

JAN 31 1973

Reprinted 3/26/74
HOUSE FILE 98

EDUCATION *Pass 2/22 per amend.*

By FREEMAN

House File 98
Wulff, Chairman
De Jong
Miller

House File 98
Rodgers, Chairman
Rabedeaux
Briles

Passed House, Date 3-22-73 (599) Passed Senate, Date _____

Vote: Ayes 69 Nays 20 Vote: Ayes _____ Nays _____

Approved 5-2-74

A BILL FOR

1 An Act to allow school boards, county school boards, area
2 school boards, and the state board of public instruction
3 to provide group contracts for tax sheltered annuities
4 to employees.

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

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1 Section 1. Section two hundred fifty-seven point ten
2 (257.10), subsection thirteen (13), Code 1973, is amended
3 to read as follows:

4 13. At the request of an employee through contractual
5 agreement the board may arrange for the purchase of an indi-
6 vidual annuity contract for any of ~~their~~ its respective em-
7 ployees from any company the employee may choose that is
8 authorized to do business in this state and through an Iowa-
9 licensed insurance agent that the employee may select, for
10 retirement or other purposes and may make payroll deductions
11 in accordance with such arrangements for the purpose of paying
12 the entire premium due and to become due under such contract.
13 The board may also arrange for the purchase of a group annuity
14 contract for any of its respective employees from a company
15 the board may choose, by means of competitive bidding, that
16 is authorized to do business in this state and through an
17 Iowa-licensed insurance agent that the board may select, for
18 retirement or other purposes and may make payroll deductions
19 in accordance with such arrangements for the purpose of paying
20 the entire premium due and to become due under such contract.
21 The deductions shall be made in the manner which will qualify
22 the annuity premiums for the benefits afforded under section
23 403b of the Internal Revenue Code of 1954 and amendments
24 thereto. The employee's rights under such annuity contract
25 shall be nonforfeitable except for the failure to pay premiums.

26 Sec. 2. Section two hundred seventy-three point thirteen
27 (273.13), subsection fifteen (15), Code 1973, is amended to
28 read as follows:

29 15. At the request of an employee through contractual
30 agreement the board may arrange for the purchase of an indi-
31 vidual annuity contract for any of ~~their~~ its respective em-
32 ployees from any company the employee may choose that is
33 authorized to do business in this state and through an Iowa-
34 licensed insurance agent that the employee may select, for
35 retirement or other purposes and may make payroll deductions

1 in accordance with such arrangements for the purpose of paying
2 the entire premium due and to become due under such contract.
3 The board may also arrange for the purchase of a group annuity
4 contract for any of its respective employees from a company
5 the board may choose, by means of competitive bidding, that
6 is authorized to do business in this state and through an
7 Iowa-licensed insurance agent that the board may select, for
8 retirement or other purposes and may make payroll deductions
9 in accordance with such arrangements for the purpose of paying
10 the entire premium due and to become due under such contract.
11 The deductions shall be made in the manner which will qualify
12 the annuity premiums for the benefits afforded under section
13 403b of the Internal Revenue Code of 1954 and amendments
14 thereto. The employee's rights under such annuity contract
15 shall be nonforfeitable except for the failure to pay premiums.

16 Sec. 3. Section two hundred eighty A point twenty-three
17 (280A.23), subsection ten (10), Code 1973, is amended to read
18 as follows:

19 10. At the request of an employee through contractual
20 agreement the board may arrange for the purchase of an indi-
21 vidual annuity contract for any of ~~their~~ its respective em-
22 ployees from any company the employee may choose that is
23 authorized to do business in this state and through an Iowa-
24 licensed insurance agent that the employee may select, for
25 retirement or other purposes and may make payroll deductions
26 in accordance with such arrangements for the purpose of paying
27 the entire premium due and to become due under such contract.
28 The board may also arrange for the purchase of a group an-
29 nuity contract for any of its respective employees from a
30 company the board may choose, by means of competitive bid-
31 ding, that is authorized to do business in this state and
32 through an Iowa-licensed insurance agent that the board may
33 select, for retirement or other purposes and may make pay-
34 roll deductions in accordance with such arrangements for the
35 purpose of paying the entire premium due and to become due

1 under such contract. The deductions shall be made in the
2 manner which will qualify the annuity premiums for the bene-
3 fits afforded under section 403b of the Internal Revenue Code
4 of 1954 and amendments thereto. The employee's rights under
5 such annuity contract shall be nonforfeitable except for the
6 failure to pay premiums.

