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AN ACT
RELATING TO PUBLIC RETIREMENT SYSTEMS AND OTHER EMPLOYEE
BENEFIT RELATED MATTERS, INCLUDING THE PUBLIC SAFETY PEACE
OFFICERS' RETIREMENT, ACCIDENT, AND DISABILITY SYSTEM, THE
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM, THE STATEWIDE FIRE
AND POLICE RETIREMENT SYSTEM, AND THE JUDICIAL RETIREMENT
SYSTEM, AND PROVIDING EFFECTIVE AND RETROACTIVE APPLICABILITY
DATES.

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

DIVISION I
PUBLIC SAFETY PEACE OFFICERS' RETIREMENT, ACCIDENT, AND
DISABILITY SYSTEM

Section 1. Section 97A.17, subsection 1, Code 2003, is
amended by adding the following new paragraph:
NEW PARAGRAPH. e. "Refund liability" means the amount the
member may elect to withdraw from the former system under
section 411.23.

Sec. 2. Section 97A.17, subsection 2, Code 2003, is
amended to read as follows:

2. Commencing July 1, 1996, a vested member of an eligible
retirement system who terminates employment covered by one
eligible retirement system and, within one year, commences
employment covered by the other eligible retirement system may
elect to transfer the greater of the average accrued benefit
or the refund liability earned from the former system to the
current system. The member shall file an application with the
current system for transfer of the greater of the average
accrued benefit or the refund liability within ninety days of
the commencement of employment with the current system.

Sec. 3. Section 97A.17, subsection 4, Code 2003, is
amended to read as follows:

4. Upon receipt of an application for transfer ~~of the
average accrued benefit as provided in this section~~, the
current system shall calculate the average accrued benefit and
the refund liability and the former system shall transfer to
the current system assets in an amount equal to the greater of
the average accrued benefit or the refund liability. Once the
transfer ~~of the average accrued benefit~~ is completed, the
member's service under the former system shall be treated as
membership service under the current system for purposes of
this chapter and chapter 411.

DIVISION II
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS)

Sec. 4. Section 97B.1A, subsection 11, paragraphs a, b,
and c, Code Supplement 2003, are amended to read as follows:

- a. Has attained the minimum age for receipt of a
retirement allowance under this chapter.
- b. If the member has not attained seventy years of age,
has terminated all employment covered under the chapter or
formerly covered under the chapter pursuant to section 97B.42
in the month prior to the member's first month of entitlement.
- c. Has filed a completed application for benefits with the
system setting forth the member's intended first month of
entitlement.

Sec. 5. Section 97B.1A, subsection 20, Code Supplement
2003, is amended by adding the following new paragraph:

NEW PARAGRAPH. e. Employment with an employer prior to
January 1, 1946, if the member is not receiving a retirement
allowance based upon that employment.

Sec. 6. Section 97B.1A, subsection 20, Code Supplement
2003, is amended by adding the following new unnumbered
paragraph after paragraph d:

NEW UNNUMBERED PARAGRAPH. However, effective July 1, 2004,
"service" does not mean service for which an employee receives
remuneration from an employer for temporary employment during
any quarter in which the employee is on an otherwise unpaid
leave of absence that is not authorized under the federal
Family and Medical Leave Act of 1993 or other similar leave.
Remuneration paid by the employer for the temporary employment
shall not be treated by the system as covered wages.

Sec. 7. Section 97B.1A, subsection 22, Code Supplement

3 6 2003, is amended to read as follows:

3 7 22. "Special service" means service for an employer while
3 8 employed in a protection occupation as provided in section
3 9 97B.49B, and as a county sheriff, or deputy sheriff, ~~or~~
~~3 10 airport fire fighter~~ as provided in section 97B.49C.

3 11 Sec. 8. Section 97B.1A, subsection 24, paragraphs a and c,
3 12 Code Supplement 2003, are amended to read as follows:

3 13 a. "Three-year average covered wage" means, for a member
3 14 who retires prior to July 1, ~~2005~~ 2008, a member's covered
3 15 wages averaged for the highest three years of the member's
3 16 service, except as otherwise provided in this subsection. The
3 17 highest three years of a member's covered wages shall be
3 18 determined using calendar years. However, if a member's final
3 19 quarter of a year of employment does not occur at the end of a
3 20 calendar year, the system may determine the wages for the
3 21 third year by computing the average quarter of all quarters
3 22 from the member's highest calendar year of covered wages not
3 23 being used in the selection of the two highest years and using
3 24 the computed average quarter for each quarter in the third
3 25 year in which no wages have been reported in combination with
3 26 the final quarter or quarters of the member's service to
3 27 create a full year. However, the system shall not use the
3 28 member's final quarter of wages if using that quarter would
3 29 reduce the member's three-year average covered wage. If the
3 30 three-year average covered wage of a member exceeds the
3 31 highest maximum covered wages in effect for a calendar year
3 32 during the member's period of service, the three-year average
3 33 covered wage of the member shall be reduced to the highest
3 34 maximum covered wages in effect during the member's period of
3 35 service. Notwithstanding any other provision of this
4 1 paragraph to the contrary, a member's wages for the third year
4 2 as computed by this paragraph shall not exceed, by more than
4 3 three percent, the member's highest actual calendar year of
4 4 covered wages for a member whose first month of entitlement is
4 5 January 1999 or later.

4 6 c. "Three-year average covered wage" means, for a member
4 7 who retires on or after July 1, ~~2005~~ 2008, the greater of the
4 8 member's covered wages averaged for a member's highest twelve
4 9 consecutive quarters of service or the member's covered wages
4 10 averaged for a member's highest three calendar years of
4 11 service. The system shall adopt rules to implement this
4 12 paragraph in accordance with the requirements of this chapter
4 13 and the federal Internal Revenue Code.

4 14 Sec. 9. Section 97B.1A, subsection 25, paragraph a,
4 15 subparagraph (4), Code Supplement 2003, is amended to read as
4 16 follows:

4 17 (4) Has attained the age of fifty-five. However, an
4 18 inactive member who has not attained sufficient years of
4 19 service eligibility to become vested and who has not attained
4 20 the age of fifty-five as of July 1, 2005, shall not become
4 21 vested upon the attainment of the age of fifty-five while an
4 22 inactive member.

4 23 Sec. 10. Section 97B.1A, subsection 26, paragraph a,
4 24 subparagraph (2), subparagraph subdivision (j), Code
4 25 Supplement 2003, is amended to read as follows:

4 26 (j) Payments of damages, attorney fees, interest, and
4 27 penalties made to satisfy a grievance, ~~or wage claim,~~ or
4 28 employment dispute.

4 29 Sec. 11. Section 97B.1A, subsection 26, paragraph a,
4 30 subparagraph (2), subparagraph subdivision (n), Code
4 31 Supplement 2003, is amended by striking the subparagraph
4 32 subdivision.

4 33 Sec. 12. Section 97B.1A, subsection 26, paragraph b,
4 34 unnumbered paragraph 3, Code Supplement 2003, is amended to
4 35 read as follows:

5 1 Effective July 1, 1992, "covered wages" does not include
5 2 wages to a member on or after the effective date of the
5 3 member's retirement, except as otherwise permitted by the
5 4 system's administrative rules, unless the member is
5 5 reemployed, as provided under section 97B.48A.

5 6 Sec. 13. NEW SECTION. 97B.9A COLLECTIONS == WAIVER.

