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Place On Calendar

HOUSE FILE 2496
BY COMMITTEE ON STATE GOVERNMENT

(SUCCESSOR TO HSB 681)

(p.766)
Passed House, Date 3-17-98 Passed Senate, Date 4/14/98
Vote: Ayes 98 Nays 0 Vote: Ayes 49 Nays 0

Approved May 8, 1998
[Signature]

A BILL FOR

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

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

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1 DIVISION I

2 PUBLIC SAFETY PEACE OFFICERS' RETIREMENT, ACCIDENT,
3 AND DISABILITY SYSTEM

4 Section 1. Section 97A.6, subsection 2, paragraph d,
5 subparagraph (4), Code 1997, is amended to read as follows:

6 (4) For a member who terminates service, other than by
7 death or disability, on or after July 1, 1996, but before July
8 1, 1998, and who does not withdraw the member's contributions
9 pursuant to section 97A.16, upon the member's retirement there
10 shall be added one and one-half percent of the member's
11 average final compensation for each year of service over
12 twenty-two years. However, this subparagraph does not apply
13 to more than eight additional years of service.

14 Sec. 2. Section 97A.6, subsection 2, paragraph d, Code
15 1997, is amended by adding the following new subparagraph:

16 NEW SUBPARAGRAPH. (5) For a member who terminates
17 service, other than by death or disability, on or after July
18 1, 1998, and who does not withdraw the member's contributions
19 pursuant to section 97A.16, upon the member's retirement there
20 shall be added one and one-half percent of the member's
21 average final compensation for each year of service over
22 twenty-two years. However, this subparagraph does not apply
23 to more than ten additional years of service.

24 DIVISION II

25 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

26 Sec. 3. Section 97.51, subsection 8, Code 1997, is amended
27 to read as follows:

28 8. Effective July 1, 1980, a person receiving benefits, or
29 who becomes eligible to receive benefits, on or after July 1,
30 1980, under this chapter, shall receive the monthly increase
31 in benefits provided in section ~~97B.497-subsection-11~~ 97B.49G,
32 subsection 3, paragraph "a".

33 There is appropriated from the general fund of the state to
34 the Iowa old-age and survivors' insurance liquidation fund
35 from funds not otherwise appropriated an amount sufficient to

1 finance the provisions of this subsection.

2 Sec. 4. Section 97B.8, unnumbered paragraph 1, Code 1997,
3 is amended to read as follows:

4 A board is established to be known as the "Investment Board
5 of the Iowa Public Employees' Retirement System", referred to
6 in this chapter as the "board", whose duties are to establish
7 policy for the department in matters relating to the
8 investment of the trust funds of the Iowa public employees'
9 retirement system. At least annually the board shall review
10 the investment policies and procedures used by the department
11 under section 97B.7, subsection 2, paragraph "b", and shall
12 hold a public meeting on the investment policies and
13 investment performance of the fund. Following its review and
14 the public meeting, the board shall establish an investment
15 policy and goal statement which shall direct the investment
16 activities of the department. The development of the
17 investment policy and goal statement and its subsequent
18 execution shall be performed cooperatively between the board
19 and the department. In addition to the reasons provided in
20 section 21.5, subsection 1, the board may hold a closed
21 session pursuant to the requirements of section 21.5 of that
22 portion of an investment board meeting in which financial or
23 commercial information is provided to or discussed by the
24 board if the board determines that disclosure of such
25 information could result in a loss to the system or to the
26 provider of the information.

27 Sec. 5. Section 97B.9, Code 1997, is amended by adding the
28 following new subsection:

29 NEW SUBSECTION. 4. Regardless of any potentially
30 applicable statute of limitations, if the department finds
31 that the employee or employer, or both, have erroneously
32 underpaid contributions, the employer shall pay the employer's
33 share of contributions and interest and the interest assessed
34 to the employee's share of contributions. The employee shall
35 pay the employee's share of contributions to the employer, who

1 shall then remit them to the department.

2 Sec. 6. Section 97B.10, Code 1997, is amended to read as
3 follows:

4 97B.10 REFUNDS RETURN OF CONTRIBUTIONS.

5 1. If the department finds the employee or employer, or
6 both, have erroneously paid contributions, including the
7 payment of contributions prior to an individual's valid
8 decision to elect out of coverage under this chapter on or
9 after January 1, 1999, pursuant to section 97B.42A, the
10 department shall make an adjustment, compromise, or settlement
11 and ~~make-a-refund-of~~ return such payments to the employee or
12 employer, or both, as it finds just and equitable. ~~Refunds-so~~

13 2. Payments made pursuant to this section shall be charged
14 to the fund to which the erroneous collections have been
15 credited and shall be paid to the employee or employer, or
16 both,--without--interest.

17 3. A claim of an employee or employer for a refund return
18 of contributions shall be made within three years of date of
19 payment. However, the department may make refund payments to
20 employees or employers after the expiration of the three-year
21 deadline if the department finds that the payment of the
22 refund is just and equitable.

23 4. Except as provided in this subsection, interest shall
24 not be paid on payments made pursuant to this section.
25 However, if a claim is made within three years of the date of
26 payment concerning a claim for return of contributions paid
27 prior to an individual's decision to elect out of coverage
28 pursuant to section 97B.42A, accumulated interest and interest
29 on dividends shall apply. In addition, the department may, at
30 any time, apply accumulated interest and interest dividends on
31 any payments made under this section if the department finds
32 that the payment of interest is just and equitable.

33 Sec. 7. Section 97B.11, unnumbered paragraph 1, Code 1997,
34 is amended to read as follows:

35 Each employer shall deduct from the wages of each member of

1 the system a contribution in the amount of three and seven-
2 tenths percent of the covered wages paid by the employer,
3 until the member's termination ~~or-retirement~~ from employment,
4 ~~whichever-is-earlier~~. The contributions of the employer shall
5 be in the amount of five and seventy-five hundredths percent
6 of the covered wages of the member.

7 Sec. 8. Section 97B.13, Code 1997, is amended to read as
8 follows:

9 97B.13 NO INCOME TAX DEDUCTION.

10 For the purposes of the state income tax, the contribution
11 required by this chapter shall not be allowed as a deduction
12 to the taxpayer in computing the taxpayer's net income for any
13 year in which such tax contribution is deducted from the
14 taxpayer's wages.

15 Sec. 9. Section 97B.17, unnumbered paragraph 1, Code 1997,
16 is amended to read as follows:

17 The department shall establish and maintain records of each
18 member, including but not limited to, the amount of wages of
19 each member, the contribution of each member with interest,
20 and interest dividends credited. The records may be
21 maintained in paper, magnetic, or electronic form, including
22 optical disk storage. These records are the basis for the
23 compilation of the retirement benefits provided under this
24 chapter. The following records maintained under this chapter
25 ~~containing-personal-identifiable-information~~ are not public
26 records for the purposes of chapter 22:

27 1. Records containing social security numbers.

28 2. ~~Records-listing-designated-beneficiaries-~~

29 3- Records specifying amounts accumulated in members'
30 active accounts.

31 4- 3. Records containing names, or addresses, ~~and-amounts~~
32 ~~of-monthly-benefits-to-which~~ of members or their beneficiaries
33 ~~are-entitled.~~

34 5- 4. Records containing names, ~~addresses,~~ and amounts of
35 ~~lump-sum-refund~~ payments to ~~terminated~~ members or their

1 beneficiaries.

2 5. Records containing financial or commercial information
3 that relates to the investment of system funds if the
4 disclosure of such information could result in a loss to the
5 system or to the provider of the information.

6 Sec. 10. Section 97B.19, Code 1997, is amended to read as
7 follows:

8 97B.19 REVISION FOR ERROR.

9 ~~If, prior to the expiration of six months~~ following the
10 delivery of ~~such~~ the statement provided in section 97B.18, it
11 is brought to the attention of the department that any entry
12 of ~~such~~ wages in ~~such~~ its records is erroneous, or that any
13 item of ~~such~~ wages has been omitted from the records, the
14 department may correct ~~such~~ the entry or include ~~such~~ the
15 omitted item in its records, as the case may be. Written
16 notice of any revision of any ~~such~~ entry which is adverse to
17 the interest of any individual shall be given to ~~such~~ the
18 individual in any case where ~~such~~ the individual has
19 previously been notified by the department of the amount of
20 wages and of the period of payments shown by ~~such~~ the entry.
21 Upon request in writing ~~made prior to the expiration of six~~
22 ~~months immediately following the giving of the statement~~
23 ~~provided for in section 97B.18~~, the department shall afford
24 any individual, or after the individual's death shall afford
25 the individual's beneficiary or any other person so entitled
26 in the judgment of the department, reasonable notice and
27 opportunity for hearing with respect to any entry or alleged
28 omission of wages of ~~such~~ the individual in such record, or
29 any revision of any ~~such~~ entry. If a hearing is held, the
30 department shall make findings of fact and a decision based
31 upon the evidence adduced at ~~such~~ the hearing and shall revise
32 its records accordingly. Judicial review of action of the
33 department under this section ~~and section 97B.20~~ may be sought
34 in accordance with the terms of the Iowa administrative
35 procedure Act and section 97B.29.

1 Sec. 11. Section 97B.25, Code 1997, is amended to read as
2 follows:

3 97B.25 APPLICATIONS FOR BENEFITS.

4 A representative designated by the chief benefits officer
5 and referred to in this chapter as a retirement benefits
6 specialist shall promptly examine applications for retirement
7 benefits and on the basis of facts found shall determine
8 whether or not the claim is valid-~~and-if.~~ If the claim is
9 valid, the retirement benefits specialist shall send a
10 notification to the member stating the option the member has
11 selected pursuant to sections 97B.49A through 97B.49G, as
12 applicable, or section 97B.51, the month with respect to which
13 benefits shall commence, and the monthly benefit amount
14 payable,~~and-the-maximum-duration.~~ The If the claim is
15 invalid, the retirement benefits specialist shall promptly
16 notify the applicant and any other interested party of the
17 decision and the reasons. ~~Unless-the-applicant-or-other~~
18 ~~interested-party,-within-thirty-calendar-days-after-the~~
19 ~~notification-was-mailed-to-the-applicant's-or-party's-last~~
20 ~~known-address,-files-an-appeal-as-provided-in-section-97B.20A,~~
21 ~~the-decision-is-final-and-benefits-shall-be-paid-or-denied-in~~
22 ~~accord-with-the-decision.~~ A retirement application shall not
23 be amended or revoked by the member once the first retirement
24 allowance is paid. A member's death during the first month of
25 entitlement shall not invalidate an approved application.

26 Sec. 12. Section 97B.40, Code 1997, is amended to read as
27 follows:

28 97B.40 FRAUD.

29 1. Whoever, A person shall be guilty of a fraudulent
30 practice if the person makes, or causes to be made, any false
31 statement or representation for the purpose of causing an
32 increase in any payment authorized to be made under this
33 chapter, or for the purpose of causing any payment to be made
34 where no payment is authorized under this chapter, shall
35 ~~willfully-make-or-cause-to-be-made-any~~ for the purpose of

1 obtaining confidential information from the department, or for
2 any other unlawful purpose related to this chapter.

3 2. For purposes of this section, "any false statement or
4 representation" includes the following:

5 a. Any false statement or representation willfully made or
6 caused to be made as to the amount of any wages paid or
7 received for the period during which earned or unpaid, knowing
8 it to be false or-whoever-makes-or-causes-to-be-made-any.

9 b. Any false statement of a material fact made or caused
10 to be made knowing it to be false in any application for any
11 payment under this chapter, or-whoever-willfully-makes-or
12 causes-to-be-made-any.

13 c. Any false statement, representation, affidavit, or
14 document willfully made, presented, or caused to be made in
15 connection with such an application for any payment under this
16 chapter knowing them it to be false, -shall-be-guilty-of-a
17 fraudulent-practice.

18 d. Any unauthorized use of any security devices, such as
19 personal identification codes, utilized for the purpose of
20 accessing information from the department.

21 Sec. 13. Section 97B.41, subsection 6, Code 1997, is
22 amended to read as follows:

23 6. "Bona fide retirement" means a retirement by a vested
24 member which meets the requirements of section 97B.52A
25 ~~subsection 17~~, and in which the member is eligible to receive
26 benefits under this chapter.

27 Sec. 14. Section 97B.41, subsection 8, Code 1997, is
28 amended by striking the subsection and inserting in lieu
29 thereof the following:

30 8. "Employee" means an individual who is employed as
31 defined in this chapter for whom coverage under this chapter
32 is mandatory.

33 a. "Employee" shall also include any of the following
34 individuals who do not elect out of coverage under this
35 chapter pursuant to section 97B.42A:

1 (1) Elective officials in positions for which the
2 compensation is on a fee basis, elective officials of school
3 districts, elective officials of townships, and elective
4 officials of other political subdivisions who are in part-time
5 positions. An elective official covered under this chapter
6 may terminate membership under this chapter by informing the
7 department in writing of the expiration of the member's term
8 of office. A county attorney is an employee for purposes of
9 this chapter whether that county attorney is employed on a
10 full-time or part-time basis.

11 (2) Members of the general assembly of Iowa and temporary
12 employees of the general assembly of Iowa. A member of the
13 general assembly covered under this chapter may terminate
14 membership under this chapter by informing the department in
15 writing of the member's intent to terminate membership.

16 Temporary employees of the general assembly covered under
17 this chapter may terminate membership by sending written
18 notification to the department of their separation from
19 service.

20 (3) Nonvested employees of drainage and levee districts.

21 (4) Employees of a community action program determined to
22 be an instrumentality of the state or a political subdivision.

23 (5) Magistrates.

24 (6) Persons employed under the federal Job Training
25 Partnership Act of 1982, Pub. L. No. 97-300.

26 (7) Members of the ministry, rabbinate, or other religious
27 order who have taken the vow of poverty.

28 (8) Persons employed as city managers, or as city
29 administrators performing the duties of city managers, under a
30 form of city government listed in chapter 372 or chapter 420.

31 (9) Members of the state transportation commission, the
32 board of parole, and the state health facilities council.

33 (10) Employees appointed by the state board of regents who
34 do not elect coverage in a retirement system qualified by the
35 state board of regents that meets the criteria of section

1 97B.2.

2 (11) Persons employed by the board of trustees for the
3 statewide fire and police retirement system established in
4 section 411.36.

5 b. "Employee" does not mean the following individuals:

6 (1) Individuals who are enrolled as students and whose
7 primary occupations are as students who are incidentally
8 employed by employers.

9 (2) Graduate medical students while serving as interns or
10 resident doctors in training at any hospital, or county
11 medical examiners and deputy county medical examiners under
12 chapter 331, division V, part 8.

13 (3) Employees hired for temporary employment of less than
14 six months or one thousand forty hours in a calendar year. An
15 employee who works for an employer for six or more months in a
16 calendar year or who works for an employer for more than one
17 thousand forty hours in a calendar year is not a temporary
18 employee under this subparagraph. Adjunct instructors are
19 temporary employees for the purposes of this chapter. As used
20 in this section, unless the context otherwise requires,
21 "adjunct instructors" means instructors employed by a
22 community college or a university governed by the state board
23 of regents without a continuing contract, whose teaching load
24 does not exceed one-half time for two full semesters or three
25 full quarters per calendar year.

26 (4) Foreign exchange teachers and visitors including alien
27 scholars, trainees, professors, teachers, research assistants,
28 and specialists in their field of specialized knowledge or
29 skill.

30 (5) Employees of the Iowa dairy industry commission
31 established under chapter 179, the Iowa beef cattle producers
32 association established under chapter 181, the Iowa pork
33 producers council established under chapter 183A, the Iowa
34 turkey marketing council established under chapter 184A, the
35 Iowa soybean promotion board established under chapter 185,

1 the Iowa corn promotion board established under chapter 185C,
2 and the Iowa egg council established under chapter 196A.

3 (6) Judicial hospitalization referees appointed under
4 section 229.21.

5 (7) Employees of an area agency on aging, if as of July 1,
6 1994, the agency provides for participation by all of its
7 employees in an alternative qualified plan pursuant to the
8 requirements of the federal Internal Revenue Code.

9 (8) Persons employed through any program described in
10 section 84A.7 and provided by the Iowa conservation corps.

11 8A. "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 subsection 8,
16 paragraph "b", subparagraph (7), and joint planning
17 commissions created under chapter 28E or 28I.

18 If an interstate agency is established under chapter 28E
19 and similar enabling legislation in an adjoining state, and an
20 employer had made contributions to the system for employees
21 performing functions which are transferred to the interstate
22 agency, the employees of the interstate agency who perform
23 those functions shall be considered to be employees of the
24 employer for the sole purpose of membership in the system,
25 although the employer contributions for those employees are
26 made by the interstate agency.

27 Sec. 15. Section 97B.41, subsection 14, Code 1997, is
28 amended to read as follows:

29 14. "Membership service" means service rendered by a
30 member after July 4, 1953. Years of membership service shall
31 be counted to the complete quarter calendar year. However,
32 membership service for a calendar year shall not include more
33 than four quarters. In determining a member's period of
34 membership service, the department shall combine all periods
35 of service for which the member has made contributions. If

~~1 the department has not maintained the accumulated contribution
2 account of the member for a period of service, as provided
3 pursuant to section 97B.53, subsection 6, the department shall
4 credit the member for the service if the member submits
5 satisfactory proof to the department that the member did make
6 the contributions for the period of service and did not take a
7 refund for the period of service.~~

8 Sec. 16. Section 97B.41, subsection 19, Code 1997, is
9 amended to read as follows:

10 19. "Service" means uninterrupted service under this
11 chapter by an employee, except an elected official, from the
12 date the employee last entered employment of the employer
13 until the date the employee's employment shall be terminated
14 by death, retirement, resignation or discharge, provided,
15 however, the service of any employee shall not be deemed to be
16 interrupted by for which the employee is paid covered wages.
17 Service shall also mean the following:

18 a. Service in the armed forces of the United States, if
19 the employee was employed by the a covered employer
20 immediately prior to entry into the armed forces, and if the
21 employee was released from service and returns to covered
22 employment with the an employer within twelve months of the
23 date on which the employee has the right of release from
24 service or within a longer period as required by the
25 applicable laws of the United States.

26 b. Leave of absence ~~or vacation~~ authorized by the employer
27 prior to July 1, 1998, for a period not exceeding twelve
28 months and ending no later than July 1, 1999.

29 c. A leave of absence authorized pursuant to the
30 requirements of the federal Family and Medical Leave Act of
31 1993 ~~is considered a leave of absence authorized by the~~
32 employer, or other similar leave authorized by the employer
33 for a period not to exceed twelve weeks in any calendar year.

34 ~~c.--The termination at the end of the school year of the~~
35 ~~contract of employment of an employee in the public schools of~~

1 the-state-of-Iowa, provided the employee enters into a further
2 contract of employment in the public schools of the state of
3 Iowa for the next succeeding school year.

4 d. Temporary or seasonal interruptions in service such as
5 service of school bus drivers, school teachers under regular
6 contract, interim teachers or substitute teachers, instructors
7 at Iowa state university of science and technology, the state
8 university of Iowa, or university of northern Iowa, employees
9 in state schools or hospital dormitories, other positions for
10 employees of a school corporation or educational institution
11 when the temporary suspension of service does not terminate
12 the period of employment of the employee, or temporary
13 employees of the general assembly and the employee returns to
14 service at a school corporation or educational institution
15 upon the end of the temporary or seasonal interruption.

16 Sec. 17. Section 97B.41, subsection 21, Code 1997, is
17 amended to read as follows:

18 21. "Special service" means service for an employer while
19 employed in a protection occupation as provided in section
20 97B.49, subsection 16, paragraph "a" 97B.49B, and as a county
21 sheriff, deputy sheriff, or airport fire fighter as provided
22 in section 97B.49, subsection 16, paragraph "b" 97B.49C.

23 Sec. 18. Section 97B.41, subsection 23, paragraph a, Code
24 1997, is amended to read as follows:

25 a. "Three-year average covered wage" means a member's
26 covered wages averaged for the highest three years of the
27 member's service, except as otherwise provided in this
28 subsection. The highest three years of a member's covered
29 wages shall be determined using calendar years. However, if a
30 member's final quarter of a year of employment does not occur
31 at the end of a calendar year, the department may determine
32 the wages for the third year by computing the average quarter
33 of all quarters from the member's highest calendar year of
34 covered wages not being used in the selection of the two
35 highest years and using the computed average quarter for each

1 quarter in the third year in which no wages have been reported
2 in combination with the final quarter or quarters of the
3 member's service to create a full year. However, the
4 department shall not use the member's final quarter of wages
5 if using that quarter would reduce the member's three-year
6 average covered wage. If the three-year average covered wage
7 of a member exceeds the highest maximum covered wages in
8 effect for a calendar year during the member's period of
9 service, the three-year average covered wage of the member
10 shall be reduced to the highest maximum covered wages in
11 effect during the member's period of service. Notwithstanding
12 any other provision of this paragraph to the contrary, a
13 member's wages for the third year as computed by this
14 paragraph shall not exceed, by more than three percent, the
15 member's highest actual calendar year of covered wages for a
16 member whose first month of entitlement is January 1999 or
17 later.

18 Sec. 19. Section 97B.41, subsection 25, paragraph b,
19 subparagraph (17), unnumbered paragraph 2, Code 1997, is
20 amended to read as follows:

21 Notwithstanding any other provision of this chapter
22 providing for the payment of the benefits provided in section
23 ~~97B.497-subsection-16-or-17~~ 97B.49B, 97B.49C, 97B.49D, or
24 97B.49G, the department shall establish the covered wages
25 limitation which applies to members covered under section
26 ~~97B.497-subsection-16-or-17~~ 97B.49B, 97B.49C, 97B.49D, or
27 97B.49G, at the same level as is established under this
28 subparagraph for other members of the system.

29 Sec. 20. Section 97B.42A, Code 1997, is amended by
30 striking the section and inserting in lieu thereof the
31 following:

32 97B.42A OPTIONAL EXCLUSION FROM MEMBERSHIP.

33 1. Commencing January 1, 1999, a person who is newly hired
34 in a position as an employee, as defined in section 97B.1A,
35 subsection 8, paragraph "a", shall be covered under this

1 chapter unless the person files an application with
2 appropriate documentation to the department within sixty days
3 of employment in the position to affirmatively elect out of
4 coverage. A decision to elect out of coverage under this
5 chapter is irrevocable upon approval from the system.

6 2. If a person elects out of coverage pursuant to this
7 section, the period of time from the date on which the person
8 was newly hired until the date the person's election out of
9 coverage is effective shall not constitute service for
10 purposes of coverage under this chapter. In addition, a wage
11 adjustment shall be processed for the person based on any
12 contributions collected pursuant to this chapter during that
13 period of time and shall be returned pursuant to section
14 97B.10.

15 3. A person who is employed in a position as an employee
16 as defined in section 97B.1A, subsection 8, paragraph "a", on
17 January 1, 1999, and who has not elected coverage under this
18 chapter prior to that date and is not an active member of
19 another retirement system in the state which is maintained in
20 whole or in part by public contributions or payments, shall
21 begin coverage under the system on January 1, 1999, unless the
22 person files an application with appropriate documentation
23 with the department to elect out of coverage on or before
24 January 1, 2000. If a person elects out of coverage, the
25 period of time from January 1, 1999, until the date the
26 person's election out of coverage is effective shall not
27 constitute service for purposes of coverage under this chapter
28 and a wage adjustment shall be processed for the person based
29 on any contributions collected pursuant to this chapter during
30 that period of time and shall be returned pursuant to section
31 97B.10. A decision to elect out of coverage under this
32 chapter pursuant to this section is irrevocable upon approval
33 from the department.

34 4. A person who becomes a member of the system pursuant to
35 subsection 3, or who is a member of the system, may purchase

1 credit, pursuant to section 97B.73, for one or more quarters
2 of service prior to January 1, 1999, in which the person was
3 employed in a position as described in section 97B.1A,
4 subsection 8, paragraph "a", but was not a member of the
5 system.

6 Sec. 21. Section 97B.43, unnumbered paragraph 2, Code
7 1997, is amended to read as follows:

8 Any person with a record of thirty years as a public
9 employee in the state of Iowa prior to July 1, 1947, and who
10 is not eligible for prior service credit under other
11 provisions of this section, is entitled to a credit for years
12 of prior service in the determination of the retirement
13 allowance payment under this chapter, provided the public
14 employee makes application to the department of personnel for
15 credit for prior public service, accompanied by verification
16 of the person's claim as the department may require. The
17 person's allowance for prior service credits shall be computed
18 in the same manner as otherwise provided in this section, but
19 shall not exceed the sum of four hundred fifty dollars nor be
20 less than three hundred dollars per annum. Any such person is
21 entitled to receive retirement allowances computed as provided
22 by this chapter, effective from the date of application to the
23 department, provided such application is approved. However,
24 beginning July 1, 1975, the amount of such person's retirement
25 allowance payment received during June 1975, as computed under
26 this section shall be increased by two hundred percent and the
27 allowance for prior service credits shall not exceed one
28 thousand three hundred fifty dollars nor be less than nine
29 hundred dollars per annum. Effective July 1, 1987, there is
30 appropriated for each fiscal year from the Iowa public
31 employees' retirement fund created in section 97B.7 to the
32 department of personnel an amount sufficient to fund the
33 retirement allowance increases paid under this paragraph.
34 Effective July 1, 1980, a person with a record of thirty years
35 as a public employee in the state of Iowa prior to July 1,

1 1947, receiving retirement allowances under this chapter shall
2 receive the monthly increase in benefits provided in section
3 ~~97B.49, subsection 1~~ 97B.49G, subsection 3, paragraph "a".

4 Sec. 22. Section 97B.45, subsection 4, Code 1997, is
5 amended to read as follows:

6 4. The first of any month in which ~~a member meets the~~
7 ~~membership service and age requirements to retire under~~
8 ~~section 97B.49, subsection 1~~ the member is at least fifty-
9 five years of age and for which the sum of the number of years
10 of membership service and prior service and the member's age
11 in years as of the member's last birthday equals or exceeds
12 eighty-eight.

13 Sec. 23. Section 97B.46, subsection 2, Code 1997, is
14 amended by striking the subsection.

15 Sec. 24. Section 97B.46, subsection 3, Code 1997, is
16 amended to read as follows:

17 3. A member remaining in service after attaining the age
18 of seventy years is entitled to receive a retirement allowance
19 under ~~section 97B.49~~ sections 97B.49A through 97B.49H, as
20 applicable, commencing with payment for the calendar month
21 within which the written notice is submitted to the
22 department, except that if the member fails to submit the
23 notice on a timely basis, retroactive payments shall be made
24 for no more than six months immediately preceding the month in
25 which the written notice is submitted.

26 Sec. 25. Section 97B.48, subsection 3, Code 1997, is
27 amended to read as follows:

28 3. As of the first of the month in which a member attains
29 the age of seventy years, the member may commence receiving a
30 retirement allowance regardless of the member's employment
31 status. Upon termination from employment of a member
32 receiving a retirement allowance pursuant to this subsection,
33 the member is entitled to have the member's monthly retirement
34 allowance recalculated using the applicable formula for
35 determining a retirement allowance pursuant to sections

1 97B.49A through 97B.49G, as applicable, in place at the time
2 of the member's first month of entitlement.

3 Sec. 26. Section 97B.48, Code 1997, is amended by adding
4 the following new subsections:

5 NEW SUBSECTION. 4. Payment of a member's retirement
6 allowance pursuant to sections 97B.49A through 97B.49H shall
7 commence no later than the required beginning date specified
8 under section 401(a)(9) of the federal Internal Revenue Code
9 regardless of whether the member has submitted the appropriate
10 notice to receive an allowance. If the lump sum actuarial
11 equivalent under section 97B.48, subsection 1, could have been
12 selected by the member, payments shall be made in a lump sum
13 rather than as a monthly allowance.

14 NEW SUBSECTION. 5. In the event that all, or any portion,
15 of the retirement allowance payable to a member pursuant to
16 subsection 4 shall remain unpaid solely by reason of the
17 inability of the department to locate the member, the amounts
18 payable shall be forfeited. If the member is located after
19 the amounts payable are forfeited, the amounts payable shall
20 be restored.

21 Sec. 27. Section 97B.48A, subsection 3, Code 1997, is
22 amended to read as follows:

23 3. Upon a retirement after reemployment, a retired member
24 may have the retired member's retirement allowance
25 redetermined under this section or section ~~97B.49~~ or 97B.48,
26 97B.49A through 97B.49H, 97B.50, or 97B.51, whichever is
27 applicable, based upon the addition of credit for the years of
28 membership service of the employee after reemployment, the
29 covered wage during reemployment, and the age of the employee
30 after reemployment. The member shall receive a single
31 retirement allowance calculated from both periods of
32 membership service, one based on the initial retirement and
33 one based on the second retirement following reemployment. If
34 the total years of membership service and prior service of a
35 member who has been reemployed equals or exceeds thirty, the

1 years of membership service on which the original retirement
2 allowance was based may be reduced by a fraction of the years
3 of service equal to the number of years by which the total
4 years of membership service and prior service exceeds thirty
5 divided by thirty, if this reduction in years of service will
6 increase the total retirement allowance of the member. The
7 additional retirement allowance calculated for the period of
8 reemployment shall be added to the retirement allowance
9 calculated for the initial period of membership service and
10 prior service, adjusted as provided in this subsection. The
11 retirement allowance calculated for the initial period of
12 membership service and prior service shall not be adjusted for
13 any other factor than years of service. The retired member
14 shall not receive a retirement allowance based upon more than
15 a total of thirty years of service. Effective July 1, 1998, a
16 redetermination of a retirement allowance as authorized by
17 this subsection for a retired member whose combined service
18 exceeds the applicable years of service for that member as
19 provided in sections 97B.49A through 97B.49G shall have the
20 determination of the member's reemployment benefit based upon
21 the percentage multiplier as determined for that member as
22 provided in sections 97B.49A through 97B.49G.

23 Sec. 28. Section 97B.48A, subsection 4, Code 1997, is
24 amended to read as follows:

25 4. The department shall pay to the member the accumulated
26 contributions of the member and ~~to the employer~~ the employer
27 contributions, plus interest plus interest dividends as
28 provided in section 97B.70, for all completed calendar years,
29 compounded as provided in section 97B.70, on the covered wages
30 earned by a retired member that are not used in the
31 recalculation of the retirement allowance of a member.

32 Sec. 29. NEW SECTION. 97B.49A MONTHLY PAYMENTS OF
33 ALLOWANCE -- GENERAL CALCULATION.

34 1. DEFINITIONS. For the purposes of this section:

35 a. "Applicable percentage" means sixty percent or, for

1 each active or inactive vested member retiring on or after
2 July 1, 1996, sixty percent plus, if applicable, an additional
3 one-fourth of one percentage point for each additional
4 calendar quarter of membership and prior service beyond thirty
5 years of service, not to exceed a total of five additional
6 percentage points.

7 b. "Fraction of years of service" means a number, not to
8 exceed one, equal to the sum of the years of membership
9 service and the number of years of prior service divided by
10 thirty years.

11 2. ENTITLEMENT TO MONTHLY ALLOWANCE. Each member, upon
12 retirement on or after the member's normal retirement date, is
13 entitled to receive a monthly retirement allowance determined
14 under this section. For an inactive vested member the monthly
15 retirement allowance shall be determined on the basis of this
16 section and section 97B.50 as they are in effect on the date
17 of the member's retirement.

18 3. CALCULATION OF MONTHLY ALLOWANCE. For each active or
19 inactive vested member retiring on or after July 1, 1994, with
20 four or more complete years of service, a monthly benefit
21 shall be computed which is equal to one-twelfth of an amount
22 equal to the applicable percentage of the three-year average
23 coverage wage multiplied by a fraction of years of service.
24 However, if benefits under this section commence on an early
25 retirement date, the amount of the benefit shall be reduced in
26 accordance with section 97B.50.

27 4. ALTERNATIVE CALCULATIONS.

28 a. For each active member employed before January 1, 1976,
29 and retiring on or after January 1, 1976, and for each member
30 who was a vested member before January 1, 1976, with four or
31 more complete years of service, a formula benefit shall be
32 determined equal to the larger of the benefit determined under
33 this paragraph and paragraph "b" of this subsection, as
34 applicable, the benefit determined under subsection 3, or the
35 benefit determined under section 97B.49G, subsection 1. The

1 amount of the monthly formula benefit for each such active or
2 vested member who retired on or after January 1, 1976, shall
3 be equal to one-twelfth of one and fifty-seven hundredths
4 percent per year of membership service multiplied by the
5 member's average annual covered wages. In no case shall the
6 amount of monthly formula benefit accrued for membership
7 service prior to July 1, 1967, be less than the monthly
8 annuity at the normal retirement date determined by applying
9 the sum of the member's accumulated contributions, the
10 member's employer's accumulated contributions on or before
11 June 30, 1967, and any retirement dividends standing to the
12 member's credit on or before December 31, 1966, to the annuity
13 tables in use by the department with due regard to the
14 benefits payable from such accumulated contributions under
15 sections 97B.52 and 97B.53.

16 b. For each member employed before January 1, 1976, who
17 has qualified for prior service credit in accordance with the
18 first paragraph of section 97B.43, a formula benefit shall be
19 determined equal to the larger of the benefit determined under
20 this paragraph, and paragraph "a" of this subsection, as
21 applicable, the benefit determined under subsection 3, or the
22 benefit determined under section 97B.49G, subsection 1. The
23 amount of the monthly formula benefit under this paragraph
24 shall be equal to eight-tenths of one percent per year of
25 prior service credit multiplied by the monthly rate of the
26 member's total remuneration not in excess of three thousand
27 dollars annually during the twelve consecutive months of the
28 member's prior service for which that total remuneration was
29 the highest. An additional three-tenths of one percent of the
30 remuneration not in excess of three thousand dollars annually
31 shall be payable for prior service during each year in which
32 the accrued liability for benefit payments created by the
33 abolished system is funded by appropriation from the Iowa
34 public employees' retirement fund.

35 c. For each active and vested member retiring with less

1 than four complete years of service and who therefore cannot
2 have a benefit determined under the formula benefit of
3 paragraph "a" or "b" of this subsection, subsection 3, or
4 section 97B.49G, subsection 1, a monthly annuity for
5 membership service shall be determined by applying the
6 member's accumulated contributions and the employer's matching
7 accumulated contributions as of the effective retirement date
8 and any retirement dividends standing to the member's credit
9 on or before December 31, 1966, to the annuity tables in use
10 by the department according to the member's age and contingent
11 annuitant's age, if applicable.

12 Sec. 30. NEW SECTION. 97B.49B PROTECTION OCCUPATION.

13 1. DEFINITIONS. For purposes of this section:

14 a. "Applicable percentage" means sixty percent or, for
15 each active or inactive vested member retiring on or after
16 July 1, 1996, sixty percent plus, if applicable, an additional
17 one-fourth of one percentage point for each additional
18 calendar quarter of membership and prior service beyond
19 twenty-five years of service, not to exceed a total of five
20 additional percentage points.

21 b. "Fraction of years of service" means a number, not to
22 exceed one, equal to the sum of the years of membership and
23 prior service in a protection occupation divided by twenty-
24 five years.

25 c. "Protection occupation" includes all of the following:

26 (1) A conservation peace officer employed under section
27 456A.13.

28 (2) A marshal in a city not covered under chapter 400 or a
29 fire fighter or police officer of a city not participating in
30 the retirement systems established in chapter 410 or 411.

31 (3) A correctional officer or correctional supervisor
32 employed by the Iowa department of corrections, and any other
33 employee of that department whose primary purpose is, through
34 ongoing direct inmate contact, to enforce and maintain
35 discipline, safety, and security within a correctional

1 facility. The Iowa department of corrections and the
2 personnel division of the department of personnel shall
3 jointly determine which job classifications are covered under
4 this subparagraph.

5 (4) An airport safety officer employed under chapter 400
6 by an airport commission in a city of one hundred thousand
7 population or more.

8 (5) An employee of the state department of transportation
9 who is designated as a "peace officer" by resolution under
10 section 321.477, but only if the employee retires on or after
11 July 1, 1990. For purposes of this subparagraph, service as a
12 traffic weight officer employed by the highway commission
13 prior to the creation of the state department of
14 transportation or as a peace officer employed by the Iowa
15 state commerce commission prior to the creation of the state
16 department of transportation shall be included in computing
17 the employee's years of membership service.

18 (6) A fire prevention inspector peace officer employed by
19 the department of public safety prior to July 1, 1994, who
20 does not elect coverage under the Iowa department of public
21 safety peace officers' retirement, accident, and disability
22 system, as provided in section 97B.42B.

23 (7) A sheriff, deputy sheriff, or airport fire fighter as
24 defined in section 97B.49C who does not receive a monthly
25 retirement allowance pursuant to section 97B.49C for this
26 service.

27 2. CALCULATION OF MONTHLY ALLOWANCE. Notwithstanding
28 other provisions of this chapter, a member who is or has been
29 employed in a protection occupation who retires on or after
30 July 1, 1994, and at the time of retirement is at least fifty-
31 five years of age may elect to receive, in lieu of the receipt
32 of any benefits as calculated pursuant to section 97B.49A or
33 97B.49D, a monthly retirement allowance equal to one-twelfth
34 of an amount equal to the applicable percentage of the three-
35 year average covered wage as a member who has been employed in

1 a protection occupation multiplied by a fraction of years of
2 service, with benefits payable during the member's lifetime.

3 3. ADDITIONAL CONTRIBUTIONS.

4 a. Annually, the department of personnel shall actuarially
5 determine the cost of the additional benefits provided for
6 members covered under this section as a percentage of the
7 covered wages of the employees covered by this section. Sixty
8 percent of the cost shall be paid by the employers of
9 employees covered under this section and forty percent of the
10 cost shall be paid by the employees. The employer and
11 employee contributions required under this paragraph are in
12 addition to the contributions paid under sections 97B.11 and
13 97B.11A.

14 b. (1) For the fiscal year commencing July 1, 1988, and
15 each succeeding fiscal year, there is appropriated from the
16 state fish and game protection fund to the department of
17 personnel the amount necessary to pay the employer share of
18 the cost of the additional benefits provided to employees
19 covered under subsection 1, paragraph "c", subparagraph (1).

20 (2) Annually, during each fiscal year commencing with the
21 fiscal year beginning July 1, 1988, each applicable city shall
22 pay to the department of personnel the amount necessary to pay
23 the employer share of the cost of the additional benefits
24 provided to employees of that city covered under subsection 1,
25 paragraph "c", subparagraphs (2) and (4).

26 (3) For the fiscal year commencing July 1, 1988, and each
27 succeeding fiscal year, the department of corrections shall
28 pay to the department of personnel from funds appropriated to
29 the Iowa department of corrections, the amount necessary to
30 pay the employer share of the cost of the additional benefits
31 provided to employees covered under subsection 1, paragraph
32 "c", subparagraph (3).

33 (4) For the fiscal year commencing July 1, 1990, and each
34 succeeding fiscal year, the state department of transportation
35 shall pay to the department of personnel, from funds

1 appropriated to the state department of transportation from
2 the road use tax fund and the primary road fund, the amount
3 necessary to pay the employer share of the cost of the
4 additional benefits provided to employees covered under
5 subsection 1, paragraph "c", subparagraph (5).

6 (5) For the fiscal year commencing July 1, 1992, and each
7 succeeding fiscal year, the department of public safety shall
8 pay to the department of personnel from funds appropriated to
9 the department of public safety, the amount necessary to pay
10 the employer share of the cost of the additional benefits
11 provided to a fire prevention inspector peace officer pursuant
12 to subsection 1, paragraph "c", subparagraph (6).

13 (6) For the fiscal year commencing July 1, 1994, and each
14 succeeding fiscal year, each judicial district department of
15 correctional services shall pay to the department of personnel
16 from funds appropriated to that judicial district department
17 of correctional services, the amount necessary to pay the
18 employer share of the cost of the additional benefits provided
19 to employees covered under subsection 1, paragraph "c",
20 subparagraph (7).

21 Sec. 31. NEW SECTION. 97B.49C SHERIFFS, DEPUTY SHERIFFS,
22 AND AIRPORT FIRE FIGHTERS.

23 1. DEFINITIONS. For purposes of this section:

24 a. "Airport fire fighter" means an airport fire fighter
25 employed by the military division of the department of public
26 defense.

27 b. "Applicable percentage" means the greater of the
28 following percentages:

29 (1) Sixty percent.

30 (2) For each active or inactive vested member retiring on
31 or after July 1, 1996, and before July 1, 1998, sixty percent
32 plus, if applicable, an additional one-fourth of one
33 percentage point for each additional calendar quarter of
34 eligible service beyond twenty-two years of service, not to
35 exceed a total of five additional percentage points.

1 (3) For each active or inactive vested member retiring on
2 or after July 1, 1998, sixty percent plus, if applicable, an
3 additional three-eighths of one percentage point for each
4 additional calendar quarter of eligible service beyond twenty-
5 two years of service, not to exceed a total of twelve
6 additional percentage points.

7 c. "Deputy sheriff" means a deputy sheriff appointed
8 pursuant to section 341.1 prior to July 1, 1981, or section
9 331.903 on or after July 1, 1981.

10 d. "Eligible service" means membership and prior service
11 as an airport fire fighter, sheriff, and deputy sheriff under
12 this section. In addition, eligible service includes
13 membership and prior service as a marshal in a city not
14 covered under chapter 400 or a fire fighter or police officer
15 of a city not participating in the retirement systems
16 established in chapter 410 or 411, and as an airport fire
17 fighter prior to July 1, 1994.

18 e. "Fraction of years of service" means a number, not to
19 exceed one, equal to the sum of the years of eligible service
20 under this section divided by twenty-two years.

21 f. "Sheriff" means a county sheriff as defined in section
22 39.17.

23 2. CALCULATION OF MONTHLY ALLOWANCE. Notwithstanding
24 other provisions of this chapter, a member who retires from
25 employment as a sheriff, deputy sheriff, or airport fire
26 fighter on or after July 1, 1994, and at the time of
27 retirement is at least fifty-five years of age may elect to
28 receive, in lieu of the receipt of any benefits as calculated
29 pursuant to section 97B.49A or 97B.49D, a monthly retirement
30 allowance equal to one-twelfth of an amount equal to the
31 applicable percentage of the three-year average covered wage
32 as a member who has been employed in eligible service
33 multiplied by a fraction of years of service, with benefits
34 payable during the member's lifetime.

35 3. ADDITIONAL CONTRIBUTIONS.

1 a. Annually, the department of personnel shall actuarially
2 determine the cost of the additional benefits provided for
3 members covered under this section as a percentage of the
4 covered wages of the employees covered by this section. Sixty
5 percent of the cost shall be paid by the employers of
6 employees covered under this section and forty percent of the
7 cost shall be paid by the employees. The employer and
8 employee contributions required under this paragraph are in
9 addition to the contributions paid under sections 97B.11 and
10 97B.11A. However, the cost of including service as an airport
11 fire fighter prior to July 1, 1994, as eligible service under
12 this section shall not affect the contribution rates
13 calculated and paid by the member or the employer under this
14 section.

15 b. (1) Annually, during each fiscal year commencing with
16 the fiscal year beginning July 1, 1988, each county shall pay
17 to the department of personnel the amount necessary to pay the
18 employer share of the cost of the additional benefits provided
19 to sheriffs and deputy sheriffs.

20 (2) For the fiscal year commencing July 1, 1994, and each
21 succeeding fiscal year, there is appropriated from the general
22 fund of the state to the department of personnel, from funds
23 not otherwise appropriated, an amount necessary to pay the
24 employer share of the cost of the additional benefits provided
25 to airport fire fighters under this section.

26 Sec. 32. NEW SECTION. 97B.49D HYBRID FORMULA.

27 1. An active or inactive vested member, who is or has been
28 employed in both special service and regular service, who
29 retires on or after July 1, 1996, with four or more completed
30 years of service and at the time of retirement is at least
31 fifty-five years of age, may elect to receive, in lieu of the
32 receipt of a monthly retirement allowance as calculated
33 pursuant to sections 97B.49A through 97B.49C, a combined
34 monthly retirement allowance equal to the sum of the
35 following:

1 a. One-twelfth of an amount equal to the applicable
2 percentage of the member's three-year average covered wage
3 multiplied by a fraction of years of service. The fraction of
4 years of service for purposes of this paragraph shall be the
5 actual years of service, not to exceed thirty, for which
6 regular service contributions were made, divided by thirty.
7 However, any otherwise applicable age reduction for early
8 retirement shall apply to the calculation under this
9 paragraph.

10 b. One-twelfth of an amount equal to the applicable
11 percentage of the member's three-year average covered wage
12 multiplied by a fraction of years of service. The fraction of
13 years of service for purposes of this paragraph shall be the
14 actual years of service, not to exceed twenty-five, earned in
15 a position described in section 97B.49B, for which special
16 service contributions were made, divided by twenty-five. In
17 calculating the fractions of years of service under the
18 paragraph, a member shall not receive special service credit
19 for years of service for which the member and the member's
20 employer did not make the required special service
21 contributions to the department.

22 c. One-twelfth of an amount equal to the applicable
23 percentage of the member's three-year average covered wage
24 multiplied by a fraction of years of service. The fraction of
25 years of service for purposes of this paragraph shall be the
26 actual years of service, not to exceed twenty-two, earned in a
27 position described in section 97B.49C, for which special
28 service contributions were made, divided by twenty-two. In
29 calculating the fractions of years of service under this
30 paragraph, a member shall not receive special service credit
31 for years of service for which the member and the member's
32 employer did not make the required special service
33 contributions to the department.

34 2. In calculating the combined monthly retirement
35 allowance pursuant to subsection 1, the sum of the fraction of

1 years of service provided in subsection 1, paragraphs "a",
2 "b", and "c", shall not exceed one. If the sum of the
3 fractions of years of service would exceed one, the department
4 shall deduct years of service first from the calculation under
5 subsection 1, paragraph "a", and then from the calculation
6 under subsection 1, paragraph "b", if necessary, so that the
7 sum of the fractions of years of service shall equal one.

8 3. In calculating the combined monthly retirement
9 allowance pursuant to subsection 1, the applicable percentage
10 shall be sixty percent plus, if applicable, an additional one-
11 fourth of one percentage point for each additional calendar
12 quarter of membership service in service as described in
13 subsection 1, paragraph "a", "b", or "c", beyond thirty years
14 of service, not to exceed a total of five additional
15 percentage points. Any addition in the percentage multiplier
16 shall be included in the calculations required under this
17 section.

18 Sec. 33. NEW SECTION. 97B.49E MINIMUM BENEFITS.

19 1. For each active member retiring on or after June 30,
20 1973, and who has completed ten or more years of membership
21 service, the total amount of monthly benefit payable at the
22 normal retirement date for prior service and membership
23 service shall not be less than fifty dollars per month. If
24 benefits commence on an early retirement date, the amount of
25 benefit shall be reduced in accordance with section 97B.50.
26 If an optional allowance is selected under section 97B.51, the
27 amount payable shall be the actuarial equivalent of the
28 minimum benefit. An employee who is in employment on a school
29 year or academic year basis, will be considered to be an
30 active member as of June 30, 1973, if the employee completes
31 the 1972-1973 school year or academic year.

32 2. Effective January 1, 1997, for members who retired on
33 or after July 1, 1953, and before July 1, 1990, with at least
34 ten years of prior and membership service, the minimum monthly
35 benefit payable at the normal retirement date for prior and

1 membership service shall be two hundred dollars. The minimum
2 monthly benefit payable shall be increased by ten dollars for
3 each year of prior and membership service beyond ten years, up
4 to a maximum of twenty additional years of prior and
5 membership service. If benefits commenced on an early
6 retirement date, the amount of the benefit shall be reduced in
7 accordance with section 97B.50. If an optional allowance was
8 selected under section 97B.51, the amount payable shall be the
9 actuarial equivalent of the minimum benefit.

10 Sec. 34. NEW SECTION. 97B.49F RETIREMENT DIVIDENDS.

11 1. COST OF LIVING DIVIDEND.

12 a. Effective July 1, 1997, commencing with dividends
13 payable in November 1997, and for each subsequent year, all
14 members who retired prior to July 1, 1990, and all
15 beneficiaries and contingent annuitants of such members, shall
16 be eligible for annual dividend payments, payable in November
17 of that year, pursuant to the requirements of this subsection.
18 The dividend payable in any given year shall be the sum of the
19 dollar amount of the dividend payable in the previous November
20 and the dividend adjustment. A dividend determined pursuant
21 to this subsection shall not be used to increase the monthly
22 benefit amount payable. In no event shall the dividend
23 payable be less than twenty-five dollars.

24 b. (1) The dividend adjustment for a given year shall be
25 calculated by multiplying the total of the retiree's,
26 beneficiary's, or contingent annuitant's monthly benefit
27 payments and the dividend payable to the retiree, beneficiary,
28 or contingent annuitant, in the previous calendar year by the
29 applicable percentage as determined by this paragraph.

30 (2) The applicable percentage shall be the least of the
31 following percentages:

32 (a) The percentage representing eighty percent of the
33 percentage increase in the consumer price index published in
34 the federal register by the federal department of labor,
35 bureau of labor statistics, that reflects the percentage

1 increase in the consumer price index for the twelve-month
2 period ending June 30 of the year that the dividend is to be
3 paid.

4 (b) The percentage representing the percentage amount the
5 actuary has certified, in the annual actuarial valuation of
6 the system as of June 30 of the year in which the dividend is
7 to be paid, that the fund can absorb without requiring an
8 increase in the employer and employee contributions to the
9 fund.

10 (c) Three percent.

11 c. If a member dies on or after November 1, but before
12 payment of a dividend is made in that month, the full amount
13 of the retirement dividend for that year shall be paid in the
14 member's name upon notification of the member's death.

15 2. FAVORABLE EXPERIENCE DIVIDEND.

16 a. Commencing January 1, 1999, all members who retired on
17 or after July 1, 1990, and who have been retired for at least
18 one year as of the date the dividend is payable, or a
19 beneficiary or contingent annuitant of such a member, shall be
20 eligible to receive a favorable experience dividend, payable
21 on the last business day in January of each year pursuant to
22 the requirements of this subsection.

23 b. A favorable experience dividend reserve account,
24 hereafter called the "reserve account", is established within
25 the retirement fund. Moneys credited to the reserve account
26 shall be used by the department for the purpose of providing a
27 favorable experience dividend pursuant to this subsection.

28 c. Moneys shall be credited to the reserve account in the
29 retirement fund as follows:

30 (1) On or before January 15, 1999, there shall be credited
31 to the reserve account an amount that the system's actuary
32 determines is sufficient to pay the maximum favorable
33 experience dividend for each of the next following five years,
34 based on reasonable actuarial assumptions.

35 (2) Beginning with the annual actuarial valuation of the

1 system as of June 30, 1999, and for each annual actuarial
2 valuation of the system thereafter, there shall be credited to
3 the reserve account on each applicable January 15 following an
4 actuarial valuation, an amount that represents that portion of
5 the favorable actuarial experience, if any, that the system's
6 actuary determines shall be credited to the reserve account
7 pursuant to rules adopted by the department.

8 (3) The portion of the favorable actuarial experience, if
9 any, that is not initially credited to the reserve account
10 pursuant to subparagraph (2), but which, if applied to the
11 retirement fund, would result in the actuarial valuation of
12 assets exceeding the actuarial accrued liability of the system
13 based on the most recent annual actuarial valuation of the
14 system, shall be credited to the reserve account.

15 (4) As used in this paragraph, "favorable actuarial
16 experience" means the difference, if positive, between the
17 anticipated and actual experience of the system's actuarial
18 assets and liabilities as measured by the system's actuary in
19 the most recent annual actuarial valuation of the system
20 pursuant to rules adopted by the department.

21 d. The favorable experience dividend is calculated by
22 multiplying the total of the monthly benefit payments of the
23 retiree, beneficiary, or contingent annuitant for the previous
24 calendar year, by the number of complete years the member has
25 been retired or would have been retired if living as of the
26 date the dividend is payable, and by the applicable
27 percentage. For purposes of this paragraph, the applicable
28 percentage is the percentage, not to exceed three percent,
29 that the department determines shall be applied in calculating
30 the favorable experience dividend if the department determines
31 that the reserve account is sufficiently funded to make a
32 distribution. In making its determination, the department
33 shall consider, but not be limited to, the amounts credited to
34 the reserve account, the distributions from the reserve
35 account made in previous years, the likelihood of future

1 credits to and distributions from the reserve account, and the
2 distributions paid under subsection 1.

3 Sec. 35. NEW SECTION. 97B.49G MONTHLY PAYMENTS OF
4 ALLOWANCE -- MISCELLANEOUS PROVISIONS.

5 1. MONTHLY PAYMENTS OF ALLOWANCE -- PERCENTAGE MULTIPLIER.

6 a. For each active or inactive vested member retiring on
7 or after July 1, 1986, and before July 1, 1994, with four or
8 more complete years of service, a monthly benefit shall be
9 computed which is equal to one-twelfth of an amount equal to
10 the applicable percentage multiplier of the three-year average
11 covered wage multiplied by a fraction of years of service.

12 b. The applicable percentage multiplier for purposes of
13 this subsection shall be the following:

14 (1) For active or inactive vested members retiring on or
15 after July 1, 1986, but before July 1, 1990, fifty percent.

16 (2) For active or inactive vested members retiring on or
17 after July 1, 1990, but before July 1, 1991, fifty-two
18 percent.

19 (3) For active or inactive vested members retiring on or
20 after July 1, 1991, but before July 1, 1992, fifty-four
21 percent.

22 (4) For active or inactive vested members retiring on or
23 after July 1, 1992, but before July 1, 1993, fifty-six
24 percent.

25 (5) For active or inactive vested members retiring on or
26 after July 1, 1993, but before July 1, 1994, fifty-seven and
27 four-tenths percent.

28 (6) For active or inactive vested members retiring on or
29 after July 1, 1994, sixty percent.

30 c. For purposes of this subsection, fraction of years of
31 service means a number, not to exceed one, equal to the sum of
32 the years of membership service and the number of years of
33 prior service divided by thirty years.

34 2. EXTRA PAYMENTS ON ALLOWANCE -- PRE-1976 RETIREES.

35 a. On January 1, 1976, for each member who retired before

1 January 1, 1976, the amount of regular monthly retirement
2 allowance attributable to membership service and prior service
3 that was payable to the member for December 1975 is increased
4 by ten percent for the first calendar year or portion of a
5 calendar year the member was retired, and by an additional
6 five percent for each calendar year after the first calendar
7 year the member was retired through the calendar year
8 beginning January 1, 1975. The total increase shall not
9 exceed one hundred percent. Effective July 1, 1987, there is
10 appropriated for each fiscal year from the Iowa public
11 employees' retirement fund created in section 97B.7 to the
12 department of personnel from funds not otherwise appropriated
13 an amount sufficient to fund the monthly retirement allowance
14 increases paid under this paragraph.

15 The benefit increases granted to members retired under the
16 system on January 1, 1976, shall be granted only on January 1,
17 1976, and shall not be further increased for any year in which
18 the member was retired after the calendar year beginning
19 January 1, 1975.

20 b. Effective July 1, 1978, for each member who retired
21 from the system prior to January 1, 1976, the amount of
22 regular monthly retirement allowance attributable to
23 membership service and prior service that was payable to the
24 member for June 1978 is increased as follows:

25 (1) For the first ten years of service, fifty cents per
26 month for each complete year of service.

27 (2) For the eleventh through the twentieth years of
28 service, two dollars per month for each complete year of
29 service.

30 (3) For the twenty-first through the thirtieth years of
31 service, three dollars per month for each complete year of
32 service.

33 Effective July 1, 1979, the increases granted to members
34 under this subparagraph shall be paid to contingent annuitants
35 and to beneficiaries.

1 3. EXTRA PAYMENTS ON ALLOWANCE.

2 a. Effective July 1, 1980, for each member who retired
3 from the system prior to January 1, 1976, and for each member
4 who retired from the system on or after January 1, 1976, under
5 section 97B.49A, subsection 4, the amount of regular monthly
6 retirement allowance attributable to membership service and
7 prior service that was payable to the member for June 1980 is
8 increased as follows:

9 (1) For the first ten years of service, fifty cents per
10 month for each complete year of service.

11 (2) For the eleventh through the twentieth years of
12 service, one dollar per month for each complete year of
13 service.

14 (3) For the twenty-first through the thirtieth years of
15 service, one dollar and fifty cents per month for each
16 complete year of service.

17 (4) The amount of monthly increase payable to a member
18 under this paragraph is also payable to a beneficiary and a
19 contingent annuitant and shall be reduced by an amount based
20 upon the actuarial equivalent of the option selected in
21 section 97B.51 or section 97B.52 compared to the full monthly
22 benefit provided in this section or section 97B.49A, as
23 applicable.

24 However, effective July 1, 1980, the monthly retirement
25 allowance attributable to membership service and prior service
26 of a member, contingent annuitant, and beneficiary shall not
27 be less than five dollars times the number of complete years
28 of service of the member, not to exceed thirty, reduced by an
29 amount based upon the actuarial equivalent of the option
30 selected in section 97B.51 or section 97B.52, compared to the
31 full monthly retirement benefit provided in this section or
32 section 97B.49A, as applicable.

33 b. Effective beginning July 1, 1982, for each member who
34 retired from the system prior to January 1, 1976, and for each
35 member who retired from the system on or after January 1,

1 1976, under section 97B.49A, subsection 4, the amount of
2 regular monthly retirement allowance attributable to
3 membership service and prior service that was payable to the
4 member for June 1982 is increased as follows:

5 (1) For the first ten years of service, fifty cents per
6 month for each complete year of service.

7 (2) For the eleventh through the twentieth years of
8 service, one dollar per month for each complete year of
9 service.

10 (3) For the twenty-first through the thirtieth years of
11 service, one dollar and fifty cents per month for each
12 complete year of service.

13 (4) The amount of monthly increase payable to a member
14 under this paragraph is also payable to a beneficiary and a
15 contingent annuitant and shall be reduced by an amount based
16 upon the actuarial equivalent of the option selected in
17 section 97B.51 or section 97B.52 compared to the full monthly
18 benefit provided in this section or section 97B.49A, as
19 applicable.

20 4. NORMAL RETIREMENT DATES. A retired member shall be
21 deemed to have retired on the member's normal retirement date,
22 and retirement benefits calculated shall not be reduced
23 pursuant to section 97B.50, if the member meets any of the
24 following requirements:

25 a. The member is an active or inactive vested member
26 retiring on or after July 1, 1988, and before July 1, 1990,
27 who is at least fifty-five years of age and has completed at
28 least thirty years of membership service and prior service,
29 and for which the sum of the number of years of membership
30 service and prior service and the member's age in years as of
31 the member's last birthday equals or exceeds ninety-two.

32 b. The member is an active or inactive vested member
33 retiring on or after July 1, 1990, and before July 1, 1996,
34 who is at least fifty-five years of age and for which the sum
35 of the number of years of membership service and prior service

1 and the member's age in years as of the member's last birthday
2 equals or exceeds ninety-two.

3 c. The member is an active or inactive vested member
4 retiring on or after July 1, 1996, and before July 1, 1997,
5 who is at least fifty-five years of age and for which the sum
6 of the number of years of membership service and prior service
7 and the member's age in years as of the member's last birthday
8 equals or exceeds ninety.

9 5. DIVIDENDS -- NOVEMBER 1996.

10 a. Each member who retired from the system between July 4,
11 1953, and December 31, 1975, or a contingent annuitant or
12 beneficiary of such a member, shall receive with the November
13 1996 monthly benefit payment a retirement dividend equal to
14 two hundred ninety-two percent of the monthly benefit payment
15 the member received for the preceding June, or the most
16 recently received benefit payment, whichever is greater. The
17 retirement dividend does not affect the amount of a monthly
18 benefit payment.

19 b. 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 1996 monthly benefit payment a retirement dividend equal to
23 two hundred twenty-three percent of the monthly benefit
24 payment the member received for the preceding June, or the
25 most recently received benefit payment, whichever is greater.
26 The retirement dividend does not affect the amount of a
27 monthly benefit payment.

28 c. A member who retired from the system between July 1,
29 1982, and June 30, 1986, or a contingent annuitant or
30 beneficiary of such a member, shall receive with the November
31 1996 monthly benefit payment a retirement dividend equal to
32 seventy-four percent of the monthly benefit payment the member
33 received for the preceding June, or the most recently received
34 benefit payment, whichever is greater. The retirement
35 dividend does not affect the amount of a monthly benefit

1 payment.

2 d. A member who retired from the system between July 1,
3 1986, and June 30, 1990, or a contingent annuitant or
4 beneficiary of such a member, shall receive with the November
5 1996 monthly benefit payment a retirement dividend equal to
6 twenty-four percent of the monthly benefit payment the member
7 received for the preceding June, or the most recently received
8 benefit payment, whichever is greater. The retirement
9 dividend does not affect the amount of a monthly benefit
10 payment.

11 e. Notwithstanding the determination of the amount of a
12 retirement dividend under this subsection, a retirement
13 dividend shall not be less than twenty-five dollars.

14 6. CONSERVATION PEACE OFFICER -- JULY 1986 - JULY 1988.

15 a. Notwithstanding other provisions of this chapter, a
16 member who is or has been employed as a conservation peace
17 officer under section 456A.13 and who retires on or after July
18 1, 1986, and before July 1, 1988, and at the time of
19 retirement is at least sixty years of age and has completed at
20 least twenty-five years of membership service as a
21 conservation peace officer, may elect to receive, in lieu of
22 the receipt of any benefits under subsection 1 or section
23 97B.49A, as applicable, a monthly retirement allowance equal
24 to one-twelfth of fifty percent of the member's three-year
25 average covered wage as a conservation peace officer, with
26 benefits payable during the member's lifetime.

27 b. A conservation peace officer who retires on or after
28 July 1, 1986, and before July 1, 1988, and has not completed
29 twenty-five years of membership service as required under this
30 subsection is eligible to receive a monthly retirement
31 allowance equal to one-twelfth of fifty percent of the
32 member's three-year average covered wage as a conservation
33 peace officer, multiplied by a fraction of years of service as
34 a conservation peace officer. For the purpose of this
35 subsection, "fraction of years of service" means a number, not

1 to exceed one, equal to the sum of the years of membership
2 service as a conservation peace officer, divided by twenty-
3 five years. On or after July 1, 1986, but before July 1,
4 1988, if the conservation peace officer has not reached sixty
5 years of age at retirement, the monthly retirement allowance
6 shall be reduced by five-tenths of one percent per month for
7 each month that the conservation peace officer's retirement
8 precedes the date on which the conservation peace officer
9 attains sixty years of age.

10 The annual contribution necessary to pay for the additional
11 benefits provided in this paragraph shall be paid by the
12 employer and employee in the same proportion that employer and
13 employee contributions are made under section 97B.11.

14 c. There is appropriated from the state fish and game
15 protection fund to the department of personnel an actuarially
16 determined amount calculated by the Iowa public employees'
17 retirement system sufficient to pay for the additional
18 benefits to conservation peace officers provided by this
19 subsection, as a percentage, in paragraph "a" and for the
20 employer portion of the benefits provided in paragraph "b".
21 The amount is in addition to the contribution paid by the
22 employer under section 97B.11. The cost of the benefits
23 relating to conservation peace officers within the fish and
24 game division of the department of natural resources shall be
25 paid from the state fish and game protection fund and the cost
26 of the benefits relating to the other conservation peace
27 officers of the department shall be paid from the general
28 fund.

29 7. PEACE OFFICER -- JULY 1986 - JULY 1988.

30 a. Notwithstanding other provisions of this chapter, a
31 member who is or has been employed as a peace officer and who
32 retires on or after July 1, 1986, and before July 1, 1988, and
33 at the time of retirement is at least sixty years of age and
34 has completed at least twenty-five years of membership service
35 as a peace officer, may elect to receive, in lieu of the

1 benefits under subsection 1 or section 97B.49A, subsection 4,
2 as applicable, a monthly retirement allowance equal to one-
3 twelfth of fifty percent of the member's three-year average
4 covered wage as a peace officer, with benefits payable during
5 the member's lifetime.

6 A peace officer who retires on or after July 1, 1986, and
7 before July 1, 1988, and has not completed twenty-five years
8 of membership service as required under this subsection is
9 eligible to receive a monthly retirement allowance equal to
10 one-twelfth of fifty percent of the member's three-year
11 average covered wage as a peace officer multiplied by the
12 fraction of years of service as a peace officer. For the
13 purpose of this subsection, "fraction of years of service"
14 means a number, not to exceed one, equal to the sum of the
15 years of membership service as a peace officer, divided by
16 twenty-five years. On or after July 1, 1984, but before July
17 1, 1988, if the peace officer has not reached sixty years of
18 age at retirement, the monthly retirement allowance shall be
19 reduced by five-tenths of one percent per month for each month
20 that the peace officer's retirement precedes the date on which
21 the peace officer attains sixty years of age.

22 For the purpose of this subsection, membership service as a
23 peace officer means service under this system as any or all of
24 the following:

25 (1) As a county sheriff as defined in section 39.17.

26 (2) As a deputy sheriff appointed pursuant to section
27 341.1, Code 1981, or section 331.903.

28 (3) As a marshal or police officer in a city not covered
29 under chapter 400.

30 b. Each county and applicable city and employee eligible
31 for benefits under this subsection shall annually contribute
32 an amount determined by the department of personnel, as a
33 percentage of covered wages, to be necessary to pay for the
34 additional benefits provided by this subsection. The annual
35 contribution in excess of the employer and employee

1 contributions required by this chapter shall be paid by the
2 employer and the employee in the same proportion that employer
3 and employee contributions are made under section 97B.11. The
4 additional percentage of covered wages shall be calculated
5 separately by the department for service under paragraph "a",
6 subparagraphs (1) and (2), and for service under paragraph
7 "a", subparagraph (3), and each shall be an actuarially
8 determined amount for that type of service which, if
9 contributed throughout the entire period of active service,
10 would be sufficient to provide the pension benefit provided in
11 this subsection.

12 8. CORRECTIONAL OFFICER -- JULY 1986 - JULY 1988.

13 a. Notwithstanding sections of this chapter relating to
14 eligibility for and determination of retirement benefits, a
15 vested member who is or has been employed as a correctional
16 officer by the Iowa department of corrections and who retires
17 on or after July 1, 1986, and before July 1, 1988, and at the
18 time of retirement is at least sixty years of age and has
19 completed at least thirty years of membership service as a
20 correctional officer, may elect to receive, in lieu of the
21 receipt of benefits under subsection 1 or section 97B.49A,
22 subsection 4, as applicable, a monthly retirement allowance
23 equal to one-twelfth of fifty percent of the member's three-
24 year average covered wage as a correctional officer, with
25 benefits payable during the member's lifetime.

26 b. The Iowa department of corrections and the department
27 of personnel shall jointly determine the applicable merit
28 system job classifications of correctional officers.

29 c. The Iowa department of corrections shall pay to the
30 department of personnel, from funds appropriated to the Iowa
31 department of corrections, an actuarially determined amount
32 sufficient to pay for the additional benefits provided in this
33 subsection. The amount is in addition to the employer
34 contributions required in section 97B.11.

35 9. AIRPORT FIRE FIGHTER -- JULY 1986 - JULY 1988.

1 a. Notwithstanding other provisions of this chapter, a
2 member who is or has been employed by the office of disaster
3 services as an airport fire fighter who retires on or after
4 July 1, 1986, and before July 1, 1988, and at the time of
5 retirement is at least sixty years of age and has completed at
6 least twenty-five years of membership service as an airport
7 fire fighter, may elect to receive, in lieu of the receipt of
8 any benefits under subsection 1 or section 97B.49A, subsection
9 4, as applicable, a monthly retirement allowance equal to one-
10 twelfth of fifty percent of the member's three-year average
11 covered wage as an airport fire fighter, with benefits payable
12 during the member's lifetime.

13 b. An airport fire fighter who retires on or after July 1,
14 1986, and before July 1, 1988, and has not completed twenty-
15 five years of membership service as required under this
16 subsection is eligible to receive a monthly retirement
17 allowance equal to one-twelfth of fifty percent of the
18 member's three-year average covered wage as an airport fire
19 fighter multiplied by a fraction of years of service as an
20 airport fire fighter. For the purpose of this subsection,
21 "fraction of years of service" means a number, not to exceed
22 one, equal to the sum of the years of membership service as an
23 airport fire fighter, divided by twenty-five years. On or
24 after July 1, 1986, but before July 1, 1988, if the airport
25 fire fighter has not reached sixty years of age at retirement,
26 the monthly retirement allowance shall be reduced by five-
27 tenths of one percent per month for each month that the
28 airport fire fighter's retirement precedes the date on which
29 the airport fire fighter attains sixty years of age.

30 c. The employer and each employee eligible for benefits
31 under this subsection shall annually contribute an actuarially
32 determined amount specified by the department, as a percentage
33 of covered wages, that is necessary to pay for the additional
34 benefits provided by this subsection. The annual contribution
35 in excess of the employer and employee contributions required

1 in section 97B.11 shall be paid by the employer and the
2 employee in the same proportion that the employer and employee
3 contributions are made under section 97B.11.

4 d. There is appropriated from the general fund of the
5 state to the department from funds not otherwise appropriated
6 an amount sufficient to pay the employer share of the cost of
7 the additional benefits provided in this subsection.

8 10. PROTECTION OCCUPATION -- JULY 1988 - JULY 1994.

9 a. For purposes of this subsection:

10 (1) "Applicable percentage" means the applicable
11 percentage multiplier defined in subsection 1, paragraph "b",
12 that applies on the date a member retires and becomes eligible
13 to receive a monthly allowance as calculated pursuant to this
14 subsection.

15 (2) "Fraction of years of service" means a number, not to
16 exceed one, equal to the sum of the years of membership
17 service in a protection occupation divided by twenty-five
18 years.

19 b. Notwithstanding other provisions of this chapter, a
20 member who is or has been employed in a protection occupation
21 who retires on or after July 1, 1988, and before July 1, 1994,
22 and at the time of retirement is at least fifty-five years of
23 age may elect to receive, in lieu of the receipt of any
24 benefits as calculated pursuant to subsection 1 or section
25 97B.49A, subsection 4, as applicable, a monthly retirement
26 allowance equal to one-twelfth of an amount equal to the
27 applicable percentage of the three-year average covered wage
28 as a member who has been employed in a protection occupation
29 multiplied by a fraction of years of service, with benefits
30 payable during the member's lifetime.

31 11. SHERIFFS AND DEPUTY SHERIFFS -- JULY 1988 - JULY 1994.

32 a. For purposes of this subsection:

33 (1) "Applicable percentage" means the applicable
34 percentage multiplier as described in subsection 1, paragraph
35 "b", that applies on the date a member retires and becomes

1 eligible to receive a monthly allowance as calculated pursuant
2 to this subsection.

3 (2) "Fraction of years of service" means a number, not to
4 exceed one, equal to the sum of the years of membership
5 service as a sheriff or deputy sheriff divided by twenty-two
6 years.

7 b. Notwithstanding other provisions of this chapter, a
8 member who retires from employment as a sheriff or deputy
9 sheriff on or after July 1, 1988, and before July 1, 1994, and
10 at the time of retirement is at least fifty-five years of age
11 may elect to receive, in lieu of the receipt of any benefits
12 as calculated pursuant to subsection 1 or section 97B.49A,
13 subsection 4, as applicable, a monthly retirement allowance
14 equal to one-twelfth of an amount equal to the applicable
15 percentage of the three-year average covered wage as a member
16 who has been employed as a sheriff or deputy sheriff
17 multiplied by a fraction of years of service, with benefits
18 payable during the member's lifetime.

19 Sec. 36. NEW SECTION. 97B.49H ACTIVE MEMBER SUPPLEMENTAL
20 ACCOUNTS.

21 1. There is established, for each active member, a
22 supplemental account consisting of amounts credited to the
23 account as provided in this section which shall be held and
24 used for the exclusive benefit of the member pursuant to the
25 requirements of this section.

26 2. Amounts shall be credited to a supplemental account of
27 each active member pursuant to the requirements of this
28 section following a determination by the system's actuary
29 during the most recent annual actuarial valuation that the
30 system does not have an unfunded accrued liability. For
31 purposes of this section, the system does not have an unfunded
32 accrued liability if the actuarial accrued liability of the
33 system based on the actuarial cost method used by the actuary
34 does not exceed the actuarial value of assets of the system as
35 of the valuation date.

1 3. The department shall annually determine the amount to
2 be credited to the supplemental accounts of active members.
3 The amount to be credited shall be calculated by multiplying
4 the member's covered wages for the applicable wage reporting
5 period by the supplemental rate. For purposes of this
6 subsection, the supplemental rate is the difference, if
7 positive, between the combined employee and employer statutory
8 contribution rates in effect under section 97B.11 and the
9 normal cost rate of the system as determined by the system's
10 actuary in the most recent annual actuarial valuation of the
11 system. The credits shall be made at least quarterly during
12 the calendar year following a determination that the system
13 does not have an unfunded accrued liability. The normal cost
14 rate, calculated according to the actuarial cost method used,
15 is the percent of pay allocated to each year of service that
16 is necessary to fund projected benefits over all members'
17 service with the system.

18 4. Amounts credited to a member's supplemental account
19 shall be credited with interest quarterly pursuant to section
20 97B.70, subsection 2.

21 5. Amounts credited to a member's supplemental account
22 shall be distributed as follows:

23 a. If a member terminates covered employment and files an
24 application for a refund under section 97B.53, the member
25 shall receive in a lump sum payment, in addition to any other
26 payment provided by this chapter, all amounts credited to the
27 member's supplemental account.

28 b. If a member dies prior to retirement, the member's
29 beneficiary shall receive in a lump sum payment, in addition
30 to any other payment provided by this chapter, all amounts
31 credited to the member's supplemental account.

32 c. Upon retirement, the member shall receive in a lump sum
33 payment or in an annuity, in addition to any other payment
34 provided by this chapter, all amounts credited to the member's
35 supplemental account.

1 Sec. 37. IMPLEMENTATION DATE. New section 97B.49H,
2 establishing an active member supplemental account, shall not
3 be implemented until the Iowa public employees' retirement
4 system receives approval to implement this new section from
5 the federal internal revenue service.

6 Sec. 38. Section 97B.50, Code 1997, is amended to read as
7 follows:

8 97B.50 EARLY RETIREMENT.

9 1. Except as otherwise provided in this section, a vested
10 member, upon retirement prior to the normal retirement date
11 other than that specified in section 97B.45, subsection 4, is
12 entitled to receive a monthly retirement allowance determined
13 in the same manner as provided for normal retirement in
14 ~~section-97B.497-subsections-17-47-and-57~~ sections 97B.49A,
15 97B.49E, and 97B.49G, reduced as follows:

16 a. For a member who is less than sixty-two years of age,
17 by twenty-five hundredths of one percent per month for each
18 month that the early retirement date precedes the normal
19 retirement date.

20 b. For a member who is at least sixty-two years of age and
21 who has not completed thirty years of membership service and
22 prior service, by twenty-five hundredths of one percent per
23 month for each month that the early retirement date precedes
24 the normal retirement date.

25 2. a. A vested member who retires from the system due to
26 disability and commences receiving disability benefits
27 pursuant to the federal Social Security Act, 42 U.S.C. § 423
28 et seq., and who has not reached the normal retirement date,
29 shall receive benefits under ~~section-97B.49~~ sections 97B.49A
30 through 97B.49G, as applicable, and shall not have benefits
31 reduced upon retirement as required under subsection 1
32 regardless of whether the member has completed thirty or more
33 years of membership service. However, the benefits shall be
34 suspended during any period in which the member returns to
35 covered employment. This section takes effect July 1, 1990,

1 for a member meeting the requirements of this paragraph who
2 retired from the system at any time after July 4, 1953.
3 Eligible members are entitled to the receipt of retroactive
4 adjustment payments back to July 1, 1990, notwithstanding the
5 requirements of subsection 4.

6 b. A vested member who retires from the system due to
7 disability and commences receiving disability benefits
8 pursuant to the federal Railroad Retirement Act, 45 U.S.C. §
9 231 et seq., and who has not reached the normal retirement
10 date, shall receive benefits under ~~section-97B-49~~ sections
11 97B.49A through 97B.49G, as applicable, and shall not have
12 benefits reduced upon retirement as required under subsection
13 1 regardless of whether the member has completed thirty or
14 more years of membership service. However, the benefits shall
15 be suspended during any period in which the member returns to
16 covered employment. This section takes effect July 1, 1990,
17 for a member meeting the requirements of this paragraph who
18 retired from the system at any time since July 4, 1953.
19 Eligible members are entitled to the receipt of retroactive
20 adjustment payments back to July 1, 1990, notwithstanding the
21 requirements of subsection 4.

22 3. A member who is at least sixty-two years of age and
23 less than sixty-five years of age, and who has completed
24 thirty or more years of membership service and prior service,
25 shall receive full benefits under ~~section-97B-49~~ sections
26 97B.49A through 97B.49G, as applicable, determined as if the
27 member had attained sixty-five years of age.

28 4. A vested member eligible for a retirement allowance
29 adjusted under this section is entitled to receipt of
30 retroactive adjustment payments for no more than six months
31 immediately preceding the month in which written notice of
32 retirement was submitted to the department.

33 Sec. 39. Section 97B.51, subsection 2, Code 1997, is
34 amended to read as follows:

35 2. The election by a member of the an option stated under

1 ~~subsection-1-of~~ this section or in sections 97B.49A through
2 97B.49G, shall be null and void if the member dies prior to
3 the member's first month of entitlement.

4 Sec. 40. Section 97B.51, subsection 3, Code 1997, is
5 amended to read as follows:

6 3. A member who had elected to take the an option stated
7 in ~~subsection-1-of~~ this section or in sections 97B.49A through
8 97B.49G, as applicable, may, at any time prior to retirement,
9 revoke such an election by written notice to the department.
10 A member shall not change or revoke an election once the first
11 retirement allowance is paid.

12 Sec. 41. Section 97B.51, subsection 5, Code 1997, is
13 amended to read as follows:

14 5. At retirement, a member may designate that upon the
15 member's death, a specified amount of money shall be paid to a
16 named beneficiary, and the member's monthly retirement
17 allowance shall be reduced by an actuarially determined amount
18 to provide for the lump sum payment. The amount designated by
19 the member must be in thousand dollar increments and shall be
20 limited to the amount of the member's accumulated
21 contributions. The amount designated shall not lower the
22 monthly retirement allowance of the member by more than one-
23 half the amount payable under section ~~97B.497-subsection-1-or~~
24 5 97B.49A or 97B.49G, as applicable. A member may designate a
25 different beneficiary if the original named beneficiary
26 predeceases the member.

27 Sec. 42. Section 97B.52, subsection 1, paragraphs b and c,
28 Code 1997, are amended to read as follows:

29 b. For service in a protection occupation, as defined in
30 section ~~97B.497-subsection-167-paragraph-"d"~~ 97B.49B, the
31 applicable denominator is twenty-five.

32 c. For service as a sheriff, deputy sheriff, or airport
33 fire fighter, as provided in section ~~97B.497-subsection-167~~
34 paragraph-"b" 97B.49C, the applicable denominator is twenty-
35 two.

1 Sec. 43. Section 97B.52, subsection 2, Code 1997, is
2 amended to read as follows:

3 2. If a member dies on or after the first day of the
4 member's first month of entitlement, the excess, if any, of
5 the accumulated contributions by the member as of said date,
6 over the total gross monthly retirement allowances received by
7 the member under the retirement system will be paid to the
8 member's beneficiary unless the retirement allowance is then
9 being paid in accordance with section 97B.48A 97B.48 or with
10 section 97B.51, subsection 1, 4, 5, or 6.

11 Sec. 44. Section 97B.52, subsection 3, paragraph b, Code
12 1997, is amended to read as follows:

13 b. If a death benefit is due and payable, interest shall
14 continue to accumulate through the month quarter preceding the
15 month quarter in which payment is made to the designated
16 beneficiary, heirs at law, or the estate unless the payment of
17 the death benefit is delayed because of a dispute between
18 alleged heirs, in which case the benefit due and payable shall
19 be placed in a noninterest bearing escrow account until the
20 beneficiary is determined in accordance with this section.

21 4. In order to receive the death benefit, the beneficiary,
22 heirs at law, or the estate, or any other third-party payee,
23 must apply to the department within five years of the member's
24 death.

25 The department shall reinstate a designated beneficiary's
26 right to receive a death benefit beyond the five-year
27 limitation if the designated beneficiary was the member's
28 spouse at the time of the member's death and the distribution
29 is required or permitted pursuant to Internal Revenue Code
30 section 401(a)(9) and the applicable treasury regulations.

31 In the event that all, or any portion, of the death benefit
32 payable to the member's designated beneficiary, heirs at law,
33 or estate, shall remain unpaid solely by reason of the
34 inability of the system to locate the payee, the amount
35 payable shall be forfeited after the time for making a claim

1 has run. However, if the appropriate payee is located after
2 the death benefit is forfeited, the benefit shall be restored.

3 Sec. 45. Section 97B.52, subsection 4, Code 1997, is
4 amended by striking the subsection.

5 Sec. 46. Section 97B.52, subsection 5, Code 1997, is
6 amended to read as follows:

7 5. Following written notification to the department, a
8 beneficiary of a deceased member may waive current and future
9 rights to payments to which the beneficiary would otherwise be
10 entitled under section 97B.51, subsections 5 and 6, and this
11 section. Upon receipt of the waiver, the department shall pay
12 the amount designated to be received by that beneficiary to
13 the member's other surviving beneficiary or beneficiaries or
14 to the estate of the deceased member, as elected by the
15 beneficiary in the waiver. If the payments being waived are
16 payable to the member's estate and an estate is not probated,
17 the payments shall be paid to the deceased member's surviving
18 spouse, or if there is no surviving spouse, to the member's
19 heirs other than the beneficiary who waived the payments.

20 Sec. 47. Section 97B.52A, subsection 1, Code 1997, is
21 amended to read as follows:

22 1. ~~Effective January 1, 1995,~~ a member has a bona fide
23 retirement when the member terminates all employment covered
24 under the chapter or formerly covered under the chapter
25 pursuant to section 97B.42, files a completed application for
26 benefits form with the department, survives into the month for
27 which benefits are first payable, and meets the following
28 applicable requirement:

29 a. For a member whose first month of entitlement is prior
30 to July 1, 1998, the member does not return to covered
31 employment as defined in this chapter until the member has
32 qualified for no fewer than four calendar months of retirement
33 benefits.

34 b. For a member whose first month of entitlement is July
35 1998 or later, the member does not return to any employment

1 with a covered employer until the member has qualified for no
2 fewer than four calendar months of retirement benefits.

3 Sec. 48. Section 97B.52A, subsection 3, Code 1997, is
4 amended to read as follows:

5 3. A member whose first month of entitlement is before
6 July 1998 and who terminates covered employment but maintains
7 an employment relationship with an employer that made
8 contributions to the system on the member's behalf does not
9 have a bona fide retirement until all employment, including
10 employment which is not covered by this chapter, with such
11 employer is terminated for at least thirty days. In order to
12 receive retirement benefits, the member must file a completed
13 application for benefits form with the department before
14 returning to any employment with the same employer.

15 Sec. 49. Section 97B.53, subsection 1, Code 1997, is
16 amended to read as follows:

17 1. Upon the termination of employment with the employer
18 prior to retirement other than by death of a member, the
19 accumulated contributions by the member and, for a vested
20 member, the accumulated employer contributions for the vested
21 member at the date of the termination may be paid to the
22 member upon application, except as provided in subsections 2,
23 5, and 6. For the purpose of this subsection, the
24 "accumulated employer contributions" is an amount equal to the
25 total obtained as of any date, by accumulating each individual
26 contribution by the employer for the member with interest plus
27 interest dividends as provided in section 97B.70, for all
28 completed calendar years and for any completed calendar year
29 for which the interest dividend has not been declared and for
30 completed months of partially completed calendar years,
31 compounded as provided in section 97B.70 multiplied by a
32 fraction of years of service for that member as defined in
33 section 97B.49A, 97B.49B, or 97B.49C.

34 Sec. 50. Section 97B.53, subsection 2, Code 1997, is
35 amended to read as follows:

1 2. If a vested member's employment is terminated prior to
2 the member's retirement, other than by death, the member may
3 receive a monthly retirement allowance commencing on the first
4 day of the month in which the member attains the age of sixty-
5 five years, if the member is then alive, or, if the member so
6 elects in accordance with section 97B.47, commencing on the
7 first day of the month in which the member attains the age of
8 fifty-five or any month thereafter prior to the date the
9 member attains the age of sixty-five years, and continuing on
10 the first day of each month thereafter during the member's
11 lifetime, provided the member does not receive prior to the
12 date the member's retirement allowance is to commence a refund
13 of accumulated contributions under any of the provisions of
14 this chapter. The amount of each such monthly retirement
15 allowance shall be determined as provided in either section
16 97B-49 sections 97B.49A through 97B.49G, or in section 97B.50,
17 whichever is applicable.

18 Sec. 51. Section 97B.53, subsection 3, Code 1997, is
19 amended to read as follows:

20 3. The accumulated contributions account of a terminated,
21 vested member shall be credited with interest, including
22 interest dividends, in the manner provided in section 97B.70.
23 ~~Interest and interest dividends shall be credited to the~~
24 ~~accumulated contributions of members who terminate service and~~
25 ~~subsequently become vested in accordance with section 97B.70.~~

26 Sec. 52. Section 97B.53, subsection 6, Code 1997, is
27 amended to read as follows:

28 6. ~~A member who terminates employment before the member is~~
29 ~~vested and who does not claim and receive a refund of the~~
30 ~~member's accumulated contributions within ten years of the~~
31 ~~date of termination shall, if the member makes claim for a~~
32 ~~refund more than ten years after the date of termination, be~~
33 ~~required to submit proof satisfactory to the department of the~~
34 ~~member's entitlement to the refund. Interest and interest~~
35 ~~dividends on the accumulated contributions shall only be~~

1 ~~credited-if-provided-in-accordance-with-section-97B.70.--The~~
2 ~~department-is-under-no-obligation-to-maintain-the-accumulated~~
3 ~~contribution-accounts-of-such-former-members-for-more-than-ten~~
4 ~~years-after-their-dates-of-termination.~~ The system is under
5 no obligation to maintain the accumulated contribution account
6 of a member who terminates covered employment prior to
7 December 31, 1998, if the member was not vested at the time of
8 termination. A person who made contributions to the abolished
9 system, who is entitled to a refund in accordance with the
10 provisions of this chapter, and who has not claimed and
11 received such a refund prior to January 1, 1964, shall, if the
12 person makes a claim for refund after January 1, 1964, be
13 required to submit proof satisfactory to the department of the
14 person's entitlement to the refund. The department is under
15 no obligation to maintain the contribution accounts of such
16 persons after January 1, 1964.

