

b. The study group shall develop potential placement and program criteria for the state juvenile home, based upon the expectation that the home will continue to serve as a coeducational juvenile facility for 90 youth but shall consider that residential treatment program expansions may eliminate the need for placements of children found to be in need of assistance (CHINA) at the home and that the population and population needs may change.

c. Developing a plan for converting the state training school at Eldora, or parts of the facility, to a statewide diagnosis and evaluation center used to identify appropriate treatment and placement alternatives. The plan shall include provisions, including estimated costs, to establish regional secure treatment facilities for youth who require intensive treatment in this type of setting for extended periods of time. The planning group shall consider potential locations for the facilities near areas of the state in which a wide variety of support services, work and training opportunities, and educational program support are available.

Sec. 23. YOUTHFUL OFFENDERS PROGRAM.

1. Effective July 1, 1992, a youthful offenders program is established within the department of corrections to provide for the control, treatment, and rehabilitation of offenders who are 18 to 21 years of age.

2. The department of corrections shall work with a task force which shall include representatives of the supreme court, the department of human services, and the criminal and juvenile justice planning division of the department of human rights to develop a proposal to establish a youthful offenders program within adult corrections which shall be submitted to the general assembly and the governor on or before January 2, 1991. The program shall be targeted to persons who are 18 to 21 years of age and have committed a first offense and youth who turn 18 years of age while under the jurisdiction of the juvenile court by providing aftercare and extended supervision of the youth through age 21. The task force proposal shall provide a comprehensive description of the program, including characteristics of persons to be referred to the program, a survey of existing state institutions to identify facilities which may be converted to house the program, recommended sentencing criteria and options including deferral of sentence, and recommendations relating to the court's ability to place individuals directly in the program.

Sec. 24. EFFECTIVE DATES.

1. Sections 1, 2, 5, 6, 14, and 22 of this Act, being deemed of immediate importance, take effect upon enactment.

2. Section 7 of this Act takes effect October 1, 1991.

3. Section 16 of this Act takes effect January 1, 1992.

Approved May 3, 1990

CHAPTER 1240

PUBLIC RETIREMENT SYSTEMS

H.F. 2543

AN ACT relating to the administration and benefits for certain public retirement systems, and providing effective dates and for the applicability of the Act.

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

Section 1. Section 97A.4, unnumbered paragraph 1, Code 1989, is amended to read as follows:
The board of trustees shall fix and determine by proper rules how much service in any year shall be Service for fewer than six months of a year is not creditable as service. Service of

six months or more of a year is equivalent to one year of service, but in no case shall more than one year of service be creditable for all service in one calendar year, nor shall the board of trustees allow credit as service for any period of more than one month duration during which the member was absent without pay.

Sec. 2. Section 97A.5, subsection 8, Code 1989, is amended to read as follows:

8. MEDICAL BOARD. The board of trustees shall designate a medical board to be composed of three physicians who shall arrange for and pass upon the medical examinations required under the provisions of this chapter and shall report in writing to the board of trustees, its conclusions and recommendations upon all matters duly referred to it. Each report of a medical examination under section 97A.6, subsections 3 and 5, shall include the medical board's rating as to the extent of the member's physical impairment.

Sec. 3. Section 97A.6, subsection 1, paragraph b, Code 1989, is amended to read as follows:

b. Any member in service who has been a member of the retirement system ~~fifteen~~ four or more years and whose employment is terminated prior to the member's retirement, other than by death or disability, shall upon attaining retirement age, receive a service retirement allowance of ~~fifteen~~ four ~~twenty~~-seconds of the retirement allowance the member would receive at retirement if the member's employment had not been terminated, and an additional one ~~twenty~~-second of such retirement allowance for each additional year of service not exceeding ~~twenty~~-two years of service. The amount of the retirement allowance shall be calculated in the manner provided in this paragraph using the average final compensation at the time of termination of employment.

Sec. 4. Section 97A.6, subsection 2, Code 1989, is amended to read as follows:

2. ALLOWANCE ON SERVICE RETIREMENT.

a. Upon retirement from service prior to July 1, 1990, a member shall receive a service retirement allowance which shall consist of a pension which ~~shall equal one-half~~ equals fifty percent of the member's average final compensation.

b. Upon retirement from service on or after July 1, 1990, but before July 1, 1992, a member shall receive a service retirement allowance which shall consist of a pension which equals fifty-four percent of the member's average final compensation.

c. Commencing July 1, 1992, the board of trustees shall increase the percentage multiplier of the member's average final compensation by an additional two percent each July 1 until reaching sixty percent of the member's average final compensation.

d. Commencing July 1, 1990, if the member has completed more than twenty-two years of creditable service, the service retirement allowance shall consist of a pension which equals the amount provided in paragraphs "b" and "c", plus an additional percentage as set forth below:

(1) For a member who terminates service, other than by death or disability, on or after July 1, 1990, but before July 1, 1991, and who does not withdraw the member's contributions pursuant to section 97A.16, upon the member's retirement there shall be added three-tenths percent of the member's average final compensation for each year of service over twenty-two years, excluding years of service after the member's fifty-fifth birthday. However, this subparagraph does not apply to more than eight additional years of service.

(2) For a member who terminates service, other than by death or disability, on or after July 1, 1991, and who does not withdraw the member's contributions pursuant to section 97A.16, upon the member's retirement there shall be added six-tenths percent of the member's average final compensation for each year of service over twenty-two years, excluding years of service after the member's fifty-fifth birthday. However, this subparagraph does not apply to more than eight additional years of service.

Sec. 5. Section 97A.6, subsection 6, Code 1989, is amended to read as follows:

6. RETIREMENT AFTER ACCIDENT.

a. Upon retirement for accidental disability prior to July 1, 1990, a member shall receive an accidental disability retirement allowance which shall consist of a pension equal to sixty-six and two-thirds percent of the member's average final compensation.

b. Upon retirement for accidental disability on or after July 1, 1990, a member shall receive an accidental disability retirement allowance which shall consist of a pension equal to sixty percent of the member's average final compensation.

Sec. 6. Section 97A.6, subsection 8, paragraph a, Code 1989, is amended to read as follows:

a. Upon the receipt of proof of the death of a member in service, or a member not in service who has completed ~~fifteen~~ four or more years of service as provided in subsection 1, paragraph "b", there shall be paid to the person designated by the member to the board of trustees as the member's beneficiary if the member has had one or more years of membership service and no pension is payable under subsection 9, an amount equal to fifty percent of the compensation earned by the member during the year immediately preceding the member's death if the member is in service, or an amount equal to fifty percent of the compensation earned by the member during the member's last year of service if the member is not in service.

Sec. 7. Section 97A.6, subsection 8, paragraph b, Code 1989, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Notwithstanding section 97A.6, subsection 8, Code 1985, effective July 1, 1990, for a member's surviving spouse who, prior to July 1, 1986, elected to receive pension benefits under this paragraph, the monthly pension benefit shall be equal to one-twelfth of forty percent of the average final compensation of the member.

Sec. 8. Section 97A.6, subsection 14, paragraph a, subparagraphs (1), (2), and (3), Code 1989, are amended to read as follows:

(1) Twenty-five percent for members receiving a service retirement allowance and for beneficiaries receiving a pension under subsection 9 of this section. However, effective July 1, 1990, for members who retired before that date, thirty percent shall be the applicable percentage for members and beneficiaries under this subparagraph.

(2) Twenty ~~Twenty-five~~ percent for members with five or more years of membership service who are receiving an ordinary disability retirement allowance. However, effective July 1, 1984, for members who retired before July 1, 1979, and effective July 1, 1988, for members who retire on or after July 1, 1988, twenty five percent shall be used for members who are receiving an ordinary disability retirement allowance. However, effective July 1, 1990, for members who retired before that date, thirty percent shall be the applicable percentage for members under this subparagraph.

(3) Twelve and one-half percent for members with less than five years of membership service who are receiving an ordinary disability retirement allowance, and for beneficiaries receiving a pension under subsection 8 of this section. However, effective July 1, 1990, for members who retired before that date, fifteen percent shall be the applicable percentage for members and beneficiaries under this subparagraph.

Sec. 9. Section 97A.6, Code 1989, is amended by adding the following new subsection:

NEW SUBSECTION. 15. REMARRIAGE OF SURVIVING SPOUSE. Effective July 1, 1990, for a member who died prior to July 1, 1988, if the member's surviving spouse remarried prior to July 1, 1988, the remarriage does not make the spouse ineligible under subsection 8, paragraph "c", subparagraphs (1) and (2), to receive benefits under subsections 8, 9, 12, and 14.

Sec. 10. NEW SECTION. 97A.6A OPTIONAL RETIREMENT BENEFITS.

In lieu of the retirement benefits otherwise provided upon service retirement for members of the system and the members' beneficiaries, members may elect to receive an optional retirement benefit during the member's lifetime and have the optional retirement benefit, or a designated fraction of the optional retirement benefit, continued and paid to the member's beneficiary after the member's death and during the lifetime of the beneficiary.

The member shall make the election request in writing to the board of trustees at the time of the member's service retirement. The election is subject to the approval of the board of trustees. If the member is married, the election of an option under this section requires the written acknowledgement of the member's spouse.

A member's optional retirement benefits shall be the actuarial equivalent of the amount of the retirement benefits payable to the member and the member's beneficiaries under the service retirement provisions of this chapter. The actuarial equivalent shall be based on the mortality and interest assumptions set out in section 97A.5.

If the member dies without a beneficiary prior to receipt in benefits of an amount equal to the total amount remaining to the member's credit at the time of separation from service, the election is void.

If the member dies with a beneficiary and the beneficiary subsequently dies prior to receipt in retirement benefits by both the member and the beneficiary of an amount equal to the total amount remaining to the member's credit at the time of separation from service, the election remains valid.

For the purpose of this section, "beneficiary" means a spouse, child, or a dependent parent.

Sec. 11. Section 97A.8, subsection 1, paragraphs b, c, and f, Code 1989, are amended to read as follows:

b. On the basis of the rate of interest and of ~~such~~ the mortality, interest, and other tables ~~as shall be~~ adopted by the board of trustees, the state commissioner of insurance shall make each valuation required by this chapter and shall immediately after making such valuation, determine the "normal contribution rate". The normal contribution rate shall be the rate percent of the earnable compensation of all members obtained by deducting from the total liabilities of the fund the sum of the amount of the funds in hand to the credit of the fund and dividing the remainder by one percent of the present value of the prospective future compensation of all members as computed on the basis of the rate of interest and of mortality and service tables adopted by the board of trustees, all reduced by the employee contribution made pursuant to ~~paragraph "f"~~ of this subsection. However, the normal rate of contribution shall not be less than seventeen percent. The normal rate of contribution shall be determined by the state commissioner of insurance after each valuation.

c. The total amount payable in each year to the pension accumulation fund shall not be less than the rate percent known as the normal contribution rate of the total compensation earnable by all members during the year, ~~provided, however, that.~~ However, the aggregate payment by the state shall be sufficient when combined with the amount in the fund to provide the pensions and other benefits payable out of the fund during the then current year.

The system shall develop a financial plan for making the system actuarially sound on or before June 30, 1996. The plan shall be submitted to the general assembly on or before January 1, 1991. As used in this paragraph, "actuarially sound" means that the accrued assets equal the accrued benefits.

Notwithstanding any other provision of this chapter, beginning July 1, 1996, and each fiscal year thereafter, the normal contribution rate shall be equivalent to the employer contribution rate provided under section 411.8, subsection 1, paragraph "b", for the statewide fire and police retirement system for the applicable fiscal year.

f. Except as otherwise provided in paragraph "h":

(1) An amount equal to three and one-tenth percent of each member's compensation from the earnable compensation of the member shall be paid to the pension accumulation fund for the fiscal year beginning July 1, 1989.

(2) An amount equal to four and one-tenth percent of each member's compensation from the earnable compensation of the member shall be paid to the pension accumulation fund for the fiscal year beginning July 1, 1990.

(3) An amount equal to five and one-tenth percent of each member's compensation from the earnable compensation of the member shall be paid to the pension accumulation fund for the fiscal year beginning July 1, 1991.

(4) An amount equal to six and one-tenth percent of each member's compensation from the earnable compensation of the member shall be paid to the pension accumulation fund for the fiscal year beginning July 1, 1992.