5 7 Notwithstanding any provision of this chapter to the
5 8 contrary, the system may, in its sole discretion, waive the
5 9 collection of benefits overpayments, contribution
5 10 underpayments, or any other debts owed the system, that occur
5 11 more than three years prior to the date of discovery of the
5 12 overpayment, underpayment, or debt by the system, for cases in
5 13 which there is no evidence of fraud or other misconduct on the
5 14 part of the affected employer or the affected member or
5 15 beneficiary in providing or failing to provide information
5 16 necessary to the proper determination of a debt owed the

5 17 system, calculation of contributions and payments, or
5 18 calculation of benefits under this chapter.
5 19 Sec. 14. Section 97B.14A, Code Supplement 2003, is amended
5 20 to read as follows:
5 21 97B.14A WAGE REPORTING.
5 22 1. For purposes of this section, unless the context
5 23 otherwise requires:
5 24 a. "Change in the schedule of wage payments" means the
5 25 formal or informal deferral of wages earned in one calendar
5 26 year to a later calendar year or the acceleration of the wages
5 27 payable under a contract of employment to the prior calendar
5 28 year by changing the period over which the contractual
5 29 compensation is paid, by shortening the period of employment
5 30 over which contract wages are to be paid, or similar
5 31 arrangements altering the timing of wage payments.
5 32 b. "Distortion of the normal wage progression pattern"
5 33 means an increase of ten percent or more between the covered
5 34 wages reported for any two consecutive years.
5 35 2. An employer shall report wages of employees covered by
6 1 this chapter to the system in a manner and form as prescribed
6 2 by the system. If the wages reported by an employer appear to
6 3 be a distortion of the normal wage progression pattern for an
6 4 employee, the system may request that the employer provide
6 5 documentation indicating that the wages were not misreported
6 6 for the purposes of causing an increase in the retirement
6 7 allowance or other payments authorized to be made by this
6 8 chapter explaining the reason for the distortion. If the
6 9 system determines that the wages of an employee were
6 10 misreported, the employer shall prepare and file wage
6 11 adjustments allocating the wages to the proper wage reporting
6 12 period. If the distortion of the normal wage progression
6 13 pattern results from covering compensation that is excluded
6 14 from the definition of covered wages, or from a change in the
6 15 schedule of wage payments for an individual, the system shall
6 16 remove wages that should not be covered from its records, and
6 17 shall, in cases involving increases caused by a change in the
6 18 schedule of wage payments, reallocate covered wages to the
6 19 calendar quarters in which the covered wages would have been
6 20 reported but for the change in the schedule of wage payments.
6 21 Sec. 15. Section 97B.17, subsection 1, Code Supplement
6 22 2003, is amended to read as follows:
6 23 1. The system shall establish and maintain records of each
6 24 member, including but not limited to the amount of wages of
6 25 each member, the ~~contribution~~ contributions made on behalf of
6 26 each member with interest, and interest dividends credited,
6 27 beneficiary designations, and applications for benefits of any
6 28 type. The records may be maintained in paper, magnetic, or
6 29 electronic form, including optical disk storage, as set forth
6 30 in chapter 554D. The system may accept, but shall not
6 31 require, electronic records and electronic signatures to the
6 32 extent permitted under chapter 554D. These records are the
6 33 basis for the compilation of the retirement benefits provided
6 34 under this chapter.
6 35 Sec. 16. Section 97B.38, Code Supplement 2003, is amended
7 1 to read as follows:
7 2 97B.38 FEES FOR SERVICES.
7 3 The system may, by rule, prescribe ~~the maximum reasonable~~
7 4 fees which may be charged for services performed in connection
7 5 with any claim before the system under this chapter, and any
7 6 agreement in violation of such rules shall be void production
7 7 costs, including staff time and materials, associated with
7 8 performing its duties under this chapter for active, inactive,
7 9 and retired members, beneficiaries, and the general public,
7 10 where such production costs are more than de minimis, as
7 11 determined by the system. Any person who shall, with intent
7 12 to defraud, in any manner willfully and knowingly deceive,
7 13 mislead, or threaten any claimant or prospective claimant or
7 14 beneficiary under this chapter by word, circular, letter or
7 15 advertisement, or who shall knowingly charge or collect
7 16 directly or indirectly any fee in excess of the maximum fee,
7 17 or make any agreement directly or indirectly to charge or
7 18 collect any fee in excess of the maximum fee, prescribed by
7 19 the system, shall be deemed guilty of a fraudulent practice.
7 20 Sec. 17. Section 97B.40, Code Supplement 2003, is amended
7 21 by adding the following new subsection:
7 22 NEW SUBSECTION. 1A. If the system determines that a
7 23 person may have engaged in a fraudulent practice as described
7 24 under this section, the system may, in addition to any
7 25 statutory or equitable remedies provided by law, refer the
7 26 matter to the auditor of state and to the appropriate law
7 27 enforcement authorities for possible investigation and

7 28 prosecution.

7 29 Sec. 18. Section 97B.42, unnumbered paragraph 8, Code
7 30 Supplement 2003, is amended by striking the unnumbered

7 31 paragraph and inserting in lieu thereof the following:

7 32 Except as otherwise provided in this section, an employer
7 33 shall not sponsor and a member shall not participate in
7 34 another retirement system in this state supported in whole or
7 35 in part by public contributions or payments where such
8 1 retirement system is in lieu of the retirement system
8 2 established by this chapter. However, in addition to the
8 3 retirement system established by this chapter, an employer may
8 4 sponsor and a member may participate in a supplemental defined
8 5 contribution plan qualified under Internal Revenue Code
8 6 section 401(a), a tax-deferred annuity qualified under
8 7 Internal Revenue Code section 403(b), or an eligible deferred
8 8 compensation plan qualified under Internal Revenue Code
8 9 section 457, regardless of whether contributions to such
8 10 supplemental plans are characterized as employer contributions
8 11 or employee contributions, and subject to the applicable
8 12 limits set forth in the Internal Revenue Code for such plans.
8 13 A defined benefit plan that supplements the retirement system
8 14 established by this chapter shall not be offered by public
8 15 employers covered under this chapter.

8 16 Sec. 19. Section 97B.42A, subsection 4, Code Supplement
8 17 2003, is amended to read as follows:

8 18 4. A person who becomes a member of the retirement system
8 19 pursuant to subsection 3, or who is a member of the retirement
8 20 system, and who has one or more years of covered wages, may
8 21 purchase credit, pursuant to section 97B.73, Code 2003, for
8 22 one or more quarters of service prior to January 1, 1999, in
8 23 which the person was employed in a position as described in
8 24 section 97B.1A, subsection 8, paragraph "a", but was not a
8 25 member of the retirement system.

8 26 Sec. 20. Section 97B.42A, subsection 5, unnumbered
8 27 paragraph 2, Code Supplement 2003, is amended to read as
8 28 follows:

8 29 A person who becomes a member of the Iowa public employees'
8 30 retirement system pursuant to this subsection, and who has one
8 31 or more years of covered wages, may purchase credit, pursuant
8 32 to section 97B.73, Code 2003, for one or more quarters of
8 33 service prior to August 1, 2000, in which the person was
8 34 employed in a position as described by section 97B.1A,
8 35 subsection 8, paragraph "a", subparagraph (11), but was not a
9 1 member of the retirement system.

9 2 Sec. 21. Section 97B.43, unnumbered paragraph 3, Code
9 3 Supplement 2003, is amended to read as follows:

9 4 Each individual who on or after July 1, 1978, was an
9 5 active, vested, or retired member and who (1) made application
9 6 for and received a refund of contributions made under the
9 7 abolished system or (2) has on deposit with the retirement
9 8 fund contributions made under the abolished system shall be
9 9 entitled to credit for years of prior service in the
9 10 determination of retirement allowance payments by filing a
9 11 written election with the system on or after July 1, 1978, and
9 12 by redepositing any withdrawn contributions under the
9 13 abolished system together with interest as stated in this
9 14 paragraph. Any individual who on or after July 1, 1978, is a
9 15 retired member and who made application for and received a
9 16 refund of contributions made under the abolished system may,
9 17 by filing a written election with the system on or after July
9 18 1, 1978, have the system retain fifty percent of the monthly
9 19 increase in retiree benefits that will accrue to the
9 20 individual because of prior service. If the monthly increase
9 21 in retirement benefits is less than ten dollars, the system
9 22 shall retain five dollars of the scheduled increase, and if
9 23 the monthly increase is less than five dollars, the provisions
9 24 of this paragraph shall not apply. The system shall continue
9 25 to retain such funds until the withdrawn contributions,
9 26 together with interest accrued to the month in which the
9 27 written election is filed, have been repaid. Due notice of
9 28 this provision shall be sent to all retired members on or
9 29 after July 1, 1978. However, this paragraph shall not apply
9 30 to any person who received a refund of any membership service
9 31 contributions unless the person repaid the membership service
9 32 contributions pursuant to section ~~97B.74~~ 97B.80C; but a refund
9 33 of contributions remitted for the calendar quarter ending
9 34 September 30, 1953 which was based entirely upon employment
9 35 which terminated prior to July 4, 1953 shall not be considered
10 1 as a refund of membership service contributions. The interest
10 2 to be paid into the fund shall be compounded at the rates
10 3 credited to member accounts from the date of payment of the

10 4 refund of contributions under the abolished system to the date
10 5 the member redeposits the refunded amount. The provisions of
10 6 the first paragraph of this section relating to the
10 7 consideration given to credited amounts shall apply to the
10 8 redeposited amounts or to amounts left on deposit. Effective
10 9 July 1, 1978, the provisions of this paragraph shall apply to
10 10 each individual who on or after July 1, 1978, was an active,
10 11 vested, or retired member, but who was not in service on July
10 12 4, 1953. The period for filing the written election with the
10 13 system and redepositing any withdrawn contributions together
10 14 with interest accrued shall commence July 1, 1978. A member
10 15 who is a retired member on or after July 1, 1978, may file
10 16 written election with the system on or after July 1, 1978, to
10 17 have the system retain fifty percent of the monthly increase
10 18 as provided in this paragraph.

