January 25, 1963.
Passed on File.

Senate File 70
By SOCIAL SECURITY COMMITTEE.

Passed Senate, Date 2-5-63 Passed House, Date 2-26-63
Vote: Ayes 43 Nays 0 Vote: Ayes 103 Nays 0
Approved 3-13-63

A BILL FOR

An Act to amend chapter ninety-seven B (97B), Code 1962, relating to the Iowa Public Employees Retirement System.

Be It Enacted by the General Assembly of the State of Iowa:

1 Section 1. Section ninety-seven B point forty-one (97B.41),
2 Code 1962, is hereby amended by striking from subsection one
3 (1) all of lines thirteen (13) to nineteen (19), inclusive, and
4 inserting in lieu thereof the following:
5 "a. For each calendar year up to January 1, 1964, that
6 part of the remuneration for employment which exceeds four
7 thousand dollars ($4,000.00) in each such calendar year.
8 b. For the calendar year beginning on January 1, 1964 and
9 each calendar year thereafter, that part of the remuneration
10 for employment which exceeds forty-eight hundred dollars
11 ($4,800.00) in each such calendar year."
1 Sec. 2. Section ninety-seven B point forty-nine (97B.49),
2 Code 1962, is hereby amended by adding thereto, immediately
3 following subsection two (2) the following:
4 "Effective as of January 1, 1964, an additional monthly
5 retirement allowance shall be provided to members as
6 determined by subsections three (3) and four (4) following:
7 3. Each member who has qualified for prior service credit
8 in accordance with the first paragraph of section ninety-seven

9 B point forty-three (97B.43) of the Code shall be entitled to an
10 additional monthly prior service retirement allowance of an
11 amount equal to the monthly prior service retirement allowance
12 such member is entitled to under subsection two (2) of this
13 section.

14 4. Each member who is credited with retirement dividends
15 and interest dividends in accordance with section seven (7) of
16 this Act shall be entitled to an additional monthly retirement
17 allowance of an amount equal to the actuarial equivalent of the
18 total under this chapter of the retirement dividends and interest
19 dividends so credited to such member.

20 The additional monthly retirement allowance shall commence
21 on January 1, 1964 for those members who began receiving
22 retirement allowance payments under subsections one (1) and
23 two (2) of this section prior to January 1, 1964. For members
24 who retire on or after January 1, 1964, the additional monthly
25 retirement allowance shall commence on the same date as the
26 retirement allowance provided for by subsections one (1) and
27 two (2) of this section."

1 Sec. 3. Section ninety-seven B point fifty (97B.50), Code
2 1962, is hereby amended by striking the word and number
3 "subsection 2" in lines twelve (12) and thirteen (13) and
4 inserting in lieu thereof: "subsections two (2) and three (3)".

5 Said section is hereby further amended by striking the entire
6 third paragraph.

1 Sec. 4. Section ninety-seven B point fifty-one (97B.51),
2 Code 1962, is hereby amended by inserting in line four (4) the
3 words "one of" immediately following the word "under" and
4 changing the word "option" to "options" in line four (4).

5 Said section is hereby further amended by adding thereto
6 the following subsections:
7 "4. A member may elect to receive an increased retirement
8 allowance during his lifetime with no death benefit after his
9 retirement date.
10 5. A member may elect to receive an increased retirement
11 allowance during his lifetime with a death benefit after his
12 retirement date equal to the excess, if any, of the accumulated
13 contributions by the member as of said date, over the total
14 monthly retirement allowances received by him under the
15 retirement system. Such death benefit shall be paid to his
16 beneficiary."
1 Sec. 5. Section ninety-seven B point fifty-two (97B.52),
2 subsection one (1), Code 1962, is hereby amended by inserting
3 the words "and employer" in line four (4) immediately following
4 the word "member".
5 Said section is hereby further amended by inserting the
6 words "and employer" in line four (4) of subsection two (2)
7 immediately following the word "member".
8 Said section is hereby further amended by inserting in line
9 nine (9) of subsection two (2) immediately following the number
10 "1" the following ", four (4) or five (5)".
1 Sec. 6. Section ninety-seven B point fifty-three (97B.53),
2 Code 1962, is hereby amended by inserting the words and
3 number "and subsection six (6)" in line thirteen (13) immediately
4 following the number "5".
5 Said section is hereby further amended by striking from
6 subsection two (2) all following the word "applicable" in line
7 twenty-five (25).

