

CHAPTER 149

I.P.E.R.S. REVISION

H. F. 287

AN ACT relating to the Iowa Public Employees' Retirement System by increasing the membership and the per diem of the advisory investment board, increasing the covered wages, reducing the number of years required to become a vested member, providing for prior service credit, providing for service after age sixty-five, permitting retroactive payments, allowing full-time employment with benefits after age sixty-five, increasing the membership benefit formula, providing a minimum monthly benefit, changing the method of computing the rate of interest credit for members, and increasing the percent of the total cost price of common stocks held by the retirement fund.

Be It Enacted by the General Assembly of the State of Iowa:

1 SECTION 1. Section ninety-seven B point eight (97B.8), Code 1973,
 2 is amended to read as follows:
 3 **97B.8 Advisory investment board.** A board shall be established
 4 to be known as the "Advisory Investment Board of the Iowa Public
 5 Employees' Retirement System", hereinafter called the "board", whose
 6 duties shall be to advise and confer with the commission in matters
 7 relating to the investment of the trust funds of the Iowa public em-
 8 ployees' retirement system. The powers of the board shall be purely
 9 advisory and the commission shall not be bound in the making of any
 10 investment by the recommendations of the board. The board shall
 11 consist of ~~five~~ *seven** members. ~~Three~~ *Five** of the members shall be
 12 appointed by the governor, one of whom shall be an executive of a
 13 domestic life insurance company, one an executive of a state or
 14 national bank operating within the state of Iowa, ~~and the third shall~~
 15 ~~be an executive of a major industrial corporation located within the~~
 16 ~~state of Iowa, and two shall be active members of the system, one of~~
 17 ~~whom shall be an employee of a school district, county school system,~~
 18 ~~joint county system, or merged area and one of whom shall not be an~~
 19 ~~employee of a school district, county school system, joint county sys-~~
 20 ~~tem, or merged area.*~~ The president of the senate shall appoint one
 21 member from the membership of the senate and the speaker of the
 22 house of representatives shall appoint one member from the member-
 23 ship of the house. The two members appointed by the president of
 24 the senate and the speaker of the house of representatives ~~and the two~~
 25 ~~active members of the system appointed by the governor*~~ shall be ex
 26 officio members of the board. ~~Members appointed by the governor~~
 27 ~~The members who are executives of a domestic life insurance com-~~
 28 ~~pany, a state or national bank, and a major industrial corporation*~~
 29 shall be paid their actual expenses incurred in performance of their
 30 duties and shall receive in addition thereto the sum of ~~twenty-five~~
 31 ~~forty~~* dollars for each day of service not exceeding forty days per year.
 32 Ex officio members shall receive their actual expenses incurred in the
 33 performance of their duties. ~~The members who are active members~~
 34 ~~of the system shall be paid their actual expenses incurred in the per-~~
 35 ~~formance of their duties as members of the board and performance~~
 36 ~~of their duties as members of the board shall not affect their salaries,~~
 37 ~~vacation, or leaves of absence for sickness or injury.*~~ The appointive
 38 terms of the members appointed by the governor shall be for a period

*See ch. 51, §4, herein, a later enactment.

39 of six years dating from July 1 *first** of the year in which they are
 40 appointed, but the governor shall designate, in the case of the original
 41 appointees, one who shall serve for a period of two years, a second
 42 who shall serve for a period of four years, and a third who shall serve
 43 for a period of six years. *For the initial appointments one active*
 44 *member of the system shall serve for a term of two years and the*
 45 *other active member of the system shall serve for a term of four*
 46 *years.** In the event of vacancy, through resignation or any other
 47 cause, in the membership of the board, the governor shall have the
 48 power of appointment. Appointees to this board shall be subject to
 49 confirmation by a two-thirds vote of the senate, but in the event of
 50 interim appointments, such confirmation shall be necessary at the next
 51 session of the senate.

