



HOUSE FILE 2262

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 2003, is amended to read as follows:

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

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

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

c. "Three-year average covered wage" means, for a member who retires on or after July 1, ~~2005~~ 2008, the greater of the member's covered wages averaged for a member's highest twelve consecutive quarters of service or the member's covered wages

averaged for a member's highest three calendar years of service. The system shall adopt rules to implement this paragraph in accordance with the requirements of this chapter and the federal Internal Revenue Code.

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

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

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

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

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

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

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

Sec. 13. NEW SECTION. 97B.9A COLLECTIONS -- WAIVER.

Notwithstanding any provision of this chapter to the contrary, the system may, in its sole discretion, waive the collection of benefits overpayments, contribution underpayments, or any other debts owed the system, that occur more than three years prior to the date of discovery of the overpayment, underpayment, or debt by the system, for cases in which there is no evidence of fraud or other misconduct on the part of the affected employer or the affected member or



beneficiary in providing or failing to provide information necessary to the proper determination of a debt owed the system, calculation of contributions and payments, or calculation of benefits under this chapter.

Sec. 14. Section 97B.14A, Code Supplement 2003, is amended to read as follows:

97B.14A WAGE REPORTING.

1. For purposes of this section, unless the context otherwise requires:

a. "Change in the schedule of wage payments" means the formal or informal deferral of wages earned in one calendar year to a later calendar year or the acceleration of the wages payable under a contract of employment to the prior calendar year by changing the period over which the contractual compensation is paid, by shortening the period of employment over which contract wages are to be paid, or similar arrangements altering the timing of wage payments.

b. "Distortion of the normal wage progression pattern" means an increase of ten percent or more between the covered wages reported for any two consecutive years.

2. An employer shall report wages of employees covered by this chapter to the system in a manner and form as prescribed by the system. If the wages reported by an employer appear to be a distortion of the normal wage progression pattern for an employee, the system may request that the employer provide documentation ~~indicating that the wages were not misreported for the purposes of causing an increase in the retirement allowance or other payments authorized to be made by this chapter~~ explaining the reason for the distortion. ~~If the system determines that the wages of an employee were misreported, the employer shall prepare and file wage adjustments allocating the wages to the proper wage reporting period.~~ If the distortion of the normal wage progression pattern results from covering compensation that is excluded from the definition of covered wages, or from a change in the schedule of wage payments for an individual, the system shall remove wages that should not be covered from its records, and shall, in cases involving increases caused by a change in the schedule of wage payments, reallocate covered wages to the calendar quarters in which the covered wages would have been reported but for the change in the schedule of wage payments.

Sec. 15. Section 97B.17, subsection 1, Code Supplement 2003, is amended to read as follows:

1. The system shall establish and maintain records of each member, including but not limited to the amount of wages of each member, the ~~contribution~~ contributions made on behalf of each member with interest, and interest dividends credited, beneficiary designations, and applications for benefits of any type. The records may be maintained in paper, magnetic, or electronic form, including optical disk storage, as set forth in chapter 554D. The system may accept, but shall not require, electronic records and electronic signatures to the extent permitted under chapter 554D. These records are the basis for the compilation of the retirement benefits provided under this chapter.

Sec. 16. Section 97B.38, Code Supplement 2003, is amended to read as follows:

97B.38 FEES FOR SERVICES.

The system may, by rule, prescribe the-maximum reasonable fees which may be charged for services-performed-in-connection with-any-claim-before-the-system-under-this-chapter, and-any agreement-in-violation-of-such-rules-shall-be-void production costs, including staff time and materials, associated with performing its duties under this chapter for active, inactive, and retired members, beneficiaries, and the general public, where such production costs are more than de minimis, as determined by the system. Any-person-who-shall, with-intent to-defraud, in-any-manner-willfully-and-knowingly-deceive, mislead, or-threaten-any-claimant-or-prospective-claimant-or beneficiary-under-this-chapter-by-word, circular, letter-or advertisement, or-who-shall-knowingly-charge-or-collect directly-or-indirectly-any-fee-in-excess-of-the-maximum-fee, or-make-any-agreement-directly-or-indirectly-to-charge-or collect-any-fee-in-excess-of-the-maximum-fee, prescribed-by the-system, shall-be-deemed-guilty-of-a-fraudulent-practice.

