

**RETIREMENT SYSTEMS AMENDMENTS**

2017 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Daniel Hemmert**

House Sponsor: Jefferson Moss

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**LONG TITLE**

**General Description:**

This bill modifies the Utah State Retirement and Insurance Benefit Act by amending retirement and insurance provisions.

**Highlighted Provisions:**

This bill:

- ▶ modifies the responsibility for certain functions within the Utah Retirement Systems;
- ▶ modifies an exception to the postretirement reemployment restrictions;
- ▶ modifies certain retiree notification and benefit conversion provisions relating to retirement options affected by death or divorce;
- ▶ specifies additional names for the Public Employees' Benefit and Insurance Program; and
- ▶ makes technical changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides a special effective date.

**Utah Code Sections Affected:**

AMENDS:

**49-11-602**, as last amended by Laws of Utah 2013, Chapter 109

**49-11-603**, as last amended by Laws of Utah 2015, Chapter 243

- 29 [49-11-1205](#), as enacted by Laws of Utah 2016, Chapter 310
  - 30 [49-11-1207](#), as enacted by Laws of Utah 2016, Chapter 310
  - 31 [49-12-402](#), as last amended by Laws of Utah 2014, Chapter 15
  - 32 [49-13-402](#), as last amended by Laws of Utah 2014, Chapter 15
  - 33 [49-20-103](#), as renumbered and amended by Laws of Utah 2002, Chapter 250
  - 34 [49-22-305](#), as last amended by Laws of Utah 2011, Chapter 439
  - 35 [49-23-304](#), as last amended by Laws of Utah 2011, Chapter 439
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37 *Be it enacted by the Legislature of the state of Utah:*

38 Section 1. Section **49-11-602** is amended to read:

39 **49-11-602. Participating employer to maintain records -- Time limit -- Penalties**  
40 **for failure to comply.**

41 (1) A participating employer shall:

42 (a) maintain records necessary to calculate benefits under this title and other records  
43 necessary for proper administration of this title as required by the office; and

44 (b) maintain records that indicate whether an employee is receiving:

45 (i) a benefit under state or federal law that, under Subsection [49-12-102\(1\)\(b\)\(vi\)](#) or  
46 (vii), is excluded from the definition of benefits normally provided for purposes of Chapter 12,  
47 Public Employees' Contributory Retirement Act, Chapter 13, Public Employees'  
48 Noncontributory Retirement Act, or Chapter 22, New Public Employees' Tier II Contributory  
49 Retirement Act; or

50 (ii) a benefit under a benefit package generally offered to similarly situated employees.

51 (2) A participating employer shall maintain the records required under Subsection (1)  
52 until the earliest of:

53 (a) three years after the date of retirement of the employee from a system or plan;

54 (b) three years after the date of death of the employee; or

55 (c) 65 years from the date of employment with the participating employer.

- 56 (3) A participating employer shall be liable to the office for:
- 57 (a) any liabilities and expenses, including administrative expenses and the cost of
- 58 increased benefits to members, resulting from the participating employer's failure to maintain
- 59 records under this section; and
- 60 (b) a penalty equal to 1% of the participating employer's last month's contributions.
- 61 (4) The executive director may waive all or any part of the interest, penalties, expenses,
- 62 and fees if the executive director finds there were extenuating circumstances surrounding the
- 63 participating employer's failure to comply with this section.
- 64 (5) The ~~executive director~~ office may estimate the length of service, compensation, or
- 65 age of any member, if that information is not contained in the records.
- 66 (6) (a) A participating employer shall enroll an employee, make reports, submit
- 67 contributions, and provide other requested information electronically in a manner approved by
- 68 the office.
- 69 (b) A participating employer shall treat any information provided electronically or
- 70 otherwise by the office as subject to the confidentiality provisions of this title.
- 71 Section 2. Section **49-11-603** is amended to read:
- 72 **49-11-603. Participating employer to report and certify -- Time limit -- Penalties**
- 73 **for failure to comply.**
- 74 (1) As soon as administratively possible, but in no event later than 30 days after the
- 75 end of each pay period, a participating employer shall report and certify to the office:
- 76 (a) the eligibility for service credit accrual of:
- 77 (i) each current employee;
- 78 (ii) each new employee as the new employee begins employment; and
- 79 (iii) any changes to eligibility for service credit accrual of each employee;
- 80 (b) the compensation of each current employee eligible for service credit; and
- 81 (c) other factors relating to the proper administration of this title as required by the
- 82 executive director.

