

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 68

BY COMMERCE AND HUMAN RESOURCES COMMITTEE

AN ACT

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

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

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

59-1342. COMPUTATION OF SERVICE RETIREMENT ALLOWANCES -- MINIMUM BENEFITS. (1) The annual amount of accrued retirement allowance for each month of credited service for which a member was not classified as a police member or firefighter shall equal one and two-thirds percent (1 2/3%) of the member's average monthly salary. Effective October 1, 1992, the annual amount of accrued retirement allowance for all service for which a member was not classified as a police member or firefighter shall equal one and seventy-five hundredths percent (1.75%) of the member's average monthly salary; effective October 1, 1993, the annual amount of accrued retirement allowance shall equal one and eight hundred thirty-three thousandths percent (1.833%) of the member's average monthly salary; effective October 1, 1994, the annual amount of accrued retirement allowance shall equal one and nine hundred seventeen thousandths percent (1.917%); and effective June 30, 2000, the annual amount of accrued retirement allowance shall equal two percent (2%) of the member's average monthly salary. Entitlement to an annual amount of accrued retirement allowance shall not vest until the effective date of that annual amount of accrued retirement allowance. The retirement benefits shall be calculated on the amounts, terms and conditions in effect on the date of the final contribution by the member. The annual amount of initial service retirement allowance of such a member shall equal paragraph (a) or (b) of this subsection, whichever is greater:

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

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

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

(2.075%) of the member's average monthly salary; effective October 1, 1993, the annual amount of accrued retirement allowance shall equal two and fifteen hundredths percent (2.15%) of the member's average monthly salary; effective October 1, 1994, the annual amount of accrued retirement allowance shall equal two and two hundred twenty-five thousandths percent (2.225%); and effective June 30, 2000, the annual amount of accrued retirement allowance shall equal two and three-tenths percent (2.3%) of the member's average monthly salary. Entitlement to an annual amount of accrued retirement allowance shall not vest until the effective date of that annual amount of accrued retirement allowance. The retirement benefits shall be calculated on the amounts, terms and conditions in effect on the date of the final contribution by the member. The annual amount of initial service retirement allowance of such a member shall equal paragraph (a) or (b) of this subsection, whichever is greater:

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

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

(3) ~~The p~~Provisions of this section shall be applicable to members and contingent annuitants of the retirement system and to members, annuitants and beneficiaries of the teachers and city systems. In any recomputation of an initial retirement allowance for a person not making a final contribution subsequent to 1974, the bridging factor referred to in subsections (1) and (2) of this section shall be 1.000. Any recomputed retirement allowance shall be payable only prospectively from July 1, 1974.

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

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

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

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

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

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

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

(b) A separation benefit.

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

(8) A member's accrued retirement allowance, as otherwise provided in subsections (1), (2), (3), (4) and (5) of this section, shall not be less than the minimum accrued retirement allowance provided in this subsection. The determination of the initial service retirement allowance provided in subsections (1) and (2) of this section, and the application of the provisions in subsections (6) and (7) of this section, will be made after the determination of the minimum accrued retirement allowance provided in this subsection.

This subsection shall apply to members who have at least two (2) separate periods of employment covered under this chapter where each separate period of employment would otherwise be eligible for a separation benefit described in section 59-1359, Idaho Code. For purposes of this subsection, if a separation of employment occurs that does not exceed sixty (60) consecutive calendar months, then the member's period of employment shall be considered a continuous period of employment. For purposes of this subsection, the date of last contribution is the date of final contribution for each period or periods of employment.

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

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

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

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

(c) The accrued retirement allowance computed for each period is multiplied by the bridging factor as provided in section 59-1355(3), Idaho Code, between the date of the last contribution made during that separate period of employment and the date of the member's final contribution made during the last period of employment prior to retirement.

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

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

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