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**PHASED RETIREMENT AMENDMENTS**

2020 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Val K. Potter**

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

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**LONG TITLE**

**General Description:**

This bill modifies phased retirement provisions of the Utah State Retirement and Insurance Benefit Act.

**Highlighted Provisions:**

This bill:

- ▶ modifies definitions applicable to the phased retirement program;
- ▶ modifies phased retirement provisions applicable to public safety service employees and firefighter service employees;
- ▶ specifies provisions for a retiree employed on a three-quarter time basis who enters a phased retirement agreement;
- ▶ extends the repeal date for the phased retirement program; and
- ▶ makes technical changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides a special effective date.

**Utah Code Sections Affected:**

AMENDS:

**49-11-1301**, as last amended by Laws of Utah 2017, Chapter 10

**49-11-1303**, as last amended by Laws of Utah 2017, Chapter 10



28           **49-11-1306**, as enacted by Laws of Utah 2016, Chapter 280 and last amended by  
 29 Coordination Clause, Laws of Utah 2016, Chapter 310  
 30           **63I-1-249**, as last amended by Laws of Utah 2018, Chapter 357



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

33           Section 1. Section **49-11-1301** is amended to read:

34           **49-11-1301. Definitions.**

35           As used in this part:

36           (1) "Amortization rate" means the amortization rate, as defined in Section **49-11-102**,  
 37 to be applied to the system that would have covered the retiree if the retiree's part-time position  
 38 were considered to be an eligible, full-time position within that system.

39           (2) "Full-time" means a:

40           (a) regular full-time employee whose term of employment for a participating employer  
 41 contemplates continued employment during a fiscal or calendar year and whose employment  
 42 normally requires an average of 40 hours or more per week and who receives benefits normally  
 43 provided by the participating employer;

44           (b) teacher whose term of employment for a participating employer contemplates  
 45 continued employment during a school year and who teaches full time;

46           (c) firefighter service employee whose employment normally requires an average of  
 47 2,080 hours of regularly scheduled firefighter service per year; and

48           (d) public safety service employee whose employment normally requires an average of  
 49 2,080 hours of regularly scheduled public safety service per year.

50           (3) "Half-time" means [~~a~~]:

51           (a) a regular employee whose term of employment for a participating employer  
 52 contemplates continued employment during a fiscal or calendar year and whose employment  
 53 normally requires an average of 20 hours per week and who receives benefits normally  
 54 provided by the participating employer;

55           (b) a teacher whose term of employment for a participating employer contemplates  
 56 continued employment during a school year and who teaches half time;

57           (c) a firefighter service employee whose employment normally requires an average of  
 58 1,040 hours of regularly scheduled firefighter service per year; [~~and~~]

59 (d) a public safety service employee whose employment normally requires an average  
60 of 1,040 hours of regularly scheduled public safety service per year[-]; and

61 (e) for a retiree employed before retirement as a public safety service employee or a  
62 firefighter service employee in a position for which the participating employer established a  
63 regularly scheduled work period in excess of 2,080 hours per year, one-half of that regularly  
64 scheduled work period as long as the retiree has continuing employment in that same position.

65 (4) "Phased retirement" means continuing employment:

66 (a) on a half-time basis of a retiree with the same participating employer following the  
67 retiree's retirement date while the retiree receives a reduced retirement allowance[-]; or

68 (b) on a three-quarter time basis of a retiree with the same participating employer  
69 following the retiree's retirement date while the retiree receives a reduced retirement allowance  
70 if the retiree is employed as a public safety service employee or a firefighter service employee.

71 (5) "Three-quarter time" means:

72 (a) a firefighter service employee whose employment normally requires an average of  
73 1,560 hours of regularly scheduled firefighter service per year;

74 (b) a public safety service employee whose employment normally requires an average  
75 of 1,560 hours of regularly scheduled public safety service per year; and

76 (c) for a retiree who was employed before retirement as a public safety service  
77 employee or a firefighter service employee in a position for which the participating employer  
78 established a regularly scheduled work period in excess of 2,080 hours per year, three quarters  
79 of that regularly scheduled work period as long as the retiree has continuing employment in  
80 that same position.

