

3/25/93 House - State Gov
4/2/93 amend/80 Pass w/H 3661

SENATE FILE 347
BY COMMITTEE ON STATE GOVERNMENT

(SUCCESSOR TO SSB 170.1)

Passed Senate, Date ^(P.779) 3/23/93 Passed House, Date ^(P.1209) 4-13-93
Vote: Ayes 49 Nays 0 Vote: Ayes 100 Nays 0
Approved 4/26/93

Repassed ^{48/0}
4/20/93

A BILL FOR

1 An Act relating to public retirement systems, and including
2 effective and retroactive applicability dates.

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

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SF 347

1 Section 1. Section 97A.5, subsection 6, Code 1993, is
2 amended to read as follows:

3 6. DATA -- RECORDS -- REPORTS.

4 a. The department of personnel shall keep in convenient
5 form the data necessary for actuarial valuation of the various
6 funds of the system and for checking the expense of the
7 system. The director of the department of personnel shall
8 keep a record of all the acts and proceedings of the board,
9 which records shall be open to public inspection, ~~and shall~~
10 ~~keep a complete record of the names of all of the members,~~
11 ~~their ages and length of service, the salary of each member,~~
12 ~~and other facts necessary in the administration of this~~
13 ~~chapter, and for the purpose of obtaining such facts, the~~
14 ~~director of personnel shall have access to the records of the~~
15 ~~various departments of the state.~~ The board of trustees shall
16 biennially make a report to the state legislature general
17 assembly showing the fiscal transactions of the system for the
18 preceding biennium, the amount of the accumulated cash and
19 securities of the system, and the last balance sheet showing
20 the financial condition of the system by means of an actuarial
21 valuation of the assets and liabilities of the system.

22 b. The director of the department of personnel shall
23 maintain records, including but not limited to names,
24 addresses, ages, and lengths of service, salaries and wages,
25 contributions, designated beneficiaries, benefit amounts, if
26 applicable, and other information pertaining to members as
27 necessary in the administration of this chapter, as well as
28 the names, addresses, and benefit amounts of beneficiaries.
29 For the purpose of obtaining these facts, the director of
30 personnel shall have access to the records of the various
31 departments of the state and the departments shall provide
32 such information upon request. Member and beneficiary records
33 containing personal information are not public records for the
34 purposes of chapter 22. However, summary information
35 concerning the demographics of the members and general

1 statistical information concerning the system is subject to
2 chapter 22, as well as aggregate information by category.

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

5 97A.16 WITHDRAWAL OF CONTRIBUTIONS -- REPAYMENT.

6 1. Commencing July 1, 1990, if an active member, in
7 service on or after that date, terminates service, other than
8 by death or disability, the member may elect to withdraw the
9 member's contributions under section 97A.8, subsection 1,
10 paragraphs "f" and "h", together with interest thereon at a
11 rate determined by the board of trustees. If a member
12 withdraws contributions as provided in this section, the
13 member shall be deemed to have waived all claims for other
14 benefits from the system for the period of membership service
15 for which the contributions are withdrawn.

16 2. A layoff for an indefinite period of time shall be
17 deemed to be a termination of service for the purposes of this
18 section. A member who withdraws the member's contributions as
19 provided in this section following a layoff for an indefinite
20 period of time and who is subsequently recalled to service may
21 repay the contributions. The contributions repaid by the
22 member for such service shall be equal to the amount of
23 contributions withdrawn, plus interest computed based upon the
24 investment interest rate assumption established by the board
25 of trustees as of the time the contributions are repaid.
26 However, the member must make the contributions within one
27 year of the date of the member's return to service. The
28 period of membership service for which contributions are
29 repaid shall be treated as though the contributions were never
30 withdrawn.

31 Sec. 3. Section 97B.45, unnumbered paragraph 2, Code 1993,
32 is amended to read as follows:

33 A member may retire after the member's sixty-fifth birthday
34 ~~except-as-otherwise-provided-in-section-97B-46.~~ A member
35 retiring on or after the normal retirement date, as provided

1 in section 97B.46, shall submit a written notice to the
2 department setting forth the date the retirement is to become
3 effective. The date shall be after the member's last day of
4 service and not before the first day of the sixth calendar
5 month preceding the month in which the notice is filed, except
6 that credit for service ceases when contributions cease as
7 provided in section 97B.11.

8 Sec. 4. Section 97B.46, subsection 2, Code 1993, is
9 amended by striking the subsection.

10 Sec. 5. Section 97B.49, subsection 5, paragraph b, Code
11 1993, is amended by adding the following new unnumbered
12 paragraph after unnumbered paragraph 3:

13 NEW UNNUMBERED PARAGRAPH. It is the intent of the general
14 assembly to have the option of increasing the amount of the
15 retirement dividends that may be paid to retired members in
16 November of 1994 and 1995, above the levels provided in
17 subsection 13 for payment in November of 1992 and 1993.
18 Accordingly, by November 15, 1993, the department shall set
19 aside from other moneys in the retirement fund four million,
20 one hundred thousand dollars, to provide the general assembly
21 with this option. The moneys set aside shall be from the
22 funds generated by the employer and employee contributions in
23 effect under section 97B.11 that exceed the amount necessary
24 to fund the system's existing liabilities, as determined in
25 the annual actuarial valuation of the system as of June 30,
26 1993. If the annual actuarial valuation indicates that the
27 amount of the employer and employee contributions in excess of
28 the amount necessary to fund existing liabilities is less than
29 four million, one hundred thousand dollars, the department
30 shall set aside all funds that are available for this purpose.
31 The funds set aside shall not be used in determining the
32 percentage multiplier pursuant to this section on July 1,
33 1994, or in determining the covered wage limitation pursuant
34 to section 97B.41, subsection 20, paragraph "b", subparagraph
35 (11), on January 1, 1994. However, any funds set aside which

1 are not applied to an increase in retirement dividends to be
2 paid in November of 1994 and 1995, as determined by the
3 Seventy-fifth General Assembly, shall be used in determining
4 the percentage multiplier and the covered wage limitation
5 thereafter.

6 Sec. 6. Section 97B.66, Code 1993, is amended by adding
7 the following new unnumbered paragraph:

8 NEW UNNUMBERED PARAGRAPH. However, effective January 1,
9 1994, the department shall ensure that the member, in
10 exercising an option provided in this section, does not exceed
11 the amount of annual additions to a member's account permitted
12 pursuant to section 415 of the federal Internal Revenue Code.

13 Sec. 7. Section 97B.72, Code 1993, is amended by adding
14 the following new unnumbered paragraph:

15 NEW UNNUMBERED PARAGRAPH. However, effective January 1,
16 1994, the department shall ensure that the member, in
17 exercising an option provided in this section, does not exceed
18 the amount of annual additions to a member's account permitted
19 pursuant to section 415 of the federal Internal Revenue Code.

20 Sec. 8. Section 97B.72A, Code 1993, is amended by adding
21 the following new subsection:

22 NEW SUBSECTION. 3. Effective January 1, 1994, however,
23 the department shall ensure that the member, in exercising an
24 option provided in this section, does not exceed the amount of
25 annual additions to a member's account permitted pursuant to
26 section 415 of the federal Internal Revenue Code.

27 Sec. 9. Section 97B.73, Code 1993, is amended by adding
28 the following new unnumbered paragraph:

29 NEW UNNUMBERED PARAGRAPH. However, effective January 1,
30 1994, the department shall ensure that the member, in
31 exercising an option provided in this section, does not exceed
32 the amount of annual additions to a member's account permitted
33 pursuant to section 415 of the federal Internal Revenue Code.

34 Sec. 10. Section 97B.73A, Code 1993, is amended by adding
35 the following new unnumbered paragraph:

1 NEW UNNUMBERED PARAGRAPH. However, effective January 1,
2 1994, the department shall ensure that the member, in
3 exercising an option provided in this section, does not exceed
4 the amount of annual additions to a member's account permitted
5 pursuant to section 415 of the federal Internal Revenue Code.

6 Sec. 11. Section 97B.74, Code 1993, is amended by adding
7 the following new unnumbered paragraph:

8 NEW UNNUMBERED PARAGRAPH. However, effective January 1,
9 1994, the department shall ensure that the member, in
10 exercising an option provided in this section, does not exceed
11 the amount of annual additions to a member's account permitted
12 pursuant to section 415 of the federal Internal Revenue Code.

