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SSB-3209

State Government

Introduced By
HF 2411

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
STATE GOVERNMENT BILL BY
CHAIRPERSON RITTMER)

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
2 implementation, applicability, and effective dates.

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

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1 c. Commencing July 1, 1992, but before July 1, 2000, the
2 board of trustees shall increase the percentage multiplier of
3 the member's average final compensation by an additional two
4 percent each July 1 until reaching sixty percent of the
5 member's average final compensation.

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

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

15 (1) For a member who terminates service, other than by
16 death or disability, on or after July 1, 1990, but before July
17 1, 1991, and who does not withdraw the member's contributions
18 pursuant to section 97A.16, upon the member's retirement there
19 shall be added three-tenths percent of the member's average
20 final compensation for each year of service over twenty-two
21 years, excluding years of service after the member's fifty-
22 fifth birthday. However, this subparagraph does not apply to
23 more than eight additional years of service.

24 (2) For a member who terminates service, other than by
25 death or disability, on or after July 1, 1991, but before
26 October 16, 1992, and who does not withdraw the member's
27 contributions pursuant to section 97A.16, upon the member's
28 retirement there shall be added six-tenths percent of the
29 member's average final compensation for each year of service
30 over twenty-two years, excluding years of service after the
31 member's fifty-fifth birthday. However, this subparagraph
32 does not apply to more than eight additional years of service.

33 (3) For a member who terminates service, other than by
34 death or disability, on or after October 16, 1992, but before
35 July 1, 1996, and who does not withdraw the member's

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

6 (4) For a member who terminates service, other than by
7 death or disability, on or after July 1, 1996, but before July
8 1, 1998, and who does not withdraw the member's contributions
9 pursuant to section 97A.16, upon the member's retirement there
10 shall be added one and one-half percent of the member's
11 average final compensation for each year of service over
12 twenty-two years. However, this subparagraph does not apply
13 to more than eight additional years of service.

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

22 (6) For a member who terminates service, other than by
23 death or disability, on or after July 1, 2000, and who does
24 not withdraw the member's contributions pursuant to section
25 97A.16, upon the member's retirement there shall be added two
26 and three-fourths percent of the member's average final
27 compensation for each year of service over twenty-two years.
28 However, this subparagraph does not apply to more than ten
29 additional years of service.

30 Sec. 4. Section 97A.6, subsection 8, paragraph b,
31 unnumbered paragraph 1, Code 1999, is amended to read as
32 follows:

33 In lieu of the payment specified in paragraph "a", a
34 beneficiary meeting the qualifications of paragraph "c" may
35 elect to receive a monthly pension equal to one-twelfth of

1 forty percent of the average final compensation of the member,
 2 but not less than an amount equal to twenty twenty-five
 3 percent of the monthly earnable compensation paid to an active
 4 member having the rank of senior patrol officer of the Iowa
 5 state patrol if the member was in service at the time of
 6 death. For a member not in service at the time of death, the
 7 pension shall be reduced as provided in subsection 1,
 8 paragraph "b".

9 Sec. 5. Section 97A.6, subsection 14, paragraph a, Code
 10 1999, is amended to read as follows:

11 a. Effective July 1, 1980, and on each July 1 thereafter,
 12 the monthly pensions authorized in this section payable to
 13 retired members and to beneficiaries, except children of a
 14 deceased member, shall be adjusted as provided in this
 15 paragraph. The monthly pension of each retired member and
 16 each beneficiary shall be adjusted by adding to that monthly
 17 pension an amount equal to the amounts determined in
 18 subparagraphs (1) and (2). The adjusted monthly pension shall
 19 not be less than the amount which was paid at the time of the
 20 member's retirement or death.

21 (1) An amount equal to the ~~following percentages of the~~
 22 difference between the monthly earnable compensation payable
 23 to an active member of the department, of the same rank and
 24 position on the salary scale as was held by the retired or
 25 deceased member at the time of the member's retirement or
 26 death, for July of the preceding year and the monthly earnable
 27 compensation payable to an active member of the department of
 28 the same rank and position on the salary scale for July of the
 29 year just beginning ~~shall be added to the monthly pension of~~
 30 ~~each retired member and each beneficiary as follows~~ multiplied
 31 by the following applicable percentage:

32 (1) (a) ~~Thirty~~ Forty percent for members receiving a
 33 service retirement allowance and for beneficiaries receiving a
 34 pension under subsection 9 of this section.

35 (2) (b) ~~Thirty~~ Forty percent for members with five or more

1 years of membership service who are receiving an ordinary
2 disability retirement allowance.

3 {3} (c) Fifteen Twenty-four percent for members with less
4 than five years of membership service who are receiving an
5 ordinary disability retirement allowance, and for
6 beneficiaries receiving a pension under subsection 8 of this
7 section.

8 {4} (d) Thirty-three-and-one-third Forty percent for
9 members receiving an accidental disability allowance.

10 ~~The-adjusted-monthly-pension-shall-not-be-less-than-the~~
11 ~~amount-which-was-paid-at-the-time-of-the-member's-retirement~~
12 ~~or-death.~~

13 (2) The following applicable amount determined as follows:

14 (a) Fifteen dollars where the member's retirement date was
15 less than five years prior to the effective date of the
16 adjustment.

17 (b) Twenty dollars where the member's retirement date was
18 at least five years, but less than ten years, prior to the
19 effective date of the adjustment.

20 (c) Twenty-five dollars where the member's retirement date
21 was at least ten years, but less than fifteen years, prior to
22 the effective date of the adjustment.

23 (d) Thirty dollars where the member's retirement date was
24 at least fifteen years, but less than twenty years, prior to
25 the effective date of the adjustment.

26 (e) Thirty-five dollars where the member's retirement date
27 was at least twenty years prior to the effective date of the
28 adjustment.

29 The amount added to the monthly pension of a surviving
30 spouse receiving a pension under subsection 12, paragraph "a",
31 of this section shall be equal to one-half the amount that
32 would have been added to the monthly pension of the retired
33 member.

34 As of the first of July of each year, the monthly pension
35 payable to each surviving child under the provisions of

1 subsections 8, 9, and 12 of this section shall be adjusted to
2 equal six percent of the monthly earnable compensation payable
3 on that July 1 to an active member having the rank of senior
4 patrol officer of the Iowa state patrol.

5 Sec. 6. Section 97A.8, subsection 1, paragraph b, Code
6 1999, is amended to read as follows:

7 b. On the basis of the rate of interest and of the
8 mortality, interest, and other tables adopted by the board of
9 trustees, the board of trustees, upon the advice of the
10 actuary hired by the board for that purpose, shall make each
11 valuation required by this chapter and shall immediately after
12 making such valuation, determine the "normal contribution
13 rate". The normal contribution rate shall be the rate percent
14 of the earnable compensation of all members obtained by
15 deducting from the total liabilities of the fund the sum of
16 the amount of the funds in hand to the credit of the fund and
17 dividing the remainder by one percent of the present value of
18 the prospective future compensation of all members as computed
19 on the basis of the rate of interest and of mortality and
20 service tables adopted by the board of trustees, all reduced
21 by the employee contribution made pursuant to this subsection.
22 However, the normal rate of contribution shall not be less
23 than seventeen percent. The normal rate of contribution shall
24 be determined by the board of trustees after each valuation.
25 To assist in determining the normal rate of contribution, the
26 board of trustees may adopt a smoothing method for valuing the
27 assets of the system. The smoothing method is designed to
28 reduce changes in the normal contribution rate which could
29 result from fluctuations in the market value of the assets of
30 the system.

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

34 Sec. 8. PEACE OFFICERS RETIREMENT SYSTEM -- LEGISLATIVE
35 INTENT. It is the intent of the general assembly that peace

1 officer members of the retirement system be afforded a
2 retirement benefit based upon ninety percent of a peace
3 officer's earnable compensation at the time of a member's
4 retirement after the peace officer has completed thirty years
5 of service when the retirement system can afford it on an
6 actuarially sound basis.

7 DIVISION II

8 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS)

9 Sec. 9. Section 97B.1A, Code 1999, is amended by adding
10 the following new subsection:

11 NEW SUBSECTION. 2A. "Accumulated employer contributions"
12 means an amount equal to the total obtained as of any date, by
13 accumulating each individual contribution by the employer for
14 the member with interest plus interest dividends as provided
15 in section 97B.70, for all completed calendar years and for
16 any completed calendar year for which the interest dividend
17 has not been declared and for completed months of partially
18 completed calendar years, compounded as provided in section
19 97B.70.

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

22 (1) Elective officials in positions for which the
23 compensation is on a fee basis, elective officials of school
24 districts, elective officials of townships, and elective
25 officials of other political subdivisions who are in part-time
26 positions. An elective official covered under this chapter
27 may terminate membership under this chapter by informing the
28 department in writing of the expiration of the member's term
29 of office or by informing the department of the member's
30 intent to terminate membership for employment as an elective
31 official and establishing that the member has a bona fide
32 termination of employment from all employment covered under
33 this chapter other than as an elective official and that the
34 member has filed a completed application for benefits form
35 with the department. A county attorney is an employee for

1 purposes of this chapter whether that county attorney is
2 employed on a full-time or part-time basis.

3 Sec. 11. Section 97B.1A, subsection 8, paragraph a, Code
4 1999, is amended by adding the following new subparagraph:

5 NEW SUBPARAGRAPH. (12) Persons employed by a municipal
6 water utility or waterworks that has established a pension and
7 annuity retirement system for its employees pursuant to
8 chapter 412.

9 Sec. 12. Section 97B.1A, subsection 8, paragraph b,
10 subparagraph (3), Code 1999, is amended to read as follows:

11 (3) Employees hired for temporary employment of less than
12 six consecutive months or one thousand forty hours in a
13 calendar year. An employee who works for an employer for six
14 or more consecutive months ~~in-a-calendar-year~~ or who works for
15 an employer for more than one thousand forty hours in a
16 calendar year is not a temporary employee under this
17 subparagraph. Adjunct instructors are temporary employees for
18 the purposes of this chapter. As used in this section, unless
19 the context otherwise requires, "adjunct instructors" means
20 instructors employed by a community college or a university
21 governed by the state board of regents without a continuing
22 contract, whose teaching load does not exceed one-half time
23 for two full semesters or three full quarters per calendar
24 year.

25 Sec. 13. Section 97B.1A, Code 1999, is amended by adding
26 the following new subsection:

27 NEW SUBSECTION. 14A. "Member account" means the account
28 established for each member and includes the member's
29 accumulated contributions and the member's share of the
30 accumulated employer contributions as provided in section
31 97B.53. "Member account" does not mean the supplemental
32 account for active members.

33 Sec. 14. Section 97B.1A, Code 1999, is amended by adding
34 the following new subsection:

35 NEW SUBSECTION. 22A. "Supplemental account for active

1 members" or "supplemental account" means the account
2 established for each active member under section 97B.49H.

3 Sec. 15. Section 97B.1A, subsection 24, paragraph a, Code
4 1999, is amended to read as follows:

5 24. a. "Three-year average covered wage" means, for a
6 member who retires prior to July 1, 2003, a member's covered
7 wages averaged for the highest three years of the member's
8 service, except as otherwise provided in this subsection. The
9 highest three years of a member's covered wages shall be
10 determined using calendar years. However, if a member's final
11 quarter of a year of employment does not occur at the end of a
12 calendar year, the department may determine the wages for the
13 third year by computing the average quarter of all quarters
14 from the member's highest calendar year of covered wages not
15 being used in the selection of the two highest years and using
16 the computed average quarter for each quarter in the third
17 year in which no wages have been reported in combination with
18 the final quarter or quarters of the member's service to
19 create a full year. However, the department shall not use the
20 member's final quarter of wages if using that quarter would
21 reduce the member's three-year average covered wage. If the
22 three-year average covered wage of a member exceeds the
23 highest maximum covered wages in effect for a calendar year
24 during the member's period of service, the three-year average
25 covered wage of the member shall be reduced to the highest
26 maximum covered wages in effect during the member's period of
27 service. Notwithstanding any other provision of this
28 paragraph to the contrary, a member's wages for the third year
29 as computed by this paragraph shall not exceed, by more than
30 three percent, the member's highest actual calendar year of
31 covered wages for a member whose first month of entitlement is
32 January 1999 or later.

33 Sec. 16. Section 97B.1A, subsection 24, paragraph b,
34 subparagraph (4), Code 1999, is amended to read as follows:

35 (4) For a member who retires on or after January 1, 2000,

1 but before January 1, 2003 2001, and whose three-year average
2 covered wage at the time of retirement exceeds fifty-five
3 sixty-five thousand dollars, the member's covered wages
4 averaged for the highest ~~seven~~ six years of the member's
5 service or ~~fifty-five~~ sixty-five thousand dollars, whichever
6 is greater.

7 Sec. 17. Section 97B.1A, subsection 24, paragraph b, Code
8 1999, is amended by adding the following new subparagraph:

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

16 Sec. 18. Section 97B.1A, subsection 24, Code 1999, is
17 amended by adding the following new paragraph:

18 NEW PARAGRAPH. c. "Three-year average covered wage"
19 means, for a member who retires on or after July 1, 2003, the
20 greater of the member's covered wages averaged for a member's
21 highest twelve consecutive quarters of service or the member's
22 covered wages averaged for a member's highest three calendar
23 years of service. The department shall adopt rules to
24 implement this paragraph in accordance with the requirements
25 of this chapter and the federal Internal Revenue Code.

26 Sec. 19. Section 97B.1A, subsection 26, paragraph a, Code
27 1999, is amended to read as follows:

28 a. (1) "Wages" means all remuneration for employment,
29 including the, but not limited to, any of the following:

30 (a) The cash value of remuneration-paid-in-a-medium-other
31 than-cash, but not including the cash value of remuneration
32 paid-in-a-medium-other-than-cash-as wage equivalents not
33 necessitated by the convenience of the employer. The amount
34 agreed-upon-by-the-employer-and-employee-for-remuneration-paid
35 in-a-medium-other-than-cash fair market value of such wage

1 equivalents shall be reported to the department by the
2 employer ~~and is conclusive of the value of the remuneration.~~
3 ~~"Wages" does not include special lump sum payments made as~~
4 ~~payment for accrued sick leave or accrued vacation or payments~~
5 ~~made as an incentive for early retirement or as payments made~~
6 ~~upon dismissal, severance, or a special bonus payment.~~

7 (b) The remuneration paid to an employee before employee-
8 paid contributions are made to plans qualified under sections
9 125, 129, 401, 403, 408, and 457 of the Internal Revenue Code.

10 (c) ~~Wages for~~ For an elected official means, other than a
11 a member of the general assembly, the total compensation
12 received by the elected official, whether paid in the form of
13 per diem or annual salary received by an elected official,
14 exclusive of expense and travel allowances.

15 (d) ~~Wages for~~ For a member of the general assembly, means
16 the total compensation received by a member of the general
17 assembly, whether paid in the form of per diem or annual
18 salary, exclusive of expense and travel allowances paid to a
19 member of the general assembly except as otherwise provided in
20 this ~~paragraph~~ subparagraph subdivision. Wages includes per
21 diem payments paid to members of the general assembly during
22 interim periods between sessions of the general assembly.
23 Wages also includes daily allowances to members of the general
24 assembly for nontravel expenses of office during a session of
25 the general assembly, but does not include the portion of the
26 daily allowance which exceeds the maximum established by law
27 for members from Polk county.

28 (e) Payments for compensatory time earned that are
29 received in lieu of taking regular work hours off. However,
30 "wages" does not include payments for compensatory time earned
31 in excess of two hundred forty hours per year.

32 (2) "Wages" does not include any of the following:

33 (a) The cash value of wage equivalents necessitated by the
34 convenience of the employer.

35 (b) Payments made for accrued sick leave or accrued

1 vacation leave that are not being used to replace regular work
2 hours, whether paid in a lump sum or in installments.

3 (c) Payments made as an incentive for early retirement or
4 as payment made upon dismissal or severance from employment,
5 or a special bonus payment intended as an early retirement
6 incentive, whether paid in a lump sum or in installments.

7 (d) Employer-paid contributions to, and any distributions
8 from, plans, programs, or arrangements qualified under section
9 117, 120, 125, 129, 401, 403, 408, or 457 of the Internal
10 Revenue Code.

11 (e) Employer-paid contributions for coverage under, or
12 distributions from, an accident, health, or life insurance
13 plan, program, or arrangement.

14 (f) Workers' compensation and unemployment compensation
15 payments.

16 (g) Disability payments.

17 (h) Reimbursements of employee business expenses except
18 for those expenses included as wages for a member of the
19 general assembly.

20 (i) Payments for allowances made to an employee that are
21 not included in an employee's federal taxable income except
22 for those allowances included as wages for a member of the
23 general assembly.

24 (j) Payments of damages, attorney fees, interest, and
25 penalties made to satisfy a grievance or wage claim.

26 (k) Payments for services as an independent contractor.

27 (l) Payments made by an entity that is not an employer
28 under this chapter.

29 (m) Payments made in lieu of any employer-paid group
30 insurance coverage.

31 (n) Payments made for the difference between the costs of
32 single and family insurance coverage.

33 (o) Payments made by an employer to reimburse employees
34 for the cost of insurance coverage and for other fringe
35 benefits or expenses.

1 Sec. 20. Section 97B.5, Code 1999, is amended to read as
2 follows:

3 97B.5 STAFF.

4 Subject to other provisions of this chapter, the department
5 may employ personnel as necessary for the administration of
6 the system, including but not limited to a chief investment
7 officer and a chief benefits officer. The maximum number of
8 full-time equivalent employees specified by the general
9 assembly for the department for administration of the system
10 for a fiscal year shall not be reduced by any authority other
11 than the general assembly. The staff shall be appointed
12 pursuant to chapter 19A. The department shall not appoint or
13 employ a person who is an officer or committee member of a
14 political party organization or who holds or is a candidate
15 for an a partisan elective public office. The department may
16 employ attorneys and contract with attorneys and legal firms
17 for the provision of legal counsel and advice in the
18 administration of this chapter and chapter 97C. The
19 department may execute contracts with investment advisors,
20 consultants, and managers outside state government in the
21 administration of this chapter. The department may delegate
22 to any person such authority as it deems reasonable and proper
23 for the effective administration of this chapter, and may bond
24 any person handling moneys or signing checks under this
25 chapter.

26 Sec. 21. Section 97B.9, unnumbered paragraph 1, Code 1999,
27 is amended to read as follows:

28 ~~Contributions-unpaid-on-the-date-on-which-they-are-due-and~~
29 ~~payable-as-prescribed-by-the-department,~~ An employer shall
30 ~~bear~~ be charged the greater of ten dollars per occurrence or
31 interest at the combined interest and dividend rate required
32 under section 97B.70 for the applicable calendar year,
33 ~~provided-that-the~~ for contributions unpaid on the date on
34 which they are due and payable as prescribed by the
35 department. The department may ~~prescribe-fair-and-reasonable~~

1 ~~regulations-pursuant-to~~ adopt rules prescribing circumstances
2 for which the interest or charge shall not accrue with respect
3 to contributions required. Interest or charges collected
4 pursuant to this section shall be paid into the Iowa public
5 employees' retirement fund.

6 Sec. 22. Section 97B.9, subsection 4, Code 1999, is
7 amended to read as follows:

8 4. Regardless of any potentially applicable statute of
9 limitations, if the department finds that the employer or
10 employee or-employer, or both, have erroneously underpaid
11 contributions, the ~~employer-shall-pay-the-employer's-share-of~~
12 ~~contributions-and-interest-and-the-interest-assessed-to-the~~
13 ~~employee's-share-of-contributions~~ department shall notify the
14 employer and employee in writing of the total amount of the
15 underpayment, including interest, and the employer's and
16 employee's share of the underpayment. The department shall
17 collect from the employer the total amount of the
18 underpayment, including the employer's share, the employee's
19 share, and the interest assessed to both shares of the
20 underpayment, regardless of whether the employee has
21 reimbursed the employer for the employee's share of the
22 underpayment. The employee shall be obligated to pay only the
23 employee's share of the underpaid contributions, without
24 interest, to the employer, who shall then remit them to the
25 department. The employer may collect the employee's share of
26 underpaid contributions from the employee or the employee's
27 estate. The employer may collect the employee's share through
28 a deduction from the employee's wages, or by maintaining a
29 legal action against the employee or the employee's estate.
30 For purposes of section 1526 of the federal Taxpayer Relief
31 Act of 1997, eligible participants, as defined by section
32 1526, may make payments of contributions under this section
33 without regard to the limitations of section 415(c)(1) of the
34 federal Internal Revenue Code.

35 Sec. 23. Section 97B.11, unnumbered paragraph 2, Code

1 1999, is amended by striking the unnumbered paragraph.

2 Sec. 24. NEW SECTION. 97B.14A WAGE REPORTING.

3 An employer shall report wages of employees covered by this
4 chapter to the department in a manner and form as prescribed
5 by the department. If the wages reported by an employer
6 appear to be a distortion of the normal wage progression
7 pattern for an employee, the department may request that the
8 employer provide documentation indicating that the wages were
9 not misreported for the purposes of causing an increase in the
10 retirement allowance or other payments authorized to be made
11 by this chapter. If the department determines that the wages
12 of an employee were misreported, the employer shall prepare
13 and file wage adjustments allocating the wages to the proper
14 wage reporting period.

15 Sec. 25. Section 97B.17, subsection 2, Code 1999, is
16 amended to read as follows:

17 2. Records specifying amounts accumulated in members'
18 active accounts and supplemental accounts.

19 Sec. 26. Section 97B.25, Code 1999, is amended to read as
20 follows:

21 97B.25 APPLICATIONS FOR BENEFITS.

22 A representative designated by the chief benefits officer
23 and referred to in this chapter as a retirement benefits
24 specialist officer shall promptly examine applications for
25 retirement benefits and on the basis of facts found shall
26 determine whether or not the claim is valid. If the claim is
27 valid, the retirement benefits specialist officer shall send a
28 notification to the member stating the option the member has
29 selected pursuant to ~~sections-97B-49A-through-97B-496~~₇-as
30 ~~applicable~~₇-or section 97B.51, the month with respect to which
31 benefits shall commence, and the monthly benefit amount
32 payable. If the claim is invalid, the retirement benefits
33 specialist officer shall promptly notify the applicant and any
34 other interested party of the decision and the reasons A
35 retirement application shall not be amended or revoked by the

1 member once the first retirement allowance is paid. A
2 member's death during the first month of entitlement shall not
3 invalidate an approved application.

4 Sec. 27. Section 97B.42A, Code 1999, is amended by adding
5 the following new subsection:

6 NEW SUBSECTION. 3A. A person who is employed in a
7 position as an employee as defined in section 97B.1A,
8 subsection 8, paragraph "a", subparagraph (12), on July 1,
9 2000, and who has not elected out of coverage under this
10 chapter prior to that date, shall begin coverage under the
11 system on July 1, 2000, unless, on or before August 31, 2000,
12 the person files an application with appropriate documentation
13 to elect coverage under an alternative pension and annuity
14 retirement system established pursuant to chapter 412. If a
15 person elects coverage under the alternative pension and
16 annuity retirement system, the period of time from July 1,
17 2000, until the date the person's election of coverage is
18 effective shall not constitute service for purposes of
19 coverage under this chapter and a wage adjustment shall be
20 processed for the person based on any contributions collected
21 pursuant to this chapter during that period of time and shall
22 be credited pursuant to section 97B.10. A decision to elect
23 coverage under an alternative pension and annuity retirement
24 system established pursuant to chapter 412 under this
25 subsection is irrevocable upon approval from the department.

26 A person who becomes a member of the Iowa public employees'
27 retirement system pursuant to this subsection, and who has one
28 or more years of covered wages, may purchase credit, pursuant
29 to section 97B.73, for one or more quarters of service prior
30 to August 1, 2000, in which the person was employed in a
31 position as described by section 97B.1A, subsection 8,
32 paragraph "a", subparagraph (12), but was not a member of the
33 system.

4 Sec. 28. Section 97B.42A, subsection 4, Code 1999, is
5 amended to read as follows:

1 4. A person who becomes a member of the system pursuant to
2 subsection 3, or who is a member of the system, and who has
3 one or more years of covered wages, may purchase credit,
4 pursuant to section 97B.73, for one or more quarters of
5 service prior to January 1, 1999, in which the person was
6 employed in a position as described in section 97B.1A,
7 subsection 8, paragraph "a", but was not a member of the
8 system.

9 Sec. 29. Section 97B.44, Code 1999, is amended to read as
10 follows:

11 97B.44 BENEFICIARY.

12 Each member shall designate on a form to be furnished by
13 the department a beneficiary for death benefits payable under
14 this chapter on the death of the member. The designation may
15 be changed from time to time by the member by filing a new
16 designation with the department. A designation or change in
17 designation made by a member on or after July 1, 2000, shall
18 contain the written consent of the member's spouse, if
19 applicable. The designation of a beneficiary is not
20 applicable if the member receives a refund of all
21 contributions of the member. If a member who has received a
22 refund of contributions returns to employment, the member
23 shall file a new designation with the department.

24 If a member has not designated a beneficiary on a form
25 furnished by the department, or if there are no surviving
26 designated beneficiaries of a member, death benefits payable
27 under this chapter shall be paid to the member's estate.

28 Sec. 30. Section 97B.48, subsection 1, Code 1999, is
29 amended to read as follows:

30 1. Retirement allowances shall be paid monthly, except
31 that an allowance of less than six hundred dollars a year may,
32 at the member's option, be paid as a lump sum in an amount
33 equal to the sum of the member's and employer's accumulated
34 contributions and the retirement dividends standing to the
35 member's credit before December 31, 1966. Receipt of the

1 lump-sum payment by a member shall terminate any and all
2 entitlement for the period of service covered of the member
3 under this chapter and the member shall not be eligible to buy
4 back the period of service.

5 Sec. 31. Section 97B.48A, subsection 1, unnumbered
6 paragraph 1, Code 1999, is amended to read as follows:

7 If a member who has not reached the member's sixty-fifth
8 birthday and who has a bona fide retirement under this chapter
9 is in regular full-time employment during a calendar year, the
10 member's retirement allowance shall be reduced by fifty cents
11 for each dollar the member earns over the limit provided in
12 this subsection. However, employment is not full-time
13 employment until the member receives remuneration in an amount
14 in excess of ~~twelve~~ fourteen thousand dollars for a calendar
15 year, or an amount equal to the amount of remuneration
16 permitted for a calendar year for persons under sixty-five
17 years of age before a reduction in federal social security
18 retirement benefits is required, whichever is higher.

19 Effective the first of the month in which a member attains the
20 age of sixty-five years, a retired member may receive a
21 retirement allowance without a reduction after return to
22 covered employment regardless of the amount of remuneration
23 received.

24 Sec. 32. Section 97B.48A, subsection 3, Code 1999, is
25 amended to read as follows:

26 3. Upon a retirement after reemployment, a retired member
27 may have the retired member's retirement allowance
28 redetermined under this section or section 97B.48, ~~sections~~
29 ~~97B-49A-through-97B-49H,~~ section 97B.50, or section 97B.51,
30 whichever is applicable, based upon the addition of credit for
31 the years of membership service of the employee after
32 reemployment, the covered wage during reemployment, and the
33 age of the employee after reemployment. The member shall
34 receive a single retirement allowance calculated from both
35 periods of membership service, one based on the initial

1 retirement and one based on the second retirement following
2 reemployment. If the total years of membership service and
3 prior service of a member who has been reemployed equals or
4 exceeds thirty, the years of membership service on which the
5 original retirement allowance was based may be reduced by a
6 fraction of the years of service equal to the number of years
7 by which the total years of membership service and prior
8 service exceeds thirty divided by thirty, if this reduction in
9 years of service will increase the total retirement allowance
10 of the member. The additional retirement allowance calculated
11 for the period of reemployment shall be added to the
12 retirement allowance calculated for the initial period of
13 membership service and prior service, adjusted as provided in
14 this subsection. The retirement allowance calculated for the
15 initial period of membership service and prior service shall
16 not be adjusted for any other factor than years of service.
17 The retired member shall not receive a retirement allowance
18 based upon more than a total of thirty years of service.
19 Effective July 1, 1998, a redetermination of a retirement
20 allowance as authorized by this subsection for a retired
21 member whose combined service exceeds the applicable years of
22 service for that member as provided in sections 97B.49A
23 through 97B.49G shall have the determination of the member's
24 reemployment benefit based upon the percentage multiplier as
25 determined for that member as provided in sections 97B.49A
26 through 97B.49G.

27 Sec. 33. Section 97B.48A, subsection 4, Code 1999, is
28 amended to read as follows:

29 4. The department shall pay to the member the accumulated
30 contributions of the member and all of the employer
31 contributions, plus interest plus interest dividends as
32 provided in section 97B.70, for all completed calendar years,
33 compounded as provided in section 97B.70, on the covered wages
34 earned by a retired member that are not used in the
35 recalculation of the retirement allowance of a member. A

1 payment of contributions to a member pursuant to this
2 subsection shall be considered a retirement payment and not a
3 refund and the member shall not be eligible to buy back the
4 period of reemployment service.

5 Sec. 34. Section 97B.49B, subsection 1, paragraph d, Code
6 1999, is amended by adding the following new subparagraph:

7 NEW SUBPARAGRAPH. (7) An employee covered by the merit
8 system as provided in chapter 19A whose primary duty is
9 providing airport security and who carries or is licensed to
10 carry a firearm while performing those duties.

11 Sec. 35. Section 97B.49F, subsection 1, paragraph b,
12 subparagraph (2), subparagraph subdivision (a), Code 1999, is
13 amended to read as follows:

14 (a) The percentage representing ~~eighty-percent-of~~ the
15 percentage increase in the consumer price index published in
16 the federal register by the federal department of labor,
17 bureau of labor statistics, that reflects the percentage
18 increase in the consumer price index for the twelve-month
19 period ending June 30 of the year that the dividend is to be
20 paid.

21 Sec. 36. Section 97B.49F, subsection 1, paragraph c, Code
22 1999, is amended to read as follows:

23 c. If a member eligible to receive a cost-of-living
24 dividend dies before November 1 of a year, a cost-of-living
25 dividend shall not be payable in November of that year in the
26 name of the member. If a member dies on or after November 1,
27 but before payment of a dividend is made in that month, the
28 full amount of the retirement dividend for that year shall be
29 paid in the member's name upon notification of the member's
30 death.

31 Sec. 37. Section 97B.49F, subsection 2, paragraph a, Code
32 1999, is amended to read as follows:

33 a. Commencing January 1, 1999, all members who retired on
34 or after July 1, 1990, and who have been retired for at least
35 one year as of the date the dividend is payable, or a

1 beneficiary or contingent annuitant of such a member who
2 receives a monthly benefit, shall be eligible to receive a
3 favorable experience dividend, payable on the last business
4 day in January of each year pursuant to the requirements of
5 this subsection. If the member, beneficiary, or contingent
6 annuitant eligible to receive a favorable experience dividend
7 dies before January 1 of a year, a favorable experience
8 dividend shall not be payable in January of that year in the
9 name of the member, beneficiary, or contingent annuitant.
10 However, if the member, beneficiary, or contingent annuitant
11 dies on or after January 1 but before the dividend is paid in
12 that month, the full amount of the dividend payable in that
13 month shall be paid in the name of the applicable member,
14 beneficiary, or contingent annuitant, upon notification of
15 death.

16 Sec. 38. Section 97B.49F, subsection 2, paragraph c, Code
17 1999, is amended by adding the following new subparagraph:

18 NEW SUBPARAGRAPH. (3A) Notwithstanding the provisions of
19 this paragraph to the contrary, moneys credited to the reserve
20 account in any applicable year shall not exceed an amount
21 which, if credited to the reserve account, would exceed an
22 amount that the system's actuary determines is sufficient to
23 pay the maximum favorable experience dividend for each of the
24 next following ten years, based on reasonable actuarial
25 assumptions.

26 Sec. 39. Section 97B.49F, subsection 2, paragraph d, Code
27 1999, is amended to read as follows:

28 d. The favorable experience dividend is calculated by
29 multiplying the ~~total-of-the~~ monthly benefit-payments-of
30 retirement allowance payable to the retiree, beneficiary, or
31 contingent annuitant for the previous calendar-year December
32 by twelve, and then multiplying that amount by the number of
33 complete years the member has been retired or would have been
34 retired if living as of the date the dividend is payable, and
35 by the applicable percentage. For purposes of this paragraph,

1 the applicable percentage is the percentage, not to exceed
2 three percent, that the department determines shall be applied
3 in calculating the favorable experience dividend if the
4 department determines that the reserve account is sufficiently
5 funded to make a distribution. In making its determination,
6 the department shall consider, but not be limited to, the
7 amounts credited to the reserve account, the distributions
8 from the reserve account made in previous years, the
9 likelihood of future credits to and distributions from the
10 reserve account, and the distributions paid under subsection
11 1.

12 Sec. 40. Section 97B.49G, Code 1999, is amended by adding
13 the following new subsection:

14 NEW SUBSECTION. 12. PROBATION AND PAROLE OFFICERS III --
15 JULY 1994 - JULY 1998. The department shall establish and
16 maintain additional contribution accounts for employees of
17 judicial district departments of correctional services who
18 were employed as parole officers III and probation officers
19 III during any portion of the period from July 1, 1994,
20 through June 30, 1998. A probation officer III or parole
21 officer III who made contributions to the retirement fund
22 during the period from July 1, 1994, through June 30, 1998, as
23 a member of a protection occupation shall have credited to an
24 additional contribution account for that probation or parole
25 officer an amount equal to the contributions made to the
26 retirement fund in excess of 3.7 percent of the probation or
27 parole officer's covered wages paid from July 1, 1994, through
28 June 30, 1998, plus interest at the applicable statutory
29 interest rates established in this chapter. Moneys deposited
30 in an additional contribution account established pursuant to
31 this section shall be payable in a lump sum to the probation
32 or parole officer at retirement or upon request for a refund
33 of moneys in the account. If the probation or parole officer
34 dies prior to receipt of moneys in the account, the
35 beneficiary designated by that probation or parole officer

1 shall receive a lump sum payment of moneys in the account.
2 The payment of moneys from the account created in this
3 subsection shall not be annuitized. A probation officer III
4 or parole officer III for which an account is established
5 under this subsection shall not receive credit for eligible
6 service as a member of a protection occupation for that
7 service.

8 Sec. 41. Section 97B.49H, subsection 5, paragraph c, Code
9 1999, is amended to read as follows:

10 c. Upon retirement, the member shall elect to receive in a
11 lump sum payment or in an annuity, in addition to any other
12 payment provided by this chapter, all amounts credited to the
13 member's supplemental account. The annuity provided under
14 this section shall be payable in the same form, at the same
15 time, and to the same persons, including beneficiaries and
16 contingent annuitants, that the member elects for the payments
17 under the other provisions of this chapter providing for the
18 monthly payment of allowances. The amount of an annuity
19 provided under this section, including amounts payable to
20 beneficiaries and contingent annuitants, shall be calculated
21 using the amount credited to the member's supplemental account
22 as of the date of retirement, and the assumptions underlying
23 the actuarial tables used to calculate optional allowances
24 under section 97B.51.

25 Sec. 42. Section 97B.50, subsection 2, Code 1999, is
26 amended to read as follows:

27 2. a. A vested member who retires from the system due to
28 disability and commences receiving disability benefits
29 pursuant to the federal Social Security Act, 42 U.S.C. § 423
30 et seq., and who has not reached the normal retirement date,
31 shall receive benefits as selected under sections-97B-49A
32 through-97B-496,--as-applicable section 97B.51, and shall not
33 have benefits reduced upon retirement as required under
34 subsection 1 regardless of whether the member has completed
35 thirty or more years of membership service. However, the

1 benefits shall be suspended during any period in which the
 2 member returns to covered employment. This section takes
 3 effect July 1, 1990, for a member meeting the requirements of
 4 this paragraph who retired from the system at any time after
 5 July 4, 1953. Eligible members retiring on or after July 1,
 6 2000, are entitled to the receipt of retroactive adjustment
 7 payments back-to-July-1,-1990 for no more than twelve months
 8 immediately preceding the month in which written notice of
 9 retirement due to disability was submitted to the department,
 10 notwithstanding the requirements of subsection 4.

11 b. A vested member who retires from the system due to
 12 disability and commences receiving disability benefits
 13 pursuant to the federal Railroad Retirement Act, 45 U.S.C. §
 14 231 et seq., and who has not reached the normal retirement
 15 date, shall receive benefits as selected under sections
 16 ~~97B.49A-through-97B.49G,~~ as applicable section 97B.51, and
 17 shall not have benefits reduced upon retirement as required
 18 under subsection 1 regardless of whether the member has
 19 completed thirty or more years of membership service.
 20 However, the benefits shall be suspended during any period in
 21 which the member returns to covered employment. This section
 22 takes effect July 1, 1990, for a member meeting the
 23 requirements of this paragraph who retired from the system at
 24 any time since July 4, 1953. Eligible members retiring on or
 25 after July 1, 2000, are entitled to the receipt of retroactive
 26 adjustment payments back-to-July-1,-1990 for no more than
 27 twelve months immediately preceding the month in which written
 28 notice of retirement due to disability was submitted to the
 29 department, notwithstanding the requirements of subsection 4.

30 Sec. 43. NEW SECTION. 97B.50A DISABILITY BENEFITS FOR
 31 SPECIAL SERVICE MEMBERS.

32 1. DEFINITIONS. For purposes of this section, unless the
 33 context otherwise provides:

34 a. "Member" means a vested member who is classified as a
 35 special service member under section 97B.1A, subsection 22, at

1 the time of the alleged disability. "Member" does not mean a
2 volunteer fire fighter.

3 b. "Net disability retirement allowance" means the amount
4 determined by subtracting the amount paid during the previous
5 calendar year by the member for health insurance or similar
6 health care coverage for the member and the member's
7 dependents from the amount of the member's disability
8 retirement allowance, including any dividends and
9 distributions from supplemental accounts, paid for that year
10 pursuant to this section.

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

25 2. IN-SERVICE DISABILITY RETIREMENT ALLOWANCE.

26 a. A member who is injured in the performance of the
27 member's duties, and otherwise meets the requirements of this
28 subsection shall receive an in-service disability retirement
29 allowance under this subsection, in lieu of a monthly
30 retirement allowance as provided in section 97B.49A, 97B.49B,
31 97B.49C, 97B.49D, or 97B.49G, as applicable.

32 b. Upon application of a member, a member who has become
33 totally and permanently incapacitated for duty in the member's
34 special service occupation as the natural and proximate result
35 of an injury, disease, or exposure occurring or aggravated

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

22 c. Disease under this subsection shall mean heart disease
23 or any disease of the lungs or respiratory tract and shall be
24 presumed to have been contracted while on active duty as a
25 result of strain, exposure, or the inhalation of noxious
26 fumes, poison, or gases. However, if a person's special
27 service membership in the system first commenced on or after
28 July 1, 2000, and the heart disease or disease of the lungs or
29 respiratory tract would not exist, but for a medical condition
30 that was known to exist on the date that special service
31 membership commenced, the presumption established in this
32 paragraph shall not apply.

33 d. Upon retirement for an in-service disability as
34 provided by this subsection, a member shall receive the
35 greater of a monthly in-service disability retirement

1 allowance calculated under this subsection or a monthly
2 retirement allowance as provided in section 97B.49A, 97B.49B,
3 97B.49C, 97B.49D, or 97B.49G, as applicable. The monthly in-
4 service disability allowance calculated under this subsection
5 shall consist of an allowance equal to one-twelfth of sixty
6 percent of the member's three-year average covered wage or its
7 actuarial equivalent as provided under section 97B.51.