7 Sec. 4. Section two hundred ninety-four point sixteen
8 (294.16), Code 1973, is amended to read as follows:

9 294.16 ANNUITY CONTRACTS. At the request of an employee
10 through contractual agreement a school district may purchase
11 an individual annuity contract for an employee, from such
12 insurance organization authorized to do business in this state
13 and through an ~~Iowa-licensed~~ Iowa-licensed insurance agent
14 as the employee may select, for retirement or other purposes
15 and may make payroll deductions in accordance with such
16 arrangements for the purpose of paying the entire premium
17 due and to become due under such contract. Through contractual
18 agreement a school district may allow employees to purchase
19 annuity contracts through a group annuity contract selected
20 by the board, by means of competitive bidding, from such
21 insurance organization authorized to do business in this state
22 and through an Iowa-licensed insurance agent selected by the
23 board, for retirement or other purposes and may make payroll
24 deductions in accordance with such arrangements for the purpose
25 of paying the entire premium due and to become due under such
26 contract. The deductions shall be made in the manner which
27 will qualify the annuity premiums for the benefit afforded
28 under section 403b (26 USC §403b) of the federal internal
29 revenue code and amendments thereto. The employee's rights
30 under such annuity contract shall be nonforfeitable except
31 for the failure to pay premiums.

32 EXPLANATION

33 This bill allows school boards, county school boards, area
34 school boards, and the state board of public instruction to
35 arrange for group contracts for tax sheltered annuities.

LSB 165
db/jw/3

H-98

- 1 Amend House File 98 as follows:
- 2 1. Page 2, line 5, by striking the word "an" and
- 3 inserting in lieu thereof the words "an group or".
- 4 2. Page 2, line 6, by striking the word "contract"
- 5 and inserting in lieu thereof the words "contract
- 6 contracts".
- 7 3. Page 2, by striking lines 13 through 20,
- 8 inclusive.
- 9 4. Page 2, line 30, by striking the word "an"
- 10 and inserting in lieu thereof the words "an group or".
- 11 5. Page 2, line 31, by striking the word "con-
- 12 tract" and inserting in lieu thereof the words
- 13 "contract contracts".
- 14 6. Page 3, by striking lines 3 through 10,
- 15 inclusive.
- 16 7. Page 3, line 20, by striking the word "an" and
- 17 inserting in lieu thereof the words "an group or".
- 18 8. Page 3, line 21, by striking the word "con-
- 19 tract" and inserting in lieu thereof the words
- 20 "contract contracts".
- 21 9. Page 3, by striking lines 28 through 35,
- 22 inclusive.
- 23 10. Page 4, line 1, by striking the words "under
- 24 such contract."
- 25 11. Page 4, line 11, by striking the word "an"
- 26 and inserting in lieu thereof the words "an group or".
- 27 12. Page 4, line 11, by striking the word "con-
- 28 tract" and inserting in lieu thereof the words
- 29 "contract contracts".
- 30 13. Page 4, line 17, by striking the words
- 31 "Through contractual".
- 32 14. Page 4, by striking lines 18 through 25,
- 33 inclusive.
- 34 15. Page 4, line 26, by striking the word
- 35 "contract."

Filed - *Adopted 3/22*
February 22, 1973

By COMMITTEE ON EDUCATION
STROMER of Cerro Gordo,
Chairman

H-193

- 1 Amend the title to House File 98, line 3, by
- 2 inserting after the word "contracts" the following:
- 3 ", and the board for the educational radio and
- 4 television facility to provide group or individual
- 5 contracts,".

