

RETIREMENT SYSTEM PARTICIPATION

2000 GENERAL SESSION

STATE OF UTAH

Sponsor: Raymond W. Short

AN ACT RELATING TO RETIREMENT; AUTHORIZING A WINDOW FOR CREDIT UNIONS TO WITHDRAW FROM THE RETIREMENT SYSTEM; AND PROVIDING AN EFFECTIVE DATE.

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

AMENDS:

49-2-204, as last amended by Chapter 217, Laws of Utah 1991

49-3-204, as last amended by Chapter 157, Laws of Utah 1992

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

Section 1. Section **49-2-204** is amended to read:

49-2-204. Participation of political subdivisions -- Limitations -- Exclusions -- Organizations and agencies supported by public funds -- Admission requirements -- Withdrawal from system -- Full participation in system -- Exceptions -- Additional programs authorized -- Credit union withdrawal.

(1) All political subdivisions of the state, unless excluded under Subsection (2), are participating employers in the system and may not withdraw from participation in the system. All departments and educational institutions are also participating employers in the system and may not withdraw from participation in the system. As participating employers, political subdivisions, departments, and educational institutions shall meet all requirements for full participation in the system.

(2) (a) Any political subdivision not initially admitted or included as a participating employer in the system prior to January 1, 1982, may be excluded from participation in the system if:

(i) the political subdivision elects not to provide or participate in any type of private or

28 public retirement, supplemental or deferred income program, either directly or indirectly, for its
29 employees, except for social security; or

30 (ii) the political subdivision participated in another collectively bargained retirement
31 program and has continued to do so on an uninterrupted basis since that date.

32 (b) Any excluded political subdivision may by resolution of its governing body apply for
33 and receive admission to the system. Once admitted, the political subdivision may not withdraw
34 from participation and shall meet all requirements for full participation in the system. If an
35 excluded political subdivision elects at any time to provide or participate in any type of public or
36 private retirement, supplemental or deferred income program, either directly or indirectly, except
37 for social security, the political subdivision shall be required to be a participating employer in the
38 system. As a participating employer, the political subdivision may not withdraw from participation
39 and shall meet all requirements for full participation in the system.

40 (3) (a) Any organization or agency supported in whole or in part by state public funds,
41 which prior to application is not covered by this chapter, may by resolution of its governing body
42 apply for admission to the system. The board may refuse admission to any organization or agency
43 applying for admission upon a finding that it is not in the best interest of the participating
44 employers and employees.

45 (b) Upon approval of the board, the organization or agency shall become a participant in
46 the system if the board and the organization or agency agree upon:

47 (i) the terms by which its employees shall become members of the system, such as the
48 effective date of coverage;

49 (ii) the amount of prior service credit with which they may be credited, if any;

50 (iii) the amount of any contributions in addition to regular contributions that will be
51 required to provide any prior service credits or retroactive current service credits from either the
52 employing unit or its employees; and

53 (iv) the manner in which retroactive current or prior service credits may be established,
54 if any.

55 (c) Once admitted to the system, an organization or agency may not withdraw from
56 participation, except as provided in Subsection (4), and shall meet all requirements for full
57 participation in the system.

58 (d) An organization or agency supported in whole or in part by public funds may not apply

59 for or receive admission to the system after the effective date of this Subsection (3)(d).

60 (4) (a) An organization or agency admitted to the system pursuant to Subsection (3) which
61 no longer receives public funds may withdraw from the system if:

62 (i) the organization or agency's governing body, by resolution, petitions the board for
63 withdrawal from the system; and

64 (ii) the board approves the withdrawal.

65 (b) Once approval to withdraw is granted, the organization or agency and its employees
66 shall be governed by Sections 49-1-502 and 49-1-503.

67 (5) Except as provided in Sections 49-2-205 and 49-2-206, no participating employer may
68 maintain full participation in the system by covering only part of its employees. The full
69 participation requirement is satisfied if a participating employer covers those of its employees
70 eligible for coverage under:

71 (a) Title 49, Chapter 4, Public Safety Retirement Act; or

72 (b) Title 49, Chapter 5, Firefighters' Retirement Act and its remaining employees under
73 either Title 49, Chapter 2, Public Employees' Retirement Act or Title 49, Chapter 3, Public
74 Employees' Noncontributory Retirement Act, whichever is applicable.

75 (6) In addition to their participation in the system, participating employers may provide
76 or participate in any additional public or private retirement, supplemental or deferred income
77 program, either directly or indirectly, for their employees.

78 (7) (a) Credit unions which are participating units in any system administered by the board
79 may withdraw from participation upon applying to the board. This application shall be made [~~by~~
80 ~~December 31, 1987~~] between July 1, 2000, and December 31, 2000. The withdrawal is effective
81 the day after the last day the withdrawing unit pays retirement contributions on its employees'
82 salaries.