10 19 Sec. 22. Section 97B.43, unnumbered paragraph 4, Code
10 20 Supplement 2003, is amended to read as follows:

10 21 Effective July 1, ~~1988~~ 2004, a member eligible for an
10 22 increased retirement allowance because of the repayment of
10 23 contributions under this section is entitled to receipt of
10 24 ~~retroactive adjustment payments for no more than six months~~
10 25 ~~immediately preceding beginning with the month in which~~
10 26 ~~written notice payment was submitted to received by the~~
10 27 system.

10 28 Sec. 23. Section 97B.45, unnumbered paragraph 2, Code
10 29 Supplement 2003, is amended by striking the unnumbered
10 30 paragraph.

10 31 Sec. 24. Section 97B.46, subsection 2, Code Supplement
10 32 2003, is amended to read as follows:

10 33 2. A member remaining in service after attaining the age
10 34 of seventy years is entitled to receive a retirement allowance
10 35 under sections 97B.49A through 97B.49H, as applicable,
11 1 ~~commencing with payment for the calendar month within which~~
11 2 ~~the written notice is submitted to the system, except that if~~
11 3 ~~the member fails to submit the notice on a timely basis,~~
11 4 ~~retroactive payments shall be made for no more than six months~~
11 5 ~~immediately preceding the month in which the written notice is~~
11 6 ~~submitted without terminating employment.~~

11 7 Sec. 25. Section 97B.47, Code Supplement 2003, is amended
11 8 to read as follows:

11 9 97B.47 EARLY RETIREMENT DATE.

11 10 A member's early retirement date shall be the first of the
11 11 month in which a member attains the age of fifty-five years or
11 12 the first of any month after attaining the age of fifty-five
11 13 years prior to the member's normal retirement date, provided
11 14 such date shall be after the last day of service. ~~A member~~
11 15 ~~may retire on the member's early retirement date by submitting~~
11 16 ~~written notice to the system setting forth the early~~
11 17 ~~retirement date which shall not be before the first day of the~~
11 18 ~~sixth calendar month preceding the month in which such notice~~
11 19 ~~is filed.~~

11 20 Sec. 26. Section 97B.48, subsections 1 and 2, Code
11 21 Supplement 2003, are amended to read as follows:

11 22 1. Retirement allowances shall be paid monthly, except
11 23 that, ~~if~~ an allowance of less than six hundred dollars a year
11 24 ~~may, at the member's option is payable pursuant to section~~
11 25 ~~97B.51, subsection 1, paragraph "b", the member's retirement~~
11 26 ~~benefit shall be paid as a lump sum in an amount equal to the~~
11 27 ~~sum of the member's and employer's accumulated contributions~~
11 28 ~~and the retirement dividends standing to the member's credit~~
11 29 ~~before December 31, 1966. Receipt of the lump sum payment by~~
11 30 ~~a member shall terminate any and all entitlement for the~~
11 31 ~~period of service covered of the member under this chapter and~~
11 32 ~~the member shall not be eligible to buy back the period of~~
11 33 ~~service.~~

11 34 2. The first monthly payment of a ~~normal~~ retirement
11 35 ~~allowance shall be paid as of the normal retirement effective~~
12 1 ~~date, which date shall be the later of the normal retirement~~
12 2 ~~date or the first day of the sixth calendar month preceding~~
12 3 ~~the month in which written notice of normal retirement is~~
12 4 ~~submitted to the system member's first month of entitlement.~~
12 5 ~~Written notice under this section may consist of submission of~~
12 6 ~~a completed estimate request form, a completed application for~~
12 7 ~~retirement form, or a letter from the member requesting~~
12 8 ~~information on retirement benefits, whichever is received~~
12 9 ~~first by the system. However, a letter requesting information~~
12 10 ~~on benefits or submission of a completed estimate request form~~
12 11 ~~is only valid for six months following the date of its receipt~~
12 12 ~~by the system, unless during that six-month period the system~~
12 13 ~~receives a completed application for retirement form from the~~
12 14 ~~member. A retirement allowance may only be provided~~

~~12 15 retroactively for a single six-month period. Payment of an~~
~~12 16 early retirement allowance or an allowance for retirement~~
~~12 17 after the normal retirement date shall be paid as of the~~
~~12 18 effective date of retirement subject to section 97B.45,~~
~~12 19 97B.46, or 97B.47.~~ The payments shall be continued thereafter
12 20 for the lifetime of the retired member except as provided in
12 21 section 97B.48A.
12 22 Sec. 27. Section 97B.48, subsection 5, Code Supplement
12 23 2003, is amended by striking the subsection.
12 24 Sec. 28. Section 97B.48, Code Supplement 2003, is amended
12 25 by adding the following new subsections:
12 26 NEW SUBSECTION. 6. Effective on such date as the system
12 27 determines by rule, but in no event later than July 1, 2006,
12 28 if the system determines that the accumulated contributions of
12 29 a member, payable to a living member who has had a break in
12 30 service or to a beneficiary of a deceased member, are less
12 31 than three thousand dollars, the lump sum amount payable under
12 32 this chapter shall be paid to the living member or beneficiary
12 33 in full satisfaction of all rights of the member or
12 34 beneficiary to receive any payments under the system. For
12 35 purposes of this section, a "break in service" means twenty
13 1 consecutive calendar quarters in which no wages are reported
13 2 to the system. The lump sum payment shall be made within one
13 3 hundred eighty days after the calendar quarter in which the
13 4 member completes a break in service or dies, whichever is
13 5 applicable. A member or beneficiary who receives a mandatory
13 6 distribution under this subsection shall have sixty days to
13 7 return the distribution to the system and restore the member's
13 8 or beneficiary's account.
13 9 NEW SUBSECTION. 7. Effective July 1, 2005, monthly
13 10 retirement allowance payments shall be directly deposited
13 11 without charge to a retired member's account via electronic
13 12 funds transfer. A retired member may elect to receive monthly
13 13 allowance payments as paper warrants in lieu of electronic
13 14 funds transfers, but the system shall charge an administrative
13 15 fee for processing such paper warrants. However, the system
13 16 may, for good cause shown, waive the administrative fee. The
13 17 fee may be automatically deducted from the monthly retirement
13 18 allowance before the warrant is issued to the retired member.
13 19 Sec. 29. Section 97B.48A, Code Supplement 2003, is amended
13 20 by adding the following new subsection:
13 21 NEW SUBSECTION. 5. If a retired reemployed member incurs
13 22 a break in service, as defined in this subsection, and the
13 23 member has failed to request an increase in the member's
13 24 monthly allowance or a distribution of the member's and
13 25 employer's accumulated contributions prior to the break in
13 26 service, and if the amount of the increase in the member's
13 27 monthly retirement allowance would be less than six hundred
13 28 dollars per year, the system shall distribute the lump sum
13 29 amount payable under subsection 4. For purposes of this
13 30 subsection, a "break in service" means four consecutive
13 31 calendar quarters in which no wages are reported to the
13 32 system. The lump sum payment shall be made within one hundred
13 33 eighty days after the calendar quarter in which the member has
13 34 a break in service. A member who receives a mandatory
13 35 distribution under this subsection shall have sixty days to
14 1 return the distribution to the system and request an increase
14 2 in the member's monthly allowance.
14 3 Sec. 30. NEW SECTION. 97B.49 DORMANT ACCOUNTS.
14 4 1. In the event that all, or any portion, of a retirement
14 5 allowance, death benefit, or other distribution payable to a
14 6 member or a member's designated beneficiary, heirs at law, or
14 7 estate, remains unpaid solely by reason of the inability of
14 8 the system to locate the appropriate payee, the amount payable
14 9 shall not be forfeited but shall be treated as a dormant
14 10 account after the time for making a claim has run.
14 11 2. A dormant account shall revert to the retirement fund
14 12 created in section 97B.7. A dormant account shall be non=
14 13 interest=bearing, and except for keeping a record of such
14 14 account, the system shall not maintain the account. A member
14 15 who has a dormant account and returns to covered employment
14 16 shall have their dormant account reactivated as of the quarter
14 17 they return to covered employment. If the appropriate payee
14 18 contacts the system after the amount payable is treated as a
14 19 dormant account, the appropriate payee may claim such amounts
14 20 by filing a withdrawal application provided by the system.
14 21 The system shall have rulemaking authority to adopt rules
14 22 necessary to implement this section in a just and equitable
14 23 manner.
14 24 3. The system shall ensure that the payment of a dormant
14 25 account as provided in this section meets the requirements of

14 26 section 401(a)(9) of the federal Internal Revenue Code.
14 27 Sec. 31. Section 97B.49B, subsection 1, paragraph c, Code
14 28 Supplement 2003, is amended to read as follows:
14 29 c. "Eligible service" means membership and prior service
14 30 in a protection occupation. In addition, for a member with
14 31 membership and prior service in a protection occupation
14 32 described in paragraph "e", subparagraph (2), eligible service
14 33 includes membership and prior service as a sheriff, or deputy
14 34 ~~sheriff, or airport fire fighter~~ as defined in section
14 35 97B.49C.

