

Senator Daniel R. Liljenquist proposes the following substitute bill:

**NEW PUBLIC EMPLOYEES' TIER II
CONTRIBUTORY RETIREMENT ACT**

2010 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Daniel R. Liljenquist

House Sponsor: Brad L. Dee

LONG TITLE

General Description:

This bill modifies the Utah State Retirement and Insurance Benefit Act to provide for modified retirement benefits for new public employees and new public safety and firefighter employees.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ provides for a "Tier I" system or plan for which an employee is eligible to participate if the employee initially enters regular full-time employment before July 1, 2011;
- ▶ creates a "Tier II" retirement system and plan for which an employee is eligible to participate, if the employee initially enters regular full-time employment on or after July 1, 2011, and which includes a:
 - New Public Employees' Tier II Hybrid Retirement System;
 - New Public Employees' Tier II Defined Contribution Plan;
 - New Public Safety and Firefighter Tier II Hybrid Retirement System; and
 - New Public Safety and Firefighter Tier II Defined Contribution Plan;



26 ▶ provides that all new public employees including public safety, firefighters, judges,
27 governors, and legislators may only participate in a Tier II retirement system or
28 plan;

29 ▶ provides that new employees may choose between the Tier II hybrid system or the
30 Tier II Defined Contribution (DC) plan except governors and legislators are only
31 eligible for the Tier II DC plan;

32 ▶ provides that the retirement benefits for public employees Tier II hybrid system
33 employees include:

- 34 • full retirement benefits after 35 years of service credit;
- 35 • 2.5% cost-of-living adjustments on the retirement allowance;
- 36 • a 1.0% multiplier for each year of service;
- 37 • a 401(k) employer contribution;
- 38 • a death benefit; and
- 39 • a disability benefit;

40 ▶ provides that the participating employer shall contribute for public employees Tier
41 II employees the percentage of the employee's compensation equal to the
42 corresponding Tier I system amortization rate plus 8%;

43 ▶ provides that the total public employees' Tier II contribution credited specifically on
44 behalf of a Tier II employee is 8% of the employee's salary;

45 ▶ provides that the retirement benefits for the public safety and firefighter Tier II
46 hybrid system employees include:

- 47 • full retirement benefits after 25 years of service credit;
- 48 • 2.5% cost-of-living adjustments on the retirement allowance;
- 49 • a 1.5% multiplier for each year of service;
- 50 • a 401(k) employer contribution;
- 51 • a death benefit;
- 52 • a line of duty death benefit; and
- 53 • a disability benefit;

54 ▶ provides that the participating employer shall contribute for public safety and
55 firefighter Tier II employees the percentage of the employee's compensation equal
56 to the corresponding Tier I system amortization rate plus 12%;

- 57 ▶ provides that the total Tier II contribution credited specifically on behalf of a public
58 safety and firefighter Tier II employee is 12% of the employee's salary;
- 59 ▶ closes for employees who initially enter employment beginning on or after July 1,
60 2011, the:
- 61 • Public Employees' Contributory Retirement System;
 - 62 • Public Employees' Noncontributory Retirement System;
 - 63 • Public Safety Contributory Retirement System;
 - 64 • Public Safety Noncontributory Retirement System;
 - 65 • Firefighters' Retirement System;
 - 66 • Judges' Contributory Retirement System;
 - 67 • Judges' Noncontributory Retirement System; and
 - 68 • Utah Governors' and Legislators' Retirement System;
- 69 ▶ provides for certain exclusions from membership in the Tier II DC plan; and
70 ▶ makes technical changes.

71 **Monies Appropriated in this Bill:**

72 None

73 **Other Special Clauses:**

74 This bill takes effect on July 1, 2010.

75 **Utah Code Sections Affected:**

76 AMENDS:

77 **35A-4-502**, as last amended by Laws of Utah 2008, Chapter 382

78 **49-11-102**, as last amended by Laws of Utah 2009, Chapter 101

79 **49-11-401**, as last amended by Laws of Utah 2005, Chapter 116

80 **49-11-403**, as last amended by Laws of Utah 2006, Chapter 260

81 **49-11-404**, as last amended by Laws of Utah 2008, Chapter 252

82 **49-11-612**, as last amended by Laws of Utah 2009, Chapter 101

83 **49-11-801**, as last amended by Laws of Utah 2008, Chapter 335

84 **49-11-1001**, as enacted by Laws of Utah 2006, Chapter 305

85 **49-12-201**, as renumbered and amended by Laws of Utah 2002, Chapter 250

86 **49-13-201**, as renumbered and amended by Laws of Utah 2002, Chapter 250

87 **49-14-201**, as last amended by Laws of Utah 2008, Chapter 382

- 88 **49-14-202**, as renumbered and amended by Laws of Utah 2002, Chapter 250
- 89 **49-15-201**, as last amended by Laws of Utah 2008, Chapter 382
- 90 **49-15-202**, as renumbered and amended by Laws of Utah 2002, Chapter 250
- 91 **49-16-201**, as last amended by Laws of Utah 2004, Chapter 118
- 92 **49-16-202**, as last amended by Laws of Utah 2009, Chapter 101
- 93 **49-17-201**, as renumbered and amended by Laws of Utah 2002, Chapter 250
- 94 **49-18-201**, as renumbered and amended by Laws of Utah 2002, Chapter 250
- 95 **49-19-201**, as renumbered and amended by Laws of Utah 2002, Chapter 250
- 96 **49-21-201**, as last amended by Laws of Utah 2008, Chapter 252
- 97 **49-21-403**, as last amended by Laws of Utah 2008, Chapter 252
- 98 **53-7-105**, as last amended by Laws of Utah 2002, Chapter 250
- 99 **53-13-108**, as last amended by Laws of Utah 2002, Chapter 250
- 100 **53A-1a-512**, as last amended by Laws of Utah 2009, Chapter 165
- 101 **67-22-1**, as last amended by Laws of Utah 2008, Chapter 86

102 ENACTS:

- 103 **49-22-101**, Utah Code Annotated 1953
- 104 **49-22-102**, Utah Code Annotated 1953
- 105 **49-22-103**, Utah Code Annotated 1953
- 106 **49-22-104**, Utah Code Annotated 1953
- 107 **49-22-201**, Utah Code Annotated 1953
- 108 **49-22-202**, Utah Code Annotated 1953
- 109 **49-22-203**, Utah Code Annotated 1953
- 110 **49-22-204**, Utah Code Annotated 1953
- 111 **49-22-301**, Utah Code Annotated 1953
- 112 **49-22-302**, Utah Code Annotated 1953
- 113 **49-22-303**, Utah Code Annotated 1953
- 114 **49-22-304**, Utah Code Annotated 1953
- 115 **49-22-305**, Utah Code Annotated 1953
- 116 **49-22-306**, Utah Code Annotated 1953
- 117 **49-22-307**, Utah Code Annotated 1953
- 118 **49-22-308**, Utah Code Annotated 1953

- 119 **49-22-309**, Utah Code Annotated 1953
- 120 **49-22-401**, Utah Code Annotated 1953
- 121 **49-22-402**, Utah Code Annotated 1953
- 122 **49-22-501**, Utah Code Annotated 1953
- 123 **49-22-502**, Utah Code Annotated 1953
- 124 **49-22-601**, Utah Code Annotated 1953
- 125 **49-22-701**, Utah Code Annotated 1953
- 126 **49-23-101**, Utah Code Annotated 1953
- 127 **49-23-102**, Utah Code Annotated 1953
- 128 **49-23-103**, Utah Code Annotated 1953
- 129 **49-23-104**, Utah Code Annotated 1953
- 130 **49-23-201**, Utah Code Annotated 1953
- 131 **49-23-202**, Utah Code Annotated 1953
- 132 **49-23-301**, Utah Code Annotated 1953
- 133 **49-23-302**, Utah Code Annotated 1953
- 134 **49-23-303**, Utah Code Annotated 1953
- 135 **49-23-304**, Utah Code Annotated 1953
- 136 **49-23-305**, Utah Code Annotated 1953
- 137 **49-23-306**, Utah Code Annotated 1953
- 138 **49-23-307**, Utah Code Annotated 1953
- 139 **49-23-401**, Utah Code Annotated 1953
- 140 **49-23-402**, Utah Code Annotated 1953
- 141 **49-23-501**, Utah Code Annotated 1953
- 142 **49-23-502**, Utah Code Annotated 1953
- 143 **49-23-503**, Utah Code Annotated 1953
- 144 **49-23-601**, Utah Code Annotated 1953

145

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

147 Section 1. Section **35A-4-502** is amended to read:

148 **35A-4-502. Administration of Employment Security Act.**

149 (1) (a) The department shall administer this chapter through the division.

- 150 (b) The department may make, amend, or rescind any rules and special orders
151 necessary for the administration of this chapter.
- 152 (c) The division may:
- 153 (i) employ persons;
- 154 (ii) make expenditures;
- 155 (iii) require reports;
- 156 (iv) make investigations;
- 157 (v) make audits of any or all funds provided for under this chapter when necessary; and
- 158 (vi) take any other action it considers necessary or suitable to that end.
- 159 (d) No later than the first day of October of each year, the department shall submit to
160 the governor a report covering the administration and operation of this chapter during the
161 preceding calendar year and shall make any recommendations for amendments to this chapter
162 as the department considers proper.
- 163 (e) (i) The report required under Subsection (1)(d) shall include a balance sheet of the
164 moneys in the fund in which there shall be provided, if possible, a reserve against liability in
165 future years to pay benefits in excess of the then current contributions, which reserve shall be
166 set up by the division in accordance with accepted actuarial principles on the basis of statistics
167 of employment, business activity, and other relevant factors for the longest possible period.
- 168 (ii) Whenever the department believes that a change in contribution or benefit rates
169 will become necessary to protect the solvency of the fund, it shall promptly inform the
170 governor and the Legislature and make appropriate recommendations.
- 171 (2) (a) The department may make, amend, or rescind rules in accordance with Title
172 63G, Chapter 3, Utah Administrative Rulemaking Act.
- 173 (b) The director of the division or the director's designee may adopt, amend, or rescind
174 special orders after appropriate notice and opportunity to be heard. Special orders become
175 effective 10 days after notification or mailing to the last-known address of the individuals or
176 concerns affected thereby.
- 177 (3) The director of the division or the director's designee shall cause to be printed for
178 distribution to the public:
- 179 (a) the text of this chapter;
- 180 (b) the department's rules pertaining to this chapter;

181 (c) the department's annual reports to the governor required by Subsection (1)(e); and

182 (d) any other material the director of the division or the director's designee considers

183 relevant and suitable and shall furnish them to any person upon application.

184 (4) (a) The division may delegate to any person so appointed the power and authority it

185 considers reasonable and proper for the effective administration of this chapter and may bond

186 any person handling moneys or signing checks under this authority.

187 (b) The department may, when permissible under federal and state law, make

188 arrangements to voluntarily elect coverage under the United States Civil Service Retirement

189 System or a comparable private retirement plan with respect to past as well as future services of

190 individuals employed under this chapter who:

191 (i) were hired prior to October 1, 1980; and

192 (ii) have been retained by the department without significant interruption in the

193 employees' services for the department.

194 (c) An employee of the department who no longer may participate in a federal or other

195 retirement system as a result of a change in status or appropriation under this chapter may

196 purchase credit with the employee's assets from the federal or other retirement system in which

197 the employee may no longer participate in a retirement system created under:

198 (i) Title 49, Chapter 13, Public Employees' Noncontributory Retirement Act~~[, with the~~

199 ~~employee's assets from the federal or other retirement system in which the employee may no~~

200 ~~longer participate.]~~ for a purchase made under this Subsection (4)(c) made prior to July 1,

201 2011; or

202 (ii) Title 49, Chapter 22, Public Employees' Tier II Contributory Retirement Act, if the

203 date of purchase under this Subsection (4)(c) is on or after July 1, 2011.

204 (5) There is created an Employment Advisory Council composed of the members listed

205 in Subsections (5)(a) and (b).

206 (a) The executive director shall appoint:

207 (i) not less than five employer representatives chosen from individuals recommended

208 by employers, employer associations, or employer groups;

209 (ii) not less than five employee representatives chosen from individuals recommended

210 by employees, employee associations, or employee groups; and

211 (iii) five public representatives chosen at large.

212 (b) The executive director or the executive director's designee shall serve as a
213 nonvoting member of the council.

214 (c) The employee representatives shall include both union and nonunion employees
215 who fairly represent the percentage in the labor force of the state.

216 (d) Employers and employees shall consider nominating members of groups who
217 historically may have been excluded from the council, such as women, minorities, and
218 individuals with disabilities.

219 (e) (i) Except as required by Subsection (5)(e)(ii), as terms of current council members
220 expire, the executive director shall appoint each new member or reappointed member to a
221 four-year term.

222 (ii) Notwithstanding the requirements of Subsection (5)(e)(i), the executive director
223 shall, at the time of appointment or reappointment, adjust the length of terms to ensure that the
224 terms of council members are staggered so that approximately half of the council is appointed
225 every two years.

226 (f) When a vacancy occurs in the membership for any reason, the replacement shall be
227 appointed for the unexpired term.

228 (g) The executive director shall terminate the term of any council member who ceases
229 to be representative as designated by the council member's original appointment.

230 (h) The council shall advise the department and the Legislature in formulating policies
231 and discussing problems related to the administration of this chapter including:

232 (i) reducing and preventing unemployment;

233 (ii) encouraging the adoption of practical methods of vocational training, retraining,
234 and vocational guidance;

235 (iii) monitoring the implementation of the Wagner-Peyser Act;

236 (iv) promoting the creation and development of job opportunities and the
237 reemployment of unemployed workers throughout the state in every possible way; and

238 (v) appraising the industrial potential of the state.

239 (i) The council shall assure impartiality and freedom from political influence in the
240 solution of the problems listed in Subsection (5)(h).

241 (j) The executive director or the executive director's designee shall serve as chair of the
242 council and call the necessary meetings.

243 (k) (i) A member shall receive no compensation or benefits for the member's services,
244 but may receive per diem and expenses incurred in the performance of the member's official
245 duties at the rates established by the Division of Finance under Sections 63A-3-106 and
246 63A-3-107.

247 (ii) A member may decline to receive per diem and expenses for the member's service.

248 (l) The department shall provide staff support to the council.

249 (6) In the discharge of the duties imposed by this chapter, the division director or the
250 director's designee as designated by department rule, may in connection with a disputed matter
251 or the administration of this chapter:

252 (a) administer oaths and affirmations;

253 (b) take depositions;

254 (c) certify to official acts; and

255 (d) issue subpoenas to compel the attendance of witnesses and the production of books,
256 papers, correspondence, memoranda, and other records necessary as evidence.

257 (7) (a) In case of contumacy by or refusal to obey a subpoena issued to any person, any
258 court of this state within the jurisdiction of which the inquiry is carried on or within the
259 jurisdiction of which the person guilty of contumacy or refusal to obey is found or resides or
260 transacts business, upon application by the director of the division or the director's designee
261 shall have jurisdiction to issue to that person an order requiring the person to appear before the
262 director or the director's designee to produce evidence, if so ordered, or give testimony
263 regarding the matter under investigation or in question. Any failure to obey that order of the
264 court may be punished by the court as contempt.

265 (b) Any person who, without just cause, fails or refuses to attend and testify or to
266 answer any lawful inquiry or to produce books, papers, correspondence, memoranda, and other
267 records, if it is in that person's power to do so, in obedience to a subpoena of the director or the
268 director's designee shall be punished as provided in Subsection 35A-1-301(1)(b). Each day the
269 violation continues is a separate offense.

270 (c) In the event a witness asserts a privilege against self-incrimination, testimony and
271 evidence from the witness may be compelled pursuant to Title 77, Chapter 22b, Grants of
272 Immunity.

273 (8) (a) In the administration of this chapter, the division shall cooperate with the United

274 States Department of Labor to the fullest extent consistent with the provisions of this chapter
275 and shall take action, through the adoption of appropriate rules by the department and
276 administrative methods and standards, as necessary to secure to this state and its citizens all
277 advantages available under the provisions of:

- 278 (i) the Social Security Act that relate to unemployment compensation;
- 279 (ii) the Federal Unemployment Tax Act; and
- 280 (iii) the Federal-State Extended Unemployment Compensation Act of 1970.

281 (b) In the administration of Section 35A-4-402, which is enacted to conform with the
282 requirements of the Federal-State Extended Unemployment Compensation Act of 1970, 26
283 U.S.C. 3304, the division shall take any action necessary to ensure that the section is
284 interpreted and applied to meet the requirements of the federal act, as interpreted by the United
285 States Department of Labor and to secure to this state the full reimbursement of the federal
286 share of extended and regular benefits paid under this chapter that are reimbursable under the
287 federal act.

288 Section 2. Section **49-11-102** is amended to read:

289 **49-11-102. Definitions.**

290 As used in this title:

291 (1) (a) "Active member" means a member who is employed or who has been employed
292 by a participating employer within the previous 120 days.

293 (b) "Active member" does not include retirees.

294 (2) "Actuarial equivalent" means a benefit of equal value when computed upon the
295 basis of mortality tables as recommended by the actuary and adopted by the executive director,
296 including regular interest.

297 (3) "Actuarial interest rate" means the interest rate as recommended by the actuary and
298 adopted by the board upon which the funding of system costs and benefits are computed.

299 (4) (a) "Agency" means:

300 (i) a department, division, agency, office, authority, commission, board, institution, or
301 hospital of the state;

302 (ii) a county, municipality, school district, local district, or special service district;

303 (iii) a state college or university; or

304 (iv) any other participating employer.

305 (b) "Agency" does not include an entity listed under Subsection (4)(a)(i) that is a
306 subdivision of another entity listed under Subsection (4)(a).

307 (5) "Allowance" or "retirement allowance" means the pension plus the annuity,
308 including any cost of living or other authorized adjustments to the pension and annuity.

309 (6) "Alternate payee" means a member's former spouse or family member eligible to
310 receive payments under a Domestic Relations Order in compliance with Section 49-11-612.

311 (7) "Amortization rate" means the board certified percent of salary required to amortize
312 the unfunded actuarial accrued liability in accordance with policies established by the board
313 upon the advice of the actuary.

314 [~~(7)~~] (8) "Annuity" means monthly payments derived from member contributions.

315 [~~(8)~~] (9) "Appointive officer" means an employee appointed to a position for a definite
316 and fixed term of office by official and duly recorded action of a participating employer whose
317 appointed position is designated in the participating employer's charter, creation document, or
318 similar document, and who earns during the first full month of the term of office \$500 or more,
319 indexed as of January 1, 1990, as provided in Section 49-12-407.

320 [~~(9)~~] (10) (a) "At-will employee" means a person who is employed by a participating
321 employer and:

322 (i) who is not entitled to merit or civil service protection and is generally considered
323 exempt from a participating employer's merit or career service personnel systems;

324 (ii) whose on-going employment status is entirely at the discretion of the person's
325 employer; or

326 (iii) who may be terminated without cause by a designated supervisor, manager, or
327 director.

