

Senator Beverly Ann Evans proposes the following substitute bill:

RETIREMENT OFFICE AMENDMENTS

2002 GENERAL SESSION

STATE OF UTAH

Sponsor: Ron Bigelow

This act modifies the Utah State Retirement Act by requiring an employee to have five years of service credit and meet federal eligibility requirements to be eligible to purchase retirement service credit. This act provides for the withdrawal of independent corporations from the state retirement systems and provides for withdrawal procedures. This act takes effect on July 1, 2002.

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

AMENDS:

49-3-410, as last amended by Chapter 141, Laws of Utah 2001

ENACTS:

49-11-621, Utah Code Annotated 1953

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

Section 1. Section **49-3-410** is amended to read:

49-3-410. Purchase of retirement credit -- Conditions -- Cost.

(1) Any member of this system may receive retirement service credit in accordance with Subsection (2).

(2) (a) A member may purchase or a member and an employing unit may jointly purchase a combined maximum total of five years of retirement service credit which is not otherwise purchasable under this chapter.

(b) The number of years of retirement service credit purchased may exceed the number of years or age required by the member to retire with no actuarial reduction.

(c) The purchase of retirement service credit must allow the member to meet the retirement



26 eligibility requirements of this system with no actuarial reduction.

27 (d) The member must retire effective immediately after the purchase of retirement service
28 credit is made.

29 (e) The member shall pay at least 5% of the cost of the purchase.

30 (f) The member shall have five years of service credit and otherwise meet federal
31 eligibility requirements to qualify for a purchase of service credit under this section.

32 (3) The purchase price for the retirement service credit shall be calculated and paid for as
33 provided in Section 49-1-407.

34 (4) (a) The employing unit may elect to purchase retirement service credit for a member
35 under Subsection (2) while the member is on an unpaid leave of absence.

36 (b) If the member is on an unpaid leave of absence, the employing unit may make
37 installment payments towards the purchase in amounts fixed by the administrator.

38 (c) The member shall retire when the purchase obligations are fulfilled.

39 (5) A member who retires after the employer purchases retirement service credit under this
40 section shall be subject to the provisions of Section 49-1-505.

41 (6) Prior to making any purchase of service credit under this section, an employing unit
42 shall adopt a purchase policy that includes nondiscriminatory participation standards for all
43 employees.

44 Section 2. Section **49-11-621** is enacted to read:

45 **49-11-621. Withdrawal of independent corporations.**

46 (1) Notwithstanding any other provision of this title, an independent corporation, as
47 defined in Section 63E-1-102, which participates in a system or plan prior to July 1, 2002, may
48 withdraw from participation with that system or plan as follows:

49 (a) the independent corporation shall comply with the provisions of Title 63E, Chapter 2,
50 Independent Corporations Act;

51 (b) upon complying with the requirements of Title 63E, Chapter 2, Independent
52 Corporations Act, the independent corporation and the board shall agree upon a date on which the
53 independent entity shall make an election under Subsection (2);

54 (c) an employee hired after the date set under Subsection (1)(b) may not participate in a
55 system or plan; and

56 (d) the withdrawing independent corporation shall pay to the office any actuarial or

57 administrative cost, determined by the office, to have arisen out of the withdrawal.

58 (2) The independent corporation shall elect to:

59 (a) continue its participation for all current employees covered by a system or plan on the
60 date set under Subsection (1)(b); or

61 (b) withdraw from participation in all systems or plans for all employees as of the date set
62 under Subsection (1)(b).

63 (3) If an independent corporation elects to continue participation under Subsection (2)(a),
64 the independent corporation and its employees shall continue to be subject to the laws and the rules
65 governing the system or plan in which the employee participates, including the accrual of service
66 credit and payment of contributions.

67 (4) The independent corporation may create an alternative retirement program for its
68 employees not covered by a system or plan in accordance with its election under Subsection (2).

69 **Section 3. Effective date.**

70 This act takes effect on July 1, 2002.