(5) An amount equal to seven and one-tenth percent of each member's compensation from the earnable compensation of the member shall be paid to the pension accumulation fund for the fiscal year beginning July 1, 1993.

(6) An amount equal to eight and one-tenth percent of each member's compensation from the earnable compensation of the member shall be paid to the pension accumulation fund for the fiscal year beginning July 1, 1994.

(7) An amount equal to nine and one-tenth percent of each member's compensation from the earnable compensation of the member shall be paid to the pension accumulation fund for the fiscal year beginning July 1, 1995.

(8) Notwithstanding any other provision of this chapter, beginning July 1, 1996, and each fiscal year thereafter, the member's contribution rate shall be equivalent to the member's contribution rate provided under section 411.8, subsection 1, paragraph "f", for the statewide fire and police retirement system for the applicable fiscal year.

Sec. 12. Section 97A.8, subsection 1, Code 1989, is amended by adding the following new paragraph:

NEW PARAGRAPH. h. Notwithstanding the provisions of paragraph "f", the following transition percentages apply to members' contributions as specified:

(1) For members who on July 1, 1990, have attained the age of forty-nine years or more, an amount equal to nine and one-tenth percent of each member's compensation from the earnable compensation of the member shall be paid to the pension accumulation fund for the fiscal year beginning July 1, 1990, and each fiscal year thereafter.

(2) For members who on July 1, 1990, have attained the age of forty-eight years but have not attained the age of forty-nine years, an amount equal to eight and one-tenth percent shall be paid for the fiscal year beginning July 1, 1990, and an amount equal to nine and one-tenth percent shall be paid for the fiscal year beginning July 1, 1991, and each fiscal year thereafter.

(3) For members who on July 1, 1990, have attained the age of forty-seven years but have not attained the age of forty-eight years, an amount equal to seven and one-tenth percent shall be paid for the fiscal year beginning July 1, 1990, an amount equal to eight and one-tenth percent shall be paid for the fiscal year beginning July 1, 1991, and an amount equal to nine and one-tenth percent shall be paid for the fiscal year beginning July 1, 1992, and each fiscal year thereafter.

(4) For members who on July 1, 1990, have attained the age of forty-six years but have not attained the age of forty-seven years, an amount equal to six and one-tenth percent shall be paid for the fiscal year beginning July 1, 1990, an amount equal to seven and one-tenth percent shall be paid for the fiscal year beginning July 1, 1991, an amount equal to eight and one-tenth percent shall be paid for the fiscal year beginning July 1, 1992, and an amount equal to nine and one-tenth percent shall be paid for the fiscal year beginning July 1, 1993, and each fiscal year thereafter.

(5) For members who on July 1, 1990, have attained the age of forty-five years but have not attained the age of forty-six years, an amount equal to five and one-tenth percent shall be paid for the fiscal year beginning July 1, 1990, an amount equal to six and one-tenth percent shall be paid for the fiscal year beginning July 1, 1991, an amount equal to seven and one-tenth percent shall be paid for the fiscal year beginning July 1, 1992, an amount equal to eight and one-tenth percent shall be paid for the fiscal year beginning July 1, 1993, and an amount equal to nine and one-tenth percent shall be paid for the fiscal year beginning July 1, 1994, and each fiscal year thereafter.

Sec. 13. Section 97A.15, subsection 2, paragraph g, Code 1989, is amended to read as follows:
g. "Member who became vested" and "vested member" mean a member who has been a member of the retirement system ~~fifteen~~ four or more years and is entitled to benefits under this chapter.

Sec. 14. **NEW SECTION. 97A.16 WITHDRAWAL OF CONTRIBUTIONS.**

Commencing July 1, 1990, if an active member, in service on or after that date, terminates service, other than by death or disability, the member may elect to withdraw the member's

contributions under section 97A.8, subsection 1, paragraphs "f" and "h", together with interest thereon at a rate determined by the board of trustees. If a member withdraws contributions as provided in this section, the member shall be deemed to have waived all claims for other benefits from the system for the period of membership service for which the contributions are withdrawn.

Sec. 15. Section 97B.15, Code 1989, is amended to read as follows:
97B.15 RULES.

The department may ~~make~~ adopt rules under chapter 17A and establish procedures, not inconsistent with this chapter, which are necessary or appropriate to implement this chapter and shall adopt reasonable and proper rules to regulate and provide for the nature and extent of the proofs and evidence and the method of taking and furnishing the proofs and evidence in order to establish the right to benefits under this chapter. The department may adopt rules to conform the requirements for receipt of retirement benefits under this chapter to the mandates of applicable federal statutes and regulations ~~governing age discrimination or the taxation of distributions.~~

Sec. 16. Section 97B.41, subsection 1, paragraph a, unnumbered paragraph 2, Code 1989, is amended to read as follows:

Wages for a member of the general assembly means the total compensation received by a member of the general assembly, whether paid in the form of per diem or annual salary, exclusive of expense and travel allowances paid to a member of the general assembly except as otherwise provided in this paragraph. Wages includes per diem payments paid to members of the general assembly during interim periods between sessions of the general assembly. Wages also includes daily allowances to members of the general assembly for nontravel expenses of office during a session of the general assembly, but does not include the portion of the daily allowance which exceeds the maximum established by law for members from Polk county.

Sec. 17. Section 97B.41, subsection 1, paragraph b, subparagraph (9), Code 1989, is amended by striking the subparagraph and inserting in lieu thereof the following:

(9) For the calendar year beginning January 1, 1989, and ending December 31, 1989, wages not in excess of twenty-six thousand dollars.

Sec. 18. Section 97B.41, subsection 1, paragraph b, Code 1989, is amended by adding the following new subparagraphs after subparagraph (9) and renumbering the subsequent subparagraphs:

NEW SUBPARAGRAPH. (10) For the calendar year beginning January 1, 1990, and ending December 31, 1990, wages not in excess of twenty-eight thousand dollars.

NEW SUBPARAGRAPH. (11) Commencing January 1, 1991, for each calendar year, the department shall increase the covered wages limitation from the previous calendar year by three thousand dollars if the annual actuarial valuation of the assets and liabilities of the retirement system indicates that the cost of the increase in covered wages can be absorbed within the employer and employee contribution rates in effect under section 97B.11. However, covered wages shall not exceed fifty-five thousand dollars for a calendar year.

If the annual actuarial valuation of the retirement system in any year indicates that the cost of the increase provided under this subparagraph and the increase in the monthly benefit formula provided in section 97B.49, subsection 5, paragraph "b", cannot be absorbed within the employer and employee contribution rates in effect under section 97B.11, the department shall reduce the increase provided in this subparagraph by an amount sufficient to pay for the increase in the benefit percent.

Sec. 19. Section 97B.41, subsection 3, paragraph b, subparagraph (1), Code 1989, is amended by striking the subparagraph and inserting in lieu thereof the following:

(1) Elective officials in positions for which the compensation is on a fee basis, elective officials of school districts, elective officials of townships, and elective officials of other political

subdivisions who are in part-time positions, unless the elective official makes an application to the department to be covered under this chapter. An elective official who made an application to the department to be covered under this chapter may terminate membership under this chapter by informing the department in writing of the member's termination. A county attorney is an employee for purposes of this chapter whether that county attorney is employed on a full-time or part-time basis.

Graduate medical students while serving as interns or resident doctors in training at any hospital, or county medical examiners and deputy county medical examiners under chapter 331, division V, part 8.

Sec. 20. Section 97B.41, subsection 3, paragraph b, Code 1989, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (15) Employees appointed by the state board of regents who, at the discretion of the state board of regents, elect coverage in a retirement system qualified by the state board of regents that meets the criteria of section 97B.2.

Sec. 21. Section 97B.41, subsection 10, Code 1989, is amended to read as follows:

10. a. "Vested member" means a member who ~~terminated employment in accordance with one of the following paragraphs meets one of the following requirements:~~

a. (1) Prior to July 1, 1965, ~~after having had~~ attained the age of forty-eight and completed at least eight years of service.

b. (2) Between July 1, 1965 and June 30, 1973, ~~after having had~~ completed at least eight years of service.

e. (3) On or after July 1, 1973, ~~after having~~ completed at least four years of service.

d. (4) ~~After having~~ Has attained the age of fifty-five.

e. (5) On or after July 1, 1988, an inactive member who had accumulated, as of the date of the member's last termination of employment, years of membership service equal to or exceeding the years of membership service specified in this subsection for qualifying as a vested member on that date of termination.

b. "Active vested member" means an active member who has attained sufficient membership service to achieve vested status.

c. "Inactive vested member" means an inactive member who was a vested member at the time of termination of employment.

Sec. 22. Section 97B.41, subsection 15, Code 1989, is amended to read as follows:

15. "Years of prior service" means the total of all periods of prior service of a member. In the determination of such total years of prior service any fraction of the total in excess of an integral number of years which is at least six months shall be deemed to be a complete year and any smaller fraction shall be disregarded. In computing credit for prior service, service of less than a full quarter shall be rounded up to a full quarter. Where a member had prior service as a teacher, a full year of service shall be granted that member if the member had three quarters of service and a contract for employment for the following school year.

Sec. 23. Section 97B.41, subsection 21, Code 1989, is amended by striking the subsection.

Sec. 24. Section 97B.42, Code 1989, is amended by adding the following new unnumbered paragraphs:

NEW UNNUMBERED PARAGRAPH. Notwithstanding any other provision of this section, commencing July 1, 1994, a member who is employed by an area vocational school or an area community college may elect coverage under an alternative retirement benefits system, which is issued by or through a nonprofit corporation issuing retirement annuities exclusively to educational institutions and their employees, in lieu of continuing or commencing contributions to the Iowa public employees' retirement system, if the board of directors of the area vocational school or area community college has approved the alternative system pursuant to section 280A.23. However, a vested member who elects to participate in the alternative benefits

system does not have a right to withdraw funds from the member's Iowa public employees' retirement system account prior to retirement or termination of covered employment. The department shall cooperate with the boards of directors of the area vocational schools and area community colleges to facilitate the implementation of this unnumbered paragraph.

NEW UNNUMBERED PARAGRAPH. Notwithstanding any other provision of this section, a person newly entering employment with an area vocational school or area community college on or after the effective date of this Act may elect coverage under an alternative retirement benefits system, which is issued by or through a nonprofit corporation issuing retirement annuities exclusively to educational institutions and their employees, in lieu of coverage under the Iowa public employees' retirement system, but only if the person is already a member of the alternative system. An election to participate in the alternative retirement benefits system is irrevocable as to the person's employment with that area vocational school or area community college and any other area vocational school or area community college in this state.

Sec. 25. Section 97B.43, unnumbered paragraph 3, Code 1989, is amended to read as follows:

Each individual who as of ~~on~~ on or after July 1, 1978, was an active, vested, or retired member and who (1) made application for and received a refund of contributions made under the abolished system or (2) has on deposit with the retirement fund contributions made under the abolished system shall be entitled to credit for years of prior service in the determination of retirement allowance payments by filing a written election with the department on or after July 1, 1978, and by redepositing any withdrawn contributions under the abolished system together with interest as stated in this paragraph. Any individual who as of ~~on~~ on or after July 1, 1978, is a retired member and who made application for and received a refund of contributions made under the abolished system, may, by filing a written election with the department on or after July 1, 1978, have the department retain fifty percent of the monthly increase in retiree benefits that will accrue to the individual because of prior service. If the monthly increase in retirement benefits is less than ten dollars, the department shall retain five dollars of the scheduled increase, and if the monthly increase is less than five dollars, the provisions of this paragraph shall not apply. The department shall continue to retain such funds until the withdrawn contributions, together with interest accrued to the month in which the written election is filed, have been repaid. Due notice of this provision shall be sent to all retired members as of ~~on~~ on or after July 1, 1978. However, this paragraph shall not apply to any person who received a refund of any membership service contributions unless the person repaid the membership service contributions pursuant to section 97B.74; ~~provided, however, that~~ but a refund of contributions remitted for the calendar quarter ending September 30, 1953 which was based entirely upon employment which terminated prior to July 4, 1953 shall not be considered as a refund of membership service contributions. The interest to be paid into the fund shall be compounded at the rates credited to member accounts from the date of payment of the refund of contributions under the abolished system to the date the member redeposits the refunded amount. The provisions of the first paragraph of this section relating to the consideration given to credited amounts shall apply to the redeposited amounts or to amounts left on deposit. Effective July 1, 1978, the provisions of this paragraph shall apply to each individual who as of ~~on~~ on or after July 1, 1978, was an active, vested, or retired member, but who was not in service on July 4, 1953. The period for filing the written election with the department and redepositing any withdrawn contributions together with interest accrued shall commence July 1, 1978. A member who is a retired member as of ~~on~~ on or after July 1, 1978 may file written election with the department on or after July 1, 1978 to have the department retain fifty percent of the monthly increase as provided in this paragraph.

