

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 448

BY COMMERCE AND HUMAN RESOURCES COMMITTEE

AN ACT

1 RELATING TO PUBLIC EMPLOYEE RETIREMENT SYSTEM; AMENDING SECTION 59-1355,
2 IDAHO CODE, TO PROVIDE FOR A LIMITATION ON COST OF LIVING ALLOWANCE
3 ADJUSTMENT INCREASES, TO PROVIDE FOR A LIMITATION ON PREVIOUS YEAR
4 POSTRETIREMENT COST OF LIVING ALLOWANCE ADJUSTMENTS AND TO MAKE TECH-
5 NICAL CORRECTIONS; AMENDING SECTION 59-1342, IDAHO CODE, TO PROVIDE A
6 CORRECT CODE REFERENCE; AND AMENDING SECTION 59-1346, IDAHO CODE, TO
7 PROVIDE A CORRECT CODE REFERENCE.
8

9 Be It Enacted by the Legislature of the State of Idaho:

10 SECTION 1. That Section 59-1355, Idaho Code, be, and the same is hereby
11 amended to read as follows:

12 59-1355. POSTRETIREMENT ALLOWANCE ADJUSTMENTS. (1) Each retirement
13 allowance payment shall, subject to the provisions of this section, equal
14 the inflation factor for the adjustment year of payment multiplied by the
15 amount of the retirement allowance payment for March of the previous year.
16 During any adjustment year for which the ratio of the consumer price index
17 for the index month of the previous year to the consumer price index for the
18 index month of the second previous year is not more than one hundred one per-
19 cent (101%), the inflation factor shall be such ratio or ninety-four percent
20 (94%), whichever is greater, which inflation factor shall not be subject to
21 legislative approval. Otherwise, the inflation factor during such adjust-
22 ment year shall be one hundred one percent (101%), ~~except that.~~

23 (2) Notwithstanding subsection (1) of this section, if the employer
24 contribution rate is ten percent (10%) or below, the employee contribution
25 rate is six percent (6%) or below, and the value of the actuarial assets of
26 the system is no less than its actuarial liabilities, then the board, with
27 legislative approval, may put into effect a greater factor which is no more
28 than such ratio or one hundred six percent (106%), whichever is smaller, if
29 it finds the value of the actuarial assets of the system to be no less than
30 its actuarial liabilities, including those created by the increased factor.
31 The actuarial assets comprise the sum of the actuarial present value of the
32 amortization payments determined in accordance with the requirements of
33 section 59-1322(5), Idaho Code, plus the amounts determined in paragraphs
34 (e) (ii), (e) (iii), (e) (iv), (e) (v) and (g) of section 59-1322(4), Idaho
35 Code. The actuarial liabilities are as defined in paragraph (e) (i) of sec-
36 tion 59-1322(4), Idaho Code. The board's proposed inflation factor for any
37 adjustment year shall be communicated by letter to the legislature by not no
38 later than January 15 prior to that year. No adjustment shall be made pur-
39 suant to this subsection that will cause the value of the actuarial assets of
40 the system to fall below its actuarial liabilities.

41 (23) During an adjustment year following one in which there was at least
42 one (1) retirement allowance payment but none in March, each retirement al-

1 lowance payment shall equal the partial factor multiplied by the amount of
 2 the monthly retirement allowance payment in the earlier year. The partial
 3 factor shall equal 1.000 plus one-twelfth (1/12) of the product of the number
 4 of months in the earlier adjustment year in which member contributions were
 5 not made and the excess, if any, of the inflation factor for the later year
 6 over 1.000.

7 (34) During an adjustment year following one in which there was no re-
 8 tirement allowance payment, each retirement allowance payment shall equal
 9 the initial retirement allowance multiplied by the bridging factor between
 10 the first day of the month following the member's final contribution and the
 11 date of the first retirement allowance payment.

12 (a) Except as provided in paragraph (b) of this subsection, the bridg-
 13 ing factor between any two (2) dates shall be the ratio of the amounts of
 14 retirement allowance payable on the two (2) dates for any member who re-
 15 tired on the earlier date immediately following his final contribution.

