

Reprinted

SENATE FILE 437
BY COMMITTEE ON STATE GOVERNMENT

(SUCCESSOR TO SSB 335)

Passed Senate, ^(P.876) Date 3-27-95 Passed House, Date 4/13/95
Vote: Ayes 48 Nays 0 Vote: Ayes 93 Nays 0
Approved April 26, 1995

A BILL FOR

1 An Act relating to the entitlement to benefits and dividends
2 under the Iowa public employees' retirement system.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SENATE FILE 437

S-3166

1 Amend Senate File 437 as follows:
2 1. Page 2, by striking lines 8 and 9 and
3 inserting the following: "has terminated all
4 employment covered under the chapter or formerly
5 covered under the chapter pursuant to section 97B.42."
6 2. Page 4, line 23, by inserting after the word
7 "chapter" the following: "or formerly covered under
8 the chapter pursuant to section 97B.42".

Adopted 3-27-95 (P.876) By JOHN P. KIBBIE

S-3166 FILED MARCH 21, 1995

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S.F. 437

1 Section 1. Section 97B.41, subsection 8, paragraph b,
2 subparagraph (1), Code 1995, is amended to read as follows:

3 (1) Elective officials in positions for which the
4 compensation is on a fee basis, elective officials of school
5 districts, elective officials of townships, and elective
6 officials of other political subdivisions who are in part-time
7 positions, unless the elective official makes an application
8 to the department to be covered under this chapter. An
9 elective official who made an application to the department to
10 be covered under this chapter may terminate membership under
11 this chapter by informing the department in writing of the
12 expiration of the member's termination-from-covered-employment
13 term of office. A county attorney is an employee for purposes
14 of this chapter whether that county attorney is employed on a
15 full-time or part-time basis.

16 Sec. 2. Section 97B.41, subsection 8, paragraph b,
17 subparagraph (4), unnumbered paragraph 1, Code 1995, is
18 amended to read as follows:

19 Members of the general assembly of Iowa and temporary
20 employees of the general assembly of Iowa, unless such members
21 or employees make an application to the department to be
22 covered under this chapter. A member of the general assembly
23 who made an application to the department to be covered under
24 this chapter may terminate membership under this chapter by
25 informing the department in writing of the member's
26 termination-from-covered-employment intent to terminate
27 membership.

28 Sec. 3. Section 97B.41, subsection 14, Code 1995, is
29 amended to read as follows:

30 14. "Retired member" means a member who has applied for
31 and-commenced-receiving the member's retirement allowance and
32 has survived into at least the first day of the member's first
33 month of entitlement.

34 Sec. 4. Section 97B.41, Code 1995, is amended by adding
35 the following new subsection:

1 NEW SUBSECTION. 9A. "First month of entitlement" means
2 the first month for which a member is qualified to receive
3 retirement benefits under this chapter. Effective July 1,
4 1995, a member who meets all of the following requirements is
5 qualified to receive retirement benefits under this chapter:
6 a. Has attained the minimum age for retirement.
7 b. If the member has not attained seventy years of age,
8 has terminated employment with all of the member's employers,
9 as employer is defined in this section.
10 c. Has filed a completed application for benefits.
11 d. Has survived into the month for which the member's
12 first retirement allowance is payable by the system.

13 Sec. 5. Section 97B.49, subsection 5, paragraph b,
14 unnumbered paragraph 5, Code 1995, is amended to read as
15 follows:

