

Summary of Items in the 2016 General Session Bill, “Retirement Systems Amendments”

9/9/2015

- This bill represents the administrative and technical amendments to Title 49 recommended to the Legislature by the Utah Retirement Systems (URS).
- These changes are not substantive benefit modifications nor is it anticipated that the bill will have any fiscal impact.
- After presenting this draft bill at the September Retirement and Independent Entities Interim Committee meeting, the intention is to have a period for review and comment, and then request a vote for a recommended committee bill at the November meeting.

1. Post-retirement reemployment reporting cross-reference

- Section 49-11-505, Line 217.
- A cross-reference was not added in the post-retirement reemployment bill for affiliated emergency services workers that passed last session.
- This change ensures that the same reporting will be made for affiliated emergency services workers who qualify for post-retirement reemployment that is made for other working retirees.

2. Death benefit payment waiting period

- Section 49-11-609, Line 274.
- Shortens the waiting period from three months to 30 days relating to URS' payment of death benefits as part of a “small estate” (\$100,000 or less).
- The 30-day period is consistent with small estate provisions under the Utah Uniform Probate Code and the court-approved form, “Affidavit for Small Estate Matters.”

3. Definition of final average salary

- Sections 49-12-102, 49-13-102, 49-14-102, 49-15-102, 49-16-102, 49-17-102, 49-18-102, 49-22-102, and 49-23-102.
- Lines 330-332 and 349-352; 426-428 and 442-445; 512-514 and 524-526; 714-716 and 726-729; 928-930 and 940-943; 1022-1024 and 1034-1035; 1069-1071 and 1081-1082; 1206-1208 and 1225-1228; and 1548-1550 and 1566-1569.
- These changes make up the majority of pages of the bill since the few changed lines are made in the Utah Code chapter for each of the retirement systems.
- The definition of final average salary is amended to specify that its basis is contract year for educational institutions, state fiscal year for judges, and calendar year for all other participating employers.
- This change clarifies the current administrative practice in statute—having appropriate annual compensation periods helps prevent pension spiking.

4. Public Safety System participation after supervisory promotion

- Sections 49-14-201 and 49-15-201, Lines 623-624 and 833-834.
- Clarifies that a Public Safety Retirement System member may continue to earn public safety service credit following a promotion to an administration position in the same department with duties that consist primarily of management or supervision of public safety employees.

5. Firefighter death or disability exclusion clarification

- Section 49-16-102, Lines 966-969.
- Clarifies that specified exclusions and inclusions relating to firefighters' death and disability benefits apply to both death and disability.

6. Long-Term Disability (LTD) benefits

- Section 49-21-403, Lines 1130-1132.
- Clarifies that a person's retirement from a URS system is among the circumstances in which a person qualified for a monthly LTD benefit will no longer receive the LTD benefits.

7. Tier II elected officials

- Sections 49-22-201 and 49-22-205, Lines 1312-1317 and 1329.
- Since elected officials under Tier II retirement may only participate in the defined contribution (DC) plan, the provision relating to elected officials' filing a written request for exemption in a system are superfluous and are being deleted.
- Accordingly, total employer and employee DC contributions for elected officials under Tier II retirement will immediately vest.

8. Tier II defined contribution benefit vesting period

- Sections 49-22-303, 49-22-401, 49-23-302, and 49-23-401.
- Lines 1416-1420, 1482-1486, 1656-1660, and 1721-1725.
- Clarifies the four-year vesting provisions relating to Tier II defined contribution benefits.
- This change allows the same method to determine vesting as is used for other retirement systems (within 1/10 of one year of the total years required for vesting).

9. HRA earnings

- Section 67-19-14.4, Line 1792.
- Repeals the requirement for URS to include accrued earnings in the Health Reimbursement Arrangements (HRAs) from state employees' Unused Sick Leave Retirement Program II sick leave and converted sick leave balances.
- Due to the nature of the cash flow in the accounts and low market interest rates, recordkeeping expenses exceed earnings and the requirement will be repealed.

10. Technical corrections