

F I N A L R E P O R T

PUBLIC RETIREMENT SYSTEMS SUBCOMMITTEE

January, 1982

The Public Retirement Systems Subcommittee of the Senate and House Committees on State Government was established by the Legislative Council to review the present provisions and benefit levels of the public retirement systems in this state, including the Iowa Public Employees' Retirement System (Chapter 97B), the Judicial Retirement System (Chapter 605A), the Peace Officers' Retirement System (Chapter 97A), and local police and fire retirement systems (Chapter 411).

Members serving on the Subcommittee were:

Senator John Nystrom, Boone, Chairperson
Representative George Swearingen, Sigourney, Vice Chairperson
Senator James E. Briles, Corning
Senator Robert M. Carr, Dubuque
Senator William D. Palmer, Des Moines
Senator Forrest V. Schwengels, Fairfield
Senator Tom Slater, Council Bluffs
Senator Dale Tieden, Elkader
Representative Diane Brandt, Cedar Falls
Representative Dorothy Carpenter, West Des Moines
Representative William Dieleman, Pella
Representative Rod Halvorson, Fort Dodge
Representative Betty Hoffmann-Bright, Muscatine
Representative Semor Tofte, Decorah

The Subcommittee was granted four meetings and held all four meetings. Meetings were held on September 22, October 20, November 18, and December 7. At the first meeting Senator Nystrom was elected chairperson and Representative Swearingen was elected vice chairperson.

At the first meeting members were provided with a chart comparing the major provisions of each of the public retirement systems, and a copy of the chart is attached to this report. In addition, Mr. Edmund Longnecker, Director of the Iowa Public Employees' Retirement System (IPERS) Division of the Iowa Department of Job Service, presented information about the history of IPERS and current statistical data. Copies of Mr. Longnecker's report are on file in the Legislative Service Bureau. There are approximately 141,500 active IPERS members, 15,000 inactive vested employees and 33,710 retired members receiving benefits. As of June 30, 1980, IPERS was the twenty-eighth largest public retirement system in the nation.

Members of the judicial branch appearing before the Subcommittee made no recommendations for benefit improvements but urged the General Assembly to consider the actuarial report on the Judicial Retirement System completed in December, 1981 and begin funding the System on a more actuarially sound basis. A copy of the Actuarial Study is on file in the Legislative Service Bureau.

The Subcommittee organized its study so that time was allocated at each of the first three meetings for organized interest groups and individuals to make recommendations for benefit changes or other changes for each of the retirement systems. A press release was issued asking individuals who have been adversely affected under IPERS to write their comments to the Subcommittee. A listing of all of the recommendations made and the name of the person or organization who made them was compiled and is on file in the Legislative Service Bureau.

The Subcommittee made the decision that its recommendations would be made only after it possessed adequate funding information from actuarial cost studies. Mr. Longnecker secured the assistance of the IPERS actuaries from Milliman & Robertson, Inc. for a number of cost studies and Treasurer of State Maurice Baringer also provided actuarial cost study information from the Peace Officers' Retirement System actuaries Towers, Perrin, Forster, & Crosby.

At the request of the Subcommittee, the Legislative Council authorized the expenditure of an additional \$5,000 for actuarial studies by Farr Analysts, Consultants, and Technical Services who were employed by the Legislative Fiscal Bureau. Funds for cost studies were also available from the appropriation to the Legislative Fiscal Bureau. At its final meeting, the Subcommittee directed Farr Analysts to conduct a number of additional cost studies. A listing of these requests is contained in the list of recommendations of the Subcommittee.

The Subcommittee noted that section 97B.67 expresses the intent of the General Assembly to annually review the employer and employee contribution rates for IPERS and to review the benefit formula established in section 97B.49 and the actuarial soundness of the IPERS system in order to raise the benefit level to 50 percent of the five-year average covered wage of a member. The Subcommittee voted not to increase either the employer or employee contribution rates, but noted that although the total employer and employee contribution rates equal 9.45 percent of covered wages, only 8.34 percent of covered wages is needed to maintain the present system. The Subcommittee asked for actuarial cost information for various proposals made by persons appearing before the Subcommittee relating to IPERS, and the consulting actuaries for the Department of Job Service provided the following information:

<u>Benefit Improvements</u>	<u>Additional cost over present sys- tem as a percent of covered wages</u>
1. 48% benefit formula of five-year average covered wage	.26%
2. 49% benefit formula of five-year average covered wage	.52%
3. 50% benefit formula of five-year average covered wage	.78%
4. \$22,000 ceiling on covered wages	.37%
5. \$26,000 ceiling on covered wages	.96%
6. No covered wages ceiling	3.80%
7. Ceasing contributions after 30 years of service	.64%
8. Ceasing contributions after 30 years of service and increasing the ceiling on covered wages to \$24,000	1.47%
9. Increase benefits by 2% of the five-year average salary for each year of service over 30 years with a covered wage limit of \$22,000	2.23%
10. Same as #8 with a 3% increase	3.16%
11. Retirement for conservation peace officers at age 55 with 25 years of service	7.63%
12. Retirement for sheriffs and deputy sheriffs at age 55 with 25 years of service	2.62%
13. Retirement for correction officers, D.O.T. enforcement officers, and juvenile probation officers	2.86%

Copies of the actuarial reports for each of these cost studies are on file in the Legislative Service Bureau.

