a regular FSRP.**
  - A completed FSRP form as a cover-sheet
  - Any supplementary documents necessary to illustrate how the system's funding period will be within the maximum (i.e. revised funding policy, etc.)
  - Documentation of the adoption by the governing bodies of the system and sponsor.
- The actuarial valuation or other analysis showing the asset-liability projection and description of assumptions is due after the initial V-FSRP is submitted to the PRB.
  - The AV is due 90 days after FSRP adoption or the analysis is due 90 days after the PRB requests it. However, either may be submitted to fulfill the requirement at any point before the final deadline.
  - The PRB will determine compliance with an FSRP based on if all the necessary materials are submitted and adequately meet the requirements in statute and rules.
- For systems eligible for the pre-2025 branch of the revision exemption, adherence with the new FSRP will be based on **Compliance Corridors**. As long as a system remains within one of the corridors, it will be considered adherent.
- Funding Policy must be updated to reflect any changes.

# Compliance Corridors

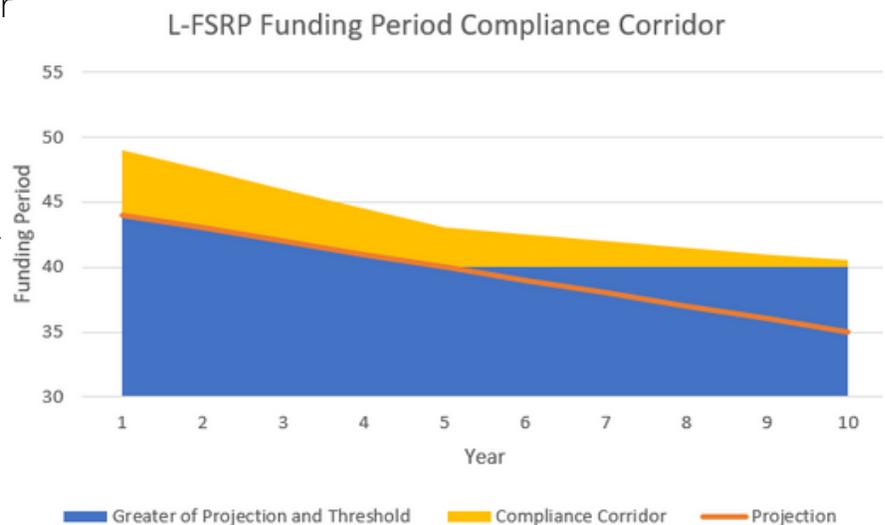
- Compliance corridors are the mechanism to demonstrate that a system with a new FSRP or V-FSRP is adherent **so they can qualify for the pre-Sept. 2025 branch of the revision exemption.**
  - Corridors would only apply for the 10 year period when a system could potentially trigger an R-FSRP.
- Compliance corridors have a baseline and a corridor of variation from that baseline that narrows towards the end of the exemption period. As long as a system remains within the corridor, it would still be considered adherent to the FSRP for the purposes of the exemption.
- There are two types of compliance corridors:
  - **Funding period corridors** have a baseline of 30 years.
  - A baseline for a **funded ratio corridor** is the asset-liability projection submitted as part of the actuarial valuation or other analysis submitted to complete the new FSRPs.