8 3. ORDINARY DISABILITY RETIREMENT ALLOWANCE.

9 a. A member who otherwise meets the requirements of this
10 subsection shall receive an ordinary disability retirement
11 allowance under this subsection, in lieu of a monthly
12 retirement allowance as provided in section 97B.49A, 97B.49B,
13 97B.49C, 97B.49D, or 97B.49G, as applicable.

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

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

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

33 5. OFFSET TO ALLOWANCE. Notwithstanding any provisions to
34 the contrary in state law, or any applicable contract or
35 policy, any amounts which may be paid or payable by the

1 employer under any workers' compensation, unemployment
2 compensation, or other law to a member, and any disability
3 payments the member receives pursuant to the federal Social
4 Security Act, 42 U.S.C. § 423 et seq., shall be offset against
5 and payable in lieu of any retirement allowance payable
6 pursuant to this section on account of the same disability.

7 6. REEXAMINATION OF MEMBERS RETIRED ON ACCOUNT OF
8 DISABILITY.

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

26 b. If a member is determined under paragraph "a" to be no
27 longer eligible for in-service or ordinary disability
28 benefits, all benefits paid under this section shall cease.
29 The member shall be eligible to receive benefits calculated
30 under section 97B.49B or 97B.49C, as applicable, when the
31 member reaches age fifty-five.

32 7. REEMPLOYMENT.

33 a. If a member receiving a disability retirement allowance
34 is returned to covered employment, the member's disability
35 retirement allowance shall cease, the member shall again

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

10 b. (1) If a member receiving a disability retirement
11 allowance is engaged in a gainful occupation that is not
12 covered employment, the member's disability retirement
13 allowance shall be reduced, if applicable, as provided in this
14 paragraph.

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

24 (3) The member shall submit sufficient documentation to
25 the system to permit the system to determine the member's net
26 disability retirement allowance and earnings from a gainful
27 occupation that is not covered employment for the applicable
28 year.

29 (4) This paragraph does not apply to a member who is at
30 least fifty-five years of age and would have completed a
31 sufficient number of years of service if the member had
32 remained in active special service employment. For purposes
33 of this subparagraph, a sufficient number of years of service
34 shall be twenty-five for a special service member as described
35 in section 97B.49B or twenty-two for a special service member

1 as described in section 97B.49C.

2 8. DEATH BENEFITS. A member who is receiving an in-
3 service or ordinary disability retirement allowance under this
4 section shall be treated as having elected a lifetime monthly
5 retirement allowance with death benefits payable under section
6 97B.52, subsection 2, unless the member elects an optional
7 form of benefit provided under section 97B.51, which shall be
8 actuarially equivalent to the lifetime monthly retirement
9 allowance provided under this section.

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

24 10. LIABILITY OF THIRD PARTIES -- SUBROGATION.

25 a. If a member receives an injury for which benefits are
26 payable under this section, and if the injury is caused under
27 circumstances creating a legal liability for damages against a
28 third party other than the system, the member or the member's
29 legal representative may maintain an action for damages
30 against the third party. If a member or a member's legal
31 representative commences such an action, the plaintiff member
32 or representative shall serve a copy of the original notice
33 upon the system not less than ten days before the trial of the
34 action, but a failure to serve the notice does not prejudice
35 the rights of the system, and the following rights and duties

1 ensue:

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

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

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

22 (1) A sum sufficient to repay the system for the amount of
23 such benefits actually paid by the system up to the time of
24 the entering of the judgment.

25 (2) A sum sufficient to pay the system the present worth,
26 computed at the interest rate provided in section 535.3 for
27 court judgments and decrees, of the future payments of such
28 benefits, for which the system is liable, but the sum is not a
29 final adjudication of the future payment which the member is
30 entitled to receive.

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

32 c. Before a settlement is effective between the system and
33 a third party who is liable for any injury, the member must
34 consent in writing to the settlement; and if the settlement is
35 between the member and a third party, the system must consent

1 in writing to the settlement; or on refusal to consent, in
2 either case, the district court in the county in which either
3 the employer of the member or the system is located must
4 consent in writing to the settlement.

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

15 11. DOCUMENT SUBMISSIONS. A member retired under this
16 section, in order to be eligible for continued receipt of
17 retirement benefits, shall submit to the department any
18 documentation the department may reasonably request which will
19 provide information needed to determine payments to the member
20 under this section.

21 12. ADDITIONAL CONTRIBUTIONS. The expenses incurred in
22 the administration of this section by the system shall be paid
23 through additional contributions as determined pursuant to
24 section 97B.49B, subsection 3, or section 97B.49C, subsection
25 3, as applicable.

26 13. APPLICABILITY -- RETROACTIVITY.

27 a. This section applies to a member who becomes disabled
28 on or after July 1, 2000, and also applies to a member who
29 becomes disabled prior to July 1, 2000, if the member has not
30 terminated special service employment as of June 30, 2000.

31 b. To qualify for benefits under this section, a member
32 must file a completed application with the department within
33 one year of the member's termination of employment. A member
34 eligible for a disability retirement allowance under this
35 section is entitled to receipt of retroactive adjustment

1 payments for no more than six months immediately preceding the
2 month in which the completed application for receipt of a
3 disability retirement allowance under this section is
4 approved.

5 14. RULES. The department shall adopt rules pursuant to
6 chapter 17A specifying the application procedure for members
7 pursuant to this section.

8 Sec. 44. Section 97B.51, Code 1999, is amended by striking
9 the section and inserting in lieu thereof the following:

10 97B.51 ALLOWANCE UPON RETIREMENT.

11 1. Each member has the right prior to the member's
12 retirement date to elect to have the member's retirement
13 allowance payable under one of the options set forth in this
14 section. The amount of the optional retirement allowance
15 selected in paragraph "a", "c", "d", or "e", shall be the
16 actuarial equivalent of the amount of the retirement allowance
17 otherwise payable to the member as determined by the system in
18 consultation with the system's actuary. The member shall make
19 an election by written request to the department and the
20 election is subject to the approval of the department. If the
21 member is married, election of an option under this section
22 requires the written acknowledgment of the member's spouse.
23 The member may select one of the following options:

24 a. At retirement, a member may designate that upon the
25 member's death, a specified amount of money shall be paid to a
26 named beneficiary, and the member's monthly retirement
27 allowance shall be reduced by an actuarially determined amount
28 to provide for the lump sum payment. The amount designated by
29 the member must be in thousand dollar increments and shall be
30 limited to the amount of the member's accumulated
31 contributions. The amount designated shall not lower the
32 monthly retirement allowance of the member by more than one-
33 half the amount payable as provided in paragraph "b". A
34 member may designate a different beneficiary at any time,
35 except as limited by an order that has been accepted by the

1 department as complying with the requirements of section
2 97B.39.

3 b. A member may elect a retirement allowance otherwise
4 payable to the member upon retirement under the retirement
5 system pursuant to this chapter, to include the applicable
6 provisions of sections 97B.49A through 97B.49G, and a death
7 benefit as provided in section 97B.52, subsection 2.

8 c. A member may elect an increased retirement allowance
9 during the member's lifetime with no death benefit after the
10 member's retirement date.

11 d. (1) A member may elect to receive a decreased
12 retirement allowance during the member's lifetime and have the
13 decreased retirement allowance, or a designated fraction
14 thereof, continued after the member's death to another person,
15 called a contingent annuitant, during the lifetime of the
16 contingent annuitant. The member cannot change the contingent
17 annuitant after the member's retirement. In case of the
18 election of a contingent annuitant, no death benefits, as
19 might otherwise be provided by this chapter, will be payable
20 upon the death of either the member or the contingent
21 annuitant after the member's retirement.

22 (2) In lieu of a benefit as calculated under subparagraph
23 (1), a member may elect to receive a decreased retirement
24 allowance during the member's lifetime and have the decreased
25 retirement allowance, or a designated fraction thereof,
26 continued after the member's death to another person, called a
27 contingent annuitant, during the lifetime of the contingent
28 annuitant, as determined by this subparagraph. In addition,
29 if the contingent annuitant dies prior to the death of the
30 member, the member shall receive a retirement allowance
31 beginning with the first month following the death of the
32 contingent annuitant as if the member had selected the option
33 provided by paragraph "b" at the time of the member's first
34 retirement. The member cannot change the contingent annuitant
35 after the member's retirement. If a contingent annuitant

1 receives a decreased retirement allowance under this
2 subparagraph following the death of the member, no death
3 benefits, as might otherwise be provided by this chapter, will
4 be payable upon the death of the contingent annuitant.

5 e. A member may elect to receive a decreased retirement
6 allowance during the member's lifetime with provision that in
7 event of the member's death during the first one hundred
8 twenty months of retirement, monthly payments of the member's
9 decreased retirement allowance shall be made to the member's
10 beneficiary until a combined total of one hundred twenty
11 monthly payments have been made to the member and the member's
12 beneficiary. When the member designates multiple
13 beneficiaries, the present value of the remaining payments
14 shall be paid in a lump sum to each beneficiary, either in
15 equal shares to the beneficiaries, or if the member specifies
16 otherwise in a written request, in the specified proportion.

17 A member may designate a different beneficiary at any time,
18 except as limited by an order that has been accepted by the
19 department as complying with the requirements of section
20 97B.39.

21 2. The election by a member of an option stated under this
22 section shall be null and void if the member dies prior to the
23 member's first month of entitlement.

24 3. A member who had elected to take an option stated in
25 this section, may, at any time prior to retirement, revoke
26 such an election by written notice to the department. A
27 member shall not change or revoke an election once the first
28 retirement allowance is paid.

29 Sec. 45. Section 97B.52, subsection 1, Code 1999, is
30 amended to read as follows:

31 1. If a member dies prior to the member's first month of
32 entitlement, the member's beneficiary shall be entitled to
33 receive a death benefit equal to the greater of the amount
34 provided in paragraph "a" or "b".

35 a. A lump sum payment equal to the accumulated

1 contributions of the member at the date of death plus the
2 product of an amount equal to the highest year of covered
3 wages of the deceased member and the number of years of
4 membership service divided by the applicable denominator ~~shall~~
5 ~~be paid to the member's beneficiary in a lump sum payment.~~
6 However, a lump sum payment made to a beneficiary under this
7 subsection paragraph due to the death of a member shall not be
8 less than the amount that would have been payable on the death
9 of the member on June 30, 1984, under this subsection
10 paragraph as it appeared in the 1983 Code.

11 As used in this subsection paragraph, "applicable
12 denominator" means the following, based upon the type of
13 membership service in which the member served either on the
14 date of death, or if the member died after terminating
15 service, on the date of the member's last termination of
16 service:

17 a- (1) For regular service, the applicable denominator is
18 thirty.

19 b- (2) For service in a protection occupation, as defined
20 in section 97B.49B, the applicable denominator is twenty-five.

21 c- (3) For service as a sheriff, deputy sheriff, or
22 airport fire fighter, as provided in section 97B.49C, the
23 applicable denominator is twenty-two.

24 Effective July 1, 1978, a method of payment under this
25 subsection paragraph filed with the department by a member
26 does not apply.

27 b. For a member who dies on or after January 1, 2001, a
28 lump sum payment equal to the actuarial present value of the
29 member's accrued benefit as of the date of death. The
30 actuarial equivalent present value of the member's accrued
31 benefit as of the date of death shall be calculated using the
32 same interest rate and mortality tables that are used by the
33 system and the system's actuary under section 97B.51, and
34 shall assume that the member would have retired at the
35 member's earliest normal retirement date.

1 c. The payment of a death benefit to a designated
2 beneficiary as provided by this subsection shall be in a lump
3 sum payment. However, if the designated beneficiary is a sole
4 individual, the beneficiary may elect to receive, in lieu of a
5 lump sum payment under this subsection, a monthly annuity
6 payable for the life of the beneficiary. The monthly annuity
7 shall be calculated by applying the annuity tables used by the
8 department to the lump sum payment under this subsection based
9 on the beneficiary's age. If the designated beneficiary is
10 more than one individual, or if the designated beneficiary is
11 an estate, trust, church, charity, or other similar
12 organization, a death benefit under this subsection shall only
13 be paid in a lump sum.

14 Sec. 46. Section 97B.52, subsection 2, Code 1999, is
15 amended to read as follows:

16 2. If a member dies on or after the first day of the
17 member's first month of entitlement, the excess, if any, of
18 the accumulated contributions by the member as of said date,
19 over the total gross monthly retirement allowances received by
20 the member under the retirement system will be paid to the
21 member's beneficiary unless the retirement allowance is then
22 being paid in accordance with section 97B.48 or with section
23 97B.51, subsection 1, ~~47-57-or-6~~ paragraph "a", "c", "d", or
24 "e".

25 Sec. 47. Section 97B.52, subsection 5, Code 1999, is
26 amended to read as follows:

27 5. Following written notification to the department, a
28 beneficiary of a deceased member may waive current and future
29 rights to payments to which the beneficiary would otherwise be
30 entitled under section 97B.51, ~~subsections-5-and-6-and-this~~
31 section subsection 1, paragraphs "a", "b", and "e". Upon
32 receipt of the waiver, the department shall pay the amount
33 designated to be received by that beneficiary to the member's
34 other surviving beneficiary or beneficiaries or to the estate
35 of the deceased member, as elected by the beneficiary in the

1 waiver. If the payments being waived are payable to the
2 member's estate and an estate is not probated, the payments
3 shall be paid to the deceased member's surviving spouse, or if
4 there is no surviving spouse, to the member's heirs other than
5 the beneficiary who waived the payments.

6 Sec. 48. Section 97B.52A, subsection 1, paragraph b, Code
7 1999, is amended to read as follows:

8 b. For a member whose first month of entitlement is July
9 1998 or later, but before July 2000, the member does not
10 return to any employment with a covered employer until the
11 member has qualified for no fewer than four calendar months of
12 retirement benefits.

13 Sec. 49. Section 97B.52A, subsection 1, Code 1999, is
14 amended by adding the following new paragraph:

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

24 Sec. 50. Section 97B.52A, subsection 2, Code 1999, is
25 amended to read as follows:

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

1 member has repaid the retirement allowance and interest, the
2 department may withhold any future retirement allowance for
3 which the member may qualify.

4 Sec. 51. Section 97B.52A, Code 1999, is amended by adding
5 the following new subsection:

6 NEW SUBSECTION. 4. The requirements of this section shall
7 apply to a lump sum payment as provided by section 97B.48,
8 subsection 1, and the payment of contributions as provided in
9 section 97B.48A, subsection 4.

10 Sec. 52. Section 97B.53, Code Supplement 1999, is amended
11 to read as follows:

12 97B.53 TERMINATION OF EMPLOYMENT -- REFUND OPTIONS.

13 Membership in the retirement system, and all rights to the
14 benefits under the system, will cease upon a member's
15 termination of employment with the employer prior to the
16 member's retirement, other than by death, and upon receipt by
17 the member of the a refund of moneys in the member's
18 accumulated-contributions account as provided in this section.

19 1. Upon the termination of employment with the employer
20 prior to retirement other than by death of a member, the
21 member's account, consisting of accumulated contributions by
22 the member and, for a vested member who is vested on the date
23 an application for a refund is filed, the member's share of
24 the accumulated employer contributions for the vested member
25 at the date of the termination, may be paid to the member upon
26 application, except as provided in subsections 2, 5, and 6.

27 For the purpose of this subsection, the "member's share of the
28 accumulated employer contributions" is an amount equal to the
29 total-obtained-as-of-any-date,-by-accumulating-each-individual
30 contribution-by-the-employer-for-the-member-with-interest-plus
31 interest-dividends-as-provided-in-section-97B-70,-for-all
32 completed-calendar-years-and-for-any-completed-calendar-year
33 for-which-the-interest-dividend-has-not-been-declared-and-for
34 completed-months-of-partially-completed-calendar-years,
35 compounded-as-provided-in-section-97B-70 accumulated employer

1 contributions of the member multiplied by a fraction of years
2 of service for that member as defined in section 97B.49A,
3 97B.49B, or 97B.49C.

4 2. If a vested member's employment is terminated prior to
5 the member's retirement, other than by death, the member may
6 receive a monthly retirement allowance commencing on the first
7 day of the month in which the member attains the age of sixty-
8 five years, if the member is then alive, or, if the member so
9 elects in accordance with section 97B.47, commencing on the
10 first day of the month in which the member attains the age of
11 fifty-five or any month thereafter prior to the date the
12 member attains the age of sixty-five years, and continuing on
13 the first day of each month thereafter during the member's
14 lifetime, provided the member does not receive prior to the
15 date the member's retirement allowance is to commence a refund
16 of accumulated-contributions moneys in the member's account as
17 provided under any of the provisions of this chapter. The
18 amount of each such monthly retirement allowance shall be
19 determined as provided in either sections 97B.49A through
20 97B.49G, or in section 97B.50, whichever is applicable.

21 ~~3. The accumulated-contributions-account-of-a-terminated,~~
22 ~~vested-member-shall-be-credited-with-interest,-including~~
23 ~~interest-dividends,-in-the-manner-provided-in-section-97B:70-~~

24 4. 3. A terminated, vested member has the right, prior to
25 the commencement of the member's retirement allowance, to
26 receive a refund of moneys in the member's accumulated
27 contributions account, and in the event of the death of the
28 member prior to the commencement of the member's retirement
29 allowance and prior to the receipt of any such refund the
30 benefits of subsection 1 of section 97B.52 shall be paid.

31 5. 4. A member has not terminated employment for purposes
32 of this section if the member accepts other covered employment
33 within thirty-days four months after receiving the last
34 payment of wages for covered employment, or if the member
35 begins covered employment prior to filing a request for a

1 refund with the department.

2 5A: 5. Within sixty days after a member has been issued
3 payment for a refund of moneys in the member's accumulated
4 contributions account, the member may repay the accumulated
5 contributions moneys refunded, plus interest that would have
6 accrued, as determined by the department, and receive credit
7 for membership service for the period covered by the refund
8 payment.

9 5B: 6. A member who does not withdraw moneys in the
10 member's accumulated-contributions account upon termination of
11 employment may at any time request the return of the moneys in
12 the member's accumulated-contributions account, but if the
13 member receives a return of contributions moneys in the
14 member's account the member has waived all claims for any
15 other benefits and membership rights from the fund.

16 7. If a member is involuntarily terminated from covered
17 employment, has been issued payment for a refund, and is
18 retroactively reinstated in covered employment as a remedy for
19 an employment dispute, the member may receive credit for
20 membership service for the period covered by the refund
21 payment upon repayment to the department within ninety days
22 after the date of the order or agreement requiring
23 reinstatement of the amount of the refund plus interest that
24 would have accrued, as determined by the department.

25 6: 8. The system is under no obligation to maintain the
26 accumulated-contribution member account of a member who
27 terminates covered employment prior to December 31, 1998, if
28 the member was not vested at the time of termination. A
29 person who made contributions to the abolished system, who is
30 entitled to a refund in accordance with the provisions of this
31 chapter, and who has not claimed and received such a refund
32 prior to January 1, 1964, shall, if the person makes a claim
33 for refund after January 1, 1964, be required to submit proof
34 satisfactory to the department of the person's entitlement to
the refund. The department is under no obligation to maintain

1 the contribution member accounts of such persons after January
2 1, 1964.

3 ~~7-~~ 9. Any member whose employment is terminated may elect
4 to leave the moneys in the member's accumulated-contributions
5 member account in the retirement fund.

6 ~~8-~~ 10. If an employee hired to fill a permanent position
7 terminates the employee's employment within six months from
8 the date of employment, the employer may file a claim with the
9 department for a refund of the funds contributed to the
10 department by the employer for the employee.

11 Sec. 53. Section 97B.53A, Code 1999, is amended to read as
12 follows:

13 97B.53A DUTY OF DEPARTMENT.

14 ~~Effective-July-17-19917-upon~~ Upon a member's termination of
15 covered employment prior to the member's retirement, the
16 department shall send the member by first class mail, to the
17 member's last known mailing address, a notice setting forth
18 the balance and status of the member's account and
19 supplemental account and an explanation of the courses of
20 action available to the member under this chapter.

21 Sec. 54. Section 97B.53B, subsection 1, paragraph c,
22 unnumbered paragraph 1, Code 1999, is amended to read as
23 follows:

24 "Eligible rollover distribution" means all or any portion
25 of a member's account and supplemental account, except that an
26 eligible rollover distribution does not include any of the
27 following:

28 Sec. 55. Section 97B.60, Code 1999, is amended to read as
29 follows:

30 97B.60 ACTUARIAL INVESTIGATION.

31 ~~At-least-once-in-each-two-year-period~~ During calendar year
32 2002, and every four years thereafter, the department shall
33 cause an actuarial investigation to be made of all experience
34 under the retirement system. Pursuant to such an
35 investigation, the department shall, from time to time,

1 determine upon an actuarial basis the condition of the system
2 and shall report to the general assembly its findings and
3 recommendations. The department shall adopt from time to time
4 mortality tables and all other necessary factors for use in
5 all actuarial calculations required in connection with the
6 retirement system.

7 Sec. 56. Section 97B.70, Code 1999, is amended to read as
8 follows:

9 97B.70 INTEREST AND DIVIDENDS TO MEMBERS.

10 1. For calendar years prior to January 1, 1997, interest
11 at two percent per annum and interest dividends declared by
12 the department shall be credited to the member's contributions
13 and the employer's contributions to become part of the
14 accumulated contributions and accumulated employer
15 contributions thereby.

16 a. The average rate of interest earned shall be determined
17 upon the following basis:

18 (1) Investment income shall include interest and cash
19 dividends on stock.

20 (2) Investment income shall be accounted for on an accrual
21 basis.

22 (3) Capital gains and losses, realized or unrealized,
23 shall not be included in investment income.

24 (4) Mean assets shall include fixed income investments
25 valued at cost or on an amortized basis, and common stocks at
26 market values or cost, whichever is lower.

27 (5) The average rate of earned interest shall be the
28 quotient of the investment income and the mean assets of the
29 retirement fund.

30 b. The interest dividend shall be determined within sixty
31 days after the end of each calendar year as follows:

32 The dividend rate for a calendar year shall be the excess
33 of the average rate of interest earned for the year over the
34 statutory two percent rate plus twenty-five hundredths of one
percent. The average rate of interest earned and the interest

1 dividend rate in percent shall be calculated to the nearest
2 one hundredth, that is, to two decimal places. Interest and
3 interest dividends calculated pursuant to this subsection
4 shall be compounded annually.

5 2. For calendar years beginning January 1, 1997, a per
6 annum interest rate at one percent above the interest rate on
7 one-year certificates of deposit shall be credited to the
8 member's contributions and the employer's contributions to
9 become part of the accumulated contributions and accumulated
10 employer contributions account. For purposes of this
11 subsection, the interest rate on one-year certificates of
12 deposit shall be determined by the department based on the
13 average rate for such certificates of deposit as of the first
14 business day of each year as published in a publication of
15 general acceptance in the business community. The per annum
16 interest rate shall be credited on a quarterly basis by
17 applying one-quarter of the annual interest rate to the sum of
18 the accumulated contributions and the accumulated employer
19 contributions as of the end of the previous calendar quarter.

20 3. Interest shall be credited to the accumulated
21 contributions and accumulated employer contributions accounts,
22 and supplemental accounts of active members, inactive vested
23 members, and, effective January 1, 1999, to inactive nonvested
24 members, until the quarter prior to the quarter in which the
25 member's first retirement allowance is paid or in which the
26 member is issued a refund under section 97B.53, or in which a
27 death benefit is issued.

28 4. Prior to January 1, 1999, interest and interest
29 dividends shall be credited to the accumulated contributions
30 and accumulated employer contributions account of a person who
31 leaves the contributions in the retirement fund upon
32 termination from covered employment prior to achieving vested
33 status, but who subsequently returns to covered employment.
34 Upon return to covered employment but prior to January 1,
35 1999, interest and interest dividends shall be credited to the

1 accumulated contributions and accumulated employer
2 contributions account of the person commencing upon the date
3 on which the person has covered wages.

4 5. If the department no longer maintains the accumulated
5 contribution and accumulated employer contributions account of
6 the person pursuant to this chapter, but the person submits
7 satisfactory proof to the department that the person, or the
8 person's employer, did make the contributions that should be
9 included in the accumulated contributions and accumulated
10 employer contributions account, the department shall credit
11 interest and interest dividends in the manner provided in
12 subsection 4.

13 Sec. 57. NEW SECTION. 97B.82 PURCHASE OF SERVICE CREDIT
14 -- DIRECT ROLLOVERS.

15 Effective July 1, 2002, a member may purchase any service
16 credit permitted under this chapter by means of a direct
17 rollover pursuant to rules adopted by the department and
18 consistent with applicable requirements of the Internal
19 Revenue Code. For purposes of this section, a "direct
20 rollover" means a transfer to the system of an eligible
21 rollover distribution from a qualified plan, including an
22 eligible rollover distribution of qualified plan assets made
23 through a conduit eligible retirement plan, all as described
24 under the Internal Revenue Code. The amount of the direct
25 rollover into the system cannot exceed the cost of the service
26 purchase by a member under this chapter. Once a direct
27 rollover is made, the member must forfeit the applicable
28 service credit under the qualified plan from which the
29 eligible rollover distribution is received.

30 Sec. 58. Section 97B.13, Code 1999, is repealed.

31 Sec. 59. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY.
32 Section 16 of this Act, amending section 97B.1A, subsection
33 24, paragraph "b", being deemed of immediate importance, takes
34 effect upon enactment and is retroactively applicable to
January 1, 2000, and is applicable on and after that date.

S.F. _____ H.F. _____

1 shall be held in accordance with medical protocols established
2 by the board of trustees of the fire and police retirement
3 system established by section 411.5 and shall be conducted by
4 the medical board as established in section 411.5. The board
5 of trustees may change the medical protocols at any time the
6 board so determines. ~~The commission shall conduct a medical~~
7 physical examination of an applicant for the position of
8 police officer, police matron, or fire fighter shall be
9 conducted after a conditional offer of employment has been
10 made to the applicant. An applicant shall not be
11 discriminated against on the basis of height, weight, sex, or
12 race in determining physical or mental ability of the
13 applicant. Reasonable rules relating to strength, agility,
14 and general health of applicants shall be prescribed. The
15 costs of the physical examination required under this
16 subsection shall be paid from the trust and agency fund of the
17 city.

18 Sec. 63. NEW SECTION. 400.8A GUIDELINES FOR ONGOING
19 FITNESS FOR POLICE OFFICERS AND FIRE FIGHTERS.

20 The board of trustees of the fire and police retirement
21 system established by section 411.5, in consultation with the
22 medical board established in section 411.5, shall establish
23 and maintain protocols and guidelines for ongoing wellness and
24 fitness for police officers and fire fighters while in
25 service. The board of trustees may change the protocols and
26 guidelines at any time the board so determines. The protocols
27 and guidelines shall be established by the board of trustees
28 for the consideration of cities covered by this chapter and
29 may be applied by a city for the purpose of determining
30 continued wellness and fitness for members of the city's
31 police and fire departments. The medical board established in
32 section 411.5 shall provide to cities and fire and police
33 departments assistance regarding the possible implementation
34 and operation of the protocols and guidelines for ongoing
35 wellness and fitness provided by this section. For purposes

1 of this section, "wellness and fitness" means the process by
2 which police officers and fire fighters maintain fitness for
3 duty.

4 Sec. 64. Section 411.1, subsection 6, Code 1999, is
5 amended to read as follows:

6 6. "Child" means only surviving issue of a deceased active
7 or retired member, or a child legally adopted by a deceased
8 member prior to the member's retirement. "Child" includes
9 only an individual who is under the age of eighteen years, an
10 individual who is under the age of twenty-two years and is a
11 full-time student, or an individual who is disabled at the
12 time under the definitions used in section 402 202 of the
13 Social Security Act as amended if the disability occurred to
14 the individual during the time the individual was under the
15 age of eighteen years and the parent of the individual was an
16 active member of the system.

17 Sec. 65. Section 411.1, subsection 10, Code 1999, is
18 amended to read as follows:

19 10. "Medical board" shall mean the ~~board-of-physicians~~
20 single medical provider network designated by the system as
21 the medical board as provided for in section 411.5.

22 Sec. 66. Section 411.1, subsection 12, Code 1999, is
23 amended to read as follows:

24 12. "Membership service" shall mean service as a police
25 officers officer or a fire fighters fighter rendered since
26 ~~last-becoming-a-member, or, where-membership-is-regained-as~~
27 provided-in-this-chapter, all-of-such-service for a city which
28 is credited as service pursuant to section 411.4.

29 Sec. 67. Section 411.1, subsection 19, Code 1999, is
30 amended to read as follows:

31 19. "Surviving spouse" shall mean the surviving spouse of
32 ~~a marriage-solemnized-prior-to-retirement-of-a~~ deceased member
33 from active service. Surviving spouse shall include a former
34 spouse only if the division of assets in the dissolution of
35 marriage decree pursuant to section 598.17 grants the former

1 spouse rights of a spouse under this chapter. ~~if there is no~~
2 ~~surviving spouse of a marriage solemnized prior to retirement~~
3 ~~of a deceased member, surviving spouse includes a surviving~~
4 ~~spouse of a marriage of two years or more duration solemnized~~
5 ~~subsequent to retirement of the member.~~

6 Sec. 68. Section 411.1A, Code 1999, is amended to read as
7 follows:

8 411.1A PURPOSE OF CHAPTER.

9 The purpose of this chapter is to promote economy and
10 efficiency in the municipal public safety service by providing
11 doing the following:

12 1. Provide an orderly means for police officers and fire
13 fighters to have a retirement system which will provide for
14 the payment of pensions to retired members and members
15 incurring disabilities, and to the surviving spouses and
16 dependents of deceased members.

17 2. Provide a comprehensive disability program for police
18 officers and fire fighters to include standards for entrance
19 physical examinations, guidelines for ongoing fitness and
20 wellness, disability pensions, and postdisability retirement
21 compliance requirements.

22 Sec. 69. Section 411.3, subsection 2, Code 1999, is
23 amended to read as follows:

24 2. Should any member ~~in any period of five consecutive~~
25 ~~years after last becoming a member, be absent from service for~~
26 ~~more than four years~~ cease to be employed as a police officer
27 or fire fighter by a city, or should the member become a
28 beneficiary or die, the member shall thereupon cease to be a
29 member of the system.

30 Sec. 70. Section 411.4, Code 1999, is amended to read as
31 follows:

32 411.4 SERVICE CREDITABLE.

33 1. Service for fewer than six months of a year is not
34 creditable as service. Service of six months or more of a
35 year is equivalent to one year of service, but in no case

1 shall more than one year of service be creditable for all
2 service in one calendar year, nor shall the system allow
3 credit as service for any period of more than one month
4 duration during which the member was absent without pay.

5 2. The system shall credit as service for a member of the
6 system a previous period of service ~~for which the~~ only under
7 any of the following circumstances:

8 a. The member had withdrawn the member's accumulated
9 contributions, as defined in section 411.21, for the previous
10 period of service.

11 b. The member returned to service after an absence of
12 service of a period of less than four years from the last day
13 of the prior period of service.

14 c. The member returned to service after an absence of
15 service of a period of four or more years from the last day of
16 the prior period of service and the member had sufficient
17 service as of the last day of the prior period of service to
18 have been entitled to a retirement allowance on that date
19 under section 411.6, subsection 1, paragraph "b".

20 Sec. 71. Section 411.5, subsection 6, Code 1999, is
21 amended by adding the following new paragraph:

22 NEW PARAGRAPH. c. Notwithstanding any provision of
23 chapter 22 to the contrary, the system's records may be
24 released to any political subdivision, instrumentality, or
25 agency of the state solely for use in a civil or criminal law
26 enforcement activity pursuant to the requirements of this
27 paragraph. To obtain the records, the political subdivision,
28 instrumentality, or agency of the state shall, in writing,
29 certify to the system that the activity is authorized by law,
30 provide a written description of the information desired, and
31 describe the law enforcement activity for which the
32 information is sought. The system shall not be civilly or
33 criminally liable for the release of records in accordance
34 with the requirements of this paragraph.

35 Sec. 72. Section 411.5, subsection 8, Code 1999, is

1 amended to read as follows:

2 8. MEDICAL BOARD. The system board of trustees shall
3 designate a single medical provider network as the medical
4 ~~board to-be-composed-of-three-physicians-who~~ for the system.
5 The medical board shall arrange for and pass upon all medical
6 examinations required under the provisions of chapter 400 and
7 ~~this chapter,-except-that-for~~ and shall assist the system in
8 all aspects of the comprehensive disability program described
9 in section 411.1A. For examinations required because of
10 disability ~~three-physicians,~~ a physician from the university
11 ~~of-Iowa-hospitals-and-clinics-who~~ medical board specializing
12 in occupational medicine, and a second physician specializing
13 in an appropriate field of medicine as determined by the
14 occupational medicine physician shall pass upon the medical
15 examinations required for disability retirements, and shall
16 report to the system in writing ~~its~~ their conclusions and
17 recommendations upon all matters referred to ~~it~~ the medical
18 board. Each report of a medical examination under section
19 411.6, subsections 3 and 5, shall include the medical board's
20 findings in accordance with section 411.6 as to the extent of
21 the member's physical impairment.

22 Sec. 73. Section 411.6, subsection 2, Code 1999, is
23 amended to read as follows:

24 2. ALLOWANCE ON SERVICE RETIREMENT.

25 a. The service retirement allowance for a member who
26 terminates service, other than by death or disability, prior
27 to July 1, 1990, shall consist of a pension which equals fifty
28 percent of the member's average final compensation.

29 b. The service retirement allowance for a member who
30 terminates service, other than by death or disability, on or
31 after July 1, 1990, but before July 1, 1992, shall consist of
32 a pension which equals fifty-four percent of the member's
33 average final compensation.

34 c. Commencing July 1, 1992, for members who terminate
35 service, other than by death or disability, on or after that

1 date, but before July 1, 2000, the system shall increase the
2 percentage multiplier of the member's average final
3 compensation by an additional two percent each July 1 until
4 reaching sixty percent of the member's average final
5 compensation. The applicable percentage multiplier shall be
6 the rate in effect on the date of the member's termination
7 from service.

8 d. Upon retirement from service on or after July 1, 2000,
9 a member shall receive a service retirement allowance which
10 shall consist of a pension which equals sixty-six percent of
11 the member's average final compensation.

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

17 (1) For a member who terminates service, other than by
18 death or disability, on or after July 1, 1990, but before July
19 1, 1991, and who does not withdraw the member's contributions
20 pursuant to section 411.23, upon the member's retirement there
21 shall be added three-tenths percent of the member's average
22 final compensation for each year of service over twenty-two
23 years, excluding years of service after the member's fifty-
24 fifth birthday. However, this subparagraph does not apply to
25 more than eight additional years of service.

26 (2) For a member who terminates service, other than by
27 death or disability, on or after July 1, 1991, but before
28 October 16, 1992, and who does not withdraw the member's
29 contributions pursuant to section 411.23, upon the member's
30 retirement there shall be added six-tenths percent of the
31 member's average final compensation for each year of service
32 over twenty-two years, excluding years of service after the
33 member's fifty-fifth birthday. However, this subparagraph
34 does not apply to more than eight additional years of service.

35 (3) For a member who terminates service, other than by

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

8 (4) For a member who terminates service, other than by
 9 death or disability, on or after July 1, 1998, but before July
 10 1, 2000, and who does not withdraw the member's contributions
 11 pursuant to section 411.23, upon the member's retirement there
 12 shall be added one and one-half percent of the member's
 13 average final compensation for each year of service over
 14 twenty-two years. However, this subparagraph does not apply
 15 to more than eight additional years of service.

16 (5) For a member who terminates service, other than by
 17 death or disability, on or after July 1, 2000, and who does
 18 not withdraw the member's contributions pursuant to section
 19 411.23, upon the member's retirement there shall be added two
 20 percent of the member's average final compensation for each
 21 year of service over twenty-two years. However, this
 22 subparagraph does not apply to more than eight additional
 23 years of service.

24 Sec. 74. Section 411.6, subsection 5, paragraph b, Code
 25 1999, is amended to read as follows:

26 b. If a member in service or the chief of the police or
 27 fire departments becomes incapacitated for duty as a natural
 28 or proximate result of an injury or disease incurred in or
 29 aggravated by the actual performance of duty at some definite
 30 time or place or while acting, pursuant to order, outside the
 31 city by which the member is regularly employed, the member,
 32 upon being found to be temporarily incapacitated following a
 33 medical examination as directed by the city, is entitled to
 34 receive the member's full pay and allowances from the city's
 35 general fund until re-examined as directed by the city and

1 found to be fully recovered or until the city determines that
2 the member is likely to be permanently disabled. ~~The~~ If the
3 temporary incapacity of a member continues more than sixty
4 days, or if the city expects the incapacity to continue more
5 than sixty days, the city shall notify the system of the
6 temporary incapacity. Upon notification by a city, the system
7 may refer the matter to the medical board for review and
8 consultation with the member's treating physician during the
9 temporary incapacity. Except as provided by this paragraph,
10 the board of trustees of the statewide system has no
11 jurisdiction over these matters until the city determines that
12 the disability is likely to be permanent.

13 Sec. 75. Section 411.6, subsection 6, paragraph c, Code
14 1999, is amended to read as follows:

15 c. Upon retirement for accidental disability on or after
16 July 1, 1998, a member shall receive an accidental disability
17 retirement allowance which shall consist of a pension in an
18 amount equal to the greater of sixty percent of the member's
19 average final compensation or the retirement allowance that
20 the member would receive under subsection 2 if the member ~~has~~
21 had attained fifty-five years of age.

22 Sec. 76. Section 411.6, subsection 7, unnumbered paragraph
23 1, Code 1999, is amended to read as follows:

24 Once each year during the first five years following the
25 retirement of a member on a disability retirement allowance,
26 and once in every three-year period thereafter, the system
27 may, and upon the member's application shall, require any
28 disability beneficiary who has not yet attained age fifty-five
29 to undergo a medical examination at a place designated by the
30 medical board. The examination shall be made by the medical
31 board or in special cases, by an additional physician or
32 physicians designated by such board. If any disability
33 beneficiary who has not attained the age of fifty-five refuses
34 to submit to the medical examination, the member's allowance
35 may be discontinued until withdrawal of such refusal, and if

1 the refusal continues for one year all rights in and to the
 2 member's pension may be revoked by the system. For a
 3 disability beneficiary who has not attained the age of fifty-
 4 five and whose entitlement to a disability retirement
 5 commenced on or after July 1, 2000, the medical board may, as
 6 part of the examination required by this subsection, suggest
 7 appropriate medical treatment or rehabilitation if, in the
 8 opinion of the medical board, the recommended treatment or
 9 rehabilitation would likely restore the disability beneficiary
 10 to duty.

11 Sec. 77. Section 411.6, subsection 7, paragraph a,
 12 unnumbered paragraph 1, Code 1999, is amended to read as
 13 follows:

14 Should any beneficiary for either ordinary or accidental
 15 disability, except a beneficiary who is fifty-five years of
 16 age or over ~~and would have completed twenty-two years of~~
 17 ~~service if the beneficiary had remained in active service~~, be
 18 engaged in a gainful occupation paying more than the
 19 difference between the member's net retirement allowance and
 20 one and one-half times the earnable compensation of an active
 21 member at the same position on the salary scale within the
 22 member's rank as the member held at retirement, then the
 23 amount of the member's retirement allowance shall be reduced
 24 to an amount such that the member's net retirement allowance
 25 plus the amount earned by the member shall equal one and one-
 26 half times the amount of the current earnable compensation of
 27 an active member at the same position on the salary scale
 28 within the member's rank as the member held at retirement.

