

Sec. 15. APPLICABILITY DATES. Sections 5, 7, and 12 of this Act are applicable to projects established on or after the effective date of those sections. Section 6 of this Act, amending Code section 403.5, applies to urban renewal plans approved on or after August 31, 1994. Section 13 of this Act, enacting new section 403.21, applies to new jobs training project agreements entered into on or after July 1, 1995. The remaining sections of this Act apply to urban renewal plans approved, or new jobs training project agreements entered into, on or after January 1, 1995, except that the provision relating to century farms in section 403.17, subsection 8, as amended in this Act, applies to urban renewal plans for an economic development area approved on or after July 1, 1994.

Approved May 16, 1994

CHAPTER 1183
PUBLIC RETIREMENT SYSTEMS
H.F. 2418

†AN ACT relating to public retirement systems, providing for the payment of employee contributions under certain public retirement systems for certain tax purposes, making appropriations, providing implementation and applicability provisions, and providing effective and retroactive applicability dates.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 19A.30, unnumbered paragraph 1, Code 1993, is amended to read as follows:

At the request of an employee of a state agency through contractual agreement, the director may arrange for the purchase of group or individual annuity contracts for any of the employees of that agency, which annuity contracts are issued by a nonprofit corporation issuing retirement annuities exclusively for educational institutions and their employees or are purchased from any company the employee chooses that is authorized to do business in this state and or through an Iowa-licensed insurance agent salesperson that the employee selects, on a group or individual basis, for retirement or other purposes, and may make payroll deductions in accordance with the arrangements for the purpose of paying the entire premium due and to become due under the contract. The deductions shall be made in the manner which will qualify the annuity premiums for the benefits afforded under section 403b 403(b) of the Internal Revenue Code, as defined in section 422.3. The employee's rights under the annuity contract are nonforfeitable except for the failure to pay premiums. As used in this section, unless the context otherwise requires, "annuity contract" includes any custodial account which meets the requirements of section 403(b)(7) of the Internal Revenue Code, as defined in section 422.3.

Sec. 2. Section 97A.1, subsection 13, Code 1993, is amended to read as follows:

13. "Peace officer" or "peace officers" shall mean all members of the divisions of highway safety and uniformed force and criminal investigation and bureau of identification in the department of public safety, except clerical workers, including but not limited to gaming enforcement officers employed by the division of criminal investigation for excursion boat gambling enforcement activities, who have passed a satisfactory physical and mental examination and have been duly appointed as members of the state department of public safety in accordance with section 80.15, and the division of drug law enforcement, and arson investigators and fire prevention inspector peace officers in the department of public safety hired prior to July 1, 1988, except clerical workers, employees of the division of capitol police, except clerical

†Estimate of additional local revenue expenditures required by state mandate on file with the Secretary of State

workers, and the division of beer and liquor law enforcement of the department of public safety, except clerical workers.

Sec. 3. Section 97A.3, Code 1993, is amended to read as follows:

97A.3 MEMBERSHIP IN SYSTEM.

1. All members of the division of highway safety, uniformed force, and radio communications and the division of criminal investigation and bureau of identification in the department of public safety, excepting the members of the clerical force, who are employed by the state of Iowa when this chapter becomes effective, and all persons thereafter employed as members of such divisions in the department of public safety or division of drug law enforcement and arson investigators, except the members of the clerical force, shall be members of this system, except as otherwise provided in subsection 3. Effective July 1, 1994, gaming enforcement officers employed by the division of criminal investigation for excursion boat gambling enforcement activities, fire prevention inspector peace officers employed by the department of public safety, and employees of the division of capitol police, except clerical workers, shall be members of this system, except as otherwise provided in subsection 3 or section 97B.42B. Such members shall not be required to make contributions under any other pension or retirement system of the state of Iowa, anything to the contrary notwithstanding.

2. Should any member in any period of five consecutive years after last becoming a member, be absent from service for more than four years, or should a member become a beneficiary or die, the person shall thereupon cease to be a member of this system.

3. a. As used in this section, unless the context otherwise requires, "reemployed" or "reemployment" means the employment of a person in a position which would otherwise be included as a membership position under subsection 1, after the person has commenced receiving a service retirement allowance under section 97A.6.

b. If a person is reemployed, the person shall not become an active member of the system upon reemployment, and the person so reemployed and the state of Iowa shall not make contributions to the system based upon the person's compensation for reemployment. A person who is so reemployed shall continue to receive the service retirement allowance, and the service retirement allowance shall not be recalculated based upon the person's reemployment. Notwithstanding section 97B.41 or any other provision of law to the contrary, a person reemployed as provided in this subsection shall be exempt from chapter 97B.

3 4. Effective July 1, 1979, a person shall not become a member of the system unless that person has passed the physical and mental examination given under the provisions of section 80.15 and unless that person has received a diploma for satisfactory completion of a training school held pursuant to the provisions of section 80.13.

Sec. 4. Section 97A.5, subsection 8, Code Supplement 1993, is amended to read as follows:

8. **MEDICAL BOARD.** The board of trustees shall designate a medical board to be composed of three physicians who shall arrange for and pass upon the medical examinations required under the provisions of this chapter and shall report in writing to the board of trustees, its conclusions and recommendations upon all matters duly referred to it. Each report of a medical examination under section 97A.6, subsections 3 and 5, shall include the medical board's rating findings in accordance with section 97A.6 as to the extent of the member's physical impairment.

Sec. 5. Section 97A.5, Code Supplement 1993, is amended by adding the following new subsection:

NEW SUBSECTION. 13. REQUIREMENTS RELATED TO THE INTERNAL REVENUE CODE.

a. As used in this subsection, unless the context otherwise requires, "Internal Revenue Code" means the Internal Revenue Code as defined in section 422.3.

b. The funds established in section 97A.8 shall be held in trust for the benefit of the members of the system and the members' beneficiaries. No part of the corpus or income of the funds shall be used for, or diverted to, purposes other than for the exclusive benefit of the

members or the members' beneficiaries or for expenses incurred in the operation of the funds. A person shall not have any interest in, or right to, any part of the corpus or income of the funds except as otherwise expressly provided.

c. Notwithstanding any provision of this chapter to the contrary, in the event of a complete discontinuance of contributions, for reasons other than achieving fully funded status upon an actuarially determined basis, or upon termination of the funds established in section 97A.8, a member shall be vested, to the extent then funded, in the benefits which the member has accrued at the date of the discontinuance or termination.

d. Benefits payable from the funds established in section 97A.8 to members and members' beneficiaries shall not be increased due to forfeitures from other members. Forfeitures shall be used as soon as possible to reduce future contributions by the state to the pension accumulation fund, except that the rate shall not be less than the minimum rate established in section 97A.8.

e. Notwithstanding any provision of this chapter to the contrary, a member's service retirement allowance shall commence on or before the later of the following:

(1) April 1 of the calendar year following the calendar year in which the member attains the age of seventy and one-half years.

(2) April 1 of the calendar year following the calendar year in which the member retires.

f. The maximum annual benefit payable to a member by the system shall be subject to the limitations set forth in section 415 of the Internal Revenue Code, and any regulations promulgated pursuant to that section.

g. The annual compensation of a member taken in account for any purpose under this chapter shall not exceed the applicable amount set forth in section 401(a)(17) of the Internal Revenue Code, and any regulations promulgated pursuant to that section.

Sec. 6. Section 97A.6, subsection 1, Code 1993, is amended by adding the following new paragraph:

NEW PARAGRAPH. c. Once a person commences receiving a service retirement allowance pursuant to this section, if the person is reemployed, as defined in section 97A.3, the service retirement allowance shall not be recalculated based upon the person's reemployment.

Sec. 7. Section 97A.6, subsection 2, paragraph d, subparagraph (2), Code 1993, is amended to read as follows:

(2) For a member who terminates service, other than by death or disability, on or after July 1, 1991, but before October 16, 1992, and who does not withdraw the member's contributions pursuant to section 97A.16, upon the member's retirement there shall be added six-tenths percent of the member's average final compensation for each year of service over twenty-two years, excluding years of service after the member's fifty-fifth birthday. However, this subparagraph does not apply to more than eight additional years of service.

Sec. 8. Section 97A.6, subsection 2, paragraph d, Code 1993, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (3) For a member who terminates service, other than by death or disability, on or after October 16, 1992, and who does not withdraw the member's contributions pursuant to section 97A.16, upon the member's retirement there shall be added six-tenths percent of the member's average final compensation for each year of service over twenty-two years. However, this subparagraph does not apply to more than eight additional years of service.

Sec. 9. **NEW SECTION.** 97A.6B ROLLOVERS OF MEMBERS' ACCOUNTS.

1. As used in this section, unless the context otherwise requires:

a. "Direct rollover" means a payment by the system to the eligible retirement plan specified by the member or the member's surviving spouse.

b. "Eligible retirement plan" means either of the following that accepts an eligible rollover distribution from a member or a member's surviving spouse:

(1) An individual retirement account in accordance with section 408(a) of the federal Internal Revenue Code.

(2) An individual retirement annuity in accordance with section 408(b) of the federal Internal Revenue Code.

In addition, an "eligible retirement plan" includes an annuity plan in accordance with section 403(a) of the federal Internal Revenue Code, or a qualified trust in accordance with section 401(a) of the federal Internal Revenue Code, that accepts an eligible rollover distribution from a member.

c. "Eligible rollover distribution" means all or any portion of a member's account, except that an eligible rollover distribution does not include any of the following:

(1) A distribution that is one of a series of substantially equal periodic payments, which occur annually or more frequently, made for the life or life expectancy of the distributee or the joint lives or joint life expectancies of the distributee and the distributee's designated beneficiary, or made for a specified period of ten years or more.

(2) A distribution to the extent that the distribution is required pursuant to section 401(a)(9) of the federal Internal Revenue Code.

(3) The portion of any distribution that is not includible in the gross income of the distributee, determined without regard to the exclusion for net unrealized appreciation with respect to employer securities.

(4) A distribution of less than two hundred dollars of taxable income.

2. Effective January 1, 1993, a member or a member's surviving spouse may elect, at the time and in the manner prescribed in rules adopted by the board of trustees, to have the system pay all or a portion of an eligible rollover distribution directly to an eligible retirement plan, specified by the member or the member's surviving spouse, in a direct rollover. If a member or a member's surviving spouse elects a partial direct rollover, the amount of funds elected for the partial direct rollover must equal or exceed five hundred dollars.

Sec. 10. Section 97A.8, subsection 1, paragraph f, subparagraphs (6) and (7), Code 1993, are amended to read as follows:

(6) An amount equal to eight and one-tenth percent of each member's compensation from the earnable compensation of the member shall be paid to the pension accumulation fund for the fiscal year period beginning July 1, 1994, through December 31, 1994, and an amount equal to eight and thirty-five hundredths percent of each member's compensation from the earnable compensation of the member shall be paid to the pension accumulation fund for the fiscal period beginning January 1, 1995, through June 30, 1995.

(7) An amount equal to nine and ~~one-tenth~~ thirty-five hundredths percent of each member's compensation from the earnable compensation of the member shall be paid to the pension accumulation fund for the fiscal year beginning July 1, 1995.

Sec. 11. Section 97A.8, subsection 1, paragraph h, Code 1993, is amended to read as follows:

h. Notwithstanding the provisions of paragraph "f", the following transition percentages apply to members' contributions as specified:

(1) For members who on July 1, 1990, have attained the age of forty-nine years or more, an amount equal to nine and one-tenth percent of each member's compensation from the earnable compensation of the member shall be paid to the pension accumulation fund for the fiscal year period beginning July 1, 1990, through October 15, 1992, and commencing October 16, 1992, and for each subsequent fiscal year thereafter period, the rates specified in paragraph "f", subparagraphs (4) through (8), shall apply.

(2) For members who on July 1, 1990, have attained the age of forty-eight years but have not attained the age of forty-nine years, an amount equal to eight and one-tenth percent shall be paid for the fiscal year beginning July 1, 1990, and an amount equal to nine and one-tenth percent shall be paid for the fiscal year period beginning July 1, 1991, through October 15, 1992, and commencing October 16, 1992, and for each subsequent fiscal year thereafter period, the rates specified in paragraph "f", subparagraphs (4) through (8), shall apply.

(3) For members who on July 1, 1990, have attained the age of forty-seven years but have not attained the age of forty-eight years, an amount equal to seven and one-tenth percent shall

be paid for the fiscal year beginning July 1, 1990, an amount equal to eight and one-tenth percent shall be paid for the fiscal year beginning July 1, 1991, and an amount equal to nine and one-tenth percent shall be paid for the fiscal year period beginning July 1, 1992, through October 15, 1992, and commencing October 16, 1992, and for each subsequent fiscal year thereafter period, the rates specified in paragraph "f", subparagraphs (4) through (8), shall apply.