17 Sec. 53. Section 97B.70, subsection 3, Code 1997, is
18 amended to read as follows:

19 3. Interest ~~and-interest-dividends~~ shall be credited to
20 the accumulated contributions accounts of active members, and
21 inactive vested members, and, effective January 1, 1999, to
22 inactive nonvested members, until the first-of-the-month
23 coinciding-with-or-next-following-the-member's-retirement-date
24 quarter prior to the quarter in which the member's first
25 retirement allowance is paid or in which the member is issued
26 a refund under section 97B.53, or in which a death benefit is
27 issued.

28 Sec. 54. Section 97B.70, subsection 4, Code 1997, is
29 amended to read as follows:

30 4. Interest Prior to January 1, 1999, interest and
31 interest dividends shall be credited to the accumulated
32 contributions account 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 returns to covered

1 employment. The Upon return to covered employment but prior
2 to January 1, 1999, interest and interest dividends shall be
3 credited to the accumulated contributions account of the
4 person commencing upon the date on which the person becomes-a
5 vested-member has covered wages.

6 ~~5. Interest and interest dividends shall cease upon the~~
7 ~~first of the month coinciding with or next following the~~
8 ~~person's retirement date.~~ If the department no longer
9 maintains the accumulated contribution account of the person
10 pursuant to ~~section 97B.53~~ this chapter, but the person
11 submits satisfactory proof to the department that the person
12 did make the contributions, the department shall credit
13 interest and interest dividends in the manner provided in this
14 subsection 4.

15 Sec. 55. Section 97B.72, Code 1997, is amended to read as
16 follows:

17 97B.72 MEMBERS OF GENERAL ASSEMBLY -- APPROPRIATION.

18 1. Persons who are members of the Seventy-first General
19 Assembly or a succeeding general assembly who submit proof to
20 the department of membership in the general assembly during
21 any period beginning July 4, 1953, may make contributions to
22 the system for all or a portion of the period of service in
23 the general assembly, and receive credit for the applicable
24 period for which contributions are made. ~~The contributions~~
25 ~~made by the member shall be equal to the accumulated~~
26 ~~contributions as defined in section 97B.417, subsection 2,~~
27 ~~which would have been made if the member of the general~~
28 ~~assembly had been a member of the system during the applicable~~
29 ~~period.~~ The proof of membership in the general assembly and
30 payment of accumulated contributions as provided by this
31 section shall be transmitted to the department. A member
32 making contributions pursuant to this section may make the
33 contributions either for the entire applicable period of
34 service, or for portions of the period of service, and if
35 contributions are made for portions of the period of service,

1 the contributions shall be in increments of one or more
2 calendar quarters.

3 2. The contributions required to be made for purposes of
4 this section shall be determined as follows:

5 a. For a member making contributions for a purchase of
6 additional service prior to July 1, 1999, the member shall
7 make contributions in an amount equal to the accumulated
8 contributions as defined in section 97B.41, subsection 2,
9 which would have been made if the member of the general
10 assembly had been a member of the system during the applicable
11 period of service in the general assembly. There is
12 appropriated from moneys available to the general assembly
13 under section 2.12 an amount sufficient to pay the
14 contributions pursuant to this paragraph, of the employer
15 based on the period of service for which the members have paid
16 accumulated contributions, in an amount equal to the
17 contributions which would have been made if the members of the
18 general assembly who made employee contributions had been
19 members of the system during the applicable period of service
20 in the general assembly, plus interest and interest dividends
21 at the rate provided in section 97B.70 for all completed
22 calendar years, and for any completed calendar year for which
23 the interest dividend has not been declared and for completed
24 months of partially completed calendar years, compounded as
25 provided in section 97B.70.

26 b. For a member making contributions for a purchase of
27 additional service on or after July 1, 1999, the member shall
28 make contributions in an amount equal to forty percent of the
29 actuarial cost of the service purchase. There is also
30 appropriated from moneys available to the general assembly
31 under section 2.12 an amount sufficient to pay sixty percent
32 of the actuarial cost of the service purchase by a member
33 pursuant to this paragraph. For purposes of this paragraph,
34 the actuarial cost of the service purchase is an amount
35 determined by the department in accordance with actuarial

1 tables, as reported to the department by the system's actuary,
2 which reflects the actuarial cost necessary to fund an
3 increased retirement allowance resulting from the purchase of
4 additional service.

5 3. However, the department shall ensure that the member,
6 in exercising an option provided in this section, does not
7 exceed the amount of annual additions to a member's account
8 permitted pursuant to section 415 of the federal Internal
9 Revenue Code.

10 Sec. 56. Section 97B.72A, Code 1997, is amended to read as
11 follows:

12 97B.72A FORMER LEGISLATIVE SERVICE -- APPROPRIATION.

13 1. A vested or retired member of the system who was a
14 member of the general assembly prior to July 1, 1988, may make
15 contributions to the system for all or a portion of the period
16 of service in the general assembly. ~~The contributions made by~~
17 ~~the member shall be equal to the accumulated contributions as~~
18 ~~defined in section 97B.41, subsection 2, which would have been~~
19 ~~made if the member of the general assembly had been a member~~
20 ~~of the system during the applicable period of service in the~~
21 ~~general assembly.~~ A member making contributions pursuant to
22 this section may make the contributions either for the entire
23 applicable period of service, or for portions of the period of
24 service, and if contributions are made for portions of the
25 period of service, the contributions shall be in increments of
26 one or more calendar quarters. The member of the system shall
27 submit proof to the department of membership in the general
28 assembly. The department shall credit the member with the
29 period of membership service for which contributions are made.

30 2. The contributions required to be made for purposes of
31 this section shall be determined as follows:

32 a. For a member making contributions for a purchase of
33 additional service prior to July 1, 1999, the contributions
34 made by the member shall be equal to the accumulated
35 contributions as defined in section 97B.41, subsection 2,

1 which would have been made if the member of the general
2 assembly had been a member of the system during the applicable
3 period of service in the general assembly. There is
4 appropriated from the general fund of the state to the
5 department an amount sufficient to pay the contributions of
6 the employer based on the period of service of members of the
7 general assembly for which the member paid accumulated
8 contributions under-this-section pursuant to this paragraph.
9 The amount appropriated is equal to the employer contributions
10 which would have been made if the members of the system who
11 made employee contributions had been members of the system
12 during the period for which they made employee contributions,
13 plus interest at the rate provided in section 97B.70 for each
14 year compounded as provided in section 97B.70.

15 b. For a member making contributions for a purchase of
16 additional service on or after July 1, 1999, the member shall
17 make contributions in an amount equal to forty percent of the
18 actuarial cost of the service purchase. There is also
19 appropriated from the general fund of the state to the
20 department an amount sufficient to pay sixty percent of the
21 actuarial cost of the service purchase by a member pursuant to
22 this paragraph. For purposes of this paragraph, the actuarial
23 cost of the service purchase is an amount determined by the
24 department in accordance with actuarial tables, as reported to
25 the department by the system's actuary, which reflects the
26 actuarial cost necessary to fund an increased retirement
27 allowance resulting from the purchase of additional service.

28 2- 3. However, the department shall ensure that the
29 member, in exercising an option provided in this section, does
30 not exceed the amount of annual additions to a member's
31 account permitted pursuant to section 415 of the federal
32 Internal Revenue Code.

33 Sec. 57. Section 97B.73, Code 1997, is amended to read as
34 follows:

35 97B.73 MEMBERS FROM OTHER PUBLIC SYSTEMS.

1 1. A vested or retired member who has one or more full
2 calendar years of covered wages who was in public employment
3 comparable to employment covered under this chapter in another
4 state or in the federal government, or who was a member of
5 another public retirement system in this state, including but
6 not limited to the teachers insurance annuity association-
7 college retirement equities fund, but who was not retired
8 under that system, upon submitting verification of membership
9 and service in the other public system to the department,
10 including proof that the member has no further claim upon a
11 retirement benefit from that other public system, may make
12 employer-and-employee contributions as provided by this
13 section to the system either for the entire period of service
14 in the other public system, or for partial service in the
15 other public system in increments of one or more calendar
16 quarters. If the member wishes to transfer only a portion of
17 the service value of another public system to this system and
18 the other public system allows a partial withdrawal of a
19 member's system credits, the member shall receive credit for
20 membership service in this system equivalent to the period of
21 service transferred from the other public system. The

22 2. The contributions required to be made for purposes of
23 this section shall be determined as follows:

24 a. For a member making contributions for a purchase of
25 additional service prior to July 1, 1999, the contribution
26 payable, representing both employee and employer
27 contributions, shall be based upon the member's covered wages
28 for the most recent full calendar year at the applicable rates
29 in effect for that calendar year under sections 97B.11,
30 97B.49B, 97B.49C, and 97B.49 97B.49G and multiplied by the
31 member's years of service in other public employment. If the
32 member's most recent covered wages were earned prior to the
33 most recent calendar year, the member's covered wages shall be
34 adjusted by the department by an inflation factor to reflect
35 changes in the economy since the covered wages were earned.

1 b. For a member making contributions for a purchase of
2 additional service on or after July 1, 1999, the member shall
3 make contributions in an amount equal to the actuarial cost of
4 the service purchase. For purposes of this paragraph, the
5 actuarial cost of the service purchase is an amount determined
6 by the department in accordance with actuarial tables, as
7 reported to the department by the system's actuary, which
8 reflects the actuarial cost necessary to fund an increased
9 retirement allowance resulting from the purchase of additional
10 service.

11 3. This section is applicable to a vested or retired
12 member who was a member of a public retirement system
13 established in sections 294.8, 294.9, and 294.10 but was not
14 retired under that system.

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

20 4. A member entitled to a benefit from another public
21 system must waive, on a form provided by the Iowa public
22 employees' retirement system, all rights to a retirement
23 benefit under the other public system before receiving credit
24 in this system for the years of service in the other public
25 system. The waiver must be accepted by the other public
26 system.

27 5. Effective July 1, 1988, a member eligible for an
28 increased retirement allowance because of the payment of
29 contributions under this section is entitled to receipt of
30 retroactive adjustment payments for no more than six months
31 immediately preceding the month in which ~~written notice was~~
32 ~~submitted to the department~~ the member pays contributions
33 under this section.

34 6. Effective July 1, 1998, a purchase of service made in
35 accordance with this section by a retired reemployed member

1 shall be applied to either the member's original retirement
2 allowance, or to the member's reemployment service, whichever
3 is more beneficial to the member. If applied to a member's
4 original retirement allowance, or to the member's reemployment
5 service after the retirement allowance payments for such
6 service begin, the member is eligible to receive retroactive
7 adjustment payments for no more than six months prior to
8 completion of the purchase.

9 7. However, the department shall ensure that the member,
10 in exercising an option provided in this section, does not
11 exceed the amount of annual additions to a member's account
12 permitted pursuant to section 415 of the federal Internal
13 Revenue Code.

14 Sec. 58. Section 97B.73A, Code 1997, is amended to read as
15 follows:

16 97B.73A PART-TIME COUNTY ATTORNEYS.

17 1. A part-time county attorney may elect in writing to the
18 department to make **employee** contributions to the system for
19 the county attorney's previous service as a county attorney
20 and receive credit for membership service in the system for
21 the applicable period of service as a part-time county
22 attorney for which employee contributions are made. ~~The~~
23 ~~contributions-paid-by-the-member-shall-be-equal-to-the~~
24 ~~accumulated-contributions,-as-defined-in-section-97B.417~~
25 ~~subsection-2,-for-the-applicable-period-of-membership-service-~~
26 A member making contributions pursuant to this section may
27 make the contributions either for the entire applicable period
28 of service, or for portions of the period of service, and if
29 contributions are made for portions of the period of service,
30 the contributions shall be in increments of one or more
31 calendar quarters.

32 2. The contributions required to be made for purposes of
33 this section shall be determined as follows:

34 a. For a member making contributions for a purchase of
35 additional service prior to July 1, 1999, the contributions

1 paid by the member shall be equal to the accumulated
2 contributions, as defined in section 97B.41, subsection 2, for
3 the applicable period of membership service. A member who
4 elects to make contributions ~~under this section~~ pursuant to
5 this paragraph shall notify the applicable county board of
6 supervisors of the member's election, and the county board of
7 supervisors shall pay to the department the employer
8 contributions that would have been contributed by the employer
9 under section 97B.11, plus interest on the contributions that
10 would have accrued if the county attorney had been a member of
11 the system for the applicable period of service.

12 b. For a member making contributions for a purchase of
13 additional service on or after July 1, 1999, the member shall
14 make contributions in an amount equal to forty percent of the
15 actuarial cost of the service purchase. Upon notification of
16 the applicable county board of supervisors of the member's
17 election, the county board of supervisors shall pay to the
18 department an amount sufficient to pay sixty percent of the
19 actuarial cost of the service purchase by a member pursuant to
20 this paragraph. For purposes of this paragraph, the actuarial
21 cost of the service purchase is an amount determined by the
22 department in accordance with actuarial tables, as reported to
23 the department by the system's actuary, which reflects the
24 actuarial cost necessary to fund an increased retirement
25 allowance resulting from the purchase of additional service.

26 3. Effective July 1, 1988, a member eligible for an
27 increased retirement allowance because of the payment of
28 contributions under this section is entitled to receipt of
29 retroactive adjustment payments for no more than six months
30 immediately preceding the month in which written notice was
31 submitted to the department.

32 4. However, the department shall ensure that the member,
33 in exercising an option provided in this section, does not
34 exceed the amount of annual additions to a member's account
35 permitted pursuant to section 415 of the federal Internal

1 Revenue Code.

2 Sec. 59. Section 97B.74, Code 1997, is amended to read as
3 follows:

4 97B.74 REINSTATEMENT AS A VESTED MEMBER (BUY-BACK).

5 1. A vested or retired member who was a member of the
6 system at any time on or after July 4, 1953, and who received
7 a refund of the member's contributions for that period of
8 membership service, may elect in writing to the department to
9 make contributions to the system for all or a portion of the
10 period of membership service for which a refund of
11 contributions was made, and receive credit for the period of
12 membership service for which contributions are made. The
13 ~~contributions repaid by the member for such service shall be~~
14 ~~equal to the accumulated contributions, as defined in section~~
15 ~~97B.41, subsection 2, received by the member for the~~
16 ~~applicable period of membership service, plus interest on the~~
17 ~~accumulated contributions for the applicable period, from the~~
18 ~~date of receipt by the member to the date of repayment, at the~~
19 ~~interest rate provided in section 97B.70 applicable for each~~
20 ~~year compounded as provided in section 97B.70.~~

21 A member making contributions pursuant to this section may
22 make the contributions either for the entire applicable period
23 of service, or for portions of the period of service, and if
24 contributions are made for portions of the period of service,
25 the contributions shall be in increments of one or more
26 calendar quarters.

27 2. The contributions required to be made for purposes of
28 this section shall be determined as follows:

29 a. For a member making contributions for a purchase of
30 additional service prior to July 1, 1999, the contributions to
31 be repaid by the member for such service shall be equal to the
32 accumulated contributions, as defined in section 97B.41,
33 subsection 2, received by the member for the applicable period
34 of membership service, plus interest on the accumulated
35 contributions for the applicable period, from the date of

1 receipt by the member to the date of repayment, at the
2 interest rate provided in section 97B.70 applicable for each
3 year compounded as provided in section 97B.70.

4 b. For a member making contributions for a purchase of
5 additional service on or after July 1, 1999, the member shall
6 make contributions in an amount equal to the actuarial cost of
7 the service purchase. For purposes of this paragraph, the
8 actuarial cost of the service purchase is an amount determined
9 by the department in accordance with actuarial tables, as
10 reported to the department by the system's actuary, which
11 reflects the actuarial cost necessary to fund an increased
12 retirement allowance resulting from the purchase of additional
13 service.

14 3. Effective July 1, 1988, a member eligible for an
15 increased retirement allowance because of the payment of
16 contributions under this section is entitled to receipt of
17 retroactive adjustment payments for no more than six months
18 immediately preceding the month in which written notice was
19 submitted to the department.

20 Sec. 60. Section 97B.80, Code Supplement 1997, is amended
21 to read as follows:

22 97B.80 VETERAN'S CREDIT.

23 1. Effective July 1, 1992, a vested or retired member, who
24 has one or more full calendar years of covered wages and who
25 at any time served on active duty in the armed forces of the
26 United States, upon submitting verification of the dates of
27 the active duty service, may make employer-and-employee
28 contributions to the system based-upon-the-member's-covered
29 wages-for-the-most-recent-full-calendar-year-in-which-the
30 member-had-reportable-wages-at-the-applicable-rates-in-effect
31 for-that-year-under-sections-97B-11-and-97B-49, for all or a
32 portion of the period of time of the active duty service, in
33 increments of one or more calendar quarters, and receive
34 credit for membership service and prior service for the period
35 of time for which the contributions are made.

1 2. The contributions required to be made for purposes of
2 this section shall be determined as follows:

3 a. For a member making contributions for a purchase of
4 additional service prior to July 1, 1999, the contributions to
5 be paid, representing both employer and employee
6 contributions, shall be based upon the member's covered wages
7 for the most recent full calendar year in which the member had
8 reportable wages at the applicable rates in effect for that
9 year under sections 97B.11, 97B.49B, 97B.49C, and 97B.49G. If
10 the member's most recent covered wages were earned prior to
11 the most recent calendar year, the member's covered wages
12 shall be adjusted by the department by an inflation factor to
13 reflect changes in the economy.

14 b. For a member making contributions for a purchase of
15 additional service on or after July 1, 1999, the member shall
16 make contributions in an amount equal to the actuarial cost of
17 the service purchase. For purposes of this paragraph, the
18 actuarial cost of the service purchase is an amount determined
19 by the department in accordance with actuarial tables, as
20 reported to the department by the system's actuary, which
21 reflects the actuarial cost necessary to fund an increased
22 retirement allowance resulting from the purchase of additional
23 service.

24 3. The department shall adjust benefits for a six-month
25 period prior to the date the member pays contributions under
26 this section if the member is receiving a retirement allowance
27 at the time the contribution payment is made. Verification of
28 active duty service and payment of contributions shall be made
29 to the department. However, a member is not eligible to make
30 contributions under this section if the member is receiving,
31 is eligible to receive, or may in the future be eligible to
32 receive retirement pay from the United States government for
33 active duty in the armed forces, except for retirement pay
34 granted by the United States government under retired pay for
35 nonregular service pursuant to 10 U.S.C. § 12731--12739. A

1 member receiving retired pay for nonregular service who makes
2 contributions under this section shall provide information
3 required by the department documenting time periods covered
4 under retired pay for nonregular service.

5 ~~Notwithstanding any provision of this section to the~~
6 ~~contrary, effective July 1, 1994, a vested or retired member~~
7 ~~must have membership service within the current calendar year~~
8 ~~in order to make contributions in any manner provided by this~~
9 ~~section.~~

10 4. Effective July 1, 1998, a purchase of service made in
11 accordance with this section by a retired reemployed member
12 shall be applied to either the member's original retirement
13 allowance, or to the member's reemployment service, whichever
14 is more beneficial to the member. If applied to the member's
15 original retirement allowance, or to the member's reemployment
16 service after the retirement allowance payments for such
17 service begin, the member is eligible to receive retroactive
18 adjustment payments for no more than six months prior to
19 completion of the purchase.

20 5. However, the department shall ensure that the member,
21 in exercising an option provided in this section, does not
22 exceed the amount of annual additions to a member's account
23 permitted pursuant to section 415 of the federal Internal
24 Revenue Code.

25 Sec. 61. NEW SECTION. 97B.81 LEAVES OF ABSENCE.

26 1. A vested member on an approved leave of absence which
27 does not constitute service as defined in section 97B.1A,
28 subsection 19, which is granted on or after July 1, 1998, may
29 make contributions to the system for all or a portion of the
30 leave of absence, and shall receive service credit for the
31 period of time for which the contributions are made.

32 2. The contributions required to be made for purposes of
33 this section shall be determined as follows:

34 a. For a member making contributions for a purchase of
35 additional service prior to July 1, 1999, the contributions to

1 be paid, representing both employer and employee
2 contributions, shall be based upon the member's covered wages
3 for the most recent full calendar year in which the member had
4 covered wages at the applicable rates in effect for that
5 calendar year under sections 97B.11, 97B.49B, 97B.49C, and
6 97B.49G. If the member's most recent covered wages were
7 earned prior to the most recent calendar year, the member's
8 covered wages shall be adjusted by the department by an
9 inflation factor to reflect changes in the economy.

10 b. For a member making contributions for a purchase of
11 additional service on or after July 1, 1999, the member shall
12 make contributions in an amount equal to the actuarial cost of
13 the service purchase. For purposes of this paragraph, the
14 actuarial cost of the service purchase is an amount determined
15 by the department in accordance with actuarial tables, as
16 reported to the department by the system's actuary, which
17 reflects the actuarial cost necessary to fund an increased
18 retirement allowance resulting from the purchase of additional
19 service.

20 3. A member shall not be entitled to purchase the service
21 credit, however, if the member is entitled to receive a
22 retirement benefit from another public retirement system for
23 the same period of time. A member entitled to a benefit from
24 another public system must waive, on a form provided by the
25 Iowa public employees' retirement system, all rights to a
26 retirement benefit under the other public system before
27 receiving credit in this system for any period of service in
28 the other public system. The waiver must be accepted by the
29 other public system.

30 4. However, the department shall ensure that the member,
31 in exercising an option provided by this section, does not
32 exceed the amount of annual additions to a member's account
33 permitted pursuant to section 415 of the federal Internal
34 Revenue Code.

35 Sec. 62. Section 97D.3, subsection 2, Code 1997, is

1 amended to read as follows:

2 2. Upon a favorable vote in the referendum and
3 notwithstanding sections 97A.3 and 411.3, all persons newly
4 hired as peace officers, as defined in section 97A.1, police
5 officers, and fire fighters after July 1, 1991, shall be
6 members of the Iowa public employees' retirement system under
7 chapter 97B, rather than members of retirement systems under
8 chapters 97A and 411. Such members shall have federal social
9 security coverage in addition to coverage under the Iowa
10 public employees' retirement system and shall have the same
11 benefits as county sheriffs and deputy sheriffs under section
12 ~~97B.497-subsection-167-paragraph-"b"~~ 97B.49C or 97B.49G, as
13 applicable.

14 Sec. 63. Section 509A.13A, subsection 1, paragraph b,
15 subparagraph (2), Code 1997, is amended to read as follows:

16 (2) The eligible retired state employee has received
17 retirement benefits under the retirement system established in
18 chapter 97B based upon any of the following:

19 (a) Meeting the requirements for receiving retirement
20 benefits pursuant to chapter 97B ~~based-upon~~ and, at the time
21 of retirement, having attained at least ~~sixty-two~~ fifty-five
22 years of age and ~~upon~~ having completed at least ~~thirty~~ twenty
23 years of membership service.

24 (b) Meeting the requirements for receiving benefits under
25 section ~~97B.497-subsection-16~~ 97B.49B, 97B.49C, or 97B.49G,
26 subsections 10 and 11, without a reduction for years of
27 service ~~pursuant-to-section-97B.497-subsection-167-paragraph~~
28 "c".

29 Sec. 64. Section 602.1611, subsection 3, Code 1997, is
30 amended to read as follows:

31 3. Magistrates ~~may-elect-to~~ shall be members of the Iowa
32 public employees' retirement system ~~upon-filing-in-writing~~
33 ~~with-the-department-of-personnel~~ unless the magistrate elects
34 out of coverage under the Iowa public employees' retirement
35 system as provided in section ~~97B.417-subsection-87-paragraph~~

1 "~~b7~~"-subparagraph-(8) 97B.42A.

2 Sec. 65. Section 602.11115, subsection 2, Code 1997, is
3 amended to read as follows:

4 2. To commence coverage under the judicial retirement
5 system pursuant to article 9, part 1, effective July 1, 1984,
6 but to become an inactive member of the Iowa public employees'
7 retirement system pursuant to chapter 97B and remain eligible
8 for benefits under ~~section-97B-49~~ sections 97B.49A through
9 97B.49H for the period of membership service under chapter
10 97B.

11 Sec. 66. Section 724.6, subsection 2, Code 1997, is
12 amended to read as follows:

13 2. Notwithstanding subsection 1, fire fighters, as defined
14 in section 411.1, subsection 9, airport fire fighters included
15 under section ~~97B-497-subsection-167-paragraph-"b"~~,
16 subparagraph-(2) 97B.49C, emergency rescue technicians, and
17 emergency medical care providers, as defined in section
18 147A.1, shall not, as a condition of employment, be required
19 to obtain a permit under this section. However, the
20 provisions of this subsection shall not apply to a person
21 designated as an arson investigator by the chief fire officer
22 of a political subdivision.

23 Sec. 67. Sections 97B.12 and 97B.20, Code 1997, are
24 repealed.

25 Sec. 68. Section 97B.49, Code Supplement 1997, is
26 repealed.

27 Sec. 69. EFFECTIVE DATE -- APPLICABILITY. Section 14,
28 amending section 97B.41, subsection 8, is effective January 1,
29 1999, and is applicable to persons hired on and after that
30 date.

31 Sec. 70. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY.
32 Section 63 of this Act, amending section 509A.13A, subsection
33 1, paragraph "b", being deemed of immediate importance, takes
34 effect upon enactment and is retroactively applicable to July
35 1, 1994, and is applicable on and after that date.

1 Sec. 71. IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM --
2 ELIGIBILITY FOR RETIREMENT ALLOWANCE.

3 1. Notwithstanding any provision of chapter 97B to the
4 contrary, a person designated by an eligible member of the
5 Iowa public employees' retirement system as a contingent
6 annuitant eligible to receive an optional allowance pursuant
7 to Iowa Code section 97B.51 but who did not receive an
8 allowance as a contingent annuitant pursuant to the
9 requirements of section 97B.51 (Code 1993) shall be entitled
10 to receive an optional allowance and an applicable lump-sum
11 payment pursuant to that election commencing with the first
12 month following a determination by the Iowa public employees'
13 retirement system that the requirements of this section are
14 met. For purposes of this section, "an applicable lump-sum
15 payment" means an amount representing the monthly allowances
16 that would have been paid had the person designated as a
17 contingent annuitant been eligible to receive an optional
18 allowance immediately following the death of the eligible
19 member.

20 2. For purposes of this section, an eligible member of the
21 Iowa public employees' retirement system means a member who
22 meets all of the following requirements:

23 a. The member submitted a valid application for retirement
24 benefits between November 1, 1993, and January 1, 1995.

25 b. The member was otherwise eligible to receive a
26 retirement allowance pursuant to section 97B.51, subsection 1,
27 Code 1993, but died prior to the department of personnel
28 issuing payment of the member's first retirement allowance.

29 c. The member survived into the month for which the
30 member's first retirement allowance would have been payable.

31 3. The person designated as a contingent annuitant shall
32 file a valid application with the Iowa public employees'
33 retirement system for an allowance pursuant to this section
34 prior to June 30, 1999.

35 4. A person designated as a contingent annuitant who

1 elects to receive an allowance pursuant to this section shall,
2 prior to receiving an allowance pursuant to this section, make
3 arrangements with the Iowa public employees' retirement system
4 to repay any death benefits paid by the system to the person.

5 Sec. 72. CODE EDITOR DIRECTIVES. The Code editor is
6 directed to renumber Iowa Code section 97B.41 to Iowa Code
7 section 97B.1A. Sections 97A.3, 97B.1, 97B.42B, 97B.43,
8 97B.66, 97B.68, 97B.72, 97B.72A, 97B.73A, 97B.74, 411.3,
9 411.30, and 602.11115, Code 1997, are amended by striking from
10 the sections the reference "97B.41" and inserting in lieu
11 thereof the reference "97B.1A".

12 Sec. 73. STUDY OF STATEWIDE DEFERRED COMPENSATION PROGRAM.
13 The Iowa public employees' retirement system division shall
14 continue its study of the possible establishment of a
15 statewide deferred compensation plan for active members of the
16 Iowa public employees' retirement system. In conducting its
17 study, the division shall seek input, through surveys or other
18 similar methods, from affected employees and employers
19 concerning the establishment of a statewide deferred
20 compensation plan to be administered by the Iowa public
21 employees' retirement system division. The division shall
22 submit a report concerning the results of its study to the
23 general assembly on or before January 1, 1999, and shall
24 include its findings and recommendations.

25 DIVISION III

26 STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM

27 Sec. 74. Section 411.6, subsection 2, paragraph d,
28 subparagraph (3), Code 1997, is amended to read as follows:

29 (3) For a member who terminates service, other than by
30 death or disability, on or after October 16, 1992, but before
31 July 1, 1998, and who does not withdraw the member's
32 contributions pursuant to section 411.23, upon the member's
33 retirement there shall be added six-tenths percent of the
34 member's average final compensation for each year of service
35 over twenty-two years. However, this subparagraph does not

1 apply to more than eight additional years of service.

2 Sec. 75. Section 411.6, subsection 2, paragraph d, Code
3 1997, is amended by adding the following new subparagraph:

4 NEW SUBPARAGRAPH. (4) For a member who terminates
5 service, other than by death or disability, on or after July
6 1, 1998, and who does not withdraw the member's contributions
7 pursuant to section 411.23, upon the member's retirement there
8 shall be added one and one-half percent of the member's
9 average final compensation for each year of service over
10 twenty-two years. However, this subparagraph does not apply
11 to more than eight additional years of service.

12 Sec. 76. Section 411.6, subsection 4, Code 1997, is
13 amended to read as follows:

14 4. ALLOWANCE ON ORDINARY DISABILITY RETIREMENT.

15 a. Upon retirement for ordinary disability prior to July
16 1, 1998, a member shall receive an ordinary disability
17 retirement allowance which shall consist of a pension which
18 shall equal fifty percent of the member's average final
19 compensation unless either of the following conditions exist:

20 a- (1) If the member has not had five or more years of
21 membership service the member shall receive a pension equal to
22 one-fourth of the member's average final compensation.

23 b- (2) If the member has had twenty-two or more years of
24 membership service, the member shall receive a disability
25 retirement allowance that is equal to the greater of the
26 benefit that the member would receive under subsection 2 if
27 the member were fifty-five years of age or the disability
28 pension otherwise calculated under this subsection.

29 b. Upon retirement for ordinary disability on or after
30 July 1, 1998, a member who has five or more years of
31 membership service shall receive a disability retirement
32 allowance in an amount equal to the greater of fifty percent
33 of the member's average final compensation or the retirement
34 allowance that the member would receive under subsection 2 if
35 the member had attained fifty-five years of age. A member who

1 has less than five years of membership service shall receive a
2 pension equal to one-fourth of the member's average final
3 compensation.

4 Sec. 77. Section 411.6, subsection 6, paragraph b, Code
5 1997, is amended to read as follows:

6 b. Upon retirement for accidental disability on or after
7 July 1, 1990, but before July 1, 1998, a member shall receive
8 an accidental disability retirement allowance which shall
9 consist of a pension equal to sixty percent of the member's
10 average final compensation. However, if the member has had
11 twenty-two or more years of membership service, the member
12 shall receive a disability retirement allowance that is equal
13 to the greater of the retirement allowance that the member
14 would receive under subsection 2 if the member was fifty-five
15 years of age or the disability retirement allowance calculated
16 under this paragraph.

17 Sec. 78. Section 411.6, subsection 6, Code 1997, is
18 amended by adding the following new paragraph:

19 NEW PARAGRAPH. c. Upon retirement for accidental
20 disability on or after July 1, 1998, a member shall receive an
21 accidental disability retirement allowance which shall consist
22 of a pension in an amount equal to the greater of sixty
23 percent of the member's average final compensation or the
24 retirement allowance that the member would receive under
25 subsection 2 if the member has attained fifty-five years of
26 age.

27 Sec. 79. Section 411.6, subsection 7, paragraph a,
28 unnumbered paragraph 1, Code 1997, is amended to read as
29 follows:

30 Should any beneficiary for either ordinary or accidental
31 disability, except a beneficiary who is fifty-five years of
32 age or over and would have completed twenty-two years of
33 service if the beneficiary had remained in active service, be
34 engaged in a gainful occupation paying more than the
35 difference between the member's net retirement allowance and

1 one and one-half times the earnable compensation of an active
2 member at the same position on the salary scale within the
3 member's rank as the member held at retirement, then the
4 amount of the member's retirement allowance shall be reduced
5 to an amount ~~which-together-with~~ such that the member's net
6 retirement allowance plus the amount earned by the member
7 shall equal one and one-half times the amount of the current
8 earnable compensation of an active member at the same position
9 on the salary scale within the member's rank as the member
10 held at retirement. Should the member's earning capacity be
11 later changed, the amount of the member's retirement allowance
12 may be further modified, provided that the new retirement
13 allowance shall not exceed the amount of the retirement
14 allowance adjusted by annual readjustments of pensions
15 pursuant to subsection 12 of this section nor an amount which
16 would cause the member's net retirement allowance, when added
17 to the amount earned by the beneficiary, ~~equals~~ to equal one
18 and one-half times the amount of the earnable compensation of
19 an active member at the same position on the salary scale
20 within the member's rank as the member held at retirement. A
21 beneficiary restored to active service at a salary less than
22 the average final compensation upon the basis of which the
23 member was retired at age fifty-five or greater, shall not
24 again become a member of the retirement system and shall have
25 the member's retirement allowance suspended while in active
26 service. If the rank or position held by the retired member
27 is subsequently abolished, adjustments to the allowable limit
28 on the amount of income which can be earned in a gainful
29 occupation shall be computed by the board of trustees as
30 though such rank or position had not been abolished and salary
31 increases had been granted to such rank or position on the
32 same basis as increases granted to other ranks and positions
33 in the department. For purposes of this paragraph, "net
34 retirement allowance" means the amount determined by
35 subtracting the amount paid during the previous calendar year

1 by the beneficiary for health insurance or similar health care
2 coverage for the beneficiary and the beneficiary's dependents
3 from the amount of the member's retirement allowance paid for
4 that year pursuant to this chapter. The beneficiary shall
5 submit sufficient documentation to the system to permit the
6 system to determine the member's net retirement allowance for
7 the applicable year.

8 Sec. 80. Section 411.6, subsection 10, Code 1997, is
9 amended to read as follows:

10 10. Pensions offset by compensation benefits. Any amounts
11 which may be paid or payable by the said cities under the
12 provisions of any workers' compensation or similar law to a
13 member or to the dependents of a member on account of any
14 disability or death, shall be offset against and payable in
15 lieu of any benefits payable under the provisions of this
16 chapter on account of the same disability or death. In
17 addition, any amounts payable to a member as unemployment
18 compensation under the provisions of chapter 96 based on
19 unemployment from membership service for a member receiving an
20 ordinary disability benefit or an accidental disability
21 benefit pursuant to this chapter shall be offset against and
22 payable in lieu of any benefits payable under the provisions
23 of this chapter for an ordinary disability or an accidental
24 disability.

25 Sec. 81. Section 411.9, Code 1997, is amended to read as
26 follows:

27 411.9 MILITARY SERVICE EXCEPTIONS.

28 1. A member who is absent while serving in the armed
29 services of the United States or its allies and is discharged
30 or separated from the armed services under honorable
31 conditions shall have the period or periods of absence while
32 serving in the armed services, not in excess of four years
33 unless any period in excess of four years is at the request
34 and for the convenience of the federal government, included as
35 part of the member's period of service in the department. The

1 member shall not continue the contributions required of the
2 member under section 411.8 during the period of military
3 service, if the member, within one year after the member has
4 been discharged or separated under honorable conditions from
5 military service, returns and resumes duties in the
6 department, and if the member is declared physically capable
7 of resuming duties upon examination by the medical board. A
8 period of absence may exceed four years at the request and for
9 the convenience of the federal government.

10 2. Notwithstanding any provisions of this chapter to the
11 contrary, contributions, benefits, and service credit with
12 respect to qualified military service shall be provided in
13 accordance with section 414(u) of the federal Internal Revenue
14 Code.

15 Sec. 82. Section 411.22, subsection 1, unnumbered
16 paragraph 1, Code 1997, is amended to read as follows:

17 If a member receives an injury for which benefits are
18 payable under section 411.6, subsection 3 or 5, or section
19 411.15 and if the injury is caused under circumstances
20 creating a legal liability for damages against a third party
21 other than the retirement system, the member or the member's
22 legal representative may maintain an action for damages
23 against the third party. If a member or a member's legal
24 representative commences such an action, the plaintiff member
25 or representative shall serve a copy of the original notice
26 upon the retirement system not less than ten days before the
27 trial of the action, but a failure to serve the notice does
28 not prejudice the rights of the retirement system, and the
29 following rights and duties ensue:

30 Sec. 83. Section 411.22, subsection 3, Code 1997, is
31 amended to read as follows:

32 3. Before a settlement is effective between a the
33 retirement system and a third party who is liable for an
34 injury, the member must consent in writing to the settlement;
35 and if the settlement is between the member and a third party,

1 the retirement system must consent in writing to the
2 settlement; or on refusal to consent, in either case, the
3 district court in the county in which either the city and or
4 the retirement system are is located must consent in writing
5 to the settlement.

6 Sec. 84. NEW SECTION. 411.24 PAYMENT TO REPRESENTATIVE
7 PAYEE.

8 1. ADULTS. When it appears to the system that the
9 interest of an applicant entitled to a payment would be
10 served, certification of payment may be made, regardless of
11 the legal competence or incompetence of the individual
12 entitled to the payment, either for direct payment to the
13 applicant, or for the applicant's use and benefit to a
14 representative of an applicant. Payments under this section
15 shall be made in accordance with rules adopted by the board.

16 2. MINORS. Payments on behalf of minors shall be made in
17 accordance with rules adopted by the board.

18 3. FINALITY. Any payments made under the provisions of
19 this section shall be a complete settlement and satisfaction
20 of any claim, right, or interest in and to such payment.

21 Sec. 85. Section 411.36, subsection 1, paragraph c, Code
22 1997, is amended to read as follows:

23 c. ~~The city treasurers of~~ A city treasurer, city financial
24 officer, or city clerk involved with the financial matters of
25 the city from four participating cities, one of whom is from a
26 city having a population of less than forty thousand, and
27 three of whom are from cities having a population of forty
28 thousand or more. The city-treasurers members authorized
29 pursuant to this paragraph shall be appointed by the governing
30 body of the Iowa league of cities.

31 Sec. 86. APPLICABILITY. Section 79 of this Act, amending
32 section 411.6, subsection 7, paragraph "a", is applicable to
33 amounts earned by a beneficiary after December 31, 1997.

34 DIVISION IV
35 JUDICIAL RETIREMENT SYSTEM

1 Sec. 87. Section 602.1611, Code 1997, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 4. Commencing July 1, 1998, associate
4 juvenile judges and associate probate judges, who are
5 appointed on a full-time basis, are members of the judicial
6 retirement system established in article 9, part 1, and are
7 not members of the public employees' retirement system
8 established in chapter 97B, except as provided in section
9 602.11116.

10 Sec. 88. Section 602.9107, subsection 1, Code 1997, is
11 amended to read as follows:

12 1. The annual annuity of a judge under this system is an
13 amount equal to three percent of the judge's average annual
14 basic salary for the judge's last three years as a judge of
15 one or more of the courts included in this article, multiplied
16 by the judge's years of service as a judge of one or more of
17 the courts for which contributions were made to the system.
18 However, an annual annuity shall not exceed an amount equal to
19 fifty-percent a specified percentage of the basic annual
20 salary which the judge is receiving at the time the judge
21 becomes separated from service. Forfeitures shall not be used
22 to increase the annuities a judge or survivor would otherwise
23 receive under the system.

24 For judges who retire and receive an annuity prior to July
25 1, 1998, the specified percentage shall be fifty percent.

26 For judges who retire and receive an annuity on or after
27 July 1, 1998, the specified percentage shall be fifty-two
28 percent.

29 Sec. 89. NEW SECTION. 602.9107B MINIMUM ANNUITY BENEFIT.

30 A judge, or a survivor of a judge, who retired before July
31 1, 1977, and who is receiving an annuity pursuant to this
32 article, shall, commencing with an annuity paid on or after
33 July 1, 1998, be paid a minimum monthly annuity payment of
34 five hundred dollars.

35 Sec. 90. NEW SECTION. 602.11116 ASSOCIATE JUVENILE

1 JUDGES AND ASSOCIATE PROBATE JUDGES -- RETIREMENT.

2 If a full-time associate juvenile judge or full-time
3 associate probate judge is a member of the Iowa public
4 employees' retirement system on June 30, 1998, the associate
5 juvenile judge or associate probate judge shall elect, by
6 informing the state court administrator by June 30, 1998, one
7 of the following retirement benefit options to be effective
8 July 1, 1998:

9 1. To remain a member under the Iowa public employees'
10 retirement system pursuant to chapter 97B.

11 2. To commence membership under the judicial retirement
12 system pursuant to article 9, part 1, effective July 1, 1998,
13 but to become an inactive member of the Iowa public employees'
14 retirement system pursuant to chapter 97B and remain eligible
15 for benefits under sections 97B.49A through 97B.49H, as
16 applicable, for the period of membership service under chapter
17 97B.

18 3. To commence membership under the judicial retirement
19 system pursuant to article 9, part 1, retroactive to the date
20 the associate juvenile judge or associate probate judge became
21 an associate juvenile judge or associate probate judge, and to
22 cease to be a member of the Iowa public employees' retirement
23 system, effective July 1, 1998. The department of personnel
24 shall transmit by January 1, 1999, to the state court
25 administrator for deposit in the judicial retirement fund the
26 associate juvenile judge's or associate probate judge's
27 accumulated contributions as defined in section 97B.41,
28 subsection 2, for the judge's period of membership service as
29 an associate juvenile judge or associate probate judge.
30 Before July 1, 2000, or at retirement previous to that date,
31 an associate juvenile judge or associate probate judge who
32 becomes a member of the judicial retirement system pursuant to
33 this subsection shall contribute to the judicial retirement
34 fund an amount equal to the difference between four percent of
35 the associate juvenile judge's or associate probate judge's

1 total salary received for the entire period of service before
2 July 1, 1998, as an associate juvenile judge or associate
3 probate judge, and the associate juvenile judge's or associate
4 probate judge's accumulated contributions transmitted by the
5 department of personnel to the state court administrator
6 pursuant to this subsection. The associate juvenile judge's
7 or associate probate judge's contribution shall not be limited
8 to the amount specified in section 602.9104, subsection 1.
9 The state court administrator shall credit an associate
10 juvenile judge or associate probate judge with service under
11 the judicial retirement system for the period of service for
12 which contributions at the four percent level are made.

13 Sec. 91. EFFECTIVE DATE. Sections 87 and 90 of this Act,
14 being deemed of immediate importance, take effect upon
15 enactment.

16 Sec. 92. JUDICIAL RETIREMENT SYSTEM -- LEGISLATIVE INTENT.
17 It is the intent of the general assembly that the specified
18 maximum percentage multiplier for purposes of calculating a
19 retirement annuity for a judge pursuant to section 602.9107 be
20 increased in the manner provided in this section. The maximum
21 percentage multiplier shall be increased beyond fifty-two
22 percent in increments of not more than two percentage points
23 every two years based upon whether the most recent actuarial
24 valuation of the system indicates that the system can afford
25 the increase. The maximum percentage multiplier shall not
26 exceed sixty percent.

27 DIVISION V

28 GENERAL PROVISIONS

29 Sec. 93. Section 97D.1, subsection 1, Code 1997, is
30 amended by adding the following new paragraph:

31 NEW PARAGRAPH. f. Avoid enacting further benefit
32 enhancements that fail to preserve or enhance
33 intergenerational equity amongst all employees covered by the
34 retirement system.

35 Sec. 94. COMPREHENSIVE EXAMINATION OF PLAN DESIGN --

1 PUBLIC SAFETY PEACE OFFICERS' RETIREMENT, ACCIDENT, AND
2 DISABILITY SYSTEM, THE STATEWIDE FIRE AND POLICE RETIREMENT
3 SYSTEM, AND MEMBERS OF SPECIAL CLASSIFICATIONS WITHIN THE IOWA
4 PUBLIC EMPLOYEES' RETIREMENT SYSTEM -- REPORT.

5 1. The chief benefits officer of the Iowa public
6 employees' retirement system, the executive director of the
7 statewide fire and police retirement system, and the director
8 of the financial division of the department of public safety
9 for the public safety peace officers' retirement, accident,
10 and disability system, hereafter "the systems'
11 representatives", shall coordinate, in consultation with the
12 public retirement systems committee established pursuant to
13 section 97D.4, a comprehensive examination of the plan designs
14 concerning the public retirement systems established in
15 chapter 97A, chapter 411, and the provisions of chapter 97B
16 governing special classifications, pursuant to the principles
17 established in chapter 97D, and make recommendations
18 concerning plan design improvement for each of the retirement
19 systems.

20 2. In coordinating and conducting the examination required
21 by this section, the systems' representatives shall consult,
22 and make periodic reports to, the public retirement systems
23 committee. In addition, the systems' representatives shall
24 hire, subject to the prior approval of the public retirement
25 systems committee, a consultant to facilitate the conducting
26 of the examination.

27 3. In conducting the examination, the systems'
28 representatives shall consider and examine, but not be limited
29 to, the following:

30 a. Consideration of appropriate benefit enhancements to
31 each retirement system, including the necessity of
32 establishing enhanced disability benefits for members of the
33 special classifications under the Iowa public employees'
34 retirement system. Consideration of benefit enhancements
35 shall take into account the applicability of federal social

1 security benefits for members of certain retirement systems
2 under examination.

3 b. Consideration of establishing a benefit structure
4 pertaining to each retirement system under examination, which
5 takes into account the applicability or inapplicability of
6 federal social security contributions and benefits for the
7 members of each applicable retirement system, and which
8 provides comparable and equitable benefits for members of each
9 system upon retirement. In addition, the examination shall
10 include consideration of transferring certain groups of
11 employees from one system to another.

12 c. Review of the functions of each retirement system under
13 examination and consideration of how to perform those
14 functions in an efficient manner that meets the needs of the
15 members of each retirement system.

16 d. Establishment of equitable contribution rates for both
17 employers and employees, including consideration of the
18 mechanism to establish the contribution rates.

19 e. Consideration of establishing a uniform actuarial
20 reporting method for all retirement systems under
21 consideration to assist the public retirement systems
22 committee in examining the relative financial condition of
23 each retirement system.

24 f. Consideration of the member service needs of both
25 active and retired members of each retirement system under
26 examination shall be made in examining each item for
27 consideration in this subsection.

28 g. Consideration of any applicable federal and state legal
29 requirements concerning public retirement systems, to include
30 consideration of the obligations currently established for
31 qualified plans under the federal Internal Revenue Code.

32 4. In conducting the examination, the systems'
33 representatives shall solicit written comments on the results
34 of the examination from active and retired members of each of
35 the retirement systems subject to the comprehensive

1 examination.

2 5. On or before September 1, 2000, the systems'
3 representatives shall file a report with the legislative
4 service bureau, for distribution to the public retirement
5 systems committee, which contains the results of the
6 comprehensive examination and any proposal, or proposals, for
7 improving the plan design of any or all of the public
8 retirement systems examined pursuant to this section. The
9 report shall include discussion and recommendations concerning
10 the items for consideration listed in subsection 3 and shall,
11 at a minimum, include specific recommendations concerning the
12 providing of enhanced disability benefits for members of the
13 special classifications under the Iowa public employees'
14 retirement system.

15 EXPLANATION

16 This bill makes numerous changes to public retirement
17 systems, including the public safety peace officers'
18 retirement, accident, and disability system, the Iowa public
19 employees' retirement system, the statewide fire and police
20 retirement system, and the judicial retirement system. This
21 bill may include a state mandate as defined in section 25B.3.
22 The state mandate funding requirement in section 25B.2,
23 however, does not apply to public employee retirement systems.
24 The changes to each public retirement system are as
25 follows:

26 PUBLIC SAFETY PEACE OFFICERS' RETIREMENT, ACCIDENT,
27 AND DISABILITY SYSTEM

28 Code section 97A.6, subsection 2, paragraph "d", is amended
29 to increase, from eight to 10 years, the maximum number of
30 years to which the 1.5 percent credit is applied to establish
31 the additional benefit for members for each additional year of
32 service in the system over 22 years of service for members
33 terminating service on or after July 1, 1998.

34 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

35 Code section 97B.8 is amended to permit the IPERS

1 investment board to hold a closed session to discuss financial
2 matters that might cause a loss to the system or to the
3 provider of the information.

4 Code section 97B.9 is amended to provide that if
5 contributions are underpaid, the employee and employer are
6 responsible for their share of the underpaid contributions and
7 the employer is also responsible for any interest due on the
8 total of the underpaid contributions.

9 Code section 97B.10 is amended to provide that the
10 department of personnel can pay interest on the return of
11 contributions overpaid by an employer or employee if it is
12 just and equitable. In addition, the department is required
13 to pay interest if the overpaid contributions result from the
14 payment of contributions prior to a valid election by an
15 employee not to be covered under IPERS.

16 Code section 97B.17 is amended to provide that financial
17 information relating to the investment of the IPERS fund can
18 be considered confidential records if the release of the
19 information could result in a loss to the system or to the
20 provider of the information.

21 Code section 97B.19 is amended to eliminate the current
22 six-month limitation on the ability to correct the wage
23 records of an IPERS-covered employee.

24 Code section 97B.40 is amended to provide that the
25 unauthorized use of a security device, such as a PIN number,
26 for purposes of accessing information from IPERS constitutes a
27 fraudulent practice.

28 Code section 97B.41, subsection 8, concerning the
29 definition of an employee under IPERS is amended. The bill
30 provides that those groups of employees who currently are not
31 members of IPERS unless they elect coverage within, generally,
32 60 days of employment will, commencing with employees hired on
33 or after January 1, 1999, be members of IPERS unless they
34 already are covered by another retirement system or
35 affirmatively elect not to be covered pursuant to Code section

1 97B.42A. Code section 97B.42A is amended to reflect this
2 change and provides that an election to not be covered shall
3 be made within 60 days of employment. Amended Code section
4 97B.42A further provides that those employees who failed to
5 elect coverage under IPERS pursuant to current law, and who
6 are not in a different public retirement system, will become
7 members of IPERS on January 1, 1999, with the ability to elect
8 not to be covered under IPERS by January 1, 2000. Amended
9 Code section 97B.42A further provides that individuals in a
10 position described in new Code section 97B.41, subsection 8,
11 paragraph "a", who became members of IPERS previously and
12 individuals who become members of IPERS on January 1, 1999,
13 and who do not elect to not be covered under IPERS, are given
14 the opportunity to purchase IPERS service credit for service
15 in that position prior to January 1, 1999, which was not
16 membership service.

17 Code section 97B.41, subsection 19, concerning the
18 definition of service is amended. The change provides that
19 service, with only a few exceptions, includes only service in
20 which an employee is paid covered wages. The amendment
21 provides exceptions to the requirement of having to have paid
22 service in order to constitute service under IPERS relating to
23 military service, unpaid leave taken as a result of the
24 federal Family and Medical Leave Act or other similar leave,
25 and unpaid seasonal breaks for employees of school
26 corporations and educational institutions in which the
27 employee returns to a school corporation or educational
28 institution upon the end of the break. The current ability to
29 have unpaid leaves of absence from an employer count as
30 service is limited by the bill to leaves granted prior to July
31 1, 1998, and the leaves of absence must terminate by July 1,
32 1999.

33 Code section 97B.41, subsection 23, concerning the
34 definition of three-year covered wage, is amended concerning
35 the method of calculating a computed wage for one of the

1 employee's three years when employment does not end at the end
2 of a calendar year. The amendment provides that the computed
3 year shall not be greater than 103 percent of the member's
4 highest actual calendar year of covered wages.

5 Code section 97B.46 is amended by striking the provision
6 that a member shall not be employed as a peace officer or fire
7 fighter after reaching age 65.

8 Code section 97B.48 is amended by adding two new
9 subsections. One subsection provides that payment of a
10 retirement allowance shall commence, regardless of whether the
11 member has submitted an application, no later than the
12 required beginning date as provided by federal law.

13 Currently, the required beginning date is about 70.5 years of
14 age. The other new subsection provides that benefits payable
15 to a member pursuant to this section as of the required
16 beginning date shall be forfeited if the member cannot be
17 found. However, benefits will be paid to the member, at any
18 time, if the member is located.

19 Code section 97B.48A, concerning reemployment, is amended.
20 The bill provides that the second annuity based upon years of
21 reemployment service after retirement shall be calculated
22 using the option choice the member made at the member's
23 initial retirement. If the member's reemployment service is
24 not used for recalculation of the member's annuity, the bill
25 provides that the member receives both the employee and
26 employer contributions, plus interest, on the contributions
27 made for the reemployment service. Current law only provides
28 for the return of the employee contributions plus interest.

29 Code section 97B.49 is reorganized into new Code sections
30 97B.49A through 97B.49G. Code section 97B.49A provides the
31 general benefits calculation for most IPERS members. Code
32 section 97B.49B provides for the benefit calculation for
33 members of a protection occupation while Code section 97B.49C
34 provides the benefit calculation for sheriffs, deputy
35 sheriffs, and airport fire fighters. Code section 97B.49D

1 contains the current hybrid formula for calculating benefits.
2 Code section 97B.49E contains the minimum benefits provisions
3 while Code section 97B.49F contains the dividend provisions.
4 Code section 97B.49G contains several historical benefit
5 calculations for members who retired generally before July
6 1994.

7 In addition to the reorganization of Code section 97B.49,
8 other substantive changes were made as well to current law.

9 New Code section 97B.49B, concerning members of a
10 protection occupation, is amended to eliminate probation and
11 parole officers III from the list of occupations covered by
12 this section. New Code section 97B.49C, concerning sheriffs,
13 deputy sheriffs, and airport fire fighters, provides that a
14 member covered by this section will receive an additional 1.5
15 percent for each additional year of service after 22 years of
16 service for up to eight additional years. Currently,
17 sheriffs, deputy sheriffs, and airport fire fighters get only
18 an additional 1 percent for up to five years of service beyond
19 22 years of service.

20 New Code section 97B.49F concerning dividends changes the
21 current dividend program for pre-July 1990 retirees to provide
22 that a retirement dividend will only be paid if the member
23 survives into the month (November) in which the dividend is to
24 be paid.

25 New Code section 97B.49F, subsection 2, establishes a
26 favorable experience dividend applicable to members who
27 retired on or after July 1, 1990. This new subsection
28 provides, commencing January 1, 1999, that members who retired
29 from IPERS on or after July 1, 1990, and who have been retired
30 for at least one year are eligible to receive a favorable
31 experience dividend. The dividend shall be payable, if at
32 all, from moneys deposited in a favorable experience reserve
33 account. Moneys shall be deposited in the reserve account
34 based upon a determination by the actuary that the most recent
35 valuation of the retirement fund indicates that the actual

1 actuarial status of the retirement fund is better than what
2 was anticipated by the actuary. In addition, money sufficient
3 to pay the dividend for the five years will be credited to the
4 account in January 1999. The new subsection establishes the
5 process for determining the amount of the favorable actuarial
6 experience of the system that shall be deposited in the
7 reserve account. The new subsection provides that the
8 dividend shall be payable on the last business day of January
9 following a determination by the actuary that there are
10 sufficient moneys in the account to pay a dividend. The new
11 subsection provides that the dividend shall be calculated by
12 multiplying the member's annual benefit by the number of years
13 the member has been retired and by a percentage, not to exceed
14 three percent, determined by the department. The new
15 subsection provides that a member's beneficiary or contingent
16 annuitant is also eligible to receive a dividend.

17 New Code section 97B.49H establishes active member
18 supplemental accounts for IPERS members. The new Code section
19 provides that amounts shall be deposited in these accounts
20 only after the actuary determines that the system does not
21 have an unfunded actuarial liability as of the most recent
22 actuarial valuation of the system. If an amount is payable,
23 the new Code section then provides that IPERS shall deposit in
24 each active member's account, in the year following the
25 actuary's determination that the system does not have an
26 unfunded liability, an amount determined by multiplying the
27 member's covered wages by a supplemental percentage rate as
28 determined by the actuary. The supplemental rate is the rate
29 which reflects the difference between the statutory
30 contribution rate for both employers and employees and the
31 contribution rate the actuary determines is necessary to fund
32 the future benefits of the system. The new Code section then
33 provides that amounts in a member's supplemental account are
34 payable upon a member's termination from covered service under
35 certain circumstances, a member's death, or a member's

1 retirement. The new Code section provides that the
2 establishment of an active member supplemental account is
3 subject to IRS approval.

4 Code section 97B.52 is amended to provide that interest on
5 death benefits is to be credited quarterly. In addition, the
6 section is amended to provide that a death benefit payable to
7 a designated beneficiary, heirs, or estate shall be forfeited
8 if the appropriate payee cannot be found and no claim is made
9 within the applicable time limit. However, death benefits
10 will be paid to the appropriate payee, at any time, if the
11 appropriate payee is located.

12 Code section 97B.52A is amended to provide that a retiree
13 shall be out of any employment with a covered employer under
14 IPERS following termination from service and initiation of
15 retirement benefits from one to four months, as applicable, in
16 order to continue receiving benefits. Under current law, the
17 retiree had to return to covered employment within the one to
18 four-month period in order to forfeit receipt of retirement
19 benefits.

20 Code section 97B.53, subsection 1, is amended to provide
21 that a member who terminates employment under IPERS prior to
22 retirement may be paid, in addition to the total of their
23 employee contributions plus interest, a portion of the total
24 employer contributions paid on their behalf plus interest.
25 The amendment provides that the member shall receive the total
26 employer contributions paid, plus interest, multiplied by the
27 member's number of years of the member's service divided by
28 the number of years the member would have to serve in order to
29 receive a 60 percent retirement allowance.

30 Code section 97B.53 is also amended to provide interest on
31 the accumulated employee contributions of inactive members
32 whether or not the member was vested. Corresponding changes
33 to Code section 97B.70 are also made in the bill.

34 Code sections 97B.73 and 97B.80, concerning the purchase of
35 service credit for service under other systems or the

1 military, is amended to provide that a member shall have at
2 least one full calendar year of covered wages under IPERS
3 before being allowed to purchase additional service credit.

4 New Code section 97B.81 provides that a member on an
5 approved leave of absence which does not constitute service
6 pursuant to this bill's amendment to the definition of service
7 may purchase service credit for that period of time in which
8 the member was on an approved leave.

9 Code sections 97B.72, 97B.72A, 97B.73, 97B.73A, 97B.74, and
10 97B.80 are amended to provide, and new Code section 97B.81
11 provides, beginning July 1, 1999, that the contributions
12 required for a purchase of additional service credit through a
13 buy-in or buy-back of service shall be based upon the
14 actuarial cost of providing the additional service and not
15 based upon the employee and, if applicable, employer
16 contributions that would have been required for the service
17 purchased.

18 Code section 509A.13A is amended to provide that a spouse
19 of a retired member under IPERS who was at least 55 years of
20 age and had 20 years of service at the time of retirement is
21 entitled to continue to purchase group insurance coverage from
22 the applicable employer upon the death of the retired member
23 until reaching age 65. This amendment is effective
24 immediately and is retroactively applicable to July 1, 1994.

25 The Code editor is also directed to renumber Code sections
26 97B.41 to 97B.1A. Current Code section 97B.41 contains the
27 definitions that apply to IPERS.

28 The section creating a provision entitled "Iowa Public
29 Employees' Retirement System -- Eligibility for Retirement
30 Allowance" provides that a person who was designated as a
31 contingent annuitant by a member of the Iowa public employees'
32 retirement system but who did not receive an allowance as a
33 contingent annuitant shall receive an allowance and a lump-sum
34 payment once the person files a valid application for such
35 benefits by June 30, 1999, and meets the requirements of this

1 new section. The lump-sum payment shall be an amount the
2 contingent annuitant would have received had the member met
3 the requirements to receive a retirement allowance. The new
4 section provides that in order to be eligible to receive an
5 allowance pursuant to this bill, the member must have
6 submitted a valid application for retirement benefits between
7 November 1, 1993, and January 1, 1995, was otherwise eligible
8 to receive an allowance but died prior to the department of
9 personnel issuing payment of the member's first retirement
10 allowance, and survived into the month for which the member's
11 first retirement allowance would have been payable. In
12 addition, the new section provides that the person make
13 arrangements with the system to repay any death benefits
14 received from the system prior to receiving an allowance
15 pursuant to this new section.

16 The bill also provides that the IPERS division shall
17 continue its study concerning the possible establishment of a
18 statewide deferred compensation plan for IPERS members and to
19 submit its report to the general assembly by January 1, 1999.

20 STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM

21 Code section 411.6, subsection 2, is amended to increase,
22 from .6 percent to 1.5 percent, the additional benefit for
23 members for each additional year of service in the system from
24 22 to 30 years of service for members terminating service on
25 or after July 1, 1998.

26 Code section 411.6, subsection 4, is amended to provide
27 that a member entitled to an ordinary disability pension on or
28 after July 1, 1998, who has five years of service will receive
29 a benefit equal to the greater of 50 percent of average final
30 compensation or the amount the member would have received as a
31 service retirement allowance based on actual years of service.
32 Under current law, the member would be required to have had 22
33 years of service to have the option to obtain a benefit equal
34 to what the member would have received as a service
35 retirement.

1 Code section 411.6, subsection 6, is amended to provide
2 that a member entitled to an accidental disability pension on
3 of after July 1, 1998, who has five years of service will
4 receive a benefit equal to the greater of 60 percent of
5 average final compensation or the amount the member would have
6 received as a service retirement allowance based on actual
7 years of service. Under current law, the member would be
8 required to have had 22 years of service to have the option to
9 obtain a benefit equal to what the member would have received
10 as a service retirement.

11 Code section 411.6, subsection 7 is amended to modify the
12 earnings test applied to determine whether a member's
13 accidental or ordinary disability benefit allowance should be
14 reduced based on the member's outside earnings. The change
15 provides that outside earnings used for the purpose of paying
16 for health care coverage shall not be counted in applying the
17 earnings test.

18 Code section 411.6, subsection 10, is amended to provide
19 that retirement benefits payable to a member for an accidental
20 disability or an ordinary disability shall be offset against
21 any amounts the member is receiving as unemployment
22 compensation as a result of the member's unemployment due to
23 the ordinary disability or accidental disability.

24 Code section 411.9 is amended to provide that
25 notwithstanding any contrary provisions in Code chapter 411,
26 contributions, benefits, and service credit with respect to
27 qualified military service shall be provided in accordance
28 with the requirements of the federal Internal Revenue Code.

29 Code section 411.22, subsection 1, is amended to provide
30 that the subrogation provisions of the chapter as they apply
31 to accidental disability pensions shall also apply to ordinary
32 disability pensions.

33 Code section 411.22, subsection 3, is amended to provide
34 that if the retirement system refuses to consent to an
35 agreement between a member of the system and a third party,

1 the agreement can be enforced through a determination by a
2 district court in the county of either the city involved or
3 the retirement system.

4 New Code section 411.24 establishes representative payee
5 procedures and provides that the board shall adopt rules to
6 provide for payment to a representative of an adult or minor
7 applicant entitled to payment.

8 Code section 411.36, subsection 1, is amended to provide
9 that city financial officers or city clerks involved with the
10 financial matters of the city, and not just city treasurers,
11 are eligible for selection to the board of trustees of the
12 retirement system.

13 JUDICIAL RETIREMENT SYSTEM

14 The bill provides, through amending Code section 602.1611
15 and new Code section 602.11116, that full-time associate
16 juvenile judges and full-time associate probate judges hired
17 on or after July 1, 1998, would be members of the judicial
18 retirement system and not members of the Iowa public
19 employees' retirement system (IPERS). Current full-time
20 associate juvenile judges and associate probate judges would
21 have the option of remaining in IPERS, changing to judicial
22 retirement but leaving their contributions in IPERS, or
23 changing to judicial retirement and transferring a portion or
24 their IPERS money in order to purchase additional service
25 credit under judicial retirement. This portion of the bill
26 takes effect upon enactment.

27 Code section 602.9107 is amended to provide that the
28 maximum percentage multiplier used in calculating a retirement
29 allowance for a judge shall be increased from 50 percent to 52
30 percent as of July 1, 1998. In addition, the bill provides
31 that it is the intent of the general assembly that this
32 percentage be eventually increased to 60 percent based on
33 whether the system can afford any particular increase.

34 New Code section 602.9107B provides that a judge, or a
35 survivor of a judge, who retired before July 1, 1977, shall

1 receive a minimum monthly annuity under the judicial
2 retirement system of \$500 a month beginning with annuity
3 payments made after July 1, 1998.

4 GENERAL PROVISIONS

5 Code section 97D.1, subsection 1, is amended to provide
6 that a goal for all public retirement systems is to avoid
7 enacting benefit enhancements that fail to preserve, or
8 enhance, intergenerational equity amongst all employees.

9 The bill provides for the establishment of a study which
10 shall be a comprehensive examination of the plan designs
11 concerning the portion of IPERS that deals with the members of
12 special classifications within IPERS, the statewide fire and
13 police retirement system, and the public safety peace
14 officers' retirement, accident, and disability system. The
15 study shall be coordinated by the chief benefits officer of
16 IPERS, the executive director of the statewide fire and police
17 retirement system, and the director of the financial division
18 of the department of public safety for the public safety peace
19 officers' retirement, accident, and disability system who
20 shall, upon approval of the public retirement systems
21 committee, employ a consultant to assist in conducting the
22 comprehensive examination. The bill provides that a report
23 concerning this study be issued to the public systems
24 retirement committee by September 1, 2000.

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**HOUSE FILE 2496
FISCAL NOTE**

A fiscal note for House File 2496 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 2496 makes technical and substantive changes to the four State retirement systems. This fiscal note will discuss each system separately, examining the substantive changes with a significant cost.

DIVISION I - PUBLIC SAFETY PEACE OFFICER'S RETIREMENT, ACCIDENT AND DISABILITY SYSTEM (POR)

Currently, POR members receive an additional 1.5% of their average final compensation for each year of service beyond 22 years up to eight years of additional service. For members retiring after July 1, 1998, POR members can receive additional credit for up to 10 years.

ASSUMPTIONS

1. Covered payroll is \$27.1 million.
2. The normal contribution rate is 16.1%.
3. The members contribution rate is 9.35% and the State's contribution rate is 18.0%, for a total actual contribution rate of 27.35%.
4. The available margin is 11.25%.

FISCAL IMPACT

The cost of the proposed enhancement is 1.14% of covered payroll. This leaves an available margin of 10.11%. The enhancement can be paid within current contribution rates.

DIVISION II - IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS)

The Bill makes numerous technical changes and reorganizes Chapter 97B. The substantive changes with significant fiscal impact include:

1. Increases the credit for up to eight additional years of service beyond 22 from 1% per year to 1.5% per year for sheriffs, deputy sheriffs, and airport firefighters.
2. Creates a Favorable Experience Dividend applicable to members who retire on or after July 1, 1990. Members who have been retired at least one year will be eligible for a dividend from the Favorable Experience Reserve Account. Money will be deposited into the Reserve Account when the actuary determines that the valuation of the retirement fund exceeds the actuarial projection. An initial deposit will be made into the Reserve Account sufficient to pay dividends for the next five years. The dividend

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will be paid based on the retiree's number of years of service.

3. Creates supplemental accounts for active members. Funds will be deposited in the accounts after the actuary determines the System does not have an unfunded liability. The amount of the excess funds deposited in the supplemental accounts will be based on the employee's covered wage. The funds in the supplemental account will be paid to the employee under certain circumstances, the member's death, or retirement.
4. Provides for payment to terminating vested members of a portion of the employer's contribution plus interest. The employer's contribution and interest is multiplied by the fraction of years of service to determine the portion to be refunded. The terminating vested member also receives the earned interest on his or her contributions.
5. Adjusts the employee cost to purchase additional years of service (service under another public retirement system) to be the actuarial equivalent of both the employer and employee contribution for those years beginning July 1, 1999.

ASSUMPTIONS

1. The actuarial evaluation does not provide an available margin. Instead, costs are identified in terms of the number of years over which the cost payment is amortized given established employee and employer contribution rates. With current future contribution and earnings rates, the unfunded liability is amortized over the next 9 years.
2. The increased cost of the credit for additional years of service for sheriffs, deputy sheriffs, and airport firefighters will be divided with the employer paying 60.0% and the employees paying 40.0%. The annual covered wage for sheriffs and deputy sheriffs is \$48.7 million annually. The increased costs for airport firefighters will be federally funded.
3. The cost for the Active Member Supplemental Accounts will not occur for several years. These costs will be covered within established contribution rates.

FISCAL IMPACT

The Favorable Experience Dividend, Active Member Supplemental Accounts, partial refund of the employers' contributions to terminating vested members, and the change in the cost of purchase of additional years of service will be paid within the current contribution rates. The combined enhancements will increase the years to amortize the unfunded liability from 9 years to 15.5 years in FY 1999, with a declining number of years thereafter. This is less than the maximum 20-year amortization recommended by the actuary.

The enhancement to the credit for additional years of service for sheriffs, deputy sheriffs, and airport firefighters will be paid with increased contribution rates. The total increase is 1.39% of covered payroll, divided between employer (60.0%) and employee (40.0%). The annual cost to the employers (counties) for the sheriffs and deputy sheriffs is \$406,000. The employer costs for the airport firefighters will be paid with federal funds.

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The Bill makes various technical changes. The substantive change increases the credit for years of service beyond 22 from 0.6% to 1.5% for service and accidental retirement.

ASSUMPTION

There is a 3.38% available margin.

FISCAL IMPACT

The cost of the enhancement is 3.07%, leaving an available margin of 0.31%. The enhancement can be paid within current contribution rates.

DIVISION IV - JUDICIAL RETIREMENT SYSTEM

The Bill makes several changes to the Judicial Retirement System. The Bill allows associate juvenile judges and associate probate judges to become members of the Judicial Retirement System. These judges may remain in IPERS, use the hybrid formula to receive benefits from both retirement systems, or buy-in past years of service from IPERS to the Judicial Retirement System. To buy-in past years of service, these judges will pay the difference between their IPERS contributions (3.7%) and the 4.0% rate for the Judicial Retirement System.

The percentage of the basic annual salary used to calculate a judge's retirement is increased from 50.0% to 52.0%. The intent is to increase the percentage by 2.0% every two years until the specified percentage reaches 60.0%, if the actuarial evaluation permits the increase.

Judges who retired before July 1, 1977, or their surviving beneficiaries, will receive a minimum monthly annuity of \$500.

ASSUMPTIONS

1. The annual pension cost (APC) is 19.99%
2. The State's contribution rate is 23.7% and the judges' contribution rate is 4.0%, for a total annual contribution rate of 27.7%.
3. The available margin is 7.71%.
4. All affected judges will convert to the Judicial Retirement System.

FISCAL IMPACT

The combined cost of the enhancements to the Judicial Retirement System is 1.13% of the covered wages. The costs of the enhancements can be paid within the current contribution rates.

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SOURCES

Department of Public Safety (POR)

IPERS

Municipal Fire and Police Retirement System of Iowa

Judicial Branch

(LSB 3570hv, MDF)

FILED MARCH 17, 1998

BY DENNIS PROUTY, FISCAL DIRECTOR

**HOUSE FILE 2496
FISCAL NOTE**

A fiscal note for House File 2496 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 2496, as passed by the House, makes technical and substantive changes to the four State retirement systems. This fiscal note will discuss each system separately, examining the significant cost changes.

DIVISION I - PUBLIC SAFETY PEACE OFFICER'S RETIREMENT, ACCIDENT AND DISABILITY SYSTEM (POR)

Currently, POR members receive an additional 1.5% of their average final compensation for each year of service beyond 22 years up to eight years of additional service. For members retiring after July 1, 1998, POR members can receive additional credit for up to 10 years.

Currently, members must have 22 years of service to have the choice of normal retirement when qualifying for accidental or ordinary disability. The Bill allows the retiree the choice of disability or normal retirement after attaining five years of service. The Bill also modifies the earnings test for ordinary and accidental disability so that health insurance premiums are removed from income before applying the earnings test.

ASSUMPTIONS

1. Covered payroll is \$27.1 million.
2. The normal contribution rate is 16.1%.
3. The members contribution rate is 9.35% and the State's contribution rate is 18.0%, for a total actual contribution rate of 27.35%.
4. The available margin is 11.25%.

FISCAL IMPACT

The cost of the proposed enhancement to give credit for up to 10 years of additional service is 1.14% of covered payroll. The cost to allow the option of normal retirement when qualifying for disability retirement is estimated to be 0.18% of covered payroll. The total cost of these enhancements is 1.32% of covered payroll. This leaves an available margin of 9.93%. The enhancement can be paid within current contribution rates.

DIVISION II - IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS)

The Bill makes numerous technical changes and reorganizes Chapter 97B. The changes with significant fiscal impact include:

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1. Allows members to retire at age 62 with 20 years of service without a reduction for age less than 65.
2. Increases the credit for up to eight additional years of service beyond 22 from 1.0% per year to 1.5% per year for sheriffs, deputy sheriffs, and airport fire fighters.
3. Provides for enhanced disability benefits for Sheriffs, Deputy Sheriffs, and Airport Fire Fighters and for Protection Occupation members. Heart and lung disease is presumed to have resulted from the occupation. Retirees qualifying for ordinary or accidental disability retirement have the option of normal retirement. This change is effective July 1, 1999.
4. Creates a Favorable Experience Dividend applicable to members who retire on or after July 1, 1990. Members who have been retired at least one year will be eligible for a dividend from the Favorable Experience Reserve Account. Money will be deposited into the Reserve Account when the actuary determines that the valuation of the retirement fund exceeds the actuarial projection. An initial deposit will be made into the Reserve Account sufficient to pay dividends for the next five years. The dividend will be paid based on the retiree's number of years of service.
5. Creates supplemental accounts for active members. Funds will be deposited in the accounts after the actuary determines the System does not have an unfunded liability. The amount of the excess funds deposited in the supplemental accounts will be based on the employee's covered wage. The funds in the supplemental account will be paid to the employee under certain circumstances, the member's death, or retirement.
6. Provides a 15.0% increase in monthly benefit allowances for persons retired before July 1, 1986 and a 7.0% increase for persons retired between July 1, 1990 and July 1, 1996.
7. Provides for payment to terminating vested members of a portion of the employer's contribution plus interest. The employer's contribution and interest is multiplied by the fraction of years of service to determine the portion to be refunded. The terminating vested member also receives the earned interest on his or her contributions. This change is effective July 1, 1999.
8. Adjusts the employee cost to purchase additional years of service (service under another public retirement system) to be the actuarial equivalent of both the employer and employee contribution for those years beginning July 1, 1999.

ASSUMPTIONS

1. The actuarial evaluation does not provide an available margin. Instead, costs are identified in terms of the number of years over which the cost payment is amortized given established employee and employer contribution rates. With the established contribution and projected earnings rates, the unfunded liability is amortized over the next 9 years.
2. The increased cost of the enhanced benefits for the IPERS special groups will be divided with the employer paying 60.0% and the employees paying 40.0%. The annual covered wage for sheriffs and deputy sheriffs is \$48.7 million annually. The increased costs for airport fire fighters will be federally funded. Protection Occupation members are employed by both State and local governments with a covered payroll of \$103.2 million; 72.0% of the payroll is funded from the General Fund and 28.0% is funded from other sources.

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3. The cost for the Active Member Supplemental Accounts will not occur for several years. These costs will be covered within established contribution rates.

FISCAL IMPACT

The Favorable Experience Dividend, Active Member Supplemental Accounts, allowing members to retire at age 62 with 20 years of service and no reduction for age, the increases to certain retired members monthly allowances (15% or 7% depending on when retired), partial refund of the employers' contributions to terminating vested members, and the change in the cost of purchase of additional years of service will be paid within the current contribution rates. The combined enhancements will increase the years to amortize the unfunded liability from 9 years to 19.7 years in FY 1999, with a declining number of years thereafter. This is less than the maximum 20-year amortization recommended by IPERS. (The actuary has indicated that the amortization period could be extended to 24 years without jeopardizing the Fund.)

The enhancement to the credit for additional years of service for sheriffs, deputy sheriffs, and airport fire fighters will be paid with increased contribution rates. The cost is 1.39% of covered payroll. The disability enhancements will cost 1.98% for sheriffs, deputy sheriffs, and airport fire fighters and will cost 3.9% for the protection occupations.

These costs are divided between employers (60.0%) and employees (40.0%). The annual cost to the employers (counties) for the sheriffs and deputy sheriffs is \$984,000. The employer costs for the airport fire fighters will be paid with federal funds. The annual employer costs for the protection occupation members will be \$1.4 million for State agencies and \$537,000 for non-State agencies.

DIVISION III - STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM

The Bill makes various technical changes. These changes increase the credit for years of service beyond 22 from 0.6% to 1.5% for service and accidental retirement.

ASSUMPTION

There is a 3.38% available margin.

FISCAL IMPACT

The cost of the enhancement is 3.07%, leaving an available margin of 0.31%. The enhancement can be paid within current contribution rates.

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DIVISION IV - JUDICIAL RETIREMENT SYSTEM

The Bill makes several changes to the Judicial Retirement System. The Bill allows associate juvenile judges and associate probate judges to become members of the Judicial Retirement System. These judges may remain in IPERS, use the hybrid formula to receive benefits from both retirement systems, or buy-in past years of service from IPERS to the Judicial Retirement System. To buy-in past years of service, these judges will pay the difference between their IPERS contributions (3.7%) and the 4.0% rate for the Judicial Retirement System.

The percentage of the basic annual salary used to calculate a judge's retirement is increased from 50.0% to 52.0%. The intent is to increase the percentage by 2.0% every two years until the specified percentage reaches 60.0%, if the actuarial evaluation permits the increase.

Judges who retired before July 1, 1977, or their surviving beneficiaries, will receive a minimum monthly annuity of \$500.

ASSUMPTIONS

1. The annual pension cost (APC) is 19.99%
2. The State's contribution rate is 23.7% and the judges' contribution rate is 4.0%, for a total annual contribution rate of 27.7%.
3. The available margin is 7.71%.
4. All affected judges will convert to the Judicial Retirement System.

FISCAL IMPACT

The combined cost of the enhancements to the Judicial Retirement System is 1.13% of the covered wages. The costs of the enhancements can be paid within the current contribution rates.

SOURCES

Department of Public Safety (POR)
IPERS
Municipal Fire and Police Retirement System of Iowa
Judicial Branch

(LSB 3570HV.2, MDF)

FILED APRIL 2, 1998

BY DENNIS PROUTY, FISCAL DIRECTOR

HOUSE FILE 2496

H-8344

1 Amend House File 2496 as follows:

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

4 "Sec. 101. Section 97A.6, subsection 4, Code 1997,
5 is amended to read as follows:

6 4. ALLOWANCE ON ORDINARY DISABILITY RETIREMENT.

7 a. Upon retirement for ordinary disability prior
8 to July 1, 1998, a member shall receive an ordinary
9 disability retirement allowance which shall consist of
10 a pension which shall equal fifty percent of the
11 member's average final compensation unless either of
12 the following conditions exist:

13 a- (1) If the member has not had five or more
14 years of membership service, the member shall receive
15 a disability pension equal to one-fourth of the
16 member's average final compensation.

17 b- (2) If the member has had twenty-two or more
18 years of membership service, the member shall receive
19 a disability retirement allowance that is equal to the
20 greater of the benefit that the member would receive
21 under subsection 2 if the member were fifty-five years
22 of age or the disability pension otherwise calculated
23 under this subsection.

24 b. Upon retirement for ordinary disability on or
25 after July 1, 1998, a member who has five or more
26 years of membership service shall receive a disability
27 retirement allowance in an amount equal to the greater
28 of fifty percent of the member's average final
29 compensation or the retirement allowance that the
30 member would receive under subsection 2 if the member
31 had attained fifty-five years of age. A member who
32 has less than five years of membership service shall
33 receive a pension equal to one-fourth of the member's
34 average final compensation.

35 Sec. 102. Section 97A.6, subsection 6, paragraph
36 b, Code 1997, is amended to read as follows:

37 b. Upon retirement for accidental disability on or
38 after July 1, 1990, but before July 1, 1998, a member
39 shall receive an accidental disability retirement
40 allowance which shall consist of a pension equal to
41 sixty percent of the member's average final
42 compensation. However, if the member has had twenty-
43 two or more years of membership service, the member
44 shall receive a disability retirement allowance that
45 is equal to the greater of the retirement allowance
46 that the member would receive under subsection 2 if
47 the member were fifty-five years of age or the
48 disability retirement allowance calculated under this
49 paragraph.

50 Sec. 103. Section 97A.6, subsection 6, Code 1997,

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1 is amended by adding the following new paragraph:

2 NEW PARAGRAPH. c. Upon retirement for accidental
3 disability on or after July 1, 1998, a member shall
4 receive an accidental disability retirement allowance
5 which shall consist of a pension in an amount equal to
6 the greater of sixty percent of the member's average
7 final compensation or the retirement allowance that
8 the member would receive under subsection 2 if the
9 member has attained fifty-five years of age.

10 Sec. 104. Section 97A.6, subsection 7, paragraph
11 a, unnumbered paragraph 1, Code 1997, is amended to
12 read as follows:

13 Should any beneficiary for either ordinary or
14 accidental disability, except a beneficiary who is
15 fifty-five years of age or over and would have
16 completed twenty-two years of service if the
17 beneficiary had remained in active service, be engaged
18 in a gainful occupation paying more than the
19 difference between the member's net retirement
20 allowance and one and one-half times the current
21 earnable compensation of an active member at the same
22 position on the salary scale within the member's rank
23 as the member held at retirement, then the amount of
24 the retirement allowance shall be reduced to an amount
25 which-together-with such that the member's net
26 retirement allowance plus the amount earned by the
27 member shall equal one and one-half times the amount
28 of the current earnable compensation of an active
29 member at the same position on the salary scale within
30 the member's rank as the member held at retirement.
31 Should the member's earning capacity be later changed,
32 the amount of the retirement allowance may be further
33 modified, provided that the new retirement allowance
34 shall not exceed the amount of the retirement
35 allowance originally granted adjusted by annual
36 readjustments of pensions pursuant to subsection 14 of
37 this section nor an amount which would cause the
38 member's net retirement allowance, when added to the
39 amount earned by the beneficiary, equals to equal one
40 and one-half times the amount of the current earnable
41 compensation of an active member at the same position
42 on the salary scale within the member's rank as the
43 member held at retirement. A beneficiary restored to
44 active service at a salary less than the average final
45 compensation upon the basis of which the member was
46 retired at age fifty-five or greater, shall not again
47 become a member of the retirement system and shall
48 have the member's retirement allowance suspended while
49 in active service. If the rank or position held by
50 the retired member is subsequently abolished,

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Page 3

1 adjustments to the allowable limit on the amount of
 2 income which can be earned in a gainful occupation
 3 shall be computed in the same manner as provided in
 4 subsection 14, paragraph "c", of this section for
 5 readjustment of pensions when a rank or position has
 6 been abolished. If the salary scale associated with a
 7 member's rank at retirement is changed after the
 8 member retires, earnable compensation for purposes of
 9 this section shall be based upon the salary an active
 10 member currently would receive at the same rank and
 11 with seniority equal to that of the retired member at
 12 the time of retirement. For purposes of this
 13 paragraph, "net retirement allowance" means the amount
 14 determined by subtracting the amount paid during the
 15 previous calendar year by the beneficiary for health
 16 insurance or similar health care coverage for the
 17 beneficiary and the beneficiary's dependents from the
 18 amount of the member's retirement allowance paid for
 19 that year pursuant to this chapter. The beneficiary
 20 shall submit sufficient documentation to the board of
 21 trustees to permit the system to determine the
 22 member's net retirement allowance for the applicable
 23 year.

24 Sec. 105. APPLICABILITY. Section 104 of this Act,
 25 amending section 97A.6, subsection 7, paragraph "a",
 26 is applicable to amounts earned by a beneficiary after
 27 December 31, 1997."

28 2. Page 78, by inserting after line 28 the
 29 following:

30 "Sec. 106. NEW SECTION. 29.2A AIRPORT FIRE
 31 FIGHTERS -- MAXIMUM AGE.

32 The maximum age for a person to be employed as an
 33 airport fire fighter by the military division of the
 34 department of public defense is sixty-five years of
 35 age.

36 Sec. 107. Section 80.36, Code 1997, is amended to
 37 read as follows:

38 80.36 MAXIMUM AGE.

39 The maximum age for a person to be employed as a
 40 ~~peace officer in the divisions-of-highway-safety,~~
 41 ~~uniformed-force-and-radio-communications,-criminal~~
 42 ~~investigation-and-bureau-of-identification,-and-drug~~
 43 ~~law-enforcement~~ department of public safety is sixty-
 44 five years of age."

45 3. Page 78, by inserting after line 34 the
 46 following:

47 "Sec. 108. Section 321.477, Code 1997, is amended
 48 to read as follows:

49 321.477 EMPLOYEES AS PEACE OFFICERS -- MAXIMUM
 50 AGE.