The Subcommittee asked for actuarial cost information for various proposals relating to the Peace Officers' Retirement System and the consulting actuaries provided the following information:

<u>Benefit Improvements</u>	<u>Additional cost over present sys- tem as a percent of payroll</u>
1. Average final compensation based on the three highest years' wages	2.85%
2. Increase service retirement allowance 2% for each year of service in excess of 22 years until a member reaches 55	6.09%
3. Increase surviving spouse benefits from 50% to 70% of the amount received by the member and increase the monthly minimum	

pension to \$125 for all active and retired members	3.73%
4. Same as #3 including all surviving spouses	4.24%
5. All children of deceased members can receive benefits until age 22 if they are full-time students or disabled	No increase

At its fourth meeting the Subcommittee voted to approve a number of recommendations for the Iowa Public Employees' Retirement System and for the Peace Officers' Retirement System and local police and fire retirement systems. A copy of a bill draft to implement the final recommendations is attached to this report. In addition, the Subcommittee voted to seek additional cost study information for a number of items and these are listed in the recommendations.

IPERS RECOMMENDATIONS

1. Increase the covered wages commencing January 1, 1983 from \$20,000 to \$22,000 annually.

2. Increase the percent of the five-year average covered wage used in computing retirement benefits for those retiring on or after July 1, 1982 from 47 percent to 49 percent.

3. Strike the limitations on common stock investments of moneys in the IPERS fund and substitute language existing for common stock investments of moneys by life insurance companies.

4. Strike the requirement in determining the five-year average covered wage that the years must be consecutive.

5. Provide an increase in the monthly retirement benefits for persons retiring before January 1, 1976 of 50 cents per year for the first ten years of service, one dollar per year for the eleventh through the twentieth years, and one dollar and fifty cents per year for the twenty-first through the thirtieth years. This recommendation is to be financed by an annual appropriation from the general fund of \$2.5 million for 20 years.

6. Allow sheriffs and deputy sheriffs under the special retirement provisions provided for them to count toward their required 25 years of service as a sheriff or deputy sheriff any years they may have spent as a peace officer. The Subcommittee asked Farr Analysts to determine the cost of this recommendation.

7. Provide that additional payments made to a member at the time of a member's retirement will not be included in the member's covered wages. These payments may have been for sick leave, accrued vacation, or payments made as an incentive for early retirement.

8. Provide that a member's five-year average covered wage cannot exceed the highest maximum covered wages in effect during the member's years of service.

9. Prohibit a vested member of IPERS from receiving benefits before reaching age 70 if the member is still actively employed by a public employer and is making contributions to another public retirement system such as TIAA-CREF.

10. Clarify the provision of law that allows IPERS members who had public service before January 1, 1946 to count those years of service by filing written verification so that persons who were employed by a school district that had established a pension and annuity retirement system can file the verification unless they are eligible for or receiving a monthly benefit under that system.

11. Make technical changes in the IPERS law to correct an internal reference and strike obsolete language referring to county school systems and referring to contributions made when IPERS was a money purchase plan rather than a formula benefit plan as it is now.

12. Ask Farr Analysts to determine the cost of providing an increase in monthly retirement benefits for persons retiring before January 1, 1976 of 75 cents per year of employment for each of the first 20 years of service if the member has at least ten years of service and \$1.50 per year for the twenty-first through the thirtieth years of service.

13. Ask Farr Analysts to determine the cost for each of the different types of public employers (if they were mandated to pay the costs) of the benefit increases provided in recommendation 5 for persons retiring before January 1, 1976.

14. Direct the Legislative Service Bureau to send a questionnaire to a sampling of cities below 8,000 population asking whether the city and its law enforcement employees would be willing to pay additional costs similar to the additional costs currently paid by sheriffs and deputy sheriffs to provide retirement at age 60 after 25 years of service for its law enforcement employees.

15. Ask Farr Analysts to determine the cost of adding the law enforcement personnel employed by cities of under 8,000 population in a special IPERS category similar to that provided for sheriffs and deputy sheriffs with retirement at age 60 after 25 years of service.

CHAPTERS 97A AND 411 RECOMMENDATIONS

1. Ask the Legislative Council to approve the establishment for the 1982 interim of a study solely devoted to the Peace Officers'

Retirement System and the local police and fire retirement systems, including their present benefits, the impact of recent changes in benefits, the cost and actuarial soundness of the systems, and benefits in Iowa compared to those in other states. The study should be granted at least three meetings.

2. Continue benefits for surviving children of all deceased members until the children are 22 years of age if they are full-time students and for life for disabled children.

3. Clarify how the retirement allowance is calculated if the vested member terminates employment before age 55.

4. Conduct negotiations with the United States Department of Health and Human Services to delete the requirement that cities have coverage under both Social Security and chapter 411.

5. For fiscal note purposes, draft a bill to define average final compensation as the wages during the highest three years of employment of a member rather than the highest five years.

6. For fiscal note purposes, draft a bill to increase the percent of a member's service retirement allowance two percent for each year of service beyond the 22 years required for receipt of full benefits up to age 55 of the member.

7. For fiscal note purposes, draft a bill to increase a spouse's benefit from 50 percent to $66 \frac{2}{3}$ percent of the benefit received by the member with the minimum monthly benefit increased to \$125. The cost of each of these improvements should be calculated separately.

8. For fiscal note purposes, draft a bill to provide that compensation paid for holiday pay is included in the compensation of a member.

