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SENATE FILE 2229

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Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

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

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

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SF 2229  
STATE GOVERNMENT

1 Section 1. Section 97A.6, subsection 2, Code 1999, is  
2 amended to read as follows:

3 2. Allowance on service retirement.

4 a. Upon retirement from service prior to July 1, 1990, a  
5 member shall receive a service retirement allowance which  
6 shall consist of a pension which equals fifty percent of the  
7 member's average final compensation.

8 b. Upon retirement from service on or after July 1, 1990,  
9 but before July 1, 1992, a member shall receive a service  
10 retirement allowance which shall consist of a pension which  
11 equals fifty-four percent of the member's average final  
12 compensation.

13 c. Commencing July 1, 1992, but before July 1, 2000, the  
14 board of trustees shall increase the percentage multiplier of  
15 the member's average final compensation by an additional two  
16 percent each July 1 until reaching sixty percent of the  
17 member's average final compensation.

18 d. Upon retirement from service on or after July 1, 2000,  
19 a member shall receive a service retirement allowance which  
20 shall consist of a pension which equals sixty and one-half  
21 percent of the member's average final compensation.

22 ~~d.~~ e. Commencing July 1, 1990, if the member has completed  
23 more than twenty-two years of creditable service, the service  
24 retirement allowance shall consist of a pension which equals  
25 the amount provided in paragraphs "b" and, "c", or "d", plus  
26 an additional percentage as set forth below:

27 (1) For a member who terminates service, other than by  
28 death or disability, on or after July 1, 1990, but before July  
29 1, 1991, and who does not withdraw the member's contributions  
30 pursuant to section 97A.16, upon the member's retirement there  
31 shall be added three-tenths percent of the member's average  
32 final compensation for each year of service over twenty-two  
33 years, excluding years of service after the member's fifty-  
34 fifth birthday. However, this subparagraph does not apply to  
35 more than eight additional years of service.

1 (2) For a member who terminates service, other than by  
2 death or disability, on or after July 1, 1991, but before  
3 October 16, 1992, and who does not withdraw the member's  
4 contributions pursuant to section 97A.16, 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, excluding years of service after the  
8 member's fifty-fifth birthday. However, this subparagraph  
9 does not apply to more than eight additional years of service.

10 (3) For a member who terminates service, other than by  
11 death or disability, on or after October 16, 1992, but before  
12 July 1, 1996, and who does not withdraw the member's  
13 contributions pursuant to section 97A.16, upon the member's  
14 retirement there shall be added six-tenths percent of the  
15 member's average final compensation for each year of service  
16 over twenty-two years. However, this subparagraph does not  
17 apply to more than eight additional years of service.

18 (4) For a member who terminates service, other than by  
19 death or disability, on or after July 1, 1996, but before July  
20 1, 1998, and who does not withdraw the member's contributions  
21 pursuant to section 97A.16, upon the member's retirement there  
22 shall be added one and one-half percent of the member's  
23 average final compensation for each year of service over  
24 twenty-two years. However, this subparagraph does not apply  
25 to more than eight additional years of service.

26 (5) For a member who terminates service, other than by  
27 death or disability, on or after July 1, 1998, but before July  
28 1, 2000, and who does not withdraw the member's contributions  
29 pursuant to section 97A.16, upon the member's retirement there  
30 shall be added one and one-half percent of the member's  
31 average final compensation for each year of service over  
32 twenty-two years. However, this subparagraph does not apply  
33 to more than ten additional years of service.

34 (6) For a member who terminates service, other than by  
35 death or disability, on or after July 1, 2000, and who does

1 not withdraw the member's contributions pursuant to section  
2 97A.16, upon the member's retirement there shall be added two  
3 and three-fourths percent of the member's average final  
4 compensation for each year of service over twenty-two years.  
5 However, this subparagraph does not apply to more than ten  
6 additional years of service.

7 Sec. 2. Section 97A.8, subsection 1, paragraph c,  
8 unnumbered paragraph 2, Code 1999, is amended by striking the  
9 unnumbered paragraph.

