

# Senate File 2424 - Enrolled

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SENATE FILE 2424

## AN ACT

CONCERNING 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, INCLUDING IMPLEMENTATION AND TRANSITION PROVISIONS,  
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.1, subsection 14, Code 2007, is  
amended by striking the subsection.

Sec. 2. Section 97A.1, subsection 15, Code 2007, is  
amended to read as follows:

15. "Pensions" shall mean annual payments for life derived  
from the appropriations provided by the state of Iowa and from  
contributions of the members which are deposited in the  
~~pension accumulation retirement~~ fund. All pensions shall be  
paid in equal monthly installments.

Sec. 3. Section 97A.5, subsections 3 and 4, Code 2007, are  
amended to read as follows:

3. COMPENSATION. The trustees shall serve as such without  
compensation, but they shall be reimbursed from the ~~expense~~  
~~retirement~~ fund for all necessary expenses which they may  
incur through service on the board.

4. RULES. The board of trustees shall, from time to time,  
establish such rules not inconsistent with this chapter, for  
the administration of ~~funds the system and the retirement fund~~  
created by this chapter and as may be necessary or appropriate  
for the transaction of its business.

Sec. 4. Section 97A.5, subsection 6, paragraph a, Code  
2007, is amended to read as follows:

a. The department of public safety shall keep in  
convenient form the data necessary for ~~the~~ actuarial valuation  
of the ~~various funds of the~~ system and for checking the  
expense of the system. The commissioner of public safety  
shall keep a record of all the acts and proceedings of the  
board, which records shall be open to public inspection. The  
board of trustees shall biennially make a report to the  
general assembly showing the fiscal transactions of the system  
for the preceding biennium, the amount of the accumulated cash  
and securities of the system, and the last balance sheet  
showing the financial condition of the system by means of an  
actuarial valuation of the assets and liabilities of the  
system.

Sec. 5. Section 97A.5, subsections 8, 9, 11, and 12, Code  
2007, are amended to read as follows:

8. MEDICAL BOARD. The board of trustees shall designate a  
~~single medical provider network as the medical board to be~~

~~composed of three physicians who for the system. The medical  
board shall arrange for and pass upon the all medical  
examinations required under the provisions of this chapter and  
shall report in writing to the board of trustees, its  
conclusions and recommendations upon all matters duly referred  
to it. For examinations required because of disability, a  
physician from the medical board specializing in occupational  
medicine, and a second physician specializing in an  
appropriate field of medicine as determined by the  
occupational medicine physician, shall pass upon the medical  
examinations required for disability retirements and shall  
report to the system in writing their conclusions and  
recommendations upon all matters referred to the medical  
board.~~ Each report of a medical examination under section

97A.6, subsections 3 and 5, shall include the medical board's  
findings in accordance with section 97A.6 as to the extent of  
the member's physical impairment.

9. DUTIES OF ACTUARY. The actuary hired by the board of

3 4 trustees shall be the technical advisor of the board of  
3 5 trustees on matters regarding the operation of the ~~fund~~  
3 6 ~~retirement fund~~ created by the ~~provisions~~ of this chapter and  
3 7 shall perform such other duties as are required in connection  
3 8 therewith.

3 9 11. ACTUARIAL INVESTIGATION. At least once in each  
3 10 two-year period, the actuary hired by the board of trustees  
3 11 shall make an actuarial investigation in the mortality,  
3 12 service, and compensation experience of the members and  
3 13 beneficiaries of the system, and the interest and other  
3 14 earnings on the moneys and other assets of the system, and  
3 15 shall make a valuation of the assets and liabilities of the  
3 16 ~~fund~~ ~~retirement fund~~ of the system, and taking into account  
3 17 the results of the investigation and valuation, the board of  
3 18 trustees shall:

3 19 a. ~~Adopt~~ adopt for the system, upon recommendation of the  
3 20 system's actuary, such actuarial methods and assumptions,  
3 21 interest rate, and mortality and other tables as shall be  
3 22 deemed necessary.

3 23 b. ~~Certify the rates of contribution payable by the state~~  
3 24 ~~of Iowa in accordance with section 97A.8 to conduct the~~  
3 25 actuarial valuation of the system.

3 26 12. ANNUAL ACTUARIAL VALUATION.

3 27 a. On the basis of the actuarial methods and assumptions,  
3 28 rate of interest, and tables adopted by the board of trustees,  
3 29 the actuary hired by the board of trustees shall make an  
3 30 annual actuarial valuation of the assets and liabilities of  
3 31 the ~~fund~~ of the system ~~retirement fund~~ created by this  
3 32 chapter. As a result of the annual actuarial valuation, the  
3 33 board of trustees shall certify the rates of contribution

3 34 payable by the state of Iowa in accordance with section 97A.8.

3 35 b. Effective with the fiscal year beginning July 1, 2008,  
4 1 the annual actuarial valuation required to be conducted shall  
4 2 include information as required by section 97D.5.

4 3 Sec. 6. Section 97A.5, subsection 13, paragraphs b, c, and  
4 4 d, Code 2007, are amended to read as follows:

4 5 b. The ~~fund~~ ~~retirement fund~~ established in section 97A.8  
4 6 shall be held in trust for the benefit of the members of the  
4 7 system and the members' beneficiaries. No part of the corpus  
4 8 or income of the ~~fund~~ ~~retirement fund~~ shall be used for, or  
4 9 diverted to, purposes other than for the exclusive benefit of  
4 10 the members or the members' beneficiaries or for expenses  
4 11 incurred in the operation of the ~~fund~~ ~~retirement fund~~. A  
4 12 person shall not have any interest in, or right to, any part  
4 13 of the corpus or income of the ~~fund~~ ~~retirement fund~~ except as  
4 14 otherwise expressly provided.

4 15 c. Notwithstanding any provision of this chapter to the  
4 16 contrary, in the event of a complete discontinuance of  
4 17 contributions, for reasons other than achieving fully funded  
4 18 status upon an actuarially determined basis, or upon  
4 19 termination of the ~~fund~~ ~~retirement fund~~ established in  
4 20 section 97A.8, a member shall be vested, to the extent then  
4 21 funded, in the benefits which the member has accrued at the  
4 22 date of the discontinuance or termination.

4 23 d. Benefits payable from the ~~fund~~ ~~retirement fund~~  
4 24 established in section 97A.8 to members and members'  
4 25 beneficiaries shall not be increased due to forfeitures from  
4 26 other members. Forfeitures shall be used as soon as possible  
4 27 to reduce future contributions by the state to the ~~pension~~  
4 28 ~~accumulation retirement fund~~, except that the rate shall not  
4 29 be less than the minimum rate established in section 97A.8.

4 30 Sec. 7. Section 97A.5, subsection 14, Code 2007, is  
4 31 amended to read as follows:

4 32 14. INVESTMENT CONTRACTS. The board of trustees may  
4 33 execute contracts and agreements with investment advisors,  
4 34 consultants, and investment management and benefit consultant  
4 35 firms in the administration of the ~~fund~~ ~~retirement fund~~  
5 1 established in section 97A.8.

5 2 Sec. 8. Section 97A.6, subsection 7, Code 2007, is amended  
5 3 by adding the following new paragraph:

5 4 NEW PARAGRAPH. d. Should a disability beneficiary under  
5 5 age fifty-five be employed in a public safety occupation, the  
5 6 disability beneficiary's retirement allowance shall cease.  
5 7 Notwithstanding any provision of this chapter to the contrary,  
5 8 if a disability beneficiary is employed in a public safety  
5 9 occupation that would otherwise constitute membership service,  
5 10 the disability beneficiary shall not become a member of the  
5 11 system. For purposes of this paragraph, "public safety  
5 12 occupation" means a peace officer, as defined in section  
5 13 97A.1; a protection occupation, as defined in section 97B.49B;  
5 14 a sheriff or deputy sheriff as defined in section 97B.49C; and

5 15 a police officer or fire fighter as defined in section 411.1,  
5 16 who was not restored to active service as provided by this  
5 17 subsection.

5 18 Sec. 9. Section 97A.6, subsection 11, Code 2007, is  
5 19 amended to read as follows:

5 20 11. PENSIONS OFFSET BY COMPENSATION BENEFITS. Any amounts  
5 21 which may be paid or payable by the state under the provisions  
5 22 of any workers' compensation or similar law to a member or to  
5 23 the dependents of a member on account of any disability or  
5 24 death, shall be offset against and payable in lieu of any  
5 25 benefits payable out of ~~funds the retirement fund~~ provided by  
5 26 the state under the provisions of this chapter on account of  
5 27 the same disability or death. In case the present value of  
5 28 the total commuted benefits under said workers' compensation  
5 29 or similar law is less than the ~~pension reserve on present~~  
5 30 ~~value of the benefits otherwise payable from funds the~~  
5 31 ~~retirement fund~~ provided by the state under this chapter, then  
5 32 the present value of the commuted payments shall be deducted  
5 33 from the pension ~~reserve payable~~ and such benefits as may be  
5 34 provided by the ~~pension reserve system~~ so reduced shall be  
5 35 payable under the provisions of this chapter.

6 1 Sec. 10. Section 97A.7, subsections 1, 2, and 3, Code  
6 2 Supplement 2007, are amended to read as follows:

6 3 1. The board of trustees shall be the trustees of the  
6 4 ~~several funds retirement fund~~ created by this chapter as  
6 5 provided in section 97A.8 and shall have full power to invest  
6 6 and reinvest ~~such~~ funds subject to the terms, conditions,  
6 7 limitations, and restrictions imposed by subsection 2 of this  
6 8 section and chapter 12F, and subject to like terms,  
6 9 conditions, limitations, and restrictions said trustees shall  
6 10 have full power to hold, purchase, sell, assign, transfer, or  
6 11 dispose of any of the securities and investments ~~in which any~~  
6 12 ~~of the funds created herein shall retirement fund which have~~  
6 13 been invested, as well as of the proceeds of said investments  
6 14 and any moneys belonging to ~~said funds the retirement fund~~.  
6 15 The board of trustees may authorize the treasurer of state to  
6 16 exercise any of the duties of this section. When so  
6 17 authorized the treasurer of state shall report any  
6 18 transactions to the board of trustees at its next monthly  
6 19 meeting.

6 20 2. The ~~several funds retirement fund~~ created by this  
6 21 chapter may be invested in any investments authorized for the  
6 22 Iowa public employees' retirement system in section 97B.7A.

6 23 3. The treasurer of the state shall be the custodian of  
6 24 the ~~several funds retirement fund~~. All payments from ~~said~~  
6 25 ~~funds the retirement fund~~ shall be made by the treasurer only  
6 26 upon vouchers signed by two persons designated by the board of  
6 27 trustees. A duly attested copy of the resolution of the board  
6 28 of trustees designating such persons and bearing on its face  
6 29 specimen signatures of such persons shall be filed with the  
6 30 treasurer of state as the treasurer's authority for making  
6 31 payments on such vouchers. No voucher shall be drawn unless  
6 32 it shall previously have been allowed by resolution of the  
6 33 board of trustees.

6 34 Sec. 11. Section 97A.8, Code 2007, is amended to read as  
6 35 follows:

7 1 97A.8 METHOD OF FINANCING.

7 2 ~~There is hereby created as a special fund, separate and~~  
7 3 ~~apart from all other public moneys or funds of this state, the~~  
7 4 ~~peace officers' retirement, accident, and disability system~~  
7 5 ~~retirement fund, hereafter called the "retirement fund". All~~  
7 6 the assets of the system created and established by this  
7 7 chapter shall be credited ~~according to the purpose for which~~  
7 8 ~~they are held to one of three funds, namely, the pension~~  
7 9 ~~accumulation fund, the pension reserve fund, and the expense~~  
7 10 ~~to the retirement fund.~~

7 11 1. PENSION ACCUMULATION FUND. ~~The pension accumulation~~  
7 12 ~~fund shall be the fund in which shall be accumulated all All~~  
7 13 moneys for the payment of all pensions and other benefits  
7 14 payable from contributions made by the state and from which  
7 15 shall be paid the lump-sum death benefits for all members  
7 16 payable from the said contributions ~~shall be accumulated in~~  
7 17 ~~the retirement fund. The refunds and benefits for all members~~  
7 18 ~~and beneficiaries shall be payable from the retirement fund.~~

7 19 Contributions to and payments from the ~~pension accumulation~~  
7 20 ~~retirement fund~~ shall be as follows:

7 21 a. On account of each member there shall be paid annually  
7 22 into the ~~pension accumulation retirement~~ fund by the state of  
7 23 Iowa an amount equal to a certain percentage of the earnable  
7 24 compensation of the member to be known as the "normal  
7 25 contribution". The rate percent of such contribution shall be

7 26 fixed on the basis of the liabilities of the retirement system  
7 27 as shown by annual actuarial valuations.

