

1                                   **STATE EMPLOYEE BENEFITS AMENDMENTS**

2   2013 GENERAL SESSION

3   STATE OF UTAH

4                                   **Chief Sponsor: James A. Dunnigan**

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

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7   **LONG TITLE**

8   **General Description:**

9           This bill modifies the Utah State Personnel Management Act by amending provisions  
10 relating to state employee benefits.

11 **Highlighted Provisions:**

12           This bill:

- 13           ▶ caps the Unused Sick Leave Retirement Program II to only include an employee's  
14 unused accumulated sick leave and converted sick leave accrued between January 1,  
15 2006, and January 3, 2014;
- 16           ▶ provides that a qualifying employee is an employee who is:
  - 17           • in a position receiving retirement benefits; and
  - 18           • not an employee in a postemployment status with the Utah Retirement Systems;
- 19           ▶ provides that beginning on or after January 4, 2014, an employer shall make a  
20 biweekly matching contribution to a qualifying employee's defined contribution  
21 plan qualified under Section 401(k) of the Internal Revenue Code;
- 22           ▶ provides that the matching contribution amount that an employer shall provide to  
23 each qualifying employee shall be determined on an annual basis by the Legislature;
- 24           ▶ grants the executive director of the Department of Human Resource Management  
25 rulemaking authority to make rules for the procedures to implement the matching  
26 supplemental defined contribution benefit; and
- 27           ▶ makes technical corrections.



28 **Money Appropriated in this Bill:**

29 None

30 **Other Special Clauses:**

31 None

32 **Utah Code Sections Affected:**

33 AMENDS:

34 **67-19-14.1**, as last amended by Laws of Utah 2005, Chapter 15

35 **67-19-14.2**, as last amended by Laws of Utah 2010, Chapter 249

36 **67-19-14.4**, as last amended by Laws of Utah 2007, Chapter 130

37 ENACTS:

38 **67-19-43**, Utah Code Annotated 1953



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

41 Section 1. Section **67-19-14.1** is amended to read:

42 **67-19-14.1. Converted sick leave.**

43 (1) Until January 1, 2014, an employee who has 144 hours of accumulated unused sick  
44 leave immediately prior to the beginning of a calendar year, may elect to convert any unused  
45 sick leave hours accumulated during that calendar year, in excess of 64 hours, to converted sick  
46 leave.

47 (2) The conversion is made at the beginning of the next calendar year for unused sick  
48 leave hours earned during a calendar year under Subsection (1).

49 (3) Converted sick leave hours [~~(a)~~ are not subject to the reduction provided under  
50 ~~Subsection 67-19-14.2(4)(a)(i); (b)~~] that are not used prior to an employee's retirement date  
51 shall be used under the:

52 [(i)] (a) Unused Sick Leave Retirement Option Program I under Section 67-19-14.2 if  
53 earned prior to January 1, 2006, unless the transfer is made under Subsection 67-19-14.4(1)(c);  
54 or

55 [(i)] (b) Unused Sick Leave Retirement [Option Program II under Section 67-19-14.4 if  
56 earned on or after January 1, 2006.

57 Section 2. Section **67-19-14.2** is amended to read:

58 **67-19-14.2. Unused Sick Leave Retirement Option Program -- Creation -- Payout**

59 **upon eligibility for allowance -- Continuing medical and life insurance benefits after**  
 60 **retirement.**

61 (1) (a) There is created the "Unused Sick Leave Retirement Option Program I."

62 (b) An agency may offer the Unused Sick Leave Retirement Option Program I to an  
 63 employee who is eligible to receive a retirement allowance in accordance with Title 49, Utah  
 64 State Retirement and Insurance Benefit Act.

65 (2) The Unused Sick Leave Retirement Option Program I provides that upon becoming  
 66 eligible to receive a retirement allowance an employee who was employed by the state prior to  
 67 January 1, 2006:

68 (a) receives a contribution under Subsection (3) for 25% of the employee's unused  
 69 accumulated sick leave accrued prior to January 1, 2006, at the employee's rate of pay at the  
 70 time of retirement; ~~H→~~ and ~~←H~~

71 [~~(b) receives continuing medical and life insurance benefits until the earlier of:~~]

72 [~~(i) the date the employee reaches the age eligible for Medicare; or~~]

73 [~~(ii) up to the following number of years:]~~

74 [~~(A) five years if the employee retires during calendar year 2006;]~~

75 [~~(B) four years if the employee retires during calendar year 2007;]~~

76 [~~(C) three years if the employee retires during calendar year 2008;]~~

77 [~~(D) two years if the employee retires during calendar year 2009;]~~

78 [~~(E) one year if the employee retires during calendar year 2010; or~~]

79 [~~(F) zero years if the employee retires after calendar year 2010; and]~~

80 [~~(e)~~] (b) may purchase additional continuing medical and life insurance benefits in  
 81 accordance with Subsection (4).

