

1 **NEW PUBLIC EMPLOYEES' TIER II**
2 **CONTRIBUTORY RETIREMENT ACT**

3 2010 GENERAL SESSION

4 STATE OF UTAH

5 **Chief Sponsor: Daniel R. Liljenquist**

6 House Sponsor: Brad L. Dee

8 **LONG TITLE**

9 **General Description:**

10 This bill modifies the Utah State Retirement and Insurance Benefit Act to provide for
11 modified retirement benefits for new public employees and new public safety and
12 firefighter employees.

13 **Highlighted Provisions:**

14 This bill:

- 15 ▶ defines terms;
- 16 ▶ requires that the Retirement Office report when the funded status of the trust fund
17 reaches 100% funded and requires the Retirement and Independent Entities
18 Committee to study employee compensation and benefits;
- 19 ▶ provides for a "Tier I" system or plan for which an employee is eligible to
20 participate if the employee initially enters regular full-time employment before July
21 1, 2011;
- 22 ▶ creates a "Tier II" retirement system and plan for which an employee is eligible to
23 participate, if the employee initially enters regular full-time employment on or after
24 July 1, 2011, and which includes a:
 - 25 • New Public Employees' Tier II Hybrid Retirement System;
 - 26 • New Public Employees' Tier II Defined Contribution Plan;
 - 27 • New Public Safety and Firefighter Tier II Hybrid Retirement System; and
 - 28 • New Public Safety and Firefighter Tier II Defined Contribution Plan;
- 29 ▶ provides that all new public employees including public safety, firefighters,

30 governors, and legislators may only participate in a Tier II retirement system or plan;

31 ▶ provides that new employees may choose between the Tier II hybrid retirement
32 system or the Tier II Defined Contribution (DC) plan except governors and
33 legislators are only eligible for the Tier II DC plan;

34 ▶ provides that the retirement benefits for public employees who elect the Tier II
35 hybrid retirement system include:

- 36 • full retirement benefits after 35 years of service credit;
- 37 • 2.5% cost-of-living adjustments on the retirement allowance;
- 38 • a 1.5% multiplier for each year of service;
- 39 • a 401(k) employer contribution;
- 40 • a death benefit; and
- 41 • a disability benefit;

42 ▶ provides that the participating employer shall contribute for public employees Tier
43 II employees the percentage of the employee's compensation equal to the
44 corresponding Tier I system amortization rate plus 10%;

45 ▶ provides that the total public employees' Tier II contribution credited specifically
46 on behalf of a Tier II employee is 10% of the employee's salary;

47 ▶ provides that the retirement benefits for the public safety and firefighter employees
48 who elect the Tier II hybrid retirement system include:

- 49 • full retirement benefits after 25 years of service credit;
- 50 • 2.5% cost-of-living adjustments on the retirement allowance;
- 51 • a 1.5% multiplier for each year of service;
- 52 • a 401(k) employer contribution;
- 53 • a death benefit;
- 54 • a line of duty death benefit; and
- 55 • a disability benefit;

56 ▶ provides that the participating employer shall contribute for public safety and
57 firefighter Tier II employees the percentage of the employee's compensation equal

- 58 to the corresponding Tier I system amortization rate plus 12%;
- 59 ▶ provides that the total Tier II contribution credited specifically on behalf of a public
60 safety and firefighter Tier II employee is 12% of the employee's salary;
- 61 ▶ closes for employees who initially enter employment beginning on or after July 1,
62 2011, the:
- 63 • Public Employees' Contributory Retirement System;
 - 64 • Public Employees' Noncontributory Retirement System;
 - 65 • Public Safety Contributory Retirement System;
 - 66 • Public Safety Noncontributory Retirement System;
 - 67 • Firefighters' Retirement System; and
 - 68 • Utah Governors' and Legislators' Retirement System;
- 69 ▶ provides for certain exclusions from membership in the Tier II DC plan; and
70 ▶ makes technical changes.

71 **Monies Appropriated in this Bill:**

72 None

73 **Other Special Clauses:**

74 This bill takes effect on July 1, 2010.

75 **Utah Code Sections Affected:**

76 AMENDS:

- 77 **35A-4-502**, as last amended by Laws of Utah 2008, Chapter 382
78 **49-11-102**, as last amended by Laws of Utah 2009, Chapter 101
79 **49-11-401**, as last amended by Laws of Utah 2005, Chapter 116
80 **49-11-403**, as last amended by Laws of Utah 2006, Chapter 260
81 **49-11-404**, as last amended by Laws of Utah 2008, Chapter 252
82 **49-11-612**, as last amended by Laws of Utah 2009, Chapter 101
83 **49-11-801**, as last amended by Laws of Utah 2008, Chapter 335
84 **49-11-1001**, as enacted by Laws of Utah 2006, Chapter 305
85 **49-12-201**, as renumbered and amended by Laws of Utah 2002, Chapter 250

- 86 **49-13-201**, as renumbered and amended by Laws of Utah 2002, Chapter 250
- 87 **49-14-201**, as last amended by Laws of Utah 2008, Chapter 382
- 88 **49-14-202**, as renumbered and amended by Laws of Utah 2002, Chapter 250
- 89 **49-15-201**, as last amended by Laws of Utah 2008, Chapter 382
- 90 **49-15-202**, as renumbered and amended by Laws of Utah 2002, Chapter 250
- 91 **49-16-201**, as last amended by Laws of Utah 2004, Chapter 118
- 92 **49-16-202**, as last amended by Laws of Utah 2009, Chapter 101
- 93 **49-19-201**, as renumbered and amended by Laws of Utah 2002, Chapter 250
- 94 **49-21-201**, as last amended by Laws of Utah 2008, Chapter 252
- 95 **49-21-403**, as last amended by Laws of Utah 2008, Chapter 252
- 96 **53-7-105**, as last amended by Laws of Utah 2002, Chapter 250
- 97 **53-13-108**, as last amended by Laws of Utah 2002, Chapter 250
- 98 **53A-1a-512**, as last amended by Laws of Utah 2009, Chapter 165
- 99 **67-22-1**, as last amended by Laws of Utah 2008, Chapter 86

100 ENACTS:

- 101 **49-11-307**, Utah Code Annotated 1953
- 102 **49-22-101**, Utah Code Annotated 1953
- 103 **49-22-102**, Utah Code Annotated 1953
- 104 **49-22-103**, Utah Code Annotated 1953
- 105 **49-22-104**, Utah Code Annotated 1953
- 106 **49-22-201**, Utah Code Annotated 1953
- 107 **49-22-202**, Utah Code Annotated 1953
- 108 **49-22-203**, Utah Code Annotated 1953
- 109 **49-22-204**, Utah Code Annotated 1953
- 110 **49-22-301**, Utah Code Annotated 1953
- 111 **49-22-302**, Utah Code Annotated 1953
- 112 **49-22-303**, Utah Code Annotated 1953
- 113 **49-22-304**, Utah Code Annotated 1953

114 **49-22-305**, Utah Code Annotated 1953
115 **49-22-306**, Utah Code Annotated 1953
116 **49-22-307**, Utah Code Annotated 1953
117 **49-22-308**, Utah Code Annotated 1953
118 **49-22-309**, Utah Code Annotated 1953
119 **49-22-401**, Utah Code Annotated 1953
120 **49-22-402**, Utah Code Annotated 1953
121 **49-22-501**, Utah Code Annotated 1953
122 **49-22-502**, Utah Code Annotated 1953
123 **49-22-601**, Utah Code Annotated 1953
124 **49-23-101**, Utah Code Annotated 1953
125 **49-23-102**, Utah Code Annotated 1953
126 **49-23-103**, Utah Code Annotated 1953
127 **49-23-104**, Utah Code Annotated 1953
128 **49-23-201**, Utah Code Annotated 1953
129 **49-23-202**, Utah Code Annotated 1953
130 **49-23-301**, Utah Code Annotated 1953
131 **49-23-302**, Utah Code Annotated 1953
132 **49-23-303**, Utah Code Annotated 1953
133 **49-23-304**, Utah Code Annotated 1953
134 **49-23-305**, Utah Code Annotated 1953
135 **49-23-306**, Utah Code Annotated 1953
136 **49-23-307**, Utah Code Annotated 1953
137 **49-23-308**, Utah Code Annotated 1953
138 **49-23-401**, Utah Code Annotated 1953
139 **49-23-402**, Utah Code Annotated 1953
140 **49-23-501**, Utah Code Annotated 1953
141 **49-23-502**, Utah Code Annotated 1953

142 **49-23-503**, Utah Code Annotated 1953

143 **49-23-601**, Utah Code Annotated 1953

144 _____

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

146 Section 1. Section **35A-4-502** is amended to read:

147 **35A-4-502. Administration of Employment Security Act.**

148 (1) (a) The department shall administer this chapter through the division.

149 (b) The department may make, amend, or rescind any rules and special orders
150 necessary for the administration of this chapter.

151 (c) The division may:

152 (i) employ persons;

153 (ii) make expenditures;

154 (iii) require reports;

155 (iv) make investigations;

156 (v) make audits of any or all funds provided for under this chapter when necessary;

157 and

158 (vi) take any other action it considers necessary or suitable to that end.

159 (d) No later than the first day of October of each year, the department shall submit to
160 the governor a report covering the administration and operation of this chapter during the
161 preceding calendar year and shall make any recommendations for amendments to this chapter
162 as the department considers proper.

163 (e) (i) The report required under Subsection (1)(d) shall include a balance sheet of the
164 moneys in the fund in which there shall be provided, if possible, a reserve against liability in
165 future years to pay benefits in excess of the then current contributions, which reserve shall be
166 set up by the division in accordance with accepted actuarial principles on the basis of statistics
167 of employment, business activity, and other relevant factors for the longest possible period.

168 (ii) Whenever the department believes that a change in contribution or benefit rates
169 will become necessary to protect the solvency of the fund, it shall promptly inform the

170 governor and the Legislature and make appropriate recommendations.

171 (2) (a) The department may make, amend, or rescind rules in accordance with Title
172 63G, Chapter 3, Utah Administrative Rulemaking Act.

173 (b) The director of the division or the director's designee may adopt, amend, or rescind
174 special orders after appropriate notice and opportunity to be heard. Special orders become
175 effective 10 days after notification or mailing to the last-known address of the individuals or
176 concerns affected thereby.

177 (3) The director of the division or the director's designee shall cause to be printed for
178 distribution to the public:

179 (a) the text of this chapter;

180 (b) the department's rules pertaining to this chapter;

181 (c) the department's annual reports to the governor required by Subsection (1)(e); and

182 (d) any other material the director of the division or the director's designee considers
183 relevant and suitable and shall furnish them to any person upon application.

184 (4) (a) The division may delegate to any person so appointed the power and authority
185 it considers reasonable and proper for the effective administration of this chapter and may
186 bond any person handling moneys or signing checks under this authority.

187 (b) The department may, when permissible under federal and state law, make
188 arrangements to voluntarily elect coverage under the United States Civil Service Retirement
189 System or a comparable private retirement plan with respect to past as well as future services
190 of individuals employed under this chapter who:

191 (i) were hired prior to October 1, 1980; and

192 (ii) have been retained by the department without significant interruption in the
193 employees' services for the department.

194 (c) An employee of the department who no longer may participate in a federal or other
195 retirement system as a result of a change in status or appropriation under this chapter may
196 purchase credit with the employee's assets from the federal or other retirement system in which
197 the employee may no longer participate in a retirement system created under;

198 (i) Title 49, Chapter 13, Public Employees' Noncontributory Retirement Act~~[, with the~~
199 ~~employee's assets from the federal or other retirement system in which the employee may no~~
200 ~~longer participate.]~~ for a purchase made under this Subsection (4)(c) made prior to July 1,
201 2011; or

202 (ii) Title 49, Chapter 22, Public Employees' Tier II Contributory Retirement Act, if the
203 date of purchase under this Subsection (4)(c) is on or after July 1, 2011.

204 (5) There is created an Employment Advisory Council composed of the members
205 listed in Subsections (5)(a) and (b).

206 (a) The executive director shall appoint:

207 (i) not less than five employer representatives chosen from individuals recommended
208 by employers, employer associations, or employer groups;

209 (ii) not less than five employee representatives chosen from individuals recommended
210 by employees, employee associations, or employee groups; and

211 (iii) five public representatives chosen at large.

212 (b) The executive director or the executive director's designee shall serve as a
213 nonvoting member of the council.

214 (c) The employee representatives shall include both union and nonunion employees
215 who fairly represent the percentage in the labor force of the state.

216 (d) Employers and employees shall consider nominating members of groups who
217 historically may have been excluded from the council, such as women, minorities, and
218 individuals with disabilities.

219 (e) (i) Except as required by Subsection (5)(e)(ii), as terms of current council members
220 expire, the executive director shall appoint each new member or reappointed member to a
221 four-year term.

222 (ii) Notwithstanding the requirements of Subsection (5)(e)(i), the executive director
223 shall, at the time of appointment or reappointment, adjust the length of terms to ensure that the
224 terms of council members are staggered so that approximately half of the council is appointed
225 every two years.

226 (f) When a vacancy occurs in the membership for any reason, the replacement shall be
227 appointed for the unexpired term.

228 (g) The executive director shall terminate the term of any council member who ceases
229 to be representative as designated by the council member's original appointment.

230 (h) The council shall advise the department and the Legislature in formulating policies
231 and discussing problems related to the administration of this chapter including:

232 (i) reducing and preventing unemployment;

233 (ii) encouraging the adoption of practical methods of vocational training, retraining,
234 and vocational guidance;

235 (iii) monitoring the implementation of the Wagner-Peyser Act;

236 (iv) promoting the creation and development of job opportunities and the
237 reemployment of unemployed workers throughout the state in every possible way; and

238 (v) appraising the industrial potential of the state.

239 (i) The council shall assure impartiality and freedom from political influence in the
240 solution of the problems listed in Subsection (5)(h).

241 (j) The executive director or the executive director's designee shall serve as chair of the
242 council and call the necessary meetings.

243 (k) (i) A member shall receive no compensation or benefits for the member's services,
244 but may receive per diem and expenses incurred in the performance of the member's official
245 duties at the rates established by the Division of Finance under Sections 63A-3-106 and
246 63A-3-107.

247 (ii) A member may decline to receive per diem and expenses for the member's service.

248 (l) The department shall provide staff support to the council.

249 (6) In the discharge of the duties imposed by this chapter, the division director or the
250 director's designee as designated by department rule, may in connection with a disputed matter
251 or the administration of this chapter:

252 (a) administer oaths and affirmations;

253 (b) take depositions;

254 (c) certify to official acts; and

255 (d) issue subpoenas to compel the attendance of witnesses and the production of
256 books, papers, correspondence, memoranda, and other records necessary as evidence.

257 (7) (a) In case of contumacy by or refusal to obey a subpoena issued to any person,
258 any court of this state within the jurisdiction of which the inquiry is carried on or within the
259 jurisdiction of which the person guilty of contumacy or refusal to obey is found or resides or
260 transacts business, upon application by the director of the division or the director's designee
261 shall have jurisdiction to issue to that person an order requiring the person to appear before the
262 director or the director's designee to produce evidence, if so ordered, or give testimony
263 regarding the matter under investigation or in question. Any failure to obey that order of the
264 court may be punished by the court as contempt.

265 (b) Any person who, without just cause, fails or refuses to attend and testify or to
266 answer any lawful inquiry or to produce books, papers, correspondence, memoranda, and other
267 records, if it is in that person's power to do so, in obedience to a subpoena of the director or
268 the director's designee shall be punished as provided in Subsection 35A-1-301(1)(b). Each
269 day the violation continues is a separate offense.

270 (c) In the event a witness asserts a privilege against self-incrimination, testimony and
271 evidence from the witness may be compelled pursuant to Title 77, Chapter 22b, Grants of
272 Immunity.

273 (8) (a) In the administration of this chapter, the division shall cooperate with the
274 United States Department of Labor to the fullest extent consistent with the provisions of this
275 chapter and shall take action, through the adoption of appropriate rules by the department and
276 administrative methods and standards, as necessary to secure to this state and its citizens all
277 advantages available under the provisions of:

278 (i) the Social Security Act that relate to unemployment compensation;

279 (ii) the Federal Unemployment Tax Act; and

280 (iii) the Federal-State Extended Unemployment Compensation Act of 1970.

281 (b) In the administration of Section 35A-4-402, which is enacted to conform with the

282 requirements of the Federal-State Extended Unemployment Compensation Act of 1970, 26
283 U.S.C. 3304, the division shall take any action necessary to ensure that the section is
284 interpreted and applied to meet the requirements of the federal act, as interpreted by the United
285 States Department of Labor and to secure to this state the full reimbursement of the federal
286 share of extended and regular benefits paid under this chapter that are reimbursable under the
287 federal act.

288 Section 2. Section **49-11-102** is amended to read:

289 **49-11-102. Definitions.**

290 As used in this title:

291 (1) (a) "Active member" means a member who is employed or who has been employed
292 by a participating employer within the previous 120 days.

293 (b) "Active member" does not include retirees.

294 (2) "Actuarial equivalent" means a benefit of equal value when computed upon the
295 basis of mortality tables as recommended by the actuary and adopted by the executive director,
296 including regular interest.

297 (3) "Actuarial interest rate" means the interest rate as recommended by the actuary and
298 adopted by the board upon which the funding of system costs and benefits are computed.

299 (4) (a) "Agency" means:

300 (i) a department, division, agency, office, authority, commission, board, institution, or
301 hospital of the state;

302 (ii) a county, municipality, school district, local district, or special service district;

303 (iii) a state college or university; or

304 (iv) any other participating employer.

305 (b) "Agency" does not include an entity listed under Subsection (4)(a)(i) that is a
306 subdivision of another entity listed under Subsection (4)(a).

307 (5) "Allowance" or "retirement allowance" means the pension plus the annuity,
308 including any cost of living or other authorized adjustments to the pension and annuity.

309 (6) "Alternate payee" means a member's former spouse or family member eligible to

310 receive payments under a Domestic Relations Order in compliance with Section 49-11-612.

311 (7) "Amortization rate" means the board certified percent of salary required to
312 amortize the unfunded actuarial accrued liability in accordance with policies established by
313 the board upon the advice of the actuary.

314 [~~(7)~~] (8) "Annuity" means monthly payments derived from member contributions.

315 [~~(8)~~] (9) "Appointive officer" means an employee appointed to a position for a definite
316 and fixed term of office by official and duly recorded action of a participating employer whose
317 appointed position is designated in the participating employer's charter, creation document, or
318 similar document, and who earns during the first full month of the term of office \$500 or
319 more, indexed as of January 1, 1990, as provided in Section 49-12-407.

