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STATE OF IOWA

SENATE FILE 2403

BY KIBBIE

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

A BILL FOR

1 An Act relating to public retirement systems, concerning the
 2 public safety peace officers' retirement, accident, and
 3 disability system, the statewide fire and police retirement
 4 system, and the judicial retirement system, and providing an
 5 effective date.

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

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S.F. 2403

DIVISION I

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

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

a. Any member in service may retire upon the member's written application to the board of trustees, setting forth at what time, not less than thirty nor more than ninety days subsequent to the execution and filing therefor, the member desires to be retired, provided that the said member at the time so specified for retirement shall have either attained the age of fifty-five and shall have completed twenty-two years or more of creditable service, or shall have completed thirty years or more of creditable service at any age, and notwithstanding that, during such period of notification, the member may have separated from the service. However, a member who has completed less than thirty years of creditable service may retire at fifty years of age and receive a reduced retirement allowance pursuant to subsection 2A.

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

NEW SUBPARAGRAPH. (3A) Commencing July 1, 1998, and notwithstanding the provisions of this paragraph to the contrary, for a member who terminated service, other than by death or disability, before July 1, 1996, and who did not withdraw the member's contributions pursuant to section 97A.16, 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 effective with each monthly payment of a service retirement allowance on or after July 1, 1998. However, this subparagraph does not apply to more than eight additional years of service.

Sec. 3. 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

1 death or disability, on or after July 1, 1996, but before July
2 1, 1998, and who does not withdraw the member's contributions
3 pursuant to section 97A.16, upon the member's retirement there
4 shall be added one and one-half percent of the member's
5 average final compensation for each year of service over
6 twenty-two years. However, this subparagraph does not apply
7 to more than eight additional years of service.

8 Sec. 4. Section 97A.6, subsection 2, paragraph d, Code
9 1997, is amended by adding the following new subparagraph:

10 NEW SUBPARAGRAPH. (5) For a member who terminates
11 service, other than by death or disability, on or after July
12 1, 1998, and who does not withdraw the member's contributions
13 pursuant to section 97A.16, upon the member's retirement there
14 shall be added two percent of the member's average final
15 compensation for each year of service over twenty-two years.
16 However, this subparagraph does not apply to more than ten
17 additional years of service.

18 Sec. 5. Section 97A.6, subsection 14, paragraph a,
19 subparagraphs (1), (2), and (3), Code 1997, are amended to
20 read as follows:

21 (1) Thirty Thirty-three and one-third percent for members
22 receiving a service retirement allowance and for beneficiaries
23 receiving a pension under subsection 9 of this section.

24 (2) Thirty Thirty-three and one-third percent for members
25 with five or more years of membership service who are
26 receiving an ordinary disability retirement allowance.

27 (3) Fifteen Sixteen and two-thirds percent for members
28 with less than five years of membership service who are
29 receiving an ordinary disability retirement allowance, and for
30 beneficiaries receiving a pension under subsection 8 of this
31 section.

32 DIVISION II

33 STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM

34 Sec. 6. Section 411.6, subsection 2, paragraph d,
35 subparagraph (3), Code 1997, is amended to read as follows:

1 (3) For a member who terminates service, other than by
2 death or disability, on or after October 16, 1992, but before
3 July 1, 1998, and who does not withdraw the member's
4 contributions pursuant to section 411.23, upon the member's
5 retirement there shall be added six-tenths percent of the
6 member's average final compensation for each year of service
7 over twenty-two years. However, this subparagraph does not
8 apply to more than eight additional years of service.

9 Sec. 7. Section 411.6, subsection 2, paragraph d, Code
10 1997, is amended by adding the following new subparagraph:

11 NEW SUBPARAGRAPH. (4) For a member who terminates
12 service, other than by death or disability, on or after July
13 1, 1998, and who does not withdraw the member's contributions
14 pursuant to section 411.23, upon the member's retirement there
15 shall be added one and one-half percent of the member's
16 average final compensation for each year of service over
17 twenty-two years. However, this subparagraph does not apply
18 to more than eight additional years of service.

