

**97B.49H Active member supplemental accounts.**

1. There is established, for each active member, a supplemental account consisting of amounts credited to the account as provided in [this section](#) which shall be held and used for the exclusive benefit of the member pursuant to the requirements of [this section](#).

2. Amounts shall be credited to a supplemental account of each active member pursuant to the requirements of [this section](#) following a determination by the system's actuary during the most recent annual actuarial valuation that the retirement system does not have an unfunded accrued liability. For purposes of [this section](#), the retirement system does not have an unfunded accrued liability if the actuarial accrued liability of the retirement system based on the actuarial cost method used by the actuary does not exceed the actuarial value of assets of the retirement system as of the valuation date.

3. The system shall annually determine the amount to be credited to the supplemental accounts of active members. The total amount credited to the supplemental accounts of all active members shall not exceed the amount that the system determines, in consultation with the system's actuary, leaves the system fully funded following the crediting of the total amount to the supplemental accounts. The amount to be credited shall not be greater than the amount calculated by multiplying the member's covered wages for the applicable wage reporting period by the supplemental rate. For purposes of [this subsection](#), the supplemental rate is the difference, if positive, between the combined employee and employer statutory contribution rates in effect under [section 97B.11](#) and the normal cost rate of the retirement system as determined by the system's actuary in the most recent annual actuarial valuation of the retirement system. The credits shall be made to each member's account at the time that covered wages are reported for each wage reporting period during the calendar year following a determination that the retirement system will remain fully funded following the crediting of the total amount to the supplemental accounts. The normal cost rate, calculated according to the actuarial cost method used, is the percent of pay allocated to each year of service that is necessary to fund projected benefits over all members' service with the retirement system.

4. Amounts credited to a member's supplemental account shall be credited with interest quarterly pursuant to [section 97B.70, subsection 2](#).

5. Amounts credited to a member's supplemental account shall be distributed as follows:

a. If a member terminates covered employment and files an application for a refund under [section 97B.53](#), the member shall receive in a lump sum payment, in addition to any other payment provided by [this chapter](#), all amounts credited to the member's supplemental account.

b. If a member dies prior to retirement, the member's beneficiary shall receive in a lump sum payment, in addition to any other payment provided by [this chapter](#), all amounts credited to the member's supplemental account.

c. Upon retirement, the member shall elect to receive in a lump sum payment or in an annuity, in addition to any other payment provided by [this chapter](#), all amounts credited to the member's supplemental account. The annuity provided under [this section](#) shall be payable in the same form, at the same time, and to the same persons, including beneficiaries and contingent annuitants, that the member elects for the payments under the other provisions of [this chapter](#) providing for the monthly payment of allowances. The amount of an annuity provided under [this section](#), including amounts payable to beneficiaries and contingent annuitants, shall be calculated using the amount credited to the member's supplemental account as of the date of retirement, and the assumptions underlying the actuarial tables used to calculate optional allowances under [section 97B.51](#).

98 Acts, ch 1183, §42, 43; 2000 Acts, ch 1077, §47; 2001 Acts, ch 68, §21, 24; 2003 Acts, ch 145, §286; 2006 Acts, ch 1091, §8; 2008 Acts, ch 1171, §35, 48

Referred to in §97B.1A, 97B.46, 97B.48, 602.11115, 602.11116