

Substituted FOR
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WAYS & MEANS CALENDAR

HOUSE FILE 2418
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 2368)
(SUCCESSOR TO HSB 702)

Passed House ^(P. 1094) Date 4-4-94 Passed Senate ^(P. 1092) Date 4-7-94
Vote: Ayes 100 Nays 0 Vote: Ayes 48 Nays 0
Approved May 16, 1994

A BILL FOR

1 An Act relating to public retirement systems, providing
2 implementation and applicability provisions, and providing
3 effective and retroactive applicability dates.

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

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HF 2418

1 Section 1. Section 97A.1, subsection 13, Code 1993, is
2 amended to read as follows:

3 13. "Peace officer" or "peace officers" shall mean all
4 members of the divisions of highway safety and uniformed force
5 and criminal investigation and bureau of identification in the
6 department of public safety, except clerical workers, who have
7 passed a satisfactory physical and mental examination and have
8 been duly appointed as members of the state department of
9 public safety in accordance with section 80.15, and the
10 division of drug law enforcement, and arson investigators in
11 the department of public safety ~~hired-prior-to-July-1,-1988,~~
12 except clerical workers, and the division of beer and liquor
13 law enforcement of the department of public safety, except
14 clerical workers.

15 Sec. 2. Section 97A.3, Code 1993, is amended to read as
16 follows:

17 97A.3 MEMBERSHIP IN SYSTEM.

18 1. All members of the division of highway safety,
19 uniformed force, and radio communications and the division of
20 criminal investigation and bureau of identification in the
21 department of public safety, excepting the members of the
22 clerical force, who are employed by the state of Iowa when
23 this chapter becomes effective, and all persons thereafter
24 employed as members of such divisions in the department of
25 public safety or division of drug law enforcement and arson
26 investigators, except the members of the clerical force, shall
27 be members of this system, except as otherwise provided in
28 subsection 3. Such members shall not be required to make
29 contributions under any other pension or retirement system of
30 the state of Iowa, anything to the contrary notwithstanding.

31 2. Should any member in any period of five consecutive
32 years after last becoming a member, be absent from service for
33 more than four years, or should a member become a beneficiary
34 or die, the person shall thereupon cease to be a member of
35 this system.

1 3. a. As used in this section, unless the context
2 otherwise requires, "reemployed" or "reemployment" means the
3 employment of a person in a position which would otherwise be
4 included as a membership position under subsection 1, after
5 the person has commenced receiving a service retirement
6 allowance under section 97A.6.

7 b. If a person is reemployed, the person shall not become
8 an active member of the system upon reemployment, and the
9 person so reemployed and the state of Iowa shall not make
10 contributions to the system based upon the person's
11 compensation for reemployment. A person who is so reemployed
12 shall continue to receive the service retirement allowance,
13 and the service retirement allowance shall not be recalculated
14 based upon the person's reemployment. Notwithstanding section
15 97B.41 or any other provision of law to the contrary, a person
16 reemployed as provided in this subsection shall be exempt from
17 chapter 97B.

18 3 4. Effective July 1, 1979, a person shall not become a
19 member of the system unless that person has passed the
20 physical and mental examination given under the provisions of
21 section 80.15 and unless that person has received a diploma
22 for satisfactory completion of a training school held pursuant
23 to the provisions of section 80.13.

24 Sec. 3. Section 97A.5, subsection 8, Code Supplement 1993,
25 is amended to read as follows:

26 8. MEDICAL BOARD. The board of trustees shall designate a
27 medical board to be composed of three physicians who shall
28 arrange for and pass upon the medical examinations required
29 under the provisions of this chapter and shall report in
30 writing to the board of trustees, its conclusions and
31 recommendations upon all matters duly referred to it. Each
32 report of a medical examination under section 97A.6,
33 subsections 3 and 5, shall include the medical board's rating
34 findings in accordance with section 97A.6 as to the extent of
35 the member's physical impairment.

1 Sec. 4. Section 97A.5, Code Supplement 1993, is amended by
2 adding the following new subsection:

3 NEW SUBSECTION. 13. REQUIREMENTS RELATED TO THE INTERNAL
4 REVENUE CODE.

5 a. As used in this subsection, unless the context
6 otherwise requires, "Internal Revenue Code" means the Internal
7 Revenue Code as defined in section 422.3.

8 b. The funds established in section 97A.8 shall be held in
9 trust for the benefit of the members of the system and the
10 members' beneficiaries. No part of the corpus or income of
11 the funds shall be used for, or diverted to, purposes other
12 than for the exclusive benefit of the members or the members'
13 beneficiaries or for expenses incurred in the operation of the
14 funds. A person shall not have any interest in, or right to,
15 any part of the corpus or income of the funds except as
16 otherwise expressly provided.

17 c. Notwithstanding any provision of this chapter to the
18 contrary, in the event of a complete discontinuance of
19 contributions, for reasons other than achieving fully funded
20 status upon an actuarially determined basis, or upon
21 termination of the funds established in section 97A.8, a
22 member shall be vested, to the extent then funded, in the
23 benefits which the member has accrued at the date of the
24 discontinuance or termination.

25 d. Benefits payable from the funds established in section
26 97A.8 to members and members' beneficiaries shall not be
27 increased due to forfeitures from other members. Forfeitures
28 shall be used as soon as possible to reduce future
29 contributions by the state to the pension accumulation fund,
30 except that the rate shall not be less than the minimum rate
31 established in section 97A.8.

32 e. Notwithstanding any provision of this chapter to the
33 contrary, a member's service retirement allowance shall
34 commence on or before the later of the following:

- 35 (1) April 1 of the calendar year following the calendar

1 year in which the member attains the age of seventy and one-
2 half years.

3 (2) April 1 of the calendar year following the calendar
4 year in which the member retires.

5 f. The maximum annual benefit payable to a member by the
6 system shall be subject to the limitations set forth in
7 section 415 of the Internal Revenue Code, and any regulations
8 promulgated pursuant to that section.

9 g. The annual compensation of a member taken in account
10 for any purpose under this chapter shall not exceed the
11 applicable amount set forth in section 401(a)(17) of the
12 Internal Revenue Code, and any regulations promulgated
13 pursuant to that section.

14 Sec. 5. Section 97A.6, subsection 1, Code 1993, is amended
15 by adding the following new paragraph:

16 NEW PARAGRAPH. c. Once a person commences receiving a
17 service retirement allowance pursuant to this section, if the
18 person is reemployed, as defined in section 97A.3, the service
19 retirement allowance shall not be recalculated based upon the
20 person's reemployment.

21 Sec. 6. Section 97A.6, subsection 2, paragraph d,
22 subparagraph (2), Code 1993, is amended to read as follows:

23 (2) For a member who terminates service, other than by
24 death or disability, on or after July 1, 1991, but before
25 October 16, 1992, and who does not withdraw the member's
26 contributions pursuant to section 97A.16, upon the member's
27 retirement there shall be added six-tenths percent of the
28 member's average final compensation for each year of service
29 over twenty-two years, excluding years of service after the
30 member's fifty-fifth birthday. However, this subparagraph
31 does not apply to more than eight additional years of service.

32 Sec. 7. Section 97A.6, subsection 2, paragraph d, Code
33 1993, is amended by adding the following new subparagraph:

34 NEW SUBPARAGRAPH. (3) For a member who terminates
35 service, other than by death or disability, on or after

1 October 16, 1992, and who does not withdraw the member's
2 contributions pursuant to section 97A.16, upon the member's
3 retirement there shall be added six-tenths percent of the
4 member's average final compensation for each year of service
5 over twenty-two years. However, this subparagraph does not
6 apply to more than eight additional years of service.

7 Sec. 8. NEW SECTION. 97A.6B ROLLOVERS OF MEMBERS'
8 ACCOUNTS.

9 1. As used in this section, unless the context otherwise
10 requires:

11 a. "Direct rollover" means a payment by the system to the
12 eligible retirement plan specified by the member or the
13 member's surviving spouse.

14 b. "Eligible retirement plan" means either of the
15 following that accepts an eligible rollover distribution from
16 a member or a member's surviving spouse:

17 (1) An individual retirement account in accordance with
18 section 408(a) of the federal Internal Revenue Code.

19 (2) An individual retirement annuity in accordance with
20 section 408(b) of the federal Internal Revenue Code.

21 In addition, an "eligible retirement plan" includes an
22 annuity plan in accordance with section 403(a) of the federal
23 Internal Revenue Code, or a qualified trust in accordance with
24 section 401(a) of the federal Internal Revenue Code, that
25 accepts an eligible rollover distribution from a member.

26 c. "Eligible rollover distribution" means all or any
27 portion of a member's account, except that an eligible
28 rollover distribution does not include any of the following:

29 (1) A distribution that is one of a series of
30 substantially equal periodic payments, which occur annually or
31 more frequently, made for the life or life expectancy of the
32 distributee or the joint lives or joint life expectancies of
33 the distributee and the distributee's designated beneficiary,
34 or made for a specified period of ten years or more.

35 (2) A distribution to the extent that the distribution is

1 required pursuant to section 401(a)(9) of the federal Internal
2 Revenue Code.

3 (3) The portion of any distribution that is not includible
4 in the gross income of the distributee, determined without
5 regard to the exclusion for net unrealized appreciation with
6 respect to employer securities.

7 (4) A distribution of less than two hundred dollars of
8 taxable income.

9 2. Effective January 1, 1993, a member or a member's
10 surviving spouse may elect, at the time and in the manner
11 prescribed in rules adopted by the board of trustees, to have
12 the system pay all or a portion of an eligible rollover
13 distribution directly to an eligible retirement plan,
14 specified by the member or the member's surviving spouse, in a
15 direct rollover. If a member or a member's surviving spouse
16 elects a partial direct rollover, the amount of funds elected
17 for the partial direct rollover must equal or exceed five
18 hundred dollars.

19 Sec. 9. Section 97A.8, subsection 1, paragraph f,
20 subparagraphs (6) and (7), Code 1993, are amended to read as
21 follows:

22 (6) An amount equal to eight and one-tenth thirty-five
23 hundredths percent of each member's compensation from the
24 earnable compensation of the member shall be paid to the
25 pension accumulation fund for the fiscal year beginning July
26 1, 1994.

27 (7) An amount equal to nine and one-tenth thirty-five
28 hundredths percent of each member's compensation from the
29 earnable compensation of the member shall be paid to the
30 pension accumulation fund for the fiscal year beginning July
31 1, 1995.

32 Sec. 10. Section 97A.8, subsection 1, paragraph h, Code
33 1993, is amended to read as follows:

34 h. Notwithstanding the provisions of paragraph "f", the
35 following transition percentages apply to members'

1 contributions as specified:

2 (1) For members who on July 1, 1990, have attained the age
3 of forty-nine years or more, an amount equal to nine and one-
4 tenth percent of each member's compensation from the earnable
5 compensation of the member shall be paid to the pension
6 accumulation fund for the fiscal year period beginning July 1,
7 1990, through October 15, 1992, and commencing October 16,
8 1992, and for each subsequent fiscal year-thereafter period,
9 the rates specified in paragraph "f", subparagraphs (4)
10 through (8), shall apply.

11 (2) For members who on July 1, 1990, have attained the age
12 of forty-eight years but have not attained the age of forty-
13 nine years, an amount equal to eight and one-tenth percent
14 shall be paid for the fiscal year beginning July 1, 1990, and
15 an amount equal to nine and one-tenth percent shall be paid
16 for the fiscal year period beginning July 1, 1991, through
17 October 15, 1992, and commencing October 16, 1992, and for
18 each subsequent fiscal year-thereafter period, the rates
19 specified in paragraph "f", subparagraphs (4) through (8),
20 shall apply.

21 (3) For members who on July 1, 1990, have attained the age
22 of forty-seven years but have not attained the age of forty-
23 eight years, an amount equal to seven and one-tenth percent
24 shall be paid for the fiscal year beginning July 1, 1990, an
25 amount equal to eight and one-tenth percent shall be paid for
26 the fiscal year beginning July 1, 1991, and an amount equal to
27 nine and one-tenth percent shall be paid for the fiscal year
28 period beginning July 1, 1992, through October 15, 1992, and
29 commencing October 16, 1992, and for each subsequent fiscal
30 year-thereafter period, the rates specified in paragraph "f",
31 subparagraphs (4) through (8), shall apply.

32 (4) For members who on July 1, 1990, have attained the age
33 of forty-six years but have not attained the age of forty-
34 seven years, an amount equal to six and one-tenth percent
35 shall be paid for the fiscal year beginning July 1, 1990, an

1 amount equal to seven and one-tenth percent shall be paid for
2 the fiscal year beginning July 1, 1991, an amount equal to
3 eight and one-tenth percent shall be paid for the fiscal year
4 period beginning July 1, 1992, and an amount equal to nine and
5 one-tenth percent shall be paid for the fiscal year beginning
6 July 1, 1993, through October 15, 1992, and commencing October
7 16, 1992, and for each subsequent fiscal year thereafter
8 period, the rates specified in paragraph "f", subparagraphs
9 (4) through (8), shall apply.

10 (5) For members who on July 1, 1990, have attained the age
11 of forty-five years but have not attained the age of forty-six
12 years, an amount equal to five and one-tenth percent shall be
13 paid for the fiscal year beginning July 1, 1990, an amount
14 equal to six and one-tenth percent shall be paid for the
15 fiscal year beginning July 1, 1991, and an amount equal to
16 seven and one-tenth percent shall be paid for the fiscal year
17 period beginning July 1, 1992, an amount equal to eight and
18 one-tenth percent shall be paid for the fiscal year beginning
19 July 1, 1993, and an amount equal to nine and one-tenth
20 percent shall be paid for the fiscal year beginning July 1,
21 1994, and each fiscal year thereafter through October 15,
22 1992. Commencing October 16, 1992, and for each subsequent
23 fiscal period, the rates specified in paragraph "f",
24 subparagraphs (4) through (8), shall apply.

25 Sec. 11. Section 97B.25, Code 1993, is amended to read as
26 follows:

27 97B.25 APPLICATIONS FOR BENEFITS.

28 A representative designated by the administrator chief
29 benefits officer and referred to in this chapter as a
30 retirement benefits specialist, shall promptly examine
31 applications for retirement benefits and on the basis of facts
32 found shall determine whether or not the claim is valid and if
33 valid, the month with respect to which benefits shall
34 commence, the monthly benefit amount payable, and the maximum
35 duration. The retirement benefits specialist shall promptly

1 notify the applicant and any other interested party of the
2 decision and the reasons. Unless the applicant or other
3 interested party, within thirty calendar days after the
4 notification was mailed to the applicant's or party's last
5 known address, files an appeal as provided in section 97B.20A,
6 the decision is final and benefits shall be paid or denied in
7 accord with the decision.

8 Sec. 12. Section 97B.41, subsection 8, paragraph a,
9 unnumbered paragraph 1, Code Supplement 1993, is amended to
10 read as follows:

11 "Employer" means the state of Iowa, the counties,
12 municipalities, agencies, public school districts, all
13 political subdivisions, and all of their departments and
14 instrumentalities, including area agencies on aging, other
15 than those employing persons as specified in paragraph "b",
16 subparagraph (19), and joint planning commissions created
17 under chapter 28E or 28I.

18 Sec. 13. Section 97B.41, subsection 8, paragraph b,
19 subparagraph (1), Code Supplement 1993, is amended to read as
20 follows:

21 (1) Elective officials in positions for which the
22 compensation is on a fee basis, elective officials of school
23 districts, elective officials of townships, and elective
24 officials of other political subdivisions who are in part-time
25 positions, unless the elective official makes an application
26 to the department to be covered under this chapter. An
27 elective official who made an application to the department to
28 be covered under this chapter may terminate membership under
29 this chapter by informing the department in writing of the
30 expiration-of-the member's term-of-office termination from
31 covered employment. A county attorney is an employee for
32 purposes of this chapter whether that county attorney is
33 employed on a full-time or part-time basis.

34 Sec. 14. Section 97B.41, subsection 8, paragraph b,
35 subparagraph (4), unnumbered paragraph 1, Code Supplement

1 1993, is amended to read as follows:

2 Members of the general assembly of Iowa and temporary
3 employees of the general assembly of Iowa, unless such members
4 or employees make an application to the department to be
5 covered under this chapter. A member of the general assembly
6 who made an application to the department to be covered under
7 this chapter may terminate membership under this chapter by
8 informing the department in writing of the member's intent to
9 terminate termination from covered employment.

10 Sec. 15. Section 97B.41, subsection 8, paragraph b, Code
11 Supplement 1993, is amended by adding the following new
12 subparagraph:

13 NEW SUBPARAGRAPH. (19) Employees of an area agency on
14 aging, if as of July 1, 1994, the agency provides for parti-
15 cipation by all of its employees in an alternative qualified
16 plan pursuant to the requirements of the federal Internal
17 Revenue Code.

18 Sec. 16. Section 97B.41, subsection 12, Code Supplement
19 1993, is amended to read as follows:

20 12. "Membership service" means service rendered by a
21 member after July 4, 1953. Years of membership service shall
22 be counted to the complete quarter calendar year. However,
23 membership service for a calendar year shall not include more
24 than four quarters. In determining a member's period of
25 membership service, the department shall combine all periods
26 of service for which the member has made contributions. If
27 the department has not maintained the accumulated contribution
28 account of the member for a period of service, as provided
29 pursuant to section 97B.53, subsection 6, the department shall
30 credit the member for the service if the member submits
31 satisfactory proof to the department that the member did make
32 the contributions for the period of service and did not take a
33 refund for the period of service. However, the department
34 shall not implement the amendments to this subsection, as
35 enacted in this Act, unless and until the department

1 determines that the most recent annual actuarial valuation of
2 the retirement system indicates that the employer and employee
3 contribution rates in effect under section 97B.11 can absorb
4 the amendments to this subsection and to section 97B.53,
5 subsections 3 and 7, section 97B.53, subsection 6, unnumbered
6 paragraph 1, and section 97B.70, by enacting a new subsection
7 4, contained in this Act, after meeting the other established
8 priorities of the system. Until the amendments are
9 implemented, the department shall continue to implement the
10 provisions of section 97B.41, subsection 12, Code Supplement
11 1993. As used in this subsection, unless the context
12 otherwise requires, "other established priorities of the
13 system" means that commencing January 1 following the most
14 recent annual actuarial valuation of the system, the
15 department has increased the covered wage limitation from the
16 previous year by three thousand dollars, in accordance with
17 section 97B.41, subsection 20, paragraph "b", subparagraph
18 (11), and that the department has implemented the amendments
19 to section 97B.66, unnumbered paragraphs 1 and 2, section
20 97B.72, unnumbered paragraphs 1 and 2, section 97B.72A,
21 subsection 1, unnumbered paragraph 1, section 97B.73A,
22 unnumbered paragraph 1, and section 97B.74, unnumbered
23 paragraphs 1 and 2, contained in this Act.

24 Sec. 17. Section 97B.41, subsection 15, paragraph a, Code
25 Supplement 1993, is amended to read as follows:

26 a. Service in the armed forces of the United States during
27 ~~a-period-of-war-or-national-emergency~~, if the employee was
28 employed by the employer immediately prior to entry into the
29 armed forces, and if the employee was released from service
30 and returns to covered employment with the employer within
31 twelve months of the date on which the employee has the right
32 of release from service or within a longer period as provided
33 by the applicable laws of the United States.

34 Sec. 18. Section 97B.41, subsection 18, Code Supplement
35 1993, is amended to read as follows:

1 18. "Three-year average covered wage" means a member's
2 covered wages averaged for the highest three years of the
3 member's service, except as otherwise provided in this
4 subsection. The highest three years of a member's covered
5 wages shall be determined using calendar years. However, if a
6 member's final quarter of a year of employment does not occur
7 at the end of a calendar year, the department may determine
8 the wages for the third year by combining the wages from the
9 highest quarter or quarters of the member's service not being
10 used in the selection of the two highest years with the final
11 quarter or quarters of the member's service to create a full
12 year. If the third year of wages so determined by the
13 department would exceed the highest amount of covered wages
14 actually earned by the member in any calendar year, the
15 department shall limit the amount attributed to the third year
16 of wages to the highest amount of covered wages actually
17 earned by the member in a calendar year. However, the
18 department shall not use the member's final quarter of wages
19 if using that quarter would reduce the member's three-year
20 average covered wage. If the three-year average covered wage
21 of a member exceeds the highest maximum covered wages in
22 effect for a calendar year during the member's period of
23 service, the three-year average covered wage of the member
24 shall be reduced to the highest maximum covered wages in
25 effect during the member's period of service.

26 Sec. 19. Section 97B.42, unnumbered paragraph 1, Code
27 1993, is amended to read as follows:

28 Each employee whose employment commences after July 4,
29 1953, or who has not qualified for credit for prior service
30 rendered prior to July 4, 1953, or any publicly elected
31 official of the state or any of its political subdivisions
32 shall become a member upon the first day in which such
33 employee is employed. The employee shall continue to be a an
34 active member so long as the employee continues in public
35 covered employment. The employee shall cease to be a an

1 active member if the employee joins another retirement system
2 in the state which is maintained in whole or in part by public
3 contributions or payments. If an employee joins another
4 publicly maintained retirement system, the employee may elect
5 to leave the employee's accumulated contributions in the
6 retirement fund or receive a refund of the employee's
7 accumulated contributions in the manner provided for members
8 who are terminating covered employment pursuant to section
9 97B.53. However, if an employee joins another publicly
10 maintained retirement system and leaves the employee's
11 accumulated contributions in the retirement fund, the employee
12 shall not be eligible to receive retirement benefits until the
13 employee has a bona fide retirement from employment with a
14 covered employer as provided in section 97B.52A, or until the
15 employee would otherwise be eligible to receive benefits upon
16 attaining the age of seventy years as provided in section
17 97B.46.

18 Employment shall not be covered under this chapter until
19 the employment is covered under the federal Social Security
20 Act and any agreements which are required pursuant to chapter
21 97C are effective.

22 Sec. 20. Section 97B.42, unnumbered paragraph 5, Code
23 1993, is amended to read as follows:

24 Notwithstanding any other provision of this section,
25 commencing July 1, 1994, a member who is employed by a
26 community college may elect coverage under an alternative
27 retirement benefits system, which is issued by or through a
28 nonprofit corporation issuing retirement annuities exclusively
29 to educational institutions and their employees, in lieu of
30 continuing or commencing contributions to the Iowa public
31 employees' retirement system, if the board of directors of the
32 community college has approved the alternative system pursuant
33 to section 260C.23. However, the employer's annual
34 contribution in dollars to the alternative retirement benefits
35 system shall not exceed the annual contribution in dollars

1 which the employer would contribute if the employee had
2 elected to remain an active member under this chapter, as set
3 forth in section 97B.11. A member employed by a community
4 college who elects coverage under an alternative retirement
5 benefits system may withdraw the member's accumulated
6 contributions effective when coverage under the alternative
7 benefits system commences. A member who is employed by a
8 community college prior to July 1, 1994, must file an election
9 for coverage under the alternative retirement benefits system
10 with the department and the employing community college within
11 one year of the first day on which coverage commences under
12 the community college's alternative retirement benefits
13 system, or the employee shall remain a member under this
14 chapter and shall not be eligible to elect to participate in
15 that community college's alternative retirement benefits
16 system at a later date. Employees of a community college
17 hired on or after July 1, 1994, must file an election for
18 coverage under the alternative retirement benefits system with
19 the department and the employing community college within
20 sixty days of commencing employment, or the employee shall
21 remain a member under this chapter and shall not be eligible
22 to elect to participate in that community college's
23 alternative retirement benefits system at a later date. The
24 department shall cooperate with the boards of directors of the
25 community colleges to facilitate the implementation of this
26 provision.

27 Sec. 21. NEW SECTION. 97B.42A OPTIONAL MEMBERSHIP.

28 Commencing July 1, 1994, a person who is newly hired in a
29 position in which the person may elect coverage by filing an
30 application under section 97B.41, subsection 8, paragraph "b",
31 must file an application within sixty days of employment in
32 the position in order to be covered under this chapter. A
33 person who is employed in a position in which the person may
34 elect coverage under section 97B.41, subsection 8, paragraph
35 "b", prior to July 1, 1994, but who has not filed an

1 application prior to that date, must file an application on or
2 before July 1, 1995, in order to be covered under this
3 chapter. Coverage will begin when the election has been
4 approved by the department and shall apply prospectively from
5 that date. If an application is approved pursuant to section
6 97B.41, subsection 8, paragraph "b", or this section, the
7 member shall not terminate active membership until the member
8 terminates covered employment.

9 Sec. 22. Section 97B.45, unnumbered paragraph 2, Code
10 1993, is amended to read as follows:

11 A member may retire after the member's sixty-fifth birthday
12 except as otherwise provided in section 97B.46. A member
13 retiring on or after the normal retirement date, as provided
14 in section 97B.46, shall submit a written notice to the
15 department setting forth the date the retirement is to become
16 effective. The date shall be after the member's last day of
17 service and not before the first day of the sixth calendar
18 month preceding the month in which the notice is filed, ~~except~~
19 ~~that credit for service ceases when contributions cease as~~
20 ~~provided in section 97B.11.~~

21 Sec. 23. Section 97B.46, Code 1993, is amended to read as
22 follows:

23 97B.46 SERVICE AFTER AGE SIXTY-FIVE.

24 1. A member who is not an active member of any other
25 retirement system in the state which is maintained in whole or
26 in part by public contributions may remain in service beyond
27 the date the member attains the age of sixty-five. ~~The~~
28 ~~employee shall retire on the first day of the month after the~~
29 ~~last day of service.~~ The employer shall not consider age as a
30 factor in determining the continuation of the member's
31 service.

32 2. A member shall not be employed as a peace officer or as
33 a fire fighter after attaining the age of sixty-five.

34 3. ~~Credit for service shall cease when contributions cease~~
35 ~~as provided by section 97B.11.~~ A member remaining in service

1 after attaining the age of seventy years is entitled to
2 receive a retirement allowance under section 97B.49 as
3 applicable commencing with payment for the calendar month
4 within which the written notice is submitted to the
5 department, except that if the member fails to submit the
6 notice on a timely basis, retroactive payments shall be made
7 for no more than six months immediately preceding the month in
8 which the written notice is submitted.

9 Sec. 24. Section 97B.48, subsection 1, Code 1993, is
10 amended to read as follows:

11 1. Retirement allowances shall be paid monthly, except
12 that an allowance of less than ~~two~~ six hundred ~~forty~~ dollars a
13 year may, at the member's option, be paid as a lump sum in an
14 actuarial equivalent amount. Receipt of the lump-sum payment
15 by a member shall terminate any and all entitlement for the
16 period of service covered of the member under this chapter.

17 Sec. 25. Section 97B.49, subsection 13, paragraphs a and
18 b, Code Supplement 1993, are amended to read as follows:

19 a. A member who retired from the system between January 1,
20 1976, and June 30, 1982, or a contingent annuitant or
21 beneficiary of such a member, shall receive with the November
22 ~~1992~~ 1994 and the November ~~1993~~ 1995 monthly benefit payments
23 a retirement dividend equal to one hundred ~~forty~~ eighty-one
24 percent of the monthly benefit payment the member received for
25 the preceding June, or the most recently received benefit
26 payment, whichever is greater. The retirement dividend does
27 not affect the amount of a monthly benefit payment.

28 b. Each member who retired from the system between July 4,
29 1953, and December 31, 1975, or a contingent annuitant or
30 beneficiary of such a member, shall receive with the November
31 ~~1992~~ 1994 and the November ~~1993~~ 1995 monthly benefit payments
32 a retirement dividend equal to ~~one~~ two hundred ~~eighty~~ thirty-
33 six percent of the monthly benefit payment the member received
34 for the preceding June, or the most recently received benefit
35 payment, whichever is greater. The retirement dividend does

1 not affect the amount of a monthly benefit payment.

2 Sec. 26. Section 97B.49, subsection 13, paragraph d, Code
3 Supplement 1993, is amended to read as follows:

4 d. A member who retired from the system between July 1,
5 1982, and June 30, 1986, or a contingent annuitant or
6 beneficiary of such a member, shall receive with the November
7 ~~1992~~ 1994 and the November ~~1993~~ 1995 monthly benefit payments
8 a retirement dividend equal to ~~twenty-four~~ forty-nine percent
9 of the monthly benefit payment the member received for the
10 preceding June, or the most recently received benefit payment,
11 whichever is greater. The retirement dividend does not affect
12 the amount of a monthly benefit payment.

13 Sec. 27. Section 97B.49, subsection 16, paragraph d,
14 subparagraph (6), Code Supplement 1993, is amended by striking
15 the subparagraph.

16 Sec. 28. Section 97B.49, subsection 16, paragraph j, Code
17 Supplement 1993, is amended to read as follows:

18 j. For the fiscal year commencing July 1, 1988, and each
19 succeeding fiscal year, there is appropriated from the general
20 fund of the state to the department of personnel, from funds
21 not otherwise appropriated, an amount necessary to pay the
22 employer share of the cost of the additional benefits provided
23 to employees covered under paragraph "d", ~~subparagraphs~~
24 subparagraph (4) and (6).

25 Sec. 29. Section 97B.50, subsection 1, unnumbered
26 paragraph 1, Code 1993, is amended to read as follows:

27 Except as otherwise provided in this section, a vested
28 member, upon retirement prior to the normal retirement date
29 other than that specified in section 97B.45, subsection 4, is
30 entitled to receive a monthly retirement allowance determined
31 in the same manner as provided for normal retirement in
32 section 97B.49, subsections 1, 4, and 5, ~~of section 97B.49~~
33 reduced as follows:

34 Sec. 30. Section 97B.50, subsection 2, Code 1993, is
35 amended to read as follows:

1 2. a. A vested member who retires from the system due to
2 disability and commences receiving disability benefits
3 pursuant to the United-States federal Social Security Act, (42
4 U.S.C.)~~;~~~~-as-amended-to-July-17-1978~~ § 423 et seq., and who has
5 not reached the normal retirement date, shall receive benefits
6 under section 97B.49 and shall not have benefits reduced upon
7 retirement as required under subsection 1 regardless of
8 whether the member has completed thirty or more years of
9 membership service. However, the benefits shall be suspended
10 during any period in which the member returns to covered
11 employment. This section takes effect July 1, 1990, for a
12 member meeting the requirements of this paragraph who retired
13 from the system at any time after July 4, 1953. Eligible
14 members are entitled to the receipt of retroactive adjustment
15 payments back to July 1, 1990.

16 b. A vested member who retires from the system due to
17 disability and commences receiving disability benefits
18 pursuant to the United-States federal Railroad Retirement Act,
19 (45 U.S.C. § 231 et seq.), and who has not reached the normal
20 retirement date, shall receive benefits under section 97B.49
21 and shall not have benefits reduced upon retirement as
22 required under subsection 1 regardless of whether the member
23 has completed thirty or more years of membership service.
24 However, the benefits shall be suspended during any period in
25 which the member returns to covered employment. This section
26 takes effect July 1, 1990, for a member meeting the
27 requirements of this paragraph who retired from the system at
28 any time since July 4, 1953. Eligible members are entitled to
29 the receipt of retroactive adjustment payments back to July 1,
30 1990.

31 Sec. 31. Section 97B.53, subsection 3, Code 1993, is
32 amended to read as follows:

33 3. The accumulated contributions of a terminated, vested
34 member shall be credited with interest, including interest
35 dividends, in the manner provided in section 97B.70. Interest

1 and interest dividends shall be credited to the accumulated
2 contributions of members who terminate service and
3 subsequently become vested in accordance with section 97B.70.
4 However, the department shall not implement the amendments to
5 this subsection or to subsection 6, unnumbered paragraph 1, or
6 to subsection 7, as enacted in this Act, unless and until the
7 department determines that the most recent annual actuarial
8 valuation of the retirement system indicates that the employer
9 and employee contribution rates in effect under section 97B.11
10 can absorb the amendments to these provisions of this section
11 and the amendments to section 97B.41, subsection 12, and
12 section 97B.70, by enacting a new subsection 4, contained in
13 this Act, after meeting the other established priorities of
14 the system, as defined in section 97B.41, subsection 12.
15 Until the amendments are implemented, the department shall
16 continue to implement the provisions of section 97B.53,
17 subsections 3 and 7, and section 97B.53, subsection 6,
18 unnumbered paragraph 1, 1993 Code of Iowa.

19 Sec. 32. Section 97B.53, subsection 6, unnumbered
20 paragraph 1, Code 1993, is amended to read as follows:

21 A member who terminates employment before the member is
22 vested and who does not claim and receive a refund of the
23 member's accumulated contributions within ~~five~~ ten years of
24 the date of termination shall, if the member makes claim for a
25 refund more than ~~five~~ ten years after the date of termination,
26 be required to submit proof satisfactory to the department of
27 the member's entitlement to the refund; ~~but in no case shall~~
28 ~~interest be allowed upon the accumulated contributions for any~~
29 ~~period in which the member is not an employee.~~ Interest and
30 interest dividends on the accumulated contributions shall only
31 be credited if provided in accordance with section 97B.70.

32 The department is under no obligation to maintain the
33 accumulated contribution accounts of such former members for
34 more than ~~five~~ ten years after their dates of termination.

35 Sec. 33. Section 97B.53, subsection 7, Code 1993, is

1 amended to read as follows:

2 7. Any member whose employment is terminated after one
3 year of employment but before the member has accumulated four
4 or more years of employment, either under the provisions of
5 this chapter or as a result of prior service credits, may
6 elect to leave the member's accumulated contributions in the
7 retirement fund. In the event the member returns to public
8 employment at any time within four years after this
9 termination of employment, the member shall be entitled to
10 resume membership in the system with the same credits for
11 prior service and accumulated contributions that the member
12 had earned when the member's original employment was
13 terminated. -- No interest shall be credited on the member's
14 accumulated contributions nor on the member's employer's
15 accumulated contributions during the period from the time of
16 the member's termination of employment to the member's
17 resumption of employment.

18 Any member who has resumed employment under the provisions
19 of this subsection shall not be eligible for any second period
20 of absence from membership as a result of termination of
21 service.

22 Sec. 34. NEW SECTION. 97B.53B ROLLOVERS OF MEMBERS'
23 ACCOUNTS.

24 1. As used in this section, unless the context otherwise
25 requires:

26 a. "Direct rollover" means a payment by the system to the
27 eligible retirement plan specified by the member or the
28 member's surviving spouse.

29 b. "Eligible retirement plan" means either of the
30 following that accepts an eligible rollover distribution from
31 a member or a member's surviving spouse:

32 (1) An individual retirement account in accordance with
33 section 408(a) of the federal Internal Revenue Code.

34 (2) An individual retirement annuity in accordance with
35 section 408(b) of the federal Internal Revenue Code.

1 In addition, an "eligible retirement plan" includes an
2 annuity plan in accordance with section 403(a) of the federal
3 Internal Revenue Code, or a qualified trust in accordance with
4 section 401(a) of the federal Internal Revenue Code, that
5 accepts an eligible rollover distribution from a member.

6 c. "Eligible rollover distribution" means all or any
7 portion of a member's account, except that an eligible
8 rollover distribution does not include any of the following:

9 (1) A distribution that is one of a series of
10 substantially equal periodic payments, which occur annually or
11 more frequently, made for the life or life expectancy of the
12 distributee or the joint lives or joint life expectancies of
13 the distributee and the distributee's designated beneficiary,
14 or made for a specified period of ten years or more.

15 (2) A distribution to the extent that the distribution is
16 required pursuant to section 401(a)(9) of the federal Internal
17 Revenue Code.

18 (3) The portion of any distribution that is not includible
19 in the gross income of the distributee, determined without
20 regard to the exclusion for net unrealized appreciation with
21 respect to employer securities.

22 (4) A distribution of less than two hundred dollars of
23 taxable income.

24 2. Effective January 1, 1993, a member or a member's
25 surviving spouse may elect, at the time and in the manner
26 prescribed in rules adopted by the department, to have the
27 department pay all or a portion of an eligible rollover
28 distribution directly to an eligible retirement plan,
29 specified by the member or the member's surviving spouse, in a
30 direct rollover. If a member or a member's surviving spouse
31 elects a partial direct rollover, the amount of funds elected
32 for the partial direct rollover must equal or exceed five
33 hundred dollars.

34 Sec. 35. Section 97B.56, Code 1993, is amended to read as
35 follows:

1 97B.56 ABOLISHED SYSTEM -- LIQUIDATION FUND.

2 The assets of the old-age and survivors' liquidation fund,
3 established by sections 97.50 to 97.53 and any future payments
4 or assets payable to the old-age and survivors' liquidation
5 fund, are hereby transferred to the retirement fund, and all
6 payments hereafter due in accordance with the provisions of
7 said sections shall be paid from the retirement fund; ~~and the~~
8 ~~liability for such payments shall be considered as allowances~~
9 ~~arising from prior service as provided in section 97B:54.~~

10 ~~Commencing July 1, 1967, and each year thereafter, the~~
11 ~~contributions required to fund the actuarial liabilities from~~
12 ~~the abolished system shall be determined in accordance with~~
13 ~~section 97B:54.~~

14 Sec. 36. Section 97B.61, unnumbered paragraph 2, Code
15 1993, is amended to read as follows:

16 After accepting the actuarial methods and assumptions of
17 the valuation, the department shall certify to the governor
18 the contribution rates determined thereby as the rates
19 necessary and sufficient for members and employers to fully
20 fund the benefits and retirement allowances being credited for
21 ~~membership service and to make the accrued liability~~
22 ~~contributions in level installments required for prior service~~
23 ~~under section 97B:54.~~

24 Sec. 37. Section 97B.66, unnumbered paragraphs 1 and 2,
25 Code Supplement 1993, are amended to read as follows:

26 A vested or retired member who was a member of the teachers
27 insurance and annuity association-college retirement equity
28 fund at any time between July 1, 1967 and June 30, 1971 and
29 who became a member of the system on July 1, 1971, upon
30 submitting verification of service and wages earned during the
31 applicable period of service under the teachers insurance and
32 annuity association-college retirement equity fund, may make
33 employer and employee contributions to the system based upon
34 the covered wages of the member and the covered wages and the
35 contribution rates in effect for all or a portion of that

1 period of service and receive credit for membership service
2 under this system equivalent to the number-of-years applicable
3 period of membership service in the teachers insurance and
4 annuity association-college retirement equity fund for which
5 the contributions have been made. In addition, a member
6 making employer and employee contributions because of
7 membership in the teachers insurance and annuity association-
8 college retirement equity fund under this section who was a
9 member of the system on June 30, 1967 and withdrew the
10 member's accumulated contributions because of membership on
11 July 1, 1967 in the teachers insurance and annuity
12 association-college retirement equity fund, may make employee
13 contributions to the system for all or a portion of the period
14 of service under the system prior to July 1, 1967. A member
15 making contributions pursuant to this section may make the
16 contributions either for the entire applicable period of
17 service, or, effective upon the date that the department
18 determines that the amendments to this paragraph and
19 unnumbered paragraph 2 contained in this Act shall be
20 implemented, for portions of the period of service, and if
21 contributions are made for portions of the period of service,
22 the contributions shall be in increments of one or more years,
23 as long as the increments represent full years and not a
24 portion of a year. However, the department shall not
25 implement the amendments to this paragraph or unnumbered
26 paragraph 2, as enacted in this Act, unless and until the
27 department determines that the most recent annual actuarial
28 valuation of the retirement system indicates that the employer
29 and employee contribution rates in effect under section 97B.11
30 can absorb the amendments to this paragraph and unnumbered
31 paragraph 2 and to section 97B.72, unnumbered paragraphs 1 and
32 2, section 97B.72A, subsection 1, unnumbered paragraph 1,
33 section 97B.73A, unnumbered paragraph 1, and section 97B.74,
34 unnumbered paragraphs 1 and 2, contained in this Act, after
35 meeting the other established priority of the system. Until

1 the amendments are implemented, the department shall continue
2 to implement the provisions of section 97B.66, unnumbered
3 paragraphs 1 and 2, Code Supplement 1993. As used in this
4 section, unless the context otherwise requires, "other
5 established priority of the system" means that commencing
6 January 1 following the most recent annual actuarial valuation
7 of the system, the department has increased the covered wage
8 limitation from the previous year by three thousand dollars,
9 in accordance with section 97B.41, subsection 20, paragraph
10 "b", subparagraph (11).

11 The contributions paid by the vested or retired member
12 shall be equal to the accumulated contributions as defined in
13 section 97B.41, subsection 2, by the member for that the
14 applicable period of service, and the employer contribution
15 for that the applicable period of service under the teachers
16 insurance and annuity association-college retirement equity
17 fund, that would have been or had been contributed by the
18 vested or retired member and the employer, if applicable, plus
19 interest on the contributions that would have accrued for the
20 applicable period from the date the previous applicable period
21 of service commenced under this system or from the date the
22 service of the member in the teachers insurance and annuity
23 association-college retirement equity fund commenced to the
24 date of payment of the contributions by the member equal to
25 two percent plus the interest dividend rate applicable for
26 each year.

27 Sec. 38. Section 97B.70, Code 1993, is amended by adding
28 the following new subsection:

29 NEW SUBSECTION. 4. Effective upon the date that the
30 department determines that this subsection shall be
31 implemented, interest and interest dividends shall be credited
32 to the contributions of a person who leaves the contributions
33 in the retirement fund upon termination from covered
34 employment prior to achieving vested status, but who
35 subsequently achieves vested status. The interest and

1 interest dividends shall be credited to the contributions
2 commencing either upon the date that the department determines
3 that this subsection shall be implemented, or the date on
4 which the person becomes a vested member, whichever is later.
5 Interest and interest dividends shall cease upon the first of
6 the month coinciding with or next following the person's
7 retirement date. If the department no longer maintains the
8 accumulated contribution account of the person pursuant to
9 section 97B.53, but the person submits satisfactory proof to
10 the department that the person did make the contributions, the
11 department shall credit interest and interest dividends in the
12 manner provided in this subsection. However, the department
13 shall not implement this subsection, unless and until the
14 department determines that the most recent annual actuarial
15 valuation of the retirement system indicates that the employer
16 and employee contribution rates in effect under section 97B.11
17 can absorb the enactment of this subsection and the amendments
18 to section 97B.41, subsection 12, section 97B.53, subsections
19 3 and 7, and section 97B.53, subsection 6, unnumbered
20 paragraph 1, contained in this Act, after meeting the other
21 established priorities of the system, as defined in section
22 97B.41, subsection 12.

23 Sec. 39. Section 97B.72, unnumbered paragraphs 1 and 2,
24 Code Supplement 1993, are amended to read as follows:

25 Persons who are members of the Seventy-first General
26 Assembly or a succeeding general assembly who submit proof to
27 the department of membership in the general assembly during
28 any period beginning July 4, 1953, may make contributions to
29 the system for all or a portion of the period of service in
30 the general assembly, and receive credit for the applicable
31 period for which contributions are made. The contributions
32 made by the member shall be equal to the accumulated
33 contributions as defined in section 97B.41, subsection 2,
34 which would have been made if the member of the general
35 assembly had been a member of the system during the member's

1 ~~service-in-the-general-assembly~~ applicable period. The proof
2 of membership in the general assembly and payment of
3 accumulated contributions shall be transmitted to the
4 department. ~~Persons-eligible-to-receive-retirement-allowances~~
5 ~~under-this-section-shall-be-eligible-to-commence-receiving~~
6 ~~retirement-allowances-on-January-14, 1985.~~ A member making
7 contributions pursuant to this section may make the
8 contributions either for the entire applicable period of
9 service, or, effective upon the date that the department
10 determines that the amendments to this paragraph and
11 unnumbered paragraph 2 contained in this Act shall be
12 implemented, for portions of the period of service, and if
13 contributions are made for portions of the period of service,
14 the contributions shall be in increments of one or more years,
15 as long as the increments represent full years and not a
16 portion of a year. However, the department shall not
17 implement the amendments to this paragraph or unnumbered
18 paragraph 2, as enacted in this Act, unless and until the
19 department determines that the most recent annual actuarial
20 valuation of the retirement system indicates that the employer
21 and employee contribution rates in effect under section 97B.11
22 can absorb the amendments to this paragraph and unnumbered
23 paragraph 2 and to section 97B.66, unnumbered paragraphs 1 and
24 2, section 97B.72A, subsection 1, unnumbered paragraph 1,
25 section 97B.73A, unnumbered paragraph 1, and section 97B.74,
26 unnumbered paragraphs 1 and 2, contained in this Act, after
27 meeting the other established priority of the system, as
28 defined in section 97B.66. Until the amendments are
29 implemented, the department shall continue to implement the
30 provisions of section 97B.72, unnumbered paragraphs 1 and 2,
31 Code Supplement 1993.

32 There is appropriated from moneys available to the general
33 assembly under section 2.12 an amount sufficient to pay the
34 contributions of the employer based on the period of service
35 of-the-members for which the members have paid accumulated

1 contributions in an amount equal to the contributions which
2 would have been made if the members of the general assembly
3 who made employee contributions had been members of the system
4 during their the applicable period of service in the general
5 assembly plus two percent interest plus interest dividends for
6 all completed calendar years and for any completed calendar
7 year for which the interest dividend has not been declared and
8 for completed months of partially completed calendar years at
9 two percent interest plus the interest dividend rate
10 calculated for the previous year, compounded annually, from
11 the end of the calendar year in which contribution was made to
12 the first day of the month of such date.

13 Sec. 40. Section 97B.72A, subsection 1, unnumbered
14 paragraph 1, Code Supplement 1993, is amended to read as
15 follows:

16 An active or vested member of the system who was a member
17 of the general assembly prior to July 1, 1988, may make
18 contributions to the system for all or a portion of the period
19 of service in the general assembly. The contributions made by
20 the member shall be equal to the accumulated contributions as
21 defined in section 97B.41, subsection 2, which would have been
22 made if the member of the general assembly had been a member
23 of the system during the applicable period of service in the
24 general assembly. A member making contributions pursuant to
25 this section may make the contributions either for the entire
26 applicable period of service, or for portions of the period of
27 service, and, effective upon the date that the department
28 determines that the amendments to this paragraph contained in
29 this Act shall be implemented, if contributions are made for
30 portions of the period of service, the contributions shall be
31 in increments of one or more years, as long as the increments
32 represent full years and not a portion of a year. The member
33 of the system shall submit proof to the department of
34 membership in the general assembly. The department shall
35 credit the member with the period of membership service for

1 which contributions are made. However, the department shall
2 not implement the amendments to this paragraph, as enacted in
3 this Act, unless and until the department determines that the
4 most recent annual actuarial valuation of the retirement
5 system indicates that the employer and employee contribution
6 rates in effect under section 97B.11 can absorb the amendments
7 to this paragraph and to section 97B.66, unnumbered paragraphs
8 1 and 2, section 97B.72, unnumbered paragraphs 1 and 2,
9 section 97B.73A, unnumbered paragraph 1, and section 97B.74,
10 unnumbered paragraphs 1 and 2, contained in this Act, after
11 meeting the other established priority of the system, as
12 defined in section 97B.66. Until the amendments are
13 implemented, the department shall continue to implement the
14 provisions of section 97B.72A, subsection 1, unnumbered
15 paragraph 1, Code Supplement 1993.

16 Sec. 41. Section 97B.72A, subsection 2, Code Supplement
17 1993, is amended by striking the subsection.

18 Sec. 42. Section 97B.73, Code Supplement 1993, is amended
19 by adding the following new unnumbered paragraph after unnum-
20 bered paragraph 2:

21 NEW UNNUMBERED PARAGRAPH. Notwithstanding any provision of
22 this section to the contrary, effective July 1, 1994, a vested
23 or retired member must have membership service within the
24 current calendar year in order to make contributions in any
25 manner provided by this section.

26 Sec. 43. Section 97B.73A, unnumbered paragraph 1, Code
27 Supplement 1993, is amended to read as follows:

28 A part-time county attorney may elect in writing to the
29 department to make employee contributions to the system for
30 the county attorney's previous service as a county attorney
31 and receive credit for membership service in the system for
32 the applicable period of service as a part-time county
33 attorney for which employee contributions are made. The
34 contributions paid by the member shall be equal to the
35 accumulated contributions, as defined in section 97B.41,

1 subsection 2, for that the applicable period of membership
2 service. A member making contributions pursuant to this
3 section may make the contributions either for the entire
4 applicable period of service, or, effective upon the date that
5 the department determines that the amendments to this
6 paragraph contained in this Act shall be implemented, for
7 portions of the period of service, and if contributions are
8 made for portions of the period of service, the contributions
9 shall be in increments of one or more years, as long as the
10 increments represent full years and not a portion of a year.
11 A member who elects to make contributions under this section
12 shall notify the county board of supervisors of the member's
13 election, and the county board of supervisors shall pay to the
14 department the employer contributions that would have been
15 contributed by the employer under section 97B.11 plus interest
16 on the contributions that would have accrued if the county
17 attorney had been a member of the system for that the
18 applicable period of service. However, the department shall
19 not implement the amendments to this paragraph, as enacted in
20 this Act, unless and until the department determines that the
21 most recent annual actuarial valuation of the retirement
22 system indicates that the employer and employee contribution
23 rates in effect under section 97B.11 can absorb the amendments
24 to this paragraph and to section 97B.66, unnumbered paragraphs
25 1 and 2, section 97B.72, unnumbered paragraphs 1 and 2,
26 section 97B.72A, subsection 1, unnumbered paragraph 1, and
27 section 97B.74, unnumbered paragraphs 1 and 2, contained in
28 this Act, after meeting the other established priority of the
29 system, as defined in section 97B.66. Until the amendments
30 are implemented, the department shall continue to implement
31 the provisions of section 97B.73A, unnumbered paragraph 1,
32 Code Supplement 1993.

33 Sec. 44. Section 97B.74, unnumbered paragraphs 1 and 2,
34 Code Supplement 1993, are amended to read as follows:

35 ~~Effective January 1, 1991,~~ an active, vested, or retired

1 member who was a member of the system at any time on or after
2 July 4, 1953, and who received a refund of the member's
3 contributions for that period of membership service, may elect
4 in writing to the department to make contributions to the
5 system for that all or a portion of the period of membership
6 service for which a refund of contributions was made, and
7 receive credit for the period of membership service for which
8 contributions are made. The contributions repaid by the
9 member for such service shall be equal to the accumulated
10 contributions, as defined in section 97B.41, subsection 2,
11 received by the member for that the applicable period of
12 membership service plus interest on the accumulated
13 contributions for the applicable period from the date of
14 receipt by the member to the date of repayment equal to two
15 percent plus the interest dividend rate applicable for each
16 year compounded annually.

17 An active member must have at least one quarter's
18 reportable wages on file and have membership service,
19 including that period of membership service for which a refund
20 of contributions was made, sufficient to give the member
21 vested status. A member making contributions pursuant to this
22 section may make the contributions either for the entire
23 applicable period of service, or, effective upon the date that
24 the department determines that the amendments to this
25 paragraph and unnumbered paragraph 1 contained in this Act
26 shall be implemented, for portions of the period of service,
27 and if contributions are made for portions of the period of
28 service, the contributions shall be in increments of one or
29 more years, as long as the increments represent full years and
30 not a portion of a year. However, the department shall not
31 implement the amendments to this paragraph or unnumbered
32 paragraph 1, as enacted in this Act, unless and until the
33 department determines that the most recent annual actuarial
34 valuation of the retirement system indicates that the employer
35 and employee contribution rates in effect under section 97B.11

1 can absorb the amendments to this paragraph and to unnumbered
2 paragraph 1 and to section 97B.66, unnumbered paragraphs 1 and
3 2, section 97B.72, unnumbered paragraphs 1 and 2, section
4 97B.72A, subsection 1, unnumbered paragraph 1, and section
5 97B.73A, unnumbered paragraph 1, contained in this Act, after
6 meeting the other established priority of the system, as
7 defined in section 97B.66. Until the amendments are
8 implemented, the department shall continue to implement the
9 provisions of section 97B.74, unnumbered paragraphs 1 and 2,
10 Code Supplement 1993.

11 Sec. 45. Section 97B.80, Code Supplement 1993, is amended
12 by adding the following new paragraph after unnumbered
13 paragraph 1:

14 NEW UNNUMBERED PARAGRAPH. Notwithstanding any provision of
15 this section to the contrary, effective July 1, 1994, a vested
16 or retired member must have membership service within the
17 current calendar year in order to make contributions in any
18 manner provided by this section.

19 Sec. 46. Section 260C.23, subsection 9, Code Supplement
20 1993, is amended to read as follows:

21 9. At the request of an employee through contractual
22 agreement the board may arrange for the purchase of group or
23 individual annuity contracts for any of its employees, which
24 annuity contracts are issued by a nonprofit corporation
25 issuing retirement annuities exclusively for educational
26 institutions and their employees or are purchased from any
27 company the employee chooses that is authorized to do business
28 in this state and through an Iowa-licensed insurance agent or
29 from a securities dealer, salesperson, or mutual fund
30 registered in this state that the employee selects, for
31 retirement or other purposes, and may make payroll deductions
32 in accordance with the arrangements for the purpose of paying
33 the entire premium due and to become due under the contract.
34 The deductions shall be made in the manner which will qualify
35 the annuity premiums for the benefits under section 403(b) of

1 the Internal Revenue Code, as defined in section 422.3. The
2 employee's rights under the annuity contract are
3 nonforfeitable except for the failure to pay premiums. If an
4 existing tax-sheltered annuity contract is to be replaced by a
5 new contract the agent or representative of the company shall
6 submit a letter of intent by registered mail to the company
7 being replaced, to the insurance commissioner of the state of
8 Iowa, and to the agent's or representative's own company at
9 least thirty days prior to any action. This letter of intent
10 shall contain the policy number and description of the
11 contract being replaced and a description of the replacement
12 contract.

13 Sec. 47. Section 260C.23, subsection 17, Code Supplement
14 1993, is amended to read as follows:

15 17. Commencing July 1, 1994, provide for an alternative
16 retirement benefits system, which is issued by or through a
17 nonprofit corporation issuing retirement annuities exclusively
18 to educational institutions and their employees, for persons
19 employed by the community college who are members of the Iowa
20 public employees' retirement system on July 1, 1994, or who
21 are new employees, and who elect coverage under the
22 alternative retirement benefits system pursuant to section
23 97B.42, in lieu of continuing or commencing contributions to
24 the Iowa public employees' retirement system. The system for
25 employee and employer contributions under the alternative
26 system shall be ~~substantially-the-same-as~~ similar to that
27 provided by the state board of regents under the teachers
28 insurance annuity association-college retirement equities
29 fund, and except that the employer's annual contribution in
30 dollars shall not exceed the employer's-contribution-rate
31 established-for-employees-of-the-state-board-of-regents-who
32 are-under-that annual contribution in dollars which the
33 employer would contribute if the employee had elected to
34 remain an active member pursuant to the Iowa public employee's
35 retirement system, as set forth in section 97B.11.

1 Sec. 48. Section 411.3, Code 1993, is amended to read as
2 follows:

3 411.3 MEMBERSHIP.

4 1. All persons who become police officers or fire fighters
5 after the date the city is required to come under the
6 retirement system, shall become members of the retirement
7 system as a condition of their employment, except that a
8 police chief or a fire chief who would not complete twenty-two
9 years of service under this chapter by the time the chief
10 attains fifty-five years of age shall, upon written request to
11 the system, be exempt from this chapter, and except as
12 otherwise provided in subsection 3. Notwithstanding section
13 97B.41, a police chief or fire chief who is exempt from this
14 chapter is exempt from chapter 97B. Members of the system
15 established in this chapter shall not be required to make
16 contributions under any other pension or retirement system of
17 a city, county, or the state of Iowa, anything to the contrary
18 notwithstanding.

19 2. Should any member in any period of five consecutive
20 years after last becoming a member, be absent from service for
21 more than four years, or should the member become a
22 beneficiary or die, the member shall thereupon cease to be a
23 member of the system.

24 3. a. As used in this section, unless the context
25 otherwise requires, "reemployed" or "reemployment" means the
26 employment of a person as a police officer or firefighter by
27 any participating city after the person has commenced
28 receiving a service retirement allowance under section 411.6.

29 b. If a person is reemployed, the person shall not become
30 an active member of the system upon reemployment, and the
31 person so reemployed and the participating city shall not make
32 contributions to the system based upon the person's
33 compensation for reemployment. A person who is so reemployed
34 shall continue to receive the service retirement allowance,
35 and the service retirement allowance shall not be recalculated

1 based upon the person's reemployment. Notwithstanding section
2 97B.41 or any other provision of law to the contrary, a person
3 reemployed as provided in this subsection shall be exempt from
4 chapter 97B.

5 Sec. 49. Section 411.5, subsection 8, Code Supplement
6 1993, is amended to read as follows:

7 8. MEDICAL BOARD. The system shall designate a medical
8 board to be composed of three physicians who shall arrange for
9 and pass upon all medical examinations required under the
10 provisions of this chapter, except that for examinations
11 required because of disability three physicians from the
12 University of Iowa hospitals and clinics who shall pass upon
13 the medical examinations required for disability retirements,
14 and shall report to the system in writing its conclusions and
15 recommendations upon all matters referred to it. Each report
16 of a medical examination under section 411.6, subsections 3
17 and 5, shall include the medical board's rating findings in
18 accordance with section 411.6 as to the extent of the member's
19 physical impairment.

20 Sec. 50. Section 411.5, Code Supplement 1993, is amended
21 by adding the following new subsection:

22 NEW SUBSECTION. 12. REQUIREMENTS RELATED TO THE INTERNAL
23 REVENUE CODE.

24 a. As used in this subsection, unless the context
25 otherwise requires, "Internal Revenue Code" means the federal
26 Internal Revenue Code as defined in section 422.3.

27 b. The fund established in section 411.8 shall be held in
28 trust for the benefit of the members of the system and the
29 members' beneficiaries. No part of the corpus or income of
30 the fund shall be used for, or diverted to, purposes other
31 than for the exclusive benefit of the members or the members'
32 beneficiaries or for expenses incurred in the operation of the
33 fund. A person shall not have any interest in, or right to,
34 any part of the corpus or income of the fund except as
35 otherwise expressly provided.

1 c. Notwithstanding any provision of this chapter to the
2 contrary, in the event of a complete discontinuance of
3 contributions, for reasons other than achieving fully funded
4 status upon an actuarially determined basis, or upon
5 termination of the fund established in section 411.8, a member
6 shall be vested, to the extent then funded, in the benefits
7 which the member has accrued at the date of the discontinuance
8 or termination.

9 d. Benefits payable from the fund established in section
10 411.8 to members and members' beneficiaries shall not be
11 increased due to forfeitures from other members. Forfeitures
12 shall be used as soon as possible to reduce future
13 contributions by the cities to the fund, except that the rate
14 shall not be less than the minimum rate established in section
15 411.8.

16 e. Notwithstanding any provision of this chapter to the
17 contrary, a member's service retirement allowance shall
18 commence on or before the later of the following:

19 (1) April 1 of the calendar year following the calendar
20 year in which the member attains the age of seventy and one-
21 half years.

22 (2) April 1 of the calendar year following the calendar
23 year in which the member retires.

24 f. The maximum annual benefit payable to a member by the
25 system shall be subject to the limitations set forth in
26 section 415 of the federal Internal Revenue Code, and any
27 regulations promulgated pursuant to that section.

28 g. The annual compensation of a member taken in account
29 for any purpose under this chapter shall not exceed the
30 applicable amount set forth in section 401(a)(17) of the
31 federal Internal Revenue Code, and any regulations promulgated
32 pursuant to that section.

33 Sec. 51. Section 411.6, subsection 1, Code 1993, is
34 amended by adding the following new paragraph:

35 NEW PARAGRAPH. c. Once a person commences receiving a

1 service retirement allowance pursuant to this section, if the
2 person is reemployed, as defined in section 411.3, the service
3 retirement allowance shall not be recalculated based upon the
4 person's reemployment.

5 Sec. 52. Section 411.6, subsection 2, paragraph d,
6 subparagraph (2), Code 1993, is amended to read as follows:

7 (2) For a member who terminates service, other than by
8 death or disability, on or after July 1, 1991, but before
9 October 16, 1992, and who does not withdraw the member's
10 contributions pursuant to section 411.23, upon the member's
11 retirement there shall be added six-tenths percent of the
12 member's average final compensation for each year of service
13 over twenty-two years, excluding years of service after the
14 member's fifty-fifth birthday. However, this subparagraph
15 does not apply to more than eight additional years of service.

16 Sec. 53. Section 411.6, subsection 2, paragraph d, Code
17 1993, is amended by adding the following new subparagraph:

18 NEW SUBPARAGRAPH. (3) For a member who terminates
19 service, other than by death or disability, on or after:
20 October 16, 1992, and who does not withdraw the member's
21 contributions pursuant to section 411.23, upon the member's
22 retirement there shall be added six-tenths percent of the
23 member's average final compensation for each year of service
24 over twenty-two years. However, this subparagraph does not
25 apply to more than eight additional years of service.

26 Sec. 54. Section 411.6, subsection 10, Code 1993, is
27 amended to read as follows:

28 10. PENSIONS OFFSET BY COMPENSATION BENEFITS. Any amounts
29 which may be paid or payable by the said cities under the
30 provisions of any workers' compensation or similar law to a
31 member or to the dependents of a member on account of any
32 disability or death, shall be offset against and payable in
33 lieu of any benefits payable ~~out-of-funds-provided-by-the-said~~
34 ~~cities~~ under the provisions of this chapter on account of the
35 same disability or death. ~~In-case-the-present-value-of-the~~

1 total-commuted-benefits-under-said-workers'-compensation-or
2 similar-law-is-less-than-the-pension-reserve-on-the-benefits
3 otherwise-payable-from-funds-provided-by-the-said-cities-under
4 this-chapter,-then-the-present-value-of-the-commuted-payments
5 shall-be-deducted-from-the-pension-reserve-and-such-benefits
6 as-may-be-provided-by-the-pension-reserve-so-reduced-shall-be
7 payable-under-the-provisions-of-this-chapter.

8 Sec. 55. NEW SECTION. 411.6B ROLLOVERS OF MEMBERS'
9 ACCOUNTS.

10 1. As used in this section, unless the context otherwise
11 requires:

12 a. "Direct rollover" means a payment by the system to the
13 eligible retirement plan specified by the member or the
14 member's surviving spouse.

15 b. "Eligible retirement plan" means either of the
16 following that accepts an eligible rollover distribution from
17 a member or a member's surviving spouse:

18 (1) An individual retirement account in accordance with
19 section 408(a) of the federal Internal Revenue Code.

20 (2) An individual retirement annuity in accordance with
21 section 408(b) of the federal Internal Revenue Code.

22 In addition, an "eligible retirement plan" includes an
23 annuity plan in accordance with section 403(a) of the federal
24 Internal Revenue Code, or a qualified trust in accordance with
25 section 401(a) of the federal Internal Revenue Code, that
26 accepts an eligible rollover distribution from a member.

27 c. "Eligible rollover distribution" means all or any
28 portion of a member's account, except that an eligible
29 rollover distribution does not include any of the following:

30 (1) A distribution that is one of a series of
31 substantially equal periodic payments, which occur annually or
32 more frequently, made for the life or life expectancy of the
33 distributee or the joint lives or joint life expectancies of
34 the distributee and the distributee's designated beneficiary,
35 or made for a specified period of ten years or more.

1 (2) A distribution to the extent that the distribution is
2 required pursuant to section 401(a)(9) of the federal Internal
3 Revenue Code.

4 (3) The portion of any distribution that is not includible
5 in the gross income of the distributee, determined without
6 regard to the exclusion for net unrealized appreciation with
7 respect to employer securities.

8 (4) A distribution of less than two hundred dollars of
9 taxable income.

10 2. Effective January 1, 1993, a member or a member's
11 surviving spouse may elect, at the time and in the manner
12 prescribed in rules adopted by the board of trustees, to have
13 the system pay all or a portion of an eligible rollover
14 distribution directly to an eligible retirement plan,
15 specified by the member or the member's surviving spouse, in a
16 direct rollover. If a member or a member's surviving spouse
17 elects a partial direct rollover, the amount of funds elected
18 for the partial direct rollover must equal or exceed five
19 hundred dollars.

20 Sec. 56. Section 411.8, subsection 1, paragraph f,
21 subparagraphs (6) through (8), Code 1993, are amended to read
22 as follows:

23 (6) An amount equal to eight and one-tenth thirty-five
24 hundredths percent of each member's compensation from the
25 earnable compensation of the member shall be paid to the fund
26 for the fiscal year beginning July 1, 1994.

27 (7) An amount equal to nine and one-tenth thirty-five
28 hundredths percent of each member's compensation from the
29 earnable compensation of the member shall be paid to the fund
30 for the fiscal year beginning July 1, 1995.

31 (8) Beginning July 1, 1996, and each fiscal year
32 thereafter, an amount equal to the member's contribution rate
33 times each member's compensation shall be paid to the fund
34 from the earnable compensation of the member. For the
35 purposes of this subparagraph, the member's contribution rate

1 shall be nine and one-tenth thirty-five hundredths percent.
2 However, the system shall increase the member's contribution
3 rate as necessary to cover any increase in cost to the system
4 resulting from statutory changes which are enacted by any
5 session of the general assembly meeting after January 1, 1991,
6 if the increase cannot be absorbed within the contribution
7 rates otherwise established pursuant to this paragraph, but
8 subject to a maximum employee contribution rate of eleven and
9 three-tenths percent. After the employee contribution reaches
10 eleven and three-tenths percent, sixty percent of the
11 additional cost of such statutory changes shall be paid by
12 employers under paragraph "c" and forty percent of the
13 additional cost shall be paid by employees under this
14 paragraph.

15 Sec. 57. Section 411.8, subsection 1, paragraph h, Code
16 1993, is amended to read as follows:

17 h. Notwithstanding the provisions of paragraph "f", the
18 following transition percentages apply to members'
19 contributions as specified:

20 (1) For members who on July 1, 1990, have attained the age
21 of forty-nine years or more, an amount equal to nine and one-
22 tenth percent of each member's compensation from the earnable
23 compensation of the member shall be paid to the fund for the
24 fiscal year period beginning July 1, 1990, through October 15,
25 1992, and commencing October 16, 1992, and for each subsequent
26 fiscal year-until-the-fiscal-year-beginning-July-17-1996,-when
27 period, the rates specified in paragraph "f", subparagraph
28 subparagraphs (4) through (8), applies shall apply.

29 (2) For members who on July 1, 1990, have attained the age
30 of forty-eight years but have not attained the age of forty-
31 nine years, an amount equal to eight and one-tenth percent
32 shall be paid for the fiscal year beginning July 1, 1990, and
33 an amount equal to nine and one-tenth percent shall be paid
34 for the fiscal year period beginning July 1, 1991, through
35 October 15, 1992, and commencing October 16, 1992, and for

1 each subsequent fiscal year-~~thereafter-until-the-fiscal-year~~
2 ~~beginning-July-1,-1996,-when~~ period, the rates specified in
3 paragraph "f", subparagraph subparagraphs (4) through (8),
4 applies shall apply.

5 (3) For members who on July 1, 1990, have attained the age
6 of forty-seven years but have not attained the age of forty-
7 eight years, an amount equal to seven and one-tenth percent
8 shall be paid for the fiscal year beginning July 1, 1990, an
9 amount equal to eight and one-tenth percent shall be paid for
10 the fiscal year beginning July 1, 1991, and an amount equal to
11 nine and one-tenth percent shall be paid for the fiscal year
12 period beginning July 1, 1992, through October 15, 1992, and
13 commencing October 16, 1992, and for each subsequent fiscal
14 year-until-the-fiscal-year-beginning-July-1,-1996,-when
15 period, the rates specified in paragraph "f", subparagraph
16 subparagraphs (4) through (8), applies shall apply.

17 (4) For members who on July 1, 1990, have attained the age
18 of forty-six years but have not attained the age of forty-
19 seven years, an amount equal to six and one-tenth percent
20 shall be paid for the fiscal year beginning July 1, 1990, an
21 amount equal to seven and one-tenth percent shall be paid for
22 the fiscal year beginning July 1, 1991, an amount equal to
23 eight and one-tenth percent shall be paid for the fiscal year
24 period beginning July 1, 1992, and-an-amount-equal-to-nine-and
25 one-tenth-percent-shall-be-paid-for-the-fiscal-year-beginning
26 July-1,-1993, through October 15, 1992, and commencing October
27 16, 1992, and for each subsequent fiscal year-until-the-fiscal
28 year-beginning-July-1,-1996,-when period, the rates specified
29 in paragraph "f", subparagraph subparagraphs (4) through (8),
30 applies shall apply.

31 (5) For members who on July 1, 1990, have attained the age
32 of forty-five years but have not attained the age of forty-six
33 years, an amount equal to five and one-tenth percent shall be
34 paid for the fiscal year beginning July 1, 1990, an amount
35 equal to six and one-tenth percent shall be paid for the

1 fiscal year beginning July 1, 1991, and an amount equal to
2 seven and one-tenth percent shall be paid for the fiscal year
3 period beginning July 1, 1992, ~~an amount equal to eight and~~
4 ~~one-tenth percent shall be paid for the fiscal year beginning~~
5 ~~July 1, 1993, and an amount equal to nine and one-tenth~~
6 ~~percent shall be paid for the fiscal years beginning July 1,~~
7 ~~1994, and July 1, 1995~~ through October 15, 1992. Beginning
8 July 1, 1996, Commencing October 16, 1992, and for each
9 subsequent fiscal period, the rates specified in paragraph
10 "f", subparagraph subparagraphs (4) through (8), applies shall
11 apply.

12 Sec. 58. Section 602.9104, subsection 4, Code 1993, is
13 amended by striking the subsection and inserting in lieu
14 thereof the following:

15 4. a. As used in this subsection, unless the context
16 otherwise requires:

17 (1) "Actuarial valuation" means an actuarial valuation of
18 the judicial retirement system or an annual actuarial update
19 of an actuarial valuation, as required pursuant to section
20 602.9116.

21 (2) "Fully funded status" means that the most recent
22 actuarial valuation reflects that, using the aggregate cost
23 method in accordance with generally recognized and accepted
24 actuarial principles and practices set forth by the American
25 academy of actuaries, the funded status of the system is at
26 least one hundred percent.

27 (3) "Required contribution rate" means that percentage of
28 the basic salary of all judges covered under this article
29 which, in addition to the judge's contribution established in
30 subsection 1, the actuary of the system determines is
31 necessary to maintain fully funded status.

32 b. Effective with the fiscal year commencing July 1, 1994,
33 and for each subsequent fiscal year until the system attains
34 fully funded status, the state shall contribute annually to
35 the judicial retirement fund an amount equal to at least

1 twenty-three and seven-tenths percent of the basic salary of
2 all judges covered under this article. Commencing with the
3 first fiscal year in which the system attains fully funded
4 status, and for each subsequent fiscal year, the state shall
5 contribute to the judicial retirement fund the required
6 contribution rate. The state's contribution shall be
7 appropriated directly to the judicial retirement fund.

8 Sec. 59. NEW SECTION. 602.9104A MONEYS DEPOSITED IN THE
9 JUDICIAL RETIREMENT FUND -- LIMITATIONS -- INTENT.

10 1. As used in this section, unless the context otherwise
11 requires, "court revenues" means any court costs, fees, fines,
12 penalties, surcharges, forfeited bail, or similar charges
13 collected by the court, or interest on such amounts.

14 2. Notwithstanding section 602.8105, 602.8106, or 631.6,
15 or any other provision of law to the contrary, court revenues
16 shall not be deposited in the judicial retirement fund
17 established in section 602.9104. If a provision of law
18 provides for the deposit of court revenues in the judicial
19 retirement fund, those court revenues shall be deposited in
20 the general fund.

21 3. The judicial retirement fund shall consist of the
22 contributions specified in section 602.9104, as well as the
23 corpus and income of the fund as provided in section 602.9104.

24 4. It is the intent of the general assembly that the
25 judicial retirement system be funded from contributions based
26 upon the basic salary of the judges covered by this article,
27 rather than from court revenues.

28 Sec. 60. NEW SECTION. 602.9105 ROLLOVERS OF JUDGES'
29 ACCOUNTS.

30 i. As used in this section, unless the context otherwise
31 requires:

32 a. "Direct rollover" means a payment by the system to the
33 eligible retirement plan specified by the judge covered under
34 this article or the judge's surviving spouse.

35 b. "Eligible retirement plan" means either of the

1 following that accepts an eligible rollover distribution from
2 a judge covered by this article or a judge's surviving spouse:

3 (1) An individual retirement account in accordance with
4 section 408(a) of the federal Internal Revenue Code.

5 (2) An individual retirement annuity in accordance with
6 section 408(b) of the federal Internal Revenue Code.

7 In addition, an "eligible retirement plan" includes an
8 annuity plan in accordance with section 403(a) of the federal
9 Internal Revenue Code, or a qualified trust in accordance with
10 section 401(a) of the federal Internal Revenue Code, that
11 accepts an eligible rollover distribution from a judge covered
12 by this article.

13 c. "Eligible rollover distribution" means all or any
14 portion of a judge's account, except that an eligible rollover
15 distribution does not include any of the following:

16 (1) A distribution that is one of a series of sub-
17 stantially equal periodic payments, which occur annually or
18 more frequently, made for the life or life expectancy of the
19 distributee or the joint lives or joint life expectancies of
20 the distributee and the distributee's designated beneficiary,
21 or made for a specified period of ten years or more.

22 (2) A distribution to the extent that the distribution is
23 required pursuant to section 401(a)(9) of the federal Internal
24 Revenue Code.

25 (3) The portion of any distribution that is not includible
26 in the gross income of the distributee, determined without
27 regard to the exclusion for net unrealized appreciation with
28 respect to employer securities.

29 (4) A distribution of less than two hundred dollars of
30 taxable income.

31 2. Effective January 1, 1993, a judge covered by this
32 article or a judge's surviving spouse may elect, at the time
33 and in the manner prescribed by the state court administrator,
34 to have the system pay all or a portion of an eligible
35 rollover distribution directly to an eligible retirement plan,

1 specified by the judge or the judge's surviving spouse, in a
2 direct rollover. If a judge or a judge's surviving spouse
3 elects a partial direct rollover, the amount of funds elected
4 for the partial direct rollover must equal or exceed five
5 hundred dollars.

6 Sec. 61. Section 602.9116, Code 1993, is amended to read
7 as follows:

8 602.9116 ACTUARIAL VALUATION.

9 1. The court administrator shall cause an actuarial
10 valuation to be made of the assets and liabilities of the
11 judicial retirement fund at least once every four years
12 commencing with the fiscal year beginning July 1, 1981. For
13 each fiscal year in which an actuarial valuation is not
14 conducted, the court administrator shall cause an annual
15 actuarial update to be prepared for the purpose of determining
16 the adequacy of the contribution rates specified in section
17 602.9104, subsection 4. The court administrator shall adopt
18 mortality tables and other necessary factors for use in the
19 actuarial calculations required for the valuation upon the
20 recommendation of the actuary. Following the actuarial
21 valuation or annual actuarial update, the court administrator
22 shall determine the condition of the system and shall report
23 its findings and recommendations to the general assembly.

24 2. The cost of the actuarial valuation or annual actuarial
25 update shall be paid from the judicial retirement fund.

26 Sec. 62. Section 602.9204, Code 1993, is amended to read
27 as follows:

28 602.9204 ANNUITY OF SENIOR JUDGE AND RETIRED SENIOR JUDGE.

29 1. A senior judge or a retired senior judge shall not be
30 paid a salary. A senior judge or retired senior judge shall
31 be paid an annuity under the judicial retirement system in the
32 manner provided in section 602.9109, but computed under this
33 section in lieu of section 602.9107, as follows: The annuity
34 paid to a senior judge or retired senior judge shall be an
35 amount equal to three percent of the current basic senior

1 judge salary, as-of-the-time-each-payment-is-made-up-to-and
2 including-the-twelve-month-period-during-which-the-senior
3 judge-or-retired-senior-judge-attains-seventy-eight-years-of
4 age,-of-the-office-in-which-the-senior-judge-last-served-as-a
5 judge-before-retirement-as-a-judge-or-senior-judge, multiplied
6 by the judge's years of service prior to retirement as a judge
7 of one or more of the courts included under this article, for
8 which contributions were made to the system, except the
9 annuity of the senior judge or retired senior judge shall not
10 exceed fifty percent of the current basic senior judge salary
11 used in calculating the annuity. However, following the
12 twelve-month period during which the senior judge or retired
13 senior judge attains seventy-eight years of age, the annuity
14 paid to the person shall be an amount equal to three percent
15 of the basic senior judge salary cap, multiplied by the
16 judge's years of service prior to retirement as a judge of one
17 or more of the courts included under this article, for which
18 contributions were made to the system, except that the annuity
19 shall not exceed fifty percent of the basic senior judge
20 salary cap. A senior judge or retired senior judge shall not
21 receive benefits calculated using a basic senior judge salary
22 established after the twelve-month period in which the senior
23 judge or retired senior judge attains seventy-eight years of
24 age. In addition, if a senior judge is under sixty-five years
25 of age at the time the judge becomes a senior judge, the state
26 shall pay the state's share of the senior judge's medical
27 insurance premium until the judge attains age sixty-five.

28 2. As used in this section, unless the context otherwise
29 requires:

30 a. "Basic senior judge salary" means the average annual
31 basic salary for the senior judge's or retired senior judge's
32 last three years as a judge of one or more of the courts
33 included in this article, as would be used in computing an
34 annuity pursuant to section 602.9107 without service as a
35 senior judge, plus seventy-five percent of the escalator.

1 b. "basic Basic senior judge salary cap" means the basic
2 senior judge salary, at the end of the twelve-month period
3 during which the senior judge or retired senior judge attained
4 seventy-eight years of age, of the office in which the person
5 last served as a judge before retirement as a judge or senior
6 judge.

7 c. "Escalator" means the difference between the current
8 basic salary, as of the time each payment is made up to and
9 including the twelve-month period during which the senior
10 judge or retired senior judge attains seventy-eight years of
11 age, of the office in which the senior judge last served as a
12 judge before retirement as a judge or senior judge, and the
13 average annual basic salary for the senior judge's or retired
14 senior judge's last three years as a judge of one or more of
15 the courts included in this article, as would be used in
16 computing an annuity pursuant to section 502.9107 without
17 service as a senior judge.

