

State of South Dakota

SEVENTY-SECOND SESSION
LEGISLATIVE ASSEMBLY, 1997

400A0291

SENATE BILL NO. 34

Introduced by: The Committee on Retirement Laws at the request of the South Dakota
Retirement System

1 FOR AN ACT ENTITLED, An Act to increase the retirement allowance for certain credited
2 service under the South Dakota Retirement System.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That subdivision (28) of § 3-12-47 be repealed.

5 (28) ~~"Eligible prior service," any credited service as of June 30, 1994. However, any~~
6 ~~service purchased pursuant to §§ 3-12-83 and 3-12-84 between January 1, 1994, and~~
7 ~~June 30, 1994, does not qualify as eligible prior service;~~

8 Section 2. That § 3-12-91 be amended to read as follows:

9 3-12-91. Upon retirement, a member shall receive a normal retirement allowance,
10 commencing at normal retirement age or thereafter as provided in § 3-12-90, for class A credited
11 service, equal to the larger of 1.3% of final compensation for each year of class A credited
12 service ~~plus .1% of final compensation for one-half of all eligible prior service,~~ or 2.0% of final
13 compensation for each year of class A credited service, less other public benefits. For purposes
14 of this section, federal military retirement or federal national guard retirement benefits are not
15 other public benefits. Class A credited service includes all credited service under this or any of

1 the retirement systems consolidated pursuant to § 3-12-46.

2 However, the allowance for each year of credited service prior to July 1, 1997, shall be as
3 provided in section 5 of this Act.

4 Section 3. That § 3-12-92 be amended to read as follows:

5 3-12-92. Upon retirement after July 1, 1974, a member shall receive a normal retirement
6 allowance, commencing at normal retirement age or thereafter as provided in § 3-12-90, for class
7 B credited service other than as a justice, judge, or magistrate judge, equal to 2.0% of final
8 compensation for each year of class B credited service other than as a justice, judge, or
9 magistrate judge ~~plus .1% of final compensation for one-half of each year of class B eligible prior~~
10 ~~service other than as a justice, judge, or magistrate judge.~~

11 However, the allowance for each year of credited service prior to July 1, 1997, shall be as
12 provided in section 5 of this Act.

13 Section 4. That § 3-12-92.4 be amended to read as follows:

14 3-12-92.4. Upon retirement after July 1, 1974, a member shall receive a normal retirement
15 allowance, commencing at normal retirement age or thereafter as provided in § 3-12-90, for class
16 B credited service as a justice, judge, or magistrate judge equal to 3.333% of final compensation
17 for each year of class B credited service as a justice, judge, or magistrate judge up to fifteen
18 years plus 2.0% of final compensation for each year of class B credited service as a justice,
19 judge, or magistrate judge in excess of fifteen years ~~plus .1% of final compensation for one-half~~
20 ~~of each year of class B eligible prior service as a justice, judge, or magistrate judge.~~

21 However, the allowance for each year of credited service prior to July 1, 1997, shall be as
22 provided in section 5 of this Act.

23 Section 5. That chapter 3-12 be amended by adding thereto a NEW SECTION to read as
24 follows:

25 The retirement allowance for periods prior to July 1, 1997, shall be 1.4% of final

1 compensation for each year of class A credited service.

2 The retirement allowance for periods prior to July 1, 1997, shall be 2.1% of final
3 compensation for each year of class B credited service other than as a justice, judge, or
4 magistrate judge.

5 The retirement allowance for periods prior to July 1, 1997, shall be 3.433% of final
6 compensation for each year of class B credited service as a justice, judge, or magistrate judge
7 up to fifteen years, plus 2.1% of final compensation for each year of class B credited service as
8 a justice, judge, or magistrate judge in excess of fifteen years.