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Page 4

1 The department may designate by resolution certain
2 of its employees upon each of whom there is hereby
3 conferred the authority of a peace officer to control
4 and direct traffic and weigh vehicles, and to make
5 arrests for violations of the motor vehicle laws
6 relating to the operating authority, registration,
7 size, weight, and load of motor vehicles and trailers
8 and registration of a motor carrier's interstate
9 transportation service with the department. The
10 maximum age for a person employed as a peace officer
11 pursuant to this section is sixty-five years of age.

12 Sec. 109. Section 330A.8, subsection 15, Code
13 1997, is amended to read as follows:

14 16. To designate employees upon whom are conferred
15 all the powers of a peace officer as defined in
16 section 801.4. The maximum age for a person
17 designated as a peace officer pursuant to this
18 subsection is sixty-five years of age.

19 Sec. 110. Section 331.903, Code 1997, is amended
20 by adding the following new subsection:

21 NEW SUBSECTION. 6. The maximum age for a person
22 to be employed as a deputy sheriff appointed pursuant
23 to this section is sixty-five years of age.

24 Sec. 111. Section 362.10, Code 1997, is amended to
25 read as follows:

26 362.10 POLICE OFFICERS AND FIRE FIGHTERS.

27 The maximum age for a police officer, marshal, or
28 fire fighter employed for police duty or the duty of
29 fighting fires is sixty-five years of age. This
30 section shall not apply to volunteer fire fighters.

31 Sec. 12. Section 456A.13, Code 1997, is amended to
32 read as follows:

33 456A.13 OFFICERS AND EMPLOYEES -- PEACE OFFICER
34 STATUS.

35 The director shall employ the number of assistants,
36 including a professionally trained state forester,
37 that are necessary to carry out the duties imposed on
38 the commission; and, under the same conditions, the
39 director shall appoint the number of full-time
40 officers and supervisory personnel that are necessary
41 to enforce all laws of the state and rules and
42 regulations of the commission. The full-time officers
43 and supervisory personnel have the same powers that
44 are conferred by law on peace officers in the
45 enforcement of all laws of the state of Iowa and the
46 apprehension of violators. A person appointed as a
47 full-time officer shall be at least twenty-one years
48 of age, ~~but not more than sixty-five years of age,~~ on
49 the date of appointment and shall not be employed as a
50 full-time officer after attaining the age of sixty-

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Page 5

- 1 five. "Full-time officer" means any person appointed
- 2 by the director to enforce the laws of this state."
- 3 4. Page 80, lines 33 and 34, by striking the
- 4 words "written comments on the results of the
- 5 examination".
- 6 5. Page 81, line 1, by inserting after the word
- 7 "examination" the following: "written comments
- 8 concerning issues to be considered by the consultant,
- 9 prior to the hiring of the consultant, and written
- 10 comments on the results of the examination".
- 11 6. By renumbering as necessary.

By MARTIN of Scott

H-8344 FILED MARCH 11, 1998

Adopted 3-17-98 (p.750)

HOUSE FILE 2496

H-8282

- 1 Amend House File 2496 as follows:
- 2 1. Page 78, by inserting after line 34 the
- 3 following:
- 4 "Sec. ____ . Section 294.12, Code 1997, is amended
- 5 by adding the following new unnumbered paragraph:
- 6 NEW UNNUMBERED PARAGRAPH. Notwithstanding the
- 7 provisions of this section, the plan provisions of a
- 8 pension and annuity retirement system of a school
- 9 district established under this chapter regarding the
- 10 determination and distribution of benefits upon
- 11 termination of the retirement system shall be
- 12 effective if the school district has received a
- 13 favorable determination letter from the federal
- 14 internal revenue service as to the qualified status of
- 15 such retirement system under applicable provisions of
- 16 the Internal Revenue Code."
- 17 2. By renumbering as necessary.

By GRUNDBERG of Polk
CONNORS of PolkJACOBS of Polk
CATALDO of Polk

H-8282 FILED MARCH 10, 1998

Adopted 3-17-98 p.765

HOUSE FILE 2496

H-8346

1 Amend House File 2496 as follows:

2 1. Page 35, by inserting after line 19 the
3 following:

4 "c. Beginning January 1, 1999, for each member who
5 retired from the system prior to July 1, 1986, the
6 amount of regular monthly retirement allowance
7 attributable to membership and prior service that was
8 payable to the member, or the beneficiary or
9 contingent annuitant of the member, for December 1998
10 shall be increased by fifteen percent.

11 d. Beginning January 1, 1999, for each member who
12 retired from the system on or after July 1, 1986, but
13 before July 1, 1990, the amount of regular monthly
14 retirement allowance attributable to membership and
15 prior service that was payable to the member, or the
16 beneficiary or contingent annuitant of the member, for
17 December 1998 shall be increased by seven percent."

18 2. By renumbering as necessary.

By MARTIN of Scott

H-8346 FILED MARCH 11, 1998

Adopted

3-17-98

(p. 756)

HOUSE FILE 2496

H-8345

- 1 Amend House File 2496 as follows:
- 2 1. Page 16, line 4, by striking the words and
3 figures "subsection 4, Code 1997, is" and inserting
4 the following: "subsections 1, 2, 3, and 4, Code
5 1997, are".
- 6 2. Page 16, by inserting after line 5 the
7 following:
- 8 "1. The first of the month in which a member
9 attains the age of sixty-five years if the member has
10 not completed thirty twenty years of membership
11 service.
- 12 2. The first of the month in which the member
13 attains the age of sixty-two years if the member has
14 completed thirty twenty years of membership service.
- 15 3. The first of any month in which the member has
16 completed thirty twenty years of membership service if
17 the member has attained the age of sixty-two years but
18 is not yet sixty-five years of age."
- 19 3. Page 36, by inserting after line 8 the
20 following:
- 21 "d. The member is an active or inactive vested
22 member retiring on or after July 1, 1986, and before
23 January 1, 1999, who is at least sixty-two years of
24 age and who has completed thirty years of membership
25 service."
- 26 4. Page 45, line 21, by striking the word
27 "thirty" and inserting the following: "thirty
28 twenty".
- 29 5. Page 46, line 24, by striking the word
30 "thirty" and inserting the following: "thirty
31 twenty".
- 32 6. Page 46, line 25, by striking the word "full"
33 and inserting the following: "full".
- 34 7. Page 67, line 27, by inserting after the word
35 "APPLICABILITY." the following:
- 36 "a."
- 37 8. Page 67, by inserting after line 30 the
38 following:
- 39 "b. The portion of section 22 that amends section
40 97B.45, subsections 1, 2, and 3, and section 38,
41 amending section 97B.50, are effective January 1,
42 1999, and apply to members retiring on or after
43 January 1, 1999."
- 44 9. By renumbering as necessary.

By MARTIN of Scott

H-8345 FILED MARCH 11, 1998

adopted
3-17-98
(p.753)

H-8374

Page 2

1 15. Page 3, line 32, by striking the word
2 "payment" and inserting the following: "crediting".
3 16. Page 14, line 13, by striking the word
4 "returned" and inserting the following: "credited".
5 17. Page 14, line 30, by striking the word
6 "returned" and inserting the following: "credited".
7 18. Page 21, line 18, by striking the words
8 "membership and prior" and inserting the following:
9 "eligible".
10 19. Page 21, by inserting after line 20 the
11 following:
12 "b. "Eligible service" means membership and prior
13 service in a protection occupation. In addition, for
14 a member with membership and prior service in a
15 protection occupation described in paragraph "d",
16 subparagraph (2), eligible service includes membership
17 and prior service as a sheriff, deputy sheriff, or
18 airport fire fighter as defined in section 97B.49C."
19 20. Page 21, line 21, by striking the word "b."
20 and inserting the following: "c."
21 21. Page 21, lines 22 and 23, by striking the
22 words "membership and prior" and inserting the
23 following: "eligible".
24 22. Page 21, line 25, by striking the word "c."
25 and inserting the following: "d."
26 23. Page 22, by striking lines 23 through 26.
27 24. Page 23, line 19, by striking the word "c"
28 and inserting the following: "d".
29 25. Page 23, line 25, by striking the word "c"
30 and inserting the following: "d".
31 26. Page 23, line 32, by striking the word "c"
32 and inserting the following: "d".
33 27. Page 24, line 5, by striking the word "c" and
34 inserting the following: "d".
35 28. Page 24, line 12, by striking the word "c"
36 and inserting the following: "d".
37 29. Page 24, line 19, by striking the word "c"
38 and inserting the following: "d".
39 30. Page 45, by inserting after line 5 the
40 following:
41 "Sec. ____ . NEW SECTION. 97B.49I QUALIFIED
42 BENEFITS ARRANGEMENT.
43 The department, by rule, may establish and maintain
44 a qualified benefits arrangement under section 415(m)
45 of the federal Internal Revenue Code. The amount of
46 any annual benefit that would be payable pursuant to
47 this chapter but for the limitation imposed by section
48 415 of the federal Internal Revenue Code shall be paid
49 from a qualified benefits arrangement established and
50 maintained pursuant to this section."

H-8374

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Page 3

- 1 31. Page 67, by inserting before line 31 the
2 following:
3 "Sec. ____ . EFFECTIVE DATE. Section 49 of this
4 Act, amending section 97B.53, subsection 1, takes
5 effect July 1, 1999."
6 32. By renumbering and correcting internal
7 references as necessary.

By MARTIN of Scott

H-8374 FILED MARCH 12, 1998

Adopted 3-17-98 (p. 752)

HOUSE FILE 2496

H-8389

1 Amend House File 2496 as follows:

- 2 1. Page 16, by striking lines 6 through 12 and
3 inserting the following:
4 "(1) The first of any month in which a member
5 meets the membership service and age requirements to
6 retire under section 97B.49, subsection 15 the member
7 is at least fifty-five years of age and for which the
8 sum of the number of years of membership service and
9 prior service and the member's age in years as of the
10 member's last birthday equals or exceeds eighty-five.
11 (2) The department shall implement this subsection
12 on July 1, 1998, or on the date that the department
13 determines that the most recent annual actuarial
14 valuation of the system indicates that the employer
15 and employee contribution rates in effect under
16 section 97B.11 can absorb the costs of this
17 subsection, whichever is later. However, until this
18 subsection is implemented, the department shall not
19 pay a dividend adjustment pursuant to section 97B.49F,
20 subsection 1."
21 2. Page 36, by inserting after line 8 the
22 following:
23 "d. The member is an active or inactive vested
24 member retiring on or after July 1, 1997, and before
25 the implementation date provided in section 97B.45,
26 subsection 4, subparagraph (2), who is at least fifty-
27 five years of age and for which the sum of the number
28 of years of membership service and prior service and
29 the member's age in years as of the member's last
30 birthday equals or exceeds eighty-eight."
31 3. By renumbering as necessary.

By LARKIN of Lee

H-8389 FILED MARCH 12, 1998

*Last
3-17-98
(p. 755)*

1 Amend House File 2496 as follows:

2 1. Page 69, by inserting after line 24 the
3 following:

4 "Sec. 101. STUDY OF INCLUSION OF ADJUNCT
5 INSTRUCTORS IN MEMBERSHIP OF THE IOWA PUBLIC
6 EMPLOYEES' RETIREMENT SYSTEM. The Iowa public
7 employees' retirement system division shall conduct a
8 study concerning the issue of whether adjunct
9 instructors employed by a community college or regents
10 university should be allowed to become members of the
11 Iowa public employees' retirement system. In
12 conducting its study, the division shall seek input
13 from affected employees and employers concerning the
14 possible inclusion of adjunct instructors in the
15 retirement system. On or before September 1, 2000,
16 the Iowa public employees' retirement system division
17 shall file a report with the legislative service
18 bureau, for distribution to the public retirement
19 systems committee, which contains its findings and
20 recommendations concerning this issue."

21 2. By renumbering as necessary.

By LARKIN of Lee

H-8365 FILED MARCH 12, 1998

adopted
3-18-98

HOUSE FILE 2496

H-8374

1 Amend House File 2496 as follows:

2 1. Page 3, line 1, by inserting after the word
3 "department." the following: "For purposes of section
4 1526 of the federal Taxpayer Relief Act of 1997,
5 eligible participants, as defined by section 1526, may
6 make payments of contributions under this section
7 without regard to the limitations of section 415(c)(1)
8 of the federal Internal Revenue Code."

9 2. Page 3, line 4, by striking the words "RETURN
10 OF" and inserting the following: "CREDITING OF
11 ERRONEOUS".

12 3. Page 3, by striking lines 11 through 16 and
13 inserting the following: "and ~~make a refund of~~ shall
14 credit such payments to the ~~employee or employer, or~~
15 ~~both, as it finds just and equitable~~ appropriate
16 party. ~~Refunds so made shall be charged to the fund~~
17 ~~to which the erroneous collections have been credited~~
18 ~~and shall be paid to the employee or employer, or~~
19 ~~both, without interest."~~

20 4. Page 3, line 17 by striking the figure "3."
21 and inserting the following: "2."

22 5. Page 3, lines 17 and 18, by striking the words
23 "return of" and inserting the following: "credit for
24 erroneously paid".

25 6. Page 3, line 19, by striking the words "make
26 refund payments" and inserting the following: "make
27 refund payments issue a credit".

28 7. Page 3, lines 21 and 22, by striking the words
29 "the payment of the refund" and inserting the
30 following: "~~the payment of the refund~~ issuing the
31 credit".

32 8. Page 3, line 23, by striking the figure "4."
33 and inserting the following: "3."

34 9. Page 3, line 24, by striking the words
35 "payments made" and inserting the following: "credits
36 issued".

37 10. Page 3, by striking lines 25 through 26 and
38 inserting the following: "However, if a credit for
39 contributions paid".

40 11. Page 3, line 28, by inserting after the
41 figure "97B.42A" the following: "is issued".

42 12. Page 3, line 29, by inserting after the word
43 "dividends" the following: "as provided in section
44 97B.70".

45 13. Page 3, line 30, by inserting after the word
46 "dividends" the following: "as provided in section
47 97B.70".

48 14. Page 3, line 31, by striking the words
49 "payments made" and inserting the following: "credits
50 issued".

H-8374

HOUSE FILE 2496

H-8400

1 Amend House File 2496 as follows:

2 1. Page 50, by inserting after line 2 the
3 following:

4 "c. For a member whose first month of entitlement
5 is January 1999 or later, the member returns to
6 employment with a covered employer as a substitute
7 teacher after the member has qualified for no fewer
8 than three calendar months of retirement benefits."

9 2. Page 50, by inserting after line 2 the
10 following:

11 "Sec. ____ . Section 97B.52A, subsection 2, Code
12 1997, is amended to read as follows:

13 2. A member may commence receiving retirement
14 benefits under this chapter upon satisfying
15 eligibility requirements. However, a retired member
16 who commences receiving a retirement allowance but
17 returns to employment before ~~qualifying-for-no-fewer~~
18 ~~than-four-calendar-months-of-retirement-benefits~~
19 meeting the applicable requirement prescribed in
20 subsection 1 does not have a bona fide retirement and
21 any retirement allowance received by such a member
22 must be returned to the system together with interest
23 earned on the retirement allowance calculated at a
24 rate determined by the department. Until the member
25 has repaid the retirement allowance and interest, the
26 department may withhold any future retirement
27 allowance for which the member may qualify."

28 3. By renumbering as necessary.

By MASCHER of Johnson

H-8400 FILED MARCH 13, 1998

Last 3-17-98 (P.764)

HOUSE FILE 2496

H-8401

1 Amend House File 2496 as follows:

2 1. Page 18, by inserting after line 31 the
3 following:

4 "Sec. ____ . Section 97B.48A, Code 1997, is amended
5 by adding the following new subsection:

6 NEW SUBSECTION. 5. Notwithstanding any provision
7 of this chapter to the contrary, if a retired member
8 returns to employment that would otherwise be covered
9 under this chapter, the member shall be covered under
10 this chapter unless the member files an application
11 with appropriate documentation to the department
12 within sixty days of reemployment in the position to
13 affirmatively elect out of coverage. A decision to
14 elect out of coverage under this chapter is
15 irrevocable upon approval from the department."

16 2. By renumbering as necessary.

By MASCHER of Johnson

H-8401 FILED MARCH 13, 1998

WITHDRAWN 3/17/98

H-8399

1 Amend House File 2496 as follows:

2 1. Page 17, by inserting after line 20 the
3 following:

4 "Sec. ____ . Section 97B.48A, subsection 1,
5 unnumbered paragraph 1, Code 1997, is amended to read
6 as follows:

7 If a member who has not reached the member's sixty-
8 fifth birthday and who has a bona fide retirement
9 under this chapter is in regular full-time employment
10 during a calendar year, the member's retirement
11 allowance shall be reduced by fifty cents for each
12 dollar the member earns over the limit provided in
13 this subsection. However, employment is not full-time
14 employment until the member receives remuneration in
15 an amount in excess of seven twelve thousand four
16 hundred-forty dollars for a calendar year, or an
17 amount equal to the amount of remuneration permitted
18 for a calendar year for persons under sixty-five years
19 of age before a reduction in federal social security
20 retirement benefits is required, whichever is higher.
21 Effective the first of the month in which a member
22 attains the age of sixty-five years, a retired member
23 may receive a retirement allowance without a reduction
24 after return to covered employment regardless of the
25 amount of remuneration received."

26 2. By renumbering as necessary.

By MASCHER of Johnson

H-8399 , FILED MARCH 13, 1998

adopted
3-17-98
(p. 756)

WILDRAM

HOUSE FILE 2496

H-8419

- 1 Amend the amendment, H-8365, to House File 2496 as
- 2 follows:
- 3 1. Page 1, line 15, by striking the figure "2000"
- 4 and inserting the following: "1999".

By LARKIN of Lee

H-8419 FILED MARCH 16, 1998

adopted 3-17-98 (P. 765)

HOUSE FILE 2496

H-8435

- 1 Amend House File 2496 as follows:
- 2 1. Page 75, line 24, by inserting after the word
- 3 "officer," the following: "city administrator,".

By MARTIN of Scott

H-8435 FILED MARCH 16, 1998

adopted 3-17-98 (P. 765)

3-17-98 Motion Passed
Motion to R/C by Connors - adopted 3/17/98

HOUSE FILE 2496

H-8442

- 1 Amend the amendment, H-8400, to House File 2496 as
- 2 follows:
- 3 1. Page 1, line 8, by after the word "benefits."
- 4 the following: "For purposes of this paragraph,
- 5 "substitute teacher" means a teacher who holds a
- 6 license as a substitute teacher and who is employed
- 7 and paid as a substitute teacher."

By MASCHER of Johnson

H-8442 FILED MARCH 16, 1998

adopted 3-17-98
(P. 764)

HOUSE FILE 2496

H-8441

1 Amend House File 2496 as follows:

2 1. Page 46, by inserting after line 32 the
3 following:

4 "Sec. 101. NEW SECTION. 97B.50A DISABILITY
5 BENEFITS FOR SPECIAL SERVICE MEMBERS.

6 1. DEFINITIONS. For purposes of this section,
7 unless the context otherwise provides, "member" means
8 a vested member who is classified as a special service
9 member under section 97B.1A, subsection 21, at the
10 time of the alleged disability.

11 2. IN-SERVICE DISABILITY RETIREMENT ALLOWANCE.

12 a. Effective July 1, 1999, a member who is injured
13 in the performance of the member's duties, and
14 otherwise meets the requirements of this subsection
15 shall receive an in-service disability retirement
16 allowance under the provisions of this subsection, in
17 lieu of a monthly retirement allowance as provided in
18 section 97B.49A, 97B.49B, 97B.49C, 97B.49D, or
19 97B.49G, as applicable, or benefits calculated as
20 provided in section 97B.50, subsection 2.

21 b. Upon application of a member, a member who has
22 become totally and permanently incapacitated for duty
23 in the member's special service occupation as the
24 natural and proximate result of an injury, disease, or
25 exposure occurring or aggravated while in the actual
26 performance of duty shall be eligible to retire under
27 this subsection, provided that the medical board shall
28 certify that the member is mentally or physically
29 incapacitated for further performance of duty, that
30 the incapacity is likely to be permanent, and that the
31 member should be retired. The department shall make
32 the final determination, based on the medical evidence
33 received, of a member's total and permanent
34 disability. However, if a person's membership in the
35 system first commenced on or after July 1, 1999, the
36 member shall not be eligible for benefits with respect
37 to a disability which would not exist, but for a
38 medical condition that was known to exist on the date
39 that membership commenced, or the fact that the member
40 used or smoked tobacco, tobacco products, or
41 cigarettes.

42 c. Disease under this subsection shall mean heart
43 disease or any disease of the lungs or respiratory
44 tract and shall be presumed to have been contracted
45 while on active duty as a result of strain, exposure,
46 or the inhalation of noxious fumes, poison, or gases.
47 However, if a person's membership in the system first
48 commenced on or after July 1, 1999, and the heart
49 disease or disease of the lungs or respiratory tract
50 would not exist, but for a medical condition that was

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1 known to exist on the date that membership commenced,
2 or the fact that the member used or smoked tobacco,
3 tobacco products, or cigarettes, the presumption
4 established in this paragraph shall not apply.

5 d. Upon retirement for an in-service disability as
6 provided by this subsection, a member shall receive
7 the greatest of a monthly in-service disability
8 retirement allowance calculated under this subsection,
9 a monthly retirement allowance as provided in section
10 97B.49A, 97B.49B, 97B.49C, 97B.49D, or 97B.49G, as
11 applicable, or a disability retirement allowance
12 calculated under section 97B.50, subsection 2. The
13 monthly in-service disability allowance calculated
14 under this subsection shall consist of an allowance
15 equal to one-twelfth of sixty percent of the member's
16 three-year average covered wage or its actuarial
17 equivalent as provided under section 97B.51.

18 3. ORDINARY DISABILITY RETIREMENT ALLOWANCE.

19 a. Effective July 1, 1999, a member who otherwise
20 meets the requirements of this subsection shall
21 receive an ordinary disability retirement allowance
22 under the provisions of this subsection, in lieu of a
23 monthly retirement allowance as provided in section
24 97B.49A, 97B.49B, 97B.49C, 97B.49D, or 97B.49G, as
25 applicable, or benefits calculated as provided in
26 section 97B.50, subsection 2.

27 b. Upon application of a member, a member who has
28 become totally and permanently incapacitated for duty
29 in the member's special service occupation shall be
30 eligible to retire under this subsection, provided
31 that the medical board shall certify that the member
32 is mentally or physically incapacitated for further
33 performance of duty, that the incapacity is likely to
34 be permanent, and that the member should be retired.
35 The department shall make the final determination,
36 based on the medical evidence received, of a member's
37 total and permanent disability. However, if a
38 person's membership in the system first commenced on
39 or after July 1, 1999, the member shall not be
40 eligible for benefits with respect to a disability
41 which would not exist, but for a medical condition
42 that was known to exist on the date that membership
43 commenced, or the fact that the member used or smoked
44 tobacco, tobacco products, or cigarettes.

45 c. Upon retirement for an ordinary disability as
46 provided by this subsection, a member shall receive
47 the greatest of a monthly ordinary disability
48 retirement allowance calculated under this subsection,
49 a monthly retirement allowance as provided in section
50 97B.49A, 97B.49B, 97B.49C, 97B.49D, or 97B.49G, as

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1 applicable, or a disability retirement allowance
2 calculated under section 97B.50, subsection 2. The
3 monthly ordinary disability allowance calculated under
4 this subsection shall consist of an allowance equal to
5 one-twelfth of fifty percent of the member's three-
6 year average covered wage or its actuarial equivalent
7 as provided under section 97B.51.

8 4. OFFSET TO ALLOWANCE. Notwithstanding any
9 provisions to the contrary in state law, or any
10 applicable contract or policy, any amounts which may
11 be paid or payable by the employer under the
12 provisions of any workers' compensation, unemployment
13 compensation, or other law to a member, and any
14 disability payments the member receives pursuant to
15 the federal Social Security Act, 42 U.S.C. § 423 et.
16 seq., shall be offset against and payable in lieu of
17 any retirement allowance payable pursuant to this
18 section on account of the same disability.

19 5. REEXAMINATION OF MEMBERS RETIRED ON ACCOUNT OF
20 DISABILITY.

21 a. Once each year during the first five years
22 following the retirement of a member under this
23 section, and once in every three-year period
24 thereafter, the department may, and upon the member's
25 application shall, require any member receiving an in-
26 service or ordinary disability retirement allowance
27 who has not yet attained the age of fifty-five years
28 to undergo a medical examination as arranged by the
29 medical board. The examination shall be made by the
30 medical board or by an additional physician or
31 physicians designated by the board. If any member
32 receiving an in-service or ordinary disability
33 retirement allowance who has not attained the age of
34 fifty-five years refuses to submit to the medical
35 examination, the allowance may be discontinued until
36 the member's withdrawal of the refusal, and should the
37 member's refusal continue for one year, all rights in
38 and to the member's disability retirement allowance
39 shall be revoked by the department.

40 b. If a member is determined under paragraph "a"
41 to be no longer eligible for in-service or ordinary
42 disability benefits, all benefits paid under this
43 section shall cease. The member shall be eligible to
44 receive benefits calculated under section 97B.49B or
45 97B.49C, as applicable, when the member reaches age
46 fifty-five.

47 6. REEMPLOYMENT.

48 a. If a member receiving a disability retirement
49 allowance is returned to covered employment, the
50 member's disability retirement allowance shall cease,

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1 the member shall again become an active member, and
2 shall contribute thereafter at the same rate payable
3 by similarly classified members. Upon subsequent
4 retirement, the member's retirement allowance shall be
5 calculated as provided in section 97B.48A.

6 b. Should a member who receives benefits under
7 this section, except a member who is sixty-five years
8 of age or over, be engaged in a gainful noncovered
9 occupation, the member's disability benefits payable
10 under this section for that calendar year shall be
11 reduced by fifty cents for every dollar the member
12 earns over the dollar amount determined under section
13 97B.48A, subsection 1.

14 7. DEATH BENEFITS. A member who is receiving an
15 in-service or ordinary disability retirement allowance
16 under this section shall be treated as having elected
17 a lifetime monthly retirement allowance with death
18 benefits payable under section 97B.52, subsection 2,
19 unless the member elects an optional form of benefit
20 provided under section 97B.51, which shall be
21 actuarially equivalent to the lifetime monthly
22 retirement allowance provided under this section.

23 8. MEDICAL BOARD. The system shall designate a
24 medical board to be composed of three physicians from
25 the university of Iowa hospitals and clinics who shall
26 arrange for and pass upon the medical examinations
27 required under the provisions of this section and
28 shall report in writing to the department the
29 conclusions and recommendations upon all matters duly
30 referred to the medical board. Each report of a
31 medical examination under this section shall include
32 the medical board's findings as to the extent of the
33 member's physical impairment. Except as required by
34 this section, each report shall be confidential and
35 shall be maintained in accordance with the federal
36 Americans with Disabilities Act, and any other state
37 or federal law containing requirements for
38 confidentiality of medical records.

39 9. LIABILITY OF THIRD PARTIES -- SUBROGATION.

40 a. If a member receives an injury for which
41 benefits are payable under this section, and if the
42 injury is caused under circumstances creating a legal
43 liability for damages against a third party other than
44 the system, the member or the member's legal
45 representative may maintain an action for damages
46 against the third party. If a member or a member's
47 legal representative commences such an action, the
48 plaintiff member or representative shall serve a copy
49 of the original notice upon the system not less than
50 ten days before the trial of the action, but a failure

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1 to serve the notice does not prejudice the rights of
2 the system, and the following rights and duties ensue:

3 (1) The system shall be indemnified out of the
4 recovery of damages to the extent of benefit payments
5 made by the system, with legal interest, except that
6 the plaintiff member's attorney fees may be first
7 allowed by the district court.

8 (2) The system has a lien on the damage claim
9 against the third party and on any judgment on the
10 damage claim for benefits for which the system is
11 liable. In order to continue and preserve the lien,
12 the system shall file a notice of the lien within
13 thirty days after receiving a copy of the original
14 notice in the office of the clerk of the district
15 court in which the action is filed.

16 b. If a member fails to bring an action for
17 damages against a third party within thirty days after
18 the system requests the member in writing to do so,
19 the system is subrogated to the rights of the member
20 and may maintain the action against the third party,
21 and may recover damages for the injury to the same
22 extent that the member may recover damages for the
23 injury. If the system recovers damages in the action,
24 the court shall enter judgment for distribution of the
25 recovery as follows:

26 (1) A sum sufficient to repay the system for the
27 amount of such benefits actually paid by the system up
28 to the time of the entering of the judgment.

29 (2) A sum sufficient to pay the system the present
30 worth, computed at the interest rate provided in
31 section 535.3 for court judgments and decrees, of the
32 future payments of such benefits, for which the system
33 is liable, but the sum is not a final adjudication of
34 the future payment which the member is entitled to
35 receive.

36 (3) Any balance shall be paid to the member.

37 c. Before a settlement is effective between a
38 system and a third party who is liable for any injury,
39 the member must consent in writing to the settlement;
40 and if the settlement is between the member and a
41 third party, the system must consent in writing to the
42 settlement; or on refusal to consent, in either case,
43 the district court in the county in which either the
44 employer of the member or the system is located must
45 consent in writing to the settlement.

46 d. For purposes of subrogation under this section,
47 a payment made to an injured member or the member's
48 legal representative, by or on behalf of a third party
49 or the third party's principal or agent, who is liable
50 for, connected with, or involved in causing the injury

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1 to the member, shall be considered paid as damages
2 because the injury was caused under circumstances
3 creating a legal liability against the third party,
4 whether the payment is made under a covenant not to
5 sue, compromise settlement, denial of liability, or is
6 otherwise made.

7 10. A member retired under this section, in order
8 to be eligible for continued receipt of retirement
9 benefits, shall no later than May 15 of each year
10 submit to the department a copy of the member's
11 federal individual income tax return for the preceding
12 year, or any other documentation the department may
13 reasonably request which will provide information
14 needed to determine payments to the member under this
15 section.

16 11. The expenses incurred in the administration of
17 this section by the system shall be paid through
18 additional contributions as determined pursuant to
19 section 97B.49B, subsection 3, or section 97B.49C,
20 subsection 3, as applicable.

21 12. RULES. The department shall adopt rules
22 pursuant to chapter 17A specifying the application
23 procedure for members pursuant to this section."

24 2. Page 67, by inserting after line 35 the
25 following:

26 "Sec. 102. EFFECTIVE DATE. Section 101 of this
27 Act, creating new section 97B.50A, takes effect July
28 1, 1999."

29 3. Page 79, by striking lines 31 through 34 and
30 inserting the following: "each retirement system.
31 Consideration of benefit enhancements".

32 4. Page 79, line 35, by inserting after the word
33 "account" the following: "the availability of
34 enhanced disability benefits for members of each
35 retirement system under examination and".

36 5. Page 81, line 2, by striking the words and
37 figures "September 1, 2000" and inserting the
38 following: "November 2, 1998".

39 6. Page 81, line 10, by striking the words and
40 figure "3 and shall," and inserting the following:
41 "3."

42 7. Page 81, by striking lines 11 through 14.

43 8. By renumbering as necessary.

By MARTIN of Scott

H-8441 FILED MARCH 16, 1998

Adopted
3-17-98
(p.763)

HOUSE FILE 2496

H-8451

1 Amend the amendment, H-8389, to House File 2496, as
2 follows:

3 1. Page 1, by striking the figure "(1)" and
4 inserting the following: "4. a."

5 2. Page 1, line 11, by striking the figure "(2)"
6 and inserting the following: "b.".

7 3. Page 1, by striking lines 17 through 20 and
8 inserting the following: "subsection and the
9 additional benefits provided to members of the system
10 by this Act, whichever is later. However, until this
11 subsection is implemented, the department shall not
12 credit amounts to active member supplemental accounts
13 as provided in section 97B.49H."

By LARKIN of Lee

H-8451 FILED MARCH 17, 1998

ADOPTED (p.754)

HOUSE FILE 2496

H-8456

1 Amend the amendment, H-8441, to House File 2496 as
2 follows:

3 1. Page 1, by striking lines 39 through 41 and
4 inserting the following: "that membership commenced."

5 2. Page 2, line 1, by striking the word
6 "commenced," and inserting the following:
7 "commenced."

8 3. Page 2, by striking lines 2 through 4.

9 4. Page 2, by striking lines 43 and 44 and
10 inserting the following: "commenced."

By CONNORS of Polk

H-8456 FILED MARCH 17, 1998

ADOPTED

(p.763)

HOUSE FILE 2496

H-8462

1 Amend House File 2496 as follows:
2 1. Page 1, by inserting after line 3 the
3 following:
4 "Sec. _____. Section 97A.6, subsection 2, paragraph
5 d, Code 1997, is amended by adding the following new
6 subparagraph:
7 NEW SUBPARAGRAPH. (3A) Commencing July 1, 1998,
8 and notwithstanding the provisions of this paragraph
9 to the contrary, for a member who terminated service,
10 other than by death or disability, before July 1,
11 1996, and who did not withdraw the member's
12 contributions pursuant to section 97A.16, there shall
13 be added one and one-half percent of the member's
14 average final compensation for each year of service
15 over twenty-two years effective with each monthly
16 payment of a service retirement allowance on or after
17 July 1, 1998. However, this subparagraph does not
18 apply to more than eight additional years of service."
19 2. By renumbering as necessary.

By FALCK of Fayette

H-8462 FILED MARCH 17, 1998
MOTION TO SUSPEND RULES, LOST

*for timely filing of an
Amendment (p. 766)*

5-3/18/98 same year.
5-3/9/98 without Recommendation
5-3/26/98 UNFINISHED BUSINESS CALENDAR
5-4/6/98 Reference from Unfin. Bus. Cal. to Appropriation Comm.

HOUSE FILE 2496
BY COMMITTEE ON STATE GOVERNMENT
5-4-7-98 No Pass
(SUCCESSOR TO HSB 681)

(As Amended and Passed by the House, March 17, 1998)

Passed House, (P. 1150) Date 4-15-98 Passed Senate, (P. 1247) Date 4/14/98
Vote: Ayes 99 Nays 0 Vote: Ayes 49 Nays 0
Approved May 8, 1998
[Signature]

A BILL FOR

1 An Act relating to public retirement systems, and providing
2 effective, implementation, and applicability dates.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4
5

6 New Language _____

7 Deleted Language *

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DIVISION I

PUBLIC SAFETY PEACE OFFICERS' RETIREMENT, ACCIDENT,
AND DISABILITY SYSTEM

Section 1. Section 97A.6, subsection 2, paragraph d, subparagraph (4), Code 1997, is amended to read as follows:

(4) For a member who terminates service, other than by death or disability, on or after July 1, 1996, but before July 1, 1998, and who does not withdraw the member's contributions pursuant to section 97A.16, upon the member's retirement there shall be added one and one-half 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. 2. Section 97A.6, subsection 2, paragraph d, Code 1997, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (5) For a member who terminates service, other than by death or disability, on or after July 1, 1998, and who does not withdraw the member's contributions pursuant to section 97A.16, upon the member's retirement there shall be added one and one-half 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 ten additional years of service.

Sec. 3. Section 97A.6, subsection 4, Code 1997, is amended to read as follows:

4. ALLOWANCE ON ORDINARY DISABILITY RETIREMENT.

a. Upon retirement for ordinary disability prior to July 1, 1998, a member shall receive an ordinary disability retirement allowance which shall consist of a pension which shall equal fifty percent of the member's average final compensation unless either of the following conditions exist:

a. (1) If the member has not had five or more years of membership service, the member shall receive a disability pension equal to one-fourth of the member's average final compensation.

1 b. (2) If the member has had twenty-two or more years of
2 membership service, the member shall receive a disability
3 retirement allowance that is equal to the greater of the
4 benefit that the member would receive under subsection 2 if
5 the member were fifty-five years of age or the disability
6 pension otherwise calculated under this subsection.

7 b. Upon retirement for ordinary disability on or after
8 July 1, 1998, a member who has five or more years of
9 membership service shall receive a disability retirement
10 allowance in an amount equal to the greater of fifty percent
11 of the member's average final compensation or the retirement
12 allowance that the member would receive under subsection 2 if
13 the member had attained fifty-five years of age. A member who
14 has less than five years of membership service shall receive a
15 pension equal to one-fourth of the member's average final
16 compensation.

17 Sec. 4. Section 97A.6, subsection 6, paragraph b, Code
18 1997, is amended to read as follows:

19 b. Upon retirement for accidental disability on or after
20 July 1, 1990, but before July 1, 1998, a member shall receive
21 an accidental disability retirement allowance which shall
22 consist of a pension equal to sixty percent of the member's
23 average final compensation. However, if the member has had
24 twenty-two or more years of membership service, the member
25 shall receive a disability retirement allowance that is equal
26 to the greater of the retirement allowance that the member
27 would receive under subsection 2 if the member were fifty-five
28 years of age or the disability retirement allowance calculated
29 under this paragraph.

30 Sec. 5. Section 97A.6, subsection 6, Code 1997, is amended
31 by adding the following new paragraph:

32 NEW PARAGRAPH. c. Upon retirement for accidental
33 disability on or after July 1, 1998, a member shall receive an
34 accidental disability retirement allowance which shall consist
35 of a pension in an amount equal to the greater of sixty

1 percent of the member's average final compensation or the
2 retirement allowance that the member would receive under
3 subsection 2 if the member has attained fifty-five years of
4 age.

5 Sec. 6. Section 97A.6, subsection 7, paragraph a,
6 unnumbered paragraph 1, Code 1997, is amended to read as
7 follows:

8 Should any beneficiary for either ordinary or accidental
9 disability, except a beneficiary who is fifty-five years of
10 age or over and would have completed twenty-two years of
11 service if the beneficiary had remained in active service, be
12 engaged in a gainful occupation paying more than the
13 difference between the member's net retirement allowance and
14 one and one-half times the current earnable compensation of an
15 active member at the same position on the salary scale within
16 the member's rank as the member held at retirement, then the
17 amount of the retirement allowance shall be reduced to an
18 amount which-together-with such that the member's net
19 retirement allowance plus the amount earned by the member
20 shall equal one and one-half times the amount of the current
21 earnable compensation of an active member at the same position
22 on the salary scale within the member's rank as the member
23 held at retirement. Should the member's earning capacity be
24 later changed, the amount of the retirement allowance may be
25 further modified, provided that the new retirement allowance
26 shall not exceed the amount of the retirement allowance
27 originally granted adjusted by annual readjustments of
28 pensions pursuant to subsection 14 of this section nor an
29 amount which would cause the member's net retirement
30 allowance, when added to the amount earned by the beneficiary,
31 equals to equal one and one-half times the amount of the
32 current earnable compensation of an active member at the same
33 position on the salary scale within the member's rank as the
34 member held at retirement. A beneficiary restored to active
35 service at a salary less than the average final compensation

1 upon the basis of which the member was retired at age fifty-
2 five or greater, shall not again become a member of the
3 retirement system and shall have the member's retirement
4 allowance suspended while in active service. If the rank or
5 position held by the retired member is subsequently abolished,
6 adjustments to the allowable limit on the amount of income
7 which can be earned in a gainful occupation shall be computed
8 in the same manner as provided in subsection 14, paragraph
9 "c", of this section for readjustment of pensions when a rank
10 or position has been abolished. If the salary scale
11 associated with a member's rank at retirement is changed after
12 the member retires, earnable compensation for purposes of this
13 section shall be based upon the salary an active member
14 currently would receive at the same rank and with seniority
15 equal to that of the retired member at the time of retirement.
16 For purposes of this paragraph, "net retirement allowance"
17 means the amount determined by subtracting the amount paid
18 during the previous calendar year by the beneficiary for
19 health insurance or similar health care coverage for the
20 beneficiary and the beneficiary's dependents from the amount
21 of the member's retirement allowance paid for that year
22 pursuant to this chapter. The beneficiary shall submit
23 sufficient documentation to the board of trustees to permit
24 the system to determine the member's net retirement allowance
25 for the applicable year.

26 Sec. 7. APPLICABILITY. Section 6 of this Act, amending
27 section 97A.6, subsection 7, paragraph "a", is applicable to
28 amounts earned by a beneficiary after December 31, 1997.

29 DIVISION II

30 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

31 Sec. 8. Section 97.51, subsection 8, Code 1997, is amended
32 to read as follows:

33 8. Effective July 1, 1980, a person receiving benefits, or
34 who becomes eligible to receive benefits, on or after July 1,
35 1980, under this chapter, shall receive the monthly increase

1 in benefits provided in section ~~97B.49, subsection 11~~ 97B.49G,
2 subsection 3, paragraph "a".

3 There is appropriated from the general fund of the state to
4 the Iowa old-age and survivors' insurance liquidation fund
5 from funds not otherwise appropriated an amount sufficient to
6 finance the provisions of this subsection.

7 Sec. 9. Section 97B.8, unnumbered paragraph 1, Code 1997,
8 is amended to read as follows:

9 A board is established to be known as the "Investment Board
10 of the Iowa Public Employees' Retirement System", referred to
11 in this chapter as the "board", whose duties are to establish
12 policy for the department in matters relating to the
13 investment of the trust funds of the Iowa public employees'
14 retirement system. At least annually the board shall review
15 the investment policies and procedures used by the department
16 under section 97B.7, subsection 2, paragraph "b", and shall
17 hold a public meeting on the investment policies and
18 investment performance of the fund. Following its review and
19 the public meeting, the board shall establish an investment
20 policy and goal statement which shall direct the investment
21 activities of the department. The development of the
22 investment policy and goal statement and its subsequent
23 execution shall be performed cooperatively between the board
24 and the department. In addition to the reasons provided in
25 section 21.5, subsection 1, the board may hold a closed
26 session pursuant to the requirements of section 21.5 of that
27 portion of an investment board meeting in which financial or
28 commercial information is provided to or discussed by the
29 board if the board determines that disclosure of such
30 information could result in a loss to the system or to the
31 provider of the information.

32 Sec. 10. Section 97B.9, Code 1997, is amended by adding
33 the following new subsection:

34 NEW SUBSECTION. 4. Regardless of any potentially
35 applicable statute of limitations, if the department finds

1 that the employee or employer, or both, have erroneously
 2 underpaid contributions, the employer shall pay the employer's
 3 share of contributions and interest and the interest assessed
 4 to the employee's share of contributions. The employee shall
 5 pay the employee's share of contributions to the employer, who
 6 shall then remit them to the department. For purposes of
 7 section 1526 of the federal Taxpayer Relief Act of 1997,
 8 eligible participants, as defined by section 1526, may make
 9 payments of contributions under this section without regard to
 10 the limitations of section 415(c)(1) of the federal Internal
 11 Revenue Code.

12 Sec. 11. Section 97B.10, Code 1997, is amended to read as
 13 follows:

14 97B.10 REFUNDS CREDITING OF ERRONEOUS CONTRIBUTIONS.

15 1. If the department finds the employee or employer, or
 16 both, have erroneously paid contributions, including the
 17 payment of contributions prior to an individual's valid
 18 decision to elect out of coverage under this chapter on or
 19 after January 1, 1999, pursuant to section 97B.42A, the
 20 department shall make an adjustment, compromise, or settlement
 21 and make-a-refund-of shall credit such payments to the
 22 employee-or-employer,-or-both,-as-it-finds-just-and-equitable
 23 appropriate party. Refunds-so-made-shall-be-charged-to-the
 24 fund-to-which-the-erroneous-collections-have-been-credited-and
 25 shall-be-paid-to-the-employee-or-employer,-or-both,-without
 26 interest.

27 2. A claim of an employee or employer for a refund credit
 28 for erroneously paid contributions shall be made within three
 29 years of date of payment. However, the department may make
 30 refund-payments issue a credit to employees or employers after
 31 the expiration of the three-year deadline if the department
 32 finds that the-payment-of-the-refund issuing the credit is
 33 just and equitable.

34 3. Except as provided in this subsection, interest shall
 35 not be paid on credits issued pursuant to this section.

1 However, if a credit for contributions paid prior to an
2 individual's decision to elect out of coverage pursuant to
3 section 97B.42A is issued, accumulated interest and interest
4 on dividends as provided in section 97B.70 shall apply. In
5 addition, the department may, at any time, apply accumulated
6 interest and interest dividends as provided in section 97B.70
7 on any credits issued under this section if the department
8 finds that the crediting of interest is just and equitable.

9 Sec. 12. Section 97B.11, unnumbered paragraph 1, Code
10 1997, is amended to read as follows:

11 Each employer shall deduct from the wages of each member of
12 the system a contribution in the amount of three and seven-
13 tenths percent of the covered wages paid by the employer,
14 until the member's termination ~~or retirement~~ from employment,
15 ~~whichever is earlier~~. The contributions of the employer shall
16 be in the amount of five and seventy-five hundredths percent
17 of the covered wages of the member.

18 Sec. 13. Section 97B.13, Code 1997, is amended to read as
19 follows:

20 97B.13 NO INCOME TAX DEDUCTION.

21 For the purposes of the state income tax, the contribution
22 required by this chapter shall not be allowed as a deduction
23 to the taxpayer in computing the taxpayer's net income for any
24 year in which such ~~tax~~ contribution is deducted from the
25 taxpayer's wages.

26 Sec. 14. Section 97B.17, unnumbered paragraph 1, Code
27 1997, is amended to read as follows:

28 The department shall establish and maintain records of each
29 member, including but not limited to, the amount of wages of
30 each member, the contribution of each member with interest,
31 and interest dividends credited. The records may be
32 maintained in paper, magnetic, or electronic form, including
33 optical disk storage. These records are the basis for the
34 compilation of the retirement benefits provided under this
35 chapter. The following records maintained under this chapter

- 1 ~~containing personal identifiable information~~ are not public
2 records for the purposes of chapter 22:
- 3 1. Records containing social security numbers.
 - 4 2. ~~Records listing designated beneficiaries.~~
 - 5 3. Records specifying amounts accumulated in members'
6 active accounts.
 - 7 4. 3. Records containing names, or addresses, ~~and amounts~~
8 ~~of monthly benefits to which~~ of members or their beneficiaries
9 ~~are entitled.~~
 - 10 5. 4. Records containing names, ~~addresses, and~~ amounts of
11 ~~lump sum refund~~ payments to ~~terminated~~ members or their
12 beneficiaries.
 - 13 5. Records containing financial or commercial information
14 that relates to the investment of system funds if the
15 disclosure of such information could result in a loss to the
16 system or to the provider of the information.

17 Sec. 15. Section 97B.19, Code 1997, is amended to read as
18 follows:

19 97B.19 REVISION FOR ERROR.

20 If ~~prior to the expiration of six months~~ following the
21 delivery of such the statement provided in section 97B.18, it
22 is brought to the attention of the department that any entry
23 of such wages in such its records is erroneous, or that any
24 item of such wages has been omitted from the records, the
25 department may correct such the entry or include such the
26 omitted item in its records, as the case may be. Written
27 notice of any revision of any such entry which is adverse to
28 the interest of any individual shall be given to such the
29 individual in any case where such the individual has
30 previously been notified by the department of the amount of
31 wages and of the period of payments shown by such the entry.
32 Upon request in writing ~~made prior to the expiration of six~~
33 ~~months immediately following the giving of the statement~~
34 ~~provided for in section 97B.18~~, the department shall afford
35 any individual, or after the individual's death shall afford

1 the individual's beneficiary or any other person so entitled
2 in the judgment of the department, reasonable notice and
3 opportunity for hearing with respect to any entry or alleged
4 omission of wages of such the individual in such record, or
5 any revision of any such entry. If a hearing is held, the
6 department shall make findings of fact and a decision based
7 upon the evidence adduced at such the hearing and shall revise
8 its records accordingly. Judicial review of action of the
9 department under this section ~~and-section-97B-20~~ may be sought
10 in accordance with the terms of the Iowa administrative
11 procedure Act and section 97B.29.

12 Sec. 16. Section 97B.25, Code 1997, is amended to read as
13 follows:

14 97B.25 APPLICATIONS FOR BENEFITS.

15 A representative designated by the chief benefits officer
16 and referred to in this chapter as a retirement benefits
17 specialist shall promptly examine applications for retirement
18 benefits and on the basis of facts found shall determine
19 whether or not the claim is valid ~~and-if.~~ If the claim is
20 valid, the retirement benefits specialist shall send a
21 notification to the member stating the option the member has
22 selected pursuant to sections 97B.49A through 97B.49G, as
23 applicable, or section 97B.51, the month with respect to which
24 benefits shall commence, and the monthly benefit amount
25 payable, and the maximum duration. ~~The~~ If the claim is
26 invalid, the retirement benefits specialist shall promptly
27 notify the applicant and any other interested party of the
28 decision and the reasons. ~~Unless-the-applicant-or-other~~
29 ~~interested-party, within thirty calendar days after the~~
30 ~~notification was mailed to the applicant's or party's last~~
31 ~~known address, files an appeal as provided in section 97B-20A,~~
32 ~~the decision is final and benefits shall be paid or denied in~~
33 ~~accord with the decision.~~ A retirement application shall not
34 be amended or revoked by the member once the first retirement
35 allowance is paid. A member's death during the first month of

1 entitlement shall not invalidate an approved application.

2 Sec. 17. Section 97B.40, Code 1997, is amended to read as
3 follows:

4 97B.40 FRAUD.

5 1. Whoever, A person shall be guilty of a fraudulent
6 practice if the person makes, or causes to be made, any false
7 statement or representation for the purpose of causing an
8 increase in any payment authorized to be made under this
9 chapter, or for the purpose of causing any payment to be made
10 where no payment is authorized under this chapter, shall
11 willfully-make-or-cause-to-be-made-any for the purpose of
12 obtaining confidential information from the department, or for
13 any other unlawful purpose related to this chapter.

14 2. For purposes of this section, "any false statement or
15 representation" includes the following:

16 a. Any false statement or representation willfully made or
17 caused to be made as to the amount of any wages paid or
18 received for the period during which earned or unpaid, knowing
19 it to be false or-whoever-makes-or-causes-to-be-made-any.

20 b. Any false statement of a material fact made or caused
21 to be made knowing it to be false in any application for any
22 payment under this chapter, or-whoever-willfully-makes-or
23 causes-to-be-made-any.

24 c. Any false statement, representation, affidavit, or
25 document willfully made, presented, or caused to be made in
26 connection with such an application for any payment under this
27 chapter knowing them it to be false, shall-be-guilty-of-a
28 fraudulent-practice.

29 d. Any unauthorized use of any security devices, such as
30 personal identification codes, utilized for the purpose of
31 accessing information from the department.

32 Sec. 18. Section 97B.41, subsection 6, Code 1997, is
33 amended to read as follows:

34 6. "Bona fide retirement" means a retirement by a vested
35 member which meets the requirements of section 97B.52A7

1 subsection-17 and in which the member is eligible to receive
2 benefits under this chapter.

3 Sec. 19. Section 97B.41, subsection 8, Code 1997, is
4 amended by striking the subsection and inserting in lieu
5 thereof the following:

6 8. "Employee" means an individual who is employed as
7 defined in this chapter for whom coverage under this chapter
8 is mandatory.

9 a. "Employee" shall also include any of the following
10 individuals who do not elect out of coverage under this
11 chapter pursuant to section 97B.42A:

12 (1) Elective officials in positions for which the
13 compensation is on a fee basis, elective officials of school
14 districts, elective officials of townships, and elective
15 officials of other political subdivisions who are in part-time
16 positions. An elective official covered under this chapter
17 may terminate membership under this chapter by informing the
18 department in writing of the expiration of the member's term
19 of office. A county attorney is an employee for purposes of
20 this chapter whether that county attorney is employed on a
21 full-time or part-time basis.

22 (2) Members of the general assembly of Iowa and temporary
23 employees of the general assembly of Iowa. A member of the
24 general assembly covered under this chapter may terminate
25 membership under this chapter by informing the department in
26 writing of the member's intent to terminate membership.

27 Temporary employees of the general assembly covered under
28 this chapter may terminate membership by sending written
29 notification to the department of their separation from
30 service.

31 (3) Nonvested employees of drainage and levee districts.

32 (4) Employees of a community action program determined to
33 be an instrumentality of the state or a political subdivision.

34 (5) Magistrates.

35 (6) Persons employed under the federal Job Training

1 Partnership Act of 1982, Pub. L. No. 97-300.

2 (7) Members of the ministry, rabbinate, or other religious
3 order who have taken the vow of poverty.

4 (8) Persons employed as city managers, or as city
5 administrators performing the duties of city managers, under a
6 form of city government listed in chapter 372 or chapter 420.

7 (9) Members of the state transportation commission, the
8 board of parole, and the state health facilities council.

9 (10) Employees appointed by the state board of regents who
10 do not elect coverage in a retirement system qualified by the
11 state board of regents that meets the criteria of section
12 97B.2.

13 (11) Persons employed by the board of trustees for the
14 statewide fire and police retirement system established in
15 section 411.36.

16 b. "Employee" does not mean the following individuals:

17 (1) Individuals who are enrolled as students and whose
18 primary occupations are as students who are incidentally
19 employed by employers.

20 (2) Graduate medical students while serving as interns or
21 resident doctors in training at any hospital, or county
22 medical examiners and deputy county medical examiners under
23 chapter 331, division V, part 8.

24 (3) Employees hired for temporary employment of less than
25 six months or one thousand forty hours in a calendar year. An
26 employee who works for an employer for six or more months in a
27 calendar year or who works for an employer for more than one
28 thousand forty hours in a calendar year is not a temporary
29 employee under this subparagraph. Adjunct instructors are
30 temporary employees for the purposes of this chapter. As used
31 in this section, unless the context otherwise requires,
32 "adjunct instructors" means instructors employed by a
33 community college or a university governed by the state board
34 of regents without a continuing contract, whose teaching load
35 does not exceed one-half time for two full semesters or three

1 full quarters per calendar year.

2 (4) Foreign exchange teachers and visitors including alien
3 scholars, trainees, professors, teachers, research assistants,
4 and specialists in their field of specialized knowledge or
5 skill.

6 (5) Employees of the Iowa dairy industry commission
7 established under chapter 179, the Iowa beef cattle producers
8 association established under chapter 181, the Iowa pork
9 producers council established under chapter 183A, the Iowa
10 turkey marketing council established under chapter 184A, the
11 Iowa soybean promotion board established under chapter 185,
12 the Iowa corn promotion board established under chapter 185C,
13 and the Iowa egg council established under chapter 196A.

14 (6) Judicial hospitalization referees appointed under
15 section 229.21.

16 (7) Employees of an area agency on aging, if as of July 1,
17 1994, the agency provides for participation by all of its
18 employees in an alternative qualified plan pursuant to the
19 requirements of the federal Internal Revenue Code.

20 (8) Persons employed through any program described in
21 section 84A.7 and provided by the Iowa conservation corps.

22 8A. "Employer" means the state of Iowa, the counties,
23 municipalities, agencies, public school districts, all
24 political subdivisions, and all of their departments and
25 instrumentalities, including area agencies on aging, other
26 than those employing persons as specified in subsection 8,
27 paragraph "b", subparagraph (7), and joint planning
28 commissions created under chapter 28E or 28I.

29 If an interstate agency is established under chapter 28E
30 and similar enabling legislation in an adjoining state, and an
31 employer had made contributions to the system for employees
32 performing functions which are transferred to the interstate
33 agency, the employees of the interstate agency who perform
34 those functions shall be considered to be employees of the
35 employer for the sole purpose of membership in the system,

1 although the employer contributions for those employees are
2 made by the interstate agency.

3 Sec. 20. Section 97B.41, subsection 14, Code 1997, is
4 amended to read as follows:

5 14. "Membership service" means service rendered by a
6 member after July 4, 1953. Years of membership service shall
7 be counted to the complete quarter calendar year. However,
8 membership service for a calendar year shall not include more
9 than four quarters. In determining a member's period of
10 membership service, the department shall combine all periods
11 of service for which the member has made contributions. ~~If~~
12 ~~the department has not maintained the accumulated contribution~~
13 ~~account of the member for a period of service, as provided~~
14 ~~pursuant to section 97B.53, subsection 6, the department shall~~
15 ~~credit the member for the service if the member submits~~
16 ~~satisfactory proof to the department that the member did make~~
17 ~~the contributions for the period of service and did not take a~~
18 ~~refund for the period of service.~~

19 Sec. 21. Section 97B.41, subsection 19, Code 1997, is
20 amended to read as follows:

21 19. "Service" means uninterrupted service under this
22 chapter by an employee, except an elected official, ~~from the~~
23 ~~date the employee last entered employment of the employer~~
24 ~~until the date the employee's employment shall be terminated~~
25 ~~by death, retirement, resignation or discharge, provided,~~
26 ~~however, the service of any employee shall not be deemed to be~~
27 ~~interrupted by~~ for which the employee is paid covered wages.
28 Service shall also mean the following:

29 a. Service in the armed forces of the United States, if
30 the employee was employed by the a covered employer
31 immediately prior to entry into the armed forces, and if the
32 employee was released from service and returns to covered
33 employment with the an employer within twelve months of the
34 date on which the employee has the right of release from
35 service or within a longer period as required by the

1 applicable laws of the United States.

2 b. Leave of absence ~~or-vacation~~ authorized by the employer
3 prior to July 1, 1998, for a period not exceeding twelve
4 months and ending no later than July 1, 1999.

5 c. A leave of absence authorized pursuant to the
6 requirements of the federal Family and Medical Leave Act of
7 1993 ~~is-considered-a-leave-of-absence-authorized-by-the~~
8 employer, or other similar leave authorized by the employer
9 for a period not to exceed twelve weeks in any calendar year.

10 ~~c.--The-termination-at-the-end-of-the-school-year-of-the~~
11 ~~contract-of-employment-of-an-employee-in-the-public-schools-of~~
12 ~~the-state-of-Iowa, provided-the-employee-enters-into-a-further~~
13 ~~contract-of-employment-in-the-public-schools-of-the-state-of~~
14 ~~Iowa-for-the-next-succeeding-school-year.~~

15 d. Temporary or seasonal interruptions in service ~~such-as~~
16 ~~service-of-school-bus-drivers, schoolteachers-under-regular~~
17 ~~contract, interim-teachers-or-substitute-teachers, instructors~~
18 ~~at-Iowa-state-university-of-science-and-technology, the-state~~
19 ~~university-of-Iowa, or-university-of-northern-Iowa, employees~~
20 ~~in-state-schools-or-hospital-dormitories, other-positions for~~
21 employees of a school corporation or educational institution
22 when the temporary suspension of service does not terminate
23 the period of employment of the employee, ~~or-temporary~~
24 employees-of-the-general-assembly and the employee returns to
25 service at a school corporation or educational institution
26 upon the end of the temporary or seasonal interruption.

27 Sec. 22. Section 97B.41, subsection 21, Code 1997, is
28 amended to read as follows:

29 21. "Special service" means service for an employer while
30 employed in a protection occupation as provided in section
31 ~~97B:49, subsection-16, paragraph-"a"~~ 97B.49B, and as a county
32 sheriff, deputy sheriff, or airport fire fighter as provided
33 in section ~~97B:49, subsection-16, paragraph-"b"~~ 97B.49C.

34 Sec. 23. Section 97B.41, subsection 23, paragraph a, Code
35 1997, is amended to read as follows:

1 a. "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 computing the average quarter
9 of all quarters from the member's highest calendar year of
10 covered wages not being used in the selection of the two
11 highest years and using the computed average quarter for each
12 quarter in the third year in which no wages have been reported
13 in combination with the final quarter or quarters of the
14 member's service to create a full year. However, the
15 department shall not use the member's final quarter of wages
16 if using that quarter would reduce the member's three-year
17 average covered wage. If the three-year average covered wage
18 of a member exceeds the highest maximum covered wages in
19 effect for a calendar year during the member's period of
20 service, the three-year average covered wage of the member
21 shall be reduced to the highest maximum covered wages in
22 effect during the member's period of service. Notwithstanding
23 any other provision of this paragraph to the contrary, a
24 member's wages for the third year as computed by this
25 paragraph shall not exceed, by more than three percent, the
26 member's highest actual calendar year of covered wages for a
27 member whose first month of entitlement is January 1999 or
28 later.

29 Sec. 24. Section 97B.41, subsection 25, paragraph b,
30 subparagraph (17), unnumbered paragraph 2, Code 1997, is
31 amended to read as follows:

32 Notwithstanding any other provision of this chapter
33 providing for the payment of the benefits provided in section
34 97B.49, -subsection-16-or-17 97B.49B, 97B.49C, 97B.49D, or
35 97B.49G, the department shall establish the covered wages

1 limitation which applies to members covered under section
2 ~~97B.49, subsection 16 or 17~~ 97B.49B, 97B.49C, 97B.49D, or
3 97B.49G, at the same level as is established under this
4 subparagraph for other members of the system.

5 Sec. 25. Section 97B.42A, Code 1997, is amended by
6 striking the section and inserting in lieu thereof the
7 following:

8 97B.42A OPTIONAL EXCLUSION FROM MEMBERSHIP.

9 1. Commencing January 1, 1999, a person who is newly hired
10 in a position as an employee, as defined in section 97B.1A,
11 subsection 8, paragraph "a", shall be covered under this
12 chapter unless the person files an application with
13 appropriate documentation to the department within sixty days
14 of employment in the position to affirmatively elect out of
15 coverage. A decision to elect out of coverage under this
16 chapter is irrevocable upon approval from the system.

17 2. If a person elects out of coverage pursuant to this
18 section, the period of time from the date on which the person
19 was newly hired until the date the person's election out of
20 coverage is effective shall not constitute service for
21 purposes of coverage under this chapter. In addition, a wage
22 adjustment shall be processed for the person based on any
23 contributions collected pursuant to this chapter during that
24 period of time and shall be credited pursuant to section
25 97B.10.

26 3. A person who is employed in a position as an employee
27 as defined in section 97B.1A, subsection 8, paragraph "a", on
28 January 1, 1999, and who has not elected coverage under this
29 chapter prior to that date and is not an active member of
30 another retirement system in the state which is maintained in
31 whole or in part by public contributions or payments, shall
32 begin coverage under the system on January 1, 1999, unless the
33 person files an application with appropriate documentation
34 with the department to elect out of coverage on or before
35 January 1, 2000. If a person elects out of coverage, the

1 period of time from January 1, 1999, until the date the
2 person's election out of coverage is effective shall not
3 constitute service for purposes of coverage under this chapter
4 and a wage adjustment shall be processed for the person based
5 on any contributions collected pursuant to this chapter during
6 that period of time and shall be credited pursuant to section
7 97B.10. A decision to elect out of coverage under this
8 chapter pursuant to this section is irrevocable upon approval
9 from the department.

10 4. A person who becomes a member of the system pursuant to
11 subsection 3, or who is a member of the system, may purchase
12 credit, pursuant to section 97B.73, for one or more quarters
13 of service prior to January 1, 1999, in which the person was
14 employed in a position as described in section 97B.1A,
15 subsection 8, paragraph "a", but was not a member of the
16 system.

17 Sec. 26. Section 97B.43, unnumbered paragraph 2, Code
18 1997, is amended to read as follows:

19 Any person with a record of thirty years as a public
20 employee in the state of Iowa prior to July 1, 1947, and who
21 is not eligible for prior service credit under other
22 provisions of this section, is entitled to a credit for years
23 of prior service in the determination of the retirement
24 allowance payment under this chapter, provided the public
25 employee makes application to the department of personnel for
26 credit for prior public service, accompanied by verification
27 of the person's claim as the department may require. The
28 person's allowance for prior service credits shall be computed
29 in the same manner as otherwise provided in this section, but
30 shall not exceed the sum of four hundred fifty dollars nor be
31 less than three hundred dollars per annum. Any such person is
32 entitled to receive retirement allowances computed as provided
33 by this chapter, effective from the date of application to the
34 department, provided such application is approved. However,
35 beginning July 1, 1975, the amount of such person's retirement

1 allowance payment received during June 1975, as computed under
2 this section shall be increased by two hundred percent and the
3 allowance for prior service credits shall not exceed one
4 thousand three hundred fifty dollars nor be less than nine
5 hundred dollars per annum. Effective July 1, 1987, there is
6 appropriated for each fiscal year from the Iowa public
7 employees' retirement fund created in section 97B.7 to the
8 department of personnel an amount sufficient to fund the
9 retirement allowance increases paid under this paragraph.
10 Effective July 1, 1980, a person with a record of thirty years
11 as a public employee in the state of Iowa prior to July 1,
12 1947, receiving retirement allowances under this chapter shall
13 receive the monthly increase in benefits provided in section
14 ~~97B.49, subsection 1~~ 97B.49G, subsection 3, paragraph "a".

15 Sec. 27. Section 97B.45, subsections 1, 2, 3, and 4, Code
16 1997, are amended to read as follows:

17 1. The first of the month in which a member attains the
18 age of sixty-five years if the member has not completed thirty
19 twenty years of membership service.

20 2. The first of the month in which the member attains the
21 age of sixty-two years if the member has completed thirty
22 twenty years of membership service.

23 3. The first of any month in which the member has
24 completed thirty twenty years of membership service if the
25 member has attained the age of sixty-two years but is not yet
26 sixty-five years of age.

27 4. The first of any month in which a-member-meets-the
28 membership-service-and-age-requirements-to-retire-under
29 section-97B.49, subsection 15 the member is at least fifty-
30 five years of age and for which the sum of the number of years
31 of membership service and prior service and the member's age
32 in years as of the member's last birthday equals or exceeds
33 eighty-eight.

34 Sec. 28. Section 97B.46, subsection 2, Code 1997, is
35 amended by striking the subsection.

1 Sec. 29. Section 97B.46, subsection 3, Code 1997, is
2 amended to read as follows:

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

12 Sec. 30. Section 97B.48, subsection 3, Code 1997, is
13 amended to read as follows:

14 3. As of the first of the month in which a member attains
15 the age of seventy years, the member may commence receiving a
16 retirement allowance regardless of the member's employment
17 status. Upon termination from employment of a member
18 receiving a retirement allowance pursuant to this subsection,
19 the member is entitled to have the member's monthly retirement
20 allowance recalculated using the applicable formula for
21 determining a retirement allowance pursuant to sections
22 97B.49A through 97B.49G, as applicable, in place at the time
23 of the member's first month of entitlement.

24 Sec. 31. Section 97B.48, Code 1997, is amended by adding
25 the following new subsections:

26 NEW SUBSECTION. 4. Payment of a member's retirement
27 allowance pursuant to sections 97B.49A through 97B.49H shall
28 commence no later than the required beginning date specified
29 under section 401(a)(9) of the federal Internal Revenue Code
30 regardless of whether the member has submitted the appropriate
31 notice to receive an allowance. If the lump sum actuarial
32 equivalent under section 97B.48, subsection 1, could have been
33 selected by the member, payments shall be made in a lump sum
34 rather than as a monthly allowance.

35 NEW SUBSECTION. 5. In the event that all, or any portion,

1 of the retirement allowance payable to a member pursuant to
2 subsection 4 shall remain unpaid solely by reason of the
3 inability of the department to locate the member, the amounts
4 payable shall be forfeited. If the member is located after
5 the amounts payable are forfeited, the amounts payable shall
6 be restored.

7 Sec. 32. Section 97B.48A, subsection 1, unnumbered
8 paragraph 1, Code 1997, is amended to read as follows:

9 If a member who has not reached the member's sixty-fifth
10 birthday and who has a bona fide retirement under this chapter
11 is in regular full-time employment during a calendar year, the
12 member's retirement allowance shall be reduced by fifty cents
13 for each dollar the member earns over the limit provided in
14 this subsection. However, employment is not full-time
15 employment until the member receives remuneration in an amount
16 in excess of seven ~~twelve~~ thousand four-hundred-forty dollars
17 for a calendar year, or an amount equal to the amount of
18 remuneration permitted for a calendar year for persons under
19 sixty-five years of age before a reduction in federal social
20 security retirement benefits is required, whichever is higher.
21 Effective the first of the month in which a member attains the
22 age of sixty-five years, a retired member may receive a
23 retirement allowance without a reduction after return to
24 covered employment regardless of the amount of remuneration
25 received.

26 Sec. 33. Section 97B.48A, subsection 3, Code 1997, is
27 amended to read as follows:

28 3. Upon a retirement after reemployment, a retired member
29 may have the retired member's retirement allowance
30 redetermined under this section or section 97B-49-or 97B.48,
31 97B.49A through 97B.49H, 97B.50, or 97B.51, whichever is
32 applicable, based upon the addition of credit for the years of
33 membership service of the employee after reemployment, the
34 covered wage during reemployment, and the age of the employee
35 after reemployment. The member shall receive a single

1 retirement allowance calculated from both periods of
2 membership service, one based on the initial retirement and
3 one based on the second retirement following reemployment. If
4 the total years of membership service and prior service of a
5 member who has been reemployed equals or exceeds thirty, the
6 years of membership service on which the original retirement
7 allowance was based may be reduced by a fraction of the years
8 of service equal to the number of years by which the total
9 years of membership service and prior service exceeds thirty
10 divided by thirty, if this reduction in years of service will
11 increase the total retirement allowance of the member. The
12 additional retirement allowance calculated for the period of
13 reemployment shall be added to the retirement allowance
14 calculated for the initial period of membership service and
15 prior service, adjusted as provided in this subsection. The
16 retirement allowance calculated for the initial period of
17 membership service and prior service shall not be adjusted for
18 any other factor than years of service. The retired member
19 shall not receive a retirement allowance based upon more than
20 a total of thirty years of service. Effective July 1, 1998, a
21 redetermination of a retirement allowance as authorized by
22 this subsection for a retired member whose combined service
23 exceeds the applicable years of service for that member as
24 provided in sections 97B.49A through 97B.49G shall have the
25 determination of the member's reemployment benefit based upon
26 the percentage multiplier as determined for that member as
27 provided in sections 97B.49A through 97B.49G.

28 Sec. 34. Section 97B.48A, subsection 4, Code 1997, is
29 amended to read as follows:

30 4. The department shall pay to the member the accumulated
31 contributions of the member and ~~to-the-employer~~ the employer
32 contributions, plus interest plus interest dividends as
33 provided in section 97B.70, for all completed calendar years,
34 compounded as provided in section 97B.70, on the covered wages
35 earned by a retired member that are not used in the

1 recalculation of the retirement allowance of a member.

2 Sec. 35. NEW SECTION. 97B.49A MONTHLY PAYMENTS OF
3 ALLOWANCE -- GENERAL CALCULATION.

4 1. DEFINITIONS. For the purposes of this section:

5 a. "Applicable percentage" means sixty percent or, for
6 each active or inactive vested member retiring on or after
7 July 1, 1996, sixty percent plus, if applicable, an additional
8 one-fourth of one percentage point for each additional
9 calendar quarter of membership and prior service beyond thirty
10 years of service, not to exceed a total of five additional
11 percentage points.

12 b. "Fraction of years of service" means a number, not to
13 exceed one, equal to the sum of the years of membership
14 service and the number of years of prior service divided by
15 thirty years.

16 2. ENTITLEMENT TO MONTHLY ALLOWANCE. Each member, upon
17 retirement on or after the member's normal retirement date, is
18 entitled to receive a monthly retirement allowance determined
19 under this section. For an inactive vested member the monthly
20 retirement allowance shall be determined on the basis of this
21 section and section 97B.50 as they are in effect on the date
22 of the member's retirement.

23 3. CALCULATION OF MONTHLY ALLOWANCE. For each active or
24 inactive vested member retiring on or after July 1, 1994, with
25 four or more complete years of service, a monthly benefit
26 shall be computed which is equal to one-twelfth of an amount
27 equal to the applicable percentage of the three-year average
28 coverage wage multiplied by a fraction of years of service.
29 However, if benefits under this section commence on an early
30 retirement date, the amount of the benefit shall be reduced in
31 accordance with section 97B.50.

32 4. ALTERNATIVE CALCULATIONS.

33 a. For each active member employed before January 1, 1976,
34 and retiring on or after January 1, 1976, and for each member
35 who was a vested member before January 1, 1976, with four or

1 more complete years of service, a formula benefit shall be
2 determined equal to the larger of the benefit determined under
3 this paragraph and paragraph "b" of this subsection, as
4 applicable, the benefit determined under subsection 3, or the
5 benefit determined under section 97B.49G, subsection 1. The
6 amount of the monthly formula benefit for each such active or
7 vested member who retired on or after January 1, 1976, shall
8 be equal to one-twelfth of one and fifty-seven hundredths
9 percent per year of membership service multiplied by the
10 member's average annual covered wages. In no case shall the
11 amount of monthly formula benefit accrued for membership
12 service prior to July 1, 1967, be less than the monthly
13 annuity at the normal retirement date determined by applying
14 the sum of the member's accumulated contributions, the
15 member's employer's accumulated contributions on or before
16 June 30, 1967, and any retirement dividends standing to the
17 member's credit on or before December 31, 1966, to the annuity
18 tables in use by the department with due regard to the
19 benefits payable from such accumulated contributions under
20 sections 97B.52 and 97B.53.

21 b. For each member employed before January 1, 1976, who
22 has qualified for prior service credit in accordance with the
23 first paragraph of section 97B.43, a formula benefit shall be
24 determined equal to the larger of the benefit determined under
25 this paragraph, and paragraph "a" of this subsection, as
26 applicable, the benefit determined under subsection 3, or the
27 benefit determined under section 97B.49G, subsection 1. The
28 amount of the monthly formula benefit under this paragraph
29 shall be equal to eight-tenths of one percent per year of
30 prior service credit multiplied by the monthly rate of the
31 member's total remuneration not in excess of three thousand
32 dollars annually during the twelve consecutive months of the
33 member's prior service for which that total remuneration was
34 the highest. An additional three-tenths of one percent of the
35 remuneration not in excess of three thousand dollars annually

1 shall be payable for prior service during each year in which
2 the accrued liability for benefit payments created by the
3 abolished system is funded by appropriation from the Iowa
4 public employees' retirement fund.

5 c. For each active and vested member retiring with less
6 than four complete years of service and who therefore cannot
7 have a benefit determined under the formula benefit of
8 paragraph "a" or "b" of this subsection, subsection 3, or
9 section 97B.49G, subsection 1, a monthly annuity for
10 membership service shall be determined by applying the
11 member's accumulated contributions and the employer's matching
12 accumulated contributions as of the effective retirement date
13 and any retirement dividends standing to the member's credit
14 on or before December 31, 1966, to the annuity tables in use
15 by the department according to the member's age and contingent
16 annuitant's age, if applicable.

17 Sec. 36. NEW SECTION. 97B.49B PROTECTION OCCUPATION.

18 1. DEFINITIONS. For purposes of this section:

19 a. "Applicable percentage" means sixty percent or, for
20 each active or inactive vested member retiring on or after
21 July 1, 1996, sixty percent plus, if applicable, an additional
22 one-fourth of one percentage point for each additional
23 calendar quarter of eligible service beyond twenty-five years
24 of service, not to exceed a total of five additional
25 percentage points.

26 b. "Eligible service" means membership and prior service
27 in a protection occupation. In addition, for a member with
28 membership and prior service in a protection occupation
29 described in paragraph "d", subparagraph (2), eligible service
30 includes membership and prior service as a sheriff, deputy
31 sheriff, or airport fire fighter as defined in section
32 97B.49C.

33 c. "Fraction of years of service" means a number, not to
34 exceed one, equal to the sum of the years of eligible service
35 in a protection occupation divided by twenty-five years.

1 d. "Protection occupation" includes all of the following:

2 (1) A conservation peace officer employed under section
3 456A.13.

4 (2) A marshal in a city not covered under chapter 400 or a
5 fire fighter or police officer of a city not participating in
6 the retirement systems established in chapter 410 or 411.

7 (3) A correctional officer or correctional supervisor
8 employed by the Iowa department of corrections, and any other
9 employee of that department whose primary purpose is, through
10 ongoing direct inmate contact, to enforce and maintain
11 discipline, safety, and security within a correctional
12 facility. The Iowa department of corrections and the
13 personnel division of the department of personnel shall
14 jointly determine which job classifications are covered under
15 this subparagraph.

16 (4) An airport safety officer employed under chapter 400
17 by an airport commission in a city of one hundred thousand
18 population or more.

19 (5) An employee of the state department of transportation
20 who is designated as a "peace officer" by resolution under
21 section 321.477, but only if the employee retires on or after
22 July 1, 1990. For purposes of this subparagraph, service as a
23 traffic weight officer employed by the highway commission
24 prior to the creation of the state department of
25 transportation or as a peace officer employed by the Iowa
26 state commerce commission prior to the creation of the state
27 department of transportation shall be included in computing
28 the employee's years of membership service.

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

*34 2. CALCULATION OF MONTHLY ALLOWANCE. Notwithstanding
35 other provisions of this chapter, a member who is or has been

1 employed in a protection occupation who retires on or after
2 July 1, 1994, and at the time of retirement is at least fifty-
3 five years of age may elect to receive, in lieu of the receipt
4 of any benefits as calculated pursuant to section 97B.49A or
5 97B.49D, a monthly retirement allowance equal to one-twelfth
6 of an amount equal to the applicable percentage of the three-
7 year average covered wage as a member who has been employed in
8 a protection occupation multiplied by a fraction of years of
9 service, with benefits payable during the member's lifetime.

10 3. ADDITIONAL CONTRIBUTIONS.

11 a. Annually, the department of personnel shall actuarially
12 determine the cost of the additional benefits provided for
13 members covered under this section as a percentage of the
14 covered wages of the employees covered by this section. Sixty
15 percent of the cost shall be paid by the employers of
16 employees covered under this section and forty percent of the
17 cost shall be paid by the employees. The employer and
18 employee contributions required under this paragraph are in
19 addition to the contributions paid under sections 97B.11 and
20 97B.11A.

21 b. (1) For the fiscal year commencing July 1, 1988, and
22 each succeeding fiscal year, there is appropriated from the
23 state fish and game protection fund to the department of
24 personnel the amount necessary to pay the employer share of
25 the cost of the additional benefits provided to employees
26 covered under subsection 1, paragraph "d", subparagraph (1).

27 (2) Annually, during each fiscal year commencing with the
28 fiscal year beginning July 1, 1988, each applicable city shall
29 pay to the department of personnel the amount necessary to pay
30 the employer share of the cost of the additional benefits
31 provided to employees of that city covered under subsection 1,
32 paragraph "d", subparagraphs (2) and (4).

33 (3) For the fiscal year commencing July 1, 1988, and each
34 succeeding fiscal year, the department of corrections shall
35 pay to the department of personnel from funds appropriated to

1 the Iowa department of corrections, the amount necessary to
2 pay the employer share of the cost of the additional benefits
3 provided to employees covered under subsection 1, paragraph
4 "d", subparagraph (3).

5 (4) For the fiscal year commencing July 1, 1990, and each
6 succeeding fiscal year, the state department of transportation
7 shall pay to the department of personnel, from funds
8 appropriated to the state department of transportation from
9 the road use tax fund and the primary road fund, the amount
10 necessary to pay the employer share of the cost of the
11 additional benefits provided to employees covered under
12 subsection 1, paragraph "d", subparagraph (5).

13 (5) For the fiscal year commencing July 1, 1992, and each
14 succeeding fiscal year, the department of public safety shall
15 pay to the department of personnel from funds appropriated to
16 the department of public safety, the amount necessary to pay
17 the employer share of the cost of the additional benefits
18 provided to a fire prevention inspector peace officer pursuant
19 to subsection 1, paragraph "d", subparagraph (6).

20 (6) For the fiscal year commencing July 1, 1994, and each
21 succeeding fiscal year, each judicial district department of
22 correctional services shall pay to the department of personnel
23 from funds appropriated to that judicial district department
24 of correctional services, the amount necessary to pay the
25 employer share of the cost of the additional benefits provided
26 to employees covered under subsection 1, paragraph "d",
27 subparagraph (7).

28 Sec. 37. NEW SECTION. 97B.49C SHERIFFS, DEPUTY SHERIFFS,
29 AND AIRPORT FIRE FIGHTERS.

30 1. DEFINITIONS. For purposes of this section:

31 a. "Airport fire fighter" means an airport fire fighter
32 employed by the military division of the department of public
33 defense.

34 b. "Applicable percentage" means the greater of the
35 following percentages:

1 (1) Sixty percent.

2 (2) For each active or inactive vested member retiring on
3 or after July 1, 1996, and before July 1, 1998, sixty percent
4 plus, if applicable, an additional one-fourth of one
5 percentage point for each additional calendar quarter of
6 eligible service beyond twenty-two years of service, not to
7 exceed a total of five additional percentage points.

8 (3) For each active or inactive vested member retiring on
9 or after July 1, 1998, sixty percent plus, if applicable, an
10 additional three-eighths of one percentage point for each
11 additional calendar quarter of eligible service beyond twenty-
12 two years of service, not to exceed a total of twelve
13 additional percentage points.

14 c. "Deputy sheriff" means a deputy sheriff appointed
15 pursuant to section 341.1 prior to July 1, 1981, or section
16 331.903 on or after July 1, 1981.

17 d. "Eligible service" means membership and prior service
18 as an airport fire fighter, sheriff, and deputy sheriff under
19 this section. In addition, eligible service includes
20 membership and prior service as a marshal in a city not
21 covered under chapter 400 or a fire fighter or police officer
22 of a city not participating in the retirement systems
23 established in chapter 410 or 411, and as an airport fire
24 fighter prior to July 1, 1994.

25 e. "Fraction of years of service" means a number, not to
26 exceed one, equal to the sum of the years of eligible service
27 under this section divided by twenty-two years.

28 f. "Sheriff" means a county sheriff as defined in section
29 39.17.

30 2. CALCULATION OF MONTHLY ALLOWANCE. Notwithstanding
31 other provisions of this chapter, a member who retires from
32 employment as a sheriff, deputy sheriff, or airport fire
33 fighter on or after July 1, 1994, and at the time of
34 retirement is at least fifty-five years of age may elect to
35 receive, in lieu of the receipt of any benefits as calculated

1 pursuant to section 97B.49A or 97B.49D, a monthly retirement
2 allowance equal to one-twelfth of an amount equal to the
3 applicable percentage of the three-year average covered wage
4 as a member who has been employed in eligible service
5 multiplied by a fraction of years of service, with benefits
6 payable during the member's lifetime.

7 3. ADDITIONAL CONTRIBUTIONS.

8 a. Annually, the department of personnel shall actuarially
9 determine the cost of the additional benefits provided for
10 members covered under this section as a percentage of the
11 covered wages of the employees covered by this section. Sixty
12 percent of the cost shall be paid by the employers of
13 employees covered under this section and forty percent of the
14 cost shall be paid by the employees. The employer and
15 employee contributions required under this paragraph are in
16 addition to the contributions paid under sections 97B.11 and
17 97B.11A. However, the cost of including service as an airport
18 fire fighter prior to July 1, 1994, as eligible service under
19 this section shall not affect the contribution rates
20 calculated and paid by the member or the employer under this
21 section.

22 b. (1) Annually, during each fiscal year commencing with
23 the fiscal year beginning July 1, 1988, each county shall pay
24 to the department of personnel the amount necessary to pay the
25 employer share of the cost of the additional benefits provided
26 to sheriffs and deputy sheriffs.

27 (2) For the fiscal year commencing July 1, 1994, and each
28 succeeding fiscal year, there is appropriated from the general
29 fund of the state to the department of personnel, from funds
30 not otherwise appropriated, an amount necessary to pay the
31 employer share of the cost of the additional benefits provided
32 to airport fire fighters under this section.

33 Sec. 38. NEW SECTION. 97B.49D HYBRID FORMULA.

34 1. An active or inactive vested member, who is or has been
35 employed in both special service and regular service, who

1 retires on or after July 1, 1996, with four or more completed
2 years of service and at the time of retirement is at least
3 fifty-five years of age, may elect to receive, in lieu of the
4 receipt of a monthly retirement allowance as calculated
5 pursuant to sections 97B.49A through 97B.49C, a combined
6 monthly retirement allowance equal to the sum of the
7 following:

8 a. One-twelfth of an amount equal to the applicable
9 percentage of the member's three-year average covered wage
10 multiplied by a fraction of years of service. The fraction of
11 years of service for purposes of this paragraph shall be the
12 actual years of service, not to exceed thirty, for which
13 regular service contributions were made, divided by thirty.
14 However, any otherwise applicable age reduction for early
15 retirement shall apply to the calculation under this
16 paragraph.

17 b. One-twelfth of an amount equal to the applicable
18 percentage of the member's three-year average covered wage
19 multiplied by a fraction of years of service. The fraction of
20 years of service for purposes of this paragraph shall be the
21 actual years of service, not to exceed twenty-five, earned in
22 a position described in section 97B.49B, for which special
23 service contributions were made, divided by twenty-five. In
24 calculating the fractions of years of service under the
25 paragraph, a member shall not receive special service credit
26 for years of service for which the member and the member's
27 employer did not make the required special service
28 contributions to the department.

29 c. One-twelfth of an amount equal to the applicable
30 percentage of the member's three-year average covered wage
31 multiplied by a fraction of years of service. The fraction of
32 years of service for purposes of this paragraph shall be the
33 actual years of service, not to exceed twenty-two, earned in a
34 position described in section 97B.49C, for which special
35 service contributions were made, divided by twenty-two. In

1 calculating the fractions of years of service under this
2 paragraph, a member shall not receive special service credit
3 for years of service for which the member and the member's
4 employer did not make the required special service
5 contributions to the department.

6 2. In calculating the combined monthly retirement
7 allowance pursuant to subsection 1, the sum of the fraction of
8 years of service provided in subsection 1, paragraphs "a",
9 "b", and "c", shall not exceed one. If the sum of the
10 fractions of years of service would exceed one, the department
11 shall deduct years of service first from the calculation under
12 subsection 1, paragraph "a", and then from the calculation
13 under subsection 1, paragraph "b", if necessary, so that the
14 sum of the fractions of years of service shall equal one.

