

USEA Legislative Updates

February 25, 2010

On Wednesday, February 24, 2010, **Third Substitute SB 43** and **Second Substitute SB 63** was voted on and passed in the [House Retirement and Independent Entities Committee](#) meeting. See how the committee voted on [3rd Sub SB 43](#) and [2nd Sub SB 63](#). These two bills now go to the full House of Representatives for consideration and possible action. Both bills are on the "Time Certain" calendar, scheduled to be heard on Friday, February 26th at 10:30 a.m. and 10:35 a.m., respectively.

SB 94 is still waiting for a final vote in the Senate and is currently circled on the third reading calendar of the State Senate.

Please carefully review the proposed bills by clicking on the links below:

[3rd Substitute, SB 43 Post Retirement Employment Amendments](#)

This bill makes changes to the post-retirement benefits for those employees who retire and begin reemployment on, or after July 1, 2010 with a URS participating employer.

Third Substitute Senate Bill 43 includes the following conditions on retirees who are reemployed with an employer that participates in the Utah Retirement System.

A retiree may not for the same period of reemployment:

- (a) (i) earn additional service credit; or*
- (ii) receive any retirement related contribution from a participating employer; and*
- (b) receive a retirement allowance.*

*The Retirement office shall cancel the retirement allowance of a retiree if the reemployment with a participating employer begins **within one year** of the retiree's retirement date.*

*If a retiree is reemployed **outside of one year** from their retirement date, the retiree may elect to:*

- (a) earn additional service credit in the retirement system and suspend the retiree's retirement allowance; or*
- (b) continue to receive the retiree's retirement allowance and forfeit any retirement related contribution from the participating employer who reemployed the retiree.*

[SB 94 Supplemental Benefit Amendments for Noncontributory Public Employees](#)

This bill removes for employees that began full-time employment with the state or its educational institutions on, or after July 1, 1986, the requirement that 1.5% of salary be paid into a 401(k) account for employees in the Noncontributory Retirement System. Essentially this will be a 1.5% cut in pay for these employees.

[2nd Substitute, SB 63 New Public Employees' Tier II Contributory Retirement Act](#)

This bill would eliminate the current retirement system for all new employees and replace it with a choice between a defined contribution plan and a greatly reduced hybrid defined benefit/defined contribution plan.

USEA has been using the following talking points to discuss the retirement proposals with legislators:

- The Utah Retirement System is one of the best managed retirement programs in the country. It is financially sound and currently funded at well over 80%. As a result, the Utah Legislature has time to more thoroughly consider proposals and their potential impact.
- The benefits provided by this retirement system are an important part of what attracts and retains quality employees for Utah's public education system. For this reason, it is critical that the State Legislature make well-informed and responsible decisions regarding the Retirement System.
- For decades now, the Utah Retirement System has served Utah well and any changes to the system should only be made after careful investigation of all of the available options.
- The Utah Retirement System affects more than 180,000 employees and their families. Changes to the retirement system without careful consideration of the potential long-term consequences could be devastating to our State.
- USEA encourages the Utah Legislature to slow down, and recommend moving these important issues to a **legislative task force**; to study the long-term needs of the Utah Retirement System, and to more thoroughly consider proposals and their potential impact.

You can help USEA to protect your retirement benefits and the benefits of those employees who follow in your footsteps.

Please contact your State Representatives and Senators by phone, email or letter. The important thing is that legislators hear from you, their constituent. ***Be respectful but let them know how important your retirement benefits are to you and your family. Ask them to carefully study this important issue before making any changes to a system that has served Utah so well.***

You can reach your Representative and Senator at the following links:

[Utah House of Representatives](#)

[Utah State Senate](#)