

JAN 29 1997
STATE GOVERNMENT

HOUSE FILE 104
BY CARROLL

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

A BILL FOR

1 An Act relating to the calculation of the contribution rate for
2 the statewide fire and police retirement system.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

HF 104

1 Section 1. Section 411.8, subsection 1, paragraph b, Code
2 1997, is amended to read as follows:

3 b. On the basis of the rate of interest and of the
4 mortality, interest and other tables adopted by the system,
5 the actuary engaged by the system to make each valuation
6 required by this chapter, shall immediately after making such
7 valuation, determine the "normal contribution rate". Except
8 as otherwise provided in this lettered paragraph, the normal
9 contribution rate shall be the rate percent of the earnable
10 compensation of all members obtained by deducting from the
11 total liabilities of the fund the amount of the funds in hand
12 to the credit of the fund and dividing the remainder by one
13 percent of the present value of the prospective future
14 compensation of all members as computed on the basis of the
15 rate of interest and of mortality and service tables adopted,
16 all reduced by the employee contribution made pursuant to
17 paragraph "f" ~~of this subsection. However, the normal rate of~~
18 ~~contribution shall not be less than seventeen percent.~~

19 Beginning July 1, 1996, and each fiscal year thereafter,
20 the normal contribution rate shall be the rate percent of the
21 earnable compensation of all members obtained by deducting
22 from the total liabilities of the fund the amount of the funds
23 in hand to the credit of the fund and dividing the remainder
24 by one percent of the present value of the prospective future
25 compensation of all members as computed on the basis of the
26 rate of interest and of mortality and service tables adopted,
27 multiplied by six-tenths, ~~or seventeen percent, whichever is~~
28 ~~greater.~~

29 The normal rate of contribution shall be determined by the
30 actuary after each valuation.

31 Sec. 2. Section 411.20, unnumbered paragraph 2, Code 1997,
32 is amended to read as follows:

33 Moneys appropriated by the state shall not be used to
34 reduce the normal rate of contribution of any city below
35 seventeen-percent the normal contribution rate calculated

1 pursuant to section 411.8.

2 EXPLANATION

3 Current law provides that the contribution rate required
4 from cities to the fire and police retirement fund created in
5 chapter 411 shall be the greater of the rate determined by the
6 actuary for the system based upon the liabilities of the
7 system or a minimum contribution rate of 17 percent of the
8 earnable compensation of a member of the retirement system.
9 This bill eliminates the 17 percent minimum required
10 contribution rate and retains the requirement for the actuary
11 to determine the rate based upon the liabilities of the
12 system.

13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35