320 [~~(9)~~] (10) (a) "At-will employee" means a person who is employed by a participating
321 employer and:

322 (i) who is not entitled to merit or civil service protection and is generally considered
323 exempt from a participating employer's merit or career service personnel systems;

324 (ii) whose on-going employment status is entirely at the discretion of the person's
325 employer; or

326 (iii) who may be terminated without cause by a designated supervisor, manager, or
327 director.

328 (b) "At-will employee" does not include a career employee who has obtained a
329 reasonable expectation of continued employment based on inclusion in a participating
330 employer's merit system, civil service protection system, or career service personnel systems,
331 policies, or plans.

332 [~~(10)~~] (11) "Beneficiary" means any person entitled to receive a payment under this
333 title through a relationship with or designated by a member, participant, covered individual, or
334 alternate payee of a defined contribution plan.

335 [~~(11)~~] (12) "Board" means the Utah State Retirement Board established under Section
336 49-11-202.

337 [~~(12)~~] (13) "Board member" means a person serving on the Utah State Retirement

338 Board as established under Section 49-11-202.

339 (14) "Certified contribution rate" means the board certified percent of salary paid on
340 behalf of an active member to the office to maintain the system on a financially and actuarially
341 sound basis.

342 [~~13~~] (15) "Contributions" means the total amount paid by the participating employer
343 and the member into a system or to the Utah Governors' and Legislators' Retirement Plan
344 under Chapter 19, Utah Governors' and Legislators' Retirement Act.

345 [~~14~~] (16) "Council member" means a person serving on the Membership Council
346 established under Section 49-11-202.

347 [~~15~~] (17) "Covered individual" means any individual covered under Chapter 20,
348 Public Employees' Benefit and Insurance Program Act.

349 [~~16~~] (18) "Current service" means covered service as defined in Chapters 12, 13, 14,
350 15, 16, 17, 18, and 19.

351 [~~17~~] (19) "Defined benefit" or "defined benefit plan" or "defined benefit system"
352 means a system or plan offered under this title to provide a specified allowance to a retiree or a
353 retiree's spouse after retirement that is based on a set formula involving one or more of the
354 following factors:

- 355 (a) years of service;
- 356 (b) final average monthly salary; or
- 357 (c) a retirement multiplier.

358 [~~18~~] (20) "Defined contribution" or "defined contribution plan" means any defined
359 contribution plan or deferred compensation plan authorized under the Internal Revenue Code
360 and administered by the board.

361 [~~19~~] (21) "Educational institution" means a political subdivision or instrumentality
362 of the state or a combination thereof primarily engaged in educational activities or the
363 administration or servicing of educational activities, including:

- 364 (a) the State Board of Education and its instrumentalities;
- 365 (b) any institution of higher education and its branches;

366 (c) any school district and its instrumentalities;

367 (d) any vocational and technical school; and

368 (e) any entity arising out of a consolidation agreement between entities described
369 under this Subsection [~~(19)~~] (21).

370 [~~(20)~~] (22) (a) "Employer" means any department, educational institution, or political
371 subdivision of the state eligible to participate in a government-sponsored retirement system
372 under federal law.

373 (b) "Employer" may also include an agency financed in whole or in part by public
374 funds.

375 [~~(21)~~] (23) "Exempt employee" means an employee working for a participating
376 employer:

377 (a) who is not eligible for service credit under Section 49-12-203, 49-13-203,
378 49-14-203, 49-15-203, or 49-16-203; and

379 (b) for whom a participating employer is not required to pay contributions or
380 nonelective contributions.

381 [~~(22)~~] (24) "Final average monthly salary" means the amount computed by dividing
382 the compensation received during the final average salary period under each system by the
383 number of months in the final average salary period.

384 [~~(23)~~] (25) "Fund" means any fund created under this title for the purpose of paying
385 benefits or costs of administering a system, plan, or program.

386 [~~(24)~~] (26) (a) "Inactive member" means a member who has not been employed by a
387 participating employer for a period of at least 120 days.

388 (b) "Inactive member" does not include retirees.

389 (27) (a) "Initially entering" means hired, appointed, or elected for the first time, in
390 current service as a member with any participating employer.

391 (b) "Initially entering" does not include a person who has any prior service credit on
392 file with the office.

393 [~~(25)~~] (28) (a) "Member" means a person, except a retiree, with contributions on

394 deposit with a system, the Utah Governors' and Legislators' Retirement Plan under Chapter 19,
395 Utah Governors' and Legislators' Retirement Act, or with a terminated system.

396 (b) "Member" also includes leased employees within the meaning of Section 414(n)(2)
397 of the Internal Revenue Code, if the employees have contributions on deposit with the office.
398 If leased employees constitute less than 20% of the participating employer's work force that is
399 not highly compensated within the meaning of Section 414(n)(5)(c)(ii), Internal Revenue
400 Code, "member" does not include leased employees covered by a plan described in Section
401 414(n)(5) of the federal Internal Revenue Code.

402 [~~26~~] (29) "Member contributions" means the sum of the contributions paid to a
403 system or the Utah Governors' and Legislators' Retirement Plan, including refund interest if
404 allowed by a system, and which are made by:

- 405 (a) the member; and
- 406 (b) the participating employer on the member's behalf under Section 414(h) of the
407 Internal Revenue Code.

408 [~~27~~] (30) "Nonelective contribution" means an amount contributed by a participating
409 employer into a participant's defined contribution account.

410 [~~28~~] (31) "Office" means the Utah State Retirement Office.

411 [~~29~~] (32) "Participant" means an individual with voluntary deferrals or nonelective
412 contributions on deposit with the defined contribution plans administered under this title.

413 [~~30~~] (33) "Participating employer" means a participating employer, as defined by
414 Chapters 12, 13, 14, 15, 16, 17, and 18, or an agency financed in whole or in part by public
415 funds which is participating in a system or plan as of January 1, 2002.

416 [~~31~~] (34) "Pension" means monthly payments derived from participating employer
417 contributions.

418 [~~32~~] (35) "Plan" means the Utah Governors' and Legislators' Retirement Plan created
419 by Chapter 19, Utah Governors' and Legislators' Retirement Act, the New Public Employees'
420 Tier II Defined Contribution Plan created by Chapter 22, Part 4, Tier II Defined Contribution
421 Plan, the New Public Safety and Firefighter Tier II Defined Contribution Plan created by

422 Chapter 23, Part 4, Tier II Defined Contribution Plan, or the defined contribution plans created
423 under Section 49-11-801.

424 ~~[(33)]~~ (36) (a) "Political subdivision" means any local government entity, including
425 cities, towns, counties, and school districts, but only if the subdivision is a juristic entity that
426 is legally separate and distinct from the state and only if its employees are not by virtue of
427 their relationship to the entity employees of the state.

428 (b) "Political subdivision" includes local districts, special service districts, or
429 authorities created by the Legislature or by local governments, including the office.

430 (c) "Political subdivision" does not include a project entity created under Title 11,
431 Chapter 13, Interlocal Cooperation Act, that was formed prior to July 1, 1987.

432 ~~[(34)]~~ (37) "Program" means the Public Employees' Insurance Program created under
433 Chapter 20, Public Employees' Benefit and Insurance Program Act, or the Public Employees'
434 Long-Term Disability program created under Chapter 21, Public Employees' Long-Term
435 Disability Act.

436 ~~[(35)]~~ (38) "Public funds" means those funds derived, either directly or indirectly,
437 from public taxes or public revenue, dues or contributions paid or donated by the membership
438 of the organization, used to finance an activity whose objective is to improve, on a nonprofit
439 basis, the governmental, educational, and social programs and systems of the state or its
440 political subdivisions.

441 ~~[(36)]~~ (39) "Qualified defined contribution plan" means a defined contribution plan
442 that meets the requirements of Section 401(k) or Section 403(b) of the Internal Revenue Code.

443 ~~[(37)]~~ (40) "Refund interest" means the amount accrued on member contributions at a
444 rate adopted by the board.

445 ~~[(38)]~~ (41) "Retiree" means an individual who has qualified for an allowance under
446 this title.

447 ~~[(39)]~~ (42) "Retirement" means the status of an individual who has become eligible,
448 applies for, and is entitled to receive an allowance under this title.

449 ~~[(40)]~~ (43) "Retirement date" means the date selected by the member on which the

450 member's retirement becomes effective with the office.

451 [~~(41)~~] (44) "Service credit" means:

452 (a) the period during which an employee is employed and compensated by a
453 participating employer and meets the eligibility requirements for membership in a system or
454 the Utah Governors' and Legislators' Retirement Plan, provided that any required contributions
455 are paid to the office; and

456 (b) periods of time otherwise purchasable under this title.

457 [~~(42)~~] (45) "System" means the individual retirement systems created by Chapter 12,
458 Public Employees' Contributory Retirement Act, Chapter 13, Public Employees'
459 Noncontributory Retirement Act, Chapter 14, Public Safety Contributory Retirement Act,
460 Chapter 15, Public Safety Noncontributory Retirement Act, Chapter 16, Firefighters'
461 Retirement Act, Chapter 17, Judges' Contributory Retirement Act, Chapter 18, Judges'
462 Noncontributory Retirement Act, and Chapter 19, Utah Governors' and Legislators' Retirement
463 Act[-], the defined benefit portion of the Tier II Hybrid Retirement System under Chapter 22,
464 Part 3, Tier II Hybrid Retirement System, and the defined benefit portion of the Tier II Hybrid
465 Retirement System under Chapter 23, Part 3, Tier II Hybrid Retirement System.

466 (46) "Tier I" means a system or plan under this title for which an employee is eligible
467 to participate if the employee initially enters regular full-time employment before July 1, 2011.

468 (47) (a) "Tier II" means a system or plan under this title provided in lieu of a Tier I
469 system or plan for which an employee is eligible to participate, if the employee initially enters
470 regular full-time employment on or after July 1, 2011.

471 (b) "Tier II" includes:

472 (i) the Tier II hybrid system established under:

473 (A) Chapter 22, Part 3, Tier II Hybrid Retirement System; or

474 (B) Chapter 23, Part 3, Tier II Hybrid Retirement System; and

475 (ii) the Tier II Defined Contribution Plan (Tier II DC Plan) established under:

476 (A) Chapter 22, Part 4, Tier II Defined Contribution Plan; or

477 (B) Chapter 23, Part 4, Tier II Defined Contribution Plan.

478 (48) "Unfunded actuarial accrued liability" or "UAAL":

479 (a) is determined by the system's actuary; and

480 (b) means the excess, if any, of the accrued liability of a retirement system over the
481 actuarial value of its assets.

482 [~~43~~] (49) "Voluntary deferrals" means an amount contributed by a participant into
483 that participant's defined contribution account.

484 Section 3. Section **49-11-307** is enacted to read:

485 **49-11-307. Report on funded status -- Study of compensation.**

486 (1) (a) The office shall report the funded status of the Utah State Retirement
487 Investment Fund to the Retirement and Independent Entities Committee created under Section
488 63E-1-201.

489 (b) The report under Subsection (1)(a) shall be made at least annually or as requested
490 by the committee.

491 (2) (a) If the Utah State Retirement Investment Fund reaches a funded status of 100%,
492 the office shall make a report to that effect.

493 (b) The report shall be provided to the governor, the board, the president of the Senate,
494 the speaker of the House of Representatives, and to each member and staff of the Retirement
495 and Independent Entities Committee created under Section 63E-1-201.

496 (3) Upon receipt of the report under Subsection (2)(b), the committee shall conduct a
497 study on participating employee compensation and benefits to determine the need for
498 adjustments in retirement benefits, salary, and other benefits for the recruitment and retention
499 of a qualified workforce.

500 (4) The committee shall report any findings and recommendations to the Legislative
501 Management Committee.

502 Section 4. Section **49-11-401** is amended to read:

503 **49-11-401. Transfer of service credit -- Eligibility for service credit --**

504 **Computation of service credit -- Retirement from most recent system.**

505 (1) (a) The office shall make the transfer of service credit, together with related

506 member and participating employer contributions, from one system to another upon terms and
507 conditions established by the board.

508 (b) The terms and conditions may not result in a loss of accrued benefits.

509 (2) Transfer of employment from a position covered by one system to a position
510 covered by another system does not cause the employee to lose active member status.

511 (3) In the accrual of service credit, the following provisions apply:

512 (a) A person employed and compensated by a participating employer who meets the
513 eligibility requirements for membership in a system or the Utah Governors' and Legislators'
514 Retirement Plan shall receive service credit for the term of the employment provided that all
515 required contributions are paid to the office.

516 (b) An allowance or other benefit may not accrue under this title which is based upon
517 the same period of employment as has been the basis for any retirement benefits under some
518 other public retirement system.

519 (c) The board shall fix the minimum time per day, per month, and per year upon the
520 basis of which one year of service and proportionate parts of a year shall be credited toward
521 qualification for retirement. Service may be computed on a fiscal or calendar year basis and
522 portions of years served shall be accumulated and counted as service. In any event, all of the
523 service rendered in any one fiscal or calendar year may not count for more than one year.

524 (d) Service credit shall be accrued on a fiscal or calendar year basis as determined by
525 the participating employer.

526 (e) A member may not accrue more than one year of service credit per fiscal or
527 calendar year as determined by the office.

528 (f) Fractions of years of service credit shall be accumulated and counted in proportion
529 to the work performed.

530 (4) The office may estimate the amount of service credit, compensation, or age of any
531 member, participant, or alternate payee, if information is not contained in the records.

532 (5) A member shall retire from the system which most recently covered the member.

533 (6) (a) Under no circumstances may service credit earned by a member under Chapter

534 22, New Public Employees' Tier II Contributory Retirement Act, or Chapter 23, New Public
535 Safety and Firefighter Tier II Contributory Retirement Act, be transferable to any other system
536 or plan under this title.

537 (b) Under no circumstances may service credit earned by a member under one of the
538 following systems be transferable to the system created under Chapter 22, New Public
539 Employees' Tier II Contributory Retirement Act, or under Chapter 23, New Public Safety and
540 Firefighter Tier II Contributory Retirement Act:

- 541 (i) Chapter 12, Public Employees' Contributory Retirement Act;
- 542 (ii) Chapter 13, Public Employees' Noncontributory Retirement Act;
- 543 (iii) Chapter 14, Public Safety Contributory Retirement Act;
- 544 (iv) Chapter 15, Public Safety Noncontributory Retirement Act;
- 545 (v) Chapter 16, Firefighters' Retirement Act; or
- 546 (vi) Chapter 19, Utah Governors' and Legislators' Retirement Act.

547 Section 5. Section **49-11-403** is amended to read:

548 **49-11-403. Purchase of public service credit not otherwise qualifying for**
549 **benefit.**

550 (1) A member, a participating employer, or a member and a participating employer
551 jointly may purchase service credit equal to the period of the member's employment in the
552 following:

- 553 (a) United States federal employment;
- 554 (b) employment in a private school based in the United States, if the member received
555 an employer paid retirement benefit for the employment;
- 556 (c) public employment in another state or territory of the United States which qualifies
557 the member for membership in the public plan or system covering the employment, but only if
558 the member does not qualify for any retirement benefits based on the employment;
- 559 (d) forfeited service credit in this state if the member does not qualify for an allowance
560 based on the service credit;
- 561 (e) full-time public service while on an approved leave of absence;

562 (f) the period of time for which disability benefits were paid if:
563 (i) the member was receiving:
564 (A) long-term disability benefits;
565 (B) short-term disability benefits; or
566 (C) worker's compensation disability benefits; and
567 (ii) the member's employer had not entered into a benefit protection contract under
568 Section 49-11-404 during the period the member was disabled due to sickness or accident; or
569 (g) employment covered by a Teachers Insurance and Annuity Association of America
570 retirement plan if the member forfeits any retirement benefit from that retirement plan for the
571 period of employment to be purchased under this Subsection (1)(g).
572 (2) A member shall have:
573 (a) at least four years of service credit before a purchase can be made under this
574 section; and
575 (b) forfeited service credit under any other retirement system or plan based on the
576 employment for which service credit is being purchased.
577 (3) (a) To purchase credit under this section, the member, a participating employer, or
578 a member and a participating employer jointly shall make payment to the system under which
579 the member is currently covered.
580 (b) The amount of the payment shall be determined by the office based on a formula
581 that is:
582 (i) recommended by the actuary; and
583 (ii) adopted by the board.
584 (4) The purchase may be made through payroll deductions or through a lump sum
585 deposit based upon the present value of future payments.
586 (5) Total payment must be completed prior to the member's effective date of
587 retirement or service credit will be prorated in accordance with the amount paid.
588 (6) (a) If any of the factors used to determine the cost of a service credit purchase
589 change at or before the member's retirement date, the cost of the purchase shall be recalculated

590 at the time of retirement.

591 (b) If the recalculated cost exceeds the amount paid for the purchase, the member, a
592 participating employer, or a member and a participating employer jointly may:

593 (i) pay the increased cost, plus interest, to receive the full amount of service credit; or

594 (ii) not pay the increased cost and have the purchased service credit prorated.

595 (7) If the recalculated cost under Subsection (6) is less than the amount paid for the
596 purchase, the office shall refund the excess payment to the member or participating employer
597 who paid for the purchase.

598 (8) (a) The board may adopt rules under which a member may make the necessary
599 payments to the office for purchases under this title as permitted by federal law.

600 (b) The office may reject any payments if the office determines the tax status of the
601 system, plans, or programs would be jeopardized by allowing the payment.

602 (9) Account balances created under Section 49-22-303, 49-22-401, 49-23-302, or
603 49-23-401 may not be used to purchase service credit for a benefit under Sections 49-22-304,
604 49-22-305, 49-23-303, and 49-23-304.

605 Section 6. Section **49-11-404** is amended to read:

606 **49-11-404. Benefit protection contract authorized -- Annual report required.**

607 (1) (a) A participating employer may establish a salary protection program under
608 which its employees are paid during periods of disability.

609 (b) If a salary protection program is established, a participating employer may enter
610 into benefit protection contracts with the office.

611 (c) A salary protection program shall:

612 (i) pay benefits based on the disabled member's rate of compensation at the time of
613 disability;

614 (ii) be substantially equivalent to the long-term disability programs offered under
615 Chapter 21, Public Employees' Long-Term Disability Act; and

616 (iii) comply with requirements adopted by the board.

617 (2) A benefit protection contract shall allow:

618 (a) the disabled member to be considered an active member in a system and continue
619 to accrue service credit and salary credit based on the member's rate of pay in effect at the time
620 disability commences;

621 (b) the office to require participating employer contributions to be paid before
622 granting service credit and salary credit to the member;

623 (c) the disabled member to remain eligible during the contract period for any benefits
624 provided by the system that covers the member; and

625 (d) the benefit for the disabled member to be improved by the annual cost-of-living
626 increase factor applied to retired members of the system that covered the member on the date
627 the member is eligible to receive benefits under a benefit protection contract.

628 (3) (a) The office shall establish the manner and times when employer contributions
629 are paid.

