

*D. 232*

SENATE FILE 232 *3/12*

Budget—Budget Subcommittee  
on Regulatory and Finance  
E. Hill, Chairperson  
C. Miller  
Curtis  
Hulse  
Scott

FILED MAR 15 1977

SENATE FILE 232

By DeKOSTER

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

### A BILL FOR

1 An Act relating to the determination of retirement date for  
2 persons covered under the Iowa public employees' retire-  
3 ment system and to make an appropriation.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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*S.F. 232*

1 Section 1. Section ninety-seven B point eleven (97B.11),  
2 Code 1977, is amended to read as follows:

3 97B.11 CONTRIBUTIONS BY EMPLOYER AND EMPLOYEE. Each  
4 employer shall deduct from the wages of each member of the  
5 system a contribution in the amount of three and six-tenths  
6 percent of the covered wages paid by the employer until the  
7 first of the month ~~after the member's seventieth birthday~~  
8 in which the member attains the age of seventy years or the  
9 member's termination or retirement from employment, whichever  
10 is earlier. The contributions of the employers shall be in  
11 the amount of three and one-half percent of the covered wages  
12 of the member for service through December 31, 1975, and in  
13 the amount of five and twenty-five hundredths percent of the  
14 covered wages of the member for service commencing July 1,  
15 1977.

16 Sec. 2. Section ninety-seven B point forty-one (97B.41),  
17 subsection eighteen (18), Code 1977, is amended to read as  
18 follows:

19 18. "Membership service" means service rendered by a  
20 member after July 4, 1953, and prior to the first of the month  
21 ~~coinciding with or next following his seventieth birthday~~  
22 in which the member attains the age of seventy years. Years  
23 of membership service shall be counted to the complete quarter  
24 calendar year.

25 Sec. 3. Section ninety-seven B point forty-five (97B.45),  
26 unnumbered paragraph one (1), Code 1977, is amended to read  
27 as follows:

28 A member's normal retirement date shall be the first of  
29 the month ~~coinciding with or next following his sixty-fifth~~  
30 ~~birthday~~ in which a member attains the age of sixty-five  
31 years. A member may retire after ~~his~~ the member's sixty-fifth  
32 birthday except as otherwise provided in section 97B.46.  
33 A member retiring on or after his or her normal retirement  
34 date, as provided in section 97B.46, shall submit a written  
35 notice to the department setting forth the date the retirement

1 is to become effective, provided that such date shall be after  
2 ~~his~~ the member's last day of service and not before the first  
3 day of the sixth calendar month preceding the month in which  
4 the notice is filed, except that credit for service shall  
5 cease when contributions cease as provided in section 97B.11.

6 Sec. 4. Section ninety-seven B point forty-six (97B.46),  
7 Code 1977, is amended to read as follows:

8 97B.46 SERVICE AFTER AGE SIXTY-FIVE. A member may, on  
9 the request of the employer, remain in the active employ of  
10 the employer beyond the date ~~he~~ the member attains the age  
11 of sixty-five for such period or periods as the employer from  
12 time to time shall approve, provided, however, that credit  
13 for such service shall cease when contributions cease as  
14 provided in section 97B.11. The member shall retire from  
15 the employment of the employer at the end of the last approved  
16 period, on the first day of the month ~~next-following-or~~  
17 ~~coinciding-with~~ in which such date occurs. A member remaining  
18 in service ~~past-his-seventieth-birthday~~ after attaining the  
19 age of seventy years shall be entitled to receive a retirement  
20 allowance under section 97B.49 as applicable commencing with  
21 payment for the calendar month within which the written notice  
22 is submitted to the department, except that if ~~he~~ the member  
23 fails to submit the notice on a timely basis, retroactive  
24 payments shall be made for no more than six months immediately  
25 preceding the month in which the written notice is submitted.

26 Sec. 5. Section ninety-seven B point forty-seven (97B.47),  
27 Code 1977, is amended to read as follows:

28 97B.47 EARLY RETIREMENT DATE. A member's early retirement  
29 date shall be the first of any the month coinciding-with-or  
30 following-his-fifty-fifth-birthday-and in which a member  
31 attains the age of fifty-five years or the first of any month  
32 after attaining the age of fifty-five years prior to ~~his~~ the  
33 member's normal retirement date, provided such date shall  
34 be after the last day of service. A member may retire on  
35 ~~his~~ the member's early retirement date by submitting written

1 notice to the department setting forth the early retirement  
2 date which shall not be before the first day of the sixth  
3 calendar month preceding the month in which such notice is  
4 filed.