COMPARISON OF PUBLIC RETIREMENT BENEFITS

	Retirement Age for Maximum Benefit	Years of Service for Maximum Benefit	Contribution Rate		Regular Benefit	Ordinary Disability	Accidental Disability	Social Security including Medicare	Death Benefits (ordinary)	Death Benefits (accidental)	Escalator	Refunds
			Employer	Employee								
Fire and Police (411)	55	22	Amt. to make system actuarially sound varies up to 35 % of payroll	2.21%	50% of average of 5 highest years' salaries	40% of average of 5 highest years' salaries (First 5 years, 25% of average of 5 highest years)	66 2/3% of average of 5 highest years reduced by workers' comp.	No	50% compens. during preceding year, or pension equal 1/4 of average of 5 highest years + 6% of salary of highest grade patrol officer or fire fighter/month/child	Pension equal to 50% of average of 5 highest years + 6% of salary of highest grade as patrol officer or fire fighter/month/child	Adjusted annually by a percent of the difference between salary at retirement and current salary of same position	NONE
IPERS (97B)	65	30	5.75% of wages up to \$20,000	3.7% of wages up to \$20,000	47% of average of 5 highest years, but not less than \$5/month--for each year of service up to 30	NONE	NONE	Yes	Accum. contrib. of member and employer payable with annuity options	Same as ordinary death benefits	NONE	Accumulated employee contribution plus interest
Conserv. Peace Officers	60	25	14.18% of wages up to \$20,000	Same as IPERS	Same as IPERS	NONE	NONE	Yes	Same as IPERS	Same as IPERS	NONE	Same as IPERS
Sheriffs and Deputy Sheriffs	60	25	8.41% of wages up to \$20,000	5.41% of wages up to \$20,000	Same as IPERS	NONE	NONE	Yes	Same as IPERS	Same as IPERS	NONE	Same as IPERS
Correctional Officers ***	60	30	7.46% of wages up to \$20,000	Same as IPERS	Same as IPERS	NONE	NONE	Yes	Same as IPERS	Same as IPERS	NONE	Same as IPERS

Judicial Retirement System	65	16 2/3	3% of salaries + \$1 per court filing	4% of all wages	50% of final salary	3% x average annual salary of last 3 years x years of service, up to 50%	Same as ordinary disability	Yes	Surviving spouse receives 1/2 amount judge is receiving if judge is 65 or when judge would be 65 or wife would be 60	Same as ordinary death benefits	Senior judges receive 50% of active judge's salary	Judges' contribution
Peace Officers Retirement System (97A)	55	22	16% of payroll	2.21%	Same as 411 systems	Same as 411 systems	Same as 411 systems	No	Same as 411 systems	Same as 411 systems	Same as 411 systems	NONE
Social Security	65		6.65%* of wages up to \$29,700	6.65%* of wages up to \$29,700							Adjusted annually	
State Employees Other Benefits						After 90 working days up to 1 year employment--20% earnings; 1 year to 2 years--40%; after 2 years 60% earnings reduced by Social Security and Workers' Compensation			\$10,000 term life insurance option to buy \$10,000 additional at a state rate	Same as ordinary death benefits		
TIAA-CREF (Employees earning \$7,800 or more)	70	NA	6 2/3% on first \$4,800 10% on balance**	3 1/3% on first \$4,800 5% on balance***	TIAA buys pd. up retirement annuity - CREF buys variable annuity	NONE	NONE	Yes	Can select reduced annuity with benefit for survivor	Same as ordinary death benefits	NONE, except CREF is variable annuity	Both accumulated employer and employee contributions (less than 5 years employment)

* 6.70% of wages up to \$31,800 in 1982.

** Contribution rates for employees of at least 5 years with an institution are 10% and 5% on \$2,400 in 1982.

*** Beginning July 1, 1983.

PROPOSED SENATE/HOUSE FILE _____

BY (PROPOSED SENATE AND HOUSE
COMMITTEES ON STATE GOVERNMENT
BILL PROPOSED BY THE PUBLIC
RETIREMENT SYSTEMS SUBCOMMITTEE)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the administration and benefits of public
2 retirement systems and to make an appropriation.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 97A.1, subsection 9, Code 1981, is
2 amended to read as follows:

3 9. "Child" ~~or-"children"-shall-mean~~ means only the
4 surviving issue of a deceased active or retired member, or
5 the child ~~or-children~~ legally adopted by a deceased member
6 prior to ~~his~~ the member's retirement. "Child" includes only
7 an individual who is under the age of eighteen years, an
8 individual who is under the age of twenty-two and is a full-
9 time student, or an individual who is disabled under the
10 definitions used in section 402 of the Social Security Act
11 as amended to July 1, 1981.

12 Sec. 2. Section 97A.6, subsection 1, paragraph b, Code
13 1981, is amended to read as follows:

14 b. Any member in service who has been a member of the
15 retirement system fifteen or more years and whose employment
16 is terminated prior to the member's retirement, other than
17 by death or disability, shall upon attaining retirement age,
18 receive a service retirement allowance of fifteen twenty-
19 seconds of the retirement allowance the member would receive
20 at retirement if the member's employment had not been
21 terminated, and an additional one twenty-second of such
22 retirement allowance for each additional year of service not
23 exceeding twenty-two years of service. The amount of the
24 retirement allowance shall be ~~based-on~~ calculated in the
25 manner provided in this paragraph using the average final
26 compensation at the time of termination of employment.

