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Senate File 231

February 7, 1945.
Passed on File.

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A BILL FOR

An Act to provide for the creation and operation of a retirement system for the employees, and for the beneficiaries of the employees, of cities, towns, counties and other local governmental districts in the State electing to participate thereunder.

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

1 Section 1. A Retirement and Benefit System to be
2 operated and maintained in accordance with the provisions
3 of this Act is hereby created.

1 Sec. 2. This System shall be known as the "Iowa
2 Municipal Retirement System."

1 Sec. 3. The purpose of this System is to provide a
2 sound and efficient plan for the payment of annuities and
3 other benefits to employees, and to beneficiaries of
4 employees, of municipal and local governmental units in
5 the state, thereby (a) enabling such employees to provide
6 for themselves and their dependents in case of old age,
7 disability and death, and (b) effecting economy and
8 efficiency in the public service by furnishing an orderly
9 means whereby such employees who have become aged or other-
10 wise incapacitated may, without hardship or prejudice, be

11 retired from active service.

1 Sec. 4. The following words and phrases as used
2 herein, unless different meanings are plainly indicated
3 by their context, shall have the following meanings
4 respectively:

5 (1) "System": The "Iowa Municipal Retirement System."

6 (2) "Municipality": Any city; town; county; and any
7 other local district, other than a school district, with
8 power to levy taxes on the property within such district;
9 now existing or hereafter created within the State for the
10 purpose of providing annuities and benefits to its employees,
11 the fund itself.

12 (3) "Participating Municipality": Any municipality
13 included within the provisions of this System in accordance
14 with Section 5 hereof.

15 (4) "Instrumentality": Any board, commission, depart-
16 ment or body, or any legal entity, either created or owned
17 by a municipality, or having power to appropriate for, or
18 to authorize expenditures for, payments of earnings to
19 employees from any fund or funds derived in whole or in
20 part from taxes, assessments, fees, or other revenue levied,
21 assessed, or otherwise belonging to a municipality.

22 (5) "Employee": Any person who receives, or except
23 for a leave of absence would be receiving, earnings out of
24 the general fund of any municipality, or out of any special
25 fund or funds controlled by any municipality, or by any

26 instrumentality thereof, as payment for the performance of
27 personal services, and is employed in a position normally
28 requiring actual performance of duty during not less than
29 one thousand (1,000) hours a year in such municipality,
30 including all instrumentalities thereof; provided,
31 however, that this definition shall not include persons
32 who:

33 (a) Are elected to office by vote of the people,
34 unless any such person shall have elected in a written
35 notice on file with the board to be included within the
36 provisions of this Act, or

37 (b) Are designated as performing police or fire
38 protection duties by the governing body of the employing
39 municipality, or instrumentality, as the case may be,
40 unless the municipality, and/or persons performing the
41 duties designated are not eligible to join an existing
42 system for firemen and policemen.

43 (6) "Participating Employee": Any person included
44 within the provisions of this System as provided in
45 Section 7 hereof.

46 (7) "Prior Service": The period beginning on the
47 first day upon which any participating employee first
48 became an employee of the municipality, or of any
49 instrumentality thereof, within which such employee was
50 employed on the effective date of participation of such
51 municipality, and ending on the effective date of

52 participation of such municipality, excluding the inter-
53 vening periods during which such employee was separated
54 from the service of such municipality and all instrumen-
55 talities thereof, following a resignation, dismissal, lay-
56 off in excess of thirty days, or expiration of any term of
57 appointment or election as certified by the governing body
58 of the employing municipality, or instrumentality, as the
59 case may be.

60 (8) "Current Service": The period beginning on the
61 first day upon which any employee first becomes a
62 participating employee and ending on the last day of the
63 month preceding the day of the latest separation from
64 service of all participating municipalities and
65 instrumentalities thereof, excluding all intervening
66 periods during which such employee shall have been sep-
67 arated from the service of all participating municipal-
68 ities and instrumentalities thereof, following a
69 resignation, dismissal, lay-off in excess of thirty days,
70 or expiration of any term of appointment or election.

71 (9) "Earnings": An amount equal to the sum of:
72 (a) The total amount of money paid on a payroll
73 by a municipality, or instrumentality thereof, out of the
74 general fund, or out of any special fund or funds con-
75 trolled by such municipality, or by any instrumentality
76 of such municipality, to an employee for personal services
77 rendered to such municipality, or instrumentality, and

78 (b) The money value, as determined by rules pre-
79 scribed by the governing body of the employing municipal-
80 ity, or instrumentality, as the case may be, of any board,
81 lodging, fuel, laundry, and other allowances provided for
82 such employee in lieu of cash, and

83 (c) Such additional amount as is necessary to make
84 the total for any period of service after the end of the
85 year in which an employee attains the age of 40, equal to
86 that which would have been payable had the rate of
87 earnings been \$1,500 per year for full time services.

88 (10) "Rate of Earnings": The actual rate upon which
89 the earnings of any employee are calculated at any time,
90 as certified in a written notice, on file with the board,
91 by the governing body of the employing municipality, or
92 instrumentality, as the case may be, converted into
93 earnings for any period on the assumption that, unless
94 specifically provided otherwise, the following are equiva-
95 lents: two thousand eighty (2,080) hours, two hundred
96 sixty (260) days, fifty-two (52) weeks, twelve (12) months,
97 one (1) year.

98 (11) "Final Rate of Earnings": The monthly earnings
99 obtained by dividing the total earnings during the period
100 of the five (5) consecutive calendar years in which the
101 total earnings of an employee were the highest, by the
102 number of months in such period during which any earnings
103 were received by such employee; provided that, the earnings

104 rate for all periods of prior service of any employee shall
105 be considered as being equal to the earnings rate upon
106 which prior service credits are granted under Section 9,
107 hereof.

108 (12) "Annuitant": A person receiving an annuity from
109 this fund.

110 (13) "Beneficiary": The widow of an employee, or of
111 an annuitant, or if no widow survives, the person or persons
112 designated by a participating employee or annuitant in the
113 last written designation on file with the board, or if no
114 person so designated survives, or if no designation is on
115 file, the estate of such employee or annuitant.

116 (14) "Annuity": A series of equal monthly payments,
117 payable at the end of each calendar month during the life
118 of an annuitant, the first payment to be made as of the
119 end of the first complete calendar month following the
120 date upon which such annuity shall begin, and the last
121 payment to be made as of the end of the calendar month prior
122 to the month in which the annuitant shall die. In
123 addition to the regular monthly amount, the first pay-
124 ment shall include an amount equal to the pro rata portion
125 of such monthly amount for the fraction of a month
126 elapsing between the date upon which such annuity begins
127 and the end of such calendar month.

128 (15) "Board": The board of trustees as provided in
129 Section 36 hereof.

130 (16) "Governing Body": The corporate authority, body
131 or officers, as the case may be, authorized by law to levy
132 taxes for the maintenance and operation of the municipality;
133 the persons having ultimate authority to expend funds for
134 the payment of earnings to employees in instrumentalities;
135 any agent duly appointed by any such body and designated
136 in a written notice on file with the board as being author-
137 ized to act for any such body in all or any matters per-
138 taining to this System, other than election to participate
139 in this fund; or, the board itself, with respect to
140 employees of the System.

141 (17) "Effective Date": The date upon which the
142 provisions of this System become applicable to any
143 participating municipality and to all instrumentalities
144 thereof, as provided in Section 5 hereof.

145 (18) "Prior Service Contribution Rate": The rate at
146 which prior service credits for employees are computed.
147 For municipalities designating rates in accordance with the
148 provisions of Sections 16 to 19 hereof, and for their
149 instrumentalities, the rates shall be the rates so designated;
150 for other municipalities and instrumentalities thereof, the
151 rate shall be five (5%) per cent for all employees.

