

**RETIREMENT BENEFITS FOR CHARTER  
SCHOOL EMPLOYEES**

2010 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Christine F. Watkins**

Senate Sponsor: Karen W. Morgan

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**LONG TITLE**

**General Description:**

This bill modifies the Utah State Retirement and Insurance Benefit Act by amending provisions relating to retirement benefits for charter school employees.

**Highlighted Provisions:**

This bill:

- ▶ provides that a member, a participating employer, or a member and a participating employer jointly may purchase service credit equal to the period of the member's employment in a charter school located within the state if the member forfeits certain retirement benefits; and
- ▶ makes technical changes.

**Monies Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

AMENDS:

**49-11-403**, as last amended by Laws of Utah 2006, Chapter 260

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



28 Section 1. Section **49-11-403** is amended to read:

29 **49-11-403. Purchase of public service credit not otherwise qualifying for benefit.**

30 (1) A member, a participating employer, or a member and a participating employer  
31 jointly may purchase service credit equal to the period of the member's employment in the  
32 following:

33 (a) United States federal employment;

34 (b) employment in a private school based in the United States, if the member received  
35 an employer paid retirement benefit for the employment;

36 (c) public employment in another state or territory of the United States which qualifies  
37 the member for membership in the public plan or system covering the employment, but only if  
38 the member does not qualify for any retirement benefits based on the employment;

39 (d) forfeited service credit in this state if the member does not qualify for an allowance  
40 based on the service credit;

41 (e) full-time public service while on an approved leave of absence;

42 (f) the period of time for which disability benefits were paid if:

43 (i) the member was receiving:

44 (A) long-term disability benefits;

45 (B) short-term disability benefits; or

46 (C) worker's compensation disability benefits; and

47 (ii) the member's employer had not entered into a benefit protection contract under  
48 Section 49-11-404 during the period the member was disabled due to sickness or accident; ~~or~~

49 (g) employment covered by a Teachers Insurance and Annuity Association of America  
50 retirement plan if the member forfeits any retirement benefit from that retirement plan for the  
51 period of employment to be purchased under this Subsection (1)(g)~~[-]; or~~

52 (h) employment in a charter school located within the state if the member forfeits any  
53 retirement benefit under any other retirement system or plan for the period of employment to be  
54 purchased under this Subsection (1)(h).

55 (2) A member shall have:

56 (a) at least four years of service credit before a purchase can be made under this  
57 section; and

58 (b) forfeited service credit under any other retirement system or plan based on the

59 employment for which service credit is being purchased.

60 (3) (a) To purchase credit under this section, the member, a participating employer, or a  
61 member and a participating employer jointly shall make payment to the system under which the  
62 member is currently covered.

63 (b) The amount of the payment shall be determined by the office based on a formula  
64 that is:

65 (i) recommended by the actuary; and

66 (ii) adopted by the board.

67 (4) The purchase may be made through payroll deductions or through a lump sum  
68 deposit based upon the present value of future payments.

69 (5) Total payment must be completed prior to the member's effective date of retirement  
70 or service credit will be prorated in accordance with the amount paid.

71 (6) (a) If any of the factors used to determine the cost of a service credit purchase  
72 change at or before the member's retirement date, the cost of the purchase shall be recalculated  
73 at the time of retirement.

74 (b) If the recalculated cost exceeds the amount paid for the purchase, the member, a  
75 participating employer, or a member and a participating employer jointly may:

76 (i) pay the increased cost, plus interest, to receive the full amount of service credit; or

77 (ii) not pay the increased cost and have the purchased service credit prorated.

78 (7) If the recalculated cost under Subsection (6) is less than the amount paid for the  
79 purchase, the office shall refund the excess payment to the member or participating employer  
80 who paid for the purchase.

81 (8) (a) The board may adopt rules under which a member may make the necessary  
82 payments to the office for purchases under this title as permitted by federal law.

83 (b) The office may reject any payments if the office determines the tax status of the  
84 system, plans, or programs would be jeopardized by allowing the payment.

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**Legislative Review Note**  
as of 1-22-10 10:44 AM

**Office of Legislative Research and General Counsel**