URS Fiscal Analysis of 2015 1st Substitute H.B. 151

Summary of Fiscal Impact

If enacted, 1st Substitute H.B. 151, Affiliated Emergency Service Worker Postretirement Employment Amendments, does not have a fiscal impact on the Utah Retirement Systems (URS).

Proposed Legislative Provisions

1st Substitute H.B. 151 excludes services performed as an "affiliated emergency services worker" from the postretirement reemployment restrictions, as long as certain conditions are met, including compensation limits and that such services are performed for a different agency.

Discussion and Actuarial Analysis

In the actuary's opinion, 1st Substitute H.B. 151 does not have a fiscal impact on the retirement systems. One critical clause in the substitute legislation is Subsection 49-11-505(1)(d)(i) that defines an "affiliated emergency services worker" as a person who is employed by a participating employer and who performs emergency services for another participating employer that is a different agency. A critical clause in the proposed legislation retained from the language of the original version is Subsection 49-11-505(1)(d)(iii) that dissuades an employee from retiring at an earlier retirement age by imposing a $500 a month limit ($6,000 per year) on a retiree's remuneration as an affiliated emergency services worker.

If the remuneration limit was higher, for instance $1,000 per month, the actuary believes this would begin to influence retirement behavior as this compensation limit approaches 20% of a person's preretirement income (assuming the employees are earning, on average, $60,000 annually prior to retirement). The actuary also notes that since affiliated emergency services workers have many different backgrounds, including education, state, and local government positions, it is possible for a change in retirement behavior to be reflected in the public employee retirement systems, albeit to a much smaller extent than the firefighter and public safety systems.