

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 68

BY COMMERCE AND HUMAN RESOURCES COMMITTEE

AN ACT

1 RELATING TO RETIREMENT; AMENDING SECTION 59-1342, IDAHO CODE, TO REVISE
2 PROVISIONS REGARDING THE CALCULATION OF PUBLIC EMPLOYEE RETIREMENT
3 BENEFITS FOR STATE LEGISLATORS AND TO MAKE TECHNICAL CORRECTIONS; AND
4 AMENDING SECTION 59-1346, IDAHO CODE, TO REVISE PROVISIONS REGARDING
5 THE CALCULATION OF EARLY RETIREMENT ALLOWANCES FOR STATE LEGISLATORS
6 AND TO MAKE A TECHNICAL CORRECTION.
7

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

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

11 59-1342. COMPUTATION OF SERVICE RETIREMENT ALLOWANCES -- MINIMUM BEN-
12 EFITS. (1) The annual amount of accrued retirement allowance for each month
13 of credited service for which a member was not classified as a police member
14 or firefighter shall equal one and two-thirds percent (1 2/3%) of the mem-
15 ber's average monthly salary. Effective October 1, 1992, the annual amount
16 of accrued retirement allowance for all service for which a member was not
17 classified as a police member or firefighter shall equal one and seventy-
18 five hundredths percent (1.75%) of the member's average monthly salary; ef-
19 fective October 1, 1993, the annual amount of accrued retirement allowance
20 shall equal one and eight hundred thirty-three thousandths percent (1.833%)
21 of the member's average monthly salary; effective October 1, 1994, the an-
22 nual amount of accrued retirement allowance shall equal one and nine hun-
23 dred seventeen thousandths percent (1.917%); and effective June 30, 2000,
24 the annual amount of accrued retirement allowance shall equal two percent
25 (2%) of the member's average monthly salary. Entitlement to an annual amount
26 of accrued retirement allowance shall not vest until the effective date of
27 that annual amount of accrued retirement allowance. The retirement bene-
28 fits shall be calculated on the amounts, terms and conditions in effect on
29 the date of the final contribution by the member. The annual amount of ini-
30 tial service retirement allowance of such a member shall equal paragraph (a)
31 or (b) of this subsection, whichever is greater:

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

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

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

1 (2.075%) of the member's average monthly salary; effective October 1, 1993,
 2 the annual amount of accrued retirement allowance shall equal two and fif-
 3 teen hundredths percent (2.15%) of the member's average monthly salary;
 4 effective October 1, 1994, the annual amount of accrued retirement allowance
 5 shall equal two and two hundred twenty-five thousandths percent (2.225%);
 6 and effective June 30, 2000, the annual amount of accrued retirement al-
 7 lowance shall equal two and three-tenths percent (2.3%) of the member's
 8 average monthly salary. Entitlement to an annual amount of accrued retire-
 9 ment allowance shall not vest until the effective date of that annual amount
 10 of accrued retirement allowance. The retirement benefits shall be calcu-
 11 lated on the amounts, terms and conditions in effect on the date of the final
 12 contribution by the member. The annual amount of initial service retirement
 13 allowance of such a member shall equal paragraph (a) or (b) of this subsec-
 14 tion, 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) The pProvisions of this section shall be applicable to members and
 21 contingent annuitants of the retirement system and to members, annuitants
 22 and beneficiaries of the teachers and city systems. In any recomputation
 23 of an initial retirement allowance for a person not making a final contribu-
 24 tion subsequent to 1974, the bridging factor referred to in subsections (1)
 25 and (2) of this section shall be 1.000. Any recomputed retirement allowance
 26 shall be payable 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) (a) If the majority of a member's credited service is as an elected
 34 official or as an appointed official, ~~except as including~~ a member of
 35 the Idaho legislature who first took office after July 1, 2019, and that
 36 official was normally in the administrative offices of the employer
 37 less than twenty (20) hours per week during the term of office, or was
 38 normally not required to be present at any particular ~~work station~~
 39 workstation for the employer twenty (20) hours per week or more during
 40 the term of office, that member's initial service retirement allowance
 41 shall be the sum of:

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

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

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

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

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

15 (b) A separation benefit.

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

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

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

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

45 The minimum accrued retirement allowance shall be equal to the largest
46 accrued retirement allowance calculated at each date of last contribution
47 based upon the benefit and eligibility provisions in effect as of the date of
48 the last contribution made during such separate period of employment. For
49 purposes of determining the accrued retirement allowance for each date of
50 last contribution:

- 1 (a) The member must have at least sixty (60) months of credited service
 2 at the date of last contribution;
 3 (b) The member's months of credited service and average monthly salary
 4 are determined based solely on all periods of employment up to that date
 5 of last contribution, ignoring later periods of employment; and
 6 (c) The accrued retirement allowance computed for each period is mul-
 7 tiplied by the bridging factor as provided in section 59-1355(3), Idaho
 8 Code, between the date of the last contribution made during that sepa-
 9 rate period of employment and the date of the member's final contribu-
 10 tion made during the last period of employment prior to retirement.

