

MEMORANDUM

TO: Academic Senate Executive Committee
FROM: Dale Spartz, Chief Human Resources Officer
University of Utah Hospitals & Clinics (UUHC)
DATE: February 27, 2017
RE: Rule Change 5-302B

Attached you will find a redlined copy of proposed change to Rule 5-302B: Scope, Eligibility, and Limitations for Retirement Programs – University of Utah Hospitals and Clinics Employees.

The single change we are proposing is our vesting schedule for retirement. This proposed rule change only impacts Hospitals & Clinics staff employees (a separate rule applies for faculty members, and staff other than Hospitals and Clinics staff—and this change will have no effect on those employees). We are proposing to enhance and accelerate the vesting schedule to position ourselves better in a very difficult labor environment in healthcare.

We are proposing to change our vesting schedule from a current 50% vested after 4 years and 100% vested after 6 years to a vesting schedule of 20% vested after one year, 40% vested after two years, 60% vested after three years, 80% vested after four years and 100% vested after five years. The relevant passage in the Rule being revised is shown in **highlighted text** on this attached version.

This proposed revision of the University Rule has been presented to and approved by Senior Vice President for Health Sciences Vivian Lee, on February 20, 2017. It has been presented to the University Institutional Policy Committee on February 10, 2017.

We look forward to scheduling presentations regarding this change at the earliest opportunities to the Senate Executive Committee (presumably March 20) and then the Academic Senate (April 3).

Once consultation with the Senate is completed, we plan to make the revised Rule take effect on May 1, 2017.

Rule 5-302B: Scope, Eligibility and Limitations for Retirement Programs – University of Utah Hospitals and Clinics Employees –

Revision 1, Effective date: May 1, 2017

I. Purpose and Scope

To implement University [Policy 5-302](#) and provide the scope, eligibility, and limitations for retirement programs available as a benefit for University Employees of the University of Utah Hospitals and Clinics (UUHC Employees). This Rule applies to UUHC Employees. Other Employees of the University, including other Health Sciences Employees, should refer to [Rule 5-302A](#), Scope, Eligibility and Limitations for Retirement Programs – University Employees (Other Than UUHC Staff).

II. Definitions

- A. The definitions of Employee-related terms provided in [Policy 5-001](#) apply for purposes of this Rule, including the following: "Employee", "FTE", "Full-time", "Staff", and "Temporary".
- B. "401(a) Program" is defined as UUHC's 401(a) Defined Contribution Retirement Plan. The 401(a) Program was created for UUHC pursuant to Internal Revenue Code rules and regulations. The 401(a) Program is one of the two UUHC-funded retirement programs.
- C. "Retirement" means the full or partial termination of regular compensated service as an Employee concurrently with eligibility to receive retirement benefit payments or distributions under an applicable UUHC-funded retirement program.
- D. "URS Program" is defined as the plans available to UUHC Employees through Utah Retirement Systems which are established and administered by the State of Utah and governed by Utah law. The "URS Program" includes the Public Employees Noncontributory Retirement System, Public Employees Contributory Retirement System, 401(k) Plan, and Tier 2 Public Employees Noncontributory Retirement System. The URS Program is the other UUHC-funded retirement program.

III. Rule

- A. General Eligibility for UUHC-funded Retirement Programs
 - 1. Except as provided in paragraph 2, the following Employees are eligible to participate in a UUHC-funded retirement program for UUHC Employees (either the 401(a) Program or URS Program, as determined in accordance with this Rule):