H-193 Filed and adopted
March 23, 1973

By FREEMAN of Buena Vista

H-164

1 Amend House File 98, page 4, by inserting after
2 line 31 the following section:
3 Sec. ____ Chapter eight A (8A), Code 1973, is
4 amended by adding the following new section:
5 NEW SECTION. ANNUITY CONTRACTS. At the request
6 of an employee through contractual agreement the
7 board may arrange for the purchase of group or
8 individual annuity contracts for any of its respective
9 employees from any company the employee may choose
10 that is authorized to do business in this state and
11 through an Iowa-licensed insurance agency that the
12 employee may select, for retirement or other purposes
13 and may make payroll deductions in accordance with
14 such arrangements for the purpose of paying the entire
15 premium due and to become due under such contract.
16 The deductions shall be made in the manner which will
17 qualify the annuity premiums for the benefits afforded
18 under section four hundred three b (403b) of the
19 Internal Revenue Code of 1954 and amendments thereto.
20 The employee's rights under such annuity contract
21 shall be nonforfeitable except for the failure to pay
22 premiums.

H-164 Filed - *Adopted 3/22*
March 20, 1973

By LIPSKY of Linn

SENATE AMENDMENT TO HOUSE FILE 98

- 1 Amend House File 98, as amended, passed, and re-
2 printed by the House, as follows:
- 3 1. Page 2, by inserting the following after line
4 19: "Whenever an existing tax sheltered annuity
5 contract is to be replaced by a new contract the
6 agent or representative of the company shall submit
7 a letter of intent to the company being replaced,
8 to the insurance commissioner of the state of Iowa,
9 and to his own company at least thirty days prior to
10 any action by registered mail. This letter of
11 intent shall contain the policy number and descrip-
12 tion of the contract being replaced and a description
13 of the replacement contract."
- 14 2. Page 3, by inserting the following after line
15 7: "Whenever an existing tax sheltered annuity
16 contract is to be replaced by a new contract the
17 agent or representative of the company shall submit
18 a letter of intent to the company being replaced,
19 to the insurance commissioner of the state of Iowa,
20 and to his own company at least thirty days prior
21 to any action by registered mail. This letter of
22 intent shall contain the policy number and descrip-
23 tion of the contract being replaced and a descrip-
24 tion of the replacement contract."
- 25 3. Page 4A, by inserting the following after
26 line 6: "Whenever an existing tax sheltered annuity
27 contract is to be replaced by a new contract the
28 agent or representative of the company shall submit
29 a letter of intent to the company being replaced,
30 to the insurance commissioner of the state of Iowa,
31 and to his own company at least thirty days prior
32 to any action by registered mail. This letter of
33 intent shall contain the policy number and descrip-
34 tion of the contract being replaced and a description
35 of the replacement contract."
- 36 4. Page 4A, by inserting the following after
37 line 25: "Whenever an existing tax sheltered annuity
38 contract is to be replaced by a new contract the
39 agent or representative of the company shall submit
40 a letter of intent to the company being replaced,
41 to the insurance commissioner of the state of Iowa,
42 and to his own company at least thirty days prior
43 to any action by registered mail. This letter of
44 intent shall contain the policy number and
45 description of the contract being replaced and a
46 description of the replacement contract."
- 47 5. Page 4A, line 34, by striking the word "agency"
48 and inserting in lieu thereof the word "agent".
- 49 6. Page 4B, by inserting the following after
50 line 44: "Whenever an existing tax sheltered annuity

51 contract is to be replaced by a new contract the
52 agent or representative of the company shall submit
53 a letter of intent to the company being replaced,
54 to the insurance commissioner of the state of Iowa,
55 and to his own company at least thirty days prior
56 to any action by registered mail. This letter of
57 intent shall contain the policy number and descrip-
58 tion of the contract being replaced and a descrip-
59 tion of the replacement contract."

60 7. Page 4B, by adding the following new section
61 after line 44:

62 Sec. _____. Chapter two hundred sixty-two (262),
63 Code 1973, is amended by adding the following new
64 section:

65 NEW SECTION. ANNUITY CONTRACTS. At the request
66 of an employee through contractual agreement the
67 board may arrange for the purchase of group or
68 individual annuity contracts for any of its re-
69 spective employees from any company the employee
70 may choose that is authorized to do business in this
71 state, for retirement or other purposes, and may
72 make payroll deductions in accordance with such
73 arrangements for the purpose of paying the entire
74 premium due and to become due under such contract.
75 The deductions shall be made in the manner which
76 will qualify the annuity premiums for the benefits
77 afforded under section four hundred three b (403b) of
78 the Internal Revenue Code of 1954 and amendments
79 thereto. The employee's rights under such annuity
80 contract shall be nonforfeitable except for the
81 failure to pay premiums.