18 Sec. 63. Section 97B.54, Code 1993, is repealed.

19 Sec. 64. DEVELOPMENT OF PROPOSAL FOR COMBINING TYPES OF
20 SERVICES -- IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM --
21 REPORT.

22 1. The department of personnel, in consultation with the
23 public retirement systems committee established in section
24 97D.4, shall develop a proposal concerning the possible estab-
25 lishment of a new benefit formula under the Iowa public
26 employee's retirement system created in chapter 97B. The
27 proposed benefit formula shall provide a method by which a
28 member may combine the value of the following different types
29 of membership service:

30 a. Membership service as a sheriff or deputy sheriff in
31 accordance with section 97B.49, subsection 16, paragraph "b".

32 b. Membership service in a protection occupation, as pro-
33 vided in section 97B.49, subsection 16, paragraphs "a" and
34 "d".

35 c. Any other membership service, as defined in section

1 97B.41.

2 2. The proposed benefit formula shall not provide credit
3 for years of membership service in excess of thirty years, and
4 shall not allow the use of a percentage multiplier in excess
5 of sixty percent of the member's three-year average covered
6 wage, as defined in section 97B.41.

7 3. The department of personnel may develop alternate
8 proposed benefit formulas which meet the requirements of this
9 section. On or before September 1, 1995, the department of
10 personnel shall file a report with the legislative service
11 bureau, for distribution to the public retirement systems
12 committee, which contains a proposed benefit formula, and may
13 include alternate proposed benefit formulas, as provided in
14 this section. The report shall also contain actuarial
15 information concerning the costs of the proposal or proposals.

16 Sec. 65. SENIOR JUDGES -- IMPLEMENTATION. Notwithstanding
17 the amendments to section 602.9204 contained in this Act, all
18 judges whose names are entered on the roster of senior judges
19 pursuant to section 602.9203, subsection 3, as of June 30,
20 1994, and all persons who are retired senior judges as of June
21 30, 1994, shall continue to receive an annuity calculated
22 pursuant to section 602.9204, 1993 Code of Iowa, subject to
23 the applicability provisions of 1992 Iowa Acts, chapter 1201,
24 section 76, as amended by 1992 Iowa Acts, Second Extraordinary
25 Session, chapter 1001, section 116, and shall not be subject
26 to the amendments to section 602.9204 contained in this Act.
27 This Act shall not be construed in a manner which reduces
28 benefits to persons who participated as senior judges prior to
29 July 1, 1994.

30 Sec. 66. IMPLEMENTATION OF TRANSFER OF CERTAIN ARSON
31 INVESTIGATORS TO CHAPTER 97A.

32 1. In order to implement the provisions of this Act which
33 amend section 97A.1, subsection 13; section 97B.49, subsection
34 16, paragraph "d", subparagraph (6), by striking the
35 subparagraph; and section 97B.49, subsection 16, paragraph

1 "j", the department of personnel and the department of public
2 safety shall cooperate with each other to effectuate the
3 provisions of those sections and this section of this Act.

4 2. Effective July 1, 1994, employees who were members of
5 the protection occupation classification of the Iowa public
6 employees' retirement system pursuant to section 97B.49,
7 subsection 16, paragraph "d", subparagraph (6), Code
8 Supplement 1993, shall be transferred to membership in the
9 Iowa department of public safety peace officer's retirement,
10 accident, and disability system established pursuant to
11 chapter 97A. The department of personnel shall transfer the
12 accumulated contributions of the arson investigators to the
13 treasurer of state for deposit in the pension accumulation
14 fund established in section 97A.8. However, employer
15 contributions which were made with respect to the arson
16 investigators while the arson investigators were included as
17 members of the protection occupation classification pursuant
18 to section 97B.49, subsection 16, paragraph "d", subparagraph
19 (6), Code Supplement 1993, shall remain in the Iowa public
20 employees' retirement fund established in section 97B.7, and
21 any costs pertaining to the payment of employer contributions
22 to the system established in chapter 97A with respect to the
23 period of time during which the arson investigators were
24 members of the protection occupation classification pursuant
25 to section 97B.49, subsection 16, paragraph "d", subparagraph
26 (6), Code Supplement 1993, or any other costs related to the
27 transfer of the arson investigators provided for in this Act,
28 shall be borne by the system established in chapter 97A,
29 notwithstanding any other provision of law to the contrary.

30 3. Notwithstanding any other provision of law to the
31 contrary, the arson investigators transferred from the
32 protection occupation classification to the system established
33 in chapter 97A shall receive credit for years of service under
34 chapter 97A for those years of service during which the
35 members were members of the protection occupation

1 classification pursuant to section 97B.49, subsection 16,
2 paragraph "d", subparagraph (6), Code Supplement 1993. In
3 addition, notwithstanding the limitation on covered wages in
4 section 97B.41, subsection 20, if applicable, compensation
5 which was paid to an arson investigator while the arson
6 investigator was included in the protection occupation
7 classification pursuant to section 97B.49, subsection 16,
8 paragraph "d", subparagraph (6), 1993 Code Supplement, shall
9 be included in determining the average final compensation of
10 the arson investigators. The arson investigators transferred
11 from the protection occupation classification to the system
12 established in chapter 97A, and the employer of those arson
13 investigators, the department of public safety, shall not be
14 required to pay the difference in the employee and employer
15 contributions in effect for the period of time in which the
16 arson investigators were included in the protection occupation
17 classification pursuant to section 97B.49, subsection 16,
18 paragraph "d", subparagraph (6), Code Supplement 1993, as
19 compared to the employee and employer contributions then in
20 effect for members of the system established in chapter 97A.

21 4. It is the intent of the general assembly that in
22 administering the implementation provisions of this section,
23 the board of trustees of the system established in chapter 97A
24 and the department of personnel shall interpret this Act in a
25 manner which provides that the arson investigators shall not
26 lose benefits which would have otherwise accrued had the arson
27 investigators been members of the system established in
28 chapter 97A during the period of time in which they were
29 actually members of the protection occupation classification
30 pursuant to section 97B.49, subsection 16, paragraph "d",
31 subparagraph (6), Code Supplement 1993.

32 Sec. 67. REPORT CONCERNING POSSIBLE PORTABILITY BETWEEN
33 SYSTEMS ESTABLISHED IN CHAPTERS 97A AND 411. The board of
34 trustees of the Iowa department of public safety peace
35 officers' retirement, accident, and disability system created

1 in section 97A.5, and the board of trustees for the statewide
2 fire and police retirement system created in section 411.36,
3 shall each file a report with the legislative service bureau
4 on or before September 1, 1995, for distribution to the
5 members of the public retirement systems committee established
6 in section 97D.4, pertaining to possible portability between
7 the two systems established in chapters 97A and 411. The
8 reports shall identify issues pertaining to allowing members
9 to transfer between the two systems, including but not limited
10 to, issues pertaining to both employee and employer
11 contributions, determinations concerning years of service and
12 average final compensation, costs associated with portability,
13 any concerns pertaining to the requirements of the federal
14 Internal Revenue Code, as defined in section 422.3, any
15 recommendation by the boards pertaining to portability issues,
16 and other related matters.

17 Sec. 68. REPORT CONCERNING INCOME TAX TREATMENT OF
18 EMPLOYEE CONTRIBUTIONS. The public retirement systems
19 committee established in section 97D.4 shall review issues
20 pertaining to state and federal income tax treatment of
21 employee contributions in Iowa's public retirement systems,
22 including but not limited to information pertaining to the
23 costs to the state of permitting employers to pick up employee
24 contributions and treating those contributions as employer
25 contributions for state income tax purposes. The public
26 retirement systems committee shall include its findings and
27 recommendations in a report submitted to the legislative
28 council on or before January 31, 1996.

29 Sec. 69. CERTAIN CHANGES PERTAINING TO CHAPTERS 97A AND
30 411 -- EFFECTIVE AND RETROACTIVE APPLICABILITY DATES -- IM-
31 PLEMENTATION.

32 1. The sections of this Act that amend section 97A.6,
33 subsection 2, paragraph "d", subparagraph (2); section 97A.6,
34 subsection 2, paragraph "d", by enacting a new subparagraph
35 (3); section 97A.8, subsection 1, paragraph "h"; section

1 411.6, subsection 2, paragraph "d", subparagraph (2); section
2 411.6, subsection 2, paragraph "d", by enacting a new
3 subparagraph (3); and section 411.8, subsection 1, paragraph
4 "h", being deemed of immediate importance, take effect upon
5 enactment and apply retroactively to October 16, 1992.

6 2. In order to implement the sections of this Act
7 referenced in subsection 1 and to apply those sections
8 retroactively to October 16, 1992, the board of trustees of
9 the Iowa department of public safety peace officers'
10 retirement, accident, and disability system created in section
11 97A.5, and the board of trustees for the statewide fire and
12 police retirement system created in section 411.36, shall
13 develop and implement plans to reimburse members for
14 contributions paid to the systems which are contrary to the
15 provisions of this Act, and shall develop and implement plans
16 to adjust both past and future benefits paid to members which
17 are inconsistent with this Act.

18 3. The sections of this Act that amend section 97A.3;
19 section 97A.6, subsection 1, by enacting a new paragraph "c";
20 section 411.3; and section 411.6, subsection 1, by enacting a
21 new paragraph "c", being deemed of immediate importance, take
22 effect upon enactment, and apply retroactively to July 1,
23 1993.

24 4. In order to implement the sections of this Act
25 referenced in subsection 3 and to apply those sections
26 retroactively to July 1, 1993, the board of trustees of the
27 Iowa department of public safety peace officers' retirement,
28 accident, and disability system created in section 97A.5, and
29 the board of trustees for the statewide fire and police
30 retirement system created in section 411.36, shall examine the
31 records of the respective systems to determine if persons are
32 being included in active membership of the systems contrary to
33 the provisions of this Act. If the boards determine that
34 persons have been included in active membership in the systems
35 in a manner inconsistent with the sections referenced in

1 subsection 3 of this section, the respective boards shall
2 provide for the refund of the employer contributions to the
3 respective employers and employee contributions to the
4 respective employees and the retroactive payment of service
5 retirement allowances in order to fully effectuate the
6 purposes of this Act retroactive to July 1, 1993.

7 5. The sections of this Act which enact new sections
8 97A.6B and 411.6B, being deemed of immediate importance, take
9 effect upon enactment and apply retroactively to January 1,
10 1993.

11 Sec. 70. OTHER EFFECTIVE AND RETROACTIVE APPLICABILITY
12 DATES.

13 1. The sections of this Act which amend section 97B.41,
14 subsection 12; section 97B.53, subsections 3 and 7, and
15 subsection 6, unnumbered paragraph 1; section 97B.66,
16 unnumbered paragraphs 1 and 2; section 97B.70, by enacting a
17 new subsection 4; section 97B.72, unnumbered paragraphs 1 and
18 2; section 97B.72A, subsection 1, unnumbered paragraph 1;
19 section 97B.73A, unnumbered paragraph 1; and section 97B.74,
20 unnumbered paragraphs 1 and 2, take effect July 1, 1995.

21 2. The section of this Act which amends section 97B.41,
22 subsection 18, takes effect January 1, 1995.

23 3. The sections of this Act which enact new sections
24 97B.53B and 602.9105, being deemed of immediate importance,
25 take effect upon enactment and apply retroactively to January
26 1, 1993.

27 EXPLANATION

28 This bill contains numerous changes to Iowa's public
29 retirement systems.

30 CHANGES PERTAINING TO TRANSFER OF
31 ARSON INVESTIGATORS FROM CHAPTER 97B TO CHAPTER 97A
32 97A.1(13), 97B.49(16)(d)(6), and 97B.49(16)(j): These
33 sections transfer arson investigators employed by the
34 department of public safety on or after July 1, 1988, from the
35 Iowa public employees' retirement system (IPERS) established

1 in chapter 97B to the Iowa department of public safety peace
2 officers' retirement, accident, and disability system (PORS)
3 established in chapter 97A. These arson investigators are
4 currently included in the protection occupation classification
5 of IPERS. Pursuant to a noncodified implementation provision
6 in the bill, the employees' contributions to IPERS shall be
7 transferred to PORS, the employer contributions shall remain
8 in IPERS, and the PORS system shall absorb other costs related
9 to the transfer. The implementation section requires that the
10 arson investigators receive credit for their years of service
11 in the IPERS protection occupation, and also requires that
12 compensation earned during this time period be included in
13 determining average final compensation under PORS, if
14 applicable.

15 CHANGES PERTAINING TO CHAPTERS 97A AND 411

16 The bill contains the following changes to both the Iowa
17 department of public safety peace officers' retirement,
18 accident, and disability system established in chapter 97A and
19 the municipal fire and police retirement system of Iowa
20 established in chapter 411:

21 97A.3, 97A.6(1)(c), 411.3, and 411.6(1)(c): These changes
22 address the issue of persons who are reemployed under the
23 respective chapters after beginning to receive service
24 retirement allowances. The bill provides that such persons
25 shall not be active members of the systems upon reemployment
26 and that employer and employee contributions shall not be
27 made. The bill provides that such members shall continue to
28 receive service retirement allowances, which shall not be
29 recalculated based upon the reemployment. The bill also
30 specifies that such persons shall be exempt from the Iowa
31 public employees' retirement system (IPERS). These provisions
32 are immediately effective and retroactive to July 1, 1993, and
33 a special implementation provision provides for retroactive
34 repayment of contributions and service retirement allowances.

35 97A.5(8) and 411.5(8): These changes remove the references

1 to the medical board providing a "rating" pertaining to a
2 member's physical impairment, and references the medical
3 board's report to its required findings.

4 97A.5(13) and 411.5(12): These changes codify a number of
5 provisions pertaining to qualified plans under the federal
6 Internal Revenue Code.

7 97A.6(2)(d) and 411.6(2)(d): These changes eliminate the
8 age 55 cap for credit for additional years of service beyond
9 22 years, effective October 16, 1992. These sections are
10 effective upon enactment and apply retroactively to October
11 16, 1992. The bill contains a special implementation
12 provision, which provides that the boards of trustees of the
13 systems shall develop and implement plans to adjust both past
14 and future benefits paid to members which are inconsistent
15 with the bill, in order to apply the provisions retroactively.

16 97A.6B and 411.6B: These sections provide for a member or
17 a member's surviving spouse to elect to have the system pay
18 all or a portion of an eligible rollover distribution directly
19 to an eligible retirement plan in a direct rollover, in
20 accordance with the federal Internal Revenue Code. These
21 provisions are immediately effective and retroactive to
22 January 1, 1993, under the bill.

23 97A.8(1)(f)(6 and 7) and 411.8(1)(f)(6 -- 8): These
24 sections increase the member's contribution under both systems
25 by .25 percent for the fiscal year commencing July 1, 1994,
26 and each subsequent fiscal year.

27 97A.8(1)(h) and 411.8(1)(h): The bill eliminates the
28 graduated contribution rates by members who were a certain age
29 on July 1, 1990, effective October 16, 1992, so that
30 commencing October 16, 1992, all members, regardless of age,
31 pay the same contribution rates. These sections are effective
32 upon enactment and apply retroactively to October 16, 1992.
33 The special implementation provision of the bill also applies
34 to these sections, and requires the boards of trustees of the
35 systems to develop and implement plans to reimburse members

1 for contributions paid to the systems which are contrary to
2 the provisions of the bill, in order to apply the changes
3 retroactively to October 16, 1992.

4 The bill also contains a noncodified provision requiring
5 the boards of trustees of each system to submit a report for
6 distribution to the public retirement systems committee, on or
7 before September 1, 1995, concerning issues related to
8 portability between the two systems.

9 CHANGES PERTAINING TO CHAPTERS 97B AND 260C

10 The bill contains the following changes to the Iowa public
11 employees' retirement system (IPERS) established in chapter
12 97B, as well as corresponding changes pertaining to community
13 college employees in chapter 260C:

14 97B.25: In this section, the bill eliminates a reference
15 to the administrator of IPERS, and replaces it with a
16 reference to the chief benefits officer. Legislation enacted
17 in 1992 eliminated the administrator's position.

18 97B.41(8)(a)(unn. para. 1) and 97B.41(8)(b)(19): These
19 provisions clarify that joint planning commissions created
20 under chapter 28E and certain area agencies on aging are
21 employers covered by IPERS. However, the bill further
22 provides that employees of an area agency on aging which, as
23 of July 1, 1994, provides for participation by all of its
24 employees in an alternative qualified plan, are excluded from
25 the definition of employees covered by IPERS.

26 97B.41(8)(b)(1 and 4): These sections specify that
27 membership for certain elective officials and members of the
28 general assembly terminates upon termination from covered
29 employment.

30 97B.41(12), 97B.53(3, 6, and 7), and 97B.70(4): These
31 sections pertain primarily to members with periods of service
32 which are terminated prior to vesting. The bill requires the
33 department of personnel to combine all periods of service for
34 which the member has made contributions in determining
35 membership service. The bill provides that if the department

1 has not maintained the member's account for a period of
2 service, the department shall credit the service upon the
3 submission of satisfactory proof. The bill changes the period
4 of time after which the department has no obligation to
5 maintain accounts, from five to 10 years after termination
6 from employment, and also changes the time period for
7 corresponding provisions pertaining to the time for claiming a
8 refund. The bill strikes restrictions pertaining to members
9 who leave their contributions in the system. The bill
10 provides that certain contributions which are left in the
11 system shall earn interest and interest dividends. The bill
12 applies interest and dividends to certain contributions for
13 periods of service for which a person was not vested when the
14 person terminated covered employment. The bill provides that
15 if the person subsequently becomes a vested member, the
16 contributions will accumulate interest and dividends from the
17 latter date of either the date that the department of
18 personnel determines that the provisions shall be implemented
19 or the date that the member became vested. Under the bill, if
20 the department no longer maintains an account for eligible
21 contributions, the department shall credit interest and
22 dividends upon submission of satisfactory proof. These
23 provisions all take effect on July 1, 1995. However, the
24 department shall not implement these sections under the bill
25 until the most recent actuarial valuation indicates that after
26 meeting the priorities of increasing the covered wage by
27 \$3,000 and permitting partial buy-backs as provided under the
28 bill, the system can absorb the costs within existing
29 contribution rates.

30 97B.41(15)(a): This section provides that a period of ser-
31 vice is not interrupted by service in the armed forces,
32 regardless of whether the service occurs during a period of
33 war or national emergency.

34 97B.41(18): The bill amends the definition of "three-year
35 average covered wage" to provide that when the department

1 determines the third year by combining quarters from different
2 calendar years, if the third year of wages would exceed the
3 highest amount of covered wages actually earned in any
4 calendar year, the department shall limit the amount
5 attributed to the third year to the highest amount of covered
6 wages actually earned in a calendar year. Under the bill,
7 this section takes effect January 1, 1995.

8 97B.42(unn. para. 1): The bill provides that if an
9 employee joins another publicly maintained retirement system,
10 the member may leave the member's contributions in the fund,
11 apply for a refund, or upon achieving a bona fide retirement
12 from employment with a covered employer or attaining age 70,
13 receive retirement benefits. This section also specifies that
14 coverage under IPERS does not commence until coverage
15 commences under the federal Social Security Act and the
16 required agreements are effective.

17 97B.42 (unn. para. 5 and 260C.23(17)): These sections
18 provide that in an alternative retirement benefits systems
19 established for community college employees commencing July 1,
20 1994, the employer's annual contribution in dollars shall not
21 exceed the annual contribution in dollars which the employer
22 would have paid for the employee under IPERS, which is
23 currently 5.75 percent of the covered wage, which is currently
24 capped at \$38,000. Current law provides that the system for
25 employee and employer contributions under the alternative
26 system for community college employees shall be substantially
27 the same as provided by the state board of regents under the
28 teachers insurance annuity association-college retirement
29 equities fund (TIAA-CREF), and that the employer's
30 contribution rate shall not exceed the employer's contribution
31 rate for regents' employees who are under TIAA-CREF, which
32 currently has a maximum rate of 10 percent.

33 With respect to the participation by employees of community
34 colleges in an alternative retirement benefits system
35 effective July 1, 1994, the bill provides that persons

1 employed prior to July 1, 1994, must elect the alternative
2 retirement benefits system within one year of the first day on
3 which coverage commences under that system, or the employee
4 shall remain in IPERS. The bill further provides that newly
5 hired employees shall have 60 days to make the election from
6 the date of employment.

7 97B.42A: This section provides that commencing July 1,
8 1994, for those employees who may elect to participate in
9 IPERS by filing an application with the department, the
10 application must be filed within sixty days of employment by
11 newly hired employees, and by July 1, 1995, for employees who
12 were employed in the position prior to July 1, 1994.

13 97B.45(unn. para. 2) and 97B.46: These sections strike
14 provisions that state that credit for service ceases when
15 contributions cease. The bill also strikes a requirement that
16 certain employees retire on the first day of the month after
17 the last day of service.

18 97B.48(1): The bill increases the amount of the retirement
19 allowance as to which a member may elect a lump-sum payment in
20 an actuarial equivalent, from \$240 a year to \$600 a year.

21 97B.49(13): These provisions extend the dividends paid to
22 the current retiree groups under IPERS for an additional two
23 years, and increase the dividends to the following amounts:
24 236 percent of the monthly benefit for the pre-1976 group; 181
25 percent of the monthly benefit for the January 1, 1976 through
26 June 30, 1982 group; and 49 percent of the monthly benefit for
27 the July 1, 1982 through June 30, 1986 group of retirees.

28 These changes result in increase which are approximately four
29 percent, three percent, and two percent of the dividend costs.
30 The bill rounds the amounts up to the nearest full percent.

31 97B.50(1)(unn. para. 1): The bill clarifies that the
32 reductions for retirement prior to the normal retirement date
33 calculated in section 97B.50 are inapplicable in reference to
34 the normal retirement date specified in section 97B.45,
35 subsection 4, which refers to members retiring under the "Rule

1 of 92".

2 97B.50(2): This provision updates references to federal
3 law.

4 97B.53B: The bill specifies those instances in which a
5 member or a member's surviving spouse may elect to have the
6 department of personnel pay all or a portion of an eligible
7 rollover distribution directly to an eligible retirement plan.
8 This provision takes effect upon enactment and applies
9 retroactively to January 1, 1993.

10 97B.56, 97B.61(unn. para. 2), and repeal of 97B.54: These
11 provisions repeal a section pertaining to the accrued
12 liability contribution required to provide for the liquidation
13 of liability for retirement allowances payable for prior
14 service incurred before the creation of IPERS, and strikes
15 related references and provisions.

16 97B.66(unn. paras. 1 and 2), 97B.72(unn. paras. 1 and 2),
17 97B.72A(1)(unn. para. 1), 97B.73A(unn. para 1), 97B.74(unn.
18 paras. 1 and 2): These sections permit members to make
19 contributions as "buy-backs" in increments of one or more
20 years, effective July 1, 1995, if the most recent actuarial
21 valuation of the system indicates that the costs can be
22 absorbed within existing contribution rates after meeting the
23 priority of increasing the covered wage by \$3,000. If the
24 actuarial valuation does not reflect that the costs can be so
25 absorbed, the bill requires the department to delay
26 implementing the provisions until funds are available. While
27 certain legislative members are permitted under current law in
28 section 97B.72A, subsection 1, to make contributions for a
29 portion of a period of service, the bill applies the one-year
30 increment limitation to those members effective July 1, 1995.
31 With the exception of the provisions pertaining to legislative
32 members, current law requires members electing a "buy-back" to
33 make contributions for the entire period of service.

34 97B.72A(2): The bill strikes a provision permitting former
35 members of the general assembly with six or more years of

1 service in the general assembly or six or more years of
2 service in the general assembly combined with other covered
3 employment to make contributions to the system for all or a
4 portion of the period of service in the general assembly.
5 Members of the Seventy-first General Assembly or a succeeding
6 general assembly may still make contributions to the system
7 for service in the general assembly on or after July 4, 1953,
8 pursuant to section 97B.72, and active or vested members of
9 the general assembly who were members prior to July 1, 1988,
10 may make contributions to the system for service in the
11 general assembly pursuant to section 97B.72A, subsection 1.

12 97B.73 and 97B.80: These provisions restrict options per-
13 taining to "buy-ins" for service in other states and in the
14 armed forces effective July 1, 1994, by limiting "buy-in"
15 options to members with membership service within the current
16 calendar year.

17 260C.23(9): This section pertains to certain tax-sheltered
18 annuities available for employees of educational institutions.
19 Section 260C.23, subsection 9, pertains to employees of the
20 community colleges, and the bill amends the section to provide
21 for purchase of the annuity contracts from securities dealers,
22 salespersons, or mutual funds registered in the state. This
23 language added in the bill is similar to that contained in
24 section 294.16, pertaining to annuity contracts for employees
25 of the state board of regents. The bill also provides that
26 such annuity contracts may be purchased as issued by a
27 nonprofit corporation issuing retirement annuities exclusively
28 for educational institutions and their employees.

29 The bill also contains a noncodified section, which
30 requires the department of personnel to develop a proposal or
31 proposals and to report the proposals and their costs to the
32 public retirement systems committee on or before September 1,
33 1995, with respect to the possible establishment of a new
34 benefit formula for combining the value of different types of
35 membership service. The proposal would pertain to members

1 with periods of service covered under a special
2 classification, such as the protection occupation or the
3 sheriffs or deputy sheriffs, and periods of service within a
4 different classification, such as IPERS general membership.

5 CHANGES PERTAINING ONLY TO CHAPTER 411

6 411.6(10): The bill strikes a provision from this section
7 that specifies how the offset for workers' compensation or
8 other benefits is accomplished when the amount is less than
9 the amount payable from the funds provided in the retirement
10 system.

11 CHANGES PERTAINING TO CHAPTER 602, ARTICLE 9

12 The bill contains the following changes pertaining to the
13 judicial retirement system established in chapter 602, article
14 9:

15 602.9104(4), 602.9104A, and 602.9116: These sections
16 provide for changes in the way that the state funds the
17 judicial retirement system. Current law provides for a pre-
18 tax contribution by judges of four percent, a state
19 contribution of three percent, and the deposit of certain
20 court revenues. The bill does not alter the judges'
21 contributions, but does change the state funding. The bill
22 increases the state contribution to an amount equal to at
23 least 23.7 percent of the basic salary of judges, effective
24 with the fiscal year commencing July 1, 1994, and for each
25 subsequent fiscal year until the system attains fully funded
26 status. Under the bill, commencing when the system attains
27 fully funded status and for each subsequent fiscal year, the
28 state shall contribute the required contribution rate
29 established by the actuary by making an appropriation to the
30 judicial retirement fund.

31 The bill defines "fully funded status" based upon the most
32 recent actuarial valuation, and requires that to attain "fully
33 funded status", using the aggregate cost method, the funded
34 status of the system is at least 100 percent. Under the bill,
35 once the system attains fully funded status, the state

1 contribution rate shall be the "required contribution rate",
2 which is the rate that the actuary determines is, in addition
3 to the judge's contribution, necessary to maintain fully
4 funded status.

5 The bill creates a new section, section 602.9104A, which
6 provides that notwithstanding other provisions of the Code
7 that require the deposit of court revenues in the judicial
8 retirement fund, such revenues shall be deposited in the
9 general fund. The bill states that the judicial retirement
10 fund shall consist of the corpus and income of the fund, plus
11 contributions by judges and the state. The public retirement
12 systems committee, in recommending this change in funding,
13 anticipates that corresponding changes will be made in other
14 legislation to remove the "earmarking" of court revenues for
15 judicial retirement, and to appropriate the increased
16 contribution rate.

17 The changes to section 602.9116 require an update of an
18 actuarial valuation annually, in order for the actuary to
19 determine the adequacy of the state's contributions. Current
20 law requires an actuarial valuation at least once every four
21 years.

22 602.9105: This section, which is immediately effective and
23 retroactive to January 1, 1993, under the bill, provides for a
24 judge or the judge's surviving spouse to elect to have the
25 system pay all or a portion of an eligible rollover
26 distribution directly to an eligible retirement plan in a
27 direct rollover, in accordance with the federal Internal
28 Revenue Code.

29 602.9204: These changes, in addition to a noncodified
30 implementation section, provide that for those judges who
31 first become senior judges on or after July 1, 1994, the
32 senior judge annuity shall be based upon a formula which is
33 limited to 75 percent of the increase in salary of active
34 judges. Under the implementation provision, the benefits of
35 judges who become senior judges prior to that date shall be

1 based upon the current law, which provides for the use of
2 active judges salaries in computing the benefits of a senior
3 judge.

4 The bill also includes a provision that applies to all
5 public retirement systems in the state, and requires the
6 public retirement systems committee to review issues
7 pertaining to state and federal income tax treatment of
8 employee contributions, and submit a report to the legislative
9 council on or before January 31, 1996.

10 This bill may provide a state mandate, as defined in
11 section 25B.3.

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HOUSE FILE 2418
FISCAL NOTE

A fiscal note for House File 2418, as amended by the Senate, is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 2418, as amended by the Senate (H-6055), would make the following changes to the State's retirement systems.

1. Arson investigators are transferred from Chapter 97B (Iowa Public Employees Retirement System - IPERS) to Chapter 97A (Peace Officers Retirement - POR). Airport fire fighters are moved to the sheriffs and deputy sheriffs retirement program in Chapter 97B, and probation and parole officers, and local fire fighters not covered by the Municipal Fire and Police Retirement System (MFPRSI) are added to the IPERS protection occupation class.
2. Persons having retired from the POR and the MFPRSI and are subsequently reemployed in what would be a covered position do not become active members, do not make contributions to the system (neither employee or employer share), and do not receive credit for those years of work.
3. Changes are made pertaining to the POR and MFPRSI becoming qualified systems under federal Internal Revenue Service requirements. This will allow the interest earned by the funds to be tax exempt. In conjunction, changes are made so that contribution rates and benefits are consistent for different age members. Provisions are made for rollover distributions directly to an eligible retirement plan.
4. Provisions are made for certain contributions left in the IPERS Fund upon termination of covered employment to earn interest, for partial buyins, and for partial buybacks. Various buyin and buyback provisions apply to persons with service under other governmental retirement systems, military service, and members of the General Assembly. These provisions are to be implemented when an actuarial valuation indicates the system can absorb the costs within existing contribution rates.
5. Community College employees may opt for alternative retirement benefits systems (such as, TIAA-CREF) substantially the same as those offered Regents employees. The employer's contribution is capped at the same rate as IPERS (5.75% of covered wage). The employees have 3 years to elect coverage under the alternative system.
6. Adjustments are made to the dividends paid to IPERS retirees.
7. The funding stream is changed for the Judicial retirement system so that Court fines and fees go into the General Fund and the employer's contribution will be directly appropriated. The escalator for future Senior Judges is reduced from 100% to 75%.
8. Employee contributions for POR and MFPRSI are made pre-tax contributions for federal and State income tax purposes effective January 1, 1995. Employee contributions for IPERS are made pre-tax contributions for federal income tax purposes effective January 1, 1995, and for State income tax purposes on January 1, 1996. The teachers retirement programs

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under Chapter 294 are made pre-tax contributions for only federal income tax purposes when it becomes a qualified plan under federal Internal Revenue Service regulations.

9. Spouses of retirees receiving benefits for maximum years of service and with no age reduction or who retired under the rule of 92 are permitted to continue in the State's health insurance program after the death of the retiree. The widow or widower pays both the employer and employee shares of the insurance premium.
10. The Legislative Council is requested to study the compensation paid to senior judges under the Senior Judge Program.
11. The Department of Corrections (DOC) is required to study the incidence of death and injury of DOC employees not currently included within the protection classification and of probation and parole officers employed by the Judicial District Departments and to report to the Legislative Service Bureau and the Public Retirement Systems Committee by September 1, 1995.

Assumptions:

1. Persons moved to other systems will be handled in the same manner as others have been in the past. They will receive credit for their years of service in their previous system. The retirement system to which they transfer will absorb the liability for those years of service under the previous system.
2. Forty-two persons will transfer into the POR.
3. The covered wage for POR is \$20.3 million.
4. The covered wage for IPERS is \$2.9 billion.
5. The increases to make the POR and MFPRSI members contribution rates equal for all ages will create revenues for the 2 systems.
6. The increase to the IPERS retirees dividends will be a cost to the IPERS Fund. Other changes will be future costs and incurred only when they may be absorbed within existing contribution rates.
7. Court fines and fees previously earmarked for deposit in the Judicial Retirement Fund will remain relatively constant at \$2.0 million.
8. The annual employee contribution for IPERS is \$117.6 million.
9. The annual employee contribution for POR is \$1.4 million.
10. The annual employee contribution for MFPRSI is \$3.5 million.
11. The employee contribution for the teachers retirement program under Chapter 294 is \$1.7 million.
12. Fewer than 30 spouses of deceased retirees will continue in the State's insurance program.

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Fiscal Impact:POR: The bill does the following:

1. Removes the age cap on earning additional years of service beyond 22 years. The actuarial evaluation indicated this would cost 0.33% of covered payroll or \$67,000.
2. Increases employees contributions by 0.25% of covered payroll. This change generates revenues of \$51,000 for the POR Fund.
3. Requires a refund for those who contributed in excess of the rates paid by younger members. The refund is estimated to cost 0.06% of covered payroll or \$12,000.
4. Transfers 42 persons into the system. The transfers will increase the employer's contribution rate by 0.08% or \$17,000 annually.

The net effect of this bill is an annual cost of \$45,000 for the POR Fund.

IPERS: The bill does the following:

1. Increases the dividend payments for IPERS retirees. This will cost the IPERS Fund \$2.0 million annually in FY 1995 and FY 1996.
2. Provides for partial buybacks of previous years of service. This change will create a liability valued at 0.07% of covered wage for a cost of approximately \$2.0 million annually. Partial buybacks will be implemented when the available margin is adequate to fund the change.
3. An estimate of the cost of moving persons among Chapter 97B retirement classifications is not available but is not expected to be significant.

MFPRSI: The increase to certain employee contributions by 0.25% to remove age differences will generate an additional \$295,000 in revenues for the MFPRSI Fund. The changes removing the differences in benefits based on age are not expected to have a material effect on the Fund.

Judicial Retirement System: The bill does the following:

1. The reduction in the Senior Judge escalator saves \$306,000 annually.
2. With the reduced escalator, the proposed State's contribution rate to improve the Judicial Retirement System's actuarial soundness is 23.7% of judges' salary or \$3.2 million.
3. There are offsets of \$399,000 from current employer contributions and \$2.0 million from shifting fines and fees to the General Fund.

The balance remaining to be made up from the General Fund is \$732,000.

Federal and State Pre-Tax on Employee Contributions: Making the employee contributions to the various State retirement systems a pre-tax contribution for federal income tax purposes reduces federal deductibility and increases State General Fund revenues. Making employee contributions pre-tax contributions for State tax purposes reduces State General Fund revenues. The net effects of the changes in this bill are:

1. An increase of \$500,000 to \$1.5 million to the General Fund in FY 1996.
2. A decrease of \$7.0 million in General Fund revenues in FY 1997.

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3. When the Des Moines Teachers Retirement System becomes an IRS qualified plan the decrease in federal deductibility will increase State General Fund revenues \$14,000 to \$27,000.

Compared to FY 1994, the net effect will be to reduce General Fund revenues \$5.5 million to \$6.5 million from FY 1997 forward.

Continuing Health Benefits of Deceased Retiree's Spouses: Since the spouse of the deceased retiree pays both employer and employee portions of the insurance premium to remain in the insurance program, there will be no effect on the General Fund or any retirement fund.

Sources:

Department of Public Safety (POR)

IPERS

Municipal Fire and Police Retirement System of Iowa

Department of Revenue and Finance

Judicial Department

Department of Education

Des Moines Public Schools

(LSB 4161hz.3, MDF)

FILED APRIL 12, 1994

BY DENNIS PROUTY, FISCAL DIRECTOR

**HOUSE FILE 2418
FISCAL NOTE**

A fiscal note for House File 2418 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 2418 would make the following changes to the State's retirement systems.

1. Arson investigators are transferred from Chapter 97B (Iowa Public Employees Retirement System - IPERS) to Chapter 97A (Peace Officers Retirement - POR).
2. Persons having retired from the POR and the Municipal Fire and Police Retirement System of Iowa (MFPRSI) and are subsequently reemployed in what would be a covered position do not become active members, do not make contributions to the system (neither employee or employer share), and do not receive credit for those years of work.
3. Changes are made pertaining to the POR and MFPRSI becoming qualified systems under federal Internal Revenue Service requirements. This will allow the interest earned by the funds to be tax exempt. In conjunction, changes are made so that contribution rates and benefits are consistent for different age members. Provisions are made for rollover distributions directly to an eligible retirement plan.
4. Provisions are made for certain contributions left in the IPERS Fund upon termination of covered employment to earn interest, for partial buyins, and for partial buybacks. Various buyin and buyback provisions apply to persons with service under other governmental retirement systems, military service, and members of the General Assembly. These provisions are to be implemented when an actuarial valuation indicates the system can absorb the costs within existing contribution rates.
5. Community College employees may opt for alternative retirement benefits systems (such as, TIAA-CREF) substantially the same as those offered Regents employees. The employer's contribution is capped at the same rate as IPERS (5.75% of covered wage).
6. Adjustments are made to the dividends paid to IPERS retirees.
7. The funding stream is changed for the Judicial retirement system so that Court fines and fees go into the General Fund and the employer's contribution will be directly appropriated. The escalator for future Senior Judges is reduced from 100% to 75%.
8. Employee contributions for POR, MFPRSI, IPERS, and the teachers retirement programs under Chapter 294 are made pre-tax contributions for federal income tax purposes.
9. Spouses of retirees receiving benefits for maximum years of service and with no age reduction or who retired under the rule of 92 are permitted to continue in the State's health insurance program after the death of the retiree. The widow or widower pays both the employer and employee shares of the insurance premium.
10. The Legislative Council is requested to study the compensation paid to senior judges under the Senior Judge Program.

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11. The Department of Corrections (DOC) is required to study the incidence of death and injury of DOC employees not currently included within the protection classification and of probation and parole officers employed by the Judicial District Departments and to report to the Legislative Service Bureau and the Public Retirement Systems Committee by September 1, 1995.

Assumptions:

1. The covered wage for POR is \$20.3 million.
2. The covered wage for IPERS is \$2.9 billion.
3. The increases to make the POR and MFPRSI members contribution rates equal for all ages will create revenues for the 2 systems.
4. The increase to the IPERS retirees dividends will be a cost to the IPERS Fund. Other changes will be future costs and incurred only when they may be absorbed within existing contribution rates.
5. Court fines and fees previously earmarked for deposit in the Judicial Retirement Fund will remain relatively constant at \$2.0 million.
6. The annual employee contribution for IPERS is \$117.6 million.
7. The annual employee contribution for POR is \$1.4 million.
8. The annual employee contribution for MFPRSI is \$3.5 million.
9. The employee contribution for the teachers retirement program under Chapter 294 is \$1.7 million.
10. Less than 30 spouses of deceased retirees will continue in the State's insurance program.

Fiscal Impact:

POR: The bill does the following:

1. Removes the age cap on earning additional years of service beyond 22 years. The actuarial evaluation indicated this would cost 0.33% of covered payroll or \$67,000.
2. Increases employees contributions by 0.25% of covered payroll. This change generates revenues of \$51,000 for the POR Fund.
3. Requires a refund for those who contributed in excess of the rates paid by younger members. The refund is estimated to cost 0.06% of covered payroll or \$12,000.

The net effect of this bill is an annual cost of \$28,000 for the POR Fund.

IPERS: The bill does the following:

1. Increases the dividend payments for IPERS retirees. This will cost the IPERS Fund \$2.6 million annually in FY 1995 and FY 1996.
2. Provides for partial buybacks of previous years of service. This change will create a liability valued at 0.07% of covered wage for a cost of approximately \$2.0 million annually. Partial buybacks will be implemented when the available margin is adequate to fund the change.

MFPRSI: The increase to certain employee contributions by 0.25% to remove age differences will generate an additional \$295,000 in revenues for the MFPRSI Fund. The changes removing the differences in benefits based on age are not expected to have a material effect on the Fund.

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Judicial Retirement System: The bill does the following:

1. The reduction in the Senior Judge escalator saves \$306,000 annually.
2. With the reduced escalator, the proposed State's contribution rate to improve the Judicial Retirement System's actuarial soundness is 23.7% of judges' salary or \$3.2 million.
3. There are offsets of \$399,000 from current employer contributions and \$2.0 million from shifting fines and fees to the General Fund.

The balance remaining to be made up from the General Fund is \$732,000.

Federal Pre-Tax on Employee Contributions: Making the employees' contributions to the various State retirement systems a pre-tax contribution for federal income tax purposes reduces federal deductibility and increases State General Fund revenues beginning in FY 1996. The increases are:

1. Between \$1.0 million and \$1.9 million for IPERS members.
2. \$25,000 for POR members.
3. \$150,000 for MFPRSI members.
4. Between \$14,000 and \$27,000 for Des Moines teachers retirement program under Chapter 294.

The total increase to General Fund revenues is estimated to be between \$1.2 million and \$2.1 million beginning in FY 1996.

Continuing Health Benefits of Deceased Retiree's Spouses: Since the spouse of the deceased retiree pays both employer and employee portions of the insurance premium to remain in the insurance program, there will be no affect on the General Fund or any retirement fund.

Sources:

Department of Public Safety (POR)
IPERS
Municipal Fire and Police Retirement System of Iowa
Department of Revenue and Finance
Judicial Department
Department of Education
Des Moines Public Schools

(LSB 4161HZ.2, MDF)

FILED APRIL 7, 1994

BY DENNIS PROUTY, FISCAL DIRECTOR

**HOUSE FILE 2418
FISCAL NOTE**

A fiscal note for House File 2418 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 2418 would make the following changes to the State's retirement systems.

1. Arson investigators are transferred from Chapter 97B (Iowa Public Employees Retirement System - IPERS) to Chapter 97A (Peace Officers Retirement - POR).
2. Persons having retired from the POR and the Municipal Fire and Police Retirement System of Iowa (MFPRSI) and are subsequently reemployed in what would be a covered position do not become active members, do not make contributions to the system (neither employee or employer share), and do not receive credit for those years of work.
3. Changes are made pertaining to the POR and MFPRSI becoming qualified systems under federal Internal Revenue Service requirements. This will allow the interest earned by the funds to be tax exempt. In conjunction, changes are made so that contribution rates and benefits are consistent for different age members. Provisions are made for rollover distributions directly to an eligible retirement plan.
4. Provisions are made for certain contributions left in the IPERS Fund upon termination of covered employment to earn interest, for partial buyins, and for partial buybacks. Various buyin and buyback provisions apply to persons with service under other governmental retirement systems, military service, and members of the General Assembly. These provisions are to be implemented when an actuarial valuation indicates the system can absorb the costs within existing contribution rates.
5. Community College employees may opt for alternative retirement benefits systems (such as, TIAA-CREF) substantially the same as those offered Regents employees. The employer's contribution is capped at the same rate as IPERS (5.75% of covered wage).
6. Adjustments are made to the dividends paid to IPERS retirees.
7. The funding stream is changed for the Judicial retirement system so that Court fines and fees go into the General Fund and the employer's contribution will be directly appropriated. The escalator for future Senior Judges is reduced from 100.00% to 75.00%.

Assumptions:

1. The covered wage for POR is \$20.3 million.
2. The covered wage for IPERS is \$2.9 billion.
3. The increases to make the POR and MFPRSI members contribution rates equal for all ages will create revenues for the 2 systems.
4. The increase to the IPERS retirees dividends will be a cost to the IPERS Fund. Other changes will be future costs and incurred only when they may

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be absorbed within existing contribution rates.

5. Court fines and fees previously earmarked for deposit in the Judicial Retirement Fund will remain relatively constant at \$2.0 million.

Fiscal Impact:

POR: The bill does the following:

1. Removes the age cap on earning additional years of service beyond 22 years. The actuarial evaluation indicated this would cost 0.33% of covered payroll or \$67,000.
2. Increases employees contributions by 0.25% of covered payroll. This change generates revenues of \$51,000 for the POR Fund.
3. Requires a refund for those who contributed in excess of the rates paid by younger members. The refund is estimated to cost 0.06% of covered payroll or \$12,000.

The net effect of this bill is an annual cost of \$28,000 for the POR Fund.

IPERS: The bill does the following:

1. Increases the dividend payments for IPERS retirees. This will cost the IPERS Fund \$2.6 million annually in FY 1995 and FY 1996.
2. Provides for partial buybacks of previous years of service. This change will create a liability valued at 0.07% of covered wage for a cost approximately \$2.0 million annually. Partial buybacks will be implemented when the available margin is adequate to fund the change.

MFPRSI: The increase to certain employee contributions by 0.25% to remove age differences will generate an additional \$295,000 in revenues for the MFPRSI Fund. The changes removing the differences in benefits based on age are not expected to have a material effect on the Fund.

Judicial Retirement System: The bill does the following:

1. The reduction in the Senior Judge escalator saves \$306,000 annually.
2. With the reduced escalator, the proposed State's contribution rate to improve the Judicial Retirement System's actuarial soundness is 23.7% of judges' salary or \$3.2 million.
3. There are offsets of \$399,000 from current employer contributions and \$2.0 million from shifting fines and fees to the General Fund.

The balance remaining to be made up from the General Fund is \$732,000.

Sources:

Department of Public Safety (POR), IPERS, Municipal Fire and Police Retirement System of Iowa, Department of Revenue and Finance, Judicial Department, Department of Education (LSB 4161hz, MDF)

HOUSE FILE 2418

5574

Amend House File 2418 as follows:

1. Page 50, by inserting before line 29 the following:

"Sec. . STUDY BY DEPARTMENT OF PUBLIC SAFETY AND DEPARTMENT OF CORRECTIONS CONCERNING OCCUPATIONAL INJURIES AND DEATHS.

1. The department of public safety shall conduct a study and compile information concerning the number of occupational injuries and deaths to peace officers employed by the department of public safety who are members of the Iowa public employees' retirement system, but who are not included within the protection occupation classification. The study shall specify the information according to job classification, and shall include information concerning the numbers of persons employed within those job classifications during the relevant time period. The study shall cover a period of at least ten years. The department of public safety shall submit a report to the legislative service bureau, for distribution to the public retirement systems committee established in section 97D.4, on or before September 1, 1995, concerning the findings from the study.

2. The department of corrections shall conduct a study and compile information concerning the number of occupational injuries and deaths to persons employed by the department within the correctional institutions specified in section 904.102 who are not members of the protection occupation classification of the Iowa public employees' retirement system, as well as to persons employed by the judicial district departments of correctional services within community-based correctional facilities and persons employed as probation officers I, II, and III, and parole officers I, II, and III. The study shall specify the information according to job classification, and shall include information concerning the numbers of persons employed within those job classifications during the relevant time period. The study shall cover a period of at least ten years. The department of corrections shall submit a report to the legislative service bureau, for distribution to the public retirement systems committee established in section 97D.4, on or before September 1, 1995, concerning the findings from the study."

2. By renumbering and correcting internal references as necessary.

By CARPENTER of Polk

H-5574 FILED MARCH 22, 1994

Adopted 4-4-94

HOU

HOUSE FILE 2418

H-5586

- 1 Amend House File 2418 as follows:
- 2 1. By striking page 13, line 33 through page 14,
- 3 line 3 and inserting the following: "to section
- 4 260C.23. A member employed by a community".
- 5 2. Page 32, by striking lines 13 through 35.
- 6 3. By renumbering as necessary.

LOST 4-4-94 (P. 1078) By BEATTY of Warren
 H-5586 FILED MARCH 22, 1994

HOUSE FILE 2418

H-5569

- 1 Amend House File 2418 as follows:
- 2 1. Page 14, line 20, by striking the word "sixty"
- 3 and inserting the following: "ninety".
- 4 2. Page 14, line 31, by striking the word "sixty"
- 5 and inserting the following: "ninety".

By BEATTY of Warren
 H-5569 FILED MARCH 22, 1994

*LOST 4-4-94
 (P. 1079)*

HOUSE FILE 2418

H-5621

1 Amend House File 2418 as follows:

2 1. Page 5, by inserting after line 6 the
3 following:

4 "Sec. ____ . Section 97A.6, subsection 14, paragraph
5 a, subparagraphs (1) and (2), Code 1993, are amended
6 to read as follows:

7 (1) ~~Twenty-five~~ Thirty percent for members
8 receiving a service retirement allowance and for
9 beneficiaries receiving a pension under subsection 9
10 of this section. ~~However, effective July 1, 1990, for~~
11 ~~members who retired before that date, thirty percent~~
12 ~~shall be the applicable percentage for members and~~
13 ~~beneficiaries under this subparagraph:~~

14 (2) ~~Twenty-five~~ Thirty percent for members with
15 five or more years of membership service who are
16 receiving an ordinary disability retirement allowance.
17 ~~However, effective July 1, 1990, for members who~~
18 ~~retired before that date, thirty percent shall be the~~
19 ~~applicable percentage for members under this~~
20 ~~subparagraph."~~

21 2. Page 6, line 22, by striking the word "thirty-
22 five" and inserting the following: "forty-five".

23 3. Page 6, line 27, by striking the word "thirty-
24 five" and inserting the following: "forty-five".

25 4. Page 8, by inserting after line 24 the follow-
26 ing:

27 "Sec. ____ . Section 97A.8, subsection 1, Code 1993,
28 is amended by adding the following new paragraph:

29 NEW PARAGRAPH. 1. (1) Notwithstanding paragraph
30 "g" or other provisions of this chapter, beginning
31 January 1, 1995, member contributions required under
32 paragraph "f" or "h" which are picked up by the
33 department shall be considered employer contributions
34 for federal income tax purposes, and the department
35 shall pick up the member contributions to be made
36 under paragraph "f" or "h" by its employees. The
37 department shall pick up these contributions by
38 reducing the salary of each of its employees covered
39 by this chapter by the amount which each employee is
40 required to contribute under paragraph "f" or "h" and
41 shall certify the amount picked up in lieu of the
42 member contributions to the department of revenue and
43 finance. The department of revenue and finance shall
44 forward the amount of the contributions picked up to
45 the board of trustees for recording and deposit in the
46 pension accumulation fund.

47 (2) Member contributions picked up by the
48 department under subparagraph (1) shall be treated as
49 employer contributions for federal income tax purposes
50 only and for all other purposes of this chapter and

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Page 2

1 the laws of this state shall be treated as employee
2 contributions and deemed part of the employee's
3 earnable compensation or salary."

4 5. Page 37, by inserting after line 7 the
5 following:

6 "Sec. ____ . Section 411.6, subsection 12, paragraph
7 a, subparagraphs (1) and (2), Code 1993, are amended
8 to read as follows:

9 (1) ~~Twenty-five~~ Thirty percent for members
10 receiving a service retirement allowance and for
11 beneficiaries receiving a pension under subsection 9
12 of this section. ~~However, effective July 1, 1990, for~~
13 ~~members who retired before that date, thirty percent~~
14 ~~shall be the applicable percentage for members and~~
15 ~~beneficiaries under this subparagraph.~~

16 (2) ~~Twenty-five~~ Thirty percent for members with
17 five or more years of membership service who are
18 receiving an ordinary disability retirement allowance.
19 ~~However, effective July 1, 1990, for members who~~
20 ~~retired before that date, thirty percent shall be the~~
21 ~~applicable percentage for members under this~~
22 ~~subparagraph."~~

23 6. Page 38, line 23, by striking the word
24 "~~thirty-five~~" and inserting the following: "forty-
25 five".

26 7. Page 38, line 27, by striking the word
27 "~~thirty-five~~" and inserting the following: "forty-
28 five".

29 8. Page 39, line 1, by striking the word "~~thirty-~~
30 five" and inserting the following: "forty-five".

31 9. Page 41, by inserting after line 11 the
32 following:

33 "Sec. ____ . Section 411.8, subsection 1, Code 1993,
34 is amended by adding the following new paragraph:

35 NEW PARAGRAPH. 1. (1) Notwithstanding paragraph
36 "g" or other provisions of this chapter, beginning
37 January 1, 1995, member contributions required under
38 paragraph "f" or "h" which are picked up by the city
39 shall be considered employer contributions for federal
40 income tax purposes, and each city shall pick up the
41 member contributions to be made under paragraph "f" or
42 "h" by its employees. Each city shall pick up these
43 contributions by reducing the salary of each of its
44 employees covered by this chapter by the amount which
45 each employee is required to contribute under
46 paragraph "f" or "h" and shall pay the amount picked
47 up in lieu of the member contributions to the board of
48 trustees for recording and deposit in the fund.

49 (2) Member contributions picked up by each city
50 under subparagraph (1) shall be treated as employer

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1 contributions for federal income tax purposes only and
2 for all other purposes of this chapter and the laws of
3 this state shall be treated as employee contributions
4 and deemed part of the employee's earnable
5 compensation or salary.

6 Sec. ____ . Section 422.7, Code Supplement 1993, is
7 amended by adding the following new subsection:

8 NEW SUBSECTION. 29. Add, to the extent not
9 included, the amount of the taxpayer's employee
10 contributions picked up by the taxpayer's employer
11 under chapter 97A or 411. The director shall by rule
12 provide a formula to exclude income, to the extent
13 included, from adjusted gross income amounts added
14 under this subsection which are subsequently returned
15 to the taxpayer as retirement benefits or otherwise."

16 10. Page 50, by striking lines 17 through 28.

17 11. Page 52, by inserting after line 26 the
18 following:

19 " ____ . The section of this Act which amends section
20 422.7 by enacting a new subsection 29 takes effect
21 January 1, 1995, and applies to tax years beginning on
22 or after January 1, 1995."

23 12. Title page, line 1, by inserting after the
24 word "systems," the following: "providing for the
25 payment of employee contributions under certain public
26 retirement systems for certain tax purposes,".

27 13. By renumbering and correcting internal
28 references as necessary.

By RENAUD of Polk

H-5621 FILED MARCH 23, 1994

*out of order
4-4-94*

WVARCHTW

HOUSE FILE 2418

H-5626

1 Amend House File 2418 as follows:

2 1. Page 6, by striking lines 19 through 31.

3 2. Page 38, by striking line 21 and inserting the
4 following: "subparagraph (8), Code 1993, is amended
5 to read".

6 3. Page 38, by striking lines 23 through 30.

7 4. Page 39, by striking line 1 and inserting the
8 following: "shall be established at nine and one-
9 tenth percent."

10 5. Page 39, by striking lines 2 through 14 and
11 inserting the following: "~~However, the system shall~~
12 ~~increase the member's contribution rate as necessary~~
13 ~~to cover any increase in cost to the system resulting~~
14 ~~from statutory changes which are enacted by any~~
15 ~~session of the general assembly meeting after January~~
16 ~~17, 1991, if the increase cannot be absorbed within the~~
17 ~~contribution rates otherwise established pursuant to~~
18 ~~this paragraph, but subject to a maximum employee~~
19 ~~contribution rate of eleven and three tenths percent.~~
20 ~~After the employee contribution reaches eleven and~~
21 ~~three tenths percent, sixty percent of the additional~~
22 ~~cost of such statutory changes shall be paid by~~
23 ~~employers under paragraph "c" and forty percent of the~~
24 ~~additional cost shall be paid by employees under this~~
25 ~~paragraph."~~

26 6. By renumbering as necessary.

By RENAUD of Polk

H-5626 FILED MARCH 23, 1994

WITHDRAWN

4-4-94

(P. 1093)

HOUSE FILE 2418

H-5627

Amend House File 2418 as follows:

1. Page 47, by inserting after line 15 the following:
- "Sec. ____ . ADJUSTMENT OF PERCENTAGE MULTIPLIER FOR CERTAIN IPERS RETIREES -- RETROACTIVE PAYMENT.
1. As used in this section, unless the context otherwise requires:
- a. "Department" means the department of personnel.
- b. "System" means the Iowa public employees' retirement system established pursuant to chapter 97B.
2. Notwithstanding section 97B.49, subsection 5, or any provision of law to the contrary, the department shall increase the percentage multiplier of the three-year average covered wage applied for individuals retiring pursuant to the system on or after July 1, 1993, but prior to July 1, 1994, to fifty-eight percent. The department shall recalculate the retirement benefits for the applicable retirees for all future benefit payments paid after the enactment of this section of this Act based upon a percentage multiplier of fifty-eight percent, and shall apply the increase in the percentage multiplier retroactively to July 1, 1993, by sending a payment to the applicable retirees to retroactively adjust retirement benefits already paid to those retirees. The payment shall consist of the difference between what the retirees would have received in benefits up to that time if the percentage multiplier had been fifty-eight percent, rather than fifty-seven and four-tenths percent, and the amount that the retirees have actually received in benefits prior to the enactment of this section of this Act, plus interest on the amount. The department shall compute the interest in the same manner as is provided for the payment of interest when a member receives a refund of contributions."
2. By renumbering and correcting internal references as necessary.

By RENAUD of Polk

H-5627 FILED MARCH 23, 1994

Lost 4-4-94 (P. 1088)

HOUSE FILE 2418

H-5628

1 Amend House File 2418 as follows:

2 1. Page 1, line 6, by inserting after the word
3 "workers," the following: "including but not limited
4 to gaming enforcement officers employed by the
5 division of criminal investigation for excursion boat
6 gambling enforcement activities,".

7 2. Page 1, line 10, by inserting after the word
8 "investigators" the following: "and fire prevention
9 inspector peace officers".

10 3. Page 1, line 12, by inserting after the word
11 "workers," the following: "employees of the division
12 of capitol police, except clerical workers,".

13 4. Page 1, line 28, by inserting before the word
14 "Such" the following: "Effective July 1, 1994, gaming
15 enforcement officers employed by the division of
16 criminal investigation for excursion boat gambling
17 enforcement activities, fire prevention inspector
18 peace officers employed by the department of public
19 safety, and employees of the division of capitol
20 police, except clerical workers, shall be members of
21 this system, except as otherwise provided in
22 subsection 3 or section 97B.42B."

23 5. Page 15, by inserting after line 8 the
24 following:

25 "Sec. . . . NEW SECTION. 97B.42B OPTIONAL
26 MEMBERSHIP FOR CERTAIN PUBLIC SAFETY EMPLOYEES.

27 1. Commencing July 1, 1994, a person who is newly
28 hired in the following positions in the department of
29 public safety shall be a member of the Iowa department
30 of public safety peace officers' retirement, accident
31 and disability system established in chapter 97A:

32 a. Gaming enforcement officers employed by the
33 division of criminal investigation for excursion boat
34 gambling enforcement activities.

35 b. Fire prevention inspector peace officers.

36 c. Employees of the division of capitol police,
37 except clerical workers.

38 2. Commencing July 1, 1994, notwithstanding any
39 other provision of law to the contrary, a member who
40 is employed in a position specified in subsection 1
41 prior to July 1, 1994, may elect coverage under the
42 Iowa department of public safety peace officers'
43 retirement, accident and disability system established
44 in chapter 97A, in lieu of continuing contributions to
45 the Iowa public employees' retirement system, or may
46 remain a member of the Iowa public employees'
47 retirement system. A member who is employed in a
48 position specified in subsection 1 prior to July 1,
49 1994, must file an election for coverage under the
50 Iowa department of public safety peace officers'

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1 retirement, accident and disability system with the
2 board of trustees established in section 97A.5 on or
3 before July 1, 1995, or the employee shall remain a
4 member under this chapter and shall not be eligible to
5 elect to participate in the system established
6 pursuant to chapter 97A at a later date pursuant to
7 this section. The board of trustees established in
8 section 97A.5 shall notify the department of personnel
9 of elections received pursuant to this section, and
10 the board of trustees and the department shall
11 cooperate to facilitate the implementation of this
12 section. Coverage under chapter 97A shall commence,
13 and coverage as an active member under this chapter
14 shall cease, when the election has been approved by
15 the board of trustees established in section 97A.5.

16 3. If an employee elects coverage under chapter
17 97A as provided in subsection 2 and the election is
18 approved by the board of trustees established in
19 section 97A.5, membership in the Iowa public
20 employees' retirement system shall cease, and the
21 employee shall be transferred to membership in the
22 Iowa department of public safety peace officers'
23 retirement, accident and disability system. The
24 department of personnel shall transfer the accumulated
25 contributions of these employees to the treasurer of
26 state for deposit in the pension accumulation fund
27 established in section 97A.8. However, employer
28 contributions which were made with respect to the
29 employees while the employees were members of the Iowa
30 public employees' retirement system shall remain in
31 the fund established in section 97B.7, and any costs
32 pertaining to the payment of employer contributions to
33 the system established in chapter 97A with respect to
34 the period of time during which the employees were
35 members of the Iowa public employees' retirement
36 system, or any other costs related to the transfer,
37 shall be borne by the system established in chapter
38 97A, notwithstanding any other provision of law to the
39 contrary.

40 4. Notwithstanding any other provision of law to
41 the contrary, if the board of trustees established in
42 section 97A.5 approves an election pursuant to
43 subsection 2, the employees transferred from coverage
44 under this chapter to coverage under the system
45 established in chapter 97A shall receive credit for
46 years of service under chapter 97A for those years of
47 service during which the employees were members of the
48 Iowa public employees' retirement system and employed
49 in positions specified in subsection 1. In addition,
50 notwithstanding the limitation on covered wages

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1 provided in section 97B.41, subsection 20,
2 compensation which was paid to an employee in a
3 position specified in subsection 1 while the employee
4 was a member pursuant to this chapter shall be
5 included in determining the average final compensation
6 of the employee pursuant to chapter 97A, if
7 applicable. Employees whose membership is transferred
8 pursuant to this section and the employer, the
9 department of public safety, shall not be required to
10 pay the difference in the employee and employer
11 contributions in effect for the period of time in
12 which the employees were members pursuant to this
13 chapter, as compared to the employee and employer
14 contributions then in effect for members of the system
15 established in chapter 97A.

16 5. It is the intent of the general assembly that
17 in administering the provisions of this section, the
18 board of trustees established in section 97A.5 and the
19 department of personnel shall interpret this section
20 in a manner which provides that the employees whose
21 membership is transferred shall not lose benefits
22 which would have otherwise accrued had the employees
23 been members of the system established in chapter 97A
24 during the period of time in which the employees were
25 actually members of the Iowa public employees'
26 retirement system."

27 6. Page 17, by inserting after line 15 the
28 following:

29 "Sec. ____ . Section 97B.49, subsection 16,
30 paragraph d, subparagraph (8), Code Supplement 1993,
31 is amended to read as follows:

32 (8) A fire prevention inspector peace officer
33 employed by the department of public safety prior to
34 July 1, 1994, who does not elect coverage under the
35 Iowa department of public safety peace officers'
36 retirement, accident and disability system, as
37 provided in section 97B.42B."

38 7. Page 51, by striking line 13 and inserting the
39 following:

40 "3. The provisions of this Act that amend section
41 97A.3, by enacting a new subsection 3, renumbering
42 section 97A.3, subsection 3, Code 1993, as subsection
43 4, and adding a reference to the new subsection 3 of
44 section 97A.3 in the first sentence of subsection 1 of
45 that section; and amend".

46 8. Page 51, line 24, by striking the word
47 "sections" and inserting the following: "provisions".

48 9. Page 51, line 25, by striking the word
49 "sections" and inserting the following: "provisions".

50 10. Page 51, line 35, by striking the word

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1 "sections" and inserting the following: "provisions".

2 11. By renumbering as necessary.

By RENAUD of Polk

H-5628 FILED MARCH 23, 1994

Adopted 3/24/94 (P. 881)

HOUSE FILE 2418

H-5633

1 Amend House File 2418 as follows:

2 1. Page 47, by inserting after line 29 the
3 following:

4 "Sec. ____ . SENIOR JUDGE COMPENSATION TASK FORCE.

5 1. The legislative council is requested to
6 establish a senior judge compensation task force to
7 review the services provided and compensation paid to
8 senior judges pursuant to chapter 602, article 9. In
9 addition to legislative members, the legislative
10 council is requested to appoint members who are active
11 members of the judicial retirement system and who are
12 not serving as senior judges, attorneys licensed to
13 practice law in Iowa, and public members who are
14 knowledgeable concerning employee compensation,
15 benefits, and pension plans.

16 The members of the committee are entitled to
17 reimbursement for travel and other necessary expenses
18 incurred in the performance of official duties. Each
19 member may also be eligible to receive compensation as
20 provided in section 7E.6. The expenses for members
21 who are not judicial officers shall be paid from funds
22 appropriated pursuant to section 2.12.

23 2. The task force shall review the services
24 provided and compensation paid to senior judges,
25 including the current funding mechanism through the
26 judicial retirement fund, as well as alternative
27 funding mechanisms. The task force shall submit a
28 report to the general assembly, the governor, and the
29 supreme court on or before February 1, 1995,
30 containing its findings and recommendations."

31 2. By renumbering and correcting internal
32 references as necessary.

By CARPENTER of Polk

H-5633 FILED MARCH 23, 1994

*Adopted
4-4-94
(P. 1088)*

HOUSE FILE 2418

H-5641

1 Amend House File 2418 as follows:

2 1. Page 8, by inserting after line 24 the
3 following:

4 "Sec. _____. Section 97A.8, subsection 1, Code 1993,
5 is amended by adding the following new paragraph:
6 NEW PARAGRAPH. i. (1) Notwithstanding paragraph
7 "g" or other provisions of this chapter, beginning
8 January 1, following the submission by the board of
9 trustees of an application to the federal internal
10 revenue service requesting qualification in accordance
11 with the requirements of the Internal Revenue Code, as
12 defined in section 422.3, member contributions
13 required under paragraph "f" or "h" which are picked
14 up by the department shall be considered employer
15 contributions for federal and state income tax
16 purposes, and the department shall pick up the member
17 contributions to be made under paragraph "f" or "h" by
18 its employees. The department shall pick up these
19 contributions by reducing the salary of each of its
20 employees covered by this chapter by the amount which
21 each employee is required to contribute under
22 paragraph "f" or "h" and shall certify the amount
23 picked up in lieu of the member contributions to the
24 department of revenue and finance. The department of
25 revenue and finance shall forward the amount of the
26 contributions picked up to the board of trustees for
27 recording and deposit in the pension accumulation
28 fund.

29 (2) Member contributions picked up by the
30 department under subparagraph (1) shall be treated as
31 employer contributions for federal and state income
32 tax purposes only and for all other purposes of this
33 chapter shall be treated as employee contributions and
34 deemed part of the employee's earnable compensation or
35 salary."

36 2. Page 41, by inserting after line 11 the
37 following:

38 "Sec. _____. Section 411.8, subsection 1, Code 1993,
39 is amended by adding the following new paragraph:
40 NEW PARAGRAPH. i. (1) Notwithstanding paragraph
41 "g" or other provisions of this chapter, beginning
42 January 1, following the submission by the board of
43 trustees of an application to the federal internal
44 revenue service requesting qualification in accordance
45 with the requirements of the Internal Revenue Code, as
46 defined in section 422.3, member contributions
47 required under paragraph "f" or "h" which are picked
48 up by the city shall be considered employer
49 contributions for federal and state income tax
50 purposes, and each city shall pick up the member

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1 contributions to be made under paragraph "f" or "h" by
 2 its employees. Each city shall pick up these
 3 contributions by reducing the salary of each of its
 4 employees covered by this chapter by the amount which
 5 each employee is required to contribute under
 6 paragraph "f" or "h" and shall pay the amount picked
 7 up in lieu of the member contributions to the board of
 8 trustees for recording and deposit in the fund.

9 (2) Member contributions picked up by each city
 10 under subparagraph (1) shall be treated as employer
 11 contributions for federal and state income tax
 12 purposes only and for all other purposes of this
 13 chapter shall be treated as employee contributions and
 14 deemed part of the employee's earnable compensation or
 15 salary."

16 3. Page 50, by striking lines 17 through 28.

17 4. Title page, line 1, by inserting after the
 18 word "systems," the following: "providing for the
 19 payment of employee contributions under certain public
 20 retirement systems for certain tax purposes,".

21 5. By renumbering as necessary.

By GILL of Woodbury	HANSEN of Woodbury
BEATTY of Warren	BRAND of Benton
RENAUD of Polk	WISE of Lee
RUNNING of Linn	WEIGEL of Chickasaw
MURPHY of Dubuque	KOENIGS of Mitchell
BERNAU of Story	MUNDIE of Webster
O'BRIEN of Boone	MCCOY of Polk
GREIG of Emmet	MCKINNEY of Dallas
BURKE of Marshall	WITT of Black Hawk
FOGARTY of Palo Alto	CATALDO of Polk
MORELAND of Wapello	

H-5641 FILED MARCH 23, 1994

out of order
4-4-94

HOUSE FILE 2418

H-5642

1 Amend House File 2418 as follows:

2 1. Page 17, by inserting after line 15 the
3 following:

4 "Sec. _____. Section 97B.49, subsection 16,
5 paragraph d, Code Supplement 1993, is amended by
6 adding the following new subparagraph:

7 NEW SUBPARAGRAPH. (9) An employee of a judicial
8 district department of correctional services who is
9 employed as a probation officer I, II, or III, or
10 parole officer I, II, or III."

11 2. Page 17, by inserting before line 25 the
12 following:

13 "Sec. _____. Section 97B.49, subsection 16, Code
14 Supplement 1993, is amended by adding the following
15 new paragraph:

16 NEW PARAGRAPH. 1. For the fiscal year commencing
17 July 1, 1994, and each succeeding fiscal year, each
18 judicial district department of correctional services
19 shall pay to the department of personnel from funds
20 appropriated to that judicial district department of
21 correctional services, the amount necessary to pay the
22 employer share of the cost of the additional benefits
23 provided to employees covered under paragraph "d",
24 subparagraph (9)."

25 3. By renumbering, relettering, and correcting
26 internal references as necessary.

By BELL of Jasper
LARKIN of Lee

H-5642 FILED MARCH 23, 1994

*Lost 4-4-94
(p. 1084)*

HOUSE FILE 2418

H-5647

1 Amend House File 2418 as follows:

2 1. Page 41, by inserting after line 11 the
3 following:

4 "Sec. ____ . NEW SECTION. 509A.13A CONTINUATION OF
5 GROUP INSURANCE COVERING SPOUSES.

6 1. As used in this section, unless the context
7 otherwise requires:

8 a. "Eligible retired state employee" means a
9 former employee of the government of the state of
10 Iowa, including but not limited to any departments,
11 agencies, boards, bureaus, or commissions of the state
12 of Iowa, who is receiving the minimum level of
13 retirement benefits for eligibility under this section
14 and who is participating in a state health or medical
15 group insurance plan which covers the former employee
16 and the former employee's spouse at the time of the
17 death of the former employee.

18 b. "Minimum level of retirement benefits for
19 eligibility under this section" means any of the
20 following:

21 (1) The eligible retired state employee has
22 received retirement benefits under the retirement
23 system established in chapter 97A based upon the
24 completion of at least twenty-two years of membership
25 service.

26 (2) The eligible retired state employee has
27 received retirement benefits under the retirement
28 system established in chapter 97B based upon any of
29 the following:

30 (a) Meeting the requirements for receiving
31 retirement benefits pursuant to chapter 97B based upon
32 having attained at least sixty-two years of age and
33 upon having completed at least thirty years of
34 membership service.

35 (b) Meeting the requirements for receiving
36 benefits under section 97B.49, subsection 16, without
37 a reduction for years of service pursuant to section
38 97B.49, subsection 16, paragraph "c".

39 (3) The eligible retired state employee has
40 received retirement benefits under the retirement
41 system established in chapter 602, article 9, based
42 upon either of the following:

43 (a) Meeting the requirements for receiving an
44 annuity which equals fifty percent of the basic annual
45 salary which the judge was receiving at the time that
46 the judge became separated from service, if the judge
47 did not participate in the senior judge program.

48 (b) Meeting the requirements for receiving an
49 annuity which equals or exceeds fifty percent of the
50 basic annual salary which the judge was receiving at

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1 the time that the judge separated from service prior
2 to serving as a senior judge.

3 c. "State health or medical group insurance plan"
4 means a health or medical group insurance plan for
5 employees of the state.

6 2. Notwithstanding any provision of law to the
7 contrary, in the event of the death of an eligible
8 retired state employee, the surviving spouse of the
9 eligible retired state employee whose insurance would
10 otherwise terminate because of the death of the
11 eligible retired state employee may elect to continue
12 to be a member of the state health or medical group
13 insurance plan by requesting continuation in writing
14 to the department of personnel within thirty-one days
15 after the death of the eligible retired state
16 employee. The surviving spouse shall pay the total
17 premium for the state health or medical group
18 insurance plan and shall have the same rights to
19 change programs or coverage as state employees."

20 2. By renumbering as necessary.

By FALLON of Polk

H-5647 FILED MARCH 23, 1994

Adopted
4-4-94
(P. 1085)

HOUSE FILE 2418

H-5649

1 Amend House File 2418 as follows:

2 1. Page 33, by inserting before line 1 the
3 following:

4 "Sec. ____ . NEW SECTION. 294.10A PICKUP OF
5 TEACHER ASSESSMENTS.

6 1. Notwithstanding section 294.9 or other
7 provisions of this chapter, beginning January 1, 1995,
8 teacher assessments required under section 294.9 which
9 are picked up by the employing school district shall
10 be considered employer contributions for federal and
11 state income tax purposes, and each employing school
12 district establishing a pension and annuity retirement
13 system pursuant to this chapter shall pick up the
14 teacher assessments to be made under section 294.9 by
15 its employees. Each employing school district shall
16 pick up these teacher assessments by reducing the
17 salary of each of the teachers covered by this chapter
18 by the amount which each teacher is required to con-
19 tribute under section 294.9 and shall pay the amount
20 picked up in lieu of the teacher assessments to the
21 board of trustees for recording and deposit in the
22 fund.

23 2. Teacher assessments picked up by each employing
24 school district under subsection 1 shall be treated as
25 employer contributions for federal and state income
26 tax purposes only and for all other purposes of this
27 chapter shall be treated as teacher assessments and
28 deemed part of the teacher's wages or salary."

29 2. Page 52, by inserting after line 26 the
30 following:

31 " ____ . The section of this Act which enacts a new
32 section 294.10A takes effect January 1, 1995, and
33 applies to tax years beginning on or after January 1,
34 1995."

35 3. By renumbering as necessary.

By McCOY of Polk

H-5649 FILED MARCH 23, 1994

*out of order 4-4-94
(P. 1077)*

HOUSE FILE 2418

H-5653

1 Amend House File 2418 as follows:

2 1. Page 17, by inserting after line 12 the
3 following:

4 "Sec. ____ . Section 97B.49, subsection 16,
5 paragraph a, subparagraph (4), Code Supplement 1993,
6 is amended to read as follows:

7 (4) The years of membership service required under
8 this paragraph include membership service as a sheriff
9 or deputy sheriff and membership service as an
10 employee in a protection occupation under paragraph
11 "d", subparagraph (2). The years of membership
12 service required under this paragraph also includes
13 membership service as an airport fire fighter employed
14 by the military division of the department of public
15 defense.

16 Sec. ____ . Section 97B.49, subsection 16, paragraph
17 b, Code Supplement 1993, is amended to read as
18 follows:

19 b. (i) Notwithstanding other provisions of this
20 chapter:

21 (1) (a) A member who retires from employment as a
22 county sheriff or deputy sheriff who retires on or
23 after July 1, 1988, and before July 1, 1990, and at
24 the time of retirement is at least fifty-five years of
25 age and has completed at least twenty-two years of
26 membership service, may elect to receive in lieu of
27 the receipt of any benefits under subsection 5 or 15,
28 a monthly retirement allowance equal to one-twelfth of
29 fifty percent of the member's three-year average
30 covered wage as a member, with benefits payable during
31 the member's lifetime.

32 (2) (b) A member who retires from employment as a
33 county sheriff or deputy sheriff who retires on or
34 after July 1, 1990, and at the time of retirement is
35 at least fifty-five years of age and has completed at
36 least twenty-two years of membership service, may
37 elect to receive in lieu of the receipt of any
38 benefits under subsection 5 or 15, a monthly
39 retirement allowance equal to one-twelfth of the same
40 percentage of the member's three-year average covered
41 wage as is provided in paragraph "a", with benefits
42 payable during the member's lifetime.

43 (3) (c) The years of membership service required
44 under this paragraph subparagraph shall include
45 membership service as a sheriff or deputy sheriff and
46 membership service under employment in a protection
47 occupation included in paragraph "d", subparagraph
48 (2).

49 (4) (d) For the purposes of this subsection,
50 sheriff "sheriff" means a county sheriff as defined in

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1 section 39.17 and deputy-sheriff "deputy sheriff"
2 means a deputy sheriff appointed pursuant to section
3 341.1 prior to July 1, 1981, or section 331.903 on or
4 after July 1, 1981.

5 (2) Notwithstanding other provisions of this
6 chapter:

7 (a) A member who retires from employment as an
8 airport fire fighter employed by the military division
9 of the department of public defense on or after July
10 1, 1994, and at the time of retirement is at least
11 fifty-five years of age and has completed at least
12 twenty-two years of membership service, may elect to
13 receive in lieu of the receipt of any benefits under
14 subsection 5 or 15, a monthly retirement allowance
15 equal to one-twelfth of the same percentage of the
16 member's three-year average covered wage as is
17 provided in paragraph "a", with benefits payable
18 during the member's lifetime.

19 (b) The years of membership service required under
20 this subparagraph shall include membership service as
21 an airport fire fighter, regardless of whether the
22 service occurred prior to the inclusion of airport
23 fire fighters under this paragraph, and the inclusion
24 of that service shall not affect the contribution
25 rates paid by the member or the employer under this
26 subsection.

27 (c) For the purposes of this subsection, "airport
28 fire fighter" means an airport fire fighter employed
29 by the military division of the department of public
30 defense.

31 Sec. ____ . Section 97B.49, subsection 16, paragraph
32 c, unnumbered paragraph 3, Code Supplement 1993, is
33 amended to read as follows:

34 For the purpose of this subsection, "fraction of
35 years of service" means a number, not to exceed one,
36 equal to the sum of the years of membership service
37 for a member retiring in a protection occupation,
38 divided by twenty-five years, or the sum of the years
39 of membership service for a member retiring as a
40 sheriff or deputy sheriff or airport fire fighter
41 divided by twenty-two years.

42 Sec. ____ . Section 97B.49, subsection 16, paragraph
43 d, subparagraph (4), Code Supplement 1993, is amended
44 by striking the subparagraph."

