

Millage, Ch
Jager
Shoultz

HSB 6

JUDICIARY

Succeeded By

SF/HF 1060

HOUSE FILE
BY (PROPOSED COMMITTEE ON
JUDICIARY BILL BY
CHAIRPERSON LARSON)

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

A BILL FOR

1 An Act relating to certain property of a debtor which is exempt
2 from execution.

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

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1 Section 1. Section 627.6, subsection 8, paragraph a, Code
2 1999, is amended to read as follows:

3 a. A social security benefit, unemployment compensation,
4 or ~~a-local~~ any public assistance benefit.

5 Sec. 2. Section 627.6, subsection 8, Code 1999, is amended
6 by adding the following new paragraph:

7 NEW PARAGRAPH. f. All contributions to and assets in the
8 following list of plans or contracts and the accumulated
9 earnings, and market increases in value, therefrom:
10 simplified employee pension plans, self-employed pension
11 plans, Keogh plans, individual retirement accounts, Roth
12 individual retirement accounts, and similar plans for
13 retirement investments in the future authorized under federal
14 law. However, contributions to a plan shall not be exempt to
15 the extent that the contributions for the twenty-four-month
16 period prior to the date the exemption is claimed or execution
17 is issued exceed ten thousand dollars in the aggregate over
18 and above the average contributions that had been made to the
19 plan or plans by the debtor or the debtor's employer or both
20 in the five tax years ending prior to the twenty-four-month
21 period before the date the exemption is claimed or the
22 execution is issued. The exception to the exemption in this
23 paragraph for contributions within the twenty-four-month
24 period prior to the date the exemption is claimed or execution
25 is issued shall not include the interest and any accumulation
26 on that interest in any new plans or contracts that are used
27 to replace prior plans, contracts, or policies that would have
28 been excludable from a bankruptcy estate or that the debtor
29 could have claimed exempt from execution at the time of the
30 transfer. For purposes of this paragraph, market increases in
31 value shall include, but not be limited to, dividends, stock
32 splits, interest, and appreciation.

33 EXPLANATION

34 Present law provides that a resident debtor may hold exempt
35 from execution the debtor's rights in a local public

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1 assistance benefit. The bill amends this exemption to
2 eliminate the adjective "local," thus making exempt the
3 debtor's rights in any public assistance benefit.

4 The bill also makes exempt from execution certain
5 retirement benefits. However, the exemption does not include
6 contributions to a plan within the 24 months prior to the date
7 of exemption or execution if such contributions exceed \$10,000
8 in the aggregate over and above average contributions made to
9 the plan in the five tax years prior to the 24-month period.

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3/12/99 Judiciary
S. 3/30/99 Do Pass

MAR 12 1999

Place On Calendar

660

HOUSE FILE
BY COMMITTEE ON JUDICIARY

(SUCCESSOR TO HSB 6)

Passed House, ^(P.745) Date 3-18-99 Passed Senate, Date 4/15/99 ^(P.1148)
 Vote: Ayes 91 Nays _____ Vote: Ayes 47 Nays 0
 Approved May 17, 1999
 Reported 4-20-99
 Vote 94-0
 (P.1460)

A BILL FOR

1 An Act relating to certain property of a debtor which is exempt
 2 from execution, and providing an effective date and for the
 3 Act's applicability.

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

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HF 660

1 Section 1. Section 627.6, subsection 8, paragraph a, Code
2 1999, is amended to read as follows:

3 a. A social security benefit, unemployment compensation,
4 or ~~a local~~ any public assistance benefit.

5 Sec. 2. Section 627.6, subsection 8, Code 1999, is amended
6 by adding the following new paragraph:

7 NEW PARAGRAPH. f. Contributions and assets, including the
8 accumulated earnings and market increases in value, in any of
9 the plans or contracts as follows:

10 (1) Transfers from a retirement plan qualified under the
11 Employee Retirement Income Security Act of 1974 (ERISA), as
12 codified at 29 U.S.C. § 1001 et seq., to another ERISA-
13 qualified plan or to another pension or retirement plan
14 authorized under federal law, as described in subparagraph
15 (3).

16 (2) Retirement plans established pursuant to qualified
17 domestic relations orders, as defined in 26 U.S.C. § 414.
18 However, nothing in this section shall be construed as making
19 any retirement plan exempt from the claims of the beneficiary
20 of a qualified domestic relations order or from claims for
21 child support or alimony.

22 (3) Simplified employee pension plans, self-employed
23 pension plans, Keogh plans (also known as H.R. 10 plans),
24 individual retirement accounts, Roth individual retirement
25 accounts, savings incentive matched plans for employees,
26 salary reduction simplified employee pension plans (also known
27 as SARSEPs), and similar plans for retirement investments
28 authorized in the future under federal law, to the extent of
29 two thousand dollars per tax year for each tax year of
30 participation.

31 For purposes of this paragraph, market increases in value
32 shall include, but shall not be limited to, dividends, stock
33 splits, interest, and appreciation.

34 Sec. 3. EFFECTIVE DATE AND APPLICABILITY. This Act, being
35 deemed of immediate importance, takes effect upon enactment,

1 and shall apply to all claims of exemption under this section
2 made on or after the day of enactment.

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EXPLANATION

4 Present law provides that a resident debtor may hold exempt
5 from execution the debtor's rights in a local public
6 assistance benefit. The bill amends this exemption to
7 eliminate the adjective "local," thus making exempt the
8 debtor's rights in any public assistance benefit.

9 The bill also makes exempt from execution certain
10 retirement benefits regulated under federal law, according to
11 three categories as specified in the bill.