328 (b) "At-will employee" does not include a career employee who has obtained a
329 reasonable expectation of continued employment based on inclusion in a participating
330 employer's merit system, civil service protection system, or career service personnel systems,
331 policies, or plans.

332 [~~(10)~~] (11) "Beneficiary" means any person entitled to receive a payment under this
333 title through a relationship with or designated by a member, participant, covered individual, or
334 alternate payee of a defined contribution plan.

335 [~~(11)~~] (12) "Board" means the Utah State Retirement Board established under Section

336 49-11-202.

337 [~~(12)~~] (13) "Board member" means a person serving on the Utah State Retirement
338 Board as established under Section 49-11-202.

339 (14) "Certified contribution rate" means the board certified percent of salary paid on
340 behalf of an active member to the office to maintain the system on a financially and actuarially
341 sound basis.

342 [~~(13)~~] (15) "Contributions" means the total amount paid by the participating employer
343 and the member into a system or to the Utah Governors' and Legislators' Retirement Plan under
344 Chapter 19, Utah Governors' and Legislators' Retirement Act.

345 [~~(14)~~] (16) "Council member" means a person serving on the Membership Council
346 established under Section 49-11-202.

347 [~~(15)~~] (17) "Covered individual" means any individual covered under Chapter 20,
348 Public Employees' Benefit and Insurance Program Act.

349 [~~(16)~~] (18) "Current service" means covered service as defined in Chapters 12, 13, 14,
350 15, 16, 17, 18, and 19.

351 [~~(17)~~] (19) "Defined benefit" or "defined benefit plan" or "defined benefit system"
352 means a system or plan offered under this title to provide a specified allowance to a retiree or a
353 retiree's spouse after retirement that is based on a set formula involving one or more of the
354 following factors:

- 355 (a) years of service;
- 356 (b) final average monthly salary; or
- 357 (c) a retirement multiplier.

358 [~~(18)~~] (20) "Defined contribution" or "defined contribution plan" means any defined
359 contribution plan or deferred compensation plan authorized under the Internal Revenue Code
360 and administered by the board.

361 [~~(19)~~] (21) "Educational institution" means a political subdivision or instrumentality of
362 the state or a combination thereof primarily engaged in educational activities or the
363 administration or servicing of educational activities, including:

- 364 (a) the State Board of Education and its instrumentalities;
- 365 (b) any institution of higher education and its branches;
- 366 (c) any school district and its instrumentalities;

367 (d) any vocational and technical school; and

368 (e) any entity arising out of a consolidation agreement between entities described under
369 this Subsection [~~(19)~~] (21).

370 [~~(20)~~] (22) (a) "Employer" means any department, educational institution, or political
371 subdivision of the state eligible to participate in a government-sponsored retirement system
372 under federal law.

373 (b) "Employer" may also include an agency financed in whole or in part by public
374 funds.

375 [~~(21)~~] (23) "Exempt employee" means an employee working for a participating
376 employer:

377 (a) who is not eligible for service credit under Section 49-12-203, 49-13-203,
378 49-14-203, 49-15-203, or 49-16-203; and

379 (b) for whom a participating employer is not required to pay contributions or
380 nonelective contributions.

381 [~~(22)~~] (24) "Final average monthly salary" means the amount computed by dividing the
382 compensation received during the final average salary period under each system by the number
383 of months in the final average salary period.

384 [~~(23)~~] (25) "Fund" means any fund created under this title for the purpose of paying
385 benefits or costs of administering a system, plan, or program.

386 [~~(24)~~] (26) (a) "Inactive member" means a member who has not been employed by a
387 participating employer for a period of at least 120 days.

388 (b) "Inactive member" does not include retirees.

389 (27) (a) "Initially entering" means hired, appointed, or elected for the first time, in
390 current service as a member with any participating employer.

391 (b) "Initially entering" does not include a person who has any prior service credit on
392 file with the office.

393 [~~(25)~~] (28) (a) "Member" means a person, except a retiree, with contributions on
394 deposit with a system, the Utah Governors' and Legislators' Retirement Plan under Chapter 19,
395 Utah Governors' and Legislators' Retirement Act, or with a terminated system.

396 (b) "Member" also includes leased employees within the meaning of Section 414(n)(2)
397 of the Internal Revenue Code, if the employees have contributions on deposit with the office.

398 If leased employees constitute less than 20% of the participating employer's work force that is
399 not highly compensated within the meaning of Section 414(n)(5)(c)(ii), Internal Revenue Code,
400 "member" does not include leased employees covered by a plan described in Section 414(n)(5)
401 of the federal Internal Revenue Code.

402 ~~[(26)]~~ (29) "Member contributions" means the sum of the contributions paid to a
403 system or the Utah Governors' and Legislators' Retirement Plan, including refund interest if
404 allowed by a system, and which are made by:

405 (a) the member; and

406 (b) the participating employer on the member's behalf under Section 414(h) of the
407 Internal Revenue Code.

408 ~~[(27)]~~ (30) "Nonelective contribution" means an amount contributed by a participating
409 employer into a participant's defined contribution account.

410 ~~[(28)]~~ (31) "Office" means the Utah State Retirement Office.

411 ~~[(29)]~~ (32) "Participant" means an individual with voluntary deferrals or nonelective
412 contributions on deposit with the defined contribution plans administered under this title.

413 ~~[(30)]~~ (33) "Participating employer" means a participating employer, as defined by
414 Chapters 12, 13, 14, 15, 16, 17, and 18, or an agency financed in whole or in part by public
415 funds which is participating in a system or plan as of January 1, 2002.

416 ~~[(31)]~~ (34) "Pension" means monthly payments derived from participating employer
417 contributions.

418 ~~[(32)]~~ (35) "Plan" means the Utah Governors' and Legislators' Retirement Plan created
419 by Chapter 19, Utah Governors' and Legislators' Retirement Act, the New Public Employees'
420 Tier II Defined Contribution Plan created by Chapter 22, Part 4, Tier II Defined Contribution
421 Plan, the New Public Safety and Firefighter Tier II Defined Contribution Plan created by
422 Chapter 23, Part 4, Tier II Defined Contribution Plan, or the defined contribution plans created
423 under Section 49-11-801.

424 ~~[(33)]~~ (36) (a) "Political subdivision" means any local government entity, including
425 cities, towns, counties, and school districts, but only if the subdivision is a juristic entity that is
426 legally separate and distinct from the state and only if its employees are not by virtue of their
427 relationship to the entity employees of the state.

428 (b) "Political subdivision" includes local districts, special service districts, or

429 authorities created by the Legislature or by local governments, including the office.

430 (c) "Political subdivision" does not include a project entity created under Title 11,
431 Chapter 13, Interlocal Cooperation Act, that was formed prior to July 1, 1987.

432 [~~34~~] (37) "Program" means the Public Employees' Insurance Program created under
433 Chapter 20, Public Employees' Benefit and Insurance Program Act, or the Public Employees'
434 Long-Term Disability program created under Chapter 21, Public Employees' Long-Term
435 Disability Act.

436 [~~35~~] (38) "Public funds" means those funds derived, either directly or indirectly, from
437 public taxes or public revenue, dues or contributions paid or donated by the membership of the
438 organization, used to finance an activity whose objective is to improve, on a nonprofit basis,
439 the governmental, educational, and social programs and systems of the state or its political
440 subdivisions.

441 [~~36~~] (39) "Qualified defined contribution plan" means a defined contribution plan
442 that meets the requirements of Section 401(k) or Section 403(b) of the Internal Revenue Code.

443 [~~37~~] (40) "Refund interest" means the amount accrued on member contributions at a
444 rate adopted by the board.

445 [~~38~~] (41) "Retiree" means an individual who has qualified for an allowance under this
446 title.

447 [~~39~~] (42) "Retirement" means the status of an individual who has become eligible,
448 applies for, and is entitled to receive an allowance under this title.

449 [~~40~~] (43) "Retirement date" means the date selected by the member on which the
450 member's retirement becomes effective with the office.

451 [~~41~~] (44) "Service credit" means:

452 (a) the period during which an employee is employed and compensated by a
453 participating employer and meets the eligibility requirements for membership in a system or the
454 Utah Governors' and Legislators' Retirement Plan, provided that any required contributions are
455 paid to the office; and

456 (b) periods of time otherwise purchasable under this title.

457 [~~42~~] (45) "System" means the individual retirement systems created by Chapter 12,
458 Public Employees' Contributory Retirement Act, Chapter 13, Public Employees'
459 Noncontributory Retirement Act, Chapter 14, Public Safety Contributory Retirement Act,

460 Chapter 15, Public Safety Noncontributory Retirement Act, Chapter 16, Firefighters'
461 Retirement Act, Chapter 17, Judges' Contributory Retirement Act, Chapter 18, Judges'
462 Noncontributory Retirement Act, and Chapter 19, Utah Governors' and Legislators' Retirement
463 Act[-], the defined benefit portion of the Tier II Hybrid Retirement System under Chapter 22,
464 Part 3, Tier II Hybrid Retirement System, and the defined benefit portion of the Tier II Hybrid
465 Retirement System under Chapter 23, Part 3, Tier II Hybrid Retirement System.

466 (46) "Tier I" means a system or plan under this title for which an employee is eligible
467 to participate if the employee initially enters regular full-time employment before July 1, 2011.

468 (47) (a) "Tier II" means a system or plan under this title provided in lieu of a Tier I
469 system or plan for which an employee is eligible to participate, if the employee initially enters
470 regular full-time employment on or after July 1, 2011.

471 (b) "Tier II" includes:

472 (i) the Tier II hybrid system established under:

473 (A) Chapter 22, Part 3, Tier II Hybrid Retirement System; or

474 (B) Chapter 23, Part 3, Tier II Hybrid Retirement System; and

475 (ii) the Tier II Defined Contribution Plan (Tier II DC Plan) established under:

476 (A) Chapter 22, Part 4, Tier II Defined Contribution Plan; or

477 (B) Chapter 23, Part 4, Tier II Defined Contribution Plan.

478 (48) "Unfunded actuarial accrued liability" or "UAAL":

479 (a) is determined by the system's actuary; and

480 (b) means the excess, if any, of the accrued liability of a retirement system over the
481 actuarial value of its assets.

482 ~~[(43)]~~ (49) "Voluntary deferrals" means an amount contributed by a participant into
483 that participant's defined contribution account.

484 Section 3. Section **49-11-401** is amended to read:

485 **49-11-401. Transfer of service credit -- Eligibility for service credit --**

486 **Computation of service credit -- Retirement from most recent system.**

487 (1) (a) The office shall make the transfer of service credit, together with related
488 member and participating employer contributions, from one system to another upon terms and
489 conditions established by the board.

490 (b) The terms and conditions may not result in a loss of accrued benefits.

491 (2) Transfer of employment from a position covered by one system to a position
492 covered by another system does not cause the employee to lose active member status.

493 (3) In the accrual of service credit, the following provisions apply:

494 (a) A person employed and compensated by a participating employer who meets the
495 eligibility requirements for membership in a system or the Utah Governors' and Legislators'
496 Retirement Plan shall receive service credit for the term of the employment provided that all
497 required contributions are paid to the office.

498 (b) An allowance or other benefit may not accrue under this title which is based upon
499 the same period of employment as has been the basis for any retirement benefits under some
500 other public retirement system.

501 (c) The board shall fix the minimum time per day, per month, and per year upon the
502 basis of which one year of service and proportionate parts of a year shall be credited toward
503 qualification for retirement. Service may be computed on a fiscal or calendar year basis and
504 portions of years served shall be accumulated and counted as service. In any event, all of the
505 service rendered in any one fiscal or calendar year may not count for more than one year.

506 (d) Service credit shall be accrued on a fiscal or calendar year basis as determined by
507 the participating employer.

508 (e) A member may not accrue more than one year of service credit per fiscal or
509 calendar year as determined by the office.

510 (f) Fractions of years of service credit shall be accumulated and counted in proportion
511 to the work performed.

512 (4) The office may estimate the amount of service credit, compensation, or age of any
513 member, participant, or alternate payee, if information is not contained in the records.

514 (5) A member shall retire from the system which most recently covered the member.

515 (6) (a) Under no circumstances may service credit earned by a member under Chapter
516 22, New Public Employees' Tier II Contributory Retirement Act, or Chapter 23, New Public
517 Safety and Firefighter Tier II Contributory Retirement Act, be transferable to any other system
518 or plan under this title.

519 (b) Under no circumstances may service credit earned by a member under one of the
520 following systems be transferable to the system created under Chapter 22, New Public
521 Employees' Tier II Contributory Retirement Act, or under Chapter 23, New Public Safety and

522 Firefighter Tier II Contributory Retirement Act:

523 (i) Chapter 12, Public Employees' Contributory Retirement Act;

524 (ii) Chapter 13, Public Employees' Noncontributory Retirement Act;

525 (iii) Chapter 14, Public Safety Contributory Retirement Act;

526 (iv) Chapter 15, Public Safety Noncontributory Retirement Act;

527 (v) Chapter 16, Firefighters' Retirement Act;

528 (vi) Chapter 17, Judges' Contributory Retirement Act;

529 (vii) Chapter 18, Judges' Noncontributory Retirement Act; or

530 (viii) Chapter 19, Utah Governors' and Legislators' Retirement Act.

531 Section 4. Section **49-11-403** is amended to read:

532 **49-11-403. Purchase of public service credit not otherwise qualifying for benefit.**

533 (1) A member, a participating employer, or a member and a participating employer
534 jointly may purchase service credit equal to the period of the member's employment in the
535 following:

536 (a) United States federal employment;

537 (b) employment in a private school based in the United States, if the member received
538 an employer paid retirement benefit for the employment;

539 (c) public employment in another state or territory of the United States which qualifies
540 the member for membership in the public plan or system covering the employment, but only if
541 the member does not qualify for any retirement benefits based on the employment;

542 (d) forfeited service credit in this state if the member does not qualify for an allowance
543 based on the service credit;

544 (e) full-time public service while on an approved leave of absence;

545 (f) the period of time for which disability benefits were paid if:

546 (i) the member was receiving:

547 (A) long-term disability benefits;

548 (B) short-term disability benefits; or

549 (C) worker's compensation disability benefits; and

550 (ii) the member's employer had not entered into a benefit protection contract under

551 Section 49-11-404 during the period the member was disabled due to sickness or accident; or

552 (g) employment covered by a Teachers Insurance and Annuity Association of America

553 retirement plan if the member forfeits any retirement benefit from that retirement plan for the
554 period of employment to be purchased under this Subsection (1)(g).

555 (2) A member shall have:

556 (a) at least four years of service credit before a purchase can be made under this
557 section; and

558 (b) forfeited service credit under any other retirement system or plan based on the
559 employment for which service credit is being purchased.

560 (3) (a) To purchase credit under this section, the member, a participating employer, or a
561 member and a participating employer jointly shall make payment to the system under which the
562 member is currently covered.

563 (b) The amount of the payment shall be determined by the office based on a formula
564 that is:

565 (i) recommended by the actuary; and

566 (ii) adopted by the board.

567 (4) The purchase may be made through payroll deductions or through a lump sum
568 deposit based upon the present value of future payments.

569 (5) Total payment must be completed prior to the member's effective date of retirement
570 or service credit will be prorated in accordance with the amount paid.

571 (6) (a) If any of the factors used to determine the cost of a service credit purchase
572 change at or before the member's retirement date, the cost of the purchase shall be recalculated
573 at the time of retirement.

574 (b) If the recalculated cost exceeds the amount paid for the purchase, the member, a
575 participating employer, or a member and a participating employer jointly may:

576 (i) pay the increased cost, plus interest, to receive the full amount of service credit; or

577 (ii) not pay the increased cost and have the purchased service credit prorated.

578 (7) If the recalculated cost under Subsection (6) is less than the amount paid for the
579 purchase, the office shall refund the excess payment to the member or participating employer
580 who paid for the purchase.

581 (8) (a) The board may adopt rules under which a member may make the necessary
582 payments to the office for purchases under this title as permitted by federal law.

583 (b) The office may reject any payments if the office determines the tax status of the

584 system, plans, or programs would be jeopardized by allowing the payment.

585 (9) Account balances created under Section 49-22-303, 49-22-401, 49-23-302, or
586 49-23-401 may not be used to purchase service credit for a benefit under Sections 49-22-304,
587 49-22-305, 49-23-303, and 49-23-304.

588 Section 5. Section **49-11-404** is amended to read:

589 **49-11-404. Benefit protection contract authorized -- Annual report required.**

590 (1) (a) A participating employer may establish a salary protection program under which
591 its employees are paid during periods of disability.

592 (b) If a salary protection program is established, a participating employer may enter
593 into benefit protection contracts with the office.

594 (c) A salary protection program shall:

595 (i) pay benefits based on the disabled member's rate of compensation at the time of
596 disability;

597 (ii) be substantially equivalent to the long-term disability programs offered under
598 Chapter 21, Public Employees' Long-Term Disability Act; and

599 (iii) comply with requirements adopted by the board.

600 (2) A benefit protection contract shall allow:

601 (a) the disabled member to be considered an active member in a system and continue to
602 accrue service credit and salary credit based on the member's rate of pay in effect at the time
603 disability commences;

604 (b) the office to require participating employer contributions to be paid before granting
605 service credit and salary credit to the member;

606 (c) the disabled member to remain eligible during the contract period for any benefits
607 provided by the system that covers the member; and

608 (d) the benefit for the disabled member to be improved by the annual cost-of-living
609 increase factor applied to retired members of the system that covered the member on the date
610 the member is eligible to receive benefits under a benefit protection contract.

611 (3) (a) The office shall establish the manner and times when employer contributions
612 are paid.

613 (b) A failure to make the required payments is cause for the office to cancel a contract.

614 (c) Service credit and salary credit granted and accrued up to the time of cancellation

615 may not be forfeited.

616 (4) For an employee covered under Chapter 22, New Public Employees' Tier II
617 Contributory Retirement Act, or Chapter 23, New Public Safety and Firefighter Tier II
618 Contributory Retirement Act, a benefit protection contract shall allow:

619 (a) for the defined benefit portion for a member covered under Chapter 22, Part 3, Tier
620 II Hybrid Retirement System, or Chapter 23, Part 3, Tier II Hybrid Retirement System:

621 (i) the disabled member to be considered an active member in a system and continue to
622 accrue service credit and salary credit based on the member's rate of pay in effect at the time
623 disability commences;

624 (ii) the office to require participating employer contributions to be paid before granting
625 service credit and salary credit to the member;

626 (iii) the disabled member to remain eligible during the contract period for any benefits
627 provided by the system that covers the member; and

628 (iv) the benefit for the disabled member to be improved by the annual cost-of-living
629 increase factor applied to retired members of the system that covered the member on the date
630 the member is eligible to receive benefits under a benefit protection contract; and

631 (b) for the defined contribution portion for a member covered under Chapter 22, Part 3,
632 Tier II Hybrid Retirement System or Chapter 23, Part 3, Tier II Hybrid Retirement System or
633 for a participant covered under Chapter 22, Part 4, Tier II Defined Contribution Plan or Chapter
634 23, Part 4, Tier II Defined Contribution Plan, the office to require participating employers to
635 continue making the nonelective contributions on behalf of the disabled member or participant
636 in the amounts specified in Subsection 49-22-303(1)(a), 49-22-401(1), 49-23-302(1)(a), or
637 49-23-401(1).

