

**Representative C. Brent Wallis** proposes the following substitute bill:

**PUBLIC EMPLOYEES' RETIREMENT -**

**SPOUSAL ELECTION**

2010 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: C. Brent Wallis**

Senate Sponsor: \_\_\_\_\_

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**LONG TITLE**

**General Description:**

This bill modifies provisions of the Utah State Retirement and Insurance Benefit Act by amending election of retirement provisions.

**Highlighted Provisions:**

This bill:

- requires the Utah State Retirement Office to provide written notice to a retiree's spouse of the retirement allowance option election made by the retiree under the Public Employees' Contributory or Noncontributory Retirement Act if there is a spouse of the retiree on file with the office;

- requires the Utah State Retirement Office to provide written notice to a retiree's spouse of the partial lump-sum payment option made by the retiree at the time of application for retirement if there is a spouse of the retiree on file with the office;

- provides that the Utah State Retirement Office is not required to notify a spouse on file with the office if the person is no longer the retiree's spouse; and

- makes technical changes.

**Monies Appropriated in this Bill:**

None



26 **Other Special Clauses:**

27 None

28 **Utah Code Sections Affected:**

29 AMENDS:

30 **49-11-1001**, as enacted by Laws of Utah 2006, Chapter 305

31 **49-12-402**, as last amended by Laws of Utah 2007, Chapters 130 and 306

32 **49-13-402**, as last amended by Laws of Utah 2007, Chapter 130

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

35 Section 1. Section **49-11-1001** is amended to read:

36 **49-11-1001. Partial lump-sum payment option.**

37 (1) (a) At the time of application for retirement, a member may elect to receive a  
38 lump-sum payment of a portion of the member's retirement allowance equal to 12 or 24 months  
39 of the member's allowance to be paid upon retirement.

40 (b) (i) If there is a spouse of the retiree on file with the office, the office shall provide  
41 written notice to the retiree's spouse of the retirement election made by the retiree under this  
42 section within 60 days of the retirement date.

43 (ii) The office is not required to notify a spouse on file with the office in accordance  
44 with Subsection (1)(b)(i) if the person is no longer the retiree's spouse.

45 (2) The member's allowance shall be reduced to reflect the actuarial value of the  
46 lump-sum received under Subsection (1).

47 (3) A member who has received a lump-sum payment under this section is not eligible  
48 for another lump-sum payment under this section.

49 (4) The board may make rules to implement this section.

50 Section 2. Section **49-12-402** is amended to read:

51 **49-12-402. Service retirement plans -- Calculation of retirement allowance --**  
52 **Social Security limitations.**

53 (1) (a) Except as provided under Section 49-12-701, retirees of this system may choose  
54 from the six retirement options described in this section.

55 (b) (i) If there is a spouse of the retiree on file with the office, the office shall provide  
56 written notice to the retiree's spouse of the retirement election made by the retiree under this

57 section within 60 days of the retirement date.

58 (ii) The office is not required to notify a spouse on file with the office in accordance  
59 with Subsection (1)(b)(i) if the person is no longer the retiree's spouse.

60 [~~b~~] (c) Options Two, Three, Four, Five, and Six are modifications of the Option One  
61 calculation.

62 (2) The Option One benefit is an annual allowance calculated as follows:

63 (a) If the retiree is at least 65 years of age or has accrued at least 30 years of service  
64 credit, the allowance is:

65 (i) an amount equal to 1.25% of the retiree's final average monthly salary multiplied by  
66 the number of years of service credit accrued prior to July 1, 1975; plus

67 (ii) an amount equal to 2% of the retiree's final average monthly salary multiplied by  
68 the number of years of service credit accrued on and after July 1, 1975.

69 (b) If the retiree is less than 65 years of age, the allowance shall be reduced 3% for  
70 each year of retirement from age 60 to age 65, unless the member has 30 or more years of  
71 accrued credit in which event no reduction is made to the allowance.

72 (c) (i) Years of service includes any fractions of years of service to which the retiree  
73 may be entitled.

