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Director

Legislative Services Office

Idaho State Legislature

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MEMORANDUM

TO: Rules Review Subcommittee of the Senate Commerce & Human Resources Committee and the House Commerce & Human Resources Committee

FROM: Deputy Division Manager - Eric Milstead

DATE: August 1, 2014

SUBJECT: PERSI (Public Employee Retirement System of Idaho)

IDAPA 59.01.06 - Rules Pertaining To The PERSI Retirement Rules (Docket No. 59-0106-1401)

IDAPA 59.02.01 - Rules Pertaining To The Rules for the Judges' Retirement Fund (New Chapter) (Docket No. 59-0201-1401)

1. The Public Employee Retirement System of Idaho has submitted temporary and proposed rulemaking at IDAPA 59.01.06 -- Rules Pertaining to the PERSI Retirement Rules. The temporary and proposed rule is straightforward and reflects the following two changes: it specifically includes a reference to "age 62 or older relating to elected or appointed officials working for multiple employers; a similar change is included in the section governing elected or appointed officials who retire while continuing to work, where such official does "not normally work twenty (20) hours or more per week."

The agency notes that the effective date of the temporary rule was May 20, 2014.

The rulemaking appears to be authorized pursuant to section 59-1314, 72-1405 and 67-5226, Idaho Code.

2. The Public Employee Retirement System of Idaho has submitted temporary and proposed rulemaking at IDAPA 59.02.01 -- Rules for the Judges' Retirement Fund. The temporary and proposed rule provides for the administration of the Judges' Retirement System by PERSI. This move was provided by 2012 House Bill 660. That legislation provided for PERSI's administration of the plan after an IRS determination that the Judges' Retirement Fund is a qualified plan and after changes required by the IRS had been adopted.

The temporary and proposed rule includes an increased contribution rate for the employer which will reflect an estimated net increase of approximately \$2.85 million. The agency notes that of that increase, approximately \$2.0 million will be offset by civil filing fees to be redirected from the Judges' Retirement Fund to the state General Fund.

The agency states that negotiated rulemaking was not conducted because such a process would be inconsistent with the Retirement Board's exclusive fiduciary responsibility for plan oversight and operations.

The agency states that the effective date of the temporary rule is July 1, 2014. The rulemaking appears to be authorized pursuant to sections 1-2012, 67-5221 and 67-5226, Idaho Code.

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cc: PERSI (Public Employee Retirement System of Idaho)
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