

February 26, 1965.

House File 405

Passed on File.

*Ind. & Human Relations 3/8*  
*"do pass" 3/17*

By JACKSON of Black Hawk, HAUSHEER,  
WILSON, GANNON, GILLETTE  
of Story, LYNCH, BREMMER, WRIGHT,  
HUTCHINS, WOLCOTT, BARINGER,  
GRASSLEY, MILLER of Des Moines,  
CAFFREY, UBAN, BUSCH, GAUDINEER,  
CROSIER, GALLAGHER, DENATO,  
RASMUSSEN, DODERER and COHEN.

Passed House, Date 5/14 Passed Senate, Date 6/3  
Vote: Ayes 88 Nays 0 Vote: Ayes 46 Nays 0

Approved.....

*\*passed in senate amendments 6/2*

# A BILL FOR

*passed on file 5/14*  
*Industrial & human relations 5/17*  
*pass 5/19*

*passed house as amended 6/2 (84-0)*

An Act relating to the vesting of members under 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 fifty-three (97B.53),  
2 Code 1962, as amended, is hereby repealed and the following  
3 enacted in lieu thereof:

4 "Termination of employment. All rights to all benefits under  
5 the retirement system will cease upon a member's termination of  
6 employment with the employer prior to his retirement, other than  
7 by death, except as provided hereafter:

8 "1. Upon the termination of employment with the employer prior  
9 to retirement other than by death of a member, the accumulated  
10 contributions by the member at the date of such termination will  
11 be paid to such member, except as may be provided in subsection  
12 two (2), subsection five (5) and subsection six (6) of this  
13 section.

14 "2. If the employment with the employer of a member is ter-  
15 minated prior to his retirement, other than by death, but after  
16 he has either a. completed at least five (5) years of service, or  
17 b. has attained the age of fifty-five, he shall receive a monthly

18 retirement allowance commencing on the first day of the month next  
19 following or coinciding with the date he attains the age of sixty-  
20 five, if he is then alive, or, if the member so elects in  
21 accordance with section ninety-seven B point forty-seven (97B.47)  
22 of the Code, commencing on the first day of any month coinciding  
23 or next following the date he attains the age of fifty-five and  
24 prior to the date he attains the age of sixty-five, and continuing  
25 on the first day of each month thereafter during his lifetime,  
26 provided the member does not receive prior to the date his retire-  
27 ment allowance is to commence a refund of accumulated contributions  
28 under any of the provisions of this chapter. The amount of each  
29 such monthly retirement allowance shall be determined as provided  
30 in either section ninety-seven B point forty-nine (97B.49) or in  
31 section ninety-seven B point fifty (97B.50) of the Code, whichever  
32 is applicable.

33 "3. The accumulated contributions of a terminated member who  
34 is entitled to the benefits of subsection two (2) of this section  
35 shall be credited with interest, including interest dividends,  
36 under section seven (7) of chapter ninety-six (96), Acts of the  
37 60th General Assembly, subsection one (1), paragraph 'a', until  
38 the deferred vested retirement allowance commences being paid.  
39 A terminated member shall not participate in any retirement  
40 dividends under section seven (7) of chapter ninety-six (96),  
41 Acts of the 60th General Assembly, subsection one (1), paragraph  
42 'b', determined for any period in or after which his employment  
43 is terminated. Once a deferred vested retirement allowance com-  
44 mences being paid, the terminated member will be considered a  
45 retired member and share in any dividends determined under section

46 seven (7) of chapter ninety-six (96), Acts of the 60th General  
47 Assembly, subsection two (2).

48 "4. A member who is entitled to the benefits of subsection  
49 two (2) of this section shall have the right, prior to the com-  
50 mencement of his retirement allowance, to receive a refund of his  
51 accumulated contributions, and in the event of the death of the  
52 member prior to the commencement of his retirement allowance and  
53 prior to the receipt of any such refund the benefits of subsection  
54 one (1) of section ninety-seven B point fifty-two (97B.52) of the  
55 Code shall be paid. No member shall be entitled to any refund  
56 based upon any credit for prior service as determined under the  
57 provisions of section ninety-seven B point forty-three (97B.43)  
58 of the Code or for any portion of any contribution made by an  
59 employer unless otherwise provided by this chapter.

60 "5. A member shall not be considered as having terminated his  
61 employment if he accepts other employment in the state of Iowa  
62 under which he is eligible to membership in the Iowa public  
63 employees' retirement system, within three (3) months after he  
64 has left public employment.

