

FILED MAY 26 1971

*See Appropriation 6/4, Page 6/16*

SENATE FILE

550

BY COMMITTEE ON APPROPRIATIONS

Passed Senate, Date 6-2-71 Passed House, Date 6-18-71

Vote: Ayes 40 Nays 4 Vote: Ayes 21 Nays 7

Approved June 30, 1971

## A BILL FOR

1 An Act relating to the judicial retirement system.

2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section six hundred five A point five (605A.5),  
2 Code 1971, is amended as follows:

3 605A.5 QUALIFICATION CONDITIONS. No person, except the  
4 survivor of a person qualified to receive an annuity, shall  
5 be entitled to receive an annuity under this chapter unless  
6 he shall have contributed, as herein provided, to the judicial  
7 retirement fund for the entire period of his service as a  
8 judge of one or more of the courts included in this chapter.

9 Sec. 2. Section six hundred five A point eight (605A.8),  
10 Code 1971, is amended as follows:

11 605A.8 INDIVIDUAL ACCOUNTS--REFUNDING. The amounts  
12 deducted and withheld from the basic salary of each judge  
13 of the municipal, superior, district or supreme court for  
14 the credit of the judicial retirement fund and all amounts  
15 paid into such fund by each judge shall be credited to the  
16 individual account of such judge. In the event a judge of  
17 the municipal, superior, district or supreme court becomes  
18 separated from service as such judge before he completes an  
19 aggregate of six years of service as a judge of one or more  
20 of such courts, the total amount of his contribution to the  
21 fund shall be returned to said judge or his legal  
22 representatives, and in the event a judge who has completed  
23 an aggregate of six years or more of service as a judge of  
24 one or more of such courts, dies before retirement, without  
25 a survivor, the total amount of his contribution to the fund  
26 shall be paid in one sum to his legal representatives, and  
27 in the event an annuitant under this section dies without  
28 a survivor, without having received in annuities an amount  
29 equal to the total amount remaining to his credit at the time  
30 of his separation from service, the amount remaining to his  
31 credit shall be paid in one sum to his legal representatives.

32 Sec. 3. Section six hundred five A point ten (605A.10),  
33 Code 1971, is amended as follows:

34 605A.10 OTHER PUBLIC EMPLOYMENT PROHIBITED. No annuity  
35 shall be paid to any person, except a survivor, entitled to

1 receive an annuity hereunder while he is serving as a state  
2 officer or employee.

3 Sec. 4. Chapter six hundred five A (605A), Code 1971,  
4 is amended by adding the following new section:

5 The survivor of a judge who was qualified for retirement  
6 compensation under the system at the time of his death, is  
7 entitled to receive an annuity of one-half the amount of the  
8 annuity the judge was receiving or would have been entitled  
9 to receive at the time of his death, or if the judge died  
10 before age sixty-five, then one-half of the amount he would  
11 have been entitled to receive at age sixty-five based on his  
12 years of service. Such annuity shall begin on the judge's  
13 death, or on the date the judge would have been sixty-five  
14 if he died earlier than age sixty-five, or upon the survivor  
15 reaching age sixty, whichever is later.

16 For the purposes of this chapter "survivor" means the sur-  
17 viving spouse of a person who was a judge, if married to the  
18 judge for at least five years next preceding his death, but  
19 does not include a surviving spouse who remarries.

20 In the event the judge dies leaving a survivor but without  
21 receiving in annuities an amount equal to his credit, the  
22 balance shall be credited to the account of his survivor,  
23 and if the survivor dies without remarrying and without  
24 receiving in annuities an amount equal to said balance, the  
25 amount then remaining shall be paid to the survivor's legal  
26 representative.

27 EXPLANATION

28 This bill provides that a survivor of a judge shall receive  
29 one-half the amount the judge was receiving or would have  
30 received under the judicial retirement system. It provides  
31 for alternative disposition of the funds in case there is  
32 no survivor or if the survivor dies.

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SENATE CLIP SHEET  
Tuesday, June 1, 1971

SENATE FILE 550

1 Amend Senate File 550 as follows:

2 1. Page 2, line 4, by inserting after the word  
3 "annuity" the words "or a contingent annuitant as  
4 provided in section five (5) of this Act".

5 2. Page 3, by striking lines 3 through 26.

6 3. Page 3, by adding the following new section  
7 after line 26:

8 "Sec. 5. A judge may at any time prior to his  
9 retirement elect in writing to the state comptroller  
10 to have his retirement annuity payable under one of  
11 the options set forth in this section in lieu of the  
12 retirement annuity otherwise payable to him upon  
13 retirement under the provisions of this chapter.  
14 Judges retired prior to the effective date of this  
15 Act may in lieu of their retirement benefits elect  
16 one of the following options prior to January 1, 1972.  
17 The amount of any optional retirement allowance under  
18 subsections one (1) and two (2) of this section shall  
19 be the actuarial equivalent of the amount of such  
20 retirement allowance otherwise payable to the judge.