45 2. Page 17, by striking lines 16 through 24 and
46 inserting the following:

47 "Sec. ____ . Section 97B.49, subsection 16,
48 paragraph j, Code Supplement 1993, is amended by
49 striking the paragraph.

50 Sec. ____ . Section 97B.49, subsection 16, Code

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1 Supplement 1993, is amended by adding the following
2 new paragraph:

3 NEW PARAGRAPH. 1. For the fiscal year commencing
4 July 1, 1994, and each succeeding fiscal year, there
5 is appropriated from the general fund of the state to
6 the department of personnel, from funds not otherwise
7 appropriated, an amount necessary to pay the employer
8 share of the cost of the additional benefits provided
9 to airport fire fighters pursuant to paragraph "b",
10 subparagraph (2)."

11 3. Page 46, by inserting after line 17 the
12 following:

13 "Sec. ____ . Section 724.6, subsection 2, Code
14 Supplement 1993, is amended to read as follows:

15 2. Notwithstanding subsection 1, fire fighters, as
16 defined in section 411.1, subsection 9, airport fire
17 fighters included under section 97B.49, subsection 16,
18 paragraph "d" "b", subparagraph ~~(1)~~ (2), emergency
19 medical technicians-ambulance and emergency rescue
20 technicians, as defined in section 147.1, and advanced
21 emergency medical care providers, as defined in
22 section 147A.1, shall not, as a condition of
23 employment, be required to obtain a permit under this
24 section. However, the provisions of this subsection
25 shall not apply to a person designated as an arson
26 investigator by the chief fire officer of a political
27 subdivision."

28 4. Title page, line 2, by inserting after the
29 word "provisions," the following: "making
30 appropriations,".

31 5. By renumbering, relettering, and correcting
32 internal references as necessary.

By MCCOY of Polk
RUNNING of Linn
RENAUD of Polk

H-5653 FILED MARCH 23, 1994

Last 4-4-94
(p. 082)

HOUSE FILE 2418

I-5656

1 Amend House File 2418 as follows:

2 1. Page 8, by inserting after line 24 the
3 following:

4 "Sec. ____ . Section 97A.8, subsection 1, Code 1993,
5 is amended by adding the following new paragraph:
6 NEW PARAGRAPH. 1. (1) Notwithstanding paragraph
7 "g" or other provisions of this chapter, beginning
8 January 1, 1996, member contributions required under
9 paragraph "f" or "h" which are picked up by the
10 department shall be considered employer contributions
11 for federal and state income tax purposes, and the
12 department shall pick up the member contributions to
13 be made under paragraph "f" or "h" by its employees.
14 The department shall pick up these contributions by
15 reducing the salary of each of its employees covered
16 by this chapter by the amount which each employee is
17 required to contribute under paragraph "f" or "h" and
18 shall certify the amount picked up in lieu of the
19 member contributions to the department of revenue and
20 finance. The department of revenue and finance shall
21 forward the amount of the contributions picked up to
22 the board of trustees for recording and deposit in the
23 pension accumulation fund.

24 (2) Member contributions picked up by the
25 department under subparagraph (1) shall be treated as
26 employer contributions for federal and state income
27 tax purposes only and for all other purposes of this
28 chapter shall be treated as employee contributions and
29 deemed part of the employee's earnable compensation or
30 salary."

31 2. Page 8, by inserting after line 24 the
32 following:

33 "Sec. ____ . NEW SECTION. 97B.11A PICKUP OF
34 EMPLOYEE CONTRIBUTIONS.

35 1. Notwithstanding section 97B.11 or other
36 provisions of this chapter, beginning January 1, 1996,
37 member contributions required under section 97B.11
38 which are picked up by the employer shall be
39 considered employer contributions for federal and
40 state income tax purposes, and each employer shall
41 pick up the member contributions to be made under
42 section 97B.11 by its employees. Each employer shall
43 pick up these contributions by reducing the salary of
44 each of its employees covered by this chapter by the
45 amount which each employee is required to contribute
46 under section 97B.11 and shall pay the amount picked
47 up in lieu of the member contributions as provided in
48 section 97B.14.

49 2. Member contributions picked up by each employer
50 under subsection 1 shall be treated as employer

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1 contributions for federal and state income tax
2 purposes only and for all other purposes of this
3 chapter and the laws of this state shall be treated as
4 employee contributions and deemed part of the
5 employee's wages or salary.

6 Sec. _____. Section 97B.14, Code 1993, is amended to
7 read as follows:

8 97B.14 CONTRIBUTIONS FORWARDED.

9 Contributions deducted from the wages of the member
10 or member contributions picked up by the employer
11 under section 97B.11A and the employer's contribution
12 shall be forwarded to the department for recording and
13 deposited with the treasurer of the state to the
14 credit of the Iowa public employees' retirement fund.
15 Contributions shall be remitted monthly, if total
16 contributions by both employee and employer amount to
17 one hundred dollars or more each month, and shall be
18 otherwise paid in such manner, at such times and under
19 such conditions, either by copies of payrolls or other
20 methods necessary or helpful in securing proper
21 identification of the member, as may be prescribed by
22 the department."

23 3. Page 41, by inserting after line 11 the
24 following:

25 "Sec. _____. Section 411.8, subsection 1, Code 1993,
26 is amended by adding the following new paragraph:

27 NEW PARAGRAPH. 1. (1) Notwithstanding paragraph
28 "g" or other provisions of this chapter, beginning
29 January 1, 1996, member contributions required under
30 paragraph "f" or "h" which are picked up by the city
31 shall be considered employer contributions for federal
32 and state income tax purposes, and each city shall
33 pick up the member contributions to be made under
34 paragraph "f" or "h" by its employees. Each city
35 shall pick up these contributions by reducing the
36 salary of each of its employees covered by this
37 chapter by the amount which each employee is required
38 to contribute under paragraph "f" or "h" and shall pay
39 the amount picked up in lieu of the member
40 contributions to the board of trustees for recording
41 and deposit in the fund.

42 (2) Member contributions picked up by each city
43 under subparagraph (1) shall be treated as employer
44 contributions for federal and state income tax
45 purposes only and for all other purposes of this
46 chapter shall be treated as employee contributions and
47 deemed part of the employee's earnable compensation or
48 salary."

49 4. Page 50, by striking lines 17 through 28.

50 5. Page 52, by inserting after line 10 the

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1 following:

2 "_____. The sections of this Act which amend section
 3 97A.8, subsection 1, by enacting a new paragraph "i"
 4 and amend section 411.8, subsection 1, by enacting a
 5 new paragraph "i", take effect January 1, 1996, and
 6 apply to tax years beginning on or after January 1,
 7 1996."

8 6. Page 52, by inserting after line 26 the
 9 following:

10 "_____. The sections of this Act which enact a new
 11 section 97B.11A and amend section 97B.14 take effect
 12 January 1, 1996, and apply to tax years beginning on
 13 or after January 1, 1996."

14 7. Title page, line 1, by inserting after the
 15 word "systems," the following: "providing for the
 16 payment of employee contributions under certain public
 17 retirement systems for certain tax purposes,".

18 8. By renumbering as necessary.

By BERNAU of Story

H-5656 FILED MARCH 23, 1994

out of order 4-4-94 (P. 1072)

HOUSE FILE 2418

H-5711

1 Amend House File 2418 as follows:

2 1. By striking page 11, line 34 through page 12,
 3 line 25.

4 2. Page 52, by striking lines 21 and 22.

5 3. By renumbering as necessary.

By JOCHUM of Dubuque

WISE of Lee

H-5711 FILED MARCH 25, 1994

adopted 4-4-94 (P. 1077)

HOUSE FILE 2418

H-5712

1 Amend House File 2418 as follows:

2 1. Page 12, line 14, by inserting after the word
 3 "year," the following: "and during the applicable
 4 period the member is not employed by a school
 5 corporation,".

By JOCHUM of Dubuque

WISE of Lee

H-5712 FILED MARCH 25, 1994

WITHDRAWN

4-4-94

HOUSE FILE 2418

H-5657

1 Amend House File 2418 as follows:
2 1. Page 1, by inserting before line 1 the
3 following:
4 "Section 1. Section 19A.30, unnumbered paragraph
5 1, Code 1993, is amended to read as follows:
6 At the request of an employee of a state agency
7 through contractual agreement, the director may
8 arrange for the purchase of group or individual
9 annuity contracts for any of the employees of that
10 agency, which annuity contracts are issued by a
11 nonprofit corporation issuing retirement annuities
12 exclusively for educational institutions and their
13 employees or are purchased from any company the
14 employee chooses that is authorized to do business in
15 this state and or through an Iowa-licensed insurance
16 agent salesperson that the employee selects, for
17 retirement or other purposes, and may make payroll
18 deductions in accordance with the arrangements for the
19 purpose of paying the entire premium due and to become
20 due under the contract. The deductions shall be made
21 in the manner which will qualify the annuity premiums
22 for the benefits afforded under section ~~403b~~ 403(b) of
23 the Internal Revenue Code, as defined in section
24 422.3. The employee's rights under the annuity
25 contract are nonforfeitable except for the failure to
26 pay premiums. As used in this section, unless the
27 context otherwise requires, "annuity contract"
28 includes any custodial account which meets the
29 requirements of section 403(b)(7) of the Internal
30 Revenue Code, as defined in section 422.3."
31 2. By striking page 31, line 21 through page 32,
32 line 12 and inserting the following:
33 "9. At the request of an employee through
34 contractual agreement the board may arrange for the
35 purchase of group or individual annuity contracts for
36 any of its employees, which annuity contracts are
37 issued by a nonprofit corporation issuing retirement
38 annuities exclusively for educational institutions and
39 their employees or are purchased from any company the
40 employee chooses that is authorized to do business in
41 this state and or through an Iowa-licensed insurance
42 agent salesperson that the employee selects, for
43 retirement or other purposes, and may make payroll
44 deductions in accordance with the arrangements for the
45 purpose of paying the entire premium due and to become
46 due under the contract. The deductions shall be made
47 in the manner which will qualify the annuity premiums
48 for the benefits under section 403(b) of the Internal
49 Revenue Code, as defined in section 422.3. The
50 employee's rights under the annuity contract are
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1 nonforfeitable except for the failure to pay premiums.
2 If an existing tax-sheltered annuity contract is to be
3 replaced by a new contract, the agent or
4 representative of the company shall submit a letter of
5 intent by registered mail to the company being
6 replaced, to the insurance commissioner of the state
7 of Iowa, and to the agent's or representative's own
8 company at least thirty days prior to any action.
9 This letter of intent shall contain the policy number
10 and description of the contract being replaced and a
11 description of the replacement contract. As used in
12 this section, unless the context otherwise requires,
13 "annuity contract" includes any custodial account
14 which meets the requirements of section 403(b)(7) of
15 the Internal Revenue Code, as defined in section
16 422.3."

17 3. Page 33, by inserting before line 1 the
18 following:

19 "Sec. ____ . Section 262.21, unnumbered paragraph 1,
20 Code 1993, is amended to read as follows:

21 At the request of an employee through contractual
22 agreement the board may arrange for the purchase of
23 group or individual annuity contracts for any of its
24 employees, which annuity contracts are issued by a
25 nonprofit corporation issuing retirement annuities
26 exclusively for educational institutions and their
27 employees or are purchased from any company the
28 employee chooses that is authorized to do business in
29 this state, or the board may arrange for the purchase
30 of an individual mutual fund contract from any company
31 the employee chooses from a broker-dealer,
32 salesperson, or mutual fund registered in this state,
33 or through an Iowa-licensed salesperson that the
34 employee selects, for retirement or other purposes,
35 and may make payroll deductions in accordance with the
36 arrangements for the purpose of paying the entire
37 premium due and to become due under the contract. The
38 deductions shall be made in the manner which will
39 qualify the annuity premiums for the benefits under
40 section 403(b) of the Internal Revenue Code, as
41 defined in section 422.3. The employee's rights under
42 the annuity contract are nonforfeitable except for the
43 failure to pay premiums. As used in this section,
44 unless the context otherwise requires, "annuity
45 contract" includes any custodial account which meets
46 the requirements of section 403(b)(7) of the Internal
47 Revenue Code, as defined in section 422.3.

48 Sec. ____ . Section 273.3, subsection 14, Code 1993,
49 is amended to read as follows:

50 14. At the request of an employee through

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1 which meets the requirements of section 403(b)(7) of
2 the Internal Revenue Code, as defined in section
3 422.3."

4 4. Page 41, by inserting before line 12 the
5 following:

6 "Sec. ____ . Section 509A.12, unnumbered paragraph
7 1, Code 1993, is amended to read as follows:

8 At if not otherwise prohibited by law, at the
9 request of an employee the governing body or the
10 county board of supervisors shall by contractual
11 agreement acquire an individual or group life
12 insurance contract, annuity contract, interest in a
13 mutual fund, security or any other deferred payment
14 contract for the purpose of funding a deferred
15 compensation program for an employee, from any company
16 the employee may choose that is authorized to do
17 business in this state and from any life underwriter
18 duly licensed by this state or from any securities
19 dealer or through an Iowa-licensed salesperson
20 registered in this state to contract business in this
21 state that the employee selects. The deferred
22 compensation program shall be administered so that the
23 director of revenue and finance or the director's
24 designees remit one sum for the entire program
25 according to a single billing."

26 5. Title page, line 1, by inserting after the
27 word "to" the following: "public employee benefits
28 } and".

29 6. By renumbering as necessary.

By HALVORSON of Webster

H-5657 FILED MARCH 23, 1994

Last 3/24/94
(P. 877)

HOUSE FILE 2418

H-5659

1 Amend the amendment, H-5641, to House File 2418 as
2 follows:

3 1. Page 1, by inserting after line 35 the
4 following:

5 "Sec. ____ . NEW SECTION. 97B.11A PICKUP OF
6 EMPLOYEE CONTRIBUTIONS.

7 1. Notwithstanding section 97B.11 or other
8 provisions of this chapter, beginning January 1, 1995,
9 member contributions required under section 97B.11
10 which are picked up by the employer shall be
11 considered employer contributions for federal and
12 state income tax purposes, and each employer shall
13 pick up the member contributions to be made under
14 section 97B.11 by its employees. Each employer shall
15 pick up these contributions by reducing the salary of
16 each of its employees covered by this chapter by the
17 amount which each employee is required to contribute
18 under section 97B.11 and shall pay the amount picked
19 up in lieu of the member contributions as provided in
20 section 97B.14.

21 2. Member contributions picked up by each employer
22 under subsection 1 shall be treated as employer
23 contributions for federal and state income tax
24 purposes only and for all other purposes of this
25 chapter and the laws of this state shall be treated as
26 employee contributions and deemed part of the
27 employee's wages or salary.

28 Sec. ____ . Section 97B.14, Code 1993, is amended to
29 read as follows:

30 97B.14 CONTRIBUTIONS FORWARDED.

31 Contributions deducted from the wages of the member
32 or member contributions picked up by the employer
33 under section 97B.11A and the employer's contribution
34 shall be forwarded to the department for recording and
35 deposited with the treasurer of the state to the
36 credit of the Iowa public employees' retirement fund.
37 Contributions shall be remitted monthly, if total
38 contributions by both employee and employer amount to
39 one hundred dollars or more each month, and shall be
40 otherwise paid in such manner, at such times and under
41 such conditions, either by copies of payrolls or other
42 methods necessary or helpful in securing proper
43 identification of the member, as may be prescribed by
44 the department."

45 2. Page 1, by inserting after line 35 the
46 following:

47 " ____ . Page 33, by inserting before line 1 the
48 following:

49 "Sec. ____ . NEW SECTION. 294.10A PICKUP OF
50 TEACHER ASSESSMENTS.

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1 1. Notwithstanding section 294.9 or other
 2 provisions of this chapter, beginning January 1, 1995,
 3 teacher assessments required under section 294.9 which
 4 are picked up by the employing school district shall
 5 be considered employer contributions for federal and
 6 state income tax purposes, and each employing school
 7 district establishing a pension and annuity retirement
 8 system pursuant to this chapter shall pick up the
 9 teacher assessments to be made under section 294.9 by
 10 its employees. Each employing school district shall
 11 pick up these teacher assessments by reducing the
 12 salary of each of the teachers covered by this chapter
 13 by the amount which each teacher is required to con-
 14 tribute under section 294.9 and shall pay the amount
 15 picked up in lieu of the teacher assessments to the
 16 board of trustees for recording and deposit in the
 17 fund.

18 2. Teacher assessments picked up by each employing
 19 school district under subsection 1 shall be treated as
 20 employer contributions for federal and state income
 21 tax purposes only and for all other purposes of this
 22 chapter shall be treated as teacher assessments and
 23 deemed part of the teacher's wages or salary."

24 3. By renumbering as necessary.

By BERNAU of Story

H-5659 FILED MARCH 23, 1994

out of Order 4-4-94

HOUSE FILE 2418

H-5667

1 Amend the amendment, H-5656, to House File 2418 as
 2 follows:

- 3 1. Page 1, line 8, by striking the figure "1996"
- 4 and inserting the following: "1995".
- 5 2. Page 1, line 36, by striking the figure "1996"
- 6 and inserting the following: "1995".
- 7 3. Page 2, line 29, by striking the figure "1996"
- 8 and inserting the following: "1995".
- 9 4. Page 3, line 5, by striking the figure "1996"
- 10 and inserting the following: "1995".
- 11 5. Page 3, line 7, by striking the figure "1996"
- 12 and inserting the following: "1995".
- 13 6. Page 3, line 12, by striking the figure "1996"
- 14 and inserting the following: "1995".
- 15 7. Page 3, line 13, by striking the figure "1996"
- 16 and inserting the following: "1995".

out of Order 4-4-94 (p. 1076)

BERNAU of Story

5667 FILED MARCH 23, 1994

HOUSE FILE 2418

H-5660

1 Amend House File 2418 as follows:

2 1. By striking page 6, line 32 through page 8,
3 line 24 and inserting the following:

4 "Sec. ____ Section 97A.8, subsection 1, paragraph
5 h, Code 1993, is amended to read as follows:

6 h. Notwithstanding the provisions of paragraph
7 "f", the following transition percentages apply to
8 members' contributions as specified:

9 (1) For members who on July 1, 1990, have attained
10 the age of forty-nine years or more, an amount equal
11 to nine and one-tenth percent of each member's
12 compensation from the earnable compensation of the
13 member shall be paid to the pension accumulation fund
14 for the fiscal year period beginning July 1, 1990,
15 through October 15, 1992, and commencing October 16,
16 1992, and for each subsequent fiscal year-thereafter
17 period, the rates specified in paragraph "f",
18 subparagraphs (4) through (8), shall apply.

19 (2) For members who on July 1, 1990, have attained
20 the age of forty-eight years but have not attained the
21 age of forty-nine years, an amount equal to eight and
22 one-tenth percent shall be paid for the fiscal year
23 beginning July 1, 1990, and an amount equal to nine
24 and one-tenth percent shall be paid for the fiscal
25 year period beginning July 1, 1991, through October
26 15, 1992, and commencing October 16, 1992, and for
27 each subsequent fiscal year-thereafter period, the
28 rates specified in paragraph "f", subparagraphs (4)
29 through (8), shall apply.

30 (3) For members who on July 1, 1990, have attained
31 the age of forty-seven years but have not attained the
32 age of forty-eight years, an amount equal to seven and
33 one-tenth percent shall be paid for the fiscal year
34 beginning July 1, 1990, an amount equal to eight and
35 one-tenth percent shall be paid for the fiscal year
36 beginning July 1, 1991, and an amount equal to nine
37 and one-tenth percent shall be paid for the fiscal
38 year period beginning July 1, 1992, through October
39 15, 1992, and commencing October 16, 1992, and for
40 each subsequent fiscal year-thereafter period, the
41 rates specified in paragraph "f", subparagraphs (4)
42 through (8), shall apply.

43 (4) For members who on July 1, 1990, have attained
44 the age of forty-six years but have not attained the
45 age of forty-seven years, an amount equal to six and
46 one-tenth percent shall be paid for the fiscal year
47 beginning July 1, 1990, an amount equal to seven and
48 one-tenth percent shall be paid for the fiscal year
49 beginning July 1, 1991, an amount equal to eight and
50 one-tenth percent shall be paid for the fiscal year

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~~1 period beginning July 1, 1992, and an amount equal to~~
~~2 nine and one-tenth percent shall be paid for the~~
~~3 fiscal year beginning July 1, 1993, through October~~
~~4 15, 1992, and commencing October 16, 1992, and for~~
~~5 each subsequent fiscal year thereafter period, the~~
~~6 rates specified in paragraph "f", subparagraphs (4)~~
~~7 through (8), shall apply.~~

8 (5) For members who on July 1, 1990, have attained
9 the age of forty-five years but have not attained the
10 age of forty-six years, an amount equal to five and
11 one-tenth percent shall be paid for the fiscal year
12 beginning July 1, 1990, an amount equal to six and
13 one-tenth percent shall be paid for the fiscal year
14 beginning July 1, 1991, and an amount equal to seven
15 and one-tenth percent shall be paid for the fiscal
16 year period beginning July 1, 1992, an amount equal to
17 eight and one-tenth percent shall be paid for the
18 fiscal year beginning July 1, 1993, and an amount
19 equal to nine and one-tenth percent shall be paid for
20 the fiscal year beginning July 1, 1994, and each
21 fiscal year thereafter through October 15, 1992.
22 Commencing October 16, 1992, and for each subsequent
23 fiscal period, the rates specified in paragraph "f",
24 subparagraphs (4) through (8), shall apply.

25 Sec. . Section 97A.8, subsection 1, Code 1993,
26 is amended by adding the following new paragraph:

NEW PARAGRAPH. i. (1) Notwithstanding paragraph
"g" or other provisions of this chapter, beginning
29 January 1, 1996, member contributions required under
30 paragraph "f" or "h" which are picked up by the
31 department shall be considered employer contributions
32 for federal and state income tax purposes, and the
33 department shall pick up the member contributions to
34 be made under paragraph "f" or "h" by its employees.
35 The department shall pick up these contributions by
36 reducing the salary of each of its employees covered
37 by this chapter by the amount which each employee is
38 required to contribute under paragraph "f" or "h" and
39 shall certify the amount picked up in lieu of the
40 member contributions to the department of revenue and
41 finance. The department of revenue and finance shall
42 forward the amount of the contributions picked up to
43 the board of trustees for recording and deposit in the
44 pension accumulation fund.

45 (2) Member contributions picked up by the
46 department under subparagraph (1) shall be treated as
47 employer contributions for federal and state income
48 tax purposes only and for all other purposes of this
49 chapter shall be treated as employee contributions and
50 deemed part of the employee's earnable compensation or

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1 salary."

2 2. Page 8, by inserting before line 25 the
3 following:4 "Sec. ____ . NEW SECTION. 97B.11A PICKUP OF
5 EMPLOYEE CONTRIBUTIONS.

6 1. Notwithstanding section 97B.11 or other
7 provisions of this chapter, beginning January 1, 1996,
8 member contributions required under section 97B.11
9 which are picked up by the employer shall be
10 considered employer contributions for federal and
11 state income tax purposes, and each employer shall
12 pick up the member contributions to be made under
13 section 97B.11 by its employees. Each employer shall
14 pick up these contributions by reducing the salary of
15 each of its employees covered by this chapter by the
16 amount which each employee is required to contribute
17 under section 97B.11 and shall pay the amount picked
18 up in lieu of the member contributions as provided in
19 section 97B.14.

20 2. Member contributions picked up by each employer
21 under subsection 1 shall be treated as employer
22 contributions for federal and state income tax
23 purposes only and for all other purposes of this
24 chapter and the laws of this state shall be treated as
25 employee contributions and deemed part of the
26 employee's wages or salary.

27 Sec. ____ . Section 97B.14, Code 1993, is amended to
28 read as follows:

29 97B.14 CONTRIBUTIONS FORWARDED.

30 Contributions deducted from the wages of the member
31 or member contributions picked up by the employer
32 under section 97B.11A and the employer's contribution
33 shall be forwarded to the department for recording and
34 deposited with the treasurer of the state to the
35 credit of the Iowa public employees' retirement fund.
36 Contributions shall be remitted monthly, if total
37 contributions by both employee and employer amount to
38 one hundred dollars or more each month, and shall be
39 otherwise paid in such manner, at such times and under
40 such conditions, either by copies of payrolls or other
41 methods necessary or helpful in securing proper
42 identification of the member, as may be prescribed by
43 the department."

44 3. By striking page 39, line 15 through page 41,
45 line 11 and inserting the following:

46 "Sec. ____ . Section 411.8, subsection 1, paragraph
47 h, Code 1993, is amended to read as follows:

48 h. Notwithstanding the provisions of paragraph
49 "f", the following transition percentages apply to
50 members' contributions as specified:

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1 (1) For members who on July 1, 1990, have attained
2 the age of forty-nine years or more, an amount equal
3 to nine and one-tenth percent of each member's
4 compensation from the earnable compensation of the
5 member shall be paid to the fund for the fiscal year
6 period beginning July 1, 1990, through October 15,
7 1992, and commencing October 16, 1992, and for each
8 subsequent fiscal year-until-the-fiscal-year-beginning
9 July-17-1996,-when period, the rates specified in
10 paragraph "f", subparagraphs (4) through
11 (8), applies shall apply.

12 (2) For members who on July 1, 1990, have attained
13 the age of forty-eight years but have not attained the
14 age of forty-nine years, an amount equal to eight and
15 one-tenth percent shall be paid for the fiscal year
16 beginning July 1, 1990, and an amount equal to nine
17 and one-tenth percent shall be paid for the fiscal
18 year period beginning July 1, 1991, through October
19 15, 1992, and commencing October 16, 1992, and for
20 each subsequent fiscal year-thereafter-until-the
21 fiscal-year-beginning-July-17-1996,-when period, the
22 rates specified in paragraph "f", subparagraph
23 subparagraphs (4) through (8), applies shall apply.

24 (3) For members who on July 1, 1990, have attained
25 the age of forty-seven years but have not attained the
26 age of forty-eight years, an amount equal to seven and
27 one-tenth percent shall be paid for the fiscal year
28 beginning July 1, 1990, an amount equal to eight and
29 one-tenth percent shall be paid for the fiscal year
30 beginning July 1, 1991, and an amount equal to nine
31 and one-tenth percent shall be paid for the fiscal
32 year period beginning July 1, 1992, through October
33 15, 1992, and commencing October 16, 1992, and for
34 each subsequent fiscal year-until-the-fiscal-year
35 beginning-July-17-1996,-when period, the rates
36 specified in paragraph "f", subparagraphs
37 (4) through (8), applies shall apply.

38 (4) For members who on July 1, 1990, have attained
39 the age of forty-six years but have not attained the
40 age of forty-seven years, an amount equal to six and
41 one-tenth percent shall be paid for the fiscal year
42 beginning July 1, 1990, an amount equal to seven and
43 one-tenth percent shall be paid for the fiscal year
44 beginning July 1, 1991, an amount equal to eight and
45 one-tenth percent shall be paid for the fiscal year
46 period beginning July 1, 1992, and-an-amount-equal-to
47 nine-and-one-tenth-percent-shall-be-paid-for-the
48 fiscal-year-beginning-July-17-1993, through October
49 15, 1992, and commencing October 16, 1992, and for
50 each subsequent fiscal year-until-the-fiscal-year

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1 ~~beginning July 1, 1996, when period, the rates~~
2 ~~specified in paragraph "f", subparagraph subparagraphs~~
3 ~~(4) through (8), applies shall apply.~~
4 (5) For members who on July 1, 1990, have attained
5 the age of forty-five years but have not attained the
6 age of forty-six years, an amount equal to five and
7 one-tenth percent shall be paid for the fiscal year
8 beginning July 1, 1990, an amount equal to six and
9 one-tenth percent shall be paid for the fiscal year
10 beginning July 1, 1991, and an amount equal to seven
11 and one-tenth percent shall be paid for the fiscal
12 year period beginning July 1, 1992, an amount equal to
13 eight and one-tenth percent shall be paid for the
14 fiscal year beginning July 1, 1993, and an amount
15 equal to nine and one-tenth percent shall be paid for
16 the fiscal years beginning July 1, 1994, and July 1,
17 1995 through October 15, 1992. Beginning July 1,
18 1996, Commencing October 16, 1992, and for each
19 subsequent fiscal period, the rates specified in
20 paragraph "f", subparagraph subparagraphs (4) through
21 (8), applies shall apply.

22 Sec. ____ Section 411.8, subsection 1, Code 1993,
23 is amended by adding the following new paragraph:
24 NEW PARAGRAPH. i. (1) Notwithstanding paragraph
25 "g" or other provisions of this chapter, beginning
26 January 1, 1996, member contributions required under
27 paragraph "f" or "h" which are picked up by the city
28 shall be considered employer contributions for federal
29 and state income tax purposes, and each city shall
30 pick up the member contributions to be made under
31 paragraph "f" or "h" by its employees. Each city
32 shall pick up these contributions by reducing the
33 salary of each of its employees covered by this
34 chapter by the amount which each employee is required
35 to contribute under paragraph "f" or "h" and shall pay
36 the amount picked up in lieu of the member
37 contributions to the board of trustees for recording
38 and deposit in the fund.

39 (2) Member contributions picked up by each city
40 under subparagraph (1) shall be treated as employer
41 contributions for federal and state income tax
42 purposes only and for all other purposes of this
43 chapter shall be treated as employee contributions and
44 deemed part of the employee's earnable compensation or
45 salary."

46 4. Page 50, by striking lines 17 through 28.

47 5. Page 52, by inserting after line 10 the
48 following:

49 "____. The sections of this Act which amend section
50 97A.8, subsection 1, by enacting a new paragraph "i"

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1 and amend section 411.8, subsection 1, by enacting a
2 new paragraph "i", take effect January 1, 1996, and
3 apply to tax years beginning on or after January 1,
4 1996."

5 6. Page 52, by inserting after line 26 the
6 following:

7 "_____. The sections of this Act which enact a new
8 section 97B.11A and amend section 97B.14 take effect
9 January 1, 1996, and apply to tax years beginning on
10 or after January 1, 1996."

11 7. Title page, line 1, by inserting after the
12 word "systems," the following: "providing for the
13 payment of employee contributions under certain public
14 retirement systems for certain tax purposes,".

15 8. By renumbering as necessary.

By HURLEY of Fayette	BLODGETT of Cerro Gordo
CARPENTER of Polk	GREIG of Emmett
HANSON of Delaware	DINKLA of Guthrie
GRIES of Crawford	BODDICKER of Cedar
RANTS of Woodbury	HOUSER of Pottawattamie
TYRRELL of Iowa	WELTER of Jones
MARTIN of Scott	DODERER of Johnson
LARSON of Linn	HAMMOND of Story
GARMAN of Story	GRUNDBERG of Polk

H-5660 FILED MARCH 23, 1994

out of order
4-4-94 (P. 1076)

HOUSE FILE 2418

H-5664

1 Amend House File 2418 as follows:

2 1. Page 2, by inserting after line 23 the
3 following:

4 "Sec. ____ . NEW SECTION. 97A.3A TRANSFER OF
5 BENEFITS TO ANOTHER SYSTEM.

6 1. Notwithstanding any other provision of law to
7 the contrary, a member of the system established under
8 this chapter who terminates membership service, does
9 not apply for a service retirement allowance and is
10 not receiving an ordinary or accidental disability
11 retirement allowance under section 97A.6, and is
12 subsequently employed by a city participating in the
13 statewide fire and police retirement system
14 established in chapter 411, may transfer membership
15 service earned under this chapter to the statewide
16 fire and police retirement system. Upon the written
17 request of the person requesting a transfer of
18 membership service, with a written verification by the
19 board of trustees created in section 411.36, the board
20 of trustees of this system shall transmit to the board
21 of trustees created in section 411.36, within thirty
22 days of the receipt of the request, the person's
23 accumulated contributions and the actuarial equivalent
24 of the amount in the pension accumulation fund which
25 would be necessary to fund a service retirement
26 allowance equal to one twenty-second times the number
27 of years of membership service completed under the
28 system established in this chapter, to be deposited in
29 the fund created in section 411.8.

30 2. Notwithstanding any other provision of law to
31 the contrary, if a person transfers membership service
32 in accordance with this section, the person shall
33 receive credit for years of service under chapter 411
34 for the years of membership service transferred, and
35 if applicable, compensation which was earned by the
36 person while a member under this system shall be
37 included in determining the average final compensation
38 under chapter 411. The boards of trustees of both
39 systems shall interpret this section in a manner which
40 provides that persons transferring membership service
41 under this section shall not lose benefits which would
42 have otherwise accrued had the person been a member of
43 the system established in chapter 411 during the
44 period of time in which the person was actually a
45 member under the system established in this chapter."

46 2. Page 34, by inserting after line 4 the
47 following:

48 "Sec. ____ . NEW SECTION. 411.3A TRANSFER OF
49 BENEFITS TO ANOTHER SYSTEM.

50 1. Notwithstanding any other provision of law to

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1 the contrary, a member of the system established under
2 this chapter who terminates membership service, does
3 not apply for a service retirement allowance and is
4 not receiving an ordinary or accidental disability
5 retirement allowance under section 411.6, and is
6 subsequently employed by the state in a position
7 included in membership service under section 97A.3,
8 may transfer membership service earned under this
9 chapter to the Iowa department of public safety peace
10 officers' retirement, accident and disability system.
11 Upon the written request of the person requesting a
12 transfer of membership service, with a written
13 verification by the board of trustees created in
14 section 97A.5, the board of trustees of this system
15 shall transmit to the board of trustees created in
16 section 97A.5, within thirty days of the receipt of
17 the request, the person's accumulated contributions
18 and the actuarial equivalent of the amount in the fire
19 and police retirement fund which would be necessary to
20 fund a service retirement allowance equal to one
21 twenty-second times the number of years of membership
22 service completed under the system established in this
23 chapter, to be deposited in the pension accumulation
24 fund created in section 97A.8.

25 2. Notwithstanding any other provision of law to
26 the contrary, if a person transfers membership service
27 in accordance with this section, the person shall
28 receive credit for years of service under chapter 97A
29 for the years of membership service transferred, and
30 if applicable, compensation which was earned by the
31 person while a member under this system shall be
32 included in determining the average final compensation
33 under chapter 97A. The boards of trustees of both
34 systems shall interpret this section in a manner which
35 provides that persons transferring membership service
36 under this section shall not lose benefits which would
37 have otherwise accrued had the person been a member of
38 the system established in chapter 97A during the
39 period of time in which the person was actually a
40 member under the system established in this chapter."

41 3. By striking page 49, line 32 through page 50,
42 line 16.

43 4. By renumbering as necessary.

By RUNNING of Linn

H-5664 FILED MARCH 23, 1994

Lost 4-4-94

(P. 1092)

HOUSE FILE 2418

H-5665

- 1 Amend House File 2418 as follows:
- 2 1. Page 16, by inserting after line 16 the
3 following:
- 4 "Sec. ____ . Section 97B.49, subsection 5, paragraph
5 b, unnumbered paragraph 6, Code Supplement 1993, is
6 amended to read as follows:
- 7 In accordance with sections 97D.1 and 97D.4, it is
8 the intent of the general assembly that once the goal
9 of sixty percent of the three-year average covered
10 wage is attained for a percentage multiplier, the
11 department shall submit to the public retirement
12 systems committee a plan for future benefit
13 enhancements. This plan shall include, but is not
14 limited to, continuation in the increase in the
15 covered wage ceiling until reaching fifty-five
16 thousand dollars for a calendar year, providing for
17 annual adjustments in the annual dividends paid to
18 retired members as provided in section 97B.49,
19 subsection 13, as well as annual cost-of-living
20 adjustments for retired members, and providing for the
21 indexing of terminated vested members' earned benefits
22 at a rate of three percent per year calculated from
23 the date of termination from covered employment until
24 the date of retirement."
- 25 2. By renumbering as necessary.

By RUNNING of Linn

H-5665 FILED MARCH 23, 1994

Lost 4-4-94
(P. 1079)

HOUSE FILE 2418

H-5655

1 Amend House File 2418 as follows:

2 1. Page 8, by inserting after line 24 the
3 following:

4 "Sec. ____ . Section 97A.8, subsection 1, Code 1993,
5 is amended by adding the following new paragraph:

6 NEW PARAGRAPH. 1. (1) Notwithstanding paragraph
7 "g" or other provisions of this chapter, beginning
8 January 1, 1995, member contributions required under
9 paragraph "f" or "h" which are picked up by the
10 department shall be considered employer contributions
11 for federal income tax purposes, and the department
12 shall pick up the member contributions to be made
13 under paragraph "f" or "h" by its employees. The
14 department shall pick up these contributions by
15 reducing the salary of each of its employees covered
16 by this chapter by the amount which each employee is
17 required to contribute under paragraph "f" or "h" and
18 shall certify the amount picked up in lieu of the
19 member contributions to the department of revenue and
20 finance. The department of revenue and finance shall
21 forward the amount of the contributions picked up to
22 the board of trustees for recording and deposit in the
23 pension accumulation fund.

24 (2) Member contributions picked up by the
25 department under subparagraph (1) shall be treated as
26 employer contributions for federal income tax purposes
27 only and for all other purposes of this chapter and
28 the laws of this state shall be treated as employee
29 contributions and deemed part of the employee's
30 earnable compensation or salary."

31 2. Page 8, by inserting after line 24 the
32 following:

33 "Sec. ____ . NEW SECTION. 97B.11A PICKUP OF
34 EMPLOYEE CONTRIBUTIONS.

35 1. Notwithstanding section 97B.11 or other
36 provisions of this chapter, beginning January 1, 1995,
37 member contributions required under section 97B.11
38 which are picked up by the employer shall be
39 considered employer contributions for federal income
40 tax purposes, and each employer shall pick up the
41 member contributions to be made under section 97B.11
42 by its employees. Each employer shall pick up these
43 contributions by reducing the salary of each of its
44 employees covered by this chapter by the amount which
45 each employee is required to contribute under section
46 97B.11 and shall pay the amount picked up in lieu of
47 the member contributions as provided in section
48 97B.14.

49 2. Member contributions picked up by each employer
50 under subsection 1 shall be treated as employer

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1 contributions for federal income tax purposes only and
2 for all other purposes of this chapter and the laws of
3 this state shall be treated as employee contributions
4 and deemed part of the employee's wages or salary.

5 Sec. _____. Section 97B.14, Code 1993, is amended to
6 read as follows:

7 97B.14 CONTRIBUTIONS FORWARDED.

8 Contributions deducted from the wages of the member
9 or member contributions picked up by the employer
10 under section 97B.11A and the employer's contribution
11 shall be forwarded to the department for recording and
12 deposited with the treasurer of the state to the
13 credit of the Iowa public employees' retirement fund.
14 Contributions shall be remitted monthly, if total
15 contributions by both employee and employer amount to
16 one hundred dollars or more each month, and shall be
17 otherwise paid in such manner, at such times and under
18 such conditions, either by copies of payrolls or other
19 methods necessary or helpful in securing proper
20 identification of the member, as may be prescribed by
21 the department."

22 3. Page 41, by inserting after line 11 the
23 following:

24 "Sec. _____. Section 411.8, subsection 1, Code 1993,
25 is amended by adding the following new paragraph:

26 NEW PARAGRAPH. i. (1) Notwithstanding paragraph
27 "g" or other provisions of this chapter, beginning
28 January 1, 1995, member contributions required under
29 paragraph "f" or "h" which are picked up by the city
30 shall be considered employer contributions for federal
31 income tax purposes, and each city shall pick up the
32 member contributions to be made under paragraph "f" or
33 "h" by its employees. Each city shall pick up these
34 contributions by reducing the salary of each of its
35 employees covered by this chapter by the amount which
36 each employee is required to contribute under
37 paragraph "f" or "h" and shall pay the amount picked
38 up in lieu of the member contributions to the board of
39 trustees for recording and deposit in the fund.

40 (2) Member contributions picked up by each city
41 under subparagraph (1) shall be treated as employer
42 contributions for federal income tax purposes only and
43 for all other purposes of this chapter and the laws of
44 this state shall be treated as employee contributions
45 and deemed part of the employee's earnable
46 compensation or salary."

47 4. Page 41, by inserting after line 11 the
48 following:

49 "Sec. _____. Section 422.7, Code Supplement 1993, is
50 amended by adding the following new subsection:

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1 NEW SUBSECTION. 29. Add, to the extent not
2 included, the amount of the taxpayer's employee
3 contributions picked up by the taxpayer's employer
4 under chapter 97A or 411. The director shall by rule
5 provide a formula to exclude income, to the extent
6 included, from adjusted gross income amounts added
7 under this subsection which are subsequently returned
8 to the taxpayer as retirement benefits or otherwise."

9 5. Page 41, by inserting after line 11 the
10 following:

11 "Sec. ____ . Section 422.7, Code Supplement 1993, is
12 amended by adding the following new subsection:

13 NEW SUBSECTION. 30. Add, to the extent not
14 included, the amount of the taxpayer's employee
15 contributions picked up by the taxpayer's employer
16 under chapter 97B. The director shall by rule provide
17 a formula to exclude income, to the extent included,
18 from adjusted gross income amounts added under this
19 subsection which are subsequently returned to the
20 taxpayer as retirement benefits or otherwise."

21 6. Page 50, by striking lines 17 through 28.

22 7. Page 52, by inserting after line 26 the
23 following:

24 " ____ . The section of this Act which amends section
25 422.7 by enacting a new subsection 29 takes effect
26 January 1, 1995, and applies to tax years beginning on
27 or after January 1, 1995."

28 8. Page 52, by inserting after line 26 the
29 following:

30 " ____ . The section of this Act which amends section
31 422.7 by enacting a new subsection 30 takes effect
32 January 1, 1995, and applies to tax years beginning on
33 or after January 1, 1995."

34 9. Title page, line 1, by inserting after the
35 word "systems," the following: "providing for the
36 payment of employee contributions under certain public
37 retirement systems for certain tax purposes,".

38 10. By renumbering as necessary.

By BERNAU of Story
DODERER of Johnson
NEUHAUSER of Johnson
HENDERSON of Scott
COHOON of Des Moines
WISE of Lee
OLLIE of Clinton
LARKIN of Lee
NELSON of Pottawattamie
BAKER of Polk
CONNORS of Polk
MURPHY of Dubuque
MYERS of Johnson
MERTZ of Kossuth
O'BRIEN of Boone
MCCOY of Polk
MORELAND of Wapello
HANSEN of Woodbury
GILL of Woodbury
BRAND of Benton
BELL of Jasper
ARNOULD of Scott
FALLON of Polk
JOCHUM of Dubuque
H-5655 FILED MARCH 23, 1994

CATALDO of Polk
WITT of Black Hawk
RENAUD of Polk
HARPER of Black Hawk
HAMMOND of Story
KREIMAN of Davis
FOGARTY of Palo Alto
HOLVECK of Polk
MUNDIE of Webster
MCKINNEY of Dallas
RUNNING of Linn
BEATTY of Warren
OSTERBERG of Linn
BRAMMER of Linn
KOENIGS of Mitchell
HALVORSON of Webster
MAY of Worth
SCHRADER of Marion
BURKE of Marshall
SHOULTZ of Black Hawk
HAVERLAND of Polk
BLACK of Jasper
PETERSON of Carroll

*out 3 orders
4-4-94
(P 1077)*

HOUSE FILE 2418

H-5673

- 1 Amend the amendment, H-5660, to House File 2418 as
2 follows:
- 3 1. Page 2, line 29, by striking the figure "1996"
4 and inserting the following: "1995".
- 5 2. Page 3, line 7, by striking the figure "1996"
6 and inserting the following: "1995".
- 7 3. Page 5, line 26, by striking the figure "1996"
8 and inserting the following: "1995".
- 9 4. Page 6, line 2, by striking the figure "1996"
10 and inserting the following: "1995".
- 11 5. Page 6, line 4, by striking the figure "1996"
12 and inserting the following: "1995".
- 13 6. Page 6, line 9, by striking the figure "1996"
14 and inserting the following: "1995".
- 15 7. Page 6, line 10, by striking the figure "1996"
16 and inserting the following: "1995".

By BERNAU of Story
SCHRADER of Marion

H-5673 FILED MARCH 24, 1994
LOST

HOUSE FILE 2418

H-5677

- 1 Amend the amendment, H-5660, to House File 2418 as
2 follows:
- 3 1. Page 3, by inserting after line 43 the
4 following:
5 "____". Page 12, by inserting after line 25 the
6 following:
7 "Sec. ____". Section 97B.41, subsection 20,
8 paragraph a, unnumbered paragraph 2, Code Supplement
9 1993, is amended to read as follows:
10 Wages for a member of the general assembly means
11 the total compensation received by a member of the
12 general assembly, whether paid in the form of per diem
13 or annual salary, exclusive of expense and travel
14 allowances paid to a member of the general assembly
15 except as otherwise provided in this paragraph. Wages
16 includes per diem payments paid to members of the
17 general assembly during interim periods between
18 sessions of the general assembly. ~~Wages also includes~~
19 ~~daily allowances to members of the general assembly~~
20 ~~for nontravel expenses of office during a session of~~
21 ~~the general assembly, but does not include the portion~~
22 ~~of the daily allowance which exceeds the maximum~~
23 ~~established by law for members from Polk county."~~
24 2. By renumbering as necessary.

By BRUNKHORST of Bremer

H-5677 FILED MARCH 24, 1994

out of order 4-4-94 P. (2876)

HOUSE FILE 2418

H-5678

1 Amend the amendment, H-5660, to House File 2418 as
2 follows:

3 1. Page 1, by inserting after line 1 the
4 following:

5 " _____. Page 6, by striking lines 19 through 31 and
6 inserting the following:

7 "Sec. _____. Section 97A.8, subsection 1, paragraph
8 f, subparagraph (7), Code 1993, is amended to read as
9 follows:

10 (7) An amount equal to nine and one-tenth percent
11 of each member's compensation from the earnable
12 compensation of the member shall be paid to the
13 pension accumulation fund for the fiscal year period
14 beginning July 1, 1995, through December 31, 1995, and
15 an amount equal to nine and thirty-five hundredths
16 percent of each member's compensation from the
17 earnable compensation of the member shall be paid to
18 the pension accumulation fund for the fiscal period
19 beginning January 1, 1996, through June 30, 1996."

20 2. Page 3, by inserting after line 43 the
21 following:

22 " _____. By striking page 38, line 20 through page
23 39, line 14 and inserting the following:

24 "Sec. _____. Section 411.8, subsection 1, paragraph
25 f, subparagraphs (7) and (8), Code 1993, are amended
26 to read as follows:

27 (7) An amount equal to nine and one-tenth percent
28 of each member's compensation from the earnable
29 compensation of the member shall be paid to the fund
30 for the fiscal year period beginning July 1, 1995,
31 through December 31, 1995, and an amount equal to nine
32 and thirty-five hundredths percent of each member's
33 compensation from the earnable compensation of the
34 member shall be paid to the fund for the fiscal period
35 beginning January 1, 1996, through June 30, 1996.

36 (8) Beginning July 1, 1996, and each fiscal year
37 thereafter, an amount equal to the member's
38 contribution rate times each member's compensation
39 shall be paid to the fund from the earnable
40 compensation of the member. For the purposes of this
41 subparagraph, the member's contribution rate shall be
42 nine and one-tenth thirty-five hundredths percent.
43 However, the system shall increase the member's
44 contribution rate as necessary to cover any increase
45 in cost to the system resulting from statutory changes
46 which are enacted by any session of the general
47 assembly meeting after January 1, 1991, if the
48 increase cannot be absorbed within the contribution
49 rates otherwise established pursuant to this
50 paragraph, but subject to a maximum employee

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1 contribution rate of eleven and three-tenths percent.
 2 The contribution rate increases specified in this Act
 3 pursuant to this chapter and chapter 97A shall be the
 4 only contribution rate increases for these systems
 5 resulting from the statutory changes enacted in this
 6 Act, and shall apply only to the fiscal periods
 7 specified in this Act. After the employee
 8 contribution reaches eleven and three-tenths percent,
 9 sixty percent of the additional cost of such statutory
 10 changes shall be paid by employers under paragraph "c"
 11 and forty percent of the additional cost shall be paid
 12 by employees under this paragraph."
 13 3. By renumbering as necessary.

By RENAUD of Polk

H-5678 FILED MARCH 24, 1994

*out of order 4-4-94**P. 1076*

HOUSE FILE 2418

H-5683

1 Amend the amendment, H-5633, to House File 2418 as
 2 follows:
 3 1. Page 1, by inserting after line 1 the
 4 following:
 5 "____. Page 46, by striking line 21 and inserting
 6 the following: "REPORT -- INDEPENDENT STUDY."
 7 _____. Page 47, by inserting after line 15 the
 8 following:
 9 "____. The department of personnel shall use not
 10 more than one hundred thousand dollars of the moneys
 11 in the Iowa public employees' retirement fund
 12 established in section 97B.7 to contract with a
 13 consultant, after the issuance of a request for
 14 proposals, to conduct an outside, independent study of
 15 the Iowa public employees' retirement system. The
 16 study shall include, but is not limited to, the
 17 following:
 18 a. A comparison of the Iowa public employees'
 19 retirement system to other public retirement systems
 20 within the state and nationwide.
 21 b. An examination of the basic purpose and
 22 philosophy of the system.
 23 c. A study of the adequacy of employee and
 24 employer contributions and the level of funding of the
 25 system.
 26 d. A comparison of the benefits to the benefits of
 27 other public retirement systems.
 28 e. An examination of the administration of the
 29 system.
 30 The consultant shall file a report with the
 31 department of personnel, the general assembly, and the
 32 governor on or before February 1, 1995."
 33 2. By renumbering as necessary.

By JOCHUM of Dubuque

H-5683 FILED MARCH 24, 1994

*out of order 4-4-94**(P. 1086)*

HOUSE FILE 2418

H-5681

1 Amend the amendment, H-5660, to House File 2418 as
2 follows:

3 1. By striking page 2, line 25 through page 3,
4 line 1, and inserting the following:

5 "Sec. ____ . Section 97A.8, subsection 1, Code 1993,
6 is amended by adding the following new paragraph:

7 NEW PARAGRAPH. i. (1) Notwithstanding paragraph
8 "g" or other provisions of this chapter, beginning
9 January 1, 1995, member contributions required under
10 paragraph "f" or "h" which are picked up by the
11 department shall be considered employer contributions
12 for federal income tax purposes, and the department
13 shall pick up the member contributions to be made
14 under paragraph "f" or "h" by its employees. The
15 department shall pick up these contributions by
16 reducing the salary of each of its employees covered
17 by this chapter by the amount which each employee is
18 required to contribute under paragraph "f" or "h" and
19 shall certify the amount picked up in lieu of the
20 member contributions to the department of revenue and
21 finance. The department of revenue and finance shall
22 forward the amount of the contributions picked up to
23 the board of trustees for recording and deposit in the
24 pension accumulation fund.

25 (2) Member contributions picked up by the
26 department under subparagraph (1) shall be treated as
27 employer contributions for federal income tax purposes
28 only and for all other purposes of this chapter and
29 the laws of this state shall be treated as employee
30 contributions and deemed part of the employee's
31 earnable compensation or salary."

32 2. Page 3, by striking lines 4 through 26 and
33 inserting the following:

34 ""Sec. ____ . NEW SECTION. 97B.11A PICKUP OF
35 EMPLOYEE CONTRIBUTIONS.

36 1. Notwithstanding section 97B.11 or other
37 provisions of this chapter, beginning January 1, 1995,
38 member contributions required under section 97B.11
39 which are picked up by the employer shall be
40 considered employer contributions for federal income
41 tax purposes, and each employer shall pick up the
42 member contributions to be made under section 97B.11
43 by its employees. Each employer shall pick up these
44 contributions by reducing the salary of each of its
45 employees covered by this chapter by the amount which
46 each employee is required to contribute under section
47 97B.11 and shall pay the amount picked up in lieu of
48 the member contributions as provided in section
49 97B.14.

50 2. Member contributions picked up by each employer

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1 under subsection 1 shall be treated as employer
2 contributions for federal income tax purposes only and
3 for all other purposes of this chapter and the laws of
4 this state shall be treated as employee contributions
5 and deemed part of the employee's wages or salary."

6 3. Page 5, by striking lines 22 through 45 and
7 inserting the following:

8 "Sec. _____. Section 411.8, subsection 1, Code 1993,
9 is amended by adding the following new paragraph:

10 NEW PARAGRAPH. i. (1) Notwithstanding paragraph
11 "g" or other provisions of this chapter, beginning
12 January 1, 1995, member contributions required under
13 paragraph "f" or "h" which are picked up by the city
14 shall be considered employer contributions for federal
15 income tax purposes, and each city shall pick up the
16 member contributions to be made under paragraph "f" or
17 "h" by its employees. Each city shall pick up these
18 contributions by reducing the salary of each of its
19 employees covered by this chapter by the amount which
20 each employee is required to contribute under
21 paragraph "f" or "h" and shall pay the amount picked
22 up in lieu of the member contributions to the board of
23 trustees for recording and deposit in the fund.

24 (2) Member contributions picked up by each city
25 under subparagraph (1) shall be treated as employer
26 contributions for federal income tax purposes only and
27 for all other purposes of this chapter and the laws of
28 this state shall be treated as employee contributions
29 and deemed part of the employee's earnable
30 compensation or salary.

31 Sec. _____. Section 422.7, Code Supplement 1993, is
32 amended by adding the following new subsection:

33 NEW SUBSECTION. 29. Add, to the extent not
34 included, the amount of the taxpayer's employee
35 contributions picked up by the taxpayer's employer
36 under chapter 97A or 411. The director shall by rule
37 provide a formula to exclude income, to the extent
38 included, from adjusted gross income amounts added
39 under this subsection which are subsequently returned
40 to the taxpayer as retirement benefits or otherwise."

41 4. Page 5, by inserting before line 46 the
42 following:

43 "_____. Page 41, by inserting before line 12 the
44 following:

45 "Sec. _____. Section 422.7, Code Supplement 1993, is
46 amended by adding the following new subsection:

47 NEW SUBSECTION. 30. Add, to the extent not
48 included, the amount of the taxpayer's employee
49 contributions picked up by the taxpayer's employer
50 under chapter 97B. The director shall by rule provide

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1 a formula to exclude income, to the extent included,
2 from adjusted gross income amounts added under this
3 subsection which are subsequently returned to the
4 taxpayer as retirement benefits or otherwise.""

5 5. By striking page 5, line 47 through page 6,
6 line 4, and inserting the following:

7 "_____. Page 52, by inserting after line 26 the
8 following:

9 "_____. The section of this Act which amends section
10 422.7 by enacting a new subsection 29 takes effect
11 January 1, 1995, and applies to tax years beginning on
12 or after January 1, 1995.""

13 6. Page 6, by striking lines 7 through 10 and
14 inserting the following:

15 "_____. The section of this Act which amends
16 section 422.7 by enacting a new subsection 30 takes
17 effect January 1, 1995, and applies to tax years
18 beginning on or after January 1, 1995.""

19 7. By renumbering as necessary.

By OSTERBERG of Linn

H-5681 FILED MARCH 24, 1994

but of order 4-4-94 (P. 1076)

HOUSE FILE 2418

H-5668

1 Amend the amendment, H-5656, to House File 2418 as
2 follows:

3 1. Page 2, by inserting after line 22 the
4 following:

5 "_____. Page 33, by inserting before line 1 the
6 following:

7 "Sec. _____. NEW SECTION. 294.10A PICKUP OF
8 TEACHER ASSESSMENTS.

9 1. Notwithstanding section 294.9 or other
10 provisions of this chapter, beginning January 1, 1995,
11 teacher assessments required under section 294.9 which
12 are picked up by the employing school district shall
13 be considered employer contributions for federal and
14 state income tax purposes, and each employing school
15 district establishing a pension and annuity retirement
16 system pursuant to this chapter shall pick up the
17 teacher assessments to be made under section 294.9 by
18 its employees. Each employing school district shall
19 pick up these teacher assessments by reducing the
20 salary of each of the teachers covered by this chapter
21 by the amount which each teacher is required to con-
22 tribute under section 294.9 and shall pay to the board
23 of trustees the amount picked up in lieu of the
24 teacher assessments for recording and deposit in the
25 fund.

26 2. Teacher assessments picked up by each employing
27 school district under subsection 1 shall be treated as
28 employer contributions for federal and state income
29 tax purposes only and for all other purposes of this
30 chapter shall be treated as teacher assessments and
31 deemed part of the teacher's wages or salary."

32 2. Page 3, by inserting after line 13 the
33 following:

34 "_____. Page 52, by inserting after line 26 the
35 following:

36 "_____. The section of this Act which enacts a new
37 section 294.10A takes effect January 1, 1995, and
38 applies to tax years beginning on or after January 1,
39 1995."

40 3. By renumbering as necessary.

By BERNAU of Story

H-5668 FILED MARCH 23, 1994

out of order
4-4-94
(p. 1077)

HOUSE FILE 2418

H-5669

1 Amend the amendment, H-5655, to House File 2418 as
2 follows:

3 1. Page 2, by inserting after line 21 the
4 following:

5 "_____. Page 33, by inserting before line 1 the
6 following:

7 "Sec. _____. NEW SECTION. 294.10A PICKUP OF
8 TEACHER ASSESSMENTS.

9 1. Notwithstanding section 294.9 or other
10 provisions of this chapter, beginning January 1, 1995,
11 teacher assessments required under section 294.9 which
12 are picked up by the employing school district shall
13 be considered employer contributions for federal
14 income tax purposes, and each employing school
15 district establishing a pension and annuity retirement
16 system pursuant to this chapter shall pick up the
17 teacher assessments to be made under section 294.9 by
18 its employees. Each employing school district shall
19 pick up these teacher assessments by reducing the
20 salary of each of the teachers covered by this chapter
21 by the amount which each teacher is required to
22 contribute through assessments under section 294.9 and
23 shall pay to the board of trustees the amount picked
24 up in lieu of the teacher assessments for recording
25 and deposit in the fund.

26 2. Teacher assessments picked up by each employing
27 school district under subsection 1 shall be treated as
28 employer contributions for federal income tax purposes
29 only and for all other purposes of this chapter and
30 the laws of this state shall be treated as teacher
31 assessments and deemed part of the teacher's wages or
32 salary.""

33 2. Page 3, by inserting after line 20 the
34 following:

35 "_____. Page 41, by inserting after line 11 the
36 following:

37 "Sec. _____. Section 422.7, Code Supplement 1993, is
38 amended by adding the following new subsection:

39 NEW SUBSECTION. 31. Add, to the extent not
40 included, the amount of the taxpayer's teacher
41 assessment picked up by the taxpayer's employing
42 school district under chapter 294. The director shall
43 by rule provide a formula to exclude income, to the
44 extent included, from adjusted gross income amounts
45 added under this subsection which are subsequently
46 returned to the taxpayer as retirement benefits or
47 otherwise.""

48 3. Page 3, by inserting after line 33 the
49 following:

50 "_____. Page 52, by inserting after line 26 the

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1 following:

- 2 "____". The section of this Act which amends section
- 3 422.7 by enacting a new subsection 31 takes effect
- 4 January 1, 1995, and applies to tax years beginning on
- 5 or after January 1, 1995."
- 6 4. By renumbering as necessary.

By BERNAU of Story

H-5669 FILED MARCH 23, 1994

out of order 4-4-94

HOUSE FILE 2418

H-5670

1 Amend the amendment, H-5660, to House File 2418 as

2 follows:

- 3 1. Page 2, line 29, by striking the figure "1996"
- 4 and inserting the following: "1995".
- 5 2. Page 5, line 26, by striking the figure "1996"
- 6 and inserting the following: "1995".
- 7 3. Page 6, line 2, by striking the figure "1996"
- 8 and inserting the following: "1995".
- 9 4. Page 6, line 4, by striking the figure "1996"
- 10 and inserting the following: "1995".

By WEIGEL of Chickasaw
GILL of Woodbury

H-5670 FILED MARCH 24, 1994

out of order 4-4-94

HOUSE FILE 2418

H-5671

- 1 Amend the amendment, H-5660, to House File 2418 as
2 follows:
3 1. Page 3, by inserting after line 43 the
4 following:
5 "_____. Page 33, by inserting before line 1 the
6 following:
7 "Sec. _____. NEW SECTION. 294.10A PICKUP OF
8 TEACHER ASSESSMENTS.
9 1. Notwithstanding section 294.9 or other
10 provisions of this chapter, beginning January 1, 1996,
11 teacher assessments required under section 294.9 which
12 are picked up by the employing school district shall
13 be considered employer contributions for federal and
14 state income tax purposes, and each employing school
15 district establishing a pension and annuity retirement
16 system pursuant to this chapter shall pick up the
17 teacher assessments to be made under section 294.9 by
18 its employees. Each employing school district shall
19 pick up these teacher assessments by reducing the
20 salary of each of the teachers covered by this chapter
21 by the amount which each teacher is required to con-
22 tribute under section 294.9 and shall pay to the board
23 of trustees the amount picked up in lieu of the
24 teacher assessments for recording and deposit in the
25 fund.
26 2. Teacher assessments picked up by each employing
27 school district under subsection 1 shall be treated as
28 employer contributions for federal and state income
29 tax purposes only and for all other purposes of this
30 chapter shall be treated as teacher assessments and
31 deemed part of the teacher's wages or salary."
32 2. Page 6, by inserting after line 10 the
33 following:
34 "_____. Page 52, by inserting after line 26 the
35 following:
36 "_____. The section of this Act which enacts a new
37 section 294.10A takes effect January 1, 1996, and
38 applies to tax years beginning on or after January 1,
39 1996."
40 3. By renumbering as necessary.

By GRUNDBERG of Polk

H-5671 FILED MARCH 24, 1994

out of order 4/4/94 (P. 1076)

HOUSE FILE 2418

H-5672

1 Amend the amendment, H-5660, to House File 2418 as
2 follows:

3 1. Page 3, by inserting after line 43 the
4 following:

5 "_____. Page 33, by inserting before line 1 the
6 following:

7 "Sec. _____. NEW SECTION. 294.10A PICKUP OF
8 TEACHER ASSESSMENTS.

9 1. Notwithstanding section 294.9 or other
10 provisions of this chapter, beginning January 1, 1995,
11 teacher assessments required under section 294.9 which
12 are picked up by the employing school district shall
13 be considered employer contributions for federal and
14 state income tax purposes, and each employing school
15 district establishing a pension and annuity retirement
16 system pursuant to this chapter shall pick up the
17 teacher assessments to be made under section 294.9 by
18 its employees. Each employing school district shall
19 pick up these teacher assessments by reducing the
20 salary of each of the teachers covered by this chapter
21 by the amount which each teacher is required to con-
22 tribute under section 294.9 and shall pay to the board
23 of trustees the amount picked up in lieu of the
24 teacher assessments for recording and deposit in the
25 fund.

26 2. Teacher assessments picked up by each employing
27 school district under subsection 1 shall be treated as
28 employer contributions for federal and state income
29 tax purposes only and for all other purposes of this
30 chapter shall be treated as teacher assessments and
31 deemed part of the teacher's wages or salary."

32 2. Page 6, by inserting after line 10 the
33 following:

34 "_____. Page 52, by inserting after line 26 the
35 following:

36 "_____. The section of this Act which enacts a new
37 section 294.10A takes effect January 1, 1995, and
38 applies to tax years beginning on or after January 1,
39 1995.""

40 3. By renumbering as necessary.

By MCCOY of Polk
BERNAU of Story

H-5672 FILED MARCH 24, 1994

*out of order
4-4-94
(p. 1076)*

HOUSE FILE 2418

5674

1 Amend the amendment, H-5660, to House File 2418 as
2 follows:

3 1. Page 3, by inserting after line 43 the
4 following:

5 "_____. Page 33, by inserting before line 1 the
6 following:

7 "Sec. _____. NEW SECTION. 294.10A PICKUP OF
8 TEACHER ASSESSMENTS.

9 1. Notwithstanding section 294.9 or other
10 provisions of this chapter, beginning January 1, 1996,
11 teacher assessments required under section 294.9 which
12 are picked up by the employing school district shall
13 be considered employer contributions for federal and
14 state income tax purposes, and each employing school
15 district establishing a pension and annuity retirement
16 system pursuant to this chapter shall pick up the
17 teacher assessments to be made under section 294.9 by
18 its employees. Each employing school district shall
19 pick up these teacher assessments by reducing the
20 salary of each of the teachers covered by this chapter
21 by the amount which each teacher is required to con-
22 tribute under section 294.9 and shall pay to the board
23 of trustees the amount picked up in lieu of the
24 teacher assessments for recording and deposit in the
25 fund.

26 2. Teacher assessments picked up by each employing
27 school district under subsection 1 shall be treated as
28 employer contributions for federal and state income
29 tax purposes only and for all other purposes of this
30 chapter shall be treated as teacher assessments and
31 deemed part of the teacher's wages or salary.""

32 2. Page 6, by inserting after line 10 the
33 following:

34 "_____. Page 52, by inserting after line 26 the
35 following:

36 "_____. The section of this Act which enacts a new
37 section 294.10A takes effect January 1, 1996, and
38 applies to tax years beginning on or after January 1,
39 1996.""

40 3. By renumbering as necessary.

By MCCOY of Polk
BERNAU of Story

H-5674 FILED MARCH 24, 1994

out of order 4.4.94 (P. 1076)

HOUSE FILE 2418

H-5713

- 1 Amend House File 2418 as follows:
2 1. Page 46, by striking line 21 and inserting the
3 following: "REPORT -- INDEPENDENT STUDY."
4 2. Page 47, by inserting after line 15 the
5 following:
6 "____. The department of personnel shall use not
7 more than one hundred thousand dollars of the moneys
8 in the Iowa public employees' retirement fund
9 established in section 97B.7 to contract with a
10 consultant, after the issuance of a request for
11 proposals, to conduct an outside, independent study of
12 the Iowa public employees' retirement system. The
13 study shall include, but is not limited to, the
14 following:
15 a. A comparison of the Iowa public employees'
16 retirement system to other public retirement systems
17 within the state and nationwide.
18 b. An examination of the basic purpose and
19 philosophy of the system.
20 c. A study of the adequacy of employee and
21 employer contributions and the level of funding of the
22 system.
23 d. A comparison of the benefits to the benefits of
24 other public retirement systems.
25 e. An examination of the administration of the
26 system.
27 The consultant shall file a report with the
28 department of personnel, the general assembly, and the
29 governor on or before February 1, 1995."
30 2. By renumbering as necessary.

By JOCHUM of Dubuque

H-5713 FILED MARCH 25, 1994

Loct 4-4-94 (P 1086)

HOUSE FILE 2418

H-5881

1 Amend House File 2418 as follows:

2 1. Page 52, by inserting after line 26 the
3 following:

4 "Sec. ____ . CONTINGENT EFFECTIVENESS.

5 1. As used in this section, unless the context
6 otherwise requires, "income tax purposes" means any of
7 the following:

8 a. Federal income tax purposes.

9 b. State income tax purposes.

10 c. Both federal and state income tax purposes.

11 2. Any provisions of this Act which amend section
12 97A.8, subsection 1, paragraph "f", subparagraph (6)
13 or (7), to increase member contributions pursuant to
14 chapter 97A, shall take effect if and only if this Act
15 contains provisions which provide for the department
16 of public safety to pick up member contributions
17 required under section 97A.8, subsection 1, paragraphs
18 "f" and "h", in a manner which provides for
19 consideration of the contributions picked up by the
20 department as employer contributions for income tax
21 purposes on or before the date on which the increase
22 in member contributions would be applicable.

23 3. Any provisions of this Act which amend section
24 411.8, subsection 1, paragraph "f", subparagraph (6),
25 (7), or (8), to increase member contributions pursuant
26 to chapter 411, shall take effect if and only if this
27 Act contains provisions which provide for a city to
28 pick up member contributions required under section
29 411.8, subsection 1, paragraphs "f" and "h", in a
30 manner which provides for consideration of the
31 contributions picked up by the city as employer
32 contributions for income tax purposes on or before the
33 date on which the increase in member contributions
34 would be applicable."

35 2. By renumbering as necessary.

By RENAUD of Poik

H-5881 FILED MARCH 30, 1994

WITHDRAWN

4-4-94

(P. 1090)

HOUSE FILE 2418

H-5888

1 Amend House File 2418 as follows:

2 1. Page 6, by striking lines 22 through 26 and
3 inserting the following:

4 "(6) An amount equal to eight and one-tenth
5 percent of each member's compensation from the
6 earnable compensation of the member shall be paid to
7 the pension accumulation fund for the fiscal year
8 period beginning July 1, 1994, through December 31,
9 1994, and an amount equal to eight and thirty-five
10 hundredths percent of each member's compensation from
11 the earnable compensation of the member shall be paid
12 to the pension accumulation fund for the fiscal period
13 beginning January 1, 1995, through June 30, 1995."

14 2. Page 8, by inserting after line 24 the
15 following:

16 "Sec. ____ . Section 97A.8, subsection 1, Code 1993,
17 is amended by adding the following new paragraph:

18 NEW PARAGRAPH. i. (1) Notwithstanding paragraph
19 "g" or other provisions of this chapter, beginning
20 January 1, 1995, member contributions required under
21 paragraph "f" or "h" which are picked up by the
22 department shall be considered employer contributions
23 for federal income tax purposes, and the department
24 shall pick up the member contributions to be made
25 under paragraph "f" or "h" by its employees. The
26 department shall pick up these contributions by
27 reducing the salary of each of its employees covered
28 by this chapter by the amount which each employee is
29 required to contribute under paragraph "f" or "h" and
30 shall certify the amount picked up in lieu of the
31 member contributions to the department of revenue and
32 finance. The department of revenue and finance shall
33 forward the amount of the contributions picked up to
34 the board of trustees for recording and deposit in the
35 pension accumulation fund.

36 (2) Member contributions picked up by the
37 department under subparagraph (1) shall be treated as
38 employer contributions for federal income tax purposes
39 only and for all other purposes of this chapter and
40 the laws of this state shall be treated as employee
41 contributions and deemed part of the employee's
42 earnable compensation or salary."

43 3. Page 8, by inserting after line 24 the
44 following:

45 "Sec. ____ . NEW SECTION. 97B.11A PICKUP OF
46 EMPLOYEE CONTRIBUTIONS.

47 1. Notwithstanding section 97B.11 or other
48 provisions of this chapter, beginning January 1, 1995,
49 member contributions required under section 97B.11
50 which are picked up by the employer shall be

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1 considered employer contributions for federal income
2 tax purposes, and each employer shall pick up the
3 member contributions to be made under section 97B.11
4 by its employees. Each employer shall pick up these
5 contributions by reducing the salary of each of its
6 employees covered by this chapter by the amount which
7 each employee is required to contribute under section
8 97B.11 and shall pay the amount picked up in lieu of
9 the member contributions as provided in section
10 97B.14.

11 2. Member contributions picked up by each employer
12 under subsection 1 shall be treated as employer
13 contributions for federal income tax purposes only and
14 for all other purposes of this chapter and the laws of
15 this state shall be treated as employee contributions
16 and deemed part of the employee's wages or salary.

17 Sec. _____. Section 97B.14, Code 1993, is amended to
18 read as follows:

19 97B.14 CONTRIBUTIONS FORWARDED.

20 Contributions deducted from the wages of the member
21 or member contributions picked up by the employer
22 under section 97B.11A and the employer's contribution
23 shall be forwarded to the department for recording and
24 deposited with the treasurer of the state to the
25 credit of the Iowa public employees' retirement fund.
26 Contributions shall be remitted monthly, if total
27 contributions by both employee and employer amount to
28 one hundred dollars or more each month, and shall be
29 otherwise paid in such manner, at such times and under
30 such conditions, either by copies of payrolls or other
31 methods necessary or helpful in securing proper
32 identification of the member, as may be prescribed by
33 the department."

34 4. Page 33, by inserting before line 1 the
35 following:

36 "Sec. _____. NEW SECTION. 294.10A PICKUP OF
37 TEACHER ASSESSMENTS.

38 1. Notwithstanding section 294.9 or other
39 provisions of this chapter, beginning January 1, 1995,
40 teacher assessments required under section 294.9 which
41 are picked up by the employing school district shall
42 be considered employer contributions for federal
43 income tax purposes, and each employing school
44 district establishing a pension and annuity retirement
45 system pursuant to this chapter shall pick up the
46 teacher assessments to be made under section 294.9 by
47 its employees. Each employing school district shall
48 pick up these teacher assessments by reducing the
49 salary of each of the teachers covered by this chapter
50 by the amount which each teacher is required to

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1 contribute through assessments under section 294.9 and
2 shall pay to the board of trustees the amount picked
3 up in lieu of the teacher assessments for recording
4 and deposit in the fund.

5. 2. Teacher assessments picked up by each employing
6 school district under subsection 1 shall be treated as
7 employer contributions for federal income tax purposes
8 only and for all other purposes of this chapter and
9 the laws of this state shall be treated as teacher
10 assessments and deemed part of the teacher's wages or
11 salary."

12 5. Page 38, by striking lines 23 through 26 and
13 inserting the following:

14 "(6) An amount equal to eight and one-tenth
15 percent of each member's compensation from the
16 earnable compensation of the member shall be paid to
17 the fund for the fiscal year period beginning July 1,
18 1994, through December 31, 1994, and an amount equal
19 to eight and thirty-five hundredths percent of each
20 member's compensation from the earnable compensation
21 of the member shall be paid to the fund for the fiscal
22 period beginning January 1, 1995, through June 30,
23 1995."

24 6. Page 39, line 9, by inserting after the word
25 "percent." the following:

26 "The contribution rate increases specified in this
27 Act pursuant to this chapter and chapter 97A shall be
28 the only member contribution rate increases for these
29 systems resulting from the statutory changes enacted
30 in this Act, and shall apply only to the fiscal
31 periods specified in this Act."

32 7. Page 41, by inserting after line 11 the
33 following:

34 "Sec. ____ . Section 411.8, subsection 1, Code 1993,
35 is amended by adding the following new paragraph:

36 NEW PARAGRAPH. i. (1) Notwithstanding paragraph
37 "g" or other provisions of this chapter, beginning
38 January 1, 1995, member contributions required under
39 paragraph "f" or "h" which are picked up by the city
40 shall be considered employer contributions for federal
41 income tax purposes, and each city shall pick up the
42 member contributions to be made under paragraph "f" or
43 "h" by its employees. Each city shall pick up these
44 contributions by reducing the salary of each of its
45 employees covered by this chapter by the amount which
46 each employee is required to contribute under
47 paragraph "f" or "h" and shall pay the amount picked
48 up in lieu of the member contributions to the board of
49 trustees for recording and deposit in the fund.

50 (2) Member contributions picked up by each city

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1 under subparagraph (1) shall be treated as employer
2 contributions for federal income tax purposes only and
3 for all other purposes of this chapter and the laws of
4 this state shall be treated as employee contributions
5 and deemed part of the employee's earnable
6 compensation or salary."

7 8. Page 41, by inserting after line 11 the
8 following:

9 "Sec. _____. Section 422.7, Code Supplement 1993, is
10 amended by adding the following new subsection:

11 NEW SUBSECTION. 29. Add, to the extent not
12 included, the amount of the taxpayer's employee
13 contributions picked up by the taxpayer's employer
14 under chapter 97A or 411. The director shall by rule
15 provide a formula to exclude income, to the extent
16 included, from adjusted gross income amounts added
17 under this subsection which are subsequently returned
18 to the taxpayer as retirement benefits or otherwise."

19 9. Page 41, by inserting after line 11 the
20 following:

21 "Sec. _____. Section 422.7, Code Supplement 1993, is
22 amended by adding the following new subsection:

23 NEW SUBSECTION. 30. Add, to the extent not
24 included, the amount of the taxpayer's employee
25 contributions picked up by the taxpayer's employer
26 under chapter 97B. The director shall by rule provide
27 a formula to exclude income, to the extent included,
28 from adjusted gross income amounts added under this
29 subsection which are subsequently returned to the
30 taxpayer as retirement benefits or otherwise."

31 10. Page 41, by inserting after line 11 the
32 following:

33 "Sec. _____. Section 422.7, Code Supplement 1993, is
34 amended by adding the following new subsection:

35 NEW SUBSECTION. 31. Add, to the extent not
36 included, the amount of the taxpayer's teacher
37 assessment picked up by the taxpayer's employing
38 school district under chapter 294. The director shall
39 by rule provide a formula to exclude income, to the
40 extent included, from adjusted gross income amounts
41 added under this subsection which are subsequently
42 returned to the taxpayer as retirement benefits or
43 otherwise."

44 11. Page 50, by striking lines 17 through 28.

45 12. Page 52, by inserting after line 26 the
46 following:

47 "_____. The section of this Act which amends section
48 422.7 by enacting a new subsection 29 takes effect
49 January 1, 1995, and applies to tax years beginning on
50 or after January 1, 1995."

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Page 5

1 13. Page 52, by inserting after line 26 the
2 following:

3 "_____. The section of this Act which amends section
4 422.7 by enacting a new subsection 30 takes effect
5 January 1, 1995, and applies to tax years beginning on
6 or after January 1, 1995."

7 14. Page 52, by inserting after line 26 the
8 following:

9 "_____. The section of this Act which amends section
10 422.7 by enacting a new subsection 31 takes effect
11 January 1, 1995, and applies to tax years beginning on
12 or after January 1, 1995."

13 15. Title page, line 1, by inserting after the
14 word "systems," the following: "providing for the
15 payment of employee contributions under certain public
16 retirement systems for certain tax purposes,".

17 16. By renumbering as necessary.

By CARPENTER of Polk	McCOY of Polk
HANSON of Delaware	BERNAU of Story
DODERER of Johnson	NEUHAUSER of Johnson
HAMMOND of Story	DINKLA of Guthrie
GIPP of Winneshiek	MARTIN of Scott
GRUNDBERG of Polk	HURLEY of Fayette

H-5888 FILED MARCH 30, 1994

4/4/94 adopted (P. 1076)

HOUSE FILE 2418

H-5905

1 Amend the amendment, H-5888, to House File 2418 as
2 follows:

3 1. Page 2, line 39, by striking the figure
4 "1995," and inserting the following: "following the
5 submission by the board of trustees of an application
6 to the federal internal revenue service requesting
7 qualification in accordance with the requirements of
8 the Internal Revenue Code, as defined in section
9 422.3,".

10 2. Page 5, by striking lines 7 through 12.

11 3. By renumbering as necessary.

