

USEA Legislative Updates

February 11, 2010

Senate Bill 43, 63 and 94 were presented to the Senate Retirement and Independent Entities Committee yesterday afternoon.

Geoff Leonard, USEA General Counsel spoke on behalf of USEA and urged legislators to be careful and go slowly. There is no need to rush into decisions that are not thoroughly investigated. He cautioned legislators that “implementing a decision that is wrong could be disastrous”.

The committee voted to substitute SB 43, making minor changes to the original bill. An amendment was made to SB 94, which clarifies the original intent of part of the bill. Amendments were also made to SB 63 in the committee meeting.

The committee postponed a decision on these bills until tomorrow afternoon. At that time, the committee will reconvene to continue to hear public comment and continue to discuss the proposed legislation and take action.

Please carefully review the proposed bills below:

1st Substitute, SB 43 Post Retirement Employment Amendments:

<http://le.utah.gov/~2010/htmdoc/sbillhtm/sb0043s01.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/htmdoc/sbillhtm/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/htmdoc/sbillhtm/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>