630 (b) A failure to make the required payments is cause for the office to cancel a contract.

631 (c) Service credit and salary credit granted and accrued up to the time of cancellation
632 may not be forfeited.

633 (4) For an employee covered under Chapter 22, New Public Employees' Tier II
634 Contributory Retirement Act, or Chapter 23, New Public Safety and Firefighter Tier II
635 Contributory Retirement Act, a benefit protection contract shall allow:

636 (a) for the defined benefit portion for a member covered under Chapter 22, Part 3, Tier
637 II Hybrid Retirement System, or Chapter 23, Part 3, Tier II Hybrid Retirement System:

638 (i) the disabled member to be considered an active member in a system and continue
639 to accrue service credit and salary credit based on the member's rate of pay in effect at the time
640 disability commences;

641 (ii) the office to require participating employer contributions to be paid before
642 granting service credit and salary credit to the member;

643 (iii) the disabled member to remain eligible during the contract period for any benefits
644 provided by the system that covers the member; and

645 (iv) the benefit for the disabled member to be improved by the annual cost-of-living

646 increase factor applied to retired members of the system that covered the member on the date
 647 the member is eligible to receive benefits under a benefit protection contract; and

648 (b) for the defined contribution portion for a member covered under Chapter 22, Part
 649 3, Tier II Hybrid Retirement System or Chapter 23, Part 3, Tier II Hybrid Retirement System
 650 or for a participant covered under Chapter 22, Part 4, Tier II Defined Contribution Plan or
 651 Chapter 23, Part 4, Tier II Defined Contribution Plan, the office to require participating
 652 employers to continue making the nonelective contributions on behalf of the disabled member
 653 or participant in the amounts specified in Subsection 49-22-303(1)(a), 49-22-401(1),
 654 49-23-302(1)(a), or 49-23-401(1).

655 ~~[(4)]~~ (5) A participating employer that has entered into a benefit protection contract
 656 under this section shall submit an annual report to the office which identifies:

657 (a) the employees receiving long-term disability benefits under policies initiated by the
 658 participating employer and approved under the benefit protection contract;

659 (b) the employees that have applied for long-term disability benefits and who are
 660 waiting approval; and

661 (c) the insurance carriers that are actively providing long-term disability benefits.

662 ~~[(5)]~~ (6) If an employer fails to provide the annual report required under Subsection
 663 ~~[(4)]~~ (5), the benefits that would have accrued under the benefit protection contract shall be
 664 forfeited.

665 ~~[(6)]~~ (7) The board may adopt rules to implement and administer this section.

666 Section 7. Section **49-11-612** is amended to read:

667 **49-11-612. Domestic relations order benefits -- Nonassignability of benefits or**
 668 **payments -- Exemption from legal process.**

669 (1) As used in this section, "domestic relations order benefits" means:

670 (a) an allowance;

671 (b) a defined contribution account established under ~~[Title 49,]~~ :

672 (i) Chapter 11, Part 8, Defined Contribution Plans;

673 (ii) Chapter 22, New Public Employees' Tier II Contributory Retirement Act; or

674 (iii) Chapter 23, New Public Safety and Firefighter Tier II Contributory Retirement

675 Act;

676 (c) a continuing monthly death benefit established under:

677 (i) [~~Title 49;~~] Chapter 14, Part 5, Death Benefit;

678 (ii) [~~Title 49;~~] Chapter 15, Part 5, Death Benefit;

679 (iii) [~~Title 49;~~] Chapter 16, Part 5, Death Benefit;

680 (iv) [~~Title 49;~~] Chapter 17, Part 5, Death Benefit;

681 (v) [~~Title 49;~~] Chapter 18, Part 5, Death Benefit; or

682 (vi) [~~Title 49;~~] Chapter 19, Part 5, Death Benefit;

683 (d) a death benefit provided under a group insurance policy under:

684 (i) [~~Title 49;~~] Chapter 12, Part 5, Death Benefit; [~~or~~]

685 (ii) [~~Title 49;~~] Chapter 13, Part 5, Death Benefit; [~~or~~]

686 (iii) Chapter 22, Part 5, Death Benefit; or

687 (iv) Chapter 23, Part 5, Death Benefit; or

688 (e) a refund of member contributions upon termination.

689 (2) Except as provided in Subsections (3), (4), and (5), the right of any member,

690 retiree, participant, covered individual, or beneficiary to any retirement benefit, retirement

691 payment, or any other retirement right accrued or accruing under this title and the assets of the

692 funds created by this title are not subject to alienation or assignment by the member, retiree,

693 participant, or their beneficiaries and are not subject to attachment, execution, garnishment, or

694 any other legal or equitable process.

695 (3) The office may, upon the request of the retiree, deduct from the retiree's allowance

696 insurance premiums or other dues payable on behalf of the retiree, but only to those entities

697 that have received the deductions prior to February 1, 2002.

698 (4) (a) The office shall provide for the division of domestic relations order benefits

699 with former spouses and family members under an order of a court of competent jurisdiction

700 with respect to domestic relations matters on file with the office.

701 (b) The court order shall specify the manner in which the domestic relations order

702 benefits shall be partitioned, whether as a fixed amount or as a percentage of the benefit.

703 (c) Domestic relations order benefits split under a domestic relations order are subject
704 to the following:

705 (i) the amount to be paid or the period for which payments shall be made under the
706 original domestic relations order may not be altered if the alteration affects the actuarial
707 calculation of the allowance;

708 (ii) payments to an alternate payee shall begin at the time the member or beneficiary
709 begins receiving payments; and

710 (iii) the alternate payee shall receive payments in the same form as allowances
711 received by the member or beneficiary.

712 (d) A court order under this section may not be issued more than 12 months after the
713 death of the member.

714 (5) In accordance with federal law, the board may deduct the required amount from
715 any benefit, payment, or other right accrued or accruing to any member or beneficiary of a
716 system, plan, or program under this title to offset any amount that member or beneficiary owes
717 to a system, plan, or program administered by the board.

718 (6) The board shall make rules to implement this section.

719 Section 8. Section **49-11-801** is amended to read:

720 **49-11-801. Defined contribution plans authorized -- Subject to federal and state**
721 **laws -- Rules to implement this provision -- Costs of administration -- Limitations on**
722 **eligibility -- Protection of tax status.**

723 (1) (a) The board shall establish and administer defined contribution plans established
724 under the Internal Revenue Code.

725 (b) Voluntary deferrals and nonelective contributions shall be permitted according to
726 the provisions of these plans as established by the board.

727 (c) [~~The~~] Except as provided in Subsections 49-22-302(2)(a), 49-22-401(3)(a),
728 49-23-302(2)(a), and 49-23-401(3)(a), the defined contribution account balance is vested in
729 the participant.

730 (2) (a) Voluntary deferrals and nonelective contributions shall be posted to the
731 participant's account.

732 (b) [~~Participants~~] Except as provided in Subsections 49-22-303(3), 49-22-401(4),
733 49-23-302(3), and 49-23-401(4), participants may direct the investment of their account in the
734 investment options established by the board and in accordance with federal and state law.

735 (3) (a) The board may make rules and create plan documents to implement and
736 administer this section.

737 (b) The board may adopt rules under which a participant may put money into a
738 defined contribution plan as permitted by federal law.

739 (c) The office may reject any payments if the office determines the tax status of the
740 systems, plans, or programs would be jeopardized by allowing the payment.

741 (d) Costs of administration shall be paid as established by the board.

742 (4) Voluntary deferrals and nonelective contributions may be invested separately or in
743 conjunction with the Utah State Retirement Investment Fund.

744 (5) The board or office may take actions necessary to protect the tax qualified status of
745 the systems, plans, and programs under its control, including the movement of individuals
746 from defined contribution plans to defined benefit systems or the creation of excess benefit
747 plans authorized by federal law.

748 (6) The office may, at its sole discretion, correct errors made in the administration of
749 its defined contribution plans.

750 Section 9. Section **49-11-1001** is amended to read:

751 **49-11-1001. Partial lump-sum payment option.**

752 (1) [~~At~~] Except as provided in Subsection (5), at the time of application for retirement,
753 a member may elect to receive a lump-sum payment of a portion of the member's retirement
754 allowance equal to 12 or 24 months of the member's allowance to be paid upon retirement.

755 (2) The member's allowance shall be reduced to reflect the actuarial value of the
756 lump-sum received under Subsection (1).

757 (3) A member who has received a lump-sum payment under this section is not eligible

758 for another lump-sum payment under this section.

759 (4) The board may make rules to implement this section.

760 (5) A member or participant of a system or plan under Chapter 22, New Public
761 Employees' Tier II Contributory Retirement Act, or Chapter 23, New Public Safety and
762 Firefighter Tier II Contributory Retirement Act, is not eligible to make an election under this
763 section.

764 Section 10. Section **49-12-201** is amended to read:

765 **49-12-201. System membership -- Eligibility.**

766 (1) A regular full-time employee of a participating employer is eligible for service
767 credit in this system upon the later of:

768 (a) the date on which the participating employer began participating in this system; or

769 (b) the effective date of employment of the regular full-time employee with the
770 participating employer.

771 (2) Beginning July 1, 1986, a person entering employment with the state and its
772 educational institutions may not participate in this system.

773 (3) Notwithstanding the provisions of Subsection (1), a person initially entering
774 employment with a participating employer on or after July 1, 2011, may not participate in this
775 system.

776 Section 11. Section **49-13-201** is amended to read:

777 **49-13-201. System membership -- Eligibility.**

778 (1) Beginning July 1, 1986, the state and its educational institutions shall participate
779 in this system.

780 (a) A person entering regular full-time employment with the state or its educational
781 institutions after July 1, 1986, but before July 1, 2011, is eligible for service credit in this
782 system.

783 (b) A regular full-time employee of the state or its educational institutions prior to July
784 1, 1986, may either become eligible for service credit in this system or remain eligible for
785 service in the system established under Chapter 12, Public Employees' Contributory

786 Retirement Act, by following the procedures established by the board in accordance with this
787 chapter.

788 (2) An employer, other than the state and its educational institutions, may participate
789 in this system except that once an employer elects to participate in this system, that election is
790 irrevocable and the election must be made before July 1, 2011.

791 (a) [~~A~~] Until June 30, 2011, a person initially entering regular full-time employment
792 with a participating employer which elects to participate in this system is eligible for service
793 credit in this system.

794 (b) A person in regular full-time employment with a participating employer prior to
795 the participating employer's election to participate in this system may either become eligible
796 for service credit in this system or remain eligible for service in the system established under
797 Chapter 12, Public Employees' Contributory Retirement Act, by following the procedures
798 established by the board in accordance with this chapter.

799 (3) Notwithstanding the provisions of Subsections (1) and (2), a person initially
800 entering employment with a participating employer on or after July 1, 2011, may not
801 participate in this system.

802 Section 12. Section **49-14-201** is amended to read:

803 **49-14-201. System membership -- Eligibility.**

804 (1) Except as provided in Section 49-15-201, a public safety service employee of a
805 participating employer participating in this system is eligible for service credit in this system
806 at the earliest of:

807 (a) July 1, 1969, if the public safety service employee was employed by the
808 participating employer on July 1, 1969, and the participating employer was participating in
809 this system on that date;

810 (b) the date the participating employer begins participating in this system if the public
811 safety service employee was employed by the participating employer on that date; or

812 (c) the date the public safety service employee is employed by the participating
813 employer and is eligible to perform public safety service, except that a public safety service

814 employee initially entering employment with a participating employer on or after July 1, 2011,
815 may not participate in this system.

816 (2) (a) (i) A participating employer that has public safety service and firefighter
817 service employees that require cross-training and duty shall enroll those dual purpose
818 employees in the system in which the greatest amount of time is actually worked.

819 (ii) The employees shall either be full-time public safety service or full-time firefighter
820 service employees of the participating employer.

821 (b) (i) Prior to transferring a dual purpose employee from one system to another, the
822 participating employer shall receive written permission from the office.

823 (ii) The office may request documentation to verify the appropriateness of the transfer.

824 (3) The board may combine or segregate the actuarial experience of participating
825 employers in this system for the purpose of setting contribution rates.

826 (4) (a) (i) Each participating employer participating in this system shall annually
827 submit to the office a schedule indicating the positions to be covered under this system in
828 accordance with this chapter.

829 (ii) The office may require documentation to justify the inclusion of any position
830 under this system.

831 (b) If there is a dispute between the office and a participating employer or employee
832 over any position to be covered, the disputed position shall be submitted to the Peace Officer
833 Standards and Training Council established under Section 53-6-106 for determination.

834 (c) (i) The Peace Officer Standards and Training Council's authority to decide
835 eligibility for public safety service credit is limited to claims for coverage under this system
836 for time periods after July 1, 1989.

837 (ii) A decision of the Peace Officer Standards and Training Council may not be
838 applied to service credit earned in another system prior to July 1, 1989.

839 (iii) Except as provided under Subsection (4)(c)(iv), a decision of the Peace Officer
840 Standards and Training Council granting a position coverage under this system may only be
841 applied prospectively from the date of that decision.

842 (iv) A decision of the Peace Officer Standards and Training Council granting a
843 position coverage under this system may be applied retroactively only if:

844 (A) the participating employer covered other similarly situated positions under this
845 system during the time period in question; and

846 (B) the position otherwise meets all eligibility requirements for receiving service credit
847 in this system during the period for which service credit is to be granted.

848 (5) The Peace Officer Standards and Training Council may use a subcommittee to
849 provide a recommendation to the council in determining disputes between the office and a
850 participating employer or employee over a position to be covered under this system.

851 (6) The Peace Officer Standards and Training Council shall comply with Title 63G,
852 Chapter 4, Administrative Procedures Act, in resolving coverage disputes in this system.

853 (7) A public safety employee who is transferred or promoted to an administration
854 position not covered by this system shall continue to earn public safety service credit in this
855 system as long as the employee remains employed in the same department.

856 (8) Any employee who is reassigned to the Department of Technology Services or to
857 the Department of Human Resource Management, and who was a member of this system, shall
858 be entitled to remain a member of this system.

859 (9) (a) To determine that a position is covered under this system, the office and, if a
860 coverage dispute arises, the Peace Officer Standards and Training Council shall find that the
861 position requires the employee to:

- 862 (i) place the employee's life or personal safety at risk; and
- 863 (ii) complete training as provided in Section 53-13-103, 53-13-104, or 53-13-105.

864 (b) If a position satisfies the requirements of Subsection (9)(a), the office and the
865 Peace Officer Standards and Training Council shall consider whether or not the position
866 requires the employee to:

- 867 (i) perform duties that consist primarily of actively preventing or detecting crime and
868 enforcing criminal statutes or ordinances of this state or any of its political subdivisions;
- 869 (ii) perform duties that consist primarily of providing community protection; and

870 (iii) respond to situations involving threats to public safety and make emergency
871 decisions affecting the lives and health of others.

872 (10) If a subcommittee is used to recommend the determination of disputes to the
873 Peace Officer Standards and Training Council, the subcommittee shall comply with the
874 requirements of Subsection (9) in making its recommendation.

875 (11) A final order of the Peace Officer Standards and Training Council regarding a
876 dispute is a final agency action for purposes of Title 63G, Chapter 4, Administrative
877 Procedures Act.

878 (12) Except as provided under Subsection (13), if a participating employer's public
879 safety service employees are not covered by this system or under Chapter 15, Public Safety
880 Noncontributory Retirement Act, as of January 1, 1998, those public safety service employees
881 who may otherwise qualify for membership in this system shall, at the discretion of the
882 participating employer, remain in their current retirement system.

883 (13) (a) A public safety service employee employed by an airport police department,
884 which elects to cover its public safety service employees under the Public Safety
885 Noncontributory Retirement System under Subsection (12), may elect to remain in the public
886 safety service employee's current retirement system.

887 (b) The public safety service employee's election to remain in the current retirement
888 system under Subsection (13)(a):

889 (i) shall be made at the time the employer elects to move its public safety service
890 employees to a public safety retirement system;

891 (ii) documented by written notice to the participating employer; and

892 (iii) is irrevocable.

893 (14) Notwithstanding any other provision of this section, a person initially entering
894 employment with a participating employer on or after July 1, 2011, may not participate in this
895 system.

896 Section 13. Section **49-14-202** is amended to read:

897 **49-14-202. Participation of employers -- Requirements -- Supplemental**

898 **programs -- Full participation in system.**

899 (1) An employer that employs public safety service employees and is required by
 900 Section 49-12-202 or 49-13-202 to be a participating employer in the Public Employees'
 901 Contributory Retirement System or the Public Employees' Noncontributory Retirement System
 902 shall cover all its public safety service employees under one of the following systems or plans:

- 903 (a) Chapter 12, Public Employees' Contributory Retirement Act;
- 904 (b) Chapter 13, Public Employees' Noncontributory Retirement Act;
- 905 (c) Chapter 14, Public Safety Contributory Retirement Act; [~~or~~]
- 906 (d) Chapter 15, Public Safety Noncontributory Retirement Act[~~;~~]; or
- 907 (e) Chapter 23, New Public Safety and Firefighter Tier II Contributory Retirement Act.

908 (2) An employer that covers its public safety service employees under Subsection
 909 (1)(c) is a participating employer in this system.

910 (3) If a participating employer under Subsection (1) covers any of its public safety
 911 service employees under the Public Safety Contributory Retirement System or the Public
 912 Safety Noncontributory Retirement System, that participating employer shall cover all of its
 913 public safety service employees under one of those systems, except for a public safety service
 914 employee initially entering employment with a participating employer on or after July 1, 2011.

915 (4) A participating employer may not withdraw from this system.

916 (5) In addition to their participation in the system, participating employers may
 917 provide or participate in any additional public or private retirement, supplemental or defined
 918 contribution plan, either directly or indirectly, for their employees.

919 (6) An employer may not elect to participate in this system after July 1, 1989.

920 Section 14. Section **49-15-201** is amended to read:

921 **49-15-201. System membership -- Eligibility.**

922 (1) (a) A public safety service employee employed by the state after July 1, 1989, but
 923 before July 1, 2011, is eligible for service credit in this system.

924 (b) A public safety service employee employed by the state prior to July 1, 1989, may
 925 either elect to receive service credit in this system or continue to receive service credit under

926 the system established under Chapter 14, Public Safety Contributory Retirement Act, by
927 following the procedures established by the board under this chapter.

928 (2) (a) Public safety service employees of a participating employer other than the state
929 that elected on or before July 1, 1989, to remain in the Public Safety Contributory Retirement
930 System shall be eligible only for service credit in that system.

931 (b) (i) A participating employer other than the state that elected on or before July 1,
932 1989, to participate in this system shall, have allowed, prior to July 1, 1989, a public safety
933 service employee to elect to participate in either this system or the Public Safety Contributory
934 Retirement System.