8 Said section is hereby further amended by adding thereto the
9 following subsection:
10 "6. Any member who terminates employment before he is
11 entitled to the benefits of subsection two (2) of this section or
12 the right of election under subsection five (5) of this section
13 and who does not claim and receive a refund of his accumulated
14 contributions within five (5) years of his date of termination
15 shall, in event he makes claim for such refund more than five
16 (5) years after his date of termination, be required to submit
17 proof satisfactory to the commission of his entitlement to such
18 refund. The commission shall be under no obligation to maintain
19 the accumulated contribution accounts of such former members
20 for more than five (5) years after their dates of termination.
21 The amounts released by cancellation of the accumulated
22 contribution accounts of such former members shall be made a
23 part of the retirement dividends to be allocated to members in
24 accordance with section seven (7) of this Act.
25 Any person who made contributions to the abolished system
26 who is entitled to a refund in accordance with section ninety-seven
27 point fifty-one (97.51) subsection four (4) of the Code, and who
28 has not claimed and received such refund prior to January 1, 1964
29 shall, in event he makes a claim for such refund after January 1,
30 1964, be required to submit proof satisfactory to the commission
31 of his entitlement to such refund. The commission shall be
32 under no obligation to maintain the contribution accounts of such
33 persons after January 1, 1964. The amounts released by
34 cancellation of the contribution accounts of such persons shall
35 be made a part of the retirement dividends to be allocated to
36 members in accordance with section seven (7) of this Act."

1 Sec. 7. Chapter ninety-seven B (97B), Code 1962, is
2 hereby amended by adding thereto the following section:
3 "The commission shall declare certain dividends to members
4 of the system. The method of determining the amount of such
5 dividends and the methods of crediting or paying such dividends
6 to members shall be as follows:
7 1. Dividends to active members.
8 a. Interest dividends. Within sixty days after the end of each
9 calendar year, the advisory investment board shall determine
10 the average annual net rate of interest earned on the retirement
11 fund for the calendar year just ended. The amount of interest
12 dividend for each active member for such calendar year shall
13 be equal to the product of (1) the excess annual rate of interest
14 for such year, times (2) such member's accumulated
15 contributions as of January 1 of such year. The excess
16 annual rate of interest for such year shall be determined
17 by the commission upon recommendation of the advisory
18 investment board, but in no event shall such rate exceed the
19 excess, if any of (3) the average annual net rate of interest
20 earned on the retirement fund for such year, over (4) the
21 annual rate of interest credited to each member's accumulated
22 contributions under subsection nine (9) of section ninety-seven
23 B point forty-one (97B.41) plus .0025. The average annual net
24 rate of interest and the excess annual rate of interest shall
25 each be calculated, in decimal form, to the nearest ten-
26 thousandths—i.e. four decimal places.
27 The amount of interest dividend for each active member,
28 determined as provided in this paragraph "a", shall be
29 credited to and made a part of such member's accumulated