82 (3) (a) Subject to federal requirements and limitations, the contribution under  
 83 Subsection (2)(a) shall be transferred directly to the employee's defined contribution plan  
 84 qualified under Section 401(k) of the Internal Revenue Code which is sponsored by the Utah  
 85 State Retirement Board.

86 (b) If the amount calculated under Subsection (2)(a) exceeds the federal contribution  
 87 limitations, the employee's unused accumulated sick leave hours representing the excess shall  
 88 be used for the purchase of continuing medical and life insurance benefits under Subsection  
 89 (4).

90 (4) (a) An employee may purchase continuing medical and life insurance benefits, at  
91 the rate of one month's coverage per policy for eight hours of unused sick leave remaining  
92 after~~[(i)]~~ the contribution of unused sick leave under Subsection (2)(a)~~[, and]~~.

93 ~~[(ii) an additional reduction, at the time of retirement, of unused sick leave hours as~~  
94 ~~follows:]~~

95 ~~[(A) 480 hours if the employee retires during calendar year 2006;]~~

96 ~~[(B) 384 hours if the employee retires during calendar year 2007;]~~

97 ~~[(C) 288 hours if the employee retires during calendar year 2008;]~~

98 ~~[(D) 192 hours if the employee retires during calendar year 2009;]~~

99 ~~[(E) 96 hours if the employee retires during calendar year 2010; or]~~

100 ~~[(F) 0 hours if the employee retires after calendar year 2010.]~~

101 (b) The medical coverage level for member, two person, or family coverage that is  
102 provided to the member at the time of retirement is the maximum coverage level available to  
103 the member under this program.

104 (c) The purchase of continuing medical and life insurance benefits at the rate provided  
105 under Subsection (4)(a) may be used by the employee to extend coverage:

106 (i) ~~[beyond the number of years provided under Subsection (2)]~~ until the employee  
107 reaches the age of eligibility for Medicare; or

108 (ii) if the employee has reached the age of eligibility for Medicare, continuing medical  
109 benefits for the employee's spouse may be purchased until the employee's spouse reaches the  
110 age of eligibility for Medicare.

111 (d) An employee and the employee's spouse who are or who later become eligible for  
112 Medicare may purchase Medicare supplemental insurance at the rate of one month's coverage  
113 for eight hours of the employee's unused sick leave per person.

114 (5) (a) The continuing medical and life insurance benefits ~~[received under Subsection~~  
115 ~~(2)(b) or]~~ purchased by an employee under Subsection (4):

116 (i) may not be suspended or deferred for future use; and

117 (ii) continues in effect until exhausted.

118 (b) An employer participating in the Program I benefits under this section may not  
119 provide medical or life insurance benefits to a person who is:

120 (i) reemployed after retirement; and

121 (ii) receiving benefits under this section.

122 Section 3. Section **67-19-14.4** is amended to read:

123 **67-19-14.4. Unused Sick Leave Retirement Program II -- Creation --**

124 **Remuneration upon eligibility for allowance -- Medical expense account after retirement.**

125 (1) (a) There is created the "Unused Sick Leave Retirement Program II."

126 (b) An agency shall offer the Unused Sick Leave Retirement Option Program II to an  
127 employee who is eligible to receive a retirement allowance in accordance with Title 49, Utah  
128 State Retirement and Insurance Benefit Act.

129 (c) [~~Beginning January 1, 2011, an~~] An employee who is participating in the Unused  
130 Sick Leave Retirement Program I under Section 67-19-14.2 may make a one-time and  
131 irrevocable election to transfer all unused sick leave hours which shall include all converted  
132 sick leave hours under Section 67-19-14.1 for use under the Unused Sick Leave Retirement  
133 Program II under this section.

