

URS Fiscal Analysis of 1st Substitute 2015 H.B. 413

Summary of Fiscal Impact

If enacted, 1st Substitute H.B. 413, Domestic Relations Retirement Shares, does not have a material fiscal impact on the Utah Retirement Systems (URS).

Proposed Legislative Provisions

1st Substitute H.B. 413 provides that a former spouse of a member who dies before retiring may receive a proportionate death benefit if the former spouse has a valid domestic relations order on file with URS prior to the member's death date. However, if death benefits are proportioned among more than one surviving spouse due to domestic relations orders, the total amount received by the surviving spouses may not exceed the death benefits normally provided to one surviving spouse. The substitute version of the bill simply makes some technical corrections relating to a statutory cross-reference and adds a subsection that was missing for some of the retirement systems.

Discussion and Actuarial Analysis

The actuary considers the mortality of active members to be a low-significance assumption. Also, the current marriage assumption used in valuing death benefits is that all members are married. Changing "spouse at the time of death" to include a former spouse of a member who is under a domestic relations order on file with URS prior to the member's death date will have a small, if any, change to benefits paid under current actuarial assumptions and the limitations provided in the proposed legislation.

Accordingly, 1st Substitute H.B. 413 is not expected to have a material fiscal impact on the retirement systems.