

1 **AMENDMENTS TO PUBLIC EMPLOYEE'S BENEFIT AND**
2 **INSURANCE PROGRAM**

3 2011 GENERAL SESSION

4 STATE OF UTAH

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

6 House Sponsor: _____

8 **LONG TITLE**

9 **General Description:**

10 This bill modifies the Utah State Retirement and Insurance Benefit Act by amending
11 retirement and long-term disability provisions.

12 **Highlighted Provisions:**

13 This bill:

14 ▶ clarifies in the Utah Workforce Services Code that only a person who is eligible to
15 purchase service credit under the Utah Retirement Systems may purchase service
16 credit in those systems;

17 ▶ amends definitions;

18 ▶ clarifies that an employee who elects to participate exclusively in the defined
19 contribution plan may not purchase service credit for that period of employment;

20 ▶ provides that only an active member may purchase service credit in the Utah
21 Retirement Systems;

22 ▶ clarifies that Social Security substitute payments are not limited for purposes of
23 post-retirement employment retirement related contributions made on behalf of an
24 employee;

25 ▶ provides that reemployment restrictions for a person who begins reemployment
26 after July 1, 2010, do not apply to employment as an elected official ~~§~~→ [except an
27 elected sheriff] if the elected position is not full-time ←~~§~~ ;



648 compensation plan administered by the board.

649 (9) A retiree who has returned to work, accrued additional service credit, and again
650 retires shall have the retiree's allowance recalculated using:

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

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

655 (10) The board may make rules to implement this section.

656 Section 6. Section **49-11-505** is amended to read:

657 **49-11-505. Reemployment of a retiree -- Restrictions.**

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

659 [(a)] (i) means a person who:

660 [(i)] (A) retired from a participating employer; and

661 [(ii)] (B) begins reemployment on or after July 1, 2010 with a participating employer;

662 and

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

666 (b) (i) ~~§~~ → ~~[Except as provided in Subsection (1)(b)(ii), this]~~ ~~This~~ ← ~~§~~ section does not apply to
667 employment as an elected official ~~§~~ → ~~if the elected official's position is not full-time as certified~~
667a ~~by the participating employer~~ ← ~~§~~ .

668 (ii) The provisions of this section apply to an elected ~~§~~ → ~~[sheriff]~~ ~~official whose elected~~
668a ~~position is full-time as certified by the participating employer~~ ← ~~§~~ .

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

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

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

672 (b) receive a retirement allowance.

673 (3) The office shall cancel the retirement allowance of a retiree if the reemployment
674 with a participating employer begins within one year of the retiree's retirement date.

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

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

678 (b) continue to receive the retiree's retirement allowance and forfeit any retirement

679 related contribution from the participating employer who reemployed the retiree.

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

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

- 685 (i) if the participating employer reemploys a retiree;
- 686 (ii) whether the reemployment is subject to Subsection (3) or (4) of this section; and
- 687 (iii) of any election by the retiree under Subsection (4).

687a **§→ (b) A participating employer shall certify to the office whether the position of an**
687b **elected official is full-time or is not full-time.**

688 [~~(b)~~](c) ←§ A participating employer is liable to the office for a payment or failure to make a
689 payment in violation of this section.

690 **§→** [~~(c)~~](d) ←§ If a participating employer fails to notify the office in accordance with this
690a section,
691 the participating employer is immediately subject to a compliance audit by the office.

692 (7) (a) The office shall immediately cancel the retirement allowance of a retiree in
693 accordance with Subsection (7)(b) if the office receives notice or learns of:

- 694 (i) the reemployment of a retiree subject to Subsection (3); or
- 695 (ii) the election of a reemployed retiree under Subsection (4)(a).

696 (b) The office shall cancel the allowance of a retiree subject to Subsection (7)(a), and
697 reinstate the retiree to active member status on the first day of the month following the date of:

- 698 (i) reemployment if the retiree is subject to Subsection (3); or
- 699 (ii) an election by an employee under Subsection (4)(a).

700 (8) (a) A retiree subject to Subsection (7)(b) who retires within two years from the date
701 of reemployment:

- 702 (i) is not entitled to a recalculated retirement benefit; and
- 703 (ii) will resume the allowance that was being paid at the time of cancellation.

704 (b) Subject to Subsection (2), a retiree who is re-instated to active membership under
705 Subsection (7) and who retires two or more years after the date of re-instatement to active
706 membership shall:

- 707 (i) resume receiving the allowance that was being paid at the time of cancellation; and
- 708 (ii) receive an additional allowance based on the formula in effect at the date of the
709 subsequent retirement for all service credit accrued between the first and subsequent retirement

1795 monthly disability benefit is payable for one year.

1796 (2) (a) Upon termination of a monthly disability benefit, an eligible employee eligible
1797 for service credit under a system may retire under the requirements of the system which
1798 covered the eligible employee on the date of disability.

1799 (b) The final average salary used in the calculation of the allowance shall be based on
1800 the annual rate of pay on the date of disability, improved by the annual cost-of-living increase
1801 factor applied to retirees of the system which covered the eligible employee on the date of
1802 disability.

1803 (3) An eligible employee who is eligible for service credit in a system, but has
1804 relinquished rights to an allowance under Section 49-11-619, may receive the benefits the
1805 eligible employee would have received by being eligible for service credit in the system
1806 covering the eligible employee on the date of disability, except for the accrual of service credit,
1807 in accordance with this title.

1808 (4) An eligible employee receiving a monthly disability benefit who has service credit
1809 from two or more systems may not combine service credits under Section 49-11-405 in
1810 qualifying for retirement, unless the eligible employee would receive a greater allowance by
1811 combining the service credits.

1812 ~~[(5) A monthly disability benefit payable to an eligible employee who is not eligible for
1813 service credit under a system shall terminate at the earliest of:]~~

1814 ~~[(a) the date the eligible employee would be eligible for an unreduced allowance;]~~

1815 ~~[(b) the date the eligible employee has received a monthly disability benefit for the
1816 applicable time period as set forth in Subsection (1)(c); or]~~

1817 ~~[(c) the date the eligible employee receives a reduced allowance.]~~

1818 (5) An eligible employee covered by this chapter who is a participant in the Tier II
1819 Defined Contribution Plan, created in Chapter 22, Part 4, Tier II Defined Contribution Plan, or
1820 Chapter 23, Part 4, Tier II Defined Contribution Plan, who applies and is qualified for a
1821 monthly disability benefit, shall receive a monthly disability benefit until the earlier of:

1822 (a) the date of the eligible employee's death;

1823 (b) the date the eligible employee ~~is~~ **is no longer disabled** no longer has a disability ~~is~~ ;

1824 (c) (i) 35 years from the date the eligible employee began participation in the Tier II
1825 Defined Contribution Plan, created in Chapter 22, Part 4, Tier II Defined Contribution Plan; or