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

13 59-1346. COMPUTATION OF EARLY RETIREMENT ALLOWANCES. (1) The annual
 14 amount of initial early retirement allowance of a member shall be a percent-
 15 age of the member's accrued retirement allowance. Such percentage shall
 16 be one hundred percent (100%) if the sum of the number of years and months
 17 of credited service and the age in years and months is equal to or greater
 18 than the sum indicated ~~below~~ in this subsection. Otherwise, such percentage
 19 shall be one hundred percent (100%) reduced by one-fourth of one percent
 20 (.25%) for each month up to sixty (60) months that the member's retirement
 21 precedes the date the member would be eligible to receive full accrued bene-
 22 fit without additional credited service, and further reduced by two-thirds
 23 of one percent (.6667%) for each additional month. Effective October 1,
 24 1992, the further reduction for each additional month shall equal six thou-
 25 sand forty-two ten-thousandths of one percent (.6042%) of the member's
 26 average monthly salary; effective October 1, 1993, the further reduction
 27 for each additional month shall equal five thousand four hundred seventeen
 28 ten-thousandths of one percent (.5417%) of the member's average monthly
 29 salary; and effective October 1, 1994, the further reduction for each addi-
 30 tional month shall equal four thousand seven hundred ninety-two ten-thou-
 31 sandths of one percent (.4792%) of the member's average monthly salary.
 32 Entitlement to an annual amount of accrued retirement allowance shall not
 33 vest until the effective date of that annual amount of accrued retirement al-
 34 lowance. The retirement benefits shall be calculated on the amounts, terms
 35 and conditions in effect at the date of the final contribution by the member.

36	If a member's service retirement	Then the sum of the member's credited
37	ratio as defined by section 59-1341,	service and age must be equal to
38	Idaho Code, is:	or greater than:
39	0.000 to 0.050	90
40	0.051 to 0.150	89
41	0.151 to 0.250	88
42	0.251 to 0.350	87
43	0.351 to 0.450	86
44	0.451 to 0.550	85
45	0.551 to 0.650	84

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	0.651 to 0.750	83
5	0.751 to 0.850	82
6	0.851 to 0.950	81
7	0.951 to 1.000	80

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

16 (a) (i) That amount computed from an average monthly salary for
17 salary received only for those months of service as an elected or
18 as an appointed official that are in excess of the months of other
19 credited service without consideration of any other credited ser-
20 vice; and

21 (b) (ii) That accrued retirement allowance that is computed from an
22 average monthly salary for salary received during the member's to-
23 tal months of credited service excluding those excess months ref-
24 erenced in subparagraph (a) (i) of this subsection paragraph.

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

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

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

39 (b) A separation benefit.

40 (4) A member's accrued retirement allowance, as otherwise provided in
41 subsections (1) and (2) of this section, shall not be less than the minimum
42 accrued retirement allowance provided in this subsection. The determina-
43 tion of the initial early retirement allowance provided in subsections (1)
44 and (2) of this section and the application of the provisions in subsection
45 (3) of this section will be made after the determination of the minimum ac-
46 curred retirement allowance provided in this subsection.

47 (a) The provisions of this subsection shall apply to members who have
48 at least two (2) separate periods of employment covered under this chap-
49 ter where each separate period of employment would otherwise be eligi-

1 ble for a separation benefit described in section 59-1359, Idaho Code.
2 For purposes of this subsection, if a separation of employment occurs
3 that does not exceed sixty (60) consecutive calendar months, then the
4 member's period of employment shall be considered a continuous period
5 of employment. For purposes of this subsection, the date of last con-
6 tribution is the date of final contribution for each period of employ-
7 ment.

8 (b) For each separate period of employment considered under this sub-
9 section, the member must not have received a separation benefit for that
10 period or, if he has received such a separation benefit under section
11 59-1359, Idaho Code, he must have completed reinstatement of all pre-
12 vious credited service associated with all separation benefits for all
13 periods of employment as permitted under section 59-1360, Idaho Code.

14 (c) The minimum accrued retirement allowance shall be equal to the
15 largest accrued retirement allowance calculated at each date of last
16 contribution based upon the benefit and eligibility provisions in ef-
17 fect as of the date of the last contribution made during such separate
18 period of employment. For purposes of determining the accrued retire-
19 ment allowance for each date of last contribution:

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

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

26 (iii) The accrued retirement allowance computed for each pe-
27 riod is multiplied by the bridging factor as provided in section
28 59-1355(3), Idaho Code, between the date of the last contribution
29 made during the separate period of employment and the date of the
30 member's final contribution made during the last period of employ-
31 ment prior to retirement.