

RETIREMENT SYSTEM PARTICIPATION

2006 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: David Clark

Senate Sponsor: Beverly Ann Evans

LONG TITLE

General Description:

This bill modifies the Utah State Retirement and Insurance Benefit Act to allow the continued participation or withdrawal of certain independent corporation employees in a Utah State Retirement system or plan.

Highlighted Provisions:

This bill:

- ▶ allows an independent corporation which participates in a Utah State Retirement system or plan prior to July 1, 2006, to provide for participation of employees transferred to a subsidiary or other company with that system or plan; and
- ▶ establishes procedures which allow an independent corporation to elect to continue its participation for certain employees covered by a system or plan or to elect to withdraw from participation.

Monies Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

ENACTS:

49-11-622, Utah Code Annotated 1953

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

Section 1. Section **49-11-622** is enacted to read:

30 49-11-622. Subsidiaries or other companies owned by independent corporations --
31 **Participation -- Withdrawal.**

32 (1) Notwithstanding any other provision of this title, an independent corporation, as
33 defined in Section 63E-1-102, which participates in a system or plan prior to July 1, 2006, and
34 which owns a subsidiary, or other company may provide for the participation of employees
35 with that system or plan as follows:

36 (a) the independent corporation shall determine a date that is no later than January 1,
37 2007, on which the independent corporation shall make an election under Subsection (2):

38 (b) an employee hired by the independent corporation and transferred to a subsidiary,
39 or other company on or after the date set under Subsection (1)(a) may not participate in a
40 system or plan; and

41 (c) the independent corporation shall pay to the office any actuarial or administrative
42 cost, determined by the office, to have arisen out of the transfer of the employees from the
43 independent corporation.

44 (2) The independent corporation described under Subsection (1) shall elect to:

45 (a) continue its participation for all current employees covered by a system or plan and
46 transferred to a subsidiary, or other company, as of the date set under Subsection (1)(a); or

47 (b) withdraw from participation in all systems or plans for all employees covered by a
48 system or plan and transferred to the subsidiary, or other company, as of the date set under
49 Subsection (1)(a).

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