74 (ii) At the time of retirement, if a retiree's combined years of actual, not purchased,  
75 service credit is within 1/10 of one year of the total years of service credit required for  
76 retirement, the retiree shall be considered to have the total years of service credit required for  
77 retirement.

78 (d) An Option One allowance is only payable to the member during the member's  
79 lifetime.

80 (3) The allowance payable under Options Two, Three, Four, Five, and Six is calculated  
81 by reducing an Option One benefit based on actuarial computations to provide the following:

82 (a) Option Two is a reduced allowance paid to and throughout the lifetime of the  
83 retiree, and, if the retiree receives less in annuity payments than the amount of the retiree's  
84 member contributions, the remaining balance of the retiree's member contributions shall be  
85 paid in accordance with Sections 49-11-609 and 49-11-610.

86 (b) Option Three is a reduced allowance paid to and throughout the lifetime of the  
87 retiree, and, upon the death of the retiree, the same reduced allowance paid to and throughout

88 the lifetime of the retiree's lawful spouse at the time of retirement.

89 (c) Option Four is a reduced allowance paid to and throughout the lifetime of the  
90 retiree, and upon the death of the retiree, an amount equal to 1/2 of the retiree's allowance paid  
91 to and throughout the lifetime of the retiree's lawful spouse at the time of retirement.

92 (d) Option Five is a modification of Option Three so that if the lawful spouse at the  
93 time of retirement predeceases the retiree, an allowance equivalent to the amount payable at the  
94 time of initial retirement under Option One shall be paid to the retiree for the remainder of the  
95 retiree's life, beginning on the last day of the month following the month in which the lawful  
96 spouse dies.

97 (e) Option Six is a modification of Option Four so that if the lawful spouse at the time  
98 of retirement predeceases the retiree, an allowance equivalent to the amount payable at the time  
99 of initial retirement under Option One shall be paid to the retiree for the remainder of the  
100 retiree's life, beginning on the last day of the month following the month in which the lawful  
101 spouse dies.

102 (4) (a) (i) The final average salary is limited in the computation of that part of an  
103 allowance based on service rendered prior to July 1, 1967, during a period when the retiree  
104 received employer contributions on a portion of compensation from an educational institution  
105 toward the payment of the premium required on a retirement annuity contract with the  
106 Teachers' Insurance and Annuity Association of America or with any other public or private  
107 system, organization, or company to \$4,800.

108 (ii) This limitation is not applicable to retirees who elected to continue in this system  
109 by July 1, 1967.

110 (b) Periods of employment which are exempt from this system under Subsection  
111 49-12-203(1)(b), may be purchased by the member for the purpose of retirement only if all  
112 benefits from the Teachers' Insurance and Annuity Association of America or any other public  
113 or private system or organization based on this period of employment are forfeited.

114 (5) (a) If a retiree under Option One dies within 90 days after the retiree's retirement  
115 date, the retirement is canceled and the death shall be considered as that of a member before  
116 retirement.

117 (b) Any payments made to the retiree shall be deducted from the amounts due to the  
118 beneficiary.

119 (6) If a retiree retires under either Option Five or Six and subsequently divorces, the  
120 retiree may elect to convert the benefit to a Option One benefit at the time of divorce, if there is  
121 no court order filed in the matter.

122 Section 3. Section **49-13-402** is amended to read:

123 **49-13-402. Service retirement plans -- Calculation of retirement allowance --**  
124 **Social Security limitations.**

125 (1) (a) Except as provided under Section 49-13-701, retirees of this system may choose  
126 from the six retirement options described in this section.

127 (b) (i) If there is a spouse of the retiree on file with the office, the office shall provide  
128 written notice to the retiree's spouse of the retirement election made by the retiree under this  
129 section within 60 days of the retirement date.

130 (ii) The office is not required to notify a spouse on file with the office in accordance  
131 with Subsection (1)(b)(i) if the person is no longer the retiree's spouse.

132 [~~(b)~~] (c) Options Two, Three, Four, Five, and Six are modifications of the Option One  
133 calculation.

