

Representative Ron Bigelow 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 and the State Officers and Employees Code 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 modifies provisions governing the use of unused sick leave at retirement. 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

67-19-14, as last amended by Chapter 64, Laws of Utah 1999

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



26 years or age required by the member to retire with no actuarial reduction.

27 (c) The purchase of retirement service credit must allow the member to meet the retirement
28 eligibility requirements of this system with no actuarial reduction.

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

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

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

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

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

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

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

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

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

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

47 **49-11-621. Withdrawal of independent corporations.**

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

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

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

56 (c) an employee hired after the date set under Subsection (1)(b) may not participate in a

57 system or plan; and

58 (d) the withdrawing independent corporation shall pay to the office any actuarial or
59 administrative cost, determined by the office, to have arisen out of the withdrawal.

60 (2) The independent corporation shall elect to:

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

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

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

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

71 Section 3. Section **67-19-14** is amended to read:

72 **67-19-14. Sick leave -- Unused sick days -- Retirement program.**

73 (1) The director shall, as an incentive to reduce sick leave abuse, make rules governing
74 procedures whereby, after an employee has accumulated 18 unused sick leave days, any sick days
75 accumulated during any calendar year in excess of eight, at the option of that employee, may be
76 carried as "converted sick leave" which the employee may use at a later date as annual leave,
77 regular sick leave, or as paid-up health and medical insurance at the time of retirement on the basis
78 of the payment by the employing department of one month's premium for each day of accumulated
79 sick leave.

80 (2) (a) (i) The director shall make rules for the governance of a retirement program.

81 (ii) Employing departments may offer the retirement option to an employee.

82 (iii) Employee participation in any part of the retirement program shall be entirely
83 voluntary.

84 (iv) An employee must be eligible for retirement benefits to qualify for the program.

85 (b) (i) (A) When an employee retires, the program shall provide for the employee to be paid
86 for 25% of the employee's unused accumulated sick leave at the employee's preretirement rate of
87 pay.

88 (B) An employee shall have the option of having all monies from the cashout under
89 Subsection (b)(i)(A) transferred directly to the deferred compensation plan qualified under Section
90 401(k) of the Internal Revenue Code which is sponsored by the Utah State Retirement Board.

91 (ii) The employing department shall also provide the same health and life insurance
92 benefits the employee has at the time of retirement until the employee becomes eligible for
93 Medicare, but this benefit may not exceed five years' coverage from the date of retirement, except
94 as provided under Subsection (2)(c).

95 (c) (i) An employee whose unused sick leave, after the 25% cashout has been paid, exceeds
96 the 60 days maximum for five-year coverage under Subsection (2)(b), may continue the health and
97 life insurance, which the employee had at the time of retirement, at the rate of one month's
98 coverage for each day of unused sick leave above the 60 days, but only to the age eligible for
99 Medicare. If the employee has reached the age eligible for Medicare, coverage for the employee's
100 spouse may continue under this Subsection (2)(c)(i) until the employee's spouse reaches the age
101 eligible for Medicare.

102 (ii) An employee and the employee's spouse who are or who later become eligible for
103 Medicare may purchase Medicare supplemental insurance at the rate of one month's coverage for
104 both the employee and the employee's spouse for each day of the employee's unused sick leave if
105 the employee and the employee's spouse have reached the age eligible for Medicare.

106 (iii) The coverages under this Subsection (2)(c) are in addition to the coverage provided
107 under Subsection (2)(b).

108 (d) Any costs or savings for this act shall be borne by the agency and shall not be
109 appropriated by the Legislature.

110 (3) (a) The director shall make rules to provide a continuation of health and dental
111 insurance to the surviving spouse and family of any state employee whose death occurs in the line
112 of duty. The insurance coverage shall continue for a period of five years or until the surviving
113 spouse becomes eligible for Medicare, whichever comes first.

114 (b) The rules shall also provide for the use of accumulated sick leave in the same manner
115 as provided under Subsection (2)(b).

116 (c) The costs of paying for the benefits under Subsections (3)(a) and (b) shall be included
117 in the agency's budget request each year following the date of death of the employee.

118 Section 4. **Effective date.**

119

This act takes effect on July 1, 2002.