27 Sec. 3. Section 97A.6, subsection 8, paragraphs b, d,
28 e, and f, Code 1981, are amended to read as follows:

29 b. If there ~~be~~ is no ~~such~~ nomination of beneficiary, the
30 benefits provided in paragraph "a" of this subsection ~~8~~ shall
31 be paid to the member's estate; or in lieu thereof, at the
32 option of the following beneficiaries, respectively, even
33 though nominated as ~~such~~ beneficiaries, for a member in service
34 ~~there-shall-be-paid~~ at the time of death a pension ~~which~~ shall
35 be paid equal to one-fourth of the average final compensation

1 of ~~such~~ the member, but in no instance less than fifty dollars
2 per month or for a member not in service at the time of death
3 the pension shall be reduced as provided in subsection 1,
4 paragraph "c", of this section and shall be paid commencing
5 when the member would have attained the age of fifty-five
6 except if there is a child of the member ~~under-the-age-of~~
7 ~~eighteen,-or-under-the-age-of-twenty-two-who-is-a-full-time~~
8 ~~student,-or-who-is-disabled,-under-the-definitions-used-in~~
9 ~~section-402-of-the-Social-Security-Act-as-amended-to-July~~
10 ~~17-1978-(42-U.S.C.-402)~~, the pension shall be paid commencing
11 with the member's death until the children reach the age of
12 eighteen, or twenty-two if applicable, and shall resume
13 commencing when the member would have attained the age of
14 fifty-five;

15 d. If there ~~be~~ is no surviving spouse, or if the spouse
16 dies or remarries ~~before-any-child-of-such-deceased-member~~
17 ~~shall-have-attained-the-age-of-eighteen-years~~ and there is
18 a child of a member, then to the guardian of the member's
19 child or children ~~under-said-age~~, divided ~~in-such-manner~~ as
20 the board of trustees ~~in-its-discretion-shall-determine~~
21 determines, to continue as a joint and survivor pension until
22 every ~~such~~ child of the member dies or attains the age of
23 eighteen or twenty-two if applicable; or

24 e. If there ~~be~~ is no surviving spouse or child ~~under-age~~
25 ~~eighteen~~, then to the member's dependent father or mother,
26 as the board of trustees in its discretion ~~shall-determine~~
27 determines, to continue until remarriage or death.

28 f. In addition to the benefits ~~herein~~ enumerated in this
29 subsection, there shall also be paid for each child of a
30 member ~~under-the-age-of-eighteen-years~~ a monthly pension equal
31 to six percent of the monthly earnable compensation payable
32 to an active member having the rank of senior patrolman of
33 the Iowa highway safety patrol.

34 For the purpose of this chapter, a senior patrolman is
35 a man or woman who has completed ten years of service in the

1 Iowa highway safety patrol.

2 Sec. 4. Section 97A.6, subsection 9, paragraphs b and
3 c, Code 1981, are amended to read as follows:

4 b. If there ~~be~~ is no surviving spouse, children ~~under~~
5 ~~the-age-of-eighteen-years~~ or dependent parent surviving ~~such~~
6 ~~a~~ deceased member, the death shall be treated as an ordinary
7 death case and the benefit payable ~~in-accordance-with-the~~
8 ~~provisions-of~~ under subsection 8, paragraph "a" of this
9 section, in lieu of the pension provided in paragraph "a"
10 of this subsection 9, shall be paid to the member's estate.

11 c. In addition to the benefits for the surviving spouse
12 ~~herein~~ enumerated in this subsection, there shall also be
13 paid for each ~~dependent~~ child of a member ~~under-the-age-of~~
14 ~~eighteen-years~~ a monthly pension equal to six percent of the
15 monthly earnable compensation payable to an active member
16 having the rank of senior patrolman of the Iowa highway safety
17 patrol.

18 Sec. 5. Section 97A.6, subsection 12, paragraph b, Code
19 1981, is amended to read as follows:

20 b. ~~in-the-event-of-the-death-of~~ If the spouse dies either
21 prior or subsequent to the death of the member, to the guardian
22 of each surviving child ~~under-eighteen-years-of-age~~, a monthly
23 pension equal to the monthly pension payable under subsection
24 9, paragraph "c," of this section for the support of ~~such~~
25 the child.

26 Sec. 6. Section 97B.7, subsection 2, paragraph b,
27 subparagraphs (3), (4), and (5), Code 1981, are amended by
28 striking the subparagraphs, inserting in lieu thereof the
29 following subparagraph, and renumbering the remaining sub-
30 paragraphs:

31 (3) That the common stock or shares issued by solvent
32 corporations or institutions are eligible for investment if
33 the stock or shares are listed or admitted to trading on a
34 securities exchange located in the United States or are
35 publicly held and have been traded in the "over-the-counter"

1 market and market quotations are readily available.

2 Sec. 7. Section 97B.8, Code 1981, is amended to read as
3 follows:

4 97B.8 ADVISORY INVESTMENT BOARD. A board ~~shall-be~~ is
5 established to be known as the "Advisory Investment Board
6 of the Iowa Public Employees' Retirement System", hereinafter
7 called the "board", whose duties ~~shall-be~~ are to advise and
8 confer with the department in matters relating to the
9 investment of the trust funds of the Iowa public employees'
10 retirement system. The powers of the board ~~shall-be-purely~~
11 are advisory and the department ~~shall~~ is not be bound in the
12 making of any an investment by the recommendations of the
13 board.

