

THE

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STORY

A Utah Retirement Systems Newsletter for Employers

URS Operations During the Pandemic

Still Here to Serve You

The URS/PEHP offices in Salt Lake City and St. George are closed to visitors, but we're still here for our members and employers.

Member Customer Service

Call us at 801-366-7700 during regular business hours. Log in to myURS to manage your URS benefits or use our Message Center.

[This video](#) explains.

Retirement Processing

Even while URS offices are closed to visitors, we continue to process retirements. Members may schedule a phone appointment with a retirement counselor or request an application by mail no more than 90 days before or after their actual retirement date. Call us at 801-366-7770.



Individual Retirement Planning Sessions

[URS Individual Retirement Planning Sessions](#) will be available by telephone only until further notice. These sessions will be identical in format to the in-person sessions previously offered at locations throughout the state. At this time, we are accepting registration for future [URS Seminars](#) but will continue to evaluate.

Employer Trainings

Comprehensive Employer Trainings scheduled for April and May have been canceled. Watch your email for upcoming educational webinars.

URS COVID-19 Updates

URS/PEHP will provide the latest information about our business operations during the pandemic at [Newsroom.urs.org/COVID-19](https://www.urs.org/COVID-19). ■

SUSPENSION OF POSTRETIREMENT RESTRICTIONS » What you need to know: Page 2

Temporary Suspension of Postretirement Restrictions

Many Rules Remain in Effect

Governor Gary R. Herbert issued an [Executive Order](#) on March 30, 2020, that temporarily suspended some of the postretirement reemployment restrictions to meet critical staffing needs resulting from the COVID-19 pandemic.

Even when some rules are suspended, others are still in effect. Here are important rules to understand.

» Eligible retirees must have retired prior to March 30, 2020.

» Those who retired in the Public Safety or Firefighters Retirement Systems must be 50 years of age or older at the time of reemployment. All others must be at least 55.

» The retiree must be temporarily hired to fill a critical governmental function position during the state of emergency.

» Employers must notify URS of all retirees being

Learn More

- » [Employer Instructions](#)
- » [URS Board Resolution #2020-02](#)
- » [Executive Order](#)

hired under this executive order as soon as possible and practical.

» By reemploying a qualifying retiree, an employer shall be deemed to have certified to URS that the retiree qualifies under this exception (see [Board Resolution](#) Rule 5 for more details).

» The employer must begin reporting the temporarily reemployed retiree on the contribution report as soon as possible. However, the employer will not pay any contributions to URS for these reemployed retirees, including the amortization rate usually paid for

reemployed retirees.

» These temporarily reemployed retirees may not receive any retirement related contribution from a participating employer.

» The one-year separation clock continues to run for the temporarily reemployed retiree during this emergency. However, if the one-year separation is completed during the emergency, a bona fide termination is still required at the conclusion of the emergency declaration.

» This suspension of postretirement rules is temporary; the reemployment must end when the state of emergency ends. There must be a bona fide termination; the employer and employee can't have any pre-arrangements or promises for continued employment (see [URS Board Resolution 2019-05](#)). ■

Tier 2 Public Safety & Firefighter Enhancements

Pick-Ups: Questions & Answers

Enhancements to Tier 2 Public Safety & Firefighter retirement benefits will take effect beginning July 1, 2020. They apply to new and current employees in the Tier 2 Public Safety & Firefighter Retirement system for benefits earned on or after July 1, 2020.

Due to the cost of the plan enhancements, contributions to the Tier 2 Public Safety & Firefighter Hybrid plan will be made by the employer (14%) and the employee (2.27%) for a total of 16.27%.

However, an employer may “pick-up” the employee’s portion of the retirement contribution and treat it as an employer contribution under [IRS Code Section 414\(h\)\(2\)](#).

These changes do not open a new window for employees who have worked beyond a year to change their selections between the [Hybrid Option](#) and [401\(k\) Option](#). The choice that is made during the first year remains irrevocable.

Helpful Links About Employer “Pick-Ups”

- » [IRS Guidance on Employer “Pick-Up” Contributions to Benefit Plans](#)
- » [Revenue Ruling 2006-43](#)
- » [Section 414\(h\)\(2\) of IRS Code](#)
- » [Senate Bill 129 \(2019\)](#)
- » [Senate Bill 56 \(2020\)](#)

IRS Guidance

The IRS provides guidance regarding [Employer “Pick-Up” Contributions to Benefit Plans](#). The following are some key points from the IRS guidance:

What is a “pick-up”?

» An employer may elect to pay the employee contributions on behalf of the employee. If an employer decides to pay the employee contributions on behalf of the employee, it is considered a “pick-up”.

How does an employer “pick-up” the contributions?

- 1.** Formal action must be taken. If an employer wishes to take formal action so the employee does not pay contributions beginning with the new rates on July 1, 2020, the action must be completed by July 1. If an employer does not wish to “pick-up” employee contributions by July 1, they may do so at a later date, but may only “pick-up” prospective contributions.
- 2.** The formal action must be noted through contemporaneous documentation (e.g. resolution, minutes, etc.).
 - a.** The formal documentation must show that the “pick-up” is not offered as a cash or deferred election.
 - b.** It must be mandatory for all employees in the select group affected.

