

## IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM[495]

### Regulatory Analysis

Notice of Intended Action to be published: 495—Chapter 4  
“Employers”

Iowa Code section(s) or chapter(s) authorizing rulemaking: 97B.4 and 97B.15  
State or federal law(s) implemented by the rulemaking: Iowa Code chapter 97B

### *Public Hearing*

A public hearing at which persons may present their views orally or in writing will be held as follows:

May 5, 2026  
1 to 2 p.m.

IPERS Boardroom  
7401 Register Drive  
Des Moines, Iowa  
Via videoconference call:  
[Join Online Meeting](#)  
Meeting ID: 243 870 453 017 71  
Passcode: kM68fC6e

### *Public Comment*

Any interested person may submit written or oral comments concerning this Regulatory Analysis, which must be received by the Iowa Public Employees' Retirement System (IPERS) no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

Cheryl Vander Hart  
Iowa Public Employees' Retirement System  
7401 Register Drive  
Des Moines, Iowa 50321  
Phone: 515.281.7623  
Email: [cheryl.vanderhart@ipers.org](mailto:cheryl.vanderhart@ipers.org)

### *Purpose and Summary*

This proposed chapter was reviewed as part of the Red Tape Review process laid out in Executive Order 10. As a result of this review, IPERS removed restricted terms, combined or eliminated duplicative language, and made editorial updates to ensure the chapter reflects current policies and procedures. IPERS is a State retirement system that provides for the payment of annuities, enables employees to care for themselves in retirement, improves public employment within the State, reduces excessive personnel turnover, and offers suitable attraction to public service. IPERS is required to administer the retirement system.

### *Analysis of Impact*

- Persons affected by the proposed rulemaking:**
  - Classes of persons that will bear the costs of the proposed rulemaking:**  
IPERS members and beneficiaries and IPERS-covered public employees will be affected by the proposed rulemaking. This proposed rulemaking does not incur cost to the public.
  - Classes of persons that will benefit from the proposed rulemaking:**

This proposed rulemaking will benefit all IPERS members and beneficiaries and IPERS-covered public employers.

**2. Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:**

• **Quantitative description of impact:**

This proposed rulemaking will benefit over 2,000 IPERS-covered employers by removing restrictive terms and reducing duplicative terms found both in rule and in the Iowa Code.

• **Qualitative description of impact:**

This proposed rulemaking will benefit all IPERS members and beneficiaries and IPERS-covered public employers.

**3. Costs to the State:**

• **Implementation and enforcement costs borne by the agency or any other agency:**

IPERS has always incurred personnel and other administrative costs associated with implementing the agency's administrative rules while carrying out agency functions. Implementation of this proposed rulemaking adds no additional expense.

• **Anticipated effect on State revenues:**

This proposed rulemaking will not impact State revenues. IPERS is a trust fund, separate and distinct from the General Fund of the State.

**4. Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:**

IPERS is required to adopt rules to regulate and provide for the nature and extent of the proofs and evidence, and their method of taking, in order to establish the right to benefits authorized under Iowa Code chapter 97B.

**5. Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:**

IPERS has not identified any less costly methods or less intrusive methods.

**6. Alternative methods considered by the agency:**

• **Description of any alternative methods that were seriously considered by the agency:**

Not applicable.

• **Reasons why alternative methods were rejected in favor of the proposed rulemaking:**

Not applicable.

*Small Business Impact*

**If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:**

• Establish less stringent compliance or reporting requirements in the rulemaking for small business.

• Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.

• Consolidate or simplify the rulemaking's compliance or reporting requirements for small business.

• Establish performance standards to replace design or operational standards in the rulemaking for small business.

• Exempt small business from any or all requirements of the rulemaking.

**If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?**

The proposed rulemaking does not create a substantial impact on small business.

*Text of Proposed Rulemaking*

ITEM 1. Rescind 495—Chapter 4 and adopt the following **new** chapter in lieu thereof:

CHAPTER 4  
EMPLOYERS

**495—4.1(97B) Covered employers.**

**4.1(1) Definitions.** All public employers in the state of Iowa, its cities, counties, townships, agencies, political subdivisions, instrumentalities and public schools are required to participate in IPERS. For this chapter, the following definitions apply:

*a. “Political subdivision”* means a geographic area or territorial division of the state that has responsibility for certain governmental functions. Political subdivisions are characterized by public election of officers and taxing powers. The following examples are representative: cities, municipalities, counties, townships, schools and school districts, drainage and levee districts, and utilities.