13 Sec. 12. Section 97B.80, Code 1993, is amended by adding
14 the following new unnumbered paragraph:

15 NEW UNNUMBERED PARAGRAPH. However, effective January 1,
16 1994, the department shall ensure that the member, in
17 exercising an option provided in this section, does not exceed
18 the amount of annual additions to a member's account permitted
19 pursuant to section 415 of the federal Internal Revenue Code.

20 Sec. 13. NEW SECTION. 411.1A PURPOSE OF CHAPTER.

21 The purpose of this chapter is to promote economy and
22 efficiency in the municipal public safety service by providing
23 an orderly means for police officers and fire fighters to have
24 a retirement system which will provide for the payment of
25 pensions to retired and disabled members and to the surviving
26 spouses and dependents of deceased members.

27 Sec. 14. Section 411.5, subsection 6, Code 1993, is
28 amended to read as follows:

29 6. RECORDS -- REPORTS.

30 a. The board of trustees shall keep a record of all its
31 proceedings, which record shall be open to public inspection.
32 It shall submit an annual report to the governor, the general
33 assembly, and the city council of each participating city
34 concerning the financial condition of the retirement system,
35 its current and future liabilities, and the actuarial

1 valuation of the system. The board of trustees shall submit a
2 certified audit report prepared by a certified public
3 accountant to the auditor of state annually. The system shall
4 comply with the filing fee requirement of section 11.6,
5 subsection 10.

6 b. The system shall maintain records, including but not
7 limited to names, addresses, ages, and lengths of service,
8 salaries and wages, contributions, designated beneficiaries,
9 benefit amounts, if applicable, and other information
10 pertaining to members as necessary in the administration of
11 this chapter, as well as the names, addresses, and benefit
12 amounts of beneficiaries. For the purpose of obtaining these
13 facts, the system shall have access to the records of the
14 participating cities and the cities shall provide such
15 information upon request. Member and beneficiary records
16 containing personal information are not public records for the
17 purposes of chapter 22. However, summary information
18 concerning the demographics of the members and general
19 statistical information concerning the system is subject to
20 chapter 22, as well as aggregate information by category.

21 Sec. 15. Section 411.6A, Code 1993, is amended by adding
22 the following new subsection:

23 NEW SUBSECTION. 4. Optional benefits shall be adjusted
24 annually in a manner consistent with that provided in section
25 411.6, subsection 12. However, if the member has selected a
26 designated recipient other than the member's spouse, the
27 designated recipient shall be deemed to be the member's
28 surviving spouse for the purpose of calculating the annual
29 adjustment in the manner provided in section 411.6, subsection
30 12.

31 Sec. 16. Section 411.23, Code 1993, is amended to read as
32 follows:

33 411.23 WITHDRAWAL OF CONTRIBUTIONS -- REPAYMENT.

34 1. Commencing July 1, 1990, if an active member, in
35 service on or after that date, terminates service, other than

1 by death or disability, the member may elect to withdraw the
2 member's contributions under section 411.8, subsection 1,
3 paragraphs "f" and "h", together with interest thereon at a
4 rate determined by the board of trustees. If a member
5 withdraws contributions as provided in this section, the
6 member shall be deemed to have waived all claims for other
7 benefits from the system for the period of membership service
8 for which the contributions are withdrawn.

9 2. A layoff for an indefinite period of time shall be
10 deemed to be a termination of service for the purposes of this
11 section. A member who withdraws the member's contributions as
12 provided in this section following a layoff for an indefinite
13 period of time and who is subsequently recalled to service may
14 repay the contributions. The contributions repaid by the
15 member for such service shall be equal to the amount of
16 contributions withdrawn, plus interest computed based upon the
17 investment interest rate assumption established by the board
18 of trustees as of the time the contributions are repaid.
19 However, the member must make the contributions within one
20 year of the date of the member's return to service. The
21 period of membership service for which contributions are
22 repaid shall be treated as though the contributions were never
23 withdrawn.

24 Sec. 17. EFFECTIVE AND RETROACTIVE APPLICABILITY DATE.
25 The sections of this Act which amend sections 97A.16 and
26 411.23, being deemed of immediate importance, take effect upon
27 enactment and apply retroactively to January 1, 1992.

28 EXPLANATION

29 The bill contains a number of provisions pertaining to
30 public retirement systems.

31 The bill contains the following changes to the Iowa
32 department of public safety peace officers' retirement,
33 accident, and disability system (PORS) and the statewide fire
34 and police retirement system (411 system):

35 1. Provides that member records under the systems shall be

1 maintained and are not public records for the purposes of
2 chapter 22.

3 2. Provides that if a member is subject to a layoff for an
4 indefinite period of time, the member may withdraw
5 contributions, and, upon being recalled to service, may make
6 contributions back to the system, with interest, for the
7 contributions withdrawn. Under the bill, if the contributions
8 are repaid, the period of membership service covering the
9 contributions which were withdrawn is treated as though the
10 contributions were never withdrawn. These provisions are
11 immediately effective and retroactively apply to January 1,
12 1992.

13 This bill contains the following provisions relating to the
14 Iowa public employees' retirement system (IPERS):

15 1. Strikes a provision which prohibits a member from being
16 employed as a peace officer or fire fighter after reaching the
17 age of 65.

18 2. Requires the department of personnel to set aside \$4.1
19 million of the funds from the available margin of existing
20 contributions in excess of existing liabilities by November
21 15, 1993, to provide the general assembly with the option of
22 increasing retirement dividends to be paid in November of 1994
23 and 1995. Under the bill, the funds set aside are not to be
24 used in calculating the percentage multiplier on July 1, 1994,
25 or the covered wage limitation on January 1, 1994. However,
26 any funds set aside that are not used to increase retirement
27 dividends to be paid in 1994 and 1995, as determined by the
28 Seventy-fifth General Assembly, shall be used in determining
29 the percentage multiplier and covered wage thereafter.

30 3. Contains a number of provisions which direct that
31 effective January 1, 1994, the department of personnel shall
32 ensure that members, in exercising "buy-back" and "buy-in"
33 options, shall not exceed the limitations of section 415 of
34 the federal Internal Revenue Code.

35 The bill contains the following provisions which apply to

1 chapter 411, but not to PORS:

2 1. Establishes a purposes statement for the chapter.

3 2. Provides that optional benefits shall be adjusted
4 annually in the manner provided for other benefits.

5 The bill may include a state mandate, as defined in section
6 25B.3.

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SENATE FILE 347

3901

Amend the amendment, H-3661, to Senate File 347, as passed by the Senate, as follows:

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

" . Page 1, by inserting before line 1 the following:

"Section 1. NEW SECTION. 12D.1 PROHIBITED INVESTMENTS.

1. The department of personnel shall not invest funds from the Iowa public employees' retirement fund in the stocks, securities, or other obligations of a company engaged in the manufacture of tobacco products.

2. This section does not prohibit any of the following:

a. The purchase of securities issued by the United States government or agreements to purchase or repurchase such securities or securities issued by firms not otherwise prohibited from purchase under this chapter.

b. Custodial agreements or accounts used for purchases and sales of securities otherwise acceptable under this chapter.

c. The deposit of funds with a paying agent for bonds of the state board of regents issued prior to January 1, 1993.

Sec. . NEW SECTION. 12D.2 DIVESTITURE.

1. The department of personnel shall make no additional investments of the type prohibited under section 12D.1 subsequent to June 30, 1993. The sale of securities and investments held by the department of personnel on July 1, 1993, that are prohibited under section 12D.1 shall be completed by July 1, 1998. Not less than one fifth of the value of the investments held on July 1, 1993 shall be sold in the year beginning July 1, 1996.

2. As long as funds remain in investments prohibited under section 12D.1, the department of personnel shall file with the general assembly, on or before January 20 of each year, a report listing all investments administered by the department of personnel which are prohibited under section 12D.1 and their value as of the preceding December 31.

3. For purposes of this chapter, "value" consists of cash, the par value or unpaid balance of all unmatured or unpaid investments requiring the payment of a fixed amount at payment date, and the cost price of all other investments."