1 SEC. 2. Section ninety-seven B point eleven (97B.11), Code 1973,
 2 is amended** to read as follows:

3 97B.11 Contributions by employer and employee. Each employer
 4 shall deduct from the wages of each member of the system a contribu-
 5 tion in the amount of three and one-half percent of the covered wages
 6 paid by the employer until the first of the month after the member's
 7 seventieth birthday or his termination or retirement from employ-
 8 ment, whichever is earlier. The contributions of the member shall be
 9 matched by the employer.

1 SEC. 3. Section ninety-seven B point forty-one (97B.41), subsec-
 2 tion one (1), paragraph b, subparagraph three (3), Code 1973, is
 3 amended to read as follows:

4 (3) For each calendar year from January 1, 1968, through Decem-
 5 ber 31, 1970, wages not in excess of seven thousand dollars, ~~and for~~
 6 ~~each calendar year from January 1, 1971 through December 31, 1972,~~
 7 ~~and thereafter,~~ wages not in excess of seven thousand eight hundred
 8 dollars, ~~and for each calendar year from January 1, 1973, and there-~~
 9 ~~after,~~ wages not in excess of ten thousand eight hundred dollars.

1 SEC. 4. Section ninety-seven B point forty-one (97B.41), subsec-
 2 tion one (1), paragraph b, subparagraph four (4), Code 1973, is
 3 amended to read as follows:

4 (4) Effective July 1, ~~1967~~ 1973, covered wages shall not include
 5 wages to a member after the first of the month coinciding with or next
 6 following his seventieth birthday, or after the effective date of his
 7 retirement unless he is re-employed, as provided under section 97B.48,
 8 subsection 3.

1 SEC. 5. Section ninety-seven B point forty-one (97B.41), subsec-
 2 tions eleven (11) and eighteen (18), Code 1973, are amended to read
 3 as follows:

4 11. "Vested member" means a member who had terminated employ-
 5 ment ~~after having either~~ (a) *prior to July 1, 1973, after having com-*
 6 *pleted at least eight years of service,* ~~or~~ (b) *on or after July 1, 1973,*
 7 *after having completed at least four years of service,* or (c) *after*
 8 *having attained the age of fifty-five.*

9 18. "Membership service" means service rendered by a member

*See ch. 51, §4, herein, a later enactment.

**According to enrolled Act.

10 after July 4, 1953, and prior to the first of the month coinciding with
 11 or next following his seventieth birthday. Years of membership ser-
 12 vice shall be counted to the complete quarter calendar year.

1 SEC. 6. Section ninety-seven B point forty-three (97B.43), Code
 2 1973, is amended by adding the following new unnumbered para-
 3 graph:

4 NEW UNNUMBERED PARAGRAPH. Each individual who as of July 1,
 5 1973 was an active, vested, or retired member and who (1) made
 6 application for and received a refund of contributions made under
 7 the abolished system or (2) has on deposit with the retirement fund
 8 his contributions made under the abolished system shall be entitled to
 9 credit for years of prior service in the determination of retirement
 10 allowance payments by filing a written election with the commission
 11 between July 1, 1973, and July 1, 1974, and by redepositing any with-
 12 drawn contributions under the abolished system together with interest
 13 as stated in this paragraph. Any individual who as of July 1, 1973 is
 14 a retired member and who made application for and received a refund
 15 of contributions made under the abolished system, may, by filing a
 16 written election with the commission between July 1, 1973 and July 1,
 17 1974, have the commission retain fifty percent of the monthly increase
 18 in retiree benefits that will accrue to the individual because of prior
 19 service. If the monthly increase in retirement benefits is less than
 20 ten dollars, the commission shall retain five dollars of the scheduled
 21 increase, and if the monthly increase is less than five dollars, the
 22 provisions of this paragraph shall not apply. The commission shall
 23 continue to retain such funds until the withdrawn contributions,
 24 together with interest accrued to July 1, 1973, have been repaid. Due
 25 notice of this provision shall be sent to all retired members as of
 26 July 1, 1973. However, this paragraph shall not apply to any person
 27 who received a refund of any membership service contributions. The
 28 interest to be paid into the fund shall be compounded at the rates
 29 credited to member accounts from the date of payment of the refund
 30 of contributions under the abolished system to the date the member
 31 redeposits the refunded amount. The provisions of the first paragraph
 32 of this section relating to the consideration given to credited amounts
 33 shall apply to the redeposited amounts or to amounts left on deposit.

