

FILED FEB 4 1971  
*New Cities Town 2/23*

SENATE FILE 163

By COMMITTEE ON CITIES AND TOWNS

Passed Senate, Date 2-19-71

Passed House, Date 3-23-72

Vote: Ayes 30 Nays 18

Vote: Ayes 65 Nays 19

Approved \_\_\_\_\_

*Passed Senate as amended by House  
3-24-72  
aye 44 nays!*

## A BILL FOR

- 1 An Act relating to retirement systems for policemen and firemen.
- 2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
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1 Section 1. Section four hundred eleven point one (411.1),  
2 subsection sixteen (16), Code 1971, is amended as follows:

3 16. "Average final compensation" shall mean the average  
4 earnable compensation of the member during ~~his-last~~ the five  
5 years of service he earned his highest salary as a policeman  
6 or fireman, or if he has had less than five years of ~~such~~  
7 service, then the average earnable compensation of his entire  
8 period of service.

9 Sec. 2. Section four hundred eleven point six (411.6),  
10 subsection one (1), Code 1971, is amended by adding the  
11 following new paragraph:

12 "Any member in service who has been a member of the retire-  
13 ment system ten or more years and whose employment is terminated  
14 prior to his retirement, other than by death or disability, shall  
15 upon attaining retirement age, receive a service retirement  
16 allowance of ten twenty-seconds of the retirement allowance he  
17 would receive at retirement if his employment had not been  
18 terminated, and an additional one twenty-second of such retire-  
19 ment allowance for each additional year of service not exceed-  
20 ing twenty-two years of service. The amount of the retirement  
21 allowance shall be based on the average final compensation at  
22 the time of termination of employment. The allowance shall not  
23 be available to a member who has chosen to withdraw his  
24 accumulated contributions as provided in section four hundred  
25 eleven point six (411.6), subsection ten (10), of the Code."

26 EXPLANATION

27 This bill provides that retirement allowances of policemen  
28 and firemen covered by Chapter 411 of the Code shall be based  
29 on the five highest salaried years rather than the last five  
30 years of service.

31 It also provides that a member of the retirement system for  
32 10 years or more, who terminates employment prior to retire-  
33 ment for reasons other than death or disability, is entitled  
34 to 10/22 of the retirement allowance he would have received  
35 if he had been employed 22 years and had reached at least

1 fifty-five years of age, and an additional 1/22 of his retire-  
2 ment allowance for each year of service in excess of 10 years  
3 up to 22 years. This provision, in effect, allows a member of  
4 the retirement system to be "vested" with 10/22 of what would  
5 be his normal retirement benefit after ten years. Such a  
6 vesting provision will make the retirement system much more  
7 attractive and should aid in recruiting and maintaining qualified  
8 policemen and firemen.

1 Amend Senate File 163 as follows:

2 Page 2, by adding the following new section after  
3 line 25:

4 "Sec. 3. Section four hundred eleven point six  
5 (411.6), subsection fourteen (14), Code 1971, is amended  
6 by adding the following new paragraph:

7 e. A retired member who became eligible for benefits  
8 under this chapter but who did not serve twenty-two years  
9 as a policeman or fireman and did not attain the age of  
10 fifty-five years prior to his retirement or termination  
11 of employment shall not be eligible for the annual readjust-  
12 ments of pension provided for by this subsection."

Filed - *adopted 2/17/71*  
February 15, 1971

By DODERER

1 Amend Senate File 163, page 2, by adding the  
2 following new section after line 25:

3 "By August 1 each year, each city or town affected  
4 by this Act shall certify to the state comptroller the  
5 amount of additional benefits paid during the previous  
6 twelve (12) months ending June 30 which are attributable  
7 to the Act. The state comptroller shall reimburse to  
8 each city or town the amount certified, and there is  
9 hereby appropriated annually from the general fund of  
10 the state an amount sufficient to provide such reimburse-  
11 ments."

Filed and Lost  
February 17, 1971

By VAN DRIE

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HOUSE AMENDMENT TO SENATE FILE 163

1 Amend Senate File 163 as amended and passed by the Senate  
2 as follows:  
3 1. By striking in line 13 the word "ten" and inserting in  
4 lieu thereof the word "fifteen".  
5 2. By striking in line 16 the word "ten" and inserting in  
6 lieu thereof the word "fifteen"  
7 3. By striking lines 25 through 34 and inserting in lieu  
8 thereof the following:  
9 "eleven point six (411.6), subsection ten (10), of the  
10 Code."  
11 Sec. 3. Section four hundred eleven point six (411.6),  
12 subsection fourteen (14), Code 1971, is amended by adding  
13 the following new paragraph:  
14 'e. A retired member who became eligible for benefits  
15 under the provisions of section four hundred eleven point  
16 six (411.6), subsection one (1) but who did not serve  
17 twenty-two years and did not attain the age of fifty-five  
18 years prior to his termination of employment shall not be  
19 eligible for the annual readjustment of pensions provided  
20 for by this subsection.'

