

*Latin version preceding*

March 10, 1961.  
Passed on File.

**House File 603**  
By COMMITTEE ON  
SOCIAL SECURITY.

Passed House, Date..... Passed Senate, Date.....  
Vote: Ayes..... Nays..... Vote: Ayes..... Nays.....  
Approved.....

## A BILL FOR

An Act to amend chapter ninety-seven B (97B), Code 1958, relating to payment of dividends based on excess interest on the retirement fund to active and retired members of the Iowa public employees retirement system and to maintain the actuarial reserves.

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

- 1 Section 1. Chapter ninety-seven B (97B), Code 1958,
- 2 is hereby amended by adding thereto the following section:
- 3 The commission may declare certain dividends to
- 4 members of the system. The method of determining the amount
- 5 of such dividends and the methods of crediting or paying
- 6 such dividends to members shall be as follows:
- 7 1. Dividends to active members.
- 8 a. Interest dividends. Within sixty days after the
- 9 end of each calendar year, the advisory investment board
- 10 shall determine the average annual net rate of interest
- 11 earned on the retirement fund for the calendar year just
- 12 ended. The amount of dividend for each active member for
- 13 such calendar year shall be equal to the product of (a) the
- 14 excess annual rate of interest for such year, times (b) such
- 15 member's accumulated contributions as of January first of
- 16 such year. The excess annual rate of interest for such year
- 17 shall be determined by the commission upon recommendation
- 18 of the advisory investment board, but in no event shall

19 such rate exceed the excess, if any, of (1) the average  
20 annual net rate of interest earned on the retirement fund  
21 for such year, over (2) the annual rate of interest credited  
22 to each member's accumulated contributions under subsection  
23 nine (9) of section ninety-seven B point forty-one (97B.41)  
24 plus .0025. The average annual net rate of interest and the  
25 excess annual rate of interest shall each be calculated,  
26 in decimal form, to the nearest ten-thousandths—i.e. four  
27 decimal places.

28 The amount of dividend for each active member, deter-  
29 mined as provided in this paragraph "a", shall be credited  
30 to and made a part of such member's accumulated contributions  
31 as of December thirty-first of the year for which such  
32 dividend is computed. In the annual statements of  
33 accumulated credit is required by section ninety-seven B  
34 point eighteen (97B.18), such dividend may either be shown  
35 separately and labeled "interest dividend" or it may be  
36 included with the regular interest credited to the member  
37 in accordance with subsection nine (9) of section ninety-  
38 seven B point forty-one (97B.41).

39 Interest dividends shall also be credited to employers'  
40 contributions at the same rate as provided in this paragraph  
41 "a" for members' contributions.

42 "Active member" means a member who is not receiving  
43 benefit payments from the system and who made contributions  
44 to the system at any time during the calendar year for  
45 which dividends are being computed, and who had not received  
46 or applied for a refund of his accumulated contributions  
47 prior to December thirty-first of such year.

48     b. Retirement dividends. The contributions, and  
49 interest thereon, made by employers on behalf of active members  
50 who terminate employment and receive a refund of their  
51 contributions after December 31, 1960 shall be credited  
52 as retirement dividends each year to active members who  
53 remain in employment, after first deducting from such  
54 contributions the annual accrued liability contribution  
55 computed in accordance with section ninety-seven B point  
56 fifty-four (97B.54) for such year and the administration  
57 expenses of the system allocated to the active members'  
58 future service account. Such retirement dividends shall  
59 be used to provide retirement allowances computed in  
60 accordance with section ninety-seven B point forty-nine  
61 (97B.49). Retirement dividends, including interest and  
62 interest dividends credited thereto, credited to active  
63 members who terminate employment prior to retirement under  
64 this chapter shall be cancelled upon such termination of  
65 employment and shall be reapportioned to the active  
66 members who remain in employment. The amount of retirement  
67 dividend to be credited each year to each active member shall  
68 be determined as follows:

