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:
Section 1. NEW SECTION. 12K.1 Purpose and definitions.
1. The general assembly finds that the general welfare and well-being of the state are directly related to the ability of the citizens of the state to save for their retirement years, and that a vital and valid public purpose is served by the creation and implementation of programs which encourage and make possible the attainment of financial security by the greatest number of citizens of the state. In order to make available to the citizens of the state an opportunity to fund future retirement savings needs, it is necessary that a public trust be established in which moneys may be invested for retirement.

2. As used in this chapter, unless the context otherwise requires:
   a. "Administrative fund" means the administrative fund established under section 12K.4.
   b. "Employer" means a person or entity engaged in a business, industry, profession, trade, or other enterprise in Iowa.
   c. "Internal Revenue Code" means the same as defined in section 422.3.
   d. "Iowa retirement savings plan trust" or "trust" means the trust created under section 12K.2.
   e. "Participant" means an individual that has entered into a participation agreement under this chapter to contribute to an Iowa retirement savings plan.
   f. "Participation agreement" means an agreement between a participant and the trust entered into under this chapter.
   g. "Program fund" means the program fund established under section 12K.4.

Sec. 2. NEW SECTION. 12K.2 Creation of the Iowa retirement savings plan trust.
An Iowa retirement savings plan trust as allowed by the Internal Revenue Code is created for the purpose of helping Iowans save for retirement. The treasurer of state is the
trustee of the trust, and has all powers necessary to carry out and effectuate the purposes, objectives, and provisions of this chapter pertaining to the trust, including the power to do all of the following:

1. Make and enter into contracts necessary for the administration of the trust.
2. Enter into agreements with any financial institution, the state, or any federal or other state agency, or other entity as required to implement this chapter.
3. Carry out the duties and obligations of the trust pursuant to this chapter.
4. Accept any grants, gifts, legislative appropriations, and other moneys from the state, any unit of federal, state, or local government, or any other person, firm, partnership, or corporation which the treasurer of state shall deposit into the administrative fund or the program fund.
5. Carry out studies and projections so the treasurer of state may advise participants regarding present and estimated future retirement needs and levels of financial participation in the trust required in order to enable participants to achieve their retirement funding objectives.
6. Participate in any federal, state, or local governmental program for the benefit of the trust.
7. Procure insurance against any loss in connection with the property, assets, or activities of the trust.
8. Enter into agreements with participants and employers.
9. Make distributions and refunds to participants pursuant to participation agreements as prescribed by the Internal Revenue Code.
10. Invest moneys from the program fund in any investments which are determined by the treasurer of state to be appropriate.
11. Engage investment advisors, if necessary, to assist in the investment of trust assets.
12. Contract for goods and services and engage personnel.
as necessary, including consultants, actuaries, managers, legal counsel, and auditors for the purpose of rendering professional, managerial, and technical assistance and advice to the treasurer of state regarding trust administration and operation.

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

14. Administer the funds of the trust.

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

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

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

Sec. 4. NEW SECTION. 12K.4 Program and administrative funds – investment and payments.

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

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

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

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

A participant may cancel a participation agreement at will. Upon cancellation of a participation agreement, a participant shall be entitled to the return of the participant's account balance subject to penalties prescribed by the Internal Revenue Code.
Sec. 6. NEW SECTION. 12K.6 Annual audited financial report to governor and general assembly.

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

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

3. The annual audit shall be supplemented by all of the following information prepared by the treasurer of state:
   a. Any related studies or evaluations prepared in the preceding year.
   b. A summary of the benefits provided by the trust including the number of participants in the trust.
   c. Any other information which is relevant in order to make a full, fair, and effective disclosure of the operations of the trust.

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

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

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

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

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
retirement savings plan trust.

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

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

EXPLANATION

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

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

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

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

The bill provides an appropriation to the treasurer of state for FY 2017-2018 for the purposes of establishing and managing the Iowa retirement savings plan trust.
The bill provides that when the requirements of the bill are enacted, the treasurer of state shall not allow individuals to make contributions to the trust earlier than July 1, 2019.

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