

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 100

BY COMMERCE AND HUMAN RESOURCES COMMITTEE

AN ACT

1 RELATING TO THE PUBLIC EMPLOYEE RETIREMENT SYSTEM; AMENDING SECTION
2 59-1342, IDAHO CODE, TO REVISE PROVISIONS RELATING TO COMPUTATION
3 OF CERTAIN SERVICE RETIREMENT ALLOWANCES AS THEY RELATE TO THE IDAHO
4 LEGISLATURE AND TO MAKE TECHNICAL CORRECTIONS; AND AMENDING SECTION
5 59-1346, IDAHO CODE, TO REVISE PROVISIONS RELATING TO COMPUTATION OF
6 CERTAIN EARLY RETIREMENT ALLOWANCES AS THEY RELATE TO THE IDAHO LEGIS-
7 LATURE.
8

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

10 SECTION 1. That Section 59-1342, Idaho Code, be, and the same is hereby
11 amended to read as follows:

12 59-1342. COMPUTATION OF SERVICE RETIREMENT ALLOWANCES -- MINIMUM BEN-
13 EFITS. (1) The annual amount of accrued retirement allowance for each month
14 of credited service for which a member was not classified as a police mem-
15 ber or firefighter shall equal one and two-thirds percent (~~12/3~~3.6667%) of
16 the member's average monthly salary. Effective October 1, 1992, the annual
17 amount of accrued retirement allowance for all service for which a member was
18 not classified as a police member or firefighter shall equal one and seventy-
19 five hundredths percent (1.75%) of the member's average monthly salary; ef-
20 fective October 1, 1993, the annual amount of accrued retirement allowance
21 shall equal one and eight hundred thirty-three thousandths percent (1.833%)
22 of the member's average monthly salary; effective October 1, 1994, the an-
23 nual amount of accrued retirement allowance shall equal one and nine hun-
24 dred seventeen thousandths percent (1.917%); and effective June 30, 2000,
25 the annual amount of accrued retirement allowance shall equal two percent
26 (2%) of the member's average monthly salary. Entitlement to an annual amount
27 of accrued retirement allowance shall not vest until the effective date of
28 that annual amount of accrued retirement allowance. The retirement bene-
29 fits shall be calculated on the amounts, terms and conditions in effect on
30 the date of the final contribution by the member. The annual amount of ini-
31 tial service retirement allowance of such a member shall equal (a) or (b),
32 whichever is greater:

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

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

38 (2) The annual amount of accrued retirement allowance for each month
39 of credited service for which a member was classified as a police member or
40 firefighter shall equal two percent (2%) of the member's average monthly
41 salary. Effective October 1, 1992, the annual amount of accrued retire-
42 ment allowance for all service for which a member was classified as a police

1 member or firefighter shall equal two and seventy-five thousandths percent
2 (2.075%) of the member's average monthly salary; effective October 1, 1993,
3 the annual amount of accrued retirement allowance shall equal two and fif-
4 teen hundredths percent (2.15%) of the member's average monthly salary;
5 effective October 1, 1994, the annual amount of accrued retirement allowance
6 shall equal two and two hundred twenty-five thousandths percent (2.225%);
7 and effective June 30, 2000, the annual amount of accrued retirement al-
8 lowance shall equal two and three-tenths percent (2.3%) of the member's
9 average monthly salary. Entitlement to an annual amount of accrued retire-
10 ment allowance shall not vest until the effective date of that annual amount
11 of accrued retirement allowance. The retirement benefits shall be calcu-
12 lated on the amounts, terms and conditions in effect on the date of the final
13 contribution by the member. The annual amount of initial service retirement
14 allowance of such a member shall equal (a) or (b), whichever is greater:

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

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

20 (3) Provisions of this section shall be applicable to members and con-
21 tingent annuitants of the retirement system and to members, annuitants and
22 beneficiaries of the teachers and city systems. In any recomputation of an
23 initial retirement allowance for a person not making a final contribution
24 subsequent to 1974, the bridging factor referred to in subsections (1) and
25 (2) shall be 1.000. Any recomputed retirement allowance shall be payable
26 only prospectively from July 1, 1974.

27 (4) Benefits payable to a person who became a member prior to July 1,
28 1974, or to the member's beneficiaries shall never be less than they would
29 have received under this chapter as in effect on June 30, 1974; provided,
30 however, that the member shall have accrued the amount of accumulated con-
31 tributions required thereby prior to payment of an initial retirement al-
32 lowance.