Sec. 17. Section 97B.40, Code Supplement 2003, is amended by adding the following new subsection:

NEW SUBSECTION. 1A. If the system determines that a person may have engaged in a fraudulent practice as described under this section, the system may, in addition to any statutory or equitable remedies provided by law, refer the



matter to the auditor of state and to the appropriate law enforcement authorities for possible investigation and prosecution.

Sec. 18. Section 97B.42, unnumbered paragraph 8, Code Supplement 2003, is amended by striking the unnumbered paragraph and inserting in lieu thereof the following:

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

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

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

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

A person who becomes a member of the Iowa public employees' retirement system pursuant to this subsection, and who has one

or more years of covered wages, may purchase credit, pursuant to section 97B.73, Code 2003, for one or more quarters of service prior to August 1, 2000, in which the person was employed in a position as described by section 97B.1A, subsection 8, paragraph "a", subparagraph (11), but was not a member of the retirement system.

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

Each individual who on or after July 1, 1978, was an active, vested, or retired member and who (1) made application for and received a refund of contributions made under the abolished system or (2) has on deposit with the retirement fund contributions made under the abolished system shall be entitled to credit for years of prior service in the determination of retirement allowance payments by filing a written election with the system on or after July 1, 1978, and by redepositing any withdrawn contributions under the abolished system together with interest as stated in this paragraph. Any individual who on or after July 1, 1978, is a retired member and who made application for and received a refund of contributions made under the abolished system may, by filing a written election with the system on or after July 1, 1978, have the system retain fifty percent of the monthly increase in retiree benefits that will accrue to the individual because of prior service. If the monthly increase in retirement benefits is less than ten dollars, the system shall retain five dollars of the scheduled increase, and if the monthly increase is less than five dollars, the provisions of this paragraph shall not apply. The system shall continue to retain such funds until the withdrawn contributions, together with interest accrued to the month in which the written election is filed, have been repaid. Due notice of this provision shall be sent to all retired members on or after July 1, 1978. However, this paragraph shall not apply to any person who received a refund of any membership service contributions unless the person repaid the membership service contributions pursuant to section ~~97B.74~~ 97B.80C; but a refund of contributions remitted for the calendar quarter ending September 30, 1953 which was based entirely upon employment which terminated prior to July 4, 1953 shall not be considered



as a refund of membership service contributions. The interest to be paid into the fund shall be compounded at the rates credited to member accounts from the date of payment of the refund of contributions under the abolished system to the date the member redeposits the refunded amount. The provisions of the first paragraph of this section relating to the consideration given to credited amounts shall apply to the redeposited amounts or to amounts left on deposit. Effective July 1, 1978, the provisions of this paragraph shall apply to each individual who on or after July 1, 1978, was an active, vested, or retired member, but who was not in service on July 4, 1953. The period for filing the written election with the system and redepositing any withdrawn contributions together with interest accrued shall commence July 1, 1978. A member who is a retired member on or after July 1, 1978, may file written election with the system on or after July 1, 1978, to have the system retain fifty percent of the monthly increase as provided in this paragraph.

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

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

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

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

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

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

97B.47 EARLY RETIREMENT DATE.

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

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

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

2. The first monthly payment of a ~~normal~~ retirement allowance shall be paid as of the ~~normal retirement effective date, which date shall be the later of the normal retirement date or the first day of the sixth calendar month preceding the month in which written notice of normal retirement is submitted to the system~~ member's first month of entitlement. ~~Written notice under this section may consist of submission of a completed estimate request form, a completed application for retirement form, or a letter from the member requesting information on retirement benefits, whichever is received first by the system. However, a letter requesting information on benefits or submission of a completed estimate request form is only valid for six months following the date of its receipt~~



~~by the system, unless during that six-month period the system receives a completed application for retirement form from the member. A retirement allowance may only be provided retroactively for a single six-month period. Payment of an early retirement allowance or an allowance for retirement after the normal retirement date shall be paid as of the effective date of retirement subject to section 97B.45, 97B.46, or 97B.47.~~ The payments shall be continued thereafter for the lifetime of the retired member except as provided in section 97B.48A.

Sec. 27. Section 97B.48, subsection 5, Code Supplement 2003, is amended by striking the subsection.