152 (19) "Effective Rate of Interest": The rate determined
153 from the experience of the calendar year by dividing the
154 balance in the interest income account at the end of the
155 year after transfers of interest required for the year for

156 all purposes other than interest on the balance remaining,
157 as of the end of the year, in the additional, normal,
158 municipal and prior service credit accounts of the individual
159 employees, by the sum of the balances in all such individual
160 employee accounts as of the beginning of the year and one-
161 twelfth (1/12) of all credits remaining at the end of the
162 year which were transferred to employee accounts during the
163 year because of reentrance into service for each full month
164 elapsing from the date of such credit to the end of the
165 year.

166 (20) "Prescribed Rate of Interest": The rate of
167 interest to be used for all calculations of the rates of
168 normal contributions and amounts of annuities and benefits
169 as determined and certified by the board on the basis of
170 the probable effective rate of interest earnable on
171 investments on a long term basis. For deficiency obli-
172 gation, prior service obligation and deficiency reserve
173 purposes and, until the board certifies otherwise for other
174 purposes, such rate shall be three (3%) per cent per annum
175 compounded annually.

1 Sec. 5. The following described municipalities and
2 instrumentalities thereof, shall be included within, and shall
3 be subject to, the provisions of this System beginning
4 upon the effective dates hereinafter specified:

5 All municipalities, other than those specifically
6 excluded from participation, electing, in accordance

7 with this Article of this System, to be included, and all
8 instrumentalities of such municipalities. The effective
9 date of participation of any municipality so electing and
10 of all its instrumentalities, shall be the first day of
11 January of the year after the year in which official
12 notice of election by the municipality to be included has
13 been received by the Secretary of State; provided that in
14 no event shall participation begin until the first day of
15 January upon which at least five municipalities have
16 qualified for participation.

1 Sec. 6. Election by any municipality to be included
2 within the provisions of this System shall be made:

3 (1) By ordinance or resolution of the governing body of
4 the municipality; such ordinance or resolution to become
5 effective thirty (30) days after passage and publication
6 unless prior to such time, a written petition to have the
7 election to participate determined in accordance with
8 paragraph 2 of this Section, signed by at least ten (10%)
9 per cent of the legal voters of the municipality voting at
10 the last general election for municipal officers, is filed
11 with the clerk of such municipality, or

12 (2) If the governing body does not elect as provided in
13 paragraph 1 of this Section, or if the voters file a
14 petition as provided in paragraph 1 of this section, by
15 referendum of the people at the first general or special
16 election following the filing of a written petition of at

17 least ten (10%) per cent of the legal voters of the
 18 municipality voting at the last general election for
 19 municipal officers. If the majority of the voters who
 20 vote upon this question at such election shall vote for
 21 inclusion of such municipality within the provisions of
 22 this Act, notice of such election shall be given as
 23 provided in paragraph 6 of this Section, and such
 24 municipality shall thereupon be so included. If the vote
 25 for inclusion is greater than against inclusion, the
 26 governing body of such municipality may, by ordinance or
 27 resolution, adopt a prior service contribution rate as
 28 provided in paragraph 4 of this Section.

29 (3) At any election specified in the preceding para-
 30 graph, the proposition to be voted upon shall be sub-
 31 mitted on a separate ballot which shall be substantially
 32 in the following form:

33 _____

34	Shall the.....(here	:	:	:
35	name the municipality or municipalities	:	:	:
36	in which the question is being voted	:	Yes	:
37	upon) be included within the provisions	:	:	:
38	of the "Iowa Municipal Retirement	:	:	:
39	System"	:	No	:

40 _____

41 Where the boundaries of two or more municipal-
 42 ities are coextensive, one ballot is sufficient for all

43 municipalities specified in the ballot.

44 (4) The governing body of any municipality electing
45 to participate may at any time prior to the effective date
46 of participation elect to provide prior service credits at
47 rates equal to two (2) and one and one-half (1½) or one
48 (1) times the rates of municipality credits for current
49 service as of the effective date of participation pro-
50 vided official notice thereof is received by the Board
51 prior to such effective date. Any rate so elected shall
52 be applicable to all the employees of the municipality
53 included as of the effective date.

54 (5) If no election is made prior to the effective
55 date, the two (2) rate shall apply. The governing body
56 of any municipality providing prior service credits at
57 less than the two (2) rate, may at any time after the
58 effective date, elect to increase the basis of providing
59 prior service credits to any of the higher bases avail-
60 able prior to the effective date, such increase to become
61 effective as of January 1st following receipt of official
62 notice of such election by the Board and shall apply to all
63 prior service of the employees in the employment of the
64 municipality, or of an instrumentality thereof on the date
65 upon which the increased rate becomes effective.

66 (6) The governing body of any municipality electing to
67 participate in this System shall within ten (10) days after
68 such election submit a certified notice of such election to

69 the Secretary of State of Iowa. Such notice shall:

70 1. Indicate the date of such election.

71 2. Specify all the instrumentalities of

72 such municipality, if any.

73 3. Designate the title of the Chief

74 Executive Officer of the municipality.

75 4. Be officially certified by the govern-

76 ing body of the municipality as having

77 been duly made in accordance with the

78 provisions of this Article of this

79 System.

1 Sec. 7. The following described persons shall be
2 included within, and shall be subject to, the provisions
3 of this System, beginning upon the dates hereinafter
4 specified:

5 (1) All persons who are employees of any municipality
6 or instrumentality thereof on the effective date of par-
7 ticipation of such municipality as provided in Section 5
8 hereof, beginning upon such effective date.

9 (2) All persons who become employees of any partici-
10 pating municipality or instrumentality thereof after the
11 effective date of participation of such municipality as
12 provided in Section 5 hereof, beginning upon the date such
13 person becomes an employee.

1 Sec. 8. Each participating employee shall make
2 contributions to the fund as follows:

3 (1) Normal contributions of five (5) per cent of each
4 payment of earnings paid to any such employee by any
5 participating municipality or instrumentality thereof.

6 (2) Additional contributions of such percentages of
7 each payment of earnings paid to any such employee by a
8 participating municipality or instrumentality thereof,
9 as shall be elected by the employee.

10 Normal contributions shall continue at the
11 percentages specified in this Section until the beginning
12 of the year following any year in which the board certifies
13 that the rates shall be changed. Thereafter, the rates
14 shall be those designated in the last certification of the
15 Board.

16 (a) Each rate of additional contribution shall be a
17 multiple of one-half ($\frac{1}{2}$) per cent and shall not exceed
18 an amount equal to twice the normal contribution rate
19 applicable to the employee. The selected rate shall be
20 applicable to all earnings beginning on the first day of
21 the second month following receipt by the board of
22 written notice of election to make such contributions.
23 Additional contributions at the selected rate shall be
24 made concurrently with normal contributions and shall
25 continue at such rate until the end of the calendar year
26 in which written notice of discontinuance or change is
27 received by the Board.

28 (b) All normal contributions and all additional

29 contributions shall be deducted from each corresponding
30 payment of earnings paid to each participating employee
31 and shall immediately be remitted to the board by the
32 participating municipality or instrumentality thereof
33 making such payment of earnings.

1 Sec. 9. For the purpose of determining the amount of
2 any annuity or benefit to which an employee or beneficiary
3 shall be entitled, each participating employee shall be
4 credited with the following amounts, as of the dates speci-
5 fied:

6 (1) For prior service, each participating employee of
7 a participating municipality or instrumentality thereof
8 on the effective date, shall be credited, as of such date,
9 with a prior service credit of an amount equal to the
10 accumulated value, as of such date, of the contributions
11 which would have been made during the entire period of
12 prior service of such employee, assuming:

13 (a) The earnings of such employee to have been uniform
14 over such period and equal to the average earnings obtained
15 by dividing the total earnings during the period of three
16 calendar years immediately preceding the effective date,
17 by the period of prior service credit of such employee
18 within such period.

19 (b) The rate of contribution to have been the prior
20 service contribution rate applicable to such municipality
21 or instrumentality for such employee.

22 (c) The contributions for each calendar year to have
23 been made at the end of each year and

24 (d) The contributions to have accumulated with interest
25 at the rate of three (3%) per cent per annum compounded
26 annually.