7 28 b. (1) On the basis of the actuarial methods and  
7 29 assumptions, rate of interest, and of the mortality, interest,  
7 30 and other tables adopted by the board of trustees, the board  
7 31 of trustees, upon the advice of the actuary hired by the board  
7 32 for that purpose, shall make each valuation required by this  
7 33 chapter pursuant to the requirements of section 97A.5 and  
7 34 shall immediately after making such valuation, determine the  
7 35 "normal contribution rate". The normal contribution rate  
8 1 shall be the rate percent of the earnable compensation of all  
8 2 members ~~obtained by deducting from the total liabilities of~~  
8 3 ~~the fund the sum of the amount of the funds in hand to the~~  
8 4 ~~credit of the fund and dividing the remainder by one percent~~  
8 5 ~~of the present value of the prospective future compensation of~~  
8 6 ~~all members as computed on the basis of the rate of interest~~  
8 7 ~~and of mortality and service tables adopted by the board of~~  
8 8 ~~trustees, all equal to the rate required by the system to~~  
8 9 ~~discharge its liabilities, stated as a percentage of the~~  
8 10 ~~earnable compensation of all members, and reduced by the~~  
8 11 ~~employee contribution made pursuant to rate provided in this~~  
8 12 ~~subsection. However, the normal rate of contribution shall~~  
8 13 ~~not be less than seventeen percent. The normal rate of~~  
8 14 ~~contribution shall be determined by the board of trustees~~  
8 15 ~~after each valuation. To assist in determining the normal~~  
8 16 ~~rate of contribution, the board of trustees may adopt a~~  
8 17 ~~smoothing method for valuing the assets of the system. The~~  
8 18 ~~smoothing method is designed to reduce changes in the normal~~  
8 19 ~~contribution rate which could result from fluctuations in the~~  
8 20 ~~market value of the assets of the system.~~

8 21 (2) Notwithstanding the provisions of subparagraph (1) to  
8 22 the contrary, the normal contribution rate shall be as  
8 23 follows:

8 24 (a) For the fiscal year beginning July 1, 2008, nineteen  
8 25 percent.

8 26 (b) For the fiscal year beginning July 1, 2009, twenty-one  
8 27 percent.

8 28 (c) For the fiscal year beginning July 1, 2010,  
8 29 twenty-three percent.

8 30 (d) For the fiscal year beginning July 1, 2011,  
8 31 twenty-five percent.

8 32 (e) For each fiscal year beginning on or after July 1,  
8 33 2012, the lesser of twenty-seven percent or the normal  
8 34 contribution rate as calculated pursuant to subparagraph (1).

8 35 c. The total amount payable in each year to the pension  
9 1 accumulation retirement fund shall not be less than the rate  
9 2 percent known as the normal contribution rate of the total  
9 3 compensation earnable by all members during the year.  
9 4 However, the aggregate payment by the state shall be  
9 5 sufficient when combined with the amount in the retirement  
9 6 fund to provide the pensions and other benefits payable out of  
9 7 the retirement fund during the then current year.

9 8 d. All lump-sum death benefits on account of death in  
9 9 active service payable from contributions of the state shall  
9 10 be paid from the pension accumulation retirement fund.

9 11 e. Upon the retirement or death of a member an amount  
9 12 equal to the pension reserve on any pension payable to the  
9 13 member or on account of the member's death shall be  
9 14 transferred from the pension accumulation fund to the pension  
9 15 reserve fund.

9 16 f. ~~e.~~ Except as otherwise provided in paragraph "h" "g":  
9 17 (1) An amount equal to three and one-tenth percent of each  
9 18 member's compensation from the earnable compensation of the  
9 19 member shall be paid to the pension accumulation retirement  
9 20 fund for the fiscal year beginning July 1, 1989.

9 21 (2) An amount equal to four and one-tenth percent of each  
9 22 member's compensation from the earnable compensation of the  
9 23 member shall be paid to the pension accumulation retirement  
9 24 fund for the fiscal year beginning July 1, 1990.

9 25 (3) An amount equal to five and one-tenth percent of each  
9 26 member's compensation from the earnable compensation of the  
9 27 member shall be paid to the pension accumulation retirement  
9 28 fund for the fiscal year beginning July 1, 1991.

9 29 (4) An amount equal to six and one-tenth percent of each  
9 30 member's compensation from the earnable compensation of the  
9 31 member shall be paid to the pension accumulation retirement  
9 32 fund for the fiscal year beginning July 1, 1992.

9 33 (5) An amount equal to seven and one-tenth percent of each  
9 34 member's compensation from the earnable compensation of the  
9 35 member shall be paid to the pension accumulation retirement  
10 1 fund for the fiscal year beginning July 1, 1993.

10 2 (6) An amount equal to eight and one-tenth percent of each  
10 3 member's compensation from the earnable compensation of the  
10 4 member shall be paid to the ~~pension accumulation retirement~~  
10 5 fund for the fiscal period beginning July 1, 1994, through  
10 6 December 31, 1994, and an amount equal to eight and  
10 7 thirty-five hundredths percent of each member's compensation  
10 8 from the earnable compensation of the member shall be paid to  
10 9 the ~~pension accumulation retirement~~ fund for the fiscal period  
10 10 beginning January 1, 1995, through June 30, 1995.

10 11 (7) An amount equal to nine and thirty-five hundredths  
10 12 percent of each member's compensation from the earnable  
10 13 compensation of the member shall be paid to the ~~pension~~  
10 14 ~~accumulation retirement~~ fund for the fiscal year beginning  
10 15 July 1, 1995.

10 16 (8) Notwithstanding any other provision of this chapter,  
10 17 beginning July 1, 1996, and each fiscal year thereafter, an  
10 18 amount equal to the member's contribution rate times each  
10 19 member's compensation shall be paid to the ~~pension~~  
10 20 ~~accumulation retirement~~ fund from the earnable compensation of  
10 21 the member. For the purposes of this subparagraph, the  
10 22 member's contribution rate shall be nine and thirty-five  
10 23 hundredths percent. However, the system shall increase the  
10 24 member's contribution rate as necessary to cover any increase  
10 25 in cost to the system resulting from statutory changes which  
10 26 are enacted by any session of the general assembly meeting  
10 27 after January 1, 1995, if the increase cannot be absorbed  
10 28 within the contribution rates otherwise established pursuant  
10 29 to this paragraph, but subject to a maximum employee  
10 30 contribution rate of eleven and three-tenths percent. After  
10 31 the employee contribution reaches eleven and three-tenths  
10 32 percent, sixty percent of the additional cost of such  
10 33 statutory changes shall be paid by the employer under  
10 34 paragraph "c" and forty percent of the additional cost shall  
10 35 be paid by employees under this ~~paragraph subparagraph~~ (8).

11 1 ~~g- f.~~ The board of trustees shall certify to the director  
11 2 of the department of administrative services and the director  
11 3 of the department of administrative services shall cause to be  
11 4 deducted from the earnable compensation of each member the  
11 5 contribution required under this subsection and shall forward  
11 6 the contributions to the board of trustees for recording and  
11 7 for deposit in the ~~pension accumulation retirement~~ fund.

11 8 The deductions provided for under this subsection shall be  
11 9 made notwithstanding that the minimum compensation provided by  
11 10 law for any member is reduced. Every member is deemed to  
11 11 consent to the deductions made under this section.

11 12 ~~h- g.~~ Notwithstanding the provisions of paragraph "~~f~~"  
11 13 "~~e~~", the following transition percentages apply to members'  
11 14 contributions as specified:

11 15 (1) For members who on July 1, 1990, have attained the age  
11 16 of forty-nine years or more, an amount equal to nine and  
11 17 one-tenth percent of each member's compensation from the  
11 18 earnable compensation of the member shall be paid to the  
11 19 ~~pension accumulation retirement~~ fund for the fiscal period  
11 20 beginning July 1, 1990, through October 15, 1992, and  
11 21 commencing October 16, 1992, and for each subsequent fiscal  
11 22 period, the rates specified in paragraph "~~f~~" "~~e~~",  
11 23 subparagraphs (4) through (8), shall apply.

11 24 (2) For members who on July 1, 1990, have attained the age  
11 25 of forty-eight years but have not attained the age of  
11 26 forty-nine years, an amount equal to eight and one-tenth  
11 27 percent shall be paid for the fiscal year beginning July 1,  
11 28 1990, and an amount equal to nine and one-tenth percent shall  
11 29 be paid for the fiscal period beginning July 1, 1991, through  
11 30 October 15, 1992, and commencing October 16, 1992, and for  
11 31 each subsequent fiscal period, the rates specified in  
11 32 paragraph "~~f~~" "~~e~~", subparagraphs (4) through (8), shall apply.

11 33 (3) For members who on July 1, 1990, have attained the age  
11 34 of forty-seven years but have not attained the age of  
11 35 forty-eight years, an amount equal to seven and one-tenth  
12 1 percent shall be paid for the fiscal year beginning July 1,  
12 2 1990, an amount equal to eight and one-tenth percent shall be  
12 3 paid for the fiscal year beginning July 1, 1991, and an amount  
12 4 equal to nine and one-tenth percent shall be paid for the  
12 5 fiscal period beginning July 1, 1992, through October 15,  
12 6 1992, and commencing October 16, 1992, and for each subsequent  
12 7 fiscal period, the rates specified in paragraph "~~f~~" "~~e~~",  
12 8 subparagraphs (4) through (8), shall apply.

12 9 (4) For members who on July 1, 1990, have attained the age  
12 10 of forty-six years but have not attained the age of  
12 11 forty-seven years, an amount equal to six and one-tenth  
12 12 percent shall be paid for the fiscal year beginning July 1,

12 13 1990, an amount equal to seven and one-tenth percent shall be  
12 14 paid for the fiscal year beginning July 1, 1991, an amount  
12 15 equal to eight and one-tenth percent shall be paid for the  
12 16 fiscal period beginning July 1, 1992, through October 15,  
12 17 1992, and commencing October 16, 1992, and for each subsequent  
12 18 fiscal period, the rates specified in paragraph "f" "e",  
12 19 subparagraphs (4) through (8), shall apply.

12 20 (5) For members who on July 1, 1990, have attained the age  
12 21 of forty-five years but have not attained the age of forty-six  
12 22 years, an amount equal to five and one-tenth percent shall be  
12 23 paid for the fiscal year beginning July 1, 1990, an amount  
12 24 equal to six and one-tenth percent shall be paid for the  
12 25 fiscal year beginning July 1, 1991, and an amount equal to  
12 26 seven and one-tenth percent shall be paid for the fiscal  
12 27 period beginning July 1, 1992, through October 15, 1992.  
12 28 Commencing October 16, 1992, and for each subsequent fiscal  
12 29 period, the rates specified in paragraph "f" "e",  
12 30 subparagraphs (4) through (8), shall apply.

12 31 ~~i.~~ h. (1) Notwithstanding paragraph "g" "f" or other  
12 32 provisions of this chapter, beginning January 1, 1995, for  
12 33 federal income tax purposes, and beginning January 1, 1999,  
12 34 for state income tax purposes, member contributions required  
12 35 under paragraph "f" "e" or "h" "g" which are picked up by the  
13 1 department shall be considered employer contributions for  
13 2 federal and state income tax purposes, and the department  
13 3 shall pick up the member contributions to be made under  
13 4 paragraph "f" "e" or "h" "g" by its employees. The department  
13 5 shall pick up these contributions by reducing the salary of  
13 6 each of its employees covered by this chapter by the amount  
13 7 which each employee is required to contribute under paragraph  
13 8 "f" "e" or "h" "g" and shall certify the amount picked up in  
13 9 lieu of the member contributions to the department of  
13 10 administrative services. The department of administrative  
13 11 services shall forward the amount of the contributions picked  
13 12 up to the board of trustees for recording and deposit in the  
13 13 pension accumulation retirement fund.

