

THE

Inside STORY

A Newsletter for Participating Employers of Utah Retirement Systems

Deferral Changes Report

New Method Saves You Time

Excel file available to upload directly into your payroll system

We no longer distribute paper copies of the Deferral Changes Report. This is the report we send out each week listing employees who have savings plan deferrals, loan installments, and contribution changes.

It's vitally important these changes get input into your payroll system accurately to ensure your employees' paychecks are correct. Because we no longer provide this report through the mail, we provide you with digital copies.

See *REPORTS*, Page 2

To Access the Report

Log in to URS for Employers. Click "DC Deferral Changes Report" under "Reports" at the menu at left **(1)**. Then download the reports as PDFs or Excel files **(2)**.



Calendar Year, Tax Year: What's the difference?

As the year comes to a close, here's a reminder about when to use Calendar Year and Tax Year information.

Calendar Year refers to salary *earned* during a calendar year. It's used to determine retirement benefits, and the corresponding period dates identify when

an employee earned the salary.

If a pay period begins in one year and ends in the next, all of the salary earned applies to the next year.

Examples: A pay period ending December 27, 2013, is earned in 2013.

A pay period from December 27, 2013, to January 10, 2014, is earned in 2014.

See *YEAR*, Page 3

Attachment

Three New URS Board Resolutions You Should Know

Late contributions hurt everyone

Be sure to submit your contribution reports and payments on time. In short, any delay could hurt employees, employers, and URS.

Contribution reports include money for an employee's URS Savings Plans and pension. Late contributions miss returns in the investment market. This potential loss, for employees participating in pension plans, must be absorbed by employers through future contribution rate adjustments.

Also, late contributions can delay important and time-sensitive transactions, such as posting money to an employee's savings plan loan, or processing an

Title 49-11-603 (1) states employers are required to submit contribution reports and payments, "As soon as administratively possible, but in no event later than 60 days after the end of each pay period."

Did You Know?

» U.S. Department of Labor Regulations, Section 2510.3-102, requires all employers remit payment to savings plan providers within 45 days in which the money was withheld from an employee's paycheck.

» Late payments to a savings plan could assess a 10% interest fee, which the IRS administers, to each participant's account by the employer to compensate for the late deposit.

employee's pending retirement.

To comply with Title 49-11-603 (3), and help protect everyone's best interests, URS will enforce the penalties in Title 49. The penalties will be \$250 or 50% of the total defined benefit contributions for the delinquent period, whichever is greater, in addition to assessing interest.

If you have questions, please contact us at 801-366-7318 or 800-753-7318. ■

REPORTS

Continued from Page 1

We send an email reminder each Monday telling you when this digital report is available. To access the Deferral Changes Report, log into URS for Employers and select the Reports menu on the left. Two files are available for each time frame. The first is a PDF of the report like you previously received in the mail. The

second is an Excel file.

This Excel file allows you to upload changes directly into your payroll system. You may initially need to work with your IT department to implement these changes. We hope this report saves you time, money, and helps you avoid data entry problems. For help, or to change who receives the notification email, please contact your employer support technician at 801-366-7318 or 800-753-7318. ■

Round 2: URS compliance reviews under way

The URS Compliance Team is wrapping up the first round of compliance reviews for all participating employers.

Round 1 of the compliance audits helped employers understand URS processes more completely. Now, we're starting the second round. It will focus on many of the same issues covered in the first. Also, we'll place an emphasis on post-retired employees, employee deferrals, URS reports, and any findings from the initial review.

Typically, the compliance review cycle is about every two or three years. But depending on review findings and other extenuating circumstances, URS could return as soon as six months after an initial review.

Thank you for your cooperation. These evaluations are designed as a benefit to you in better understanding laws and administrative requirements related to retirement benefits.

If you have questions on an upcoming review, please contact Compliance Manager James Hammer at 801-366-7786. ■

YEAR

Continued from Page 1

Tax Year refers to salary *paid* during a calendar year. Because savings plan participants are subject to tax year requirements, which include maximum deferral limits, the year the employee physically receives the money is important for when you report 401(k) and 457 contributions.

Examples: A pay period ending December 27, 2013, has a tax year of 2013 only if the paycheck is given to the employee on or before December 31, 2013.

A pay period ending December 27, 2013, has a tax year of 2014 if the paycheck is given to the employee any time between January 1, 2014, and December 31, 2014.

If you create your files on our website, update the Tax Year field for December and January transmissions accordingly to avoid delays. If you use other software, update the programs that create the tax year on the file format's header record (HDR11) or contact the software vendor for help. ■



February 21 is the deadline for...

- » **Any outstanding contribution reports and payments for 2013, including the final pay period**
- » **Payment in full for any billed adjustments due (so the information can be included in the 2013 Defined Benefit Annual Retirement Statements)**

Questions? Call 801-366-7318 or 800-753-7318.