1 Sec. 10. For current service, each participating
2 employee shall be credited with:

3 (1) Additional credits of amounts equal to each payment
4 of additional contributions received from such employee, as
5 of the date the corresponding payment of earnings is payable
6 to the employee.

7 (2) Normal credits of amounts equal to each payment of
8 normal contributions received from such employee, as of the
9 date the corresponding payment of earnings is payable to the
10 employee.

11 (3) Municipality credits of amounts equal to each normal
12 credit of each employee, as of the date of each corresponding
13 normal credit.

1 Sec. 11. For period of disability, each employee re-
2 ceiving disability benefits in accordance with Sections 26,
3 27, 28, 29 hereof, shall be credited as of the end of each
4 month with normal credits of amounts equal to the normal
5 contribution which would have been made by the employee had
6 such employee been working and receiving earnings equal to
7 twice the amount of disability benefits payable for each
8 such month.

1 Sec. 12. For reentrance into service upon termination
2 of an annuity in accordance with the provisions of Section
3 22 and 23, each employee so reentering shall be credited,
4 as of the date such annuity is terminated, with additional,
5 normal, municipality and prior service credits of amounts
6 equal to the then present value of the portion of the
7 terminated annuity which was originally provided by the
8 corresponding type of credit.

1 Sec. 13. For reentrance into service of a participant
2 municipality or instrumentality within six months after an
3 honorable discharge from Military Service; each employee
4 so reentering who previously terminated service for a
5 participating municipality or instrumentality because of
6 military leave and who returned without intervening
7 employment elsewhere, shall be credited as of the date of
8 such reentrance with municipality credits equal to two (2)
9 times the municipality credit which would have been made
10 had such employee continued in the service of the partici-
11 pating municipality at the rate of earnings at the time
12 military leave was granted for the entire period of such
13 leave.

1 Sec. 14. The credits of each individual participating
2 employee shall be accumulated in a separate account for each
3 type of credit, and interest shall be credited thereon as
4 follows:

5 (1) All balances at the beginning of each year re-

6 remaining in such accounts at the end of the year shall be
7 improved with interest, at the end of each year, at the
8 effective rate of interest for the year.

9 (2) All amounts credited to employees during the year
10 because of reentrance into the service in accordance with
11 Section 9 of this Section, remaining in such accounts at the
12 end of the year shall be improved with interest, at the end
13 of such year, for each full month elapsing between the date
14 of credit and the end of the year, at one-twelfth (1/12)
15 of the effective rate of interest for the year.

16 (3) All balances at the beginning of any year, and all
17 amounts credited to employees during the year in accordance
18 with Section 9 of this Section, not remaining in such
19 accounts at the end of the year because of the granting
20 of annuities or benefits during the year, shall be improved
21 with interest, on the first day of the month in which the
22 first annuity or benefit payment is due, for each full
23 month elapsing between the first day of the year or the date
24 of credit, as the case may be, and the first day of the month
25 in which such first annuity or benefit payment is due, at
26 one-twelfth (1/12) of the effective rate of interest for the
27 preceding year.

1 Sec. 15. Upon the granting of a retirement annuity, a
2 death benefit or a separation benefit, because of any employee,
3 all the individual accumulated credits of such employee
4 shall thereupon be terminated.

1 Sec. 16. Each participating municipality and each instru-
2 mentality thereof shall make contributions to the fund as
3 follows:

4 (1) Municipality contributions of the percentages, as
5 specified in this Section, of each payment of earnings
6 paid to each participating employee by such participating
7 municipality or instrumentality.

8 (2) Advance contributions of such amounts as shall
9 be determined by any such municipality or instrumentality
10 thereof, for the purpose of reducing any existing obliga-
11 tion of such municipality or instrumentality for prior
12 service or current service.

1 Sec. 17. Separate percentages shall be determined for
2 each calendar year for each municipality together with all
3 instrumentalities thereof as one unit. Each such per-
4 centage shall be the rate computed as necessary to pro-
5 vide, as of the beginning of such year, the total of the
6 following:

7 (1) The uniform annual amount required, at three (3%)
8 per cent interest per annum, to amortize, over the
9 remainder of the period of forty years following the
10 effective date, the amount, as of the beginning of such
11 year, of the remaining obligation for the prior service
12 credits granted to the employees of the municipality and
13 instrumentalities thereof.

14 (2) The amount of the single premium required, because

15 of earnings paid to employees of any such group, to
16 provide all municipality credits granted to such employees
17 during such year; adjusted by the uniform annual amount
18 required, at the prescribed rate of interest, to amortize
19 or to refund, as the case may be, over ten years, the
20 amounts, as of the beginning of such year, of any then
21 existing obligation for, or surplus applicable to, the
22 municipality credits previously granted to the employees
23 of the municipality and instrumentalities thereof.

24 (3) The amount of the one-year term premium required
25 to provide the present value of the disability benefits,
26 including normal credits to disabled employees,
27 expected to be granted during such year to the employees
28 of the municipality and instrumentalities thereof.

29 (4) The amount of the one-year term premium required
30 to provide the excess, if any, of the present value of the
31 death benefits expected to be granted during such year on
32 account of the employees of the municipality and instrumental-
33 ities thereof, over the accumulated normal credits of the
34 employees of such municipality and instrumentalities thereof
35 then available for such purposes.

36 (5) The amount required to provide that proportion
37 of the total administrative expense for the year, adjusted
38 for any surplus or deficiency existing as of the end of the
39 previous year, which the number of employees in the
40 municipality and instrumentalities thereof as of the

41 beginning of the year, if of the total number of employees
42 then in all participating municipalities and instrumentalities
43 thereof.

1 Sec. 18. Computations of the rates of municipality
2 contributions for the following calendar year shall be made
3 prior to the regular meeting of the board in each December,
4 from the latest information available at the time such
5 computations are made, and on the assumption that the
6 employees in each municipality and each instrumentality
7 at such time will continue in service until the end of such
8 calendar year at their respective rates of earnings at
9 such time. Such rates shall become effective, after
10 certification by the board, as of the beginning of the
11 calendar year to which they are applicable and shall
12 remain in effect during such year.

1 Sec. 19. The amount of each municipality contribution
2 shall be determined by applying the proper percentage rate
3 of contribution to the total of all earnings paid to employees
4 in each municipality and in each instrumentality thereof on
5 each pay day, and all such amounts shall be immediately
6 remitted to the board by the municipality or instrumentality
7 making such payment of earnings.

1 Sec. 20. All such contributions shall be paid out of
2 the fund from which the corresponding employee earnings are paid
3 or from any other available fund, and if a special tax levy
4 is made in accordance with section 36 to 64 of this system,

5 each such fund shall be reimbursed from such special tax levy
6 for all or any part of such contributions as is deemed necessary
7 by the governing body of the municipality or instrumentality.

1 Sec. 21. No provision of this system shall operate to
2 cause compulsory retirement of any employee, nor to give any
3 employee any specific right to remain in service. Separations
4 and retirements from the service of a municipality shall be
5 made in accordance with the currently existing practices of
6 the respective municipalities.

1 Sec. 22. The following described persons shall be
2 entitled to retirement annuities, beginning on the dates
3 hereinafter specified:

4 (1) Any participating employee who, regardless of cause,
5 is separated from the service of all municipalities and
6 instrumentalities thereof at any time after the accu-
7 mulated credits of any such employee are sufficient to
8 provide an annuity of at least ten (\$10.00) dollars per
9 month beginning either:

10 (a) Upon the attainment of age sixty-five (65)
11 in the case of an employee who is separated prior to age
12 sixty-five (65), or

13 (b) Upon the date of separation of an employee
14 who is separated on or after the attainment of age sixty-
15 five (65).

16 (2) Any such annuity shall begin on the date speci-
17 fied by the employee entitled thereto, in a written

18 application therefor, provided:

19 (a) Such date is not prior to the date of sep-
20 aration from the last municipality or instrumentality by
21 which such employee was employed.