2. By renumbering as necessary.

By HAMMOND of Story
OSTERBERG of Linn

3901 FILED APRIL 13, 1993
NOT GERMANE, MOTION TO SUSPEND RULES - LOST

SENATE FILE 347

3661

Amend Senate File 347, as passed by the Senate, as follows:

1. Page 2, lines 26 and 27, by striking the words "one year" and inserting the following: "two years".

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

"Sec. ____ . Section 97B.8, unnumbered paragraph 2, Code 1993, is amended to read as follows:

The board consists of nine members. Six of the members shall be appointed by the governor. One member shall be an executive of a domestic life insurance company, one an executive of a state or national bank operating within the state of Iowa, one an executive of an industrial corporation located within the state of Iowa, and three shall be members of the system, one of whom is an active member who is an employee of a school district, area education agency, or merged area, one of whom is an active member who is not an employee of a school district, area education agency, or merged area, and one of whom is a retired member of the system. The president of the senate, after consultation with the majority leader and the minority leader of the senate, shall appoint one member from the membership of the senate and the speaker of the house of representatives shall appoint one member from the membership of the house. The two members appointed by the president of the senate, after consultation with the majority leader and the minority leader of the senate, and the speaker of the house of representatives and the two active members of the system appointed by the governor are ex officio members of the board. The director of the department of personnel is an ex officio, nonvoting member of the board. Five voting members of the board shall constitute a quorum."

3. Page 2, by inserting after line 30 the following:

"Sec. ____ . Section 97B.41, subsection 20, paragraph b, subparagraph (11), Code 1993, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Notwithstanding any other provision of this chapter providing for the payment of the benefits provided in section 97B.49, subsection 16, the department shall establish the covered wages limitation which applies to members covered under section 97B.49, subsection 16, at the same level as is established under this subparagraph for other members of the system."

4. By striking page 2, line 31 through page 3, line 9.

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Page 2

1 5. Page 3, by inserting before line 10 the
2 following:

3 "Sec. ____ Section 97B.49, subsection 5, paragraph
4 b, unnumbered paragraph 2, Code 1993, is amended to
5 read as follows:

6 Commencing July 1, 1991, the department shall
7 increase the percentage multiplier of the three-year
8 average covered wage by an additional two percent each
9 July 1 until reaching sixty percent of the three-year
10 average covered wage if the annual actuarial valuation
11 of the retirement system indicates for that year that
12 the cost of this increase in the percentage of the
13 three-year average covered wage used in computing
14 retirement benefits can be absorbed within the
15 employer and employee contribution rates in effect
16 under section 97B.11. However, commencing July 1,
17 1994, if the annual actuarial valuation of the
18 retirement system indicates that the employer and
19 employee contribution rates in effect under section
20 97B.11 can absorb an increase in the percentage
21 multiplier in excess of two percent, the department
22 shall increase the percentage multiplier for that year
23 beyond two percent to the extent which the increase
24 can be absorbed by the contribution rates in effect,
25 not to exceed a maximum percentage multiplier of sixty
26 percent. The two-percent increase in the percentage
27 multiplier for a year applies only to the members
28 retiring on or after July 1 of the respective year."

29 6. Page 3, line 12, by striking the word
30 "paragraph after" and inserting the following:
31 "paragraphs after".

32 7. Page 3, by inserting after line 12 the
33 following:

34 "NEW UNNUMBERED PARAGRAPH. Notwithstanding any
35 other provision of this chapter providing for the
36 payment of the benefits provided in subsection 16, the
37 department shall establish the percentage multiplier
38 which applies to members covered under subsection 16
39 at the same level as is established under this
40 subsection for other members of the system."

41 8. By striking page 3, line 13 through page 4,
42 line 5, and inserting the following:

43 "NEW UNNUMBERED PARAGRAPH. By November 15, 1993,
44 the department shall set aside from other moneys in
45 the retirement fund two million, eight hundred fifty
46 thousand dollars. The moneys set aside shall be from
47 the funds generated by the employer and employee
48 contributions in effect under section 97B.11 that
49 exceed the amount necessary to fund the system's
50 existing liabilities, as determined in the annual

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1 actuarial valuation of the system as of June 30, 1993.
2 If the annual actuarial valuation indicates that the
3 amount of the employer and employee contributions in
4 excess of the amount necessary to fund existing
5 liabilities is less than two million, eight hundred
6 fifty thousand dollars, the department shall set aside
7 all funds that are available. The funds set aside
8 shall not be used in determining the percentage
9 multiplier pursuant to this section on July 1, 1994,
10 or in determining the covered wage limitation pursuant
11 to section 97B.41, subsection 20, paragraph "b",
12 subparagraph (11), on January 1, 1994. However, any
13 funds set aside which are not specifically dedicated
14 to a purpose by the Seventy-fifth General Assembly
15 shall be used in determining the percentage multiplier
16 and the covered wage limitation thereafter."

17 9. Page 4, by inserting before line 6 the
18 following:

19 "Sec. _____. Section 97B.49, subsection 16,
20 paragraph a, subparagraph (3), Code 1993, is amended
21 to read as follows:

22 (3) Commencing July 1, 1991, the department shall
23 increase the percentage multiplier of the three-year
24 average covered wage by ~~an additional two percent each~~
25 July 1 as provided in subsection 5, paragraph "b",
26 until reaching sixty percent of the three-year average
27 covered wage."

28 10. Page 5, by inserting after line 26 the
29 following:

30 "Sec. _____. Section 411.5, subsection 2, Code 1993,
31 is amended to read as follows:

32 2. Compensation. The trustees, other than the
33 secretary, shall serve without compensation, but they
34 shall be reimbursed from the fire and police
35 retirement fund for all necessary expenses which they
36 may incur through service on the board, as provided
37 pursuant to section 411.36."

38 11. Page 7, lines 19 and 20, by striking the
39 words "one year" and inserting the following: "two
40 years".

41 12. Page 7, by inserting after line 23 the
42 following:

43 "Sec. _____. Section 411.36, subsection 5, Code
44 1993, is amended to read as follows:

45 5. a. Members of the board shall be paid their
46 actual and necessary expenses incurred in the
47 performance of their duties and shall receive a per
48 diem as specified in section 7E.6 for each day of
49 service. Per diem and expenses shall be paid to
50 voting members from the fire and police retirement

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Page 4

1 fund created in section 411.8.

2 b. A participating city shall allow an employee
3 who is a member of the board to attend all meetings of
4 the board. In their capacity as members of the board,
5 which is an instrumentality of political subdivisions
6 of the state, members of the board shall be deemed to
7 be jointly serving the members of the system and the
8 participating cities. The members of the board shall
9 perform their duties in the best interest of the
10 system. Board members who are employees of
11 participating cities shall be allowed to attend board
12 meetings without being required to use paid leave.
13 Costs incurred by a board member which are associated
14 with having a replacement perform the member's other
15 duties for the participating city while serving in the
16 capacity of a member of the board may be considered a
17 necessary expense of the system.

18 c. Per diem and expenses of the legislative
19 members shall be paid from the funds appropriated
20 under section 2.12. However, legislative members
21 shall not be paid pursuant to this section when the
22 general assembly is actually in session at the seat of
23 government."

24 13. Page 7, line 24, by striking the word "DATE"
25 and inserting the following: "DATES".

26 14. Page 7, lines 25 and 26, by striking the word
27 and figures "97A.16 and 411.23" and inserting the
28 following: "97A.16; 411.5, subsection 2; 411.23; and
29 411.36, subsection 5".

30 15. Page 7, line 27, by inserting after the
31 figure "1992." the following: "The sections of this
32 Act which amend sections 97B.41, subsection 20,
33 paragraph "b", subparagraph (11), by enacting a new
34 unnumbered paragraph; 97B.49, subsection 5, paragraph
35 "b", by enacting two new unnumbered paragraphs; and
36 97B.49, subsection 16, paragraph "a", subparagraph
37 (3), being deemed of immediate importance, take effect
38 upon enactment."

39 16. By renumbering as necessary.