19 Sec. 8. Section 411.6, subsection 4, Code 1997, is amended
20 to read as follows:

21 4. ALLOWANCE ON ORDINARY DISABILITY RETIREMENT.

22 a. Upon retirement for ordinary disability prior to July
23 1, 1998, a member shall receive an ordinary disability
24 retirement allowance which shall consist of a pension which
25 shall equal fifty percent of the member's average final
26 compensation unless either of the following conditions exist:

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

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

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

11 Sec. 9. Section 411.6, subsection 6, paragraph b, Code
12 1997, is amended to read as follows:

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

24 Sec. 10. Section 411.6, subsection 6, Code 1997, is
25 amended by adding the following new paragraph:

26 NEW PARAGRAPH. c. Upon retirement for accidental
27 disability on or after July 1, 1998, a member shall receive an
28 accidental disability retirement allowance which shall consist
29 of a pension in an amount equal to the greater of sixty
30 percent of the member's average final compensation or the
31 retirement allowance that the member would receive under
32 subsection 2 if the member has attained fifty-five years of
33 age.

34 Sec. 11. Section 411.6, subsection 10, Code 1997, is
35 amended to read as follows:

1 10. PENSIONS OFFSET BY COMPENSATION BENEFITS. Any amounts
2 which may be paid or payable by the said cities under the
3 provisions of any workers' compensation or similar law to a
4 member or to the dependents of a member on account of any
5 disability or death, shall be offset against and payable in
6 lieu of any benefits payable under the provisions of this
7 chapter on account of the same disability or death. In
8 addition, any amounts payable to a member as unemployment
9 compensation under the provisions of chapter 96 for a member
10 receiving an ordinary disability benefit or an accidental
11 disability benefit pursuant to this chapter shall be offset
12 against and payable in lieu of any benefits payable under this
13 chapter for an ordinary disability or an accidental disability
14 under the provisions of this chapter on account of the same
15 disability.

16 Sec. 12. Section 411.9, Code 1997, is amended to read as
17 follows:

18 411.9 MILITARY SERVICE EXCEPTIONS.

19 1. A member who is absent while serving in the armed
20 services of the United States or its allies and is discharged
21 or separated from the armed services under honorable
22 conditions shall have the period or periods of absence while
23 serving in the armed services, not in excess of four years
24 unless any period in excess of four years is at the request
25 and for the convenience of the federal government, included as
26 part of the member's period of service in the department. The
27 member shall not continue the contributions required of the
28 member under section 411.8 during the period of military
29 service, if the member, within one year after the member has
30 been discharged or separated under honorable conditions from
31 military service, returns and resumes duties in the
32 department, and if the member is declared physically capable
33 of resuming duties upon examination by the medical board. A
34 period of absence may exceed four years at the request and for
35 the convenience of the federal government.

1 2. Notwithstanding any provisions of this chapter to the
2 contrary, contributions, benefits, and service credit with
3 respect to qualified military service shall be provided in
4 accordance with section 414(u) of the federal Internal Revenue
5 Code.

6 Sec. 13. Section 411.22, subsection 1, unnumbered
7 paragraph 1, Code 1997, is amended to read as follows:

8 If a member receives an injury for which benefits are
9 payable under section 411.6, subsection 3 or 5, or section
10 411.15 and if the injury is caused under circumstances
11 creating a legal liability for damages against a third party
12 other than the retirement system, the member or the member's
13 legal representative may maintain an action for damages
14 against the third party. If a member or a member's legal
15 representative commences such an action, the plaintiff member
16 or representative shall serve a copy of the original notice
17 upon the retirement system not less than ten days before the
18 trial of the action, but a failure to serve the notice does
19 not prejudice the rights of the retirement system, and the
20 following rights and duties ensue:

21 Sec. 14. Section 411.22, subsection 3, Code 1997, is
22 amended to read as follows:

23 3. Before a settlement is effective between a the
24 retirement system and a third party who is liable for an
25 injury, the member must consent in writing to the settlement;
26 and if the settlement is between the member and a third party,
27 the retirement system must consent in writing to the
28 settlement; or on refusal to consent, in either case, the
29 district court in the county in which either the city and or
30 the retirement system are is located must consent in writing
31 to the settlement.

