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 Ind. Postponed
 Passed Senate.....
 Failed to Pass Senate.....
 Passed House
 Failed to Pass House.....

March 8, 1937.
 Public Schools

Senate File 290

GUERNSEY, ELTHON, MURRAY, EVANS,
 BEARDSLEY, GILLESPIE, STEVENS,
 DORAN, BREEN and BALDWIN.

A BILL FOR

An Act creating and establishing the "Iowa State Teachers' Annuity System"; providing for the creation, maintenance, and administration of a statewide teachers' retirement annuity and pension system; providing for limiting and defining its membership and the benefits payable to its members; defining the terms used in the act; providing for the creation of a retirement board to manage and administer the system and prescribing their powers, duties, and mode of procedure; providing for the creation of a medical board, the manner and method of the selection of members thereof, and prescribing their powers, duties, and mode of procedure; providing for the determination, manner, and method of the collection, allocation, and disbursement of funds required to be contributed to the system by its members, employers, and by the state; providing for the creation and establishment of funds and reserves required to be maintained by the system and by the state; providing for appropriations by the state for the creation and establishment of the system and the payment of accrued benefits; providing that the payment of the benefits granted under the provisions of this act, the creation and maintenance of reserves in certain funds as provided for in this act be made obligations of the state; providing for the exemption of benefits from attachment, execution, garnishment, or other legal process, and for exemption of the funds and property of the system from taxation; providing penalties for fraud on the system;

and providing for the manner and method of discontinuance, merger, or dissolution of local district pension systems.

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

1 Section 1. Definitions. The following words and phrases
2 as used in this act, unless a different meaning is plainly
3 required by the context, shall have the following meanings:

4 (1) "Annuity system" shall mean the Iowa State Teachers'
5 Annuity System as defined in section two (2) of this act.

6 (2) "Retirement board" shall mean the board provided
7 in section three (3) of this act to administer the annuity
8 system.

9 (3) "Medical board" shall mean the board of physicians
10 provided for in section four (4) of this act.

11 (4) "Teacher" shall mean any person legally certificated
12 and regularly employed in the public schools of the state as
13 teacher, superintendent, principal, supervisor, or
14 administrator; any person legally qualified as teacher while
15 serving as state superintendent of public instruction or as
16 county superintendent of schools or as a regular full-time
17 employee in their respective offices or in the office of the
18 state board of educational examiners or the state board of
19 vocational education; any person legally qualified as teacher
20 and serving as a full-time employee in the office of the Iowa
21 State Teachers' Association on account of which the employer
22 shall accept the requirements and obligations of this act,
23 including all contributions by the State of Iowa during such

24 employment; and any teacher in the Iowa School for the Deaf,
25 and the Iowa School for the Blind, on account of which the
26 state board of education or other managing body shall accept
27 the requirements and obligations of this act. In all cases
28 of doubt, the retirement board shall determine whether any
29 person is a teacher as defined in this act.

30 (5) "Member" shall mean any person included in the
31 membership of the annuity system as provided in section five
32 (5) of this act.

33 (6) "Employer" shall mean the state of Iowa, or the
34 school district, board or other agency of or within the state
35 by which the teacher is paid.

36 (7) "Service" shall mean service as a teacher as
37 described in subsection four (4) of this section and paid for
38 by an employer as described in subsection six (6) of this
39 section.

40 (8) "Prior service" shall mean service rendered prior
41 to the date of establishment of the annuity system for which
42 credit is allowable under section six (6) of this act.

43 (9) "Membership service" shall mean service as a teacher
44 rendered while a member of the retirement system.

45 (10) "Creditable service" shall mean "prior service" plus
46 "membership service" for which credit is allowable as provided
47 in section six (6) of this act.

48 (11) "Beneficiary" shall mean any person in receipt of
49 a retirement allowance or other benefit as provided by this act.

50 (12) "Regular interest" shall mean interest at four (4)
51 per centum per annum compounded annually, or at such other
52 rate as may be set by the retirement board in
53 accordance with subsection three (3) of section ten (10).

54 (13) "Accumulated contributions" shall mean the sum
55 of all amounts deducted from the salary of a member and
56 credited to his individual account in the teachers' annuity
57 savings fund together with regular interest thereon.

58 (14) "Earnable compensation" shall mean the full rate
59 of the compensation that would be payable to a teacher if he
60 worked the full normal working time. In cases where
61 compensation includes maintenance, the retirement board shall
62 fix the value of that part of the compensation not paid in
63 money.

64 (15) "Final average salary" shall mean the average
65 annual compensation, pay or salary earnable by a member
66 during his last ten years of service as a teacher.

67 (16) "Teacher's annuity" shall mean payments for life,
68 derived from the accumulated contributions as a members as
69 provided in this act. All teachers' annuities shall be paid
70 in equal monthly installments.

71 (17) "Teacher's annuity reserve" shall mean the present
72 value of all payments to be made on account of a teacher's
73 annuity granted under the provisions of this act, computed
74 upon the basis of such mortality tables as shall be adopted
75 by the retirement board and regular interest.

76 (18) "State annuity" shall mean payments for life derived
77 from payments made by an employer as defined in this act. All
78 state annuities shall be paid in equal monthly installments.

79 (19) "State annuity reserve" shall mean the present
80 value of all payments to be made on account of a state annuity
81 granted under the provisions of the act computed on the basis
82 of such mortality tables as shall be adopted by the retirement
83 board with regular interest.

84 (20) "Retirement allowance" shall mean the teacher's
85 annuity plus the state annuity.

86 (21) "Actuarial equivalent" shall mean a benefit of
87 equal value when computed upon the basis of such mortality
88 tables as shall be adopted by the retirement board and regular
89 interest.

90 (22) "Fiscal year" shall mean any year commencing with
91 the first day of July and ending the thirtieth day of
92 June next following.

93 (23) "Local district pension system" shall mean any
94 school teachers' pension fund, retirement system, annuity
95 system, or other plan for the retirement of teachers, created
96 by any school district of the state of Iowa prior to the first
97 day of July, nineteen hundred and thirty-seven in accordance
98 with the laws of the state.

