

SENATE/HOUSE FILE \_\_\_\_\_  
BY (PROPOSED TREASURER OF  
STATE BILL)

**A BILL FOR**

1 An Act establishing a retirement savings plan trust, making  
2 appropriations, and including contingent implementation and  
3 effective date provisions.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 12K.1 Purpose and definitions.

2 1. The general assembly finds that the general welfare and  
3 well-being of the state are directly related to the ability  
4 of the citizens of the state to save for their retirement  
5 years, and that a vital and valid public purpose is served by  
6 the creation and implementation of programs which encourage  
7 and make possible the attainment of financial security by  
8 the greatest number of citizens of the state. In order to  
9 make available to the citizens of the state an opportunity to  
10 fund future retirement savings needs, it is necessary that a  
11 public trust be established in which moneys may be invested for  
12 retirement.

13 2. As used in this chapter, unless the context otherwise  
14 requires:

15 a. *“Administrative fund”* means the administrative fund  
16 established under section 12K.4.

17 b. *“Employer”* means a person or entity engaged in a  
18 business, industry, profession, trade, or other enterprise in  
19 Iowa.

20 c. *“Internal Revenue Code”* means the same as defined in  
21 section 422.3.

22 d. *“Iowa retirement savings plan trust”* or *“trust”* means the  
23 trust created under section 12K.2.

24 e. *“Participant”* means an individual that has entered into a  
25 participation agreement under this chapter to contribute to an  
26 Iowa retirement savings plan.

27 f. *“Participation agreement”* means an agreement between a  
28 participant and the trust entered into under this chapter.

29 g. *“Program fund”* means the program fund established under  
30 section 12K.4.

31 Sec. 2. NEW SECTION. 12K.2 Creation of the Iowa retirement  
32 savings plan trust.

33 An Iowa retirement savings plan trust as allowed by the  
34 Internal Revenue Code is created for the purpose of helping  
35 Iowans save for retirement. The treasurer of state is the

1 trustee of the trust, and has all powers necessary to carry out  
2 and effectuate the purposes, objectives, and provisions of this  
3 chapter pertaining to the trust, including the power to do all  
4 of the following:

- 5 1. Make and enter into contracts necessary for the  
6 administration of the trust.
- 7 2. Enter into agreements with any financial institution,  
8 the state, or any federal or other state agency, or other  
9 entity as required to implement this chapter.
- 10 3. Carry out the duties and obligations of the trust  
11 pursuant to this chapter.
- 12 4. Accept any grants, gifts, legislative appropriations,  
13 and other moneys from the state, any unit of federal, state, or  
14 local government, or any other person, firm, partnership, or  
15 corporation which the treasurer of state shall deposit into the  
16 administrative fund or the program fund.
- 17 5. Carry out studies and projections so the treasurer of  
18 state may advise participants regarding present and estimated  
19 future retirement needs and levels of financial participation  
20 in the trust required in order to enable participants to  
21 achieve their retirement funding objectives.
- 22 6. Participate in any federal, state, or local governmental  
23 program for the benefit of the trust.
- 24 7. Procure insurance against any loss in connection with the  
25 property, assets, or activities of the trust.
- 26 8. Enter into agreements with participants and employers.
- 27 9. Make distributions and refunds to participants pursuant  
28 to participation agreements as prescribed by the Internal  
29 Revenue Code.
- 30 10. Invest moneys from the program fund in any investments  
31 which are determined by the treasurer of state to be  
32 appropriate.
- 33 11. Engage investment advisors, if necessary, to assist in  
34 the investment of trust assets.
- 35 12. Contract for goods and services and engage personnel

1 as necessary, including consultants, actuaries, managers,  
2 legal counsel, and auditors for the purpose of rendering  
3 professional, managerial, and technical assistance and advice  
4 to the treasurer of state regarding trust administration and  
5 operation.

6 13. Establish, impose, and collect administrative fees  
7 and charges in connection with transactions of the trust, and  
8 provide for reasonable service charges, including penalties for  
9 cancellations and late payments with respect to participation  
10 agreements.

11 14. Administer the funds of the trust.

12 15. Adopt rules pursuant to chapter 17A for the  
13 administration of the trust.

14 Sec. 3. NEW SECTION. **12K.3 Limitation of liability.**

15 The trust, the treasurer of state, and the state of Iowa may  
16 not guarantee any rate of return or any interest rate on any  
17 contribution to the trust. The trust, treasurer of state, and  
18 the state of Iowa are not liable for any loss incurred by any  
19 person as a result of participating in the trust.

20 Sec. 4. NEW SECTION. **12K.4 Program and administrative funds**  
21 **— investment and payments.**

22 1. The treasurer of state shall segregate moneys received  
23 by the trust into two funds: the program fund and the  
24 administrative fund.

25 2. All moneys paid by participants in connection with  
26 participation agreements shall be deposited as received into  
27 separate accounts within the program fund.

28 3. Contributions to the trust made by participants may only  
29 be made in the form of cash.

30 Sec. 5. NEW SECTION. **12K.5 Cancellation of agreements.**

31 A participant may cancel a participation agreement at will.  
32 Upon cancellation of a participation agreement, a participant  
33 shall be entitled to the return of the participant's account  
34 balance subject to penalties prescribed by the Internal Revenue  
35 Code.

1     Sec. 6. NEW SECTION. 12K.6 Annual audited financial report  
2 to governor and general assembly.

3     1. The treasurer of state shall submit an annual audited  
4 financial report, prepared in accordance with generally  
5 accepted accounting principles, on the operations of the trust  
6 by January 1 to the governor and the general assembly.