69     As of December 31, 1961, and as of each December  
70 thirty-first thereafter, the commission shall cause to be  
71 determined

72     (1) The total amount of contributions, and interest  
73 thereon, made by employers on behalf of active members who  
74 receive a refund of their contributions during the year  
75 ending on such December 31; plus the total amount of retirement  
76 dividend credits cancelled during the year ending on such

77 December thirty-first with respect to active members who  
78 receive a refund of their contributions during the year  
79 ending on such December thirty-first; minus the annual  
80 accrued liability contribution payable on the next June  
81 thirtieth, computed in accordance with section ninety-seven  
82 B point fifty-four (97B.54) ; also minus the administration  
83 expenses of the system allocated to the active members'  
84 future service account.

85 (2) The total amount of contributions from an active  
86 members received by the system during the year ending on such  
87 December thirty-first.

88 The amount of retirement dividend to be credited to  
89 each active member on each December thirty-first shall  
90 equal the ratio of subparagraph one (1) over subparagraph  
91 two (2) of this paragraph "b" as of such December thirty-first,  
92 multiplied by each such active member's contributions  
93 received by the system during the year ending on such  
94 December thirty-first.

95 Retirement dividends shall be credited with interest  
96 and interest dividends each year at the same rates and in  
97 the same manner as provided for with respect to the  
98 members' accumulated contributions.

99 The commission shall cause the retirement dividends,  
100 as computed in accordance with this paragraph "b", to be  
101 credited to each active member not later than the June  
102 thirtieth next following the December thirty-first as of  
103 which the retirement dividends are computed.

104 2. Dividends to retired members and beneficiaries.  
105 As of July 1, 1961, and as of July first at the end of each

106 two-year period thereafter, the actuary shall calculate, on  
107 the basis of the results of the actuarial valuation made  
108 as of such July first, the ratio of (a) the portion of the  
109 retirement fund designated on the retirement fund records  
110 as "Future Service—Retired Member", to (b) the present  
111 value of all future service retirement allowances then  
112 being paid to retired members and beneficiaries in accordance  
113 with subsection one (1) and three (3) of section ninety-  
114 seven B point forty-nine (97B.49) or the equivalent thereof  
115 in accordance with section ninety-seven B point fifty  
116 (97B.50) or section ninety-seven B point fifty-one (97B.51).  
117 Such portion of the retirement fund as of any July first  
118 shall be calculated as the accumulation from July 1, 1953  
119 to such July first of (a) all accumulated contributions of  
120 members and employers that have been applied to provide  
121 retirement allowances under subsections one (1) and three  
122 (3) of section ninety-seven B point forty-nine (97B.49)  
123 from July 1, 1953 to such July first, minus (b) all future  
124 service retirement allowance payments made from July 1,  
125 1953 to such July first, minus (c) refunds of excess, if  
126 any, of retired member's accumulated contributions,  
127 excluding prior service contributions, over his future  
128 service retirement allowance payments, minus (d) all  
129 administrative expenses allocated to retired members' future  
130 service retirement allowances from July 1, 1953 to such  
131 July first, plus (e) all investment income that it allocated  
132 to the balance of items (a) minus (b) minus (c) minus (d)  
133 from time to time during the period from July 1, 1953 to  
134 such July first.

135 The ratio computed in accordance with the first  
136 paragraph of this subsection shall be rounded, in decimal  
137 form, to the nearest one-thousandth—i.e. 3 decimal places.  
138 The fraction by which such ratio exceeds 1.010 shall be  
139 known as the dividend rate per cent for retired members'  
140 future service retirement allowances, such rate to be  
141 effective for the two-year period beginning on the January  
142 first next following the July first as of which such dividend  
143 rate per cent is computed.