5 Sec. 6. Section ninety-seven B point forty-eight (97B.48),  
6 subsection three (3), Code 1977, is amended to read as follows:

7 3. If at any time after the first day of the month  
8 ~~coinciding with or next following his fifty-fifth birthday~~  
9 in which the member attains the age of fifty-five years and  
10 until ~~his~~ the member's sixty-fifth birthday, a member who  
11 is retired under this chapter is in regular full-time  
12 employment, ~~his~~ the member's retirement allowance shall be  
13 suspended for as long as ~~he~~ the member remains in employment.  
14 However, employment shall not be regarded as full-time  
15 employment until ~~he~~ the member receives remuneration in an  
16 amount in excess of two thousand one hundred dollars for any  
17 calendar year. Effective the first of the month ~~coinciding~~  
18 ~~with or next following his sixty-fifth birthday~~ in which a  
19 member attains the age of sixty-five years, a retired member  
20 shall be entitled to receive a retirement allowance after  
21 return to covered employment regardless of the amount of  
22 remuneration received. As of the first of the month ~~coinciding~~  
23 ~~with or next following the member's seventieth birthday~~ in  
24 which the member attains the age of seventy years, ~~he~~ the  
25 member shall be entitled to receive a retirement allowance  
26 determined under section 97B.49, regardless of the amount  
27 of remuneration received. Upon any retirement after re-  
28 employment, a retired member shall be entitled to have his  
29 or her retirement allowance redetermined under this section  
30 or sections 97B.49 or 97B.50, whichever is applicable, based  
31 upon the employee's and ~~his~~ employer's additional  
32 contributions, and any membership service of the employee  
33 after ~~his~~ re-employment.

34 Sec. 7. Section ninety-seven B point fifty-three (97B.53),  
35 subsection two (2), Code 1977, is amended to read as follows:

1 2. If the employment with the employer of a member is  
2 terminated prior to ~~his~~ the member's retirement, other than  
3 by death, but after ~~he~~ the member has either  
4 a. Completed at least four years of service, or  
5 b. Has attained the age of fifty-five, ~~he~~ the member shall  
6 receive a monthly retirement allowance commencing on the first  
7 day of the month ~~next-following-or-coinciding-with-the-date~~  
8 he in which the member attains the age of sixty-five years,  
9 if ~~he~~ the member is then alive, or, if the member so elects  
10 in accordance with section 97B.47, commencing on the first  
11 day of ~~any~~ the month ~~coinciding-or-next-following-the-date~~  
12 he in which the member attains the age of fifty-five and any  
13 month thereafter prior to the date ~~he~~ the member attains the  
14 age of sixty-five years, and continuing on the first day of  
15 each month thereafter during ~~his~~ the member's lifetime,  
16 provided the member does not receive prior to the date ~~his~~  
17 the member's retirement allowance is to commence a refund  
18 of accumulated contributions under any of the provisions of  
19 this chapter. The amount of each such monthly retirement  
20 allowance shall be determined as provided in either section  
21 97B.49 or in section 97B.50, whichever is applicable.

22 Sec. 8. There is appropriated from the general fund of  
23 the state for the fiscal period beginning January 1, 1978  
24 and ending June 30, 1978 to the Iowa department of job service  
25 an amount sufficient to pay to each retired member of the  
26 system the difference between the total amount of retirement  
27 allowance the member would have received prior to January  
28 1, 1978 if the member's retirement allowance had been computed  
29 under the provisions of this Act and the total amount of  
30 retirement allowance the member received prior to January  
31 1, 1978. The amount due each retired member shall be paid  
32 by the Iowa department of job service no later than June 30,  
33 1978 to each retired member who is living and to the estate  
34 of any deceased retired member.

35 Sec. 9. This Act is effective January 1, 1978.

EXPLANATION

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This bill changes the method for determining the retirement date of IPERS members from the first of the month coinciding with or next following a member's birthday to the month in which the member attains the age at which he or she wishes to retire. Funds are appropriated to pay the difference in retirement allowances to retired members.

SENATE FILE 232  
FISCAL NOTE

Date Prepared: March 22, 1977  
Requested by: Senator De Koster  
Prepared in regard to Senate File 232, An Act relating to the determination of retirement date for persons covered under the Iowa public employees' retirement system and to make an appropriation.

Following is the fiscal effect in dollars of the legislative proposal as required by Joint Rule 16.

S.F. 232 changes the method for determining the retirement date of IPERS members from the first of the month coinciding with or next following a member's birthday to the month in which the member attains the age at which he or she wishes to retire. Funds are appropriated to pay the difference in retirement allowances to retired members.

The change in the normal retirement date as proposed by S.F. 232 should have no significant impact on IPERS costs. The additional time for which benefits would be paid, or the one month less in reductions for early retirement, would be a small portion of the total expected payouts.

The administrative task of making the adjustments suggested in Section 8 for retirees and beneficiaries would be great. To determine the difference in benefits would mean locating everyone affected, then calculating each adjusted benefit that came about because of benefit revisions enacted after retirement, of which there were 5, determining all benefits that would have been paid and all benefits that were actually paid.

It is estimated that there will be one hour of time involved in calculating the change to be made in each account including issuing the letter of award and making payroll changes for the computer to adjust same. There are some 10,000 accounts involved. Thus, this would create a task that could not be handled with the present staff and would take months to complete the task after securing the necessary staff. The present staff is fully committed to taking care of the current retirees on a day-to-day basis.

The above does not even account for the additional difficulties related to deceased members who have been off the pension payroll for various periods of time. There is no way of determining the names of such deceased members as their files were microfilmed at the time of the final payment. The only way to retrieve the file information is by name and Social Security account number. In a great many cases there would undoubtedly be no way of locating the survivors even if the deceased's name was known.

Source: Iowa Public Employees Retirement System

FILED  
MARCH 23, 1977

GERRY RANKIN  
Legislative Fiscal Director