29 Should the member's ~~earning-capacity~~ earnings be later
 30 changed, the amount of the member's retirement allowance may
 31 be further modified, provided that the new retirement
 32 allowance shall not exceed the amount of the retirement
 33 allowance adjusted by annual readjustments of pensions
 34 pursuant to subsection 12 of this section nor an amount which
 35 would cause the member's net retirement allowance, when added

1 to the amount earned by the beneficiary, to equal one and one-
2 half times the amount of the earnable compensation of an
3 active member at the same position on the salary scale within
4 the member's rank as the member held at retirement. A
5 beneficiary restored to active service at a salary less than
6 the average final compensation upon the basis of which the
7 member was retired at age fifty-five or greater, shall not
8 again become a member of the retirement system and shall have
9 the member's retirement allowance suspended while in active
10 service. If the rank or position held by the retired member
11 is subsequently abolished, adjustments to the allowable limit
12 on the amount of income which can be earned in a gainful
13 occupation shall be computed by the board of trustees as
14 though such rank or position had not been abolished and salary
15 increases had been granted to such rank or position on the
16 same basis as increases granted to other ranks and positions
17 in the department. For purposes of this paragraph, "net
18 retirement allowance" means the amount determined by
19 subtracting the amount paid during the previous calendar year
20 by the beneficiary for health insurance or similar health care
21 coverage for the beneficiary and the beneficiary's dependents
22 from the amount of the member's retirement allowance paid for
23 that year pursuant to this chapter. The beneficiary shall
24 submit sufficient documentation to the system to permit the
25 system to determine the member's net retirement allowance for
26 the applicable year.

27 Sec. 78. Section 411.6, subsection 7, Code 1999, is
28 amended by adding the following new paragraph:

29 NEW PARAGRAPH. c. Should a disability beneficiary under
30 age fifty-five be employed in a public safety occupation, the
31 disability beneficiary's retirement allowance shall cease.
32 Notwithstanding any provision of this chapter to the contrary,
33 if a disability beneficiary is employed in a public safety
34 occupation that would otherwise constitute membership service,
35 the disability beneficiary shall not become a member of the

1 system. For purposes of this paragraph, "public safety
 2 occupation" means a peace officer, as defined in section
 3 97A.1; a protection occupation, as defined in section 97B.49B;
 4 a sheriff, deputy sheriff, or airport fire fighter, as defined
 5 in section 97B.49C; and a police officer or fire fighter as
 6 defined in section 411.1, who was not restored to active
 7 service as provided by this subsection.

8 Sec. 79. Section 411.6, subsection 8, Code 1999, is
 9 amended to read as follows:

10 8. ORDINARY DEATH BENEFIT.

11 a. Upon the receipt of proof of the death of a member in
 12 service, or a member not in service who has completed four or
 13 more years of service as provided in subsection 1, paragraph
 14 "b", there shall be paid to the person designated by the
 15 member to the system as the member's beneficiary, if the
 16 member has had one or more years of membership service and no
 17 pension is payable under subsection 9, an the greater of the
 18 following:

19 (1) An amount equal to fifty percent of the compensation
 20 earnable by the member during the year immediately preceding
 21 the member's death if the member is in service, or an amount
 22 equal to fifty percent of the compensation earned by the
 23 member during the member's last year of service if the member
 24 is not in service.

25 (2) An amount the member would have been entitled to
 26 withdraw pursuant to section 411.23 if the member had
 27 terminated service on the date of the member's death.

28 b. In lieu of the payment specified in paragraph "a", a
 29 beneficiary meeting the qualifications of paragraph "c" may
 30 elect to receive a monthly pension equal to one-twelfth of
 31 forty percent of the average final compensation of the member,
 32 but not less than twenty percent of the monthly earnable
 33 compensation paid to an active member holding the highest
 34 grade in the rank of fire fighter, for a beneficiary of a
 deceased member of a fire department, or the highest grade in

1 the rank of police patrol officer, for a beneficiary of a
2 deceased member of a police department, if the member was in
3 service at the time of death. For a member not in service at
4 the time of death, the pension shall be reduced as provided in
5 subsection 1, paragraph "b".

6 For a member not in service at the time of death, the
7 pension shall be paid commencing when the member would have
8 attained the age of fifty-five except that if there is a child
9 of the member, the pension shall be paid commencing with the
10 member's death until the ~~children-reach-the-age-of-eighteen,~~
11 ~~or-twenty-two-if-applicable~~ child of the member no longer
12 meets the definition of child as provided in section 411.1.

13 The pension shall resume commencing when the member would have
14 attained the age of fifty-five.

15 For a member in service at the time of death, the pension
16 shall be paid commencing with the member's death. In addition
17 to the pension, there shall also be paid for each child of a
18 member, a monthly pension equal to six percent of the monthly
19 earnable compensation paid to an active member holding the
20 highest grade in the rank of fire fighter, for a child of a
21 deceased member of a fire department, or the highest grade in
22 the rank of police patrol officer, for a child of a deceased
23 member of a police department.

24 Notwithstanding section 411.6, subsection 8, Code 1985,
25 effective July 1, 1990, for a member's surviving spouse who,
26 prior to July 1, 1986, elected to receive pension benefits
27 under this paragraph, the monthly pension benefit shall be
28 equal to the higher of one-twelfth of forty percent of the
29 average final compensation of the member, or the amount the
30 surviving spouse was receiving on July 1, 1990.

31 c. The pension under paragraph "b" may be selected only by
32 the following beneficiaries:

33 (1) The spouse.

34 (2) If there is no spouse, or if the spouse dies and there
35 is a child of a member, then the ~~guardian-of-the~~ member's

1 child or children, ~~divided-as-the-system-determines,-to~~
2 ~~continue-as-a-joint-and-survivor-pension-until-every-child-of~~
3 ~~the-member-dies-or-attains-the-age-of-eighteen,-or-twenty-two~~
4 ~~if-applicable~~ in equal shares. The pension to each child
5 shall terminate when the child no longer meets the definition
6 of child in section 411.1.

7 (3) If there is no surviving spouse or child, then the
8 member's dependent father or mother, or both, as the system
9 determines, to continue until remarriage or death.

10 d. ~~If there-is-no-nomination-of~~ the member failed to
11 designate a beneficiary, or if the beneficiary designated by
12 the member predeceases the member, the benefits provided in
13 paragraph "a" of this subsection shall be paid to-the-member's
14 estate- as follows in the following order of priority:

- 15 (1) To the member's surviving spouse.
- 16 (2) To the member's surviving children, including any
17 adult children, in equal shares.
- 18 (3) To the member's surviving parents, in equal shares.
- 19 (4) To the member's estate.
- 20 (5) To the member's heirs if the estate is not probated.

21 Sec. 80. Section 411.6, subsection 9, Code 1999, is
22 amended to read as follows:

23 9. ACCIDENTAL DEATH BENEFIT.

24 a. If, upon the receipt of evidence and proof from the
25 chief of the police or fire department that the death of a
26 member in service was the natural and proximate result of an
27 injury or disease incurred in or aggravated by the actual
28 performance of duty at some definite time and place, or while
29 acting pursuant to order, outside of the city by which the
30 member is regularly employed, the system decides that death
31 was so caused in the performance of duty, there shall be paid,
32 in lieu of the ordinary death benefit provided in subsection
33 8, ~~to-the-member's-estate-or-to-such-person-having-an~~
34 ~~insurable-interest-in-the-member's-life-as-the-member-has~~
35 ~~nominated-by-written-designation-duly-executed-and-filed-with~~

1 ~~the system, the benefits~~ an accidental death benefit as set
2 forth in paragraphs "a" and "b" of this subsection. Disease
3 under this subsection shall mean heart disease or any disease
4 of the lungs or respiratory tract and shall be presumed to
5 have been contracted while on active duty as a result of
6 strain or the inhalation of noxious fumes, poison, or gases.

7 ~~a. b.~~ A An accidental death benefit pension equal to one-
8 half of the average final compensation of the member shall be
9 paid to the member's spouse, children or dependent parents as
10 provided in paragraphs "c", "d", and "e" of subsection 8 of
11 this section.---There as follows:

12 (1) To the member's spouse.

13 (2) If there is no spouse, or if the spouse dies and there
14 is a child of the member, then to the member's child or
15 children in equal shares. The pension to each child shall
16 terminate when the child no longer meets the definition of
17 child in section 411.1.

18 (3) If there is no surviving spouse or child, then to the
19 member's dependent father or mother, or both, as the system
20 determines, to continue until remarriage or death.

21 c. In addition to the accidental death benefit pension
22 provided in paragraph "b", there shall also be paid for each
23 child of a member a monthly pension equal to six percent of
24 the monthly earnable compensation paid to an active member
25 holding the highest grade in the rank of fire fighter, for a
26 child of a deceased member of a fire department, or holding
27 the highest grade in the rank of police patrol officer, for a
28 child of a deceased member of a police department.

29 d. A person eligible to receive the pension payable under
30 paragraph "b" of this subsection may elect to receive the
31 benefit payable under subsection 8, paragraph "a", in lieu of
32 the pension provided in paragraph "b" of this subsection.

33 ~~b. e.~~ If there is no spouse, child, or dependent parent
34 surviving a deceased member person entitled to the pension
35 payable under paragraph "b" of this subsection, the death

1 shall be treated as an ordinary death case and the benefit
2 payable under subsection 8, paragraph "a", in lieu of the
3 pension provided in paragraph "a" of this subsection, shall be
4 ~~paid to the member's estate as provided by that subsection.~~

5 ~~Disease under this subsection shall mean heart disease or~~
6 ~~any disease of the lungs or respiratory tract and shall be~~
7 ~~presumed to have been contracted while on active duty as a~~
8 ~~result of strain or the inhalation of noxious fumes, poison,~~
9 ~~or gases.~~

10 Sec. 81. Section 411.6, subsection 11, Code 1999, is
11 amended to read as follows:

12 11. Pension to spouse and children of deceased pensioned
13 member. In the event of the death of any member receiving a
14 retirement allowance under the provisions of subsections 2, 4,
15 or 6 of this section there shall be paid a pension:

16 a. To the spouse, equal to one-half the amount received by
17 the deceased beneficiary, but in no instance less than twenty
18 percent of the monthly earnable compensation paid to an active
19 member holding the highest grade in the rank of fire fighter,
20 for a beneficiary of a deceased member of the fire department,
21 or the highest grade in the rank of police patrol officer, for
22 a beneficiary of a deceased member of a police department, and
23 in addition a monthly pension equal to the monthly pension
24 payable under subsection 9 of this section for each child
25 ~~under eighteen years of age or twenty-two years of age if~~
26 ~~applicable; or~~

27 b. If the spouse dies either prior or subsequent to the
28 death of the member, to the guardian of each surviving child,
29 a monthly pension equal to the monthly pension payable under
30 subsection 9 of this section for the support of the child.

31 Sec. 82. Section 411.6, Code 1999, is amended by adding
32 the following new subsection:

33 NEW SUBSECTION. 14. BENEFICIARY DESIGNATION. A member
34 may designate, in writing on a form prescribed by the system,
35 any person or persons to whom the system will pay a death

1 benefit under this section in the event of the member's death.
2 If the member is married at the time a designation is signed,
3 a designation of a beneficiary other than the member's spouse
4 shall not be valid unless the member's spouse consents in
5 writing to the designation. A designation filed with the
6 system shall be deemed revoked if, subsequent to the
7 designation, a new designation is filed with the system, the
8 member marries, or the member divorces the individual who was
9 the member's named beneficiary.

10 Sec. 83. Section 411.6, Code 1999, is amended by adding
11 the following new subsection:

12 NEW SUBSECTION. 15. LINE OF DUTY DEATH BENEFIT.

13 a. If, upon the receipt of evidence and proof from the
14 chief of the police or fire department that the death of a
15 member in service was the direct and proximate result of a
16 traumatic personal injury incurred in the line of duty, the
17 system decides that death was so caused, there shall be paid,
18 to a person authorized to receive an accidental death benefit
19 as provided in subsection 9, paragraph "b", the amount of one
20 hundred thousand dollars, which shall be payable in a lump
21 sum.

22 b. A line of duty death benefit shall not be payable under
23 this subsection if any of the following applies:

24 (1) The death resulted from stress, strain, occupational
25 illness, or a chronic, progressive, or congenital illness,
26 including, but not limited to, a disease of the heart, lungs,
27 or respiratory system, unless a traumatic personal injury was
28 a substantial contributing factor to the member's death.

29 (2) The death was caused by the intentional misconduct of
30 the member or by the member's intent to cause the member's own
31 death.

32 (3) The member was voluntarily intoxicated at the time of
33 death.

34 (4) The member was performing the member's duties in a
35 grossly negligent manner at the time of death.

1 (5) An individual who would otherwise be entitled to a
2 benefit under this subsection was, through the individual's
3 actions, a substantial contributing factor to the member's
4 death.

5 Sec. 84. Section 411.6, Code 1999, is amended by adding
6 the following new subsection:

7 NEW SUBSECTION. 16. INELIGIBILITY FOR DISABILITY
8 BENEFITS.

9 a. A member otherwise eligible to receive a disability
10 retirement benefit under this chapter shall not be eligible to
11 receive such a benefit if the system determines that any of
12 the following conditions for ineligibility apply:

13 (1) The disability would not exist but for the member's
14 chemical dependency, as defined in section 125.2, on a
15 schedule I controlled substance, as defined in section
16 124.204, or the member's chemical dependency on a schedule II
17 controlled substance, as defined in section 124.206, resulting
18 from the inappropriate use of the schedule II controlled
19 substance.

20 (2) The disability is a mental disability proximately
21 caused by appropriate disciplinary actions taken against the
22 member, or by conflicts with a superior or coworker if the
23 superior or coworker was acting legally and appropriately
24 toward the member when the conflicts occurred.

25 b. A member otherwise eligible to receive a disability
26 retirement benefit under this chapter, or who is receiving
27 such a benefit, shall not be eligible to receive such a
28 benefit beginning with the month following the determination
29 by the system that the disability would not exist but for the
30 action of the member for which the member has been convicted
31 of a felony.

32 c. A member eligible to commence receiving a disability
33 benefit on or after July 1, 2000, may be ineligible to receive
34 a disability retirement benefit if the system determines that
35 the member's alcoholism or drug addiction was a contributing

1 factor material to the determination of the member's
2 disability. Upon a determination that the member's alcoholism
3 or drug addiction was a contributing factor in the member's
4 disability, the system shall direct the member to undergo
5 substance abuse treatment that the medical board determines is
6 appropriate to treat the member's alcoholism or drug
7 addiction. After the end of a twenty-four-month period
8 following the member's first month of entitlement to a
9 disability benefit, the system shall reevaluate the member's
10 disability. If the system determines that the member failed
11 to comply with the treatment program prescribed by this
12 paragraph and that the member would not be disabled but for
13 the member's alcoholism or drug addiction, the member's
14 entitlement to a disability benefit under this chapter shall
15 terminate effective the first day of the first month following
16 the month the member is notified of the system's
17 determination.

18 Sec. 85. Section 411.6, Code 1999, is amended by adding
19 the following new subsection:

20 NEW SUBSECTION. 17. LIMITATIONS ON BENEFITS -- PRISONERS.

21 a. An individual who is otherwise entitled to a retirement
22 allowance under this chapter shall not receive a retirement
23 allowance for any month during which both of the following
24 conditions exist:

25 (1) The individual is confined in a jail, prison, or
26 correctional facility pursuant to the individual's conviction
27 of a felony.

28 (2) The individual has a spouse, or a child or children,
29 as defined in section 411.1.

30 b. The amount of the retirement allowance not paid to the
31 individual under paragraph "a" shall be paid in the following
32 order of priority:

33 (1) To the individual's spouse, if any.

34 (2) If there is no spouse, then to the individual's child
35 or children, as defined in section 411.1.

1 c. This subsection shall not be construed in a manner that
 2 impairs the rights of any individual under a marital property,
 3 spousal support, or child support order. In addition, this
 4 subsection shall not be construed to impair the statutory
 5 rights of a governmental entity, including, but not limited
 6 to, the right of a governmental entity to collect an amount
 7 for deposit in the victim compensation fund established in
 8 chapter 915.

9 Sec. 86. Section 411.11, Code 1999, is amended to read as
 10 follows:

11 411.11 CONTRIBUTIONS BY THE CITY.

12 1. On or before January 1 of each year the system shall
 13 certify to the superintendent of public safety of each
 14 participating city the amounts which will become due and
 15 payable during the year next following to the fire and police
 16 retirement fund. The amounts so certified shall be included
 17 by the superintendent of public safety in the annual budget
 18 estimate. The amounts so certified shall be appropriated by
 19 the respective cities and transferred to the retirement system
 20 for the ensuing year. The cities shall annually levy a tax
 21 sufficient in amount to cover the appropriations.

22 2. Amounts paid by a city to a member as back pay that
 23 would have constituted earnable compensation if paid when
 24 earned shall be allocated by the system as earnable
 25 compensation to the period or periods for which paid and
 26 employer and employee contributions shall be paid to the
 27 system for the amounts. The contribution rate to be applied
 28 to such amounts shall be determined pursuant to section 411.8
 29 based on the rates in effect for the period or periods to
 30 which the amounts are allocated. Interest on the
 31 contributions required to be paid shall be calculated pursuant
 32 to this section as if the contributions were unpaid as of the
 33 date the contributions would have been due if the back pay had
 34 been paid to the member during the period in which it was due.
 35 The requirements of this subsection apply regardless of

1 whether the back pay is made under a covenant not to sue,
2 compromise settlement, denial of liability, or other agreement
3 between the member and the employer.

4 3. Contributions unpaid on the date on which they are due
5 and payable as prescribed by the system shall bear interest at
6 the greater of the interest rate assumption adopted by the
7 board of trustees or the rate of interest on the short-term
8 investment fund account of the system's custodial bank for the
9 period the contributions remain unpaid. Interest due pursuant
10 to this section may be waived by the system pursuant to rules
11 adopted by the board. Interest collected pursuant to this
12 section shall be paid into the retirement fund created in
13 section 411.8.

14 4. If an employer fails to pay contributions or interest
15 as required by this chapter after receiving thirty days'
16 notice of the employer's obligation, the system may maintain a
17 civil action to collect the unpaid contributions and interest
18 from the employer, which action shall be heard as
19 expeditiously as possible. If the system prevails in the
20 civil action to recover unpaid contributions and interest, the
21 court shall require the employer to pay the costs of the
22 action.

23 Sec. 87. Section 411.22, Code 1999, is amended to read as
24 follows:

25 411.22 LIABILITY OF THIRD PARTIES -- SUBROGATION.

26 1. If a member receives an injury or dies for which
27 benefits are payable under section 411.6, subsection 3, or 5,
28 8, or 9, or section 411.15, and if the injury or death is
29 caused under circumstances creating a legal liability for
30 damages against a third party other than the retirement
31 system, the retirement system is subrogated to the rights of
32 the member or the member's legal representative beneficiary
33 entitled to receive a death benefit and may maintain an action
34 for damages against the third party for lost earnings and lost
35 earnings capacity. If the retirement system recovers damages

1 in the action, the court shall enter judgment for distribution
2 of the recovery as follows:

3 a. A sum sufficient to repay the retirement system for the
4 amount of such benefits actually paid by the retirement system
5 up to the time of the entering of the judgment.

6 b. A sum sufficient to pay the retirement system the
7 present worth, computed at the interest rate provided in
8 section 535.3 for court judgments and decrees, of the future
9 payments of such benefits, for which the retirement system is
10 liable, but the sum is not a final adjudication of the future
11 payments which the member is entitled to receive.

12 c. A sum sufficient to repay the retirement system for the
13 costs and expenses of maintaining the action.

14 d. Any balance remaining after the repayments provided by
15 paragraphs "a" through "c" shall be paid to the injured
16 member, or the beneficiary under section 411.6, subsection 8
17 or 9, whichever is applicable.

18 2. If the system, after receiving written notice of the
19 third-party liability, declines in writing to maintain an
20 action against the third party or fails to maintain an action
21 within one hundred eighty days of receiving written notice of
22 the third-party liability, the member, the member's estate, or
23 the legal representative of the member or the member's estate,
24 may maintain an action for damages against the third party.

25 ~~If a member or a member's legal representative commences~~ such
26 an action is commenced, the plaintiff member, estate, or
27 representative shall serve a copy of the original notice upon
28 the retirement system not less than ten days before the trial
29 of the action, but a failure to serve the notice does not
30 prejudice the rights of the retirement system, and the
31 following rights and duties ensue:

32 a. The retirement system shall be indemnified out of the
33 recovery of damages to the extent of benefit payments ~~made~~
34 paid or awarded by the retirement system, with legal interest,
35 except that the plaintiff member's or estate's attorney fees

1 may be first allowed by the district court. For purposes of
2 this paragraph, "benefit payments paid or awarded" means the
3 sum of the following amounts:

4 (1) The amount of benefits actually paid by the retirement
5 system up to the time of the entering of the judgment.

6 (2) The present worth, computed at the interest rate
7 provided in section 535.3 for court judgments and decrees, of
8 the future payments of such benefits, for which the retirement
9 system is liable, but the sum is not a final adjudication of
10 the future payments which the member is entitled to receive.

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

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

27 ~~a.--A-sum-sufficient-to-repay-the-retirement-system-for-the~~
28 ~~amount-of-such-benefits-actually-paid-by-the-retirement-system~~
29 ~~up-to-the-time-of-the-entering-of-the-judgment.~~

30 ~~b.--A-sum-sufficient-to-pay-the-retirement-system-the~~
31 ~~present-worth, computed-at-the-interest-rate-provided-in~~
32 ~~section-535.3-for-court-judgments-and-decrees, of-the-future~~
33 ~~payments-of-such-benefits, for-which-the-retirement-system-is~~
34 ~~liable, but-the-sum-is-not-a-final-adjudication-of-the-future~~
35 ~~payments-which-the-member-is-entitled-to-receive.~~

1 ~~c.--Any-balance-shall-be-paid-to-the-member.~~

2 3. Before a settlement is effective between the retirement
3 system and a third party who is liable for an injury or death,
4 the member or beneficiary must consent in writing to the
5 settlement; and if the settlement is between the member or the
6 member's estate and a third party, the retirement system must
7 consent in writing to the settlement; or on refusal to
8 consent, in either case, the district court in the county in
9 which either the city or the retirement system is located must
10 consent in writing to the settlement.

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

22 Sec. 88. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY.
23 Sections 66, 69, 70, 83, and 86, of this Act, amending section
24 411.1, subsection 12, section 411.3, section 411.4, section
25 411.6, by creating new subsection 15, and section 411.11,
26 being deemed of immediate importance, take effect upon
27 enactment and are retroactively applicable to January 1, 1992,
28 and are applicable on and after that date.

29 Sec. 89. EFFECTIVE DATE. Section 65 of this Act amending
30 section 411.1, subsection 10, and section 72 of this Act,
31 amending section 411.5, subsection 8, take effect July 1,
32 2001.

33 Sec. 90. STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM --
34 LEGISLATIVE INTENT. It is the intent of the general assembly
35 that members of the retirement system be afforded a retirement

1 benefit based upon ninety percent of a member's earnable
2 compensation at the time of a member's retirement after the
3 member has completed thirty years of service when the
4 retirement system can afford it on an actuarially sound basis.

5 DIVISION IV

6 JUDICIAL RETIREMENT SYSTEM

7 Sec. 91. Section 602.9104, Code 1999, is amended to read
8 as follows:

9 602.9104 DEDUCTIONS FROM JUDGES' SALARIES -- CONTRIBUTIONS
10 BY STATE.

11 1. A judge to whom this article applies, shall be paid an
12 amount equal to ~~ninety-six-percent-of~~ the basic salary of the
13 judge as set by the general assembly. ~~An~~ minus an amount
14 ~~equal-to-four-percent-of-the-basic-salary-of-the-judge-as-set~~
15 ~~by-the-general-assembly-is~~ designated as the judge's
16 contribution to the judicial retirement fund, ~~and shall be~~
17 ~~paid-by-the-state-in-the-manner-provided-in-subsection-2.~~ The
18 amount designated as the judge's contribution to the judicial
19 retirement fund shall be calculated as provided in subsection
20 1A and shall be paid by the state in the manner provided in
21 subsection 2.

22 1A. a. Effective with the fiscal year commencing July 1,
23 1994, and for each subsequent fiscal year until the system
24 attains fully funded status based upon the benefits provided
25 for judges through the judicial retirement system as of July
26 1, 2001, contributions to the judicial retirement fund shall
27 be calculated as follows:

28 (1) The state shall contribute annually to the judicial
29 retirement fund an amount equal to at least twenty-three and
30 seven-tenths percent of the basic salary of each judge covered
31 under this article. The state's contribution shall be
32 appropriated directly to the judicial retirement fund.

33 (2) Each judge to whom this article applies shall
34 contribute annually to the judicial retirement fund an amount
35 equal to five percent of the basic salary of the judge as set

1 by the general assembly.

2 b. Commencing with the first fiscal year in which the
3 system attains fully funded status based upon the benefits
4 provided for judges through the judicial retirement system as
5 of July 1, 2001, and for each subsequent fiscal year,
6 contributions to the judicial retirement fund shall be
7 calculated as follows:

8 (1) The state shall contribute annually to the judicial
9 retirement fund an amount equal to sixty percent of the
10 required contribution rate multiplied by the basic salary of
11 each judge covered under this article. The state's
12 contribution shall be appropriated directly to the judicial
13 retirement fund.

14 (2) Each judge to whom this article applies shall
15 contribute annually to the judicial retirement fund an amount
16 equal to forty percent of the required contribution rate
17 multiplied by the basic salary of the judge as set by the
18 general assembly.

19 2. The amount designated in subsection 1 and subsection 1A
20 as the judge's contribution to the judicial retirement fund
21 shall be paid by the department of revenue and finance from
22 the general fund of the state to the court administrator for
23 deposit with the treasurer of state to the credit of the
24 judicial retirement fund. Moneys in the fund are appropriated
25 for the payment of annuities, refunds, and allowances provided
26 by this article, except that the amount of the appropriations
27 affecting payment of annuities, refunds, and allowances to
28 judges of the municipal and superior court is limited to that
29 part of the fund accumulated for their benefit as provided in
30 this article. The corpus and income of the fund shall be used
31 only for the exclusive benefit of the judges covered under
32 this article, their survivors, or an alternate payee who is
33 assigned benefits pursuant to a domestic relations order.

34 3. A judge covered under this article is deemed to consent
35 to the reduction in basic salary as provided in subsection 1.

1 4. a- As used in this subsection section, unless the
2 context otherwise requires:

3 {1} a. "Actuarial valuation" means an actuarial valuation
4 of the judicial retirement system or an annual actuarial
5 update of an actuarial valuation, as required pursuant to
6 section 602.9116.

7 {2} b. "Fully funded status" means that the most recent
8 actuarial valuation reflects that, using the aggregate cost
9 method in accordance with generally recognized and accepted
10 actuarial principles and practices set forth by the American
11 academy of actuaries, the funded status of the system is at
12 least one hundred percent.

13 {3} c. "Required contribution rate" means that percentage
14 of the basic salary of all judges covered under this article
15 which, ~~in addition to the judge's contribution established in~~
16 ~~subsection 1,~~ the actuary of the system determines is
17 necessary to maintain fully funded status.

18 ~~b.---Effective with the fiscal year commencing July 1, 1994,~~
19 ~~and for each subsequent fiscal year until the system attains~~
20 ~~fully funded status, the state shall contribute annually to~~
21 ~~the judicial retirement fund an amount equal to at least~~
22 ~~twenty-three and seven tenths percent of the basic salary of~~
23 ~~all judges covered under this article.---Commencing with the~~
24 ~~first fiscal year in which the system attains fully funded~~
25 ~~status, and for each subsequent fiscal year, the state shall~~
26 ~~contribute to the judicial retirement fund the required~~
27 ~~contribution rate.---The state's contribution shall be~~
28 ~~appropriated directly to the judicial retirement fund.~~

29 Sec. 92. Section 602.9107, subsection 1, Code 1999, is
30 amended to read as follows:

31 1. a. The annual annuity of a judge under this system is
32 an amount equal to three percent of the judge's average annual
33 basic salary for the judge's last three years as a judge of
34 one or more of the courts included in this article, multiplied
35 by the judge's years of service as a judge of one or more of

1 the courts for which contributions were made to the system.
2 However, an annual annuity shall not exceed an amount equal to
3 a specified percentage of the basic annual salary which the
4 judge is receiving at the time the judge becomes separated
5 from service. Forfeitures shall not be used to increase the
6 annuities a judge or survivor would otherwise receive under
7 the system.

8 b. "Specified percentage", for purposes of this section,
9 means as follows:

10 (1) For judges who retire and receive an annuity prior to
11 July 1, 1998, the specified percentage shall be fifty percent.

12 (2) For judges who retire and receive an annuity on or
13 after July 1, 1998, but before July 1, 2000, the specified
14 percentage shall be fifty-two percent.

15 (3) For judges who retire and receive an annuity on or
16 after July 1, 2000, but before July 1, 2001, the specified
17 percentage shall be fifty-six percent.

18 (4) For judges who retire and receive an annuity on or
19 after July 1, 2001, the specified percentage shall be sixty
20 percent.

21 Sec. 93. Section 602.9204, Code Supplement 1999, is
22 amended to read as follows:

23 602.9204 SALARY -- ANNUITY OF SENIOR JUDGE AND RETIRED
24 SENIOR JUDGE.

25 1. A judge who retires on or after July 1, 1994, and who
26 is appointed a senior judge under section 602.9203 shall be
27 paid a salary as determined by the general assembly. A senior
28 judge or retired senior judge shall be paid an annuity under
29 the judicial retirement system in the manner provided in
30 section 602.9109, but computed under this section in lieu of
31 section 602.9107, as follows: The annuity paid to a senior
32 judge or retired senior judge shall be an amount equal to
33 three percent of the basic senior judge salary, multiplied by
34 the judge's years of service prior to retirement as a judge of
35 one or more of the courts included under this article, for

1 which contributions were made to the system, except the
2 annuity of the senior judge or retired senior judge shall not
3 exceed fifty-percent an amount equal to the applicable
4 specified percentage of the basic senior judge salary used in
5 calculating the annuity. However, following the twelve-month
6 period during which the senior judge or retired senior judge
7 attains seventy-eight years of age, the annuity paid to the
8 person shall be an amount equal to three percent of the basic
9 senior judge salary cap, multiplied by the judge's years of
10 service prior to retirement as a judge of one or more of the
11 courts included under this article, for which contributions
12 were made to the system, except that the annuity shall not
13 exceed fifty-percent an amount equal to the applicable
14 specified percentage of the basic senior judge salary cap. A
15 senior judge or retired senior judge shall not receive
16 benefits calculated using a basic senior judge salary
17 established after the twelve-month period in which the senior
18 judge or retired senior judge attains seventy-eight years of
19 age. The state shall provide, regardless of age, to an active
20 senior judge or a senior judge with six years of service as a
21 senior judge and to the judge's spouse, and pay for medical
22 insurance until the judge attains the age of seventy-eight
23 years.

24 2. As used in this section, unless the context otherwise
25 requires:

26 a. "Applicable specified percentage" means, for a senior
27 judge or retired senior judge, the specified percentage, as
28 defined in section 602.9107, subsection 1, that applied on the
29 date the judge was separated from full-time service.

30 a- b. "Basic senior judge salary" means the basic annual
31 salary which the judge is receiving at the time the judge
32 becomes separated from full-time service, as would be used in
33 computing an annuity pursuant to section 602.9107 without
34 service as a senior judge, plus seventy-five percent of the
35 escalator.

1 Code section 97A.6, subsection 2, governing the calculation
2 of retirement benefits, is amended by adding a new paragraph
3 to provide that member of PORS receives 2.75 percent of the
4 member's average final compensation for each year of service
5 up to a total of 32 years of service or a maximum of 88
6 percent.

7 Code section 97A.6, subsection 8, governing an ordinary
8 death benefit, is amended to provide that certain eligible
9 beneficiaries of a member who dies shall receive, at a
10 minimum, a monthly pension equal to 25 percent, rather than 20
11 percent, of the monthly pay of a senior patrol officer if the
12 member died in service.

13 Code section 97A.6, subsection 14, governing the annual
14 readjustment of pensions, is amended. The current
15 readjustment escalator provisions are amended to increase the
16 percentages used to provide an annual readjustment of the
17 pensions payable from the current 30 percent and 33 1/3
18 percent to 40 percent, and from the current 15 percent to 24
19 percent.

20 In addition to the modification of the current escalator
21 increase received by an eligible member or beneficiary each
22 July 1, the bill provides for adding to the amount calculated
23 using the current escalator provisions as amended by this bill
24 an additional dollar amount based on the number of years the
25 member has been retired. The additional amount is \$15 for a
26 member retired less than five years, \$20 for a member retired
27 between five and 10 years, \$25 for a member retired between 10
28 and 15 years, \$30 for a member retired between 15 and 20
29 years, and \$35 for a member retired over 20 years.

30 Code section 97A.8, concerning the method of financing the
31 PORS through contributions, is amended to permit the board of
32 trustees to adopt a method designed to stabilize changes in
33 the normal contribution rate which could result from
34 fluctuations in the market value of the assets of the system.

35 The bill also provides that it is the intent of the general

1 assembly that members of PORS receive a retirement benefit of
2 90 percent of their earnable compensation after 30 years of
3 service once the system can afford it.

4 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

5 Code section 97B.1A is amended by adding new subsection 2A
6 which defines accumulated employer contributions as employer
7 contributions made on behalf of a member plus interest.

8 Code section 97B.1A, subsection 8, paragraph "a",
9 subparagraph (1), which provides for the ability of an elected
10 official to opt for coverage, is amended to allow an elected
11 official who has opted to be covered under IPERS to opt out of
12 coverage while still in office. Specifically, the change
13 permits an official to opt out of IPERS coverage if the
14 official terminates employment from all employment covered
15 under this chapter other than employment as an elective
16 official and applies to receive a retirement benefit under
17 IPERS.

18 Code section 97B.1A, subsection 8, concerning the
19 definition of temporary employees, is changed to provide that
20 an employee is a temporary employee if the employee is hired
21 for less than six consecutive months. Current law provides
22 that an employee is a temporary employee if the employee is
23 hired for less than six months in a calendar year.

24 Code section 97B.1A is amended by adding new subsection 14A
25 which defines a member account as the amount established for a
26 member that includes the accumulated contributions of the
27 member and the relevant accumulated employer contributions for
28 that member.

29 Code section 97B.1A is amended by adding subsection 22A
30 which adds a definition for a supplemental account for active
31 members that is consistent with Code section 97B.49H which
32 created this account.

33 Code section 97B.1A, subsection 24, concerning the
34 definition of three-year average covered wage used in
35 determining IPERS retirement benefits is amended by modifying

1 the multiyear mechanism for implementing a revision to the
2 calculation of three-year average covered wage if the member's
3 average wage exceeds a certain dollar level. Current law
4 provides that a member's "three-year average covered wage"
5 will be calculated using the highest seven years for a member
6 who retires during calendar year 2000, 2001, or 2002, and
7 whose three-year average covered wage exceeds \$55,000. The
8 bill provides that only the highest six years will be used,
9 that the income threshold will increase to \$65,000 for persons
10 retiring on or after January 1, 2000, but before 2001, and to
11 \$75,000 for persons retiring in calendar year 2001, and that
12 the modification ends after calendar year 2001 and not after
13 calendar year 2002. The portion of this change which applies
14 to members retiring during calendar year 2000 is effective
15 upon enactment and applicable on or after January 1, 2000.

16 Code section 97B.1A, subsection 24, concerning the three-
17 year average covered wage, is also amended to provide for a
18 new determination of this covered wage for a member who
19 retires on or after July 1, 2003. The change provides that
20 beginning July 2003, a member's three-year average covered
21 wage shall be the greater of the member's highest 12 quarters
22 of service, or the member's highest three years of service.
23 Under current law, a member's three-year average covered wage
24 is determined based solely on calendar years.

25 Code section 97B.1A, subsection 26, defining wages is
26 amended. The new definition specifically provides that wages
27 payable to an employee but that are otherwise deducted from
28 the employee's pay and paid to certain IRS qualified plans are
29 considered wages. Payments for compensatory time are also
30 included up to 240 hours per year. In addition, the amendment
31 lists several categories of payment to an employee that are
32 not considered wages. For example, accrued sick leave
33 payments, accrued vacation leave payments, disability
34 payments, reimbursements for business expenses, early
35 retirement bonuses, employer paid contributions to certain IRS

1 qualified plans as well as for health and life insurance or
2 other fringe benefits, payments for service as an independent
3 contractor, and workers' compensation and unemployment
4 payments are all excluded from the definition of wages.

5 Code section 97B.5 is amended to permit IPERS staff members
6 to seek and hold nonpartisan elective public offices.

7 Currently, IPERS staff members are not allowed to seek or hold
8 any elective public office.

9 Code section 97B.9 is amended to permit the department to
10 charge an employer who fails to make required contributions to
11 IPERS on time a uniform \$10 charge if that charge exceeds the
12 interest on the unpaid contributions. Any charge collected
13 shall be paid into the IPERS fund.

14 Code section 97B.9, concerning the repayment of unpaid
15 contributions from employers and employees for service in
16 IPERS, is amended to provide that the department of personnel
17 can collect the total underpayment owed from the employer.

18 Current law specifying who ultimately is required to pay what
19 share of the underpayment is unchanged. The employee is still
20 obligated to pay the employee's share of unpaid contributions,
21 without interest, to the employer and the employer is allowed
22 to collect this amount from the employee or the employee's
23 estate.

24 Code section 97B.11 is amended to require employers to
25 deduct contributions from an employee's wages regardless of
26 size. Current law does not require a contribution if the
27 amount does not exceed \$1 for a quarter.

28 New Code section 97B.14A is created to require employers to
29 report wages to the department of personnel in a manner and
30 form as prescribed by the department. The new section also
31 permits the department to seek additional information from an
32 employer if the wages reported for an employee appear to be
33 distorted and to require an employer to resubmit wage

34 information if the wages for that employee were misreported.

35 Code section 97B.42A is amended by adding new subsection

1 3A. The change provides that persons employed by a municipal
2 water utility or waterworks that has established an
3 alternative pension and annuity retirement system for its
4 employees pursuant to Code chapter 412 may elect to become
5 members of the Iowa public employees' retirement system
6 (IPERS) pursuant to the requirements of this subsection.

7 The change provides that persons hired on or after the
8 effective date of this bill will become members of IPERS
9 unless they elect coverage in the alternative retirement
10 system established in Code chapter 412. Persons hired before
11 the effective date of this bill become members of IPERS as of
12 July 1, 2000, unless they opt for coverage in the alternative
13 system by August 31, 2000. Persons who become members of
14 IPERS pursuant to this bill have the ability to purchase
15 service credit for time employed by a water utility or
16 waterworks while covered under a retirement system established
17 pursuant to Code chapter 412. A corresponding change to the
18 definitions in section 97B.1A is also made in this bill.

19 Code section 97B.42A is amended to require an employee, who
20 became a member of IPERS during 1999 on the basis of
21 employment that previously was not included within IPERS and
22 who wants to buy back that service, to have at least one or
23 more years of covered wages under IPERS before the buyback is
24 allowed.

