



Utah Retirement Systems

Current vs. Proposed Systems

Current Retirement System

Noncontributory Public Employee	Contributory Public Employee
Public Safety	Judges
Firefighters	Governor Legislator

Noncontributory – Public Employee

2% for every year of service
 30 year minimum retirement
 4% COLA based on CPI
 3 year final average salary calculation
 4 year vesting

Public Safety

2.5% for every year of service until
 20 years-2% for every year of
 service until 30 years - capped at 30
 years
 20 year minimum retirement
 2.5% COLA based on CPI with 4%
 Option
 3 year final average salary
 calculation
 4 year vesting

Proposed Retirement System

One Retirement System

Option 1

Defined Contribution

8% contribution into 401(k) plan
 4 year vesting

Option 2

Hybrid Defined Benefit/Defined Contribution

Contributory System
 1% for every year of service
 35 year minimum retirement
 2.5% COLA based on CPI
 5 year final average salary
 calculation
 3-5% contribution into 401(k) plan
 (8% total contribution)
 4 year vesting



Proposed Changes For New Employees Hired after July 1, 2011

Senator Daniel Liljenquist

- Allows for Independent Actuarial Study (RFP is in process; expected to begin in May 2010 and be completed by August 2010)
- All employee groups would be in one retirement system (Public Employee, Public Safety, Fire Fighters, and Judges would all be under one plan).
- Employees would be given the opportunity upon hire to choose between 2 different plans.

Plan A: Defined Contribution Plan

- 8% retirement contribution into a 401(k) plan that would be administered by URS.
- There would be a 4 year vesting period. If an employee leaves before the 4 years, the funds are moved into the Public Employee Defined Benefit Plan.

Plan B: Hybrid Defined Benefit/Defined Contribution Plan

- New defined benefit component (expected to cost 5% of the 8% retirement contribution)
 - Contributory system
 - 35 year minimum retirement
 - 1% service credit per year
 - 2.5% COLA based on CPI
 - 5 year final average salary calculation
- New defined contribution component (expected to be 3% of the 8% retirement contribution)
 - Contribution to a 401(k) plan administered by URS
 - Amount to increase or decrease as contribution rates to DB plan fluctuates (8% total retirement contribution)
 - There would be a 4 year vesting period. If an employee leaves before the 4 years, the funds are moved into the Public Employee Defined Benefit Plan.



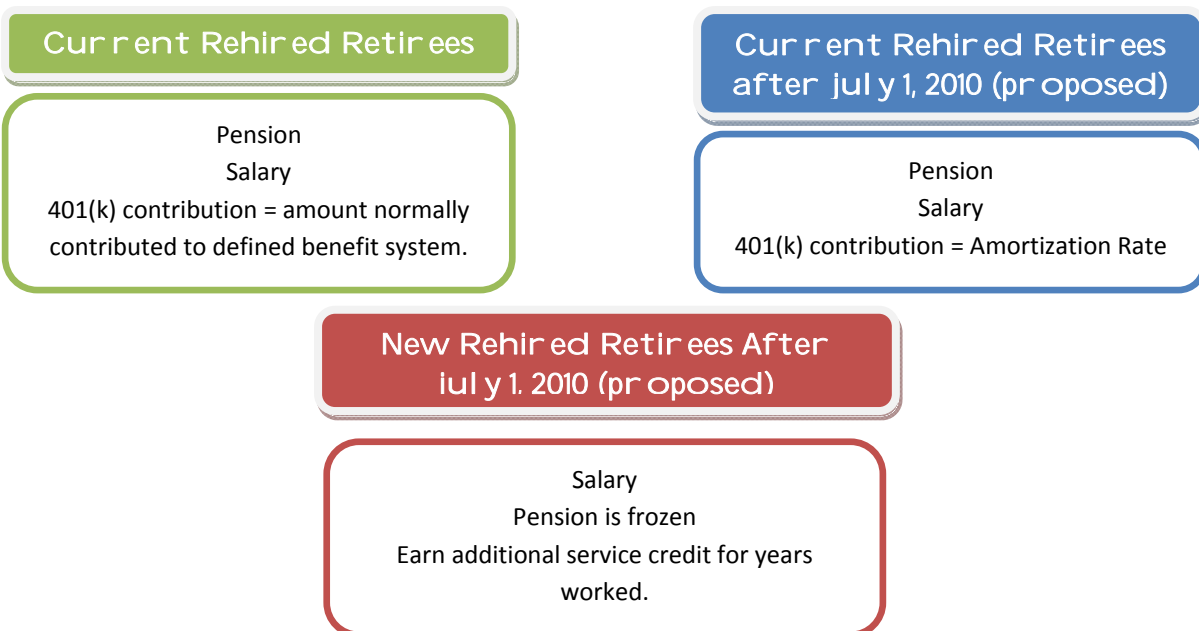
Senate Bill 43 – Post Retirement Employment Amendments
 Senator Daniel Liljenquist

Current Rehired Retirees

- Effective July 1, 2010, the statutory mandate for employers to match the DB contributions with a contribution into a 401(k) would be removed.
- Covered entities would be required to contribute the Unfunded Actuarial Accrued Liability amount to the defined benefit system for currently retired/rehired employees.

New Rehired Retirees (after July 1, 2010)

- Require suspension of pension payments upon rehire, but allow rehired employee to earn additional service credit.
- Employers would be required to pay full URS contribution rate into retirement system.
- The service credit cap for public safety would be removed (currently at 30 years).





Senate Bill 94 – Supplemental Benefit Amendments for Noncontributory Public Employees

Senator Daniel Liljenquist

- The 1.5% 401(k) contribution would cease and be used to help fund contribution increases in the Defined Benefit Plan.

Senate Bill 42 – Retirement Eligibility Modification

Senator Daniel Liljenquist

- Effective July 1, 2011, retirement service years would gradually increase to a minimum of 35 years in the Public Employee Retirement System (PERS), and 25 years in the Public Safety Retirement System (PSR).

PERS (years of service as of 7/1/11 + additional time to work (after 30 years) prior to retirement eligibility)	PSR (years of service as of 7/1/11 + additional time to work (after 20 years) prior to retirement eligibility)
24 – 30 years + 0	18 – 20 years + 0
20 – 23.9 years + 1 year	15 – 17.9 years + 1 year
15 – 19.9 years + 2 years	12 – 14.9 years + 2 years
10 – 14.9 years + 3 years	9 – 11.9 years + 3 years
4 – 9.9 years + 4 years	6 – 8.9 years + 4 years
Less than 4 years + 5 years	Less than 6 years + 5 years