22 (b) Such date is not more than sixty (60)
23 days prior to the date of receipt of such application by
24 the board.

25 (c) The credits of the employees are sufficient on
26 such date to provide an annuity of at least ten (\$10.00)
27 dollars per month beginning immediately.

28 (d) The employee has attained at least age fifty-
29 five (55).

30 (e) The employee is not entitled, at the time, to
31 receive earnings from any municipality or instrumentality
32 on or after such date.

1 Sec. 23. The amount of any retirement annuity shall be
2 the sum of the following, all determined from credits
3 applicable to the employee in accordance with the pre-
4 scribed rate of interest and the approved actuarial
5 tables in effect at the time:

6 (1) The annuity which can be provided from the
7 total accumulated additional and normal credits with
8 interest thereon to the date the annuity begins, and

9 (2) The annuity which can be provided from the total
10 accumulated municipality credits with interest thereon
11 to the date the annuity begins; provided that such

12 annuity shall not exceed the annuity which would have
13 been provided on the date the employee attained age sixty-
14 five (65) from municipality credits on such date with interest
15 thereon to such date, provided that such annuity shall not
16 exceed an amount which would make the total of the annuities
17 provided from the accumulated normal and municipality credits
18 with interest thereon exceed sixty (60%) per cent of the
19 final rate of earnings, or sixty dollars (\$60) per month
20 whichever is greater, and

21 (3) The annuity which can be provided from the total
22 accumulated prior service credits with interest thereon to
23 the date the annuity begins; provided that such annuity shall
24 not exceed an amount which would make the annuity otherwise
25 available from the normal, municipality and prior service
26 credits equal to the annuity which would have been provided
27 from the total accumulated normal, municipality and prior
28 service credits with interest thereon to the date the
29 employee attained age sixty-five (65) or to the effective
30 date of participation whichever is later, assuming that
31 the employee were then exactly age sixty-five (65) and that
32 the prior service credits had been accumulated at two (2)
33 times the rates, on the effective date of participation of
34 the employee, of municipality credits for current service,
35 and; provided that such annuity shall not exceed an amount
36 which would make the total of the annuities provided from
37 the accumulated normal, municipality and prior service

38 credits with interest thereon exceed fifty (50%) per cent
39 of the final rate of earnings.

40 (4) If any employee elects a reversionary annuity in
41 accordance with Sections 24 and 25 hereof, the amount
42 of the retirement annuity to which such employee would
43 otherwise be entitled shall be reduced by an amount equal
44 to the annuity which could be provided for such employee
45 at the time the annuity begins, from the accumulations
46 required to provide the reconversionary annuity.

47 (5) Notwithstanding the fact that any annuity is pay-
48 able for life, if any annuitant receiving a retirement
49 annuity, again becomes an employee, the annuity payable
50 to such employee at that time shall be determined as of
51 the end of the calendar month prior to the date upon which
52 such person again becomes an employee.

1 Sec. 24. Any employee entitled to a retirement annuity
2 may elect to provide a reversionary annuity for a beneficiary,
3 provided that, at the time such retirement annuity begins:

4 (1) The total of the accumulated normal, municipality
5 and prior service credits of such employee is sufficient
6 to provide an immediate annuity of at least ten (\$10.00)
7 dollars per month for the employee, and

8 (2) The accumulated additional and normal credits of
9 such employee are sufficient to provide a reversionary
10 annuity, of at least ten (\$10.00) dollars per month, for the
11 beneficiary.

1 Sec. 25. Any such election shall become effective
2 only:

3 (1) If a written notice thereof by the employee is
4 received by the board together with the application of the
5 employee for the retirement annuity, and

6 (2) If the amount of the reversionary annuity
7 specified in such notice for the beneficiary is not less
8 than ten (\$10.00) dollars nor more than that which can be
9 provided, at the time, by the accumulation of additional
10 and normal credits.

11 (3) The amount of such reversionary annuity shall be
12 that specified in the notice of election to have such
13 annuity paid.

14 (4) Any such reversionary annuity shall begin on the
15 date the last payment of the employee annuity is payable
16 because of death, provided the beneficiary is alive at
17 such time. If the beneficiary does not survive the
18 employee annuitant, no reversionary annuity shall be
19 payable, but only the death benefit as provided in Section
20 31 and 32 hereof.

1 Sec. 26. The following described persons shall be
2 entitled to disability benefits, beginning on the dates, and
3 continuing for the periods, hereinafter specified:

4 (1) Any participating employee who is less than age
5 sixty-five (65) and who during the period for such employee
6 is receiving earnings for services for a participating

7 municipality or instrumentality thereof becomes unable to
8 perform the duties of any assigned position for any period
9 exceeding sixty (60) days, because of mental or physical
10 disability.

11 (2) Such benefits shall begin to accrue on the sixty-
12 first day following the date upon which such disability
13 was incurred, unless:

14 (a) Written application for such benefits is not
15 received by the board within sixty (60) days of such
16 accrual date, in which case, benefits shall begin to accrue
17 on the day sixty (60) days prior to the receipt of such
18 application, or

19 (b) All earnings have not ceased to be payable to
20 such employee on such accrual date, in which case, benefits
21 shall begin to accrue on the day following the day for
22 which the last payment of earnings is made by any employing
23 municipality or instrumentality.

24 (3) Such benefits shall continue during the period of
25 disability until the beginning of the day upon which the
26 first of the following occurs:

27 (a) Disability ceases in accordance with the
28 certification of a physician approved or appointed by the
29 board.

30 (b) Disability ceases in accordance with the
31 certification of the governing body of any municipality or
32 instrumentality.

33 (c) Earnings again become payable.

34 (d) Refusal to submit to a reasonable physical
35 examination by any physician approved and appointed by the
36 board.

37 (e) Attainment of age sixty-five (65).

38 (f) The amount of retirement annuity, to which such
39 employee would immediately be entitled from accumulation of
40 normal, municipal and prior service credits, if separated
41 from the service, equals the amount of the disability
42 benefit.

1 Sec. 27. A participating employee shall be considered
2 disabled only during periods for which the board shall
3 have received:

4 (1) Written certification by at least two licensed
5 and practicing physicians approved or appointed by the
6 board, that the employee is disabled and unable to
7 reasonably perform the duties of any assigned position,
8 and

9 (2) Written certification by the governing body of
10 each employing municipality and instrumentality that such
11 employee:

12 (a) Is not separated from the service of such
13 municipality or instrumentality, and

14 (b) Is disabled and as a consequence is not entitled
15 to any earnings from such municipality or instrumentality,
16 and

17 (c) That the disability is not a result of a mental
18 or physical condition of the employee existing at the first
19 date of participation of the employee in this System.

1 Sec. 28. The amount of any disability benefit shall be
2 fifty (50%) per cent of the earnings which would have been
3 paid to such employee, had the employee continued in service
4 for the entire period during which disability benefits
5 are payable, on the assumption that the rate of earnings
6 during this entire period would have been equal to the rate of
7 earnings of the employee on the date such disability
8 occurred.

1 Sec. 29. All disability benefits shall be payable once a
2 month as of the end of each calendar month during which
3 any disability benefits accrued, and payments for
4 fractional parts of a month shall be determined by
5 prorating the monthly benefit for the total number of
6 days in the month during which benefits are payable.

1 Sec. 30. Notwithstanding any provisions to the contrary,
2 if any beneficiary receives or is entitled to receive any
3 compensation on account of disability under and by virtue
4 of the "Workmen's Compensation Act", the disability payments
5 due under this System shall be reduced by the amounts
6 due under such "Workmen's Compensation Act."

1 Sec. 31. The following described persons shall be
2 entitled to death benefits, in the form and at the times
3 hereinafter specified:

4 (1) The beneficiary of any participating employee or
5 of any annuitant, on the date of death of such employee or
6 annuitant.

7 (2) Such death benefits shall be paid in the form of a
8 single cash sum except where an annuity is payable under
9 the provisions of Sections 33 and 34 hereof.