13 14 (2) Member contributions picked up by the department under  
13 15 subparagraph (1) shall be treated as employer contributions  
13 16 for federal and state income tax purposes only and for all  
13 17 other purposes of this chapter shall be treated as employee  
13 18 contributions and deemed part of the employee's earnable  
13 19 compensation or salary.

13 20 ~~2. PENSION RESERVE FUND. The pension reserve fund shall~~  
13 21 ~~be the fund in which shall be held the reserves on all~~  
13 22 ~~pensions granted to members or to their beneficiaries and from~~  
13 23 ~~which such pensions and benefits in lieu thereof shall be~~  
13 24 ~~paid. Should a beneficiary retired on account of disability~~  
13 25 ~~be restored to active service and again become a member of the~~  
13 26 ~~system, the member's pension reserve shall be transferred from~~  
13 27 ~~the pension reserve fund to the pension accumulation fund.~~  
13 28 ~~Should the pension of a disability beneficiary be reduced as a~~  
13 29 ~~result of an increase in the beneficiary's amount earned, the~~  
13 30 ~~amount of the annual reduction in the beneficiary's pension~~  
13 31 ~~shall be paid annually into the pension accumulation fund~~  
13 32 ~~during the period of such reduction.~~

13 33 ~~3. 2. a. EXPENSE FUND. The expense fund shall be the~~  
13 34 ~~fund to which shall be credited all money provided by the~~  
13 35 ~~state of Iowa to pay the administration expenses of the system~~  
14 1 ~~and from which shall be paid all All the expenses necessary in~~  
14 2 ~~connection with the administration and operation of the system~~  
14 3 ~~shall be paid from the retirement fund. Biennially the board~~  
14 4 ~~of trustees shall estimate the amount of money necessary to be~~  
14 5 ~~paid into the expense fund during the ensuing biennium to~~  
14 6 ~~provide for the expense of operation of the system.~~

14 7 Investment management expenses shall be charged to the  
14 8 investment income of the system and there is appropriated from  
14 9 the system an amount required for the investment management  
14 10 expenses. The board of trustees shall report the investment  
14 11 management expenses for the fiscal year as a percent of the  
14 12 market value of the system.

14 13 b. For purposes of this subsection, investment management  
14 14 expenses are limited to the following:

14 15 a. (1) Fees for investment advisors, consultants, and  
14 16 investment management and benefit consultant firms hired by  
14 17 the board of trustees in administering this chapter.

14 18 b. (2) Fees and costs for safekeeping fund assets.

14 19 c. (3) Costs for performance and compliance monitoring,  
14 20 and accounting for fund investments.

14 21 d. (4) Any other costs necessary to prudently invest or  
14 22 protect the assets of the fund.

14 23 Sec. 12. Section 97A.11, Code 2007, is amended to read as

14 24 follows:

14 25 97A.11 CONTRIBUTIONS BY THE STATE.

14 26 On or before the first day of November in each year, the  
14 27 board of trustees shall certify to the director of the  
14 28 department of administrative services the amounts which will  
14 29 become due and payable during the year next following to the  
14 30 ~~pension accumulation retirement fund and the expense fund.~~  
14 31 The amounts so certified shall be paid by the director of the  
14 32 department of administrative services out of the funds  
14 33 appropriated for the Iowa department of public safety, to the  
14 34 treasurer of state, the same to be credited to the system for  
14 35 the ensuing year.

15 1 Sec. 13. Section 97A.12, Code 2007, is amended to read as  
15 2 follows:

15 3 97A.12 EXEMPTION FROM EXECUTION AND OTHER PROCESS OR  
15 4 ASSIGNMENT == EXCEPTIONS.

15 5 The right of any person to a pension, annuity, or  
15 6 retirement allowance, to the return of contributions, the  
15 7 pension, annuity, or retirement allowance itself, any optional  
15 8 benefit or death benefit, any other right accrued or accruing  
15 9 to any person under this chapter, and the moneys in the  
15 10 ~~various funds retirement fund~~ created under this chapter, are  
15 11 not subject to execution, garnishment, attachment, or any  
15 12 other process whatsoever, and are unassignable except for the  
15 13 purposes of enforcing child, spousal, or medical support  
15 14 obligations or marital property orders, or as otherwise  
15 15 specifically provided in this chapter. For the purposes of  
15 16 enforcing child, spousal, or medical support obligations, the  
15 17 garnishment or attachment of or the execution against  
15 18 compensation due a person under this chapter shall not exceed  
15 19 the amount specified in 15 U.S.C. } 1673(b).

15 20 Sec. 14. Section 97A.14, Code 2007, is amended to read as  
15 21 follows:

15 22 97A.14 HOSPITALIZATION AND MEDICAL ATTENTION.

15 23 The board of trustees shall provide hospital, nursing, and  
15 24 medical attention for the members in service when injured  
15 25 while in the performance of their duties and shall continue to  
15 26 provide hospital, nursing, and medical attention for injuries  
15 27 or diseases incurred while in the performance of their duties  
15 28 for the members receiving a retirement allowance under section  
15 29 97A.6, subsection 6. The cost of hospital, nursing, and  
15 30 medical attention shall be paid out of the ~~expense retirement~~  
15 31 fund. However, any amounts received by the injured person  
15 32 under the workers' compensation law of the state, or from any  
15 33 other source for such specific purposes, shall be deducted  
15 34 from the amount paid by the board of trustees provisions of  
15 35 this section.

16 1 Sec. 15. Section 97A.14A, subsection 5, Code 2007, is  
16 2 amended to read as follows:

16 3 5. All funds recovered by the system under this section  
16 4 shall be deposited in the ~~pension accumulation retirement~~ fund  
16 5 created in section 97A.8.

16 6 Sec. 16. Section 97A.15, subsection 2, paragraph a, Code  
16 7 2007, is amended to read as follows:

16 8 a. "Accumulated contributions" means the sum of all  
16 9 amounts deducted from the compensation of a member and  
16 10 credited to the member's individual account in the annuity  
16 11 savings fund together with regular interest thereon as  
16 12 provided in this subsection. Accumulated contributions do not  
16 13 include any amount deducted from the compensation of a member  
16 14 and credited to the ~~pension accumulation retirement~~ fund.

16 15 Sec. 17. Section 97A.15, subsection 8, Code 2007, is  
16 16 amended to read as follows:

16 17 8. The actuary shall annually determine the amount  
16 18 required in the annuity reserve fund. If the amount required  
16 19 is less than the amount in the annuity reserve fund, the board  
16 20 of trustees shall transfer the excess funds from the annuity  
16 21 reserve fund to the ~~pension accumulation retirement~~ fund. If  
16 22 the amount required is more than the amount in the annuity  
16 23 reserve fund, the board of trustees shall transfer the amount  
16 24 prescribed by the actuary to the annuity reserve fund from the  
16 25 ~~pension accumulation retirement~~ fund.

#### 16 26 DIVISION II

#### 16 27 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

16 28 Sec. 18. Section 97B.1A, subsection 20, paragraph a, Code  
16 29 2007, is amended to read as follows:

16 30 a. Service in the armed forces of the United States, if  
16 31 the employee was employed by a covered employer immediately  
16 32 prior to entry into the armed forces, and if ~~the any of the~~  
16 33 following requirements are met:

16 34 (1) The employee was released from service and returns to

16 35 covered employment with an employer within twelve months of  
17 1 the date on which the employee has the right of release from  
17 2 service or within a longer period as required by the  
17 3 applicable laws of the United States.  
17 4 (2) The employee, while serving on active duty in the  
17 5 armed forces of the United States in an area designated by the  
17 6 president of the United States or the United States Congress  
17 7 as a combat zone or as a qualified hazardous duty area, or  
17 8 deployed outside the United States away from the individual's  
17 9 permanent duty station while participating in an operation  
17 10 designated by the United States secretary of defense as a  
17 11 contingency operation as defined in 10 U.S.C. } 101(a)(13), or  
17 12 which became such a contingency operation by the operation of  
17 13 law, dies, or suffers an injury or acquires a disease  
17 14 resulting in death, so long as the death from the injury or  
17 15 disease occurs within a two-year period from the date the  
17 16 employee suffered the active duty injury or disease and the  
17 17 active duty injury or disease prevented the employee from  
17 18 returning to covered employment as provided in subparagraph  
17 19 (1).

17 20 Sec. 19. Section 97B.1A, subsection 26, paragraph a,  
17 21 subparagraph (2), subparagraph subdivision (i), Code 2007, is  
17 22 amended to read as follows:

17 23 (i) Payments for allowances ~~made to an employee that are~~  
17 24 ~~not included in an employee's federal taxable income~~ except  
17 25 for those allowances included as wages for a member of the  
17 26 general assembly.

17 27 Sec. 20. Section 97B.1A, subsection 26, paragraph a,  
17 28 subparagraph (2), Code 2007, is amended by adding the  
17 29 following new subparagraph subdivision:

17 30 NEW SUBPARAGRAPH SUBDIVISION. (n) Bonuses of any type,  
17 31 whether paid in a lump sum or in installments.

17 32 Sec. 21. Section 97B.4, subsection 2, Code Supplement  
17 33 2007, is amended by adding the following new paragraph:

17 34 NEW PARAGRAPH. d. In administering this chapter, the  
17 35 system shall not be a participating agency for purposes of  
18 1 chapter 8A, subchapter II.

18 2 Sec. 22. Section 97B.4, subsection 4, paragraph d, Code  
18 3 Supplement 2007, is amended to read as follows:

18 4 d. ANNUAL VALUATION OF ASSETS. The system shall cause an  
18 5 annual actuarial valuation to be made of the assets and  
18 6 liabilities of the retirement system and shall prepare an  
18 7 annual statement of the amounts to be contributed under this  
18 8 chapter, and shall publish annually such valuation of the  
18 9 assets and liabilities and the statement of receipts and  
18 10 disbursements of the retirement system. Based upon the  
18 11 actuarial methods and assumptions adopted by the board for the  
18 12 annual actuarial valuation, the system shall certify to the  
18 13 governor the contribution rates determined thereby as the  
18 14 rates necessary and sufficient for members and employers to  
18 15 fully fund the benefits and retirement allowances being  
18 16 credited. Effective with the fiscal year beginning July 1,  
18 17 2008, the annual actuarial valuation required by this  
18 18 paragraph shall include information as required by section  
18 19 97D.5 for each membership group which separately determines  
18 20 contribution rates under this chapter.

18 21 Sec. 23. Section 97B.7, subsection 3, paragraph d, Code  
18 22 2007, is amended to read as follows:

18 23 d. To be used to pay for investment management expenses  
18 24 incurred in the management of the retirement fund. Expenses  
18 25 incurred pursuant to this paragraph shall be charged to the  
18 26 investment income of the retirement fund. ~~However, the amount~~  
18 27 ~~appropriated for a fiscal year under this paragraph shall not~~  
18 28 ~~exceed four-tenths of one percent of the market value of the~~  
18 29 ~~retirement fund.~~

18 30 Sec. 24. Section 97B.9, subsections 1 and 2, Code 2007,  
18 31 are amended to read as follows:

18 32 1. An employer shall be charged the greater of ~~ten~~ twenty  
18 33 dollars per occurrence or interest at the combined interest  
18 34 and dividend rate required under section 97B.70 for the  
18 35 applicable calendar year for contributions unpaid on the date  
19 1 on which they are due and payable as prescribed by the system.  
19 2 The system may adopt rules prescribing circumstances for which  
19 3 the interest or charge shall not accrue with respect to  
19 4 contributions required. Interest or charges collected  
19 5 pursuant to this section shall be paid into the Iowa public  
19 6 employees' retirement fund.