10 Sec. 3. Section 97B.1A, subsection 8, paragraph a,  
11 subparagraph (1), Code 1999, is amended to read as follows:

12 (1) Elective officials in positions for which the  
13 compensation is on a fee basis, elective officials of school  
14 districts, elective officials of townships, and elective  
15 officials of other political subdivisions who are in part-time  
16 positions. An elective official covered under this chapter  
17 may terminate membership under this chapter by informing the  
18 department in writing of the expiration of the member's term  
19 of office or by informing the department of the member's  
20 intent to terminate membership for employment as an elective  
21 official and establishing that the member has a bona fide  
22 termination of employment from all employment covered under  
23 this chapter other than as an elective official and that the  
24 member has filed a completed application for benefits form  
25 with the department. A county attorney is an employee for  
26 purposes of this chapter whether that county attorney is  
27 employed on a full-time or part-time basis.

28 Sec. 4. Section 97B.1A, subsection 24, paragraph b,  
29 subparagraph (4), Code 1999, is amended to read as follows:

30 (4) For a member who retires on or after January 1, 2000,  
31 but before January 1, ~~2003~~ 2001, and whose three-year average  
32 covered wage at the time of retirement exceeds fifty-five  
33 sixty-five thousand dollars, the member's covered wages  
34 averaged for the highest ~~seven~~ six years of the member's  
35 service or fifty-five sixty-five thousand dollars, whichever

1 is greater.

2 Sec. 5. Section 97B.1A, subsection 24, paragraph b, Code  
3 1999, is amended by adding the following new subparagraph:

4 NEW SUBPARAGRAPH. (5) For a member who retires on or  
5 after January 1, 2001, but before January 1, 2002, and whose  
6 three-year average covered wage at the time of retirement  
7 exceeds seventy-five thousand dollars, the member's covered  
8 wages averaged for the highest six years of the member's  
9 service or seventy-five thousand dollars, whichever is  
10 greater.

11 Sec. 6. Section 97B.45, subsection 4, Code 1999, is  
12 amended to read as follows:

13 4. The first of any month in which the member is at least  
14 fifty-five years of age and for which the sum of the number of  
15 years of membership service and prior service and the member's  
16 age in years as of the member's last birthday equals or  
17 exceeds ~~eighty-eight~~ eighty-five.

18 Sec. 7. Section 97B.49F, subsection 1, paragraph b,  
19 subparagraph (2), subparagraph subdivision (a), Code 1999, is  
20 amended to read as follows:

21 (a) The percentage representing ~~eighty-percent-of~~ the  
22 percentage increase in the consumer price index published in  
23 the federal register by the federal department of labor,  
24 bureau of labor statistics, that reflects the percentage  
25 increase in the consumer price index for the twelve-month  
26 period ending June 30 of the year that the dividend is to be  
27 paid.

28 Sec. 8. Section 97B.49G, subsection 4, Code 1999, is  
29 amended by adding the following new paragraph:

30 NEW PARAGRAPH. e. The member is an active or inactive  
31 vested member retiring on or after July 1, 1997, and before  
32 the implementation date of section 6 of this Act, as  
33 determined pursuant to section 13 of this Act, who is at least  
34 fifty-five years of age and for which the sum of the number of  
35 years of membership service and prior service and the member's

1 age in years as of the member's last birthday equals or  
2 exceeds eighty-eight.

3 Sec. 9. NEW SECTION. 97B.50A DISABILITY BENEFITS FOR  
4 SPECIAL SERVICE MEMBERS.

5 1. DEFINITIONS. For purposes of this section, unless the  
6 context otherwise provides:

7 a. "Member" means a vested member who is classified as a  
8 special service member under section 97B.1A, subsection 22, at  
9 the time of the alleged disability. "Member" does not mean a  
10 volunteer fire fighter.

11 b. "Net disability retirement allowance" means the amount  
12 determined by subtracting the amount paid during the previous  
13 calendar year by the member for health insurance or similar  
14 health care coverage for the member and the member's  
15 dependents from the amount of the member's disability  
16 retirement allowance, including any dividends and  
17 distributions from supplemental accounts, paid for that year  
18 pursuant to this section.

19 c. "Reemployment comparison amount" means an amount equal  
20 to the current covered wages of an active special service  
21 member at the same position on the salary scale within the  
22 rank or position the member held at the time the member  
23 received a disability retirement allowance pursuant to this  
24 section. If the rank or position held by the member at the  
25 time of retirement pursuant to this section is abolished, the  
26 amount shall be computed by the department as though the rank  
27 or position had not been abolished and salary increases had  
28 been granted on the same basis as granted to other ranks or  
29 positions by the former employer of the member. The  
30 reemployment comparison amount shall not be less than the  
31 three-year average covered wage of the member, based on all  
32 regular and special service covered under this chapter.