*b. “Instrumentality of the state or a political subdivision”* means an independent entity that is organized to carry on some specific function of government. Public instrumentalities are created by some form of governmental body, including federal and state statutes and regulations, and are characterized by being under the control of a governmental body. Such control may include final budgetary authorization, general policy development, appointment of a board by a governmental body, and allocation of funds.

*c. “Public agency”* means state agencies and agencies of political subdivisions. Representative examples include an executive board, commission, bureau, division, office, or department of the state or a political subdivision.

An entity not already reporting to IPERS that meets the conditions for becoming an IPERS-covered employer shall immediately contact IPERS to provide notice, including the entity’s name and address and other information required by IPERS. If, after review of this information, IPERS enrolls the entity as a covered employer, IPERS will notify the entity and provide an IPERS account number for the entity to use when submitting information. IPERS is not required to provide benefits otherwise available under Iowa Code chapter 97B for periods of service prior to the effective date for which IPERS actually approves the entity for coverage, unless the employer agrees to pay the full actuarial cost of providing such benefits.

An employer may request a revised beginning date for its status as a covered employer. The employer must submit proof acceptable to IPERS that its status as a covered employer began earlier than the date previously provided. In such case, the employer shall provide IPERS coverage retroactively to all employees providing services to that employer on or after the revised beginning date and shall pay all actuarial costs.

**4.1(2) Name change.** An employer shall immediately notify IPERS of any change to its name, address, title of the employer, its reporting official or any other identifying information. The notice must provide:

- a.* Former name;
- b.* Former address;
- c.* IPERS account number;
- d.* Employer’s new name, address, and telephone number;
- e.* Reason for the change if other than a change of reporting official; and
- f.* Effective date of the change.

**4.1(3) Termination.** Any employer that terminates or is dissolved for any reason shall provide IPERS with the following:

- a.* Complete name and address of the dissolved entity;
- b.* Assigned IPERS account number;

- c. Last date on which wages were paid;
- d. Date on which the entity dissolved;
- e. Reason for the dissolution;
- f. Whether or not the entity expects to pay wages in the future;
- g. Whether the entity is being absorbed by another covered employer;
- h. Name and address of absorbing employer if applicable; and
- i. Name and address of employer that will retain the records of the dissolved entity.

**4.1(4) Reports of dissolved or absorbed employers.** An employer that has been dissolved or entirely absorbed by another employer shall file a monthly report with IPERS through the effective date on which it was dissolved or absorbed. Any wages paid after this date are reported under the account number assigned to the new or successor employer, if any.

**4.1(5) IPERS account number.** Each employer is assigned an IPERS account number. Employers have to use this number on all correspondence and reporting forms directed to IPERS.

**4.1(6) Patient advocates.** For patient advocates employed under Iowa Code section 229.19, the county or counties for which services are performed are treated as the covered employer(s) of such individuals, and each such employer is responsible for forwarding reports and withholding and forwarding the applicable IPERS contributions on wages each employer pays.

**495—4.2(97B) Records maintained by the employer.**

**4.2(1) General.** Each employer shall maintain records satisfying subrule 4.2(2). Employers shall keep records in the form and manner prescribed by IPERS. Records are open to IPERS' inspection and copying at any reasonable time.

**4.2(2) Required information.** Records must show:

- a. Employee's name, address, gender, and social security account number, and other demographic information that may be required;
- b. Each date the employee was paid wages or other wage equivalent (e.g., room, board);
- c. Total amount of wages paid on each date including noncash wage equivalents;
- d. Total amount of wages including wage equivalents on which IPERS contributions are payable;
- e. Amount withheld from wages or wage equivalents for the employee's share of IPERS contributions; and
- f. Effective January 1, 1995, records show, with respect to each employee, member contributions picked up by the employer.

