

**CITY FINANCE COMMITTEE[545]**

**Adopted and Filed**

**Rulemaking related to employee benefits**

The City Finance Committee hereby rescinds Chapter 4, “Employee Benefits,” Iowa Administrative Code, and adopts a new Chapter 4 with the same title.

*Legal Authority for Rulemaking*

This rulemaking is adopted under the authority provided in Iowa Code chapter 384.

*State or Federal Law Implemented*

This rulemaking implements, in whole or in part, Iowa Code chapter 384.

*Purpose and Summary*

This chapter establishes basic obligations concerning allowable employee benefits and establishes the requirement that benefits be in the city budget.

*Public Comment and Changes to Rulemaking*

Notice of Intended Action for this rulemaking was published in the Iowa Administrative Bulletin on November 12, 2025, as **ARC 9686C**. A public hearing was held on the following date(s):

- December 2, 2025
- December 5, 2025

No one attended the public hearings. No public comments were received. No changes from the Notice have been made.

*Adoption of Rulemaking*

This rulemaking was adopted by the Committee on December 17, 2025.

*Fiscal Impact*

This rulemaking has no fiscal impact to the State of Iowa.

*Jobs Impact*

After analysis and review of this rulemaking, no impact on jobs has been found.

*Waivers*

Any person who believes that the application of the discretionary provisions of this rulemaking would result in hardship or injustice to that person may petition the Department of Management for a waiver of the discretionary provisions, if any.

*Review by Administrative Rules Review Committee*

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rulemaking by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rulemaking at its [regular monthly meeting](#) or at a special meeting. The Committee’s meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

*Effective Date*

This rulemaking will become effective on July 29, 2026.

The following rulemaking action is adopted:

ITEM 1. Rescind 545—Chapter 4 and adopt the following **new** chapter in lieu thereof:

CHAPTER 4  
EMPLOYEE BENEFITS

**545—4.1(384) Definition.** Employee benefits are defined as and limited to the following:

1. Employer's share of Federal Insurance Contribution Act (FICA).
2. Employer's share of Iowa Public Employees' Retirement System (IPERS).
3. Employer's share of police and fire retirement systems.
4. Employer's share of medical payments under Iowa Code chapters 410 and 411.
5. Retiree hospital/medical/prescription benefits pursuant to Iowa Code section 364.25.
6. Workers' compensation costs or insurance premiums.
7. Unemployment benefits.
8. Employer's share of employee benefit plan costs for employees and their dependents, which would include only:
  - Hospital/medical/prescription benefits;
  - Dental benefits;
  - Disability insurance benefits;
  - Life insurance benefits;
  - Long-term insurance benefits;
  - Vision benefits.
9. Deferred compensation programs for city managers, fire chiefs, and police chiefs who do not participate in either IPERS or the Municipal Fire and Police Retirement System of Iowa (MFPRSI).
10. Employee wellness programs that are a part of, or are included with, a hospital/medical/prescription benefit program or a health and fitness program for employees that is adopted by city council motion, resolution, ordinance or included in a document approved by the city council.
11. Employee assistance program providing free counseling for employees and their dependents.
12. Occupational Safety and Health Administration (OSHA)-required tests (e.g., pulmonary and heart tests).
13. Regularly scheduled, city-required, postemployment physicals for employees, police reserves and volunteer firefighters.

**545—4.2(384) Mandatory procedures.** These employee benefits will be budgeted in the city general fund up to the tax rate limit of that fund with the excess being budgeted in the trust and agency fund for those employees being paid from the city general fund:

1. Employer's share of FICA under Iowa Code section 97C.10.
2. Employer's share of IPERS under Iowa Code section 97B.9.

**545—4.3(384) Optional procedures.** These employee benefits may be budgeted in either the city general or city trust and agency fund for those employees being paid from the city general fund.

1. Employer's share of police and fire pension and retirement systems under Iowa Code chapters 410 and 411.
2. Employer's share of medical payments under Iowa Code sections 410.18 and 411.15.
3. Retiree hospital/medical/prescription benefits pursuant to Iowa Code section 364.25.
4. Workers' compensation costs or insurance premiums.
5. Unemployment benefits.
6. Employer's share of employee benefit plan costs for employees and their dependents, which would include only:
  - Hospital/medical/prescription benefits;
  - Dental benefits;
  - Disability insurance benefits;

- Life insurance benefits;
  - Long-term care insurance benefits;
  - Vision benefits.
7. Deferred compensation programs for city managers, fire chiefs, and police chiefs who do not participate in either IPERS or MFPRSI.
  8. Employee wellness programs that are a part of, or are included with, a hospital/medical/prescription benefit program or a health and fitness program for employees that is adopted by city council motion, resolution, ordinance or included in a document approved by the city council.
  9. Employee assistance program providing free counseling for employees and their dependents.
  10. OSHA-required tests (e.g., pulmonary and heart tests).
  11. Regularly scheduled, city-required postemployment physicals for employees, police reserves and volunteer firefighters.

**545—4.4(384) Budgeting—other than general fund and road use tax fund.** The revenues and appropriations for employee benefits for those employees being paid from any fund other than the city general fund and the road use tax fund are to be budgeted in and paid from the fund from which the employee is being paid.

These rules are intended to implement Iowa Code section 384.15.

[Filed 5/22/26, effective 7/29/26]

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EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 6/24/26.