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

Section 1. Section **49-11-505** is amended to read:

**49-11-505. Reemployment of a retiree -- Restrictions.**

(1) For purposes of this section, "retiree":

(a) means a person who:

(i) retired from a participating employer; and

(ii) begins reemployment on or after July 1, 2010 with a participating employer; and

(b) does not include a retiree who is reemployed as an active senior judge appointed to hear cases by the Utah Supreme Court in accordance with Article VIII, Section 4, Utah Constitution.

(2) A retiree may not for the same period of reemployment:

(a) (i) earn additional service credit; or

(ii) receive any retirement related contribution from a participating employer; and

(b) receive a retirement allowance.

(3) (a) ~~[The]~~ Except as provided under Subsection (3)(b), the office shall cancel the retirement allowance of a retiree if the reemployment with a participating employer begins within one year of the retiree's retirement date.

(b) The office may not cancel the retirement allowance of a retiree who is reemployed with a participating employer within one year of the retiree's retirement date if:

(i) the retiree is not reemployed by a participating employer for a period of at least 60 days from the retiree's retirement date;

(ii) upon reemployment after the break in service under Subsection (3)(b)(i), the retiree does not receive any employer provided benefits, including:

(A) medical benefits;

(B) dental benefits;

(C) other insurance benefits. ~~§~~ → **[of any kind] except for workers' compensation as provided under Title 34A, Chapter 2, Workers' Compensation Act and withholdings required by federal or state law for Social Security, Medicare, and unemployment insurance** ← ~~§~~ ; or

(D) paid time off, including sick, annual, or other type of leave; and

(iii) the retiree does not earn in any calendar year of reemployment an amount in excess of the lesser of:

(A) \$15,000; or

59 (B) one-half of the retiree's final average salary upon which the retiree's retirement  
 60 allowance is based.

61 (c) Beginning January 1, 2013, the board shall adjust the amount under Subsection  
 62 §→ ~~(3)(b)(ii)(A)~~ (3)(b)(iii)(A) ←§ by the annual change in the Consumer Price Index during the  
 62a previous calendar  
 63 year as measured by a United States Bureau of Labor Statistics Consumer Price Index average  
 64 as determined by the board.

65 (d) The office shall cancel the retirement allowance of a retiree for the remainder of the  
 66 calendar year if the reemployment with a participating employer exceeds the limitations under  
 67 Subsection (3)(b)(iii).

68 (e) If a retiree is reemployed under the provisions of (3)(b), the termination date of the  
 69 reemployment, as confirmed in writing by the participating employer, is considered the retiree's  
 70 retirement date for the purpose of calculating the separation requirement under Subsection  
 71 (3)(a).

72 (4) If a reemployed retiree is not subject to Subsection (3), the retiree may elect to:

73 (a) earn additional service credit in accordance with this title and cancel the retiree's  
 74 retirement allowance; or

75 (b) continue to receive the retiree's retirement allowance and forfeit any retirement  
 76 related contribution from the participating employer who reemployed the retiree.

77 (5) If [~~an employee~~] a retiree makes an election under Subsection (4)(b) to continue to  
 78 receive a retirement allowance while reemployed, the participating employer shall contribute to  
 79 the office the amortization rate, as defined in Section 49-11-102, to be applied to the system  
 80 that would have covered the retiree.

81 (6) (a) A participating employer shall immediately notify the office:

82 (i) if the participating employer reemploys a retiree;

83 (ii) whether the reemployment is subject to Subsection (3) or (4) of this section; and

84 (iii) any election by the retiree under Subsection (4).

85 (b) A participating employer is liable to the office for a payment or failure to make a  
 86 payment in violation of this section.

87 (c) If a participating employer fails to notify the office in accordance with this section,  
 88 the participating employer is immediately subject to a compliance audit by the office.

89 (7) (a) The office shall immediately cancel the retirement allowance of a retiree in