Sec. 28. Section 97B.48, Code Supplement 2003, is amended by adding the following new subsections:

NEW SUBSECTION. 6. Effective on such date as the system determines by rule, but in no event later than July 1, 2006, if the system determines that the accumulated contributions of a member, payable to a living member who has had a break in service or to a beneficiary of a deceased member, are less than three thousand dollars, the lump sum amount payable under this chapter shall be paid to the living member or beneficiary in full satisfaction of all rights of the member or beneficiary to receive any payments under the system. For purposes of this section, a "break in service" means twenty consecutive calendar quarters in which no wages are reported to the system. The lump sum payment shall be made within one hundred eighty days after the calendar quarter in which the member completes a break in service or dies, whichever is applicable. A member or beneficiary who receives a mandatory distribution under this subsection shall have sixty days to return the distribution to the system and restore the member's or beneficiary's account.

NEW SUBSECTION. 7. Effective July 1, 2005, monthly retirement allowance payments shall be directly deposited without charge to a retired member's account via electronic funds transfer. A retired member may elect to receive monthly allowance payments as paper warrants in lieu of electronic funds transfers, but the system shall charge an administrative fee for processing such paper warrants. However, the system may, for good cause shown, waive the administrative fee. The

fee may be automatically deducted from the monthly retirement allowance before the warrant is issued to the retired member.

Sec. 29. Section 97B.48A, Code Supplement 2003, is amended by adding the following new subsection:

NEW SUBSECTION. 5. If a retired reemployed member incurs a break in service, as defined in this subsection, and the member has failed to request an increase in the member's monthly allowance or a distribution of the member's and employer's accumulated contributions prior to the break in service, and if the amount of the increase in the member's monthly retirement allowance would be less than six hundred dollars per year, the system shall distribute the lump sum amount payable under subsection 4. For purposes of this subsection, a "break in service" means four consecutive calendar quarters in which no wages are reported to the system. The lump sum payment shall be made within one hundred eighty days after the calendar quarter in which the member has a break in service. A member who receives a mandatory distribution under this subsection shall have sixty days to return the distribution to the system and request an increase in the member's monthly allowance.

Sec. 30. NEW SECTION. 97B.49 DORMANT ACCOUNTS.

1. In the event that all, or any portion, of a retirement allowance, death benefit, or other distribution payable to a member or a member's designated beneficiary, heirs at law, or estate, remains unpaid solely by reason of the inability of the system to locate the appropriate payee, the amount payable shall not be forfeited but shall be treated as a dormant account after the time for making a claim has run.

2. A dormant account shall revert to the retirement fund created in section 97B.7. A dormant account shall be non-interest-bearing, and except for keeping a record of such account, the system shall not maintain the account. A member who has a dormant account and returns to covered employment shall have their dormant account reactivated as of the quarter they return to covered employment. If the appropriate payee contacts the system after the amount payable is treated as a dormant account, the appropriate payee may claim such amounts by filing a withdrawal application provided by the system. The system shall have rulemaking authority to adopt rules



necessary to implement this section in a just and equitable manner.

3. The system shall ensure that the payment of a dormant account as provided in this section meets the requirements of section 401(a)(9) of the federal Internal Revenue Code.

Sec. 31. Section 97B.49B, subsection 1, paragraph c, Code Supplement 2003, is amended to read as follows:

c. "Eligible service" means membership and prior service in a protection occupation. In addition, for a member with membership and prior service in a protection occupation described in paragraph "e", subparagraph (2), eligible service includes membership and prior service as a sheriff, or deputy sheriff, ~~or airport fire fighter~~ as defined in section 97B.49C.

Sec. 32. Section 97B.49B, subsection 1, paragraph e, Code Supplement 2003, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (8) An airport fire fighter employed by the military division of the department of public defense.

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

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

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

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

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

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

2. CALCULATION OF MONTHLY ALLOWANCE.

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

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

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

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

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

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



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

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

Sec. 37. Section 97B.49C, subsection 3, paragraph a, Code Supplement 2003, is amended to read as follows:

a. Annually, the system shall actuarially determine the cost of the ~~additional~~ benefits provided for members covered under this section as a percentage of the covered wages of the employees covered by this section. ~~Sixty~~ Fifty percent of the cost shall be paid by the employers of employees covered under this section and ~~forty~~ fifty percent of the cost shall be paid by the employees. The employer and employee contributions required under this paragraph are in ~~addition to~~ lieu of the contributions paid under sections 97B.11 and 97B.11A.