1 Sec. 2. Name and date of establishment. An annuity
2 system is hereby established and placed under the management
3 of the retirement board for the purpose of providing

4 retirement allowances and other benefits for teachers of the
5 state of Iowa. The annuity system so created shall begin
6 operation as of the first day of July, nineteen hundred and
7 thirty-seven. It shall have such powers and privileges of a
8 corporation as may be necessary to carry out effectively the
9 provisions of this act and shall be known as the "Iowa State
10 Teachers' Annuity System"; and by such name all of its business
11 shall be transacted, all of its funds invested and all of its
12 cash and securities and other property held in trust for the
13 purpose for which received.

1 Sec. 3. Administration. (1) The general administration
2 and the responsibility for the proper operation of the annuity
3 system and for making effective the provisions of this act
4 are hereby vested in a retirement board. Subject to the
5 limitations of this act the retirement board shall from time
6 to time establish rules and regulations for the administration
7 and transaction of the business of the annuity system and shall
8 perform such other functions as are required for the
9 execution of this act.

10 (2) The membership of the retirement board shall
11 consist of the following:

12 (a) The superintendent of public instruction in Iowa;

13 (b) The secretary of state of the state of Iowa;

14 (c) One member appointed by the governor from persons
15 not members of the annuity system to serve for four years; and

16 (d) Two members elected by the members of the annuity

17 system from among the members of the annuity system in a
18 manner to be prescribed by the retirement board, one to
19 serve for one year and one to serve for three years. Their
20 successors shall each be elected for a term of four years.

21 (3) Until the election of the two members to be
22 elected from among the members of the annuity system, the
23 secretary of state, the state superintendent of public
24 instruction, and the member appointed by the governor
25 are empowered to perform
26 the duties of the retirement board.

27 (4) If a vacancy occurs on the board, it shall be filled
28 for the unexpired term in the same manner as the office was
29 previously filled.

30 (5) Oath. The following oath shall be subscribed to by
31 each member of the retirement board: "I,, do solemnly
32 swear that I will support the constitution of the United States
33 and constitution of the state of Iowa, and that I will
34 faithfully and impartially to the best of my ability discharge
35 the duties of the office of member of the retirement board
36 of the Iowa State Teachers' Annuity System, as now or hereafter
37 required by law." Such oath will be subscribed to by the
38 member making it, and certified by the officer before whom
39 it is taken, and shall be immediately filed in the office
40 of the secretary of state.

41 (6) A majority of the members of the retirement board
42 shall constitute a quorum.

43 (7) The members of the retirement board shall serve
44 without compensation but shall be reimbursed from the expense
45 fund for any necessary expenses incurred in the performance
46 of their duties and no member of the annuity system shall
47 suffer loss of salary or wages through serving on the
48 retirement board.

49 (8) The retirement board shall elect from its membership
50 a chairman and vice chairman and shall appoint a secretary,
51 and shall have power to employ such actuarial, clerical, and
52 other employees as may be necessary. The secretary shall give
53 bond in such amount and with such sureties as the board may
54 require. The compensation of all employees of the board
55 and the secretary shall be fixed by the board, and all other
56 expenses of the board necessary for the proper operation of
57 the annuity system shall be paid at such rates and in such
58 amounts as the retirement board shall approve.

59 (9) The retirement board shall keep in convenient form
60 such data as shall be necessary for actuarial valuations of
61 the various funds created by this act and for checking the
62 experience of the annuity system.

63 (10) The attorney general of the state of Iowa shall be
64 the legal adviser of the board.

65 (11) The retirement board shall designate an actuary who
66 shall be the technical adviser of the retirement board on
67 matters regarding the operation of the funds created by the
68 provisions of this act, and shall perform such other duties

69 as are required in connection therewith.

70 (12) The actuary of the retirement board shall
71 immediately make such investigation of the mortality, service
72 and salary experience of the teachers as he shall recommend
73 and the retirement board shall authorize, for the purpose of
74 determining upon the proper mortality and service tables to
75 be prepared and submitted to the retirement board for
76 adoption. Having regard to such investigation and
77 recommendation, the retirement board shall

78 (a) adopt for the annuity system such mortality and
79 service tables as shall be deemed necessary; and

80 (b) certify the rates of contribution payable under the
81 provisions of this act.

82 (13) In the years nineteen hundred and forty and in every
83 fifth year thereafter, the actuary of the retirement board
84 shall make an actuarial investigation into the mortality and
85 service experience of the members and beneficiaries as
86 defined in this act, and shall make a valuation of the
87 various funds created by this act, and having regard to
88 such investigation and valuation, the retirement board
89 shall adopt such tables and certify such rates as are
90 required in paragraphs (a) and (b) of subsection twelve
91 (12) of this section.

92 (14) The actuary shall make an annual valuation of
93 the assets and liabilities of the funds of the annuity
94 system on the basis of the tables adopted by the board in

95 accordance with the requirements of this section and shall
96 prepare an annual statement of the amounts to be contributed
97 to the state annuity accumulation fund in accordance with
98 paragraphs (b), (c) and (d) of subsection three (3) of
99 section nine (9).

100 (15) The retirement board shall publish annually a
101 valuation of the assets and liabilities of the various funds
102 created by this act as certified by the actuary, and itemized
103 statement as to the receipts and disbursements and a
104 statement as to the accumulated cash and securities of the
105 funds.

106 (16) The retirement board shall keep a record of all
107 of its proceedings which shall be open to inspection by
108 the public.

1 Sec. 4. Medical board. (1) A medical board of three
2 physicians shall be employed and shall be selected as
3 follows:

4 (a) One physician selected to serve to the first day
5 of July, nineteen hundred and thirty-eight, and who shall be
6 appointed by the members of the retirement board who are
7 participants in the annuity system;

(b) One physician selected to serve to the first day
9 of July, nineteen hundred and thirty-nine, and who shall be
10 appointed by the members of the retirement board who are not
11 participants in the annuity system;

12 (c) One physician selected to serve to the first day

13 of July, nineteen hundred and forty, and who shall be
14 appointed by the retirement board.

