

1 **HIGHER EDUCATION RETIREMENT AMENDMENTS**

2 2010 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Daniel R. Liljenquist**

5 House Sponsor: Don L. Ipson

6

7 **LONG TITLE**

8 **General Description:**

9 This bill modifies the Utah State Retirement and Insurance Benefit Act by amending
10 participation provisions for higher education employees.

11 **Highlighted Provisions:**

12 This bill:

13 ▶ allows a higher education employee hired on or after May 11, 2010, who has service
14 credit in the Public Employees' Contributory Retirement System and the Public
15 Employees' Noncontributory Retirement System, to elect to continue participation
16 in that system regardless of the institution's employment classification assignment;

17 ▶ provides a one-time irrevocable election until June 30, 2010, to a regular full-time
18 employee of an institution of higher education to transfer to a Public Employees'
19 Retirement System;

20 ▶ provides for certain rulemaking by the board; and

21 ▶ makes technical changes.

22 **Monies Appropriated in this Bill:**

23 None

24 **Other Special Clauses:**

25 None

26 **Utah Code Sections Affected:**

27 AMENDS:



28 49-12-204, as renumbered and amended by Laws of Utah 2002, Chapter 250

29 49-13-204, as renumbered and amended by Laws of Utah 2002, Chapter 250



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

32 Section 1. Section 49-12-204 is amended to read:

33 **49-12-204. Higher education employees' eligibility requirements -- Election**
34 **between different retirement plans -- Classification requirements -- Transfer between**
35 **systems -- One-time election window -- Rulemaking.**

36 (1) (a) [~~Regular full-time employees of institutions~~] A regular full-time employee of an
37 institution of higher education who [~~are~~] is eligible to participate in either this system or in a
38 retirement annuity contract with the Teachers' Insurance and Annuity Association of America
39 or with any other public or private system, organization, or company, designated by the Board
40 of Regents, shall, not later than January 1, 1979, elect to participate exclusively in this system
41 or in an annuity contract allowed under this Subsection (1).

42 (b) The election is final, and no right exists to make any further election.

43 (2) (a) [~~A~~] Except as provided under Subsection (2)(c), a regular full-time employee
44 hired by an institution of higher education after January 1, 1979, may participate only in the
45 retirement plan which attaches to the person's employment classification.

46 (b) Each institution of higher education shall prepare or amend existing employment
47 classifications, under the direction of the Board of Regents, so that each classification is
48 assigned with either:

- 49 (i) this system;
- 50 (ii) the Teachers' Insurance and Annuity Association of America; or
- 51 (iii) another public or private system, organization, or company designated by the
52 Board of Regents.

53 (c) Notwithstanding a person's employment classification assignment under Subsection
54 (2)(b), a regular full-time employee who begins employment with an institution of higher
55 education on or after May 11, 2010, has a one-time irrevocable election to continue
56 participation in this system, if the employee has service credit in this system before the date of
57 employment.

58 (3) [~~A~~] Notwithstanding an employment classification assignment change made under

59 Subsection (2)(b), a regular full-time employee hired by an institution of higher education after
 60 January 1, 1979, whose employment classification requires participation in this system may
 61 elect to continue participation in this system [upon change to an employment classification
 62 which requires participation in:].

63 ~~[(a) an annuity plan with the Teachers' Insurance and Annuity Association of America;~~
 64 ~~or]~~

65 ~~[(b) another public or private system, organization, or company designated by the~~
 66 ~~Board of Regents.]~~

67 (4) A regular full-time employee hired by an institution of higher education after
 68 January 1, 1979, whose employment classification requires participation in this system shall
 69 participate in this system.

70 (5) (a) Notwithstanding any other provision of this section, a regular full-time
 71 employee of an institution of higher education whose employment classification assignment
 72 under Subsection (2)(b) required participation in a retirement program other than this system
 73 shall have a one-time irrevocable election to participate in this system.

74 (b) The election under Subsection (5)(a) shall be made before June 30, 2010.

75 (c) All forms required by the office must be completed and received by the office no
 76 later than June 30, 2010, for the election to participate in this system to be effective.

77 (d) Beginning July 1, 2010, a regular full-time employee of an institution of higher
 78 education who elects to be covered by this system under Subsection (5)(a) may begin to accrue
 79 service credit in this system.