15 3. In calculating the combined monthly retirement
16 allowance pursuant to subsection 1, the applicable percentage
17 shall be sixty percent plus, if applicable, an additional one-
18 fourth of one percentage point for each additional calendar
19 quarter of membership service in service as described in
20 subsection 1, paragraph "a", "b", or "c", beyond thirty years
21 of service, not to exceed a total of five additional
22 percentage points. Any addition in the percentage multiplier
23 shall be included in the calculations required under this
24 section.

25 Sec. 39. NEW SECTION. 97B.49E MINIMUM BENEFITS.

26 1. For each active member retiring on or after June 30,
27 1973, and who has completed ten or more years of membership
28 service, the total amount of monthly benefit payable at the
29 normal retirement date for prior service and membership
30 service shall not be less than fifty dollars per month. If
31 benefits commence on an early retirement date, the amount of
32 benefit shall be reduced in accordance with section 97B.50.
33 If an optional allowance is selected under section 97B.51, the
34 amount payable shall be the actuarial equivalent of the
35 minimum benefit. An employee who is in employment on a school

1 year or academic year basis, will be considered to be an
2 active member as of June 30, 1973, if the employee completes
3 the 1972-1973 school year or academic year.

4 2. Effective January 1, 1997, for members who retired on
5 or after July 1, 1953, and before July 1, 1990, with at least
6 ten years of prior and membership service, the minimum monthly
7 benefit payable at the normal retirement date for prior and
8 membership service shall be two hundred dollars. The minimum
9 monthly benefit payable shall be increased by ten dollars for
10 each year of prior and membership service beyond ten years, up
11 to a maximum of twenty additional years of prior and
12 membership service. If benefits commenced on an early
13 retirement date, the amount of the benefit shall be reduced in
14 accordance with section 97B.50. If an optional allowance was
15 selected under section 97B.51, the amount payable shall be the
16 actuarial equivalent of the minimum benefit.

17 Sec. 40. NEW SECTION. 97B.49F RETIREMENT DIVIDENDS.

18 1. COST OF LIVING DIVIDEND.

19 a. Effective July 1, 1997, commencing with dividends
20 payable in November 1997, and for each subsequent year, all
21 members who retired prior to July 1, 1990, and all
22 beneficiaries and contingent annuitants of such members, shall
23 be eligible for annual dividend payments, payable in November
24 of that year, pursuant to the requirements of this subsection.
25 The dividend payable in any given year shall be the sum of the
26 dollar amount of the dividend payable in the previous November
27 and the dividend adjustment. A dividend determined pursuant
28 to this subsection shall not be used to increase the monthly
29 benefit amount payable. In no event shall the dividend
30 payable be less than twenty-five dollars.

31 b. (1) The dividend adjustment for a given year shall be
32 calculated by multiplying the total of the retiree's,
33 beneficiary's, or contingent annuitant's monthly benefit
34 payments and the dividend payable to the retiree, beneficiary,
35 or contingent annuitant, in the previous calendar year by the

1 applicable percentage as determined by this paragraph.

2 (2) The applicable percentage shall be the least of the
3 following percentages:

4 (a) The percentage representing eighty percent of the
5 percentage increase in the consumer price index published in
6 the federal register by the federal department of labor,
7 bureau of labor statistics, that reflects the percentage
8 increase in the consumer price index for the twelve-month
9 period ending June 30 of the year that the dividend is to be
10 paid.

11 (b) The percentage representing the percentage amount the
12 actuary has certified, in the annual actuarial valuation of
13 the system as of June 30 of the year in which the dividend is
14 to be paid, that the fund can absorb without requiring an
15 increase in the employer and employee contributions to the
16 fund.

17 (c) Three percent.

18 c. If a member dies on or after November 1, but before
19 payment of a dividend is made in that month, the full amount
20 of the retirement dividend for that year shall be paid in the
21 member's name upon notification of the member's death.

22 2. FAVORABLE EXPERIENCE DIVIDEND.

23 a. Commencing January 1, 1999, all members who retired on
24 or after July 1, 1990, and who have been retired for at least
25 one year as of the date the dividend is payable, or a
26 beneficiary or contingent annuitant of such a member, shall be
27 eligible to receive a favorable experience dividend, payable
28 on the last business day in January of each year pursuant to
29 the requirements of this subsection.

30 b. A favorable experience dividend reserve account,
31 hereafter called the "reserve account", is established within
32 the retirement fund. Moneys credited to the reserve account
33 shall be used by the department for the purpose of providing a
34 favorable experience dividend pursuant to this subsection.

35 c. Moneys shall be credited to the reserve account in the

1 retirement fund as follows:

2 (1) On or before January 15, 1999, there shall be credited
3 to the reserve account an amount that the system's actuary
4 determines is sufficient to pay the maximum favorable
5 experience dividend for each of the next following five years,
6 based on reasonable actuarial assumptions.

7 (2) Beginning with the annual actuarial valuation of the
8 system as of June 30, 1999, and for each annual actuarial
9 valuation of the system thereafter, there shall be credited to
10 the reserve account on each applicable January 15 following an
11 actuarial valuation, an amount that represents that portion of
12 the favorable actuarial experience, if any, that the system's
13 actuary determines shall be credited to the reserve account
14 pursuant to rules adopted by the department.

15 (3) The portion of the favorable actuarial experience, if
16 any, that is not initially credited to the reserve account
17 pursuant to subparagraph (2), but which, if applied to the
18 retirement fund, would result in the actuarial valuation of
19 assets exceeding the actuarial accrued liability of the system
20 based on the most recent annual actuarial valuation of the
21 system, shall be credited to the reserve account.

22 (4) As used in this paragraph, "favorable actuarial
23 experience" means the difference, if positive, between the
24 anticipated and actual experience of the system's actuarial
25 assets and liabilities as measured by the system's actuary in
26 the most recent annual actuarial valuation of the system
27 pursuant to rules adopted by the department.

28 d. The favorable experience dividend is calculated by
29 multiplying the total of the monthly benefit payments of the
30 retiree, beneficiary, or contingent annuitant for the previous
31 calendar year, by the number of complete years the member has
32 been retired or would have been retired if living as of the
33 date the dividend is payable, and by the applicable
34 percentage. For purposes of this paragraph, the applicable
35 percentage is the percentage, not to exceed three percent,

1 that the department determines shall be applied in calculating
2 the favorable experience dividend if the department determines
3 that the reserve account is sufficiently funded to make a
4 distribution. In making its determination, the department
5 shall consider, but not be limited to, the amounts credited to
6 the reserve account, the distributions from the reserve
7 account made in previous years, the likelihood of future
8 credits to and distributions from the reserve account, and the
9 distributions paid under subsection 1.

10 Sec. 41. NEW SECTION. 97B.49G MONTHLY PAYMENTS OF
11 ALLOWANCE -- MISCELLANEOUS PROVISIONS.

12 1. MONTHLY PAYMENTS OF ALLOWANCE -- PERCENTAGE MULTIPLIER.

13 a. For each active or inactive vested member retiring on
14 or after July 1, 1986, and before July 1, 1994, with four or
15 more complete years of service, a monthly benefit shall be
16 computed which is equal to one-twelfth of an amount equal to
17 the applicable percentage multiplier of the three-year average
18 covered wage multiplied by a fraction of years of service.

19 b. The applicable percentage multiplier for purposes of
20 this subsection shall be the following:

21 (1) For active or inactive vested members retiring on or
22 after July 1, 1986, but before July 1, 1990, fifty percent.

23 (2) For active or inactive vested members retiring on or
24 after July 1, 1990, but before July 1, 1991, fifty-two
25 percent.

26 (3) For active or inactive vested members retiring on or
27 after July 1, 1991, but before July 1, 1992, fifty-four
28 percent.

29 (4) For active or inactive vested members retiring on or
30 after July 1, 1992, but before July 1, 1993, fifty-six
31 percent.

32 (5) For active or inactive vested members retiring on or
33 after July 1, 1993, but before July 1, 1994, fifty-seven and
34 four-tenths percent.

35 (6) For active or inactive vested members retiring on or

1 after July 1, 1994, sixty percent.

2 c. For purposes of this subsection, fraction of years of
3 service means a number, not to exceed one, equal to the sum of
4 the years of membership service and the number of years of
5 prior service divided by thirty years.

6 2. EXTRA PAYMENTS ON ALLOWANCE -- PRE-1976 RETIREES.

7 a. On January 1, 1976, for each member who retired before
8 January 1, 1976, the amount of regular monthly retirement
9 allowance attributable to membership service and prior service
10 that was payable to the member for December 1975 is increased
11 by ten percent for the first calendar year or portion of a
12 calendar year the member was retired, and by an additional
13 five percent for each calendar year after the first calendar
14 year the member was retired through the calendar year
15 beginning January 1, 1975. The total increase shall not
16 exceed one hundred percent. Effective July 1, 1987, there is
17 appropriated for each fiscal year from the Iowa public
18 employees' retirement fund created in section 97B.7 to the
19 department of personnel from funds not otherwise appropriated
20 an amount sufficient to fund the monthly retirement allowance
21 increases paid under this paragraph.

22 The benefit increases granted to members retired under the
23 system on January 1, 1976, shall be granted only on January 1,
24 1976, and shall not be further increased for any year in which
25 the member was retired after the calendar year beginning
26 January 1, 1975.

27 b. Effective July 1, 1978, for each member who retired
28 from the system prior to January 1, 1976, the amount of
29 regular monthly retirement allowance attributable to
30 membership service and prior service that was payable to the
31 member for June 1978 is increased as follows:

32 (1) For the first ten years of service, fifty cents per
33 month for each complete year of service.

34 (2) For the eleventh through the twentieth years of
35 service, two dollars per month for each complete year of

1 service.

2 (3) For the twenty-first through the thirtieth years of
3 service, three dollars per month for each complete year of
4 service.

5 Effective July 1, 1979, the increases granted to members
6 under this subparagraph shall be paid to contingent annuitants
7 and to beneficiaries.

8 3. EXTRA PAYMENTS ON ALLOWANCE.

9 a. Effective July 1, 1980, for each member who retired
10 from the system prior to January 1, 1976, and for each member
11 who retired from the system on or after January 1, 1976, under
12 section 97B.49A, subsection 4, the amount of regular monthly
13 retirement allowance attributable to membership service and
14 prior service that was payable to the member for June 1980 is
15 increased as follows:

16 (1) For the first ten years of service, fifty cents per
17 month for each complete year of service.

18 (2) For the eleventh through the twentieth years of
19 service, one dollar per month for each complete year of
20 service.

21 (3) For the twenty-first through the thirtieth years of
22 service, one dollar and fifty cents per month for each
23 complete year of service.

24 (4) The amount of monthly increase payable to a member
25 under this paragraph is also payable to a beneficiary and a
26 contingent annuitant and shall be reduced by an amount based
27 upon the actuarial equivalent of the option selected in
28 section 97B.51 or section 97B.52 compared to the full monthly
29 benefit provided in this section or section 97B.49A, as
30 applicable.

31 However, effective July 1, 1980, the monthly retirement
32 allowance attributable to membership service and prior service
33 of a member, contingent annuitant, and beneficiary shall not
34 be less than five dollars times the number of complete years
35 of service of the member, not to exceed thirty, reduced by an

1 amount based upon the actuarial equivalent of the option
2 selected in section 97B.51 or section 97B.52, compared to the
3 full monthly retirement benefit provided in this section or
4 section 97B.49A, as applicable.

5 b. Effective beginning July 1, 1982, for each member who
6 retired from the system prior to January 1, 1976, and for each
7 member who retired from the system on or after January 1,
8 1976, under section 97B.49A, subsection 4, the amount of
9 regular monthly retirement allowance attributable to
10 membership service and prior service that was payable to the
11 member for June 1982 is increased as follows:

12 (1) For the first ten years of service, fifty cents per
13 month for each complete year of service.

14 (2) For the eleventh through the twentieth years of
15 service, one dollar per month for each complete year of
16 service.

17 (3) For the twenty-first through the thirtieth years of
18 service, one dollar and fifty cents per month for each
19 complete year of service.

20 (4) The amount of monthly increase payable to a member
21 under this paragraph is also payable to a beneficiary and a
22 contingent annuitant and shall be reduced by an amount based
23 upon the actuarial equivalent of the option selected in
24 section 97B.51 or section 97B.52 compared to the full monthly
25 benefit provided in this section or section 97B.49A, as
26 applicable.

27 c. Beginning January 1, 1999, for each member who retired
28 from the system prior to July 1, 1986, the amount of regular
29 monthly retirement allowance attributable to membership and
30 prior service that was payable to the member, or the
31 beneficiary or contingent annuitant of the member, for
32 December 1998 shall be increased by fifteen percent.

33 d. Beginning January 1, 1999, for each member who retired
34 from the system on or after July 1, 1986, but before July 1,
35 1990, the amount of regular monthly retirement allowance

1 attributable to membership and prior service that was payable
2 to the member, or the beneficiary or contingent annuitant of
3 the member, for December 1998 shall be increased by seven
4 percent.

5 4. NORMAL RETIREMENT DATES. A retired member shall be
6 deemed to have retired on the member's normal retirement date,
7 and retirement benefits calculated shall not be reduced
8 pursuant to section 97B.50, if the member meets any of the
9 following requirements:

10 a. The member is an active or inactive vested member
11 retiring on or after July 1, 1988, and before July 1, 1990,
12 who is at least fifty-five years of age and has completed at
13 least thirty years of membership service and prior service,
14 and for which the sum of the number of years of membership
15 service and prior service and the member's age in years as of
16 the member's last birthday equals or exceeds ninety-two.

17 b. The member is an active or inactive vested member
18 retiring on or after July 1, 1990, and before July 1, 1996,
19 who is at least fifty-five years of age and for which the sum
20 of the number of years of membership service and prior service
21 and the member's age in years as of the member's last birthday
22 equals or exceeds ninety-two.

23 c. The member is an active or inactive vested member
24 retiring on or after July 1, 1996, and before July 1, 1997,
25 who is at least fifty-five years of age and for which the sum
26 of the number of years of membership service and prior service
27 and the member's age in years as of the member's last birthday
28 equals or exceeds ninety.

29 d. The member is an active or inactive vested member
30 retiring on or after July 1, 1986, and before January 1, 1999,
31 who is at least sixty-two years of age and who has completed
32 thirty years of membership service.

33 5. DIVIDENDS -- NOVEMBER 1996.

34 a. Each member who retired from the system between July 4,
35 1953, and December 31, 1975, or a contingent annuitant or

1 beneficiary of such a member, shall receive with the November
2 1996 monthly benefit payment a retirement dividend equal to
3 two hundred ninety-two percent of the monthly benefit payment
4 the member received for the preceding June, or the most
5 recently received benefit payment, whichever is greater. The
6 retirement dividend does not affect the amount of a monthly
7 benefit payment.

8 b. A member who retired from the system between January 1,
9 1976, and June 30, 1982, or a contingent annuitant or
10 beneficiary of such a member, shall receive with the November
11 1996 monthly benefit payment a retirement dividend equal to
12 two hundred twenty-three percent of the monthly benefit
13 payment the member received for the preceding June, or the
14 most recently received benefit payment, whichever is greater.
15 The retirement dividend does not affect the amount of a
16 monthly benefit payment.

17 c. A member who retired from the system between July 1,
18 1982, and June 30, 1986, or a contingent annuitant or
19 beneficiary of such a member, shall receive with the November
20 1996 monthly benefit payment a retirement dividend equal to
21 seventy-four percent of the monthly benefit payment the member
22 received for the preceding June, or the most recently received
23 benefit payment, whichever is greater. The retirement
24 dividend does not affect the amount of a monthly benefit
25 payment.

26 d. A member who retired from the system between July 1,
27 1986, and June 30, 1990, or a contingent annuitant or
28 beneficiary of such a member, shall receive with the November
29 1996 monthly benefit payment a retirement dividend equal to
30 twenty-four percent of the monthly benefit payment the member
31 received for the preceding June, or the most recently received
32 benefit payment, whichever is greater. The retirement
33 dividend does not affect the amount of a monthly benefit
34 payment.

35 e. Notwithstanding the determination of the amount of a

1 retirement dividend under this subsection; a retirement
2 dividend shall not be less than twenty-five dollars.

3 6. CONSERVATION PEACE OFFICER -- JULY 1986 - JULY 1988.

4 a. Notwithstanding other provisions of this chapter, a
5 member who is or has been employed as a conservation peace
6 officer under section 456A.13 and who retires on or after July
7 1, 1986, and before July 1, 1988, and at the time of
8 retirement is at least sixty years of age and has completed at
9 least twenty-five years of membership service as a
10 conservation peace officer, may elect to receive, in lieu of
11 the receipt of any benefits under subsection 1 or section
12 97B.49A, as applicable, a monthly retirement allowance equal
13 to one-twelfth of fifty percent of the member's three-year
14 average covered wage as a conservation peace officer, with
15 benefits payable during the member's lifetime.

16 b. A conservation peace officer who retires on or after
17 July 1, 1986, and before July 1, 1988, and has not completed
18 twenty-five years of membership service as required under this
19 subsection is eligible to receive a monthly retirement
20 allowance equal to one-twelfth of fifty percent of the
21 member's three-year average covered wage as a conservation
22 peace officer, multiplied by a fraction of years of service as
23 a conservation peace officer. For the purpose of this
24 subsection, "fraction of years of service" means a number, not
25 to exceed one, equal to the sum of the years of membership
26 service as a conservation peace officer, divided by twenty-
27 five years. On or after July 1, 1986, but before July 1,
28 1988, if the conservation peace officer has not reached sixty
29 years of age at retirement, the monthly retirement allowance
30 shall be reduced by five-tenths of one percent per month for
31 each month that the conservation peace officer's retirement
32 precedes the date on which the conservation peace officer
33 attains sixty years of age.

34 The annual contribution necessary to pay for the additional
35 benefits provided in this paragraph shall be paid by the

1 employer and employee in the same proportion that employer and
2 employee contributions are made under section 97B.11.

3 c. There is appropriated from the state fish and game
4 protection fund to the department of personnel an actuarially
5 determined amount calculated by the Iowa public employees'
6 retirement system sufficient to pay for the additional
7 benefits to conservation peace officers provided by this
8 subsection, as a percentage, in paragraph "a" and for the
9 employer portion of the benefits provided in paragraph "b".
10 The amount is in addition to the contribution paid by the
11 employer under section 97B.11. The cost of the benefits
12 relating to conservation peace officers within the fish and
13 game division of the department of natural resources shall be
14 paid from the state fish and game protection fund and the cost
15 of the benefits relating to the other conservation peace
16 officers of the department shall be paid from the general
17 fund.

18 7. PEACE OFFICER -- JULY 1986 - JULY 1988.

19 a. Notwithstanding other provisions of this chapter, a
20 member who is or has been employed as a peace officer and who
21 retires on or after July 1, 1986, and before July 1, 1988, and
22 at the time of retirement is at least sixty years of age and
23 has completed at least twenty-five years of membership service
24 as a peace officer, may elect to receive, in lieu of the
25 benefits under subsection 1 or section 97B.49A, subsection 4,
26 as applicable, a monthly retirement allowance equal to one-
27 twelfth of fifty percent of the member's three-year average
28 covered wage as a peace officer, with benefits payable during
29 the member's lifetime.

30 A peace officer who retires on or after July 1, 1986, and
31 before July 1, 1988, and has not completed twenty-five years
32 of membership service as required under this subsection is
33 eligible to receive a monthly retirement allowance equal to
34 one-twelfth of fifty percent of the member's three-year
35 average covered wage as a peace officer multiplied by the

1 fraction of years of service as a peace officer. For the
2 purpose of this subsection, "fraction of years of service"
3 means a number, not to exceed one, equal to the sum of the
4 years of membership service as a peace officer, divided by
5 twenty-five years. On or after July 1, 1984, but before July
6 1, 1988, if the peace officer has not reached sixty years of
7 age at retirement, the monthly retirement allowance shall be
8 reduced by five-tenths of one percent per month for each month
9 that the peace officer's retirement precedes the date on which
10 the peace officer attains sixty years of age.

11 For the purpose of this subsection, membership service as a
12 peace officer means service under this system as any or all of
13 the following:

- 14 (1) As a county sheriff as defined in section 39.17.
- 15 (2) As a deputy sheriff appointed pursuant to section
16 341.1, Code 1981, or section 331.903.
- 17 (3) As a marshal or police officer in a city not covered
18 under chapter 400.

19 b. Each county and applicable city and employee eligible
20 for benefits under this subsection shall annually contribute
21 an amount determined by the department of personnel, as a
22 percentage of covered wages, to be necessary to pay for the
23 additional benefits provided by this subsection. The annual
24 contribution in excess of the employer and employee
25 contributions required by this chapter shall be paid by the
26 employer and the employee in the same proportion that employer
27 and employee contributions are made under section 97B.11. The
28 additional percentage of covered wages shall be calculated
29 separately by the department for service under paragraph "a",
30 subparagraphs (1) and (2), and for service under paragraph
31 "a", subparagraph (3), and each shall be an actuarially
32 determined amount for that type of service which, if
33 contributed throughout the entire period of active service,
34 would be sufficient to provide the pension benefit provided in
35 this subsection.

1 8. CORRECTIONAL OFFICER -- JULY 1986 - JULY 1988.

2 a. Notwithstanding sections of this chapter relating to
3 eligibility for and determination of retirement benefits, a
4 vested member who is or has been employed as a correctional
5 officer by the Iowa department of corrections and who retires
6 on or after July 1, 1986, and before July 1, 1988, and at the
7 time of retirement is at least sixty years of age and has
8 completed at least thirty years of membership service as a
9 correctional officer, may elect to receive, in lieu of the
10 receipt of benefits under subsection 1 or section 97B.49A,
11 subsection 4, as applicable, a monthly retirement allowance
12 equal to one-twelfth of fifty percent of the member's three-
13 year average covered wage as a correctional officer, with
14 benefits payable during the member's lifetime.

15 b. The Iowa department of corrections and the department
16 of personnel shall jointly determine the applicable merit
17 system job classifications of correctional officers.

18 c. The Iowa department of corrections shall pay to the
19 department of personnel, from funds appropriated to the Iowa
20 department of corrections, an actuarially determined amount
21 sufficient to pay for the additional benefits provided in this
22 subsection. The amount is in addition to the employer
23 contributions required in section 97B.11.

24 9. AIRPORT FIRE FIGHTER -- JULY 1986 - JULY 1988.

25 a. Notwithstanding other provisions of this chapter, a
26 member who is or has been employed by the office of disaster
27 services as an airport fire fighter who retires on or after
28 July 1, 1986, and before July 1, 1988, and at the time of
29 retirement is at least sixty years of age and has completed at
30 least twenty-five years of membership service as an airport
31 fire fighter, may elect to receive, in lieu of the receipt of
32 any benefits under subsection 1 or section 97B.49A, subsection
33 4, as applicable, a monthly retirement allowance equal to one-
34 twelfth of fifty percent of the member's three-year average
35 covered wage as an airport fire fighter, with benefits payable

1 during the member's lifetime.

2 b. An airport fire fighter who retires on or after July 1,
3 1986, and before July 1, 1988, and has not completed twenty-
4 five years of membership service as required under this
5 subsection is eligible to receive a monthly retirement
6 allowance equal to one-twelfth of fifty percent of the
7 member's three-year average covered wage as an airport fire
8 fighter multiplied by a fraction of years of service as an
9 airport fire fighter. For the purpose of this subsection,
10 "fraction of years of service" means a number, not to exceed
11 one, equal to the sum of the years of membership service as an
12 airport fire fighter, divided by twenty-five years. On or
13 after July 1, 1986, but before July 1, 1988, if the airport
14 fire fighter has not reached sixty years of age at retirement,
15 the monthly retirement allowance shall be reduced by five-
16 tenths of one percent per month for each month that the
17 airport fire fighter's retirement precedes the date on which
18 the airport fire fighter attains sixty years of age.

19 c. The employer and each employee eligible for benefits
20 under this subsection shall annually contribute an actuarially
21 determined amount specified by the department, as a percentage
22 of covered wages, that is necessary to pay for the additional
23 benefits provided by this subsection. The annual contribution
24 in excess of the employer and employee contributions required
25 in section 97B.11 shall be paid by the employer and the
26 employee in the same proportion that the employer and employee
27 contributions are made under section 97B.11.

28 d. There is appropriated from the general fund of the
29 state to the department from funds not otherwise appropriated
30 an amount sufficient to pay the employer share of the cost of
31 the additional benefits provided in this subsection.

32 10. PROTECTION OCCUPATION -- JULY 1988 - JULY 1994.

33 a. For purposes of this subsection:

34 (1) "Applicable percentage" means the applicable
35 percentage multiplier defined in subsection 1, paragraph "b",

1 that applies on the date a member retires and becomes eligible
2 to receive a monthly allowance as calculated pursuant to this
3 subsection.

4 (2) "Fraction of years of service" means a number, not to
5 exceed one, equal to the sum of the years of membership
6 service in a protection occupation divided by twenty-five
7 years.

8 b. Notwithstanding other provisions of this chapter, a
9 member who is or has been employed in a protection occupation
10 who retires on or after July 1, 1988, and before July 1, 1994,
11 and at the time of retirement is at least fifty-five years of
12 age may elect to receive, in lieu of the receipt of any
13 benefits as calculated pursuant to subsection 1 or section
14 97B.49A, subsection 4, as applicable, a monthly retirement
15 allowance equal to one-twelfth of an amount equal to the
16 applicable percentage of the three-year average covered wage
17 as a member who has been employed in a protection occupation
18 multiplied by a fraction of years of service, with benefits
19 payable during the member's lifetime.

20 11. SHERIFFS AND DEPUTY SHERIFFS -- JULY 1988 - JULY 1994.

21 a. For purposes of this subsection:

22 (1) "Applicable percentage" means the applicable
23 percentage multiplier as described in subsection 1, paragraph
24 "b", that applies on the date a member retires and becomes
25 eligible to receive a monthly allowance as calculated pursuant
26 to this subsection.

27 (2) "Fraction of years of service" means a number, not to
28 exceed one, equal to the sum of the years of membership
29 service as a sheriff or deputy sheriff divided by twenty-two
30 years.

31 b. Notwithstanding other provisions of this chapter, a
32 member who retires from employment as a sheriff or deputy
33 sheriff on or after July 1, 1988, and before July 1, 1994, and
34 at the time of retirement is at least fifty-five years of age
35 may elect to receive, in lieu of the receipt of any benefits

1 as calculated pursuant to subsection 1 or section 97B.49A,
2 subsection 4, as applicable, a monthly retirement allowance
3 equal to one-twelfth of an amount equal to the applicable
4 percentage of the three-year average covered wage as a member
5 who has been employed as a sheriff or deputy sheriff
6 multiplied by a fraction of years of service, with benefits
7 payable during the member's lifetime.

8 Sec. 42. NEW SECTION. 97B.49H ACTIVE MEMBER SUPPLEMENTAL
9 ACCOUNTS.

10 1. There is established, for each active member, a
11 supplemental account consisting of amounts credited to the
12 account as provided in this section which shall be held and
13 used for the exclusive benefit of the member pursuant to the
14 requirements of this section.

15 2. Amounts shall be credited to a supplemental account of
16 each active member pursuant to the requirements of this
17 section following a determination by the system's actuary
18 during the most recent annual actuarial valuation that the
19 system does not have an unfunded accrued liability. For
20 purposes of this section, the system does not have an unfunded
21 accrued liability if the actuarial accrued liability of the
22 system based on the actuarial cost method used by the actuary
23 does not exceed the actuarial value of assets of the system as
24 of the valuation date.

25 3. The department shall annually determine the amount to
26 be credited to the supplemental accounts of active members.
27 The amount to be credited shall be calculated by multiplying
28 the member's covered wages for the applicable wage reporting
29 period by the supplemental rate. For purposes of this
30 subsection, the supplemental rate is the difference, if
31 positive, between the combined employee and employer statutory
32 contribution rates in effect under section 97B.11 and the
33 normal cost rate of the system as determined by the system's
34 actuary in the most recent annual actuarial valuation of the
35 system. The credits shall be made at least quarterly during

1 the calendar year following a determination that the system
2 does not have an unfunded accrued liability. The normal cost
3 rate, calculated according to the actuarial cost method used,
4 is the percent of pay allocated to each year of service that
5 is necessary to fund projected benefits over all members'
6 service with the system.

7 4. Amounts credited to a member's supplemental account
8 shall be credited with interest quarterly pursuant to section
9 97B.70, subsection 2.

10 5. Amounts credited to a member's supplemental account
11 shall be distributed as follows:

12 a. If a member terminates covered employment and files an
13 application for a refund under section 97B.53, the member
14 shall receive in a lump sum payment, in addition to any other
15 payment provided by this chapter, all amounts credited to the
16 member's supplemental account.

17 b. If a member dies prior to retirement, the member's
18 beneficiary shall receive in a lump sum payment, in addition
19 to any other payment provided by this chapter, all amounts
20 credited to the member's supplemental account.

21 c. Upon retirement, the member shall receive in a lump sum
22 payment or in an annuity, in addition to any other payment
23 provided by this chapter, all amounts credited to the member's
24 supplemental account.

25 Sec. 43. IMPLEMENTATION DATE. New section 97B.49H,
26 establishing an active member supplemental account, shall not
27 be implemented until the Iowa public employees' retirement
28 system receives approval to implement this new section from
29 the federal internal revenue service.

30 Sec. 44. NEW SECTION. 97B.49I QUALIFIED BENEFITS
31 ARRANGEMENT.

32 The department, by rule, may establish and maintain a
33 qualified benefits arrangement under section 415(m) of the
34 federal Internal Revenue Code. The amount of any annual
35 benefit that would be payable pursuant to this chapter but for

1 the limitation imposed by section 415 of the federal Internal
2 Revenue Code shall be paid from a qualified benefits
3 arrangement established and maintained pursuant to this
4 section.

5 Sec. 45. Section 97B.50, Code 1997, is amended to read as
6 follows:

7 97B.50 EARLY RETIREMENT.

8 1. Except as otherwise provided in this section, a vested
9 member, upon retirement prior to the normal retirement date
10 other than that specified in section 97B.45, subsection 4, is
11 entitled to receive a monthly retirement allowance determined
12 in the same manner as provided for normal retirement in
13 ~~section-97B.49, subsections 1, 4, and 5,~~ sections 97B.49A,
14 97B.49E, and 97B.49G, reduced as follows:

15 a. For a member who is less than sixty-two years of age,
16 by twenty-five hundredths of one percent per month for each
17 month that the early retirement date precedes the normal
18 retirement date.

19 b. For a member who is at least sixty-two years of age and
20 who has not completed thirty twenty years of membership
21 service and prior service, by twenty-five hundredths of one
22 percent per month for each month that the early retirement
23 date precedes the normal retirement date.

24 2. a. A vested member who retires from the system due to
25 disability and commences receiving disability benefits
26 pursuant to the federal Social Security Act, 42 U.S.C. § 423
27 et seq., and who has not reached the normal retirement date,
28 shall receive benefits under ~~section-97B.49~~ sections 97B.49A
29 through 97B.49G, as applicable, and shall not have benefits
30 reduced upon retirement as required under subsection 1
31 regardless of whether the member has completed thirty or more
32 years of membership service. However, the benefits shall be
33 suspended during any period in which the member returns to
34 covered employment. This section takes effect July 1, 1990,
35 for a member meeting the requirements of this paragraph who

1 retired from the system at any time after July 4, 1953.

2 Eligible members are entitled to the receipt of retroactive
3 adjustment payments back to July 1, 1990, notwithstanding the
4 requirements of subsection 4.

5 b. A vested member who retires from the system due to
6 disability and commences receiving disability benefits
7 pursuant to the federal Railroad Retirement Act, 45 U.S.C. §
8 231 et seq., and who has not reached the normal retirement
9 date, shall receive benefits under ~~section-97B-49~~ sections
10 97B.49A through 97B.49G, as applicable, and shall not have
11 benefits reduced upon retirement as required under subsection
12 1 regardless of whether the member has completed thirty or
13 more years of membership service. However, the benefits shall
14 be suspended during any period in which the member returns to
15 covered employment. This section takes effect July 1, 1990,
16 for a member meeting the requirements of this paragraph who
17 retired from the system at any time since July 4, 1953.

18 Eligible members are entitled to the receipt of retroactive
19 adjustment payments back to July 1, 1990, notwithstanding the
20 requirements of subsection 4.

21 3. A member who is at least sixty-two years of age and
22 less than sixty-five years of age, and who has completed
23 thirty twenty or more years of membership service and prior
24 service, shall receive full benefits under ~~section-97B-49~~
25 sections 97B.49A through 97B.49G, as applicable, determined as
26 if the member had attained sixty-five years of age.

27 4. A vested member eligible for a retirement allowance
28 adjusted under this section is entitled to receipt of
29 retroactive adjustment payments for no more than six months
30 immediately preceding the month in which written notice of
31 retirement was submitted to the department.

32 Sec. 46. NEW SECTION. 97B.50A DISABILITY BENEFITS FOR
33 SPECIAL SERVICE MEMBERS.

34 1. DEFINITIONS. For purposes of this section, unless the
35 context otherwise provides, "member" means a vested member who

1 is classified as a special service member under section
2 97B.1A, subsection 21, at the time of the alleged disability.

3 2. IN-SERVICE DISABILITY RETIREMENT ALLOWANCE.

4 a. Effective July 1, 1999, a member who is injured in the
5 performance of the member's duties, and otherwise meets the
6 requirements of this subsection shall receive an in-service
7 disability retirement allowance under the provisions of this
8 subsection, in lieu of a monthly retirement allowance as
9 provided in section 97B.49A, 97B.49B, 97B.49C, 97B.49D, or
10 97B.49G, as applicable, or benefits calculated as provided in
11 section 97B.50, subsection 2.

12 b. Upon application of a member, a member who has become
13 totally and permanently incapacitated for duty in the member's
14 special service occupation as the natural and proximate result
15 of an injury, disease, or exposure occurring or aggravated
16 while in the actual performance of duty shall be eligible to
17 retire under this subsection, provided that the medical board
18 shall certify that the member is mentally or physically
19 incapacitated for further performance of duty, that the
20 incapacity is likely to be permanent, and that the member
21 should be retired. The department shall make the final
22 determination, based on the medical evidence received, of a
23 member's total and permanent disability. However, if a
24 person's membership in the system first commenced on or after
25 July 1, 1999, the member shall not be eligible for benefits
26 with respect to a disability which would not exist, but for a
27 medical condition that was known to exist on the date that
28 membership commenced.

29 c. Disease under this subsection shall mean heart disease
30 or any disease of the lungs or respiratory tract and shall be
31 presumed to have been contracted while on active duty as a
32 result of strain, exposure, or the inhalation of noxious
33 fumes, poison, or gases. However, if a person's membership in
34 the system first commenced on or after July 1, 1999, and the
35 heart disease or disease of the lungs or respiratory tract

1 would not exist, but for a medical condition that was known to
2 exist on the date that membership commenced.

3 d. Upon retirement for an in-service disability as
4 provided by this subsection, a member shall receive the
5 greatest of a monthly in-service disability retirement
6 allowance calculated under this subsection, a monthly
7 retirement allowance as provided in section 97B.49A, 97B.49B,
8 97B.49C, 97B.49D, or 97B.49G, as applicable, or a disability
9 retirement allowance calculated under section 97B.50,
10 subsection 2. The monthly in-service disability allowance
11 calculated under this subsection shall consist of an allowance
12 equal to one-twelfth of sixty percent of the member's three-
13 year average covered wage or its actuarial equivalent as
14 provided under section 97B.51.

15 3. ORDINARY DISABILITY RETIREMENT ALLOWANCE.

16 a. Effective July 1, 1999, a member who otherwise meets
17 the requirements of this subsection shall receive an ordinary
18 disability retirement allowance under the provisions of this
19 subsection, in lieu of a monthly retirement allowance as
20 provided in section 97B.49A, 97B.49B, 97B.49C, 97B.49D, or
21 97B.49G, as applicable, or benefits calculated as provided in
22 section 97B.50, subsection 2.

23 b. Upon application of a member, a member who has become
24 totally and permanently incapacitated for duty in the member's
25 special service occupation shall be eligible to retire under
26 this subsection, provided that the medical board shall certify
27 that the member is mentally or physically incapacitated for
28 further performance of duty, that the incapacity is likely to
29 be permanent, and that the member should be retired. The
30 department shall make the final determination, based on the
31 medical evidence received, of a member's total and permanent
32 disability. However, if a person's membership in the system
33 first commenced on or after July 1, 1999, the member shall not
34 be eligible for benefits with respect to a disability which
35 would not exist, but for a medical condition that was known to

1 exist on the date that membership commenced.

2 c. Upon retirement for an ordinary disability as provided
3 by this subsection, a member shall receive the greatest of a
4 monthly ordinary disability retirement allowance calculated
5 under this subsection, a monthly retirement allowance as
6 provided in section 97B.49A, 97B.49B, 97B.49C, 97B.49D, or
7 97B.49G, as applicable, or a disability retirement allowance
8 calculated under section 97B.50, subsection 2. The monthly
9 ordinary disability allowance calculated under this subsection
10 shall consist of an allowance equal to one-twelfth of fifty
11 percent of the member's three-year average covered wage or its
12 actuarial equivalent as provided under section 97B.51.

13 4. OFFSET TO ALLOWANCE. Notwithstanding any provisions to
14 the contrary in state law, or any applicable contract or
15 policy, any amounts which may be paid or payable by the
16 employer under the provisions of any workers' compensation,
17 unemployment compensation, or other law to a member, and any
18 disability payments the member receives pursuant to the
19 federal Social Security Act, 42 U.S.C. § 423 et. seq., shall
20 be offset against and payable in lieu of any retirement
21 allowance payable pursuant to this section on account of the
22 same disability.

23 5. REEXAMINATION OF MEMBERS RETIRED ON ACCOUNT OF
24 DISABILITY.

25 a. Once each year during the first five years following
26 the retirement of a member under this section, and once in
27 every three-year period thereafter, the department may, and
28 upon the member's application shall, require any member
29 receiving an in-service or ordinary disability retirement
30 allowance who has not yet attained the age of fifty-five years
31 to undergo a medical examination as arranged by the medical
32 board. The examination shall be made by the medical board or
33 by an additional physician or physicians designated by the
34 board. If any member receiving an in-service or ordinary
35 disability retirement allowance who has not attained the age

1 of fifty-five years refuses to submit to the medical
2 examination, the allowance may be discontinued until the
3 member's withdrawal of the refusal, and should the member's
4 refusal continue for one year, all rights in and to the
5 member's disability retirement allowance shall be revoked by
6 the department.

7 b. If a member is determined under paragraph "a" to be no
8 longer eligible for in-service or ordinary disability
9 benefits, all benefits paid under this section shall cease.

10 The member shall be eligible to receive benefits calculated
11 under section 97B.49B or 97B.49C, as applicable, when the
12 member reaches age fifty-five.

13 6. REEMPLOYMENT.

14 a. If a member receiving a disability retirement allowance
15 is returned to covered employment, the member's disability
16 retirement allowance shall cease, the member shall again
17 become an active member, and shall contribute thereafter at
18 the same rate payable by similarly classified members. Upon
19 subsequent retirement, the member's retirement allowance shall
20 be calculated as provided in section 97B.48A.

21 b. Should a member who receives benefits under this
22 section, except a member who is sixty-five years of age or
23 over, be engaged in a gainful noncovered occupation, the
24 member's disability benefits payable under this section for
25 that calendar year shall be reduced by fifty cents for every
26 dollar the member earns over the dollar amount determined
27 under section 97B.48A, subsection 1.

28 7. DEATH BENEFITS. A member who is receiving an in-
29 service or ordinary disability retirement allowance under this
30 section shall be treated as having elected a lifetime monthly
31 retirement allowance with death benefits payable under section
32 97B.52, subsection 2, unless the member elects an optional
33 form of benefit provided under section 97B.51, which shall be
34 actuarially equivalent to the lifetime monthly retirement
35 allowance provided under this section.

1 8. MEDICAL BOARD. The system shall designate a medical
2 board to be composed of three physicians from the university
3 of Iowa hospitals and clinics who shall arrange for and pass
4 upon the medical examinations required under the provisions of
5 this section and shall report in writing to the department the
6 conclusions and recommendations upon all matters duly referred
7 to the medical board. Each report of a medical examination
8 under this section shall include the medical board's findings
9 as to the extent of the member's physical impairment. Except
10 as required by this section, each report shall be confidential
11 and shall be maintained in accordance with the federal
12 Americans with Disabilities Act, and any other state or
13 federal law containing requirements for confidentiality of
14 medical records.

15 9. LIABILITY OF THIRD PARTIES -- SUBROGATION.

16 a. If a member receives an injury for which benefits are
17 payable under this section, and if the injury is caused under
18 circumstances creating a legal liability for damages against a
19 third party other than the system, the member or the member's
20 legal representative may maintain an action for damages
21 against the third party. If a member or a member's legal
22 representative commences such an action, the plaintiff member
23 or representative shall serve a copy of the original notice
24 upon the system not less than ten days before the trial of the
25 action, but a failure to serve the notice does not prejudice
26 the rights of the system, and the following rights and duties
27 ensue:

28 (1) The system shall be indemnified out of the recovery of
29 damages to the extent of benefit payments made by the system,
30 with legal interest, except that the plaintiff member's
31 attorney fees may be first allowed by the district court.

32 (2) The system has a lien on the damage claim against the
33 third party and on any judgment on the damage claim for
34 benefits for which the system is liable. In order to continue
35 and preserve the lien, the system shall file a notice of the

1 lien within thirty days after receiving a copy of the original
2 notice in the office of the clerk of the district court in
3 which the action is filed.

4 b. If a member fails to bring an action for damages
5 against a third party within thirty days after the system
6 requests the member in writing to do so, the system is
7 subrogated to the rights of the member and may maintain the
8 action against the third party, and may recover damages for
9 the injury to the same extent that the member may recover
10 damages for the injury. If the system recovers damages in the
11 action, the court shall enter judgment for distribution of the
12 recovery as follows:

13 (1) A sum sufficient to repay the system for the amount of
14 such benefits actually paid by the system up to the time of
15 the entering of the judgment.

16 (2) A sum sufficient to pay the system the present worth,
17 computed at the interest rate provided in section 535.3 for
18 court judgments and decrees, of the future payments of such
19 benefits, for which the system is liable, but the sum is not a
20 final adjudication of the future payment which the member is
21 entitled to receive.

22 (3) Any balance shall be paid to the member.

23 c. Before a settlement is effective between a system and a
24 third party who is liable for any injury, the member must
25 consent in writing to the settlement; and if the settlement is
26 between the member and a third party, the system must consent
27 in writing to the settlement; or on refusal to consent, in
28 either case, the district court in the county in which either
29 the employer of the member or the system is located must
30 consent in writing to the settlement.

31 d. For purposes of subrogation under this section, a
32 payment made to an injured member or the member's legal
33 representative, by or on behalf of a third party or the third
34 party's principal or agent, who is liable for, connected with,
35 or involved in causing the injury to the member, shall be

1 considered paid as damages because the injury was caused under
2 circumstances creating a legal liability against the third
3 party, whether the payment is made under a covenant not to
4 sue, compromise settlement, denial of liability, or is
5 otherwise made.

6 10. A member retired under this section, in order to be
7 eligible for continued receipt of retirement benefits, shall
8 no later than May 15 of each year submit to the department a
9 copy of the member's federal individual income tax return for
10 the preceding year, or any other documentation the department
11 may reasonably request which will provide information needed
12 to determine payments to the member under this section.

13 11. The expenses incurred in the administration of this
14 section by the system shall be paid through additional
15 contributions as determined pursuant to section 97B.49B,
16 subsection 3, or section 97B.49C, subsection 3, as applicable.

17 12. RULES. The department shall adopt rules pursuant to
18 chapter 17A specifying the application procedure for members
19 pursuant to this section.

20 Sec. 47. Section 97B.51, subsection 2, Code 1997, is
21 amended to read as follows:

22 2. The election by a member of the an option stated under
23 subsection-1-of this section or in sections 97B.49A through
24 97B.49G, shall be null and void if the member dies prior to
25 the member's first month of entitlement.

26 Sec. 48. Section 97B.51, subsection 3, Code 1997, is
27 amended to read as follows:

28 3. A member who had elected to take the an option stated
29 in subsection-1-of this section or in sections 97B.49A through
30 97B.49G, as applicable, may, at any time prior to retirement,
31 revoke such an election by written notice to the department.
32 A member shall not change or revoke an election once the first
33 retirement allowance is paid.

34 Sec. 49. Section 97B.51, subsection 5, Code 1997, is
35 amended to read as follows:

1 5. At retirement, a member may designate that upon the
2 member's death, a specified amount of money shall be paid to a
3 named beneficiary, and the member's monthly retirement
4 allowance shall be reduced by an actuarially determined amount
5 to provide for the lump sum payment. The amount designated by
6 the member must be in thousand dollar increments and shall be
7 limited to the amount of the member's accumulated
8 contributions. The amount designated shall not lower the
9 monthly retirement allowance of the member by more than one-
10 half the amount payable under section ~~97B.49, subsection 1 or~~
11 5 97B.49A or 97B.49G, as applicable. A member may designate a
12 different beneficiary if the original named beneficiary
13 predeceases the member.

14 Sec. 50. Section 97B.52, subsection 1, paragraphs b and c,
15 Code 1997, are amended to read as follows:

16 b. For service in a protection occupation, as defined in
17 section ~~97B.49, subsection 16, paragraph "d"~~ 97B.49B, the
18 applicable denominator is twenty-five.

19 c. For service as a sheriff, deputy sheriff, or airport
20 fire fighter, as provided in section ~~97B.49, subsection 16,~~
21 paragraph "b" 97B.49C, the applicable denominator is twenty-
22 two.

23 Sec. 51. Section 97B.52, subsection 2, Code 1997, is
24 amended to read as follows:

25 2. If a member dies on or after the first day of the
26 member's first month of entitlement, the excess, if any, of
27 the accumulated contributions by the member as of said date,
28 over the total gross monthly retirement allowances received by
29 the member under the retirement system will be paid to the
30 member's beneficiary unless the retirement allowance is then
31 being paid in accordance with section ~~97B.48A~~ 97B.48 or with
32 section 97B.51, subsection 1, 4, 5, or 6.

33 Sec. 52. Section 97B.52, subsection 3, paragraph b, Code
34 1997, is amended to read as follows:

35 b. If a death benefit is due and payable, interest shall

1 continue to accumulate through the month quarter preceding the
2 month quarter in which payment is made to the designated
3 beneficiary, heirs at law, or the estate unless the payment of
4 the death benefit is delayed because of a dispute between
5 alleged heirs, in which case the benefit due and payable shall
6 be placed in a noninterest bearing escrow account until the
7 beneficiary is determined in accordance with this section.

8 4. In order to receive the death benefit, the beneficiary,
9 heirs at law, or the estate, or any other third-party payee,
10 must apply to the department within five years of the member's
11 death.

12 The department shall reinstate a designated beneficiary's
13 right to receive a death benefit beyond the five-year
14 limitation if the designated beneficiary was the member's
15 spouse at the time of the member's death and the distribution
16 is required or permitted pursuant to Internal Revenue Code
17 section 401(a)(9) and the applicable treasury regulations.

18 In the event that all, or any portion, of the death benefit
19 payable to the member's designated beneficiary, heirs at law,
20 or estate, shall remain unpaid solely by reason of the
21 inability of the system to locate the payee, the amount
22 payable shall be forfeited after the time for making a claim
23 has run. However, if the appropriate payee is located after
24 the death benefit is forfeited, the benefit shall be restored.

25 Sec. 53. Section 97B.52, subsection 4, Code 1997, is
26 amended by striking the subsection.

27 Sec. 54. Section 97B.52, subsection 5, Code 1997, is
28 amended to read as follows:

29 5. Following written notification to the department, a
30 beneficiary of a deceased member may waive current and future
31 rights to payments to which the beneficiary would otherwise be
32 entitled under section 97B.51, subsections 5 and 6, and this
33 section. Upon receipt of the waiver, the department shall pay
34 the amount designated to be received by that beneficiary to
35 the member's other surviving beneficiary or beneficiaries or

1 to the estate of the deceased member, as elected by the
2 beneficiary in the waiver. If the payments being waived are
3 payable to the member's estate and an estate is not probated,
4 the payments shall be paid to the deceased member's surviving
5 spouse, or if there is no surviving spouse, to the member's
6 heirs other than the beneficiary who waived the payments.

7 Sec. 55. Section 97B.52A, subsection 1, Code 1997, is
8 amended to read as follows:

9 1. ~~Effective-January-17-1995,-a~~ A member has a bona fide
10 retirement when the member terminates all employment covered
11 under the chapter or formerly covered under the chapter
12 pursuant to section 97B.42, files a completed application for
13 benefits form with the department, survives into the month for
14 which benefits are first payable, and meets the following
15 applicable requirement:

16 a. For a member whose first month of entitlement is prior
17 to July 1, 1998, the member does not return to covered
18 employment as-defined-in-this-chapter until the member has
19 qualified for no fewer than four calendar months of retirement
20 benefits.

21 b. For a member whose first month of entitlement is July
22 1998 or later, the member does not return to any employment
23 with a covered employer until the member has qualified for no
24 fewer than four calendar months of retirement benefits.

25 Sec. 56. Section 97B.52A, subsection 3, Code 1997, is
26 amended to read as follows:

27 3. A member whose first month of entitlement is before
28 July 1998 and who terminates covered employment but maintains
29 an employment relationship with an employer that made
30 contributions to the system on the member's behalf does not
31 have a bona fide retirement until all employment, including
32 employment which is not covered by this chapter, with such
33 employer is terminated for at least thirty days. In order to
34 receive retirement benefits, the member must file a completed
35 application for benefits form with the department before

1 returning to any employment with the same employer.

2 Sec. 57. Section 97B.53, subsection 1, Code 1997, is
3 amended to read as follows:

4 1. Upon the termination of employment with the employer
5 prior to retirement other than by death of a member, the
6 accumulated contributions by the member and, for a vested
7 member, the accumulated employer contributions for the vested
8 member at the date of the termination may be paid to the
9 member upon application, except as provided in subsections 2,
10 5, and 6. For the purpose of this subsection, the
11 "accumulated employer contributions" is an amount equal to the
12 total obtained as of any date, by accumulating each individual
13 contribution by the employer for the member with interest plus
14 interest dividends as provided in section 97B.70, for all
15 completed calendar years and for any completed calendar year
16 for which the interest dividend has not been declared and for
17 completed months of partially completed calendar years,
18 compounded as provided in section 97B.70 multiplied by a
19 fraction of years of service for that member as defined in
20 section 97B.49A, 97B.49B, or 97B.49C.

21 Sec. 58. Section 97B.53, subsection 2, Code 1997, is
22 amended to read as follows:

23 2. If a vested member's employment is terminated prior to
24 the member's retirement, other than by death, the member may
25 receive a monthly retirement allowance commencing on the first
26 day of the month in which the member attains the age of sixty-
27 five years, if the member is then alive, or, if the member so
28 elects in accordance with section 97B.47, commencing on the
29 first day of the month in which the member attains the age of
30 fifty-five or any month thereafter prior to the date the
31 member attains the age of sixty-five years, and continuing on
32 the first day of each month thereafter during the member's
33 lifetime, provided the member does not receive prior to the
34 date the member's retirement allowance is to commence a refund
35 of accumulated contributions under any of the provisions of

1 this chapter. The amount of each such monthly retirement
2 allowance shall be determined as provided in either section
3 ~~97B-49~~ sections 97B.49A through 97B.49G, or in section 97B.50,
4 whichever is applicable.

5 Sec. 59. Section 97B.53, subsection 3, Code 1997, is
6 amended to read as follows:

7 3. The accumulated contributions account of a terminated,
8 vested member shall be credited with interest, including
9 interest dividends, in the manner provided in section 97B.70.
10 ~~Interest-and-interest-dividends-shall-be-credited-to-the~~
11 ~~accumulated-contributions-of-members-who-terminate-service-and~~
12 ~~subsequently-become-vested-in-accordance-with-section-97B-70-~~

13 Sec. 60. Section 97B.53, subsection 6, Code 1997, is
14 amended to read as follows:

15 6. ~~A-member-who-terminates-employment-before-the-member-is~~
16 ~~vested-and-who-does-not-claim-and-receive-a-refund-of-the~~
17 ~~member's-accumulated-contributions-within-ten-years-of-the~~
18 ~~date-of-termination-shall,-if-the-member-makes-claim-for-a~~
19 ~~refund-more-than-ten-years-after-the-date-of-termination,-be~~
20 ~~required-to-submit-proof-satisfactory-to-the-department-of-the~~
21 ~~member's-entitlement-to-the-refund.--Interest-and-interest~~
22 ~~dividends-on-the-accumulated-contributions-shall-only-be~~
23 ~~credited-if-provided-in-accordance-with-section-97B-70.--The~~
24 ~~department-is-under-no-obligation-to-maintain-the-accumulated~~
25 ~~contribution-accounts-of-such-former-members-for-more-than-ten~~
26 ~~years-after-their-dates-of-termination.~~ The system is under
27 no obligation to maintain the accumulated contribution account
28 of a member who terminates covered employment prior to
29 December 31, 1998, if the member was not vested at the time of
30 termination. A person who made contributions to the abolished
31 system, who is entitled to a refund in accordance with the
32 provisions of this chapter, and who has not claimed and
33 received such a refund prior to January 1, 1964, shall, if the
34 person makes a claim for refund after January 1, 1964, be
35 required to submit proof satisfactory to the department of the

1 person's entitlement to the refund. The department is under
2 no obligation to maintain the contribution accounts of such
3 persons after January 1, 1964.

4 Sec. 61. Section 97B.70, subsection 3, Code 1997, is
5 amended to read as follows:

6 3. Interest ~~and-interest-dividends~~ shall be credited to
7 the accumulated contributions accounts of active members, and
8 inactive vested members, and, effective January 1, 1999, to
9 inactive nonvested members, until the first-of-the-month
10 coinciding-with-or-next-following-the-member's-retirement-date
11 quarter prior to the quarter in which the member's first
12 retirement allowance is paid or in which the member is issued
13 a refund under section 97B.53, or in which a death benefit is
14 issued.

15 Sec. 62. Section 97B.70, subsection 4, Code 1997, is
16 amended to read as follows:

17 4. Interest Prior to January 1, 1999, interest and
18 interest dividends shall be credited to the accumulated
19 contributions account of a person who leaves the contributions
20 in the retirement fund upon termination from covered
21 employment prior to achieving vested status, but who
22 subsequently ~~achieves-vested-status~~ returns to covered
23 employment. The Upon return to covered employment but prior
24 to January 1, 1999, interest and interest dividends shall be
25 credited to the accumulated contributions account of the
26 person commencing upon the date on which the person ~~becomes-a~~
27 vested-member has covered wages.

28 5. ~~Interest-and-interest-dividends-shall-cease-upon-the~~
29 ~~first-of-the-month-coinciding-with-or-next-following-the~~
30 ~~person's-retirement-date~~. If the department no longer
31 maintains the accumulated contribution account of the person
32 pursuant to ~~section-97B-53~~ this chapter, but the person
33 submits satisfactory proof to the department that the person
34 did make the contributions, the department shall credit
35 interest and interest dividends in the manner provided in this

1 subsection 4.

2 Sec. 63. Section 97B.72, Code 1997, is amended to read as
3 follows:

4 97B.72 MEMBERS OF GENERAL ASSEMBLY -- APPROPRIATION.

5 1. Persons who are members of the Seventy-first General
6 Assembly or a succeeding general assembly who submit proof to
7 the department of membership in the general assembly during
8 any period beginning July 4, 1953, may make contributions to
9 the system for all or a portion of the period of service in
10 the general assembly, and receive credit for the applicable
11 period for which contributions are made. ~~The contributions~~
12 ~~made by the member shall be equal to the accumulated~~
13 ~~contributions as defined in section 97B.41, subsection 2,~~
14 ~~which would have been made if the member of the general~~
15 ~~assembly had been a member of the system during the applicable~~
16 ~~period.~~ The proof of membership in the general assembly and
17 payment of accumulated contributions as provided by this
18 section shall be transmitted to the department. A member
19 making contributions pursuant to this section may make the
20 contributions either for the entire applicable period of
21 service, or for portions of the period of service, and if
22 contributions are made for portions of the period of service,
23 the contributions shall be in increments of one or more
24 calendar quarters.

25 2. The contributions required to be made for purposes of
26 this section shall be determined as follows:

27 a. For a member making contributions for a purchase of
28 additional service prior to July 1, 1999, the member shall
29 make contributions in an amount equal to the accumulated
30 contributions as defined in section 97B.41, subsection 2,
31 which would have been made if the member of the general
32 assembly had been a member of the system during the applicable
33 period of service in the general assembly. There is
34 appropriated from moneys available to the general assembly
35 under section 2.12 an amount sufficient to pay the

1 contributions pursuant to this paragraph, of the employer
2 based on the period of service for which the members have paid
3 accumulated contributions, in an amount equal to the
4 contributions which would have been made if the members of the
5 general assembly who made employee contributions had been
6 members of the system during the applicable period of service
7 in the general assembly, plus interest and interest dividends
8 at the rate provided in section 97B.70 for all completed
9 calendar years, and for any completed calendar year for which
10 the interest dividend has not been declared and for completed
11 months of partially completed calendar years, compounded as
12 provided in section 97B.70.

13 b. For a member making contributions for a purchase of
14 additional service on or after July 1, 1999, the member shall
15 make contributions in an amount equal to forty percent of the
16 actuarial cost of the service purchase. There is also
17 appropriated from moneys available to the general assembly
18 under section 2.12 an amount sufficient to pay sixty percent
19 of the actuarial cost of the service purchase by a member
20 pursuant to this paragraph. For purposes of this paragraph,
21 the actuarial cost of the service purchase is an amount
22 determined by the department in accordance with actuarial
23 tables, as reported to the department by the system's actuary,
24 which reflects the actuarial cost necessary to fund an
25 increased retirement allowance resulting from the purchase of
26 additional service.

27 3. However, the department shall ensure that the member,
28 in exercising an option provided in this section, does not
29 exceed the amount of annual additions to a member's account
30 permitted pursuant to section 415 of the federal Internal
31 Revenue Code.

32 Sec. 64. Section 97B.72A, Code 1997, is amended to read as
33 follows:

34 97B.72A FORMER LEGISLATIVE SERVICE -- APPROPRIATION.

35 1. A vested or retired member of the system who was a

1 member of the general assembly prior to July 1, 1988, may make
2 contributions to the system for all or a portion of the period
3 of service in the general assembly. ~~The contributions made by~~
4 ~~the member shall be equal to the accumulated contributions as~~
5 ~~defined in section 97B.41, subsection 2, which would have been~~
6 ~~made if the member of the general assembly had been a member~~
7 ~~of the system during the applicable period of service in the~~
8 ~~general assembly.~~ A member making contributions pursuant to
9 this section may make the contributions either for the entire
10 applicable period of service, or for portions of the period of
11 service, and if contributions are made for portions of the
12 period of service, the contributions shall be in increments of
13 one or more calendar quarters. The member of the system shall
14 submit proof to the department of membership in the general
15 assembly. The department shall credit the member with the
16 period of membership service for which contributions are made.

17 2. The contributions required to be made for purposes of
18 this section shall be determined as follows:

19 a. For a member making contributions for a purchase of
20 additional service prior to July 1, 1999, the contributions
21 made by the member shall be equal to the accumulated
22 contributions as defined in section 97B.41, subsection 2,
23 which would have been made if the member of the general
24 assembly had been a member of the system during the applicable
25 period of service in the general assembly. There is
26 appropriated from the general fund of the state to the
27 department an amount sufficient to pay the contributions of
28 the employer based on the period of service of members of the
29 general assembly for which the member paid accumulated
30 contributions ~~under this section~~ pursuant to this paragraph.
31 The amount appropriated is equal to the employer contributions
32 which would have been made if the members of the system who
33 made employee contributions had been members of the system
34 during the period for which they made employee contributions,
35 plus interest at the rate provided in section 97B.70 for each

1 year compounded as provided in section 97B.70.

2 b. For a member making contributions for a purchase of
3 additional service on or after July 1, 1999, the member shall
4 make contributions in an amount equal to forty percent of the
5 actuarial cost of the service purchase. There is also
6 appropriated from the general fund of the state to the
7 department an amount sufficient to pay sixty percent of the
8 actuarial cost of the service purchase by a member pursuant to
9 this paragraph. For purposes of this paragraph, the actuarial
10 cost of the service purchase is an amount determined by the
11 department in accordance with actuarial tables, as reported to
12 the department by the system's actuary, which reflects the
13 actuarial cost necessary to fund an increased retirement
14 allowance resulting from the purchase of additional service.

15 2- 3. However, the department shall ensure that the
16 member, in exercising an option provided in this section, does
17 not exceed the amount of annual additions to a member's
18 account permitted pursuant to section 415 of the federal
19 Internal Revenue Code.

20 Sec. 65. Section 97B.73, Code 1997, is amended to read as
21 follows:

22 97B.73 MEMBERS FROM OTHER PUBLIC SYSTEMS.

23 1. A vested or retired member who has one or more full
24 calendar years of covered wages who was in public employment
25 comparable to employment covered under this chapter in another
26 state or in the federal government, or who was a member of
27 another public retirement system in this state, including but
28 not limited to the teachers insurance annuity association-
29 college retirement equities fund, but who was not retired
30 under that system, upon submitting verification of membership
31 and service in the other public system to the department,
32 including proof that the member has no further claim upon a
33 retirement benefit from that other public system, may make
34 employer-and-employee contributions as provided by this
35 section to the system either for the entire period of service

1 in the other public system, or for partial service in the
2 other public system in increments of one or more calendar
3 quarters. If the member wishes to transfer only a portion of
4 the service value of another public system to this system and
5 the other public system allows a partial withdrawal of a
6 member's system credits, the member shall receive credit for
7 membership service in this system equivalent to the period of
8 service transferred from the other public system. The

9 2. The contributions required to be made for purposes of
10 this section shall be determined as follows:

11 a. For a member making contributions for a purchase of
12 additional service prior to July 1, 1999, the contribution
13 payable, representing both employee and employer
14 contributions, shall be based upon the member's covered wages
15 for the most recent full calendar year at the applicable rates
16 in effect for that calendar year under sections 97B.11,
17 97B.49B, 97B.49C, and 97B-49 97B.49G and multiplied by the
18 member's years of service in other public employment. If the
19 member's most recent covered wages were earned prior to the
20 most recent calendar year, the member's covered wages shall be
21 adjusted by the department by an inflation factor to reflect
22 changes in the economy since the covered wages were earned.

23 b. For a member making contributions for a purchase of
24 additional service on or after July 1, 1999, the member shall
25 make contributions in an amount equal to the actuarial cost of
26 the service purchase. For purposes of this paragraph, the
27 actuarial cost of the service purchase is an amount determined
28 by the department in accordance with actuarial tables, as
29 reported to the department by the system's actuary, which
30 reflects the actuarial cost necessary to fund an increased
31 retirement allowance resulting from the purchase of additional
32 service.

33 3. This section is applicable to a vested or retired
34 member who was a member of a public retirement system
35 established in sections 294.8, 294.9, and 294.10 but was not

1 retired under that system.

2 ~~Notwithstanding any provision of this section to the~~
3 ~~contrary, effective July 1, 1994, a vested or retired member~~
4 ~~must have membership service within the current calendar year~~
5 ~~in order to make contributions in any manner provided by this~~
6 ~~section.~~

7 4. A member entitled to a benefit from another public
8 system must waive, on a form provided by the Iowa public
9 employees' retirement system, all rights to a retirement
10 benefit under the other public system before receiving credit
11 in this system for the years of service in the other public
12 system. The waiver must be accepted by the other public
13 system.

14 5. Effective July 1, 1988, a member eligible for an
15 increased retirement allowance because of the payment of
16 contributions under this section is entitled to receipt of
17 retroactive adjustment payments for no more than six months
18 immediately preceding the month in which ~~written notice was~~
19 ~~submitted to the department~~ the member pays contributions
20 under this section.

21 6. Effective July 1, 1998, a purchase of service made in
22 accordance with this section by a retired reemployed member
23 shall be applied to either the member's original retirement
24 allowance, or to the member's reemployment service, whichever
25 is more beneficial to the member. If applied to a member's
26 original retirement allowance, or to the member's reemployment
27 service after the retirement allowance payments for such
28 service begin, the member is eligible to receive retroactive
29 adjustment payments for no more than six months prior to
30 completion of the purchase.

31 7. However, the department shall ensure that the member,
32 in exercising an option provided in this section, does not
33 exceed the amount of annual additions to a member's account
34 permitted pursuant to section 415 of the federal Internal
35 Revenue Code.

1 Sec. 66. Section 97B.73A, Code 1997, is amended to read as
2 follows:

3 97B.73A PART-TIME COUNTY ATTORNEYS.

4 1. A part-time county attorney may elect in writing to the
5 department to make ~~employee~~ contributions to the system for
6 the county attorney's previous service as a county attorney
7 and receive credit for membership service in the system for
8 the applicable period of service as a part-time county
9 attorney for which employee contributions are made. ~~The~~
10 ~~contributions-paid-by-the-member-shall-be-equal-to-the~~
11 ~~accumulated-contributions, as defined in section 97B.41,~~
12 ~~subsection 2, for the applicable period of membership service.~~
13 A member making contributions pursuant to this section may
14 make the contributions either for the entire applicable period
15 of service, or for portions of the period of service, and if
16 contributions are made for portions of the period of service,
17 the contributions shall be in increments of one or more
18 calendar quarters.

19 2. The contributions required to be made for purposes of
20 this section shall be determined as follows:

21 a. For a member making contributions for a purchase of
22 additional service prior to July 1, 1999, the contributions
23 paid by the member shall be equal to the accumulated
24 contributions, as defined in section 97B.41, subsection 2, for
25 the applicable period of membership service. A member who
26 elects to make contributions ~~under this section~~ pursuant to
27 this paragraph shall notify the applicable county board of
28 supervisors of the member's election, and the county board of
29 supervisors shall pay to the department the employer
30 contributions that would have been contributed by the employer
31 under section 97B.11, plus interest on the contributions that
32 would have accrued if the county attorney had been a member of
33 the system for the applicable period of service.

34 b. For a member making contributions for a purchase of
35 additional service on or after July 1, 1999, the member shall

1 make contributions in an amount equal to forty percent of the
2 actuarial cost of the service purchase. Upon notification of
3 the applicable county board of supervisors of the member's
4 election, the county board of supervisors shall pay to the
5 department an amount sufficient to pay sixty percent of the
6 actuarial cost of the service purchase by a member pursuant to
7 this paragraph. For purposes of this paragraph, the actuarial
8 cost of the service purchase is an amount determined by the
9 department in accordance with actuarial tables, as reported to
10 the department by the system's actuary, which reflects the
11 actuarial cost necessary to fund an increased retirement
12 allowance resulting from the purchase of additional service.

13 3. Effective July 1, 1988, a member eligible for an
14 increased retirement allowance because of the payment of
15 contributions under this section is entitled to receipt of
16 retroactive adjustment payments for no more than six months
17 immediately preceding the month in which written notice was
18 submitted to the department.

19 4. However, the department shall ensure that the member,
20 in exercising an option provided in this section, does not
21 exceed the amount of annual additions to a member's account
22 permitted pursuant to section 415 of the federal Internal
23 Revenue Code.

24 Sec. 67. Section 97B.74, Code 1997, is amended to read as
25 follows:

26 97B.74 REINSTATEMENT AS A VESTED MEMBER (BUY-BACK).

27 1. A vested or retired member who was a member of the
28 system at any time on or after July 4, 1953, and who received
29 a refund of the member's contributions for that period of
30 membership service, may elect in writing to the department to
31 make contributions to the system for all or a portion of the
32 period of membership service for which a refund of
33 contributions was made, and receive credit for the period of
34 membership service for which contributions are made. The
35 ~~contributions-repaid-by-the-member-for-such-service-shall-be~~

1 equal-to-the-accumulated-contributions, as defined in section
2 97B.41, subsection 2, received by the member for the
3 applicable period of membership service, plus interest on the
4 accumulated contributions for the applicable period, from the
5 date of receipt by the member to the date of repayment, at the
6 interest rate provided in section 97B.70 applicable for each
7 year compounded as provided in section 97B.70.

8 A member making contributions pursuant to this section may
9 make the contributions either for the entire applicable period
10 of service, or for portions of the period of service, and if
11 contributions are made for portions of the period of service,
12 the contributions shall be in increments of one or more
13 calendar quarters.

14 2. The contributions required to be made for purposes of
15 this section shall be determined as follows:

16 a. For a member making contributions for a purchase of
17 additional service prior to July 1, 1999, the contributions to
18 be repaid by the member for such service shall be equal to the
19 accumulated contributions, as defined in section 97B.41,
20 subsection 2, received by the member for the applicable period
21 of membership service, plus interest on the accumulated
22 contributions for the applicable period, from the date of
23 receipt by the member to the date of repayment, at the
24 interest rate provided in section 97B.70 applicable for each
25 year compounded as provided in section 97B.70.

26 b. For a member making contributions for a purchase of
27 additional service on or after July 1, 1999, the member shall
28 make contributions in an amount equal to the actuarial cost of
29 the service purchase. For purposes of this paragraph, the
30 actuarial cost of the service purchase is an amount determined
31 by the department in accordance with actuarial tables, as
32 reported to the department by the system's actuary, which
33 reflects the actuarial cost necessary to fund an increased
34 retirement allowance resulting from the purchase of additional
35 service.

1 3. Effective July 1, 1988, a member eligible for an
2 increased retirement allowance because of the payment of
3 contributions under this section is entitled to receipt of
4 retroactive adjustment payments for no more than six months
5 immediately preceding the month in which written notice was
6 submitted to the department.

7 Sec. 68. Section 97B.80, Code Supplement 1997, is amended
8 to read as follows:

9 97B.80 VETERAN'S CREDIT.

10 1. Effective July 1, 1992, a vested or retired member, who
11 has one or more full calendar years of covered wages and who
12 at any time served on active duty in the armed forces of the
13 United States, upon submitting verification of the dates of
14 the active duty service, may make employer-and-employee
15 contributions to the system based-upon-the-member's-covered
16 wages-for-the-most-recent-full-calendar-year-in-which-the
17 member-had-reportable-wages-at-the-applicable-rates-in-effect
18 for-that-year-under-sections-97B.11-and-97B.49, for all or a
19 portion of the period of time of the active duty service, in
20 increments of one or more calendar quarters, and receive
21 credit for membership service and prior service for the period
22 of time for which the contributions are made.

23 2. The contributions required to be made for purposes of
24 this section shall be determined as follows:

25 a. For a member making contributions for a purchase of
26 additional service prior to July 1, 1999, the contributions to
27 be paid, representing both employer and employee
28 contributions, shall be based upon the member's covered wages
29 for the most recent full calendar year in which the member had
30 reportable wages at the applicable rates in effect for that
31 year under sections 97B.11, 97B.49B, 97B.49C, and 97B.49G. If
32 the member's most recent covered wages were earned prior to
33 the most recent calendar year, the member's covered wages
34 shall be adjusted by the department by an inflation factor to
35 reflect changes in the economy.

1 b. For a member making contributions for a purchase of
2 additional service on or after July 1, 1999, the member shall
3 make contributions in an amount equal to the actuarial cost of
4 the service purchase. For purposes of this paragraph, the
5 actuarial cost of the service purchase is an amount determined
6 by the department in accordance with actuarial tables, as
7 reported to the department by the system's actuary, which
8 reflects the actuarial cost necessary to fund an increased
9 retirement allowance resulting from the purchase of additional
10 service.

11 3. The department shall adjust benefits for a six-month
12 period prior to the date the member pays contributions under
13 this section if the member is receiving a retirement allowance
14 at the time the contribution payment is made. Verification of
15 active duty service and payment of contributions shall be made
16 to the department. However, a member is not eligible to make
17 contributions under this section if the member is receiving,
18 is eligible to receive, or may in the future be eligible to
19 receive retirement pay from the United States government for
20 active duty in the armed forces, except for retirement pay
21 granted by the United States government under retired pay for
22 nonregular service pursuant to 10 U.S.C. § 12731--12739. A
23 member receiving retired pay for nonregular service who makes
24 contributions under this section shall provide information
25 required by the department documenting time periods covered
26 under retired pay for nonregular service.

27 ~~Notwithstanding any provision of this section to the~~
28 ~~contrary, effective July 1, 1994, a vested or retired member~~
29 ~~must have membership service within the current calendar year~~
30 ~~in order to make contributions in any manner provided by this~~
31 ~~section.~~

32 4. Effective July 1, 1998, a purchase of service made in
33 accordance with this section by a retired reemployed member
34 shall be applied to either the member's original retirement
35 allowance, or to the member's reemployment service, whichever

1 is more beneficial to the member. If applied to the member's
2 original retirement allowance, or to the member's reemployment
3 service after the retirement allowance payments for such
4 service begin, the member is eligible to receive retroactive
5 adjustment payments for no more than six months prior to
6 completion of the purchase.

7 5. However, the department shall ensure that the member,
8 in exercising an option provided in this section, does not
9 exceed the amount of annual additions to a member's account
10 permitted pursuant to section 415 of the federal Internal
11 Revenue Code.

12 Sec. 69. NEW SECTION. 97B.81 LEAVES OF ABSENCE.

13 1. A vested member on an approved leave of absence which
14 does not constitute service as defined in section 97B.1A,
15 subsection 19, which is granted on or after July 1, 1998, may
16 make contributions to the system for all or a portion of the
17 leave of absence, and shall receive service credit for the
18 period of time for which the contributions are made.

19 2. The contributions required to be made for purposes of
20 this section shall be determined as follows:

21 a. For a member making contributions for a purchase of
22 additional service prior to July 1, 1999, the contributions to
23 be paid, representing both employer and employee
24 contributions, shall be based upon the member's covered wages
25 for the most recent full calendar year in which the member had
26 covered wages at the applicable rates in effect for that
27 calendar year under sections 97B.11, 97B.49B, 97B.49C, and
28 97B.49G. If the member's most recent covered wages were
29 earned prior to the most recent calendar year, the member's
30 covered wages shall be adjusted by the department by an
31 inflation factor to reflect changes in the economy.

32 b. For a member making contributions for a purchase of
33 additional service on or after July 1, 1999, the member shall
34 make contributions in an amount equal to the actuarial cost of
35 the service purchase. For purposes of this paragraph, the

1 actuarial cost of the service purchase is an amount determined
2 by the department in accordance with actuarial tables, as
3 reported to the department by the system's actuary, which
4 reflects the actuarial cost necessary to fund an increased
5 retirement allowance resulting from the purchase of additional
6 service.

7 3. A member shall not be entitled to purchase the service
8 credit, however, if the member is entitled to receive a
9 retirement benefit from another public retirement system for
10 the same period of time. A member entitled to a benefit from
11 another public system must waive, on a form provided by the
12 Iowa public employees' retirement system, all rights to a
13 retirement benefit under the other public system before
14 receiving credit in this system for any period of service in
15 the other public system. The waiver must be accepted by the
16 other public system.

17 4. However, the department shall ensure that the member,
18 in exercising an option provided by this section, does not
19 exceed the amount of annual additions to a member's account
20 permitted pursuant to section 415 of the federal Internal
21 Revenue Code.

22 Sec. 70. Section 97D.3, subsection 2, Code 1997, is
23 amended to read as follows:

24 2. Upon a favorable vote in the referendum and
25 notwithstanding sections 97A.3 and 411.3, all persons newly
26 hired as peace officers, as defined in section 97A.1, police
27 officers, and fire fighters after July 1, 1991, shall be
28 members of the Iowa public employees' retirement system under
29 chapter 97B, rather than members of retirement systems under
30 chapters 97A and 411. Such members shall have federal social
31 security coverage in addition to coverage under the Iowa
32 public employees' retirement system and shall have the same
33 benefits as county sheriffs and deputy sheriffs under section
34 ~~97B.497-subsection-167-paragraph-"b"~~ 97B.49C or 97B.49G, as
35 applicable.

1 Sec. 71. Section 509A.13A, subsection 1, paragraph b,
2 subparagraph (2), Code 1997, is amended to read as follows:

3 (2) The eligible retired state employee has received
4 retirement benefits under the retirement system established in
5 chapter 97B based upon any of the following:

6 (a) Meeting the requirements for receiving retirement
7 benefits pursuant to chapter 97B ~~based upon and, at the time~~
8 of retirement, having attained at least ~~sixty-two~~ fifty-five
9 years of age and ~~upon~~ having completed at least ~~thirty~~ twenty
10 years of membership service.

11 (b) Meeting the requirements for receiving benefits under
12 ~~section 97B-497-subsection-16~~ 97B.49B, 97B.49C, or 97B.49G,
13 subsections 10 and 11, without a reduction for years of
14 ~~service pursuant to section 97B-497-subsection-167-paragraph~~
15 ~~"c"~~.

16 Sec. 72. Section 602.1611, subsection 3, Code 1997, is
17 amended to read as follows:

18 3. ~~Magistrates may elect to~~ shall be members of the Iowa
19 public employees' retirement system ~~upon filing in writing~~
20 ~~with the department of personnel~~ unless the magistrate elects
21 out of coverage under the Iowa public employees' retirement
22 system as provided in section ~~97B-417-subsection-87-paragraph~~
23 ~~"b7"-subparagraph-(8)~~ 97B.42A.

24 Sec. 73. Section 602.11115, subsection 2, Code 1997, is
25 amended to read as follows:

26 2. To commence coverage under the judicial retirement
27 system pursuant to article 9, part 1, effective July 1, 1984,
28 but to become an inactive member of the Iowa public employees'
29 retirement system pursuant to chapter 97B and remain eligible
30 for benefits under ~~section 97B-49~~ sections 97B.49A through
31 97B.49H for the period of membership service under chapter
32 97B.

33 Sec. 74. Section 724.6, subsection 2, Code 1997, is
34 amended to read as follows:

35 2. Notwithstanding subsection 1, fire fighters, as defined

1 in section 411.1, subsection 9, airport fire fighters included
2 under section ~~97B.49, subsection 16, paragraph "b",~~
3 ~~subparagraph (2)~~ 97B.49C, emergency rescue technicians, and
4 emergency medical care providers, as defined in section
5 147A.1, shall not, as a condition of employment, be required
6 to obtain a permit under this section. However, the
7 provisions of this subsection shall not apply to a person
8 designated as an arson investigator by the chief fire officer
9 of a political subdivision.

10 Sec. 75. Sections 97B.12 and 97B.20, Code 1997, are
11 repealed.

12 Sec. 76. Section 97B.49, Code Supplement 1997, is
13 repealed.

14 Sec. 77. EFFECTIVE DATE -- APPLICABILITY.

15 a. Section 19, amending section 97B.41, subsection 8, is
16 effective January 1, 1999, and is applicable to persons hired
17 on and after that date.

18 b. The portion of section 27 that amends section 97B.45,
19 subsections 1, 2, and 3, and section 45, amending section
20 97B.50, are effective January 1, 1999, and apply to members
21 retiring on or after January 1, 1999.

22 Sec. 78. EFFECTIVE DATE. Section 57 of this Act, amending
23 section 97B.53, subsection 1, takes effect July 1, 1999.

24 Sec. 79. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY.
25 Section 71 of this Act, amending section 509A.13A, subsection
26 1, paragraph "b", being deemed of immediate importance, takes
27 effect upon enactment and is retroactively applicable to July
28 1, 1994, and is applicable on and after that date.

29 Sec. 80. EFFECTIVE DATE. Section 46 of this Act, creating
30 new section 97B.50A, takes effect July 1, 1999.

31 Sec. 81. IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM --
32 ELIGIBILITY FOR RETIREMENT ALLOWANCE.

33 1. Notwithstanding any provision of chapter 97B to the
34 contrary, a person designated by an eligible member of the
35 Iowa public employees' retirement system as a contingent

1 annuitant eligible to receive an optional allowance pursuant
2 to Iowa Code section 97B.51 but who did not receive an
3 allowance as a contingent annuitant pursuant to the
4 requirements of section 97B.51 (Code 1993) shall be entitled
5 to receive an optional allowance and an applicable lump-sum
6 payment pursuant to that election commencing with the first
7 month following a determination by the Iowa public employees'
8 retirement system that the requirements of this section are
9 met. For purposes of this section, "an applicable lump-sum
10 payment" means an amount representing the monthly allowances
11 that would have been paid had the person designated as a
12 contingent annuitant been eligible to receive an optional
13 allowance immediately following the death of the eligible
14 member.

15 2. For purposes of this section, an eligible member of the
16 Iowa public employees' retirement system means a member who
17 meets all of the following requirements:

18 a. The member submitted a valid application for retirement
19 benefits between November 1, 1993, and January 1, 1995.

20 b. The member was otherwise eligible to receive a
21 retirement allowance pursuant to section 97B.51, subsection 1,
22 Code 1993, but died prior to the department of personnel
23 issuing payment of the member's first retirement allowance.

24 c. The member survived into the month for which the
25 member's first retirement allowance would have been payable.

26 3. The person designated as a contingent annuitant shall
27 file a valid application with the Iowa public employees'
28 retirement system for an allowance pursuant to this section
29 prior to June 30, 1999.

30 4. A person designated as a contingent annuitant who
31 elects to receive an allowance pursuant to this section shall,
32 prior to receiving an allowance pursuant to this section, make
33 arrangements with the Iowa public employees' retirement system
34 to repay any death benefits paid by the system to the person.

35 Sec. 82. CODE EDITOR DIRECTIVES. The Code editor is

1 directed to renumber Iowa Code section 97B.41 to Iowa Code
2 section 97B.1A. Sections 97A.3, 97B.1, 97B.42B, 97B.43,
3 97B.66, 97B.68, 97B.72, 97B.72A, 97B.73A, 97B.74, 411.3,
4 411.30, and 602.11115, Code 1997, are amended by striking from
5 the sections the reference "97B.41" and inserting in lieu
6 thereof the reference "97B.1A".

7 Sec. 83. STUDY OF STATEWIDE DEFERRED COMPENSATION PROGRAM.

8 The Iowa public employees' retirement system division shall
9 continue its study of the possible establishment of a
10 statewide deferred compensation plan for active members of the
11 Iowa public employees' retirement system. In conducting its
12 study, the division shall seek input, through surveys or other
13 similar methods, from affected employees and employers
14 concerning the establishment of a statewide deferred
15 compensation plan to be administered by the Iowa public
16 employees' retirement system division. The division shall
17 submit a report concerning the results of its study to the
18 general assembly on or before January 1, 1999, and shall
19 include its findings and recommendations.

20 Sec. 84. STUDY OF INCLUSION OF ADJUNCT INSTRUCTORS IN
21 MEMBERSHIP OF THE IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM.

22 The Iowa public employees' retirement system division shall
23 conduct a study concerning the issue of whether adjunct
24 instructors employed by a community college or regents
25 university should be allowed to become members of the Iowa
26 public employees' retirement system. In conducting its study,
27 the division shall seek input from affected employees and
28 employers concerning the possible inclusion of adjunct
29 instructors in the retirement system. On or before September
30 1, 1999, the Iowa public employees' retirement system division
31 shall file a report with the legislative service bureau, for
32 distribution to the public retirement systems committee, which
33 contains its findings and recommendations concerning this
34 issue.

35

DIVISION III

1 STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM

2 Sec. 85. Section 411.6, subsection 2, paragraph d,
3 subparagraph (3), Code 1997, is amended to read as follows:

4 (3) For a member who terminates service, other than by
5 death or disability, on or after October 16, 1992, but before
6 July 1, 1998, and who does not withdraw the member's
7 contributions pursuant to section 411.23, upon the member's
8 retirement there shall be added six-tenths percent of the
9 member's average final compensation for each year of service
10 over twenty-two years. However, this subparagraph does not
11 apply to more than eight additional years of service.

12 Sec. 86. Section 411.6, subsection 2, paragraph d, Code
13 1997, is amended by adding the following new subparagraph:

14 NEW SUBPARAGRAPH. (4) For a member who terminates
15 service, other than by death or disability, on or after July
16 1, 1998, and who does not withdraw the member's contributions
17 pursuant to section 411.23, upon the member's retirement there
18 shall be added one and one-half percent of the member's
19 average final compensation for each year of service over
20 twenty-two years. However, this subparagraph does not apply
21 to more than eight additional years of service.

22 Sec. 87. Section 411.6, subsection 4, Code 1997, is
23 amended to read as follows:

24 4. ALLOWANCE ON ORDINARY DISABILITY RETIREMENT.

25 a. Upon retirement for ordinary disability prior to July
26 1, 1998, a member shall receive an ordinary disability
27 retirement allowance which shall consist of a pension which
28 shall equal fifty percent of the member's average final
29 compensation unless either of the following conditions exist:

30 a- (1) If the member has not had five or more years of
31 membership service the member shall receive a pension equal to
32 one-fourth of the member's average final compensation.

33 b- (2) If the member has had twenty-two or more years of
34 membership service, the member shall receive a disability
35 retirement allowance that is equal to the greater of the

1 benefit that the member would receive under subsection 2 if
2 the member were fifty-five years of age or the disability
3 pension otherwise calculated under this subsection.

4 b. Upon retirement for ordinary disability on or after
5 July 1, 1998, a member who has five or more years of
6 membership service shall receive a disability retirement
7 allowance in an amount equal to the greater of fifty percent
8 of the member's average final compensation or the retirement
9 allowance that the member would receive under subsection 2 if
10 the member had attained fifty-five years of age. A member who
11 has less than five years of membership service shall receive a
12 pension equal to one-fourth of the member's average final
13 compensation.

14 Sec. 88. Section 411.6, subsection 6, paragraph b, Code
15 1997, is amended to read as follows:

16 b. Upon retirement for accidental disability on or after
17 July 1, 1990, but before July 1, 1998, a member shall receive
18 an accidental disability retirement allowance which shall
19 consist of a pension equal to sixty percent of the member's
20 average final compensation. However, if the member has had
21 twenty-two or more years of membership service, the member
22 shall receive a disability retirement allowance that is equal
23 to the greater of the retirement allowance that the member
24 would receive under subsection 2 if the member was fifty-five
25 years of age or the disability retirement allowance calculated
26 under this paragraph.

