

PUBLIC EMPLOYEES 401K MATCH AMENDMENTS

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Thomas W. Peterson

Senate Sponsor: _____

LONG TITLE

General Description:

This bill addresses public employee 401(k) matches.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ allows for a state employee receiving retirement benefits to receive a biweekly match to the employee's 401(k) of up to 3% of the employee's compensation; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

63A-17-805, as last amended by Laws of Utah 2023, Chapter 442

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

Section 1. Section **63A-17-805** is amended to read:

63A-17-805. State employee matching supplemental defined contribution benefit.

(1) As used in this section:



28 (a) "Compensation" means the same as that term is defined in Section [49-13-102](#).

29 ~~[(a)]~~ (b) "Qualifying account" means:

30 (i) a defined contribution plan qualified under Section 401(k) of the Internal Revenue
31 Code, which is sponsored by the Utah State Retirement Board;

32 (ii) a deemed Individual Retirement Account authorized under the Internal Revenue
33 Code, which is sponsored by the Utah State Retirement Board; or

34 (iii) a similar savings plan or account authorized under the Internal Revenue Code,
35 which is sponsored by the Utah State Retirement Board.

36 ~~[(b)]~~ (c) "Qualifying employee" means an employee who is:

37 (i) in a position that is:

38 (A) receiving retirement benefits under Title 49, Utah State Retirement and Insurance
39 Benefit Act; and

40 (B) accruing paid leave benefits that can be used in the current and future calendar
41 years; and

42 (ii) not an employee who is reemployed as that term is:

43 (A) defined in Section [49-11-1202](#); or

44 (B) used in Section [49-11-504](#).

45 (2) Subject to the requirements of Subsection (3), an employer shall make a biweekly
46 matching contribution to every qualifying employee's defined contribution plan qualified under
47 Section 401(k) of the Internal Revenue Code, subject to federal requirements and limitations,
48 which is sponsored by the Utah State Retirement Board.

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

52 (b) A qualifying employee who is hired before July 1, 2023:

53 (i) shall receive the contribution amount determined under Subsection (3)(f) if the
54 qualifying employee makes a voluntary personal contribution to one or more qualifying
55 accounts in an amount equal to or greater than the employer's contribution amount determined
56 under Subsection (3)(f);

57 (ii) shall receive a partial contribution amount that is equal to the qualifying employee's
58 personal contribution amount if the employee makes a voluntary personal contribution to one

59 or more qualifying accounts in an amount less than the employer's contribution amount
60 determined under Subsection (3)(f); or

61 (iii) may not receive a contribution under Subsection (2) if the qualifying employee
62 does not make a voluntary personal contribution to a qualifying account.

63 (c) (i) An employer shall automatically enroll a qualifying employee who is hired on or
64 after July 1, 2023, to make a personal contribution to a defined contribution plan qualified
65 under Section 401(k) of the Internal Revenue Code, which is sponsored by the Utah State
66 Retirement Board, in an amount equal to the employer's contribution amount determined under
67 Subsection (3)(f).

68 (ii) A qualifying employee who makes a personal contribution in accordance with
69 Subsection (3)(c)(i) shall receive the contribution amount determined under Subsection (3)(f).

70 (d) (i) A qualifying employee who is hired on or after July 1, 2023, may opt out of the
71 automatic enrollment by choosing not to make any future personal contributions.

72 (ii) A qualifying employee who opts out of automatic enrollment in accordance with
73 this Subsection (3)(d) may not receive a contribution under Subsection (2).

74 (e) (i) A qualifying employee who is hired on or after July 1, 2023, may modify the
75 automatic enrollment by opting to make future personal contributions:

76 (A) in an amount other than the amount determined under Subsection (3)(f); or

77 (B) to a qualifying account other than the defined contribution plan qualified under
78 Section 401(k) of the Internal Revenue Code, which is sponsored by the Utah State Retirement
79 Board.

80 (ii) A qualifying employee who opts to make a personal contribution for less than the
81 amount determined under Subsection (3)(f) shall receive a partial contribution that is equal to
82 the qualifying employee's personal contribution amount.

83 (f) (i) Subject to the maximum limit under Subsection (3)(f)(iii), the Legislature shall
84 annually determine the contribution amount that an employer shall provide to each qualifying
85 employee under Subsection (2).

86 (ii) The division shall make recommendations annually to the Legislature on the
87 contribution amount required under Subsection (2), in consultation with the Governor's Office
88 of Planning and Budget and the Division of Finance.

89 (iii) The biweekly matching contribution amount required under Subsection (2) may

90 not exceed [~~\$26 for each qualifying employee~~] 3% of a qualifying employee's biweekly
91 compensation.

92 (4) A qualifying employee is eligible to receive the biweekly contribution under this
93 section for any pay period in which the employee is in a paid status or other status protected by
94 federal or state law.

95 (5) The employer and employee contributions made and related earnings under this
96 section vest immediately upon deposit and can be withdrawn by the employee at any time,
97 subject to Internal Revenue Code regulations on the withdrawals.

98 (6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
99 director shall make rules establishing procedures to implement the provisions of this section.

100 Section 2. **Effective date.**

101 This bill takes effect on May 1, 2024.