82 Whenever an existing tax sheltered annuity
83 contract is to be replaced by a new contract the
84 agent or representative of the company shall submit
85 a letter of intent to the company being replaced,
86 to the insurance commissioner of the state of Iowa,
87 and to his own company at least thirty days prior
88 to any action by registered mail. This letter of
89 intent shall contain the policy number and descrip-
90 tion of the contract being replaced and a description
91 of the replacement contract.

92 8. Amend the title, page 1, line 2, by inserting
93 after the word "boards," the following: "the state
94 board of regents".

Received from the Senate
April 3, 1974

House concurred 4/17

HOUSE FILE 98

S-2211

1 Amend House File 98, as amended, passed, and
2 reprinted by the House, as follows:
3 1. Page 2, by inserting the following after line 19:
4 "Whenever an existing tax sheltered annuity contract
5 is to be replaced by a new contract, the agent or
6 representative of the company shall submit a complete
7 comparison of the two contracts as of the date of the
8 proposed exchange to the annuitant. The comparison
9 shall be made on a form approved by the insurance
10 commissioner of Iowa and shall be signed by an
11 officer representing the company issuing the new
12 contract. Three copies of the comparison shall be
13 signed by the annuitant with one copy sent at least
14 thirty days prior to the actual replacement to the
15 company holding the contract being replaced. One
16 copy shall be left with the purchaser and one copy
17 held on file at least five years by the agent or
18 company making the replacement sale."
19 2. Page 3, by inserting the following after line 7:
20 "Whenever an existing tax sheltered annuity contract
21 is to be replaced by a new contract, the agent or
22 representative of the company shall submit a complete
23 comparison of the two contracts as of the date of the
24 proposed exchange to the annuitant. The comparison
25 shall be made on a form approved by the insurance

Page 2

1 commissioner of Iowa and shall be signed by an officer
2 representing the company issuing the new contract. Three
3 copies of the comparison shall be signed by the annuitant
4 with one copy sent at least thirty days prior to the
5 actual replacement to the company holding the contract
6 being replaced. One copy shall be left with the pur-
7 chaser and one copy held on file at least five years by
8 the agent or company making the replacement sale."
9 2. Page 3, by inserting the following after line 7:
10 "Whenever an existing tax sheltered annuity contract is
11 to be replaced by a new contract, the agent or represen-
12 tative of the company shall submit a complete comparison
13 of the two contracts as of the date of the proposed ex-
14 change to the annuitant. The comparison shall be on a
15 form approved by the insurance commissioner of Iowa and
16 shall be signed by an officer representing the company
17 issuing the new contract. Three copies of the comparison
18 shall be signed by the annuitant with one copy sent at
19 least thirty days prior to the actual replacement to the
20 company holding the contract being replaced. One copy
21 shall be left with the purchaser and one copy held on
22 file at least five years by the agent or company making
23 the replacement sale."
24 3. Page 4A, by inserting the following after line 6:
25 "Whenever an existing tax sheltered annuity contract is

Senate 3
February 21, 1974

Page 3

1 to be replaced by a new contract, the agent or represen-
2 tative of the company shall submit a complete comparison
3 of the two contracts as of the date of the proposed ex-
4 change to the annuitant. The comparison shall be on a
5 form approved by the insurance commissioner of Iowa and
6 shall be signed by an officer representing the company
7 issuing the new contract. Three copies of the comparison
8 shall be signed by the annuitant with one copy sent at
9 least thirty days prior to the actual replacement to the
10 company holding the contract being replaced. One copy
11 shall be left with the purchaser and one copy held on
12 file at least five years by the agent or company making
13 the replacement sale."
14 5. Page 4B, by inserting the following after line 44:
15 "Whenever an existing tax sheltered annuity contract is
16 to be replaced by a new contract, the agent or represen-
17 tative of the company shall submit a complete comparison
18 of the two contracts as of the date of the proposed ex-
19 change to the annuitant. The comparison shall be on a
20 form approved by the insurance commissioner of Iowa and
21 shall be signed by an officer representing the company
22 issuing the new contract. Three copies of the comparison
23 shall be signed by the annuitant with one copy sent at
24 least thirty days prior to the actual replacement to the
25 company holding the contract being replaced. One copy

Page 4

1 shall be left with the purchaser and one copy held on
2 file at least five years by the agent or company
3 making the replacement sale."

