

FILED FEB 26 1999

STATE GOVERNMENT

SENATE FILE 2355

BY KIBBIE

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to the Iowa public employees' retirement system
2 and providing effective, implementation, and retroactive
3 applicability dates.

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

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

S.F. 2355

1 Section 1. Section 97.51, subsection 8, Code 1997, is
2 amended to read as follows:

3 8. Effective July 1, 1980, a person receiving benefits, or
4 who becomes eligible to receive benefits, on or after July 1,
5 1980, under this chapter, shall receive the monthly increase
6 in benefits provided in section ~~97B.497, subsection 11~~ 97B.49G,
7 subsection 3, paragraph "a".

8 There is appropriated from the general fund of the state to
9 the Iowa old-age and survivors' insurance liquidation fund
10 from funds not otherwise appropriated an amount sufficient to
11 finance the provisions of this subsection.

12 Sec. 2. Section 97B.41, subsection 21, Code 1997, is
13 amended to read as follows:

14 21. "Special service" means service for an employer while
15 employed in a protection occupation as provided in section
16 ~~97B.497, subsection 16, paragraph "a"~~ 97B.49B, and as a county
17 sheriff, deputy sheriff, or airport fire fighter as provided
18 in section ~~97B.497, subsection 16, paragraph "b"~~ 97B.49C.

19 Sec. 3. Section 97B.41, subsection 25, paragraph b,
20 subparagraph (17), unnumbered paragraph 2, Code 1997, is
21 amended to read as follows:

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

30 Sec. 4. Section 97B.43, unnumbered paragraph 2, Code 1997,
31 is amended to read as follows:

32 Any person with a record of thirty years as a public
33 employee in the state of Iowa prior to July 1, 1947, and who
34 is not eligible for prior service credit under other
35 provisions of this section, is entitled to a credit for years

1 of prior service in the determination of the retirement
2 allowance payment under this chapter, provided the public
3 employee makes application to the department of personnel for
4 credit for prior public service, accompanied by verification
5 of the person's claim as the department may require. The
6 person's allowance for prior service credits shall be computed
7 in the same manner as otherwise provided in this section, but
8 shall not exceed the sum of four hundred fifty dollars nor be
9 less than three hundred dollars per annum. Any such person is
10 entitled to receive retirement allowances computed as provided
11 by this chapter, effective from the date of application to the
12 department, provided such application is approved. However,
13 beginning July 1, 1975, the amount of such person's retirement
14 allowance payment received during June 1975, as computed under
15 this section shall be increased by two hundred percent and the
16 allowance for prior service credits shall not exceed one
17 thousand three hundred fifty dollars nor be less than nine
18 hundred dollars per annum. Effective July 1, 1987, there is
19 appropriated for each fiscal year from the Iowa public
20 employees' retirement fund created in section 97B.7 to the
21 department of personnel an amount sufficient to fund the
22 retirement allowance increases paid under this paragraph.
23 Effective July 1, 1980, a person with a record of thirty years
24 as a public employee in the state of Iowa prior to July 1,
25 1947, receiving retirement allowances under this chapter shall
26 receive the monthly increase in benefits provided in section
27 ~~97B.497-subsection-11~~ 97B.49G, subsection 3, paragraph "a".

28 Sec. 5. Section 97B.45, subsection 2, Code 1997, is
29 amended to read as follows:

30 2. The first of the month in which the member attains the
31 age of sixty-two years if the member has completed thirty
32 twenty years of membership service.

33 Sec. 6. Section 97B.45, subsection 4, unnumbered paragraph
34 1, Code 1997, is amended to read as follows:

35 (1) The first of any month in which ~~a-member-meets-the~~

1 membership-service-and-age-requirements-to-retire-under
2 section-97B-497-subsection-15 the member is at least fifty-
3 five years of age and for which the sum of the number of years
4 of membership service and prior service and the member's age
5 in years as of the member's last birthday equals or exceeds
6 eighty-five.

7 (2) The department shall implement this subsection on July
8 1, 1998, or on the date that the department determines that
9 the most recent annual actuarial valuation of the system
10 indicates that the employer and employee contribution rates in
11 effect under section 97B.11 can absorb the costs of this
12 subsection, whichever is later. However, until this
13 subsection is implemented, the department shall not pay a
14 dividend adjustment pursuant to section 97B.49F, subsection 1.

15 Sec. 7. 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. 8. 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.

21 Sec. 9. NEW SECTION. 97B.49A MONTHLY PAYMENTS OF
22 ALLOWANCE -- GENERAL CALCULATION.

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

24 a. "Applicable percentage" means sixty percent or, for
25 each active or inactive vested member retiring on or after
26 July 1, 1996, sixty percent plus, if applicable, an additional
27 one-fourth of one percentage point for each additional
28 calendar quarter of membership service beyond thirty years of
29 service, not to exceed a total of five additional percentage
30 points.

31 b. "Fraction of years of service" means a number, not to
32 exceed one, equal to the sum of the years of membership
33 service and the number of years of prior service divided by
34 thirty years.

35 2. ENTITLEMENT TO MONTHLY ALLOWANCE. Each member, upon

1 retirement on or after the member's normal retirement date, is
2 entitled to receive a monthly retirement allowance determined
3 under this section. For an inactive vested member, the
4 monthly retirement allowance shall be determined on the basis
5 of this section and section 97B.50 as they are in effect on
6 the date of the member's retirement.

7 3. CALCULATION OF MONTHLY ALLOWANCE. For each active or
8 inactive vested member retiring on or after July 1, 1994, with
9 four or more complete years of service, a monthly benefit
10 shall be computed which is equal to one-twelfth of an amount
11 equal to the applicable percentage of the three-year average
12 coverage wage multiplied by a fraction of years of service.
13 However, if benefits under this section commence on an early
14 retirement date, the amount of benefit shall be reduced in
15 accordance with section 97B.50.

16 4. ALTERNATIVE CALCULATIONS.

17 a. For each active member employed before January 1, 1976,
18 and retiring on or after January 1, 1976, and for each member
19 who was a vested member before January 1, 1976, with four or
20 more complete years of service, a formula benefit shall be
21 determined equal to the larger of the benefit determined under
22 this paragraph and paragraph "b" of this subsection, as
23 applicable, or the benefit determined under subsection 3. The
24 amount of the monthly formula benefit for each such active or
25 vested member who retired on or after January 1, 1976, shall
26 be equal to one-twelfth of one and fifty-seven hundredths
27 percent per year of membership service multiplied by the
28 member's average annual covered wages. In no case shall the
29 amount of monthly formula benefit accrued for membership
30 service prior to July 1, 1967, be less than the monthly
31 annuity at the normal retirement date determined by applying
32 the sum of the member's accumulated contributions, the
33 member's employer's accumulated contributions on or before
34 June 30, 1967, and any retirement dividends standing to the
35 member's credit on or before December 31, 1966, to the annuity

1 tables in use by the department with due regard to the
2 benefits payable from such accumulated contributions under
3 sections 97B.52 and 97B.53.

