

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 158

BY EDUCATION COMMITTEE

AN ACT

1 RELATING TO THE STATE BOARD OF EDUCATION; AMENDING SECTION 33-107B, IDAHO
2 CODE, TO PROVIDE THAT THE INSTITUTIONAL CONTRIBUTION OPTIONAL RETIRE-
3 MENT PROGRAM RATE SHALL BE EQUAL TO PERSI CONTRIBUTION RATES AND TO MAKE
4 A TECHNICAL CORRECTION.
5

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

7 SECTION 1. That Section 33-107B, Idaho Code, be, and the same is hereby
8 amended to read as follows:

9 33-107B. BOARD MAY ESTABLISH AN OPTIONAL RETIREMENT PROGRAM FOR COM-
10 MUNITY COLLEGES AND POSTSECONDARY PROFESSIONAL-TECHNICAL EDUCATION INSTI-
11 TUTIONS. (1) The state board of education may establish an optional retire-
12 ment program under which contracts providing retirement and death benefits
13 may be purchased for members of the teaching staff and officers of community
14 colleges and postsecondary professional-technical education institutions,
15 including north Idaho college, college of southern Idaho and eastern Idaho
16 technical college, hired on or after July 1, 1997; provided however, that
17 no such employee shall be eligible to participate in an optional retirement
18 program unless he would otherwise be eligible for membership in the public
19 employee retirement system of Idaho. The benefits to be provided for or on
20 behalf of participants in an optional retirement program shall be provided
21 through annuity contracts or certificates, fixed or variable in nature, or
22 a combination thereof, whose benefits are owned by the participants in the
23 program.

24 (2) The state board of education is hereby authorized to provide for the
25 administration of the optional retirement program and to perform or autho-
26 rize the performance of such functions as may be necessary for such purposes.
27 The board shall designate the company or companies from which contracts are
28 to be purchased under the optional retirement program and shall approve the
29 form and contents of such contracts. In making the designation and giving
30 approval, the board shall consider:

31 (a) The nature and extent of the rights and benefits to be provided by
32 such contracts for participants and their beneficiaries;

33 (b) The relation of such rights and benefits to the amount of contribu-
34 tions to be made;

35 (c) The suitability of such rights and benefits to the needs of the par-
36 ticipants and the interests of the institutions in the recruitment and
37 retention of staff members; and

38 (d) The ability of the designated company to provide such suitable
39 rights and benefits under such contracts.

40 (3) Elections to participate in an optional retirement program shall be
41 as follows:

1 (a) Eligible employees are the teaching staff and officers initially
2 appointed or hired on or after the effective date of this chapter. All
3 eligible employees, except those who are vested members of the public
4 employee retirement system of Idaho, shall participate in the optional
5 retirement program.

6 (b) Eligible employees who are vested members of the public employee
7 retirement system of Idaho may make a one (1) time irrevocable election
8 to transfer to the optional retirement program. The election shall be
9 made in writing and within sixty (60) days of the date of initial hire or
10 appointment, or one hundred fifty (150) days after the effective date of
11 this chapter, whichever occurs later. The election shall be filed with
12 the administrative officer of the employing institution. The election
13 shall be effective not later than the first day of the second pay period
14 following the date of the election.

15 (c) Teaching staff and officers employed by the institution the day
16 before the effective date of this chapter may make a one (1) time ir-
17 revocable election to participate in the optional retirement program.
18 The election shall be made in writing and within one hundred fifty (150)
19 days after the effective date of this chapter. The election shall be
20 filed with the administrative officer of the employing institution.
21 The election shall be effective not later than the first day of the sec-
22 ond pay period following the date of the election.

23 (d) The accumulated contributions of employees who make the one (1)
24 time irrevocable election or are required to participate in the op-
25 tional retirement program may be transferred by the public employee
26 retirement system of Idaho to such qualified plan, maintained under the
27 optional retirement program, as designated in writing by the employee.

28 (e) An election by an eligible employee of the optional retirement pro-
29 gram shall be irrevocable and shall be accompanied by an appropriate ap-
30 plication, where required, for issuance of a contract or contracts un-
31 der the program.

32 (4) (a) Each institution shall contribute on behalf of each participant
33 in its optional retirement program the following:

34 (i) To the designated company or companies, an amount equal to
35 seven and eighty-one hundredths percent (7.81%) of each partici-
36 pant's salary, reduced by any amount necessary, if any, to provide
37 contributions to a total disability program provided either by the
38 state or by a private insurance carrier licensed and authorized to
39 provide such benefits, or any combination thereof, but in no event
40 less than five percent (5%) of each participant's salary; ~~and~~

41 (ii) To the public employee retirement system, an amount equal to
42 three and eighty-three hundredths percent (3.83%) of salaries of
43 members who are participants in the optional retirement program.
44 This amount shall be paid until July 1, 2011, and is in lieu of
45 amortization payments and withdrawal contributions required pur-
46 suant to chapter 13, title 59, Idaho Code; and

47 (iii) Effective on and after July 1, 2011, the institutional con-
48 tribution optional retirement program rate shall be equal to the
49 PERSI contribution rates.

1 (b) For the purposes of section 59-1322, Idaho Code, the term "pro-
2 jected salaries" shall include the sum of the annual salaries of all
3 participants in the optional retirement program established pursuant
4 to this section.

5 (c) Each participant shall contribute an amount equal to six and
6 ninety-seven hundredths percent (6.97%). Employee contributions may
7 be made by employer pick-up pursuant to section 59-1332, Idaho Code.

8 (5) Any person participating in the optional retirement program shall
9 be ineligible for membership in the public employee retirement system of
10 Idaho so long as he remains continuously employed in any teaching staff posi-
11 tion or as an officer with any of the institutions under the jurisdiction of
12 the state board of education.

13 (6) A retirement, death or other benefit shall not be paid by the state
14 of Idaho or the state board of education for services credited under the
15 optional retirement program. Such benefits are payable to participants or
16 their beneficiaries only by the designated company or companies in accor-
17 dance with the terms of the contracts.