144 The commission may declare dividends be paid with  
145 respect to retired members' future service retirement  
146 allowances. Such dividends shall be in the form of an addi-  
147 tion to the retired member's or beneficiary's regular periodic  
148 retirement allowance. The amount of such dividend to be  
149 so added shall be equal to the product of (a) dividend rate  
150 per cent for retired members' future service retirement  
151 allowances or such portion thereof as the commission may  
152 declare, times (b) the retired member's or beneficiary's  
153 regular periodic future service retirement allowance.  
154 Such dividend shall be paid at the same time as the retired  
155 member's or beneficiary's regular periodic retirement  
156 allowance beginning on the January first as of which such  
157 dividend rate per cent is effective and ending on the  
158 December thirty-first two years thereafter or on the date  
159 the retired member's or beneficiary's regular periodic  
160 retirement allowance ceases, if earlier. Dividend payments  
161 shall be identified as such to the retired members and  
162 beneficiaries.

163 At such time as the prior service portion of the

164 retirement fund becomes at least equal in value to the  
165 present value of all prior service retirement allowances,  
166 with respect to both active and retired members, as reflected  
167 in the actuarial valuation as of a July first, dividend  
168 payments may then be declared with respect to such prior  
169 service retirement allowances. The procedure for determining  
170 any such dividend payments shall be similar to, and may be  
171 combined with, the procedure set forth in this subsection  
172 for determination of dividend payments with respect to  
173 future service retirement allowances.

1     Sec. 2. Section ninety-seven B point forty-nine  
2 (97B.49), Code 1958, is amended by striking the number  
3 and words "and 2 following" in line ten (10) and inserting  
4 in lieu thereof: ", 2 and 3 following".

5     Further amend said section ninety-seven B point  
6 forty-nine (97B.49) by adding thereto the following  
7 subsection:

8     3. The actuarial equivalent of the total under this  
9 chapter of the retirement dividends credited to the member  
10 in accordance with section one (1) of this Act.

1     Sec. 3. Section ninety-seven B point forty-nine  
2 (97B.49), subsection one (1), Code 1958, is amended by  
3 striking the period at the end of said subsection and inserting  
4 the following: ", plus the interest dividends provided for  
5 in paragraph "a" of subsection one (1) of section one (1)  
6 of this Act."

1     Sec. 4. Section ninety-seven B point fifty-two  
2 (97B.52), subsection one (1), Code 1958, is hereby amended  
3 by adding after the word "member" in line four (4) the words

4 "and employer".

5 Said section is further amended by adding after the

6 word "member" in line four (4), subsection two (2), the

7 words "and employer".

#### EXPLANATION OF HOUSE FILE 603

At present, if a member of the Iowa Public Employees' Retirement System dies while in service covered by the system or in a retirement status, his beneficiary is entitled only to the member's own accumulated contributions. The proposed bill would allow the beneficiary, in case of death of the member, to receive the accumulated IPERS contributions of the member and his employer.

#### HOUSE FILE 603

- 1 Amend House File 603, section two (2), by inserting
- 2 after line four (4) the following:
- 3 Further amend said section ninety-seven B point forty-
- 4 nine (97B.49) by striking all of subsection two (2) and
- 5 inserting in lieu thereof the following:
- 6 "Two dollars multiplied by the years of service prior
- 7 to July 4, 1953, not to exceed thirty years of service credit."

Filed  
March 14, 1961.

*within 4/4/61*  
ANDERSEN of Woodbury.

#### HOUSE FILE 608

- 1 Amend House File 603 as follows:
- 2 Amend the Andersen amendment to section two (2) filed March
- 3 14, by adding the following at the end thereof, as a part of sub-
- 4 section 2:
- 5 "Moneys for such prior service credit to be derived from funds
- 6 collected by the contributions made by employers on behalf of
- 7 active members who terminate employment and receive a refund of
- 8 their contributions.
- 9 The accrued liability contribution shall be that annual amount
- 10 required to provide for the liquidation, prior to July 1, 1998,
- 11 of the liability for retirement allowances payable under this
- 12 chapter arising from the prior service of members credited under
- 13 this chapter. If at any time the amount payable under this
- 14 subsection exceeds the amount of available funds as herein de-
- 15 fined, the funds so available shall be prorated among the members
- 16 receiving prior service payments."