16 By November 15, ~~1993~~ 1995, the department shall set aside
17 from other moneys in the retirement fund ~~two~~ three million
18 eight hundred ~~fifty~~ sixty thousand dollars. The moneys set
19 aside shall be from the funds generated by the employer and
20 employee contributions in effect under section 97B.11 that
21 exceed the amount necessary to fund the system's existing
22 liabilities, as determined in the annual actuarial valuation
23 of the system as of June 30, ~~1993~~ 1995. If the annual
24 actuarial valuation indicates that the amount of the employer
25 and employee contributions in excess of the amount necessary
26 to fund existing liabilities is less than ~~two~~ three million
27 eight hundred ~~fifty~~ sixty thousand dollars, the department
28 shall set aside all funds that are available. The funds set
29 aside shall not be used in ~~determining-the-percentage~~
30 ~~multiplier-pursuant-to-this-section-on-July-1,-1994,-or-in~~
31 determining the covered wage limitation pursuant to section
32 97B.41, subsection 20, paragraph "b", subparagraph (11), on
33 January 1, ~~1994~~ 1996. However, any funds set aside which are
34 not specifically dedicated to a purpose by the ~~Seventy-fifth~~
35 Seventy-sixth General Assembly shall be used in determining

1 the ~~percentage-multiplier-and-the~~ covered wage limitation
2 thereafter.

3 Sec. 6. Section 97B.49, subsection 13, paragraph c, Code
4 1995, is amended to read as follows:

5 c. Notwithstanding the determination of the amount of a
6 retirement dividend under paragraph "a", "b", or "d", or "f",
7 a retirement dividend shall not be less than twenty-five
8 dollars.

9 Sec. 7. Section 97B.49, subsection 13, Code 1995, is
10 amended by adding the following new paragraph:

11 NEW PARAGRAPH. f. A member who retired from the system
12 between July 1, 1986, and June 30, 1990, or a contingent
13 annuitant or beneficiary of such a member, shall receive with
14 the November 1996 and the November 1997 monthly benefit
15 payments a retirement dividend in an amount determined by the
16 general assembly. The retirement dividend does not affect the
17 amount of a monthly benefit payment.

18 Sec. 8. Section 97B.51, subsection 2, Code 1995, is
19 amended to read as follows:

20 2. The election by a member ~~or-the-contingent-annuitant~~ of
21 the option stated under subsection 1 of this section shall be
22 null and void if the member dies prior to the department
23 ~~issuing-payment-of-the-member's-first-retirement-allowance~~
24 member's first month of entitlement.

25 Sec. 9. Section 97B.52, subsections 1 and 2, Code 1995,
26 are amended to read as follows:

27 1. If a member dies prior to the ~~date-the~~ member's first
28 ~~retirement-allowance-is-issued-by-the-system~~ first month of
29 entitlement, the accumulated contributions of the member at
30 the date of death plus the product of an amount equal to the
31 highest year of covered wages of the deceased member and the
32 number of years of membership service divided by thirty shall
33 be paid to the member's beneficiary in a lump sum payment.
34 However, a lump sum payment made to a beneficiary under this
35 subsection due to the death of a member shall not be less than

1 the amount that would have been payable on the death of the
2 member on June 30, 1984, under this subsection as it appeared
3 in the 1983 Code.

4 Effective July 1, 1978, a method of payment under this
5 subsection filed with the department by a member does not
6 apply.

7 2. If a member dies on or after the date-the-member's
8 first-retirement-allowance-is-issued-by-the-retirement-system
9 first day of the member's first month of entitlement, the
10 excess, if any, of the accumulated contributions by the member
11 as of said date, over the total monthly retirement allowances
12 received by the member under the retirement system will be
13 paid to the member's beneficiary unless the retirement
14 allowance is then being paid in accordance with section
15 97B.48A or with section 97B.51, subsection 1, 4, 5, or 6 of
16 section-97B-51.

17 Sec. 10. Section 97B.52A, Code 1995, is amended to read as
18 follows:

19 97B.52A ELIGIBILITY FOR BENEFITS -- BONA FIDE RETIREMENT.

20 1. A Effective July 1, 1995, a member has a bona fide
21 retirement when the member terminates all employment and
22 remains-out-of-employment-for-at-least-one-hundred-twenty
23 consecutive-days covered under the chapter, files an a
24 completed application for benefits form with the department,
25 survives into the month for which benefits are first payable,
26 and does not return to employment as defined in this chapter
27 until the member has qualified for no fewer than four calendar
28 month's months of retirement benefits.