- a. Employees, who are assigned to positions which are not Temporary and have an FTE of .50 or greater.
2. The following Employees are not eligible to participate in any UUHC-funded retirement program, (but may participate in a Supplemental Retirement Plan on a voluntary basis as described in Part III.E below):
 - a. Employees who are assigned to positions which are Temporary; provided that if the individual is in fact employed in such a position for more than nine months (or as otherwise required by Utah Law), he or she shall be enrolled and begin participation in the appropriate UUHC-funded retirement program within 60 days after the end of such nine-month period of employment.
 - b. Employees whose assigned positions do not meet the minimum percentage of FTE specified in III.A.1 above; provided that if Employee actually works in such position for 20 or more hours per week each week during a nine-month period, he or she shall be enrolled and begin participation in the appropriate UUHC-funded retirement program within 60 days after the end of such nine-month period of employment.
 - c. Students whose employment status with the University does not satisfy the requirements of paragraph III.A.1.a above.
 - d. Medical interns and residents, postdoctoral fellows, teaching and research assistants, teaching fellows, and other educational trainees.
 - e. Employees serving as exchange Employees from outside the state, including Employees participating in the J1 Visa Exchange Visitor Program or Optional Practical Training through the U.S. Citizenship and Immigration Service.

B. Selection of Appropriate UUHC-funded Retirement Program.

1. An eligible individual who was in the employment of UUHC on December 31, 1978 will be enrolled permanently in the UUHC-funded Retirement Program elected by the Employee on or before that date.
2. An eligible individual who enters eligible employment with UUHC on or after January 1, 1979 shall (except as otherwise required or allowed by Utah law) be enrolled in the UUHC-funded retirement program applicable to the group to which his or her position is classified by UUHC. Effective July 1, 2000, in accordance with the Utah System of Higher Education Guidelines for Retirement Programs UUHC classifies the following groups to be eligible for participation in either (a) the appropriate URS Program or (b) the UUHC 401(a) Program:
 - a. All employees who make an irrevocable election to participate in a URS Program (pursuant to paragraph 4 7 below) shall be enrolled in the appropriate URS Program.

- b. All other employees eligible to participate in a UUHC-funded retirement program shall be enrolled in the UUHC 401(a) Program.
3. Notwithstanding the preceding provisions of this Part B, an eligible person who was enrolled in a URS Program on July 1, 2000, shall remain enrolled in a URS Program as long as the person continues to meet the eligibility criteria for participation in a UUHC-funded Retirement Program.
4. Notwithstanding the preceding provisions of this Part B, and as required by Utah law, all employees who begin eligible employment with UUHC who have previously participated in a URS Program and who make a timely, irrevocable election to participate in a URS Program as a UUHC Employee shall be enrolled in a URS Program. However, to satisfy UUHC's fiduciary obligation to not impose on UUHC additional compensation expense, Employees who make such a timely election pursuant to this section III.B.4 shall have their compensation adjusted so that the amount of any additional UUHC funding contribution to the URS Program shall be offset by a reduction in wages and related benefits for that employee to the extent necessary to achieve budget neutrality for that position.

C. Additional Provisions Regarding the URS Programs.

1. UUHC shall pay contributions for those eligible employees enrolled in a URS Program, (unless otherwise required by URS for Tier 2 participants), in accordance with schedules and subject to limits established by law.
2. Retirement benefits are available under a URS program only to Employees who meet the vesting requirements for members of the specific URS Program in which they participate.
3. For Employees who have completed a sufficient number of years of service in a URS program to be vested, the retirement benefits received upon retirement are governed by statutory provisions which take into account:
 - a. The accumulated contributions credited to the Employee's URS 401(k) account, if any, including earnings thereon in accordance with law.
 - b. The number of years of service while participating in URS (if the Employee participates in one of the defined benefit plans).
 - c. The Employee's pre-retirement compensation (if the Employee participates in one of the defined benefit plans).
 - d. The payment plan selected at the time of retirement.