4 b. For each member employed before January 1, 1976, who
5 has qualified for prior service credit in accordance with the
6 first paragraph of section 97B.43, a formula benefit shall be
7 determined equal to the larger of the benefit determined under
8 this paragraph, and paragraph "a" of this subsection, as
9 applicable, or the benefit determined under subsection 3. The
10 amount of the monthly formula benefit under this paragraph
11 shall be equal to eight-tenths of one percent per year of
12 prior service credit multiplied by the monthly rate of the
13 member's total remuneration not in excess of three thousand
14 dollars annually during the twelve consecutive months of the
15 member's prior service for which that total remuneration was
16 the highest. An additional three-tenths of one percent of the
17 remuneration not in excess of three thousand dollars annually
18 shall be payable for prior service during each year in which
19 the accrued liability for benefit payments created by the
20 abolished system is funded by appropriation from the Iowa
21 public employees' retirement fund.

22 c. For each active and vested member retiring with less
23 than four complete years of service and who therefore cannot
24 have a benefit determined under the formula benefit of
25 paragraphs "a" or "b" of this subsection, or subsection 3 of
26 this section, a monthly annuity for membership service shall
27 be determined by applying the member's accumulated
28 contributions and the employer's matching accumulated
29 contributions as of the effective retirement date and any
30 retirement dividends standing to the member's credit on or
31 before December 31, 1966, to the annuity tables in use by the
32 department according to the member's age and contingent
33 annuitant's age, if applicable.

34 Sec. 10. NEW SECTION. 97B.49B PROTECTION OCCUPATION.

35 1. DEFINITIONS. For purposes of this section:

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

8 b. "Fraction of years of service" means a number, not to
9 exceed one, equal to the sum of the years of membership
10 service in a protection occupation divided by twenty-five
11 years.

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

13 (1) A conservation peace officer employed under section
14 456A.13.

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

18 (3) A correctional officer or correctional supervisor
19 employed by the Iowa department of corrections, and any other
20 employee of that department whose primary purpose is, through
21 ongoing direct inmate contact, to enforce and maintain
22 discipline, safety, and security within a correctional
23 facility.

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

27 (5) An employee of the state department of transportation
28 who is designated as a "peace officer" by resolution under
29 section 321.477, but only if the employee retires on or after
30 July 1, 1990. For purposes of this subparagraph, service as a
31 traffic weight officer employed by the highway commission
32 prior to the creation of the state department of
33 transportation or as a peace officer employed by the Iowa
34 state commerce commission prior to the creation of the state
35 department of transportation shall be included in computing

1 the employee's years of membership service.

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

7 (7) An employee of a judicial district department of
8 correctional services who is employed as a probation officer
9 III or a parole officer III.

10 (8) A sheriff, deputy sheriff, or airport firefighter as
11 defined in section 97B.49C who does not receive a monthly
12 retirement allowance pursuant to section 97B.49C for this
13 service.

14 2. CALCULATION OF MONTHLY ALLOWANCE. Notwithstanding
15 other provisions of this chapter, a member who is or has been
16 employed in a protection occupation who retires on or after
17 July 1, 1994, and at the time of retirement is at least fifty-
18 five years of age may elect to receive, in lieu of the receipt
19 of any benefits as calculated pursuant to section 97B.49A or
20 97B.49D, a monthly retirement allowance equal to one-twelfth
21 of an amount equal to the applicable percentage of the three-
22 year average covered wage as a member who has been employed in
23 a protection occupation multiplied by a fraction of years of
24 service, with benefits payable during the member's lifetime.

25 3. ADDITIONAL CONTRIBUTIONS.

26 a. Annually, the department of personnel shall actuarially
27 determine the cost of the additional benefits provided for
28 members covered under this section as a percentage of the
29 covered wages of the employees covered by this section. Sixty
30 percent of the cost shall be paid by the employers of
31 employees covered under this section and forty percent of the
32 cost shall be paid by the employees. The employer and
33 employee contributions required under this paragraph are in
34 addition to the contributions paid under sections 97B.11 and
35 97B.11A.

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

7 (2) Annually, during each fiscal year commencing with the
8 fiscal year beginning July 1, 1988, each applicable city shall
9 pay to the department of personnel the amount necessary to pay
10 the employer share of the cost of the additional benefits
11 provided to employees of that city covered under subsection 1,
12 paragraph "c", subparagraphs (2) and (4).

13 (3) For the fiscal year commencing July 1, 1988, and each
14 succeeding fiscal year, the department of corrections shall
15 pay to the department of personnel from funds appropriated to
16 the Iowa department of corrections, the amount necessary to
17 pay the employer share of the cost of the additional benefits
18 provided to employees covered under subsection 1, paragraph
19 "c", subparagraph (3).

20 (4) For the fiscal year commencing July 1, 1990, and each
21 succeeding fiscal year, the state department of transportation
22 shall pay to the department of personnel, from funds
23 appropriated to the state department of transportation from
24 the road use tax fund and the primary road fund, the amount
25 necessary to pay the employer share of the cost of the
26 additional benefits provided to employees covered under
27 subsection 1, paragraph "c", subparagraph (5).

28 (5) For the fiscal year commencing July 1, 1992, and each
29 succeeding fiscal year, the department of public safety shall
30 pay to the department of personnel from funds appropriated to
31 the department of public safety, the amount necessary to pay
32 the employer share of the cost of the additional benefits
33 provided to a fire prevention inspector peace officer pursuant
34 to subsection 1, paragraph "c", subparagraph (6).

35 (6) For the fiscal year commencing July 1, 1994, and each

1 succeeding fiscal year, each judicial district department of
2 correctional services shall pay to the department of personnel
3 from funds appropriated to that judicial district department
4 of correctional services, the amount necessary to pay the
5 employer share of the cost of the additional benefits provided
6 to employees covered under subsection 1, paragraph "c",
7 subparagraph (7).

8 Sec. 11. NEW SECTION. 97B.49C SHERIFFS, DEPUTY SHERIFFS,
9 AND AIRPORT FIRE FIGHTERS.

10 1. DEFINITIONS. For purposes of this section:

11 a. "Airport fire fighter" means an airport fire fighter
12 employed by the military division of the department of public
13 defense.

14 b. "Applicable percentage" means sixty percent plus, if
15 applicable, an additional three-eighths of one percentage
16 point for each additional calendar quarter of eligible service
17 beyond twenty years of service, not to exceed a total of
18 twelve additional percentage points.

19 c. "Deputy sheriff" means a deputy sheriff appointed
20 pursuant to section 341.1 prior to July 1, 1981, or section
21 331.903 on or after July 1, 1981.

22 d. "Eligible service" means service as an airport fire
23 fighter, sheriff, and deputy sheriff under this section. In
24 addition, eligible service includes membership service as an
25 airport fire fighter prior to July 1, 1994.

26 e. "Fraction of years of service" means a number, not to
27 exceed one, equal to the sum of the years of eligible service
28 under this section divided by twenty years.