(4) For members who on July 1, 1990, have attained the age of forty-six years but have not attained the age of forty-seven years, an amount equal to six and one-tenth percent shall be paid for the fiscal year beginning July 1, 1990, an amount equal to seven and one-tenth percent shall be paid for the fiscal year beginning July 1, 1991, an amount equal to eight and one-tenth percent shall be paid for the fiscal year period beginning July 1, 1992, and an amount equal to nine and one-tenth percent shall be paid for the fiscal year beginning July 1, 1993, through October 15, 1992, and commencing October 16, 1992, and for each subsequent fiscal year thereafter period, the rates specified in paragraph "f", subparagraphs (4) through (8), shall apply.

(5) For members who on July 1, 1990, have attained the age of forty-five years but have not attained the age of forty-six years, an amount equal to five and one-tenth percent shall be paid for the fiscal year beginning July 1, 1990, an amount equal to six and one-tenth percent shall be paid for the fiscal year beginning July 1, 1991, and an amount equal to seven and one-tenth percent shall be paid for the fiscal year period beginning July 1, 1992, an amount equal to eight and one-tenth percent shall be paid for the fiscal year beginning July 1, 1993, and an amount equal to nine and one-tenth percent shall be paid for the fiscal year beginning July 1, 1994, and each fiscal year thereafter through October 15, 1992. Commencing October 16, 1992, and for each subsequent fiscal period, the rates specified in paragraph "f", subparagraphs (4) through (8), shall apply.

Sec. 12. Section 97A.8, subsection 1, Code 1993, is amended by adding the following new paragraph:

NEW PARAGRAPH. i. (1) Notwithstanding paragraph "g" or other provisions of this chapter, beginning January 1, 1995, member contributions required under paragraph "f" or "h" which are picked up by the department shall be considered employer contributions for federal income tax purposes, and the department shall pick up the member contributions to be made under paragraph "f" or "h" by its employees. The department shall pick up these contributions by reducing the salary of each of its employees covered by this chapter by the amount which each employee is required to contribute under paragraph "f" or "h" and shall certify the amount picked up in lieu of the member contributions to the department of revenue and finance. The department of revenue and finance shall forward the amount of the contributions picked up to the board of trustees for recording and deposit in the pension accumulation fund.

(2) Member contributions picked up by the department under subparagraph (1) shall be treated as employer contributions for federal income tax purposes only and for all other purposes of this chapter and the laws of this state shall be treated as employee contributions and deemed part of the employee's earnable compensation or salary.

Sec. 13. NEW SECTION. 97B.11A PICKUP OF EMPLOYEE CONTRIBUTIONS.

1. Notwithstanding section 97B.11 or other provisions of this chapter, beginning January 1, 1995, member contributions required under section 97B.11 which are picked up by the employer shall be considered employer contributions for federal income tax purposes, and each employer shall pick up the member contributions to be made under section 97B.11 by its employees. Each employer shall pick up these contributions by reducing the salary of each of its employees covered by this chapter by the amount which each employee is required to contribute under section 97B.11 and shall pay the amount picked up in lieu of the member contributions as provided in section 97B.14.

2. Member contributions picked up by each employer under subsection 1 shall be treated as employer contributions for federal income tax purposes only and for all other purposes of this chapter and the laws of this state shall be treated as employee contributions and deemed part of the employee's wages or salary.

Sec. 14. Section 97B.14, Code 1993, is amended to read as follows:
97B.14 CONTRIBUTIONS FORWARDED.

Contributions deducted from the wages of the member or member contributions picked up by the employer under section 97B.11A and the employer's contribution shall be forwarded to the department for recording and deposited with the treasurer of the state to the credit of the Iowa public employees' retirement fund. Contributions shall be remitted monthly, if total contributions by both employee and employer amount to one hundred dollars or more each month, and shall be otherwise paid in such manner, at such times and under such conditions, either by copies of payrolls or other methods necessary or helpful in securing proper identification of the member, as may be prescribed by the department.

Sec. 15. Section 97B.25, Code 1993, is amended to read as follows:
97B.25 APPLICATIONS FOR BENEFITS.

A representative designated by the ~~administrator~~ chief benefits officer and referred to in this chapter as a retirement benefits specialist, shall promptly examine applications for retirement benefits and on the basis of facts found shall determine whether or not the claim is valid and if valid, the month with respect to which benefits shall commence, the monthly benefit amount payable, and the maximum duration. The retirement benefits specialist shall promptly notify the applicant and any other interested party of the decision and the reasons. Unless the applicant or other interested party, within thirty calendar days after the notification was mailed to the applicant's or party's last known address, files an appeal as provided in section 97B.20A, the decision is final and benefits shall be paid or denied in accord with the decision.

Sec. 16. Section 97B.41, subsection 8, paragraph a, unnumbered paragraph 1, Code Supplement 1993, is amended to read as follows:

"Employer" means the state of Iowa, the counties, municipalities, agencies, public school districts, all political subdivisions, and all of their departments and instrumentalities, including area agencies on aging, other than those employing persons as specified in paragraph "b", subparagraph (19), and joint planning commissions created under chapter 28E or 28I.

Sec. 17. Section 97B.41, subsection 8, paragraph b, subparagraph (1), Code Supplement 1993, 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 term of office~~ termination from covered employment. 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. 18. Section 97B.41, subsection 8, paragraph b, subparagraph (4), unnumbered paragraph 1, Code Supplement 1993, 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 ~~intent to terminate~~ termination from covered employment.

Sec. 19. Section 97B.41, subsection 8, paragraph b, Code Supplement 1993, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (19) Employees of an area agency on aging, if as of July 1, 1994, the agency provides for participation by all of its employees in an alternative qualified plan pursuant to the requirements of the federal Internal Revenue Code.

Sec. 20. Section 97B.41, subsection 12, Code Supplement 1993, is amended to read as follows:

12. "Membership service" means service rendered by a member after July 4, 1953. Years of membership service shall be counted to the complete quarter calendar year. However, membership service for a calendar year shall not include more than four quarters. In determining a member's period of membership service, the department shall combine all periods of service for which the member has made contributions. If the department has not maintained the accumulated contribution account of the member for a period of service, as provided pursuant to section 97B.53, subsection 6, the department shall credit the member for the service if the member submits satisfactory proof to the department that the member did make the contributions for the period of service and did not take a refund for the period of service. However, the department shall not implement the amendments to this subsection, as enacted in this Act, unless and until the department determines that the most recent annual actuarial valuation of the retirement system indicates that the employer and employee contribution rates in effect under section 97B.11 can absorb the amendments to this subsection and to section 97B.53, subsections 3 and 7, section 97B.53, subsection 6, unnumbered paragraph 1, and section 97B.70, by enacting a new subsection 4, contained in this Act, after meeting the other established priorities of the system. Until the amendments are implemented, the department shall continue to implement the provisions of section 97B.41, subsection 12, Code Supplement 1993. As used in this subsection, unless the context otherwise requires, "other established priorities of the system" means that commencing January 1 following the most recent annual actuarial valuation of the system, the department has increased the covered wage limitation from the previous year by three thousand dollars, in accordance with section 97B.41, subsection 20, paragraph "b", subparagraph (11), and that the department has implemented the amendments to section 97B.66, unnumbered paragraphs 1 and 2, section 97B.72, unnumbered paragraphs 1 and 2, section 97B.72A, subsection 1, unnumbered paragraph 1, section 97B.73A, unnumbered paragraph 1, and section 97B.74, unnumbered paragraphs 1 and 2, contained in this Act.

Sec. 21. Section 97B.41, subsection 15, paragraph a, Code Supplement 1993, is amended to read as follows:

a. Service in the armed forces of the United States during a period of war or national emergency, if the employee was employed by the employer immediately prior to entry into the armed forces, and if the employee was released from service and returns to covered employment with the employer within twelve months of the date on which the employee has the right of release from service or within a longer period as provided by the applicable laws of the United States.

Sec. 22. Section 97B.41, subsection 18, Code Supplement 1993, is amended to read as follows:

18. "Three-year average covered wage" means a member's covered wages averaged for the highest three years of the member's service, except as otherwise provided in this subsection. The highest three years of a member's covered wages shall be determined using calendar years. However, if a member's final quarter of a year of employment does not occur at the end of a calendar year, the department may determine the wages for the third year by combining the wages from the highest quarter or quarters not being used in the selection of the two highest years computing the average quarter of all quarters from the member's highest calendar year of covered wages not being used in the selection of the two highest years and using the computed average quarter for each quarter in the third year in which no wages have been reported in combination with the final quarter or quarters of the member's service to create a full year. However, the department shall not use the member's final quarter of wages if using that quarter would reduce the member's three-year average covered wage. If the three-year average covered wage of a member exceeds the highest maximum covered wages in effect for a calendar year during the member's period of service, the three-year average covered wage of the member shall be reduced to the highest maximum covered wages in effect during the member's period of service.

Sec. 23. Section 97B.42, unnumbered paragraph 1, Code 1993, is amended to read as follows:

Each employee whose employment commences after July 4, 1953, or who has not qualified for credit for prior service rendered prior to July 4, 1953, or any publicly elected official of the state or any of its political subdivisions shall become a member upon the first day in which such employee is employed. The employee shall continue to be an active member so long as the employee continues in public covered employment. The employee shall cease to be an active member if the employee joins another retirement system in the state which is maintained in whole or in part by public contributions or payments. If an employee joins another publicly maintained retirement system, the employee may elect to leave the employee's accumulated contributions in the retirement fund or receive a refund of the employee's accumulated contributions in the manner provided for members who are terminating covered employment pursuant to section 97B.53. However, if an employee joins another publicly maintained retirement system and leaves the employee's accumulated contributions in the retirement fund, the employee shall not be eligible to receive retirement benefits until the employee has a bona fide retirement from employment with a covered employer as provided in section 97B.52A, or until the employee would otherwise be eligible to receive benefits upon attaining the age of seventy years as provided in section 97B.46.

Employment shall not be covered under this chapter until the employment is covered under the federal Social Security Act and any agreements which are required pursuant to chapter 97C are effective.

Sec. 24. Section 97B.42, unnumbered paragraph 5, Code 1993, is amended to read as follows:

Notwithstanding any other provision of this section, commencing July 1, 1994, a member who is employed by a community college may elect coverage under an alternative retirement benefits system, which is issued by or through a nonprofit corporation issuing retirement annuities exclusively to educational institutions and their employees, in lieu of continuing or commencing contributions to the Iowa public employees' retirement system, if the board of directors of the community college has approved the alternative system pursuant to section 260C.23. However, the employer's annual contribution in dollars to the alternative retirement benefits system shall not exceed the annual contribution in dollars which the employer would contribute if the employee had elected to remain an active member under this chapter, as set forth in section 97B.11. A member employed by a community college who elects coverage under an alternative retirement benefits system may withdraw the member's accumulated contributions effective when coverage under the alternative benefits system commences. A member who is employed by a community college prior to July 1, 1994, must file an election for coverage under the alternative retirement benefits system with the department and the employing community college within eighteen months of the first day on which coverage commences under the community college's alternative retirement benefits system, or the employee shall remain a member under this chapter and shall not be eligible to elect to participate in that community college's alternative retirement benefits system at a later date. Employees of a community college hired on or after July 1, 1994, must file an election for coverage under the alternative retirement benefits system with the department and the employing community college within sixty days of commencing employment, or the employee shall remain a member under this chapter and shall not be eligible to elect to participate in that community college's alternative retirement benefits system at a later date. The department shall cooperate with the boards of directors of the community colleges to facilitate the implementation of this provision.

Sec. 25. NEW SECTION. 97B.42A OPTIONAL MEMBERSHIP.

Commencing July 1, 1994, a person who is newly hired in a position in which the person may elect coverage by filing an application under section 97B.41, subsection 8, paragraph "b", must file an application within sixty days of employment in the position in order to be covered under this chapter. A person who is employed in a position in which the person may elect coverage under section 97B.41, subsection 8, paragraph "b", prior to July 1, 1994, but who has not filed an application prior to that date, must file an application on or before July 1, 1995,

in order to be covered under this chapter. Coverage will begin when the election has been approved by the department and shall apply prospectively from that date. If an application is approved pursuant to section 97B.41, subsection 8, paragraph "b", or this section, the member shall not terminate active membership until the member terminates covered employment.

Sec. 26. NEW SECTION. 97B.42B OPTIONAL MEMBERSHIP FOR CERTAIN PUBLIC SAFETY EMPLOYEES.

1. Commencing July 1, 1994, a person who is newly hired in the following positions in the department of public safety shall be a member of the Iowa department of public safety peace officers' retirement, accident and disability system established in chapter 97A:

- a. Gaming enforcement officers employed by the division of criminal investigation for excursion boat gambling enforcement activities.
- b. Fire prevention inspector peace officers.
- c. Employees of the division of capitol police, except clerical workers.