638 [~~4~~] (5) A participating employer that has entered into a benefit protection contract
639 under this section shall submit an annual report to the office which identifies:

640 (a) the employees receiving long-term disability benefits under policies initiated by the
641 participating employer and approved under the benefit protection contract;

642 (b) the employees that have applied for long-term disability benefits and who are
643 waiting approval; and

644 (c) the insurance carriers that are actively providing long-term disability benefits.

645 [~~5~~] (6) If an employer fails to provide the annual report required under Subsection

646 [(4)] (5), the benefits that would have accrued under the benefit protection contract shall be
647 forfeited.

648 [(6)] (7) The board may adopt rules to implement and administer this section.

649 Section 6. Section 49-11-612 is amended to read:

650 **49-11-612. Domestic relations order benefits -- Nonassignability of benefits or**
651 **payments -- Exemption from legal process.**

652 (1) As used in this section, "domestic relations order benefits" means:

653 (a) an allowance;

654 (b) a defined contribution account established under [Title 49]; :

655 (i) Chapter 11, Part 8, Defined Contribution Plans;

656 (ii) Chapter 22, New Public Employees' Tier II Contributory Retirement Act; or

657 (iii) Chapter 23, New Public Safety and Firefighter Tier II Contributory Retirement

658 Act;

659 (c) a continuing monthly death benefit established under:

660 (i) [Title 49;] Chapter 14, Part 5, Death Benefit;

661 (ii) [Title 49;] Chapter 15, Part 5, Death Benefit;

662 (iii) [Title 49;] Chapter 16, Part 5, Death Benefit;

663 (iv) [Title 49;] Chapter 17, Part 5, Death Benefit;

664 (v) [Title 49;] Chapter 18, Part 5, Death Benefit; or

665 (vi) [Title 49;] Chapter 19, Part 5, Death Benefit;

666 (d) a death benefit provided under a group insurance policy under:

667 (i) [Title 49;] Chapter 12, Part 5, Death Benefit; [or]

668 (ii) [Title 49;] Chapter 13, Part 5, Death Benefit; [or]

669 (iii) Chapter 22, Part 5, Death Benefit; or

670 (iv) Chapter 23, Part 5, Death Benefit; or

671 (e) a refund of member contributions upon termination.

672 (2) Except as provided in Subsections (3), (4), and (5), the right of any member, retiree,
673 participant, covered individual, or beneficiary to any retirement benefit, retirement payment, or
674 any other retirement right accrued or accruing under this title and the assets of the funds created
675 by this title are not subject to alienation or assignment by the member, retiree, participant, or
676 their beneficiaries and are not subject to attachment, execution, garnishment, or any other legal

677 or equitable process.

678 (3) The office may, upon the request of the retiree, deduct from the retiree's allowance
679 insurance premiums or other dues payable on behalf of the retiree, but only to those entities
680 that have received the deductions prior to February 1, 2002.

681 (4) (a) The office shall provide for the division of domestic relations order benefits
682 with former spouses and family members under an order of a court of competent jurisdiction
683 with respect to domestic relations matters on file with the office.

684 (b) The court order shall specify the manner in which the domestic relations order
685 benefits shall be partitioned, whether as a fixed amount or as a percentage of the benefit.

686 (c) Domestic relations order benefits split under a domestic relations order are subject
687 to the following:

688 (i) the amount to be paid or the period for which payments shall be made under the
689 original domestic relations order may not be altered if the alteration affects the actuarial
690 calculation of the allowance;

691 (ii) payments to an alternate payee shall begin at the time the member or beneficiary
692 begins receiving payments; and

693 (iii) the alternate payee shall receive payments in the same form as allowances received
694 by the member or beneficiary.

695 (d) A court order under this section may not be issued more than 12 months after the
696 death of the member.

697 (5) In accordance with federal law, the board may deduct the required amount from any
698 benefit, payment, or other right accrued or accruing to any member or beneficiary of a system,
699 plan, or program under this title to offset any amount that member or beneficiary owes to a
700 system, plan, or program administered by the board.

701 (6) The board shall make rules to implement this section.

702 Section 7. Section **49-11-801** is amended to read:

703 **49-11-801. Defined contribution plans authorized -- Subject to federal and state**
704 **laws -- Rules to implement this provision -- Costs of administration -- Limitations on**
705 **eligibility -- Protection of tax status.**

706 (1) (a) The board shall establish and administer defined contribution plans established
707 under the Internal Revenue Code.

708 (b) Voluntary deferrals and nonelective contributions shall be permitted according to
709 the provisions of these plans as established by the board.

710 (c) ~~[The]~~ Except as provided in Subsections 49-22-302(2)(a), 49-22-401(3)(a),
711 49-23-302(2)(a), and 49-23-401(3)(a), the defined contribution account balance is vested in the
712 participant.

713 (2) (a) Voluntary deferrals and nonelective contributions shall be posted to the
714 participant's account.

715 (b) ~~[Participants]~~ Except as provided in Subsections 49-22-303(3), 49-22-401(4),
716 49-23-302(3), and 49-23-401(4), participants may direct the investment of their account in the
717 investment options established by the board and in accordance with federal and state law.

718 (3) (a) The board may make rules and create plan documents to implement and
719 administer this section.

720 (b) The board may adopt rules under which a participant may put money into a defined
721 contribution plan as permitted by federal law.

722 (c) The office may reject any payments if the office determines the tax status of the
723 systems, plans, or programs would be jeopardized by allowing the payment.

724 (d) Costs of administration shall be paid as established by the board.

725 (4) Voluntary deferrals and nonelective contributions may be invested separately or in
726 conjunction with the Utah State Retirement Investment Fund.

727 (5) The board or office may take actions necessary to protect the tax qualified status of
728 the systems, plans, and programs under its control, including the movement of individuals from
729 defined contribution plans to defined benefit systems or the creation of excess benefit plans
730 authorized by federal law.

731 (6) The office may, at its sole discretion, correct errors made in the administration of
732 its defined contribution plans.

733 Section 8. Section **49-11-1001** is amended to read:

734 **49-11-1001. Partial lump-sum payment option.**

735 (1) ~~[At]~~ Except as provided in Subsection (5), at the time of application for retirement,
736 a member may elect to receive a lump-sum payment of a portion of the member's retirement
737 allowance equal to 12 or 24 months of the member's allowance to be paid upon retirement.

738 (2) The member's allowance shall be reduced to reflect the actuarial value of the

739 lump-sum received under Subsection (1).

740 (3) A member who has received a lump-sum payment under this section is not eligible
741 for another lump-sum payment under this section.

742 (4) The board may make rules to implement this section.

743 (5) A member or participant of a system or plan under Chapter 22, New Public
744 Employees' Tier II Contributory Retirement Act, or Chapter 23, New Public Safety and
745 Firefighter Tier II Contributory Retirement Act, is not eligible to make an election under this
746 section.

747 Section 9. Section **49-12-201** is amended to read:

748 **49-12-201. System membership -- Eligibility.**

749 (1) A regular full-time employee of a participating employer is eligible for service
750 credit in this system upon the later of:

751 (a) the date on which the participating employer began participating in this system; or

752 (b) the effective date of employment of the regular full-time employee with the
753 participating employer.

754 (2) Beginning July 1, 1986, a person entering employment with the state and its
755 educational institutions may not participate in this system.

756 (3) Notwithstanding the provisions of Subsection (1), a person initially entering
757 employment with a participating employer on or after July 1, 2011, may not participate in this
758 system.

759 Section 10. Section **49-13-201** is amended to read:

760 **49-13-201. System membership -- Eligibility.**

761 (1) Beginning July 1, 1986, the state and its educational institutions shall participate in
762 this system.

763 (a) A person entering regular full-time employment with the state or its educational
764 institutions after July 1, 1986, but before July 1, 2011, is eligible for service credit in this
765 system.

766 (b) A regular full-time employee of the state or its educational institutions prior to July
767 1, 1986, may either become eligible for service credit in this system or remain eligible for
768 service in the system established under Chapter 12, Public Employees' Contributory Retirement
769 Act, by following the procedures established by the board in accordance with this chapter.

770 (2) An employer, other than the state and its educational institutions, may participate in
771 this system except that once an employer elects to participate in this system, that election is
772 irrevocable and the election must be made before July 1, 2011.

773 (a) [~~A~~] Until June 30, 2011, a person initially entering regular full-time employment
774 with a participating employer which elects to participate in this system is eligible for service
775 credit in this system.

776 (b) A person in regular full-time employment with a participating employer prior to the
777 participating employer's election to participate in this system may either become eligible for
778 service credit in this system or remain eligible for service in the system established under
779 Chapter 12, Public Employees' Contributory Retirement Act, by following the procedures
780 established by the board in accordance with this chapter.

781 (3) Notwithstanding the provisions of Subsections (1) and (2), a person initially
782 entering employment with a participating employer on or after July 1, 2011, may not participate
783 in this system.

784 Section 11. Section **49-14-201** is amended to read:

785 **49-14-201. System membership -- Eligibility.**

786 (1) Except as provided in Section 49-15-201, a public safety service employee of a
787 participating employer participating in this system is eligible for service credit in this system at
788 the earliest of:

789 (a) July 1, 1969, if the public safety service employee was employed by the
790 participating employer on July 1, 1969, and the participating employer was participating in this
791 system on that date;

792 (b) the date the participating employer begins participating in this system if the public
793 safety service employee was employed by the participating employer on that date; or

794 (c) the date the public safety service employee is employed by the participating
795 employer and is eligible to perform public safety service, except that a public safety service
796 employee initially entering employment with a participating employer on or after July 1, 2011,
797 may not participate in this system.

798 (2) (a) (i) A participating employer that has public safety service and firefighter service
799 employees that require cross-training and duty shall enroll those dual purpose employees in the
800 system in which the greatest amount of time is actually worked.

801 (ii) The employees shall either be full-time public safety service or full-time firefighter
802 service employees of the participating employer.

803 (b) (i) Prior to transferring a dual purpose employee from one system to another, the
804 participating employer shall receive written permission from the office.

805 (ii) The office may request documentation to verify the appropriateness of the transfer.

806 (3) The board may combine or segregate the actuarial experience of participating
807 employers in this system for the purpose of setting contribution rates.

808 (4) (a) (i) Each participating employer participating in this system shall annually
809 submit to the office a schedule indicating the positions to be covered under this system in
810 accordance with this chapter.

811 (ii) The office may require documentation to justify the inclusion of any position under
812 this system.

813 (b) If there is a dispute between the office and a participating employer or employee
814 over any position to be covered, the disputed position shall be submitted to the Peace Officer
815 Standards and Training Council established under Section 53-6-106 for determination.

816 (c) (i) The Peace Officer Standards and Training Council's authority to decide
817 eligibility for public safety service credit is limited to claims for coverage under this system for
818 time periods after July 1, 1989.

819 (ii) A decision of the Peace Officer Standards and Training Council may not be applied
820 to service credit earned in another system prior to July 1, 1989.

821 (iii) Except as provided under Subsection (4)(c)(iv), a decision of the Peace Officer
822 Standards and Training Council granting a position coverage under this system may only be
823 applied prospectively from the date of that decision.

824 (iv) A decision of the Peace Officer Standards and Training Council granting a position
825 coverage under this system may be applied retroactively only if:

826 (A) the participating employer covered other similarly situated positions under this
827 system during the time period in question; and

828 (B) the position otherwise meets all eligibility requirements for receiving service credit
829 in this system during the period for which service credit is to be granted.

830 (5) The Peace Officer Standards and Training Council may use a subcommittee to
831 provide a recommendation to the council in determining disputes between the office and a

832 participating employer or employee over a position to be covered under this system.

833 (6) The Peace Officer Standards and Training Council shall comply with Title 63G,
834 Chapter 4, Administrative Procedures Act, in resolving coverage disputes in this system.

835 (7) A public safety employee who is transferred or promoted to an administration
836 position not covered by this system shall continue to earn public safety service credit in this
837 system as long as the employee remains employed in the same department.

838 (8) Any employee who is reassigned to the Department of Technology Services or to
839 the Department of Human Resource Management, and who was a member of this system, shall
840 be entitled to remain a member of this system.

841 (9) (a) To determine that a position is covered under this system, the office and, if a
842 coverage dispute arises, the Peace Officer Standards and Training Council shall find that the
843 position requires the employee to:

844 (i) place the employee's life or personal safety at risk; and

845 (ii) complete training as provided in Section 53-13-103, 53-13-104, or 53-13-105.

846 (b) If a position satisfies the requirements of Subsection (9)(a), the office and the Peace
847 Officer Standards and Training Council shall consider whether or not the position requires the
848 employee to:

849 (i) perform duties that consist primarily of actively preventing or detecting crime and
850 enforcing criminal statutes or ordinances of this state or any of its political subdivisions;

851 (ii) perform duties that consist primarily of providing community protection; and

852 (iii) respond to situations involving threats to public safety and make emergency
853 decisions affecting the lives and health of others.

854 (10) If a subcommittee is used to recommend the determination of disputes to the
855 Peace Officer Standards and Training Council, the subcommittee shall comply with the
856 requirements of Subsection (9) in making its recommendation.

857 (11) A final order of the Peace Officer Standards and Training Council regarding a
858 dispute is a final agency action for purposes of Title 63G, Chapter 4, Administrative
859 Procedures Act.

860 (12) Except as provided under Subsection (13), if a participating employer's public
861 safety service employees are not covered by this system or under Chapter 15, Public Safety
862 Noncontributory Retirement Act, as of January 1, 1998, those public safety service employees

863 who may otherwise qualify for membership in this system shall, at the discretion of the
864 participating employer, remain in their current retirement system.

865 (13) (a) A public safety service employee employed by an airport police department,
866 which elects to cover its public safety service employees under the Public Safety
867 Noncontributory Retirement System under Subsection (12), may elect to remain in the public
868 safety service employee's current retirement system.

869 (b) The public safety service employee's election to remain in the current retirement
870 system under Subsection (13)(a):

871 (i) shall be made at the time the employer elects to move its public safety service
872 employees to a public safety retirement system;

873 (ii) documented by written notice to the participating employer; and

874 (iii) is irrevocable.

875 (14) Notwithstanding any other provision of this section, a person initially entering
876 employment with a participating employer on or after July 1, 2011, may not participate in this
877 system.

878 Section 12. Section **49-14-202** is amended to read:

879 **49-14-202. Participation of employers -- Requirements -- Supplemental programs**
880 **-- Full participation in system.**

881 (1) An employer that employs public safety service employees and is required by
882 Section 49-12-202 or 49-13-202 to be a participating employer in the Public Employees'
883 Contributory Retirement System or the Public Employees' Noncontributory Retirement System
884 shall cover all its public safety service employees under one of the following systems or plans:

885 (a) Chapter 12, Public Employees' Contributory Retirement Act;

886 (b) Chapter 13, Public Employees' Noncontributory Retirement Act;

887 (c) Chapter 14, Public Safety Contributory Retirement Act; [or]

888 (d) Chapter 15, Public Safety Noncontributory Retirement Act[?]; or

889 (e) Chapter 23, New Public Safety and Firefighter Tier II Contributory Retirement Act.

890 (2) An employer that covers its public safety service employees under Subsection
891 (1)(c) is a participating employer in this system.

892 (3) If a participating employer under Subsection (1) covers any of its public safety
893 service employees under the Public Safety Contributory Retirement System or the Public

894 Safety Noncontributory Retirement System, that participating employer shall cover all of its
895 public safety service employees under one of those systems, except for a public safety service
896 employee initially entering employment with a participating employer on or after July 1, 2011.

897 (4) A participating employer may not withdraw from this system.

898 (5) In addition to their participation in the system, participating employers may provide
899 or participate in any additional public or private retirement, supplemental or defined
900 contribution plan, either directly or indirectly, for their employees.

901 (6) An employer may not elect to participate in this system after July 1, 1989.

902 Section 13. Section **49-15-201** is amended to read:

903 **49-15-201. System membership -- Eligibility.**

904 (1) (a) A public safety service employee employed by the state after July 1, 1989, but
905 before July 1, 2011, is eligible for service credit in this system.

906 (b) A public safety service employee employed by the state prior to July 1, 1989, may
907 either elect to receive service credit in this system or continue to receive service credit under
908 the system established under Chapter 14, Public Safety Contributory Retirement Act, by
909 following the procedures established by the board under this chapter.

910 (2) (a) Public safety service employees of a participating employer other than the state
911 that elected on or before July 1, 1989, to remain in the Public Safety Contributory Retirement
912 System shall be eligible only for service credit in that system.

913 (b) (i) A participating employer other than the state that elected on or before July 1,
914 1989, to participate in this system shall, have allowed, prior to July 1, 1989, a public safety
915 service employee to elect to participate in either this system or the Public Safety Contributory
916 Retirement System.

917 (ii) Except as expressly allowed by this title, the election of the public safety service
918 employee is final and may not be changed.

919 (c) A public safety service employee hired by a participating employer other than the
920 state after July 1, 1989, but before July 1, 2011, shall become a member in this system.

921 (d) A public safety service employee of a participating employer other than the state
922 who began participation in this system after July 1, 1989, but before July 1, 2011, is only
923 eligible for service credit in this system.

924 (e) A person initially entering employment with a participating employer on or after

925 July 1, 2011, may not participate in this system.

926 (3) (a) (i) A participating employer that has public safety service and firefighter service
927 employees that require cross-training and duty shall enroll those dual purpose employees in the
928 system in which the greatest amount of time is actually worked.

929 (ii) The employees shall either be full-time public safety service or full-time firefighter
930 service employees of the participating employer.

931 (b) (i) Prior to transferring a dual purpose employee from one system to another, the
932 participating employer shall receive written permission from the office.

933 (ii) The office may request documentation to verify the appropriateness of the transfer.

934 (4) The board may combine or segregate the actuarial experience of participating
935 employers in this system for the purpose of setting contribution rates.

936 (5) (a) (i) Each participating employer participating in this system shall annually
937 submit to the office a schedule indicating the positions to be covered under this system in
938 accordance with this chapter.

939 (ii) The office may require documentation to justify the inclusion of any position under
940 this system.

941 (b) If there is a dispute between the office and a participating employer or employee
942 over any position to be covered, the disputed position shall be submitted to the Peace Officer
943 Standards and Training Council established under Section 53-6-106 for determination.

944 (c) (i) The Peace Officer Standards and Training Council's authority to decide
945 eligibility for public safety service credit is limited to claims for coverage under this system for
946 time periods after July 1, 1989.

947 (ii) A decision of the Peace Officer Standards and Training Council may not be applied
948 to service credit earned in another system prior to July 1, 1989.