14 PARAGRAPH DIVIDED. The board shall consist of seven
15 members. Five of the members shall be appointed by the
16 governor, one of whom shall be an executive of a domestic
17 life insurance company, one an executive of a state or national
18 bank operating within the state of Iowa, one an executive
19 of a major industrial corporation located within the state
20 of Iowa, and two shall be active members of the system, one
21 of whom shall be an employee of a school district, ~~county~~
22 ~~school-system,-joint-county-system~~ area education agency,
23 or merged area and one of whom shall not be an employee of
24 a school district, ~~county-school-system,-joint-county-system~~
25 area education agency, or merged area. The president of the
26 senate shall appoint one member from the membership of the
27 senate and the speaker of the house of representatives shall
28 appoint one member from the membership of the house. The
29 two members appointed by the president of the senate and the
30 speaker of the house of representatives and the two active
31 members of the system appointed by the governor ~~shall-be~~ are
32 ex officio members of the board.

33 PARAGRAPH DIVIDED. The members who are executives of a
34 domestic life insurance company, a state or national bank
35 and a major industrial corporation shall be paid their actual

1 expenses incurred in performance of their duties and shall
2 receive in addition the sum of forty dollars for each day
3 of service not exceeding forty days per year. Legislative
4 members shall receive the sum of forty dollars for each day
5 of service and their actual expenses incurred in the
6 performance of their duties. The per diem and expenses of
7 the legislative members shall be paid from funds appropriated
8 under section 2.12. The members who are active members of
9 the system shall be paid their actual expenses incurred in
10 the performance of their duties as members of the board and
11 performance of their duties as members of the board shall
12 not affect their salaries, vacation or leaves of absence for
13 sickness or injury. The appointive terms of the members
14 appointed by the governor ~~shall be~~ are for a period of six
15 years beginning and ending as provided in section 69.19.
16 ~~in-the-event-of~~ If there is a vacancy, through resignation
17 or ~~any-other~~ another cause, in the membership of the board,
18 the governor ~~shall have~~ has the power of appointment.
19 Appointees to this board ~~shall be~~ are subject to confirmation
20 by the senate.

21 Sec. 8. Section 97B.41, subsection 1, paragraph a, un-
22 numbered paragraph 1, Code 1981, is amended to read as follows:

23 "Wages" means all remuneration for employment, including
24 the cash value of remuneration paid in any a medium other
25 than cash, but not including the cash value of remuneration
26 paid in any a medium other than cash necessitated by the
27 convenience of the employer, ~~such.~~ The amount as agreed upon
28 by the employer and employee and for remuneration paid in
29 a medium other than cash shall be reported to the department
30 by the employer ~~shall be~~ and is conclusive of the value of
31 the remuneration ~~in-a-medium-other-than-cash, except that.~~
32 However, remuneration which does not equal or exceed the sum
33 of three hundred dollars in any a calendar quarter shall be
34 excluded. "Wages" does not include special lump sum payments
35 made as payment for sick leave or accrued vacation or payments

1 made as an incentive for early retirement. Wages for an
 2 elected official means the salary received by an elected
 3 official, exclusive of expense and travel allowances.

4 Sec. 9. Section 97B.41, subsection 1, paragraph b, sub-
 5 paragraph (4), Code 1981, is amended to read as follows:

6 (4) For each calendar year from January 1, 1976, and
 7 ~~thereafter~~ through December 31, 1982, wages not in excess
 8 of twenty thousand dollars.

9 Sec. 10. Section 97B.41, subsection 1, paragraph b, sub-
 10 paragraph (6), Code 1981, is amended to read as follows:

11 (6) If a member is employed by more than one employer
 12 during a calendar year, the total amount of wages paid to
 13 ~~him~~ the member by ~~his~~ the several employers shall be included
 14 in determining the limitation on covered wages as provided
 15 by in this paragraph ~~"b",-subparagraph-(3),-of-this-section.~~

16 If the amount of wages paid to a member by ~~his~~ the member's
 17 several employers during a calendar year exceeds the covered
 18 wage limit, the amount of such excess shall not be subject
 19 to the contributions required by section 97B.11.

20 Sec. 11. Section 97B.41, subsection 1, paragraph b, Code
 21 1981, is amended by adding the following new subparagraph
 22 after subparagraph (4) and renumbering the remaining
 23 subparagraphs:

24 NEW SUBPARAGRAPH. For each calendar year from January
 25 1, 1983 and thereafter, wages not in excess of twenty-two
 26 thousand dollars per year.

27 Sec. 12. Section 97B.41, subsection 20, Code 1981, is
 28 amended to read as follows:

29 20. "Five-year average covered wage" means a member's
 30 covered wages averaged for the highest five ~~consecutive~~ years
 31 of the member's service. If the member has less than five
 32 ~~consecutive~~ years then the average ~~over~~ using the actual
 33 number of years as a member shall be used. For ~~the purposes~~
 34 ~~of this chapter~~ the word-~~"consecutive"~~-means words "highest
 35 five years" shall be calculated in sequence with respect to

1 the years of service rendered as a member and not necessarily
2 in sequence with respect to actual periods of time measured
3 by the calendar.

4 If the five-year average covered wage of a member exceeds
5 the highest maximum covered wages in effect for a calendar
6 year during the member's period of service, the five-year
7 average covered wage of the member shall be reduced to the
8 highest maximum covered wages in effect during the member's
9 period of service.