19 7 2. If within thirty days after due notice the employer  
19 8 defaults in payment of contributions or interest thereon, the  
19 9 amount due ~~shall~~ may be collected by civil action in the name  
19 10 of the system, and the employer adjudged in default shall pay

19 11 the costs of such action. Civil actions brought under this  
19 12 section to collect contributions or interest thereon shall be  
19 13 heard by the court at the earliest possible date and shall be  
19 14 entitled to preference upon the calendar of the court over all  
19 15 other civil actions.

19 16 Sec. 25. Section 97B.10, subsection 3, Code 2007, is  
19 17 amended to read as follows:

19 18 ~~3. Except as provided in this subsection, interest~~  
19 19 ~~Interest shall not be paid on credits issued pursuant to this~~  
19 20 ~~section. However, if a credit for contributions paid prior to~~  
19 21 ~~an individual's decision to elect out of coverage pursuant to~~  
19 22 ~~section 97B.42A is issued, accumulated interest and interest~~  
19 23 ~~on dividends as provided in section 97B.70 shall apply. In~~  
19 24 ~~addition, the system may, at any time, apply accumulated~~  
19 25 ~~interest and interest dividends as provided in section 97B.70~~  
19 26 ~~on any credits issued under this section if the system finds~~  
19 27 ~~that the crediting of interest is just and equitable.~~

19 28 Sec. 26. Section 97B.11, Code 2007, is amended to read as  
19 29 follows:

19 30 97B.11 CONTRIBUTIONS BY EMPLOYER AND EMPLOYEE.

19 31 1. Each employer shall deduct from the wages of each  
19 32 member of the retirement system a contribution in the amount  
19 33 of the applicable employee percentage of the covered wages  
19 34 paid by the employer and such additional amount if otherwise  
19 35 required by law, until the member's termination from  
20 1 employment. The contributions of the employer shall be in the  
20 2 amount of the applicable employer percentage of the covered  
20 3 wages of the member and such additional amount if otherwise  
20 4 required by law.

20 5 2. ~~For~~ Prior to July 1, 2011, for purposes of this  
20 6 section, unless the context otherwise requires:

20 7 a. "Applicable employee percentage" means the percentage  
20 8 rate equal to three and seven-tenths percent plus forty  
20 9 percent of the total additional percentage.

20 10 b. "Applicable employer percentage" means the percentage  
20 11 rate equal to five and seventy-five hundredths percent plus  
20 12 sixty percent of the total additional percentage.

20 13 c. "Total additional percentage" means ~~as follows:~~

20 14 ~~(1) For, for the fiscal period beginning July 1, 2007,~~  
20 15 ~~through June 30, 2011, the total additional percentage for a~~  
20 16 ~~fiscal year shall be the total additional percentage for the~~  
20 17 ~~prior fiscal year plus, only if the total comparison~~  
20 18 ~~percentage is greater than the total of the applicable~~  
20 19 ~~employee percentage and the applicable employer percentage for~~  
20 20 ~~the prior fiscal year, one-half percentage point.~~

20 21 ~~(2) For each fiscal year beginning on or after July 1,~~  
20 22 ~~2011, the total additional percentage shall be the total~~  
20 23 ~~additional percentage for the prior fiscal year.~~

20 24 d. "Total comparison percentage" means the percentage rate  
20 25 that the system determines, based upon the most recent  
20 26 actuarial valuation of the retirement system, would be  
20 27 sufficient to amortize the unfunded actuarial liability of the  
20 28 retirement system in ten years.

20 29 3. ~~On and after July 1, 2011, for purposes of this~~  
20 30 ~~section, unless the context otherwise requires:~~

20 31 a. For members in regular service:

20 32 (1) "Applicable employee percentage" means the percentage  
20 33 rate equal to forty percent of the required contribution rate  
20 34 for members in regular service.

20 35 (2) "Applicable employer percentage" means the percentage  
21 1 rate equal to sixty percent of the required contribution rate  
21 2 for members in regular service.

21 3 b. For members in special service in a protection  
21 4 occupation as described in section 97B.49B:

21 5 (1) "Applicable employee percentage" means the percentage  
21 6 rate equal to forty percent of the required contribution rate  
21 7 for members described in section 97B.49B.

21 8 (2) "Applicable employer percentage" means the percentage  
21 9 rate equal to sixty percent of the required contribution rate  
21 10 for members described in section 97B.49B.

21 11 c. For members in special service as a county sheriff or  
21 12 deputy sheriff as described in section 97B.49C:

21 13 (1) "Applicable employee percentage" means the percentage  
21 14 rate equal to fifty percent of the required contribution rate  
21 15 for members described in section 97B.49C.

21 16 (2) "Applicable employer percentage" means the percentage  
21 17 rate equal to fifty percent of the required contribution rate  
21 18 for members described in section 97B.49C.

21 19 d. "Required contribution rate" means that percentage of  
21 20 the covered wages of members in regular service, members  
21 21 described in section 97B.49B, and members described in section

21 22 97B.49C, that the system shall, for each fiscal year,  
21 23 separately set for members in each membership category as  
21 24 provided in this paragraph. The required contribution rate  
21 25 for a membership category shall be the contribution rate the  
21 26 system actuarially determines, based upon the most recent  
21 27 actuarial valuation of the system and using the actuarial  
21 28 methods, assumptions, and funding policy approved by the  
21 29 investment board, is the rate required by the system to  
21 30 discharge its liabilities as a percentage of the covered wages  
21 31 of members in that membership category. However, the required  
21 32 contribution rate set by the system for a fiscal year shall  
21 33 not vary by more than one-half percentage point from the  
21 34 required contribution rate for the prior fiscal year.

21 35 Sec. 27. Section 97B.14, Code 2007, is amended to read as  
22 1 follows:

22 2 97B.14 CONTRIBUTIONS FORWARDED.

22 3 Contributions deducted from the wages of the member under  
22 4 section 97B.11 prior to January 1, 1995, member contributions  
22 5 picked up by the employer under section 97B.11A beginning  
22 6 January 1, 1995, and the employer's contribution shall be  
22 7 forwarded to the system for recording and deposited with the  
22 8 treasurer of the state to the credit of the Iowa public  
22 9 employees' retirement fund. Contributions shall be remitted  
22 10 monthly, if total contributions by both employee and employer  
22 11 amount to one hundred dollars or more each month, and shall be  
22 12 otherwise paid in such manner, at such times, and under such  
22 13 conditions, either by copies of payrolls or other methods  
22 14 necessary or helpful in securing proper identification of the  
22 15 member, as may be prescribed by the system.

22 16 Sec. 28. Section 97B.33, Code 2007, is amended to read as  
22 17 follows:

22 18 97B.33 CERTIFICATION TO DIRECTOR PAYMENT TO INDIVIDUALS.

22 19 Upon final decision of the system, or upon final judgment  
22 20 of any court of competent jurisdiction, that any person is  
22 21 entitled to any payment or payments under this chapter, the  
22 22 system shall certify to the director of the department of  
22 23 administrative services the name and address of the person so  
22 24 entitled to receive such payment or payments, the amount of  
22 25 such payment or payments, and the time at which such payment  
22 26 or payments should be made, and the system, through the  
22 27 director of the department of administrative services, shall  
22 28 make payment in accordance with the certification of the  
22 29 system to the person, provided that where judicial review of  
22 30 the system's decision is or may be sought in accordance  
22 31 with the terms of the Iowa administrative procedure Act,  
22 32 chapter 17A, certification of payment may be withheld pending  
22 33 such review. The director of the department of administrative  
22 34 services shall not be held personally liable for any payment  
22 35 or payments made in accordance with a certification by the  
23 1 system.

23 2 Sec. 29. Section 97B.34A, subsections 1 and 2, Code 2007,  
23 3 are amended to read as follows:

23 4 1. If the total sum to be paid to the minor is less than  
23 5 ~~ten~~ the greater of twenty-five thousand dollars or the maximum  
23 6 amount permitted under section 565B.7, subsection 3, the funds

23 7 may be paid to an adult as custodian for the minor. The  
23 8 custodian must complete the proper forms as determined by the  
23 9 system.

23 10 2. If the total sum to be paid to the minor is equal to or  
23 11 more than ~~ten thousand dollars~~ the amount authorized in  
23 12 subsection 1, the funds must be paid to a court-established  
23 13 conservator. The system shall not make payment until the  
23 14 conservatorship has been established and the system has  
23 15 received the appropriate documentation.

23 16 Sec. 30. Section 97B.38, Code 2007, is amended to read as  
23 17 follows:

23 18 97B.38 FEES FOR SERVICES.

23 19 The system may, by rule, prescribe reasonable fees which  
23 20 may be charged for production costs incurred, including staff  
23 21 time and materials, associated with performing to perform its  
23 22 duties under this chapter for active, inactive, and retired  
23 23 members, beneficiaries, and the general public, where such  
23 24 production costs are more than de minimis, as determined by  
23 25 the system.

23 26 Sec. 31. Section 97B.49B, subsection 1, paragraph e, Code  
23 27 2007, is amended by adding the following new subparagraphs:  
23 28 NEW SUBPARAGRAPH. (9) A jailer or detention officer who  
23 29 performs duties as a jailer, including but not limited to the  
23 30 transportation of inmates, who is certified as having  
23 31 completed jailer training pursuant to chapter 80B, and who is  
23 32 employed by a county as a jailer.

23 33 NEW SUBPARAGRAPH. (10) An employee covered by the merit  
23 34 system as provided in chapter 8A, subchapter IV, whose primary  
23 35 duty is providing security at Iowa national guard  
24 1 installations and facilities and who carries or is licensed to  
24 2 carry a firearm while performing those duties.  
24 3 NEW SUBPARAGRAPH. (11) An emergency medical care provider  
24 4 who provides emergency medical services, as defined in section  
24 5 147A.1, and who is not a member of the retirement systems  
24 6 established in chapter 410 or 411.  
24 7 NEW SUBPARAGRAPH. (12) An investigator employed by a  
24 8 county attorney's office who is a certified law enforcement  
24 9 officer and who is deputized as an investigator for the county  
24 10 attorney's office by the sheriff of the applicable county.  
24 11 Sec. 32. Section 97B.49B, subsection 3, paragraph a, Code  
24 12 2007, is amended by striking the paragraph.  
24 13 Sec. 33. Section 97B.49C, subsection 3, paragraph a, Code  
24 14 2007, is amended by striking the paragraph.  
24 15 Sec. 34. Section 97B.49F, subsection 1, paragraph b,  
24 16 subparagraph (2), subparagraph subdivision (b), Code 2007, is  
24 17 amended to read as follows:  
24 18 (b) The percentage representing the percentage amount the  
24 19 actuary has certified, ~~in the annual actuarial valuation of~~  
~~24 20 the retirement system as of June 30 of the year in which the~~  
~~24 21 dividend is to be paid,~~ that the fund can absorb without  
24 22 requiring an increase in the employer and employee  
24 23 contributions to the fund. The actuary's certification of  
24 24 such percentage amount shall be based on a comparison of the  
24 25 actuarially required contribution rate for the fiscal year of  
24 26 the dividend adjustment to the statutory contribution rate for  
24 27 that same fiscal year. If the actuarially required  
24 28 contribution rate exceeds the statutory contribution rate for  
24 29 that same fiscal year, the percentage amount shall be zero.  
24 30 Sec. 35. Section 97B.49H, subsection 3, Code 2007, is  
24 31 amended to read as follows:  
24 32 3. The system shall annually determine the amount to be  
24 33 credited to the supplemental accounts of active members. The  
24 34 total amount credited to the supplemental accounts of all  
24 35 active members shall not exceed the amount that the system  
25 1 determines, in consultation with the system's actuary, ~~can be~~  
~~25 2 absorbed without significantly impacting the funded status of~~  
25 3 leaves the system fully funded following the crediting of the  
25 4 total amount to the supplemental accounts. The amount to be  
25 5 credited shall not be greater than the amount calculated by  
25 6 multiplying the member's covered wages for the applicable wage  
25 7 reporting period by the supplemental rate. For purposes of  
25 8 this subsection, the supplemental rate is the difference, if  
25 9 positive, between the combined employee and employer statutory  
25 10 contribution rates in effect under section 97B.11 and the  
25 11 normal cost rate of the retirement system as determined by the  
25 12 system's actuary in the most recent annual actuarial valuation  
25 13 of the retirement system. The credits shall be made ~~at least~~  
~~25 14 quarterly to each member's account at the time that covered~~  
25 15 wages are reported for each wage reporting period during the  
25 16 calendar year following a determination that the retirement  
25 17 system ~~does not have an unfunded accrued liability will remain~~  
25 18 fully funded following the crediting of the total amount to  
25 19 the supplemental accounts. The normal cost rate, calculated  
25 20 according to the actuarial cost method used, is the percent of  
25 21 pay allocated to each year of service that is necessary to  
25 22 fund projected benefits over all members' service with the  
25 23 retirement system.  
25 24 Sec. 36. Section 97B.50, subsection 2, Code 2007, is  
25 25 amended by adding the following new paragraph:  
25 26 NEW PARAGRAPH. d. For a vested member who retires from  
25 27 the retirement system due to disability on or after July 1,  
25 28 2009, and commences receiving disability benefits pursuant to  
25 29 the federal Railroad Retirement Act, 45 U.S.C. } 231 et seq.,  
25 30 or the federal Social Security Act, 42 U.S.C. } 423 et seq.,  
25 31 the system may require the vested member to certify on an  
25 32 annual basis continued eligibility for disability payments  
25 33 under the federal Railroad Retirement Act or the federal  
25 34 Social Security Act. If the vested member is under the age at  
25 35 which disability benefits are converted under the federal  
26 1 Social Security Act or the federal Railroad Retirement Act to  
26 2 retirement benefits and is no longer eligible for disability  
26 3 payments under either the federal Railroad Retirement Act or  
26 4 the federal Social Security Act, the vested member shall no  
26 5 longer be eligible to receive retirement benefits as provided  
26 6 by this subsection. If the system has paid retirement  
26 7 benefits to the member between the month the member was no  
26 8 longer eligible for payment pursuant to the federal Railroad