949 (iii) Except as provided under Subsection (5)(c)(iv), a decision of the Peace Officer
950 Standards and Training Council granting a position coverage under this system may only be
951 applied prospectively from the date of that decision.

952 (iv) A decision of the Peace Officer Standards and Training Council granting a position
953 coverage under this system may be applied retroactively only if:

954 (A) the participating employer covered other similarly situated positions under this
955 system during the time period in question; and

956 (B) the position otherwise meets all eligibility requirements for receiving service credit
957 in this system during the period for which service credit is to be granted.

958 (6) The Peace Officer Standards and Training Council may use a subcommittee to
959 provide a recommendation to the council in determining disputes between the office and a
960 participating employer or employee over a position to be covered under this system.

961 (7) The Peace Officer Standards and Training Council shall comply with Title 63G,
962 Chapter 4, Administrative Procedures Act, in resolving coverage disputes in this system.

963 (8) A public safety service employee who is transferred or promoted to an
964 administration position not covered by this system shall continue to earn public safety service
965 credit in this system as long as the employee remains employed in the same department.

966 (9) Any employee who is reassigned to the Department of Technology Services or to
967 the Department of Human Resource Management, and who was a member in this system, shall
968 be entitled to remain a member in this system.

969 (10) (a) To determine that a position is covered under this system, the office and, if a
970 coverage dispute arises, the Peace Officer Standards and Training Council shall find that the
971 position requires the employee to:

- 972 (i) place the employee's life or personal safety at risk; and
- 973 (ii) complete training as provided in Section 53-13-103, 53-13-104, or 53-13-105.

974 (b) If a position satisfies the requirements of Subsection (10)(a), the office and Peace
975 Officer Standards and Training Council shall consider whether the position requires the
976 employee to:

- 977 (i) perform duties that consist primarily of actively preventing or detecting crime and
978 enforcing criminal statutes or ordinances of this state or any of its political subdivisions;
- 979 (ii) perform duties that consist primarily of providing community protection; and
- 980 (iii) respond to situations involving threats to public safety and make emergency
981 decisions affecting the lives and health of others.

982 (11) If a subcommittee is used to recommend the determination of disputes to the
983 Peace Officer Standards and Training Council, the subcommittee shall comply with the
984 requirements of Subsection (10) in making its recommendation.

985 (12) A final order of the Peace Officer Standards and Training Council regarding a
986 dispute is a final agency action for purposes of Title 63G, Chapter 4, Administrative

987 Procedures Act.

988 (13) Except as provided under Subsection (14), if a participating employer's public
 989 safety service employees are not covered by this system under Chapter 14, Public Safety
 990 Contributory Retirement Act, as of January 1, 1998, those public safety service employees who
 991 may otherwise qualify for membership in this system shall, at the discretion of the participating
 992 employer, remain in their current retirement system.

993 (14) (a) A public safety service employee employed by an airport police department,
 994 which elects to cover its public safety service employees under the Public Safety
 995 Noncontributory Retirement System under Subsection (13), may elect to remain in the public
 996 safety service employee's current retirement system.

997 (b) The public safety service employee's election to remain in the current retirement
 998 system under Subsection (14)(a):

999 (i) shall be made at the time the employer elects to move its public safety service
 1000 employees to a public safety retirement system;

1001 (ii) documented by written notice to the participating employer; and

1002 (iii) is irrevocable.

1003 (15) Notwithstanding any other provision of this section, a person initially entering
 1004 employment with a participating employer on or after July 1, 2011, may not participate in this
 1005 system.

1006 Section 14. Section **49-15-202** is amended to read:

1007 **49-15-202. Participation of employers -- Requirements -- Admission -- Full**
 1008 **participation in system -- Supplemental programs authorized.**

1009 (1) An employer that employs public safety service employees and is required by
 1010 Section 49-12-202 or 49-13-202 to be a participating employer in the Public Employees'
 1011 Contributory Retirement System or the Public Employees' Noncontributory Retirement System
 1012 shall cover all its public safety service employees under one of the following systems or plans:

1013 (a) Chapter 12, Public Employees' Contributory Retirement Act;

1014 (b) Chapter 13, Public Employees' Noncontributory Retirement Act;

1015 (c) Chapter 14, Public Safety Contributory Retirement Act; [~~or~~]

1016 (d) Chapter 15, Public Safety Noncontributory Retirement Act[~~;~~]; or

1017 (e) Chapter 23, New Public Safety and Firefighter Tier II Contributory Retirement Act.

1018 (2) An employer that covers its public safety employees under Subsection (1)(d) is a
1019 participating employer in this system.

1020 (3) If a participating employer under Subsection (1) covers any of its public safety
1021 service employees under the Public Safety Contributory Retirement System or the Public
1022 Safety Noncontributory Retirement System, that participating employer shall cover all of its
1023 public safety service employees under one of those systems, except for a public safety service
1024 employee initially entering employment with a participating employer beginning on or after
1025 July 1, 2011.

1026 (4) (a) [~~Am~~] Until June 30, 2011, an employer that is not participating in this system
1027 may by resolution of its governing body apply for coverage of its public safety service
1028 employees by this system.

1029 (b) Upon approval of the board, the employer shall become a participating employer in
1030 this system subject to this title.

1031 (5) If a participating employer purchases service credit on behalf of employees for
1032 service rendered prior to the participating employer's admission to this system, the service
1033 credit must be purchased in a nondiscriminatory manner on behalf of all current and former
1034 employees who were eligible for service credit at the time service was rendered.

1035 (6) A participating employer may not withdraw from this system.

1036 (7) In addition to their participation in the system, participating employers may provide
1037 or participate in any additional public or private retirement, supplemental or defined
1038 contribution plan, either directly or indirectly, for their employees.

1039 Section 15. Section **49-16-201** is amended to read:

1040 **49-16-201. System membership -- Eligibility.**

1041 (1) A firefighter service employee who performs firefighter service for an employer
1042 participating in this system is eligible for service credit in this system upon the earliest of:

1043 (a) July 1, 1971, if the firefighter service employee was employed by the participating
1044 employer on July 1, 1971, and the participating employer was participating in this system on
1045 that date;

1046 (b) the date the participating employer begins participating in this system if the
1047 firefighter service employee was employed by the participating employer on that date; or

1048 (c) the date the firefighter service employee is hired to perform firefighter services for a

1049 participating employer, if the firefighter initially enters employment before July 1, 2011.

1050 (2) (a) (i) A participating employer that has public safety service and firefighter service
1051 employees that require cross-training and duty shall enroll the dual purpose employees in the
1052 system in which the greatest amount of time is actually worked.

1053 (ii) The employees shall either be full-time public safety service or full-time firefighter
1054 service employees of the participating employer.

1055 (b) (i) Prior to transferring a dual purpose employee from one system to another, the
1056 participating employer shall receive written permission from the office.

1057 (ii) The office may request documentation to verify the appropriateness of the transfer.

1058 (3) (a) A person hired by a regularly constituted fire department on or after July 1,
1059 1971, who does not perform firefighter service is not eligible for service credit in this system.

1060 (b) The nonfirefighter service employee shall become a member of the system for
1061 which the nonfirefighter service employee qualifies for service credit.

1062 (c) The service credit exclusion under this Subsection (3) may not be interpreted to
1063 prohibit the assignment of a disabled or partially disabled firefighter to a nonfirefighter service
1064 position.

1065 (d) If Subsection (3)(c) applies, the firefighter service employee remains eligible for
1066 service credit in this system.

1067 (4) An allowance or other benefit may not be granted under this system that is based
1068 upon the same service for benefits received under some other system.

1069 (5) Service as a volunteer firefighter is not eligible for service credit in this system.

1070 (6) An employer that maintains a regularly constituted fire department is eligible to
1071 participate in this system.

1072 (7) Beginning July 1, 2011, a person initially entering employment with a participating
1073 employer may not participate in this system.

1074 Section 16. Section **49-16-202** is amended to read:

1075 **49-16-202. Participation of employers -- Full participation in system --**
1076 **Supplemental programs authorized.**

1077 (1) An employer that employs firefighter service employees and is required by Section
1078 49-12-202 or 49-13-202 to be a participating employer in the Public Employees' Contributory
1079 Retirement System or the Public Employees' Noncontributory Retirement System shall cover

1080 all of its firefighter service employees under one of the following systems or plans:

1081 (a) Chapter 12, Public Employees' Contributory Retirement Act;

1082 (b) Chapter 13, Public Employees' Noncontributory Retirement Act; [~~or~~]

1083 (c) Chapter 16, Firefighters' Retirement Act[~~;~~]; or

1084 (d) Chapter 23, New Public Safety and Firefighter Tier II Contributory Retirement Act.

1085 (2) Any employer that covers its firefighter service employees under Subsection (1)(c)

1086 is a participating employer in this system.

1087 (3) If a participating employer under Subsection (1) covers any of its firefighter service

1088 employees under the Firefighters' Retirement System, that participating employer shall cover

1089 all of its firefighter service employees under that system, except for a firefighter service

1090 employee initially entering employment with a participating employer on or after July 1, 2011.

1091 (4) (a) [~~An~~] Until June 30, 2011, an employer that is not participating in this system

1092 may, by resolution of its governing body submitted to the board, apply for coverage of its

1093 firefighter service employees by this system.

1094 (b) Upon approval of the board, the employer shall become a participating employer in

1095 this system subject to this title.

1096 (5) A participating employer may not withdraw from this system.

1097 (6) In addition to their participation in the system, participating employers may provide

1098 or participate in any additional public or private retirement, supplemental or defined

1099 contribution plan, either directly or indirectly, for their firefighter service employees.

1100 Section 17. Section **49-17-201** is amended to read:

1101 **49-17-201. System membership -- Eligibility.**

1102 (1) Except as provided in Subsection (2) and Section 49-18-201, judges are members

1103 of and are eligible for service credit in this system.

1104 (2) A judge initially entering employment with a participating employer on or after July

1105 1, 2011, may not participate in this system.

1106 Section 18. Section **49-18-201** is amended to read:

1107 **49-18-201. System membership -- Eligibility.**

1108 (1) Judges appointed after July 1, 1997, but before July 1, 2011, are members of and

1109 are eligible for service credit in this system.

1110 (2) (a) Any judge appointed prior to July 1, 1997, may either become a member of the

1111 Judges' Noncontributory Retirement System or remain a member of the Judges' Contributory
 1112 Retirement System established under Chapter 17, Judges' Contributory Retirement Act, by
 1113 following the procedures established by the board [~~pursuant to~~] under this chapter.

1114 (b) Judges may only elect to participate in this system under this Subsection (2) prior to
 1115 January 1, 1998.

1116 (3) A judge initially entering employment on or after July 1, 2011, may not participate
 1117 in this system.

1118 Section 19. Section **49-19-201** is amended to read:

1119 **49-19-201. Plan participation -- Eligibility.**

1120 (1) Governors and legislators who enter office before July 1, 2011, are eligible for
 1121 service credit in this plan during their term of service in their elected position.

1122 (2) A governor or legislator initially entering office on or after July 1, 2011:

1123 (a) may not participate in this system;

1124 (b) is only eligible to participate in the Tier II Defined Contribution Plan established
 1125 under Chapter 22, Part 4, Tier II Defined Contribution Plan; and

1126 (c) is not eligible to participate in the Tier II hybrid retirement system established under
 1127 Chapter 22, Part 3, Tier II Hybrid Retirement System.

1128 Section 20. Section **49-21-201** is amended to read:

1129 **49-21-201. Program membership -- Eligibility.**

1130 (1) The state shall cover all of its eligible employees under this chapter.

1131 (2) Public safety service employees, as defined in Sections 49-14-102 [~~and~~],
 1132 49-15-102, and 49-23-102 shall be covered under this chapter or a substantially similar
 1133 long-term disability program in accordance with the provisions of Section 49-14-601 [~~or~~],
 1134 49-15-601[~~;~~], or 49-23-601.

1135 (3) Beginning on July 1, 2011, firefighter service employees, as defined in Section
 1136 49-23-102, initially entering employment on or after July 1, 2011, and volunteer firefighters, as
 1137 defined in Section 49-23-102, shall be covered under this chapter or a substantially similar
 1138 long-term disability program in accordance with the provisions of Section 49-23-601.

1139 [~~(3)~~] (4) Except as provided under Subsection (5), all other employers may provide
 1140 coverage for their eligible employees under this chapter.

1141 [~~(4)~~] (5) If an employer elects to cover any of its eligible employees under this chapter,

1142 all of its eligible employees shall be covered.

1143 ~~[(5)]~~ (6) Except as provided under Subsections (1) and (2), nothing in this chapter
1144 requires any employer to cover its eligible employees under this chapter.

1145 ~~[(6)]~~ (7) The following employees are not eligible for coverage under this chapter:

1146 (a) firefighter service employees, as defined under Section 49-16-102, that initially
1147 entered employment prior to July 1, 2011; and

1148 (b) legislators.

1149 Section 21. Section **49-21-403** is amended to read:

1150 **49-21-403. Termination of disability benefits -- Calculation of retirement benefit.**

1151 (1) An eligible employee covered by this chapter and eligible for service credit under a
1152 system, or a participant in the Tier II Defined Contribution Plan, created in Chapter 22, Part 4,
1153 Tier II Defined Contribution Plan, or Chapter 23, Part 4, Tier II Defined Contribution Plan,
1154 including an eligible employee who relinquishes rights to retirement benefits under Section
1155 49-11-619, who applies and is qualified for a monthly disability benefit shall receive a monthly
1156 disability benefit until the earlier of:

1157 (a) the date the eligible employee is no longer disabled;

1158 (b) the date the eligible employee has accumulated:

1159 (i) 20 years of service credit if the eligible employee is covered by Chapter 14, Public
1160 Safety Contributory Retirement Act, or Chapter 15, Public Safety Noncontributory Retirement
1161 Act;

1162 (ii) 25 years of service credit if the eligible employee is covered by Chapter 17, Judges'
1163 Contributory Retirement Act, or Chapter 18, Judges' Noncontributory Retirement Act; ~~[or]~~

1164 (iii) 30 years of service credit if the eligible employee is covered by Chapter 12, Public
1165 Employees' Contributory Retirement Act, or Chapter 13, Public Employees' Noncontributory
1166 Retirement Act; ~~[or]~~

1167 (iv) 35 years of service credit if the eligible employee is covered by the defined benefit
1168 portion under Chapter 22, Part 3, Tier II Hybrid Retirement System, or is covered by the
1169 defined contribution plan under Chapter 22, Part 4, Tier II Defined Contribution Plan; or

1170 (v) 25 years of service credit if the eligible employee is covered by the defined benefit
1171 portion under Chapter 23, Part 3, Tier II Hybrid Retirement System, or is covered by the
1172 defined contribution plan under Chapter 23, Part 4, Tier II Defined Contribution Plan; or

1173 (c) the date the eligible employee has received a monthly disability benefit for the
1174 following applicable time periods:

1175 (i) if the eligible employee is under age 60, the monthly disability benefit is payable
1176 until age 65;

1177 (ii) if the eligible employee is 60 or 61 years of age on the date of disability, the
1178 monthly disability benefit is payable for five years;

1179 (iii) if the eligible employee is 62 or 63 years of age on the date of disability, the
1180 monthly disability benefit is payable for four years;

1181 (iv) if the eligible employee is 64 or 65 years of age on the date of disability, the
1182 monthly disability benefit is payable for three years;

1183 (v) if the eligible employee is 66, 67, or 68 years of age on the date of disability, the
1184 monthly disability benefit is payable for two years; and

1185 (vi) if the eligible employee is 69 years of age or older on the date of disability, the
1186 monthly disability benefit is payable for one year.

1187 (2) (a) Upon termination of a monthly disability benefit, an eligible employee eligible
1188 for service credit under a system may retire under the requirements of the system which
1189 covered the eligible employee on the date of disability.

1190 (b) The final average salary used in the calculation of the allowance shall be based on
1191 the annual rate of pay on the date of disability, improved by the annual cost-of-living increase
1192 factor applied to retirees of the system which covered the eligible employee on the date of
1193 disability.

1194 (3) An eligible employee who is eligible for service credit in a system, but has
1195 relinquished rights to an allowance under Section 49-11-619, may receive the benefits the
1196 eligible employee would have received by being eligible for service credit in the system
1197 covering the eligible employee on the date of disability, except for the accrual of service credit,
1198 in accordance with this title.

1199 (4) An eligible employee receiving a monthly disability benefit who has service credit
1200 from two or more systems may not combine service credits under Section 49-11-405 in
1201 qualifying for retirement, unless the eligible employee would receive a greater allowance by
1202 combining the service credits.

1203 (5) A monthly disability benefit payable to an eligible employee who is not eligible for

1204 service credit under a system shall terminate at the earliest of:

1205 (a) the date the eligible employee would be eligible for an unreduced allowance;

1206 (b) the date the eligible employee has received a monthly disability benefit for the
1207 applicable time period as set forth in Subsection (1)(b); or

1208 (c) the date the eligible employee receives a reduced allowance.

1209 Section 22. Section 49-22-101 is enacted to read:

1210 **CHAPTER 22. NEW PUBLIC EMPLOYEES' TIER II CONTRIBUTORY**
1211 **RETIREMENT ACT**

1212 **Part 1. General Provisions**

1213 **49-22-101. Title.**

1214 This chapter is known as the "New Public Employees' Tier II Contributory Retirement
1215 Act."

1216 Section 23. Section 49-22-102 is enacted to read:

1217 **49-22-102. Definitions.**

1218 As used in this chapter:

1219 (1) (a) Except as provided in Subsection (1)(c), "compensation" means the total
1220 amount of payments made by a participating employer to a member of this system for services
1221 rendered to the participating employer, including:

1222 (i) bonuses;

1223 (ii) cost-of-living adjustments;

1224 (iii) other payments currently includable in gross income and that are subject to Social
1225 Security deductions, including any payments in excess of the maximum amount subject to
1226 deduction under Social Security law;

1227 (iv) amounts that the member authorizes to be deducted or reduced for salary deferral
1228 or other benefits authorized by federal law; and

1229 (v) member contributions.

1230 (b) "Compensation" for purposes of this chapter may not exceed the amount allowed
1231 under Internal Revenue Code, Section 401(a)(17).