33 2. IN-SERVICE DISABILITY RETIREMENT ALLOWANCE.

34 a. A member who is injured in the performance of the  
35 member's duties, and otherwise meets the requirements of this

1 subsection shall receive an in-service disability retirement  
2 allowance under this subsection, in lieu of a monthly  
3 retirement allowance as provided in section 97B.49A, 97B.49B,  
4 97B.49C, 97B.49D, or 97B.49G, as applicable.

5     b. Upon application of a member, a member who has become  
6 totally and permanently incapacitated for duty in the member's  
7 special service occupation as the natural and proximate result  
8 of an injury, disease, or exposure occurring or aggravated  
9 while in the actual performance of duty at some definite place  
10 and time shall be eligible to retire under this subsection,  
11 provided that the medical board, as established by this  
12 section, shall certify that the member is mentally or  
13 physically incapacitated for further performance of duty, that  
14 the incapacity is likely to be permanent, and that the member  
15 should be retired. The department shall make the final  
16 determination, based on the medical evidence received, of a  
17 member's total and permanent disability. However, if a  
18 person's membership in the system first commenced on or after  
19 July 1, 2000, the member shall not be eligible for benefits  
20 with respect to a disability which would not exist, but for a  
21 medical condition that was known to exist on the date that  
22 membership commenced. A member who is denied a benefit under  
23 this subsection, by reason of a finding by the department that  
24 the member is not mentally or physically incapacitated for the  
25 further performance of duty, shall be entitled to be restored  
26 to active service in the same or comparable special service  
27 position held by the member immediately prior to the  
28 application for disability benefits.

29     c. Disease under this subsection shall mean heart disease  
30 or any disease of the lungs or respiratory tract and shall be  
31 presumed to have been contracted while on active duty as a  
32 result of strain, exposure, or the inhalation of noxious  
33 fumes, poison, or gases. However, if a person's special  
34 service membership in the system first commenced on or after  
35 July 1, 2000, and the heart disease or disease of the lungs or

1 respiratory tract would not exist, but for a medical condition  
2 that was known to exist on the date that special service  
3 membership commenced, the presumption established in this  
4 paragraph shall not apply.

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

15 3. ORDINARY DISABILITY RETIREMENT ALLOWANCE.

16 a. A member who otherwise meets the requirements of this  
17 subsection shall receive an ordinary disability retirement  
18 allowance under this subsection, in lieu of a monthly  
19 retirement allowance as provided in section 97B.49A, 97B.49B,  
20 97B.49C, 97B.49D, or 97B.49G, as applicable.

21 b. Upon application of a member, a member who has become  
22 totally and permanently incapacitated for duty in the member's  
23 special service occupation shall be eligible to retire under  
24 this subsection, provided that the medical board, as  
25 established by this section, shall certify that the member is  
26 mentally or physically incapacitated for further performance  
27 of duty, that the incapacity is likely to be permanent, and  
28 that the member should be retired. The department shall make  
29 the final determination, based on the medical evidence  
30 received, of a member's total and permanent disability.  
31 However, if a person's special service membership in the  
32 system first commenced on or after July 1, 2000, the member  
33 shall not be eligible for benefits with respect to a  
34 disability which would not exist, but for a medical condition  
35 that was known to exist on the date that special service



1 membership commenced. A member who is denied a benefit under  
2 this subsection, by reason of a finding by the department that  
3 the member is not mentally or physically incapacitated for the  
4 further performance of duty, shall be entitled to be restored  
5 to active service in the same or comparable special service  
6 position held by the member immediately prior to the  
7 application for disability benefits.

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

18 4. WAIVER OF ALLOWANCE. A member receiving a disability  
19 retirement allowance under this section may file an  
20 application to receive benefits pursuant to section 97B.50,  
21 subsection 2, in lieu of receiving a disability retirement  
22 allowance under this section, if the member becomes eligible  
23 for benefits under section 97B.50, subsection 2. An  
24 application to receive benefits pursuant to section 97B.50,  
25 subsection 2, shall be filed with the department within sixty  
26 days of becoming eligible for benefits pursuant to that  
27 section or the member shall be ineligible to elect coverage  
28 under that section. On the first of the month following the  
29 month in which a member's application is approved by the  
30 department, the member's election of coverage under section  
31 97B.50, subsection 2, shall become effective and the member's  
32 eligibility to receive a disability retirement allowance  
33 pursuant to this section shall cease. Benefits payable  
34 pursuant to section 97B.50, subsection 2, shall be calculated  
35 using the option choice the member selected for payment of a

1 disability retirement allowance pursuant to this section. An  
2 application to elect coverage under section 97B.50, subsection  
3 2, is irrevocable upon approval by the department.

