

UTAH FIREFIGHTER PENSION SYSTEM REFORM

FEBRUARY 17, 2010

THE CURRENT SITUATION...**SB 43**

"If all the systems were like the firefighters' we would not be in this situation."
 Senator Liljenquist to URS Membership Council Jan. 4, 2010

KEY FACTS ABOUT THE FIREFIGHTERS RETIREMENT SYSTEM AND RE-EMPLOYMENT

I. SENATE BILL 43 WILL INCREASE FIREFIGHTER CONTRIBUTION RATES

The fiscal note attached to SB43 by the fiscal analyst's office indicates a 1.37% increase to current firefighter contribution rates. This bill intended to save money will cost firefighters and municipalities **more not less**.

II. THERE ARE FEWER THAN 40 FIREFIGHTERS REEMPLOYED IN THE FIREFIGHTER SYSTEM

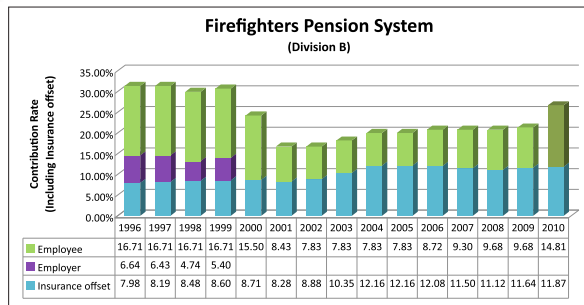
Of the over 3,000 members of the firefighter system less than 40 are reemployed Paramedics and Chief Officers who have retired from the URS.

III. THE FIREFIGHTER SYSTEM HAS ZERO IMPACT ON THE STATE BUDGET

While it is true that there are a few National Guard firefighters included in the state budget their retirement costs are a direct "pass-through" to the Federal Government. No budget deficits can be resolved by changing the firefighter system.

Senate Bill 43 attempts to address the "double dipping" situation within the retirement system. Firefighters are being swept up in a solution to an issue that is already addressed in our current pension system. Of the over 1800 currently employed contributing members of the firefighter system there are less than 40 re-employed retirees. We recognize the fiscal effect of the reemployment issue on the entire pension system and support legislation that **removes the mandate to make 401k contributions** to reemployed individuals both current and future. We support **implementation of mandatory contributions to URS** for all employees regardless of date of re-employment. We also recommend **allowing post retirement employment** in an effort to retain experience and talent within the State of Utah.

The fiscal note attached to SB 43 indicates that all firefighter contribution rates will be raised an additional 1.37% to cover the cost associated with the retroactive granting of service credits with those who have worked over 30 years! In a bill designed to save money, firefighters will be paying more!



RE-EMPLOYMENT SOLUTIONS

- Remove the mandatory nature of the post retirement 401k contribution.
- Implement a mandatory employer contribution to the URS.
- Remove the 30 year cap from the firefighter system on future years of service effective July 1, 2010 (not retroactive).

FIREFIGHTERS AND SOCIAL SECURITY

Firefighters in the URS system Division B are excluded from Federal Social Security. Social Security has enacted a "Windfall Elimination Provision" *which reduces by 60% any Social Security benefit* a firefighter may have earned from other employment throughout their life. Firefighters are forced to rely more heavily on pension dollars and personal savings (401k/457 plans) when planning for retirement.

Retirement System vs. Talent Retention Subsidy

One aspect of the reemployment of Utah retirees that is not being addressed is the experience factor and the affordability of financing key managerial and technical positions. In the fire service the reemployed retirees have been sought after because of their education and training primarily as either paramedics, or chief officers. Dozens of small and rural Utah communities simply cannot afford to put firefighters through paramedic training for thousands of dollars and up to a year of schooling. The capacity to offer a reasonable wage (subsidized by a pension benefit) attracts people who are willing to make a change. The

taxpaying citizens across the state are much better served by a higher level of care where otherwise the hiring pool would be much shallower or simply the service would not be provided. Chief Officers are another commodity that is competitively sought after, and without the subsidy of the pension benefit our home grown talent will simply leave the state, or wither on the vine in stagnated positions. It is our position that reemployment (without the 401K mandate to the employee) is a fiscally responsible compromise for employers that best serves the citizens of Utah.

For more information on how SB 43 will affect firefighters please contact:
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Professional Firefighters of Utah