1232 (c) "Compensation" does not include:

1233 (i) the monetary value of remuneration paid in kind, including a residence or use of
1234 equipment;

- 1235 (ii) the cost of any employment benefits paid for by the participating employer;
1236 (iii) compensation paid to a temporary employee or an employee otherwise ineligible
1237 for service credit;
1238 (iv) any payments upon termination, including accumulated vacation, sick leave
1239 payments, severance payments, compensatory time payments, or any other special payments; or
1240 (v) any allowances or payments to a member for costs or expenses paid by the
1241 participating employer, including automobile costs, uniform costs, travel costs, tuition costs,
1242 housing costs, insurance costs, equipment costs, and dependent care costs.
- 1243 (d) The executive director may determine if a payment not listed under this Subsection
1244 (1) falls within the definition of compensation.
- 1245 (2) "Corresponding Tier I system" means the system or plan that would have covered
1246 the member if the member had initially entered employment before July 1, 2011.
- 1247 (3) "Final average salary" means the amount computed by averaging the highest five
1248 years of annual compensation preceding retirement subject to Subsections (3)(a), (b), (c), and
1249 (d).
- 1250 (a) Except as provided in Subsection (3)(b), the percentage increase in annual
1251 compensation in any one of the years used may not exceed the previous year's compensation by
1252 more than 10% plus a cost-of-living adjustment equal to the decrease in the purchasing power
1253 of the dollar during the previous year, as measured by a United States Bureau of Labor
1254 Statistics Consumer Price Index average as determined by the board.
- 1255 (b) In cases where the participating employer provides acceptable documentation to the
1256 office, the limitation in Subsection (3)(a) may be exceeded if:
- 1257 (i) the member has transferred from another agency; or
1258 (ii) the member has been promoted to a new position.
- 1259 (c) If the member retires more than six months from the date of termination of
1260 employment, the member is considered to have been in service at the member's last rate of pay
1261 from the date of the termination of employment to the effective date of retirement for purposes
1262 of computing the member's final average salary only.
- 1263 (d) If the member has less than five years of service credit in this system, final average
1264 salary means the average annual compensation paid to the member during the full period of
1265 service credit.

1266 (4) "Participating employer" means an employer which meets the participation
1267 requirements of:

1268 (a) Sections 49-12-201 and 49-12-202;

1269 (b) Sections 49-13-201 and 49-13-202;

1270 (c) Section 49-17-201;

1271 (d) Section 49-18-201;

1272 (e) Section 49-19-201; or

1273 (f) Section 49-22-201 or 49-22-202.

1274 (5) (a) "Regular full-time employee" means an employee whose term of employment
1275 for a participating employer contemplates continued employment during a fiscal or calendar
1276 year and whose employment normally requires an average of 20 hours or more per week,
1277 except as modified by the board, and who receives benefits normally provided by the
1278 participating employer.

1279 (b) "Regular full-time employee" includes:

1280 (i) a teacher whose term of employment for a participating employer contemplates
1281 continued employment during a school year and who teaches half-time or more;

1282 (ii) a classified school employee whose employment normally requires an average of
1283 20 hours per week or more for a participating employer, regardless of benefits provided;

1284 (iii) an officer, elective or appointive, who earns during the first full month of the term
1285 of office \$500 or more, indexed as of January 1, 1990, as provided in Section 49-22-309;

1286 (iv) a faculty member or employee of an institution of higher education who is
1287 considered full-time by that institution of higher education; and

1288 (v) an individual who otherwise meets the definition of this Subsection (5) who
1289 performs services for a participating employer through a professional employer organization or
1290 similar arrangement.

1291 (c) "Regular full-time employee" does not include:

1292 (i) a firefighter service employee as defined in Section 49-23-102; or

1293 (ii) a public safety service employee as defined in Section 49-23-102.

1294 (6) "System" means the New Public Employees' Tier II Contributory Retirement
1295 System created under this chapter.

1296 (7) "Years of service credit" means:

- 1297 (a) a period, consisting of 12 full months as determined by the board;
- 1298 (b) a period determined by the board, whether consecutive or not, during which a
- 1299 regular full-time employee performed services for a participating employer, including any time
- 1300 the regular full-time employee was absent on a paid leave of absence granted by a participating
- 1301 employer or was absent in the service of the United States government on military duty as
- 1302 provided by this chapter; or
- 1303 (c) the regular school year consisting of not less than eight months of full-time service
- 1304 for a regular full-time employee of an educational institution.

1305 Section 24. Section **49-22-103** is enacted to read:

1306 **49-22-103. Creation of system.**

1307 (1) There is created for members employed by a participating employer the "New

1308 Public Employees' Tier II Contributory Retirement System."

1309 (2) The New Public Employees' Tier II Contributory Retirement System includes:

1310 (a) the Tier II hybrid retirement system created in Part 3, Tier II Hybrid Retirement

1311 System; and

1312 (b) the Tier II defined contribution plan created in Part 4, Tier II Defined Contribution

1313 Plan.

1314 Section 25. Section **49-22-104** is enacted to read:

1315 **49-22-104. Creation of trust fund.**

1316 (1) There is created the "New Public Employees' Tier II Contributory Retirement Trust

1317 Fund" for the purpose of paying the benefits and costs of administering the defined benefit

1318 portion of this system.

1319 (2) The fund shall consist of all money paid into it, including interest, in accordance

1320 with this chapter, whether in the form of cash, securities, or other assets, and of all money

1321 received from any other source.

1322 (3) Custody, management, and investment of the fund shall be governed by Chapter 11,

1323 Utah State Retirement Systems Administration.

1324 Section 26. Section **49-22-201** is enacted to read:

1325 **Part 2. Membership Eligibility**

1326 **49-22-201. System membership -- Eligibility.**

1327 (1) Beginning July 1, 2011, a participating employer shall participate in this system.

1328 (2) (a) A person entering regular full-time employment with a participating employer
1329 on or after July 1, 2011, is eligible:

1330 (i) as a member for service credit and defined contributions under the Tier II hybrid
1331 retirement system established by Part 3, Tier II Hybrid Retirement System; or

1332 (ii) as a participant for defined contributions under the Tier II defined contribution plan
1333 established by Part 4, Tier II Defined Contribution Plan.

1334 (b) A person entering regular full-time employment with a participating employer on or
1335 after July 1, 2011, shall:

1336 (i) make an election to participate in the system created under this chapter within 30
1337 days from the date of employment:

1338 (A) as a member for service credit and defined contributions under the Tier II Hybrid
1339 Retirement System established by Part 3, Tier II Hybrid Retirement System; or

1340 (B) as a participant for defined contributions under the Tier II defined contribution plan
1341 established by Part 4, Tier II Defined Contribution Plan; and

1342 (ii) submit to the office notification of the member's election under Subsection (2)(b)(i)
1343 in a manner approved by the office.

1344 (c) An election made by a person entering regular full-time employment with a
1345 participating employer under this Subsection (2) is irrevocable.

1346 (d) If no election is made under Subsection (2)(b)(i), the person shall become a
1347 member eligible for service credit and defined contributions under the Tier II Hybrid
1348 Retirement System established by Part 3, Tier II Hybrid Retirement System.

1349 (3) Notwithstanding the provisions of this section, a governor or legislator initially
1350 entering office on or after July 1, 2011:

1351 (a) is only eligible to participate in the Tier II defined contribution plan established
1352 under Chapter 22, Part 4, Tier II Defined Contribution Plan; and

1353 (b) is not eligible to participate in the Tier II hybrid retirement system established
1354 under Chapter 22, Part 3, Tier II Hybrid Retirement System.

1355 Section 27. Section **49-22-202** is enacted to read:

1356 **49-22-202. Participation of employers -- Limitations -- Exclusions -- Admission**
1357 **requirements.**

1358 (1) Unless excluded under Subsection (2), an employer is a participating employer and

1359 may not withdraw from participation in this system.

1360 (2) An employer that is a charter school sponsored by the State Board of Education or a
1361 school district may be excluded from participation in this system if the charter school makes an
1362 election of nonparticipation in accordance with Section 53A-1a-512 unless the charter school
1363 makes a one-time, irrevocable retraction of the election of nonparticipation in accordance with
1364 Subsection 53A-1a-512(9).

1365 (3) (a) An employer may, by resolution of its governing body, apply for admission to
1366 this system.

1367 (b) Upon approval of the resolution by the board, the employer is a participating
1368 employer in this system and is subject to this title.

1369 (4) If a participating employer purchases service credit on behalf of regular full-time
1370 employees for service rendered prior to the participating employer's admission to this system,
1371 the service credit shall be purchased in a nondiscriminatory manner on behalf of all current and
1372 former regular full-time employees who were eligible for service credit at the time service was
1373 rendered.

1374 Section 28. Section **49-22-203** is enacted to read:

1375 **49-22-203. Exclusions from membership in system.**

1376 The following employees are not eligible for service credit in this system:

1377 (1) An employee whose employment status is temporary in nature due to the nature or
1378 the type of work to be performed, provided that:

1379 (a) if the term of employment exceeds six months and the employee otherwise qualifies
1380 for service credit in this system, the participating employer shall report and certify to the office
1381 that the employee is a regular full-time employee effective the beginning of the seventh month
1382 of employment; and

1383 (b) if an employee, previously terminated prior to becoming eligible for service credit
1384 in this system, is reemployed within three months of termination by the same participating
1385 employer, the participating employer shall report and certify to the office that the member is a
1386 regular full-time employee when the total of the periods of employment equals six months and
1387 the employee otherwise qualifies for service credit in this system.

1388 (2) (a) A current or future employee of an institution of higher education who holds, or
1389 is entitled to hold, under Section 49-22-204, a retirement annuity contract with the Teachers'

1390 Insurance and Annuity Association of America or with any other public or private system,
1391 organization, or company during any period in which required contributions based on
1392 compensation have been paid on behalf of the employee by the employer.

1393 (b) The employee, upon cessation of the participating employer contributions, shall
1394 immediately become eligible for service credit in this system.

1395 (3) An employee serving as an exchange employee from outside the state.

1396 (4) An employee of the Department of Workforce Services who is covered under
1397 another retirement system allowed under Title 35A, Chapter 4, Employment Security Act.

1398 Section 29. Section **49-22-204** is enacted to read:

1399 **49-22-204. Higher education employees' eligibility requirements -- Election**
1400 **between different retirement plans -- Classification requirements -- Transfer between**
1401 **systems.**

1402 (1) (a) Regular full-time employees of institutions of higher education who are eligible
1403 to participate in either this system or in a retirement annuity contract with the Teachers'
1404 Insurance and Annuity Association of America or with any other public or private system,
1405 organization, or company, designated by the Board of Regents, shall, not later than January 1,
1406 1979, elect to participate exclusively in this system or in an annuity contract allowed under this
1407 Subsection (1)(a).

1408 (b) The election is final, and no right exists to make any further election.

1409 (2) (a) A regular full-time employee hired by an institution of higher education after
1410 January 1, 1979, may participate only in the retirement plan which attaches to the person's
1411 employment classification.

1412 (b) Each institution of higher education shall prepare or amend existing employment
1413 classifications, under the direction of the Board of Regents, so that each classification is
1414 assigned with either:

1415 (i) this system;

1416 (ii) the Teachers' Insurance and Annuity Association of America; or

1417 (iii) another public or private system, organization, or company designated by the
1418 Board of Regents.

1419 (3) A regular full-time employee hired by an institution of higher education on or after
1420 July 1, 2011, whose employment classification requires participation in this system may elect

1421 to continue participation in this system upon change to an employment classification which
 1422 requires participation in:

1423 (a) an annuity plan with the Teachers' Insurance and Annuity Association of America;

1424 or

1425 (b) another public or private system, organization, or company designated by the Board
 1426 of Regents.

1427 (4) A regular full-time employee hired by an institution of higher education on or after
 1428 July 1, 2011, whose employment classification requires participation in this system shall
 1429 participate in this system.

1430 Section 30. Section **49-22-301** is enacted to read:

1431 **Part 3. Tier II Hybrid Retirement System**

1432 **49-22-301. Contributions.**

1433 (1) Participating employers and members shall jointly pay the certified contribution
 1434 rates to the office to maintain the defined benefit portion of this system on a financially and
 1435 actuarially sound basis.

1436 (2) (a) A participating employer shall pay up to 8% of compensation toward the
 1437 certified contribution rate to the office for the defined benefit portion of this system.

1438 (b) A member shall pay the amount, if any, of the certified contribution rate for the
 1439 defined benefit portion of this system that exceeds 8% to the office.

1440 (c) In addition to the percent specified under Subsection (2)(a), the participating
 1441 employer shall pay the corresponding Tier I system amortization rate of the employee's
 1442 compensation to the office ~~It~~ **to be applied to the employer's corresponding Tier I system**
 1442a **liability** ~~It~~.

1443 (3) A participating employer may not elect to pay all or part of the required member
 1444 contributions under Subsection (2)(b), in addition to the required participating employer
 1445 contributions.

1446 (4) (a) A member contribution is credited by the office to the account of the individual
 1447 member.

1448 (b) This amount, together with refund interest, is held in trust for the payment of
 1449 benefits to the member or the member's beneficiaries.

1450 (c) A member contribution is vested and nonforfeitable.

1451 (5) (a) Each member is considered to consent to payroll deductions of member

1452 contributions.

1453 (b) The payment of compensation less these payroll deductions is considered full
 1454 payment for services rendered by the member.

1455 (6) Benefits provided under the defined benefit portion of the Tier II Hybrid
 1456 Retirement System created under this part may not be increased unless the actuarial funded
 1457 ratios of all systems under this title reach 100%.

1458 Section 31. Section **49-22-302** is enacted to read:

1459 **49-22-302. Purchase of service credit.**

1460 A member who works 20 or more hours per week for a participating employer
 1461 participating in this system, but who does not meet other eligibility requirements for service
 1462 credit, may purchase the service credit in accordance with Section 49-11-403.

1463 Section 32. Section **49-22-303** is enacted to read:

1464 **49-22-303. Defined contribution benefit established -- Contribution by employer**
 1465 **and employee -- Vesting of contributions -- Plans to be separate -- Tax-qualified status of**
 1466 **plans.**

1467 (1) (a) A participating employer shall make a nonelective contribution on behalf of
 1468 each regular full-time employee who is a member of this system in an amount equal to 8%
 1469 minus the contribution rate paid by the employer pursuant to Subsection 49-22-301(2)(a) of the
 1470 member's compensation to a defined contribution plan qualified under Section 401(k) of the
 1471 Internal Revenue Code which:

1472 (i) is sponsored by the board; and

1473 (ii) has been grandfathered under Section 1116 of the Federal Tax Reform Act of 1986.

1474 (b) The member may make additional payments to ~~H~~ :

1474a (i) ~~H~~ the qualified 401(k) plan which

1475 receives the employer contribution described in this Subsection (1) ~~H~~ ; or

1475a **(ii) at the member's option, to another defined contribution plan established by the**
 1475b **participating employer ~~H~~ .**

1476 (2) (a) The total amount contributed by the participating employer under Subsection
 1477 (1)(a) vests to the member's benefit after four years of employment from the date of
 1478 employment.

1479 (b) The total amount contributed by the member under Subsection (1)(b) vests to the
 1480 member's benefit immediately and is nonforfeitable.

1481 (3) (a) Contributions made by a participating employer under Subsection (1)(a) shall be
 1482 invested in a default option selected by the board until the member is vested in accordance with

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1483 Subsection (2)(a).

1484 (b) A member may direct the investment of contributions made by a participating
1485 employer under Subsection (1)(a) only after the contributions have vested in accordance with
1486 Subsection (2)(a).

1487 (c) A member may direct the investment of contributions made by the member under
1488 Subsection (1)(b).

1489 (4) No loans shall be available from contributions made by a participating employer
1490 under Subsection (1)(a).

1491 (5) No hardship distributions shall be available from contributions made by a
1492 participating employer under Subsection (1)(a).

1493 (6) (a) Except as provided in Subsection (6)(b), if a member terminates employment
1494 with a participating employer prior to the vesting period described in Subsection (2)(a), all
1495 contributions made by a participating employer on behalf of the member under Subsection
1496 (1)(a) are subject to forfeiture.

1497 (b) If a member who terminates employment with a participating employer prior to the
1498 vesting period described in Subsection (2)(a) subsequently enters employment with the same or
1499 another participating employer within five years of the termination date of the previous
1500 employment:

1501 (i) all contributions made by the previous participating employer on behalf of the
1502 member shall be reinstated upon the member's completion of the vesting period under
1503 Subsection (2)(a); and

1504 (ii) the length of time that the member worked with the previous employer shall be
1505 included in determining whether the member has completed the vesting period under
1506 Subsection (2)(a).

1507 (c) The board shall establish a forfeiture account and shall specify the uses of the
1508 forfeiture account, which may include an offset against employer contributions made under this
1509 section.

1510 (7) The board may request from any other qualified 401(k) plan under Subsection (1)
1511 or (2) any relevant information pertaining to the maintenance of its tax qualification under the
1512 Internal Revenue Code.

1513 (8) The board may take any action which in its judgment is necessary to maintain the

1514 tax-qualified status of its 401(k) defined contribution plan under federal law.

1515 Section 33. Section **49-22-304** is enacted to read:

1516 **49-22-304. Defined benefit eligibility for an allowance -- Date of retirement --**

1517 **Qualifications.**

1518 (1) A member is qualified to receive an allowance from this system when:

1519 (a) before the member's retirement date, the member ceases actual work for a
1520 participating employer in this system and provides evidence of the termination;

1521 (b) the member has submitted to the office a notarized retirement application form that
1522 states the member's proposed retirement date; and

1523 (c) one of the following conditions is met as of the member's retirement date:

1524 (i) the member has accrued at least four years of service credit and has attained an age
1525 of 65 years;

1526 (ii) the member has accrued at least 10 years of service credit and has attained an age
1527 of 62 years;

1528 (iii) the member has accrued at least 20 years of service credit and has attained an age
1529 of 60 years; or

1530 (iv) the member has accrued at least 35 years of service credit.

1531 (2) (a) The member's retirement date:

1532 (i) shall be the 1st or the 16th day of the month, as selected by the member;

1533 (ii) shall be on or after the date of termination; and

1534 (iii) may not be more than 90 days before or after the date the application is received by
1535 the office.

1536 (b) A member may not be employed by a participating employer in the system
1537 established by this chapter on the retirement date selected under Subsection (2)(a)(i).

1538 Section 34. Section **49-22-305** is enacted to read:

1539 **49-22-305. Defined benefit service retirement plans -- Calculation of retirement**
1540 **allowance -- Social Security limitations.**

1541 (1) (a) The retirees of this system may choose from the six retirement options described
1542 in this section.

1543 (b) Options Two, Three, Four, Five, and Six are modifications of the Option One
1544 calculation.

1545 (2) The Option One benefit is an annual allowance calculated as follows:

1546 (a) If the retiree is at least 65 years of age or has accrued at least 35 years of service
1547 credit, the allowance is an amount equal to 1.0% of the retiree's final average salary multiplied
1548 by the number of years of service credit accrued on and after July 1, 2011.

1549 (b) If the retiree is less than 65 years of age, the allowance shall be reduced by the full
1550 actuarial amount for each year of retirement from age 60 to age 65, unless the member has 35
1551 or more years of accrued credit in which event no reduction is made to the allowance.

1552 (c) (i) Years of service includes any fractions of years of service to which the retiree
1553 may be entitled.

1554 (ii) At the time of retirement, if a retiree's combined years of actual, not purchased,
1555 service credit is within 1/10 of one year of the total years of service credit required for
1556 retirement, the retiree shall be considered to have the total years of service credit required for
1557 retirement.

1558 (d) An Option One allowance is only payable to the member during the member's
1559 lifetime.