26 9 Retirement Act or the federal Social Security Act and the  
26 10 month the system terminated retirement benefits under this  
26 11 paragraph, the member shall return all retirement benefits  
26 12 paid by the system following the termination of such federal  
26 13 disability benefits, plus interest. The system shall adopt  
26 14 rules pursuant to chapter 17A to implement this paragraph.  
26 15 Sec. 37. Section 97B.50A, subsection 12, Code 2007, is  
26 16 amended to read as follows:  
26 17 12. CONTRIBUTIONS. The expenses incurred in the  
26 18 administration of this section by the system shall be paid  
26 19 through contributions as determined pursuant to section  
26 20 ~~97B.49B, subsection 3, or section 97B.49C, subsection 3, as~~  
~~26 21 applicable 97B.11.~~  
26 22 Sec. 38. Section 97B.52, subsection 1, paragraph a,  
26 23 unnumbered paragraphs 1 and 3, Code 2007, are amended to read  
26 24 as follows:  
26 25 A lump sum payment equal to the accumulated contributions  
26 26 of the member at the date of death plus the product of an  
26 27 amount equal to the highest year of covered wages of the  
26 28 deceased member and the number of years of membership service  
26 29 divided by the applicable denominator. ~~However, a lump sum~~  
~~26 30 payment made to a beneficiary under this paragraph due to the~~  
~~26 31 death of a member shall not be less than the amount that would~~  
~~26 32 have been payable on the death of the member on June 30, 1984,~~  
~~26 33 under this paragraph as it appeared in the 1983 Code.~~  
26 34 ~~Effective July 1, 1978, a method of payment under this~~  
~~26 35 paragraph filed with the system by a member does not apply.~~  
27 1 Sec. 39. Section 97B.53B, Code 2007, is amended to read as  
27 2 follows:  
27 3 97B.53B ROLLOVERS OF MEMBERS' ACCOUNTS.  
27 4 1. As used in this section, unless the context otherwise  
27 5 requires, and to the extent permitted by the internal revenue  
27 6 service:  
27 7 a. "Direct rollover" means a payment by the system to the  
27 8 eligible retirement plan specified by ~~the member or the~~  
~~27 9 member's surviving spouse an eligible person.~~  
27 10 b. "Eligible person" means any of the following:  
27 11 (1) The member.  
27 12 (2) The member's surviving spouse.  
27 13 (3) The member's spouse or former spouse as an alternate  
~~27 14 payee under a qualified domestic relations order.~~  
27 15 (4) Effective January 1, 2007, the member's nonspouse  
~~27 16 beneficiaries who are designated beneficiaries as defined by~~  
~~27 17 section 401(a)(9)(E) of the federal Internal Revenue Code, as~~  
~~27 18 authorized under section 829 of the federal Pension Protection~~  
~~27 19 Act of 2006.~~  
27 20 c. "Eligible retirement plan" means ~~either, for an~~  
~~27 21 eligible person, any of the following retirement plans that~~  
~~27 22 accepts can accept~~ an eligible rollover distribution from a  
~~27 23 member or a member's surviving spouse that eligible person:~~  
27 24 (1) An individual retirement account in accordance with  
27 25 section 408(a) of the federal Internal Revenue Code.  
27 26 (2) An individual retirement annuity in accordance with  
27 27 section 408(b) of the federal Internal Revenue Code.  
27 28 ~~(3) In addition, an "eligible retirement plan" includes an~~  
~~27 29 An annuity plan in accordance with section 403(a) of the~~  
27 30 federal Internal Revenue Code, or a qualified trust in  
27 31 accordance with section 401(a) of the federal Internal Revenue  
27 32 Code, that accepts an eligible rollover distribution from a  
27 33 member.  
27 34 (4) Effective January 1, 2002, the term "eligible  
~~27 35 retirement plan" also includes~~ an annuity contract described  
28 1 in section 403(b) of the federal Internal Revenue Code, and an  
28 2 eligible plan under section 457(b) of the federal Internal  
28 3 Revenue Code which is maintained by a state, political  
28 4 subdivision of a state, or any agency or instrumentality of a  
28 5 state or political subdivision of a state that chooses to  
28 6 separately account for amounts transferred into such eligible  
28 7 retirement plan from the system.  
28 8 (5) Effective January 1, 2008, a Roth individual  
~~28 9 retirement account or a Roth individual retirement annuity~~  
~~28 10 established under section 408A of the Internal Revenue Code.~~  
28 11 e. d. (1) "Eligible rollover distribution" includes any  
28 12 of the following:  
28 13 (a) All or any portion of a member's account and  
28 14 supplemental account.  
28 15 (b) Effective January 1, 2002, after-tax employee  
28 16 contributions, if the plan to which such amounts are to be  
28 17 transferred is an individual retirement account described in  
28 18 federal Internal Revenue Code section 408(a) or 408(b), or is  
28 19 a qualified defined contribution plan described in federal

28 20 Internal Revenue Code section 401(a) or 403(a), and such plan  
28 21 agrees to separately account for the after-tax amount so  
28 22 transferred.

~~28 23 (c) A distribution made on behalf of a surviving spouse  
28 24 and to an alternate payee, who is a spouse or former spouse,  
28 25 under a qualified domestic relations order. Effective January  
28 26 1, 2007, after-tax employee contributions to a qualified  
28 27 defined benefit plan described in federal Internal Revenue  
28 28 Code section 401(a) or 403(a), or a tax-sheltered annuity plan  
28 29 described in federal Internal Revenue Code section 403(b), and  
28 30 such plan agrees to separately account for the after-tax  
28 31 amount so transferred.~~

28 32 (2) An eligible rollover distribution does not include any  
28 33 of the following:

28 34 (a) A distribution that is one of a series of  
28 35 substantially equal periodic payments, which occur annually or  
29 1 more frequently, made for the life or life expectancy of the  
29 2 distributee or the joint lives or joint life expectancies of  
29 3 the distributee and the distributee's designated beneficiary,  
29 4 or made for a specified period of ten years or more.

29 5 (b) A distribution to the extent that the distribution is  
29 6 required pursuant to section 401(a)(9) of the federal Internal  
29 7 Revenue Code.

29 8 (c) Prior to January 1, 2002, the portion of any  
29 9 distribution that is not includible in the gross income of the  
29 10 distributee, determined without regard to the exclusion for  
29 11 net unrealized appreciation with respect to employer  
29 12 securities.

~~29 13 2. Effective January 1, 1993, a member or a member's  
29 14 surviving spouse An eligible person may elect, at the time and  
29 15 in the manner prescribed in rules adopted by the system and in  
29 16 rules of the receiving retirement plan, to have the system pay  
29 17 all or a portion of an eligible rollover distribution directly  
29 18 to an eligible retirement plan, specified by the member or the  
29 19 member's surviving spouse, in a direct rollover. However,  
29 20 effective January 1, 2007, if the eligible person is a  
29 21 nonspouse beneficiary as described in subsection 1, paragraph  
29 22 "b", subparagraph (4), the nonspouse beneficiary may only have  
29 23 a direct rollover of the distribution to an individual  
29 24 retirement account or annuity as described in subsection 1,  
29 25 paragraph "c", subparagraphs (1), (2), and (5), established  
29 26 for the purpose of receiving the distribution on behalf of the  
29 27 nonspouse beneficiary, and such individual retirement account  
29 28 or annuity will be treated as an inherited individual  
29 29 retirement account or annuity pursuant to section 829 of the  
29 30 federal Pension Protection Act of 2006.~~

29 31 Sec. 40. Section 97B.65, Code 2007, is amended to read as  
29 32 follows:

29 33 97B.65 REVISION RIGHTS RESERVED == LIMITATION ON INCREASE  
29 34 OF BENEFITS == RATES OF CONTRIBUTION.

29 35 1. The right is reserved to the general assembly to alter,  
30 1 amend, or repeal any provision of this chapter or any  
30 2 application thereof to any person, provided, however, that to  
30 3 the extent of the funds in the retirement system the amount of  
30 4 benefits which at the time of any such alteration, amendment,  
30 5 or repeal shall have accrued to any member of the retirement  
30 6 system shall not be repudiated, provided further, however,  
30 7 that the amount of benefits accrued on account of prior  
30 8 service shall be adjusted to the extent of any unfunded  
30 9 accrued liability then outstanding.

30 10 2. An increase in the benefits or retirement allowances  
30 11 provided under this chapter shall not be enacted until after  
30 12 the system's actuary determines that the system is fully  
30 13 funded and will continue to be fully funded immediately  
30 14 following enactment of the increase and the increase can be  
30 15 absorbed within the contribution rates otherwise established  
30 16 for the membership group authorized to receive the increase.

30 17 However, an increase in the benefits or retirement allowances  
30 18 provided under this chapter may be enacted if the statutory  
30 19 change providing for the increase is accompanied by a change  
30 20 in the employer and employee contribution rates an adjustment  
30 21 in the required contribution rate of the membership group  
30 22 affected that is necessary to support such increase as  
30 23 determined by the system's actuary.

30 24 Sec. 41. Section 97B.80C, subsection 1, paragraph a, Code  
30 25 2007, is amended to read as follows:

30 26 a. "Nonqualified service" means ~~service that is not~~  
30 27 ~~qualified service and includes, but is not limited to, any of~~  
30 28 ~~the following:~~

30 29 (1) ~~Full-time volunteer public service in the federal~~  
30 30 ~~peace corps program. Service that is not qualified service.~~

30 31 (2) ~~Public employment comparable to employment covered~~  
30 32 ~~under this chapter in a qualified Canadian governmental entity~~  
30 33 ~~that is an elementary school, secondary school, college, or~~  
30 34 ~~university that is organized, administered, and primarily~~  
30 35 ~~supported by the provincial, territorial, or federal~~  
31 1 ~~governments of Canada, or any combination of the same. Any~~  
31 2 ~~period of time for which there was no performance of services.~~

31 3 (3) Service as described in subsection 1, paragraph "c",  
31 4 subparagraph (2).

