

IN THE SENATE

SENATE BILL NO. 1020

BY COMMERCE AND HUMAN RESOURCES COMMITTEE

AN ACT

1
2 RELATING TO THE PUBLIC EMPLOYEE RETIREMENT SYSTEM; AMENDING SECTION
3 59-1302, IDAHO CODE, TO REVISE THE DEFINITION OF MILITARY SERVICE;
4 AMENDING SECTION 59-1302, IDAHO CODE, TO REVISE THE DEFINITION OF EM-
5 PLOYEE AND THE DEFINITION OF SALARY; AMENDING SECTION 59-1302, IDAHO
6 CODE, TO REVISE THE DEFINITION OF DISABLED AND THE DEFINITION OF MILI-
7 TARY SERVICE; DECLARING AN EMERGENCY, PROVIDING RETROACTIVE APPLICA-
8 TION AND PROVIDING EFFECTIVE DATES.

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

10 SECTION 1. That Section 59-1302, Idaho Code, be, and the same is hereby
11 amended to read as follows:

12 59-1302. DEFINITIONS. (1) As used in this chapter, each of the terms
13 defined in this section shall have the meaning given in this section unless a
14 different meaning is clearly required by the context.

15 (2) "Active member" means any employee who is not establishing the
16 right to receive benefits through his or her employer's participation in any
17 other retirement system established for Idaho public employees, if such par-
18 ticipation is mandated by applicable Idaho statutes other than this chapter.
19 In no case will an employee be entitled to any benefit under this chapter
20 for public service if such employee is establishing retirement benefit en-
21 titlements by other Idaho statutes or federal statutes other than military
22 service or social security for that same service.

23 (3) "Accumulated contributions" means the sum of amounts contributed
24 by a member of the system, together with regular interest credit thereon.

25 (4) "Actuarial equivalent" means a benefit equal in value to another
26 benefit, when computed upon the basis of the actuarial tables in use by the
27 system.

28 (5) "Actuarial tables" means such tables as shall have been adopted by
29 the board in accordance with recommendations of the actuary.

30 (5A) "Alternate payee" means a spouse or former spouse of a member who is
31 recognized by an approved domestic retirement order as having a right to all
32 or a portion of the accrued benefits in the retirement system with respect to
33 such member.

34 (5B) "Approved domestic retirement order" means a domestic retirement
35 order which creates or recognizes the existence of an alternate payee's
36 right or assigns to an alternate payee the right to all or a portion of the
37 accrued benefits of a member under the retirement system, which directs the
38 system to establish a segregated account or disburse benefits to an alter-
39 nate payee, and which the executive director of the retirement system has de-
40 termined meets the requirements of sections 59-1319 and 59-1320, Idaho Code.

1 (5C) "Average monthly salary" means the member's average salary during
2 the base period as calculated pursuant to rules adopted by the retirement
3 board.

4 (5D) (a) "Base period" means the period of fifty-four (54) consecutive
5 calendar months during which the member earned:

6 (i) The highest average salary; and

7 (ii) Membership service of at least one-half (1/2) the number of
8 months in the period, excluding months of service attributable to:

9 A. Military service;

10 B. Service qualifying as minimum benefit pursuant to sec-
11 tion 59-1342(5), Idaho Code; and

12 C. Worker's compensation income benefits.

13 (b) Effective October 1, 1993, the consecutive calendar months shall be
14 forty-eight (48). Effective October 1, 1994, the consecutive calendar
15 months shall be forty-two (42).

16 (c) Entitlement to a base period shall not vest until the effective date
17 of that base period. The retirement benefits shall be calculated on the
18 amounts, terms and conditions in effect at the date of the final contri-
19 bution by the member.

20 (d) If no base period exists for a member, the member's average monthly
21 salary shall be determined by the board, using standards not inconsis-
22 tent with those established in this subsection.

23 (e) To assure equitable treatment for all members, salary increments
24 inconsistent with usual compensation patterns may be disallowed by the
25 board in determining average monthly salary and base period.

26 (6) "Beneficiary" means the person who is nominated by the written des-
27 ignation of a member, duly executed and filed with the board, to receive the
28 death benefit.

29 (7) "Calendar year" means twelve (12) calendar months commencing on the
30 first day of January.

31 (7A) "Contingent annuitant" means the person designated by a member un-
32 der certain retirement options to receive benefit payments upon the death of
33 the member. The person so designated must be born and living on the effective
34 date of retirement.

35 (8) "Credited service" means the aggregate of membership service,
36 prior service and disabled service.

37 (9) "Date of establishment" means July 1, 1965, or a later date estab-
38 lished by the board or statute.

39 (10) "Death benefit" means the amount, if any, payable upon the death of
40 a member.

41 (11) "Disability retirement allowance" means the periodic payment be-
42 coming payable upon an active member's ceasing to be an employee while eligi-
43 ble for disability retirement.

44 (12) "Disabled" means:

45 (a) That the member is prevented from engaging in any occupation or em-
46 ployment for remuneration or profit as a result of bodily injury or dis-
47 ease, either occupational or nonoccupational in cause, but excluding
48 disabilities resulting from service in the armed forces of any country,
49 or from an intentionally self-inflicted injury; and

1 (b) That the member will likely remain so disabled permanently and con-
2 tinuously during the remainder of the member's life.

3 It is not necessary that a person be absolutely helpless or entirely unable
4 to do anything worthy of compensation to be considered disabled. If the per-
5 son is so disabled that substantially all the avenues of employment are rea-
6 sonably closed to the person, that condition is within the meaning of "dis-
7 abled." In evaluating whether a person is disabled, medical factors and non-
8 medical factors including, but not limited to, education, economic and so-
9 cial environment, training and usable skills may be considered.

10 Refusal to submit to a medical examination ordered by the board before
11 the commencement of a disability retirement allowance or at any reasonable
12 time thereafter shall constitute proof that the member is not disabled. The
13 board shall be empowered to select for such medical examination one (1) or
14 more physicians or surgeons who are licensed to practice medicine and per-
15 form surgery. The fees and expenses of such examination shall be paid from
16 the administration account of the fund. No member shall be required to un-
17 dergo such examination more often than once each year after he has received a
18 disability retirement allowance continuously for two (2) years.

