

Budget 5/11

SENATE FILE 396

Budget—Budget Subcommittee
on Regulatory and Finance
E. Hill, Chairperson
C. Miller
Murphy
Bergman
Rush

FILED MAY 11 1977

SENATE FILE 396

By COMMITTEE ON STATE GOVERNMENT
Approved 5/10 (p 1527)

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

A BILL FOR

1 An Act relating to the Iowa public employees' retirement
2 system, to increase benefits for certain retired members,
3 to increase the contribution rates, and to make an
4 appropriation.

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

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S.F. 396

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, and com-
7 mencing July 1, 1978 in the amount of three and seven-tenths
8 percent of the covered wages paid by the employer, until
9 the first of the month after the member's seventieth birth-
10 day or the member's termination or retirement from employment,
11 whichever is earlier. The contributions of the employer shall
12 be in the amount of three and one-half percent of the covered
13 wages of the member for service through December 31, 1975,
14 and in the amount of five and twenty-five hundredths percent
15 of the covered wages of the member for service commencing
16 July 1, 1977, and in the amount of five and seventy-five
17 hundredths percent of the covered wages of the member for
18 service commencing July 1, 1978.

19 Sec. 2. Section ninety-seven B point forty-nine (97B.49),
20 Code 1977, is amended by adding the following new subsection:

21 NEW SUBSECTION. Effective January 1, 1978, for each member
22 who retired from the system after January 1, 1966 and before
23 January 1, 1976, except as otherwise limited in this
24 subsection, who had completed twenty years of service, the
25 amount of regular monthly retirement allowance attributable
26 to membership service and prior service that was payable to
27 the member for December 1977 is increased by ten percent.
28 Effective January 1, 1978, for each such member who has
29 completed more than twenty years of service, the amount of
30 regular monthly retirement allowance attributable to member-
31 ship service and prior service that was payable to the member
32 for December 1977 is increased by ten percent plus an ad-
33 ditional two and one-half percent for each year of service
34 in excess of twenty years not to exceed a maximum total in-
35 crease of thirty-five percent for persons who have completed

1 thirty or more years of service.

2 This section shall not apply to any person who has a record
3 of thirty years as a public employee in the state of Iowa
4 prior to July 1, 1947 who was entitled to a credit for years
5 of prior service in the determination of the retirement
6 allowance payment.

7 Sec. 3. Chapter ninety-seven B (97B), Code 1977, is amended
8 by adding the following new section:

9 NEW SECTION. ACCRUED LIABILITY--APPROPRIATION. There
10 is appropriated from the general fund of the state to the
11 Iowa department of job service from the general fund of the
12 state for the fiscal period beginning January 1, 1978 and
13 ending June 30, 1978, the sum of one million five hundred
14 thousand (1,500,000) dollars to be deposited in the retirement
15 fund, and annually for the fiscal period beginning July 1,
16 1978 and ending June 30, 1998, the sum of three million
17 (3,000,000) dollars to be deposited in the retirement fund,
18 to pay the costs of increases in retirement allowances granted
19 in section two (2) of this Act.

20 The accrued liability contribution shall be that annual
21 amount required to provide for the liquidation, prior to July
22 1, 1998, of the liability for retirement allowance increases
23 granted in section two (2) of this Act. The unfunded accrued
24 liability at any particular time shall be the excess, if any,
25 of the present value of retirement allowances granted in
26 section two (2) of this Act minus the sum of the annual
27 appropriations made to date under this section, with interest
28 on such sum at the rates of interest earned each year on the
29 retirement fund. Accrued liability contributions shall be
30 determined on actuarial bases adopted by the department.
31 Such contributions shall be determined by the department after
32 each valuation of the assets and liabilities of the system,
33 and shall continue in force until a new valuation is made.

34 EXPLANATION

35 This bill increases benefits for most members who retired

1 between January 1, 1966 and January 1, 1976 by ten percent
2 for members who retired after twenty years of service with
3 a 2 1/2 percent increase for every year of service in excess
4 of twenty years of service up to 35 percent increase for
5 thirty or more years of service. It provides an appropriation
6 of \$1,500,000 for this year and \$3,000,000 for the next 20
7 years from the general fund of the state, with any excess
8 cost included in the unfunded liability of the system.

9 The bill increases the contribution rate for both employers
10 and employees effective July 1, 1978.

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S-3656

1 Amend Senate File 396 as follows:

2 1. Page 1, lines 9 and 10, by striking the words
3 "after the member's seventieth birthday" and inserting
4 in lieu thereof the words "~~after-the-member's~~
5 seventieth-birthday in which the member attains the
6 age of seventy years".

7 2. Page 1, by inserting after line 18 the
8 following:

9 "Sec. _____. Section ninety-seven B point forty-
10 one (97B.41), subsection one (1), paragraph b,
11 subparagraph five (5), Code 1977, is amended to read
12 as follows:

13 (5) Effective July 1, 1973, and prior to July
14 1, 1977, covered wages shall not include wages to
15 a member after the first of the month coinciding with
16 or next following his seventieth birthday, or after
17 the effective date of his retirement unless he is
18 re-employed, as provided under section 97B.48,
19 subsection 3. Beginning July 1, 1977, covered wages
20 shall not include wages to a member after the month
21 in which the member attains his or her seventieth
22 birthday, or after the effective date of the member's
23 retirement unless the member is re-employed as provided
24 under section ninety-seven B point forty-eight
25 (97B.48), subsection thirteen (13), of the Code."

