


Utah Retirement Defined Benefit/Contribution Summary


2010 System Comparison



	Public Employees' Non-Contributory (Big System) (Existing employees and hires before July 1, 2011)	Tier II New Public Employees' Contributory Hybrid (One of two options for new employees beginning July 1, 2011)	Tier II Defined Contribution New Public Employees' and New Public Safety and Firefighters' (One of two options for new employees beginning July 1, 2011)	Public Safety Non-Contributory and Firefighters' Contributory (Existing employees and hires before July 1, 2011)	Tier II New Public Safety and Firefighters' Contributory Hybrid (One of two options for new employees beginning July 1, 2011)	Judges' Non-Contributory (No change in 2010)
Participants	State/Public Education Classified School Higher Education Political Subdivisions Other governmental entities	Same as Public Employees' Non-Contributory	<u>Includes all Public Employees' Public Safety, Firefighters, and Legislators and Governors</u>	Peace Officers, Correctional Officers, and approved Special Function Officers Full-time Firefighters regularly assigned to a fire department	Same as Old Public Safety and Firefighters	Judges of the Supreme, Appellate, District, Circuit, and Juvenile Courts
Eligibility for Retirement	any age 30 years age 60 20 years (AR) age 62 10 years (AR) age 65 4 years any age 25 years (FAR or employee/employer purchase of up to 5 years immediately prior to retirement)	any age <u>35</u> years age 60 20 years (FAR) age 62 10 years (FAR) age 65 4 years <u>optional employee/employer purchase of up to 5 years immediately prior to retirement</u>	<u>fully vested after four years of employment</u>	any age 20 years age 60 10 years age 65 4 years	any age <u>25</u> years age 60 <u>20</u> years (FAR) age <u>62</u> <u>10</u> years (FAR) age 65 4 years <u>optional employee/employer purchase of up to 5 years immediately prior to retirement</u>	any age 25 years age 55 20 years (FAR) age 62 10 years age 70 6 years
Service Benefit Formula	2% (for all years) x FAS No maximum benefit	<u>1.5%</u> (for all years) x FAS No maximum benefit	N.A.	2.5% x FAS x 1st 20 years 2% x FAS x years above 20 **70% maximum benefit of FAS reached at 30 years	<u>1.5%</u> (for all years) x FAS No maximum benefit	5% x FAS x 1st 10 years 2.25% x FAS x 2nd 10 years 1% of FAS x remaining years 75% maximum benefit of FAS reached at 22.5 years
Employer/ Employee Contribution	Employer: for FY 2010 14.22% for state and school Employee: 0% noncontributory	*Employer: 10% of salary Employee: some percent of salary, if the employer's 10% <u>does not fund the defined benefit</u>	N.A.	Employer: for FY 2010 30.18% for state P.S. 12.95 for div. A Firefighters (less 11.87% offset for insurance premium) Employee: 0% state P.S. noncontributory 15.05 div. A Firefighters	*Employer: 12% of salary Employee: some percent of salary, if the employer's 12% <u>does not fund the defined benefit</u>	Employer: for FY 2010 36.35% (less 22.27% offset for court fees) Employee: 0% noncontributory
Final Average Salary Definition	Average of highest 3 years	Average of highest <u>5</u> years	N.A.	Average of highest 3 years	Average of highest <u>5</u> years	Average of highest 2 years

Utah Retirement Defined Benefit/Contribution Summary 2010 System Comparison



	Public Employees' Non-Contributory (Big System)	Tier II New Public Employees' Contributory Hybrid	Tier II Defined Contribution New Public Employees' and New Public Safety and Firefighters'	Public Safety Non-Contributory and Firefighters' Contributory	Tier II New Public Safety and Firefighters' Contributory Hybrid	Judges' Non-Contributory
	(Existing employees and hires before July 1, 2011)	(One of two options for new employees beginning July 1, 2011)	(One of two options for new employees beginning July 1, 2011)	(Existing employees and hires before July 1, 2011)	(One of two options for new employees beginning July 1, 2011)	(No change in 2010)
Cost of Living Adjustment	Up to 4% annually (CPI) (Simple) after 1 year	Up to <u>2.5%</u> annually (CPI) (Simple) after 1 year	N.A.	Up to 4.0% annually (CPI) (Simple) after 1 year (some public safety employers have not yet adopted 4.0% remain at up to 2.5%)	Up to <u>2.5%</u> annually (CPI) (Simple) after 1 year	Up to 4% annually (CPI) (Compounded) after 1 year
Employer Defined Contribution Benefit % of Salary	State/School: 1.5% 401(k) Local government: Optional	<u>Some percent, if any, left after funding the defined benefit</u>	*10% (all public employees, legislators, and governors) *12% (all public safety officers and firefighters)	State: None Local government: Optional	<u>Some percent, if any, left after funding the defined benefit</u>	None

FAS = Final Average Salary

AR = Actuarial Reduction (3% per year under age 65)

FAR = Full Actuarial Reduction (some % each year under age 65)

*In addition, employer pays the corresponding Tier I amortization rate of the employee's compensation for the corresponding Tier I system liability

** Maximum benefit repealed for those who retire beginning July 1, 2010 in S.B. 43 Post-Retirement Employment Amendments (2010 General Session)

Source: S.B. 63 New Public Employees' Tier II Contributory Retirement Act (2010 General Session); Utah Retirement Systems Preliminary Retirement Contribution Rates FY 2010-11; and Title 49, Utah State Retirement and Insurance Benefit Act, *Utah Code Annotated 1953*

Prepared by The Office of Legislative Research & General Counsel -- March 18, 2010