29 f. "Sheriff" means a county sheriff as defined in section
30 39.17.

31 2. CALCULATION OF MONTHLY ALLOWANCE. Notwithstanding
32 other provisions of this chapter, a member who retires from
33 employment as a sheriff, deputy sheriff, or airport fire
34 fighter on or after July 1, 1998, and at the time of
35 retirement is at least fifty-five years of age, or at least

1 fifty-two years of age with twenty or more years of eligible
2 service, may elect to receive, in lieu of the receipt of any
3 benefits as calculated pursuant to section 97B.49A or 97B.49D,
4 a monthly retirement allowance equal to one-twelfth of an
5 amount equal to the applicable percentage of the three-year
6 average covered wage as a member who has been employed in
7 eligible service multiplied by a fraction of years of service,
8 with benefits payable during the member's lifetime.

9 3. ADDITIONAL CONTRIBUTIONS.

10 a. Annually, the department of personnel shall actuarially
11 determine the cost of the additional benefits provided for
12 members covered under this section as a percentage of the
13 covered wages of the employees covered by this section. Sixty
14 percent of the cost shall be paid by the employers of
15 employees covered under this section and forty percent of the
16 cost shall be paid by the employees. The employer and
17 employee contributions required under this paragraph are in
18 addition to the contributions paid under sections 97B.11 and
19 97B.11A. However, the cost of including service as an airport
20 fire fighter prior to July 1, 1994, as eligible service under
21 this section shall not affect the contribution rates
22 calculated and paid by the member or the employer under this
23 section.

24 b. (1) Annually, during each fiscal year commencing with
25 the fiscal year beginning July 1, 1988, each county shall pay
26 to the department of personnel the amount necessary to pay the
27 employer share of the cost of the additional benefits provided
28 to sheriffs and deputy sheriffs.

29 (2) For the fiscal year commencing July 1, 1994, and each
30 succeeding fiscal year, there is appropriated from the general
31 fund of the state to the department of personnel, from funds
32 not otherwise appropriated, an amount necessary to pay the
33 employer share of the cost of the additional benefits provided
34 to airport fire fighters under this section.

35 Sec. 12. NEW SECTION. 97B.49D HYBRID FORMULA.

1 1. An active or inactive vested member, who is or has been
2 employed in both special service and regular service, who
3 retires on or after July 1, 1996, with four or more completed
4 years of service and at the time of retirement is at least
5 fifty-five years of age, may elect to receive, in lieu of the
6 receipt of a monthly retirement allowance as calculated
7 pursuant to sections 97B.49A through 97B.49C, a combined
8 monthly retirement allowance equal to the sum of the
9 following:

10 a. 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 thirty, for which
15 regular service contributions were made, divided by thirty.
16 However, any otherwise applicable age reduction for early
17 retirement shall apply to the calculation under this
18 paragraph.

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

31 c. One-twelfth of an amount equal to the applicable
32 percentage of the member's three-year average covered wage
33 multiplied by a fraction of years of service. The fraction of
34 years of service for purposes of this paragraph shall be the
35 actual years of service, not to exceed twenty, earned in a

1 position described in section 97B.49C, for which special
2 service contributions were made, divided by twenty. In
3 calculating the fractions of years of service under this
4 paragraph, a member shall not receive special service credit
5 for years of service for which the member and the member's
6 employer did not make the required special service
7 contributions to the department.

8 2. In calculating the combined monthly retirement
9 allowance pursuant to subsection 1, the sum of the fraction of
10 years of service provided in subsection 1, paragraphs "a",
11 "b", and "c", shall not exceed one. If the sum of the
12 fractions of years of service would exceed one, the department
13 shall deduct years of service first from the calculation under
14 subsection 1, paragraph "a", and then from the calculation
15 under subsection 1, paragraph "b", if necessary, so that the
16 sum of the fractions of years of service shall equal one.

17 3. In calculating the combined monthly retirement
18 allowance pursuant to subsection 1, the applicable percentage
19 shall be sixty percent plus, if applicable, an additional one-
20 fourth of one percentage point for each additional calendar
21 quarter of membership service in service as described in
22 subsection 1, paragraph "a", "b", or "c", beyond thirty years
23 of service, not to exceed a total of five additional
24 percentage points. Any addition in the percentage multiplier
25 shall be included in the calculations required under this
26 section.

27 Sec. 13. NEW SECTION. 97B.49E MINIMUM BENEFITS.

28 1. For each active member retiring on or after June 30,
29 1973, and who has completed ten or more years of membership
30 service, the total amount of monthly benefit payable at the
31 normal retirement date for prior service and membership
32 service shall not be less than fifty dollars per month. If
33 benefits commence on an early retirement date, the amount of
34 benefit shall be reduced in accordance with section 97B.50.
35 If an optional allowance is selected under section 97B.51, the

1 amount payable shall be the actuarial equivalent of the
2 minimum benefit. An employee, who is in employment on a
3 school-year or academic-year basis, will be considered to be
4 an active member as of June 30, 1973, if the employee
5 completes the 1972-1973 school year or academic year.

6 2. Effective January 1, 1997, for members who retired on
7 or after July 1, 1953, and before July 1, 1990, with at least
8 ten years of prior and membership service, the minimum monthly
9 benefit payable at the normal retirement date for prior and
10 membership service shall be two hundred dollars. The minimum
11 monthly benefit payable shall be increased by ten dollars for
12 each year of prior and membership service beyond ten years, up
13 to a maximum of twenty additional years of prior and
14 membership service. If benefits commenced on an early
15 retirement date, the amount of the benefit shall be reduced in
16 accordance with section 97B.50. If an optional allowance was
17 selected under section 97B.51, the amount payable shall be the
18 actuarial equivalent of the minimum benefit.

19 Sec. 14. NEW SECTION. 97B.49F RETIREMENT DIVIDENDS.

20 1. COST-OF-LIVING DIVIDEND.

21 a. Effective July 1, 1997, commencing with dividends
22 payable in November 1997, and for each subsequent year, all
23 members who retired prior to July 1, 1990, and all
24 beneficiaries and contingent annuitants of such members, shall
25 be eligible for annual dividend payments, payable in November
26 of that year, pursuant to the requirements of this subsection.
27 The dividend payable in any given year shall be the sum of the
28 dollar amount of the dividend payable in the previous November
29 and the dividend adjustment. A dividend determined pursuant
30 to this subsection shall not be used to increase the monthly
31 benefit amount payable. In no event shall the dividend
32 payable be less than twenty-five dollars.

33 b. (1) The dividend adjustment for a given year shall be
34 calculated by multiplying the total of the retiree's,
35 beneficiary's, or contingent annuitant's monthly benefit

1 payments and the dividend payable to the retiree, beneficiary,
2 or contingent annuitant, in the previous calendar year by the
3 applicable percentage as determined by this paragraph.