2. Commencing July 1, 1994, notwithstanding any other provision of law to the contrary, a member who is employed in a position specified in subsection 1 prior to July 1, 1994, may elect coverage under the Iowa department of public safety peace officers' retirement, accident and disability system established in chapter 97A, in lieu of continuing contributions to the Iowa public employees' retirement system, or may remain a member of the Iowa public employees' retirement system. A member who is employed in a position specified in subsection 1 prior to July 1, 1994, must file an election for coverage under the Iowa department of public safety peace officers' retirement, accident and disability system with the board of trustees established in section 97A.5 on or before July 1, 1995, or the employee shall remain a member under this chapter and shall not be eligible to elect to participate in the system established pursuant to chapter 97A at a later date pursuant to this section. The board of trustees established in section 97A.5 shall notify the department of personnel of elections received pursuant to this section, and the board of trustees and the department shall cooperate to facilitate the implementation of this section. Coverage under chapter 97A shall commence, and coverage as an active member under this chapter shall cease, when the election has been approved by the board of trustees established in section 97A.5.

3. If an employee elects coverage under chapter 97A as provided in subsection 2 and the election is approved by the board of trustees established in section 97A.5, membership in the Iowa public employees' retirement system shall cease, and the employee shall be transferred to membership in the Iowa department of public safety peace officers' retirement, accident and disability system. The department of personnel shall transfer the accumulated contributions of these employees to the treasurer of state for deposit in the pension accumulation fund established in section 97A.8. However, employer contributions which were made with respect to the employees while the employees were members of the Iowa public employees' retirement system shall remain in the fund established in section 97B.7, and any costs pertaining to the payment of employer contributions to the system established in chapter 97A with respect to the period of time during which the employees were members of the Iowa public employees' retirement system, or any other costs related to the transfer, shall be borne by the system established in chapter 97A, notwithstanding any other provision of law to the contrary.

4. Notwithstanding any other provision of law to the contrary, if the board of trustees established in section 97A.5 approves an election pursuant to subsection 2, the employees transferred from coverage under this chapter to coverage under the system established in chapter 97A shall receive credit for years of service under chapter 97A for those years of service during which the employees were members of the Iowa public employees' retirement system and employed in positions specified in subsection 1. In addition, notwithstanding the limitation on covered wages provided in section 97B.41, subsection 20, compensation which was paid to an employee in a position specified in subsection 1 while the employee was a member pursuant to this chapter shall be included in determining the average final compensation of the employee pursuant to chapter 97A, if applicable. Employees whose membership is transferred pursuant to this section and the employer, the department of public safety, shall not be required to pay

the difference in the employee and employer contributions in effect for the period of time in which the employees were members pursuant to this chapter, as compared to the employee and employer contributions then in effect for members of the system established in chapter 97A.

5. It is the intent of the general assembly that in administering the provisions of this section, the board of trustees established in section 97A.5 and the department of personnel shall interpret this section in a manner which provides that the employees whose membership is transferred shall not lose benefits which would have otherwise accrued had the employees been members of the system established in chapter 97A during the period of time in which the employees were actually members of the Iowa public employees' retirement system.

Sec. 27. Section 97B.45, unnumbered paragraph 2, Code 1993, is amended to read as follows:

A member may retire after the member's sixty-fifth birthday except as otherwise provided in section 97B.46. A member retiring on or after the normal retirement date, as provided in section 97B.46, shall submit a written notice to the department setting forth the date the retirement is to become effective. The date shall be after the member's last day of service and not before the first day of the sixth calendar month preceding the month in which the notice is filed, ~~except that credit for service ceases when contributions cease as provided in section 97B.11.~~

Sec. 28. Section 97B.46, Code 1993, is amended to read as follows:

97B.46 SERVICE AFTER AGE SIXTY-FIVE.

1. A member who is not an active member of any other retirement system in the state which is maintained in whole or in part by public contributions may remain in service beyond the date the member attains the age of sixty-five. ~~The employee shall retire on the first day of the month after the last day of service.~~ The employer shall not consider age as a factor in determining the continuation of the member's service.

2. A member shall not be employed as a peace officer or as a fire fighter after attaining the age of sixty-five.

3. ~~Credit for service shall cease when contributions cease as provided by section 97B.11.~~ A member remaining in service after attaining the age of seventy years is entitled to receive a retirement allowance under section 97B.49 as applicable commencing with payment for the calendar month within which the written notice is submitted to the department, except that if the member fails to submit the notice on a timely basis, retroactive payments shall be made for no more than six months immediately preceding the month in which the written notice is submitted.

Sec. 29. Section 97B.48, subsection 1, Code 1993, is amended to read as follows:

1. Retirement allowances shall be paid monthly, except that an allowance of less than ~~two~~ six ~~hundred forty~~ dollars a year may, at the member's option, be paid as a lump sum in an actuarial equivalent amount. Receipt of the lump-sum payment by a member shall terminate any and all entitlement for the period of service covered of the member under this chapter.

Sec. 30. Section 97B.49, subsection 13, paragraphs a and b, Code Supplement 1993, are amended to read as follows:

a. A member who retired from the system between January 1, 1976, and June 30, 1982, or a contingent annuitant or beneficiary of such a member, shall receive with the November ~~1992~~ 1994 and the November ~~1993~~ 1995 monthly benefit payments a retirement dividend equal to one hundred ~~forty~~ eighty-one percent of the monthly benefit payment the member received for the preceding June, or the most recently received benefit payment, whichever is greater. The retirement dividend does not affect the amount of a monthly benefit payment.

b. Each member who retired from the system between July 4, 1953, and December 31, 1975, or a contingent annuitant or beneficiary of such a member, shall receive with the November ~~1992~~ 1994 and the November ~~1993~~ 1995 monthly benefit payments a retirement dividend equal to ~~one~~ two hundred ~~eighty~~ thirty-six percent of the monthly benefit payment the member received for the preceding June, or the most recently received benefit payment, whichever is greater. The retirement dividend does not affect the amount of a monthly benefit payment.

Sec. 31. Section 97B.49, subsection 13, paragraph d, Code Supplement 1993, is amended to read as follows:

d. A member who retired from the system between July 1, 1982, and June 30, 1986, or a contingent annuitant or beneficiary of such a member, shall receive with the November 1992 1994 and the November 1993 1995 monthly benefit payments a retirement dividend equal to ~~twenty-four~~ forty-nine percent of the monthly benefit payment the member received for the preceding June, or the most recently received benefit payment, whichever is greater. The retirement dividend does not affect the amount of a monthly benefit payment.

Sec. 32. Section 97B.49, subsection 16, paragraph a, subparagraph (4), Code Supplement 1993, is amended to read as follows:

(4) The years of membership service required under this paragraph include membership service as a sheriff or deputy sheriff and membership service as an employee in a protection occupation under paragraph "d", subparagraph (2). The years of membership service required under this paragraph also includes membership service as an airport fire fighter employed by the military division of the department of public defense.

Sec. 33. Section 97B.49, subsection 16, paragraph b, Code Supplement 1993, is amended to read as follows:

b. (1) Notwithstanding other provisions of this chapter:

~~(1)~~ (a) A member who retires from employment as a county sheriff or deputy sheriff who retires on or after July 1, 1988, and before July 1, 1990, and at the time of retirement is at least fifty-five years of age and has completed at least twenty-two years of membership service, may elect to receive in lieu of the receipt of any benefits under subsection 5 or 15, a monthly retirement allowance equal to one-twelfth of fifty percent of the member's three-year average covered wage as a member, with benefits payable during the member's lifetime.

~~(2)~~ (b) A member who retires from employment as a county sheriff or deputy sheriff who retires on or after July 1, 1990, or a member who is or has been employed as a county sheriff or deputy sheriff who retires on or after July 1, 1994, and at the time of retirement is at least fifty-five years of age and has completed at least twenty-two years of membership service, may elect to receive in lieu of the receipt of any benefits under subsection 5 or 15, a monthly retirement allowance equal to one-twelfth of the same percentage of the member's three-year average covered wage as is provided in paragraph "a", with benefits payable during the member's lifetime.

~~(3)~~ (c) The years of membership service required under this ~~paragraph~~ subparagraph shall include membership service as a sheriff or deputy sheriff and membership service under employment in a protection occupation included in paragraph "d", subparagraph (2).

(4) (d) For the purposes of this subsection, ~~sheriff~~ "sheriff" means a county sheriff as defined in section 39.17 and ~~deputy sheriff~~ "deputy sheriff" means a deputy sheriff appointed pursuant to section 341.1 prior to July 1, 1981, or section 331.903 on or after July 1, 1981.

(2) Notwithstanding other provisions of this chapter:

(a) A member who is an airport fire fighter employed by the military division of the department of public defense or has been employed as an airport fire fighter by the military division of the department of public defense who retires on or after July 1, 1994, and at the time of retirement is at least fifty-five years of age and has completed at least twenty-two years of membership service, may elect to receive in lieu of the receipt of any benefits under subsection 5 or 15, a monthly retirement allowance equal to one-twelfth of the same percentage of the member's three-year average covered wage as is provided in paragraph "a", with benefits payable during the member's lifetime.

(b) The years of membership service required under this subparagraph shall include membership service as an airport fire fighter, regardless of whether the service occurred prior to the inclusion of airport fire fighters under this paragraph, and the inclusion of that service shall not affect the contribution rates paid by the member or the employer under this subsection.

(c) For the purposes of this subsection, "airport fire fighter" means an airport fire fighter employed by the military division of the department of public defense.

Sec. 34. Section 97B.49, subsection 16, paragraph c, unnumbered paragraph 3, Code Supplement 1993, is amended to read as follows:

For the purpose of this subsection, "fraction of years of service" means a number, not to exceed one, equal to the sum of the years of membership service for a member retiring in a protection occupation, divided by twenty-five years, or the sum of the years of membership service for a member retiring as a sheriff or deputy sheriff or airport fire fighter divided by twenty-two years.

Sec. 35. Section 97B.49, subsection 16, paragraph d, subparagraph (2), Code Supplement 1993, is amended to read as follows:

(2) A marshal ~~or police officer~~ in a city not covered under chapter 400 or a fire fighter or police officer of a city not participating in the retirement systems established in chapter 410 or 411.

Sec. 36. Section 97B.49, subsection 16, paragraph d, subparagraph (4), Code Supplement 1993, is amended by striking the subparagraph.

Sec. 37. Section 97B.49, subsection 16, paragraph d, subparagraph (6), Code Supplement 1993, is amended by striking the subparagraph.

Sec. 38. Section 97B.49, subsection 16, paragraph d, subparagraph (8), Code Supplement 1993, is amended to read as follows:

(8) A fire prevention inspector peace officer employed by the department of public safety prior to July 1, 1994, who does not elect coverage under the Iowa department of public safety peace officers' retirement, accident and disability system, as provided in section 97B.42B.

Sec. 39. Section 97B.49, subsection 16, paragraph d, Code Supplement 1993, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (9) An employee of a judicial district department of correctional services who is employed as a probation officer III or a parole officer III.

Sec. 40. Section 97B.49, subsection 16, paragraph j, Code Supplement 1993, is amended by striking the paragraph.

Sec. 41. Section 97B.49, subsection 16, Code Supplement 1993, is amended by adding the following new paragraph:

NEW PARAGRAPH. l. For the fiscal year commencing July 1, 1994, and each succeeding fiscal year, each judicial district department of correctional services shall pay to the department of personnel from funds appropriated to that judicial district department of correctional services, the amount necessary to pay the employer share of the cost of the additional benefits provided to employees covered under paragraph "d", subparagraph (9).

Sec. 42. Section 97B.49, subsection 16, Code Supplement 1993, is amended by adding the following new paragraph:

NEW PARAGRAPH. m. For the fiscal year commencing July 1, 1994, and each succeeding fiscal year, there is appropriated from the general fund of the state to the department of personnel, from funds not otherwise appropriated, an amount necessary to pay the employer share of the cost of the additional benefits provided to airport fire fighters pursuant to paragraph "b", subparagraph (2).