By CARPENTER of Polk

H-5905 FILED MARCH 31, 1994

4/4/94 - adopted (P. 1076)

HOUSE FILE 2418

H-5908

1 Amend the amendment, H-5888, to House File 2418 as
2 follows:

3 1. Page 1, by striking lines 16 through 42 and
4 inserting the following:

5 ""Sec. ____ . Section 97A.8, subsection 1, Code
6 1993, is amended by adding the following new
7 paragraph:

8 NEW PARAGRAPH. i. (1) Notwithstanding paragraph
9 "g" or other provisions of this chapter, beginning
10 January 1, 1995, member contributions required under
11 paragraph "f" or "h" which are picked up by the
12 department shall be considered employer contributions
13 for federal and state income tax purposes, and the
14 department shall pick up the member contributions to
15 be made under paragraph "f" or "h" by its employees.
16 The department shall pick up these contributions by
17 reducing the salary of each of its employees covered
18 by this chapter by the amount which each employee is
19 required to contribute under paragraph "f" or "h" and
20 shall certify the amount picked up in lieu of the
21 member contributions to the department of revenue and
22 finance. The department of revenue and finance shall
23 forward the amount of the contributions picked up to
24 the board of trustees for recording and deposit in the
25 pension accumulation fund.

26 (2) Member contributions picked up by the
27 department under subparagraph (1) shall be treated as
28 employer contributions for federal and state income
29 tax purposes only and for all other purposes of this
30 chapter shall be treated as employee contributions and
31 deemed part of the employee's earnable compensation or
32 salary.""

33 2. By striking page 1, line 45 through page 2,
34 line 16 and inserting the following:

35 ""Sec. ____ . NEW SECTION. 97B.11A PICKUP OF
36 EMPLOYEE CONTRIBUTIONS.

37 1. Notwithstanding section 97B.11 or other
38 provisions of this chapter, beginning January 1, 1996,
39 member contributions required under section 97B.11
40 which are picked up by the employer shall be
41 considered employer contributions for federal and
42 state income tax purposes, and each employer shall
43 pick up the member contributions to be made under
44 section 97B.11 by its employees. Each employer shall
45 pick up these contributions by reducing the salary of
46 each of its employees covered by this chapter by the
47 amount which each employee is required to contribute
48 under section 97B.11 and shall pay the amount picked
49 up in lieu of the member contributions as provided in
50 section 97B.14.

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Page 2

1 2. Member contributions picked up by each employer
2 under subsection 1 shall be treated as employer
3 contributions for federal and state income tax
4 purposes only and for all other purposes of this
5 chapter and the laws of this state shall be treated as
6 employee contributions and deemed part of the
7 employee's wages or salary."

8 3. By striking page 2, line 36, through page 3,
9 line 11, and inserting the following:

10 ""Sec. ____ . NEW SECTION. 294.10A PICKUP OF
11 TEACHER ASSESSMENTS.

12 1. Notwithstanding section 294.9 or other
13 provisions of this chapter, beginning January 1, 1996,
14 teacher assessments required under section 294.9 which
15 are picked up by the employing school district shall
16 be considered employer contributions for federal and
17 state income tax purposes, and each employing school
18 district establishing a pension and annuity retirement
19 system pursuant to this chapter shall pick up the
20 teacher assessments to be made under section 294.9 by
21 its employees. Each employing school district shall
22 pick up these teacher assessments by reducing the
23 salary of each of the teachers covered by this chapter
24 by the amount which each teacher is required to con-
25 tribute under section 294.9 and shall pay to the board
26 of trustees the amount picked up in lieu of the
27 teacher assessments for recording and deposit in the
28 fund.

29 2. Teacher assessments picked up by each employing
30 school district under subsection 1 shall be treated as
31 employer contributions for federal and state income
32 tax purposes only and for all other purposes of this
33 chapter shall be treated as teacher assessments and
34 deemed part of the teacher's wages or salary."

35 4. By striking page 3, line 34, through page 4,
36 line 6, and inserting the following:

37 ""Sec. ____ . Section 411.8, subsection 1, Code
38 1993, is amended by adding the following new
39 paragraph:

40 NEW PARAGRAPH. i. (1) Notwithstanding paragraph
41 "g" or other provisions of this chapter, beginning
42 January 1, 1995, member contributions required under
43 paragraph "f" or "h" which are picked up by the city
44 shall be considered employer contributions for federal
45 and state income tax purposes, and each city shall
46 pick up the member contributions to be made under
47 paragraph "f" or "h" by its employees. Each city
48 shall pick up these contributions by reducing the
49 salary of each of its employees covered by this
50 chapter by the amount which each employee is required

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Page 2

1 to contribute under paragraph "f" or "h" and shall pay
2 the amount picked up in lieu of the member
3 contributions to the board of trustees for recording
4 and deposit in the fund.

5 (2) Member contributions picked up by each city
6 under subparagraph (1) shall be treated as employer
7 contributions for federal and state income tax
8 purposes only and for all other purposes of this
9 chapter shall be treated as employee contributions and
10 deemed part of the employee's earnable compensation or
11 salary.""

12 5. Page 4, by striking lines 7 through 18.

13 6. Page 4, by striking lines 19 through 30.

14 7. Page 4, by striking lines 31 through 43.

15 8. Page 4, by inserting after line 44 the
16 following:

17 "_____. Page 52, by inserting after line 10 the
18 following:

19 "_____. The sections of this Act which amend section
20 97A.8, subsection 1, by enacting a new paragraph "i"
21 and amend section 411.8, subsection 1, by enacting a
22 new paragraph "i", take effect January 1, 1995, and
23 apply to tax years beginning on or after January 1,
24 1995.""

25 9. Page 4, by inserting after line 44 the
26 following:

27 "_____. Page 52, by inserting after line 26 the
28 following:

29 "_____. The sections of this Act which enact a new
30 section 97B.11A and amend section 97B.14 take effect
31 January 1, 1996, and apply to tax years beginning on
32 or after January 1, 1996.""

33 10. Page 4, by inserting after line 44 the
34 following:

35 "_____. Page 52, by inserting after line 26 the
36 following:

37 "_____. The section of this Act which enacts a new
38 section 294.10A takes effect January 1, 1996, and
39 applies to tax years beginning on or after January 1,
40 1996.""

41 11. Page 4, by striking lines 45 through 50.

42 12. Page 5, by striking lines 1 through 6.

43 13. Page 5, by striking lines 7 through 12.

44 14. By renumbering as necessary.

By WEIGEL of Chickasaw

GREIG of Emmet

RENAUD of Polk

GILL of Woodbury

WISE of Lee

RUNNING of Linn

BEATTY of Warren

H-5908 FILED MARCH 31, 1994

Lost 4/4/94 (p. 1073)

HOUSE FILE 2418

H-5933

1 Amend the amendment, H-5888, to House File 2418 as
2 follows:

3 1. Page 1, by striking lines 16 through 42 and
4 inserting the following:

5 ""Sec. ____ . Section 97A.8, subsection 1, Code
6 1993, is amended by adding the following new
7 paragraph:

8 NEW PARAGRAPH. i. (1) Notwithstanding paragraph
9 "g" or other provisions of this chapter, beginning
10 January 1, 1995, member contributions required under
11 paragraph "f" or "h" which are picked up by the
12 department shall be considered employer contributions
13 for federal and state income tax purposes, and the
14 department shall pick up the member contributions to
15 be made under paragraph "f" or "h" by its employees.
16 The department shall pick up these contributions by
17 reducing the salary of each of its employees covered
18 by this chapter by the amount which each employee is
19 required to contribute under paragraph "f" or "h" and
20 shall certify the amount picked up in lieu of the
21 member contributions to the department of revenue and
22 finance. The department of revenue and finance shall
23 forward the amount of the contributions picked up to
24 the board of trustees for recording and deposit in the
25 pension accumulation fund.

26 (2) Member contributions picked up by the
27 department under subparagraph (1) shall be treated as
28 employer contributions for federal and state income
29 tax purposes only and for all other purposes of this
30 chapter shall be treated as employee contributions and
31 deemed part of the employee's earnable compensation or
32 salary.""

33 2. By striking page 3, line 34, through page 4,
34 line 6, and inserting the following:

35 ""Sec. ____ . Section 411.8, subsection 1, Code
36 1993, is amended by adding the following new
37 paragraph:

38 NEW PARAGRAPH. i. (1) Notwithstanding paragraph
39 "g" or other provisions of this chapter, beginning
40 January 1, 1995, member contributions required under
41 paragraph "f" or "h" which are picked up by the city
42 shall be considered employer contributions for federal
43 and state income tax purposes, and each city shall
44 pick up the member contributions to be made under
45 paragraph "f" or "h" by its employees. Each city
46 shall pick up these contributions by reducing the
47 salary of each of its employees covered by this
48 chapter by the amount which each employee is required
49 to contribute under paragraph "f" or "h" and shall pay
50 the amount picked up in lieu of the member

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Page 2

- 1 contributions to the board of trustees for recording
2 and deposit in the fund.
- 3 (2) Member contributions picked up by each city
4 under subparagraph (1) shall be treated as employer
5 contributions for federal and state income tax
6 purposes only and for all other purposes of this
7 chapter shall be treated as employee contributions and
8 deemed part of the employee's earnable compensation or
9 salary.""
- 10 3. Page 4, by striking lines 7 through 18.
- 11 4. Page 4, by inserting after line 44 the
12 following:
13 "____. Page 52, by inserting after line 10 the
14 following:
15 "____. The sections of this Act which amend section
16 97A.8, subsection 1, by enacting a new paragraph "i"
17 and amend section 411.8, subsection 1, by enacting a
18 new paragraph "i", take effect January 1, 1995, and
19 apply to tax years beginning on or after January 1,
20 1995.""
- 21 5. Page 4, by striking lines 45 through 50.
- 22 6. By renumbering as necessary.

By RENAUD of Polk

H-5933 FILED APRIL 4, 1994
LOST

HOUSE FILE 2418

H-5930

- 1 Amend the amendment, H-5711, to House File 2418 as
2 follows:
- 3 1. Page 1, by striking lines 2 and 3 and
4 inserting the following:
5 "____. Page 12, by striking lines 12 through 17
6 and inserting the following: "year. However, the"."
7 2. Page 1, by striking line 4.
8 3. By renumbering as necessary.

By CARPENTER of Polk

H-5930 FILED APRIL 4, 1994
ADOPTED

4.4.94

HOUSE FILE 2418

H-5936

1 Amend House File 2418 as follows:

2 1. Page 6, by striking lines 22 through 26 and
3 inserting the following:

4 "(6) An amount equal to eight and one-tenth
5 percent of each member's compensation from the
6 earnable compensation of the member shall be paid to
7 the pension accumulation fund for the fiscal year
8 period beginning July 1, 1994, through December 31,
9 1994, and an amount equal to eight and thirty-five
10 hundredths percent of each member's compensation from
11 the earnable compensation of the member shall be paid
12 to the pension accumulation fund for the fiscal period
13 beginning January 1, 1995, through June 30, 1995."

14 2. Page 8, by inserting after line 24 the
15 following:

16 "Sec. ____ . Section 97A.8, subsection 1, Code 1993,
17 is amended by adding the following new paragraph:

18 NEW PARAGRAPH. i. (1) Notwithstanding paragraph
19 "g" or other provisions of this chapter, beginning
20 January 1, 1995, member contributions required under
21 paragraph "f" or "h" which are picked up by the
22 department shall be considered employer contributions
23 for federal and state income tax purposes, and the
24 department shall pick up the member contributions to
25 be made under paragraph "f" or "h" by its employees.
26 The department shall pick up these contributions by
27 reducing the salary of each of its employees covered
28 by this chapter by the amount which each employee is
29 required to contribute under paragraph "f" or "h" and
30 shall certify the amount picked up in lieu of the
31 member contributions to the department of revenue and
32 finance. The department of revenue and finance shall
33 forward the amount of the contributions picked up to
34 the board of trustees for recording and deposit in the
35 pension accumulation fund.

36 (2) Member contributions picked up by the
37 department under subparagraph (1) shall be treated as
38 employer contributions for federal and state income
39 tax purposes only and for all other purposes of this
40 chapter shall be treated as employee contributions and
41 deemed part of the employee's earnable compensation or
42 salary."

43 3. Page 8, by inserting after line 24 the
44 following:

45 "Sec. ____ . NEW SECTION. 97B.11A PICKUP OF
46 EMPLOYEE CONTRIBUTIONS.

47 1. Notwithstanding section 97B.11 or other
48 provisions of this chapter, beginning January 1, 1995,
49 member contributions required under section 97B.11
50 which are picked up by the employer shall be

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1 considered employer contributions for federal income
2 tax purposes, and each employer shall pick up the
3 member contributions to be made under section 97B.11
4 by its employees. Each employer shall pick up these
5 contributions by reducing the salary of each of its
6 employees covered by this chapter by the amount which
7 each employee is required to contribute under section
8 97B.11 and shall pay the amount picked up in lieu of
9 the member contributions as provided in section
10 97B.14.

11 2. Member contributions picked up by each employer
12 under subsection 1 shall be treated as employer
13 contributions for federal income tax purposes only and
14 for all other purposes of this chapter and the laws of
15 this state shall be treated as employee contributions
16 and deemed part of the employee's wages or salary.

17 Sec. . Section 97B.14, Code 1993, is amended to
18 read as follows:

19 97B.14 CONTRIBUTIONS FORWARDED.

20 Contributions deducted from the wages of the member
21 or member contributions picked up by the employer
22 under section 97B.11A and the employer's contribution
23 shall be forwarded to the department for recording and
24 deposited with the treasurer of the state to the
25 credit of the Iowa public employees' retirement fund.
26 Contributions shall be remitted monthly, if total
27 contributions by both employee and employer amount to
28 one hundred dollars or more each month, and shall be
29 otherwise paid in such manner, at such times and under
30 such conditions, either by copies of payrolls or other
31 methods necessary or helpful in securing proper
32 identification of the member, as may be prescribed by
33 the department."

34 4. Page 33, by inserting before line 1 the
35 following:

36 "Sec. . NEW SECTION. 294.10A PICKUP OF
37 TEACHER ASSESSMENTS.

38 1. Notwithstanding section 294.9 or other
39 provisions of this chapter, beginning January 1,
40 following submission by the board of trustees of an
41 application to the federal internal revenue service
42 requesting qualification in accordance with the
43 requirements of the Internal Revenue Code, as defined
44 in section 422.3, teacher assessments required under
45 section 294.9 which are picked up by the employing
46 school district shall be considered employer
47 contributions for federal income tax purposes, and
48 each employing school district establishing a pension
49 and annuity retirement system pursuant to this chapter
50 shall pick up the teacher assessments to be made under

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1 section 294.9 by its employees. Each employing school
2 district shall pick up these teacher assessments by
3 reducing the salary of each of the teachers covered by
4 this chapter by the amount which each teacher is
5 required to contribute through assessments under
6 section 294.9 and shall pay to the board of trustees
7 the amount picked up in lieu of the teacher
8 assessments for recording and deposit in the fund.

9 2. Teacher assessments picked up by each employing
10 school district under subsection 1 shall be treated as
11 employer contributions for federal income tax purposes
12 only and for all other purposes of this chapter and
13 the laws of this state shall be treated as teacher
14 assessments and deemed part of the teacher's wages or
15 salary."

16 5. Page 38, by striking lines 23 through 26 and
17 inserting the following:

18 "(6) An amount equal to eight and one-tenth
19 percent of each member's compensation from the
20 earnable compensation of the member shall be paid to
21 the fund for the fiscal year period beginning July 1,
22 1994, through December 31, 1994, and an amount equal
23 to eight and thirty-five hundredths percent of each
24 member's compensation from the earnable compensation
25 of the member shall be paid to the fund for the fiscal
26 period beginning January 1, 1995, through June 30,
27 1995."

28 6. Page 39, line 9, by inserting after the word
29 "percent." the following:

30 "The contribution rate increases specified in this
31 Act pursuant to this chapter and chapter 97A shall be
32 the only member contribution rate increases for these
33 systems resulting from the statutory changes enacted
34 in this Act, and shall apply only to the fiscal
35 periods specified in this Act."

36 7. Page 41, by inserting after line 11 the
37 following:

38 "Sec. ____ . Section 411.8, subsection 1, Code 1993,
39 is amended by adding the following new paragraph:

40 NEW PARAGRAPH. i. (1) Notwithstanding paragraph
41 "g" or other provisions of this chapter, beginning
42 January 1, 1995, member contributions required under
43 paragraph "f" or "h" which are picked up by the city
44 shall be considered employer contributions for federal
45 and state income tax purposes, and each city shall
46 pick up the member contributions to be made under
47 paragraph "f" or "h" by its employees. Each city
48 shall pick up these contributions by reducing the
49 salary of each of its employees covered by this
50 chapter by the amount which each employee is required

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1 to contribute under paragraph "f" or "h" and shall pay
2 the amount picked up in lieu of the member
3 contributions to the board of trustees for recording
4 and deposit in the fund.

5 (2) Member contributions picked up by each city
6 under subparagraph (1) shall be treated as employer
7 contributions for federal and state income tax
8 purposes only and for all other purposes of this
9 chapter shall be treated as employee contributions and
10 deemed part of the employee's earnable compensation or
11 salary."

12 8. Page 41, by inserting after line 11 the
13 following:

14 "Sec. ____ . Section 422.7, Code Supplement 1993, is
15 amended by adding the following new subsection:

16 NEW SUBSECTION. 30. Add, to the extent not
17 included, the amount of the taxpayer's employee
18 contributions picked up by the taxpayer's employer
19 under chapter 97B. The director shall by rule provide
20 a formula to exclude income, to the extent included,
21 from adjusted gross income amounts added under this
22 subsection which are subsequently returned to the
23 taxpayer as retirement benefits or otherwise."

24 9. Page 41, by inserting after line 11 the
25 following:

26 "Sec. ____ . Section 422.7, Code Supplement 1993, is
27 amended by adding the following new subsection:

28 NEW SUBSECTION. 31. Add, to the extent not
29 included, the amount of the taxpayer's teacher
30 assessment picked up by the taxpayer's employing
31 school district under chapter 294. The director shall
32 by rule provide a formula to exclude income, to the
33 extent included, from adjusted gross income amounts
34 added under this subsection which are subsequently
35 returned to the taxpayer as retirement benefits or
36 otherwise."

37 10. Page 50, by striking lines 17 through 28.

38 11. Page 52, by inserting after line 10 the
39 following:

40 " ____ . The sections of this Act which amend section
41 97A.8, subsection 1, by enacting a new paragraph "i"
42 and amend section 411.8, subsection 1, by enacting a
43 new paragraph "i", take effect January 1, 1995, and
44 apply to tax years beginning on or after January 1,
45 1995."

46 12. Page 52, by inserting after line 26 the
47 following:

48 " ____ . The section of this Act which amends section
49 422.7 by enacting a new subsection 30 takes effect
50 January 1, 1995, and applies to tax years beginning on

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- 1 or after January 1, 1995."
- 2 13. Title page, line 1, by inserting after the
- 3 word "systems," the following: "providing for the
- 4 payment of employee contributions under certain public
- 5 retirement systems for certain tax purposes,".
- 6 14. By renumbering as necessary.

By RENAUD of Polk

H-5936 FILED APRIL 4, 1994

OUT OF ORDER

HOUSE FILE 2418

H-5944

- 1 Amend House File 2418 as follows:
- 2 1. Page 14, line 5, by inserting after the word
- 3 "withdraw" the following: "both".
- 4 2. Page 14, line 6, by inserting after the word
- 5 "contributions" the following: "and the accumulated
- 6 contributions by the employer".

By BEATTY of Warren

H-5944 FILED APRIL 4, 1994

LOST

HOUSE FILE 2418

H-5945

- 1 Amend amendment H-5574, to House File 2418, as
- 2 follows:
- 3 1. Page 1, line 4, by striking the words:
- 4 "DEPARTMENT OF PUBLIC SAFETY".
- 5 2. Page 1, line 5, by striking the word "AND".
- 6 3. Page 1, by striking lines 7 through 23.

By CARPENTER of Polk

H-5945 FILED APRIL 4, 1994

ADOPTED BY UNANIMOUS CONSENT

SENATE AMENDMENT TO HOUSE FILE 2418

H-6055

1 Amend House File 2418, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 1, by inserting before line 1 the
4 following:

5 "Section 1. Section 19A.30, unnumbered paragraph
6 1, Code 1993, is amended to read as follows:

7 At the request of an employee of a state agency
8 through contractual agreement, the director may
9 arrange for the purchase of group or individual
10 annuity contracts for any of the employees of that
11 agency, which annuity contracts are issued by a
12 nonprofit corporation issuing retirement annuities
13 exclusively for educational institutions and their
14 employees or are purchased from any company the
15 employee chooses that is authorized to do business in
16 this state and or through an Iowa-licensed insurance
17 agent salesperson that the employee selects, on a
18 group or individual basis, for retirement or other
19 purposes, and may make payroll deductions in
20 accordance with the arrangements for the purpose of
21 paying the entire premium due and to become due under
22 the contract. The deductions shall be made in the
23 manner which will qualify the annuity premiums for the
24 benefits afforded under section ~~403b~~ 403(b) of the
25 Internal Revenue Code, as defined in section 422.3.
26 The employee's rights under the annuity contract are
27 nonforfeitable except for the failure to pay premiums.
28 As used in this section, unless the context otherwise
29 requires, "annuity contract" includes any custodial
30 account which meets the requirements of section
31 403(b)(7) of the Internal Revenue Code, as defined in
32 section 422.3."

33 2. Page 9, line 12, by inserting after the word
34 "federal" the following: "and state".

35 3. Page 9, by striking lines 26 and 27 and
36 inserting the following: "for federal and state
37 income tax purposes only and for all other purposes of
38 this chapter shall be".

39 4. Page 10, by inserting after line 14 the
40 following:

41 "Sec. 100. Section 97B.11A, as enacted in this
42 Act, is amended to read as follows:

43 97B.11A PICKUP OF EMPLOYEE CONTRIBUTIONS.

44 1. Notwithstanding section 97B.11 or other
45 provisions of this chapter, beginning January 1, 1995
46 1996, member contributions required under section
47 97B.11 which are picked up by the employer shall be
48 considered employer contributions for federal and
49 state income tax purposes, and each employer shall
50 pick up the member contributions to be made under

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1 section 97B.11 by its employees. Each employer shall
2 pick up these contributions by reducing the salary of
3 each of its employees covered by this chapter by the
4 amount which each employee is required to contribute
5 under section 97B.11 and shall pay the amount picked
6 up in lieu of the member contributions as provided in
7 section 97B.14.

8 2. Member contributions picked up by each employer
9 under subsection 1 shall be treated as employer
10 contributions for federal and state income tax
11 purposes only and for all other purposes of this
12 chapter ~~and the laws of this state~~ shall be treated as
13 employee contributions and deemed part of the
14 employee's wages or salary."

15 5. Page 14, by striking lines 13 through 19 and
16 inserting the following: "the wages for the third
17 year by ~~combining the wages from the highest quarter~~
18 ~~or quarters not being used in the selection of the two~~
19 ~~highest years~~ computing the average quarter of all
20 quarters from the member's highest calendar year of
21 covered wages and using the computed average quarter
22 for each quarter in the third year in which no wages
23 have been reported in combination with the final
24 quarter or quarters of the member's service to create
25 a full year. However, the department shall not use
26 the member's final quarter of wages if using that
27 quarter would reduce the member's three-year average
28 covered wage. If the three-year".

29 6. Page 16, line 10, by striking the words "one
30 year" and inserting the following: "three years".

31 7. Page 21, by inserting after line 31 the
32 following:

33 "Sec. ____ . Section 97B.49, subsection 16,
34 paragraph a, subparagraph (4), Code Supplement 1993,
35 is amended to read as follows:

36 (4) The years of membership service required under
37 this paragraph include membership service as a sheriff
38 or deputy sheriff and membership service as an
39 employee in a protection occupation under paragraph
40 "d", subparagraph (2). The years of membership
41 service required under this paragraph also includes
42 membership service as an airport fire fighter employed
43 by the military division of the department of public
44 defense.

45 Sec. ____ . Section 97B.49, subsection 16, paragraph
46 b, Code Supplement 1993, is amended to read as
47 follows:

48 b. (1) Notwithstanding other provisions of this
49 chapter:

50 (i) (a) A member who retires from employment as a

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1 county sheriff or deputy sheriff who retires on or
2 after July 1, 1988, and before July 1, 1990, and at
3 the time of retirement is at least fifty-five years of
4 age and has completed at least twenty-two years of
5 membership service, may elect to receive in lieu of
6 the receipt of any benefits under subsection 5 or 15,
7 a monthly retirement allowance equal to one-twelfth of
8 fifty percent of the member's three-year average
9 covered wage as a member, with benefits payable during
10 the member's lifetime.

11 ~~(2)~~ (b) A member who retires from employment as a
12 county sheriff or deputy sheriff who retires on or
13 after July 1, 1990, or a member who is or has been
14 employed as a county sheriff or deputy sheriff who
15 retires on or after July 1, 1994, and at the time of
16 retirement is at least fifty-five years of age and has
17 completed at least twenty-two years of membership
18 service, may elect to receive in lieu of the receipt
19 of any benefits under subsection 5 or 15, a monthly
20 retirement allowance equal to one-twelfth of the same
21 percentage of the member's three-year average covered
22 wage as is provided in paragraph "a", with benefits
23 payable during the member's lifetime.

24 ~~(3)~~ (c) The years of membership service required
25 under this paragraph subparagraph shall include
26 membership service as a sheriff or deputy sheriff and
27 membership service under employment in a protection
28 occupation included in paragraph "d", subparagraph
29 (2).

30 ~~(4)~~ (d) For the purposes of this subsection,
31 sheriff "sheriff" means a county sheriff as defined in
32 section 39.17 and deputy-sheriff "deputy sheriff"
33 means a deputy sheriff appointed pursuant to section
34 341.1 prior to July 1, 1981, or section 331.903 on or
35 after July 1, 1981.

36 (2) Notwithstanding other provisions of this
37 chapter:

38 (a) A member who is an airport fire fighter
39 employed by the military division of the department of
40 public defense or has been employed as an airport fire
41 fighter by the military division of the department of
42 public defense who retires on or after July 1, 1994,
43 and at the time of retirement is at least fifty-five
44 years of age and has completed at least twenty-two
45 years of membership service, may elect to receive in
46 lieu of the receipt of any benefits under subsection 5
47 or 15, a monthly retirement allowance equal to one-
48 twelfth of the same percentage of the member's three-
49 year average covered wage as is provided in paragraph
50 "a", with benefits payable during the member's

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1 lifetime.

2 (b) The years of membership service required under
3 this subparagraph shall include membership service as
4 an airport fire fighter, regardless of whether the
5 service occurred prior to the inclusion of airport
6 fire fighters under this paragraph, and the inclusion
7 of that service shall not affect the contribution
8 rates paid by the member or the employer under this
9 subsection.

10 (c) For the purposes of this subsection, "airport
11 fire fighter" means an airport fire fighter employed
12 by the military division of the department of public
13 defense.

14 Sec. ____. Section 97B.49, subsection 16, paragraph
15 c, unnumbered paragraph 3, Code Supplement 1993, is
16 amended to read as follows:

17 For the purpose of this subsection, "fraction of
18 years of service" means a number, not to exceed one,
19 equal to the sum of the years of membership service
20 for a member retiring in a protection occupation,
21 divided by twenty-five years, or the sum of the years
22 of membership service for a member retiring as a
23 sheriff or deputy sheriff or airport fire fighter
24 divided by twenty-two years."

25 8. Page 21, by inserting after line 31 the
26 following:

27 "Sec. ____. Section 97B.49, subsection 16,
28 paragraph d, subparagraph (2), Code Supplement 1993,
29 is amended to read as follows:

30 (2) A marshal or police officer in a city not
31 covered under chapter 400 or a fire fighter or police
32 officer of a city not participating in the retirement
33 system established in chapter 411."

34 9. Page 21, by inserting after line 31 the
35 following:

36 "Sec. ____. Section 97B.49, subsection 16,
37 paragraph d, subparagraph (4), Code Supplement 1993,
38 is amended by striking the subparagraph."

39 10. Page 22, by inserting after line 7 the
40 following:

41 "Sec. ____. Section 97B.49, subsection 16,
42 paragraph d, Code Supplement 1993, is amended by
43 adding the following new subparagraph:

44 NEW SUBPARAGRAPH. (9) An employee of a judicial
45 district department of correctional services who is
46 employed as a probation officer I, II, or III, or
47 parole officer I, II, or III."

48 11. Page 22, by striking lines 8 through 16 and
49 inserting the following:

50 "Sec. ____. Section 97B.49, subsection 16,

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1 paragraph j, Code Supplement 1993, is amended by
2 striking the paragraph."

3 12. Page 22, by inserting before line 17 the
4 following:

5 "Sec. _____. Section 97B.49, subsection 16, Code
6 Supplement 1993, is amended by adding the following
7 new paragraph:

8 NEW PARAGRAPH. 1. For the fiscal year commencing
9 July 1, 1994, and each succeeding fiscal year, each
10 judicial district department of correctional services
11 shall pay to the department of personnel from funds
12 appropriated to that judicial district department of
13 correctional services, the amount necessary to pay the
14 employer share of the cost of the additional benefits
15 provided to employees covered under paragraph "d",
16 subparagraph (9)."

17 13. Page 22, by inserting before line 17 the
18 following:

19 "Sec. _____. Section 97B.49, subsection 16, Code
20 Supplement 1993, is amended by adding the following
21 new paragraph:

22 NEW PARAGRAPH. m. For the fiscal year commencing
23 July 1, 1994, and each succeeding fiscal year, there
24 is appropriated from the general fund of the state to
25 the department of personnel, from funds not otherwise
26 appropriated, an amount necessary to pay the employer
27 share of the cost of the additional benefits provided
28 to airport fire fighters pursuant to paragraph "b",
29 subparagraph (2)."

30 14. By striking page 36, line 13 through page 37,
31 line 4 and inserting the following:

32 "9. At the request of an employee through
33 contractual agreement the board may arrange for the
34 purchase of group or individual annuity contracts for
35 any of its employees, which annuity contracts are
36 issued by a nonprofit corporation issuing retirement
37 annuities exclusively for educational institutions and
38 their employees or are purchased from any company the
39 employee chooses that is authorized to do business in
40 this state and or through an Iowa-licensed insurance
41 agent salesperson that the employee selects, on a
42 group or individual basis, for retirement or other
43 purposes, and may make payroll deductions in
44 accordance with the arrangements for the purpose of
45 paying the entire premium due and to become due under
46 the contract. The deductions shall be made in the
47 manner which will qualify the annuity premiums for the
48 benefits under section 403(b) of the Internal Revenue
49 Code, as defined in section 422.3. The employee's
50 rights under the annuity contract are nonforfeitable

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1 except for the failure to pay premiums. If an
2 existing tax-sheltered annuity contract is to be
3 replaced by a new contract, the agent or
4 representative of the company shall submit a letter of
5 intent by registered mail to the company being
6 replaced, to the insurance commissioner of the state
7 of Iowa, and to the agent's or representative's own
8 company at least thirty days prior to any action.
9 This letter of intent shall contain the policy number
10 and description of the contract being replaced and a
11 description of the replacement contract. As used in
12 this section, unless the context otherwise requires,
13 "annuity contract" includes any custodial account
14 which meets the requirements of section 403(b)(7) of
15 the Internal Revenue Code, as defined in section
16 422.3."

17 15. Page 37, by inserting before line 28 the
18 following:

19 "Sec. ____ . Section 262.21, unnumbered paragraph 1,
20 Code 1993, is amended to read as follows:

21 At the request of an employee through contractual
22 agreement the board may arrange for the purchase of
23 group or individual annuity contracts for any of its
24 employees, which annuity contracts are issued by a
25 nonprofit corporation issuing retirement annuities
26 exclusively for educational institutions and their
27 employees or are purchased from any company the
28 employee chooses that is authorized to do business in
29 this state; or the board may arrange for the purchase
30 of an individual mutual fund contract from any company
31 the employee chooses from a broker-dealer,
32 salesperson, or mutual fund registered in this state;
33 or through an Iowa-licensed salesperson that the
34 employee selects, on a group or individual basis, for
35 retirement or other purposes, and may make payroll
36 deductions in accordance with the arrangements for the
37 purpose of paying the entire premium due and to become
38 due under the contract. The deductions shall be made
39 in the manner which will qualify the annuity premiums
40 for the benefits under section 403b 403(b) of the
41 Internal Revenue Code, as defined in section 422.3.
42 The employee's rights under the annuity contract are
43 nonforfeitable except for the failure to pay premiums.
44 As used in this section, unless the context otherwise
45 requires, "annuity contract" includes any custodial
46 account which meets the requirements of section
47 403(b)(7) of the Internal Revenue Code, as defined in
48 section 422.3.

49 Sec. ____ . Section 273.3, subsection 14, Code 1993,
50 is amended to read as follows:

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1 14. At the request of an employee through
2 contractual agreement the board may purchase group or
3 individual annuity contracts for employees, which
4 annuity contracts are issued by a nonprofit
5 corporation issuing retirement annuities exclusively
6 for educational institutions and their employees or
7 are purchased from an-insurance-organization-or-mutual
8 fund any company the employee chooses for-retirement
9 or-other-purposes that is authorized to do business in
10 this state, ~~and~~ or through an Iowa-licensed insurance
11 ~~agent, securities-dealer, or~~ salesperson that the
12 employee selects, on a group or individual basis, for
13 retirement or other purposes. The board may make
14 payroll deductions for the purpose of paying the
15 entire premium due, and to become due, in accordance
16 with the terms of the contract. The deductions shall
17 be made in the manner which will qualify the annuity
18 premiums for the benefits under section ~~403b~~ 403(b) of
19 the Internal Revenue Code, as defined in section
20 422.3. The employee's rights under the annuity
21 contract are nonforfeitable except for the failure to
22 pay premiums. As used in this section, unless the
23 context otherwise requires, "annuity contract"
24 includes any custodial account which meets the
25 requirements of section 403(b)(7) of the Internal
26 Revenue Code, as defined in section 422.3."

27 16. Page 38, by inserting after line 19 the
28 following:

29 "Sec. ____ . Section 294.16, Code 1993, is amended
30 to read as follows:

31 294.16 ANNUITY CONTRACTS.

32 At the request of an employee through contractual
33 agreement a school district may purchase group or
34 individual annuity contracts for employees, which
35 annuity contracts are issued by a nonprofit
36 corporation issuing retirement annuities exclusively
37 for educational institutions and their employees or
38 are purchased from an-insurance-organization-or-mutual
39 fund any company the employee chooses that is
40 authorized to do business in this state ~~and~~ or through
41 an Iowa-licensed ~~insurance-agent-or-from-a-securities~~
42 ~~dealer, salesperson, or-mutual-fund-registered-in-this~~
43 ~~state~~ that the employee selects, on a group or
44 individual basis, for retirement or other purposes,
45 and may make payroll deductions in accordance with the
46 arrangements for the purpose of paying the entire
47 premium due and to become due under the contract. The
48 deductions shall be made in the manner which will
49 qualify the annuity premiums for the benefits under
50 section 403(b) of the Internal Revenue Code, as

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1 defined in section 422.3. The employee's rights under
2 the annuity contract are nonforfeitable except for the
3 failure to pay premiums. As used in this section,
4 unless the context otherwise requires, "annuity
5 contract" includes any custodial account which meets
6 the requirements of section 403(b)(7) of the Internal
7 Revenue Code, as defined in section 422.3."

8 17. Page 47, line 11, by inserting after the word
9 "federal" the following: "and state".

10 18. Page 47, by striking lines 22 and 23 and
11 inserting the following: "for federal and state
12 income tax purposes only and for all other purposes of
13 this chapter shall be".

14 19. Page 47, by striking lines 26 through 34.

15 20. Page 48, line 4, by inserting after the
16 figure "97B" the following: "for the tax year
17 beginning on January 1, 1995".

18 21. Page 48, by inserting after line 8 the
19 following:

20 "Sec. 200. Section 422.7, subsection 30, as
21 enacted in this Act, is amended by striking the
22 subsection."

23 22. Page 48, by inserting before line 18 the
24 following:

25 "Sec. _____. Section 509A.12, unnumbered paragraph
26 1, Code 1993, is amended to read as follows:

27 At the request of an employee the governing body or
28 the county board of supervisors shall by contractual
29 agreement acquire an individual or group life
30 insurance contract, annuity contract, interest in a
31 mutual fund, security or any other deferred payment
32 contract for the purpose of funding a deferred
33 compensation program for an employee, from any company
34 the employee may choose that is authorized to do
35 business in this state ~~and from any life underwriter~~
36 ~~duty-licensed-by-this-state-or-from-any-securities~~
37 ~~dealer or through an Iowa-licensed salesperson~~
38 ~~registered-in-this-state-to-contract-business-in-this~~
39 ~~state that the employee selects on a group or~~
40 individual basis. The deferred compensation program
41 shall be administered so that the director of revenue
42 and finance or the director's designees remit one sum
43 for the entire program according to a single billing."

44 23. Page 55, by inserting after line 11 the
45 following:

46 "Sec. _____. Section 724.6, subsection 2, Code
47 Supplement 1993, is amended to read as follows:

48 2. Notwithstanding subsection 1, fire fighters, as
49 defined in section 411.1, subsection 9, airport fire
50 fighters included under section 97B.49, subsection 16,

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1 paragraph "d" "b", subparagraph (4) (2), emergency
2 medical technicians-ambulance and emergency rescue
3 technicians, as defined in section 147.1, and advanced
4 emergency medical care providers, as defined in
5 section 147A.1, shall not, as a condition of
6 employment, be required to obtain a permit under this
7 section. However, the provisions of this subsection
8 shall not apply to a person designated as an arson
9 investigator by the chief fire officer of a political
10 subdivision."

11 24. Page 59, by inserting after line 33 the
12 following:

13 "Sec. ____ . STUDY CONCERNING SURVIVING SPOUSE
14 BENEFITS UNDER CHAPTERS 97A AND 411 -- REPORT. The
15 public retirement systems committee established in
16 section 97D.4 shall study the feasibility of
17 increasing the benefits paid to surviving spouses
18 under the Iowa department of public safety peace
19 officers' retirement, accident, and disability system
20 established in chapter 97A and the statewide fire and
21 police retirement system established in chapter 411.
22 The public retirement systems committee shall submit a
23 report to the general assembly on or before January
24 31, 1996, containing its findings and
25 recommendations."

26 25. Page 60, by striking lines 9 through 11 and
27 inserting the following: "community-based
28 correctional facilities. The study shall specify the
29 information".

30 26. Page 62, by inserting after line 5 the
31 following:

32 " ____ . The sections of this Act which amend section
33 97A.8, subsection 1, by enacting a new paragraph "i"
34 and amend section 411.8, subsection 1, by enacting a
35 new paragraph "i", take effect January 1, 1995, and
36 apply to tax years beginning on or after January 1,
37 1995."

38 27. Page 62, by striking lines 22 through 24.

39 28. Page 62, line 27, by striking the words "tax
40 years beginning on or after" and inserting the
41 following: "the tax year beginning on".

42 29. Page 62, by inserting after line 27 the
43 following:

44 " ____ . Section 100 of this Act, which amends
45 section 97B.11A, as enacted in this Act, takes effect
46 January 1, 1996, and applies to tax years beginning on
47 or after January 1, 1996."

48 30. Page 62, by inserting after line 27 the
49 following:

50 " ____ . Section 200 of this Act, which amends

H-6055

-9-

H-6055

Page 10

1 section 422.7, subsection 30, as enacted in this Act,
2 by striking the subsection, takes effect January 1,
3 1996."

4 31. Title page, line 3, by inserting after the
5 word "purposes," the following: "making
6 appropriations,".

7 32. By renumbering, relettering, or redesignating
8 and correcting internal references as necessary.

RECEIVED FROM THE SENATE

H-6055 FILED APRIL 8, 1994

House Overruled 4-13-94
Senate Insisted 4-14-94
(P 1216)

HOUSE FILE 2418

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 2368)

(SUCCESSOR TO HSB 702)

Passed House, ^(P. 1640) Date 4/14/94
Vote: Ayes 94 Nays 0

Passed Senate, ^(P. 1092) Date 4-7-94
Vote: Ayes 48 Nays 0

^(P. 1117) Approved May 16, 1994
Passed 4/20/94
Vote 92-6

May 16, 1994

Passed 4-15-94
Vote 48-0 ^(P. 1268)

A BILL FOR

1 An Act relating to public retirement systems, providing for the
2 payment of employee contributions under certain public
3 retirement systems for certain tax purposes, providing
4 implementation and applicability provisions, and providing
5 effective and retroactive applicability dates.

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

7 House Conf. Comm. 4-14-94

8
9 Carpenter
10 Hanson
11 Lipp
12 Renaud
13 Beathy

House Amendments _____

Deleted Language*

Senate Conf. 4/14/94
(P. 1216)
Kelber
Donald
Diekmann
Rittner
Drake

23

1 Section 1. Section 97A.1, subsection 13, Code 1993, is
2 amended to read as follows:

3 13. "Peace officer" or "peace officers" shall mean all
4 members of the divisions of highway safety and uniformed force
5 and criminal investigation and bureau of identification in the
6 department of public safety, except clerical workers,
7 including but not limited to gaming enforcement officers
8 employed by the division of criminal investigation for
9 excursion boat gambling enforcement activities, who have
10 passed a satisfactory physical and mental examination and have
11 been duly appointed as members of the state department of
12 public safety in accordance with section 80.15, and the
13 division of drug law enforcement, and arson investigators and
14 fire prevention inspector peace officers in the department of
15 public safety ~~hired prior to July 17, 1988~~, except clerical
16 workers, employees of the division of capitol police, except
17 clerical workers, and the division of beer and liquor law
18 enforcement of the department of public safety, except
19 clerical workers.

20 Sec. 2. Section 97A.3, Code 1993, is amended to read as
21 follows:

22 97A.3 MEMBERSHIP IN SYSTEM.

23 1. All members of the division of highway safety,
24 uniformed force, and radio communications and the division of
25 criminal investigation and bureau of identification in the
26 department of public safety, excepting the members of the
27 clerical force, who are employed by the state of Iowa when
28 this chapter becomes effective, and all persons thereafter
29 employed as members of such divisions in the department of
30 public safety or division of drug law enforcement and arson
31 investigators, except the members of the clerical force, shall
32 be members of this system, except as otherwise provided in
33 subsection 3. Effective July 1, 1994, gaming enforcement
34 officers employed by the division of criminal investigation
35 for excursion boat gambling enforcement activities, fire

1 prevention inspector peace officers employed by the department
2 of public safety, and employees of the division of capitol
3 police, except clerical workers, shall be members of this
4 system, except as otherwise provided in subsection 3 or
5 section 97B.42B. Such members shall not be required to make
6 contributions under any other pension or retirement system of
7 the state of Iowa, anything to the contrary notwithstanding.

8 2. Should any member in any period of five consecutive
9 years after last becoming a member, be absent from service for
10 more than four years, or should a member become a beneficiary
11 or die, the person shall thereupon cease to be a member of
12 this system.

13 3. a. As used in this section, unless the context
14 otherwise requires, "reemployed" or "reemployment" means the
15 employment of a person in a position which would otherwise be
16 included as a membership position under subsection 1, after
17 the person has commenced receiving a service retirement
18 allowance under section 97A.6.

19 b. If a person is reemployed, the person shall not become
20 an active member of the system upon reemployment, and the
21 person so reemployed and the state of Iowa shall not make
22 contributions to the system based upon the person's
23 compensation for reemployment. A person who is so reemployed
24 shall continue to receive the service retirement allowance,
25 and the service retirement allowance shall not be recalculated
26 based upon the person's reemployment. Notwithstanding section
27 97B.41 or any other provision of law to the contrary, a person
28 reemployed as provided in this subsection shall be exempt from
29 chapter 97B.

30 3 4. Effective July 1, 1979, a person shall not become a
31 member of the system unless that person has passed the
32 physical and mental examination given under the provisions of
33 section 80.15 and unless that person has received a diploma
34 for satisfactory completion of a training school held pursuant
35 to the provisions of section 80.13.

1 Sec. 3. Section 97A.5, subsection 8, Code Supplement 1993,
2 is amended to read as follows:

3 8. MEDICAL BOARD. The board of trustees shall designate a
4 medical board to be composed of three physicians who shall
5 arrange for and pass upon the medical examinations required
6 under the provisions of this chapter and shall report in
7 writing to the board of trustees, its conclusions and
8 recommendations upon all matters duly referred to it. Each
9 report of a medical examination under section 97A.6,
10 subsections 3 and 5, shall include the medical board's rating
11 findings in accordance with section 97A.6 as to the extent of
12 the member's physical impairment.

13 Sec. 4. Section 97A.5, Code Supplement 1993, is amended by
14 adding the following new subsection:

15 NEW SUBSECTION. 13. REQUIREMENTS RELATED TO THE INTERNAL
16 REVENUE CODE.

17 a. As used in this subsection, unless the context
18 otherwise requires, "Internal Revenue Code" means the Internal
19 Revenue Code as defined in section 422.3.

20 b. The funds established in section 97A.8 shall be held in
21 trust for the benefit of the members of the system and the
22 members' beneficiaries. No part of the corpus or income of
23 the funds shall be used for, or diverted to, purposes other
24 than for the exclusive benefit of the members or the members'
25 beneficiaries or for expenses incurred in the operation of the
26 funds. A person shall not have any interest in, or right to,
27 any part of the corpus or income of the funds except as
28 otherwise expressly provided.

29 c. Notwithstanding any provision of this chapter to the
30 contrary, in the event of a complete discontinuance of
31 contributions, for reasons other than achieving fully funded
32 status upon an actuarially determined basis, or upon
33 termination of the funds established in section 97A.8, a
34 member shall be vested, to the extent then funded, in the
35 benefits which the member has accrued at the date of the

1 discontinuance or termination.

2 d. Benefits payable from the funds established in section
3 97A.8 to members and members' beneficiaries shall not be
4 increased due to forfeitures from other members. Forfeitures
5 shall be used as soon as possible to reduce future
6 contributions by the state to the pension accumulation fund,
7 except that the rate shall not be less than the minimum rate
8 established in section 97A.8.

9 e. Notwithstanding any provision of this chapter to the
10 contrary, a member's service retirement allowance shall
11 commence on or before the later of the following:

12 (1) April 1 of the calendar year following the calendar
13 year in which the member attains the age of seventy and one-
14 half years.

15 (2) April 1 of the calendar year following the calendar
16 year in which the member retires.

17 f. The maximum annual benefit payable to a member by the
18 system shall be subject to the limitations set forth in
19 section 415 of the Internal Revenue Code, and any regulations
20 promulgated pursuant to that section.

21 g. The annual compensation of a member taken in account
22 for any purpose under this chapter shall not exceed the
23 applicable amount set forth in section 401(a)(17) of the
24 Internal Revenue Code, and any regulations promulgated
25 pursuant to that section.

26 Sec. 5. Section 97A.6, subsection 1, Code 1993, is amended
27 by adding the following new paragraph:

28 NEW PARAGRAPH. c. Once a person commences receiving a
29 service retirement allowance pursuant to this section, if the
30 person is reemployed, as defined in section 97A.3, the service
31 retirement allowance shall not be recalculated based upon the
32 person's reemployment.

33 Sec. 6. Section 97A.6, subsection 2, paragraph d,
34 subparagraph (2), Code 1993, is amended to read as follows:

35 (2) For a member who terminates service, other than by

1 death or disability, on or after July 1, 1991, but before
2 October 16, 1992, and who does not withdraw the member's
3 contributions pursuant to section 97A.16, upon the member's
4 retirement there shall be added six-tenths percent of the
5 member's average final compensation for each year of service
6 over twenty-two years, excluding years of service after the
7 member's fifty-fifth birthday. However, this subparagraph
8 does not apply to more than eight additional years of service.

9 Sec. 7. Section 97A.6, subsection 2, paragraph d, Code
10 1993, is amended by adding the following new subparagraph:

11 NEW SUBPARAGRAPH. (3) For a member who terminates
12 service, other than by death or disability, on or after
13 October 16, 1992, and who does not withdraw the member's
14 contributions pursuant to section 97A.16, upon the member's
15 retirement there shall be added six-tenths percent of the
16 member's average final compensation for each year of service
17 over twenty-two years. However, this subparagraph does not
18 apply to more than eight additional years of service.

19 Sec. 8. NEW SECTION. 97A.6B ROLLOVERS OF MEMBERS'
20 ACCOUNTS.

21 1. As used in this section, unless the context otherwise
22 requires:

23 a. "Direct rollover" means a payment by the system to the
24 eligible retirement plan specified by the member or the
25 member's surviving spouse.

26 b. "Eligible retirement plan" means either of the
27 following that accepts an eligible rollover distribution from
28 a member or a member's surviving spouse:

29 (1) An individual retirement account in accordance with
30 section 408(a) of the federal Internal Revenue Code.

31 (2) An individual retirement annuity in accordance with
32 section 408(b) of the federal Internal Revenue Code.

33 In addition, an "eligible retirement plan" includes an
34 annuity plan in accordance with section 403(a) of the federal
35 Internal Revenue Code, or a qualified trust in accordance with

1 section 401(a) of the federal Internal Revenue Code, that
2 accepts an eligible rollover distribution from a member.

3 c. "Eligible rollover distribution" means all or any
4 portion of a member's account, except that an eligible
5 rollover distribution does not include any of the following:

6 (1) A distribution that is one of a series of
7 substantially equal periodic payments, which occur annually or
8 more frequently, made for the life or life expectancy of the
9 distributee or the joint lives or joint life expectancies of
10 the distributee and the distributee's designated beneficiary,
11 or made for a specified period of ten years or more.

12 (2) A distribution to the extent that the distribution is
13 required pursuant to section 401(a)(9) of the federal Internal
14 Revenue Code.

15 (3) The portion of any distribution that is not includible
16 in the gross income of the distributee, determined without
17 regard to the exclusion for net unrealized appreciation with
18 respect to employer securities.

19 (4) A distribution of less than two hundred dollars of
20 taxable income.

21 2. Effective January 1, 1993, a member or a member's
22 surviving spouse may elect, at the time and in the manner
23 prescribed in rules adopted by the board of trustees, to have
24 the system pay all or a portion of an eligible rollover
25 distribution directly to an eligible retirement plan,
26 specified by the member or the member's surviving spouse, in a
27 direct rollover. If a member or a member's surviving spouse
28 elects a partial direct rollover, the amount of funds elected
29 for the partial direct rollover must equal or exceed five
30 hundred dollars.

31 Sec. 9. Section 97A.8, subsection 1, paragraph f,
32 subparagraphs (6) and (7), Code 1993, are amended to read as
33 follows:

34 (6) An amount equal to eight and one-tenth percent of each
35 member's compensation from the earnable compensation of the

1 member shall be paid to the pension accumulation fund for the
2 fiscal year period beginning July 1, 1994, through December
3 31, 1994, and an amount equal to eight and thirty-five
4 hundredths percent of each member's compensation from the
5 earnable compensation of the member shall be paid to the
6 pension accumulation fund for the fiscal period beginning
7 January 1, 1995, through June 30, 1995.

8 (7) An amount equal to nine and one-tenth thirty-five
9 hundredths percent of each member's compensation from the
10 earnable compensation of the member shall be paid to the
11 pension accumulation fund for the fiscal year beginning July
12 1, 1995.

13 Sec. 10. Section 97A.8, subsection 1, paragraph h, Code
14 1993, is amended to read as follows:

15 h. Notwithstanding the provisions of paragraph "f", the
16 following transition percentages apply to members'
17 contributions as specified:

18 (1) For members who on July 1, 1990, have attained the age
19 of forty-nine years or more, an amount equal to nine and one-
20 tenth percent of each member's compensation from the earnable
21 compensation of the member shall be paid to the pension
22 accumulation fund for the fiscal year period beginning July 1,
23 1990, through October 15, 1992, and commencing October 16,
24 1992, and for each subsequent fiscal year-thereafter period,
25 the rates specified in paragraph "f", subparagraphs (4)
26 through (8), shall apply.

27 (2) For members who on July 1, 1990, have attained the age
28 of forty-eight years but have not attained the age of forty-
29 nine years, an amount equal to eight and one-tenth percent
30 shall be paid for the fiscal year beginning July 1, 1990, and
31 an amount equal to nine and one-tenth percent shall be paid
32 for the fiscal year period beginning July 1, 1991, through
33 October 15, 1992, and commencing October 16, 1992, and for
34 each subsequent fiscal year-thereafter period, the rates
35 specified in paragraph "f", subparagraphs (4) through (8),

1 shall apply.

2 (3) For members who on July 1, 1990, have attained the age
3 of forty-seven years but have not attained the age of forty-
4 eight years, an amount equal to seven and one-tenth percent
5 shall be paid for the fiscal year beginning July 1, 1990, an
6 amount equal to eight and one-tenth percent shall be paid for
7 the fiscal year beginning July 1, 1991, and an amount equal to
8 nine and one-tenth percent shall be paid for the fiscal year
9 period beginning July 1, 1992, through October 15, 1992, and
10 commencing October 16, 1992, and for each subsequent fiscal
11 year-thereafter period, the rates specified in paragraph "f",
12 subparagraphs (4) through (8), shall apply.

13 (4) For members who on July 1, 1990, have attained the age
14 of forty-six years but have not attained the age of forty-
15 seven years, an amount equal to six and one-tenth percent
16 shall be paid for the fiscal year beginning July 1, 1990, an
17 amount equal to seven and one-tenth percent shall be paid for
18 the fiscal year beginning July 1, 1991, an amount equal to
19 eight and one-tenth percent shall be paid for the fiscal year
20 period beginning July 1, 1992, and-an-amount-equal-to-nine-and
21 one-tenth-percent-shall-be-paid-for-the-fiscal-year-beginning
22 July-1, 1993, through October 15, 1992, and commencing October
23 16, 1992, and for each subsequent fiscal year-thereafter
24 period, the rates specified in paragraph "f", subparagraphs
25 (4) through (8), shall apply.

26 (5) For members who on July 1, 1990, have attained the age
27 of forty-five years but have not attained the age of forty-six
28 years, an amount equal to five and one-tenth percent shall be
29 paid for the fiscal year beginning July 1, 1990, an amount
30 equal to six and one-tenth percent shall be paid for the
31 fiscal year beginning July 1, 1991, and an amount equal to
32 seven and one-tenth percent shall be paid for the fiscal year
33 period beginning July 1, 1992, an-amount-equal-to-eight-and
34 one-tenth-percent-shall-be-paid-for-the-fiscal-year-beginning
35 July-1, 1993, -and-an-amount-equal-to-nine-and-one-tenth

1 ~~percent shall be paid for the fiscal year beginning July 1,~~
2 ~~1994, and each fiscal year thereafter through October 15,~~
3 1992. Commencing October 16, 1992, and for each subsequent
4 fiscal period, the rates specified in paragraph "f",
5 subparagraphs (4) through (8), shall apply.

6 Sec. 11. Section 97A.8, subsection 1, Code 1993, is
7 amended by adding the following new paragraph:

8 NEW PARAGRAPH. i. (1) Notwithstanding paragraph "g" or
9 other provisions of this chapter, beginning January 1, 1995,
10 member contributions required under paragraph "f" or "h" which
11 are picked up by the department shall be considered employer
12 contributions for federal income tax purposes, and the
13 department shall pick up the member contributions to be made
14 under paragraph "f" or "h" by its employees. The department
15 shall pick up these contributions by reducing the salary of
16 each of its employees covered by this chapter by the amount
17 which each employee is required to contribute under paragraph
18 "f" or "h" and shall certify the amount picked up in lieu of
19 the member contributions to the department of revenue and
20 finance. The department of revenue and finance shall forward
21 the amount of the contributions picked up to the board of
22 trustees for recording and deposit in the pension accumulation
23 fund.

24 (2) Member contributions picked up by the department under
25 subparagraph (1) shall be treated as employer contributions
26 for federal income tax purposes only and for all other
27 purposes of this chapter and the laws of this state shall be
28 treated as employee contributions and deemed part of the
29 employee's earnable compensation or salary.

30 Sec. 12. NEW SECTION. 97B.11A PICKUP OF EMPLOYEE
31 CONTRIBUTIONS.

32 1. Notwithstanding section 97B.11 or other provisions of
33 this chapter, beginning January 1, 1995, member contributions
34 required under section 97B.11 which are picked up by the
35 employer shall be considered employer contributions for

1 federal income tax purposes, and each employer shall pick up
2 the member contributions to be made under section 97B.11 by
3 its employees. Each employer shall pick up these
4 contributions by reducing the salary of each of its employees
5 covered by this chapter by the amount which each employee is
6 required to contribute under section 97B.11 and shall pay the
7 amount picked up in lieu of the member contributions as
8 provided in section 97B.14.

9 2. Member contributions picked up by each employer under
10 subsection 1 shall be treated as employer contributions for
11 federal income tax purposes only and for all other purposes of
12 this chapter and the laws of this state shall be treated as
13 employee contributions and deemed part of the employee's wages
14 or salary.

15 Sec. 13. Section 97B.14, Code 1993, is amended to read as
16 follows:

17 97B.14 CONTRIBUTIONS FORWARDED.

18 Contributions deducted from the wages of the member or
19 member contributions picked up by the employer under section
20 97B.11A and the employer's contribution shall be forwarded to
21 the department for recording and deposited with the treasurer
22 of the state to the credit of the Iowa public employees'
23 retirement fund. Contributions shall be remitted monthly, if
24 total contributions by both employee and employer amount to
25 one hundred dollars or more each month, and shall be otherwise
26 paid in such manner, at such times and under such conditions,
27 either by copies of payrolls or other methods necessary or
28 helpful in securing proper identification of the member, as
29 may be prescribed by the department.

30 Sec. 14. Section 97B.25, Code 1993, is amended to read as
31 follows:

32 97B.25 APPLICATIONS FOR BENEFITS.

33 A representative designated by the administrator chief
34 benefits officer and referred to in this chapter as a
35 retirement benefits specialist, shall promptly examine

1 applications for retirement benefits and on the basis of facts
2 found shall determine whether or not the claim is valid and if
3 valid, the month with respect to which benefits shall
4 commence, the monthly benefit amount payable, and the maximum
5 duration. The retirement benefits specialist shall promptly
6 notify the applicant and any other interested party of the
7 decision and the reasons. Unless the applicant or other
8 interested party, within thirty calendar days after the
9 notification was mailed to the applicant's or party's last
10 known address, files an appeal as provided in section 97B.20A,
11 the decision is final and benefits shall be paid or denied in
12 accord with the decision.

13 Sec. 15. Section 97B.41, subsection 8, paragraph a,
14 unnumbered paragraph 1, Code Supplement 1993, is amended to
15 read as follows:

16 "Employer" means the state of Iowa, the counties,
17 municipalities, agencies, public school districts, all
18 political subdivisions, and all of their departments and
19 instrumentalities, including area agencies on aging, other
20 than those employing persons as specified in paragraph "b",
21 subparagraph (19), and joint planning commissions created
22 under chapter 28E or 28I.

23 Sec. 16. Section 97B.41, subsection 8, paragraph b,
24 subparagraph (1), Code Supplement 1993, is amended to read as
25 follows:

26 (1) Elective officials in positions for which the
27 compensation is on a fee basis, elective officials of school
28 districts, elective officials of townships, and elective
29 officials of other political subdivisions who are in part-time
30 positions, unless the elective official makes an application
31 to the department to be covered under this chapter. An
32 elective official who made an application to the department to
33 be covered under this chapter may terminate membership under
34 this chapter by informing the department in writing of the
35 expiration-of-the member's term-of-office termination from

1 covered employment. A county attorney is an employee for
2 purposes of this chapter whether that county attorney is
3 employed on a full-time or part-time basis.

4 Sec. 17. Section 97B.41, subsection 8, paragraph b,
5 subparagraph (4), unnumbered paragraph 1, Code Supplement
6 1993, is amended to read as follows:

7 Members of the general assembly of Iowa and temporary
8 employees of the general assembly of Iowa, unless such members
9 or employees make an application to the department to be
10 covered under this chapter. A member of the general assembly
11 who made an application to the department to be covered under
12 this chapter may terminate membership under this chapter by
13 informing the department in writing of the member's intent-to
14 terminate termination from covered employment.

15 Sec. 18. Section 97B.41, subsection 8, paragraph b, Code
16 Supplement 1993, is amended by adding the following new
17 subparagraph:

18 NEW SUBPARAGRAPH. (19) Employees of an area agency on
19 aging, if as of July 1, 1994, the agency provides for parti-
20 cipation by all of its employees in an alternative qualified
21 plan pursuant to the requirements of the federal Internal
22 Revenue Code.

23 Sec. 19. Section 97B.41, subsection 12, Code Supplement
24 1993, is amended to read as follows:

25 12. "Membership service" means service rendered by a
26 member after July 4, 1953. Years of membership service shall
27 be counted to the complete quarter calendar year. However,
28 membership service for a calendar year shall not include more
29 than four quarters. In determining a member's period of
30 membership service, the department shall combine all periods
31 of service for which the member has made contributions. If
32 the department has not maintained the accumulated contribution
33 account of the member for a period of service, as provided
34 pursuant to section 97B.53, subsection 6, the department shall
35 credit the member for the service if the member submits

1 satisfactory proof to the department that the member did make
2 the contributions for the period of service and did not take a
3 refund for the period of service. However, the department
4 shall not implement the amendments to this subsection, as
5 enacted in this Act, unless and until the department
6 determines that the most recent annual actuarial valuation of
7 the retirement system indicates that the employer and employee
8 contribution rates in effect under section 97B.11 can absorb
9 the amendments to this subsection and to section 97B.53,
10 subsections 3 and 7, section 97B.53, subsection 6, unnumbered
11 paragraph 1, and section 97B.70, by enacting a new subsection
12 4, contained in this Act, after meeting the other established
13 priorities of the system. Until the amendments are
14 implemented, the department shall continue to implement the
15 provisions of section 97B.41, subsection 12, Code Supplement
16 1993. As used in this subsection, unless the context
17 otherwise requires, "other established priorities of the
18 system" means that commencing January 1 following the most
19 recent annual actuarial valuation of the system, the
20 department has increased the covered wage limitation from the
21 previous year by three thousand dollars, in accordance with
22 section 97B.41, subsection 20, paragraph "b", subparagraph
23 (11), and that the department has implemented the amendments
24 to section 97B.66, unnumbered paragraphs 1 and 2, section
25 97B.72, unnumbered paragraphs 1 and 2, section 97B.72A,
26 subsection 1, unnumbered paragraph 1, section 97B.73A,
27 unnumbered paragraph 1, and section 97B.74, unnumbered
28 paragraphs 1 and 2, contained in this Act.

29 Sec. 20. Section 97B.41, subsection 15, paragraph a, Code
30 Supplement 1993, is amended to read as follows:

31 a. Service in the armed forces of the United States during
32 ~~a-period-of-war-or-national-emergency~~, if the employee was
33 employed by the employer immediately prior to entry into the
34 armed forces, and if the employee was released from service
35 and returns to covered employment with the employer within

1 twelve months of the date on which the employee has the right
2 of release from service or within a longer period as provided
3 by the applicable laws of the United States.

4 Sec. 21. Section 97B.41, subsection 18, Code Supplement
5 1993, is amended to read as follows:

6 18. "Three-year average covered wage" means a member's
7 covered wages averaged for the highest three years of the
8 member's service, except as otherwise provided in this
9 subsection. The highest three years of a member's covered
10 wages shall be determined using calendar years. However, if a
11 member's final quarter of a year of employment does not occur
12 at the end of a calendar year, the department may determine
13 the wages for the third year by combining the wages from the
14 highest quarter or quarters of the member's service not being
15 used in the selection of the two highest years with the final
16 quarter or quarters of the member's service to create a full
17 year. However, the department shall not use the member's
18 final quarter of wages if using that quarter would reduce the
19 member's three-year average covered wage. If the three-year
20 average covered wage of a member exceeds the highest maximum
21 covered wages in effect for a calendar year during the
22 member's period of service, the three-year average covered
23 wage of the member shall be reduced to the highest maximum
24 covered wages in effect during the member's period of service.

25 Sec. 22. Section 97B.42, unnumbered paragraph 1, Code
26 1993, is amended to read as follows:

27 Each employee whose employment commences after July 4,
28 1953, or who has not qualified for credit for prior service
29 rendered prior to July 4, 1953, or any publicly elected
30 official of the state or any of its political subdivisions
31 shall become a member upon the first day in which such
32 employee is employed. The employee shall continue to be a an
33 active member so long as the employee continues in public
34 covered employment. The employee shall cease to be a an
35 active member if the employee joins another retirement system

1 in the state which is maintained in whole or in part by public
2 contributions or payments. If an employee joins another
3 publicly maintained retirement system, the employee may elect
4 to leave the employee's accumulated contributions in the
5 retirement fund or receive a refund of the employee's
6 accumulated contributions in the manner provided for members
7 who are terminating covered employment pursuant to section
8 97B.53. However, if an employee joins another publicly
9 maintained retirement system and leaves the employee's
10 accumulated contributions in the retirement fund, the employee
11 shall not be eligible to receive retirement benefits until the
12 employee has a bona fide retirement from employment with a
13 covered employer as provided in section 97B.52A, or until the
14 employee would otherwise be eligible to receive benefits upon
15 attaining the age of seventy years as provided in section
16 97B.46.

17 Employment shall not be covered under this chapter until
18 the employment is covered under the federal Social Security
19 Act and any agreements which are required pursuant to chapter
20 97C are effective.

21 Sec. 23. Section 97B.42, unnumbered paragraph 5, Code
22 1993, is amended to read as follows:

23 Notwithstanding any other provision of this section,
24 commencing July 1, 1994, a member who is employed by a
25 community college may elect coverage under an alternative
26 retirement benefits system, which is issued by or through a
27 nonprofit corporation issuing retirement annuities exclusively
28 to educational institutions and their employees, in lieu of
29 continuing or commencing contributions to the Iowa public
30 employees' retirement system, if the board of directors of the
31 community college has approved the alternative system pursuant
32 to section 260C.23. However, the employer's annual
33 contribution in dollars to the alternative retirement benefits
34 system shall not exceed the annual contribution in dollars
35 which the employer would contribute if the employee had

1 elected to remain an active member under this chapter, as set
2 forth in section 97B.11. A member employed by a community
3 college who elects coverage under an alternative retirement
4 benefits system may withdraw the member's accumulated
5 contributions effective when coverage under the alternative
6 benefits system commences. A member who is employed by a
7 community college prior to July 1, 1994, must file an election
8 for coverage under the alternative retirement benefits system
9 with the department and the employing community college within
10 one year of the first day on which coverage commences under
11 the community college's alternative retirement benefits
12 system, or the employee shall remain a member under this
13 chapter and shall not be eligible to elect to participate in
14 that community college's alternative retirement benefits
15 system at a later date. Employees of a community college
16 hired on or after July 1, 1994, must file an election for
17 coverage under the alternative retirement benefits system with
18 the department and the employing community college within
19 sixty days of commencing employment, or the employee shall
20 remain a member under this chapter and shall not be eligible
21 to elect to participate in that community college's
22 alternative retirement benefits system at a later date. The
23 department shall cooperate with the boards of directors of the
24 community colleges to facilitate the implementation of this
25 provision.

26 Sec. 24. NEW SECTION. 97B.42A OPTIONAL MEMBERSHIP.

27 Commencing July 1, 1994, a person who is newly hired in a
28 position in which the person may elect coverage by filing an
29 application under section 97B.41, subsection 8, paragraph "b",
30 must file an application within sixty days of employment in
31 the position in order to be covered under this chapter. A
32 person who is employed in a position in which the person may
33 elect coverage under section 97B.41, subsection 8, paragraph
34 "b", prior to July 1, 1994, but who has not filed an
35 application prior to that date, must file an application on or

1 before July 1, 1995, in order to be covered under this
2 chapter. Coverage will begin when the election has been
3 approved by the department and shall apply prospectively from
4 that date. If an application is approved pursuant to section
5 97B.41, subsection 8, paragraph "b", or this section, the
6 member shall not terminate active membership until the member
7 terminates covered employment.

8 Sec. 25. NEW SECTION. 97B.42B OPTIONAL MEMBERSHIP FOR
9 CERTAIN PUBLIC SAFETY EMPLOYEES.

10 1. Commencing July 1, 1994, a person who is newly hired in
11 the following positions in the department of public safety
12 shall be a member of the Iowa department of public safety
13 peace officers' retirement, accident and disability system
14 established in chapter 97A:

15 a. Gaming enforcement officers employed by the division of
16 criminal investigation for excursion boat gambling enforcement
17 activities.

18 b. Fire prevention inspector peace officers.

19 c. Employees of the division of capitol police, except
20 clerical workers.

21 2. Commencing July 1, 1994, notwithstanding any other
22 provision of law to the contrary, a member who is employed in
23 a position specified in subsection 1 prior to July 1, 1994,
24 may elect coverage under the Iowa department of public safety
25 peace officers' retirement, accident and disability system
26 established in chapter 97A, in lieu of continuing
27 contributions to the Iowa public employees' retirement system,
28 or may remain a member of the Iowa public employees'
29 retirement system. A member who is employed in a position
30 specified in subsection 1 prior to July 1, 1994, must file an
31 election for coverage under the Iowa department of public
32 safety peace officers' retirement, accident and disability
33 system with the board of trustees established in section 97A.5
34 on or before July 1, 1995, or the employee shall remain a
35 member under this chapter and shall not be eligible to elect

1 to participate in the system established pursuant to chapter
2 97A at a later date pursuant to this section. The board of
3 trustees established in section 97A.5 shall notify the
4 department of personnel of elections received pursuant to this
5 section, and the board of trustees and the department shall
6 cooperate to facilitate the implementation of this section.
7 Coverage under chapter 97A shall commence, and coverage as an
8 active member under this chapter shall cease, when the
9 election has been approved by the board of trustees
10 established in section 97A.5.

11 3. If an employee elects coverage under chapter 97A as
12 provided in subsection 2 and the election is approved by the
13 board of trustees established in section 97A.5, membership in
14 the Iowa public employees' retirement system shall cease, and
15 the employee shall be transferred to membership in the Iowa
16 department of public safety peace officers' retirement,
17 accident and disability system. The department of personnel
18 shall transfer the accumulated contributions of these
19 employees to the treasurer of state for deposit in the pension
20 accumulation fund established in section 97A.8. However,
21 employer contributions which were made with respect to the
22 employees while the employees were members of the Iowa public
23 employees' retirement system shall remain in the fund
24 established in section 97B.7, and any costs pertaining to the
25 payment of employer contributions to the system established in
26 chapter 97A with respect to the period of time during which
27 the employees were members of the Iowa public employees'
28 retirement system, or any other costs related to the transfer,
29 shall be borne by the system established in chapter 97A,
30 notwithstanding any other provision of law to the contrary.

31 4. Notwithstanding any other provision of law to the
32 contrary, if the board of trustees established in section
33 97A.5 approves an election pursuant to subsection 2, the
34 employees transferred from coverage under this chapter to
35 coverage under the system established in chapter 97A shall

1 receive credit for years of service under chapter 97A for
2 those years of service during which the employees were members
3 of the Iowa public employees' retirement system and employed
4 in positions specified in subsection 1. In addition,
5 notwithstanding the limitation on covered wages provided in
6 section 97B.41, subsection 20, compensation which was paid to
7 an employee in a position specified in subsection 1 while the
8 employee was a member pursuant to this chapter shall be
9 included in determining the average final compensation of the
10 employee pursuant to chapter 97A, if applicable. Employees
11 whose membership is transferred pursuant to this section and
12 the employer, the department of public safety, shall not be
13 required to pay the difference in the employee and employer
14 contributions in effect for the period of time in which the
15 employees were members pursuant to this chapter, as compared
16 to the employee and employer contributions then in effect for
17 members of the system established in chapter 97A.

18 5. It is the intent of the general assembly that in
19 administering the provisions of this section, the board of
20 trustees established in section 97A.5 and the department of
21 personnel shall interpret this section in a manner which
22 provides that the employees whose membership is transferred
23 shall not lose benefits which would have otherwise accrued had
24 the employees been members of the system established in
25 chapter 97A during the period of time in which the employees
26 were actually members of the Iowa public employees' retirement
27 system.

28 Sec. 26. Section 97B.45, unnumbered paragraph 2, Code
29 1993, is amended to read as follows:

30 A member may retire after the member's sixty-fifth birthday
31 except as otherwise provided in section 97B.46. A member
32 retiring on or after the normal retirement date, as provided
33 in section 97B.46, shall submit a written notice to the
34 department setting forth the date the retirement is to become
35 effective. The date shall be after the member's last day of

1 service and not before the first day of the sixth calendar
2 month preceding the month in which the notice is filed, -except
3 ~~that credit for service ceases when contributions cease as~~
4 ~~provided in section 97B.11.~~

5 Sec. 27. Section 97B.46, Code 1993, is amended to read as
6 follows:

7 97B.46 SERVICE AFTER AGE SIXTY-FIVE.

8 1. A member who is not an active member of any other
9 retirement system in the state which is maintained in whole or
10 in part by public contributions may remain in service beyond
11 the date the member attains the age of sixty-five. The
12 ~~employee shall retire on the first day of the month after the~~
13 ~~last day of service.~~ The employer shall not consider age as a
14 factor in determining the continuation of the member's
15 service.

16 2. A member shall not be employed as a peace officer or as
17 a fire fighter after attaining the age of sixty-five.

18 3. ~~Credit for service shall cease when contributions cease~~
19 ~~as provided by section 97B.11.~~ A member remaining in service
20 after attaining the age of seventy years is entitled to
21 receive a retirement allowance under section 97B.49 as
22 applicable commencing with payment for the calendar month
23 within which the written notice is submitted to the
24 department, except that if the member fails to submit the
25 notice on a timely basis, retroactive payments shall be made
26 for no more than six months immediately preceding the month in
27 which the written notice is submitted.

28 Sec. 28. Section 97B.48, subsection 1, Code 1993, is
29 amended to read as follows:

30 1. Retirement allowances shall be paid monthly, except
31 that an allowance of less than two six hundred forty dollars a
32 year may, at the member's option, be paid as a lump sum in an
33 actuarial equivalent amount. Receipt of the lump-sum payment
34 by a member shall terminate any and all entitlement for the
35 period of service covered of the member under this chapter.

1 Sec. 29. Section 97B.49, subsection 13, paragraphs a and
2 b, Code Supplement 1993, are amended to read as follows:

3 a. A member who retired from the system between January 1,
4 1976, and June 30, 1982, or a contingent annuitant or
5 beneficiary of such a member, shall receive with the November
6 ~~1992~~ 1994 and the November ~~1993~~ 1995 monthly benefit payments
7 a retirement dividend equal to one hundred ~~forty~~ eighty-one
8 percent of the monthly benefit payment the member received for
9 the preceding June, or the most recently received benefit
10 payment, whichever is greater. The retirement dividend does
11 not affect the amount of a monthly benefit payment.

12 b. Each member who retired from the system between July 4,
13 1953, and December 31, 1975, or a contingent annuitant or
14 beneficiary of such a member, shall receive with the November
15 ~~1992~~ 1994 and the November ~~1993~~ 1995 monthly benefit payments
16 a retirement dividend equal to one two hundred ~~eighty~~ thirty-
17 six percent of the monthly benefit payment the member received
18 for the preceding June, or the most recently received benefit
19 payment, whichever is greater. The retirement dividend does
20 not affect the amount of a monthly benefit payment.

21 Sec. 30. Section 97B.49, subsection 13, paragraph d, Code
22 Supplement 1993, is amended to read as follows:

23 d. A member who retired from the system between July 1,
24 1982, and June 30, 1986, or a contingent annuitant or
25 beneficiary of such a member, shall receive with the November
26 ~~1992~~ 1994 and the November ~~1993~~ 1995 monthly benefit payments
27 a retirement dividend equal to ~~twenty-four~~ forty-nine percent
28 of the monthly benefit payment the member received for the
29 preceding June, or the most recently received benefit payment,
30 whichever is greater. The retirement dividend does not affect
31 the amount of a monthly benefit payment.

32 Sec. 31. Section 97B.49, subsection 16, paragraph d,
33 subparagraph (6), Code Supplement 1993, is amended by striking
34 the subparagraph.

35 Sec. 32. Section 97B.49, subsection 16, paragraph d,

1 subparagraph (8), Code Supplement 1993, is amended to read as
2 follows:

3 (8) A fire prevention inspector peace officer employed by
4 the department of public safety prior to July 1, 1994, who
5 does not elect coverage under the Iowa department of public
6 safety peace officers' retirement, accident and disability
7 system, as provided in section 97B.42B.

8 Sec. 33. Section 97B.49, subsection 16, paragraph j, Code
9 Supplement 1993, is amended to read as follows:

10 j. For the fiscal year commencing July 1, 1988, and each
11 succeeding fiscal year, there is appropriated from the general
12 fund of the state to the department of personnel, from funds
13 not otherwise appropriated, an amount necessary to pay the
14 employer share of the cost of the additional benefits provided
15 to employees covered under paragraph "d", subparagraphs
16 subparagraph (4) and-(6).

17 Sec. 34. Section 97B.50, subsection 1, unnumbered
18 paragraph 1, Code 1993, is amended to read as follows:

19 Except as otherwise provided in this section, a vested
20 member, upon retirement prior to the normal retirement date
21 other than that specified in section 97B.45, subsection 4, is
22 entitled to receive a monthly retirement allowance determined
23 in the same manner as provided for normal retirement in
24 section 97B.49, subsections 1, 4, and 5, of-section-97B:49
25 reduced as follows:

26 Sec. 35. Section 97B.50, subsection 2, Code 1993, is
27 amended to read as follows:

28 2. a. A vested member who retires from the system due to
29 disability and commences receiving disability benefits
30 pursuant to the United-States federal Social Security Act, (42
31 U.S.C.)7-as-amended-to-July-17-1978 § 423 et seq., and who has
32 not reached the normal retirement date, shall receive benefits
33 under section 97B.49 and shall not have benefits reduced upon
34 retirement as required under subsection 1 regardless of
35 whether the member has completed thirty or more years of

1 membership service. However, the benefits shall be suspended
2 during any period in which the member returns to covered
3 employment. This section takes effect July 1, 1990, for a
4 member meeting the requirements of this paragraph who retired
5 from the system at any time after July 4, 1953. Eligible
6 members are entitled to the receipt of retroactive adjustment
7 payments back to July 1, 1990.