16 (b) For any member not making a final contribution subsequent to 1974
 17 whose initial retirement allowance is a minimum allowance provided in
 18 section 59-1342(1) (b) or 59-1342(2) (b), Idaho Code, the bridging fac-
 19 tor shall be computed as if the member had made his final contribution in
 20 1974.

21 (45) The consumer price index shall be that for all urban consumers pub-
 22 lished by the bureau of labor statistics, United States department of labor.

23 (56) The adjustments provided under this section shall in no event re-
 24 duce a benefit payment below its initial amount.

25 (67) An adjustment year shall extend from March through the following
 26 February. The index month is October for adjustment years commencing before
 27 March, 1990, and is August for subsequent adjustment years.

28 (78) If, by the forty-fifth day of any regular legislative session, the
 29 legislature has not adopted a concurrent resolution rejecting or amending
 30 the proposed adjustments of the board allowed in subsections (1) and (89) of
 31 this section, such action on the part of the legislature shall constitute
 32 legislative approval of the board's adjustments.

33 ~~(89) Notwithstanding other provisions of this section~~ If the require-
 34 ments necessary for the board to put into effect a greater factor as pro-
 35 vided in subsection (2) of this section are satisfied, the board may grant a
 36 postretirement allowance adjustment for any previous year or years up to the
 37 full amount of the increase in the consumer price index for that year or those
 38 years, as provided in subsection (78) of this section. Provided, however,
 39 that no adjustment shall be made pursuant to this subsection that will cause
 40 the value of the actuarial assets of the system to fall below its actuarial
 41 liabilities.

42 SECTION 2. That Section 59-1342, Idaho Code, be, and the same is hereby
 43 amended to read as follows:

44 59-1342. COMPUTATION OF SERVICE RETIREMENT ALLOWANCES -- MINIMUM BEN-
 45 EFITS. (1) The annual amount of accrued retirement allowance for each month
 46 of credited service for which a member was not classified as a police member
 47 or firefighter shall equal one and two-thirds percent (1 2/3%) of the mem-
 48 ber's average monthly salary. Effective October 1, 1992, the annual amount
 49 of accrued retirement allowance for all service for which a member was not

1 classified as a police member or firefighter shall equal one and seventy-
2 five hundredths percent (1.75%) of the member's average monthly salary; ef-
3 fective October 1, 1993, the annual amount of accrued retirement allowance
4 shall equal one and eight hundred thirty-three thousandths percent (1.833%)
5 of the member's average monthly salary; effective October 1, 1994, the an-
6 nual amount of accrued retirement allowance shall equal one and nine hun-
7 dred seventeen thousandths percent (1.917%); and effective June 30, 2000,
8 the annual amount of accrued retirement allowance shall equal two percent
9 (2%) of the member's average monthly salary. Entitlement to an annual amount
10 of accrued retirement allowance shall not vest until the effective date of
11 that annual amount of accrued retirement allowance. The retirement bene-
12 fits shall be calculated on the amounts, terms and conditions in effect on
13 the date of the final contribution by the member. The annual amount of ini-
14 tial service retirement allowance of such a member shall equal paragraph (a)
15 or (b) of this subsection, whichever is greater:

16 (a) The member's accrued retirement allowance; or

17 (b) Five dollars (\$5.00) multiplied by the number of months of cred-
18 ited service and by the bridging factor, as provided in section 59-1355,
19 Idaho Code, between July 1, 1974, and the first of the month following
20 the member's final contribution.