25 Code section 97B.44 governing the designation of a
26 beneficiary for death benefits by a member is amended to
27 require that the member obtain the written consent of the
28 member's spouse for an original or changed designation.

29 Code sections 97B.48 and 97B.48A are amended to provide
30 that receipt of a lump sum payment in lieu of a retirement
31 allowance under Code section 97B.48, or receipt of a refund of
32 contributions following retirement from reemployment under
33 Code section 97B.48A, are not considered refunds for service
34 which would allow the member to buy back that service at a
35 later time. Code section 97B.52A is amended to provide that

1 bona fide retirement requirements apply to these payments.

2 Code section 97B.48A, subsection 1, is amended to increase
3 the earned income limit before a member's retirement allowance
4 is reduced pursuant to that section. Currently, a member can
5 earn the greater of \$12,000 or the amount of income permitted
6 under social security before a reduction is potentially
7 applied. This change provides that the \$12,000 be increased
8 to \$14,000.

9 Code section 97B.49B, concerning the definition of
10 employees included in a protection occupation, is amended to
11 add airport security employees covered by the state's merit
12 system who carry or are authorized to carry a weapon for their
13 jobs.

14 Code section 97B.49F, governing the determination of the
15 cost of living dividend, is amended. The dividend program for
16 pre-July 1990 retirees is amended to provide that 100 percent,
17 and not 80 percent, of the percentage based on the consumer
18 price index shall be used in determining the appropriate
19 percentage to use in determining the dividend adjustment each
20 year. The current 3 percent annual limitation on this
21 percentage is not changed by this bill.

22 Code section 97B.49F, subsection 1, concerning the cost-of-
23 living dividend, is amended to provide that the person
24 eligible to receive the dividend must live through to November
25 1, of any particular year to receive a dividend as of the last
26 day of November for that particular year.

27 Code section 97B.49F, subsection 2, concerning the
28 favorable experience dividend, is amended to provide that the
29 person eligible to receive the dividend must live through to
30 January 1 of any particular year in order to receive a
31 dividend as of the last day of January for that particular
32 year.

33 Code section 97B.49F, subsection 2, concerning the
34 favorable experience dividend, is amended. The change
35 provides that the amount deposited in the reserve account of

1 IPERS for the payment of this dividend each year shall not
2 exceed the amount necessary to pay this dividend for the
3 following 10 years. In addition, the subsection is amended to
4 provide that the calculation of the dividend shall be done
5 based upon 12 times the December benefit paid to a member or
6 beneficiary eligible to receive the benefit.

7 Code section 97B.49G is amended to add new subsection 12.
8 This subsection provides that a person employed as a probation
9 officer III or parole officer III, who was a member of the
10 protection occupation for that service between July 1, 1994,
11 and June 30, 1998, shall have the contributions that were
12 contributed to the fund in excess of the percentage applied to
13 most IPERS members deposited in a separate additional
14 contribution account. In addition, any service as a member of
15 a protection occupation for that service will be credited as
16 regular IPERS service. Any amount in that account, plus
17 interest, will be available upon request of the member or upon
18 retirement. Before July 1994, and after June 1998, probation
19 and parole officer IIIs were not included in the protection
20 occupation classification.

21 Code section 97B.49H, governing supplemental accounts for
22 active members, is amended to provide that a member, upon
23 retirement, must elect to receive this amount as a lump sum or
24 annuity. In addition, the section is changed to provide for
25 the determination of the annuity in a manner similar to that
26 used for other annuity options within Code chapter 97B.

27 Code section 97B.50, subsection 2, governing early
28 retirement and disability, is amended to eliminate the ability
29 of a person who retires due to disability and receives
30 disability payments from federal Social Security or from the
31 federal Railroad Retirement System to receive a retroactive
32 adjustment of IPERS retirement benefits back to July 1, 1990.
33 Instead, the bill allows a member to receive only a 12-month
34 retroactive adjustment of IPERS benefits.

35 New Code section 97B.50A provides for disability retirement

1 benefits for special service members of the Iowa public
2 employees' retirement system (IPERS). A special service
3 member of IPERS for purposes of this bill includes a person
4 who is a member of a protection occupation or who is a
5 sheriff, deputy sheriff, or airport fire fighter.

6 The new Code section provides that an eligible special
7 service member of IPERS who becomes disabled for duty while in
8 the performance of the member's duty is entitled to an in-
9 service disability retirement allowance equal to the greater
10 of one-twelfth of 60 percent of the member's three-year
11 average covered wage or the amount the member would receive
12 under a normal retirement. For purposes of establishing an
13 in-service disability, heart or lung disease is presumed to
14 have been contracted while on duty. The new Code section also
15 provides that a member who becomes disabled and unable to
16 perform the member's job is entitled to an ordinary disability
17 retirement allowance equal to the greater of one-twelfth of 50
18 percent of the member's three-year average covered wage or
19 what the member would receive under a normal retirement. For
20 both disability retirements, the department of personnel makes
21 the decision as to whether the person is totally disabled.
22 The new Code section also has provisions for offsets to
23 disability allowances, reexamination of members on disability,
24 reemployment, death benefits, establishing the medical board,
25 and subrogation. The new Code section provides that the costs
26 of administering the disability program shall be paid through
27 contributions from the special service employees and their
28 employers in the same manner as additional benefits are paid.
29 (The employer pays 60 percent and the employee pays 40
30 percent.) The new Code section applies to a special service
31 member who became disabled prior to the effective date of the
32 bill, if the member did not terminate the special service
33 employment before the effective date of the bill.

34 Code section 97B.51, governing the retirement allowance
35 options a retired IPERS member may select, is amended by

1 striking the section and replacing it with a new section.
2 Current Code section 97B.51 is retained but reordered to
3 provide that all five primary options available to a member
4 upon retirement are listed in the order IPERS refers to them
5 in their administrative rules. In addition, the new section
6 provides a new option to a member retiring which is reflected
7 in subsection 1, paragraph "d", subparagraph (2). This option
8 allows a member to obtain a decreased retirement allowance and
9 to provide the member's beneficiary with a retirement
10 allowance upon the member's death. The change from the
11 current option reflected in subparagraph (1) is that the
12 member can resume receiving an unreduced retirement allowance
13 as otherwise calculated by Code chapter 97B if the designated
14 beneficiary dies before the retiree.

15 Code section 97B.52, governing the death benefit provided a
16 beneficiary of a member who dies prior to retirement is
17 changed. The change provides that, for a member who dies on
18 or after January 1, 2001, a beneficiary can elect to receive a
19 death benefit equal to the current death benefit or an amount
20 representing the actuarial value of the member's retirement
21 benefit as of the date of death. The bill provides that a
22 death benefit can be paid as an annuity only if there is one
23 beneficiary and the beneficiary so elects.

24 Code section 97B.52A, concerning bona fide retirement, is
25 modified to permit an elective official or member of the
26 general assembly to remain in that position and still receive
27 a retirement allowance following termination of other covered
28 employment so long as the elective official or member of the
29 general assembly is not contributing to IPERS coverage for the
30 elected position. In addition, the section is changed to
31 provide that commencing July 2000, a member has a bona fide
32 retirement if the member does not return to any employment
33 with a covered employer until the member has received at least
34 one month of retirement benefits. Under current law, a member
35 has to receive four months of benefits before returning to

1 work with a covered employer.

2 Code section 97B.53, governing refunds of contributions
3 upon termination of employment, is amended to provide that a
4 member is eligible to receive a portion of the employer
5 contributions only if the member is vested as of the date an
6 application for refund is filed with the department. In
7 addition, the section is amended to permit a member
8 involuntarily terminated from IPERS covered employment who
9 then received a refund as a result, to repay the refund, plus
10 applicable interest, and obtain full service credit for the
11 IPERS service prior to the involuntary termination if the
12 person is ordered reinstated as a remedy arising out of an
13 employment dispute.

14 Code sections 97B.53A, 97B.53B, and 97B.70 are amended to
15 provide for similar treatment of a member's supplemental
16 account as is provided to the member's account which consists
17 of both employee and employer contributions.

18 Code section 97B.60 is amended to require an actuarial
19 investigation of the experience of IPERS every four years
20 beginning with an investigation in calendar year 2002.
21 Currently, IPERS is required to conduct such an experience
22 study every two years.

23 New Code section 97B.82 is added to allow a member to
24 purchase credit for membership service authorized by Code
25 chapter 97B by means of a direct rollover of assets from a
26 qualified plan of the member as authorized by the Internal
27 Revenue Code. This section will not be implemented until the
28 department of personnel receives a determination letter from
29 the internal revenue service approving the change.

30 Code section 97B.13, regarding no income tax deduction, is
31 repealed.

32 The bill provides that it is the intent of the general
33 assembly that the legislative council may appoint an interim
34 study committee to consider possible defined contribution
35 options for persons covered by IPERS.

1 STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM

2 Code section 400.8, governing civil service entrance
3 examinations, is amended to provide that the physical
4 examination of applicants for appointment to positions of
5 police officer, police matron, and fire fighter, shall be
6 conducted by the medical board established under Code chapter
7 411. Current law provides that the physical examination be
8 conducted as directed by the civil service commission.

9 New Code section 400.8A authorizes the board of trustees of
10 the Code chapter 411 retirement system, in consultation with
11 the medical board established in Code chapter 411, to
12 establish and maintain protocols and guidelines for ongoing
13 wellness and fitness of police officers and fire fighters
14 while in service. The new section allows, but does not
15 require, cities to apply the protocols and guidelines.

16 Code section 411.1, subsection 19, defining surviving
17 spouse, is amended. The change provides that a person who
18 marries a retired member of the system after the member
19 retired is the member's surviving spouse regardless of the
20 length of the marriage. Under current law, a person who
21 marries a retired member after retirement must be married for
22 at least two years prior to the member's death to be
23 considered a surviving spouse of the deceased member.

24 Code section 411.1A is amended to provide that a purpose of
25 the retirement system is to provide a comprehensive disability
26 program for police officers and fire fighters.

27 Code section 411.3, governing membership in the retirement
28 system, is amended to provide that once a member ceases to be
29 a police officer or fire fighter of a city covered by the
30 system, the member ceases to be a member of the system. Under
31 current law, a member ceased to be a member if the member was
32 absent from service for over four years in any five-year
33 period after last becoming a member. The changes to this
34 section take effect upon enactment and are retroactively
35 applicable to January 1, 1992.

1 Code section 411.4, governing the crediting of service, is
2 amended. The change provides that a member can receive credit
3 for a previous period of service if the member returned to
4 service after an absence from service of less than four years.
5 If the member returned to service after an absence of four or
6 more years, the bill permits the crediting of prior service
7 only if the prior service was long enough to allow for the
8 receipt of a retirement allowance. In addition, current law
9 allows credit for prior service if the member had withdrawn
10 the member's accumulated contributions. Code section 411.1,
11 subsection 12, is also amended to provide that membership
12 service means only that service credited to the member. The
13 changes to Code section 411.4 and to Code section 411.1,
14 subsection 12, take effect upon enactment and are
15 retroactively applicable to January 1, 1992.

16 Code section 411.5, subsection 6, is amended to allow the
17 release of otherwise confidential records under the board's
18 control to a governmental entity for use in a civil or
19 criminal law enforcement activity.

20 Code section 411.5, subsection 8, concerning the
21 composition and duties of the medical board is amended. The
22 bill provides that the system can designate a single medical
23 provider network to arrange for the medical examinations
24 required to be conducted and to assist the system in
25 implementing the comprehensive disability program. The bill
26 provides that a physician specializing in occupational
27 medicine, and another physician specialist selected by that
28 physician, shall conduct disability examinations as required
29 by Code chapter 411. Under current law, three physicians are
30 designated as the medical board and three physicians from the
31 university of Iowa are required to conduct all disability
32 examinations as required by Code chapter 411. This section of
33 the bill takes effect July 1, 2001.

34 Code section 411.6, subsection 2, concerning the retirement
35 allowance for a service retirement, is amended. The change

1 provides, for members retiring on or after July 1, 2000, that
2 the member will receive a service retirement equal to 66
3 percent of the member's average final compensation instead of
4 the current 60 percent. In addition, the subsection is
5 amended to provide that a member retiring on or after July 1,
6 2000, with more than 22 years of service will receive an
7 increase in the percentage applied to the member's average
8 final compensation of 2 percent for each year of additional
9 service over 22 years up to a maximum of eight additional
10 years of service.

11 Code section 411.6, subsection 5, concerning an accidental
12 disability benefit, is amended to provide that a city shall
13 notify the retirement system if a member is temporarily
14 incapacitated for at least 60 days, or if the city expects a
15 member to be temporarily incapacitated for at least 60 days.
16 The change also provides that the medical board can consult
17 with the member's treating physician during the incapacity.
18 Under current law, the system had no right to be involved
19 until the city determined that the disability is likely to be
20 permanent.

21 Code section 411.6, subsection 7, concerning reexaminations
22 of disability retirement beneficiaries, is amended. One
23 change permits the medical board, when the medical board
24 reexamines a disability-retired member, to suggest appropriate
25 treatment or rehabilitation for the member if the medical
26 board believes it might return the retired member to duty.
27 The earnings test for disability retirement beneficiaries is
28 also changed to provide that the test does not apply to a
29 beneficiary who is 55 years old or older. Under current law,
30 the earnings test would still apply to a beneficiary over 55
31 if that beneficiary would not have completed 22 years of
32 service if the beneficiary had remained in active service.
33 Finally, Code section 411.6, subsection 7, is amended by
34 adding a new paragraph which provides that a disability
35 retirement benefit shall cease if the member returns to duty

1 in a public safety occupation. The bill includes service as a
2 special service member under IPERS, a member of PORS, and a
3 member under Code chapter 411 who was not restored to active
4 duty.

5 Code section 411.6, subsection 8, governing an ordinary
6 death benefit, is changed. The bill provides that a
7 beneficiary can select, in lieu of the current death benefit,
8 the amount of contributions and interest the member could have
9 withdrawn pursuant to Code section 411.23. The bill also
10 allows a person over 22 years old but who still meets the
11 definition of child under the chapter to receive a death
12 benefit as provided in this subsection. In addition, the
13 change provides that if no beneficiary is designated, the
14 death benefit will be distributed, in the following priority,
15 to the member's surviving spouse, to the surviving children
16 regardless of age, to the member's surviving parents, to the
17 member's estate, and finally, to the member's heirs.

18 Code section 411.6, subsection 9, concerning an accidental
19 death benefit, is amended to provide that an eligible
20 accidental death benefit beneficiary can elect to receive an
21 ordinary death benefit instead. In addition, the subsection
22 provides that if no spouse, child, or parent eligible to
23 receive an accidental death benefit exists and an ordinary
24 death benefit is to be paid, the payment priority established
25 for an ordinary death benefit will be used to pay the benefit.

26 Code section 411.6, subsection 11, concerning pensions to
27 the spouse or children of a deceased pensioned member, is
28 amended to provide that a person over 22 years old but who
29 still meets the definition of child under the chapter to
30 receive a pension as provided in this subsection.

31 Code section 411.6 is amended by adding new subsection 14
32 governing the designation of a death beneficiary. The new
33 subsection provides that a designation of a person other than
34 the spouse of a member must have the consent of the spouse.
In addition, a beneficiary designation is deemed revoked if

1 the member marries, divorces, or files a new designation.

2 Code section 411.6, new subsection 15, provides for a
3 \$100,000 lump sum payment to a person authorized to receive an
4 accidental death benefit if a member in service covered by the
5 municipal fire and police retirement system dies as a result
6 of a traumatic personal injury incurred in the line of duty.
7 The benefit is in addition to the benefit currently provided
8 for an accidental death while in the performance of duty. The
9 bill takes effect upon enactment and applies retroactively to
10 January 1, 1992.

11 Code section 411.6 is amended by adding new subsection 16
12 providing that a member otherwise eligible for a disability
13 pension would be ineligible under certain circumstances. The
14 new subsection provides that a member is ineligible to receive
15 a disability pension if the disability was caused by the
16 member's chemical dependency on certain controlled substances,
17 an act in which the member is convicted of a felony, or if a
18 mental disability was caused by appropriate disciplinary
19 actions or conflicts at work. However, if the medical board
20 finds that alcoholism or drug addiction contributed to the
21 disability, the member still receives a disability pension but
22 will be required to submit to treatment and be reevaluated in
23 24 months. If the member fails to comply with treatment and
24 the reevaluation indicates that the member would not be
25 disabled but for the alcoholism or addiction, the member is
26 then ineligible to receive a disability pension.

27 Code section 411.6 is amended by adding new subsection 17
28 providing that a member otherwise eligible for a pension would
29 be ineligible for that period when the member is incarcerated
30 due to a conviction for a felony. The new subsection provides
31 that the member's pension would be paid to the member's
32 spouse, if any, and then to any children of the member.
33 However, if no spouse or children exist, then the pension
34 remains payable to the individual. The new subsection does
35 provide, however, that the provisions of this new subsection

1 do not impair the right of a person entitled to an amount from
2 the member pursuant to a marital property, spousal support, or
3 child support agreement and do not impair the statutory rights
4 of a governmental entity.

5 Code section 411.11, concerning contributions to the system
6 by a city, is amended. One change provides that if a member
7 is awarded back pay from a city that would otherwise
8 constitute earnable compensation under the chapter,
9 contributions, and interest on the back pay awarded, shall be
10 paid to the system. In addition, the back pay is then
11 allocated to the member's earnable compensation for the period
12 in which it would have been paid. Another change to the
13 section allows the system to collect interest on unpaid
14 contributions at a rate equal to the system's interest rate
15 assumption or the interest charged by a bank on the system's
16 short-term investment fund account. In addition, the system
17 is granted the right to collect unpaid contributions from a
18 city in a legal action with costs of the action assessed to
19 the city if the system prevails. The changes to this section
20 take effect upon enactment and are retroactively applicable to
21 January 1, 1992.

22 Code section 411.22, concerning the system's right to
23 maintain an action to recover benefits paid when a third party
24 is liable, is amended. The section is amended to provide that
25 the system is subrogated to the rights of a member's
26 beneficiary who receives a death benefit for the death of a
27 member in which a third party is liable. In addition, the
28 section is changed to provide that the system is entitled to
29 bring an action against a liable third party for lost earnings
30 and lost earnings capacity prior to the member or the member's
31 estate having the right to seek recovery. Under current law,
32 the member has the right to seek legal action and the system
33 is entitled to maintain an action if the member fails to bring
34 an action after the system requests the member to bring the
35 action. The amended section provides that if the system

1 recovers damages, the court shall enter judgment in an amount
2 for the system sufficient to pay the system for any past and
3 future benefits for which the system is liable and to pay the
4 system the costs of the action. The remainder of any damages
5 recovered shall be awarded to the member or member's
6 beneficiary or estate. The amended section further provides
7 that the member or member's estate may maintain an action if
8 the system declines in writing to maintain an action or fails
9 to maintain an action within 180 days of receiving notice of
10 the potential third-party liability.

11 The bill also provides that it is the intent of the general
12 assembly that members of the statewide system receive a
13 retirement benefit of 90 percent of their earnable
14 compensation after 30 years of service once the system can
15 afford it.

16 JUDICIAL RETIREMENT SYSTEM

17 Code section 602.9104, governing contributions from judges
18 and the state to the judicial retirement system, is amended.
19 The change provides that the state will contribute 23.7
20 percent of all judges' salaries, and each judge will
21 contribute 5 percent of the judge's salary to the fund, until
22 the actuary determines that the fund has reached fully funded
23 status based upon the benefits provided judges as of July 1,
24 2001. Current law provides that the stated percentages shall
25 be contributed until the fund has reached fully funded status
26 based upon the benefits provided judges as of the date of the
27 actuarial valuation. Once fully funded status is reached,
28 based upon the benefits provided as of July 1, 2001, the
29 amendment to Code section 602.9104 provides that the state
30 contribute 60 percent, and the judges' 40 percent, of the cost
31 to maintain the fund in a fully funded status. Under current
32 law, once fully funded status is reached, the state's
33 contribution is decreased while maintaining the judge's 4
34 percent contribution rate.

35 Code section 602.9107, governing the basic retirement

1 annuity for a judge, is amended. The amendment provides that
 2 the maximum annuity for a judge retiring between July 1, 2000,
 3 and July 1, 2001, shall be limited to 56 percent of the
 4 judge's average annual salary for the last three years of
 5 service, while the maximum annuity for a judge retiring on or
 6 after July 1, 2001, shall be limited to 60 percent. Under
 7 current law, a judge receives an annuity based on 3 percent of
 8 salary multiplied by the number of years of service with a cap
 9 of 52 percent. The increase in this percentage is also
 10 applied to the calculation of a senior judge pension with the
 11 percentage to be applied to the benefits in existence as of
 12 the date the judge ceased to be a full-time judge.

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H. 3/19/00 State Gov
H. 3/20/00 Amend/Do Pass w/8404
FILED FEB 29 '00

SENATE FILE 2411
BY COMMITTEE ON STATE
GOVERNMENT

(SUCCESSOR TO SSB 3209)

(p. 583) Passed Senate, Date 3-8-2000 Passed House, Date 3/23/00
Vote: Ayes 49 Nays 1 Vote: Ayes 96 Nays 0
Approved 4-12-00

A BILL FOR

1 An Act relating to public retirement systems and providing
2 implementation, applicability, and effective dates.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SF 2411

DIVISION I

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

Section 1. Section 97A.5, subsection 1, Code 1999, is amended to read as follows:

1. BOARD OF TRUSTEES. A board of trustees of the Iowa department of public safety peace officers' retirement, accident, and disability system is created. The general responsibility for the proper operation of the system is vested in the board of trustees. The board of trustees is constituted as follows: The commissioner of public safety, who is chairperson of the board, the treasurer of state, and an actively engaged member of the system, to be chosen by secret ballot by the actively engaged members of the system, and a retired member of the system, to be chosen by secret ballot by the retired members of the system. Both members of the system shall serve for a term of two years.

Sec. 2. Section 97A.5, subsection 2, Code 1999, is amended to read as follows:

2. VOTING. Each trustee shall be entitled to one vote on said board and ~~two~~ three concurring votes shall be necessary for a decision by the trustees on any question at any meeting of said board.

Sec. 3. Section 97A.6, subsection 2, Code 1999, is amended to read as follows:

2. Allowance on service retirement.

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

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

1 c. Commencing July 1, 1992, but before July 1, 2000, the
2 board of trustees shall increase the percentage multiplier of
3 the member's average final compensation by an additional two
4 percent each July 1 until reaching sixty percent of the
5 member's average final compensation.

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

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

15 (1) For a member who terminates service, other than by
16 death or disability, on or after July 1, 1990, but before July
17 1, 1991, and who does not withdraw the member's contributions
18 pursuant to section 97A.16, upon the member's retirement there
19 shall be added three-tenths percent of the member's average
20 final compensation for each year of service over twenty-two
21 years, excluding years of service after the member's fifty-
22 fifth birthday. However, this subparagraph does not apply to
23 more than eight additional years of service.

24 (2) For a member who terminates service, other than by
25 death or disability, on or after July 1, 1991, but before
26 October 16, 1992, and who does not withdraw the member's
27 contributions pursuant to section 97A.16, upon the member's
28 retirement there shall be added six-tenths percent of the
29 member's average final compensation for each year of service
30 over twenty-two years, excluding years of service after the
31 member's fifty-fifth birthday. However, this subparagraph
32 does not apply to more than eight additional years of service.

33 (3) For a member who terminates service, other than by
34 death or disability, on or after October 16, 1992, but before
35 July 1, 1996, and who does not withdraw the member's

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

6 (3A) Commencing July 1, 2000, and notwithstanding the
7 provisions of this paragraph to the contrary, for a member who
8 terminated service, other than by death or disability, before
9 July 1, 1996, and who did not withdraw the member's
10 contributions pursuant to section 97A.16, there shall be added
11 one and one-half percent of the member's average final
12 compensation for each year of service over twenty-two years
13 effective with each monthly payment of a service retirement
14 allowance on or after July 1, 2000. However, this
15 subparagraph does not apply to more than eight additional
16 years of service.

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

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

33 (6) For a member who terminates service, other than by
34 death or disability, on or after July 1, 2000, and who does
35 not withdraw the member's contributions pursuant to section

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

6 Sec. 4. Section 97A.6, subsection 8, paragraph b,
7 unnumbered paragraph 1, Code 1999, is amended to read as
8 follows:

9 In lieu of the payment specified in paragraph "a", a
10 beneficiary meeting the qualifications of paragraph "c" may
11 elect to receive a monthly pension equal to one-twelfth of
12 forty percent of the average final compensation of the member,
13 but not less than an amount equal to twenty twenty-five
14 percent of the monthly earnable compensation paid to an active
15 member having the rank of senior patrol officer of the Iowa
16 state patrol if the member was in service at the time of
17 death. For a member not in service at the time of death, the
18 pension shall be reduced as provided in subsection 1,
19 paragraph "b".

20 Sec. 5. Section 97A.6, subsection 14, paragraph a, Code
21 1999, is amended to read as follows:

22 a. Effective July 1, 1980, and on each July 1 thereafter,
23 the monthly pensions authorized in this section payable to
24 retired members and to beneficiaries, except children of a
25 deceased member, shall be adjusted as provided in this
26 paragraph. The monthly pension of each retired member and
27 each beneficiary shall be adjusted by adding to that monthly
28 pension an amount equal to the amounts determined in
29 subparagraphs (1) and (2). The adjusted monthly pension shall
30 not be less than the amount which was paid at the time of the
31 member's retirement or death.

32 (1) An amount equal to the following-percentages-of-the
33 difference between the monthly earnable compensation payable
34 to an active member of the department, of the same rank and
35 position on the salary scale as was held by the retired or

1 deceased member at the time of the member's retirement or
2 death, for July of the preceding year and the monthly earnable
3 compensation payable to an active member of the department of
4 the same rank and position on the salary scale for July of the
5 year just beginning ~~shall be added to the monthly pension of~~
6 ~~each retired member and each beneficiary as follows~~ multiplied
7 by the following applicable percentage:

8 ~~(1)~~ (a) Thirty Forty percent for members receiving a
9 service retirement allowance and for beneficiaries receiving a
10 pension under subsection 9 of this section.

11 ~~(2)~~ (b) Thirty Forty percent for members with five or more
12 years of membership service who are receiving an ordinary
13 disability retirement allowance.

14 ~~(3)~~ (c) Fifteen Twenty-four percent for members with less
15 than five years of membership service who are receiving an
16 ordinary disability retirement allowance, and for
17 beneficiaries receiving a pension under subsection 8 of this
18 section.

19 ~~(4)~~ (d) Thirty-three-and-one-third Forty percent for
20 members receiving an accidental disability allowance.

21 ~~The adjusted monthly pension shall not be less than the~~
22 ~~amount which was paid at the time of the member's retirement~~
23 ~~or death.~~

24 The amount added to the monthly pension of a surviving
25 spouse receiving a pension under subsection 12, paragraph "a",
26 of this section shall be equal to one-half the amount that
27 would have been added to the monthly pension of the retired
28 member under this subparagraph.

29 (2) The following applicable amount determined as follows:

30 (a) Fifteen dollars where the member's retirement date was
31 less than five years prior to the effective date of the
32 adjustment.

33 (b) Twenty dollars where the member's retirement date was
34 at least five years, but less than ten years, prior to the
35 effective date of the adjustment.

1 (c) Twenty-five dollars where the member's retirement date
2 was at least ten years, but less than fifteen years, prior to
3 the effective date of the adjustment.

4 (d) Thirty dollars where the member's retirement date was
5 at least fifteen years, but less than twenty years, prior to
6 the effective date of the adjustment.

7 (e) Thirty-five dollars where the member's retirement date
8 was at least twenty years prior to the effective date of the
9 adjustment.

10 As of the first of July of each year, the monthly pension
11 payable to each surviving child under the provisions of
12 subsections 8, 9, and 12 of this section shall be adjusted to
13 equal six percent of the monthly earnable compensation payable
14 on that July 1 to an active member having the rank of senior
15 patrol officer of the Iowa state patrol.

16 Sec. 6. Section 97A.6, Code 1999, is amended by adding the
17 following new subsection:

18 NEW SUBSECTION. 16. LINE OF DUTY DEATH BENEFIT.

19 a. If, upon the receipt of evidence and proof that the
20 death of a member in service was the direct and proximate
21 result of a traumatic personal injury incurred in the line of
22 duty, the board of trustees decides that death was so caused,
23 there shall be paid, to a person authorized to receive an
24 accidental death benefit as provided in subsection 9, the
25 amount of one hundred thousand dollars, which shall be payable
26 in a lump sum.

27 b. A line of duty death benefit shall not be payable under
28 this subsection if any of the following applies:

29 (1) The death resulted from stress, strain, occupational
30 illness, or a chronic, progressive, or congenital illness,
31 including, but not limited to, a disease of the heart, lungs,
32 or respiratory system, unless a traumatic personal injury was
33 a substantial contributing factor to the member's death.

34 (2) The death was caused by the intentional misconduct of
35 the member or by the member's intent to cause the member's own

1 death.

2 (3) The member was voluntarily intoxicated at the time of
3 death.

4 (4) The member was performing the member's duties in a
5 grossly negligent manner at the time of death.

6 (5) An individual who would otherwise be entitled to a
7 benefit under this subsection was, through the individual's
8 actions, a substantial contributing factor to the member's
9 death.

10 Sec. 7. Section 97A.8, subsection 1, paragraph b, Code
11 1999, is amended to read as follows:

12 b. On the basis of the rate of interest and of the
13 mortality, interest, and other tables adopted by the board of
14 trustees, the board of trustees, upon the advice of the
15 actuary hired by the board for that purpose, shall make each
16 valuation required by this chapter and shall immediately after
17 making such valuation, determine the "normal contribution
18 rate". The normal contribution rate shall be the rate percent
19 of the earnable compensation of all members obtained by
20 deducting from the total liabilities of the fund the sum of
21 the amount of the funds in hand to the credit of the fund and
22 dividing the remainder by one percent of the present value of
23 the prospective future compensation of all members as computed
24 on the basis of the rate of interest and of mortality and
25 service tables adopted by the board of trustees, all reduced
26 by the employee contribution made pursuant to this subsection.
27 However, the normal rate of contribution shall not be less
28 than seventeen percent. The normal rate of contribution shall
29 be determined by the board of trustees after each valuation.
30 To assist in determining the normal rate of contribution, the
31 board of trustees may adopt a smoothing method for valuing the
32 assets of the system. The smoothing method is designed to
33 reduce changes in the normal contribution rate which could
34 result from fluctuations in the market value of the assets of
35 the system.

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

4 Sec. 9. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY.
5 Section 4 of this Act, amending section 97A.6, subsection 8,
6 paragraph "b", being deemed of immediate importance, takes
7 effect upon enactment and is retroactively applicable to July
8 1, 1996, and is applicable on and after that date.

9 Sec. 10. PEACE OFFICERS RETIREMENT SYSTEM -- LEGISLATIVE
10 INTENT. It is the intent of the general assembly that peace
11 officer members of the retirement system be afforded by action
12 of the general assembly a retirement benefit based upon ninety
13 percent of a peace officer's earnable compensation at the time
14 of a member's retirement after the peace officer has completed
15 thirty years of service when the retirement system can afford
16 it on an actuarially sound basis. At the time the general
17 assembly provides for a retirement benefit as contemplated by
18 this section, proposals to potentially reduce the contribution
19 rates shall be reviewed.

20

DIVISION II

21

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS)

22 Sec. 11. Section 97B.1A, Code 1999, is amended by adding
23 the following new subsection:

24 NEW SUBSECTION. 2A. "Accumulated employer contributions"
25 means an amount equal to the total obtained as of any date, by
26 accumulating each individual contribution by the employer for
27 the member with interest plus interest dividends as provided
28 in section 97B.70, for all completed calendar years and for
29 any completed calendar year for which the interest dividend
30 has not been declared and for completed months of partially
31 completed calendar years, compounded as provided in section
32 97B.70.

33 Sec. 12. Section 97B.1A, subsection 8, paragraph a,
34 subparagraph (1), Code 1999, is amended to read as follows:

35 (1) Elective officials in positions for which the

1 compensation is on a fee basis, elective officials of school
2 districts, elective officials of townships, and elective
3 officials of other political subdivisions who are in part-time
4 positions. An elective official covered under this chapter
5 may terminate membership under this chapter by informing the
6 department in writing of the expiration of the member's term
7 of office or by informing the department of the member's
8 intent to terminate membership for employment as an elective
9 official and establishing that the member has a bona fide
10 termination of employment from all employment covered under
11 this chapter other than as an elective official and that the
12 member has filed a completed application for benefits form
13 with the department. A county attorney is an employee for
14 purposes of this chapter whether that county attorney is
15 employed on a full-time or part-time basis.

16 Sec. 13. Section 97B.1A, subsection 8, paragraph a, Code
17 1999, is amended by adding the following new subparagraph:

18 NEW SUBPARAGRAPH. (12) Persons employed by a municipal
19 water utility or waterworks that has established a pension and
20 annuity retirement system for its employees pursuant to
21 chapter 412.

22 Sec. 14. Section 97B.1A, subsection 8, paragraph b,
23 subparagraph (3), Code 1999, is amended to read as follows:

24 (3) Employees hired for temporary employment of less than
25 six consecutive months or one thousand forty hours in a
26 calendar year. An employee who works for an employer for six
27 or more consecutive months ~~in-a-calendar-year~~ or who works for
28 an employer for more than one thousand forty hours in a
29 calendar year is not a temporary employee under this
30 subparagraph. Adjunct instructors are temporary employees for
31 the purposes of this chapter. As used in this section, unless
32 the context otherwise requires, "adjunct instructors" means
33 instructors employed by a community college or a university
34 governed by the state board of regents without a continuing
35 contract, whose teaching load does not exceed one-half time

1 for two full semesters or three full quarters per calendar
2 year.

3 Sec. 15. Section 97B.1A, Code 1999, is amended by adding
4 the following new subsection:

5 NEW SUBSECTION. 14A. "Member account" means the account
6 established for each member and includes the member's
7 accumulated contributions and the member's share of the
8 accumulated employer contributions as provided in section
9 97B.53. "Member account" does not mean the supplemental
10 account for active members.

11 Sec. 16. Section 97B.1A, Code 1999, is amended by adding
12 the following new subsection:

13 NEW SUBSECTION. 22A. "Supplemental account for active
14 members" or "supplemental account" means the account
15 established for each active member under section 97B.49H.

16 Sec. 17. Section 97B.1A, subsection 24, paragraph a, Code
17 1999, is amended to read as follows:

18 a. "Three-year average covered wage" means, for a member
19 who retires prior to July 1, 2003, a member's covered wages
20 averaged for the highest three years of the member's service,
21 except as otherwise provided in this subsection. The highest
22 three years of a member's covered wages shall be determined
23 using calendar years. However, if a member's final quarter of
24 a year of employment does not occur at the end of a calendar
25 year, the department may determine the wages for the third
26 year by computing the average quarter of all quarters from the
27 member's highest calendar year of covered wages not being used
28 in the selection of the two highest years and using the
29 computed average quarter for each quarter in the third year in
30 which no wages have been reported in combination with the
31 final quarter or quarters of the member's service to create a
32 full year. However, the department shall not use the member's
33 final quarter of wages if using that quarter would reduce the
34 member's three-year average covered wage. If the three-year
35 average covered wage of a member exceeds the highest maximum

1 covered wages in effect for a calendar year during the
2 member's period of service, the three-year average covered
3 wage of the member shall be reduced to the highest maximum
4 covered wages in effect during the member's period of service.
5 Notwithstanding any other provision of this paragraph to the
6 contrary, a member's wages for the third year as computed by
7 this paragraph shall not exceed, by more than three percent,
8 the member's highest actual calendar year of covered wages for
9 a member whose first month of entitlement is January 1999 or
10 later.

11 Sec. 18. Section 97B.1A, subsection 24, paragraph b,
12 subparagraph (4), Code 1999, is amended to read as follows:

13 (4) For a member who retires on or after January 1, 2000,
14 but before January 1, ~~2003~~ 2001, and whose three-year average
15 covered wage at the time of retirement exceeds ~~fifty-five~~
16 sixty-five thousand dollars, the member's covered wages
17 averaged for the highest ~~seven~~ six years of the member's
18 service or ~~fifty-five~~ sixty-five thousand dollars, whichever
19 is greater.

20 Sec. 19. Section 97B.1A, subsection 24, paragraph b, Code
21 1999, is amended by adding the following new subparagraph:

22 NEW SUBPARAGRAPH. (5) For a member who retires on or
23 after January 1, 2001, but before January 1, 2002, and whose
24 three-year average covered wage at the time of retirement
25 exceeds seventy-five thousand dollars, the member's covered
26 wages averaged for the highest six years of the member's
27 service or seventy-five thousand dollars, whichever is
28 greater.

29 Sec. 20. Section 97B.1A, subsection 24, Code 1999, is
30 amended by adding the following new paragraph:

31 NEW PARAGRAPH. c. "Three-year average covered wage"
32 means, for a member who retires on or after July 1, 2003, the
33 greater of the member's covered wages averaged for a member's
34 highest twelve consecutive quarters of service or the member's
35 covered wages averaged for a member's highest three calendar

1 years of service. The department shall adopt rules to
2 implement this paragraph in accordance with the requirements
3 of this chapter and the federal Internal Revenue Code.

4 Sec. 21. Section 97B.1A, subsection 26, paragraph a, Code
5 1999, is amended to read as follows:

6 a. (1) "Wages" means all remuneration for employment,
7 including ~~the,~~ but not limited to, any of the following:

8 (a) ~~The cash value of remuneration-paid-in-a-medium-other~~
9 ~~than-cash, but not including the cash value of remuneration~~
10 ~~paid-in-a-medium-other-than-cash as~~ wage equivalents not
11 necessitated by the convenience of the employer. The amount
12 ~~agreed-upon-by-the-employer-and-employee-for-remuneration-paid~~
13 ~~in-a-medium-other-than-cash~~ fair market value of such wage
14 equivalents shall be reported to the department by the
15 employer and is conclusive of the value of the remuneration.

16 ~~"Wages" does not include special lump sum payments made as~~
17 ~~payment for accrued sick leave or accrued vacation or payments~~
18 ~~made as an incentive for early retirement or as payments made~~
19 ~~upon dismissal, severance, or a special bonus payment.~~

20 (b) The remuneration paid to an employee before employee-
21 paid contributions are made to plans qualified under sections
22 125, 129, 401, 403, 408, and 457 of the Internal Revenue Code.

23 (c) ~~Wages for~~ For an elected official means, other than a
24 a member of the general assembly, the total compensation
25 received by the elected official, whether paid in the form of
26 per diem or annual salary received by an elected official,
27 exclusive of expense and travel allowances.

28 (d) ~~Wages for~~ For a member of the general assembly, means
29 the total compensation received by a member of the general
30 assembly, whether paid in the form of per diem or annual
31 salary, exclusive of expense and travel allowances paid to a
32 member of the general assembly except as otherwise provided in
33 this paragraph subparagraph subdivision. Wages includes per
34 diem payments paid to members of the general assembly during
35 interim periods between sessions of the general assembly.

1 Wages also includes daily allowances to members of the general
2 assembly for nontravel expenses of office during a session of
3 the general assembly, but does not include the portion of the
4 daily allowance which exceeds the maximum established by law
5 for members from Polk county.

6 (e) Payments for compensatory time earned that are
7 received in lieu of taking regular work hours off and when
8 paid as a lump sum. However, "wages" does not include
9 payments made in a lump sum for compensatory time earned in
10 excess of two hundred forty hours per year.