8 b. A vested member who retires from the system due to
9 disability and commences receiving disability benefits
10 pursuant to the United-States federal Railroad Retirement Act,
11 45 U.S.C. § 231 et seq., and who has not reached the normal
12 retirement date, shall receive benefits under section 97B.49
13 and shall not have benefits reduced upon retirement as
14 required under subsection 1 regardless of whether the member
15 has completed thirty or more years of membership service.
16 However, the benefits shall be suspended during any period in
17 which the member returns to covered employment. This section
18 takes effect July 1, 1990, for a member meeting the
19 requirements of this paragraph who retired from the system at
20 any time since July 4, 1953. Eligible members are entitled to
21 the receipt of retroactive adjustment payments back to July 1,
22 1990.

23 Sec. 36. Section 97B.53, subsection 3, Code 1993, is
24 amended to read as follows:

25 3. The accumulated contributions of a terminated, vested
26 member shall be credited with interest, including interest
27 dividends, in the manner provided in section 97B.70. Interest
28 and interest dividends shall be credited to the accumulated
29 contributions of members who terminate service and
30 subsequently become vested in accordance with section 97B.70.
31 However, the department shall not implement the amendments to
32 this subsection or to subsection 6, unnumbered paragraph 1, or
33 to subsection 7, as enacted in this Act, unless and until the
34 department determines that the most recent annual actuarial
35 valuation of the retirement system indicates that the employer

1 and employee contribution rates in effect under section 97B.11
2 can absorb the amendments to these provisions of this section
3 and the amendments to section 97B.41, subsection 12, and
4 section 97B.70, by enacting a new subsection 4, contained in
5 this Act, after meeting the other established priorities of
6 the system, as defined in section 97B.41, subsection 12.
7 Until the amendments are implemented, the department shall
8 continue to implement the provisions of section 97B.53,
9 subsections 3 and 7, and section 97B.53, subsection 6,
10 unnumbered paragraph 1, 1993 Code of Iowa.

11 Sec. 37. Section 97B.53, subsection 6, unnumbered
12 paragraph 1, Code 1993, is amended to read as follows:

13 A member who terminates employment before the member is
14 vested and who does not claim and receive a refund of the
15 member's accumulated contributions within five ten years of
16 the date of termination shall, if the member makes claim for a
17 refund more than five ten years after the date of termination,
18 be required to submit proof satisfactory to the department of
19 the member's entitlement to the refund; ~~but in no case shall~~
20 ~~interest be allowed upon the accumulated contributions for any~~
21 ~~period in which the member is not an employee.~~ Interest and
22 interest dividends on the accumulated contributions shall only
23 be credited if provided in accordance with section 97B.70.

24 The department is under no obligation to maintain the
25 accumulated contribution accounts of such former members for
26 more than five ten years after their dates of termination.

27 Sec. 38. Section 97B.53, subsection 7, Code 1993, is
28 amended to read as follows:

29 7. Any member whose employment is terminated ~~after one~~
30 ~~year of employment but before the member has accumulated four~~
31 ~~or more years of employment; either under the provisions of~~
32 ~~this chapter or as a result of prior service credits;~~ may
33 elect to leave the member's accumulated contributions in the
34 retirement fund. ~~In the event the member returns to public~~
35 ~~employment at any time within four years after this~~

1 termination-of-employment, the member shall be entitled to
2 resume membership in the system with the same credits for
3 prior service and accumulated contributions that the member
4 had earned when the member's original employment was
5 terminated. -- No interest shall be credited on the member's
6 accumulated contributions nor on the member's employer's
7 accumulated contributions during the period from the time of
8 the member's termination of employment to the member's
9 resumption of employment.

10 Any member who has resumed employment under the provisions
11 of this subsection shall not be eligible for any second period
12 of absence from membership as a result of termination of
13 service.

14 Sec. 39. NEW SECTION. 97B.53B ROLLOVERS OF MEMBERS'
15 ACCOUNTS.

16 1. As used in this section, unless the context otherwise
17 requires:

18 a. "Direct rollover" means a payment by the system to the
19 eligible retirement plan specified by the member or the
20 member's surviving spouse.

21 b. "Eligible retirement plan" means either of the
22 following that accepts an eligible rollover distribution from
23 a member or a member's surviving spouse:

24 (1) An individual retirement account in accordance with
25 section 408(a) of the federal Internal Revenue Code.

26 (2) An individual retirement annuity in accordance with
27 section 408(b) of the federal Internal Revenue Code.

28 In addition, an "eligible retirement plan" includes an
29 annuity plan in accordance with section 403(a) of the federal
30 Internal Revenue Code, or a qualified trust in accordance with
31 section 401(a) of the federal Internal Revenue Code, that
32 accepts an eligible rollover distribution from a member.

33 c. "Eligible rollover distribution" means all or any
34 portion of a member's account, except that an eligible
35 rollover distribution does not include any of the following:

1 (1) A distribution that is one of a series of
2 substantially equal periodic payments, which occur annually or
3 more frequently, made for the life or life expectancy of the
4 distributee or the joint lives or joint life expectancies of
5 the distributee and the distributee's designated beneficiary,
6 or made for a specified period of ten years or more.

7 (2) A distribution to the extent that the distribution is
8 required pursuant to section 401(a)(9) of the federal Internal
9 Revenue Code.

10 (3) The portion of any distribution that is not includible
11 in the gross income of the distributee, determined without
12 regard to the exclusion for net unrealized appreciation with
13 respect to employer securities.

14 (4) A distribution of less than two hundred dollars of
15 taxable income.

16 2. Effective January 1, 1993, a member or a member's
17 surviving spouse may elect, at the time and in the manner
18 prescribed in rules adopted by the department, to have the
19 department pay all or a portion of an eligible rollover
20 distribution directly to an eligible retirement plan,
21 specified by the member or the member's surviving spouse, in a
22 direct rollover. If a member or a member's surviving spouse
23 elects a partial direct rollover, the amount of funds elected
24 for the partial direct rollover must equal or exceed five
25 hundred dollars.

26 Sec. 40. Section 97B.56, Code 1993, is amended to read as
27 follows:

28 97B.56 ABOLISHED SYSTEM -- LIQUIDATION FUND.

29 The assets of the old-age and survivors' liquidation fund,
30 established by sections 97.50 to 97.53 and any future payments
31 or assets payable to the old-age and survivors' liquidation
32 fund, are hereby transferred to the retirement fund, and all
33 payments hereafter due in accordance with the provisions of
34 said sections shall be paid from the retirement fund, and the
35 ~~liability for such payments shall be considered as allowances~~

1 arising from prior service as provided in section 97B.54.
2 Commencing July 1, 1967, and each year thereafter, the
3 contributions required to fund the actuarial liabilities from
4 the abolished system shall be determined in accordance with
5 section 97B.54.

6 Sec. 41. Section 97B.61, unnumbered paragraph 2, Code
7 1993, is amended to read as follows:

8 After accepting the actuarial methods and assumptions of
9 the valuation, the department shall certify to the governor
10 the contribution rates determined thereby as the rates
11 necessary and sufficient for members and employers to fully
12 fund the benefits and retirement allowances being credited for
13 membership service and to make the accrued liability
14 contributions in level installments required for prior service
15 under section 97B.54.

16 Sec. 42. Section 97B.66, unnumbered paragraphs 1 and 2,
17 Code Supplement 1993, are amended to read as follows:

18 A vested or retired member who was a member of the teachers
19 insurance and annuity association-college retirement equity
20 fund at any time between July 1, 1967 and June 30, 1971 and
21 who became a member of the system on July 1, 1971, upon
22 submitting verification of service and wages earned during the
23 applicable period of service under the teachers insurance and
24 annuity association-college retirement equity fund, may make
25 employer and employee contributions to the system based upon
26 the covered wages of the member and the covered wages and the
27 contribution rates in effect for all or a portion of that
28 period of service and receive credit for membership service
29 under this system equivalent to the number of years applicable
30 period of membership service in the teachers insurance and
31 annuity association-college retirement equity fund for which
32 the contributions have been made. In addition, a member
33 making employer and employee contributions because of
34 membership in the teachers insurance and annuity association-
35 college retirement equity fund under this section who was a

1 member of the system on June 30, 1967 and withdrew the
2 member's accumulated contributions because of membership on
3 July 1, 1967 in the teachers insurance and annuity
4 association-college retirement equity fund, may make employee
5 contributions to the system for all or a portion of the period
6 of service under the system prior to July 1, 1967. A member
7 making contributions pursuant to this section may make the
8 contributions either for the entire applicable period of
9 service, or, effective upon the date that the department
10 determines that the amendments to this paragraph and
11 unnumbered paragraph 2 contained in this Act shall be
12 implemented, for portions of the period of service, and if
13 contributions are made for portions of the period of service,
14 the contributions shall be in increments of one or more years,
15 as long as the increments represent full years and not a
16 portion of a year. However, the department shall not
17 implement the amendments to this paragraph or unnumbered
18 paragraph 2, as enacted in this Act, unless and until the
19 department determines that the most recent annual actuarial
20 valuation of the retirement system indicates that the employer
21 and employee contribution rates in effect under section 97B.11
22 can absorb the amendments to this paragraph and unnumbered
23 paragraph 2 and to section 97B.72, unnumbered paragraphs 1 and
24 2, section 97B.72A, subsection 1, unnumbered paragraph 1,
25 section 97B.73A, unnumbered paragraph 1, and section 97B.74,
26 unnumbered paragraphs 1 and 2, contained in this Act, after
27 meeting the other established priority of the system. Until
28 the amendments are implemented, the department shall continue
29 to implement the provisions of section 97B.66, unnumbered
30 paragraphs 1 and 2, Code Supplement 1993. As used in this
31 section, unless the context otherwise requires, "other
32 established priority of the system" means that commencing
33 January 1 following the most recent annual actuarial valuation
34 of the system, the department has increased the covered wage
35 limitation from the previous year by three thousand dollars,

1 in accordance with section 97B.41, subsection 20, paragraph
2 "b", subparagraph (11).

3 The contributions paid by the vested or retired member
4 shall be equal to the accumulated contributions as defined in
5 section 97B.41, subsection 2, by the member for ~~that the~~
6 applicable period of service, and the employer contribution
7 for ~~that the applicable~~ period of service under the teachers
8 insurance and annuity association-college retirement equity
9 fund, that would have been or had been contributed by the
10 vested or retired member and the employer, if applicable, plus
11 interest on the contributions that would have accrued for the
12 applicable period from the date the previous applicable period
13 of service commenced under this system or from the date the
14 service of the member in the teachers insurance and annuity
15 association-college retirement equity fund commenced to the
16 date of payment of the contributions by the member equal to
17 two percent plus the interest dividend rate applicable for
18 each year.

19 Sec. 43. Section 97B.70, Code 1993, is amended by adding
20 the following new subsection:

21 NEW SUBSECTION. 4. Effective upon the date that the
22 department determines that this subsection shall be
23 implemented, interest and interest dividends shall be credited
24 to the contributions of a person who leaves the contributions
25 in the retirement fund upon termination from covered
26 employment prior to achieving vested status, but who
27 subsequently achieves vested status. The interest and
28 interest dividends shall be credited to the contributions
29 commencing either upon the date that the department determines
30 that this subsection shall be implemented, or the date on
31 which the person becomes a vested member, whichever is later.
32 Interest and interest dividends shall cease upon the first of
33 the month coinciding with or next following the person's
34 retirement date. If the department no longer maintains the
35 accumulated contribution account of the person pursuant to

1 section 97B.53, but the person submits satisfactory proof to
2 the department that the person did make the contributions, the
3 department shall credit interest and interest dividends in the
4 manner provided in this subsection. However, the department
5 shall not implement this subsection, unless and until the
6 department determines that the most recent annual actuarial
7 valuation of the retirement system indicates that the employer
8 and employee contribution rates in effect under section 97B.11
9 can absorb the enactment of this subsection and the amendments
10 to section 97B.41, subsection 12, section 97B.53, subsections
11 3 and 7, and section 97B.53, subsection 6, unnumbered
12 paragraph 1, contained in this Act, after meeting the other
13 established priorities of the system, as defined in section
14 97B.41, subsection 12.

15 Sec. 44. Section 97B.72, unnumbered paragraphs 1 and 2,
16 Code Supplement 1993, are amended to read as follows:

17 Persons who are members of the Seventy-first General
18 Assembly or a succeeding general assembly who submit proof to
19 the department of membership in the general assembly during
20 any period beginning July 4, 1953, may make contributions to
21 the system for all or a portion of the period of service in
22 the general assembly, and receive credit for the applicable
23 period for which contributions are made. The contributions
24 made by the member shall be equal to the accumulated
25 contributions as defined in section 97B.41, subsection 2,
26 which would have been made if the member of the general
27 assembly had been a member of the system during the member's
28 service-in-the-general-assembly applicable period. The proof
29 of membership in the general assembly and payment of
30 accumulated contributions shall be transmitted to the
31 department. ~~Persons-eligible-to-receive-retirement-allowances~~
32 ~~under-this-section-shall-be-eligible-to-commence-receiving~~
33 ~~retirement-allowances-on-January-14, 1985.~~ A member making
34 contributions pursuant to this section may make the
35 contributions either for the entire applicable period of

1 service, or, effective upon the date that the department
2 determines that the amendments to this paragraph and
3 unnumbered paragraph 2 contained in this Act shall be
4 implemented, for portions of the period of service, and if
5 contributions are made for portions of the period of service,
6 the contributions shall be in increments of one or more years,
7 as long as the increments represent full years and not a
8 portion of a year. However, the department shall not
9 implement the amendments to this paragraph or unnumbered
10 paragraph 2, as enacted in this Act, unless and until the
11 department determines that the most recent annual actuarial
12 valuation of the retirement system indicates that the employer
13 and employee contribution rates in effect under section 97B.11
14 can absorb the amendments to this paragraph and unnumbered
15 paragraph 2 and to section 97B.66, unnumbered paragraphs 1 and
16 2, section 97B.72A, subsection 1, unnumbered paragraph 1,
17 section 97B.73A, unnumbered paragraph 1, and section 97B.74,
18 unnumbered paragraphs 1 and 2, contained in this Act, after
19 meeting the other established priority of the system, as
20 defined in section 97B.66. Until the amendments are
21 implemented, the department shall continue to implement the
22 provisions of section 97B.72, unnumbered paragraphs 1 and 2,
23 Code Supplement 1993.

24 There is appropriated from moneys available to the general
25 assembly under section 2.12 an amount sufficient to pay the
26 contributions of the employer based on the period of service
27 of-the-members for which the members have paid accumulated
28 contributions in an amount equal to the contributions which
29 would have been made if the members of the general assembly
30 who made employee contributions had been members of the system
31 during their the applicable period of service in the general
32 assembly plus two percent interest plus interest dividends for
33 all completed calendar years and for any completed calendar
34 year for which the interest dividend has not been declared and
35 for completed months of partially completed calendar years at

1 two percent interest plus the interest dividend rate
2 calculated for the previous year, compounded annually, from
3 the end of the calendar year in which contribution was made to
4 the first day of the month of such date.

5 Sec. 45. Section 97B.72A, subsection 1, unnumbered
6 paragraph 1, Code Supplement 1993, is amended to read as
7 follows:

8 An active or vested member of the system who was a member
9 of the general assembly prior to July 1, 1988, may make
10 contributions to the system for all or a portion of the period
11 of service in the general assembly. The contributions made by
12 the member shall be equal to the accumulated contributions as
13 defined in section 97B.41, subsection 2, which would have been
14 made if the member of the general assembly had been a member
15 of the system during the applicable period of service in the
16 general assembly. A member making contributions pursuant to
17 this section may make the contributions either for the entire
18 applicable period of service, or for portions of the period of
19 service, and, effective upon the date that the department
20 determines that the amendments to this paragraph contained in
21 this Act shall be implemented, if contributions are made for
22 portions of the period of service, the contributions shall be
23 in increments of one or more years, as long as the increments
24 represent full years and not a portion of a year. The member
25 of the system shall submit proof to the department of
26 membership in the general assembly. The department shall
27 credit the member with the period of membership service for
28 which contributions are made. However, the department shall
29 not implement the amendments to this paragraph, as enacted in
30 this Act, unless and until the department determines that the
31 most recent annual actuarial valuation of the retirement
32 system indicates that the employer and employee contribution
33 rates in effect under section 97B.11 can absorb the amendments
34 to this paragraph and to section 97B.66, unnumbered paragraphs
35 1 and 2, section 97B.72, unnumbered paragraphs 1 and 2,

1 section 97B.73A, unnumbered paragraph 1, and section 97B.74,
2 unnumbered paragraphs 1 and 2, contained in this Act, after
3 meeting the other established priority of the system, as
4 defined in section 97B.66. Until the amendments are
5 implemented, the department shall continue to implement the
6 provisions of section 97B.72A, subsection 1, unnumbered
7 paragraph 1, Code Supplement 1993.

8 Sec. 46. Section 97B.72A, subsection 2, Code Supplement
9 1993, is amended by striking the subsection.

10 Sec. 47. Section 97B.73, Code Supplement 1993, is amended
11 by adding the following new unnumbered paragraph after unnum-
12 bered paragraph 2:

13 NEW UNNUMBERED PARAGRAPH. Notwithstanding any provision of
14 this section to the contrary, effective July 1, 1994, a vested
15 or retired member must have membership service within the
16 current calendar year in order to make contributions in any
17 manner provided by this section.

18 Sec. 48. Section 97B.73A, unnumbered paragraph 1, Code
19 Supplement 1993, is amended to read as follows:

20 A part-time county attorney may elect in writing to the
21 department to make employee contributions to the system for
22 the county attorney's previous service as a county attorney
23 and receive credit for membership service in the system for
24 the applicable period of service as a part-time county
25 attorney for which employee contributions are made. The
26 contributions paid by the member shall be equal to the
27 accumulated contributions, as defined in section 97B.41,
28 subsection 2, for ~~that~~ the applicable period of membership
29 service. A member making contributions pursuant to this
30 section may make the contributions either for the entire
31 applicable period of service, or, effective upon the date that
32 the department determines that the amendments to this
33 paragraph contained in this Act shall be implemented, for
34 portions of the period of service, and if contributions are
35 made for portions of the period of service, the contributions

1 shall be in increments of one or more years, as long as the
2 increments represent full years and not a portion of a year.
3 A member who elects to make contributions under this section
4 shall notify the county board of supervisors of the member's
5 election, and the county board of supervisors shall pay to the
6 department the employer contributions that would have been
7 contributed by the employer under section 97B.11 plus interest
8 on the contributions that would have accrued if the county
9 attorney had been a member of the system for ~~that~~ the
10 applicable period of service. However, the department shall
11 not implement the amendments to this paragraph, as enacted in
12 this Act, unless and until the department determines that the
13 most recent annual actuarial valuation of the retirement
14 system indicates that the employer and employee contribution
15 rates in effect under section 97B.11 can absorb the amendments
16 to this paragraph and to section 97B.66, unnumbered paragraphs
17 1 and 2, section 97B.72, unnumbered paragraphs 1 and 2,
18 section 97B.72A, subsection 1, unnumbered paragraph 1, and
19 section 97B.74, unnumbered paragraphs 1 and 2, contained in
20 this Act, after meeting the other established priority of the
21 system, as defined in section 97B.66. Until the amendments
22 are implemented, the department shall continue to implement
23 the provisions of section 97B.73A, unnumbered paragraph 1,
24 Code Supplement 1993.

25 Sec. 49. Section 97B.74, unnumbered paragraphs 1 and 2,
26 Code Supplement 1993, are amended to read as follows:

27 ~~Effective-January-17-1991,-an~~ An active, vested, or retired
28 member who was a member of the system at any time on or after
29 July 4, 1953, and who received a refund of the member's
30 contributions for that period of membership service, may elect
31 in writing to the department to make contributions to the
32 system for ~~that~~ all or a portion of the period of membership
33 service for which a refund of contributions was made, and
34 receive credit for the period of membership service for which
35 contributions are made. The contributions repaid by the

1 member for such service shall be equal to the accumulated
2 contributions, as defined in section 97B.41, subsection 2,
3 received by the member for that the applicable period of
4 membership service plus interest on the accumulated
5 contributions for the applicable period from the date of
6 receipt by the member to the date of repayment equal to two
7 percent plus the interest dividend rate applicable for each
8 year compounded annually.

9 An active member must have at least one quarter's
10 reportable wages on file and have membership service,
11 including that period of membership service for which a refund
12 of contributions was made, sufficient to give the member
13 vested status. A member making contributions pursuant to this
14 section may make the contributions either for the entire
15 applicable period of service, or, effective upon the date that
16 the department determines that the amendments to this
17 paragraph and unnumbered paragraph 1 contained in this Act
18 shall be implemented, for portions of the period of service,
19 and if contributions are made for portions of the period of
20 service, the contributions shall be in increments of one or
21 more years, as long as the increments represent full years and
22 not a portion of a year. However, the department shall not
23 implement the amendments to this paragraph or unnumbered
24 paragraph 1, as enacted in this Act, unless and until the
25 department determines that the most recent annual actuarial
26 valuation of the retirement system indicates that the employer
27 and employee contribution rates in effect under section 97B.11
28 can absorb the amendments to this paragraph and to unnumbered
29 paragraph 1 and to section 97B.66, unnumbered paragraphs 1 and
30 2, section 97B.72, unnumbered paragraphs 1 and 2, section
31 97B.72A, subsection 1, unnumbered paragraph 1, and section
32 97B.73A, unnumbered paragraph 1, contained in this Act, after
33 meeting the other established priority of the system, as
34 defined in section 97B.66. Until the amendments are
35 implemented, the department shall continue to implement the

1 provisions of section 97B.74, unnumbered paragraphs 1 and 2,
2 Code Supplement 1993.

3 Sec. 50. Section 97B.80, Code Supplement 1993, is amended
4 by adding the following new paragraph after unnumbered
5 paragraph 1:

6 NEW UNNUMBERED PARAGRAPH. Notwithstanding any provision of
7 this section to the contrary, effective July 1, 1994, a vested
8 or retired member must have membership service within the
9 current calendar year in order to make contributions in any
10 manner provided by this section.

11 Sec. 51. Section 260C.23, subsection 9, Code Supplement
12 1993, is amended to read as follows:

13 9. At the request of an employee through contractual
14 agreement the board may arrange for the purchase of group or
15 individual annuity contracts for any of its employees, which
16 annuity contracts are issued by a nonprofit corporation
17 issuing retirement annuities exclusively for educational
18 institutions and their employees or are purchased from any
19 company the employee chooses that is authorized to do business
20 in this state and through an Iowa-licensed insurance agent or
21 from a securities dealer, salesperson, or mutual fund
22 registered in this state that the employee selects, for
23 retirement or other purposes, and may make payroll deductions
24 in accordance with the arrangements for the purpose of paying
25 the entire premium due and to become due under the contract.
26 The deductions shall be made in the manner which will qualify
27 the annuity premiums for the benefits under section 403(b) of
28 the Internal Revenue Code, as defined in section 422.3. The
29 employee's rights under the annuity contract are
30 nonforfeitable except for the failure to pay premiums. If an
31 existing tax-sheltered annuity contract is to be replaced by a
32 new contract the agent or representative of the company shall
33 submit a letter of intent by registered mail to the company
34 being replaced, to the insurance commissioner of the state of
35 Iowa, and to the agent's or representative's own company at

1 least thirty days prior to any action. This letter of intent
2 shall contain the policy number and description of the
3 contract being replaced and a description of the replacement
4 contract.

5 Sec. 52. Section 260C.23, subsection 17, Code Supplement
6 1993, is amended to read as follows:

7 17. Commencing July 1, 1994, provide for an alternative
8 retirement benefits system, which is issued by or through a
9 nonprofit corporation issuing retirement annuities exclusively
10 to educational institutions and their employees, for persons
11 employed by the community college who are members of the Iowa
12 public employees' retirement system on July 1, 1994, or who
13 are new employees, and who elect coverage under the
14 alternative retirement benefits system pursuant to section
15 97B.42, in lieu of continuing or commencing contributions to
16 the Iowa public employees' retirement system. The system for
17 employee and employer contributions under the alternative
18 system shall be ~~substantially the same as~~ similar to that
19 provided by the state board of regents under the teachers
20 insurance annuity association-college retirement equities
21 fund, and except that the employer's annual contribution in
22 dollars shall not exceed the employer's contribution rate
23 established for employees of the state board of regents who
24 are under that annual contribution in dollars which the
25 employer would contribute if the employee had elected to
26 remain an active member pursuant to the Iowa public employee's
27 retirement system, as set forth in section 97B.11.

28 Sec. 53. NEW SECTION. 294.10A PICKUP OF TEACHER
29 ASSESSMENTS.

30 1. Notwithstanding section 294.9 or other provisions of
31 this chapter, beginning January 1, following the submission by
32 the board of trustees of an application to the federal
33 internal revenue service requesting qualification in
34 accordance with the requirements of the Internal Revenue Code,
35 as defined in section 422.3, teacher assessments required

1 under section 294.9 which are picked up by the employing
2 school district shall be considered employer contributions for
3 federal income tax purposes, and each employing school
4 district establishing a pension and annuity retirement system
5 pursuant to this chapter shall pick up the teacher assessments
6 to be made under section 294.9 by its employees. Each
7 employing school district shall pick up these teacher
8 assessments by reducing the salary of each of the teachers
9 covered by this chapter by the amount which each teacher is
10 required to contribute through assessments under section 294.9
11 and shall pay to the board of trustees the amount picked up in
12 lieu of the teacher assessments for recording and deposit in
13 the fund.

14 2. Teacher assessments picked up by each employing school
15 district under subsection 1 shall be treated as employer
16 contributions for federal income tax purposes only and for all
17 other purposes of this chapter and the laws of this state
18 shall be treated as teacher assessments and deemed part of the
19 teacher's wages or salary.

20 Sec. 54. Section 411.3, Code 1993, is amended to read as
21 follows:

22 411.3 MEMBERSHIP.

23 1. All persons who become police officers or fire fighters
24 after the date the city is required to come under the
25 retirement system, shall become members of the retirement
26 system as a condition of their employment, except that a
27 police chief or a fire chief who would not complete twenty-two
28 years of service under this chapter by the time the chief
29 attains fifty-five years of age shall, upon written request to
30 the system, be exempt from this chapter, and except as
31 otherwise provided in subsection 3. Notwithstanding section
32 97B.41, a police chief or fire chief who is exempt from this
33 chapter is exempt from chapter 97B. Members of the system
34 established in this chapter shall not be required to make
35 contributions under any other pension or retirement system of

1 a city, county, or the state of Iowa, anything to the contrary
2 notwithstanding.

3 2. Should any member in any period of five consecutive
4 years after last becoming a member, be absent from service for
5 more than four years, or should the member become a
6 beneficiary or die, the member shall thereupon cease to be a
7 member of the system.

8 3. a. As used in this section, unless the context
9 otherwise requires, "reemployed" or "reemployment" means the
10 employment of a person as a police officer or firefighter by
11 any participating city after the person has commenced
12 receiving a service retirement allowance under section 411.6.

13 b. If a person is reemployed, the person shall not become
14 an active member of the system upon reemployment, and the
15 person so reemployed and the participating city shall not make
16 contributions to the system based upon the person's
17 compensation for reemployment. A person who is so reemployed
18 shall continue to receive the service retirement allowance,
19 and the service retirement allowance shall not be recalculated
20 based upon the person's reemployment. Notwithstanding section
21 97B.41 or any other provision of law to the contrary, a person
22 reemployed as provided in this subsection shall be exempt from
23 chapter 97B.

24 Sec. 55. Section 411.5, subsection 8, Code Supplement
25 1993, is amended to read as follows:

26 8. MEDICAL BOARD. The system shall designate a medical
27 board to be composed of three physicians who shall arrange for
28 and pass upon all medical examinations required under the
29 provisions of this chapter, except that for examinations
30 required because of disability three physicians from the
31 University of Iowa hospitals and clinics who shall pass upon
32 the medical examinations required for disability retirements,
33 and shall report to the system in writing its conclusions and
34 recommendations upon all matters referred to it. Each report
35 of a medical examination under section 411.6, subsections 3

1 and 5, shall include the medical board's rating findings in
2 accordance with section 411.6 as to the extent of the member's
3 physical impairment.

4 Sec. 56. Section 411.5, Code Supplement 1993, is amended
5 by adding the following new subsection:

6 NEW SUBSECTION. 12. REQUIREMENTS RELATED TO THE INTERNAL
7 REVENUE CODE.

8 a. As used in this subsection, unless the context
9 otherwise requires, "Internal Revenue Code" means the federal
10 Internal Revenue Code as defined in section 422.3.

11 b. The fund established in section 411.8 shall be held in
12 trust for the benefit of the members of the system and the
13 members' beneficiaries. No part of the corpus or income of
14 the fund shall be used for, or diverted to, purposes other
15 than for the exclusive benefit of the members or the members'
16 beneficiaries or for expenses incurred in the operation of the
17 fund. A person shall not have any interest in, or right to,
18 any part of the corpus or income of the fund except as
19 otherwise expressly provided.

20 c. Notwithstanding any provision of this chapter to the
21 contrary, in the event of a complete discontinuance of
22 contributions, for reasons other than achieving fully funded
23 status upon an actuarially determined basis, or upon
24 termination of the fund established in section 411.8, a member
25 shall be vested, to the extent then funded, in the benefits
26 which the member has accrued at the date of the discontinuance
27 or termination.

28 d. Benefits payable from the fund established in section
29 411.8 to members and members' beneficiaries shall not be
30 increased due to forfeitures from other members. Forfeitures
31 shall be used as soon as possible to reduce future
32 contributions by the cities to the fund, except that the rate
33 shall not be less than the minimum rate established in section
34 411.8.

35 e. Notwithstanding any provision of this chapter to the

1 contrary, a member's service retirement allowance shall
2 commence on or before the later of the following:

3 (1) April 1 of the calendar year following the calendar
4 year in which the member attains the age of seventy and one-
5 half years.

6 (2) April 1 of the calendar year following the calendar
7 year in which the member retires.

8 f. The maximum annual benefit payable to a member by the
9 system shall be subject to the limitations set forth in
10 section 415 of the federal Internal Revenue Code, and any
11 regulations promulgated pursuant to that section.

12 g. The annual compensation of a member taken in account
13 for any purpose under this chapter shall not exceed the
14 applicable amount set forth in section 401(a)(17) of the
15 federal Internal Revenue Code, and any regulations promulgated
16 pursuant to that section.

17 Sec. 57. Section 411.6, subsection 1, Code 1993, is
18 amended by adding the following new paragraph:

19 NEW PARAGRAPH. c. Once a person commences receiving a
20 service retirement allowance pursuant to this section, if the
21 person is reemployed, as defined in section 411.3, the service
22 retirement allowance shall not be recalculated based upon the
23 person's reemployment.

24 Sec. 58. Section 411.6, subsection 2, paragraph d,
25 subparagraph (2), Code 1993, is amended to read as follows:

26 (2) For a member who terminates service, other than by
27 death or disability, on or after July 1, 1991, but before
28 October 16, 1992, and who does not withdraw the member's
29 contributions pursuant to section 411.23, upon the member's
30 retirement there shall be added six-tenths percent of the
31 member's average final compensation for each year of service
32 over twenty-two years, excluding years of service after the
33 member's fifty-fifth birthday. However, this subparagraph
34 does not apply to more than eight additional years of service.

35 Sec. 59. Section 411.6, subsection 2, paragraph d, Code

1 1993, is amended by adding the following new subparagraph:

2 NEW SUBPARAGRAPH. (3) For a member who terminates
 3 service, other than by death or disability, on or after
 4 October 16, 1992, and who does not withdraw the member's
 5 contributions pursuant to section 411.23, upon the member's
 6 retirement there shall be added six-tenths percent of the
 7 member's average final compensation for each year of service
 8 over twenty-two years. However, this subparagraph does not
 9 apply to more than eight additional years of service.

10 Sec. 60. Section 411.6, subsection 10, Code 1993, is
 11 amended to read as follows:

12 10. PENSIONS OFFSET BY COMPENSATION BENEFITS. Any amounts
 13 which may be paid or payable by the said cities under the
 14 provisions of any workers' compensation or similar law to a
 15 member or to the dependents of a member on account of any
 16 disability or death, shall be offset against and payable in
 17 lieu of any benefits payable ~~out-of-funds-provided-by-the-said~~
 18 ~~cities~~ under the provisions of this chapter on account of the
 19 same disability or death. ~~In-case-the-present-value-of-the~~
 20 ~~total-commuted-benefits-under-said-workers'-compensation-or~~
 21 ~~similar-law-is-less-than-the-pension-reserve-on-the-benefits~~
 22 ~~otherwise-payable-from-funds-provided-by-the-said-cities-under~~
 23 ~~this-chapter, then-the-present-value-of-the-commuted-payments~~
 24 ~~shall-be-deducted-from-the-pension-reserve-and-such-benefits~~
 25 ~~as-may-be-provided-by-the-pension-reserve-so-reduced-shall-be~~
 26 ~~payable-under-the-provisions-of-this-chapter.~~

27 Sec. 61. NEW SECTION. 411.6B ROLLOVERS OF MEMBERS'
 28 ACCOUNTS.

29 1. As used in this section, unless the context otherwise
 30 requires:

31 a. "Direct rollover" means a payment by the system to the
 32 eligible retirement plan specified by the member or the
 33 member's surviving spouse.

34 b. "Eligible retirement plan" means either of the
 35 following that accepts an eligible rollover distribution from

1 a member or a member's surviving spouse:

2 (1) An individual retirement account in accordance with
3 section 408(a) of the federal Internal Revenue Code.

4 (2) An individual retirement annuity in accordance with
5 section 408(b) of the federal Internal Revenue Code.

6 In addition, an "eligible retirement plan" includes an
7 annuity plan in accordance with section 403(a) of the federal
8 Internal Revenue Code, or a qualified trust in accordance with
9 section 401(a) of the federal Internal Revenue Code, that
10 accepts an eligible rollover distribution from a member.

11 c. "Eligible rollover distribution" means all or any
12 portion of a member's account, except that an eligible
13 rollover distribution does not include any of the following:

14 (1) A distribution that is one of a series of
15 substantially equal periodic payments, which occur annually or
16 more frequently, made for the life or life expectancy of the
17 distributee or the joint lives or joint life expectancies of
18 the distributee and the distributee's designated beneficiary,
19 or made for a specified period of ten years or more.

20 (2) A distribution to the extent that the distribution is
21 required pursuant to section 401(a)(9) of the federal Internal
22 Revenue Code.

23 (3) The portion of any distribution that is not includible
24 in the gross income of the distributee, determined without
25 regard to the exclusion for net unrealized appreciation with
26 respect to employer securities.

27 (4) A distribution of less than two hundred dollars of
28 taxable income.

29 2. Effective January 1, 1993, a member or a member's
30 surviving spouse may elect, at the time and in the manner
31 prescribed in rules adopted by the board of trustees, to have
32 the system pay all or a portion of an eligible rollover
33 distribution directly to an eligible retirement plan,
34 specified by the member or the member's surviving spouse, in a
35 direct rollover. If a member or a member's surviving spouse

1 elects a partial direct rollover, the amount of funds elected
2 for the partial direct rollover must equal or exceed five
3 hundred dollars.

4 Sec. 62. Section 411.8, subsection 1, paragraph f,
5 subparagraphs (6) through (8), Code 1993, are amended to read
6 as follows:

7 (6) An amount equal to eight and one-tenth percent of each
8 member's compensation from the earnable compensation of the
9 member shall be paid to the fund for the fiscal year period
10 beginning July 1, 1994, through December 31, 1994, and an
11 amount equal to eight and thirty-five hundredths percent of
12 each member's compensation from the earnable compensation of
13 the member shall be paid to the fund for the fiscal period
14 beginning January 1, 1995, through June 30, 1995.

15 (7) An amount equal to nine and one-tenth thirty-five
16 hundredths percent of each member's compensation from the
17 earnable compensation of the member shall be paid to the fund
18 for the fiscal year beginning July 1, 1995.

19 (8) Beginning July 1, 1996, and each fiscal year
20 thereafter, an amount equal to the member's contribution rate
21 times each member's compensation shall be paid to the fund
22 from the earnable compensation of the member. For the
23 purposes of this subparagraph, the member's contribution rate
24 shall be nine and one-tenth thirty-five hundredths percent.
25 However, the system shall increase the member's contribution
26 rate as necessary to cover any increase in cost to the system
27 resulting from statutory changes which are enacted by any
28 session of the general assembly meeting after January 1, 1991,
29 if the increase cannot be absorbed within the contribution
30 rates otherwise established pursuant to this paragraph, but
31 subject to a maximum employee contribution rate of eleven and
32 three-tenths percent.

33 The contribution rate increases specified in this Act
34 pursuant to this chapter and chapter 97A shall be the only
35 member contribution rate increases for these systems resulting

1 from the statutory changes enacted in this Act, and shall
2 apply only to the fiscal periods specified in this Act. After
3 the employee contribution reaches eleven and three-tenths
4 percent, sixty percent of the additional cost of such
5 statutory changes shall be paid by employers under paragraph
6 "c" and forty percent of the additional cost shall be paid by
7 employees under this paragraph.

8 Sec. 63. Section 411.8, subsection 1, paragraph h, Code
9 1993, is amended to read as follows:

10 h. Notwithstanding the provisions of paragraph "f", the
11 following transition percentages apply to members'
12 contributions as specified:

13 (1) For members who on July 1, 1990, have attained the age
14 of forty-nine years or more, an amount equal to nine and one-
15 tenth percent of each member's compensation from the earnable
16 compensation of the member shall be paid to the fund for the
17 fiscal year period beginning July 1, 1990, through October 15,
18 1992, and commencing October 16, 1992, and for each subsequent
19 fiscal year-until-the-fiscal-year-beginning-July-1,-1996,-when
20 period, the rates specified in paragraph "f", subparagraph
21 subparagraphs (4) through (8), applies shall apply.

22 (2) For members who on July 1, 1990, have attained the age
23 of forty-eight years but have not attained the age of forty-
24 nine years, an amount equal to eight and one-tenth percent
25 shall be paid for the fiscal year beginning July 1, 1990, and
26 an amount equal to nine and one-tenth percent shall be paid
27 for the fiscal year period beginning July 1, 1991, through
28 October 15, 1992, and commencing October 16, 1992, and for
29 each subsequent fiscal year-thereafter-until-the-fiscal-year
30 beginning-July-1,-1996,-when period, the rates specified in
31 paragraph "f", subparagraph subparagraphs (4) through (8),
32 applies shall apply.

33 (3) For members who on July 1, 1990, have attained the age
34 of forty-seven years but have not attained the age of forty-
35 eight years, an amount equal to seven and one-tenth percent

1 shall be paid for the fiscal year beginning July 1, 1990, an
2 amount equal to eight and one-tenth percent shall be paid for
3 the fiscal year beginning July 1, 1991, and an amount equal to
4 nine and one-tenth percent shall be paid for the fiscal year
5 period beginning July 1, 1992, through October 15, 1992, and
6 commencing October 16, 1992, and for each subsequent fiscal
7 year-until-the-fiscal-year-beginning-July-17-1996-when
8 period, the rates specified in paragraph "f", subparagraph
9 subparagraphs (4) through (8), applies shall apply.

10 (4) For members who on July 1, 1990, have attained the age
11 of forty-six years but have not attained the age of forty-
12 seven years, an amount equal to six and one-tenth percent
13 shall be paid for the fiscal year beginning July 1, 1990, an
14 amount equal to seven and one-tenth percent shall be paid for
15 the fiscal year beginning July 1, 1991, an amount equal to
16 eight and one-tenth percent shall be paid for the fiscal year
17 period beginning July 1, 1992, and-an-amount-equal-to-nine-and
18 one-tenth-percent-shall-be-paid-for-the-fiscal-year-beginning
19 July-17-1993, through October 15, 1992, and commencing October
20 16, 1992, and for each subsequent fiscal year-until-the-fiscal
21 year-beginning-July-17-1996-when period, the rates specified
22 in paragraph "f", subparagraph subparagraphs (4) through (8),
23 applies shall apply.

24 (5) For members who on July 1, 1990, have attained the age
25 of forty-five years but have not attained the age of forty-six
26 years, an amount equal to five and one-tenth percent shall be
27 paid for the fiscal year beginning July 1, 1990, an amount
28 equal to six and one-tenth percent shall be paid for the
29 fiscal year beginning July 1, 1991, and an amount equal to
30 seven and one-tenth percent shall be paid for the fiscal year
31 period beginning July 1, 1992, an-amount-equal-to-eight-and
32 one-tenth-percent-shall-be-paid-for-the-fiscal-year-beginning
33 July-17-1993, and-an-amount-equal-to-nine-and-one-tenth
34 percent-shall-be-paid-for-the-fiscal-years-beginning-July-17
35 1994, and-July-17-1995 through October 15, 1992. Beginning

1 July 1, 1996, commencing October 16, 1992, and for each
2 subsequent fiscal period, the rates specified in paragraph
3 "f", subparagraphs (4) through (8), apply shall
4 apply.

5 Sec. 64. Section 411.8, subsection 1, Code 1993, is
6 amended by adding the following new paragraph:

7 NEW PARAGRAPH. i. (1) Notwithstanding paragraph "g" or
8 other provisions of this chapter, beginning January 1, 1995,
9 member contributions required under paragraph "f" or "h" which
10 are picked up by the city shall be considered employer
11 contributions for federal income tax purposes, and each city
12 shall pick up the member contributions to be made under
13 paragraph "f" or "h" by its employees. Each city shall pick
14 up these contributions by reducing the salary of each of its
15 employees covered by this chapter by the amount which each
16 employee is required to contribute under paragraph "f" or "h"
17 and shall pay the amount picked up in lieu of the member
18 contributions to the board of trustees for recording and
19 deposit in the fund.

20 (2) Member contributions picked up by each city under
21 subparagraph (1) shall be treated as employer contributions
22 for federal income tax purposes only and for all other
23 purposes of this chapter and the laws of this state shall be
24 treated as employee contributions and deemed part of the
25 employee's earnable compensation or salary.

26 Sec. 65. Section 422.7, Code Supplement 1993, is amended
27 by adding the following new subsection:

28 NEW SUBSECTION. 29. Add, to the extent not included, the
29 amount of the taxpayer's employee contributions picked up by
30 the taxpayer's employer under chapter 97A or 411. The
31 director shall by rule provide a formula to exclude income, to
32 the extent included, from adjusted gross income amounts added
33 under this subsection which are subsequently returned to the
34 taxpayer as retirement benefits or otherwise.

35 Sec. 66. Section 422.7, Code Supplement 1993, is amended

1 by adding the following new subsection:

2 NEW SUBSECTION. 30. Add, to the extent not included, the
3 amount of the taxpayer's employee contributions picked up by
4 the taxpayer's employer under chapter 97B. The director shall
5 by rule provide a formula to exclude income, to the extent
6 included, from adjusted gross income amounts added under this
7 subsection which are subsequently returned to the taxpayer as
8 retirement benefits or otherwise.

9 Sec. 67. Section 422.7, Code Supplement 1993, is amended
10 by adding the following new subsection:

11 NEW SUBSECTION. 31. Add, to the extent not included, the
12 amount of the taxpayer's teacher assessment picked up by the
13 taxpayer's employing school district under chapter 294. The
14 director shall by rule provide a formula to exclude income, to
15 the extent included, from adjusted gross income amounts added
16 under this subsection which are subsequently returned to the
17 taxpayer as retirement benefits or otherwise.

18 Sec. 68. NEW SECTION. 509A.13A CONTINUATION OF GROUP
19 INSURANCE COVERING SPOUSES.

20 1. As used in this section, unless the context otherwise
21 requires:

22 a. "Eligible retired state employee" means a former
23 employee of the government of the state of Iowa, including but
24 not limited to any departments, agencies, boards, bureaus, or
25 commissions of the state of Iowa, who is receiving the minimum
26 level of retirement benefits for eligibility under this
27 section and who is participating in a state health or medical
28 group insurance plan which covers the former employee and the
29 former employee's spouse at the time of the death of the
30 former employee.

31 b. "Minimum level of retirement benefits for eligibility
32 under this section" means any of the following:

33 (1) The eligible retired state employee has received
34 retirement benefits under the retirement system established in
35 chapter 97A based upon the completion of at least twenty-two

1 years of membership service.

2 (2) The eligible retired state employee has received
3 retirement benefits under the retirement system established in
4 chapter 97B based upon any of the following:

5 (a) Meeting the requirements for receiving retirement
6 benefits pursuant to chapter 97B based upon having attained at
7 least sixty-two years of age and upon having completed at
8 least thirty years of membership service.

9 (b) Meeting the requirements for receiving benefits under
10 section 97B.49, subsection 16, without a reduction for years
11 of service pursuant to section 97B.49, subsection 16,
12 paragraph "c".

13 (3) The eligible retired state employee has received
14 retirement benefits under the retirement system established in
15 chapter 602, article 9, based upon either of the following:

16 (a) Meeting the requirements for receiving an annuity
17 which equals fifty percent of the basic annual salary which
18 the judge was receiving at the time that the judge became
19 separated from service, if the judge did not participate in
20 the senior judge program.

21 (b) Meeting the requirements for receiving an annuity
22 which equals or exceeds fifty percent of the basic annual
23 salary which the judge was receiving at the time that the
24 judge separated from service prior to serving as a senior
25 judge.

26 c. "State health or medical group insurance plan" means a
27 health or medical group insurance plan for employees of the
28 state.

29 2. Notwithstanding any provision of law to the contrary,
30 in the event of the death of an eligible retired state
31 employee, the surviving spouse of the eligible retired state
32 employee whose insurance would otherwise terminate because of
33 the death of the eligible retired state employee may elect to
34 continue to be a member of the state health or medical group
35 insurance plan by requesting continuation in writing to the

1 department of personnel within thirty-one days after the death
2 of the eligible retired state employee. The surviving spouse
3 shall pay the total premium for the state health or medical
4 group insurance plan and shall have the same rights to change
5 programs or coverage as state employees.

6 Sec. 69. Section 602.9104, subsection 4, Code 1993, is
7 amended by striking the subsection and inserting in lieu
8 thereof the following:

9 4. a. As used in this subsection, unless the context
10 otherwise requires:

11 (1) "Actuarial valuation" means an actuarial valuation of
12 the judicial retirement system or an annual actuarial update
13 of an actuarial valuation, as required pursuant to section
14 602.9116.

15 (2) "Fully funded status" means that the most recent
16 actuarial valuation reflects that, using the aggregate cost
17 method in accordance with generally recognized and accepted
18 actuarial principles and practices set forth by the American
19 academy of actuaries, the funded status of the system is at
20 least one hundred percent.

21 (3) "Required contribution rate" means that percentage of
22 the basic salary of all judges covered under this article
23 which, in addition to the judge's contribution established in
24 subsection 1, the actuary of the system determines is
25 necessary to maintain fully funded status.

26 b. Effective with the fiscal year commencing July 1, 1994,
27 and for each subsequent fiscal year until the system attains
28 fully funded status, the state shall contribute annually to
29 the judicial retirement fund an amount equal to at least
30 twenty-three and seven-tenths percent of the basic salary of
31 all judges covered under this article. Commencing with the
32 first fiscal year in which the system attains fully funded
33 status, and for each subsequent fiscal year, the state shall
34 contribute to the judicial retirement fund the required
35 contribution rate. The state's contribution shall be

1 appropriated directly to the judicial retirement fund.

2 Sec. 70. NEW SECTION. 602.9104A MONEYS DEPOSITED IN THE
3 JUDICIAL RETIREMENT FUND -- LIMITATIONS -- INTENT.

4 1. As used in this section, unless the context otherwise
5 requires, "court revenues" means any court costs, fees, fines,
6 penalties, surcharges, forfeited bail, or similar charges
7 collected by the court, or interest on such amounts.

8 2. Notwithstanding section 602.8105, 602.8106, or 631.6,
9 or any other provision of law to the contrary, court revenues
10 shall not be deposited in the judicial retirement fund
11 established in section 602.9104. If a provision of law
12 provides for the deposit of court revenues in the judicial
13 retirement fund, those court revenues shall be deposited in
14 the general fund.

15 3. The judicial retirement fund shall consist of the
16 contributions specified in section 602.9104, as well as the
17 corpus and income of the fund as provided in section 602.9104.

18 4. It is the intent of the general assembly that the
19 judicial retirement system be funded from contributions based
20 upon the basic salary of the judges covered by this article,
21 rather than from court revenues.

22 Sec. 71. NEW SECTION. 602.9105 ROLLOVERS OF JUDGES'
23 ACCOUNTS.

24 1. As used in this section, unless the context otherwise
25 requires:

26 a. "Direct rollover" means a payment by the system to the
27 eligible retirement plan specified by the judge covered under
28 this article or the judge's surviving spouse.

29 b. "Eligible retirement plan" means either of the
30 following that accepts an eligible rollover distribution from
31 a judge covered by this article or a judge's surviving spouse:

32 (1) An individual retirement account in accordance with
33 section 408(a) of the federal Internal Revenue Code.

34 (2) An individual retirement annuity in accordance with
35 section 408(b) of the federal Internal Revenue Code.

1 In addition, an "eligible retirement plan" includes an
2 annuity plan in accordance with section 403(a) of the federal
3 Internal Revenue Code, or a qualified trust in accordance with
4 section 401(a) of the federal Internal Revenue Code, that
5 accepts an eligible rollover distribution from a judge covered
6 by this article.

7 c. "Eligible rollover distribution" means all or any
8 portion of a judge's account, except that an eligible rollover
9 distribution does not include any of the following:

10 (1) A distribution that is one of a series of sub-
11 stantially equal periodic payments, which occur annually or
12 more frequently, made for the life or life expectancy of the
13 distributee or the joint lives or joint life expectancies of
14 the distributee and the distributee's designated beneficiary,
15 or made for a specified period of ten years or more.

16 (2) A distribution to the extent that the distribution is
17 required pursuant to section 401(a)(9) of the federal Internal
18 Revenue Code.

19 (3) The portion of any distribution that is not includible
20 in the gross income of the distributee, determined without
21 regard to the exclusion for net unrealized appreciation with
22 respect to employer securities.

23 (4) A distribution of less than two hundred dollars of
24 taxable income.

25 2. Effective January 1, 1993, a judge covered by this
26 article or a judge's surviving spouse may elect, at the time
27 and in the manner prescribed by the state court administrator,
28 to have the system pay all or a portion of an eligible
29 rollover distribution directly to an eligible retirement plan,
30 specified by the judge or the judge's surviving spouse, in a
31 direct rollover. If a judge or a judge's surviving spouse
32 elects a partial direct rollover, the amount of funds elected
33 for the partial direct rollover must equal or exceed five
34 hundred dollars.

35 Sec. 72. Section 602.9116, Code 1993, is amended to read

1 as follows:

2 602.9116 ACTUARIAL VALUATION.

3 1. The court administrator shall cause an actuarial
4 valuation to be made of the assets and liabilities of the
5 judicial retirement fund at least once every four years
6 commencing with the fiscal year beginning July 1, 1981. For
7 each fiscal year in which an actuarial valuation is not
8 conducted, the court administrator shall cause an annual
9 actuarial update to be prepared for the purpose of determining
10 the adequacy of the contribution rates specified in section
11 602.9104, subsection 4. The court administrator shall adopt
12 mortality tables and other necessary factors for use in the
13 actuarial calculations required for the valuation upon the
14 recommendation of the actuary. Following the actuarial
15 valuation or annual actuarial update, the court administrator
16 shall determine the condition of the system and shall report
17 its findings and recommendations to the general assembly.

18 2. The cost of the actuarial valuation or annual actuarial
19 update shall be paid from the judicial retirement fund.

20 Sec. 73. Section 602.9204, Code 1993, is amended to read
21 as follows:

22 602.9204 ANNUITY OF SENIOR JUDGE AND RETIRED SENIOR JUDGE.

23 1. A senior judge or a retired senior judge shall not be
24 paid a salary. A senior judge or retired senior judge shall
25 be paid an annuity under the judicial retirement system in the
26 manner provided in section 602.9109, but computed under this
27 section in lieu of section 602.9107, as follows: The annuity
28 paid to a senior judge or retired senior judge shall be an
29 amount equal to three percent of the current basic senior
30 judge salary, as-of-the-time-each-payment-is-made-up-to-and
31 including-the-twelve-month-period-during-which-the-senior
32 judge-or-retired-senior-judge-attains-seventy-eight-years-of
33 age,-of-the-office-in-which-the-senior-judge-last-served-as-a
34 judge-before-retirement-as-a-judge-or-senior-judge, multiplied
35 by the judge's years of service prior to retirement as a judge

1 of one or more of the courts included under this article, for
2 which contributions were made to the system, except the
3 annuity of the senior judge or retired senior judge shall not
4 exceed fifty percent of the current basic senior judge salary
5 used in calculating the annuity. However, following the
6 twelve-month period during which the senior judge or retired
7 senior judge attains seventy-eight years of age, the annuity
8 paid to the person shall be an amount equal to three percent
9 of the basic senior judge salary cap, multiplied by the
10 judge's years of service prior to retirement as a judge of one
11 or more of the courts included under this article, for which
12 contributions were made to the system, except that the annuity
13 shall not exceed fifty percent of the basic senior judge
14 salary cap. A senior judge or retired senior judge shall not
15 receive benefits calculated using a basic senior judge salary
16 established after the twelve-month period in which the senior
17 judge or retired senior judge attains seventy-eight years of
18 age. In addition, if a senior judge is under sixty-five years
19 of age at the time the judge becomes a senior judge, the state
20 shall pay the state's share of the senior judge's medical
21 insurance premium until the judge attains age sixty-five.

22 2. As used in this section, unless the context otherwise
23 requires:

24 a. "Basic senior judge salary" means the average annual
25 basic salary for the senior judge's or retired senior judge's
26 last three years as a judge of one or more of the courts
27 included in this article, as would be used in computing an
28 annuity pursuant to section 602.9107 without service as a
29 senior judge, plus seventy-five percent of the escalator.

30 b. "basic Basic senior judge salary cap" means the basic
31 senior judge salary, at the end of the twelve-month period
32 during which the senior judge or retired senior judge attained
33 seventy-eight years of age, of the office in which the person
34 last served as a judge before retirement as a judge or senior
35 judge.

1 c. "Escalator" means the difference between the current
2 basic salary, as of the time each payment is made up to and
3 including the twelve-month period during which the senior
4 judge or retired senior judge attains seventy-eight years of
5 age, of the office in which the senior judge last served as a
6 judge before retirement as a judge or senior judge, and the
7 average annual basic salary for the senior judge's or retired
8 senior judge's last three years as a judge of one or more of
9 the courts included in this article, as would be used in
10 computing an annuity pursuant to section 602.9107 without
11 service as a senior judge.

12 Sec. 74. Section 97B.54, Code 1993, is repealed.

13 Sec. 75. DEVELOPMENT OF PROPOSAL FOR COMBINING TYPES OF
14 SERVICES -- IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM --
15 REPORT.

16 1. The department of personnel, in consultation with the
17 public retirement systems committee established in section
18 97D.4, shall develop a proposal concerning the possible estab-
19 lishment of a new benefit formula under the Iowa public
20 employee's retirement system created in chapter 97B. The
21 proposed benefit formula shall provide a method by which a
22 member may combine the value of the following different types
23 of membership service:

24 a. Membership service as a sheriff or deputy sheriff in
25 accordance with section 97B.49, subsection 16, paragraph "b".

26 b. Membership service in a protection occupation, as pro-
27 vided in section 97B.49, subsection 16, paragraphs "a" and
28 "d".

29 c. Any other membership service, as defined in section
30 97B.41.

31 2. The proposed benefit formula shall not provide credit
32 for years of membership service in excess of thirty years, and
33 shall not allow the use of a percentage multiplier in excess
34 of sixty percent of the member's three-year average covered
35 wage, as defined in section 97B.41.

1 3. The department of personnel may develop alternate
2 proposed benefit formulas which meet the requirements of this
3 section. On or before September 1, 1995, the department of
4 personnel shall file a report with the legislative service
5 bureau, for distribution to the public retirement systems
6 committee, which contains a proposed benefit formula, and may
7 include alternate proposed benefit formulas, as provided in
8 this section. The report shall also contain actuarial
9 information concerning the costs of the proposal or proposals.

10 Sec. 76. SENIOR JUDGES -- IMPLEMENTATION. Notwithstanding
11 the amendments to section 602.9204 contained in this Act, all
12 judges whose names are entered on the roster of senior judges
13 pursuant to section 602.9203, subsection 3, as of June 30,
14 1994, and all persons who are retired senior judges as of June
15 30, 1994, shall continue to receive an annuity calculated
16 pursuant to section 602.9204, 1993 Code of Iowa, subject to
17 the applicability provisions of 1992 Iowa Acts, chapter 1201,
18 section 76, as amended by 1992 Iowa Acts, Second Extraordinary
19 Session, chapter 1001, section 116, and shall not be subject
20 to the amendments to section 602.9204 contained in this Act.
21 This Act shall not be construed in a manner which reduces
22 benefits to persons who participated as senior judges prior to
23 July 1, 1994.

24 Sec. 77. SENIOR JUDGE COMPENSATION TASK FORCE.

25 1. The legislative council is requested to establish a
26 senior judge compensation task force to review the services
27 provided and compensation paid to senior judges pursuant to
28 chapter 602, article 9. In addition to legislative members,
29 the legislative council is requested to appoint members who
30 are active members of the judicial retirement system and who
31 are not serving as senior judges, attorneys licensed to
32 practice law in Iowa, and public members who are knowledgeable
33 concerning employee compensation, benefits, and pension plans.

34 The members of the committee are entitled to reimbursement
35 for travel and other necessary expenses incurred in the

1 performance of official duties. Each member may also be
2 eligible to receive compensation as provided in section 7E.6.
3 The expenses for members who are not judicial officers shall
4 be paid from funds appropriated pursuant to section 2.12.

5 2. The task force shall review the services provided and
6 compensation paid to senior judges, including the current
7 funding mechanism through the judicial retirement fund, as
8 well as alternative funding mechanisms. The task force shall
9 submit a report to the general assembly, the governor, and the
10 supreme court on or before February 1, 1995, containing its
11 findings and recommendations.

12 Sec. 78. IMPLEMENTATION OF TRANSFER OF CERTAIN ARSON
13 INVESTIGATORS TO CHAPTER 97A.

14 1. In order to implement the provisions of this Act which
15 amend section 97A.1, subsection 13; section 97B.49, subsection
16 16, paragraph "d", subparagraph (6), by striking the
17 subparagraph; and section 97B.49, subsection 16, paragraph
18 "j", the department of personnel and the department of public
19 safety shall cooperate with each other to effectuate the
20 provisions of those sections and this section of this Act.

21 2. Effective July 1, 1994, employees who were members of
22 the protection occupation classification of the Iowa public
23 employees' retirement system pursuant to section 97B.49,
24 subsection 16, paragraph "d", subparagraph (6), Code
25 Supplement 1993, shall be transferred to membership in the
26 Iowa department of public safety peace officer's retirement,
27 accident, and disability system established pursuant to
28 chapter 97A. The department of personnel shall transfer the
29 accumulated contributions of the arson investigators to the
30 treasurer of state for deposit in the pension accumulation
31 fund established in section 97A.8. However, employer
32 contributions which were made with respect to the arson
33 investigators while the arson investigators were included as
34 members of the protection occupation classification pursuant
35 to section 97B.49, subsection 16, paragraph "d", subparagraph

1 (6), Code Supplement 1993, shall remain in the Iowa public
2 employees' retirement fund established in section 97B.7, and
3 any costs pertaining to the payment of employer contributions
4 to the system established in chapter 97A with respect to the
5 period of time during which the arson investigators were
6 members of the protection occupation classification pursuant
7 to section 97B.49, subsection 16, paragraph "d", subparagraph
8 (6), Code Supplement 1993, or any other costs related to the
9 transfer of the arson investigators provided for in this Act,
10 shall be borne by the system established in chapter 97A,
11 notwithstanding any other provision of law to the contrary.

12 3. Notwithstanding any other provision of law to the
13 contrary, the arson investigators transferred from the
14 protection occupation classification to the system established
15 in chapter 97A shall receive credit for years of service under
16 chapter 97A for those years of service during which the
17 members were members of the protection occupation
18 classification pursuant to section 97B.49, subsection 16,
19 paragraph "d", subparagraph (6), Code Supplement 1993. In
20 addition, notwithstanding the limitation on covered wages in
21 section 97B.41, subsection 20, if applicable, compensation
22 which was paid to an arson investigator while the arson
23 investigator was included in the protection occupation
24 classification pursuant to section 97B.49, subsection 16,
25 paragraph "d", subparagraph (6), 1993 Code Supplement, shall
26 be included in determining the average final compensation of
27 the arson investigators. The arson investigators transferred
28 from the protection occupation classification to the system
29 established in chapter 97A, and the employer of those arson
30 investigators, the department of public safety, shall not be
31 required to pay the difference in the employee and employer
32 contributions in effect for the period of time in which the
33 arson investigators were included in the protection occupation
34 classification pursuant to section 97B.49, subsection 16,
35 paragraph "d", subparagraph (6), Code Supplement 1993, as

1 compared to the employee and employer contributions then in
2 effect for members of the system established in chapter 97A.
3 4. It is the intent of the general assembly that in
4 administering the implementation provisions of this section,
5 the board of trustees of the system established in chapter 97A
6 and the department of personnel shall interpret this Act in a
7 manner which provides that the arson investigators shall not
8 lose benefits which would have otherwise accrued had the arson
9 investigators been members of the system established in
10 chapter 97A during the period of time in which they were
11 actually members of the protection occupation classification
12 pursuant to section 97B.49, subsection 16, paragraph "d",
13 subparagraph (6), Code Supplement 1993.

14 Sec. 79. REPORT CONCERNING POSSIBLE PORTABILITY BETWEEN
15 SYSTEMS ESTABLISHED IN CHAPTERS 97A AND 411. The board of
16 trustees of the Iowa department of public safety peace
17 officers' retirement, accident, and disability system created
18 in section 97A.5, and the board of trustees for the statewide
19 fire and police retirement system created in section 411.36,
20 shall each file a report with the legislative service bureau
21 on or before September 1, 1995, for distribution to the
22 members of the public retirement systems committee established
23 in section 97D.4, pertaining to possible portability between
24 the two systems established in chapters 97A and 411. The
25 reports shall identify issues pertaining to allowing members
26 to transfer between the two systems, including but not limited
27 to, issues pertaining to both employee and employer
28 contributions, determinations concerning years of service and
29 average final compensation, costs associated with portability,
30 any concerns pertaining to the requirements of the federal
31 Internal Revenue Code, as defined in section 422.3, any
32 recommendation by the boards pertaining to portability issues,
33 and other related matters.

34 Sec. 80. STUDY BY DEPARTMENT OF CORRECTIONS CONCERNING
35 OCCUPATIONAL INJURIES AND DEATHS.

1 The department of corrections shall conduct a study and
2 compile information concerning the number of occupational
3 injuries and deaths to persons employed by the department
4 within the correctional institutions specified in section
5 904.102 who are not members of the protection occupation
6 classification of the Iowa public employees' retirement
7 system, as well as to persons employed by the judicial
8 district departments of correctional services within
9 community-based correctional facilities and persons employed
10 as probation officers I, II, and III, and parole officers I,
11 II, and III. The study shall specify the information
12 according to job classification, and shall include information
13 concerning the numbers of persons employed within those job
14 classifications during the relevant time period. The study
15 shall cover a period of at least ten years. The department of
16 corrections shall submit a report to the legislative service
17 bureau, for distribution to the public retirement systems
18 committee established in section 97D.4, on or before September
19 1, 1995, concerning the findings from the study.

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20 Sec. 81. CERTAIN CHANGES PERTAINING TO CHAPTERS 97A AND
21 411 -- EFFECTIVE AND RETROACTIVE APPLICABILITY DATES -- IM-
22 PLEMENTATION.

23 1. The sections of this Act that amend section 97A.6,
24 subsection 2, paragraph "d", subparagraph (2); section 97A.6,
25 subsection 2, paragraph "d", by enacting a new subparagraph
26 (3); section 97A.8, subsection 1, paragraph "h"; section
27 411.6, subsection 2, paragraph "d", subparagraph (2); section
28 411.6, subsection 2, paragraph "d", by enacting a new
29 subparagraph (3); and section 411.8, subsection 1, paragraph
30 "h", being deemed of immediate importance, take effect upon
31 enactment and apply retroactively to October 16, 1992.

32 2. In order to implement the sections of this Act
33 referenced in subsection 1 and to apply those sections
34 retroactively to October 16, 1992, the board of trustees of
35 the Iowa department of public safety peace officers'

1 retirement, accident, and disability system created in section
2 97A.5, and the board of trustees for the statewide fire and
3 police retirement system created in section 411.36, shall
4 develop and implement plans to reimburse members for
5 contributions paid to the systems which are contrary to the
6 provisions of this Act, and shall develop and implement plans
7 to adjust both past and future benefits paid to members which
8 are inconsistent with this Act.

9 3. The provisions of this Act that amend section 97A.3, by
10 enacting a new subsection 3, renumbering section 97A.3,
11 subsection 3, Code 1993, as subsection 4, and adding a
12 reference to the new subsection 3 of section 97A.3 in the
13 first sentence of subsection 1 of that section; and amend
14 section 97A.6, subsection 1, by enacting a new paragraph "c";
15 section 411.3; and section 411.6, subsection 1, by enacting a
16 new paragraph "c", being deemed of immediate importance, take
17 effect upon enactment, and apply retroactively to July 1,
18 1993.

19 4. In order to implement the provisions of this Act
20 referenced in subsection 3 and to apply those provisions
21 retroactively to July 1, 1993, the board of trustees of the
22 Iowa department of public safety peace officers' retirement,
23 accident, and disability system created in section 97A.5, and
24 the board of trustees for the statewide fire and police
25 retirement system created in section 411.36, shall examine the
26 records of the respective systems to determine if persons are
27 being included in active membership of the systems contrary to
28 the provisions of this Act. If the boards determine that
29 persons have been included in active membership in the systems
30 in a manner inconsistent with the provisions referenced in
31 subsection 3 of this section, the respective boards shall
32 provide for the refund of the employer contributions to the
33 respective employers and employee contributions to the
34 respective employees and the retroactive payment of service
35 retirement allowances in order to fully effectuate the

1 purposes of this Act retroactive to July 1, 1993.

2 5. The sections of this Act which enact new sections
3 97A.6B and 411.6B, being deemed of immediate importance, take
4 effect upon enactment and apply retroactively to January 1,
5 1993.

6 Sec. 82. OTHER EFFECTIVE AND RETROACTIVE APPLICABILITY
7 DATES.

8 1. The sections of this Act which amend section 97B.41,
9 subsection 12; section 97B.53, subsections 3 and 7, and
10 subsection 6, unnumbered paragraph 1; section 97B.66,
11 unnumbered paragraphs 1 and 2; section 97B.70, by enacting a
12 new subsection 4; section 97B.72, unnumbered paragraphs 1 and
13 2; section 97B.72A, subsection 1, unnumbered paragraph 1;
14 section 97B.73A, unnumbered paragraph 1; and section 97B.74,
15 unnumbered paragraphs 1 and 2, take effect July 1, 1995.

16 2. The section of this Act which amends section 97B.41,
17 subsection 18, takes effect January 1, 1995.

18 3. The sections of this Act which enact new sections
19 97B.53B and 602.9105, being deemed of immediate importance,
20 take effect upon enactment and apply retroactively to January
21 1, 1993.

22 4. The section of this Act which amends section 422.7 by
23 enacting a new subsection 29 takes effect January 1, 1995, and
24 applies to tax years beginning on or after January 1, 1995.

25 5. The section of this Act which amends section 422.7 by
26 enacting a new subsection 30 takes effect January 1, 1995, and
27 applies to tax years beginning on or after January 1, 1995.

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HOUSE FILE 2418

S-5513

1 Amend House File 2418, as amended, passed, and
2 reprinted by the House as follows:

3 1. Page 21, by inserting after line 31 the
4 following:

5 "Sec. ____ . Section 97B.49, subsection 16,
6 paragraph a, subparagraph (4), Code Supplement 1993,
7 is amended to read as follows:

8 (4) The years of membership service required under
9 this paragraph include membership service as a sheriff
10 or deputy sheriff and membership service as an
11 employee in a protection occupation under paragraph
12 "d", subparagraph (2). The years of membership
13 service required under this paragraph also includes
14 membership service as an airport fire fighter employed
15 by the military division of the department of public
16 defense.

17 Sec. ____ . Section 97B.49, subsection 16, paragraph
18 b, Code Supplement 1993, is amended to read as
19 follows:

20 b. (1) Notwithstanding other provisions of this
21 chapter:

22 (1) (a) A member who retires from employment as a
23 county sheriff or deputy sheriff who retires on or
24 after July 1, 1988, and before July 1, 1990, and at
25 the time of retirement is at least fifty-five years of
26 age and has completed at least twenty-two years of
27 membership service, may elect to receive in lieu of
28 the receipt of any benefits under subsection 5 or 15,
29 a monthly retirement allowance equal to one-twelfth of
30 fifty percent of the member's three-year average
31 covered wage as a member, with benefits payable during
32 the member's lifetime.

33 (2) (b) A member who retires from employment as a
34 county sheriff or deputy sheriff who retires on or
35 after July 1, 1990, or a member who is or has been
36 employed as a county sheriff or deputy sheriff who
37 retires on or after July 1, 1994, and at the time of
38 retirement is at least fifty-five years of age and has
39 completed at least twenty-two years of membership
40 service, may elect to receive in lieu of the receipt
41 of any benefits under subsection 5 or 15, a monthly
42 retirement allowance equal to one-twelfth of the same
43 percentage of the member's three-year average covered
44 wage as is provided in paragraph "a", with benefits
45 payable during the member's lifetime.

46 (3) (c) The years of membership service required
47 under this paragraph subparagraph shall include
48 membership service as a sheriff or deputy sheriff and
49 membership service under employment in a protection
50 occupation included in paragraph "d", subparagraph

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1 (2).

2 (4) (d) For the purposes of this subsection,
3 ~~sheriff~~ "sheriff" means a county sheriff as defined in
4 section 39.17 and ~~deputy-sheriff~~ "deputy sheriff"
5 means a deputy sheriff appointed pursuant to section
6 341.1 prior to July 1, 1981, or section 331.903 on or
7 after July 1, 1981.

8 (2) Notwithstanding other provisions of this
9 chapter:

10 (a) A member who is an airport fire fighter
11 employed by the military division of the department of
12 public defense or has been employed as an airport fire
13 fighter by the military division of the department of
14 public defense who retires on or after July 1, 1994,
15 and at the time of retirement is at least fifty-five
16 years of age and has completed at least twenty-two
17 years of membership service, may elect to receive in
18 lieu of the receipt of any benefits under subsection 5
19 or 15, a monthly retirement allowance equal to one-
20 twelfth of the same percentage of the member's three-
21 year average covered wage as is provided in paragraph
22 "a", with benefits payable during the member's
23 lifetime.

24 (b) The years of membership service required under
25 this subparagraph shall include membership service as
26 an airport fire fighter, regardless of whether the
27 service occurred prior to the inclusion of airport
28 fire fighters under this paragraph, and the inclusion
29 of that service shall not affect the contribution
30 rates paid by the member or the employer under this
31 subsection.

32 (c) For the purposes of this subsection, "airport
33 fire fighter" means an airport fire fighter employed
34 by the military division of the department of public
35 defense.

36 Sec. ____ . Section 97B.49, subsection 16, paragraph
37 c, unnumbered paragraph 3, Code Supplement 1993, is
38 amended to read as follows:

39 For the purpose of this subsection, "fraction of
40 years of service" means a number, not to exceed one,
41 equal to the sum of the years of membership service
42 for a member retiring in a protection occupation,
43 divided by twenty-five years, or the sum of the years
44 of membership service for a member retiring as a
45 sheriff or deputy sheriff or airport fire fighter
46 divided by twenty-two years."

47 2. Page 21, by inserting after line 31 the
48 following:

49 "Sec. ____ . Section 97B.49, subsection 16,
50 paragraph d, subparagraph (2), Code Supplement 1993,

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1 is amended to read as follows:

2 (2) A marshal or ~~police-officer~~ in a city not
3 covered under chapter 400 or a fire fighter or police
4 officer of a city not participating in the retirement
5 system established in chapter 411."

6 3. Page 21, by inserting after line 31 the
7 following:

8 "Sec. ____ . Section 97B.49, subsection 16,
9 paragraph d, subparagraph (4), Code Supplement 1993,
10 is amended by striking the subparagraph."

11 4. Page 22, by inserting after line 7 the
12 following:

13 "Sec. ____ . Section 97B.49, subsection 16,
14 paragraph d, Code Supplement 1993, is amended by
15 adding the following new subparagraph:

16 NEW SUBPARAGRAPH. (9) An employee of a judicial
17 district department of correctional services who is
18 employed as a probation officer I, II, or III, or
19 parole officer I, II, or III."

20 5. Page 22, by striking lines 8 through 16 and
21 inserting the following:

22 "Sec. ____ . Section 97B.49, subsection 16,
23 paragraph j, Code Supplement 1993, is amended by
24 striking the paragraph."

25 6. Page 22, by inserting before line 17 the
26 following:

27 "Sec. ____ . Section 97B.49, subsection 16, Code
28 Supplement 1993, is amended by adding the following
29 new paragraph:

30 NEW PARAGRAPH. 1. For the fiscal year commencing
31 July 1, 1994, and each succeeding fiscal year, each
32 judicial district department of correctional services
33 shall pay to the department of personnel from funds
34 appropriated to that judicial district department of
35 correctional services, the amount necessary to pay the
36 employer share of the cost of the additional benefits
37 provided to employees covered under paragraph "d",
38 subparagraph (9)."

39 7. Page 22, by inserting before line 17 the
40 following:

41 "Sec. ____ . Section 97B.49, subsection 16, Code
42 Supplement 1993, is amended by adding the following
43 new paragraph:

44 NEW PARAGRAPH. m. For the fiscal year commencing
45 July 1, 1994, and each succeeding fiscal year, there
46 is appropriated from the general fund of the state to
47 the department of personnel, from funds not otherwise
48 appropriated, an amount necessary to pay the employer
49 share of the cost of the additional benefits provided
50 to airport fire fighters pursuant to paragraph "b",

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1 subparagraph (2)."

2 8. Page 55, by inserting after line 11 the
3 following:

4 "Sec. _____. Section 724.6, subsection 2, Code
5 Supplement 1993, is amended to read as follows:
6 2. Notwithstanding subsection 1, fire fighters, as
7 defined in section 411.1, subsection 9, airport fire
8 fighters included under section 97B.49, subsection 16,
9 paragraph "d" "b", subparagraph (4) (2), emergency
10 medical technicians-ambulance and emergency rescue
11 technicians, as defined in section 147.1, and advanced
12 emergency medical care providers, as defined in
13 section 147A.1, shall not, as a condition of
14 employment, be required to obtain a permit under this
15 section. However, the provisions of this subsection
16 shall not apply to a person designated as an arson
17 investigator by the chief fire officer of a political
18 subdivision."

19 9. Page 59, by inserting after line 33 the
20 following:

21 "Sec. _____. STUDY CONCERNING SURVIVING SPOUSE
22 BENEFITS UNDER CHAPTERS 97A AND 411 -- REPORT. The
23 public retirement systems committee established in
24 section 97D.4 shall study the feasibility of
25 increasing the benefits paid to surviving spouses
26 under the Iowa department of public safety peace
27 officers' retirement, accident, and disability system
28 established in chapter 97A and the statewide fire and
29 police retirement system established in chapter 411.
30 The public retirement systems committee shall submit a
31 report to the general assembly on or before January
32 31, 1996, containing its findings and
33 recommendations."

34 10. Page 60, by striking lines 9 through 11 and
35 inserting the following: "community-based
36 correctional facilities. The study shall specify the
37 information".

38 11. Title page, line 3, by inserting after the
39 word "purposes," the following: "making
40 appropriations,".

41 12. By renumbering, relettering, redesignating,
42 and correcting internal references as necessary.

By JOHN P. KIBBIE

MICHAEL E. GRONSTAL

SHELDON RITTNER

WILLIAM W. DIELEMAN

RICHARD F. DRAKE

S-5513 FILED APRIL 7, 1994

ADOPTED

HOUSE FILE 2418

S-5514

1 Amend House File 2418, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 9, line 12, by inserting after the word
4 "federal" the following: "and state".

5 2. Page 9, by striking lines 26 and 27 and
6 inserting the following: "for federal and state
7 income tax purposes only and for all other purposes of
8 this chapter shall be".

9 3. Page 10, by inserting after line 14 the
10 following:

11 "Sec. 100. Section 97B.11A, as enacted in this
12 Act, is amended to read as follows:

13 97B.11A PICKUP OF EMPLOYEE CONTRIBUTIONS.

14 1. Notwithstanding section 97B.11 or other
15 provisions of this chapter, beginning January 1, 1995
16 1996, member contributions required under section
17 97B.11 which are picked up by the employer shall be
18 considered employer contributions for federal and
19 state income tax purposes, and each employer shall
20 pick up the member contributions to be made under
21 section 97B.11 by its employees. Each employer shall
22 pick up these contributions by reducing the salary of
23 each of its employees covered by this chapter by the
24 amount which each employee is required to contribute
25 under section 97B.11 and shall pay the amount picked
26 up in lieu of the member contributions as provided in
27 section 97B.14.

28 2. Member contributions picked up by each employer
29 under subsection 1 shall be treated as employer
30 contributions for federal and state income tax
31 purposes only and for all other purposes of this
32 chapter and the laws of this state shall be treated as
33 employee contributions and deemed part of the
34 employee's wages or salary."

35 4. Page 47, line 11, by inserting after the word
36 "federal" the following: "and state".

37 5. Page 47, by striking lines 22 and 23 and
38 inserting the following: "for federal and state
39 income tax purposes only and for all other purposes of
40 this chapter shall be".

41 6. Page 47, by striking lines 26 through 34.

42 7. Page 48, line 4, by inserting after the figure
43 "97B" the following: "for the tax year beginning on
44 January 1, 1995".