134 (2) (a) The Unused Sick Leave Retirement Program II provides that upon becoming  
135 eligible to receive a retirement allowance an employee [~~who is~~] employed by the state [~~on or~~  
136 ~~after~~] between January 1, 2006, and January 3, 2014, shall receive remuneration for the  
137 employee's unused accumulated sick leave and converted sick leave accrued [~~beginning~~  
138 between January 1, 2006, and January 3, 2014, in accordance with this section as follows:

139 (i) subject to federal requirements and limitations, a contribution at the employee's rate  
140 of pay at the time of retirement for 25% of the employee's unused accumulated sick leave and  
141 converted sick leave shall be transferred directly to the employee's defined contribution plan  
142 qualified under Section 401(k) of the Internal Revenue Code which is sponsored by the Utah  
143 State Retirement Board; and

144 (ii) participation in a benefit plan that provides for reimbursement for medical  
145 expenses using money deposited at the employee's rate of pay at the time of retirement from  
146 remaining unused accumulated sick leave and converted sick leave balances.

147 (b) If the amount calculated under Subsection (2)(a)(i) exceeds the federal contribution  
148 limitations, the amount representing the excess shall be deposited under Subsection (2)(a)(ii).

149 (c) An employee's rate of pay at the time of retirement for purposes of Subsection  
150 (2)(a)(ii) may not be less than the average rate of pay of state employees who retired in the  
151 same retirement system under Title 49, Utah State Retirement and Insurance Benefit Act,

152 during the previous calendar year.

153 (3) The Utah State Retirement Office shall develop and maintain a program to provide  
154 a benefit plan that provides for reimbursement for medical expenses under Subsection (2)(a)(ii)  
155 with:

- 156 (a) money deposited under Subsection (2)(a)(ii); and
- 157 (b) accrued earnings.

158 Section 4. Section **67-19-43** is enacted to read:

159 **67-19-43. State employee matching supplemental defined contribution benefit.**

160 (1) As used in this section, "qualifying employee" means an employee who is:

161 (a) in a position that is receiving retirement benefits under Title 49, Utah State  
162 Retirement and Insurance Benefit Act; and

163 (b) not an employee who is reemployed as defined in Section 49-11-102.

164 (2) Subject to the requirements of Subsection (3) and beginning on or after January 4,  
165 2014, an employer shall make a biweekly matching contribution to every qualifying employee's  
166 defined contribution plan qualified under Section 401(k) of the Internal Revenue Code, subject  
167 to federal requirements and limitations, which is sponsored by the Utah State Retirement  
168 Board.

169 (3) (a) In accordance with the requirements of this Subsection (3), each qualifying  
170 employee shall be eligible to receive the same dollar amount for the contribution under  
171 Subsection (2).

172 (b) A qualifying employee:

173 (i) shall receive the contribution amount determined under Subsection (3)(c) if the  
174 qualifying employee makes a voluntary personal contribution to the defined contribution plan  
175 account described in Subsection (2) in an amount equal to or greater than the employer's  
176 contribution amount determined in Subsection (3)(c);

177 (ii) shall receive a partial contribution amount that is equal to the qualifying employee's  
178 personal contribution amount if the employee makes a voluntary personal contribution to the  
179 defined contribution plan account described in Subsection (2) in an amount less than the  
180 employer's contribution amount determined in Subsection (3)(c); or

181 (iii) may not receive a contribution under Subsection (2) if the qualifying employee  
182 does not make a voluntary personal contribution to the defined contribution plan account

183 described in Subsection (2).

184 (c) (i) ~~H~~→ [The] Subject to the maximum limit under Subsection (3)(c)(iii), the ←H

184a Legislature shall annually determine the contribution amount that an

185 employer shall provide to each qualifying employee under Subsection (2).

186 (ii) The department shall make recommendations annually to the Legislature on the

187 contribution amount required under Subsection (2), in consultation with the Governor's Office

188 of Management and Budget and the Division of Finance.

188a ~~H~~→ (iii) The biweekly matching contribution amount required under Subsection (2) may

188b not exceed \$26 for each qualifying employee. ←H

189 (4) A qualifying employee is eligible to receive the biweekly contribution under this

190 section for any pay period in which the employee is in a paid status or other status protected by

191 federal or state law.

192 (5) The employer and employee contributions made under this section vest

193 immediately upon deposit and can be withdrawn by the employee at any time, subject to

194 Internal Revenue Code regulations on the withdrawals.

195 (6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

196 executive director shall make rules establishing procedures to implement the provisions of this

197 section.

**Legislative Review Note**  
as of 2-6-13 5:43 PM

**Office of Legislative Research and General Counsel**