19 (12A) "Disabled service" means the total number of months elapsing from
20 the first day of the month next succeeding the final contribution of a member
21 prior to receiving a disability retirement allowance to the first day of the
22 month following the date of termination of such disability retirement al-
23 lowance. During such period, the member shall remain classified in the mem-
24 bership category held during the month of final contribution. The total num-
25 ber of months of disabled service credited for a person first becoming dis-
26 abled after the effective date of this chapter shall not exceed the excess,
27 if any, of three hundred sixty (360) over the total number of months of prior
28 service and membership service.

29 (12B) "Domestic retirement order" means any judgment, decree, or order,
30 including approval of a property settlement agreement which relates to the
31 provision of marital property rights to a spouse or former spouse of a mem-
32 ber, and is made pursuant to a domestic relations law, including the commu-
33 nity property law of the state of Idaho or of another state.

34 (13) "Early retirement allowance" means the periodic payment becoming
35 payable upon an active member's ceasing to be an employee while eligible for
36 early retirement.

37 (14) (A) "Employee" means:

38 (a) Any person who normally works twenty (20) hours or more per week for
39 an employer or a school teacher who works half-time or more for an em-
40 ployer and who receives salary for services rendered for such employer;
41 or

42 (b) Elected officials or appointed officials of an employer who receive
43 a salary; or

44 (c) A person who is separated from service with less than five (5) con-
45 secutive months of employment and who is reemployed or reinstated by the
46 same employer within thirty (30) days.

47 (B) "Employee" does not include employment as:

48 (a) A person rendering service to an employer in the capacity of an in-
49 dependent business, trade or profession; or

1 (b) A person whose employment with any employer does not total five (5)
2 consecutive months; or

3 (c) A person provided sheltered employment or made-work by a public em-
4 ployer in an employment or industries program maintained for the bene-
5 fit of such person; or

6 (d) An inmate of a state institution, whether or not receiving compen-
7 sation for services performed for the institution; or

8 (e) A student enrolled in an undergraduate, graduate, or professional-
9 technical program at and employed by a state college, university, com-
10 munity college or professional-technical center when such employment
11 is predicated on student status; or

12 (f) A person making contributions to the United States civil service
13 commission under the United States Civil Service System Retirement Act
14 except that a person who receives separate remuneration for work cur-
15 rently performed for an employer and the United States government may
16 elect to be a member of the retirement system in accordance with rules of
17 the board; or

18 (g) A person not under contract with a school district or charter
19 school, who on a day to day basis works as a substitute teacher replac-
20 ing a contracted teacher and is paid a substitute wage as established
21 by district policy or who, on a day to day basis works as a substitute
22 assistant replacing a staff instruction assistant or a staff library
23 assistant and is paid a substitute wage as established by district pol-
24 icy; or

25 (h) A person occupying a position that does not exceed eight (8) con-
26 secutive months in a calendar year with a city, county or irrigation
27 district when the city, county or irrigation district has certified,
28 in writing to the system, the position is (i) seasonal or casual; and
29 (ii) affected by weather and the growing season, including parks, golf
30 course positions and irrigation positions; or

31 (i) A person in a position that (i) is eligible for participation in
32 an optional retirement program established under section 33-107A or
33 33-107B, Idaho Code, or (ii) would be eligible for participation in
34 an optional retirement program established under section 33-107A or
35 33-107B, Idaho Code, if the person was not working less than half-time
36 or less than twenty (20) hours per week.

37 (15) "Employer" means the state of Idaho, or any political subdivision
38 or governmental entity, provided such subdivision or entity has elected to
39 come into the system. Governmental entity means any organization composed
40 of units of government of Idaho or organizations funded only by government
41 or employee contributions or organizations who discharge governmental re-
42 sponsibilities or proprietary responsibilities that would otherwise be per-
43 formed by government. All governmental entities are deemed to be political
44 subdivisions for the purpose of this chapter.

45 (15A) "Final contribution" means the final contribution made by a mem-
46 ber pursuant to sections 59-1331 through 59-1334, Idaho Code.

47 (16) "Firefighter" means an employee, including paid firefighters
48 hired on or after October 1, 1980, whose primary occupation is that of pre-
49 venting and extinguishing fires as determined by the rules of the board.

1 (17) "Fiscal year" means the period beginning on July 1 in any year and
2 ending on June 30 of the next succeeding year.

3 (18) "Fund" means the public employee retirement fund established by
4 this chapter.

5 (19) "Funding agent" means any bank or banks, trust company or trust
6 companies, legal reserve life insurance company or legal reserve life insur-
7 ance companies, or combinations thereof, any thrift institution or credit
8 union or any investment management firm or individual investment manager
9 selected by the board to hold and/or invest the employers' and members' con-
10 tributions and pay certain benefits granted under this chapter.

11 (20) "Inactive member" means a former active member who is not an em-
12 ployee and is not receiving any form of retirement allowance, but for whom a
13 separation benefit has not become payable.

14 (20A) "Lifetime annuity" means periodic monthly payments of income by
15 the retirement system to an alternate payee.

16 (20B) "Lump sum distribution" means a payment by the retirement system
17 of the entire balance in the alternate payee's segregated account, together
18 with regular interest credited thereon.

19 (21) "Member" means an active member, inactive member or a retired mem-
20 ber.

21 (22) "Membership service" means military service which occurs after
22 the commencement of contributions payable under sections 59-1331 through
23 59-1334, Idaho Code, and service with respect to which contributions are
24 payable under sections 59-1331 through 59-1334, Idaho Code, which, except
25 for benefit calculations described in sections 59-1342 and 59-1353, Idaho
26 Code, includes service transferred to a segregated account under an approved
27 domestic retirement order.

28 (23) "Military service" means any period of active duty service in the
29 armed forces of the United States including the national guard and reserves,
30 under the provisions of title 10, title 32, and title 37, United States code,
31 which commences less than ninety (90) days after the person ceases to be an
32 employee and ends less than ninety (90) days before the person again becomes
33 an employee. Provided, if a member fails to again become an employee ~~due to~~
34 being killed as a result of his death while in active duty service, the member
35 shall be entitled to military service through the date of death. In no event
36 shall military service include:

37 (a) Any period ended by dishonorable discharge or during which termina-
38 tion of such service is available but not accepted; or

39 (b) Any active duty service in excess of five (5) years if at the conve-
40 nience of the United States government, or in excess of four (4) years
41 if not at the convenience of the United States government, provided
42 additional membership service may be purchased as provided in section
43 59-1362, Idaho Code.