21 1. A judge may elect to receive a decreased retire-  
22 ment allowance during his lifetime and have the  
23 decreased retirement allowance continued after his  
24 death to a survivor called a contingent annuitant,  
25 during the lifetime of the contingent annuitant.

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1 2. A judge may elect to receive a decreased retire-  
2 ment allowance during his lifetime and have one half  
3 of the decreased retirement allowance continued after  
4 his death to a survivor called a contingent annui-  
5 tant, during the lifetime of the contingent annuitant.

6 3. A judge may elect to contribute an additional  
7 two percent of his salary over that required by chapter  
8 six hundred and five A point four (605A.4), of the  
9 Code, and the state shall contribute an amount equal  
10 to ten percent of the judge's salary each year to  
11 the credit of the judge's account to provide increased  
12 retirement benefits under subsections one (1) and  
13 two (2) for the judge and his survivor. If a survivor  
14 of a judge dies after the retirement of the judge,  
15 the judge may have his retirement allowance recomputed  
16 in order that his retirement allowance will reflect  
17 the fact that there will be no allowance for a survivor  
18 and in such case the recomputation shall take into  
19 consideration the retirement allowance paid to the  
20 judge to the date of death of the survivor.

21 4. In case of an election under subsection one  
22 (1), two (2) or three (3) of this section, no death  
23 benefits, as might otherwise be provided by this  
24 chapter, will be payable upon the death of either  
25 the judge or the contingent annuitant after the judge's

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1 retirement.

2 5. A judge who had elected to take the option  
3 stated in subsection one (1), two (2) or three (3)  
4 of this section, may at any time prior to his  
5 retirement, revoke the election by written notice  
6 to the state comptroller.

7 6. If a judge who is eligible for retirement in  
8 accordance with the provisions of this chapter dies  
9 prior to retirement, the judge's survivor may elect  
10 to receive benefits as a contingent annuitant under  
11 subsection one (1) or two (2) of this section.

12 7. The state comptroller shall by rule and  
13 regulation adopt actuarial tables to be used to deter-  
14 mine the amount of the annuities payable under this  
15 section.

16 8. If any funds remain to the credit of a judge  
17 after both he and the contingent annuitant have died  
18 the funds remaining to his credit shall be credited  
19 to the state general fund."

20 9. For the purposes of this chapter "survivor"  
21 or "contingent annuitant" means the surviving spouse  
22 of a person who was a judge, if married to the judge  
23 for at least five years next preceding his death,  
24 but does not include a surviving spouse who remarries.

Filed - *L.S. 6/2*  
May 28, 1971

By DODERER

#### EXPLANATION OF AMENDMENT

1. Under Senate File 550 as proposed the widow of a judge would get, without any additional cost to the judge, a pension of about \$5,750 annually for a district court judge and about \$6,000 for a supreme court judge.

2. Options 1 and 2 of the proposed amendment makes it possible for a judge to provide for monthly benefits to his widow without any additional cost to the system. Option 3 provides for sharing the cost of an increased retirement benefits between the judge and the state.

3. Under IPERS a member's benefit is limited because of the salary levels on which contributions are based.

4. For example a member with 40 years service retiring today can expect to receive an annual benefit of approximately \$2,000. A member with 40 years of service after July 1970 can expect to receive an annual benefit of about \$4,524 or \$377 per month because only the first \$7,800 in wages are covered.

Senate 9  
June 3, 1971

SENATE FILE 550  
FISCAL NOTE

Date prepared June 2, 1971

Requested by Senator Mowry.

Prepared in regard to S. F. 550, an Act relating to the judicial retirement system. Following is the fiscal effect in dollars of the legislative proposal as required by Rule 31.

The following cost estimate is based on the assumption that the wives of currently retired judges will qualify for the pension provided in this bill in addition to wives to those who are judges on or after July 1, 1971.

Estimated annual cost of widows' pensions:

	Current Judges	Retired Municipal Court Judges	Retired Supreme & District Court Judges	Total
1st Year	\$ 8,250	1,848	1,167	11,265
2nd Year	16,500	4,137	3,833	24,470
3rd Year	24,750	4,410	11,500	40,660
4th Year	33,000	4,410	17,798	55,208
5th Year	41,250	4,410	30,935	76,595

It is estimated that the annual cost will continue to increase until about the tenth year when the total is estimated to be approximately \$144,600.

After the tenth year, it is estimated that the cost will gradually decline and eventually level off at approximately \$2,500 per year.

It should be noted that this group is relatively small and that actual experience could vary significantly from the actuarial projections, upon which this estimate is based.

Filed  
June 2, 1971

By GERRY D. RANKIN  
Legislative Fiscal Director

1 Amend Senate File 550, page 3, line 26, by inserting  
2 thereafter the following new paragraph:  
3 "A district court judge may, in lieu of the retirement  
4 benefits granted in this Act, elect in writing to the state  
5 comptroller to receive an annual salary equal to the highest  
6 paid full professor at the University of Iowa school of law;  
7 a supreme court justice an annual salary equal to the dean  
8 of such school."

Filed and Ruled  
Out of Order  
June 2, 1971

By GAUDINEER