65 "Any member who does not withdraw his accumulated contributions  
66 upon termination of employment may at any time request the return  
67 of his accumulated contributions, but if he receives such return  
68 of contributions he shall be deemed to have waived all claims for  
69 any other benefits from the fund.

70 "6. Any member who terminates employment before he is entitled  
71 to the benefits of subsection two (2) of this section and who does  
72 not claim and receive a refund of his accumulated contributions  
73 within five (5) years of his date of termination shall, in event

74 he makes claim for such refund more than five (5) years after his  
75 date of termination, be required to submit proof satisfactory to  
76 the commission of his entitlement to such refund, but in no case  
77 shall interest be allowed upon his accumulated contributions for  
78 any period he is not an employee. The commission shall be under  
79 no obligation to maintain the accumulated contribution accounts  
80 of such former members for more than five (5) years after their  
81 dates of termination. The amounts released by cancellation of the  
82 accumulated contribution accounts of such former members shall be  
83 made a part of the retirement dividends to be allocated to members  
84 in accordance with section seven (7) of chapter ninety-six (96),  
85 Acts of the 60th General Assembly.

86 "Any person who made contributions to the abolished system who  
87 is entitled to a refund in accordance with the provisions of this  
88 chapter and who has not claimed and received such refund prior to  
89 January 1, 1964, shall, in event he makes a claim for such refund  
90 after January 1, 1964, be required to submit proof satisfactory  
91 to the commission of his entitlement to such refund. The com-  
92 mission shall be under no obligation to maintain the contribution  
93 accounts of such persons after January 1, 1964. The amounts  
94 released by cancellation of the contribution accounts of such  
95 persons shall be made a part of the retirement dividends to be  
96 allocated to members in accordance with section seven (7) of  
97 chapter ninety-six (96), Acts of the 60th General Assembly."

1 Sec. 2. Section ninety-seven B point forty-one (97B.41), Code  
2 1962, is amended by striking subsection eight (8) and inserting  
3 the following new subsections following subsection seven (7) and  
4 renumbering the remaining subsections:

5 "8. 'Member' names an individual who is a member of the  
6 retirement system created by this chapter as defined in sections  
7 ninety-seven B point forty-two (97B.42) and ninety-seven B point  
8 forty-three (97B.43) of the Code.

9 "9. 'Active member' with respect to service after July 4, 1953,  
10 at the end of a year means a member who made contributions to the  
11 system at any time during the year and who, as of December 31 of  
12 the current year,

13 "a. had not received or applied for a refund of his  
14 accumulated contributions for withdrawal or death,

15 "b. had not terminated employment and applied for a  
16 deferred vested retirement allowance, and

17 "c. had not retired and commenced receiving a retirement  
18 allowance.

19 "10. 'Inactive member' with respect to future service means  
20 a member who at the end of a year had not made any contributions  
21 during the current year and who has not received a refund of his  
22 accumulated contributions.

23 "11. 'Vested member' means a member who had terminated employ-  
24 ment after having either a. completed at least five (5) years of  
25 service, or b. attained the age of fifty-five.

26 "12. 'Retired member' means a member who had applied for and  
27 commenced receiving his retirement allowance."

1 Sec. 3. Section ninety-seven B point forty-one (97B.41), Code  
2 1962, subsection ten (10) is amended by inserting in line three  
3 (3) of paragraph "d" after the word "teachers" the words "under  
4 regular contract, interim teachers or substitute teachers,".

1 Sec. 4. Section ninety-seven B point forty-two (97B.42), Code

2 1962, is amended by inserting in line twelve (12) after the word  
3 "positions" the words "and individuals who are students and who  
4 devote their time and efforts chiefly to their studies, rather  
5 than to incidental employment".

6 Further amend said section by striking from lines thirteen (13)  
7 and fourteen (14) the words "of the month following the month".

8 Further amend said section by striking in line twenty-seven  
9 (27) after the word "employment" the remainder of the line and  
10 lines twenty-eight (28) to thirty-six (36), inclusive.

1 Sec. 5. Chapter ninety-six (96), Acts of the 60th General  
2 Assembly is amended by adding to section one (1) the following:

3 "c. Remuneration paid for services that do not equal or  
4 exceed the sum of three hundred (300) dollars in any calendar  
5 quarter, however, the membership of such individual shall not be  
6 considered terminated as long as the relationship of employer and  
7 employee exists."