83 (2) Each participating employer shall submit the reports required under Subsection (1)  
84 in a format approved by the office.

85 (3) A participating employer shall be liable to the office for:

86 (a) any liabilities and expenses, including administrative expenses and the cost of  
87 increased benefits to employees, resulting from the participating employer's failure to correctly  
88 report and certify records under this section;

89 (b) a penalty equal to the greater of:

90 (i) \$250; or

91 (ii) 50% of the total contributions for the employees for the period of the reporting  
92 error; and

93 (c) attorney fees.

94 (4) The executive director may waive all or any part of the interest, penalties, expenses,  
95 and fees if the executive director finds there were extenuating circumstances surrounding the  
96 participating employer's failure to comply with this section.

97 (5) The [~~executive director~~] office may estimate the length of service, compensation, or  
98 age of any employee, if that information is not contained in the records.

99 Section 3. Section **49-11-1205** is amended to read:

100 **49-11-1205. Postretirement reemployment restriction exceptions.**

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

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

105 (ii) upon reemployment after the break in service under Subsection (1)(a)(i), the retiree  
106 does not receive any employer paid benefits, including:

107 (A) retirement service credit or retirement-related contributions;

108 (B) medical benefits;

109 (C) dental benefits;

110 (D) other insurance benefits except for workers' compensation as provided under Title  
111 34A, Chapter 2, Workers' Compensation Act, Title 34A, Chapter 3, Utah Occupational Disease  
112 Act, and withholdings required by federal or state law for social security, Medicare, and  
113 unemployment insurance; or

114 (E) paid time off, including sick, annual, or other type of leave; and

115 (iii) (A) the retiree does not earn in any calendar year of reemployment an amount in  
116 excess of the lesser of \$15,000 or one-half of the retiree's final average salary upon which the  
117 retiree's retirement allowance is based[.]; or

118 (B) the retiree is reemployed as a judge as defined under Section [78A-11-102](#).

119 (b) Beginning January 1, 2013, the board shall adjust the amounts under Subsection  
120 (1)(a)(iii) by the annual change in the Consumer Price Index during the previous calendar year  
121 as measured by a United States Bureau of Labor Statistics Consumer Price Index average as  
122 determined by the board.

123 (2) A retiree shall be considered as having completed the one-year separation from  
124 employment with a participating employer required under Section [49-11-1204](#), if the retiree:

125 (a) before retiring:

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

128 (ii) and during the employment under Subsection (2)(a)(i), suffered a physical injury  
129 resulting from external force or violence while performing the duties of the employment, and  
130 for which injury the retiree would have been approved for total disability in accordance with  
131 the provisions under Chapter 21, Public Employees' Long-Term Disability Act, if years of  
132 service are not considered;

133 (iii) had less than 30 years of service credit but had sufficient service credit to retire,  
134 with an unreduced allowance making the public safety service employee ineligible for  
135 long-term disability payments under Chapter 21, Public Employees' Long-Term Disability Act,  
136 or a substantially similar long-term disability program; and

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

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

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

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

145 (ii) a length-of-service award;

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

148 (iv) reimbursement of expenses incurred in the performance of duties.

149 (b) For purposes of Subsections (3)(a)(i) and (ii), the total amount of any discounts, tax  
150 credits, vouchers, and payments to an affiliated emergency services worker may not exceed  
151 \$500 per month.

152 (c) Beginning January 1, 2016, the board shall adjust the amount under Subsection  
153 (3)(b) by the annual change in the Consumer Price Index during the previous calendar year as  
154 measured by a United States Bureau of Labor Statistics Consumer Price Index average as  
155 determined by the board.

