

1 **COST-OF-LIVING ADJUSTMENT**

2 **AMENDMENTS**

3 1998 GENERAL SESSION

4 STATE OF UTAH

5 **Sponsor: Mike Dmitrich**

6 AN ACT RELATING TO RETIREMENT; AMENDING CERTAIN COST-OF-LIVING
7 ADJUSTMENT PROVISIONS IN THE FIREFIGHTERS' RETIREMENT SYSTEM; AND
8 PROVIDING AN EFFECTIVE DATE.

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

10 AMENDS:

11 **49-5-601**, as last amended by Chapter 31, Laws of Utah 1997

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

13 Section 1. Section **49-5-601** is amended to read:

14 **49-5-601. Annual cost-of-living allowance.**

15 (1) (a) The retirement office shall compute and pay, upon approval by the board, an annual
16 cost-of-living adjustment to all retired members after those members have been retired for one
17 year.

18 (b) The adjustment is equal to the decrease in the purchasing power of the dollar during
19 the preceding year, as measured by the Consumer Price Index, United States City Average,
20 prepared by the United States Bureau of Labor Statistics, and is limited to a maximum of 4% of
21 the retirant's or beneficiary's [original] retirement allowance.

22 (c) Decreases in the purchasing power of the dollar exceeding 4% annually are
23 accumulated and used in subsequent allowances when the cost-of-living adjustment is less than
24 4% annually.

25 (2) (a) The cost-of-living adjustment shall be reduced if the index shows a decline of 4%
26 or more during any period of more than one year.

27 (b) These reductions may not exceed 2% per year based upon the original retirement

1 allowance.

2 (c) Payments made under this section are a part of the retired member's allowance.

3 (d) Payments and adjustments for the retirant also apply to the beneficiary.

4 (e) The net cost of increasing the cost-of-living adjustment from 2-1/2% to 4% annually
5 under this section, after recognizing the decrease in the contribution rates for actuarial expense,
6 is 1.74% for Division A firefighters and 1.9% for Division B firefighters. The net cost shall be
7 added to the employee contribution rate in Division A and Division B.

8 Section 2. **Effective date.**

9 This act takes effect on July 1, 1998.

Legislative Review Note
as of 1-28-98 8:14 AM

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

Office of Legislative Research and General Counsel