By COMMITTEE ON STATE GOVERNMENT
CARPENTER of Polk, Chairperson

H-3661 FILED APRIL 2, 1993

Adopted
4-13-93
(p. 1209)

SENATE FILE 347

H-3626

1 Amend Senate File 347, as passed by the Senate, as
2 follows:
3 1. Page 2, by inserting after line 30 the
4 following:
5 "Sec. ____ . Section 97B.41, subsection 20,
6 paragraph a, unnumbered paragraph 2, Code 1993, is
7 amended to read as follows:
8 Wages for a member of the general assembly means
9 the total compensation received by a member of the
10 general assembly, whether paid in the form of per diem
11 or annual salary, exclusive of expense and travel
12 allowances paid to a member of the general assembly
13 except as otherwise provided in this paragraph. Wages
14 includes per diem payments paid to members of the
15 general assembly during interim periods between
16 sessions of the general assembly. ~~Wages also includes~~
17 ~~daily allowances to members of the general assembly~~
18 ~~for nontravel expenses of office during a session of~~
19 ~~the general assembly, but does not include the portion~~
20 ~~of the daily allowance which exceeds the maximum~~
21 ~~established by law for members from Polk county."~~
22 2. By renumbering as necessary.

By BRUNKHORST of Bremer

H-3626 FILED APRIL 1, 1993

Not German 4-13-93

SENATE FILE 347

H-3705

1 Amend Senate File 347, as passed by the Senate, as
2 follows:
3 1. Page 4, by inserting before line 6 the fol-
4 lowing:
5 "Sec. ____ . Section 97B.49, subsection 16,
6 paragraph d, Code 1993, is amended by adding the
7 following new subparagraph:
8 NEW SUBPARAGRAPH. (9) A jailer employed by a
9 county.
10 Sec. ____ . Section 97B.49, subsection 16, Code
11 1993, is amended by adding the following new
12 paragraph:
13 NEW PARAGRAPH. 1. Annually, during each fiscal
14 year commencing with the fiscal year beginning July 1,
15 1993, each applicable county shall pay to the
16 department of personnel the amount necessary to pay
17 the employer share of the cost of the additional
18 benefits provided to employees of the county covered
19 under paragraph "d", subparagraph (9)."
20 2. By renumbering as necessary.

By DICKINSON of Jackson

H-3705 FILED APRIL 5, 1993

Withdrawn 4-13-93

HOUSE AMENDMENT TO
SENATE FILE 347

S-3487

1 Amend Senate File 347, as passed by the Senate, as
2 follows:

3 1. Page 2, lines 26 and 27, by striking the words
4 "one year" and inserting the following: "two years".

5 2. Page 2, by inserting after line 30 the
6 following:

7 "Sec. _____. Section 97B.8, unnumbered paragraph 2,
8 Code 1993, is amended to read as follows:

9 The board consists of nine members. Six of the
10 members shall be appointed by the governor. One
11 member shall be an executive of a domestic life
12 insurance company, one an executive of a state or
13 national bank operating within the state of Iowa, one
14 an executive of an industrial corporation located
15 within the state of Iowa, and three shall be members
16 of the system, one of whom is an active member who is
17 an employee of a school district, area education
18 agency, or merged area, one of whom is an active
19 member who is not an employee of a school district,
20 area education agency, or merged area, and one of whom
21 is a retired member of the system. The president of
22 the senate, after consultation with the majority
23 leader and the minority leader of the senate, shall
24 appoint one member from the membership of the senate
25 and the speaker of the house of representatives shall
26 appoint one member from the membership of the house.
27 The two members appointed by the president of the
28 senate, after consultation with the majority leader
29 and the minority leader of the senate, and the speaker
30 of the house of representatives and the two active
31 members of the system appointed by the governor are ex
32 officio members of the board. The director of the
33 department of personnel is an ex officio, nonvoting
34 member of the board. Five voting members of the board
35 shall constitute a quorum."

36 3. Page 2, by inserting after line 30 the
37 following:

38 "Sec. _____. Section 97B.41, subsection 20,
39 paragraph b, subparagraph (11), Code 1993, is amended
40 by adding the following new unnumbered paragraph:

41 NEW UNNUMBERED PARAGRAPH. Notwithstanding any
42 other provision of this chapter providing for the
43 payment of the benefits provided in section 97B.49,
44 subsection 16, the department shall establish the
45 covered wages limitation which applies to members
46 covered under section 97B.49, subsection 16, at the
47 same level as is established under this subparagraph
48 for other members of the system."

49 4. By striking page 2, line 31 through page 3,
50 line 9.

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Page 2

1 5. Page 3, by inserting before line 10 the
2 following:

3 "Sec. _____. Section 97B.49, subsection 5, paragraph
4 b, unnumbered paragraph 2, Code 1993, is amended to
5 read as follows:

6 Commencing July 1, 1991, the department shall
7 increase the percentage multiplier of the three-year
8 average covered wage by an additional two percent each
9 July 1 until reaching sixty percent of the three-year
10 average covered wage if the annual actuarial valuation
11 of the retirement system indicates for that year that
12 the cost of this increase in the percentage of the
13 three-year average covered wage used in computing
14 retirement benefits can be absorbed within the
15 employer and employee contribution rates in effect
16 under section 97B.11. However, commencing July 1,
17 1994, if the annual actuarial valuation of the
18 retirement system indicates that the employer and
19 employee contribution rates in effect under section
20 97B.11 can absorb an increase in the percentage
21 multiplier in excess of two percent, the department
22 shall increase the percentage multiplier for that year
23 beyond two percent to the extent which the increase
24 can be absorbed by the contribution rates in effect,
25 not to exceed a maximum percentage multiplier of sixty
26 percent. The two-percent increase in the percentage
27 multiplier for a year applies only to the members
28 retiring on or after July 1 of the respective year."

29 6. Page 3, line 12, by striking the word
30 "paragraph after" and inserting the following:
31 "paragraphs after".

32 7. Page 3, by inserting after line 12 the
33 following:

34 "NEW UNNUMBERED PARAGRAPH. Notwithstanding any
35 other provision of this chapter providing for the
36 payment of the benefits provided in subsection 16, the
37 department shall establish the percentage multiplier
38 which applies to members covered under subsection 16
39 at the same level as is established under this
40 subsection for other members of the system."

41 8. By striking page 3, line 13 through page 4,
42 line 5, and inserting the following:

43 "NEW UNNUMBERED PARAGRAPH. By November 15, 1993,
44 the department shall set aside from other moneys in
45 the retirement fund two million, eight hundred fifty
46 thousand dollars. The moneys set aside shall be from
47 the funds generated by the employer and employee
48 contributions in effect under section 97B.11 that
49 exceed the amount necessary to fund the system's
50 existing liabilities, as determined in the annual

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Page 3

actuarial valuation of the system as of June 30, 1993.
If the annual actuarial valuation indicates that the
amount of the employer and employee contributions in
excess of the amount necessary to fund existing
liabilities is less than two million, eight hundred
fifty thousand dollars, the department shall set aside
all funds that are available. The funds set aside
shall not be used in determining the percentage
multiplier pursuant to this section on July 1, 1994,
or in determining the covered wage limitation pursuant
to section 97B.41, subsection 20, paragraph "b",
subparagraph (11), on January 1, 1994. However, any
funds set aside which are not specifically dedicated
to a purpose by the Seventy-fifth General Assembly
shall be used in determining the percentage multiplier
and the covered wage limitation thereafter."

9. Page 4, by inserting before line 6 the
following:

"Sec. ____ . Section 97B.49, subsection 16,
paragraph a, subparagraph (3), Code 1993, is amended
to read as follows:

(3) Commencing July 1, 1991, the department shall
increase the percentage multiplier of the three-year
average covered wage ~~by an additional two percent each~~
~~July 1~~ as provided in subsection 5, paragraph "b",
until reaching sixty percent of the three-year average
covered wage."

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

"Sec. ____ . Section 411.5, subsection 2, Code 1993,
is amended to read as follows:

2. Compensation. The trustees, other than the
secretary, shall serve without compensation, but they
shall be reimbursed from the fire and police
retirement fund for all necessary expenses which they
may incur through service on the board, as provided
pursuant to section 411.36."

