

**MINUTES OF THE
UTAH STATE MEMBERSHIP COUNCIL MEETING
December 6, 2021, 12:00 Noon
Hybrid Meeting**

Council Members Participating in Person:

Ms. Sheri Nelson, Chairperson, Utah Public Employees' Association
Ms. Amy Ehresman, Utah School Employees' Association
Mr. Mike Harman, Utah Education Association
Mr. Larry Millward, Utah Retired School Employees' Association
Mr. Marty Peterson, Professional Firefighters of Utah

Council Members Participating via Video Conferencing:

Mr. Jamie Davidson, Vice Chairperson, Utah League of Cities & Towns
Mr. Brad Hardesty, Utah Association of Retired Public Employees
Mr. Tyler Jensen, Utah Education Association
Mr. Dan Jessen, Utah Association of Counties
Mr. Zane Woolstenhulme, Utah Association of School Business Officials

Excused: Mr. LeGrand Bitter, Utah Association of Special Service Districts
Ms. Taylee Foulger, Utah Public Employees' Association
Sr. Trooper Arlow Hancock, Utah Peace Officers' Association
Ms. Tina McMullin, Utah Education Association
Judge Kara Pettit, Utah Judicial Council

Staff Participating in Person:

Mr. Dan Andersen, Executive Director
Mr. Ryan Ashcraft, Retirement Planning Director
Mr. Kory Cox, URS Association and Stakeholder Liaison
Ms. Liza Eves, Senior Associate General Counsel
Mr. Dee Larsen, General Counsel
Ms. LuAnn Miskin, Executive Assistant
Ms. Stacey Nielsen, Retirement Benefits Director
Mr. Ben Smedley, Retirement Planning Advisor
Mr. Craige Stone, Defined Contribution Director

Staff Participating via Video Conferencing:

Mr. James Hammer, Employer Services Director

Guests Participating via Video Conferencing:

Ms. Debra Valentine, State Department of Human Resource Management

Welcome

Chairperson Sheri Nelson called the meeting to order at 12:06 p.m. and welcomed Council members, staff, and guest.

Approval of Minutes

Chairperson Sheri Nelson asked for approval of the November 1, 2021, Membership Council Meeting minutes.

ACTION: Mr. Larry Millward moved, seconded by Mr. Mike Harman, to approve the minutes of the November 1, 2021, Membership Council Meeting. The motion passed unanimously.

Retirement Savings Plans Overview

Mr. Ben Smedley gave an overview of the URS Retirement Savings Plans, including the following items:

- URS Savings Plans (Tax Deferred and After Tax)
- Individual Investment Options
- Target Date Funds
- Cost-Effective Plans
- Schwab PCRA
- Areas of Confusion
- Common Alternate Plan 403(b)
- Sorting through Annuities
- Underlying Investments

Report from Member Organizations

Chairperson Sheri Nelson asked the Council members for a report from their organizations or employers.

Mr. Mike Harman stated that he had nothing to report.

Mr. Tyler Jensen stated that he had nothing to report.

Mr. Zane Woolstenhulme stated that he had nothing to report.

Mr. Brad Hardesty stated that he had nothing to report.

Mr. Larry Millward has heard of reports of other states using their budget surpluses to supplement the public retirement systems. He asked if Utah has discussed this. Mr. Dee Larsen responded that the state has looked at it and has discussed it at a high level.

Ms. Amy Ehresman stated that she had nothing to report.

Mr. Dan Jessen stated that he is interested in receiving an update on proposed Public Safety bills.

Ms. Debra Valentine stated that she had nothing to report.

Mr. Marty Peterson reported that he has received several calls from people wanting to retire. They had already talked to URS and called him to verify that the information they received was correct. Some employers and employees seem to be confused by the retirement information they receive from URS. They needed the information to be explained in a different way. Separation of service also seems to be a confusing topic. Most people don't understand the implications. They need to understand that the legislature and the IRS make the rules, URS implements those rules.

Mr. Jamie Davidson stated that he had nothing to report but would appreciate an update regarding Public Safety retirement and proposed legislation.

Chairperson Sheri Nelson stated that she also has had people come to her with retirement questions and validation of information they have received from URS. She expressed appreciation for the individual counseling sessions for members.

2022 Legislation Preview

Mr. Dee Larsen reported that at the November 16, 2021, Retirement and Independent Entities Interim Committee Meeting, the URS annual bill received the committee's unanimous recommendation.

He discussed the "Public Safety Retirement Amendments" bill that Representative Gwynn presented to the Law Enforcement and Criminal Justice Interim Committee and that received the committee's recommendation in November. This bill makes four benefit changes:

1. A new exception to the Postretirement Reemployment Restrictions reduces the required period of separation to return to work for a participating employer and keep receiving a monthly retirement allowance from one year to 60 days for retirees from a Tier 1 or Tier 2 Public Safety or Firefighter retirement system.
2. Allows Tier 2 Public Safety and Firefighters to retire with an unreduced benefit after attaining 20 years of service at any age and to retire with a reduced benefit after attaining age 60 and 10 years of service. The current statutory requirement allows retirement with an unreduced benefit after attaining 25 years of service at any age and to retire with a reduced benefit after attaining age 62 and 10 years of service.
3. Provides an increase to the benefit multiplier for members of the Tier 2 Public Safety and Firefighter Hybrid System to 2.5% for each of the first 20 years of service and 2.0% for each year of service thereafter. In 2019 S.B. 129, the Legislature previously increased the multiplier from 1.5% to 2.0% for service earned on and after July 1, 2020.
4. Makes the increase in the benefit multiplier (2.50% for each of the first 20 years of service and 2.0% for each year of service thereafter) applied to all the service for members of the Tier 2 Public Safety and Firefighter Hybrid System, including all prior service.

He provided the fiscal analysis of this bill from URS' consulting actuary. The benefit changes will increase actuarially determined contribution rates:

- Tier 1 Public Safety System Funds: Increases ranging from 1.85% to 2.41%.
- Tier 1 Firefighters' Retirement System Funds: Increases ranging from 1.19% to 1.60%.
- Tier 2 Public Safety and Firefighter System: Member contribution rate increase of 11.15%.

The total Tier 2 Public Safety and Firefighter System contribution rate would be 27.74% if the bill passes, with required employer contributions remaining at 14% and member total required contributions at 13.74% (potentially offset by any formal employer “pick-ups” of member contributions).

The increase in annual cost for affected participating employers and Tier 2 Members for Fiscal Year 2022-2023 is \$41.93 Million for all funds, with \$32.09 Million of that increase occurring in the Tier 2 Public Safety and Firefighter System. The bill would also increase the unfunded actuarial accrued liability (UAAL) of public safety and firefighter systems by \$162.44 Million.

He reminded the Council Members that if they have questions about bills or fiscal impacts to contact him or Mr. Kory Cox.

Other Business

None.

Adjournment

ACTION: Mr. Larry Millward moved, seconded by Ms. Amy Ehresman to adjourn the meeting. The motion passed unanimously.

The meeting adjourned at 1:10 p.m.

The next Membership Council Meeting will be a hybrid meeting on January 3, 2022, at 12 noon.