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PHASED RETIREMENT AMENDMENTS

2020 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Val K. Potter

Senate Sponsor: Don L. Ipson

LONG TITLE

General Description:

This bill modifies phased retirement provisions of the Utah State Retirement and Insurance Benefit Act.

Highlighted Provisions:

This bill:

- ▶ modifies definitions applicable to the phased retirement program;
- ▶ modifies phased retirement provisions applicable to public safety service employees and firefighter service employees;
- ▶ specifies provisions for a retiree employed on a three-quarter time basis who enters a phased retirement agreement;
- ▶ extends the repeal date for the phased retirement program; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

49-11-1301, as last amended by Laws of Utah 2017, Chapter 10

49-11-1303, as last amended by Laws of Utah 2017, Chapter 10

49-11-1306, as enacted by Laws of Utah 2016, Chapter 280 and last amended by

Coordination Clause, Laws of Utah 2016, Chapter 310

30 **63I-1-249**, as last amended by Laws of Utah 2018, Chapter 357



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

33 Section 1. Section **49-11-1301** is amended to read:

34 **49-11-1301. Definitions.**

35 As used in this part:

36 (1) "Amortization rate" means the amortization rate, as defined in Section **49-11-102**,
37 to be applied to the system that would have covered the retiree if the retiree's part-time position
38 were considered to be an eligible, full-time position within that system.

39 (2) "Full-time" means a:

40 (a) regular full-time employee whose term of employment for a participating employer
41 contemplates continued employment during a fiscal or calendar year and whose employment
42 normally requires an average of 40 hours or more per week and who receives benefits normally
43 provided by the participating employer;

44 (b) teacher whose term of employment for a participating employer contemplates
45 continued employment during a school year and who teaches full time;

46 (c) firefighter service employee whose employment normally requires an average of
47 2,080 hours of regularly scheduled firefighter service per year; and

48 (d) public safety service employee whose employment normally requires an average of
49 2,080 hours of regularly scheduled public safety service per year.

50 (3) "Half-time" means [a]:

51 (a) a regular employee whose term of employment for a participating employer
52 contemplates continued employment during a fiscal or calendar year and whose employment
53 normally requires an average of 20 hours per week and who receives benefits normally
54 provided by the participating employer;

55 (b) a teacher whose term of employment for a participating employer contemplates
56 continued employment during a school year and who teaches half time;

57 (c) a firefighter service employee whose employment normally requires an average of

58 1,040 hours of regularly scheduled firefighter service per year; ~~and~~

59 (d) a public safety service employee whose employment normally requires an average
60 of 1,040 hours of regularly scheduled public safety service per year[-]; and

61 (e) for a retiree employed before retirement as a public safety service employee or a
62 firefighter service employee in a position for which the participating employer established a
63 regularly scheduled work period in excess of 2,080 hours per year, one-half of that regularly
64 scheduled work period as long as the retiree has continuing employment in that same position.

65 (4) "Phased retirement" means continuing employment:

66 (a) on a half-time basis of a retiree with the same participating employer following the
67 retiree's retirement date while the retiree receives a reduced retirement allowance[-]; or

68 (b) on a three-quarter time basis of a retiree with the same participating employer
69 following the retiree's retirement date while the retiree receives a reduced retirement allowance
70 if the retiree is employed as a public safety service employee or a firefighter service employee.

71 (5) "Three-quarter time" means:

72 (a) a firefighter service employee whose employment normally requires an average of
73 1,560 hours of regularly scheduled firefighter service per year;

74 (b) a public safety service employee whose employment normally requires an average
75 of 1,560 hours of regularly scheduled public safety service per year; and

76 (c) for a retiree who was employed before retirement as a public safety service
77 employee or a firefighter service employee in a position for which the participating employer
78 established a regularly scheduled work period in excess of 2,080 hours per year, three quarters
79 of that regularly scheduled work period as long as the retiree has continuing employment in
80 that same position.