15 1 Sec. 32. Section 97B.49B, subsection 1, paragraph e, Code
15 2 Supplement 2003, is amended by adding the following new
15 3 subparagraph:
15 4 NEW SUBPARAGRAPH. (8) An airport fire fighter employed by
15 5 the military division of the department of public defense.

15 6 Sec. 33. Section 97B.49B, subsection 3, paragraph b, Code
15 7 Supplement 2003, is amended by adding the following new
15 8 subparagraph:

15 9 NEW SUBPARAGRAPH. (7) For the fiscal year commencing July
15 10 1, 2004, and each succeeding fiscal year, there is
15 11 appropriated from the general fund of the state to the system,
15 12 from funds not otherwise appropriated, an amount necessary to
15 13 pay the employer share of the cost of the additional benefits
15 14 provided to airport fire fighters under this section.

15 15 Sec. 34. Section 97B.49C, subsection 1, paragraph a, Code
15 16 Supplement 2003, is amended by striking the paragraph.

15 17 Sec. 35. Section 97B.49C, subsection 1, paragraph d, Code
15 18 Supplement 2003, is amended to read as follows:

15 19 d. "Eligible service" means membership and prior service
15 20 as ~~an airport fire fighter,~~ a sheriff, and deputy sheriff
15 21 under this section. In addition, eligible service includes
15 22 membership and prior service as a marshal in a city not
15 23 covered under chapter 400 or a fire fighter or police officer
15 24 of a city not participating in the retirement systems
15 25 established in chapter 410 or 411, and as an airport fire
15 26 fighter prior to July 1, 1994.

15 27 Sec. 36. Section 97B.49C, subsection 2, Code Supplement
15 28 2003, is amended to read as follows:

15 29 2. CALCULATION OF MONTHLY ALLOWANCE.

15 30 a. Notwithstanding other provisions of this chapter, a
15 31 member who retires from employment as a sheriff, deputy
15 32 sheriff, or airport fire fighter on or after July 1, 1994, and
15 33 before July 1, 2004, and at the time of retirement is at least
15 34 fifty=five years of age may elect to receive, in lieu of the
15 35 receipt of any benefits as calculated pursuant to section
16 1 97B.49A or 97B.49D, a monthly retirement allowance equal to
16 2 one=twelfth of an amount equal to the applicable percentage of
16 3 the three=year average covered wage as a member who has been
16 4 employed in eligible service multiplied by a fraction of years
16 5 of service, with benefits payable during the member's
16 6 lifetime.

16 7 b. Notwithstanding other provisions of this chapter, a
16 8 member who retires from employment as a sheriff or deputy
16 9 sheriff on or after July 1, 2004, and at the time of
16 10 retirement is either at least fifty=five years of age or is at
16 11 least the applicable early retirement age with at least
16 12 twenty=two years of eligible service may elect to receive, in
16 13 lieu of the receipt of any benefits as calculated pursuant to
16 14 section 97B.49A or 97B.49D, a monthly retirement allowance
16 15 equal to one=twelfth of an amount equal to the applicable
16 16 percentage of the three=year average covered wage as a member
16 17 who has been employed in eligible service multiplied by a
16 18 fraction of years of service, with benefits payable during the
16 19 member's lifetime.

16 20 c. For purposes of this subsection, "applicable early
16 21 retirement age" means the following:

16 22 (1) For each active or inactive vested member retiring on
16 23 or after July 1, 2004, and before July 1, 2005, fifty=four
16 24 years of age.

16 25 (2) For each active or inactive vested member retiring on
16 26 or after July 1, 2005, and before July 1, 2006, fifty=three
16 27 years of age.

16 28 (3) For each active or inactive vested member retiring on
16 29 or after July 1, 2006, and before July 1, 2007, fifty=two
16 30 years of age.

16 31 (4) For each active or inactive vested member retiring on
16 32 or after July 1, 2007, and before July 1, 2008, fifty=one
16 33 years of age.

16 34 (5) For each active or inactive vested member retiring on
16 35 or after July 1, 2008, fifty years of age.

17 1 Sec. 37. Section 97B.49C, subsection 3, paragraph a, Code

17 2 Supplement 2003, is amended to read as follows:

17 3 a. Annually, the system shall actuarially determine the
17 4 cost of the ~~additional~~ benefits provided for members covered
17 5 under this section as a percentage of the covered wages of the
17 6 employees covered by this section. ~~Sixty Fifty~~ percent of the
17 7 cost shall be paid by the employers of employees covered under
17 8 this section and ~~forty fifty~~ percent of the cost shall be paid
17 9 by the employees. The employer and employee contributions
17 10 required under this paragraph are in ~~addition to lieu of~~ the
17 11 contributions paid under sections 97B.11 and 97B.11A.
17 12 ~~However, the cost of including service as an airport fire~~
17 13 ~~fighter prior to July 1, 1994, as eligible service under this~~
17 14 ~~section shall not affect the contribution rates calculated and~~
17 15 ~~paid by the member or the employer under this section.~~

17 16 Sec. 38. Section 97B.49C, subsection 3, paragraph b, Code
17 17 Supplement 2003, is amended to read as follows:

17 18 b. ~~(1)~~ Annually, during each fiscal year commencing with
17 19 the fiscal year beginning July 1, 1988, each county shall pay
17 20 to the system the amount necessary to pay the employer share
17 21 of the cost of the ~~additional~~ benefits provided to sheriffs
17 22 and deputy sheriffs.

17 23 ~~(2) For the fiscal year commencing July 1, 1994, and each~~
17 24 ~~succeeding fiscal year, there is appropriated from the general~~
17 25 ~~fund of the state to the system, from funds not otherwise~~
17 26 ~~appropriated, an amount necessary to pay the employer share of~~
17 27 ~~the cost of the additional benefits provided to airport fire~~
17 28 ~~fighters under this section.~~

17 29 Sec. 39. Section 97B.50, subsection 2, Code Supplement
17 30 2003, is amended to read as follows:

17 31 2. a. A vested member who retires from the retirement
17 32 system due to disability and commences receiving disability
17 33 benefits pursuant to the federal Social Security Act, 42
17 34 U.S.C. } 423 et seq., and who has not reached the normal
17 35 retirement date, shall receive benefits as selected under
18 1 section 97B.51, and shall not have benefits reduced upon
18 2 retirement as required under subsection 1 regardless of
18 3 whether the member has completed thirty or more years of
18 4 membership service. However, the benefits shall be suspended
18 5 during any period in which the member returns to covered
18 6 employment. This section takes effect July 1, 1990, for a
18 7 member meeting the requirements of this paragraph who retired
18 8 from the retirement system at any time after July 4, 1953.
18 9 Eligible members retiring on or after July 1, 2000, are
18 10 entitled to the receipt of retroactive adjustment payments for
18 11 no more than thirty-six months immediately preceding the month
18 12 in which written notice of application for retirement due to
18 13 disability was submitted to received by the system,
18 14 ~~notwithstanding the requirements of subsection 4.~~

18 15 b. A vested member who retires from the retirement system
18 16 due to disability and commences receiving disability benefits
18 17 pursuant to the federal Railroad Retirement Act, 45 U.S.C. }
18 18 231 et seq., and who has not reached the normal retirement
18 19 date, shall receive benefits as selected under section 97B.51,
18 20 and shall not have benefits reduced upon retirement as
18 21 required under subsection 1 regardless of whether the member
18 22 has completed thirty or more years of membership service.
18 23 However, the benefits shall be suspended during any period in
18 24 which the member returns to covered employment. This section
18 25 takes effect July 1, 1990, for a member meeting the
18 26 requirements of this paragraph who retired from the retirement
18 27 system at any time since July 4, 1953. Eligible members
18 28 retiring on or after July 1, 2000, are entitled to the receipt
18 29 of retroactive adjustment payments for no more than thirty-six
18 30 months immediately preceding the month in which written notice
18 31 of application for retirement due to disability was submitted
18 32 to received by the system, ~~notwithstanding the requirements of~~
18 33 ~~subsection 4.~~