81 Section 2. Section **49-11-1303** is amended to read:

82 **49-11-1303. Phased retirement -- Eligibility -- Restrictions -- Amortization rate.**

83 (1) A retiree is eligible for employment with only one position for only one  
84 participating employer under phased retirement following the retiree's retirement date if:

85 (a) the retiree:

86 (i) is eligible to retire and retires in accordance with this title;

87 (ii) has been employed full time, for not less than four years immediately before the  
88 retiree's retirement date;

89 (iii) for a retiree employed as a public safety service employee or a firefighter service

90 employee, is at least 50 years old;

91 ~~[(iii)]~~ (iv) completes and submits all required retirement forms to the office; and

92 ~~[(iv)]~~ (v) prior to the retiree's retirement date, completes and submits all required  
93 phased retirement forms to the office; and

94 (b) the retiree and the participating employer enter into an agreement described under  
95 Section 49-11-1304.

96 (2) A retiree shall begin phased retirement employment after the retiree's retirement  
97 date but no later than 120 days after the retiree's retirement date.

98 (3) ~~[For]~~ Except as provided in Subsection (4), for the period of the phased retirement:

99 (a) the retiree receives 50% of the retiree's monthly allowance;

100 (b) the participating employer employs the retiree on a half-time basis;

101 (c) a participating employer that employs the retiree shall contribute the amortization  
102 rate to the office [~~the amortization rate~~];

103 (d) the retiree or an alternate payee may not receive an annual cost-of-living adjustment  
104 to the retiree's or alternate payee's allowance;

105 (e) any death benefits payable to a surviving spouse or other beneficiary shall be paid  
106 based on 100% of the retiree's retirement allowance;

107 (f) the retiree may not receive any employer provided retirement benefits, service credit  
108 accruals, or any retirement related contributions from the participating employer; and

109 (g) except as specified under this section, a retiree working under phased retirement  
110 shall be treated in the same manner as any other part-time employee working a similar position  
111 and number of hours with the participating employer, including:

112 (i) any non-retirement related benefits;

113 (ii) leave benefits;

114 (iii) medical benefits; and

115 (iv) other benefits.

116 (4) (a) If a retiree is employed as a public safety service employee or a firefighter  
117 service employee, for the period of the phased retirement the requirements of Subsection (3) or  
118 (4)(b) are satisfied.

119 (b) For the period of the phased retirement:

120 (i) the retiree is employed as a public safety service employee or a firefighter service

121 employee;

122 (ii) the retiree receives 25% of the retiree's monthly allowance;

123 (iii) the participating employer employs the retiree on a three-quarter time basis;

124 (iv) a participating employer that employs the retiree shall contribute to the office the  
125 certified contribution rate applicable to the system that would have covered the retiree if the  
126 retiree's part-time position were considered to be an eligible, full-time position within the  
127 system;

128 (v) the retiree or an alternate payee may not receive an annual cost-of-living adjustment  
129 to the retiree's or alternate payee's allowance;

130 (vi) any death benefits payable to a surviving spouse or other beneficiary shall be paid  
131 based on 100% of the retiree's retirement allowance;

132 (vii) the retiree may not receive any employer provided retirement benefits, service  
133 credit accruals, or any retirement related contributions from the participating employer; and

134 (viii) except as specified under this section, a retiree working under phased retirement  
135 shall be treated in the same manner as any other part-time employee working a similar position  
136 and number of hours with the participating employer, including:

137 (A) any non-retirement related benefits;

138 (B) leave benefits;

139 (C) medical benefits; and

140 (D) other benefits.

141 ~~[(4)]~~ (5) The office shall begin paying 100% of the retiree's retirement allowance on  
142 the first day of the month following the month in which the office receives written notification  
143 and any required supporting documentation that the retiree's phased retirement has been  
144 irrevocably terminated.

145 Section 3. Section **49-11-1306** is amended to read:

146 **49-11-1306. Reset of one year separation.**

147 If a retiree is employed under a phased retirement agreement under this ~~[section]~~ part,  
148 the termination date of the phased retirement employment, as confirmed in writing by the  
149 participating employer, is considered the retiree's retirement date for the purpose of calculating  
150 the separation requirement under Subsection **49-11-1204**(2).

151 Section 4. Section **63I-1-249** is amended to read:

152           **63I-1-249. Repeal dates, Title 49.**

153           (1) Title 49, Chapter 11, Part 13, Phased Retirement, is repealed January 1, [~~2022~~]

154           2025.

155           (2) Section ~~49-20-418~~ is repealed January 1, 2022.

156           Section 5. **Effective date.**

157           This bill takes effect on January 1, 2021.