44 (24) (a) "Police officer" for retirement purposes shall be as defined in
45 section 59-1303, Idaho Code.

46 (b) "POST" means the Idaho peace officer standards and training council
47 established in chapter 51, title 19, Idaho Code.

48 (25) "Prior service" means any period prior to July 1, 1965, of military
49 service or of employment for the state of Idaho or any political subdivision
50 or other employer of each employee who is an active member or in military ser-

1 vice or on leave of absence on the date of establishment, provided, however,
2 an employee who was not an active member or in military service or on leave
3 of absence on the date of establishment shall receive credit for the member's
4 service prior to July 1, 1965, on the basis of recognizing two (2) months of
5 such service for each month of membership service. For the purpose of com-
6 puting such service, no deduction shall be made for any continuous period of
7 absence from service or military service of six (6) months or less.

8 (26) "Regular interest" means interest at the rate set from time to time
9 by the board.

10 (27) "Retired member" means a former active member receiving a retire-
11 ment allowance.

12 (28) "Retirement" means the acceptance of a retirement allowance under
13 this chapter upon termination of employment.

14 (29) "Retirement board" or "board" means the board provided for in sec-
15 tions 59-1304 and 59-1305, Idaho Code, to administer the retirement system.

16 (30) "Retirement system" or "system" means the public employee retire-
17 ment system of Idaho.

18 (31) (A) "Salary" means:

19 (a) The total salary or wages paid to a person who meets the definition
20 of employee by an employer for personal services performed and reported
21 by the employer for income tax purposes, including the cash value of all
22 remuneration in any medium other than cash.

23 (b) The total amount of any voluntary reduction in salary agreed to by
24 the member and employer where the reduction is used as an alternative
25 form of remuneration to the member.

26 (B) Salary in excess of the compensation limitations set forth in sec-
27 tion 401(a)(17) of the Internal Revenue Code shall be disregarded for any
28 person who becomes a member of the system on or after July 1, 1996. The sys-
29 tem had no limitations on compensation in effect on July 1, 1993. The compen-
30 sation limitations set forth in section 401(a)(17) of the Internal Revenue
31 Code shall not apply for an "eligible employee." For purposes of this subsec-
32 tion, "eligible employee" is an individual who was a member of the system be-
33 fore July 1, 1996.

34 (C) "Salary" does not include:

35 (a) Contributions by employers to employee held medical savings ac-
36 counts, as those accounts are defined in section 63-3022K, Idaho Code.

37 (b) Lump sum payments inconsistent with usual compensation patterns
38 made by the employer to the employee only upon termination from service
39 including, but not limited to, vacation payoffs, sick leave payoffs,
40 early retirement incentive payments and bonuses.

41 (31A) "Segregated account" means the account established by the retire-
42 ment system for the alternate payee of a member who is not a retired member.
43 It shall include the months of credited service and accumulated contribu-
44 tions transferred from the member's account.

45 (32) "Separation benefit" means the amount, if any, payable upon or sub-
46 sequent to separation from service.

47 (33) "Service" means being shown on an employer's payroll as an employee
48 receiving a salary. For each calendar month, service is credited only when a
49 member is an employee as defined in subsection (14) (A) of this section and is
50 employed for fifteen (15) days or more during the calendar month. Employment

1 of fourteen (14) days or less during any calendar month shall not be cred-
 2 ited. No more than one (1) month of service shall be credited for all service
 3 in any month.

4 (34) "Service retirement allowance" means the periodic payment becom-
 5 ing payable upon an active member's ceasing to be an employee while eligible
 6 for service retirement.

7 (35) "State" means the state of Idaho.

8 (36) "Vested member" means an active or inactive member who has at least
 9 five (5) years of credited service, except that a member, who at the time of
 10 his separation from service:

11 (a) Held an office to which he had been elected by popular vote or having
 12 a term fixed by the constitution, statute or charter or was appointed to
 13 such office by an elected official; or

14 (b) Was the head or director of a department, division, agency, statu-
 15 tory section or bureau of the state; or

16 (c) Was employed on or after July 1, 1965, by an elected official of
 17 the state of Idaho and occupied a position exempt from the provisions of
 18 chapter 53, title 67, Idaho Code; and

19 (d) Was not covered by a merit system for employees of the state of
 20 Idaho,

21 is vested without regard to the length of credited service.

22 (37) The masculine pronoun, wherever used, shall include the feminine
 23 pronoun.

24 SECTION 2. That Section 59-1302, Idaho Code, be, and the same is hereby
 25 amended to read as follows:

26 59-1302. DEFINITIONS. (1) As used in this chapter, each of the terms
 27 defined in this section shall have the meaning given in this section unless a
 28 different meaning is clearly required by the context.

29 (2) "Active member" means any employee who is not establishing the
 30 right to receive benefits through his or her employer's participation in any
 31 other retirement system established for Idaho public employees, if such par-
 32 ticipation is mandated by applicable Idaho statutes other than this chapter.
 33 In no case will an employee be entitled to any benefit under this chapter
 34 for public service if such employee is establishing retirement benefit en-
 35 titlements by other Idaho statutes or federal statutes other than military
 36 service or social security for that same service.

37 (3) "Accumulated contributions" means the sum of amounts contributed
 38 by a member of the system, together with regular interest credit thereon.

39 (4) "Actuarial equivalent" means a benefit equal in value to another
 40 benefit, when computed upon the basis of the actuarial tables in use by the
 41 system.

42 (5) "Actuarial tables" means such tables as shall have been adopted by
 43 the board in accordance with recommendations of the actuary.

44 (5A) "Alternate payee" means a spouse or former spouse of a member who is
 45 recognized by an approved domestic retirement order as having a right to all
 46 or a portion of the accrued benefits in the retirement system with respect to
 47 such member.

48 (5B) "Approved domestic retirement order" means a domestic retirement
 49 order which creates or recognizes the existence of an alternate payee's

1 right or assigns to an alternate payee the right to all or a portion of the
2 accrued benefits of a member under the retirement system, which directs the
3 system to establish a segregated account or disburse benefits to an alter-
4 nate payee, and which the executive director of the retirement system has de-
5 termined meets the requirements of sections 59-1319 and 59-1320, Idaho Code.

6 (5C) "Average monthly salary" means the member's average salary during
7 the base period as calculated pursuant to rules adopted by the retirement
8 board.