## Compliance Corridors for L-FSRPs

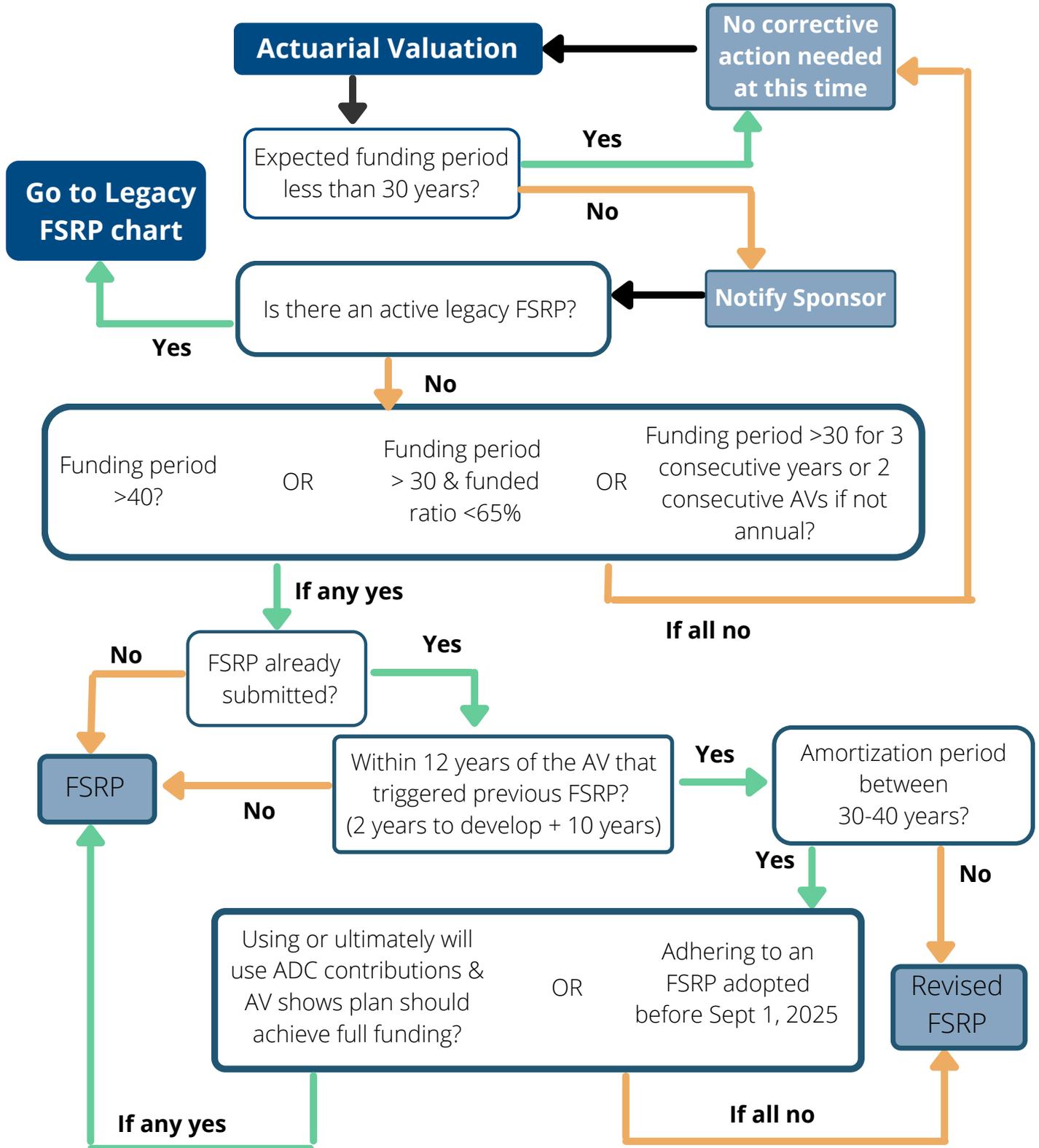
- While compliance corridors were created for new FSRPs, a variation offers L-FSRP systems greater flexibility.
- L-FSRP systems have the option to submit their own asset-liability projection to use a funded ratio corridor and a custom funding period corridor.

If an L-FSRP system chooses not to submit a projection for a compliance corridor baseline, they would only have a funding period corridor, which would have a baseline of a 1-year-per-year reduction while the system's funding period is >40 years