11. Page 7, lines 19 and 20, by striking the
words "one year" and inserting the following: "two
years".

12. Page 7, by inserting after line 23 the
following:

"Sec. ____ . Section 411.36, subsection 5, Code
1993, is amended to read as follows:

5. a. Members of the board shall be paid their
actual and necessary expenses incurred in the
performance of their duties and shall receive a per
diem as specified in section 7E.6 for each day of
service. Per diem and expenses shall be paid to
voting members from the fire and police retirement

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-3-

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Page 4

1 fund created in section 411.8.
 2 b. A participating city shall allow an employee
 3 who is a member of the board to attend all meetings of
 4 the board. In their capacity as members of the board,
 5 which is an instrumentality of political subdivisions
 6 of the state, members of the board shall be deemed to
 7 be jointly serving the members of the system and the
 8 participating cities. The members of the board shall
 9 perform their duties in the best interest of the
 10 system. Board members who are employees of
 11 participating cities shall be allowed to attend board
 12 meetings without being required to use paid leave.
 13 Costs incurred by a board member which are associated
 14 with having a replacement perform the member's other
 15 duties for the participating city while serving in the
 16 capacity of a member of the board may be considered a
 17 necessary expense of the system.
 18 c. Per diem and expenses of the legislative
 19 members shall be paid from the funds appropriated
 20 under section 2.12. However, legislative members
 21 shall not be paid pursuant to this section when the
 22 general assembly is actually in session at the seat of
 23 government."
 24 13. Page 7, line 24, by striking the word "DATE"
 25 and inserting the following: "DATES".
 26 14. Page 7, lines 25 and 26, by striking the word
 27 and figures "97A.16 and 411.23" and inserting the
 28 following: "97A.16; 411.5, subsection 2; 411.23; and
 29 411.36, subsection 5".
 30 15. Page 7, line 27, by inserting after the
 31 figure "1992." the following: "The sections of this
 32 Act which amend sections 97B.41, subsection 20,
 33 paragraph "b", subparagraph (11), by enacting a new
 34 unnumbered paragraph; 97B.49, subsection 5, paragraph
 35 "b", by enacting two new unnumbered paragraphs; and
 36 97B.49, subsection 16, paragraph "a", subparagraph
 37 (3), being deemed of immediate importance, take effect
 38 upon enactment."
 39 16. By renumbering as necessary.

RECEIVED FROM THE HOUSE

S-3487 FILED APRIL 14, 1993

Senate Council
4-20-93
(p. 1232)

KIBBIE, CH.
GRONSTAL
DIELEMAN
DRAKE
RITTMER

SSB 170.1

STATE GOVERNMENT

SENATE FILE 347
BY (PROPOSED COMMITTEE ON
STATE GOVERNMENT BILL
BY CHAIRPERSON GRONSTAL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to public retirement systems, and including
2 effective and retroactive applicability dates.

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

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1 Section 1. Section 97A.5, subsection 6, Code 1993, is
2 amended to read as follows:

3 6. DATA -- RECORDS -- REPORTS.

4 a. The department of personnel shall keep in convenient
5 form the data necessary for actuarial valuation of the various
6 funds of the system and for checking the expense of the
7 system. The director of the department of personnel shall
8 keep a record of all the acts and proceedings of the board,
9 which records shall be open to public inspection, ~~and shall~~
10 ~~keep a complete record of the names of all of the members,~~
11 ~~their ages and length of service, the salary of each member,~~
12 ~~and other facts necessary in the administration of this~~
13 ~~chapter, and for the purpose of obtaining such facts, the~~
14 ~~director of personnel shall have access to the records of the~~
15 ~~various departments of the state.~~ The board of trustees shall
16 biennially make a report to the state legislature general
17 assembly showing the fiscal transactions of the system for the
18 preceding biennium, the amount of the accumulated cash and
19 securities of the system, and the last balance sheet showing
20 the financial condition of the system by means of an actuarial
21 valuation of the assets and liabilities of the system.

22 b. The director of the department of personnel shall
23 maintain records, including but not limited to names,
24 addresses, ages, and lengths of service, salaries and wages,
25 contributions, designated beneficiaries, benefit amounts, if
26 applicable, and other information pertaining to members as
27 necessary in the administration of this chapter, as well as
28 the names, addresses, and benefit amounts of beneficiaries.
29 For the purpose of obtaining these facts, the director of
30 personnel shall have access to the records of the various
31 departments of the state and the departments shall provide
32 such information upon request. Member and beneficiary records
33 containing personal information are not public records for the
34 purposes of chapter 22. However, summary information
35 concerning the demographics of the members and general

1 statistical information concerning the system is subject to
2 chapter 22, as well as aggregate information by category.

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

5 97A.16 WITHDRAWAL OF CONTRIBUTIONS -- REPAYMENT.

6 1. Commencing July 1, 1990, if an active member, in
7 service on or after that date, terminates service, other than
8 by death or disability, the member may elect to withdraw the
9 member's contributions under section 97A.8, subsection 1,
10 paragraphs "f" and "h", together with interest thereon at a
11 rate determined by the board of trustees. If a member
12 withdraws contributions as provided in this section, the
13 member shall be deemed to have waived all claims for other
14 benefits from the system for the period of membership service
15 for which the contributions are withdrawn.

16 2. A layoff for an indefinite period of time shall be
17 deemed to be a termination of service for the purposes of this
18 section. A member who withdraws the member's contributions as
19 provided in this section following a layoff for an indefinite
20 period of time and who is subsequently recalled to service may
21 repay the contributions. The contributions repaid by the
22 member for such service shall be equal to the amount of
23 contributions withdrawn, plus interest computed based upon the
24 investment interest rate assumption established by the board
25 of trustees as of the time the contributions are repaid.
26 However, the member must make the contributions within one
27 year of the date of the member's return to service. The
28 period of membership service for which contributions are
29 repaid shall be treated as though the contributions were never
30 withdrawn.

31 Sec. 3. Section 97B.45, unnumbered paragraph 2, Code 1993,
32 is amended to read as follows:

33 A member may retire after the member's sixty-fifth birthday
34 ~~except-as-otherwise-provided-in-section-97B-46.~~ A member
35 retiring on or after the normal retirement date, as provided

1 in section 97B.46, shall submit a written notice to the
2 department setting forth the date the retirement is to become
3 effective. The date shall be after the member's last day of
4 service and not before the first day of the sixth calendar
5 month preceding the month in which the notice is filed, except
6 that credit for service ceases when contributions cease as
7 provided in section 97B.11.

8 Sec. 4. Section 97B.46, subsection 2, Code 1993, is
9 amended by striking the subsection.

10 Sec. 5. Section 97B.49, subsection 5, paragraph b, Code
11 1993, is amended by adding the following new unnumbered
12 paragraph after unnumbered paragraph 3:

13 NEW UNNUMBERED PARAGRAPH. It is the intent of the general
14 assembly to have the option of increasing the amount of the
15 retirement dividends that may be paid to retired members in
16 November of 1994 and 1995, above the levels provided in
17 subsection 13 for payment in November of 1992 and 1993.
18 Accordingly, by November 15, 1993, the department shall set
19 aside from other moneys in the retirement fund four million,
20 one hundred thousand dollars, to provide the general assembly
21 with this option. The moneys set aside shall be from the
22 funds generated by the employer and employee contributions in
23 effect under section 97B.11 that exceed the amount necessary
24 to fund the system's existing liabilities, as determined in
25 the annual actuarial valuation of the system as of June 30,
26 1993. If the annual actuarial valuation indicates that the
27 amount of the employer and employee contributions in excess of
28 the amount necessary to fund existing liabilities is less than
29 four million, one hundred thousand dollars, the department
30 shall set aside all funds that are available for this purpose.
31 The funds set aside shall not be used in determining the
32 percentage multiplier pursuant to this section on July 1,
33 1994, or in determining the covered wage limitation pursuant
34 to section 97B.41, subsection 20, paragraph "b", subparagraph
35 (11), on January 1, 1994. However, any funds set aside which

1 are not applied to an increase in retirement dividends to be
2 paid in November of 1994 and 1995, as determined by the
3 Seventy-fifth General Assembly, shall be used in determining
4 the percentage multiplier and the covered wage limitation
5 thereafter.

6 Sec. 6. Section 97B.66, Code 1993, is amended by adding
7 the following new unnumbered paragraph:

8 NEW UNNUMBERED PARAGRAPH. However, effective January 1,
9 1994, the department shall ensure that the member, in
10 exercising an option provided in this section, does not exceed
11 the amount of annual additions to a member's account permitted
12 pursuant to section 415 of the federal Internal Revenue Code.

13 Sec. 7. Section 97B.72, Code 1993, is amended by adding
14 the following new unnumbered paragraph:

15 NEW UNNUMBERED PARAGRAPH. However, effective January 1,
16 1994, the department shall ensure that the member, in
17 exercising an option provided in this section, does not exceed
18 the amount of annual additions to a member's account permitted
19 pursuant to section 415 of the federal Internal Revenue Code.