Sec. 26. Section 97B.48, subsection 1, Code 1989, is amended to read as follows:

1. Retirement allowances shall be paid monthly, except that an allowance of less than ~~one hundred twenty two hundred forty~~ one hundred twenty two hundred forty dollars a year shall ~~may~~, at the member's option, be paid as a lump sum in an actuarial equivalent amount. Receipt of the lump-sum payment by a member shall terminate any and all entitlement for the period of service covered of the ~~said~~ member under this chapter.

Sec. 27. Section 97B.48, subsection 3, Code 1989, is amended to read as follows:

3. If, after the first day of the month in which the member attains the age of fifty-five years and until the member's sixty-fifth birthday, a member who is retired under this chapter is in regular full-time employment, the member's retirement allowance shall be suspended for as long as the member remains in employment. However, effective January 1, ~~1989~~ 1991, employment is not full-time employment until the member receives remuneration in an amount in excess of six thousand ~~one hundred twenty eight hundred forty~~ dollars for a calendar year. Effective the first of the month in which a member attains the age of sixty-five years, a retired member may receive a retirement allowance after return to covered employment regardless of the amount of remuneration received. Effective January 1, 1991, a retired member of any age may receive a retirement allowance after return to covered employment, regardless of the amount of remuneration received, if the covered employment consists of holding an elective office. As of the first of the month in which the member attains the age of seventy years, the member may receive a retirement allowance determined under section 97B.49, regardless of the amount of remuneration received. Upon a retirement after reemployment, a retired member may have the retired member's retirement allowance redetermined under this section or section 97B.49 or 97B.50, whichever is applicable, based upon the addition of credit for the years of membership service of the employee after reemployment, the covered wage during reemployment, and the age of the employee after reemployment. The retired member shall not receive a retirement allowance based upon more than a total of thirty years of service.

Sec. 28. Section 97B.49, subsection 5, Code 1989, is amended to read as follows:

5. a. For each active or inactive vested member retiring on or after July 1, 1986, and before July 1, 1990, with four or more complete years of service, a monthly benefit shall be computed which is equal to one-twelfth of an amount equal to fifty percent of the three-year average covered wage multiplied by a fraction of years of service.

b. For each active or inactive vested member retiring on or after July 1, 1990, with four or more complete years of service, a monthly benefit shall be computed which is equal to one-twelfth of an amount equal to fifty-two percent of the three-year average covered wage multiplied by a fraction of years of service.

Commencing July 1, 1991, the department shall increase the percentage multiplier of the three-year average covered wage by an additional two percent each July 1 until reaching sixty percent of the three-year average covered wage if the annual actuarial valuation of the retirement system indicates for that year that the cost of this increase in the percentage of the three-year average covered wage used in computing retirement benefits can be absorbed within the employer and employee contribution rates in effect under section 97B.11.

If the annual actuarial valuation of the retirement system in any year indicates that the full cost of the increase provided under this paragraph cannot be absorbed within the employer and employee contribution rates in effect under section 97B.11, the department shall reduce the increase to a level which the department determines can be so absorbed.

c. For the purposes of this subsection, "fraction of years of service" means a number, not to exceed one, equal to the sum of the years of membership service and the number of years of prior service divided by thirty years.

d. If benefits under this subsection commence on an early retirement date, the amount of benefit shall be reduced in accordance with section 97B.50.

Sec. 29. Section 97B.49, subsection 13, paragraphs a and b, Code 1989, are amended to read as follows:

a. A member who retired from the system between January 1, 1976, and June 30, 1982, or a contingent annuitant or beneficiary of such a member, shall receive with the November ~~1988~~ 1990 and the November ~~1989~~ 1991 monthly benefit payments a retirement dividend equal to ~~eighty~~ eighty one hundred forty percent of the monthly benefit payment the member received for the preceding June, or the most recently received benefit payment, whichever is greater. The retirement dividend does not affect the amount of a monthly benefit payment.

b. Each member who retired from the system between July 4, 1953, and December 31, 1975, or a contingent annuitant or beneficiary of such a member, shall receive with the November ~~1988~~ 1990 and the November ~~1989~~ 1991 monthly benefit payments a retirement dividend equal to one hundred ~~twenty~~ eighty percent of the monthly benefit payment the member received for the preceding June, or the most recently received benefit payment, whichever is greater. The retirement dividend does not affect the amount of a monthly benefit payment.

Sec. 30. Section 97B.49, subsection 13, paragraph c, Code 1989, is amended to read as follows:

c. Notwithstanding the determination of the amount of a retirement dividend under paragraph "a", ~~or~~ "b", or "d", a retirement dividend shall not be less than twenty-five dollars.

Sec. 31. Section 97B.49, subsection 13, Code 1989, is amended by adding the following new paragraph after paragraph c and relettering the subsequent paragraphs:

NEW PARAGRAPH. d. A member who retired from the system between July 1, 1982, and June 30, 1986, or a contingent annuitant or beneficiary of such a member, shall receive with the November 1990 and the November 1991 monthly benefit payments a retirement dividend equal to twenty-four percent of the monthly benefit payment the member received for the preceding June, or the most recently received benefit payment, whichever is greater. The retirement dividend does not affect the amount of a monthly benefit payment.

Sec. 32. Section 97B.49, subsection 15, Code 1989, is amended to read as follows:

15. In lieu of the monthly benefit computed under subsections 1 and 3 as applicable, or subsection 5, for:

a. For each active or inactive vested member retiring on or after July 1, 1988, and before July 1, 1990, who is at least fifty-five years of age and has completed at least thirty years of membership service and prior service, and for which the sum of the number of years of membership service and prior service and the member's age in years as of the member's last birthday equals or exceeds ninety-two, a monthly benefit shall be computed which is equal to one-twelfth of fifty percent of the three-year average covered wage of the member.

b. For each active or inactive vested member retiring on or after July 1, 1990, who is at least fifty-five years of age and for which the sum of the number of years of membership service and prior service and the member's age in years as of the member's last birthday equals or exceeds ninety-two, a monthly benefit shall be computed which is equal to one-twelfth of the same percentage of the three-year average covered wage of the member as is provided in subsection 5.

Sec. 33. Section 97B.49, subsection 16, paragraphs a, b, and c, Code 1989, are amended to read as follows:

16. a. Notwithstanding other provisions of this chapter, a:

(1) A member who is or has been employed in a protection occupation who retires on or after July 1, 1988, and before July 1, 1990, and at the time of retirement is at least fifty-five years of age and has completed at least twenty-five years of membership service in a protection occupation, may elect to receive in lieu of the receipt of any benefits under subsection 5 or 15, a monthly retirement allowance equal to one-twelfth of fifty percent of the member's three-year average covered wage as a member who has been employed in a protection occupation, with benefits payable during the member's lifetime.

(2) A member who is or has been employed in a protection occupation who retires on or after July 1, 1990, and at the time of retirement is at least fifty-five years of age and has completed at least twenty-five years of membership service in a protection occupation, may elect to receive in lieu of the receipt of any benefits under subsection 5 or 15, a monthly retirement allowance equal to one-twelfth of fifty-two percent of the member's three-year average covered wage as a member who has been employed in a protection occupation, with benefits payable during the member's lifetime.

(3) Commencing July 1, 1991, the department shall increase the percentage multiplier of the three-year average covered wage by an additional two percent each July 1 until reaching sixty percent of the three-year average covered wage.

b. Notwithstanding other provisions of this chapter, a:

(1) A member who retires from employment as a county sheriff or deputy sheriff who retires on or after July 1, 1988, and before July 1, 1990, and at the time of retirement is at least fifty-five years of age and has completed at least twenty-two years of membership service, may elect to receive in lieu of the receipt of any benefits under subsection 5 or 15, a monthly retirement allowance equal to one-twelfth of fifty percent of the member's three-year average covered wage as a member, with benefits payable during the member's lifetime.

(2) A member who retires from employment as a county sheriff or deputy sheriff who retires on or after July 1, 1990, and at the time of retirement is at least fifty-five years of age and has completed at least twenty-two years of membership service, may elect to receive in lieu of the receipt of any benefits under subsection 5 or 15, a monthly retirement allowance equal to one-twelfth of the same percentage of the member's three-year average covered wage as is provided in paragraph "a", with benefits payable during the member's lifetime.

(3) The years of membership service required under this paragraph shall include membership service as a sheriff or deputy sheriff and membership service under employment in a protection occupation included in paragraph "d", subparagraph (2).

(4) For the purposes of this subsection, sheriff means a county sheriff as defined in section 39.17 and deputy sheriff means a deputy sheriff appointed pursuant to section 341.1 prior to July 1, 1981, or section 331.903 on or after July 1, 1981.

c. A member covered under this subsection who retires on or after July 1, 1988, and before July 1, 1990, and has not completed the twenty-five years of membership service required under paragraph "a", or twenty-two years of membership service required under paragraph "b", is eligible to receive a monthly retirement allowance equal to one-twelfth of fifty percent of the member's three-year average covered wage as a member employed in a protection occupation, or as a sheriff or deputy sheriff, multiplied by a fraction of years of service.

A member covered under this subsection who retires on or after July 1, 1990, and has not completed the twenty-five years of membership service required under paragraph "a", or twenty-two years of membership service required under paragraph "b", is eligible to receive a monthly retirement allowance equal to one-twelfth of the same percentage of the member's three-year average covered wage as is provided in paragraph "a", multiplied by a fraction of years of service.

PARAGRAPH DIVIDED. For the purpose of this subsection, "fraction of years of service" means a number, not to exceed one, equal to the sum of the years of membership service for a member retiring in a protection occupation, divided by twenty-five years, or the sum of the years of membership service for a member retiring as a sheriff or deputy sheriff divided by twenty-two years.

Sec. 34. Section 97B.49, subsection 16, paragraph d, subparagraph (3), Code 1989, is amended to read as follows:

(3) A correctional officer or correctional supervisor employed by the Iowa department of corrections, in an applicable job classification and any other employee of that department whose primary purpose is, through ongoing direct inmate contact, to enforce and maintain discipline, safety, and security within a correctional facility. The department of corrections and the department of personnel shall jointly determine the applicable merit system job classifications of correctional officers.

Sec. 35. Section 97B.49, subsection 16, paragraph d, Code 1989, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (7) An employee of the state department of transportation who is designated as a "peace officer" by resolution under section 321.477, but only if the employee retires on or after July 1, 1990. For purposes of this subparagraph, service as a traffic weight officer employed by the highway commission prior to the creation of the state department of transportation or as a peace officer employed by the Iowa state commerce commission prior to the creation of the state department of transportation shall be included in computing the employee's years of membership service.

Sec. 36. Section 97B.49, subsection 16, Code 1989, is amended by adding the following new paragraph:

NEW PARAGRAPH. k. For the fiscal year commencing July 1, 1990, and each succeeding fiscal year, the state department of transportation shall pay to the department of personnel, from funds appropriated to the state department of transportation from the road use tax fund and the primary road fund, the amount necessary to pay the employer share of the cost of the additional benefits provided to employees covered under paragraph "d", subparagraph (7).

Sec. 37. Section 97B.50, subsection 2, Code 1989, is amended to read as follows:

2. a. A member who retires from the system due to disability and commences receiving disability benefits pursuant to the United States Social Security Act (42 U.S.C.), as amended to July 1, 1978, who is eligible for early retirement, but has not reached the normal retirement date, shall receive full benefits under section 97B.49 and shall not have benefits reduced upon retirement as required under subsection 1 regardless of whether the member has completed thirty or more years of membership service. This section takes effect July 1, 1987 for a member meeting the requirements of this subsection paragraph who retired from the system at any time between July 4, 1953 and June 30, 1987.