Sec. 43. Section 97B.50, subsection 1, unnumbered paragraph 1, Code 1993, is amended to read as follows:

Except as otherwise provided in this section, a vested member, upon retirement prior to the normal retirement date other than that specified in section 97B.45, subsection 4, is entitled to receive a monthly retirement allowance determined in the same manner as provided for normal retirement in section 97B.49, subsections 1, 4, and 5, ~~of section 97B.49~~ reduced as follows:

Sec. 44. Section 97B.50, subsection 2, Code 1993, is amended to read as follows:

2. a. A vested member who retires from the system due to disability and commences receiving disability benefits pursuant to the United States federal Social Security Act, (42 U.S.C.), as amended to July 1, 1978 § 423 et seq., and who has not reached the normal retirement date, shall receive benefits under section 97B.49 and shall not have benefits reduced upon retirement as required under subsection 1 regardless of whether the member has completed thirty or more years of membership service. However, the benefits shall be suspended during any period in which the member returns to covered employment. This section takes effect July 1, 1990, for a member meeting the requirements of this paragraph who retired from the system at any time after July 4, 1953. Eligible members are entitled to the receipt of retroactive adjustment payments back to July 1, 1990.

b. A vested member who retires from the system due to disability and commences receiving disability benefits pursuant to the United States federal Railroad Retirement Act, (45 U.S.C. § 231 et seq.), and who has not reached the normal retirement date, shall receive benefits under section 97B.49 and shall not have benefits reduced upon retirement as required under subsection 1 regardless of whether the member has completed thirty or more years of membership service. However, the benefits shall be suspended during any period in which the member returns to covered employment. This section takes effect July 1, 1990, for a member meeting the requirements of this paragraph who retired from the system at any time since July 4, 1953. Eligible members are entitled to the receipt of retroactive adjustment payments back to July 1, 1990.

Sec. 45. Section 97B.53, subsection 3, Code 1993, is amended to read as follows:

3. The accumulated contributions of a terminated, vested member shall be credited with interest, including interest dividends, in the manner provided in section 97B.70. Interest and interest dividends shall be credited to the accumulated contributions of members who terminate service and subsequently become vested in accordance with section 97B.70. However, the department shall not implement the amendments to this subsection or to subsection 6, unnumbered paragraph 1, or to subsection 7, as enacted in this Act, unless and until the department determines that the most recent annual actuarial valuation of the retirement system indicates that the employer and employee contribution rates in effect under section 97B.11 can absorb the amendments to these provisions of this section and the amendments to section 97B.41, subsection 12, and section 97B.70, by enacting a new subsection 4, contained in this Act, after meeting the other established priorities of the system, as defined in section 97B.41, subsection 12. Until the amendments are implemented, the department shall continue to implement the provisions of section 97B.53, subsections 3 and 7, and section 97B.53, subsection 6, unnumbered paragraph 1, 1993 Code of Iowa.

Sec. 46. Section 97B.53, subsection 6, unnumbered paragraph 1, Code 1993, is amended to read as follows:

A member who terminates employment before the member is vested and who does not claim and receive a refund of the member's accumulated contributions within five ten years of the date of termination shall, if the member makes claim for a refund more than five ten years after the date of termination, be required to submit proof satisfactory to the department of the member's entitlement to the refund, but in no case shall interest be allowed upon the accumulated contributions for any period in which the member is not an employee. Interest and interest dividends on the accumulated contributions shall only be credited if provided in accordance with section 97B.70. The department is under no obligation to maintain the accumulated contribution accounts of such former members for more than five ten years after their dates of termination.

Sec. 47. Section 97B.53, subsection 7, Code 1993, is amended to read as follows:

7. Any member whose employment is terminated after one year of employment but before the member has accumulated four or more years of employment, either under the provisions

of this chapter or as a result of prior service credits, may elect to leave the member's accumulated contributions in the retirement fund. In the event the member returns to public employment at any time within four years after this termination of employment, the member shall be entitled to resume membership in the system with the same credits for prior service and accumulated contributions that the member had earned when the member's original employment was terminated. No interest shall be credited on the member's accumulated contributions nor on the member's employer's accumulated contributions during the period from the time of the member's termination of employment to the member's resumption of employment.

Any member who has resumed employment under the provisions of this subsection shall not be eligible for any second period of absence from membership as a result of termination of service.

Sec. 48. NEW SECTION. 97B.53B ROLLOVERS OF MEMBERS' ACCOUNTS.

1. As used in this section, unless the context otherwise requires:

a. "Direct rollover" means a payment by the system to the eligible retirement plan specified by the member or the member's surviving spouse.

b. "Eligible retirement plan" means either of the following that accepts an eligible rollover distribution from a member or a member's surviving spouse:

(1) An individual retirement account in accordance with section 408(a) of the federal Internal Revenue Code.

(2) An individual retirement annuity in accordance with section 408(b) of the federal Internal Revenue Code.

In addition, an "eligible retirement plan" includes an annuity plan in accordance with section 403(a) of the federal Internal Revenue Code, or a qualified trust in accordance with section 401(a) of the federal Internal Revenue Code, that accepts an eligible rollover distribution from a member.

c. "Eligible rollover distribution" means all or any portion of a member's account, except that an eligible rollover distribution does not include any of the following:

(1) A distribution that is one of a series of substantially equal periodic payments, which occur annually or more frequently, made for the life or life expectancy of the distributee or the joint lives or joint life expectancies of the distributee and the distributee's designated beneficiary, or made for a specified period of ten years or more.

(2) A distribution to the extent that the distribution is required pursuant to section 401(a)(9) of the federal Internal Revenue Code.

(3) The portion of any distribution that is not includible in the gross income of the distributee, determined without regard to the exclusion for net unrealized appreciation with respect to employer securities.

(4) A distribution of less than two hundred dollars of taxable income.

2. Effective January 1, 1993, a member or a member's surviving spouse may elect, at the time and in the manner prescribed in rules adopted by the department, to have the department pay all or a portion of an eligible rollover distribution directly to an eligible retirement plan, specified by the member or the member's surviving spouse, in a direct rollover. If a member or a member's surviving spouse elects a partial direct rollover, the amount of funds elected for the partial direct rollover must equal or exceed five hundred dollars.

Sec. 49. Section 97B.56, Code 1993, is amended to read as follows:

97B.56 ABOLISHED SYSTEM — LIQUIDATION FUND.

The assets of the old-age and survivors' liquidation fund, established by sections 97.50 to 97.53 and any future payments or assets payable to the old-age and survivors' liquidation fund, are hereby transferred to the retirement fund, and all payments hereafter due in accordance with the provisions of said sections shall be paid from the retirement fund, and the liability for such payments shall be considered as allowances arising from prior service as provided in section 97B.54.

Commencing July 1, 1967, and each year thereafter, the contributions required to fund the actuarial liabilities from the abolished system shall be determined in accordance with section 97B.54.

Sec. 50. Section 97B.61, unnumbered paragraph 2, Code 1993, is amended to read as follows:

After accepting the actuarial methods and assumptions of the valuation, the department shall certify to the governor the contribution rates determined thereby as the rates necessary and sufficient for members and employers to fully fund the benefits and retirement allowances being credited for membership service and to make the accrued liability contributions in level installments required for prior service under section 97B.54.

Sec. 51. Section 97B.66, unnumbered paragraphs 1 and 2, Code Supplement 1993, are amended to read as follows:

A vested or retired member who was a member of the teachers insurance and annuity association-college retirement equity fund at any time between July 1, 1967 and June 30, 1971 and who became a member of the system on July 1, 1971, upon submitting verification of service and wages earned during the applicable period of service under the teachers insurance and annuity association-college retirement equity fund, may make employer and employee contributions to the system based upon the covered wages of the member and the covered wages and the contribution rates in effect for all or a portion of that period of service and receive credit for membership service under this system equivalent to the number of years applicable period of membership service in the teachers insurance and annuity association-college retirement equity fund for which the contributions have been made. In addition, a member making employer and employee contributions because of membership in the teachers insurance and annuity association-college retirement equity fund under this section who was a member of the system on June 30, 1967 and withdrew the member's accumulated contributions because of membership on July 1, 1967 in the teachers insurance and annuity association-college retirement equity fund, may make employee contributions to the system for all or a portion of the period of service under the system prior to July 1, 1967. A member making contributions pursuant to this section may make the contributions either for the entire applicable period of service, or, effective upon the date that the department determines that the amendments to this paragraph and unnumbered paragraph 2 contained in this Act shall be implemented, for portions of the period of service, and if contributions are made for portions of the period of service, the contributions shall be in increments of one or more years, as long as the increments represent full years and not a portion of a year. However, the department shall not implement the amendments to this paragraph or unnumbered paragraph 2, as enacted in this Act, unless and until the department determines that the most recent annual actuarial valuation of the retirement system indicates that the employer and employee contribution rates in effect under section 97B.11 can absorb the amendments to this paragraph and unnumbered paragraph 2 and to section 97B.72, unnumbered paragraphs 1 and 2, section 97B.72A, subsection 1, unnumbered paragraph 1, section 97B.73A, unnumbered paragraph 1, and section 97B.74, unnumbered paragraphs 1 and 2, contained in this Act, after meeting the other established priority of the system. Until the amendments are implemented, the department shall continue to implement the provisions of section 97B.66, unnumbered paragraphs 1 and 2, Code Supplement 1993. As used in this section, unless the context otherwise requires, "other established priority of the system" means that commencing January 1 following the most recent annual actuarial valuation of the system, the department has increased the covered wage limitation from the previous year by three thousand dollars, in accordance with section 97B.41, subsection 20, paragraph "b", subparagraph (11).

The contributions paid by the vested or retired member shall be equal to the accumulated contributions as defined in section 97B.41, subsection 2, by the member for that the applicable period of service, and the employer contribution for that the applicable period of service under the teachers insurance and annuity association-college retirement equity fund, that would have

been or had been contributed by the vested or retired member and the employer, if applicable, plus interest on the contributions that would have accrued for the applicable period from the date the previous applicable period of service commenced under this system or from the date the service of the member in the teachers insurance and annuity association-college retirement equity fund commenced to the date of payment of the contributions by the member equal to two percent plus the interest dividend rate applicable for each year.

Sec. 52. Section 97B.70, Code 1993, is amended by adding the following new subsection:
NEW SUBSECTION. 4. Effective upon the date that the department determines that this subsection shall be implemented, interest and interest dividends shall be credited to the contributions of a person who leaves the contributions in the retirement fund upon termination from covered employment prior to achieving vested status, but who subsequently achieves vested status. The interest and interest dividends shall be credited to the contributions commencing either upon the date that the department determines that this subsection shall be implemented, or the date on which the person becomes a vested member, whichever is later. Interest and interest dividends shall cease upon the first of the month coinciding with or next following the person's retirement date. If the department no longer maintains the accumulated contribution account of the person pursuant to section 97B.53, but the person submits satisfactory proof to the department that the person did make the contributions, the department shall credit interest and interest dividends in the manner provided in this subsection. However, the department shall not implement this subsection, unless and until the department determines that the most recent annual actuarial valuation of the retirement system indicates that the employer and employee contribution rates in effect under section 97B.11 can absorb the enactment of this subsection and the amendments to section 97B.41, subsection 12, section 97B.53, subsections 3 and 7, and section 97B.53, subsection 6, unnumbered paragraph 1, contained in this Act, after meeting the other established priorities of the system, as defined in section 97B.41, subsection 12.

Sec. 53. Section 97B.72, unnumbered paragraphs 1 and 2, Code Supplement 1993, are amended to read as follows:

Persons who are members of the Seventy-first General Assembly or a succeeding general assembly who submit proof to the department of membership in the general assembly during any period beginning July 4, 1953, may make contributions to the system for all or a portion of the period of service in the general assembly, and receive credit for the applicable period for which contributions are made. The contributions made by the member shall be equal to the accumulated contributions as defined in section 97B.41, subsection 2, which would have been made if the member of the general assembly had been a member of the system during the member's service in the general assembly applicable period. The proof of membership in the general assembly and payment of accumulated contributions shall be transmitted to the department. Persons eligible to receive retirement allowances under this section shall be eligible to commence receiving retirement allowances on January 14, 1985. A member making contributions pursuant to this section may make the contributions either for the entire applicable period of service, or, effective upon the date that the department determines that the amendments to this paragraph and unnumbered paragraph 2 contained in this Act shall be implemented, for portions of the period of service, and if contributions are made for portions of the period of service, the contributions shall be in increments of one or more years, as long as the increments represent full years and not a portion of a year. However, the department shall not implement the amendments to this paragraph or unnumbered paragraph 2, as enacted in this Act, unless and until the department determines that the most recent annual actuarial valuation of the retirement system indicates that the employer and employee contribution rates in effect under section 97B.11 can absorb the amendments to this paragraph and unnumbered paragraph 2 and to section 97B.66, unnumbered paragraphs 1 and 2, section 97B.72A, subsection 1, unnumbered paragraph 1, section 97B.73A, unnumbered paragraph 1, and section 97B.74, unnumbered paragraphs 1 and 2, contained in this Act, after meeting the other established

priority of the system, as defined in section 97B.66. Until the amendments are implemented, the department shall continue to implement the provisions of section 97B.72, unnumbered paragraphs 1 and 2, Code Supplement 1993.

There is appropriated from moneys available to the general assembly under section 2.12 an amount sufficient to pay the contributions of the employer based on the period of service of the members for which the members have paid accumulated contributions in an amount equal to the contributions which would have been made if the members of the general assembly who made employee contributions had been members of the system during their the applicable period of service in the general assembly plus two percent interest plus interest dividends for all completed calendar years and for any completed calendar year for which the interest dividend has not been declared and for completed months of partially completed calendar years at two percent interest plus the interest dividend rate calculated for the previous year, compounded annually, from the end of the calendar year in which contribution was made to the first day of the month of such date.