20 Sec. 8. Section 97B.72A, Code 1993, is amended by adding
21 the following new subsection:

22 NEW SUBSECTION. 3. Effective January 1, 1994, however,
23 the department shall ensure that the member, in exercising an
24 option provided in this section, does not exceed the amount of
25 annual additions to a member's account permitted pursuant to
26 section 415 of the federal Internal Revenue Code.

27 Sec. 9. Section 97B.73, Code 1993, is amended by adding
28 the following new unnumbered paragraph:

29 NEW UNNUMBERED PARAGRAPH. However, effective January 1,
30 1994, the department shall ensure that the member, in
31 exercising an option provided in this section, does not exceed
32 the amount of annual additions to a member's account permitted
33 pursuant to section 415 of the federal Internal Revenue Code.

34 Sec. 10. Section 97B.73A, Code 1993, is amended to read as
35 follows:

1 NEW UNNUMBERED PARAGRAPH. However, effective January 1,
2 1994, the department shall ensure that the member, in
3 exercising an option provided in this section, does not exceed
4 the amount of annual additions to a member's account permitted
5 pursuant to section 415 of the federal Internal Revenue Code.

6 Sec. 11. Section 97B.74, Code 1993, is amended by adding
7 the following new unnumbered paragraph:

8 NEW UNNUMBERED PARAGRAPH. However, effective January 1,
9 1994, the department shall ensure that the member, in
10 exercising an option provided in this section, does not exceed
11 the amount of annual additions to a member's account permitted
12 pursuant to section 415 of the federal Internal Revenue Code.

13 Sec. 12. Section 97B.80, Code 1993, is amended by adding
14 the following new unnumbered paragraph:

15 NEW UNNUMBERED PARAGRAPH. However, effective January 1,
16 1994, the department shall ensure that the member, in
17 exercising an option provided in this section, does not exceed
18 the amount of annual additions to a member's account permitted
19 pursuant to section 415 of the federal Internal Revenue Code.

20 Sec. 13. NEW SECTION. 411.1A PURPOSE OF CHAPTER.

21 The purpose of this chapter is to promote economy and
22 efficiency in the municipal public safety service by providing
23 an orderly means for police officers and fire fighters to have
24 a retirement system which will provide for the payment of
25 pensions to retired and disabled members and to the surviving
26 spouses and dependents of deceased members.

27 Sec. 14. Section 411.5, subsection 6, Code 1993, is
28 amended to read as follows:

29 6. RECORDS -- REPORTS.

30 a. The board of trustees shall keep a record of all its
31 proceedings, which record shall be open to public inspection.
32 It shall submit an annual report to the governor, the general
33 assembly, and the city council of each participating city
34 concerning the financial condition of the retirement system,
35 its current and future liabilities, and the actuarial

1 valuation of the system. The board of trustees shall submit a
2 certified audit report prepared by a certified public
3 accountant to the auditor of state annually. The system shall
4 comply with the filing fee requirement of section 11.6,
5 subsection 10.

6 b. The system shall maintain records, including but not
7 limited to names, addresses, ages, and lengths of service,
8 salaries and wages, contributions, designated beneficiaries,
9 benefit amounts, if applicable, and other information
10 pertaining to members as necessary in the administration of
11 this chapter, as well as the names, addresses, and benefit
12 amounts of beneficiaries. For the purpose of obtaining these
13 facts, the system shall have access to the records of the
14 participating cities and the cities shall provide such
15 information upon request. Member and beneficiary records
16 containing personal information are not public records for the
17 purposes of chapter 22. However, summary information
18 concerning the demographics of the members and general
19 statistical information concerning the system is subject to
20 chapter 22, as well as aggregate information by category.

21 Sec. 15. Section 411.6A, Code 1993, is amended by adding
22 the following new subsection:

23 NEW SUBSECTION. 4. Optional benefits shall be adjusted
24 annually in a manner consistent with that provided in section
25 411.6, subsection 12. However, if the member has selected a
26 designated recipient other than the member's spouse, the
27 designated recipient shall be deemed to be the member's
28 surviving spouse for the purpose of calculating the annual
29 adjustment in the manner provided in section 411.6, subsection
30 12.

31 Sec. 16. Section 411.23, Code 1993, is amended to read as
32 follows:

33 411.23 WITHDRAWAL OF CONTRIBUTIONS -- REPAYMENT.

34 1. Commencing July 1, 1990, if an active member, in
35 service on or after that date, terminates service, other than

1 by death or disability, the member may elect to withdraw the
2 member's contributions under section 411.8, subsection 1,
3 paragraphs "f" and "h", together with interest thereon at a
4 rate determined by the board of trustees. If a member
5 withdraws contributions as provided in this section, the
6 member shall be deemed to have waived all claims for other
7 benefits from the system for the period of membership service
8 for which the contributions are withdrawn.

9 2. A layoff for an indefinite period of time shall be
10 deemed to be a termination of service for the purposes of this
11 section. A member who withdraws the member's contributions as
12 provided in this section following a layoff for an indefinite
13 period of time and who is subsequently recalled to service may
14 repay the contributions. The contributions repaid by the
15 member for such service shall be equal to the amount of
16 contributions withdrawn, plus interest computed based upon the
17 investment interest rate assumption established by the board
18 of trustees as of the time the contributions are repaid.
19 However, the member must make the contributions within one
20 year of the date of the member's return to service. The
21 period of membership service for which contributions are
22 repaid shall be treated as though the contributions were never
23 withdrawn.

24 Sec. 17. EFFECTIVE AND RETROACTIVE APPLICABILITY DATE.
25 The sections of this Act which amend sections 97A.16 and
26 411.23, being deemed of immediate importance, take effect upon
27 enactment and apply retroactively to January 1, 1992.

28 EXPLANATION

29 The bill contains a number of provisions pertaining to
30 public retirement systems.

31 The bill contains the following changes to the Iowa
32 department of public safety peace officers' retirement,
33 accident, and disability system (PORS) and the statewide fire
34 and police retirement system (411 system):

35 1. Provides that member records under the systems shall be

1 maintained and are not public records for the purposes of
2 chapter 22.

3 2. Provides that if a member is subject to a layoff for an
4 indefinite period of time, the member may withdraw
5 contributions, and, upon being recalled to service, may make
6 contributions back to the system, with interest, for the
7 contributions withdrawn. Under the bill, if the contributions
8 are repaid, the period of membership service covering the
9 contributions which were withdrawn is treated as though the
10 contributions were never withdrawn. These provisions are
11 immediately effective and retroactively apply to January 1,
12 1992.

13 This bill contains the following provisions relating to the
14 Iowa public employees' retirement system (IPERS):

15 1. Strikes a provision which prohibits a member from being
16 employed as a peace officer or fire fighter after reaching the
17 age of 65.

18 2. Requires the department of personnel to set aside \$4.1
19 million of the funds from the available margin of existing
20 contributions in excess of existing liabilities by November
21 15, 1993, to provide the general assembly with the option of
22 increasing retirement dividends to be paid in November of 1994
23 and 1995. Under the bill, the funds set aside are not to be
24 used in calculating the percentage multiplier on July 1, 1994,
25 or the covered wage limitation on January 1, 1994. However,
26 any funds set aside that are not used to increase retirement
27 dividends to be paid in 1994 and 1995, as determined by the
28 Seventy-fifth General Assembly, shall be used in determining
29 the percentage multiplier and covered wage thereafter.

30 3. Contains a number of provisions which direct that
31 effective January 1, 1994, the department of personnel shall
32 ensure that members, in exercising "buy-back" and "buy-in"
33 options, shall not exceed the limitations of section 415 of
34 the federal Internal Revenue Code.

35 The bill contains the following provisions which apply to

1 chapter 411, but not to PORS:

2 1. Establishes a purposes statement for the chapter.

3 2. Provides that optional benefits shall be adjusted
4 annually in the manner provided for other benefits.

5 The bill may include a state mandate, as defined in section
6 25B.3.

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KIBBIE, CH.
BRONSTAL
DIELEMAN
RITTMER
DRAKE

SSB 170
STATE GOVERNMENT

SENATE FILE 347
BY (PROPOSED COMMITTEE ON
STATE GOVERNMENT BILL
REQUESTED BY KIBBIE)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to mandatory retirement provisions and retirement
2 dividends under the Iowa public employees' retirement system.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. 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.11.