29 2. A member may commence receiving retirement benefits
30 under this chapter upon satisfying eligibility requirements
31 and-remaining-out-of-covered-employment-for-one-calendar
32 month. However, a retired member who commences receiving a
33 retirement allowance but returns to employment before the
34 expiration-of-the-one-hundred-twenty-consecutive-day-period
35 qualifying for no fewer than four calendar months of

1 retirement benefits, does not have a bona fide retirement and
2 any retirement allowance received by such a member must be
3 returned to the system together with interest earned on the
4 retirement allowance calculated at a rate determined by the
5 department. Until the member has repaid the retirement
6 allowance and interest, the department may withhold any future
7 retirement allowance for which the member may qualify.

8 EXPLANATION

9 This bill makes several changes to the Iowa public
10 employees' retirement system (IPERS). The bill provides that
11 elective officials may terminate membership in IPERS at the
12 expiration of their terms of office and members of the general
13 assembly may terminate membership in IPERS by filing a notice
14 of intent to terminate.

15 The bill provides for additional moneys to be set aside in
16 the system and provides that the members who retired between
17 July 1, 1986, and June 30, 1990, will receive a dividend in an
18 amount determined by the general assembly.

19 The bill also adds a definition for the first month of
20 entitlement commencing July 1, 1995, for a member retiring
21 under the Iowa public employees' retirement system. A member
22 who meets the minimum age requirements, who has terminated
23 employment (if under 70 years of age), who has been approved
24 for benefits by the department of personnel, and who has
25 survived into the month for which the member's first
26 retirement allowance is payable has reached the first month of
27 entitlement and is eligible to receive benefits under the
28 bill.

29 The bill also provides that members have a bona fide
30 retirement when the members terminate all employment covered
31 under the chapter. The 120-day period required before retired
32 members may return to employment is changed to four calendar
33 months.

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**SENATE FILE 437
FISCAL NOTE**

A fiscal note for Senate File 437 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 437 provides that elected officials may terminate membership in IPERS at the expiration of their terms by filing proper notice. The Bill sets aside funds for retired members to receive a dividend. The Bill defines first month of retirement which is relevant to death benefits for a surviving spouse.

Assumptions:

1. Dividend increases will be maintained once implemented.
2. Twenty members' surviving spouses per year will receive retirement benefits rather than lump sum payments. These payments will continue for 25 years.

Fiscal Impact:

The following costs and savings are for the IPERS Trust Fund.

1. The increase in funds set aside to pay dividends to retirees will cost \$3.9 million annually in FY 1996 and FY 1997.
2. The savings from not making lump sum death benefit distributions is \$900,000 annually.
3. The cost of paying additional benefits to surviving spouses is \$152,400 in FY 1996 and \$304,800 in FY 1997.

The combined effect of this Bill on the IPERS Trust Fund is a cost increase of \$3.1 million in FY 1996 and \$3.3 million in FY 1997.

Source:

IPERS

(LSB 2234sv, MDF)

FILED MARCH 27, 1995

BY DENNIS PROUTY, FISCAL DIRECTOR

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8 retirement allowance for which the member may qualify.

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11 **HOUSE AMENDMENT TO**
12 **SENATE FILE 437**

12 **S-3435**

- 13 1 Amend Senate File 437, as amended, passed, and
- 14 2 reprinted by the Senate, as follows:
- 15 3 1. Page 2, line 3, by striking the word "July"
- 16 4 and inserting the following: "January".
- 17 5 2. Page 4, line 20, by striking the word "July"
- 18 6 and inserting the following: "January".
- 19 7 3. Page 5, by inserting after line 8 the
- 20 8 following:
- 21 9 "Sec. ____ . EFFECTIVE AND RETROACTIVE APPLICABILITY
- 22 10 DATES. This Act, being deemed of immediate
- 23 11 importance, takes effect upon enactment and applies
- 24 12 retroactively to January 1, 1995."
- 25 13 4. Title page, line 2, by inserting after the
- 26 14 word "system" the following: ", and providing
- 27 15 effective and retroactive applicability date
- 28 16 provisions".

