

Senator Ralph Okerlund proposes the following substitute bill:

POSTRETIREMENT EMPLOYMENT RESTRICTIONS

2016 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Rich Cunningham

Senate Sponsor: Ralph Okerlund

Cosponsors:	Sandra Hollins	Dixon M. Pitcher
Jacob L. Anderegg	Eric K. Hutchings	Marie H. Poulson
Joel K. Briscoe	Brad King	Angela Romero
Melvin R. Brown	Brian S. King	John R. Westwood
Susan Duckworth	Lee B. Perry	
Lynn N. Hemingway		

LONG TITLE

General Description:

This bill modifies the Utah State Retirement and Insurance Benefit Act by amending postretirement reemployment provisions.

Highlighted Provisions:

This bill:

- amends the earnings limitation for reemployed retirees who return to work for a participating employer; and
- makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:



24 This bill provides a special effective date.

25 **Utah Code Sections Affected:**

26 AMENDS:

27 **49-11-505**, as last amended by Laws of Utah 2015, Chapters 243 and 256



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

30 Section 1. Section **49-11-505** is amended to read:

31 **49-11-505. Reemployment of a retiree -- Restrictions -- Penalties.**

32 (1) (a) For purposes of this section, "retiree":

33 (i) means a person who:

34 (A) retired from a participating employer; and

35 (B) begins reemployment on or after July 1, 2010, with a participating employer;

36 (ii) does not include a person:

37 (A) who was reemployed by a participating employer before July 1, 2010; and

38 (B) whose participating employer that reemployed the person under Subsection

39 (1)(a)(ii)(A) was dissolved, consolidated, merged, or structurally changed in accordance with

40 Section **49-11-621** after July 1, 2010; and

41 (iii) does not include a person who is reemployed as an active senior judge or an active

42 senior justice court judge as described by Utah State Court Rules, appointed to hear cases by

43 the Utah Supreme Court in accordance with Article VIII, Section 4, Utah Constitution.

44 (b) (i) This section does not apply to employment as an elected official if the elected

45 official's position is not full time as certified by the participating employer.

46 (ii) The provisions of this section apply to an elected official whose elected position is

47 full time as certified by the participating employer.

48 (c) (i) This section does not apply to employment as a part-time appointed board

49 member who does not receive any remuneration, stipend, or other benefit for the part-time

50 appointed board member's service.

51 (ii) For purposes of this Subsection (1)(c), remuneration, stipend, or other benefit does

52 not include receipt of per diem and travel expenses up to the amounts established by the

53 Division of Finance in:

54 (A) Section **63A-3-106**;

55 (B) Section 63A-3-107; and

56 (C) rules made by the Division of Finance according to Sections 63A-3-106 and
57 63A-3-107.

58 (d) (i) For purposes of this Subsection (1)(d), "affiliated emergency services worker"
59 means a person who:

60 (A) is employed by a participating employer [~~and who~~];

61 (B) performs emergency services for another participating employer that is a different
62 agency [~~in which the person~~];

63 [~~(A)~~] (C) [~~has been~~] is trained in techniques and skills required for the service the
64 person provides to the participating employer;

65 [~~(B)~~] (D) continues to receive regular training required for the service;

66 [~~(C)~~] (E) is on the rolls as a trained affiliated emergency services worker of the
67 participating employer; and

68 [~~(D)~~] (F) provides ongoing service for a participating employer, which service may
69 include service as a volunteer firefighter, reserve law enforcement officer, search and rescue
70 personnel, emergency medical technician, ambulance personnel, park ranger, or public utilities
71 worker.

72 (ii) A person who performs work or service but does not meet the requirements of
73 Subsection (1)(d)(i) is not an affiliated emergency services worker for purposes of this
74 Subsection (1)(d).

75 (iii) The office may not cancel the retirement allowance of a retiree who is employed as
76 an affiliated emergency services worker within one year of the retiree's retirement date if the
77 affiliated emergency services worker does not receive any compensation, except for:

78 (A) a nominal fee, stipend, discount, tax credit, voucher, or other fixed sum of money
79 or cash equivalent payment not tied to productivity and paid periodically for services;

80 (B) a length-of-service award;

81 (C) insurance policy premiums paid by the participating employer in the event of death
82 of an affiliated emergency services worker or a line-of-duty accidental death or disability; or

83 (D) reimbursement of expenses incurred in the performance of duties.

84 (iv) For purposes of Subsections (1)(d)(iii)(A) and (B), the total amount of any
85 discounts, tax credits, vouchers, and payments to a volunteer may not exceed \$500 per month.