10 Sec. 13. Section 97B.48, subsection 3, Code 1981, is
11 amended to read as follows:

12 3. If ~~at any time~~ after the first day of the month in
13 which the member attains the age of fifty-five years and until
14 the member's sixty-fifth birthday, a member who is retired
15 under this chapter is in regular full-time employment, the
16 member's retirement allowance shall be suspended for as long
17 as the member remains in employment. However, employment
18 shall not be regarded as full-time employment until the member
19 receives remuneration in an amount in excess of two thousand
20 one hundred dollars for ~~any~~ a calendar year. Effective the
21 first of the month in which a member attains the age of sixty-
22 five years, a retired member ~~shall be entitled to~~ may receive
23 a retirement allowance after return to covered employment
24 regardless of the amount of remuneration received. As of
25 the first of the month in which the member attains the age
26 of seventy years, the member ~~shall be entitled to~~ may receive
27 a retirement allowance determined under section 97B.49,
28 regardless of the amount of remuneration received. Upon ~~any~~
29 a retirement after re-employment, a retired member ~~shall be~~
30 ~~entitled to~~ may have ~~his or her~~ the retired member's retirement
31 allowance redetermined under this section or section 97B.49
32 or 97B.50, whichever is applicable, based upon the ~~employee's~~
33 ~~and employer's additional contributions, and any~~ addition
34 of credit for the years of membership service of the employee
35 after re-employment.

1 Sec. 14. Section 97B.48, Code 1981, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. A member is not entitled to receive a
4 retirement allowance under this system before reaching age
5 seventy if the member is making contributions to another
6 retirement system in this state which is maintained in whole
7 or in part by public contributions.

8 Sec. 15. Section 97B.49, subsection 5, unnumbered para-
9 graph 1, Code 1981, is amended to read as follows:

10 5. For each active member retiring ~~on-or-after~~ between
11 January 1, 1976 and June 30, 1982, with four or more complete
12 years of service, a monthly benefit shall be computed which
13 is equal to one-twelfth of an amount equal to forty-seven
14 percent of the five-year average covered wage multiplied by
15 a fraction of years of service. For each member retiring
16 on or after July 1, 1982, with four or more complete years
17 of service, the percent used in computing the monthly benefit
18 is forty-nine. For the purposes of this subsection, "fraction
19 of years of service" means a number, not to exceed one, equal
20 to the sum of the years of membership service and the number
21 of years of prior service divided by thirty years.

22 Sec. 16. Section 97B.49, subsection 7, Code 1981, is
23 amended to read as follows:

24 7. Notwithstanding ~~the~~ other provisions of this chapter,
25 a member who is or has been employed as a conservation peace
26 officer under ~~the-provisions-of~~ section 107.13 and who retires
27 ~~on-or-after~~ between July 1, 1978 and June 30, 1982 and at
28 the time of retirement is at least sixty years of age and
29 has completed at least twenty-five years of membership service
30 as a conservation peace officer, may elect to receive, in
31 lieu of the receipt of any benefits under subsection 5 of
32 this section, a monthly retirement allowance equal to one-
33 twelfth of forty-seven percent of the member's five-year
34 average covered wage as a conservation peace officer multiplied
35 by a fraction of years of service, with benefits payable

1 during the member's lifetime. For each conservation peace
2 officer eligible for benefits under this subsection who retires
3 on or after July 1, 1982, the percent used in computing the
4 monthly retirement allowance is forty-nine. There is
5 appropriated from the general fund of the state to the Iowa
6 department of job service from funds not otherwise appropriated
7 an amount sufficient to pay eight and forty-three hundredths
8 percent of the covered wages of each conservation peace
9 officer, in addition to the contribution paid by the employer
10 under section 97B.11, to finance increased benefits to
11 conservation peace officers under this subsection.

12 Sec. 17. Section 97B.49, subsection 8, paragraph a, Code
13 1981, is amended to read as follows:

14 a. Notwithstanding ~~the other~~ provisions of this chapter,
15 a member who is or has been employed as a county sheriff,
16 as defined in section 39.17, or as a deputy sheriff appointed
17 pursuant to ~~chapter-341~~ section 341.1, Code 1981, or section
18 331.903, and who retires ~~on-or-after~~ between January 1, 1978
19 and June 30, 1982 and at the time of retirement is at least
20 sixty years of age and has completed at least twenty-five
21 years of membership service as a ~~county-sheriff-or-deputy~~
22 ~~sheriff~~ peace officer as defined in section 801.4, subsection
23 7, may elect to receive, in lieu of the benefits under
24 subsection 5 of this section, a monthly retirement allowance
25 equal to one-twelfth of forty-seven percent of the member's
26 five-year average covered wage ~~as-a-sheriff-or-deputy-sheriff~~
27 multiplied by a fraction of years of service, with benefits
28 payable during the member's lifetime. For each sheriff and
29 deputy sheriff eligible for benefits under this paragraph
30 who retires on or after July 1, 1982, the percent used in
31 computing the monthly retirement allowance is forty-nine.

32 Sec. 18. Section 97B.49, subsection 10, unnumbered para-
33 graph 1, Code 1981, is amended to read as follows:

34 Notwithstanding sections of this chapter relating to
35 eligibility for and determination of retirement benefits,

1 a vested member who is or has been employed as a correctional
2 officer by the department of social services and who retires
3 on or after July 1, 1983 and at the time of retirement is
4 at least sixty years of age and has completed at least thirty
5 years of membership service as a correctional officer, may
6 elect to receive, in lieu of the receipt of benefits under
7 subsection 5 of this section, a monthly retirement allowance
8 equal to one-twelfth of ~~forty-seven~~ forty-nine percent of
9 the member's five-year average covered wages as a correctional
10 officer multiplied by a fraction of years of service, with
11 benefits payable during the member's lifetime.

