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[SF 2266](#) – Income Cap, IPERS Beneficiaries (LSB5955SV.1)  
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Fiscal Note Version – Final Action

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**Description**

[Senate File 2266](#) increases the earnings limitation from \$30,000 annually to \$50,000 annually for retirees under the age of 65 who return to work for an Iowa Public Employees' Retirement System (IPERS)-covered employer. The Bill also increases the limit of compensation school board members can earn through part-time or temporary district employment from \$6,000 to \$20,000. The Bill takes effect upon enactment.

**Background**

Iowa Code section [97B.48A](#) provides that a retiree who has not reached age 65 and returns to work for an IPERS-covered employer will have the retiree's retirement allowance reduced by \$0.50 for every \$1 the retiree earns over \$30,000 for the remainder of the calendar year. The earnings limit was last increased from \$14,000 to \$30,000 during the 2002 Legislative Session (2022 Iowa Acts, Chapter [1135](#)).

As of June 30, 2021, there were 9,484 retired, reemployed IPERS members. IPERS paid out \$2.365 billion in retirement benefits in FY 2021, and the IPERS Trust Fund balance was \$42.850 billion.

**Assumptions**

- For calendar year (CY) 2021, there were 136 IPERS members under the age of 65 who exceeded the annual \$30,000 earnings limit.
- The average annual earnings of the 136 members who exceeded the limit totaled \$50,000.
- The total average reduction per member was approximately \$8,000, resulting in approximately \$1.1 million remaining in the IPERS Trust Fund due to the penalty.
- School districts would pay the increased contract costs for services provided by board members.

**Fiscal Impact**

Increasing the earnings income limit to \$50,000 will result in members receiving approximately \$1.1 million in retirement benefits annually that under current law would have been retained in the IPERS Trust Fund. The assumed loss of reduced retirement benefits is a nominal liability to the IPERS Trust Fund of approximately 0.003%. The costs related to part-time and temporary school board member employment would be paid from existing school district resources and are anticipated to be minimal.

**Sources**

Iowa Public Employees' Retirement System (IPERS)  
IPERS FY 2021 Annual Comprehensive Financial Report  
Department of Education

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/s/ Holly M. Lyons

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.  
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