Filed  
March 27, 1961.

*sent 4/4/61*  
ANDERSEN of Woodbury.

#### HOUSE FILE 603

- 1 Amend House File 603 by striking everything after the
- 2 enacting clause and inserting in lieu thereof the contents of
- 3 House File 86.

Filed and ruled not germane  
April 4, 1961.

KLUEVER of Cass.

#### HOUSE FILE 603

- 1 Amend the title to House File 603 by inserting after the
- 2 word "reserves" in the last line thereof the following: "
- 3 and relating to payments to beneficiaries upon death of re-
- 4 tired members".

Filed and adopted  
April 4, 1961.

MENSING of Cedar.

*Reprint Copy*

March 10, 1961.  
Passed on File.

**House File 603**  
By COMMITTEE ON  
SOCIAL SECURITY.  
(As passed by the House)

Passed House, Date.....*3/14/61*..... Passed Senate, Date.....  
Vote: Ayes...*100*... Nays...*0*... Vote: Ayes..... Nays.....  
Approved.....

## A BILL FOR

An Act to amend chapter ninety-seven B (97B), Code 1958, relating to payment of dividends based on excess interest on the retirement fund to active and retired members of the Iowa public employees retirement system and to maintain the actuarial reserves, and relating to payments to beneficiaries upon death of retired members.

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

- 1 Section 1. Chapter ninety-seven B (97B), Code 1958,
- 2 is hereby amended by adding thereto the following section:
- 3 The commission may declare certain dividends to
- 4 members of the system. The method of determining the amount
- 5 of such dividends and the methods of crediting or paying
- 6 such dividends to members shall be as follows:
- 7 1. Dividends to active members.
- 8 a. Interest dividends. Within sixty days after the
- 9 end of each calendar year, the advisory investment board
- 10 shall determine the average annual net rate of interest
- 11 earned on the retirement fund for the calendar year just
- 12 ended. The amount of dividend for each active member for
- 13 such calendar year shall be equal to the product of (a) the
- 14 excess annual rate of interest for such year, times (b) such
- 15 member's accumulated contributions as of January first of
- 16 such year. The excess annual rate of interest for such year
- 17 shall be determined by the commission upon recommendation
- 18 of the advisory investment board, but in no event shall

19 such rate exceed the excess, if any, of (1) the average  
20 annual net rate of interest earned on the retirement fund  
21 for such year, over (2) the annual rate of interest credited  
22 to each member's accumulated contributions under subsection  
23 nine (9) of section ninety-seven B point forty-one (97B.41)  
24 plus .0025. The average annual net rate of interest and the  
25 excess annual rate of interest shall each be calculated,  
26 in decimal form, to the nearest ten-thousandths—i.e. four  
27 decimal places.

28 The amount of dividend for each active member, deter-  
29 mined as provided in this paragraph "a", shall be credited  
30 to and made a part of such member's accumulated contributions  
31 as of December thirty-first of the year for which such  
32 dividend is computed. In the annual statements of  
33 accumulated credit as required by section ninety-seven B  
34 point eighteen (97B.18), such dividend may either be shown  
35 separately and labeled "interest dividend" or it may be  
36 included with the regular interest credited to the member  
37 in accordance with subsection nine (9) of section ninety-  
38 seven B point forty-one (97B.41).

39 Interest dividends shall also be credited to employers'  
40 contributions at the same rate as provided in this paragraph  
41 "a" for members' contributions.

42 "Active member" means a member who is not receiving  
43 benefit payments from the system and who made contributions  
44 to the system at any time during the calendar year for  
45 which dividends are being computed, and who had not received  
46 or applied for a refund of his accumulated contributions  
47 prior to December thirty-first of such year.