31 5 Sec. 42. Section 97B.80C, subsection 2, Code 2007, is  
31 6 amended to read as follows:

31 7 2. a. A vested or retired member may make contributions  
31 8 to the retirement system to purchase up to the maximum amount  
31 9 of permissive service credit for qualified service as  
31 10 determined by the system, pursuant to Internal Revenue Code  
31 11 section 415(n), and the requirements of this section, and the  
31 12 system's administrative rules.

31 13 b. ~~A vested or retired member of the retirement system who~~  
31 14 ~~has five or more full calendar years of covered wages may make~~  
31 15 ~~contributions to the retirement system to purchase up to five~~  
31 16 ~~years a maximum of twenty quarters of permissive service~~  
31 17 ~~credit for nonqualified service as determined by the system,~~  
31 18 ~~pursuant to Internal Revenue Code section 415(n), and the~~  
31 19 ~~requirements of this section, and the system's administrative~~  
31 20 ~~rules. A vested or retired member must have at least twenty~~  
31 21 ~~quarters of covered wages in order to purchase permissive~~  
31 22 ~~service credit for nonqualified service.~~

31 23 c. A vested or retired member may convert regular member  
31 24 service credit to special service credit by payment of the  
31 25 amount actuarially determined as necessary to fund the  
31 26 resulting increase in the member's accrued benefit. The  
31 27 conversion shall be treated as a purchase of qualified service  
31 28 credit subject to the requirements of paragraph "a" if the  
31 29 service credit to be converted was or would have been for  
31 30 qualified service. The conversion shall be treated as a  
31 31 purchase of nonqualified service credit subject to the  
31 32 requirements of paragraph "b" if the service credit to be  
31 33 converted was purchased as nonqualified service credit.

31 34 Sec. 43. Section 97B.80C, subsection 3, Code 2007, is  
31 35 amended by adding the following new paragraph:

32 1 NEW PARAGRAPH. cc. For a member making contributions for  
32 2 a purchase of permissive service credit for qualified service  
32 3 as described in subsection 1, paragraph "c", subparagraph (1),  
32 4 subparagraph subdivision (h), in which, prior to July 1, 1998,  
32 5 the member received a refund of the member's accumulated  
32 6 contributions and subsequently returned to covered employment  
32 7 as a full-time employee for whom coverage under this chapter  
32 8 was mandatory the member shall receive a credit against the  
32 9 actuarial cost of the service purchase equal to the amount of  
32 10 the member's employer's accumulated contributions which were  
32 11 not paid to the member as a refund pursuant to section 97B.53  
32 12 plus interest as calculated pursuant to section 97B.70.

32 13 Sec. 44. Section 97B.82, subsection 2, paragraph b,  
32 14 subparagraph (2), subparagraph subdivision (c), Code 2007, is  
32 15 amended to read as follows:

32 16 (c) ~~The For rollover service purchases prior to January 1,~~  
32 17 ~~2007, the portion of any distribution that is not includible~~  
32 18 ~~in the gross income of the distributee, determined without~~  
32 19 ~~regard to the exclusion for net unrealized appreciation with~~  
32 20 ~~respect to employer securities.~~

32 21 For rollover service purchases on or after January 1, 2007,  
32 22 the portion of any distribution that is not includible in the  
32 23 gross income of the distributee, determined without regard to  
32 24 the exclusion for net unrealized appreciation with respect to  
32 25 employer securities, shall be treated as an eligible rollover  
32 26 distribution only when such portion is received from a  
32 27 qualified plan under section 401(a) or 403(a) of the federal  
32 28 Internal Revenue Code.

32 29 Sec. 45. Section 97B.82, subsection 3, Code 2007, is  
32 30 amended to read as follows:

32 31 3. A member may purchase any service credit as authorized  
32 32 by this section, to the extent permitted by the internal  
32 33 revenue service, by means of a direct transfer, ~~excluding of~~  
32 34 ~~pretax amounts, and effective January 1, 2007, any after-tax~~  
32 35 ~~contributions, from an annuity contract qualified under~~  
33 1 ~~federal Internal Revenue Code section 403(b), or an eligible~~  
33 2 ~~plan described in federal Internal Revenue Code section~~  
33 3 ~~457(b), maintained by a state, political subdivision of a~~  
33 4 ~~state, or any agency or instrumentality of a state or~~  
33 5 ~~political subdivision of a state. A direct transfer is a~~  
33 6 ~~trustee-to-trustee transfer to the retirement system of~~

33 7 contributions made to annuity contracts qualified under  
33 8 federal Internal Revenue Code section 403(b) and eligible  
33 9 governmental plans qualified under federal Internal Revenue  
33 10 Code section 457(b) for purposes of purchasing service credit  
33 11 in the retirement system.

33 12 Sec. 46. Section 97B.73B, Code 2007, is repealed.

33 13 Sec. 47. TRANSITION PROVISION == REQUIRED CONTRIBUTION  
33 14 RATE FOR FISCAL YEAR 2010=2011. For purposes of establishing  
33 15 the required contribution rate for the fiscal year beginning  
33 16 July 1, 2011, as provided in section 97B.11, as amended in  
33 17 this Act, the required contribution rate for the fiscal year  
33 18 beginning July 1, 2010, shall be, for members in regular  
33 19 service, members described in section 97B.49B, and members  
33 20 described in section 97B.49C, the total contribution  
33 21 percentage rate paid by members and employers of that  
33 22 membership group for the fiscal year beginning July 1, 2010.

33 23 Sec. 48. IMPLEMENTATION PROVISION. Notwithstanding any  
33 24 provision of section 97B.65 to the contrary, the provisions of  
33 25 this division of this Act shall be enacted and implemented by  
33 26 the Iowa public employees' retirement system upon the  
33 27 effective dates provided for the provisions of this division  
33 28 of this Act.

33 29 Sec. 49. EFFECTIVE DATES == RETROACTIVE APPLICABILITY.

33 30 1. The sections of this Act amending section 97B.49B,  
33 31 subsection 3, section 97B.49C, subsection 3, section 97B.50A,  
33 32 subsection 12, and section 97B.65 take effect July 1, 2011.

33 33 2. The section of this Act amending section 97B.53B, being  
33 34 deemed of immediate importance, takes effect upon enactment,  
33 35 and, except as otherwise stated, is retroactively applicable  
34 1 to January 1, 2007, and is applicable on and after that date.

34 2 3. The sections of this Act amending section 97B.82, being  
34 3 deemed of immediate importance, take effect upon enactment,  
34 4 and are retroactively applicable to January 1, 2007, and are  
34 5 applicable on and after that date.

34 6 4. The section of this Act enacting section 97B.80C,  
34 7 subsection 3, paragraph cc, takes effect January 1, 2009.

#### 34 8 DIVISION III

#### 34 9 STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM

34 10 Sec. 50. Section 411.5, subsections 10 and 11, Code 2007,  
34 11 are amended to read as follows:

34 12 10. ACTUARIAL INVESTIGATION == TABLES == RATES. At least  
34 13 once in each five-year period, the actuary shall make an  
34 14 actuarial investigation into the mortality, service, and  
34 15 compensation experience of the members and beneficiaries of  
34 16 the retirement system, and the interest and other earnings on  
34 17 the moneys and other assets of the retirement system, and  
34 18 shall make a valuation of the assets and liabilities of the  
34 19 fire and police retirement fund, and on the basis of the  
34 20 results of the investigation and valuation, the system shall  
34 21 ~~do all of the following:~~

34 22 ~~a. Adopt adopt for the retirement system such actuarial~~  
34 23 ~~methods and assumptions, interest rate, and mortality and~~  
34 24 ~~other tables as are deemed necessary to conduct the annual~~  
34 25 ~~actuarial valuation of the system.~~

34 26 ~~b. Certify the rates of contribution payable by the cities~~  
34 27 ~~in accordance with section 411.8.~~

34 28 ~~c. Certify the rates of contributions payable by the~~  
34 29 ~~members in accordance with section 411.8.~~

34 30 11. ANNUAL ACTUARIAL VALUATION.

34 31 a. On the basis of the actuarial methods and assumptions,  
34 32 rate of interest and tables adopted, the actuary shall make an  
34 33 annual valuation of the assets and liabilities of the fire and  
34 34 police retirement fund created by this chapter. As a result  
34 35 of the annual actuarial valuation, the system shall do all of  
35 1 the following:

35 2 (1) Certify the rates of contribution payable by the  
35 3 cities in accordance with section 411.8.

35 4 (2) Certify the rates of contributions payable by the  
35 5 members in accordance with section 411.8.

35 6 b. Effective with the fiscal year beginning July 1, 2008,  
35 7 the annual actuarial valuation required to be conducted shall  
35 8 include information as required by section 97D.5.

35 9 Sec. 51. Section 411.8, subsection 1, paragraph b, Code  
35 10 2007, is amended to read as follows:

35 11 b. On the basis of the actuarial methods and assumptions,  
35 12 rate of interest, and of the mortality, interest and other  
35 13 tables adopted by the system, the actuary engaged by the  
35 14 system to make each valuation required by this chapter  
35 15 pursuant to the requirements of section 411.5, shall  
35 16 immediately after making such valuation, determine the "normal  
35 17 contribution rate". Except as otherwise provided in this

35 18 lettered paragraph, the normal contribution rate shall be the  
35 19 rate percent of the earnable compensation of all members  
35 20 ~~obtained by deducting from the total liabilities of the fund~~  
35 21 ~~the amount of the funds in hand to the credit of the fund and~~  
35 22 ~~dividing the remainder by one percent of the present value of~~  
35 23 ~~the prospective future compensation of all members as computed~~  
35 24 ~~on the basis of the rate of interest and of mortality and~~  
35 25 ~~service tables adopted, all equal to the rate required by the~~  
35 26 ~~system to discharge its liabilities, stated as a percentage of~~  
35 27 ~~the earnable compensation of all members, and reduced by the~~  
35 28 ~~employee contribution made pursuant to rate provided in~~  
35 29 ~~paragraph "f" of this subsection and the contribution rate~~  
35 30 ~~representing the state appropriation made as provided in~~  
35 31 ~~section 411.20. However, the normal rate of contribution~~  
35 32 shall not be less than seventeen percent.

35 33 ~~Beginning July 1, 1996, and each fiscal year thereafter,~~  
35 34 ~~the normal contribution rate shall be the rate percent of the~~  
35 35 ~~earnable compensation of all members obtained by deducting~~  
36 1 ~~from the total liabilities of the fund the amount of the funds~~  
36 2 ~~in hand to the credit of the fund and dividing the remainder~~  
36 3 ~~by one percent of the present value of the prospective future~~  
36 4 ~~compensation of all members as computed on the basis of the~~  
36 5 ~~rate of interest and of mortality and service tables adopted,~~  
36 6 ~~multiplied by six-tenths, or seventeen percent, whichever is~~  
36 7 ~~greater.~~

36 8 The normal rate of contribution shall be determined by the  
36 9 actuary after each valuation.

36 10 Sec. 52. NEW SECTION. 411.10 PURCHASE OF SERVICE CREDIT  
36 11 FOR MILITARY SERVICE.

36 12 1. An active member of the system who has been a member of  
36 13 the retirement system five or more years may elect to purchase  
36 14 up to five years of service credit for military service, other  
36 15 than military service required to be recognized under Internal  
36 16 Revenue Code section 414(u) or under the federal Uniformed  
36 17 Services Employment and Reemployment Rights Act, that will be  
36 18 recognized by the retirement system for purposes of  
36 19 calculating a member's benefit, pursuant to Internal Revenue  
36 20 Code section 415(n) and the requirements of this section.

36 21 2. a. A member seeking to purchase service credit  
36 22 pursuant to this section shall file a written application with  
36 23 the system requesting an actuarial determination of the cost  
36 24 of a purchase of service credit. Upon receipt of the cost  
36 25 estimate for the purchase of service from the system, the  
36 26 member may make contributions to the system in an amount equal  
36 27 to the actuarial cost of the service credit purchase.  
36 28 b. For purposes of this subsection, the actuarial cost of  
36 29 the service credit purchase is an amount determined by the  
36 30 system in accordance with actuarial tables, as reported to the  
36 31 system by the system's actuary, which reflects the actuarial  
36 32 cost necessary to fund an increased retirement allowance  
36 33 resulting from the purchase of service credit.

