

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 368

BY EDUCATION COMMITTEE

AN ACT

1 RELATING TO HIGHER EDUCATION; AMENDING SECTION 33-107A, IDAHO CODE, TO RE-
2 VISE PROVISIONS REGARDING AN OPTIONAL RETIREMENT PROGRAM AND TO MAKE
3 TECHNICAL CORRECTIONS; AND AMENDING SECTION 33-107B, IDAHO CODE, TO RE-
4 VISE PROVISIONS REGARDING AN OPTIONAL RETIREMENT PROGRAM FOR COMMUNITY
5 COLLEGES AND TO MAKE A TECHNICAL CORRECTION.
6

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

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

10 33-107A. BOARD MAY ESTABLISH AN OPTIONAL RETIREMENT PROGRAM. (1) The
11 state board of education may establish an optional retirement program un-
12 der which contracts providing retirement and death benefits may be purchased
13 for members of the teaching staff and officers of the university of Idaho,
14 Idaho state university, Boise state university, Lewis-Clark state college
15 and the state board of education who are hired on or after July 1, 1993; pro-
16 vided, however, that no such employee shall be eligible to participate in an
17 optional retirement program unless he would otherwise be eligible for mem-
18 bership in the public employee retirement system of Idaho. ~~The benefits to
19 be provided for or on behalf of participants in an optional retirement pro-
20 gram shall be provided through annuity contracts or certificates, fixed or
21 variable in nature, or a combination thereof, whose benefits are owned by the
22 participants in the program.~~

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

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

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

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

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

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

41 (a) Eligible employees are:

1 (i) Those faculty and nonclassified staff initially appointed or
2 hired between July 1, 1990, and June 30, 1993; and

3 (ii) Those teaching staff and officers initially appointed or
4 hired on or after July 1, 1993.

5 All eligible employees, except those who are vested members of the pub-
6 lic employee retirement system of Idaho, shall participate in the op-
7 tional retirement program.

8 (b) Vested members of the public employee retirement system of Idaho
9 may make a one (1) time irrevocable election to remain a member of that
10 retirement system. The election shall be made in writing, within sixty
11 (60) days of the date of initial hire or appointment or the effective
12 date of this act, whichever occurs later. It shall be filed with the ad-
13 ministrative officer of the employing institution.

14 (c) An election by an eligible employee of the optional retirement pro-
15 gram shall be irrevocable and shall be accompanied by an appropriate ap-
16 plication, where required, for issuance of a contract or contracts un-
17 der the program.

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

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

25 (i) To the designated company or companies, an amount equal to
26 nine and thirty-five hundredths percent (9.35%) of each partici-
27 pant's salary, reduced by any amount necessary, if any, to provide
28 contributions to a total disability program provided either by the
29 state or by a private insurance carrier licensed and authorized to
30 provide such benefits or any combination thereof, but in no event
31 less than five percent (5%) of each participant's salary; and

32 (ii) To the public employee retirement system, an amount equal
33 to one and forty-nine hundredths percent (1.49%) of salaries of
34 members who are participants in the optional retirement program.
35 This amount shall be paid until July 1, 2025, and is in lieu of
36 amortization payments and withdrawal contributions required pur-
37 suant to chapter 13, title 59, Idaho Code.

38 (b) Each participant shall contribute an amount equal to six and
39 ninety-seven hundredths percent (6.97%) of the participant's salary.
40 Employee contributions may be made by employer pick-up pursuant to sec-
41 tion 59-1332, Idaho Code.

42 (c) Payment of contributions authorized or required under this subsec-
43 tion shall be made by the financial officer of the employing institution
44 to the designated company or companies for the benefits of each partici-
45 pant.

46 (5) Any person participating in the optional retirement program shall
47 be ineligible for membership in the public employee retirement system of
48 Idaho ~~se~~ as long as he remains continuously employed in any teaching staff
49 position or as an officer with any of the institutions under the jurisdiction
50 of the state board of education.