81 Section 2. Section **49-11-1303** is amended to read:

82 **49-11-1303. Phased retirement -- Eligibility -- Restrictions -- Amortization rate --**
83 **Public safety service or firefighter service employees.**

84 (1) A retiree is eligible for employment with only one position for only one
85 participating employer under phased retirement following the retiree's retirement date if:

- 86 (a) the retiree:
 - 87 (i) is eligible to retire and retires in accordance with this title;
 - 88 (ii) has been employed full time, for not less than four years immediately before the
 - 89 retiree's retirement date;
 - 90 (iii) for a retiree employed as a public safety service employee or a firefighter service
 - 91 employee, is at least 50 years old;
 - 92 ~~[(iii)]~~ (iv) completes and submits all required retirement forms to the office; and
 - 93 ~~[(iv)]~~ (v) prior to the retiree's retirement date, completes and submits all required
 - 94 phased retirement forms to the office; and
- 95 (b) the retiree and the participating employer enter into an agreement described under
- 96 Section 49-11-1304.
- 97 (2) A retiree shall begin phased retirement employment after the retiree's retirement
- 98 date but no later than 120 days after the retiree's retirement date.
- 99 (3) ~~[For]~~ Except as provided in Subsection (4), for the period of the phased retirement:
 - 100 (a) the retiree receives 50% of the retiree's monthly allowance;
 - 101 (b) the participating employer employs the retiree on a half-time basis;
 - 102 (c) a participating employer that employs the retiree shall contribute the amortization
 - 103 rate to the office ~~[the amortization rate]~~;
 - 104 (d) the retiree or an alternate payee may not receive an annual cost-of-living adjustment
 - 105 to the retiree's or alternate payee's allowance;
 - 106 (e) any death benefits payable to a surviving spouse or other beneficiary shall be paid
 - 107 based on 100% of the retiree's retirement allowance;
 - 108 (f) the retiree may not receive any employer provided retirement benefits, service credit
 - 109 accruals, or any retirement related contributions from the participating employer; and
 - 110 (g) except as specified under this section, a retiree working under phased retirement
 - 111 shall be treated in the same manner as any other part-time employee working a similar position
 - 112 and number of hours with the participating employer, including:
 - 113 (i) any non-retirement related benefits;

114 (ii) leave benefits;

115 (iii) medical benefits; and

116 (iv) other benefits.

117 (4) (a) If a retiree is employed as a public safety service employee or a firefighter

118 service employee, for the period of the phased retirement the requirements of Subsection (3) or

119 (4)(b) are satisfied.

120 (b) For the period of the phased retirement:

121 (i) the retiree is employed as a public safety service employee or a firefighter service

122 employee;

123 (ii) the retiree receives 25% of the retiree's monthly allowance;

124 (iii) the participating employer employs the retiree on a three-quarter time basis;

125 (iv) a participating employer that employs the retiree shall contribute to the office the

126 certified contribution rate applicable to the system that would have covered the retiree if the

127 retiree's part-time position were considered to be an eligible, full-time position within the

128 system;

129 (v) the retiree or an alternate payee may not receive an annual cost-of-living adjustment

130 to the retiree's or alternate payee's allowance;

131 (vi) any death benefits payable to a surviving spouse or other beneficiary shall be paid

132 based on 100% of the retiree's retirement allowance;

133 (vii) the retiree may not receive any employer provided retirement benefits, service

134 credit accruals, or any retirement related contributions from the participating employer; and

135 (viii) except as specified under this section, a retiree working under phased retirement

136 shall be treated in the same manner as any other part-time employee working a similar position

137 and number of hours with the participating employer, including:

138 (A) any non-retirement related benefits;

139 (B) leave benefits;

140 (C) medical benefits; and

141 (D) other benefits.

142 [~~(4)~~] (5) The office shall begin paying 100% of the retiree's retirement allowance on
143 the first day of the month following the month in which the office receives written notification
144 and any required supporting documentation that the retiree's phased retirement has been
145 irrevocably terminated.

146 Section 3. Section **49-11-1306** is amended to read:

147 **49-11-1306. Reset of one year separation.**

148 If a retiree is employed under a phased retirement agreement under this [section] part,
149 the termination date of the phased retirement employment, as confirmed in writing by the
150 participating employer, is considered the retiree's retirement date for the purpose of calculating
151 the separation requirement under Subsection **49-11-1204**(2).

152 Section 4. Section **63I-1-249** is amended to read:

153 **63I-1-249. Repeal dates, Title 49.**

154 (1) Title 49, Chapter 11, Part 13, Phased Retirement, is repealed January 1, [2022]
155 2025.

156 (2) Section **49-20-418** is repealed January 1, 2022.

157 Section 5. **Effective date.**

158 This bill takes effect on January 1, 2021.