

**PUBLIC SAFETY RETIREMENT COST OF
LIVING ADJUSTMENT**

1998 GENERAL SESSION

STATE OF UTAH

Sponsor: L. Alma Mansell

AN ACT RELATING TO PENSIONS; INCREASING THE COST-OF-LIVING ALLOWANCE FOR MEMBERS OF THE PUBLIC SAFETY RETIREMENT SYSTEMS; AND PROVIDING AN EFFECTIVE DATE.

This act affects sections of Utah Code Annotated 1953 as follows:

AMENDS:

49-4-601, as last amended by Chapter 31, Laws of Utah 1997

49-4a-601, as enacted by Chapter 260, Laws of Utah 1989

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

Section 1. Section **49-4-601** is amended to read:

49-4-601. Annual cost-of-living adjustment.

(1) The retirement office shall compute and pay, upon approval by the board, an annual cost-of-living adjustment to all retired members after the members have been retired one year. The adjustment shall be equal to the decrease in the purchasing power of the dollar during the preceding year, as measured by the Consumer Price Index, U.S. City Average, prepared by the United States Bureau of Labor Statistics, and shall be limited to a maximum of ~~2.5%~~ 4% of the retirant's or beneficiary's retirement allowance at the time of retirement. Decreases in the purchasing power of the dollar exceeding ~~2.5%~~ 4% annually shall be accumulated and used in subsequent allowances when the cost-of-living adjustment is less than ~~2.5%~~ 4%.

(2) The cost-of-living adjustment shall be reduced if the index shows a decline of 4% or more during any period of more than one year. These reductions may not exceed 2% per year based upon the original retirement allowance. Payments made under this section shall be a part of the retired member's allowance. Payments and adjustments for the retirant shall also apply to

1 the beneficiary.

2 Section 2. Section **49-4a-601** is amended to read:

3 **49-4a-601. Annual cost-of-living adjustment.**

4 (1) The retirement office shall compute and pay, upon approval by the board, an annual
5 cost-of-living adjustment to all retired members after the members have been retired one year. The
6 adjustment shall be equal to the decrease in the purchasing power of the dollar during the
7 preceding year, as measured by the Consumer Price Index, U.S. City Average, prepared by the
8 United States Bureau of Labor Statistics, and shall be limited to a maximum of [~~2.5%~~] 4% of the
9 retirant's or beneficiary's retirement allowance at the time of retirement. Decreases in the
10 purchasing power of the dollar exceeding [~~2.5%~~] 4% annually shall be accumulated and used in
11 subsequent allowances when the cost-of-living adjustment is less than [~~2.5%~~] 4%.

12 (2) The cost-of-living adjustment shall be reduced if the index shows a decline of 4% or
13 more during any period of more than one year. These reductions may not exceed 2% per year
14 based upon the original retirement allowance. Payments made under this section shall be a part
15 of the retired member's allowance. Payments and adjustments for the retirant shall also apply to
16 the beneficiary.

17 Section 3. **Effective date.**

18 This act takes effect on July 1, 1998.

Legislative Review Note
as of 1-23-98 10:42 AM

A limited legal review of this bill raises no obvious constitutional or statutory concerns.

Office of Legislative Research and General Counsel