15 (2) Their successors shall be selected to serve for
16 a term of three years. Vacancies shall be filled for the
17 unexpired term. All selections for a full term or for an
18 unexpired term shall be made in the manner provided in this
19 section for the original appointment.

20 (3) The medical board shall arrange for and shall pass
21 upon all medical examinations required under the provisions
22 of this act, shall investigate all essential health or
23 medical statements and certificates by or in behalf of a
24 member in connection with his application for disability
25 retirement and shall report in writing to the retirement
26 board its conclusions and recommendations upon all the
27 matters referred to it.

1 Sec. 5. Membership. (1) The membership of the annuity
2 system shall consist of the following:

3 (a) All persons except those specifically excluded
4 under subsection five (5) of this section who become
5 teachers after the date of the establishment of the annuity
6 system shall become members of the annuity system by virtue
7 of such appointment as teachers.

8 (b) All teachers who were teachers on or before the
9 date of establishment except those specifically excluded under
10 subsection five (5) of this section shall become members as
11 of that date unless within a period of ninety days next

12 following, any such teacher shall file with the retirement
13 board on a form prescribed by such board a notice of his
14 election not to be covered in the membership of the system
15 and a duly executed waiver of all present and prospective
16 benefits which would otherwise inure to him on account of his
17 participation in the annuity system. Notwithstanding the
18 filing of such waiver, any teacher who thereafter accepts a
19 position as a teacher under a board of education other than
20 that by which he was employed immediately prior to the date
21 of establishment shall become a member of the annuity system
22 by virtue of such appointment as teacher.

23 (2) A teacher whose membership in the annuity system is
24 contingent on his own election and who elects not to become
25 a member may thereafter apply for and be admitted to membership;
26 but no such teacher shall receive prior service credit unless
27 he becomes a member within the first year following the
28 establishment of the annuity system.

29 (3) The membership of any person in the annuity system
30 shall cease if he shall be continually unemployed as a teacher
31 for a period of more than two years; or if in any five-year
32 period after he last became a member, he shall render less
33 than three years of service as a teacher; or upon the withdrawal
34 by a member of his accumulated contributions as provided in
35 this act; or upon retirement; or upon death; but not otherwise,
36 except as provided in this act.

37 (4) The retirement board may in its discretion, deny

38 the right to become members to any class of teachers who
39 are serving on a temporary or any other than a per annum
40 basis, and it may also, in its discretion, make optional
41 with members in any such class their individual entrance
42 into membership.

43 (5). Teachers who are members or who become members
44 of a local district pension system maintained under the
45 laws of the state from appropriations or contributions made
46 wholly or partly by an employer shall be excluded from
47 membership in this annuity system. But should the majority
48 of the members of such local district pension system vote
49 to merge such system with the annuity system by a petition
50 duly signed and verified, approved by the local school
51 board, and filed with the retirement board, all the teachers
52 included in the membership of such local district pension
53 system shall be entitled to become members of the annuity
54 system created by this act at such time, within such period
55 after the filing of such petition, as the retirement board
56 shall designate. Thereupon, the local district pension
57 system of which they were members shall be dissolved and
58 discontinued as provided in section thirteen (13) of this
59 act.

1 **Sec. 6. Membership application and creditable service.**

2 (1) Under such rules and regulations as the retirement board
3 shall adopt, each teacher upon becoming a member shall file
4 with the retirement board an application showing his date of

5 birth, and such other necessary information as the retirement
6 board may require for the proper operation of the annuity
7 system. Until such application is filed no teacher or his
8 beneficiary shall be eligible to receive any benefits under
9 this act. If a member was a teacher during the year
10 immediately preceding the establishment of the annuity
11 system, and becomes a member before the first day of July,
12 nineteen hundred and thirty-eight, he shall itemize on
13 such application all service as a teacher rendered prior to
14 the date of establishment, including service in a similar
15 capacity in other states rendered by him prior to the first
16 day of July, nineteen hundred and thirty-seven, for which
17 he claims credit.

18 (2) The retirement board shall fix and determine by
19 appropriate rules and regulations how much service in any
20 year is equivalent to a year of service, but in no case shall
21 it credit any period of absence without pay of more than a
22 month's duration, nor shall more than one year of service be
23 credited for all service in any school year.

24 (3) Subject to the above restriction and to such other
25 rules and regulations as the retirement board shall adopt,
26 the retirement board shall verify as soon as practicable
27 after the filing of the application, the statement of service
28 therein claimed and shall issue to each member who was a
29 teacher during the school year preceding the date of the
30 establishment of the annuity system and who became a member

31 during the year following the date of establishment, a
32 prior service certificate certifying the length of service
33 with which he is credited on the basis of his statement of
34 service. Such service credit shall include all service as
35 a teacher within the state rendered prior to the date of
36 establishment and service in a similar capacity outside the
37 state.

38 (4) So long as membership continues, a prior service
39 certificate shall be final and conclusive for retirement
40 purposes as to such service unless thereafter modified by the
41 retirement board upon application made by the member within
42 one year after the date of issuance or modification of a prior
43 service certificate or upon the discovery by the retirement
44 board of an error, mistake, or fraud.

45 (5) When membership ceases such prior service certificate
46 shall become void. Should the teacher again become a member,
47 such teacher shall enter the annuity system as a teacher not
48 entitled to prior service credit except as provided in
49 paragraph (c) of subsection five (5) of section seven (7).

50 (6) Creditable service at retirement on which the
51 retirement allowance of a member shall be based shall consist
52 of the membership service rendered by him since he last
53 became a member, and also if he has a prior service certificate
54 which is in full force and effect, the service certified on
55 his prior service certificate.

1 Sec. 7. Regular benefits. (1) Retirement of a member

2 on a superannuation retirement allowance shall be made by the
3 board as follows:

4 (a) Any member in service may retire upon his written
5 application to the retirement board setting forth at what time
6 not less than thirty nor more than ninety days subsequent to
7 the execution and filing thereof, he desires to be retired,
8 provided that the said member at the time so specified for
9 his retirement shall have attained the age of sixty (60)
10 years, and notwithstanding that, during such period of
11 notification, he may have separated from service.