4 (2) The applicable percentage shall be the least of the
5 following percentages:

6 (a) The percentage representing the percentage increase in
7 the consumer price index published in the federal register by
8 the federal department of labor, bureau of labor statistics,
9 that reflects the percentage increase in the consumer price
10 index for the twelve-month period ending June 30 of the year
11 that the dividend is to be paid.

12 (b) The percentage representing the percentage amount the
13 actuary has certified, in the annual actuarial valuation of
14 the system as of June 30 of the year in which the dividend is
15 to be paid, that the fund can absorb without requiring an
16 increase in the employer and employee contributions to the
17 fund.

18 (c) Three percent.

19 c. If the member dies on or after July 1 of the dividend
20 year but before the payment date, the full amount of the
21 retirement dividend for that year shall be paid to the
22 member's account, upon notification of the member's death.

23 2. FAVORABLE EXPERIENCE DIVIDEND.

24 a. Commencing January 1, 1999, all members who retired on
25 or after July 1, 1990, and who have been retired for at least
26 one year as of the date the dividend is payable, or a
27 beneficiary or contingent annuitant of such a member, shall be
28 eligible to receive a favorable experience dividend, payable
29 on the last business day in January of each year pursuant to
30 the requirements of this subsection.

31 b. A favorable experience dividend reserve account,
32 hereafter called the "reserve account", is established within
33 the retirement fund. Moneys credited to the reserve account
34 shall be used by the department for the purpose of providing a
35 favorable experience dividend pursuant to this subsection.

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

3 (1) On or before January 15, 1999, there shall be credited
4 to the reserve account an amount that the system's actuary
5 determines is sufficient to pay the maximum favorable
6 experience dividend for each of the next following five years.

7 (2) Beginning with the annual actuarial valuation of the
8 system as of June 30, 1997, and for each annual actuarial
9 valuation of the system thereafter, there shall be credited to
10 the reserve account on or before each applicable January 15
11 following an actuarial valuation, an amount that represents
12 that portion of the favorable actuarial experience, if any,
13 that the system's actuary determines shall be credited to the
14 reserve account pursuant to rules adopted by the department.
15 The rules shall provide that the portion of the favorable
16 experience dividend, if any, that is not initially credited to
17 the reserve account, but which, if applied to the retirement
18 fund, would result in the actuarial valuation of assets
19 exceeding the actuarial accrued liability of the system based
20 on the most recent annual actuarial valuation of the system,
21 shall be credited to the reserve account.

22 (3) 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
26 pursuant to rules adopted by the department in the most recent
27 annual actuarial valuation of the system.

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 a year, by
31 the number of complete years the member has been retired, or
32 would have been retired, if living as of the date the dividend
33 is payable, and by the applicable percentage. For purposes of
34 this paragraph, the applicable percentage is the percentage,
35 not to exceed three percent, that the department determines

1 shall be applied in calculating the favorable experience
2 dividend if the department determines that the reserve account
3 is sufficiently funded to make a distribution. In making its
4 determination, the department shall consider the amounts
5 credited to the reserve account, the distributions from the
6 reserve account made in previous years, the likelihood of
7 future distributions from the reserve account, and the
8 distributions paid under subsection 1.

9 Sec. 15. NEW SECTION. 97B.49G MONTHLY PAYMENTS OF
10 ALLOWANCE -- MISCELLANEOUS PROVISIONS.

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

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

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

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

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

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

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

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

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

1 c. For purposes of this subsection, "fraction of years of
2 service" means a number, not to exceed one, equal to the sum
3 of the years of membership service and the number of years of
4 prior service divided by thirty years.

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

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

21 The benefit increases granted to members retired under the
22 system on January 1, 1976, shall be granted only on January 1,
23 1976, and shall not be further increased for any year in which
24 the member was retired after the calendar year beginning
25 January 1, 1975.

26 b. Effective July 1, 1978, for each member who retired
27 from the system prior to January 1, 1976, the amount of
28 regular monthly retirement allowance attributable to
29 membership service and prior service that was payable to the
30 member for June 1978 is increased as follows:

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

33 (2) For the eleventh through the twentieth years of
34 service, two dollars per month for each complete year of
35 service.

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

4 Effective July 1, 1979, the increases granted to members
5 under this paragraph shall be paid to contingent annuitants
6 and to beneficiaries.

7 3. EXTRA PAYMENTS ON ALLOWANCE.

8 a. Effective July 1, 1980, for each member who retired
9 from the system prior to January 1, 1976, and for each member
10 who retired from the system on or after January 1, 1976, under
11 subsection 1 of this section, the amount of regular monthly
12 retirement allowance attributable to membership service and
13 prior service that was payable to the member for June 1980 is
14 increased as follows:

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

17 (2) For the eleventh through the twentieth years of
18 service, one dollar per month for each complete year of
19 service.

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

23 (4) The amount of monthly increase payable to a member
24 under this paragraph is also payable to a beneficiary and a
25 contingent annuitant and shall be reduced by an amount based
26 upon the actuarial equivalent of the option selected in
27 section 97B.51 or section 97B.52 compared to the full monthly
28 benefit provided in this section.

29 However, effective July 1, 1980, the monthly retirement
30 allowance attributable to membership service and prior service
31 of a member, contingent annuitant, and beneficiary shall not
32 be less than five dollars times the number of complete years
33 of service of the member, not to exceed thirty, reduced by an
34 amount based upon the actuarial equivalent of the option
35 selected in section 97B.51 or section 97B.52, compared to the

1 full monthly retirement benefit provided in this section.

2 b. Effective beginning July 1, 1982, for each member who
3 retired from the system prior to January 1, 1976, and for each
4 member who retired from the system on or after January 1,
5 1976, under subsection 1 of this section, the amount of
6 regular monthly retirement allowance attributable to
7 membership service and prior service that was payable to the
8 member for June 1982 is 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.

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

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

35 b. The member is an active or inactive vested member

1 retiring on or after July 1, 1996, and before July 1, 1996,
2 who is at least fifty-five years of age and for which the sum
3 of the number of years of membership service and prior service
4 and the member's age in years as of the member's last birthday
5 equals or exceeds ninety-two.

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

12 d. The member is an active or inactive vested member
13 retiring on or after July 1, 1997, and before the
14 implementation date provided in section 97B.45, subsection 4,
15 subparagraph (2), who is at least fifty-five years of age and
16 for which the sum of the number of years of membership service
17 and prior service and the member's age in years as of the
18 member's last birthday equals or exceeds eighty-eight.

19 5. DIVIDENDS -- NOVEMBER 1996.

20 a. Each member who retired from the system between July 4,
21 1953, and December 31, 1975, or a contingent annuitant or
22 beneficiary of such a member, shall receive with the November
23 1996 monthly benefit payment a retirement dividend equal to
24 two hundred ninety-two percent of the monthly benefit payment
25 the member received for the preceding June, or the most
26 recently received benefit payment, whichever is greater. The
27 retirement dividend does not affect the amount of a monthly
28 benefit payment.