RECEIVED FROM THE HOUSE

25 **S-3435 FILED APRIL 13, 1995**
Senate concurred 4/18/95 (p. 251)

Kibbie
Gronstal
Halvarson
Rittner
Lundby

SSB 335
State Government
Succeeded By

SENATE FILE 437

BY (PROPOSED COMMITTEE ON
STATE GOVERNMENT BILL BY
CHAIRPERSON GRONSTAL)

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

A BILL FOR

1 An Act relating to the entitlement to benefits and dividends
2 under the Iowa public employees' retirement system.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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16 EXPLANATION

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S.F. _____ H.F. _____

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LSB 2234SC.1 76

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SENATE FILE 437

AN ACT

RELATING TO THE ENTITLEMENT TO BENEFITS AND DIVIDENDS UNDER
UNDER THE IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM, AND
PROVIDING EFFECTIVE AND RETROACTIVE APPLICABILITY DATE
PROVISIONS.

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

Section 1. Section 97B.41, subsection 8, paragraph b,
subparagraph (1), Code 1995, is amended to read as follows:

(1) Elective officials in positions for which the
compensation is on a fee basis, elective officials of school
districts, elective officials of townships, and elective
officials of other political subdivisions who are in part-time
positions, unless the elective official makes an application
to the department to be covered under this chapter. An
elective official who made an application to the department to
be covered under this chapter may terminate membership under
this chapter by informing the department in writing of the
expiration of the member's termination-from-covered-employment
term of office. A county attorney is an employee for purposes
of this chapter whether that county attorney is employed on a
full-time or part-time basis.

Sec. 2. Section 97B.41, subsection 8, paragraph b,
subparagraph (4), unnumbered paragraph 1, Code 1995, is
amended to read as follows:

Members of the general assembly of Iowa and temporary
employees of the general assembly of Iowa, unless such members
or employees make an application to the department to be
covered under this chapter. A member of the general assembly
who made an application to the department to be covered under
this chapter may terminate membership under this chapter by
informing the department in writing of the member's
termination-from-covered-employment intent to terminate
membership.

Sec. 3. Section 97B.41, subsection 14, Code 1995, is
amended to read as follows:

14. "Retired member" means a member who has applied for
~~and-commenced-receiving~~ the member's retirement allowance and
has survived into at least the first day of the member's first
month of entitlement.

Sec. 4. Section 97B.41, Code 1995, is amended by adding
the following new subsection:

NEW SUBSECTION. 9A. "First month of entitlement" means
the first month for which a member is qualified to receive
retirement benefits under this chapter. Effective January 1,
1995, a member who meets all of the following requirements is
qualified to receive retirement benefits under this chapter:

- a. Has attained the minimum age for retirement.
- b. If the member has not attained seventy years of age,
has terminated all employment covered under the chapter or
formerly covered under the chapter pursuant to section 97B.42.
- c. Has filed a completed application for benefits.
- d. Has survived into the month for which the member's
first retirement allowance is payable by the system.

Sec. 5. Section 97B.49, subsection 5, paragraph b,
unnumbered paragraph 5, Code 1995, is amended to read as
follows:

By November 15, ~~1993~~ 1995, the department shall set aside
from other moneys in the retirement fund ~~two~~ three million
eight hundred ~~fifty~~ sixty thousand dollars. The moneys set
aside shall be from the funds generated by the employer and
employee contributions in effect under section 97B.11 that
exceed the amount necessary to fund the system's existing
liabilities, as determined in the annual actuarial valuation
of the system as of June 30, ~~1993~~ 1995. If the annual
actuarial valuation indicates that the amount of the employer
and employee contributions in excess of the amount necessary
to fund existing liabilities is less than ~~two~~ three million
eight hundred ~~fifty~~ sixty thousand dollars, the department
shall set aside all funds that are available. The funds set
aside shall not be used in ~~determining-the-percentage~~

~~multiplier-pursuant-to-this-section-on-July-17-1994-or-in~~ determining the covered wage limitation pursuant to section 97B.41, subsection 20, paragraph "b", subparagraph (11), on January 1, ~~1994~~ 1996. However, any funds set aside which are not specifically dedicated to a purpose by the ~~Seventy-fifth~~ Seventy-sixth General Assembly shall be used in determining the ~~percentage-multiplier-and-the~~ covered wage limitation thereafter.