12 (b) On or after the first day of July, nineteen
13 hundred and thirty-nine, any member who attains or shall have
14 attained the age of seventy (70) shall be retired forthwith,
15 provided, however, that with the approval of his employer he
16 may remain in the service until the end of the school year
17 following the date on which he attains the age of seventy
18 (70).

19 (2) Upon superannuation retirement a member shall receive
20 a retirement allowance which shall consist of:

21 (a) a teacher's annuity which shall be the *actuarial*
22 equivalent of his accumulated *contributions* at the time of
23 his retirement, and

24 (b) a state annuity of three-fourths of one per centum
25 (.75%) of his final average salary multiplied by the number of
26 his years of membership service since he last became a member,
27 and

28 (c) if the member has a prior service certificate in
29 full force and effect, an additional state annuity of three-
30 fourths of one per centum (.75%) of his final average salary
31 multiplied by the number of years of service certified on his
32 prior service certificate.

33 (d) Provided, however, that in no event shall the state
34 annuity, payable as aforesaid, exceed the sum of fifty dollars
35 (\$50.00) per month.

36 (3) Retirement on account of disability shall be made
37 under the following conditions: Upon the application of a
38 member in service or of his employer, any member who has had
39 ten or more years of creditable service may be retired by
40 the retirement board, not less than thirty and not more than
41 ninety days next following the date of filing such application,
42 on a disability retirement allowance, provided that the medical
43 board, after a medical examination of such member, shall certify
44 that such member is incapacitated for the further performance
45 of duty, that such incapacity is likely to be permanent, and
46 that such member should be retired.

47 (4) Upon retirement for disability a member eligible
48 for a superannuation benefit shall be paid a superannuation
49 retirement allowance; otherwise, he shall receive a retirement
50 allowance which shall consist of:

51 (a) a teacher's annuity which shall be the actuarial
52 equivalent of his accumulated contributions at the time of
53 his retirement, and

54 (b) a state annuity which, together with his teacher's
55 annuity shall provide a total retirement allowance equal to
56 one and thirty-five hundredths per centum (1.35%) of his
57 final average salary multiplied by the number of years of
58 service creditable to him at retirement if such retirement
59 allowance exceeds twenty-five per centum (25%) of his final
60 average salary. If such retirement allowance does not exceed
61 twenty-five per centum (25%) of his final average salary, a
62 state annuity shall be payable which together with his
63 teacher's annuity shall provide a total retirement allowance
64 equal to twenty-five per centum (25%) of his final average
65 salary, provided, however, that no retirement allowance shall
66 be greater than one and thirty-five hundredths per centum
67 (1.35%) of final average salary multiplied by the number of
68 years of total service which would have been credited to the
69 member had his service continued to age sixty (60). Provided
70 that in no event shall the state annuity, payable as
71 aforesaid, exceed the sum of fifty dollars (\$50.00) per month.

72 (5) (a) Once each year during the first five years
73 following the retirement of a teacher on a disability allowance,
74 and once in every three-year period thereafter, the retirement
75 board may, and upon his application shall, require any
76 disability beneficiary who has not yet attained the age of
77 sixty (60) years to undergo a medical examination by the
78 medical board or a physician or physicians designated by the
79 medical board, such examination to be made at the place of

80 residence of said beneficiary or other place mutually agreed
81 upon. Should a disability beneficiary refuse to submit to
82 any such medical examination his retirement allowance shall
83 be discontinued until his withdrawal of such refusal, and
84 should such refusal continue for one year, all his rights in
85 and to his state annuity shall be forfeited.

86 (b) Should the medical board report and certify to the
87 retirement board that such disability beneficiary is engaged
88 in or is able to engage in a gainful occupation paying more
89 than the difference between his retirement allowance and his
90 final average salary and should the retirement board concur
91 in such report, then the amount of his state annuity shall
92 be reduced to an amount, which, when added to the amount
93 earnable by him and to the amount of his teacher's annuity
94 shall equal the amount of his final average salary. Should
95 his earning capacity be later changed, then the amount of
96 his state annuity may be further altered provided that the
97 new state annuity shall not exceed the amount of the state
98 annuity originally granted nor an amount which when added to
99 the amount of his teacher's annuity equals the amount of his
100 final average salary. A beneficiary restored to active
101 service at a salary less than the final average salary upon
102 the basis of which he was retired shall not become a member
103 of the annuity system while receiving a reduced benefit.

104 (c) Should a disability beneficiary under age sixty
105 (60) be restored to active service at a salary not less than

106 his final average salary, his retirement allowance shall
107 cease, he shall again become a member of the annuity system,
108 and he shall contribute thereafter at the same rate he paid
109 prior to disability. Any prior service certificate on the
110 basis of which his service was computed at the time of his
111 retirement shall be restored to full force and effect, and
112 in addition upon his subsequent retirement he shall be
113 credited with all his service as a member, but should he be
114 restored to active service on or after the attainment of the
115 age of fifty-five (55) years, his state annuity upon
116 subsequent retirement shall not exceed the sum of the state
117 annuity which he was receiving immediately prior to his last
118 restoration to service and the state annuity that he would
119 have received on account of his service since his last
120 restoration had he entered service at that time as a new
121 entrant.

122 (d) Should a member cease to be a teacher except by
123 death or retirement under the provisions of this act, he
124 shall be paid such part of the amount of the accumulated
125 contributions standing to the credit of his individual
126 account in the teachers' annuity savings fund as he shall
127 demand. Should a member die before retirement the amount
128 of his accumulated contributions standing to the credit of
129 his individual account shall be paid to his estate or to such
130 person as he shall have nominated by will, or by written
131 designation duly executed and filed with the retirement board.