156 (4) (a) If a retiree is reemployed under the provisions of Subsection (1) or (3), the  
157 termination date of the reemployment, as confirmed in writing by the participating employer, is  
158 considered the retiree's retirement date for the purpose of calculating the separation  
159 requirement under Section [49-11-1204](#).

160 (b) The office shall cancel the retirement allowance of a retiree for the remainder of the  
161 calendar year if the reemployment with a participating employer exceeds the limitation under  
162 Subsection (1)(a)(iii) or (3)(b).

163 Section 4. Section **49-11-1207** is amended to read:

164 **49-11-1207. Postretirement reemployment -- Violations -- Penalties.**

165 (1) (a) If the office receives notice or learns of the reemployment of a retiree in  
166 violation of Section 49-11-1204 or 49-11-1205, the office shall:

167 (i) immediately cancel the retiree's retirement allowance;

168 (ii) keep the retiree's retirement allowance cancelled for the remainder of the calendar  
169 year if the reemployment with a participating employer exceeded the limitation under  
170 Subsection 49-11-1205(1)(a)(iii)(A) or (3)(b); and

171 (iii) recover any overpayment resulting from the violation in accordance with the  
172 provisions of Section 49-11-607 before the allowance may be reinstated.

173 (b) Reinstatement of an allowance following cancellation for a violation under this  
174 section is subject to the procedures and provisions under Section 49-11-1204.

175 (2) If a retiree or participating employer failed to report reemployment in violation of  
176 Section 49-11-1206, the retiree, participating employer, or both, who are found to be  
177 responsible for the failure to report, are liable to the office for the amount of any overpayment  
178 resulting from the violation.

179 (3) A participating employer is liable to the office for a payment or failure to make a  
180 payment in violation of this part.

181 (4) If a participating employer fails to notify the office in accordance with Section  
182 49-11-1206, the participating employer is immediately subject to a compliance audit by the  
183 office.

184 Section 5. Section 49-12-402 is amended to read:

185 **49-12-402. Service retirement plans -- Calculation of retirement allowance --**  
186 **Social security limitations.**

187 (1) (a) Except as provided under Section 49-12-701, retirees of this system may choose  
188 from the six retirement options described in this section.

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

- 191 (2) The Option One benefit is an annual allowance calculated as follows:
- 192 (a) If the retiree is at least 65 years of age or has accrued at least 30 years of service  
193 credit, the allowance is:
- 194 (i) an amount equal to 1.25% of the retiree's final average monthly salary multiplied by  
195 the number of years of service credit accrued prior to July 1, 1975; plus
- 196 (ii) an amount equal to 2% of the retiree's final average monthly salary multiplied by  
197 the number of years of service credit accrued on and after July 1, 1975.
- 198 (b) If the retiree is less than 65 years of age, the allowance shall be reduced 3% for  
199 each year of retirement from age 60 to age 65, unless the member has 30 or more years of  
200 accrued credit in which event no reduction is made to the allowance.
- 201 (c) (i) Years of service includes any fractions of years of service to which the retiree  
202 may be entitled.
- 203 (ii) At the time of retirement, if a retiree's combined years of actual, not purchased,  
204 service credit is within 1/10 of one year of the total years of service credit required for  
205 retirement, the retiree shall be considered to have the total years of service credit required for  
206 retirement.
- 207 (d) An Option One allowance is only payable to the member during the member's  
208 lifetime.
- 209 (3) The allowance payable under Options Two, Three, Four, Five, and Six is calculated  
210 by reducing an Option One benefit based on actuarial computations to provide the following:
- 211 (a) Option Two is a reduced allowance paid to and throughout the lifetime of the  
212 retiree, and, if the retiree receives less in annuity payments than the amount of the retiree's  
213 member contributions, the remaining balance of the retiree's member contributions shall be  
214 paid in accordance with Sections [49-11-609](#) and [49-11-610](#).
- 215 (b) Option Three is a reduced allowance paid to and throughout the lifetime of the  
216 retiree, and, upon the death of the retiree, the same reduced allowance paid to and throughout  
217 the lifetime of the retiree's lawful spouse at the time of retirement.