9 (5D) (a) "Base period" means the period of fifty-four (54) consecutive
10 calendar months during which the member earned:

11 (i) The highest average salary; and

12 (ii) Membership service of at least one-half (1/2) the number of
13 months in the period, excluding months of service attributable to:

14 A. Military service;

15 B. Service qualifying as minimum benefit pursuant to sec-
16 tion 59-1342(5), Idaho Code; and

17 C. Worker's compensation income benefits.

18 (b) Effective October 1, 1993, the consecutive calendar months shall be
19 forty-eight (48). Effective October 1, 1994, the consecutive calendar
20 months shall be forty-two (42).

21 (c) Entitlement to a base period shall not vest until the effective date
22 of that base period. The retirement benefits shall be calculated on the
23 amounts, terms and conditions in effect at the date of the final contri-
24 bution by the member.

25 (d) If no base period exists for a member, the member's average monthly
26 salary shall be determined by the board, using standards not inconsis-
27 tent with those established in this subsection.

28 (e) To assure equitable treatment for all members, salary increments
29 inconsistent with usual compensation patterns may be disallowed by the
30 board in determining average monthly salary and base period.

31 (6) "Beneficiary" means the person who is nominated by the written des-
32 ignation of a member, duly executed and filed with the board, to receive the
33 death benefit.

34 (7) "Calendar year" means twelve (12) calendar months commencing on the
35 first day of January.

36 (7A) "Contingent annuitant" means the person designated by a member un-
37 der certain retirement options to receive benefit payments upon the death of
38 the member. The person so designated must be born and living on the effective
39 date of retirement.

40 (8) "Credited service" means the aggregate of membership service,
41 prior service and disabled service.

42 (9) "Date of establishment" means July 1, 1965, or a later date estab-
43 lished by the board or statute.

44 (10) "Death benefit" means the amount, if any, payable upon the death of
45 a member.

46 (11) "Disability retirement allowance" means the periodic payment be-
47 coming payable upon an active member's ceasing to be an employee while eligi-
48 ble for disability retirement.

49 (12) "Disabled" means:

1 (a) That the member is prevented from engaging in any occupation or em-
 2 ployment for remuneration or profit as a result of bodily injury or dis-
 3 ease, either occupational or nonoccupational in cause, but excluding
 4 disabilities resulting from service in the armed forces of any country,
 5 or from an intentionally self-inflicted injury; and

6 (b) That the member will likely remain so disabled permanently and con-
 7 tinuously during the remainder of the member's life.

8 It is not necessary that a person be absolutely helpless or entirely unable
 9 to do anything worthy of compensation to be considered disabled. If the per-
 10 son is so disabled that substantially all the avenues of employment are rea-
 11 sonably closed to the person, that condition is within the meaning of "dis-
 12 abled." In evaluating whether a person is disabled, medical factors and non-
 13 medical factors including, but not limited to, education, economic and so-
 14 cial environment, training and usable skills may be considered.

15 Refusal to submit to a medical examination ordered by the board before
 16 the commencement of a disability retirement allowance or at any reasonable
 17 time thereafter shall constitute proof that the member is not disabled. The
 18 board shall be empowered to select for such medical examination one (1) or
 19 more physicians or surgeons who are licensed to practice medicine and per-
 20 form surgery. The fees and expenses of such examination shall be paid from
 21 the administration account of the fund. No member shall be required to un-
 22 dergo such examination more often than once each year after he has received a
 23 disability retirement allowance continuously for two (2) years.

24 (12A) "Disabled service" means the total number of months elapsing from
 25 the first day of the month next succeeding the final contribution of a member
 26 prior to receiving a disability retirement allowance to the first day of the
 27 month following the date of termination of such disability retirement al-
 28 lowance. During such period, the member shall remain classified in the mem-
 29 bership category held during the month of final contribution. The total num-
 30 ber of months of disabled service credited for a person first becoming dis-
 31 abled after the effective date of this chapter shall not exceed the excess,
 32 if any, of three hundred sixty (360) over the total number of months of prior
 33 service and membership service.

34 (12B) "Domestic retirement order" means any judgment, decree, or order,
 35 including approval of a property settlement agreement which relates to the
 36 provision of marital property rights to a spouse or former spouse of a mem-
 37 ber, and is made pursuant to a domestic relations law, including the commu-
 38 nity property law of the state of Idaho or of another state.

39 (13) "Early retirement allowance" means the periodic payment becoming
 40 payable upon an active member's ceasing to be an employee while eligible for
 41 early retirement.

42 (14) (A) "Employee" means:

43 (a) Any person who normally works twenty (20) hours or more per week for
 44 an employer or a school teacher who works half-time or more for an em-
 45 ployer and who receives salary for services rendered for such employer;
 46 ~~or~~

47 (b) Elected officials or appointed officials of an employer who receive
 48 a salary; ~~or~~

1 (c) A person who is separated from service with less than five (5) con-
 2 secutive months of employment and who is reemployed or reinstated by the
 3 same employer within thirty (30) days; or

4 (d) A person receiving differential wage payments as defined in 26
 5 U.S.C. 3401(h) on or after July 1, 2009. A differential wage payment
 6 generally refers to an employer payment to an employee called to active
 7 duty in the uniformed services for more than thirty (30) days that rep-
 8 resents all or a portion of the compensation he would have received from
 9 the employer if he were performing services for the employer.

10 (B) "Employee" does not include employment as:

11 (a) A person rendering service to an employer in the capacity of an in-
 12 dependent business, trade or profession; or

13 (b) A person whose employment with any employer does not total five (5)
 14 consecutive months; or

15 (c) A person provided sheltered employment or made-work by a public em-
 16 ployer in an employment or industries program maintained for the bene-
 17 fit of such person; or

18 (d) An inmate of a state institution, whether or not receiving compen-
 19 sation for services performed for the institution; or

20 (e) A student enrolled in an undergraduate, graduate, or professional-
 21 technical program at and employed by a state college, university, com-
 22 munity college or professional-technical center when such employment
 23 is predicated on student status; or

24 (f) A person making contributions to the United States civil service
 25 commission under the United States Civil Service System Retirement Act
 26 except that a person who receives separate remuneration for work cur-
 27 rently performed for an employer and the United States government may
 28 elect to be a member of the retirement system in accordance with rules of
 29 the board; or

