

### 97A.8 Method of financing.

There is hereby created as a special fund, separate and apart from all other public moneys or funds of this state, the peace officers' retirement, accident, and disability system retirement fund, hereafter called the "*retirement fund*". All the assets of the system created and established by [this chapter](#) shall be credited to the retirement fund.

1. All moneys for the payment of all pensions and other benefits payable from contributions made by the state and from which shall be paid the lump-sum death benefits for all members payable from the said contributions shall be accumulated in the retirement fund. The refunds and benefits for all members and beneficiaries shall be payable from the retirement fund. Contributions to and payments from the retirement fund shall be as follows:

a. On account of each member there shall be paid annually into the retirement fund by the state of Iowa an amount equal to a certain percentage of the earnable compensation of the member to be known as the "normal contribution". The rate percent of such contribution shall be fixed on the basis of the liabilities of the retirement system as shown by annual actuarial valuations.

b. (1) On the basis of the actuarial methods and assumptions, rate of interest, and of the mortality, interest, and other tables adopted by the board of trustees, the board of trustees, upon the advice of the actuary hired by the board for that purpose, shall make each valuation required by [this chapter](#) pursuant to the requirements of [section 97A.5](#) and shall immediately after making such valuation, determine the "normal contribution rate". The normal contribution rate shall be the rate percent of the earnable compensation of all members equal to the rate required by the system to discharge its liabilities, stated as a percentage of the earnable compensation of all members, and reduced by the employee contribution rate provided in [this subsection](#). However, the normal rate of contribution shall not be less than seventeen percent.

(2) Notwithstanding the provisions of subparagraph (1) to the contrary, the normal contribution rate shall be as follows:

(a) For the fiscal year beginning July 1, 2008, nineteen percent.

(b) For the fiscal year beginning July 1, 2009, twenty-one percent.

(c) For the fiscal year beginning July 1, 2010, twenty-three percent.

(d) For the fiscal year beginning July 1, 2011, twenty-five percent.

(e) For each fiscal year beginning on or after July 1, 2012, the lesser of twenty-seven percent or the normal contribution rate as calculated pursuant to subparagraph (1).

c. The total amount payable in each year to the retirement fund shall not be less than the rate percent known as the normal contribution rate of the total compensation earnable by all members during the year. However, the aggregate payment by the state shall be sufficient when combined with the amount in the retirement fund to provide the pensions and other benefits payable out of the retirement fund during the then current year.

d. All lump-sum death benefits on account of death in active service payable from contributions of the state shall be paid from the retirement fund.

e. Except as otherwise provided in paragraph "g":

(1) An amount equal to three and one-tenth percent of each member's compensation from the earnable compensation of the member shall be paid to the retirement fund for the fiscal year beginning July 1, 1989.

(2) An amount equal to four and one-tenth percent of each member's compensation from the earnable compensation of the member shall be paid to the retirement fund for the fiscal year beginning July 1, 1990.

(3) An amount equal to five and one-tenth percent of each member's compensation from the earnable compensation of the member shall be paid to the retirement fund for the fiscal year beginning July 1, 1991.

(4) An amount equal to six and one-tenth percent of each member's compensation from the earnable compensation of the member shall be paid to the retirement fund for the fiscal year beginning July 1, 1992.

(5) An amount equal to seven and one-tenth percent of each member's compensation from the earnable compensation of the member shall be paid to the retirement fund for the fiscal year beginning July 1, 1993.

(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 retirement fund for the fiscal 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 retirement fund for the fiscal period beginning January 1, 1995, through June 30, 1995.

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

(8) Notwithstanding any other provision of [this chapter](#), 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 retirement fund from the earnable compensation of the member. For the purposes of this subparagraph, the member's contribution rate shall be nine and 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, 1995, 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. After the employee contribution reaches eleven and three-tenths percent, sixty percent of the additional cost of such statutory changes shall be paid by the employer under paragraph "c" and forty percent of the additional cost shall be paid by employees under this subparagraph (8).

f. (1) The board of trustees shall certify to the director of the department of administrative services and the director of the department of administrative services shall cause to be deducted from the earnable compensation of each member the contribution required under [this subsection](#) and shall forward the contributions to the board of trustees for recording and for deposit in the retirement fund.

(2) The deductions provided for under [this subsection](#) shall be made notwithstanding that the minimum compensation provided by law for any member is reduced. Every member is deemed to consent to the deductions made under [this section](#).

g. Notwithstanding the provisions of paragraph "e", 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 retirement fund for the fiscal period beginning July 1, 1990, through October 15, 1992, and commencing October 16, 1992, and for each subsequent fiscal period, the rates specified in paragraph "e", 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 period beginning July 1, 1991, through October 15, 1992, and commencing October 16, 1992, and for each subsequent fiscal period, the rates specified in paragraph "e", 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 period beginning July 1, 1992, through October 15, 1992, and commencing October 16, 1992, and for each subsequent fiscal period, the rates specified in paragraph "e", 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 period beginning July 1, 1992, through October

15, 1992, and commencing October 16, 1992, and for each subsequent fiscal period, the rates specified in paragraph “e”, 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 period beginning July 1, 1992, through October 15, 1992. Commencing October 16, 1992, and for each subsequent fiscal period, the rates specified in paragraph “e”, subparagraphs (4) through (8), shall apply.

*h.* (1) Notwithstanding paragraph “f” or other provisions of [this chapter](#), beginning January 1, 1995, for federal income tax purposes, and beginning January 1, 1999, for state income tax purposes, member contributions required under paragraph “e” or “g” which are picked up by the department shall be considered employer contributions for federal and state income tax purposes, and the department shall pick up the member contributions to be made under paragraph “e” or “g” 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 “e” or “g” and shall certify the amount picked up in lieu of the member contributions to the department of administrative services. The department of administrative services shall forward the amount of the contributions picked up to the board of trustees for recording and deposit in the retirement fund.

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

2. *a.* All the expenses necessary in connection with the administration and operation of the system shall be paid from the retirement fund. Investment management expenses shall be charged to the investment income of the system and there is appropriated from the system an amount required for the investment management expenses. The board of trustees shall report the investment management expenses for the fiscal year as a percent of the market value of the system.

*b.* For purposes of [this subsection](#), investment management expenses are limited to the following:

(1) Fees for investment advisors, consultants, and investment management and benefit consultant firms hired by the board of trustees in administering [this chapter](#).

(2) Fees and costs for safekeeping fund assets.

(3) Costs for performance and compliance monitoring, and accounting for fund investments.

(4) Any other costs necessary to prudently invest or protect the assets of the fund.

[C50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §97A.8; 82 Acts, ch 1261, §9]

84 Acts, ch 1180, §8; 90 Acts, ch 1240, §11, 12; 94 Acts, ch 1183, §10 – 12; 96 Acts, ch 1187, §93 – 96; 98 Acts, ch 1174, §1, 6; 2000 Acts, ch 1077, §7, 8; 2003 Acts, ch 145, §286; 2004 Acts, ch 1101, §15; 2008 Acts, ch 1032, §184, 201; 2008 Acts, ch 1171, §11

Referred to in [§97A.5](#), [97A.7](#), [97A.9](#), [97A.14A](#), [97A.16](#), [97B.42B](#)