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

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

225 (i) spouse died, if [~~the application is~~] notification and supporting documentation for the  
226 death are received by the office within 90 days of the spouse's death; or

227 (ii) [~~application is~~] notification and supporting documentation for the death are  
228 received by the office, if the [~~application is~~] notification and supporting documentation are  
229 received by the office more than 90 days after the spouse's death.

230 (e) Option Six is a modification of Option Four so that if the lawful spouse at the time  
231 of retirement predeceases the retiree, an allowance equivalent to the amount payable at the time  
232 of initial retirement under Option One shall be paid to the retiree for the remainder of the  
233 retiree's life, beginning on the first day of the month following the month in which the:

234 (i) spouse died, if [~~the application is~~] notification and supporting documentation for the  
235 death are received by the office within 90 days of the spouse's death; or

236 (ii) [~~application is~~] notification and supporting documentation for the death are  
237 received by the office, if the [~~application is~~] notification and supporting documentation are  
238 received by the office more than 90 days after the spouse's death.

239 (4) (a) (i) The final average salary is limited in the computation of that part of an  
240 allowance based on service rendered prior to July 1, 1967, during a period when the retiree  
241 received employer contributions on a portion of compensation from an educational institution  
242 toward the payment of the premium required on a retirement annuity contract with a public or  
243 private system, organization, or company designated by the State Board of Regents to \$4,800.

244 (ii) This limitation is not applicable to retirees who elected to continue in this system

245 by July 1, 1967.

246 (b) Periods of employment which are exempt from this system under Subsection  
247 49-12-203(1)(b), may be purchased by the member for the purpose of retirement only if all  
248 benefits from a public or private system, organization, or company designated by the State  
249 Board of Regents based on this period of employment are forfeited.

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

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

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

258 (b) A conversion to an Option One benefit under this Subsection (6) begins on the first  
259 day of the month following the month in which the notification and supporting documentation  
260 for the divorce are received by the office.

261 Section 6. Section 49-13-402 is amended to read:

262 **49-13-402. Service retirement plans -- Calculation of retirement allowance --**  
263 **Social security limitations.**

264 (1) (a) Except as provided under Section 49-13-701, retirees of this system may choose  
265 from the six retirement options described in this section.

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

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

269 (a) If the retiree is at least 65 years of age or has accrued at least 30 years of service  
270 credit, the allowance is an amount equal to 2% of the retiree's final average monthly salary  
271 multiplied by the number of years of service credit accrued.

272 (b) If the retiree is less than 65 years of age, the allowance shall be reduced 3% for  
273 each year of retirement from age 60 to age 65, plus a full actuarial reduction for each year of  
274 retirement prior to age 60, unless the member has 30 or more years of accrued credit, in which  
275 event no reduction is made to the allowance.

276 (c) (i) Years of service include any fractions of years of service to which the retiree  
277 may be entitled.

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

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

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

286 (a) Option Two is a reduced allowance paid to and throughout the lifetime of the  
287 retiree, and, if the retiree receives less in annuity payments than the amount of the retiree's  
288 member contributions, the remaining balance of the retiree's member contributions shall be  
289 paid in accordance with Sections [49-11-609](#) and [49-11-610](#).

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

293 (c) Option Four is a reduced allowance paid to and throughout the lifetime of the  
294 retiree, and upon the death of the retiree, an amount equal to one-half of the retiree's allowance  
295 paid to and throughout the lifetime of the retiree's lawful spouse at the time of retirement.