~~However, the cost of including service as an airport fire fighter prior to July 1, 1994, as eligible service under this section shall not affect the contribution rates calculated and paid by the member or the employer under this section.~~

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

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

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

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

2. a. A vested member who retires from the retirement system due to disability and commences receiving disability benefits pursuant to the federal Social Security Act, 42 U.S.C. § 423 et seq., and who has not reached the normal retirement date, shall receive benefits as selected under

section 97B.51, and shall not have benefits reduced upon retirement as required under subsection 1 regardless of whether the member has completed thirty or more years of membership service. However, the benefits shall be suspended during any period in which the member returns to covered employment. This section takes effect July 1, 1990, for a member meeting the requirements of this paragraph who retired from the retirement system at any time after July 4, 1953. Eligible members retiring on or after July 1, 2000, are entitled to the receipt of retroactive adjustment payments for no more than thirty-six months immediately preceding the month in which written notice-of application for retirement due to disability was ~~submitted-to~~ received by the system, ~~notwithstanding-the-requirements-of-subsection-4.~~

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

c. A vested member who terminated service due to a disability, who has been issued payment for a refund pursuant to section 97B.53, and who subsequently commences receiving disability benefits as a result of that disability pursuant to the federal Social Security Act, 42 U.S.C. § 423 et seq. or the federal Railroad Retirement Act, 45 U.S.C. § 231 et seq., may receive credit for membership service for the period



covered by the refund payment, upon repayment to the system of the actuarial cost of receiving service credit for the period covered by the refund payment, as determined by the system. For purposes of this paragraph, the actuarial cost of the service purchase shall be determined as provided in section ~~97B-74~~ 97B.80C. The payment to the system as provided in this paragraph shall be made within ninety days after July 1, 2000, or the date federal disability payments commenced, whichever occurs later. For purposes of this paragraph, the date federal disability payments commence shall be the date that the member actually receives the first such payment, regardless of any retroactive payments included in that payment. A member who repurchases service credit under this paragraph and applies for retirement benefits shall have the member's monthly allowance, including retroactive adjustment payments, determined in the same manner as provided in paragraph "a" or "b", as applicable. ~~This paragraph shall not be implemented until the system has received a determination letter from the federal internal revenue service approving the system's plan's qualified status under Internal Revenue Code section 401(a).~~

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

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

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

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

If a an inactive member, with at least sixteen calendar quarters of service credit, or any active member dies prior to

the member's first month of entitlement, the member's beneficiary shall be entitled to receive a death benefit equal to the greater of the amount provided in paragraph "a" or "b". If an inactive member with less than sixteen calendar quarters of service credit dies prior to the member's first month of entitlement, the member's beneficiary shall only be entitled to receive a death benefit, as a lump sum, equal to the amount provided in paragraph "a".

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

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

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

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

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

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

c. For a member whose first month of entitlement is July 2000 or later, the member does not return to any employment with a covered employer until the member has qualified for at least one calendar month of retirement benefits, and the



member does not return to covered employment until the member has qualified for no fewer than four calendar months of retirement benefits. For purposes of this paragraph, effective July 1, 2000, any employment with a covered employer does not include employment as an elective official or member of the general assembly if the member is not covered under this chapter for that employment. For purposes of determining a bona fide retirement under this paragraph and for a member whose first month of entitlement is July 2004 or later, but before July 2006, covered employment does not include employment as a licensed health care professional by a public hospital as defined in section 249I.3.

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

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

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

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

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

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

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

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

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

~~3. The system shall adjust benefits for a six-month period prior to the date the member pays contributions under this section if the member is receiving a retirement allowance at the time the contribution payment is made.~~ Verification of active duty service and payment of contributions shall be made to the system. However, a member is not eligible to make contributions under this section if the member is receiving, is eligible to receive, or may in the future be eligible to receive retirement pay from the United States government for active duty in the armed forces, except for retirement pay granted by the United States government under retired pay for nonregular service pursuant to 10 U.S.C. § 12731--12739. A member receiving retired pay for nonregular service who makes contributions under this section shall provide information required by the system documenting time periods covered under retired pay for nonregular service.

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

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

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

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

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

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



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

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

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

NEW SUBPARAGRAPH SUBDIVISION. (g) Service in public employment comparable to employment covered under this chapter in another state or in the federal government, or service as a member of another public retirement system in this state, including but not limited to the teachers insurance and annuity association-college retirement equities fund (TIAA-CREF), if the member was not retired under that system and has no further claim upon a retirement benefit from that other public system.