1 Sec. 8. Optional benefits. With the provision that
2 no optional selection shall be effective in case a beneficiary
3 dies within thirty days after retirement, and that such a
4 beneficiary shall be considered as an active member at the
5 time of death ; until the first payment on account of any
6 benefit becomes normally due, any member may elect to receive
7 his benefit in a retirement allowance payable throughout life,
8 or he may elect to receive the actuarial equivalent at that
9 time, of his retirement allowance in a reduced retirement
10 allowance payable throughout life with the provision that :

11 Option 1. If he die before he has received in payments
12 of his teacher's annuity the amount of his accumulated
13 contributions as they were at the time of his retirement, the
14 balance shall be paid to his legal representative or to such
15 persons as he shall nominate by will, or by written designation
16 duly acknowledged and filed with the retirement board ; or

17 Option 2. Upon his death his reduced retirement allowance
18 shall be continued throughout the life of and paid to such
19 person as he shall nominate by will, or by written designation
20 duly acknowledge and filed with the retirement board at the
21 time of his retirement ; or

22 Option 3. Upon his death, one-half of his reduced
23 retirement allowance shall be continued throughout the life
24 of and paid to such person as he shall nominate by will, or
25 by written designation duly acknowledged and filed with the
26 retirement board at the time of his retirement ; or

27 Option 4. Such other benefits shall be paid
28 either to the member or to such person or persons as he shall
29 nominate by will, or by written designation duly acknowledged
30 and filed with the retirement board at the time of his
31 retirement, provided such other benefit or benefits, together
32 with the lesser retirement allowance, shall be certified by
33 the actuary to be of equivalent actuarial value to his
34 retirement allowance and shall be approved by the retirement
35 board

1 Sec. 9. Method of financing. All of the assets of the
2 annuity system shall be credited according to the purpose for
3 which they are held to one of five funds, namely, the teachers'
4 annuity savings fund; the teachers' annuity reserve fund; the
5 state annuity accumulation fund; the state annuity reserve
6 fund; and the expense fund.

7 (1) The teachers' annuity savings fund shall be the
8 fund in which shall be accumulated the contributions from
9 the compensation of members to provide for their teachers'
10 annuities. Contributions to and payments from the teachers'
11 annuity savings fund shall be made as follows:

12 (a) Upon the basis of such tables as the retirement
13 board shall adopt and regular interest, the actuary of the
14 annuity system shall determine for each member the proportion
15 of compensation which, when deducted from each payment of his
16 prospective earnable annual compensation prior to the age of
17 sixty (60) and accumulated at regular interest until said

18 age, shall be computed to provide, at that time, a teacher's
19 annuity equal to three-fourths of one per centum (.75%) of his
20 final average salary multiplied by the number of his years of
21 membership service. Such proportion of compensation shall be
22 computed to remain constant. The proportion so computed for
23 a member aged fifty-nine (59) shall be applied to the
24 compensation of any member who has attained a greater age
25 before entrance into the annuity system.

26 (b) The retirement board shall certify to each
27 employer the percentage contribution rates payable by the
28 members who are compensated by the employer, and the employer
29 shall cause to be deducted from the compensation of each
30 member on each and every payroll of such employer for each
31 and every payroll period an amount equal to the proportion
32 of the member's earnable compensation so computed. But
33 the employer shall not make any deduction for annuity
34 purposes from the compensation of a member who has attained
35 the age of sixty (60) and completed thirty-five years of
36 service if such member elects not to contribute.

37 (c) In determining the amount earnable by a member in
38 a payroll period, the retirement board may consider the rate
39 of compensation payable to such member on the first day of
40 the payroll period as continuing throughout such payroll
41 period, and it may omit deduction from compensation for any
42 period less than a full payroll period if a teacher was not
43 a member on the first day of the payroll period, and to

44 facilitate the making of deductions it may modify the
45 deduction required of any member by such an amount as shall
46 not exceed one-tenth of one per centum (.1%) of the annual
47 compensation upon the basis of which said deduction is to be
48 made.

49 (d) The deductions provided for herein shall be made
50 notwithstanding that the minimum compensation provided for
51 by law for any member shall be reduced thereby. Every member
52 shall be deemed to consent and agree to the deduction made
53 and provided for herein and shall receipt in full for his
54 salary or compensation ; and payment of salary or compensation
55 less said deductions shall be a full and complete discharge
56 and acquittance of all claims and demands whatsoever for the
57 services rendered by such person during the period covered
58 by such payment except as to the benefits provided by this
59 act.

60 (e) Notwithstanding the preceding provisions no deductions
61 shall be made from any member's salary on account of which
62 the state's contribution on his account is in default.

63 (f) In addition to the deductions from the compensation
64 hereinbefore required, subject to the approval of the
65 retirement board, any member may redeposit in the teachers'
66 annuity savings fund by a single payment or by an increased
67 rate of contribution an amount equal to the total amount
68 which he previously withdrew therefrom as provided in this
69 act, or any part thereof ; or any member may deposit therein

70 by a single payment or by an increased rate of contribution
71 amounts for the purchase of an additional teacher's annuity
72 but such additional payments shall not exceed the amounts
73 computed to provide with his prospective retirement allowance
74 a total retirement allowance of one-half of his final average
75 salary upon superannuation retirement. Such additional amounts
76 so deposited shall become a part of his accumulated contributions
77 except in the case of retirement, when they shall be treated
78 as excess contributions returnable to the member with interest
79 in cash or as an annuity of equivalent actuarial value and
80 shall not be considered in computing his state annuity.

81 (g) The accumulated contributions of a member returned
82 to him upon his withdrawal or paid to his estate or designated
83 beneficiary in the event of his death as provided in this act
84 shall be paid from the teachers' annuity savings fund.

85 (h) Upon the retirement of a member his accumulated
86 contributions shall be transferred from the teachers' annuity
87 savings fund to teachers' annuity reserve fund.

88 (2) The teachers' annuity reserve fund shall be the
89 fund in which shall be held the reserves on all teachers'
90 annuities in force and from which shall be paid all teachers'
91 annuities and all benefits in lieu of teachers' annuities.
92 Should a beneficiary retired on account of disability be
93 restored to active service with a salary, not less than his
94 final average salary at the time of his last retirement,
95 his teacher's annuity reserve shall be transferred from the

96 teachers' annuity reserve fund to the teachers' annuity
97 savings fund and credited to his individual account therein.

