

THE **Inside** STORY

A Utah Retirement Systems Newsletter for Employers

2019 URS Comprehensive Employer Training Sessions

Space is Still Available

Don't miss this opportunity to learn about URS news and retirement hot topics

Space is still available but filling up quickly for URS Comprehensive Employer Training sessions beginning next week through May 15.

This is a great opportunity to find out about important developments in the retirement world that

impact you and your employees, ranging from legislative updates, to compliance matters, to administrative hot topics, to retirement planning insights, and more!

Click a link from the schedule at right to register for one of these sessions. ■

- April 29 [Ogden](#)
- April 30 [Logan](#)
- May 2 [American Fork](#)
- May 3 [Provo](#)
- May 6 [Salt Lake City](#)
- May 7 [St. George](#)
- May 8 [Richfield](#)
- May 9 [Moab](#)
- May 10 [Price](#)
- May 13 [Sandy](#)
- May 14 [Heber City](#)
- May 15 [Vernal](#)

Which URS Training is Right for My Staff?

Training/Event	When	Description	Who Should Attend
Comprehensive Employer Training	Yearly in April and May	Deep dive into retirement laws, including legislative updates, compliance matters, and administrative hot topics	Decision-makers and staff involved in day-to-day retirement administration operations
Retirement Basics Plus	Semi-annual on-site trainings (at URS office) and six off-site trainings.	Basic retirement laws, general administrative matters, URS Employer Portal functions	Decision-makers and staff involved in day-to-day retirement administration operations
Employer Event	Yearly in mid to late March	News and trends in retirement and healthcare. Updates from URS leadership	Executives, HR and payroll managers, and other decision-makers

Board Resolutions » Clarifying Employee Elections and Exchange Employees: Pages 3-5

URS: A MAJOR PLAYER IN THE UTAH ECONOMY

Pension payments support jobs, expand GDP, and provide steady tax revenue.

FAR-REACHING IMPACT

\$1.5
BILLION

IN PENSION BENEFITS PAID IN 2018



ECONOMIC ACTIVITY SUPPORTED...



8,818

JOB



60,363

UTAHNS RECEIVED PENSION BENEFITS



= 1.1%

EQUIVALENT PORTION OF THE STATE'S TOTAL PERSONAL INCOME



64%

AVERAGE PORTION OF BENEFITS PAID THROUGH INVESTMENT RETURNS OVER THE PAST 20 YEARS

\$358,615,912

IN WAGES



\$677 Million

IN GDP



\$59 MILLION
IN STATE AND LOCAL TAX REVENUE



Source: University of Utah's Kem C. Gardner Policy Institute.

[See Full Study Report](#)

URS Board Resolutions 2019-03 and 2019-04

Clarifying Employee Elections

Two new board resolutions establish clear rules for URS, employers, and members

A recent review of IRS guidance regarding retirement participation, one-time irrevocable elections or what constitutes a qualified cash or deferred arrangement (CODA), and the timing of employee elections raised the need for rules to help ensure that the administration of URS and plans are safely within the provisions of Title 49 and federal law.

As a result, URS Board Resolutions 2019-03 and 2019-04 have been adopted to establish clearer rules for URS staff, employers, and members. This article provides an executive summary of each board resolution and key notes.

[RESOLUTION #2019-03 RULES REGARDING HIGHER EDUCATION EMPLOYEE RETIREMENT PARTICIPATION ELECTIONS](#)

Higher Education employers have a statutory provision

Read Full Board Resolutions

» [Resolution #2019-03](#)

» [Resolution #2019-04](#)

Attend our [Comprehensive Employer Trainings](#) provided each year to stay up to date on URS board resolutions.

allowing the use of multiple retirement plans and the establishment of classifications to determine which retirement plan is accessible to employees. The same area of the statute allows a new employee a choice to continue retirement coverage with URS regardless of the classification assigned to the position. This choice granted under state law in Title 49 falls under IRS rules and guidance related to a qualified cash or deferred arrangement (CODA).

This resolution clarifies rules and procedures related to this decision. Here are some key points:

» Any employee election granted under Title 49 must be made when the employee initially begins employment and must be properly executed to ensure that contributions are made to the appropriate retirement plan.

» Once an employee has participated in any employer plan, the one-time irrevocable election is no longer available. Participation in any employer plan constitutes an election for purposes of CODA rules.

» Once plan participation has begun, the employee must remain in that plan for the duration of his or her employment with that employer, including any subsequent rehire after any termination or absence.

See *ELECTIONS*, Page 4

ELECTIONS

Continued from Page 3

RESOLUTION #2019-04 RULES REGARDING EMPLOYEE RETIREMENT PARTICIPATION ELECTIONS

This resolution clarifies rules and procedures related to employee retirement participation elections. Such elections include the choice to exempt from specific retirement coverage or vesting requirements and the Tier 2 choice between the two retirement options. These conditions granting a choice fall under IRS CODA rules. Here are key points:

» Any employee election granted under Title 49 must be made when the

employee initially begins employment and must be properly executed to ensure that contributions are made to the appropriate retirement plan.