Sec. 54. Section 97B.72A, subsection 1, unnumbered paragraph 1, Code Supplement 1993, is amended to read as follows:

An active or vested member of the system who was a member of the general assembly prior to July 1, 1988, may make contributions to the system for all or a portion of the period of service in the general assembly. The contributions made by the member shall be equal to the accumulated contributions as defined in section 97B.41, subsection 2, which would have been made if the member of the general assembly had been a member of the system during the applicable period of service in the general assembly. A member making contributions pursuant to this section may make the contributions either for the entire applicable period of service, or for portions of the period of service, and, effective upon the date that the department determines that the amendments to this paragraph contained in this Act shall be implemented, if contributions are made for portions of the period of service, the contributions shall be in increments of one or more years, as long as the increments represent full years and not a portion of a year. The member of the system shall submit proof to the department of membership in the general assembly. The department shall credit the member with the period of membership service for which contributions are made. However, the department shall not implement the amendments to this paragraph, as enacted in this Act, unless and until the department determines that the most recent annual actuarial valuation of the retirement system indicates that the employer and employee contribution rates in effect under section 97B.11 can absorb the amendments to this paragraph and to section 97B.66, unnumbered paragraphs 1 and 2, section 97B.72, unnumbered paragraphs 1 and 2, section 97B.73A, unnumbered paragraph 1, and section 97B.74, unnumbered paragraphs 1 and 2, contained in this Act, after meeting the other established priority of the system, as defined in section 97B.66. Until the amendments are implemented, the department shall continue to implement the provisions of section 97B.72A, subsection 1, unnumbered paragraph 1, Code Supplement 1993.

Sec. 55. Section 97B.72A, subsection 2, Code Supplement 1993, is amended by striking the subsection.

Sec. 56. Section 97B.73, Code Supplement 1993, is amended by adding the following new unnumbered paragraph after unnumbered paragraph 2:

NEW UNNUMBERED PARAGRAPH. Notwithstanding any provision of this section to the contrary, effective July 1, 1994, a vested or retired member must have membership service within the current calendar year in order to make contributions in any manner provided by this section.

Sec. 57. Section 97B.73A, unnumbered paragraph 1, Code Supplement 1993, is amended to read as follows:

A part-time county attorney may elect in writing to the department to make employee contributions to the system for the county attorney's previous service as a county attorney and

receive credit for membership service in the system for the applicable period of service as a part-time county attorney for which employee contributions are made. The contributions paid by the member shall be equal to the accumulated contributions, as defined in section 97B.41, subsection 2, for ~~that the applicable period of membership service.~~ A member making contributions pursuant to this section may make the contributions either for the entire applicable period of service, or, effective upon the date that the department determines that the amendments to this paragraph contained in this Act shall be implemented, for portions of the period of service, and if contributions are made for portions of the period of service, the contributions shall be in increments of one or more years, as long as the increments represent full years and not a portion of a year. A member who elects to make contributions under this section shall notify the county board of supervisors of the member's election, and the county board of supervisors shall pay to the department the employer contributions that would have been contributed by the employer under section 97B.11 plus interest on the contributions that would have accrued if the county attorney had been a member of the system for ~~that the applicable period of service.~~ However, the department shall not implement the amendments to this paragraph, as enacted in this Act, unless and until the department determines that the most recent annual actuarial valuation of the retirement system indicates that the employer and employee contribution rates in effect under section 97B.11 can absorb the amendments to this paragraph and to section 97B.66, unnumbered paragraphs 1 and 2, section 97B.72, unnumbered paragraphs 1 and 2, section 97B.72A, subsection 1, unnumbered paragraph 1, and section 97B.74, unnumbered paragraphs 1 and 2, contained in this Act, after meeting the other established priority of the system, as defined in section 97B.66. Until the amendments are implemented, the department shall continue to implement the provisions of section 97B.73A, unnumbered paragraph 1, Code Supplement 1993.

Sec. 58. Section 97B.74, unnumbered paragraphs 1 and 2, Code Supplement 1993, are amended to read as follows:

Effective January 1, 1991, an An active, vested, or retired member who was a member of the system at any time on or after July 4, 1953, and who received a refund of the member's contributions for that period of membership service, may elect in writing to the department to make contributions to the system for that all or a portion of the period of membership service for which a refund of contributions was made, and receive credit for the period of membership service for which contributions are made. The contributions repaid by the member for such service shall be equal to the accumulated contributions, as defined in section 97B.41, subsection 2, received by the member for ~~that the applicable period of membership service~~ plus interest on the accumulated contributions for the applicable period from the date of receipt by the member to the date of repayment equal to two percent plus the interest dividend rate applicable for each year compounded annually.

An active member must have at least one quarter's reportable wages on file and have membership service, including that period of membership service for which a refund of contributions was made, sufficient to give the member vested status. A member making contributions pursuant to this section may make the contributions either for the entire applicable period of service, or, effective upon the date that the department determines that the amendments to this paragraph and unnumbered paragraph 1 contained in this Act shall be implemented, for portions of the period of service, and if contributions are made for portions of the period of service, the contributions shall be in increments of one or more years, as long as the increments represent full years and not a portion of a year. However, the department shall not implement the amendments to this paragraph or unnumbered paragraph 1, as enacted in this Act, unless and until the department determines that the most recent annual actuarial valuation of the retirement system indicates that the employer and employee contribution rates in effect under section 97B.11 can absorb the amendments to this paragraph and to unnumbered paragraph 1 and to section 97B.66, unnumbered paragraphs 1 and 2, section 97B.72, unnumbered paragraphs 1 and 2, section 97B.72A, subsection 1, unnumbered paragraph 1, and section 97B.73A, unnumbered paragraph 1, contained in this Act, after meeting the other

established priority of the system, as defined in section 97B.66. Until the amendments are implemented, the department shall continue to implement the provisions of section 97B.74, unnumbered paragraphs 1 and 2, Code Supplement 1993.

Sec. 59. Section 97B.80, Code Supplement 1993, is amended by adding the following new paragraph after unnumbered paragraph 1:

NEW UNNUMBERED PARAGRAPH. Notwithstanding any provision of this section to the contrary, effective July 1, 1994, a vested or retired member must have membership service within the current calendar year in order to make contributions in any manner provided by this section.

Sec. 60. Section 260C.23, subsection 9, Code Supplement 1993, is amended to read as follows:

9. At the request of an employee through contractual agreement the board may arrange for the purchase of group or individual annuity contracts for any of its employees, which annuity contracts are issued by a nonprofit corporation issuing retirement annuities exclusively for educational institutions and their employees or are purchased from any company the employee chooses that is authorized to do business in this state and or through an Iowa-licensed insurance agent salesperson that the employee selects, on a group or individual basis, for retirement or other purposes, and may make payroll deductions in accordance with the arrangements for the purpose of paying the entire premium due and to become due under the contract. The deductions shall be made in the manner which will qualify the annuity premiums for the benefits under section 403(b) of the Internal Revenue Code, as defined in section 422.3. The employee's rights under the annuity contract are nonforfeitable except for the failure to pay premiums. If an existing tax-sheltered annuity contract is to be replaced by a new contract, the agent or representative of the company shall submit a letter of intent by registered mail to the company being replaced, to the insurance commissioner of the state of Iowa, and to the agent's or representative's own company at least thirty days prior to any action. This letter of intent shall contain the policy number and description of the contract being replaced and a description of the replacement contract. As used in this section, unless the context otherwise requires, "annuity contract" includes any custodial account which meets the requirements of section 403(b)(7) of the Internal Revenue Code, as defined in section 422.3.

Sec. 61. Section 260C.23, subsection 17, Code Supplement 1993, is amended to read as follows:

17. Commencing July 1, 1994, provide for an alternative retirement benefits system, which is issued by or through a nonprofit corporation issuing retirement annuities exclusively to educational institutions and their employees, for persons employed by the community college who are members of the Iowa public employees' retirement system on July 1, 1994, or who are new employees, and who elect coverage under the alternative retirement benefits system pursuant to section 97B.42, in lieu of continuing or commencing contributions to the Iowa public employees' retirement system. The system for employee and employer contributions under the alternative system shall be substantially the same as similar to that provided by the state board of regents under the teachers insurance annuity association-college retirement equities fund, and except that the employer's annual contribution in dollars shall not exceed the employer's contribution rate established for employees of the state board of regents who are under that annual contribution in dollars which the employer would contribute if the employee had elected to remain an active member pursuant to the Iowa public employee's retirement system, as set forth in section 97B.11.

Sec. 62. Section 262.21, unnumbered paragraph 1, Code 1993, is amended to read as follows:

At the request of an employee through contractual agreement the board may arrange for the purchase of group or individual annuity contracts for any of its employees, which annuity contracts are issued by a nonprofit corporation issuing retirement annuities exclusively for educational institutions and their employees or are purchased from any company the employee chooses that is authorized to do business in this state, or the board may arrange for the purchase of an individual mutual fund contract from any company the employee chooses from a

~~broker dealer, salesperson, or mutual fund registered in this state, or through an Iowa-licensed salesperson that the employee selects, on a group or individual basis, for retirement or other purposes, and may make payroll deductions in accordance with the arrangements with the purpose of paying the entire premium due and to become due under the contract. The deductions shall be made in the manner which will qualify the annuity premiums for the benefits under section 403b 403(b) of the Internal Revenue Code, as defined in section 422.3. The employee's rights under the annuity contract are nonforfeitable except for the failure to pay premiums. As used in this section, unless the context otherwise requires, "annuity contract" includes any custodial account which meets the requirements of section 403(b)(7) of the Internal Revenue Code, as defined in section 422.3.~~

Sec. 63. Section 273.3, subsection 14, Code 1993, is amended to read as follows:

14. At the request of an employee through contractual agreement the board may purchase group or individual annuity contracts for employees, which annuity contracts are issued by a nonprofit corporation issuing retirement annuities exclusively for educational institutions and their employees or are purchased from an insurance organization or mutual fund any company the employee chooses for retirement or other purposes that is authorized to do business in this state, and or through an Iowa-licensed insurance agent, securities dealer, or salesperson that the employee selects, on a group or individual basis, for retirement or other purposes. The board may make payroll deductions for the purpose of paying the entire premium due, and to become due, in accordance with the terms of the contract. The deductions shall be made in the manner which will qualify the annuity premiums for the benefits under section ~~403b~~ 403(b) of the Internal Revenue Code, as defined in section 422.3. The employee's rights under the annuity contract are nonforfeitable except for the failure to pay premiums. As used in this section, unless the context otherwise requires, "annuity contract" includes any custodial account which meets the requirements of section 403(b)(7) of the Internal Revenue Code, as defined in section 422.3.

Sec. 64. NEW SECTION. 294.10A PICKUP OF TEACHER ASSESSMENTS.

1. Notwithstanding section 294.9 or other provisions of this chapter, beginning January 1, following the submission by the board of trustees of an application to the federal internal revenue service requesting qualification in accordance with the requirements of the Internal Revenue Code, as defined in section 422.3, teacher assessments required under section 294.9 which are picked up by the employing school district shall be considered employer contributions for federal income tax purposes, and each employing school district establishing a pension and annuity retirement system pursuant to this chapter shall pick up the teacher assessments to be made under section 294.9 by its employees. Each employing school district shall pick up these teacher assessments by reducing the salary of each of the teachers covered by this chapter by the amount which each teacher is required to contribute through assessments under section 294.9 and shall pay to the board of trustees the amount picked up in lieu of the teacher assessments for recording and deposit in the fund.

2. Teacher assessments picked up by each employing school district under subsection 1 shall be treated as employer contributions for federal income tax purposes only and for all other purposes of this chapter and the laws of this state shall be treated as teacher assessments and deemed part of the teacher's wages or salary.

Sec. 65. Section 294.16, Code 1993, is amended to read as follows:

294.16 ANNUITY CONTRACTS.

At the request of an employee through contractual agreement a school district may purchase group or individual annuity contracts for employees, which annuity contracts are issued by a nonprofit corporation issuing retirement annuities exclusively for educational institutions and their employees or are purchased from an insurance organization or mutual fund any company the employee chooses that is authorized to do business in this state and or through an Iowa-licensed insurance agent or from a securities dealer, salesperson, or mutual fund registered in this state that the employee selects, on a group or individual basis, for retirement or other

purposes, and may make payroll deductions in accordance with the arrangements for the purpose of paying the entire premium due and to become due under the contract. The deductions shall be made in the manner which will qualify the annuity premiums for the benefits under section 403(b) of the Internal Revenue Code, as defined in section 422.3. The employee's rights under the annuity contract are nonforfeitable except for the failure to pay premiums. As used in this section, unless the context otherwise requires, "annuity contract" includes any custodial account which meets the requirements of section 403(b)(7) of the Internal Revenue Code, as defined in section 422.3.