12 The bill also contains an applicability clause and an
13 immediate effective date.

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SENATE AMENDMENT TO HOUSE FILE 660

H-1634

1 Amend House File 660, as passed by the House, as
2 follows:

3 1. Page 1, by striking lines 22 through 33 and
4 inserting the following:

5 "(3) For simplified employee pension plans, self-
6 employed pension plans, Keogh plans (also known as
7 H.R. 10 plans), individual retirement accounts, Roth
8 individual retirement accounts, savings incentive
9 matched plans for employees, salary reduction
10 simplified employee pension plans (also known as
11 SARSEPs), and similar plans for retirement investments
12 authorized in the future under federal law, the
13 exemption for contributions shall not exceed, for each
14 tax year of contributions, the actual amount of the
15 contribution or two thousand dollars, whichever is
16 less. The exemption for accumulated earnings and
17 market increases in value of plans under this
18 subparagraph shall be limited to an amount determined
19 by multiplying all the accumulated earnings and market
20 increases in value by a fraction, the numerator of
21 which is the total amount of exempt contributions as
22 determined by this subparagraph, and the denominator
23 of which is the total of exempt and nonexempt
24 contributions to the plan.

25 For purposes of this paragraph "f", "market
26 increases in value" shall include, but shall not be
27 limited to, dividends, stock splits, interest, and
28 appreciation. "Contributions" means contributions by
29 the debtor and by the debtor's employer."

RECEIVED FROM THE SENATE

H-1634 FILED APRIL 15, 1999

*Hance Concurred**4/20/99**(p 1460)*

HOUSE FILE 660

S-3364

1 Amend House File 660, as passed by the House, as
2 follows:

3 1. Page 1, by striking lines 22 through 33 and
4 inserting the following:

5 "(3) For simplified employee pension plans, self-
6 employed pension plans, Keogh plans (also known as
7 H.R. 10 plans), individual retirement accounts, Roth
8 individual retirement accounts, savings incentive
9 matched plans for employees, salary reduction
10 simplified employee pension plans (also known as
11 SARSEPs), and similar plans for retirement investments
12 authorized in the future under federal law, the
13 exemption for contributions shall not exceed, for each
14 tax year of contributions, the actual amount of the
15 contribution or two thousand dollars, whichever is
16 less. The exemption for accumulated earnings and
17 market increases in value of plans under this
18 subparagraph shall be limited to an amount determined
19 by multiplying all the accumulated earnings and market
20 increases in value by a fraction, the numerator of
21 which is the total amount of exempt contributions as
22 determined by this subparagraph, and the denominator
23 of which is the total of exempt and nonexempt
24 contributions to the plan.

25 For purposes of this paragraph "f", "market
26 increases in value" shall include, but shall not be
27 limited to, dividends, stock splits, interest, and
28 appreciation. "Contributions" means contributions by
29 the debtor and by the debtor's employer."

By LARRY MCKIBBEN

S-3364 FILED APRIL 14, 1999

Adapted
4/15/99 (P. 1147)

AN ACT

RELATING TO CERTAIN PROPERTY OF A DEBTOR WHICH IS EXEMPT FROM EXECUTION, AND PROVIDING AN EFFECTIVE DATE AND FOR THE ACT'S APPLICABILITY.

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

Section 1. Section 627.6, subsection 8, paragraph a, Code 1999, is amended to read as follows:

a. A social security benefit, unemployment compensation, or ~~a local~~ any public assistance benefit.

Sec. 2. Section 627.6, subsection 8, Code 1999, is amended by adding the following new paragraph:

NEW PARAGRAPH. f. Contributions and assets, including the accumulated earnings and market increases in value, in any of the plans or contracts as follows:

(1) Transfers from a retirement plan qualified under the Employee Retirement Income Security Act of 1974 (ERISA), as codified at 29 U.S.C. § 1001 et seq., to another ERISA-qualified plan or to another pension or retirement plan authorized under federal law, as described in subparagraph (3).

(2) Retirement plans established pursuant to qualified domestic relations orders, as defined in 26 U.S.C. § 414. However, nothing in this section shall be construed as making any retirement plan exempt from the claims of the beneficiary of a qualified domestic relations order or from claims for child support or alimony.

(3) For simplified employee pension plans, self-employed pension plans, Keogh plans (also known as H.R. 10 plans), individual retirement accounts, Roth individual retirement accounts, savings incentive matched plans for employees, salary reduction simplified employee pension plans (also known as SARSEPs), and similar plans for retirement investments authorized in the future under federal law, the exemption for contributions shall not exceed, for each tax year of contributions, the actual amount of the contribution or two thousand dollars, whichever is less. The exemption for accumulated earnings and market increases in value of plans under this subparagraph shall be limited to an amount determined by multiplying all the accumulated earnings and market increases in value by a fraction, the numerator of which is the total amount of exempt contributions as determined by this subparagraph, and the denominator of which is the total of exempt and nonexempt contributions to the plan.

For purposes of this paragraph "f", "market increases in value" shall include, but shall not be limited to, dividends, stock splits, interest, and appreciation. "Contributions" means contributions by the debtor and by the debtor's employer.

Sec. 3. EFFECTIVE DATE AND APPLICABILITY. This Act, being deemed of immediate importance, takes effect upon enactment, and shall apply to all claims of exemption under this section made on or after the day of enactment.

BRENT SIEGRIST
Speaker of the House

MARY E. KRAMER
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 660, Seventy-eighth General Assembly.

ELIZABETH ISAACSON
Chief Clerk of the House

Approved May 17, 1999

THOMAS J. VILSACK
Governor