Effective July 1, 1990, for members terminating on or after July 4, 1953, a member who terminates covered employment due to disability and commences receiving disability benefits pursuant to the United States Social Security Act (42 U.S.C.), who has not attained the age of fifty-five years, is eligible to receive benefits under section 97B.49, reduced by twenty-five hundredths of one percent for each month that the retirement date precedes the first day of the month in which the member attains the age of fifty-five. However, the benefits shall be suspended during any period in which the member returns to covered employment. Eligible members are entitled to receipt of retroactive adjustment payments for no more than six months immediately preceding the month after July 1, 1990, in which written notice was submitted to the department.

b. A member who retires from the system due to disability and commences receiving disability benefits pursuant to the United States Railroad Retirement Act (45 U.S.C. § 231 et seq.) who is eligible for early retirement but has not reached the normal retirement date, shall receive full benefits under section 97B.49 and shall not have benefits reduced upon retirement as required under subsection 1 regardless of whether the member has completed thirty or more years of membership service. This section takes effect July 1, 1990, for a member meeting the requirements of this paragraph who retired from the system at any time since July 4, 1953. However, eligible members are entitled to receipt of retroactive adjustment payments for no more than six months immediately preceding the month after July 1, 1990, in which written notice was submitted to the department.

Effective July 1, 1990, for members terminating on or after July 4, 1953, a member who terminates covered employment due to disability and commences receiving disability benefits pursuant to the United States Railroad Retirement Act (45 U.S.C. § 231 et seq.), who has not attained the age of fifty-five years, is eligible to receive benefits under section 97B.49, reduced by twenty-five hundredths of one percent for each month that the retirement date precedes the first day of the month in which the member attains the age of fifty-five. However, the benefits shall be suspended during any period in which the member returns to covered employment. Eligible members are entitled to receipt of retroactive adjustment payments for no more than six months immediately preceding the month after July 1, 1990, in which written notice was submitted to the department.

Sec. 38. Section 97B.52, subsection 3, Code 1989, is amended to read as follows:

3. a. Other than as provided ~~above~~ in subsections 1 and 2 of this section, or section 97B.51, all rights to any benefits under the retirement system ~~will~~ shall cease upon the death of a member.

b. If a death benefit is due and payable, interest shall continue to accumulate through the month preceding the month in which payment is made to the designated beneficiary, heirs

at law, or to the estate unless the payment of the death benefit is delayed because of a dispute between alleged heirs, in which case the benefit due and payable shall be placed in a noninterest bearing escrow account until the beneficiary is determined in accordance with this section.

Sec. 39. NEW SECTION. 97B.53A DUTY OF DEPARTMENT.

Effective July 1, 1991, upon a member's termination of covered employment prior to the member's retirement, the department shall send the member by first class mail, to the member's last known mailing address, a notice setting forth the balance and status of the member's account and an explanation of the courses of action available to the member under this chapter.

Sec. 40. Section 97B.73, Code 1989, is amended to read as follows:

97B.73 MEMBERS FROM OTHER PUBLIC SYSTEMS.

A vested or retired member who was a member of a public retirement system in public employment in another state but was not vested or retired under that system may or in the federal government, or who was a member of another public retirement system in this state, including but not limited to the teachers insurance annuity association-college retirement equities fund, but who was not retired under that system, upon submitting verification of membership and service in the other public retirement system to the department, including proof that the member has no further claim upon a retirement benefit from that other public system, may make employer and employee contributions to the system for the period of service in the other public retirement system and receive credit for membership service in this system equivalent to the number of years of service in the other public retirement system. The contributions paid by the vested or retired member for service in the other public retirement system shall be equal to the accumulated contributions as defined in section 97B.41, subsection 12, by the member for that period of service and the employer contribution for that period of service that would have been contributed by the vested or retired member and the employer plus interest on the contributions that would have accrued if the member had been a member of this system earning the same wages earned under the other system for the period from the date of service of the member in the other public retirement system to the date of payment of the contributions by the member equal to two percent plus the interest dividend rate applicable for each year contribution payable shall be based upon the member's covered wages for the most recent full calendar year at the applicable rates in effect for that calendar year under sections 97B.11 and 97B.49 and multiplied by the member's years of service in other public employment.

This section is applicable to a vested or retired member who was a member of a public retirement system established in sections 294.8, 294.9, and 294.10 but was not vested or retired under that system.

A member vested under another public system must waive, on a form provided by the Iowa public employees' retirement system, all rights to a retirement benefit under that other public system before receiving credit in this system for those years of service in the other public system.

Effective July 1, 1988, a member eligible for an increased retirement allowance because of the payment of contributions under this section is entitled to receipt of retroactive adjustment payments for no more than six months immediately preceding the month in which written notice was submitted to the department.

Sec. 41. Section 97B.74, unnumbered paragraphs 1 and 2, Code 1989, are amended to read as follows:

An Effective January 1, 1991, an active, vested, or retired member who at any time between July 4, 1953 and July 1, 1973 was a member of the system at any time on or after July 4, 1953, but who did not meet the requirements to be a vested member for that period of membership service, and who received a refund of the member's contributions for that period of membership service, may elect in writing to the department to make contributions to the system for

that period of membership service for which a refund of contributions was made. The contributions repaid by the member for such service shall be equal to the accumulated contributions, as defined in section 97B.41, subsection 12, received by the member for that period of membership service plus interest on the accumulated contributions for the period from the date of receipt by the member to the date of repayment equal to two percent plus the interest dividend rate applicable for each year compounded annually.

The provisions of this section are only available to a member if that member's total years of membership and prior service, with the addition of service for that period of membership service for which contributions are repaid, equals or exceeds fifteen years. An active member must have at least one quarter's reportable wages on file and have membership service, including that period of membership service for which a refund of contributions was made, sufficient to give the member vested status.

Sec. 42. Section 97B.80, Code 1989, is amended to read as follows:
97B.80 VETERAN'S CREDIT.

An active member in service on July 1, 1988, who at any time served on active duty in the armed forces of the United States, upon submitting verification of the dates of the active duty service in the armed forces to the department, may make employer and employee contributions to the system based upon the member's covered wages for the calendar year beginning January 1, 1987, at the rates in effect under section 97B.11 on January 1, 1987, for the period of time of the active duty service, not to exceed four years, and receive credit for membership service and prior service for the period of time for which the contributions are made. Effective July 1, 1990, a vested or retired member with reportable wages in the most recent calendar year, who at any time served on active duty in the armed forces of the United States, upon submitting verification of the dates of the active duty service, may make employer and employee contributions to the system based upon the member's covered wages for the most recent full calendar year at the applicable rates in effect for that year under sections 97B.11 and 97B.49, for the period of time of the active duty service, in one-year increments but not to exceed four years, and receive credit for membership service and prior service for the period of time for which the contributions are made. Verification of active duty service and payment of contributions shall be made to the department. However, a member is not eligible to make contributions under this section if the member is receiving or is eligible to receive retirement pay from the United States government for active duty in the armed forces.

Sec. 43. NEW SECTION. 97D.1 GUIDING GOALS FOR FUTURE CHANGES IN PUBLIC RETIREMENT SYSTEMS – SOCIAL SECURITY – PORTABILITY.

1. The general assembly declares that legislative proposals for changes in specific public retirement systems should be considered within the context of all public retirement systems within the state, with emphasis on equity and equality among the systems. The following list of guiding goals shall apply to the consideration of proposed changes:

a. Select those benefit enhancement options which most successfully deliver the greatest good to the greatest number of employees.

b. Choose those options which best correct existing inequities between and among the various retirement groups in the state.

c. Determine those options which most ably serve the twin objectives of attracting and retaining quality employees.

d. Avoid enacting further incentives toward earlier retirement with full benefits.

e. Avoid further splintering of benefits by disproportionate enhancement of benefits for one group beyond those available to another.

2. The public retirement systems committee established by section 97B.76 shall periodically weigh the advantages and disadvantages of establishing participation in the federal social security system for the members of public retirement systems operating under chapters 97A and 411 and the impact of such a change on total contributions and benefits.

3. The public retirement systems committee established by section 97B.76 shall consider proposals to achieve greater portability of pension benefits between the various public retirement systems in the state. Special attention should be given to the actuarial cost of transfers of value from one system to another.

Sec. 44. NEW SECTION. 97D.2 ANALYSIS OF COST OF PROPOSED CHANGES.

When the public retirement systems committee established by section 97B.76 or a standing committee of the senate or house of representatives recommends a proposal for a change in a public retirement system within this state, the committee shall require the development of actuarial information concerning the costs of the proposed change. If the proposal affects police and fire retirement under chapter 411, the committee shall arrange for the services of an actuarial consultant to assist in developing the information.

Sec. 45. NEW SECTION. 97D.3 NEWLY HIRED PEACE OFFICERS, POLICE OFFICERS, AND FIRE FIGHTERS — REFERENDUM.

1. As soon as possible after the effective date of this section, the department of personnel, in cooperation with the board of trustees of the public safety peace officers' retirement system and the board of trustees for the statewide fire and police retirement system created in section 411.36, shall submit to the members of retirement systems under chapters 97A and 411 in a referendum the question of requiring federal social security coverage for all persons newly hired as peace officers, as defined in section 97A.1, police officers, and fire fighters. The referendum shall be conducted before January 1, 1991. The referendum procedures shall comply with the requirements of federal law and regulations. If there is a favorable vote of a majority of the persons eligible to vote in the referendum, subsection 2 applies.

2. Upon a favorable vote in the referendum and notwithstanding sections 97A.3 and 411.3, all persons newly hired as peace officers, as defined in section 97A.1, police officers, and fire fighters after July 1, 1991, shall be members of the Iowa public employees' retirement system under chapter 97B, rather than members of retirement systems under chapters 97A and 411. Such members shall have federal social security coverage in addition to coverage under the Iowa public employees' retirement system and shall have the same benefits as county sheriffs and deputy sheriffs under section 97B.49, subsection 16, paragraph "b".

Sec. 46. Section 280A.23, Code 1989, is amended by adding the following new subsections:

NEW SUBSECTION. 15. Commencing July 1, 1994, provide for an alternative retirement benefits system, which is issued by or through a nonprofit corporation issuing retirement annuities exclusively to educational institutions and their employees, for persons employed by the area vocational school or area community college who are members of the Iowa public employees' retirement system on July 1, 1994, or who are new employees, and who elect coverage under the alternative retirement benefits system pursuant to section 97B.42, in lieu of continuing or commencing contributions to the Iowa public employees' retirement system. The system for employee and employer contributions under the alternative system shall be substantially the same as provided by the state board of regents under the teachers insurance annuity association-college retirement equities fund, and the employer's contribution shall not exceed the employer's contribution rate established for employees of the state board of regents who are under that system.

NEW SUBSECTION. 16. Provide for an alternative retirement benefits system, which is issued by or through a nonprofit corporation issuing retirement annuities exclusively to educational institutions and their employees, for persons newly employed after the effective date of this Act who are already members of the alternative system and who elect coverage under that system pursuant to section 97B.42, in lieu of coverage under the Iowa public employees' retirement system. The system for employee and employer contributions under the alternative system shall be substantially the same as provided by the state board of regents under the teachers insurance annuity association-college retirement equities fund, and the employer's contribution rate shall not exceed the employer's contribution rate established for employees of the state board of regents who are under that system.

Sec. 47. Section 410.6, unnumbered paragraph 2, Code 1989, is amended to read as follows:

Upon the adoption of any increase in pension benefits effective subsequent to the date of a member's retirement, the amount payable to each member as regular pension shall be increased by an amount equal to fifty sixty percent of any increase in the pension benefits for the rank at which the member retired.

Sec. 48. Section 411.1, subsections 1, 4, 5, 14, 16, 17, and 18, Code 1989, are amended to read as follows:

1. "Retirement system" or "system" shall mean either means the statewide fire or the and police retirement system established by this chapter for the fire fighters and police officers of the said cities as defined described in section 411.2, its board of trustees, and its appointed representatives.

4. "Member" shall mean means a member of either the police or fire retirement systems system as defined by section 411.3.

5. "Board of fire trustees" and "board of police trustees" shall mean means the boards board provided in section 411.5 created by section 411.36 to administer direct the establishment and administration of the fire retirement system and the police retirement system respectively.

14. "Pensions" shall mean means annual payments for life derived from appropriations provided by the said participating cities and the state and from contributions of the members which are deposited in the pension accumulation fire and police retirement fund. All pensions shall be paid in equal monthly installments.

16. "Pension reserve" shall mean means the present value of all payments to be made on account of any pension, or benefit in lieu of a pension, granted under the provisions of this chapter, upon the basis of such mortality tables as shall be adopted by the boards of trustees system, and interest computed at rates the rate adopted established by the boards upon the recommendation of the actuary.

