House Amendment 8029

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1  1      Amend House File 729, as amended, passed, and
1  2  reprinted by the House, as follows:
1  3  #1.  Page 1, by inserting after line 2 the
1  4  following:
1  5      <Section 1.  Section 97B.1A, Code Supplement 2005,
1  6  is amended by adding the following new subsection:
1  7      NEW SUBSECTION.  11A.  "Fully funded" means a
1  8  funded ratio of at least one hundred percent using the
1  9  most recent actuarial valuation.  For purposes of this
1 10  subsection, "funded ratio" means the ratio produced by
1 11  dividing the lesser of the actuarial value of the
1 12  system's assets or the market value of the system's
1 13  assets, by the system's actuarial liabilities, using
1 14  the actuarial method adopted by the investment board
1 15  pursuant to section 97B.8A, subsection 3.
1 16      Sec. ___.  Section 97B.1A, subsection 24, paragraph
1 17  a, Code Supplement 2005, is amended to read as
1 18  follows:
1 19      a.  "Three=year average covered wage" means, for a
1 20  member who retires prior to July 1, 2008, a member's
1 21  covered wages averaged for the highest three years of
1 22  the member's service, except as otherwise provided in
1 23  this subsection.  The highest three years of a
1 24  member's covered wages shall be determined using
1 25  calendar years.  However, if a member's final quarter
1 26  of a year of employment does not occur at the end of a
1 27  calendar year, the system may determine the wages for
1 28  the third year by computing the average quarter of all
1 29  quarters from the member's highest calendar year of
1 30  covered wages not being used in the selection of the
1 31  two highest years and using the computed average
1 32  quarter for each quarter in the third year in which no
1 33  wages have been reported in combination with the final
1 34  quarter or quarters of the member's service to create
1 35  a full year.  However, the system shall not use the
1 36  member's final quarter of wages if using that quarter
1 37  would reduce the member's three=year average covered
1 38  wage.  If the three=year average covered wage of a
1 39  member exceeds the highest maximum covered wages in
1 40  effect for a calendar year during the member's period
1 41  of service, the three=year average covered wage of the
1 42  member shall be reduced to the highest maximum covered
1 43  wages in effect during the member's period of service.
1 44  Notwithstanding any other provision of this paragraph
1 45  to the contrary, a member's wages for the third year
1 46  as computed by this paragraph shall not exceed, by
1 47  more than three percent, the member's highest actual
1 48  calendar year of covered wages for a member whose
1 49  first month of entitlement is January 1999 or later.
1 50      Sec. ___.  Section 97B.1A, subsection 24, paragraph
2  1  c, Code Supplement 2005, is amended by striking the
2  2  paragraph and inserting in lieu thereof the following:
2  3      c.  Notwithstanding any other provisions of this
2  4  subsection to the contrary, for a member who retires
2  5  on or after July 1, 2007, the member's three=year
2  6  average covered wage shall be the lesser of the three=
2  7  year average covered wage as calculated pursuant to
2  8  paragraph "a" and the adjusted covered wage amount.
2  9  For purposes of this paragraph, the adjusted covered
2 10  wage amount shall be the greater of the member's
2 11  three=year average covered wage calculated pursuant to
2 12  paragraph "a" as of July 1, 2007, and an amount equal
2 13  to one hundred twenty=one percent of the member's
2 14  applicable calendar year wages.  The member's
2 15  applicable calendar year wages shall be the member's
2 16  highest full calendar year of covered wages not used
2 17  in the calculation of the member's three=year average
2 18  covered wage pursuant to paragraph "a", or, if the
2 19  member does not have another full calendar year of
2 20  covered wages that was not used in the calculation of
2 21  the three=year average covered wage under paragraph
2 22  "a", the lowest full calendar year of covered wages
2 23  that was used in the calculation of the member's
2 24  three=year average covered wage pursuant to paragraph
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2 25 "a".>
2 26 #2. Page 1, line 23, by striking the figure <2006>
2 27 and inserting the following: <2007>.
2 28 #3. Page 1, line 24, by striking the figure <2014>
2 29 and inserting the following: <2011>.
2 30 #4. Page 1, line 31, by striking the figure <2014>
2 31 and inserting the following: <2011>.
2 32 #5. Page 2, by inserting after line 2 the
2 33 following:
2 34   <Sec. ___. Section 97B.48A, subsection 1, Code
2 35 2005, is amended by adding the following new
2 36 unnumbered paragraph:
2 37   NEW UNNUMBERED PARAGRAPH. For purposes of this
2 38 subsection and not for purposes of determining a
2 39 retiree's covered wages, remuneration paid on and
2 40 after July 1, 2007, includes noncovered contributions
2 41 to a defined contribution plan qualified under
2 42 Internal Revenue Code section 401(a), a tax=deferred
2 43 annuity qualified under Internal Revenue Code section
2 44 403(b), an eligible deferred compensation plan
2 45 qualified under Internal Revenue Code section 457, or
2 46 any other tax qualified or nonqualified investment
2 47 vehicle, that is provided by an employer to a retiree
2 48 who has been or will be reemployed in covered
2 49 employment.>
2 50 #6. Page 2, line 3, by inserting after the word
3 1 <Code> the following: <Supplement>.
