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1	DEFINED CONTRIBUTION OPTION
2	2000 GENERAL SESSION
3	STATE OF UTAH
4	Sponsor: Tammy J. Rowan
5	AN ACT RELATING TO RETIREMENT; ESTABLISHING A DEFINED CONTRIBUTION
6	BENEFIT FOR MEMBERS OF THE GOVERNOR'S AND LEGISLATIVE SERVICE SYSTEM;
7	PROVIDING EXCLUSION FROM MEMBERSHIP IN THE SYSTEM; AND PROVIDING AN
8	EFFECTIVE DATE.
9	This act affects sections of Utah Code Annotated 1953 as follows:
10	ENACTS:
11	49-7-405 , Utah Code Annotated 1953
12	Be it enacted by the Legislature of the state of Utah:
13	Section 1. Section 49-7-405 is enacted to read:
14	49-7-405. Supplemental benefit established Defined contribution plans
15	Exclusions from membership in system Contribution by state and member Immediate
16	vesting of contributions.
17	(1) There is established a supplemental defined contribution benefit for all members of this
18	<u>system.</u>
19	(2) (a) (i) The board shall request proposals from providers of portable defined
20	contribution plans qualified under Section 401 of the Internal Revenue Code at least every six
21	years.
22	(ii) Three of the proposals that meet the criteria specified in the request shall be offered
23	to members of this system.
24	(b) The board shall provide that a member may elect the member's designated defined
25	contribution plan from one of the plans offered under Subsection (2)(a).
26	(3) (a) A member who files a one-time, irrevocable, written request for exclusion is
27	excluded from membership in the retirement system.

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28	(b) An application for exclusion may only be made within the first 60 days:
29	(i) of each calendar year; or
30	(ii) after the member becomes a member of this system.
31	(c) (i) An excluded member shall have, beginning with the effective date of the exclusion,
32	an employer contribution equal to that member's share of the certified contribution rate under
33	Section 49-7-301 deposited into the member's defined contribution plan.
34	(ii) If the member is a member of this system on July 1, 2000, the member shall make a
35	one-time, irrevocable, written election in the application for exclusion to:
36	(A) preserve the member's vested defined benefit rights under this chapter; or
37	(B) terminate the member's vested defined benefit rights under this chapter and have the
38	board make a deposit equal to the sum of the member's shares of the certified contribution rate
39	under Section 49-7-301 plus accrued interest on the contributions deposited into the member's
40	defined contribution plan.
41	(4) A member may also make elective contributions to the qualified 401 plan selected by
42	the member, but only up to an amount permitted by federal law.
43	(5) (a) Each qualified defined contribution 401 plan is separate and distinct from any other
44	qualified defined contribution 401 plan for all purposes, including fiduciary liability and plan
45	administration.
46	(b) The board may request from any qualified 401 plan under Subsection (1)(a) any
47	relevant information pertaining to the maintenance of its tax qualification under the Internal
48	Revenue Code and may request indemnification from such other plan to the extent it performs
49	testing functions for that plan.
50	(6) (a) Prior to January 1 of each calendar year, each member shall notify the board in
51	writing which qualified defined contribution 401 plan the member has selected to receive the
52	employer and employee contributions described in this section for that calendar year.
53	(b) This election may be changed only in accordance with procedures established by the
54	board.
55	(c) Notwithstanding this section, the board may take any action which in its judgment is
56	necessary to maintain the tax-qualified status of its 401 defined contribution plan pursuant to
57	federal law. The board shall submit findings of fact and its conclusions prior to taking any such
58	action.

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- 59 (7) The total amount contributed by the employer under Subsection (3) to the member's
- 60 defined contribution plan vests to the member's benefit immediately and is nonforfeitable.
- 61 (8) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the
- 62 retirement office may make rules to implement this section.
- 63 Section 2. Effective date.
- 64 <u>This act takes effect on July 1, 2000.</u>

Legislative Review Note as of 2-1-00 3:48 PM

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

Office of Legislative Research and General Counsel