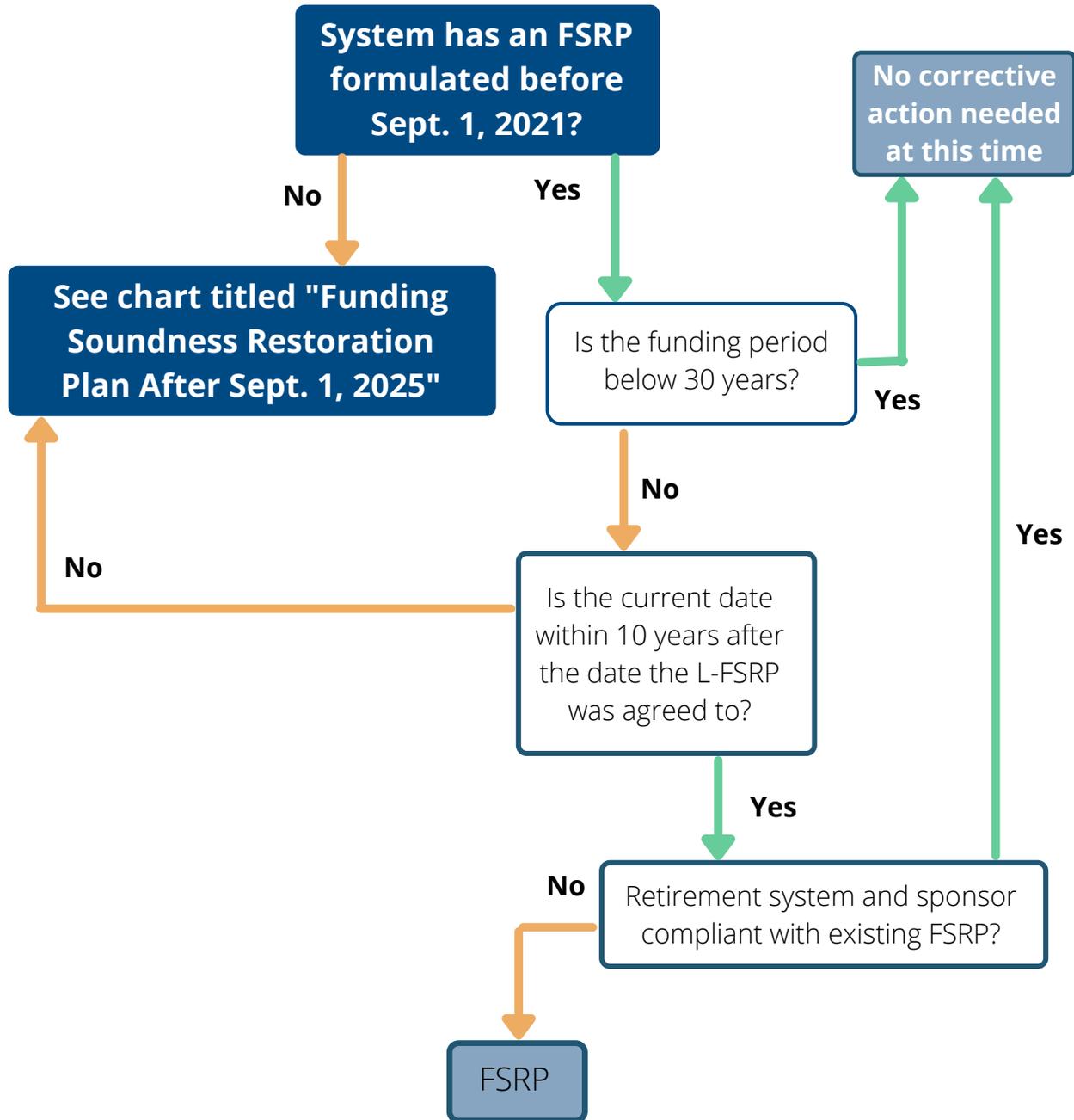
- If a system's funding period is <40 years, then the baseline for the compliance corridor would remain at a 40-year minimum.



Updated Based on Current Understanding (7-2022)  
Funding Soundness Restoration Plan After Sept. 1, 2025



# Funding Soundness Restoration Plan for Legacy FSRP Systems



If a retirement system with an Legacy FSRP is not compliant with the L-FSRP, the retirement system and sponsor shall prepare an FSRP under requirements as they stand after Sept. 1, 2021, instead of a revised FSRP under previous statute.

# FSRP Reporting to PRB

Retirement system & sponsor work together after FSRP is triggered

## **Within 1 year of triggering AV:**

Send progress report to PRB that includes a draft of any plan or changes being considered + updates every 6 months afterwards

## **Within 2 years of triggering AV (or by Sept. 1, 2025):**

Both retirement system & sponsor **adopt FSRP/R-FSRP** at open meetings

Update funding policy based on the FSRP/R-FSRP

**Within 31 days of adoption:**  
submit FSRP/R-FSRP to PRB

## **Within 90 days of adoption or 90 days of request from PRB:**

submit AV or separate analysis showing combined impact of all changes adopted in FSRP/R-FSRP, an asset-liability projection between the valuation date and projected date of full funding, and a description of the methods and assumptions.

Follow the FSRP/R-FSRP & return to regular actuarial valuation schedule