3 2 #7. Page 2, by inserting after line 14 the
3 3 following:
3 4   <Sec. ___. Section 97B.49F, subsection 2,
3 5 paragraph c, Code 2005, is amended by adding the
3 6 following new subparagraph:
3 7   NEW SUBPARAGRAPH. (4A) Notwithstanding any
3 8 provisions of this paragraph to the contrary, moneys
3 9 shall not be credited to the reserve account if the
3 10 system is not fully funded or if the system would not
3 11 remain fully funded if moneys were credited to the
3 12 reserve account.
3 13   Sec. ___. Section 97B.49H, subsection 3, Code
3 14 2005, is amended to read as follows:
3 15   3. The system shall annually determine the amount
3 16 to be credited to the supplemental accounts of active
3 17 members. The total amount credited to the
3 18 supplemental accounts of all active members shall not
3 19 exceed the amount that the system determines, in
3 20 consultation with the system's actuary, can be
3 21 absorbed without significantly impacting the funded
3 22 status of the system. The amount to be credited shall
3 23 be not be greater than the amount calculated by
3 24 multiplying the member's covered wages for the
3 25 applicable wage reporting period by the supplemental
3 26 rate. For purposes of this subsection, the
3 27 supplemental rate is the difference, if positive,
3 28 between the combined employee and employer statutory
3 29 contribution rates in effect under section 97B.11 and
3 30 the normal cost rate of the retirement system as
3 31 determined by the system's actuary in the most recent
3 32 annual actuarial valuation of the retirement system.
3 33 The credits shall be made at least quarterly during
3 34 the calendar year following a determination that the
3 35 retirement system does not have an unfunded accrued
3 36 liability. The normal cost rate, calculated according
3 37 to the actuarial cost method used, is the percent of
3 38 pay allocated to each year of service that is
3 39 necessary to fund projected benefits over all members'
3 40 service with the retirement system.>
3 41 #8. Page 2, by inserting after line 21 the
3 42 following:
3 43   <Sec. ___. Section 97B.65, Code 2005, is amended
3 44 to read as follows:
3 45   97B.65 REVISION RIGHTS RESERVED == INCREASE OF
3 46 BENEFITS == RATES OF CONTRIBUTION.
3 47   The right is reserved to the general assembly to
3 48 alter, amend, or repeal any provision of this chapter
3 49 or any application thereof to any person, provided,
3 50 however, that to the extent of the funds in the
4 1 retirement system the amount of benefits which at the
4 2 time of any such alteration, amendment, or repeal
4 3 shall have accrued to any member of the retirement
4 4 system shall not be repudiated, provided further,
4 5 however, that the amount of benefits accrued on

4 6 account of prior service shall be adjusted to the
4 7 extent of any unfunded accrued liability then
4 8 outstanding. ~~Any~~ An increase ~~enacted~~ in the benefits
4 9 or retirement ~~allowance~~ allowances provided under this
4 10 chapter shall not be enacted until after the system's
4 11 actuary determines that the system is fully funded and
4 12 will continue to be fully funded immediately following
4 13 enactment of the increase. However, an increase in
4 14 the benefits or retirement allowances provided under
4 15 this chapter may be enacted if the increase is
4 16 accompanied by a change in the employer and employee
4 17 contribution rates necessary to support such increase,
4 18 ~~all~~ as determined ~~in accordance with sound actuarial~~
4 19 ~~principles and methods~~ by the system's actuary.>
4 20 #9. Page 3, line 17, by striking the word and
4 21 figures <January 1, 2006> and inserting the following:
4 22 <October 1, 2007>.
4 23 #10. Page 5, line 4, by striking the figure <2005>
4 24 and inserting the following: <2006>.
4 25 #11. Page 5, line 8, by striking the figure <2005>
4 26 and inserting the following: <2006>.
4 27 #12. Page 5, line 30, by striking the figure
4 28 <2005> and inserting the following: <2006>.
4 29 #13. Page 7, line 11, by striking the figure
4 30 <2005> and inserting the following: <2006>.
4 31 #14. Page 7, line 16, by striking the figure
4 32 <2005> and inserting the following: <2006>.
4 33 #15. Page 11, line 33, by striking the figure
4 34 <2005> and inserting the following: <2006>.
4 35 #16. Page 12, line 2, by striking the figure
4 36 <2005> and inserting the following: <2006>.
4 37 #17. By renumbering as necessary.
4 38 HF 729.S
4 39 ec/cc/26