S-2211 Filed *Withdrawn 3/20*
February 20, 1974

By ANDERSEN

S-2491

1 Amend House File 98 as amended, passed and reprinted
2 by the House, page 4A, line 34, by striking the
3 word "agency" and inserting in lieu thereof the
4 word "agent".

S-2491 Filed *admitted 3/20*
March 15, 1974

By CURTIS

S-2555

1 Amend House File 98, as amended, passed and
2 reprinted by the House, page 48, by inserting
3 the following section after line 44:
4 Sec. ____ . NEW SECTION. All group
5 contracts authorized under this Act must be awarded
6 through competitive bid.

S-2555 Filed and lost
March 20, 1974

By ORR and SCHABEN

- 1 Amend House File 98, as amended, passed and reprinted
 2 by the House, as follows:
 3 1. Page 2, by inserting the following after line
 4 19: "Whenever an existing tax sheltered annuity
 5 contract is to be replaced by a new contract the
 6 agent or representative of the company shall submit
 7 a letter of intent to the company being replaced,
 8 to the insurance commissioner of the state of Iowa,
 9 and to his own company at least thirty days prior
 10 to any action by registered mail. This letter of
 11 intent shall contain the policy number and description
 12 of the contract being replaced and a description of
 13 the replacement contract."
 14 2. Page 3, by inserting the following after line
 15 7: "Whenever an existing tax sheltered annuity
 16 contract is to be replaced by a new contract the
 17 agent or representative of the company shall submit
 18 a letter of intent to the company being replaced,
 19 to the insurance commissioner of the state of Iowa,
 20 and to his own company at least thirty days prior
 21 to any action by registered mail. This letter of
 22 intent shall contain the policy number and description
 23 of the contract being replaced and a description of
 24 the replacement contract."
 25 3. Page 4A, by inserting the following after line

Page 2

- 1 6: "Whenever an existing tax sheltered annuity
 2 contract is to be replaced by a new contract the
 3 agent or representative of the company shall submit
 4 a letter of intent to the company being replaced,
 5 to the insurance commissioner of the state of Iowa,
 6 and to his own company at least thirty days prior
 7 to any action by registered mail. This letter of
 8 intent shall contain the policy number and description
 9 of the contract being replaced and a description of
 10 the replacement contract."
 11 4. Page 4A, by inserting the following after line 25:
 12 "Whenever an existing tax sheltered annuity contract
 13 is to be replaced by a new contract the agent or
 14 representative of the company shall submit a letter
 15 of intent to the company being replaced, to the
 16 insurance commissioner of the state of Iowa, and to
 17 his own company at least thirty days prior to any
 18 action by registered mail. This letter of intent
 19 shall contain the policy number and description of
 20 the contract being replaced and a description of the
 21 replacement contract."
 22 5. Page 4B, by inserting the following after line
 23 44: "Whenever an existing tax sheltered annuity
 24 contract is to be replaced by a new contract the
 25 agent or representative of the company shall submit

Page 3

- 1 a letter of intent to the company being replaced,
 2 to the insurance commissioner of the state of Iowa,
 3 and to his own company at least thirty days prior
 4 to any action by registered mail. This letter of
 5 intent shall contain the policy number and description
 6 of the contract being replaced and a description of
 7 the replacement contract."