13 Sec. 2. Section 97B.46, subsection 2, Code 1993, is
14 amended by striking the subsection.

15 Sec. 3. Section 97B.49, subsection 5, paragraph b, Code
16 1993, is amended by adding the following new unnumbered
17 paragraph after unnumbered paragraph 3:

18 NEW UNNUMBERED PARAGRAPH. It is the intent of the general
19 assembly to have the option of increasing the amount of the
20 retirement dividends that may be paid to retired members in
21 November of 1994 and 1995, above the levels provided in
22 subsection 13 for payment in November of 1992 and 1993.
23 Accordingly, by November 15, 1993, the department shall set
24 aside from other moneys in the retirement fund four million,
25 one hundred thousand dollars, to provide the general assembly
26 with this option. The moneys set aside shall be from the
27 funds generated by the employer and employee contributions in
28 effect under section 97B.11 that exceed the amount necessary
29 to fund the system's existing liabilities, as determined in
30 the annual actuarial valuation of the system as of June 30,
31 1993. If the annual actuarial valuation indicates that the
32 amount of the employer and employee contributions in excess of
33 the amount necessary to fund existing liabilities is less than
34 four million, one hundred thousand dollars, the department
35 shall set aside all funds that are available for this purpose.

1 The funds set aside shall not be used in determining the
2 percentage multiplier pursuant to this section on July 1,
3 1994, or in determining the covered wage limitation pursuant
4 to section 97B.41, subsection 20, paragraph "b", subparagraph
5 (11), on January 1, 1994. However, any funds set aside which
6 are not applied to an increase in retirement dividends to be
7 paid in November of 1994 and 1995, as determined by the
8 Seventy-fifth General Assembly, shall be used in determining
9 the percentage multiplier and the covered wage limitation
10 thereafter.

11 EXPLANATION

12 This bill contains provisions relating to the Iowa public
13 employees' retirement system (IPERS).

14 The bill strikes a provision which prohibits a member from
15 being employed as a peace officer or fire fighter after
16 reaching the age of 65.

17 The bill requires the department of personnel to set aside
18 \$4.1 million of the funds from the available margin of
19 existing contributions in excess of existing liabilities by
20 November 15, 1993, to provide the general assembly with the
21 option of increasing retirement dividends to be paid in
22 November of 1994 and 1995. Under the bill, the funds set
23 aside are not to be used in calculating the percentage
24 multiplier on July 1, 1994, or the covered wage limitation on
25 January 1, 1994. However, any funds set aside that are not
26 used to increase retirement dividends to be paid in 1994 and
27 1995, as determined by the Seventy-fifth General Assembly,
28 shall be used in determining the percentage multiplier and
29 covered wage thereafter.

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SENATE FILE 347

AN ACT
RELATING TO PUBLIC RETIREMENT SYSTEMS, AND INCLUDING EFFECTIVE
AND RETROACTIVE APPLICABILITY DATES.

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

Section 1. Section 97A.5, subsection 5, Code 1993, is amended to read as follows:

6. DATA -- RECORDS -- REPORTS.

a. The department of personnel shall keep in convenient form the data necessary for actuarial valuation of the various funds of the system and for checking the expense of the system. The director of the department of personnel shall keep a record of all the acts and proceedings of the board, which records shall be open to public inspection, and shall keep a complete record of the names of all of the members, their ages and length of service, the salary of each member, and other facts necessary in the administration of this chapter, and for the purpose of obtaining such facts, the

~~director of personnel shall have access to the records of the various departments of the state.~~ The board of trustees shall biennially make a report to the state legislature general assembly showing the fiscal transactions of the system for the preceding biennium, the amount of the accumulated cash and securities of the system, and the last balance sheet showing the financial condition of the system by means of an actuarial valuation of the assets and liabilities of the system.

b. The director of the department of personnel shall maintain records, including but not limited to names, addresses, ages, and lengths of service, salaries and wages, contributions, designated beneficiaries, benefit amounts, if applicable, and other information pertaining to members as necessary in the administration of this chapter, as well as the names, addresses, and benefit amounts of beneficiaries. For the purpose of obtaining these facts, the director of personnel shall have access to the records of the various departments of the state and the departments shall provide such information upon request. Member and beneficiary records containing personal information are not public records for the purposes of chapter 22. However, summary information concerning the demographics of the members and general statistical information concerning the system is subject to chapter 22, as well as aggregate information by category.

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

97A.16 WITHDRAWAL OF CONTRIBUTIONS -- REPAYMENT.

1. Commencing July 1, 1990, if an active member, in service on or after that date, terminates service, other than by death or disability, the member may elect to withdraw the member's contributions under section 97A.8, subsection 1, paragraphs "f" and "h", together with interest thereon at a rate determined by the board of trustees. If a member withdraws contributions as provided in this section, the member shall be deemed to have waived all claims for other

benefits from the system for the period of membership service for which the contributions are withdrawn.

2. A layoff for an indefinite period of time shall be deemed to be a termination of service for the purposes of this section. A member who withdraws the member's contributions as provided in this section following a layoff for an indefinite period of time and who is subsequently recalled to service may repay the contributions. The contributions repaid by the member for such service shall be equal to the amount of contributions withdrawn, plus interest computed based upon the investment interest rate assumption established by the board of trustees as of the time the contributions are repaid. However, the member must make the contributions within two years of the date of the member's return to service. The period of membership service for which contributions are repaid shall be treated as though the contributions were never withdrawn.

Sec. 3. Section 97B.8, unnumbered paragraph 2, Code 1993, is amended to read as follows:

The board consists of nine members. Six of the members shall be appointed by the governor. One member shall be an executive of a domestic life insurance company, one an executive of a state or national bank operating within the state of Iowa, one an executive of an industrial corporation located within the state of Iowa, and three shall be members of the system, one of whom is an active member who is an employee of a school district, area education agency, or merged area, one of whom is an active member who is not an employee of a school district, area education agency, or merged area, and one of whom is a retired member of the system. The president of the senate, after consultation with the majority leader and the minority leader of the senate, shall appoint one member from the membership of the senate and the speaker of the house of representatives shall appoint one member from the membership of the house. The two members

appointed by the president of the senate, after consultation with the majority leader and the minority leader of the senate, and the speaker of the house of representatives and the two active members of the system appointed by the governor are ex officio members of the board. The director of the department of personnel is an ex officio, nonvoting member of the board. Five voting members of the board shall constitute a quorum.

Sec. 4. Section 97B.41, subsection 20, paragraph b, subparagraph (11), Code 1993, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Notwithstanding any other provision of this chapter providing for the payment of the benefits provided in section 97B.49, subsection 16, the department shall establish the covered wages limitation which applies to members covered under section 97B.49, subsection 16, at the same level as is established under this subparagraph for other members of the system.

Sec. 5. Section 97B.49, subsection 5, paragraph b, unnumbered paragraph 2, Code 1993, is amended to read as follows:

Commencing July 1, 1991, the department shall increase the percentage multiplier of the three-year average covered wage by an additional two percent each July 1 until reaching sixty percent of the three-year average covered wage if the annual actuarial valuation of the retirement system indicates for that year that the cost of this increase in the percentage of the three-year average covered wage used in computing retirement benefits can be absorbed within the employer and employee contribution rates in effect under section 97B.11. However, commencing July 1, 1994, if the annual actuarial valuation of the retirement system indicates that the employer and employee contribution rates in effect under section 97B.11 can absorb an increase in the percentage multiplier in excess of two percent, the department shall increase the percentage

multiplier for that year beyond two percent to the extent which the increase can be absorbed by the contribution rates in effect, not to exceed a maximum percentage multiplier of sixty percent. The two-percent increase in the percentage multiplier for a year applies only to the members retiring on or after July 1 of the respective year.

Sec. 6. Section 97B.49, subsection 5, paragraph b, Code 1993, is amended by adding the following new unnumbered paragraphs after unnumbered paragraph 3:

NEW UNNUMBERED PARAGRAPH. Notwithstanding any other provision of this chapter providing for the payment of the benefits provided in subsection 16, the department shall establish the percentage multiplier which applies to members covered under subsection 16 at the same level as is established under this subsection for other members of the system.