134 (2) The Option One benefit is an allowance calculated as follows:

135 (a) If the retiree is at least 65 years of age or has accrued at least 30 years of service  
136 credit, the allowance is an amount equal to 2% of the retiree's final average monthly salary  
137 multiplied by the number of years of service credit accrued.

138 (b) If the retiree is less than 65 years of age, the allowance shall be reduced 3% for  
139 each year of retirement from age 60 to age 65, plus a full actuarial reduction for each year of  
140 retirement prior to age 60, unless the member has 30 or more years of accrued credit, in which  
141 event no reduction is made to the allowance.

142 (c) (i) Years of service include any fractions of years of service to which the retiree  
143 may be entitled.

144 (ii) At the time of retirement, if a retiree's combined years of actual, not purchased,  
145 service credit is within 1/10 of one year of the total years of service credit required for  
146 retirement, the retiree shall be considered to have the total years of service credit required for  
147 retirement.

148 (d) An Option One allowance is only payable to the member during the member's  
149 lifetime.

150 (3) The allowance payable under Options Two, Three, Four, Five, and Six is calculated  
151 by reducing an Option One benefit based on actuarial computations to provide the following:

152 (a) Option Two is a reduced allowance paid to and throughout the lifetime of the  
153 retiree, and, if the retiree receives less in annuity payments than the amount of the retiree's  
154 member contributions, the remaining balance of the retiree's member contributions shall be  
155 paid in accordance with Sections 49-11-609 and 49-11-610.

156 (b) Option Three is a reduced allowance paid to and throughout the lifetime of the  
157 retiree, and, upon the death of the retiree, the same reduced allowance paid to and throughout  
158 the lifetime of the retiree's lawful spouse at the time of retirement.

159 (c) Option Four is a reduced allowance paid to and throughout the lifetime of the  
160 retiree, and upon the death of the retiree, an amount equal to 1/2 of the retiree's allowance paid  
161 to and throughout the lifetime of the retiree's lawful spouse at the time of retirement.

162 (d) Option Five is a modification of Option Three so that if the lawful spouse at the  
163 time of retirement predeceases the retiree, an allowance equivalent to the amount payable at the  
164 time of initial retirement under Option One shall be paid to the retiree for the remainder of the  
165 retiree's life, beginning on the last day of the month following the month in which the lawful  
166 spouse dies.

167 (e) Option Six is a modification of Option Four so that if the lawful spouse at the time  
168 of retirement predeceases the retiree, an allowance equivalent to the amount payable at the time  
169 of initial retirement under Option One shall be paid to the retiree for the remainder of the  
170 retiree's life, beginning on the last day of the month following the month in which the lawful  
171 spouse dies.

172 (4) (a) (i) The final average salary is limited in the computation of that part of an  
173 allowance based on service rendered prior to July 1, 1967, during a period when the retiree  
174 received employer contributions on a portion of compensation from an educational institution  
175 toward the payment of the premium required on a retirement annuity contract with the  
176 Teachers' Insurance and Annuity Association of America or with any other public or private  
177 system, organization, or company to \$4,800.

178 (ii) This limitation is not applicable to retirees who elected to continue in the Public  
179 Employees' Contributory Retirement System by July 1, 1967.

180 (b) Periods of employment which are exempt from this system as permitted under

181 Subsection 49-13-203(1)(b) may be purchased by the member for the purpose of retirement  
182 only if all benefits from the Teachers' Insurance and Annuity Association of America or any  
183 other public or private system or organization based on this period of employment are forfeited.

184 (5) (a) If a retiree under Option One dies within 90 days after the retiree's retirement  
185 date, the retirement is canceled and the death shall be considered as that of a member before  
186 retirement.

187 (b) Any payments made to the retiree shall be deducted from the amounts due to the  
188 beneficiary.

189 (6) If a retiree retires under either Option Five or Six and subsequently divorces, the  
190 retiree may elect to convert the benefit to an Option One benefit at the time of divorce, if there  
191 is no court order filed in the matter.