27 Sec. 89. Section 411.6, subsection 6, Code 1997, is
28 amended by adding the following new paragraph:

29 NEW PARAGRAPH. c. Upon retirement for accidental
30 disability on or after July 1, 1998, a member shall receive an
31 accidental disability retirement allowance which shall consist
32 of a pension in an amount equal to the greater of sixty
33 percent of the member's average final compensation or the
34 retirement allowance that the member would receive under
35 subsection 2 if the member has attained fifty-five years of

1 age.

2 Sec. 90. Section 411.6, subsection 7, paragraph a,
3 unnumbered paragraph 1, Code 1997, is amended to read as
4 follows:

5 Should any beneficiary for either ordinary or accidental
6 disability, except a beneficiary who is fifty-five years of
7 age or over and would have completed twenty-two years of
8 service if the beneficiary had remained in active service, be
9 engaged in a gainful occupation paying more than the
10 difference between the member's net retirement allowance and
11 one and one-half times the earnable compensation of an active
12 member at the same position on the salary scale within the
13 member's rank as the member held at retirement, then the
14 amount of the member's retirement allowance shall be reduced
15 to an amount ~~which-together-with~~ such that the member's net
16 retirement allowance plus the amount earned by the member
17 shall equal one and one-half times the amount of the current
18 earnable compensation of an active member at the same position
19 on the salary scale within the member's rank as the member
20 held at retirement. Should the member's earning capacity be
21 later changed, the amount of the member's retirement allowance
22 may be further modified, provided that the new retirement
23 allowance shall not exceed the amount of the retirement
24 allowance adjusted by annual readjustments of pensions
25 pursuant to subsection 12 of this section nor an amount which
26 would cause the member's net retirement allowance, when added
27 to the amount earned by the beneficiary, ~~equals~~ to equal one
28 and one-half times the amount of the earnable compensation of
29 an active member at the same position on the salary scale
30 within the member's rank as the member held at retirement. A
31 beneficiary restored to active service at a salary less than
32 the average final compensation upon the basis of which the
33 member was retired at age fifty-five or greater, shall not
34 again become a member of the retirement system and shall have
35 the member's retirement allowance suspended while in active

1 service. If the rank or position held by the retired member
2 is subsequently abolished, adjustments to the allowable limit
3 on the amount of income which can be earned in a gainful
4 occupation shall be computed by the board of trustees as
5 though such rank or position had not been abolished and salary
6 increases had been granted to such rank or position on the
7 same basis as increases granted to other ranks and positions
8 in the department. For purposes of this paragraph, "net
9 retirement allowance" means the amount determined by
10 subtracting the amount paid during the previous calendar year
11 by the beneficiary for health insurance or similar health care
12 coverage for the beneficiary and the beneficiary's dependents
13 from the amount of the member's retirement allowance paid for
14 that year pursuant to this chapter. The beneficiary shall
15 submit sufficient documentation to the system to permit the
16 system to determine the member's net retirement allowance for
17 the applicable year.

18 Sec. 91. Section 411.6, subsection 10, Code 1997, is
19 amended to read as follows:

20 10. Pensions offset by compensation benefits. Any amounts
21 which may be paid or payable by the said cities under the
22 provisions of any workers' compensation or similar law to a
23 member or to the dependents of a member on account of any
24 disability or death, shall be offset against and payable in
25 lieu of any benefits payable under the provisions of this
26 chapter on account of the same disability or death. In
27 addition, any amounts payable to a member as unemployment
28 compensation under the provisions of chapter 96 based on
29 unemployment from membership service for a member receiving an
30 ordinary disability benefit or an accidental disability
31 benefit pursuant to this chapter shall be offset against and
32 payable in lieu of any benefits payable under the provisions
33 of this chapter for an ordinary disability or an accidental
34 disability.

35 Sec. 92. Section 411.9, Code 1997, is amended to read as

1 follows:

2 411.9 MILITARY SERVICE EXCEPTIONS.

3 1. A member who is absent while serving in the armed
4 services of the United States or its allies and is discharged
5 or separated from the armed services under honorable
6 conditions shall have the period or periods of absence while
7 serving in the armed services, not in excess of four years
8 unless any period in excess of four years is at the request
9 and for the convenience of the federal government, included as
10 part of the member's period of service in the department. The
11 member shall not continue the contributions required of the
12 member under section 411.8 during the period of military
13 service, if the member, within one year after the member has
14 been discharged or separated under honorable conditions from
15 military service, returns and resumes duties in the
16 department, and if the member is declared physically capable
17 of resuming duties upon examination by the medical board. A
18 period of absence may exceed four years at the request and for
19 the convenience of the federal government.

20 2. Notwithstanding any provisions of this chapter to the
21 contrary, contributions, benefits, and service credit with
22 respect to qualified military service shall be provided in
23 accordance with section 414(u) of the federal Internal Revenue
24 Code.

25 Sec. 93. Section 411.22, subsection 1, unnumbered
26 paragraph 1, Code 1997, is amended to read as follows:

27 If a member receives an injury for which benefits are
28 payable under section 411.6, subsection 3 or 5, or section
29 411.15 and if the injury is caused under circumstances
30 creating a legal liability for damages against a third party
31 other than the retirement system, the member or the member's
32 legal representative may maintain an action for damages
33 against the third party. If a member or a member's legal
34 representative commences such an action, the plaintiff member
35 or representative shall serve a copy of the original notice

1 upon the retirement system not less than ten days before the
2 trial of the action, but a failure to serve the notice does
3 not prejudice the rights of the retirement system, and the
4 following rights and duties ensue:

5 Sec. 94. Section 411.22, subsection 3, Code 1997, is
6 amended to read as follows:

7 3. Before a settlement is effective between a the
8 retirement system and a third party who is liable for an
9 injury, the member must consent in writing to the settlement;
10 and if the settlement is between the member and a third party,
11 the retirement system must consent in writing to the
12 settlement; or on refusal to consent, in either case, the
13 district court in the county in which either the city and or
14 the retirement system ~~are~~ is located must consent in writing
15 to the settlement.

16 Sec. 95. NEW SECTION. 411.24 PAYMENT TO REPRESENTATIVE
17 PAYEE.

18 1. ADULTS. When it appears to the system that the
19 interest of an applicant entitled to a payment would be
20 served, certification of payment may be made, regardless of
21 the legal competence or incompetence of the individual
22 entitled to the payment, either for direct payment to the
23 applicant, or for the applicant's use and benefit to a
24 representative of an applicant. Payments under this section
25 shall be made in accordance with rules adopted by the board.

26 2. MINORS. Payments on behalf of minors shall be made in
27 accordance with rules adopted by the board.

28 3. FINALITY. Any payments made under the provisions of
29 this section shall be a complete settlement and satisfaction
30 of any claim, right, or interest in and to such payment.

31 Sec. 96. Section 411.36, subsection 1, paragraph c, Code
32 1997, is amended to read as follows:

33 c. ~~The city treasurers of~~ A city treasurer, city financial
34 officer, city administrator, or city clerk involved with the
35 financial matters of the city from four participating cities,

1 one of whom is from a city having a population of less than
2 forty thousand, and three of whom are from cities having a
3 population of forty thousand or more. The city-treasurers
4 members authorized pursuant to this paragraph shall be
5 appointed by the governing body of the Iowa league of cities.

6 Sec. 97. APPLICABILITY. Section 90 of this Act, amending
7 section 411.6, subsection 7, paragraph "a", is applicable to
8 amounts earned by a beneficiary after December 31, 1997.

9 DIVISION IV

10 JUDICIAL RETIREMENT SYSTEM

11 Sec. 98. Section 602.1611, Code 1997, is amended by adding
12 the following new subsection:

13 NEW SUBSECTION. 4. Commencing July 1, 1998, associate
14 juvenile judges and associate probate judges, who are
15 appointed on a full-time basis, are members of the judicial
16 retirement system established in article 9, part 1, and are
17 not members of the public employees' retirement system
18 established in chapter 97B, except as provided in section
19 602.11116.

20 Sec. 99. Section 602.9107, subsection 1, Code 1997, is
21 amended to read as follows:

22 1. The annual annuity of a judge under this system is an
23 amount equal to three percent of the judge's average annual
24 basic salary for the judge's last three years as a judge of
25 one or more of the courts included in this article, multiplied
26 by the judge's years of service as a judge of one or more of
27 the courts for which contributions were made to the system.
28 However, an annual annuity shall not exceed an amount equal to
29 fifty-percent a specified percentage of the basic annual
30 salary which the judge is receiving at the time the judge
31 becomes separated from service. Forfeitures shall not be used
32 to increase the annuities a judge or survivor would otherwise
33 receive under the system.

34 For judges who retire and receive an annuity prior to July
35 1, 1998, the specified percentage shall be fifty percent.

1 For judges who retire and receive an annuity on or after
2 July 1, 1998, the specified percentage shall be fifty-two
3 percent.

4 Sec. 100. NEW SECTION. 602.9107B MINIMUM ANNUITY
5 BENEFIT.

6 A judge, or a survivor of a judge, who retired before July
7 1, 1977, and who is receiving an annuity pursuant to this
8 article, shall, commencing with an annuity paid on or after
9 July 1, 1998, be paid a minimum monthly annuity payment of
10 five hundred dollars.

11 Sec. 101. NEW SECTION. 602.11116 ASSOCIATE JUVENILE
12 JUDGES AND ASSOCIATE PROBATE JUDGES -- RETIREMENT.

13 If a full-time associate juvenile judge or full-time
14 associate probate judge is a member of the Iowa public
15 employees' retirement system on June 30, 1998, the associate
16 juvenile judge or associate probate judge shall elect, by
17 informing the state court administrator by June 30, 1998, one
18 of the following retirement benefit options to be effective
19 July 1, 1998:

20 1. To remain a member under the Iowa public employees'
21 retirement system pursuant to chapter 97B.

22 2. To commence membership under the judicial retirement
23 system pursuant to article 9, part 1, effective July 1, 1998,
24 but to become an inactive member of the Iowa public employees'
25 retirement system pursuant to chapter 97B and remain eligible
26 for benefits under sections 97B.49A through 97B.49H, as
27 applicable, for the period of membership service under chapter
28 97B.

29 3. To commence membership under the judicial retirement
30 system pursuant to article 9, part 1, retroactive to the date
31 the associate juvenile judge or associate probate judge became
32 an associate juvenile judge or associate probate judge, and to
33 cease to be a member of the Iowa public employees' retirement
34 system, effective July 1, 1998. The department of personnel
35 shall transmit by January 1, 1999, to the state court

1 administrator for deposit in the judicial retirement fund the
2 associate juvenile judge's or associate probate judge's
3 accumulated contributions as defined in section 97B.41,
4 subsection 2, for the judge's period of membership service as
5 an associate juvenile judge or associate probate judge.
6 Before July 1, 2000, or at retirement previous to that date,
7 an associate juvenile judge or associate probate judge who
8 becomes a member of the judicial retirement system pursuant to
9 this subsection shall contribute to the judicial retirement
10 fund an amount equal to the difference between four percent of
11 the associate juvenile judge's or associate probate judge's
12 total salary received for the entire period of service before
13 July 1, 1998, as an associate juvenile judge or associate
14 probate judge, and the associate juvenile judge's or associate
15 probate judge's accumulated contributions transmitted by the
16 department of personnel to the state court administrator
17 pursuant to this subsection. The associate juvenile judge's
18 or associate probate judge's contribution shall not be limited
19 to the amount specified in section 602.9104, subsection 1.
20 The state court administrator shall credit an associate
21 juvenile judge or associate probate judge with service under
22 the judicial retirement system for the period of service for
23 which contributions at the four percent level are made.

24 Sec. 102. EFFECTIVE DATE. Sections 98 and 101 of this
25 Act, being deemed of immediate importance, take effect upon
26 enactment.

27 Sec. 103. JUDICIAL RETIREMENT SYSTEM -- LEGISLATIVE
28 INTENT. It is the intent of the general assembly that the
29 specified maximum percentage multiplier for purposes of
30 calculating a retirement annuity for a judge pursuant to
31 section 602.9107 be increased in the manner provided in this
32 section. The maximum percentage multiplier shall be increased
33 beyond fifty-two percent in increments of not more than two
34 percentage points every two years based upon whether the most
35 recent actuarial valuation of the system indicates that the

1 system can afford the increase. The maximum percentage
2 multiplier shall not exceed sixty percent.

3

DIVISION V

4

GENERAL PROVISIONS

5 Sec. 104. NEW SECTION. 29.2A AIRPORT FIRE FIGHTERS --
6 MAXIMUM AGE.

7 The maximum age for a person to be employed as an airport
8 fire fighter by the military division of the department of
9 public defense is sixty-five years of age.

10 Sec. 105. Section 80.36, Code 1997, is amended to read as
11 follows:

12 80.36 MAXIMUM AGE.

13 The maximum age for a person to be employed as a peace
14 officer in the divisions-of-highway-safety, uniformed-force
15 and-radio-communications, criminal-investigation-and-bureau-of
16 identification, and-drug-law-enforcement department of public
17 safety is sixty-five years of age.

18 Sec. 106. Section 97D.1, subsection 1, Code 1997, is
19 amended by adding the following new paragraph:

20 NEW PARAGRAPH. f. Avoid enacting further benefit
21 enhancements that fail to preserve or enhance
22 intergenerational equity amongst all employees covered by the
23 retirement system.

24 Sec. 107. Section 294.12, Code 1997, is amended by adding
25 the following new unnumbered paragraph:

26 NEW UNNUMBERED PARAGRAPH. Notwithstanding the provisions
27 of this section, the plan provisions of a pension and annuity
28 retirement system of a school district established under this
29 chapter regarding the determination and distribution of
30 benefits upon termination of the retirement system shall be
31 effective if the school district has received a favorable
32 determination letter from the federal internal revenue service
33 as to the qualified status of such retirement system under
34 applicable provisions of the Internal Revenue Code.

35 Sec. 108. Section 321.477, Code 1997, is amended to read

1 as follows:

2 321.477 EMPLOYEES AS PEACE OFFICERS -- MAXIMUM AGE.

3 The department may designate by resolution certain of its
4 employees upon each of whom there is hereby conferred the
5 authority of a peace officer to control and direct traffic and
6 weigh vehicles, and to make arrests for violations of the
7 motor vehicle laws relating to the operating authority,
8 registration, size, weight, and load of motor vehicles and
9 trailers and registration of a motor carrier's interstate
10 transportation service with the department. The maximum age
11 for a person employed as a peace officer pursuant to this
12 section is sixty-five years of age.

13 Sec. 109. Section 330A.8, subsection 16, Code 1997, is
14 amended to read as follows:

15 16. To designate employees upon whom are conferred all the
16 powers of a peace officer as defined in section 801.4. The
17 maximum age for a person designated as a peace officer
18 pursuant to this subsection is sixty-five years of age.

19 Sec. 110. Section 331.903, Code 1997, is amended by adding
20 the following new subsection:

21 NEW SUBSECTION. 6. The maximum age for a person to be
22 employed as a deputy sheriff appointed pursuant to this
23 section is sixty-five years of age.

24 Sec. 111. Section 362.10, Code 1997, is amended to read as
25 follows:

26 362.10 POLICE OFFICERS AND FIRE FIGHTERS.

27 The maximum age for a police officer, marshal, or fire
28 fighter employed for police duty or the duty of fighting fires
29 is sixty-five years of age. This section shall not apply to
30 volunteer fire fighters.

31 Sec. 112. Section 456A.13, Code 1997, is amended to read
32 as follows:

33 456A.13 OFFICERS AND EMPLOYEES -- PEACE OFFICER STATUS.

34 The director shall employ the number of assistants,
35 including a professionally trained state forester, that are

1 necessary to carry out the duties imposed on the commission;
2 and, under the same conditions, the director shall appoint the
3 number of full-time officers and supervisory personnel that
4 are necessary to enforce all laws of the state and rules and
5 regulations of the commission. The full-time officers and
6 supervisory personnel have the same powers that are conferred
7 by law on peace officers in the enforcement of all laws of the
8 state of Iowa and the apprehension of violators. A person
9 appointed as a full-time officer shall be at least twenty-one
10 years of age, but not more than sixty-five years of age, on
11 the date of appointment and shall not be employed as a full-
12 time officer after attaining the age of sixty-five. "Full-
13 time officer" means any person appointed by the director to
14 enforce the laws of this state.

15 Sec. 113. COMPREHENSIVE EXAMINATION OF PLAN DESIGN --
16 PUBLIC SAFETY PEACE OFFICERS' RETIREMENT, ACCIDENT, AND
17 DISABILITY SYSTEM, THE STATEWIDE FIRE AND POLICE RETIREMENT
18 SYSTEM, AND MEMBERS OF SPECIAL CLASSIFICATIONS WITHIN THE IOWA
19 PUBLIC EMPLOYEES' RETIREMENT SYSTEM -- REPORT.

20 1. The chief benefits officer of the Iowa public
21 employees' retirement system, the executive director of the
22 statewide fire and police retirement system, and the director
23 of the financial division of the department of public safety
24 for the public safety peace officers' retirement, accident,
25 and disability system, hereafter "the systems'
26 representatives", shall coordinate, in consultation with the
27 public retirement systems committee established pursuant to
28 section 97D.4, a comprehensive examination of the plan designs
29 concerning the public retirement systems established in
30 chapter 97A, chapter 411, and the provisions of chapter 97B
31 governing special classifications, pursuant to the principles
32 established in chapter 97D, and make recommendations
33 concerning plan design improvement for each of the retirement
34 systems.

35 2. In coordinating and conducting the examination required

1 by this section, the systems' representatives shall consult,
2 and make periodic reports to, the public retirement systems
3 committee. In addition, the systems' representatives shall
4 hire, subject to the prior approval of the public retirement
5 systems committee, a consultant to facilitate the conducting
6 of the examination.

7 3. In conducting the examination, the systems'
8 representatives shall consider and examine, but not be limited
9 to, the following:

10 a. Consideration of appropriate benefit enhancements to
11 each retirement system. Consideration of benefit enhancements
12 shall take into account the availability of enhanced
13 disability benefits for members of each retirement system
14 under examination and the applicability of federal social
15 security benefits for members of certain retirement systems
16 under examination.

17 b. Consideration of establishing a benefit structure
18 pertaining to each retirement system under examination, which
19 takes into account the applicability or inapplicability of
20 federal social security contributions and benefits for the
21 members of each applicable retirement system, and which
22 provides comparable and equitable benefits for members of each
23 system upon retirement. In addition, the examination shall
24 include consideration of transferring certain groups of
25 employees from one system to another.

26 c. Review of the functions of each retirement system under
27 examination and consideration of how to perform those
28 functions in an efficient manner that meets the needs of the
29 members of each retirement system.

30 d. Establishment of equitable contribution rates for both
31 employers and employees, including consideration of the
32 mechanism to establish the contribution rates.

33 e. Consideration of establishing a uniform actuarial
34 reporting method for all retirement systems under
35 consideration to assist the public retirement systems

1 committee in examining the relative financial condition of
2 each retirement system.

3 f. Consideration of the member service needs of both
4 active and retired members of each retirement system under
5 examination shall be made in examining each item for
6 consideration in this subsection.

7 g. Consideration of any applicable federal and state legal
8 requirements concerning public retirement systems, to include
9 consideration of the obligations currently established for
10 qualified plans under the federal Internal Revenue Code.

11 4. In conducting the examination, the systems'
*12 representatives shall solicit from active and retired members
13 of each of the retirement systems subject to the comprehensive
14 examination written comments concerning issues to be
15 considered by the consultant, prior to the hiring of the
16 consultant, and written comments on the results of the
17 examination.

18 5. On or before November 2, 1998, the systems'
19 representatives shall file a report with the legislative
20 service bureau, for distribution to the public retirement
21 systems committee, which contains the results of the
22 comprehensive examination and any proposal, or proposals, for
23 improving the plan design of any or all of the public
24 retirement systems examined pursuant to this section. The
25 report shall include discussion and recommendations concerning
26 the items for consideration listed in subsection 3.

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HOUSE FILE 2496

S-5649

- 1 Amend House File 2496, as amended, passed, and
2 reprinted by the House, as follows:
3 1. Page 12, by inserting after line 15 the
4 following:
5 "(12) Adjunct instructors. As used in this
6 subparagraph, unless the context otherwise requires,
7 "adjunct instructors" means instructors employed by a
8 community college or a university governed by the
9 state board of regents without a continuing contract,
10 whose teaching load does not exceed one-half time for
11 two full semesters or three full quarters per calendar
12 year."
13 2. By striking page 12, line 29, through page 13,
14 line 1, and inserting the following: "employee under
15 this subparagraph."
16 3. Page 81, by striking lines 20 through 34.
17 4. By renumbering as necessary.

By ROD HALVORSON

S-5649 FILED APRIL 14, 1998

LOST

(P. 1241)

HOUSE FILE 2496

S-5643

1 Amend House File 2496, as amended, passed, and
2 reprinted by the House, as follows:

3 1. By striking page 51, line 35, through page 52,
4 line 2, and inserting the following: "context
5 otherwise provides:

6 a. "Member" means a vested member who is
7 classified as a special service member under section
8 97B.1A, subsection 21, at the time of the alleged
9 disability.

10 b. "Net disability retirement allowance" means the
11 amount determined by subtracting the amount paid
12 during the previous calendar year by the member for
13 health insurance or similar health care coverage for
14 the member and the member's dependents from the amount
15 of the member's disability retirement allowance paid
16 for that year pursuant to this section.

17 c. "Reemployment comparison amount" means an
18 amount equal to the current covered wages of an active
19 special service member at the same position on the
20 salary scale within the rank or position the member
21 held at the time the member received a disability
22 retirement allowance pursuant to this section. If the
23 rank or position held by the member at the time of
24 retirement pursuant to this section is abolished, the
25 amount shall be computed by the department as though
26 the rank or position had not been abolished and salary
27 increases had been granted on the same basis as
28 granted to other ranks or positions by the former
29 employer of the member. The reemployment comparison
30 amount shall not be less than the three-year average
31 covered wage of the member."

32 2. Page 52, line 4, by striking the words
33 "Effective July 1, 1999, a" and inserting the
34 following: "A".

35 3. Page 52, by striking lines 10 and 11 and
36 inserting the following: "97B.49G, as applicable."

37 4. Page 52, line 28, by inserting after the word
38 "commenced." the following: "A member who is denied a
39 benefit under this subsection, by reason of a finding
40 by the department that the member is not mentally or
41 physically incapacitated for the further performance
42 of duty, shall be entitled to be restored to active
43 service in the same or comparable special service
44 position held by the member immediately prior to the
45 application for disability benefits."

46 5. Page 53, line 2, by inserting after the word
47 "commenced" the following: ", the presumption
48 established in this paragraph shall not apply".

49 6. Page 53, line 5, by striking the word
50 "greatest" and inserting the following: "greater".

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- 1 7. Page 53, line 6, by striking the words
2 "subsection, a" and inserting the following:
3 "subsection or a".
- 4 8. Page 53, lines 8 through 10, by striking the
5 words ", or a disability retirement allowance
6 calculated under section 97B.50, subsection 2".
- 7 9. Page 53, line 16, by striking the words and
8 figures "Effective July 1, 1999, a" and inserting the
9 following: "A".
- 10 10. Page 53, by striking lines 21 and 22 and
11 inserting the following: "97B.49G, as applicable."
- 12 11. Page 54, line 1, by inserting after the word
13 "commenced." the following: "A member who is denied a
14 benefit under this subsection, by reason of a finding
15 by the department that the member is not mentally or
16 physically incapacitated for the further performance
17 of duty, shall be entitled to be restored to active
18 service in the same or comparable special service
19 position held by the member immediately prior to the
20 application for disability benefits."
- 21 12. Page 54, line 3, by striking the word
22 "greatest" and inserting the following: "greater".
- 23 13. Page 54, line 5, by striking the words
24 "subsection, a" and inserting the following:
25 "subsection or a".
- 26 14. Page 54, lines 7 and 8, by striking the words
27 ", or a disability retirement allowance calculated
28 under section 97B.50, subsection 2".
- 29 15. Page 54, by inserting after line 12 the
30 following:
31 " . WAIVER OF ALLOWANCE. A member receiving a
32 disability retirement allowance under this section may
33 file an application to receive benefits pursuant to
34 section 97B.50, subsection 2, in lieu of receiving a
35 disability retirement allowance under the provisions
36 of this section, if the member becomes eligible for
37 benefits under section 97B.50, subsection 2. An
38 application to receive benefits pursuant to section
39 97B.50, subsection 2, shall be filed with the
40 department within sixty days of becoming eligible for
41 benefits pursuant to that section or the member shall
42 be ineligible to elect coverage under that section.
43 On the first of the month following the month in which
44 a member's application is approved by the department,
45 the member's election of coverage under section
46 97B.50, subsection 2, shall become effective and the
47 member's eligibility to receive a disability
48 retirement allowance pursuant to this section shall
49 cease. Benefits payable pursuant to section 97B.50,
50 subsection 2, shall be calculated using the option

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1 choice the member selected for payment of a disability
2 retirement allowance pursuant to this section. An
3 application to elect coverage under section 97B.50,
4 subsection 2, is irrevocable upon approval by the
5 department."

6 16. Page 55, line 18, by inserting after the word
7 "members." the following: "If a member receiving a
8 disability retirement allowance returns to special
9 service employment, then the period of time the member
10 received a disability retirement allowance shall
11 constitute eligible service as defined in section
12 97B.49B, subsection 1, or section 97B.49C, subsection
13 1, as applicable."

14 17. Page 55, by striking lines 21 through 27 and
15 inserting the following:

16 "b. (1) If a member receiving a disability
17 retirement allowance is engaged in a gainful
18 occupation that is not covered employment, the
19 member's disability retirement allowance shall be
20 reduced, if applicable, as provided in this paragraph.

21 (2) If the member is engaged in a gainful
22 occupation paying more than the difference between the
23 member's net disability retirement allowance and one
24 and one-half times the reemployment comparison amount
25 for that member, then the amount of the member's
26 disability retirement allowance shall be reduced to an
27 amount such that the member's net disability
28 retirement allowance plus the amount earned by the
29 member shall equal one and one-half times the
30 reemployment comparison amount for that member.

31 (3) The member shall submit sufficient
32 documentation to the system to permit the system to
33 determine the member's net disability retirement
34 allowance and earnings from a gainful occupation that
35 is not covered employment for the applicable year.

36 (4) This paragraph does not apply to a member who
37 is at least fifty-five years of age and would have
38 completed a sufficient number of years of service if
39 the member had remained in active special service
40 employment. For purposes of this subparagraph, a
41 sufficient number of years of service shall be twenty-
42 five for a special service member as described in
43 section 97B.49B or twenty-two years of service for a
44 special service member as described in section
45 97B.49C."

46 18. Page 58, by striking lines 8 through 10 and
47 inserting the following: "submit to the department
48 any documentation the department".

49 19. Page 58, by inserting after line 16 the
50 following:

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Page 4

- 1 "12. APPLICABILITY -- RETROACTIVITY.
2 a. This section applies to a member who becomes
3 disabled on or after July 1, 1999, and also applies to
4 a member who becomes disabled prior to July 1, 1999,
5 if the member has not terminated special service
6 employment as of June 30, 1999.
7 b. To qualify for benefits under this section, a
8 member must file a completed application with the
9 department within one year of the member's termination
10 of employment. A member eligible for a disability
11 retirement allowance under this section is entitled to
12 receipt of retroactive adjustment payments for no more
13 than six months immediately preceding the month in
14 which the completed application for receipt of a
15 disability retirement allowance under this section is
16 approved."
17 20. Page 87, line 34, by striking the words "city
18 administrator".
19 21. By renumbering as necessary.

By SHELDON RITTMER
JOHN P. KIBBIE
RICHARD F. DRAKE

S-5643 FILED APRIL 14, 1998

ADOPTED

(P. 1243)

HOUSE FILE 2496

S-5648

- 1 Amend House File 2496, as amended, passed, and
2 reprinted by the House, as follows:
3 1. By striking page 88, line 20, through page 89,
4 line 3.
5 2. Page 90, line 33, by striking the word "fifty-
6 two" and inserting the following: "fifty".
7 3. Page 91, line 1, by inserting after the word
8 "system" the following: "has reached fully funded
9 status as defined in section 602.9104 and".
10 4. By renumbering as necessary.

By ROD HALVORSON

S-5648 FILED APRIL 14, 1998

LOST

(P. 1245)

S-5625

1 Amend House File 2496, as amended, passed, and
2 reprinted by the House, as follows:
3 1. Page 80, line 4, by striking the figure "1993"
4 and inserting the following: "1991 or 1993, as
5 applicable".
6 2. Page 80, line 19, by striking the word and
7 figures "November 1, 1993" and inserting the
8 following: "January 1, 1992".
9 3. Page 80, line 22, by striking the word and
10 figure "Code 1993" and inserting the following: "Code
11 1991 or 1993, as applicable".

By BILL FINK

S-5625 FILED APRIL 13, 1998

Adopted
4-14-98 (p. 1244)

HOUSE FILE 2496

S-5480

1 Amend House File 2496, as amended, passed, and
2 reprinted by the House, as follows:
3 1. Page 20, line 15, by inserting after the word
4 "years," the following: "the department shall provide
5 written notification to the member that".

By STEVEN D. HANSEN

S-5480 FILED APRIL 1, 1998

Adopted
4-14-98
(p. 1242)

HOUSE FILE 2496

S-5652

1 Amend House File 2496, as amended, passed, and
2 reprinted by the House, as follows:

3 1. By striking page 88, line 11, through page 89,
4 line 3.

5 2. By striking page 89, line 11, through page 91,
6 line 2.

7 3. Page 95, by inserting after line 26 the
8 following:

9 "Sec. ____ . JUDICIAL RETIREMENT SYSTEM

10 RESTRUCTURING -- REPORT.

11 1. The state court administrator, on behalf of the
12 judicial retirement system, and the chief benefits
13 officer of the Iowa public employees' retirement
14 system (IPERS) shall coordinate a comprehensive study
15 to explore the possibility of restructuring the
16 current judicial retirement system by establishing a
17 new special classification within the Iowa public
18 employees' retirement system for purposes of providing
19 retirement benefits for judges, and they shall make
20 findings and recommendations pursuant to the study.

21 2. The study shall consider, but not be limited
22 to, the following:

23 a. The costs involved in transferring
24 responsibility of the retirement system for judges to
25 IPERS and any cost savings likely to be realized with
26 such a transfer of responsibility.

27 b. The establishment of a mechanism for providing
28 current judges the ability to remain within the
29 current judicial retirement system or to transfer to a
30 new judicial special classification in IPERS.

31 c. The benefit structure to be provided to a judge
32 within a new judicial special classification within
33 IPERS.

34 d. The establishment of a mechanism to determine
35 the contribution rates for judges and employers under
36 a new judicial special classification in IPERS.

37 e. Consideration of the impact of a transfer of
38 the judicial retirement system to IPERS on judges and
39 retired judges. In considering the impact on judges
40 and retired judges, the systems shall solicit input
41 from judges and retired judges.

42 3. On or before September 1, 1999, the chief
43 benefits officer and the state court administrator
44 shall file a joint report with the legislative service
45 bureau, for distribution to the public retirement
46 systems committee, which contains the findings and any
47 recommendations of the study."

48 4. By renumbering as necessary.

By ROD HALVORSON

S-5652 FILED APRIL 14, 1998

WITHDRAWN

(P. 1245)

S-5651

1 Amend House File 2496, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 95, by inserting after line 26 the
4 following:

5 "Sec. ____ . DEVELOPMENT OF PUBLIC RETIREMENT SYSTEM
6 FINANCIAL REPORTING METHOD -- REPORT.

7 1. The Iowa public employees' retirement system,
8 the statewide fire and police retirement system, the
9 public safety peace officers' retirement, accident,
10 and disability system, and the judicial retirement
11 system, hereafter "the systems", shall conduct a study
12 to determine the differences among the systems'
13 methods of reporting actuarial information concerning
14 the financial status of each respective retirement
15 system and shall develop a proposed uniform method for
16 reporting that actuarial information. The systems, in
17 developing a proposed uniform reporting method, should
18 attempt to provide consistent requirements for
19 reporting financial information about each retirement
20 system that can be used by the public retirement
21 systems committee and the general assembly in
22 examining and comparing the relative financial
23 condition of each retirement system. On or before
24 September 1, 1999, the systems shall file a report
25 with the legislative service bureau, for distribution
26 to the public retirement systems committee, which
27 contains the results of the study and any proposal or
28 proposals concerning the adoption of a uniform
29 financial reporting method. It is the intent of the
30 general assembly that the development of a uniform
31 method of providing financial information to the
32 general assembly pursuant to this section should not
33 in any way require each public retirement system to
34 adopt the same actuarial reporting system for purposes
35 of preparing the annual actuarial valuation of each
36 retirement system.

37 2. Each retirement system shall submit a financial
38 report to the general assembly by December 1, 1999,
39 based upon the proposed uniform financial reporting
40 method developed by the systems pursuant to the report
41 required by this section and using the most recent
42 annual actuarial evaluation of each retirement system.
43 If a proposed uniform financial reporting method is
44 not yet developed by the systems, each retirement
45 system shall submit a financial report to the general
46 assembly by December 1, 1999, based upon the most
47 recent annual actuarial valuation of the system and
48 using the aggregate cost method in accordance with
49 generally recognized and accepted actuarial principles
50 and practices set forth by the American academy of

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1 actuaries."

2 2. By renumbering as necessary.

By ROD HALVORSON

S-5651 FILED APRIL 14, 1998

LOST

(P. 1246)

HOUSE FILE 2496

S-5653

1 Amend House File 2496, as amended, passed, and
2 reprinted by the House, as follows:

DIV 3 1. Page 86, by inserting after line 24 the
A 4 following:

5 "Sec. ____ . Section 411.15, Code 1997, is amended
6 to read as follows:

7 411.15 HOSPITALIZATION AND MEDICAL ATTENTION.

8 Cities shall provide hospital, nursing, and medical
9 attention for the members of the police and fire
10 departments of the cities, when injured while in the
11 performance of their duties as members of such
12 department, and shall continue to provide hospital,
13 nursing, and medical attention for injuries or
14 diseases incurred while in the performance of their
15 duties for members receiving a retirement allowance
16 under section 411.6, subsection 6, ~~and the~~. Cities
17 may provide the hospital, nursing, and medical
18 attention required by this section through the
19 purchase of insurance, by self-insuring the
20 obligation, or through payment of moneys into a local
21 government risk pool established for the purpose of
22 covering the costs associated with the requirements of
23 this section. The cost of providing the hospital,
24 nursing, and medical attention required by this
25 section shall be paid from moneys held in a trust and
26 agency fund established pursuant to section 384.6, or
27 out of the appropriation for the department to which
28 the injured person belongs or belonged; provided that
29 any amounts received by the injured person under the
30 workers' compensation law of the state, or from any
31 other source for such specific purposes, shall be
32 deducted from the amount paid by the city under the
33 provisions of this section."

DIV 34 2. Page 92, by inserting after line 30 the
B 35 following:

36 "Sec. ____ . NEW SECTION. 364.25 RETIREE HEALTH
37 CARE.

38 A city may provide health or medical insurance
39 coverage or supplemental coverage to retired employees
40 of the city. A city providing health or medical
41 insurance coverage pursuant to this section may
42 establish such requirements or restrictions concerning
43 the coverage provided as the city may adopt. If
44 coverage is provided, the cost of the health or
45 medical insurance coverage shall be paid from moneys
46 held in a trust and agency fund established pursuant
47 to section 384.6, or out of an appropriation from the
48 city general fund for this purpose.

49 Sec. ____ . Section 384.6, subsection 1, Code 1997,
50 is amended to read as follows:

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1 1. Accounting for pension and related employee
 2 benefit funds as provided by the city finance
 3 committee. A city may make contributions to a
 4 retirement system other than the Iowa public
 5 employees' retirement system for its city manager, or
 6 city administrator performing the duties of city
 7 manager, in an annual amount not to exceed the amount
 8 that would have been contributed by the employer under
 9 section 97B.11. If a police chief or fire chief has
 10 submitted a written request to the board of trustees
 11 to be exempt from chapter 411, authorized in section
 12 411.3, subsection 1, a city shall make contributions
 13 for the chief, in an amount not to exceed the amount
 14 that would have been contributed by the city under
 15 section 411.8, subsection 1, paragraph "a", to the
 16 international city management association/retirement
 17 corporation. A city may certify taxes to be levied
 18 for a trust and agency fund in the amount necessary to
 19 meet its obligations. For purposes of this
 20 subsection, "related employee benefit funds" includes
 21 amounts held for the purpose of paying the costs
 22 required pursuant to sections 364.25 and 411.15."
 23 3. By renumbering as necessary.

By ROD HALVORSON

S-5653 FILED APRIL 14, 1998 (p. 1245)
DIV A - ADOPTED, DIV B - WITHDRAWN

HOUSE FILE 2496

S-5655

1 Amend House File 2496, as amended, passed, and
 2 reprinted by the House, as follows:
 3 1. Page 28, by inserting after line 27 the
 4 following:
 5 "4. RETURN OF CONTRIBUTIONS. A member eligible to
 6 receive a monthly retirement allowance as calculated
 7 pursuant to subsection 2 but who instead elects to
 8 receive benefits as calculated pursuant to section
 9 97B.49A or 97B.49D shall also be entitled to receive,
 10 in a lump sum or in an annuity, the member's excess
 11 contributions. For purposes of this subsection, a
 12 member's excess contributions means the total amount
 13 obtained by accumulating each individual additional
 14 contribution made by the member as calculated pursuant
 15 to subsection 3 with interest plus interest dividends
 16 as provided in section 97B.70."
 17 2. By renumbering as necessary.

By ROBERT E. DVORSKY
DICK L. DEARDEN

STEVEN D. HANSEN
EUGENE S. FRAISE

S-5655 FILED APRIL 14, 1998
LOST

(p. 1243)

HOUSE FILE 2496

S-5657

1 Amend House File 2496, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 5, by inserting after line 31 the
4 following:

5 "Sec. ____ . NEW SECTION. 97B.8B BENEFITS ADVISORY
6 COMMITTEE.

7 A benefits advisory committee shall be established
8 whose duties are to make and publish recommendations
9 concerning the benefits provided to members of the
10 system.

11 The benefits advisory committee shall be comprised
12 of representatives of constituent groups concerned
13 with the system and shall consist of representatives
14 of employers, active members, and retired members.
15 The department shall adopt rules under chapter 17A to
16 provide for the selection of members to the
17 committee."

18 2. Page 77, by inserting after line 35 the
19 following:

20 "Sec. ____ . Section 97B.4, subsection 3, Code 1997,
21 is amended by adding the following new paragraph:

22 NEW PARAGRAPH. h. Review recommendations made by
23 the benefits advisory committee established in section
24 97B.8B."

25 3. By renumbering as necessary.

By MIKE CONNOLLY

S-5657 FILED APRIL 14, 1998

LOST

(p. 1241)

HOUSE FILE 2496

S-5656

1 Amend House File 2496, as amended, passed, and
2 reprinted by the House, as follows:
3 1. Page 36, lines 33 and 34, by striking the
4 words "fifty-seven and four-tenths" and inserting the
5 following: "fifty-eight".
6 2. Page 79, by inserting after line 30 the
7 following:
8 "Sec. ____ . IOWA PUBLIC EMPLOYEES' RETIREMENT
9 SYSTEM -- RECALCULATION OF BENEFITS. Commencing with
10 benefits payable in July 1998, an active or inactive
11 vested member of the Iowa public employees' retirement
12 system who retired pursuant to chapter 97B on or after
13 July 1, 1993, but before July 1, 1994, shall be
14 entitled to receive a readjusted monthly retirement
15 allowance and an applicable recalculation amount as
16 determined by the department by recalculating the
17 member's monthly retirement allowance pursuant to the
18 option choice selected by the member at retirement and
19 based upon using a percentage multiplier of fifty-
20 eight percent. For purposes of this section, "an
21 applicable recalculation amount" means the additional
22 amount that would have been paid to a member as
23 described in this section as a monthly retirement
24 allowance pursuant to the option choice selected by
25 the member at retirement if the percentage multiplier
26 in effect at the time the member had retired would
27 have been fifty-eight percent."
28 3. By renumbering as necessary.

By MIKE CONNOLLY
JOHN P. KIBBIE
ROBERT E. DVORSKY

S-5656 FILED APRIL 14, 1998
LOST

(P. 1243)

HOUSE FILE 2496

S-5662

1 Amend House File 2496, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 19, by striking lines 27 through 33 and
4 inserting the following:

5 "4. a. The first of any month in which a member
6 ~~meets the membership service and age requirements to~~
7 ~~retire under section 97B.49, subsection 15~~ the member
8 is at least fifty-five years of age and for which the
9 sum of the number of years of membership service and
10 prior service and the member's age in years as of the
11 member's last birthday equals or exceeds eighty-five.

12 b. The department shall implement this subsection
13 on July 1, 1998, or on the date that the department
14 determines that the most recent annual actuarial
15 valuation of the system indicates that the employer
16 and employee contribution rates in effect under
17 section 97B.11 can absorb the costs of this subsection
18 and the additional benefits provided to members of the
19 system by this Act, whichever is later. However,
20 until this subsection is implemented, the department
21 shall not credit amounts to active member supplemental
22 accounts provided in section 97B.49H."

23 2. Page 40, by inserting after line 32 the
24 following:

25 "e. The member is an active or inactive vested
26 member retiring on or after July 1, 1997, and before
27 the implementation date provided in section 97B.45,
28 subsection 4, paragraph "b", who is at least fifty-
29 five years of age and for which the sum of the number
30 of years of membership service and prior service and
31 the member's age in years as of the member's last
32 birthday equals or exceeds eighty-eight."

33 3. By renumbering as necessary.

By TOM VILSACK

PATRICIA HARPER

STEVEN D. HANSEN

BILL FINK

MIKE CONNOLLY

ROBERT E. DVORSKY

DICK L. DEARDEN

MICHAEL E. GRONSTAL

DENNIS H. BLACK

ROD HALVORSON

JOHNIE HAMMOND

ELAINE SZYMONIAK

EUGENE S. FRAISE

PATTY JUDGE

PATRICK J. DELUHERY

WALLY E. HORN

DON GETTINGS

WILLIAM D. PALMER

JOHN P. KIBBIE

S-5662 FILED APRIL 14, 1998

LOST

(P. 1242)

HOUSE FILE 2496

S-5661

1 Amend House File 2496, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 4, by inserting after line 25 the
4 following:

5 "Sec. 101. Section 97A.8, subsection 1, paragraph
6 i, Code 1997, is amended to read as follows:

7 i. (1) Notwithstanding paragraph "g" or other
8 provisions of this chapter, beginning January 1, 1995,
9 for federal income tax purposes, and beginning January
10 1, 1999, for state income tax purposes, member
11 contributions required under paragraph "f" or "h"
12 which are picked up by the department shall be
13 considered employer contributions for federal and
14 state income tax purposes, and the department shall
15 pick up the member contributions to be made under
16 paragraph "f" or "h" by its employees. The department
17 shall pick up these contributions by reducing the
18 salary of each of its employees covered by this
19 chapter by the amount which each employee is required
20 to contribute under paragraph "f" or "h" and shall
21 certify the amount picked up in lieu of the member
22 contributions to the department of revenue and
23 finance. The department of revenue and finance shall
24 forward the amount of the contributions picked up to
25 the board of trustees for recording and deposit in the
26 pension accumulation fund.

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

34 2. Page 7, by inserting after line 17 the
35 following:

36 "Sec. 102. Section 97B.11A, Code 1997, is amended
37 to read as follows:

38 97B.11A PICKUP OF EMPLOYEE CONTRIBUTIONS.

39 1. Notwithstanding section 97B.11 or other
40 provisions of this chapter, beginning January 1, 1995,
41 for federal income tax purposes, and beginning January
42 1, 1999, for state income tax purposes, member
43 contributions required under section 97B.11 which are
44 picked up by the employer shall be considered employer
45 contributions for federal and state income tax
46 purposes, and each employer shall pick up the member
47 contributions to be made under section 97B.11 by its
48 employees. Each employer shall pick up these
49 contributions by reducing the salary of each of its
50 employees covered by this chapter by the amount which

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1 each employee is required to contribute under section
2 97B.11 and shall pay the amount picked up in lieu of
3 the member contributions as provided in section
4 97B.14.

5 2. Member contributions picked up by each employer
6 under subsection 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 ~~and the laws of this state~~ shall be treated as
10 employee contributions and deemed part of the
11 employee's wages or salary."

12 3. Page 85, by inserting after line 34 the
13 following:

14 "Sec. 103. Section 411.8, subsection 1, paragraph
15 i, Code 1997, is amended to read as follows:

16 i. (1) Notwithstanding paragraph "g" or other
17 provisions of this chapter, beginning January 1, 1995,
18 for federal income tax purposes, and beginning January
19 1, 1999, for state income tax purposes, member
20 contributions required under paragraph "f" or "h"
21 which are picked up by the city shall be considered
22 employer contributions for federal and state income
23 tax purposes, and each city shall pick up the member
24 contributions to be made under paragraph "f" or "h" by
25 its employees. Each city shall pick up these
26 contributions by reducing the salary of each of its
27 employees covered by this chapter by the amount which
28 each employee is required to contribute under
29 paragraph "f" or "h" and shall pay the amount picked
30 up in lieu of the member contributions to the board of
31 trustees for recording and deposit in the fund.

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

39 4. Page 91, by inserting after line 23 the
40 following:

41 "Sec. 104. Section 294.10A, Code 1997, is amended
42 to read as follows:

43 294.10A PICKUP OF TEACHER ASSESSMENTS.

44 1. Notwithstanding section 294.9 or other
45 provisions of this chapter, for federal income tax
46 purposes beginning January 1 following the submission
47 by a board of trustees of an application to the
48 federal internal revenue service requesting
49 qualification of a plan in accordance with the
50 requirements of the Internal Revenue Code, as defined

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1 in section 422.3, and for state income tax purposes
2 beginning January 1, 1999, or January 1 following an
3 application for qualification, whichever is later,
4 teacher assessments required under section 294.9 which
5 are picked up by an employing school district shall be
6 considered employer contributions for federal and
7 state income tax purposes, and each employing school
8 district establishing a pension and annuity retirement
9 system pursuant to this chapter shall pick up the
10 teacher assessments to be made under section 294.9 by
11 its employees commencing on the January-1-following-an
12 application-for-qualification applicable date on which
13 the assessments shall be considered employer
14 contributions for income tax purposes under this
15 subsection. Each employing school district shall pick
16 up these teacher assessments by reducing the salary of
17 each of the teachers covered by this chapter by the
18 amount which each teacher is required to contribute
19 through assessments under section 294.9 and shall pay
20 to the board of trustees the amount picked up in lieu
21 of the teacher assessments for recording and deposit
22 in the 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 and the laws of this state shall be treated as
28 teacher assessments and deemed part of the teacher's
29 wages or salary."

30 5. Page 92, by inserting after line 30 the
31 following:

32 "Sec. 105. Section 422.7, subsections 29 through
33 31, Code Supplement 1997, are amended by striking the
34 subsections."

35 6. Page 95, by inserting after line 26 the
36 following:

37 "Sec. 106. EFFECTIVE AND APPLICABILITY DATE.
38 Sections 101, 102, 103, 104, and 105 of this Act take
39 effect January 1, 1999, and apply to tax years
40 beginning on or after January 1, 1999."

41 7. By renumbering as necessary.

By TOM VILSACK
MIKE CONNOLLY
ROD HALVORSON
JOHNIE HAMMOND
PATRICIA HARPER

PATRICK J. DELUHERY
EUGENE S. FRAISE
PATTY JUDGE
JOHN P. KIBBIE

S-5661 FILED APRIL 14, 1998
WITHDRAWN

(p.1241)

HOUSE FILE 2496

S-5665

- 1 Amend House File 2496, as amended, passed, and
 2 reprinted by the House, as follows:
 3 1. Page 78, by striking lines 5 through 14 and
 4 inserting the following: "chapter 97B based-upon-any
 5 of-the-following:
 6 (a)--Meeting-the-requirements-for-receiving
 7 retirement-benefits-pursuant-to-chapter-97B-based-upon
 8 having-attained-at-least-sixty-two-years-of-age-and
 9 upon-having-completed-at-least-thirty-years-of
 10 membership-service.
 11 (b)--Meeting-the-requirements-for-receiving
 12 benefits-under-section-97B.497-subsection-167-without
 13 a-reduction-for-years-of-service-pursuant-to-section
 14 97B.497-subsection-167-paragraph".

By STEVEN D. HANSEN
 EUGENE S. FRAISE
 PATTY JUDGE
 PATRICK J. DELUHERY
 DON GETTINGS
 WALLY E. HORN
 WILLIAM D. PALMER

JOHN P. KIBBIE
 MIKE CONNOLLY
 ROBERT E. DVORSKY
 JOHNIE HAMMOND
 PATRICIA HARPER
 MICHAEL E. GRONSTAL

S-5665 FILED APRIL 14, 1998
 ADOPTED (P.1246)

HOUSE FILE 2496

S-5666

- 1 Amend House File 2496, as amended, passed, and
 2 reprinted by the House, as follows:
 3 1. Page 1, line 20, by striking the words "one
 4 and one-half" and inserting the following: "two".

By JOHN P. KIBBIE
 ROD HALVORSON
 MIKE CONNOLLY
 BILL FINK
 ROBERT E. DVORSKY
 JOHNIE HAMMOND
 PATRICIA HARPER

STEVEN D. HANSEN
 EUGENE S. FRAISE
 MICHAEL E. GRONSTAL
 PATTY JUDGE
 PATRICK J. DELUHERY
 DENNIS H. BLACK

S-5666 FILED APRIL 14, 1998
 LOST (P.1239)

HOUSE FILE 2496

S-5671

- 1 Amend House File 2496, as amended, passed, and
 2 reprinted by the House, as follows:
 3 1. Page 88, by striking lines 11 through 19.
 4 2. By striking page 89, line 11, through page 90,
 5 line 26.
 6 3. By renumbering as necessary.

By ROD HALVORSON

S-5671 FILED APRIL 14, 1998
 LOST

(P.1246)

HOUSE FILE 2496

S-5663

- 1 Amend House File 2496, as amended, passed, and
- 2 reprinted by the House, as follows:
- 3 1. By striking page 79, line 31, through page 80,
- 4 line 34.
- 5 2. By renumbering as necessary.

By MICHAEL E. GRONSTAL

S-5663 FILED APRIL 14, 1998

LOST

(P. 1245)

HOUSE FILE 2496

S-5664

- 1 Amend House File 2496, as amended, passed, and
- 2 reprinted by the House, as follows:
- 3 1. Page 82, by inserting after line 1 the
- 4 following:
- 5 "Sec. ____ Section 8.59, Code Supplement 1997, is
- 6 amended to read as follows:
- 7 8.59 APPROPRIATIONS FREEZE.
- 8 Notwithstanding contrary provisions of the Code,
- 9 the amounts appropriated under the applicable sections
- 10 of the Code for fiscal years commencing on or after
- 11 July 1, 1993, are limited to those amounts expended
- 12 under those sections for the fiscal year commencing
- 13 July 1, 1992. If an applicable section appropriates
- 14 moneys to be distributed to different recipients and
- 15 the operation of this section reduces the total amount
- 16 to be distributed under the applicable section, the
- 17 moneys shall be prorated among the recipients. As
- 18 used in this section, "applicable sections" means the
- 19 following sections: 53.50, 229.35, 230.8, 230.11,
- 20 405A.8, ~~411-207~~ 663.44, and 822.5."
- 21 2. By renumbering as necessary.

By ROD HALVORSON
JOHNIE HAMMOND

S-5664 FILED APRIL 14, 1998

LOST

(P. 1245)

HOUSE FILE 2496

S-5673

1 Amend House File 2496, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 81, by inserting after line 19 the
4 following:

5 "Sec. ____ . STUDY OF ESTABLISHMENT OF A BENEFITS
6 ADVISORY BOARD. The public employees' retirement
7 system division shall study the possible establishment
8 of a benefits advisory board and shall make
9 recommendations concerning the establishment of a
10 benefits advisory board. The study shall consider the
11 duties to be assigned to a potential benefits advisory
12 board, the membership of the board and the manner of
13 selecting members to the board, and the authority of
14 the board concerning any recommendations it may be
15 empowered to make concerning benefits to be provided
16 to members of the Iowa public employees' retirement
17 system. The division shall submit a report concerning
18 the results of its study to the general assembly on or
19 before January 8, 1999, and shall include its findings
20 and any recommended proposal or proposals."

21 2. By renumbering as necessary.

By MIKE CONNOLLY

S-5673 FILED APRIL 14, 1998

ADOPTED

(P. 1245)

HOUSE FILE 2496

S-5672

1 Amend House File 2496, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 95, by inserting after line 26 the
4 following:

5 "Sec. ____ . COMPREHENSIVE EXAMINATION OF PUBLIC
6 RETIREMENT SYSTEM FUNDS AND INVESTMENT --
7 CONSOLIDATION -- REPORT.

8 1. The director of the financial division of the
9 public safety peace officers' retirement, accident,
10 and disability system, the chief investment officer
11 and chief benefits officer of the Iowa public
12 employees' retirement system, the executive director
13 of the statewide fire and police retirement system,
14 and the state court administrator or designee on
15 behalf of the judicial retirement system, hereafter,
16 "the systems' representatives", and the treasurer of
17 state shall conduct a study and submit findings and a
18 recommended proposal or proposals concerning the
19 consolidation of the retirement funds and investment
20 function of each retirement system under
21 consideration.

22 2. The study shall not propose a consolidation of
23 the retirement systems but shall include consideration
24 of both of the following issues:

25 a. The investment policies and performance of each
26 of the funds.

27 b. The potential advantages and disadvantages of
28 pooling the retirement funds of each retirement system
29 into a single consolidated retirement fund, with
30 separate accounts for each retirement system, for
31 purposes of investing the moneys in the consolidated
32 retirement fund.

33 c. Establishment of a unified investment board or
34 other governing structure for purposes of directing
35 the investment policy of the moneys in the
36 consolidated retirement fund.

37 3. On or before September 1, 1999, the systems'
38 representatives and the treasurer of state shall file
39 a report with the legislative service bureau, for
40 distribution to the public retirement systems
41 committee, which contains the results of the study
42 which shall include consideration of the issues for
43 consideration listed in subsection 2."

44 2. By renumbering as necessary.

By ROD HALVORSON

S-5672 FILED APRIL 14, 1998

LOST

(p. 1246)

SENATE AMENDMENT TO HOUSE FILE 2496

H-9180

- 1 Amend House File 2496, as amended, passed, and
2 reprinted by the House, as follows:
- 3 1. Page 20, line 15, by inserting after the word
4 "years," the following: "the department shall provide
5 written notification to the member that".
- 6 2. By striking page 51, line 35, through page 52,
7 line 2, and inserting the following: "context
8 otherwise provides:
- 9 a. "Member" means a vested member who is
10 classified as a special service member under section
11 97B.1A, subsection 21, at the time of the alleged
12 disability.
- 13 b. "Net disability retirement allowance" means the
14 amount determined by subtracting the amount paid
15 during the previous calendar year by the member for
16 health insurance or similar health care coverage for
17 the member and the member's dependents from the amount
18 of the member's disability retirement allowance paid
19 for that year pursuant to this section.
- 20 c. "Reemployment comparison amount" means an
21 amount equal to the current covered wages of an active
22 special service member at the same position on the
23 salary scale within the rank or position the member
24 held at the time the member received a disability
25 retirement allowance pursuant to this section. If the
26 rank or position held by the member at the time of
27 retirement pursuant to this section is abolished, the
28 amount shall be computed by the department as though
29 the rank or position had not been abolished and salary
30 increases had been granted on the same basis as
31 granted to other ranks or positions by the former
32 employer of the member. The reemployment comparison
33 amount shall not be less than the three-year average
34 covered wage of the member."
- 35 3. Page 52, line 4, by striking the words
36 "Effective July 1, 1999, a" and inserting the
37 following: "A".
- 38 4. Page 52, by striking lines 10 and 11 and
39 inserting the following: "97B.49G, as applicable."
- 40 5. Page 52, line 28, by inserting after the word
41 "commenced." the following: "A member who is denied a
42 benefit under this subsection, by reason of a finding
43 by the department that the member is not mentally or
44 physically incapacitated for the further performance
45 of duty, shall be entitled to be restored to active
46 service in the same or comparable special service
47 position held by the member immediately prior to the
48 application for disability benefits."
- 49 6. Page 53, line 2, by inserting after the word
50 "commenced" the following: ", the presumption

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1 established in this paragraph shall not apply".
2 7. Page 53, line 5, by striking the word
3 "greatest" and inserting the following: "greater".
4 8. Page 53, line 6, by striking the words
5 "subsection, a" and inserting the following:
6 "subsection or a".
7 9. Page 53, lines 8 through 10, by striking the
8 words ", or a disability retirement allowance
9 calculated under section 97B.50, subsection 2".
10 10. Page 53, line 16, by striking the words and
11 figures "Effective July 1, 1999, a" and inserting the
12 following: "A".
13 11. Page 53, by striking lines 21 and 22 and
14 inserting the following: "97B.49G, as applicable."
15 12. Page 54, line 1, by inserting after the word
16 "commenced." the following: "A member who is denied a
17 benefit under this subsection, by reason of a finding
18 by the department that the member is not mentally or
19 physically incapacitated for the further performance
20 of duty, shall be entitled to be restored to active
21 service in the same or comparable special service
22 position held by the member immediately prior to the
23 application for disability benefits."
24 13. Page 54, line 3, by striking the word
25 "greatest" and inserting the following: "greater".
26 14. Page 54, line 5, by striking the words
27 "subsection, a" and inserting the following:
28 "subsection or a".
29 15. Page 54, lines 7 and 8, by striking the words
30 ", or a disability retirement allowance calculated
31 under section 97B.50, subsection 2".
32 16. Page 54, by inserting after line 12 the
33 following:
34 " . WAIVER OF ALLOWANCE. A member receiving a
35 disability retirement allowance under this section may
36 file an application to receive benefits pursuant to
37 section 97B.50, subsection 2, in lieu of receiving a
38 disability retirement allowance under the provisions
39 of this section, if the member becomes eligible for
40 benefits under section 97B.50, subsection 2. An
41 application to receive benefits pursuant to section
42 97B.50, subsection 2, shall be filed with the
43 department within sixty days of becoming eligible for
44 benefits pursuant to that section or the member shall
45 be ineligible to elect coverage under that section.
46 On the first of the month following the month in which
47 a member's application is approved by the department,
48 the member's election of coverage under section
49 97B.50, subsection 2, shall become effective and the
50 member's eligibility to receive a disability

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1 retirement allowance pursuant to this section shall
2 cease. Benefits payable pursuant to section 97B.50,
3 subsection 2, shall be calculated using the option
4 choice the member selected for payment of a disability
5 retirement allowance pursuant to this section. An
6 application to elect coverage under section 97B.50,
7 subsection 2, is irrevocable upon approval by the
8 department."

9 17. Page 55, line 18, by inserting after the word
10 "members." the following: "If a member receiving a
11 disability retirement allowance returns to special
12 service employment, then the period of time the member
13 received a disability retirement allowance shall
14 constitute eligible service as defined in section
15 97B.49B, subsection 1, or section 97B.49C, subsection
16 1, as applicable."

17 18. Page 55, by striking lines 21 through 27 and
18 inserting the following:

19 "b. (1) If a member receiving a disability
20 retirement allowance is engaged in a gainful
21 occupation that is not covered employment, the
22 member's disability retirement allowance shall be
23 reduced, if applicable, as provided in this paragraph.

24 (2) If the member is engaged in a gainful
25 occupation paying more than the difference between the
26 member's net disability retirement allowance and one
27 and one-half times the reemployment comparison amount
28 for that member, then the amount of the member's
29 disability retirement allowance shall be reduced to an
30 amount such that the member's net disability
31 retirement allowance plus the amount earned by the
32 member shall equal one and one-half times the
33 reemployment comparison amount for that member.

34 (3) The member shall submit sufficient
35 documentation to the system to permit the system to
36 determine the member's net disability retirement
37 allowance and earnings from a gainful occupation that
38 is not covered employment for the applicable year.

39 (4) This paragraph does not apply to a member who
40 is at least fifty-five years of age and would have
41 completed a sufficient number of years of service if
42 the member had remained in active special service
43 employment. For purposes of this subparagraph, a
44 sufficient number of years of service shall be twenty-
45 five for a special service member as described in
46 section 97B.49B or twenty-two years of service for a
47 special service member as described in section
48 97B.49C."

49 19. Page 58, by striking lines 8 through 10 and
50 inserting the following: "submit to the department

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1 any documentation the department".

2 20. Page 58, by inserting after line 16 the
3 following:

4 "12. APPLICABILITY -- RETROACTIVITY.

5 a. This section applies to a member who becomes
6 disabled on or after July 1, 1999, and also applies to
7 a member who becomes disabled prior to July 1, 1999,
8 if the member has not terminated special service
9 employment as of June 30, 1999.

10 b. To qualify for benefits under this section, a
11 member must file a completed application with the
12 department within one year of the member's termination
13 of employment. A member eligible for a disability
14 retirement allowance under this section is entitled to
15 receipt of retroactive adjustment payments for no more
16 than six months immediately preceding the month in
17 which the completed application for receipt of a
18 disability retirement allowance under this section is
19 approved."

20 21. Page 78, by striking lines 5 through 14 and
21 inserting the following: "chapter 97B based-upon-any
22 of-the-following:

23 ~~(a)--Meeting-the-requirements-for-receiving
24 retirement-benefits-pursuant-to-chapter-97B-based-upon
25 having-attained-at-least-sixty-two-years-of-age-and
26 upon-having-completed-at-least-thirty-years-of
27 membership-service.~~

28 ~~(b)--Meeting-the-requirements-for-receiving
29 benefits-under-section-97B-49,-subsection-16,-without
30 a-reduction-for-years-of-service-pursuant-to-section
31 97B-49,-subsection-16,-paragraph".~~

32 22. Page 80, line 4, by striking the figure
33 "1993" and inserting the following: "1991 or 1993, as
34 applicable".

35 23. Page 80, line 19, by striking the word and
36 figures "November 1, 1993" and inserting the
37 following: "January 1, 1992".

38 24. Page 80, line 22, by striking the word and
39 figure "Code 1993" and inserting the following: "Code
40 1991 or 1993, as applicable".

41 25. Page 81, by inserting after line 19 the
42 following:

43 "Sec. ____ . STUDY OF ESTABLISHMENT OF A BENEFITS
44 ADVISORY BOARD. The public employees' retirement
45 system division shall study the possible establishment
46 of a benefits advisory board and shall make
47 recommendations concerning the establishment of a
48 benefits advisory board. The study shall consider the
49 duties to be assigned to a potential benefits advisory
50 board, the membership of the board and the manner of

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Page 5

1 selecting members to the board, and the authority of
2 the board concerning any recommendations it may be
3 empowered to make concerning benefits to be provided
4 to members of the Iowa public employees' retirement
5 system. The division shall submit a report concerning
6 the results of its study to the general assembly on or
7 before January 8, 1999, and shall include its findings
8 and any recommended proposal or proposals."

9 26. Page 86, by inserting after line 24 the
10 following:

11 "Sec. ____ . Section 411.15, Code 1997, is amended
12 to read as follows:

13 411.15 HOSPITALIZATION AND MEDICAL ATTENTION.

14 Cities shall provide hospital, nursing, and medical
15 attention for the members of the police and fire
16 departments of the cities, when injured while in the
17 performance of their duties as members of such
18 department, and shall continue to provide hospital,
19 nursing, and medical attention for injuries or
20 diseases incurred while in the performance of their
21 duties for members receiving a retirement allowance
22 under section 411.6, subsection 6~~7~~~~-and-the~~. Cities
23 may provide the hospital, nursing, and medical
24 attention required by this section through the
25 purchase of insurance, by self-insuring the
26 obligation, or through payment of moneys into a local
27 government risk pool established for the purpose of
28 covering the costs associated with the requirements of
29 this section. The cost of providing the hospital,
30 nursing, and medical attention required by this
31 section shall be paid from moneys held in a trust and
32 agency fund established pursuant to section 384.6, or
33 out of the appropriation for the department to which
34 the injured person belongs or belonged; provided that
35 any amounts received by the injured person under the
36 workers' compensation law of the state, or from any
37 other source for such specific purposes, shall be
38 deducted from the amount paid by the city under the
39 provisions of this section."

40 27. Page 87, line 34, by striking the words "city
41 administrator,".

42 28. By renumbering, relettering, or redesignating
43 and correcting internal references as necessary.

RECEIVED FROM THE SENATE

H-9180 FILED APRIL 15, 1998
HOUSE CONCURRED

(p. 1650)

Martin, Ch
Larkin
Connors
Drake
Gipp

HSB 681

STATE GOVERNMENT

HOUSE FILE SF 1
BY (PROPOSED COMMITTEE ON
STATE GOVERNMENT BILL BY
CHAIRPERSON MARTIN)

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

A BILL FOR

1 An Act relating to public retirement systems, and providing
2 effective, implementation, and applicability dates.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I

PUBLIC SAFETY PEACE OFFICERS' RETIREMENT, ACCIDENT,
AND DISABILITY SYSTEM

Section 1. Section 97A.6, subsection 2, paragraph d,
subparagraph (4), Code 1997, is amended to read as follows:

(4) For a member who terminates service, other than by
death or disability, on or after July 1, 1996, but before July
1, 1998, and who does not withdraw the member's contributions
pursuant to section 97A.16, upon the member's retirement there
shall be added one and one-half 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. 2. Section 97A.6, subsection 2, paragraph d, Code
1997, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (5) For a member who terminates
service, other than by death or disability, on or after July
1, 1998, and who does not withdraw the member's contributions
pursuant to section 97A.16, upon the member's retirement there
shall be added one and one-half 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 ten additional years of service.

DIVISION II

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Sec. 3. Section 97.51, subsection 8, Code 1997, is amended
to read as follows:

8. Effective July 1, 1980, a person receiving benefits, or
who becomes eligible to receive benefits, on or after July 1,
1980, under this chapter, shall receive the monthly increase
in benefits provided in section ~~97B-497-subsection-11~~ 97B.49G,
subsection 3, paragraph "a".

There is appropriated from the general fund of the state to
the Iowa old-age and survivors' insurance liquidation fund
from funds not otherwise appropriated an amount sufficient to

1 finance the provisions of this subsection.

2 Sec. 4. Section 97B.8, unnumbered paragraph 1, Code 1997,
3 is amended to read as follows:

4 A board is established to be known as the "Investment Board
5 of the Iowa Public Employees' Retirement System", referred to
6 in this chapter as the "board", whose duties are to establish
7 policy for the department in matters relating to the
8 investment of the trust funds of the Iowa public employees'
9 retirement system. At least annually the board shall review
10 the investment policies and procedures used by the department
11 under section 97B.7, subsection 2, paragraph "b", and shall
12 hold a public meeting on the investment policies and
13 investment performance of the fund. Following its review and
14 the public meeting, the board shall establish an investment
15 policy and goal statement which shall direct the investment
16 activities of the department. The development of the
17 investment policy and goal statement and its subsequent
18 execution shall be performed cooperatively between the board
19 and the department. In addition to the reasons provided in
20 section 21.5, subsection 1, the board may hold a closed
21 session pursuant to the requirements of section 21.5 of that
22 portion of an investment board meeting in which financial or
23 commercial information is provided to or discussed by the
24 board if the board determines that disclosure of such
25 information could result in a loss to the system or to the
26 provider of the information.

27 Sec. 5. Section 97B.9, Code 1997, is amended by adding the
28 following new subsection:

29 NEW SUBSECTION. 4. Regardless of any potentially
30 applicable statute of limitations, if the department finds
31 that the employee or employer, or both, have erroneously
32 underpaid contributions, the employer shall pay the employer's
33 share of contributions and interest and the interest assessed
34 to the employee's share of contributions. The employee shall
35 pay the employee's share of contributions to the employer, who

1 shall then remit them to the department.

2 Sec. 6. Section 97B.10, Code 1997, is amended to read as
3 follows:

4 97B.10 REFUNDS RETURN OF CONTRIBUTIONS.

5 1. If the department finds the employee or employer, or
6 both, have erroneously paid contributions, including the
7 payment of contributions prior to an individual's valid
8 decision to elect out of coverage under this chapter on or
9 after January 1, 1999, pursuant to section 97B.42A, the
10 department shall make an adjustment, compromise, or settlement
11 and ~~make-a-refund-of~~ return such payments to the employee or
12 employer, or both, as it finds just and equitable. ~~Refunds-so~~

13 2. Payments made pursuant to this section shall be charged
14 to the fund to which the erroneous collections have been
15 credited and shall be paid to the employee or employer, or
16 both without interest.

17 3. A claim of an employee or employer for a refund return
18 of contributions shall be made within three years of date of
19 payment. However, the department may make refund payments to
20 employees or employers after the expiration of the three-year
21 deadline if the department finds that the payment of the
22 refund is just and equitable.

23 4. Except as provided in this subsection, interest shall
24 not be paid on payments made pursuant to this section.
25 However, if a claim is made within three years of the date of
26 payment concerning a claim for return of contributions paid
27 prior to an individual's decision to elect out of coverage
28 pursuant to section 97B.42A, accumulated interest and interest
29 on dividends shall apply. In addition, the department may, at
30 any time, apply accumulated interest and interest dividends on
31 any payments made under this section if the department finds
32 that the payment of interest is just and equitable.

33 Sec. 7. Section 97B.11, unnumbered paragraph 1, Code 1997,
34 is amended to read as follows:

35 Each employer shall deduct from the wages of each member of

1 the system a contribution in the amount of three and seven-
 2 tenths percent of the covered wages paid by the employer,
 3 until the member's termination ~~or-retirement~~ from employment,
 4 ~~whichever-is-earlier~~. The contributions of the employer shall
 5 be in the amount of five and seventy-five hundredths percent
 6 of the covered wages of the member.

7 Sec. 8. Section 97B.13, Code 1997, is amended to read as
 8 follows:

9 97B.13 NO INCOME TAX DEDUCTION.

10 For the purposes of the state income tax, the contribution
 11 required by this chapter shall not be allowed as a deduction
 12 to the taxpayer in computing the taxpayer's net income for any
 13 year in which such tax contribution is deducted from the
 14 taxpayer's wages.

15 Sec. 9. Section 97B.17, unnumbered paragraph 1, Code 1997,
 16 is amended to read as follows:

17 The department shall establish and maintain records of each
 18 member, including but not limited to, the amount of wages of
 19 each member, the contribution of each member with interest,
 20 and interest dividends credited. The records may be
 21 maintained in paper, magnetic, or electronic form, including
 22 optical disk storage. These records are the basis for the
 23 compilation of the retirement benefits provided under this
 24 chapter. The following records maintained under this chapter
 25 ~~containing-personal-identifiable-information~~ are not public
 26 records for the purposes of chapter 22:

- 27 1. Records containing social security numbers.
- 28 2. ~~Records-listing-designated-beneficiaries~~
- 29 3- Records specifying amounts accumulated in members'
 30 active accounts.
- 31 4- 3. Records containing names, or addresses, ~~and-amounts~~
 32 ~~of-monthly-benefits-to-which~~ of members or their beneficiaries
 33 ~~are-entitled~~.
- 34 5- 4. Records containing names, ~~addresses~~, ~~and~~ amounts of
 35 ~~lump-sum-refund~~ payments to ~~terminated~~ members or their

1 beneficiaries.

2 5. Records containing financial or commercial information
3 that relates to the investment of system funds if the
4 disclosure of such information could result in a loss to the
5 system or to the provider of the information.

6 Sec. 10. Section 97B.19, Code 1997, is amended to read as
7 follows:

8 97B.19 REVISION FOR ERROR.

9 ~~If prior to the expiration of six months~~ following the
10 delivery of ~~such~~ the statement provided in section 97B.18, it
11 is brought to the attention of the department that any entry
12 of ~~such~~ wages in ~~such~~ its records is erroneous, or that any
13 item of ~~such~~ wages has been omitted from the records, the
14 department may correct ~~such~~ the entry or include ~~such~~ the
15 omitted item in its records, as the case may be. Written
16 notice of any revision of any ~~such~~ entry which is adverse to
17 the interest of any individual shall be given to ~~such~~ the
18 individual in any case where ~~such~~ the individual has
19 previously been notified by the department of the amount of
20 wages and of the period of payments shown by ~~such~~ the entry.
21 ~~Upon request in writing made prior to the expiration of six~~
22 ~~months immediately following the giving of the statement~~
23 ~~provided for in section 97B-18~~, the department shall afford
24 any individual, or after the individual's death shall afford
25 the individual's beneficiary or any other person so entitled
26 in the judgment of the department, reasonable notice and
27 opportunity for hearing with respect to any entry or alleged
28 omission of wages of ~~such~~ the individual in such record, or
29 any revision of any ~~such~~ entry. If a hearing is held, the
30 department shall make findings of fact and a decision based
31 upon the evidence adduced at ~~such~~ the hearing and shall revise
32 its records accordingly. Judicial review of action of the
33 department under this section ~~and section 97B-20~~ may be sought
34 in accordance with the terms of the Iowa administrative
35 procedure Act and section 97B.29.

1 Sec. 11. Section 97B.25, Code 1997, is amended to read as
2 follows:

3 97B.25 APPLICATIONS FOR BENEFITS.

4 A representative designated by the chief benefits officer
5 and referred to in this chapter as a retirement benefits
6 specialist shall promptly examine applications for retirement
7 benefits and on the basis of facts found shall determine
8 whether or not the claim is valid-~~and-if.~~ If the claim is
9 valid, the retirement benefits specialist shall send a
10 notification to the member stating the option the member has
11 selected pursuant to sections 97B.49A through 97B.49G, as
12 applicable, or section 97B.51, the month with respect to which
13 benefits shall commence, and the monthly benefit amount
14 payable, and the maximum duration. ~~The~~ If the claim is
15 invalid, the retirement benefits specialist shall promptly
16 notify the applicant and any other interested party of the
17 decision and the reasons. ~~Unless the applicant or other~~
18 ~~interested party, within thirty calendar days after the~~
19 ~~notification was mailed to the applicant's or party's last~~
20 ~~known address, files an appeal as provided in section 97B.20A,~~
21 ~~the decision is final and benefits shall be paid or denied in~~
22 ~~accord with the decision.~~ A retirement application shall not
23 be amended or revoked by the member once the first retirement
24 allowance is paid. A member's death during the first month of
25 entitlement shall not invalidate an approved application.

26 Sec. 12. Section 97B.40, Code 1997, is amended to read as
27 follows:

28 97B.40 FRAUD.

29 1. Whoever, A person shall be guilty of a fraudulent
30 practice if the person makes, or causes to be made, any false
31 statement or representation for the purpose of causing an
32 increase in any payment authorized to be made under this
33 chapter, or for the purpose of causing any payment to be made
34 where no payment is authorized under this chapter, shall
35 ~~willfully make or cause to be made any~~ for the purpose of

1 obtaining confidential information from the department, or for
2 any other unlawful purpose related to this chapter.

3 2. For purposes of this section, "any false statement or
4 representation" includes the following:

5 a. Any false statement or representation willfully made or
6 caused to be made as to the amount of any wages paid or
7 received for the period during which earned or unpaid, knowing
8 it to be false or-whoever-makes-or-causes-to-be-made-any.

9 b. Any false statement of a material fact made or caused
10 to be made knowing it to be false in any application for any
11 payment under this chapter, or-whoever-willfully-makes-or
12 causes-to-be-made-any.

13 c. Any false statement, representation, affidavit, or
14 document willfully made, presented, or caused to be made in
15 connection with such an application for any payment under this
16 chapter knowing them it to be false, shall-be-guilty-of-a
17 fraudulent-practice.

18 d. Any unauthorized use of any security devices, such as
19 personal identification codes, utilized for the purpose of
20 accessing information from the department.

21 Sec. 13. Section 97B.41, subsection 6, Code 1997, is
22 amended to read as follows:

23 6. "Bona fide retirement" means a retirement by a vested
24 member which meets the requirements of section 97B.52A,
25 ~~subsection 17~~, and in which the member is eligible to receive
26 benefits under this chapter.

27 Sec. 14. Section 97B.41, subsection 8, Code 1997, is
28 amended by striking the subsection and inserting in lieu
29 thereof the following:

30 8. "Employee" means an individual who is employed as
31 defined in this chapter for whom coverage under this chapter
32 is mandatory.

33 a. "Employee" shall also include any of the following
34 individuals who do not elect out of coverage under this
35 chapter pursuant to section 97B.42A:

1 (1) Elective officials in positions for which the
2 compensation is on a fee basis, elective officials of school
3 districts, elective officials of townships, and elective
4 officials of other political subdivisions who are in part-time
5 positions. An elective official covered under this chapter
6 may terminate membership under this chapter by informing the
7 department in writing of the expiration of the member's term
8 of office. A county attorney is an employee for purposes of
9 this chapter whether that county attorney is employed on a
10 full-time or part-time basis.

11 (2) Members of the general assembly of Iowa and temporary
12 employees of the general assembly of Iowa. A member of the
13 general assembly covered under this chapter may terminate
14 membership under this chapter by informing the department in
15 writing of the member's intent to terminate membership.

16 Temporary employees of the general assembly covered under
17 this chapter may terminate membership by sending written
18 notification to the department of their separation from
19 service.

20 (3) Nonvested employees of drainage and levee districts.

21 (4) Employees of a community action program determined to
22 be an instrumentality of the state or a political subdivision.

23 (5) Magistrates.

24 (6) Persons employed under the federal Job Training
25 Partnership Act of 1982, Pub. L. No. 97-300.

26 (7) Members of the ministry, rabbinate, or other religious
27 order who have taken the vow of poverty.

28 (8) Persons employed as city managers, or as city
29 administrators performing the duties of city managers, under a
30 form of city government listed in chapter 372 or chapter 420.

31 (9) Members of the state transportation commission, the
32 board of parole, and the state health facilities council.

33 (10) Employees appointed by the state board of regents who
34 do not elect coverage in a retirement system qualified by the
35 state board of regents that meets the criteria of section

1 97B.2.

2 (11) Persons employed by the board of trustees for the
3 statewide fire and police retirement system established in
4 section 411.36.

5 b. "Employee" does not mean the following individuals:

6 (1) Individuals who are enrolled as students and whose
7 primary occupations are as students who are incidentally
8 employed by employers.

9 (2) Graduate medical students while serving as interns or
10 resident doctors in training at any hospital, or county
11 medical examiners and deputy county medical examiners under
12 chapter 331, division V, part 8.

13 (3) Employees hired for temporary employment of less than
14 six months or one thousand forty hours in a calendar year. An
15 employee who works for an employer for six or more months in a
16 calendar year or who works for an employer for more than one
17 thousand forty hours in a calendar year is not a temporary
18 employee under this subparagraph. Adjunct instructors are
19 temporary employees for the purposes of this chapter. As used
20 in this section, unless the context otherwise requires,
21 "adjunct instructors" means instructors employed by a
22 community college or a university governed by the state board
23 of regents without a continuing contract, whose teaching load
24 does not exceed one-half time for two full semesters or three
25 full quarters per calendar year.

26 (4) Foreign exchange teachers and visitors including alien
27 scholars, trainees, professors, teachers, research assistants,
28 and specialists in their field of specialized knowledge or
29 skill.

30 (5) Employees of the Iowa dairy industry commission
31 established under chapter 179, the Iowa beef cattle producers
32 association established under chapter 181, the Iowa pork
33 producers council established under chapter 183A, the Iowa
34 turkey marketing council established under chapter 184A, the
35 Iowa soybean promotion board established under chapter 185,

1 the Iowa corn promotion board established under chapter 185C,
2 and the Iowa egg council established under chapter 196A.

3 (6) Judicial hospitalization referees appointed under
4 section 229.21.

5 (7) Employees of an area agency on aging, if as of July 1,
6 1994, the agency provides for participation by all of its
7 employees in an alternative qualified plan pursuant to the
8 requirements of the federal Internal Revenue Code.

9 (8) Persons employed through any program described in
10 section 84A.7 and provided by the Iowa conservation corps.

11 8A. "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 subsection 8,
16 paragraph "b", subparagraph (7), and joint planning
17 commissions created under chapter 28E or 28I.

18 If an interstate agency is established under chapter 28E
19 and similar enabling legislation in an adjoining state, and an
20 employer had made contributions to the system for employees
21 performing functions which are transferred to the interstate
22 agency, the employees of the interstate agency who perform
23 those functions shall be considered to be employees of the
24 employer for the sole purpose of membership in the system,
25 although the employer contributions for those employees are
26 made by the interstate agency.

27 Sec. 15. Section 97B.41, subsection 14, Code 1997, is
28 amended to read as follows:

29 14. "Membership service" means service rendered by a
30 member after July 4, 1953. Years of membership service shall
31 be counted to the complete quarter calendar year. However,
32 membership service for a calendar year shall not include more
33 than four quarters. In determining a member's period of
34 membership service, the department shall combine all periods
35 of service for which the member has made contributions. ¶f

1 ~~the department has not maintained the accumulated contribution~~
2 ~~account of the member for a period of service, as provided~~
3 ~~pursuant to section 97B.53, subsection 6, the department shall~~
4 ~~credit the member for the service if the member submits~~
5 ~~satisfactory proof to the department that the member did make~~
6 ~~the contributions for the period of service and did not take a~~
7 ~~refund for the period of service.~~

8 Sec. 16. Section 97B.41, subsection 19, Code 1997, is
9 amended to read as follows:

10 19. "Service" means uninterrupted service under this
11 chapter by an employee, except an elected official, from the
12 ~~date the employee last entered employment of the employer~~
13 ~~until the date the employee's employment shall be terminated~~
14 ~~by death, retirement, resignation or discharge, provided,~~
15 ~~however, the service of any employee shall not be deemed to be~~
16 ~~interrupted by for which the employee is paid covered wages.~~
17 Service shall also mean the following:

18 a. Service in the armed forces of the United States, if
19 the employee was employed by the a covered employer
20 immediately prior to entry into the armed forces, and if the
21 employee was released from service and returns to covered
22 employment with the an employer within twelve months of the
23 date on which the employee has the right of release from
24 service or within a longer period as required by the
25 applicable laws of the United States.

26 b. Leave of absence ~~or vacation~~ authorized by the employer
27 prior to July 1, 1998, for a period not exceeding twelve
28 months and ending no later than July 1, 1999.

29 c. A leave of absence authorized pursuant to the
30 requirements of the federal Family and Medical Leave Act of
31 1993 ~~is considered a leave of absence authorized by the~~
32 employer.

33 ~~c.---The termination at the end of the school year of the~~
34 ~~contract of employment of an employee in the public schools of~~
35 ~~the state of Iowa, provided the employee enters into a further~~

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1 ~~contract-of-employment-in-the-public-schools-of-the-state-of~~
2 ~~Iowa-for-the-next-succeeding-school-year.~~

3 d. Temporary or seasonal interruptions in service such as
4 ~~service-of-school-bus-drivers, schoolteachers-under-regular~~
5 ~~contract, interim-teachers-or-substitute-teachers, instructors~~
6 ~~at-Iowa-state-university-of-science-and-technology, the-state~~
7 ~~university-of-Iowa, or-university-of-northern-Iowa, employees~~
8 ~~in-state-schools-or-hospital-dormitories, other-positions for~~
9 employees of a school corporation or educational institution
10 when the temporary suspension of service does not terminate
11 the period of employment of the employee, or temporary
12 ~~employees-of-the-general-assembly~~ and the employee returns to
13 service at a school corporation or educational institution
14 upon the end of the temporary or seasonal interruption.

15 Sec. 17. Section 97B.41, subsection 21, Code 1997, is
16 amended to read as follows:

17 21. "Special service" means service for an employer while
18 employed in a protection occupation as provided in section
19 ~~97B.49, subsection 16, paragraph "a"~~ 97B.49B, and as a county
20 sheriff, deputy sheriff, or airport fire fighter as provided
21 in section ~~97B.49, subsection 16, paragraph "b"~~ 97B.49C.

22 Sec. 18. Section 97B.41, subsection 23, paragraph a, Code
23 1997, is amended to read as follows:

24 a. "Three-year average covered wage" means a member's
25 covered wages averaged for the highest three years of the
26 member's service, except as otherwise provided in this
27 subsection. The highest three years of a member's covered
28 wages shall be determined using calendar years. However, if a
29 member's final quarter of a year of employment does not occur
30 at the end of a calendar year, the department may determine
31 the wages for the third year by computing the average quarter
32 of all quarters from the member's highest calendar year of
33 covered wages not being used in the selection of the two
34 highest years and using the computed average quarter for each
35 quarter in the third year in which no wages have been reported

1 in combination with the final quarter or quarters of the
2 member's service to create a full year. However, the
3 department shall not use the member's final quarter of wages
4 if using that quarter would reduce the member's three-year
5 average covered wage. If the three-year average covered wage
6 of a member exceeds the highest maximum covered wages in
7 effect for a calendar year during the member's period of
8 service, the three-year average covered wage of the member
9 shall be reduced to the highest maximum covered wages in
10 effect during the member's period of service. Notwithstanding
11 any other provision of this paragraph to the contrary, a
12 member's wages for the third year as computed by this
13 paragraph shall not be greater than the member's highest
14 actual calendar year of covered wages for a member whose first
15 month of entitlement is January 1999 or later.