10 (3) Whenever any death benefit is payable in a single
11 cash sum, it shall be paid to the beneficiary as soon as
12 practicable after receipt by the board of:

13 (a) A certified copy of the death certificate of the
14 employee or annuitant.

15 (b) A written application of the beneficiary for
16 such benefit.

1 Sec. 32. The amount of the death benefit shall be:

2 (1) Upon the death of an employee while receiving
3 earnings for services for any participating municipality
4 or instrumentality thereof, an amount equal to the sum
5 of the accumulated additional and normal credits of such
6 employee on the date of death, and an amount equal to the
7 excess, if any, of an annual payment of earnings at the
8 final rate of earnings, over the accumulated normal credits
9 at such time.

10 (2) Upon the death of an employee after such employee
11 has been separated from the service of all participating
12 municipalities and instrumentalities thereof, or during
13 periods of leave after earnings for services have ceased

14 to be payable, but before becoming an annuitant, an
15 amount equal to the sum of the accumulated additional and
16 normal credits of such employee on the date of death.

17 (3) Upon the death of an annuitant receiving a retire-
18 ment annuity, unless a reversionary annuity begins at such
19 time in which case upon the death of annuitant receiving
20 the reversionary annuity, the excess of the sum of the
21 accumulated additional and normal credits which were used,
22 at the time the retirement annuity began, to provide both
23 the retirement and the reversionary annuities, over the
24 sum of all annuity payments made prior to the time of such
25 death.

26 (4) Upon the death of an annuitant receiving a
27 beneficiary annuity, the excess of the death benefit which
28 was used to provide the annuity, over the sum of all
29 annuity payments made to such beneficiary.

30 (5) Notwithstanding any provisions to the contrary, if
:1 any beneficiary receives or is entitled to receive any
:2 compensation on account of death under and by virtue of
:3 the "Workmen's Compensation Act", the death benefits pro-
4 vided by municipal contributions under this Act shall be
5 reduced by the amounts due under such "Workmen's Compensa-
6 tion Act."

1 Sec. 33. If the amount of any death benefit is sufficient
2 to provide an immediate annuity of at least ten (\$10.00)
3 dollars for the beneficiary, the death benefit shall be

4 paid in the form of an annuity of such amount as can be
5 provided from the death benefit on the date such annuity
6 begins, provided:

7 (1) The beneficiary is the widow of the employee or
8 annuitant, or

9 (2) The beneficiary is other than the widow of the
10 employee or annuitant, but has specified in the applica-
11 tion for the death benefit, or the employee or annuitant
12 prior to his death has specified in a written notice on
13 file with the board, that such benefit shall be paid as
14 an annuity.

1 Sec. 34. Whenever any death benefit is payable in the
2 form of an annuity, such annuity shall begin on the day follow-
3 ing the date of death of the employee or annuitant pro-
4 vided the board has received:

5 (1) A certified copy of the death certificate of the
6 employee or annuitant, and

7 (2) A written application of the beneficiary for
8 such benefit.

9 The amount of any beneficiary annuity shall be that
10 which can be provided from the death benefit on the date
11 such annuity begins.

1 Sec. 35. The following described persons shall be
2 entitled to separation benefits, at the times hereinafter
3 specified.

4 (1) Any participating employee who is separated from

5 the service of all participating municipalities and
6 instrumentalities thereof and who, on the date of
7 application for such benefit, is not eligible to a
8 Retirement Annuity.

9 (2) Such separation benefits shall be paid in the
10 form of a single cash sum as soon as practicable after
11 receipt by the board of:

12 (a) A written application by the employee for
13 such benefits.

14 (b) Written notice from the last employing
15 municipality or instrumentality certifying that such em-
16 ployee has been separated from the service.

17 The amount of any separation benefits shall be the sum
18 of the accumulated additional and normal credits of the
19 employee as of the date of separation from service.

1 Sec. 36. This System shall be construed to be a trust
2 and shall be administered by a board of trustees, con-
3 sisting of five (5) persons, each of whom shall be designated
4 as a trustee. Each trustee shall be an officer or employee
5 of a participating municipality or instrumentality thereof.

1 Sec. 37. The first board shall consist of the chief
2 executive officer, ex officio, of each of the first five (5)
3 municipalities certifying to the Secretary of State their
4 election to participate in this System. Upon receipt of
5 the certification from the fifth municipality, the
6 Secretary of State shall notify by registered mail the chief

7 executive officer of each of such five (5) municipalities
8 first electing to participate in this System of the names
9 of such five municipalities, and the titles of the chief
10 executive officers thereof, and of their respective
11 appointments to the board specifying that the first
12 meeting of the board is to be held on the second Tuesday
13 following the date such notice is mailed or such other date
14 as mutually agreed upon by all five of such chief
15 executive officers in the office of the Secretary of State
16 in the city of Des Moines, Iowa.

17 Each succeeding board shall consist of representatives
18 of various groups as follows:

19 (1) Three trustees shall be chief executive officers,
20 chief finance officers, or other officers, executives or
21 department heads of participating municipalities or
22 instrumentalities thereof, and each trustee shall be
23 designated as an executive trustee.

24 (2) Two trustees shall be employees of a participating
25 municipality or instrumentality thereof and each such
26 trustee shall be designated as an employee trustee.

1 Sec. 38. A person elected as a trustee shall qualify
2 as a trustee, after declaration by the board that such
3 person has been duly elected, upon the presentation to the
4 board of a certified copy of an oath of office taken before
5 the Secretary of State or the clerk of the municipality by
6 which such person is employed or within which the instru-

7 mentality by which such person is employed, is included.

1 Sec. 39. The term of office of each trustee shall begin
2 upon January 1st of the year following the year in which
3 such trustee is elected and shall continue for a period
4 of five (5) years and until a successor has been elected
5 and qualified, or until prior resignation, death, in-
6 capacity or disqualification; provided that the terms of
7 the initial board shall begin upon their qualification
8 as trustees and continue as follows:

9 (1) The trustee representative from the municipality
10 having the largest number of employees on the date par-
11 ticipation begins, shall serve for five (5) years from
12 the first day of January after participation begins and
13 shall be superseded by an employee trustee elected in
14 accordance with Sections 47 to 51 herein.

15 (2) The trustee representative from the municipality
16 having the second largest number of employees on the
17 date participation begins, shall serve for four (4) years
18 from the first day of January after participation begins
19 and shall be superseded by an employee trustee elected
20 in accordance with Sections 47 to 51 herein.

21 (3) The trustee representative from the municipality
22 having the third largest number of employees on the date
23 participation begins, shall serve for three (3) years
24 from the first day of January after participation begins
25 and shall be superseded by an executive trustee elected

26 in accordance with Sections 47 to 51 herein.

27 (4) The trustee representative from the municipality
28 having the fourth largest number of employees on the date
29 participation begins, shall serve for four (4) years from
30 the first day of January after participation begins and
31 shall be superseded by an executive trustee elected in
32 accordance with Sections 47 to 51 herein.

33 (5) The trustee representative from the municipality
34 having the smallest number of employees on the date parti-
35 cipation begins, shall serve for five (5) years from the
36 the first day of January after participation begins and
37 shall be superseded by an executive trustee elected in
38 accordance with Sections 47 to 51 herein.

1 Sec. 40. Any elected trustee shall be disqualified immedi-
2 ately upon termination of employment with all participating
3 municipalities and instrumentalities thereof or upon any
4 change in status which removes any such trustee from all
5 employments within the group which he represents.

1 Sec. 41. Any vacancy on the board, regardless of cause,
2 shall be filled for the unexpired term by the candidate for
3 the vacated trusteeship who received the next highest
4 number of votes at the previous election for such trustee-
5 ship. If any such person fails to qualify within thirty
6 (30) days of notice by the board, the next eligible can-
7 didate shall be selected. If there are no other remain-
8 ing candidates or in the case of the trustees serving

9 prior to the first election for the respective trustee-
10 ship, then the vacancy shall be filled by the remaining
11 trustees.