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

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

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

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

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

3. a. A member making contributions for a purchase of permissive service credit under this section, except as otherwise provided by this subsection, shall make contributions in an amount equal to the actuarial cost of the permissive service credit purchase. ~~For purposes of this subsection, the actuarial cost of the service purchase is an amount determined by the system in accordance with actuarial tables, as reported to the system by the system's actuary,~~

~~which reflects the actuarial cost necessary to fund an increased retirement allowance resulting from the purchase of permissive service credit.~~

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

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

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

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

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

NEW SUBSECTION. 3B. Effective July 1, 2004, a purchase of service made in accordance with this or any other section providing for the purchase of service credit by a retired



reemployed member shall be applied to the member's original retirement allowance. The member is eligible to receive adjustment payments beginning with the month of the purchase.

NEW SUBSECTION. 3C. A member who is entitled to a benefit from another public retirement system and wishes to purchase the service covered by that public retirement system must waive, on a form provided by the Iowa public employees' retirement system, all rights to a retirement benefit under that other public system before purchasing credit in this system for the period of service covered by that other public system. The waiver must be accepted by the other public system. If the waiver is not obtained, a member may buy up to twenty quarters of such service credit. In no event can a member receive more than one service credit for any given calendar quarter.

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

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

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

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

2. Notwithstanding subsection 1, fire fighters, as defined in section 411.1, subsection 9, airport fire fighters included under section ~~97B.49C~~ 97B.49B, emergency rescue technicians, and emergency medical care providers, as defined in section 147A.1, shall not, as a condition of employment, be required to obtain a permit under this section. However, the provisions of this subsection shall not apply to a person

designated as an arson investigator by the chief fire officer of a political subdivision.

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

1. a. Notwithstanding any provision of chapter 97B to the contrary, a member of the Iowa public employees' retirement system who has an employer-mandated reduction in hours or an employee-exercised reduction in pay but remains on the employer's payroll, and who would receive a reduction in the member's three-year average covered wage as a result of the reduction in hours or pay, may have the member's retirement allowance calculated based on the three-year average covered wage the member would have received, based on reasonable assumptions, if the member had not been subject to the employer-mandated reduction in hours or employee-exercised reduction in pay, upon payment by the member of the applicable contribution amount.

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

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

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

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

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

Sec. 61. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY.



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

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

Sec. 62. LICENSED HEALTH CARE PROFESSIONALS -- BONA FIDE RETIREMENT REPORT. The Iowa public employees' retirement system and the Iowa hospital association shall each submit a report to the general assembly by December 1, 2006, concerning the costs and effectiveness of the provision of this Act amending section 97B.52A that provides that covered employment, for purposes of establishing a bona fide retirement, does not include employment as a licensed health care professional by a public hospital as defined in section 249I.3. Each report shall provide statistics concerning the number of members taking advantage of this provision, the costs and financial benefits, if any, associated with this provision, and recommendations for further action.

#### DIVISION III

##### STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM

Sec. 63. Section 400.8, subsection 1, Code 2003, is amended to read as follows:

##### 400.8 ORIGINAL ENTRANCE EXAMINATION -- APPOINTMENTS.

1. The commission, when necessary under the rules, including minimum and maximum age limits, which shall be prescribed and published in advance by the commission and posted in the city hall, shall hold examinations for the purpose of determining the qualifications of applicants for positions under civil service, other than promotions, which examinations shall be practical in character and shall relate to matters which will fairly test the mental and physical ability of the applicant to discharge the duties of the position to which the applicant seeks appointment. The physical examination of applicants for appointment to the positions of police officer, police matron, or fire fighter

shall be held in accordance with medical protocols established by the board of trustees of the fire and police retirement system established by section 411.5 and shall be conducted in accordance with the directives of the board of trustees. However, the prohibitions of section 216.6, subsection 1, paragraph "d", regarding tests for the presence of the antibody to the human immunodeficiency virus shall not apply to such examinations. The board of trustees may change the medical protocols at any time the board so determines. The physical examination of an applicant for the position of police officer, police matron, or fire fighter shall be conducted after a conditional offer of employment has been made to the applicant. An applicant shall not be discriminated against on the basis of height, weight, sex, or race in determining physical or mental ability of the applicant. Reasonable rules relating to strength, agility, and general health of applicants shall be prescribed. The costs of the physical examination required under this subsection shall be paid from the trust and agency fund of the city.

Sec. 64. Section 411.5, Code 2003, is amended by adding the following new subsection:

NEW SUBSECTION. 14. MEDICAL RECORDS. A physician or surgeon, physician assistant, advanced registered nurse practitioner, or mental health professional who provides records to the system in connection with the application by a member for disability retirement under this chapter shall be entitled to charge a fee for production of the records. The fee for copies of any records shall not exceed the reasonable cost of production.