935 (ii) Except as expressly allowed by this title, the election of the public safety service
936 employee is final and may not be changed.

937 (c) A public safety service employee hired by a participating employer other than the
938 state after July 1, 1989, but before July 1, 2011, shall become a member in this system.

939 (d) A public safety service employee of a participating employer other than the state
940 who began participation in this system after July 1, 1989, but before July 1, 2011, is only
941 eligible for service credit in this system.

942 (e) A person initially entering employment with a participating employer on or after
943 July 1, 2011, may not participate in this system.

944 (3) (a) (i) A participating employer that has public safety service and firefighter
945 service employees that require cross-training and duty shall enroll those dual purpose
946 employees in the system in which the greatest amount of time is actually worked.

947 (ii) The employees shall either be full-time public safety service or full-time firefighter
948 service employees of the participating employer.

949 (b) (i) Prior to transferring a dual purpose employee from one system to another, the
950 participating employer shall receive written permission from the office.

951 (ii) The office may request documentation to verify the appropriateness of the transfer.

952 (4) The board may combine or segregate the actuarial experience of participating
953 employers in this system for the purpose of setting contribution rates.

954 (5) (a) (i) Each participating employer participating in this system shall annually
955 submit to the office a schedule indicating the positions to be covered under this system in
956 accordance with this chapter.

957 (ii) The office may require documentation to justify the inclusion of any position
958 under this system.

959 (b) If there is a dispute between the office and a participating employer or employee
960 over any position to be covered, the disputed position shall be submitted to the Peace Officer
961 Standards and Training Council established under Section 53-6-106 for determination.

962 (c) (i) The Peace Officer Standards and Training Council's authority to decide
963 eligibility for public safety service credit is limited to claims for coverage under this system
964 for time periods after July 1, 1989.

965 (ii) A decision of the Peace Officer Standards and Training Council may not be
966 applied to service credit earned in another system prior to July 1, 1989.

967 (iii) Except as provided under Subsection (5)(c)(iv), a decision of the Peace Officer
968 Standards and Training Council granting a position coverage under this system may only be
969 applied prospectively from the date of that decision.

970 (iv) A decision of the Peace Officer Standards and Training Council granting a
971 position coverage under this system may be applied retroactively only if:

972 (A) the participating employer covered other similarly situated positions under this
973 system during the time period in question; and

974 (B) the position otherwise meets all eligibility requirements for receiving service credit
975 in this system during the period for which service credit is to be granted.

976 (6) The Peace Officer Standards and Training Council may use a subcommittee to
977 provide a recommendation to the council in determining disputes between the office and a
978 participating employer or employee over a position to be covered under this system.

979 (7) The Peace Officer Standards and Training Council shall comply with Title 63G,
980 Chapter 4, Administrative Procedures Act, in resolving coverage disputes in this system.

981 (8) A public safety service employee who is transferred or promoted to an

982 administration position not covered by this system shall continue to earn public safety service
983 credit in this system as long as the employee remains employed in the same department.

984 (9) Any employee who is reassigned to the Department of Technology Services or to
985 the Department of Human Resource Management, and who was a member in this system, shall
986 be entitled to remain a member in this system.

987 (10) (a) To determine that a position is covered under this system, the office and, if a
988 coverage dispute arises, the Peace Officer Standards and Training Council shall find that the
989 position requires the employee to:

- 990 (i) place the employee's life or personal safety at risk; and
- 991 (ii) complete training as provided in Section 53-13-103, 53-13-104, or 53-13-105.

992 (b) If a position satisfies the requirements of Subsection (10)(a), the office and Peace
993 Officer Standards and Training Council shall consider whether the position requires the
994 employee to:

- 995 (i) perform duties that consist primarily of actively preventing or detecting crime and
996 enforcing criminal statutes or ordinances of this state or any of its political subdivisions;
- 997 (ii) perform duties that consist primarily of providing community protection; and
- 998 (iii) respond to situations involving threats to public safety and make emergency
999 decisions affecting the lives and health of others.

1000 (11) If a subcommittee is used to recommend the determination of disputes to the
1001 Peace Officer Standards and Training Council, the subcommittee shall comply with the
1002 requirements of Subsection (10) in making its recommendation.

1003 (12) A final order of the Peace Officer Standards and Training Council regarding a
1004 dispute is a final agency action for purposes of Title 63G, Chapter 4, Administrative
1005 Procedures Act.

1006 (13) Except as provided under Subsection (14), if a participating employer's public
1007 safety service employees are not covered by this system under Chapter 14, Public Safety
1008 Contributory Retirement Act, as of January 1, 1998, those public safety service employees
1009 who may otherwise qualify for membership in this system shall, at the discretion of the

1010 participating employer, remain in their current retirement system.

1011 (14) (a) A public safety service employee employed by an airport police department,
1012 which elects to cover its public safety service employees under the Public Safety
1013 Noncontributory Retirement System under Subsection (13), may elect to remain in the public
1014 safety service employee's current retirement system.

1015 (b) The public safety service employee's election to remain in the current retirement
1016 system under Subsection (14)(a):

1017 (i) shall be made at the time the employer elects to move its public safety service
1018 employees to a public safety retirement system;

1019 (ii) documented by written notice to the participating employer; and

1020 (iii) is irrevocable.

1021 (15) Notwithstanding any other provision of this section, a person initially entering
1022 employment with a participating employer on or after July 1, 2011, may not participate in this
1023 system.

1024 Section 15. Section **49-15-202** is amended to read:

1025 **49-15-202. Participation of employers -- Requirements -- Admission -- Full**
1026 **participation in system -- Supplemental programs authorized.**

1027 (1) An employer that employs public safety service employees and is required by
1028 Section 49-12-202 or 49-13-202 to be a participating employer in the Public Employees'
1029 Contributory Retirement System or the Public Employees' Noncontributory Retirement System
1030 shall cover all its public safety service employees under one of the following systems or plans:

1031 (a) Chapter 12, Public Employees' Contributory Retirement Act;

1032 (b) Chapter 13, Public Employees' Noncontributory Retirement Act;

1033 (c) Chapter 14, Public Safety Contributory Retirement Act; [~~or~~]

1034 (d) Chapter 15, Public Safety Noncontributory Retirement Act[~~-~~]; or

1035 (e) Chapter 23, New Public Safety and Firefighter Tier II Contributory Retirement Act.

1036 (2) An employer that covers its public safety employees under Subsection (1)(d) is a
1037 participating employer in this system.

1038 (3) If a participating employer under Subsection (1) covers any of its public safety
1039 service employees under the Public Safety Contributory Retirement System or the Public
1040 Safety Noncontributory Retirement System, that participating employer shall cover all of its
1041 public safety service employees under one of those systems, except for a public safety service
1042 employee initially entering employment with a participating employer beginning on or after
1043 July 1, 2011.

1044 (4) (a) ~~Am~~ Until June 30, 2011, an employer that is not participating in this system
1045 may by resolution of its governing body apply for coverage of its public safety service
1046 employees by this system.

1047 (b) Upon approval of the board, the employer shall become a participating employer in
1048 this system subject to this title.

1049 (5) If a participating employer purchases service credit on behalf of employees for
1050 service rendered prior to the participating employer's admission to this system, the service
1051 credit must be purchased in a nondiscriminatory manner on behalf of all current and former
1052 employees who were eligible for service credit at the time service was rendered.

1053 (6) A participating employer may not withdraw from this system.

1054 (7) In addition to their participation in the system, participating employers may
1055 provide or participate in any additional public or private retirement, supplemental or defined
1056 contribution plan, either directly or indirectly, for their employees.

1057 Section 16. Section **49-16-201** is amended to read:

1058 **49-16-201. System membership -- Eligibility.**

1059 (1) A firefighter service employee who performs firefighter service for an employer
1060 participating in this system is eligible for service credit in this system upon the earliest of:

1061 (a) July 1, 1971, if the firefighter service employee was employed by the participating
1062 employer on July 1, 1971, and the participating employer was participating in this system on
1063 that date;

1064 (b) the date the participating employer begins participating in this system if the
1065 firefighter service employee was employed by the participating employer on that date; or

1066 (c) the date the firefighter service employee is hired to perform firefighter services for
1067 a participating employer, if the firefighter initially enters employment before July 1, 2011.

1068 (2) (a) (i) A participating employer that has public safety service and firefighter
1069 service employees that require cross-training and duty shall enroll the dual purpose employees
1070 in the system in which the greatest amount of time is actually worked.

1071 (ii) The employees shall either be full-time public safety service or full-time firefighter
1072 service employees of the participating employer.

1073 (b) (i) Prior to transferring a dual purpose employee from one system to another, the
1074 participating employer shall receive written permission from the office.

1075 (ii) The office may request documentation to verify the appropriateness of the transfer.

1076 (3) (a) A person hired by a regularly constituted fire department on or after July 1,
1077 1971, who does not perform firefighter service is not eligible for service credit in this system.

1078 (b) The nonfirefighter service employee shall become a member of the system for
1079 which the nonfirefighter service employee qualifies for service credit.

1080 (c) The service credit exclusion under this Subsection (3) may not be interpreted to
1081 prohibit the assignment of a disabled or partially disabled firefighter to a nonfirefighter service
1082 position.

1083 (d) If Subsection (3)(c) applies, the firefighter service employee remains eligible for
1084 service credit in this system.

1085 (4) An allowance or other benefit may not be granted under this system that is based
1086 upon the same service for benefits received under some other system.

1087 (5) Service as a volunteer firefighter is not eligible for service credit in this system.

1088 (6) An employer that maintains a regularly constituted fire department is eligible to
1089 participate in this system.

1090 (7) Beginning July 1, 2011, a person initially entering employment with a
1091 participating employer may not participate in this system.

1092 Section 17. Section **49-16-202** is amended to read:

1093 **49-16-202. Participation of employers -- Full participation in system --**

1094 **Supplemental programs authorized.**

1095 (1) An employer that employs firefighter service employees and is required by Section
1096 49-12-202 or 49-13-202 to be a participating employer in the Public Employees' Contributory
1097 Retirement System or the Public Employees' Noncontributory Retirement System shall cover
1098 all of its firefighter service employees under one of the following systems or plans:

1099 (a) Chapter 12, Public Employees' Contributory Retirement Act;

1100 (b) Chapter 13, Public Employees' Noncontributory Retirement Act; [~~or~~]

1101 (c) Chapter 16, Firefighters' Retirement Act[~~;~~]; or

1102 (d) Chapter 23, New Public Safety and Firefighter Tier II Contributory Retirement

1103 Act.

1104 (2) Any employer that covers its firefighter service employees under Subsection (1)(c)
1105 is a participating employer in this system.

1106 (3) If a participating employer under Subsection (1) covers any of its firefighter
1107 service employees under the Firefighters' Retirement System, that participating employer shall
1108 cover all of its firefighter service employees under that system, except for a firefighter service
1109 employee initially entering employment with a participating employer on or after July 1, 2011.

1110 (4) (a) [~~An~~] Until June 30, 2011, an employer that is not participating in this system
1111 may, by resolution of its governing body submitted to the board, apply for coverage of its
1112 firefighter service employees by this system.

1113 (b) Upon approval of the board, the employer shall become a participating employer in
1114 this system subject to this title.

1115 (5) A participating employer may not withdraw from this system.

1116 (6) In addition to their participation in the system, participating employers may
1117 provide or participate in any additional public or private retirement, supplemental or defined
1118 contribution plan, either directly or indirectly, for their firefighter service employees.

1119 Section 18. Section **49-19-201** is amended to read:

1120 **49-19-201. Plan participation -- Eligibility.**

1121 (1) Governors and legislators who enter office before July 1, 2011, are eligible for

1122 service credit in this plan during their term of service in their elected position.

1123 (2) A governor or legislator initially entering office on or after July 1, 2011:

1124 (a) may not participate in this system;

1125 (b) is only eligible to participate in the Tier II Defined Contribution Plan established
1126 under Chapter 22, Part 4, Tier II Defined Contribution Plan; and

1127 (c) is not eligible to participate in the Tier II hybrid retirement system established
1128 under Chapter 22, Part 3, Tier II Hybrid Retirement System.

1129 Section 19. Section **49-21-201** is amended to read:

1130 **49-21-201. Program membership -- Eligibility.**

1131 (1) The state shall cover all of its eligible employees under this chapter.

1132 (2) Public safety service employees, as defined in Sections 49-14-102 [~~and~~],
1133 49-15-102, and 49-23-102 shall be covered under this chapter or a substantially similar
1134 long-term disability program in accordance with the provisions of Section 49-14-601 [~~or~~],
1135 49-15-601[~~;~~], or 49-23-601.

1136 (3) Beginning on July 1, 2011, firefighter service employees, as defined in Section
1137 49-23-102, initially entering employment on or after July 1, 2011, and volunteer firefighters,
1138 as defined in Section 49-23-102, shall be covered under this chapter or a substantially similar
1139 long-term disability program in accordance with the provisions of Section 49-23-601.

1140 [~~(3)~~] (4) Except as provided under Subsection (5), all other employers may provide
1141 coverage for their eligible employees under this chapter.

1142 [~~(4)~~] (5) If an employer elects to cover any of its eligible employees under this chapter,
1143 all of its eligible employees shall be covered.

1144 [~~(5)~~] (6) Except as provided under Subsections (1) and (2), nothing in this chapter
1145 requires any employer to cover its eligible employees under this chapter.

1146 [~~(6)~~] (7) The following employees are not eligible for coverage under this chapter:

1147 (a) firefighter service employees, as defined under Section 49-16-102, that initially
1148 entered employment prior to July 1, 2011; and

1149 (b) legislators.

1150 Section 20. Section **49-21-403** is amended to read:

1151 **49-21-403. Termination of disability benefits -- Calculation of retirement benefit.**

1152 (1) An eligible employee covered by this chapter and eligible for service credit under a
1153 system, or a participant in the Tier II Defined Contribution Plan, created in Chapter 22, Part 4,
1154 Tier II Defined Contribution Plan, or Chapter 23, Part 4, Tier II Defined Contribution Plan,
1155 including an eligible employee who relinquishes rights to retirement benefits under Section
1156 49-11-619, who applies and is qualified for a monthly disability benefit shall receive a
1157 monthly disability benefit until the earlier of:

1158 (a) the date the eligible employee is no longer disabled;

1159 (b) the date the eligible employee has accumulated:

1160 (i) 20 years of service credit if the eligible employee is covered by Chapter 14, Public
1161 Safety Contributory Retirement Act, or Chapter 15, Public Safety Noncontributory Retirement
1162 Act;

1163 (ii) 25 years of service credit if the eligible employee is covered by Chapter 17, Judges'
1164 Contributory Retirement Act, or Chapter 18, Judges' Noncontributory Retirement Act; ~~[or]~~

1165 (iii) 30 years of service credit if the eligible employee is covered by Chapter 12, Public
1166 Employees' Contributory Retirement Act, or Chapter 13, Public Employees' Noncontributory
1167 Retirement Act; ~~[or]~~

1168 (iv) 35 years of service credit if the eligible employee is covered by the defined benefit
1169 portion under Chapter 22, Part 3, Tier II Hybrid Retirement System, or is covered by the
1170 defined contribution plan under Chapter 22, Part 4, Tier II Defined Contribution Plan; or

1171 (v) 25 years of service credit if the eligible employee is covered by the defined benefit
1172 portion under Chapter 23, Part 3, Tier II Hybrid Retirement System, or is covered by the
1173 defined contribution plan under Chapter 23, Part 4, Tier II Defined Contribution Plan; or

1174 (c) the date the eligible employee has received a monthly disability benefit for the
1175 following applicable time periods:

1176 (i) if the eligible employee is under age 60, the monthly disability benefit is payable
1177 until age 65;

1178 (ii) if the eligible employee is 60 or 61 years of age on the date of disability, the
1179 monthly disability benefit is payable for five years;

1180 (iii) if the eligible employee is 62 or 63 years of age on the date of disability, the
1181 monthly disability benefit is payable for four years;

1182 (iv) if the eligible employee is 64 or 65 years of age on the date of disability, the
1183 monthly disability benefit is payable for three years;

1184 (v) if the eligible employee is 66, 67, or 68 years of age on the date of disability, the
1185 monthly disability benefit is payable for two years; and

1186 (vi) if the eligible employee is 69 years of age or older on the date of disability, the
1187 monthly disability benefit is payable for one year.

1188 (2) (a) Upon termination of a monthly disability benefit, an eligible employee eligible
1189 for service credit under a system may retire under the requirements of the system which
1190 covered the eligible employee on the date of disability.

1191 (b) The final average salary used in the calculation of the allowance shall be based on
1192 the annual rate of pay on the date of disability, improved by the annual cost-of-living increase
1193 factor applied to retirees of the system which covered the eligible employee on the date of
1194 disability.

1195 (3) An eligible employee who is eligible for service credit in a system, but has
1196 relinquished rights to an allowance under Section 49-11-619, may receive the benefits the
1197 eligible employee would have received by being eligible for service credit in the system
1198 covering the eligible employee on the date of disability, except for the accrual of service credit,
1199 in accordance with this title.

1200 (4) An eligible employee receiving a monthly disability benefit who has service credit
1201 from two or more systems may not combine service credits under Section 49-11-405 in
1202 qualifying for retirement, unless the eligible employee would receive a greater allowance by
1203 combining the service credits.

1204 (5) A monthly disability benefit payable to an eligible employee who is not eligible for
1205 service credit under a system shall terminate at the earliest of:

- 1206 (a) the date the eligible employee would be eligible for an unreduced allowance;
- 1207 (b) the date the eligible employee has received a monthly disability benefit for the
- 1208 applicable time period as set forth in Subsection (1)(b); or
- 1209 (c) the date the eligible employee receives a reduced allowance.

1210 Section 21. Section **49-22-101** is enacted to read:

1211 **CHAPTER 22. NEW PUBLIC EMPLOYEES' TIER II CONTRIBUTORY**

1212 **RETIREMENT ACT**

1213 **Part 1. General Provisions**

1214 **49-22-101. Title.**

1215 This chapter is known as the "New Public Employees' Tier II Contributory Retirement
1216 Act."

1217 Section 22. Section **49-22-102** is enacted to read:

1218 **49-22-102. Definitions.**

1219 As used in this chapter:

1220 (1) (a) Except as provided in Subsection (1)(c), "compensation" means the total
1221 amount of payments made by a participating employer to a member of this system for services
1222 rendered to the participating employer, including:

1223 (i) bonuses;

1224 (ii) cost-of-living adjustments;

1225 (iii) other payments currently includable in gross income and that are subject to Social
1226 Security deductions, including any payments in excess of the maximum amount subject to
1227 deduction under Social Security law;

1228 (iv) amounts that the member authorizes to be deducted or reduced for salary deferral
1229 or other benefits authorized by federal law; and

1230 (v) member contributions.