16 Sec. 19. Section 97B.41, subsection 25, paragraph b,
17 subparagraph (17), unnumbered paragraph 2, Code 1997, is
18 amended to read as follows:

19 Notwithstanding any other provision of this chapter
20 providing for the payment of the benefits provided in section
21 ~~97B.497-subsection-16-or-17~~ 97B.49B, 97B.49C, 97B.49D, or
22 97B.49G, the department shall establish the covered wages
23 limitation which applies to members covered under section
24 ~~97B.497-subsection-16-or-17~~ 97B.49B, 97B.49C, 97B.49D, or
25 97B.49G, at the same level as is established under this
26 subparagraph for other members of the system.

27 Sec. 20. Section 97B.42A, Code 1997, is amended by
28 striking the section and inserting in lieu thereof the
29 following:

30 97B.42A OPTIONAL EXCLUSION FROM MEMBERSHIP.

31 1. Commencing January 1, 1999, a person who is newly hired
32 in a position as an employee, as defined in section 97B.1A,
33 subsection 8, paragraph "a", shall be covered under this
34 chapter unless the person files an application with
35 appropriate documentation to the department within sixty days

1 of employment in the position to affirmatively elect out of
2 coverage. A decision to elect out of coverage under this
3 chapter is irrevocable upon approval from the system.

4 2. If a person elects out of coverage pursuant to this
5 section, the period of time from the date on which the person
6 was newly hired until the date the person's election out of
7 coverage is effective shall not constitute service for
8 purposes of coverage under this chapter. In addition, a wage
9 adjustment shall be processed for the person based on any
10 contributions collected pursuant to this chapter during that
11 period of time and shall be returned pursuant to section
12 97B.10.

13 3. A person who is employed in a position as an employee
14 as defined in section 97B.1A, subsection 8, paragraph "a", on
15 January 1, 1999, and who has not elected coverage under this
16 chapter prior to that date and is not an active member of
17 another retirement system in the state which is maintained in
18 whole or in part by public contributions or payments, shall
19 begin coverage under the system on January 1, 1999, unless the
20 person files an application with appropriate documentation
21 with the department to elect out of coverage on or before
22 January 1, 2000. If a person elects out of coverage, the
23 period of time from January 1, 1999, until the date the
24 person's election out of coverage is effective shall not
25 constitute service for purposes of coverage under this chapter
26 and a wage adjustment shall be processed for the person based
27 on any contributions collected pursuant to this chapter during
28 that period of time and shall be returned pursuant to section
29 97B.10. A decision to elect out of coverage under this
30 chapter pursuant to this section is irrevocable upon approval
31 from the department.

32 4. A person who becomes a member of the system pursuant to
33 subsection 3, or who is a member of the system, may purchase
34 credit, pursuant to section 97B.73, for one or more quarters
35 of service prior to January 1, 1999, in which the person was

1 employed in a position as described in section 97B.1A,
2 subsection 8, paragraph "a", but was not a member of the
3 system.

4 Sec. 21. Section 97B.43, unnumbered paragraph 2, Code
5 1997, is amended to read as follows:

6 Any person with a record of thirty years as a public
7 employee in the state of Iowa prior to July 1, 1947, and who
8 is not eligible for prior service credit under other
9 provisions of this section, is entitled to a credit for years
10 of prior service in the determination of the retirement
11 allowance payment under this chapter, provided the public
12 employee makes application to the department of personnel for
13 credit for prior public service, accompanied by verification
14 of the person's claim as the department may require. The
15 person's allowance for prior service credits shall be computed
16 in the same manner as otherwise provided in this section, but
17 shall not exceed the sum of four hundred fifty dollars nor be
18 less than three hundred dollars per annum. Any such person is
19 entitled to receive retirement allowances computed as provided
20 by this chapter, effective from the date of application to the
21 department, provided such application is approved. However,
22 beginning July 1, 1975, the amount of such person's retirement
23 allowance payment received during June 1975, as computed under
24 this section shall be increased by two hundred percent and the
25 allowance for prior service credits shall not exceed one
26 thousand three hundred fifty dollars nor be less than nine
27 hundred dollars per annum. Effective July 1, 1987, there is
28 appropriated for each fiscal year from the Iowa public
29 employees' retirement fund created in section 97B.7 to the
30 department of personnel an amount sufficient to fund the
31 retirement allowance increases paid under this paragraph.
32 Effective July 1, 1980, a person with a record of thirty years
33 as a public employee in the state of Iowa prior to July 1,
34 1947, receiving retirement allowances under this chapter shall
35 receive the monthly increase in benefits provided in section

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1 ~~97B.49, subsection 11~~ 97B.49G, subsection 3, paragraph "a".

2 Sec. 22. Section 97B.45, subsection 4, Code 1997, is
3 amended to read as follows:

4 4. The first of any month in which ~~a member meets the~~
5 ~~membership service and age requirements to retire under~~
6 section-97B.49, subsection-15 the member is at least fifty-
7 five years of age and for which the sum of the number of years
8 of membership service and prior service and the member's age
9 in years as of the member's last birthday equals or exceeds
10 eighty-eight.

11 Sec. 23. Section 97B.46, subsection 2, Code 1997, is
12 amended by striking the subsection.

13 Sec. 24. Section 97B.46, subsection 3, Code 1997, is
14 amended to read as follows:

15 3. A member remaining in service after attaining the age
16 of seventy years is entitled to receive a retirement allowance
17 under ~~section-97B.49~~ sections 97B.49A through 97B.49H, as
18 applicable, commencing with payment for the calendar month
19 within which the written notice is submitted to the
20 department, except that if the member fails to submit the
21 notice on a timely basis, retroactive payments shall be made
22 for no more than six months immediately preceding the month in
23 which the written notice is submitted.

24 Sec. 25. Section 97B.48, subsection 3, Code 1997, is
25 amended to read as follows:

26 3. As of the first of the month in which a member attains
27 the age of seventy years, the member may commence receiving a
28 retirement allowance regardless of the member's employment
29 status. Upon termination from employment of a member
30 receiving a retirement allowance pursuant to this subsection,
31 the member is entitled to have the member's monthly retirement
32 allowance recalculated using the applicable formula for
33 determining a retirement allowance pursuant to sections
34 97B.49A through 97B.49G, as applicable, in place at the time
35 of the member's first month of entitlement.

1 Sec. 26. Section 97B.48, Code 1997, is amended by adding
2 the following new subsections:

3 NEW SUBSECTION. 4. Payment of a member's retirement
4 allowance pursuant to sections 97B.49A through 97B.49H shall
5 commence no later than the required beginning date specified
6 under section 401(a)(9) of the federal Internal Revenue Code
7 regardless of whether the member has submitted the appropriate
8 notice to receive an allowance. If the lump sum actuarial
9 equivalent under section 97B.48, subsection 1, could have been
10 selected by the member, payments shall be made in a lump sum
11 rather than as a monthly allowance.

12 NEW SUBSECTION. 5. In the event that all, or any portion,
13 of the retirement allowance payable to a member pursuant to
14 subsection 4 shall remain unpaid solely by reason of the
15 inability of the department to locate the member, the amounts
16 payable shall be forfeited. If the member is located after
17 the amounts payable are forfeited, the amounts payable shall
18 be restored.

19 Sec. 27. Section 97B.48A, subsection 3, Code 1997, is
20 amended to read as follows:

21 3. Upon a retirement after reemployment, a retired member
22 may have the retired member's retirement allowance
23 redetermined under this section or section ~~97B.49~~ or 97B.48,
24 97B.49A through 97B.49H, 97B.50, or 97B.51, whichever is
25 applicable, based upon the addition of credit for the years of
26 membership service of the employee after reemployment, the
27 covered wage during reemployment, and the age of the employee
28 after reemployment. The member shall receive a single
29 retirement allowance calculated from both periods of
30 membership service, one based on the initial retirement and
31 one based on the second retirement following reemployment. If
32 the total years of membership service and prior service of a
33 member who has been reemployed equals or exceeds thirty, the
34 years of membership service on which the original retirement
35 allowance was based may be reduced by a fraction of the years

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1 of service equal to the number of years by which the total
2 years of membership service and prior service exceeds thirty
3 divided by thirty, if this reduction in years of service will
4 increase the total retirement allowance of the member. The
5 additional retirement allowance calculated for the period of
6 reemployment shall be added to the retirement allowance
7 calculated for the initial period of membership service and
8 prior service, adjusted as provided in this subsection. The
9 retirement allowance calculated for the initial period of
10 membership service and prior service shall not be adjusted for
11 any other factor than years of service. The retired member
12 shall not receive a retirement allowance based upon more than
13 a total of thirty years of service. Effective July 1, 1998, a
14 redetermination of a retirement allowance as authorized by
15 this subsection for a retired member whose combined service
16 exceeds the applicable years of service for that member as
17 provided in sections 97B.49A through 97B.49G shall have the
18 determination of the member's reemployment benefit based upon
19 the percentage multiplier as determined for that member as
20 provided in sections 97B.49A through 97B.49G.

21 Sec. 28. Section 97B.48A, subsection 4, Code 1997, is
22 amended to read as follows:

23 4. The department shall pay to the member the accumulated
24 contributions of the member and ~~to the employer~~ the employer
25 contributions, plus interest plus interest dividends as
26 provided in section 97B.70, for all completed calendar years,
27 compounded as provided in section 97B.70, on the covered wages
28 earned by a retired member that are not used in the
29 recalculation of the retirement allowance of a member.

30 Sec. 29. NEW SECTION. 97B.49A MONTHLY PAYMENTS OF
31 ALLOWANCE -- GENERAL CALCULATION.

32 1. DEFINITIONS. For the purposes of this section:
33 a. "Applicable percentage" means sixty percent or, for
34 each active or inactive vested member retiring on or after
35 July 1, 1996, sixty percent plus, if applicable, an additional

1 one-fourth of one percentage point for each additional
2 calendar quarter of membership and prior service beyond thirty
3 years of service, not to exceed a total of five additional
4 percentage points.

5 b. "Fraction of years of service" means a number, not to
6 exceed one, equal to the sum of the years of membership
7 service and the number of years of prior service divided by
8 thirty years.

9 2. ENTITLEMENT TO MONTHLY ALLOWANCE. Each member, upon
10 retirement on or after the member's normal retirement date, is
11 entitled to receive a monthly retirement allowance determined
12 under this section. For an inactive vested member the monthly
13 retirement allowance shall be determined on the basis of this
14 section and section 97B.50 as they are in effect on the date
15 of the member's retirement.

16 3. CALCULATION OF MONTHLY ALLOWANCE. For each active or
17 inactive vested member retiring on or after July 1, 1994, with
18 four or more complete years of service, a monthly benefit
19 shall be computed which is equal to one-twelfth of an amount
20 equal to the applicable percentage of the three-year average
21 coverage wage multiplied by a fraction of years of service.
22 However, if benefits under this section commence on an early
23 retirement date, the amount of the benefit shall be reduced in
24 accordance with section 97B.50.

25 4. ALTERNATIVE CALCULATIONS.

26 a. For each active member employed before January 1, 1976,
27 and retiring on or after January 1, 1976, and for each member
28 who was a vested member before January 1, 1976, with four or
29 more complete years of service, a formula benefit shall be
30 determined equal to the larger of the benefit determined under
31 this paragraph and paragraph "b" of this subsection, as
32 applicable, the benefit determined under subsection 3, or the
33 benefit determined under section 97B.49G, subsection 1. The
34 amount of the monthly formula benefit for each such active or
35 vested member who retired on or after January 1, 1976, shall

1 be equal to one-twelfth of one and fifty-seven hundredths
2 percent per year of membership service multiplied by the
3 member's average annual covered wages. In no case shall the
4 amount of monthly formula benefit accrued for membership
5 service prior to July 1, 1967, be less than the monthly
6 annuity at the normal retirement date determined by applying
7 the sum of the member's accumulated contributions, the
8 member's employer's accumulated contributions on or before
9 June 30, 1967, and any retirement dividends standing to the
10 member's credit on or before December 31, 1966, to the annuity
11 tables in use by the department with due regard to the
12 benefits payable from such accumulated contributions under
13 sections 97B.52 and 97B.53.

14 b. For each member employed before January 1, 1976, who
15 has qualified for prior service credit in accordance with the
16 first paragraph of section 97B.43, a formula benefit shall be
17 determined equal to the larger of the benefit determined under
18 this paragraph, and paragraph "a" of this subsection, as
19 applicable, the benefit determined under subsection 3, or the
20 benefit determined under section 97B.49G, subsection 1. The
21 amount of the monthly formula benefit under this paragraph
22 shall be equal to eight-tenths of one percent per year of
23 prior service credit multiplied by the monthly rate of the
24 member's total remuneration not in excess of three thousand
25 dollars annually during the twelve consecutive months of the
26 member's prior service for which that total remuneration was
27 the highest. An additional three-tenths of one percent of the
28 remuneration not in excess of three thousand dollars annually
29 shall be payable for prior service during each year in which
30 the accrued liability for benefit payments created by the
31 abolished system is funded by appropriation from the Iowa
32 public employees' retirement fund.

33 c. For each active and vested member retiring with less
34 than four complete years of service and who therefore cannot
35 have a benefit determined under the formula benefit of

1 paragraph "a" or "b" of this subsection, subsection 3, or
2 section 97B.49G, subsection 1, a monthly annuity for
3 membership service shall be determined by applying the
4 member's accumulated contributions and the employer's matching
5 accumulated contributions as of the effective retirement date
6 and any retirement dividends standing to the member's credit
7 on or before December 31, 1966, to the annuity tables in use
8 by the department according to the member's age and contingent
9 annuitant's age, if applicable.

10 Sec. 30. NEW SECTION. 97B.49B PROTECTION OCCUPATION.

11 1. DEFINITIONS. For purposes of this section:

12 a. "Applicable percentage" means sixty percent or, for
13 each active or inactive vested member retiring on or after
14 July 1, 1996, sixty percent plus, if applicable, an additional
15 one-fourth of one percentage point for each additional
16 calendar quarter of membership and prior service beyond
17 twenty-five years of service, not to exceed a total of five
18 additional percentage points.

19 b. "Fraction of years of service" means a number, not to
20 exceed one, equal to the sum of the years of membership and
21 prior service in a protection occupation divided by twenty-
22 five years.

23 c. "Protection occupation" includes all of the following:

24 (1) A conservation peace officer employed under section
25 456A.13.

26 (2) A marshal in a city not covered under chapter 400 or a
27 fire fighter or police officer of a city not participating in
28 the retirement systems established in chapter 410 or 411.

29 (3) A correctional officer or correctional supervisor
30 employed by the Iowa department of corrections, and any other
31 employee of that department whose primary purpose is, through
32 ongoing direct inmate contact, to enforce and maintain
33 discipline, safety, and security within a correctional
34 facility. The Iowa department of corrections and the
35 personnel division of the department of personnel shall

1 jointly determine which job classifications are covered under
2 this subparagraph.

3 (4) An airport safety officer employed under chapter 400
4 by an airport commission in a city of one hundred thousand
5 population or more.

6 (5) An employee of the state department of transportation
7 who is designated as a "peace officer" by resolution under
8 section 321.477, but only if the employee retires on or after
9 July 1, 1990. For purposes of this subparagraph, service as a
10 traffic weight officer employed by the highway commission
11 prior to the creation of the state department of
12 transportation or as a peace officer employed by the Iowa
13 state commerce commission prior to the creation of the state
14 department of transportation shall be included in computing
15 the employee's years of membership service.

16 (6) A fire prevention inspector peace officer employed by
17 the department of public safety prior to July 1, 1994, who
18 does not elect coverage under the Iowa department of public
19 safety peace officers' retirement, accident, and disability
20 system, as provided in section 97B.42B.

21 (7) An employee of a judicial district department of
22 correctional services who is employed as a probation officer
23 III or a parole officer III.

24 (8) A sheriff, deputy sheriff, or airport firefighter as
25 defined in section 97B.49C who does not receive a monthly
26 retirement allowance pursuant to section 97B.49C for this
27 service.

28 2. CALCULATION OF MONTHLY ALLOWANCE. Notwithstanding
29 other provisions of this chapter, a member who is or has been
30 employed in a protection occupation who retires on or after
31 July 1, 1994, and at the time of retirement is at least fifty-
32 five years of age may elect to receive, in lieu of the receipt
33 of any benefits as calculated pursuant to section 97B.49A or
34 97B.49D, a monthly retirement allowance equal to one-twelfth
35 of an amount equal to the applicable percentage of the three-

1 year average covered wage as a member who has been employed in
2 a protection occupation multiplied by a fraction of years of
3 service, with benefits payable during the member's lifetime.

4 3. ADDITIONAL CONTRIBUTIONS.

5 a. Annually, the department of personnel shall actuarially
6 determine the cost of the additional benefits provided for
7 members covered under this section as a percentage of the
8 covered wages of the employees covered by this section. Sixty
9 percent of the cost shall be paid by the employers of
10 employees covered under this section and forty percent of the
11 cost shall be paid by the employees. The employer and
12 employee contributions required under this paragraph are in
13 addition to the contributions paid under sections 97B.11 and
14 97B.11A.

15 b. (1) For the fiscal year commencing July 1, 1988, and
16 each succeeding fiscal year, there is appropriated from the
17 state fish and game protection fund to the department of
18 personnel the amount necessary to pay the employer share of
19 the cost of the additional benefits provided to employees
20 covered under subsection 1, paragraph "c", subparagraph (1).

21 (2) Annually, during each fiscal year commencing with the
22 fiscal year beginning July 1, 1988, each applicable city shall
23 pay to the department of personnel the amount necessary to pay
24 the employer share of the cost of the additional benefits
25 provided to employees of that city covered under subsection 1,
26 paragraph "c", subparagraphs (2) and (4).

27 (3) For the fiscal year commencing July 1, 1988, and each
28 succeeding fiscal year, the department of corrections shall
29 pay to the department of personnel from funds appropriated to
30 the Iowa department of corrections, the amount necessary to
31 pay the employer share of the cost of the additional benefits
32 provided to employees covered under subsection 1, paragraph
33 "c", subparagraph (3).

34 (4) For the fiscal year commencing July 1, 1990, and each
35 succeeding fiscal year, the state department of transportation

1 shall pay to the department of personnel, from funds
2 appropriated to the state department of transportation from
3 the road use tax fund and the primary road fund, the amount
4 necessary to pay the employer share of the cost of the
5 additional benefits provided to employees covered under
6 subsection 1, paragraph "c", subparagraph (5).

7 (5) For the fiscal year commencing July 1, 1992, and each
8 succeeding fiscal year, the department of public safety shall
9 pay to the department of personnel from funds appropriated to
10 the department of public safety, the amount necessary to pay
11 the employer share of the cost of the additional benefits
12 provided to a fire prevention inspector peace officer pursuant
13 to subsection 1, paragraph "c", subparagraph (6).

14 (6) For the fiscal year commencing July 1, 1994, and each
15 succeeding fiscal year, each judicial district department of
16 correctional services shall pay to the department of personnel
17 from funds appropriated to that judicial district department
18 of correctional services, the amount necessary to pay the
19 employer share of the cost of the additional benefits provided
20 to employees covered under subsection 1, paragraph "c",
21 subparagraph (7).

22 Sec. 31. NEW SECTION. 97B.49C SHERIFFS, DEPUTY SHERIFFS,
23 AND AIRPORT FIRE FIGHTERS.

24 1. DEFINITIONS. For purposes of this section:

25 a. "Airport fire fighter" means an airport fire fighter
26 employed by the military division of the department of public
27 defense.

28 b. "Applicable percentage" means the greater of the
29 following percentages:

30 (1) Sixty percent.

31 (2) For each active or inactive vested member retiring on
32 or after July 1, 1996, and before July 1, 1998, sixty percent
33 plus, if applicable, an additional one-fourth of one
34 percentage point for each additional calendar quarter of
35 eligible service beyond twenty-two years of service, not to

1 exceed a total of five additional percentage points.

2 (3) For each active or inactive vested member retiring on
3 or after July 1, 1998, sixty percent plus, if applicable, an
4 additional three-eighths of one percentage point for each
5 additional calendar quarter of eligible service beyond twenty-
6 two years of service, not to exceed a total of twelve
7 additional percentage points.

8 c. "Deputy sheriff" means a deputy sheriff appointed
9 pursuant to section 341.1 prior to July 1, 1981, or section
10 331.903 on or after July 1, 1981.

11 d. "Eligible service" means membership and prior service
12 as an airport fire fighter, sheriff, and deputy sheriff under
13 this section. In addition, eligible service includes
14 membership and prior service as a marshal in a city not
15 covered under chapter 400 or a fire fighter or police officer
16 of a city not participating in the retirement systems
17 established in chapter 410 or 411, and as an airport fire
18 fighter prior to July 1, 1994.

19 e. "Fraction of years of service" means a number, not to
20 exceed one, equal to the sum of the years of eligible service
21 under this section divided by twenty-two years.

22 f. "Sheriff" means a county sheriff as defined in section
23 39.17.

24 2. CALCULATION OF MONTHLY ALLOWANCE. Notwithstanding
25 other provisions of this chapter, a member who retires from
26 employment as a sheriff, deputy sheriff, or airport fire
27 fighter on or after July 1, 1994, and at the time of
28 retirement is at least fifty-five years of age may elect to
29 receive, in lieu of the receipt of any benefits as calculated
30 pursuant to section 97B.49A or 97B.49D, a monthly retirement
31 allowance equal to one-twelfth of an amount equal to the
32 applicable percentage of the three-year average coverage wage
33 as a member who has been employed in eligible service
34 multiplied by a fraction of years of service, with benefits
35 payable during the member's lifetime.

1 3. ADDITIONAL CONTRIBUTIONS.

2 a. Annually, the department of personnel shall actuarially
3 determine the cost of the additional benefits provided for
4 members covered under this section as a percentage of the
5 covered wages of the employees covered by this section. Sixty
6 percent of the cost shall be paid by the employers of
7 employees covered under this section and forty percent of the
8 cost shall be paid by the employees. The employer and
9 employee contributions required under this paragraph are in
10 addition to the contributions paid under sections 97B.11 and
11 97B.11A. However, the cost of including service as an airport
12 fire fighter prior to July 1, 1994, as eligible service under
13 this section shall not affect the contribution rates
14 calculated and paid by the member or the employer under this
15 section.

16 b. (1) Annually, during each fiscal year commencing with
17 the fiscal year beginning July 1, 1988, each county shall pay
18 to the department of personnel the amount necessary to pay the
19 employer share of the cost of the additional benefits provided
20 to sheriffs and deputy sheriffs.

21 (2) For the fiscal year commencing July 1, 1994, and each
22 succeeding fiscal year, there is appropriated from the general
23 fund of the state to the department of personnel, from funds
24 not otherwise appropriated, an amount necessary to pay the
25 employer share of the cost of the additional benefits provided
26 to airport fire fighters under this section.

27 Sec. 32. NEW SECTION. 97B.49D HYBRID FORMULA.

28 1. An active or inactive vested member, who is or has been
29 employed in both special service and regular service, who
30 retires on or after July 1, 1996, with four or more completed
31 years of service and at the time of retirement is at least
32 fifty-five years of age, may elect to receive, in lieu of the
33 receipt of a monthly retirement allowance as calculated
34 pursuant to sections 97B.49A through 97B.49C, a combined
35 monthly retirement allowance equal to the sum of the

1 following:

2 a. One-twelfth of an amount equal to the applicable
3 percentage of the member's three-year average covered wage
4 multiplied by a fraction of years of service. The fraction of
5 years of service for purposes of this paragraph shall be the
6 actual years of service, not to exceed thirty, for which
7 regular service contributions were made, divided by thirty.
8 However, any otherwise applicable age reduction for early
9 retirement shall apply to the calculation under this
10 paragraph.

11 b. One-twelfth of an amount equal to the applicable
12 percentage of the member's three-year average covered wage
13 multiplied by a fraction of years of service. The fraction of
14 years of service for purposes of this paragraph shall be the
15 actual years of service, not to exceed twenty-five, earned in
16 a position described in section 97B.49B, for which special
17 service contributions were made, divided by twenty-five. In
18 calculating the fractions of years of service under the
19 paragraph, a member shall not receive special service credit
20 for years of service for which the member and the member's
21 employer did not make the required special service
22 contributions to the department.

23 c. One-twelfth of an amount equal to the applicable
24 percentage of the member's three-year average covered wage
25 multiplied by a fraction of years of service. The fraction of
26 years of service for purposes of this paragraph shall be the
27 actual years of service, not to exceed twenty-two, earned in a
28 position described in section 97B.49C, for which special
29 service contributions were made, divided by twenty-two. In
30 calculating the fractions of years of service under this
31 paragraph, a member shall not receive special service credit
32 for years of service for which the member and the member's
33 employer did not make the required special service
34 contributions to the department.

35 2. In calculating the combined monthly retirement

1 allowance pursuant to subsection 1, the sum of the fraction of
2 years of service provided in subsection 1, paragraphs "a",
3 "b", and "c", shall not exceed one. If the sum of the
4 fractions of years of service would exceed one, the department
5 shall deduct years of service first from the calculation under
6 subsection 1, paragraph "a", and then from the calculation
7 under subsection 1, paragraph "b", if necessary, so that the
8 sum of the fractions of years of service shall equal one.

9 3. In calculating the combined monthly retirement
10 allowance pursuant to subsection 1, the applicable percentage
11 shall be sixty percent plus, if applicable, an additional one-
12 fourth of one percentage point for each additional calendar
13 quarter of membership service in service as described in
14 subsection 1, paragraph "a", "b", or "c", beyond thirty years
15 of service, not to exceed a total of five additional
16 percentage points. Any addition in the percentage multiplier
17 shall be included in the calculations required under this
18 section.

19 Sec. 33. NEW SECTION. 97B.49E MINIMUM BENEFITS.

20 1. For each active member retiring on or after June 30,
21 1973, and who has completed ten or more years of membership
22 service, the total amount of monthly benefit payable at the
23 normal retirement date for prior service and membership
24 service shall not be less than fifty dollars per month. If
25 benefits commence on an early retirement date, the amount of
26 benefit shall be reduced in accordance with section 97B.50.
27 If an optional allowance is selected under section 97B.51, the
28 amount payable shall be the actuarial equivalent of the
29 minimum benefit. An employee who is in employment on a school
30 year or academic year basis, will be considered to be an
31 active member as of June 30, 1973, if the employee completes
32 the 1972-1973 school year or academic year.

33 2. Effective January 1, 1997, for members who retired on
34 or after July 1, 1953, and before July 1, 1990, with at least
35 ten years of prior and membership service, the minimum monthly

1 benefit payable at the normal retirement date for prior and
2 membership service shall be two hundred dollars. The minimum
3 monthly benefit payable shall be increased by ten dollars for
4 each year of prior and membership service beyond ten years, up
5 to a maximum of twenty additional years of prior and
6 membership service. If benefits commenced on an early
7 retirement date, the amount of the benefit shall be reduced in
8 accordance with section 97B.50. If an optional allowance was
9 selected under section 97B.51, the amount payable shall be the
10 actuarial equivalent of the minimum benefit.

11 Sec. 34. NEW SECTION. 97B.49F RETIREMENT DIVIDENDS.

12 1. COST OF LIVING DIVIDEND.

13 a. Effective July 1, 1997, commencing with dividends
14 payable in November 1997, and for each subsequent year, all
15 members who retired prior to July 1, 1990, and all
16 beneficiaries and contingent annuitants of such members, shall
17 be eligible for annual dividend payments, payable in November
18 of that year, pursuant to the requirements of this subsection.
19 The dividend payable in any given year shall be the sum of the
20 dollar amount of the dividend payable in the previous November
21 and the dividend adjustment. A dividend determined pursuant
22 to this subsection shall not be used to increase the monthly
23 benefit amount payable. In no event shall the dividend
24 payable be less than twenty-five dollars.

25 b. (1) The dividend adjustment for a given year shall be
26 calculated by multiplying the total of the retiree's,
27 beneficiary's, or contingent annuitant's monthly benefit
28 payments and the dividend payable to the retiree, beneficiary,
29 or contingent annuitant, in the previous calendar year by the
30 applicable percentage as determined by this paragraph.

31 (2) The applicable percentage shall be the least of the
32 following percentages:

33 (a) The percentage representing eighty percent of the
34 percentage increase in the consumer price index published in
35 the federal register by the federal department of labor,

1 bureau of labor statistics, that reflects the percentage
2 increase in the consumer price index for the twelve-month
3 period ending June 30 of the year that the dividend is to be
4 paid.

5 (b) The percentage representing the percentage amount the
6 actuary has certified, in the annual actuarial valuation of
7 the system as of June 30 of the year in which the dividend is
8 to be paid, that the fund can absorb without requiring an
9 increase in the employer and employee contributions to the
10 fund.

11 (c) Three percent.

12 c. If a member dies on or after November 1, but before
13 payment of a dividend is made in that month, the full amount
14 of the retirement dividend for that year shall be paid in the
15 member's name upon notification of the member's death.

16 2. FAVORABLE EXPERIENCE DIVIDEND.

17 a. Commencing January 1, 1999, all members who retired on
18 or after July 1, 1990, and who have been retired for at least
19 one year as of the date the dividend is payable, or a
20 beneficiary or contingent annuitant of such a member, shall be
21 eligible to receive a favorable experience dividend, payable
22 on the last business day in January of each year pursuant to
23 the requirements of this subsection.

24 b. A favorable experience dividend reserve account,
25 hereafter called the "reserve account", is established within
26 the retirement fund. Moneys credited to the reserve account
27 shall be used by the department for the purpose of providing a
28 favorable experience dividend pursuant to this subsection.

29 c. Moneys shall be credited to the reserve account in the
30 retirement fund as follows:

31 (1) On or before January 15, 1999, there shall be credited
32 to the reserve account an amount that the system's actuary
33 determines is sufficient to pay the maximum favorable
34 experience dividend for each of the next following five years,
35 based on reasonable actuarial assumptions.

1 (2) Beginning with the annual actuarial valuation of the
2 system as of June 30, 1999, and for each annual actuarial
3 valuation of the system thereafter, there shall be credited to
4 the reserve account on each applicable January 15 following an
5 actuarial valuation, an amount that represents that portion of
6 the favorable actuarial experience, if any, that the system's
7 actuary determines shall be credited to the reserve account
8 pursuant to rules adopted by the department.

9 (3) The portion of the favorable actuarial experience, if
10 any, that is not initially credited to the reserve account
11 pursuant to subparagraph (2), but which, if applied to the
12 retirement fund, would result in the actuarial valuation of
13 assets exceeding the actuarial accrued liability of the system
14 based on the most recent annual actuarial valuation of the
15 system, shall be credited to the reserve account.

16 (4) As used in this paragraph, "favorable actuarial
17 experience" means the difference, if positive, between the
18 anticipated and actual experience of the system's actuarial
19 assets and liabilities as measured by the system's actuary in
20 the most recent annual actuarial valuation of the system
21 pursuant to rules adopted by the department.

22 d. The favorable experience dividend is calculated by
23 multiplying the total of the monthly benefit payments of the
24 retiree, beneficiary, or contingent annuitant for the previous
25 calendar year, by the number of complete years the member has
26 been retired or would have been retired if living as of the
27 date the dividend is payable, and by the applicable
28 percentage. For purposes of this paragraph, the applicable
29 percentage is the percentage, not to exceed three percent,
30 that the department determines shall be applied in calculating
31 the favorable experience dividend if the department determines
32 that the reserve account is sufficiently funded to make a
33 distribution. In making its determination, the department
34 shall consider, but not be limited to, the amounts credited to
35 the reserve account, the distributions from the reserve

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1 account made in previous years, the likelihood of future
2 credits to and distributions from the reserve account, and the
3 distributions paid under subsection 1.

4 Sec. 35. NEW SECTION. 97B.49G MONTHLY PAYMENTS OF
5 ALLOWANCE -- MISCELLANEOUS PROVISIONS.

6 1. MONTHLY PAYMENTS OF ALLOWANCE -- PERCENTAGE MULTIPLIER.

7 a. For each active or inactive vested member retiring on
8 or after July 1, 1986, and before July 1, 1994, with four or
9 more complete years of service, a monthly benefit shall be
10 computed which is equal to one-twelfth of an amount equal to
11 the applicable percentage multiplier of the three-year average
12 covered wage multiplied by a fraction of years of service.

13 b. The applicable percentage multiplier for purposes of
14 this subsection shall be the following:

15 (1) For active or inactive vested members retiring on or
16 after July 1, 1986, but before July 1, 1990, fifty percent.

17 (2) For active or inactive vested members retiring on or
18 after July 1, 1990, but before July 1, 1991, fifty-two
19 percent.

20 (3) For active or inactive vested members retiring on or
21 after July 1, 1991, but before July 1, 1992, fifty-four
22 percent.

23 (4) For active or inactive vested members retiring on or
24 after July 1, 1992, but before July 1, 1993, fifty-six
25 percent.

26 (5) For active or inactive vested members retiring on or
27 after July 1, 1993, but before July 1, 1994, fifty-seven and
28 four-tenths percent.

29 (6) For active or inactive vested members retiring on or
30 after July 1, 1994, sixty percent.

31 c. For purposes of this subsection, fraction of years of
32 service means a number, not to exceed one, equal to the sum of
33 the years of membership service and the number of years of
34 prior service divided by thirty years.

35 2. EXTRA PAYMENTS ON ALLOWANCE -- PRE-1976 RETIREES.

1 a. On January 1, 1976, for each member who retired before
2 January 1, 1976, the amount of regular monthly retirement
3 allowance attributable to membership service and prior service
4 that was payable to the member for December 1975 is increased
5 by ten percent for the first calendar year or portion of a
6 calendar year the member was retired, and by an additional
7 five percent for each calendar year after the first calendar
8 year the member was retired through the calendar year
9 beginning January 1, 1975. The total increase shall not
10 exceed one hundred percent. Effective July 1, 1987, there is
11 appropriated for each fiscal year from the Iowa public
12 employees' retirement fund created in section 97B.7 to the
13 department of personnel from funds not otherwise appropriated
14 an amount sufficient to fund the monthly retirement allowance
15 increases paid under this paragraph.

16 The benefit increases granted to members retired under the
17 system on January 1, 1976, shall be granted only on January 1,
18 1976, and shall not be further increased for any year in which
19 the member was retired after the calendar year beginning
20 January 1, 1975.

21 b. Effective July 1, 1978, for each member who retired
22 from the system prior to January 1, 1976, the amount of
23 regular monthly retirement allowance attributable to
24 membership service and prior service that was payable to the
25 member for June 1978 is increased as follows:

26 (1) For the first ten years of service, fifty cents per
27 month for each complete year of service.

28 (2) For the eleventh through the twentieth years of
29 service, two dollars per month for each complete year of
30 service.

31 (3) For the twenty-first through the thirtieth years of
32 service, three dollars per month for each complete year of
33 service.

34 Effective July 1, 1979, the increases granted to members
35 under this subparagraph shall be paid to contingent annuitants

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1 and to beneficiaries.

2 3. EXTRA PAYMENTS ON ALLOWANCE.

3 a. Effective July 1, 1980, for each member who retired
4 from the system prior to January 1, 1976, and for each member
5 who retired from the system on or after January 1, 1976, under
6 section 97B.49A, subsection 4, the amount of regular monthly
7 retirement allowance attributable to membership service and
8 prior service that was payable to the member for June 1980 is
9 increased as follows:

10 (1) For the first ten years of service, fifty cents per
11 month for each complete year of service.

12 (2) For the eleventh through the twentieth years of
13 service, one dollar per month for each complete year of
14 service.

15 (3) For the twenty-first through the thirtieth years of
16 service, one dollar and fifty cents per month for each
17 complete year of service.

18 (4) The amount of monthly increase payable to a member
19 under this paragraph is also payable to a beneficiary and a
20 contingent annuitant and shall be reduced by an amount based
21 upon the actuarial equivalent of the option selected in
22 section 97B.51 or section 97B.52 compared to the full monthly
23 benefit provided in this section or section 97B.49A, as
24 applicable.

25 However, effective July 1, 1980, the monthly retirement
26 allowance attributable to membership service and prior service
27 of a member, contingent annuitant, and beneficiary shall not
28 be less than five dollars times the number of complete years
29 of service of the member, not to exceed thirty, reduced by an
30 amount based upon the actuarial equivalent of the option
31 selected in section 97B.51 or section 97B.52, compared to the
32 full monthly retirement benefit provided in this section or
33 section 97B.49A, as applicable.

34 b. Effective beginning July 1, 1982, for each member who
35 retired from the system prior to January 1, 1976, and for each

1 member who retired from the system on or after January 1,
2 1976, under section 97B.49A, subsection 4, the amount of
3 regular monthly retirement allowance attributable to
4 membership service and prior service that was payable to the
5 member for June 1982 is increased as follows:

6 (1) For the first ten years of service, fifty cents per
7 month for each complete year of service.

8 (2) For the eleventh through the twentieth years of
9 service, one dollar per month for each complete year of
10 service.

11 (3) For the twenty-first through the thirtieth years of
12 service, one dollar and fifty cents per month for each
13 complete year of service.

14 (4) The amount of monthly increase payable to a member
15 under this paragraph is also payable to a beneficiary and a
16 contingent annuitant and shall be reduced by an amount based
17 upon the actuarial equivalent of the option selected in
18 section 97B.51 or section 97B.52 compared to the full monthly
19 benefit provided in this section or section 97B.49A, as
20 applicable.

21 4. NORMAL RETIREMENT DATES. A retired member shall be
22 deemed to have retired on the member's normal retirement date,
23 and retirement benefits calculated shall not be reduced
24 pursuant to section 97B.50, if the member meets any of the
25 following requirements:

26 a. The member is an active or inactive vested member
27 retiring on or after July 1, 1988, and before July 1, 1990,
28 who is at least fifty-five years of age and has completed at
29 least thirty years of membership service and prior service,
30 and for which the sum of the number of years of membership
31 service and prior service and the member's age in years as of
32 the member's last birthday equals or exceeds ninety-two.

33 b. The member is an active or inactive vested member
34 retiring on or after July 1, 1990, and before July 1, 1996,
35 who is at least fifty-five years of age and for which the sum

1 of the number of years of membership service and prior service
2 and the member's age in years as of the member's last birthday
3 equals or exceeds ninety-two.

4 c. The member is an active or inactive vested member
5 retiring on or after July 1, 1996, and before July 1, 1997,
6 who is at least fifty-five years of age and for which the sum
7 of the number of years of membership service and prior service
8 and the member's age in years as of the member's last birthday
9 equals or exceeds ninety.

10 5. DIVIDENDS -- NOVEMBER 1996.

11 a. Each member who retired from the system between July 4,
12 1953, and December 31, 1975, or a contingent annuitant or
13 beneficiary of such a member, shall receive with the November
14 1996 monthly benefit payment a retirement dividend equal to
15 two hundred ninety-two percent of the monthly benefit payment
16 the member received for the preceding June, or the most
17 recently received benefit payment, whichever is greater. The
18 retirement dividend does not affect the amount of a monthly
19 benefit payment.

20 b. A member who retired from the system between January 1,
21 1976, and June 30, 1982, or a contingent annuitant or
22 beneficiary of such a member, shall receive with the November
23 1996 monthly benefit payment a retirement dividend equal to
24 two hundred twenty-three percent of the monthly benefit
25 payment the member received for the preceding June, or the
26 most recently received benefit payment, whichever is greater.
27 The retirement dividend does not affect the amount of a
28 monthly benefit payment.

29 c. A member who retired from the system between July 1,
30 1982, and June 30, 1986, or a contingent annuitant or
31 beneficiary of such a member, shall receive with the November
32 1996 monthly benefit payment a retirement dividend equal to
33 seventy-four percent of the monthly benefit payment the member
34 received for the preceding June, or the most recently received
35 benefit payment, whichever is greater. The retirement

1 dividend does not affect the amount of a monthly benefit
2 payment.

3 d. A member who retired from the system between July 1,
4 1986, and June 30, 1990, or a contingent annuitant or
5 beneficiary of such a member, shall receive with the November
6 1996 monthly benefit payment a retirement dividend equal to
7 twenty-four percent of the monthly benefit payment the member
8 received for the preceding June, or the most recently received
9 benefit payment, whichever is greater. The retirement
10 dividend does not affect the amount of a monthly benefit
11 payment.

12 e. Notwithstanding the determination of the amount of a
13 retirement dividend under this subsection, a retirement
14 dividend shall not be less than twenty-five dollars.

15 6. CONSERVATION PEACE OFFICER -- JULY 1986 - JULY 1988.

16 a. Notwithstanding other provisions of this chapter, a
17 member who is or has been employed as a conservation peace
18 officer under section 456A.13 and who retires on or after July
19 1, 1986, and before July 1, 1988, and at the time of
20 retirement is at least sixty years of age and has completed at
21 least twenty-five years of membership service as a
22 conservation peace officer, may elect to receive, in lieu of
23 the receipt of any benefits under subsection 1 or section
24 97B.49A, as applicable, a monthly retirement allowance equal
25 to one-twelfth of fifty percent of the member's three-year
26 average covered wage as a conservation peace officer, with
27 benefits payable during the member's lifetime.

28 b. A conservation peace officer who retires on or after
29 July 1, 1986, and before July 1, 1988, and has not completed
30 twenty-five years of membership service as required under this
31 subsection is eligible to receive a monthly retirement
32 allowance equal to one-twelfth of fifty percent of the
33 member's three-year average covered wage as a conservation
34 peace officer, multiplied by a fraction of years of service as
35 a conservation peace officer. For the purpose of this

1 subsection, "fraction of years of service" means a number, not
2 to exceed one, equal to the sum of the years of membership
3 service as a conservation peace officer, divided by twenty-
4 five years. On or after July 1, 1986, but before July 1,
5 1988, if the conservation peace officer has not reached sixty
6 years of age at retirement, the monthly retirement allowance
7 shall be reduced by five-tenths of one percent per month for
8 each month that the conservation peace officer's retirement
9 precedes the date on which the conservation peace officer
10 attains sixty years of age.

11 The annual contribution necessary to pay for the additional
12 benefits provided in this paragraph shall be paid by the
13 employer and employee in the same proportion that employer and
14 employee contributions are made under section 97B.11.

15 c. There is appropriated from the state fish and game
16 protection fund to the department of personnel an actuarially
17 determined amount calculated by the Iowa public employees'
18 retirement system sufficient to pay for the additional
19 benefits to conservation peace officers provided by this
20 subsection, as a percentage, in paragraph "a" and for the
21 employer portion of the benefits provided in paragraph "b".
22 The amount is in addition to the contribution paid by the
23 employer under section 97B.11. The cost of the benefits
24 relating to conservation peace officers within the fish and
25 game division of the department of natural resources shall be
26 paid from the state fish and game protection fund and the cost
27 of the benefits relating to the other conservation peace
28 officers of the department shall be paid from the general
29 fund.

30 7. PEACE OFFICER -- JULY 1986 - JULY 1988.

31 a. Notwithstanding other provisions of this chapter, a
32 member who is or has been employed as a peace officer and who
33 retires on or after July 1, 1986, and before July 1, 1988, and
34 at the time of retirement is at least sixty years of age and
35 has completed at least twenty-five years of membership service

1 as a peace officer, may elect to receive, in lieu of the
2 benefits under subsection 1 or section 97B.49A, subsection 4,
3 as applicable, a monthly retirement allowance equal to one-
4 twelfth of fifty percent of the member's three-year average
5 covered wage as a peace officer, with benefits payable during
6 the member's lifetime.

7 A peace officer who retires on or after July 1, 1986, and
8 before July 1, 1988, and has not completed twenty-five years
9 of membership service as required under this subsection is
10 eligible to receive a monthly retirement allowance equal to
11 one-twelfth of fifty percent of the member's three-year
12 average covered wage as a peace officer multiplied by the
13 fraction of years of service as a peace officer. For the
14 purpose of this subsection, "fraction of years of service"
15 means a number, not to exceed one, equal to the sum of the
16 years of membership service as a peace officer, divided by
17 twenty-five years. On or after July 1, 1984, but before July
18 1, 1988, if the peace officer has not reached sixty years of
19 age at retirement, the monthly retirement allowance shall be
20 reduced by five-tenths of one percent per month for each month
21 that the peace officer's retirement precedes the date on which
22 the peace officer attains sixty years of age.

23 For the purpose of this subsection, membership service as a
24 peace officer means service under this system as any or all of
25 the following:

- 26 (1) As a county sheriff as defined in section 39.17.
- 27 (2) As a deputy sheriff appointed pursuant to section
28 341.1, Code 1981, or section 331.903.
- 29 (3) As a marshal or police officer in a city not covered
30 under chapter 400.

31 b. Each county and applicable city and employee eligible
32 for benefits under this subsection shall annually contribute
33 an amount determined by the department of personnel, as a
34 percentage of covered wages, to be necessary to pay for the
35 additional benefits provided by this subsection. The annual

1 contribution in excess of the employer and employee
2 contributions required by this chapter shall be paid by the
3 employer and the employee in the same proportion that employer
4 and employee contributions are made under section 97B.11. The
5 additional percentage of covered wages shall be calculated
6 separately by the department for service under paragraph "a",
7 subparagraphs (1) and (2), and for service under paragraph
8 "a", subparagraph (3), and each shall be an actuarially
9 determined amount for that type of service which, if
10 contributed throughout the entire period of active service,
11 would be sufficient to provide the pension benefit provided in
12 this subsection.

13 8. CORRECTIONAL OFFICER -- JULY 1986 - JULY 1988.

14 a. Notwithstanding sections of this chapter relating to
15 eligibility for and determination of retirement benefits, a
16 vested member who is or has been employed as a correctional
17 officer by the Iowa department of corrections and who retires
18 on or after July 1, 1986, and before July 1, 1988, and at the
19 time of retirement is at least sixty years of age and has
20 completed at least thirty years of membership service as a
21 correctional officer, may elect to receive, in lieu of the
22 receipt of benefits under subsection 1 or section 97B.49A,
23 subsection 4, as applicable, a monthly retirement allowance
24 equal to one-twelfth of fifty percent of the member's three-
25 year average covered wage as a correctional officer, with
26 benefits payable during the member's lifetime.

27 b. The Iowa department of corrections and the department
28 of personnel shall jointly determine the applicable merit
29 system job classifications of correctional officers.

30 c. The Iowa department of corrections shall pay to the
31 department of personnel, from funds appropriated to the Iowa
32 department of corrections, an actuarially determined amount
33 sufficient to pay for the additional benefits provided in this
34 subsection. The amount is in addition to the employer
35 contributions required in section 97B.11.

1 9. AIRPORT FIRE FIGHTER -- JULY 1986 - JULY 1988.

2 a. Notwithstanding other provisions of this chapter, a
3 member who is or has been employed by the office of disaster
4 services as an airport fire fighter who retires on or after
5 July 1, 1986, and before July 1, 1988, and at the time of
6 retirement is at least sixty years of age and has completed at
7 least twenty-five years of membership service as an airport
8 fire fighter, may elect to receive, in lieu of the receipt of
9 any benefits under subsection 1 or section 97B.49A, subsection
10 4, as applicable, a monthly retirement allowance equal to one-
11 twelfth of fifty percent of the member's three-year average
12 covered wage as an airport fire fighter, with benefits payable
13 during the member's lifetime.

14 b. An airport fire fighter who retires on or after July 1,
15 1986, and before July 1, 1988, and has not completed twenty-
16 five years of membership service as required under this
17 subsection is eligible to receive a monthly retirement
18 allowance equal to one-twelfth of fifty percent of the
19 member's three-year average covered wage as an airport fire
20 fighter multiplied by a fraction of years of service as an
21 airport fire fighter. For the purpose of this subsection,
22 "fraction of years of service" means a number, not to exceed
23 one, equal to the sum of the years of membership service as an
24 airport fire fighter, divided by twenty-five years. On or
25 after July 1, 1986, but before July 1, 1988, if the airport
26 fire fighter has not reached sixty years of age at retirement,
27 the monthly retirement allowance shall be reduced by five-
28 tenths of one percent per month for each month that the
29 airport fire fighter's retirement precedes the date on which
30 the airport fire fighter attains sixty years of age.

31 c. The employer and each employee eligible for benefits
32 under this subsection shall annually contribute an actuarially
33 determined amount specified by the department, as a percentage
34 of covered wages, that is necessary to pay for the additional
35 benefits provided by this subsection. The annual contribution

1 in excess of the employer and employee contributions required
2 in section 97B.11 shall be paid by the employer and the
3 employee in the same proportion that the employer and employee
4 contributions are made under section 97B.11.

5 d. There is appropriated from the general fund of the
6 state to the department from funds not otherwise appropriated
7 an amount sufficient to pay the employer share of the cost of
8 the additional benefits provided in this subsection.

9 10. PROTECTION OCCUPATION -- JULY 1988 - JULY 1994.

10 a. For purposes of this subsection:

11 (1) "Applicable percentage" means the applicable
12 percentage multiplier defined in subsection 1, paragraph "b",
13 that applies on the date a member retires and becomes eligible
14 to receive a monthly allowance as calculated pursuant to this
15 subsection.

16 (2) "Fraction of years of service" means a number, not to
17 exceed one, equal to the sum of the years of membership
18 service in a protection occupation divided by twenty-five
19 years.

20 b. Notwithstanding other provisions of this chapter, a
21 member who is or has been employed in a protection occupation
22 who retires on or after July 1, 1988, and before July 1, 1994,
23 and at the time of retirement is at least fifty-five years of
24 age may elect to receive, in lieu of the receipt of any
25 benefits as calculated pursuant to subsection 1 or section
26 97B.49A, subsection 4, as applicable, a monthly retirement
27 allowance equal to one-twelfth of an amount equal to the
28 applicable percentage of the three-year average covered wage
29 as a member who has been employed in a protection occupation
30 multiplied by a fraction of years of service, with benefits
31 payable during the member's lifetime.

32 11. SHERIFFS AND DEPUTY SHERIFFS -- JULY 1988 - JULY 1994.

33 a. For purposes of this subsection:

34 (1) "Applicable percentage" means the applicable
35 percentage multiplier as described in subsection 1, paragraph

1 "b", that applies on the date a member retires and becomes
2 eligible to receive a monthly allowance as calculated pursuant
3 to this subsection.

4 (2) "Fraction of years of service" means a number, not to
5 exceed one, equal to the sum of the years of membership
6 service as a sheriff or deputy sheriff divided by twenty-two
7 years.

8 b. Notwithstanding other provisions of this chapter, a
9 member who retires from employment as a sheriff or deputy
10 sheriff on or after July 1, 1988, and before July 1, 1994, and
11 at the time of retirement is at least fifty-five years of age
12 may elect to receive, in lieu of the receipt of any benefits
13 as calculated pursuant to subsection 1 or section 97B.49A,
14 subsection 4, as applicable, a monthly retirement allowance
15 equal to one-twelfth of an amount equal to the applicable
16 percentage of the three-year average covered wage as a member
17 who has been employed as a sheriff or deputy sheriff
18 multiplied by a fraction of years of service, with benefits
19 payable during the member's lifetime.

20 Sec. 36. NEW SECTION. 97B.49H ACTIVE MEMBER SUPPLEMENTAL
21 ACCOUNTS.

22 1. There is established, for each active member, a
23 supplemental account consisting of amounts credited to the
24 account as provided in this section which shall be held and
25 used for the exclusive benefit of the member pursuant to the
26 requirements of this section.

27 2. Amounts shall be credited to a supplemental account of
28 each active member pursuant to the requirements of this
29 section following a determination by the system's actuary
30 during the most recent annual actuarial valuation that the
31 system does not have an unfunded accrued liability. For
32 purposes of this section, the system does not have an unfunded
33 accrued liability if the actuarial accrued liability of the
34 system based on the actuarial cost method used by the actuary
35 does not exceed the actuarial value of assets of the system as

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1 of the valuation date.

2 3. The department shall annually determine the amount to
3 be credited to the supplemental accounts of active members.
4 The amount to be credited shall be calculated by multiplying
5 the member's covered wages for the applicable wage reporting
6 period by the supplemental rate. For purposes of this
7 subsection, the supplemental rate is the difference, if
8 positive, between the combined employee and employer statutory
9 contribution rates in effect under section 97B.11 and the
10 normal cost rate of the system as determined by the system's
11 actuary in the most recent annual actuarial valuation of the
12 system. The credits shall be made at least quarterly during
13 the calendar year following a determination that the system
14 does not have an unfunded accrued liability. The normal cost
15 rate, calculated according to the actuarial cost method used,
16 is the percent of pay allocated to each year of service that
17 is necessary to fund projected benefits over all members'
18 service with the system.

19 4. Amounts credited to a member's supplemental account
20 shall be credited with interest quarterly pursuant to section
21 97B.70, subsection 2.

22 5. Amounts credited to a member's supplemental account
23 shall be distributed as follows:

24 a. If a member terminates covered employment and files an
25 application for a refund under section 97B.53, the member
26 shall receive in a lump sum payment, in addition to any other
27 payment provided by this chapter, all amounts credited to the
28 member's supplemental account.

29 b. If a member dies prior to retirement, the member's
30 beneficiary shall receive in a lump sum payment, in addition
31 to any other payment provided by this chapter, all amounts
32 credited to the member's supplemental account.

33 c. Upon retirement, the member shall receive in a lump sum
34 payment or in an annuity, in addition to any other payment
35 provided by this chapter, all amounts credited to the member's

1 supplemental account.

2 Sec. 37. IMPLEMENTATION DATE. New section 97B.49H,
3 establishing an active member supplemental account, shall not
4 be implemented until the Iowa public employees' retirement
5 system receives approval to implement this new section from
6 the federal internal revenue service.

7 Sec. 38. Section 97B.50, Code 1997, is amended to read as
8 follows:

9 97B.50 EARLY RETIREMENT.

10 1. Except as otherwise provided in this section, a vested
11 member, upon retirement prior to the normal retirement date
12 other than that specified in section 97B.45, subsection 4, is
13 entitled to receive a monthly retirement allowance determined
14 in the same manner as provided for normal retirement in
15 ~~section-97B.49, subsections 1, 4, and 5,~~ sections 97B.49A,
16 97B.49E, and 97B.49G, reduced as follows:

17 a. For a member who is less than sixty-two years of age,
18 by twenty-five hundredths of one percent per month for each
19 month that the early retirement date precedes the normal
20 retirement date.

21 b. For a member who is at least sixty-two years of age and
22 who has not completed thirty years of membership service and
23 prior service, by twenty-five hundredths of one percent per
24 month for each month that the early retirement date precedes
25 the normal retirement date.

26 2. a. A vested member who retires from the system due to
27 disability and commences receiving disability benefits
28 pursuant to the federal Social Security Act, 42 U.S.C. § 423
29 et seq., and who has not reached the normal retirement date,
30 shall receive benefits under ~~section-97B.49~~ sections 97B.49A
31 through 97B.49G, as applicable, and shall not have benefits
32 reduced upon retirement as required under subsection 1
33 regardless of whether the member has completed thirty or more
34 years of membership service. However, the benefits shall be
35 suspended during any period in which the member returns to

1 covered employment. This section takes effect July 1, 1990,
2 for a member meeting the requirements of this paragraph who
3 retired from the system at any time after July 4, 1953.
4 Eligible members are entitled to the receipt of retroactive
5 adjustment payments back to July 1, 1990, notwithstanding the
6 requirements of subsection 4.

7 b. A vested member who retires from the system due to
8 disability and commences receiving disability benefits
9 pursuant to the federal Railroad Retirement Act, 45 U.S.C. §
10 231 et seq., and who has not reached the normal retirement
11 date, shall receive benefits under ~~section-97B-49~~ sections
12 97B.49A through 97B.49G, as applicable, and shall not have
13 benefits reduced upon retirement as required under subsection
14 1 regardless of whether the member has completed thirty or
15 more years of membership service. However, the benefits shall
16 be suspended during any period in which the member returns to
17 covered employment. This section takes effect July 1, 1990,
18 for a member meeting the requirements of this paragraph who
19 retired from the system at any time since July 4, 1953.
20 Eligible members are entitled to the receipt of retroactive
21 adjustment payments back to July 1, 1990, notwithstanding the
22 requirements of subsection 4.

23 3. A member who is at least sixty-two years of age and
24 less than sixty-five years of age, and who has completed
25 thirty or more years of membership service and prior service,
26 shall receive full benefits under ~~section-97B-49~~ sections
27 97B.49A through 97B.49G, as applicable, determined as if the
28 member had attained sixty-five years of age.

29 4. A vested member eligible for a retirement allowance
30 adjusted under this section is entitled to receipt of
31 retroactive adjustment payments for no more than six months
32 immediately preceding the month in which written notice of
33 retirement was submitted to the department.

34 Sec. 39. Section 97B.51, subsection 2, Code 1997, is
35 amended to read as follows:

1 2. The election by a member of the an option stated under
2 ~~subsection-i-of~~ this section or in sections 97B.49A through
3 97B.49G, shall be null and void if the member dies prior to
4 the member's first month of entitlement.

5 Sec. 40. Section 97B.51, subsection 3, Code 1997, is
6 amended to read as follows:

7 3. A member who had elected to take the an option stated
8 in ~~subsection-i-of~~ this section or in sections 97B.49A through
9 97B.49G, as applicable, may, at any time prior to retirement,
10 revoke such an election by written notice to the department.
11 A member shall not change or revoke an election once the first
12 retirement allowance is paid.

13 Sec. 41. Section 97B.51, subsection 5, Code 1997, is
14 amended to read as follows:

15 5. At retirement, a member may designate that upon the
16 member's death, a specified amount of money shall be paid to a
17 named beneficiary, and the member's monthly retirement
18 allowance shall be reduced by an actuarially determined amount
19 to provide for the lump sum payment. The amount designated by
20 the member must be in thousand dollar increments and shall be
21 limited to the amount of the member's accumulated
22 contributions. The amount designated shall not lower the
23 monthly retirement allowance of the member by more than one-
24 half the amount payable under section ~~97B-497-subsection-i-or~~
25 5 97B.49A or 97B.49G, as applicable. A member may designate a
26 different beneficiary if the original named beneficiary
27 predeceases the member.

28 Sec. 42. Section 97B.52, subsection 1, paragraphs b and c,
29 Code 1997, are amended to read as follows:

30 b. For service in a protection occupation, as defined in
31 section ~~97B-497-subsection-i67-paragraph-"d"~~ 97B.49B, the
32 applicable denominator is twenty-five.

33 c. For service as a sheriff, deputy sheriff, or airport
34 fire fighter, as provided in section ~~97B-497-subsection-i67~~
35 ~~paragraph-"b"~~ 97B.49C, the applicable denominator is twenty-

1 two.

2 Sec. 43. Section 97B.52, subsection 2, Code 1997, is
3 amended to read as follows:

4 2. If a member dies on or after the first day of the
5 member's first month of entitlement, the excess, if any, of
6 the accumulated contributions by the member as of said date,
7 over the total gross monthly retirement allowances received by
8 the member under the retirement system will be paid to the
9 member's beneficiary unless the retirement allowance is then
10 being paid in accordance with section 97B-48A 97B.48 or with
11 section 97B.51, subsection 1, 4, 5, or 6.

12 Sec. 44. Section 97B.52, subsection 3, paragraph b, Code
13 1997, is amended to read as follows:

14 b. If a death benefit is due and payable, interest shall
15 continue to accumulate through the month quarter preceding the
16 month quarter in which payment is made to the designated
17 beneficiary, heirs at law, or the estate unless the payment of
18 the death benefit is delayed because of a dispute between
19 alleged heirs, in which case the benefit due and payable shall
20 be placed in a noninterest bearing escrow account until the
21 beneficiary is determined in accordance with this section.

22 4. In order to receive the death benefit, the beneficiary,
23 heirs at law, or the estate, or any other third-party payee,
24 must apply to the department within five years of the member's
25 death.

26 The department shall reinstate a designated beneficiary's
27 right to receive a death benefit beyond the five-year
28 limitation if the designated beneficiary was the member's
29 spouse at the time of the member's death and the distribution
30 is required or permitted pursuant to Internal Revenue Code
31 section 401(a)(9) and the applicable treasury regulations.

32 In the event that all, or any portion, of the death benefit
33 payable to the member's designated beneficiary, heirs at law,
34 or estate, shall remain unpaid solely by reason of the
35 inability of the system to locate the payee, the amount

1 payable shall be forfeited after the time for making a claim
2 has run. However, if the appropriate payee is located after
3 the death benefit is forfeited, the benefit shall be restored.

4 Sec. 45. Section 97B.52, subsection 4, Code 1997, is
5 amended by striking the subsection.

6 Sec. 46. Section 97B.52, subsection 5, Code 1997, is
7 amended to read as follows:

8 5. Following written notification to the department, a
9 beneficiary of a deceased member may waive current and future
10 rights to payments to which the beneficiary would otherwise be
11 entitled under section 97B.51, subsections 5 and 6, and this
12 section. Upon receipt of the waiver, the department shall pay
13 the amount designated to be received by that beneficiary to
14 the member's other surviving beneficiary or beneficiaries or
15 to the estate of the deceased member, as elected by the
16 beneficiary in the waiver. If the payments being waived are
17 payable to the member's estate and an estate is not probated,
18 the payments shall be paid to the deceased member's surviving
19 spouse, or if there is no surviving spouse, to the member's
20 heirs other than the beneficiary who waived the payments.

21 Sec. 47. Section 97B.52A, subsection 1, Code 1997, is
22 amended to read as follows:

23 1. ~~Effective January 1, 1995,~~ a A member has a bona fide
24 retirement when the member terminates all employment covered
25 under the chapter or formerly covered under the chapter
26 pursuant to section 97B.42, files a completed application for
27 benefits form with the department, survives into the month for
28 which benefits are first payable, and meets the following
29 applicable requirement:

30 a. For a member whose first month of entitlement is prior
31 to July 1, 1998, the member does not return to covered
32 ~~employment as defined in this chapter~~ until the member has
33 qualified for no fewer than four calendar months of retirement
34 benefits.

35 b. For a member whose first month of entitlement is July

1 1998 or later, the member does not return to any employment
2 with a covered employer until the member has qualified for no
3 fewer than four calendar months of retirement benefits.

4 Sec. 48. Section 97B.52A, subsection 3, Code 1997, is
5 amended to read as follows:

6 3. A member whose first month of entitlement is before
7 July 1998 and who terminates covered employment but maintains
8 an employment relationship with an employer that made
9 contributions to the system on the member's behalf does not
10 have a bona fide retirement until all employment, including
11 employment which is not covered by this chapter, with such
12 employer is terminated for at least thirty days. In order to
13 receive retirement benefits, the member must file a completed
14 application for benefits form with the department before
15 returning to any employment with the same employer.

16 Sec. 49. Section 97B.53, subsection 1, Code 1997, is
17 amended to read as follows:

18 1. Upon the termination of employment with the employer
19 prior to retirement other than by death of a member, the
20 accumulated contributions by the member and, for a vested
21 member, the accumulated employer contributions for the vested
22 member at the date of the termination may be paid to the
23 member upon application, except as provided in subsections 2,
24 5, and 6. For the purpose of this subsection, the
25 "accumulated employer contributions" is an amount equal to the
26 total obtained as of any date, by accumulating each individual
27 contribution by the employer for the member with interest plus
28 interest dividends as provided in section 97B.70, for all
29 completed calendar years and for any completed calendar year
30 for which the interest dividend has not been declared and for
31 completed months of partially completed calendar years,
32 compounded as provided in section 97B.70 multiplied by a
33 fraction of years of service for that member as defined in
34 section 97B.49A, 97B.49B, or 97B.49C.

35 Sec. 50. Section 97B.53, subsection 2, Code 1997, is

1 amended to read as follows:

2 2. If a vested member's employment is terminated prior to
3 the member's retirement, other than by death, the member may
4 receive a monthly retirement allowance commencing on the first
5 day of the month in which the member attains the age of sixty-
6 five years, if the member is then alive, or, if the member so
7 elects in accordance with section 97B.47, commencing on the
8 first day of the month in which the member attains the age of
9 fifty-five or any month thereafter prior to the date the
10 member attains the age of sixty-five years, and continuing on
11 the first day of each month thereafter during the member's
12 lifetime, provided the member does not receive prior to the
13 date the member's retirement allowance is to commence a refund
14 of accumulated contributions under any of the provisions of
15 this chapter. The amount of each such monthly retirement
16 allowance shall be determined as provided in either section
17 97B-49 sections 97B.49A through 97B.49G, or in section 97B.50,
18 whichever is applicable.

19 Sec. 51. Section 97B.53, subsection 3, Code 1997, is
20 amended to read as follows:

21 3. The accumulated contributions account of a terminated,
22 vested member shall be credited with interest, including
23 interest dividends, in the manner provided in section 97B.70.
24 ~~Interest-and-interest-dividends-shall-be-credited-to-the~~
25 ~~accumulated-contributions-of-members-who-terminate-service-and~~
26 ~~subsequently-become-vested-in-accordance-with-section-97B-70.~~

27 Sec. 52. Section 97B.53, subsection 6, Code 1997, is
28 amended to read as follows:

29 ~~6. A-member-who-terminates-employment-before-the-member-is~~
30 ~~vested-and-who-does-not-claim-and-receive-a-refund-of-the~~
31 ~~member's-accumulated-contributions-within-ten-years-of-the~~
32 ~~date-of-termination-shall,-if-the-member-makes-claim-for-a~~
33 ~~refund-more-than-ten-years-after-the-date-of-termination,-be~~
34 ~~required-to-submit-proof-satisfactory-to-the-department-of-the~~
35 ~~member's-entitlement-to-the-refund,-Interest-and-interest~~

1 ~~dividends on the accumulated contributions shall only be~~
2 ~~credited if provided in accordance with section 97B.70.---The~~
3 ~~department is under no obligation to maintain the accumulated~~
4 ~~contribution accounts of such former members for more than ten~~
5 ~~years after their dates of termination. The system is under~~
6 no obligation to maintain the accumulated contribution account
7 of a member who terminates covered employment prior to
8 December 31, 1998, if the member was not vested at the time of
9 termination. A person who made contributions to the abolished
10 system, who is entitled to a refund in accordance with the
11 provisions of this chapter, and who has not claimed and
12 received such a refund prior to January 1, 1964, shall, if the
13 person makes a claim for refund after January 1, 1964, be
14 required to submit proof satisfactory to the department of the
15 person's entitlement to the refund. The department is under
16 no obligation to maintain the contribution accounts of such
17 persons after January 1, 1964.

18 Sec. 53. Section 97B.70, subsection 3, Code 1997, is
19 amended to read as follows:

20 3. Interest ~~and interest dividends~~ shall be credited to
21 the accumulated contributions accounts of active members, and
22 inactive vested members, and, effective January 1, 1999, to
23 inactive nonvested members, until the first-of-the-month
24 coinciding with or next following the member's retirement date
25 quarter prior to the quarter in which the member's first
26 retirement allowance is paid or in which the member is issued
27 a refund under section 97B.53, or in which a death benefit is
28 issued.

29 Sec. 54. Section 97B.70, subsection 4, Code 1997, is
30 amended to read as follows:

31 4. Interest Prior to January 1, 1999, interest and
32 interest dividends shall be credited to the accumulated
33 contributions account of a person who leaves the contributions
34 in the retirement fund upon termination from covered
35 employment prior to achieving vested status, but who

1 subsequently achieves-vested-status returns to covered
2 employment. The Upon return to covered employment but prior
3 to January 1, 1999, interest and interest dividends shall be
4 credited to the accumulated contributions account of the
5 person commencing upon the date on which the person becomes-a
6 vested-member has covered wages.

7 ~~5. Interest-and-interest-dividends-shall-cease-upon-the~~
8 ~~first-of-the-month-coinciding-with-or-next-following-the~~
9 ~~person's-retirement-date.~~ If the department no longer
10 maintains the accumulated contribution account of the person
11 pursuant to ~~section-97B-53~~ this chapter, but the person
12 submits satisfactory proof to the department that the person
13 did make the contributions, the department shall credit
14 interest and interest dividends in the manner provided in ~~this~~
15 subsection 4.

16 Sec. 55. Section 97B.72, Code 1997, is amended to read as
17 follows:

18 97B.72 MEMBERS OF GENERAL ASSEMBLY --APPROPRIATION.

19 1. Persons who are members of the Seventy-first General
20 Assembly or a succeeding general assembly who submit proof to
21 the department of membership in the general assembly during
22 any period beginning July 4, 1953, may make contributions to
23 the system for all or a portion of the period of service in
24 the general assembly, and receive credit for the applicable
25 period for which contributions are made. ~~The-contributions~~
26 ~~made-by-the-member-shall-be-equal-to-the-accumulated~~
27 ~~contributions-as-defined-in-section-97B-41,-subsection-2,~~
28 ~~which-would-have-been-made-if-the-member-of-the-general~~
29 ~~assembly-had-been-a-member-of-the-system-during-the-applicable~~
30 ~~period.~~ The proof of membership in the general assembly and
31 payment of accumulated contributions as provided by this
32 section shall be transmitted to the department. A member
33 making contributions pursuant to this section may make the
34 contributions either for the entire applicable period of
35 service, or for portions of the period of service, and if

1 contributions are made for portions of the period of service,
2 the contributions shall be in increments of one or more
3 calendar quarters.

4 2. The contributions required to be made for purposes of
5 this section shall be determined as follows:

6 a. For a member making contributions for a purchase of
7 additional service prior to July 1, 1999, the member shall
8 make contributions in an amount equal to the accumulated
9 contributions as defined in section 97B.41, subsection 2,
10 which would have been made if the member of the general
11 assembly had been a member of the system during the applicable
12 period of service in the general assembly. There is
13 appropriated from moneys available to the general assembly
14 under section 2.12 an amount sufficient to pay the
15 contributions pursuant to this paragraph, of the employer
16 based on the period of service for which the members have paid
17 accumulated contributions, in an amount equal to the
18 contributions which would have been made if the members of the
19 general assembly who made employee contributions had been
20 members of the system during the applicable period of service
21 in the general assembly, plus interest and interest dividends
22 at the rate provided in section 97B.70 for all completed
23 calendar years, and for any completed calendar year for which
24 the interest dividend has not been declared and for completed
25 months of partially completed calendar years, compounded as
26 provided in section 97B.70.

27 b. For a member making contributions for a purchase of
28 additional service on or after July 1, 1999, the member shall
29 make contributions in an amount equal to forty percent of the
30 actuarial cost of the service purchase. There is also
31 appropriated from moneys available to the general assembly
32 under section 2.12 an amount sufficient to pay sixty percent
33 of the actuarial cost of the service purchase by a member
34 pursuant to this paragraph. For purposes of this paragraph,
35 the actuarial cost of the service purchase is an amount

1 determined by the department in accordance with actuarial
2 tables, as reported to the department by the system's actuary,
3 which reflects the actuarial cost necessary to fund an
4 increased retirement allowance resulting from the purchase of
5 additional service.

6 3. However, the department shall ensure that the member,
7 in exercising an option provided in this section, does not
8 exceed the amount of annual additions to a member's account
9 permitted pursuant to section 415 of the federal Internal
10 Revenue Code.

11 Sec. 56. Section 97B.72A, Code 1997, is amended to read as
12 follows:

13 97B.72A FORMER LEGISLATIVE SERVICE -- APPROPRIATION.

14 1. A vested or retired member of the system who was a
15 member of the general assembly prior to July 1, 1988, may make
16 contributions to the system for all or a portion of the period
17 of service in the general assembly. ~~The contributions made by~~
18 ~~the member shall be equal to the accumulated contributions as~~
19 ~~defined in section 97B.417, subsection 2, which would have been~~
20 ~~made if the member of the general assembly had been a member~~
21 ~~of the system during the applicable period of service in the~~
22 ~~general assembly.~~ A member making contributions pursuant to
23 this section may make the contributions either for the entire
24 applicable period of service, or for portions of the period of
25 service, and if contributions are made for portions of the
26 period of service, the contributions shall be in increments of
27 one or more calendar quarters. The member of the system shall
28 submit proof to the department of membership in the general
29 assembly. The department shall credit the member with the
30 period of membership service for which contributions are made.

31 2. The contributions required to be made for purposes of
32 this section shall be determined as follows:

33 a. For a member making contributions for a purchase of
34 additional service prior to July 1, 1999, the contributions
35 made by the member shall be equal to the accumulated

1 contributions as defined in section 97B.41, subsection 2,
2 which would have been made if the member of the general
3 assembly had been a member of the system during the applicable
4 period of service in the general assembly. There is
5 appropriated from the general fund of the state to the
6 department an amount sufficient to pay the contributions of
7 the employer based on the period of service of members of the
8 general assembly for which the member paid accumulated
9 contributions ~~under this section~~ pursuant to this paragraph.
10 The amount appropriated is equal to the employer contributions
11 which would have been made if the members of the system who
12 made employee contributions had been members of the system
13 during the period for which they made employee contributions,
14 plus interest at the rate provided in section 97B.70 for each
15 year compounded as provided in section 97B.70.

16 b. For a member making contributions for a purchase of
17 additional service on or after July 1, 1999, the member shall
18 make contributions in an amount equal to forty percent of the
19 actuarial cost of the service purchase. There is also
20 appropriated from the general fund of the state to the
21 department an amount sufficient to pay sixty percent of the
22 actuarial cost of the service purchase by a member pursuant to
23 this paragraph. For purposes of this paragraph, the actuarial
24 cost of the service purchase is an amount determined by the
25 department in accordance with actuarial tables, as reported to
26 the department by the system's actuary, which reflects the
27 actuarial cost necessary to fund an increased retirement
28 allowance resulting from the purchase of additional service.

29 ~~2-~~ 3. However, the department shall ensure that the
30 member, in exercising an option provided in this section, does
31 not exceed the amount of annual additions to a member's
32 account permitted pursuant to section 415 of the federal
33 Internal Revenue Code.

34 Sec. 57. Section 97B.73, Code 1997, is amended to read as
35 follows:

1 97B.73 MEMBERS FROM OTHER PUBLIC SYSTEMS.

2 1. A vested or retired member who has one or more full
3 calendar years of covered wages who was in public employment
4 comparable to employment covered under this chapter in another
5 state or in the federal government, or who was a member of
6 another public retirement system in this state, including but
7 not limited to the teachers insurance annuity association-
8 college retirement equities fund, but who was not retired
9 under that system, upon submitting verification of membership
10 and service in the other public system to the department,
11 including proof that the member has no further claim upon a
12 retirement benefit from that other public system, may make
13 employer-and-employee contributions as provided by this
14 section to the system either for the entire period of service
15 in the other public system, or for partial service in the
16 other public system in increments of one or more calendar
17 quarters. If the member wishes to transfer only a portion of
18 the service value of another public system to this system and
19 the other public system allows a partial withdrawal of a
20 member's system credits, the member shall receive credit for
21 membership service in this system equivalent to the period of
22 service transferred from the other public system. The

23 2. The contributions required to be made for purposes of
24 this section shall be determined as follows:

25 a. For a member making contributions for a purchase of
26 additional service prior to July 1, 1999, the contribution
27 payable, representing both employee and employer
28 contributions, shall be based upon the member's covered wages
29 for the most recent full calendar year at the applicable rates
30 in effect for that calendar year under sections 97B.11,
31 97B.49B, 97B.49C, and 97B-49 97B.49G and multiplied by the
32 member's years of service in other public employment. If the
33 member's most recent covered wages were earned prior to the
34 most recent calendar year, the member's covered wages shall be
35 adjusted by the department by an inflation factor to reflect

1 changes in the economy since the covered wages were earned.

2 b. For a member making contributions for a purchase of
3 additional service on or after July 1, 1999, the member shall
4 make contributions in an amount equal to the actuarial cost of
5 the service purchase. For purposes of this paragraph, the
6 actuarial cost of the service purchase is an amount determined
7 by the department in accordance with actuarial tables, as
8 reported to the department by the system's actuary, which
9 reflects the actuarial cost necessary to fund an increased
10 retirement allowance resulting from the purchase of additional
11 service.

12 3. This section is applicable to a vested or retired
13 member who was a member of a public retirement system
14 established in sections 294.8, 294.9, and 294.10 but was not
15 retired under that system.

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

21 4. A member entitled to a benefit from another public
22 system must waive, on a form provided by the Iowa public
23 employees' retirement system, all rights to a retirement
24 benefit under the other public system before receiving credit
25 in this system for the years of service in the other public
26 system. The waiver must be accepted by the other public
27 system.

28 5. Effective July 1, 1988, a member eligible for an
29 increased retirement allowance because of the payment of
30 contributions under this section is entitled to receipt of
31 retroactive adjustment payments for no more than six months
32 immediately preceding the month in which written notice was
33 submitted to the department the member pays contributions
34 under this section.

35 6. Effective July 1, 1998, a purchase of service made in

1 accordance with this section by a retired reemployed member
2 shall be applied to either the member's original retirement
3 allowance, or to the member's reemployment service, whichever
4 is more beneficial to the member. If applied to a member's
5 original retirement allowance, or to the member's reemployment
6 service after the retirement allowance payments for such
7 service begin, the member is eligible to receive retroactive
8 adjustment payments for no more than six months prior to
9 completion of the purchase.

10 7. However, the department shall ensure that the member,
11 in exercising an option provided in this section, does not
12 exceed the amount of annual additions to a member's account
13 permitted pursuant to section 415 of the federal Internal
14 Revenue Code.

15 Sec. 58. Section 97B.73A, Code 1997, is amended to read as
16 follows:

17 97B.73A PART-TIME COUNTY ATTORNEYS.

18 1. A part-time county attorney may elect in writing to the
19 department to make ~~employee~~ contributions to the system for
20 the county attorney's previous service as a county attorney
21 and receive credit for membership service in the system for
22 the applicable period of service as a part-time county
23 attorney for which employee contributions are made. ~~The~~
24 ~~contributions-paid-by-the-member-shall-be-equal-to-the~~
25 ~~accumulated-contributions, as defined in section 97B.417~~
26 ~~subsection 2, for the applicable period of membership service.~~
27 A member making contributions pursuant to this section may
28 make the contributions either for the entire applicable period
29 of service, or for portions of the period of service, and if
30 contributions are made for portions of the period of service,
31 the contributions shall be in increments of one or more
32 calendar quarters.

33 2. The contributions required to be made for purposes of
34 this section shall be determined as follows:

35 a. For a member making contributions for a purchase of

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1 additional service prior to July 1, 1999, the contributions
 2 paid by the member shall be equal to the accumulated
 3 contributions, as defined in section 97B.41, subsection 2, for
 4 the applicable period of membership service. A member who
 5 elects to make contributions ~~under this section~~ pursuant to
 6 this paragraph shall notify the applicable county board of
 7 supervisors of the member's election, and the county board of
 8 supervisors shall pay to the department the employer
 9 contributions that would have been contributed by the employer
 10 under section 97B.11, plus interest on the contributions that
 11 would have accrued if the county attorney had been a member of
 12 the system for the applicable period of service.

13 b. For a member making contributions for a purchase of
 14 additional service on or after July 1, 1999, the member shall
 15 make contributions in an amount equal to forty percent of the
 16 actuarial cost of the service purchase. Upon notification of
 17 the applicable county board of supervisors of the member's
 18 election, the county board of supervisors shall pay to the
 19 department an amount sufficient to pay sixty percent of the
 20 actuarial cost of the service purchase by a member pursuant to
 21 this paragraph. For purposes of this paragraph, the actuarial
 22 cost of the service purchase is an amount determined by the
 23 department in accordance with actuarial tables, as reported to
 24 the department by the system's actuary, which reflects the
 25 actuarial cost necessary to fund an increased retirement
 26 allowance resulting from the purchase of additional service.

27 3. Effective July 1, 1988, a member eligible for an
 28 increased retirement allowance because of the payment of
 29 contributions under this section is entitled to receipt of
 30 retroactive adjustment payments for no more than six months
 31 immediately preceding the month in which written notice was
 32 submitted to the department.

33 4. However, the department shall ensure that the member,
 34 in exercising an option provided in this section, does not
 35 exceed the amount of annual additions to a member's account

1 permitted pursuant to section 415 of the federal Internal
2 Revenue Code.

3 Sec. 59. Section 97B.74, Code 1997, is amended to read as
4 follows:

5 97B.74 REINSTATEMENT AS A VESTED MEMBER (BUY-BACK).

6 1. A vested or retired member who was a member of the
7 system at any time on or after July 4, 1953, and who received
8 a refund of the member's contributions for that period of
9 membership service, may elect in writing to the department to
10 make contributions to the system for all or a portion of the
11 period of membership service for which a refund of
12 contributions was made, and receive credit for the period of
13 membership service for which contributions are made. The
14 ~~contributions-repaid-by-the-member-for-such-service-shall-be~~
15 ~~equal-to-the-accumulated-contributions,-as-defined-in-section~~
16 ~~97B:41,-subsection-2,-received-by-the-member-for-the~~
17 ~~applicable-period-of-membership-service,-plus-interest-on-the~~
18 ~~accumulated-contributions-for-the-applicable-period,-from-the~~
19 ~~date-of-receipt-by-the-member-to-the-date-of-repayment,-at-the~~
20 ~~interest-rate-provided-in-section-97B:70-applicable-for-each~~
21 ~~year-compounded-as-provided-in-section-97B:70.~~

22 A member making contributions pursuant to this section may
23 make the contributions either for the entire applicable period
24 of service, or 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
27 calendar quarters.

28 2. The contributions required to be made for purposes of
29 this section shall be determined as follows:

30 a. For a member making contributions for a purchase of
31 additional service prior to July 1, 1999, the contributions to
32 be repaid by the member for such service shall be equal to the
33 accumulated contributions, as defined in section 97B.41,
34 subsection 2, received by the member for the applicable period
35 of membership service, plus interest on the accumulated

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1 contributions for the applicable period, from the date of
2 receipt by the member to the date of repayment, at the
3 interest rate provided in section 97B.70 applicable for each
4 year compounded as provided in section 97B.70.

5 b. For a member making contributions for a purchase of
6 additional service on or after July 1, 1999, the member shall
7 make contributions in an amount equal to the actuarial cost of
8 the service purchase. For purposes of this paragraph, the
9 actuarial cost of the service purchase is an amount determined
10 by the department in accordance with actuarial tables, as
11 reported to the department by the system's actuary, which
12 reflects the actuarial cost necessary to fund an increased
13 retirement allowance resulting from the purchase of additional
14 service.

15 3. Effective July 1, 1988, a member eligible for an
16 increased retirement allowance because of the payment of
17 contributions under this section is entitled to receipt of
18 retroactive adjustment payments for no more than six months
19 immediately preceding the month in which written notice was
20 submitted to the department.

21 Sec. 60. Section 97B.80, Code Supplement 1997, is amended
22 to read as follows:

23 97B.80 VETERAN'S CREDIT.

24 1. Effective July 1, 1992, a vested or retired member, who
25 has one or more full calendar years of covered wages and who
26 at any time served on active duty in the armed forces of the
27 United States, upon submitting verification of the dates of
28 the active duty service, may make employer-and-employee
29 contributions to the system based-upon-the-member's-covered
30 wages-for-the-most-recent-full-calendar-year-in-which-the
31 member-had-reportable-wages-at-the-applicable-rates-in-effect
32 for-that-year-under-sections-97B.11-and-97B.49, for all or a
33 portion of the period of time of the active duty service, in
34 increments of one or more calendar quarters, and receive
35 credit for membership service and prior service for the period

1 of time for which the contributions are made.

2 2. The contributions required to be made for purposes of
3 this section shall be determined as follows:

4 a. For a member making contributions for a purchase of
5 additional service prior to July 1, 1999, the contributions to
6 be paid, representing both employer and employee
7 contributions, shall be based upon the member's covered wages
8 for the most recent full calendar year in which the member had
9 reportable wages at the applicable rates in effect for that
10 year under sections 97B.11, 97B.49B, 97B.49C, and 97B.49G. If
11 the member's most recent covered wages were earned prior to
12 the most recent calendar year, the member's covered wages
13 shall be adjusted by the department by an inflation factor to
14 reflect changes in the economy.

15 b. For a member making contributions for a purchase of
16 additional service on or after July 1, 1999, the member shall
17 make contributions in an amount equal to the actuarial cost of
18 the service purchase. For purposes of this paragraph, the
19 actuarial cost of the service purchase is an amount determined
20 by the department in accordance with actuarial tables, as
21 reported to the department by the system's actuary, which
22 reflects the actuarial cost necessary to fund an increased
23 retirement allowance resulting from the purchase of additional
24 service.

25 3. The department shall adjust benefits for a six-month
26 period prior to the date the member pays contributions under
27 this section if the member is receiving a retirement allowance
28 at the time the contribution payment is made. Verification of
29 active duty service and payment of contributions shall be made
30 to the department. However, a member is not eligible to make
31 contributions under this section if the member is receiving,
32 is eligible to receive, or may in the future be eligible to
33 receive retirement pay from the United States government for
34 active duty in the armed forces, except for retirement pay
35 granted by the United States government under retired pay for

1 nonregular service pursuant to 10 U.S.C. § 12731--12739. A
2 member receiving retired pay for nonregular service who makes
3 contributions under this section shall provide information
4 required by the department documenting time periods covered
5 under retired pay for nonregular service.

6 ~~Notwithstanding any provision of this section to the~~
7 ~~contrary, effective July 1, 1994, a vested or retired member~~
8 ~~must have membership service within the current calendar year~~
9 ~~in order to make contributions in any manner provided by this~~
10 ~~section.~~

11 4. Effective July 1, 1998, a purchase of service made in
12 accordance with this section by a retired reemployed member
13 shall be applied to either the member's original retirement
14 allowance, or to the member's reemployment service, whichever
15 is more beneficial to the member. If applied to the member's
16 original retirement allowance, or to the member's reemployment
17 service after the retirement allowance payments for such
18 service begin, the member is eligible to receive retroactive
19 adjustment payments for no more than six months prior to
20 completion of the purchase.

21 5. However, the department shall ensure that the member,
22 in exercising an option provided in this section, does not
23 exceed the amount of annual additions to a member's account
24 permitted pursuant to section 415 of the federal Internal
25 Revenue Code.

26 Sec. 61. NEW SECTION. 97B.81 LEAVES OF ABSENCE.

27 1. A vested member on an approved leave of absence which
28 does not constitute service as defined in section 97B.1A,
29 subsection 19, which is granted on or after July 1, 1998, may
30 make contributions to the system for all or a portion of the
31 leave of absence, and shall receive service credit for the
32 period of time for which the contributions are made.