Sec. 6. Section 97B.49, subsection 13, paragraph c, Code 1995, is amended to read as follows:

c. Notwithstanding the determination of the amount of a retirement dividend under paragraph "a", "b", or "d", or "f", a retirement dividend shall not be less than twenty-five dollars.

Sec. 7. Section 97B.49, subsection 13, Code 1995, is amended by adding the following new paragraph:

NEW PARAGRAPH. f. A member who retired from the system between July 1, 1986, and June 30, 1990, or a contingent annuitant or beneficiary of such a member, shall receive with the November 1996 and the November 1997 monthly benefit payments a retirement dividend in an amount determined by the general assembly. The retirement dividend does not affect the amount of a monthly benefit payment.

Sec. 8. Section 97B.51, subsection 2, Code 1995, is amended to read as follows:

2. The election by a member ~~or-the-contingent-annuitant~~ of the option stated under subsection 1 of this section shall be null and void if the member dies prior to the ~~department~~ issuing-payment-of-the-member's-first-retirement-allowance member's first month of entitlement.

Sec. 9. Section 97B.52, subsections 1 and 2, Code 1995, are amended to read as follows:

1. If a member dies prior to the ~~date-the member's first~~ retirement-allowance-is-issued-by-the-system first month of entitlement, the accumulated contributions of the member at the date of death plus the product of an amount equal to the highest year of covered wages of the deceased member and the

number of years of membership service divided by thirty shall be paid to the member's beneficiary in a lump sum payment. However, a lump sum payment made to a beneficiary under this subsection due to the death of a member shall not be less than the amount that would have been payable on the death of the member on June 30, 1984, under this subsection as it appeared in the 1983 Code.

Effective July 1, 1978, a method of payment under this subsection filed with the department by a member does not apply.

2. If a member dies on or after the date-the-member's first-retirement-allowance-is-issued-by-the-retirement-system first day of the member's first month of entitlement, the excess, if any, of the accumulated contributions by the member as of said date, over the total monthly retirement allowances received by the member under the retirement system will be paid to the member's beneficiary unless the retirement allowance is then being paid in accordance with section 97B.48A or with section 97B.51, subsection 1, 4, 5, or 6 of section-97B-51.

Sec. 10. Section 97B.52A, Code 1995, is amended to read as follows:

97B.52A ELIGIBILITY FOR BENEFITS -- BONA FIDE RETIREMENT.

1. A Effective January 1, 1995, a member has a bona fide retirement when the member terminates all employment and remains-out-of-employment-for-at-least-one-hundred-twenty consecutive-days covered under the chapter or formerly covered under the chapter pursuant to section 97B.42, files an a completed application for benefits form with the department, survives into the month for which benefits are first payable, and does not return to employment as defined in this chapter until the member has qualified for no fewer than four calendar month's months of retirement benefits.

2. A member may commence receiving retirement benefits under this chapter upon satisfying eligibility requirements and-remaining-out-of-covered-employment-for-one-calendar month. However, a retired member who commences receiving a

retirement allowance but returns to employment before the expiration-of-the-one-hundred-twenty-consecutive-day-period qualifying for no fewer than four calendar months of retirement benefits, does not have a bona fide retirement and any retirement allowance received by such a member must be returned to the system together with interest earned on the retirement allowance calculated at a rate determined by the department. Until the member has repaid the retirement allowance and interest, the department may withhold any future retirement allowance for which the member may qualify.

Sec. 11. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.

This Act, being deemed of immediate importance, takes effect upon enactment and applies retroactively to January 1, 1995.

LEONARD L. BOSWELL
President of the Senate

RON J. CORBETT
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 437, Seventy-sixth General Assembly.

JOHN F. DWYER
Secretary of the Senate

Approved April 26, 1995

TERRY E. BRANSTAD
Governor

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