

SUMMARY OF SB 43: POST-RETIREMENT EMPLOYMENT AMENDMENTS

Although it was reported to the public that eliminating “double dipping”, would save the State hundreds of millions of dollars, the legislative fiscal analysis reports that actually the changes passed by the legislature are very expensive. The changes will increase the amount required to fund the Firefighter’s retirement by 1.37% of salary. These changes are effective 7/1/10.

Article XIII of Local 1645’s MOU states:

“During the term of the MOU, the City shall pay the employer’s and the eligible employee’s monthly retirement contributions required to be paid to the Utah State Retirement Fund at the contribution rate determined or adjusted by the Utah State Retirement Board.”

How does this affect you? The MOU states that the employer will pay the contribution rate for you, so you don’t have this deducted directly from your paycheck (because we are a contributory retirement system you are responsible for the pension contribution. But we have negotiated that the City pay this in lieu of previous raises). It does not state that they will pay this for you as an additional benefit. This means that there will be an additional 1.37% budget reduction (or perhaps shortfall or less available for raises) as of July 1, 2010. What this does is help fund the retroactive changes that lift the current cap of a 70% retirement allowing current firefighters with over 30 years of service to increase their pension by 2% each year above thirty.

Summary of provisions regarding **retirees reemployed prior to July 1, 2010:**

The employer no longer is required to contribute to a 401k for reemployed retirees. Nor are any other contributions required to be made to the URS related to these reemployed retirees.

Summary of the provisions regarding **retirees reemployed after July 1, 2010:**

1. If a Firefighter returns to work with a public employer prior to one year after retirement, the pension payments are suspended until the employment ceases.
2. After one year a retired Firefighter may be reemployed in the public sector including a Fire Department but must decide to either:
 - (a) Suspend the monthly pension payment and accrue additional years of pension credit, paid for by the employer and employee, or
 - (b) Continue receiving the earned monthly pension allowance. In which case the employer instead of paying for an increased benefit must contribute to the URS a similar amount which is applied to resolving the shortfalls from investment declines in 2008.

3. Employers must report to the URS any reemployed retirees and Firefighters reemployed by a public employer must notify the URS also.

Another provision of this bill provides that the 70% “cap” on final average salary at retirement is eliminated. This means that a Firefighter continues to earn service credit for years worked past 30. So everyone earns 2.5% for each year of service up to 20 years and 2% for each year thereafter. This applies to those who retire on or after July 1, 2010. And applies to all years of service including years prior to 2010 and so is considered retroactive. The accrual is unlimited. So if you work, for example for 40 years as a Firefighter, the retirement allowance is 90% of final average salary.

To review the actual law: www.leg.state.ut.us select on the left side: Utah Code/Constitution, then [Utah Code - by Title, Chapter, and Section](#) chapter 49 is retirement.