

**97B.70 Interest and dividends to members.**

1. For calendar years prior to January 1, 1997, interest at two percent per annum and interest dividends declared by the system shall be credited to the member's contributions and the employer's contributions to become part of the accumulated contributions and accumulated employer contributions thereby.

a. The average rate of interest earned shall be determined upon the following basis:

- (1) Investment income shall include interest and cash dividends on stock.
- (2) Investment income shall be accounted for on an accrual basis.
- (3) Capital gains and losses, realized or unrealized, shall not be included in investment income.
- (4) Mean assets shall include fixed income investments valued at cost or on an amortized basis, and common stocks at market values or cost, whichever is lower.
- (5) The average rate of earned interest shall be the quotient of the investment income and the mean assets of the retirement fund.

b. The interest dividend shall be determined within sixty days after the end of each calendar year as follows:

- (1) The dividend rate for a calendar year shall be the excess of the average rate of interest earned for the year over the statutory two percent rate plus twenty-five hundredths of one percent.
- (2) The average rate of interest earned and the interest dividend rate in percent shall be calculated to the nearest one hundredth, that is, to two decimal places.
- (3) Interest and interest dividends calculated pursuant to [this subsection](#) shall be compounded annually.

2. For calendar years beginning January 1, 1997, a per annum interest rate at one percent above the interest rate on one-year certificates of deposit shall be credited to the member's contributions and the employer's contributions to become part of the accumulated contributions and accumulated employer contributions account. For purposes of [this subsection](#), the interest rate on one-year certificates of deposit shall be determined by the system based on the average rate for such certificates of deposit as of the first business day of each year as published in a publication of general acceptance in the business community. The per annum interest rate shall be credited on a quarterly basis by applying one-quarter of the annual interest rate to the sum of the accumulated contributions and the accumulated employer contributions as of the end of the previous calendar quarter.

3. Interest shall be credited to the accumulated contributions and accumulated employer contributions accounts, and supplemental accounts of active members, inactive vested members, and, effective January 1, 1999, to inactive nonvested members, until the quarter prior to the quarter in which the member's first retirement allowance is paid or in which the member is issued a refund under [section 97B.53](#), or in which a death benefit is issued.

4. Prior to January 1, 1999, interest and interest dividends shall be credited to the accumulated contributions and accumulated employer contributions account of a person who leaves the contributions in the retirement fund upon termination from covered employment prior to achieving vested status, but who subsequently returns to covered employment. Upon return to covered employment but prior to January 1, 1999, interest and interest dividends shall be credited to the accumulated contributions and accumulated employer contributions account of the person commencing upon the date on which the person has covered wages.

5. If the system no longer maintains the accumulated contributions and accumulated employer contributions account of the person pursuant to [this chapter](#), but the person submits satisfactory proof to the system that the person, or the person's employer, did make contributions that should be included in the accumulated contributions and accumulated employer contributions account, the system shall credit interest and interest dividends in the manner provided in [subsection 4](#).

[C66, 71, 73, 75, 77, 79, 81, §97B.70]

[94 Acts, ch 1183, §52, 97; 96 Acts, ch 1187, §56; 98 Acts, ch 1183, §61, 62; 2000 Acts, ch 1077, §67; 2001 Acts, ch 68, §21, 24; 2003 Acts, ch 145, §286; 2008 Acts, ch 1032, §186](#)

Referred to in [§97B.1A](#), [§97B.9](#), [§97B.10](#), [§97B.48A](#), [§97B.49H](#), [§97B.66](#), [§97B.80C](#)