26 3. Page 1, by inserting after line 18 the following
27 sections:

28 "Sec. _____. Section ninety-seven B point forty-
29 one (97B.41), subsection eighteen (18), Code 1977,
30 is amended to read as follows:

31 18. "Membership service" means service rendered
32 by a member after July 4, 1953, and prior to the first
33 of the month ~~coinciding-with-or-next-following-his~~
34 seventieth-birthday in which the member attains the
35 age of seventy years. Years of membership service
36 shall be counted to the complete quarter calendar
37 year.

38 Sec. _____. Section ninety-seven B point forty-five
39 (97B.45), unnumbered paragraph one (1), Code 1977,
40 is amended to read as follows:

41 A member's normal retirement date shall be the
42 first of the month ~~coinciding-with-or-next-following~~
43 his-sixty-fifth-birthday in which a member attains
44 the age of sixty-five years. A member may retire
45 after his-sixty-fifth-birthday the first of the month
46 in which the member attains the age of sixty-five
47 years except as otherwise provided in section 97B.46.
48 A member retiring on or after his or her normal
49 retirement date, as provided in section 97B.46, shall
50 submit a written notice to the department setting

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

8 Sec. _____. Section ninety-seven B point forty-six
9 (97B.46), Code 1977, is amended to read as follows:
10 97B.46 SERVICE AFTER AGE SIXTY-FIVE. A member
11 may, on the request of the employer, remain in the
12 active employ of the employer beyond the date he the
13 member attains the age of sixty-five for such period
14 or periods as the employer from time to time shall
15 approve, provided, however, that credit for such
16 service shall cease when contributions cease as
17 provided in section 97B.11. The member shall retire
18 from the employment of the employer at the end of
19 the last approved period, on the first day of the
20 month ~~next-following-or-coinciding-with~~ in which such
21 date occurs. A member remaining in service ~~past-his~~
22 ~~seventieth-birthday~~ after attaining the age of seventy
23 years shall be entitled to receive a retirement
24 allowance under section 97B.49 as applicable commencing
25 with payment for the calendar month within which the
26 written notice is submitted to the department, except
27 that if ~~he the member~~ fails to submit the notice on
28 a timely basis, retroactive payments shall be made
29 for no more than six months immediately preceding
30 the month in which the written notice is submitted.

31 Sec. _____. Section ninety-seven B point forty-seven
32 (97B.47), Code 1977, is amended to read as follows:
33 97B.47 EARLY RETIREMENT DATE. A member's early
34 retirement date shall be the first of any the month
35 ~~coinciding-with-or-following-his-fifty-fifth-birthday~~
36 ~~and in which a member attains the age of fifty-five~~
37 ~~years or the first of any month after attaining the~~
38 ~~age of fifty-five years prior to his the member's~~
39 normal retirement date, provided such date shall be
40 after the last day of service. A member may retire
41 on ~~his the member's~~ early retirement date by submitting
42 written notice to the department setting forth the
43 early retirement date which shall not be before the
44 first day of the sixth calendar month preceding the
45 month in which such notice is filed.

46 Sec. _____. Section ninety-seven B point forty-eight
47 (97B.48), subsection three (3), Code 1977, is amended
48 to read as follows:

49 3. If at any time after the first day of the month
50 ~~coinciding-with-or-next-following-his-fifty-fifth~~

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

31 Sec. ____ . Section ninety-seven B point fifty-three
32 (97B.53), subsection two (2), Code 1977, is amended
33 to read as follows:

34 2. If the employment with the employer of a member
35 is terminated prior to ~~his~~ the member's retirement,
36 other than by death, but after ~~he~~ the member has
37 either

- 38 a. Completed at least four years of service, or
- 39 b. Has attained the age of fifty-five, ~~he~~ the
40 member shall receive a monthly retirement allowance
41 commencing on the first day of the month ~~next following~~
42 ~~or coinciding with the date he~~ in which the member
43 attains the age of sixty-five years, if he the member
44 is then alive, or, if the member so elects in
45 accordance with section 97B.47, commencing on the
46 first day of any the month coinciding or next following
47 ~~the date he~~ in which the member attains the age of
48 fifty-five and any month thereafter prior to the date
49 he the member attains the age of sixty-five years,
50 and continuing on the first day of each month

S-3656

Page 4

1 thereafter during his the member's lifetime, provided
2 the member does not receive prior to the date his
3 the member's retirement allowance is to commence a
4 refund of accumulated contributions under any of the
5 provisions of this chapter. The amount of each such
6 monthly retirement allowance shall be determined as
7 provided in either section 97B.49 or in section 97B.50,
8 whichever is applicable."

9 4. Amend the title, line 2, by inserting after
10 the word "members," the words "to change the method
11 of computing the retirement date,".

S-3656 FILED
MAY 19, 1977

BY LUCAS J. DE KOSTER
JOHN N. NYSTROM

SENATE FILE 396

S-3711

1 Amend the DeKoster - Nystrom Amendment S-3656
2 to Senate File 396 as follows:
3 1. Page 2, by striking lines 8 through 30.
4 2. Page 3, line 4, by striking the word "fifty-five"
5 and inserting in lieu thereof the word "sixty-five".

S-3711 FILED
MAY 20, 1977

BY LUCAS J. DE KOSTER