

URS Fiscal Analysis of 2015 H.B. 151

Summary of Fiscal Impact

If enacted, H.B. 151, Volunteer Firefighter Postretirement Employment Amendments, does not have a fiscal impact on the Utah Retirement Systems (URS).

Proposed Legislative Provisions

H.B. 151 excludes employment as a volunteer firefighter from the postretirement reemployment restrictions, as long as certain compensation conditions are met.

Discussion and Actuarial Analysis

In the actuary's opinion, H.B. 151 does not have a fiscal impact on the retirement systems. The critical clause in the proposed legislation is Subsection 49-11-505(1)(d)(ii) 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 a volunteer firefighter.

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 volunteer firefighters 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 systems.