17. "Actuarial equivalent" shall mean means a benefit of equal value, when computed upon the basis of mortality tables adopted by the boards of trustees system, and interest computed at rates the rate adopted established by the boards upon the recommendation of the actuary.

18. "City" or "cities" shall mean means any city or cities in which fire or police retirement systems are established participating in the statewide fire and police retirement system as required by this chapter.

Sec. 49. Section 411.2, Code 1989, is amended to read as follows:

411.2 NAME AND DATE OF ESTABLISHMENT PARTICIPATION IN RETIREMENT SYSTEM.

1. In any Except as provided in subsections 2 through 5, each city in which the fire fighters or police officers are or shall be appointed under the civil service law of this state, there are hereby created and established two separate retirement or pension systems shall participate in the retirement system established by this chapter for the purpose of providing retirement allowances only for fire fighters or police officers, or both, of said the cities who shall be are so appointed after the date this chapter takes effect the city comes under the retirement system, or benefits to their dependents. Each such system shall be under the management of a board of trustees hereinafter described, and shall be known as the "fire retirement system of (name of city)", and the "police retirement system of (name of city)", and by such names all of their business shall be transacted, all funds invested, and all cash and securities and other property held. The retirement systems so created shall begin operation as of the first day of the month in which said systems are there established by this chapter.

2. A city whose population was under eight thousand prior to the results of the federal census conducted in 1990 is not required to come under the retirement system established by this chapter upon attaining a population of eight thousand or more.

3. A city which did not have a paid fire department on the effective date of this Act is not required to come under the retirement system established by this chapter upon establishing a paid fire department.

4. A city which did not have a paid police department on the effective date of this Act is not required to come under the retirement system established by this chapter upon establishing a paid police department.

5. If a city's fire fighters or police officers, or both, are appointed under the civil service law of this state but the city is not operating a city fire or police retirement system, or both, under this chapter on the effective date of this Act, the city is not required to come under the statewide fire and police retirement system established by this chapter.

Sec. 50. Section 411.3, subsection 1, Code 1989, is amended to read as follows:

1. All persons who become police officers or fire fighters after the date the city is required to come under the retirement systems are established by this chapter system, shall become members ~~thereof of the retirement system~~ as a condition of their employment, except that a police chief or a fire chief who would not complete twenty-two years of service under this chapter by the time the chief attains fifty-five years of age shall, upon written request to the board of trustees system, be exempt from this chapter. Notwithstanding section 97B.41, a police chief or fire chief who is exempt from this chapter is exempt from chapter 97B. Members of the system established in this chapter shall not be required to make contributions under any other pension or retirement system of a city, county, or the state of Iowa, anything to the contrary notwithstanding.

Sec. 51. Section 411.4, Code 1989, is amended to read as follows:

411.4 SERVICE CREDITABLE.

The board of trustees shall fix and determine by proper rules and regulations how much service in any year shall be Service for fewer than six months of a year is not creditable as service. Service of six months or more of a year is equivalent to one year of service, but in no case shall more than one year of service be creditable for all service in one calendar year, nor shall the board of trustees system allow credit as service for any period of more than one month duration during which the member was absent without pay.

The board of trustees system shall credit as service for a member of the system a previous period of service for which the member had withdrawn the member's accumulated contributions, as defined in section 411.21.

Sec. 52. Section 411.5, Code 1989, is amended to read as follows:

411.5 ADMINISTRATION.

1. ~~BOARDS BOARD.~~ The general ~~administration and the responsibility for the establishment and proper operation of the retirement systems and for making effective the provisions of this chapter are hereby system is~~ vested in a the board of fire trustees to administer the system relating to fire fighters and a board of police trustees to administer the system relating to police officers created by section 411.36. The said boards shall be constituted as follows: The system shall be administered under the direction of the board.

a. ~~The chief officer of the fire department, the city treasurer, two fire fighters elected by secret ballot by the members of the department who are entitled to participate in a fire retirement system established by law, and three citizens who do not hold another public office, who shall be appointed by the mayor with the approval of the city council, shall serve as the members of the board of trustees of the fire retirement system.~~

b. ~~The chief officer of the police department, the city treasurer, two police officers elected by secret ballot by the members of the department who are entitled to participate in a police retirement system established by law, and three citizens who do not hold another public office, who shall be appointed by the mayor with the approval of the city council, shall serve as the members of the board of trustees of the police retirement system.~~

e. ~~The three citizens appointed by the mayor shall serve on both of the boards.~~

d. ~~Upon the taking effect of this chapter, such members of each said department in said cities shall elect by secret ballot two active members of each such department to serve as members of said respective boards; one of whom shall serve until the first Monday in April of the second year, and one until the first Monday in April of the fourth year. Thereafter each such~~

department shall, every second year, on such date and in such manner as shall be prescribed by said board of trustees, elect by ballot one such member to serve for a term of four years.

e. Beginning July 1, 1986, upon the taking effect of this chapter, the mayor, with the approval of the city council, shall appoint three citizens who do not hold any other public office, to serve as members of the boards of trustees; one of whom shall serve until the first Monday in April of the second year, one until the first Monday in April of the third year, and one until the first Monday in April of the fourth year. Thereafter, appointments shall be made for four-year terms.

f. If a vacancy occurs in the office of trustee, the vacancy shall be filled for the unexpired term in the same manner as the office was previously filled.

2. VOTING. Each trustee shall be entitled to one vote on each board. Four concurring votes shall be necessary for a decision by the trustees at any meeting of either board.

3.2. COMPENSATION. The trustees, other than the secretary, shall serve as such without compensation, but they shall be reimbursed from the expense fire and police retirement fund for all necessary expenses which they may incur through service on the board.

4.3. RULES. Subject to the limitations of this chapter, each the board of trustees shall, from time to time, establish adopt rules and regulations for the establishment and administration of funds the system and the fire and police retirement fund created by this chapter, and for the transaction of its business.

5.4. ORGANIZATION — EMPLOYEES. Each The board of trustees shall elect from its membership a chairperson, and shall, by majority vote of its members, appoint a secretary, who may, but need not, be, one of its members. It The system shall engage such actuarial and other services as shall be are required to transact the business of the retirement system. The compensation of all persons engaged by each board of trustees the system and all other expenses of each the board of trustees necessary for the operation of the retirement system, shall be paid at such rates and in such amounts as each the board of trustees shall approve approves.

6.5. DATA. Each board of trustees The system shall keep in convenient form such data as shall be is necessary for actuarial valuation of the various funds of the retirement system fire and police retirement fund and for checking the experience of the retirement system.

7.6. RECORDS — REPORTS. Each The board of trustees shall keep a record of all its proceedings, which record shall be open to public inspection. It shall annually make a submit an annual report to the governor, the general assembly, and the city council showing the fiscal transactions of the retirement system for the preceding fiscal year, the amount of the accumulated cash and securities of the system, and the last balance sheet showing the financial condition of the system by means of an actuarial valuation of the assets and liabilities of each participating city concerning the financial condition of the retirement system, its current and future liabilities, and the actuarial valuation of the system.

8.7. LEGAL ADVISER ADVISOR. The city attorney or solicitor of a city shall serve as the legal adviser of the board of trustees at the request of the board or the board of trustees system may employ or retain an attorney on a per diem basis to serve as the system's legal advisor and to represent the board of trustees when, in the opinion of the board of trustees, there is a conflict of interest between the board of trustees and the city council system. The costs of an attorney employed or retained by the board of trustees system shall be paid from the expense fire and police retirement fund created in section 411.8.

9.8. MEDICAL BOARD. The board of fire trustees and the board of police trustees jointly system shall designate a medical board to be composed of three physicians who shall arrange for and pass upon all medical examinations required under the provisions of this chapter, except that for examinations required because of disability three physicians from the University of Iowa hospitals and clinics who shall pass upon the medical examinations required for disability retirements, and shall report to the system in writing to each board of trustees, respectively, its conclusions and recommendations upon all matters duly referred to it. Each report of a medical examination under section 411.6, subsections 3 and 5, shall include the medical board's rating as to the extent of the member's physical impairment.

~~10 9. DUTIES OF ACTUARY. The actuary shall be the technical adviser~~ advisor of the ~~board of trustees system~~ on matters regarding the operation of the funds ~~created by the provisions of this chapter~~ fire and police retirement fund and shall perform such other duties as are required in connection ~~therewith~~ with the operation of the system.

~~11. TABLES — RATES. Immediately after the establishment of each retirement system,~~ The actuary shall make such investigation of anticipated interest earnings and of the mortality, service, and compensation experience of the members of the system as the actuary ~~shall recommend~~ recommends and the ~~board of trustees shall authorize,~~ and on the basis of ~~such the investigation the actuary system shall recommend for adoption by the board of trustees~~ adopt such tables and such rates as are required in subsection 12 of this section 11. The board of trustees shall adopt the rate of interest and tables, and certify rates of contribution to be used by the system.

~~12 10. ACTUARIAL INVESTIGATION — TABLES — RATES. In the year 1988, and at~~ At least once in each five-year period thereafter, the actuary shall make an actuarial investigation into the mortality, service, and compensation experience of the members and beneficiaries of the retirement system, and the interest and other earnings on the moneys and other assets of the retirement system, and shall make a valuation of the assets and liabilities of the ~~funds of the system~~ fire and police retirement fund, and ~~taking into account on the basis of the results of such the investigation and valuation, the board of trustees system shall do all of the following:~~

a. ~~Adopt for the retirement system such interest rate, mortality and other tables as shall be are deemed necessary;~~

b. ~~Certify the rates of contribution payable by the said cities in accordance with section 411.8 of this chapter.~~

c. ~~Certify the rates of contributions payable by the members in accordance with section 411.8.~~

~~13 11. VALUATION. On the basis of such the rate of interest and such tables as the boards of trustees shall adopt~~ adopted, the actuary shall make an annual valuation of the assets and liabilities of the ~~funds of the fire and police retirement systems~~ fund created by this chapter.

~~14. COMMISSIONER OF INSURANCE. Within five days following its submission to the city council, each board of trustees shall transmit to the commissioner of insurance a copy of the report submitted to the city council and the amount of contributions deposited in the pension accumulation fund by the city. The commissioner of insurance shall review the report and the adequacy of the contribution of the city. The commissioner of insurance shall inform the city council of each city in which the contribution of a city is deemed to be inadequate.~~

Sec. 53. Section 411.6, subsection 1, unnumbered paragraph 1 and paragraph a, Code 1989, are amended to read as follows:

SERVICE RETIREMENT BENEFIT. Retirement of a member on a service retirement allowance shall be made by ~~each board of trustees the system~~ as follows:

a. Any member in service may retire upon written application to the ~~board of police or fire trustees as the case may be~~ system, setting forth at what time, not less than thirty nor more than ninety days subsequent to the execution and filing of the application, the member desires to be retired. However, the member at the time specified for retirement shall have attained the age of fifty-five and shall have served twenty-two years or more, and notwithstanding that, during the period of notification, the member may have separated from the service.

Sec. 54. Section 411.6, subsection 1, paragraph b, Code 1989, is amended to read as follows:

b. Any member in service who has been a member of the retirement system ~~fifteen~~ four or more years and whose employment is terminated prior to the member's retirement, other than by death or disability, shall upon attaining retirement age, receive a service retirement allowance of ~~fifteen~~ four ~~twenty-seconds~~ of the retirement allowance the member would receive at retirement if the member's employment had not been terminated, and an additional one ~~twenty-second~~ of such retirement allowance for each additional year of service not exceeding twenty-two years of service. The amount of the retirement allowance shall be calculated in the manner provided in this paragraph using the average final compensation at the time of termination of employment.

Sec. 55. Section 411.6, subsection 2, Code 1989, are* amended to read as follows:

2. ALLOWANCE ON SERVICE RETIREMENT.

a. Upon retirement from service, prior to July 1, 1990, a member shall receive a service retirement allowance which shall consist of a pension given by the city which shall equal one-half equals fifty percent of the member's average final compensation.

b. Upon retirement from service on or after July 1, 1990, but before July 1, 1992, a member shall receive a service retirement allowance which shall consist of a pension which equals fifty-four percent of the member's average final compensation.

c. Commencing July 1, 1992, the system shall increase the percentage multiplier of the member's average final compensation by an additional two percent each July 1 until reaching sixty percent of the member's average final compensation.

d. Commencing July 1, 1990, if the member has completed more than twenty-two years of creditable service, the service retirement allowance shall consist of a pension which equals the amount provided in paragraphs "b" and "c", plus an additional percentage as set forth below:

(1) For a member who terminates service, other than by death or disability, on or after July 1, 1990, but before July 1, 1991, and who does not withdraw the member's contributions pursuant to section 411.23, upon the member's retirement there shall be added three-tenths percent of the member's average final compensation for each year of service over twenty-two years, excluding years of service after the member's fifty-fifth birthday. However, this subparagraph does not apply to more than eight additional years of service.