NEW UNNUMBERED PARAGRAPH. By November 15, 1993, the department shall set aside from other moneys in the retirement fund two million, eight hundred fifty thousand dollars. The moneys set aside shall be from the funds generated by the employer and employee contributions in effect under section 97B.11 that exceed the amount necessary to fund the system's existing liabilities, as determined in the annual actuarial valuation of the system as of June 30, 1993. If the annual actuarial valuation indicates that the amount of the employer and employee contributions in excess of the amount necessary to fund existing liabilities is less than two million, eight hundred fifty thousand dollars, the department shall set aside all funds that are available. The funds set aside shall not be used in determining the percentage multiplier pursuant to this section on July 1, 1994, or in determining the covered wage limitation pursuant to section 97B.41, subsection 20, paragraph "b", subparagraph (11), on January 1, 1994. However, any funds set aside which are not specifically dedicated to a purpose by the Seventy-fifth General Assembly

shall be used in determining the percentage multiplier and the covered wage limitation thereafter.

Sec. 7. Section 97B.49, subsection 16, paragraph a, subparagraph (3), Code 1993, is amended to read as follows:

(3) Commencing July 1, 1991, the department shall increase the percentage multiplier of the three-year average covered wage by an additional two percent each July 1 as provided in subsection 5, paragraph "b", until reaching sixty percent of the three-year average covered wage.

Sec. 8. Section 97B.66, Code 1993, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. However, effective January 1, 1994, the department shall ensure that the member, in exercising an option provided in this section, does not exceed the amount of annual additions to a member's account permitted pursuant to section 415 of the federal Internal Revenue Code.

Sec. 9. Section 97B.72, Code 1993, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. However, effective January 1, 1994, the department shall ensure that the member, in exercising an option provided in this section, does not exceed the amount of annual additions to a member's account permitted pursuant to section 415 of the federal Internal Revenue Code.

Sec. 10. Section 97B.72A, Code 1993, is amended by adding the following new subsection:

NEW SUBSECTION. 3. Effective January 1, 1994, however, the department shall ensure that the member, in exercising an option provided in this section, does not exceed the amount of annual additions to a member's account permitted pursuant to section 415 of the federal Internal Revenue Code.

Sec. 11. Section 97B.73, Code 1993, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. However, effective January 1, 1994, the department shall ensure that the member, in exercising an option provided in this section, does not exceed

the amount of annual additions to a member's account permitted pursuant to section 415 of the federal Internal Revenue Code.

Sec. 12. Section 97B.73A, Code 1993, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. However, effective January 1, 1994, the department shall ensure that the member, in exercising an option provided in this section, does not exceed the amount of annual additions to a member's account permitted pursuant to section 415 of the federal Internal Revenue Code.

Sec. 13. Section 97B.74, Code 1993, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. However, effective January 1, 1994, the department shall ensure that the member, in exercising an option provided in this section, does not exceed the amount of annual additions to a member's account permitted pursuant to section 415 of the federal Internal Revenue Code.

Sec. 14. Section 97B.80, Code 1993, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. However, effective January 1, 1994, the department shall ensure that the member, in exercising an option provided in this section, does not exceed the amount of annual additions to a member's account permitted pursuant to section 415 of the federal Internal Revenue Code.

Sec. 15. NEW SECTION. 411.1A PURPOSE OF CHAPTER.

The purpose of this chapter is to promote economy and efficiency in the municipal public safety service by providing an orderly means for police officers and fire fighters to have a retirement system which will provide for the payment of pensions to retired and disabled members and to the surviving spouses and dependents of deceased members.

Sec. 16. Section 411.5, subsection 2, Code 1993, is amended to read as follows:

2. Compensation. The trustees, other than the secretary, shall serve without compensation, but they shall be reimbursed from the fire and police retirement fund for all necessary

expenses which they may incur through service on the board, as provided pursuant to section 411.36.

Sec. 17. Section 411.5, subsection 6, Code 1993, is amended to read as follows:

6. RECORDS -- REPORTS.

a. The board of trustees shall keep a record of all its proceedings, which record shall be open to public inspection. It shall submit an annual report to the governor, the general assembly, and the city council of each participating city concerning the financial condition of the retirement system, its current and future liabilities, and the actuarial valuation of the system. The board of trustees shall submit a certified audit report prepared by a certified public accountant to the auditor of state annually. The system shall comply with the filing fee requirement of section 11.6, subsection 10.

b. The system shall maintain records, including but not limited to names, addresses, ages, and lengths of service, salaries and wages, contributions, designated beneficiaries, benefit amounts, if applicable, and other information pertaining to members as necessary in the administration of this chapter, as well as the names, addresses, and benefit amounts of beneficiaries. For the purpose of obtaining these facts, the system shall have access to the records of the participating cities and the cities shall provide such information upon request. Member and beneficiary records containing personal information are not public records for the purposes of chapter 22. However, summary information concerning the demographics of the members and general statistical information concerning the system is subject to chapter 22, as well as aggregate information by category.

Sec. 18. Section 411.6A, Code 1993, is amended by adding the following new subsection:

NEW SUBSECTION. 4. Optional benefits shall be adjusted annually in a manner consistent with that provided in section

411.6, subsection 12. However, if the member has selected a designated recipient other than the member's spouse, the designated recipient shall be deemed to be the member's surviving spouse for the purpose of calculating the annual adjustment in the manner provided in section 411.6, subsection 12.

Sec. 19. Section 411.23, Code 1993, is amended to read as follows:

411.23 WITHDRAWAL OF CONTRIBUTIONS -- REPAYMENT.

1. Commencing July 1, 1990, if an active member, in service on or after that date, terminates service, other than by death or disability, the member may elect to withdraw the member's contributions under section 411.8, subsection 1, paragraphs "f" and "h", together with interest thereon at a rate determined by the board of trustees. If a member withdraws contributions as provided in this section, the member shall be deemed to have waived all claims for other benefits from the system for the period of membership service for which the contributions are withdrawn.

2. A layoff for an indefinite period of time shall be deemed to be a termination of service for the purposes of this section. A member who withdraws the member's contributions as provided in this section following a layoff for an indefinite period of time and who is subsequently recalled to service may repay the contributions. The contributions repaid by the member for such service shall be equal to the amount of contributions withdrawn, plus interest computed based upon the investment interest rate assumption established by the board of trustees as of the time the contributions are repaid. However, the member must make the contributions within two years of the date of the member's return to service. The period of membership service for which contributions are repaid shall be treated as though the contributions were never withdrawn.

Sec. 20. Section 411.36, subsection 5, Code 1993, is amended to read as follows:

5. a. Members of the board shall be paid their actual and necessary expenses incurred in the performance of their duties and shall receive a per diem as specified in section 7E.6 for each day of service. Per diem and expenses shall be paid to voting members from the fire and police retirement fund created in section 411.8.

b. A participating city shall allow an employee who is a member of the board to attend all meetings of the board. In their capacity as members of the board, which is an instrumentality of political subdivisions of the state, members of the board shall be deemed to be jointly serving the members of the system and the participating cities. The members of the board shall perform their duties in the best interest of the system. Board members who are employees of participating cities shall be allowed to attend board meetings without being required to use paid leave. Costs incurred by a board member which are associated with having a replacement perform the member's other duties for the participating city while serving in the capacity of a member of the board may be considered a necessary expense of the system.

c. Per diem and expenses of the legislative members shall be paid from the funds appropriated under section 2.12. However, legislative members shall not be paid pursuant to this section when the general assembly is actually in session at the seat of government.

Sec. 21. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES. The sections of this Act which amend sections 97A.16; 411.5, subsection 2; 411.23; and 411.36, subsection 5, being deemed of immediate importance, take effect upon enactment and apply retroactively to January 1, 1992. The sections of this Act which amend sections 97B.41, subsection 20, paragraph "b", subparagraph (11), by enacting a new unnumbered paragraph; 97B.49, subsection 5, paragraph "b", by enacting two new

unnumbered paragraphs; and 97B.49, subsection 16, paragraph "a", subparagraph (3), being deemed of immediate importance, take effect upon enactment.

LEONARD L. BOSWELL
President of the Senate

HAROLD VAN MAANEN
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 347, Seventy-fifth General Assembly.

JOHN F. DWYER
Secretary of the Senate

Approved April 26, 1993

TERRY E. BRANSTAD
Governor