36 34 3. The system shall ensure that the member, in exercising  
36 35 an option provided in this section, does not exceed the amount  
37 1 of annual additions to a member's account permitted pursuant  
37 2 to section 415 of the federal Internal Revenue Code.

37 3 4. The board of trustees shall adopt rules providing for  
37 4 the implementation and administration of this section.

37 5 Sec. 53. Section 411.15, Code 2007, is amended to read as  
37 6 follows:

37 7 411.15 HOSPITALIZATION AND MEDICAL ATTENTION.

37 8 Cities shall provide hospital, nursing, and medical  
37 9 attention for the members of the police and fire departments  
37 10 of the cities, when injured while in the performance of their  
37 11 duties as members of such department, and shall continue to  
37 12 provide hospital, nursing, and medical attention for injuries  
37 13 or diseases incurred while in the performance of their duties  
37 14 for members receiving a retirement allowance under section  
37 15 411.6, subsection 6. Cities may provide fund the cost of the  
37 16 hospital, nursing, and medical attention required by this  
37 17 section through the purchase of insurance, by self-insuring  
37 18 the obligation, or through payment of moneys into a local  
37 19 government risk pool established for the purpose of covering  
37 20 the costs associated with the requirements of this section.  
37 21 However, the cost of the hospital, nursing, and medical  
37 22 attention required by this section shall not be funded through

37 23 an employee-paid health insurance policy. The cost of  
37 24 ~~providing~~ the hospital, nursing, and medical attention  
37 25 required by this section shall be paid from moneys held in a  
37 26 trust and agency fund established pursuant to section 384.6,  
37 27 or out of the appropriation for the department to which the  
37 28 injured person belongs or belonged; provided that any amounts

37 29 received by the injured person ~~under the workers' compensation~~  
37 30 ~~law of the state, or from any other source for such specific~~  
37 31 ~~purposes, shall be deducted from the amount paid by the city~~  
37 32 ~~under the provisions of this section.~~

37 33 DIVISION IV

37 34 JUDICIAL RETIREMENT SYSTEM

37 35 Sec. 54. Section 602.9104, subsection 1, paragraph b, Code  
38 1 2007, is amended to read as follows:

38 2 b. The state shall contribute annually to the judicial  
38 3 retirement fund an amount equal to the state's required  
38 4 contribution for all judges covered under this article. ~~The~~  
38 5 ~~state's required contribution shall be appropriated directly~~  
38 6 ~~to the judicial retirement fund by the general assembly.~~

38 7 Sec. 55. Section 602.9104, subsection 4, paragraphs b, c,  
38 8 d, and e, Code 2007, are amended to read as follows:

38 9 b. "Fully funded status" means that the most recent  
38 10 actuarial valuation reflects that, ~~using the projected unit~~  
38 11 ~~credit method in accordance with generally recognized and~~  
38 12 ~~accepted actuarial principles and practices set forth by the~~  
38 13 ~~American academy of actuaries,~~ the funded status of the system  
38 14 is at least ninety one hundred percent, based upon the  
38 15 benefits provided for judges through the judicial retirement  
38 16 system as of July 1, 2006.

38 17 c. "Judge's required contribution" means an amount equal  
38 18 to the basic salary of the judge multiplied by the following  
38 19 applicable percentage:

38 20 (1) For the fiscal year beginning July 1, 2008, and ending  
38 21 June 30, 2009, seven and seven-tenths percent.

38 22 (2) For the fiscal year beginning July 1, 2009, and ending  
38 23 June 30, 2010, eight and seven-tenths percent.

38 24 ~~(1)~~ (3) For the fiscal year beginning July 1, ~~2006~~ 2010,  
38 25 and for each subsequent fiscal year until the system attains  
38 26 fully funded status, ~~six percent multiplied by a fraction~~  
38 27 ~~equal to the actual percentage rate contributed by the state~~  
38 28 ~~for that fiscal year divided by twenty-three and seven-tenths~~  
38 29 ~~percent nine and thirty-five hundredths percent.~~

38 30 ~~(2)~~ (4) Commencing with the first fiscal year in which  
38 31 the system attains fully funded status, and for each  
38 32 subsequent fiscal year, the percentage rate equal to ~~fifty~~  
38 33 ~~forty percent of the required contribution rate.~~

38 34 d. "Required contribution rate" means that percentage of  
38 35 the basic salary of all judges covered under this article  
39 1 ~~which the actuary of the system determines is necessary, using~~  
39 2 ~~the projected unit credit method in accordance with generally~~  
39 3 ~~recognized and accepted actuarial principles and practices set~~  
39 4 ~~forth by the American academy of actuaries, to amortize the~~  
39 5 ~~unfunded actuarial liability of the judicial retirement system~~  
39 6 ~~within twenty years equal to the actuarially required~~  
39 7 ~~contribution rate determined by the actuary pursuant to~~  
39 8 ~~section 602.9116.~~

39 9 e. "State's required contribution" means an amount equal  
39 10 to the basic salary of all judges covered under this article  
39 11 multiplied by the following applicable percentage:

39 12 (1) For the fiscal year beginning July 1, ~~2006~~ 2008, and  
39 13 for each subsequent fiscal year until the system attains fully  
39 14 funded status, ~~twenty-three and seven-tenths~~ thirty and  
39 15 six-tenths percent.

39 16 (2) Commencing with the first fiscal year in which the  
39 17 system attains fully funded status, and for each subsequent  
39 18 fiscal year, the percentage rate equal to ~~fifty~~ sixty percent  
39 19 of the required contribution rate.

39 20 Sec. 56. Section 602.9116, subsection 1, Code Supplement  
39 21 2007, is amended to read as follows:

39 22 1. The court administrator shall cause an actuarial  
39 23 valuation to be made of the assets and liabilities of the  
39 24 judicial retirement fund at least once every four years  
39 25 commencing with the fiscal year beginning July 1, 1981. For  
39 26 each fiscal year in which an actuarial valuation is not  
39 27 conducted, the court administrator shall cause an annual  
39 28 actuarial update to be prepared for the purpose of determining  
39 29 the adequacy of the contribution rates specified in section  
39 30 602.9104. The court administrator shall adopt actuarial  
39 31 methods and assumptions, mortality tables, and other necessary  
39 32 factors for use in the actuarial calculations required for the  
39 33 valuation upon the recommendation of the actuary. In  
39 34 addition, effective with the fiscal year beginning July 1,  
39 35 2008, the actuarial valuation or actuarial update required to  
40 1 be conducted shall include information as required by section  
40 2 97D.5. Following the actuarial valuation or annual actuarial  
40 3 update, the court administrator shall determine the condition  
40 4 of the system, determine the actuarially required contribution

40 5 rate for each fiscal year which is the rate required by the  
40 6 system to discharge its liabilities, stated as a percentage of  
40 7 the basic salary of all judges covered under this article, and  
40 8 shall report any findings and recommendations to the general  
40 9 assembly.

40 10 DIVISION V

40 11 MISCELLANEOUS PROVISIONS

40 12 Sec. 57. Section 8A.438, Code 2007, is amended by striking  
40 13 the section and inserting in lieu thereof the following:

40 14 8A.438 TAX-SHELTERED INVESTMENT CONTRACTS.

40 15 1. The director may establish a tax-sheltered investment  
40 16 program for eligible employees. The director may arrange for  
40 17 the provision of investment vehicles authorized under section  
40 18 403(b) of the Internal Revenue Code, as defined in section  
40 19 422.3. The department may offer the tax-sheltered investment  
40 20 program to eligible public employers in the state of Iowa.

40 21 2. a. A special, separate tax-sheltered investment  
40 22 revolving trust fund is created in the state treasury under  
40 23 the control of the department. The fund shall consist of all  
40 24 moneys deposited in the fund pursuant to this section, any  
40 25 funds received from other entities in the state of Iowa, and  
40 26 interest and earnings thereon. The director is the trustee of  
40 27 the fund and shall administer the fund. Any loss to the fund  
40 28 shall be charged against the fund and the director shall not  
40 29 be personally liable for such loss.

40 30 b. Moneys in the fund are not subject to section 8.33.  
40 31 Notwithstanding section 12C.7, subsection 2, interest or  
40 32 earnings on moneys in the fund shall be credited to the fund.

40 33 Sec. 58. Section 55.1, unnumbered paragraph 1, Code 2007,  
40 34 is amended to read as follows:

40 35 A person who is elected to a municipal, county, state, or  
41 1 federal office shall, upon written application to the employer  
41 2 of that person, be granted a leave of absence from regular  
41 3 employment to serve in that office except where prohibited by  
41 4 the federal law. The leave of absence may be granted without  
41 5 pay ~~and, except that if a salaried employee takes leave~~  
41 6 ~~without pay from regular employment for a portion of a pay~~  
41 7 ~~period, the employee's salaried compensation for that pay~~  
41 8 ~~period shall be reduced by the ratio of the number of days of~~  
41 9 ~~leave taken to the total number of days in the pay period.~~

41 10 The leave of absence shall be granted without loss of net  
41 11 credited service and benefits earned. This section shall not  
41 12 be construed to require an employer to pay pension, health or  
41 13 other benefits during the leave of absence to an employee  
41 14 taking a leave of absence under this section.

41 15 Sec. 59. Section 55.1, unnumbered paragraph 3, Code 2007,  
41 16 is amended to read as follows:

41 17 An employee shall not be prohibited from returning to  
41 18 regular employment before the period expires for which the  
41 19 leave of absence was granted. This section applies only to  
41 20 employers which employ twenty or more full-time persons. ~~The~~  
41 21 ~~leave of absence granted by this section need not exceed six~~  
41 22 ~~years.~~ The leave of absence granted by this section does not  
41 23 apply to an elective office held by the employee prior to the  
41 24 election.

41 25 Sec. 60. Section 97C.21, Code 2007, is amended to read as  
41 26 follows:

41 27 97C.21 VOLUNTARY COVERAGE OF ELECTED OFFICIALS.

41 28 Notwithstanding any provision of this chapter to the  
41 29 contrary, an employer of elected officials otherwise excluded  
41 30 from the definition of employee as provided in section 97C.2,  
41 31 may, but is not required to, choose to provide benefits to  
41 32 those elected officials as employees as provided by this  
41 33 chapter. ~~Alternatively, the governor may authorize a~~  
41 34 ~~statewide referendum of the appointed and elected officials of~~

41 35 ~~the state and its political subdivisions on the question of~~  
42 1 ~~whether to include in or exclude from the definition of~~  
42 2 ~~employee all such positions.~~ This choice shall be reflected  
42 3 in the federal-state agreement described in section 97C.3,  
42 4 ~~and, if necessary, in this chapter.~~ An employer who is

42 5 providing benefits to elected officials otherwise excluded  
42 6 from the definition of employee prior to July 1, 2002, shall  
42 7 not be deemed to be in an erroneous reporting situation, and  
42 8 corrections for prior federal social security withholdings  
42 9 shall not be required. The implementation of this section  
42 10 shall be subject to the approval of the federal social  
42 11 security administration.

42 12 Sec. 61. Section 97D.2, Code 2007, is amended to read as  
42 13 follows:

42 14 97D.2 ANALYSIS OF COST OF PROPOSED CHANGES.

42 15 When the public retirement systems committee established by

42 16 section 97D.4 or a standing committee of the senate or house  
42 17 of representatives recommends a proposal for a change in a  
42 18 public retirement system within this state, the committee  
42 19 shall require the development of actuarial information  
42 20 concerning the costs of the proposed change. If the proposal  
42 21 affects police and fire retirement under chapter 411, the  
42 22 committee shall arrange for the services of an actuarial  
42 23 consultant or request actuarial information from the statewide  
42 24 fire and police retirement system created in chapter 411 to  
42 25 assist in developing the information. Actuarial information  
42 26 developed as provided under this section concerning the cost  
42 27 of a proposed change shall include information on the effect  
42 28 of the proposed change on the normal cost rate for that public  
42 29 retirement system using the entry age normal actuarial cost  
42 30 method.