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

13 6. REEXAMINATION OF MEMBERS RETIRED ON ACCOUNT OF  
14 DISABILITY.

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

32 b. If a member is determined under paragraph "a" to be no  
33 longer eligible for in-service or ordinary disability  
34 benefits, all benefits paid under this section shall cease.  
35 The member shall be eligible to receive benefits calculated

1 under section 97B.49B or 97B.49C, as applicable, when the  
2 member reaches age fifty-five.

3 7. REEMPLOYMENT.

4 a. If a member receiving a disability retirement allowance  
5 is returned to covered employment, the member's disability  
6 retirement allowance shall cease, the member shall again  
7 become an active member, and shall contribute thereafter at  
8 the same rate payable by similarly classified members. If a  
9 member receiving a disability retirement allowance returns to  
10 special service employment, then the period of time the member  
11 received a disability retirement allowance shall constitute  
12 eligible service as defined in section 97B.49B, subsection 1,  
13 or section 97B.49C, subsection 1, as applicable. Upon  
14 subsequent retirement, the member's retirement allowance shall  
15 be calculated as provided in section 97B.48A.

16 b. (1) If a member receiving a disability retirement  
17 allowance is engaged in a gainful occupation that is not  
18 covered employment, the member's disability retirement  
19 allowance shall be reduced, if applicable, as provided in this  
20 paragraph.

21 (2) If the member is engaged in a gainful occupation  
22 paying more than the difference between the member's net  
23 disability retirement allowance and one and one-half times the  
24 reemployment comparison amount for that member, then the  
25 amount of the member's disability retirement allowance shall  
26 be reduced to an amount such that the member's net disability  
27 retirement allowance plus the amount earned by the member  
28 shall equal one and one-half times the reemployment comparison  
29 amount for that member.

30 (3) The member shall submit sufficient documentation to  
31 the system to permit the system to determine the member's net  
32 disability retirement allowance and earnings from a gainful  
33 occupation that is not covered employment for the applicable  
34 year.

35 (4) This paragraph does not apply to a member who is at

1 least fifty-five years of age and would have completed a  
2 sufficient number of years of service if the member had  
3 remained in active special service employment. For purposes  
4 of this subparagraph, a sufficient number of years of service  
5 shall be twenty-five for a special service member as described  
6 in section 97B.49B or twenty-two years of service for a  
7 special service member as described in section 97B.49C.

8 8. DEATH BENEFITS. A member who is receiving an in-  
9 service or ordinary disability retirement allowance under this  
10 section shall be treated as having elected a lifetime monthly  
11 retirement allowance with death benefits payable under section  
12 97B.52, subsection 2, unless the member elects an optional  
13 form of benefit provided under section 97B.51, which shall be  
14 actuarially equivalent to the lifetime monthly retirement  
15 allowance provided under this section.

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

30 10. LIABILITY OF THIRD PARTIES -- SUBROGATION.  
31 a. If a member receives an injury for which benefits are  
32 payable under this section, and if the injury is caused under  
33 circumstances creating a legal liability for damages against a  
34 third party other than the system, the member or the member's  
35 legal representative may maintain an action for damages

1 against the third party. If a member or a member's legal  
2 representative commences such an action, the plaintiff member  
3 or representative shall serve a copy of the original notice  
4 upon the system not less than ten days before the trial of the  
5 action, but a failure to serve the notice does not prejudice  
6 the rights of the system, and the following rights and duties  
7 ensue:

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

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

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

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

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

1 entitled to receive.

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

3 c. Before a settlement is effective between the system and  
4 a third party who is liable for any injury, the member must  
5 consent in writing to the settlement; and if the settlement is  
6 between the member and a third party, the system must consent  
7 in writing to the settlement; or on refusal to consent, in  
8 either case, the district court in the county in which either  
9 the employer of the member or the system is located must  
10 consent in writing to the settlement.