296 (d) Option Five is a modification of Option Three so that if the lawful spouse at the  
297 time of retirement predeceases the retiree, an allowance equivalent to the amount payable at the  
298 time of initial retirement under Option One shall be paid to the retiree for the remainder of the

299 retiree's life, beginning on the first day of the month following the month in which the:

300 (i) spouse died, if [~~the application is~~] notification and supporting documentation for the  
301 death are received by the office within 90 days of the spouse's death; or

302 (ii) [~~application is~~] notification and supporting documentation for the death are  
303 received by the office, if the [~~application is~~] notification and supporting documentation are  
304 received by the office more than 90 days after the spouse's death.

305 (e) Option Six is a modification of Option Four so that if the lawful spouse at the time  
306 of retirement predeceases the retiree, an allowance equivalent to the amount payable at the time  
307 of initial retirement under Option One shall be paid to the retiree for the remainder of the  
308 retiree's life, beginning on the first day of the month following the month in which the:

309 (i) spouse died, if [~~the application is~~] notification and supporting documentation for the  
310 death are received by the office within 90 days of the spouse's death; or

311 (ii) [~~application is~~] notification and supporting documentation for the death are  
312 received by the office, if the [~~application is~~] notification and supporting documentation are  
313 received by the office more than 90 days after the spouse's death.

314 (4) (a) (i) The final average salary is limited in the computation of that part of an  
315 allowance based on service rendered prior to July 1, 1967, during a period when the retiree  
316 received employer contributions on a portion of compensation from an educational institution  
317 toward the payment of the premium required on a retirement annuity contract with a public or  
318 private system, organization, or company designated by the State Board of Regents to \$4,800.

319 (ii) This limitation is not applicable to retirees who elected to continue in the Public  
320 Employees' Contributory Retirement System by July 1, 1967.

321 (b) Periods of employment which are exempt from this system as permitted under  
322 Subsection [49-13-203\(1\)\(b\)](#) may be purchased by the member for the purpose of retirement  
323 only if all benefits from a public or private system, organization, or company designated by the  
324 State Board of Regents based on this period of employment are forfeited.

325 (5) (a) If a retiree under Option One dies within 90 days after the retiree's retirement

326 date, the retirement is canceled and the death shall be considered as that of a member before  
327 retirement.

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

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

333 (b) A conversion to an Option One benefit under this Subsection (6) begins on the first  
334 day of the month following the month in which the notification and supporting documentation  
335 for the divorce are received by the office.

336 Section 7. Section **49-20-103** is amended to read:

337 **49-20-103. Creation of insurance program.**

338 (1) There is created for the employees of the state, its educational institutions, and  
339 political subdivisions the "Public Employees' Benefit and Insurance Program" within the office.

340 (2) The program may also be known and function as the Public Employees' Health  
341 Program, PEHP, or PEHP Health and Benefits.

342 Section 8. Section **49-22-305** is amended to read:

343 **49-22-305. Defined benefit service retirement plans -- Calculation of retirement**  
344 **allowance -- Social security limitations.**

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

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

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

350 (a) If the retiree is at least 65 years of age or has accrued at least 35 years of service  
351 credit, the allowance is an amount equal to 1.5% of the retiree's final average salary multiplied  
352 by the number of years of service credit accrued on and after July 1, 2011.

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

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

358 (ii) At the time of retirement, if a retiree's combined years of actual, not purchased,  
359 service credit is within one-tenth of one year of the total years of service credit required for  
360 retirement, the retiree shall be considered to have the total years of service credit required for  
361 retirement.

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

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

366 (a) Option Two is a reduced allowance paid to and throughout the lifetime of the  
367 retiree, and, if the retiree receives less in annuity payments than the amount of the retiree's  
368 member contributions, the remaining balance of the retiree's member contributions shall be  
369 paid in accordance with Sections [49-11-609](#) and [49-11-610](#).

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

373 (c) Option Four is a reduced allowance paid to and throughout the lifetime of the  
374 retiree, and upon the death of the retiree, an amount equal to one-half of the retiree's allowance  
375 is paid to and throughout the lifetime of the retiree's lawful spouse at the time of retirement.