11 (2) "Wages" does not include any of the following:

12 (a) The cash value of wage equivalents necessitated by the
13 convenience of the employer.

14 (b) Payments made for accrued sick leave or accrued
15 vacation leave that are not being used to replace regular work
16 hours, whether paid in a lump sum or in installments.

17 (c) Payments made as an incentive for early retirement or
18 as payment made upon dismissal or severance from employment,
19 or a special bonus payment intended as an early retirement
20 incentive, whether paid in a lump sum or in installments.

21 (d) Employer-paid contributions to, and any distributions
22 from, plans, programs, or arrangements qualified under section
23 117, 120, 125, 129, 401, 403, 408, or 457 of the Internal
24 Revenue Code.

25 (e) Employer-paid contributions for coverage under, or
26 distributions from, an accident, health, or life insurance
27 plan, program, or arrangement.

28 (f) Workers' compensation and unemployment compensation
29 payments.

30 (g) Disability payments.

31 (h) Reimbursements of employee business expenses except
32 for those expenses included as wages for a member of the
33 general assembly.

34 (i) Payments for allowances made to an employee that are
35 not included in an employee's federal taxable income except

1 for those allowances included as wages for a member of the
2 general assembly.

3 (j) Payments of damages, attorney fees, interest, and
4 penalties made to satisfy a grievance or wage claim.

5 (k) Payments for services as an independent contractor.

6 (l) Payments made by an entity that is not an employer
7 under this chapter.

8 (m) Payments made in lieu of any employer-paid group
9 insurance coverage.

10 (n) Payments made for the difference between the costs of
11 single and family insurance coverage.

12 (o) Payments made by an employer to reimburse employees
13 for the cost of insurance coverage and for other fringe
14 benefits or expenses.

15 Sec. 22. Section 97B.5, Code 1999, is amended to read as
16 follows:

17 97B.5 STAFF.

18 Subject to other provisions of this chapter, the department
19 may employ personnel as necessary for the administration of
20 the system, including but not limited to a chief investment
21 officer and a chief benefits officer. The maximum number of
22 full-time equivalent employees specified by the general
23 assembly for the department for administration of the system
24 for a fiscal year shall not be reduced by any authority other
25 than the general assembly. The staff shall be appointed
26 pursuant to chapter 19A. The department shall not appoint or
27 employ a person who is an officer or committee member of a
28 political party organization or who holds or is a candidate
29 for ~~an~~ a partisan elective public office. The department may
30 employ attorneys and contract with attorneys and legal firms
31 for the provision of legal counsel and advice in the
32 administration of this chapter and chapter 97C. The
33 department may execute contracts with investment advisors,
34 consultants, and managers outside state government in the
35 administration of this chapter. The department may delegate

1 to any person such authority as it deems reasonable and proper
2 for the effective administration of this chapter, and may bond
3 any person handling moneys or signing checks under this
4 chapter.

5 Sec. 23. Section 97B.9, unnumbered paragraph 1, Code 1999,
6 is amended to read as follows:

7 ~~Contributions-unpaid-on-the-date-on-which-they-are-due-and~~
8 ~~payable-as-prescribed-by-the-department,~~ An employer shall
9 bear be charged the greater of ten dollars per occurrence or
10 interest at the combined interest and dividend rate required
11 under section 97B.70 for the applicable calendar year,
12 provided-that-the for contributions unpaid on the date on
13 which they are due and payable as prescribed by the
14 department. The department may ~~prescribe-fair-and-reasonable~~
15 ~~regulations-pursuant-to~~ adopt rules prescribing circumstances
16 for which the interest or charge shall not accrue with respect
17 to contributions required. Interest or charges collected
18 pursuant to this section shall be paid into the Iowa public
19 employees' retirement fund.

20 Sec. 24. Section 97B.9, subsection 4, Code 1999, is
21 amended to read as follows:

22 4. Regardless of any potentially applicable statute of
23 limitations, if the department finds that the employer or
24 employee or-employer, or both, have erroneously underpaid
25 contributions, the ~~employer-shall-pay-the-employer's-share-of~~
26 ~~contributions-and-interest-and-the-interest-assessed-to-the~~
27 ~~employee's-share-of-contributions~~ department shall notify the
28 employer and employee in writing of the total amount of the
29 underpayment, including interest, and the employer's and
30 employee's share of the underpayment. The department shall
31 collect from the employer the total amount of the
32 underpayment, including the employer's share, the employee's
33 share, and the interest assessed to both shares of the
34 underpayment, regardless of whether the employee has
35 reimbursed the employer for the employee's share of the

1 underpayment. The employee shall be obligated to pay only the
2 employee's share of the underpaid contributions, without
3 interest, to the employer, ~~who shall then remit them to the~~
4 department. The employer may collect the employee's share of
5 underpaid contributions from the employee or the employee's
6 estate. The employer may collect the employee's share through
7 a deduction from the employee's wages, or by maintaining a
8 legal action against the employee or the employee's estate.

9 For purposes of section 1526 of the federal Taxpayer Relief
10 Act of 1997, eligible participants, as defined by section
11 1526, may make payments of contributions under this section
12 without regard to the limitations of section 415(c)(1) of the
13 federal Internal Revenue Code.

14 Sec. 25. Section 97B.11, unnumbered paragraph 2, Code
15 1999, is amended by striking the unnumbered paragraph.

16 Sec. 26. NEW SECTION. 97B.14A WAGE REPORTING.

17 An employer shall report wages of employees covered by this
18 chapter to the department in a manner and form as prescribed
19 by the department. If the wages reported by an employer
20 appear to be a distortion of the normal wage progression
21 pattern for an employee, the department may request that the
22 employer provide documentation indicating that the wages were
23 not misreported for the purposes of causing an increase in the
24 retirement allowance or other payments authorized to be made
25 by this chapter. If the department determines that the wages
26 of an employee were misreported, the employer shall prepare
27 and file wage adjustments allocating the wages to the proper
28 wage reporting period.

29 Sec. 27. Section 97B.17, subsection 2, Code 1999, is
30 amended to read as follows:

31 2. Records specifying amounts accumulated in members'
32 active accounts and supplemental accounts.

33 Sec. 28. Section 97B.25, Code 1999, is amended to read as
34 follows:

35 97B.25 APPLICATIONS FOR BENEFITS.

1 A representative designated by the chief benefits officer
2 and referred to in this chapter as a retirement benefits
3 specialist officer shall promptly examine applications for
4 retirement benefits and on the basis of facts found shall
5 determine whether or not the claim is valid. If the claim is
6 valid, the retirement benefits specialist officer shall send a
7 notification to the member stating the option the member has
8 selected pursuant to ~~sections-97B.49A-through-97B.4967-as~~
9 ~~applicable7-or~~ section 97B.51, the month with respect to which
10 benefits shall commence, and the monthly benefit amount
11 payable. If the claim is invalid, the retirement benefits
12 specialist officer shall promptly notify the applicant and any
13 other interested party of the decision and the reasons. A
14 retirement application shall not be amended or revoked by the
15 member once the first retirement allowance is paid. A
16 member's death during the first month of entitlement shall not
17 invalidate an approved application.

18 Sec. 29. Section 97B.42A, Code 1999, is amended by adding
19 the following new subsection:

20 NEW SUBSECTION. 3A. A person who is employed in a
21 position as an employee as defined in section 97B.1A,
22 subsection 8, paragraph "a", subparagraph (12), on July 1,
23 2000, and who has not elected out of coverage under this
24 chapter prior to that date, shall begin coverage under the
25 system on July 1, 2000, unless, on or before August 31, 2000,
26 the person files an application with appropriate documentation
27 to elect coverage under an alternative pension and annuity
28 retirement system established pursuant to chapter 412. If a
29 person elects coverage under the alternative pension and
30 annuity retirement system, the period of time from July 1,
31 2000, until the date the person's election of coverage is
32 effective shall not constitute service for purposes of
33 coverage under this chapter and a wage adjustment shall be
34 processed for the person based on any contributions collected
35 pursuant to this chapter during that period of time and shall

1 be credited pursuant to section 97B.10. A decision to elect
2 coverage under an alternative pension and annuity retirement
3 system established pursuant to chapter 412 under this
4 subsection is irrevocable upon approval from the department.

5 A person who becomes a member of the Iowa public employees'
6 retirement system pursuant to this subsection, and who has one
7 or more years of covered wages, may purchase credit, pursuant
8 to section 97B.73, for one or more quarters of service prior
9 to August 1, 2000, in which the person was employed in a
10 position as described by section 97B.1A, subsection 8,
11 paragraph "a", subparagraph (12), but was not a member of the
12 system.

13 Sec. 30. Section 97B.42A, subsection 4, Code 1999, is
14 amended to read as follows:

15 4. A person who becomes a member of the system pursuant to
16 subsection 3, or who is a member of the system, and who has
17 one or more years of covered wages, may purchase credit,
18 pursuant to section 97B.73, for one or more quarters of
19 service prior to January 1, 1999, in which the person was
20 employed in a position as described in section 97B.1A,
21 subsection 8, paragraph "a", but was not a member of the
22 system.

23 Sec. 31. Section 97B.44, Code 1999, is amended to read as
24 follows:

25 97B.44 BENEFICIARY.

26 Each member shall designate on a form to be furnished by
27 the department a beneficiary for death benefits payable under
28 this chapter on the death of the member. The designation may
29 be changed from time to time by the member by filing a new
30 designation with the department. A designation or change in
31 designation made by a member on or after July 1, 2000, shall
32 contain the written consent of the member's spouse, if
33 applicable. The designation of a beneficiary is not
34 applicable if the member receives a refund of all
35 contributions of the member. If a member who has received a

1 refund of contributions returns to employment, the member
2 shall file a new designation with the department.

3 If a member has not designated a beneficiary on a form
4 furnished by the department, or if there are no surviving
5 designated beneficiaries of a member, death benefits payable
6 under this chapter shall be paid to the member's estate.

7 Sec. 32. Section 97B.48, subsection 1, Code 1999, is
8 amended to read as follows:

9 1. Retirement allowances shall be paid monthly, except
10 that an allowance of less than six hundred dollars a year may,
11 at the member's option, be paid as a lump sum in an amount
12 equal to the sum of the member's and employer's accumulated
13 contributions and the retirement dividends standing to the
14 member's credit before December 31, 1966. Receipt of the
15 lump-sum payment by a member shall terminate any and all
16 entitlement for the period of service covered of the member
17 under this chapter and the member shall not be eligible to buy
18 back the period of service.

19 Sec. 33. Section 97B.48A, subsection 1, unnumbered
20 paragraph 1, Code 1999, is amended to read as follows:

21 If a member who has not reached the member's sixty-fifth
22 birthday and who has a bona fide retirement under this chapter
23 is in regular full-time employment during a calendar year, the
24 member's retirement allowance shall be reduced by fifty cents
25 for each dollar the member earns over the limit provided in
26 this subsection. However, employment is not full-time
27 employment until the member receives remuneration in an amount
28 in excess of ~~twelve~~ fourteen thousand dollars for a calendar
29 year, or an amount equal to the amount of remuneration
30 permitted for a calendar year for persons under sixty-five
31 years of age before a reduction in federal social security
32 retirement benefits is required, whichever is higher.
33 Effective the first of the month in which a member attains the
34 age of sixty-five years, a retired member may receive a
35 retirement allowance without a reduction after return to

1 covered employment regardless of the amount of remuneration
2 received.

3 Sec. 34. Section 97B.48A, subsection 3, Code 1999, is
4 amended to read as follows:

5 3. Upon a retirement after reemployment, a retired member
6 may have the retired member's retirement allowance
7 redetermined under this section or section 97B.48, sections
8 97B.49A-through-97B.49H, section 97B.50, or section 97B.51,
9 whichever is applicable, based upon the addition of credit for
10 the years of membership service of the employee after
11 reemployment, the covered wage during reemployment, and the
12 age of the employee after reemployment. The member shall
13 receive a single retirement allowance calculated from both
14 periods of membership service, one based on the initial
15 retirement and one based on the second retirement following
16 reemployment. If the total years of membership service and
17 prior service of a member who has been reemployed equals or
18 exceeds thirty, the years of membership service on which the
19 original retirement allowance was based may be reduced by a
20 fraction of the years of service equal to the number of years
21 by which the total years of membership service and prior
22 service exceeds thirty divided by thirty, if this reduction in
23 years of service will increase the total retirement allowance
24 of the member. The additional retirement allowance calculated
25 for the period of reemployment shall be added to the
26 retirement allowance calculated for the initial period of
27 membership service and prior service, adjusted as provided in
28 this subsection. The retirement allowance calculated for the
29 initial period of membership service and prior service shall
30 not be adjusted for any other factor than years of service.
31 The retired member shall not receive a retirement allowance
32 based upon more than a total of thirty years of service.
33 Effective July 1, 1998, a redetermination of a retirement
34 allowance as authorized by this subsection for a retired
35 member whose combined service exceeds the applicable years of

1 service for that member as provided in sections 97B.49A
2 through 97B.49G shall have the determination of the member's
3 reemployment benefit based upon the percentage multiplier as
4 determined for that member as provided in sections 97B.49A
5 through 97B.49G.

6 Sec. 35. Section 97B.48A, subsection 4, Code 1999, is
7 amended to read as follows:

8 4. The department shall pay to the member the accumulated
9 contributions of the member and all of the employer
10 contributions, plus interest plus interest dividends as
11 provided in section 97B.70, for all completed calendar years,
12 compounded as provided in section 97B.70, on the covered wages
13 earned by a retired member that are not used in the
14 recalculation of the retirement allowance of a member. A
15 payment of contributions to a member pursuant to this
16 subsection shall be considered a retirement payment and not a
17 refund and the member shall not be eligible to buy back the
18 period of reemployment service.

19 Sec. 36. Section 97B.49B, subsection 1, paragraph d, Code
20 1999, is amended by adding the following new subparagraph:

21 NEW SUBPARAGRAPH. (7) An employee covered by the merit
22 system as provided in chapter 19A whose primary duty is
23 providing airport security and who carries or is licensed to
24 carry a firearm while performing those duties.

25 Sec. 37. Section 97B.49F, subsection 1, paragraph b,
26 subparagraph (2), subparagraph subdivision (a), Code 1999, is
27 amended to read as follows:

28 (a) The percentage representing ~~eighty-percent-of~~ the
29 percentage increase in the consumer price index published in
30 the federal register by the federal department of labor,
31 bureau of labor statistics, that reflects the percentage
32 increase in the consumer price index for the twelve-month
33 period ending June 30 of the year that the dividend is to be
34 paid.

35 Sec. 38. Section 97B.49F, subsection 1, paragraph c, Code

1 1999, is amended to read as follows:

2 c. If a member eligible to receive a cost-of-living
3 dividend dies before November 1 of a year, a cost-of-living
4 dividend shall not be payable in November of that year in the
5 name of the member. If a member dies on or after November 1,
6 but before payment of a dividend is made in that month, the
7 full amount of the retirement dividend for that year shall be
8 paid in the member's name upon notification of the member's
9 death.

10 Sec. 39. Section 97B.49F, subsection 2, paragraph a, Code
11 1999, is amended to read as follows:

12 a. Commencing January 1, 1999, all members who retired on
13 or after July 1, 1990, and who have been retired for at least
14 one year as of the date the dividend is payable, or a
15 beneficiary or contingent annuitant of such a member who
16 receives a monthly benefit, shall be eligible to receive a
17 favorable experience dividend, payable on the last business
18 day in January of each year pursuant to the requirements of
19 this subsection. If the member, beneficiary, or contingent
20 annuitant eligible to receive a favorable experience dividend
21 dies before January 1 of a year, a favorable experience
22 dividend shall not be payable in January of that year in the
23 name of the member, beneficiary, or contingent annuitant.
24 However, if the member, beneficiary, or contingent annuitant
25 dies on or after January 1 but before the dividend is paid in
26 that month, the full amount of the dividend payable in that
27 month shall be paid in the name of the applicable member,
28 beneficiary, or contingent annuitant, upon notification of
29 death.

30 Sec. 40. Section 97B.49F, subsection 2, paragraph c, Code
31 1999, is amended by adding the following new subparagraph:

32 NEW SUBPARAGRAPH. (3A) Notwithstanding the provisions of
33 this paragraph to the contrary, moneys credited to the reserve
34 account in any applicable year shall not exceed an amount
35 which, if credited to the reserve account, would exceed an

1 amount that the system's actuary determines is sufficient to
2 pay the maximum favorable experience dividend for each of the
3 next following ten years, based on reasonable actuarial
4 assumptions.

5 Sec. 41. Section 97B.49F, subsection 2, paragraph d, Code
6 1999, is amended to read as follows:

7 d. The favorable experience dividend is calculated by
8 multiplying the ~~total-of-the~~ monthly benefit-payments-of
9 retirement allowance payable to the retiree, beneficiary, or
10 contingent annuitant for the previous calendar-year December,
11 or such other month as determined by the department, by
12 twelve, and then multiplying that amount by the number of
13 complete years the member has been retired or would have been
14 retired if living as of the date the dividend is payable, and
15 by the applicable percentage. For purposes of this paragraph,
16 the applicable percentage is the percentage, not to exceed
17 three percent, that the department determines shall be applied
18 in calculating the favorable experience dividend if the
19 department determines that the reserve account is sufficiently
20 funded to make a distribution. In making its determination,
21 the department shall consider, but not be limited to, the
22 amounts credited to the reserve account, the distributions
23 from the reserve account made in previous years, the
24 likelihood of future credits to and distributions from the
25 reserve account, and the distributions paid under subsection
26 1.

27 Sec. 42. Section 97B.49G, Code 1999, is amended by adding
28 the following new subsection:

29 NEW SUBSECTION. 12. PROBATION AND PAROLE OFFICERS III --
30 JULY 1994 - JULY 1998. The department shall establish and
31 maintain additional contribution accounts for employees of
32 judicial district departments of correctional services who
33 were employed as parole officers III and probation officers
34 III during any portion of the period from July 1, 1994,
35 through June 30, 1998. A probation officer III or parole

1 officer III who made contributions to the retirement fund
2 during the period from July 1, 1994, through June 30, 1998, as
3 a member of a protection occupation shall have credited to an
4 additional contribution account for that probation or parole
5 officer an amount equal to the contributions made to the
6 retirement fund in excess of 3.7 percent of the probation or
7 parole officer's covered wages paid from July 1, 1994, through
8 June 30, 1998, plus interest at the applicable statutory
9 interest rates established in this chapter. Moneys deposited
10 in an additional contribution account established pursuant to
11 this section shall be payable in a lump sum to the probation
12 or parole officer at retirement or upon request for a refund
13 of moneys in the account. If the probation or parole officer
14 dies prior to receipt of moneys in the account, the
15 beneficiary designated by that probation or parole officer
16 shall receive a lump sum payment of moneys in the account.
17 The payment of moneys from the account created in this
18 subsection shall not be annuitized. A probation officer III
19 or parole officer III for which an account is established
20 under this subsection shall not receive credit for eligible
21 service as a member of a protection occupation for that
22 service.

23 Sec. 43. Section 97B.49H, subsection 5, paragraph c, Code
24 1999, is amended to read as follows:

25 c. Upon retirement, the member shall elect to receive in a
26 lump sum payment or in an annuity, in addition to any other
27 payment provided by this chapter, all amounts credited to the
28 member's supplemental account. The annuity provided under
29 this section shall be payable in the same form, at the same
30 time, and to the same persons, including beneficiaries and
31 contingent annuitants, that the member elects for the payments
32 under the other provisions of this chapter providing for the
33 monthly payment of allowances. The amount of an annuity
34 provided under this section, including amounts payable to
35 beneficiaries and contingent annuitants, shall be calculated

1 using the amount credited to the member's supplemental account
2 as of the date of retirement, and the assumptions underlying
3 the actuarial tables used to calculate optional allowances
4 under section 97B.51.

5 Sec. 44. Section 97B.50, subsection 1, unnumbered
6 paragraph 1, Code 1999, is amended to read as follows:

7 Except as otherwise provided in this section, a vested
8 member, upon retirement prior to the normal retirement date
9 ~~other-than-that-specified-in-section-97B.45, subsection-4~~ for
10 that member, is entitled to receive a monthly retirement
11 allowance determined in the same manner as provided for normal
12 retirement in sections 97B.49A, 97B.49E, and 97B.49G, reduced
13 as follows:

14 Sec. 45. Section 97B.50, subsection 2, Code 1999, is
15 amended to read as follows:

16 2. a. A vested member who retires from the system due to
17 disability and commences receiving disability benefits
18 pursuant to the federal Social Security Act, 42 U.S.C. § 423
19 et seq., and who has not reached the normal retirement date,
20 shall receive benefits as selected under ~~sections-97B-49A~~
21 ~~through-97B-49G, as-applicable~~ section 97B.51, and shall not
22 have benefits reduced upon retirement as required under
23 subsection 1 regardless of whether the member has completed
24 thirty or more years of membership service. However, the
25 benefits shall be suspended during any period in which the
26 member returns to covered employment. This section takes
27 effect July 1, 1990, for a member meeting the requirements of
28 this paragraph who retired from the system at any time after
29 July 4, 1953. Eligible members retiring on or after July 1,
30 2000, are entitled to the receipt of retroactive adjustment
31 payments back-to-July-1, 1990 for no more than twelve months
32 immediately preceding the month in which written notice of
33 retirement due to disability was submitted to the department,
34 notwithstanding the requirements of subsection 4.

35 b. A vested member who retires from the system due to

1 disability and commences receiving disability benefits
2 pursuant to the federal Railroad Retirement Act, 45 U.S.C. §
3 231 et seq., and who has not reached the normal retirement
4 date, shall receive benefits as selected under sections
5 ~~97B.49A-through-97B.49G~~, as applicable section 97B.51, and
6 shall not have benefits reduced upon retirement as required
7 under subsection 1 regardless of whether the member has
8 completed thirty or more years of membership service.

9 However, the benefits shall be suspended during any period in
10 which the member returns to covered employment. This section
11 takes effect July 1, 1990, for a member meeting the
12 requirements of this paragraph who retired from the system at
13 any time since July 4, 1953. Eligible members retiring on or
14 after July 1, 2000, are entitled to the receipt of retroactive
15 adjustment payments back-to-July-1, 1990 for no more than
16 twelve months immediately preceding the month in which written
17 notice of retirement due to disability was submitted to the
18 department, notwithstanding the requirements of subsection 4.

19 .Sec. 46. NEW SECTION. 97B.50A DISABILITY BENEFITS FOR
20 SPECIAL SERVICE MEMBERS.

21 1. DEFINITIONS. For purposes of this section, unless the
22 context otherwise provides:

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

27 b. "Net disability retirement allowance" means the amount
28 determined by subtracting the amount paid during the previous
29 calendar year by the member for health insurance or similar
30 health care coverage for the member and the member's
31 dependents from the amount of the member's disability
32 retirement allowance, including any dividends and
33 distributions from supplemental accounts, paid for that year
34 pursuant to this section.

35 c. "Reemployment comparison amount" means an amount equal

1 to the current covered wages of an active special service
2 member at the same position on the salary scale within the
3 rank or position the member held at the time the member
4 received a disability retirement allowance pursuant to this
5 section. If the rank or position held by the member at the
6 time of retirement pursuant to this section is abolished, the
7 amount shall be computed by the department as though the rank
8 or position had not been abolished and salary increases had
9 been granted on the same basis as granted to other ranks or
10 positions by the former employer of the member. The
11 reemployment comparison amount shall not be less than the
12 three-year average covered wage of the member, based on all
13 regular and special service covered under this chapter.

14 2. IN-SERVICE DISABILITY RETIREMENT ALLOWANCE.

15 a. A member who is injured in the performance of the
16 member's duties, and otherwise meets the requirements of this
17 subsection shall receive an in-service 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 as the natural and proximate result
24 of an injury, disease, or exposure occurring or aggravated
25 while in the actual performance of duty at some definite place
26 and time shall be eligible to retire under this subsection,
27 provided that the medical board, as established by this
28 section, shall certify that the member is mentally or
29 physically incapacitated for further performance of duty, that
30 the incapacity is likely to be permanent, and that the member
31 should be retired. The department shall make the final
32 determination, based on the medical evidence received, of a
33 member's total and permanent disability. However, if a
34 person's special service membership in the system first
35 commenced on or after July 1, 2000, the member shall not be

1 eligible for benefits with respect to a disability which would
2 not exist, but for a medical condition that was known to exist
3 on the date that membership commenced. A member who is denied
4 a benefit under this subsection, by reason of a finding by the
5 department that the member is not mentally or physically
6 incapacitated for the further performance of duty, shall be
7 entitled to be restored to active service in the same or
8 comparable special service occupation position held by the
9 member immediately prior to the application for disability
10 benefits.

11 c. Disease under this subsection shall mean heart disease
12 or any disease of the lungs or respiratory tract and shall be
13 presumed to have been contracted while on active duty as a
14 result of strain, exposure, or the inhalation of noxious
15 fumes, poison, or gases. However, if a person's special
16 service membership in the system first commenced on or after
17 July 1, 2000, and the heart disease or disease of the lungs or
18 respiratory tract would not exist, but for a medical condition
19 that was known to exist on the date that special service
20 membership commenced, the presumption established in this
21 paragraph shall not apply.

22 d. Upon retirement for an in-service disability as
23 provided by this subsection, a member shall receive the
24 greater of a monthly in-service disability retirement
25 allowance calculated under this subsection or a monthly
26 retirement allowance as provided in section 97B.49A, 97B.49B,
27 97B.49C, 97B.49D, or 97B.49G, as applicable. The monthly in-
28 service disability allowance calculated under this subsection
29 shall consist of an allowance equal to one-twelfth of sixty
30 percent of the member's three-year average covered wage or its
31 actuarial equivalent as provided under section 97B.51.

32 3. ORDINARY DISABILITY RETIREMENT ALLOWANCE.

33 a. A member who otherwise meets the requirements of this
34 subsection shall receive an ordinary disability retirement
35 allowance under this subsection, in lieu of a monthly

1 retirement allowance as provided in section 97B.49A, 97B.49B,
2 97B.49C, 97B.49D, or 97B.49G, as applicable.

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

25 c. Upon retirement for an ordinary disability as provided
26 by this subsection, a member shall receive the greater of a
27 monthly ordinary disability retirement allowance calculated
28 under this subsection or a monthly retirement allowance as
29 provided in section 97B.49A, 97B.49B, 97B.49C, 97B.49D, or
30 97B.49G, as applicable. The monthly ordinary disability
31 allowance calculated under this subsection shall consist of an
32 allowance equal to one-twelfth of fifty percent of the
33 member's three-year average covered wage or its actuarial
34 equivalent as provided under section 97B.51.

35 4. WAIVER OF ALLOWANCE. A member receiving a disability

1 retirement allowance under this section may file an
2 application to receive benefits pursuant to section 97B.50,
3 subsection 2, in lieu of receiving a disability retirement
4 allowance under this section, if the member becomes eligible
5 for benefits under section 97B.50, subsection 2. An
6 application to receive benefits pursuant to section 97B.50,
7 subsection 2, shall be filed with the department within sixty
8 days after the member becomes eligible for benefits pursuant
9 to that section or the member shall be ineligible to elect
10 coverage under that section. On the first of the month
11 following the month in which a member's application is
12 approved by the department, the member's election of coverage
13 under section 97B.50, subsection 2, shall become effective and
14 the member's eligibility to receive a disability retirement
15 allowance pursuant to this section shall cease. Benefits
16 payable pursuant to section 97B.50, subsection 2, shall be
17 calculated using the option choice the member selected for
18 payment of a disability retirement allowance pursuant to this
19 section. An application to elect coverage under section
20 97B.50, subsection 2, is irrevocable upon approval by the
21 department.

22 5. OFFSET TO ALLOWANCE. Notwithstanding any provisions to
23 the contrary in state law, or any applicable contract or
24 policy, any amounts which may be paid or payable by the
25 employer under any workers' compensation, unemployment
26 compensation, or other law to a member, and any disability
27 payments the member receives pursuant to the federal Social
28 Security Act, 42 U.S.C. § 423 et seq., shall be offset against
29 and payable in lieu of any retirement allowance payable
30 pursuant to this section on account of the same disability.

31 6. REEXAMINATION OF MEMBERS RETIRED ON ACCOUNT OF
32 DISABILITY.

33 a. Once each year during the first five years following
34 the retirement of a member under this section, and once in
35 every three-year period thereafter, the department may, and

1 upon the member's application shall, require any member
2 receiving an in-service or ordinary disability retirement
3 allowance who has not yet attained the age of fifty-five years
4 to undergo a medical examination as arranged by the medical
5 board as established by this section. The examination shall
6 be made by the medical board or by an additional physician or
7 physicians designated by the medical board. If any member
8 receiving an in-service or ordinary disability retirement
9 allowance who has not attained the age of fifty-five years
10 refuses to submit to the medical examination, the allowance
11 may be discontinued until the member's withdrawal of the
12 refusal, and should the member's refusal continue for one
13 year, all rights in and to the member's disability retirement
14 allowance shall be revoked by the department.

15 b. If a member is determined under paragraph "a" to be no
16 longer eligible for in-service or ordinary disability
17 benefits, all benefits paid under this section shall cease.
18 The member shall be eligible to receive benefits calculated
19 under section 97B.49B or 97B.49C, as applicable, when the
20 member reaches age fifty-five.

21 7. REEMPLOYMENT.

22 a. If a member receiving a disability retirement allowance
23 is returned to covered employment, the member's disability
24 retirement allowance shall cease, the member shall again
25 become an active member, and shall contribute thereafter at
26 the same rate payable by similarly classified members. If a
27 member receiving a disability retirement allowance returns to
28 special service employment, then the period of time the member
29 received a disability retirement allowance shall constitute
30 eligible service as defined in section 97B.49B, subsection 1,
31 or section 97B.49C, subsection 1, as applicable. Upon
32 subsequent retirement, the member's retirement allowance shall
33 be calculated as provided in section 97B.48A.

34 b. (1) If a member receiving a disability retirement
35 allowance is engaged in a gainful occupation that is not

1 covered employment, the member's disability retirement
2 allowance shall be reduced, if applicable, as provided in this
3 paragraph.

4 (2) If the member is engaged in a gainful occupation
5 paying more than the difference between the member's net
6 disability retirement allowance and one and one-half times the
7 reemployment comparison amount for that member, then the
8 amount of the member's disability retirement allowance shall
9 be reduced to an amount such that the member's net disability
10 retirement allowance plus the amount earned by the member
11 shall equal one and one-half times the reemployment comparison
12 amount for that member.

13 (3) The member shall submit sufficient documentation to
14 the system to permit the system to determine the member's net
15 disability retirement allowance and earnings from a gainful
16 occupation that is not covered employment for the applicable
17 year.

18 (4) This paragraph does not apply to a member who is at
19 least fifty-five years of age and would have completed a
20 sufficient number of years of service if the member had
21 remained in active special service employment. For purposes
22 of this subparagraph, a sufficient number of years of service
23 shall be twenty-five for a special service member as described
24 in section 97B.49B or twenty-two for a special service member
25 as described in section 97B.49C.

26 8. DEATH BENEFITS. A member who is receiving an in-
27 service or ordinary disability retirement allowance under this
28 section shall be treated as having elected a lifetime monthly
29 retirement allowance with death benefits payable under section
30 97B.52, subsection 2, unless the member elects an optional
31 form of benefit provided under section 97B.51, which shall be
32 actuarially equivalent to the lifetime monthly retirement
33 allowance provided under this section.

34 9. MEDICAL BOARD. The system shall designate a medical
35 board to be composed of three physicians from the university

1 of Iowa hospitals and clinics who shall arrange for and pass
2 upon the medical examinations required under this section and
3 shall report in writing to the department the conclusions and
4 recommendations upon all matters duly referred to the medical
5 board. Each report of a medical examination under this
6 section shall include the medical board's findings as to the
7 extent of the member's physical or mental impairment. Except
8 as required by this section, each report shall be confidential
9 and shall be maintained in accordance with the federal
10 Americans with Disabilities Act, and any other state or
11 federal law containing requirements for confidentiality of
12 medical records.

13 10. LIABILITY OF THIRD PARTIES -- SUBROGATION.

14 a. If a member receives an injury for which benefits are
15 payable under this section, and if the injury is caused under
16 circumstances creating a legal liability for damages against a
17 third party other than the system, the member or the member's
18 legal representative may maintain an action for damages
19 against the third party. If a member or a member's legal
20 representative commences such an action, the plaintiff member
21 or representative shall serve a copy of the original notice
22 upon the system not less than ten days before the trial of the
23 action, but a failure to serve the notice does not prejudice
24 the rights of the system, and the following rights and duties
25 ensue:

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

30 (2) The system has a lien on the damage claim against the
31 third party and on any judgment on the damage claim for
32 benefits for which the system is liable. In order to continue
33 and preserve the lien, the system shall file a notice of the
34 lien within thirty days after receiving a copy of the original
35 notice in the office of the clerk of the district court in

1 which the action is filed.

2 b. If a member fails to bring an action for damages
3 against a third party within thirty days after the system
4 requests the member in writing to do so, the system is
5 subrogated to the rights of the member and may maintain the
6 action against the third party, and may recover damages for
7 the injury to the same extent that the member may recover
8 damages for the injury. If the system recovers damages in the
9 action, the court shall enter judgment for distribution of the
10 recovery as follows:

11 (1) A sum sufficient to repay the system for the amount of
12 such benefits actually paid by the system up to the time of
13 the entering of the judgment.

14 (2) A sum sufficient to pay the system the present worth,
15 computed at the interest rate provided in section 535.3 for
16 court judgments and decrees, of the future payments of such
17 benefits, for which the system is liable, but the sum is not a
18 final adjudication of the future payment which the member is
19 entitled to receive.

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

21 c. Before a settlement is effective between the system and
22 a third party who is liable for any injury, the member must
23 consent in writing to the settlement; and if the settlement is
24 between the member and a third party, the system must consent
25 in writing to the settlement; or on refusal to consent, in
26 either case, the district court in the county in which either
27 the employer of the member or the system is located must
28 consent in writing to the settlement.

29 d. For purposes of subrogation under this section, a
30 payment made to an injured member or the member's legal
31 representative, by or on behalf of a third party or the third
32 party's principal or agent, who is liable for, connected with,
33 or involved in causing the injury to the member, shall be
34 considered paid as damages because the injury was caused under
35 circumstances creating a legal liability against the third

1 party, whether the payment is made under a covenant not to
2 sue, compromise settlement, denial of liability, or is
3 otherwise made.

4 11. DOCUMENT SUBMISSIONS. A member retired under this
5 section, in order to be eligible for continued receipt of
6 retirement benefits, shall submit to the department any
7 documentation the department may reasonably request which will
8 provide information needed to determine payments to the member
9 under this section.

10 12. ADDITIONAL CONTRIBUTIONS. The expenses incurred in
11 the administration of this section by the system shall be paid
12 through additional contributions as determined pursuant to
13 section 97B.49B, subsection 3, or section 97B.49C, subsection
14 3, as applicable.

15 13. APPLICABILITY -- RETROACTIVITY.

16 a. This section applies to a member who becomes disabled
17 on or after July 1, 2000, and also applies to a member who
18 becomes disabled prior to July 1, 2000, if the member has not
19 terminated special service employment as of June 30, 2000.

20 b. To qualify for benefits under this section, a member
21 must file a completed application with the department within
22 one year of the member's termination of employment. A member
23 eligible for a disability retirement allowance under this
24 section is entitled to receipt of retroactive adjustment
25 payments for no more than six months immediately preceding the
26 month in which the completed application for receipt of a
27 disability retirement allowance under this section is
28 approved.

29 14. RULES. The department shall adopt rules pursuant to
30 chapter 17A specifying the application procedure for members
31 pursuant to this section.

32 Sec. 47. Section 97B.51, Code 1999, is amended by striking
33 the section and inserting in lieu thereof the following:

34 97B.51 ALLOWANCE UPON RETIREMENT.

35 1. Each member has the right prior to the member's

1 retirement date to elect to have the member's retirement
2 allowance payable under one of the options set forth in this
3 section. The amount of the optional retirement allowance
4 selected in paragraph "a", "c", "d", or "e", shall be the
5 actuarial equivalent of the amount of the retirement allowance
6 otherwise payable to the member as determined by the system in
7 consultation with the system's actuary. The member shall make
8 an election by written request to the department and the
9 election is subject to the approval of the department. If the
10 member is married, election of an option under this section
11 requires the written acknowledgment of the member's spouse.

12 The member may select one of the following options:

13 a. At retirement, a member may designate that upon the
14 member's death, a specified amount of money shall be paid to a
15 named beneficiary, and the member's monthly retirement
16 allowance shall be reduced by an actuarially determined amount
17 to provide for the lump sum payment. The amount designated by
18 the member must be in thousand dollar increments and shall be
19 limited to the amount of the member's accumulated
20 contributions. The amount designated shall not lower the
21 monthly retirement allowance of the member by more than one-
22 half the amount payable as provided in paragraph "b". A
23 member may designate a different beneficiary at any time,
24 except as limited by an order that has been accepted by the
25 department as complying with the requirements of section
26 97B.39.

27 b. A member may elect a retirement allowance otherwise
28 payable to the member upon retirement under the retirement
29 system pursuant to this chapter, to include the applicable
30 provisions of sections 97B.49A through 97B.49G, and a death
31 benefit as provided in section 97B.52, subsection 2.

32 c. A member may elect an increased retirement allowance
33 during the member's lifetime with no death benefit after the
34 member's retirement date.

35 d. (1) A member may elect to receive a decreased

1 retirement allowance during the member's lifetime and have the
2 decreased retirement allowance, or a designated fraction
3 thereof, continued after the member's death to another person,
4 called a contingent annuitant, during the lifetime of the
5 contingent annuitant. The member cannot change the contingent
6 annuitant after the member's retirement. In case of the
7 election of a contingent annuitant, no death benefits, as
8 might otherwise be provided by this chapter, will be payable
9 upon the death of either the member or the contingent
10 annuitant after the member's retirement.

11 (2) In lieu of a benefit as calculated under subparagraph
12 (1), a member may elect to receive a decreased retirement
13 allowance during the member's lifetime and have the decreased
14 retirement allowance, or a designated fraction thereof,
15 continued after the member's death to another person, called a
16 contingent annuitant, during the lifetime of the contingent
17 annuitant, as determined by this subparagraph. In addition,
18 if the contingent annuitant dies prior to the death of the
19 member, the member shall receive a retirement allowance
20 beginning with the first month following the death of the
21 contingent annuitant as if the member had selected the option
22 provided by paragraph "b" at the time of the member's first
23 retirement. The member cannot change the contingent annuitant
24 after the member's retirement. If a contingent annuitant
25 receives a decreased retirement allowance under this
26 subparagraph following the death of the member, no death
27 benefits, as might otherwise be provided by this chapter, will
28 be payable upon the death of the contingent annuitant.

29 e. A member may elect to receive a decreased retirement
30 allowance during the member's lifetime with provision that in
31 event of the member's death during the first one hundred
32 twenty months of retirement, monthly payments of the member's
33 decreased retirement allowance shall be made to the member's
34 beneficiary until a combined total of one hundred twenty
35 monthly payments have been made to the member and the member's

1 beneficiary. When the member designates multiple
2 beneficiaries, the present value of the remaining payments
3 shall be paid in a lump sum to each beneficiary, either in
4 equal shares to the beneficiaries, or if the member specifies
5 otherwise in a written request, in the specified proportion.
6 A member may designate a different beneficiary at any time,
7 except as limited by an order that has been accepted by the
8 department as complying with the requirements of section
9 97B.39.