86 (v) Beginning January 1, 2016, the board shall adjust the amount under Subsection
87 (1)(d)(iv) by the annual change in the Consumer Price Index during the previous calendar year
88 as measured by a United States Bureau of Labor Statistics Consumer Price Index average as
89 determined by the board.

90 (vi) The office shall cancel the retirement allowance of a retiree for the remainder of
91 the calendar year if employment as an affiliated emergency services worker with a participating
92 employer exceeds the limitation under Subsection (1)(d)(iv).

93 (vii) If a retiree is employed as an affiliated emergency services worker under the
94 provisions of Subsection (1)(d), the termination date of the employment as an affiliated
95 emergency services worker, as confirmed in writing by the participating employer, is
96 considered the retiree's retirement date for the purpose of calculating the separation
97 requirement under Subsection (3)(a).

98 (2) A retiree may not for the same period of reemployment:

99 (a) (i) earn additional service credit; or

100 (ii) receive any retirement related contribution from a participating employer; and

101 (b) receive a retirement allowance.

102 (3) (a) Except as provided under Subsection (1)(d), (3)(b), (3)(d), or (10), the office
103 shall cancel the retirement allowance of a retiree if the reemployment with a participating
104 employer begins within one year of the retiree's retirement date.

105 (b) The office may not cancel the retirement allowance of a retiree who is reemployed
106 with a participating employer within one year of the retiree's retirement date if:

107 (i) the retiree is not reemployed by a participating employer for a period of at least 60
108 days from the retiree's retirement date;

109 (ii) upon reemployment after the break in service under Subsection (3)(b)(i), the retiree
110 does not receive any employer [~~provided~~] paid benefits, including:

111 (A) retirement service credit or retirement related contributions;

112 [~~(A)~~] (B) medical benefits;

113 [~~(B)~~] (C) dental benefits;

114 [~~(C)~~] (D) other insurance benefits except for workers' compensation as provided under
115 Title 34A, Chapter 2, Workers' Compensation Act, and withholdings required by federal or
116 state law for Social Security, Medicare, and unemployment insurance; or

- 117 ~~[(D)]~~ (E) paid time off, including sick, annual, or other type of leave; and
- 118 (iii) (A) the retiree does not earn in any calendar year of reemployment an amount in
- 119 excess of the lesser of ~~[\$15,000]~~ \$20,000 or one-half of the retiree's final average salary upon
- 120 which the retiree's retirement allowance is based; or
- 121 (B) the retiree is reemployed as a judge as defined under Section 78A-11-102.
- 122 (c) Beginning January 1, 2013, the board shall adjust the amounts under Subsection
- 123 (3)(b)(iii)(A) by the annual change in the Consumer Price Index during the previous calendar
- 124 year as measured by a United States Bureau of Labor Statistics Consumer Price Index average
- 125 as determined by the board.
- 126 (d) The office shall cancel the retirement allowance of a retiree for the remainder of the
- 127 calendar year if the reemployment with a participating employer exceeds the limitation under
- 128 Subsection (3)(b)(iii)(A).
- 129 (e) If a retiree is reemployed under the provisions of Subsection (3)(b), the termination
- 130 date of the reemployment, as confirmed in writing by the participating employer, is considered
- 131 the retiree's retirement date for the purpose of calculating the separation requirement under
- 132 Subsection (3)(a).
- 133 ~~[(f) If a retiree received a retirement allowance in error, due to reemployment in~~
- 134 ~~violation of this section:]~~
- 135 ~~[(i) the office shall cancel the retiree's retirement allowance; and]~~
- 136 ~~[(ii) if the retiree applies for a future benefit, the office shall recover any overpayment~~
- 137 ~~in accordance with the provisions of Section 49-11-607.]~~
- 138 (4) If a reemployed retiree has completed the one-year separation from employment
- 139 with a participating employer required under Subsection (3)(a), the retiree may elect to:
- 140 (a) earn additional service credit in accordance with this title and cancel the retiree's
- 141 retirement allowance; or
- 142 (b) continue to receive the retiree's retirement allowance and forfeit any retirement
- 143 related contribution from the participating employer who reemployed the retiree.
- 144 (5) (a) As used in this Subsection (5), "amortization rate" means the amortization rate,
- 145 as defined in Section 49-11-102, to be applied to the system that would have covered the retiree
- 146 if the retiree's reemployed position were deemed to be an eligible, full-time position within that
- 147 system.

148 (b) A participating employer who reemploys a retiree shall contribute to the office the
149 amortization rate if the reemployed retiree:

150 (i) has completed the one-year separation from employment with a participating
151 employer required under Subsection (3)(a); and

152 (ii) makes an election under Subsection (4)(b) to continue to receive a retirement
153 allowance while reemployed.

