

PUBLIC EMPLOYEES RETIREMENT

2001 GENERAL SESSION

STATE OF UTAH

Sponsor: Neil A. Hansen

This act modifies the Utah State Retirement Act by decreasing the retirement eligibility requirements for members of the Public Employees' Noncontributory Retirement System.

This act takes effect on July 1, 2001.

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

AMENDS:

49-3-401, as last amended by Chapter 292, Laws of Utah 1999

49-3-402, as last amended by Chapter 231, Laws of Utah 1996

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

Section 1. Section **49-3-401** is amended to read:

49-3-401. Eligibility for service retirement -- Date of retirement -- Qualifications.

(1) (a) Any member who qualifies for service retirement may retire by submitting to the retirement office an application form notarized by a notary public. The application shall state the proposed effective date of retirement, which may not be more than 90 days before or after the date of application.

(b) The effective date shall be the 1st or 16th day of the month, as selected by the member, but must be after the last day of actual work.

(c) The member shall actually terminate employment and provide evidence of termination.

(2) The member is qualified to retire upon termination of services on or before the effective date of retirement if one of the following requirements on that date is met:

(a) the member has been credited with at least four years of service and has attained an age of 65 years or more;

(b) the member has been credited with at least ten years of service and has attained an age of 62 years or more;



28 (c) the member has been credited with at least 20 years of service and has attained an age
29 of 60 years or more; or

30 (d) the member has been credited with at least [~~30~~] 25 years of service[~~;~~or].

31 [~~(e) the member is credited with at least 25 years of service, in which case the member~~
32 ~~shall be subject to the reduction set out under Subsection 49-3-402(2)(b).]~~

33 Section 2. Section **49-3-402** is amended to read:

34 **49-3-402. Service retirement plans -- Calculation of retirement benefit -- Social**
35 **Security limitations -- Board authority to adjust formula -- Computation of benefits for**
36 **segments of service.**

37 (1) There are six service retirement plans available to members of the system. Plan One
38 is as follows, with Plans Two, Three, Four, Five, and Six established under Section 49-3-403.

39 (2) Except for members of this system who meet the requirements of Section 49-3-802,
40 upon the service retirement of a member under Section 49-3-401, the member shall receive a
41 retirement allowance consisting of a pension based on service determined as follows:

42 (a) If the member has attained the age of 65 years, the retirement allowance is an amount
43 equal to 2% of the final average monthly salary multiplied by the number of years of service
44 credited to the member.

45 (b) If the member is less than 65 years old, the retirement allowance shall be reduced 3%
46 for each year of retirement from age 60 to age 65, plus a full actuarial reduction for each year of
47 retirement prior to age 60, unless the member has [~~30~~] 25 or more years of credit, in which event
48 no reduction is made to the allowance.

49 (3) Years of service include any fractions of years of service to which the member may be
50 entitled. Service amounting to 9/10 of one year constitutes a year of service credit in the
51 computation of a retirement benefit.

52 (4) (a) The final average salary is limited in the computation of that part of a member's
53 prior service retirement allowance based on service rendered during a period when the member
54 received employer contributions on a portion of compensation from an educational institution
55 toward the payment of the premium required on a retirement annuity contract with the Teachers'
56 Insurance and Annuity Association of America or with any other public or private system,
57 organization, or company to \$4,800. This limitation is not applicable to members who elected to
58 continue in the state retirement system by July 1, 1967.

59 (b) Periods of service which are exempt from this system as permitted under Subsection
60 49-3-206(3), not to exceed four years, may be purchased by the member for the purpose of
61 retirement.

62 Section 3. **Effective date.**

63 This act takes effect on July 1, 2001.

Legislative Review Note
as of 2-1-01 8:35 AM

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

Office of Legislative Research and General Counsel