(2) For a member who terminates service, other than by death or disability, on or after July 1, 1991, and who does not withdraw the member's contributions pursuant to section 411.23, upon the member's retirement there shall be added six-tenths percent of the member's average final compensation for each year of service over twenty-two years, excluding years of service after the member's fifty-fifth birthday. However, this subparagraph does not apply to more than eight additional years of service.

Sec. 56. Section 411.6, subsection 3, Code 1989, is amended to read as follows:

3. ORDINARY DISABILITY RETIREMENT BENEFIT. Upon the application, to the system, of a member in service or of the chief of the police or fire departments, respectively, any member shall be retired by the respective board of trustees system, not less than thirty and not more than ninety days next following the date of filing such the application, on an ordinary disability retirement allowance, provided, that if the medical board after a medical examination of such the member shall certify certifies that said the member is mentally or physically incapacitated for further performance of duty, that such the incapacity is likely to be permanent, and that such the member should be retired.

Sec. 57. Section 411.6, subsection 5, unnumbered paragraphs 1 and 2, Code 1989, are amended to read as follows:

ACCIDENTAL DISABILITY BENEFIT. Upon application, to the system, of a member in service or of the chief of the police or fire departments, respectively, any member who has become totally and permanently incapacitated for duty as the natural and proximate result of an injury or disease incurred in or aggravated by the actual performance of duty at some definite time and place, or while acting pursuant to order, outside of the city by which the member is regularly employed, shall be retired by the respective board of trustees system, provided, that if the medical board shall certify certifies that such the member is mentally or physically incapacitated for further performance of duty, that such the incapacity is likely to be permanent, and that such the member should be retired.

Should If a member in service or the chief of the police or fire departments become becomes incapacitated for duty as a natural or proximate result of an injury or disease incurred in or aggravated by the actual performance of duty at some definite time or place or while acting, pursuant to order, outside the city by which the member is regularly employed, the member shall, upon being found to be temporarily incapacitated following a a medical examination by the board of trustees, be as directed by the system, is entitled to receive the member's

*According to enrolled Act

full pay and allowances from the city's general fund until re-examined by the board as directed by the system and found to be fully recovered or permanently disabled.

Sec. 58. Section 411.6, subsection 6, Code 1989, is amended to read as follows:

6. RETIREMENT AFTER ACCIDENT.

a. Upon retirement for accidental disability prior to July 1, 1990, a member shall receive an accidental disability retirement allowance which shall consist of a pension equal to sixty-six and two-thirds percent of the member's average final compensation.

b. Upon retirement for accidental disability on or after July 1, 1990, a member shall receive an accidental disability retirement allowance which shall consist of a pension equal to sixty percent of the member's average final compensation.

Sec. 59. Section 411.6, subsection 7, unnumbered paragraph 1, Code 1989, is amended to read as follows:

RE-EXAMINATION OF BENEFICIARIES RETIRED ON ACCOUNT OF DISABILITY. Once each year during the first five years following the retirement of a member on a disability retirement allowance, and once in every three-year period thereafter, the respective board of trustees system may, and upon the member's application shall, require any disability beneficiary who has not yet attained age fifty-five to undergo a medical examination at a place designated by the medical board. Such The examination shall be made by the medical board or in special cases, by an additional physician or physicians designated by such board. Should If any disability beneficiary who has not attained the age of fifty-five refuses to submit to such the medical examination, the member's allowance may be discontinued until withdrawal of such refusal, and should if the refusal continue continues for one year all rights in and to the member's pension may be revoked by the respective board of trustees system.

Sec. 60. Section 411.6, subsection 7, paragraph a, unnumbered paragraph 2, Code 1989, is amended to read as follows:

A beneficiary retired under this paragraph, in order to be eligible for continued receipt of retirement benefits, shall no later than May 15 of each year submit to the board of trustees system a copy of the beneficiary's federal individual income tax return for the preceding year.

Sec. 61. Section 411.6, subsection 8, paragraph a, Code 1989, is amended to read as follows:

a. Upon the receipt of proof of the death of a member in service, or a member not in service who has completed fifteen four or more years of service as provided in subsection 1, paragraph "b", there shall be paid to the person designated by the member to the board of trustees system as the member's beneficiary if the member has had one or more years of membership service and no pension is payable under subsection 9, an amount equal to fifty percent of the compensation earnable by the member during the year immediately preceding the member's death if the member is in service, or an amount equal to fifty percent of the compensation earned by the member during the member's last year of service if the member is not in service.

Sec. 62. Section 411.6, subsection 8, paragraph b, Code 1989, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Notwithstanding section 411.6, subsection 8, Code 1985, effective July 1, 1990, for a member's surviving spouse who, prior to July 1, 1986, elected to receive pension benefits under this paragraph, the monthly pension benefit shall be equal to one-twelfth of forty percent of the average final compensation of the member.

Sec. 63. Section 411.6, subsection 8, paragraph c, Code 1989, is amended to read as follows:

c. The pension under paragraph "b" may be selected only by the following beneficiaries:

(1) The spouse.

(2) If there is no spouse, or if the spouse dies and there is a child of a member, then the guardian of the member's child or children, divided as the board of trustees system determines, to continue as a joint and survivor pension until every child of the member dies or attains the age of eighteen, or twenty-two if applicable.

(3) If there is no surviving spouse or child, then the member's dependent father or mother, or both, as the ~~board of trustees system~~ determines, to continue until remarriage or death.

Sec. 64. Section 411.6, subsection 9, unnumbered paragraph 1, Code 1989, is amended to read as follows:

ACCIDENTAL DEATH BENEFIT. If, upon the receipt of evidence and proof ~~from the chief of the police or fire department~~ that the death of a member in service ~~or the chief of police or fire departments~~ was the natural and proximate result of an injury or disease incurred in or aggravated by the actual performance of duty at some definite time and place, or while acting pursuant to order, outside of the city by which the member is regularly employed, the ~~board of trustees shall decide system decides~~ that death was so caused in the performance of duty there shall be paid, in lieu of the ordinary death benefit provided in subsection 8 of this section, to the member's estate or to such person having an insurable interest in the member's life as the member ~~shall have~~ has nominated by written designation duly executed and filed with the ~~respective board of trustees system~~ the benefits set forth in paragraphs "a" and "b" of this subsection:

Sec. 65. Section 411.6, subsection 12, paragraph a, subparagraphs (1), (2), and (3), Code 1989, are amended to read as follows:

(1) Twenty-five percent for members receiving a service retirement allowance and for beneficiaries receiving a pension under subsection 9 of this section. ~~However, effective July 1, 1990, for members who retired before that date, thirty percent shall be the applicable percentage for members and beneficiaries under this subparagraph.~~

(2) ~~Twenty~~ Twenty-five percent for members with five or more years of membership service who are receiving an ordinary disability retirement allowance. ~~However, effective July 1, 1984, for members who retired before July 1, 1979, and effective July 1, 1988, for members who retire on or after July 1, 1988, twenty-five percent shall be used for members who are receiving an ordinary disability allowance. However, effective July 1, 1990, for members who retired before that date, thirty percent shall be the applicable percentage for members under this subparagraph.~~

(3) Twelve and one-half percent for members with less than five years of membership service who are receiving an ordinary disability retirement allowance, and for beneficiaries receiving a pension under subsection 8 of this section. ~~However, effective July 1, 1990, for members who retired before that date, fifteen percent shall be the applicable percentage for members and beneficiaries under this subparagraph.~~

Sec. 66. Section 411.6, Code 1989, is amended by adding the following new subsection:
NEW SUBSECTION. 13. REMARRIAGE OF SURVIVING SPOUSE. Effective July 1, 1990, for a member who died prior to July 1, 1988, if the member's surviving spouse remarried prior to July 1, 1988, the remarriage does not make the spouse ineligible under subsection 8, paragraph "c", subparagraphs (1) and (2), to receive benefits under subsections 8, 9, 11, and 12.

Sec. 67. **NEW SECTION. 411.6A OPTIONAL RETIREMENT BENEFITS.**

In lieu of the retirement benefits otherwise provided upon service retirement for members of the system and the members' beneficiaries, members may elect to receive an optional retirement benefit during the member's lifetime and have the optional retirement benefit, or a designated fraction of the optional retirement benefit, continued and paid to the member's beneficiary after the member's death and during the lifetime of the beneficiary.

The member shall make the election request in writing to the board of trustees at the time of the member's service retirement. The election is subject to the approval of the board of trustees. If the member is married, the election of an option under this section requires the written acknowledgement of the member's spouse.

A member's optional retirement benefits shall be the actuarial equivalent of the amount of the retirement benefits payable to the member and the member's beneficiaries under the service retirement provisions of this chapter. The actuarial equivalent shall be based on the mortality and interest assumptions set out in section 411.5.

If the member dies without a beneficiary prior to receipt in benefits of an amount equal to the total amount remaining to the member's credit at the time of separation from service, the election is void.

If the member dies with a beneficiary and the beneficiary subsequently dies prior to receipt in retirement benefits by both the member and the beneficiary of an amount equal to the total amount remaining to the member's credit at the time of separation from service, the election remains valid.

For the purpose of this section, "beneficiary" means a spouse, child, or a dependent parent.

Sec. 68. Section 411.7, Code 1989, is amended to read as follows:

411.7 MANAGEMENT OF FUNDS.

1. ~~The respective boards board of trustees shall be is the trustees trustee of the several funds fire and police retirement fund created by this chapter as provided in section 411.8 and shall have full power to invest and reinvest such funds annually establish an investment policy to govern the investment and reinvestment of the moneys in the fund, subject to the terms, conditions, limitations and restrictions imposed by subsection 2 of this section, and subject. Subject to like terms, conditions, limitations, and restrictions said trustees shall have the system has full power to hold, purchase, sell, assign, transfer, or dispose of any of the securities and investments in which any of the funds created herein shall have fund has been invested, as well as of the proceeds of said the investments and any moneys belonging to said funds the fund.~~

2. ~~The city treasurer may secretary of the board of trustees shall invest, at the direction of in accordance with the investment policy established by the respective boards board of trustees, a the portion of the funds fund established in section 411.8 which in the judgment of the respective boards are board is not needed for current payment of benefits under this chapter in investments authorized in section 97B.7, subsection 2, paragraph "b", for moneys in the Iowa public employees' retirement fund.~~

~~The board of trustees may negotiate a joint agreement under chapter 28E with another board of trustees, a utility board, a city council, or all of these, that provides for the joint investment of moneys under the control of the boards of trustees, the utility board, and the city council. The investment of the moneys is subject to this section and section 452.10 and to the limitations stated in the joint agreement.~~

3. ~~The treasurer of the said cities shall be secretary of the board of trustees is the custodian of the several funds fire and police retirement fund. All payments from said funds the fund shall be made by the treasurer secretary only upon vouchers signed by two persons designated by the respective board of trustees. A duly attested copy of the resolution of the respective board of trustees designating such persons and bearing on its face specimen signatures of such persons shall be filed with the treasurer as the treasurer's authority for making payments upon such vouchers. No voucher shall be drawn unless it shall previously have been allowed by resolution of the respective board of trustees. The system may select master custodian banks to provide custody of the assets of the retirement system.~~

4. ~~For the purpose of meeting disbursements for pensions, annuities, and other payments, there may be kept available cash not exceeding ten percent of the total amount in the several funds of the retirement system on deposit in one or more banks or trust companies in said cities, organized under the laws of the state of Iowa, or of the United States, provided, that the amount on deposit in any one bank or trust company shall not exceed twenty-five percent of the paid-up capital and surplus of such bank or trust company.~~

5 4. ~~No trustee and no A member or employee of either the board of trustees shall not have any direct interest in the gains or profits of any investment made by the respective boards board of trustees, other than as a member of the system. No A trustee shall not receive any pay or emolument for the trustee's services except as secretary. No trustee A member or employee of either the board of trustees shall not directly or indirectly for the trustee or employee or as an agent in any manner use the assets of the retirement system except to make such current and necessary payments as are authorized by the board of trustees, nor shall~~

any trustee or employee of the ~~boards~~ system become an endorser or surety or become in any manner an obligor for moneys loaned by or borrowed from the ~~respective board of trustees~~ system.