12 Sec. 19. Section 97B.49, Code 1981, is amended by adding
13 the following new subsection:

14 NEW SUBSECTION. Effective beginning July 1, 1982, for
15 each member who retired from the system prior to January 1,
16 1976, and for each member who retired from the system on or
17 after January 1, 1976 under subsection 1 of this section,
18 the amount of regular monthly retirement allowance attributable
19 to membership service and prior service that was payable to
20 the member for June 1982 is increased as follows:

21 a. For the first ten years of service, fifty cents per
22 month for each complete year of service.

23 b. For the eleventh through the twentieth years of service,
24 one dollar per month for each complete year of service.

25 c. For the twenty-first through the thirtieth years of
26 service, one dollar and fifty cents per month for each complete
27 year of service.

28 d. The amount of monthly increase payable to a member
29 under this subsection is also payable to a beneficiary and
30 a contingent annuitant and shall be reduced by an amount based
31 upon the actuarial equivalent of the option selected in section
32 97B.51 or section 97B.52 compared to the full monthly benefit
33 provided in this section.

34 There is appropriated annually from the general fund of
35 the state to the Iowa department of job service from funds

1 not otherwise appropriated, two million five hundred thousand
2 dollars per year for each year commencing with the fiscal
3 year beginning July 1, 1982 through the fiscal year beginning
4 July 1, 1991.

5 Sec. 20. Section 97B.75, Code 1981, is amended to read
6 as follows:

7 97B.75 PRIOR SERVICE CREDIT BEFORE JANUARY 1, 1946. An
8 active, vested, or retired member who was employed prior to
9 January 1, 1946 by ~~the state or a political subdivision,~~
10 ~~except for a member employed by a school district which had~~
11 ~~established a pension and annuity retirement system under~~
12 ~~sections 294.87, 294.97, and 294.107, and was not employed by~~
13 ~~the state or a political subdivision between January 1, 1946~~
14 ~~and July 4, 1953,~~ an employer may file written verification
15 of the member's dates of employment with the department of
16 job service and receive credit for years of prior service
17 for the period of employment. However, a member who is
18 eligible for or receiving a retirement allowance based upon
19 employment with an employer prior to January 1, 1946 is not
20 eligible for credit for that period of employment.

21 Sec. 21. Section 411.1, subsection 11, Code 1981, is
22 amended to read as follows:

23 11. "Child" ~~or "children" shall mean~~ means only surviving
24 issue of a deceased active or retired member, or the child
25 ~~or children~~ legally adopted by a deceased member prior to
26 ~~his~~ the member's retirement. "Child" includes only an
27 individual who is under the age of eighteen years, an
28 individual who is under the age of twenty-two years and is
29 a full-time student, or an individual who is disabled under
30 the definitions used in section 402 of the Social Security
31 Act as amended to July 1, 1981.

32 Sec. 22. Section 411.6, subsection 1, paragraph b, Code
33 1981, is amended to read as follows:

34 b. Any member in service who has been a member of the
35 retirement system fifteen or more years and whose employment

1 is terminated prior to the member's retirement, other than
 2 by death or disability, shall upon attaining retirement age,
 3 receive a service retirement allowance of fifteen twenty-
 4 seconds of the retirement allowance the member would receive
 5 at retirement if ~~his-or-her~~ the member's employment had not
 6 been terminated, and an additional one twenty-second of such
 7 retirement allowance for each additional year of service not
 8 exceeding twenty-two years of service. The amount of the
 9 retirement allowance shall be ~~based-on~~ calculated in the
 10 manner provided in this paragraph using the average final
 11 compensation at the time of termination of employment.

12 Sec. 23. Section 411.6, subsection 8, paragraphs b, d,
 13 and e, Code 1981, are amended to read as follows:

14 b. If there ~~be~~ is no ~~such~~ nomination of beneficiary, the
 15 benefits provided in paragraph "a" shall be paid to the
 16 member's estate; or in lieu thereof, at the option of the
 17 following beneficiaries, respectively, even though nominated
 18 as ~~such~~ beneficiaries, for a member in service, ~~there-shall~~
 19 ~~be-paid~~ at the time of death a pension ~~which~~ shall be paid
 20 equal to one-fourth of the average final compensation of ~~such~~
 21 the member, but in no instance less than seventy-five dollars.
 22 ~~In-addition-to-the-benefits-herein-enumerated,-there~~ There
 23 shall also be paid for each child of a member ~~under-the-age~~
 24 ~~of-eighteen-years~~ a monthly pension equal to six percent of
 25 the monthly earnable compensation paid to an active member
 26 holding the highest grade in the rank of fire fighter, for
 27 a child of a deceased member of a fire department, or the
 28 highest grade in the rank of police patrol officer, for a
 29 child of a deceased member of a police department, or for
 30 a member not in service the pension shall be reduced as
 31 provided in subsection 1, paragraph "c," of this section and
 32 shall be paid commencing when the member would have attained
 33 the age of fifty-five except that if there is a child of the
 34 member ~~under-the-age-of-eighteen,-or-under-the-age-of-twenty-~~
 35 ~~two-who-is-a-full-time-student,-or-who-is-disabled,-under~~