33 (5) If the majority of a member's credited service is as an elected of-
34 ficial or as an appointed official, except as a member of the Idaho legisla-
35 ture who left the Idaho legislature before July 1, 2015, and subsequently be-
36 came an employee, as defined in section 59-1302(14) (A), Idaho Code, outside
37 of the Idaho legislature, and that official was normally in the administra-
38 tive offices of the employer less than twenty (20) hours per week during the
39 term of office, or was normally not required to be present at any particular
40 work station for the employer twenty (20) hours per week or more during the
41 term of office, that member's initial service retirement allowance shall be
42 the sum of:

43 (a) That amount computed under subsection (1) and/or (2) of this sec-
44 tion for only those months of service as an elected or an appointed offi-
45 cial that are in excess of the months of other credited service, without
46 consideration of any other credited service; and

47 (b) That accrued service retirement allowance that is computed from an
48 average monthly salary for salary received during the member's total
49 months of credited service excluding those excess months referenced in
50 subsection (5) (a) of this section.

1 The initial service retirement allowance of members of the Idaho legislature
2 who left the Idaho legislature before July 1, 2015, and subsequently became
3 employees, as defined in section 59-1302(14) (A), Idaho Code, outside of the
4 Idaho legislature, will be computed under subsection (1) and/or (2) of this
5 section, on the basis of their total months of credited service. The initial
6 service retirement allowance of all other members of the Idaho legislature
7 on and after July 1, 2015, will be computed in the same manner as the computa-
8 tion for nonlegislative elected or appointed officials including the provi-
9 sions of this subsection if applicable.

10 (6) In no case, however, will a member's initial service retirement
11 benefit be equal to more than the member's accrued benefit as of May 1, 1990,
12 or one hundred percent (100%) of the member's average compensation for the
13 three (3) consecutive years of employment which produce the greatest aggre-
14 gate compensation, whichever is greater. If the benefit is calculated to
15 exceed one hundred percent (100%) of the member's average compensation, the
16 member shall be eligible for and may choose either:

17 (a) An annual service retirement allowance equal to the member's aver-
18 age annual compensation for the three (3) consecutive years of employ-
19 ment which produced the greatest aggregate compensation; or

20 (b) A separation benefit.

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

27 (8) A member's accrued retirement allowance, as otherwise provided in
28 subsections (1), (2), (3), (4) and (5) of this section, shall not be less than
29 the minimum accrued retirement allowance provided in this subsection. The
30 determination of the initial service retirement allowance provided in sub-
31 subsections (1) and (2) of this section, and the application of the provisions
32 in subsections (6) and (7) of this section, will be made after the determi-
33 nation of the minimum accrued retirement allowance provided in this subsec-
34 tion.

35 This subsection shall apply to members who have at least two (2) sep-
36 arate periods of employment covered under this chapter where each separate
37 period of employment would otherwise be eligible for a separation benefit
38 described in section 59-1359, Idaho Code. For purposes of this subsection,
39 if a separation of employment occurs that does not exceed sixty (60) consec-
40 utive calendar months then the member's period of employment shall be con-
41 sidered a continuous period of employment. For purposes of this subsection,
42 date of last contribution is the date of final contribution for each period
43 or periods of employment.

44 For each separate period of employment considered under this subsec-
45 tion, the member must not have received a separation benefit for that period,
46 or if he has received such a separation benefit under section 59-1359, Idaho
47 Code, he must have completed reinstatement of all previous credited service
48 associated with all separation benefits for all periods of employment as
49 permitted under section 59-1360, Idaho Code.

1 The minimum accrued retirement allowance shall be equal to the largest
 2 accrued retirement allowance calculated at each date of last contribution
 3 based upon the benefit and eligibility provisions in effect as of the date of
 4 the last contribution made during such separate period of employment. For
 5 purposes of determining the accrued retirement allowance for each date of
 6 last contribution:

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

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

12 (c) The accrued retirement allowance computed for each period is mul-
 13 tiplied by the bridging factor as provided in section 59-1355(3), Idaho
 14 Code, between the date of the last contribution made during that sepa-
 15 rate period of employment and the date of the member's final contribu-
 16 tion made during the last period of employment prior to retirement.