1231 (b) "Compensation" for purposes of this chapter may not exceed the amount allowed
1232 under Internal Revenue Code, Section 401(a)(17).

1233 (c) "Compensation" does not include:

1234 (i) the monetary value of remuneration paid in kind, including a residence or use of
1235 equipment;

1236 (ii) the cost of any employment benefits paid for by the participating employer;

1237 (iii) compensation paid to a temporary employee or an employee otherwise ineligible
1238 for service credit;

1239 (iv) any payments upon termination, including accumulated vacation, sick leave
1240 payments, severance payments, compensatory time payments, or any other special payments;
1241 or

1242 (v) any allowances or payments to a member for costs or expenses paid by the
1243 participating employer, including automobile costs, uniform costs, travel costs, tuition costs,
1244 housing costs, insurance costs, equipment costs, and dependent care costs.

1245 (d) The executive director may determine if a payment not listed under this Subsection
1246 (1) falls within the definition of compensation.

1247 (2) "Corresponding Tier I system" means the system or plan that would have covered
1248 the member if the member had initially entered employment before July 1, 2011.

1249 (3) "Final average salary" means the amount computed by averaging the highest five
1250 years of annual compensation preceding retirement subject to Subsections (3)(a), (b), (c), and
1251 (d).

1252 (a) Except as provided in Subsection (3)(b), the percentage increase in annual
1253 compensation in any one of the years used may not exceed the previous year's compensation
1254 by more than 10% plus a cost-of-living adjustment equal to the decrease in the purchasing
1255 power of the dollar during the previous year, as measured by a United States Bureau of Labor
1256 Statistics Consumer Price Index average as determined by the board.

1257 (b) In cases where the participating employer provides acceptable documentation to
1258 the office, the limitation in Subsection (3)(a) may be exceeded if:

1259 (i) the member has transferred from another agency; or

1260 (ii) the member has been promoted to a new position.

1261 (c) If the member retires more than six months from the date of termination of

1262 employment, the member is considered to have been in service at the member's last rate of pay
1263 from the date of the termination of employment to the effective date of retirement for purposes
1264 of computing the member's final average salary only.

1265 (d) If the member has less than five years of service credit in this system, final average
1266 salary means the average annual compensation paid to the member during the full period of
1267 service credit.

1268 (4) "Participating employer" means an employer which meets the participation
1269 requirements of:

1270 (a) Sections 49-12-201 and 49-12-202;

1271 (b) Sections 49-13-201 and 49-13-202;

1272 (c) Section 49-19-201; or

1273 (d) Section 49-22-201 or 49-22-202.

1274 (5) (a) "Regular full-time employee" means an employee whose term of employment
1275 for a participating employer contemplates continued employment during a fiscal or calendar
1276 year and whose employment normally requires an average of 20 hours or more per week,
1277 except as modified by the board, and who receives benefits normally provided by the
1278 participating employer.

1279 (b) "Regular full-time employee" includes:

1280 (i) a teacher whose term of employment for a participating employer contemplates
1281 continued employment during a school year and who teaches half-time or more;

1282 (ii) a classified school employee whose employment normally requires an average of
1283 20 hours per week or more for a participating employer, regardless of benefits provided;

1284 (iii) an officer, elective or appointive, who earns during the first full month of the term
1285 of office \$500 or more, indexed as of January 1, 1990, as provided in Section 49-22-309;

1286 (iv) a faculty member or employee of an institution of higher education who is
1287 considered full-time by that institution of higher education; and

1288 (v) an individual who otherwise meets the definition of this Subsection (5) who
1289 performs services for a participating employer through a professional employer organization or

1290 similar arrangement.

1291 (c) "Regular full-time employee" does not include:

1292 (i) a firefighter service employee as defined in Section 49-23-102; or

1293 (ii) a public safety service employee as defined in Section 49-23-102.

1294 (6) "System" means the New Public Employees' Tier II Contributory Retirement

1295 System created under this chapter.

1296 (7) "Years of service credit" means:

1297 (a) a period, consisting of 12 full months as determined by the board;

1298 (b) a period determined by the board, whether consecutive or not, during which a

1299 regular full-time employee performed services for a participating employer, including any time

1300 the regular full-time employee was absent on a paid leave of absence granted by a participating

1301 employer or was absent in the service of the United States government on military duty as

1302 provided by this chapter; or

1303 (c) the regular school year consisting of not less than eight months of full-time service

1304 for a regular full-time employee of an educational institution.

1305 Section 23. Section **49-22-103** is enacted to read:

1306 **49-22-103. Creation of system.**

1307 (1) There is created for members employed by a participating employer the "New

1308 Public Employees' Tier II Contributory Retirement System."

1309 (2) The New Public Employees' Tier II Contributory Retirement System includes:

1310 (a) the Tier II hybrid retirement system created in Part 3, Tier II Hybrid Retirement

1311 System; and

1312 (b) the Tier II defined contribution plan created in Part 4, Tier II Defined Contribution

1313 Plan.

1314 Section 24. Section **49-22-104** is enacted to read:

1315 **49-22-104. Creation of trust fund.**

1316 (1) There is created the "New Public Employees' Tier II Contributory Retirement Trust

1317 Fund" for the purpose of paying the benefits and costs of administering the defined benefit

1318 portion of this system.

1319 (2) The fund shall consist of all money paid into it, including interest, in accordance
1320 with this chapter, whether in the form of cash, securities, or other assets, and of all money
1321 received from any other source.

1322 (3) Custody, management, and investment of the fund shall be governed by Chapter
1323 11, Utah State Retirement Systems Administration.

1324 Section 25. Section **49-22-201** is enacted to read:

1325 **Part 2. Membership Eligibility**

1326 **49-22-201. System membership -- Eligibility.**

1327 (1) Beginning July 1, 2011, a participating employer shall participate in this system.

1328 (2) (a) A person entering regular full-time employment with a participating employer
1329 on or after July 1, 2011, is eligible:

1330 (i) as a member for service credit and defined contributions under the Tier II hybrid
1331 retirement system established by Part 3, Tier II Hybrid Retirement System; or

1332 (ii) as a participant for defined contributions under the Tier II defined contribution
1333 plan established by Part 4, Tier II Defined Contribution Plan.

1334 (b) A person entering regular full-time employment with a participating employer on
1335 or after July 1, 2011, shall:

1336 (i) make an election to participate in the system created under this chapter within 30
1337 days from the date of employment:

1338 (A) as a member for service credit and defined contributions under the Tier II hybrid
1339 retirement system established by Part 3, Tier II Hybrid Retirement System; or

1340 (B) as a participant for defined contributions under the Tier II defined contribution
1341 plan established by Part 4, Tier II Defined Contribution Plan; and

1342 (ii) submit to the office notification of the member's election under Subsection
1343 (2)(b)(i) in a manner approved by the office.

1344 (c) An election made by a person entering regular full-time employment with a
1345 participating employer under this Subsection (2) is irrevocable.

1346 (d) If no election is made under Subsection (2)(b)(i), the person shall become a
1347 member eligible for service credit and defined contributions under the Tier II hybrid retirement
1348 system established by Part 3, Tier II Hybrid Retirement System.

1349 (3) Notwithstanding the provisions of this section, a governor or legislator initially
1350 entering office on or after July 1, 2011:

1351 (a) is only eligible to participate in the Tier II defined contribution plan established
1352 under Chapter 22, Part 4, Tier II Defined Contribution Plan; and

1353 (b) is not eligible to participate in the Tier II hybrid retirement system established
1354 under Chapter 22, Part 3, Tier II Hybrid Retirement System.

1355 Section 26. Section **49-22-202** is enacted to read:

1356 **49-22-202. Participation of employers -- Limitations -- Exclusions -- Admission**
1357 **requirements.**

1358 (1) Unless excluded under Subsection (2), an employer is a participating employer and
1359 may not withdraw from participation in this system.

1360 (2) An employer that is a charter school sponsored by the State Board of Education or
1361 a school district may be excluded from participation in this system if the charter school makes
1362 an election of nonparticipation in accordance with Section 53A-1a-512 unless the charter
1363 school makes a one-time, irrevocable retraction of the election of nonparticipation in
1364 accordance with Subsection 53A-1a-512(9).

1365 (3) (a) An employer may, by resolution of its governing body, apply for admission to
1366 this system.

1367 (b) Upon approval of the resolution by the board, the employer is a participating
1368 employer in this system and is subject to this title.

1369 (4) If a participating employer purchases service credit on behalf of regular full-time
1370 employees for service rendered prior to the participating employer's admission to this system,
1371 the service credit shall be purchased in a nondiscriminatory manner on behalf of all current
1372 and former regular full-time employees who were eligible for service credit at the time service
1373 was rendered.

1374 Section 27. Section **49-22-203** is enacted to read:

1375 **49-22-203. Exclusions from membership in system.**

1376 The following employees are not eligible for service credit in this system:

1377 (1) An employee whose employment status is temporary in nature due to the nature or
1378 the type of work to be performed, provided that:

1379 (a) if the term of employment exceeds six months and the employee otherwise
1380 qualifies for service credit in this system, the participating employer shall report and certify to
1381 the office that the employee is a regular full-time employee effective the beginning of the
1382 seventh month of employment; and

1383 (b) if an employee, previously terminated prior to becoming eligible for service credit
1384 in this system, is reemployed within three months of termination by the same participating
1385 employer, the participating employer shall report and certify to the office that the member is a
1386 regular full-time employee when the total of the periods of employment equals six months and
1387 the employee otherwise qualifies for service credit in this system.

1388 (2) (a) A current or future employee of an institution of higher education who holds, or
1389 is entitled to hold, under Section 49-22-204, a retirement annuity contract with the Teachers'
1390 Insurance and Annuity Association of America or with any other public or private system,
1391 organization, or company during any period in which required contributions based on
1392 compensation have been paid on behalf of the employee by the employer.

1393 (b) The employee, upon cessation of the participating employer contributions, shall
1394 immediately become eligible for service credit in this system.

1395 (3) An employee serving as an exchange employee from outside the state.

1396 (4) An employee of the Department of Workforce Services who is covered under
1397 another retirement system allowed under Title 35A, Chapter 4, Employment Security Act.

1398 Section 28. Section **49-22-204** is enacted to read:

1399 **49-22-204. Higher education employees' eligibility requirements -- Election**
1400 **between different retirement plans -- Classification requirements -- Transfer between**
1401 **systems.**

1402 (1) (a) Regular full-time employees of institutions of higher education who are eligible
1403 to participate in either this system or in a retirement annuity contract with the Teachers'
1404 Insurance and Annuity Association of America or with any other public or private system,
1405 organization, or company, designated by the Board of Regents, shall, not later than January 1,
1406 1979, elect to participate exclusively in this system or in an annuity contract allowed under
1407 this Subsection (1)(a).

1408 (b) The election is final, and no right exists to make any further election.

1409 (2) (a) A regular full-time employee hired by an institution of higher education after
1410 January 1, 1979, may participate only in the retirement plan which attaches to the person's
1411 employment classification.

1412 (b) Each institution of higher education shall prepare or amend existing employment
1413 classifications, under the direction of the Board of Regents, so that each classification is
1414 assigned with either:

1415 (i) this system;

1416 (ii) the Teachers' Insurance and Annuity Association of America; or

1417 (iii) another public or private system, organization, or company designated by the
1418 Board of Regents.

1419 (3) A regular full-time employee hired by an institution of higher education on or after
1420 July 1, 2011, whose employment classification requires participation in this system may elect
1421 to continue participation in this system upon change to an employment classification which
1422 requires participation in:

1423 (a) an annuity plan with the Teachers' Insurance and Annuity Association of America;
1424 or

1425 (b) another public or private system, organization, or company designated by the
1426 Board of Regents.

1427 (4) A regular full-time employee hired by an institution of higher education on or after
1428 July 1, 2011, whose employment classification requires participation in this system shall
1429 participate in this system.

1430 Section 29. Section **49-22-301** is enacted to read:

1431 **Part 3. Tier II Hybrid Retirement System**

1432 **49-22-301. Contributions.**

1433 (1) Participating employers and members shall jointly pay the certified contribution
1434 rates to the office to maintain the defined benefit portion of this system on a financially and
1435 actuarially sound basis.

1436 (2) (a) A participating employer shall pay up to 10% of compensation toward the
1437 certified contribution rate to the office for the defined benefit portion of this system.

1438 (b) A member shall pay the amount, if any, of the certified contribution rate for the
1439 defined benefit portion of this system that exceeds 10% to the office.

1440 (c) In addition to the percent specified under Subsection (2)(a), the participating
1441 employer shall pay the corresponding Tier I system amortization rate of the employee's
1442 compensation to the office to be applied to the employer's corresponding Tier I system
1443 liability.

1444 (3) A participating employer may not elect to pay all or part of the required member
1445 contributions under Subsection (2)(b), in addition to the required participating employer
1446 contributions.

1447 (4) (a) A member contribution is credited by the office to the account of the individual
1448 member.

1449 (b) This amount, together with refund interest, is held in trust for the payment of
1450 benefits to the member or the member's beneficiaries.

1451 (c) A member contribution is vested and nonforfeitable.

1452 (5) (a) Each member is considered to consent to payroll deductions of member
1453 contributions.

1454 (b) The payment of compensation less these payroll deductions is considered full
1455 payment for services rendered by the member.

1456 (6) Benefits provided under the defined benefit portion of the Tier II Hybrid
1457 Retirement System created under this part may not be increased unless the actuarial funded

1458 ratios of all systems under this title reach 100%.

1459 Section 30. Section **49-22-302** is enacted to read:

1460 **49-22-302. Purchase of service credit.**

1461 A member who works 20 or more hours per week for a participating employer
1462 participating in this system, but who does not meet other eligibility requirements for service
1463 credit, may purchase the service credit in accordance with Section 49-11-403.

1464 Section 31. Section **49-22-303** is enacted to read:

1465 **49-22-303. Defined contribution benefit established -- Contribution by employer**
1466 **and employee -- Vesting of contributions -- Plans to be separate -- Tax-qualified status of**
1467 **plans.**

1468 (1) (a) A participating employer shall make a nonelective contribution on behalf of
1469 each regular full-time employee who is a member of this system in an amount equal to 10%
1470 minus the contribution rate paid by the employer pursuant to Subsection 49-22-301(2)(a) of
1471 the member's compensation to a defined contribution plan qualified under Section 401(k) of
1472 the Internal Revenue Code which:

1473 (i) is sponsored by the board; and

1474 (ii) has been grandfathered under Section 1116 of the Federal Tax Reform Act of
1475 1986.

1476 (b) The member may make additional payments to:

1477 (i) the qualified 401(k) plan which receives the employer contribution described in
1478 this Subsection (1); or

1479 (ii) at the member's option, another defined contribution plan established by the
1480 participating employer.

1481 (2) (a) The total amount contributed by the participating employer under Subsection
1482 (1)(a) vests to the member's benefit after four years of employment from the date of
1483 employment.

1484 (b) The total amount contributed by the member under Subsection (1)(b) vests to the
1485 member's benefit immediately and is nonforfeitable.

1486 (3) (a) Contributions made by a participating employer under Subsection (1)(a) shall
1487 be invested in a default option selected by the board until the member is vested in accordance
1488 with Subsection (2)(a).

1489 (b) A member may direct the investment of contributions made by a participating
1490 employer under Subsection (1)(a) only after the contributions have vested in accordance with
1491 Subsection (2)(a).

1492 (c) A member may direct the investment of contributions made by the member under
1493 Subsection (1)(b).

1494 (4) No loans shall be available from contributions made by a participating employer
1495 under Subsection (1)(a).

1496 (5) No hardship distributions shall be available from contributions made by a
1497 participating employer under Subsection (1)(a).

1498 (6) (a) Except as provided in Subsection (6)(b), if a member terminates employment
1499 with a participating employer prior to the vesting period described in Subsection (2)(a), all
1500 contributions made by a participating employer on behalf of the member under Subsection
1501 (1)(a) are subject to forfeiture.

1502 (b) If a member who terminates employment with a participating employer prior to the
1503 vesting period described in Subsection (2)(a) subsequently enters employment with the same
1504 or another participating employer within 10 years of the termination date of the previous
1505 employment:

1506 (i) all contributions made by the previous participating employer on behalf of the
1507 member shall be reinstated upon the member's completion of the vesting period under
1508 Subsection (2)(a); and

1509 (ii) the length of time that the member worked with the previous employer shall be
1510 included in determining whether the member has completed the vesting period under
1511 Subsection (2)(a).

1512 (c) The board shall establish a forfeiture account and shall specify the uses of the
1513 forfeiture account, which may include an offset against employer contributions made under

1514 this section.

1515 (7) The board may request from any other qualified 401(k) plan under Subsection (1)
1516 or (2) any relevant information pertaining to the maintenance of its tax qualification under the
1517 Internal Revenue Code.

1518 (8) The board may take any action which in its judgment is necessary to maintain the
1519 tax-qualified status of its 401(k) defined contribution plan under federal law.

1520 Section 32. Section **49-22-304** is enacted to read:

1521 **49-22-304. Defined benefit eligibility for an allowance -- Date of retirement --**

1522 **Qualifications.**

1523 (1) A member is qualified to receive an allowance from this system when:

1524 (a) before the member's retirement date, the member ceases actual work for a
1525 participating employer in this system and provides evidence of the termination;

1526 (b) the member has submitted to the office a notarized retirement application form that
1527 states the member's proposed retirement date; and

1528 (c) one of the following conditions is met as of the member's retirement date:

1529 (i) the member has accrued at least four years of service credit and has attained an age
1530 of 65 years;

1531 (ii) the member has accrued at least 10 years of service credit and has attained an age
1532 of 62 years;

1533 (iii) the member has accrued at least 20 years of service credit and has attained an age
1534 of 60 years; or

1535 (iv) the member has accrued at least 35 years of service credit.

1536 (2) (a) The member's retirement date:

1537 (i) shall be the 1st or the 16th day of the month, as selected by the member;

1538 (ii) shall be on or after the date of termination; and

1539 (iii) may not be more than 90 days before or after the date the application is received
1540 by the office.

1541 (b) A member may not be employed by a participating employer in the system

1542 established by this chapter on the retirement date selected under Subsection (2)(a)(i).

1543 Section 33. Section **49-22-305** is enacted to read:

1544 **49-22-305. Defined benefit service retirement plans -- Calculation of retirement**
1545 **allowance -- Social Security limitations.**

1546 (1) (a) The retirees of this system may choose from the six retirement options
1547 described in this section.

1548 (b) Options Two, Three, Four, Five, and Six are modifications of the Option One
1549 calculation.

1550 (2) The Option One benefit is an annual allowance calculated as follows:

1551 (a) If the retiree is at least 65 years of age or has accrued at least 35 years of service
1552 credit, the allowance is an amount equal to 1.5% of the retiree's final average salary multiplied
1553 by the number of years of service credit accrued on and after July 1, 2011.