32 Sec. 15. NEW SECTION. 411.24 PAYMENT TO REPRESENTATIVE
33 PAYEE.

34 1. ADULTS. When it appears to the system that the
35 interest of an applicant entitled to a payment would be

1 served, certification of payment may be made, regardless of
2 the legal competence or incompetence of the individual
3 entitled to the payment, either for direct payment to the
4 applicant or for the applicant's use and benefit to a
5 representative of an applicant. Payments under this section
6 shall be made in accordance with rules adopted by the board.

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

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

12 Sec. 16. Section 411.36, subsection 1, paragraph c, Code
13 1997, is amended to read as follows:

14 c. ~~The city treasurers of~~ A city treasurer, city financial
15 officer, or city clerk involved with the financial matters of
16 the city from four participating cities, one of whom is from a
17 city having a population of less than forty thousand, and
18 three of whom are from cities having a population of forty
19 thousand or more. The city treasurers members authorized
20 pursuant to this paragraph shall be appointed by the governing
21 body of the Iowa league of cities.

22 Sec. 17. Section 411.38, subsection 1, paragraph b, Code
23 1997, is amended to read as follows:

24 b. Transfer from each terminated city fire or police
25 retirement system to the statewide system amounts sufficient
26 to cover the accrued liabilities of that terminated system as
27 determined by the actuary of the statewide system. The
28 actuary of the statewide system shall redetermine the accrued
29 liabilities of the terminated systems as necessary to take
30 into account additional amounts payable by the city which are
31 attributable to errors or omissions which occurred prior to
32 January 1, 1992, or to matters pending as of January 1, 1992.
33 If, at any time prior to July 1, 1998, the actuary of the
34 statewide system determines that the assets transferred by a
35 terminated system are insufficient to fully fund the accrued

1 liabilities of the terminated system as determined by the
2 actuary as of January 1, 1992, the participating city shall
3 pay to the statewide system an amount equal to the unfunded
4 liability plus interest for the period beginning January 1,
5 1992, and ending with the date of payment or the date of entry
6 into an amortization agreement pursuant to this section.
7 Interest on the unfunded liability shall be computed at a rate
8 equal to the greater of the actuarial interest rate assumption
9 on investments of the moneys in the fund or the actual
10 investment earnings of the fund for the applicable calendar
11 year. The provisions of this paragraph concerning unfunded
12 liabilities are retroactively applicable to any unfunded
13 liabilities determined on or after January 1, 1992, and before
14 July 1, 1998. Notwithstanding any contrary provisions of
15 subsection 2, the provisions of this paragraph concerning
16 unfunded liabilities do not apply to any unfunded liabilities
17 determined on or after July 1, 1998. The participating city
18 may enter into an agreement with the statewide system to make
19 additional annual contributions sufficient to amortize the
20 unfunded accrued liability of the terminated system. The
21 terms of an amortization agreement shall be based upon the
22 recommendation of the actuary of the statewide system, and the
23 agreement shall do each of the following:
24 (1) Allow the city to make additional annual contributions
25 over a period not to exceed thirty years from January 1, 1992.
26 (2) Provide that the city shall pay a rate of return on
27 the amortized amount that is at least equal to the estimated
28 rate of return on the investments of the statewide system for
29 the years covered by the amortization agreement.
30 (3) Contain other terms and conditions as are approved by
31 the board of trustees for the statewide system.
32 In the alternative, a city may treat the city's accrued
33 unfunded liability for the terminated system as legal
34 indebtedness to the statewide system for the purposes of
35 section 384.24, subsection 3, paragraph "f".

1 The provisions of this section concerning unfunded
2 liabilities shall have no effect on the right of a member to
3 credit for service under this chapter.

4 Sec. 18. EFFECTIVE DATE. Section 17 of this Act, amending
5 section 411.38, being deemed of immediate importance, takes
6 effect upon enactment.