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

6 SECTION 2. That Section 33-107B, Idaho Code, be, and the same is hereby
 7 amended to read as follows:

8 33-107B. BOARD MAY ESTABLISH AN OPTIONAL RETIREMENT PROGRAM FOR
 9 COMMUNITY COLLEGES ~~AND POSTSECONDARY CAREER TECHNICAL EDUCATION INSTITU-~~
 10 ~~TIONS.~~ (1) The state board of education may establish an optional retirement
 11 program under which contracts providing retirement and death benefits may be
 12 purchased for members of the teaching staff and officers of community col-
 13 leges ~~and postsecondary career technical education institutions,~~ including
 14 north Idaho college, college of southern Idaho and ~~eastern Idaho technical~~
 15 college of eastern Idaho, hired on or after July 1, 1997; provided however,
 16 that no such employee shall be eligible to participate in an optional re-
 17 tirement program unless he would otherwise be eligible for membership in
 18 the public employee retirement system of Idaho. ~~The benefits to be provided~~
 19 ~~for or on behalf of participants in an optional retirement program shall be~~
 20 ~~provided through annuity contracts or certificates, fixed or variable in na-~~
 21 ~~ture, or a combination thereof, whose benefits are owned by the participants~~
 22 ~~in the program.~~

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

- 30 (a) The nature and extent of the rights and benefits to be provided by
 31 such contracts for participants and their beneficiaries;
 32 (b) The relation of such rights and benefits to the amount of contribu-
 33 tions to be made;
 34 (c) The suitability of such rights and benefits to the needs of the par-
 35 ticipants and the interests of the institutions in the recruitment and
 36 retention of staff members; and
 37 (d) The ability of the designated company to provide such suitable
 38 rights and benefits under such contracts.

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

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

46 (b) Eligible employees who are vested members of the public employee
 47 retirement system of Idaho may make a one (1) time irrevocable election
 48 to transfer to the optional retirement program. The election shall be
 49 made in writing and within sixty (60) days of the date of initial hire or

1 appointment, or one hundred fifty (150) days after the effective date of
 2 this chapter, whichever occurs later. The election shall be filed with
 3 the administrative officer of the employing institution. The election
 4 shall be effective not later than the first day of the second pay period
 5 following the date of the election.

6 (c) Teaching staff and officers employed by the institution the day
 7 before the effective date of this chapter may make a one (1) time ir-
 8 revocable election to participate in the optional retirement program.
 9 The election shall be made in writing and within one hundred fifty (150)
 10 days after the effective date of this chapter. The election shall be
 11 filed with the administrative officer of the employing institution.
 12 The election shall be effective not later than the first day of the sec-
 13 ond pay period following the date of the election.

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

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

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

25 ~~(i) To the designated company or companies, an amount equal to~~
 26 ~~seven and eighty-one hundredths percent (7.81%) of each partici-~~
 27 ~~part's salary, reduced by any amount necessary, if any, to provide~~
 28 ~~contributions to a total disability program provided either by the~~
 29 ~~state or by a private insurance carrier licensed and authorized to~~
 30 ~~provide such benefits, or any combination thereof, but in no event~~
 31 ~~less than five percent (5%) of each participant's salary;~~

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

38 ~~(iii) Effective on and after July 1, 2011, the institutional~~
 39 ~~contribution optional retirement program rate shall be equal to~~
 40 ~~the PERSI public employee retirement system of Idaho contribu-~~
 41 ~~tion rates to the designated company or companies, reduced by~~
 42 ~~the amount necessary, if any, to provide contributions to a total~~
 43 ~~disability program provided either by the state or by a private in-~~
 44 ~~surance carrier licensed and authorized to provide such benefits,~~
 45 ~~or any combination thereof, but in no event less than five percent~~
 46 ~~(5%) of each participant's salary.~~

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

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

4 (5) Any person participating in the optional retirement program shall
5 be ineligible for membership in the public employee retirement system of
6 Idaho ~~se~~ as long as he remains continuously employed in any teaching staff
7 position or as an officer with any of the institutions under the jurisdiction
8 of the state board of education.

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