1 ~~the definitions used in section 402 of the Social Security~~
2 ~~Act as amended to July 1, 1978 42-U.S.C. 402,~~ the pension
3 shall be paid commencing with the member's death until the
4 children reach the age of eighteen, or twenty-two if
5 applicable. The pension shall resume commencing when the
6 member would have attained the age of fifty-five;

7 d. If there be is no spouse, or if the spouse dies or
8 remarries ~~before any child of such deceased member shall have~~
9 ~~attained the age of eighteen years~~ and there is a child of
10 a member, then to the guardian of ~~his or her~~ the member's
11 child or children ~~under said age~~, divided ~~in such manner~~ as
12 the board of trustees ~~in its discretion shall determine~~
13 determines, to continue as a joint and survivor pension until
14 every ~~such~~ child of the member dies or attains the age of
15 eighteen or twenty-two if applicable; or

16 e. If there be is no surviving spouse or child ~~under age~~
17 ~~eighteen~~, then to his or her dependent father or mother or
18 both, as the board of trustees in its discretion ~~shall~~
19 ~~determine~~ determines, to continue until remarriage or death.

20 Sec. 24. Section 411.6, subsection 9, paragraphs a and
21 b, Code 1981, are amended to read as follows:

22 a. A pension equal to one-half of the average final
23 compensation of ~~such~~ the member shall be paid to the member's
24 spouse, children or dependent parents as provided in paragraphs
25 "c", "d" and "e" of subsection 8 of this section. ~~In addition~~
26 ~~to the benefits for the spouse herein enumerated, there~~ There
27 shall also be paid for each ~~dependent~~ child of a member ~~under~~
28 ~~the age of eighteen years~~ a monthly pension equal to six
29 percent of the monthly earnable compensation paid to an active
30 member holding the highest grade in the rank of fire fighter,
31 for a child of a deceased member of a fire department, or
32 holding the highest grade in the rank of police patrol officer,
33 for a child of a deceased member of a police department.

34 b. If there be is no spouse, children ~~under the age of~~
35 ~~eighteen years~~ or dependent parent surviving ~~such~~ a deceased

1 member, the death shall be treated as an ordinary death case
 2 and the benefit payable ~~in accordance with the provisions~~
 3 ~~of~~ under subsection 8, paragraph "a", in lieu of the pension
 4 provided in paragraph "a" of this subsection 9, shall be paid
 5 to the member's estate.

6 Sec. 25. Section 411.6, subsection 11, paragraph b, Code
 7 1981, is amended to read as follows:

8 b. ~~in the event of the death of~~ If the spouse dies either
 9 prior or subsequent to the death of the member, to the guardian
 10 of each surviving child ~~under eighteen years of age~~, a monthly
 11 pension equal to the monthly pension payable under subsection
 12 9 of this section for the support of ~~such~~ the child.

13 EXPLANATION

14 Section 2 provides how the service retirement allowance
 15 is calculated if a vested member of the peace officers re-
 16 tirement system terminates employment before reaching age
 17 fifty-five.

18 Sections 1 and 3 through 5 continue benefits for surviving
 19 children of all deceased members of the peace officers retire-
 20 ment system until the children are 22 years of age if they
 21 are full-time students and for life if they are disabled
 22 children.

23 Section 6 strikes limitations on common stock investments
 24 of moneys in the IPERS fund and substitutes language existing
 25 for common stock investments of moneys by life insurance
 26 companies.

27 Section 7 strikes a reference to the abolished county and
 28 joint county school systems in the IPERS law.

29 Section 8 provides that additional payments made at a
 30 member's retirement will not be included in the member's
 31 covered wages under IPERS.

32 Sections 9 and 11 increase the covered wages for IPERS
 33 commencing January 1, 1983 from \$20,000 to \$22,000 annually.

34 Section 10 corrects an internal reference.

35 Section 12 prohibits a member's five-year average covered

1 wage under IPERS from exceeding the highest maximum covered
2 wages during the member's years of service and provides that
3 the five highest years need not be consecutive.

4 Section 13 strikes obsolete language needed when IPERS
5 was a money purchase plan.

6 Section 14 prohibits a vested member of IPERS from receiving
7 IPERS benefits before reaching age seventy if the member is
8 still actively employed by a public employer and is making
9 contributions to another public retirement system such as
10 TIAA-CREF.

11 Sections 15 through 18 increase the percent of the five-
12 year average covered wage used in computing retirement bene-
13 fits under IPERS from 47 percent to 49 percent.

14 Section 17 also allows sheriffs and deputy sheriffs to
15 count other IPERS years as peace officers when determining
16 years of service for the special benefits available to them.

17 Section 19 grants retirement allowance increases to persons
18 retiring before January 1, 1976 and appropriates the funds
19 to pay for the increases.

20 Section 20 provides that an IPERS member cannot receive
21 credit for public employment prior to January 1, 1946 if the
22 member is eligible for or receiving a retirement allowance
23 for that public employment, which includes employment by a
24 school district that had established a pension and annuity
25 retirement system.

26 Section 22 provides how the service retirement allowance
27 is calculated if a vested member of a fire or police retirement
28 system terminates employment before reaching age 55.

29 Sections 21 and 23 through 25 continue benefits for
30 surviving children of all deceased members of the fire and
31 police retirement systems until the children are 22 years
32 of age if they are full-time students and for life if they
33 are disabled children.

34
35