

**RESOLUTION #2012-04 PURCHASES OF SERVICE CREDIT IN THE PUBLIC EMPLOYEES
CONTRIBUTORY RETIREMENT SYSTEM**

(Amends Resolution #2004-03)

April 19, 2012

WHEREAS, the 2004 Legislature passed H.B. 263, "State Retirement System Amendments", which created Utah Code Annotated §49-12-409 allowing members of the Public Employees Contributory Retirement System the option of purchasing a maximum of five years of service credit which cannot otherwise be purchased under Title 49, the Utah State Retirement and Insurance Benefit Act;

WHEREAS, prior Resolution 2004-03 referred to this as the purchase of up to five years of "future service credit"; and it is the desire of the Board to clarify that such "future service credit" referred to in prior Resolution 2004-03 refers to service credit for periods for which there is no performance of service within the meaning of Internal Revenue Code Section 415(n)(3) and that such purchases are subject to Code section 415(n)(3):

WHEREAS, under the Public Employees Contributory Retirement System years of credit accrued prior to July 1, 1975, have a benefit multiplier of 1.25% and all subsequent years have a benefit multiplier of 2%; and

WHEREAS, the Board desires to clarify the process of purchasing service credit under H.B. 263;

NOW, THEREFORE, BE IT RESOLVED, that the cost of service credit purchases made pursuant to Utah Code Annotated §49-12-409 shall be calculated using a 2% benefit multiplier, and the allowance calculated using the purchased years of service credit shall use the 2% benefit multiplier; and

BE IT FURTHER RESOLVED, that in accordance with Utah Code Annotated §49-12-409(1)(e), which provides that to qualify for a purchase of service credit under such section, the member shall meet federal eligibility requirements, service credit purchased pursuant to Utah Code Annotated §49-12-409 shall be subject to Internal Revenue Code section 415(n) and may include periods for which there is no performance of service within the meaning of Internal Revenue Code Section 415(n)(3).