18 34 c. A vested member who terminated service due to a
18 35 disability, who has been issued payment for a refund pursuant
19 1 to section 97B.53, and who subsequently commences receiving
19 2 disability benefits as a result of that disability pursuant to
19 3 the federal Social Security Act, 42 U.S.C. } 423 et seq. or
19 4 the federal Railroad Retirement Act, 45 U.S.C. } 231 et seq.,
19 5 may receive credit for membership service for the period
19 6 covered by the refund payment, upon repayment to the system of
19 7 the actuarial cost of receiving service credit for the period
19 8 covered by the refund payment, as determined by the system.
19 9 For purposes of this paragraph, the actuarial cost of the
19 10 service purchase shall be determined as provided in section
19 11 ~~97B.74~~ 97B.80C. The payment to the system as provided in this
19 12 paragraph shall be made within ninety days after July 1, 2000,

19 13 or the date federal disability payments commenced, whichever
19 14 occurs later. For purposes of this paragraph, the date
19 15 federal disability payments commence shall be the date that
19 16 the member actually receives the first such payment,
19 17 regardless of any retroactive payments included in that
19 18 payment. A member who repurchases service credit under this
19 19 paragraph and applies for retirement benefits shall have the
19 20 member's monthly allowance, including retroactive adjustment
19 21 payments, determined in the same manner as provided in
19 22 paragraph "a" or "b", as applicable. ~~This paragraph shall not
19 23 be implemented until the system has received a determination
19 24 letter from the federal internal revenue service approving the
19 25 system's plan's qualified status under Internal Revenue Code
19 26 section 401(a).~~

19 27 Sec. 40. Section 97B.50, subsection 4, Code Supplement
19 28 2003, is amended by striking the subsection.

19 29 Sec. 41. Section 97B.50A, subsection 5, Code Supplement
19 30 2003, is amended to read as follows:

19 31 5. OFFSET TO ALLOWANCE. Notwithstanding any provisions to
19 32 the contrary in state law, or any applicable contract or
19 33 policy, any amounts which may be paid or payable by the
19 34 employer under any workers' compensation, unemployment
19 35 compensation, employer-paid disability plan, program, or
20 1 policy, or other law to a member, and any disability payments
20 2 the member receives pursuant to the federal Social Security
20 3 Act, 42 U.S.C. } 423 et seq., shall be offset against and
20 4 payable in lieu of any retirement allowance payable pursuant
20 5 to this section on account of the same disability.

20 6 Sec. 42. Section 97B.52, subsection 1, unnumbered
20 7 paragraph 1, Code Supplement 2003, is amended to read as
20 8 follows:

20 9 If ~~a~~ an inactive member, with at least sixteen calendar
20 10 quarters of service credit, or any active member dies prior to
20 11 the member's first month of entitlement, the member's
20 12 beneficiary shall be entitled to receive a death benefit equal
20 13 to the greater of the amount provided in paragraph "a" or "b".
20 14 If an inactive member with less than sixteen calendar quarters
20 15 of service credit dies prior to the member's first month of
20 16 entitlement, the member's beneficiary shall only be entitled
20 17 to receive a death benefit, as a lump sum, equal to the amount
20 18 provided in paragraph "a".

20 19 Sec. 43. Section 97B.52, subsection 1, paragraph a,
20 20 subparagraph (3), Code Supplement 2003, is amended to read as
20 21 follows:

20 22 (3) For service as a sheriff, ~~or deputy sheriff, or~~
20 23 ~~airport fire fighter~~, as provided in section 97B.49C, the
20 24 applicable denominator is twenty=two.

20 25 Sec. 44. Section 97B.52, subsection 5, unnumbered
20 26 paragraph 3, Code Supplement 2003, is amended by striking the
20 27 unnumbered paragraph.

20 28 Sec. 45. Section 97B.52, subsection 7, Code Supplement
20 29 2003, is amended to read as follows:

20 30 7. If a member has not filed a designation of beneficiary
20 31 with the system, the death benefit is payable to the member's
20 32 estate. If no designation has been filed and an estate is not
20 33 probated, the death benefit shall be paid to the surviving
20 34 spouse, if any. If no designation has been filed, no estate
20 35 has been probated, and there is no surviving spouse, the death
21 1 benefit shall be paid to the heirs as provided in this
21 2 subsection. The system shall pay the full amount of a
21 3 member's death benefits to those heirs who have presented a
21 4 claim for such benefits within five years after the member's
21 5 date of death. The system is not liable for the payment of
21 6 any claims by heirs who make themselves known to the system
21 7 more than five years after the date of death of the member.
21 8 Otherwise If a death benefit is not paid as provided by this
21 9 subsection, the death benefit shall remain in the fund.

21 10 Sec. 46. Section 97B.52A, subsection 1, paragraph c, Code
21 11 Supplement 2003, is amended to read as follows:

21 12 c. For a member whose first month of entitlement is July
21 13 2000 or later, the member does not return to any employment
21 14 with a covered employer until the member has qualified for at
21 15 least one calendar month of retirement benefits, and the
21 16 member does not return to covered employment until the member
21 17 has qualified for no fewer than four calendar months of
21 18 retirement benefits. For purposes of this paragraph,
21 19 effective July 1, 2000, any employment with a covered employer
21 20 does not include employment as an elective official or member
21 21 of the general assembly if the member is not covered under
21 22 this chapter for that employment. For purposes of determining
21 23 a bona fide retirement under this paragraph and for a member

21 24 whose first month of entitlement is July 2004 or later, but
21 25 before July 2006, covered employment does not include
21 26 employment as a licensed health care professional by a public
21 27 hospital as defined in section 249I.3.

21 28 Sec. 47. Section 97B.53, subsection 4, Code Supplement
21 29 2003, is amended to read as follows:

21 30 4. A member has not terminated employment for purposes of
21 31 this section if the member ~~accepts~~ commences other covered
21 32 employment within thirty days after ~~receiving the last payment~~
21 33 ~~of wages for the date employment was terminated with a covered~~
21 34 ~~employment employer~~, or if the member begins covered
21 35 employment prior to filing a request for a refund with the
22 1 system.

22 2 Sec. 48. Section 97B.53B, subsection 1, paragraph c,
22 3 subparagraph (2), subparagraph subdivision (c), Code
22 4 Supplement 2003, is amended to read as follows:

22 5 (c) ~~The~~ Prior to January 1, 2002, the portion of any
22 6 distribution that is not includible in the gross income of the
22 7 distributee, determined without regard to the exclusion for
22 8 net unrealized appreciation with respect to employer
22 9 securities.

22 10 Sec. 49. Section 97B.73B, subsection 2, paragraph b, Code
22 11 Supplement 2003, is amended to read as follows:

22 12 b. For a purchase of membership service on or after July
22 13 1, 2002, the actuarial cost of the service purchase in a
22 14 manner as provided in section ~~97B.73~~ 97B.80C.

22 15 Sec. 50. Section 97B.73B, subsection 2, Code Supplement
22 16 2003, is amended by adding the following new paragraph:

22 17 NEW PARAGRAPH. c. Effective July 1, 2004, a member
22 18 eligible for an increased retirement allowance because of the
22 19 payment of contributions under this section is entitled to
22 20 adjusted payments beginning with the month in which the member
22 21 pays contributions under this section.

22 22 Sec. 51. Section 97B.80, subsection 3, Code Supplement
22 23 2003, is amended to read as follows:

22 24 3. ~~The system shall adjust benefits for a six-month period~~
22 25 ~~prior to the date the member pays contributions under this~~
22 26 ~~section if the member is receiving a retirement allowance at~~
22 27 ~~the time the contribution payment is made.~~ Verification of
22 28 active duty service and payment of contributions shall be made
22 29 to the system. However, a member is not eligible to make
22 30 contributions under this section if the member is receiving,
22 31 is eligible to receive, or may in the future be eligible to
22 32 receive retirement pay from the United States government for
22 33 active duty in the armed forces, except for retirement pay
22 34 granted by the United States government under retired pay for
22 35 nonregular service pursuant to 10 U.S.C. } 12731=12739. A
23 1 member receiving retired pay for nonregular service who makes
23 2 contributions under this section shall provide information
23 3 required by the system documenting time periods covered under
23 4 retired pay for nonregular service.