**4.2(3) Reports.**

a. Effective July 1, 2021, employers shall report the termination date and date of final paycheck for all terminating employees to IPERS with the final wage report provided by Iowa Code section 97B.14A for such employee. This report must contain the employee's last-known mailing address and such other information as IPERS might require.

b. The Iowa department of administrative services and the Iowa department of corrections shall notify IPERS prior to adding additional job classifications to the protection occupation class. The notification shall include the effective date, names and social security numbers of the employees involved.

**4.2(4) Fees.** IPERS may assess the employer a fee for administrative costs as described in subrule 4.3(6).

**495—4.3(97B) Wage reporting and payment of contributions by employers.**

**4.3(1) Payment of contributions.**

a. Upon enrollment as an IPERS-covered employer, IPERS sends the employer the appropriate forms and instructions to submit contributions described in Iowa Code sections 97B.11 and 97B.14. IPERS provides monthly statements to each employer.

b. IPERS accepts the payment of contributions through electronic funds transfer. Employers shall make payments utilizing the electronic funds transfer system according to the procedure described by IPERS.

c. IPERS accepts the payment of contributions using checks and remittance advice forms. Employers filing monthly employer remittance advice forms on paper for two or more employers shall attach the checks to each remittance form. Employers shall make checks payable to the Iowa Public Employees' Retirement System and mailed with the employer remittance advice form to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117. Effective August 1, 2008, such payments and reports are subject to a fee as described in subrule 4.3(6).

d. Contributions described in Iowa Code sections 97B.11 and 97B.14 are due on or before the fifteenth day of the month following the month in which wages were paid. If the fifteenth day falls on a weekend or state-observed holiday, the contribution is due on the next regularly scheduled business day.

e. Employers paying contributions by electronic funds transfer may submit wage reports and contributions at the same time.

**4.3(2) *Wage reports.*** Wage reports under Iowa Code chapter 97B.14A are due on or before the fifteenth day of the month following the month in which wages were paid. If the fifteenth day falls on a weekend or state-observed holiday, the wage report is due on the next regularly scheduled business day. Each wage report must include the required information for all employees who earned reportable wages or wage equivalents under IPERS.

IPERS accepts wage reports electronically via IPERS' employer self-service Internet application or as a paper report. IPERS charges a fee as described in subrule 4.3(6) for paper reports.

**4.3(3) *Request for time extension.*** IPERS may grant a request for a time extension of no longer than 15 days beyond the due date to file a wage report or pay a contribution for good cause if a request is made before the due date. If an employer has been granted an extension and fails to submit the wage report or pay the contribution on or before the end of the extension period, IPERS charges the applicable interest and fees from the original due date as if no extension had been granted. If the fifteenth day falls on a weekend or state-observed holiday, the contribution or wage report is due on the next regularly scheduled business day. To establish good cause under this subrule, the employer must show that the delinquency was not due to negligence, carelessness or inattention. The employer must affirmatively show that it did not file the wage report or timely pay a contribution because of some occurrence beyond the control of the employer.

**4.3(4) *No reportable wages.*** Employers shall file the wage reporting document according to subrule 4.3(2), even if an employer has no reportable wages during the applicable reporting period. Under this subrule, IPERS considers the employer's account delinquent for the reporting period and assesses a fee until the report is filed. However, if the employer has notified IPERS on or before the due date that there are no wages to report, IPERS will adjust the due date and will not charge a fee.

**4.3(5) *Fees for noncompliance.*** IPERS may impose reasonable fees on employers that do not file wage reports through the IPERS' employer self-service Internet application as described in subrule 4.3(2), that fail to timely file accurate wage reports, or that fail to pay contributions when due pursuant to subrule 4.3(2).

For submissions filed on or after August 1, 2008, IPERS charges employers a processing fee of \$20 plus 25 cents per employee for late submissions and IPERS' manual processing of wage reports. Employers that are late or that do not use IPERS' employer self-service Internet application may be charged both fees. In addition, if a fee for noncompliance is not paid by the fifteenth day of the month after the fee is assessed, the fee will accrue interest daily at the interest rate provided in Iowa Code sections 97B.9 and 97B.70. IPERS will not charge a fee on late contributions received as a result of a wage adjustment, but IPERS will charge interest on the amount due until paid in full.