42 31 Sec. 62. NEW SECTION. 97D.5 PUBLIC RETIREMENT SYSTEMS ==  
42 32 ANNUAL ACTUARIAL VALUATIONS == REQUIRED INFORMATION.

42 33 1. For purposes of this section, "public retirement  
42 34 system" means the public safety peace officers' retirement  
42 35 system created in chapter 97A, the Iowa public employees'  
43 1 retirement system created in chapter 97B, the statewide fire  
43 2 and police retirement system created in chapter 411, or the  
43 3 judicial retirement system created in chapter 602.

43 4 2. Effective with the fiscal year beginning July 1, 2008,  
43 5 a public retirement system shall include in each actuarial  
43 6 valuation or actuarial update required to be conducted by that  
43 7 public retirement system the following additional information,  
43 8 all as determined by using the entry age normal actuarial cost  
43 9 method:

43 10 a. The actuarially required contribution rate for the  
43 11 public retirement system which is equal to the normal cost  
43 12 rate plus the contribution rate necessary to amortize the  
43 13 unfunded actuarial accrued liability on a level percent of  
43 14 payroll basis over thirty years.

43 15 b. The normal cost rate for the public retirement system  
43 16 which shall be determined for each individual member on a  
43 17 level percentage of salary basis and then summed for all  
43 18 members to obtain the total normal cost.

43 19 Sec. 63. Section 260C.14, subsection 9, Code 2007, is  
43 20 amended by striking the subsection and inserting in lieu  
43 21 thereof the following:

43 22 9. a. The board may establish a plan, in accordance with  
43 23 section 403(b) of the Internal Revenue Code, as defined in  
43 24 section 422.3, for employees, which plan shall consist of one  
43 25 or more investment contracts, on a group or individual basis,  
43 26 acquired from a company, or a salesperson for that company,  
43 27 that is authorized to do business in this state.

43 28 b. The selection of investment contracts to be included  
43 29 within the plan established by the board shall be made either  
43 30 pursuant to a competitive bidding process conducted by the  
43 31 board, in coordination with employee organizations  
43 32 representing employees eligible to participate in the plan, or  
43 33 pursuant to an agreement with the department of administrative  
43 34 services to make available investment contracts included in a  
43 35 deferred compensation or similar plan established by the  
44 1 department pursuant to section 8A.438, which plan meets the  
44 2 requirements of this subsection. The determination of whether  
44 3 to select investment contracts for the plan pursuant to a  
44 4 competitive bidding process or by agreement with the  
44 5 department of administrative services shall be made by  
44 6 agreement between the board and the employee organizations  
44 7 representing employees eligible to participate in the plan.

44 8 c. The board may make elective deferrals in accordance  
44 9 with the plan as authorized by an eligible employee for the  
44 10 purpose of making contributions to an investment contract in  
44 11 the plan on behalf of the employee. The deferrals shall be  
44 12 made in the manner which will qualify contributions to the  
44 13 investment contract for the benefits under section 403(b) of  
44 14 the Internal Revenue Code, as defined in section 422.3. In  
44 15 addition, the board may make nonelective employer  
44 16 contributions to the plan.

44 17 d. As used in this subsection, unless the context  
44 18 otherwise requires, "investment contract" shall mean a  
44 19 custodial account utilizing mutual funds or an annuity  
44 20 contract which meets the requirements of section 403(b) of the  
44 21 Internal Revenue Code, as defined in section 422.3.

44 22 Sec. 64. Section 273.3, subsection 14, Code 2007, is  
44 23 amended by striking the subsection and inserting in lieu  
44 24 thereof the following:

44 25 14. a. The board may establish a plan, in accordance with  
44 26 section 403(b) of the Internal Revenue Code, as defined in

44 27 section 422.3, for employees, which plan shall consist of one  
44 28 or more investment contracts, on a group or individual basis,  
44 29 acquired from a company, or a salesperson for that company,  
44 30 that is authorized to do business in this state.

44 31 b. The selection of investment contracts to be included  
44 32 within the plan established by the board shall be made either  
44 33 pursuant to a competitive bidding process conducted by the  
44 34 board, in coordination with employee organizations  
44 35 representing employees eligible to participate in the plan, or  
45 1 pursuant to an agreement with the department of administrative  
45 2 services to make available investment contracts included in a  
45 3 deferred compensation or similar plan established by the  
45 4 department pursuant to section 8A.438, which plan meets the  
45 5 requirements of this subsection. The determination of whether  
45 6 to select investment contracts for the plan pursuant to a  
45 7 competitive bidding process or by agreement with the  
45 8 department of administrative services shall be made by  
45 9 agreement between the board and the employee organizations  
45 10 representing employees eligible to participate in the plan.

45 11 c. The board may make elective deferrals in accordance  
45 12 with the plan as authorized by an eligible employee for the  
45 13 purpose of making contributions to the investment contract on  
45 14 behalf of the employee. The deferrals shall be made in the  
45 15 manner which will qualify contributions to the investment  
45 16 contract for the benefits under section 403(b) of the Internal  
45 17 Revenue Code, as defined in section 422.3. In addition, the  
45 18 board may make nonelective employer contributions to the plan.  
45 19 d. As used in this subsection, unless the context  
45 20 otherwise requires, "investment contract" shall mean a  
45 21 custodial account utilizing mutual funds or an annuity  
45 22 contract which meets the requirements of section 403(b) of the  
45 23 Internal Revenue Code, as defined in section 422.3.

45 24 Sec. 65. Section 294.16, Code 2007, is amended by striking  
45 25 the section and inserting in lieu thereof the following:

45 26 294.16 INVESTMENT CONTRACTS.

45 27 1. The school district may establish a plan, in accordance  
45 28 with section 403(b) of the Internal Revenue Code, as defined  
45 29 in section 422.3, for employees, which plan shall consist of  
45 30 one or more investment contracts, on a group or individual  
45 31 basis, acquired from a company, or a salesperson for that  
45 32 company, that is authorized to do business in this state.

45 33 2. The selection of investment contracts to be included  
45 34 within the plan established by the school district shall be  
45 35 made either pursuant to a competitive bidding process  
46 1 conducted by the school district, in coordination with  
46 2 employee organizations representing employees eligible to  
46 3 participate in the plan, or pursuant to an agreement with the  
46 4 department of administrative services to make available  
46 5 investment contracts included in a deferred compensation or  
46 6 similar plan established by the department pursuant to section  
46 7 8A.438, which plan meets the requirements of this section.  
46 8 The determination of whether to select investment contracts  
46 9 for the plan pursuant to a competitive bidding process or by  
46 10 agreement with the department of administrative services shall  
46 11 be made by agreement between the school district and the  
46 12 employee organizations representing employees eligible to  
46 13 participate in the plan.

46 14 3. The school district may make elective deferrals in  
46 15 accordance with the plan as authorized by an eligible employee  
46 16 for the purpose of making contributions to the investment  
46 17 contract on behalf of the employee. The deferrals shall be  
46 18 made in the manner which will qualify contributions to the  
46 19 investment contract for the benefits under section 403(b) of  
46 20 the Internal Revenue Code, as defined in section 422.3. In  
46 21 addition, the school district may make nonelective employer  
46 22 contributions to the plan.

46 23 4. As used in this section, unless the context otherwise  
46 24 requires, "investment contract" shall mean a custodial account  
46 25 utilizing mutual funds or an annuity contract which meets the  
46 26 requirements of section 403(b) of the Internal Revenue Code,  
46 27 as defined in section 422.3.

46 28 Sec. 66. TRANSITION PROVISIONS == INTERNAL REVENUE CODE  
46 29 SECTION 403(b) PLANS. Notwithstanding any provision of law to  
46 30 the contrary, the investment contracts to be included within a  
46 31 plan established pursuant to section 260C.14, subsection 9,  
46 32 section 273.3, subsection 14, or section 294.16, for the  
46 33 period beginning January 1, 2009, and ending December 31,  
46 34 2009, shall be investment contracts selected by the department  
46 35 of administrative services from among the investment contracts  
47 1 included in a deferred compensation or similar plan  
47 2 established by the department of administrative services,

47 3 which plan meets the requirements of section 403(b) of the  
47 4 Internal Revenue Code, as defined in section 422.3, or shall  
47 5 be from no more than five companies authorized to issue  
47 6 investment contracts as selected by the applicable employer  
47 7 and from no more than three companies authorized to issue  
47 8 investment contracts as selected by, and in the sole  
47 9 discretion of, the employee organizations representing the  
47 10 applicable employer's employees. Selection of companies and  
47 11 investment contracts for a plan shall be made in the best  
47 12 interests of employees eligible to participate in the plan.  
47 13 The determination of whether to select investment contracts  
47 14 for the plan for the period beginning January 1, 2009, and  
47 15 ending December 31, 2009, that are included in a deferred  
47 16 compensation or similar plan established by the department of  
47 17 administrative services or that are selected by the applicable  
47 18 employer and the employee organizations representing the  
47 19 applicable employer's employees, shall be made by an agreement  
47 20 entered into by August 15, 2008, between the applicable  
47 21 employer and the employee organizations representing the  
47 22 applicable employer's employees eligible to participate in the  
47 23 plan. Applicable employers shall have the authority to take  
47 24 such action as deemed necessary to establish, effective  
47 25 January 1, 2009, an eligible plan pursuant to section 260C.14,  
47 26 subsection 9, section 273.3, subsection 14, or section 294.16.

47 27 Sec. 67. DEPARTMENT OF ADMINISTRATIVE SERVICES ==  
47 28 SELECTION OF INVESTMENT CONTRACT PROVIDERS FOR INTERNAL  
47 29 REVENUE CODE SECTION 403(b) PLANS.

47 30 1. The department of administrative services shall  
47 31 establish, by January 1, 2010, a plan, as authorized pursuant  
47 32 to section 8A.438 and in accordance with section 403(b) of the  
47 33 Internal Revenue Code, as defined in section 422.3, for  
47 34 employees, which plan shall consist of one or more investment  
47 35 contracts, on a group or individual basis, acquired from a  
48 1 company, or a salesperson for that company, that is authorized  
48 2 to do business in this state, that is eligible to be utilized  
48 3 as a vendor of investment contracts for plans established  
48 4 pursuant to section 260C.14, subsection 9, section 273.3,  
48 5 subsection 14, or section 294.16.

48 6 2. The department of administrative services shall  
48 7 determine which vendors will be authorized to participate  
48 8 under the tax-sheltered investment program established by the  
48 9 department pursuant to section 8A.438. Employee organizations  
48 10 representing employees and employers participating in the  
48 11 programs authorized under sections 8A.433 and 8A.438 shall be  
48 12 allowed to assist the department in this decision, specific  
48 13 only to the initial competitive bid process that will  
48 14 determine the vendors that will be in the program as of  
48 15 January 1, 2010.

48 16 3. As used in this section, unless the context otherwise  
48 17 requires, "investment contract" shall mean a custodial account  
48 18 utilizing mutual funds or an annuity contract which meets the  
48 19 requirements of section 403(b) of the Internal Revenue Code,  
48 20 as defined in section 422.3.

48 21 Sec. 68. EFFECTIVE DATE.

48 22 1. The sections of this division of this Act amending  
48 23 section 260C.14, subsection 9, section 273.3, subsection 14,  
48 24 and section 294.16, take effect January 1, 2009.

48 25 2. The section of this division of this Act, enacting  
48 26 transition provisions relating to plans required to meet  
48 27 requirements for Internal Revenue Code section 403(b) plans,  
48 28 being deemed of immediate importance, takes effect upon  
48 29 enactment.

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JOHN P. KIBBIE  
President of the Senate

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PATRICK J. MURPHY  
Speaker of the House

49 6 I hereby certify that this bill originated in the Senate and  
49 7 is known as Senate File 2424, Eighty-second General Assembly.

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MICHAEL E. MARSHALL  
Secretary of the Senate

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49 13 Approved \_\_\_\_\_, 2008

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49 17 CHESTER J. CULVER

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49 18 Governor