

1                                   **STATE RETIREMENT SYSTEM AMENDMENTS**

2   2004 GENERAL SESSION

3   STATE OF UTAH

4   **Sponsor: Brad King**

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**LONG TITLE**

6 **General Description:**

7                   This bill modifies the Utah State Retirement and Insurance Benefit Act by amending  
8 purchase of certain service credit provisions.  
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10 **Highlighted Provisions:**

11           This bill:

- 12           ▶ allows an option for the purchase of up to five years of service credit for members  
13 in the Public Employees' Contributory Retirement System;  
14           ▶ requires a minimum years of service credit purchase sufficient to allow the member  
15 to retire;  
16           ▶ requires the member to retire immediately after the purchase of service credit;  
17           ▶ provides that the service credit may be jointly purchased by the member who must  
18 pay at least 5% of the cost and the participating employer; and  
19           ▶ provides for certain eligibility requirements, purchase price for years of service, and  
20 a nondiscriminatory purchase policy adopted by the participating employer.

21 **Monies Appropriated in this Bill:**

22           None

23 **Other Special Clauses:**

24           None

25 **Utah Code Sections Affected:**

26 ENACTS:

27           **49-12-409**, Utah Code Annotated 1953



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29 *Be it enacted by the Legislature of the state of Utah:*

30 Section 1. Section **49-12-409** is enacted to read:

31 **49-12-409. Purchase of service credit -- Conditions -- Cost -- Nondiscrimination**  
32 **policy.**

33 (1) (a) A member may purchase or a member and a participating employer may jointly  
34 purchase a maximum of five years of service credit which cannot otherwise be purchased under  
35 this title.

36 (b) At a minimum, the years of service credit purchased shall be sufficient to allow the  
37 member to meet the retirement eligibility requirements of this system with no actuarial  
38 reduction.

39 (c) The member's retirement date shall be immediately after the purchase of years of  
40 service credit.

41 (d) The member shall pay at least 5% of the cost of the purchase.

42 (e) To qualify for a purchase of service credit under this section, the member shall:

43 (i) have at least five years of service credit; and

44 (ii) otherwise meet federal eligibility requirements.

45 (2) The purchase price for the years of service credit shall be calculated and paid for as  
46 provided in Section 49-11-403.

47 (3) Prior to making any purchase of years of service credit under this section, a  
48 participating employer shall adopt a purchase policy that includes nondiscriminatory  
49 participation standards for all regular full-time employees.

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**Legislative Review Note**  
**as of 1-26-04 6:49 AM**

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

**Office of Legislative Research and General Counsel**

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**Fiscal Note**  
**Bill Number HB0263**

**State Retirement System Amendments**

*04-Feb-04*

*2:25 PM*

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**State Impact**

This bill allows members of the Public Employees' Contributory Retirement System to purchase service credit. No fiscal impact is anticipated for the Utah Retirement System.

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**Individual and Business Impact**

Some individuals may benefit from the ability to purchase service credits.

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**Office of the Legislative Fiscal Analyst**