1 SEC. 7. Section ninety-seven B point forty-five (97B.45), Code
 2 1973, is amended by striking the section and inserting in lieu thereof
 3 the following:

4 **97B.45 Retirement age at sixty-five.** A member's normal retire-
 5 ment date shall be the first of the month coinciding with or next follow-
 6 ing his sixty-fifth birthday. A member may retire after his sixty-fifth
 7 birthday except as otherwise provided in section ninety-seven B point
 8 forty-six (97B.46) of the Code. A member retiring after his normal
 9 retirement date, as provided in section ninety-seven B point forty-six
 10 (97B.46) of the Code, shall submit a written notice to the commission
 11 setting forth the date the retirement is to become effective, provided
 12 that such date shall be after his last day of service and not before the
 13 first day of the sixth calendar month preceding the month in which
 14 the notice is filed, except that credit for service shall cease after the
 15 normal retirement date. Notwithstanding the provisions of this sec-
 16 tion and section ninety-seven B point forty-six (97B.46) of the Code,

17 an employer may adopt policies which prescribe retirement at an age
18 not less than sixty-five years.*

1 SEC. 8. Section ninety-seven B point forty-six (97B.46), Code
2 1973, is amended to read as follows:

3 97B.46 ~~Service after age seventy~~ *sixty-five*. A member may, on
4 the request of the employer, remain in the active employ of the em-
5 ployer beyond the date he attains the age of ~~seventy~~ *sixty-five* for
6 such period or periods as the employer from time to time shall approve,
7 provided, however, that credit for such service shall cease when con-
8 tributions cease as provided in section 97B.11. The member shall
9 retire from the employment of the employer at the end of the last
10 approved period, on the first day of the month next following or co-
11 inciding with such date. A member remaining in service past his
12 seventy-second birthday shall be entitled to receive a retirement allow-
13 ance under subsections 2 and 3 of section 97B.49 ~~on the first day of~~
14 ~~the month within which the notice is filed commencing with payment~~
15 ~~for the calendar month within which the written notice is submitted~~
16 ~~to the commission, except that if he fails to submit the notice on a~~
17 ~~timely basis, retroactive payments shall be made for no more than six~~
18 ~~months immediately preceding the month in which the written notice~~
19 ~~is submitted.~~

1 SEC. 9. Section ninety-seven B point forty-seven (97B.47), Code
2 1973, is amended to read as follows:

3 97B.47 **Retirement date.** A member's early retirement date shall
4 be the first of any month coinciding with or following his fifty-fifth
5 birthday and prior to his normal retirement date, provided such date
6 shall be after the last day of service. A member may retire on his
7 early retirement date by submitting written notice to the commission
8 setting forth the early retirement date which shall be ~~no more than~~
9 ~~thirty days prior to the filing of such notice not be before the first day~~
10 ~~of the sixth calendar month preceding the month in which such notice~~
11 ~~is filed.~~

1 SEC. 10. Section ninety-seven B point forty-eight (97B.48), Code
2 1973, is amended by striking subsections two (2) and three (3) and
3 inserting in lieu thereof the following:

4 2. The first monthly payment of a normal retirement allowance
5 shall be paid as of the normal retirement effective date, which date
6 shall be the later of the normal retirement date or the first day of the
7 sixth calendar month preceding the month in which written notice of
8 normal retirement is submitted to the commission. Payment of an
9 early retirement allowance or an allowance for retirement after the
10 normal retirement date shall be paid as of the effective date of retire-
11 ment subject to the provisions of sections ninety-seven B point forty-
12 five (97B.45), ninety-seven B point forty-six (97B.46), or ninety-seven
13 B point forty-seven (97B.47) of the Code. The payments shall be
14 continued thereafter for the lifetime of the retired member except as
15 provided in subsection three (3) of this section.