21 (2) The annual amount of accrued retirement allowance for each month
22 of credited service for which a member was classified as a police member or
23 firefighter shall equal two percent (2%) of the member's average monthly
24 salary. Effective October 1, 1992, the annual amount of accrued retire-
25 ment allowance for all service for which a member was classified as a police
26 member or firefighter shall equal two and seventy-five thousandths percent
27 (2.075%) of the member's average monthly salary; effective October 1, 1993,
28 the annual amount of accrued retirement allowance shall equal two and fif-
29 teen hundredths percent (2.15%) of the member's average monthly salary;
30 effective October 1, 1994, the annual amount of accrued retirement allowance
31 shall equal two and two hundred twenty-five thousandths percent (2.225%);
32 and effective June 30, 2000, the annual amount of accrued retirement al-
33 lowance shall equal two and three-tenths percent (2.3%) of the member's
34 average monthly salary. Entitlement to an annual amount of accrued retire-
35 ment allowance shall not vest until the effective date of that annual amount
36 of accrued retirement allowance. The retirement benefits shall be calcu-
37 lated on the amounts, terms and conditions in effect on the date of the final
38 contribution by the member. The annual amount of initial service retirement
39 allowance of such a member shall equal paragraph (a) or (b) of this subsec-
40 tion, whichever is greater:

41 (a) The member's accrued retirement allowance; or

42 (b) Six dollars (\$6.00) multiplied by the number of months of credited
43 service and by the bridging factor, as provided in section 59-1355,
44 Idaho Code, between July 1, 1974, and the first of the month following
45 the member's final contribution.

46 (3) The provisions of this section shall be applicable to members and
47 contingent annuitants of the retirement system and to members, annuitants
48 and beneficiaries of the teachers and city systems. In any recomputation
49 of an initial retirement allowance for a person not making a final contribu-
50 tion subsequent to 1974, the bridging factor referred to in subsections (1)

1 and (2) of this section shall be 1.000. Any recomputed retirement allowance
2 shall be payable only prospectively from July 1, 1974.

3 (4) Benefits payable to a person who became a member prior to July 1,
4 1974, or to the member's beneficiaries shall never be less than they would
5 have received under this chapter as in effect on June 30, 1974; provided,
6 however, that the member shall have accrued the amount of accumulated con-
7 tributions required thereby prior to payment of an initial retirement al-
8 lowance.

9 (5) (a) If the majority of a member's credited service is as an elected
10 official or as an appointed official, including a member of the Idaho
11 legislature who first took office after July 1, 2019, and that official
12 was normally in the administrative offices of the employer less than
13 twenty (20) hours per week during the term of office, or was normally not
14 required to be present at any particular workstation for the employer
15 twenty (20) hours per week or more during the term of office, that mem-
16 ber's initial service retirement allowance shall be the sum of:

17 (i) That amount computed under subsection (1) and/or (2) of this
18 section for only those months of service as an elected or an ap-
19 pointed official that are in excess of the months of other credited
20 service, without consideration of any other credited service; and

21 (ii) That accrued service retirement allowance that is computed
22 from an average monthly salary for salary received during the
23 member's total months of credited service excluding those excess
24 months referenced in subparagraph (i) of this paragraph.

25 (b) The initial service retirement allowance of members of the Idaho
26 legislature who first took office on or before July 1, 2019, will be com-
27 puted under subsection (1) and/or (2) of this section, on the basis of
28 their total months of credited service.

29 (6) In no case, however, will a member's initial service retirement
30 benefit be equal to more than the member's accrued benefit as of May 1, 1990,
31 or one hundred percent (100%) of the member's average compensation for the
32 three (3) consecutive years of employment that produce the greatest aggre-
33 gate compensation, whichever is greater. If the benefit is calculated to
34 exceed one hundred percent (100%) of the member's average compensation, the
35 member shall be eligible for and may choose either:

36 (a) An annual service retirement allowance equal to the member's aver-
37 age annual compensation for the three (3) consecutive years of employ-
38 ment that produced the greatest aggregate compensation; or

39 (b) A separation benefit.

40 (7) The annual amount of initial service retirement allowance of a mem-
41 ber who is over age seventy (70) years on the effective date of the member's
42 retirement shall be a percentage of the member's initial service retirement
43 allowance. Such percentage shall be one hundred percent (100%) increased as
44 determined by the board to compensate for each month that the member's re-
45 tirement is deferred beyond age seventy (70) years.