23 5 Sec. 52. Section 97B.80, subsection 4, Code Supplement
23 6 2003, is amended by striking the subsection and inserting in
23 7 lieu thereof the following:

23 8 4. Effective July 1, 2004, a member eligible for an
23 9 increased retirement allowance because of the payment of
23 10 contributions under this section is entitled to adjusted
23 11 payments beginning with the month in which the member pays
23 12 contributions under this section.

23 13 Sec. 53. Section 97B.80C, subsection 1, paragraph a, Code
23 14 Supplement 2003, is amended to read as follows:

23 15 a. "Nonqualified service" means service that is not
23 16 qualified service- and includes, but is not limited to, any of
23 17 the following:

23 18 (1) Full-time volunteer public service in the federal
23 19 peace corps program.

23 20 (2) Public employment comparable to employment covered
23 21 under this chapter in a qualified Canadian governmental entity
23 22 that is an elementary school, secondary school, college, or
23 23 university that is organized, administered, and primarily
23 24 supported by the provincial, territorial, or federal
23 25 governments of Canada, or any combination of the same.

23 26 Sec. 54. Section 97B.80C, subsection 1, paragraph c,
23 27 subparagraph (1), Code Supplement 2003, is amended by adding
23 28 the following new subparagraph subdivisions:

23 29 NEW SUBPARAGRAPH SUBDIVISION. (e) Service as a member of
23 30 the general assembly.

23 31 NEW SUBPARAGRAPH SUBDIVISION. (f) Previous service as a
23 32 county attorney by a part-time county attorney.

23 33 NEW SUBPARAGRAPH SUBDIVISION. (g) Service in public
23 34 employment comparable to employment covered under this chapter

23 35 in another state or in the federal government, or service as a
24 1 member of another public retirement system in this state,
24 2 including but not limited to the teachers insurance and
24 3 annuity association=college retirement equities fund (TIAA=
24 4 CREF), if the member was not retired under that system and has
24 5 no further claim upon a retirement benefit from that other
24 6 public system.

24 7 NEW SUBPARAGRAPH SUBDIVISION. (h) Service as a member of
24 8 the retirement system at any time on or after July 4, 1953, if
24 9 the member received a refund of the member's accumulated
24 10 contributions for that period of membership service.

24 11 NEW SUBPARAGRAPH SUBDIVISION. (i) An approved leave of
24 12 absence which does not constitute service as defined in
24 13 section 97B.1A, which is granted on or after July 1, 1998.

24 14 NEW SUBPARAGRAPH SUBDIVISION. (j) Employment of a person
24 15 who at the time of the employment was not covered by this
24 16 chapter, was employed by a covered employer under this
24 17 chapter, and did not opt out of coverage under this chapter.

24 18 NEW SUBPARAGRAPH SUBDIVISION. (k) Employment of a person
24 19 as an adjunct instructor as defined in section 97B.1A,
24 20 subsection 8.

24 21 Sec. 55. Section 97B.80C, subsection 3, Code Supplement
24 22 2003, is amended to read as follows:

24 23 3. a. A member making contributions for a purchase of
24 24 permissive service credit under this section, except as
24 25 otherwise provided by this subsection, shall make

24 26 contributions in an amount equal to the actuarial cost of the
24 27 permissive service credit purchase. ~~For purposes of this~~
24 28 ~~subsection, the actuarial cost of the service purchase is an~~
24 29 ~~amount determined by the system in accordance with actuarial~~
24 30 ~~tables, as reported to the system by the system's actuary,~~
24 31 ~~which reflects the actuarial cost necessary to fund an~~
24 32 ~~increased retirement allowance resulting from the purchase of~~
24 33 ~~permissive service credit.~~

24 34 b. For a member making contributions for a purchase of
24 35 permissive service credit for qualified service as described
25 1 in subsection 1, paragraph "c", subparagraph (1), subparagraph
25 2 subdivision (e), under this section, the member shall make
25 3 contributions in an amount equal to forty percent of the
25 4 actuarial cost of the service purchase. There is appropriated
25 5 from the general fund of the state to the system an amount
25 6 sufficient to pay sixty percent of the actuarial cost of the
25 7 service purchase by a member pursuant to this paragraph.

25 8 c. For a member making contributions for a purchase of
25 9 permissive service credit for qualified service as described
25 10 in subsection 1, paragraph "c", subparagraph (1), subparagraph
25 11 subdivision (f), under this section, the member shall make
25 12 contributions in an amount equal to forty percent of the
25 13 actuarial cost of the service purchase. Upon notification of
25 14 the applicable county board of supervisors of the member's
25 15 election, the county board of supervisors shall pay to the
25 16 system an amount sufficient to pay sixty percent of the
25 17 actuarial cost of the service purchase by a member pursuant to
25 18 this paragraph.

25 19 d. For purposes of this subsection, the actuarial cost of
25 20 the service purchase is an amount determined by the system in
25 21 accordance with actuarial tables, as reported to the system by
25 22 the system's actuary, which reflects the actuarial cost
25 23 necessary to fund an increased retirement allowance resulting
25 24 from the purchase of permissive service credit.

25 25 Sec. 56. Section 97B.80C, Code Supplement 2003, is amended
25 26 by adding the following new subsections:

25 27 NEW SUBSECTION. 3A. Effective July 1, 2004, a member
25 28 eligible for an increased retirement allowance because of the
25 29 payment of contributions under this or any other section
25 30 providing for the purchase of service credit is entitled to
25 31 adjusted payments beginning with the month in which the member
25 32 pays contributions under the applicable section.

25 33 NEW SUBSECTION. 3B. Effective July 1, 2004, a purchase of
25 34 service made in accordance with this or any other section
25 35 providing for the purchase of service credit by a retired
26 1 reemployed member shall be applied to the member's original
26 2 retirement allowance. The member is eligible to receive
26 3 adjustment payments beginning with the month of the purchase.

26 4 NEW SUBSECTION. 3C. A member who is entitled to a benefit
26 5 from another public retirement system and wishes to purchase
26 6 the service covered by that public retirement system must
26 7 waive, on a form provided by the Iowa public employees'
26 8 retirement system, all rights to a retirement benefit under
26 9 that other public system before purchasing credit in this
26 10 system for the period of service covered by that other public

26 11 system. The waiver must be accepted by the other public
26 12 system. If the waiver is not obtained, a member may buy up to
26 13 twenty quarters of such service credit. In no event can a
26 14 member receive more than one service credit for any given
26 15 calendar quarter.

26 16 Sec. 57. Section 411.6, subsection 7, paragraph c, Code
26 17 2003, is amended to read as follows:

26 18 c. Should a disability beneficiary under age fifty-five be
26 19 employed in a public safety occupation, the disability
26 20 beneficiary's retirement allowance shall cease.

26 21 Notwithstanding any provision of this chapter to the contrary,
26 22 if a disability beneficiary is employed in a public safety
26 23 occupation that would otherwise constitute membership service,
26 24 the disability beneficiary shall not become a member of the
26 25 system. For purposes of this paragraph, "public safety
26 26 occupation" means a peace officer, as defined in section
26 27 97A.1; a protection occupation, as defined in section 97B.49B;
26 28 a sheriff, or deputy sheriff, or airport fire fighter, as
26 29 defined in section 97B.49C; and a police officer or fire
26 30 fighter as defined in section 411.1, who was not restored to
26 31 active service as provided by this subsection.

26 32 Sec. 58. Section 724.6, subsection 2, Code 2003, is
26 33 amended to read as follows:

26 34 2. Notwithstanding subsection 1, fire fighters, as defined
26 35 in section 411.1, subsection 9, airport fire fighters included
27 1 under section ~~97B.49C~~ 97B.49B, emergency rescue technicians,
27 2 and emergency medical care providers, as defined in section
27 3 147A.1, shall not, as a condition of employment, be required
27 4 to obtain a permit under this section. However, the
27 5 provisions of this subsection shall not apply to a person
27 6 designated as an arson investigator by the chief fire officer
27 7 of a political subdivision.

27 8 Sec. 59. 2002 Iowa Acts, chapter 1135, section 36,
27 9 subsections 1 and 3, are amended to read as follows:

27 10 1. a. Notwithstanding any provision of chapter 97B to the
27 11 contrary, a member of the Iowa public employees' retirement
27 12 system who has an employer-mandated reduction in hours or an
27 13 employee-exercised reduction in pay but remains on the

27 14 employer's payroll, and who would receive a reduction in the
27 15 member's three-year average covered wage as a result of the
27 16 reduction in hours or pay, may have the member's retirement
27 17 allowance calculated based on the three-year average covered
27 18 wage the member would have received, based on reasonable
27 19 assumptions, if the member had not been subject to the
27 20 employer-mandated reduction in hours or employee-exercised
27 21 reduction in pay, upon payment by the member of the applicable
27 22 contribution amount.