29 b. A member who retired from the system between January 1,
30 1976, and June 30, 1982, 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 two hundred twenty-three percent of the monthly benefit
34 payment the member received for the preceding June, or the
35 most recently received benefit payment, whichever is greater.

1 The retirement dividend does not affect the amount of a
2 monthly benefit payment.

3 c. A member who retired from the system between July 1,
4 1982, and June 30, 1986, 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 seventy-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 d. A member who retired from the system between July 1,
13 1986, and June 30, 1990, or a contingent annuitant or
14 beneficiary of such a member, shall receive with the November
15 1996 monthly benefit payment a retirement dividend equal to
16 twenty-four percent of the monthly benefit payment the member
17 received for the preceding June, or the most recently received
18 benefit payment, whichever is greater. The retirement
19 dividend does not affect the amount of a monthly benefit
20 payment.

21 e. Notwithstanding the determination of the amount of a
22 retirement dividend under this subsection, a retirement
23 dividend shall not be less than twenty-five dollars.

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

25 a. Notwithstanding other provisions of this chapter, a
26 member who is or has been employed as a conservation peace
27 officer under section 456A.13 and who retires on or after July
28 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 a
31 conservation peace officer, may elect to receive, in lieu of
32 the receipt of any benefits under subsection 1 of this
33 section, a monthly retirement allowance equal to one-twelfth
34 of fifty percent of the member's three-year average covered
35 wage as a conservation peace officer, with benefits payable

1 during the member's lifetime.

2 b. A conservation peace officer who retires on or after
3 July 1, 1986, and before July 1, 1988, and has not completed
4 twenty-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 a conservation
8 peace officer multiplied by a fraction of years of service as
9 a conservation peace officer. For the purpose of this
10 subsection, "fraction of years of service" means a number, not
11 to exceed one, equal to the sum of the years of membership
12 service as a conservation peace officer, divided by twenty-
13 five years. On or after July 1, 1986, but before July 1,
14 1988, if the conservation peace officer has not reached sixty
15 years of age at retirement, the monthly retirement allowance
16 shall be reduced by five-tenths of one percent per month for
17 each month that the conservation peace officer's retirement
18 precedes the date on which the conservation peace officer
19 attains sixty years of age.

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

24 c. There is appropriated from the state fish and game
25 protection fund to the department of personnel an actuarially
26 determined amount determined by the Iowa public employees'
27 retirement system sufficient to pay for the additional
28 benefits to conservation peace officers provided by this
29 subsection, as a percentage, in paragraph "a" and for the
30 employer portion of the benefits provided in paragraph "b".
31 The amount is in addition to the contribution paid by the
32 employer under section 97B.11. The cost of the benefits
33 relating to conservation peace officers within the fish and
34 game division of the department of natural resources shall be
35 paid from the state fish and game protection fund and the cost

1 of the benefits relating to the other conservation peace
2 officers of the department shall be paid from the general
3 fund.

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

5 a. Notwithstanding other provisions of this chapter, a
6 member who is or has been employed as a peace officer and who
7 retires on or after July 1, 1986, and before July 1, 1988, and
8 at the time of retirement is at least sixty years of age and
9 has completed at least twenty-five years of membership service
10 as a peace officer, may elect to receive, in lieu of the
11 benefits under subsection 1 of this section, a monthly

12 retirement allowance equal to one-twelfth of fifty percent of
13 the member's three-year average covered wage as a peace
14 officer, with benefits payable during the member's lifetime.

15 A peace officer who retires on or after July 1, 1986, and
16 before July 1, 1988, and has not completed twenty-five years
17 of membership service as required under this subsection is
18 eligible to receive a monthly retirement allowance equal to
19 one-twelfth of fifty percent of the member's three-year
20 average covered wage as a peace officer multiplied by the
21 fraction of years of service as a peace officer. For the
22 purpose of this subsection, "fraction of years of service"
23 means a number, not to exceed one, equal to the sum of the
24 years of membership service as a peace officer, divided by
25 twenty-five years. On or after July 1, 1984, but before July
26 1, 1988, if the peace officer has not reached sixty years of
27 age at retirement, the monthly retirement allowance shall be
28 reduced by five-tenths of one percent per month for each month
29 that the peace officer's retirement precedes the date on which
30 the peace officer attains sixty years of age.

31 For the purpose of this subsection, membership service as a
32 peace officer means service under this system as any or all of
33 the following:

- 34 (1) As a county sheriff as defined in section 39.17.
35 (2) As a deputy sheriff appointed pursuant to section

1 341.1, Code 1981, or section 331.903.

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

4 b. Each county and applicable city and employee eligible
5 for benefits under this subsection shall annually contribute
6 an amount determined by the department of personnel, as a
7 percentage of covered wages, to be necessary to pay for the
8 additional benefits provided by this subsection. The annual
9 contribution in excess of the employer and employee
10 contributions required by this chapter shall be paid by the
11 employer and the employee in the same proportion that employer
12 and employee contributions are made under section 97B.11. The
13 additional percentage of covered wages shall be calculated
14 separately by the department for service under paragraph "a",
15 subparagraphs (1) and (2), and for service under paragraph
16 "a", subparagraph (3), and each shall be an actuarially
17 determined amount for that type of service which, if
18 contributed throughout the entire period of active service,
19 would be sufficient to provide the pension benefit provided in
20 this subsection.

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

22 a. Notwithstanding sections of this chapter relating to
23 eligibility for and determination of retirement benefits, a
24 vested member who is or has been employed as a correctional
25 officer by the Iowa department of corrections and who retires
26 on or after July 1, 1986, and before July 1, 1988, and at the
27 time of retirement is at least sixty years of age and has
28 completed at least thirty years of membership service as a
29 correctional officer, may elect to receive, in lieu of the
30 receipt of benefits under subsection 1 of this section, a
31 monthly retirement allowance equal to one-twelfth of fifty
32 percent of the member's three-year average covered wage as a
33 correctional officer, with benefits payable during the
34 member's lifetime.

35 b. The Iowa department of corrections and the department

1 of personnel shall jointly determine the applicable merit
2 system job classifications of correctional officers.

3 c. The Iowa department of corrections shall pay to the
4 department of personnel, from funds appropriated to the Iowa
5 department of corrections, an actuarially determined amount
6 sufficient to pay for the additional benefits provided in this
7 subsection. The amount is in addition to the employer
8 contributions required in section 97B.11.

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

10 a. Notwithstanding other provisions of this chapter, a
11 member who is or has been employed by the office of disaster
12 services as an airport fire fighter who retires on or after
13 July 1, 1986, and before July 1, 1988, and at the time of
14 retirement is at least sixty years of age and has completed at
15 least twenty-five years of membership service as an airport
16 fire fighter, may elect to receive, in lieu of the receipt of
17 any benefits under subsection 1 of this section, a monthly
18 retirement allowance equal to one-twelfth of fifty percent of
19 the member's three-year average covered wage as an airport
20 fire fighter, with benefits payable during the member's
21 lifetime.

