

USEA Legislative Updates

February 10, 2010

On Saturday, February 6th, over 4,000 school employees, police officers and other public employees gathered in front of the Utah State Capitol building with a message to the Utah Legislature, "**Proceed with Caution**".

Saturday's Rally was organized by the Utah School Employees Association (**USEA**), Utah Education Association (**UEA**), Utah Public Employees Association (**UPEA**) and the Fraternal Order of Police (**FOP**), in response to four separate pieces of legislation that have been proposed by Senator Dan Liljenquist (R-Bountiful). Despite what Senator Liljenquist is saying, **these bills will impact both current and future employees**.

Three of the four bills (**SB 42, SB 43 and SB 94**) will impact current employees who are now participating in the Utah Retirement Systems. The fourth bill (**SB63**) will significantly reduce the benefits for new employees hired after July 1, 2011.

Please carefully review the proposed bills below:

SB 42 Retirement Eligibility Modifications:

<http://le.utah.gov/~2010/bills/sbillint/sb0042.htm>

This bill provides, through a graduated scale, a zero to five year increase in the number of years of service credit a member must have to retire based on years of service credit accrued on July 1, 2011. This will increase the years required from the current 30 years of service to 35 years in the Contributory and Non-Contributory Retirement Systems.

Note: Senator Liljenquist has indicated that he intends to pull this bill. However, the bill is still active as of today.

SB 43 Post Retirement Employment Amendments:

<http://le.utah.gov/~2010/bills/sbillint/sb0043.htm>

This bill makes changes to the post-retirement benefits for those employees who retire on, or after July 1, 2010 and returns to work for a participating employer.

SB 94 Supplemental Benefit Amendments for Noncontributory Public Employees:

<http://le.utah.gov/~2010/bills/sbillint/sb0094.htm>

This bill removes for employees that began full-time employment with the state or its educational institutions on or after July 1, 1986, the requirement that 1.5% of salary be paid into a 401(k) account for employees in the Noncontributory Retirement System.

SB 63 New Public Employees' Tier II Contributory Retirement Act:

<http://le.utah.gov/~2010/bills/sbillint/sb0063.htm>

This bill would eliminate the current retirement system for all new employees and replace it with a choice between a defined contribution plan and a greatly reduced hybrid defined benefit/defined contribution plan.

USEA's position on these proposed changes to the retirement system are outlined below:

- The Utah Retirement Systems (URS) is financially sound and is one of the best funded systems in the country. The system is current funded at 86%.
- While the system sustained significant losses in 2008, investment returns for 2009 are approximately 13%. This is 5.25% above the URS actuarial assumptions for 2009.
- URS has experienced substantial investment losses in the past and has recovered, requiring no further increases in contribution rates.
- The benefits provided by the URS are an important part of what attracts and retains quality employees for Utah's public education system.
- The URS has served Utah well and any changes should only be made after careful investigation and consideration of the long-term impact.
- USEA encourages the Utah Legislature to slow down, and supports the idea of a legislative task force to study the long-term needs of the Utah Retirement Systems (URS).

You can help USEA to protect your retirement benefits and the benefits of those employees who follow in your footsteps.

Please contact your State Representatives and Senators by phone, email or letter. The important thing is that legislators hear from you, their constituent. ***Be respectful but let them know how important your retirement benefits are to you and your family. Ask them to carefully study this important issue before making any changes to a system that has served Utah so well.***

You can reach your Representative and Senator at the following links:

Utah House of Representatives

<http://www.le.state.ut.us/house/members2005/membertable1add.asp>

Utah State Senate

<http://www.utahsenate.org/roster.html>