Sec. 66. Section 411.3, Code 1993, is amended to read as follows:

411.3 MEMBERSHIP.

1. All persons who become police officers or fire fighters after the date the city is required to come under the retirement system, shall become members of the retirement system as a condition of their employment, except that a police chief or a fire chief who would not complete twenty-two years of service under this chapter by the time the chief attains fifty-five years of age shall, upon written request to the system, be exempt from this chapter, and except as otherwise provided in subsection 3. Notwithstanding section 97B.41, a police chief or fire chief who is exempt from this chapter is exempt from chapter 97B. Members of the system established in this chapter shall not be required to make contributions under any other pension or retirement system of a city, county, or the state of Iowa, anything to the contrary notwithstanding.

2. Should any member in any period of five consecutive years after last becoming a member, be absent from service for more than four years, or should the member become a beneficiary or die, the member shall thereupon cease to be a member of the system.

3. a. As used in this section, unless the context otherwise requires, "reemployed" or "reemployment" means the employment of a person as a police officer or firefighter by any participating city after the person has commenced receiving a service retirement allowance under section 411.6.

b. If a person is reemployed, the person shall not become an active member of the system upon reemployment, and the person so reemployed and the participating city shall not make contributions to the system based upon the person's compensation for reemployment. A person who is so reemployed shall continue to receive the service retirement allowance, and the service retirement allowance shall not be recalculated based upon the person's reemployment. Notwithstanding section 97B.41 or any other provision of law to the contrary, a person reemployed as provided in this subsection shall be exempt from chapter 97B.

Sec. 67. Section 411.5, subsection 8, Code Supplement 1993, is amended to read as follows:

8. **MEDICAL BOARD.** The system shall designate a medical board to be composed of three physicians who shall arrange for and pass upon all medical examinations required under the provisions of this chapter, except that for examinations required because of disability three physicians from the University of Iowa hospitals and clinics who shall pass upon the medical examinations required for disability retirements, and shall report to the system in writing its conclusions and recommendations upon all matters referred to it. Each report of a medical examination under section 411.6, subsections 3 and 5, shall include the medical board's ~~rating~~ findings in accordance with section 411.6 as to the extent of the member's physical impairment.

Sec. 68. Section 411.5, Code Supplement 1993, is amended by adding the following new subsection:

NEW SUBSECTION. 12. REQUIREMENTS RELATED TO THE INTERNAL REVENUE CODE.

a. As used in this subsection, unless the context otherwise requires, "Internal Revenue Code" means the federal Internal Revenue Code as defined in section 422.3.

b. The fund established in section 411.8 shall be held in trust for the benefit of the members of the system and the members' beneficiaries. No part of the corpus or income of the fund shall be used for, or diverted to, purposes other than for the exclusive benefit of the members

or the members' beneficiaries or for expenses incurred in the operation of the fund. A person shall not have any interest in, or right to, any part of the corpus or income of the fund except as otherwise expressly provided.

c. Notwithstanding any provision of this chapter to the contrary, in the event of a complete discontinuance of contributions, for reasons other than achieving fully funded status upon an actuarially determined basis, or upon termination of the fund established in section 411.8, a member shall be vested, to the extent then funded, in the benefits which the member has accrued at the date of the discontinuance or termination.

d. Benefits payable from the fund established in section 411.8 to members and members' beneficiaries shall not be increased due to forfeitures from other members. Forfeitures shall be used as soon as possible to reduce future contributions by the cities to the fund, except that the rate shall not be less than the minimum rate established in section 411.8.

e. Notwithstanding any provision of this chapter to the contrary, a member's service retirement allowance shall commence on or before the later of the following:

(1) April 1 of the calendar year following the calendar year in which the member attains the age of seventy and one-half years.

(2) April 1 of the calendar year following the calendar year in which the member retires.

f. The maximum annual benefit payable to a member by the system shall be subject to the limitations set forth in section 415 of the federal Internal Revenue Code, and any regulations promulgated pursuant to that section.

g. The annual compensation of a member taken in account for any purpose under this chapter shall not exceed the applicable amount set forth in section 401(a)(17) of the federal Internal Revenue Code, and any regulations promulgated pursuant to that section.

Sec. 69. Section 411.6, subsection 1, Code 1993, is amended by adding the following new paragraph:

NEW PARAGRAPH. c. Once a person commences receiving a service retirement allowance pursuant to this section, if the person is reemployed, as defined in section 411.3, the service retirement allowance shall not be recalculated based upon the person's reemployment.

Sec. 70. Section 411.6, subsection 2, paragraph d, subparagraph (2), Code 1993, is amended to read as follows:

(2) For a member who terminates service, other than by death or disability, on or after July 1, 1991, but before October 16, 1992, and who does not withdraw the member's contributions pursuant to section 411.23, upon the member's retirement there shall be added six-tenths percent of the member's average final compensation for each year of service over twenty-two years, excluding years of service after the member's fifty-fifth birthday. However, this subparagraph does not apply to more than eight additional years of service.

Sec. 71. Section 411.6, subsection 2, paragraph d, Code 1993, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (3) For a member who terminates service, other than by death or disability, on or after October 16, 1992, and who does not withdraw the member's contributions pursuant to section 411.23, upon the member's retirement there shall be added six-tenths percent of the member's average final compensation for each year of service over twenty-two years. However, this subparagraph does not apply to more than eight additional years of service.

Sec. 72. Section 411.6, subsection 10, Code 1993, is amended to read as follows:

10. PENSIONS OFFSET BY COMPENSATION BENEFITS. Any amounts which may be paid or payable by the said cities under the provisions of any workers' compensation or similar law to a member or to the dependents of a member on account of any disability or death, shall be offset against and payable in lieu of any benefits payable ~~out of funds provided by the said cities~~ under the provisions of this chapter on account of the same disability or death. ~~In case the present value of the total commuted benefits under said workers' compensation or~~

similar law is less than the pension reserve on the benefits otherwise payable from funds provided by the said cities under this chapter, then the present value of the commuted payments shall be deducted from the pension reserve and such benefits as may be provided by the pension reserve so reduced shall be payable under the provisions of this chapter.

Sec. 73. NEW SECTION. 411.6B ROLLOVERS OF MEMBERS' ACCOUNTS.

1. As used in this section, unless the context otherwise requires:

a. "Direct rollover" means a payment by the system to the eligible retirement plan specified by the member or the member's surviving spouse.

b. "Eligible retirement plan" means either of the following that accepts an eligible rollover distribution from a member or a member's surviving spouse:

(1) An individual retirement account in accordance with section 408(a) of the federal Internal Revenue Code.

(2) An individual retirement annuity in accordance with section 408(b) of the federal Internal Revenue Code.

In addition, an "eligible retirement plan" includes an annuity plan in accordance with section 403(a) of the federal Internal Revenue Code, or a qualified trust in accordance with section 401(a) of the federal Internal Revenue Code, that accepts an eligible rollover distribution from a member.

c. "Eligible rollover distribution" means all or any portion of a member's account, except that an eligible rollover distribution does not include any of the following:

(1) A distribution that is one of a series of substantially equal periodic payments, which occur annually or more frequently, made for the life or life expectancy of the distributee or the joint lives or joint life expectancies of the distributee and the distributee's designated beneficiary, or made for a specified period of ten years or more.

(2) A distribution to the extent that the distribution is required pursuant to section 401(a)(9) of the federal Internal Revenue Code.

(3) The portion of any distribution that is not includible in the gross income of the distributee, determined without regard to the exclusion for net unrealized appreciation with respect to employer securities.

(4) A distribution of less than two hundred dollars of taxable income.

2. Effective January 1, 1993, a member or a member's surviving spouse may elect, at the time and in the manner prescribed in rules adopted by the board of trustees, to have the system pay all or a portion of an eligible rollover distribution directly to an eligible retirement plan, specified by the member or the member's surviving spouse, in a direct rollover. If a member or a member's surviving spouse elects a partial direct rollover, the amount of funds elected for the partial direct rollover must equal or exceed five hundred dollars.

Sec. 74. Section 411.8, subsection 1, paragraph f, subparagraphs (6) through (8), Code 1993, are amended to read as follows:

(6) An amount equal to eight and one-tenth percent of each member's compensation from the earnable compensation of the member shall be paid to the fund for the fiscal year period beginning July 1, 1994, through December 31, 1994, and an amount equal to eight and thirty-five hundredths percent of each member's compensation from the earnable compensation of the member shall be paid to the fund for the fiscal period beginning January 1, 1995, through June 30, 1995.

(7) An amount equal to nine and one-tenth thirty-five hundredths percent of each member's compensation from the earnable compensation of the member shall be paid to the fund for the fiscal year beginning July 1, 1995.

(8) Beginning July 1, 1996, and each fiscal year thereafter, an amount equal to the member's contribution rate times each member's compensation shall be paid to the fund from the earnable compensation of the member. For the purposes of this subparagraph, the member's contribution rate shall be nine and one-tenth thirty-five hundredths percent. However, the system shall increase the member's contribution rate as necessary to cover any increase in cost

to the system resulting from statutory changes which are enacted by any session of the general assembly meeting after January 1, 1991, if the increase cannot be absorbed within the contribution rates otherwise established pursuant to this paragraph, but subject to a maximum employee contribution rate of eleven and three-tenths percent.

The contribution rate increases specified in this Act pursuant to this chapter and chapter 97A shall be the only member contribution rate increases for these systems resulting from the statutory changes enacted in this Act, and shall apply only to the fiscal periods specified in this Act. After the employee contribution reaches eleven and three-tenths percent, sixty percent of the additional cost of such statutory changes shall be paid by employers under paragraph "c" and forty percent of the additional cost shall be paid by employees under this paragraph.

Sec. 75. Section 411.8, subsection 1, paragraph h, Code 1993, is amended to read as follows:

h. Notwithstanding the provisions of paragraph "f", the following transition percentages apply to members' contributions as specified:

(1) For members who on July 1, 1990, have attained the age of forty-nine years or more, an amount equal to nine and one-tenth percent of each member's compensation from the earnable compensation of the member shall be paid to the fund for the fiscal year period beginning July 1, 1990, through October 15, 1992, and commencing October 16, 1992, and for each subsequent fiscal year until the fiscal year beginning July 1, 1996, when period, the rates specified in paragraph "f", subparagraphs (4) through (8), applies shall apply.

(2) For members who on July 1, 1990, have attained the age of forty-eight years but have not attained the age of forty-nine years, an amount equal to eight and one-tenth percent shall be paid for the fiscal year beginning July 1, 1990, and an amount equal to nine and one-tenth percent shall be paid for the fiscal year period beginning July 1, 1991, through October 15, 1992, and commencing October 16, 1992, and for each subsequent fiscal year thereafter until the fiscal year beginning July 1, 1996, when period, the rates specified in paragraph "f", subparagraphs (4) through (8), applies shall apply.

(3) For members who on July 1, 1990, have attained the age of forty-seven years but have not attained the age of forty-eight years, an amount equal to seven and one-tenth percent shall be paid for the fiscal year beginning July 1, 1990, an amount equal to eight and one-tenth percent shall be paid for the fiscal year beginning July 1, 1991, and an amount equal to nine and one-tenth percent shall be paid for the fiscal year period beginning July 1, 1992, through October 15, 1992, and commencing October 16, 1992, and for each subsequent fiscal year until the fiscal year beginning July 1, 1996, when period, the rates specified in paragraph "f", subparagraphs (4) through (8), applies shall apply.

(4) For members who on July 1, 1990, have attained the age of forty-six years but have not attained the age of forty-seven years, an amount equal to six and one-tenth percent shall be paid for the fiscal year beginning July 1, 1990, an amount equal to seven and one-tenth percent shall be paid for the fiscal year beginning July 1, 1991, an amount equal to eight and one-tenth percent shall be paid for the fiscal year period beginning July 1, 1992, and an amount equal to nine and one-tenth percent shall be paid for the fiscal year beginning July 1, 1993, through October 15, 1992, and commencing October 16, 1992, and for each subsequent fiscal year until the fiscal year beginning July 1, 1996, when period, the rates specified in paragraph "f", subparagraphs (4) through (8), applies shall apply.

(5) For members who on July 1, 1990, have attained the age of forty-five years but have not attained the age of forty-six years, an amount equal to five and one-tenth percent shall be paid for the fiscal year beginning July 1, 1990, an amount equal to six and one-tenth percent shall be paid for the fiscal year beginning July 1, 1991, and an amount equal to seven and one-tenth percent shall be paid for the fiscal year period beginning July 1, 1992, an amount equal to eight and one-tenth percent shall be paid for the fiscal year beginning July 1, 1993, and an amount equal to nine and one-tenth percent shall be paid for the fiscal years beginning July 1, 1994, and July 1, 1995 through October 15, 1992. Beginning July 1, 1996, Commencing October 16, 1992, and for each subsequent fiscal period, the rates specified in paragraph "f", subparagraphs (4) through (8), applies shall apply.