98 (3) The state annuity accumulation fund shall be a
99 fund in which shall be accumulated all reserves for the
100 payment of all state annuities and other benefits payable
101 from contributions made by the state of Iowa, and from which
102 state annuities and benefits in lieu thereof shall be paid
103 to or on account of beneficiaries credited with prior
104 service. Contributions to and payments from the state
105 annuity accumulation fund shall be made as follows:

106 (a) On account of each member there shall be paid
107 annually into the state annuity accumulation fund by the
108 state of Iowa, for the preceding fiscal year a certain
109 percentage of his earnable compensation to be known as the
110 "normal contribution" and an additional percentage of his
111 earnable compensation to be known as the "deficiency
112 contribution." The rate per centum of such contributions
113 shall be fixed on the basis of the liabilities of the annuity
114 system as shown by actuarial valuation. Until the first
115 valuation, the normal contribution shall be two and
116 fifty-two hundredths per centum (2.52%) and the deficiency
117 contribution shall be two and eighty-three hundredths per
118 centum (2.83%) of the annual salaries of all members.

119 (b) On the basis of regular interest and of such
120 mortality and other tables as shall be adopted by the
121 retirement board, the actuary engaged by the board to make

122 each valuation required by this act during the period over
123 which the deficiency contribution is payable, immediately after
124 making such valuation, shall determine the uniform and
125 constant percentage of the earnable compensation of the average
126 new entrant, which if contributed on the basis of his
127 compensation throughout his entire period of active service
128 would be sufficient to provide for the payment of any state
129 annuity payable on his account. The rate per centum so
130 determined shall be known as the "normal contribution" rate.
131 After the deficiency contribution has ceased to be payable,
132 the normal contribution rate shall be the rate per centum of
133 the earnable compensation of all members obtained by deducting
134 from the total liabilities of the state annuity accumulation
135 fund, the amount of the funds in hand to the credit of that
136 fund and dividing the remainder by one per centum of the
137 present value of the prospective future salaries of all
138 members, as computed on the basis of the mortality and service
139 tables adopted by the retirement board and on the basis of
140 regular interest. The normal rate of contribution shall be
141 determined by the actuary after each valuation and shall
142 continue in force until a new valuation and certification
143 are made.

144 (c) Immediately succeeding the first valuation, the
145 actuary engaged by the retirement board shall compute the
146 rate per centum of the total annual compensation of all
147 members which is equivalent to four per centum (4%) of the

148 amount of the total liability for state annuities on account
149 of all members and beneficiaries, not dischargable by the
150 present assets of the state annuity accumulation fund and
151 aforesaid normal contribution if made on account of such
152 members during the remainder of their active service. The
153 rate per centum originally so determined shall be known as
154 the "deficiency contribution" rate.

155 (d) The total amount payable in each year into the
156 state annuity accumulation fund shall be not less than the
157 sum of the rates per centum known as the normal contribution
158 rate and the deficiency contribution rate of the total
159 compensation earnable by all members during the preceding
160 fiscal year; provided, however, that the amount of each
161 annual deficiency contribution shall be at least three
162 per centum greater than the preceding annual deficiency
163 payment, and that the aggregate payment into the state
164 annuity accumulation fund shall be sufficient, when combined
165 with the amount in the fund, to provide the benefits payable
166 from the state annuity accumulation fund during the year
167 then current.

168 (e) The deficiency contribution shall be discontinued
169 as soon as the accumulated reserve in the state annuity
170 accumulation fund shall equal the present value, as
171 actuarially computed and approved by the retirement board, of
172 the total liability of such fund less the present value,
173 computed on the basis of the normal contributions rate then

174 in force, of the prospective normal contributions to be
175 received on account of persons who are at that time members.

176 (f) All state annuities and benefits in lieu thereof
177 with the exception of those payable on account of members
178 who are not entitled to credit for prior service shall be
179 paid from the state annuity accumulation fund.

180 (g) Upon the retirement of a member not entitled to
181 credit for prior service an amount equal to his state
182 annuity reserve shall be transferred from the state annuity
183 accumulation fund to the state annuity reserve fund.

184 (h) The retirement board may in its discretion
185 transfer to and from the state annuity accumulation fund the
186 amount of any surplus or deficit which may develop in the
187 reserve creditable to the teachers' annuity reserve fund or
188 the state annuity reserve fund, as shown by actuarial valuation.

189 (4) The state annuity reserve fund, shall be the fund in
190 which shall be held the reserves on all state annuities granted
191 to members not entitled to credit for prior service and from
192 which such state annuities and benefits in lieu thereof shall
193 be paid. Should such a beneficiary not entitled to prior
194 service credit who has retired on account of disability be
195 restored to active service on compensation not less than his
196 final average salary at the time of his last retirement, the
197 state annuity reserve thereon shall be transferred from the
198 state annuity reserve fund to the state annuity accumulation
199 fund. Should the state annuity of such a disability beneficiary

200 be reduced as a result of an increase in his earning capacity
201 the amount of the annual reduction in his state annuity shall
202 be paid annually into the state annuity accumulation fund during
203 the period of such reduction .

204 (5) The expense fund shall be the fund to which shall
205 be credited all monies contributed for the administrative
206 expenses of the annuity system and from which shall be paid
207 all the expenses necessary in connection with the administration
208 and operation of the annuity system. Contributions shall be
209 made to the expense fund as follows :

210 (a) The retirement board shall determine annually the
211 amount required to defray such expense in the ensuing fiscal
212 year. Each member shall pay with the first payment to the
213 teacher's annuity savings fund each year one dollar, which
214 amount shall be credited to the expense fund and shall not
215 become a part of his accumulated contributions.

216 (b) The expense not payable by the contributions of
217 members shall be contributed and paid by the state of Iowa.