80 (6) A regular full-time employee of an institution of higher education who elects to be
 81 covered by this system under Subsection (2)(c) or (5)(a), may purchase periods of employment
 82 while covered under another retirement program by complying with the requirements of
 83 Section 49-11-403.

84 (7) The board shall make rules to implement this section.

85 Section 2. Section **49-13-204** is amended to read:

86 **49-13-204. Higher education employees' eligibility requirements -- Election**
 87 **between different retirement plans -- Classification requirements -- Transfer between**
 88 **systems -- One-time election window -- Rulemaking.**

89 (1) (a) ~~[Regular full-time employees of institutions]~~ A regular full-time employee of an

90 institution of higher education who ~~[are]~~ is eligible to participate in either this system or in a
91 retirement annuity contract with the Teachers' Insurance and Annuity Association of America
92 or with any other public or private system, organization, or company, designated by the Board
93 of Regents, shall, not later than January 1, 1979, elect to participate exclusively in this system
94 or in an annuity contract allowed under this Subsection (1)(a).

95 (b) The election is final, and no right exists to make any further election.

96 (2) (a) ~~[A]~~ Except as provided under Subsection (2)(c), a regular full-time employee
97 hired by an institution of higher education after January 1, 1979, may participate only in the
98 retirement plan which attaches to the person's employment classification.

99 (b) Each institution of higher education shall prepare or amend existing employment
100 classifications, under the direction of the Board of Regents, so that each classification is
101 assigned with either:

102 (i) this system;

103 (ii) the Teachers' Insurance and Annuity Association of America; or

104 (iii) another public or private system, organization, or company designated by the
105 Board of Regents.

106 (c) Notwithstanding a person's employment classification assignment under Subsection
107 (2)(b), a regular full-time employee who begins employment with an institution of higher
108 education on or after May 11, 2010, has a one-time irrevocable election to continue
109 participation in this system, if the employee has service credit in this system before the date of
110 employment.

111 (3) ~~[A]~~ Notwithstanding an employment classification assignment change made under
112 Subsection (2)(b), a regular full-time employee hired by an institution of higher education after
113 January 1, 1979, whose employment classification requires participation in this system may
114 elect to continue participation in this system ~~[upon change to an employment classification~~
115 ~~which requires participation in:].~~

116 ~~[(a) an annuity plan with the Teachers' Insurance and Annuity Association of America;~~
117 ~~or]~~

118 ~~[(b) another public or private system, organization, or company designated by the~~
119 ~~Board of Regents:.]~~

120 (4) A regular full-time employee hired by an institution of higher education after

121 January 1, 1979, whose employment classification requires participation in this system shall
122 participate in this system.

123 (5) (a) Notwithstanding any other provision of this section, a regular full-time
124 employee of an institution of higher education whose employment classification assignment
125 under Subsection (2)(b) required participation in a retirement program other than this system
126 shall have a one-time irrevocable election to participate in this system.

127 (b) The election under Subsection (5)(a) shall be made before June 30, 2010.

128 (c) All forms required by the office must be completed and received by the office no
129 later than June 30, 2010, for the election to participate in this system to be effective.

130 (d) Beginning July 1, 2010, a regular full-time employee of an institution of higher
131 education who elects to be covered by this system under Subsection (5)(a) may begin to accrue
132 service credit in this system.

133 (6) A regular full-time employee of an institution of higher education who elects to be
134 covered by this system under Subsection (2)(c) or (5)(a) may purchase periods of employment
135 while covered under another retirement program by complying with the requirements of
136 Section 49-11-403.

137 (7) The board shall make rules to implement this section.

Legislative Review Note
as of 2-12-10 1:06 PM

Office of Legislative Research and General Counsel

S.B. 171 - Higher Education Retirement Amendments

Fiscal Note

2010 General Session

State of Utah

State Impact

Presuming employers bear the full cost of retirement rates, each individual with Utah Retirement System (URS) service credit that is hired by an institution of higher education and chooses to remain on the Utah Retirement System, and/or each eligible higher education employee that elects URS during the election period, would cost an institution of higher education more than current higher education retirement costs. We are unable to predict how many employees with URS service credit higher education would hire, nor how many would choose URS.

Individual, Business and/or Local Impact

Enactment of this bill likely will not result in direct, measurable costs and/or benefits for businesses or local governments. Eligible individuals may benefit.