11 d. For purposes of subrogation under this section, a  
12 payment made to an injured member or the member's legal  
13 representative, by or on behalf of a third party or the third  
14 party's principal or agent, who is liable for, connected with,  
15 or involved in causing the injury to the member, shall be  
16 considered paid as damages because the injury was caused under  
17 circumstances creating a legal liability against the third  
18 party, whether the payment is made under a covenant not to  
19 sue, compromise settlement, denial of liability, or is  
20 otherwise made.

21 11. DOCUMENT SUBMISSIONS. A member retired under this  
22 section, in order to be eligible for continued receipt of  
23 retirement benefits, shall submit to the department any  
24 documentation the department may reasonably request which will  
25 provide information needed to determine payments to the member  
26 under this section.

27 12. ADDITIONAL CONTRIBUTIONS. The expenses incurred in  
28 the administration of this section by the system shall be paid  
29 through additional contributions as determined pursuant to  
30 section 97B.49B, subsection 3, or section 97B.49C, subsection  
31 3, as applicable.

32 13. APPLICABILITY -- RETROACTIVITY.

33 a. This section applies to a member who becomes disabled  
34 on or after July 1, 2000, and also applies to a member who  
35 becomes disabled prior to July 1, 2000, if the member has not

1 terminated special service employment as of June 30, 2000.

2 b. To qualify for benefits under this section, a member  
3 must file a completed application with the department within  
4 one year of the member's termination of employment. A member  
5 eligible for a disability retirement allowance under this  
6 section is entitled to receipt of retroactive adjustment  
7 payments for no more than six months immediately preceding the  
8 month in which the completed application for receipt of a  
9 disability retirement allowance under this section is  
10 approved.

11 14. RULES. The department shall adopt rules pursuant to  
12 chapter 17A specifying the application procedure for members  
13 pursuant to this section.

14 Sec. 10. Section 97B.52A, subsection 1, paragraph b, Code  
15 1999, is amended to read as follows:

16 b. For a member whose first month of entitlement is July  
17 1998 or later, the member does not return to any employment  
18 with a covered employer until the member has qualified for no  
19 fewer than four calendar months of retirement benefits. For  
20 purposes of this paragraph, effective July 1, 2000, any  
21 employment with a covered employer does not include employment  
22 as an elective official or member of the general assembly if  
23 the member is not covered under this chapter for that  
24 employment.

25 Sec. 11. Section 97B.52A, subsection 2, Code 1999, is  
26 amended to read as follows:

27 2. A member may commence receiving retirement benefits  
28 under this chapter upon satisfying eligibility requirements.  
29 However, a retired member who commences receiving a retirement  
30 allowance but ~~returns-to-employment-before-qualifying-for-no~~  
31 ~~fewer-than-four-calendar-months-of-retirement-benefits~~ fails  
32 to meet the applicable requirements of subsection 1 does not  
33 have a bona fide retirement and any retirement allowance  
34 received by such a member must be returned to the system  
35 together with interest earned on the retirement allowance

1 calculated at a rate determined by the department. Until the  
2 member has repaid the retirement allowance and interest, the  
3 department may withhold any future retirement allowance for  
4 which the member may qualify.

5 Sec. 12. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY.  
6 Section 4 of this Act, amending section 97B.1A, subsection 24,  
7 paragraph "b", being deemed of immediate importance, takes  
8 effect upon enactment and is retroactively applicable to  
9 January 1, 2000, and is applicable on and after that date.

10 Sec. 13. IMPLEMENTATION PROVISION. The department of  
11 personnel shall implement the amendment to section 97B.45,  
12 subsection 4, as provided in this Act on July 1, 2000, or on  
13 the date that the department determines that the most recent  
14 annual actuarial valuation of the system indicates that the  
15 employer and employee contribution rates in effect under  
16 section 97B.11 can absorb the costs of the amendment to  
17 section 97B.45, subsection 4, whichever is later. However,  
18 until the amendment to this subsection is implemented, the  
19 department shall not credit amounts to active member  
20 supplemental accounts provided in section 97B.49H.

21 EXPLANATION

22 This bill makes changes to the peace officers retirement  
23 system (PORS) and the Iowa public employees' retirement system  
24 (IPERS).

25 Code section 97A.6, governing the calculation of retirement  
26 benefits, is amended to provide that a member of PORS receives  
27 an additional 2.75 percent of their average final compensation  
28 for each year of service up to a total of 32 years of service  
29 or a maximum of 88 percent.