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

380 (i) ~~[following the month in which the]~~ spouse died, if ~~[the application is]~~ notification  
381 and supporting documentation for the death are received by the office within 90 days of the  
382 spouse's death; or

383 (ii) ~~[following the month in which the application is]~~ notification and supporting  
384 documentation for the death are received by the office, if the ~~[application is]~~ notification and  
385 supporting documentation are received by the office more than 90 days after the spouse's death.

386 (e) Option Six is a modification of Option Four so that if the lawful spouse at the time  
387 of retirement predeceases the retiree, an allowance equivalent to the amount payable at the time  
388 of initial retirement under Option One shall be paid to the retiree for the remainder of the  
389 retiree's life, beginning on the first day of the month following the month in which the:

390 (i) ~~[following the month in which the]~~ spouse died, if ~~[the application is]~~ notification  
391 and supporting documentation for the death are received by the office within 90 days of the  
392 spouse's death; or

393 (ii) ~~[following the month in which the application is]~~ notification and supporting  
394 documentation for the death are received by the office, if the ~~[application is]~~ notification and  
395 supporting documentation are received by the office more than 90 days after the spouse's death.

396 (4) (a) If a retiree under Option One dies within 120 days after the retiree's retirement  
397 date, the retirement is canceled and the death shall be considered as that of a member before  
398 retirement.

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

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

404 (b) A conversion to an Option One benefit under this Subsection (5) begins on the first  
405 day of the month following the month in which the notification and supporting documentation  
406 for the divorce are received by the office.

407 Section 9. Section **49-23-304** is amended to read:

408 **49-23-304. Defined benefit service retirement plans -- Calculation of retirement**  
409 **allowance -- Social security limitations.**

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

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

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

415 (a) If the retiree is at least 65 years of age or has accrued at least 25 years of service  
416 credit, the allowance is an amount equal to 1.5% of the retiree's final average salary multiplied  
417 by the number of years of service credit accrued on and after July 1, 2011.

418 (b) If the retiree is less than 65 years of age, the allowance shall be reduced by the full  
419 actuarial amount for each year of retirement from age 60 to age 65, unless the member has 25  
420 or more years of accrued credit in which event no reduction is made to the allowance.

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

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

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

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

431 (a) Option Two is a reduced allowance paid to and throughout the lifetime of the  
432 retiree, and, if the retiree receives less in annuity payments than the amount of the retiree's  
433 member contributions, the remaining balance of the retiree's member contributions shall be



434 paid in accordance with Sections 49-11-609 and 49-11-610.

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

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

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

445 (i) [~~following the month in which the~~] spouse died, if [~~the application is~~] notification  
446 and supporting documentation for the death are received by the office within 90 days of the  
447 spouse's death; or

448 (ii) [~~following the month in which the application is~~] notification and supporting  
449 documentation for the death are received by the office, if the [~~application is~~] notification and  
450 supporting documentation are received by the office more than 90 days after the spouse's death.

451 (e) Option Six is a modification of Option Four so that if the lawful spouse at the time  
452 of retirement predeceases the retiree, an allowance equivalent to the amount payable at the time  
453 of initial retirement under Option One shall be paid to the retiree for the remainder of the  
454 retiree's life, beginning on the first day of the month following the month in which the:

455 (i) [~~following the month in which the~~] spouse died, if [~~the application is~~] notification  
456 and supporting documentation for the death are received by the office within 90 days of the  
457 spouse's death; or

458 (ii) [~~following the month in which the application is~~] notification and supporting  
459 documentation for the death are received by the office, if the [~~application is~~] notification and  
460 supporting documentation are received by the office more than 90 days after the spouse's death.

461           (4) (a) If a retiree under Option One dies within 120 days after the retiree's retirement  
462 date, the retirement is canceled and the death shall be considered as that of a member before  
463 retirement.

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

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

469           (b) A conversion to an Option One benefit under this Subsection (5) begins on the first  
470 day of the month following the month in which the notification and supporting documentation  
471 for the divorce are received by the office.

472           Section 10. **Effective date.**

473           This bill takes effect on July 1, 2017.