

**Representative Justin L. Fawson** proposes the following substitute bill:

**UTAH RETIREMENT SYSTEM AMENDMENTS**

2018 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Justin L. Fawson**

Senate Sponsor: \_\_\_\_\_

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**LONG TITLE**

**General Description:**

This bill modifies the Utah State Retirement and Insurance Benefit Act by amending provisions relating to determining retirement eligibility.

**Highlighted Provisions:**

This bill:

- ▶ provides that a member who has service credit from two or more systems is required to retire from the system which most recently covered the member for a minimum of six months when combining service credit for purposes of determining eligibility for retirement with exception;

- ▶ authorizes an employee of the state auditor's office to elect to be exempt from coverage under a defined benefit system and to have the member's defined benefit balance transferred from the defined benefit system or plan to a defined contribution plan in the member's own name; and

- ▶ makes technical changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides a special effective date.



26 **Utah Code Sections Affected:**

27 AMENDS:

28 **49-11-405**, as last amended by Laws of Utah 2016, Chapter 310

29 **49-11-406**, as last amended by Laws of Utah 2013, Chapter 310

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31 *Be it enacted by the Legislature of the state of Utah:*

32 Section 1. Section **49-11-405** is amended to read:

33 **49-11-405. Service credit from different systems or plans -- Eligibility and**  
34 **calculation of service credit.**

35 (1) (a) A member who has service credit from two or more systems or one or more  
36 systems and the Utah Governors' and Legislators' Retirement Plan may combine service credit  
37 for purposes of determining eligibility for retirement.

38 (b) The provisions of Subsection (1)(a) do not apply to concurrent service.

39 (2) (a) To be eligible for the calculation under Subsection (3)<sup>[5]</sup>:

40 (i) the member's service credit earned under the different systems or the Utah  
41 Governors' and Legislators' Retirement Plan shall at least equal the minimum amount of  
42 service credit required to retire from the system which most recently covered the member<sup>[7]</sup>;  
43 and

44 (ii) except as provided in Subsection (2)(b), the member shall be required to retire from  
45 the system which most recently covered the member for a minimum of six months.

46 (b) The restriction in Subsection (2)(a)(ii) does not apply to a member if the member  
47 has accrued at least the minimum years of service credit required to retire from a previous  
48 system with an unreduced allowance prior to participation in a new system.

49 (3) If a member meets the requirements of Subsection (2), the office shall calculate the  
50 member's allowance using all service credit earned from any system or the Utah Governors' and  
51 Legislators' Retirement Plan, with no actuarial reduction applied to the allowance, except the  
52 service credit used to calculate the benefit shall be increased or decreased to reflect the value of  
53 the assets transferred.

54 (4) The office shall establish the standards used for calculating any increase or decrease  
55 in the service credit.

56 (5) This section does not apply to a retiree who is subject to Section **49-11-504** and

57 Chapter 11, Part 12, Postretirement Reemployment Restrictions Act.

58 Section 2. Section **49-11-406** is amended to read:

59 **49-11-406. Governor's appointed executives and senior staff -- Appointed**  
60 **legislative employees -- Transfer of value of accrued defined benefit -- Procedures.**

61 (1) As used in this section:

62 (a) "Defined benefit balance" means the total amount of the contributions made on  
63 behalf of a member to a defined benefit system plus refund interest.

64 (b) "Senior staff" means an at-will employee who reports directly to an elected official,  
65 executive director, or director and includes a deputy director and other similar, at-will  
66 employee positions designated by the governor, the speaker of the House, or the president of  
67 the Senate and filed with the Department of Human Resource Management and the Utah State  
68 Retirement Office.

69 (2) In accordance with this section and subject to federal law, a member who has  
70 service credit from a system may elect to be exempt from coverage under a defined benefit  
71 system and to have the member's defined benefit balance transferred from the defined benefit  
72 system or plan to a defined contribution plan in the member's own name if the member is:

73 (a) an employee in the state [auditor] auditor's office;

74 (b) the state treasurer;

75 (c) an appointed executive under Subsection [67-22-2\(1\)\(a\)](#);

76 (d) an employee in the Governor's Office;

77 (e) senior staff in the Governor's Office of Management and Budget;

78 (f) senior staff in the Governor's Office of Economic Development;

79 (g) senior staff in the Commission on Criminal and Juvenile Justice;

80 (h) a legislative employee appointed under Subsection [36-12-7\(3\)\(a\)](#);

81 (i) a legislative employee appointed by the speaker of the House of Representatives, the  
82 House of Representatives minority leader, the president of the Senate, or the Senate minority  
83 leader; or

84 (j) senior staff of the Utah Science Technology and Research Initiative created under  
85 Title 63M, Chapter 2, Utah Science Technology and Research Governing Authority Act.

86 (3) An election made under Subsection (2):

87 (a) is final, and no right exists to make any further election;

88 (b) is considered a request to be exempt from coverage under a defined benefits  
89 system; and

90 (c) shall be made on forms provided by the office.

91 (4) The board shall adopt rules to implement and administer this section.

92 **Section 3. Effective date.**

93 This bill takes effect on July 1, 2018.