45 8. Page 48, by inserting after line 8 the
46 following:

47 "Sec. 200. Section 422.7, subsection 30, as
48 enacted in this Act, is amended by striking the
49 subsection."

50 9. Page 62, by inserting after line 5 the

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1 following:

2 "_____. The sections of this Act which amend section
3 97A.8, subsection 1, by enacting a new paragraph "i"
4 and amend section 411.8, subsection 1, by enacting a
5 new paragraph "i", take effect January 1, 1995, and
6 apply to tax years beginning on or after January 1,
7 1995."

8 10. Page 62, by striking lines 22 through 24.

9 11. Page 62, line 27, by striking the words "tax
10 years beginning on or after" and inserting the
11 following: "the tax year beginning on".

12 12. Page 62, by inserting after line 27 the
13 following:

14 "_____. Section 100 of this Act, which amends
15 section 97B.11A, as enacted in this Act, takes effect
16 January 1, 1996, and applies to tax years beginning on
17 or after January 1, 1996."

18 13. Page 62, by inserting after line 27 the
19 following:

20 "_____. Section 200 of this Act, which amends
21 section 422.7, subsection 30, as enacted in this Act,
22 by striking the subsection, takes effect January 1,
23 1996."

24 14. By renumbering, redesignating, and correcting
25 internal references as necessary.

By JOHN P. KIBBIE
MICHAEL E. GRONSTAL
SHELDON RITTMER

RICHARD F. DRAKE
WILLIAM W. DIELEMAN

S-5514 FILED APRIL 7, 1994
ADOPTED

HOUSE FILE 2418

S-5522

1 Amend House File 2418, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 1, by inserting before line 1 the
4 following:

5 "Section 1. Section 19A.30, unnumbered paragraph
6 1, Code 1993, is amended to read as follows:

7 At the request of an employee of a state agency
8 through contractual agreement, the director may
9 arrange for the purchase of group or individual
10 annuity contracts for any of the employees of that
11 agency, which annuity contracts are issued by a
12 nonprofit corporation issuing retirement annuities
13 exclusively for educational institutions and their
14 employees or are purchased from any company the
15 employee chooses that is authorized to do business in
16 this state and or through an Iowa-licensed insurance
17 agent salesperson that the employee selects, for
18 retirement or other purposes, and may make payroll
19 deductions in accordance with the arrangements for the
20 purpose of paying the entire premium due and to become
21 due under the contract. The deductions shall be made
22 in the manner which will qualify the annuity premiums
23 for the benefits afforded under section 403(b) of
24 the Internal Revenue Code, as defined in section
25 422.3. The employee's rights under the annuity
26 contract are nonforfeitable except for the failure to
27 pay premiums. As used in this section, unless the
28 context otherwise requires, "annuity contract"
29 includes any custodial account which meets the
30 requirements of section 403(b)(7) of the Internal
31 Revenue Code, as defined in section 422.3."

32 2. By striking page 36, line 13 through page 37,
33 line 4 and inserting the following:

34 "9. At the request of an employee through
35 contractual agreement the board may arrange for the
36 purchase of group or individual annuity contracts for
37 any of its employees, which annuity contracts are
38 issued by a nonprofit corporation issuing retirement
39 annuities exclusively for educational institutions and
40 their employees or are purchased from any company the
41 employee chooses that is authorized to do business in
42 this state and or through an Iowa-licensed insurance
43 agent salesperson that the employee selects, for
44 retirement or other purposes, and may make payroll
45 deductions in accordance with the arrangements for the
46 purpose of paying the entire premium due and to become
47 due under the contract. The deductions shall be made
48 in the manner which will qualify the annuity premiums
49 for the benefits under section 403(b) of the Internal
50 Revenue Code, as defined in section 422.3. The

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1 employee's rights under the annuity contract are
2 nonforfeitable except for the failure to pay premiums.
3 If an existing tax-sheltered annuity contract is to be
4 replaced by a new contract, the agent or
5 representative of the company shall submit a letter of
6 intent by registered mail to the company being
7 replaced, to the insurance commissioner of the state
8 of Iowa, and to the agent's or representative's own
9 company at least thirty days prior to any action.
10 This letter of intent shall contain the policy number
11 and description of the contract being replaced and a
12 description of the replacement contract. As used in
13 this section, unless the context otherwise requires,
14 "annuity contract" includes any custodial account
15 which meets the requirements of section 403(b)(7) of
16 the Internal Revenue Code, as defined in section
17 422.3."

18 3. Page 37, by inserting before line 28 the
19 following:

20 "Sec. ____ . Section 262.21, unnumbered paragraph 1,
21 Code 1993, is amended to read as follows:

22 At the request of an employee through contractual
23 agreement the board may arrange for the purchase of
24 group or individual annuity contracts for any of its
25 employees, which annuity contracts are issued by a
26 nonprofit corporation issuing retirement annuities
27 exclusively for educational institutions and their
28 employees or are purchased from any company the
29 employee chooses that is authorized to do business in
30 this state, or the board may arrange for the purchase
31 of an individual mutual fund contract from any company
32 the employee chooses from a broker-dealer,
33 salesperson, or mutual fund registered in this state,
34 or through an Iowa-licensed salesperson that the
35 employee selects, for retirement or other purposes,
36 and may make payroll deductions in accordance with the
37 arrangements for the purpose of paying the entire
38 premium due and to become due under the contract. The
39 deductions shall be made in the manner which will
40 qualify the annuity premiums for the benefits under
41 section ~~403b~~ 403(b) of the Internal Revenue Code, as
42 defined in section 422.3. The employee's rights under
43 the annuity contract are nonforfeitable except for the
44 failure to pay premiums. As used in this section,
45 unless the context otherwise requires, "annuity
46 contract" includes any custodial account which meets
47 the requirements of section 403(b)(7) of the Internal
48 Revenue Code, as defined in section 422.3.

49 Sec. ____ . Section 273.3, subsection 14, Code 1993,
50 is amended to read as follows:

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1 14. At the request of an employee through
2 contractual agreement the board may purchase group or
3 individual annuity contracts for employees, which
4 annuity contracts are issued by a nonprofit
5 corporation issuing retirement annuities exclusively
6 for educational institutions and their employees or
7 are purchased from an-insurance-organization-or-mutual
8 fund any company the employee chooses for-retirement
9 or-other-purposes that is authorized to do business in
10 this state,-and or through an Iowa-licensed insurance
11 agent,-securities-dealer,-or salesperson that the
12 employee selects, for retirement or other purposes.
13 The board may make payroll deductions for the purpose
14 of paying the entire premium due, and to become due,
15 in accordance with the terms of the contract. The
16 deductions shall be made in the manner which will
17 qualify the annuity premiums for the benefits under
18 section ~~403b~~ 403(b) of the Internal Revenue Code, as
19 defined in section 422.3. The employee's rights under
20 the annuity contract are nonforfeitable except for the
21 failure to pay premiums. As used in this section,
22 unless the context otherwise requires, "annuity
23 contract" includes any custodial account which meets
24 the requirements of section 403(b)(7) of the Internal
25 Revenue Code, as defined in section 422.3."

26 4. Page 38, by inserting after line 19 the
27 following:

28 "Sec. ____ . Section 294.16, Code 1993, is amended
29 to read as follows:

30 294.16 ANNUITY CONTRACTS.

31 At the request of an employee through contractual
32 agreement a school district may purchase group or
33 individual annuity contracts for employees, which
34 annuity contracts are issued by a nonprofit
35 corporation issuing retirement annuities exclusively
36 for educational institutions and their employees or
37 are purchased from an-insurance-organization-or-mutual
38 fund any company the employee chooses that is
39 authorized to do business in this state and or through
40 an Iowa-licensed insurance-agent-or-from-a-securities
41 dealer, salesperson,-or-mutual-fund-registered-in-this
42 state that the employee selects, for retirement or
43 other purposes, and may make payroll deductions in
44 accordance with the arrangements for the purpose of
45 paying the entire premium due and to become due under
46 the contract. The deductions shall be made in the
47 manner which will qualify the annuity premiums for the
48 benefits under section 403(b) of the Internal Revenue
49 Code, as defined in section 422.3. The employee's
50 rights under the annuity contract are nonforfeitable

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1 except for the failure to pay premiums. As used in
2 this section, unless the context otherwise requires,
3 "annuity contract" includes any custodial account
4 which meets the requirements of section 403(b)(7) of
5 the Internal Revenue Code, as defined in section
6 422.3."

7 5. Page 48, by inserting before line 18 the
8 following:

9 "Sec. ____ . Section 509A.12, unnumbered paragraph
10 1, Code 1993, is amended to read as follows:

11 At the request of an employee the governing body or
12 the county board of supervisors shall by contractual
13 agreement acquire an individual or group life
14 insurance contract, annuity contract, interest in a
15 mutual fund, security or any other deferred payment
16 contract for the purpose of funding a deferred
17 compensation program for an employee, from any company
18 the employee may choose that is authorized to do
19 business in this state ~~and from any life underwriter~~
20 ~~duly licensed by this state or from any securities~~
21 ~~dealer or through an Iowa-licensed salesperson~~
22 ~~registered in this state to contract business in this~~
23 ~~state that the employee selects.~~ The deferred
24 compensation program shall be administered so that the
25 director of revenue and finance or the director's
26 designees remit one sum for the entire program
27 according to a single billing."

28 6. Title page, line 1, by inserting after the
29 word "to" the following: "public employee benefits
30 and".

31 7. By renumbering as necessary.

By JIM KERSTEN

S-5522 FILED APRIL 7, 1994
RULED OUT OF ORDER

HOUSE FILE 2418

S-5527

1 Amend House File 2418, as amended, passed, and
2 reprinted by the House as follows:

3 1. Page 16, line 10, by striking the words "one
4 year" and inserting the following: "three years".

By LEONARD L. BOSWELL

S-5527 FILED APRIL 7, 1994
ADOPTED, MOTION TO RECONSIDER LOST

HOUSE FILE 2418

S-5535

1 Amend House File 2418, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 18, line 19, by inserting after the word
4 "employees" the following: ", as well as all employer
5 contributions on behalf of the employees and
6 accumulated interest on those contributions,".

7 2. Page 18, by striking lines 20 through 25 and
8 inserting the following: "accumulation fund
9 established in section 97A.8. Any additional costs
10 pertaining to the payment of contributions to the
11 system established in".

12 3. Page 57, line 29, by inserting after the word
13 "investigators" the following: ", as well as all
14 employer contributions on behalf of the employees and
15 accumulated interest on those contributions,".

16 4. By striking page 57, line 31 through page 58,
17 line 3, and inserting the following: "fund
18 established in section 97A.8. Any additional costs
19 pertaining to the payment of contributions".

By JOE WELSH

S-5535 FILED APRIL 7, 1994
WITHDRAWN

HOUSE FILE 2418

S-5536

1 Amend House File 2418, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 1, by inserting before line 1 the
4 following:

5 "Section 1. Section 19A.30, unnumbered paragraph
6 1, Code 1993, is amended to read as follows:

7 At the request of an employee of a state agency
8 through contractual agreement, the director may
9 arrange for the purchase of group or individual
10 annuity contracts for any of the employees of that
11 agency, which annuity contracts are issued by a
12 nonprofit corporation issuing retirement annuities
13 exclusively for educational institutions and their
14 employees or are purchased from any company the
15 employee chooses that is authorized to do business in
16 this state and or through an Iowa-licensed insurance
17 agent salesperson that the employee selects, on a
18 group or individual basis, for retirement or other
19 purposes, and may make payroll deductions in
20 accordance with the arrangements for the purpose of
21 paying the entire premium due and to become due under
22 the contract. The deductions shall be made in the
23 manner which will qualify the annuity premiums for the
24 benefits afforded under section ~~403b~~ 403(b) of the
25 Internal Revenue Code, as defined in section 422.3.
26 The employee's rights under the annuity contract are
27 nonforfeitable except for the failure to pay premiums.
28 As used in this section, unless the context otherwise
29 requires, "annuity contract" includes any custodial
30 account which meets the requirements of section
31 403(b)(7) of the Internal Revenue Code, as defined in
32 section 422.3."

33 2. By striking page 36, line 13 through page 37,
34 line 4 and inserting the following:

35 "9. At the request of an employee through
36 contractual agreement the board may arrange for the
37 purchase of group or individual annuity contracts for
38 any of its employees, which annuity contracts are
39 issued by a nonprofit corporation issuing retirement
40 annuities exclusively for educational institutions and
41 their employees or are purchased from any company the
42 employee chooses that is authorized to do business in
43 this state and or through an Iowa-licensed insurance
44 agent salesperson that the employee selects, on a
45 group or individual basis, for retirement or other
46 purposes, and may make payroll deductions in
47 accordance with the arrangements for the purpose of
48 paying the entire premium due and to become due under
49 the contract. The deductions shall be made in the
50 manner which will qualify the annuity premiums for the

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1 benefits under section 403(b) of the Internal Revenue
2 Code, as defined in section 422.3. The employee's
3 rights under the annuity contract are nonforfeitable
4 except for the failure to pay premiums. If an
5 existing tax-sheltered annuity contract is to be
6 replaced by a new contract, the agent or
7 representative of the company shall submit a letter of
8 intent by registered mail to the company being
9 replaced, to the insurance commissioner of the state
10 of Iowa, and to the agent's or representative's own
11 company at least thirty days prior to any action.
12 This letter of intent shall contain the policy number
13 and description of the contract being replaced and a
14 description of the replacement contract. As used in
15 this section, unless the context otherwise requires,
16 "annuity contract" includes any custodial account
17 which meets the requirements of section 403(b)(7) of
18 the Internal Revenue Code, as defined in section
19 422.3."

20 3. Page 37, by inserting before line 28 the
21 following:

22 "Sec. ____ . Section 262.21, unnumbered paragraph 1,
23 Code 1993, is amended to read as follows:

24 At the request of an employee through contractual
25 agreement the board may arrange for the purchase of
26 group or individual annuity contracts for any of its
27 employees, which annuity contracts are issued by a
28 nonprofit corporation issuing retirement annuities
29 exclusively for educational institutions and their
30 employees or are purchased from any company the
31 employee chooses that is authorized to do business in
32 this state; -or- the board may arrange for the purchase
33 of an individual mutual fund contract from any company
34 the employee chooses from a broker-dealer,
35 salesperson, or mutual fund registered in this state,
36 or through an Iowa-licensed salesperson that the
37 employee selects, on a group or individual basis, for
38 retirement or other purposes, and may make payroll
39 deductions in accordance with the arrangements for the
40 purpose of paying the entire premium due and to become
41 due under the contract. The deductions shall be made
42 in the manner which will qualify the annuity premiums
43 for the benefits under section 403b 403(b) of the
44 Internal Revenue Code, as defined in section 422.3.
45 The employee's rights under the annuity contract are
46 nonforfeitable except for the failure to pay premiums.
47 As used in this section, unless the context otherwise
48 requires, "annuity contract" includes any custodial
49 account which meets the requirements of section
50 403(b)(7) of the Internal Revenue Code, as defined in

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1 section 422.3.

2 Sec. ____. Section 273.3, subsection 14, Code 1993,
3 is amended to read as follows:

4 14. At the request of an employee through
5 contractual agreement the board may purchase group or
6 individual annuity contracts for employees, which
7 annuity contracts are issued by a nonprofit
8 corporation issuing retirement annuities exclusively
9 for educational institutions and their employees or
10 are purchased from an insurance organization or mutual
11 fund any company the employee chooses for retirement
12 or other purposes that is authorized to do business in
13 this state, and or through an Iowa-licensed insurance
14 agent, securities dealer, or salesperson that the
15 employee selects, on a group or individual basis, for
16 retirement or other purposes. The board may make
17 payroll deductions for the purpose of paying the
18 entire premium due, and to become due, in accordance
19 with the terms of the contract. The deductions shall
20 be made in the manner which will qualify the annuity
21 premiums for the benefits under section ~~403b~~ 403(b) of
22 the Internal Revenue Code, as defined in section
23 422.3. The employee's rights under the annuity
24 contract are nonforfeitable except for the failure to
25 pay premiums. As used in this section, unless the
26 context otherwise requires, "annuity contract"
27 includes any custodial account which meets the
28 requirements of section 403(b)(7) of the Internal
29 Revenue Code, as defined in section 422.3."

30 4. Page 38, by inserting after line 19 the
31 following:

32 "Sec. ____ . Section 294.16, Code 1993, is amended
33 to read as follows:

34 294.16 ANNUITY CONTRACTS.

35 At the request of an employee through contractual
36 agreement a school district may purchase group or
37 individual annuity contracts for employees, which
38 annuity contracts are issued by a nonprofit
39 corporation issuing retirement annuities exclusively
40 for educational institutions and their employees or
41 are purchased from an insurance organization or mutual
42 fund any company the employee chooses that is
43 authorized to do business in this state and or through
44 an Iowa-licensed insurance agent or from a securities
45 dealer, salesperson, or mutual fund registered in this
46 state that the employee selects, on a group or
47 individual basis, for retirement or other purposes,
48 and may make payroll deductions in accordance with the
49 arrangements for the purpose of paying the entire
50 premium due and to become due under the contract. The

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1 deductions shall be made in the manner which will
2 qualify the annuity premiums for the benefits under
3 section 403(b) of the Internal Revenue Code, as
4 defined in section 422.3. The employee's rights under
5 the annuity contract are nonforfeitable except for the
6 failure to pay premiums. As used in this section,
7 unless the context otherwise requires, "annuity
8 contract" includes any custodial account which meets
9 the requirements of section 403(b)(7) of the Internal
10 Revenue Code, as defined in section 422.3."

11 5. Page 48, by inserting before line 18 the
12 following:

13 "Sec. ____ . Section 509A.12, unnumbered paragraph
14 1, Code 1993, is amended to read as follows:

15 At the request of an employee the governing body or
16 the county board of supervisors shall by contractual
17 agreement acquire an individual or group life
18 insurance contract, annuity contract, interest in a
19 mutual fund, security or any other deferred payment
20 contract for the purpose of funding a deferred
21 compensation program for an employee, from any company
22 the employee may choose that is authorized to do
23 business in this state and-from-any-life-underwriter
24 duly-licensed-by-this-state-or-from-any-securities
25 dealer or through an Iowa-licensed salesperson
26 registered-in-this-state-to-contract-business-in-this
27 state that the employee selects on a group or
28 individual basis. The deferred compensation program
29 shall be administered so that the director of revenue
30 and finance or the director's designees remit one sum
31 for the entire program according to a single billing."

32 6. By renumbering as necessary.

By JIM KERSTEN

WILLIAM D. PALMER

S-5536 FILED APRIL 7, 1994
ADOPTED

HOUSE FILE 2418

S-5537

1 Amend House File 2418, as amended, passed, and
2 reprinted by the House as follows:

3 1. Page 2, by inserting after line 35 the
4 following:

5 "Sec. ____ . NEW SECTION. 97A.3A TRANSFER OF
6 BENEFITS TO ANOTHER SYSTEM.

7 1. Notwithstanding any other provision of law to
8 the contrary, a member of the system established under
9 this chapter who terminates membership service, does
10 not apply for a service retirement allowance and is
11 not receiving an ordinary or accidental disability
12 retirement allowance under section 97A.6, and is
13 subsequently employed by a city participating in the
14 statewide fire and police retirement system
15 established in chapter 411, may transfer membership
16 service earned under this chapter to the statewide
17 fire and police retirement system. Upon the written
18 request of the person requesting a transfer of
19 membership service, with a written verification by the
20 board of trustees created in section 411.36, the board
21 of trustees of this system shall transmit to the board
22 of trustees created in section 411.36, within thirty
23 days of the receipt of the request, the person's
24 accumulated contributions and the actuarial equivalent
25 of the amount in the pension accumulation fund which
26 would be necessary to fund a service retirement
27 allowance equal to one twenty-second times the number
28 of years of membership service completed under the
29 system established in this chapter, to be deposited in
30 the fund created in section 411.8.

31 2. Notwithstanding any other provision of law to
32 the contrary, if a person transfers membership service
33 in accordance with this section, the person shall
34 receive credit for years of service under chapter 411
35 for the years of membership service transferred, and
36 if applicable, compensation which was earned by the
37 person while a member under this system shall be
38 included in determining the average final compensation
39 under chapter 411. The boards of trustees of both
40 systems shall interpret this section in a manner which
41 provides that persons transferring membership service
42 under this section shall not lose benefits which would
43 have otherwise accrued had the person been a member of
44 the system established in chapter 411 during the
45 period of time in which the person was actually a
46 member under the system established in this chapter."

47 2. Page 39, by inserting after line 23 the
48 following:

49 "Sec. ____ . NEW SECTION. 411.3A TRANSFER OF
50 BENEFITS TO ANOTHER SYSTEM.

S-5537

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Page 2

1 1. Notwithstanding any other provision of law to
2 the contrary, a member of the system established under
3 this chapter who terminates membership service, does
4 not apply for a service retirement allowance and is
5 not receiving an ordinary or accidental disability
6 retirement allowance under section 411.6, and is
7 subsequently employed by the state in a position
8 included in membership service under section 97A.3,
9 may transfer membership service earned under this
10 chapter to the Iowa department of public safety peace
11 officers' retirement, accident and disability system.
12 Upon the written request of the person requesting a
13 transfer of membership service, with a written
14 verification by the board of trustees created in
15 section 97A.5, the board of trustees of this system
16 shall transmit to the board of trustees created in
17 section 97A.5, within thirty days of the receipt of
18 the request, the person's accumulated contributions
19 and the actuarial equivalent of the amount in the fire
20 and police retirement fund which would be necessary to
21 fund a service retirement allowance equal to one
22 twenty-second times the number of years of membership
23 service completed under the system established in this
24 chapter, to be deposited in the pension accumulation
25 fund created in section 97A.8.

26 2. Notwithstanding any other provision of law to
27 the contrary, if a person transfers membership service
28 in accordance with this section, the person shall
29 receive credit for years of service under chapter 97A
30 for the years of membership service transferred, and
31 if applicable, compensation which was earned by the
32 person while a member under this system shall be
33 included in determining the average final compensation
34 under chapter 97A. The boards of trustees of both
35 systems shall interpret this section in a manner which
36 provides that persons transferring membership service
37 under this section shall not lose benefits which would
38 have otherwise accrued had the person been a member of
39 the system established in chapter 97A during the
40 period of time in which the person was actually a
41 member under the system established in this chapter."

42 3. Page 59, by striking lines 14 through 33.

43 4. By renumbering as necessary.

By JOE J. WELSH

S-5537 FILED APRIL 7, 1994
LOST

REPORT OF THE CONFERENCE COMMITTEE
ON HOUSE FILE 2418

To the Speaker of the House of Representatives and the President of the Senate:

We, the undersigned members of the conference committee appointed to resolve the differences between the House of Representatives and the Senate on House File 2418, a bill for an Act relating to public retirement systems, providing for the payment of employee contributions under certain public retirement systems for certain tax purposes, providing implementation and applicability provisions, and providing effective and retroactive applicability dates, respectfully make the following report:

1. That the Senate amendment, H-6055, to House File 2418, as amended, passed, and reprinted by the House, is amended as follows:

1. By striking page 1, line 33 through page 2, line 14.
2. Page 2, line 21, by inserting after the word "wages" the following: "not being used in the selection of the two highest years".
3. Page 2, line 30, by striking the words "three years" and inserting the following: "eighteen months".
4. Page 4, by striking line 33 and inserting the following: "systems established in chapter 410 or 411."
5. Page 4, by striking lines 46 and 47 and inserting the following: "employed as a probation officer III or a parole officer III."
6. Page 8, by striking lines 8 through 22.
7. Page 9, by striking lines 26 through 29 and inserting the following:
"____. Page 60, by striking lines 10 and 11 and inserting the following: "as probation officers I and II, and parole officers I and II. The study shall specify the information"."
8. By striking page 9, line 30 through page 10, line 3.
9. Page 10, by inserting before line 4 the following:
"____. Page 62, by inserting after line 27 the following:

CCH-2418

Page 2

" ____ . The section of this Act which enacts a new section 509A.13A, being deemed of immediate importance, takes effect upon enactment."

10. By renumbering as necessary.

ON THE PART OF THE HOUSE:

ON THE PART OF THE SENATE:

DOROTHY CARPENTER, Chairperson
LINDA L. BEATTY
CHUCK GIPP
DARRELL R. HANSON
DENNIS L. RENAUD

JOHN P. KIEBIE, Chairperson
WILLIAM W. DIELEMAN
RICHARD F. DRAKE
MICHAEL E. GRONSTAL
SHELDON RITTMER

CCH-2418 FILED APRIL 14, 1994

*Adopted
4/14/94
(P. 1640)*

*a drafted
4-15-94
(P. 1267)*

Carpenter, Chair
Beatty
Lipp
Hanson of Delaware
Kenaud

HSB 702

STATE GOVERNMENT
HOUSE FILE 2368 and 2418
BY (PROPOSED COMMITTEE ON STATE
GOVERNMENT BILL BY CHAIR-
PERSON CARPENTER)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to public retirement systems, providing for the
2 payment of employee contributions under certain public
3 retirement systems for federal and state tax purposes,
4 providing implementation and applicability provisions, and
5 providing effective and retroactive applicability dates.

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

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1 Section 1. Section 97A.1, subsection 13, Code 1993, is
2 amended to read as follows:

3 13. "Peace officer" or "peace officers" shall mean all
4 members of the divisions of highway safety and uniformed force
5 and criminal investigation and bureau of identification in the
6 department of public safety, except clerical workers, who have
7 passed a satisfactory physical and mental examination and have
8 been duly appointed as members of the state department of
9 public safety in accordance with section 80.15, and the
10 division of drug law enforcement, and arson investigators in
11 the department of public safety ~~hired prior to July 17, 1988,~~
12 except clerical workers, and the division of beer and liquor
13 law enforcement of the department of public safety, except
14 clerical workers.

15 Sec. 2. Section 97A.3, Code 1993, is amended to read as
16 follows:

17 97A.3 MEMBERSHIP IN SYSTEM.

18 1. All members of the division of highway safety,
19 uniformed force, and radio communications and the division of
20 criminal investigation and bureau of identification in the
21 department of public safety, excepting the members of the
22 clerical force, who are employed by the state of Iowa when
23 this chapter becomes effective, and all persons thereafter
24 employed as members of such divisions in the department of
25 public safety or division of drug law enforcement and arson
26 investigators, except the members of the clerical force, shall
27 be members of this system, except as otherwise provided in
28 subsection 3. Such members shall not be required to make
29 contributions under any other pension or retirement system of
30 the state of Iowa, anything to the contrary notwithstanding.

31 2. Should any member in any period of five consecutive
32 years after last becoming a member, be absent from service for
33 more than four years, or should a member become a beneficiary
34 or die, the person shall thereupon cease to be a member of
35 this system.

1 3. a. As used in this section, unless the context
2 otherwise requires, "reemployed" or "reemployment" means the
3 employment of a person in a position which would otherwise be
4 included as a membership position under subsection 1, after
5 the person has commenced receiving a service retirement
6 allowance under section 97A.6.

7 b. If a person is reemployed, the person shall not become
8 an active member of the system upon reemployment, and the
9 person so reemployed and the state of Iowa shall not make
10 contributions to the system based upon the person's
11 compensation for reemployment. A person who is so reemployed
12 shall continue to receive the service retirement allowance,
13 and the service retirement allowance shall not be recalculated
14 based upon the person's reemployment. Notwithstanding section
15 97B.41 or any other provision of law to the contrary, a person
16 reemployed as provided in this subsection shall be exempt from
17 chapter 97B.

18 3 4. Effective July 1, 1979, a person shall not become a
19 member of the system unless that person has passed the
20 physical and mental examination given under the provisions of
21 section 80.15 and unless that person has received a diploma
22 for satisfactory completion of a training school held pursuant
23 to the provisions of section 80.13.

24 Sec. 3. Section 97A.5, subsection 8, Code Supplement 1993,
25 is amended to read as follows:

26 8. MEDICAL BOARD. The board of trustees shall designate a
27 medical board to be composed of three physicians who shall
28 arrange for and pass upon the medical examinations required
29 under the provisions of this chapter and shall report in
30 writing to the board of trustees, its conclusions and
31 recommendations upon all matters duly referred to it. Each
32 report of a medical examination under section 97A.6,
33 subsections 3 and 5, shall include the medical board's rating
34 findings in accordance with section 97A.6 as to the extent of
35 the member's physical impairment.

1 Sec. 4. Section 97A.5, Code Supplement 1993, is amended by
2 adding the following new subsection:

3 NEW SUBSECTION. 13. REQUIREMENTS RELATED TO THE INTERNAL
4 REVENUE CODE.

5 a. As used in this subsection, unless the context
6 otherwise requires, "Internal Revenue Code" means the Internal
7 Revenue Code as defined in section 422.3.

8 b. The funds established in section 97A.8 shall be held in
9 trust for the benefit of the members of the system and the
10 members' beneficiaries. No part of the corpus or income of
11 the funds shall be used for, or diverted to, purposes other
12 than for the exclusive benefit of the members or the members'
13 beneficiaries or for expenses incurred in the operation of the
14 funds. A person shall not have any interest in, or right to,
15 any part of the corpus or income of the funds except as
16 otherwise expressly provided.

17 c. Notwithstanding any provision of this chapter to the
18 contrary, in the event of a complete discontinuance of
19 contributions, for reasons other than achieving fully funded
20 status upon an actuarially determined basis, or upon
21 termination of the funds established in section 97A.8, a
22 member shall be vested, to the extent then funded, in the
23 benefits which the member has accrued at the date of the
24 discontinuance or termination.

25 d. Benefits payable from the funds established in section
26 97A.8 to members and members' beneficiaries shall not be
27 increased due to forfeitures from other members. Forfeitures
28 shall be used as soon as possible to reduce future
29 contributions by the state to the pension accumulation fund,
30 except that the rate shall not be less than the minimum rate
31 established in section 97A.8.

32 e. Notwithstanding any provision of this chapter to the
33 contrary, a member's service retirement allowance shall
34 commence on or before the later of the following:

35 (1) April 1 of the calendar year following the calendar

1 year in which the member attains the age of seventy and one-
2 half years.

3 (2) April 1 of the calendar year following the calendar
4 year in which the member retires.

5 f. The maximum annual benefit payable to a member by the
6 system shall be subject to the limitations set forth in
7 section 415 of the Internal Revenue Code, and any regulations
8 promulgated pursuant to that section.

9 g. The annual compensation of a member taken in account
10 for any purpose under this chapter shall not exceed the
11 applicable amount set forth in section 401(a)(17) of the
12 Internal Revenue Code, and any regulations promulgated
13 pursuant to that section.

14 Sec. 5. Section 97A.6, subsection 1, Code 1993, is amended
15 by adding the following new paragraph:

16 NEW PARAGRAPH. c. Once a person commences receiving a
17 service retirement allowance pursuant to this section, if the
18 person is reemployed, as defined in section 97A.3, the service
19 retirement allowance shall not be recalculated based upon the
20 person's reemployment.

21 Sec. 6. Section 97A.6, subsection 2, paragraph d,
22 subparagraph (2), Code 1993, is amended to read as follows:

23 (2) For a member who terminates service, other than by
24 death or disability, on or after July 1, 1991, but before
25 October 16, 1992, and who does not withdraw the member's
26 contributions pursuant to section 97A.16, upon the member's
27 retirement there shall be added six-tenths percent of the
28 member's average final compensation for each year of service
29 over twenty-two years, excluding years of service after the
30 member's fifty-fifth birthday. However, this subparagraph
31 does not apply to more than eight additional years of service.

32 Sec. 7. Section 97A.6, subsection 2, paragraph d, Code
33 1993, is amended by adding the following new subparagraph:

34 NEW SUBPARAGRAPH. (3) For a member who terminates
35 service, other than by death or disability, on or after

1 October 16, 1992, and who does not withdraw the member's
2 contributions pursuant to section 97A.16, upon the member's
3 retirement there shall be added six-tenths percent of the
4 member's average final compensation for each year of service
5 over twenty-two years. However, this subparagraph does not
6 apply to more than eight additional years of service.

7 Sec. 8. NEW SECTION. 97A.6B ROLLOVERS OF MEMBER'S
8 ACCOUNTS.

9 1. As used in this section, unless the context otherwise
10 requires:

11 a. "Direct rollover" means a payment by the system to the
12 eligible retirement plan specified by the member or the
13 member's surviving spouse.

14 b. "Eligible retirement plan" means either of the
15 following that accept an eligible rollover distribution from a
16 member or a member's surviving spouse:

17 (1) An individual retirement account in accordance with
18 section 408(a) of the federal Internal Revenue Code.

19 (2) An individual retirement annuity in accordance with
20 section 408(b) of the federal Internal Revenue Code.

21 In addition, an "eligible retirement plan" includes an
22 annuity plan in accordance with section 403(a) of the federal
23 Internal Revenue Code, or a qualified trust in accordance with
24 section 401(a) of the federal Internal Revenue Code, that
25 accept an eligible rollover distribution from a member.

26 c. "Eligible rollover distribution" means all or any
27 portion of a member's account, except that an eligible
28 rollover distribution does not include any of the following:

29 (1) A distribution that is one of a series of
30 substantially equal periodic payments, which occur annually or
31 more frequently, made for the life or life expectancy of the
32 distributee or the joint lives or joint life expectancies of
33 the distributee and the distributee's designated beneficiary,
34 or made for a specified period of ten years or more.

35 (2) A distribution to the extent that the distribution is

1 required pursuant to section 401(a)(9) of the federal Internal
2 Revenue Code.

3 (3) The portion of any distribution that is not includible
4 in the gross income of the distributee, determined without
5 regard to the exclusion for net unrealized appreciation with
6 respect to employer securities.

7 (4) A distribution of less than two hundred dollars of
8 taxable income.

9 2. Effective January 1, 1993, a member or a member's
10 surviving spouse may elect, at the time and in the manner
11 prescribed in rules adopted by the board of trustees, to have
12 the system pay all or a portion of an eligible rollover
13 distribution directly to an eligible retirement plan,
14 specified by the member or the member's surviving spouse, in a
15 direct rollover. If a member or a member's surviving spouse
16 elects a partial direct rollover, the amount of funds elected
17 for the partial direct rollover must equal or exceed five
18 hundred dollars.

19 Sec. 9. Section 97A.8, subsection 1, paragraph f,
20 subparagraphs (6) and (7), Code 1993, are amended to read as
21 follows:

22 (6) An amount equal to eight and one-tenth thirty-five
23 hundredths percent of each member's compensation from the
24 earnable compensation of the member shall be paid to the
25 pension accumulation fund for the fiscal year beginning July
26 1, 1994.

27 (7) An amount equal to nine and one-tenth thirty-five
28 hundredths percent of each member's compensation from the
29 earnable compensation of the member shall be paid to the
30 pension accumulation fund for the fiscal year beginning July
31 1, 1995.

32 Sec. 10. Section 97A.8, subsection 1, paragraph h, Code
33 1993, is amended to read as follows:

34 h. Notwithstanding the provisions of paragraph "f", the
35 following transition percentages apply to members'

1 contributions as specified:

2 (1) For members who on July 1, 1990, have attained the age
3 of forty-nine years or more, an amount equal to nine and one-
4 tenth percent of each member's compensation from the earnable
5 compensation of the member shall be paid to the pension
6 accumulation fund for the fiscal year period beginning July 1,
7 1990, through October 15, 1992, and commencing October 16,
8 1992, and for each subsequent fiscal year-thereafter period,
9 the rates specified in paragraph "f", subparagraphs (4)
10 through (8), shall apply.

11 (2) For members who on July 1, 1990, have attained the age
12 of forty-eight years but have not attained the age of forty-
13 nine years, an amount equal to eight and one-tenth percent
14 shall be paid for the fiscal year beginning July 1, 1990, and
15 an amount equal to nine and one-tenth percent shall be paid
16 for the fiscal year period beginning July 1, 1991, through
17 October 15, 1992, and commencing October 16, 1992, and for
18 each subsequent fiscal year-thereafter period, the rates
19 specified in paragraph "f", subparagraphs (4) through (8),
20 shall apply.

21 (3) For members who on July 1, 1990, have attained the age
22 of forty-seven years but have not attained the age of forty-
23 eight years, an amount equal to seven and one-tenth percent
24 shall be paid for the fiscal year beginning July 1, 1990, an
25 amount equal to eight and one-tenth percent shall be paid for
26 the fiscal year beginning July 1, 1991, and an amount equal to
27 nine and one-tenth percent shall be paid for the fiscal year
28 period beginning July 1, 1992, through October 15, 1992, and
29 commencing October 16, 1992, and for each subsequent fiscal
30 year-thereafter period, the rates specified in paragraph "f",
31 subparagraphs (4) through (8), shall apply.

32 (4) For members who on July 1, 1990, have attained the age
33 of forty-six years but have not attained the age of forty-
34 seven years, an amount equal to six and one-tenth percent
35 shall be paid for the fiscal year beginning July 1, 1990, an

1 amount equal to seven and one-tenth percent shall be paid for
 2 the fiscal year beginning July 1, 1991, an amount equal to
 3 eight and one-tenth percent shall be paid for the fiscal year
 4 period beginning July 1, 1992, and an amount equal to nine and
 5 one-tenth percent shall be paid for the fiscal year beginning
 6 July 1, 1993, through October 15, 1992, and commencing October
 7 16, 1992, and for each subsequent fiscal year thereafter
 8 period, the rates specified in paragraph "f", subparagraphs
 9 (4) through (8), shall apply.

10 (5) For members who on July 1, 1990, have attained the age
 11 of forty-five years but have not attained the age of forty-six
 12 years, an amount equal to five and one-tenth percent shall be
 13 paid for the fiscal year beginning July 1, 1990, an amount
 14 equal to six and one-tenth percent shall be paid for the
 15 fiscal year beginning July 1, 1991, and an amount equal to
 16 seven and one-tenth percent shall be paid for the fiscal year
 17 period beginning July 1, 1992, an amount equal to eight and
 18 one-tenth percent shall be paid for the fiscal year beginning
 19 July 1, 1993, and an amount equal to nine and one-tenth
 20 percent shall be paid for the fiscal year beginning July 1,
 21 1994, and each fiscal year thereafter through October 15,
 22 1992. Commencing October 16, 1992, and for each subsequent
 23 fiscal period, the rates specified in paragraph "f",
 24 subparagraphs (4) through (8), shall apply.

25 Sec. 11. Section 97A.8, subsection 1, Code 1993, is
 26 amended by adding the following new paragraph:

27 NEW PARAGRAPH. i. (1) Notwithstanding paragraph "g" or
 28 other provisions of this chapter, beginning January 1,
 29 following the submission by the board of trustees of an
 30 application to the federal internal revenue service requesting
 31 qualification in accordance with the requirements of the
 32 Internal Revenue Code, as defined in section 422.3, member
 33 contributions required under paragraph "f" or "h" which are
 34 picked up by the department shall be considered employer
 35 contributions for federal and state income tax purposes, and

1 the department shall pick up the member contributions to be
2 made under paragraph "f" or "h" by its employees. The
3 department shall pick up these contributions by reducing the
4 salary of each of its employees covered by this chapter by the
5 amount which each employee is required to contribute under
6 paragraph "f" or "h" and shall certify the amount picked up in
7 lieu of the member contributions to the department of revenue
8 and finance. The department of revenue and finance shall
9 forward the amount of the contributions picked up to the board
10 of trustees for recording and deposit in the pension
11 accumulation fund.

12 (2) Member contributions picked up by the department under
13 subparagraph (1) shall be treated as employer contributions
14 for federal and state income tax purposes only and for all
15 other purposes of this chapter shall be treated as employee
16 contributions and deemed part of the employee's earnable
17 compensation or salary.

18 Sec. 12. Section 97B.25, Code 1993, is amended to read as
19 follows:

20 97B.25 APPLICATIONS FOR BENEFITS.

21 A representative designated by the administrator chief
22 benefits officer and referred to in this chapter as a
23 retirement benefits specialist, shall promptly examine
24 applications for retirement benefits and on the basis of facts
25 found shall determine whether or not the claim is valid and if
26 valid, the month with respect to which benefits shall
27 commence, the monthly benefit amount payable, and the maximum
28 duration. The retirement benefits specialist shall promptly
29 notify the applicant and any other interested party of the
30 decision and the reasons. Unless the applicant or other
31 interested party, within thirty calendar days after the
32 notification was mailed to the applicant's or party's last
33 known address, files an appeal as provided in section 97B.20A,
34 the decision is final and benefits shall be paid or denied in
35 accord with the decision.

1 Sec. 13. Section 97B.41, subsection 8, paragraph a,
2 unnumbered paragraph 1, Code Supplement 1993, is amended to
3 read as follows:

4 "Employer" means the state of Iowa, the counties,
5 municipalities, agencies, public school districts, all
6 political subdivisions, and all of their departments and
7 instrumentalities, including area agencies on aging, other
8 than those employing persons as specified in paragraph "b",
9 subparagraph (19), and joint planning commissions created
10 under chapter 28E or 28I.

11 Sec. 14. Section 97B.41, subsection 8, paragraph b,
12 subparagraph (1), Code Supplement 1993, is amended to read as
13 follows:

14 (1) Elective officials in positions for which the
15 compensation is on a fee basis, elective officials of school
16 districts, elective officials of townships, and elective
17 officials of other political subdivisions who are in part-time
18 positions, unless the elective official makes an application
19 to the department to be covered under this chapter. An
20 elective official who made an application to the department to
21 be covered under this chapter may terminate membership under
22 this chapter by informing the department in writing of the
23 expiration-of-the member's term-of-office termination from
24 covered employment. A county attorney is an employee for
25 purposes of this chapter whether that county attorney is
26 employed on a full-time or part-time basis.

27 Sec. 15. Section 97B.41, subsection 8, paragraph b,
28 subparagraph (4), unnumbered paragraph 1, Code Supplement
29 1993, is amended to read as follows:

30 Members of the general assembly of Iowa and temporary
31 employees of the general assembly of Iowa, unless such members
32 or employees make an application to the department to be
33 covered under this chapter. A member of the general assembly
34 who made an application to the department to be covered under
35 this chapter may terminate membership under this chapter by

1 informing the department in writing of the member's intent-to
2 terminate termination from covered employment.

3 Sec. 16. Section 97B.41, subsection 8, paragraph b, Code
4 Supplement 1993, is amended by adding the following new
5 subparagraph:

6 NEW SUBPARAGRAPH. (19) Employees of an area agency on
7 aging, if as of July 1, 1994, the agency provides for parti-
8 cipation by all of its employees in an alternative qualified
9 plan pursuant to the requirements of the federal Internal
10 Revenue Code.

11 Sec. 17. Section 97B.41, subsection 12, Code Supplement
12 1993, is amended to read as follows:

13 12. "Membership service" means service rendered by a
14 member after July 4, 1953. Years of membership service shall
15 be counted to the complete quarter calendar year. However,
16 membership service for a calendar year shall not include more
17 than four quarters. In determining a member's period of
18 membership service, the department shall combine all periods
19 of service for which the member has made contributions. If
20 the department has not maintained the accumulated contribution
21 account of the member for a period of service, as provided
22 pursuant to section 97B.53, subsection 6, the department shall
23 credit the member for the service if the member submits
24 satisfactory proof to the department that the member did make
25 the contributions for the period of service and did not take a
26 refund for the period of service. However, the department
27 shall not implement the amendments to this subsection, as
28 enacted in this Act, unless and until the department
29 determines that the most recent annual actuarial valuation of
30 the retirement system indicates that the employer and employee
31 contribution rates in effect under section 97B.11 can absorb
32 the amendments to this subsection and to section 97B.53,
33 subsections 3 and 7, section 97B.53, subsection 6, unnumbered
34 paragraph 1, and section 97B.70, by enacting a new subsection
35 4, contained in this Act, after meeting the other established

1 priorities of the system. Until the amendments are
2 implemented, the department shall continue to implement the
3 provisions of section 97B.41, subsection 12, Code Supplement
4 1993. As used in this subsection, unless the context
5 otherwise requires, "other established priorities of the
6 system" means that commencing January 1 following the most
7 recent annual actuarial valuation of the system, the
8 department has increased the covered wage limitation from the
9 previous year by three thousand dollars, in accordance with
10 section 97B.41, subsection 20, paragraph "b", subparagraph
11 (11), and that the department has implemented the amendments
12 to section 97B.66, unnumbered paragraphs 1 and 2, section
13 97B.72, unnumbered paragraphs 1 and 2, section 97B.72A,
14 subsection 1, unnumbered paragraph 1, section 97B.73A,
15 unnumbered paragraph 1, and section 97B.74, unnumbered
16 paragraphs 1 and 2, contained in this Act.

17 Sec. 18. Section 97B.41, subsection 15, paragraph a, Code
18 Supplement 1993, is amended to read as follows:

19 a. Service in the armed forces of the United States during
20 ~~a-period-of-war-or-national-emergency~~, if the employee was
21 employed by the employer immediately prior to entry into the
22 armed forces, and if the employee was released from service
23 and returns to covered employment with the employer within
24 twelve months of the date on which the employee has the right
25 of release from service or within a longer period as provided
26 by the applicable laws of the United States.

27 Sec. 19. Section 97B.41, subsection 18, Code Supplement
28 1993, is amended to read as follows:

29 18. "Three-year average covered wage" means a member's
30 covered wages averaged for the highest three years of the
31 member's service, except as otherwise provided in this
32 subsection. The highest three years of a member's covered
33 wages shall be determined using calendar years. However, if a
34 member's final quarter of a year of employment does not occur
35 at the end of a calendar year, the department may determine

1 the wages for the third year by combining the wages from the
2 highest quarter or quarters of the member's service not being
3 used in the selection of the two highest years with the final
4 quarter or quarters of the member's service to create a full
5 year. If the third year of wages so determined by the
6 department would exceed the highest amount of covered wages
7 actually earned by the member in any calendar year, the
8 department shall limit the amount attributed to the third year
9 of wages to the highest amount of covered wages actually
10 earned by the member in a calendar year. However, the
11 department shall not use the member's final quarter of wages
12 if using that quarter would reduce the member's three-year
13 average covered wage. If the three-year average covered wage
14 of a member exceeds the highest maximum covered wages in
15 effect for a calendar year during the member's period of
16 service, the three-year average covered wage of the member
17 shall be reduced to the highest maximum covered wages in
18 effect during the member's period of service.

19 Sec. 20. Section 97B.42, unnumbered paragraph 1, Code
20 1993, is amended to read as follows:

21 Each employee whose employment commences after July 4,
22 1953, or who has not qualified for credit for prior service
23 rendered prior to July 4, 1953, or any publicly elected
24 official of the state or any of its political subdivisions
25 shall become a member upon the first day in which such
26 employee is employed. The employee shall continue to be a an
27 active member so long as the employee continues in public
28 covered employment. The employee shall cease to be a an
29 active member if the employee joins another retirement system
30 in the state which is maintained in whole or in part by public
31 contributions or payments. If an employee joins another
32 publicly maintained retirement system, the employee may elect
33 to leave the employee's accumulated contributions in the
34 retirement fund or receive a refund of the employee's
35 accumulated contributions in the manner provided for members

1 who are terminating covered employment pursuant to section
2 97B.53. However, if an employee joins another publicly
3 maintained retirement system and leaves the employee's
4 accumulated contributions in the retirement fund, the employee
5 shall not be eligible to receive retirement benefits until the
6 employee has a bona fide retirement from employment with a
7 covered employer as provided in section 97B.52A, or until the
8 employee would otherwise be eligible to receive benefits upon
9 attaining the age of seventy years as provided in section
10 97B.46.

11 Employment shall not be covered under this chapter until
12 the employment is covered under the federal Social Security
13 Act and any agreements which are required pursuant to chapter
14 97C are effective.

15 Sec. 21. Section 97B.42, unnumbered paragraph 5, Code
16 1993, is amended to read as follows:

17 Notwithstanding any other provision of this section,
18 commencing July 1, 1994, a member who is employed by a
19 community college may elect coverage under an alternative
20 retirement benefits system, which is issued by or through a
21 nonprofit corporation issuing retirement annuities exclusively
22 to educational institutions and their employees, in lieu of
23 continuing or commencing contributions to the Iowa public
24 employees' retirement system, if the board of directors of the
25 community college has approved the alternative system pursuant
26 to section 260C.23. However, the employer's annual
27 contribution in dollars to the alternative retirement benefits
28 system shall not exceed the annual contribution in dollars
29 which the employer would contribute if the employee had
30 elected to remain an active member under this chapter, as set
31 forth in section 97B.11. A member employed by a community
32 college who elects coverage under an alternative retirement
33 benefits system may withdraw the member's accumulated
34 contributions effective when coverage under the alternative
35 benefits system commences. A member who is employed by a

1 community college prior to July 1, 1994, must file an election
2 for coverage under the alternative retirement benefits system
3 with the department and the employing community college within
4 one year of the first day on which coverage commences under
5 the community college's alternative retirement benefits
6 system, or the employee shall remain a member under this
7 chapter and shall not be eligible to elect to participate in
8 that community college's alternative retirement benefit system
9 at a later date. Employees of a community college hired on or
10 after July 1, 1994, must file an election for coverage under
11 the alternative retirement benefits system with the department
12 and the employing community college within sixty days of
13 commencing employment, or the employee shall remain a member
14 under this chapter and shall not be eligible to elect to
15 participate in that community college's alternative retirement
16 benefits system at a later date. The department shall
17 cooperate with the boards of directors of the community
18 colleges to facilitate the implementation of this provision.

19 Sec. 22. NEW SECTION. 97B.42A OPTIONAL MEMBERSHIP.

20 Commencing July 1, 1994, a person who is newly hired in a
21 position in which the person may elect coverage by filing an
22 application under section 97B.41, subsection 8, paragraph "b",
23 must file an application within sixty days of employment in
24 the position in order to be covered under this chapter. A
25 person who is employed in a position in which the person may
26 elect coverage under section 97B.41, subsection 8, paragraph
27 "b", prior to July 1, 1994, but who has not filed an
28 application prior to that date, must file an application on or
29 before July 1, 1995, in order to be covered under this
30 chapter. Coverage will begin when the election has been
31 approved by the department and shall apply prospectively from
32 that date. If an application is approved pursuant to section
33 97B.41, subsection 8, paragraph "b", or this section, the
34 member shall not terminate active membership until the member
35 terminates covered employment.

1 Sec. 23. Section 97B.45, unnumbered paragraph 2, Code
2 1993, is amended to read as follows:

3 A member may retire after the member's sixty-fifth birthday
4 except as otherwise provided in section 97B.46. A member
5 retiring on or after the normal retirement date, as provided
6 in section 97B.46, shall submit a written notice to the
7 department setting forth the date the retirement is to become
8 effective. The date shall be after the member's last day of
9 service and not before the first day of the sixth calendar
10 month preceding the month in which the notice is filed, ~~except~~
11 ~~that credit for service ceases when contributions cease as~~
12 ~~provided in section 97B.45.~~

13 Sec. 24. Section 97B.46, Code 1993, is amended to read as
14 follows:

15 97B.46 SERVICE AFTER AGE SIXTY-FIVE.

16 1. A member who is not an active member of any other
17 retirement system in the state which is maintained in whole or
18 in part by public contributions may remain in service beyond
19 the date the member attains the age of sixty-five. ~~The~~
20 ~~employee shall retire on the first day of the month after the~~
21 ~~last day of service.~~ The employer shall not consider age as a
22 factor in determining the continuation of the member's
23 service.

24 2. A member shall not be employed as a peace officer or as
25 a fire fighter after attaining the age of sixty-five.

26 3. ~~Credit for service shall cease when contributions cease~~
27 ~~as provided by section 97B.45.~~ A member remaining in service
28 after attaining the age of seventy years is entitled to
29 receive a retirement allowance under section 97B.49 as
30 applicable commencing with payment for the calendar month
31 within which the written notice is submitted to the
32 department, except that if the member fails to submit the
33 notice on a timely basis, retroactive payments shall be made
34 for no more than six months immediately preceding the month in
35 which the written notice is submitted.

1 Sec. 25. Section 97B.48, subsection 1, Code 1993, is
2 amended to read as follows:

3 1. Retirement allowances shall be paid monthly, except
4 that an allowance of less than ~~two~~ six hundred forty dollars a
5 year may, at the member's option, be paid as a lump sum in an
6 actuarial equivalent amount. Receipt of the lump-sum payment
7 by a member shall terminate any and all entitlement for the
8 period of service covered of the member under this chapter.

9 Sec. 26. Section 97B.49, subsection 13, paragraphs a and
10 b, Code Supplement 1993, are amended to read as follows:

11 a. A member who retired from the system between January 1,
12 1976, and June 30, 1982, or a contingent annuitant or
13 beneficiary of such a member, shall receive with the November
14 ~~1992~~ 1994 and the November ~~1993~~ 1995 monthly benefit payments
15 a retirement dividend equal to one hundred ~~forty~~ eighty-one
16 percent of the monthly benefit payment the member received for
17 the preceding June, or the most recently received benefit
18 payment, whichever is greater. The retirement dividend does
19 not affect the amount of a monthly benefit payment.

20 b. Each member who retired from the system between July 4,
21 1953, and December 31, 1975, or a contingent annuitant or
22 beneficiary of such a member, shall receive with the November
23 ~~1992~~ 1994 and the November ~~1993~~ 1995 monthly benefit payments
24 a retirement dividend equal to one ~~two~~ two hundred ~~eighty~~ thirty-
25 six percent of the monthly benefit payment the member received
26 for the preceding June, or the most recently received benefit
27 payment, whichever is greater. The retirement dividend does
28 not affect the amount of a monthly benefit payment.

29 Sec. 27. Section 97B.49, subsection 13, paragraph d, Code
30 Supplement 1993, is amended to read as follows:

31 d. A member who retired from the system between July 1,
32 1982, and June 30, 1986, or a contingent annuitant or
33 beneficiary of such a member, shall receive with the November
34 ~~1992~~ 1994 and the November ~~1993~~ 1995 monthly benefit payments
35 a retirement dividend equal to ~~twenty-four~~ forty-nine percent

1 of the monthly benefit payment the member received for the
2 preceding June, or the most recently received benefit payment,
3 whichever is greater. The retirement dividend does not affect
4 the amount of a monthly benefit payment.

5 Sec. 28. Section 97B.49, subsection 16, paragraph d,
6 subparagraph (6), Code Supplement 1993, is amended by striking
7 the subparagraph.

8 Sec. 29. Section 97B.49, subsection 16, paragraph j, Code
9 Supplement 1993, is amended to read as follows:

10 j. For the fiscal year commencing July 1, 1988, and each
11 succeeding fiscal year, there is appropriated from the general
12 fund of the state to the department of personnel, from funds
13 not otherwise appropriated, an amount necessary to pay the
14 employer share of the cost of the additional benefits provided
15 to employees covered under paragraph "d", ~~subparagraphs~~
16 subparagraph (4) and (6).

17 Sec. 30. Section 97B.50, subsection 1, unnumbered
18 paragraph 1, Code 1993, is amended to read as follows:

19 Except as otherwise provided in this section, a vested
20 member, upon retirement prior to the normal retirement date
21 other than that specified in section 97B.45, subsection 4, is
22 entitled to receive a monthly retirement allowance determined
23 in the same manner as provided for normal retirement in
24 section 97B.49, subsections 1, 4, and 5, of section 97B.49
25 reduced as follows:

26 Sec. 31. Section 97B.50, subsection 2, Code 1993, is
27 amended to read as follows:

28 2. a. A vested member who retires from the system due to
29 disability and commences receiving disability benefits
30 pursuant to the United-States federal Social Security Act, (42
31 U.S.C.) as amended to July 17, 1978 § 423 et seq., and who has
32 not reached the normal retirement date, shall receive benefits
33 under section 97B.49 and shall not have benefits reduced upon
34 retirement as required under subsection 1 regardless of
35 whether the member has completed thirty or more years of

1 membership service. However, the benefits shall be suspended
2 during any period in which the member returns to covered
3 employment. This section takes effect July 1, 1990, for a
4 member meeting the requirements of this paragraph who retired
5 from the system at any time after July 4, 1953. Eligible
6 members are entitled to the receipt of retroactive adjustment
7 payments back to July 1, 1990.

8 b. A vested member who retires from the system due to
9 disability and commences receiving disability benefits
10 pursuant to the United-States federal Railroad Retirement Act,
11 (45 U.S.C. § 231 et seq.), and who has not reached the normal
12 retirement date, shall receive benefits under section 97B.49
13 and shall not have benefits reduced upon retirement as
14 required under subsection 1 regardless of whether the member
15 has completed thirty or more years of membership service.
16 However, the benefits shall be suspended during any period in
17 which the member returns to covered employment. This section
18 takes effect July 1, 1990, for a member meeting the
19 requirements of this paragraph who retired from the system at
20 any time since July 4, 1953. Eligible members are entitled to
21 the receipt of retroactive adjustment payments back to July 1,
22 1990.

23 Sec. 32. Section 97B.53, subsection 3, Code 1993, is
24 amended to read as follows:

25 3. The accumulated contributions of a terminated, vested
26 member shall be credited with interest, including interest
27 dividends, in the manner provided in section 97B.70. Interest
28 and interest dividends shall be credited to the accumulated
29 contributions of members who terminate service and
30 subsequently become vested in accordance with section 97B.70.
31 However, the department shall not implement the amendments to
32 this subsection or to subsection 6, unnumbered paragraph 1, or
33 to subsection 7, as enacted in this Act, unless and until the
34 department determines that the most recent annual actuarial
35 valuation of the retirement system indicates that the employer

1 and employee contribution rates in effect under section 97B.11
2 can absorb the amendments to these provisions of this section
3 and the amendments to section 97B.41, subsection 12, and
4 section 97B.70, by enacting a new subsection 4, contained in
5 this Act, after meeting the other established priorities of
6 the system, as defined in section 97B.41, subsection 12.
7 Until the amendments are implemented, the department shall
8 continue to implement the provisions of section 97B.53,
9 subsections 3 and 7, and section 97B.53, subsection 6,
10 unnumbered paragraph 1, 1993 Code of Iowa.

11 Sec. 33. Section 97B.53, subsection 6, unnumbered
12 paragraph 1, Code 1993, is amended to read as follows:

13 A member who terminates employment before the member is
14 vested and who does not claim and receive a refund of the
15 member's accumulated contributions within five ten years of
16 the date of termination shall, if the member makes claim for a
17 refund more than five ten years after the date of termination,
18 be required to submit proof satisfactory to the department of
19 the member's entitlement to the refund, ~~but in no case shall~~
20 ~~interest be allowed upon the accumulated contributions for any~~
21 ~~period in which the member is not an employee.~~ Interest and
22 interest dividends on the accumulated contributions shall only
23 be credited if provided in accordance with section 97B.70.

24 The department is under no obligation to maintain the
25 accumulated contribution accounts of such former members for
26 more than five ten years after their dates of termination.

27 Sec. 34. Section 97B.53, subsection 7, Code 1993, is
28 amended to read as follows:

29 7. Any member whose employment is terminated ~~after one~~
30 ~~year of employment but before the member has accumulated four~~
31 ~~or more years of employment, either under the provisions of~~
32 ~~this chapter or as a result of prior service credits,~~ may
33 elect to leave the member's accumulated contributions in the
34 retirement fund. ~~In the event the member returns to public~~
35 ~~employment at any time within four years after this~~

1 termination-of-employment, the member shall be entitled to
2 resume membership in the system with the same credits for
3 prior service and accumulated contributions that the member
4 had earned when the member's original employment was
5 terminated. -- No interest shall be credited on the member's
6 accumulated contributions nor on the member's employer's
7 accumulated contributions during the period from the time of
8 the member's termination of employment to the member's
9 resumption of employment.

10 Any member who has resumed employment under the provisions
11 of this subsection shall not be eligible for any second period
12 of absence from membership as a result of termination of
13 service.

14 Sec. 35. NEW SECTION. 97B.53B ROLLOVERS OF MEMBER'S
15 ACCOUNTS.

16 1. As used in this section, unless the context otherwise
17 requires:

18 a. "Direct rollover" means a payment by the system to the
19 eligible retirement plan specified by the member or the
20 member's surviving spouse.

21 b. "Eligible retirement plan" means either of the
22 following that accept an eligible rollover distribution from a
23 member or a member's surviving spouse:

24 (1) An individual retirement account in accordance with
25 section 408(a) of the federal Internal Revenue Code.

26 (2) An individual retirement annuity in accordance with
27 section 408(b) of the federal Internal Revenue Code.

28 In addition, an "eligible retirement plan" includes an
29 annuity plan in accordance with section 403(a) of the federal
30 Internal Revenue Code, or a qualified trust in accordance with
31 section 401(a) of the federal Internal Revenue Code, that
32 accept an eligible rollover distribution from a member.

33 c. "Eligible rollover distribution" means all or any
34 portion of a member's account, except that an eligible
35 rollover distribution does not include any of the following:

1 (1) A distribution that is one of a series of
2 substantially equal periodic payments, which occur annually or
3 more frequently, made for the life or life expectancy of the
4 distributee or the joint lives or joint life expectancies of
5 the distributee and the distributee's designated beneficiary,
6 or made for a specified period of ten years or more.

7 (2) A distribution to the extent that the distribution is
8 required pursuant to section 401(a)(9) of the federal Internal
9 Revenue Code.

10 (3) The portion of any distribution that is not includible
11 in the gross income of the distributee, determined without
12 regard to the exclusion for net unrealized appreciation with
13 respect to employer securities.

14 (4) A distribution of less than two hundred dollars of
15 taxable income.

16 2. Effective January 1, 1993, a member or a member's
17 surviving spouse may elect, at the time and in the manner
18 prescribed in rules adopted by the department, to have the
19 department pay all or a portion of an eligible rollover
20 distribution directly to an eligible retirement plan,
21 specified by the member or the member's surviving spouse, in a
22 direct rollover. If a member or a member's surviving spouse
23 elects a partial direct rollover, the amount of funds elected
24 for the partial direct rollover must equal or exceed five
25 hundred dollars.

26 Sec. 36. Section 97B.56, Code 1993, is amended to read as
27 follows:

28 97B.56 ABOLISHED SYSTEM -- LIQUIDATION FUND.

29 The assets of the old-age and survivors' liquidation fund,
30 established by sections 97.50 to 97.53 and any future payments
31 or assets payable to the old-age and survivors' liquidation
32 fund, are hereby transferred to the retirement fund, and all
33 payments hereafter due in accordance with the provisions of
34 said sections shall be paid from the retirement fund~~7-and-the~~
35 ~~liability-for-such-payments-shall-be-considered-as-allowances~~

1 arising-from-prior-service-as-provided-in-section-97B-54.
2 Commencing-July-17-1967-and-each-year-thereafter, the
3 contributions-required-to-fund-the-actuarial-liabilities-from
4 the-abolished-system-shall-be-determined-in-accordance-with
5 section-97B-54.

6 Sec. 37. Section 97B.61, Code 1993, is amended to read as
7 follows:

8 97B.61 ANNUAL VALUATION OF ASSETS.

9 The department shall cause an annual actuarial valuation to
10 be made of the assets and liabilities of the retirement system
11 and shall prepare an annual statement of the amounts to be
12 contributed by the employer under this chapter, and shall
13 publish annually such valuation of the assets and liabilities
14 and the statement of receipts and disbursements of the
15 retirement system. However, the department shall not change
16 the assumption it uses for a fiscal period for the average
17 rate of interest that will be earned by investment of the
18 money accumulated in the retirement fund without the prior
19 approval of the investment board.

20 After accepting the actuarial methods and assumptions of
21 the valuation, the department shall certify to the governor
22 the contribution rates determined thereby as the rates
23 necessary and sufficient for members and employers to fully
24 fund the benefits and retirement allowances being credited for
25 membership-service-and-to-make-the-accrued-liability
26 contributions-in-level-installments-required-for-prior-service
27 under-section-97B-54.

28 Sec. 38. Section 97B.66, unnumbered paragraphs 1 and 2,
29 Code Supplement 1993, are amended to read as follows:

30 A vested or retired member who was a member of the teachers
31 insurance and annuity association-college retirement equity
32 fund at any time between July 1, 1967 and June 30, 1971 and
33 who became a member of the system on July 1, 1971, upon
34 submitting verification of service and wages earned during the
35 applicable period of service under the teachers insurance and

1 annuity association-college retirement equity fund, may make
2 employer and employee contributions to the system based upon
3 the covered wages of the member and the covered wages and the
4 contribution rates in effect for all or a portion of that
5 period of service and receive credit for membership service
6 under this system equivalent to the number-of-years applicable
7 period of membership service in the teachers insurance and
8 annuity association-college retirement equity fund for which
9 the contributions have been made. In addition, a member
10 making employer and employee contributions because of
11 membership in the teachers insurance and annuity association-
12 college retirement equity fund under this section who was a
13 member of the system on June 30, 1967 and withdrew the
14 member's accumulated contributions because of membership on
15 July 1, 1967 in the teachers insurance and annuity
16 association-college retirement equity fund, may make employee
17 contributions to the system for all or a portion of the period
18 of service under the system prior to July 1, 1967. A member
19 making contributions pursuant to this section may make the
20 contributions either for the entire applicable period of
21 service, or, effective upon the date that the department
22 determines that the amendments to this paragraph and
23 unnumbered paragraph 2 contained in this Act shall be
24 implemented, for portions of the period of service, and if
25 contributions are made for portions of the period of service,
26 the contributions shall be in increments of one or more years,
27 as long as the increments represent full years and not a
28 portion of a year. However, the department shall not
29 implement the amendments to this paragraph or unnumbered
30 paragraph 2, as enacted in this Act, unless and until the
31 department determines that the most recent annual actuarial
32 valuation of the retirement system indicates that the employer
33 and employee contribution rates in effect under section 97B.11
34 can absorb the amendments to this paragraph and unnumbered
35 paragraph 2 and to section 97B.72, unnumbered paragraphs 1 and

1 2, section 97B.72A, subsection 1, unnumbered paragraph 1,
2 section 97B.73A, unnumbered paragraph 1, and section 97B.74,
3 unnumbered paragraphs 1 and 2, contained in this Act, after
4 meeting the other established priority of the system. Until
5 the amendments are implemented, the department shall continue
6 to implement the provisions of section 97B.66, unnumbered
7 paragraphs 1 and 2, Code Supplement 1993. As used in this
8 section, unless the context otherwise requires, "other
9 established priority of the system" means that commencing
10 January 1 following the most recent annual actuarial valuation
11 of the system, the department has increased the covered wage
12 limitation from the previous year by three thousand dollars,
13 in accordance with section 97B.41, subsection 20, paragraph
14 "b", subparagraph (11).

15 The contributions paid by the vested or retired member
16 shall be equal to the accumulated contributions as defined in
17 section 97B.41, subsection 2, by the member for that the
18 applicable period of service, and the employer contribution
19 for that the applicable period of service under the teachers
20 insurance and annuity association-college retirement equity
21 fund, that would have been or had been contributed by the
22 vested or retired member and the employer, if applicable, plus
23 interest on the contributions that would have accrued for the
24 applicable period from the date the previous applicable period
25 of service commenced under this system or from the date the
26 service of the member in the teachers insurance and annuity
27 association-college retirement equity fund commenced to the
28 date of payment of the contributions by the member equal to
29 two percent plus the interest dividend rate applicable for
30 each year.

31 Sec. 39. Section 97B.70, Code 1993, is amended by adding
32 the following new subsection:

33 NEW SUBSECTION. 4. Effective upon the date that the
34 department determines that this subsection shall be
35 implemented, interest and interest dividends shall be credited

1 to the contributions of a person who leaves the contributions
2 in the retirement fund upon termination from covered
3 employment prior to achieving vested status, but who
4 subsequently achieves vested status. The interest and
5 interest dividends shall be credited to the contributions
6 commencing either upon the date that the department determines
7 that this subsection shall be implemented, or the date on
8 which the person becomes a vested member, whichever is later.
9 Interest and interest dividends shall cease upon the first of
10 the month coinciding with or next following the person's
11 retirement date. If the department no longer maintains the
12 accumulated contribution account of the person pursuant to
13 section 97B.53, but the person submits satisfactory proof to
14 the department that the person did make the contributions, the
15 department shall credit interest and interest dividends in the
16 manner provided in this subsection. However, the department
17 shall not implement this subsection, unless and until the
18 department determines that the most recent annual actuarial
19 valuation of the retirement system indicates that the employer
20 and employee contribution rates in effect under section 97B.11
21 can absorb the enactment of this subsection and the amendments
22 to section 97B.41, subsection 12, section 97B.53, subsections
23 3 and 7, and section 97B.53, subsection 6, unnumbered
24 paragraph 1, contained in this Act, after meeting the other
25 established priorities of the system, as defined in section
26 97B.41, subsection 12.

27 Sec. 40. Section 97B.72, unnumbered paragraphs 1 and 2,
28 Code Supplement 1993, are amended to read as follows:

29 Persons who are members of the Seventy-first General
30 Assembly or a succeeding general assembly who submit proof to
31 the department of membership in the general assembly during
32 any period beginning July 4, 1953, may make contributions to
33 the system for all or a portion of the period of service in
34 the general assembly, and receive credit for the applicable
35 period for which contributions are made. The contributions

1 made by the member shall be equal to the accumulated
2 contributions as defined in section 97B.41, subsection 2,
3 which would have been made if the member of the general
4 assembly had been a member of the system during the member's
5 service-in-the-general-assembly applicable period. The proof
6 of membership in the general assembly and payment of
7 accumulated contributions shall be transmitted to the
8 department. ~~Persons-eligible-to-receive-retirement-allowances~~
9 ~~under-this-section-shall-be-eligible-to-commence-receiving~~
10 ~~retirement-allowances-on-January-14,-1985-~~ A member making
11 contributions pursuant to this section may make the
12 contributions either for the entire applicable period of
13 service, or, effective upon the date that the department
14 determines that the amendments to this paragraph and
15 unnumbered paragraph 2 contained in this Act shall be
16 implemented, for portions of the period of service, and if
17 contributions are made for portions of the period of service,
18 the contributions shall be in increments of one or more years,
19 as long as the increments represent full years and not a
20 portion of a year. However, the department shall not
21 implement the amendments to this paragraph or unnumbered
22 paragraph 2, as enacted in this Act, unless and until the
23 department determines that the most recent annual actuarial
24 valuation of the retirement system indicates that the employer
25 and employee contribution rates in effect under section 97B.11
26 can absorb the amendments to this paragraph and unnumbered
27 paragraph 2 and to section 97B.66, unnumbered paragraphs 1 and
28 2, section 97B.72A, subsection 1, unnumbered paragraph 1,
29 section 97B.73A, unnumbered paragraph 1, and section 97B.74,
30 unnumbered paragraphs 1 and 2, contained in this Act, after
31 meeting the other established priority of the system, as
32 defined in section 97B.66. Until the amendments are
33 implemented, the department shall continue to implement the
34 provisions of section 97B.72, unnumbered paragraphs 1 and 2,
35 Code Supplement 1993.

1 There is appropriated from moneys available to the general
2 assembly under section 2.12 an amount sufficient to pay the
3 contributions of the employer based on the period of service
4 ~~of-the-members~~ for which the members have paid accumulated
5 contributions in an amount equal to the contributions which
6 would have been made if the members of the general assembly
7 who made employee contributions had been members of the system
8 during ~~their~~ the applicable period of service in the general
9 assembly plus two percent interest plus interest dividends for
10 all completed calendar years and for any completed calendar
11 year for which the interest dividend has not been declared and
12 for completed months of partially completed calendar years at
13 two percent interest plus the interest dividend rate
14 calculated for the previous year, compounded annually, from
15 the end of the calendar year in which contribution was made to
16 the first day of the month of such date.

17 Sec. 41. Section 97B.72A, subsection 1, unnumbered
18 paragraph 1, Code Supplement 1993, is amended to read as
19 follows:

20 An active or vested member of the system who was a member
21 of the general assembly prior to July 1, 1988, may make
22 contributions to the system for all or a portion of the period
23 of service in the general assembly. The contributions made by
24 the member shall be equal to the accumulated contributions as
25 defined in section 97B.41, subsection 2, which would have been
26 made if the member of the general assembly had been a member
27 of the system during the applicable period of service in the
28 general assembly. A member making contributions pursuant to
29 this section may make the contributions either for the entire
30 applicable period of service, or for portions of the period of
31 service, and, effective upon the date that the department
32 determines that the amendments to this paragraph contained in
33 this Act shall be implemented, if contributions are made for
34 portions of the period of service, the contributions shall be
35 in increments of one or more years, as long as the increments

1 represent full years and not a portion of a year. The member
2 of the system shall submit proof to the department of
3 membership in the general assembly. The department shall
4 credit the member with the period of membership service for
5 which contributions are made. However, the department shall
6 not implement the amendments to this paragraph, as enacted in
7 this Act, unless and until the department determines that the
8 most recent annual actuarial valuation of the retirement
9 system indicates that the employer and employee contribution
10 rates in effect under section 97B.11 can absorb the amendments
11 to this paragraph and to section 97B.66, unnumbered paragraphs
12 1 and 2, section 97B.72, unnumbered paragraphs 1 and 2,
13 section 97B.73A, unnumbered paragraph 1, and section 97B.74,
14 unnumbered paragraphs 1 and 2, contained in this Act, after
15 meeting the other established priority of the system, as
16 defined in section 97B.66. Until the amendments are
17 implemented, the department shall continue to implement the
18 provisions of section 97B.72A, subsection 1, unnumbered
19 paragraph 1, Code Supplement 1993.

20 Sec. 42. Section 97B.72A, subsection 2, Code Supplement
21 1993, is amended by striking the subsection.

22 Sec. 43. Section 97B.73, Code Supplement 1993, is amended
23 by adding the following new unnumbered paragraph after unnum-
24 bered paragraph 2:

25 NEW UNNUMBERED PARAGRAPH. Notwithstanding any provision of
26 this section to the contrary, effective July 1, 1994, a vested
27 or retired member must have membership service within the
28 current calendar year in order to make contributions in any
29 manner provided by this section.

30 Sec. 44. Section 97B.73A, unnumbered paragraph 1, Code
31 Supplement 1993, is amended to read as follows:

32 A part-time county attorney may elect in writing to the
33 department to make employee contributions to the system for
34 the county attorney's previous service as a county attorney
35 and receive credit for membership service in the system for

1 the applicable period of service as a part-time county
2 attorney for which employee contributions are made. The
3 contributions paid by the member shall be equal to the
4 accumulated contributions, as defined in section 97B.41,
5 subsection 2, for that the applicable period of membership
6 service. A member making contributions pursuant to this
7 section may make the contributions either for the entire
8 applicable period of service, or, effective upon the date that
9 the department determines that the amendments to this
10 paragraph contained in this Act shall be implemented, for
11 portions of the period of service, and if contributions are
12 made for portions of the period of service, the contributions
13 shall be in increments of one or more years, as long as the
14 increments represent full years and not a portion of a year.
15 A member who elects to make contributions under this section
16 shall notify the county board of supervisors of the member's
17 election, and the county board of supervisors shall pay to the
18 department the employer contributions that would have been
19 contributed by the employer under section 97B.11 plus interest
20 on the contributions that would have accrued if the county
21 attorney had been a member of the system for that the
22 applicable period of service. However, the department shall
23 not implement the amendments to this paragraph, as enacted in
24 this Act, unless and until the department determines that the
25 most recent annual actuarial valuation of the retirement
26 system indicates that the employer and employee contribution
27 rates in effect under section 97B.11 can absorb the amendments
28 to this paragraph and to section 97B.66, unnumbered paragraphs
29 1 and 2, section 97B.72, unnumbered paragraphs 1 and 2,
30 section 97B.72A, subsection 1, unnumbered paragraph 1, and
31 section 97B.74, unnumbered paragraphs 1 and 2, contained in
32 this Act, after meeting the other established priority of the
33 system, as defined in section 97B.66. Until the amendments
34 are implemented, the department shall continue to implement
35 the provisions of section 97B.73A, unnumbered paragraph 1,

1 Code Supplement 1993.

2 Sec. 45. Section 97B.74, unnumbered paragraphs 1 and 2,
3 Code Supplement 1993, are amended to read as follows:

4 ~~Effective-January-17-19917-~~an An active, vested, or retired
5 member who was a member of the system at any time on or after
6 July 4, 1953, and who received a refund of the member's
7 contributions for that period of membership service, may elect
8 in writing to the department to make contributions to the
9 system for that all or a portion of the period of membership
10 service for which a refund of contributions was made, and
11 receive credit for the period of membership service for which
12 contributions are made. The contributions repaid by the
13 member for such service shall be equal to the accumulated
14 contributions, as defined in section 97B.41, subsection 2,
15 received by the member for that the applicable period of
16 membership service plus interest on the accumulated
17 contributions for the applicable period from the date of
18 receipt by the member to the date of repayment equal to two
19 percent plus the interest dividend rate applicable for each
20 year compounded annually.

21 An active member must have at least one quarter's
22 reportable wages on file and have membership service,
23 including that period of membership service for which a refund
24 of contributions was made, sufficient to give the member
25 vested status. A member making contributions pursuant to this
26 section may make the contributions either for the entire
27 applicable period of service, or, effective upon the date that
28 the department determines that the amendments to this
29 paragraph and unnumbered paragraph 1 contained in this Act
30 shall be implemented, for portions of the period of service,
31 and if contributions are made for portions of the period of
32 service, the contributions shall be in increments of one or
33 more years, as long as the increments represent full years and
34 not a portion of a year. However, the department shall not
35 implement the amendments to this paragraph or unnumbered

1 paragraph 1, as enacted in this Act, unless and until the
2 department determines that the most recent annual actuarial
3 valuation of the retirement system indicates that the employer
4 and employee contribution rates in effect under section 97B.11
5 can absorb the amendments to this paragraph and to unnumbered
6 paragraph 1 and to section 97B.66, unnumbered paragraphs 1 and
7 2, section 97B.72, unnumbered paragraphs 1 and 2, section
8 97B.72A, subsection 1, unnumbered paragraph 1, and section
9 97B.73A, unnumbered paragraph 1, contained in this Act, after
10 meeting the other established priority of the system, as
11 defined in section 97B.66. Until the amendments are
12 implemented, the department shall continue to implement the
13 provisions of section 97B.74, unnumbered paragraphs 1 and 2,
14 Code Supplement 1993.