S-2210

1 Amend the Committee on Commerce amendment, S-2144, to
2 House File 98, by inserting the following after line
3 23:

4 "Whenever an existing tax sheltered annuity contract
5 is to be replaced by a new contract, the agent or repre-
6 sentative of the company shall submit a complete compari-
7 son of the two contracts as of the date of the proposed
8 exchange to the annuitant. The comparison shall be made
9 on a form approved by the insurance commissioner of Iowa
10 and shall be signed by an officer representing the
11 company issuing the new contract. Three copies of the
12 comparison shall be signed by the annuitant with one
13 copy sent at least thirty days prior to the actual
14 replacement to the company holding the contract being
15 replaced. One copy shall be left with the purchaser
16 and one copy held on file at least five years by the
17 agent or company making the replacement sale."

S-2210 Filed - *Withdrawn 3/20*
February 20, 1974

By ANDERSEN

March 26, 1973

HOUSE FILE 98

House File 98
Commerce—
Curtis, Chairman
Hultman
Priebe

By FREEMAN

(AS AMENDED AND PASSED BY THE HOUSE)

Passed House, Date 4-17-74 (1870) Passed Senate, Date 3-20-74 (963)

Vote: Ayes 71 Nays 18 Vote: Ayes 27 Nays 18

Approved May 2, 1974
motion to reconsider filed 3/20. Lost 4/3

A BILL FOR

- 1 An Act to allow school boards, county school boards, area
- 2 school boards, and the state board of public instruction
- 3 to provide group contracts, and the board for the
- 4 educational radio and television facility to provide
- 5 group or individual contracts,
- 6 for tax-sheltered annuities
- 7 to employees.
- 8 *Be It Enacted by the General Assembly of the State of Iowa:*

1 Section 1. Section two hundred fifty-seven point ten
2 (257.10), subsection thirteen (13), Code 1973, is amended
3 to read as follows:

4 13. At the request of an employee through contractual
5 agreement the board may arrange for the purchase of [an]
6 *group or* *indi-*
7 *vidual annuity [contract] contracts*
8 *for any of [their] its respective em-*
9 *ployees from any company the employee may choose that is*
10 *authorized to do business in this state and through an Iowa-*
11 *licensed insurance agent that the employee may select, for*
12 *retirement or other purposes and may make payroll deductions*
13 *in accordance with such arrangements for the purpose of paying*
14 *the entire premium due and to become due under such contract.*
15 *The deductions shall be made in the manner which will qualify*
16 *the annuity premiums for the benefits afforded under section*
17 *403b of the Internal Revenue Code of 1954 and amendments*
18 *thereto. The employee's rights under such annuity contract*
19 *shall be nonforfeitable except for failure to pay premiums.*

20 Sec. 2. Section two hundred seventy-three point thirteen
21 (273.13), subsection fifteen (15), Code 1973, is amended to
22 read as follows:

23 15. At the request of an employee through contractual
24 agreement the board may arrange for the purchase of [an]
25 *group or* *indi-*
26 *vidual annuity [contract] contracts*
27 *for any of [their] its respective em-*
28 *ployees from any company the employee may choose that is*
29 *authorized to do business in this state and through an Iowa-*
30 *licensed insurance agent that the employee may select, for*
31 *retirement or other purposes and may make payroll deductions*

1 in accordance with such arrangements for the purpose of paying
2 the entire premium due and to become due under such contract.
3 The deductions shall be made in the manner which will qualify
4 the annuity premiums for the benefits afforded under section
5 403b of the Internal Revenue Code of 1954 and amendments
6 thereto. The employee's rights under such annuity contract
7 shall be nonforfeitable except for the failure to pay premiums.

8 Sec. 3. Section two hundred eighty A point twenty-three
9 (280A.23), subsection ten (10), Code 1973, is amended to read
10 as follows:

11 10. At the request of an employee through contractual
12 agreement the board may arrange for the purchase of [an]
13 *group or* *indi-*
14 *vidual annuity [contract] contracts*
15 *for any of [their] its* respective em-
16 ployees from any company the employee may choose that is
17 authorized to do business in this state and through an Iowa-
18 licensed insurance agent that the employee may select, for
19 retirement or other purposes and may make payroll deductions
20 in accordance with such arrangements for the purpose of paying
21 the entire premium due and to become due under such contract.

1 The deductions shall be made in the
2 manner which will qualify the annuity premiums for the bene-
3 fits afforded under section 403b of the Internal Revenue Code
4 of 1954 and amendments thereto. The employee's rights under
5 such annuity contract shall be nonforfeitable except for the
6 failure to pay premiums.