Received from the House  
March 24, 1972

*Amendment concurred 3/24/72 (11541)*

1 Senate File 163 is amended by striking from  
2 page 2 lines 9 through 25 and inserting in lieu  
3 thereof the following:  
4 Sec. 2. Chapter four hundred eleven (411),  
5 Code 1971, is amended by adding the following  
6 new section:  
7 "A city may provide additional or increased  
8 benefits in excess of those provided in this chap-  
9 ter and shall levy a tax in the trust and agency  
10 fund in an amount sufficient to assure payment of  
11 such benefits."

EXPLANATION

This amendment does two things:

1. It makes the matter of increased benefits a local matter, in the spirit of home rule, and not a matter which the Legislature must take up each session.

2. It provides for using such collective bargaining practices as are now available locally or as may be provided in the future.

Filed. *2/19/71* 3/23 (1321)  
February 19, 1971

*Howe*  
By LAWSON of Cerro Gordo  
District 17

House 2  
March 1, 1971

FISCAL NOTE  
SENATE FILE 163

Date prepared February 24, 1971

Requested by Representative Lawson.

Prepared in regard to S.F. 163, an Act relating to retirement systems for policemen and firemen. Following is the fiscal effect in dollars of the legislative proposal as required by House Rule 48.

Under current economic conditions, Section 1 would effect only those personnel of the police and fire departments who were demoted or for some reason receive a lesser salary the last five years of their employment than they had previously received. It is not possible for us to estimate the additional cost of this section.

It is not possible for us to estimate the statewide cost of Section 2. However, we can estimate the additional cost to the city of Des Moines.

Currently in Des Moines, annual salaries of policemen and firemen covered by the pension system amount at \$6,343,492. It is estimated that the contribution by the City of Des Moines to the Policemen and Firemen Retirement Fund would be increased by somewhere between 2 1/2% and 3 1/2% of the annual salary figure by the provisions of this Act. This would be an estimated increase of between \$158,587 and \$222,000 per year. This is a preliminary estimate based on current retirement experience. It would take approximately three weeks to perform a complete actuarial study of this provision.

The contribution by the City of Des Moines to the Policemen and Firemen Retirement Fund for 1970 totals \$937,448.

Filed  
February 26, 1971

By GERRY D. RANKIN  
Legislative Fiscal Director

*House*

1 Amend Senate File 163 as follows:  
2 By striking lines 25 through 26 and inserting in lieu  
3 thereof the following:  
4 "eleven point six (411.6), subsection ten (10), of the  
5 Code."  
6 Sec. 3. Section four hundred eleven point six (411.6),  
7 subsection fourteen (14), Code 1971, is amended by adding  
8 the following new paragraph:  
9 "e. A retired member who became eligible for benefits  
10 under the provisions of Section four hundred eleven point  
11 six (411.6), subsection one (1) but who did not serve  
12 twenty-two years and did not attain the age of fifty-five  
13 years prior to his termination of employment shall not be  
14 eligible for the annual readjustment of pensions provided  
15 for by this subsection."  
16 By striking in line 13 the word "ten" and inserting in  
17 lieu thereof the word "fifteen".  
18 By striking in line 16 the word "ten" and inserting in  
19 lieu thereof the word "fifteen".  
20 By striking in lines 32 and 34 the figure "10" and  
21 inserting in lieu thereof the figure "15".

Filed *revised 3/21/72 (1381)*  
March 9, 1972

By SKINNER of Polk  
WELLS of Linn  
SORG of Linn

*House*

1 Amend Senate File 163, page 2, by adding the  
2 following new section after line 25.  
3 "Sec. \_\_\_\_\_. There is hereby appropriated from  
4 the state general fund the sum of \$546,800.00 or so  
5 much thereof as is necessary to meet the increased  
6 costs to the cities occasioned by this Act. Each  
7 city having direct increases in cost due to this  
8 Act may submit a detailed statement to the state  
9 comptroller who shall disburse the appropriation on  
10 a pro rata basis by June 30, 1974, to such cities  
11 upon acceptance and verification of the statement."

Offered from the floor and ruled not germane  
March 23, 1972

By BRAY of Scott

*House*