16 3. If at any time after the first day of the month coinciding with or
17 next following his fifty-fifth birthday and until his sixty-fifth birthday,

*See also ch 150, §1, herein.

18 a member who is retired under this chapter is in regular full-time
 19 employment, his retirement allowance shall be suspended for as long
 20 as he remains in employment. However, employment shall not be
 21 regarded as full-time employment until he receives remuneration in
 22 an amount in excess of two thousand one hundred dollars for any
 23 calendar year. Effective the first of the month coinciding with or next
 24 following his sixty-fifth birthday, a retired member shall be entitled
 25 to receive a retirement allowance after return to covered employment
 26 regardless of the amount of remuneration received. As of the first of
 27 the month coinciding with or next following the member's seventy-
 28 second birthday, he shall be entitled to receive a retirement allowance
 29 determined under section ninety-seven B point forty-nine (97B.49)
 30 of the Code, regardless of the amount of remuneration received. Upon
 31 any retirement after reemployment, a retired member shall be entitled
 32 to have his retirement allowance redetermined under sections ninety-
 33 seven B point forty-eight (97B.48), ninety-seven B point forty-nine
 34 (97B.49), or ninety-seven B point fifty (97B.50) of the Code, which-
 35 ever is applicable, based upon the employee's and his employer's addi-
 36 tional contributions, and any membership service of the employee
 37 after his reemployment and prior to his normal retirement date.

1 SEC. 11. Section ninety-seven B point forty-nine (97B.49), un-
 2 numbered paragraph one (1), Code 1973, is amended to read as fol-
 3 lows:

4 Each member shall, upon retirement *on* or after his normal retire-
 5 ment date, be entitled to receive a monthly retirement allowance
 6 determined under subsections 1, 2, and 3 of this section. Any retire-
 7 ment allowance which is in addition to the amount being paid to
 8 retired members ~~on July 1, 1970~~ *as of June 30, 1973*, shall become
 9 effective with payments as of July 1, ~~1970~~ *1973*. For members retiring
 10 on and after July 1, ~~1970~~ *1973*, the retirement allowance as determined
 11 herein shall commence on the effective date of retirement.

1 SEC. 12. Section ninety-seven B point forty-nine (97B.49), sub-
 2 sections one (1) and two (2), Code 1973, are amended to read as
 3 follows:

4 1. For each active member retiring from employment *after July 1,*
 5 *1973* with ~~five~~ *four* or more complete years of service, a formula
 6 benefit shall be determined. The amount of the monthly formula
 7 benefit for each such active member who retired on or after July 1,
 8 ~~1970~~ *1973*, shall be equal to one-twelfth of one and ~~forty-five~~ *fifty-*
 9 *seven* hundredths percent per year of membership service multiplied
 10 by his average annual covered wages; but in no case shall the amount
 11 of monthly formula benefit accrued for membership service prior to
 12 July 1, 1967, be less than the monthly annuity at the normal retire-
 13 ment date determined by applying the sum of the member's accumu-
 14 lated contributions, his employer's matching accumulated contribu-
 15 tions on or before June 30, 1967, and any retirement dividends stand-
 16 ing to his credit on or before December 31, 1966, to the annuity tables
 17 in use by the commission with due regard to the benefits payable from
 18 such accumulated contributions under sections 97B.52 and 97B.53.