33 2. The contributions required to be made for purposes of
34 this section shall be determined as follows:

35 a. For a member making contributions for a purchase of

1 additional service prior to July 1, 1999, the contributions to
2 be paid, representing both employer and employee
3 contributions, shall be based upon the member's covered wages
4 for the most recent full calendar year in which the member had
5 covered wages at the applicable rates in effect for that
6 calendar year under sections 97B.11, 97B.49B, 97B.49C, and
7 97B.49G. If the member's most recent covered wages were
8 earned prior to the most recent calendar year, the member's
9 covered wages shall be adjusted by the department by an
10 inflation factor to reflect changes in the economy.

11 b. For a member making contributions for a purchase of
12 additional service on or after July 1, 1999, the member shall
13 make contributions in an amount equal to the actuarial cost of
14 the service purchase. For purposes of this paragraph, the
15 actuarial cost of the service purchase is an amount determined
16 by the department in accordance with actuarial tables, as
17 reported to the department by the system's actuary, which
18 reflects the actuarial cost necessary to fund an increased
19 retirement allowance resulting from the purchase of additional
20 service.

21 3. A member shall not be entitled to purchase the service
22 credit, however, if the member is entitled to receive a
23 retirement benefit from another public retirement system for
24 the same period of time. A member entitled to a benefit from
25 another public system must waive, on a form provided by the
26 Iowa public employees' retirement system, all rights to a
27 retirement benefit under the other public system before
28 receiving credit in this system for any period of service in
29 the other public system. The waiver must be accepted by the
30 other public system.

31 4. However, the department shall ensure that the member,
32 in exercising an option provided by this section, does not
33 exceed the amount of annual additions to a member's account
34 permitted pursuant to section 415 of the federal Internal
35 Revenue Code.

1 Sec. 62. Section 97D.3, subsection 2, Code 1997, is
2 amended to read as follows:

3 2. Upon a favorable vote in the referendum and
4 notwithstanding sections 97A.3 and 411.3, all persons newly
5 hired as peace officers, as defined in section 97A.1, police
6 officers, and fire fighters after July 1, 1991, shall be
7 members of the Iowa public employees' retirement system under
8 chapter 97B, rather than members of retirement systems under
9 chapters 97A and 411. Such members shall have federal social
10 security coverage in addition to coverage under the Iowa
11 public employees' retirement system and shall have the same
12 benefits as county sheriffs and deputy sheriffs under section
13 ~~97B.497-subsection-167-paragraph-"b"~~ 97B.49C or 97B.49G, as
14 applicable.

15 Sec. 63. Section 509A.13A, subsection 1, paragraph b,
16 subparagraph (2), subparagraph subdivision (b), Code 1997, is
17 amended to read as follows:

18 (b) Meeting the requirements for receiving benefits under
19 section ~~97B.497-subsection-16~~ 97B.49B, 97B.49C, or 97B.49G,
20 subsections 10 and 11, without a reduction for years of
21 service ~~pursuant-to-section-97B.497-subsection-167-paragraph~~
22 ~~"c"~~.

23 Sec. 64. Section 602.1611, subsection 3, Code 1997, is
24 amended to read as follows:

25 3. Magistrates ~~may elect to~~ shall be members of the Iowa
26 public employees' retirement system ~~upon filing in writing~~
27 ~~with the department of personnel~~ unless the magistrate elects
28 out of coverage under the Iowa public employees' retirement
29 system as provided in section ~~97B.417-subsection-87-paragraph~~
30 ~~"b7"-subparagraph-(8)~~ 97B.42A.

31 Sec. 65. Section 602.11115, subsection 2, Code 1997, is
32 amended to read as follows:

33 2. To commence coverage under the judicial retirement
34 system pursuant to article 9, part 1, effective July 1, 1984,
35 but to become an inactive member of the Iowa public employees'

1 retirement system pursuant to chapter 97B and remain eligible
2 for benefits under ~~section-97B-49~~ sections 97B.49A through
3 97B.49H for the period of membership service under chapter
4 97B.

5 Sec. 66. Section 724.6, subsection 2, Code 1997, is
6 amended to read as follows:

7 2. Notwithstanding subsection 1, fire fighters, as defined
8 in section 411.1, subsection 9, airport fire fighters included
9 under section ~~97B-49, subsection-16, paragraph-"b"~~
10 subparagraph-(2) 97B.49C, emergency rescue technicians, and
11 emergency medical care providers, as defined in section
12 147A.1, shall not, as a condition of employment, be required
13 to obtain a permit under this section. However, the
14 provisions of this subsection shall not apply to a person
15 designated as an arson investigator by the chief fire officer
16 of a political subdivision.

17 Sec. 67. Sections 97B.12 and 97B.20, Code 1997, are
18 repealed.

19 Sec. 68. Section 97B.49, Code Supplement 1997, is
20 repealed.

21 Sec. 69. EFFECTIVE DATE -- APPLICABILITY. Section 14,
22 amending section 97B.41, subsection 8, is effective January 1,
23 1999, and is applicable to persons hired on and after that
24 date.

25 Sec. 70. IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM --
26 ELIGIBILITY FOR RETIREMENT ALLOWANCE.

27 1. Notwithstanding any provision of chapter 97B to the
28 contrary, a person designated by an eligible member of the
29 Iowa public employees' retirement system as a contingent
30 annuitant eligible to receive an optional allowance pursuant
31 to Iowa Code section 97B.51 but who did not receive an
32 allowance as a contingent annuitant pursuant to the
33 requirements of section 97B.51 (Code 1993) shall be entitled
34 to receive an optional allowance and an applicable lump-sum
35 payment pursuant to that election commencing with the first

1 month following a determination by the Iowa public employees' retirement system that the requirements of this section are met. For purposes of this section, "an applicable lump-sum payment" means an amount representing the monthly allowances that would have been paid had the person designated as a contingent annuitant been eligible to receive an optional allowance immediately following the death of the eligible member.

2. For purposes of this section, an eligible member of the Iowa public employees' retirement system means a member who meets all of the following requirements:

a. The member submitted a valid application for retirement benefits between November 1, 1993, and January 1, 1995.

b. The member was otherwise eligible to receive a retirement allowance pursuant to section 97B.51, subsection 1, Code 1993, but died prior to the department of personnel issuing payment of the member's first retirement allowance.

c. The member survived into the month for which the member's first retirement allowance would have been payable.

3. The person designated as a contingent annuitant shall file a valid application with the Iowa public employees' retirement system for an allowance pursuant to this section prior to June 30, 1999.

4. A person designated as a contingent annuitant who elects to receive an allowance pursuant to this section shall, prior to receiving an allowance pursuant to this section, make arrangements with the Iowa public employees' retirement system to repay any death benefits paid by the system to the person.

Sec. 71. CODE EDITOR DIRECTIVES. The Code editor is directed to renumber Iowa Code section 97B.41 to Iowa Code section 97B.1A. Sections 97A.3, 97B.1, 97B.42B, 97B.43, 97B.66, 97B.68, 97B.72, 97B.72A, 97B.73A, 97B.74, 411.3, 411.30, and 602.11115, Code 1997, are amended by striking from the sections the reference "97B.41" and inserting in lieu thereof the reference "97B.1A".

DIVISION III

STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM

1
2
3 Sec. 72. Section 411.6, subsection 2, paragraph d,
4 subparagraph (3), Code 1997, is amended to read as follows:

5 (3) For a member who terminates service, other than by
6 death or disability, on or after October 16, 1992, but before
7 July 1, 1998, and who does not withdraw the member's
8 contributions pursuant to section 411.23, upon the member's
9 retirement there shall be added six-tenths percent of the
10 member's average final compensation for each year of service
11 over twenty-two years. However, this subparagraph does not
12 apply to more than eight additional years of service.

13 Sec. 73. Section 411.6, subsection 2, paragraph d, Code
14 1997, is amended by adding the following new subparagraph:

15 NEW SUBPARAGRAPH. (4) For a member who terminates
16 service, other than by death or disability, on or after July
17 1, 1998, and who does not withdraw the member's contributions
18 pursuant to section 411.23, upon the member's retirement there
19 shall be added one and one-half percent of the member's
20 average final compensation for each year of service over
21 twenty-two years. However, this subparagraph does not apply
22 to more than eight additional years of service.

23 Sec. 74. Section 411.6, subsection 4, Code 1997, is
24 amended to read as follows:

25 4. ALLOWANCE ON ORDINARY DISABILITY RETIREMENT.

26 a. Upon retirement for ordinary disability prior to July
27 1, 1998, a member shall receive an ordinary disability
28 retirement allowance which shall consist of a pension which
29 shall equal fifty percent of the member's average final
30 compensation unless either of the following conditions exist:

31 a- (1) If the member has not had five or more years of
32 membership service the member shall receive a pension equal to
33 one-fourth of the member's average final compensation.

34 b- (2) If the member has had twenty-two or more years of
35 membership service, the member shall receive a disability

1 retirement allowance that is equal to the greater of the
2 benefit that the member would receive under subsection 2 if
3 the member were fifty-five years of age or the disability
4 pension otherwise calculated under this subsection.

5 b. Upon retirement for ordinary disability on or after
6 July 1, 1998, a member who has five or more years of
7 membership service shall receive a disability retirement
8 allowance in an amount equal to the greater of fifty percent
9 of the member's average final compensation or the retirement
10 allowance that the member would receive under subsection 2 if
11 the member had attained fifty-five years of age. A member who
12 has less than five years of membership service shall receive a
13 pension equal to one-fourth of the member's average final
14 compensation.

15 Sec. 75. Section 411.6, subsection 6, paragraph b, Code
16 1997, is amended to read as follows:

17 b. Upon retirement for accidental disability on or after
18 July 1, 1990, but before July 1, 1998, a member shall receive
19 an accidental disability retirement allowance which shall
20 consist of a pension equal to sixty percent of the member's
21 average final compensation. However, if the member has had
22 twenty-two or more years of membership service, the member
23 shall receive a disability retirement allowance that is equal
24 to the greater of the retirement allowance that the member
25 would receive under subsection 2 if the member was fifty-five
26 years of age or the disability retirement allowance calculated
27 under this paragraph.

28 Sec. 76. Section 411.6, subsection 6, Code 1997, is
29 amended by adding the following new paragraph:

30 NEW PARAGRAPH. c. Upon retirement for accidental
31 disability on or after July 1, 1998, a member shall receive an
32 accidental disability retirement allowance which shall consist
33 of a pension in an amount equal to the greater of sixty
34 percent of the member's average final compensation or the
35 retirement allowance that the member would receive under

1 subsection 2 if the member has attained fifty-five years of
2 age.

3 Sec. 77. Section 411.6, subsection 10, Code 1997, is
4 amended to read as follows:

5 10. Pensions offset by compensation benefits. Any amounts
6 which may be paid or payable by the said cities under the
7 provisions of any workers' compensation or similar law to a
8 member or to the dependents of a member on account of any
9 disability or death, shall be offset against and payable in
10 lieu of any benefits payable under the provisions of this
11 chapter on account of the same disability or death. In
12 addition, any amounts payable to a member as unemployment
13 compensation under the provisions of chapter 96 based on
14 unemployment from membership service for a member receiving an
15 ordinary disability benefit or an accidental disability
16 benefit pursuant to this chapter shall be offset against and
17 payable in lieu of any benefits payable under the provisions
18 of this chapter for an ordinary disability or an accidental
19 disability.

20 Sec. 78. Section 411.9, Code 1997, is amended to read as
21 follows:

22 411.9 MILITARY SERVICE EXCEPTIONS.

23 1. A member who is absent while serving in the armed
24 services of the United States or its allies and is discharged
25 or separated from the armed services under honorable
26 conditions shall have the period or periods of absence while
27 serving in the armed services, not in excess of four years
28 unless any period in excess of four years is at the request
29 and for the convenience of the federal government, included as
30 part of the member's period of service in the department. The
31 member shall not continue the contributions required of the
32 member under section 411.8 during the period of military
33 service, if the member, within one year after the member has
34 been discharged or separated under honorable conditions from
35 military service, returns and resumes duties in the

1 department, and if the member is declared physically capable
2 of resuming duties upon examination by the medical board. A
3 period of absence may exceed four years at the request and for
4 the convenience of the federal government.

5 2. Notwithstanding any provisions of this chapter to the
6 contrary, contributions, benefits, and service credit with
7 respect to qualified military service shall be provided in
8 accordance with section 414(u) of the federal Internal Revenue
9 Code.

10 Sec. 79. Section 411.22, subsection 1, unnumbered
11 paragraph 1, Code 1997, is amended to read as follows:

12 If a member receives an injury for which benefits are
13 payable under section 411.6, subsection 3 or 5, or section
14 411.15 and if the injury is caused under circumstances
15 creating a legal liability for damages against a third party
16 other than the retirement system, the member or the member's
17 legal representative may maintain an action for damages
18 against the third party. If a member or a member's legal
19 representative commences such an action, the plaintiff member
20 or representative shall serve a copy of the original notice
21 upon the retirement system not less than ten days before the
22 trial of the action, but a failure to serve the notice does
23 not prejudice the rights of the retirement system, and the
24 following rights and duties ensue:

25 Sec. 80. Section 411.22, subsection 3, Code 1997, is
26 amended to read as follows:

27 3. Before a settlement is effective between a the
28 retirement system and a third party who is liable for an
29 injury, the member must consent in writing to the settlement;
30 and if the settlement is between the member and a third party,
31 the retirement system must consent in writing to the
32 settlement; or on refusal to consent, in either case, the
33 district court in the county in which either the city and or
34 the retirement system are is located must consent in writing
35 to the settlement.

1 Sec. 81. NEW SECTION. 411.24 PAYMENT TO REPRESENTATIVE
2 PAYEE.

3 1. ADULTS. When it appears to the system that the
4 interest of an applicant entitled to a payment would be
5 served, certification of payment may be made, regardless of
6 the legal competence or incompetence of the individual
7 entitled to the payment, either for direct payment to the
8 applicant, or for the applicant's use and benefit to a
9 representative of an applicant. Payments under this section
10 shall be made in accordance with rules adopted by the board.

11 2. MINORS. Payments on behalf of minors shall be made in
12 accordance with rules adopted by the board.

13 3. FINALITY. Any payments made under the provisions of
14 this section shall be a complete settlement and satisfaction
15 of any claim, right, or interest in and to such payment.

16 Sec. 82. Section 411.36, subsection 1, paragraph c, Code
17 1997, is amended to read as follows:

18 c. ~~The city-treasurers-of~~ A city treasurer, city financial
19 officer, or city clerk involved with the financial matters of
20 the city from four participating cities, one of whom is from a
21 city having a population of less than forty thousand, and
22 three of whom are from cities having a population of forty
23 thousand or more. ~~The city-treasurers~~ members authorized
24 pursuant to this paragraph shall be appointed by the governing
25 body of the Iowa league of cities.

26 DIVISION IV

27 JUDICIAL RETIREMENT SYSTEM

28 Sec. 83. Section 602.1611, Code 1997, is amended by adding
29 the following new subsection:

30 NEW SUBSECTION. 4. Commencing July 1, 1998, associate
31 juvenile judges and associate probate judges, who are
32 appointed on a full-time basis, are members of the judicial
33 retirement system established in article 9, part 1, and are
34 not members of the public employees' retirement system
35 established in chapter 97B, except as provided in section

1 602.11116.

2 Sec. 84. NEW SECTION. 602.9107B MINIMUM ANNUITY BENEFIT.

3 A judge, or a survivor of a judge, who retired before July
4 1, 1977, and who is receiving an annuity pursuant to this
5 article, shall, commencing with an annuity paid on or after
6 July 1, 1998, be paid a minimum monthly annuity payment of
7 five hundred dollars.

8 Sec. 85. NEW SECTION. 602.11116 ASSOCIATE JUVENILE
9 JUDGES AND ASSOCIATE PROBATE JUDGES -- RETIREMENT.

10 If a full-time associate juvenile judge or full-time
11 associate probate judge is a member of the Iowa public
12 employees' retirement system on June 30, 1998, the associate
13 juvenile judge or associate probate judge shall elect, by
14 informing the state court administrator by June 30, 1998, one
15 of the following retirement benefit options to be effective
16 July 1, 1998:

17 1. To remain a member under the Iowa public employees'
18 retirement system pursuant to chapter 97B.

19 2. To commence membership under the judicial retirement
20 system pursuant to article 9, part 1, effective July 1, 1998,
21 but to become an inactive member of the Iowa public employees'
22 retirement system pursuant to chapter 97B and remain eligible
23 for benefits under sections 97B.49A through 97B.49H, as
24 applicable, for the period of membership service under chapter
25 97B.

26 3. To commence membership under the judicial retirement
27 system pursuant to article 9, part 1, retroactive to the date
28 the associate juvenile judge or associate probate judge became
29 an associate juvenile judge or associate probate judge, and to
30 cease to be a member of the Iowa public employees' retirement
31 system, effective July 1, 1998. The department of personnel
32 shall transmit by January 1, 1999, to the state court
33 administrator for deposit in the judicial retirement fund the
34 associate juvenile judge's or associate probate judge's
35 accumulated contributions as defined in section 97B.41,

1 subsection 2, for the judge's period of membership service as
2 an associate juvenile judge or associate probate judge.
3 Before July 1, 2000, or at retirement previous to that date,
4 an associate juvenile judge or associate probate judge who
5 becomes a member of the judicial retirement system pursuant to
6 this subsection shall contribute to the judicial retirement
7 fund an amount equal to the difference between four percent of
8 the associate juvenile judge's or associate probate judge's
9 total salary received for the entire period of service before
10 July 1, 1998, as an associate juvenile judge or associate
11 probate judge, and the associate juvenile judge's or associate
12 probate judge's accumulated contributions transmitted by the
13 department of personnel to the state court administrator
14 pursuant to this subsection. The associate juvenile judge's
15 or associate probate judge's contribution shall not be limited
16 to the amount specified in section 602.9104, subsection 1.
17 The state court administrator shall credit an associate
18 juvenile judge or associate probate judge with service under
19 the judicial retirement system for the period of service for
20 which contributions at the four percent level are made.

21 Sec. 86. EFFECTIVE DATE. Sections 83 and 85 of this Act,
22 being deemed of immediate importance, take effect upon
23 enactment.

24 DIVISION V

25 GENERAL PROVISIONS

26 Sec. 87. Section 97D.1, subsection 1, Code 1997, is
27 amended by adding the following new paragraph:

28 NEW PARAGRAPH. f. Avoid enacting further benefit
29 enhancements that fail to preserve or enhance
30 intergenerational equity amongst all employees covered by the
31 retirement system.

32 Sec. 88. COMPREHENSIVE EXAMINATION OF PLAN DESIGN --
33 PUBLIC SAFETY PEACE OFFICERS' RETIREMENT, ACCIDENT, AND
34 DISABILITY SYSTEM, THE STATEWIDE FIRE AND POLICE RETIREMENT
35 SYSTEM, AND MEMBERS OF SPECIAL CLASSIFICATIONS WITHIN THE IOWA

1 PUBLIC EMPLOYEES' RETIREMENT SYSTEM -- REPORT.

2 1. Representatives administering the Iowa public
3 employees' retirement system, the statewide fire and police
4 retirement system, and the public safety peace officers'
5 retirement, accident, and disability system, hereafter "the
6 systems' representatives", shall coordinate, in consultation
7 with the public retirement systems committee established
8 pursuant to section 97D.4, a comprehensive examination of the
9 plan designs concerning the public retirement systems
10 established in chapter 97A, chapter 411, and the provisions of
11 chapter 97B governing special classifications, pursuant to the
12 principles established in chapter 97D, and make
13 recommendations concerning plan design improvement for each of
14 the retirement systems.

15 2. In coordinating and conducting the examination required
16 by this section, the systems' representatives shall consult,
17 and make periodic reports to, the public retirement systems
18 committee. In addition, the systems' representatives shall
19 hire, subject to the prior approval of the public retirement
20 systems committee, a consultant to facilitate the conducting
21 of the examination. If a request for proposals, or similar
22 process, is used to hire the consultant, the systems'
23 representatives shall obtain approval from the public
24 retirement systems committee as to the content of the request
25 for proposals, or similar process, prior to the issuance of
26 the request for proposals, or similar process.

27 3. In conducting the examination, the systems'
28 representatives shall consider and examine, but not be limited
29 to, the following:

30 a. Consideration of appropriate benefit enhancements to
31 each retirement system, including the necessity of
32 establishing enhanced disability benefits for members of the
33 special classifications under the Iowa public employees'
34 retirement system. Consideration of benefit enhancements
35 shall take into account the applicability of federal social

1 security benefits for members of certain retirement systems
2 under examination.

3 b. Consideration of establishing a unified or similar
4 benefit structure pertaining to each retirement system under
5 examination, taking into account the applicability or
6 inapplicability of federal social security contributions and
7 benefits for the members of each applicable retirement system.

8 c. Consideration of combining or further separating all or
9 some of the functions of each retirement system under
10 examination, such as system administration, pooling of moneys
11 for investment purposes, actuarial and investment services,
12 and including consideration of transferring certain groups of
13 employees from one system to another or to a new system.

14 d. Establishment of equitable contribution rates for both
15 employers and employees, including consideration of the
16 mechanism to establish the contribution rates.

17 e. Consideration of establishing a uniform actuarial
18 reporting method for all retirement systems under
19 consideration to assist the public retirement systems
20 committee in examining the relative financial condition of
21 each retirement system.

22 f. Consideration of the member service needs of both
23 active and retired members of each retirement system under
24 examination.

25 3. In conducting the examination, the systems'
26 representatives shall include input from active and retired
27 members of each of the retirement systems subject to the
28 comprehensive examination.

29 4. On or before September 1, 2000, the systems'
30 representatives shall file a report with the legislative
31 service bureau, for distribution to the public retirement
32 systems committee, which contains the results of the
33 comprehensive examination and any proposal, or proposals, for
34 improving the plan design of any or all of the public
35 retirement systems examined pursuant to this section. The

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1 report shall also contain actuarial information concerning the
2 costs of the proposal or proposals.

3 Sec. 89. COMPREHENSIVE EXAMINATION OF PUBLIC RETIREMENT
4 SYSTEM ORGANIZATION AND STRUCTURE -- REPORT.

5 1. The auditor of state and the treasurer of state shall
6 coordinate a comprehensive examination concerning possible
7 reorganization or combination of all or some of the functions
8 of the Iowa public employees' retirement system (IPERS), the
9 statewide fire and police retirement system (chapter 411), the
10 public safety peace officers' retirement, accident, and
11 disability system (chapter 97A), and the judicial retirement
12 system, and make recommendations.

13 2. In conducting the examination, the auditor of state and
14 treasurer of state shall consider and examine, but not be
15 limited to, the following:

16 a. Consideration of transferring one or more retirement
17 systems to another retirement system or to a new retirement
18 system, including the consideration of transferring some
19 employee classifications in a retirement system to another
20 retirement system or into a new retirement system.

21 b. Consideration of combining certain functions of any or
22 all of the retirement systems such as system administration,
23 pooling of moneys for investment purposes, and actuarial and
24 investment services.

25 c. Consideration of the purpose behind the creation of
26 each retirement system, including the necessity for different
27 benefit enhancements for particular employee classifications,
28 and a careful weighing of the benefits of separate and smaller
29 systems for purposes of serving those particular
30 classifications with any potential cost savings from the
31 possible combining of retirement systems.

32 d. Consideration of establishing a uniform actuarial
33 reporting method for all retirement systems to assist the
34 public retirement systems committee in examining the relative
35 financial condition of each retirement system.

1 3. In conducting the examination, the auditor of state and
2 treasurer of state shall include input from representatives
3 administering the Iowa public employees' retirement system,
4 the statewide fire and police retirement system, the judicial
5 retirement system, and the public safety peace officers'
6 retirement, accident, and disability system, as well as from
7 active and retired members of each of the retirement systems
8 subject to the comprehensive examination.

9 4. On or before September 1, 2000, the treasurer of state
10 and the auditor of state shall file a report with the
11 legislative service bureau, for distribution to the public
12 retirement systems committee, which contains the results of
13 the comprehensive examination and any proposal, or proposals,
14 for combining or separating functions concerning any or all of
15 the public retirement systems examined pursuant to this
16 section. The report shall also contain actuarial information
17 concerning the costs or potential savings of the proposal or
18 proposals.

19 EXPLANATION

20 This bill makes numerous changes to public retirement
21 systems, including the public safety peace officers'
22 retirement, accident, and disability system, the Iowa public
23 employees' retirement system, the statewide fire and police
24 retirement system, and the judicial retirement system. This
25 bill may include a state mandate as defined in section 25B.3.
26 The state mandate funding requirement in section 25B.2,
27 however, does not apply to public employee retirement systems.

28 The changes to each public retirement system are as
29 follows:

30 PUBLIC SAFETY PEACE OFFICERS' RETIREMENT, ACCIDENT,
31 AND DISABILITY SYSTEM

32 Code section 97A.6, subsection 2, paragraph "d", is amended
33 to increase, from eight to 10 years, the maximum number of
34 years to which the 1.5 percent credit is applied to establish
35 the additional benefit for members for each additional year of

1 service in the system over 22 years of service for members
2 terminating service on or after July 1, 1998.

3 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

4 Code section 97B.8 is amended to permit the IPERS
5 investment board to hold a closed session to discuss financial
6 matters that might cause a loss to the system or to the
7 provider of the information.

8 Code section 97B.9 is amended to provide that if
9 contributions are underpaid, the employee and employer are
10 responsible for their share of the underpaid contributions and
11 the employer is also responsible for any interest due on the
12 total of the underpaid contributions.

13 Code section 97B.10 is amended to provide that the
14 department of personnel can pay interest on the return of
15 contributions overpaid by an employer or employee if it is
16 just and equitable. In addition, the department is required
17 to pay interest if the overpaid contributions result from the
18 payment of contributions prior to a valid election by an
19 employee not to be covered under IPERS.

20 Code section 97B.17 is amended to provide that financial
21 information relating to the investment of the IPERS fund can
22 be considered confidential records if the release of the
23 information could result in a loss to the system or to the
24 provider of the information.

25 Code section 97B.19 is amended to eliminate the current
26 six-month limitation on the ability to correct the wage
27 records of an IPERS-covered employee.

28 Code section 97B.40 is amended to provide that the
29 unauthorized use of a security device, such as a PIN number,
30 for purposes of accessing information from IPERS constitutes a
31 fraudulent practice.

32 Code section 97B.41, subsection 8, concerning the
33 definition of an employee under IPERS is amended. The bill
34 provides that those groups of employees who currently are not
35 members of IPERS unless they elect coverage within, generally,

1 60 days of employment will, commencing with employees hired on
2 or after January 1, 1999, be members of IPERS unless they
3 already are covered by another retirement system or
4 affirmatively elect not to be covered pursuant to Code section
5 97B.42A. Code section 97B.42A is amended to reflect this
6 change and provides that an election to not be covered shall
7 be made within 60 days of employment. Amended Code section
8 97B.42A further provides that those employees who failed to
9 elect coverage under IPERS pursuant to current law, and who
10 are not in a different public retirement system, will become
11 members of IPERS on January 1, 1999, with the ability to elect
12 not to be covered under IPERS by January 1, 2000. Amended
13 Code section 97B.42A further provides that individuals in a
14 position described in new Code section 97B.41, subsection 8,
15 paragraph "a", who became members of IPERS previously and
16 individuals who become members of IPERS on January 1, 1999,
17 and who do not elect to not be covered under IPERS, are given
18 the opportunity to purchase IPERS service credit for service
19 in that position prior to January 1, 1999, which was not
20 membership service.

21 Code section 97B.41, subsection 19, concerning the
22 definition of service is amended. The change provides that
23 service, with only a few exceptions, includes only service in
24 which an employee is paid covered wages. The amendment
25 provides exceptions to the requirement of having to have paid
26 service in order to constitute service under IPERS relating to
27 military service, unpaid leave taken as a result of the
28 federal Family and Medical Leave Act, and unpaid seasonal
29 breaks for employees of school corporations and educational
30 institutions in which the employee returns to a school
31 corporation or educational institution upon the end of the
32 break. The current ability to have unpaid leaves of absence
33 from an employer count as service is limited to leaves granted
34 prior to July 1, 1998, and the leaves of absence must
35 terminate by July 1, 1999.

1 Code section 97B.41, subsection 23, concerning the
2 definition of three-year covered wage, is amended concerning
3 the method of calculating a computed wage for one of the
4 employee's three years when employment does not end at the end
5 of a calendar year. The amendment provides that the computed
6 year shall not be greater than the member's highest actual
7 calendar year of covered wages.

8 Code section 97B.46 is amended by striking the provision
9 that a member shall not be employed as a peace officer or fire
10 fighter after reaching age 65.

11 Code section 97B.48 is amended by adding two new
12 subsections. One subsection provides that payment of a
13 retirement allowance shall commence, regardless of whether the
14 member has submitted an application, no later than the
15 required beginning date as provided by federal law.
16 Currently, the required beginning date is about 70.5 years of
17 age. The other new subsection provides that benefits payable
18 to a member pursuant to this section as of the required
19 beginning date shall be forfeited if the member cannot be
20 found. However, benefits will be paid to the member, at any
21 time, if the member is located.

22 Code section 97B.48A, concerning reemployment, is amended.
23 The bill provides that the second annuity based upon years of
24 reemployment service after retirement shall be calculated
25 using the option choice the member made at the member's
26 initial retirement. If the member's reemployment service is
27 not used for recalculation of the member's annuity, the bill
28 provides that the member receives both the employee and
29 employer contributions, plus interest, on the contributions
30 made for the reemployment service. Current law only provides
31 for the return of the employee contributions plus interest.

32 Code section 97B.49 is reorganized into new Code sections
33 97B.49A through 97B.49G. Code section 97B.49A provides the
34 general benefits calculation for most IPERS members. Code
35 section 97B.49B provides for the benefit calculation for

1 members of a protection occupation while Code section 97B.49C
2 provides the benefit calculation for sheriffs, deputy
3 sheriffs, and airport fire fighters. Code section 97B.49D
4 contains the current hybrid formula for calculating benefits.
5 Code section 97B.49E contains the minimum benefits provisions
6 while Code section 97B.49F contains the dividend provisions.
7 Code section 97B.49G contains several historical benefit
8 calculations for members who retired generally before July
9 1994.

10 In addition to the reorganization of Code section 97B.49,
11 other substantive changes were made as well to current law.
12 New section 97B.49C, concerning sheriffs, deputy sheriffs, and
13 airport fire fighters, provides that a member covered by this
14 section will receive an additional 1.5 percent for each
15 additional year of service after 22 years of service for up to
16 eight additional years. Currently, sheriffs, deputy sheriffs,
17 and airport fire fighters get only an additional 1 percent for
18 up to five years of service beyond 22 years of service.

19 Code section 97B.49F concerning dividends is also amended.
20 The current dividend program for pre-July 1990 retirees is
21 amended to provide that a retirement dividend will only be
22 paid if the member survives into the month (November) in which
23 the dividend is to be paid.

24 Code section 97B.49F, subsection 2, establishes a favorable
25 experience dividend applicable to members who retired on or
26 after July 1, 1990.

27 This new subsection provides, commencing January 1, 1999,
28 that members who retired from IPERS on or after July 1, 1990,
29 and who have been retired for at least one year are eligible
30 to receive a favorable experience dividend. The dividend
31 shall be payable, if at all, from moneys deposited in a
32 favorable experience reserve account. Moneys shall be
33 deposited in the reserve account based upon a determination by
34 the actuary that the most recent valuation of the retirement
35 fund indicates that the actual actuarial status of the

1 retirement fund is better than what was anticipated by the
 2 actuary. In addition, money sufficient to pay the dividend
 3 for the five years will be credited to the account in January
 4 1999. The new subsection establishes the process for
 5 determining the amount of the favorable actuarial experience
 6 of the system that shall be deposited in the reserve account.
 7 The new subsection provides that the dividend shall be payable
 8 on the last business day of January following a determination
 9 by the actuary that there are sufficient moneys in the account
 10 to pay a dividend. The new subsection provides that the
 11 dividend shall be calculated by multiplying the member's
 12 annual benefit by the number of years the member has been
 13 retired and by a percentage, not to exceed three percent,
 14 determined by the department. The new subsection provides
 15 that a member's beneficiary or contingent annuitant is also
 16 eligible to receive a dividend.

17 The new Code section 97B.49H establishes active member
 18 supplemental accounts for IPERS members. The new Code section
 19 provides that amounts shall be deposited in these accounts
 20 only after the actuary determines that the system does not
 21 have an unfunded actuarial liability as of the most recent
 22 actuarial valuation of the system. If an amount is payable,
 23 the new Code section then provides that IPERS shall deposit in
 24 each active member's account, in the year following the
 25 actuary's determination that the system does not have an
 26 unfunded liability, an amount determined by multiplying the
 27 member's covered wages by a supplemental percentage rate as
 28 determined by the actuary. The supplemental rate is the rate
 29 which reflects the difference between the statutory
 30 contribution rate for both employers and employees and the
 31 contribution rate the actuary determines is necessary to fund
 32 the future benefits of the system. The new Code section then
 33 provides that amounts in a member's supplemental account are
 34 payable upon a member's termination from covered service under
 35 certain circumstances, a member's death, or a member's

1 retirement. The new Code section provides that the
2 establishment of an active member supplemental account is
3 subject to IRS approval.

4 Code section 97B.52 is amended to provide that interest on
5 death benefits is to be credited quarterly. In addition, the
6 section is amended to provide that a death benefit payable to
7 a designated beneficiary, heirs, or estate shall be forfeited
8 if the appropriate payee cannot be found and no claim is made
9 within the applicable time limit. However, death benefits
10 will be paid to the appropriate payee, at any time, if the
11 appropriate payee is located.

12 Code section 97B.52A is amended to provide that a retiree
13 shall be out of any employment with a covered employer under
14 IPERS following termination from service and initiation of
15 retirement benefits from one to four months, as applicable, in
16 order to continue receiving benefits. Under current law, the
17 retiree had to return to covered employment within the one to
18 four-month period in order to forfeit receipt of retirement
19 benefits.

20 Code section 97B.53, subsection 1, is amended to provide
21 that a member who terminates employment under IPERS prior to
22 retirement may be paid, in addition to the total of their
23 employee contributions plus interest, a portion of the total
24 employer contributions paid on their behalf plus interest.
25 The amendment provides that the member shall receive the total
26 employer contributions paid, plus interest, multiplied by the
27 member's number of years of the member's service divided by
28 the number of years the member would have to serve in order to
29 receive a 60 percent retirement allowance.

30 Code section 97B.53 is also amended to provide interest on
31 the accumulated employee contributions of inactive members
32 whether or not the member was vested. Corresponding changes
33 to Code section 97B.70 are also made in the bill.

34 Code sections 97B.73 and 97B.80, concerning the purchase of
35 service credit for service under other systems or the

1 military, is amended to provide that a member shall have at
2 least one full calendar year of covered wages under IPERS
3 before being allowed to purchase additional service credit.

4 New Code section 97B.81 provides that a member on an
5 approved leave of absence which does not constitute service
6 pursuant to this bill's amendment to the definition of service
7 may purchase service credit for that period of time in which
8 the member was on an approved leave.

9 Code sections 97B.72, 97B.72A, 97B.73, 97B.73A, 97B.74, and
10 97B.80 are amended to provide, and new Code section 97B.81
11 provides, beginning July 1, 1999, that the contributions
12 required for a purchase of additional service credit through a
13 buy-in or buy-back of service shall be based upon the
14 actuarial cost of providing the additional service and not
15 based upon the employee and, if applicable, employer
16 contributions that would have been required for the service
17 purchased.

18 The Code editor is also directed to renumber Code sections
19 97B.41 to 97B.1A. Current Code section 97B.41 contains the
20 definitions that apply to IPERS.

21 The section creating a provision entitled "Iowa Public
22 Employees' Retirement System -- Eligibility for Retirement
23 Allowance" provides that a person who was designated as a
24 contingent annuitant by a member of the Iowa public employees'
25 retirement system but who did not receive an allowance as a
26 contingent annuitant shall receive an allowance and a lump-sum
27 payment once the person files a valid application for such
28 benefits by June 30, 1999, and meets the requirements of this
29 new section. The lump-sum payment shall be an amount the
30 contingent annuitant would have received had the member met
31 the requirements to receive a retirement allowance. The new
32 section provides that in order to be eligible to receive an
33 allowance pursuant to this bill, the member must have
34 submitted a valid application for retirement benefits between
35 November 1, 1993, and January 1, 1995, was otherwise eligible

1 to receive an allowance but died prior to the department of
2 personnel issuing payment of the member's first retirement
3 allowance, and survived into the month for which the member's
4 first retirement allowance would have been payable. In
5 addition, the new section provides that the person make
6 arrangements with the system to repay any death benefits
7 received from the system prior to receiving an allowance
8 pursuant to this new section.

9 STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM

10 Code section 411.6, subsection 2, is amended to increase,
11 from .6 percent to 1.5 percent, the additional benefit for
12 members for each additional year of service in the system from
13 22 to 30 years of service for members terminating service on
14 or after July 1, 1998.

15 Code section 411.6, subsection 4, is amended to provide
16 that a member entitled to an ordinary disability pension on or
17 after July 1, 1998, who has five years of service will receive
18 a benefit equal to the greater of 50 percent of average final
19 compensation or the amount the member would have received as a
20 service retirement allowance based on actual years of service.
21 Under current law, the member would be required to have had 22
22 years of service to have the option to obtain a benefit equal
23 to what the member would have received as a service
24 retirement.

25 Code section 411.6, subsection 6, is amended to provide
26 that a member entitled to an accidental disability pension on
27 or after July 1, 1998, who has five years of service will
28 receive a benefit equal to the greater of 60 percent of
29 average final compensation or the amount the member would have
30 received as a service retirement allowance based on actual
31 years of service. Under current law, the member would be
32 required to have had 22 years of service to have the option to
33 obtain a benefit equal to what the member would have received
34 as a service retirement.

35 Code section 411.6, subsection 10, is amended to provide

1 that retirement benefits payable to a member for an accidental
2 disability or an ordinary disability shall be offset against
3 any amounts the member is receiving as unemployment
4 compensation as a result of the member's unemployment due to
5 the ordinary disability or accidental disability.

6 Code section 411.9 is amended to provide that
7 notwithstanding any contrary provisions in Code chapter 411,
8 contributions, benefits, and service credit with respect to
9 qualified military service shall be provided in accordance
10 with the requirements of the federal Internal Revenue Code.

11 Code section 411.22, subsection 1, is amended to provide
12 that the subrogation provisions of the chapter as they apply
13 to accidental disability pensions shall also apply to ordinary
14 disability pensions.

15 Code section 411.22, subsection 3, is amended to provide
16 that if the retirement system refuses to consent to an
17 agreement between a member of the system and a third party,
18 the agreement can be enforced through a determination by a
19 district court in the county of either the city involved or
20 the retirement system.

21 New Code section 411.24 establishes representative payee
22 procedures and provides that the board shall adopt rules to
23 provide for payment to a representative of an adult or minor
24 applicant entitled to payment.

25 Code section 411.36, subsection 1, is amended to provide
26 that city financial officers or city clerks involved with the
27 financial matters of the city, and not just city treasurers,
28 are eligible for selection to the board of trustees of the
29 retirement system.

30 JUDICIAL RETIREMENT SYSTEM

31 The bill provides, through amending Code section 602.1611
32 and new Code section 602.11116, that full-time associate
33 juvenile judges and full-time associate probate judges hired
34 on or after July 1, 1998, would be members of the judicial
35 retirement system and not members of the Iowa public

1 employees' retirement system (IPERS). Current full-time
2 associate juvenile judges and associate probate judges would
3 have the option of remaining in IPERS, changing to judicial
4 retirement but leaving their contributions in IPERS, or
5 changing to judicial retirement and transferring a portion or
6 their IPERS money in order to purchase additional service
7 credit under judicial retirement. This portion of the bill
8 takes effect upon enactment.

9 New Code section 602.9107B provides that a judge, or a
10 survivor of a judge, who retired before July 1, 1977, shall
11 receive a minimum monthly annuity under the judicial
12 retirement system of \$500 a month beginning with annuity
13 payments made after July 1, 1998.

14 GENERAL PROVISIONS

15 Code section 97D.1, subsection 1, is amended to provide
16 that a goal for all public retirement systems is to avoid
17 enacting benefit enhancements that fail to preserve, or
18 enhance, intergenerational equity amongst all employees.

19 The bill provides for the establishment of two studies to
20 which separate reports shall be issued to the public
21 retirement systems committee by September 1, 2000. One
22 report, to be coordinated by the Iowa public employees'
23 retirement system, the statewide fire and police retirement
24 system, and the public safety peace officers' retirement,
25 accident, and disability system, will examine the plan design
26 and benefit structure of the statewide fire and police
27 retirement system, the peace officers' retirement system, and
28 the portion of the IPERS system that deals with the members of
29 special classifications within IPERS (i.e., members of a
30 protection occupation and the sheriffs, deputy sheriffs, and
31 airport fire fighters), and to make recommendations. The
32 other study, to be conducted by the auditor of state and
33 treasurer of state, is to examine all the public retirement
34 systems and to consider proposals to combine or separate
35 further, the retirement systems, or the functions of the

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S.F. _____ H.F. _____

1 retirement systems.

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OFFICE OF THE GOVERNOR

STATE CAPITOL

DES MOINES, IOWA 50319

515 281-5211

TERRY E. BRANSTAD
GOVERNOR

May 8, 1998

RECEIVED

MAY 11 1998

LEGISLATIVE SERVICE
BUREAU

The Honorable Paul Pate
Secretary of State
State Capitol Building
LOCAL

Dear Mr. Secretary:

I hereby transmit House File 2496, an act relating to public retirement systems, and providing effective, implementation, and applicability dates.

House File 2496 is, therefore, approved on this date with the following exceptions, which I hereby disapprove.

I am unable to approve the items designated as Sections 46 and 80, in their entirety. These items provide a disability benefits system and the accompanying benefits, effective July 1, 1999 for special service members of the Iowa Public Employees Retirement System (IPERS). Special service members are primarily those in protection occupations such as correctional officers and other law enforcement personnel at the state and local level. This new benefit system would allow these members to receive long-term disability benefits in the event a work-related disability prevents the member from continuing to work in the public safety field in which the member was originally employed. The new system would be in addition to the social security disability benefits and workers' compensation benefits currently available to these employees.

This new system was advanced in an effort to provide a disability system to IPERS special service members comparable with that available to the Statewide Fire and Police Retirement System and the Public Safety Peace Officers' Retirement, Accident, and Disability System. However, members of those other systems are not eligible for social security benefits, nor in the case of the statewide Fire and Police Retirement System are members eligible for workers' compensation benefits. This legislation would in effect cause the benefits of IPERS special service members to leapfrog those available to other law enforcement personnel and firefighters in the state. Thus, while advanced as promoting parity among the systems, the change may instead create greater disparities among the systems.

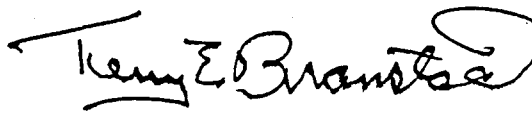
The Honorable Paul Pate
HF 2496 Page 2
May 8, 1998

Recognizing the drawbacks associated with an ad hoc approach to parity improvements, in Section 115 of this bill the General Assembly has wisely directed a comprehensive review be undertaken of all three systems to determine a benefit structure that would provide comparable and equitable benefits to members of each system. I believe it would be premature to approve additional benefit enhancements before this study is completed. Because the expanded disability benefits provided in this bill would not take effect until July 1, 1999, should the upcoming comparability study indicate the appropriateness of this expansion for IPERS special service members, the legislation could be acted upon again next session and still take effect at the time originally planned. In other words, there would be no impact on members, yet there would be the advantage of a full understanding about the appropriateness and ramifications of this change.

A specific provision about which I am particularly concerned is the presumption that any heart or lung disease is work related. Even if a special service member had smoked cigarettes for twenty or thirty years, should this individual become disabled as a result of heart or lung disease, it would be presumed to be work-related and the officer would be entitled to receive full benefits. It is well known that heavy tobacco use is a major cause of emphysema, lung cancer and heart disease, and our public policy should not be expected to support nor condone it.

For the above reasons, I hereby respectfully disapprove these items in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in House File 2496 are hereby approved as of this date.

Sincerely,



Terry E. Branstad
Governor

TEB/ps

cc Secretary of the Senate
Chief Clerk of the House

HOUSE FILE 2496

AN ACT

RELATING TO PUBLIC RETIREMENT SYSTEMS, AND PROVIDING
EFFECTIVE, IMPLEMENTATION, AND APPLICABILITY DATES.

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

DIVISION I

PUBLIC SAFETY PEACE OFFICERS' RETIREMENT, ACCIDENT,
AND DISABILITY SYSTEM

Section 1. Section 97A.6, subsection 2, paragraph d,
subparagraph (4), Code 1997, is amended to read as follows:

(4) For a member who terminates service, other than by
death or disability, on or after July 1, 1996, but before July
1, 1998, and who does not withdraw the member's contributions
pursuant to section 97A.16, upon the member's retirement there
shall be added one and one-half 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. 2. Section 97A.6, subsection 2, paragraph d, Code
1997, is amended by adding the following new subparagraph:
NEW SUBPARAGRAPH. (5) For a member who terminates
service, other than by death or disability, on or after July

1, 1998, and who does not withdraw the member's contributions
pursuant to section 97A.16, upon the member's retirement there
shall be added one and one-half 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 ten additional years of service.

Sec. 3. Section 97A.6, subsection 4, Code 1997, is amended
to read as follows:

4. ALLOWANCE ON ORDINARY DISABILITY RETIREMENT.

a. Upon retirement for ordinary disability prior to July
1, 1998, a member shall receive an ordinary disability
retirement allowance which shall consist of a pension which
shall equal fifty percent of the member's average final
compensation unless either of the following conditions exist:

a- (1) If the member has not had five or more years of
membership service, the member shall receive a disability
pension equal to one-fourth of the member's average final
compensation.

b- (2) If the member has had twenty-two or more years of
membership service, the member shall receive a disability
retirement allowance that is equal to the greater of the
benefit that the member would receive under subsection 2 if
the member were fifty-five years of age or the disability
pension otherwise calculated under this subsection.

b. Upon retirement for ordinary disability on or after
July 1, 1998, a member who has five or more years of
membership service shall receive a disability retirement
allowance in an amount equal to the greater of fifty percent
of the member's average final compensation or the retirement
allowance that the member would receive under subsection 2 if
the member had attained fifty-five years of age. A member who
has less than five years of membership service shall receive a
pension equal to one-fourth of the member's average final
compensation.

Sec. 4. Section 97A.6, subsection 6, paragraph b, Code 1997, is amended to read as follows:

b. Upon retirement for accidental disability on or after July 1, 1990, but before July 1, 1998, a member shall receive an accidental disability retirement allowance which shall consist of a pension equal to sixty percent of the member's average final compensation. However, if the member has had twenty-two or more years of membership service, the member shall receive a disability retirement allowance that is equal to the greater of the retirement allowance that the member would receive under subsection 2 if the member were fifty-five years of age or the disability retirement allowance calculated under this paragraph.

Sec. 5. Section 97A.6, subsection 6, Code 1997, is amended by adding the following new paragraph:

NEW PARAGRAPH. c. Upon retirement for accidental disability on or after July 1, 1998, a member shall receive an accidental disability retirement allowance which shall consist of a pension in an amount equal to the greater of sixty percent of the member's average final compensation or the retirement allowance that the member would receive under subsection 2 if the member has attained fifty-five years of age.

Sec. 6. Section 97A.6, subsection 7, paragraph a, unnumbered paragraph 1, Code 1997, is amended to read as follows:

Should any beneficiary for either ordinary or accidental disability, except a beneficiary who is fifty-five years of age or over and would have completed twenty-two years of service if the beneficiary had remained in active service, be engaged in a gainful occupation paying more than the difference between the member's net retirement allowance and one and one-half times the current earnable compensation of an active member at the same position on the salary scale within the member's rank as the member held at retirement, then the

amount of the retirement allowance shall be reduced to an amount which-together-with such that the member's net retirement allowance plus the amount earned by the member shall equal one and one-half times the amount of the current earnable compensation of an active member at the same position on the salary scale within the member's rank as the member held at retirement. Should the member's earning capacity be later changed, the amount of the retirement allowance may be further modified, provided that the new retirement allowance shall not exceed the amount of the retirement allowance originally granted adjusted by annual readjustments of pensions pursuant to subsection 14 of this section nor an amount which would cause the member's net retirement allowance, when added to the amount earned by the beneficiary, equals to equal one and one-half times the amount of the current earnable compensation of an active member at the same position on the salary scale within the member's rank as the member held at retirement. A beneficiary restored to active service at a salary less than the average final compensation upon the basis of which the member was retired at age fifty-five or greater, shall not again become a member of the retirement system and shall have the member's retirement allowance suspended while in active service. If the rank or position held by the retired member is subsequently abolished, adjustments to the allowable limit on the amount of income which can be earned in a gainful occupation shall be computed in the same manner as provided in subsection 14, paragraph "c", of this section for readjustment of pensions when a rank or position has been abolished. If the salary scale associated with a member's rank at retirement is changed after the member retires, earnable compensation for purposes of this section shall be based upon the salary an active member currently would receive at the same rank and with seniority equal to that of the retired member at the time of retirement. For purposes of this paragraph, "net retirement allowance"

means the amount determined by subtracting the amount paid during the previous calendar year by the beneficiary for health insurance or similar health care coverage for the beneficiary and the beneficiary's dependents from the amount of the member's retirement allowance paid for that year pursuant to this chapter. The beneficiary shall submit sufficient documentation to the board of trustees to permit the system to determine the member's net retirement allowance for the applicable year.

Sec. 7. **APPLICABILITY.** Section 6 of this Act, amending section 97A.6, subsection 7, paragraph "a", is applicable to amounts earned by a beneficiary after December 31, 1997.

DIVISION II

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Sec. 8. Section 97.51, subsection 8, Code 1997, is amended to read as follows:

8. Effective July 1, 1980, a person receiving benefits, or who becomes eligible to receive benefits, on or after July 1, 1980, under this chapter, shall receive the monthly increase in benefits provided in section ~~97B.497-subsection-11~~ 97B.49G, subsection 3, paragraph "a".

There is appropriated from the general fund of the state to the Iowa old-age and survivors' insurance liquidation fund from funds not otherwise appropriated an amount sufficient to finance the provisions of this subsection.

Sec. 9. Section 97B.8, unnumbered paragraph 1, Code 1997, is amended to read as follows:

A board is established to be known as the "Investment Board of the Iowa Public Employees' Retirement System", referred to in this chapter as the "board", whose duties are to establish policy for the department in matters relating to the investment of the trust funds of the Iowa public employees' retirement system. At least annually the board shall review the investment policies and procedures used by the department under section 97B.7, subsection 2, paragraph "b", and shall

hold a public meeting on the investment policies and investment performance of the fund. Following its review and the public meeting, the board shall establish an investment policy and goal statement which shall direct the investment activities of the department. The development of the investment policy and goal statement and its subsequent execution shall be performed cooperatively between the board and the department. In addition to the reasons provided in section 21.5, subsection 1, the board may hold a closed session pursuant to the requirements of section 21.5 of that portion of an investment board meeting in which financial or commercial information is provided to or discussed by the board if the board determines that disclosure of such information could result in a loss to the system or to the provider of the information.

Sec. 10. Section 97B.9, Code 1997, is amended by adding the following new subsection:

NEW SUBSECTION. 4. Regardless of any potentially applicable statute of limitations, if the department finds that the employee or employer, or both, have erroneously underpaid contributions, the employer shall pay the employer's share of contributions and interest and the interest assessed to the employee's share of contributions. The employee shall pay the employee's share of contributions to the employer, who shall then remit them to the department. For purposes of section 1526 of the federal Taxpayer Relief Act of 1997, eligible participants, as defined by section 1526, may make payments of contributions under this section without regard to the limitations of section 415(c)(1) of the federal Internal Revenue Code.

Sec. 11. Section 97B.10, Code 1997, is amended to read as follows:

97B.10 REPURNS CREDITING OF ERRONEOUS CONTRIBUTIONS.

1. If the department finds the employee or employer, or both, have erroneously paid contributions, including the

payment of contributions prior to an individual's valid decision to elect out of coverage under this chapter on or after January 1, 1999, pursuant to section 97B.42A, the department shall make an adjustment, compromise, or settlement and make-a-refund-of shall credit such payments to the employee-or-employer,-or-both,-as-it-finds-just-and-equitable appropriate party. Refunds-so-made-shall-be-charged-to-the fund-to-which-the-erroneous-collections-have-been-credited-and shall-be-paid-to-the-employee-or-employer,-or-both,-without interest.

2. A claim of an employee or employer for a refund credit for erroneously paid contributions shall be made within three years of date of payment. However, the department may make refund-payments issue a credit to employees or employers after the expiration of the three-year deadline if the department finds that the-payment-of-the-refund issuing the credit is just and equitable.

3. Except as provided in this subsection, interest shall not be paid on credits issued pursuant to this section. However, if a credit for contributions paid prior to an individual's decision to elect out of coverage pursuant to section 97B.42A is issued, accumulated interest and interest on dividends as provided in section 97B.70 shall apply. In addition, the department may, at any time, apply accumulated interest and interest dividends as provided in section 97B.70 on any credits issued under this section if the department finds that the crediting of interest is just and equitable.

Sec. 12. Section 97B.11, unnumbered paragraph 1, Code 1997, is amended to read as follows:

Each employer shall deduct from the wages of each member of the system a contribution in the amount of three and seven-tenths percent of the covered wages paid by the employer, until the member's termination or retirement from employment, whichever-is-earlier. The contributions of the employer shall be in the amount of five and seventy-five hundredths percent of the covered wages of the member.

Sec. 13. Section 97B.13, Code 1997, is amended to read as follows:

97B.13 NO INCOME TAX DEDUCTION.

For the purposes of the state income tax, the contribution required by this chapter shall not be allowed as a deduction to the taxpayer in computing the taxpayer's net income for any year in which such tax contribution is deducted from the taxpayer's wages.

Sec. 14. Section 97B.17, unnumbered paragraph 1, Code 1997, is amended to read as follows:

The department shall establish and maintain records of each member, including but not limited to, the amount of wages of each member, the contribution of each member with interest, and interest dividends credited. The records may be maintained in paper, magnetic, or electronic form, including optical disk storage. These records are the basis for the compilation of the retirement benefits provided under this chapter. The following records maintained under this chapter containing personal identifiable information are not public records for the purposes of chapter 22:

1. Records containing social security numbers.
2. Records-listing-designated-beneficiaries.
3. Records specifying amounts accumulated in members' active accounts.
4. 3. Records containing names, or addresses, and amounts of monthly benefits to which of members or their beneficiaries are entitled.
5. 4. Records containing names, addresses, and amounts of lump-sum-refund payments to terminated members or their beneficiaries.
6. 5. Records containing financial or commercial information that relates to the investment of system funds if the disclosure of such information could result in a loss to the system or to the provider of the information.

Sec. 15. Section 97B.19, Code 1997, is amended to read as follows:

97B.19 REVISION FOR ERROR.

~~If, prior to the expiration of six months~~ following the delivery of such the statement provided in section 97B.18, it is brought to the attention of the department that any entry of such wages in such its records is erroneous, or that any item of such wages has been omitted from the records, the department may correct such the entry or include such the omitted item in its records, as the case may be. Written notice of any revision of any such entry which is adverse to the interest of any individual shall be given to such the individual in any case where such the individual has previously been notified by the department of the amount of wages and of the period of payments shown by such the entry. Upon request in writing made ~~prior to the expiration of six months immediately following the giving of the statement provided for in section 97B.18~~, the department shall afford any individual, or after the individual's death shall afford the individual's beneficiary or any other person so entitled in the judgment of the department, reasonable notice and opportunity for hearing with respect to any entry or alleged omission of wages of such the individual in such record, or any revision of any such entry. If a hearing is held, the department shall make findings of fact and a decision based upon the evidence adduced at such the hearing and shall revise its records accordingly. Judicial review of action of the department under this section ~~and section 97B.20~~ may be sought in accordance with the terms of the Iowa administrative procedure Act and section 97B.29.

Sec. 16. Section 97B.25, Code 1997, is amended to read as follows:

97B.25 APPLICATIONS FOR BENEFITS.

A representative designated by the 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~~. If the claim is valid, the retirement benefits specialist shall send a notification to the member stating the option the member has selected pursuant to sections 97B.49A through 97B.49G, as applicable, or section 97B.51, the month with respect to which benefits shall commence, and the monthly benefit amount payable and the maximum duration. ~~The~~ If the claim is invalid, 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.~~ A retirement application shall not be amended or revoked by the member once the first retirement allowance is paid. A member's death during the first month of entitlement shall not invalidate an approved application.

Sec. 17. Section 97B.40, Code 1997, is amended to read as follows:

97B.40 FRAUD.

1. Whoever, A person shall be guilty of a fraudulent practice if the person makes, or causes to be made, any false statement or representation for the purpose of causing an increase in any payment authorized to be made under this chapter, or for the purpose of causing any payment to be made where no payment is authorized under this chapter, shall ~~willfully make or cause to be made any~~ for the purpose of obtaining confidential information from the department, or for any other unlawful purpose related to this chapter.

2. For purposes of this section, "any false statement or representation" includes the following:

a. Any false statement or representation willfully made or caused to be made as to the amount of any wages paid or received for the period during which earned or unpaid, knowing it to be false or whoever makes or causes to be made any.

b. Any false statement of a material fact made or caused to be made knowing it to be false in any application for any payment under this chapter, or whoever willfully makes or causes to be made any.

c. Any false statement, representation, affidavit, or document willfully made, presented, or caused to be made in connection with such an application for any payment under this chapter knowing them it to be false, shall be guilty of a fraudulent practice.

d. Any unauthorized use of any security devices, such as personal identification codes, utilized for the purpose of accessing information from the department.

Sec. 18. Section 97B.41, subsection 6, Code 1997, is amended to read as follows:

6. "Bona fide retirement" means a retirement by a vested member which meets the requirements of section 97B.52A, subsection 1, and in which the member is eligible to receive benefits under this chapter.

Sec. 19. Section 97B.41, subsection 8, Code 1997, is amended by striking the subsection and inserting in lieu thereof the following:

8. "Employee" means an individual who is employed as defined in this chapter for whom coverage under this chapter is mandatory.

a. "Employee" shall also include any of the following individuals who do not elect out of coverage under this chapter pursuant to section 97B.42A:

(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. An elective official 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. 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.

(2) Members of the general assembly of Iowa and temporary employees of the general assembly of Iowa. A member of the general assembly covered under this chapter may terminate membership under this chapter by informing the department in writing of the member's intent to terminate membership.

Temporary employees of the general assembly covered under this chapter may terminate membership by sending written notification to the department of their separation from service.

(3) Nonvested employees of drainage and levee districts.

(4) Employees of a community action program determined to be an instrumentality of the state or a political subdivision.

(5) Magistrates.

(6) Persons employed under the federal Job Training Partnership Act of 1982, Pub. L. No. 97-300.

(7) Members of the ministry, rabbinate, or other religious order who have taken the vow of poverty.

(8) Persons employed as city managers, or as city administrators performing the duties of city managers, under a form of city government listed in chapter 372 or chapter 420.

(9) Members of the state transportation commission, the board of parole, and the state health facilities council.

(10) Employees appointed by the state board of regents who do not elect coverage in a retirement system qualified by the state board of regents that meets the criteria of section 97B.2.

(11) Persons employed by the board of trustees for the statewide fire and police retirement system established in section 411.36.

b. "Employee" does not mean the following individuals:

(1) Individuals who are enrolled as students and whose primary occupations are as students who are incidentally employed by employers.

(2) Graduate medical students while serving as interns or resident doctors in training at any hospital, or county medical examiners and deputy county medical examiners under chapter 331, division V, part 8.

(3) Employees hired for temporary employment of less than six months or one thousand forty hours in a calendar year. An employee who works for an employer for six or more months in a calendar year or who works for an employer for more than one thousand forty hours in a calendar year is not a temporary employee under this subparagraph. Adjunct instructors are temporary employees for the purposes of this chapter. As used in this section, unless the context otherwise requires, "adjunct instructors" means instructors employed by a community college or a university governed by the state board of regents without a continuing contract, whose teaching load does not exceed one-half time for two full semesters or three full quarters per calendar year.

(4) Foreign exchange teachers and visitors including alien scholars, trainees, professors, teachers, research assistants, and specialists in their field of specialized knowledge or skill.

(5) Employees of the Iowa dairy industry commission established under chapter 179, the Iowa beef cattle producers association established under chapter 181, the Iowa pork producers council established under chapter 183A, the Iowa turkey marketing council established under chapter 184A, the Iowa soybean promotion board established under chapter 185, the Iowa corn promotion board established under chapter 185C, and the Iowa egg council established under chapter 196A.

(6) Judicial hospitalization referees appointed under section 229.21.

(7) 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.

(8) Persons employed through any program described in section 84A.7 and provided by the Iowa conservation corps.

8A. "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 subsection 8, paragraph "b", subparagraph (7), and joint planning commissions created under chapter 28E or 28I.

If an interstate agency is established under chapter 28E and similar enabling legislation in an adjoining state, and an employer had made contributions to the system for employees performing functions which are transferred to the interstate agency, the employees of the interstate agency who perform those functions shall be considered to be employees of the employer for the sole purpose of membership in the system, although the employer contributions for those employees are made by the interstate agency.

Sec. 20. Section 97B.41, subsection 14, Code 1997, is amended to read as follows:

14. "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.~~

Sec. 21. Section 97B.41, subsection 19, Code 1997, is amended to read as follows:

19. "Service" means uninterrupted service under this chapter by an employee, except an elected official, from the date the employee last entered employment of the employer until the date the employee's employment shall be terminated by death, retirement, resignation or discharge, provided however, the service of any employee shall not be deemed to be interrupted by for which the employee is paid covered wages. Service shall also mean the following:

a. Service in the armed forces of the United States, if the employee was employed by the a covered employer immediately prior to entry into the armed forces, and if the employee was released from service and returns to covered employment with the an employer within twelve months of the date on which the employee has the right of release from service or within a longer period as required by the applicable laws of the United States.

b. Leave of absence ~~or vacation~~ authorized by the employer prior to July 1, 1998, for a period not exceeding twelve months and ending no later than July 1, 1999.

c. A leave of absence authorized pursuant to the requirements of the federal Family and Medical Leave Act of 1993 ~~is considered a leave of absence authorized by the employer,~~ or other similar leave authorized by the employer for a period not to exceed twelve weeks in any calendar year.

~~c. The termination at the end of the school year of the contract of employment of an employee in the public schools of the state of Iowa, provided the employee enters into a further contract of employment in the public schools of the state of Iowa for the next succeeding school year.~~

d. Temporary or seasonal interruptions in service such as ~~service of school bus drivers, school teachers under regular contract, interim teachers or substitute teachers, instructors at Iowa state university of science and technology, the state university of Iowa, or university of northern Iowa, employees in state schools or hospital dormitories, other positions~~ for employees of a school corporation or educational institution when the temporary suspension of service does not terminate the period of employment of the employee, ~~or temporary employees of the general assembly and the employee returns to service at a school corporation or educational institution upon the end of the temporary or seasonal interruption.~~

Sec. 22. Section 97B.41, subsection 21, Code 1997, is amended to read as follows:

21. "Special service" means service for an employer while employed in a protection occupation as provided in section 97B.49, ~~subsection 16, paragraph "a"~~ 97B.49B, and as a county sheriff, deputy sheriff, or airport fire fighter as provided in section 97B.49, ~~subsection 16, paragraph "b"~~ 97B.49C.

Sec. 23. Section 97B.41, subsection 23, paragraph a, Code 1997, is amended to read as follows:

a. "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 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. Notwithstanding any other provision of this paragraph to the contrary, a member's wages for the third year as computed by this paragraph shall not exceed, by more than three percent, the member's highest actual calendar year of covered wages for a member whose first month of entitlement is January 1999 or later.

Sec. 24. Section 97B.41, subsection 25, paragraph b, subparagraph (17), unnumbered paragraph 2, Code 1997, is amended to read as follows:

Notwithstanding any other provision of this chapter providing for the payment of the benefits provided in section ~~97B.497-subsection-16-or-17~~ 97B.49B, 97B.49C, 97B.49D, or 97B.49G, the department shall establish the covered wages limitation which applies to members covered under section ~~97B.497-subsection-16-or-17~~ 97B.49B, 97B.49C, 97B.49D, or 97B.49G, at the same level as is established under this subparagraph for other members of the system.

Sec. 25. Section 97B.42A, Code 1997, is amended by striking the section and inserting in lieu thereof the following:

97B.42A OPTIONAL EXCLUSION FROM MEMBERSHIP.

1. Commencing January 1, 1999, a person who is newly hired in a position as an employee, as defined in section 97B.1A, subsection 8, paragraph "a", shall be covered under this chapter unless the person files an application with appropriate documentation to the department within sixty days of employment in the position to affirmatively elect out of

coverage. A decision to elect out of coverage under this chapter is irrevocable upon approval from the system.

2. If a person elects out of coverage pursuant to this section, the period of time from the date on which the person was newly hired until the date the person's election out of coverage is effective shall not constitute service for purposes of coverage under this chapter. In addition, a wage adjustment shall be processed for the person based on any contributions collected pursuant to this chapter during that period of time and shall be credited pursuant to section 97B.10.

3. A person who is employed in a position as an employee as defined in section 97B.1A, subsection 8, paragraph "a", on January 1, 1999, and who has not elected coverage under this chapter prior to that date and is not an active member of another retirement system in the state which is maintained in whole or in part by public contributions or payments, shall begin coverage under the system on January 1, 1999, unless the person files an application with appropriate documentation with the department to elect out of coverage on or before January 1, 2000. If a person elects out of coverage, the period of time from January 1, 1999, until the date the person's election out of coverage is effective shall not constitute service for purposes of coverage under this chapter and a wage adjustment shall be processed for the person based on any contributions collected pursuant to this chapter during that period of time and shall be credited pursuant to section 97B.10. A decision to elect out of coverage under this chapter pursuant to this section is irrevocable upon approval from the department.

4. A person who becomes a member of the system pursuant to subsection 3, or who is a member of the system, may purchase credit, pursuant to section 97B.73, for one or more quarters of service prior to January 1, 1999, in which the person was employed in a position as described in section 97B.1A,

subsection 8, paragraph "a", but was not a member of the system.

Sec. 26. Section 97B.43, unnumbered paragraph 2, Code 1997, is amended to read as follows:

Any person with a record of thirty years as a public employee in the state of Iowa prior to July 1, 1947, and who is not eligible for prior service credit under other provisions of this section, is entitled to a credit for years of prior service in the determination of the retirement allowance payment under this chapter, provided the public employee makes application to the department of personnel for credit for prior public service, accompanied by verification of the person's claim as the department may require. The person's allowance for prior service credits shall be computed in the same manner as otherwise provided in this section, but shall not exceed the sum of four hundred fifty dollars nor be less than three hundred dollars per annum. Any such person is entitled to receive retirement allowances computed as provided by this chapter, effective from the date of application to the department, provided such application is approved. However, beginning July 1, 1975, the amount of such person's retirement allowance payment received during June 1975, as computed under this section shall be increased by two hundred percent and the allowance for prior service credits shall not exceed one thousand three hundred fifty dollars nor be less than nine hundred dollars per annum. Effective July 1, 1987, there is appropriated for each fiscal year from the Iowa public employees' retirement fund created in section 97B.7 to the department of personnel an amount sufficient to fund the retirement allowance increases paid under this paragraph. Effective July 1, 1980, a person with a record of thirty years as a public employee in the state of Iowa prior to July 1, 1947, receiving retirement allowances under this chapter shall receive the monthly increase in benefits provided in section ~~97B.49, subsection 1~~ 97B.49G, subsection 3, paragraph "a".

Sec. 27. Section 97B.45, subsections 1, 2, 3, and 4, Code 1997, are amended to read as follows:

1. The first of the month in which a member attains the age of sixty-five years if the member has not completed thirty twenty years of membership service.
2. The first of the month in which the member attains the age of sixty-two years if the member has completed thirty twenty years of membership service.
3. The first of any month in which the member has completed thirty twenty years of membership service if the member has attained the age of sixty-two years but is not yet sixty-five years of age.
4. The first of any month in which ~~a member meets the membership service and age requirements to retire under section 97B.49, subsection 1~~ the member is at least fifty-five years of age and for which the sum of the number of years of membership service and prior service and the member's age in years as of the member's last birthday equals or exceeds eighty-eight.

Sec. 28. Section 97B.46, subsection 2, Code 1997, is amended by striking the subsection.

Sec. 29. Section 97B.46, subsection 3, Code 1997, is amended to read as follows:

3. A member remaining in service after attaining the age of seventy years is entitled to receive a retirement allowance under ~~section 97B.49~~ sections 97B.49A through 97B.49H, 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. 30. Section 97B.48, subsection 3, Code 1997, is amended to read as follows:

3. As of the first of the month in which a member attains the age of seventy years, the department shall provide written notification to the member that the member may commence receiving a retirement allowance regardless of the member's employment status. Upon termination from employment of a member receiving a retirement allowance pursuant to this subsection, the member is entitled to have the member's monthly retirement allowance recalculated using the applicable formula for determining a retirement allowance pursuant to sections 97B.49A through 97B.49G, as applicable, in place at the time of the member's first month of entitlement.

Sec. 31. Section 97B.48, Code 1997, is amended by adding the following new subsections:

NEW SUBSECTION. 4. Payment of a member's retirement allowance pursuant to sections 97B.49A through 97B.49H shall commence no later than the required beginning date specified under section 401(a)(9) of the federal Internal Revenue Code regardless of whether the member has submitted the appropriate notice to receive an allowance. If the lump sum actuarial equivalent under section 97B.48, subsection 1, could have been selected by the member, payments shall be made in a lump sum rather than as a monthly allowance.

NEW SUBSECTION. 5. In the event that all, or any portion, of the retirement allowance payable to a member pursuant to subsection 4 shall remain unpaid solely by reason of the inability of the department to locate the member, the amounts payable shall be forfeited. If the member is located after the amounts payable are forfeited, the amounts payable shall be restored.

Sec. 32. Section 97B.48A, subsection 1, unnumbered paragraph 1, Code 1997, is amended to read as follows:

If a member who has not reached the member's sixty-fifth birthday and who has a bona fide retirement under this chapter is in regular full-time employment during a calendar year, the member's retirement allowance shall be reduced by fifty cents

for each dollar the member earns over the limit provided in this subsection. However, employment is not full-time employment until the member receives remuneration in an amount in excess of seven twelve thousand four-hundred-forty dollars for a calendar year, or an amount equal to the amount of remuneration permitted for a calendar year for persons under sixty-five years of age before a reduction in federal social security retirement benefits is required, whichever is higher. Effective the first of the month in which a member attains the age of sixty-five years, a retired member may receive a retirement allowance without a reduction after return to covered employment regardless of the amount of remuneration received.

Sec. 33. Section 97B.48A, subsection 3, Code 1997, is amended to read as follows:

3. Upon a retirement after reemployment, a retired member may have the retired member's retirement allowance redetermined under this section or section 97B.49-or 97B.48, 97B.49A through 97B.49H, 97B.50, or 97B.51, whichever is applicable, based upon the addition of credit for the years of membership service of the employee after reemployment, the covered wage during reemployment, and the age of the employee after reemployment. The member shall receive a single retirement allowance calculated from both periods of membership service, one based on the initial retirement and one based on the second retirement following reemployment. If the total years of membership service and prior service of a member who has been reemployed equals or exceeds thirty, the years of membership service on which the original retirement allowance was based may be reduced by a fraction of the years of service equal to the number of years by which the total years of membership service and prior service exceeds thirty divided by thirty, if this reduction in years of service will increase the total retirement allowance of the member. The additional retirement allowance calculated for the period of

reemployment shall be added to the retirement allowance calculated for the initial period of membership service and prior service, adjusted as provided in this subsection. The retirement allowance calculated for the initial period of membership service and prior service shall not be adjusted for any other factor than years of service. The retired member shall not receive a retirement allowance based upon more than a total of thirty years of service. Effective July 1, 1998, a redetermination of a retirement allowance as authorized by this subsection for a retired member whose combined service exceeds the applicable years of service for that member as provided in sections 97B.49A through 97B.49G shall have the determination of the member's reemployment benefit based upon the percentage multiplier as determined for that member as provided in sections 97B.49A through 97B.49G.

Sec. 34. Section 97B.48A, subsection 4, Code 1997, is amended to read as follows:

4. The department shall pay to the member the accumulated contributions of the member and ~~to-the-employer~~ the employer contributions, plus interest plus interest dividends as provided in section 97B.70, for all completed calendar years, compounded as provided in section 97B.70, on the covered wages earned by a retired member that are not used in the recalculation of the retirement allowance of a member.

Sec. 35. NEW SECTION. 97B.49A MONTHLY PAYMENTS OF ALLOWANCE -- GENERAL CALCULATION.

1. DEFINITIONS. For the purposes of this section:

a. "Applicable percentage" means sixty percent or, for each active or inactive vested member retiring on or after July 1, 1996, sixty percent plus, if applicable, an additional one-fourth of one percentage point for each additional calendar quarter of membership and prior service beyond thirty years of service, not to exceed a total of five additional percentage points.

b. "Fraction of years of service" means a number, not to exceed one, equal to the sum of the years of membership service and the number of years of prior service divided by thirty years.

2. ENTITLEMENT TO MONTHLY ALLOWANCE. Each member, upon retirement on or after the member's normal retirement date, is entitled to receive a monthly retirement allowance determined under this section. For an inactive vested member the monthly retirement allowance shall be determined on the basis of this section and section 97B.50 as they are in effect on the date of the member's retirement.

3. CALCULATION OF MONTHLY ALLOWANCE. For each active or inactive vested member retiring on or after July 1, 1994, with four or more complete years of service, a monthly benefit shall be computed which is equal to one-twelfth of an amount equal to the applicable percentage of the three-year average coverage wage multiplied by a fraction of years of service. However, if benefits under this section commence on an early retirement date, the amount of the benefit shall be reduced in accordance with section 97B.50.

4. ALTERNATIVE CALCULATIONS.

a. For each active member employed before January 1, 1976, and retiring on or after January 1, 1976, and for each member who was a vested member before January 1, 1976, with four or more complete years of service, a formula benefit shall be determined equal to the larger of the benefit determined under this paragraph and paragraph "b" of this subsection, as applicable, the benefit determined under subsection 3, or the benefit determined under section 97B.49G, subsection 1. The amount of the monthly formula benefit for each such active or vested member who retired on or after January 1, 1976, shall be equal to one-twelfth of one and fifty-seven hundredths percent per year of membership service multiplied by the member's average annual covered wages. In no case shall the amount of monthly formula benefit accrued for membership

service prior to July 1, 1967, be less than the monthly annuity at the normal retirement date determined by applying the sum of the member's accumulated contributions, the member's employer's accumulated contributions on or before June 30, 1967, and any retirement dividends standing to the member's credit on or before December 31, 1966, to the annuity tables in use by the department with due regard to the benefits payable from such accumulated contributions under sections 97B.52 and 97B.53.

b. For each member employed before January 1, 1976, who has qualified for prior service credit in accordance with the first paragraph of section 97B.43, a formula benefit shall be determined equal to the larger of the benefit determined under this paragraph, and paragraph "a" of this subsection, as applicable, the benefit determined under subsection 3, or the benefit determined under section 97B.49G, subsection 1. The amount of the monthly formula benefit under this paragraph shall be equal to eight-tenths of one percent per year of prior service credit multiplied by the monthly rate of the member's total remuneration not in excess of three thousand dollars annually during the twelve consecutive months of the member's prior service for which that total remuneration was the highest. An additional three-tenths of one percent of the remuneration not in excess of three thousand dollars annually shall be payable for prior service during each year in which the accrued liability for benefit payments created by the abolished system is funded by appropriation from the Iowa public employees' retirement fund.

c. For each active and vested member retiring with less than four complete years of service and who therefore cannot have a benefit determined under the formula benefit of paragraph "a" or "b" of this subsection, subsection 3, or section 97B.49G, subsection 1, a monthly annuity for membership service shall be determined by applying the member's accumulated contributions and the employer's matching

accumulated contributions as of the effective retirement date and any retirement dividends standing to the member's credit on or before December 31, 1966, to the annuity tables in use by the department according to the member's age and contingent annuitant's age, if applicable.

Sec. 36. NEW SECTION. 97B.49B PROTECTION OCCUPATION.

1. DEFINITIONS. For purposes of this section:

a. "Applicable percentage" means sixty percent or, for each active or inactive vested member retiring on or after July 1, 1996, sixty percent plus, if applicable, an additional one-fourth of one percentage point for each additional calendar quarter of eligible service beyond twenty-five years of service, not to exceed a total of five additional percentage points.

b. "Eligible service" means membership and prior service in a protection occupation. In addition, for a member with membership and prior service in a protection occupation described in paragraph "d", subparagraph (2), eligible service includes membership and prior service as a sheriff, deputy sheriff, or airport fire fighter as defined in section 97B.49C.

c. "Fraction of years of service" means a number, not to exceed one, equal to the sum of the years of eligible service in a protection occupation divided by twenty-five years.

d. "Protection occupation" includes all of the following:

- (1) A conservation peace officer employed under section 456A.13.
- (2) A marshal 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.
- (3) A correctional officer or correctional supervisor employed by the Iowa department of corrections, and any other employee of that department whose primary purpose is, through ongoing direct inmate contact, to enforce and maintain discipline, safety, and security within a correctional

facility. The Iowa department of corrections and the personnel division of the department of personnel shall jointly determine which job classifications are covered under this subparagraph.

(4) An airport safety officer employed under chapter 400 by an airport commission in a city of one hundred thousand population or more.

(5) An employee of the state department of transportation who is designated as a "peace officer" by resolution under section 321.477, but only if the employee retires on or after July 1, 1990. For purposes of this subparagraph, service as a traffic weight officer employed by the highway commission prior to the creation of the state department of transportation or as a peace officer employed by the Iowa state commerce commission prior to the creation of the state department of transportation shall be included in computing the employee's years of membership service.

(6) 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.

2. CALCULATION OF MONTHLY ALLOWANCE. Notwithstanding other provisions of this chapter, a member who is or has been employed in a protection occupation who retires on or after July 1, 1994, and at the time of retirement is at least fifty-five years of age may elect to receive, in lieu of the receipt of any benefits as calculated pursuant to section 97B.49A or 97B.49D, a monthly retirement allowance equal to one-twelfth of an amount equal to the applicable percentage of the three-year average covered wage as a member who has been employed in a protection occupation multiplied by a fraction of years of service, with benefits payable during the member's lifetime.

3. ADDITIONAL CONTRIBUTIONS.

a. Annually, the department of personnel shall actuarially determine the cost of the additional benefits provided for members covered under this section as a percentage of the covered wages of the employees covered by this section. Sixty percent of the cost shall be paid by the employers of employees covered under this section and forty percent of the cost shall be paid by the employees. The employer and employee contributions required under this paragraph are in addition to the contributions paid under sections 97B.11 and 97B.11A.

b. (1) For the fiscal year commencing July 1, 1988, and each succeeding fiscal year, there is appropriated from the state fish and game protection fund to the department of personnel the amount necessary to pay the employer share of the cost of the additional benefits provided to employees covered under subsection 1, paragraph "d", subparagraph (1).

(2) Annually, during each fiscal year commencing with the fiscal year beginning July 1, 1988, each applicable city shall pay to the department of personnel the amount necessary to pay the employer share of the cost of the additional benefits provided to employees of that city covered under subsection 1, paragraph "d", subparagraphs (2) and (4).

(3) For the fiscal year commencing July 1, 1988, and each succeeding fiscal year, the department of corrections shall pay to the department of personnel from funds appropriated to the Iowa department of corrections, the amount necessary to pay the employer share of the cost of the additional benefits provided to employees covered under subsection 1, paragraph "d", subparagraph (3).

(4) For the fiscal year commencing July 1, 1990, and each succeeding fiscal year, the state department of transportation shall pay to the department of personnel, from funds appropriated to the state department of transportation from the road use tax fund and the primary road fund, the amount necessary to pay the employer share of the cost of the

additional benefits provided to employees covered under subsection 1, paragraph "d", subparagraph (5).

(5) For the fiscal year commencing July 1, 1992, and each succeeding fiscal year, the department of public safety shall pay to the department of personnel from funds appropriated to the department of public safety, the amount necessary to pay the employer share of the cost of the additional benefits provided to a fire prevention inspector peace officer pursuant to subsection 1, paragraph "d", subparagraph (6).

(6) 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 subsection 1, paragraph "d", subparagraph (7).

Sec. 37. NEW SECTION. 97B.49C SHERIFFS, DEPUTY SHERIFFS, AND AIRPORT FIRE FIGHTERS.

1. DEFINITIONS. For purposes of this section:

a. "Airport fire fighter" means an airport fire fighter employed by the military division of the department of public defense.

b. "Applicable percentage" means the greater of the following percentages:

(1) Sixty percent.

(2) For each active or inactive vested member retiring on or after July 1, 1996, and before July 1, 1998, sixty percent plus, if applicable, an additional one-fourth of one percentage point for each additional calendar quarter of eligible service beyond twenty-two years of service, not to exceed a total of five additional percentage points.

(3) For each active or inactive vested member retiring on or after July 1, 1998, sixty percent plus, if applicable, an additional three-eighths of one percentage point for each

additional calendar quarter of eligible service beyond twenty-two years of service, not to exceed a total of twelve additional percentage points.

c. "Deputy sheriff" means a deputy sheriff appointed pursuant to section 341.1 prior to July 1, 1981, or section 331.903 on or after July 1, 1981.

d. "Eligible service" means membership and prior service as an airport fire fighter, sheriff, and deputy sheriff under this section. In addition, eligible service includes membership and prior service as a marshal 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, and as an airport fire fighter prior to July 1, 1994.

e. "Fraction of years of service" means a number, not to exceed one, equal to the sum of the years of eligible service under this section divided by twenty-two years.

f. "Sheriff" means a county sheriff as defined in section 39.17.

2. CALCULATION OF MONTHLY ALLOWANCE. Notwithstanding other provisions of this chapter, a member who retires from employment as a sheriff, deputy sheriff, or airport fire fighter on or after July 1, 1994, and at the time of retirement is at least fifty-five years of age may elect to receive, in lieu of the receipt of any benefits as calculated pursuant to section 97B.49A or 97B.49D, a monthly retirement allowance equal to one-twelfth of an amount equal to the applicable percentage of the three-year average covered wage as a member who has been employed in eligible service multiplied by a fraction of years of service, with benefits payable during the member's lifetime.

3. ADDITIONAL CONTRIBUTIONS.

a. Annually, the department of personnel shall actuarially determine the cost of the additional benefits provided for members covered under this section as a percentage of the

covered wages of the employees covered by this section. Sixty percent of the cost shall be paid by the employers of employees covered under this section and forty percent of the cost shall be paid by the employees. The employer and employee contributions required under this paragraph are in addition to the contributions paid under sections 97B.11 and 97B.11A. However, the cost of including service as an airport fire fighter prior to July 1, 1994, as eligible service under this section shall not affect the contribution rates calculated and paid by the member or the employer under this section.

b. (1) Annually, during each fiscal year commencing with the fiscal year beginning July 1, 1988, each county shall pay to the department of personnel the amount necessary to pay the employer share of the cost of the additional benefits provided to sheriffs and deputy sheriffs.

(2) 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 under this section.

Sec. 38. NEW SECTION. 97B.49D HYBRID FORMULA.

1. An active or inactive vested member, who is or has been employed in both special service and regular service, who retires on or after July 1, 1996, with four or more completed years of service and at the time of retirement is at least fifty-five years of age, may elect to receive, in lieu of the receipt of a monthly retirement allowance as calculated pursuant to sections 97B.49A through 97B.49C, a combined monthly retirement allowance equal to the sum of the following:

a. One-twelfth of an amount equal to the applicable percentage of the member's three-year average covered wage multiplied by a fraction of years of service. The fraction of

years of service for purposes of this paragraph shall be the actual years of service, not to exceed thirty, for which regular service contributions were made, divided by thirty. However, any otherwise applicable age reduction for early retirement shall apply to the calculation under this paragraph.

b. One-twelfth of an amount equal to the applicable percentage of the member's three-year average covered wage multiplied by a fraction of years of service. The fraction of years of service for purposes of this paragraph shall be the actual years of service, not to exceed twenty-five, earned in a position described in section 97B.49B, for which special service contributions were made, divided by twenty-five. In calculating the fractions of years of service under the paragraph, a member shall not receive special service credit for years of service for which the member and the member's employer did not make the required special service contributions to the department.

c. One-twelfth of an amount equal to the applicable percentage of the member's three-year average covered wage multiplied by a fraction of years of service. The fraction of years of service for purposes of this paragraph shall be the actual years of service, not to exceed twenty-two, earned in a position described in section 97B.49C, for which special service contributions were made, divided by twenty-two. In calculating the fractions of years of service under this paragraph, a member shall not receive special service credit for years of service for which the member and the member's employer did not make the required special service contributions to the department.

2. In calculating the combined monthly retirement allowance pursuant to subsection 1, the sum of the fraction of years of service provided in subsection 1, paragraphs "a", "b", and "c", shall not exceed one. If the sum of the fractions of years of service would exceed one, the department

shall deduct years of service first from the calculation under subsection 1, paragraph "a", and then from the calculation under subsection 1, paragraph "b", if necessary, so that the sum of the fractions of years of service shall equal one.