10 2. The election by a member of an option stated under this
11 section shall be null and void if the member dies prior to the
12 member's first month of entitlement.

13 3. A member who had elected to take an option stated in
14 this section, may, at any time prior to retirement, revoke
15 such an election by written notice to the department. A
16 member shall not change or revoke an election once the first
17 retirement allowance is paid.

18 Sec. 48. Section 97B.52, subsection 1, Code 1999, is
19 amended to read as follows:

20 1. If a member dies prior to the member's first month of
21 entitlement, the member's beneficiary shall be entitled to
22 receive a death benefit equal to the greater of the amount
23 provided in paragraph "a" or "b".

24 a. A lump sum payment equal to the accumulated
25 contributions of the member at the date of death plus the
26 product of an amount equal to the highest year of covered
27 wages of the deceased member and the number of years of
28 membership service divided by the applicable denominator shall
29 be paid to the member's beneficiary in a lump sum payment.

30 However, a lump sum payment made to a beneficiary under this
31 subsection paragraph due to the death of a member shall not be
32 less than the amount that would have been payable on the death
33 of the member on June 30, 1984, under this subsection
34 paragraph as it appeared in the 1983 Code.

35 As used in this subsection paragraph, "applicable

1 denominator" means the following, based upon the type of
2 membership service in which the member served either on the
3 date of death, or if the member died after terminating
4 service, on the date of the member's last termination of
5 service:

6 a. (1) For regular service, the applicable denominator is
7 thirty.

8 b. (2) For service in a protection occupation, as defined
9 in section 97B.49B, the applicable denominator is twenty-five.

10 c. (3) For service as a sheriff, deputy sheriff, or
11 airport fire fighter, as provided in section 97B.49C, the
12 applicable denominator is twenty-two.

13 Effective July 1, 1978, a method of payment under this
14 subsection paragraph filed with the department by a member
15 does not apply.

16 b. For a member who dies on or after January 1, 2001, a
17 lump sum payment equal to the actuarial present value of the
18 member's accrued benefit as of the date of death. The
19 actuarial equivalent present value of the member's accrued
20 benefit as of the date of death shall be calculated using the
21 same interest rate and mortality tables that are used by the
22 system and the system's actuary under section 97B.51, and
23 shall assume that the member would have retired at the
24 member's earliest normal retirement date.

25 c. The payment of a death benefit to a designated
26 beneficiary as provided by this subsection shall be in a lump
27 sum payment. However, if the designated beneficiary is a sole
28 individual, the beneficiary may elect to receive, in lieu of a
29 lump sum payment under this subsection, a monthly annuity
30 payable for the life of the beneficiary. The monthly annuity
31 shall be calculated by applying the annuity tables used by the
32 department to the lump sum payment under this subsection based
33 on the beneficiary's age. If the designated beneficiary is
34 more than one individual, or if the designated beneficiary is
35 an estate, trust, church, charity, or other similar

1 organization, a death benefit under this subsection shall only
2 be paid in a lump sum.

3 Sec. 49. Section 97B.52, subsection 2, Code 1999, is
4 amended to read as follows:

5 2. If a member dies on or after the first day of the
6 member's first month of entitlement, the excess, if any, of
7 the accumulated contributions by the member as of said date,
8 over the total gross monthly retirement allowances received by
9 the member under the retirement system will be paid to the
10 member's beneficiary unless the retirement allowance is then
11 being paid in accordance with section 97B.48 or with section
12 97B.51, subsection 1, ~~47-57-or-6~~ paragraph "a", "c", "d", or
13 "e".

14 Sec. 50. Section 97B.52, subsection 5, Code 1999, is
15 amended to read as follows:

16 5. Following written notification to the department, a
17 beneficiary of a deceased member may waive current and future
18 rights to payments to which the beneficiary would otherwise be
19 entitled under section 97B.51, ~~subsections 5 and 6 and this~~
20 ~~section~~ subsection 1, paragraphs "a", "b", and "e". Upon
21 receipt of the waiver, the department shall pay the amount
22 designated to be received by that beneficiary to the member's
23 other surviving beneficiary or beneficiaries or to the estate
24 of the deceased member, as elected by the beneficiary in the
25 waiver. If the payments being waived are payable to the
26 member's estate and an estate is not probated, the payments
27 shall be paid to the deceased member's surviving spouse, or if
28 there is no surviving spouse, to the member's heirs other than
29 the beneficiary who waived the payments.

30 Sec. 51. Section 97B.52A, subsection 1, paragraph b, Code
31 1999, is amended to read as follows:

32 b. For a member whose first month of entitlement is July
33 1998 or later, but before July 2000, the member does not
34 return to any employment with a covered employer until the
35 member has qualified for no fewer than four calendar months of

1 retirement benefits.

2 Sec. 52. Section 97B.52A, subsection 1, Code 1999, is
3 amended by adding the following new paragraph:

4 NEW PARAGRAPH. c. For a member whose first month of
5 entitlement is July 2000 or later, the member does not return
6 to any employment with a covered employer until the member has
7 qualified for at least one calendar month of retirement
8 benefits, and the member does not return to covered employment
9 until the member has qualified for no fewer than four calendar
10 months of retirement benefits. For purposes of this
11 paragraph, effective July 1, 2000, any employment with a
12 covered employer does not include employment as an elective
13 official or member of the general assembly if the member is
14 not covered under this chapter for that employment.

15 Sec. 53. Section 97B.52A, subsection 2, Code 1999, is
16 amended to read as follows:

17 2. A member may commence receiving retirement benefits
18 under this chapter upon satisfying eligibility requirements.
19 However, a retired member who commences receiving a retirement
20 allowance but ~~returns-to-employment-before-qualifying-for-no~~
21 ~~fewer-than-four-calendar-months-of-retirement-benefits~~ fails
22 to meet the applicable requirements of subsection 1 does not
23 have a bona fide retirement and any retirement allowance
24 received by such a member must be returned to the system
25 together with interest earned on the retirement allowance
26 calculated at a rate determined by the department. Until the
27 member has repaid the retirement allowance and interest, the
28 department may withhold any future retirement allowance for
29 which the member may qualify.

30 Sec. 54. Section 97B.52A, Code 1999, is amended by adding
31 the following new subsection:

32 NEW SUBSECTION. 4. The requirements of this section shall
33 apply to a lump sum payment as provided by section 97B.48,
34 subsection 1, and the payment of contributions as provided in
35 section 97B.48A, subsection 4.

1 Sec. 55. Section 97B.53, Code Supplement 1999, is amended
2 to read as follows:

3 97B.53 TERMINATION OF EMPLOYMENT -- REFUND OPTIONS.

4 Membership in the retirement system, and all rights to the
5 benefits under the system, ~~will~~ cease upon a member's
6 termination of employment with the employer prior to the
7 member's retirement, other than by death, and upon receipt by
8 the member of the a refund of moneys in the member's
9 ~~accumulated-contributions~~ account as provided in this section.

10 1. Upon the termination of employment with the employer
11 prior to retirement other than by death of a member, the
12 member's account, consisting of accumulated contributions by
13 the member and, for a vested member who is vested on the date
14 an application for a refund is filed, the member's share of
15 the accumulated employer contributions for the vested member
16 at the date of the termination, may be paid to the member upon
17 application, except as provided in subsections 2, 5, and 6.
18 For the purpose of this subsection, the "member's share of the
19 accumulated employer contributions" is an amount equal to the
20 ~~total-obtained-as-of-any-date, by accumulating each individual~~
21 ~~contribution-by-the-employer-for-the-member-with-interest-plus~~
22 ~~interest-dividends-as-provided-in-section-97B-70, for all~~
23 ~~completed-calendar-years-and-for-any-completed-calendar-year~~
24 ~~for-which-the-interest-dividend-has-not-been-declared-and-for~~
25 ~~completed-months-of-partially-completed-calendar-years,~~
26 ~~compounded-as-provided-in-section-97B-70~~ accumulated employer
27 contributions of the member multiplied by a fraction of years
28 of service for that member as defined in section 97B.49A,
29 97B.49B, or 97B.49C.

30 2. If a vested member's employment is terminated prior to
31 the member's retirement, other than by death, the member may
32 receive a monthly retirement allowance commencing on the first
33 day of the month in which the member attains the age of sixty-
34 five years, if the member is then alive, or, if the member so
35 elects in accordance with section 97B.47, commencing on the

1 first day of the month in which the member attains the age of
2 fifty-five or any month thereafter prior to the date the
3 member attains the age of sixty-five years, and continuing on
4 the first day of each month thereafter during the member's
5 lifetime, provided the member does not receive prior to the
6 date the member's retirement allowance is to commence a refund
7 of accumulated-contributions moneys in the member's account as
8 provided under any of the provisions of this chapter. The
9 amount of each such monthly retirement allowance shall be
10 determined as provided in either sections 97B.49A through
11 97B.49G, or in section 97B.50, whichever is applicable.

12 ~~3. The accumulated-contributions account of a terminated,~~
13 ~~vested member shall be credited with interest, including~~
14 ~~interest dividends, in the manner provided in section 97B.70.~~

15 4. 3. A terminated, vested member has the right, prior to
16 the commencement of the member's retirement allowance, to
17 receive a refund of moneys in the member's accumulated
18 contributions account, and in the event of the death of the
19 member prior to the commencement of the member's retirement
20 allowance and prior to the receipt of any such refund the
21 benefits of subsection 1 of section 97B.52 shall be paid.

22 5. 4. A member has not terminated employment for purposes
23 of this section if the member accepts other covered employment
24 within thirty days four months after receiving the last
25 payment of wages for covered employment, or if the member
26 begins covered employment prior to filing a request for a
27 refund with the department.

28 5A. 5. Within sixty days after a member has been issued
29 payment for a refund of moneys in the member's accumulated
30 contributions account, the member may repay the accumulated
31 contributions moneys refunded, plus interest that would have
32 accrued, as determined by the department, and receive credit
33 for membership service for the period covered by the refund
34 payment.

35 5B. 6. A member who does not withdraw moneys in the

1 member's accumulated-contributions account upon termination of
2 employment may at any time request the return of the moneys in
3 the member's accumulated-contributions account, but if the
4 member receives a return of contributions moneys in the
5 member's account the member has waived all claims for any
6 other benefits and membership rights from the fund.

7 7. If a member is involuntarily terminated from covered
8 employment, has been issued payment for a refund, and is
9 retroactively reinstated in covered employment as a remedy for
10 an employment dispute, the member may receive credit for
11 membership service for the period covered by the refund
12 payment upon repayment to the department within ninety days
13 after the date of the order or agreement requiring
14 reinstatement of the amount of the refund plus interest that
15 would have accrued, as determined by the department.

16 6- 8. The system is under no obligation to maintain the
17 accumulated-contribution member account of a member who
18 terminates covered employment prior to December 31, 1998, if
19 the member was not vested at the time of termination. A
20 person who made contributions to the abolished system, who is
21 entitled to a refund in accordance with the provisions of this
22 chapter, and who has not claimed and received such a refund
23 prior to January 1, 1964, shall, if the person makes a claim
24 for refund after January 1, 1964, be required to submit proof
25 satisfactory to the department of the person's entitlement to
26 the refund. The department is under no obligation to maintain
27 the contribution member accounts of such persons after January
28 1, 1964.

29 7- 9. Any member whose employment is terminated may elect
30 to leave the moneys in the member's accumulated-contributions
31 member account in the retirement fund.

32 8- 10. If an employee hired to fill a permanent position
33 terminates the employee's employment within six months from
34 the date of employment, the employer may file a claim with the
35 department for a refund of the funds contributed to the

1 department by the employer for the employee.

2 Sec. 56. Section 97B.53A, Code 1999, is amended to read as
3 follows:

4 97B.53A DUTY OF DEPARTMENT.

5 ~~Effective July 17, 19917, upon~~ Upon a member's termination of
6 covered employment prior to the member's retirement, the
7 department shall send the member by first class mail, to the
8 member's last known mailing address, a notice setting forth
9 the balance and status of the member's account and
10 supplemental account and an explanation of the courses of
11 action available to the member under this chapter.

12 Sec. 57. Section 97B.53B, subsection 1, paragraph c,
13 unnumbered paragraph 1, Code 1999, is amended to read as
14 follows:

15 "Eligible rollover distribution" means all or any portion
16 of a member's account and supplemental account, except that an
17 eligible rollover distribution does not include any of the
18 following:

19 Sec. 58. Section 97B.60, Code 1999, is amended to read as
20 follows:

21 97B.60 ACTUARIAL INVESTIGATION.

22 ~~At least once in each two-year period~~ During calendar year
23 2002, and every four years thereafter, the department shall
24 cause an actuarial investigation to be made of all experience
25 under the retirement system. Pursuant to such an
26 investigation, the department shall, from time to time,
27 determine upon an actuarial basis the condition of the system
28 and shall report to the general assembly its findings and
29 recommendations. The department shall adopt from time to time
30 mortality tables and all other necessary factors for use in
31 all actuarial calculations required in connection with the
32 retirement system.

33 Sec. 59. Section 97B.70, Code 1999, is amended to read as
34 follows:

35 97B.70 INTEREST AND DIVIDENDS TO MEMBERS.

1 1. For calendar years prior to January 1, 1997, interest
2 at two percent per annum and interest dividends declared by
3 the department shall be credited to the member's contributions
4 and the employer's contributions to become part of the
5 accumulated contributions and accumulated employer
6 contributions thereby.

7 a. The average rate of interest earned shall be determined
8 upon the following basis:

9 (1) Investment income shall include interest and cash
10 dividends on stock.

11 (2) Investment income shall be accounted for on an accrual
12 basis.

13 (3) Capital gains and losses, realized or unrealized,
14 shall not be included in investment income.

15 (4) Mean assets shall include fixed income investments
16 valued at cost or on an amortized basis, and common stocks at
17 market values or cost, whichever is lower.

18 (5) The average rate of earned interest shall be the
19 quotient of the investment income and the mean assets of the
20 retirement fund.

21 b. The interest dividend shall be determined within sixty
22 days after the end of each calendar year as follows:

23 The dividend rate for a calendar year shall be the excess
24 of the average rate of interest earned for the year over the
25 statutory two percent rate plus twenty-five hundredths of one
26 percent. The average rate of interest earned and the interest
27 dividend rate in percent shall be calculated to the nearest
28 one hundredth, that is, to two decimal places. Interest and
29 interest dividends calculated pursuant to this subsection
30 shall be compounded annually.

31 2. For calendar years beginning January 1, 1997, a per
32 annum interest rate at one percent above the interest rate on
33 one-year certificates of deposit shall be credited to the
34 member's contributions and the employer's contributions to
35 become part of the accumulated contributions and accumulated

1 employer contributions account. For purposes of this
2 subsection, the interest rate on one-year certificates of
3 deposit shall be determined by the department based on the
4 average rate for such certificates of deposit as of the first
5 business day of each year as published in a publication of
6 general acceptance in the business community. The per annum
7 interest rate shall be credited on a quarterly basis by
8 applying one-quarter of the annual interest rate to the sum of
9 the accumulated contributions and the accumulated employer
10 contributions as of the end of the previous calendar quarter.

11 3. Interest shall be credited to the accumulated
12 contributions and accumulated employer contributions accounts,
13 and supplemental accounts of active members, inactive vested
14 members, and, effective January 1, 1999, to inactive nonvested
15 members, until the quarter prior to the quarter in which the
16 member's first retirement allowance is paid or in which the
17 member is issued a refund under section 97B.53; or in which a
18 death benefit is issued.

19 4. Prior to January 1, 1999, interest and interest
20 dividends shall be credited to the accumulated contributions
21 and accumulated employer contributions account of a person who
22 leaves the contributions in the retirement fund upon
23 termination from covered employment prior to achieving vested
24 status, but who subsequently returns to covered employment.
25 Upon return to covered employment but prior to January 1,
26 1999, interest and interest dividends shall be credited to the
27 accumulated contributions and accumulated employer
28 contributions account of the person commencing upon the date
29 on which the person has covered wages.

30 5. If the department no longer maintains the accumulated
31 contribution and accumulated employer contributions account of
32 the person pursuant to this chapter, but the person submits
33 satisfactory proof to the department that the person, or the
34 person's employer, did make the contributions that should be
35 included in the accumulated contributions and accumulated

1 employer contributions account, the department shall credit
2 interest and interest dividends in the manner provided in
3 subsection 4.

4 Sec. 60. NEW SECTION. 97B.82 PURCHASE OF SERVICE CREDIT
5 -- DIRECT ROLLOVERS.

6 Effective July 1, 2002, a member may purchase any service
7 credit permitted under this chapter by means of a direct
8 rollover pursuant to rules adopted by the department and
9 consistent with applicable requirements of the Internal
10 Revenue Code. For purposes of this section, a "direct
11 rollover" means a transfer to the system of an eligible
12 rollover distribution from a qualified plan, including an
13 eligible rollover distribution of qualified plan assets made
14 through a conduit eligible retirement plan, all as described
15 under the Internal Revenue Code. The amount of the direct
16 rollover into the system cannot exceed the cost of the service
17 purchase by a member under this chapter. Once a direct
18 rollover is made, the member must forfeit the applicable
19 service credit under the qualified plan from which the
20 eligible rollover distribution is received.

21 Sec. 61. Section 97B.13, Code 1999, is repealed.

22 Sec. 62. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY.
23 Section 18 of this Act, amending section 97B.1A, subsection
24 24, paragraph "b", being deemed of immediate importance, takes
25 effect upon enactment and is retroactively applicable to
26 January 1, 2000, and is applicable on and after that date.

27 Sec. 63. IMPLEMENTATION PROVISION. The department of
28 personnel shall implement the amendment to section 97B.50,
29 subsection 1, as provided in section 44 of this Act, on
30 January 1, 2001, or on the date that the department determines
31 that the most recent annual actuarial valuation of the system
32 indicates that the employer and employee contribution rates in
33 effect under section 97B.11 can absorb the costs of the
34 amendment to section 97B.50, subsection 1, whichever is later,
35 after meeting the other established priorities of the system.

1 As used in this section, "other established priorities of the
2 system" means the implementation of the amendment to section
3 97B.52, subsection 1, as provided in section 48 of this Act.
4 However, notwithstanding section 97B.49H, until the amendment
5 to section 97B.50, subsection 1, is implemented, the
6 department shall not credit amounts to active member
7 supplemental accounts provided in section 97B.49H.

8 Sec. 64. IMPLEMENTATION PROVISION. The department of
9 personnel shall implement the amendment to section 97B.52,
10 subsection 1, as provided in section 48 of this Act on January
11 1, 2001, or on the date that the department determines that
12 the most recent annual actuarial valuation of the system
13 indicates that the employer and employee contribution rates in
14 effect under section 97B.11 can absorb the costs of the
15 amendment to section 97B.52, subsection 1, whichever is later.
16 However, notwithstanding section 97B.49H, until the amendment
17 to section 97B.52, subsection 1, is implemented, the
18 department shall not credit amounts to active member
19 supplemental accounts provided in section 97B.49H.

20 Sec. 65. IMPLEMENTATION DATE. Section 60 of this Act,
21 creating new section 97B.82 which establishes a direct
22 rollover for the purchase of service credit, shall not be
23 implemented until the Iowa public employees' retirement system
24 has received a determination letter from the federal internal
25 revenue service approving the retirement system plan's
26 qualified status under Internal Revenue Code section 401(a),
27 as amended by section 97B.82.

28 DIVISION III

29 STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM

30 Sec. 66. Section 400.8, subsection 1, Code 1999, is
31 amended to read as follows:

32 1. The commission, when necessary under the rules,
33 including minimum and maximum age limits, which shall be
34 prescribed and published in advance by the commission and
35 posted in the city hall, shall hold examinations for the

1 purpose of determining the qualifications of applicants for
2 positions under civil service, other than promotions, which
3 examinations shall be practical in character and shall relate
4 to matters which will fairly test the mental and physical
5 ability of the applicant to discharge the duties of the
6 position to which the applicant seeks appointment. The
7 physical examination of applicants for appointment to the
8 positions of police officer, police matron, or fire fighter
9 shall be held in accordance with medical protocols established
10 by the board of trustees of the fire and police retirement
11 system established by section 411.5 and shall be conducted by
12 the medical board as established in section 411.5. The board
13 of trustees may change the medical protocols at any time the
14 board so determines. The ~~commission shall conduct a medical~~
15 physical examination of an applicant for the position of
16 police officer, police matron, or fire fighter shall be
17 conducted after a conditional offer of employment has been
18 made to the applicant. An applicant shall not be
19 discriminated against on the basis of height, weight, sex, or
20 race in determining physical or mental ability of the
21 applicant. Reasonable rules relating to strength, agility,
22 and general health of applicants shall be prescribed. The
23 costs of the physical examination required under this
24 subsection shall be paid from the trust and agency fund of the
25 city.

26 Sec. 67. NEW SECTION. 400.8A GUIDELINES FOR ONGOING
27 FITNESS FOR POLICE OFFICERS AND FIRE FIGHTERS.

28 The board of trustees of the fire and police retirement
29 system established by section 411.5, in consultation with the
30 medical board established in section 411.5, shall establish
31 and maintain protocols and guidelines for ongoing wellness and
32 fitness for police officers and fire fighters while in
33 service. The board of trustees may change the protocols and
34 guidelines at any time the board so determines. The protocols
35 and guidelines shall be established by the board of trustees

1 for the consideration of cities covered by this chapter and
2 may be applied by a city for the purpose of determining
3 continued wellness and fitness for members of the city's
4 police and fire departments. The medical board established in
5 section 411.5 shall provide to cities and fire and police
6 departments assistance regarding the possible implementation
7 and operation of the protocols and guidelines for ongoing
8 wellness and fitness provided by this section. For purposes
9 of this section, "wellness and fitness" means the process by
10 which police officers and fire fighters maintain fitness for
11 duty.

12 Sec. 68. Section 411.1, subsection 6, Code 1999, is
13 amended to read as follows:

14 6. "Child" means only surviving issue of a deceased active
15 or retired member, or a child legally adopted by a deceased
16 member prior to the member's retirement. "Child" includes
17 only an individual who is under the age of eighteen years, an
18 individual who is under the age of twenty-two years and is a
19 full-time student, or an individual who is disabled at the
20 time under the definitions used in section ~~402~~ 202 of the
21 Social Security Act as amended if the disability occurred to
22 the individual during the time the individual was under the
23 age of eighteen years and the parent of the individual was an
24 active member of the system.

25 Sec. 69. Section 411.1, subsection 10, Code 1999, is
26 amended to read as follows:

27 10. "Medical board" shall mean the ~~board-of-physicians~~
28 single medical provider network designated by the system as
29 the medical board as provided for in section 411.5.

30 Sec. 70. Section 411.1, subsection 12, Code 1999, is
31 amended to read as follows:

32 12. "Membership service" shall mean service as a police
33 ~~officers~~ officer or a ~~fire fighters~~ fighter rendered since
34 ~~last-becoming-a-member,-or,-where-membership-is-regained-as~~
35 provided-in-this-chapter,-all-of-such-service for a city which

1 is credited as service pursuant to section 411.4.

2 Sec. 71. Section 411.1, subsection 19, Code 1999, is
3 amended to read as follows:

4 19. "Surviving spouse" shall mean the surviving spouse of
5 ~~a marriage solemnized prior to retirement of a~~ deceased member
6 from active service. Surviving spouse shall include a former
7 spouse only if the division of assets in the dissolution of
8 marriage decree pursuant to section 598.17 grants the former
9 spouse rights of a spouse under this chapter. ~~If there is no~~
10 ~~surviving spouse of a marriage solemnized prior to retirement~~
11 ~~of a deceased member, surviving spouse includes a surviving~~
12 ~~spouse of a marriage of two years or more duration solemnized~~
13 ~~subsequent to retirement of the member.~~

14 Sec. 72. Section 411.1A, Code 1999, is amended to read as
15 follows:

16 411.1A PURPOSE OF CHAPTER.

17 The purpose of this chapter is to promote economy and
18 efficiency in the municipal public safety service by providing
19 doing the following:

20 1. Provide an orderly means for police officers and fire
21 fighters to have a retirement system which will provide for
22 the payment of pensions to retired members and members
23 incurring disabilities, and to the surviving spouses and
24 dependents of deceased members.

25 2. Provide a comprehensive disability program for police
26 officers and fire fighters to include standards for entrance
27 physical examinations, guidelines for ongoing fitness and
28 wellness, disability pensions, and postdisability retirement
29 compliance requirements.

30 Sec. 73. Section 411.3, subsection 2, Code 1999, is
31 amended to read as follows:

32 2. Should any member ~~in any period of five consecutive~~
33 ~~years after last becoming a member, be absent from service for~~
34 more than four years cease to be employed as a police officer
35 or fire fighter by a city, or should the member become a

1 beneficiary or die, the member shall thereupon cease to be a
2 member of the system.

3 Sec. 74. Section 411.4, Code 1999, is amended to read as
4 follows:

5 411.4 SERVICE CREDITABLE.

6 1. Service for fewer than six months of a year is not
7 creditable as service. Service of six months or more of a
8 year is equivalent to one year of service, but in no case
9 shall more than one year of service be creditable for all
10 service in one calendar year, nor shall the system allow
11 credit as service for any period of more than one month
12 duration during which the member was absent without pay.

13 2. The system shall credit as service for a member of the
14 system a previous period of service ~~for which the~~ only under
15 any of the following circumstances:

16 a. The member had withdrawn the member's accumulated
17 contributions, as defined in section 411.21, for the previous
18 period of service.

19 b. The member returned to service after an absence of
20 service of a period of less than four years from the last day
21 of the prior period of service.

22 c. The member returned to service after an absence of
23 service of a period of four or more years from the last day of
24 the prior period of service and the member had sufficient
25 service as of the last day of the prior period of service to
26 have been entitled to a retirement allowance on that date
27 under section 411.6, subsection 1, paragraph "b".

28 Sec. 75. Section 411.5, subsection 6, Code 1999, is
29 amended by adding the following new paragraph:

30 NEW PARAGRAPH. c. Notwithstanding any provision of
31 chapter 22 to the contrary, the system's records may be
32 released to any political subdivision, instrumentality, or
33 agency of the state solely for use in a civil or criminal law
34 enforcement activity pursuant to the requirements of this
35 paragraph. To obtain the records, the political subdivision,

1 instrumentality, or agency of the state shall, in writing,
2 certify to the system that the activity is authorized by law,
3 provide a written description of the information desired, and
4 describe the law enforcement activity for which the
5 information is sought. The system shall not be civilly or
6 criminally liable for the release of records in accordance
7 with the requirements of this paragraph.

8 Sec. 76. Section 411.5, subsection 8, Code 1999, is
9 amended to read as follows:

10 8. MEDICAL BOARD. The ~~system~~ board of trustees shall
11 designate a single medical provider network as the medical
12 ~~board to-be-composed-of-three-physicians-who~~ for the system.
13 The medical board shall arrange for and pass upon all medical
14 examinations required under the provisions of chapter 400 and
15 this chapter, -except-that-for and shall assist the system in
16 all aspects of the comprehensive disability program described
17 in section 411.1A. For examinations required because of
18 disability ~~three-physicians,~~ a physician from the ~~university~~
19 ~~of-iowa-hospitals-and-clinics-who~~ medical board specializing
20 in occupational medicine, and a second physician specializing
21 in an appropriate field of medicine as determined by the
22 occupational medicine physician shall pass upon the medical
23 examinations required for disability retirements, and shall
24 report to the system in writing ~~its~~ their conclusions and
25 recommendations upon all matters referred to ~~it~~ the medical
26 board. Each report of a medical examination under section
27 411.6, subsections 3 and 5, shall include the medical board's
28 findings in accordance with section 411.6 as to the extent of
29 the member's physical impairment.

30 Sec. 77. Section 411.6, subsection 2, Code 1999, is
31 amended to read as follows:

32 2. ALLOWANCE ON SERVICE RETIREMENT.

33 a. The service retirement allowance for a member who
34 terminates service, other than by death or disability, prior
35 to July 1, 1990, shall consist of a pension which equals fifty

1 percent of the member's average final compensation.

2 b. The service retirement allowance for a member who
3 terminates service, other than by death or disability, on or
4 after July 1, 1990, but before July 1, 1992, shall consist of
5 a pension which equals fifty-four percent of the member's
6 average final compensation.

7 c. Commencing July 1, 1992, for members who terminate
8 service, other than by death or disability, on or after that
9 date, but before July 1, 2000, the system shall increase the
10 percentage multiplier of the member's average final
11 compensation by an additional two percent each July 1 until
12 reaching sixty percent of the member's average final
13 compensation. The applicable percentage multiplier shall be
14 the rate in effect on the date of the member's termination
15 from service.

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

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

25 (1) For a member who terminates service, other than by
26 death or disability, on or after July 1, 1990, but before July
27 1, 1991, and who does not withdraw the member's contributions
28 pursuant to section 411.23, upon the member's retirement there
29 shall be added three-tenths percent of the member's average
30 final compensation for each year of service over twenty-two
31 years, excluding years of service after the member's fifty-
32 fifth birthday. However, this subparagraph does not apply to
33 more than eight additional years of service.

34 (2) For a member who terminates service, other than by
35 death or disability, on or after July 1, 1991, but before

1 October 16, 1992, and who does not withdraw the member's
2 contributions pursuant to section 411.23, upon the member's
3 retirement there shall be added six-tenths percent of the
4 member's average final compensation for each year of service
5 over twenty-two years, excluding years of service after the
6 member's fifty-fifth birthday. However, this subparagraph
7 does not apply to more than eight additional years of service.

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

16 (4) For a member who terminates service, other than by
17 death or disability, on or after July 1, 1998, but before July
18 1, 2000, and who does not withdraw the member's contributions
19 pursuant to section 411.23, upon the member's retirement there
20 shall be added one and one-half percent of the member's
21 average final compensation for each year of service over
22 twenty-two years. However, this subparagraph does not apply
23 to more than eight additional years of service.

24 (5) For a member who terminates service, other than by
25 death or disability, on or after July 1, 2000, and who does
26 not withdraw the member's contributions pursuant to section
27 411.23, upon the member's retirement there shall be added two
28 percent of the member's average final compensation for each
29 year of service over twenty-two years. However, this
30 subparagraph does not apply to more than eight additional
31 years of service.

32 Sec. 78. Section 411.6, subsection 5, paragraph b, Code
33 1999, is amended to read as follows:

34 b. If a member in service or the chief of the police or
35 fire departments becomes incapacitated for duty as a natural

1 or proximate result of an injury or disease incurred in or
2 aggravated by the actual performance of duty at some definite
3 time or place or while acting, pursuant to order, outside the
4 city by which the member is regularly employed, the member,
5 upon being found to be temporarily incapacitated following a
6 medical examination as directed by the city, is entitled to
7 receive the member's full pay and allowances from the city's
8 general fund until re-examined as directed by the city and
9 found to be fully recovered or until the city determines that
10 the member is likely to be permanently disabled. ~~The~~ If the
11 temporary incapacity of a member continues more than sixty
12 days, or if the city expects the incapacity to continue more
13 than sixty days, the city shall notify the system of the
14 temporary incapacity. Upon notification by a city, the system
15 may refer the matter to the medical board for review and
16 consultation with the member's treating physician during the
17 temporary incapacity. Except as provided by this paragraph,
18 the board of trustees of the statewide system has no
19 jurisdiction over these matters until the city determines that
20 the disability is likely to be permanent.

21 Sec. 79. Section 411.6, subsection 6, paragraph c, Code
22 1999, is amended to read as follows:

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

30 Sec. 80. Section 411.6, subsection 7, unnumbered paragraph
31 1, Code 1999, is amended to read as follows:

32 Once each year during the first five years following the
33 retirement of a member on a disability retirement allowance,
34 and once in every three-year period thereafter, the system
35 may, and upon the member's application shall, require any

1 disability beneficiary who has not yet attained age fifty-five
2 to undergo a medical examination at a place designated by the
3 medical board. The examination shall be made by the medical
4 board or in special cases, by an additional physician or
5 physicians designated by such board. If any disability
6 beneficiary who has not attained the age of fifty-five refuses
7 to submit to the medical examination, the member's allowance
8 may be discontinued until withdrawal of such refusal, and if
9 the refusal continues for one year all rights in and to the
10 member's pension may be revoked by the system. For a
11 disability beneficiary who has not attained the age of fifty-
12 five and whose entitlement to a disability retirement
13 commenced on or after July 1, 2000, the medical board may, as
14 part of the examination required by this subsection, suggest
15 appropriate medical treatment or rehabilitation if, in the
16 opinion of the medical board, the recommended treatment or
17 rehabilitation would likely restore the disability beneficiary
18 to duty.

19 Sec. 81. Section 411.6, subsection 7, paragraph a,
20 unnumbered paragraph 1, Code 1999, is amended to read as
21 follows:

22 Should any beneficiary for either ordinary or accidental
23 disability, except a beneficiary who is fifty-five years of
24 age or over ~~and would have completed twenty-two years of~~
25 ~~service if the beneficiary had remained in active service~~, be
26 engaged in a gainful occupation paying more than the
27 difference between the member's net retirement allowance and
28 one and one-half times the earnable compensation of an active
29 member at the same position on the salary scale within the
30 member's rank as the member held at retirement, then the
31 amount of the member's retirement allowance shall be reduced
32 to an amount such that the member's net retirement allowance
33 plus the amount earned by the member shall equal one and one-
34 half times the amount of the current earnable compensation of
35 an active member at the same position on the salary scale

1 within the member's rank as the member held at retirement.
2 Should the member's earning-capacity earnings be later
3 changed, the amount of the member's retirement allowance may
4 be further modified, provided that the new retirement
5 allowance shall not exceed the amount of the retirement
6 allowance adjusted by annual readjustments of pensions
7 pursuant to subsection 12 of this section nor an amount which
8 would cause the member's net retirement allowance, when added
9 to the amount earned by the beneficiary, to equal one and one-
10 half times the amount of the earnable compensation of an
11 active member at the same position on the salary scale within
12 the member's rank as the member held at retirement. A
13 beneficiary restored to active service at a salary less than
14 the average final compensation upon the basis of which the
15 member was retired at age fifty-five or greater, shall not
16 again become a member of the retirement system and shall have
17 the member's retirement allowance suspended while in active
18 service. If the rank or position held by the retired member
19 is subsequently abolished, adjustments to the allowable limit
20 on the amount of income which can be earned in a gainful
21 occupation shall be computed by the board of trustees as
22 though such rank or position had not been abolished and salary
23 increases had been granted to such rank or position on the
24 same basis as increases granted to other ranks and positions
25 in the department. For purposes of this paragraph, "net
26 retirement allowance" means the amount determined by
27 subtracting the amount paid during the previous calendar year
28 by the beneficiary for health insurance or similar health care
29 coverage for the beneficiary and the beneficiary's dependents
30 from the amount of the member's retirement allowance paid for
31 that year pursuant to this chapter. The beneficiary shall
32 submit sufficient documentation to the system to permit the
33 system to determine the member's net retirement allowance for
34 the applicable year.

35 Sec. 82. Section 411.6, subsection 7, Code 1999, is

1 amended by adding the following new paragraph:

2 NEW PARAGRAPH. c. Should a disability beneficiary under
3 age fifty-five be employed in a public safety occupation, the
4 disability beneficiary's retirement allowance shall cease.
5 Notwithstanding any provision of this chapter to the contrary,
6 if a disability beneficiary is employed in a public safety
7 occupation that would otherwise constitute membership service,
8 the disability beneficiary shall not become a member of the
9 system. For purposes of this paragraph, "public safety
10 occupation" means a peace officer, as defined in section
11 97A.1; a protection occupation, as defined in section 97B.49B;
12 a sheriff, deputy sheriff, or airport fire fighter, as defined
13 in section 97B.49C; and a police officer or fire fighter as
14 defined in section 411.1, who was not restored to active
15 service as provided by this subsection.

16 Sec. 83. Section 411.6, subsection 8, Code 1999, is
17 amended to read as follows:

18 8. ORDINARY DEATH BENEFIT.

19 a. Upon the receipt of proof of the death of a member in
20 service, or a member not in service who has completed four or
21 more years of service as provided in subsection 1, paragraph
22 "b", there shall be paid to the person designated by the
23 member to the system as the member's beneficiary, if the
24 member has had one or more years of membership service and no
25 pension is payable under subsection 9, an the greater of the
26 following:

27 (1) An amount equal to fifty percent of the compensation
28 earnable by the member during the year immediately preceding
29 the member's death if the member is in service, or an amount
30 equal to fifty percent of the compensation earned by the
31 member during the member's last year of service if the member
32 is not in service.

33 (2) An amount the member would have been entitled to
34 withdraw pursuant to section 411.23 if the member had
35 terminated service on the date of the member's death.

1 b. In lieu of the payment specified in paragraph "a", a
2 beneficiary meeting the qualifications of paragraph "c" may
3 elect to receive a monthly pension equal to one-twelfth of
4 forty percent of the average final compensation of the member,
5 but not less than twenty percent of the monthly earnable
6 compensation paid to an active member holding the highest
7 grade in the rank of fire fighter, for a beneficiary of a
8 deceased member of a fire department, or the highest grade in
9 the rank of police patrol officer, for a beneficiary of a
10 deceased member of a police department, if the member was in
11 service at the time of death. For a member not in service at
12 the time of death, the pension shall be reduced as provided in
13 subsection 1, paragraph "b".

14 For a member not in service at the time of death, the
15 pension shall be paid commencing when the member would have
16 attained the age of fifty-five except that if there is a child
17 of the member, the pension shall be paid commencing with the
18 member's death until the ~~children-reach-the-age-of-eighteen,~~
19 ~~or-twenty-two-if-applicable~~ child of the member no longer
20 meets the definition of child as provided in section 411.1.
21 The pension shall resume commencing when the member would have
22 attained the age of fifty-five.

23 For a member in service at the time of death, the pension
24 shall be paid commencing with the member's death. In addition
25 to the pension, there shall also be paid for each child of a
26 member, a monthly pension equal to six percent of the monthly
27 earnable compensation paid to an active member holding the
28 highest grade in the rank of fire fighter, for a child of a
29 deceased member of a fire department, or the highest grade in
30 the rank of police patrol officer, for a child of a deceased
31 member of a police department.

32 Notwithstanding section 411.6, subsection 8, Code 1985,
33 effective July 1, 1990, for a member's surviving spouse who,
34 prior to July 1, 1986, elected to receive pension benefits
35 under this paragraph, the monthly pension benefit shall be

1 equal to the higher of one-twelfth of forty percent of the
2 average final compensation of the member, or the amount the
3 surviving spouse was receiving on July 1, 1990.

4 c. The pension under paragraph "b" may be selected only by
5 the following beneficiaries:

6 (1) The spouse.

7 (2) If there is no spouse, or if the spouse dies and there
8 is a child of a member, then the ~~guardian-of-the~~ member's
9 child or children, ~~divided-as-the-system-determines,-to~~
10 ~~continue-as-a-joint-and-survivor-pension-until-every-child-of~~
11 ~~the-member-dies-or-attains-the-age-of-eighteen,-or-twenty-two~~
12 ~~if-applicable~~ in equal shares. The pension to each child
13 shall terminate when the child no longer meets the definition
14 of child in section 411.1.

15 (3) If there is no surviving spouse or child, then the
16 member's dependent father or mother, or both, as the system
17 determines, to continue until remarriage or death.

