

97B.80C Purchases of permissive service credit.

1. *Definitions.* For purposes of this section:

a. *"Nonqualified service"* means any of the following:

- (1) Service that is not qualified service.
- (2) Any period of time for which there was no performance of services.
- (3) Service as described in subsection 1, paragraph "c", subparagraph (2).

b. *"Permissive service credit"* means credit that will be recognized by the retirement system for purposes of calculating a member's benefit, for which the member did not previously receive service credit in the retirement system, and for which the member voluntarily contributes to the retirement system the amount required by the retirement system, not in excess of the amount necessary to fund the benefit attributable to such service.

c. (1) *"Qualified service"* means any of the following:

(a) Service with the United States government or any state or local government, including any agency or instrumentality thereof, regardless of whether that government, agency, or instrumentality was a covered employer at the time of the service.

(b) Service with an association representing employees of the United States government or any state or local government, including any agency or instrumentality thereof, regardless of whether that government, agency, or instrumentality was a covered employer at the time of the service.

(c) Service with an educational organization which normally maintains a regular faculty and curriculum, normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on, and is a public, private, or sectarian school which provides elementary education or secondary education through grade twelve.

(d) Military service other than military service required to be recognized under Internal Revenue Code section 414(u) or under the federal Uniformed Services Employment and Reemployment Rights Act.

(e) Service as a member of the general assembly.

(f) Previous service as a county attorney by a part-time county attorney.

(g) Service in public employment comparable to employment covered under this chapter in another state or in the federal government, or service as a member of another public retirement system in this state, including but not limited to the teachers insurance and annuity association-college retirement equities fund (TIAA-CREF), if the member was not retired under that system and has no further claim upon a retirement benefit from that other public system.

(h) Service as a member of the retirement system at any time on or after July 4, 1953, if the member received a refund of the member's accumulated contributions for that period of membership service.

(i) An approved leave of absence which does not constitute service as defined in section 97B.1A, which is granted on or after July 1, 1998.

(j) Employment of a person who at the time of the employment was not covered by this chapter, was employed by a covered employer under this chapter, and did not opt out of coverage under this chapter.

(k) Employment of a person as an adjunct instructor as defined in section 97B.1A, subsection 8.

(2) *"Qualified service"* does not include service as described in subparagraph (1) if the receipt of credit for such service would result in the member receiving a retirement benefit under more than one retirement plan for the same period of service.

2. a. A vested or retired member may make contributions to the retirement system to purchase up to the maximum amount of permissive service credit for qualified service as determined by the system, pursuant to Internal Revenue Code section 415(n), the requirements of this section, and the system's administrative rules.

b. A vested or retired member of the retirement system may make contributions to the retirement system to purchase up to a maximum of twenty quarters of permissive service credit for nonqualified service as determined by the system, pursuant to Internal Revenue Code section 415(n), the requirements of this section, and the system's administrative rules.

A vested or retired member must have at least twenty quarters of covered wages in order to purchase permissive service credit for nonqualified service.

c. A vested or retired member may convert regular member service credit to special service credit by payment of the amount actuarially determined as necessary to fund the resulting increase in the member's accrued benefit. The conversion shall be treated as a purchase of qualified service credit subject to the requirements of paragraph "a" if the service credit to be converted was or would have been for qualified service. The conversion shall be treated as a purchase of nonqualified service credit subject to the requirements of paragraph "b" if the service credit to be converted was purchased as nonqualified service credit.

3. a. A member making contributions for a purchase of permissive service credit under this section, except as otherwise provided by this subsection, shall make contributions in an amount equal to the actuarial cost of the permissive service credit purchase.

b. For a member making contributions for a purchase of permissive service credit for qualified service as described in subsection 1, paragraph "c", subparagraph (1), subparagraph division (e), under this section, the member shall make contributions in an amount equal to forty percent of the actuarial cost of the service purchase. There is appropriated from the general fund of the state to the system an amount sufficient to pay sixty percent of the actuarial cost of the service purchase by a member pursuant to this paragraph.

c. For a member making contributions for a purchase of permissive service credit for qualified service as described in subsection 1, paragraph "c", subparagraph (1), subparagraph division (f), under this section, the member shall make contributions in an amount equal to forty percent of the actuarial cost of the service purchase. Upon notification of the applicable county board of supervisors of the member's election, the county board of supervisors shall pay to the system an amount sufficient to pay sixty percent of the actuarial cost of the service purchase by a member pursuant to this paragraph.

d. For a member making contributions for a purchase of permissive service credit for qualified service as described in subsection 1, paragraph "c", subparagraph (1), subparagraph division (h), in which, prior to July 1, 1998, the member received a refund of the member's accumulated contributions and subsequently returned to covered employment as a full-time employee for whom coverage under this chapter was mandatory the member shall receive a credit against the actuarial cost of the service purchase equal to the amount of the member's employer's accumulated contributions which were not paid to the member as a refund pursuant to section 97B.53 plus interest as calculated pursuant to section 97B.70.

e. For purposes of this subsection, the actuarial cost of the service purchase is an amount determined by the system in accordance with actuarial tables, as reported to the system by the system's actuary, which reflects the actuarial cost necessary to fund an increased retirement allowance resulting from the purchase of permissive service credit.

4. Effective July 1, 2004, a member eligible for an increased retirement allowance because of the payment of contributions under this or any other section providing for the purchase of service credit is entitled to adjusted payments beginning with the month in which the member pays contributions under the applicable section.

5. Effective July 1, 2004, a purchase of service made in accordance with this or any other section providing for the purchase of service credit by a retired reemployed member shall be applied to the member's original retirement allowance. The member is eligible to receive adjustment payments beginning with the month of the purchase.

6. A member who is entitled to a benefit from another public retirement system and wishes to purchase the service covered by that public retirement system must waive, on a form provided by the Iowa public employees' retirement system, all rights to a retirement benefit under that other public system before purchasing credit in this system for the period of service covered by that other public system. The waiver must be accepted by the other public system. If the waiver is not obtained, a member may buy up to twenty quarters of such service credit. In no event can a member receive more than one service credit for any given calendar quarter.

7. The system shall ensure that the member, in exercising an option provided in this

section, does not exceed the amount of annual additions to a member's account permitted pursuant to section 415 of the federal Internal Revenue Code.

2002 Acts, ch 1135, §33; 2003 Acts, ch 145, §286; 2004 Acts, ch 1103, §53 – 56; 2008 Acts, ch 1171, §41 – 43, 48, 49; 2009 Acts, ch 41, §263

[P] Payment of applicable contribution amount to replace contributions not made because of employer-mandated reductions in hours or employee-exercised reduction in pay during the time period beginning on or after January 1, 2009, and ending June 30, 2011; 2009 Acts, ch 170, §51, 55; 2010 Acts, ch 1167, §36, 41