

RETIRED TEACHERS - RETURN TO WORK

2008 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: DeMar Bud Bowman

Senate Sponsor: Lyle W. Hillyard

LONG TITLE

General Description:

This bill modifies the Utah State Retirement and Insurance Benefit Act by exempting licensed educators from certain postretirement employment restrictions.

Highlighted Provisions:

This bill:

▶ amends the six month post retirement wait period, for reemployment with the same agency, to ~~H→ [60] 7 ←H~~ days for licensed educators ~~H→~~ **who are at least 62 years of age and ←H** that retire and are reemployed from the same school district;

▶ clarifies that exceptions from postretirement employment restrictions are subject to federal limitations; and

▶ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

This bill takes effect on July 1, 2008.

Utah Code Sections Affected:

AMENDS:

49-11-504, as last amended by Laws of Utah 2007, Chapter 130

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



28 Section 1. Section **49-11-504** is amended to read:

29 **49-11-504. Reemployment of a retiree -- Restrictions -- Exceptions.**

30 [~~(1) A person who retires from a nonparticipating employer is not subject to any~~
31 ~~postretirement restrictions under this title.~~]

32 [~~(2) A retiree of an agency who returns to work at a different agency is not subject to~~
33 ~~any postretirement restrictions under this section and may not earn additional service credit.~~]

34 [~~(3)~~] (1) [For the purposes of Subsections (4) and (5);] As used in this section,
35 "full-time" employment means employment requiring 20 hours of work per week or more or at
36 least a half-time teaching contract.

37 (2) (a) Subject to federal limitations, the following retirees are not subject to the
38 postretirement restrictions under this title:

- 39 (i) a person who retires from a nonparticipating employer;
- 40 (ii) a person who retires from an elected position;
- 41 (iii) a retiree of an agency who returns to work at a different agency;
- 42 (iv) unless Subsection (2)(a)(v) applies, a retiree of an agency who is reemployed by
43 the same agency after six months from the retirement date; and

44 (v) a retiree of an agency that is a school district and the retiree is:

45 (A) ~~H~~→ at least 62 years of age;

45a (B)eligible for an unreduced allowance;

45b (C) ~~←H~~ reemployed by the same agency after ~~H~~→ [60] 7 ~~←H~~ days from the retirement
45c date; and

46 ~~H~~→ [~~B~~] (D) ~~←H~~ a licensed educator under Title 53A, Chapter 6, Educator Licensing and
47 Professional Practices Act.

48 (b) A retiree under Subsection (2)(a)(iii) through (v) may not earn additional service
49 credit.

50 [~~(4)~~] (3) A retiree of an agency who is reemployed on a full-time basis by the same
51 agency within six months of the date of retirement is subject to the following:

- 52 (a) the agency shall immediately notify the office;
- 53 (b) the office shall cancel the retiree's allowance and reinstate the retiree to active
54 member status;

55 (c) the allowance cancellation and reinstatement to active member status is effective on
56 the first day of the month following the date of reemployment;

57 (d) the reinstated retiree may not retire again with a recalculated benefit for a two-year
58 period from the date of cancellation of the original allowance, and if the retiree retires again

59 within the two-year period, the original allowance shall be resumed; and

60 (e) a reinstated retiree retiring after the two-year period shall be credited with the
61 service credit in the retiree's account at the time of the first retirement and from that time shall
62 be treated as a member of a system, including the accrual of additional service credit, but
63 subject to recalculation of the allowance under Subsection ~~[(9)]~~ (7).

64 ~~[(5)]~~ (4) A retiree of an agency who is reemployed by the same agency within six
65 months of retirement on a less than full-time basis by the same agency is subject to the
66 following:

67 (a) the retiree may earn, without penalty, compensation from that position which is not
68 in excess of the exempt earnings permitted by Social Security;

69 (b) if a retiree receives compensation in a calendar year in excess of the Social Security
70 limitation, 25% of the allowance shall be suspended for the remainder of the six-month period;

71 (c) the effective date of a suspension and reinstatement of an allowance shall be set by
72 the office; and

73 (d) any suspension of a retiree's allowance under this Subsection ~~[(5)]~~ (4) shall be
74 applied on a calendar year basis.

