

FILED FEB 9 2000

SENATE FILE

2119

BY GRONSTAL

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

A BILL FOR

1 An Act relating to contributions and assets of retirement plans
 2 that are exempt from execution for payment of one's debts and
 3 including an effective and retroactive applicability date
 4 provision.

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

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SF 2119 STATE GOVERNMENT

1 Section 1. Section 627.6, subsection 8, paragraph f,
2 subparagraph (3), Code Supplement 1999, is amended to read as
3 follows:

4 (3) For simplified employee pension plans, self-employed
5 pension plans, Keogh plans (also known as H.R. 10 plans),
6 individual retirement accounts, Roth individual retirement
7 accounts, savings incentive matched plans for employees,
8 salary reduction simplified employee pension plans (also known
9 as SARSEPs), and similar plans for retirement investments
10 authorized in the future under federal law, the exemption for
11 contributions shall not exceed, for each tax year of
12 contributions, the actual amount of the contribution or two
13 thousand dollars, whichever is less. The exemption for
14 accumulated earnings and market increases in value of plans
15 under this subparagraph shall be limited to an amount
16 determined by multiplying all the accumulated earnings and
17 market increases in value by a fraction, the numerator of
18 which is the total amount of exempt contributions as
19 determined by this subparagraph, and the denominator of which
20 is the total of exempt and nonexempt contributions to the
21 plan. However, in computing the amount of contributions and
22 accumulated earnings and market increases in value which are
23 exempt under this subparagraph, the total amount of the
24 contributions and the accumulated earnings and market
25 increases in value which are transferred from plans described
26 in subparagraph (1) to a plan described in this subparagraph
27 are entirely exempt.

28 Sec. 2. EFFECTIVE AND APPLICABILITY DATES. This Act,
29 being deemed of immediate importance, takes effect upon
30 enactment and applies retroactively to May 17, 1999, for
31 claims for exemption under section 627.6, subsection 8.

32 EXPLANATION

33 This bill amends the section of the Code that lists the
34 amount of contributions to and accumulated increases in value
35 of certain retirement plans which are exempt from the payment

1 of obligations of a debtor. The amendment specifies that the
2 amount of the contributions and accumulated increases in value
3 of a federal Employee Retirement Income Security Act qualified
4 retirement plan which is transferred to a specific retirement
5 plan are totally exempt. These other retirement plans include
6 Keogh plans, Roth and regular individual retirement accounts
7 (IRAs), simplified employee pension plans, and salary
8 reduction simplified employee pension plans.

9 The bill takes effect upon enactment and applies
10 retroactively to May 17, 1999, which is when the exemption for
11 retirement plans was enacted.

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