1554 (b) If the retiree is less than 65 years of age, the allowance shall be reduced by the full
1555 actuarial amount for each year of retirement from age 60 to age 65, unless the member has 35
1556 or more years of accrued credit in which event no reduction is made to the allowance.

1557 (c) (i) Years of service includes any fractions of years of service to which the retiree
1558 may be entitled.

1559 (ii) At the time of retirement, if a retiree's combined years of actual, not purchased,
1560 service credit is within 1/10 of one year of the total years of service credit required for
1561 retirement, the retiree shall be considered to have the total years of service credit required for
1562 retirement.

1563 (d) An Option One allowance is only payable to the member during the member's
1564 lifetime.

1565 (3) The allowance payable under Options Two, Three, Four, Five, and Six is
1566 calculated by reducing an Option One benefit based on actuarial computations to provide the
1567 following:

1568 (a) Option Two is a reduced allowance paid to and throughout the lifetime of the
1569 retiree, and, if the retiree receives less in annuity payments than the amount of the retiree's

1570 member contributions, the remaining balance of the retiree's member contributions shall be
1571 paid in accordance with Sections 49-11-609 and 49-11-610.

1572 (b) Option Three is a reduced allowance paid to and throughout the lifetime of the
1573 retiree, and, upon the death of the retiree, the same reduced allowance is paid to and
1574 throughout the lifetime of the retiree's lawful spouse at the time of retirement.

1575 (c) Option Four is a reduced allowance paid to and throughout the lifetime of the
1576 retiree, and upon the death of the retiree, an amount equal to 1/2 of the retiree's allowance is
1577 paid to and throughout the lifetime of the retiree's lawful spouse at the time of retirement.

1578 (d) Option Five is a modification of Option Three so that if the lawful spouse at the
1579 time of retirement predeceases the retiree, an allowance equivalent to the amount payable at
1580 the time of initial retirement under Option One shall be paid to the retiree for the remainder of
1581 the retiree's life, beginning on the last day of the month following the month in which the
1582 lawful spouse dies.

1583 (e) Option Six is a modification of Option Four so that if the lawful spouse at the time
1584 of retirement predeceases the retiree, an allowance equivalent to the amount payable at the
1585 time of initial retirement under Option One shall be paid to the retiree for the remainder of the
1586 retiree's life, beginning on the last day of the month following the month in which the lawful
1587 spouse dies.

1588 (4) Periods of employment which are exempt from this system under Subsection
1589 49-22-203(1)(b) may be purchased by the member for the purpose of retirement only if all
1590 benefits from the Teachers' Insurance and Annuity Association of America or any other public
1591 or private system or organization based on this period of employment are forfeited.

1592 (5) (a) If a retiree under Option One dies within 120 days after the retiree's retirement
1593 date, the retirement is canceled and the death shall be considered as that of a member before
1594 retirement.

1595 (b) Any payments made to the retiree shall be deducted from the amounts due to the
1596 beneficiary.

1597 (6) If a retiree retires under either Option Five or Six and subsequently divorces, the

1598 retiree may elect to convert the benefit to an Option One benefit at the time of divorce, if there
1599 is no court order filed in the matter.

1600 Section 34. Section **49-22-306** is enacted to read:

1601 **49-22-306. Allowance payable by lump-sum payment.**

1602 (1) If a retiree's allowance, as computed under this chapter, amounts to \$25 or less, the
1603 allowance may be settled by the office by making a lump-sum payment of an amount
1604 actuarially equivalent to the allowance.

1605 (2) A payment made under this section constitutes a full and complete settlement of
1606 the retiree's claim against this system.

1607 Section 35. Section **49-22-307** is enacted to read:

1608 **49-22-307. Lump-sum death benefit for retiree and spouse.**

1609 (1) (a) Upon retirement, a retiree may elect to have the office deduct an actuarially
1610 determined amount from the retiree's allowance to provide a lump-sum benefit payable to a
1611 beneficiary upon the death of the retiree.

1612 (b) Upon retirement, a retiree may also elect to have an actuarially determined amount
1613 deducted from the retiree's allowance to provide a lump-sum death benefit payable to a
1614 beneficiary upon the death of the retiree's lawful spouse at the time of retirement.

1615 (c) The board may make rules for the administration of this lump-sum death benefit.

1616 (2) (a) For a retiree who pays for a lump-sum death benefit under this section through
1617 a reduction of an allowance, benefits shall be paid in accordance with Sections 49-11-609 and
1618 49-11-610.

1619 (b) If the retiree chooses Option Three, Four, Five, or Six, and a lump-sum death
1620 benefit is payable after the death of the retiree, the allowance shall be restored to its original
1621 amount.

1622 (3) (a) A retiree may elect to cancel the lump-sum death benefit under this section.

1623 (b) The cancellation under this Subsection (3) is irrevocable.

1624 (c) Upon cancellation, the allowance shall be restored to its original amount and
1625 benefits under this section may not be paid.

1626 Section 36. Section **49-22-308** is enacted to read:

1627 **49-22-308. Defined benefit annual cost-of-living adjustment.**

1628 (1) The office shall make an annual cost-of-living adjustment to:

1629 (a) an original allowance paid under Section 49-22-305, if the allowance has been paid
1630 for at least one year; and

1631 (b) an original payment made to an alternate payee under a domestic relations order, if
1632 the payment is to be paid as a percentage of the allowance rather than a specific dollar amount.

1633 (2) (a) The original allowance shall be increased by the annual increase in the
1634 Consumer Price Index up to a maximum of 2.5%.

1635 (b) Annual increases in the Consumer Price Index in excess of 2.5% shall be
1636 accumulated and used in subsequent adjustments when the annual increase in the Consumer
1637 Price Index is less than 2.5%.

1638 (3) The Consumer Price Index used in calculating adjustments shall be a United States
1639 Bureau of Labor Statistics Consumer Price Index average as determined by the board.

1640 (4) The cost-of-living adjustment made under this section may not decrease the
1641 allowance.

1642 Section 37. Section **49-22-309** is enacted to read:

1643 **49-22-309. Purchase of service credit -- Conditions -- Cost -- Nondiscrimination**
1644 **policy.**

1645 (1) (a) A member may purchase or a member and a participating employer may jointly
1646 purchase a maximum of five years of service credit which cannot otherwise be purchased
1647 under this title.

1648 (b) At a minimum, the years of service credit purchased shall be sufficient to allow the
1649 member to meet the retirement eligibility requirements of this system with no actuarial
1650 reduction.

1651 (c) The member's retirement date shall be immediately after the purchase of years of
1652 service credit.

1653 (d) The member shall pay at least 5% of the cost of the purchase.

- 1654 (e) To qualify for a purchase of service credit under this section, the member shall:
1655 (i) have at least five years of service credit; and
1656 (ii) otherwise meet federal eligibility requirements.
1657 (2) The purchase price for the years of service credit shall be calculated and paid for as
1658 provided in Section 49-11-403.
1659 (3) Prior to making any purchase of years of service credit under this section, a
1660 participating employer shall adopt a purchase policy that includes nondiscriminatory
1661 participation standards for all regular full-time employees.
1662 (4) Only members retiring from this system may purchase service credit under this
1663 section.

1664 Section 38. Section **49-22-401** is enacted to read:

1665 **Part 4. Tier II Defined Contribution Plan**

1666 **49-22-401. Contributions -- Rates.**

- 1667 (1) Up to the amount allowed by federal law, the participating employer shall
1668 contribute 10% of the participant's compensation to a defined contribution plan.
1669 (2) (a) The participating employer shall contribute the 10% nonelective contribution
1670 described in Subsection (1) to a defined contribution plan qualified under Section 401(k) of
1671 the Internal Revenue Code which:
1672 (i) is sponsored by the board; and
1673 (ii) has been grandfathered under Section 1116 of the Federal Tax Reform Act of
1674 1986.
1675 (b) The member may make additional payments to:
1676 (i) the qualified 401(k) plan which receives the employer contribution described in
1677 this Subsection (2); or
1678 (ii) at the member's option, another defined contribution plan established by the
1679 participating employer.
1680 (c) In addition to the percent specified under Subsection (2)(a), the participating
1681 employer shall pay the corresponding Tier I system amortization rate of the employee's

1682 compensation to the office to be applied to the employer's corresponding Tier I system
1683 liability.

1684 (3) (a) The total amount contributed by the participating employer under Subsection
1685 (2)(a) vests to the member's benefit after four years of employment from the date of
1686 employment.

1687 (b) The total amount contributed by the member under Subsection (2)(b) vests to the
1688 member's benefit immediately and is nonforfeitable.

1689 (4) (a) Contributions made by a participating employer under Subsection (2)(a) shall
1690 be invested in a default option selected by the board until the member is vested in accordance
1691 with Subsection (3)(a).

1692 (b) A member may direct the investment of contributions made by a participating
1693 employer under Subsection (2)(a) only after the contributions have vested in accordance with
1694 Subsection (3)(a).

1695 (c) A member may direct the investment of contributions made by the member under
1696 Subsection (3)(b).

1697 (5) No loans shall be available from contributions made by a participating employer
1698 under Subsection (2)(a).

1699 (6) No hardship distributions shall be available from contributions made by a
1700 participating employer under Subsection (2)(a).

1701 (7) (a) Except as provided in Subsection (7)(b), if a member terminates employment
1702 with a participating employer prior to the vesting period described in Subsection (3)(a), all
1703 contributions made by a participating employer on behalf of the member under Subsection
1704 (2)(a) are subject to forfeiture.

1705 (b) If a member who terminates employment with a participating employer prior to the
1706 vesting period described in Subsection (3)(a) subsequently enters employment with the same
1707 or another participating employer within 10 years of the termination date of the previous
1708 employment:

1709 (i) all contributions made by the previous participating employer on behalf of the

1710 member shall be reinstated upon the member's completion of the vesting period under
1711 Subsection (3)(a); and

1712 (ii) the length of time that the member worked with the previous employer shall be
1713 included in determining whether the member has completed the vesting period under
1714 Subsection (3)(a).

1715 (c) The board shall establish a forfeiture account and shall specify the uses of the
1716 forfeiture account, which may include an offset against employer contributions made under
1717 this section.

1718 (8) The board may request from any other qualified 401(k) plan under Subsection (2)
1719 any relevant information pertaining to the maintenance of its tax qualification under the
1720 Internal Revenue Code.

1721 (9) The board may take any action which in its judgment is necessary to maintain the
1722 tax-qualified status of its 401(k) defined contribution plan under federal law.

1723 Section 39. Section **49-22-402** is enacted to read:

1724 **49-22-402. Defined contribution distributions for disabled members.**

1725 For a person who is disabled and receives contributions under Subsection
1726 49-11-404(4)(b), the disabled member may begin receiving distributions from the defined
1727 contributions made by the participating employer on behalf of the disabled member when the
1728 person would have been eligible to retire if the person was covered by the defined benefit
1729 portion of the Tier II hybrid retirement system under Part 3, Tier II Hybrid Retirement System.

1730 Section 40. Section **49-22-501** is enacted to read:

1731 **Part 5. Death Benefit**

1732 **49-22-501. Death benefit by means of group insurance policy -- Eligibility for**
1733 **death benefit -- Benefit calculation -- Payment of claim.**

1734 (1) The office shall provide a death benefit through the purchase of a group insurance
1735 policy for members of this system.

1736 (2) The board shall make rules to administer the death benefit provided by this section
1737 and may, in accordance with federal law, establish:

- 1738 (a) benefit levels;
1739 (b) classes of members; and
1740 (c) a living benefit option.
1741 (3) This death benefit is payable when:
1742 (a) the member dies prior to the member's retirement date or dies under circumstances
1743 which Subsection 49-22-305(5) requires to be treated as the death of a member before
1744 retirement;
1745 (b) the office receives acceptable proof of death; and
1746 (c) benefits are not payable under Section 49-22-307.
1747 (4) The death benefit payable to the beneficiary under this section is a lump-sum
1748 payment consisting of:
1749 (a) the return of any member contributions under this chapter; plus
1750 (b) a percentage of the final average salary of the member to be determined by the
1751 board.
1752 (5) Any amount of a living benefit option paid to the member prior to death shall be
1753 deducted from the benefit payable to the beneficiary.
1754 (6) The cost of the death benefit shall be paid by the participating employer in
1755 addition to the contribution rate established under Section 49-22-301 or 49-22-401.
1756 (7) The portion of the death benefit provided under Subsection (4)(b) may not be paid
1757 to the beneficiary of an inactive member unless the death of the member occurs either:
1758 (a) within a period of 120 days after the last day of work for which the person received
1759 compensation; or
1760 (b) while the member is still physically or mentally incapacitated from performance of
1761 duties, if the incapacity has been continuous since the last day of work for which
1762 compensation was received.
1763 (8) The death benefit provided under Subsection (4)(b) shall be paid in accordance
1764 with Sections 49-11-609 and 49-11-610.
1765 (9) The death benefit paid to the beneficiary of an inactive member, except as

1766 otherwise provided under Subsection (7), is a lump-sum return of the member's member
1767 contributions.

1768 (10) Payment of the death benefit by the office constitutes a full settlement of any
1769 beneficiary's claim against the office and the office is not liable for any further or additional
1770 claims or assessments on behalf of the member.

1771 (11) Unless otherwise specified in a written document filed with the office, death
1772 benefits payable to beneficiaries shall be in accordance with the order of precedence
1773 established under Title 75, Chapter 2, Intestate Succession and Wills.

1774 (12) A death benefit under this section may not be paid on behalf of a retiree under
1775 this system.

1776 Section 41. Section **49-22-502** is enacted to read:

1777 **49-22-502. Death of married members -- Service retirement benefits to surviving**
1778 **spouse.**

1779 (1) As used in this section, "member's full allowance" means an Option Three
1780 allowance calculated under Section 49-22-305 without an actuarial reduction.

1781 (2) Upon the request of a deceased member's lawful spouse at the time of the
1782 member's death, the deceased member is considered to have retired under Option Three on the
1783 first day of the month following the month in which the member died if the following
1784 requirements are met:

1785 (a) the member has:

1786 (i) 15 or more years of service credit;

1787 (ii) attained age 62 with 10 or more years of service credit; or

1788 (iii) attained age 65 with four or more years of service credit; and

1789 (b) the member dies leaving a spouse to whom the member has been married at least
1790 six months immediately prior to the death date.

1791 (3) The spouse who requests a benefit under this section shall apply in writing to the
1792 office. The allowance shall begin on the first day of the month:

1793 (a) following the month in which the member died, if the application is received by the

1794 office within 90 days of the member's death; or

1795 (b) in which the application is received by the office.

1796 (4) The allowance payable to a surviving spouse under Subsection (2) is as follows:

1797 (a) if the member has 25 or more years of service credit at the time of death, the
1798 surviving spouse shall receive the member's full allowance;

1799 (b) if the member has between 20-24 years of service credit and is not age 60 or older
1800 at the time of death, the surviving spouse shall receive 2/3 of the member's full allowance;

1801 (c) if the member has between 15-19 years of service credit and is not age 62 or older
1802 at the time of death, the surviving spouse shall receive 1/3 of the member's full allowance; or

1803 (d) if the member is age 60 or older with 20 or more years of service credit, age 62 or
1804 older with 10 or more years of service credit, or age 65 or older with four or more years of
1805 service credit at the time of death, the surviving spouse shall receive an Option Three benefit
1806 with actuarial reductions.

1807 (5) Except for a return of member contributions, benefits payable under this section
1808 are retirement benefits and shall be paid in addition to any other payments made under Section
1809 49-22-501 and shall constitute a full and final settlement of the claim of the spouse or any
1810 other beneficiary filing a claim for benefits under Section 49-22-501.

1811 Section 42. Section **49-22-601** is enacted to read:

1812 **Part 6. Disability**

1813 **49-22-601. Long-term disability coverage.**

1814 In accordance with Section 49-21-201, the state shall cover all of its eligible employees
1815 under Chapter 21, Public Employees' Long-Term Disability Act.

1816 Section 43. Section **49-23-101** is enacted to read:

1817 **CHAPTER 23. NEW PUBLIC SAFETY AND FIREFIGHTER TIER II**
1818 **CONTRIBUTORY RETIREMENT ACT**

1819 **Part 1. General Provisions**

1820 **49-23-101. Title.**

1821 This chapter is known as the "New Public Safety and Firefighter Tier II Contributory

1822 Retirement Act."

1823 Section 44. Section **49-23-102** is enacted to read:

1824 **49-23-102. Definitions.**

1825 As used in this chapter:

1826 (1) (a) "Compensation" means the total amount of payments that are includable in
1827 gross income received by a public safety service employee or a firefighter service employee as
1828 base income for the regularly scheduled work period. The participating employer shall
1829 establish the regularly scheduled work period. Base income shall be determined prior to the
1830 deduction of any amounts the public safety service employee or firefighter service employee
1831 authorizes to be deducted for salary deferral or other benefits authorized by federal law.

1832 (b) "Compensation" includes performance-based bonuses and cost-of-living
1833 adjustments.

1834 (c) "Compensation" does not include:

1835 (i) overtime;

1836 (ii) sick pay incentives;

1837 (iii) retirement pay incentives;

1838 (iv) the monetary value of remuneration paid in kind, as in a residence, use of
1839 equipment or uniform, travel, or similar payments;

1840 (v) a lump-sum payment or special payment covering accumulated leave; and

1841 (vi) all contributions made by a participating employer under this system or under any
1842 other employee benefit system or plan maintained by a participating employer for the benefit
1843 of a member or participant.

1844 (d) "Compensation" for purposes of this chapter may not exceed the amount allowed
1845 under Internal Revenue Code Section 401(a)(17).

1846 (2) "Corresponding Tier I system" means the system or plan that would have covered
1847 the member if the member had initially entered employment before July 1, 2011.

1848 (3) "Final average salary" means the amount computed by averaging the highest five
1849 years of annual compensation preceding retirement subject to Subsections (3)(a), (b), (c), and

1850 (d).

1851 (a) Except as provided in Subsection (3)(b), the percentage increase in annual
1852 compensation in any one of the years used may not exceed the previous year's compensation
1853 by more than 10% plus a cost-of-living adjustment equal to the decrease in the purchasing
1854 power of the dollar during the previous year, as measured by a United States Bureau of Labor
1855 Statistics Consumer Price Index average as determined by the board.

1856 (b) In cases where the participating employer provides acceptable documentation to
1857 the office, the limitation in Subsection (3)(a) may be exceeded if:

1858 (i) the member has transferred from another agency; or

1859 (ii) the member has been promoted to a new position.

1860 (c) If the member retires more than six months from the date of termination of
1861 employment, the member is considered to have been in service at the member's last rate of pay
1862 from the date of the termination of employment to the effective date of retirement for purposes
1863 of computing the member's final average salary only.