30 contributions as of December 31 of the year for which such
31 dividend is computed. In the annual statements of accumulated
32 credit as required by section ninety-seven B point eighteen
33 (97B.18) of the Code such dividend may either be shown
34 separately and labeled "interest dividend" or it may be
35 included with the regular interest credited to the member
36 in accordance with subsection nine (9) of section ninety-seven
37 B point forty-one (97B.41) of the Code.
38 Interest dividends shall also be credited to employers'
39 contributions at the same rate as provided in this paragraph
40 "a" for members' contributions.
41 "Active member" means a member who is not receiving
42 benefit payments from the system and who made contributions
43 to the system at any time during the calendar year for which
44 dividends are being computed, and who had not received or
45 applied for a refund of his accumulated contributions prior
46 to December 31 of such year.
47 b. Retirement dividends. The contributions, and interest
48 thereon, made by employers on behalf of active members who
49 terminate employment and receive a refund of their
50 contributions after December 31, 1962 shall be credited as
51 retirement dividends each year to active members who
52 remain in employment, after first deducting from such
53 contributions the annual accrued liability contribution computed
54 in accordance with section ninety-seven B point fifty-four
55 (97B.54) of the Code for such year and the administration
56 expenses of the system allocated to the active members'
57 future service account. Such retirement dividends shall
58 be used to provide retirement allowances computed in accordance

59 with section ninety-seven B point forty-nine (97B.49) of the
60 Code, subsection four (4), as amended by section two (2) of
61 this Act. Retirement dividends, including interest and interest
62 dividends credited thereto, credited to active members who
63 terminate employment and receive a refund of their accumulated
64 contributions prior to retirement under this chapter shall be
65 canceled upon such receipt of refund and shall be reapportioned
66 to the active members who remain in employment. The amount
67 of retirement dividend to be credited each year to each active
68 member shall be determined as follows:
69 As of December 31, 1963, and as of each December 31
70 thereafter, the commission shall cause to be determined
71 (1) The total amount of contributions, and interest thereon,
72 made by employers on behalf of active members who receive a
73 refund of their contributions during the year ending on such
74 December 31; plus the total amount of retirement dividend
75 credits canceled during the year ending on such December 31
76 with respect to members who receive a refund of their
77 contributions during the year ending on such December 31;
78 minus the annual accrued liability contribution payable on
79 the next June 30, computed in accordance with section
80 ninety-seven B point fifty-four (97B.54) of the Code; also
81 minus the administration expenses of the system allocated
82 to the active members' future service account.
83 (2) The total amount of contributions from all active
84 members received by the system during the year ending on
85 such December 31.
86 The amount of retirement dividend to be credited to each
87 active member on each December 31 shall equal the ratio of

88 subparagraph "1" over subparagraph "2" of this paragraph "b"
89 as of such December 31, multiplied by each such active member's
90 contributions received by the system during the year ending on
91 such December 31.

92 Retirement dividends shall be credited with interest and
93 interest dividends each year at the same rates and in the same
94 manner as provided for with respect to the members'
95 accumulated contributions.

96 The commission shall cause the retirement dividends, as
97 computed in accordance with this paragraph "b", to be credited
98 to each active member not later than the June 30 next following
99 the December 31 as of which the retirement dividends are
100 computed.

101 2. Dividends to retired members and beneficiaries. As of
102 July 1, 1964, and as of July 1 at the end of each five-year
103 period thereafter, the actuary shall calculate, on the basis of
104 the results of the actuarial valuation made as of such July 1,
105 the ration of (a) the portion of the retirement fund designated
106 on the retirement funds records as "Future Service—Retired
107 Members", to (b) the present value of all future service
108 retirement allowances then being paid to retired members
109 and beneficiaries in accordance with subsections one (1) and
110 four (4) of section ninety-seven B point forty-nine (97B.49)
111 of the Code, as amended by section two (2) of this Act, or
112 the equivalent thereof in accordance with section ninety-seven
113 B point fifty (97B.50) or section ninety-seven B point fifty-one
114 (97B.51) of the Code as amended by sections three (3) and four
115 (4) of this Act. Such portion of the retirement fund as of any
116 July 1 shall be calculated as the accumulation from July 1, 1953