19 *Commencing July 1, 1973, for each member who retired and com-*
 20 *menced receiving, or who became vested in, a retirement allowance*
 21 *before July 1, 1973, the amount of regular monthly retirement allow-*

22 *ance attributable to membership service that he received, for June,*
 23 *1973, or was vested in as of June 30, 1973, shall be increased in the*
 24 *same proportion as the increase granted under this subsection for*
 25 *active members retiring after July 1, 1973.*

26 2. For each active member retiring with less than ~~five~~ *four* com-
 27 plete years of service and who therefore cannot have his benefit deter-
 28 mined under the formula benefit of subsection 1 of this section and
 29 for each vested member a monthly annuity for membership service
 30 shall be determined by applying the member's accumulated contribu-
 31 tions and his employer's matching accumulated contributions as of his
 32 effective retirement date and any retirement dividends standing to his
 33 credit on or before December 31, 1966, to the annuity tables in use by
 34 the commission according to his age determined as follows:

35 a. If his normal retirement date coincides with or follows July 1,
 36 1967, his age on his normal retirement date.

37 b. If his normal retirement date precedes July 1, 1967, and his
 38 effective date of retirement coincides with or follows July 1, 1967,
 39 his age on July 1, 1967.

1 SEC. 13. Section ninety-seven B point forty-nine (97B.49), Code
 2 1973, is amended by adding the following new subsection:

3 NEW SUBSECTION. For each active member retiring on or after
 4 June 30, 1973, and who has completed ten or more years of member-
 5 ship service, the total amount of monthly benefit payable at the normal
 6 retirement date for prior service and membership service shall not be
 7 less than fifty dollars per month. If benefits commence on an early
 8 retirement date, the amount of benefit shall be reduced in accordance
 9 with section ninety-seven B point fifty (97B.50) of the Code. If an
 10 optional allowance is selected under section ninety-seven B point fifty-
 11 one (97B.51) of the Code, the amount payable shall be the actuarial
 12 equivalent of the minimum benefit. An employee who is in employ-
 13 ment on a school year or academic year basis, will be considered to be
 14 an active member as of June 30, 1973, if he completes the 1972-73
 15 school year or academic year.

1 SEC. 14. Section ninety-seven B point fifty-three (97B.53), sub-
 2 sections two (2) and seven (7), Code 1973, are amended to read as
 3 follows:

4 2. If the employment with the employer of a member is terminated
 5 prior to his retirement, other than by death, but after he has either
 6 (a) completed at least ~~eight~~ *four* years of service, or (b) has attained
 7 the age of fifty-five, he shall receive a monthly retirement allowance
 8 commencing on the first day of the month next following or coinciding
 9 with the date he attains the age of sixty-five, if he is then alive, or,
 10 if the member so elects in accordance with section 97B.47, commencing
 11 on the first day of any month coinciding or next following the date he
 12 attains the age of fifty-five and prior to the date he attains the age of
 13 sixty-five, and continuing on the first day of each month thereafter
 14 during his lifetime, provided the member does not receive prior to the
 15 date his retirement allowance is to commence a refund of accumulated
 16 contributions under any of the provisions of this chapter. The amount
 17 of each such monthly retirement allowance shall be determined as
 18 provided in either section 97B.49 or in section 97B.50, whichever is
 19 applicable.

20 7. Any member whose employment is terminated after *one year of*
 21 *employment but before* he has accumulated ~~five~~ *four* or more years of
 22 employment, either under the provisions of this chapter or as a result
 23 of prior service credits, may elect to leave his accumulated contribu-
 24 tions in the retirement fund. In the event he returns to public employ-
 25 ment at any time within ~~five~~ *four* years after this termination of
 26 employment, he shall be entitled to resume membership in the system
 27 with the same credits for prior service and accumulated contributions
 28 that he had earned when his original employment was terminated.
 29 No interest shall be credited on his accumulated contributions nor on
 30 his employer's accumulated contributions during the period from the
 31 time of his termination of employment to his resumption of employ-
 32 ment.

33 Any member who has resumed employment under the provisions of
 34 this subsection shall not be eligible for any second period of absence
 35 from membership as a result of termination of service ~~until he shall~~
 36 ~~have been employed for a period of five years or more from the date of~~
 37 ~~resumption of employment.~~

1 SEC. 15. Section ninety-seven B point seventy (97B.70), subsec-
 2 tion one (1), paragraph d, Code 1973, is amended to read as follows:
 3 d. Mean assets shall include fixed income investments valued at cost
 4 or on an amortized basis, and common stocks at market values *or cost,*
 5 *whichever is lower.*

1 SEC. 16. Section three (3) of this Act shall take effect on and be
 2 in force retroactive to January 1, 1973 upon publication as provided
 3 in section eighteen (18) of this Act. Sections one (1) and two (2)
 4 and four (4) through fifteen (15), inclusive, of this Act shall become
 5 effective on July 1, 1973.

