

Budget
Budget Subcommittee on
Regulatory and Finance

FILED JAN 30 1978

SENATE FILE 2073

By READINGER

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to retirement allowances for active, vested,
2 and retired members of 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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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 the
9 first of the month after the member's seventieth birthday
10 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 subsection five (5), Code 1977, is amended to read as follows:

21 5. For each active member retiring on or after January
22 1, 1976, with four or more complete years of service a monthly
23 benefit shall be computed which is equal to one-twelfth of
24 an amount equal to forty percent of the final five-year average
25 covered wage multiplied by a fraction of years of service.
26 For each active member retiring on or after July 1, 1978 the
27 monthly benefit computed under this subsection shall be equal
28 to forty-four percent of the final five-year average covered
29 wage multiplied by a fraction of years of service. For the
30 purposes of this subsection, "fraction of years of service"
31 means a number, not to exceed one, equal to the sum of the
32 years of membership service and the number of years of prior
33 service divided by thirty years.

34 If benefits under this subsection commence on an early
35 retirement date, the amount of benefit shall be reduced in

1 accordance with section 97B.50.

2 Sec. 3. Section ninety-seven B point forty-nine (97B.49),
3 Code 1977, is amended by adding the following new subsection:

4 NEW SUBSECTION. Effective July 1, 1978, for each member
5 who retired from the system before January 1, 1976, the amount
6 of regular monthly retirement allowance attributable to
7 membership service and prior service that was payable to the
8 member or spouse, if elected, for June 1978 is increased by
9 an amount equal to three dollars per month for each year of
10 service.

11 Sec. 4. Chapter ninety-seven B (97B), Code 1977, is amended
12 by adding the following new section:

13 NEW SECTION. There is appropriated from the general fund
14 of the state to the Iowa public employees' retirement system
15 fund an amount sufficient to fund eighty-five percent of the
16 cost of the increased benefits paid to retired members of
17 the Iowa public employees' retirement system provided in
18 section three (3) of this Act.

19 EXPLANATION

20 This bill increases the contribution rates for IPERS to
21 3.7 for the employee and 5.75 for the employer beginning July
22 1, 1978 and increases the benefit formula from 40 percent
23 to 44 percent of the final average salary after 30 years of
24 service beginning July 1, 1978. It provides that the re-
25 tirement allowances of those members retiring before January
26 1, 1976 be increased \$3 per month for each year of service
27 beginning July 1, 1978 and provides a standing unlimited
28 appropriation to pay for 85 percent of the cost of the in-
29 crease. The additional cost above the 35 percent will come
30 from the IPERS fund.

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