1864 (d) If the member has less than five years of service credit in this system, final average
1865 salary means the average annual compensation paid to the member during the full period of
1866 service credit.

1867 (4) "Firefighter service" means employment normally requiring an average of 2,080
1868 hours of regularly scheduled employment per year rendered by a member who is a firefighter
1869 service employee trained in firefighter techniques and assigned to a position of hazardous duty
1870 with a regularly constituted fire department, but does not include secretarial staff or other
1871 similar employees.

1872 (5) "Firefighter service employee" means an employee of a participating employer who
1873 provides firefighter service under this chapter. An employee of a regularly constituted fire
1874 department who does not perform firefighter service is not a firefighter service employee.

1875 (6) "Participating employer" means an employer which meets the participation
1876 requirements of:

1877 (a) Sections 49-14-201 and 49-14-202;

- 1878 (b) Sections 49-15-201 and 49-15-202;
1879 (c) Sections 49-16-201 and 49-16-202; or
1880 (d) Sections 49-23-201 and 49-23-202.
1881 (7) (a) "Public safety service" means employment normally requiring an average of
1882 2,080 hours of regularly scheduled employment per year rendered by a member who is a:
1883 (i) law enforcement officer in accordance with Section 53-13-103;
1884 (ii) correctional officer in accordance with Section 53-13-104; and
1885 (iii) special function officer approved in accordance with Sections 49-15-201 and
1886 53-13-105.
1887 (b) "Public safety service" also requires that in the course of employment the
1888 employee's life or personal safety is at risk.
1889 (8) "Public safety service employee" means an employee of a participating employer
1890 who performs public safety service under this chapter.
1891 (9) "System" means the New Public Safety and Firefighter Tier II Contributory
1892 Retirement System created under this chapter.
1893 (10) (a) "Volunteer firefighter" means any individual that is not regularly employed as
1894 a firefighter service employee, but who:
1895 (i) has been trained in firefighter techniques and skills;
1896 (ii) continues to receive regular firefighter training; and
1897 (iii) is on the rolls of a legally organized volunteer fire department which provides
1898 ongoing training and serves a political subdivision of the state.
1899 (b) An individual that volunteers assistance but does not meet the requirements of
1900 Subsection (10)(a) is not a volunteer firefighter for purposes of this chapter.
1901 (11) "Years of service credit" means:
1902 (a) a period, consisting of 12 full months as determined by the board; or
1903 (b) a period determined by the board, whether consecutive or not, during which a
1904 regular full-time employee performed services for a participating employer, including any time
1905 the regular full-time employee was absent on a paid leave of absence granted by a participating

1906 employer or was absent in the service of the United States government on military duty as
1907 provided by this chapter.

1908 Section 45. Section **49-23-103** is enacted to read:

1909 **49-23-103. Creation of system.**

1910 (1) There is created for members employed by a participating employer the "New
1911 Public Safety and Firefighter Tier II Contributory Retirement System."

1912 (2) The New Public Safety and Firefighter Tier II Contributory Retirement System
1913 includes:

1914 (a) the Tier II hybrid retirement system created in Part 3, Tier II Hybrid Retirement
1915 System; and

1916 (b) the Tier II defined contribution plan created in Part 4, Tier II Defined Contribution
1917 Plan.

1918 Section 46. Section **49-23-104** is enacted to read:

1919 **49-23-104. Creation of trust fund.**

1920 (1) There is created the "New Public Safety and Firefighter Tier II Contributory
1921 Retirement Trust Fund" for the purpose of paying the benefits and costs of administering the
1922 defined benefit portion of this system.

1923 (2) The fund shall consist of all money paid into it, including interest, in accordance
1924 with this chapter, whether in the form of cash, securities, or other assets, and of all money
1925 received from any other source.

1926 (3) Custody, management, and investment of the fund shall be governed by Chapter
1927 11, Utah State Retirement Systems Administration.

1928 Section 47. Section **49-23-201** is enacted to read:

1929 **Part 2. Membership Eligibility**

1930 **49-23-201. System membership -- Eligibility.**

1931 (1) Beginning July 1, 2011, a participating employer that employs public safety
1932 service employees or firefighter service employees shall participate in this system.

1933 (2) (a) A public safety service employee or a firefighter service employee entering

1934 employment with a participating employer on or after July 1, 2011, is eligible:

1935 (i) as a member for service credit and defined contributions under the Tier II hybrid
1936 retirement system established by Part 3, Tier II Hybrid Retirement System; or

1937 (ii) as a participant for defined contributions under the Tier II defined contributions
1938 plan established by Part 4, Tier II Defined Contribution Plan.

1939 (b) A public safety service employee or a firefighter service employee entering
1940 employment with a participating employer on or after July 1, 2011, shall:

1941 (i) make an election to participate in the system created under this chapter within 30
1942 days from the date of employment:

1943 (A) as a member for service credit and defined contributions under the Tier II hybrid
1944 retirement system established by Part 3, Tier II Hybrid Retirement System; or

1945 (B) as a participant for defined contributions under the Tier II defined contribution
1946 plan established by Part 4, Tier II Defined Contribution Plan; and

1947 (ii) submit to the office notification of the member's election under Subsection
1948 (2)(b)(i) in a manner approved by the office.

1949 (c) An election made by a public safety service employee or firefighter service
1950 employee entering employment with a participating employer under this Subsection (2) is
1951 irrevocable.

1952 (d) If no election is made under Subsection (2)(b)(i), the public safety service
1953 employee or firefighter service employee shall become a member eligible for service credit and
1954 defined contributions under the Tier II hybrid retirement system established by Part 3, Tier II
1955 Hybrid Retirement System.

1956 Section 48. Section **49-23-202** is enacted to read:

1957 **49-23-202. Participation of employers -- Admission requirements.**

1958 (1) An employer is a participating employer and may not withdraw from participation
1959 in this system.

1960 (2) (a) An employer may, by resolution of its governing body, apply for admission to
1961 this system.

1990 benefits to the member or the member's beneficiaries.

1991 (c) A member contribution is vested and nonforfeitable.

1992 (5) (a) Each member is considered to consent to payroll deductions of member
1993 contributions.

1994 (b) The payment of compensation less these payroll deductions is considered full
1995 payment for services rendered by the member.

1996 (6) Benefits provided under the defined benefit portion of the Tier II hybrid retirement
1997 system created under this part may not be increased unless the actuarial funded ratios of all
1998 systems under this title reach 100%.

1999 Section 50. Section **49-23-302** is enacted to read:

2000 **49-23-302. Defined contribution benefit established -- Contribution by employer**
2001 **and employee -- Vesting of contributions -- Plans to be separate -- Tax-qualified status of**
2002 **plans.**

2003 (1) (a) A participating employer shall make a nonelective contribution on behalf of
2004 each public safety service employee or firefighter service employee who is a member of this
2005 system in an amount equal to 12% minus the contribution rate paid by the employer pursuant
2006 to Subsection 49-23-301(2)(a) of the member's compensation to a defined contribution plan
2007 qualified under Section 401(k) of the Internal Revenue Code which:

2008 (i) is sponsored by the board; and

2009 (ii) has been grandfathered under Section 1116 of the Federal Tax Reform Act of
2010 1986.

2011 (b) The member may make additional payments to:

2012 (i) the qualified 401(k) plan which receives the employer contribution described in
2013 this Subsection (1); or

2014 (ii) at the member's option, another defined contribution plan established by the
2015 participating employer.

2016 (2) (a) The total amount contributed by the participating employer under Subsection
2017 (1)(a) vests to the member's benefit after four years of employment from the date of

2018 employment.

2019 (b) The total amount contributed by the member under Subsection (1)(b) vests to the
2020 member's benefit immediately and is nonforfeitable.

2021 (3) (a) Contributions made by a participating employer under Subsection (1)(a) shall
2022 be invested in a default option selected by the board until the member is vested in accordance
2023 with Subsection (2)(a).

2024 (b) A member may direct the investment of contributions made by a participating
2025 employer under Subsection (1)(a) only after the contributions have vested in accordance with
2026 Subsection (2)(a).

2027 (c) A member may direct the investment of contributions made by the member under
2028 Subsection (1)(b).

2029 (4) No loans shall be available from contributions made by a participating employer
2030 under Subsection (1)(a).

2031 (5) No hardship distributions shall be available from contributions made by a
2032 participating employer under Subsection (1)(a).

2033 (6) (a) Except as provided in Subsection (6)(b), if a member terminates employment
2034 with a participating employer prior to the vesting period described in Subsection (2)(a), all
2035 contributions made by a participating employer on behalf of the member under Subsection
2036 (1)(a) are subject to forfeiture.

2037 (b) If a member who terminates employment with a participating employer prior to the
2038 vesting period described in Subsection (2)(a) subsequently enters employment with the same
2039 or another participating employer within 10 years of the termination date of the previous
2040 employment:

2041 (i) all contributions made by the previous participating employer on behalf of the
2042 member shall be reinstated upon the member's completion of the vesting period under
2043 Subsection (2)(a); and

2044 (ii) the length of time that the member worked with the previous employer shall be
2045 included in determining whether the member has completed the vesting period under

2046 Subsection (2)(a).

2047 (c) The board shall establish a forfeiture account and shall specify the uses of the
2048 forfeiture account, which may include an offset against employer contributions made under
2049 this section.

2050 (7) The board may request from any other qualified 401(k) plan under Subsection (1)
2051 or (2) any relevant information pertaining to the maintenance of its tax qualification under the
2052 Internal Revenue Code.

2053 (8) The board may take any action which in its judgment is necessary to maintain the
2054 tax-qualified status of its 401(k) defined contribution plan under federal law.

2055 Section 51. Section **49-23-303** is enacted to read:

2056 **49-23-303. Defined benefit eligibility for an allowance -- Date of retirement --**

2057 **Qualifications.**

2058 (1) A member is qualified to receive an allowance from this system when:

2059 (a) before the member's retirement date, the member ceases actual work for a
2060 participating employer in this system and provides evidence of the termination;

2061 (b) the member has submitted to the office a notarized retirement application form that
2062 states the member's proposed retirement date; and

2063 (c) one of the following conditions is met as of the member's retirement date:

2064 (i) the member has accrued at least four years of service credit and has attained an age
2065 of 65 years;

2066 (ii) the member has accrued at least 10 years of service credit and has attained an age
2067 of 62 years;

2068 (iii) the member has accrued at least 20 years of service credit and has attained an age
2069 of 60 years; or

2070 (iv) the member has accrued at least 25 years of service credit.

2071 (2) (a) The member's retirement date:

2072 (i) shall be the 1st or the 16th day of the month, as selected by the member;

2073 (ii) shall be on or after the date of termination; and

2074 (iii) may not be more than 90 days before or after the date the application is received
2075 by the office.

2076 (b) A member may not be employed by a participating employer in the system
2077 established by this chapter on the retirement date selected under Subsection (2)(a)(i).

2078 Section 52. Section **49-23-304** is enacted to read:

2079 **49-23-304. Defined benefit service retirement plans -- Calculation of retirement**
2080 **allowance -- Social Security limitations.**

2081 (1) (a) The retirees of this system may choose from the six retirement options
2082 described in this section.

2083 (b) Options Two, Three, Four, Five, and Six are modifications of the Option One
2084 calculation.

2085 (2) The Option One benefit is an annual allowance calculated as follows:

2086 (a) If the retiree is at least 65 years of age or has accrued at least 25 years of service
2087 credit, the allowance is an amount equal to 1.5% of the retiree's final average salary multiplied
2088 by the number of years of service credit accrued on and after July 1, 2011.

2089 (b) If the retiree is less than 65 years of age, the allowance shall be reduced by the full
2090 actuarial amount for each year of retirement from age 60 to age 65, unless the member has 25
2091 or more years of accrued credit in which event no reduction is made to the allowance.

2092 (c) (i) Years of service includes any fractions of years of service to which the retiree
2093 may be entitled.

2094 (ii) At the time of retirement, if a retiree's combined years of actual, not purchased,
2095 service credit is within 1/10 of one year of the total years of service credit required for
2096 retirement, the retiree shall be considered to have the total years of service credit required for
2097 retirement.

2098 (d) An Option One allowance is only payable to the member during the member's
2099 lifetime.

2100 (3) The allowance payable under Options Two, Three, Four, Five, and Six is
2101 calculated by reducing an Option One benefit based on actuarial computations to provide the

2102 following:

2103 (a) Option Two is a reduced allowance paid to and throughout the lifetime of the
2104 retiree, and, if the retiree receives less in annuity payments than the amount of the retiree's
2105 member contributions, the remaining balance of the retiree's member contributions shall be
2106 paid in accordance with Sections 49-11-609 and 49-11-610.

2107 (b) Option Three is a reduced allowance paid to and throughout the lifetime of the
2108 retiree, and, upon the death of the retiree, the same reduced allowance is paid to and
2109 throughout the lifetime of the retiree's lawful spouse at the time of retirement.

2110 (c) Option Four is a reduced allowance paid to and throughout the lifetime of the
2111 retiree, and upon the death of the retiree, an amount equal to 1/2 of the retiree's allowance is
2112 paid to and throughout the lifetime of the retiree's lawful spouse at the time of retirement.

2113 (d) Option Five is a modification of Option Three so that if the lawful spouse at the
2114 time of retirement predeceases the retiree, an allowance equivalent to the amount payable at
2115 the time of initial retirement under Option One shall be paid to the retiree for the remainder of
2116 the retiree's life, beginning on the last day of the month following the month in which the
2117 lawful spouse dies.

2118 (e) Option Six is a modification of Option Four so that if the lawful spouse at the time
2119 of retirement predeceases the retiree, an allowance equivalent to the amount payable at the
2120 time of initial retirement under Option One shall be paid to the retiree for the remainder of the
2121 retiree's life, beginning on the last day of the month following the month in which the lawful
2122 spouse dies.

2123 (4) Periods of employment which are exempt from this system may be purchased by
2124 the member for the purpose of retirement only if all benefits from any other public or private
2125 system or organization based on this period of employment are forfeited.

2126 (5) (a) If a retiree under Option One dies within 120 days after the retiree's retirement
2127 date, the retirement is canceled and the death shall be considered as that of a member before
2128 retirement.

2129 (b) Any payments made to the retiree shall be deducted from the amounts due to the

2130 beneficiary.

2131 (6) If a retiree retires under either Option Five or Six and subsequently divorces, the
2132 retiree may elect to convert the benefit to an Option One benefit at the time of divorce, if there
2133 is no court order filed in the matter.

2134 Section 53. Section **49-23-305** is enacted to read:

2135 **49-23-305. Allowance payable by lump-sum payment.**

2136 (1) If a retiree's allowance, as computed under this chapter, amounts to \$25 or less, the
2137 allowance may be settled by the office by making a lump-sum payment of an amount
2138 actuarially equivalent to the allowance.

2139 (2) A payment made under this section constitutes a full and complete settlement of
2140 the retiree's claim against this system.

2141 Section 54. Section **49-23-306** is enacted to read:

2142 **49-23-306. Lump-sum death benefit for retiree and spouse.**

2143 (1) (a) Upon retirement, a retiree may elect to have the office deduct an actuarially
2144 determined amount from the retiree's allowance to provide a lump-sum benefit payable to a
2145 beneficiary upon the death of the retiree.

2146 (b) Upon retirement, a retiree may also elect to have an actuarially determined amount
2147 deducted from the retiree's allowance to provide a lump-sum death benefit payable to a
2148 beneficiary upon the death of the retiree's lawful spouse at the time of retirement.

2149 (c) The board may make rules for the administration of this lump-sum death benefit.

2150 (2) (a) For a retiree who pays for a lump-sum death benefit under this section through
2151 a reduction of an allowance, benefits shall be paid in accordance with Sections 49-11-609 and
2152 49-11-610.

2153 (b) If the retiree chooses Option Three, Four, Five, or Six, and a lump-sum death
2154 benefit is payable after the death of the retiree, the allowance shall be restored to its original
2155 amount.

2156 (3) (a) A retiree may elect to cancel the lump-sum death benefit under this section.

2157 (b) The cancellation under this Subsection (3) is irrevocable.

2158 (c) Upon cancellation, the allowance shall be restored to its original amount and
2159 benefits under this section may not be paid.

2160 Section 55. Section **49-23-307** is enacted to read:

2161 **49-23-307. Defined benefit annual cost-of-living adjustment.**

2162 (1) The office shall make an annual cost-of-living adjustment to:

2163 (a) an original allowance paid under Section 49-23-305, if the allowance has been paid
2164 for at least one year; and

2165 (b) an original payment made to an alternate payee under a domestic relations order, if
2166 the payment is to be paid as a percentage of the allowance rather than a specific dollar amount.

2167 (2) (a) The original allowance shall be increased by the annual increase in the
2168 Consumer Price Index up to a maximum of 2.5%.

2169 (b) Annual increases in the Consumer Price Index in excess of 2.5% shall be
2170 accumulated and used in subsequent adjustments when the annual increase in the Consumer
2171 Price Index is less than 2.5%.

2172 (3) The Consumer Price Index used in calculating adjustments shall be a United States
2173 Bureau of Labor Statistics Consumer Price Index average as determined by the board.

2174 (4) The cost-of-living adjustment made under this section may not decrease the
2175 allowance.

2176 Section 56. Section **49-23-308** is enacted to read:

2177 **49-23-308. Purchase of service credit -- Conditions -- Cost -- Nondiscrimination**
2178 **policy.**

2179 (1) (a) A member may purchase or a member and a participating employer may jointly
2180 purchase a maximum of five years of service credit which cannot otherwise be purchased
2181 under this title.

2182 (b) At a minimum, the years of service credit purchased shall be sufficient to allow the
2183 member to meet the retirement eligibility requirements of this system with no actuarial
2184 reduction.

2185 (c) The member's retirement date shall be immediately after the purchase of years of

2186 service credit.

2187 (d) The member shall pay at least 5% of the cost of the purchase.

2188 (e) To qualify for a purchase of service credit under this section, the member shall:

2189 (i) have at least five years of service credit; and

2190 (ii) otherwise meet federal eligibility requirements.

2191 (2) The purchase price for the years of service credit shall be calculated and paid for as
2192 provided in Section 49-11-403.

2193 (3) Prior to making any purchase of years of service credit under this section, a
2194 participating employer shall adopt a purchase policy that includes nondiscriminatory
2195 participation standards for all regular full-time employees.

2196 (4) Only members retiring from this system may purchase service credit under this
2197 section.

2198 Section 57. Section **49-23-401** is enacted to read:

2199 **Part 4. Tier II Defined Contribution Plan**

2200 **49-23-401. Contributions -- Rates.**

2201 (1) Up to the amount allowed by federal law, the participating employer shall
2202 contribute 12% of the participant's compensation to a defined contribution plan.