1560 (3) The allowance payable under Options Two, Three, Four, Five, and Six is calculated
1561 by reducing an Option One benefit based on actuarial computations to provide the following:

1562 (a) Option Two is a reduced allowance paid to and throughout the lifetime of the
1563 retiree, and, if the retiree receives less in annuity payments than the amount of the retiree's
1564 member contributions, the remaining balance of the retiree's member contributions shall be
1565 paid in accordance with Sections 49-11-609 and 49-11-610.

1566 (b) Option Three is a reduced allowance paid to and throughout the lifetime of the
1567 retiree, and, upon the death of the retiree, the same reduced allowance is paid to and throughout
1568 the lifetime of the retiree's lawful spouse at the time of retirement.

1569 (c) Option Four is a reduced allowance paid to and throughout the lifetime of the
1570 retiree, and upon the death of the retiree, an amount equal to 1/2 of the retiree's allowance is
1571 paid to and throughout the lifetime of the retiree's lawful spouse at the time of retirement.

1572 (d) Option Five is a modification of Option Three so that if the lawful spouse at the
1573 time of retirement predeceases the retiree, an allowance equivalent to the amount payable at the
1574 time of initial retirement under Option One shall be paid to the retiree for the remainder of the
1575 retiree's life, beginning on the last day of the month following the month in which the lawful

1576 spouse dies.

1577 (e) Option Six is a modification of Option Four so that if the lawful spouse at the time
1578 of retirement predeceases the retiree, an allowance equivalent to the amount payable at the time
1579 of initial retirement under Option One shall be paid to the retiree for the remainder of the
1580 retiree's life, beginning on the last day of the month following the month in which the lawful
1581 spouse dies.

1582 (4) Periods of employment which are exempt from this system under Subsection
1583 49-22-203(1)(b) may be purchased by the member for the purpose of retirement only if all
1584 benefits from the Teachers' Insurance and Annuity Association of America or any other public
1585 or private system or organization based on this period of employment are forfeited.

1586 (5) (a) If a retiree under Option One dies within 90 days after the retiree's retirement
1587 date, the retirement is canceled and the death shall be considered as that of a member before
1588 retirement.

1589 (b) Any payments made to the retiree shall be deducted from the amounts due to the
1590 beneficiary.

1591 (6) If a retiree retires under either Option Five or Six and subsequently divorces, the
1592 retiree may elect to convert the benefit to an Option One benefit at the time of divorce, if there
1593 is no court order filed in the matter.

1594 Section 35. Section **49-22-306** is enacted to read:

1595 **49-22-306. Allowance payable by lump-sum payment.**

1596 (1) If a retiree's allowance, as computed under this chapter, amounts to \$25 or less, the
1597 allowance may be settled by the office by making a lump-sum payment of an amount
1598 actuarially equivalent to the allowance.

1599 (2) A payment made under this section constitutes a full and complete settlement of the
1600 retiree's claim against this system.

1601 Section 36. Section **49-22-307** is enacted to read:

1602 **49-22-307. Lump-sum death benefit for retiree and spouse.**

1603 (1) (a) Upon retirement, a retiree may elect to have the office deduct an actuarially
1604 determined amount from the retiree's allowance to provide a lump-sum benefit payable to a
1605 beneficiary upon the death of the retiree.

1606 (b) Upon retirement, a retiree may also elect to have an actuarially determined amount

1607 deducted from the retiree's allowance to provide a lump-sum death benefit payable to a
1608 beneficiary upon the death of the retiree's lawful spouse at the time of retirement.

1609 (c) The board may make rules for the administration of this lump-sum death benefit.

1610 (2) (a) For a retiree who pays for a lump-sum death benefit under this section through a
1611 reduction of an allowance, benefits shall be paid in accordance with Sections 49-11-609 and
1612 49-11-610.

1613 (b) If the retiree chooses Option Three, Four, Five, or Six, and a lump-sum death
1614 benefit is payable after the death of the retiree, the allowance shall be restored to its original
1615 amount.

1616 (3) (a) A retiree may elect to cancel the lump-sum death benefit under this section.

1617 (b) The cancellation under this Subsection (3) is irrevocable.

1618 (c) Upon cancellation, the allowance shall be restored to its original amount and
1619 benefits under this section may not be paid.

1620 Section 37. Section **49-22-308** is enacted to read:

1621 **49-22-308. Defined benefit annual cost-of-living adjustment.**

1622 (1) The office shall make an annual cost-of-living adjustment to:

1623 (a) an original allowance paid under Section 49-22-305, if the allowance has been paid
1624 for at least one year; and

1625 (b) an original payment made to an alternate payee under a domestic relations order, if
1626 the payment is to be paid as a percentage of the allowance rather than a specific dollar amount.

1627 (2) (a) The original allowance shall be increased by the annual increase in the
1628 Consumer Price Index up to a maximum of 2.5%.

1629 (b) Annual increases in the Consumer Price Index in excess of 2.5% shall be
1630 accumulated and used in subsequent adjustments when the annual increase in the Consumer
1631 Price Index is less than 2.5%.

1632 (3) The Consumer Price Index used in calculating adjustments shall be a United States
1633 Bureau of Labor Statistics Consumer Price Index average as determined by the board.

1634 (4) The cost-of-living adjustment made under this section may not decrease the
1635 allowance.

1636 Section 38. Section **49-22-309** is enacted to read:

1637 **49-22-309. Purchase of service credit -- Conditions -- Cost -- Nondiscrimination**

1638 policy.

1639 (1) (a) A member may purchase or a member and a participating employer may jointly
1640 purchase a maximum of five years of service credit which cannot otherwise be purchased under
1641 this title.

1642 (b) At a minimum, the years of service credit purchased shall be sufficient to allow the
1643 member to meet the retirement eligibility requirements of this system with no actuarial
1644 reduction.

1645 (c) The member's retirement date shall be immediately after the purchase of years of
1646 service credit.

1647 (d) The member shall pay at least 5% of the cost of the purchase.

1648 (e) To qualify for a purchase of service credit under this section, the member shall:

1649 (i) have at least five years of service credit; and

1650 (ii) otherwise meet federal eligibility requirements.

1651 (2) The purchase price for the years of service credit shall be calculated and paid for as
1652 provided in Section 49-11-403.

1653 (3) Prior to making any purchase of years of service credit under this section, a
1654 participating employer shall adopt a purchase policy that includes nondiscriminatory
1655 participation standards for all regular full-time employees.

1656 (4) Only members retiring from this system may purchase service credit under this
1657 section.

1658 Section 39. Section **49-22-401** is enacted to read:

1659 **Part 4. Tier II Defined Contribution Plan**

1660 **49-22-401. Contributions -- Rates.**

1661 (1) Up to the amount allowed by federal law, the participating employer shall
1662 contribute 8% of the participant's compensation to a defined contribution plan.

1663 (2) (a) The participating employer shall contribute the 8% nonelective contribution
1664 described in Subsection (1) to a defined contribution plan qualified under Section 401(k) of the
1665 Internal Revenue Code which:

1666 (i) is sponsored by the board; and

1667 (ii) has been grandfathered under Section 1116 of the Federal Tax Reform Act of 1986.

1668 (b) The member may make additional payments to the qualified 401(k) plan which

1669 receives the employer contribution described in this Subsection (2).

1670 (c) In addition to the percent specified under Subsection (2)(a), the participating
1671 employer shall pay the corresponding Tier I system amortization rate of the employee's
1672 compensation to the office.

1673 (3) (a) The total amount contributed by the participating employer under Subsection
1674 (2)(a) vests to the member's benefit after four years of employment from the date of
1675 employment.

1676 (b) The total amount contributed by the member under Subsection (2)(b) vests to the
1677 member's benefit immediately and is nonforfeitable.

1678 (4) (a) Contributions made by a participating employer under Subsection (2)(a) shall be
1679 invested in a default option selected by the board until the member is vested in accordance with
1680 Subsection (3)(a).

1681 (b) A member may direct the investment of contributions made by a participating
1682 employer under Subsection (2)(a) only after the contributions have vested in accordance with
1683 Subsection (3)(a).

1684 (c) A member may direct the investment of contributions made by the member under
1685 Subsection (3)(b).

1686 (5) No loans shall be available from contributions made by a participating employer
1687 under Subsection (2)(a).

1688 (6) No hardship distributions shall be available from contributions made by a
1689 participating employer under Subsection (2)(a).

1690 (7) (a) Except as provided in Subsection (7)(b), if a member terminates employment
1691 with a participating employer prior to the vesting period described in Subsection (3)(a), all
1692 contributions made by a participating employer on behalf of the member under Subsection
1693 (2)(a) are subject to forfeiture.

1694 (b) If a member who terminates employment with a participating employer prior to the
1695 vesting period described in Subsection (3)(a) subsequently enters employment with the same or
1696 another participating employer within five years of the termination date of the previous
1697 employment:

1698 (i) all contributions made by the previous participating employer on behalf of the
1699 member shall be reinstated upon the member's completion of the vesting period under

1700 Subsection (3)(a); and

1701 (ii) the length of time that the member worked with the previous employer shall be
1702 included in determining whether the member has completed the vesting period under
1703 Subsection (3)(a).

1704 (c) The board shall establish a forfeiture account and shall specify the uses of the
1705 forfeiture account, which may include an offset against employer contributions made under this
1706 section.

1707 (8) The board may request from any other qualified 401(k) plan under Subsection (2)
1708 any relevant information pertaining to the maintenance of its tax qualification under the
1709 Internal Revenue Code.

1710 (9) The board may take any action which in its judgment is necessary to maintain the
1711 tax-qualified status of its 401(k) defined contribution plan under federal law.

1712 Section 40. Section **49-22-402** is enacted to read:

1713 **49-22-402. Defined contribution distributions for disabled members.**

1714 For a person who is disabled and receives contributions under Subsection
1715 49-11-404(4)(b), the disabled member may begin receiving distributions from the defined
1716 contributions made by the participating employer on behalf of the disabled member when the
1717 person would have been eligible to retire if the person was covered by the defined benefit
1718 portion of the Tier II Hybrid Retirement System under Part 3, Tier II Hybrid Retirement
1719 System.

1720 Section 41. Section **49-22-501** is enacted to read:

1721 **Part 5. Death Benefit**

1722 **49-22-501. Death benefit by means of group insurance policy -- Eligibility for**
1723 **death benefit -- Benefit calculation -- Payment of claim.**

1724 (1) The office shall provide a death benefit through the purchase of a group insurance
1725 policy for members of this system.

1726 (2) The board shall make rules to administer the death benefit provided by this section
1727 and may, in accordance with federal law, establish:

1728 (a) benefit levels;

1729 (b) classes of members; and

1730 (c) a living benefit option.

- 1731 (3) This death benefit is payable when:
1732 (a) the member dies prior to the member's retirement date or dies under circumstances
1733 which Subsection 49-22-305(5) requires to be treated as the death of a member before
1734 retirement;
1735 (b) the office receives acceptable proof of death; and
1736 (c) benefits are not payable under Section 49-22-307.
1737 (4) The death benefit payable to the beneficiary under this section is a lump-sum
1738 payment consisting of:
1739 (a) the return of any member contributions under this chapter; plus
1740 (b) a percentage of the final average salary of the member to be determined by the
1741 board.
1742 (5) Any amount of a living benefit option paid to the member prior to death shall be
1743 deducted from the benefit payable to the beneficiary.
1744 (6) The cost of the death benefit shall be paid by the participating employer in addition
1745 to the contribution rate established under Section 49-22-301 or 49-22-401.
1746 (7) The portion of the death benefit provided under Subsection (4)(b) may not be paid
1747 to the beneficiary of an inactive member unless the death of the member occurs either:
1748 (a) within a period of 120 days after the last day of work for which the person received
1749 compensation; or
1750 (b) while the member is still physically or mentally incapacitated from performance of
1751 duties, if the incapacity has been continuous since the last day of work for which compensation
1752 was received.
1753 (8) The death benefit provided under Subsection (4)(b) shall be paid in accordance
1754 with Sections 49-11-609 and 49-11-610.
1755 (9) The death benefit paid to the beneficiary of an inactive member, except as
1756 otherwise provided under Subsection (7), is a lump-sum return of the member's member
1757 contributions.
1758 (10) Payment of the death benefit by the office constitutes a full settlement of any
1759 beneficiary's claim against the office and the office is not liable for any further or additional
1760 claims or assessments on behalf of the member.
1761 (11) Unless otherwise specified in a written document filed with the office, death

1762 benefits payable to beneficiaries shall be in accordance with the order of precedence
1763 established under Title 75, Chapter 2, Intestate Succession and Wills.

1764 (12) A death benefit under this section may not be paid on behalf of a retiree under this
1765 system.

1766 Section 42. Section **49-22-502** is enacted to read:

1767 **49-22-502. Death of married members -- Service retirement benefits to surviving**
1768 **spouse.**

1769 (1) As used in this section, "member's full allowance" means an Option Three
1770 allowance calculated under Section 49-22-305 without an actuarial reduction.

1771 (2) Upon the request of a deceased member's lawful spouse at the time of the member's
1772 death, the deceased member is considered to have retired under Option Three on the first day of
1773 the month following the month in which the member died if the following requirements are
1774 met:

1775 (a) the member has:

1776 (i) 15 or more years of service credit;

1777 (ii) attained age 62 with 10 or more years of service credit; or

1778 (iii) attained age 65 with four or more years of service credit; and

1779 (b) the member dies leaving a spouse to whom the member has been married at least
1780 six months immediately prior to the death date.

1781 (3) The spouse who requests a benefit under this section shall apply in writing to the
1782 office. The allowance shall begin on the first day of the month:

1783 (a) following the month in which the member died, if the application is received by the
1784 office within 90 days of the member's death; or

1785 (b) in which the application is received by the office.

1786 (4) The allowance payable to a surviving spouse under Subsection (2) is as follows:

1787 (a) if the member has 25 or more years of service credit at the time of death, the
1788 surviving spouse shall receive the member's full allowance;

1789 (b) if the member has between 20-24 years of service credit and is not age 60 or older
1790 at the time of death, the surviving spouse shall receive 2/3 of the member's full allowance;

1791 (c) if the member has between 15-19 years of service credit and is not age 62 or older
1792 at the time of death, the surviving spouse shall receive 1/3 of the member's full allowance; or

1793 (d) if the member is age 60 or older with 20 or more years of service credit, age 62 or
1794 older with 10 or more years of service credit, or age 65 or older with four or more years of
1795 service credit at the time of death, the surviving spouse shall receive an Option Three benefit
1796 with actuarial reductions.

1797 (5) Except for a return of member contributions, benefits payable under this section are
1798 retirement benefits and shall be paid in addition to any other payments made under Section
1799 49-22-501 and shall constitute a full and final settlement of the claim of the spouse or any other
1800 beneficiary filing a claim for benefits under Section 49-22-501.

1801 Section 43. Section **49-22-601** is enacted to read:

1802 **Part 6. Disability**

1803 **49-22-601. Long-term disability coverage.**

1804 In accordance with Section 49-21-201, the state shall cover all of its eligible employees
1805 under Chapter 21, Public Employees' Long-Term Disability Act.

1806 Section 44. Section **49-22-701** is enacted to read:

1807 **Part 7. Early Retirement Provisions**

1808 **49-22-701. Judges' mandatory retirement age.**

1809 A judge shall retire upon attaining the age of 75 years.

1810 Section 45. Section **49-23-101** is enacted to read:

1811 **CHAPTER 23. NEW PUBLIC SAFETY AND FIREFIGHTER TIER II**
1812 **CONTRIBUTORY RETIREMENT ACT**

1813 **Part 1. General Provisions**

1814 **49-23-101. Title.**

1815 This chapter is known as the "New Public Safety and Firefighter Tier II Contributory
1816 Retirement Act."

1817 Section 46. Section **49-23-102** is enacted to read:

1818 **49-23-102. Definitions.**

1819 As used in this chapter:

1820 (1) (a) "Compensation" means the total amount of payments that are includable in
1821 gross income received by a public safety service employee or a firefighter service employee as
1822 base income for the regularly scheduled work period. The participating employer shall
1823 establish the regularly scheduled work period. Base income shall be determined prior to the

1824 deduction of any amounts the public safety service employee or firefighter service employee
1825 authorizes to be deducted for salary deferral or other benefits authorized by federal law.

1826 (b) "Compensation" includes performance-based bonuses and cost-of-living
1827 adjustments.

1828 (c) "Compensation" does not include:

1829 (i) overtime;

1830 (ii) sick pay incentives;

1831 (iii) retirement pay incentives;

1832 (iv) the monetary value of remuneration paid in kind, as in a residence, use of
1833 equipment or uniform, travel, or similar payments;

1834 (v) a lump-sum payment or special payment covering accumulated leave; and

1835 (vi) all contributions made by a participating employer under this system or under any
1836 other employee benefit system or plan maintained by a participating employer for the benefit of
1837 a member or participant.

1838 (d) "Compensation" for purposes of this chapter may not exceed the amount allowed
1839 under Internal Revenue Code Section 401(a)(17).

1840 (2) "Corresponding Tier I system" means the system or plan that would have covered
1841 the member if the member had initially entered employment before July 1, 2011.

1842 (3) "Final average salary" means the amount computed by averaging the highest five
1843 years of annual compensation preceding retirement subject to Subsections (3)(a), (b), (c), and
1844 (d).

1845 (a) Except as provided in Subsection (3)(b), the percentage increase in annual
1846 compensation in any one of the years used may not exceed the previous year's compensation by
1847 more than 10% plus a cost-of-living adjustment equal to the decrease in the purchasing power
1848 of the dollar during the previous year, as measured by a United States Bureau of Labor
1849 Statistics Consumer Price Index average as determined by the board.

1850 (b) In cases where the participating employer provides acceptable documentation to the
1851 office, the limitation in Subsection (3)(a) may be exceeded if:

1852 (i) the member has transferred from another agency; or

1853 (ii) the member has been promoted to a new position.

1854 (c) If the member retires more than six months from the date of termination of

1855 employment, the member is considered to have been in service at the member's last rate of pay
1856 from the date of the termination of employment to the effective date of retirement for purposes
1857 of computing the member's final average salary only.

1858 (d) If the member has less than five years of service credit in this system, final average
1859 salary means the average annual compensation paid to the member during the full period of
1860 service credit.

1861 (4) "Firefighter service" means employment normally requiring an average of 2,080
1862 hours of regularly scheduled employment per year rendered by a member who is a firefighter
1863 service employee trained in firefighter techniques and assigned to a position of hazardous duty
1864 with a regularly constituted fire department, but does not include secretarial staff or other
1865 similar employees.

1866 (5) "Firefighter service employee" means an employee of a participating employer who
1867 provides firefighter service under this chapter. An employee of a regularly constituted fire
1868 department who does not perform firefighter service is not a firefighter service employee.

1869 (6) "Participating employer" means an employer which meets the participation
1870 requirements of:

- 1871 (a) Sections 49-14-201 and 49-14-202;
1872 (b) Sections 49-15-201 and 49-15-202;
1873 (c) Sections 49-16-201 and 49-16-202; or
1874 (d) Sections 49-23-201 and 49-23-202.