46 (8) A member's accrued retirement allowance, as otherwise provided in
47 subsections (1), (2), (3), (4) and (5) of this section, shall not be less than
48 the minimum accrued retirement allowance provided in this subsection. The
49 determination of the initial service retirement allowance provided in sub-
50 sections (1) and (2) of this section, and the application of the provisions

1 in subsections (6) and (7) of this section, will be made after the determi-
2 nation of the minimum accrued retirement allowance provided in this subsec-
3 tion.

4 This subsection shall apply to members who have at least two (2) separate pe-
5 riods of employment covered under this chapter where each separate period of
6 employment would otherwise be eligible for a separation benefit described in
7 section 59-1359, Idaho Code. For purposes of this subsection, if a separa-
8 tion of employment occurs that does not exceed sixty (60) consecutive calen-
9 dar months, then the member's period of employment shall be considered a con-
10 tinuous period of employment. For purposes of this subsection, the date of
11 last contribution is the date of final contribution for each period or peri-
12 ods of employment.

13 For each separate period of employment considered under this subsection, the
14 member must not have received a separation benefit for that period or, if he
15 has received such a separation benefit under section 59-1359, Idaho Code, he
16 must have completed reinstatement of all previous credited service associ-
17 ated with all separation benefits for all periods of employment as permitted
18 under section 59-1360, Idaho Code.

19 The minimum accrued retirement allowance shall be equal to the largest
20 accrued retirement allowance calculated at each date of last contribution
21 based upon the benefit and eligibility provisions in effect as of the date of
22 the last contribution made during such separate period of employment. For
23 purposes of determining the accrued retirement allowance for each date of
24 last contribution:

25 (a) The member must have at least sixty (60) months of credited service
26 at the date of last contribution;

27 (b) The member's months of credited service and average monthly salary
28 are determined based solely on all periods of employment up to that date
29 of last contribution, ignoring later periods of employment; and

30 (c) The accrued retirement allowance computed for each period is multi-
31 plied by the bridging factor as provided in section 59-1355(~~34~~), Idaho
32 Code, between the date of the last contribution made during that sepa-
33 rate period of employment and the date of the member's final contribu-
34 tion made during the last period of employment prior to retirement.

35 SECTION 3. That Section 59-1346, Idaho Code, be, and the same is hereby
36 amended to read as follows:

37 59-1346. COMPUTATION OF EARLY RETIREMENT ALLOWANCES. (1) The annual
38 amount of initial early retirement allowance of a member shall be a percent-
39 age of the member's accrued retirement allowance. Such percentage shall be
40 one hundred percent (100%) if the sum of the number of years and months of
41 credited service and the age in years and months is equal to or greater than
42 the sum indicated in this subsection. Otherwise, such percentage shall be
43 one hundred percent (100%) reduced by one-fourth of one percent (.25%) for
44 each month up to sixty (60) months that the member's retirement precedes the
45 date the member would be eligible to receive full accrued benefit without ad-
46 ditional credited service, and further reduced by two-thirds of one percent
47 (.6667%) for each additional month. Effective October 1, 1992, the fur-
48 ther reduction for each additional month shall equal six thousand forty-two
49 ten-thousandths of one percent (.6042%) of the member's average monthly

1 salary; effective October 1, 1993, the further reduction for each additional
 2 month shall equal five thousand four hundred seventeen ten-thousandths of
 3 one percent (.5417%) of the member's average monthly salary; and effec-
 4 tive October 1, 1994, the further reduction for each additional month shall
 5 equal four thousand seven hundred ninety-two ten-thousandths of one percent
 6 (.4792%) of the member's average monthly salary. Entitlement to an annual
 7 amount of accrued retirement allowance shall not vest until the effective
 8 date of that annual amount of accrued retirement allowance. The retirement
 9 benefits shall be calculated on the amounts, terms and conditions in effect
 10 at the date of the final contribution by the member.