2203 (2) (a) The participating employer shall contribute the 12% nonelective contribution
2204 described in Subsection (1) to a defined contribution plan qualified under Section 401(k) of
2205 the Internal Revenue Code which:

2206 (i) is sponsored by the board; and

2207 (ii) has been grandfathered under Section 1116 of the Federal Tax Reform Act of
2208 1986.

2209 (b) The member may make additional payments to:

2210 (i) the qualified 401(k) plan which receives the employer contribution described in
2211 this Subsection (2); or

2212 (ii) at the member's option, another defined contribution plan established by the
2213 participating employer.

2214 (c) In addition to the percent specified under Subsection (2)(a), the participating
2215 employer shall pay the corresponding Tier I system amortization rate of the employee's
2216 compensation to the office to be applied to the employer's corresponding Tier I system
2217 liability.

2218 (3) (a) The total amount contributed by the participating employer under Subsection
2219 (2)(a) vests to the member's benefit after four years of employment from the date of
2220 employment.

2221 (b) The total amount contributed by the member under Subsection (2)(b) vests to the
2222 member's benefit immediately and is nonforfeitable.

2223 (4) (a) Contributions made by a participating employer under Subsection (2)(a) shall
2224 be invested in a default option selected by the board until the member is vested in accordance
2225 with Subsection (3)(a).

2226 (b) A member may direct the investment of contributions made by a participating
2227 employer under Subsection (2)(a) only after the contributions have vested in accordance with
2228 Subsection (3)(a).

2229 (c) A member may direct the investment of contributions made by the member under
2230 Subsection (3)(b).

2231 (5) No loans shall be available from contributions made by a participating employer
2232 under Subsection (2)(a).

2233 (6) No hardship distributions shall be available from contributions made by a
2234 participating employer under Subsection (2)(a).

2235 (7) (a) Except as provided in Subsection (7)(b), if a member terminates employment
2236 with a participating employer prior to the vesting period described in Subsection (3)(a), all
2237 contributions made by a participating employer on behalf of the member under Subsection
2238 (2)(a) are subject to forfeiture.

2239 (b) If a member who terminates employment with a participating employer prior to the
2240 vesting period described in Subsection (3)(a) subsequently enters employment with the same
2241 or another participating employer within 10 years of the termination date of the previous

2242 employment:

2243 (i) all contributions made by the previous participating employer on behalf of the
2244 member shall be reinstated upon the member's completion of the vesting period under
2245 Subsection (3)(a); and

2246 (ii) the length of time that the member worked with the previous employer shall be
2247 included in determining whether the member has completed the vesting period under
2248 Subsection (3)(a).

2249 (c) The board shall establish a forfeiture account and shall specify the uses of the
2250 forfeiture account, which may include an offset against employer contributions made under
2251 this section.

2252 (8) The board may request from any other qualified 401(k) plan under Subsection (2)
2253 any relevant information pertaining to the maintenance of its tax qualification under the
2254 Internal Revenue Code.

2255 (9) The board may take any action which in its judgment is necessary to maintain the
2256 tax-qualified status of its 401(k) defined contribution plan under federal law.

2257 Section 58. Section **49-23-402** is enacted to read:

2258 **49-23-402. Defined contribution distributions for disabled members.**

2259 For a person who is disabled and receives contributions under Subsection
2260 49-11-404(4)(b), the disabled member may begin receiving distributions from the defined
2261 contributions made by the participating employer on behalf of the disabled member when the
2262 person would have been eligible to retire if the person was covered by the defined benefit
2263 portion of the Tier II hybrid retirement system under Part 3, Tier II Hybrid Retirement System.

2264 Section 59. Section **49-23-501** is enacted to read:

2265 **Part 5. Death Benefit**

2266 **49-23-501. Death benefit by means of group insurance policy -- Eligibility for**
2267 **death benefit -- Benefit calculation -- Payment of claim.**

2268 (1) The office shall provide a death benefit through the purchase of a group insurance
2269 policy for members of this system.

2270 (2) The board shall make rules to administer the death benefit provided by this section
2271 and may, in accordance with federal law, establish:

2272 (a) benefit levels;

2273 (b) classes of members; and

2274 (c) a living benefit option.

2275 (3) This death benefit is payable when:

2276 (a) the member dies prior to the member's retirement date or dies under circumstances
2277 which Subsection 49-23-304(5) requires to be treated as the death of a member before
2278 retirement;

2279 (b) the office receives acceptable proof of death; and

2280 (c) benefits are not payable under Section 49-23-306.

2281 (4) The death benefit payable to the beneficiary under this section is a lump-sum
2282 payment consisting of:

2283 (a) the return of any member contributions under this chapter; plus

2284 (b) a percentage of the final average salary of the member to be determined by the
2285 board.

2286 (5) Any amount of a living benefit option paid to the member prior to death shall be
2287 deducted from the benefit payable to the beneficiary.

2288 (6) The cost of the death benefit shall be paid by the participating employer in
2289 addition to the contribution rate established under Section 49-23-301 or 49-23-401.

2290 (7) The portion of the death benefit provided under Subsection (4)(b) may not be paid
2291 to the beneficiary of an inactive member unless the death of the member occurs either:

2292 (a) within a period of 120 days after the last day of work for which the person received
2293 compensation; or

2294 (b) while the member is still physically or mentally incapacitated from performance of
2295 duties, if the incapacity has been continuous since the last day of work for which
2296 compensation was received.

2297 (8) The death benefit provided under Subsection (4)(b) shall be paid in accordance

2298 with Sections 49-11-609 and 49-11-610.

2299 (9) The death benefit paid to the beneficiary of an inactive member, except as
2300 otherwise provided under Subsection (7), is a lump-sum return of the member's member
2301 contributions.

2302 (10) Payment of the death benefit by the office constitutes a full settlement of any
2303 beneficiary's claim against the office and the office is not liable for any further or additional
2304 claims or assessments on behalf of the member.

2305 (11) Unless otherwise specified in a written document filed with the office, death
2306 benefits payable to beneficiaries shall be in accordance with the order of precedence
2307 established under Title 75, Chapter 2, Intestate Succession and Wills.

2308 (12) A death benefit under this section may not be paid on behalf of a retiree under
2309 this system.

2310 Section 60. Section **49-23-502** is enacted to read:

2311 **49-23-502. Death of married members -- Service retirement benefits to surviving**
2312 **spouse.**

2313 (1) As used in this section, "member's full allowance" means an Option Three
2314 allowance calculated under Section 49-23-304 without an actuarial reduction.

2315 (2) Upon the request of a deceased member's lawful spouse at the time of the
2316 member's death, the deceased member is considered to have retired under Option Three on the
2317 first day of the month following the month in which the member died if the following
2318 requirements are met:

2319 (a) the member has:

2320 (i) 15 or more years of service credit;

2321 (ii) attained age 62 with 10 or more years of service credit; or

2322 (iii) attained age 65 with four or more years of service credit; and

2323 (b) the member dies leaving a spouse to whom the member has been married at least
2324 six months immediately prior to the death date.

2325 (3) The spouse who requests a benefit under this section shall apply in writing to the

2326 office. The allowance shall begin on the first day of the month:

2327 (a) following the month in which the member died, if the application is received by the
2328 office within 90 days of the member's death; or

2329 (b) in which the application is received by the office.

2330 (4) The allowance payable to a surviving spouse under Subsection (2) is:

2331 (a) if the member has 25 or more years of service credit at the time of death, the
2332 surviving spouse shall receive the member's full allowance;

2333 (b) if the member has between 20-24 years of service credit and is not age 60 or older
2334 at the time of death, the surviving spouse shall receive 2/3 of the member's full allowance;

2335 (c) if the member has between 15-19 years of service credit and is not age 62 or older
2336 at the time of death, the surviving spouse shall receive 1/3 of the member's full allowance; or

2337 (d) if the member is age 60 or older with 20 or more years of service credit, age 62 or
2338 older with 10 or more years of service credit, or age 65 or older with four or more years of
2339 service credit at the time of death, the surviving spouse shall receive an Option Three benefit
2340 with actuarial reductions.

2341 (5) Except for a return of member contributions, benefits payable under this section
2342 are retirement benefits and shall be paid in addition to any other payments made under Section
2343 49-23-501 and shall constitute a full and final settlement of the claim of the spouse or any
2344 other beneficiary filing a claim for benefits under Section 49-23-501.

2345 Section 61. Section **49-23-503** is enacted to read:

2346 **49-23-503. Death of active member in line-of-duty -- Payment of benefits.**

2347 If an active member of this system dies, benefits are payable as follows:

2348 (1) If the death is classified by the office as a line-of-duty death, benefits are payable
2349 as follows:

2350 (a) If the member has accrued less than 20 years of public safety service or firefighter
2351 service credit, the spouse at the time of death shall receive a lump sum of \$1,000 and an
2352 allowance equal to 30% of the member's final average monthly salary.

2353 (b) If the member has accrued 20 or more years of public safety service or firefighter

2354 service credit, the member shall be considered to have retired with an Option One allowance
2355 calculated without an actuarial reduction under Section 49-23-304 and the spouse at the time
2356 of death shall receive the allowance that would have been payable to the member.

2357 (2) (a) A volunteer firefighter is eligible for a line-of-duty death benefit under this
2358 section if the death results from external force, violence, or disease directly resulting from
2359 firefighter service.

2360 (b) The lowest monthly compensation of firefighters of a city of the first class in this
2361 state at the time of death shall be considered to be the final average monthly salary of a
2362 volunteer firefighter for purposes of computing these benefits.

2363 (c) Each volunteer fire department shall maintain a current roll of all volunteer
2364 firefighters which meet the requirements of Subsection 49-23-102(10) to determine the
2365 eligibility for this benefit.

2366 (3) (a) If the death is classified as a line-of-duty death by the office, death benefits are
2367 payable under this section and the spouse at the time of death is not eligible for benefits under
2368 Section 49-23-502.

2369 (b) If the death is not classified as a line-of-duty death by the office, benefits are
2370 payable in accordance with Section 49-23-502.

2371 Section 62. Section **49-23-601** is enacted to read:

2372 **Part 6. Disability Benefit**

2373 **49-23-601. Long-term disability coverage.**

2374 Each participating employer shall cover the following employees under Title 49,
2375 Chapter 21, Public Employees' Long-Term Disability Act, or a substantially similar long-term
2376 disability program:

2377 (1) public safety employees initially entering employment on or after July 1, 2011;

2378 (2) firefighter service employees initially entering employment on or after July 1,
2379 2011; and

2380 (3) volunteer firefighters.

2381 Section 63. Section **53-7-105** is amended to read:

2382 **53-7-105. State fire marshal, deputies, and investigators -- Status of law**
2383 **enforcement officers -- Inclusion in Public Safety Retirement -- Training.**

2384 (1) The state fire marshal, his deputies, and investigators, for the purpose of enforcing
2385 and investigating violations of fire related statutes and ordinances, have the status of law
2386 enforcement officers.

2387 (2) Inclusion under Title 49, Chapter 14, Public Safety Contributory Retirement Act,
2388 [~~or~~] Title 49, Chapter 15, Public Safety Noncontributory Retirement Act, or Title 49, Chapter
2389 23, New Public Safety and Firefighter Tier II Contributory Retirement Act, is not authorized
2390 by Subsection (1) except as provided in those chapters.

2391 (3) The commissioner, with the concurrence of the Peace Officer Standards and
2392 Training Advisory Board may require peace officer standards and training for the state fire
2393 marshal, his deputies, and investigators.

2394 Section 64. Section **53-13-108** is amended to read:

2395 **53-13-108. Retirement.**

2396 Eligibility for coverage under the Public Safety Contributory Retirement System or
2397 Public Safety Noncontributory Retirement System for persons and political subdivisions
2398 included in this chapter is governed by Title 49, Chapter 14, Public Safety Contributory
2399 Retirement Act, [~~and~~] Chapter 15, Public Safety Noncontributory Retirement Act, and Chapter
2400 23, New Public Safety and Firefighter Tier II Contributory Retirement Act.

2401 Section 65. Section **53A-1a-512** is amended to read:

2402 **53A-1a-512. Employees of charter schools.**

2403 (1) A charter school shall select its own employees.

2404 (2) The school's governing body shall determine the level of compensation and all
2405 terms and conditions of employment, except as otherwise provided in Subsections (7) and (8)
2406 and under this part.

2407 (3) The following statutes governing public employees and officers do not apply to
2408 charter schools:

2409 (a) Chapter 8, Utah Orderly School Termination Procedures Act;

- 2410 (b) Chapter 10, Educator Evaluation; and
2411 (c) Title 52, Chapter 3, Prohibiting Employment of Relatives.
2412 (4) (a) To accommodate differentiated staffing and better meet student needs, a charter
2413 school, under rules adopted by the State Board of Education, shall employ teachers who:
2414 (i) are licensed; or
2415 (ii) on the basis of demonstrated competency, would qualify to teach under alternative
2416 certification or authorization programs.
2417 (b) The school's governing body shall disclose the qualifications of its teachers to the
2418 parents of its students.
2419 (5) State Board of Education rules governing the licensing or certification of
2420 administrative and supervisory personnel do not apply to charter schools.
2421 (6) (a) An employee of a school district may request a leave of absence in order to
2422 work in a charter school upon approval of the local school board.
2423 (b) While on leave, the employee may retain seniority accrued in the school district
2424 and may continue to be covered by the benefit program of the district if the charter school and
2425 the locally elected school board mutually agree.
2426 (7) Except as provided under Subsection (8), an employee of a charter school shall be
2427 a member of a retirement system or plan under Title 49, Utah State Retirement and Insurance
2428 Benefit Act.
2429 (8) (a) At the time of application for a charter school, whether the chartering entity is
2430 the State Charter School Board or a school district, a proposed charter school may make an
2431 election of nonparticipation as an employer for retirement programs under:
2432 (i) Title 49, Chapter 12, Public Employees' Contributory Retirement Act [and under];
2433 (ii) Title 49, Chapter 13, Public Employees' Noncontributory Retirement Act[-]; and
2434 (iii) Title 49, Chapter 22, New Public Employees' Tier II Contributory Retirement Act.
2435 (b) A charter school that was approved prior to July 1, 2004 may make an election of
2436 nonparticipation prior to December 31, 2004.
2437 (c) An election provided under this Subsection (8):

- 2438 (i) shall be made at the time specified under Subsection (8)(a) or (b);
- 2439 (ii) shall be documented by a resolution adopted by the governing body of the charter
- 2440 school;
- 2441 (iii) is in effect unless the charter school makes an irrevocable retraction of the
- 2442 election of nonparticipation in accordance with Subsection (9); and
- 2443 (iv) applies to the charter school as the employer and to all employees of the charter
- 2444 school.
- 2445 (d) The governing body of a charter school may offer employee benefit plans for its
- 2446 employees:
- 2447 (i) under Title 49, Chapter 20, Public Employees' Benefit and Insurance Program Act;
- 2448 or
- 2449 (ii) under any other program.
- 2450 (9) (a) A charter school that made an election of nonparticipation as an employer for
- 2451 the following retirement programs [~~under Title 49, Chapter 12, Public Employees'~~
- 2452 ~~Contributory Retirement Act and under Title 49, Chapter 13, Public Employees'~~
- 2453 ~~Noncontributory Retirement Act,~~] may subsequently make an irrevocable retraction of the
- 2454 election of nonparticipation[-];
- 2455 (i) Title 49, Chapter 12, Public Employees' Contributory Retirement Act;
- 2456 (ii) Title 49, Chapter 13, Public Employees' Noncontributory Retirement Act; or
- 2457 (iii) Title 49, Chapter 22, New Public Employees' Tier II Contributory Retirement Act.
- 2458 (b) A retraction provided under this Subsection (9):
- 2459 (i) shall be documented by a resolution adopted by the governing body of the charter
- 2460 school;
- 2461 (ii) is a one-time election;
- 2462 (iii) is irrevocable; and
- 2463 (iv) applies to the charter school as the employer and to all employees of the charter
- 2464 school.
- 2465 (10) The governing body of a charter school shall ensure that, prior to the beginning of

2466 each school year, each of its employees signs a document acknowledging that the employee:

2467 (a) has received:

2468 (i) the disclosure required under Section 63A-4-204.5 if the charter school participates
2469 in the Risk Management Fund; or

2470 (ii) written disclosure similar to the disclosure required under Section 63A-4-204.5 if
2471 the charter school does not participate in the Risk Management Fund; and

2472 (b) understands the legal liability protection provided to the employee and what is not
2473 covered, as explained in the disclosure.

2474 Section 66. Section **67-22-1** is amended to read:

2475 **67-22-1. Compensation -- Constitutional offices.**

2476 (1) The Legislature fixes salaries for the constitutional offices as follows:

2477 (a) governor: \$109,900;

2478 (b) lieutenant governor: 95% of the governor's salary;

2479 (c) attorney general: 95% of the governor's salary;

2480 (d) state auditor: 95% of the governor's salary beginning

2481 June 28, 2008; and

2482 (e) state treasurer: 95% of the governor's salary.

2483 (2) The Legislature fixes benefits for the constitutional offices as follows:

2484 (a) Governor:

2485 (i) a vehicle for official and personal use;

2486 (ii) housing;

2487 (iii) household and security staff;

2488 (iv) household expenses;

2489 (v) retirement benefits as provided in Title 49;

2490 (vi) health insurance;

2491 (vii) dental insurance;

2492 (viii) basic life insurance;

2493 (ix) workers' compensation;

2494 (x) required employer contribution to Social Security;
2495 (xi) long-term disability income insurance; and
2496 (xii) the same additional state paid life insurance available to other noncareer service
2497 employees.

2498 (b) Lieutenant governor, attorney general, state auditor, and state treasurer:
2499 (i) a vehicle for official and personal use;
2500 (ii) the option of participating in a:
2501 (A) state retirement system [established by] in accordance with Title 49[-];
2502 (I) Chapter 12, Public Employees' Contributory Retirement Act[-or];
2503 (II) Chapter 13, Public Employees' Noncontributory Retirement Act[-]; or
2504 (III) Chapter 22, New Public Employees' Tier II Contributory Retirement Act; or [in-a]
2505 (B) deferred compensation plan administered by the State Retirement Office, in
2506 accordance with the Internal Revenue Code and its accompanying rules and regulations;
2507 (iii) health insurance;
2508 (iv) dental insurance;
2509 (v) basic life insurance;
2510 (vi) workers' compensation;
2511 (vii) required employer contribution to Social Security;
2512 (viii) long-term disability income insurance; and
2513 (ix) the same additional state paid life insurance available to other noncareer service
2514 employees.

2515 (c) Each constitutional office shall pay the cost of the additional state-paid life
2516 insurance for its constitutional officer from its existing budget.

2517 **Section 67. Effective date.**
2518 This bill takes effect on July 1, 2010.