22 b. An airport fire fighter who retires on or after July 1,
23 1986, and before July 1, 1988, and has not completed twenty-
24 five years of membership service as required under this
25 subsection is eligible to receive a monthly retirement
26 allowance equal to one-twelfth of fifty percent of the
27 member's three-year average covered wage as an airport fire
28 fighter multiplied by a fraction of years of service as an
29 airport fire fighter. For the purpose of this subsection,
30 "fraction of years of service" means a number, not to exceed
31 one, equal to the sum of the years of membership service as an
32 airport fire fighter, divided by twenty-five years. On or
33 after July 1, 1986, but before July 1, 1988, if the airport
34 fire fighter has not reached sixty years of age at retirement,
35 the monthly retirement allowance shall be reduced by five-

1 tenths of one percent per month for each month that the
2 airport fire fighter's retirement precedes the date on which
3 the airport fire fighter attains sixty years of age.

4 c. The employer and each employee eligible for benefits
5 under this subsection shall annually contribute an actuarially
6 determined amount specified by the department, as a percentage
7 of covered wages, that is necessary to pay for the additional
8 benefits provided by this subsection. The annual contribution
9 in excess of the employer and employee contributions required
10 in section 97B.11 shall be paid by the employer and the
11 employee in the same proportion that the employer and employee
12 contributions are made under section 97B.11.

13 d. There is appropriated from the general fund of the
14 state to the department from funds not otherwise appropriated
15 an amount sufficient to pay the employer share of the cost of
16 the additional benefits provided in this subsection.

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

18 a. For purposes of this subsection:

19 (1) "Applicable percentage" means the applicable
20 percentage multiplier as described in subsection 1, paragraph
21 "b", that applies on the date a member retires and becomes
22 eligible to receive a monthly allowance as calculated pursuant
23 to this subsection.

24 (2) "Fraction of years of service" means a number, not to
25 exceed one, equal to the sum of the years of membership
26 service in a protection occupation divided by twenty-five
27 years.

28 b. Notwithstanding other provisions of this chapter, a
29 member who is or has been employed in a protection occupation
30 who retires on or after July 1, 1988, and before July 1, 1994,
31 and at the time of retirement is at least fifty-five years of
32 age may elect to receive, in lieu of the receipt of any
33 benefits as calculated pursuant to subsection 1 of this
34 section, 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 11. SHERIFFS AND DEPUTY SHERIFFS -- JULY 1988 - JULY 1998.

5 a. For purposes of this subsection:

6 (1) "Applicable percentage" means the greater of the
7 following percentages:

8 (a) The applicable percentage multiplier as described in
9 subsection 1, paragraph "b", that applies on the date a member
10 retires and becomes eligible to receive a monthly allowance as
11 calculated pursuant to this subsection.

12 (b) For each active or inactive vested member retiring on
13 or after July 1, 1994, and before July 1, 1996, sixty percent.

14 (c) For each active or inactive vested member retiring on
15 or after July 1, 1996, and before July 1, 1998, sixty percent
16 plus, if applicable, an additional one-fourth of one
17 percentage point for each additional calendar quarter of
18 eligible service beyond twenty-two years of service, not to
19 exceed a total of five additional percentage points.

20 (2) "Fraction of years of service" means a number, not to
21 exceed one, equal to the sum of the years of membership
22 service as a sheriff or deputy sheriff divided by twenty-two
23 years.

24 b. Notwithstanding other provisions of this chapter, a
25 member who retires from employment as a sheriff or deputy
26 sheriff on or after July 1, 1988, and before July 1, 1998, and
27 at the time of retirement is at least fifty-five years of age
28 may elect to receive, in lieu of the receipt of any benefits
29 as calculated pursuant to subsection 1 of this section, a
30 monthly retirement allowance equal to one-twelfth of an amount
31 equal to the applicable percentage of the three-year average
32 covered wage as a member who has been employed as a sheriff or
33 deputy sheriff multiplied by a fraction of years of service,
34 with benefits payable during the member's lifetime.

35 Sec. 16. NEW SECTION. 97B.49H ACTIVE MEMBER SUPPLEMENTAL

1 ACCOUNTS.

2 1. There is established, for each active member, a
3 supplemental account consisting of amounts credited to the
4 account as provided in this section which shall be held and
5 used for the exclusive benefit of the member pursuant to the
6 requirements of this section.

7 2. Amounts shall be credited to a supplemental account of
8 each active member pursuant to the requirements of this
9 section following a determination by the system's actuary
10 during the most recent annual actuarial valuation that the
11 system does not have an unfunded accrued liability. For
12 purposes of this section, the system does not have an unfunded
13 accrued liability if the actuarial accrued liability of the
14 system based on the actuarial cost method used by the actuary
15 does not exceed the actuarial value of assets of the system as
16 of the valuation date.

17 3. The department shall annually determine the amount to
18 be credited to the supplemental accounts of active members.
19 The amount to be credited shall be calculated by multiplying
20 the member's covered wages by the supplemental rate. For
21 purposes of this subsection, the supplemental rate is the
22 difference, if positive, between the combined employee and
23 employer statutory contribution rates in effect under section
24 97B.11 and the normal cost rate of the system as determined by
25 the system's actuary in the most recent annual actuarial
26 valuation of the system. The credits shall be made at least
27 quarterly during the calendar year following a determination
28 that the system does not have an unfunded accrued liability.
29 The normal cost rate, calculated according to the actuarial
30 cost method used, is the percent of pay allocated to each year
31 of service that is necessary to fund projected benefits over
32 the member's service with the system.

33 4. Amounts in a member's supplemental account shall accrue
34 interest quarterly pursuant to section 97B.70, subsection 2.

35 5. Amounts in a member's supplemental account shall be

1 distributed as follows:

2 a. If a member terminates covered employment and files an
3 application for a refund under section 97B.53, the member
4 shall receive in a lump sum payment, in addition to any other
5 payment provided by this chapter, all moneys in the member's
6 supplemental account.

7 b. If a member dies prior to retirement, the member's
8 beneficiary shall receive in a lump sum payment, in addition
9 to any other payment provided by this chapter, all moneys in
10 the member's supplemental account.

11 c. Upon retirement, the member shall receive in a lump sum
12 payment or in an annuity, in addition to any other payment
13 provided by this chapter, all moneys in the member's
14 supplemental account.

15 Sec. 17. Section 97B.50, Code 1997, is amended to read as
16 follows:

17 97B.50 EARLY RETIREMENT.

18 1. Except as otherwise provided in this section, a vested
19 member, upon retirement prior to the normal retirement date
20 other than that specified in section 97B.45, subsection 4, is
21 entitled to receive a monthly retirement allowance determined
22 in the same manner as provided for normal retirement in
23 ~~section-97B.49, -subsections-1, -4, -and-5~~ sections 97B.49A,
24 97B.49E, and 97B.49G, reduced as follows:

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

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

34 2. a. A vested member who retires from the system due to
35 disability and commences receiving disability benefits

1 pursuant to the federal Social Security Act, 42 U.S.C. § 423
2 et seq., and who has not reached the normal retirement date,
3 shall receive benefits under section 97B.49 and shall not have
4 benefits reduced upon retirement as required under subsection
5 1 regardless of whether the member has completed thirty or
6 more years of membership service. However, the benefits shall
7 be suspended during any period in which the member returns to
8 covered employment. This section takes effect July 1, 1990,
9 for a member meeting the requirements of this paragraph who
10 retired from the system at any time after July 4, 1953.