1875 (7) (a) "Public safety service" means employment normally requiring an average of
1876 2,080 hours of regularly scheduled employment per year rendered by a member who is a:

- 1877 (i) law enforcement officer in accordance with Section 53-13-103;
1878 (ii) correctional officer in accordance with Section 53-13-104; and
1879 (iii) special function officer approved in accordance with Sections 49-15-201 and
1880 53-13-105.

1881 (b) "Public safety service" also requires that in the course of employment the
1882 employee's life or personal safety is at risk.

1883 (8) "Public safety service employee" means an employee of a participating employer
1884 who performs public safety service under this chapter.

1885 (9) "System" means the New Public Safety and Firefighter Tier II Contributory

1886 Retirement System created under this chapter.

1887 (10) (a) "Volunteer firefighter" means any individual that is not regularly employed as
1888 a firefighter service employee, but who:

1889 (i) has been trained in firefighter techniques and skills;

1890 (ii) continues to receive regular firefighter training; and

1891 (iii) is on the rolls of a legally organized volunteer fire department which provides
1892 ongoing training and serves a political subdivision of the state.

1893 (b) An individual that volunteers assistance but does not meet the requirements of

1894 Subsection (10)(a) is not a volunteer firefighter for purposes of this chapter.

1895 (11) "Years of service credit" means:

1896 (a) a period, consisting of 12 full months as determined by the board; or

1897 (b) a period determined by the board, whether consecutive or not, during which a
1898 regular full-time employee performed services for a participating employer, including any time
1899 the regular full-time employee was absent on a paid leave of absence granted by a participating
1900 employer or was absent in the service of the United States government on military duty as
1901 provided by this chapter.

1902 Section 47. Section **49-23-103** is enacted to read:

1903 **49-23-103. Creation of system.**

1904 (1) There is created for members employed by a participating employer the "New
1905 Public Safety and Firefighter Tier II Contributory Retirement System."

1906 (2) The New Public Safety and Firefighter Tier II Contributory Retirement System
1907 includes:

1908 (a) the Tier II hybrid retirement system created in Part 3, Tier II Hybrid Retirement
1909 System; and

1910 (b) the Tier II defined contribution plan created in Part 4, Tier II Defined Contribution
1911 Plan.

1912 Section 48. Section **49-23-104** is enacted to read:

1913 **49-23-104. Creation of trust fund.**

1914 (1) There is created the "New Public Safety and Firefighter Tier II Contributory
1915 Retirement Trust Fund" for the purpose of paying the benefits and costs of administering the
1916 defined benefit portion of this system.

1917 (2) The fund shall consist of all money paid into it, including interest, in accordance
1918 with this chapter, whether in the form of cash, securities, or other assets, and of all money
1919 received from any other source.

1920 (3) Custody, management, and investment of the fund shall be governed by Chapter 11,
1921 Utah State Retirement Systems Administration.

1922 Section 49. Section **49-23-201** is enacted to read:

1923 **Part 2. Membership Eligibility**

1924 **49-23-201. System membership -- Eligibility.**

1925 (1) Beginning July 1, 2011, a participating employer that employs public safety service
1926 employees or firefighter service employees shall participate in this system.

1927 (2) (a) A public safety service employee or a firefighter service employee entering
1928 employment with a participating employer on or after July 1, 2011, is eligible:

1929 (i) as a member for service credit and defined contributions under the Tier II hybrid
1930 retirement system established by Part 3, Tier II Hybrid Retirement System; or

1931 (ii) as a participant for defined contributions under the Tier II defined contributions
1932 plan established by Part 4, Tier II Defined Contribution Plan.

1933 (b) A public safety service employee or a firefighter service employee entering
1934 employment with a participating employer on or after July 1, 2011, shall:

1935 (i) make an election to participate in the system created under this chapter within 30
1936 days from the date of employment:

1937 (A) as a member for service credit and defined contributions under the Tier II Hybrid
1938 Retirement System established by Part 3, Tier II Hybrid Retirement System; or

1939 (B) as a participant for defined contributions under the Tier II defined contribution plan
1940 established by Part 4, Tier II Defined Contribution Plan; and

1941 (ii) submit to the office notification of the member's election under Subsection (2)(b)(i)
1942 in a manner approved by the office.

1943 (c) An election made by a public safety service employee or firefighter service
1944 employee entering employment with a participating employer under this Subsection (2) is
1945 irrevocable.

1946 (d) If no election is made under Subsection (2)(b)(i), the public safety service employee
1947 or firefighter service employee shall become a member eligible for service credit and defined

1948 contributions under the Tier II Hybrid Retirement System established by Part 3, Tier II Hybrid
 1949 Retirement System.

1950 Section 50. Section **49-23-202** is enacted to read:

1951 **49-23-202. Participation of employers -- Admission requirements.**

1952 (1) An employer is a participating employer and may not withdraw from participation
 1953 in this system.

1954 (2) (a) An employer may, by resolution of its governing body, apply for admission to
 1955 this system.

1956 (b) Upon approval of the resolution by the board, the employer is a participating
 1957 employer in this system and is subject to this title.

1958 (3) If a participating employer purchases service credit on behalf of public safety
 1959 service employees or firefighter service employees for service rendered prior to the
 1960 participating employer's admission to this system, the service credit shall be purchased in a
 1961 nondiscriminatory manner on behalf of all current and former public safety service employees
 1962 or firefighter service employees who were eligible for service credit at the time service was
 1963 rendered.

1964 Section 51. Section **49-23-301** is enacted to read:

1965 **Part 3. Tier II Hybrid Retirement System**

1966 **49-23-301. Contributions.**

1967 (1) Participating employers and members shall jointly pay the certified contribution
 1968 rates to the office to maintain the defined benefit portion of this system on a financially and
 1969 actuarially sound basis.

1970 (2) (a) A participating employer shall pay up to 12% of compensation toward the
 1971 certified contribution rate to the office for the defined benefit portion of this system.

1972 (b) A member shall pay the amount, if any, of the certified contribution rate for the
 1973 defined benefit portion of this system that exceeds 12% to the office.

1974 (c) In addition to the percent specified under Subsection (2)(a), the participating
 1975 employer shall pay the corresponding Tier I system amortization rate of the employee's
 1976 compensation to the office ~~It~~ **to be applied to the employer's corresponding Tier I system**
 1976a **liability** ~~It~~ .

1977 (3) A participating employer may not elect to pay all or part of the required member
 1978 contributions under Subsection (2)(b), in addition to the required participating employer

1979 contributions.

1980 (4) (a) A member contribution is credited by the office to the account of the individual
 1981 member.

1982 (b) This amount, together with refund interest, is held in trust for the payment of
 1983 benefits to the member or the member's beneficiaries.

1984 (c) A member contribution is vested and nonforfeitable.

1985 (5) (a) Each member is considered to consent to payroll deductions of member
 1986 contributions.

1987 (b) The payment of compensation less these payroll deductions is considered full
 1988 payment for services rendered by the member.

1989 (6) Benefits provided under the defined benefit portion of the Tier II Hybrid
 1990 Retirement System created under this part may not be increased unless the actuarial funded
 1991 ratios of all systems under this title reach 100%.

1992 Section 52. Section **49-23-302** is enacted to read:

1993 **49-23-302. Defined contribution benefit established -- Contribution by employer**
 1994 **and employee -- Vesting of contributions -- Plans to be separate -- Tax-qualified status of**
 1995 **plans.**

1996 (1) (a) A participating employer shall make a nonelective contribution on behalf of
 1997 each public safety service employee or firefighter service employee who is a member of this
 1998 system in an amount equal to 12% minus the contribution rate paid by the employer pursuant to
 1999 Subsection 49-23-301(2)(a) of the member's compensation to a defined contribution plan
 2000 qualified under Section 401(k) of the Internal Revenue Code which:

2001 (i) is sponsored by the board; and

2002 (ii) has been grandfathered under Section 1116 of the Federal Tax Reform Act of 1986.

2003 (b) The member may make additional payments to ~~H~~ :

2003a (i) ~~H~~ the qualified 401(k) plan which

2004 receives the employer contribution described in this Subsection (1) ~~H~~ ; or

2004a (ii) at the member's option, to another defined contribution plan established by
 2004b the participating employer ~~H~~ .

2005 (2) (a) The total amount contributed by the participating employer under Subsection
 2006 (1)(a) vests to the member's benefit after four years of employment from the date of
 2007 employment.

2008 (b) The total amount contributed by the member under Subsection (1)(b) vests to the
 2009 member's benefit immediately and is nonforfeitable.

2010 (3) (a) Contributions made by a participating employer under Subsection (1)(a) shall be
2011 invested in a default option selected by the board until the member is vested in accordance with
2012 Subsection (2)(a).

2013 (b) A member may direct the investment of contributions made by a participating
2014 employer under Subsection (1)(a) only after the contributions have vested in accordance with
2015 Subsection (2)(a).

2016 (c) A member may direct the investment of contributions made by the member under
2017 Subsection (1)(b).

2018 (4) No loans shall be available from contributions made by a participating employer
2019 under Subsection (1)(a).

2020 (5) No hardship distributions shall be available from contributions made by a
2021 participating employer under Subsection (1)(a).

2022 (6) (a) Except as provided in Subsection (6)(b), if a member terminates employment
2023 with a participating employer prior to the vesting period described in Subsection (2)(a), all
2024 contributions made by a participating employer on behalf of the member under Subsection
2025 (1)(a) are subject to forfeiture.

2026 (b) If a member who terminates employment with a participating employer prior to the
2027 vesting period described in Subsection (2)(a) subsequently enters employment with the same or
2028 another participating employer within five years of the termination date of the previous
2029 employment:

2030 (i) all contributions made by the previous participating employer on behalf of the
2031 member shall be reinstated upon the member's completion of the vesting period under
2032 Subsection (2)(a); and

2033 (ii) the length of time that the member worked with the previous employer shall be
2034 included in determining whether the member has completed the vesting period under
2035 Subsection (2)(a).

2036 (c) The board shall establish a forfeiture account and shall specify the uses of the
2037 forfeiture account, which may include an offset against employer contributions made under this
2038 section.

2039 (7) The board may request from any other qualified 401(k) plan under Subsection (1)
2040 or (2) any relevant information pertaining to the maintenance of its tax qualification under the

2041 Internal Revenue Code.

2042 (8) The board may take any action which in its judgment is necessary to maintain the
2043 tax-qualified status of its 401(k) defined contribution plan under federal law.

2044 Section 53. Section **49-23-303** is enacted to read:

2045 **49-23-303. Defined benefit eligibility for an allowance -- Date of retirement --**
2046 **Qualifications.**

2047 (1) A member is qualified to receive an allowance from this system when:

2048 (a) before the member's retirement date, the member ceases actual work for a
2049 participating employer in this system and provides evidence of the termination;

2050 (b) the member has submitted to the office a notarized retirement application form that
2051 states the member's proposed retirement date; and

2052 (c) one of the following conditions is met as of the member's retirement date:

2053 (i) the member has accrued at least four years of service credit and has attained an age
2054 of 65 years;

2055 (ii) the member has accrued at least 10 years of service credit and has attained an age
2056 of 62 years;

2057 (iii) the member has accrued at least 20 years of service credit and has attained an age
2058 of 60 years; or

2059 (iv) the member has accrued at least 25 years of service credit.

2060 (2) (a) The member's retirement date:

2061 (i) shall be the 1st or the 16th day of the month, as selected by the member;

2062 (ii) shall be on or after the date of termination; and

2063 (iii) may not be more than 90 days before or after the date the application is received by
2064 the office.

2065 (b) A member may not be employed by a participating employer in the system
2066 established by this chapter on the retirement date selected under Subsection (2)(a)(i).

2067 Section 54. Section **49-23-304** is enacted to read:

2068 **49-23-304. Defined benefit service retirement plans -- Calculation of retirement**
2069 **allowance -- Social Security limitations.**

2070 (1) (a) The retirees of this system may choose from the six retirement options described
2071 in this section.

2072 (b) Options Two, Three, Four, Five, and Six are modifications of the Option One
2073 calculation.

2074 (2) The Option One benefit is an annual allowance calculated as follows:

2075 (a) If the retiree is at least 65 years of age or has accrued at least 25 years of service
2076 credit, the allowance is an amount equal to 1.5% of the retiree's final average salary multiplied
2077 by the number of years of service credit accrued on and after July 1, 2011.

2078 (b) If the retiree is less than 65 years of age, the allowance shall be reduced by the full
2079 actuarial amount for each year of retirement from age 60 to age 65, unless the member has 25
2080 or more years of accrued credit in which event no reduction is made to the allowance.

2081 (c) (i) Years of service includes any fractions of years of service to which the retiree
2082 may be entitled.

2083 (ii) At the time of retirement, if a retiree's combined years of actual, not purchased,
2084 service credit is within 1/10 of one year of the total years of service credit required for
2085 retirement, the retiree shall be considered to have the total years of service credit required for
2086 retirement.

2087 (d) An Option One allowance is only payable to the member during the member's
2088 lifetime.

2089 (3) The allowance payable under Options Two, Three, Four, Five, and Six is calculated
2090 by reducing an Option One benefit based on actuarial computations to provide the following:

2091 (a) Option Two is a reduced allowance paid to and throughout the lifetime of the
2092 retiree, and, if the retiree receives less in annuity payments than the amount of the retiree's
2093 member contributions, the remaining balance of the retiree's member contributions shall be
2094 paid in accordance with Sections 49-11-609 and 49-11-610.

2095 (b) Option Three is a reduced allowance paid to and throughout the lifetime of the
2096 retiree, and, upon the death of the retiree, the same reduced allowance is paid to and throughout
2097 the lifetime of the retiree's lawful spouse at the time of retirement.

2098 (c) Option Four is a reduced allowance paid to and throughout the lifetime of the
2099 retiree, and upon the death of the retiree, an amount equal to 1/2 of the retiree's allowance is
2100 paid to and throughout the lifetime of the retiree's lawful spouse at the time of retirement.

2101 (d) Option Five is a modification of Option Three so that if the lawful spouse at the
2102 time of retirement predeceases the retiree, an allowance equivalent to the amount payable at the

2103 time of initial retirement under Option One shall be paid to the retiree for the remainder of the
2104 retiree's life, beginning on the last day of the month following the month in which the lawful
2105 spouse dies.

2106 (e) Option Six is a modification of Option Four so that if the lawful spouse at the time
2107 of retirement predeceases the retiree, an allowance equivalent to the amount payable at the time
2108 of initial retirement under Option One shall be paid to the retiree for the remainder of the
2109 retiree's life, beginning on the last day of the month following the month in which the lawful
2110 spouse dies.

2111 (4) Periods of employment which are exempt from this system may be purchased by
2112 the member for the purpose of retirement only if all benefits from any other public or private
2113 system or organization based on this period of employment are forfeited.

2114 (5) (a) If a retiree under Option One dies within 90 days after the retiree's retirement
2115 date, the retirement is canceled and the death shall be considered as that of a member before
2116 retirement.

2117 (b) Any payments made to the retiree shall be deducted from the amounts due to the
2118 beneficiary.

2119 (6) If a retiree retires under either Option Five or Six and subsequently divorces, the
2120 retiree may elect to convert the benefit to an Option One benefit at the time of divorce, if there
2121 is no court order filed in the matter.

2122 Section 55. Section **49-23-305** is enacted to read:

2123 **49-23-305. Allowance payable by lump-sum payment.**

2124 (1) If a retiree's allowance, as computed under this chapter, amounts to \$25 or less, the
2125 allowance may be settled by the office by making a lump-sum payment of an amount
2126 actuarially equivalent to the allowance.

2127 (2) A payment made under this section constitutes a full and complete settlement of the
2128 retiree's claim against this system.

2129 Section 56. Section **49-23-306** is enacted to read:

2130 **49-23-306. Lump-sum death benefit for retiree and spouse.**

2131 (1) (a) Upon retirement, a retiree may elect to have the office deduct an actuarially
2132 determined amount from the retiree's allowance to provide a lump-sum benefit payable to a
2133 beneficiary upon the death of the retiree.

2134 (b) Upon retirement, a retiree may also elect to have an actuarially determined amount
2135 deducted from the retiree's allowance to provide a lump-sum death benefit payable to a
2136 beneficiary upon the death of the retiree's lawful spouse at the time of retirement.

2137 (c) The board may make rules for the administration of this lump-sum death benefit.

2138 (2) (a) For a retiree who pays for a lump-sum death benefit under this section through a
2139 reduction of an allowance, benefits shall be paid in accordance with Sections 49-11-609 and
2140 49-11-610.

2141 (b) If the retiree chooses Option Three, Four, Five, or Six, and a lump-sum death
2142 benefit is payable after the death of the retiree, the allowance shall be restored to its original
2143 amount.

2144 (3) (a) A retiree may elect to cancel the lump-sum death benefit under this section.

2145 (b) The cancellation under this Subsection (3) is irrevocable.

2146 (c) Upon cancellation, the allowance shall be restored to its original amount and
2147 benefits under this section may not be paid.

2148 Section 57. Section **49-23-307** is enacted to read:

2149 **49-23-307. Defined benefit annual cost-of-living adjustment.**

2150 (1) The office shall make an annual cost-of-living adjustment to:

2151 (a) an original allowance paid under Section 49-23-305, if the allowance has been paid
2152 for at least one year; and

2153 (b) an original payment made to an alternate payee under a domestic relations order, if
2154 the payment is to be paid as a percentage of the allowance rather than a specific dollar amount.

2155 (2) (a) The original allowance shall be increased by the annual increase in the
2156 Consumer Price Index up to a maximum of 2.5%.

2157 (b) Annual increases in the Consumer Price Index in excess of 2.5% shall be
2158 accumulated and used in subsequent adjustments when the annual increase in the Consumer
2159 Price Index is less than 2.5%.

2160 (3) The Consumer Price Index used in calculating adjustments shall be a United States
2161 Bureau of Labor Statistics Consumer Price Index average as determined by the board.

2162 (4) The cost-of-living adjustment made under this section may not decrease the
2163 allowance.

2164 Section 58. Section **49-23-401** is enacted to read:

2165 **Part 4. Tier II Defined Contribution Plan**

2166 **49-23-401. Contributions -- Rates.**

2167 (1) Up to the amount allowed by federal law, the participating employer shall
2168 contribute 12% of the participant's compensation to a defined contribution plan.

2169 (2) (a) The participating employer shall contribute the 12% nonelective contribution
2170 described in Subsection (1) to a defined contribution plan qualified under Section 401(k) of the
2171 Internal Revenue Code which:

2172 (i) is sponsored by the board; and

2173 (ii) has been grandfathered under Section 1116 of the Federal Tax Reform Act of 1986.

2174 (b) The member may make additional payments to the qualified 401(k) plan which
2175 receives the employer contribution described in this Subsection (2).