Tier 2 new hire presentations are conducted quarterly

Do your Tier 2 new hires ask you questions like: What option should I choose? Or: Which plan is better? Unfortunately, there isn't a simple answer, because there are many factors to consider. For this reason, we encourage you to send your Tier 2 new hires to one of our regional new hire presentations.

These presentations, conducted quarterly, help employees better understand their options and prepare them to make their Tier 2 election. Beginning January 15, 2014, the upcoming meetings will be posted and updated quarterly at www.urs.org/newmembers/education. ■

URS Employer's Guide online

Please note the *URS Employer's Guide* posted at www.urs.org under the URS for Employers tab always has the most current revisions and information.

Throughout the year there are changes and updates to the *Guide*, so please refer to this version as the most up-to-date source for answers or clarification on URS processes and procedures.

If you need a hard copy, contact your URS Education and Marketing representative or send an email to publications@urs.org. If you do get a printed copy of the *Guide*, please put it in your Employer's Guide binder, under the appropriate tabs, and immediately discard the old version. ■

URS doesn't endorse private investment advisors

Over the past few months, several financial vendors have approached URS employers and employees about helping with URS retirement benefits.

They offer services ranging from conducting retirement benefit presentations to managing employees' retirement savings plans.

These vendors may create the perception they are affiliated with or endorsed by URS. Please beware of any financial advisor making such claims or attempting to provide detailed information about URS.

We are concerned about employees getting misinformation from outside sources. To best serve your employees, please contact our office directly or invite your Education and Marketing representative to conduct a URS benefit presentation at your office.

The URS Education and Marketing team includes:

Ryan Ashcraft	801-366-7414
Matt Brady	801-366-7334
Valerie Busico	801-366-7362
Brent Sonzini	801-366-7740
Mike Wilson	801-366-7491
Cory Wood	801-366-7340 ■

To retire with URS, you must terminate with all URS employers

To retire with URS, members must terminate all employment, regardless of benefits, with every URS participating employer/agency before their retirement date with URS.

A participating employer/agency includes: any department, division, agency, office, authority, commission, board, institution, or hospital of the State; any county, city, municipality, town, local government, local district, or special service district; any state college or university, school district, charter school; or any other participating employer.

Employment includes, but is not limited to: part-time, seasonal, temporary, adjunct, substitute, hourly, contract arrangements or any employment or volunteering in which a member receives any compensation, stipends or grants, or reimbursement, regardless of benefits.

If members do not terminate employment with all URS participating employers before their URS retirement date, their monthly retirement benefit will be canceled, and they will be required to reimburse URS for any retirement benefits received when they were not eligible.

If you have any questions, contact Mark Cain at 801-366-7475 or 800-753-8772. ■

Military leave update

Did you know the Uniformed Service Employment and Re-employment Rights Act (USERRA) allows members of the military to continue to accrue retirement service credit for the time frame between their return from military leave to their return to work for the participating employer?

For more information, refer to the Military Leave section of the *URS Employer's Guide* (Page 38).

If you have questions, please contact our office at 801-366-7318 or 800-753-7318. ■

FSAs: Employees may now carry over up to \$500

A new IRS rule modifies health flexible spending accounts' "use-it-or-lose-it" provision. Now, employees may carry over up to \$500 from one plan year to another.

To be eligible for the carryover, the FSA can't have a grace period (FSAs generally have a 75-day grace period after the plan year in which spending is eligible).

You, the employer, may decide whether to have the carryover or to keep the grace period.

If PEHP administers your FSA, contact the PEHP FLEX\$ Department at 801-366-7503 for more information. ■

SAVE THE DATE! The URS annual employer event is scheduled for March 25 at Little America. Watch for details.

New 2014 401(k) and 457 Plan contribution limits

Plan	Maximum Employee Contributions	Employee Catch-up Contributions (age 50+)	Employee Contribution Limit (under age 50/ age 50+)	Employee and Employer Combined Contribution Limit
401(k)	\$17,500	\$5,500	\$17,500/\$23,000	\$52,000
457	\$17,500	\$5,500	\$17,500/\$23,000	\$17,500/\$23,000
Traditional IRA	\$5,500	\$1,000	\$5,500/\$6,500	NA
Roth IRA	\$5,500	\$1,000	\$5,500/\$6,500	NA

Resolution 13-04

Granting Service Credit After Employment Disputes

September 13, 2013

Clarifies Resolutions 04-11

WHEREAS, Utah Code Annotated § 49-11-401(3)(c) provides that the Utah Retirement and Insurance Benefit Act allows the Utah State Retirement Board (“Board”) to fix the minimum time per day, per month, and per year upon the basis of which one year of service and proportionate parts of a year shall be credited toward qualification for retirement; and