30 (g) A person not under contract with a school district or charter
 31 school, who on a day to day basis works as a substitute teacher replac-
 32 ing a contracted teacher and is paid a substitute wage as established
 33 by district policy or who, on a day to day basis works as a substitute
 34 assistant replacing a staff instruction assistant or a staff library
 35 assistant and is paid a substitute wage as established by district pol-
 36 icy; or

37 (h) A person occupying a position that does not exceed eight (8) con-
 38 secutive months in a calendar year with a city, county or irrigation
 39 district when the city, county or irrigation district has certified,
 40 in writing to the system, the position is (i) seasonal or casual; and
 41 (ii) affected by weather and the growing season, including parks, golf
 42 course positions and irrigation positions; or

43 (i) A person in a position that (i) is eligible for participation in
 44 an optional retirement program established under section 33-107A or
 45 33-107B, Idaho Code, or (ii) would be eligible for participation in
 46 an optional retirement program established under section 33-107A or
 47 33-107B, Idaho Code, if the person was not working less than half-time
 48 or less than twenty (20) hours per week.

49 (15) "Employer" means the state of Idaho, or any political subdivision
 50 or governmental entity, provided such subdivision or entity has elected to

1 come into the system. Governmental entity means any organization composed
2 of units of government of Idaho or organizations funded only by government
3 or employee contributions or organizations who discharge governmental re-
4 sponsibilities or proprietary responsibilities that would otherwise be per-
5 formed by government. All governmental entities are deemed to be political
6 subdivisions for the purpose of this chapter.

7 (15A) "Final contribution" means the final contribution made by a mem-
8 ber pursuant to sections 59-1331 through 59-1334, Idaho Code.

9 (16) "Firefighter" means an employee, including paid firefighters
10 hired on or after October 1, 1980, whose primary occupation is that of pre-
11 venting and extinguishing fires as determined by the rules of the board.

12 (17) "Fiscal year" means the period beginning on July 1 in any year and
13 ending on June 30 of the next succeeding year.

14 (18) "Fund" means the public employee retirement fund established by
15 this chapter.

16 (19) "Funding agent" means any bank or banks, trust company or trust
17 companies, legal reserve life insurance company or legal reserve life insur-
18 ance companies, or combinations thereof, any thrift institution or credit
19 union or any investment management firm or individual investment manager
20 selected by the board to hold and/or invest the employers' and members' con-
21 tributions and pay certain benefits granted under this chapter.

22 (20) "Inactive member" means a former active member who is not an em-
23 ployee and is not receiving any form of retirement allowance, but for whom a
24 separation benefit has not become payable.

25 (20A) "Lifetime annuity" means periodic monthly payments of income by
26 the retirement system to an alternate payee.

27 (20B) "Lump sum distribution" means a payment by the retirement system
28 of the entire balance in the alternate payee's segregated account, together
29 with regular interest credited thereon.

30 (21) "Member" means an active member, inactive member or a retired mem-
31 ber.

32 (22) "Membership service" means military service which occurs after
33 the commencement of contributions payable under sections 59-1331 through
34 59-1334, Idaho Code, and service with respect to which contributions are
35 payable under sections 59-1331 through 59-1334, Idaho Code, which, except
36 for benefit calculations described in sections 59-1342 and 59-1353, Idaho
37 Code, includes service transferred to a segregated account under an approved
38 domestic retirement order.

39 (23) "Military service" means any period of active duty service in the
40 armed forces of the United States including the national guard and reserves,
41 under the provisions of title 10, title 32, and title 37, United States code,
42 which commences less than ninety (90) days after the person ceases to be an
43 employee and ends less than ninety (90) days before the person again becomes
44 an employee. Provided, if a member fails to again become an employee due to
45 being killed while in active duty service, the member shall be entitled to
46 military service through the date of death. In no event shall military ser-
47 vice include:

48 (a) Any period ended by dishonorable discharge or during which termina-
49 tion of such service is available but not accepted; or

1 (b) Any active duty service in excess of five (5) years if at the convenience of the United States government, or in excess of four (4) years
2 if not at the convenience of the United States government, provided
3 additional membership service may be purchased as provided in section
4 59-1362, Idaho Code.

5
6 (24) (a) "Police officer" for retirement purposes shall be as defined in
7 section 59-1303, Idaho Code.

8 (b) "POST" means the Idaho peace officer standards and training council
9 established in chapter 51, title 19, Idaho Code.

10 (25) "Prior service" means any period prior to July 1, 1965, of military
11 service or of employment for the state of Idaho or any political subdivision
12 or other employer of each employee who is an active member or in military service
13 or on leave of absence on the date of establishment, provided, however,
14 an employee who was not an active member or in military service or on leave
15 of absence on the date of establishment shall receive credit for the member's
16 service prior to July 1, 1965, on the basis of recognizing two (2) months of
17 such service for each month of membership service. For the purpose of computing
18 such service, no deduction shall be made for any continuous period of
19 absence from service or military service of six (6) months or less.

20 (26) "Regular interest" means interest at the rate set from time to time
21 by the board.

22 (27) "Retired member" means a former active member receiving a retirement
23 allowance.

24 (28) "Retirement" means the acceptance of a retirement allowance under
25 this chapter upon termination of employment.

26 (29) "Retirement board" or "board" means the board provided for in sections
27 59-1304 and 59-1305, Idaho Code, to administer the retirement system.

28 (30) "Retirement system" or "system" means the public employee retirement
29 system of Idaho.

30 (31) (A) "Salary" means:

31 (a) The total salary or wages paid to a person who meets the definition
32 of employee by an employer for personal services performed and reported
33 by the employer for income tax purposes, including the cash value of all
34 remuneration in any medium other than cash.

35 (b) The total amount of any voluntary reduction in salary agreed to by
36 the member and employer where the reduction is used as an alternative
37 form of remuneration to the member.

38 (B) Salary in excess of the compensation limitations set forth in section
39 401(a)(17) of the Internal Revenue Code shall be disregarded for any
40 person who becomes a member of the system on or after July 1, 1996. The system
41 had no limitations on compensation in effect on July 1, 1993. The compensation
42 limitations set forth in section 401(a)(17) of the Internal Revenue Code shall
43 not apply for an "eligible employee." For purposes of this subsection,
44 "eligible employee" is an individual who was a member of the system before
45 July 1, 1996.