If the due date for a fee falls on a weekend or state-observed holiday, the due date is the next regularly scheduled business day.

**4.3(6) *Erroneously reported wages for employees not covered under IPERS.*** For purposes of Iowa Code sections 97B.9(5) and 97B.10, employers that erroneously report wages for ineligible employees may file an IPERS wage reporting adjustment form. IPERS will return a warrant or issue a credit for both the employer and employee contributions made in error. The employer is responsible for returning the employees' share and for filing corrected federal and state wage reporting forms. IPERS reports adjustments in such cases on the employer's monthly statement. The employer shall not adjust these wages by underreporting wages on a future periodic wage reporting document. Wages shall not be reported as a negative amount. An employer that completes the employer portion of an employee's request for a refund on an IPERS refund application form is not permitted to file a periodic wage reporting adjustment form for that employee for the same time period. IPERS will not assess a fee to employers that correct information as provided under this subrule.

**4.3(7) *Contributions paid on wages in excess of the annual covered wage maximum.*** For wages paid on or after July 1, 2008, if IPERS determines that an employee's wages will exceed the annual maximum established under Section 401(a)(17)(A) and the cost-of-living adjustments to that maximum permitted under Section 401(a)(17)(B) of the Internal Revenue Code during a given month, IPERS will notify the applicable employer and will return the related excess contributions. IPERS will detail on the monthly report those employees for whom wages were reported in excess of the covered wage ceiling. The employer is responsible for returning the employee's share of excess contributions and making the applicable tax corrections.

**4.3(8) *Termination within less than six months of the date of employment.*** If an employee hired for permanent employment terminates within six months of the date of employment, the employer may file an IPERS form for reporting adjustments to receive a warrant or a credit, as elected by the employer, for both the employer's and employee's portions of the contributions. It is the employer's responsibility to return the employee's share. "Termination within less than six months of the date of employment" for the purposes of Iowa Code section 97B.53(10) means employment is terminated prior to the day before the employee's six-month anniversary date. For example, an employee hired on February 10 whose last day is August 8 would be treated as having resigned within less than six months. An employee hired on February 10 whose last day is August 9 (the day before the six-month anniversary date, August 10) would be treated as having worked six months and would be eligible for a refund.

**4.3(9) *Reinstatement following an employment dispute.*** Employees who are reinstated following an employment dispute may restore membership service credit as described in rule 495—9.5(97B).

**495—4.4(97B) *Accrual of interest and application of employer payments.*** Interest or charges as provided under Iowa Code section 97B.9 accrue on all employer payments not received by IPERS by the due date. IPERS may waive interest or charges, as described in Iowa Code section 97B.9(1), if the employer requests an extension of time under subrule 4.3(3) prior to the due date. IPERS will not charge a fee on late contributions received as a result of a wage adjustment but will charge interest on the amount due until paid in full. Payments received from employers having unpaid account balances are first applied to the oldest outstanding balance.

**495—4.5(97B) *Contribution rates.*** The following contribution rate schedule, payable on the covered wage of the member, is determined by the position or classification and the occupation class code of the member.

**4.5(1) *Contribution rates for regular class members.***

*a.* The following contribution rates are established by the Iowa legislature for all regular class members for the indicated periods:

	Effective July 1, 2007	Effective July 1, 2008	Effective July 1, 2009	Effective July 1, 2010	Effective July 1, 2011
Combined rate	9.95%	10.45%	10.95%	11.45%	13.45%

	Effective July 1, 2007	Effective July 1, 2008	Effective July 1, 2009	Effective July 1, 2010	Effective July 1, 2011
Employer	6.05%	6.35%	6.65%	6.95%	8.07%
Employee	3.90%	4.10%	4.30%	4.50%	5.38%

b. Effective July 1, 2012, and every year thereafter, IPERS staff declares the contribution rates for regular members no later than the preceding December as determined by the annual valuation of the preceding fiscal year. The public declaration of contribution rates is followed by rulemaking that will include a notice and comment period and that will become effective July 1 of the next fiscal year. Contribution rates for regular members are as follows.