Sec. 76. Section 411.8, subsection 1, Code 1993, is amended by adding the following new paragraph:

NEW PARAGRAPH. i. (1) Notwithstanding paragraph "g" or other provisions of this chapter, beginning January 1, 1995, member contributions required under paragraph "f" or "h" which are picked up by the city shall be considered employer contributions for federal income tax purposes, and each city shall pick up the member contributions to be made under paragraph "f" or "h" by its employees. Each city shall pick up these contributions by reducing the salary of each of its employees covered by this chapter by the amount which each employee is required to contribute under paragraph "f" or "h" and shall pay the amount picked up in lieu of the member contributions to the board of trustees for recording and deposit in the fund.

(2) Member contributions picked up by each city under subparagraph (1) shall be treated as employer contributions for federal income tax purposes only and for all other purposes of this chapter and the laws of this state shall be treated as employee contributions and deemed part of the employee's earnable compensation or salary.

Sec. 77. Section 422.7, Code Supplement 1993, is amended by adding the following new subsection:

NEW SUBSECTION. 29. Add, to the extent not included, the amount of the taxpayer's employee contributions picked up by the taxpayer's employer under chapter 97A or 411. The director shall by rule provide a formula to exclude income, to the extent included, from adjusted gross income amounts added under this subsection which are subsequently returned to the taxpayer as retirement benefits or otherwise.

Sec. 78. Section 422.7, Code Supplement 1993, is amended by adding the following new subsection:

NEW SUBSECTION. 30. Add, to the extent not included, the amount of the taxpayer's employee contributions picked up by the taxpayer's employer under chapter 97B. The director shall by rule provide a formula to exclude income, to the extent included, from adjusted gross income amounts added under this subsection which are subsequently returned to the taxpayer as retirement benefits or otherwise.

Sec. 79. Section 422.7, Code Supplement 1993, is amended by adding the following new subsection:

NEW SUBSECTION. 31. Add, to the extent not included, the amount of the taxpayer's teacher assessment picked up by the taxpayer's employing school district under chapter 294. The director shall by rule provide a formula to exclude income, to the extent included, from adjusted gross income amounts added under this subsection which are subsequently returned to the taxpayer as retirement benefits or otherwise.

Sec. 80. Section 509A.12, unnumbered paragraph 1, Code 1993, is amended to read as follows:

At the request of an employee the governing body or the county board of supervisors shall by contractual agreement acquire an individual or group life insurance contract, annuity contract, interest in a mutual fund, security or any other deferred payment contract for the purpose of funding a deferred compensation program for an employee, from any company the employee may choose that is authorized to do business in this state ~~and from any life underwriter duly licensed by this state or from any securities dealer or through an Iowa-licensed salesperson registered in this state to contract business in this state~~ that the employee selects on a group or individual basis. The deferred compensation program shall be administered so that the director of revenue and finance or the director's designees remit one sum for the entire program according to a single billing.

Sec. 81. **NEW SECTION.** 509A.13A CONTINUATION OF GROUP INSURANCE COVERING SPOUSES.

1. As used in this section, unless the context otherwise requires:

a. "Eligible retired state employee" means a former employee of the government of the state of Iowa, including but not limited to any departments, agencies, boards, bureaus, or commissions of the state of Iowa, who is receiving the minimum level of retirement benefits for eligibility under this section and who is participating in a state health or medical group insurance plan which covers the former employee and the former employee's spouse at the time of the death of the former employee.

b. "Minimum level of retirement benefits for eligibility under this section" means any of the following:

(1) The eligible retired state employee has received retirement benefits under the retirement system established in chapter 97A based upon the completion of at least twenty-two years of membership service.

(2) The eligible retired state employee has received retirement benefits under the retirement system established in chapter 97B based upon any of the following:

(a) Meeting the requirements for receiving retirement benefits pursuant to chapter 97B based upon having attained at least sixty-two years of age and upon having completed at least thirty years of membership service.

(b) Meeting the requirements for receiving benefits under section 97B.49, subsection 16, without a reduction for years of service pursuant to section 97B.49, subsection 16, paragraph "c".

(3) The eligible retired state employee has received retirement benefits under the retirement system established in chapter 602, article 9, based upon either of the following:

(a) Meeting the requirements for receiving an annuity which equals fifty percent of the basic annual salary which the judge was receiving at the time that the judge became separated from service, if the judge did not participate in the senior judge program.

(b) Meeting the requirements for receiving an annuity which equals or exceeds fifty percent of the basic annual salary which the judge was receiving at the time that the judge separated from service prior to serving as a senior judge.

c. "State health or medical group insurance plan" means a health or medical group insurance plan for employees of the state.

2. Notwithstanding any provision of law to the contrary, in the event of the death of an eligible retired state employee, the surviving spouse of the eligible retired state employee whose insurance would otherwise terminate because of the death of the eligible retired state employee may elect to continue to be a member of the state health or medical group insurance plan by requesting continuation in writing to the department of personnel within thirty-one days after the death of the eligible retired state employee. The surviving spouse shall pay the total premium for the state health or medical group insurance plan and shall have the same rights to change programs or coverage as state employees.

Sec. 82. Section 602.9104, subsection 4, Code 1993, is amended by striking the subsection and inserting in lieu thereof the following:

4. a. As used in this subsection, unless the context otherwise requires:

(1) "Actuarial valuation" means an actuarial valuation of the judicial retirement system or an annual actuarial update of an actuarial valuation, as required pursuant to section 602.9116.

(2) "Fully funded status" means that the most recent actuarial valuation reflects that, using the aggregate cost method in accordance with generally recognized and accepted actuarial principles and practices set forth by the American academy of actuaries, the funded status of the system is at least one hundred percent.

(3) "Required contribution rate" means that percentage of the basic salary of all judges covered under this article which, in addition to the judge's contribution established in subsection 1, the actuary of the system determines is necessary to maintain fully funded status.

b. Effective with the fiscal year commencing July 1, 1994, and for each subsequent fiscal year until the system attains fully funded status, the state shall contribute annually to the judicial retirement fund an amount equal to at least twenty-three and seven-tenths percent of the basic salary of all judges covered under this article. Commencing with the first fiscal year in which the system attains fully funded status, and for each subsequent fiscal year, the

state shall contribute to the judicial retirement fund the required contribution rate. The state's contribution shall be appropriated directly to the judicial retirement fund.

Sec. 83. NEW SECTION. 602.9104A MONEYS DEPOSITED IN THE JUDICIAL RETIREMENT FUND – LIMITATIONS – INTENT.

1. As used in this section, unless the context otherwise requires, "court revenues" means any court costs, fees, fines, penalties, surcharges, forfeited bail, or similar charges collected by the court, or interest on such amounts.

2. Notwithstanding section 602.8105, 602.8106, or 631.6, or any other provision of law to the contrary, court revenues shall not be deposited in the judicial retirement fund established in section 602.9104. If a provision of law provides for the deposit of court revenues in the judicial retirement fund, those court revenues shall be deposited in the general fund.

3. The judicial retirement fund shall consist of the contributions specified in section 602.9104, as well as the corpus and income of the fund as provided in section 602.9104.

4. It is the intent of the general assembly that the judicial retirement system be funded from contributions based upon the basic salary of the judges covered by this article, rather than from court revenues.

Sec. 84. NEW SECTION. 602.9105 ROLLOVERS OF JUDGES' ACCOUNTS.

1. As used in this section, unless the context otherwise requires:

a. "Direct rollover" means a payment by the system to the eligible retirement plan specified by the judge covered under this article or the judge's surviving spouse.

b. "Eligible retirement plan" means either of the following that accepts an eligible rollover distribution from a judge covered by this article or a judge's surviving spouse:

(1) An individual retirement account in accordance with section 408(a) of the federal Internal Revenue Code.

(2) An individual retirement annuity in accordance with section 408(b) of the federal Internal Revenue Code.

In addition, an "eligible retirement plan" includes an annuity plan in accordance with section 403(a) of the federal Internal Revenue Code, or a qualified trust in accordance with section 401(a) of the federal Internal Revenue Code, that accepts an eligible rollover distribution from a judge covered by this article.

c. "Eligible rollover distribution" means all or any portion of a judge's account, except that an eligible rollover distribution does not include any of the following:

(1) A distribution that is one of a series of substantially equal periodic payments, which occur annually or more frequently, made for the life or life expectancy of the distributee or the joint lives or joint life expectancies of the distributee and the distributee's designated beneficiary, or made for a specified period of ten years or more.

(2) A distribution to the extent that the distribution is required pursuant to section 401(a)(9) of the federal Internal Revenue Code.

(3) The portion of any distribution that is not includible in the gross income of the distributee, determined without regard to the exclusion for net unrealized appreciation with respect to employer securities.

(4) A distribution of less than two hundred dollars of taxable income.

2. Effective January 1, 1993, a judge covered by this article or a judge's surviving spouse may elect, at the time and in the manner prescribed by the state court administrator, to have the system pay all or a portion of an eligible rollover distribution directly to an eligible retirement plan, specified by the judge or the judge's surviving spouse, in a direct rollover. If a judge or a judge's surviving spouse elects a partial direct rollover, the amount of funds elected for the partial direct rollover must equal or exceed five hundred dollars.

Sec. 85. Section 602.9116, Code 1993, is amended to read as follows:

602.9116 ACTUARIAL VALUATION.

1. The court administrator shall cause an actuarial valuation to be made of the assets and liabilities of the judicial retirement fund at least once every four years commencing with the

fiscal year beginning July 1, 1981. For each fiscal year in which an actuarial valuation is not conducted, the court administrator shall cause an annual actuarial update to be prepared for the purpose of determining the adequacy of the contribution rates specified in section 602.9104, subsection 4. The court administrator shall adopt mortality tables and other necessary factors for use in the actuarial calculations required for the valuation upon the recommendation of the actuary. Following the actuarial valuation or annual actuarial update, the court administrator shall determine the condition of the system and shall report its findings and recommendations to the general assembly.

2. The cost of the actuarial valuation or annual actuarial update shall be paid from the judicial retirement fund.

Sec. 86. Section 602.9204, Code 1993, is amended to read as follows:

602.9204 ANNUITY OF SENIOR JUDGE AND RETIRED SENIOR JUDGE.

1. A senior judge or a retired senior judge shall not be paid a salary. A senior judge or retired senior judge shall be paid an annuity under the judicial retirement system in the manner provided in section 602.9109, but computed under this section in lieu of section 602.9107, as follows: The annuity paid to a senior judge or retired senior judge shall be an amount equal to three percent of the current basic senior judge salary, as of the time each payment is made up to and including the twelve-month period during which the senior judge or retired senior judge attains seventy-eight years of age, of the office in which the senior judge last served as a judge before retirement as a judge or senior judge, multiplied by the judge's years of service prior to retirement as a judge of one or more of the courts included under this article, for which contributions were made to the system, except the annuity of the senior judge or retired senior judge shall not exceed fifty percent of the current basic senior judge salary used in calculating the annuity. However, following the twelve-month period during which the senior judge or retired senior judge attains seventy-eight years of age, the annuity paid to the person shall be an amount equal to three percent of the basic senior judge salary cap, multiplied by the judge's years of service prior to retirement as a judge of one or more of the courts included under this article, for which contributions were made to the system, except that the annuity shall not exceed fifty percent of the basic senior judge salary cap. A senior judge or retired senior judge shall not receive benefits calculated using a basic senior judge salary established after the twelve-month period in which the senior judge or retired senior judge attains seventy-eight years of age. In addition, if a senior judge is under sixty-five years of age at the time the judge becomes a senior judge, the state shall pay the state's share of the senior judge's medical insurance premium until the judge attains age sixty-five.

2. As used in this section, unless the context otherwise requires,;

a. "Basic senior judge salary" means the average annual basic salary for the senior judge's or retired senior judge's last three years as a judge of one or more of the courts included in this article, as would be used in computing an annuity pursuant to section 602.9107 without service as a senior judge, plus seventy-five percent of the escalator.

b. "basic Basic senior judge salary cap" means the basic senior judge salary, at the end of the twelve-month period during which the senior judge or retired senior judge attained seventy-eight years of age, of the office in which the person last served as a judge before retirement as a judge or senior judge.

c. "Escalator" means the difference between the current basic salary, as of the time each payment is made up to and including the twelve-month period during which the senior judge or retired senior judge attains seventy-eight years of age, of the office in which the senior judge last served as a judge before retirement as a judge or senior judge, and the average annual basic salary for the senior judge's or retired senior judge's last three years as a judge of one or more of the courts included in this article, as would be used in computing an annuity pursuant to section 602.9107 without service as a senior judge.

