

1 **PUBLIC SAFETY RETIREMENT REVISIONS**

2 2006 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: David Clark**

5 Senate Sponsor: _____

7 **LONG TITLE**

8 **General Description:**

9 This bill modifies the Utah State Retirement Act by increasing the cost-of-living and
10 certain death benefit allowances for members of the Public Safety Retirement Systems.

11 **Highlighted Provisions:**

12 This bill:

13 ▶ increases the cost-of-living allowance for members of the Public Safety
14 Contributory Retirement System;

15 ▶ increases the cost-of-living allowance for members of the Public Safety
16 Noncontributory Retirement System;

17 ▶ increases the allowance payable to the surviving spouse of a retiree of the Public
18 Safety Contributory Retirement System; and

19 ▶ increases the allowance payable to the surviving spouse of a retiree of the Public
20 Safety Noncontributory Retirement System.

21 **Monies Appropriated in this Bill:**

22 None

23 **Other Special Clauses:**

24 None

25 **Utah Code Sections Affected:**

26 **AMENDS:**

27 **49-14-403**, as renumbered and amended by Chapter 250, Laws of Utah 2002



28 **49-14-504**, as renumbered and amended by Chapter 250, Laws of Utah 2002
 29 **49-15-403**, as renumbered and amended by Chapter 250, Laws of Utah 2002
 30 **49-15-504**, as last amended by Chapter 240, Laws of Utah 2003



31
 32 *Be it enacted by the Legislature of the state of Utah:*

33 Section 1. Section **49-14-403** is amended to read:

34 **49-14-403. Annual cost-of-living adjustment.**

35 (1) The office shall make an annual cost-of-living adjustment to:

36 (a) an original allowance paid under Section 49-14-402 and Part 5, Death Benefit, of
 37 this chapter if the allowance has been paid for at least one year; and

38 (b) an original payment made to an alternate payee under a domestic relations order, if
 39 the payment is to be paid as a percentage of the allowance rather than a specific dollar amount.

40 (2) (a) The original allowance shall be increased by the annual increase in the
 41 Consumer Price Index up to a maximum of [~~2.5%~~] 4%.

42 (b) Annual increases in the Consumer Price Index in excess of [~~2.5%~~] 4% shall be
 43 accumulated and used in subsequent adjustments when the annual increase in the Consumer
 44 Price Index is less than [~~2.5%~~] 4%.

45 (3) The Consumer Price Index used in calculating adjustments shall be a United States
 46 Bureau of Labor Statistics Consumer Price Index average as determined by the board.

47 (4) The cost-of-living adjustment made under this section may not decrease the
 48 allowance.

49 Section 2. Section **49-14-504** is amended to read:

50 **49-14-504. Benefits payable upon death of retired member.**

51 (1) If a retiree who retired under either Division A or Division B dies, the retiree's
 52 spouse at the time of death shall receive an allowance equal to [~~65%~~] 75% of the allowance
 53 that was being paid to the retiree at the time of death.

54 (2) If the retiree retired solely under Division B and dies leaving unmarried children
 55 under the age of 18 or dependent unmarried mentally or physically disabled children, the
 56 children shall qualify for a benefit as prescribed for children under Subsection 49-14-502(1)(c)
 57 which is payable on the first day of the month following the month in which the retiree died.

58 Section 3. Section **49-15-403** is amended to read:

59 **49-15-403. Annual cost-of-living adjustment.**

60 (1) The office shall make an annual cost-of-living adjustment to:

61 (a) an original allowance paid under Section 49-15-402 and Part 5, Death Benefit, of
62 this chapter if the allowance has been paid for at least one year; and63 (b) an original payment made to an alternate payee under a domestic relations order if
64 the payment is to be paid as a percentage of the allowance rather than a specific dollar amount.65 (2) (a) The original allowance shall be increased by the annual increase in the
66 Consumer Price Index up to a maximum of [~~2.5%~~] 4%.67 (b) Annual increases in the Consumer Price Index in excess of [~~2.5%~~] 4% shall be
68 accumulated and used in subsequent adjustments when the annual increase in the Consumer
69 Price Index is less than [~~2.5%~~] 4%.70 (3) The Consumer Price Index used in calculating adjustments shall be a United States
71 Bureau of Labor Statistics Consumer Price Index average as determined by the board.72 (4) The cost-of-living adjustment made under this section may not decrease the
73 allowance.74 Section 4. Section **49-15-504** is amended to read:75 **49-15-504. Benefits payable upon death of retired member.**76 (1) If a retiree who retired under either Division A or Division B dies, the retiree's
77 spouse at the time of death shall receive an allowance equal to [~~65%~~] 75% of the allowance
78 that was being paid to the retiree at the time of death.79 (2) If the retiree retired solely under Division B and dies leaving unmarried children
80 under the age of 18 or dependent unmarried mentally or physically disabled children, the
81 children shall qualify for a benefit as prescribed under Subsection 49-15-502(1)(d) which is
82 payable on the first day of the month following the month in which the retiree died.

Legislative Review Note**as of 12-28-05 12:54 PM**

Based on a limited legal review, this legislation has not been determined to have a high probability of being held unconstitutional.

Office of Legislative Research and General Counsel

State Impact

The bill will require an increase in the State and local government public safety retirement contribution rates. The state rates would increase by 3.5 percentage points, requiring an appropriation of \$3.5 million from various funding sources.

The rate increase for local governments would vary between entities, ranging from 2.66 to 4.55 percentage points.

	<u>FY 2007</u> <u>Approp.</u>	<u>FY 2008</u> <u>Approp.</u>	<u>FY 2007</u> <u>Revenue</u>	<u>FY 2008</u> <u>Revenue</u>
General Fund	\$3,088,100	\$3,088,100	\$0	\$0
Transportation Fund	\$1,500	\$1,500	\$0	\$0
Federal Funds	\$20,000	\$20,000	\$0	\$0
Dedicated Credits	\$137,700	\$137,700	\$0	\$0
Restricted Funds	\$232,800	\$232,800	\$0	\$0
TOTAL	\$3,480,100	\$3,480,100	\$0	\$0

Individual and Business Impact

This bill could affect retirees of the Public Safety Retirement Systems by increasing the annual maximum cost-of-living allowance, depending on the Consumer Price Index. The bill could also affect some spouses of deceased retirees of the systems by increasing their allowance.