1 Sec. 42. All trustees shall serve without compensation,
2 but shall be reimbursed for any reasonable travelling
3 expenses incurred in attending meetings of the board and
4 for the amount of any earnings withheld by any employing
5 municipality or instrumentality because of attendance at
6 any board meeting.

1 Sec. 43. Each trustee shall be entitled to one (1) vote
2 on any and all actions before the board for consideration
3 at any board meeting, and at least the approval of a
4 majority of the trustees acting at the time shall be
5 necessary for every decision or action by the board at
6 any of its meetings. No decision or action shall become
7 effective unless presented and so approved at a regular
8 or duly called special meeting of the board.

1 Sec. 44. During the months of September and October of
2 each year after participation begins, the board shall
3 accept nominations of candidates for election for the
4 trusteeship to be vacated as of the end of such year.

5 (1) All such nominations shall be by petition. Any
6 petition for an executive trustee shall be signed by at
7 least one governing body of a participating municipality.
8 Any petition for employee trustee shall be signed by
9 at least five (5%) per cent of the total number, as of

10 July 1st of the current year, of the participating
11 employees, who, if their employment status remained un-
12 changed, would be eligible to vote for such candidate
13 at the following election.

14 (2) A separate ballot shall be used for each trustee
15 and the names of all candidates properly nominated in
16 petitions received by the board during the months of
17 September and October of that year shall be placed in
18 alphabetical order upon the proper ballot.

19 (3) At any election, each participating municipality
20 and each participating employee employed by a participat-
21 ing municipality or instrumentality thereof as of
22 September 30th of any year, shall be entitled to vote
23 as follows:

24 (a) The governing body of each participating
25 municipality shall have one vote at any election in
26 which an executive trustee is to be elected, and may
27 cast such vote for any candidate on the executive
28 trustee ballot.

29 (b) Each employee shall have one vote at any
30 election in which an employee trustee is to be elected,
31 and may cast such vote for any candidate on the employee
32 trustee ballot.

1 Sec. 45. On the second Monday in the month of November
2 of each year, the board shall cause to be mailed, to the
3 last known address of the governing body of each partici-

4 pating municipality, or to the last known address of
5 each participating employee, as the case may be, who is
6 qualified to vote at the election during such year, a
7 ballot of the proper type, together with a small
8 envelope marked "insert marked ballot in this envelope,
9 seal, enclose in return envelope and mail before
10 November 25th," a slip providing spaces for the name
11 of the municipality or for the signature of the employee,
12 and a larger envelope addressed to the board with the
13 word "Ballot" imprinted on the face thereof.

1 Sec. 46. At the first meeting of the board on or after
2 December 1st of any year in which an election is held, the
3 envelopes containing the ballots which have been received
4 and which have been postmarked prior to November 25th
5 shall be opened and the signature slips accompanying
6 the envelopes in which the ballots are enclosed shall be
7 checked against the list of eligible employees to verify
8 the eligibility to vote at such election. The small
9 envelopes containing the ballots of those persons who
10 are entitled to vote shall be set aside and after verifi-
11 cation has been completed, the ballot envelopes so veri-
12 fied and set aside shall be opened and the votes tabu-
13 lated. The trustees present shall act as tellers. The
14 board shall, after the votes are tallied:

15 (1) Prepare a list of all candidates showing the
16 number of votes cast for each,

17 (2) Enter such record in the minutes of the
18 meeting.

19 (3) Declare the person receiving the highest number
20 of votes, and

21 (4) Notify, by mail, such person of the election,
22 requesting that the proper oath of office be taken and
23 specifying the time and place of the next regular
24 meeting of the board.

25 In case of a tie vote, the person so tying, em-
26 ployed by the municipality or instrumentality of the
27 municipality having the greatest number of participating
28 employees at the time, shall be considered to have been
29 elected.

1 Sec. 47. The board shall have, in addition to all other
2 powers and duties arising out of this system not otherwise
3 specifically reserved or delegated to others, the following
4 specific powers and duties and is hereby authorized and
5 directed to:

6 (1) Hold regular meetings in March, June, September
7 and December of each year, and such special meetings at
8 such other times as may be called by the executive di-
9 rector upon written notice of at least a majority of the
10 then acting trustees. At least five (5) days notice of
11 each meeting shall be given to each trustee. All
12 meetings of the board shall be open to the public and shall
13 be held in the offices of the board or in any other place

14 specifically designated in the notice of any meeting.

15 (2) Consider and pass on all applications for
16 annuities and benefits, authorize the granting of all
17 annuities and benefits and suspend any payment or payments,
18 all in accordance with the provisions of this System.

19 (3) Prepare and approve, prior to the beginning of
20 each calendar year, a budget of operating expenses for
21 such year.

22 (4) Compel witnesses to attend meetings and to
23 testify upon any necessary matter concerning the fund
24 and allow fees not in excess of ten (\$10.00) dollars to
25 any such witness for such attendance upon any one day.

26 (5) Certify all employees normal contribution
27 rates, all municipality contribution rates and the pre-
28 scribed rate of interest as authorized in writing by the
29 actuary and notify all participating municipalities there-
30 of.

31 (6) Request such information from any partici-
32 pating employee or from any participating municipality or
33 instrumentality thereof as shall be necessary for the
34 proper operation of the System.

35 (7) Determine the length of prior service from such
36 information as is available. Any such determination shall
37 be conclusive as to any such period of service unless
38 within two (2) years of the issuance of the first individual
39 statement to any employee, the board shall reconsider any

40 such case and change the determination.

41 (8) Establish an office in a participating municipality
42 which provides suitable space for meetings of the board and
43 for use of the necessary administrative personnel. All
44 books and records of the System shall be kept in such office.

45 (9) Appoint an executive director for the purpose of
46 managing the office and carrying out the technical
47 administrative duties of the System.

48 (10) Appoint an actuary for the purpose of carrying
49 out all the necessary actuarial requirements of the fund.

50 (11) Employ such additional actuarial, clerical, legal,
51 medical, and other employees as shall be required for the
52 efficient administration of the fund.

53 (12) Determine and fix the compensation to be paid to
54 the executive director, actuary, and other employees.

55 (13) Have the accounts of the fund audited annually
56 by a certified public accountant.

57 (14) Submit an annual statement to the governing body
58 of each participating municipality and to any participating
59 employee upon request, as soon after the end of each
60 calendar year as possible. Such statement shall include
61 the following:

62 (a) A balance sheet, showing the financial and
63 actuarial condition of the fund as of the end of the calendar
64 year.

65 (b) A statement of receipts and disbursements during

66 such year.

67 (c) A statement showing changes in the asset,
68 liability, reserve and surplus accounts during such year.

69 (d) A detailed statement of investments showing, as
70 of the end of such year, the title of each security,
71 purchase price, coupon rate, effective interest rate,
72 amortized book value, maturity date, and amount of due and
73 accrued interest.

74 (e) Such additional statistics as are deemed necessary
75 or a proper interpretation of the condition of the fund.

76 (15) Submit an individual statement to any partici-
77 pating employee upon reasonable request of such employee.
78 Such statement shall indicate the amount of accumulations
79 of each type to the credit of such employee, as of the
80 latest date practicable.

81 (16) Accept any gift, grant or bequest of any money
82 or securities for the purposes designated by the grantor
83 if such purpose is specified as providing cash benefits to
84 some or all of the participating employees or annuitants
85 of this fund, or if no such purposees are designated, for the
86 purpose of distribution to all the participating employees
87 at the end of the year in the same proportion as the interest
88 at the effective rate is allocated for the year.

89 (17) Determine the limitations on the amounts of cash
90 to be invested in order to maintain such cash balances as
91 may be deemed advisable to meet current annuity, benefit

92 and expense requirements, and invest the available cash
93 within these limits in securities in accordance with Section
94 52.

95 (18) Keep in convenient form such data as shall be
96 necessary for all required calculations and valuations as
97 required by the actuary.

98 (19) Keep a permanent record of all the proceedings of
99 the board.