7 DIVISION III

8 JUDICIAL RETIREMENT SYSTEM

9 Sec. 19. Section 602.1611, Code 1997, is amended by adding
10 the following new subsection:

11 NEW SUBSECTION. 4. Commencing July 1, 1998, juvenile
12 court officers are members of the judicial retirement system
13 established in article 9, part 1, and are not members of the
14 public employees' retirement system established in chapter
15 97B, except as provided in section 602.11116.

16 Sec. 20. Section 602.9107, subsection 1, Code 1997, is
17 amended to read as follows:

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

30 For judges who retire and receive an annuity prior to July
31 1, 1998, the specified percentage shall be fifty percent.

32 For judges who retire and receive an annuity during the
33 period beginning July 1, 1998, and ending June 30, 1999, the
34 specified percentage shall be fifty-two percent.

35 For each fiscal year after the fiscal year beginning July

1 1, 1998, the specified percentage shall be increased by two
2 percent until for the fiscal year beginning July 1, 2002, and
3 each fiscal year thereafter the specified percentage shall be
4 sixty percent.

5 Sec. 21. NEW SECTION. 602.9107B MINIMUM ANNUITY 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. 22. NEW SECTION. 602.11116 JUVENILE COURT OFFICER'S
12 RETIREMENT.

13 If a full-time juvenile court officer is a member of the
14 Iowa public employees' retirement system on June 30, 1998, the
15 juvenile court officer shall elect, by informing the state
16 court administrator by June 30, 1998, one of the following
17 retirement benefit options to be effective July 1, 1998:

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

20 2. To commence membership under the judicial retirement
21 system pursuant to article 9, part 1, effective July 1, 1998,
22 and to become an inactive member of the Iowa public employees'
23 retirement system pursuant to chapter 97B and remain eligible
24 for benefits under section 97B.49 for the period of membership
25 service under chapter 97B.

26 3. To commence membership under the judicial retirement
27 system pursuant to article 9, part 1, retroactive to the date
28 the juvenile court officer became a juvenile court officer,
29 and to cease to be a member of the Iowa public employees'
30 retirement system, effective July 1, 1998. The department of
31 personnel shall transmit by January 1, 1999, to the state
32 court administrator for deposit in the judicial retirement
33 fund the juvenile court officer's accumulated contributions as
34 defined in section 97B.41, subsection 2, for the officer's
35 period of membership service as a juvenile court officer.

1 Before July 1, 2000, or at retirement previous to that date, a
2 juvenile court officer who becomes a member of the judicial
3 retirement system pursuant to this subsection shall contribute
4 to the judicial retirement fund an amount equal to the
5 difference between four percent of the juvenile court
6 officer's total salary received for the entire period of
7 service before July 1, 1998, as a juvenile court officer, and
8 the juvenile court officer's accumulated contributions
9 transmitted by the department of personnel to the state court
10 administrator pursuant to this subsection. The juvenile court
11 officer's contribution shall not be limited to the amount
12 specified in section 602.9104, subsection 1. The state court
13 administrator shall credit a juvenile court officer with
14 service under the judicial retirement system for the period of
15 service for which contributions at the four percent level are
16 made.

17 Sec. 23. EFFECTIVE DATE. Sections 19 and 22 of this Act,
18 amending section 602.1611 and creating new Code section
19 602.11116, being deemed of immediate importance, take effect
20 upon enactment.

21 EXPLANATION

22 This bill makes changes to the public safety peace
23 officers' retirement, accident, and disability system, the
24 statewide fire and police retirement system, and the judicial
25 retirement system. This bill may include a state mandate as
26 defined in Code section 25B.3. The state mandate funding
27 requirement in Code section 25B.2, however, does not apply to
28 public employee retirement systems.

29 The changes to each public retirement system are as
30 follows:

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

33 Code section 97A.6, subsection 1, is amended to provide
34 that a member can retire without any reduction in retirement
35 benefits regardless of the member's age at retirement if the

1 member has served at least 30 years. Currently, a member
2 cannot retire with full benefits prior to reaching 55 years of
3 age.