46 (C) "Salary" does not include:

47 (a) Contributions by employers to employee held medical savings accounts,
48 as those accounts are defined in section 63-3022K, Idaho Code.

49 (b) Lump sum payments inconsistent with usual compensation patterns
50 made by the employer to the employee only upon termination from service

1 including, but not limited to, vacation payoffs, sick leave payoffs,
2 early retirement incentive payments and bonuses.

3 (c) Differential wage payments as defined in 26 U.S.C. 3401(h). A dif-
4 ferential wage payment generally refers to an employer payment to an
5 employee called to active duty in the uniformed services for more than
6 thirty (30) days that represents all or a portion of the compensation he
7 would have received from the employer if he were performing services for
8 the employer.

9 (31A) "Segregated account" means the account established by the retire-
10 ment system for the alternate payee of a member who is not a retired member.
11 It shall include the months of credited service and accumulated contribu-
12 tions transferred from the member's account.

13 (32) "Separation benefit" means the amount, if any, payable upon or sub-
14 sequent to separation from service.

15 (33) "Service" means being shown on an employer's payroll as an employee
16 receiving a salary. For each calendar month, service is credited only when a
17 member is an employee as defined in subsection (14) (A) of this section and is
18 employed for fifteen (15) days or more during the calendar month. Employment
19 of fourteen (14) days or less during any calendar month shall not be cred-
20 ited. No more than one (1) month of service shall be credited for all service
21 in any month.

22 (34) "Service retirement allowance" means the periodic payment becom-
23 ing payable upon an active member's ceasing to be an employee while eligible
24 for service retirement.

25 (35) "State" means the state of Idaho.

26 (36) "Vested member" means an active or inactive member who has at least
27 five (5) years of credited service, except that a member, who at the time of
28 his separation from service:

29 (a) Held an office to which he had been elected by popular vote or having
30 a term fixed by the constitution, statute or charter or was appointed to
31 such office by an elected official; or

32 (b) Was the head or director of a department, division, agency, statu-
33 tory section or bureau of the state; or

34 (c) Was employed on or after July 1, 1965, by an elected official of
35 the state of Idaho and occupied a position exempt from the provisions of
36 chapter 53, title 67, Idaho Code; and

37 (d) Was not covered by a merit system for employees of the state of
38 Idaho,
39 is vested without regard to the length of credited service.

40 (37) The masculine pronoun, wherever used, shall include the feminine
41 pronoun.

42 SECTION 3. That Section 59-1302, Idaho Code, be, and the same is hereby
43 amended to read as follows:

44 59-1302. DEFINITIONS. (1) As used in this chapter, each of the terms
45 defined in this section shall have the meaning given in this section unless a
46 different meaning is clearly required by the context.

47 (2) "Active member" means any employee who is not establishing the
48 right to receive benefits through his or her employer's participation in any
49 other retirement system established for Idaho public employees, if such par-

1 participation is mandated by applicable Idaho statutes other than this chapter.
2 In no case will an employee be entitled to any benefit under this chapter
3 for public service if such employee is establishing retirement benefit en-
4 titlements by other Idaho statutes or federal statutes other than military
5 service or social security for that same service.

6 (3) "Accumulated contributions" means the sum of amounts contributed
7 by a member of the system, together with regular interest credit thereon.

8 (4) "Actuarial equivalent" means a benefit equal in value to another
9 benefit, when computed upon the basis of the actuarial tables in use by the
10 system.

11 (5) "Actuarial tables" means such tables as shall have been adopted by
12 the board in accordance with recommendations of the actuary.

13 (5A) "Alternate payee" means a spouse or former spouse of a member who is
14 recognized by an approved domestic retirement order as having a right to all
15 or a portion of the accrued benefits in the retirement system with respect to
16 such member.

17 (5B) "Approved domestic retirement order" means a domestic retirement
18 order which creates or recognizes the existence of an alternate payee's
19 right or assigns to an alternate payee the right to all or a portion of the
20 accrued benefits of a member under the retirement system, which directs the
21 system to establish a segregated account or disburse benefits to an alter-
22 nate payee, and which the executive director of the retirement system has de-
23 termined meets the requirements of sections 59-1319 and 59-1320, Idaho Code.

24 (5C) "Average monthly salary" means the member's average salary during
25 the base period as calculated pursuant to rules adopted by the retirement
26 board.

27 (5D) (a) "Base period" means the period of fifty-four (54) consecutive
28 calendar months during which the member earned:

29 (i) The highest average salary; and

30 (ii) Membership service of at least one-half (1/2) the number of
31 months in the period, excluding months of service attributable to:

32 A. Military service;

33 B. Service qualifying as minimum benefit pursuant to sec-
34 tion 59-1342(5), Idaho Code; and

35 C. Worker's compensation income benefits.

36 (b) Effective October 1, 1993, the consecutive calendar months shall be
37 forty-eight (48). Effective October 1, 1994, the consecutive calendar
38 months shall be forty-two (42).

39 (c) Entitlement to a base period shall not vest until the effective date
40 of that base period. The retirement benefits shall be calculated on the
41 amounts, terms and conditions in effect at the date of the final contri-
42 bution by the member.

43 (d) If no base period exists for a member, the member's average monthly
44 salary shall be determined by the board, using standards not inconsis-
45 tent with those established in this subsection.

46 (e) To assure equitable treatment for all members, salary increments
47 inconsistent with usual compensation patterns may be disallowed by the
48 board in determining average monthly salary and base period.

1 (6) "Beneficiary" means the person who is nominated by the written des-
2 ignation of a member, duly executed and filed with the board, to receive the
3 death benefit.

4 (7) "Calendar year" means twelve (12) calendar months commencing on the
5 first day of January.

6 (7A) "Contingent annuitant" means the person designated by a member un-
7 der certain retirement options to receive benefit payments upon the death of
8 the member. The person so designated must be born and living on the effective
9 date of retirement.

10 (8) "Credited service" means the aggregate of membership service,
11 prior service and disabled service.

12 (9) "Date of establishment" means July 1, 1965, or a later date estab-
13 lished by the board or statute.

14 (10) "Death benefit" means the amount, if any, payable upon the death of
15 a member.

16 (11) "Disability retirement allowance" means the periodic payment be-
17 coming payable upon an active member's ceasing to be an employee while eligi-
18 ble for disability retirement.