27 23 b. For purposes of this section, ~~the applicable~~ unless the
27 24 context otherwise requires:

27 25 (1) "Applicable contribution amount amount" is an amount
27 26 equal to the employee and employer contributions that would
27 27 have been paid to the system based on the wages that the
27 28 member would have received but for the employer-mandated
27 29 reduction in hours or employee-exercised reduction in pay and
27 30 would have been included in the member's three-year average
27 31 covered wage.

27 32 (2) "Employee-exercised reduction in pay" means a
27 33 reduction in pay of a member who has exercised bumping rights
27 34 by accepting a lower-paid position in order to avoid being
27 35 laid off by the employer.

28 1 3. This section shall apply to employer-mandated
28 2 reductions in hours or employee-exercised reductions in pay
28 3 during the period of time beginning on or after January 1,
28 4 2002, and ending no later than June 30, ~~2003~~ 2005. The system
28 5 is authorized to adopt such rules, including emergency rules,
28 6 as it deems necessary or prudent to implement this section.

28 7 Sec. 60. Sections 97B.72, 97B.72A, 97B.73, 97B.73A,
28 8 97B.74, 97B.75, 97B.80A, 97B.80B, and 97B.81, Code Supplement
28 9 2003, are repealed.

28 10 Sec. 61. EFFECTIVE DATE == RETROACTIVE APPLICABILITY.

28 11 1. The section of this Act amending section 97B.53B,
28 12 subsection 1, paragraph "c", being deemed of immediate
28 13 importance, takes effect upon enactment and is retroactively
28 14 applicable to January 1, 2002, and is applicable on and after
28 15 that date.

28 16 2. The section of this Act amending 2002 Iowa Acts,
28 17 chapter 1135, section 36, being deemed of immediate
28 18 importance, takes effect upon enactment and is retroactively
28 19 applicable to January 1, 2002, and is applicable on and after
28 20 that date.

28 21 Sec. 62. LICENSED HEALTH CARE PROFESSIONALS == BONA FIDE

28 22 RETIREMENT REPORT. The Iowa public employees' retirement
28 23 system and the Iowa hospital association shall each submit a
28 24 report to the general assembly by December 1, 2006, concerning
28 25 the costs and effectiveness of the provision of this Act
28 26 amending section 97B.52A that provides that covered
28 27 employment, for purposes of establishing a bona fide
28 28 retirement, does not include employment as a licensed health
28 29 care professional by a public hospital as defined in section
28 30 249I.3. Each report shall provide statistics concerning the
28 31 number of members taking advantage of this provision, the
28 32 costs and financial benefits, if any, associated with this
28 33 provision, and recommendations for further action.

28 34 DIVISION III

28 35 STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM

29 1 Sec. 63. Section 400.8, subsection 1, Code 2003, is
29 2 amended to read as follows:
29 3 400.8 ORIGINAL ENTRANCE EXAMINATION == APPOINTMENTS.
29 4 1. The commission, when necessary under the rules,
29 5 including minimum and maximum age limits, which shall be
29 6 prescribed and published in advance by the commission and
29 7 posted in the city hall, shall hold examinations for the
29 8 purpose of determining the qualifications of applicants for
29 9 positions under civil service, other than promotions, which
29 10 examinations shall be practical in character and shall relate
29 11 to matters which will fairly test the mental and physical
29 12 ability of the applicant to discharge the duties of the
29 13 position to which the applicant seeks appointment. The
29 14 physical examination of applicants for appointment to the
29 15 positions of police officer, police matron, or fire fighter
29 16 shall be held in accordance with medical protocols established
29 17 by the board of trustees of the fire and police retirement
29 18 system established by section 411.5 and shall be conducted in
29 19 accordance with the directives of the board of trustees.
29 20 However, the prohibitions of section 216.6, subsection 1,
29 21 paragraph "d", regarding tests for the presence of the
29 22 antibody to the human immunodeficiency virus shall not apply
29 23 to such examinations. The board of trustees may change the
29 24 medical protocols at any time the board so determines. The
29 25 physical examination of an applicant for the position of
29 26 police officer, police matron, or fire fighter shall be
29 27 conducted after a conditional offer of employment has been
29 28 made to the applicant. An applicant shall not be
29 29 discriminated against on the basis of height, weight, sex, or
29 30 race in determining physical or mental ability of the
29 31 applicant. Reasonable rules relating to strength, agility,
29 32 and general health of applicants shall be prescribed. The
29 33 costs of the physical examination required under this
29 34 subsection shall be paid from the trust and agency fund of the
29 35 city.

30 1 Sec. 64. Section 411.5, Code 2003, is amended by adding
30 2 the following new subsection:
30 3 NEW SUBSECTION. 14. MEDICAL RECORDS. A physician or
30 4 surgeon, physician assistant, advanced registered nurse
30 5 practitioner, or mental health professional who provides
30 6 records to the system in connection with the application by a
30 7 member for disability retirement under this chapter shall be
30 8 entitled to charge a fee for production of the records. The
30 9 fee for copies of any records shall not exceed the reasonable
30 10 cost of production.

30 11 Sec. 65. Section 411.6, subsection 7, unnumbered paragraph
30 12 1, Code 2003, is amended to read as follows:

30 13 ~~Re-examination~~ Reexamination of beneficiaries retired on
30 14 account of disability. ~~Once each year during the first five~~
30 15 ~~years following the retirement of a member on a disability~~
30 16 ~~retirement allowance, and once in every three-year period~~
30 17 ~~thereafter, the~~ The system may, and upon the member's
30 18 application shall, require any disability beneficiary who has
30 19 not yet attained age fifty-five to undergo a medical
30 20 examination at a place designated by the medical board. The
30 21 examination shall be made by the medical board or in special
30 22 cases, by an additional physician or physicians designated by
30 23 such board. If any disability beneficiary who has not
30 24 attained the age of fifty-five refuses to submit to the
30 25 medical examination, the member's allowance may be
30 26 discontinued until withdrawal of such refusal, and if the
30 27 refusal continues for one year all rights in and to the
30 28 member's pension may be revoked by the system. For a
30 29 disability beneficiary who has not attained the age of fifty=
30 30 five and whose entitlement to a disability retirement
30 31 commenced on or after July 1, 2000, the medical board may, as
30 32 part of the examination required by this subsection, suggest

30 33 appropriate medical treatment or rehabilitation if, in the
30 34 opinion of the medical board, the recommended treatment or
30 35 rehabilitation would likely restore the disability beneficiary
31 1 to duty.

31 2 Sec. 66. Section 411.6, subsection 7, paragraph a,
31 3 unnumbered paragraph 2, Code 2003, is amended to read as
31 4 follows:

31 5 A beneficiary retired under this lettered paragraph, in
31 6 order to be eligible for continued receipt of retirement
31 7 benefits, shall no later than May 15 of each year submit to
31 8 the system a copy of the beneficiary's federal individual
31 9 income tax return for the preceding year. The beneficiary
31 10 shall also submit, within a reasonable period of time, any
31 11 documentation requested by the system that is determined to be
31 12 necessary by the system to determine the beneficiary's gross
31 13 wages.

31 14 Sec. 67. Section 411.6B, subsection 1, Code 2003, is
31 15 amended to read as follows:

31 16 1. As used in this section, unless the context otherwise
31 17 requires, and to the extent permitted by the internal revenue
31 18 service:

31 19 a. "Direct rollover" means a payment by the system to the
31 20 eligible retirement plan specified by the member or the
31 21 member's surviving spouse, or the member's alternate payee
31 22 under a marital property order who is the member's spouse or
31 23 former spouse.

31 24 b. "Eligible retirement plan" means ~~either~~ any of the
31 25 following that accepts an eligible rollover distribution from
31 26 a member, or a member's surviving spouse, or a member's
31 27 alternate payee:

31 28 (1) An individual retirement account in accordance with
31 29 section 408(a) of the federal Internal Revenue Code.

31 30 (2) An individual retirement annuity in accordance with
31 31 section 408(b) of the federal Internal Revenue Code.

31 32 In addition, an "eligible retirement plan" includes an
31 33 annuity plan in accordance with section 403(a) of the federal
31 34 Internal Revenue Code, or a qualified trust in accordance with
31 35 section 401(a) of the federal Internal Revenue Code, that
32 1 accepts an eligible rollover distribution from a member.