83 (b) Once the withdrawal of the credit union is complete, the employees of the withdrawing
84 unit may apply to withdraw their vested contributions. Refunds shall then be paid in accordance
85 with Subsection 49-1-502 (3).

86 (c) Under no circumstance may a withdrawing unit receive the employer contributions
87 which have been made to the system.

88 Section 2. Section **49-3-204** is amended to read:

89 **49-3-204. Participation of political subdivisions -- Limitations -- Exclusions --**

90 **Organizations and agencies supported by public funds -- Admission requirements --**
91 **Withdrawal from system -- Full participation in system -- Exceptions -- Additional programs**
92 **authorized -- Credit union withdrawal.**

93 (1) All political subdivisions of the state, unless excluded under Subsection (2), are
94 participating employers in the system and may not withdraw from participation in the system. All
95 departments and educational institutions are also participating employers in the system and may
96 not withdraw from participation in the system. As participating employers, political subdivisions,
97 departments, and educational institutions shall meet all requirements for full participation in the
98 system.

99 (2) Any political subdivision not initially admitted or included as a participating employer
100 in the system prior to January 1, 1982, may be excluded from participation in the system if the
101 political subdivision elects not to provide or participate in any type of private or public retirement,
102 supplemental or deferred income program, either directly or indirectly, for its employees, except
103 for social security. Any excluded political subdivision may by resolution of its governing body
104 apply for and receive admission to the system. Once admitted, the political subdivision may not
105 withdraw from participation and shall meet all requirements for full participation in the system.
106 If an excluded political subdivision elects at any time to provide or participate in any type of public
107 or private retirement, supplemental or deferred income program, either directly or indirectly,
108 except for social security, the political subdivision shall be required to be a participating employer
109 in the system. As a participating employer, the political subdivision may not withdraw from
110 participation and shall meet all requirements for full participation in the system.

111 (3) (a) Any organization or agency supported in whole or in part by state public funds,
112 which prior to application is not covered by this chapter, may by resolution of its governing body
113 apply for admission to the system. The board may refuse admission to any organization or agency
114 applying for admission upon a finding that it is not in the best interest of the participating
115 employers and employees.

116 (b) Upon approval of the board, the organization or agency shall become a participant in
117 the system if the board and the organization or agency agree upon:

118 (i) the terms by which its employees shall become members of the system, such as the
119 effective date of coverage;

120 (ii) the amount of prior service credit with which they may be credited, if any;

121 (iii) the amount of any contributions in addition to regular contributions that will be
122 required to provide any prior service credits or retroactive current service credits from either the
123 employing unit or its employees; and

124 (iv) the manner in which retroactive current or prior service credits may be established,
125 if any.

126 (c) Once admitted to the system, an organization or agency may not withdraw from
127 participation, except as provided in Subsection (4), and shall meet all requirements for full
128 participation in the system.

129 (d) An organization or agency supported in whole or in part by public funds may not apply
130 for or receive admission to the system after July 1, 1991.

131 (4) (a) An organization or agency admitted to the system pursuant to Subsection (3) which
132 no longer receives public funds may withdraw from the system if:

133 (i) the organization or agency's governing body by resolution petitions the board for
134 withdrawal from the system; and

135 (ii) the board approves the withdrawal.

136 (b) Once approval to withdraw is granted, the organization or agency and its employees
137 shall be governed by Sections 49-1-502 and 49-1-503.

138 (5) Except as provided in Sections 49-3-206 and 49-3-207, no participating employer may
139 maintain full participation in the system by covering only part of its employees. The full
140 participation requirement is satisfied if a participating employer covers those of its employees
141 eligible for coverage under:

142 (a) Title 49, Chapter 4, Public Safety Retirement Act; or

143 (b) Title 49, Chapter 5, Firefighters' Retirement Act and its remaining employees under
144 either Title 49, Chapter 2, Public Employees' Retirement Act or Title 49, Chapter 3, Public
145 Employees' Noncontributory Retirement Act, whichever is applicable.

146 (6) In addition to their participation in the system, participating employers may provide
147 or participate in any additional public or private retirement, supplemental or deferred income
148 program, either directly or indirectly, for their employees.

149 (7) (a) Credit unions which are participating units in any system administered by the board
150 may withdraw from participation upon applying to the board. This application shall be made [by
151 December 31, 1987] between July 1, 2000, and December 31, 2000. The withdrawal is effective

152 the day after the last day the withdrawing unit pays retirement contributions on its employees'
153 salaries.

154 (b) Once the withdrawal of the credit union is complete, the employees of the withdrawing
155 unit may apply to withdraw their vested contributions. Refunds shall then be paid in accordance
156 with Subsection 49-1-502 (3).

157 (c) Under no circumstance may a withdrawing unit receive the employer contributions
158 which have been made to the system.

159 Section 3. **Effective date.**

160 This act takes effect on July 1, 2000.

Legislative Review Note
as of 12-21-99 8:44 AM

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

Office of Legislative Research and General Counsel