7     2. The annual audit shall be made either by the auditor  
8 of state or by an independent certified public accountant  
9 designated by the auditor of state and shall include direct and  
10 indirect costs attributable to the use of outside consultants,  
11 independent contractors, and any other persons who are not  
12 state employees.

13    3. The annual audit shall be supplemented by all of the  
14 following information prepared by the treasurer of state:

15     a. Any related studies or evaluations prepared in the  
16 preceding year.

17     b. A summary of the benefits provided by the trust including  
18 the number of participants in the trust.

19     c. Any other information which is relevant in order to make  
20 a full, fair, and effective disclosure of the operations of the  
21 trust.

22    Sec. 7. NEW SECTION. 12K.7 Tax considerations.

23    For federal tax purposes, the Iowa retirement savings plan  
24 trust shall conform to the requirements established by the  
25 Internal Revenue Code to be able to operate as a retirement  
26 plan. The plan may conform to the requirements under section  
27 401(a), section 408, or another section of the Internal Revenue  
28 Code which allows Iowans the best retirement option under the  
29 trust as determined by the treasurer of state.

30    Sec. 8. NEW SECTION. 12K.8 Property rights to assets in  
31 trust.

32    1. The assets of the trust shall at all times be preserved,  
33 invested, and expended solely and only for the purposes of the  
34 trust and shall be held in trust for the participants.

35    2. No property rights in the trust shall exist in favor of

1 the state.

2 3. The assets of the trust shall not be transferred or used  
3 by the state for any purposes other than the purposes of the  
4 trust.

5 Sec. 9. NEW SECTION. 12K.9 Construction.

6 This chapter shall be liberally construed to effectuate its  
7 purpose.

8 Sec. 10. TREASURER OF STATE — IOWA RETIREMENT SAVINGS PLAN  
9 TRUST APPROPRIATION. There is appropriated from the general  
10 fund of the state to the treasurer of state for the fiscal year  
11 beginning July 1, 2017, and ending June 30, 2018, the following  
12 amount, or so much thereof as is necessary, to be used for the  
13 purposes designated:

14 For establishing and managing an Iowa retirement savings  
15 plan trust, including salaries, support, maintenance, and  
16 miscellaneous purposes:

17 ..... \$ 1,500,000

18 Notwithstanding section 8.33, moneys appropriated in this  
19 section that remain unencumbered or unobligated at the close of  
20 the fiscal year shall not revert but shall remain available for  
21 expenditure for the purposes designated until the close of the  
22 fiscal year that begins July 1, 2018.

23 Sec. 11. IMPLEMENTATION PROVISION. The treasurer of state  
24 shall provide that when chapter 12K is enacted, individuals may  
25 begin making contributions to the Iowa retirement savings plan  
26 trust, as created by section 12K.2, as enacted in this Act, no  
27 earlier than July 1, 2019.

28 Sec. 12. CONTINGENT EFFECTIVE DATE.

29 1. This Act takes effect, but in no event earlier than  
30 July 1, 2018, on the date that the treasurer of state notifies  
31 the Code editor that both of the following contingencies have  
32 occurred:

33 a. An amount of no less than one million five hundred  
34 thousand dollars has been appropriated to the treasurer of  
35 state for the purpose of establishing and managing an Iowa

1 retirement savings plan trust.

2 b. The treasurer of state has determined, at the sole  
3 discretion of the treasurer of state, that establishing an Iowa  
4 retirement savings plan trust is feasible and that applicable  
5 federal requirements make establishing a private retirement  
6 plan favorable for Iowans contributing to the trust.

7 2. The treasurer of state shall notify the Code editor in  
8 writing whether the contingencies in subsection 1 have occurred  
9 or will not occur.

10

EXPLANATION

11 The inclusion of this explanation does not constitute agreement with  
12 the explanation's substance by the members of the general assembly.

13 This bill creates the Iowa retirement savings plan trust  
14 under the office of treasurer of state for the purpose of  
15 helping Iowans save for retirement. The bill provides that  
16 the trust be operated so that it meets the requirements of a  
17 retirement plan as provided by the Internal Revenue Code.

18 The state treasurer is the trustee of the trust and has  
19 numerous powers, as specified in the bill, for the purpose of  
20 carrying out the purpose of the trust. Powers granted the  
21 treasurer of state to effectuate the purpose of the trust  
22 include entering into agreements with trust participants and  
23 employers, investing moneys in the trust, and entering into any  
24 agreements or contracts necessary to carry out the purposes of  
25 the trust.

26 The bill provides that the state, the treasurer of state,  
27 and the trust may not guarantee any rate of return on any  
28 contributions to the trust and are not liable for any loss  
29 incurred by any person as a result of participating in the  
30 trust. The bill requires the treasurer to submit to the  
31 governor and the general assembly an annual audited financial  
32 report on the operations of the trust.

33 The bill provides an appropriation to the treasurer of state  
34 for FY 2017-2018 for the purposes of establishing and managing  
35 the Iowa retirement savings plan trust.

1 The bill provides that when the requirements of the bill are  
2 enacted, the treasurer of state shall not allow individuals to  
3 make contributions to the trust earlier than July 1, 2019.

4 The bill provides that the bill takes effect no earlier  
5 than July 1, 2018, and only on the date the treasurer of state  
6 notifies the Code editor, in writing, that no less than \$1.5  
7 million has been appropriated to the treasurer of state for the  
8 purpose of the bill and that establishing an Iowa retirement  
9 savings plan trust is feasible and that applicable federal  
10 requirements make establishing the trust favorable for Iowans  
11 contributing to the trust.