2176 (c) In addition to the percent specified under Subsection (2)(a), the participating
2177 employer shall pay the corresponding Tier I system amortization rate of the employee's
2178 compensation to the office.

2179 (3) (a) The total amount contributed by the participating employer under Subsection
2180 (2)(a) vests to the member's benefit after four years of employment from the date of
2181 employment.

2182 (b) The total amount contributed by the member under Subsection (2)(b) vests to the
2183 member's benefit immediately and is nonforfeitable.

2184 (4) (a) Contributions made by a participating employer under Subsection (2)(a) shall be
2185 invested in a default option selected by the board until the member is vested in accordance with
2186 Subsection (3)(a).

2187 (b) A member may direct the investment of contributions made by a participating
2188 employer under Subsection (2)(a) only after the contributions have vested in accordance with
2189 Subsection (3)(a).

2190 (c) A member may direct the investment of contributions made by the member under
2191 Subsection (3)(b).

2192 (5) No loans shall be available from contributions made by a participating employer
2193 under Subsection (2)(a).

2194 (6) No hardship distributions shall be available from contributions made by a
2195 participating employer under Subsection (2)(a).

2196 (7) (a) Except as provided in Subsection (7)(b), if a member terminates employment
2197 with a participating employer prior to the vesting period described in Subsection (3)(a), all
2198 contributions made by a participating employer on behalf of the member under Subsection
2199 (2)(a) are subject to forfeiture.

2200 (b) If a member who terminates employment with a participating employer prior to the
2201 vesting period described in Subsection (3)(a) subsequently enters employment with the same or
2202 another participating employer within five years of the termination date of the previous
2203 employment:

2204 (i) all contributions made by the previous participating employer on behalf of the
2205 member shall be reinstated upon the member's completion of the vesting period under
2206 Subsection (3)(a); and

2207 (ii) the length of time that the member worked with the previous employer shall be
2208 included in determining whether the member has completed the vesting period under
2209 Subsection (3)(a).

2210 (c) The board shall establish a forfeiture account and shall specify the uses of the
2211 forfeiture account, which may include an offset against employer contributions made under this
2212 section.

2213 (8) The board may request from any other qualified 401(k) plan under Subsection (2)
2214 any relevant information pertaining to the maintenance of its tax qualification under the
2215 Internal Revenue Code.

2216 (9) The board may take any action which in its judgment is necessary to maintain the
2217 tax-qualified status of its 401(k) defined contribution plan under federal law.

2218 Section 59. Section **49-23-402** is enacted to read:

2219 **49-23-402. Defined contribution distributions for disabled members.**

2220 For a person who is disabled and receives contributions under Subsection
2221 49-11-404(4)(b), the disabled member may begin receiving distributions from the defined
2222 contributions made by the participating employer on behalf of the disabled member when the
2223 person would have been eligible to retire if the person was covered by the defined benefit
2224 portion of the Tier II Hybrid Retirement System under Part 3, Tier II Hybrid Retirement
2225 System.

2226 Section 60. Section **49-23-501** is enacted to read:

Part 5. Death Benefit

49-23-501. Death benefit by means of group insurance policy -- Eligibility for death benefit -- Benefit calculation -- Payment of claim.

(1) The office shall provide a death benefit through the purchase of a group insurance policy for members of this system.

(2) The board shall make rules to administer the death benefit provided by this section and may, in accordance with federal law, establish:

(a) benefit levels;

(b) classes of members; and

(c) a living benefit option.

(3) This death benefit is payable when:

(a) the member dies prior to the member's retirement date or dies under circumstances which Subsection 49-23-304(5) requires to be treated as the death of a member before retirement;

(b) the office receives acceptable proof of death; and

(c) benefits are not payable under Section 49-23-306.

(4) The death benefit payable to the beneficiary under this section is a lump-sum payment consisting of:

(a) the return of any member contributions under this chapter; plus

(b) a percentage of the final average salary of the member to be determined by the board.

(5) Any amount of a living benefit option paid to the member prior to death shall be deducted from the benefit payable to the beneficiary.

(6) The cost of the death benefit shall be paid by the participating employer in addition to the contribution rate established under Section 49-23-301 or 49-23-401.

(7) The portion of the death benefit provided under Subsection (4)(b) may not be paid to the beneficiary of an inactive member unless the death of the member occurs either:

(a) within a period of 120 days after the last day of work for which the person received compensation; or

(b) while the member is still physically or mentally incapacitated from performance of duties, if the incapacity has been continuous since the last day of work for which compensation

2258 was received.

2259 (8) The death benefit provided under Subsection (4)(b) shall be paid in accordance
2260 with Sections 49-11-609 and 49-11-610.

2261 (9) The death benefit paid to the beneficiary of an inactive member, except as
2262 otherwise provided under Subsection (7), is a lump-sum return of the member's member
2263 contributions.

2264 (10) Payment of the death benefit by the office constitutes a full settlement of any
2265 beneficiary's claim against the office and the office is not liable for any further or additional
2266 claims or assessments on behalf of the member.

2267 (11) Unless otherwise specified in a written document filed with the office, death
2268 benefits payable to beneficiaries shall be in accordance with the order of precedence
2269 established under Title 75, Chapter 2, Intestate Succession and Wills.

2270 (12) A death benefit under this section may not be paid on behalf of a retiree under this
2271 system.

2272 Section 61. Section **49-23-502** is enacted to read:

2273 **49-23-502. Death of married members -- Service retirement benefits to surviving**
2274 **spouse.**

2275 (1) As used in this section, "member's full allowance" means an Option Three
2276 allowance calculated under Section 49-23-304 without an actuarial reduction.

2277 (2) Upon the request of a deceased member's lawful spouse at the time of the member's
2278 death, the deceased member is considered to have retired under Option Three on the first day of
2279 the month following the month in which the member died if the following requirements are
2280 met:

2281 (a) the member has:

2282 (i) 15 or more years of service credit;

2283 (ii) attained age 62 with 10 or more years of service credit; or

2284 (iii) attained age 65 with four or more years of service credit; and

2285 (b) the member dies leaving a spouse to whom the member has been married at least
2286 six months immediately prior to the death date.

2287 (3) The spouse who requests a benefit under this section shall apply in writing to the
2288 office. The allowance shall begin on the first day of the month:

2289 (a) following the month in which the member died, if the application is received by the
2290 office within 90 days of the member's death; or

2291 (b) in which the application is received by the office.

2292 (4) The allowance payable to a surviving spouse under Subsection (2) is:

2293 (a) if the member has 25 or more years of service credit at the time of death, the
2294 surviving spouse shall receive the member's full allowance;

2295 (b) if the member has between 20-24 years of service credit and is not age 60 or older
2296 at the time of death, the surviving spouse shall receive 2/3 of the member's full allowance;

2297 (c) if the member has between 15-19 years of service credit and is not age 62 or older
2298 at the time of death, the surviving spouse shall receive 1/3 of the member's full allowance; or

2299 (d) if the member is age 60 or older with 20 or more years of service credit, age 62 or
2300 older with 10 or more years of service credit, or age 65 or older with four or more years of
2301 service credit at the time of death, the surviving spouse shall receive an Option Three benefit
2302 with actuarial reductions.

2303 (5) Except for a return of member contributions, benefits payable under this section are
2304 retirement benefits and shall be paid in addition to any other payments made under Section
2305 49-23-501 and shall constitute a full and final settlement of the claim of the spouse or any other
2306 beneficiary filing a claim for benefits under Section 49-23-501.

2307 Section 62. Section **49-23-503** is enacted to read:

2308 **49-23-503. Death of active member in line-of-duty -- Payment of benefits.**

2309 If an active member of this system dies, benefits are payable as follows:

2310 (1) If the death is classified by the office as a line-of-duty death, benefits are payable as
2311 follows:

2312 (a) If the member has accrued less than 20 years of public safety service or firefighter
2313 service credit, the spouse at the time of death shall receive a lump sum of \$1,000 and an
2314 allowance equal to 30% of the member's final average monthly salary.

2315 (b) If the member has accrued 20 or more years of public safety service or firefighter
2316 service credit, the member shall be considered to have retired with an Option One allowance
2317 calculated without an actuarial reduction under Section 49-23-304 and the spouse at the time of
2318 death shall receive the allowance that would have been payable to the member.

2319 (2) (a) A volunteer firefighter is eligible for a line-of-duty death benefit under this

2320 section if the death results from external force, violence, or disease directly resulting from
2321 firefighter service.

2322 (b) The lowest monthly compensation of firefighters of a city of the first class in this
2323 state at the time of death shall be considered to be the final average monthly salary of a
2324 volunteer firefighter for purposes of computing these benefits.

2325 (c) Each volunteer fire department shall maintain a current roll of all volunteer
2326 firefighters which meet the requirements of Subsection 49-23-102(10) to determine the
2327 eligibility for this benefit.

2328 (3) (a) If the death is classified as a line-of-duty death by the office, death benefits are
2329 payable under this section and the spouse at the time of death is not eligible for benefits under
2330 Section 49-23-502.

2331 (b) If the death is not classified as a line-of-duty death by the office, benefits are
2332 payable in accordance with Section 49-23-502.

2333 Section 63. Section **49-23-601** is enacted to read:

2334 **Part 6. Disability Benefit**

2335 **49-23-601. Long-term disability coverage.**

2336 Each participating employer shall cover the following employees under Title 49,
2337 Chapter 21, Public Employees' Long-Term Disability Act, or a substantially similar long-term
2338 disability program:

2339 (1) public safety employees initially entering employment on or after July 1, 2011;

2340 (2) firefighter service employees initially entering employment on or after July 1, 2011;

2341 and

2342 (3) volunteer firefighters

2343 Section 64. Section **53-7-105** is amended to read:

2344 **53-7-105. State fire marshal, deputies, and investigators -- Status of law**
2345 **enforcement officers -- Inclusion in Public Safety Retirement -- Training.**

2346 (1) The state fire marshal, his deputies, and investigators, for the purpose of enforcing
2347 and investigating violations of fire related statutes and ordinances, have the status of law
2348 enforcement officers.

2349 (2) Inclusion under Title 49, Chapter 14, Public Safety Contributory Retirement Act,
2350 [~~or~~] Title 49, Chapter 15, Public Safety Noncontributory Retirement Act, or Title 49, Chapter

2351 23, New Public Safety and Firefighter Tier II Contributory Retirement Act, is not authorized by
2352 Subsection (1) except as provided in those chapters.

2353 (3) The commissioner, with the concurrence of the Peace Officer Standards and
2354 Training Advisory Board may require peace officer standards and training for the state fire
2355 marshal, his deputies, and investigators.

2356 Section 65. Section **53-13-108** is amended to read:

2357 **53-13-108. Retirement.**

2358 Eligibility for coverage under the Public Safety Contributory Retirement System or
2359 Public Safety Noncontributory Retirement System for persons and political subdivisions
2360 included in this chapter is governed by Title 49, Chapter 14, Public Safety Contributory
2361 Retirement Act, [~~and~~] Chapter 15, Public Safety Noncontributory Retirement Act, and Chapter
2362 23, New Public Safety and Firefighter Tier II Contributory Retirement Act.

2363 Section 66. Section **53A-1a-512** is amended to read:

2364 **53A-1a-512. Employees of charter schools.**

2365 (1) A charter school shall select its own employees.

2366 (2) The school's governing body shall determine the level of compensation and all
2367 terms and conditions of employment, except as otherwise provided in Subsections (7) and (8)
2368 and under this part.

2369 (3) The following statutes governing public employees and officers do not apply to
2370 charter schools:

2371 (a) Chapter 8, Utah Orderly School Termination Procedures Act;

2372 (b) Chapter 10, Educator Evaluation; and

2373 (c) Title 52, Chapter 3, Prohibiting Employment of Relatives.

2374 (4) (a) To accommodate differentiated staffing and better meet student needs, a charter
2375 school, under rules adopted by the State Board of Education, shall employ teachers who:

2376 (i) are licensed; or

2377 (ii) on the basis of demonstrated competency, would qualify to teach under alternative
2378 certification or authorization programs.

2379 (b) The school's governing body shall disclose the qualifications of its teachers to the
2380 parents of its students.

2381 (5) State Board of Education rules governing the licensing or certification of

2382 administrative and supervisory personnel do not apply to charter schools.

2383 (6) (a) An employee of a school district may request a leave of absence in order to
2384 work in a charter school upon approval of the local school board.

2385 (b) While on leave, the employee may retain seniority accrued in the school district and
2386 may continue to be covered by the benefit program of the district if the charter school and the
2387 locally elected school board mutually agree.

2388 (7) Except as provided under Subsection (8), an employee of a charter school shall be a
2389 member of a retirement system or plan under Title 49, Utah State Retirement and Insurance
2390 Benefit Act.

2391 (8) (a) At the time of application for a charter school, whether the chartering entity is
2392 the State Charter School Board or a school district, a proposed charter school may make an
2393 election of nonparticipation as an employer for retirement programs under:

2394 (i) Title 49, Chapter 12, Public Employees' Contributory Retirement Act [~~and under~~];

2395 (ii) Title 49, Chapter 13, Public Employees' Noncontributory Retirement Act[-]; and

2396 (iii) Title 49, Chapter 22, New Public Employees' Tier II Contributory Retirement Act.

2397 (b) A charter school that was approved prior to July 1, 2004 may make an election of
2398 nonparticipation prior to December 31, 2004.

2399 (c) An election provided under this Subsection (8):

2400 (i) shall be made at the time specified under Subsection (8)(a) or (b);

2401 (ii) shall be documented by a resolution adopted by the governing body of the charter
2402 school;

2403 (iii) is in effect unless the charter school makes an irrevocable retraction of the election
2404 of nonparticipation in accordance with Subsection (9); and

2405 (iv) applies to the charter school as the employer and to all employees of the charter
2406 school.

2407 (d) The governing body of a charter school may offer employee benefit plans for its
2408 employees:

2409 (i) under Title 49, Chapter 20, Public Employees' Benefit and Insurance Program Act;

2410 or

2411 (ii) under any other program.

2412 (9) (a) A charter school that made an election of nonparticipation as an employer for

2413 ~~the following~~ retirement programs [~~under Title 49, Chapter 12, Public Employees' Contributory~~
2414 ~~Retirement Act and under Title 49, Chapter 13, Public Employees' Noncontributory Retirement~~
2415 ~~Act,]~~ may subsequently make an irrevocable retraction of the election of nonparticipation[~~;~~];

- 2416 (i) Title 49, Chapter 12, Public Employees' Contributory Retirement Act;
- 2417 (ii) Title 49, Chapter 13, Public Employees' Noncontributory Retirement Act; or
- 2418 (iii) Title 49, Chapter 22, New Public Employees' Tier II Contributory Retirement Act.

2419 (b) A retraction provided under this Subsection (9):

- 2420 (i) shall be documented by a resolution adopted by the governing body of the charter
- 2421 school;
- 2422 (ii) is a one-time election;
- 2423 (iii) is irrevocable; and
- 2424 (iv) applies to the charter school as the employer and to all employees of the charter
- 2425 school.

2426 (10) The governing body of a charter school shall ensure that, prior to the beginning of
2427 each school year, each of its employees signs a document acknowledging that the employee:

2428 (a) has received:

- 2429 (i) the disclosure required under Section 63A-4-204.5 if the charter school participates
- 2430 in the Risk Management Fund; or
- 2431 (ii) written disclosure similar to the disclosure required under Section 63A-4-204.5 if
- 2432 the charter school does not participate in the Risk Management Fund; and

2433 (b) understands the legal liability protection provided to the employee and what is not
2434 covered, as explained in the disclosure.

2435 Section 67. Section **67-22-1** is amended to read:

2436 **67-22-1. Compensation -- Constitutional offices.**

2437 (1) The Legislature fixes salaries for the constitutional offices as follows:

- 2438 (a) governor: \$109,900;
- 2439 (b) lieutenant governor: 95% of the governor's salary;
- 2440 (c) attorney general: 95% of the governor's salary;
- 2441 (d) state auditor: 95% of the governor's salary beginning
- 2442 June 28, 2008; and
- 2443 (e) state treasurer: 95% of the governor's salary.

- 2444 (2) The Legislature fixes benefits for the constitutional offices as follows:
- 2445 (a) Governor:
- 2446 (i) a vehicle for official and personal use;
- 2447 (ii) housing;
- 2448 (iii) household and security staff;
- 2449 (iv) household expenses;
- 2450 (v) retirement benefits as provided in Title 49;
- 2451 (vi) health insurance;
- 2452 (vii) dental insurance;
- 2453 (viii) basic life insurance;
- 2454 (ix) workers' compensation;
- 2455 (x) required employer contribution to Social Security;
- 2456 (xi) long-term disability income insurance; and
- 2457 (xii) the same additional state paid life insurance available to other noncareer service
- 2458 employees.
- 2459 (b) Lieutenant governor, attorney general, state auditor, and state treasurer:
- 2460 (i) a vehicle for official and personal use;
- 2461 (ii) the option of participating in a:
- 2462 (A) state retirement system [established by] in accordance with Title 49[;];
- 2463 (I) Chapter 12, Public Employees' Contributory Retirement Act[; or];
- 2464 (II) Chapter 13, Public Employees' Noncontributory Retirement Act[;]; or
- 2465 (III) Chapter 22, New Public Employees' Tier II Contributory Retirement Act; or [in a]
- 2466 (B) deferred compensation plan administered by the State Retirement Office, in
- 2467 accordance with the Internal Revenue Code and its accompanying rules and regulations;
- 2468 (iii) health insurance;
- 2469 (iv) dental insurance;
- 2470 (v) basic life insurance;
- 2471 (vi) workers' compensation;
- 2472 (vii) required employer contribution to Social Security;
- 2473 (viii) long-term disability income insurance; and
- 2474 (ix) the same additional state paid life insurance available to other noncareer service

2475 employees.

2476 (c) Each constitutional office shall pay the cost of the additional state-paid life
2477 insurance for its constitutional officer from its existing budget.

2478 Section 68. **Effective date.**

2479 This bill takes effect on July 1, 2010.

Fiscal Note**S.B. 63 2nd Sub. (Salmon) - New Public Employees' Tier II Contributory Retirement Act**

2010 General Session

State of Utah

State Impact

This bill will result in a net retirement rate changes impacting FY 2012. The rate changes for state agencies would be as follows:

Non-contributory: -3.72%

Contributory: +3.97%

Public Safety Noncontributory: -10.63%

Public Safety Contributory: +0.4%

Because the effective date for new hires joining the Tier II system is July 1, 2011 there will not be a fiscal impact in FY 2011. The state will avoid future cost increases beginning in FY 2012 and have to contribute less under the new Tier II system than they would have under the current benefit structure.

Individual, Business and/or Local Impact

The bill will not affect private plans.

Net retirement rates for local government retirement plans will change as follows:

Non-contributory: -3.04%

Contributory: +3.04%

Firefighters Retirement System: between +10.92 and +12.00%

Public Safety Noncontributory: -9.34 to -10.34%

Public Safety Contributory: between -1.92 and +0.86%

Qualifying individuals will be affected by the bill.