WHEREAS, employers participating with Utah Retirement Systems will occasionally take incorrect employment action in terminating or otherwise limiting employment; and

WHEREAS, the Board desires to clarify Resolution 04-11 in regards to granting service credit or other adjustments or contributions made to the Utah State Retirement Office under a judgment or settlement agreement in an employment dispute; and

WHEREAS, Utah Code Annotated § 49-11-401(4) allows the Utah State Retirement Office (“Office”) to estimate the amount of service credit, compensation, or age of any member participant, or alternate payee, if information is not contained in the records; and

WHEREAS, the Board desires to clarify and update the requirements needed in a judgment or settlement agreement from an employment dispute in order for the Board to grant service credit for time not actually worked, or to make other adjustments for contributions made to the Office.

NOW, THEREFORE, BE IT RESOLVED, that in order to both protect the actuarial soundness of the retirement systems and to allow for benefits to be granted when an employee is involved in an employment dispute, the Board makes the following rules. A member may qualify for service credit following a judgment or settlement agreement in an employment dispute only when all of the following requirements are met:

1. The judgment or settlement agreement must contemplate that the employee would have actually worked during a specific period of time in the past and include those dates;
2. The judgment or settlement agreement must require payment of retirement contributions in full, as determined by the Office, for that specific period of time, which must be in the past;
3. The Office shall calculate the retirement contributions to be paid on:
 - a. Salary that is the greater of:
 - i. the most recent hourly rate; or

- ii. the highest hourly rate earned in the last full calendar year the employee actually worked; and
- b. The number of hours worked that is the greater of:
 - i. the most recent number of hours the employee was scheduled to work each pay period (i.e. 80 hours per pay period); or
 - ii. the highest number of hours worked by the employee in the last full calendar year the employee actually worked;
- 4. The employer, employee, or the employer and employee combined have paid all the required retirement contributions as determined by the Office;
- 5. The employer is adjudicated or admits to some error or fault in the employment action, and any settlement is not merely a release of claims; and
- 6. The service credit requested otherwise meets all the other legal requirements for service credit. (i.e. an individual cannot receive more than one year of service credit during any one-year period.)

NOW, THEREFORE, BE IT FURTHER RESOLVED, that any adjustments or contributions made to a Defined Contribution Plan due to a settlement agreement must be in accordance with both state and federal law, including any regulations promulgated thereby, and the rules set forth in the Plan's governing document.

This resolution shall take effect on September 13, 2013

Resolution 13-05

Statute of Limitations

September 13, 2013

WHEREAS, Utah Code Annotated § 49-11-613 establishes an appeals procedure to determine “any dispute regarding a benefit, right, obligation, or employment right under this title . . . ;” and

WHEREAS, Utah Code Annotated § 49-11-613(9) allows the Utah State Retirement Board (“Board”) to make rules to implement its appeals procedure; and

WHEREAS, since March 16, 1994, the Utah State Retirement Office’s (“URS”) practice has been to retroactively collect unpaid contributions back to this date; and

WHEREAS, URS repays overpaid retirement contributions to participating employers upon learning that they are overpaid; and

WHEREAS, the Board-appointed Hearing Officer’s recent decisions in both the Utah State Retirement Board v. URMMA, File No. 11-09R, and Utah State Retirement Board v. Kane County Hospital, File No. 09-22R, apply a three year statute of limitations to the collection of unpaid retirement contributions from participation employers by URS; and

WHEREAS, Utah Code Annotated § 49-11-203(1)(k) requires the Board to “develop broad policy for the long-term operation of the various systems, plans, and programs under broad discretion and power to perform the board’s policymaking functions, including the specific authority to interpret and define any provision or term under this title when the board or office provides written documentation which demonstrates that the interpretation or definition promotes uniformity in the administration of the systems or maintains the actuarial soundness of the systems, plans or programs;” and

WHEREAS, the Board desires to create a policy governing how URS shall apply a statute of limitations when resolving disputes regarding a benefit, right, obligation, or employment right under Utah Code Annotated Title 49 in order to create uniformity in the administration of the systems and to maintain the actuarial soundness of the systems, plans and programs;

NOW, THEREFORE, BE IT RESOLVED, a cause of action arises under Utah Code Annotated § 49-11-613 when a payment is or should have been paid, service credit is or should have been granted, notice is or should have been provided, or a claim is or should have been made.

THEREFORE, BE IT FURTHER RESOLVED, the three year statute of limitations to bring a claim based on a liability created by a statute of the state that is found in Utah Code Annotated § 78B-2-305 applies to actions brought under Utah Code Annotated § 49-11-613, unless otherwise specifically limited by Utah Code Annotated Title 49 (such as Utah Code Annotated § 49-21-401(10)), or by policy or contract.