4. Employees enrolled in a URS Tier 2 Program may elect to also contribute to the URS 401(k) plan, through voluntary payroll deduction. Participation in the URS 401(k) plan is governed by Utah law and applicable plan documents

D. Additional Provisions Regarding the UUHC-funded 401(a) Program

1. Contributions to the UUHC-funded 401(a) Program are paid directly by UUHC in accordance with the applicable plan document and subject to limits established by law.
2. ~~Plan Contributions shall be 50% vested after four years of service and 100% vested after six years of service. Employees who die or become disabled while participating in this Plan shall be fully vested upon their date of death or the date they are determined disabled.~~ 401(a) Program Contributions shall be 20% vested after one year of service, 40% vested after two years, 60% vested after three years, 80% vested after four years and 100% vested after five years of service. Employees who die or become disabled while participating in this Plan shall be fully vested upon their date of death or the date they are determined disabled.
3. Employees participating in the UUHC-funded 401(a) Program may choose from among the investment plan providers selected by UUHC from time to time in accordance with Utah System of Higher Education Guidelines for Retirement Programs and Utah law.
4. Employees participating in the UUHC-funded 401(a) Program may choose from among the various investment options provided by the investment providers, subject to the policies, rules and fees applicable to the investment options.
5. Withdrawals from the UUHC-funded 401(a) Program are governed by the applicable plan documents and law.
6. Upon retirement, the individual's monthly income derived from the UUHC-funded 401(a) Program will be determined by: (1) the total contributions to the account of the Employee, together with earnings thereon, and (2) the payment or distribution options selected by the individual.

E. Supplemental Retirement Plans (Employee-funded)

1. UUHC may establish Supplemental Retirement Plans available for UUHC Employees as provided by and in accordance with law.
2. All Employees may choose to voluntarily participate in a Supplemental Retirement Plan established by UUHC, and may choose to contribute funds to UUHC's Supplemental Retirement Plans through payroll deduction, subject to the plan rules in the applicable plan document and maximum limits established by law.

3. Contributions (including matching Employer contributions, if any, and limits on contribution amounts), investment of funds, and withdrawals are governed in accordance with the applicable plan documents and law.

F. Information on Retirement Programs and Related Benefits

1. Additional information on retirement programs and plans may be obtained from Hospitals and Clinics Human Resources, including:
 - a. Designation of beneficiaries for retirement accounts and death benefits that may be available.
 - b. Maximum and minimum contribution limits for each retirement plan.
 - c. Withdrawal rules and requirements of each retirement plan.
2. Each investment provider offers UUHC Employees confidential, free guidance on investment options, risk, fees, and contribution amounts, provided by licensed representatives.

[Note: Parts IV-VII of this Regulation (and all other University Regulations) are Regulations Resource Information – the contents of which are not approved by the Academic Senate or Board of Trustees, and are to be updated from time to time as determined appropriate by the cognizant Policy Officer and the Institutional Policy Committee, as per Policy 1-001 and Rule 1-001.]

IV. Rules, Procedures, Guidelines, Forms and other Related Resources

A. Rules

Rule 5-301A: Scope, Eligibility and Limitations for Retirement Programs – University Employees (Other Than UUHC Staff)

B. Procedures

C. Guidelines

D. Forms

E. Other related resource materials

V. References

[Policy 5-001](#), Employee Definitions

[Policy 5-200](#), Leaves of Absence (Health-Related)

[Policy 5-302](#): Retirement Programs

[Utah System of Higher Education Rule 851](#), Guidelines for Retirement Programs

VI. Contacts

{Note: at time of publication to the Regulations website, this Contacts section should be updated to use the 'new' IPC approved standard phrasing describing the roles of the policy owners and officers.} ~~Policy Owners (primary contact person for questions and advice): the University of Utah Hospitals and Clinics' Director of Benefits is responsible for the application of this Rule to University of Utah Hospitals and Clinics Employees. Questions about this Policy and any related Rules, Procedures and Guidelines should be directed to the Director of Benefits~~

~~Policy Officer: UUHC's Chief Human Resources Officer. Only the Chief Human Resources Officer or his/her designee has the authority to grant exceptions to this Policy.~~

VII. History

Current Version: Revision 1. Approved by Senior Vice President for Health Sciences [date____]

Presented to the Academic Senate Executive Committee March 20, 2017, and presented for the Information and Recommendations of the Academic Senate April 3, 2017.

Previous Versions.

Revision 0, effective date: December 6, 2016

Approved by Academic Senate: December 6, 2016