7 Sec. 4. Section two hundred ninety-four point sixteen
8 (294.16), Code 1973, is amended to read as follows:

9 294.16 ANNUITY CONTRACTS. At the request of an employee
10 through contractual agreement a school district may purchase
11 **[an] group or**
12 individual annuity **[contract] contracts**
13 for an employee, from such
14 insurance organization authorized to do business in this state
15 and through an [Iowa-licensed] *Iowa-licensed* insurance agent
16 as the employee may select, for retirement or other purposes
17 and may make payroll deductions in accordance with such
18 arrangements for the purpose of paying the entire premium
19 due and to become due under such contract.

20 The deductions shall be made in the manner which
21 will qualify the annuity premiums for the benefit afforded
22 under section 403b (26 USC §403b) of the federal internal
23 revenue code and amendments thereto. The employee's rights
24 under such annuity contract shall be nonforfeitable except
25 for the failure to pay premiums.

26 Sec. 5. Chapter eight A (8A), Code 1973, is
27 amended by adding the following new section:

28 **NEW SECTION.** ANNUITY CONTRACTS. At the request of
29 an employee through contractual agreement the board
30 may arrange for the purchase of group or individual
31 annuity contracts for any of its respective employees
32 from any company the employee may choose that is
33 authorized to do business in this state and through an
34 Iowa-licensed insurance agency that the employee may
35 select, for retirement or other purposes and may make

36 payroll deductions in accordance with such arrangements
37 for the purpose of paying the entire premium due and to
38 become due under such contract. The deductions shall be
39 made in the manner which will qualify the annuity premiums
40 for the benefits afforded under section four hundred three b
41 (403b) of the Internal Revenue Code of 1954 and
42 amendments thereto. The employee's rights under such
43 annuity contract shall be nonforfeitable except for the
44 failure to pay premiums.

45 **EXPLANATION**

46 This bill allows school boards, county school boards, area
47 school boards, and the state board of public instruction to
48 arrange for group contracts for tax sheltered annuities.

S—2144

1 Amend House File 98 as amended, passed, and reprinted
2 by the House as follows:

3 1. By adding the following new section on page 4B,
4 after line 44.

5 Sec. _____. Chapter two hundred sixty-two (262),
6 Code 1973, is amended by adding the following new
7 section:

8 NEW SECTION. ANNUITY CONTRACTS. At the request
9 of an employee through contractual agreement the
10 board may arrange for the purchase of group or
11 individual annuity contracts for any of its respective
12 employees from any company the employee may choose
13 that is authorized to do business in this state, for
14 retirement or other purposes, and may make payroll
15 deductions in accordance with such arrangements for
16 the purpose of paying the entire premium due and to
17 become due under such contract. The deductions shall
18 be made in the manner which will qualify the annuity
19 premiums for the benefits afforded under section
20 four hundred three b (403b) of the Internal Revenue
21 Code of 1954 and amendments thereto. The employee's
22 rights under such annuity contract shall be non-
23 forfeitable except for the failure to pay premiums."

S—2144 Filed. *Adopted as amended by 2/30* By COMMITTEE ON COMMERCE
February 7, 1974 *2/30*

S—2145

1 Amend House File 98, as amended, passed and
2 reprinted by the House, page 1, line 2, by inserting
3 after the word "boards," the following: "the state
4 board of regents".

S—2145 Filed *Adopted 3/20*
February 7, 1974

By MC CARTNEY

S—2188

1 Amend the Committee on Commerce amendment S-2144 to
2 House File 98 by inserting the following after line 23:
3 "Whenever an existing tax sheltered annuity
4 contract is to be replaced by a new contract the
5 agent or representative of the company shall submit
6 a letter of intent to the company being replaced,
7 to the insurance commissioner of the state of Iowa,
8 and to his own company at least thirty days prior
9 to any action by registered mail. This letter of
10 intent shall contain the policy number and description
11 of the contract being replaced and a description of
12 of replacement contract."

S—2188 Filed *Adopted 3/20*
February 18, 1974

By POTTER