1 Sec. 10. Management of funds. (1) The retirement board
2 shall be the trustees of the several funds created by this
3 act and shall have full power to invest and reinvest such
4 funds, subject to the terms, conditions, limitations and
5 restrictions imposed by law on life insurance companies in
6 the state of Iowa and in the making and disposing of investments.
7 Subject to like limitations and conditions said board shall
8 have full power to hold, purchase, sell, assign, transfer or

9 dispose of any of the securities or investments in which any
10 of the funds shall have been invested as well as the proceeds
11 of such investments and of any money belonging to said funds.

12 (2) Custodian of funds—disbursements. The treasurer
13 of state shall be the custodian of the several trust funds of
14 the annuity system. All payments from such funds made by him
15 shall be upon warrants issued by the state comptroller on
16 requisitions authorized by resolution of the retirement board,
17 to which warrants shall be attached the properly authenticated
18 signatures of the chairman and the secretary of the said
19 retirement board.

20 (3) The retirement board shall annually allow regular
21 interest on the average amount for the preceding year to
22 the credit of each of the funds of the annuity system (with
23 the exception of the expense fund) from the interest and
24 dividends earned from investments. Any excess earnings over
25 the amount so credited may be used in reducing the amount of
26 contribution required of the state during the ensuing year.
27 Any deficiency shall be paid by the state during the ensuing
28 year. Regular interest shall mean such per centum rate to be
29 compounded annually as shall be determined by the retirement
30 board on the basis of the interest earnings of the system for
31 the preceding year and of the probable earning to be made,
32 in the judgment of the board, during the immediate future,
33 such rate to be limited to a minimum of three per centum
34 (3%) and a maximum of four per centum (4%) with the latter

35 rate applicable during the first year of operation of the
36 annuity system.

37 (4) Except as herein provided, no member of the board
38 and no appointee or employee of the board shall have any
39 interest, direct or indirect, in the gains or profits of any
40 investment made by the retirement board, nor as a member of
41 the board, directly or indirectly, receive any pay or
42 emolument for his services. No member of the board nor
43 employee or appointee of the board shall, directly or
44 indirectly, for himself or as an agent, in any manner use the
45 funds or deposits of the retirement board, except to make
46 such current and necessary payments as are authorized by the
47 retirement board; nor shall any member, employee or appointee
48 of the board become an endorser or surety or become in any
49 manner an obligor for moneys loaned by or borrowed from the
50 retirement board.

1 Sec. 11. Collection of contributions. (1) The
2 collection of members' contributions shall be as follows:

3 (a) Each employer shall cause to be deducted on each
4 and every payroll of members for each and every payroll
5 period subsequent to the first day of July, nineteen hundred
6 and thirty-seven, the contribution payable by such members
7 as provided in this act. Each employer shall certify to the
8 treasurer of said employers on each and every payroll a
9 statement as voucher for the amounts so deducted.

10 (b) The treasurer of each employer on receipt from

11 the employer of the voucher for deductions from the salaries
12 of teachers as provided in this act shall transmit monthly
13 or at such time as the retirement board shall designate, the
14 amount specified in such voucher to the secretary of the
15 retirement board. The secretary of the retirement board shall
16 credit the amount so specified to the individual accounts of
17 the members from which said deductions were made, and after
18 making record of all such receipts, shall transmit them to
19 the state comptroller for use according to the provisions
20 of this act.

21 (2) The collection of the state's contributions shall
22 be made as follows:

23 (a) Upon the basis of such actuarial determination and
24 appraisal provided herein the retirement board shall annually
25 in the month of August prepare and certify to the state
26 comptroller the aggregate amount which if paid to the annuity
27 system would cover all state contributions, including
28 contributions both to the state annuity accumulation fund
29 and to the expense fund, payable as provided by section nine
30 (9) of this act. The amount so certified is hereby annually
31 appropriated to the annuity system from moneys in the state
32 treasury not otherwise appropriated. The state comptroller
33 shall annually transfer and credit to the annuity system
34 from moneys in the state treasury not otherwise appropriated
35 an amount equal to the amount so certified for use according
36 to the provisions of this act.

37 (b) The sum of thirty thousand dollars (\$30,000.00)
38 is hereby appropriated by the state of Iowa, from moneys in
39 the state treasury not otherwise appropriated, for the expense
40 of establishing, organizing and starting the operation of the
41 annuity system and of establishing an office therefor. This
42 sum shall be credited to the expense fund.

1 Sec. 12. Duties of employers. (1) Each employer shall
2 keep such records and from time to time shall furnish such
3 information as the retirement board in the discharge of its
4 duties may require. Upon the employment of any teacher to
5 whom this act may apply, he shall be informed by his employer
6 of his duties and obligations in connection with the annuity
7 system as a condition of employment. Every teacher accepting
8 employment shall be deemed to consent and agree to any
9 deductions from his compensation required herein and to all
10 other provisions of this act.

11 (2) During September of each year, or at such times as
12 the retirement board shall approve, each employer shall certify
13 to the retirement board the names of all teachers employed by
14 such employer to whom this act applies.

15 (3) Each employer shall on the first day of each
16 calendar month or at such less frequent intervals as the
17 retirement board may approve, notify the retirement board of
18 the employment of new teachers, removals, withdrawals and
19 changes in salary of members that shall have occurred during
20 the month preceding or since the last notification.