154 (c) A participating employer who reemploys a retiree in accordance with Subsection
155 (3)(b) is not required to contribute the amortization rate to the office.

156 (6) (a) A participating employer shall immediately notify the office:

157 (i) if the participating employer reemploys a retiree;

158 (ii) whether the reemployment is subject to Subsection (3)(b) or (4) of this section; and

159 (iii) of any election by the retiree under Subsection (4).

160 (b) A participating employer shall certify to the office whether the position of an
161 elected official is or is not full time.

162 (c) A participating employer is liable to the office for a payment or failure to make a
163 payment in violation of this section.

164 (d) If a participating employer fails to notify the office in accordance with this section,
165 the participating employer is immediately subject to a compliance audit by the office.

166 (7) (a) The office shall immediately cancel the retirement allowance of a retiree in
167 accordance with Subsection (7)(b) if the office receives notice or learns of:

168 (i) the reemployment of a retiree in violation of Subsection (1)(d) or (3); or

169 (ii) the election of a reemployed retiree under Subsection (4)(a).

170 (b) If the retiree is eligible for retirement coverage in the reemployed position, the
171 office shall cancel the allowance of a retiree who is subject to Subsection (7)(a), and reinstate
172 the retiree to active member status on the first day of the month following the date of:

173 (i) reemployment if the retiree is subject to Subsection (3); or

174 (ii) an election by an employee under Subsection (4)(a).

175 (c) If the retiree is not otherwise eligible for retirement coverage in the reemployed
176 position:

177 (i) the office shall cancel the allowance of a retiree subject to Subsection (7)(a)(i); and

178 (ii) except as provided under Subsection (5)(c), the participating employer shall pay the

179 amortization rate to the office on behalf of the retiree.

180 (8) (a) [~~A~~] For a retiree subject to Subsection (7)(b) who retires within two years from
181 the date of reemployment, the office:

182 (i) [~~is not entitled to a recalculated~~] may not recalculate a retirement benefit for the
183 retiree; and

184 (ii) [~~will~~] shall resume the allowance that was being paid to the retiree at the time of
185 the cancellation.

186 (b) Subject to Subsection (2), for a retiree who is reinstated to active membership
187 under Subsection (7) and who retires two or more years after the date of reinstatement to active
188 membership, the office shall:

189 (i) resume [~~receiving~~] the allowance that was being paid at the time of cancellation;
190 and

191 (ii) [~~receive~~] calculate an additional allowance for the retiree based on the formula in
192 effect at the date of the subsequent retirement for all service credit accrued between the first
193 and subsequent retirement dates.

194 (9) (a) A retiree subject to this section shall report to the office the status of the
195 reemployment under Subsection (3) or (4).

196 (b) If the retiree fails to inform the office of an election under Subsection (4), the office
197 shall withhold one month's benefit for each month the retiree fails to inform the office under
198 Subsection (9)(a).

199 (10) A retiree shall be considered as having completed the one-year separation from
200 employment with a participating employer required under Subsection (3)(a), if the retiree:

201 (a) before retiring:

202 (i) was employed with a participating employer as a public safety service employee as
203 defined in Section [49-14-102](#), [49-15-102](#), or [49-23-102](#);

204 (ii) and during the employment under Subsection (10)(a)(i), suffered a physical injury
205 resulting from external force or violence while performing the duties of the employment, and
206 for which injury the retiree would have been approved for total disability in accordance with
207 the provisions under Title 49, Chapter 21, Public Employees' Long-Term Disability Act, if
208 years of service are not considered;

209 (iii) had less than 30 years of service credit but had sufficient service credit to retire,

210 with an unreduced allowance making the public safety service employee ineligible for
211 long-term disability payments under Title 49, Chapter 21, Public Employees' Long-Term
212 Disability Act, or a substantially similar long-term disability program; and

213 (iv) does not receive any long-term disability benefits from any participating employer;
214 and

215 (b) is reemployed by a different participating employer.

216 (11) If a retiree received a retirement allowance in error, due to reemployment in
217 violation of this section:

218 (a) the office shall cancel the retiree's retirement allowance;

219 (b) if the retiree applies for a future benefit, the office shall recover any overpayment in
220 accordance with the provisions of Section [49-11-607](#); and

221 (c) if a retiree or participating employer failed to report reemployment in violation of
222 this section, the retiree, participating employer, or both that are found to be responsible for the
223 failure to report are liable to the office for the amount of any overpayment resulting from the
224 violation.

225 ~~[(11)]~~ (12) The board may make rules to implement this section.

226 Section 2. **Effective date.**

227 This bill takes effect on July 1, 2016.