117 to such July 1 or (c) all accumulated contributions of members
118 and employers and all retirement dividends that have been
119 applied to provide retirement allowances under subsections one
120 (1) and four (4) of section ninety-seven B point forty-nine (97B.49)
121 of the Code as amended by section two (2) of this Act, from July 1,
122 1953 to such July 1, minus (d) all future service retirement
123 allowance payments made from July 1, 1953 to such July 1,
124 minus (e) refunds of excess, if any, of retired member's
125 accumulated contributions, excluding prior service contributions,
126 over his future service retirement allowance payments, minus
127 (f) all administrative expenses allocated to retired members'
128 future service retirement allowances from July 1, 1953 to such
129 July 1, plus (g) all investment income that is allocated to the
130 balance of items "c" minus "d" minus "e" minus "f" from time
131 to time during the period from July 1, 1953 to such July 1.
132 The ratio computed in accordance with the first paragraph of
133 this subsection shall be rounded, in decimal form, to the nearest
134 one-thousandth—i.e. three (3) decimal places. The fraction by
135 which such ratio exceeds 1.010 shall be known as the dividend
136 rate percent for retired members' future service retirement
137 allowances, such rate to be effective for the five-year period
138 beginning on the January 1 next following the July 1 as of which
139 such dividend rate percent is computed.
140 The commission shall declare dividends be paid with respect
141 to retired members' future service retirement allowances.
142 Such dividends shall be in the form of an addition to the retired
143 member's or beneficiary's regular periodic retirement
144 allowance. The amount of such dividend to be so added shall
145 be equal to the product of (g) dividend rate percent for retired

146 members' future service retirement allowances or such portion
147 thereof as the commission may declare, times (h) the retired
148 member's or beneficiary's regular periodic future service
149 retirement allowance. Such dividend shall be paid at the same
150 time as the retired member's or beneficiary's regular periodic
151 retirement allowance beginning on the January 1 as of which
152 such dividend rate percent is effective and ending on the
153 December 31 five years thereafter or on the date the retired
154 member's or beneficiary's regular periodic retirement
155 allowance ceases, if earlier. Dividend payments shall be
156 identified as such to the retired members and beneficiaries.
157 At such time as the prior service portion of the retirement
158 fund becomes at least equal in value to the present value of all
169 contributions, and interest thereon, made by employers on
160 active and retired members, as reflected in the actuarial
161 valuation as of a July 1, dividend payments may then be
162 declared with respect to such prior service retirement
163 allowances. The procedure for determining any such dividend
164 payments shall be similar to, and may be combined with, the
165 procedure set forth in this subsection for determination of
166 dividend payments with respect to future service retirement
167 allowances.
168 3. Retirement dividends up to January 1, 1963. The
169 contributions, and interest thereon, made by employers on
170 behalf of active members who terminated employment and
171 received a refund of their contributions during the years from
172 July 4, 1953 to December 31, 1962 and the excess investment
173 earnings on the retirement fund during those years, excluding
174 the amount of such contributions previously allocated to the

175 funding of prior service benefits and payment of administration
176 expenses of the system and excluding excess investment earnings
177 previously allocated to the prior service account, shall be
178 allocated as retirement dividends among all members who are
179 (a) in active employment on January 1, 1963, or (b) retired
180 and receiving a retirement allowance under section ninety-seven
181 B point forty-nine (97B.49) of the Code, subsection one (1) on
182 January 1, 1963. Excess investment earnings means the
183 investment earnings each year in excess of two percent interest
184 on the retirement fund for such year.

185 The allocation shall be made separately for each year from
186 1953 through 1962 as follows:

187 (c) The contributions, and interest thereon, made by
188 employers on behalf of active members who terminated
189 employment and received a refund of their contributions during
190 the calendar year 1953 and the excess investment earnings on
191 the retirement fund for calendar year 1953, excluding the prior
192 service account, shall be allocated among the members who
193 were in active employment in 1953 and who are in the group of
194 members defined in items "a" and "b" of the first paragraph
195 of this subsection. Such allocation shall be made in direct
196 proportion to the members' accumulated contribution accounts
197 on January 1, 1963, for active members, or on the date of
198 retirement for retired members.

