

URS Fiscal Analysis of 2023 2nd Substitute S.B. 96, "Fiduciary Duty Modifications"

Summary of Fiscal Impact:

The original version of S.B. 96 would result in material direct and explicit costs for the retirement systems in the form of: 1) additional, internal resources required for monitoring and compliance; and 2) indirect or "opportunity" costs in the form of general partner/manager exclusions that would be very significant and ultimately change the entire strategy profile of the URS investment program and the assumed rates of investment returns. This would require increases in the actuarially determined contribution rates to finance the statutory changes in the bill.

In contrast, the 2nd Substitute version of S.B. 96 addresses fiduciary principles relating to the prudent investor rule and proxy voting for the Utah Retirement Systems (URS) and the Retirement Board in their governing statutes. This bill does not alter benefit design or make substantive retirement benefit modifications. The substitute's language would also not change the entire strategy profile of the URS investment program and the assumed rates of investment returns. Implementation of the bill may have some administrative cost impacts, but if any such costs are incurred, they will be handled within existing budgets and will not result in direct, measurable costs for URS.

Accordingly, this bill is not anticipated to have a material fiscal impact or result in an increase to actuarially determined contribution rates paid by URS' participating employers and members.