1 SEC. 17.* Section ninety-seven B point seven (97B.7), subsection
 2 seven (7), unnumbered paragraph one (1), Code 1973, is amended to
 3 read as follows:
 4 7. The total cost price of common stocks held by the retirement fund
 5 shall not exceed ~~ten~~ *twenty-five* percent of the total value of the retire-
 6 ment fund. The cost price of stock investments in any one corporation
 7 shall not exceed five percent of the maximum amount which may be
 8 invested in stocks. Not more than five percent of the issued stock of
 9 any one corporation may be owned by the fund. For purposes of this
 10 chapter value consists of cash, the par value or unpaid balance of all
 11 unmatured or unpaid investments requiring the payment of a fixed
 12 amount at payment date, and the cost price of all other investments.
 13 The total cost of common stocks purchased during any year shall not
 14 exceed twenty-five percent of all moneys collected under chapter 97B
 15 together with investment income received by the system during that
 16 year.

1 SEC. 18. This Act, being deemed of immediate importance, shall
 2 take effect and be in force from and after its publication in The Sioux

*See ch. 151, §3, herein.

3 City Journal, a newspaper published in Sioux City, Iowa, and in The
4 Manchester Press, a newspaper published in Manchester, Iowa.

Approved May 15, 1973.

I hereby certify that the foregoing Act, House File 287, was published in The Sioux City Journal, Sioux City, Iowa, May 21, 1973, and in The Manchester Press, Manchester, Iowa, May 23, 1973.

MELVIN D. SYNHORST, *Secretary of State.*

CHAPTER 150

PUBLIC EMPLOYEES RETIREMENT

H. F. 206

AN ACT relating to the age of retirement for a public employee.

Be It Enacted by the General Assembly of the State of Iowa:

1 SECTION 1. Chapter ninety-seven B (97B), Code 1973, is amended
2 by adding the following new section:

3 NEW SECTION. The provisions of section ninety-seven B point
4 forty-five (97B.45) of the Code shall not be construed to render in-
5 valid any provisions of a policy established by an employer which pre-
6 scribes retirement at an age not less than sixty-five years.*

1 SEC. 2. This Act, being deemed of immediate importance, shall
2 take effect and be in force from and after its publication in The
3 Ogden Reporter, a newspaper published in Ogden, Iowa, and in The
4 Mitchellville Index, a newspaper published in Mitchellville, Iowa.

Approved March 9, 1973.

I hereby certify that the foregoing Act, House File 206, was published in The Ogden Reporter, Ogden, Iowa, March 14, 1973, and in The Mitchellville Index, Mitchellville, Iowa, March 22, 1973.

MELVIN D. SYNHORST, *Secretary of State.*

*See also ch. 149, §7, herein.

CHAPTER 151

I.P.E.R.S. AMENDMENTS

S. F. 550

AN ACT making corrective amendments to House File two hundred eighty-seven (287) as enacted by the Sixty-fifth General Assembly, 1973 Session.

Be It Enacted by the General Assembly of the State of Iowa:

1 SECTION 1. House File two hundred eighty-seven (287), section
2 seven (7), as enacted by the Sixty-fifth General Assembly, 1973 Ses-
3 sion, is amended to read as follows:

4 Sec. 7. Section ninety-seven B point forty-five (97B.45), Code
5 1973, is amended by striking the section and inserting in lieu thereof
6 the following:

7 97B.45 Retirement age at sixty-five. A member's normal retire-
8 ment date shall be the first of the month coinciding with or next fol-
9 lowing his sixty-fifth birthday. A member may retire after his sixty-