48     b. Retirement dividends. The contributions, and  
49 interest thereon, made by employers on behalf of active members  
50 who terminate employment and receive a refund of their  
51 contributions after December 31, 1960 shall be credited  
52 as retirement dividends each year to active members who  
53 remain in employment, after first deducting from such  
54 contributions the annual accrued liability contribution  
55 computed in accordance with section ninety-seven B point  
56 fifty-four (97B.54) for such year and the administration  
57 expenses of the system allocated to the active members'  
58 future service account. Such retirement dividends shall  
59 be used to provide retirement allowances computed in  
60 accordance with section ninety-seven B point forty-nine  
61 (97B.49). Retirement dividends, including interest and  
62 interest dividends credited thereto, credited to active  
63 members who terminate employment prior to retirement under  
64 this chapter shall be cancelled upon such termination of  
65 employment and shall be reapportioned to the active  
66 members who remain in employment. The amount of retirement  
67 dividend to be credited each year to each active member shall  
68 be determined as follows:

69     As of December 31, 1961, and as of each December  
70 thirty-first thereafter, the commission shall cause to be  
71 determined

72     (1) The total amount of contributions, and interest  
73 thereon, made by employers on behalf of active members who  
74 receive a refund of their contributions during the year  
75 ending on such December 31; plus the total amount of retirement  
76 dividend credits cancelled during the year ending on such

77 December thirty-first with respect to active members who  
78 receive a refund of their contributions during the year  
79 ending on such December thirty-first; minus the annual  
80 accrued liability contribution payable on the next June  
81 thirtieth, computed in accordance with section ninety-seven  
82 B point fifty-four (97B.54) ; also minus the administration  
83 expenses of the system allocated to the active members'  
84 future service account.

85 (2) The total amount of contributions from all active  
86 members received by the system during the year ending on such  
87 December thirty-first.

88 The amount of retirement dividend to be credited to  
89 each active member on each December thirty-first shall  
90 equal the ratio of subparagraph one (1) over subparagraph  
91 two (2) of this paragraph "b" as of such December thirty-first,  
92 multiplied by each such active member's contributions  
93 received by the system during the year ending on such  
94 December thirty-first.

95 Retirement dividends shall be credited with interest  
96 and interest dividends each year at the same rates and in  
97 the same manner as provided for with respect to the  
98 members' accumulated contributions.

99 The commission shall cause the retirement dividends,  
100 as computed in accordance with this paragraph "b", to be  
101 credited to each active member not later than the June  
102 thirtieth next following the December thirty-first as of  
103 which the retirement dividends are computed.

104 2. Dividends to retired members and beneficiaries.  
105 As of July 1, 1961, and as of July first at the end of each

106 two-year period thereafter, the actuary shall calculate, on  
107 the basis of the results of the actuarial valuation made  
108 as of such July first, the ratio of (a) the portion of the  
109 retirement fund designated on the retirement fund records  
110 as "Future Service—Retired Member", to (b) the present  
111 value of all future service retirement allowances then  
112 being paid to retired members and beneficiaries in accordance  
113 with subsections one (1) and three (3) of section ninety-  
114 seven B point forty-nine (97B.49) or the equivalent thereof  
115 in accordance with section ninety-seven B point fifty  
116 (97B.50) or section ninety-seven B point fifty-one (97B.51).  
117 Such portion of the retirement fund as of any July first  
118 shall be calculated as the accumulation from July 1, 1953  
119 to such July first of (a) all accumulated contributions of  
120 members and employers that have been applied to provide  
121 retirement allowances under subsections one (1) and three  
122 (3) of section ninety-seven B point forty-nine (97B.49)  
123 from July 1, 1953 to such July first, minus (b) all future  
124 service retirement allowance payments made from July 1,  
125 1953 to such July first, minus (c) refunds of excess, if  
126 any, of retired member's accumulated contributions,  
127 excluding prior service contributions, over his future  
128 service retirement allowance payments, minus (d) all  
129 administrative expenses allocated to retired members' future  
130 service retirement allowances from July 1, 1953 to such  
131 July first, plus (e) all investment income that is allocated  
132 to the balance of items (a) minus (b) minus (c) minus (d)  
133 from time to time during the period from July 1, 1953 to  
134 such July first.