9 Section 6. That § 3-12-138 be repealed.

10 ~~—3-12-138. Each member who retired prior to July 1, 1994, and each beneficiary of a deceased~~
11 ~~member who retired prior to July 1, 1994, with class A credited service or class B credited~~
12 ~~service other than as a justice, judge, or magistrate judge and who is not receiving a class A~~
13 ~~2.0% allowance, is entitled to receive an additional .1% of the final compensation used to~~
14 ~~calculate the retirement allowance for one-half of all eligible prior service improved by the~~
15 ~~improvement factor for each full fiscal year from the date of retirement to July 1, 1994. Retirees~~
16 ~~and beneficiaries receiving an allowance based on the class A 2.0% formula provided in~~
17 ~~§ 3-12-91 may not receive an additional .1% of final compensation. If a retiree or beneficiary~~
18 ~~receiving a retirement allowance based on the class A 2.0% formula would receive a higher~~
19 ~~benefit under the 1.3% formula as provided in § 3-12-91 when improved by the improvement~~
20 ~~factor for each full fiscal year from the date of retirement to July 1, 1994, the higher benefit shall~~
21 ~~be paid effective July 1, 1994.~~

22 ~~—Each member who retired prior to July 1, 1994, and each beneficiary of a deceased member~~
23 ~~who retired prior to July 1, 1994, with class B credited service as a justice, judge, or magistrate~~
24 ~~judge, is entitled to receive an additional .1% of the final compensation used to calculate the~~
25 ~~retirement allowance for one-half of each year of class B eligible prior service as a justice, judge,~~

1 or magistrate judge improved by the improvement factor for each full fiscal year from the date
2 of retirement to July 1, 1994.

3 — Each member or beneficiary of a member who retired prior to July 1, 1974, who is receiving
4 benefits pursuant to § 3-12-126 or each member or beneficiary of a member who elected to retire
5 pursuant to § 3-12-127, is entitled to have a benefit increased by 2.0% in lieu of the increase
6 provided in this section.

7 — If a member retired prior to normal retirement age, the additional allowance shall be adjusted
8 in accordance with the law in effect at the time of retirement.

9 — If a member elected an alternate form of retirement allowance under the law in effect at the
10 time of retirement, the additional allowance shall be adjusted in accordance with the law in effect
11 at the time of retirement.

12 — If the additional allowance is to be paid to a beneficiary of a deceased member, the additional
13 allowance shall be adjusted in accordance with the law in effect at the time of the member's
14 retirement.

15 Section 7. That chapter 3-12 be amended by adding thereto a NEW SECTION to read as
16 follows:

17 Each member who retired prior to July 1, 1997, and each beneficiary of a deceased member
18 who retired prior to July 1, 1997, shall receive a retirement allowance as provided in section 5
19 of this Act. Retirees and beneficiaries receiving an allowance based on the class A 2.0% formula
20 provided in § 3-12-91 shall continue to receive that allowance unless the retiree or beneficiary
21 would receive a higher benefit under the 1.4% formula provided in section 5 of this Act when
22 improved by the improvement factor for each full fiscal year from the date of retirement to
23 July 1, 1997.

24 Increased benefits as provided by this section are effective July 1, 1997.

25 Each member or beneficiary of a member who retired prior to July 1, 1974, who is receiving

1 benefits pursuant to § 3-12-126 or each member or beneficiary of a member who elected to retire
2 pursuant to § 3-12-127, may have a benefit increased by 2.0% in lieu of the increase provided
3 in this section.

4 If a member retired prior to normal retirement age, the allowance shall be adjusted in
5 accordance with the law in effect at the time of retirement. If a member elected an alternate
6 method of payment under the law in effect at the time of retirement, the allowance shall be
7 adjusted in accordance with the law in effect at the time of retirement. If the additional allowance
8 is to be paid to a beneficiary of a deceased member, the additional allowance shall be adjusted
9 in accordance with the law in effect at the time of the member's retirement.

10 No member or beneficiary whose retirement allowance terminated prior to July 1, 1997, may
11 receive any benefits pursuant to this section.