

## URS Fiscal Analysis of 2017 S.B. 19

*This document has been prepared by the Utah Retirement Systems (URS) based on agency analysis and information received from its consulting actuary, Gabriel Roeder Smith & Company.*

### Summary of Fiscal Impact

If enacted, 2017 S.B. 19, Retirement Systems Payments to Survivors Amendments, likely will not result in a material fiscal impact on URS:

Increase in unfunded actuarial accrued liability:	Increase in annual cost for all participating employers:	Increase in actuarially determined contribution rates:
None	None	None

### Proposed Legislative Provisions

This bill amends provisions relating to URS members' beneficiary designations. As background information, the most recent beneficiary designations signed by a member and filed with URS, including online electronic designations, are binding in the payment of certain benefits due to the member's death under Utah Code Title 49. The changes in this bill to Section 49-11-609 include:

- Adopting the emerging rule that the divorce or annulment of a member's marriage shall revoke the member's former spouse as a beneficiary from any of the member's beneficiary designations; and
- Allowing a former spouse to be named as a beneficiary in a beneficiary designation after the date of the divorce or annulment.

These changes will not increase or decrease total benefits paid by URS pursuant to Title 49. A revocation of a beneficiary designation of a former spouse due to divorce under this bill's provisions would result in the benefits paid instead to another beneficiary or beneficiaries, or if such beneficiaries were not designated, to the decedent's heirs in the order of precedence established under Utah Code Title 75, Chapter 2, Intestate Succession and Wills.

### Discussion and Actuarial Analysis

This bill does not alter benefit design or make substantive benefit modifications since total benefits paid by URS are not changed. Implementation of the bill is not expected to affect administrative costs, but if any such costs are incurred, they will be handled within existing budgets and will not result in direct, measurable costs for URS. Accordingly, this bill likely will not have a material fiscal impact on URS nor will it increase actuarially determined contribution rates.

Individuals may see an increase or decrease to the benefit payments to them under this bill if a member's beneficiary designation of a former spouse is revoked due to divorce and a subsequent designation is not submitted. It should be noted that beneficiary designations only create conditional rights for the beneficiaries because the beneficiary designations are subject to revocation or modification throughout the member's life.