» For an employee initially entering employment covered by Tier 2 retirement, no election is final until the completion of the one-year election period between the Hybrid System or the Defined Contribution Plan. Reporting of contributions does not constitute participation in a specific system or plan

» Once an employee has participated with any employer plan, the one-time irrevocable election is no longer available.

» Once plan participation

has begun, the employee must remain in that plan for the duration of his or her employment with that employer in a position qualifying to exempt, including any subsequent rehire after any termination or absence if returning to a position eligible to exempt.

» An employee who no longer qualifies to exempt from specific coverage or vesting shall be returned to the participation or vesting requirements of the system in which they should be participating.

» An employee may not be granted any participation choice at the time of a position change.

» An employee may not elect to revoke or cancel any exemption. ■

2019 Contribution Limits

Plan	Maximum Employee Contributions	Additional Employee Catch-up Contributions (age 50+)	Employee and Employer Combined Contribution Limit (below age 50/age 50+)
401(k)	\$19,000	\$6,000	\$56,000/\$62,000
457	\$19,000	\$6,000	\$19,000/\$25,000
Traditional IRA	\$6,000	\$1,000	N/A
Roth IRA	\$6,000	\$1,000	N/A

Board Resolution 2019-02

Clarifying Exchange Employees

Per Title 49 of the Utah Code, exchange employees are ineligible for retirement benefits. However, the law does not provide clarification on who exactly qualifies as an exchange employee.

The URS board addressed the matter in February by passing [Board Resolution 2019-02 “Exchange Employee” Definition and Certification](#).

Here are some key points:

» An exchange employee is an employee with a valid nonimmigrant visa for participation in exchange visitor programs in the

Read Full Board Resolution

» [Resolution #2019-02](#)

United States. Such visas include the Exchange Visitor Visas (J category) and the Cultural Exchange Visas (Q category).

Employees with other types of visas should NOT be considered exchange employees.

» It is important your office tracks the visa status of those with J category and Q category visas, because once their visas expire or changes are made

with their immigration status, they can no longer be considered exchange employees.

Additionally, the board resolution addressed the certification requirements associated with exchange employees. Your office needs to certify your exchange employees annually. Failure to do so will result in the expiration of the exchange employee status.

The Board Resolution becomes effective July 1, 2019. Call us at 800-753-7318 or 801-366-7318 if you have questions. ■

Help Us Set the Record Straight if Employees Get Third-Party Emails

Please let us know if your employees receive third-party emails about their URS benefits. We want help clear up any confusion such emails may create, especially if they contain misleading information about URS or give the false impression that the sender is affiliated with URS.

URS does not discourage members from using third-party advisors. But it's

important to set the record straight if they falsely claim to represent URS or have expertise in URS benefits.

If your employees receive any such unsolicited correspondence, we can help you craft messaging to clear up confusion or misconceptions.

Please call the URS Employer Services Department at 800-753-7318 or 801-366-7318. ■

Tier 2 Public Safety and Firefighter Changes

A bill to enhance Tier 2 Public Safety and Firefighter retirement benefits was passed during the 2019 legislative General Session and signed by the governor.

Here are a few important things to know about [Senate Bill \(SB\) 129](#):

» It takes effect beginning July 1, 2020, and is subject to change.

» It applies to new and current employees in the Tier 2 Public Safety and Firefighter Retirement System, for benefits earned after July 1, 2020. These changes are not retroactive.

» It does not open a new window for employees who have worked beyond a year to change their selection between the [Hybrid Option](#) and [401\(k\)](#)

[Option](#). The decision made during the first year remains irrevocable.

» The Retirement and Independent Entities Interim Committee will study the bill and may make recommendations for the 2020 legislative General Session.

In its current form, SB 129 does the following for the [Hybrid Option](#) (subject to change):

» Increases the multiplier from 1.5% to 2% on service earned after July 1, 2020. All service accrued prior to July 1, 2020, will still be multiplied by 1.5% for the calculation of benefits.

» Increases the employer funding from 12% to 14% of pay.

» Would result in employees paying the

costs beyond the 14%.

In its current form, employees would be required to contribute approximately 1.91% of their pay to fund the pension benefit beginning July 1, 2020.

» Allows employers to choose to pick up (pay for) the employee costs.

» Ends employer 401(k) contributions when costs exceed 14%, as they currently would.

In its current form, SB 129 does the following for the [401\(k\) Option](#) (subject to change):

» Increases the employer 401(k) contribution from 12% to 14% of pay.

» Allows employers to choose to make supplemental 401(k) contributions. ■

Need Content for Your Employee Newsletter?

If you have an employee newsletter or internal homepage, we can provide articles with news and information about URS benefits. To learn more, email kory.cox@urs.org. ■

How Do I Keep Up With Retirement Changes?

Nothing is as constant as change. The best way to stay current on changes in retirement laws and procedures is through the [URS Employer Guide](#) (The Guide).

We update The Guide quarterly, so check back regularly. The Executive Summary of Updates shows the latest changes, so you don't need to search to figure out what has changed each quarter.

If you notice anything in The Guide that needs clarification or improvement, contact the URS Employer Services Department at 800-753-7318 or 801-366-7318. ■