

**RETIREMENT BENEFITS FOR CHARTER
SCHOOL EMPLOYEES**

2010 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Christine F. Watkins

Senate Sponsor: Karen W. Morgan

LONG TITLE

General Description:

This bill modifies the Utah State Retirement and Insurance Benefit Act by amending provisions relating to retirement benefits for charter school employees.

Highlighted Provisions:

This bill:

- ▶ provides that a member, a participating employer, or a member and a participating employer jointly may purchase service credit equal to the period of the member's employment in a charter school located within the state if the member forfeits certain retirement benefits; and
- ▶ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

49-11-403, as last amended by Laws of Utah 2006, Chapter 260

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

Section 1. Section **49-11-403** is amended to read:

49-11-403. Purchase of public service credit not otherwise qualifying for

30 **benefit.**

31 (1) A member, a participating employer, or a member and a participating employer
32 jointly may purchase service credit equal to the period of the member's employment in the
33 following:

34 (a) United States federal employment;

35 (b) employment in a private school based in the United States, if the member received
36 an employer paid retirement benefit for the employment;

37 (c) public employment in another state or territory of the United States which qualifies
38 the member for membership in the public plan or system covering the employment, but only if
39 the member does not qualify for any retirement benefits based on the employment;

40 (d) forfeited service credit in this state if the member does not qualify for an allowance
41 based on the service credit;

42 (e) full-time public service while on an approved leave of absence;

43 (f) the period of time for which disability benefits were paid if:

44 (i) the member was receiving:

45 (A) long-term disability benefits;

46 (B) short-term disability benefits; or

47 (C) worker's compensation disability benefits; and

48 (ii) the member's employer had not entered into a benefit protection contract under
49 Section 49-11-404 during the period the member was disabled due to sickness or accident;

50 [~~or~~]

51 (g) employment covered by a Teachers Insurance and Annuity Association of America
52 retirement plan if the member forfeits any retirement benefit from that retirement plan for the
53 period of employment to be purchased under this Subsection (1)(g)~~[-]; or~~

54 (h) employment in a charter school located within the state if the member forfeits any
55 retirement benefit under any other retirement system or plan for the period of employment to
56 be purchased under this Subsection (1)(h).

57 (2) A member shall have:

58 (a) at least four years of service credit before a purchase can be made under this
59 section; and

60 (b) forfeited service credit under any other retirement system or plan based on the
61 employment for which service credit is being purchased.

62 (3) (a) To purchase credit under this section, the member, a participating employer, or
63 a member and a participating employer jointly shall make payment to the system under which
64 the member is currently covered.

65 (b) The amount of the payment shall be determined by the office based on a formula
66 that is:

67 (i) recommended by the actuary; and

68 (ii) adopted by the board.

69 (4) The purchase may be made through payroll deductions or through a lump sum
70 deposit based upon the present value of future payments.

71 (5) Total payment must be completed prior to the member's effective date of
72 retirement or service credit will be prorated in accordance with the amount paid.

73 (6) (a) If any of the factors used to determine the cost of a service credit purchase
74 change at or before the member's retirement date, the cost of the purchase shall be recalculated
75 at the time of retirement.

76 (b) If the recalculated cost exceeds the amount paid for the purchase, the member, a
77 participating employer, or a member and a participating employer jointly may:

78 (i) pay the increased cost, plus interest, to receive the full amount of service credit; or

79 (ii) not pay the increased cost and have the purchased service credit prorated.

80 (7) If the recalculated cost under Subsection (6) is less than the amount paid for the
81 purchase, the office shall refund the excess payment to the member or participating employer
82 who paid for the purchase.

83 (8) (a) The board may adopt rules under which a member may make the necessary
84 payments to the office for purchases under this title as permitted by federal law.

85 (b) The office may reject any payments if the office determines the tax status of the

86 system, plans, or programs would be jeopardized by allowing the payment.