

North Tooele Fire District
Tier 2 Retirement Contribution Update & Employer Pick-Up Information
Effective July 1, 2026

Overview

Utah Retirement Systems (URS) has revised the preliminary contribution rate for the Tier 2 Public Safety & Firefighter Retirement System for Fiscal Year 2026–2027.

This information is provided to ensure full transparency prior to Board consideration.

1. New Tier 2 Contribution Rate

URS has revised the total Tier 2 Public Safety & Firefighter contribution rate to:

- 19.98% of pay
- This replaces the previously provided preliminary rate of 18.73%.

2. Breakdown of the 19.98% Rate

The total rate consists of:

- Employer Portion: 14.00% (unchanged)
- Required Member Portion: 5.98%
- The increase affects only the required member contribution.
- The employer's 14% statutory pension contribution remains unchanged.

3. Change in Required Member Contribution

- Previous required member contribution:
4.73%
- New required member contribution:
5.98%
- Increase:
1.25% of pay

4. Employer Pick-Up Election

Under Utah Code Title 49 and Internal Revenue Code §414(h)(2), the District may elect to “pick up” required member contributions on behalf of employees.

If the Board elects to increase the employer pick-up to 5.98%:

- The District will fund the entire required member contribution.
- Employees will not see an increase in payroll deduction.
- The additional 1.25% will be absorbed by the District.

If the Board does not increase the employer pick-up:

- Tier 2 employees will see a 1.25% increase in required payroll contributions.

The pick-up election must be authorized by formal Board resolution.

5. Estimated Financial Impact to the District

The estimated additional cost of increasing the employer pick-up from 4.73% to 5.98% has been calculated using only the 2026 adopted salary budget for full-time employees.

2026 Full-Time Salary Budget Total:
\$2,644,183

Increase:
1.25%

Estimated Annualized Impact:
≈ \$33,050

Because the new rate becomes effective July 1, 2026, only six months of 2026 are impacted.

Estimated July–December 2026 Impact:
Approximately \$16,525

This estimate assumes:

- All full-time employees participate in Tier 2
- No mid-year staffing changes
- Salary budgets remain consistent
- Part-time wages are excluded
- If some employees are Tier 1, the actual cost will be lower.

6. Why the Rate Increased (URS Explanation)

URS has indicated that the revised rate increase results from:

- Higher-than-expected salary growth over the past several years.
- 2020 legislative changes that increased the value of Tier 2 retirement benefits.
- Updated actuarial projections affecting both Tier 2 systems:
 - Public Employees' System
 - Public Safety & Firefighter System
- Salary growth is now a significant cost driver in Tier 2 contribution increases.
- The revised rate was reviewed by the consulting actuary and approved by the URS Retirement Board.

7. Nature of Preliminary Rates

URS preliminary rates:

- Take effect July 1, 2026
- Are subject to legislative modification
- May be adjusted before final adoption

URS provides preliminary rates early to assist employers with budget planning.

8. Required District Action

The District is required to remit contributions at the rates established by URS.

The Board's discretion applies only to:

- Whether to pick up required member contributions
- The percentage of the member contribution to pick up
- The employer contribution rate (14%) is not discretionary.