18 d. ~~If there-is-no-nomination-of~~ the member failed to
19 designate a beneficiary, or if the beneficiary designated by
20 the member predeceases the member, the benefits provided in
21 paragraph "a" of this subsection shall be paid to-the-member's
22 estate- as follows in the following order of priority:

23 (1) To the member's surviving spouse.

24 (2) To the member's surviving children, including any
25 adult children, in equal shares.

26 (3) To the member's surviving parents, in equal shares.

27 (4) To the member's estate.

28 (5) To the member's heirs if the estate is not probated.

29 Sec. 84. Section 411.6, subsection 9, Code 1999, is
30 amended to read as follows:

31 9. ACCIDENTAL DEATH BENEFIT.

32 a. If, upon the receipt of evidence and proof from the
33 chief of the police or fire department that the death of a
34 member in service was the natural and proximate result of an
35 injury or disease incurred in or aggravated by the actual

1 performance of duty at some definite time and place, or while
 2 acting pursuant to order, outside of the city by which the
 3 member is regularly employed, the system decides that death
 4 was so caused in the performance of duty, there shall be paid,
 5 in lieu of the ordinary death benefit provided in subsection
 6 8, ~~to the member's estate or to such person having an~~
 7 ~~insurable interest in the member's life as the member has~~
 8 ~~nominated by written designation duly executed and filed with~~
 9 ~~the system, the benefits~~ an accidental death benefit as set
 10 forth in paragraphs "a" and "b" of this subsection. Disease
 11 under this subsection shall mean heart disease or any disease
 12 of the lungs or respiratory tract and shall be presumed to
 13 have been contracted while on active duty as a result of
 14 strain or the inhalation of noxious fumes, poison, or gases.

15 a. b. A An accidental death benefit pension equal to one-
 16 half of the average final compensation of the member shall be
 17 paid to the member's spouse, children or dependent parents as
 18 provided in paragraphs "c", "d", and "e" of subsection 8 of
 19 this section. There as follows:

20 (1) To the member's spouse.

21 (2) If there is no spouse, or if the spouse dies and there
 22 is a child of the member, then to the member's child or
 23 children in equal shares. The pension to each child shall
 24 terminate when the child no longer meets the definition of
 25 child in section 411.1.

26 (3) If there is no surviving spouse or child, then to the
 27 member's dependent father or mother, or both, as the system
 28 determines, to continue until remarriage or death.

29 c. In addition to the accidental death benefit pension
 30 provided in paragraph "b", there shall also be paid for each
 31 child of a member a monthly pension equal to six percent of
 32 the monthly earnable compensation paid to an active member
 33 holding the highest grade in the rank of fire fighter, for a
 34 child of a deceased member of a fire department, or holding
 35 the highest grade in the rank of police patrol officer, for a

1 child of a deceased member of a police department.

2 d. A person eligible to receive the pension payable under
3 paragraph "b" of this subsection may elect to receive the
4 benefit payable under subsection 8, paragraph "a", in lieu of
5 the pension provided in paragraph "b" of this subsection.

6 b. e. If there is no spouse, child, or dependent parent
7 surviving a deceased member person entitled to the pension
8 payable under paragraph "b" of this subsection, the death
9 shall be treated as an ordinary death case and the benefit
10 payable under subsection 8, paragraph "a", in lieu of the
11 pension provided in paragraph "a" of this subsection, shall be
12 paid to the member's estate as provided by that subsection.

13 ~~Disease under this subsection shall mean heart disease or~~
14 ~~any disease of the lungs or respiratory tract and shall be~~
15 ~~presumed to have been contracted while on active duty as a~~
16 ~~result of strain or the inhalation of noxious fumes, poison,~~
17 ~~or gases.~~

18 Sec. 85. Section 411.6, subsection 11, Code 1999, is
19 amended to read as follows:

20 11. Pension to spouse and children of deceased pensioned
21 member. In the event of the death of any member receiving a
22 retirement allowance under the provisions of subsections 2, 4,
23 or 6 of this section there shall be paid a pension:

24 a. To the spouse, equal to one-half the amount received by
25 the deceased beneficiary, but in no instance less than twenty
26 percent of the monthly earnable compensation paid to an active
27 member holding the highest grade in the rank of fire fighter,
28 for a beneficiary of a deceased member of the fire department,
29 or the highest grade in the rank of police patrol officer, for
30 a beneficiary of a deceased member of a police department, and
31 in addition a monthly pension equal to the monthly pension
32 payable under subsection 9 of this section for each child
33 ~~under eighteen years of age or twenty-two years of age if~~
34 ~~applicable; or~~

35 b. If the spouse dies either prior or subsequent to the

1 death of the member, to the guardian of each surviving child,
2 a monthly pension equal to the monthly pension payable under
3 subsection 9 of this section for the support of the child.

4 Sec. 86. Section 411.6, Code 1999, is amended by adding
5 the following new subsection:

6 NEW SUBSECTION. 14. BENEFICIARY DESIGNATION. A member
7 may designate, in writing on a form prescribed by the system,
8 any person or persons to whom the system will pay a death
9 benefit under this section in the event of the member's death.
10 If the member is married at the time a designation is signed,
11 a designation of a beneficiary other than the member's spouse
12 shall not be valid unless the member's spouse consents in
13 writing to the designation. A designation filed with the
14 system shall be deemed revoked if, subsequent to the
15 designation, a new designation is filed with the system, the
16 member marries, or the member divorces the individual who was
17 the member's named beneficiary.

18 Sec. 87. Section 411.6, Code 1999, is amended by adding
19 the following new subsection:

20 NEW SUBSECTION. 15. LINE OF DUTY DEATH BENEFIT.

21 a. If, upon the receipt of evidence and proof from the
22 chief of the police or fire department that the death of a
23 member in service was the direct and proximate result of a
24 traumatic personal injury incurred in the line of duty, the
25 system decides that death was so caused, there shall be paid,
26 to a person authorized to receive an accidental death benefit
27 as provided in subsection 9, paragraph "b", the amount of one
28 hundred thousand dollars, which shall be payable in a lump
29 sum.

30 b. A line of duty death benefit shall not be payable under
31 this subsection if any of the following applies:

32 (1) The death resulted from stress, strain, occupational
33 illness, or a chronic, progressive, or congenital illness,
34 including, but not limited to, a disease of the heart, lungs,
35 or respiratory system, unless a traumatic personal injury was

1 a substantial contributing factor to the member's death.

2 (2) The death was caused by the intentional misconduct of
3 the member or by the member's intent to cause the member's own
4 death.

5 (3) The member was voluntarily intoxicated at the time of
6 death.

7 (4) The member was performing the member's duties in a
8 grossly negligent manner at the time of death.

9 (5) An individual who would otherwise be entitled to a
10 benefit under this subsection was, through the individual's
11 actions, a substantial contributing factor to the member's
12 death.

13 Sec. 88. Section 411.6, Code 1999, is amended by adding
14 the following new subsection:

15 NEW SUBSECTION. 16. INELIGIBILITY FOR DISABILITY
16 BENEFITS.

17 a. A member otherwise eligible to receive a disability
18 retirement benefit under this chapter shall not be eligible to
19 receive such a benefit if the system determines that any of
20 the following conditions for ineligibility apply:

21 (1) The disability would not exist but for the member's
22 chemical dependency, as defined in section 125.2, on a
23 schedule I controlled substance, as defined in section
24 124.204, or the member's chemical dependency on a schedule II
25 controlled substance, as defined in section 124.206, resulting
26 from the inappropriate use of the schedule II controlled
27 substance.

28 (2) The disability is a mental disability proximately
29 caused by appropriate disciplinary actions taken against the
30 member, or by conflicts with a superior or coworker if the
31 superior or coworker was acting legally and appropriately
32 toward the member when the conflicts occurred.

33 b. A member otherwise eligible to receive a disability
34 retirement benefit under this chapter, or who is receiving
35 such a benefit, shall not be eligible to receive such a

1 benefit beginning with the month following the determination
2 by the system that the disability would not exist but for the
3 action of the member for which the member has been convicted
4 of a felony.

5 c. A member eligible to commence receiving a disability
6 benefit on or after July 1, 2000, may be ineligible to receive
7 a disability retirement benefit if the system determines that
8 the member's alcoholism or drug addiction was a contributing
9 factor material to the determination of the member's
10 disability. Upon a determination that the member's alcoholism
11 or drug addiction was a contributing factor in the member's
12 disability, the system shall direct the member to undergo
13 substance abuse treatment that the medical board determines is
14 appropriate to treat the member's alcoholism or drug
15 addiction. After the end of a twenty-four-month period
16 following the member's first month of entitlement to a
17 disability benefit, the system shall reevaluate the member's
18 disability. If the system determines that the member failed
19 to comply with the treatment program prescribed by this
20 paragraph and that the member would not be disabled but for
21 the member's alcoholism or drug addiction, the member's
22 entitlement to a disability benefit under this chapter shall
23 terminate effective the first day of the first month following
24 the month the member is notified of the system's
25 determination.

26 Sec. 89. Section 411.6, Code 1999, is amended by adding
27 the following new subsection:

28 NEW SUBSECTION. 17. LIMITATIONS ON BENEFITS -- PRISONERS.

29 a. An individual who is otherwise entitled to a retirement
30 allowance under this chapter shall not receive a retirement
31 allowance for any month during which both of the following
32 conditions exist:

33 (1) The individual is confined in a jail, prison, or
34 correctional facility pursuant to the individual's conviction
35 of a felony.

1 (2) The individual has a spouse, or a child or children,
2 as defined in section 411.1.

3 b. The amount of the retirement allowance not paid to the
4 individual under paragraph "a" shall be paid in the following
5 order of priority:

6 (1) To the individual's spouse, if any.

7 (2) If there is no spouse, then to the individual's child
8 or children, as defined in section 411.1.

9 c. This subsection shall not be construed in a manner that
10 impairs the rights of any individual under a marital property,
11 spousal support, or child support order. In addition, this
12 subsection shall not be construed to impair the statutory
13 rights of a governmental entity, including, but not limited
14 to, the right of a governmental entity to collect an amount
15 for deposit in the victim compensation fund established in
16 chapter 915.

17 Sec. 90. Section 411.11, Code 1999, is amended to read as
18 follows:

19 411.11 CONTRIBUTIONS BY THE CITY.

20 1. On or before January 1 of each year the system shall
21 certify to the superintendent of public safety of each
22 participating city the amounts which will become due and
23 payable during the year next following to the fire and police
24 retirement fund. The amounts so certified shall be included
25 by the superintendent of public safety in the annual budget
26 estimate. The amounts so certified shall be appropriated by
27 the respective cities and transferred to the retirement system
28 for the ensuing year. The cities shall annually levy a tax
29 sufficient in amount to cover the appropriations.

30 2. Amounts paid by a city to a member as back pay that
31 would have constituted earnable compensation if paid when
32 earned shall be allocated by the system as earnable
33 compensation to the period or periods for which paid and
34 employer and employee contributions shall be paid to the
35 system for the amounts. The contribution rate to be applied

1 to such amounts shall be determined pursuant to section 411.8
2 based on the rates in effect for the period or periods to
3 which the amounts are allocated. Interest on the
4 contributions required to be paid shall be calculated pursuant
5 to this section as if the contributions were unpaid as of the
6 date the contributions would have been due if the back pay had
7 been paid to the member during the period in which it was due.
8 The requirements of this subsection apply regardless of
9 whether the back pay is made under a covenant not to sue,
10 compromise settlement, denial of liability, or other agreement
11 between the member and the employer.

12 3. Contributions unpaid on the date on which they are due
13 and payable as prescribed by the system shall bear interest at
14 the greater of the interest rate assumption adopted by the
15 board of trustees or the rate of interest on the short-term
16 investment fund account of the system's custodial bank for the
17 period the contributions remain unpaid. Interest due pursuant
18 to this section may be waived by the system pursuant to rules
19 adopted by the board. Interest collected pursuant to this
20 section shall be paid into the retirement fund created in
21 section 411.8.

22 4. If an employer fails to pay contributions or interest
23 as required by this chapter after receiving thirty days'
24 notice of the employer's obligation, the system may maintain a
25 civil action to collect the unpaid contributions and interest
26 from the employer, which action shall be heard as
27 expeditiously as possible. If the system prevails in the
28 civil action to recover unpaid contributions and interest, the
29 court shall require the employer to pay the costs of the
30 action.

31 Sec. 91. Section 411.22, Code 1999, is amended to read as
32 follows:

33 411.22 LIABILITY OF THIRD PARTIES -- SUBROGATION.

34 1. If a member receives an injury or dies for which
35 benefits are payable under section 411.6, subsection 3, or 5,

1 8, or 9, or section 411.15, and if the injury or death is
2 caused under circumstances creating a legal liability for
3 damages against a third party other than the retirement
4 system, the retirement system is subrogated to the rights of
5 the member or the member's legal representative beneficiary
6 entitled to receive a death benefit and may maintain an action
7 for damages against the third party for lost earnings and lost
8 earnings capacity. If the retirement system recovers damages
9 in the action, the court shall enter judgment for distribution
10 of the recovery as follows:

11 a. A sum sufficient to repay the retirement system for the
12 amount of such benefits actually paid by the retirement system
13 up to the time of the entering of the judgment.

14 b. A sum sufficient to pay the retirement system the
15 present worth, computed at the interest rate provided in
16 section 535.3 for court judgments and decrees, of the future
17 payments of such benefits, for which the retirement system is
18 liable, but the sum is not a final adjudication of the future
19 payments which the member is entitled to receive.

20 c. A sum sufficient to repay the retirement system for the
21 costs and expenses of maintaining the action.

22 d. Any balance remaining after the repayments provided by
23 paragraphs "a" through "c" shall be paid to the injured
24 member, or the beneficiary under section 411.6, subsection 8
25 or 9, whichever is applicable.

26 2. If the system, after receiving written notice of the
27 third-party liability, declines in writing to maintain an
28 action against the third party or fails to maintain an action
29 within one hundred eighty days of receiving written notice of
30 the third-party liability, the member, the member's estate, or
31 the legal representative of the member or the member's estate,
32 may maintain an action for damages against the third party.

33 ~~If a member or a member's legal representative commences~~ such
34 an action is commenced, the plaintiff member, estate, or
35 representative shall serve a copy of the original notice upon

1 the retirement system not less than ten days before the trial
2 of the action, but a failure to serve the notice does not
3 prejudice the rights of the retirement system, and the
4 following rights and duties ensue:

5 a. The retirement system shall be indemnified out of the
6 recovery of damages to the extent of benefit payments made
7 paid or awarded by the retirement system, with legal interest,
8 except that the plaintiff member's or estate's attorney fees
9 may be first allowed by the district court. For purposes of
10 this paragraph, "benefit payments paid or awarded" means the
11 sum of the following amounts:

12 (1) The amount of benefits actually paid by the retirement
13 system up to the time of the entering of the judgment.

14 (2) The present worth, computed at the interest rate
15 provided in section 535.3 for court judgments and decrees, of
16 the future payments of such benefits, for which the retirement
17 system is liable, but the sum is not a final adjudication of
18 the future payments which the member is entitled to receive.

19 b. The retirement system has a lien on the damage claim
20 against the third party and on any judgment on the damage
21 claim for benefits for which the retirement system is liable.
22 In order to continue and preserve the lien, the retirement
23 system shall file a notice of the lien within thirty days
24 after receiving a copy of the original notice in the office of
25 the clerk of the district court in which the action is filed.

26 ~~2:--If-a-member-fails-to-bring-an-action-for-damages~~
27 ~~against-a-third-party-within-thirty-days-after-the-retirement~~
28 ~~system-requests-the-member-in-writing-to-do-so, the retirement~~
29 ~~system-is-subrogated-to-the-rights-of-the-member-and-may~~
30 ~~maintain-the-action-against-the-third-party, and-may-recover~~
31 ~~damages-for-the-injury-to-the-same-extent-that-the-member-may~~
32 ~~recover-damages-for-the-injury:--If-the-retirement-system~~
33 ~~recovers-damages-in-the-action, the-court-shall-enter-judgment~~
34 ~~for-distribution-of-the-recovery-as-follows:~~

35 ~~a:--A-sum-sufficient-to-repay-the-retirement-system-for-the~~

1 amount-of-such-benefits-actually-paid-by-the-retirement-system
2 up-to-the-time-of-the-entering-of-the-judgment.

3 b.--A-sum-sufficient-to-pay-the-retirement-system-the
4 present-worth, computed-at-the-interest-rate-provided-in
5 section-535.3-for-court-judgments-and-decrees, of-the-future
6 payments-of-such-benefits, for-which-the-retirement-system-is
7 liable, but-the-sum-is-not-a-final-adjudication-of-the-future
8 payments-which-the-member-is-entitled-to-receive.

9 c.--Any-balance-shall-be-paid-to-the-member.

10 3. Before a settlement is effective between the retirement
11 system and a third party who is liable for an injury or death,
12 the member or beneficiary must consent in writing to the
13 settlement; and if the settlement is between the member or the
14 member's estate and a third party, the retirement system must
15 consent in writing to the settlement; or on refusal to
16 consent, in either case, the district court in the county in
17 which either the city or the retirement system is located must
18 consent in writing to the settlement.

19 4. For purposes of subrogation under this section, a
20 payment made to an injured member, a member's estate, or the
21 member's legal representative of the member or member's
22 estate, by or on behalf of a third party or the third party's
23 principal or agent, who is liable for, connected with, or
24 involved in causing the injury to or death of the member,
25 shall be considered paid as damages because the injury or
26 death was caused under circumstances creating a legal
27 liability against the third party, whether the payment is made
28 under a covenant not to sue, compromise settlement, denial of
29 liability, or is otherwise made.

30 Sec. 92. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY.
31 Sections 70, 73, 74, 87, and 90 of this Act, amending section
32 411.1, subsection 12; section 411.3; section 411.4; section
33 411.6, by creating new subsection 15; and section 411.11,
34 being deemed of immediate importance, take effect upon
35 enactment and are retroactively applicable to January 1, 1992,

1 and are applicable on and after that date.

2 Sec. 93. EFFECTIVE DATE. Section 69 of this Act amending
3 section 411.1, subsection 10, and section 76 of this Act,
4 amending section 411.5, subsection 8, take effect July 1,
5 2001.

6 Sec. 94. STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM --
7 LEGISLATIVE INTENT. It is the intent of the general assembly
8 that members of the retirement system be afforded by action of
9 the general assembly a retirement benefit based upon ninety
10 percent of a member's earnable compensation at the time of a
11 member's retirement after the member has completed thirty
12 years of service when the retirement system can afford it on
13 an actuarially sound basis. At the time the general assembly
14 provides for a retirement benefit as contemplated by this
15 section, proposals to potentially reduce the contribution
16 rates shall be reviewed.

17 DIVISION IV

18 JUDICIAL RETIREMENT SYSTEM

19 Sec. 95. Section 602.9104, Code 1999, is amended to read
20 as follows:

21 602.9104 DEDUCTIONS FROM JUDGES' SALARIES -- CONTRIBUTIONS
22 BY STATE.

23 1. A judge to whom this article applies, shall be paid an
24 amount equal to ~~ninety-six-percent-of~~ the basic salary of the
25 judge as set by the general assembly. ~~An~~ minus an amount
26 ~~equal-to-four-percent-of-the-basic-salary-of-the-judge-as-set~~
27 ~~by-the-general-assembly-is~~ designated as the judge's
28 contribution to the judicial retirement fund, ~~and shall be~~
29 ~~paid-by-the-state-in-the-manner-provided-in-subsection-2.~~ The
30 amount designated as the judge's contribution to the judicial
31 retirement fund shall be calculated as provided in subsection
32 1A and shall be paid by the state in the manner provided in
33 subsection 2.

34 1A. a. Effective with the fiscal year commencing July 1,
35 1994, and for each subsequent fiscal year until the system

1 attains fully funded status based upon the benefits provided
2 for judges through the judicial retirement system as of July
3 1, 2001, contributions to the judicial retirement fund shall
4 be calculated as follows:

5 (1) The state shall contribute annually to the judicial
6 retirement fund an amount equal to at least twenty-three and
7 seven-tenths percent of the basic salary of each judge covered
8 under this article. The state's contribution shall be
9 appropriated directly to the judicial retirement fund.

10 (2) Each judge to whom this article applies shall
11 contribute annually to the judicial retirement fund an amount
12 equal to five percent of the basic salary of the judge as set
13 by the general assembly.

14 b. Commencing with the first fiscal year in which the
15 system attains fully funded status based upon the benefits
16 provided for judges through the judicial retirement system as
17 of July 1, 2001, and for each subsequent fiscal year,
18 contributions to the judicial retirement fund shall be
19 calculated as follows:

20 (1) The state shall contribute annually to the judicial
21 retirement fund an amount equal to sixty percent of the
22 required contribution rate multiplied by the basic salary of
23 each judge covered under this article. The state's
24 contribution shall be appropriated directly to the judicial
25 retirement fund.

26 (2) Each judge to whom this article applies shall
27 contribute annually to the judicial retirement fund an amount
28 equal to forty percent of the required contribution rate
29 multiplied by the basic salary of the judge as set by the
30 general assembly.

31 2. The amount designated in subsection 1 and subsection 1A
32 as the judge's contribution to the judicial retirement fund
33 shall be paid by the department of revenue and finance from
34 the general fund of the state to the court administrator for
35 deposit with the treasurer of state to the credit of the

1 judicial retirement fund. Moneys in the fund are appropriated
2 for the payment of annuities, refunds, and allowances provided
3 by this article, except that the amount of the appropriations
4 affecting payment of annuities, refunds, and allowances to
5 judges of the municipal and superior court is limited to that
6 part of the fund accumulated for their benefit as provided in
7 this article. The corpus and income of the fund shall be used
8 only for the exclusive benefit of the judges covered under
9 this article, their survivors, or an alternate payee who is
10 assigned benefits pursuant to a domestic relations order.

11 3. A judge covered under this article is deemed to consent
12 to the reduction in basic salary as provided in subsection 1.

13 4. a. As used in this subsection section, unless the
14 context otherwise requires:

15 (1) a. "Actuarial valuation" means an actuarial valuation
16 of the judicial retirement system or an annual actuarial
17 update of an actuarial valuation, as required pursuant to
18 section 602.9116.

19 (2) b. "Fully funded status" means that the most recent
20 actuarial valuation reflects that, using the aggregate cost
21 method in accordance with generally recognized and accepted
22 actuarial principles and practices set forth by the American
23 academy of actuaries, the funded status of the system is at
24 least one hundred percent.

25 (3) c. "Required contribution rate" means that percentage
26 of the basic salary of all judges covered under this article
27 which, ~~in addition to the judge's contribution established in~~
28 ~~subsection 1,~~ the actuary of the system determines is
29 necessary to maintain fully funded status.

30 ~~b.---Effective with the fiscal year commencing July 1, 1994,~~
31 ~~and for each subsequent fiscal year until the system attains~~
32 ~~fully funded status, the state shall contribute annually to~~
33 ~~the judicial retirement fund an amount equal to at least~~
34 ~~twenty-three and seven-tenths percent of the basic salary of~~
35 ~~all judges covered under this article.---Commencing with the~~

1 ~~first-fiscal-year-in-which-the-system-attains-fully-funded~~
2 ~~status,-and-for-each-subsequent-fiscal-year,-the-state-shall~~
3 ~~contribute-to-the-judicial-retirement-fund-the-required~~
4 ~~contribution-rate.--The-state's-contribution-shall-be~~
5 ~~appropriated-directly-to-the-judicial-retirement-fund.~~
6 Sec. 96. Section 602.9107, subsection 1, Code 1999, is
7 amended to read as follows:

8 1. a. The annual annuity of a judge under this system is
9 an amount equal to three percent of the judge's average annual
10 basic salary for the judge's last three years as a judge of
11 one or more of the courts included in this article, multiplied
12 by the judge's years of service as a judge of one or more of
13 the courts for which contributions were made to the system.
14 However, an annual annuity shall not exceed an amount equal to
15 a specified percentage of the basic annual salary which the
16 judge is receiving at the time the judge becomes separated
17 from service. Forfeitures shall not be used to increase the
18 annuities a judge or survivor would otherwise receive under
19 the system.

20 b. "Specified percentage", for purposes of this section,
21 means as follows:

22 (1) For judges who retire and receive an annuity prior to
23 July 1, 1998, the specified percentage shall be fifty percent.

24 (2) For judges who retire and receive an annuity on or
25 after July 1, 1998, but before July 1, 2000, the specified
26 percentage shall be fifty-two percent.

27 (3) For judges who retire and receive an annuity on or
28 after July 1, 2000, but before July 1, 2001, the specified
29 percentage shall be fifty-six percent.

30 (4) For judges who retire and receive an annuity on or
31 after July 1, 2001, the specified percentage shall be sixty
32 percent.

33 Sec. 97. Section 602.9204, Code Supplement 1999, is
34 amended to read as follows:

35 602.9204 SALARY -- ANNUITY OF SENIOR JUDGE AND RETIRED

1 SENIOR JUDGE.

2 1. A judge who retires on or after July 1, 1994, and who
3 is appointed a senior judge under section 602.9203 shall be
4 paid a salary as determined by the general assembly. A senior
5 judge or retired senior judge shall be paid an annuity under
6 the judicial retirement system in the manner provided in
7 section 602.9109, but computed under this section in lieu of
8 section 602.9107, as follows: The annuity paid to a senior
9 judge or retired senior judge shall be an amount equal to
10 three percent of the basic senior judge salary, multiplied by
11 the judge's years of service prior to retirement as a judge of
12 one or more of the courts included under this article, for
13 which contributions were made to the system, except the
14 annuity of the senior judge or retired senior judge shall not
15 exceed fifty-percent an amount equal to the applicable
16 specified percentage of the basic senior judge salary used in
17 calculating the annuity. However, following the twelve-month
18 period during which the senior judge or retired senior judge
19 attains seventy-eight years of age, the annuity paid to the
20 person shall be an amount equal to three percent of the basic
21 senior judge salary cap, multiplied by the judge's years of
22 service prior to retirement as a judge of one or more of the
23 courts included under this article, for which contributions
24 were made to the system, except that the annuity shall not
25 exceed fifty-percent an amount equal to the applicable
26 specified percentage of the basic senior judge salary cap. A
27 senior judge or retired senior judge shall not receive
28 benefits calculated using a basic senior judge salary
29 established after the twelve-month period in which the senior
30 judge or retired senior judge attains seventy-eight years of
31 age. The state shall provide, regardless of age, to an active
32 senior judge or a senior judge with six years of service as a
33 senior judge and to the judge's spouse, and pay for medical
34 insurance until the judge attains the age of seventy-eight
35 years.

1 2. As used in this section, unless the context otherwise
2 requires:

3 a. "Applicable specified percentage" means, for a senior
4 judge or retired senior judge, the specified percentage, as
5 defined in section 602.9107, subsection 1, that applied on the
6 date the judge was separated from full-time service.

7 ~~a.~~ b. "Basic senior judge salary" means the basic annual
8 salary which the judge is receiving at the time the judge
9 becomes separated from full-time service, as would be used in
10 computing an annuity pursuant to section 602.9107 without
11 service as a senior judge, plus seventy-five percent of the
12 escalator.

13 ~~b.~~ c. "Basic senior judge salary cap" means the basic
14 senior judge salary, at the end of the twelve-month period
15 during which the senior judge or retired senior judge attained
16 seventy-eight years of age, of the office in which the person
17 last served as a judge before retirement as a judge or senior
18 judge.

19 ~~c.~~ d. "Escalator" means the difference between the current
20 basic salary, as of the time each payment is made up to and
21 including the twelve-month period during which the senior
22 judge or retired senior judge attains seventy-eight years of
23 age, of the office in which the senior judge last served as a
24 judge before retirement as a judge or senior judge, and the
25 basic annual salary which the judge is receiving at the time
26 the judge becomes separated from full-time service as a judge
27 of one or more of the courts included in this article, as
28 would be used in computing an annuity pursuant to section
29 602.9107 without service as a senior judge.

30 EXPLANATION

31 This bill makes numerous changes to public retirement
32 systems, including the public safety peace officers'
33 retirement, accident, and disability system, the Iowa public
34 employees' retirement system, the statewide fire and police
35 retirement system, and the judicial retirement system. This

1 bill may include a state mandate as defined in Code section
2 25B.3. The state mandate funding requirement in Code section
3 25B.2, however, does not apply to public employee retirement
4 systems. The changes to each public retirement system are as
5 follows:

6 PUBLIC SAFETY PEACE OFFICERS' RETIREMENT, ACCIDENT, AND
7 DISABILITY SYSTEM (PORS)

8 Code section 97A.5, governing the administration of the
9 retirement system, is changed to add a retired member of the
10 system to the board of trustees. The retired member of the
11 board shall be elected from the retired members and shall have
12 a two-year term.

13 Code section 97A.6, subsection 2, governing the calculation
14 of retirement benefits, is amended by adding a new paragraph
15 to provide that member of PORS receives 2.75 percent of the
16 member's average final compensation for each year of service
17 up to a total of 32 years of service or a maximum of 88
18 percent.

19 Code section 97A.6, subsection 2, paragraph "e", is amended
20 to provide that a member who retired prior to July 1, 1996,
21 can receive, commencing with the first retirement allowance
22 paid on or after July 1, 2000, an additional benefit of 1.5
23 percent for each additional year of service in the system from
24 22 to 30 total years of service.

25 Code section 97A.6, subsection 8, governing an ordinary
26 death benefit, is amended to provide that certain eligible
27 beneficiaries of a member who dies shall receive, at a
28 minimum, a monthly pension equal to 25 percent, rather than 20
29 percent, of the monthly pay of a senior patrol officer if the
30 member died in service. This changes takes effect upon
31 enactment and is applicable from July 1, 1996.

32 Code section 97A.6, subsection 14, governing the annual
33 readjustment of pensions, is amended. The current
34 readjustment escalator provisions are amended to increase the
35 percentages used to provide an annual readjustment of the

1 pensions payable from the current 30 percent and 33 1/3
2 percent to 40 percent, and from the current 15 percent to 24
3 percent.

4 Code section 97A.6, new subsection 16, provides for a
5 \$100,000 lump sum payment to a person authorized to receive an
6 accidental death benefit if a member in service covered by the
7 peace officers' retirement system dies as a result of a
8 traumatic personal injury incurred in the line of duty. The
9 benefit is in addition to the benefit currently provided for
10 an accidental death while in the performance of duty.

11 In addition to the modification of the current escalator
12 increase received by an eligible member or beneficiary each
13 July 1, the bill provides for adding to the amount calculated
14 using the current escalator provisions as amended by this bill
15 an additional dollar amount based on the number of years the
16 member has been retired. The additional amount is \$15 for a
17 member retired less than five years, \$20 for a member retired
18 between five and 10 years, \$25 for a member retired between 10
19 and 15 years, \$30 for a member retired between 15 and 20
20 years, and \$35 for a member retired over 20 years.

21 Code section 97A.8, concerning the method of financing the
22 PORS through contributions, is amended to permit the board of
23 trustees to adopt a method designed to stabilize changes in
24 the normal contribution rate which could result from
25 fluctuations in the market value of the assets of the system.

26 The bill also provides that it is the intent of the general
27 assembly that members of PORS receive a retirement benefit of
28 90 percent of their earnable compensation after 30 years of
29 service once the system can afford it and it also provides
30 that once 90 percent is reached, proposals to potentially
31 reduce contributions to the system be reviewed.

32 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

33 Code section 97B.1A is amended by adding new subsection 2A
34 which defines accumulated employer contributions as employer
35 contributions made on behalf of a member plus interest.

1 Code section 97B.1A, subsection 8, paragraph "a",
2 subparagraph (1), which provides for the ability of an elected
3 official to opt for coverage, is amended to allow an elected
4 official who has opted to be covered under IPERS to opt out of
5 coverage while still in office. Specifically, the change
6 permits an official to opt out of IPERS coverage if the
7 official terminates employment from all employment covered
8 under this chapter other than employment as an elective
9 official and applies to receive a retirement benefit under
10 IPERS.

11 Code section 97B.1A, subsection 8, concerning the
12 definition of temporary employees, is changed to provide that
13 an employee is a temporary employee if the employee is hired
14 for less than six consecutive months. Current law provides
15 that an employee is a temporary employee if the employee is
16 hired for less than six months in a calendar year.

17 Code section 97B.1A is amended by adding new subsection 14A
18 which defines a member account as the amount established for a
19 member that includes the accumulated contributions of the
20 member and the relevant accumulated employer contributions for
21 that member.

22 Code section 97B.1A is amended by adding subsection 22A
23 which adds a definition for a supplemental account for active
24 members that is consistent with Code section 97B.49H which
25 created this account.

26 Code section 97B.1A, subsection 24, concerning the
27 definition of three-year average covered wage used in
28 determining IPERS retirement benefits is amended by modifying
29 the multiyear mechanism for implementing a revision to the
30 calculation of three-year average covered wage if the member's
31 average wage exceeds a certain dollar level. Current law
32 provides that a member's "three-year average covered wage"
33 will be calculated using the highest seven years for a member
34 who retires during calendar year 2000, 2001, or 2002, and
35 whose three-year average covered wage exceeds \$55,000. The

1 bill provides that only the highest six years will be used,
2 that the income threshold will increase to \$65,000 for persons
3 retiring on or after January 1, 2000, but before 2001, and to
4 \$75,000 for persons retiring in calendar year 2001, and that
5 the modification ends after calendar year 2001 and not after
6 calendar year 2002. The portion of this change which applies
7 to members retiring during calendar year 2000 is effective
8 upon enactment and applicable on or after January 1, 2000.

9 Code section 97B.1A, subsection 24, concerning the three-
10 year average covered wage, is also amended to provide for a
11 new determination of this covered wage for a member who
12 retires on or after July 1, 2003. The change provides that
13 beginning July 2003, a member's three-year average covered
14 wage shall be the greater of the member's highest 12 quarters
15 of service, or the member's highest three years of service.
16 Under current law, a member's three-year average covered wage
17 is determined based solely on calendar years.

18 Code section 97B.1A, subsection 26, defining wages is
19 amended. The new definition specifically provides that wages
20 payable to an employee but that are otherwise deducted from
21 the employee's pay and paid to certain IRS qualified plans are
22 considered wages. Payments for compensatory time are also
23 included up to 240 hours per year. In addition, the amendment
24 lists several categories of payment to an employee that are
25 not considered wages. For example, accrued sick leave
26 payments, accrued vacation leave payments, disability
27 payments, reimbursements for business expenses, early
28 retirement bonuses, employer paid contributions to certain IRS
29 qualified plans as well as for health and life insurance or
30 other fringe benefits, payments for service as an independent
31 contractor, and workers' compensation and unemployment
32 payments are all excluded from the definition of wages.

33 Code section 97B.5 is amended to permit IPERS staff members
34 to seek and hold nonpartisan elective public offices.
35 Currently, IPERS staff members are not allowed to seek or hold

1 any elective public office.

2 Code section 97B.9 is amended to permit the department to
3 charge an employer who fails to make required contributions to
4 IPERS on time a uniform \$10 charge if that charge exceeds the
5 interest on the unpaid contributions. Any charge collected
6 shall be paid into the IPERS fund.

7 Code section 97B.9, concerning the repayment of unpaid
8 contributions from employers and employees for service in
9 IPERS, is amended to provide that the department of personnel
10 can collect the total underpayment owed from the employer.
11 Current law specifying who ultimately is required to pay what
12 share of the underpayment is unchanged. The employee is still
13 obligated to pay the employee's share of unpaid contributions,
14 without interest, to the employer and the employer is allowed
15 to collect this amount from the employee or the employee's
16 estate.

17 Code section 97B.11 is amended to require employers to
18 deduct contributions from an employee's wages regardless of
19 size. Current law does not require a contribution if the
20 amount does not exceed \$1 for a quarter.

21 New Code section 97B.14A is created to require employers to
22 report wages to the department of personnel in a manner and
23 form as prescribed by the department. The new section also
24 permits the department to seek additional information from an
25 employer if the wages reported for an employee appear to be
26 distorted and to require an employer to resubmit wage
27 information if the wages for that employee were misreported.

28 Code section 97B.42A is amended by adding new subsection
29 3A. The change provides that persons employed by a municipal
30 water utility or waterworks that has established an
31 alternative pension and annuity retirement system for its
32 employees pursuant to Code chapter 412 may elect to become
33 members of the Iowa public employees' retirement system
34 (IPERS) pursuant to the requirements of this subsection.

35 The change provides that persons hired on or after the

1 effective date of this bill will become members of IPERS
2 unless they elect coverage in the alternative retirement
3 system established in Code chapter 412. Persons hired before
4 the effective date of this bill become members of IPERS as of
5 July 1, 2000, unless they opt for coverage in the alternative
6 system by August 31, 2000. Persons who become members of
7 IPERS pursuant to this bill have the ability to purchase
8 service credit for time employed by a water utility or
9 waterworks while covered under a retirement system established
10 pursuant to Code chapter 412. A corresponding change to the
11 definitions in section 97B.1A is also made in this bill.

12 Code section 97B.42A is amended to require an employee, who
13 became a member of IPERS during 1999 on the basis of
14 employment that previously was not included within IPERS and
15 who wants to buy back that service, to have at least one or
16 more years of covered wages under IPERS before the buyback is
17 allowed.

18 Code section 97B.44 governing the designation of a
19 beneficiary for death benefits by a member is amended to
20 require that the member obtain the written consent of the
21 member's spouse for an original or changed designation.

22 Code sections 97B.48 and 97B.48A are amended to provide
23 that receipt of a lump sum payment in lieu of a retirement
24 allowance under Code section 97B.48, or receipt of a refund of
25 contributions following retirement from reemployment under
26 Code section 97B.48A, are not considered refunds for service
27 which would allow the member to buy back that service at a
28 later time. Code section 97B.52A is amended to provide that
29 bona fide retirement requirements apply to these payments.

30 Code section 97B.48A, subsection 1, is amended to increase
31 the earned income limit before a member's retirement allowance
32 is reduced pursuant to that section. Currently, a member can
33 earn the greater of \$12,000 or the amount of income permitted
34 under social security before a reduction is potentially
35 applied. This change provides that the \$12,000 be increased

1 to \$14,000.

2 Code section 97B.49B, concerning the definition of
3 employees included in a protection occupation, is amended to
4 add airport security employees covered by the state's merit
5 system who carry or are authorized to carry a weapon for their
6 jobs.

7 Code section 97B.49F, governing the determination of the
8 cost of living dividend, is amended. The dividend program for
9 pre-July 1990 retirees is amended to provide that 100 percent,
10 and not 80 percent, of the percentage based on the consumer
11 price index shall be used in determining the appropriate
12 percentage to use in determining the dividend adjustment each
13 year. The current 3 percent annual limitation on this
14 percentage is not changed by this bill.

15 Code section 97B.49F, subsection 1, concerning the cost-of-
16 living dividend, is amended to provide that the person
17 eligible to receive the dividend must live through to November
18 1, of any particular year to receive a dividend as of the last
19 day of November for that particular year.

20 Code section 97B.49F, subsection 2, concerning the
21 favorable experience dividend, is amended to provide that the
22 person eligible to receive the dividend must live through to
23 January 1 of any particular year in order to receive a
24 dividend as of the last day of January for that particular
25 year.

26 Code section 97B.49F, subsection 2, concerning the
27 favorable experience dividend, is amended. The change
28 provides that the amount deposited in the reserve account of
29 IPERS for the payment of this dividend each year shall not
30 exceed the amount necessary to pay this dividend for the
31 following 10 years. In addition, the subsection is amended to
32 provide that the calculation of the dividend shall be done
33 based upon 12 times the December benefit paid to a member or
34 beneficiary eligible to receive the benefit.