3. In calculating the combined monthly retirement allowance pursuant to subsection 1, the applicable percentage shall be sixty percent plus, if applicable, an additional one-fourth of one percentage point for each additional calendar quarter of membership service in service as described in subsection 1, paragraph "a", "b", or "c", beyond thirty years of service, not to exceed a total of five additional percentage points. Any addition in the percentage multiplier shall be included in the calculations required under this section.

Sec. 39. NEW SECTION. 97B.49E MINIMUM BENEFITS.

1. For each active member retiring on or after June 30, 1973, and who has completed ten or more years of membership service, the total amount of monthly benefit payable at the normal retirement date for prior service and membership service shall not be less than fifty dollars per month. If benefits commence on an early retirement date, the amount of benefit shall be reduced in accordance with section 97B.50. If an optional allowance is selected under section 97B.51, the amount payable shall be the actuarial equivalent of the minimum benefit. An employee who is in employment on a school year or academic year basis, will be considered to be an active member as of June 30, 1973, if the employee completes the 1972-1973 school year or academic year.

2. Effective January 1, 1997, for members who retired on or after July 1, 1953, and before July 1, 1990, with at least ten years of prior and membership service, the minimum monthly benefit payable at the normal retirement date for prior and membership service shall be two hundred dollars. The minimum monthly benefit payable shall be increased by ten dollars for each year of prior and membership service beyond ten years, up

to a maximum of twenty additional years of prior and membership service. If benefits commenced on an early retirement date, the amount of the benefit shall be reduced in accordance with section 97B.50. If an optional allowance was selected under section 97B.51, the amount payable shall be the actuarial equivalent of the minimum benefit.

Sec. 40. NEW SECTION. 97B.49F RETIREMENT DIVIDENDS.

1. COST OF LIVING DIVIDEND.

a. Effective July 1, 1997, commencing with dividends payable in November 1997, and for each subsequent year, all members who retired prior to July 1, 1990, and all beneficiaries and contingent annuitants of such members, shall be eligible for annual dividend payments, payable in November of that year, pursuant to the requirements of this subsection. The dividend payable in any given year shall be the sum of the dollar amount of the dividend payable in the previous November and the dividend adjustment. A dividend determined pursuant to this subsection shall not be used to increase the monthly benefit amount payable. In no event shall the dividend payable be less than twenty-five dollars.

b. (1) The dividend adjustment for a given year shall be calculated by multiplying the total of the retiree's, beneficiary's, or contingent annuitant's monthly benefit payments and the dividend payable to the retiree, beneficiary, or contingent annuitant, in the previous calendar year by the applicable percentage as determined by this paragraph.

(2) The applicable percentage shall be the least of the following percentages:

(a) The percentage representing eighty percent of the percentage increase in the consumer price index published in the federal register by the federal department of labor, bureau of labor statistics, that reflects the percentage increase in the consumer price index for the twelve-month period ending June 30 of the year that the dividend is to be paid.

(b) The percentage representing the percentage amount the actuary has certified, in the annual actuarial valuation of the system as of June 30 of the year in which the dividend is to be paid, that the fund can absorb without requiring an increase in the employer and employee contributions to the fund.

(c) Three percent.

c. If a member dies on or after November 1, but before payment of a dividend is made in that month, the full amount of the retirement dividend for that year shall be paid in the member's name upon notification of the member's death.

2. FAVORABLE EXPERIENCE DIVIDEND.

a. Commencing January 1, 1999, all members who retired on or after July 1, 1990, and who have been retired for at least one year as of the date the dividend is payable, or a beneficiary or contingent annuitant of such a member, shall be eligible to receive a favorable experience dividend, payable on the last business day in January of each year pursuant to the requirements of this subsection.

b. A favorable experience dividend reserve account, hereafter called the "reserve account", is established within the retirement fund. Moneys credited to the reserve account shall be used by the department for the purpose of providing a favorable experience dividend pursuant to this subsection.

c. Moneys shall be credited to the reserve account in the retirement fund as follows:

(1) On or before January 15, 1999, there shall be credited to the reserve account an amount that the system's actuary determines is sufficient to pay the maximum favorable experience dividend for each of the next following five years, based on reasonable actuarial assumptions.

(2) Beginning with the annual actuarial valuation of the system as of June 30, 1999, and for each annual actuarial valuation of the system thereafter, there shall be credited to the reserve account on each applicable January 15 following an

actuarial valuation, an amount that represents that portion of the favorable actuarial experience, if any, that the system's actuary determines shall be credited to the reserve account pursuant to rules adopted by the department.

(3) The portion of the favorable actuarial experience, if any, that is not initially credited to the reserve account pursuant to subparagraph (2), but which, if applied to the retirement fund, would result in the actuarial valuation of assets exceeding the actuarial accrued liability of the system based on the most recent annual actuarial valuation of the system, shall be credited to the reserve account.

(4) As used in this paragraph, "favorable actuarial experience" means the difference, if positive, between the anticipated and actual experience of the system's actuarial assets and liabilities as measured by the system's actuary in the most recent annual actuarial valuation of the system pursuant to rules adopted by the department.

d. The favorable experience dividend is calculated by multiplying the total of the monthly benefit payments of the retiree, beneficiary, or contingent annuitant for the previous calendar year, by the number of complete years the member has been retired or would have been retired if living as of the date the dividend is payable, and by the applicable percentage. For purposes of this paragraph, the applicable percentage is the percentage, not to exceed three percent, that the department determines shall be applied in calculating the favorable experience dividend if the department determines that the reserve account is sufficiently funded to make a distribution. In making its determination, the department shall consider, but not be limited to, the amounts credited to the reserve account, the distributions from the reserve account made in previous years, the likelihood of future credits to and distributions from the reserve account, and the distributions paid under subsection 1.

Sec. 41. NEW SECTION. 97B.49G MONTHLY PAYMENTS OF ALLOWANCE -- MISCELLANEOUS PROVISIONS.

1. MONTHLY PAYMENTS OF ALLOWANCE -- PERCENTAGE MULTIPLIER.

a. For each active or inactive vested member retiring on or after July 1, 1986, and before July 1, 1994, with four or more complete years of service, a monthly benefit shall be computed which is equal to one-twelfth of an amount equal to the applicable percentage multiplier of the three-year average covered wage multiplied by a fraction of years of service.

b. The applicable percentage multiplier for purposes of this subsection shall be the following:

(1) For active or inactive vested members retiring on or after July 1, 1986, but before July 1, 1990, fifty percent.

(2) For active or inactive vested members retiring on or after July 1, 1990, but before July 1, 1991, fifty-two percent.

(3) For active or inactive vested members retiring on or after July 1, 1991, but before July 1, 1992, fifty-four percent.

(4) For active or inactive vested members retiring on or after July 1, 1992, but before July 1, 1993, fifty-six percent.

(5) For active or inactive vested members retiring on or after July 1, 1993, but before July 1, 1994, fifty-seven and four-tenths percent.

(6) For active or inactive vested members retiring on or after July 1, 1994, sixty percent.

c. For purposes 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 and the number of years of prior service divided by thirty years.

2. EXTRA PAYMENTS ON ALLOWANCE -- PRE-1976 RETIREES.

a. On January 1, 1976, for each member who retired before January 1, 1976, the amount of regular monthly retirement allowance attributable to membership service and prior service

that was payable to the member for December 1975 is increased by ten percent for the first calendar year or portion of a calendar year the member was retired, and by an additional five percent for each calendar year after the first calendar year the member was retired through the calendar year beginning January 1, 1975. The total increase shall not exceed one hundred percent. Effective July 1, 1987, there is appropriated for each fiscal year from the Iowa public employees' retirement fund created in section 97B.7 to the department of personnel from funds not otherwise appropriated an amount sufficient to fund the monthly retirement allowance increases paid under this paragraph.

The benefit increases granted to members retired under the system on January 1, 1976, shall be granted only on January 1, 1976, and shall not be further increased for any year in which the member was retired after the calendar year beginning January 1, 1975.

b. Effective July 1, 1978, for each member who retired from the system prior to January 1, 1976, the amount of regular monthly retirement allowance attributable to membership service and prior service that was payable to the member for June 1978 is increased as follows:

(1) For the first ten years of service, fifty cents per month for each complete year of service.

(2) For the eleventh through the twentieth years of service, two dollars per month for each complete year of service.

(3) For the twenty-first through the thirtieth years of service, three dollars per month for each complete year of service.

Effective July 1, 1979, the increases granted to members under this subparagraph shall be paid to contingent annuitants and to beneficiaries.

3. EXTRA PAYMENTS ON ALLOWANCE.

a. Effective July 1, 1980, for each member who retired from the system prior to January 1, 1976, and for each member who retired from the system on or after January 1, 1976, under section 97B.49A, subsection 4, the amount of regular monthly retirement allowance attributable to membership service and prior service that was payable to the member for June 1980 is increased as follows:

(1) For the first ten years of service, fifty cents per month for each complete year of service.

(2) For the eleventh through the twentieth years of service, one dollar per month for each complete year of service.

(3) For the twenty-first through the thirtieth years of service, one dollar and fifty cents per month for each complete year of service.

(4) The amount of monthly increase payable to a member under this paragraph is also payable to a beneficiary and a contingent annuitant and shall be reduced by an amount based upon the actuarial equivalent of the option selected in section 97B.51 or section 97B.52 compared to the full monthly benefit provided in this section or section 97B.49A, as applicable.

However, effective July 1, 1980, the monthly retirement allowance attributable to membership service and prior service of a member, contingent annuitant, and beneficiary shall not be less than five dollars times the number of complete years of service of the member, not to exceed thirty, reduced by an amount based upon the actuarial equivalent of the option selected in section 97B.51 or section 97B.52, compared to the full monthly retirement benefit provided in this section or section 97B.49A, as applicable.

b. Effective beginning July 1, 1982, for each member who retired from the system prior to January 1, 1976, and for each member who retired from the system on or after January 1, 1976, under section 97B.49A, subsection 4, the amount of

regular monthly retirement allowance attributable to membership service and prior service that was payable to the member for June 1982 is increased as follows:

(1) For the first ten years of service, fifty cents per month for each complete year of service.

(2) For the eleventh through the twentieth years of service, one dollar per month for each complete year of service.

(3) For the twenty-first through the thirtieth years of service, one dollar and fifty cents per month for each complete year of service.

(4) The amount of monthly increase payable to a member under this paragraph is also payable to a beneficiary and a contingent annuitant and shall be reduced by an amount based upon the actuarial equivalent of the option selected in section 97B.51 or section 97B.52 compared to the full monthly benefit provided in this section or section 97B.49A, as applicable.

c. Beginning January 1, 1999, for each member who retired from the system prior to July 1, 1986, the amount of regular monthly retirement allowance attributable to membership and prior service that was payable to the member, or the beneficiary or contingent annuitant of the member, for December 1998 shall be increased by fifteen percent.

d. Beginning January 1, 1999, for each member who retired from the system on or after July 1, 1986, but before July 1, 1990, the amount of regular monthly retirement allowance attributable to membership and prior service that was payable to the member, or the beneficiary or contingent annuitant of the member, for December 1998 shall be increased by seven percent.

4. NORMAL RETIREMENT DATES. A retired member shall be deemed to have retired on the member's normal retirement date, and retirement benefits calculated shall not be reduced pursuant to section 97B.50, if the member meets any of the following requirements:

a. The member is an active or inactive vested member retiring on or after July 1, 1988, and before July 1, 1990, who is at least fifty-five years of age and has completed at least thirty years of membership service and prior service, and for which the sum of the number of years of membership service and prior service and the member's age in years as of the member's last birthday equals or exceeds ninety-two.

b. The member is an active or inactive vested member retiring on or after July 1, 1990, and before July 1, 1996, who is at least fifty-five years of age and for which the sum of the number of years of membership service and prior service and the member's age in years as of the member's last birthday equals or exceeds ninety-two.

c. The member is an active or inactive vested member retiring on or after July 1, 1996, and before July 1, 1997, who is at least fifty-five years of age and for which the sum of the number of years of membership service and prior service and the member's age in years as of the member's last birthday equals or exceeds ninety.

d. The member is an active or inactive vested member retiring on or after July 1, 1986, and before January 1, 1999, who is at least sixty-two years of age and who has completed thirty years of membership service.

5. DIVIDENDS -- NOVEMBER 1996.

a. Each member who retired from the system between July 4, 1953, and December 31, 1975, or a contingent annuitant or beneficiary of such a member, shall receive with the November 1996 monthly benefit payment a retirement dividend equal to two hundred ninety-two 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. 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 1996 monthly benefit payment a retirement dividend equal to two hundred twenty-three 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.

c. 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 1996 monthly benefit payment a retirement dividend equal to seventy-four 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.

d. A member who retired from the system between July 1, 1986, and June 30, 1990, or a contingent annuitant or beneficiary of such a member, shall receive with the November 1996 monthly benefit payment a retirement dividend equal to twenty-four 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.

e. Notwithstanding the determination of the amount of a retirement dividend under this subsection, a retirement dividend shall not be less than twenty-five dollars.

6. CONSERVATION PEACE OFFICER -- JULY 1986 - JULY 1988.

a. Notwithstanding other provisions of this chapter, a member who is or has been employed as a conservation peace officer under section 456A.13 and who retires on or after July 1, 1986, and before July 1, 1988, and at the time of retirement is at least sixty years of age and has completed at least twenty-five years of membership service as a

conservation peace officer, may elect to receive, in lieu of the receipt of any benefits under subsection 1 or section 97B.49A, as applicable, a monthly retirement allowance equal to one-twelfth of fifty percent of the member's three-year average covered wage as a conservation peace officer, with benefits payable during the member's lifetime.

b. A conservation peace officer who retires on or after July 1, 1986, and before July 1, 1988, and has not completed twenty-five years of membership service as required under this subsection is eligible to receive a monthly retirement allowance equal to one-twelfth of fifty percent of the member's three-year average covered wage as a conservation peace officer, multiplied by a fraction of years of service as a conservation peace officer. 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 as a conservation peace officer, divided by twenty-five years. On or after July 1, 1986, but before July 1, 1988, if the conservation peace officer has not reached sixty years of age at retirement, the monthly retirement allowance shall be reduced by five-tenths of one percent per month for each month that the conservation peace officer's retirement precedes the date on which the conservation peace officer attains sixty years of age.

The annual contribution necessary to pay for the additional benefits provided in this paragraph shall be paid by the employer and employee in the same proportion that employer and employee contributions are made under section 97B.11.

c. There is appropriated from the state fish and game protection fund to the department of personnel an actuarially determined amount calculated by the Iowa public employees' retirement system sufficient to pay for the additional benefits to conservation peace officers provided by this subsection, as a percentage, in paragraph "a" and for the employer portion of the benefits provided in paragraph "b".

The amount is in addition to the contribution paid by the employer under section 97B.11. The cost of the benefits relating to conservation peace officers within the fish and game division of the department of natural resources shall be paid from the state fish and game protection fund and the cost of the benefits relating to the other conservation peace officers of the department shall be paid from the general fund.

7. PEACE OFFICER -- JULY 1986 - JULY 1988.

a. Notwithstanding other provisions of this chapter, a member who is or has been employed as a peace officer and who retires on or after July 1, 1986, and before July 1, 1988, and at the time of retirement is at least sixty years of age and has completed at least twenty-five years of membership service as a peace officer, may elect to receive, in lieu of the benefits under subsection 1 or section 97B.49A, subsection 4, as applicable, a monthly retirement allowance equal to one-twelfth of fifty percent of the member's three-year average covered wage as a peace officer, with benefits payable during the member's lifetime.

A peace officer who retires on or after July 1, 1986, and before July 1, 1988, and has not completed twenty-five years of membership service as required under this subsection is eligible to receive a monthly retirement allowance equal to one-twelfth of fifty percent of the member's three-year average covered wage as a peace officer multiplied by the fraction of years of service as a peace officer. 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 as a peace officer, divided by twenty-five years. On or after July 1, 1984, but before July 1, 1988, if the peace officer has not reached sixty years of age at retirement, the monthly retirement allowance shall be reduced by five-tenths of one percent per month for each month that the peace officer's retirement precedes the date on which the peace officer attains sixty years of age.

For the purpose of this subsection, membership service as a peace officer means service under this system as any or all of the following:

- (1) As a county sheriff as defined in section 39.17.
- (2) As a deputy sheriff appointed pursuant to section 341.1, Code 1981, or section 331.903.
- (3) As a marshal or police officer in a city not covered under chapter 400.

b. Each county and applicable city and employee eligible for benefits under this subsection shall annually contribute an amount determined by the department of personnel, as a percentage of covered wages, to be necessary to pay for the additional benefits provided by this subsection. The annual contribution in excess of the employer and employee contributions required by this chapter shall be paid by the employer and the employee in the same proportion that employer and employee contributions are made under section 97B.11. The additional percentage of covered wages shall be calculated separately by the department for service under paragraph "a", subparagraphs (1) and (2), and for service under paragraph "a", subparagraph (3), and each shall be an actuarially determined amount for that type of service which, if contributed throughout the entire period of active service, would be sufficient to provide the pension benefit provided in this subsection.

8. CORRECTIONAL OFFICER -- JULY 1986 - JULY 1988.

a. Notwithstanding sections of this chapter relating to eligibility for and determination of retirement benefits, a vested member who is or has been employed as a correctional officer by the Iowa department of corrections and who retires on or after July 1, 1986, and before July 1, 1988, and at the time of retirement is at least sixty years of age and has completed at least thirty years of membership service as a correctional officer, may elect to receive, in lieu of the receipt of benefits under subsection 1 or section 97B.49A,

subsection 4, as applicable, a monthly retirement allowance equal to one-twelfth of fifty percent of the member's three-year average covered wage as a correctional officer, with benefits payable during the member's lifetime.

b. The Iowa department of corrections and the department of personnel shall jointly determine the applicable merit system job classifications of correctional officers.

c. The Iowa department of corrections shall pay to the department of personnel, from funds appropriated to the Iowa department of corrections, an actuarially determined amount sufficient to pay for the additional benefits provided in this subsection. The amount is in addition to the employer contributions required in section 97B.11.

9. AIRPORT FIRE FIGHTER -- JULY 1986 - JULY 1988.

a. Notwithstanding other provisions of this chapter, a member who is or has been employed by the office of disaster services as an airport fire fighter who retires on or after July 1, 1986, and before July 1, 1988, and at the time of retirement is at least sixty years of age and has completed at least twenty-five years of membership service as an airport fire fighter, may elect to receive, in lieu of the receipt of any benefits under subsection 1 or section 97B.49A, subsection 4, as applicable, a monthly retirement allowance equal to one-twelfth of fifty percent of the member's three-year average covered wage as an airport fire fighter, with benefits payable during the member's lifetime.

b. An airport fire fighter who retires on or after July 1, 1986, and before July 1, 1988, and has not completed twenty-five years of membership service as required under this subsection is eligible to receive a monthly retirement allowance equal to one-twelfth of fifty percent of the member's three-year average covered wage as an airport fire fighter multiplied by a fraction of years of service as an airport fire fighter. 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 as an airport fire fighter, divided by twenty-five years. On or after July 1, 1986, but before July 1, 1988, if the airport fire fighter has not reached sixty years of age at retirement, the monthly retirement allowance shall be reduced by five-tenths of one percent per month for each month that the airport fire fighter's retirement precedes the date on which the airport fire fighter attains sixty years of age.

c. The employer and each employee eligible for benefits under this subsection shall annually contribute an actuarially determined amount specified by the department, as a percentage of covered wages, that is necessary to pay for the additional benefits provided by this subsection. The annual contribution in excess of the employer and employee contributions required in section 97B.11 shall be paid by the employer and the employee in the same proportion that the employer and employee contributions are made under section 97B.11.

d. There is appropriated from the general fund of the state to the department from funds not otherwise appropriated an amount sufficient to pay the employer share of the cost of the additional benefits provided in this subsection.

10. PROTECTION OCCUPATION -- JULY 1988 - JULY 1994.

a. For purposes of this subsection:

(1) "Applicable percentage" means the applicable percentage multiplier defined in subsection 1, paragraph "b", that applies on the date a member retires and becomes eligible to receive a monthly allowance as calculated pursuant to this subsection.

(2) "Fraction of years of service" means a number, not to exceed one, equal to the sum of the years of membership service in a protection occupation divided by twenty-five years.

b. Notwithstanding other provisions of this chapter, a member who is or has been employed in a protection occupation who retires on or after July 1, 1988, and before July 1, 1994,

and at the time of retirement is at least fifty-five years of age may elect to receive, in lieu of the receipt of any benefits as calculated pursuant to subsection 1 or section 97B.49A, subsection 4, as applicable, a monthly retirement allowance equal to one-twelfth of an amount equal to the applicable percentage of the three-year average covered wage as a member who has been employed in a protection occupation multiplied by a fraction of years of service, with benefits payable during the member's lifetime.

11. SHERIFFS AND DEPUTY SHERIFFS -- JULY 1988 - JULY 1994.

a. For purposes of this subsection:

(1) "Applicable percentage" means the applicable percentage multiplier as described in subsection 1, paragraph "b", that applies on the date a member retires and becomes eligible to receive a monthly allowance as calculated pursuant to this subsection.

(2) "Fraction of years of service" means a number, not to exceed one, equal to the sum of the years of membership service as a sheriff or deputy sheriff divided by twenty-two years.

b. Notwithstanding other provisions of this chapter, a member who retires from employment as a sheriff or deputy sheriff on or after July 1, 1988, and before July 1, 1994, and at the time of retirement is at least fifty-five years of age may elect to receive, in lieu of the receipt of any benefits as calculated pursuant to subsection 1 or section 97B.49A, subsection 4, as applicable, a monthly retirement allowance equal to one-twelfth of an amount equal to the applicable percentage of the three-year average covered wage as a member who has been employed as a sheriff or deputy sheriff multiplied by a fraction of years of service, with benefits payable during the member's lifetime.

Sec. 42. NEW SECTION. 97B.49H ACTIVE MEMBER SUPPLEMENTAL ACCOUNTS.

1. There is established, for each active member, a supplemental account consisting of amounts credited to the account as provided in this section which shall be held and used for the exclusive benefit of the member pursuant to the requirements of this section.

2. Amounts shall be credited to a supplemental account of each active member pursuant to the requirements of this section following a determination by the system's actuary during the most recent annual actuarial valuation that the system does not have an unfunded accrued liability. For purposes of this section, the system does not have an unfunded accrued liability if the actuarial accrued liability of the system based on the actuarial cost method used by the actuary does not exceed the actuarial value of assets of the system as of the valuation date.

3. The department shall annually determine the amount to be credited to the supplemental accounts of active members. The amount to be credited shall be calculated by multiplying the member's covered wages for the applicable wage reporting period by the supplemental rate. For purposes of this subsection, the supplemental rate is the difference, if positive, between the combined employee and employer statutory contribution rates in effect under section 97B.11 and the normal cost rate of the system as determined by the system's actuary in the most recent annual actuarial valuation of the system. The credits shall be made at least quarterly during the calendar year following a determination that the system does not have an unfunded accrued liability. The normal cost rate, calculated according to the actuarial cost method used, is the percent of pay allocated to each year of service that is necessary to fund projected benefits over all members' service with the system.

4. Amounts credited to a member's supplemental account shall be credited with interest quarterly pursuant to section 97B.70, subsection 2.

5. Amounts credited to a member's supplemental account shall be distributed as follows:

a. If a member terminates covered employment and files an application for a refund under section 97B.53, the member shall receive in a lump sum payment, in addition to any other payment provided by this chapter, all amounts credited to the member's supplemental account.

b. If a member dies prior to retirement, the member's beneficiary shall receive in a lump sum payment, in addition to any other payment provided by this chapter, all amounts credited to the member's supplemental account.

c. Upon retirement, the member shall receive in a lump sum payment or in an annuity, in addition to any other payment provided by this chapter, all amounts credited to the member's supplemental account.

Sec. 43. IMPLEMENTATION DATE. New section 97B.49H, establishing an active member supplemental account, shall not be implemented until the Iowa public employees' retirement system receives approval to implement this new section from the federal internal revenue service.

Sec. 44. NEW SECTION. 97B.49I QUALIFIED BENEFITS ARRANGEMENT.

The department, by rule, may establish and maintain a qualified benefits arrangement under section 415(m) of the federal Internal Revenue Code. The amount of any annual benefit that would be payable pursuant to this chapter but for the limitation imposed by section 415 of the federal Internal Revenue Code shall be paid from a qualified benefits arrangement established and maintained pursuant to this section.

Sec. 45. Section 97B.50, Code 1997, is amended to read as follows:

97B.50 EARLY RETIREMENT.

1. 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.497-subsections-17-47-and-57~~ sections 97B.49A, 97B.49E, and 97B.49G, reduced as follows:

a. For a member who is less than sixty-two years of age, by twenty-five hundredths of one percent per month for each month that the early retirement date precedes the normal retirement date.

b. For a member who is at least sixty-two years of age and who has not completed ~~thirty~~ twenty years of membership service and prior service, by twenty-five hundredths of one percent per month for each month that the early retirement date precedes the normal retirement date.

2. a. A vested member who retires from the system due to disability and commences receiving disability benefits pursuant to the federal Social Security Act, 42 U.S.C. § 423 et seq., and who has not reached the normal retirement date, shall receive benefits under ~~section-97B.49~~ sections 97B.49A through 97B.49G, as applicable, 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, notwithstanding the requirements of subsection 4.

b. A vested member who retires from the system due to disability and commences receiving disability benefits pursuant to the federal Railroad Retirement Act, 45 U.S.C. § 231 et seq., and who has not reached the normal retirement date, shall receive benefits under ~~section-97B.49~~ sections

97B.49A through 97B.49G, as applicable, 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, notwithstanding the requirements of subsection 4.

3. A member who is at least sixty-two years of age and less than sixty-five years of age, and who has completed ~~thirty~~ twenty or more years of membership service and prior service, shall receive ~~full~~ benefits under ~~section-97B.49~~ sections 97B.49A through 97B.49G, as applicable, determined as if the member had attained sixty-five years of age.

4. A vested member eligible for a retirement allowance adjusted under this section is entitled to receipt of retroactive adjustment payments for no more than six months immediately preceding the month in which written notice of retirement was submitted to the department.

Sec. 46. NEW SECTION. 97B.50A DISABILITY BENEFITS FOR SPECIAL SERVICE MEMBERS.

1. DEFINITIONS. For purposes of this section, unless the context otherwise provides:

a. "Member" means a vested member who is classified as a special service member under section 97B.1A, subsection 21, at the time of the alleged disability.

b. "Net disability retirement allowance" means the amount determined by subtracting the amount paid during the previous calendar year by the member for health insurance or similar health care coverage for the member and the member's dependents from the amount of the member's disability retirement allowance paid for that year pursuant to this section.

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c. "Reemployment comparison amount" means an amount equal to the current covered wages of an active special service member at the same position on the salary scale within the rank or position the member held at the time the member received a disability retirement allowance pursuant to this section. If the rank or position held by the member at the time of retirement pursuant to this section is abolished, the amount shall be computed by the department as though the rank or position had not been abolished and salary increases had been granted on the same basis as granted to other ranks or positions by the former employer of the member. The reemployment comparison amount shall not be less than the three-year average covered wage of the member.

2. IN-SERVICE DISABILITY RETIREMENT ALLOWANCE.

a. A member who is injured in the performance of the member's duties, and otherwise meets the requirements of this subsection shall receive an in-service disability retirement allowance under the provisions of this subsection, in lieu of a monthly retirement allowance as provided in section 97B.49A, 97B.49B, 97B.49C, 97B.49D, or 97B.49G, as applicable.

b. Upon application of a member, a member who has become totally and permanently incapacitated for duty in the member's special service occupation as the natural and proximate result of an injury, disease, or exposure occurring or aggravated while in the actual performance of duty shall be eligible to retire under this subsection, provided that the medical board shall certify that the member is mentally or physically incapacitated for further performance of duty, that the incapacity is likely to be permanent, and that the member should be retired. The department shall make the final determination, based on the medical evidence received, of a member's total and permanent disability. However, if a person's membership in the system first commenced on or after July 1, 1999, the member shall not be eligible for benefits with respect to a disability which would not exist, but for a

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medical condition that was known to exist on the date that membership commenced. A member who is denied a benefit under this subsection, by reason of a finding by the department that the member is not mentally or physically incapacitated for the further performance of duty, shall be entitled to be restored to active service in the same or comparable special service position held by the member immediately prior to the application for disability benefits.

c. Disease under this subsection shall mean heart disease or any disease of the lungs or respiratory tract and shall be presumed to have been contracted while on active duty as a result of strain, exposure, or the inhalation of noxious fumes, poison, or gases. However, if a person's membership in the system first commenced on or after July 1, 1999, and the heart disease or disease of the lungs or respiratory tract would not exist, but for a medical condition that was known to exist on the date that membership commenced, the presumption established in this paragraph shall not apply.

d. Upon retirement for an in-service disability as provided by this subsection, a member shall receive the greater of a monthly in-service disability retirement allowance calculated under this subsection or a monthly retirement allowance as provided in section 97B.49A, 97B.49B, 97B.49C, 97B.49D, or 97B.49G, as applicable. The monthly in-service disability allowance calculated under this subsection shall consist of an allowance equal to one-twelfth of sixty percent of the member's three-year average covered wage of its actuarial equivalent as provided under section 97B.51.

3. ORDINARY DISABILITY RETIREMENT ALLOWANCE.

a. A member who otherwise meets the requirements of this subsection shall receive an ordinary disability retirement allowance under the provisions of this subsection, in lieu of a monthly retirement allowance as provided in section 97B.49A, 97B.49B, 97B.49C, 97B.49D, or 97B.49G, as applicable.

b. Upon application of a member, a member who has become totally and permanently incapacitated for duty in the member's special service occupation shall be eligible to retire under this subsection, provided that the medical board shall certify that the member is mentally or physically incapacitated for further performance of duty, that the incapacity is likely to be permanent, and that the member should be retired. The department shall make the final determination, based on the medical evidence received, of a member's total and permanent disability. However, if a person's membership in the system first commenced on or after July 1, 1999, the member shall not be eligible for benefits with respect to a disability which would not exist, but for a medical condition that was known to exist on the date that membership commenced. A member who is denied a benefit under this subsection, by reason of a finding by the department that the member is not mentally or physically incapacitated for the further performance of duty, shall be entitled to be restored to active service in the same or comparable special service position held by the member immediately prior to the application for disability benefits.

c. Upon retirement for an ordinary disability as provided by this subsection, a member shall receive the greater of a monthly ordinary disability retirement allowance calculated under this subsection or a monthly retirement allowance as provided in section 97B.49A, 97B.49B, 97B.49C, 97B.49D, or 97B.49G, as applicable. The monthly ordinary disability allowance calculated under this subsection shall consist of an allowance equal to one-twelfth of fifty percent of the member's three-year average covered wage or its actuarial equivalent as provided under section 97B.51.

4. WAIVER OF ALLOWANCE. A member receiving a disability retirement allowance under this section may file an application to receive benefits pursuant to section 97B.50, subsection 2, in lieu of receiving a disability retirement allowance under the provisions of this section, if the member

becomes eligible for benefits under section 97B.50, subsection 2. An application to receive benefits pursuant to section 97B.50, subsection 2, shall be filed with the department within sixty days of becoming eligible for benefits pursuant to that section or the member shall be ineligible to elect coverage under that section. On the first of the month following the month in which a member's application is approved by the department, the member's election of coverage under section 97B.50, subsection 2, shall become effective and the member's eligibility to receive a disability retirement allowance pursuant to this section shall cease. Benefits payable pursuant to section 97B.50, subsection 2, shall be calculated using the option choice the member selected for payment of a disability retirement allowance pursuant to this section. An application to elect coverage under section 97B.50, subsection 2, is irrevocable upon approval by the department.

5. OFFSET TO ALLOWANCE. Notwithstanding any provisions to the contrary in state law, or any applicable contract or policy, any amounts which may be paid or payable by the employer under the provisions of any workers' compensation, unemployment compensation, or other law to a member, and any disability payments the member receives pursuant to the federal Social Security Act, 42 U.S.C. § 423 et seq., shall be offset against and payable in lieu of any retirement allowance payable pursuant to this section on account of the same disability.

6. REEXAMINATION OF MEMBERS RETIRED ON ACCOUNT OF DISABILITY.

a. Once each year during the first five years following the retirement of a member under this section, and once in every three-year period thereafter, the department may, and upon the member's application shall, require any member receiving an in-service or ordinary disability retirement allowance who has not yet attained the age of fifty-five years

to undergo a medical examination as arranged by the medical board. The examination shall be made by the medical board or by an additional physician or physicians designated by the board. If any member receiving an in-service or ordinary disability retirement allowance who has not attained the age of fifty-five years refuses to submit to the medical examination, the allowance may be discontinued until the member's withdrawal of the refusal, and should the member's refusal continue for one year, all rights in and to the member's disability retirement allowance shall be revoked by the department.

b. If a member is determined under paragraph "a" to be no longer eligible for in-service or ordinary disability benefits, all benefits paid under this section shall cease. The member shall be eligible to receive benefits calculated under section 97B.49B or 97B.49C, as applicable, when the member reaches age fifty-five.

7. REEMPLOYMENT.

a. If a member receiving a disability retirement allowance is returned to covered employment, the member's disability retirement allowance shall cease, the member shall again become an active member, and shall contribute thereafter at the same rate payable by similarly classified members. If a member receiving a disability retirement allowance returns to special service employment, then the period of time the member received a disability retirement allowance shall constitute eligible service as defined in section 97B.49B, subsection 1, or section 97B.49C, subsection 1, as applicable. Upon subsequent retirement, the member's retirement allowance shall be calculated as provided in section 97B.48A.

b. (1) If a member receiving a disability retirement allowance is engaged in a gainful occupation that is not covered employment, the member's disability retirement allowance shall be reduced, if applicable, as provided in this paragraph.

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(2) If the member is engaged in a gainful occupation paying more than the difference between the member's net disability retirement allowance and one and one-half times the reemployment comparison amount for that member, then the amount of the member's disability retirement allowance shall be reduced to an amount such that the member's net disability retirement allowance plus the amount earned by the member shall equal one and one-half times the reemployment comparison amount for that member.

(3) The member shall submit sufficient documentation to the system to permit the system to determine the member's net disability retirement allowance and earnings from a gainful occupation that is not covered employment for the applicable year.

(4) This paragraph does not apply to a member who is at least fifty-five years of age and would have completed a sufficient number of years of service if the member had remained in active special service employment. For purposes of this subparagraph, a sufficient number of years of service shall be twenty-five for a special service member as described in section 97B.49B or twenty-two years of service for a special service member as described in section 97B.49C.

8. DEATH BENEFITS. A member who is receiving an in-service or ordinary disability retirement allowance under this section shall be treated as having elected a lifetime monthly retirement allowance with death benefits payable under section 97B.52, subsection 2, unless the member elects an optional form of benefit provided under section 97B.51, which shall be actuarially equivalent to the lifetime monthly retirement allowance provided under this section.

9. MEDICAL BOARD. The system shall designate a medical board to be composed of three physicians from the university of Iowa hospitals and clinics who shall arrange for and pass upon the medical examinations required under the provisions of this section and shall report in writing to the department the

conclusions and recommendations upon all matters duly referred to the medical board. Each report of a medical examination under this section shall include the medical board's findings as to the extent of the member's physical impairment. Except as required by this section, each report shall be confidential and shall be maintained in accordance with the federal Americans with Disabilities Act, and any other state or federal law containing requirements for confidentiality of medical records.

10. LIABILITY OF THIRD PARTIES -- SUBROGATION.

a. If a member receives an injury for which benefits are payable under this section, and if the injury is caused under circumstances creating a legal liability for damages against a third party other than the system, the member or the member's legal representative may maintain an action for damages against the third party. If a member or a member's legal representative commences such an action, the plaintiff member or representative shall serve a copy of the original notice upon the system not less than ten days before the trial of the action, but a failure to serve the notice does not prejudice the rights of the system, and the following rights and duties ensue:

(1) The system shall be indemnified out of the recovery of damages to the extent of benefit payments made by the system, with legal interest, except that the plaintiff member's attorney fees may be first allowed by the district court.

(2) The system has a lien on the damage claim against the third party and on any judgment on the damage claim for benefits for which the system is liable. In order to continue and preserve the lien, the system shall file a notice of the lien within thirty days after receiving a copy of the original notice in the office of the clerk of the district court in which the action is filed.

b. If a member fails to bring an action for damages against a third party within thirty days after the system

requests the member in writing to do so, the system is subrogated to the rights of the member and may maintain the action against the third party, and may recover damages for the injury to the same extent that the member may recover damages for the injury. If the system recovers damages in the action, the court shall enter judgment for distribution of the recovery as follows:

(1) A sum sufficient to repay the system for the amount of such benefits actually paid by the system up to the time of the entering of the judgment.

(2) A sum sufficient to pay the system the present worth, computed at the interest rate provided in section 535.3 for court judgments and decrees, of the future payments of such benefits, for which the system is liable, but the sum is not a final adjudication of the future payment which the member is entitled to receive.

(3) Any balance shall be paid to the member.

c. Before a settlement is effective between a system and a third party who is liable for any injury, the member must consent in writing to the settlement; and if the settlement is between the member and a third party, the system must consent in writing to the settlement; or on refusal to consent, in either case, the district court in the county in which either the employer of the member or the system is located must consent in writing to the settlement.

d. For purposes of subrogation under this section, a payment made to an injured member or the member's legal representative, by or on behalf of a third party or the third party's principal or agent, who is liable for, connected with, or involved in causing the injury to the member, shall be considered paid as damages because the injury was caused under circumstances creating a legal liability against the third party, whether the payment is made under a covenant not to sue, compromise settlement, denial of liability, or is otherwise made.

11. A member retired under this section, in order to be eligible for continued receipt of retirement benefits, shall submit to the department any documentation the department may reasonably request which will provide information needed to determine payments to the member under this section.

12. The expenses incurred in the administration of this section by the system shall be paid through additional contributions as determined pursuant to section 97B.49B, subsection 3, or section 97B.49C, subsection 3, as applicable.

13. APPLICABILITY -- RETROACTIVITY.

a. This section applies to a member who becomes disabled on or after July 1, 1999, and also applies to a member who becomes disabled prior to July 1, 1999, if the member has not terminated special service employment as of June 30, 1999.

b. To qualify for benefits under this section, a member must file a completed application with the department within one year of the member's termination of employment. A member eligible for a disability retirement allowance under this section is entitled to receipt of retroactive adjustment payments for no more than six months immediately preceding the month in which the completed application for receipt of a disability retirement allowance under this section is approved.

14. RULES. The department shall adopt rules pursuant to chapter 17A specifying the application procedure for members pursuant to this section.

Sec. 47. Section 97B.51, subsection 2, Code 1997, is amended to read as follows:

2. The election by a member of the an option stated under ~~subsection-1~~ of this section or in sections 97B.49A through 97B.49G, shall be null and void if the member dies prior to the member's first month of entitlement.

Sec. 48. Section 97B.51, subsection 3, Code 1997, is amended to read as follows:

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3. A member who had elected to take the an option stated in ~~subsection-1~~ of this section or in sections 97B.49A through 97B.49G, as applicable, may, at any time prior to retirement, revoke such an election by written notice to the department. A member shall not change or revoke an election once the first retirement allowance is paid.

Sec. 49. Section 97B.51, subsection 5, Code 1997, is amended to read as follows:

5. At retirement, a member may designate that upon the member's death, a specified amount of money shall be paid to a named beneficiary, and the member's monthly retirement allowance shall be reduced by an actuarially determined amount to provide for the lump sum payment. The amount designated by the member must be in thousand dollar increments and shall be limited to the amount of the member's accumulated contributions. The amount designated shall not lower the monthly retirement allowance of the member by more than one-half the amount payable under section 97B.49, ~~subsection-1~~ or 5 97B.49A or 97B.49G, as applicable. A member may designate a different beneficiary if the original named beneficiary predeceases the member.

Sec. 50. Section 97B.52, subsection 1, paragraphs b and c, Code 1997, are amended to read as follows:

b. For service in a protection occupation, as defined in section 97B.49, ~~subsection-1~~ paragraph-d 97B.49B, the applicable denominator is twenty-five.

c. For service as a sheriff, deputy sheriff, or airport fire fighter, as provided in section 97B.49, ~~subsection-1~~ paragraph-b 97B.49C, the applicable denominator is twenty-two.

Sec. 51. Section 97B.52, subsection 2, Code 1997, is amended to read as follows:

2. If a member dies on or after the first day of the member's first month of entitlement, the excess, if any, of the accumulated contributions by the member as of said date,

over the total gross monthly retirement allowances received by the member under the retirement system will be paid to the member's beneficiary unless the retirement allowance is then being paid in accordance with section 97B-48A 97B.48 or with section 97B.51, subsection 1, 4, 5, or 6.

Sec. 52. Section 97B.52, subsection 3, paragraph b, Code 1997, is amended to read as follows:

b. If a death benefit is due and payable, interest shall continue to accumulate through the month quarter preceding the month quarter in which payment is made to the designated beneficiary, heirs at law, or the estate unless the payment of the death benefit is delayed because of a dispute between alleged heirs, in which case the benefit due and payable shall be placed in a noninterest bearing escrow account until the beneficiary is determined in accordance with this section.

4. In order to receive the death benefit, the beneficiary, heirs at law, or the estate, or any other third-party payee, must apply to the department within five years of the member's death.

The department shall reinstate a designated beneficiary's right to receive a death benefit beyond the five-year limitation if the designated beneficiary was the member's spouse at the time of the member's death and the distribution is required or permitted pursuant to Internal Revenue Code section 401(a)(9) and the applicable treasury regulations.

In the event that all, or any portion, of the death benefit payable to the member's designated beneficiary, heirs at law, or estate, shall remain unpaid solely by reason of the inability of the system to locate the payee, the amount payable shall be forfeited after the time for making a claim has run. However, if the appropriate payee is located after the death benefit is forfeited, the benefit shall be restored.

Sec. 53. Section 97B.52, subsection 4, Code 1997, is amended by striking the subsection.

Sec. 54. Section 97B.52, subsection 5, Code 1997, is amended to read as follows:

5. Following written notification to the department, a beneficiary of a deceased member may waive current and future rights to payments to which the beneficiary would otherwise be entitled under section 97B.51, subsections 5 and 6, and this section. Upon receipt of the waiver, the department shall pay the amount designated to be received by that beneficiary to the member's other surviving beneficiary or beneficiaries or to the estate of the deceased member, as elected by the beneficiary in the waiver. If the payments being waived are payable to the member's estate and an estate is not probated, the payments shall be paid to the deceased member's surviving spouse, or if there is no surviving spouse, to the member's heirs other than the beneficiary who waived the payments.

Sec. 55. Section 97B.52A, subsection 1, Code 1997, is amended to read as follows:

1. ~~Effective-January-17-19957-a~~ A member has a bona fide retirement when the member terminates all employment covered under the chapter or formerly covered under the chapter pursuant to section 97B.42, files a completed application for benefits form with the department, survives into the month for which benefits are first payable, and meets the following applicable requirement:

a. For a member whose first month of entitlement is prior to July 1, 1998, the member does not return to covered employment as-defined-in-this-chapter until the member has qualified for no fewer than four calendar months of retirement benefits.

b. For a member whose first month of entitlement is July 1998 or later, the member does not return to any employment with a covered employer until the member has qualified for no fewer than four calendar months of retirement benefits.

Sec. 56. Section 97B.52A, subsection 3, Code 1997, is amended to read as follows:

3. A member whose first month of entitlement is before July 1998 and who terminates covered employment but maintains an employment relationship with an employer that made contributions to the system on the member's behalf does not have a bona fide retirement until all employment, including employment which is not covered by this chapter, with such employer is terminated for at least thirty days. In order to receive retirement benefits, the member must file a completed application for benefits form with the department before returning to any employment with the same employer.

Sec. 57. Section 97B.53, subsection 1, Code 1997, is amended to read as follows:

1. Upon the termination of employment with the employer prior to retirement other than by death of a member, the accumulated contributions by the member and, for a vested member, the accumulated employer contributions for the vested member at the date of the termination may be paid to the member upon application, except as provided in subsections 2, 5, and 6. For the purpose of this subsection, the "accumulated employer contributions" is an amount equal to the total obtained as of any date, by accumulating each individual contribution by the employer for the member with interest plus interest dividends as provided in section 97B.70, 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, compounded as provided in section 97B.70 multiplied by a fraction of years of service for that member as defined in section 97B.49A, 97B.49B, or 97B.49C.

Sec. 58. Section 97B.53, subsection 2, Code 1997, is amended to read as follows:

2. If a vested member's employment is terminated prior to the member's retirement, other than by death, the member may receive a monthly retirement allowance commencing on the first day of the month in which the member attains the age of sixty-

five years, if the member is then alive, or, if the member so elects in accordance with section 97B.47, commencing on the first day of the month in which the member attains the age of fifty-five or any month thereafter prior to the date the member attains the age of sixty-five years, and continuing on the first day of each month thereafter during the member's lifetime, provided the member does not receive prior to the date the member's retirement allowance is to commence a refund of accumulated contributions under any of the provisions of this chapter. The amount of each such monthly retirement allowance shall be determined as provided in either section 97B.49 sections 97B.49A through 97B.49G, or in section 97B.50, whichever is applicable.

Sec. 59. Section 97B.53, subsection 3, Code 1997, is amended to read as follows:

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

Sec. 60. Section 97B.53, subsection 6, Code 1997, is amended to read as follows:

6. 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-ten-years-of-the date-of-termination-shall-if-the-member-makes-claim-for-a refund-more-than-ten-years-after-the-date-of-termination-be required-to-submit-proof-satisfactory-to-the-department-of-the member's-entitlement-to-the-refund--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-ten years-after-their-dates-of-termination. The system is under

no obligation to maintain the accumulated contribution account of a member who terminates covered employment prior to December 31, 1998, if the member was not vested at the time of termination. A person who made contributions to the abolished system, who is entitled to a refund in accordance with the provisions of this chapter, and who has not claimed and received such a refund prior to January 1, 1964, shall, if the person makes a claim for refund after January 1, 1964, be required to submit proof satisfactory to the department of the person's entitlement to the refund. The department is under no obligation to maintain the contribution accounts of such persons after January 1, 1964.

Sec. 61. Section 97B.70, subsection 3, Code 1997, is amended to read as follows:

3. Interest ~~and interest dividends~~ shall be credited to the accumulated contributions accounts of active members, and inactive vested members, and, effective January 1, 1999, to inactive nonvested members, until the ~~first-of-the-month coinciding with or next following the member's retirement date quarter prior to the quarter in which the member's first retirement allowance is paid or in which the member is issued a refund under section 97B.53, or in which a death benefit is issued.~~

Sec. 62. Section 97B.70, subsection 4, Code 1997, is amended to read as follows:

4. Interest Prior to January 1, 1999, interest and interest dividends shall be credited to the accumulated contributions account 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 returns to covered employment. The Upon return to covered employment but prior to January 1, 1999, interest and interest dividends shall be credited to the accumulated contributions account of the person commencing upon the date on which the person becomes a vested member has covered wages.

~~5. 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~~ this chapter, 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 4.

Sec. 63. Section 97B.72, Code 1997, is amended to read as follows:

97B.72 MEMBERS OF GENERAL ASSEMBLY -- APPROPRIATION.

1. 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 applicable period.~~ The proof of membership in the general assembly and payment of accumulated contributions as provided by this section shall be transmitted to the department. 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 if contributions are made for portions of the period of service, the contributions shall be in increments of one or more calendar quarters.

2. The contributions required to be made for purposes of this section shall be determined as follows:

a. For a member making contributions for a purchase of additional service prior to July 1, 1999, the member shall make contributions in an amount 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 general assembly. There is appropriated from moneys available to the general assembly under section 2.12 an amount sufficient to pay the contributions pursuant to this paragraph, of the employer based on the period of service 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 the applicable period of service in the general assembly, plus interest and interest dividends at the rate provided in section 97B.70 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, compounded as provided in section 97B.70.

b. For a member making contributions for a purchase of additional service on or after July 1, 1999, the member shall make contributions in an amount equal to forty percent of the actuarial cost of the service purchase. There is also appropriated from moneys available to the general assembly under section 2.12 an amount sufficient to pay sixty percent of the actuarial cost of the service purchase by a member pursuant to this paragraph. For purposes of this paragraph, the actuarial cost of the service purchase is an amount determined by the department in accordance with actuarial tables, as reported to the department by the system's actuary, which reflects the actuarial cost necessary to fund an increased retirement allowance resulting from the purchase of additional service.

3. 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. 64. Section 97B.72A, Code 1997, is amended to read as follows:

97B.72A FORMER LEGISLATIVE SERVICE -- APPROPRIATION.

1. A vested or retired 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 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 if contributions are made for portions of the period of service, the contributions shall be in increments of one or more calendar quarters. 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.

2. The contributions required to be made for purposes of this section shall be determined as follows:

a. For a member making contributions for a purchase of additional service prior to July 1, 1999, 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 general assembly. There is appropriated from the general fund of the state to the

department an amount sufficient to pay the contributions of the employer based on the period of service of members of the general assembly for which the member paid accumulated contributions under this section pursuant to this paragraph. The amount appropriated is equal to the employer contributions which would have been made if the members of the system who made employee contributions had been members of the system during the period for which they made employee contributions, plus interest at the rate provided in section 97B.70 for each year compounded as provided in section 97B.70.

b. For a member making contributions for a purchase of additional service on or after July 1, 1999, the member shall make contributions in an amount equal to forty percent of the actuarial cost of the service purchase. There is also appropriated from the general fund of the state to the department an amount sufficient to pay sixty percent of the actuarial cost of the service purchase by a member pursuant to this paragraph. For purposes of this paragraph, the actuarial cost of the service purchase is an amount determined by the department in accordance with actuarial tables, as reported to the department by the system's actuary, which reflects the actuarial cost necessary to fund an increased retirement allowance resulting from the purchase of additional service.

2- 3. 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. 65. Section 97B.73, Code 1997, is amended to read as follows:

97B.73 MEMBERS FROM OTHER PUBLIC SYSTEMS.

1. A vested or retired member who has one or more full calendar years of covered wages who was in public employment comparable to employment covered under this chapter in another state or in the federal government, or who was a member of

another public retirement system in this state, including but not limited to the teachers insurance annuity association-college retirement equities fund, but who was not retired under that system, upon submitting verification of membership and service in the other public system to the department, including proof that the member has no further claim upon a retirement benefit from that other public system, may make employer-and-employee contributions as provided by this section to the system either for the entire period of service in the other public system, or for partial service in the other public system in increments of one or more calendar quarters. If the member wishes to transfer only a portion of the service value of another public system to this system and the other public system allows a partial withdrawal of a member's system credits, the member shall receive credit for membership service in this system equivalent to the period of service transferred from the other public system. The

2. The contributions required to be made for purposes of this section shall be determined as follows:

a. For a member making contributions for a purchase of additional service prior to July 1, 1999, the contribution payable, representing both employee and employer contributions, shall be based upon the member's covered wages for the most recent full calendar year at the applicable rates in effect for that calendar year under sections 97B.11, 97B.49B, 97B.49C, and 97B.49 97B.49G and multiplied by the member's years of service in other public employment. If the member's most recent covered wages were earned prior to the most recent calendar year, the member's covered wages shall be adjusted by the department by an inflation factor to reflect changes in the economy since the covered wages were earned.

b. For a member making contributions for a purchase of additional service on or after July 1, 1999, the member shall make contributions in an amount equal to the actuarial cost of the service purchase. For purposes of this paragraph, the

actuarial cost of the service purchase is an amount determined by the department in accordance with actuarial tables, as reported to the department by the system's actuary, which reflects the actuarial cost necessary to fund an increased retirement allowance resulting from the purchase of additional service.

3. This section is applicable to a vested or retired member who was a member of a public retirement system established in sections 294.8, 294.9, and 294.10 but was not retired under that system.

~~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.~~

4. A member entitled to a benefit from another public system must waive, on a form provided by the Iowa public employees' retirement system, all rights to a retirement benefit under the other public system before receiving credit in this system for the years of service in the other public system. The waiver must be accepted by the other public system.

5. Effective July 1, 1988, a member eligible for an increased retirement allowance because of the payment of contributions under this section is entitled to receipt of retroactive adjustment payments for no more than six months immediately preceding the month in which ~~written notice was submitted to the department~~ the member pays contributions under this section.

6. Effective July 1, 1998, a purchase of service made in accordance with this section by a retired reemployed member shall be applied to either the member's original retirement allowance, or to the member's reemployment service, whichever is more beneficial to the member. If applied to a member's original retirement allowance, or to the member's reemployment

service after the retirement allowance payments for such service begin, the member is eligible to receive retroactive adjustment payments for no more than six months prior to completion of the purchase.

7. 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. 66. Section 97B.73A, Code 1997, is amended to read as follows:

97B.73A PART-TIME COUNTY ATTORNEYS.

1. 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 2, for 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 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 calendar quarters.

2. The contributions required to be made for purposes of this section shall be determined as follows:

a. For a member making contributions for a purchase of additional service prior to July 1, 1999, the contributions paid by the member shall be equal to the accumulated contributions, as defined in section 97B.41, subsection 2, for the applicable period of membership service. A member who elects to make contributions under this section pursuant to

this paragraph shall notify the applicable 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 the applicable period of service.

b. For a member making contributions for a purchase of additional service on or after July 1, 1999, the member shall make contributions in an amount equal to forty percent of the actuarial cost of the service purchase. Upon notification of the applicable county board of supervisors of the member's election, the county board of supervisors shall pay to the department an amount sufficient to pay sixty percent of the actuarial cost of the service purchase by a member pursuant to this paragraph. For purposes of this paragraph, the actuarial cost of the service purchase is an amount determined by the department in accordance with actuarial tables, as reported to the department by the system's actuary, which reflects the actuarial cost necessary to fund an increased retirement allowance resulting from the purchase of additional service.

3. Effective July 1, 1988, a member eligible for an increased retirement allowance because of the payment of contributions under this section is entitled to receipt of retroactive adjustment payments for no more than six months immediately preceding the month in which written notice was submitted to the department.

4. 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. 67. Section 97B.74, Code 1997, is amended to read as follows:

97B.74 REINSTATEMENT AS A VESTED MEMBER (BUY-BACK).

1. A 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 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 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, at the interest rate provided in section 97B.70 applicable for each year compounded as provided in section 97B.70.~~

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 if contributions are made for portions of the period of service, the contributions shall be in increments of one or more calendar quarters.

2. The contributions required to be made for purposes of this section shall be determined as follows:

a. For a member making contributions for a purchase of additional service prior to July 1, 1999, the contributions to be 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 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, at the interest rate provided in section 97B.70 applicable for each year compounded as provided in section 97B.70.

b. For a member making contributions for a purchase of additional service on or after July 1, 1999, the member shall make contributions in an amount equal to the actuarial cost of the service purchase. For purposes of this paragraph, the actuarial cost of the service purchase is an amount determined by the department in accordance with actuarial tables, as reported to the department by the system's actuary, which reflects the actuarial cost necessary to fund an increased retirement allowance resulting from the purchase of additional service.

3. Effective July 1, 1988, a member eligible for an increased retirement allowance because of the payment of contributions under this section is entitled to receipt of retroactive adjustment payments for no more than six months immediately preceding the month in which written notice was submitted to the department.

Sec. 68. Section 97B.80, Code Supplement 1997, is amended to read as follows:

97B.80 VETERAN'S CREDIT.

1. Effective July 1, 1992, a vested or retired member who has one or more full calendar years of covered wages and who at any time served on active duty in the armed forces of the United States, upon submitting verification of the dates of the active duty service, may make employer-and-employee contributions to the system based-upon-the-member's-covered wages-for-the-most-recent-full-calendar-year-in-which-the member-had-reportable-wages-at-the-applicable-rates-in-effect for-that-year-under-sections-97B.11-and-97B.49, for all or a portion of the period of time of the active duty service, in increments of one or more calendar quarters, and receive credit for membership service and prior service for the period of time for which the contributions are made.

2. The contributions required to be made for purposes of this section shall be determined as follows:

a. For a member making contributions for a purchase of additional service prior to July 1, 1999, the contributions to be paid, representing both employer and employee contributions, shall be based upon the member's covered wages for the most recent full calendar year in which the member had reportable wages at the applicable rates in effect for that year under sections 97B.11, 97B.49B, 97B.49C, and 97B.49G. If the member's most recent covered wages were earned prior to the most recent calendar year, the member's covered wages shall be adjusted by the department by an inflation factor to reflect changes in the economy.

b. For a member making contributions for a purchase of additional service on or after July 1, 1999, the member shall make contributions in an amount equal to the actuarial cost of the service purchase. For purposes of this paragraph, the actuarial cost of the service purchase is an amount determined by the department in accordance with actuarial tables, as reported to the department by the system's actuary, which reflects the actuarial cost necessary to fund an increased retirement allowance resulting from the purchase of additional service.

3. The department shall adjust benefits for a six-month period prior to the date the member pays contributions under this section if the member is receiving a retirement allowance at the time the contribution payment is made. Verification of active duty service and payment of contributions shall be made to the department. However, a member is not eligible to make contributions under this section if the member is receiving, is eligible to receive, or may in the future be eligible to receive retirement pay from the United States government for active duty in the armed forces, except for retirement pay granted by the United States government under retired pay for nonregular service pursuant to 10 U.S.C. § 12731--12739. A member receiving retired pay for nonregular service who makes contributions under this section shall provide information

required by the department documenting time periods covered under retired pay for nonregular service.

~~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.~~

4. Effective July 1, 1998, a purchase of service made in accordance with this section by a retired reemployed member shall be applied to either the member's original retirement allowance, or to the member's reemployment service, whichever is more beneficial to the member. If applied to the member's original retirement allowance, or to the member's reemployment service after the retirement allowance payments for such service begin, the member is eligible to receive retroactive adjustment payments for no more than six months prior to completion of the purchase.

5. 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. 69. NEW SECTION. 97B.81 LEAVES OF ABSENCE.

1. A vested member on an approved leave of absence which does not constitute service as defined in section 97B.1A, subsection 19, which is granted on or after July 1, 1998, may make contributions to the system for all or a portion of the leave of absence, and shall receive service credit for the period of time for which the contributions are made.

2. The contributions required to be made for purposes of this section shall be determined as follows:

a. For a member making contributions for a purchase of additional service prior to July 1, 1999, the contributions to be paid, representing both employer and employee contributions, shall be based upon the member's covered wages

for the most recent full calendar year in which the member had covered wages at the applicable rates in effect for that calendar year under sections 97B.11, 97B.49B, 97B.49C, and 97B.49G. If the member's most recent covered wages were earned prior to the most recent calendar year, the member's covered wages shall be adjusted by the department by an inflation factor to reflect changes in the economy.

b. For a member making contributions for a purchase of additional service on or after July 1, 1999, the member shall make contributions in an amount equal to the actuarial cost of the service purchase. For purposes of this paragraph, the actuarial cost of the service purchase is an amount determined by the department in accordance with actuarial tables, as reported to the department by the system's actuary, which reflects the actuarial cost necessary to fund an increased retirement allowance resulting from the purchase of additional service.

3. A member shall not be entitled to purchase the service credit, however, if the member is entitled to receive a retirement benefit from another public retirement system for the same period of time. A member entitled to a benefit from another public system must waive, on a form provided by the Iowa public employees' retirement system, all rights to a retirement benefit under the other public system before receiving credit in this system for any period of service in the other public system. The waiver must be accepted by the other public system.

4. However, the department shall ensure that the member, in exercising an option provided by 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. 70. Section 97D.3, subsection 2, Code 1997, is amended to read as follows:

2. Upon a favorable vote in the referendum and notwithstanding sections 97A.3 and 411.3, all persons newly hired as peace officers, as defined in section 97A.1, police officers, and fire fighters after July 1, 1991, shall be members of the Iowa public employees' retirement system under chapter 97B, rather than members of retirement systems under chapters 97A and 411. Such members shall have federal social security coverage in addition to coverage under the Iowa public employees' retirement system and shall have the same benefits as county sheriffs and deputy sheriffs under section ~~97B.49, subsection 16, paragraph "b"~~ 97B.49C or 97B.49G, as applicable.

Sec. 71. Section 509A.13A, subsection 1, paragraph b, subparagraph (2), Code 1997, is amended to read as follows:

(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.49, subsection 16, without a reduction for years of service pursuant to section 97B.49, subsection 16, paragraph "c".~~

Sec. 72. Section 602.1611, subsection 3, Code 1997, is amended to read as follows:

3. Magistrates ~~may elect to~~ shall be members of the Iowa public employees' retirement system upon filing in writing with the department of personnel unless the magistrate elects out of coverage under the Iowa public employees' retirement system as provided in section ~~97B.41, subsection 8, paragraph "b", subparagraph (8)~~ 97B.42A.

Sec. 73. Section 602.11115, subsection 2, Code 1997, is amended to read as follows:

2. To commence coverage under the judicial retirement system pursuant to article 9, part 1, effective July 1, 1984, but to become an inactive member of the Iowa public employees' retirement system pursuant to chapter 97B and remain eligible for benefits under ~~section 97B.49~~ sections 97B.49A through 97B.49H for the period of membership service under chapter 97B.

Sec. 74. Section 724.6, subsection 2, Code 1997, 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 "b"~~ subparagraph (2) 97B.49C, emergency rescue technicians, and 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. 75. Sections 97B.12 and 97B.20, Code 1997, are repealed.

Sec. 76. Section 97B.49, Code Supplement 1997, is repealed.

Sec. 77. EFFECTIVE DATE -- APPLICABILITY.

a. Section 19, amending section 97B.41, subsection 8, is effective January 1, 1999, and is applicable to persons hired on and after that date.

b. The portion of section 27 that amends section 97B.45, subsections 1, 2, and 3, and section 45, amending section 97B.50, are effective January 1, 1999, and apply to members retiring on or after January 1, 1999.

Sec. 78. EFFECTIVE DATE. Section 57 of this Act, amending section 97B.53, subsection 1, takes effect July 1, 1999.

Sec. 79. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY.

Section 71 of this Act, amending section 509A.13A, subsection

1, paragraph "b", being deemed of immediate importance, takes effect upon enactment and is retroactively applicable to July 1, 1994, and is applicable on and after that date.

Sec. 80. EFFECTIVE DATE. Section 46 of this Act, creating new section 97B.50A, takes effect July 1, 1999.

VETOED

Sec. 81. IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM -- ELIGIBILITY FOR RETIREMENT ALLOWANCE.

1. Notwithstanding any provision of chapter 97B to the contrary, a person designated by an eligible member of the Iowa public employees' retirement system as a contingent annuitant eligible to receive an optional allowance pursuant to Iowa Code section 97B.51 but who did not receive an allowance as a contingent annuitant pursuant to the requirements of section 97B.51 (Code 1991 or 1993, as applicable) shall be entitled to receive an optional allowance and an applicable lump-sum payment pursuant to that election commencing with the first month following a determination by the Iowa public employees' retirement system that the requirements of this section are met. For purposes of this section, "an applicable lump-sum payment" means an amount representing the monthly allowances that would have been paid had the person designated as a contingent annuitant been eligible to receive an optional allowance immediately following the death of the eligible member.

2. For purposes of this section, an eligible member of the Iowa public employees' retirement system means a member who meets all of the following requirements:

a. The member submitted a valid application for retirement benefits between January 1, 1992, and January 1, 1995.

b. The member was otherwise eligible to receive a retirement allowance pursuant to section 97B.51, subsection 1, Code 1991 or 1993, as applicable, but died prior to the department of personnel issuing payment of the member's first retirement allowance.

c. The member survived into the month for which the member's first retirement allowance would have been payable.

3. The person designated as a contingent annuitant shall file a valid application with the Iowa public employees' retirement system for an allowance pursuant to this section prior to June 30, 1999.

4. A person designated as a contingent annuitant who elects to receive an allowance pursuant to this section shall, prior to receiving an allowance pursuant to this section, make arrangements with the Iowa public employees' retirement system to repay any death benefits paid by the system to the person.

Sec. 82. CODE EDITOR DIRECTIVES. The Code editor is directed to renumber Iowa Code section 97B.41 to Iowa Code section 97B.1A. Sections 97A.3, 97B.1, 97B.42B, 97B.43, 97B.66, 97B.68, 97B.72, 97B.72A, 97B.73A, 97B.74, 411.3, 411.30, and 602.11115, Code 1997, are amended by striking from the sections the reference "97B.41" and inserting in lieu thereof the reference "97B.1A".

Sec. 83. STUDY OF STATEWIDE DEFERRED COMPENSATION PROGRAM. The Iowa public employees' retirement system division shall continue its study of the possible establishment of a statewide deferred compensation plan for active members of the Iowa public employees' retirement system. In conducting its study, the division shall seek input, through surveys or other similar methods, from affected employees and employers concerning the establishment of a statewide deferred compensation plan to be administered by the Iowa public employees' retirement system division. The division shall submit a report concerning the results of its study to the general assembly on or before January 1, 1999, and shall include its findings and recommendations.

Sec. 84. STUDY OF ESTABLISHMENT OF A BENEFITS ADVISORY BOARD. The public employees' retirement system division shall study the possible establishment of a benefits advisory board and shall make recommendations concerning the establishment of

a benefits advisory board. The study shall consider the duties to be assigned to a potential benefits advisory board, the membership of the board and the manner of selecting members to the board, and the authority of the board concerning any recommendations it may be empowered to make concerning benefits to be provided to members of the Iowa public employees' retirement system. The division shall submit a report concerning the results of its study to the general assembly on or before January 8, 1999, and shall include its findings and any recommended proposal or proposals.

Sec. 85. STUDY OF INCLUSION OF ADJUNCT INSTRUCTORS IN MEMBERSHIP OF THE IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM. The Iowa public employees' retirement system division shall conduct a study concerning the issue of whether adjunct instructors employed by a community college or regents university should be allowed to become members of the Iowa public employees' retirement system. In conducting its study, the division shall seek input from affected employees and employers concerning the possible inclusion of adjunct instructors in the retirement system. On or before September 1, 1999, the Iowa public employees' retirement system division shall file a report with the legislative service bureau, for distribution to the public retirement systems committee, which contains its findings and recommendations concerning this issue.

DIVISION III

STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM

Sec. 86. Section 411.6, subsection 2, paragraph d, subparagraph (3), Code 1997, is amended to read as follows:

(3) For a member who terminates service, other than by death or disability, on or after October 16, 1992, but before July 1, 1998, 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. 87. Section 411.6, subsection 2, paragraph d, Code 1997, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (4) For a member who terminates service, other than by death or disability, on or after July 1, 1998, and who does not withdraw the member's contributions pursuant to section 411.23, upon the member's retirement there shall be added one and one-half 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. 88. Section 411.6, subsection 4, Code 1997, is amended to read as follows:

4. ALLOWANCE ON ORDINARY DISABILITY RETIREMENT.

a. Upon retirement for ordinary disability prior to July 1, 1998, a member shall receive an ordinary disability retirement allowance which shall consist of a pension which shall equal fifty percent of the member's average final compensation unless either of the following conditions exist:

a- (1) If the member has not had five or more years of membership service the member shall receive a pension equal to one-fourth of the member's average final compensation.

b- (2) If the member has had twenty-two or more years of membership service, the member shall receive a disability retirement allowance that is equal to the greater of the benefit that the member would receive under subsection 2 if the member were fifty-five years of age or the disability pension otherwise calculated under this subsection.

b. Upon retirement for ordinary disability on or after July 1, 1998, a member who has five or more years of membership service shall receive a disability retirement allowance in an amount equal to the greater of fifty percent of the member's average final compensation or the retirement

allowance that the member would receive under subsection 2 if the member had attained fifty-five years of age. A member who has less than five years of membership service shall receive a pension equal to one-fourth of the member's average final compensation.

Sec. 89. Section 411.6, subsection 6, paragraph b, Code 1997, is amended to read as follows:

b. Upon retirement for accidental disability on or after July 1, 1990, but before July 1, 1998, a member shall receive an accidental disability retirement allowance which shall consist of a pension equal to sixty percent of the member's average final compensation. However, if the member has had twenty-two or more years of membership service, the member shall receive a disability retirement allowance that is equal to the greater of the retirement allowance that the member would receive under subsection 2 if the member was fifty-five years of age or the disability retirement allowance calculated under this paragraph.

Sec. 90. Section 411.6, subsection 6, Code 1997, is amended by adding the following new paragraph:

NEW PARAGRAPH. c. Upon retirement for accidental disability on or after July 1, 1998, a member shall receive an accidental disability retirement allowance which shall consist of a pension in an amount equal to the greater of sixty percent of the member's average final compensation or the retirement allowance that the member would receive under subsection 2 if the member has attained fifty-five years of age.

Sec. 91. Section 411.6, subsection 7, paragraph a, unnumbered paragraph 1, Code 1997, is amended to read as follows:

Should any beneficiary for either ordinary or accidental disability, except a beneficiary who is fifty-five years of age or over and would have completed twenty-two years of service if the beneficiary had remained in active service, be

engaged in a gainful occupation paying more than the difference between the member's net retirement allowance and one and one-half times the earnable compensation of an active member at the same position on the salary scale within the member's rank as the member held at retirement, then the amount of the member's retirement allowance shall be reduced to an amount ~~which-together-with~~ such that the member's net retirement allowance plus the amount earned by the member shall equal one and one-half times the amount of the current earnable compensation of an active member at the same position on the salary scale within the member's rank as the member held at retirement. Should the member's earning capacity be later changed, the amount of the member's retirement allowance may be further modified, provided that the new retirement allowance shall not exceed the amount of the retirement allowance adjusted by annual readjustments of pensions pursuant to subsection 12 of this section nor an amount which would cause the member's net retirement allowance, when added to the amount earned by the beneficiary, equals to equal one and one-half times the amount of the earnable compensation of an active member at the same position on the salary scale within the member's rank as the member held at retirement. A beneficiary restored to active service at a salary less than the average final compensation upon the basis of which the member was retired at age fifty-five or greater, shall not again become a member of the retirement system and shall have the member's retirement allowance suspended while in active service. If the rank or position held by the retired member is subsequently abolished, adjustments to the allowable limit on the amount of income which can be earned in a gainful occupation shall be computed by the board of trustees as though such rank or position had not been abolished and salary increases had been granted to such rank or position on the same basis as increases granted to other ranks and positions in the department. For purposes of this paragraph, "net

retirement allowance" means the amount determined by subtracting the amount paid during the previous calendar year by the beneficiary for health insurance or similar health care coverage for the beneficiary and the beneficiary's dependents from the amount of the member's retirement allowance paid for that year pursuant to this chapter. The beneficiary shall submit sufficient documentation to the system to permit the system to determine the member's net retirement allowance for the applicable year.

Sec. 92. Section 411.6, subsection 10, Code 1997, 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 under the provisions of this chapter on account of the same disability or death. In addition, any amounts payable to a member as unemployment compensation under the provisions of chapter 96 based on unemployment from membership service for a member receiving an ordinary disability benefit or an accidental disability benefit pursuant to this chapter shall be offset against and payable in lieu of any benefits payable under the provisions of this chapter for an ordinary disability or an accidental disability.

Sec. 93. Section 411.9, Code 1997, is amended to read as follows:

411.9 MILITARY SERVICE EXCEPTIONS.

1. A member who is absent while serving in the armed services of the United States or its allies and is discharged or separated from the armed services under honorable conditions shall have the period or periods of absence while serving in the armed services, not in excess of four years unless any period in excess of four years is at the request

and for the convenience of the federal government, included as part of the member's period of service in the department. The member shall not continue the contributions required of the member under section 411.8 during the period of military service, if the member, within one year after the member has been discharged or separated under honorable conditions from military service, returns and resumes duties in the department, and if the member is declared physically capable of resuming duties upon examination by the medical board. A period of absence may exceed four years at the request and for the convenience of the federal government.

2. Notwithstanding any provisions of this chapter to the contrary, contributions, benefits, and service credit with respect to qualified military service shall be provided in accordance with section 414(u) of the federal Internal Revenue Code.

Sec. 94. Section 411.15, Code 1997, is amended to read as follows:

411.15 HOSPITALIZATION AND MEDICAL ATTENTION.

Cities shall provide hospital, nursing, and medical attention for the members of the police and fire departments of the cities, when injured while in the performance of their duties as members of such department, and shall continue to provide hospital, nursing, and medical attention for injuries or diseases incurred while in the performance of their duties for members receiving a retirement allowance under section 411.6, subsection 67-and-the. Cities may provide the hospital, nursing, and medical attention required by this section through the purchase of insurance, by self-insuring the obligation, or through payment of moneys into a local government risk pool established for the purpose of covering the costs associated with the requirements of this section. The cost of providing the hospital, nursing, and medical attention required by this section shall be paid from moneys held in a trust and agency fund established pursuant to

section 384.6, or out of the appropriation for the department to which the injured person belongs or belonged; provided that any amounts received by the injured person under the workers' compensation law of the state, or from any other source for such specific purposes, shall be deducted from the amount paid by the city under the provisions of this section.

Sec. 95. Section 411.22, subsection 1, unnumbered paragraph 1, Code 1997, is amended to read as follows:

If a member receives an injury for which benefits are payable under section 411.6, subsection 3 or 5, or section 411.15 and if the injury is caused under circumstances creating a legal liability for damages against a third party other than the retirement system, the member or the member's legal representative may maintain an action for damages against the third party. If a member or a member's legal representative commences such an action, the plaintiff member or representative shall serve a copy of the original notice upon the retirement system not less than ten days before the trial of the action, but a failure to serve the notice does not prejudice the rights of the retirement system, and the following rights and duties ensue:

Sec. 96. Section 411.22, subsection 3, Code 1997, is amended to read as follows:

3. Before a settlement is effective between a the retirement system and a third party who is liable for an injury, the member must consent in writing to the settlement; and if the settlement is between the member and a third party, the retirement system must consent in writing to the settlement; or on refusal to consent, in either case, the district court in the county in which either the city and or the retirement system are is located must consent in writing to the settlement.

Sec. 97. NEW SECTION. 411.24 PAYMENT TO REPRESENTATIVE PAYEE.

1. ADULTS. When it appears to the system that the interest of an applicant entitled to a payment would be served, certification of payment may be made, regardless of the legal competence or incompetence of the individual entitled to the payment, either for direct payment to the applicant, or for the applicant's use and benefit to a representative of an applicant. Payments under this section shall be made in accordance with rules adopted by the board.

2. MINORS. Payments on behalf of minors shall be made in accordance with rules adopted by the board.

3. FINALITY. Any payments made under the provisions of this section shall be a complete settlement and satisfaction of any claim, right, or interest in and to such payment.

Sec. 98. Section 411.36, subsection 1, paragraph c, Code 1997, is amended to read as follows:

c. The city-treasurers of A city treasurer, city financial officer, or city clerk involved with the financial matters of the city from four participating cities, one of whom is from a city having a population of less than forty thousand, and three of whom are from cities having a population of forty thousand or more. The city-treasurers members authorized pursuant to this paragraph shall be appointed by the governing body of the Iowa league of cities.

Sec. 99. APPLICABILITY. Section 91 of this Act, amending section 411.6, subsection 7, paragraph "a", is applicable to amounts earned by a beneficiary after December 31, 1997.

DIVISION IV

JUDICIAL RETIREMENT SYSTEM

Sec. 100. Section 602.1611, Code 1997, is amended by adding the following new subsection:

NEW SUBSECTION. 4. Commencing July 1, 1998, associate juvenile judges and associate probate judges, who are appointed on a full-time basis, are members of the judicial retirement system established in article 9, part 1, and are not members of the public employees' retirement system

established in chapter 97B, except as provided in section 602.11116.

Sec. 101. Section 602.9107, subsection 1, Code 1997, is amended to read as follows:

1. The annual annuity of a judge under this system is an amount equal to three percent of the judge's average annual basic salary for the judge's last three years as a judge of one or more of the courts included in this article, multiplied by the judge's years of service as a judge of one or more of the courts for which contributions were made to the system. However, an annual annuity shall not exceed an amount equal to fifty-percent a specified percentage of the basic annual salary which the judge is receiving at the time the judge becomes separated from service. Forfeitures shall not be used to increase the annuities a judge or survivor would otherwise receive under the system.

For judges who retire and receive an annuity prior to July 1, 1998, the specified percentage shall be fifty percent.

For judges who retire and receive an annuity on or after July 1, 1998, the specified percentage shall be fifty-two percent.

Sec. 102. NEW SECTION. 602.9107B MINIMUM ANNUITY BENEFIT.

A judge, or a survivor of a judge, who retired before July 1, 1977, and who is receiving an annuity pursuant to this article, shall, commencing with an annuity paid on or after July 1, 1998, be paid a minimum monthly annuity payment of five hundred dollars.

Sec. 103. NEW SECTION. 602.11116 ASSOCIATE JUVENILE JUDGES AND ASSOCIATE PROBATE JUDGES -- RETIREMENT.

If a full-time associate juvenile judge or full-time associate probate judge is a member of the Iowa public employees' retirement system on June 30, 1998, the associate juvenile judge or associate probate judge shall elect, by informing the state court administrator by June 30, 1998, one

of the following retirement benefit options to be effective July 1, 1998:

1. To remain a member under the Iowa public employees' retirement system pursuant to chapter 97B.
2. To commence membership under the judicial retirement system pursuant to article 9, part 1, effective July 1, 1998, but to become an inactive member of the Iowa public employees' retirement system pursuant to chapter 97B and remain eligible for benefits under sections 97B.49A through 97B.49H, as applicable, for the period of membership service under chapter 97B.
3. To commence membership under the judicial retirement system pursuant to article 9, part 1, retroactive to the date the associate juvenile judge or associate probate judge became an associate juvenile judge or associate probate judge, and to cease to be a member of the Iowa public employees' retirement system, effective July 1, 1998. The department of personnel shall transmit by January 1, 1999, to the state court administrator for deposit in the judicial retirement fund the associate juvenile judge's or associate probate judge's accumulated contributions as defined in section 97B.41, subsection 2, for the judge's period of membership service as an associate juvenile judge or associate probate judge. Before July 1, 2000, or at retirement previous to that date, an associate juvenile judge or associate probate judge who becomes a member of the judicial retirement system pursuant to this subsection shall contribute to the judicial retirement fund an amount equal to the difference between four percent of the associate juvenile judge's or associate probate judge's total salary received for the entire period of service before July 1, 1998, as an associate juvenile judge or associate probate judge, and the associate juvenile judge's or associate probate judge's accumulated contributions transmitted by the department of personnel to the state court administrator pursuant to this subsection. The associate juvenile judge's

or associate probate judge's contribution shall not be limited to the amount specified in section 602.9104, subsection 1. The state court administrator shall credit an associate juvenile judge or associate probate judge with service under the judicial retirement system for the period of service for which contributions at the four percent level are made.

Sec. 104. EFFECTIVE DATE. Sections 100 and 103 of this Act, being deemed of immediate importance, take effect upon enactment.

Sec. 105. JUDICIAL RETIREMENT SYSTEM -- LEGISLATIVE INTENT. It is the intent of the general assembly that the specified maximum percentage multiplier for purposes of calculating a retirement annuity for a judge pursuant to section 602.9107 be increased in the manner provided in this section. The maximum percentage multiplier shall be increased beyond fifty-two percent in increments of not more than two percentage points every two years based upon whether the most recent actuarial valuation of the system indicates that the system can afford the increase. The maximum percentage multiplier shall not exceed sixty percent.

DIVISION V

GENERAL PROVISIONS

Sec. 106. NEW SECTION. 29.2A AIRPORT FIRE FIGHTERS -- MAXIMUM AGE.

The maximum age for a person to be employed as an airport fire fighter by the military division of the department of public defense is sixty-five years of age.

Sec. 107. Section 80.36, Code 1997, is amended to read as follows:

80.36 MAXIMUM AGE.

The maximum age for a person to be employed as a peace officer in the ~~divisions of highway safety, uniformed force and radio communications, criminal investigation and bureau of identification, and drug law enforcement~~ department of public safety is sixty-five years of age.

Sec. 108. Section 97D.1, subsection 1, Code 1997, is amended by adding the following new paragraph:

NEW PARAGRAPH. f. Avoid enacting further benefit enhancements that fail to preserve or enhance intergenerational equity amongst all employees covered by the retirement system.

Sec. 109. Section 294.12, Code 1997, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Notwithstanding the provisions of this section, the plan provisions of a pension and annuity retirement system of a school district established under this chapter regarding the determination and distribution of benefits upon termination of the retirement system shall be effective if the school district has received a favorable determination letter from the federal internal revenue service as to the qualified status of such retirement system under applicable provisions of the Internal Revenue Code.

Sec. 110. Section 321.477, Code 1997, is amended to read as follows:

321.477 EMPLOYEES AS PEACE OFFICERS -- MAXIMUM AGE.

The department may designate by resolution certain of its employees upon each of whom there is hereby conferred the authority of a peace officer to control and direct traffic and weigh vehicles, and to make arrests for violations of the motor vehicle laws relating to the operating authority, registration, size, weight, and load of motor vehicles and trailers and registration of a motor carrier's interstate transportation service with the department. The maximum age for a person employed as a peace officer pursuant to this section is sixty-five years of age.

Sec. 111. Section 330A.8, subsection 16, Code 1997, is amended to read as follows:

16. To designate employees upon whom are conferred all the powers of a peace officer as defined in section 801.4. The maximum age for a person designated as a peace officer pursuant to this subsection is sixty-five years of age.

Sec. 112. Section 331.903, Code 1997, is amended by adding the following new subsection:

NEW SUBSECTION. 6. The maximum age for a person to be employed as a deputy sheriff appointed pursuant to this section is sixty-five years of age.

Sec. 113. Section 362.10, Code 1997, is amended to read as follows:

362.10 POLICE OFFICERS AND FIRE FIGHTERS.

The maximum age for a police officer, marshal, or fire fighter employed for police duty or the duty of fighting fires is sixty-five years of age. This section shall not apply to volunteer fire fighters.

Sec. 114. Section 456A.13, Code 1997, is amended to read as follows:

456A.13 OFFICERS AND EMPLOYEES -- PEACE OFFICER STATUS.

The director shall employ the number of assistants, including a professionally trained state forester, that are necessary to carry out the duties imposed on the commission; and, under the same conditions, the director shall appoint the number of full-time officers and supervisory personnel that are necessary to enforce all laws of the state and rules and regulations of the commission. The full-time officers and supervisory personnel have the same powers that are conferred by law on peace officers in the enforcement of all laws of the state of Iowa and the apprehension of violators. A person appointed as a full-time officer shall be at least twenty-one years of age, ~~but not more than sixty-five years of age~~, on the date of appointment and shall not be employed as a full-time officer after attaining the age of sixty-five. "Full-time officer" means any person appointed by the director to enforce the laws of this state.

Sec. 115. COMPREHENSIVE EXAMINATION OF PLAN DESIGN -- PUBLIC SAFETY PEACE OFFICERS' RETIREMENT, ACCIDENT, AND DISABILITY SYSTEM, THE STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM, AND MEMBERS OF SPECIAL CLASSIFICATIONS WITHIN THE IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM -- REPORT.

1. The chief benefits officer of the Iowa public employees' retirement system, the executive director of the statewide fire and police retirement system, and the director of the financial division of the department of public safety for the public safety peace officers' retirement, accident, and disability system, hereafter "the systems' representatives", shall coordinate, in consultation with the public retirement systems committee established pursuant to section 97D.4, a comprehensive examination of the plan designs concerning the public retirement systems established in chapter 97A, chapter 411, and the provisions of chapter 97B governing special classifications, pursuant to the principles established in chapter 97D, and make recommendations concerning plan design improvement for each of the retirement systems.

2. In coordinating and conducting the examination required by this section, the systems' representatives shall consult, and make periodic reports to, the public retirement systems committee. In addition, the systems' representatives shall hire, subject to the prior approval of the public retirement systems committee, a consultant to facilitate the conducting of the examination.

3. In conducting the examination, the systems' representatives shall consider and examine, but not be limited to, the following:

a. Consideration of appropriate benefit enhancements to each retirement system. Consideration of benefit enhancements shall take into account the availability of enhanced disability benefits for members of each retirement system under examination and the applicability of federal social security benefits for members of certain retirement systems under examination.

b. Consideration of establishing a benefit structure pertaining to each retirement system under examination, which takes into account the applicability or inapplicability of

federal social security contributions and benefits for the members of each applicable retirement system, and which provides comparable and equitable benefits for members of each system upon retirement. In addition, the examination shall include consideration of transferring certain groups of employees from one system to another.

c. Review of the functions of each retirement system under examination and consideration of how to perform those functions in an efficient manner that meets the needs of the members of each retirement system.

d. Establishment of equitable contribution rates for both employers and employees, including consideration of the mechanism to establish the contribution rates.

e. Consideration of establishing a uniform actuarial reporting method for all retirement systems under consideration to assist the public retirement systems committee in examining the relative financial condition of each retirement system.

f. Consideration of the member service needs of both active and retired members of each retirement system under examination shall be made in examining each item for consideration in this subsection.

g. Consideration of any applicable federal and state legal requirements concerning public retirement systems, to include consideration of the obligations currently established for qualified plans under the federal Internal Revenue Code.

4. In conducting the examination, the systems' representatives shall solicit from active and retired members of each of the retirement systems subject to the comprehensive examination written comments concerning issues to be considered by the consultant, prior to the hiring of the consultant, and written comments on the results of the examination.

5. On or before November 2, 1998, the systems' representatives shall file a report with the legislative

service bureau, for distribution to the public retirement systems committee, which contains the results of the comprehensive examination and any proposal, or proposals, for improving the plan design of any or all of the public retirement systems examined pursuant to this section. The report shall include discussion and recommendations concerning the items for consideration listed in subsection 3.

RON J. CORBETT
Speaker of the House

MARY E. KRAMER
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2496, Seventy-seventh General Assembly.

Stam Vetoed
May 8
Approved May 8, 1998

ELIZABETH ISAACSON
Chief Clerk of the House

TERRY E. BRANSTAD
Governor