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

~~Re-examination~~ Reexamination of beneficiaries retired on account of disability. ~~Once-each-year-during-the-first-five years-following-the-retirement-of-a-member-on-a-disability retirement-allowance, and once-in-every-three-year-period thereafter, the~~ The system may, and upon the member's application shall, require any disability beneficiary who has not yet attained age fifty-five to undergo a medical examination at a place designated by the medical board. The



examination shall be made by the medical board or in special cases, by an additional physician or physicians designated by such board. If any disability beneficiary who has not attained the age of fifty-five refuses to submit to the medical examination, the member's allowance may be discontinued until withdrawal of such refusal, and if the refusal continues for one year all rights in and to the member's pension may be revoked by the system. For a disability beneficiary who has not attained the age of fifty-five and whose entitlement to a disability retirement commenced on or after July 1, 2000, the medical board may, as part of the examination required by this subsection, suggest appropriate medical treatment or rehabilitation if, in the opinion of the medical board, the recommended treatment or rehabilitation would likely restore the disability beneficiary to duty.

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

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

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

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

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

b. "Eligible retirement plan" means ~~either~~ any of the following that accepts an eligible rollover distribution from

a member, ~~or~~ a member's surviving spouse, or a member's alternate payee:

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

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

In addition, an "eligible retirement plan" includes an annuity plan in accordance with section 403(a) of the federal Internal Revenue Code, or a qualified trust in accordance with section 401(a) of the federal Internal Revenue Code, that accepts an eligible rollover distribution from a member. Effective January 1, 2002, the term "eligible retirement plan" also includes an annuity contract described in section 403(b) of the federal Internal Revenue Code, and an eligible plan under section 457(b) of the federal Internal Revenue Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state that chooses to separately account for amounts rolled over into such eligible retirement plan from the system.

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

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

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

(3) The portion of any distribution that is not includible in the gross income of the distributee, determined without regard to the exclusion for net unrealized appreciation with respect to employer securities. Provided, however, that effective January 1, 2002, such distributions may be directly rolled over to an individual retirement account described in federal Internal Revenue Code section 408(a) or 408(b), a qualified defined contribution plan described in federal



Internal Revenue Code section 401(a), or a qualified annuity plan described in federal Internal Revenue Code section 403(a), if such plan agrees to separately account for the after-tax amount so rolled over.

(4) A distribution of less than two hundred dollars of taxable income.

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

b. A sum sufficient to pay the retirement system the present worth, computed at the interest rate ~~provided in section-535-3-for-court-judgments-and-decrees~~ assumption adopted by the system pursuant to section 411.5, subsection 9, of the future payments of such benefits, for which the retirement system is liable, but the sum is not a final adjudication of the future payments which the member is entitled to receive.

Sec. 69. Section 411.31, 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 97A.16.

Sec. 70. Section 411.31, 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 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 refund liability within ninety days of the commencement of employment with the current system.

Sec. 71. Section 411.31, 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 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 97A.

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

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

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

#### DIVISION IV

##### JUDICIAL RETIREMENT SYSTEM

Sec. 74. JUDICIAL RETIREMENT SYSTEM -- SPECIAL VESTING PROVISION.

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

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

#### DIVISION V

##### MISCELLANEOUS PROVISIONS

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



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

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

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

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

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

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

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

3. The department of administrative services reserves the right to terminate an insurance company's participation in the program if the department receives complaints regarding the actions of the insurance company or its agents in relation to the program and such termination would be in the best interest of the state officers and employees, the department makes a determination that the insurance company has engaged in a pattern or practice of unfair, misleading, or fraudulent acts

and such termination would be in the best interest of the state officers and employees, or the commissioner of insurance determines that the company has engaged in practices that would otherwise disqualify the company from providing insurance coverage in Iowa.

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



CHRISTOPHER C. RANTS  
Speaker of the House



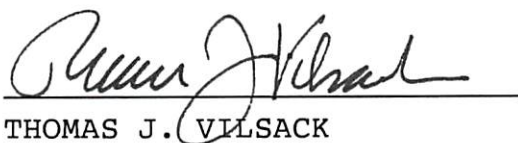
JEFFREY M. LAMBERTI  
President of the Senate

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



MARGARET THOMSON  
Chief Clerk of the House

Approved April 26, 2004



THOMAS J. VILSACK  
Governor