Sec. 69. Section 411.8, unnumbered paragraph 1, Code 1989, is amended to read as follows:

All the assets of ~~each~~ the retirement system created and established by this chapter shall be credited according to the purpose for which they are held to one of three funds, namely, the pension accumulation fund, the pension reserve fund, and the expense fund to the fire and police retirement fund, which is hereby created. As used in this section, "fund" means the fire and police retirement fund.

Sec. 70. Section 411.8, subsection 1, unnumbered paragraph 1 and paragraph a, Code 1989, are amended to read as follows:

PENSION ACCUMULATION FUND. ~~The pension accumulation fund shall be the fund in which shall be accumulated all~~ All moneys for the payment of all pensions and other benefits payable from contributions made by the said participating cities, the state, and the members and from which shall be paid the lump-sum death shall be accumulated in the fund. The refunds and benefits for all members payable from the said contributions and beneficiaries shall be payable from the fund. Contributions to and payments from the ~~pension accumulation fund~~ shall be as follows:

a. On account of each member there shall be paid annually into the ~~pension accumulation fund~~ by the ~~said participating cities~~ an amount equal to a certain percentage of the earnable compensation of the member to be known as the "normal contribution". The rate percent of such contribution shall be fixed on the basis of the liabilities of the retirement system as shown by annual actuarial valuations.

Sec. 71. Section 411.8, subsection 1, paragraph b, Code 1989, is amended to read as follows:

b. On the basis of the rate of interest and of ~~such~~ the mortality, interest and other tables ~~as shall be adopted by the boards of trustees system,~~ the actuary engaged by the ~~said boards system~~ to make each valuation required by this chapter, shall immediately after making such valuation, determine the "normal contribution rate". The Except as otherwise provided in this lettered paragraph, the normal contribution rate shall be the rate percent of the earnable compensation of all members obtained by deducting from the total liabilities of the fund the amount of the funds in hand to the credit of the fund and dividing the remainder by one percent of the present value of the prospective future compensation of all members as computed on the basis of the rate of interest and of mortality and service tables adopted by the ~~boards of trustees,~~ all reduced by the employee contribution made pursuant to paragraph "f" of this subsection. However, the normal rate of contribution shall not be less than seventeen percent.

Beginning July 1, 1996, and each fiscal year thereafter, the normal contribution rate shall be the rate percent of the earnable compensation of all members obtained by deducting from the total liabilities of the fund the amount of the funds in hand to the credit of the fund and dividing the remainder by one percent of the present value of the prospective future compensation of all members as computed on the basis of the rate of interest and of mortality and service tables adopted, multiplied by six-tenths, or seventeen percent, whichever is greater.

PARAGRAPH DIVIDED. The normal rate of contribution shall be determined by the actuary after each valuation.

Sec. 72. Section 411.8, subsection 1, paragraphs c, d, and e, Code 1989, are amended to read as follows:

c. The total amount payable in each year to the ~~pension accumulation fund~~ shall be not less than the rate percent known as the normal contribution rate of the total compensation earnable by all members during the year, ~~provided, however, that~~ but the aggregate payment by the ~~said participating cities~~ shall must be sufficient when combined with the amount in the fund to provide the pensions and other benefits payable out of the fund during the then current year.

d. All lump-sum death benefits on account of death in active service payable from contributions of the said cities shall be paid from the pension accumulation fund.

e. Upon the retirement or death of a member an amount equal to the pension reserve on any pension payable to the member or on account of the member's death shall be transferred from the pension accumulation fund to the pension reserve fund.

Sec. 73. Section 411.8, subsection 1, paragraph f, Code 1989, is amended to read as follows:
f. Except as otherwise provided in paragraph "h":

(1) An amount equal to three and one-tenth percent of each member's compensation from the earnable compensation of the member shall be paid to the pension accumulation fund for the fiscal year beginning July 1, 1989.

(2) An amount equal to four and one-tenth percent of each member's compensation from the earnable compensation of the member shall be paid to the fund for the fiscal year beginning July 1, 1990.

(3) An amount equal to five and one-tenth percent of each member's compensation from the earnable compensation of the member shall be paid to the fund for the fiscal year beginning July 1, 1991.

(4) An amount equal to six and one-tenth percent of each member's compensation from the earnable compensation of the member shall be paid to the fund for the fiscal year beginning July 1, 1992.

(5) An amount equal to seven and one-tenth percent of each member's compensation from the earnable compensation of the member shall be paid to the fund for the fiscal year beginning July 1, 1993.

(6) An amount equal to eight and one-tenth percent of each member's compensation from the earnable compensation of the member shall be paid to the fund for the fiscal year beginning July 1, 1994.

(7) An amount equal to nine and one-tenth percent of each member's compensation from the earnable compensation of the member shall be paid to the fund for the fiscal year beginning July 1, 1995.

(8) Beginning July 1, 1996, and each fiscal year thereafter, the member's contribution rate shall be the rate percent of the earnable compensation of all members obtained by deducting from the total liabilities of the fund the amount of the funds in hand to the credit of the fund and dividing the remainder by one percent of the present value of the prospective future compensation of all members as computed on the basis of the rate of interest and of mortality and service tables adopted, multiplied by four-tenths, or nine and one-tenth percent, whichever is greater. However, the system shall increase this percentage for its members as necessary to cover any increase in cost to the system resulting from statutory changes which are enacted by any session of the general assembly meeting after January 1, 1991, if the increase cannot be absorbed within the contribution rates otherwise established pursuant to this paragraph, but subject to a maximum employee contribution rate of eleven and three-tenths percent. After the employee contribution reaches the maximum rate specified in this subparagraph, sixty percent of the additional cost of such statutory changes shall be paid by employers under paragraph "c" and forty percent of the additional cost shall be paid by employees under this paragraph.

Beginning July 1, 1996, and each fiscal year thereafter, an amount equal to the member's contribution rate times each member's compensation shall be paid to the fund from the earnable compensation of the member.

The total amount to be contributed by the member shall be determined by the actuary after each valuation.

Sec. 74. Section 411.8, subsection 1, paragraph g, Code 1989, is amended to read as follows:

g. Each board of trustees The system shall certify to the superintendent of public safety as defined in this chapter and the superintendent of public safety as defined in this chapter shall cause to be deducted from the earnable compensation of each member the contribution

required under ~~paragraph "f"~~ of this subsection and shall forward the contributions to the ~~board of trustees system~~ for recording and for deposit in the ~~pension accumulation~~ fund.

The deductions provided for under this ~~subsection~~ paragraph shall be made notwithstanding that the minimum compensation provided by law for any member is reduced. Every member is deemed to consent to the deductions made under this ~~section~~ paragraph.

Sec. 75. Section 411.8, subsection 1, Code 1989, is amended by adding the following new paragraph:

NEW PARAGRAPH. h. Notwithstanding the provisions of paragraph "f", the following transition percentages apply to members' contributions as specified:

(1) For members who on July 1, 1990, have attained the age of forty-nine years or more, an amount equal to nine and one-tenth percent of each member's compensation from the earnable compensation of the member shall be paid to the fund for the fiscal year beginning July 1, 1990, and each subsequent fiscal year until the fiscal year beginning July 1, 1996, when paragraph "f", subparagraph (8), applies.

(2) For members who on July 1, 1990, have attained the age of forty-eight years but have not attained the age of forty-nine years, an amount equal to eight and one-tenth percent shall be paid for the fiscal year beginning July 1, 1990, and an amount equal to nine and one-tenth percent shall be paid for the fiscal year beginning July 1, 1991, and each subsequent fiscal year thereafter until the fiscal year beginning July 1, 1996, when paragraph "f", subparagraph (8), applies.

(3) For members who on July 1, 1990, have attained the age of forty-seven years but have not attained the age of forty-eight years, an amount equal to seven and one-tenth percent shall be paid for the fiscal year beginning July 1, 1990, an amount equal to eight and one-tenth percent shall be paid for the fiscal year beginning July 1, 1991, and an amount equal to nine and one-tenth percent shall be paid for the fiscal year beginning July 1, 1992, and each subsequent fiscal year until the fiscal year beginning July 1, 1996, when paragraph "f", subparagraph (8), applies.

(4) For members who on July 1, 1990, have attained the age of forty-six years but have not attained the age of forty-seven years, an amount equal to six and one-tenth percent shall be paid for the fiscal year beginning July 1, 1990, an amount equal to seven and one-tenth percent shall be paid for the fiscal year beginning July 1, 1991, an amount equal to eight and one-tenth percent shall be paid for the fiscal year beginning July 1, 1992, and an amount equal to nine and one-tenth percent shall be paid for the fiscal year beginning July 1, 1993, and each subsequent fiscal year until the fiscal year beginning July 1, 1996, when paragraph "f", subparagraph (8), applies.

(5) For members who on July 1, 1990, have attained the age of forty-five years but have not attained the age of forty-six years, an amount equal to five and one-tenth percent shall be paid for the fiscal year beginning July 1, 1990, an amount equal to six and one-tenth percent shall be paid for the fiscal year beginning July 1, 1991, an amount equal to seven and one-tenth percent shall be paid for the fiscal year beginning July 1, 1992, an amount equal to eight and one-tenth percent shall be paid for the fiscal year beginning July 1, 1993, and an amount equal to nine and one-tenth percent shall be paid for the fiscal years beginning July 1, 1994, and July 1, 1995. Beginning July 1, 1996, paragraph "f", subparagraph (8), applies.

Sec. 76. Section 411.8, subsection 2, Code 1989, is amended by striking the subsection.

Sec. 77. Section 411.8, subsection 3, Code 1989, is amended to read as follows:

3. EXPENSE FUND. ~~The expense fund shall be the fund to which shall be credited all money provided by the said cities to pay the administration expenses of the retirement system and from which shall be paid all the expenses necessary in connection with the administration and operation of the system.~~ Annually the boards board of trustees shall estimate budget the amount of money necessary to be paid into the expense fund during the ensuing year to provide for the expense of operation of the retirement system. The operating expenses shall be financed from the income derived from the system's investments. Investment management expenses shall be charged directly to the investment income of the system.

Sec. 78. Section 411.11, Code 1989, is amended to read as follows:

411.11 CONTRIBUTIONS BY THE CITY.

On or before January 1 of each year the ~~respective boards of trustees system~~ shall certify to the superintendent of public safety of each participating city the amounts which will become due and payable during the year next following to the ~~pension accumulation fire and police retirement fund and the expense fund~~. The amounts so certified shall be included by the superintendent of public safety in the annual budget estimate. The amounts so certified shall be appropriated by the respective cities and transferred to the retirement system for the ensuing year. The cities shall annually levy a tax sufficient in amount to cover the appropriations.

However, the amounts due and payable for a retirement system during its first year, or portion of a year, of operation shall be determined using the rates of contribution adopted by the board of trustees.

Sec. 79. Section 411.12, Code 1989, is amended to read as follows:

411.12 GUARANTY.

The creation and maintenance of moneys in the ~~pension accumulation fire and police retirement fund and the maintenance of pension reserves~~ as provided for the payment of all pensions and other benefits granted under the provisions of this chapter and all expenses in connection with the administration and operation of the retirement ~~systems system~~ are hereby made direct liability obligations of the ~~said~~ cities participating in the retirement system.

Sec. 80. Section 411.13, Code Supplement 1989, is amended to read as follows:

411.13 EXEMPTION FROM EXECUTION.

The right of any person to a pension, annuity, or retirement allowance, to the return of contributions, the pension, annuity, or retirement allowance itself, any optional benefit or death benefit, any other right accrued or accruing to any person under this chapter, and the moneys in the various funds fire and police retirement fund created under this chapter, are not subject to execution, garnishment, attachment, or any other process whatsoever, and are unassignable except as in this chapter specifically provided.