Sec. 87. Section 724.6, subsection 2, Code Supplement 1993, is amended to read as follows:

2. Notwithstanding subsection 1, fire fighters, as defined in section 411.1, subsection 9, airport fire fighters included under section 97B.49, subsection 16, paragraph “d” “b”, subparagraph (4) (2), emergency medical technicians-ambulance and emergency rescue technicians, as defined in section 147.1, and advanced emergency medical care providers, as defined in section 147A.1, shall not, as a condition of employment, be required to obtain a permit under this section. However, the provisions of this subsection shall not apply to a person designated as an arson investigator by the chief fire officer of a political subdivision.

Sec. 88. Section 97B.54, Code 1993, is repealed.

Sec. 89. DEVELOPMENT OF PROPOSAL FOR COMBINING TYPES OF SERVICES — IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM — REPORT.

1. The department of personnel, in consultation with the public retirement systems committee established in section 97D.4, shall develop a proposal concerning the possible establishment of a new benefit formula under the Iowa public employee's retirement system created in chapter 97B. The proposed benefit formula shall provide a method by which a member may combine the value of the following different types of membership service:

a. Membership service as a sheriff or deputy sheriff in accordance with section 97B.49, subsection 16, paragraph “b”.

b. Membership service in a protection occupation, as provided in section 97B.49, subsection 16, paragraphs “a” and “d”.

c. Any other membership service, as defined in section 97B.41.

2. The proposed benefit formula shall not provide credit for years of membership service in excess of thirty years, and shall not allow the use of a percentage multiplier in excess of sixty percent of the member's three-year average covered wage, as defined in section 97B.41.

3. The department of personnel may develop alternate proposed benefit formulas which meet the requirements of this section. On or before September 1, 1995, the department of personnel shall file a report with the legislative service bureau, for distribution to the public retirement systems committee, which contains a proposed benefit formula, and may include alternate proposed benefit formulas, as provided in this section. The report shall also contain actuarial information concerning the costs of the proposal or proposals.

Sec. 90. SENIOR JUDGES — IMPLEMENTATION. Notwithstanding the amendments to section 602.9204 contained in this Act, all judges whose names are entered on the roster of senior judges pursuant to section 602.9203, subsection 3, as of June 30, 1994, and all persons who are retired senior judges as of June 30, 1994, shall continue to receive an annuity calculated pursuant to section 602.9204, 1993 Code of Iowa, subject to the applicability provisions of 1992 Iowa Acts, chapter 1201, section 76, as amended by 1992 Iowa Acts, Second Extraordinary Session, chapter 1001, section 116, and shall not be subject to the amendments to section 602.9204 contained in this Act. This Act shall not be construed in a manner which reduces benefits to persons who participated as senior judges prior to July 1, 1994.

Sec. 91. SENIOR JUDGE COMPENSATION TASK FORCE.

1. The legislative council is requested to establish a senior judge compensation task force to review the services provided and compensation paid to senior judges pursuant to chapter 602, article 9. In addition to legislative members, the legislative council is requested to appoint members who are active members of the judicial retirement system and who are not serving as senior judges, attorneys licensed to practice law in Iowa, and public members who are knowledgeable concerning employee compensation, benefits, and pension plans.

The members of the committee are entitled to reimbursement for travel and other necessary expenses incurred in the performance of official duties. Each member may also be eligible to receive compensation as provided in section 7E.6. The expenses for members who are not judicial officers shall be paid from funds appropriated pursuant to section 2.12.

2. The task force shall review the services provided and compensation paid to senior judges, including the current funding mechanism through the judicial retirement fund, as well as alternative funding mechanisms. The task force shall submit a report to the general assembly, the governor, and the supreme court on or before February 1, 1995, containing its findings and recommendations.

Sec. 92. IMPLEMENTATION OF TRANSFER OF CERTAIN ARSON INVESTIGATORS TO CHAPTER 97A.

1. In order to implement the provisions of this Act which amend section 97A.1, subsection 13; section 97B.49, subsection 16, paragraph "d", subparagraph (6), by striking the subparagraph; and section 97B.49, subsection 16, paragraph "j", the department of personnel and the department of public safety shall cooperate with each other to effectuate the provisions of those sections and this section of this Act.

2. Effective July 1, 1994, employees who were members of the protection occupation classification of the Iowa public employees' retirement system pursuant to section 97B.49, subsection 16, paragraph "d", subparagraph (6), Code Supplement 1993, shall be transferred to membership in the Iowa department of public safety peace officer's retirement, accident, and disability system established pursuant to chapter 97A. The department of personnel shall transfer the accumulated contributions of the arson investigators to the treasurer of state for deposit in the pension accumulation fund established in section 97A.8. However, employer contributions which were made with respect to the arson investigators while the arson investigators were included as members of the protection occupation classification pursuant to section 97B.49, subsection 16, paragraph "d", subparagraph (6), Code Supplement 1993, shall remain in the Iowa public employees' retirement fund established in section 97B.7, and any costs pertaining to the payment of employer contributions to the system established in chapter 97A with respect to the period of time during which the arson investigators were members of the protection occupation classification pursuant to section 97B.49, subsection 16, paragraph "d", subparagraph (6), Code Supplement 1993, or any other costs related to the transfer of the arson investigators provided for in this Act, shall be borne by the system established in chapter 97A, notwithstanding any other provision of law to the contrary.

3. Notwithstanding any other provision of law to the contrary, the arson investigators transferred from the protection occupation classification to the system established in chapter 97A shall receive credit for years of service under chapter 97A for those years of service during which the members were members of the protection occupation classification pursuant to section 97B.49, subsection 16, paragraph "d", subparagraph (6), Code Supplement 1993. In addition, notwithstanding the limitation on covered wages in section 97B.41, subsection 20, if applicable, compensation which was paid to an arson investigator while the arson investigator was included in the protection occupation classification pursuant to section 97B.49, subsection 16, paragraph "d", subparagraph (6), 1993 Code Supplement, shall be included in determining the average final compensation of the arson investigators. The arson investigators transferred from the protection occupation classification to the system established in chapter 97A, and the employer of those arson investigators, the department of public safety, shall not be required to pay the difference in the employee and employer contributions in effect for the period of time in which the arson investigators were included in the protection occupation classification pursuant to section 97B.49, subsection 16, paragraph "d", subparagraph (6), Code Supplement 1993, as compared to the employee and employer contributions then in effect for members of the system established in chapter 97A.

4. It is the intent of the general assembly that in administering the implementation provisions of this section, the board of trustees of the system established in chapter 97A and the department of personnel shall interpret this Act in a manner which provides that the arson investigators shall not lose benefits which would have otherwise accrued had the arson investigators been members of the system established in chapter 97A during the period of time in which they were actually members of the protection occupation classification pursuant to section 97B.49, subsection 16, paragraph "d", subparagraph (6), Code Supplement 1993.

Sec. 93. REPORT CONCERNING POSSIBLE PORTABILITY BETWEEN SYSTEMS ESTABLISHED IN CHAPTERS 97A AND 411. The board of trustees of the Iowa department of public safety peace officers' retirement, accident, and disability system created in section 97A.5, and the board of trustees for the statewide fire and police retirement system created in section 411.36, shall each file a report with the legislative service bureau on or before September 1, 1995, for distribution to the members of the public retirement systems committee established in section 97D.4, pertaining to possible portability between the two systems established in chapters 97A and 411. The reports shall identify issues pertaining to allowing members to transfer between the two systems, including but not limited to, issues pertaining to both employee and employer contributions, determinations concerning years of service and average final compensation, costs associated with portability, any concerns pertaining to the requirements of the federal Internal Revenue Code, as defined in section 422.3, any recommendation by the boards pertaining to portability issues, and other related matters.

Sec. 94. STUDY CONCERNING SURVIVING SPOUSE BENEFITS UNDER CHAPTERS 97A AND 411 — REPORT. The public retirement systems committee established in section 97D.4 shall study the feasibility of increasing the benefits paid to surviving spouses under the Iowa department of public safety peace officers' retirement, accident, and disability system established in chapter 97A and the statewide fire and police retirement system established in chapter 411. The public retirement systems committee shall submit a report to the general assembly on or before January 31, 1996, containing its findings and recommendations.

Sec. 95. STUDY BY DEPARTMENT OF CORRECTIONS CONCERNING OCCUPATIONAL INJURIES AND DEATHS. The department of corrections shall conduct a study and compile information concerning the number of occupational injuries and deaths to persons employed by the department within the correctional institutions specified in section 904.102 who are not members of the protection occupation classification of the Iowa public employees' retirement system, as well as to persons employed by the judicial district departments of correctional services within community-based correctional facilities and persons employed as probation officers I and II, and parole officers I and II. The study shall specify the information according to job classification, and shall include information concerning the numbers of persons employed within those job classifications during the relevant time period. The study shall cover a period of at least ten years. The department of corrections shall submit a report to the legislative service bureau, for distribution to the public retirement systems committee established in section 97D.4, on or before September 1, 1995, concerning the findings from the study.

Sec. 96. CERTAIN CHANGES PERTAINING TO CHAPTERS 97A AND 411 — EFFECTIVE AND RETROACTIVE APPLICABILITY DATES — IMPLEMENTATION.

1. The sections of this Act that amend section 97A.6, subsection 2, paragraph "d", subparagraph (2); section 97A.6, subsection 2, paragraph "d", by enacting a new subparagraph (3); section 97A.8, subsection 1, paragraph "h"; section 411.6, subsection 2, paragraph "d", subparagraph (2); section 411.6, subsection 2, paragraph "d", by enacting a new subparagraph (3); and section 411.8, subsection 1, paragraph "h", being deemed of immediate importance, take effect upon enactment and apply retroactively to October 16, 1992.

2. In order to implement the sections of this Act referenced in subsection 1 and to apply those sections retroactively to October 16, 1992, the board of trustees of the Iowa department of public safety peace officers' retirement, accident, and disability system created in section 97A.5, and the board of trustees for the statewide fire and police retirement system created in section 411.36, shall develop and implement plans to reimburse members for contributions paid to the systems which are contrary to the provisions of this Act, and shall develop and implement plans to adjust both past and future benefits paid to members which are inconsistent with this Act.

3. The provisions of this Act that amend section 97A.3, by enacting a new subsection 3, renumbering section 97A.3, subsection 3, Code 1993, as subsection 4, and adding a reference to the new subsection 3 of section 97A.3 in the first sentence of subsection 1 of that section; and amend section 97A.6, subsection 1, by enacting a new paragraph "c"; section 411.3; and section 411.6, subsection 1, by enacting a new paragraph "c", being deemed of immediate importance, take effect upon enactment, and apply retroactively to July 1, 1993.

4. In order to implement the provisions of this Act referenced in subsection 3 and to apply those provisions retroactively to July 1, 1993, the board of trustees of the Iowa department of public safety peace officers' retirement, accident, and disability system created in section 97A.5, and the board of trustees for the statewide fire and police retirement system created in section 411.36, shall examine the records of the respective systems to determine if persons are being included in active membership of the systems contrary to the provisions of this Act. If the boards determine that persons have been included in active membership in the systems in a manner inconsistent with the provisions referenced in subsection 3 of this section, the respective boards shall provide for the refund of the employer contributions to the respective employers and employee contributions to the respective employees and the retroactive payment of service retirement allowances in order to fully effectuate the purposes of this Act retroactive to July 1, 1993.

5. The sections of this Act which enact new sections 97A.6B and 411.6B, being deemed of immediate importance, take effect upon enactment and apply retroactively to January 1, 1993.

Sec. 97. OTHER EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.

1. The sections of this Act which amend section 97B.41, subsection 12; section 97B.53, subsections 3 and 7, and subsection 6, unnumbered paragraph 1; section 97B.66, unnumbered paragraphs 1 and 2; section 97B.70, by enacting a new subsection 4; section 97B.72, unnumbered paragraphs 1 and 2; section 97B.72A, subsection 1, unnumbered paragraph 1; section 97B.73A, unnumbered paragraph 1; and section 97B.74, unnumbered paragraphs 1 and 2, take effect July 1, 1995.

2. The section of this Act which amends section 97B.41, subsection 18, takes effect January 1, 1995.

3. The sections of this Act which enact new sections 97B.53B and 602.9105, being deemed of immediate importance, take effect upon enactment and apply retroactively to January 1, 1993.

4. The section of this Act which amends section 422.7 by enacting a new subsection 29 takes effect January 1, 1995, and applies to tax years beginning on or after January 1, 1995.

5. The section of this Act which amends section 422.7 by enacting a new subsection 30 takes effect January 1, 1995, and applies to tax years beginning on or after January 1, 1995.

6. The section of this Act which enacts a new section 509A.13A, being deemed of immediate importance, takes effect upon enactment.

Approved May 16, 1994