4 Code section 97A.6, subsection 2, paragraph "d", is amended
5 to provide that a member who retired before July 1, 1996, can
6 receive, commencing with the first retirement allowance paid
7 on or after July 1, 1998, an additional benefit of 1.5 percent
8 for each additional year of service in the system from 22 to
9 30 years of service.

10 Code section 97A.6, subsection 2, paragraph "d", is amended
11 to increase, from 1.5 percent to 2 percent, the additional
12 benefit for members for each additional year of service in the
13 system over 22 years of service for members terminating
14 service on or after July 1, 1998. In addition, the maximum
15 number of years to which the percentage is applied is
16 increased from eight to 10 years of service.

17 Code section 97A.6, subsection 14, is amended to provide
18 for an increase in the percentages used to provide an annual
19 readjustment of the pension payable from the current 15
20 percent and 30 percent, to 16 and two-thirds percent and 33
21 and one-third percent, respectively.

22 STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM

23 Code section 411.6, subsection 2, is amended to increase,
24 from .6 percent to 1.5 percent, the additional benefit for
25 members for each additional year of service in the system from
26 22 to 30 years of service for members terminating service on
27 or after July 1, 1998.

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

1 to what the member would have received as a service
2 retirement.

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

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

19 Code section 411.9 is amended to provide that
20 notwithstanding any contrary provisions in Code chapter 411,
21 contributions, benefits, and service credit with respect to
22 qualified military service shall be provided in accordance
23 with the requirements of the Internal Revenue Code.

24 Code section 411.22, subsection 1, is amended to provide
25 that the subrogation provisions of the chapter as they apply
26 to accidental disability pensions shall also apply to ordinary
27 disability pensions.

28 Code section 411.22, subsection 3, is amended to provide
29 that if the retirement system refuses to consent to an
30 agreement between a member of the system and a third party,
31 the agreement can be enforced through a determination by a
32 district court in the county of either the city involved or
33 the retirement system.

34 New Code section 411.24 establishes representative payee
35 procedures and provides that the board shall adopt rules to

1 provide for payment to a representative of an adult or minor
2 applicant entitled to payment.

3 Code section 411.36, subsection 1, is amended to provide
4 that city financial officers or city clerks involved with the
5 financial matters of the city, and not just city treasurers,
6 are eligible for selection to the board of trustees of the
7 retirement system.

8 Code section 411.38, subsection 1, is amended to provide
9 that cities are only liable for the payment of unfunded
10 liabilities determined by the actuary prior to July 1, 1998.
11 Cities are not liable for liabilities determined on or after
12 July 1, 1998. In addition, the unfunded liability provisions
13 are made retroactively applicable to any unfunded liabilities
14 determined by the actuary from January 1, 1992, until July 1,
15 1998. In addition, the provisions governing unfunded
16 liabilities are made inapplicable to the rights of members to
17 service credit under chapter 411. This section takes effect
18 upon enactment.

19 JUDICIAL RETIREMENT SYSTEM

20 The bill provides, through amending Code section 602.1611
21 and new Code section 602.11116, that juvenile court officers
22 hired on or after July 1, 1998, would be members of the
23 judicial retirement system and not members of the Iowa public
24 employees' retirement system (IPERS). Current juvenile court
25 officers would have the option of remaining in IPERS, changing
26 to judicial retirement but leaving their contributions in
27 IPERS, or changing to judicial retirement and transferring a
28 portion of their IPERS money in order to purchase additional
29 service credit under judicial retirement. This portion of the
30 bill takes effect upon enactment.

31 Code section 602.9107 is amended to eventually increase the
32 maximum retirement benefit for a judge from 50 percent of the
33 judge's salary at the time of retirement to 60 percent. The
34 bill provides that the percentage would increase by 2 percent
35 each fiscal year until the percentage reaches 60 percent for

1 judges retiring during the fiscal year beginning July 1, 2002.
2 New Code section 602.9107B provides for a minimum monthly
3 annuity under the judicial retirement system of \$500 a month
4 beginning with annuity payments made on or after July 1, 1998,
5 for a judge, or survivor of a judge, who retired before July
6 1, 1977.

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