

# USEA Legislative Updates

February 26, 2010

Two of the retirement bills, 3<sup>rd</sup> Substitute SB 43 and 2<sup>nd</sup> Substitute SB 63, that we have been concerned about, passed the House of Representatives today.

**Third Substitute SB 43** passed in the House this morning. See how your Representative [voted](#).

**Second Substitute SB 63** was amended several times and then a third Substitute was introduced, which included the various amendments. **Third Substitute SB 63** passed in the House early this afternoon. See how your Representative [voted](#).

Because both of these bills are Senate bills and were substituted in the House, these bills will now be returned to the Senate for further action. The substituted versions of the bills are also expected to pass in the Senate.

**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.

We hope to have more detailed information to share with you regarding the **2010-2011 education budget** sometime next week.

Please carefully review the proposed retirement 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.

## [3<sup>rd</sup> 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.

The third substitute version of this bill is an improvement from the previous two bills but has not changed our general position, outlined below.

### **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.

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](#)

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