100 (20) Establish such rules and regulations not in-
101 consistent with the other provisions of this System as are
102 deemed necessary or desirable for the efficient administration
103 of the System.

104 (21) Generally carry on any other reasonable activities
105 which are deemed necessary for the purpose of
106 carrying out the intent of this fund in accordance with
107 the provisions of this System.

108 (22) Delegate such powers and duties to the executive
109 director or actuary as may from time to time be deemed
110 desirable.

1 Sec. 48. The executive director shall be in charge of
2 the technical administration of the fund and shall have
3 such additional powers and duties as are properly delegated
4 by the board.

1 Sec. 49. The actuary shall be the technical advisor of
2 the board and in addition to general advice shall specifical-
3 ly be responsible for, and it shall be his duty to:

4 (1) Make a general investigation, prior to the first
5 effective date of participation of any municipality and
6 at least once every three years thereafter, of the
7 experience of the participating municipalities and
8 instrumentalities thereof as to mortality, disability,
9 retirement, separation, interest and employee earnings rates
10 and to certify as a result of any such investigation.

11 (a) The tables to be used for computing annuities and
12 benefits and for determining the premiums for disability and
13 death purposes, and

14 (b) The rates of normal contributions in accordance
15 with Sections 8 to 20 hereof.

16 (c) The prescribed rate of interest.

17 (2) Determine the rate of municipality contributions in
18 accordance with Sections 8 to 20 hereof.

19 (3) Make an annual valuation of the liabilities and
20 reserves required to pay, both present and prospective,
21 annuities and benefits.

22 (4) Compute and certify the actuarial figures on the
23 annual financial statements of the board.

24 (5) Certify the amounts of each annuity and benefit
25 granted by the board, and

26 (6) Advise the board on any matters of an actuarial
27 nature affecting the soundness of the fund.

1 Sec. 50. The attorney general of the state of Iowa
2 shall be the legal advisor and shall prosecute or defend,

3 as the case may be, all actions brought by or against the
4 board.

1 Sec. 51. The state treasurer shall be the treasurer of
2 the fund and shall be responsible for the proper handling
3 of all the assets of the fund in accordance with the
4 provisions of this System. The treasurer shall furnish a
5 corporate surety bond of such amount as the board may
6 designate, which bond shall indemnify the board against any
7 loss which may result from any action or failure to act on
8 the part of such treasurer or any of his agents. All
9 reasonable charges incidental to the procuring and giving
10 of such bond shall be paid by the board.

1 Sec. 52. The assets of the fund, in excess of the amount
2 of cash required for current operations as determined by
3 the board, shall be invested and reinvested in the
4 following types of securities:

5 (1) Interest bearing bonds or notes which are general
6 obligations of the United States, or of the state of Iowa
7 or of any municipality in the state of Iowa; or in tax
8 anticipation warrants issued by any municipality.

9 (2) Interest bearing bonds or notes which are general
10 obligations of any state in the United States other than
11 Iowa or of any city or county therein, provided such city
12 or county had a population as shown by the last federal
13 census next preceding such investment, of not less than
14 thirty thousand (30,000) inhabitants, and provided that

15 such state, city or county has not defaulted for a period
16 longer than thirty (30) days in the payment of interest or
17 principal on any of its general obligation indebtedness
18 during the ten (10) calendar years immediately preceding
19 such investment.

20 Any limitation herein set forth shall be applicable
21 only at the time of purchase and shall not operate to
22 require liquidation of any investment at any time.

23 The board, however, may sell any security belonging to the
24 System at any time in its judgment that it is necessary or
25 desirable to do so.

26 All investments shall be clearly marked to indicate
27 ownership by the System, and to the extent possible shall
28 be registered in the name of the System.

1 Sec. 53. All money received by the board shall immediately
2 be deposited with the State Treasurer for the account of
3 the System. All disbursements shall be made only upon
4 warrants drawn upon the Treasurer as custodian of this
5 System upon vouchers signed by the person or persons desig-
6 nated for such purpose by resolution of the board. The
7 treasurer shall accept all warrants so signed and shall be
8 released from liability for all payments made thereon.
9 Warrants shall be drawn only upon proper authorization by
10 the board as properly recorded in the official minute books
11 of the meetings of the board.

1 Sec. 54. All securities of the fund when received shall

2 be deposited with the State Treasurer who shall provide
3 adequate safe deposit facilities for their preservation
4 and who shall have custody of them.

1 Sec. 55. The assets of the fund shall be invested as
2 one fund, and no particular person, municipality, or instru-
3 mentality shall have any right in any specific security or
4 any item of cash other than an undivided interest in
5 the whole as set forth in the provisions of this System.

1 Sec. 56. For the purposes of determining the municipality
2 contribution rates and the amounts of the obligations of
3 municipalities and their instrumentalities, each participat-
4 ing municipality shall be charged with the following amounts,
5 as of the dates specified:

6 (1) For prior service, a prior service obligation of an
7 amount equal to the present value on the effective date of
8 participation, of all prior service credits granted to the
9 employees of such municipality and instrumentalities
10 thereof in accordance with Sections 9 to 12 hereof, as of
11 such effective date.

12 (2) For current service, a current service obligation
13 of an amount equal to the present value at the end of the
14 year, of all municipality credits granted during such year
15 to the employees of such municipality or instrumentalities
16 thereof in accordance with Sections 9 to 12 hereof, as of
17 the end of each year.

1 Sec. 57. At the end of each year the contributions of

2 each municipality shall be prorated in the same proportion
3 that the amount for each purpose under Sections 16 to 20
4 hereof is of the total of all amounts under such paragraph
5 for the corresponding year. The proportion applicable to
6 the prior service obligation, and the current service
7 obligation shall be credited to the corresponding account
8 of the participating municipality or instrumentality from
9 which it is receivable. The proportions of such
10 contributions applicable to disability, death and expense
11 shall not be credited to the municipality required to make
12 such contributions, but shall be credited to the respective
13 surplus accounts maintained for disability, death and
14 expense purposes.

1 Sec. 58. The surplus or deficiency arising during the
2 year in the prior service credit and municipality credit
3 reserves because of mortality variations and other
4 limitations upon the granting of annuities and benefits,
5 shall be credited or charged, as the case may be, at the
6 end of the year, to the prior service obligation or current
7 service obligation account respectively of the participating
8 municipality previously charged for the amounts from which
9 any such reserves were accumulated.

1 Sec. 59. Interest for the year, at the prescribed rate,
2 shall be charged or credited as the case may be, at the end
3 of each year, on the average balances at the beginning of
4 each month in the prior service obligation account and on

5 the balance at the beginning of the year in the current
6 service account; and interest, at the rate of one-twelfth
7 of the effective rate then in effect, for each month or
8 fraction thereof, shall be charged to the current service
9 account, at the end of the year, on all accounts receivable
10 from any municipality or instrumentality for both employee
11 and municipality contributions which are not received by
12 the fund within thirty days of the date each such con-
13 tribution is due.

1 Sec. 60. At the end of the year in which the prior
2 service obligation of any municipality or instrumentality
3 is completely amortized, any balance remaining in such
4 account shall be transferred to the current service ac-
5 count of such municipality or instrumentality and there-
6 after all surpluses and deficiencies arising because of
7 the granting of annuities or benefits or because of
8 variations in mortality in the reserve requirement for
9 superseded fund benefits or prior service credits, shall
10 be credited or charged, as the case may be, to the current
11 service obligation account of such municipality or
12 instrumentality.

1 Sec. 61. Separate accounts shall be maintained for the
2 employees of each participating municipality. All trans-
3 actions affecting the employees of any such municipality
4 shall be entered in the account applicable to such muni-
5 cipality and no such transaction shall affect the accounts

6 of any other municipality.