135 The ratio computed in accordance with the first  
136 paragraph of this subsection shall be rounded, in decimal  
137 form, to the nearest one-thousandth—i.e. 3 decimal places.  
138 The fraction by which such ratio exceeds 1.010 shall be  
139 known as the dividend rate per cent for retired members'  
140 future service retirement allowances, such rate to be  
141 effective for the two-year period beginning on the January  
142 first next following the July first as of which such dividend  
143 rate per cent is computed.

144 The commission may declare dividends be paid with  
145 respect to retired members' future service retirement  
146 allowances. Such dividends shall be in the form of an addi-  
147 tion to the retired member's or beneficiary's regular periodic  
148 retirement allowance. The amount of such dividend to be  
149 so added shall be equal to the product of (a) dividend rate  
150 per cent for retired members' future service retirement  
151 allowances or such portion thereof as the commission may  
152 declare, times (b) the retired member's or beneficiary's  
153 regular periodic future service retirement allowance.  
154 Such dividend shall be paid at the same time as the retired  
155 member's or beneficiary's regular periodic retirement  
156 allowance beginning on the January first as of which such  
157 dividend rate per cent is effective and ending on the  
158 December thirty-first two years thereafter or on the date  
159 the retired member's or beneficiary's regular periodic  
160 retirement allowance ceases, if earlier. Dividend payments  
161 shall be identified as such to the retired members and  
162 beneficiaries.

163 At such time as the prior service portion of the

164 retirement fund becomes at least equal in value to the  
165 present value of all prior service retirement allowances,  
166 with respect to both active and retired members, as reflected  
167 in the actuarial valuation as of a July first, dividend  
168 payments may then be declared with respect to such prior  
169 service retirement allowances. The procedure for determining  
170 any such dividend payments shall be similar to, and may be  
171 combined with, the procedure set forth in this subsection  
172 for determination of dividend payments with respect to  
173 future service retirement allowances.

1     Sec. 2. Section ninety-seven B point forty-nine  
2     (97B.49), Code 1958, is amended by striking the number  
3     and words "and 2 following" in line ten (10) and inserting  
4     in lieu thereof: ", 2 and 3 following".

5     Further amend said section ninety-seven B point  
6     forty-nine (97B.49) by adding thereto the following  
7     subsection:

8     3. The actuarial equivalent of the total under this  
9     chapter of the retirement dividends credited to the member  
10    in accordance with section one (1) of this Act.

1     Sec. 3. Section ninety-seven B point forty-nine  
2     (97B.49), subsection one (1), Code 1958, is amended by  
3     striking the period at the end of said subsection and inserting  
4     the following: ", plus the interest dividends provided for  
5     in paragraph "a" of subsection one (1) of section one (1)  
6     of this Act."

1     Sec. 4. Section ninety-seven B point fifty-two  
2     (97B.52), subsection one (1), Code 1958, is hereby amended  
3     by adding after the word "member" in line four (4) the words

4 "and employer".

5 Said section is further amended by adding after the

6 word "member" in line four (4), subsection two (2), the

7 words "and employer".

EXPLANATION OF HOUSE FILE 603

At present, if a member of the Iowa Public Employees' Retirement System dies while in service covered by the system or in a retirement status, his beneficiary is entitled only to the member's own accumulated contributions. The proposed bill would allow the beneficiary, in case of death of the member, to receive the accumulated IPERS contributions of the member and his employer.