17 SECTION 2. That Section 59-1346, Idaho Code, be, and the same is hereby
 18 amended to read as follows:

19 59-1346. COMPUTATION OF EARLY RETIREMENT ALLOWANCES. (1) The annual
 20 amount of initial early retirement allowance of a member shall be a percent-
 21 age of the member's accrued retirement allowance. Such percentage shall be
 22 one hundred percent (100%) if the sum of the number of years and months of
 23 credited service and the age in years and months is equal to or greater than
 24 the sum indicated below. Otherwise, such percentage shall be one hundred
 25 percent (100%) reduced by one-fourth of one percent (.25%) for each month
 26 up to sixty (60) months that the member's retirement precedes the date the
 27 member would be eligible to receive full accrued benefit without additional
 28 credited service, and further reduced by two-thirds of one percent (.6667%)
 29 for each additional month. Effective October 1, 1992, the further reduc-
 30 tion for each additional month shall equal six thousand and forty-two ten-
 31 thousandths of one percent (.6042%) of the member's average monthly salary;
 32 effective October 1, 1993, the further reduction for each additional month
 33 shall equal five thousand four hundred and seventeen ten-thousandths of one
 34 percent (.5417%) of the member's average monthly salary; and effective Oc-
 35 tober 1, 1994, the further reduction for each additional month shall equal
 36 four thousand seven hundred and ninety-two ten-thousandths of one percent
 37 (.4792%) of the member's average monthly salary. Entitlement to an annual
 38 amount of accrued retirement allowance shall not vest until the effective
 39 date of that annual amount of accrued retirement allowance. The retirement
 40 benefits shall be calculated on the amounts, terms and conditions in effect
 41 at the date of the final contribution by the member.

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| 42 | If a member's service retirement | Then the sum of the member's credited |
| 43 | ratio as defined by section 59-1341, | service and age must be equal to |
| 44 | Idaho Code, is: | or greater than: |

45 0.000 to 0.050

90

46 0.051 to 0.150

89

| | | |
|----|--------------------------------------|---------------------------------------|
| 1 | If a member's service retirement | Then the sum of the member's credited |
| 2 | ratio as defined by section 59-1341, | service and age must be equal to |
| 3 | Idaho Code, is: | or greater than: |
| 4 | 0.151 to 0.250 | 88 |
| 5 | 0.251 to 0.350 | 87 |
| 6 | 0.351 to 0.450 | 86 |
| 7 | 0.451 to 0.550 | 85 |
| 8 | 0.551 to 0.650 | 84 |
| 9 | 0.651 to 0.750 | 83 |
| 10 | 0.751 to 0.850 | 82 |
| 11 | 0.851 to 0.950 | 81 |
| 12 | 0.951 to 1.000 | 80 |

13 (2) If the majority of a member's credited service is as an elected of-
14 ficial or as an appointed official, except as a member of the Idaho legisla-
15 ture who left the Idaho legislature before July 1, 2015, and subsequently be-
16 came an employee, as defined in section 59-1302(14) (A), Idaho Code, outside
17 of the Idaho legislature, and that official was normally in the administra-
18 tive offices of the employer less than twenty (20) hours per week during the
19 term of office, or was normally not required to be present at any particular
20 work station for the employer twenty (20) hours per week or more during the
21 term of office, that member's accrued retirement allowance shall be the sum
22 of:

23 (a) That amount computed from an average monthly salary for salary re-
24 ceived only for those months of service as an elected or as an appointed
25 official that are in excess of the months of other credited service
26 without consideration of any other credited service; and

27 (b) That accrued retirement allowance that is computed from an aver-
28 age monthly salary for salary received during the member's total months
29 of credited service excluding those excess months referenced in subsec-
30 tion (2) (a) of this section.

31 The initial service retirement allowance of members of the Idaho legisla-
32 ture who left the Idaho legislature before July 1, 2015, and subsequently be-
33 came an employee, as defined in section 59-1302(14) (A), Idaho Code, outside
34 of the Idaho legislature, will be computed under the provisions of this sec-
35 tion, on the basis of their total months of credited service. The initial
36 service retirement allowance of all other members of the Idaho legislature
37 on and after July 1, 2015, will be computed in the same manner as the computa-
38 tion for nonlegislative elected or appointed officials including the provi-
39 sions of this subsection if applicable.