1 Sec. 62. For the purpose of determining and properly
2 segregating surpluses arising out of the operation of this
3 system which are to be retained for future variations as
4 distinguished from those which are currently allocated to
5 the participating municipalities, the following surplus
6 accounts shall be created and shall be charged and credited
7 as follows:

8 (1) All surpluses or deficiencies arising during the
9 year because of mortality variations in the reserves for all
10 annuities previously granted shall be credited or charged,
11 as the case may be, to an annuity payment surplus account.
12 Whenever the balance in such account, whether surplus or
13 deficiency, exceeds fifteen (15%) per cent of the reserves
14 for all annuities granted, the tables used for the
15 determination of annuities shall be reviewed and revised in
16 such manner as is deemed necessary to reduce such balance.

17 (2) All surpluses or deficiencies, arising because the
18 municipality contributions for disability purposes provide
19 either more or less than the amounts required to pay
20 disability benefits and to meet the normal credits granted
21 to disabled employees, shall be credited or charged, as the
22 case may be, to a disability benefit surplus account.
23 Whenever the balance in such account, whether a surplus or
24 deficiency, exceeds one hundred (100%) percent of the
25 average annual disability payments during the three (3)

26 preceding calendar years, the tables of disability premiums
27 shall be reviewed and revised in such manner as is deemed
28 necessary to reduce such balance.

29 (3) All surpluses or deficiencies, arising because the
30 municipality contributions for death purposes provide more
31 or less than the amounts required to pay the death benefits
32 in excess of those provided by the additional and normal
33 contributions, shall be credited or charged, as the case may
34 be, to a death benefit surplus account. Whenever the balance
35 in such account, whether a surplus or a deficiency, exceeds
36 one hundred (100%) percent of the average annual death
37 payments, payable from death premiums during the three (3)
38 preceding calendar years the tables of death benefit premiums
39 shall be reviewed and revised in such manner as is deemed
40 necessary to reduce such balance.

41 (4) All surpluses or deficiencies, arising because
42 the municipality contributions for expense purposes pro-
43 vide more or less than the amount required to pay the
44 expenses of the fund, shall be credited or charged, as
45 the case may be, to an expense surplus account. Whenever
46 a balance exists in such account, it shall be included
47 in the basis used for determining the municipality
48 contributions for expense purposes as indicated in Sections
49 16 to 20 hereof.

50 (5) Any surplus or deficiency, arising because the
51 income and gains from investments, and from interest charges

52 to municipalities, provide more or less than the amounts
53 required to offset the losses from investments, and the
54 interest credits to municipality, reserve, and surplus
55 accounts, shall be credited or charged, as the case may be,
56 to an interest surplus account. Whenever the balance in such
57 account, whether a surplus or deficiency, exceeds five (5%)
58 percent of the total reserves required for all purposes of
59 the fund, the prescribed interest rate shall be reviewed
60 and revised in such manner as is deemed necessary to reduce
61 such balance.

1 Sec. 63. For purposes of determining interest income
2 for any year, all investments shall be carried at a book
3 value such that the yield to maturity, computed as a uniform
4 interest rate compounded annually or semiannually, as the
5 case may be, will remain uniform. No adjustments shall be
6 made in investment valuations for ordinary current market
7 price fluctuations; but reserves may be provided for
8 anticipated losses upon redemption as determined by the board.

9 The balances at the beginning of any year in the annuity
10 payment account shall be charged or credited, as the case
11 may be, with interest at the prescribed rate as of the end
12 of each year.

1 Sec. 64. For the purpose of providing additional revenue
2 for any municipality for the purposes of meeting the costs
3 of municipality contributions beginning in the year in which
4 any municipality shall elect to be included within this

5 System, it shall be lawful for such municipality to levy a
6 tax upon all taxable property in such municipality, at a
7 rate on the dollar of assessed valuation of all such taxable
8 property which shall not exceed the amount required to
9 produce a sum sufficient to provide all the municipality
10 contributions as required for this System from both municipalities
11 and instrumentalities thereof, in accordance with the
12 provisions of this System.

13 (1) Such tax shall be levied and collected in like
14 manner with the general taxes of such municipality, and
15 shall be in addition to all other taxes which such
16 municipality is now or may hereafter be authorized to levy
17 upon the aggregate valuation of all taxable property within
18 such municipality, and shall be exclusive of and in addition
19 to the amount of tax levied for general purposes. Any
20 such tax may be levied by the governing body of any par-
21 ticipating municipality without being authorized as being
22 additional to all other taxes by a vote of the people of the
23 municipality.

24 (2) The amount of the tax which may be levied in any
25 year shall be determined by applying the certified rate
26 of municipality contribution to the budgeted earnings of
27 the employees for the period under consideration. The
28 amount of the tax to be levied in any year shall be,
29 within the limits herein prescribed, determined by the
30 governing body of the respective municipality.

31 (3) The revenue derived from any such tax levy shall
32 be used only for the purposes specified in this System,
33 and as any such revenue is collected, it shall be paid to
34 the treasurer of the municipality levying the tax. Such
35 treasurer shall immediately distribute the amounts
36 received to the respective funds to be reimbursed as
37 certified by the governing body of the municipality levying
38 the tax.

1 Sec. 65. Each participating municipality and
2 instrumentality thereof shall be and is hereby:

3 (1) Authorized and directed to deduct all normal and
4 additional contributions from each payment of earnings
5 payable to each participating employee who is entitled to
6 and earnings from such municipality or instrumentality, and
7 to remit all such contributions immediately to the board.

8 (2) Authorized and directed to pay to the board
9 concurrently with each remittance of employee contributions,
10 the corresponding municipality contribution out of the
11 fund from which the earnings of the participating employees
12 are paid or out of any other fund.

1 Sec. 66. Each participating employee shall, by virtue of
2 the payment of any contributions to this System, receive a
3 vested interest in the benefits arising out of additional
4 and normal contributions as provided in this System and
5 each such employee in consideration of such vested interest
6 in this System shall be deemed to have agreed and

7 authorized the deduction of all contributions payable to
8 this System in accordance with this System from the
9 payments of earnings by the employing municipality or
10 instrumentality.

1 Sec. 67. Payment of earnings less the amounts of
2 contributions provided in this System, shall be a full and
3 complete discharge of all claims for payment for services
4 rendered by any employee during the period covered by any
5 such payment.

1 Sec. 68. All annuities and other benefits payable under
2 the provisions of this System and all accumulated credits of
3 employees in the System shall be unassignable and shall not
4 be subject to execution, garnishment, or attachment;
5 provided that:

6 (1) The board, in its discretion, may pay to the wife
7 of any annuitant or employee such portion, or all, of any
8 retirement annuity, disability benefit, or separation
9 benefit payable to such annuitant, or employee (1) as any
10 court of equity may order, or (2) in the event

11 (a) of the disappearance or unexplained absence, or

12 (b) of the failure to support such wife or children,

13 as the board may consider necessary for the support of the
14 wife or children of such annuitant or employee.

15 (2) The board may retain out of any annuity or benefit
16 such amount or amounts as the board in its discretion may
17 determine, for the purpose of reimbursing the System for

18 any money paid to any such annuitant or employee through
19 misrepresentation, fraud, or error.

20 (3) The board and the System shall be held free from
21 any liability for any money retained or paid in
22 accordance with the provisions of this section and the
23 employee shall be assumed to have assented and agreed to
24 any such disposition of money due.

25 (4) In all cases in which any amounts become payable
26 to a minor or to a person adjudged insane, or mentally
27 incompetent, the board in its discretion may waive
28 guardianship and conservatorship proceedings and pay such
29 amounts to the person providing for, or caring for, such
30 minor, or to the wife, parent or blood relative providing
31 for, or caring for, such insane and incompetent person.

32 (5) Any action, decision or determination of the board
33 shall be reviewable only by a common law writ of certiorari,
34 and any party to such certiorari proceedings shall have
35 the right of appeal from the decision of the reviewing
36 court.

1 Sec. 69. If any section, paragraph, sentence or clause
2 of this System, is regardless of cause, held invalid or to
3 be unconstitutional the remaining sections, paragraphs,
4 sentences and clauses shall continue in force and effect
5 and shall be construed thereafter as being the entire
6 provisions of this System.