11 Eligible members are entitled to the receipt of retroactive
12 adjustment payments back to July 1, 1990, notwithstanding the
13 requirements of subsection 4.

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

27 Eligible members are entitled to the receipt of retroactive
28 adjustment payments back to July 1, 1990, notwithstanding the
29 requirements of subsection 4.

30 3. A member who is at least sixty-two years of age and
31 less than sixty-five years of age, and who has completed
32 thirty or more years of membership service and prior service,
33 shall receive full benefits under ~~section-97B.49~~ sections
34 97B.49A through 97B.49G, as applicable, determined as if the
35 member had attained sixty-five years of age.

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

6 Sec. 18. Section 97B.51, subsection 5, Code 1997, is
7 amended to read as follows:

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

21 Sec. 19. Section 97B.52, subsection 1, paragraphs b and c,
22 Code 1997, are amended to read as follows:

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

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

30 Sec. 20. Section 97B.53, subsection 1, Code 1997, is
31 amended to read as follows:

32 1. Upon the termination of employment with the employer
33 prior to retirement other than by death of a member, the
34 accumulated contributions by the member and, for a vested
35 member, the accumulated employer contributions for the vested

1 member at the date of the termination may be paid to the
2 member upon application, except as provided in subsections 2,
3 5, and 6. For the purpose of this subsection, the
4 "accumulated employer contributions" is an amount equal to the
5 total obtained as of any date, by accumulating each individual
6 contribution by the employer for the member with interest plus
7 interest dividends as provided in section 97B.70, for all
8 completed calendar years and for any completed calendar year
9 for which the interest dividend has not been declared and for
10 completed months of partially completed calendar years,
11 compounded as provided in section 97B.70 multiplied by a
12 fraction of years of service for that member as defined in
13 section 97B.49A, 97B.49B, or 97B.49C.

14 Sec. 21. Section 97B.53, subsection 2, Code 1997, is
15 amended to read as follows:

16 2. If a vested member's employment is terminated prior to
17 the member's retirement, other than by death, the member may
18 receive a monthly retirement allowance commencing on the first
19 day of the month in which the member attains the age of sixty-
20 five years, if the member is then alive, or, if the member so
21 elects in accordance with section 97B.47, commencing on the
22 first day of the month in which the member attains the age of
23 fifty-five or any month thereafter prior to the date the
24 member attains the age of sixty-five years, and continuing on
25 the first day of each month thereafter during the member's
26 lifetime, provided the member does not receive prior to the
27 date the member's retirement allowance is to commence a refund
28 of accumulated contributions under any of the provisions of
29 this chapter. The amount of each such monthly retirement
30 allowance shall be determined as provided in either ~~section~~
31 97B-49 sections 97B.49A through 97B.49G, or in section 97B.50,
32 whichever is applicable.

33 Sec. 22. Section 97B.73, Code 1997, is amended to read as
34 follows:

35 97B.73 MEMBERS FROM OTHER PUBLIC SYSTEMS.

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 to the system either for
13 the entire period of service in the other public system, or
14 for partial service in the other public system in increments
15 of one or more calendar quarters. If the member wishes to
16 transfer only a portion of the service value of another public
17 system to this system and the other public system allows a
18 partial withdrawal of a member's system credits, the member
19 shall receive credit for membership service in this system
20 equivalent to the period of service transferred from the other
21 public system. The contribution payable shall be based upon
22 the member's covered wages for the most recent full calendar
23 year at the applicable rates in effect for that calendar year
24 under sections 97B.11, 97B.49B, 97B.49C, and 97B.49 97B.49G
25 and multiplied by the member's years of service in other
26 public employment. If the member's most recent covered wages
27 were earned prior to the most recent calendar year, the
28 member's covered wages shall be adjusted by the department by
29 an inflation factor to reflect changes in the economy since
30 the covered wages were earned.

31 This section is applicable to a vested or retired member
32 who was a member of a public retirement system established in
33 sections 294.8, 294.9, and 294.10 but was not retired under
34 that system.

35 ~~Notwithstanding any provision of this section to the~~

1 ~~contrary, effective July 17, 1994, a vested or retired member~~
2 ~~must have membership service within the current calendar year~~
3 ~~in order to make contributions in any manner provided by this~~
4 ~~section.~~

5 A member entitled to a benefit from another public system
6 must waive, on a form provided by the Iowa public employees'
7 retirement system, all rights to a retirement benefit under
8 the other public system before receiving credit in this system
9 for the years of service in the other public system. The
10 waiver must be accepted by the other public system.

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

18 Effective July 1, 1998, a purchase of service made in
19 accordance with this section by a retired reemployed member
20 shall be applied to either the member's original retirement
21 allowance, or to the member's reemployment service, whichever
22 is more beneficial to the member. If applied to the member's
23 original retirement allowance, or to the member's reemployment
24 service after the retirement allowance payments for such
25 service begin, the member is eligible to receive retroactive
26 adjustment payments for no more than six months prior to
27 completion of the purchase.

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

32 Sec. 23. Section 97B.80, Code Supplement 1997, is amended
33 to read as follows:

34 97B.80 VETERAN'S CREDIT.

35 Effective July 1, 1992, a vested or retired member, who has

1 one or more full calendar years of covered wages and who at
2 any time served on active duty in the armed forces of the
3 United States, upon submitting verification of the dates of
4 the active duty service, may make employer and employee
5 contributions to the system based upon the member's covered
6 wages for the most recent full calendar year in which the
7 member had reportable wages at the applicable rates in effect
8 for that year under sections 97B.11, 97B.49B, 97B.49C, and
9 ~~97B.49~~ 97B.49G, for all or a portion of the period of time of
10 the active duty service, in increments of one or more calendar
11 quarters, and receive credit for membership service and prior
12 service for the period of time for which the contributions are
13 made. If the member's most recent covered wages were earned
14 prior to the most recent calendar year, the member's covered
15 wages shall be adjusted by the department by an inflation
16 factor to reflect changes in the economy. The department
17 shall adjust benefits for a six-month period prior to the date
18 the member pays contributions under this section if the member
19 is receiving a retirement allowance at the time the
20 contribution payment is made. Verification of active duty
21 service and payment of contributions shall be made to the
22 department. However, a member is not eligible to make
23 contributions under this section if the member is receiving,
24 is eligible to receive, or may in the future be eligible to
25 receive retirement pay from the United States government for
26 active duty in the armed forces, except for retirement pay
27 granted by the United States government under retired pay for
28 nonregular service pursuant to 10 U.S.C. § 12731--12739. A
29 member receiving retired pay for nonregular service who makes
30 contributions under this section shall provide information
31 required by the department documenting time periods covered
32 under retired pay for nonregular service.