19 (12) "Disabled" means:

20 (a) That the member is prevented from engaging in any occupation or em-
21 ployment for remuneration or profit as a result of bodily injury or dis-
22 ease, either occupational or nonoccupational in cause, but excluding
23 disabilities resulting from service in the armed forces of any country
24 other than the United States, or from an intentionally self-inflicted
25 injury; and

26 (b) That the member will likely remain so disabled permanently and con-
27 tinuously during the remainder of the member's life.

28 It is not necessary that a person be absolutely helpless or entirely unable
29 to do anything worthy of compensation to be considered disabled. If the per-
30 son is so disabled that substantially all the avenues of employment are rea-
31 sonably closed to the person, that condition is within the meaning of "dis-
32 abled." In evaluating whether a person is disabled, medical factors and non-
33 medical factors including, but not limited to, education, economic and so-
34 cial environment, training and usable skills may be considered.

35 Refusal to submit to a medical examination ordered by the board before
36 the commencement of a disability retirement allowance or at any reasonable
37 time thereafter shall constitute proof that the member is not disabled. The
38 board shall be empowered to select for such medical examination one (1) or
39 more physicians or surgeons who are licensed to practice medicine and per-
40 form surgery. The fees and expenses of such examination shall be paid from
41 the administration account of the fund. No member shall be required to un-
42 dergo such examination more often than once each year after he has received a
43 disability retirement allowance continuously for two (2) years.

44 (12A) "Disabled service" means the total number of months elapsing from
45 the first day of the month next succeeding the final contribution of a member
46 prior to receiving a disability retirement allowance to the first day of the
47 month following the date of termination of such disability retirement al-
48 lowance. During such period, the member shall remain classified in the mem-
49 bership category held during the month of final contribution. The total num-
50 ber of months of disabled service credited for a person first becoming dis-

1 abled after the effective date of this chapter shall not exceed the excess,
2 if any, of three hundred sixty (360) over the total number of months of prior
3 service and membership service.

4 (12B) "Domestic retirement order" means any judgment, decree, or order,
5 including approval of a property settlement agreement which relates to the
6 provision of marital property rights to a spouse or former spouse of a mem-
7 ber, and is made pursuant to a domestic relations law, including the commu-
8 nity property law of the state of Idaho or of another state.

9 (13) "Early retirement allowance" means the periodic payment becoming
10 payable upon an active member's ceasing to be an employee while eligible for
11 early retirement.

12 (14) (A) "Employee" means:

13 (a) Any person who normally works twenty (20) hours or more per week for
14 an employer or a school teacher who works half-time or more for an em-
15 ployer and who receives salary for services rendered for such employer;
16 or

17 (b) Elected officials or appointed officials of an employer who receive
18 a salary; or

19 (c) A person who is separated from service with less than five (5) con-
20 secutive months of employment and who is reemployed or reinstated by the
21 same employer within thirty (30) days.

22 (B) "Employee" does not include employment as:

23 (a) A person rendering service to an employer in the capacity of an in-
24 dependent business, trade or profession; or

25 (b) A person whose employment with any employer does not total five (5)
26 consecutive months; or

27 (c) A person provided sheltered employment or made-work by a public em-
28 ployer in an employment or industries program maintained for the bene-
29 fit of such person; or

30 (d) An inmate of a state institution, whether or not receiving compen-
31 sation for services performed for the institution; or

32 (e) A student enrolled in an undergraduate, graduate, or professional-
33 technical program at and employed by a state college, university, com-
34 munity college or professional-technical center when such employment
35 is predicated on student status; or

36 (f) A person making contributions to the United States civil service
37 commission under the United States Civil Service System Retirement Act
38 except that a person who receives separate remuneration for work cur-
39 rently performed for an employer and the United States government may
40 elect to be a member of the retirement system in accordance with rules of
41 the board; or

42 (g) A person not under contract with a school district or charter
43 school, who on a day to day basis works as a substitute teacher replac-
44 ing a contracted teacher and is paid a substitute wage as established
45 by district policy or who, on a day to day basis works as a substitute
46 assistant replacing a staff instruction assistant or a staff library
47 assistant and is paid a substitute wage as established by district pol-
48 icy; or

49 (h) A person occupying a position that does not exceed eight (8) con-
50 secutive months in a calendar year with a city, county or irrigation

1 district when the city, county or irrigation district has certified,
2 in writing to the system, the position is (i) seasonal or casual; and
3 (ii) affected by weather and the growing season, including parks, golf
4 course positions and irrigation positions; or

5 (i) A person in a position that (i) is eligible for participation in
6 an optional retirement program established under section 33-107A or
7 33-107B, Idaho Code, or (ii) would be eligible for participation in
8 an optional retirement program established under section 33-107A or
9 33-107B, Idaho Code, if the person was not working less than half-time
10 or less than twenty (20) hours per week.

11 (15) "Employer" means the state of Idaho, or any political subdivision
12 or governmental entity, provided such subdivision or entity has elected to
13 come into the system. Governmental entity means any organization composed
14 of units of government of Idaho or organizations funded only by government
15 or employee contributions or organizations who discharge governmental re-
16 sponsibilities or proprietary responsibilities that would otherwise be per-
17 formed by government. All governmental entities are deemed to be political
18 subdivisions for the purpose of this chapter.

19 (15A) "Final contribution" means the final contribution made by a mem-
20 ber pursuant to sections 59-1331 through 59-1334, Idaho Code.

21 (16) "Firefighter" means an employee, including paid firefighters
22 hired on or after October 1, 1980, whose primary occupation is that of pre-
23 venting and extinguishing fires as determined by the rules of the board.

24 (17) "Fiscal year" means the period beginning on July 1 in any year and
25 ending on June 30 of the next succeeding year.

26 (18) "Fund" means the public employee retirement fund established by
27 this chapter.

28 (19) "Funding agent" means any bank or banks, trust company or trust
29 companies, legal reserve life insurance company or legal reserve life insur-
30 ance companies, or combinations thereof, any thrift institution or credit
31 union or any investment management firm or individual investment manager
32 selected by the board to hold and/or invest the employers' and members' con-
33 tributions and pay certain benefits granted under this chapter.

34 (20) "Inactive member" means a former active member who is not an em-
35 ployee and is not receiving any form of retirement allowance, but for whom a
36 separation benefit has not become payable.

37 (20A) "Lifetime annuity" means periodic monthly payments of income by
38 the retirement system to an alternate payee.