8 Further amend said chapter ninety-six (96) by striking from  
9 section seven (7) lines thirty-eight (38) to forty-two (42),  
10 inclusive.

11 Further amend said chapter ninety-six (96), section seven (7)  
12 by inserting in line seven (7) after the word "active" the words  
13 "and vested".

14 Further amend said chapter ninety-six (96), section seven (7)  
15 by inserting in line twelve (12) after the word "active" the words  
16 "and vested".

17 Further amend said chapter ninety-six (96), section seven (7)  
18 by inserting in line twenty-five (25) after the word "active" the  
19 words "and vested".

- 20 Further amend said chapter ninety-six (96), section seven (7)  
21 by inserting in line forty-three (43) after the word "dividends"  
22 the words "to active members".
- 23 Further amend said chapter ninety-six (96), section seven (7)  
24 by inserting in line ninety (90) before the word "dividends" the  
25 word "retirement".

EXPLANATION OF HOUSE FILE 405

The purpose of this bill is to change the vesting rights. Under the present law, a member must be at least 48 years of age and have worked at least eight years after July, 1953, or be at least 55 when his employment is terminated in order to qualify for monthly payments. The above bill would change the requirement of 48 years of age and eight years of service to the requirement that a member have at least five years of service or be age 55 when his employment is terminated in order to qualify for monthly payments. The bill further amends Section 97B.53 by adding a new Subsection 3 after Subsection 2, whereby a member's accumulated contributions, after he has vested, can be credited with the interest dividend as well as the 2 percent statutory interest credit. As the law now stands, a vested member who has left the service receives only the 2 percent interest credit. The law does not permit his account to be credited with the interest dividend each year. Subsections 3 and 4 are then combined into one Subsection 4.

The above bill would amend Section 97B.41 by adding new Subsections 8, 9, a, b, c, 10, 11, and 12 which would define the terms used in the law so as to facilitate crediting of interest dividends and retirement dividends to the members. The bill would also amend Section 97B.41, Subsection 10, to include teachers under regular contracts, interim teachers, or substitute teachers, as employees whose service would not be interrupted due to a temporary or seasonal interruption of service.

97B.42 would be amended to provide that membership for each new employee would start with the first day of his employment rather than the first day of the month following his termination of employment. The purpose of this amendment is to save the work of keeping separate records, or in case where Data Processing is in effect to save the work of punching new cards by the employer at the end of the month in which the employee's initially employed, where salary warrants are written on machines. This bill would further amend this Section by putting a student exclusion in the proper place with the other exclusions and changing the remuneration from \$200.00 to \$300.00 a quarter, which would not be subject to deductions for IPERS and providing that an individual whose employer-employee relationship continues will not lose membership or previous credits even though his wages for a particular calendar quarter do not equal \$300.00.

HOUSE FILE 405

- 1 Amend House File 405 as follows:  
2 1. In section 1, line 16, strike the word and figure  
3 "five (5)" and insert in lieu thereof the word and figure  
4 "eight (8)".  
5 2. In section 2, line 24, strike the word and figure  
6 "five (5)" and insert in lieu thereof the word and figure  
7 "eight (8)".

Filed  
May 28, 1965.

*adopted 6/2*

By STANLEY.

HOUSE FILE 405

- 1 House File 405 is hereby amended by adding thereto the fol-  
2 lowing section:  
3 Any member whose employment is terminated after he has accumu-  
4 lated five (5) or more years of employment, either under the pro-  
5 visions of this chapter or as a result of prior service credits,  
6 may elect to leave his accumulated contributions in the retire-  
7 ment fund. In the event he returns to public employment at any  
8 time within five (5) years after this termination of employment,  
9 he shall be entitled to resume membership in the system with the  
10 same credits for prior service and accumulated contributions that  
11 he had earned when his original employment was terminated. No  
12 interest shall be credited on his accumulated contributions nor  
13 on his employer's accumulated contributions during the period  
14 from the time of his termination of employment to his resumption  
15 of employment.  
16 Any member who has resumed employment under the provisions  
17 of this subsection shall not be eligible for any second period  
18 of absence from membership as a result of termination of service  
19 until he shall have been employed for a period of five (5) years  
20 or more from the date of resumption of employment.

Filed  
June 1, 1965.

*adopted 6/2*

By STANLEY and O'MALLEY.