33 ~~Notwithstanding any provision of this section to the~~
34 ~~contrary, effective July 1, 1994, a vested or retired member~~
35 ~~must have membership service within the current calendar year~~

1 in-order-to-make-contributions-in-any-manner-provided-by-this
2 section:

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

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

17 Sec. 24. Section 97D.3, subsection 2, Code 1997, is
18 amended to read as follows:

19 2. Upon a favorable vote in the referendum and
20 notwithstanding sections 97A.3 and 411.3, all persons newly
21 hired as peace officers, as defined in section 97A.1, police
22 officers, and fire fighters after July 1, 1991, shall be
23 members of the Iowa public employees' retirement system under
24 chapter 97B, rather than members of retirement systems under
25 chapters 97A and 411. Such members shall have federal social
26 security coverage in addition to coverage under the Iowa
27 public employees' retirement system and shall have the same
28 benefits as county sheriffs and deputy sheriffs under section
29 ~~97B.49, subsection 16, paragraph "b"~~ 97B.49C or 97B.49G, as
30 applicable.

31 Sec. 25. Section 509A.13A, subsection 1, paragraph b,
32 subparagraph (1) and (2), Code 1997, is amended to read as
33 follows:

34 (1) The eligible retired state employee has received
35 retirement benefits under the retirement system established in

1 chapter 97A based-upon-the-completion-of-at-least-twenty-two
2 years-of-membership-service.

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-having-attained-at
8 least-sixty-two-years-of-age-and-upon-having-completed-at
9 least-thirty-years-of-membership-service:

10 (b)--Meeting-the-requirements-for-receiving-benefits-under
11 section-97B:49,-subsection-16,-without-a-reduction-for-years
12 of-service-pursuant-to-section-97B:49,-subsection-16,
13 paragraph-"c".

14 Sec. 26. Section 602.11115, subsection 2, Code 1997, is
15 amended to read as follows:

16 2. To commence coverage under the judicial retirement
17 system pursuant to article 9, part 1, effective July 1, 1984,
18 but to become an inactive member of the Iowa public employees'
19 retirement system pursuant to chapter 97B and remain eligible
20 for benefits under ~~section-97B:49~~ sections 97B.49A through
21 97B.49H for the period of membership service under chapter
22 97B.

23 Sec. 27. Section 724.6, subsection 2, Code 1997, is
24 amended to read as follows:

25 2. Notwithstanding subsection 1, fire fighters, as defined
26 in section 411.1, subsection 9, airport fire fighters included
27 under ~~section 97B:49,-subsection-16,-paragraph-"b",~~
28 ~~subparagraph-(2)~~ 97B.49C, emergency rescue technicians, and
29 emergency medical care providers, as defined in section
30 147A.1, shall not, as a condition of employment, be required
31 to obtain a permit under this section. However, the
32 provisions of this subsection shall not apply to a person
33 designated as an arson investigator by the chief fire officer
34 of a political subdivision.

35 Sec. 28. Section 97B.49, Code Supplement 1997, is

1 repealed.

2 Sec. 29. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY. The
3 section of this Act amending section 509A.13A, subsection 1,
4 paragraph "b", is effective immediately and is retroactively
5 applicable to July 1, 1994, and is applicable on and after
6 that date.

7

EXPLANATION

8 This bill makes numerous changes to the Iowa public
9 employees' retirement system. This bill may include a state
10 mandate as defined in Code section 25B.3. The state mandate
11 funding requirement in Code section 25B.2, however, does not
12 apply to public employee retirement systems.

13 Code section 97B.45 is amended to provide that a member
14 retiring on or after July 1, 1998, or the implementation date,
15 if later, is eligible for normal retirement without penalty
16 based upon a rule of 85 where the combination of a member's
17 age and years of service equals or exceeds 85, and the member
18 is at least 55 years of age. In addition, the section is
19 amended to provide that a member is eligible for normal
20 retirement without penalty in the first month the member
21 attains 62 years of age if the member has completed 20 years
22 of service.

23 Code section 97B.49 is reorganized into new Code sections
24 97B.49A through 97B.49G. Code section 97B.49A provides the
25 general benefits calculation for most IPERS members. Code
26 section 97B.49B provides for the benefit calculation for
27 members of a protection occupation while Code section 97B.49C
28 provides the benefit calculation for sheriffs, deputy
29 sheriffs, and airport fire fighters. Code section 97B.49D
30 contains the current hybrid formula for calculating benefits.
31 Code section 97B.49E contains the minimum benefits provisions
32 while section 97B.49F contains the dividend provisions. Code
33 section 97B.49G contains several historical benefit
34 calculations for members who retired generally before July
35 1994.

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

3 New Code section 97B.49C, concerning sheriffs, deputy
4 sheriffs, and airport fire fighters provides that a member is
5 entitled to retire upon reaching 52 years of age and
6 completing at least 20 years of service. The new section also
7 provides that determination of an allowance will be based on
8 the number of years of service divided by 20, instead of the
9 current 22 years. In addition, the new section provides that
10 members covered by this section will receive an additional 1.5
11 percent for each additional year of service after 20 years of
12 service for up to eight additional years. Currently,
13 sheriffs, deputy sheriffs, and airport fire fighters get only
14 an additional 1 percent for up to five years of service beyond
15 22 years of service.

16 Code section 97B.49F concerning dividends is also amended.
17 The current dividend program for pre-July 1990 retirees is
18 amended to provide that 100 percent, and not 80 percent, of
19 the percentage based on the consumer price index shall be used
20 in determining the appropriated percentage to use in
21 determining the dividend adjustment each year. The current 3
22 percent cap on this percentage is not changed by this bill.

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

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

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

1 Code section 97B.53, subsection 1, is amended to provide
2 that a member who terminates employment under IPERS prior to
3 retirement may be paid, in addition to the total of their
4 employee contributions plus interest, a portion of the total
5 employer contributions paid on their behalf plus interest.
6 The amendment provides that the member shall receive the total
7 employer contributions paid, plus interest, multiplied by the
8 member's number of years of the member's service divided by
9 the number of years the member would have to serve in order to
10 receive a 60 percent retirement allowance.

11 Code section 509A.13A, concerning the eligibility of a
12 surviving spouse of a state employee who retired under IPERS
13 and who elected to continue coverage under the state's group
14 health care plan until the employee's death, is amended by
15 this bill. Currently, to be eligible, the retired state
16 employee had to have retired at age 62 with at least 30 years
17 of service under IPERS. The bill provides that a surviving
18 spouse will be eligible so long as the retired state employee
19 retired upon the employee's normal retirement date. A
20 comparable change relating to the peace officers' retirement
21 system is also made in the bill. This change to Code section
22 509A.13A is retroactively applicable to July 1, 1994.

23
24
25
26
27
28
29
30
31
32
33
34
35