15 Sec. 46. Section 97B.80, Code Supplement 1993, is amended
16 by adding the following new paragraph after unnumbered
17 paragraph 1:

18 NEW UNNUMBERED PARAGRAPH. Notwithstanding any provision of
19 this section to the contrary, effective July 1, 1994, a vested
20 or retired member must have membership service within the
21 current calendar year in order to make contributions in any
22 manner provided by this section.

23 Sec. 47. Section 260C.23, subsection 9, Code Supplement
24 1993, is amended to read as follows:

25 9. At the request of an employee through contractual
26 agreement the board may arrange for the purchase of group or
27 individual annuity contracts for any of its employees from any
28 company the employee chooses that is authorized to do business
29 in this state and through an Iowa-licensed insurance agent or
30 from a securities dealer, salesperson, or mutual fund
31 registered in this state that the employee selects, for
32 retirement or other purposes, and may make payroll deductions
33 in accordance with the arrangements for the purpose of paying
34 the entire premium due and to become due under the contract.
35 The deductions shall be made in the manner which will qualify

1 the annuity premiums for the benefits under section 403(b) of
2 the Internal Revenue Code, as defined in section 422.3. The
3 employee's rights under the annuity contract are
4 nonforfeitable except for the failure to pay premiums. If an
5 existing tax-sheltered annuity contract is to be replaced by a
6 new contract the agent or representative of the company shall
7 submit a letter of intent by registered mail to the company
8 being replaced, to the insurance commissioner of the state of
9 Iowa, and to the agent's or representative's own company at
10 least thirty days prior to any action. This letter of intent
11 shall contain the policy number and description of the
12 contract being replaced and a description of the replacement
13 contract.

14 Sec. 48. Section 260C.23, subsection 17, Code Supplement
15 1993, is amended to read as follows:

16 17. Commencing July 1, 1994, provide for an alternative
17 retirement benefits system, which is issued by or through a
18 nonprofit corporation issuing retirement annuities exclusively
19 to educational institutions and their employees, for persons
20 employed by the community college who are members of the Iowa
21 public employees' retirement system on July 1, 1994, or who
22 are new employees, and who elect coverage under the
23 alternative retirement benefits system pursuant to section
24 97B.42, in lieu of continuing or commencing contributions to
25 the Iowa public employees' retirement system. The system for
26 employee and employer contributions under the alternative
27 system shall be ~~substantially-the-same-as~~ similar to that
28 provided by the state board of regents under the teachers
29 insurance annuity association-college retirement equities
30 fund, and except that the employer's annual contribution in
31 dollars shall not exceed the employer's-contribution-rate
32 established-for-employees-of-the-state-board-of-regents-who
33 are-under-that annual contribution in dollars which the
34 employer would contribute if the employee had elected to
35 remain an active member pursuant to the Iowa public employee's

1 retirement system, as set forth in section 97B.11.

2 Sec. 49. Section 411.3, Code 1993, is amended to read as
3 follows:

4 411.3 MEMBERSHIP.

5 1. All persons who become police officers or fire fighters
6 after the date the city is required to come under the
7 retirement system, shall become members of the retirement
8 system as a condition of their employment, except that a
9 police chief or a fire chief who would not complete twenty-two
10 years of service under this chapter by the time the chief
11 attains fifty-five years of age shall, upon written request to
12 the system, be exempt from this chapter, and except as
13 otherwise provided in subsection 3. Notwithstanding section
14 97B.41, a police chief or fire chief who is exempt from this
15 chapter is exempt from chapter 97B. Members of the system
16 established in this chapter shall not be required to make
17 contributions under any other pension or retirement system of
18 a city, county, or the state of Iowa, anything to the contrary
19 notwithstanding.

20 2. Should any member in any period of five consecutive
21 years after last becoming a member, be absent from service for
22 more than four years, or should the member become a
23 beneficiary or die, the member shall thereupon cease to be a
24 member of the system.

25 3. a. As used in this section, unless the context
26 otherwise requires, "reemployed" or "reemployment" means the
27 employment of a person as a police officer or firefighter by
28 any participating city after the person has commenced
29 receiving a service retirement allowance under section 411.6.

30 b. If a person is reemployed, the person shall not become
31 an active member of the system upon reemployment, and the
32 person so reemployed and the participating city shall not make
33 contributions to the system based upon the person's
34 compensation for reemployment. A person who is so reemployed
35 shall continue to receive the service retirement allowance,

1 and the service retirement allowance shall not be recalculated
2 based upon the person's reemployment. Notwithstanding section
3 97B.41 or any other provision of law to the contrary, a person
4 reemployed as provided in this subsection shall be exempt from
5 chapter 97B.

6 Sec. 50. Section 411.5, subsection 8, Code Supplement
7 1993, is amended to read as follows:

8 8. MEDICAL BOARD. The system shall designate a medical
9 board to be composed of three physicians who shall arrange for
10 and pass upon all medical examinations required under the
11 provisions of this chapter, except that for examinations
12 required because of disability three physicians from the
13 University of Iowa hospitals and clinics who shall pass upon
14 the medical examinations required for disability retirements,
15 and shall report to the system in writing its conclusions and
16 recommendations upon all matters referred to it. Each report
17 of a medical examination under section 411.6, subsections 3
18 and 5, shall include the medical board's rating findings in
19 accordance with section 411.6 as to the extent of the member's
20 physical impairment.

21 Sec. 51. Section 411.5, Code Supplement 1993, is amended
22 by adding the following new subsection:

23 NEW SUBSECTION. 12. REQUIREMENTS RELATED TO THE INTERNAL
24 REVENUE CODE.

25 a. As used in this subsection, unless the context
26 otherwise requires, "Internal Revenue Code" means the federal
27 Internal Revenue Code as defined in section 422.3.

28 b. The fund established in section 411.8 shall be held in
29 trust for the benefit of the members of the system and the
30 members' beneficiaries. No part of the corpus or income of
31 the fund shall be used for, or diverted to, purposes other
32 than for the exclusive benefit of the members or the members'
33 beneficiaries or for expenses incurred in the operation of the
34 fund. A person shall not have any interest in, or right to,
35 any part of the corpus or income of the fund except as

1 otherwise expressly provided.

2 c. Notwithstanding any provision of this chapter to the
3 contrary, in the event of a complete discontinuance of
4 contributions, for reasons other than achieving fully funded
5 status upon an actuarially determined basis, or upon
6 termination of the fund established in section 411.8, a member
7 shall be vested, to the extent then funded, in the benefits
8 which the member has accrued at the date of the discontinuance
9 or termination.

10 d. Benefits payable from the fund established in section
11 411.8 to members and members' beneficiaries shall not be
12 increased due to forfeitures from other members. Forfeitures
13 shall be used as soon as possible to reduce future
14 contributions by the cities to the fund, except that the rate
15 shall not be less than the minimum rate established in section
16 411.8.

17 e. Notwithstanding any provision of this chapter to the
18 contrary, a member's service retirement allowance shall
19 commence on or before the later of the following:

20 (1) April 1 of the calendar year following the calendar
21 year in which the member attains the age of seventy and one-
22 half years.

23 (2) April 1 of the calendar year following the calendar
24 year in which the member retires.

25 f. The maximum annual benefit payable to a member by the
26 system shall be subject to the limitations set forth in
27 section 415 of the federal Internal Revenue Code, and any
28 regulations promulgated pursuant to that section.

29 g. The annual compensation of a member taken in account
30 for any purpose under this chapter shall not exceed the
31 applicable amount set forth in section 401(a)(17) of the
32 federal Internal Revenue Code, and any regulations promulgated
33 pursuant to that section.

34 Sec. 52. Section 411.6, subsection 1, Code 1993, is
35 amended by adding the following new paragraph:

1 NEW PARAGRAPH. c. Once a person commences receiving a
2 service retirement allowance pursuant to this section, if the
3 person is reemployed, as defined in section 411.3, the service
4 retirement allowance shall not be recalculated based upon the
5 person's reemployment.

6 Sec. 53. Section 411.6, subsection 2, paragraph d,
7 subparagraph (2), Code 1993, is amended to read as follows:

8 (2) For a member who terminates service, other than by
9 death or disability, on or after July 1, 1991, but before
10 October 16, 1992, and who does not withdraw the member's
11 contributions pursuant to section 411.23, upon the member's
12 retirement there shall be added six-tenths percent of the
13 member's average final compensation for each year of service
14 over twenty-two years, excluding years of service after the
15 member's fifty-fifth birthday. However, this subparagraph
16 does not apply to more than eight additional years of service.

17 Sec. 54. Section 411.6, subsection 2, paragraph d, Code
18 1993, is amended by adding the following new subparagraph:

19 NEW SUBPARAGRAPH. (3) For a member who terminates
20 service, other than by death or disability, on or after
21 October 16, 1992, and who does not withdraw the member's
22 contributions pursuant to section 411.23, upon the member's
23 retirement there shall be added six-tenths percent of the
24 member's average final compensation for each year of service
25 over twenty-two years. However, this subparagraph does not
26 apply to more than eight additional years of service.

27 Sec. 55. Section 411.6, subsection 10, Code 1993, is
28 amended to read as follows:

29 10. PENSIONS OFFSET BY COMPENSATION BENEFITS. Any amounts
30 which may be paid or payable by the said cities under the
31 provisions of any workers' compensation or similar law to a
32 member or to the dependents of a member on account of any
33 disability or death, shall be offset against and payable in
34 lieu of any benefits payable ~~out-of-funds-provided-by-the-said~~
35 ~~cities~~ under the provisions of this chapter on account of the

1 same disability or death. In case the present value of the
2 total commuted benefits under said workers' compensation or
3 similar law is less than the pension reserve on the benefits
4 otherwise payable from funds provided by the said cities under
5 this chapter, then the present value of the commuted payments
6 shall be deducted from the pension reserve and such benefits
7 as may be provided by the pension reserve so reduced shall be
8 payable under the provisions of this chapter.

9 Sec. 56. NEW SECTION. 411.6B ROLLOVERS OF MEMBER'S
10 ACCOUNTS.

11 1. As used in this section, unless the context otherwise
12 requires:

13 a. "Direct rollover" means a payment by the system to the
14 eligible retirement plan specified by the member or the
15 member's surviving spouse.

16 b. "Eligible retirement plan" means either of the
17 following that accept an eligible rollover distribution from a
18 member or a member's surviving spouse:

19 (1) An individual retirement account in accordance with
20 section 408(a) of the federal Internal Revenue Code.

21 (2) An individual retirement annuity in accordance with
22 section 408(b) of the federal Internal Revenue Code.

23 In addition, an "eligible retirement plan" includes an
24 annuity plan in accordance with section 403(a) of the federal
25 Internal Revenue Code, or a qualified trust in accordance with
26 section 401(a) of the federal Internal Revenue Code, that
27 accept an eligible rollover distribution from a member.

28 c. "Eligible rollover distribution" means all or any
29 portion of a member's account, except that an eligible
30 rollover distribution does not include any of the following:

31 (1) A distribution that is one of a series of
32 substantially equal periodic payments, which occur annually or
33 more frequently, made for the life or life expectancy of the
34 distributee or the joint lives or joint life expectancies of
35 the distributee and the distributee's designated beneficiary,

1 or made for a specified period of ten years or more.

2 (2) A distribution to the extent that the distribution is
3 required pursuant to section 401(a)(9) of the federal Internal
4 Revenue Code.

5 (3) The portion of any distribution that is not includible
6 in the gross income of the distributee, determined without
7 regard to the exclusion for net unrealized appreciation with
8 respect to employer securities.

9 (4) A distribution of less than two hundred dollars of
10 taxable income.

11 2. Effective January 1, 1993, a member or a member's
12 surviving spouse may elect, at the time and in the manner
13 prescribed in rules adopted by the board of trustees, to have
14 the system pay all or a portion of an eligible rollover
15 distribution directly to an eligible retirement plan,
16 specified by the member or the member's surviving spouse, in a
17 direct rollover. If a member or a member's surviving spouse
18 elects a partial direct rollover, the amount of funds elected
19 for the partial direct rollover must equal or exceed five
20 hundred dollars.

21 Sec. 57. Section 411.8, subsection 1, paragraph f,
22 subparagraphs (6) through (8), Code 1993, are amended to read
23 as follows:

24 (6) An amount equal to eight and one-tenth thirty-five
25 hundredths percent of each member's compensation from the
26 earnable compensation of the member shall be paid to the fund
27 for the fiscal year beginning July 1, 1994.

28 (7) An amount equal to nine and one-tenth thirty-five
29 hundredths percent of each member's compensation from the
30 earnable compensation of the member shall be paid to the fund
31 for the fiscal year beginning July 1, 1995.

32 (8) Beginning July 1, 1996, and each fiscal year
33 thereafter, an amount equal to the member's contribution rate
34 times each member's compensation shall be paid to the fund
35 from the earnable compensation of the member. For the

1 purposes of this subparagraph, the member's contribution rate
2 shall be nine and one-tenth thirty-five hundredths percent.
3 However, the system shall increase the member's contribution
4 rate as necessary to cover any increase in cost to the system
5 resulting from statutory changes which are enacted by any
6 session of the general assembly meeting after January 1, 1991,
7 if the increase cannot be absorbed within the contribution
8 rates otherwise established pursuant to this paragraph, but
9 subject to a maximum employee contribution rate of eleven and
10 three-tenths percent. After the employee contribution reaches
11 eleven and three-tenths percent, sixty percent of the
12 additional cost of such statutory changes shall be paid by
13 employers under paragraph "c" and forty percent of the
14 additional cost shall be paid by employees under this
15 paragraph.

16 Sec. 58. Section 411.8, subsection 1, paragraph h, Code
17 1993, is amended to read as follows:

18 h. Notwithstanding the provisions of paragraph "f", the
19 following transition percentages apply to members'
20 contributions as specified:

21 (1) For members who on July 1, 1990, have attained the age
22 of forty-nine years or more, an amount equal to nine and one-
23 tenth percent of each member's compensation from the earnable
24 compensation of the member shall be paid to the fund for the
25 fiscal year period beginning July 1, 1990, through October 15,
26 1992, and commencing October 16, 1992, and for each subsequent
27 fiscal year-until-the-fiscal-year-beginning-July-17-1996, when
28 period, the rates specified in paragraph "f", subparagraph
29 subparagraphs (4) through (8), applies shall apply.

30 (2) For members who on July 1, 1990, have attained the age
31 of forty-eight years but have not attained the age of forty-
32 nine years, an amount equal to eight and one-tenth percent
33 shall be paid for the fiscal year beginning July 1, 1990, and
34 an amount equal to nine and one-tenth percent shall be paid
35 for the fiscal year period beginning July 1, 1991, through

1 October 15, 1992, and commencing October 16, 1992, and for
2 each subsequent fiscal year-until-the-fiscal-year
3 beginning-July-1, 1996, when period, the rates specified in
4 paragraph "f", subparagraph subparagraphs (4) through (8),
5 applies shall apply.

6 (3) For members who on July 1, 1990, have attained the age
7 of forty-seven years but have not attained the age of forty-
8 eight years, an amount equal to seven and one-tenth percent
9 shall be paid for the fiscal year beginning July 1, 1990, an
10 amount equal to eight and one-tenth percent shall be paid for
11 the fiscal year beginning July 1, 1991, and an amount equal to
12 nine and one-tenth percent shall be paid for the fiscal year
13 period beginning July 1, 1992, through October 15, 1992, and
14 commencing October 16, 1992, and for each subsequent fiscal
15 year-until-the-fiscal-year-beginning-July-1, 1996, when
16 period, the rates specified in paragraph "f", subparagraph
17 subparagraphs (4) through (8), applies shall apply.

18 (4) For members who on July 1, 1990, have attained the age
19 of forty-six years but have not attained the age of forty-
20 seven years, an amount equal to six and one-tenth percent
21 shall be paid for the fiscal year beginning July 1, 1990, an
22 amount equal to seven and one-tenth percent shall be paid for
23 the fiscal year beginning July 1, 1991, an amount equal to
24 eight and one-tenth percent shall be paid for the fiscal year
25 period beginning July 1, 1992, and-an-amount-equal-to-nine-and
26 one-tenth-percent-shall-be-paid-for-the-fiscal-year-beginning
27 July-1, 1993, through October 15, 1992, and commencing October
28 16, 1992, and for each subsequent fiscal year-until-the-fiscal
29 year-beginning-July-1, 1996, when period, the rates specified
30 in paragraph "f", subparagraph subparagraphs (4) through (8),
31 applies shall apply.

32 (5) For members who on July 1, 1990, have attained the age
33 of forty-five years but have not attained the age of forty-six
34 years, an amount equal to five and one-tenth percent shall be
35 paid for the fiscal year beginning July 1, 1990, an amount

1 equal to six and one-tenth percent shall be paid for the
2 fiscal year beginning July 1, 1991, and an amount equal to
3 seven and one-tenth percent shall be paid for the fiscal year
4 period beginning July 1, 1992, an amount equal to eight and
5 one-tenth percent shall be paid for the fiscal year beginning
6 July 1, 1993, and an amount equal to nine and one-tenth
7 percent shall be paid for the fiscal years beginning July 1,
8 1994, and July 1, 1995 through October 15, 1992. Beginning
9 July 1, 1996, Commencing October 16, 1992, and for each
10 subsequent fiscal period, the rates specified in paragraph
11 "f", subparagraph subparagraphs (4) through (8), applies shall
12 apply.

13 Sec. 59. Section 411.8, subsection 1, Code 1993, is
14 amended by adding the following new paragraph:

15 NEW PARAGRAPH. i. (1) Notwithstanding paragraph "g" or
16 other provisions of this chapter, beginning January 1,
17 following the submission by the board of trustees of an
18 application to the federal internal revenue service requesting
19 qualification in accordance with the requirements of the
20 Internal Revenue Code, as defined in section 422.3, member
21 contributions required under paragraph "f" or "h" which are
22 picked up by the city shall be considered employer
23 contributions for federal and state income tax purposes, and
24 each city shall pick up the member contributions to be made
25 under paragraph "f" or "h" by its employees. Each city shall
26 pick up these contributions by reducing the salary of each of
27 its employees covered by this chapter by the amount which each
28 employee is required to contribute under paragraph "f" or "h"
29 and shall pay the amount picked up in lieu of the member
30 contributions to the board of trustees for recording and
31 deposit in the fund.

32 (2) Member contributions picked up by each city under
33 subparagraph (1) shall be treated as employer contributions
34 for federal and state income tax purposes only and for all
35 other purposes of this chapter shall be treated as employee

1 contributions and deemed part of the employee's earnable
2 compensation or salary.

3 Sec. 60. Section 602.9104, subsection 4, Code 1993, is
4 amended by striking the subsection and inserting in lieu
5 thereof the following:

6 4. a. As used in this subsection, unless the context
7 otherwise requires:

8 (1) "Actuarial valuation" means an actuarial valuation of
9 the judicial retirement system or an annual actuarial update
10 of an actuarial valuation, as required pursuant to section
11 602.9116.

12 (2) "Fully funded status" means that the most recent
13 actuarial valuation reflects that, using the aggregate cost
14 method in accordance with generally recognized and accepted
15 actuarial principles and practices set forth by the American
16 academy of actuaries, the funded status of the system is at
17 least one hundred percent.

18 (3) "Required contribution rate" means that percentage of
19 the basic salary of all judges covered under this article
20 which, in addition to the judge's contribution established in
21 subsection 1, the actuary of the system determines is
22 necessary to maintain fully funded status.

23 b. Effective with the fiscal year commencing July 1, 1994,
24 and for each subsequent fiscal year until the system attains
25 fully funded status, the state shall contribute annually to
26 the judicial retirement fund an amount equal to at least
27 twenty-three and seven-tenths percent of the basic salary of
28 all judges covered under this article. Commencing with the
29 first fiscal year in which the system attains fully funded
30 status, and for each subsequent fiscal year, the state shall
31 contribute to the judicial retirement fund the required
32 contribution rate.

33 Sec. 61. NEW SECTION. 602.9104A MONEYS DEPOSITED IN THE
34 JUDICIAL RETIREMENT FUND -- LIMITATIONS -- INTENT.

35 1. As used in this section, unless the context otherwise

1 requires, "court revenues" means any court costs, fees, fines,
2 penalties, surcharges, forfeited bail, or similar charges
3 collected by the court, or interest on such amounts.

4 2. Notwithstanding section 602.8105, 602.8106, or 631.6,
5 or any other provision of law to the contrary, court revenues
6 shall not be deposited in the judicial retirement fund
7 established in section 602.9104. If a provision of law
8 provides for the deposit of court revenues in the judicial
9 retirement fund, those court revenues shall be deposited in
10 the general fund.

11 3. The judicial retirement fund shall consist of the
12 contributions specified in section 602.9104, as well as the
13 corpus and income of the fund as provided in section 602.9104.

14 4. It is the intent of the general assembly that the
15 judicial retirement system be funded from contributions based
16 upon the basic salary of the judges covered by this article,
17 rather than from court revenues.

18 Sec. 62. NEW SECTION. 602.9105 ROLLOVERS OF JUDGE'S
19 ACCOUNTS.

20 1. As used in this section, unless the context otherwise
21 requires:

22 a. "Direct rollover" means a payment by the system to the
23 eligible retirement plan specified by the judge covered under
24 this article or the judge's surviving spouse.

25 b. "Eligible retirement plan" means either of the
26 following that accept an eligible rollover distribution from a
27 judge covered by this article or a judge's surviving spouse:

28 (1) An individual retirement account in accordance with
29 section 408(a) of the federal Internal Revenue Code.

30 (2) An individual retirement annuity in accordance with
31 section 408(b) of the federal Internal Revenue Code.

32 In addition, an "eligible retirement plan" includes an
33 annuity plan in accordance with section 403(a) of the federal
34 Internal Revenue Code, or a qualified trust in accordance with
35 section 401(a) of the federal Internal Revenue Code, that

1 accepts an eligible rollover distribution from a judge covered
2 by this article.

3 c. "Eligible rollover distribution" means all or any
4 portion of a judge's account, except that an eligible rollover
5 distribution does not include any of the following:

6 (1) A distribution that is one of a series of sub-
7 stantially equal periodic payments, which occur annually or
8 more frequently, made for the life or life expectancy of the
9 distributee or the joint lives or joint life expectancies of
10 the distributee and the distributee's designated beneficiary,
11 or made for a specified period of ten years or more.

12 (2) A distribution to the extent that the distribution is
13 required pursuant to section 401(a)(9) of the federal Internal
14 Revenue Code.

15 (3) The portion of any distribution that is not includible
16 in the gross income of the distributee, determined without
17 regard to the exclusion for net unrealized appreciation with
18 respect to employer securities.

19 (4) A distribution of less than two hundred dollars of
20 taxable income.

21 2. Effective January 1, 1993, a judge covered by this
22 article or a judge's surviving spouse may elect, at the time
23 and in the manner prescribed by the state court administrator,
24 to have the system pay all or a portion of an eligible
25 rollover distribution directly to an eligible retirement plan,
26 specified by the judge or the judge's surviving spouse, in a
27 direct rollover. If a judge or a judge's surviving spouse
28 elects a partial direct rollover, the amount of funds elected
29 for the partial direct rollover must equal or exceed five
30 hundred dollars.

31 Sec. 63. Section 602.9116, Code 1993, is amended to read
32 as follows:

33 602.9116 ACTUARIAL VALUATION.

34 1. The court administrator shall cause an actuarial
35 valuation to be made of the assets and liabilities of the

1 judicial retirement fund at least once every four years
2 commencing with the fiscal year beginning July 1, 1981. For
3 each fiscal year in which an actuarial valuation is not
4 conducted, the court administrator shall cause an annual
5 actuarial update to be prepared for the purpose of determining
6 the adequacy of the contribution rates specified in section
7 602.9104, subsection 4. The court administrator shall adopt
8 mortality tables and other necessary factors for use in the
9 actuarial calculations required for the valuation upon the
10 recommendation of the actuary. Following the actuarial
11 valuation or annual actuarial update, the court administrator
12 shall determine the condition of the system and shall report
13 its findings and recommendations to the general assembly.

14 2. The cost of the actuarial valuation or annual actuarial
15 update shall be paid from the judicial retirement fund.

16 Sec. 64. Section 602.9204, Code 1993, is amended to read
17 as follows:

18 602.9204 ANNUITY OF SENIOR JUDGE AND RETIRED SENIOR JUDGE.

19 1. A senior judge or a retired senior judge shall not be
20 paid a salary. A senior judge or retired senior judge shall
21 be paid an annuity under the judicial retirement system in the
22 manner provided in section 602.9109, but computed under this
23 section in lieu of section 602.9107, as follows: The annuity
24 paid to a senior judge or retired senior judge shall be an
25 amount equal to three percent of the current basic senior
26 judge salary, ~~as-of-the-time-each-payment-is-made-up-to-and~~
27 ~~including-the-twelve-month-period-during-which-the-senior~~
28 ~~judge-or-retired-senior-judge-attains-seventy-eight-years-of~~
29 ~~age, of-the-office-in-which-the-senior-judge-last-served-as-a~~
30 ~~judge-before-retirement-as-a-judge-or-senior-judge,~~ multiplied
31 by the judge's years of service prior to retirement as a judge
32 of one or more of the courts included under this article, for
33 which contributions were made to the system, except the
34 annuity of the senior judge or retired senior judge shall not
35 exceed fifty percent of the current basic senior judge salary

1 used in calculating the annuity. However, following the
2 twelve-month period during which the senior judge or retired
3 senior judge attains seventy-eight years of age, the annuity
4 paid to the person shall be an amount equal to three percent
5 of the basic senior judge salary cap, multiplied by the
6 judge's years of service prior to retirement as a judge of one
7 or more of the courts included under this article, for which
8 contributions were made to the system, except that the annuity
9 shall not exceed fifty percent of the basic senior judge
10 salary cap. A senior judge or retired senior judge shall not
11 receive benefits calculated using a basic senior judge salary
12 established after the twelve-month period in which the senior
13 judge or retired senior judge attains seventy-eight years of
14 age. In addition, if a senior judge is under sixty-five years
15 of age at the time the judge becomes a senior judge, the state
16 shall pay the state's share of the senior judge's medical
17 insurance premium until the judge attains age sixty-five.

18 2. As used in this section, unless the context otherwise
19 requires:

20 a. "Basic senior judge salary" means the average annual
21 basic salary for the senior judge's or retired senior judge's
22 last three years as a judge of one or more of the courts
23 included in this article, as would be used in computing an
24 annuity pursuant to section 602.9107 without service as a
25 senior judge, plus seventy-five percent of the escalator.

26 b. "Basic Basic senior judge salary cap" means the basic
27 senior judge salary, at the end of the twelve-month period
28 during which the senior judge or retired senior judge attained
29 seventy-eight years of age, of the office in which the person
30 last served as a judge before retirement as a judge or senior
31 judge.

32 c. "Escalator" means the difference between the current
33 basic salary, as of the time each payment is made up to and
34 including the twelve-month period during which the senior
35 judge or retired senior judge attains seventy-eight years of

1 age, of the office in which the senior judge last served as a
2 judge before retirement as a judge or senior judge, and the
3 average annual basic salary for the senior judge's or retired
4 senior judge's last three years as a judge of one or more of
5 the courts included in this article, as would be used in
6 computing an annuity pursuant to section 602.9107 without
7 service as a senior judge.

8 Sec. 65. Section 97B.54, Code 1993, is repealed.

9 Sec. 66. DEVELOPMENT OF PROPOSAL FOR COMBINING TYPES OF
10 SERVICES -- IOWA PUBLIC EMPLOYEE'S RETIREMENT SYSTEM --
11 REPORT.

12 1. The department of personnel, in consultation with the
13 public retirement systems committee established in section
14 97D.4, shall develop a proposal concerning the possible estab-
15 lishment of a new benefit formula under the Iowa public
16 employee's retirement system created in chapter 97B. The
17 proposed benefit formula shall provide a method by which a
18 member may combine the value of the following different types
19 of membership service:

20 a. Membership service as a sheriff or deputy sheriff in
21 accordance with section 97B.49, subsection 16, paragraph "b".

22 b. Membership service in a protection occupation, as pro-
23 vided in section 97B.49, subsection 16, paragraphs "a" and
24 "d".

25 c. Any other membership service, as defined in section
26 97B.41.

27 2. The proposed benefit formula shall not provide credit
28 for years of membership service in excess of thirty years, and
29 shall not allow the use of a percentage multiplier in excess
30 of sixty percent of the member's three-year average covered
31 wage, as defined in section 97B.41.

32 3. The department of personnel may develop alternate
33 proposed benefit formulas which meet the requirements of this
34 section. On or before September 1, 1995, the department of
35 personnel shall file a report with the legislative service

1 bureau, for distribution to the public retirement systems
2 committee, which contains a proposed benefit formula, and may
3 include alternate proposed benefit formulas, as provided in
4 this section. The report shall also contain actuarial
5 information concerning the costs of the proposal or proposals.

6 Sec. 67. SENIOR JUDGES -- IMPLEMENTATION. Notwithstanding
7 the amendments to section 602.9204 contained in this Act, all
8 judges whose names are entered on the roster of senior judges
9 pursuant to section 602.9203, subsection 3, as of June 30,
10 1994, and all persons who are retired senior judges as of June
11 30, 1994, shall continue to receive an annuity calculated
12 pursuant to section 602.9204, 1993 Code of Iowa, subject to
13 the applicability provisions of 1992 Iowa Acts, chapter 1201,
14 section 76, as amended by 1992 Iowa Acts, Second Extraordinary
15 Session, chapter 1001, section 116, and shall not be subject
16 to the amendments to section 602.9204 contained in this Act.
17 This Act shall not be construed in a manner which reduces
18 benefits to persons who participated as senior judges prior to
19 July 1, 1994.

20 Sec. 68. IMPLEMENTATION OF TRANSFER OF CERTAIN ARSON
21 INVESTIGATORS TO CHAPTER 97A.

22 1. In order to implement the provisions of this Act which
23 amend section 97A.1, subsection 13; section 97B.49, subsection
24 16, paragraph "d", subparagraph (6), by striking the
25 subparagraph; and section 97B.49, subsection 16, paragraph
26 "j", the department of personnel and the department of public
27 safety shall cooperate with each other to effectuate the
28 provisions of those sections and this section of this Act.

29 2. Effective July 1, 1994, employees who were members of
30 the protection occupation classification of the Iowa public
31 employees' retirement system pursuant to section 97B.49,
32 subsection 16, paragraph "d", subparagraph (6), Code
33 Supplement 1993, shall be transferred to membership in the
34 Iowa department of public safety peace officer's retirement,
35 accident, and disability system established pursuant to

1 chapter 97A. The department of personnel shall transfer the
2 accumulated contributions of the arson investigators to the
3 treasurer of state for deposit in the pension accumulation
4 fund established in section 97A.8. However, employer
5 contributions which were made with respect to the arson
6 investigators while the arson investigators were included as
7 members of the protection occupation classification pursuant
8 to section 97B.49, subsection 16, paragraph "d", subparagraph
9 (6), Code Supplement 1993, shall remain in the Iowa public
10 employees' retirement fund established in section 97B.7, and
11 any costs pertaining to the payment of employer contributions
12 to the system established in chapter 97A with respect to the
13 period of time during which the arson investigators were
14 members of the protection occupation classification pursuant
15 to section 97B.49, subsection 16, paragraph "d", subparagraph
16 (6), Code Supplement 1993, or any other costs related to the
17 transfer of the arson investigators provided for in this Act,
18 shall be borne by the system established in chapter 97A,
19 notwithstanding any other provision of law to the contrary.

20 3. Notwithstanding any other provision of law to the
21 contrary, the arson investigators transferred from the
22 protection occupation classification to the system established
23 in chapter 97A shall receive credit for years of service under
24 chapter 97A for those years of service during which the
25 members were members of the protection occupation
26 classification pursuant to section 97B.49, subsection 16,
27 paragraph "d", subparagraph (6), Code Supplement 1993. In
28 addition, notwithstanding the limitation on covered wages in
29 section 97B.41, subsection 20, if applicable, compensation
30 which was paid to an arson investigator while the arson
31 investigator was included in the protection occupation
32 classification pursuant to section 97B.49, subsection 16,
33 paragraph "d", subparagraph (6), 1993 Code Supplement, shall
34 be included in determining the average final compensation of
35 the arson investigators. The arson investigators transferred

1 from the protection occupation classification to the system
2 established in chapter 97A, and the employer of those arson
3 investigators, the department of public safety, shall not be
4 required to pay the difference in the employee and employer
5 contributions in effect for the period of time in which the
6 arson investigators were included in the protection occupation
7 classification pursuant to section 97B.49, subsection 16,
8 paragraph "d", subparagraph (6), Code Supplement 1993, as
9 compared to the employee and employer contributions then in
10 effect for members of the system established in chapter 97A.

11 4. It is the intent of the general assembly that in
12 administering the implementation provisions of this section,
13 the board of trustees of the system established in chapter 97A
14 and the department of personnel shall interpret this Act in a
15 manner which provides that the arson investigators shall not
16 lose benefits which would have otherwise accrued had the arson
17 investigators been members of the system established in
18 chapter 97A during the period of time in which they were
19 actually members of the protection occupation classification
20 pursuant to section 97B.49, subsection 16, paragraph "d",
21 subparagraph (6), Code Supplement 1993.

22 Sec. 69. REPORT CONCERNING POSSIBLE PORTABILITY BETWEEN
23 SYSTEMS ESTABLISHED IN CHAPTERS 97A AND 411. The board of
24 trustees of the Iowa department of public safety peace
25 officers' retirement, accident, and disability system created
26 in section 97A.5, and the board of trustees for the statewide
27 fire and police retirement system created in section 411.36,
28 shall each file a report with the legislative service bureau
29 on or before September 1, 1995, for distribution to the
30 members of the public retirement systems committee established
31 in section 97D.4, pertaining to possible portability between
32 the two systems established in chapters 97A and 411. The
33 reports shall identify issues pertaining to allowing members
34 to transfer between the two systems, including but not limited
35 to, issues pertaining to both employee and employer

1 contributions, determinations concerning years of service and
2 average final compensation, costs associated with portability,
3 any concerns pertaining to the requirements of the federal
4 Internal Revenue Code, as defined in section 422.3, any
5 recommendation by the boards pertaining to portability issues,
6 and other related matters.

7 Sec. 70. CERTAIN CHANGES PERTAINING TO CHAPTERS 97A AND
8 411 -- EFFECTIVE AND RETROACTIVE APPLICABILITY DATES -- IM-
9 PLEMENTATION.

10 1. The sections of this Act that amend section 97A.6,
11 subsection 2, paragraph "d", subparagraph (2); section 97A.6,
12 subsection 2, paragraph "d", by enacting a new subparagraph
13 (3); section 97A.8, subsection 1, paragraph "h"; section
14 411.6, subsection 2, paragraph "d", subparagraph (2); section
15 411.6, subsection 2, paragraph "d", by enacting a new
16 subparagraph (3); and section 411.8, subsection 1, paragraph
17 "h", being deemed of immediate importance, take effect upon
18 enactment and apply retroactively to October 16, 1992.

19 2. In order to implement the sections of this Act
20 referenced in subsection 1 and to apply those sections
21 retroactively to October 16, 1992, the board of trustees of
22 the Iowa department of public safety peace officers'
23 retirement, accident, and disability system created in section
24 97A.5, and the board of trustees for the statewide fire and
25 police retirement system created in section 411.36, shall
26 develop and implement plans to reimburse members for
27 contributions paid to the systems which are contrary to the
28 provisions of this Act, and shall develop and implement plans
29 to adjust both past and future benefits paid to members which
30 are inconsistent with this Act.

31 3. The sections of this Act that amend section 97A.3;
32 section 97A.6, subsection 1, by enacting a new paragraph "c";
33 section 411.3; and section 411.6, subsection 1, by enacting a
34 new paragraph "c", being deemed of immediate importance, take
35 effect upon enactment, and apply retroactively to July 1,

1 1993.

2 4. In order to implement the sections of this Act
3 referenced in subsection 3 and to apply those sections
4 retroactively to July 1, 1993, the board of trustees of the
5 Iowa department of public safety peace officers' retirement,
6 accident, and disability system created in section 97A.5, and
7 the board of trustees for the statewide fire and police
8 retirement system created in section 411.36, shall examine the
9 records of the respective systems to determine if persons are
10 being included in active membership of the systems contrary to
11 the provisions of this Act. If the boards determine that
12 persons have been included in active membership in the systems
13 in a manner inconsistent with the sections referenced in
14 subsection 3 of this section, the respective boards shall
15 provide for the refund of the employer contributions to the
16 respective employers and employee contributions to the
17 respective employees and the retroactive payment of service
18 retirement allowances in order to fully effectuate the
19 purposes of this Act retroactive to July 1, 1993.

20 5. The sections of this Act which enact new sections
21 97A.6B and 411.6B, being deemed of immediate importance, take
22 effect upon enactment and apply retroactively to January 1,
23 1993.

24 Sec. 71. OTHER EFFECTIVE AND RETROACTIVE APPLICABILITY
25 DATES.

26 1. The sections of this Act which amend section 97B.41,
27 subsection 12; section 97B.53, subsections 3 and 7, and
28 subsection 6, unnumbered paragraph 1; section 97B.66,
29 unnumbered paragraphs 1 and 2; section 97B.70, by enacting a
30 new subsection 4; section 97B.72, unnumbered paragraphs 1 and
31 2; section 97B.72A, subsection 1, unnumbered paragraph 1;
32 section 97B.73A, unnumbered paragraph 1; and section 97B.74,
33 unnumbered paragraphs 1 and 2, take effect July 1, 1995.

34 2. The section of this Act which amends section 97B.41,
35 subsection 18, takes effect January 1, 1995.

1 3. The sections of this Act which enact new sections
 2 97B.53B and 602.9105, being deemed of immediate importance,
 3 take effect upon enactment and apply retroactively to January
 4 1, 1993.

5 EXPLANATION

6 This bill contains numerous changes to Iowa's public
 7 retirement systems.

8 CHANGES PERTAINING TO TRANSFER OF
 9 ARSON INVESTIGATORS FROM CHAPTER 97B TO CHAPTER 97A
 10 97A.1(13), 97B.49(16)(d)(6), and 97B.49(16)(j): These
 11 sections transfer arson investigators employed by the
 12 department of public safety on or after July 1, 1988, from the
 13 Iowa public employees' retirement system (IPERS) established
 14 in chapter 97B to the Iowa department of public safety peace
 15 officers' retirement, accident, and disability system (PORS)
 16 established in chapter 97A. These arson investigators are
 17 currently included in the protection occupation classification
 18 of IPERS. Pursuant to a noncodified implementation provision
 19 in the bill, the employees' contributions to IPERS shall be
 20 transferred to PORS, the employer contributions shall remain
 21 in IPERS, and the PORS system shall absorb other costs related
 22 to the transfer. The implementation section requires that the
 23 arson investigators receive credit for their years of service
 24 in the IPERS protection occupation, and also requires that
 25 compensation earned during this time period be included in
 26 determining average final compensation under PORS, if
 27 applicable.

28 CHANGES PERTAINING TO CHAPTERS 97A AND 411
 29 The bill contains the following changes to both the Iowa
 30 department of public safety peace officers' retirement,
 31 accident, and disability system established in chapter 97A and
 32 the municipal fire and police retirement system of Iowa
 33 established in chapter 411:
 34 97A.3, 97A.6(1)(c), 411.3, and 411.6(1)(c): These changes
 35 address the issue of persons who are reemployed under the

1 respective chapters after beginning to receive service
2 retirement allowances. The bill provides that such persons
3 shall not be active members of the systems upon reemployment
4 and that employer and employee contributions shall not be
5 made. The bill provides that such members shall continue to
6 receive service retirement allowances, which shall not be
7 recalculated based upon the reemployment. The bill also
8 specifies that such persons shall be exempt from the Iowa
9 public employees' retirement system (IPERS). These provisions
10 are immediately effective and retroactive to July 1, 1993, and
11 a special implementation provision provides for retroactive
12 repayment of contributions and service retirement allowances.

13 97A.5(8) and 411.5(8): These changes remove the references
14 to the medical board providing a "rating" pertaining to a
15 member's physical impairment, and references the medical
16 board's report to its required findings.

17 97A.5(13) and 411.5(12): These changes codify a number of
18 provisions pertaining to qualified plans under the federal
19 Internal Revenue Code.

20 97A.6(2)(d) and 411.6(2)(d): These changes eliminate the
21 age 55 cap for credit for additional years of service beyond
22 22 years, effective October 16, 1992. These sections are
23 effective upon enactment and apply retroactively to October
24 16, 1992. The bill contains a special implementation
25 provision, which provides that the boards of trustees of the
26 systems shall develop and implement plans to adjust both past
27 and future benefits paid to members which are inconsistent
28 with the bill, in order to apply the provisions retroactively.

29 97A.6B and 411.6B: These sections provide for a member or
30 a member's surviving spouse to elect to have the system pay
31 all or a portion of an eligible rollover distribution directly
32 to an eligible retirement plan in a direct rollover, in
33 accordance with the federal Internal Revenue Code. These
34 provisions are immediately effective and retroactive to
35 January 1, 1993, under the bill.

1 97A.8(1)(f)(6 and 7) and 411.8(1)(f)(6 -- 8): These
2 sections increase the member's contribution under both systems
3 by .25 percent for the fiscal year commencing July 1, 1994,
4 and each subsequent fiscal year.

5 97A.8(1)(h) and 411.8(1)(h): The bill eliminates the
6 graduated contribution rates by members who were a certain age
7 on July 1, 1990, effective October 16, 1992, so that
8 commencing October 16, 1992, all members, regardless of age,
9 pay the same contribution rates. These sections are effective
10 upon enactment and apply retroactively to October 16, 1992.
11 The special implementation provision of the bill also applies
12 to these sections, and requires the boards of trustees of the
13 systems to develop and implement plans to reimburse members
14 for contributions paid to the systems which are contrary to
15 the provisions of the bill, in order to apply the changes
16 retroactively to October 16, 1992.

17 97A.8(1)(i) and 411.8(1)(i): These sections require the
18 employer under these systems to pick up its employees'
19 contributions. Under the bill, the contributions would be
20 excluded from income for federal and state tax purposes in the
21 tax year that they are made. The employer pickup of the
22 contributions begins January 1 following the submission of
23 application for qualification under the bill. In addition,
24 the bill specifies that the employer would pick up an
25 employee's contribution by reducing the employee's salary by
26 the amount of the contribution and paying this amount to the
27 system.

28 The bill also contains a noncodified provision requiring
29 the boards of trustees of each system to submit a report for
30 distribution to the public retirement systems committee, on or
31 before September 1, 1995, concerning issues related to
32 portability between the two systems.

33 **CHANGES PERTAINING TO CHAPTERS 97B AND 260C**

34 The bill contains the following changes to the Iowa public
35 employees' retirement system (IPERS) established in chapter

1 97B, as well as corresponding changes pertaining to community
2 college employees in chapter 260C:

3 97B.25: In this section, the bill eliminates a reference
4 to the administrator of IPERS, and replaces it with a
5 reference to the chief benefits officer. Legislation enacted
6 in 1992 eliminated the administrator's position.

7 97B.41(8)(a)(unn. para. 1) and 97B.41(8)(b)(19): These
8 provisions clarify that joint planning commissions created
9 under chapter 28E and certain area agencies on aging are
10 employers covered by IPERS. However, the bill further
11 provides that employees of an area agency on aging which, as
12 of July 1, 1994, provides for participation by all of its
13 employees in an alternative qualified plan, are excluded from
14 the definition of employees covered by IPERS.

15 97B.41(8)(b)(1 and 4): These sections specify that
16 membership for certain elective officials and members of the
17 general assembly terminates upon termination from covered
18 employment.

19 97B.41(12), 97B.53(3, 6, and 7), and 97B.70(4): These
20 sections pertain primarily to members with periods of service
21 which are terminated prior to vesting. The bill requires the
22 department of personnel to combine all periods of service for
23 which the member has made contributions in determining
24 membership service. The bill provides that if the department
25 has not maintained the member's account for a period of
26 service, the department shall credit the service upon the
27 submission of satisfactory proof. The bill changes the period
28 of time after which the department has no obligation to
29 maintain accounts, from five to 10 years after termination
30 from employment, and also changes the time period for
31 corresponding provisions pertaining to the time for claiming a
32 refund. The bill strikes restrictions pertaining to members
33 who leave their contributions in the system. The bill
34 provides that certain contributions which are left in the
35 system shall earn interest and interest dividends. The bill

1 applies interest and dividends to certain contributions for
2 periods of service for which a person was not vested when the
3 person terminated covered employment. The bill provides that
4 if the person subsequently becomes a vested member, the
5 contributions will accumulate interest and dividends from the
6 latter date of either the date that the department of
7 personnel determines that the provisions shall be implemented
8 or the date that the member became vested. Under the bill, if
9 the department no longer maintains an account for eligible
10 contributions, the department shall credit interest and
11 dividends upon submission of satisfactory proof. These
12 provisions all take effect on July 1, 1995. However, the
13 department shall not implement these sections under the bill
14 until the most recent actuarial valuation indicates that after
15 meeting the priorities of increasing the covered wage by
16 \$3,000 and permitting partial buy-backs as provided under the
17 bill, the system can absorb the costs within existing
18 contribution rates.

19 97B.41(15)(a): This section provides that a period of ser-
20 vice is not interrupted by service in the armed forces,
21 regardless of whether the service occurs during a period of
22 war or national emergency.

23 97B.41(18): The bill amends the definition of "three-year
24 average covered wage" to provide that when the department
25 determines the third year by combining quarters from different
26 calendar years, if the third year of wages would exceed the
27 highest amount of covered wages actually earned in any
28 calendar year, the department shall limit the amount
29 attributed to the third year to the highest amount of covered
30 wages actually earned in a calendar year. Under the bill,
31 this section takes effect January 1, 1995.

32 97B.42(unn. para. 1): The bill provides that if an
33 employee joins another publicly maintained retirement system,
34 the member may leave the member's contributions in the fund,
35 apply for a refund, or upon achieving a bona fide retirement

1 from employment with a covered employer or attaining age 70,
2 receive retirement benefits. This section also specifies that
3 coverage under IPERS does not commence until coverage
4 commences under the federal Social Security Act and the
5 required agreements are effective.

6 97B.42 (unn. para. 5 and 260C.23(17)): These sections
7 provide that in an alternative retirement benefits systems
8 established for community college employees commencing July 1,
9 1994, the employer's annual contribution in dollars shall not
10 exceed the annual contribution in dollars which the employer
11 would have paid for the employee under IPERS, which is
12 currently 5.75 percent of the covered wage, which is currently
13 capped at \$38,000. Current law provides that the system for
14 employee and employer contributions under the alternative
15 system for community college employees shall be substantially
16 the same as provided by the state board of regents under the
17 teachers insurance annuity association-college retirement
18 equities fund (TIAA-CREF), and that the employer's
19 contribution rate shall not exceed the employer's contribution
20 rate for regents' employees who are under TIAA-CREF, which
21 currently has a maximum rate of 10 percent.

22 With respect to the participation by employees of community
23 colleges in an alternative retirement benefits system
24 effective July 1, 1994, the bill provides that persons
25 employed prior to July 1, 1994, must elect the alternative
26 retirement benefits system within one year of the first day on
27 which coverage commences under that system, or the employee
28 shall remain in IPERS. The bill further provides that newly
29 hired employees shall have 60 days to make the election from
30 the date of employment.

31 97B.42A: This section provides that commencing July 1,
32 1994, for those employees who may elect to participate in
33 IPERS by filing an application with the department, the
34 application must be filed within sixty days of employment by
35 newly hired employees, and by July 1, 1995, for employees who

1 were employed in the position prior to July 1, 1994.

2 97B.45(unn. para. 2) and 97B.46: These sections strike
3 provisions that state that credit for service ceases when
4 contributions cease. The bill also strikes a requirement that
5 certain employees retire on the first day of the month after
6 the last day of service.

7 97B.48(1): The bill increases the amount of the retirement
8 allowance as to which a member may elect a lump sum payment in
9 an actuarial equivalent, from \$240 a year to \$600 a year.

10 97B.49(13): These provisions extend the dividends paid to
11 the current retiree groups under IPERS for an additional two
12 years, and increase the dividends to the following amounts:
13 236 percent of the monthly benefit for the pre-1976 group; 181
14 percent of the monthly benefit for the January 1, 1976 through
15 June 30, 1982 group; and 49 percent of the monthly benefit for
16 the July 1, 1982 through June 30, 1986 group of retirees.

17 These changes result in increase which are approximately four
18 percent, three percent, and two percent of the dividend costs.
19 The bill rounds the amounts up to the nearest full percent.

20 97B.50(1)(unn. para. 1): The bill clarifies that the
21 reductions for retirement prior to the normal retirement date
22 calculated in section 97B.50 are inapplicable in reference to
23 the normal retirement date specified in section 97B.45,
24 subsection 4, which refers to members retiring under the "Rule
25 of 92".

26 97B.50(2): This provision updates references to federal
27 law.

28 97B.53B: The bill specifies those instances in which a
29 member or a member's surviving spouse may elect to have the
30 department of personnel pay all or a portion of an eligible
31 rollover distribution directly to an eligible retirement plan.
32 This provision takes effect upon enactment and applies
33 retroactively to January 1, 1993.

34 97B.56, 97B.61(unn. para. 2), and repeal of 97B.54: These
35 provisions repeal a section pertaining to the accrued

1 liability contribution required to provide for the liquidation
2 of liability for retirement allowances payable for prior
3 service incurred before the creation of IPERS, and strikes
4 related references and provisions.

5 97B.61 (unn. para. 1): This provision requires the
6 department of personnel to obtain the prior approval of the
7 IPERS investment board before changing the assumption for the
8 average rate of interest earned by investment of the money
9 accumulated in the retirement fund.

10 97B.66(unn. paras. 1 and 2), 97B.72(unn. paras. 1 and 2),
11 97B.72A(1)(unn. para. 1), 97B.73A(unn. para 1), 97B.74(unn.
12 paras. 1 and 2): These sections permit members to make
13 contributions as "buy-backs" in increments of one or more
14 years, effective July 1, 1995, if the most recent actuarial
15 valuation of the system indicates that the costs can be
16 absorbed within existing contribution rates after meeting the
17 priority of increasing the covered wage by \$3,000. If the
18 actuarial valuation does not reflect that the costs can be so
19 absorbed, the bill requires the department to delay
20 implementing the provisions until funds are available. While
21 certain legislative members are permitted under current law in
22 section 97B.72, subsection 1, to make contributions for a
23 portion of a period of service, the bill applies the one-year
24 increment limitation to those members effective July 1, 1995.
25 With the exception of the provisions pertaining to legislative
26 members, current law requires members electing a "buy-back" to
27 make contributions for the entire period of service.

28 97B.72A(2): The bill strikes a provision permitting former
29 members of the general assembly with six or more years of
30 service in the general assembly or six or more years of
31 service in the general assembly combined with other covered
32 employment to make contributions to the system for all or a
33 portion of the period of service in the general assembly.
34 Members of the Seventy-first General Assembly or a succeeding
35 general assembly may still make contributions to the system

1 for service in the general assembly on or after July 4, 1953,
2 pursuant to section 97B.72, and active or vested members of
3 the general assembly who were members prior to July 1, 1988,
4 may make contributions to the system for service in the
5 general assembly pursuant to section 97B.72A, subsection 1.
6 97B.73 and 97B.80: These provisions restrict options per-
7 taining to "buy-ins" for service in other states and in the
8 armed forces effective July 1, 1994, by limiting "buy-in"
9 options to members with membership service within the current
10 calendar year.

11 260C.23(9): This section pertains to certain tax-sheltered
12 annuities available for employees of educational institutions.
13 Section 260C.23, subsection 9, pertains to employees of the
14 community colleges, and the bill amends the section to provide
15 for purchase of the annuity contracts from securities dealers,
16 salespersons, or mutual funds registered in the state. The
17 language added in the bill is similar to that contained in
18 section 294.16, pertaining to annuity contracts for employees
19 of the state board of regents.

20 The bill also contains a noncodified section, which
21 requires the department of personnel to develop a proposal or
22 proposals and to report the proposals and their costs to the
23 public retirement systems committee on or before September 1,
24 1995, with respect to the possible establishment of a new
25 benefit formula for combining the value of different types of
26 membership service. The proposal would pertain to members
27 with periods of service covered under a special
28 classification, such as the protection occupation or the
29 sheriffs or deputy sheriffs, and periods of service within a
30 different classification, such as IPERS general membership.

31 CHANGES PERTAINING ONLY TO CHAPTER 411

32 411.6(10): The bill strikes a provision from this section
33 that specifies how the offset for workers' compensation or
34 other benefits is accomplished when the amount is less than
35 the amount payable from the funds provided in the retirement

1 system.

2 CHANGES PERTAINING TO CHAPTER 602, ARTICLE 9

3 The bill contains the following changes pertaining to the
4 judicial retirement system established in chapter 602, article
5 9:

6 602.9104(4), 602.9104A, and 602.9116: These sections
7 provide for changes in the way that the state funds the
8 judicial retirement system. Current law provides for a pre-
9 tax contribution by judges of four percent, a state
10 contribution of three percent, and the deposit of certain
11 court revenues. The bill does not alter the judges'
12 contributions, but does change the state funding. The bill
13 increases the state contribution to an amount equal to at
14 least 23.7 percent of the basic salary of judges, effective
15 with the fiscal year commencing July 1, 1994, and for each
16 subsequent fiscal year until the system attains fully funded
17 status. Under the bill, commencing when the system attains
18 fully funded status and for each subsequent fiscal year, the
19 state shall contribute the required contribution rate
20 established by the actuary.

21 The bill defines "fully funded status" based upon the most
22 recent actuarial valuation, and requires that to attain "fully
23 funded status", using the aggregate cost method, the funded
24 status of the system is at least 100 percent. Under the bill,
25 once the system attains fully funded status, the state
26 contribution rate shall be the "required contribution rate",
27 which is the rate that the actuary determines is, in addition
28 to the judge's contribution, necessary to maintain fully
29 funded status.

30 The bill creates a new section, section 602.9104A, which
31 provides that notwithstanding other provisions of the Code
32 that require the deposit of court revenues in the judicial
33 retirement fund, such revenues shall be deposited in the
34 general fund. The bill states that the judicial retirement
35 fund shall consist of the corpus and income of the fund, plus

1 contributions by judges and the state. The public retirement
2 systems committee, in recommending this change in funding,
3 anticipates that corresponding changes will be made in other
4 legislation to remove the "earmarking" of court revenues for
5 judicial retirement, and to appropriate the increased
6 contribution rate.

7 The changes to section 602.9116 require an update of an
8 actuarial valuation annually, in order for the actuary to
9 determine the adequacy of the state's contributions. Current
10 law requires an actuarial valuation at least once every four
11 years.

12 602.9105: This section, which is immediately effective and
13 retroactive to January 1, 1993, under the bill, provides for a
14 judge or the judge's surviving spouse to elect to have the
15 system pay all or a portion of an eligible rollover
16 distribution directly to an eligible retirement plan in a
17 direct rollover, in accordance with the federal Internal
18 Revenue Code.

19 602.9204: These changes, in addition to a noncodified
20 implementation section, provide that for those judges who
21 first become senior judges on or after July 1, 1994, the
22 senior judge annuity shall be based upon a formula which is
23 limited to 75 percent of the increase in salary of active
24 judges. Under the implementation provision, the benefits of
25 judges who become senior judges prior to that date shall be
26 based upon the current law, which provides for the use of
27 active judges salaries in computing the benefits of a senior
28 judge.

29 This bill may provide a state mandate, as defined in
30 section 25B.3.

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34
35

HOUSE FILE 2418

AN ACT

RELATING TO PUBLIC RETIREMENT SYSTEMS, PROVIDING FOR THE PAYMENT OF EMPLOYEE CONTRIBUTIONS UNDER CERTAIN PUBLIC RETIREMENT SYSTEMS FOR CERTAIN TAX PURPOSES, MAKING APPROPRIATIONS, PROVIDING IMPLEMENTATION AND APPLICABILITY PROVISIONS, AND PROVIDING EFFECTIVE AND RETROACTIVE APPLICABILITY DATES

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

Section 1. Section 19A.50, unnumbered paragraph 1, Code 1991, is amended to read as follows:

At the request of an employee of a state agency through contractual agreement, the director may arrange for the purchase of group or individual annuity contracts for any of the employees of that agency, which annuity contracts are issued by a nonprofit corporation issuing retirement annuities exclusively for educational institutions and their employees or are purchased from any company the employee chooses that is authorized to do business in this state and or through an Iowa-licensed insurance-agent salesperson that the employee selects, on a group or individual basis, for retirement or other purposes, and may make payroll deductions in accordance with the arrangements for the purpose of paying the entire

premium due and to become due under the contract. The deductions shall be made in the manner which will qualify the annuity premiums for the benefits afforded under section 403n 401(b) of the Internal Revenue Code, as defined in section 422.3. The employee's rights under the annuity contract are nonforfeitable except for the failure to pay premiums. As used in this section, unless the context otherwise requires, "annuity contract" includes any custodial account which meets the requirements of section 401(b)(7) of the Internal Revenue Code, as defined in section 422.3.

Sec. 2. Section 97A.1, subsection 13, Code 1991, is amended to read as follows:

13. "Peace officer" or "peace officers" shall mean all members of the divisions of highway safety and uniformed force and criminal investigation and bureau of identification in the department of public safety, except clerical workers, including but not limited to gaming enforcement officers employed by the division of criminal investigation for excursion boat gambling enforcement activities, who have passed a satisfactory physical and mental examination and have been duly appointed as members of the state department of public safety in accordance with section 80.15, and the division of drug law enforcement, and arson investigators and fire prevention inspector peace officers in the department of public safety hired prior to July 1, 1988, except clerical workers, employees of the division of capitol police, except clerical workers, and the division of beer and liquor law enforcement of the department of public safety, except clerical workers.

Sec. 3. Section 97A.3, Code 1991, is amended to read as follows:

97A.3 MEMBERSHIP IN SYSTEM.

1. All members of the division of highway safety, uniformed force, and radio communications and the division of criminal investigation and bureau of identification in the department of public safety, excepting the members of the clerical force, who are employed by the state of Iowa when

this chapter becomes effective, and all persons thereafter employed as members of such divisions in the department of public safety or division of drug law enforcement and arson investigators, except the members of the clerical force, shall be members of this system, except as otherwise provided in subsection 3. Effective July 1, 1994, gaming enforcement officers employed by the division of criminal investigation for excursion boat gambling enforcement activities, fire prevention inspector peace officers employed by the department of public safety, and employees of the division of capitol police, except clerical workers, shall be members of this system, except as otherwise provided in subsection 3 or section 97B.42B. Such members shall not be required to make contributions under any other pension or retirement system of the state of Iowa, anything to the contrary notwithstanding.

2. Should any member in any period of five consecutive years after last becoming a member, be absent from service for more than four years, or should a member become a beneficiary or die, the person shall thereupon cease to be a member of this system.

3. a. As used in this section, unless the context otherwise requires, "reemployed" or "reemployment" means the employment of a person in a position which would otherwise be included as a membership position under subsection 1, after the person has commenced receiving a service retirement allowance under section 97A.6.

b. If a person is reemployed, the person shall not become an active member of the system upon reemployment, and the person so reemployed and the state of Iowa shall not make contributions to the system based upon the person's compensation for reemployment. A person who is so reemployed shall continue to receive the service retirement allowance, and the service retirement allowance shall not be recalculated based upon the person's reemployment. Notwithstanding section 97B.41 or any other provision of law to the contrary, a person reemployed as provided in this subsection shall be exempt from chapter 97B.

3.4. Effective July 1, 1979, a person shall not become a member of the system unless that person has passed the physical and mental examination given under the provisions of section 80.15 and unless that person has received a diploma for satisfactory completion of a training school held pursuant to the provisions of section 80.13.

Sec. 4. Section 97A.5, subsection 8, Code Supplement 1993, is amended to read as follows:

8. MEDICAL BOARD. The board of trustees shall designate a medical board to be composed of three physicians who shall arrange for and pass upon the medical examinations required under the provisions of this chapter and shall report in writing to the board of trustees, its conclusions and recommendations upon all matters duly referred to it. Each report of a medical examination under section 97A.6, subsections 3 and 5, shall include the medical board's rating findings in accordance with section 97A.6 as to the extent of the member's physical impairment.

Sec. 5. Section 97A.5, Code Supplement 1993, is amended by adding the following new subsection:

NEW SUBSECTION. 13. REQUIREMENTS RELATED TO THE INTERNAL REVENUE CODE.

a. As used in this subsection, unless the context otherwise requires, "Internal Revenue Code" means the Internal Revenue Code as defined in section 422.3.

b. The funds established in section 97A.8 shall be held in trust for the benefit of the members of the system and the members' beneficiaries. No part of the corpus or income of the funds shall be used for, or diverted to, purposes other than for the exclusive benefit of the members or the members' beneficiaries or for expenses incurred in the operation of the funds. A person shall not have any interest in, or right to, any part of the corpus or income of the funds except as otherwise expressly provided.

c. Notwithstanding any provision of this chapter to the contrary, in the event of a complete discontinuance of contributions, for reasons other than achieving fully funded

status upon an actuarially determined basis, or upon termination of the funds established in section 97A.8, a member shall be vested, to the extent then funded, in the benefits which the member has accrued at the date of the discontinuance or termination.

d. Benefits payable from the funds established in section 97A.8 to members and members' beneficiaries shall not be increased due to forfeitures from other members. Forfeitures shall be used as soon as possible to reduce future contributions by the state to the pension accumulation fund, except that the rate shall not be less than the minimum rate established in section 97A.8.

e. Notwithstanding any provision of this chapter to the contrary, a member's service retirement allowance shall commence on or before the later of the following:

(1) April 1 of the calendar year following the calendar year in which the member attains the age of seventy and one-half years

(2) April 1 of the calendar year following the calendar year in which the member retires.

f. The maximum annual benefit payable to a member by the system shall be subject to the limitations set forth in section 415 of the Internal Revenue Code, and any regulations promulgated pursuant to that section.

g. The annual compensation of a member taken in account for any purpose under this chapter shall not exceed the applicable amount set forth in section 401(a)(17) of the Internal Revenue Code, and any regulations promulgated pursuant to that section.

Sec. 6. Section 97A.6, subsection 1, Code 1993, is amended by adding the following new paragraph:

NEW PARAGRAPH. c. Once a person commences receiving a service retirement allowance pursuant to this section, if the person is reemployed, as defined in section 97A.3, the service retirement allowance shall not be recalculated based upon the person's reemployment.

Sec. 7. Section 97A.6, subsection 2, paragraph d, subparagraph (2), Code 1993, is amended to read as follows:

(2) For a member who terminates service, other than by death or disability, on or after July 1, 1991, but before October 16, 1992, and who does not withdraw the member's contributions pursuant to section 97A.16, upon the member's retirement there shall be added six-tenths percent of the member's average final compensation for each year of service over twenty-two years, excluding years of service after the member's fifty-fifth birthday. However, this subparagraph does not apply to more than eight additional years of service.

Sec. 8. Section 97A.6, subsection 2, paragraph d, Code 1993, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (3) For a member who terminates service, other than by death or disability, on or after October 16, 1992, and who does not withdraw the member's contributions pursuant to section 97A.16, upon the member's retirement there shall be added six-tenths percent of the member's average final compensation for each year of service over twenty-two years. However, this subparagraph does not apply to more than eight additional years of service.

Sec. 9. NEW SECTION. 97A.6B POLLOVERS OF MEMBERS' ACCOUNTS.

1. As used in this section, unless the context otherwise requires:

a. "Direct rollover" means a payment by the system to the eligible retirement plan specified by the member or the member's surviving spouse

b. "Eligible retirement plan" means either of the following that accepts an eligible rollover distribution from a member or a member's surviving spouse:

(1) An individual retirement account in accordance with section 408(a) of the federal Internal Revenue Code.

(2) An individual retirement annuity in accordance with section 408(b) of the federal Internal Revenue Code.

In addition, an "eligible retirement plan" includes an annuity plan in accordance with section 403(a) of the federal

Internal Revenue Code, or a qualified trust in accordance with section 401(a) of the federal Internal Revenue Code, that accepts an eligible rollover distribution from a member.

c. "Eligible rollover distribution" means all or any portion of a member's account, except that an eligible rollover distribution does not include any of the following:

(1) A distribution that is one of a series of substantially equal periodic payments, which occur annually or more frequently, made for the life or life expectancy of the distributee or the joint lives or joint life expectancies of the distributee and the distributee's designated beneficiary, or made for a specified period of ten years or more.

(2) A distribution to the extent that the distribution is required pursuant to section 401(a)(9) of the federal Internal Revenue Code.

(3) The portion of any distribution that is not includible in the gross income of the distributee, determined without regard to the exclusion for net unrealized appreciation with respect to employer securities.

(4) A distribution of less than two hundred dollars of taxable income.

2. Effective January 1, 1993, a member or a member's surviving spouse may elect, at the time and in the manner prescribed in rules adopted by the board of trustees, to have the system pay all or a portion of an eligible rollover distribution directly to an eligible retirement plan, specified by the member or the member's surviving spouse, in a direct rollover. If a member or a member's surviving spouse elects a partial direct rollover, the amount of funds elected for the partial direct rollover must equal or exceed five hundred dollars.

Sec. 10. Section 97A.8, subsection 1, paragraph 1, subparagraphs (6) and (7), Code 1993, are amended to read as follows:

(6) An amount equal to eight and one-tenth percent of each member's compensation from the earnable compensation of the member shall be paid to the pension accumulation fund for the

fiscal year period beginning July 1, 1994, through December 31, 1994, and an amount equal to eight and thirty-five hundredths percent of each member's compensation from the earnable compensation of the member shall be paid to the pension accumulation fund for the fiscal period beginning January 1, 1995, through June 30, 1995.

(7) An amount equal to nine and one-tenth thirty-five hundredths percent of each member's compensation from the earnable compensation of the member shall be paid to the pension accumulation fund for the fiscal year beginning July 1, 1995.

Sec. 11. Section 97A.8, subsection 1, paragraph h, Code 1993, is amended to read as follows:

h. Notwithstanding the provisions of paragraph "f", the following transition percentages apply to members' contributions as specified:

(1) For members who on July 1, 1990, have attained the age of forty-nine years or more, an amount equal to nine and one-tenth percent of each member's compensation from the earnable compensation of the member shall be paid to the pension accumulation fund for the fiscal year period beginning July 1, 1990, through October 15, 1992, and commencing October 16, 1992, and for each subsequent fiscal year thereafter period, the rates specified in paragraph "f", subparagraphs (4) through (8), shall apply.

(2) For members who on July 1, 1990, have attained the age of forty-eight years but have not attained the age of forty-nine years, an amount equal to eight and one-tenth percent shall be paid for the fiscal year beginning July 1, 1990, and an amount equal to nine and one-tenth percent shall be paid for the fiscal year period beginning July 1, 1991, through October 15, 1992, and commencing October 16, 1992, and for each subsequent fiscal year thereafter period, the rates specified in paragraph "f", subparagraphs (5) through (8), shall apply.

(3) For members who on July 1, 1990, have attained the age of forty-seven years but have not attained the age of forty-

eight years, an amount equal to seven and one-tenth percent shall be paid for the fiscal year beginning July 1, 1990, an amount equal to eight and one-tenth percent shall be paid for the fiscal year beginning July 1, 1991, and an amount equal to nine and one-tenth percent shall be paid for the fiscal year period beginning July 1, 1992, through October 15, 1992, and commencing October 16, 1992, and for each subsequent fiscal year-thereafter period, the rates specified in paragraph "f", subparagraphs (4) through (8), shall apply.

(4) For members who on July 1, 1990, have attained the age of forty-six years but have not attained the age of forty-seven years, an amount equal to six and one-tenth percent shall be paid for the fiscal year beginning July 1, 1990, an amount equal to seven and one-tenth percent shall be paid for the fiscal year beginning July 1, 1991, an amount equal to eight and one-tenth percent shall be paid for the fiscal year period beginning July 1, 1992, and an amount equal to nine and one-tenth percent shall be paid for the fiscal year beginning July 1, 1993, through October 15, 1992, and commencing October 16, 1992, and for each subsequent fiscal year-thereafter period, the rates specified in paragraph "f", subparagraphs (4) through (8), shall apply.

(5) For members who on July 1, 1990, have attained the age of forty-five years but have not attained the age of forty-six years, an amount equal to five and one-tenth percent shall be paid for the fiscal year beginning July 1, 1990, an amount equal to six and one-tenth percent shall be paid for the fiscal year beginning July 1, 1991, and an amount equal to seven and one-tenth percent shall be paid for the fiscal year period beginning July 1, 1992, an amount equal to eight and one-tenth percent shall be paid for the fiscal year beginning July 1, 1993, and an amount equal to nine and one-tenth percent shall be paid for the fiscal year beginning July 1, 1994, and each fiscal year thereafter through October 15, 1992, commencing October 16, 1992, and for each subsequent fiscal period, the rates specified in paragraph "f", subparagraphs (4) through (8), shall apply.

Sec. 12. Section 97A.8, subsection 1, Code 1993, is amended by adding the following new paragraph:

NEW PARAGRAPH. 1. (1) Notwithstanding paragraph "g" or other provisions of this chapter, beginning January 1, 1995, member contributions required under paragraph "f" or "h" which are picked up by the department shall be considered employer contributions for federal income tax purposes, and the department shall pick up the member contributions to be made under paragraph "f" or "h" by its employees. The department shall pick up these contributions by reducing the salary of each of its employees covered by this chapter by the amount which each employee is required to contribute under paragraph "f" or "h" and shall certify the amount picked up in lieu of the member contributions to the department of revenue and finance. The department of revenue and finance shall forward the amount of the contributions picked up to the board of trustees for recording and deposit in the pension accumulation fund.

(2) Member contributions picked up by the department under subparagraph (1) shall be treated as employer contributions for federal income tax purposes only and for all other purposes of this chapter and the laws of this state shall be treated as employee contributions and deemed part of the employee's earnable compensation or salary.

Sec. 13. NEW SECTION. 97B.11A PICKUP OF EMPLOYEE CONTRIBUTIONS.

1. Notwithstanding section 97B.11 or other provisions of this chapter, beginning January 1, 1995, member contributions required under section 97B.11 which are picked up by the employer shall be considered employer contributions for federal income tax purposes, and each employer shall pick up the member contributions to be made under section 97B.11 by its employees. Each employer shall pick up these contributions by reducing the salary of each of its employees covered by this chapter by the amount which each employee is required to contribute under section 97B.11 and shall pay the amount picked up in lieu of the member contributions as provided in section 97B.14.

2. Member contributions picked up by each employer under subsection 1 shall be treated as employer contributions for federal income tax purposes only and for all other purposes of this chapter and the laws of this state shall be treated as employee contributions and deemed part of the employee's wages or salary.

Sec. 14. Section 97B.14, Code 1993, is amended to read as follows:

97B.14 CONTRIBUTIONS FORWARDED.

Contributions deducted from the wages of the member or member contributions picked up by the employer under section 97B.11A and the employer's contribution shall be forwarded to the department for recording and deposited with the treasurer of the state to the credit of the Iowa public employees' retirement fund. Contributions shall be remitted monthly, if total contributions by both employee and employer amount to one hundred dollars or more each month, and shall be otherwise paid in such manner, at such times and under such conditions, either by copies of payrolls or other methods necessary or helpful in securing proper identification of the member, as may be prescribed by the department.

Sec. 15. Section 97B.25, Code 1993, is amended to read as follows:

97B.25 APPLICATIONS FOR BENEFITS.

A representative designated by the administrator chief benefits officer and referred to in this chapter as a retirement benefits specialist shall promptly examine applications for retirement benefits and on the basis of facts found shall determine whether or not the claim is valid and if valid, the month with respect to which benefits shall commence, the monthly benefit amount payable, and the maximum duration. The retirement benefits specialist shall promptly notify the applicant and any other interested party of the decision and the reasons. Unless the applicant or other interested party, within thirty calendar days after the notification was mailed to the applicant's or party's last known address, files an appeal as provided in section 97B.20A,

the decision is final and benefits shall be paid or denied in accord with the decision.

Sec. 16. Section 97B.41, subsection 8, paragraph a, unnumbered paragraph 1, Code Supplement 1993, is amended to read as follows:

"Employer" means the state of Iowa, the counties, municipalities, agencies, public school districts, all political subdivisions, and all of their departments and instrumentalities, including area agencies on aging, other than those employing persons as specified in paragraph "b", subparagraph (19), and joint planning commissions created under chapter 28E or 28I.

Sec. 17. Section 97B.41, subsection 8, paragraph b, subparagraph (1), Code Supplement 1993, is amended to read as follows:

(1) Elective officials in positions for which the compensation is on a fee basis, elective officials of school districts, elective officials of townships, and elective officials of other political subdivisions who are in part-time positions, unless the elective official makes an application to the department to be covered under this chapter. An elective official who made an application to the department to be covered under this chapter may terminate membership under this chapter by informing the department in writing of the expiration of the member's term-of-office termination from covered employment. A county attorney is an employee for purposes of this chapter whether that county attorney is employed on a full-time or part-time basis.

Sec. 18. Section 97B.41, subsection 8, paragraph b, subparagraph (1), unnumbered paragraph 1, Code Supplement 1993, is amended to read as follows:

Members of the general assembly of Iowa and temporary employees of the general assembly of Iowa, unless such members or employees make an application to the department to be covered under this chapter. A member of the general assembly who made an application to the department to be covered under this chapter may terminate membership under this chapter by

informing the department in writing of the member's intent to terminate termination from covered employment.

Sec. 19. Section 97B.41, subsection 8, paragraph b, Code Supplement 1993, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (19) Employees of an area agency on aging, if as of July 1, 1994, the agency provides for participation by all of its employees in an alternative qualified plan pursuant to the requirements of the federal Internal Revenue Code.

Sec. 20. Section 97B.41, subsection 12, Code Supplement 1993, is amended to read as follows:

12. "Membership service" means service rendered by a member after July 4, 1953. Years of membership service shall be counted to the complete quarter calendar year. However, membership service for a calendar year shall not include more than four quarters. In determining a member's period of membership service, the department shall combine all periods of service for which the member has made contributions. If the department has not maintained the accumulated contribution account of the member for a period of service, as provided pursuant to section 97B.53, subsection 6, the department shall credit the member for the service if the member submits satisfactory proof to the department that the member did make the contributions for the period of service and did not take a refund for the period of service. However, the department shall not implement the amendments to this subsection, as enacted in this Act, unless and until the department determines that the most recent annual actuarial valuation of the retirement system indicates that the employer and employee contribution rates in effect under section 97B.11 can absorb the amendments to this subsection and to section 97B.53, subsections 1 and 2, section 97B.53, subsection 6, unnumbered paragraph 1, and section 97B.40, by enacting a new subsection 4, contained in this Act, after meeting the other established priorities of the system. Until the amendments are implemented, the department shall continue to implement the

provisions of section 97B.41, subsection 12, Code Supplement 1993. As used in this subsection, unless the context otherwise requires, "other established priorities of the system" means that commencing January 1 following the most recent annual actuarial valuation of the system, the department has increased the covered wage limitation from the previous year by three thousand dollars, in accordance with section 97B.41, subsection 20, paragraph "b", subparagraph (11), and that the department has implemented the amendments to section 97B.66, unnumbered paragraphs 1 and 2, section 97B.72, unnumbered paragraphs 1 and 2, section 97B.72A, subsection 1, unnumbered paragraph 1, section 97B.73A, unnumbered paragraph 1, and section 97B.74, unnumbered paragraphs 1 and 2, contained in this Act.

Sec. 21. Section 97B.41, subsection 15, paragraph a, Code Supplement 1993, is amended to read as follows:

a. Service in the armed forces of the United States during a period of war or national emergency, if the employee was employed by the employer immediately prior to entry into the armed forces, and if the employee was released from service and returns to covered employment with the employer within twelve months of the date on which the employee has the right of release from service or within a longer period as provided by the applicable laws of the United States.

Sec. 22. Section 97B.41, subsection 18, Code Supplement 1993, is amended to read as follows:

18. "Three-year average covered wage" means a member's covered wages averaged for the highest three years of the member's service, except as otherwise provided in this subsection. The highest three years of a member's covered wages shall be determined using calendar years. However, if a member's final quarter of a year of employment does not occur at the end of a calendar year, the department may determine the wages for the third year by combining the wages from the highest quarter or quarters not being used in the selection of the two highest years computing the average quarter of all quarters from the member's highest calendar year of covered

wages not being used in the selection of the two highest years and using the computed average quarter for each quarter in the third year in which no wages have been reported in combination with the final quarter or quarters of the member's service to create a full year. However, the department shall not use the member's final quarter of wages if using that quarter would reduce the member's three-year average covered wage. If the three-year average covered wage of a member exceeds the highest maximum covered wages in effect for a calendar year during the member's period of service, the three-year average covered wage of the member shall be reduced to the highest maximum covered wages in effect during the member's period of service.

Sec. 23. Section 97B.42, unnumbered paragraph 1, Code 1993, is amended to read as follows:

Each employee whose employment commences after July 4, 1953, or who has not qualified for credit for prior service rendered prior to July 4, 1953, or any publicly elected official of the state or any of its political subdivisions shall become a member upon the first day in which such employee is employed. The employee shall continue to be an active member so long as the employee continues in public covered employment. The employee shall cease to be an active member if the employee joins another retirement system in the state which is maintained in whole or in part by public contributions or payments. If an employee joins another publicly maintained retirement system, the employee may elect to leave the employee's accumulated contributions in the retirement fund or receive a refund of the employee's accumulated contributions in the manner provided for members who are terminating covered employment pursuant to section 97B.53. However, if an employee joins another publicly maintained retirement system and leaves the employee's accumulated contributions in the retirement fund, the employee shall not be eligible to receive retirement benefits until the employee has a bona fide retirement from employment with a covered employer as provided in section 97B.57A, or until the

employee would otherwise be eligible to receive benefits upon attaining the age of seventy years as provided in section 97B.46.

Employment shall not be covered under this chapter until the employment is covered under the federal Social Security Act and any agreements which are required pursuant to chapter 97C are effective.