11	If a member's service retirement	Then the sum of the member's credited
12	ratio as defined by section 59-1341,	service and age must be equal to
13	Idaho Code, is:	or greater than:
14	0.000 to 0.050	90
15	0.051 to 0.150	89
16	0.151 to 0.250	88
17	0.251 to 0.350	87
18	0.351 to 0.450	86
19	0.451 to 0.550	85
20	0.551 to 0.650	84
21	0.651 to 0.750	83
22	0.751 to 0.850	82
23	0.851 to 0.950	81
24	0.951 to 1.000	80

25 (2) (a) If the majority of a member's credited service is as an elected
 26 official or as an appointed official, including a member of the Idaho
 27 legislature who first took office after July 1, 2019, and that official
 28 was normally in the administrative offices of the employer less than
 29 twenty (20) hours per week during the term of office, or was normally not
 30 required to be present at any particular workstation for the employer
 31 twenty (20) hours per week or more during the term of office, that mem-
 32 ber's accrued retirement allowance shall be the sum of:

33 (i) That amount computed from an average monthly salary for salary
 34 received only for those months of service as an elected or as an ap-
 35 pointed official that are in excess of the months of other credited
 36 service without consideration of any other credited service; and

37 (ii) That accrued retirement allowance that is computed from an
 38 average monthly salary for salary received during the member's to-
 39 tal months of credited service excluding those excess months ref-
 40 erenced in subparagraph (i) of this paragraph.

41 (b) The initial retirement allowance of members of the Idaho legisla-
 42 ture who first took office on or before July 1, 2019, will be computed
 43 under the provisions of this section, on the basis of their total months
 44 of credited service.

45 (3) In no case will a member's initial early retirement benefit be equal
 46 to more than the member's accrued benefit as of May 1, 1990, or one hundred

1 percent (100%) of the member's average compensation for the three (3) con-
2 secutive years of employment that produce the greatest aggregate compensa-
3 tion, whichever is greater. If the benefit is calculated to exceed one hun-
4 dred percent (100%) of the member's average compensation, the member shall
5 be eligible for and may choose either:

6 (a) An annual early retirement allowance equal to the member's average
7 annual compensation for the three (3) consecutive years of employment
8 that produced the greatest aggregate compensation; or

9 (b) A separation benefit.

10 (4) A member's accrued retirement allowance, as otherwise provided in
11 subsections (1) and (2) of this section, shall not be less than the minimum
12 accrued retirement allowance provided in this subsection. The determina-
13 tion of the initial early retirement allowance provided in subsections (1)
14 and (2) of this section and the application of the provisions in subsection
15 (3) of this section will be made after the determination of the minimum ac-
16 curred retirement allowance provided in this subsection.

17 (a) The provisions of this subsection shall apply to members who have
18 at least two (2) separate periods of employment covered under this chap-
19 ter where each separate period of employment would otherwise be eligi-
20 ble for a separation benefit described in section 59-1359, Idaho Code.
21 For purposes of this subsection, if a separation of employment occurs
22 that does not exceed sixty (60) consecutive calendar months, then the
23 member's period of employment shall be considered a continuous period
24 of employment. For purposes of this subsection, the date of last con-
25 tribution is the date of final contribution for each period of employ-
26 ment.

27 (b) For each separate period of employment considered under this sub-
28 section, the member must not have received a separation benefit for that
29 period or, if he has received such a separation benefit under section
30 59-1359, Idaho Code, he must have completed reinstatement of all pre-
31 vious credited service associated with all separation benefits for all
32 periods of employment as permitted under section 59-1360, Idaho Code.

33 (c) The minimum accrued retirement allowance shall be equal to the
34 largest accrued retirement allowance calculated at each date of last
35 contribution based upon the benefit and eligibility provisions in ef-
36 fect as of the date of the last contribution made during such separate
37 period of employment. For purposes of determining the accrued retire-
38 ment allowance for each date of last contribution:

39 (i) The member must have at least sixty (60) months of credited
40 service at the date of last contribution;

41 (ii) The member's months of credited service and average monthly
42 salary are determined based solely on all periods of employment up
43 to that date of last contribution, ignoring later periods of em-
44 ployment; and

45 (iii) The accrued retirement allowance computed for each pe-
46 riod is multiplied by the bridging factor as provided in section
47 59-1355 (~~34~~), Idaho Code, between the date of the last contribution
48 made during the separate period of employment and the date of the
49 member's final contribution made during the last period of employ-
50 ment prior to retirement.