32 2 Effective January 1, 2002, the term "eligible retirement plan"
32 3 also includes an annuity contract described in section 403(b)
32 4 of the federal Internal Revenue Code, and an eligible plan
32 5 under section 457(b) of the federal Internal Revenue Code
32 6 which is maintained by a state, political subdivision of a
32 7 state, or any agency or instrumentality of a state or
32 8 political subdivision of a state that chooses to separately
32 9 account for amounts rolled over into such eligible retirement
32 10 plan from the system.

32 11 c. "Eligible rollover distribution" means all or any
32 12 portion of a member's account, except that an eligible
32 13 rollover distribution does not include any of the following:

32 14 (1) A distribution that is one of a series of
32 15 substantially equal periodic payments, which occur annually or
32 16 more frequently, made for the life or life expectancy of the
32 17 distributee or the joint lives or joint life expectancies of
32 18 the distributee and the distributee's designated beneficiary,
32 19 or made for a specified period of ten years or more.

32 20 (2) A distribution to the extent that the distribution is
32 21 required pursuant to section 401(a)(9) of the federal Internal
32 22 Revenue Code.

32 23 (3) The portion of any distribution that is not includible
32 24 in the gross income of the distributee, determined without
32 25 regard to the exclusion for net unrealized appreciation with
32 26 respect to employer securities. Provided, however, that
32 27 effective January 1, 2002, such distributions may be directly
32 28 rolled over to an individual retirement account described in
32 29 federal Internal Revenue Code section 408(a) or 408(b), a
32 30 qualified defined contribution plan described in federal
32 31 Internal Revenue Code section 401(a), or a qualified annuity
32 32 plan described in federal Internal Revenue Code section
32 33 403(a), if such plan agrees to separately account for the
32 34 after-tax amount so rolled over.

32 35 (4) A distribution of less than two hundred dollars of
33 1 taxable income.

33 2 Sec. 68. Section 411.22, subsection 1, paragraph b, Code
33 3 2003, is amended to read as follows:

33 4 b. A sum sufficient to pay the retirement system the
33 5 present worth, computed at the interest rate ~~provided in~~
33 6 ~~section 535.3 for court judgments and decrees assumption~~
33 7 adopted by the system pursuant to section 411.5, subsection 9,
33 8 of the future payments of such benefits, for which the

33 9 retirement system is liable, but the sum is not a final
33 10 adjudication of the future payments which the member is
33 11 entitled to receive.
33 12 Sec. 69. Section 411.31, subsection 1, Code 2003, is
33 13 amended by adding the following new paragraph:
33 14 NEW PARAGRAPH. e. "Refund liability" means the amount the
33 15 member may elect to withdraw from the former system under
33 16 section 97A.16.

33 17 Sec. 70. Section 411.31, subsection 2, Code 2003, is
33 18 amended to read as follows:
33 19 2. Commencing July 1, 1996, a vested member of an eligible
33 20 retirement system who terminates employment covered by one
33 21 eligible retirement system and, within one year, commences
33 22 employment covered by the other eligible retirement system may
33 23 elect to transfer the greater of the average accrued benefit
33 24 or refund liability earned from the former system to the
33 25 current system. The member shall file an application with the
33 26 current system for transfer of the greater of the average
33 27 accrued benefit or refund liability within ninety days of the
33 28 commencement of employment with the current system.

33 29 Sec. 71. Section 411.31, subsection 4, Code 2003, is
33 30 amended to read as follows:

33 31 4. Upon receipt of an application for transfer ~~of the~~
~~33 32 average accrued benefit as provided in this section,~~ the
33 33 current system shall calculate the average accrued benefit and
~~33 34 the refund liability~~ and the former system shall transfer to
33 35 the current system assets in an amount equal to the greater of
~~34 1 the average accrued benefit or refund liability.~~ Once the
34 2 transfer ~~of the average accrued benefit~~ is completed, the
34 3 member's service under the former system shall be treated as
34 4 membership service under the current system for purposes of
34 5 this chapter and chapter 97A.

34 6 Sec. 72. Section 411.36, subsection 1, paragraph c, Code
34 7 2003, is amended to read as follows:

34 8 c. A city treasurer, city financial officer, or city clerk
34 9 involved with the financial matters of the city from four
34 10 participating cities, one of whom is from a city having a
34 11 population of less than ~~forty~~ thirty thousand, and three of
34 12 whom are from cities having a population of ~~forty~~ thirty
34 13 thousand or more. The members authorized pursuant to this
34 14 paragraph shall be appointed by the governing body of the Iowa
34 15 league of cities.

34 16 Sec. 73. EFFECTIVE DATE == RETROACTIVE APPLICABILITY. The
34 17 section of this Act amending section 411.6B, subsection 1,
34 18 being deemed of immediate importance, takes effect upon
34 19 enactment and is retroactively applicable to January 1, 2002,
34 20 and is applicable on and after that date.

DIVISION IV

JUDICIAL RETIREMENT SYSTEM

34 23 Sec. 74. JUDICIAL RETIREMENT SYSTEM == SPECIAL VESTING
34 24 PROVISION.

34 25 1. Notwithstanding any provision of chapter 602 to the
34 26 contrary, a judge who has had an aggregate of at least four
34 27 years of service as a judge of one or more of the courts as of
34 28 the effective date of this section of this Act shall be deemed
34 29 to have had at least six years of service as a judge for
34 30 purposes of determining the judge's eligibility for a
34 31 retirement benefit under the retirement system pursuant to
34 32 sections 602.9106, 602.9108, and 602.9112, and section
34 33 602.9107C, subsection 1.

34 34 2. This section of this Act, being deemed of immediate
34 35 importance, takes effect upon enactment.

DIVISION V

MISCELLANEOUS PROVISIONS

35 3 Sec. 75. NEW SECTION. 70A.17B PAYROLL DEDUCTION FOR
35 4 ADDITIONAL INSURANCE COVERAGE.

35 5 1. The state officer in charge of any of the state payroll
35 6 systems shall deduct from the wages or salaries of a state
35 7 officer or employee an amount specified by the officer or
35 8 employee for payment to any company authorized to do business
35 9 in this state for the purpose of purchasing insurance if all
35 10 of the following conditions are met:

35 11 a. At least five hundred state officers or employees
35 12 request the deduction to purchase insurance from the same
35 13 company.

35 14 b. The request for the payroll deduction is made by the
35 15 state officer or employee in writing to the officer in charge
35 16 of the program.

35 17 c. The pay period during which the deduction is made, the
35 18 frequency, and the amount of the deduction are compatible with
35 19 the payroll system.

35 20 d. The insurance coverage to be purchased is not provided
35 21 by the state.

35 22 e. The company providing the insurance enters into a
35 23 written agreement with the state delineating each party's
35 24 rights and responsibilities.

35 25 2. The moneys deducted under this section shall be paid to
35 26 the company designated by the requesting state officers or
35 27 employees. The deduction may be made even though the
35 28 compensation paid to an officer or employee is reduced to an
35 29 amount below the minimum prescribed by law. Payment to an
35 30 officer or employee of compensation less the deduction shall
35 31 constitute a full discharge of claims and demands for services
35 32 rendered by the officer or employee during the period covered
35 33 by the payment. The request for the deduction may be
35 34 withdrawn at any time by filing a written notification of
35 35 withdrawal with the state officer in charge of any of the
36 1 state payroll systems.

36 2 3. The department of administrative services reserves the
36 3 right to terminate an insurance company's participation in the
36 4 program if the department receives complaints regarding the
36 5 actions of the insurance company or its agents in relation to
36 6 the program and such termination would be in the best interest
36 7 of the state officers and employees, the department makes a
36 8 determination that the insurance company has engaged in a
36 9 pattern or practice of unfair, misleading, or fraudulent acts
36 10 and such termination would be in the best interest of the
36 11 state officers and employees, or the commissioner of insurance
36 12 determines that the company has engaged in practices that
36 13 would otherwise disqualify the company from providing
36 14 insurance coverage in Iowa.

36 15 4. The department is authorized to establish and collect
36 16 an administrative fee as deemed necessary and appropriate in
36 17 an amount not to exceed the state's actual cost of providing
36 18 the payroll deduction service.

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CHRISTOPHER C. RANTS
Speaker of the House

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JEFFREY M. LAMBERTI
President of the Senate

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36 30 I hereby certify that this bill originated in the House and
36 31 is known as House File 2262, Eightieth General Assembly.

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MARGARET THOMSON
Chief Clerk of the House

37 1 Approved _____, 2004

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THOMAS J. VILSACK
Governor