



2016 Legislative Update— Retirement

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Retirement

S.B. 29 Retirement Systems Amendments (Sen. Weiler):

- » These are administrative and technical amendments to Title 49 recommended to the Legislature annually by URS.
- » Allows the same method to determine vesting for Tier II defined contribution plans as is used for other retirement systems (within 1/10 of one year of the total years required for vesting). This practice specifically accommodates educators who terminate employment at the end of a school year and can't simply work another pay period to complete vesting.
- » Clarifies that a member may continue to earn public safety service credit following a promotion to an administration position in the same department with duties that consist primarily of management or supervision of public safety employees.

Retirement (Continued)

S.B. 19, Phased Retirement (Sen. Weiler):

- » This is a voluntary program for each participating employer; beginning on January 1, 2017, an employer may elect to offer Phased Retirement by establishing written policies and entering into a written agreement with an eligible retiree.
- » For the period of the Phased Retirement, the retiree:
 - › receives 50% of the retiree's monthly retirement allowance and the participating employer employs the retiree on a half-time basis; and
 - › may not receive any employer provided retirement benefits, service credit accruals, or any retirement related contributions from the participating employer.
- » At the conclusion of the Phased Retirement period, the employment is terminated and the retiree receives a full monthly retirement allowance.
- » A participating employer and retiree are required to keep records and make reports to URS.

Retirement (Continued)

H.B. 439, Retirement Amendments for Felony Conviction

(Rep. McCay):

- » Provides that URS members are subject to forfeiture of accrual of service credit and employer retirement related contributions (including employer contributions to a defined contribution plan), from the day on which the offense occurred, after being convicted of an employment-related felony.
- » Employers are required to notify URS when an employee is charged with an offense that is or may be an employment-related felony.
- » If the employee is convicted of the felony, the employer shall determine if the conviction is employment-related and the date on which the offense was initially committed, notify URS of the determination, and hold an administrative hearing if the employee appeals this determination.

General

H.B. 35, Retirement and Insurance Benefit Claims Limits

(Rep. Powell):

- » Establishes a four-year statute of limitations for actions regarding a benefit, right, obligation, or employment right under Utah Code Title 49, Utah State Retirement and Insurance Benefit Act.
- » Clarifies that a cause of action accrues and the limitation period runs when the aggrieved party became aware, or through the exercise of reasonable diligence should have become aware, of the facts giving rise to the cause of action.
- » A cause of action specifically accrues at the time required retirement contributions relating to retirement service credit are paid or should have been paid to URS.
- » Makes exceptions for when a specific limit is otherwise provided, such as under insurance master policies or other contracts.
- » Tolls the limitation period for special circumstances such as fraud, misrepresentation, or intentional nondisclosure.



Post-Retirement Reemployment

H.B. 51, Recodification of Postretirement Reemployment Provisions (Rep. Powell):

- » Recodifies postretirement employment provisions (breaks a long section of Utah Code into multiple, smaller, reorganized sections).
- » These provisions are NOT substantive benefit modifications affecting postretirement reemployment for employers and working retirees.

Bills Not Passed

H.B. 205, Tier II Retirement Amendments

(Rep. Cunningham):

- » Tier II reform:
 - › Increases the retirement multiplier for years of service credit accrued on and after July 1, 2017, for the Tier II Hybrid Retirement Systems;
 - › Caps the number of years of service credit that may be accrued;
 - › Increases the employer contributions from 10% to 11% of pay for the Tier II Public Employees' Retirement System; and
 - › Increase the employer contributions from 12% to 14% of pay for the Tier II Public Safety and Firefighter Retirement System.
- » Requires the legislative Retirement and Independent Entities Interim Committee to study additional revenue sources to fund benefit enhancements for Tier II retirement systems.

Bills Not Passed

Post-Retirement Reemployment:

A number of bills would exempt certain retirees from the current postretirement reemployment restrictions if: (1) the reemployment occurs at least 60 days from the retiree's initial retirement date; (2) the retiree is reemployed by a different agency. Examples of the exempted reemployment positions proposed in the bills include:

- › All employees
- › Public safety members
- › Firefighters
- › Licensed educators
- › Title I schools
- › Rural employment (in county with a population less than 45,000)
- › Combinations of those listed above

Bills Not Passed

Post-Retirement Reemployment (Continued):

Other bills would increase the earnings limitation from \$15,000 (such as to \$17,500, \$18,000, or \$20,000) for retirees reemployed under the current exemption that requires at least 60 days but less than one year separation after retirement and who do not receive any employer paid benefits.