39 (20B) "Lump sum distribution" means a payment by the retirement system
40 of the entire balance in the alternate payee's segregated account, together
41 with regular interest credited thereon.

42 (21) "Member" means an active member, inactive member or a retired mem-
43 ber.

44 (22) "Membership service" means military service which occurs after
45 the commencement of contributions payable under sections 59-1331 through
46 59-1334, Idaho Code, and service with respect to which contributions are
47 payable under sections 59-1331 through 59-1334, Idaho Code, which, except
48 for benefit calculations described in sections 59-1342 and 59-1353, Idaho
49 Code, includes service transferred to a segregated account under an approved
50 domestic retirement order.

1 (23) "Military service" means any period of active duty service in the
2 armed forces of the United States including the national guard and reserves,
3 under the provisions of title 10, title 32, and title 37, United States code,
4 which commences less than ninety (90) days after the person ceases to be an
5 employee and ends less than ninety (90) days before the person again becomes
6 an employee. Provided, if a member fails to again become an employee due to
7 being killed while in active duty service, the member shall be entitled to
8 military service through the date of death. Provided further, if a member
9 fails to again become an employee due to a disability retirement resulting
10 from service in the armed forces of the United States, the member shall be en-
11 titled to military service through the date the disability allowance becomes
12 payable. In no event shall military service include:

13 (a) Any period ended by dishonorable discharge or during which termina-
14 tion of such service is available but not accepted; or

15 (b) Any active duty service in excess of five (5) years if at the conven-
16 nience of the United States government, or in excess of four (4) years
17 if not at the convenience of the United States government, provided
18 additional membership service may be purchased as provided in section
19 59-1362, Idaho Code.

20 (24) (a) "Police officer" for retirement purposes shall be as defined in
21 section 59-1303, Idaho Code.

22 (b) "POST" means the Idaho peace officer standards and training council
23 established in chapter 51, title 19, Idaho Code.

24 (25) "Prior service" means any period prior to July 1, 1965, of military
25 service or of employment for the state of Idaho or any political subdivision
26 or other employer of each employee who is an active member or in military ser-
27 vice or on leave of absence on the date of establishment, provided, however,
28 an employee who was not an active member or in military service or on leave
29 of absence on the date of establishment shall receive credit for the member's
30 service prior to July 1, 1965, on the basis of recognizing two (2) months of
31 such service for each month of membership service. For the purpose of com-
32 puting such service, no deduction shall be made for any continuous period of
33 absence from service or military service of six (6) months or less.

34 (26) "Regular interest" means interest at the rate set from time to time
35 by the board.

36 (27) "Retired member" means a former active member receiving a retire-
37 ment allowance.

38 (28) "Retirement" means the acceptance of a retirement allowance under
39 this chapter upon termination of employment.

40 (29) "Retirement board" or "board" means the board provided for in sec-
41 tions 59-1304 and 59-1305, Idaho Code, to administer the retirement system.

42 (30) "Retirement system" or "system" means the public employee retire-
43 ment system of Idaho.

44 (31) (A) "Salary" means:

45 (a) The total salary or wages paid to a person who meets the definition
46 of employee by an employer for personal services performed and reported
47 by the employer for income tax purposes, including the cash value of all
48 remuneration in any medium other than cash.

1 (b) The total amount of any voluntary reduction in salary agreed to by
2 the member and employer where the reduction is used as an alternative
3 form of remuneration to the member.

4 (B) Salary in excess of the compensation limitations set forth in sec-
5 tion 401(a)(17) of the Internal Revenue Code shall be disregarded for any
6 person who becomes a member of the system on or after July 1, 1996. The sys-
7 tem had no limitations on compensation in effect on July 1, 1993. The compen-
8 sation limitations set forth in section 401(a)(17) of the Internal Revenue
9 Code shall not apply for an "eligible employee." For purposes of this subsec-
10 tion, "eligible employee" is an individual who was a member of the system be-
11 fore July 1, 1996.

12 (C) "Salary" does not include:

13 (a) Contributions by employers to employee held medical savings ac-
14 counts, as those accounts are defined in section 63-3022K, Idaho Code.

15 (b) Lump sum payments inconsistent with usual compensation patterns
16 made by the employer to the employee only upon termination from service
17 including, but not limited to, vacation payoffs, sick leave payoffs,
18 early retirement incentive payments and bonuses.

19 (31A) "Segregated account" means the account established by the retire-
20 ment system for the alternate payee of a member who is not a retired member.
21 It shall include the months of credited service and accumulated contribu-
22 tions transferred from the member's account.

23 (32) "Separation benefit" means the amount, if any, payable upon or sub-
24 sequent to separation from service.

25 (33) "Service" means being shown on an employer's payroll as an employee
26 receiving a salary. For each calendar month, service is credited only when a
27 member is an employee as defined in subsection (14) (A) of this section and is
28 employed for fifteen (15) days or more during the calendar month. Employment
29 of fourteen (14) days or less during any calendar month shall not be cred-
30 ited. No more than one (1) month of service shall be credited for all service
31 in any month.

32 (34) "Service retirement allowance" means the periodic payment becom-
33 ing payable upon an active member's ceasing to be an employee while eligible
34 for service retirement.

35 (35) "State" means the state of Idaho.

36 (36) "Vested member" means an active or inactive member who has at least
37 five (5) years of credited service, except that a member, who at the time of
38 his separation from service:

39 (a) Held an office to which he had been elected by popular vote or having
40 a term fixed by the constitution, statute or charter or was appointed to
41 such office by an elected official; or

42 (b) Was the head or director of a department, division, agency, statu-
43 tory section or bureau of the state; or

44 (c) Was employed on or after July 1, 1965, by an elected official of
45 the state of Idaho and occupied a position exempt from the provisions of
46 chapter 53, title 67, Idaho Code; and

47 (d) Was not covered by a merit system for employees of the state of
48 Idaho,

49 is vested without regard to the length of credited service.

1 (37) The masculine pronoun, wherever used, shall include the feminine
2 pronoun.

3 SECTION 4. An emergency existing therefor, which emergency is hereby
4 declared to exist, Section 1 of this act shall be in full force and effect on
5 and after passage and approval, and retroactively to January 1, 2007. Sec-
6 tion 2 of this act shall be in full force and effect on and after passage and
7 approval, and retroactively to January 1, 2009. Section 3 of this act shall
8 be in full force and effect on and after July 1, 2011.