199 (d) Allocations for each of the calendar years 1954 through
200 1962, inclusive, shall be made by the same procedure as
201 provided in paragraph "c" for the year 1953. The amount to
202 be allocated each year shall exclude the amount, if any, that
203 was allocated to the funding of prior service benefits and

204 administration expenses for each such year.

205 (e) The sum of the allocations made to each member pursuant
206 to paragraphs "c" and "d" shall be credited to each such member
207 as a retirement dividend to be applied to provide him with
208 additional retirement allowance in accordance with section
209 ninety-seven B point forty-nine (97B.49), subsection four (4),
210 of the Code as amended by section two (2) of this Act.

211 (f) Retirement dividends so credited to active members who
212 terminate employment and receive a refund of their accumulated
213 contributions prior to retirement under this chapter shall be
214 canceled upon such receipt of refund and shall be reapportioned
215 to the active members who remain in employment."

1 Amend Senate File 70 by adding the following new sections:
2 1. Section ninety-seven B point fifty-four (97B.54), Code 1962,
3 is amended by striking all of said section after the word and
4 period "made." in line twenty-four (24) and inserting in lieu
5 thereof the following: No obligation shall inure to this system
6 from the general fund of the State of Iowa under this section.
7 2. Section ninety-seven B point fifty-five (97B.55), Code
8 1962, is hereby repealed.

Filed and adopted
February 5, 1963. By SCHROEDER.

1 Amend Senate File 70 as follows:
2 1. By striking from lines 10 and 11 of section 1
3 the words and figures, "forty-eight hundred dollars
4 (4,800.00)" and by inserting in lieu thereof the
5 words and figures, "forty-four hundred dollars
6 (4,400.00)".

Filed and lost
February 5, 1963. By BUCK and DORAN.

SENATE FILE 70

1 1. Amend Senate File 70 by adding a new section as follows:
2 Sec. 10. Section ninety-seven B point nine (97B.9),
3 Code 1962, is hereby amended by adding to subsection two (2)
4 thereof the following: "; provided however, the tax shall
5 be paid from the same fund as the employee salary."
6 Further amend said section by striking the period in
7 line four (4) of subsection three (3) thereof and adding the
8 following: "if any tax is needed."
9 2. Further amend Senate File 70 by adding as Sec. 11
10 the following:
11 Sec. 11. There is hereby appropriated out of the
12 Iowa Public Employees Retirement System Fund, the sum of
13 one million dollars to the general fund of the state of Iowa
14 to replace a like amount which was advanced to Iowa Public
15 Employees Retirement System Fund under Section 54, Chapter 72,
16 Acts of the Fifty-fifth General Assembly.
17 3. Further amend Senate File 70 by adding as Section 12
18 the following:
19 Sec. 12. Chapter ninety-seven B (97B), Code 1962,
20 is amended by adding a new section as follows: A claim may
21 be filed by any employee for repayment of any taxes withheld
22 over the first forty-eight hundred dollars in earnings in any
23 one year, by one or more employers. The commission shall if
24 a claim is allowed to the employee, also mail a refund check
25 for the taxes paid by the employer for the employee on which
26 the employee is allowed a refund. The commission shall have
27 power and authority to require the filing of a proper applica-
28 tion by the employee before the claim shall be allowed. Any
29 claim for such refund shall be made within three years of
30 date of payment and not thereafter. For lack of time and cause,
31 adjustments, compromises or refunds may be made by the com-
32 mission on its own initiative.

adopted 2/26/63

Filed COMMITTEE ON STATE PLANNING AND DEVELOPMENT,
February 13, 1963. ELMER VERMEER, *Chairman.*

1 Amend Senate File 70 by striking all of Section 1.

Filed and lost
February 26, 1963. DIETZ of Scott.