1 **Sec. 13. Discontinuance of local district pension**

2 **systems.** Should a majority of the members of a local district
3 **pension system** vote to merge such system with this system by
4 **a petition** duly signed by such members, and verified and
5 **approved** by the school board of such local district and filed
6 **with the retirement board** of this annuity system, then on a
7 **date** to be set by the retirement board, not less than ninety
8 **and not more than one hundred and twenty days thereafter,**
9 **such local district pension system** shall be merged with
10 **this annuity system** in accordance with the following terms
11 **and conditions,** and no further benefits shall accrue or be
12 **payable** to members or beneficiaries of such local district
13 **fund, except as hereinafter provided.**

14 **The board of trustees or other governing board** of such
15 **local district pension system** shall determine by actuarial
16 **valuation, approved by the retirement board,** the amount of
17 **reserve, if any, which is held by such local district pension**
18 **fund on account of each active member, pensioner or annuitant,**
19 **or other person entitled to an equity in the funds of such**
20 **local district pension fund.**

21 **The aggregate amount of the reserves in hand which are**
22 **thus apportionable to those in receipt of pension or**
23 **retirement allowances as of the date of merger shall be**
24 **retained by the trustees or managing board of such local**
25 **district pension fund and held in trust for the payment of**
26 **such part of the pensions or retirement allowances as the**

27 amount so held bears to the present value of the full pensions
28 or retirement allowances. The trustees shall thereafter pay
29 such part of the full pensions or retirement allowances as
30 is covered by the reserves retained by them and the balance
31 of such pensions or retirement allowances shall be paid by
32 the local district, from the source from which the local
33 district pension system previously received revenue other
34 than from teachers, and the total allowances of such
35 pensioners or annuitants shall be thereafter guaranteed and
36 paid by such local district.

37 All active members of such local district pension
38 system at the time of such merger shall become members of this
39 annuity system as of the date of merger except any member who
40 shall file with the retirement board on a form prescribed
41 by such board a notice of his election not to be covered in
42 the membership of the system and a duly executed waiver of
43 all present and prospective benefits which would otherwise
44 inure to him on account of his participation in the annuity
45 system. Members who join the state annuity system within
46 ninety days next following the date of the merger shall have
47 the reserves held on their account in the local district
48 pension fund transferred to the state annuity system. Any
49 amounts so transferred which were previously held by such
50 local district pension system to the credit of the individual
51 members shall be deposited to the credit of such members in
52 their individual accounts in the teachers' annuity savings

53 fund and the balance of the amounts so transferred shall be
54 credited to the state annuity accumulation fund. Such teachers
55 shall then receive prior service credit for all service
56 rendered before the establishment of the annuity system which
57 would have been creditable at the date of establishment under
58 the rules of this annuity system, and shall also receive
59 membership credit for service rendered thereafter to the date
60 of merger, and thereafter such members shall be credited with
61 service credit on the same basis as credit is allowed to other
62 members of this annuity system and such members shall have
63 the same rights, privileges and obligations as other members.

64 Members who within ninety days after the date of such
65 merger, elect not to enter this annuity system, by the
66 filing of a waiver of the benefits thereof with the
67 retirement board, shall have the amount of the reserve held
68 at the date of merger on their account in the local district
69 pension fund thereafter held for them to their individual
70 credit by the trustees of such local district pension fund,
71 and on their withdrawal from active service by reason of
72 death, resignation, dismissal or other cause, they or their
73 legal representative shall be entitled to collect the amount
74 thereof with such interest, if any, as may have been earned
75 by such trustees during the period following the date of such
76 merger, or such other benefit, in lieu thereof, as may be
77 agreed upon by the members and the board of trustees, or
78 managing board of such local district pension fund, and

79 approved by the local district school board.

80 After the date of such merger such local district
81 pension fund shall be closed to the admission of new members,
82 and all persons thereafter becoming teachers in such local
83 district shall become members of this annuity system as if no
84 local district pension system had been in operation.

1 Sec. 14. Guarantee by state. Regular interest charges
2 payable, the creation and maintenance of reserves in the state
3 annuity accumulation fund and the maintenance of annuity
4 reserves in the teachers' annuity reserve fund and the state
5 annuity reserve fund as provided for in this act and the
6 payment of all annuities, refunds and other benefits granted
7 under this act are hereby made obligations of the state of Iowa.

1 Sec. 15. State supervision. The annuity system created
2 by this act shall be subject to the supervision of the state
3 commissioner of insurance in accordance with the provisions
4 of the life insurance law, so far as the same are applicable
5 thereto and are not inconsistent with the provisions of this
6 act.

1 Sec. 16. Exemption of funds from taxation, execution and
2 assignment. The state annuities, teachers' annuities and other
3 benefits and the accumulated contributions and the cash and
4 securities in the funds created by this act are hereby
5 exempted from any state, county or municipal tax of this
6 state, and shall not be subject to execution or attachment
7 by trustee process or otherwise, in law or equity, or under

8 any other process whatsoever, and shall be unassignable
9 except as specifically provided in this act.

1 Sec. 17. Protection against fraud. Any person who
2 shall knowingly make any false statement, or shall falsify
3 or permit to be falsified any record or records of this
4 annuity system in any attempt to defraud the system as a
5 result of such act, shall be guilty of a misdemeanor, and
6 shall be punishable therefor under the laws of the State of
7 Iowa. Should any change or error in records result in any
8 member or beneficiary receiving from the annuity system more
9 or less than he would have been entitled to receive had the
10 records been correct, then, on the discovery of any such
11 error, the retirement board shall correct such error, and,
12 as far as practicable, shall adjust the payments in such a
13 manner that the actuarial equivalent of the benefits to which
14 the member or beneficiary was correctly entitled shall be
15 paid.

1 Sec. 18. Limitation on membership. No other provision
2 of law in any other statute which provides wholly or partly
3 at the expense of the state of Iowa or of any employer for
4 retirement benefits for teachers of the said state, their
5 widows, or other dependents, shall apply to members or
6 beneficiaries of the annuity system established by this act,
7 their widows or other dependents.

1 Sec. 19. Constitutionality. If any section, subsection,
2 clause, sentence, or phrase of this act is for any reason

3 held to be unconstitutional and invalid, such decision shall
4 not affect the validity of the remaining portions of this
5 act. The legislature hereby declares that it would have
6 passed this act and each section, subsection, clause,
7 sentence, or phrase hereof, irrespective of whether any one
8 or more of the sections, subsections, clauses, sentences, or
9 phrases be declared unconstitutional.

1 Sec. 20. Publication clause. This act being deemed of
2 immediate importance shall be in full force and effect from
3 and after its passage and publication, as provided by law,
4 in the....., a newspaper published at.....
5 Iowa, and in the....., a newspaper published at
6 , Iowa.