

PUBLIC SAFETY RETIREMENT

2007 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Ron Bigelow

Senate Sponsor: _____

LONG TITLE

General Description:

This bill modifies the Utah State Retirement Act by increasing the cost-of-living and certain death benefit allowances for members of the Public Safety Retirement Systems.

Highlighted Provisions:

This bill:

- ▶ increases the cost-of-living allowance for members of the Public Safety Contributory Retirement System;
- ▶ increases the cost-of-living allowance for members of the Public Safety Noncontributory Retirement System;
- ▶ increases the allowance payable to the surviving spouse of a retiree of the Public Safety Contributory Retirement System; and
- ▶ increases the allowance payable to the surviving spouse of a retiree of the Public Safety Noncontributory Retirement System.

Monies Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

49-14-403, as renumbered and amended by Chapter 250, Laws of Utah 2002



28 **49-14-504**, as renumbered and amended by Chapter 250, Laws of Utah 2002
 29 **49-15-403**, as renumbered and amended by Chapter 250, Laws of Utah 2002
 30 **49-15-504**, as last amended by Chapter 240, Laws of Utah 2003



31
32 *Be it enacted by the Legislature of the state of Utah:*

33 Section 1. Section **49-14-403** is amended to read:

34 **49-14-403. Annual cost-of-living adjustment.**

35 (1) The office shall make an annual cost-of-living adjustment to:

36 (a) an original allowance paid under Section 49-14-402 and Part 5, Death Benefit, of
37 this chapter if the allowance has been paid for at least one year; and

38 (b) an original payment made to an alternate payee under a domestic relations order, if
39 the payment is to be paid as a percentage of the allowance rather than a specific dollar amount.

40 (2) (a) The original allowance shall be increased by the annual increase in the
41 Consumer Price Index up to a maximum of [~~2.5%~~] 4%.

42 (b) Annual increases in the Consumer Price Index in excess of [~~2.5%~~] 4% shall be
43 accumulated and used in subsequent adjustments when the annual increase in the Consumer
44 Price Index is less than [~~2.5%~~] 4%.

45 (3) The Consumer Price Index used in calculating adjustments shall be a United States
46 Bureau of Labor Statistics Consumer Price Index average as determined by the board.

47 (4) The cost-of-living adjustment made under this section may not decrease the
48 allowance.

49 Section 2. Section **49-14-504** is amended to read:

50 **49-14-504. Benefits payable upon death of retired member.**

51 (1) If a retiree who retired under either Division A or Division B dies, the retiree's
52 spouse at the time of death shall receive an allowance equal to [~~65%~~] 75% of the allowance
53 that was being paid to the retiree at the time of death.

54 (2) If the retiree retired solely under Division B and dies leaving unmarried children
55 under the age of 18 or dependent unmarried mentally or physically disabled children, the
56 children shall qualify for a benefit as prescribed for children under Subsection 49-14-502(1)(c)
57 which is payable on the first day of the month following the month in which the retiree died.

58 Section 3. Section **49-15-403** is amended to read:

59 **49-15-403. Annual cost-of-living adjustment.**

60 (1) The office shall make an annual cost-of-living adjustment to:

61 (a) an original allowance paid under Section 49-15-402 and Part 5, Death Benefit, of
62 this chapter if the allowance has been paid for at least one year; and

63 (b) an original payment made to an alternate payee under a domestic relations order if
64 the payment is to be paid as a percentage of the allowance rather than a specific dollar amount.

65 (2) (a) The original allowance shall be increased by the annual increase in the
66 Consumer Price Index up to a maximum of [~~2.5%~~] 4%.

67 (b) Annual increases in the Consumer Price Index in excess of [~~2.5%~~] 4% shall be
68 accumulated and used in subsequent adjustments when the annual increase in the Consumer
69 Price Index is less than [~~2.5%~~] 4%.

70 (3) The Consumer Price Index used in calculating adjustments shall be a United States
71 Bureau of Labor Statistics Consumer Price Index average as determined by the board.

72 (4) The cost-of-living adjustment made under this section may not decrease the
73 allowance.

74 Section 4. Section **49-15-504** is amended to read:

75 **49-15-504. Benefits payable upon death of retired member.**

76 (1) If a retiree who retired under either Division A or Division B dies, the retiree's
77 spouse at the time of death shall receive an allowance equal to [~~65%~~] 75% of the allowance
78 that was being paid to the retiree at the time of death.

79 (2) If the retiree retired solely under Division B and dies leaving unmarried children
80 under the age of 18 or dependent unmarried mentally or physically disabled children, the
81 children shall qualify for a benefit as prescribed under Subsection 49-15-502(1)(d) which is
82 payable on the first day of the month following the month in which the retiree died.

Legislative Review Note
as of **1-9-07 10:04 AM**

Office of Legislative Research and General Counsel

H.B. 198 - Public Safety Retirement

Fiscal Note

2007 General Session

State of Utah

State Impact

Enactment of this bill will cause retirement contribution rates to increase for all current employees covered by the public safety retirement plans. This will require an appropriation of approximately \$3.4 million distributed to state agencies that employ individuals covered by these plans.

	<u>FY 2007</u> <u>Approp.</u>	<u>FY 2008</u> <u>Approp.</u>	<u>FY 2009</u> <u>Approp.</u>	<u>FY 2007</u> <u>Revenue</u>	<u>FY 2008</u> <u>Revenue</u>	<u>FY 2009</u> <u>Revenue</u>
General Fund	\$0	\$3,079,900	\$3,079,900	\$0	\$0	\$0
Transportation Fund	\$0	\$1,500	\$1,500	\$0	\$0	\$0
Federal Funds	\$0	\$20,800	\$20,800	\$0	\$0	\$0
Dedicated Credits	\$0	\$138,900	\$138,900	\$0	\$0	\$0
Restricted Funds	\$0	\$196,500	\$196,500	\$0	\$0	\$0
Total	\$0	\$3,437,600	\$3,437,600	\$0	\$0	\$0

Individual, Business and/or Local Impact

Enactment of this bill will affect local governments, whose retirement rates for employees covered by the public safety retirement plans would increase between 2.66 and 4.55 percentage points. Such increases total approximately \$7 million. The individual impact on local employers and employees will vary based on whether or not employees pay a portion of their pension contributions.

Some spouses of deceased members of the public safety retirement plans will receive a higher allowance if this bill is enacted.