Sec. 81. Section 411.14, Code 1989, is amended to read as follows:

411.14 PROTECTION AGAINST FRAUD.

~~Any~~ A person who ~~shall knowingly make any makes~~ a false statement, or ~~shall falsify falsifies~~ or ~~permit permits~~ to be falsified any record or records of ~~such the~~ retirement system in ~~any an~~ attempt to defraud ~~such the~~ system as a result of such act, ~~shall be~~ is guilty of a fraudulent practice. ~~Should If~~ any change or ~~errors error~~ in records ~~result results~~ in ~~any a~~ member or beneficiary receiving from the retirement system more or less than the member or beneficiary would have been entitled to receive had the records been correct, the ~~respective board of trustees system~~ shall correct ~~such the~~ error, and, as far as practicable, shall adjust the payments in such a manner that the actuarial equivalent of the benefit to which ~~such the~~ member or beneficiary was correctly entitled, shall be paid.

Sec. 82. Section 411.20, Code 1989, is amended by striking the section and inserting in lieu thereof the following:

411.20 STATE APPROPRIATION.

There is appropriated from the general fund of the state for each fiscal year an amount necessary to be distributed to the statewide fire and police retirement system, or to the cities participating in the system, to finance the cost of benefits provided in this chapter by amendments of the Acts of the Sixty-sixth General Assembly, chapter 1089. The method of distribution shall be determined by the board of trustees based on information provided by the actuary of the statewide retirement system.

Moneys appropriated by the state shall not be used to reduce the normal rate of contribution of any city below seventeen percent.

Sec. 83. Section 411.21, subsection 2, paragraph g, Code 1989, is amended to read as follows:

g. "Member who became vested" and "vested member" mean a member who has been a member of the retirement system ~~fifteen~~ four or more years and is entitled to benefits under this chapter.

Sec. 84. NEW SECTION. 411.23 WITHDRAWAL OF CONTRIBUTIONS.

Commencing July 1, 1990, if an active member, in service on or after that date, terminates service, other than by death or disability, the member may elect to withdraw the member's contributions under section 411.8, subsection 1, paragraphs "f" and "h", together with interest thereon at a rate determined by the board of trustees. If a member withdraws contributions as provided in this section, the member shall be deemed to have waived all claims for other benefits from the system for the period of membership service for which the contributions are withdrawn.

Sec. 85. NEW SECTION. 411.35 STATEWIDE SYSTEM ESTABLISHED – CITY SYSTEMS TERMINATED.

1. Effective January 1, 1992, a single statewide fire and police retirement system is established to replace the individual city fire retirement systems and police retirement systems operating under this chapter prior to that date. Each city fire retirement system and police retirement system operating under this chapter prior to January 1, 1992, shall participate in the statewide system.

2. Effective January 1, 1992, each city fire retirement system and police retirement system operating under this chapter prior to that date is terminated, and all membership, benefit rights, and financial obligations under the terminating systems shall be assumed by the statewide fire and police retirement system.

Sec. 86. NEW SECTION. 411.36 BOARD OF TRUSTEES FOR STATEWIDE SYSTEM.

1. A board of trustees for the statewide fire and police retirement system is created. The board shall consist of thirteen members, including nine voting members and four nonvoting members. The voting members shall be as follows:

a. Two fire fighters from different participating cities, one of whom is an active member of the retirement system and one of whom is a retired member. The fire fighters shall be appointed by the governing body of the Iowa association of professional fire fighters.

b. Two police officers from different participating cities, one of whom is an active member of the retirement system and one of whom is a retired member. The police officers shall be appointed by the governing body of the Iowa state police association.

c. The city treasurers of four participating cities, one of whom is from a city having a population of less than forty thousand, and three of whom are from cities having a population of forty thousand or more. The city treasurers shall be appointed by the governing body of the league of Iowa municipalities.

d. One citizen who does not hold another public office. The citizen shall be appointed by the other members of the board.

The nonvoting members of the board shall be two state representatives, one appointed by the speaker of the house of representatives and one by the minority leader of the house, and two state senators, one appointed by the majority leader of the senate and one by the minority leader of the senate.

2. Except as otherwise provided for the initial appointments, the voting members shall be appointed for four-year terms, and the nonvoting members shall be appointed for two-year terms. Terms begin on May 1 in the year of appointment and expire on April 30 in the year of expiration.

3. Vacancies shall be filled in the same manner as original appointments. A vacancy shall be filled for the unexpired term.

4. The board shall elect a chairperson from among its own members.

Sec. 87. **NEW SECTION. 411.37 BOARD RESPONSIBLE FOR TRANSITION.**

1. The board of trustees for the statewide system is responsible for effecting the transition from the city fire and police retirement systems to the statewide fire and police retirement system. The board shall adopt a transition plan and other appropriate transition documents it deems necessary to accomplish the transition in accordance with the requirements of this chapter. The city fire and police retirement systems shall comply with orders of the board issued pursuant to the transition plan or other transition documents.

2. The board shall include in the transition plan or other transition documents, provisions to facilitate continuity under sections 411.20, 411.21, and 411.30 and a recommendation for an equitable process for determining earnable compensation changes when calculating adjustments to pensions under section 411.6, subsection 12, to be submitted to the general assembly meeting in 1991.

3. For the fiscal year beginning July 1, 1990, ten percent of the amount appropriated for distribution to cities as provided in section 411.20 shall be made available to the board of trustees for the statewide system to cover the administrative costs of the transition. The amount distributed to each city shall be reduced accordingly. The moneys remaining unexpended at the end of the fiscal year shall be credited to the cities in the same proportion as the reduction.

Sec. 88. **NEW SECTION. 411.38 OBLIGATIONS OF PARTICIPATING CITIES.**

Upon the establishment of the statewide system, each city participating in the statewide fire and police retirement system shall do all of the following:

1. Pay to the statewide system the normal contribution rate provided pursuant to section 411.8.

2. Transfer from each terminated city fire or police retirement system to the statewide system amounts sufficient to cover the accrued liabilities of that terminated system as determined by the actuary of the statewide system.

3. Contribute additional amounts necessary to ensure sufficient financial support for the statewide fire and police retirement system, as determined by the board of trustees based on information provided by the actuary of the statewide system.

It is the intent of the general assembly that a terminated city fire or police retirement system shall not subsidize any portion of any other system's unfunded liabilities in connection with the transition to the statewide system.

Sec. 89. **INITIAL STATEWIDE BOARD FOR STATEWIDE SYSTEM.**

1. All members of the initial board of trustees for the statewide fire and police retirement system, except the nonvoting members, shall be appointed from the boards of trustees of the participating fire and police retirement systems.

2. The terms of the initial appointees shall be as follows:

a. One fire fighter shall be appointed for a term of four years and one for a term of two years.

b. One police officer shall be appointed for a term of three years and one for a term of one year.

c. One city treasurer shall be appointed for a term of four years, one for a term of three years, one for a term of two years, and one for a term of one year.

d. The citizen member shall be appointed for a term of four years.

e. The state representatives and state senators shall each be appointed for a term of two years.

3. Notwithstanding section 411.36, subsection 2, the term of each original appointee commences on the date of appointment and expires on April 30 in the year of expiration.

4. As soon as possible after the effective date of this section, the director of the legislative service bureau shall call a preliminary meeting of the eight board members appointed as provided in section 411.36, subsection 1, paragraphs "a", "b", and "c" for the purpose of appointing the remaining board member and setting a date for the first meeting of the full board. The preliminary meeting shall be held before July 1, 1990. The director of the legislative service bureau shall preside at the preliminary meeting and also at the first meeting of the full board until the board elects a chairperson from among its own members.

5. The initial board members are entitled to expenses incurred in the performance of their duties during the transition period.

6. The initial board may engage actuarial and other services as necessary for transition purposes.

Sec. 90. REPEALS.

Sections 411.18 and 411.19, Code 1989, are repealed.

Sec. 91. STUDY.

The legislative council shall employ an actuarial consultant to study possible courses of action with respect to the retirement systems for public safety peace officers, police officers, and fire fighters covered under chapters 97A and 411.

The study of possible courses of action shall include:

1. Extending the Iowa public employees' retirement system and the federal social security system to peace officers, police officers, and fire fighters, with the same benefits as county sheriffs and deputy sheriffs under section 97B.49, subsection 16, paragraph "b".

2. Establishing a system for rating the degree of disability under the retirement systems established by chapters 97A and 411.

3. Determining methods of enhancing benefits for current retirees and their survivors and determining equity among state and local systems, both as to contribution rates and benefit formulas.

4. Revising the system of benefits for members, spouses, and other beneficiaries so that members would choose from among five benefit options similar to those available under the Iowa public employees' retirement system.

The study shall consider each of the possible courses of action with respect to (a) persons currently under the retirement systems established by chapters 97A and 411, and (b) persons newly hired as peace officers, police officers, and fire fighters.

The study shall also extend to consideration of changes in provisions governing coverage of temporary employees under the Iowa public employees' retirement system, including the issue of whether coverage under the proposed changes should be mandatory or optional for the employee.

The study shall be conducted in accordance with the guiding goals and principles set forth in section 97D.1.

The legislative service bureau shall coordinate the study, in consultation with the legislative fiscal bureau and the public employees' retirement system division of the department of personnel.

The study shall be completed and a report submitted to the general assembly not later than December 1, 1990.

Sec. 92. STUDY OF DEFINED CONTRIBUTION PLAN.

1. The Iowa public employees' retirement system shall conduct a study of the feasibility of initiating an optional, supplemental defined contribution retirement plan which would be available to all members in addition to their basic coverage under the existing system. Under the proposed plan, employees electing to participate would be eligible to contribute up to five percent of their total salary per year at their option and this would accumulate interest at the rate credited to members' accounts under basic Iowa public employees' retirement system coverage, less management expenses and administrative costs. The funds in the employee's account would be available to the employee either upon termination of public employment or at retirement.

2. The Iowa public employees' retirement system shall provide a preliminary report concerning the study on or after November 1, 1990, and a final report on or after November 1, 1991. The reports shall be transmitted to the chief clerk of the house of representatives and the secretary of the senate for distribution to the general assembly.

Sec. 93. TRANSFER OF SECTION.

The Code editor shall transfer section 97B.76 to chapter 97D, created by this Act.

Sec. 94. APPLICABILITY — EFFECTIVE DATE.

1. Sections 3, 6, 13, 54, 61, and 83 of this Act apply to members of the Iowa department of public safety peace officers' retirement, accident, and disability system and members of police and fire retirement systems who are in active service on or after the effective date of this Act.

2. Section 22 of this Act is applicable to computations of years of prior service made on or after the effective date of this Act.

3. Sections 1, 48 through 53, 56, 57, 59, 60, 63, 64, 68 through 72, 74, 76 through 82, and 90 of this Act take effect January 1, 1992.

4. Section 16 of this Act takes effect January 14, 1991.

Sec. 95. IMMEDIATE EFFECTIVENESS.

Sections 85 through 89 and this section, being deemed of immediate importance, take effect upon enactment.

Approved May 3, 1990

CHAPTER 1241

SEXUAL ABUSE, SEXUAL ASSAULT, AND SEXUAL HARASSMENT — PROCEDURES *H.F. 2268*

AN ACT relating to discovery and the statute of limitations in a civil action involving sexual abuse, sexual assault, or sexual harassment and providing for the Act's applicability.

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

Section 1. Section 668.15, Code Supplement 1989, is amended to read as follows:

668.15 DAMAGES RESULTING FROM SEXUAL ABUSE — EVIDENCE.

1. In a civil action alleging conduct which constitutes sexual abuse, as defined in section 709.1, sexual assault, or sexual harassment, a party seeking discovery of information concerning the plaintiff's sexual conduct with persons other than the person who committed the alleged act of sexual abuse, as defined in section 709.1, sexual assault, or sexual harassment, must establish specific facts showing good cause for that discovery, and that the information sought is relevant to the subject matter of the action and reasonably calculated to lead to the discovery of admissible evidence.

2. In an action against a person accused of sexual abuse, as defined in section 709.1, sexual assault, or sexual harassment, by an alleged victim of the sexual abuse, sexual assault, or sexual harassment, for damages arising from an injury resulting from the act of sexual abuse alleged conduct, evidence concerning the past sexual behavior of the alleged victim is not admissible.

Sec. 2. **NEW SECTION. 614.8A DAMAGES FOR CHILD SEXUAL ABUSE — TIME LIMITATION.**

An action for damages for injury suffered as a result of sexual abuse which occurred when the injured person was a child, but not discovered until after the injured person is of the age of majority, shall be brought within four years from the time of discovery by the injured party of both the injury and the causal relationship between the injury and the sexual abuse.