	Effective July 1, 2022	Effective July 1, 2023	Effective July 1, 2024	Effective July 1, 2025	Effective July 1, 2026
Combined rate	15.73%	15.73%	15.73%	15.73%	15.73%
Employer	9.44%	9.44%	9.44%	9.44%	9.44%
Employee	6.29%	6.29%	6.29%	6.29%	6.29%

**4.5(2)** Contribution rates for sheriffs and deputy sheriffs are as follows.

	Effective July 1, 2022	Effective July 1, 2023	Effective July 1, 2024	Effective July 1, 2025	Effective July 1, 2026
Combined rate	17.52%	17.02%	17.02%	24.18%	24.42%
Employer	8.76%	8.51%	8.51%	11.965%	12.085%
Employee	8.76%	8.51%	8.51%	12.215%	12.335%

**4.5(3)** Contribution rates for protection occupations are as follows.

	Effective July 1, 2022	Effective July 1, 2023	Effective July 1, 2024	Effective July 1, 2025	Effective July 1, 2026
Combined rate	15.52%	15.52%	15.52%	15.52%	15.52%
Employer	9.31%	9.31%	9.31%	9.185%	9.185%
Employee	6.21%	6.21%	6.21%	6.335%	6.335%

**4.5(4)** Members employed in a “protection occupation” has the same meaning as set forth in Iowa Code section 97B.49B. In addition, in this section, “protection occupation” means:

a. Effective January 1, 1995, part-time police officers shall be included.

b. IPERS codes all airport firefighter service prior to July 1, 2004, as sheriff/deputy sheriff/airport firefighter service, and IPERS codes all airport firefighter service after June 30, 2004, as protection occupation service. This coding, however, does not supersede provisions of this title that require members to make contributions at higher rates in order to receive certain benefits, such as in the hybrid formula pursuant to rule 495—12.4(97B).

**4.5(5)** Service reclassification.

a. Prior to July 1, 2006, except as otherwise indicated in the implementing legislation or these rules, for a member whose prior regular service position is reclassified by the legislature as a special service position, IPERS staff codes all prior service by the member in such regular service position as special service if certified by the employer as constituting special service under current law. No additional contributions are required by regular service reclassified as special service under this paragraph.

b. Effective July 1, 2006, for a member whose prior regular service position is reclassified by the legislature as a special service position, IPERS staff codes all prior service by the member in such regular service position as regular service unless the legislature specifically provides in its legislation

for payment of the related actuarial costs of such reclassified service as required under Iowa Code section 97B.65.

**4.5(6)** Effective July 1, 2006, in the determination of a sheriff's or deputy sheriff's eligibility for benefits and the amount of such benefits under Iowa Code section 97B.49C, all protection occupation service credits for that member count toward the total years of eligible service as a sheriff or deputy sheriff. However, this subrule is not to be construed to alter the statutory requirement that a sheriff or deputy sheriff must be employed as a sheriff or deputy sheriff at termination of covered employment in order to qualify for benefits under Iowa Code section 97B.49C.

**4.5(7)** Pretax.

*a.* Effective January 1, 1995, employers must pay member contributions on a pretax basis for federal income tax purposes only. Such contributions are considered employer contributions for federal income tax purposes and employee contributions for all other purposes. Employers must reduce the member's salary reportable for federal income tax purposes by the amount of the member's contribution.

*b.* Salaries reportable for purposes other than federal income tax will not be reduced, including for IPERS, FICA, and, through December 31, 1998, state income tax purposes.

*c.* Effective January 1, 1999, employers must pay member contributions on a pretax basis for both federal and state income tax purposes.

**495—4.6(97B) Employee information to be provided by covered employers.** Covered employers must enroll new employees prior to reporting wages for the new employees using IPERS' employer self-service Internet application. Enrollment information includes but is not limited to the following: member's name, social security number, date of birth, date of hire, occupation code, gender, mailing address, and employer identification number. When an employee terminates employment with a covered employer, the employer shall provide the termination date and the date of the employee's final paycheck.

These rules are intended to implement Iowa Code sections 97B.4, 97B.9, 97B.14, 97B.14A, 97B.38, 97B.49A through 97B.49I, 97B.65 and 97B.70 and 2009 Iowa Acts, chapter 170, section 51, as amended by 2010 Iowa Acts, House File 2518, sections 36 and 41.