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‘PICK-UPS’

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3. An employer must complete and submit the URS [“Employer Election To Pick-Up Member Contributions: Tier 2 Public Safety and Firefighter” form](#).

What are the tax considerations?

Employee contributions to a defined benefit plan are treated as after-tax contributions, which are subject to income tax and social security and Medicare tax (FICA) purposes.

» If an employer “picks-up” the employee contributions and certain tests are met, then the employee contributions are considered employer contributions and excludable from gross income. The IRS looks for a couple of tests to be met to meet this consideration:

- › The employer specifies that the contributions, although designated as employee contributions are being paid by the employer. For this purpose, the employer must take formal action to show that the contributions on behalf

Webinar: Understanding Pick Ups

Join us for a [webinar](#) at **10 a.m., Wednesday, April 15, 2020**, about the Tier 2 Public Safety & Firefighters’ Employer Pickup Elections. If you’re unable to join us, the recorded webinar will be available in the [Employer Knowledge Corner](#) within two days following the live presentation.

of a specific class of employees will be paid by the employer.

- › There is no cash or deferred election right with respect to designated employee contributions.

» As long as the “pick-up” is not part of a salary reduction arrangement, it may be excluded from FICA taxes. The “pick-up” must be a salary supplement.

» [See IRS: Employer “Pick-Up” Contributions to Benefit Plans](#) for additional information.

Other Information

What does this mean for employees who have chosen the 401(k) Option?

» [1st Substitute Senate Bill 56 \(2020\)](#), “Public Safety and Firefighter Tier II Retirement Enhancements” states that an employer who elects to “pick-up” contributions for members who have selected the Hybrid Option must also make an additional non-elective contribution to members who have selected the 401(k) Option equal to the “pick-up” amount.

Do you have a sample resolution?

» The state’s formal action as an employer is one example. [H.C.R. 9 – “Concurrent Resolution Authorizing State Pick Up of Public Safety and Firefighter Employee Retirement Contributions”](#) is from the 2020 legislative General Session.

This article is intended for general information purposes only and does not and is not intended to constitute legal or tax advice. Consult with legal counsel to determine how laws or decisions discussed herein apply to your specific circumstances. ■

Eligibility and Contribution Reporting During the Pandemic

URS has received many calls regarding changes in how you administer retirement benefits during the pandemic. Below are a few topics that may help you with uncertainty:

Part-Time Ineligible Employees

If provided an emergency leave benefit for COVID-19/quarantine purposes, the emergency leave DOES NOT constitute a qualifying benefit.

Full-Time Eligible Employees

Any emergency/admin leave provided due to COVID-19 is considered retirement eligibility compensation and must be reported as a normal leave benefit.

Furloughs of Full-Time Eligible Employees

Employers should submit a [Leave Notification Form](#) with URS. We will evaluate service. ■



Video Introduces New Recordkeeping System

Over the years, you’ve provided excellent feedback on how URS can improve our processes and interactions with you.

We’re keeping your feedback in mind as we design AUREUS (Advanced Utah Retirement End User

System) – a tailored recordkeeping system!

As we continue designing processes and applications, we’re keeping you and your suggestions at the forefront of our minds.

Check out this [AUREUS introductory video](#). ■

Resolution Makes it Easier to Provide Emergency COVID-19 Benefits

[Resolution #2020-01 Temporary Benefit for Emergency Health Concerns](#)

states that an employee who receives a temporary benefit due to an emergency plan addressing COVID-19 is not considered to receive “benefits normally

provided,” as it is used in the definition of “regular full-time employee” for purposes of eligibility.

This applies to the Noncontributory, Contributory, and Tier 2 Public Employees' retirement systems. ■

URS Member Webinar

Teaching Timeless Principles

Amid stock market volatility, URS will be reminding members to avoid emotional investment decisions and follow timeless investment principles.

We're conducting two live [webinars](#) to help members make better investment decisions no matter the market conditions.

Here are some investment messages we'll be sharing.

Don't put all your eggs in one basket

Double check your investment portfolio to make sure it's properly diversified. If you're unsure, use the [Investor Profile tool at myURS](#) to get an investment recommendation. The tool asks 10 questions to recommend a suitable pre-diversified Target Date Fund. With just one fund, your retirement money is spread across many different types of securities. This mix is automatically rebalanced quarterly and becomes more conservative over time.



Don't Panic. Understand Timeless Investment Principles.

Worried about the volatile stock market? Understand timeless investment principles to make better investment decisions no matter the market conditions.

2 p.m., Tuesday, April 14, 2020. [Register Now](#)
11 a.m., Thursday, May 14, 2020. [Register Now](#)

Keep contributing

Historically, great bull markets are born from the ashes of crashes! Consider this time a potential opportunity to buy low. If you keep contributing to your retirement savings plans regularly, you may benefit from "dollar cost averaging." This strategy "smooths" your purchase price over time, potentially allowing you to buy shares at a discount.

Don't try to time the market

Even through ups and

downs in the financial markets, it's often wise to stay the course. A down market is typically brief compared to the longer term of saving for retirement.

You want to avoid selling an investment at a lower price, only to then watch it bounce back after a few weeks or months. In many cases, you're better off holding on to an investment to eventually recover the losses that may have spurred the desire to sell. ■