30 Code section 97B.1A, subsection 8, paragraph a,  
31 subparagraph (1), which provides for the ability of an elected  
32 official to opt for coverage, is amended to allow an elected  
33 official who has opted to be covered under IPERS to opt out of  
34 coverage while still in office. Specifically, the change  
35 permits an official to opt out of IPERS coverage if the



1 official terminates employment from all employment covered  
2 under this chapter other than as an elective official and  
3 applies to receive a retirement benefit.

4 Code section 97B.1A, subsection 24, concerning the  
5 definition of "three-year average covered wage" used in  
6 determining IPERS retirement benefits is amended by modifying  
7 the mechanism for reducing an IPERS member's three-year  
8 average covered wage if the member's average wage exceeds a  
9 certain dollar level. Current law provides that a member's  
10 "three-year average covered wage" will be calculated using the  
11 highest seven years for a member who retires during calendar  
12 year 2000, 2001, or 2002, and whose three-year average covered  
13 wage exceeds \$55,000. The bill provides that only the highest  
14 six years will be used, that the income threshold will  
15 increase to \$65,000 for persons retiring on or after January  
16 1, 2000, but before 2001, and to \$75,000 for persons retiring  
17 in calendar year 2001, and that the modification ends after  
18 calendar year 2001 and not after calendar year 2002. The  
19 portion of this change which applies to members retiring  
20 during calendar year 2000 is effective upon enactment and  
21 applicable on or after January 1, 2000.

22 Code section 97B.45, is amended to provide that a member  
23 retiring on or after July 1, 2000, or the implementation date,  
24 if later, is eligible for normal retirement without penalty  
25 based upon a rule of 85 where the combination of a member's  
26 age and years of service equals or exceeds 85, and the member  
27 is at least 55 years of age. Under current law, a member may  
28 retire without penalty based upon a rule of 88. The bill  
29 provides that this change shall not be implemented until the  
30 actuary determines that the system can afford this change.

31 Code section 97B.49F, governing the determination of the  
32 cost of living dividend, is amended. The dividend program for  
33 pre-July 1990 retirees is amended to provide that 100 percent,  
34 and not 80 percent, of the percentage based on the consumer  
35 price index shall be used in determining the appropriate

1 percentage to use in determining the dividend adjustment each  
2 year. The current 3 percent annual limitation on this  
3 percentage is not changed by this bill.

4 New Code section 97B.50A provides for disability retirement  
5 benefits for special service members of the Iowa public  
6 employees' retirement system (IPERS). A special service  
7 member of IPERS for purposes of this bill includes a person  
8 who is a member of a protection occupation or who is a  
9 sheriff, deputy sheriff, or airport fire fighter.

10 The new Code section provides that an eligible special  
11 service member of IPERS who becomes disabled for duty while in  
12 the performance of the member's duty is entitled to an in-  
13 service disability retirement allowance equal to the greater  
14 of 1/12 of 60 percent of the member's three-year average  
15 covered wage or what the member would receive under a normal  
16 retirement. For purposes of establishing an in-service  
17 disability, heart or lung disease is presumed to have been  
18 contracted while on duty. The new Code section also provides  
19 that a member who becomes disabled and unable to perform the  
20 person's job is entitled to an ordinary disability retirement  
21 allowance equal to the greater of 1/12 of 50 percent of the  
22 member's three-year average covered wage or what the member  
23 would receive under a normal retirement. For both disability  
24 retirements, the department of personnel makes the decision as  
25 to whether the person is totally disabled. The new Code  
26 section also has provisions for offsets to disability  
27 allowances, reexamination of members on disability,  
28 reemployment, death benefits, establishing the medical board,  
29 and subrogation. The new Code section provides that the costs  
30 of administering the disability program shall be paid through  
31 contributions from the special service employees and their  
32 employers in the same manner as additional benefits are paid.  
33 (The employer pays 60 percent and the employee pays 40  
34 percent). The new Code section applies to a special service  
35 member who became disabled prior to the effective date of the

1 bill, if the member did not terminate the special service  
2 employment before the effective date of the bill.

3 Code section 97B.52A, concerning bona fide retirement, is  
4 modified to permit an elective official or member of the  
5 general assembly to remain in that position and still receive  
6 a retirement allowance following termination of other covered  
7 employment so long as the elective official or member of the  
8 general assembly is not receiving IPERS coverage for the  
9 elected position.

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