Sec. 24. Section 97B.42, unnumbered paragraph 5, Code 1993, is amended to read as follows:

Notwithstanding any other provision of this section, commencing July 1, 1994, a member who is employed by a community college may elect coverage under an alternative retirement benefits system, which is issued by or through a nonprofit corporation issuing retirement annuities exclusively to educational institutions and their employees, in lieu of continuing or commencing contributions to the Iowa public employees' retirement system, if the board of directors of the community college has approved the alternative system pursuant to section 260C.23. However, the employer's annual contribution in dollars to the alternative retirement benefits system shall not exceed the annual contribution in dollars which the employer would contribute if the employee had elected to remain an active member under this chapter, as set forth in section 97B.11. A member employed by a community college who elects coverage under an alternative retirement benefits system may withdraw the member's accumulated contributions effective when coverage under the alternative benefits system commences. A member who is employed by a community college prior to July 1, 1994, must file an election for coverage under the alternative retirement benefits system with the department and the employing community college within eighteen months of the first day on which coverage commences under the community college's alternative retirement benefits system, or the employee shall remain a member under this chapter and shall not be eligible to elect to participate in that community college's alternative retirement benefits system at a later date. Employees of a community college

hired on or after July 1, 1994, must file an election for coverage under the alternative retirement benefits system with the department and the employing community college within sixty days of commencing employment, or the employee shall remain a member under this chapter and shall not be eligible to elect to participate in that community college's alternative retirement benefits system at a later date. The department shall cooperate with the boards of directors of the community colleges to facilitate the implementation of this provision.

Sec. 25. NEW SECTION. 97B.47A. OPTIONAL MEMBERSHIP.

Commencing July 1, 1994, a person who is newly hired in a position in which the person may elect coverage by filing an application under section 97B.41, subsection 8, paragraph "b", must file an application within sixty days of employment in the position in order to be covered under this chapter. A person who is employed in a position in which the person may elect coverage under section 97B.41, subsection 8, paragraph "b", prior to July 1, 1994, but who has not filed an application prior to that date, must file an application on or before July 1, 1995, in order to be covered under this chapter. Coverage will begin when the election has been approved by the department and shall apply prospectively from that date. If an application is approved pursuant to section 97B.41, subsection 8, paragraph "b", or this section, the member shall not terminate active membership until the member terminates covered employment.

Sec. 26. NEW SECTION. 97B.47B. OPTIONAL MEMBERSHIP FOR CERTAIN PUBLIC SAFETY EMPLOYEES.

1. Commencing July 1, 1994, a person who is newly hired in the following positions in the department of public safety shall be a member of the Iowa department of public safety peace officers' retirement, accident and disability system established in chapter 97A:

a. Gaming enforcement officers employed by the division of criminal investigation for excursion boat gambling enforcement activities.

b. Fire prevention inspector peace officers.

c. Employees of the division of capital police, except clerical workers.

2. Commencing July 1, 1994, notwithstanding any other provision of law to the contrary, a member who is employed in a position specified in subsection 1 prior to July 1, 1994, may elect coverage under the Iowa department of public safety peace officers' retirement, accident and disability system established in chapter 97A, in lieu of continuing contributions to the Iowa public employees' retirement system, or may remain a member of the Iowa public employees' retirement system. A member who is employed in a position specified in subsection 1 prior to July 1, 1994, must file an election for coverage under the Iowa department of public safety peace officers' retirement, accident and disability system with the board of trustees established in section 97A.5 on or before July 1, 1995, or the employee shall remain a member under this chapter and shall not be eligible to elect to participate in the system established pursuant to chapter 97A at a later date pursuant to this section. The board of trustees established in section 97A.5 shall notify the department of personnel of elections received pursuant to this section, and the board of trustees and the department shall cooperate to facilitate the implementation of this section. Coverage under chapter 97A shall commence, and coverage as an active member under this chapter shall cease, when the election has been approved by the board of trustees established in section 97A.5.

3. If an employee elects coverage under chapter 97A as provided in subsection 2 and the election is approved by the board of trustees established in section 97A.5, membership in the Iowa public employees' retirement system shall cease, and the employee shall be transferred to membership in the Iowa department of public safety peace officers' retirement, accident and disability system. The department of personnel shall transfer the accumulated contributions of these employees to the treasurer of state for deposit in the pension accumulation fund established in section 97A.8. However,

employer contributions which were made with respect to the employees while the employees were members of the Iowa public employees' retirement system shall remain in the fund established in section 97B.7, and any costs pertaining to the payment of employer contributions to the system established in chapter 97A with respect to the period of time during which the employees were members of the Iowa public employees' retirement system, or any other costs related to the transfer, shall be borne by the system established in chapter 97A, notwithstanding any other provision of law to the contrary.

4. Notwithstanding any other provision of law to the contrary, if the board of trustees established in section 97A.5 approves an election pursuant to subsection 2, the employees transferred from coverage under this chapter to coverage under the system established in chapter 97A shall receive credit for years of service under chapter 97A for those years of service during which the employees were members of the Iowa public employees' retirement system and employed in positions specified in subsection 1. In addition, notwithstanding the limitation on covered wages provided in section 97B.41, subsection 20, compensation which was paid to an employee in a position specified in subsection 1 while the employee was a member pursuant to this chapter shall be included in determining the average final compensation of the employee pursuant to chapter 97A, if applicable. Employees whose membership is transferred pursuant to this section and the employer, the department of public safety, shall not be required to pay the difference in the employee and employer contributions in effect for the period of time in which the employees were members pursuant to this chapter, as compared to the employee and employer contributions then in effect for members of the system established in chapter 97A.

5. It is the intent of the general assembly that in administering the provisions of this section, the board of trustees established in section 97A.5 and the department of personnel shall interpret this section in a manner which provides that the employees whose membership is transferred

shall not lose benefits which would have otherwise accrued had the employees been members of the system established in chapter 97A during the period of time in which the employees were actually members of the Iowa public employees' retirement system.

Sec. 27. Section 97B.45, unnumbered paragraph 2, Code 1993, is amended to read as follows:

A member may retire after the member's sixty-fifth birthday except as otherwise provided in section 97B.46. A member retiring on or after the normal retirement date, as provided in section 97B.46, shall submit a written notice to the department setting forth the date the retirement is to become effective. The date shall be after the member's last day of service and not before the first day of the sixth calendar month preceding the month in which the notice is filed; ~~except that credit for service ceases when contributions cease as provided in section 97B.46.~~

Sec. 28. Section 97B.46, Code 1993, is amended to read as follows:

97B.46 SERVICE AFTER AGE SIXTY-FIVE.

1. A member who is not an active member of any other retirement system in the state which is maintained in whole or in part by public contributions may remain in service beyond the date the member attains the age of sixty-five. ~~The employee shall retire on the first day of the month after the last day of service.~~ The employer shall not consider age as a factor in determining the continuation of the member's service.

2. A member shall not be employed as a peace officer or as a fire fighter after attaining the age of sixty-five.

3. ~~Credit for service shall cease when contributions cease as provided by section 97B.46.~~ A member remaining in service after attaining the age of seventy years is entitled to receive a retirement allowance under section 97B.49 as applicable commencing with payment for the calendar month within which the written notice is submitted to the department, except that if the member fails to submit the

notice on a timely basis, retroactive payments shall be made for no more than six months immediately preceding the month in which the written notice is submitted.

Sec. 29. Section 97B.48, subsection 1, Code 1993, is amended to read as follows:

1. Retirement allowances shall be paid monthly, except that an allowance of less than two ~~six~~ hundred forty dollars a year may, at the member's option, be paid as a lump sum in an actuarial equivalent amount. Receipt of the lump-sum payment by a member shall terminate any and all entitlement for the period of service covered of the member under this chapter.

Sec. 30. Section 97B.49, subsection 13, paragraphs a and b, Code Supplement 1993, are amended to read as follows:

a. A member who retired from the system between January 1, 1976, and June 30, 1982, or a contingent annuitant or beneficiary of such a member, shall receive with the November 1992 1994 and the November 1993 1995 monthly benefit payments a retirement dividend equal to one hundred forty ~~eighty-one~~ percent of the monthly benefit payment the member received for the preceding June, or the most recently received benefit payment, whichever is greater. The retirement dividend does not affect the amount of a monthly benefit payment.

b. Each member who retired from the system between July 1, 1951, and December 31, 1975, or a contingent annuitant or beneficiary of such a member, shall receive with the November 1992 1994 and the November 1993 1995 monthly benefit payments a retirement dividend equal to one ~~two~~ hundred eighty ~~thirty~~-six percent of the monthly benefit payment the member received for the preceding June, or the most recently received benefit payment, whichever is greater. The retirement dividend does not affect the amount of a monthly benefit payment.

Sec. 31. Section 97B.49, subsection 13, paragraph d, Code Supplement 1993, is amended to read as follows:

d. A member who retired from the system between July 1, 1982, and June 30, 1986, or a contingent annuitant or beneficiary of such a member, shall receive with the November 1992 1994 and the November 1993 1995 monthly benefit payments

a retirement dividend equal to twenty-four ~~forty-nine~~ percent of the monthly benefit payment the member received for the preceding June, or the most recently received benefit payment, whichever is greater. The retirement dividend does not affect the amount of a monthly benefit payment.

Sec. 32. Section 97B.49, subsection 16, paragraph a, subparagraph (4), Code Supplement 1993, is amended to read as follows:

(4) The years of membership service required under this paragraph include membership service as a sheriff or deputy sheriff and membership service as an employee in a protection occupation under paragraph "d", subparagraph (2). The years of membership service required under this paragraph also includes membership service as an airport fire fighter employed by the military division of the department of public defense.

Sec. 33. Section 97B.49, subsection 16, paragraph b, Code Supplement 1993, is amended to read as follows:

b. (1) Notwithstanding other provisions of this chapter:

(i) (a) A member who retires from employment as a county sheriff or deputy sheriff who retires on or after July 1, 1988, and before July 1, 1990, and at the time of retirement is at least fifty-five years of age and has completed at least twenty-two years of membership service, may elect to receive in lieu of the receipt of any benefits under subsection 5 or 15, a monthly retirement allowance equal to one-twelfth of fifty percent of the member's three-year average covered wage as a member, with benefits payable during the member's lifetime.

(i) (b) A member who retires from employment as a county sheriff or deputy sheriff who retires on or after July 1, 1990, in a manner who is, or has been employed as a county sheriff or deputy sheriff who retires on or after July 1, 1994, and at the time of retirement is at least fifty-five years of age and has completed at least twenty-two years of membership service, may elect to receive in lieu of the receipt of any benefits under subsection 5 or 15, a monthly

retirement allowance equal to one-twelfth of the same percentage of the member's three-year average covered wage as is provided in paragraph "a", with benefits payable during the member's lifetime.

f3) (c) The years of membership service required under this paragraph subparagraph shall include membership service as a sheriff or deputy sheriff and membership service under employment in a protection occupation included in paragraph "d", subparagraph (2).

f4) (d) For the purposes of this subsection, sheriff "sheriff" means a county sheriff as defined in section 39.17 and deputy-sheriff "deputy sheriff" means a deputy sheriff appointed pursuant to section 341.1 prior to July 1, 1981, or section 341.90 on or after July 1, 1981.

(2) Notwithstanding other provisions of this chapter:

(a) A member who is an airport fire fighter employed by the military division of the department of public defense or has been employed as an airport fire fighter by the military division of the department of public defense who retires on or after July 1, 1994, and at the time of retirement is at least fifty-five years of age and has completed at least twenty-two years of membership service, may elect to receive in lieu of the receipt of any benefits under subsection 5 or 15, a monthly retirement allowance equal to one-twelfth of the same percentage of the member's three-year average covered wage as is provided in paragraph "a", with benefits payable during the member's lifetime.

(b) The years of membership service required under this subparagraph shall include membership service as an airport fire fighter, regardless of whether the service occurred prior to the inclusion of airport fire fighters under this paragraph, and the inclusion of that service shall not affect the contribution rates paid by the member or the employer under this subsection.

(c) For the purposes of this subsection, "airport fire fighter" means an airport fire fighter employed by the military division of the department of public defense.

Sec. 34. Section 97B.49, subsection 16, paragraph c, unnumbered paragraph 1, Code Supplement 1993, is amended to read as follows:

For the purpose of this subsection, "fraction of years of service" means a number, not to exceed one, equal to the sum of the years of membership service for a member retiring in a protection occupation, divided by twenty-five years, or the sum of the years of membership service for a member retiring as a sheriff or deputy sheriff or airport fire fighter divided by twenty-two years.

Sec. 35. Section 97B.49, subsection 16, paragraph d, subparagraph (2), Code Supplement 1993, is amended to read as follows:

(2) A marshal or police officer in a city not covered under chapter 400 or a fire fighter or police officer of a city not participating in the retirement systems established in chapter 410 or 411.

Sec. 36. Section 97B.49, subsection 16, paragraph d, subparagraph (4), Code Supplement 1993, is amended by striking the subparagraph.

Sec. 37. Section 97B.49, subsection 16, paragraph d, subparagraph (6), Code Supplement 1993, is amended by striking the subparagraph.

Sec. 38. Section 97B.49, subsection 16, paragraph d, subparagraph (8), Code Supplement 1993, is amended to read as follows:

(8) A fire prevention inspector peace officer employed by the department of public safety prior to July 1, 1994, who does not elect coverage under the Iowa department of public safety peace officers' retirement, accident and disability system, as provided in section 97B.42B.

Sec. 39. Section 97B.49, subsection 16, paragraph d, Code Supplement 1993, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (9) An employee of a judicial district department of correctional services who is employed as a probation officer III or a parole officer III.

Sec. 40. Section 97B.49, subsection 16, paragraph j, Code Supplement 1993, is amended by striking the paragraph

Sec. 41. Section 97B.49, subsection 16, Code Supplement 1993, is amended by adding the following new paragraph:

NEW PARAGRAPH. 1. For the fiscal year commencing July 1, 1994, and each succeeding fiscal year, each judicial district department of correctional services shall pay to the department of personnel from funds appropriated to that judicial district department of correctional services, the amount necessary to pay the employer share of the cost of the additional benefits provided to employees covered under paragraph "d", subparagraph (9).

Sec. 42. Section 97B.49, subsection 16, Code Supplement 1993, is amended by adding the following new paragraph:

NEW PARAGRAPH. m. For the fiscal year commencing July 1, 1994, and each succeeding fiscal year, there is appropriated from the general fund of the state to the department of personnel, from funds not otherwise appropriated, an amount necessary to pay the employer share of the cost of the additional benefits provided to airport fire fighters pursuant to paragraph "b", subparagraph (2).

Sec. 43. Section 97B.50, subsection 1, unnumbered paragraph 1, Code 1993, is amended to read as follows:

Except as otherwise provided in this section, a vested member, upon retirement prior to the normal retirement date other than that specified in section 97B.45, subsection 4, is entitled to receive a monthly retirement allowance determined in the same manner as provided for normal retirement in section 97B.49, subsections 1, 4, and 5, of section 97B.49 reduced as follows:

Sec. 44. Section 97B.50, subsection 2, Code 1993, is amended to read as follows:

2. a. A vested member who retires from the system due to disability and commences receiving disability benefits pursuant to the United States federal Social Security Act, 42 U.S.C. 423a-amended to date 1-1978 (42) et seq., and who has not reached the normal retirement date, shall receive benefits

under section 97B.49 and shall not have benefits reduced upon retirement as required under subsection 1 regardless of whether the member has completed thirty or more years of membership service. However, the benefits shall be suspended during any period in which the member returns to covered employment. This section takes effect July 1, 1990, for a member meeting the requirements of this paragraph who retired from the system at any time after July 4, 1953. Eligible members are entitled to the receipt of retroactive adjustment payments back to July 1, 1990.

b. A vested member who retires from the system due to disability and commences receiving disability benefits pursuant to the United States federal Railroad Retirement Act, 45 U.S.C. 5 211 et seq., and who has not reached the normal retirement date, shall receive benefits under section 97B.49 and shall not have benefits reduced upon retirement as required under subsection 1 regardless of whether the member has completed thirty or more years of membership service. However, the benefits shall be suspended during any period in which the member returns to covered employment. This section takes effect July 1, 1990, for a member meeting the requirements of this paragraph who retired from the system at any time since July 4, 1953. Eligible members are entitled to the receipt of retroactive adjustment payments back to July 1, 1990.

Sec. 45. Section 97B.53, subsection 3, Code 1993, is amended to read as follows:

3. The accumulated contributions of a terminated, vested member shall be credited with interest, including interest dividends, in the manner provided in section 97B.20. Interest and interest dividends shall be credited to the accumulated contributions of members who terminate service and subsequently become vested in accordance with section 97B.20. However, the department shall not implement the amendments to this subsection or to subsection 5, unnumbered paragraph 1, or to subsection 1, as enacted in this Act, unless and until the department determines that the cost recent annual actuarial

valuation of the retirement system indicates that the employee and employee contribution rates in effect under section 97B.11 can absorb the amendments to these provisions of this section and the amendments to section 97B.41, subsection 12, and section 97B.70, by enacting a new subsection 4, contained in this Act, after meeting the other established priorities of the system, as defined in section 97B.41, subsection 12. Until the amendments are implemented, the department shall continue to implement the provisions of section 97B.53, subsections 3 and 7, and section 97B.53, subsection 6, unnumbered paragraph 1, 1993 Code of Iowa.

Sec. 46. Section 97B.53, subsection 6, unnumbered paragraph 1, Code 1993, is amended to read as follows:

A member who terminates employment before the member is vested and who does not claim and receive a refund of the member's accumulated contributions within five ten years of the date of termination shall, if the member makes claim for a refund more than five ten years after the date of termination, be required to submit proof satisfactory to the department of the member's entitlement to the refund; ~~but in no case shall interest be allowed upon the accumulated contributions for any period in which the member is not an employee. Interest and interest dividends on the accumulated contributions shall only be credited if provided in accordance with section 97B.70.~~ The department is under no obligation to maintain the accumulated contribution accounts of such former members for more than five ten years after their dates of termination.

Sec. 47. Section 97B.53, subsection 7, Code 1993, is amended to read as follows:

7. Any member whose employment is terminated after one year of employment but before the member has accumulated four or more years of employment; either under the provisions of this chapter or as a result of prior service credits; may elect to leave the member's accumulated contributions in the retirement fund. In the event the member returns to public employment at any time within four years after this termination of employment, the member shall be entitled to

resume membership in the system with the same credits for prior service and accumulated contributions that the member had earned when the member's original employment was terminated. No interest shall be credited on the member's accumulated contributions nor on the member's employer's accumulated contributions during the period from the time of the member's termination of employment to the member's resumption of employment.

Any member who has resumed employment under the provisions of this subsection shall not be eligible for any second period of absence from membership as a result of termination of service.

Sec. 48. NEW SECTION. 97B.53B ROLLOVERS OF MEMBERS' ACCOUNTS.

1. As used in this section, unless the context otherwise requires:

a. "Direct rollover" means a payment by the system to the eligible retirement plan specified by the member or the member's surviving spouse.

b. "Eligible retirement plan" means either of the following that accepts an eligible rollover distribution from a member or a member's surviving spouse:

(1) An individual retirement account in accordance with section 408(a) of the federal Internal Revenue Code.

(2) An individual retirement annuity in accordance with section 408(b) of the federal Internal Revenue Code.

In addition, an "eligible retirement plan" includes an annuity plan in accordance with section 403(a) of the federal Internal Revenue Code, or a qualified trust in accordance with section 401(a) of the federal Internal Revenue Code, that accepts an eligible rollover distribution from a member.

c. "Eligible rollover distribution" means all or any portion of a member's account, except that an eligible rollover distribution does not include any of the following:

(1) A distribution that is one of a series of substantially equal periodic payments, which occur annually or more frequently, made for the life or life expectancy of the

distributee or the joint lives or joint life expectancies of the distributee and the distributee's designated beneficiary, or made for a specified period of ten years or more.

(2) A distribution to the extent that the distribution is required pursuant to section 401(a)(9) of the federal Internal Revenue Code.

(3) The portion of any distribution that is not includible in the gross income of the distributee, determined without regard to the exclusion for net unrealized appreciation with respect to employer securities.

(4) A distribution of less than two hundred dollars of taxable income.

2 Effective January 1, 1993, a member or a member's surviving spouse may elect, at the time and in the manner prescribed in rules adopted by the department, to have the department pay all or a portion of an eligible rollover distribution directly to an eligible retirement plan, specified by the member or the member's surviving spouse, in a direct rollover. If a member or a member's surviving spouse elects a partial direct rollover, the amount of funds elected for the partial direct rollover must equal or exceed five hundred dollars.

Sec. 49 Section 97B.56, Code 1993, is amended to read as follows:

97B.56 ABOLISHED SYSTEM -- LIQUIDATION FUND.

The assets of the old-age and survivors' liquidation fund, established by sections 97.50 to 97.53 and any future payments or assets payable to the old-age and survivors' liquidation fund, are hereby transferred to the retirement fund, and all payments hereafter due in accordance with the provisions of said sections shall be paid from the retirement fund and the liability for such payments shall be considered as allowances arising from prior service as provided in section 97B.54.

Forfeiting any benefits and each year hereafter the contributions required to fund the actuarial liabilities from the abolished system shall be determined in accordance with section 97B.54.

Sec. 50. Section 97B.61, unnumbered paragraph 2, Code 1993, is amended to read as follows:

After accepting the actuarial methods and assumptions of the valuation, the department shall certify to the governor the contribution rates determined thereby as the rates necessary and sufficient for members and employers to fully fund the benefits and retirement allowances being credited for ~~membership service and to make the accrued liability contributions in level installments required for prior service under section 97B.54.~~

Sec. 51. Section 97B.66, unnumbered paragraphs 1 and 2, Code Supplement 1993, are amended to read as follows:

A vested or retired member who was a member of the teachers insurance and annuity association-college retirement equity fund at any time between July 1, 1967 and June 30, 1971 and who became a member of the system on July 1, 1971, upon submitting verification of service and wages earned during the applicable period of service under the teachers insurance and annuity association-college retirement equity fund, may make employer and employee contributions to the system based upon the covered wages of the member and the covered wages and the contribution rates in effect for all or a portion of that period of service and receive credit for membership service under this system equivalent to the number of years applicable period of membership service in the teachers insurance and annuity association-college retirement equity fund for which the contributions have been made. In addition, a member making employer and employee contributions because of membership in the teachers insurance and annuity association-college retirement equity fund under this section who was a member of the system on June 30, 1967 and withdrew the member's accumulated contributions because of membership on July 1, 1967 in the teachers insurance and annuity association-college retirement equity fund, may make employee contributions to the system for all or a portion of the period of service under the system prior to July 1, 1967. A member making contributions pursuant to this section may make the

contributions either for the entire applicable period of service, or, effective upon the date that the department determines that the amendments to this paragraph and unnumbered paragraph 2 contained in this Act shall be implemented, for portions of the period of service, and if contributions are made for portions of the period of service, the contributions shall be in increments of one or more years, as long as the increments represent full years and not a portion of a year. However, the department shall not implement the amendments to this paragraph or unnumbered paragraph 2, as enacted in this Act, unless and until the department determines that the most recent annual actuarial valuation of the retirement system indicates that the employer and employee contribution rates in effect under section 97B.11 can absorb the amendments to this paragraph and unnumbered paragraph 2 and to section 97B.72, unnumbered paragraphs 1 and 2, section 97B.72A, subsection 1, unnumbered paragraph 1, section 97B.73A, unnumbered paragraph 1, and section 97B.74, unnumbered paragraphs 1 and 2, contained in this Act, after meeting the other established priority of the system. Until the amendments are implemented, the department shall continue to implement the provisions of section 97B.66, unnumbered paragraphs 1 and 2, Code Supplement 1991. As used in this section, unless the context otherwise requires, "other established priority of the system" means that commencing January 1 following the most recent annual actuarial valuation of the system, the department has increased the covered wage limitation from the previous year by three thousand dollars, in accordance with section 97B.41, subsection 20, paragraph "b", subparagraph (11).

The contributions paid by the vested or retired member shall be equal to the accumulated contributions as defined in section 97B.11, subsection 2, by the member for each the applicable period of service, and the employer contribution for that the applicable period of service under the teachers insurance and annuity association-college retirement equity fund, that would have been or had been contributed by the

vested or retired member and the employer, if applicable, plus interest on the contributions that would have accrued for the applicable period from the date the previous applicable period of service commenced under this system or from the date the service of the member in the teachers insurance and annuity association-college retirement equity fund commenced to the date of payment of the contributions by the member equal to two percent plus the interest dividend rate applicable for each year.

Sec. 52. Section 97B.70, Code 1993, is amended by adding the following new subsection:

NEW SUBSECTION. 4. Effective upon the date that the department determines that this subsection shall be implemented, interest and interest dividends shall be credited to the contributions of a person who leaves the contributions in the retirement fund upon termination from covered employment prior to achieving vested status, but who subsequently achieves vested status. The interest and interest dividends shall be credited to the contributions commencing either upon the date that the department determines that this subsection shall be implemented, or the date on which the person becomes a vested member, whichever is later. Interest and interest dividends shall cease upon the first of the month coinciding with or next following the person's retirement date. If the department no longer maintains the accumulated contribution account of the person pursuant to section 97B.53, but the person submits satisfactory proof to the department that the person did make the contributions, the department shall credit interest and interest dividends in the manner provided in this subsection. However, the department shall not implement this subsection, unless and until the department determines that the most recent annual actuarial valuation of the retirement system indicates that the employer and employee contribution rates in effect under section 97B.11 can absorb the enactment of this subsection and the amendments to section 97B.41, subsection 12, section 97B.53, subsections 3 and 7, and section 97B.53, subsection 6, unnumbered

can absorb the amendments to this paragraph and unnumbered paragraph 2 and to section 97B.66, unnumbered paragraphs 1 and 2, section 97B.72A, subsection 1, unnumbered paragraph 1, section 97B.73A, unnumbered paragraph 1, and section 97B.75, unnumbered paragraphs 1 and 2, contained in this Act, after meeting the other established priority of the system, as defined in section 97B.66. Until the amendments are implemented, the department shall continue to implement the provisions of section 97B.72, unnumbered paragraphs 1 and 2, Code Supplement 1993.

There is appropriated from moneys available to the general assembly under section 2.12 an amount sufficient to pay the contributions of the employer based on the period of service of the members for which the members have paid accumulated contributions in an amount equal to the contributions which would have been made if the members of the general assembly who made employee contributions had been members of the system during their applicable period of service in the general assembly plus two percent interest plus interest dividends for all completed calendar years and for any completed calendar year for which the interest dividend has not been declared and for completed months of partially completed calendar years at two percent interest plus the interest dividend rate calculated for the previous year, compounded annually, from the end of the calendar year in which contribution was made to the first day of the month of such date.

Sec. 54. Section 97B.72A, subsection 1, unnumbered paragraph 1, Code Supplement 1993, is amended to read as follows:

An active or vested member of the system who was a member of the general assembly prior to July 1, 1988, may make contributions to the system for all or a portion of the period of service in the general assembly. The contributions made by the member shall be equal to the accumulated contributions as defined in section 97B.41, subsection 2, which would have been made if the member of the general assembly had been a member of the system during the applicable period of service in the

paragraph 1, contained in this Act, after meeting the other established priorities of the system, as defined in section 97B.41, subsection 12.

Sec. 53. Section 97B.72, unnumbered paragraphs 1 and 2, Code Supplement 1993, are amended to read as follows:

Persons who are members of the Seventy-first General Assembly or a succeeding general assembly who submit proof to the department of membership in the general assembly during any period beginning July 4, 1953, may make contributions to the system for all or a portion of the period of service in the general assembly, and receive credit for the applicable period for which contributions are made. The contributions made by the member shall be equal to the accumulated contributions as defined in section 97B.41, subsection 2, which would have been made if the member of the general assembly had been a member of the system during the members' service in the general assembly applicable period. The proof of membership in the general assembly and payment of accumulated contributions shall be transmitted to the department. Persons eligible to receive retirement allowances under this section shall be eligible to commence receiving retirement allowances on January 14, 1985. A member making contributions pursuant to this section may make the contributions either for the entire applicable period of service or effective upon the date that the department determines that the amendments to this paragraph and unnumbered paragraph 2 contained in this Act shall be implemented, for portions of the period of service, and if contributions are made for portions of the period of service, the contributions shall be in increments of one or more years, as long as the increments represent full years and not a portion of a year. However, the department shall not implement the amendments to this paragraph of unnumbered paragraph 2, as enacted in this Act, until the department determines that the most recent annual actuarial valuation of the retirement system indicates that the employer and employee contribution rates in effect under section 97B.11

general assembly. A member making contributions pursuant to this section may make the contributions either for the entire applicable period of service, or for portions of the period of service, and, effective upon the date that the department determines that the amendments to this paragraph contained in this Act shall be implemented, if contributions are made for portions of the period of service, the contributions shall be in increments of one or more years, as long as the increments represent full years and not a portion of a year. The member of the system shall submit proof to the department of membership in the general assembly. The department shall credit the member with the period of membership service for which contributions are made. However, the department shall not implement the amendments to this paragraph, as enacted in this Act, unless and until the department determines that the most recent annual actuarial valuation of the retirement system indicates that the employer and employee contribution rates in effect under section 97B.11 can absorb the amendments to this paragraph and to section 97B.66, unnumbered paragraphs 1 and 2, section 97B.72, unnumbered paragraphs 1 and 2, section 97B.73A, unnumbered paragraph 1, and section 97B.74, unnumbered paragraphs 1 and 2, contained in this Act, after meeting the other established priority of the system, as defined in section 97B.66. Until the amendments are implemented, the department shall continue to implement the provisions of section 97B.72A, subsection 1, unnumbered paragraph 1, Code Supplement 1993.

Sec. 55. Section 97B.72A, subsection 2, Code Supplement 1993, is amended by striking the subsection.

Sec. 56. Section 97B.73, Code Supplement 1993, is amended by adding the following new unnumbered paragraph after unnumbered paragraph 2:

NEW UNNUMBERED PARAGRAPH. Notwithstanding any provision of this section to the contrary, effective July 1, 1994, a vested or retired member may have membership service within the current calendar year in order to make contributions in any manner provided by this section.

Sec. 57. Section 97B.73A, unnumbered paragraph 1, Code Supplement 1993, is amended to read as follows:

A part-time county attorney may elect in writing to the Department to make employee contributions to the system for the county attorney's previous service as a county attorney and receive credit for membership service in the system for the applicable period of service as a part-time county attorney for which employee contributions are made. The contributions paid by the member shall be equal to the accumulated contributions, as defined in section 97B.41, subsection 7, for that the applicable period of membership service. A member making contributions pursuant to this section may make the contributions either for the entire applicable period of service, or, effective upon the date that the department determines that the amendments to this paragraph contained in this Act shall be implemented, for portions of the period of service, and if contributions are made for portions of the period of service, the contributions shall be in increments of one or more years, as long as the increments represent full years and not a portion of a year. A member who elects to make contributions under this section shall notify the county board of supervisors of the member's election, and the county board of supervisors shall pay to the department the employer contributions that would have been contributed by the employer under section 97B.11 plus interest on the contributions that would have accrued if the county attorney had been a member of the system for that the applicable period of service. However, the department shall not implement the amendments to this paragraph, as enacted in this Act, unless and until the department determines that the most recent annual actuarial valuation of the retirement system indicates that the employer and employee contribution rates in effect under section 97B.11 can absorb the amendments to this paragraph and to section 97B.66, unnumbered paragraphs 1 and 2, section 97B.72, unnumbered paragraphs 1 and 2, section 97B.73A, subsection 1, unnumbered paragraph 1, and section 97B.74, unnumbered paragraphs 1 and 2, contained in

this Act, after meeting the other established priority of the system, as defined in section 97B.66. Until the amendments are implemented, the department shall continue to implement the provisions of section 97B.73A, unnumbered paragraph 1, Code Supplement 1993.

Sec. 58. Section 97B.74, unnumbered paragraphs 1 and 2, Code Supplement 1993, are amended to read as follows:

Effective January 1, 1994, an An active, vested, or retired member who was a member of the system at any time on or after July 4, 1953, and who received a refund of the member's contributions for that period of membership service, may elect in writing to the department to make contributions to the system for that all or a portion of the period of membership service for which a refund of contributions was made, and receive credit for the period of membership service for which contributions are made. The contributions repaid by the member for such service shall be equal to the accumulated contributions, as defined in section 97B.41, subsection 2, received by the member for that the applicable period of membership service plus interest on the accumulated contributions for the applicable period from the date of receipt by the member to the date of repayment equal to two percent plus the interest dividend rate applicable for each year compounded annually.

An active member must have at least one quarter's reportable wages on file and have membership service, including that period of membership service for which a refund of contributions was made, sufficient to give the member vested status. A member making contributions pursuant to this section may make the contributions either for the entire applicable period of service, or, effective upon the date that the department determines that the amendments to this paragraph and unnumbered paragraph 1 contained in this Act shall be implemented, for portions of the period of service, and if contributions are made for portions of the period of service, the contributions shall be in increments of one or more years, as long as the increments represent full years and

not a portion of a year. However, the department shall not implement the amendments to this paragraph or unnumbered paragraph 1, as enacted in this Act, unless and until the department determines that the most recent annual actuarial valuation of the retirement system indicates that the employer and employee contribution rates in effect under section 97B.11 can absorb the amendments to this paragraph and to unnumbered paragraph 1 and to section 97B.66, unnumbered paragraphs 1 and 2, section 97B.72, unnumbered paragraphs 1 and 2, section 97B.72A, subsection 1, unnumbered paragraph 1, and section 97B.73A, unnumbered paragraph 1, contained in this Act, after meeting the other established priority of the system, as defined in section 97B.66. Until the amendments are implemented, the department shall continue to implement the provisions of section 97B.74, unnumbered paragraphs 1 and 2, Code Supplement 1993.

Sec. 59. Section 97B.80, Code Supplement 1993, is amended by adding the following new paragraph after unnumbered paragraph 1:

NEW UNNUMBERED PARAGRAPH. Notwithstanding any provision of this section to the contrary, effective July 1, 1994, a vested or retired member must have membership service within the current calendar year in order to make contributions in any manner provided by this section.

Sec. 60. Section 260C.23, subsection 9, Code Supplement 1993, is amended to read as follows:

9. At the request of an employee through contractual agreement the board may arrange for the purchase of group or individual annuity contracts for any of its employees, which annuity contracts are issued by a nonprofit corporation issuing retirement annuities exclusively for educational institutions and their employees or are purchased from any company the employee chooses that is authorized to do business in this state and or through an Iowa-licensed insurance agent salesperson that the employee selects, on a group or individual basis, for retirement or other purposes, and may make payroll deductions in accordance with the arrangements

for the purpose of paying the entire premium due and to become due under the contract. The deductions shall be made in the manner which will qualify the annuity premiums for the benefits under section 403(b) of the Internal Revenue Code, as defined in section 422.3. The employee's rights under the annuity contract are nonforfeitable except for the failure to pay premiums. If an existing tax-sheltered annuity contract is to be replaced by a new contract, the agent or representative of the company shall submit a letter of intent by registered mail to the company being replaced, to the insurance commissioner of the state of Iowa, and to the agent's or representative's own company at least thirty days prior to any action. This letter of intent shall contain the policy number and description of the contract being replaced and a description of the replacement contract. As used in this section, unless the context otherwise requires, "annuity contract" includes any custodial account which meets the requirements of section 401(b)(7) of the Internal Revenue Code, as defined in section 422.3.

Sec. 61. Section 260C.23, subsection 17, Code Supplement 1993, is amended to read as follows:

17. Commencing July 1, 1994, provide for an alternative retirement benefits system, which is issued by or through a nonprofit corporation issuing retirement annuities exclusively to educational institutions and their employees, for persons employed by the community college who are members of the Iowa public employees' retirement system on July 1, 1994, or who are new employees, and who elect coverage under the alternative retirement benefits system pursuant to section 97B.42, in lieu of continuing or commencing contributions to the Iowa public employees' retirement system. The system for employee and employer contributions under the alternative system shall be substantially the same as similar to that provided by the state board of regents under the teachers insurance annuity association-college retirement equities fund, and except that the employer's annual contribution in dollars shall not exceed the employer's contribution rate

established for employees of the state board of regents who are under that annual contribution in dollars which the employer would contribute if the employee had elected to remain an active member pursuant to the Iowa public employees' retirement system, as set forth in section 97B.41.

Sec. 62. Section 262.21, unnumbered paragraph 1, Code 1993, is amended to read as follows:

At the request of an employee through contractual agreement the board may arrange for the purchase of group or individual annuity contracts for any of its employees, which annuity contracts are issued by a nonprofit corporation issuing retirement annuities exclusively for educational institutions and their employees or are purchased from any company the employee chooses that is authorized to do business in this state; or the board may arrange for the purchase of an individual mutual fund contract from any company the employee chooses from a broker-dealer, salesperson, or mutual fund registered in this state; or through an Iowa-licensed salesperson that the employee selects, on a group or individual basis, for retirement or other purposes, and may make payroll deductions in accordance with the arrangements for the purpose of paying the entire premium due and to become due under the contract. The deductions shall be made in the manner which will qualify the annuity premiums for the benefits under section 403(b) of the Internal Revenue Code, as defined in section 422.3. The employee's rights under the annuity contract are nonforfeitable except for the failure to pay premiums. As used in this section, unless the context otherwise requires, "annuity contract" includes any custodial account which meets the requirements of section 401(b)(7) of the Internal Revenue Code, as defined in section 422.3.

Sec. 63. Section 273.4, subsection 14, Code 1993, is amended to read as follows:

14. At the request of an employee through contractual agreement the board may purchase group or individual annuity contracts for employees, which annuity contracts are issued by

a nonprofit corporation issuing retirement annuities exclusively for educational institutions and their employees or are purchased from an insurance organization or mutual fund any company the employee chooses for retirement or other purposes that is authorized to do business in this state and or through an Iowa-licensed insurance agent, securities dealer, or salesperson that the employee selects, on a group or individual basis, for retirement or other purposes. The board may make payroll deductions for the purpose of paying the entire premium due, and to become due, in accordance with the terms of the contract. The deductions shall be made in the manner which will qualify the annuity premiums for the benefits under section 403b 403(b) of the Internal Revenue Code, as defined in section 422.3. The employee's rights under the annuity contract are nonforfeitable except for the failure to pay premiums. As used in this section, unless the context otherwise requires, "annuity contract" includes any custodial account which meets the requirements of section 403(b)(7) of the Internal Revenue Code, as defined in section 422.3.

Sec. 64. NEW SECTION. 294.10A PICKUP OF TEACHER ASSESSMENTS.

1. Notwithstanding section 294.9 or other provisions of this chapter, beginning January 1, following the submission by the board of trustees of an application to the federal internal revenue service requesting qualification in accordance with the requirements of the Internal Revenue Code, as defined in section 422.3, teacher assessments required under section 294.9 which are picked up by the employing school district shall be considered employer contributions for federal income tax purposes, and each employing school district establishing a pension and annuity retirement system pursuant to this chapter shall pick up the teacher assessments to be made under section 294.9 by its employees. Each employing school district shall pick up these teacher assessments by reducing the salary of each of the teachers covered by this chapter by the amount which each teacher is

required to contribute through assessments under section 294.9 and shall pay to the board of trustees the amount picked up in lieu of the teacher assessments for recording and deposit in the fund.

2. Teacher assessments picked up by each employing school district under subsection 1 shall be treated as employer contributions for federal income tax purposes only and for all other purposes of this chapter and the laws of this state shall be treated as teacher assessments and deemed part of the teacher's wages or salary.

Sec. 65. Section 294.16, Code 1993, is amended to read as follows:

294.16 ANNUITY CONTRACTS.

At the request of an employee through contractual agreement a school district may purchase group or individual annuity contracts for employees, which annuity contracts are issued by a nonprofit corporation issuing retirement annuities exclusively for educational institutions and their employees or are purchased from an insurance organization or mutual fund any company the employee chooses that is authorized to do business in this state and or through an Iowa-licensed insurance agent or from a securities dealer, salesperson, or mutual fund registered in this state that the employee selects, on a group or individual basis, for retirement or other purposes, and may make payroll deductions in accordance with the arrangements for the purpose of paying the entire premium due and to become due under the contract. The deductions shall be made in the manner which will qualify the annuity premiums for the benefits under section 403(b) of the Internal Revenue Code, as defined in section 422.3. The employee's rights under the annuity contract are nonforfeitable except for the failure to pay premiums. As used in this section, unless the context otherwise requires, "annuity contract" includes any custodial account which meets the requirements of section 403(b)(7) of the Internal Revenue Code, as defined in section 422.3.

Sec. 66. Section 411.3, Code 1993, is amended to read as follows:

411.3 MEMBERSHIP.

1. All persons who become police officers or fire fighters after the date the city is required to come under the retirement system, shall become members of the retirement system as a condition of their employment, except that a police chief or a fire chief who would not complete twenty-two years of service under this chapter by the time the chief attains fifty-five years of age shall, upon written request to the system, be exempt from this chapter, and except as otherwise provided in subsection 3. Notwithstanding section 97B.41, a police chief or fire chief who is exempt from this chapter is exempt from chapter 97B. Members of the system established in this chapter shall not be required to make contributions under any other pension or retirement system of a city, county, or the state of Iowa, anything to the contrary notwithstanding.

2. Should any member in any period of five consecutive years after last becoming a member, be absent from service for more than four years, or should the member become a beneficiary or die, the member shall thereupon cease to be a member of the system.

3. a. As used in this section, unless the context otherwise requires, "reemployed" or "reemployment" means the employment of a person as a police officer or firefighter by any participating city after the person has commenced receiving a service retirement allowance under section 411.6.

b. If a person is reemployed, the person shall not become an active member of the system upon reemployment, and the person so reemployed and the participating city shall not make contributions to the system based upon the person's compensation for reemployment. A person who is so reemployed shall continue to receive the service retirement allowance, and the service retirement allowance shall not be recalculated based upon the person's reemployment. Notwithstanding section 97B.41 or any other provision of law to the contrary, a person

reemployed as provided in this subsection shall be exempt from chapter 97B.

Sec. 67. Section 411.5, subsection 8, Code Supplement 1993, is amended to read as follows:

8. MEDICAL BOARD. The system shall designate a medical board to be composed of three physicians who shall arrange for and pass upon all medical examinations required under the provisions of this chapter, except that for examinations required because of disability three physicians from the University of Iowa hospitals and clinics who shall pass upon the medical examinations required for disability retirements, and shall report to the system in writing its conclusions and recommendations upon all matters referred to it. Each report of a medical examination under section 411.6, subsections 3 and 5, shall include the medical board's entire findings in accordance with section 411.6 as to the extent of the member's physical impairment.

Sec. 68. Section 411.5, Code Supplement 1993, is amended by adding the following new subsection:

NEW SUBSECTION. 12. REQUIREMENTS RELATED TO THE INTERNAL REVENUE CODE.

a. As used in this subsection, unless the context otherwise requires, "Internal Revenue Code" means the federal Internal Revenue Code as defined in section 422.3.

b. The fund established in section 411.8 shall be held in trust for the benefit of the members of the system and the members' beneficiaries. No part of the corpus or income of the fund shall be used for, or diverted to, purposes other than for the exclusive benefit of the members or the members' beneficiaries or for expenses incurred in the operation of the fund. A person shall not have any interest in, or right to, any part of the corpus or income of the fund except as otherwise expressly provided.

c. Notwithstanding any provision of this chapter to the contrary, in the event of a complete discontinuance of contributions, for reasons other than achieving fully funded status upon an actuarially determined basis, or upon

termination of the fund established in section 411.8, a member shall be vested, to the extent then funded, in the benefits which the member has accrued at the date of the discontinuance or termination.

d. Benefits payable from the fund established in section 411.8 to members and members' beneficiaries shall not be increased due to forfeitures from other members. Forfeitures shall be used as soon as possible to reduce future contributions by the cities to the fund, except that the rate shall not be less than the minimum rate established in section 411.8.

e. Notwithstanding any provision of this chapter to the contrary, a member's service retirement allowance shall commence on or before the later of the following:

(1) April 1 of the calendar year following the calendar year in which the member attains the age of seventy and one-half years.

(2) April 1 of the calendar year following the calendar year in which the member retires.

f. The maximum annual benefit payable to a member by the system shall be subject to the limitations set forth in section 415 of the federal Internal Revenue Code, and any regulations promulgated pursuant to that section.

g. The annual compensation of a member taken in account for any purpose under this chapter shall not exceed the applicable amount set forth in section 401(a)(17) of the federal Internal Revenue Code, and any regulations promulgated pursuant to that section.

Sec. 69. Section 411.6, subsection 1, Code 1993, is amended by adding the following new paragraph:

NEW PARAGRAPH. c. Once a person commences receiving a service retirement allowance pursuant to this section, if the person is reemployed, as defined in section 411.3, the service retirement allowance shall not be recalculated based upon the person's reemployment.

Sec. 70. Section 411.6, subsection 2, paragraph d, subparagraph (2), Code 1993, is amended to read as follows:

(2) For a member who terminates service, other than by death or disability, on or after July 1, 1991, but before October 16, 1992, and who does not withdraw the member's contributions pursuant to section 411.23, upon the member's retirement there shall be added six-tenths percent of the member's average final compensation for each year of service over twenty-two years, excluding years of service after the member's fifty-fifth birthday. However, this subparagraph does not apply to more than eight additional years of service.

Sec. 71. Section 411.6, subsection 2, paragraph d, Code 1993, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (3) For a member who terminates service, other than by death or disability, on or after October 16, 1992, and who does not withdraw the member's contributions pursuant to section 411.23, upon the member's retirement there shall be added six-tenths percent of the member's average final compensation for each year of service over twenty-two years. However, this subparagraph does not apply to more than eight additional years of service.

Sec. 72. Section 411.6, subsection 10, Code 1993, is amended to read as follows:

10. PENSIONS OFFSET BY COMPENSATION BENEFITS. Any amounts which may be paid or payable by the said cities under the provisions of any workers' compensation or similar law to a member or to the dependents of a member on account of any disability or death, shall be offset against and payable in lieu of any benefits payable out-of-funds-provided-by-the-said cities under the provisions of this chapter on account of the same disability or death. ~~in-case-the-present-value-of-the total committed benefits under said workers' compensation or similar laws is less than the pension reserve on the benefits otherwise payable from funds provided by the said cities under this chapter, then the present value of the committed payments shall be deducted from the pension reserve and such benefits as may be provided by the pension reserve so reduced shall be payable under the provisions of this chapter.~~

Sec. 73. NEW SECTION. 411.68 ROLLOVERS OF MEMBERS' ACCOUNTS.

1. As used in this section, unless the context otherwise requires:

a. "Direct rollover" means a payment by the system to the eligible retirement plan specified by the member or the member's surviving spouse.

b. "Eligible retirement plan" means either of the following that accepts an eligible rollover distribution from a member or a member's surviving spouse:

(1) An individual retirement account in accordance with section 408(a) of the federal Internal Revenue Code.

(2) An individual retirement annuity in accordance with section 408(b) of the federal Internal Revenue Code.

In addition, an "eligible retirement plan" includes an annuity plan in accordance with section 403(a) of the federal Internal Revenue Code, or a qualified trust in accordance with section 401(a) of the federal Internal Revenue Code, that accepts an eligible rollover distribution from a member.

c. "Eligible rollover distribution" means all or any portion of a member's account, except that an eligible rollover distribution does not include any of the following:

(1) A distribution that is one of a series of substantially equal periodic payments, which occur annually or more frequently, made for the life or life expectancy of the distributee or the joint lives or joint life expectancies of the distributee and the distributee's designated beneficiary, or made for a specified period of ten years or more.

(2) A distribution to the extent that the distribution is required pursuant to section 401(a)(9) of the federal Internal Revenue Code.

(3) The portion of any distribution that is not includable in the gross income of the distributee, determined without regard to the exclusion for net unrealized appreciation with respect to employer securities.

(4) A distribution of less than two hundred dollars of taxable income.

2. Effective January 1, 1993, a member or a member's surviving spouse may elect, at the time and in the manner prescribed in rules adopted by the board of trustees, to have the system pay all or a portion of an eligible rollover distribution directly to an eligible retirement plan, specified by the member or the member's surviving spouse, in a direct rollover. If a member or a member's surviving spouse elects a partial direct rollover, the amount of funds elected for the partial direct rollover must equal or exceed five hundred dollars.

Sec. 74. Section 411.8, subsection 1, paragraph f, subparagraphs (6) through (8), Code 1993, are amended to read as follows:

(6) An amount equal to eight and one-tenth percent of each member's compensation from the earnable compensation of the member shall be paid to the fund for the fiscal year period beginning July 1, 1994, through December 31, 1994, and an amount equal to eight and thirty-five hundredths percent of each member's compensation from the earnable compensation of the member shall be paid to the fund for the fiscal period beginning January 1, 1995, through June 30, 1995.

(7) An amount equal to nine and one-tenth thirty-five hundredths percent of each member's compensation from the earnable compensation of the member shall be paid to the fund for the fiscal year beginning July 1, 1995.

(8) Beginning July 1, 1996, and each fiscal year thereafter, an amount equal to the member's contribution rate times each member's compensation shall be paid to the fund from the earnable compensation of the member. For the purposes of this subparagraph, the member's contribution rate shall be nine and one-tenth thirty-five hundredths percent. However, the system shall increase the member's contribution rate as necessary to cover any increase in cost to the system resulting from statutory changes which are enacted by any session of the general assembly meeting after January 1, 1991, if the increase cannot be absorbed within the contribution rates otherwise established pursuant to this paragraph, but

subject to a maximum employee contribution rate of eleven and three-tenths percent.

The contribution rate increases specified in this Act pursuant to this chapter and chapter 97A shall be the only member contribution rate increases for these systems resulting from the statutory changes enacted in this Act, and shall apply only to the fiscal periods specified in this Act. After the employee contribution reaches eleven and three-tenths percent, sixty percent of the additional cost of such statutory changes shall be paid by employers under paragraph "c" and forty percent of the additional cost shall be paid by employees under this paragraph.

Sec. 75. Section 411.8, subsection 1, paragraph b, Code 1993, is amended to read as follows:

b. Notwithstanding the provisions of paragraph "f", the following transition percentages apply to members' contributions as specified:

(1) For members who on July 1, 1990, have attained the age of forty-nine years or more, an amount equal to nine and one-tenth percent of each member's compensation from the earnable compensation of the member shall be paid to the fund for the fiscal year period beginning July 1, 1990, through October 15, 1992, and commencing October 16, 1992, and for each subsequent fiscal year-until-the-fiscal-year-beginning-July-1-1996-when period, the rates specified in paragraph "f", subparagraph subparagraphs (4) through (8), applies shall apply.

(2) For members who on July 1, 1990, have attained the age of forty-eight years but have not attained the age of forty-nine years, an amount equal to eight and one-tenth percent shall be paid for the fiscal year beginning July 1, 1990, and an amount equal to nine and one-tenth percent shall be paid for the fiscal year period beginning July 1, 1991, through October 15, 1992, and commencing October 16, 1992, and for each subsequent fiscal year-until-the-fiscal-year-beginning-July-1-1996-when period, the rates specified in paragraph "f", subparagraph subparagraphs (4) through (8), applies shall apply.

(3) For members who on July 1, 1990, have attained the age of forty-seven years but have not attained the age of forty-eight years, an amount equal to seven and one-tenth percent shall be paid for the fiscal year beginning July 1, 1990, an amount equal to eight and one-tenth percent shall be paid for the fiscal year beginning July 1, 1991, and an amount equal to nine and one-tenth percent shall be paid for the fiscal year period beginning July 1, 1992, through October 15, 1992, and commencing October 16, 1992, and for each subsequent fiscal year-until-the-fiscal-year-beginning-July-1-1996-when period, the rates specified in paragraph "f", subparagraph subparagraphs (4) through (8), applies shall apply.

(4) For members who on July 1, 1990, have attained the age of forty-six years but have not attained the age of forty-seven years, an amount equal to six and one-tenth percent shall be paid for the fiscal year beginning July 1, 1990, an amount equal to seven and one-tenth percent shall be paid for the fiscal year beginning July 1, 1991, an amount equal to eight and one-tenth percent shall be paid for the fiscal year period beginning July 1, 1992, and an amount equal to nine and one-tenth percent shall be paid for the fiscal year beginning July 1, 1993, through October 15, 1992, and commencing October 16, 1992, and for each subsequent fiscal year-until-the-fiscal-year-beginning-July-1-1996-when period, the rates specified in paragraph "f", subparagraph subparagraphs (4) through (8), applies shall apply.

(5) For members who on July 1, 1990, have attained the age of forty-five years but have not attained the age of forty-six years, an amount equal to five and one-tenth percent shall be paid for the fiscal year beginning July 1, 1990, an amount equal to six and one-tenth percent shall be paid for the fiscal year beginning July 1, 1991, and an amount equal to seven and one-tenth percent shall be paid for the fiscal year period beginning July 1, 1992, an amount equal to eight and one-tenth percent shall be paid for the fiscal year beginning July 1, 1993, and an amount equal to nine and one-tenth percent shall be paid for the fiscal years beginning July 1-

1994-and-duty-1995 through October 15, 1992. Beginning duty-17-1996: Commencing October 16, 1992, and for each subsequent fiscal period, the rates specified in paragraph "f", subparagraph paragraphs (4) through (8), applies shall apply.

Sec. 76. Section 411.8, subsection 1, Code 1993, is amended by adding the following new paragraph:

NEW PARAGRAPH. 1. (1) Notwithstanding paragraph "g" or other provisions of this chapter, beginning January 1, 1993, member contributions required under paragraph "f" or "h" which are picked up by the city shall be considered employer contributions for federal income tax purposes, and each city shall pick up the member contributions to be made under paragraph "f" or "h" by its employees. Each city shall pick up these contributions by reducing the salary of each of its employees covered by this chapter by the amount which each employee is required to contribute under paragraph "f" or "h" and shall pay the amount picked up in lieu of the member contributions to the board of trustees for recording and deposit in the fund.

(2) Member contributions picked up by each city under subparagraph (1) shall be treated as employer contributions for federal income tax purposes only and for all other purposes of this chapter and the laws of this state shall be treated as employee contributions and deemed part of the employee's earnable compensation or salary.

Sec. 77. Section 422.7, Code Supplement 1993, is amended by adding the following new subsection:

NEW SUBSECTION. 79. Add, to the extent not included, the amount of the taxpayer's employee contributions picked up by the taxpayer's employer under chapter 93A or 411. The director shall by rule provide a formula to exclude income, to the extent included, from adjusted gross income amounts added under this subsection which are subsequently returned to the taxpayer as retirement benefits or otherwise.

Sec. 78. Section 422.7, Code Supplement 1993, is amended by adding the following new subsection:

NEW SUBSECTION. 79. Add, to the extent not included, the amount of the taxpayer's employee contributions picked up by the taxpayer's employer under chapter 93B. The director shall, by rule provide a formula to exclude income, to the extent included, from adjusted gross income amounts added under this subsection which are subsequently returned to the taxpayer as retirement benefits or otherwise.

Sec. 79. Section 422.7, Code Supplement 1993, is amended by adding the following new subsection:

NEW SUBSECTION. 31. Add, to the extent not included, the amount of the taxpayer's teacher assessment picked up by the taxpayer's employing school district under chapter 294. The director shall by rule provide a formula to exclude income, to the extent included, from adjusted gross income amounts added under this subsection which are subsequently returned to the taxpayer as retirement benefits or otherwise.

Sec. 80. Section 509A.12, unnumbered paragraph 1, Code 1993, is amended to read as follows:

At the request of an employee the governing body or the county board of supervisors shall by contractual agreement acquire an individual or group life insurance contract, annuity contract, interest in a mutual fund, security or any other deferred payment contract for the purpose of funding a deferred compensation program for an employee, from any company the employee may choose that is authorized to do business in this state and from any life-underwriter-duty licensed-by-this-state or from any securities-dealer or through an Iowa-licensed salesperson registered-in-this-state to contract-business-in-this-state that the employee selects on a group or individual basis. The deferred compensation program shall be administered so that the director of revenue and finance or the director's designees remit one sum for the entire program according to a single billing.

Sec. 81. **NEW SECTION. 509A.13A. CONTINUATION OF GROUP INSURANCE COVERED SPOUSES.**

1. As used in this section, unless the context otherwise requires:

a. "Eligible retired state employee" means a former employee of the government of the state of Iowa, including but not limited to any departments, agencies, boards, bureaus, or commissions of the state of Iowa, who is receiving the minimum level of retirement benefits for eligibility under this section and who is participating in a state health or medical group insurance plan which covers the former employee and the former employee's spouse at the time of the death of the former employee.

b. "Minimum level of retirement benefits for eligibility under this section" means any of the following:

(1) The eligible retired state employee has received retirement benefits under the retirement system established in chapter 97A based upon the completion of at least twenty-two years of membership service.

(2) The eligible retired state employee has received retirement benefits under the retirement system established in chapter 97B based upon any of the following:

(a) Meeting the requirements for receiving retirement benefits pursuant to chapter 97B based upon having attained at least sixty-two years of age and upon having completed at least thirty years of membership service.

(b) Meeting the requirements for receiving benefits under section 97B.44, subsection 16, without a reduction for years of service pursuant to section 97B.49, subsection 16, paragraph "c".

(3) The eligible retired state employee has received retirement benefits under the retirement system established in chapter 602, article 9, based upon either of the following:

(a) Meeting the requirements for receiving an annuity which equals fifty percent of the basic annual salary which the judge was receiving at the time that the judge became separated from service, if the judge did not participate in the senior judge program.

(b) Meeting the requirements for receiving an annuity which equals or exceeds fifty percent of the basic annual salary which the judge was receiving at the time that the

judge separated from service prior to serving as a senior judge.

c. "State health or medical group insurance plan" means a health or medical group insurance plan for employees of the state.

2. Notwithstanding any provision of law to the contrary, in the event of the death of an eligible retired state employee, the surviving spouse of the eligible retired state employee whose insurance would otherwise terminate because of the death of the eligible retired state employee may elect to continue to be a member of the state health or medical group insurance plan by requesting continuation in writing to the department of personnel within thirty-one days after the death of the eligible retired state employee. The surviving spouse shall pay the total premium for the state health or medical group insurance plan and shall have the same rights to change programs or coverage as state employees.

Sec. 82. Section 602.9104, subsection 4, Code 1993, is amended by striking the subsection and inserting in lieu thereof the following:

4. a. As used in this subsection, unless the context otherwise requires:

(1) "Actuarial valuation" means an actuarial valuation of the judicial retirement system or an annual actuarial update of an actuarial valuation, as required pursuant to section 602.9116.

(2) "Fully funded status" means that the most recent actuarial valuation reflects that, using the aggregate cost method in accordance with generally recognized and accepted actuarial principles and practices set forth by the American academy of actuaries, the funded status of the system is at least one hundred percent.

(3) "Required contribution rate" means that percentage of the basic salary of all judges covered under this article which, in addition to the judge's contribution established in subsection 1, the actuary of the system determines is necessary to maintain fully funded status.

b. Effective with the fiscal year commencing July 1, 1991, and for each subsequent fiscal year until the system attains fully funded status, the state shall contribute annually to the judicial retirement fund an amount equal to at least twenty-three and seven-tenths percent of the basic salary of all judges covered under this article. Commencing with the first fiscal year in which the system attains fully funded status, and for each subsequent fiscal year, the state shall contribute to the judicial retirement fund the required contribution rate. The state's contribution shall be appropriated directly to the judicial retirement fund.

Sec. 83. NEW SECTION. 602.9104A MONIES DEPOSITED IN THE JUDICIAL RETIREMENT FUND -- LIMITATIONS -- INTENT.

1. As used in this section, unless the context otherwise requires, "court revenues" means any court costs, fees, fines, penalties, surcharges, forfeited bail, or similar charges collected by the court, or interest on such amounts.

2. Notwithstanding section 602.8105, 602.8106, or 631.6, or any other provision of law to the contrary, court revenues shall not be deposited in the judicial retirement fund established in section 602.9104. If a provision of law provides for the deposit of court revenues in the judicial retirement fund, those court revenues shall be deposited in the general fund.

3. The judicial retirement fund shall consist of the contributions specified in section 602.9104, as well as the corpus and income of the fund as provided in section 602.9104.

4. It is the intent of the general assembly that the judicial retirement system be funded from contributions based upon the basic salary of the judges covered by this article, rather than from court revenues.

Sec. 84. NEW SECTION. 602.9105 ROLLOVERS OF JUDGES' ACCOUNTS.

1. As used in this section, unless the context otherwise requires:

a. "Direct rollover" means a payment by the system to the eligible retirement plan specified by the judge covered under this article or the judge's surviving spouse.

b. "Eligible retirement plan" means either of the following that accepts an eligible rollover distribution from a judge covered by this article or a judge's surviving spouse:

(1) An individual retirement account in accordance with section 408(a) of the federal Internal Revenue Code.

(2) An individual retirement annuity in accordance with section 408(b) of the federal Internal Revenue Code.

In addition, an "eligible retirement plan" includes an annuity plan in accordance with section 403(a) of the federal Internal Revenue Code, or a qualified trust in accordance with section 401(a) of the federal Internal Revenue Code, that accepts an eligible rollover distribution from a judge covered by this article.

c. "Eligible rollover distribution" means all or any portion of a judge's account, except that an eligible rollover distribution does not include any of the following:

(1) A distribution that is one of a series of substantially equal periodic payments, which occur annually or more frequently, made for the life or life expectancy of the distributee or the joint lives or joint life expectancies of the distributee and the distributee's designated beneficiary, or made for a specified period of ten years or more.

(2) A distribution to the extent that the distribution is required pursuant to section 401(a)(9) of the federal Internal Revenue Code.

(3) The portion of any distribution that is not includible in the gross income of the distributee, determined without regard to the exclusion for net unrealized appreciation with respect to employer securities.

(4) A distribution of less than two hundred dollars of taxable income.

2. Effective January 1, 1991, a judge covered by this article or a judge's surviving spouse may elect, at the time and in the manner prescribed by the state court administrator, to have the system pay all or a portion of an eligible rollover distribution directly to an eligible retirement plan, specified by the judge or the judge's surviving spouse, in a

direct rollover. If a judge or a judge's surviving spouse elects a partial direct rollover, the amount of funds elected for the partial direct rollover must equal or exceed five hundred dollars.

Sec. 85. Section 602.9116, Code 1993, is amended to read as follows:

602.9116 ACTUARIAL VALUATION.

1. The court administrator shall cause an actuarial valuation to be made of the assets and liabilities of the judicial retirement fund at least once every four years commencing with the fiscal year beginning July 1, 1981. For each fiscal year in which an actuarial valuation is not conducted, the court administrator shall cause an annual actuarial update to be prepared for the purpose of determining the adequacy of the contribution rates specified in section 602.9104, subsection 4. The court administrator shall adopt mortality tables and other necessary factors for use in the actuarial calculations required for the valuation upon the recommendation of the actuary. Following the actuarial valuation or annual actuarial update, the court administrator shall determine the condition of the system and shall report its findings and recommendations to the general assembly.

2. The cost of the actuarial valuation or annual actuarial update shall be paid from the judicial retirement fund.

Sec. 86. Section 602.9204, Code 1993, is amended to read as follows:

602.9204 ANNUITY OF SENIOR JUDGE AND RETIRED SENIOR JUDGE.

1. A senior judge or a retired senior judge shall not be paid a salary. A senior judge or retired senior judge shall be paid an annuity under the judicial retirement system in the manner provided in section 602.9109, but computed under this section in lieu of section 602.9.07, as follows: The annuity paid to a senior judge or retired senior judge shall be an amount equal to three percent of the current basic senior judge salary, as of the time each payment is made up and including the twelve-month period during which the senior judge or retired senior judge attains seventy-eight years of

~~age of the office in which the senior judge last served as a judge before retirement as a judge or senior judge,~~ multiplied by the judge's years of service prior to retirement as a judge of one or more of the courts included under this article, for which contributions were made to the system, except the annuity of the senior judge or retired senior judge shall not exceed fifty percent of the current basic senior judge salary used in calculating the annuity. However, following the twelve-month period during which the senior judge or retired senior judge attains seventy-eight years of age, the annuity paid to the person shall be an amount equal to three percent of the basic senior judge salary cap, multiplied by the judge's years of service prior to retirement as a judge of one or more of the courts included under this article, for which contributions were made to the system, except that the annuity shall not exceed fifty percent of the basic senior judge salary cap. A senior judge or retired senior judge shall not receive benefits calculated using a basic senior judge salary established after the twelve-month period in which the senior judge or retired senior judge attains seventy-eight years of age. In addition, if a senior judge is under sixty-five years of age at the time the judge becomes a senior judge, the state shall pay the state's share of the senior judge's medical insurance premium until the judge attains age sixty-five.

2. As used in this section, unless the context otherwise requires:

a. "Basic senior judge salary" means the average annual basic salary for the senior judge's or retired senior judge's last three years as a judge of one or more of the courts included in this article, as would be used in computing an annuity pursuant to section 602.9107 without service as a senior judge, plus seventy-five percent of the escalator.

b. "Basic senior judge salary cap" means the basic senior judge salary, at the end of the twelve-month period during which the senior judge or retired senior judge attained seventy-eight years of age, of the office in which the person last served as a judge before retirement as a judge or senior judge.

c. "Escalator" means the difference between the current basic salary, as of the time each payment is made up to and including the twelve-month period during which the senior judge or retired senior judge attains seventy-eight years of age, of the office in which the senior judge last served as a judge before retirement as a judge or senior judge, and the average annual basic salary for the senior judge's or retired senior judge's last three years as a judge of one or more of the courts included in this article, as would be used in computing an annuity pursuant to section 602.9107 without service as a senior judge.

Sec. 87. Section 724.6, subsection 2, Code Supplement 1993, is amended to read as follows:

2. Notwithstanding subsection 1, fire fighters, as defined in section 411.1, subsection 9, airport fire fighters included under section 97B.49, subsection 16, paragraph "d" "b", subparagraph (4) (2), emergency medical technicians-ambulance and emergency rescue technicians, as defined in section 147.1, and advanced emergency medical care providers, as defined in section 147A.1, shall not, as a condition of employment, be required to obtain a permit under this section. However, the provisions of this subsection shall not apply to a person designated as an arson investigator by the chief fire officer of a political subdivision.

Sec. 88. Section 97B.54, Code 1993, is repealed.

Sec. 89. DEVELOPMENT OF PROPOSAL FOR COMBINING TYPES OF SERVICES -- IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM -- REPORT.

1. The department of personnel, in consultation with the public retirement systems committee established in section 97D.4, shall develop a proposal concerning the possible establishment of a new benefit formula under the Iowa public employee's retirement system created in chapter 47B. The proposed benefit formula shall provide a method by which a member may combine the value of the following different types of membership services:

a. Membership service as a sheriff or deputy sheriff in accordance with section 97B.49, subsection 16, paragraph "b".

b. Membership service in a protection occupation, as provided in section 97B.49, subsection 16, paragraphs "a" and "d".

c. Any other membership service, as defined in section 97B.41.

2. The proposed benefit formula shall not provide credit for years of membership service in excess of thirty years, and shall not allow the use of a percentage multiplier in excess of sixty percent of the member's three-year average covered wage, as defined in section 97B.41.

1. The department of personnel may develop alternate proposed benefit formulas which meet the requirements of this section. On or before September 1, 1995, the department of personnel shall file a report with the legislative service bureau, for distribution to the public retirement systems committee, which contains a proposed benefit formula, and may include alternate proposed benefit formulas, as provided in this section. The report shall also contain actuarial information concerning the costs of the proposal or proposals.

Sec. 90. SENIOR JUDGES -- IMPLEMENTATION. Notwithstanding the amendments to section 602.9204 contained in this Act, all judges whose names are entered on the roster of senior judges pursuant to section 602.9201, subsection 1, as of June 30, 1994, and all persons who are retired senior judges as of June 30, 1991, shall continue to receive an annuity calculated pursuant to section 602.9204, 1993 Code of Iowa, subject to the applicability provisions of 1992 Iowa Acts, chapter 1201, section 76, as amended by 1992 Iowa Acts, Second Extraordinary Session, chapter 1001, section 116, and shall not be subject to the amendments to section 602.9204 contained in this Act. This Act shall not be construed in a manner which reduces benefits to persons who participated as senior judges prior to July 1, 1994.

Sec. 91. SENIOR JUDGE COMPENSATION TASK FORCE.

1. The legislative council is requested to establish a senior judge compensation task force to review the services provided and compensation paid to senior judges pursuant to chapter 602, article 9. In addition to legislative members, the legislative council is requested to appoint members who are active members of the judicial retirement system and who are not serving as senior judges, attorneys licensed to practice law in Iowa, and public members who are knowledgeable concerning employee compensation, benefits, and pension plans.

The members of the committee are entitled to reimbursement for travel and other necessary expenses incurred in the performance of official duties. Each member may also be eligible to receive compensation as provided in section 2E.6. The expenses for members who are not judicial officers shall be paid from funds appropriated pursuant to section 2.17.

2. The task force shall review the services provided and compensation paid to senior judges, including the current funding mechanism through the judicial retirement fund, as well as alternative funding mechanisms. The task force shall submit a report to the general assembly, the governor, and the supreme court on or before February 1, 1995, containing its findings and recommendations.

Sec. 92. IMPLEMENTATION OF TRANSFER OF CERTAIN ARSON INVESTIGATORS TO CHAPTER 97A.

1. In order to implement the provisions of this Act which amend section 97A.1, subsection 13; section 97B.49, subsection 16, paragraph "d", subparagraph (6), by striking the subparagraph; and section 97B.49, subsection 16, paragraph "j", the department of personnel and the department of public safety shall cooperate with each other to effectuate the provisions of those sections and this section of this Act.

2. Effective July 1, 1994, employees who were members of the protection occupation classification of the Iowa public employees' retirement system pursuant to section 97B.49, subsection 16, paragraph "d", subparagraph (6), Code Supplement 1993, shall be transferred to membership in the Iowa department of public safety peace officers' retirement,

accident, and disability system established pursuant to chapter 97A. The department of personnel shall transfer the accumulated contributions of the arson investigators to the treasurer of state for deposit in the pension accumulation fund established in section 97A.8. However, employer contributions which were made with respect to the arson investigators while the arson investigators were included as members of the protection occupation classification pursuant to section 97B.49, subsection 16, paragraph "d", subparagraph (6), Code Supplement 1993, shall remain in the Iowa public employees' retirement fund established in section 97B.7, and any costs pertaining to the payment of employer contributions to the system established in chapter 97A with respect to the period of time during which the arson investigators were members of the protection occupation classification pursuant to section 97B.49, subsection 16, paragraph "d", subparagraph (6), Code Supplement 1993, or any other costs related to the transfer of the arson investigators provided for in this Act, shall be borne by the system established in chapter 97A, notwithstanding any other provision of law to the contrary.

3. Notwithstanding any other provision of law to the contrary, the arson investigators transferred from the protection occupation classification to the system established in chapter 97A shall receive credit for years of service under chapter 97A for those years of service during which the members were members of the protection occupation classification pursuant to section 97B.49, subsection 16, paragraph "d", subparagraph (6), Code Supplement 1993. In addition, notwithstanding the limitation on covered wages in section 97B.41, subsection 20, if applicable, compensation which was paid to an arson investigator while the arson investigator was included in the protection occupation classification pursuant to section 97B.49, subsection 16, paragraph "d", subparagraph (6), 1993 Code Supplement, shall be included in determining the average final compensation of the arson investigators. The arson investigators transferred from the protection occupation classification to the system

established in chapter 97A, and the employer of those arson investigators, the department of public safety, shall not be required to pay the difference in the employee and employer contributions in effect for the period of time in which the arson investigators were included in the protection occupation classification pursuant to section 97B.49, subsection 16, paragraph "d", subparagraph (6), Code Supplement 1993, as compared to the employee and employer contributions then in effect for members of the system established in chapter 97A.

4. It is the intent of the general assembly that in administering the implementation provisions of this section, the board of trustees of the system established in chapter 97A and the department of personnel shall interpret this Act in a manner which provides that the arson investigators shall not lose benefits which would have otherwise accrued had the arson investigators been members of the system established in chapter 97A during the period of time in which they were actually members of the protection occupation classification pursuant to section 97B.49, subsection 16, paragraph "d", subparagraph (6), Code Supplement 1993.

Sec. 93. REPORT CONCERNING POSSIBLE PORTABILITY BETWEEN SYSTEMS ESTABLISHED IN CHAPTERS 97A AND 411. The board of trustees of the Iowa department of public safety peace officers' retirement, accident, and disability system created in section 97A.5, and the board of trustees for the statewide fire and police retirement system created in section 411.36, shall each file a report with the legislative service bureau on or before September 1, 1995, for distribution to the members of the public retirement systems committee established in section 97D.4, pertaining to possible portability between the two systems established in chapters 97A and 411. The reports shall identify issues pertaining to allowing members to transfer between the two systems, including but not limited to, issues pertaining to both employee and employer contributions, determinations concerning years of service and average final compensation, costs associated with portability, any concerns pertaining to the requirements of the federal

Internal Revenue Code, as defined in section 427.3, any recommendation by the boards pertaining to portability issues, and other related matters.

Sec. 94. STUDY CONCERNING SURVIVING SPOUSE BENEFITS UNDER CHAPTERS 97A AND 411 -- REPORT. The public retirement systems committee established in section 97D.4 shall study the feasibility of increasing the benefits paid to surviving spouses under the Iowa department of public safety peace officers' retirement, accident, and disability system established in chapter 97A and the statewide fire and police retirement system established in chapter 411. The public retirement systems committee shall submit a report to the general assembly on or before January 31, 1996, containing its findings and recommendations.

Sec. 95. STUDY BY DEPARTMENT OF CORRECTIONS CONCERNING OCCUPATIONAL INJURIES AND DEATHS. The department of corrections shall conduct a study and compile information concerning the number of occupational injuries and deaths to persons employed by the department within the correctional institutions specified in section 90J.102 who are not members of the protection occupation classification of the Iowa public employees' retirement system, as well as to persons employed by the judicial district departments of correctional services within community-based correctional facilities and persons employed as probation officers I and II, and parole officers I and II. The study shall specify the information according to job classification, and shall include information concerning the numbers of persons employed within those job classifications during the relevant time period. The study shall cover a period of at least ten years. The department of corrections shall submit a report to the legislative service bureau, for distribution to the public retirement systems committee established in section 97D.4, on or before September 1, 1995, concerning the findings from the study.

Sec. 96. CERTAIN CHANGES PERTAINING TO CHAPTERS 97A AND 411 -- EFFECTIVE AND RETROACTIVE APPLICABILITY DATES -- IMPLEMENTATION.

1. The sections of this Act that amend section 97A.6, subsection 2, paragraph "d", subparagraph (7); section 97A.6, subsection 2, paragraph "d", by enacting a new subparagraph (3); section 97A.8, subsection 1, paragraph "h"; section 411.6, subsection 2, paragraph "d", subparagraph (2); section 411.6, subsection 2, paragraph "d", by enacting a new subparagraph (3); and section 411.8, subsection 1, paragraph "h", being deemed of immediate importance, take effect upon enactment and apply retroactively to October 16, 1992.

2. In order to implement the sections of this Act referenced in subsection 1 and to apply those sections retroactively to October 16, 1992, the board of trustees of the Iowa department of public safety peace officers' retirement, accident, and disability system created in section 97A.5, and the board of trustees for the statewide fire and police retirement system created in section 411.36, shall develop and implement plans to reimburse members for contributions paid to the systems which are contrary to the provisions of this Act, and shall develop and implement plans to adjust both past and future benefits paid to members which are inconsistent with this Act.

3. The provisions of this Act that amend section 97A.3, by enacting a new subsection 2, renumbering section 97A.3, subsection 3, Code 1993, as subsection 4, and adding a reference to the new subsection 3 of section 97A.3 in the first sentence of subsection 1 of that section; and amend section 97A.6, subsection 1, by enacting a new paragraph "c"; section 411.3; and section 411.6, subsection 1, by enacting a new paragraph "c", being deemed of immediate importance, take effect upon enactment, and apply retroactively to July 1, 1993.

4. In order to implement the provisions of this Act referenced in subsection 3 and to apply those provisions retroactively to July 1, 1993, the board of trustees of the Iowa department of public safety peace officers' retirement, accident, and disability system created in section 97A.5, and the board of trustees for the statewide fire and police

retirement system created in section 411.36, shall examine the records of the respective systems to determine if persons are being included in active membership of the systems contrary to the provisions of this Act. If the boards determine that persons have been included in active membership in the systems in a manner inconsistent with the provisions referenced in subsection 3 of this section, the respective boards shall provide for the refund of the employer contributions to the respective employers and employee contributions to the respective employees and the retroactive payment of service retirement allowances in order to fully effectuate the purposes of this Act retroactive to July 1, 1993.

5. The sections of this Act which enact new sections 97A.6B and 411.6B, being deemed of immediate importance, take effect upon enactment and apply retroactively to January 1, 1993.

Sec. 97. OTHER EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.

1. The sections of this Act which amend section 97B.41, subsection 12; section 97B.53, subsections 3 and 7, and subsection 6, unnumbered paragraph 1; section 97B.66, unnumbered paragraphs 1 and 2; section 97B.70, by enacting a new subsection 4; section 97B.72, unnumbered paragraphs 1 and 2; section 97B.72A, subsection 1, unnumbered paragraph 1; section 97B.73A, unnumbered paragraph 1; and section 97B.74, unnumbered paragraphs 1 and 2, take effect July 1, 1995.

2. The section of this Act which amends section 97B.41, subsection 16, takes effect January 1, 1995.

3. The sections of this Act which enact new sections 97B.5B and 602.9.05, being deemed of immediate importance, take effect upon enactment and apply retroactively to January 1, 1993.

4. The section of this Act which amends section 422.7 by enacting a new subsection 29 takes effect January 1, 1995, and applies to tax years beginning on or after January 1, 1995.

5. The section of this Act which amends section 422.7 by enacting a new subsection 30 takes effect January 1, 1995, and applies to tax years beginning on or after January 1, 1995.

6. The section of this Act which enacts a new section 509A.13A, being deemed of immediate importance, takes effect upon enactment.

HAROLD VAN MAANEN
Speaker of the House

LEONARD L. BOSWELL
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2418, Seventy-fifth General Assembly.

ELIZABETH ISAACSON
Chief Clerk of the House

Approved May 16, 1994

TERRY E. BRANSTAD
Governor