75 ~~[(6)]~~ (5) For six months immediately following retirement, the retiree and participating
76 employer shall:

77 (a) maintain an accurate record of gross earnings in employment;

78 (b) report the gross earnings at least monthly to the office;

79 (c) immediately notify the office in writing of any postretirement earnings under
80 Subsection ~~[(4)]~~ (3); and

81 (d) immediately notify the office in writing whether postretirement earnings equal or
82 exceed the exempt earnings under Subsection ~~[(5)]~~ (4).

83 ~~[(7)] A retiree of an agency who is reemployed by the same agency after six months~~
84 ~~from the retirement date is not subject to any postretirement restrictions under this title and~~
85 ~~may not earn additional service credit.]~~

86 ~~[(8)]~~ (6) If a participating employer hires a nonexempt retiree who may not earn
87 additional service credit under this section, the participating employer shall contribute the same
88 percentage of a retiree's salary that the participating employer would have been required to
89 contribute if the retiree were an active member, up to the amount allowed by federal law, to a

90 retiree designated:

91 (a) qualified defined contribution plan administered by the board, if the participating
92 employer participates in a qualified defined contribution plan administered by the board; or

93 (b) qualified defined contribution plan offered by the participating employer if the
94 participating employer does not participate in a qualified defined contribution plan
95 administered by the board.

96 ~~[(9)]~~ (7) Notwithstanding any other provision of this section, a retiree who has returned
97 to work, accrued additional service credit, and again retires shall have the retiree's allowance
98 recalculated using:

99 (a) the formula in effect at the date of the retiree's original retirement for all service
100 credit accrued prior to that date; and

101 (b) the formula in effect at the date of the subsequent retirement for all service credit
102 accrued between the first and subsequent retirement dates.

103 ~~[(10) This section does not apply to elected positions.]~~

104 ~~[(11)]~~ (8) The board may make rules to implement this section.

105 Section 2. **Effective date.**

106 This bill takes effect on July 1, 2008.

Legislative Review Note

as of 11-6-07 12:59 PM

Office of Legislative Research and General Counsel

H.B. 96 - Retired Teachers - Return to Work

Fiscal Note

2008 General Session
State of Utah

State Impact

Enactment of this bill will cause state retirement contribution rates to increase 0.64 percentage points for all current employees covered by the contributory and noncontributory retirement plans. This will require an appropriation of approximately \$5.4 million distributed among all state agencies, higher education, and public education.

	<u>FY 2008</u> <u>Approp.</u>	<u>FY 2009</u> <u>Approp.</u>	<u>FY 2010</u> <u>Approp.</u>	<u>FY 2008</u> <u>Revenue</u>	<u>FY 2009</u> <u>Revenue</u>	<u>FY 2010</u> <u>Revenue</u>
General Fund	\$0	\$2,658,700	\$2,658,700	\$0	\$0	\$0
Uniform School Fund	\$0	\$200,900	\$200,900	\$0	\$0	\$0
Transportation Fund	\$0	\$388,200	\$388,200	\$0	\$0	\$0
Federal Funds	\$0	\$1,001,000	\$1,001,000	\$0	\$0	\$0
Dedicated Credits	\$0	\$534,900	\$534,900	\$0	\$0	\$0
Restricted Funds	\$0	\$431,300	\$431,300	\$0	\$0	\$0
Transfers	\$0	\$197,000	\$197,000	\$0	\$0	\$0
Total	\$0	\$5,412,000	\$5,412,000	\$0	\$0	\$0

Individual, Business and/or Local Impact

Enactment of this bill will affect local education agencies whose retirement rates would increase by 0.64 percentage points. Some employees covered by the Utah Retirement Systems may be subject to different post-retirement employment restrictions and different contribution rates.