THEREFORE, BE IT FURTHER RESOLVED, the common law equitable discovery rule shall apply to actions brought under Utah Code Annotated § 49-11-613, but only, as outlined in the applicable Utah case law, in the case of “concealment or misleading conduct” or “exceptional circumstances.” *See Russell Packard Dev., Inc. v. Carson*, 2005 UT 14.

This resolution shall take effect on September 13, 2013.

Resolution 13-06

Clarification of Employer-Given Cash Equivalents as Compensation

October 10, 2013

WHEREAS, the term “compensation” is defined in Section 49-12-102(2) of the Public Employees’ Contributory Retirement Act, Section 49-13-102(2) of the Public Employee’s Noncontributory Retirement Act, Section 49-14-102(1) of the Public Safety Contributory Retirement Act, Section 49-15-102(1) of the Public Safety Noncontributory Retirement Act, Section 49-16-102(1) of the Firefighters’ Retirement Act, Section 49-17-102(1) of the Judges’ Contributory Retirement Act, Section 49-18-102(1) of the Judges’ Noncontributory Retirement Act, Section 49-22-102(2) of the New Public Employees’ Tier II Contributory Retirement Act, and Section 49-23-102(1) of the New Public Safety and Firefighter Tier II Contributory Retirement Act for the purpose of determining the amount of pay on which retirement contributions must be paid; and

WHEREAS, the term “compensation” is also included in the definition of “final average monthly salary” or “final average salary” as defined in Section 49-11-102(25) of the Utah State Retirement and Insurance Benefit Act, Section 49-12-102(3) of the Public Employees’ Contributory Retirement Act, Section 49-13-102(3) of the Public Employee’s Noncontributory Retirement Act, Section 49-14-102(2) of the Public Safety Contributory Retirement Act, Section 49-15-102(2) of the Public Safety Noncontributory Retirement Act, Section 49-16-102(3) of the Firefighters’ Retirement Act, Section 49-17-102(2) of the Judges’ Contributory Retirement Act, Section 49-18-102(2) of the Judges’ Noncontributory Retirement Act, Section 49-22-102(4) of the New Public Employees’ Tier II Contributory Retirement Act, and Section 49-23-102(3) of the New Public Safety and Firefighter Tier II Contributory Retirement Act for the purpose of calculating a retirement allowance; and

WHEREAS, none of the definitions of compensation specifically address employer-given gift cards, gift certificates, pre-paid debit cards, or other cash equivalents; and

WHEREAS, under the Utah State Retirement Act, Section 49-11-203(1)(k), the Utah State Retirement Board is authorized to “develop broad policy for the long-term operation of the various systems, plans, and programs under broad discretion and power to perform the board’s policy making functions, including the specific authority to interpret and define any provision or term under this title when the board or office provides written documentation which demonstrates that the interpretation or definition promotes uniformity in the administration of the systems or maintains the actuarial soundness of the systems, plans, or programs;” and

WHEREAS, participating employers are currently not uniform and use vastly different policies

and practices in their handling and reporting of gift cards, gift certificates, pre-paid debit cards, or other cash equivalents provided to their respective employees; and

WHEREAS, the disparate treatment among participating employers is potentially unfair and harmful to some employees; and

WHEREAS, the Retirement Office has found it difficult to enforce the reporting of gift cards, gift certificates, pre-paid debit cards, or other cash equivalents as compensation; and

WHEREAS, it is administratively burdensome to determine whether gift cards, gift certificates, pre-paid debit cards, and other cash equivalents qualify as compensation and to report them; and

WHEREAS, the value of gift cards, gift certificates, pre-paid debit cards, and other cash equivalents is relatively minimal and will not have a material effect on the calculation of retirement allowances; and

WHEREAS, clarification is needed on the issue of whether gift cards, gift certificates, pre-paid debit cards, or other cash equivalents are includable as compensation for the purpose of determining the amount of pay on which retirement contributions must be paid in each of the retirement systems included in Title 49 and for the determination of retirement allowances; and

WHEREAS, the Board desires to have a uniform rule governing the definition of “compensation” in an effort to treat members fairly and make administration of the systems more efficient;

NOW, THEREFORE, BE IT RESOLVED, that gift cards, gift certificates, pre-paid debit cards (except when used for the regular distribution of wages), and other cash equivalents may not be included as compensation for retirement purposes.

BE IT FURTHER RESOLVED, that members of the Utah Retirement Systems who retire shall not be able to use the value of gift cards, gift certificates, pre-paid debit cards (except when used for the regular distribution of wages), and other cash equivalents in their final average salary calculation.

This resolution is effective October 10, 2013.