35 Code section 97B.49G is amended to add new subsection 12.

1 This subsection provides that a person employed as a probation
2 officer III or parole officer III, who was a member of the
3 protection occupation for that service between July 1, 1994,
4 and June 30, 1998, shall have the contributions that were
5 contributed to the fund in excess of the percentage applied to
6 most IPERS members deposited in a separate additional
7 contribution account. In addition, any service as a member of
8 a protection occupation for that service will be credited as
9 regular IPERS service. Any amount in that account, plus
10 interest, will be available upon request of the member or upon
11 retirement. Before July 1994, and after June 1998, probation
12 and parole officer IIIs were not included in the protection
13 occupation classification.

14 Code section 97B.49H, governing supplemental accounts for
15 active members, is amended to provide that a member, upon
16 retirement, must elect to receive this amount as a lump sum or
17 annuity. In addition, the section is changed to provide for
18 the determination of the annuity in a manner similar to that
19 used for other annuity options within Code chapter 97B.

20 Code section 97B.50, subsection 1, concerning early
21 retirement, is amended to provide that a vested member can use
22 the normal retirement date calculated using the rule of 88 for
23 that member in determining the applicable reduction in the
24 member's retirement allowance for an early retirement. Under
25 current law, for each year a member retires prior to the
26 normal retirement date, the applicable percentage multiplier
27 is reduced by 3 percent. The bill provides that this change
28 will not be implemented until January 1, 2001, or later, if
29 the system can afford the change after the system determines
30 that the death benefit as provided in this bill can be
31 implemented.

32 Code section 97B.50, subsection 2, governing early
33 retirement and disability, is amended to eliminate the ability
34 of a person who retires due to disability and receives
35 disability payments from federal Social Security or from the

1 federal Railroad Retirement System to receive a retroactive
2 adjustment of IPERS retirement benefits back to July 1, 1990.
3 Instead, the bill allows a member to receive only a 12-month
4 retroactive adjustment of IPERS benefits.

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

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

1 member who became disabled prior to the effective date of the
2 bill, if the member did not terminate the special service
3 employment before the effective date of the bill.

4 Code section 97B.51, governing the retirement allowance
5 options a retired IPERS member may select, is amended by
6 striking the section and replacing it with a new section.
7 Current Code section 97B.51 is retained but reordered to
8 provide that all five primary options available to a member
9 upon retirement are listed in the order IPERS refers to them
10 in their administrative rules. In addition, the new section
11 provides a new option to a member retiring which is reflected
12 in subsection 1, paragraph "d", subparagraph (2). This option
13 allows a member to obtain a decreased retirement allowance and
14 to provide the member's beneficiary with a retirement
15 allowance upon the member's death. The change from the
16 current option reflected in subparagraph (1) is that the
17 member can resume receiving an unreduced retirement allowance
18 as otherwise calculated by Code chapter 97B if the designated
19 beneficiary dies before the retiree.

20 Code section 97B.52, governing the death benefit provided a
21 beneficiary of a member who dies prior to retirement is
22 changed. The change provides that, for a member who dies on
23 or after January 1, 2001, a beneficiary can elect to receive a
24 death benefit equal to the current death benefit or an amount
25 representing the actuarial value of the member's retirement
26 benefit as of the date of death. The bill provides that a
27 death benefit can be paid as an annuity only if there is one
28 beneficiary and the beneficiary so elects. The bill provides
29 that this change shall not be implemented until the system can
30 afford it.

31 Code section 97B.52A, concerning bona fide retirement, is
32 modified to permit an elective official or member of the
33 general assembly to remain in that position and still receive
34 a retirement allowance following termination of other covered
35 employment so long as the elective official or member of the

1 general assembly is not contributing to IPERS coverage for the
2 elected position. In addition, the section is changed to
3 provide that commencing July 2000, a member has a bona fide
4 retirement if the member does not return to any employment
5 with a covered employer until the member has received at least
6 one month of retirement benefits and does not return to any
7 covered employment until the member has received at least four
8 months of retirement benefits. Under current law, a member
9 has to receive four months of benefits before returning to any
10 employment with a covered employer.

11 Code section 97B.53, governing refunds of contributions
12 upon termination of employment, is amended to provide that a
13 member is eligible to receive a portion of the employer
14 contributions only if the member is vested as of the date an
15 application for refund is filed with the department. In
16 addition, the section is amended to permit a member
17 involuntarily terminated from IPERS covered employment who
18 then received a refund as a result, to repay the refund, plus
19 applicable interest, and obtain full service credit for the
20 IPERS service prior to the involuntary termination if the
21 person is ordered reinstated as a remedy arising out of an
22 employment dispute.

23 Code sections 97B.53A, 97B.53B, and 97B.70 are amended to
24 provide for similar treatment of a member's supplemental
25 account as is provided to the member's account which consists
26 of both employee and employer contributions.

27 Code section 97B.60 is amended to require an actuarial
28 investigation of the experience of IPERS every four years
29 beginning with an investigation in calendar year 2002.
30 Currently, IPERS is required to conduct such an experience
31 study every two years.

32 New Code section 97B.82 is added to allow a member to
33 purchase credit for membership service authorized by Code
34 chapter 97B by means of a direct rollover of assets from a
35 qualified plan of the member as authorized by the Internal

1 Revenue Code. This section will not be implemented until the
2 department of personnel receives a determination letter from
3 the internal revenue service approving the change.

4 Code section 97B.13, regarding no income tax deduction, is
5 repealed.

6 STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM

7 Code section 400.8, governing civil service entrance
8 examinations, is amended to provide that the physical
9 examination of applicants for appointment to positions of
10 police officer, police matron, and fire fighter, shall be
11 conducted by the medical board established under Code chapter
12 411. Current law provides that the physical examination be
13 conducted as directed by the civil service commission.

14 New Code section 400.8A authorizes the board of trustees of
15 the Code chapter 411 retirement system, in consultation with
16 the medical board established in Code chapter 411, to
17 establish and maintain protocols and guidelines for ongoing
18 wellness and fitness of police officers and fire fighters
19 while in service. The new section allows, but does not
20 require, cities to apply the protocols and guidelines.

21 Code section 411.1, subsection 19, defining surviving
22 spouse, is amended. The change provides that a person who
23 marries a retired member of the system after the member
24 retired is the member's surviving spouse regardless of the
25 length of the marriage. Under current law, a person who
26 marries a retired member after retirement must be married for
27 at least two years prior to the member's death to be
28 considered a surviving spouse of the deceased member.

29 Code section 411.1A is amended to provide that a purpose of
30 the retirement system is to provide a comprehensive disability
31 program for police officers and fire fighters.

32 Code section 411.3, governing membership in the retirement
33 system, is amended to provide that once a member ceases to be
34 a police officer or fire fighter of a city covered by the
35 system, the member ceases to be a member of the system. Under

1 current law, a member ceased to be a member if the member was
2 absent from service for over four years in any five-year
3 period after last becoming a member. The changes to this
4 section take effect upon enactment and are retroactively
5 applicable to January 1, 1992.

6 Code section 411.4, governing the crediting of service, is
7 amended. The change provides that a member can receive credit
8 for a previous period of service if the member returned to
9 service after an absence from service of less than four years.
10 If the member returned to service after an absence of four or
11 more years, the bill permits the crediting of prior service
12 only if the prior service was long enough to allow for the
13 receipt of a retirement allowance. In addition, current law
14 allows credit for prior service if the member had withdrawn
15 the member's accumulated contributions. Code section 411.1,
16 subsection 12, is also amended to provide that membership
17 service means only that service credited to the member. The
18 changes to Code section 411.4 and to Code section 411.1,
19 subsection 12, take effect upon enactment and are
20 retroactively applicable to January 1, 1992.

21 Code section 411.5, subsection 6, is amended to allow the
22 release of otherwise confidential records under the board's
23 control to a governmental entity for use in a civil or
24 criminal law enforcement activity.

25 Code section 411.5, subsection 8, concerning the
26 composition and duties of the medical board is amended. The
27 bill provides that the system can designate a single medical
28 provider network to arrange for the medical examinations
29 required to be conducted and to assist the system in
30 implementing the comprehensive disability program. The bill
31 provides that a physician specializing in occupational
32 medicine, and another physician specialist selected by that
33 physician, shall conduct disability examinations as required
34 by Code chapter 411. Under current law, three physicians are
35 designated as the medical board and three physicians from the

1 university of Iowa are required to conduct all disability
2 examinations as required by Code chapter 411. This section of
3 the bill takes effect July 1, 2001.

4 Code section 411.6, subsection 2, concerning the retirement
5 allowance for a service retirement, is amended. The change
6 provides, for members retiring on or after July 1, 2000, that
7 the member will receive a service retirement equal to 66
8 percent of the member's average final compensation instead of
9 the current 60 percent. In addition, the subsection is
10 amended to provide that a member retiring on or after July 1,
11 2000, with more than 22 years of service will receive an
12 increase in the percentage applied to the member's average
13 final compensation of 2 percent for each year of additional
14 service over 22 years up to a maximum of eight additional
15 years of service.

16 Code section 411.6, subsection 5, concerning an accidental
17 disability benefit, is amended to provide that a city shall
18 notify the retirement system if a member is temporarily
19 incapacitated for at least 60 days, or if the city expects a
20 member to be temporarily incapacitated for at least 60 days.
21 The change also provides that the medical board can consult
22 with the member's treating physician during the incapacity.
23 Under current law, the system had no right to be involved
24 until the city determined that the disability is likely to be
25 permanent.

26 Code section 411.6, subsection 7, concerning reexaminations
27 of disability retirement beneficiaries, is amended. One
28 change permits the medical board, when the medical board
29 reexamines a disability-retired member, to suggest appropriate
30 treatment or rehabilitation for the member if the medical
31 board believes it might return the retired member to duty.
32 The earnings test for disability retirement beneficiaries is
33 also changed to provide that the test does not apply to a
34 beneficiary who is 55 years old or older. Under current law,
35 the earnings test would still apply to a beneficiary over 55

1 if that beneficiary would not have completed 22 years of
2 service if the beneficiary had remained in active service.
3 Finally, Code section 411.6, subsection 7, is amended by
4 adding a new paragraph which provides that a disability
5 retirement benefit shall cease if the member returns to duty
6 in a public safety occupation. The bill includes service as a
7 special service member under IPERS, a member of PORS, and a
8 member under Code chapter 411 who was not restored to active
9 duty.

10 Code section 411.6, subsection 8, governing an ordinary
11 death benefit, is changed. The bill provides that a
12 beneficiary can select, in lieu of the current death benefit,
13 the amount of contributions and interest the member could have
14 withdrawn pursuant to Code section 411.23. The bill also
15 allows a person over 22 years old but who still meets the
16 definition of child under the chapter to receive a death
17 benefit as provided in this subsection. In addition, the
18 change provides that if no beneficiary is designated, the
19 death benefit will be distributed, in the following priority,
20 to the member's surviving spouse, to the surviving children
21 regardless of age, to the member's surviving parents, to the
22 member's estate, and finally, to the member's heirs.

23 Code section 411.6, subsection 9, concerning an accidental
24 death benefit, is amended to provide that an eligible
25 accidental death benefit beneficiary can elect to receive an
26 ordinary death benefit instead. In addition, the subsection
27 provides that if no spouse, child, or parent eligible to
28 receive an accidental death benefit exists and an ordinary
29 death benefit is to be paid, the payment priority established
30 for an ordinary death benefit will be used to pay the benefit.

31 Code section 411.6, subsection 11, concerning pensions to
32 the spouse or children of a deceased pensioned member, is
33 amended to provide that a person over 22 years old but who
34 still meets the definition of child under the chapter to
35 receive a pension as provided in this subsection.

1 Code section 411.6 is amended by adding new subsection 14
2 governing the designation of a death beneficiary. The new
3 subsection provides that a designation of a person other than
4 the spouse of a member must have the consent of the spouse.
5 In addition, a beneficiary designation is deemed revoked if
6 the member marries, divorces, or files a new designation.

7 Code section 411.6, new subsection 15, provides for a
8 \$100,000 lump sum payment to a person authorized to receive an
9 accidental death benefit if a member in service covered by the
10 municipal fire and police retirement system dies as a result
11 of a traumatic personal injury incurred in the line of duty.
12 The benefit is in addition to the benefit currently provided
13 for an accidental death while in the performance of duty. The
14 bill takes effect upon enactment and applies retroactively to
15 January 1, 1992.

16 Code section 411.6 is amended by adding new subsection 16
17 providing that a member otherwise eligible for a disability
18 pension would be ineligible under certain circumstances. The
19 new subsection provides that a member is ineligible to receive
20 a disability pension if the disability was caused by the
21 member's chemical dependency on certain controlled substances,
22 an act in which the member is convicted of a felony, or if a
23 mental disability was caused by appropriate disciplinary
24 actions or conflicts at work. However, if the medical board
25 finds that alcoholism or drug addiction contributed to the
26 disability, the member still receives a disability pension but
27 will be required to submit to treatment and be reevaluated in
28 24 months. If the member fails to comply with treatment and
29 the reevaluation indicates that the member would not be
30 disabled but for the alcoholism or addiction, the member is
31 then ineligible to receive a disability pension.

32 Code section 411.6 is amended by adding new subsection 17
33 providing that a member otherwise eligible for a pension would
34 be ineligible for that period when the member is incarcerated
35 due to a conviction for a felony. The new subsection provides

1 that the member's pension would be paid to the member's
2 spouse, if any, and then to any children of the member.
3 However, if no spouse or children exist, then the pension
4 remains payable to the individual. The new subsection does
5 provide, however, that the provisions of this new subsection
6 do not impair the right of a person entitled to an amount from
7 the member pursuant to a marital property, spousal support, or
8 child support agreement and do not impair the statutory rights
9 of a governmental entity.

10 Code section 411.11, concerning contributions to the system
11 by a city, is amended. One change provides that if a member
12 is awarded back pay from a city that would otherwise
13 constitute earnable compensation under the chapter,
14 contributions, and interest on the back pay awarded, shall be
15 paid to the system. In addition, the back pay is then
16 allocated to the member's earnable compensation for the period
17 in which it would have been paid. Another change to the
18 section allows the system to collect interest on unpaid
19 contributions at a rate equal to the system's interest rate
20 assumption or the interest charged by a bank on the system's
21 short-term investment fund account. In addition, the system
22 is granted the right to collect unpaid contributions from a
23 city in a legal action with costs of the action assessed to
24 the city if the system prevails. The changes to this section
25 take effect upon enactment and are retroactively applicable to
26 January 1, 1992.

27 Code section 411.22, concerning the system's right to
28 maintain an action to recover benefits paid when a third party
29 is liable, is amended. The section is amended to provide that
30 the system is subrogated to the rights of a member's
31 beneficiary who receives a death benefit for the death of a
32 member in which a third party is liable. In addition, the
33 section is changed to provide that the system is entitled to
34 bring an action against a liable third party for lost earnings
35 and lost earnings capacity prior to the member or the member's

1 Code section 411.6 is amended by adding new subsection 14
2 governing the designation of a death beneficiary. The new
3 subsection provides that a designation of a person other than
4 the spouse of a member must have the consent of the spouse.
5 In addition, a beneficiary designation is deemed revoked if
6 the member marries, divorces, or files a new designation.

7 Code section 411.6, new subsection 15, provides for a
8 \$100,000 lump sum payment to a person authorized to receive an
9 accidental death benefit if a member in service covered by the
10 municipal fire and police retirement system dies as a result
11 of a traumatic personal injury incurred in the line of duty.
12 The benefit is in addition to the benefit currently provided
13 for an accidental death while in the performance of duty. The
14 bill takes effect upon enactment and applies retroactively to
15 January 1, 1992.

16 Code section 411.6 is amended by adding new subsection 16
17 providing that a member otherwise eligible for a disability
18 pension would be ineligible under certain circumstances. The
19 new subsection provides that a member is ineligible to receive
20 a disability pension if the disability was caused by the
21 member's chemical dependency on certain controlled substances,
22 an act in which the member is convicted of a felony, or if a
23 mental disability was caused by appropriate disciplinary
24 actions or conflicts at work. However, if the medical board
25 finds that alcoholism or drug addiction contributed to the
26 disability, the member still receives a disability pension but
27 will be required to submit to treatment and be reevaluated in
28 24 months. If the member fails to comply with treatment and
29 the reevaluation indicates that the member would not be
30 disabled but for the alcoholism or addiction, the member is
31 then ineligible to receive a disability pension.

32 Code section 411.6 is amended by adding new subsection 17
33 providing that a member otherwise eligible for a pension would
34 be ineligible for that period when the member is incarcerated
35 due to a conviction for a felony. The new subsection provides

1 that the member's pension would be paid to the member's
2 spouse, if any, and then to any children of the member.
3 However, if no spouse or children exist, then the pension
4 remains payable to the individual. The new subsection does
5 provide, however, that the provisions of this new subsection
6 do not impair the right of a person entitled to an amount from
7 the member pursuant to a marital property, spousal support, or
8 child support agreement and do not impair the statutory rights
9 of a governmental entity.

10 Code section 411.11, concerning contributions to the system
11 by a city, is amended. One change provides that if a member
12 is awarded back pay from a city that would otherwise
13 constitute earnable compensation under the chapter,
14 contributions, and interest on the back pay awarded, shall be
15 paid to the system. In addition, the back pay is then
16 allocated to the member's earnable compensation for the period
17 in which it would have been paid. Another change to the
18 section allows the system to collect interest on unpaid
19 contributions at a rate equal to the system's interest rate
20 assumption or the interest charged by a bank on the system's
21 short-term investment fund account. In addition, the system
22 is granted the right to collect unpaid contributions from a
23 city in a legal action with costs of the action assessed to
24 the city if the system prevails. The changes to this section
25 take effect upon enactment and are retroactively applicable to
26 January 1, 1992.

27 Code section 411.22, concerning the system's right to
28 maintain an action to recover benefits paid when a third party
29 is liable, is amended. The section is amended to provide that
30 the system is subrogated to the rights of a member's
31 beneficiary who receives a death benefit for the death of a
32 member in which a third party is liable. In addition, the
33 section is changed to provide that the system is entitled to
34 bring an action against a liable third party for lost earnings
35 and lost earnings capacity prior to the member or the member's

1 estate having the right to seek recovery. Under current law,
2 the member has the right to seek legal action and the system
3 is entitled to maintain an action if the member fails to bring
4 an action after the system requests the member to bring the
5 action. The amended section provides that if the system
6 recovers damages, the court shall enter judgment in an amount
7 for the system sufficient to pay the system for any past and
8 future benefits for which the system is liable and to pay the
9 system the costs of the action. The remainder of any damages
10 recovered shall be awarded to the member or member's
11 beneficiary or estate. The amended section further provides
12 that the member or member's estate may maintain an action if
13 the system declines in writing to maintain an action or fails
14 to maintain an action within 180 days of receiving notice of
15 the potential third-party liability.

16 The bill also provides that it is the intent of the general
17 assembly that members of the statewide system receive a
18 retirement benefit of 90 percent of their earnable
19 compensation after 30 years of service once the system can
20 afford it and it provides that once 90 percent is reached,
21 proposals to potentially reduce contributions to the system be
22 reviewed.

23 JUDICIAL RETIREMENT SYSTEM

24 Code section 602.9104, governing contributions from judges
25 and the state to the judicial retirement system, is amended.
26 The change provides that the state will contribute 23.7
27 percent of all judges' salaries, and each judge will
28 contribute 5 percent of the judge's salary to the fund, until
29 the actuary determines that the fund has reached fully funded
30 status based upon the benefits provided judges as of July 1,
31 2001. Current law provides that the stated percentages shall
32 be contributed until the fund has reached fully funded status
33 based upon the benefits provided judges as of the date of the
34 actuarial valuation. Once fully funded status is reached,
35 based upon the benefits provided as of July 1, 2001, the

1 amendment to Code section 602.9104 provides that the state
2 contribute 60 percent, and the judges' 40 percent, of the cost
3 to maintain the fund in a fully funded status. Under current
4 law, once fully funded status is reached, the state's
5 contribution is decreased while maintaining the judge's 4
6 percent contribution rate.

7 Code section 602.9107, governing the basic retirement
8 annuity for a judge, is amended. The amendment provides that
9 the maximum annuity for a judge retiring between July 1, 2000,
10 and July 1, 2001, shall be limited to 56 percent of the
11 judge's average annual salary for the last three years of
12 service, while the maximum annuity for a judge retiring on or
13 after July 1, 2001, shall be limited to 60 percent. Under
14 current law, a judge receives an annuity based on 3 percent of
15 salary multiplied by the number of years of service with a cap
16 of 52 percent. The increase in this percentage is also
17 applied to the calculation of a senior judge pension with the
18 percentage to be applied to the benefits in existence as of
19 the date the judge ceased to be a full-time judge.

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SENATE FILE 2411

S-5069

1 Amend Senate File 2411 as follows:

2 1. Page 40, by inserting after line 2 the
3 following:

4 "Sec. _____. Section 97B.52, Code 1999, is amended
5 by adding the following new subsection:

6 NEW SUBSECTION. 1A. a. If the department
7 determines, upon the receipt of evidence and proof,
8 that the death of a member in special service was the
9 direct and proximate result of a traumatic personal
10 injury incurred in the line of duty as a member in
11 special service, a line of duty death benefit in an
12 amount of one hundred thousand dollars shall be paid
13 in a lump sum to the special service member's
14 beneficiary. A line of duty death benefit payable
15 under this subsection shall be in addition to any
16 death benefit payable as provided in subsection 1.

17 b. A line of duty death benefit shall not be
18 payable under this subsection if any of the following
19 applies:

20 (1) The death resulted from stress, strain,
21 occupational illness, or a chronic, progressive, or
22 congenital illness, including, but not limited to, a
23 disease of the heart, lungs, or respiratory system,
24 unless a traumatic personal injury was a substantial
25 contributing factor to the special service member's
26 death.

27 (2) The death was caused by the intentional
28 misconduct of the special service member or by the
29 special service member's intent to cause the special
30 service member's own death.

31 (3) The special service member was voluntarily
32 intoxicated at the time of death.

33 (4) The special service member was performing the
34 special service member's duties in a grossly negligent
35 manner at the time of death.

36 (5) An individual who would otherwise be entitled
37 to a benefit under this subsection was, through the
38 individual's actions, a substantial contributing
39 factor to the special service member's death."

40 2. Page 40, by inserting after line 13 the
41 following:

42 "Sec. _____. Section 97B.52, subsection 3, paragraph
43 a, Code 1999, is amended to read as follows:

44 a. Other than as provided in subsections 1, 1A,
45 and 2 of this section, or section 97B.51, all rights
46 to any benefits under the retirement system shall
47 cease upon the death of a member."

48 3. Page 43, by striking lines 20 and 21 and
49 inserting the following: "allowance and prior to the
50 receipt of any such refund, the benefits of authorized

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1 by subsection 1 and subsection 1A of section 97B.52
2 shall be paid."

3 4. By renumbering as necessary.

By RICHARD F. DRAKE
SHELDON RITTMER

JOHN P. KIBBIE
MIKE CONNOLLY

S-5069 FILED MARCH 7, 2000

Adopted 3/8/00 (p. 575)
SENATE FILE 2411

S-5051

1 Amend Senate File 2411 as follows:

2 1. Page 26, by inserting after line 18 the
3 following:

4 "Sec. ____ . Section 97B.50, subsection 2, Code
5 1999, is amended by adding the following new
6 paragraph:

7 NEW PARAGRAPH. c. A vested member who terminated
8 service due to a disability, who has been issued
9 payment for a refund pursuant to section 97B.53, and
10 who subsequently commences receiving disability
11 benefits as a result of that disability pursuant to
12 the federal Social Security Act, 42 U.S.C. § 423 et
13 seq., or the federal Railroad Retirement Act, 45
14 U.S.C. § 231 et seq., may apply for retirement
15 benefits as provided by this section and receive
16 credit for membership service for the period covered
17 by the refund payment, upon repayment to the
18 department of the refund plus interest that would have
19 accrued, within ninety days after July 1, 2000, or the
20 date federal disability payments commenced, whichever
21 occurs later. The department shall determine the
22 amount of the repayment to the department based upon
23 the interest that would have accrued."

24 2. By renumbering as necessary.

By ELAINE SZYMONIAK

S-5051 FILED MARCH 1, 2000

*W/D
3/8/00
(p. 575)*

SENATE FILE 2411

S-5086

1 Amend Senate File 2411 as follows:

2 1. Page 48, by inserting after line 3 the
3 following:

4 "Sec. ____ . NEW SECTION. 97B.80A VOLUNTEER PUBLIC
5 SERVICE CREDIT.

6 1. A vested or retired member who has five or more
7 full calendar years of covered wages and who at any
8 time was in full-time volunteer public service, upon
9 submitting verification of the full-time volunteer
10 public service and the dates of the service, may make
11 contributions to the system for up to the lesser of
12 twenty quarters of service credit for such volunteer
13 public service or the entire period of the volunteer
14 public service, in increments of one or more calendar
15 quarters, and receive credit for membership service
16 and prior service for the period of time for which the
17 contributions are made. For purposes of this section,
18 "full-time volunteer public service" means service in
19 the federal peace corps program.

20 2. The contributions required to be made for
21 purposes of this section shall be in an amount equal
22 to the actuarial cost of the service purchase. For
23 purposes of this subsection, the actuarial cost of the
24 service purchase is an amount determined by the
25 department in accordance with actuarial tables, as
26 reported to the department by the system's actuary,
27 which reflects the actuarial cost necessary to fund an
28 increased retirement allowance resulting from the
29 purchase of additional service.

30 3. The verification of the full-time volunteer
31 public service and the dates of such service shall be
32 made by the department prior to receiving
33 contributions from the member.

34 4. A member eligible for an increased retirement
35 allowance because of the payment of contributions
36 under this section is entitled to receipt of
37 retroactive adjustment payments for no more than six
38 months immediately preceding the month in which the
39 member pays contributions under this section.

40 5. A purchase of service made in accordance with
41 this section by a retired reemployed member shall be
42 applied to either the member's original retirement
43 allowance, or to the member's reemployment service,
44 whichever is more beneficial to the member. If
45 applied to a member's original retirement allowance,
46 or to the member's reemployment service after the
47 retirement allowance payments for such service begin,
48 the member is eligible to receive retroactive
49 adjustment payments for no more than six months prior
50 to completion of the purchase.

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1 6. The department shall ensure that the member, in
2 exercising an option provided in this section, does
3 not exceed the amount of annual additions to a
4 member's account permitted pursuant to section 415 of
5 the federal Internal Revenue Code."

6 2. By renumbering as necessary.

By MARK SHEARER

S-5086 FILED MARCH 8, 2000
ADOPTED

(P. 574)

SENATE FILE 2411

S-5088

1 Amend Senate File 2411 as follows:

2 1. Page 56, lines 17 and 18, by striking the
3 words and figures "but before July 1, 2000,".

4 2. Page 56, by striking lines 24 through 31.

5 3. Page 68, by inserting after line 16 the
6 following:

7 "Sec. ____ . Section 411.8, subsection 1, paragraph
8 b, Code 1999, is amended to read as follows:

9 b. On the basis of the rate of interest and of the
10 mortality, interest and other tables adopted by the
11 system, the actuary engaged by the system to make each
12 valuation required by this chapter, shall immediately
13 after making such valuation, determine the "normal
14 contribution rate". Except as otherwise provided in
15 this lettered paragraph, the normal contribution rate
16 shall be the rate percent of the earnable compensation
17 of all members obtained by deducting from the total
18 liabilities of the fund the amount of the funds in
19 hand to the credit of the fund and dividing the
20 remainder by one percent of the present value of the
21 prospective future compensation of all members as
22 computed on the basis of the rate of interest and of
23 mortality and service tables adopted, all reduced by
24 the employee contribution made pursuant to paragraph
25 "f" of this subsection. However, the normal rate of
26 contribution shall not be less than ~~seventeen-percent~~
27 the applicable minimum percentage as provided in this
28 paragraph.

29 Beginning July 1, 1996, and each fiscal year
30 thereafter, the normal contribution rate shall be the
31 rate percent of the earnable compensation of all
32 members obtained by deducting from the total
33 liabilities of the fund the amount of the funds in
34 hand to the credit of the fund and dividing the
35 remainder by one percent of the present value of the
36 prospective future compensation of all members as
37 computed on the basis of the rate of interest and of
38 mortality and service tables adopted, multiplied by
39 six-tenths, or ~~seventeen-percent~~ the applicable
40 minimum percentage, whichever is greater.

41 The normal rate of contribution shall be determined
42 by the actuary after each valuation.

43 For purposes of this paragraph, the "applicable
44 minimum percentage" shall be seventeen percent for
45 each fiscal year beginning prior to July 1, 2000, and
46 fifteen percent for each fiscal year beginning on or
47 after July 1, 2000.

48 Sec. ____ . Section 411.8, subsection 1, paragraph
49 f, subparagraph (8), Code 1999, is amended to read as
50 follows:

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1 (8) Beginning July 1, 1996, and each fiscal year
2 thereafter, an amount equal to the member's
3 contribution rate times each member's compensation
4 shall be paid to the fund from the earnable
5 compensation of the member. For the purposes of this
6 subparagraph, the member's contribution rate shall be
7 nine and thirty-five hundredths percent. However, the
8 system shall increase the member's contribution rate
9 as necessary to cover any increase in cost to the
10 system resulting from statutory changes which are
11 enacted by any session of the general assembly meeting
12 after January 1, 1991, if the increase cannot be
13 absorbed within the contribution rates otherwise
14 established pursuant to this paragraph, but subject to
15 a maximum employee contribution rate ~~of eleven and~~
16 three-tenths percent as provided in this subparagraph.
17 The contribution rate increases specified in 1994 Iowa
18 Acts, chapter 1183, pursuant to this chapter and
19 chapter 97A shall be the only member contribution rate
20 increases for these systems resulting from the
21 statutory changes enacted in 1994 Iowa Acts, chapter
22 1183, and shall apply only to the fiscal periods
23 specified in 1994 Iowa Acts, chapter 1183. After the
24 employee contribution reaches ~~eleven and three-tenths~~
25 percent the maximum employee contribution rate, sixty
26 percent of the additional cost of such statutory
27 changes shall be paid by employers under paragraph "c"
28 and forty percent of the additional cost shall be paid
29 by employees under this paragraph. For purposes of
30 this subparagraph, the "maximum employee contribution
31 rate" shall be eleven and three-tenths percent for
32 each fiscal year beginning prior to July 1, 2000, and
33 ten percent for each fiscal year beginning on or after
34 July 1, 2000."

35 4. Page 69, by inserting after line 30 the
36 following:

37 "Sec. ____ . Section 411.20, unnumbered paragraph 2,
38 Code 1999, is amended to read as follows:

39 Moneys appropriated by the state shall not be used
40 to reduce the normal rate of contribution of any city
41 below ~~seventeen~~ fifteen percent."

42 5. By renumbering as necessary.

By MARY A. LUNDBY

S-5088 FILED MARCH 8, 2000
WITHDRAWN

(p. 57)

SENATE FILE 2411

S-5090

1 Amend Senate File 2411 as follows:

2 1. Page 56, lines 17 and 18, by striking the
3 words and figures "but before July 1, 2000,".

4 2. Page 56, by striking lines 24 through 31.

5 3. Page 68, by inserting after line 16 the
6 following:

7 "Sec. ____ . Section 411.8, subsection 1, paragraph
8 b, Code 1999, is amended to read as follows:

9 b. On the basis of the rate of interest and of the
10 mortality, interest and other tables adopted by the
11 system, the actuary engaged by the system to make each
12 valuation required by this chapter, shall immediately
13 after making such valuation, determine the "normal
14 contribution rate". Except as otherwise provided in
15 this lettered paragraph, the normal contribution rate
16 shall be the rate percent of the earnable compensation
17 of all members obtained by deducting from the total
18 liabilities of the fund the amount of the funds in
19 hand to the credit of the fund and dividing the
20 remainder by one percent of the present value of the
21 prospective future compensation of all members as
22 computed on the basis of the rate of interest and of
23 mortality and service tables adopted, all reduced by
24 the employee contribution made pursuant to paragraph
25 "f" of this subsection. However, the normal rate of
26 contribution shall not be less than ~~seventeen-percent~~
27 the applicable minimum percentage as provided in this
28 paragraph.

29 Beginning July 1, 1996, and each fiscal year
30 thereafter, the normal contribution rate shall be the
31 rate percent of the earnable compensation of all
32 members obtained by deducting from the total
33 liabilities of the fund the amount of the funds in
34 hand to the credit of the fund and dividing the
35 remainder by one percent of the present value of the
36 prospective future compensation of all members as
37 computed on the basis of the rate of interest and of
38 mortality and service tables adopted, multiplied by
39 six-tenths, or ~~seventeen-percent~~ the applicable
40 minimum percentage, whichever is greater.

41 The normal rate of contribution shall be determined
42 by the actuary after each valuation.

43 For purposes of this paragraph, the "applicable
44 minimum percentage" shall be seventeen percent for
45 each fiscal year beginning prior to July 1, 2000, and
46 fifteen percent for each fiscal year beginning on or
47 after July 1, 2000."

48 4. Page 69, by inserting after line 30 the
49 following:

50 "Sec. ____ . Section 411.20, unnumbered paragraph 2,

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- 1 Code 1999, is amended to read as follows:
- 2 Moneys appropriated by the state shall not be used
- 3 to reduce the normal rate of contribution of any city
- 4 below ~~seventeen~~ fifteen percent."
- 5 5. By renumbering as necessary.

By MARY A. LUNDBY

S-5090 FILED MARCH 8, 2000

LOST (p. 577)

SENATE FILE 2411

S-5091

- 1 Amend Senate File 2411 as follows:
- 2 1. Page 49, by inserting after line 27 the
- 3 following:
- 4 "Sec. ____ . IOWA PUBLIC EMPLOYEES' RETIREMENT
- 5 SYSTEM -- PENSION PORTABILITY STUDY -- REPORT. The
- 6 Iowa public employees' retirement system division
- 7 shall conduct a study to consider various proposals to
- 8 provide persons covered under the Iowa public
- 9 employees' retirement system increased portability of
- 10 pensions earned prior to coverage under the Iowa
- 11 public employees' retirement system and of the pension
- 12 earned under the Iowa public employees' retirement
- 13 system. In conducting its study, the Iowa public
- 14 employees' retirement system division shall consider
- 15 proposals for allowing employees covered under the
- 16 Iowa public employees' retirement system to purchase
- 17 additional service credit under the Iowa public
- 18 employees' retirement system based on prior public
- 19 sector or private sector employment that is not
- 20 covered under the system as well as proposals for
- 21 enhancing the ability of employees covered under the
- 22 Iowa public employees' retirement system to transfer a
- 23 greater portion of the value of the pension earned
- 24 under the Iowa public employees' retirement system to
- 25 another pension plan upon the employee's termination
- 26 of employment covered by the Iowa public employees'
- 27 retirement system. On or before September 1, 2001,
- 28 the Iowa public employees' retirement system division
- 29 shall file a report with the legislative service
- 30 bureau, for distribution to the public retirement
- 31 systems committee established in section 97D.4, which
- 32 contains its findings and recommendations, including
- 33 any proposal or proposals for enhancing pension
- 34 portability for persons covered by the Iowa public
- 35 employees' retirement system. The report shall also
- 36 contain any applicable actuarial information
- 37 concerning the costs of any proposal or proposals
- 38 included in the report."
- 39 2. By renumbering as necessary.

By SHELDON RITTMER

S-5091 FILED MARCH 8, 2000

ADOPTED

(p. 577)

SENATE FILE 2411

S-5093

1 Amend Senate File 2411 as follows:

2 1. Page 21, by inserting after line 18 the
3 following:

4 "Sec. ____ . Section 97B.49B, subsection 1,
5 paragraph a, Code 1999, is amended to read as follows:

6 a. "Applicable percentage" means the greater of
7 the following percentages:

8 (1) sixty ~~Sixty~~ percent ~~or, for,~~

9 (2) For each active or inactive vested member
10 retiring on or after July 1, 1996, but before July 1,
11 2000, sixty percent plus, if applicable, an additional
12 one-fourth of one percentage point for each additional
13 calendar quarter of eligible service beyond twenty-
14 five years of service for the member, not to exceed a
15 total of five additional percentage points.

16 (3) For each active or inactive vested member
17 retiring on or after July 1, 2000, but before July 1,
18 2001, sixty percent plus, if applicable, an additional
19 one-fourth of one percentage point for each additional
20 calendar quarter of eligible service beyond twenty-
21 four years of service for the member, not to exceed a
22 total of six additional percentage points.

23 (4) For each active or inactive vested member
24 retiring on or after July 1, 2001, but before July 1,
25 2002, sixty percent plus, if applicable, an additional
26 one-fourth of one percentage point for each additional
27 calendar quarter of eligible service beyond twenty-
28 three years of service for the member, not to exceed a
29 total of seven additional percentage points.

30 (5) For each active or inactive vested member
31 retiring on or after July 1, 2002, but before July 1,
32 2003, sixty percent plus, if applicable, an additional
33 one-fourth of one percentage point for each additional
34 calendar quarter of eligible service beyond twenty-two
35 years of service for the member, not to exceed a total
36 of eight additional percentage points.

37 (6) For each active or inactive vested member
38 retiring on or after July 1, 2003, sixty percent plus,
39 if applicable, an additional three-eighths of one
40 percentage point for each additional calendar quarter
41 of eligible service beyond twenty-two years of service
42 for the member, not to exceed a total of twelve
43 additional percentage points.

44 Sec. ____ . Section 97B.49B, subsection 1, Code
45 1999, is amended by adding the following new
46 paragraph:

47 NEW PARAGRAPH. aa. "Applicable years of service"
48 means the following:

49 (1) For each active or inactive vested member
50 retiring on or after July 1, 1996, and before July 1,

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1 2000, twenty-five.

2 (2) For each active or inactive vested member
3 retiring on or after July 1, 2000, and before July 1,
4 2001, twenty-four.

5 (3) For each active or inactive vested member
6 retiring on or after July 1, 2001, and before July 1,
7 2002, twenty-three.

8 (4) For each active or inactive vested member
9 retiring on or after July 1, 2002, twenty-two.

10 Sec. _____. Section 97B.49B, subsection 1, paragraph
11 c, Code 1999, is amended to read as follows:

12 c. "Fraction of years of service" means a number,
13 not to exceed one, equal to the sum of the years of
14 eligible service in a protection occupation divided by
15 twenty-five the applicable years of service for the
16 member."

17 2. Page 21, by inserting after line 24 the
18 following:

19 "Sec. _____. Section 97B.49D, subsection 1,
20 paragraph b, Code 1999, is amended to read as follows:

21 b. One-twelfth of an amount equal to the
22 applicable percentage of the member's three-year
23 average covered wage multiplied by a fraction of years
24 of service. The fraction of years of service for
25 purposes of this paragraph shall be the actual years
26 of service, not to exceed twenty-five the applicable
27 years of service for the member as defined in section
28 97B.49B, earned in a position described in section
29 97B.49B, for which special service contributions were
30 made, divided by twenty-five the applicable years of
31 service for the member as defined in section 97B.49B.

32 In calculating the fractions of years of service under
33 the paragraph, a member shall not receive special
34 service credit for years of service for which the
35 member and the member's employer did not make the
36 required special service contributions to the
37 department."

38 3. Page 39, line 9, by striking the word "twenty-
39 five" and inserting the following: "twenty-five the
40 applicable years of service for the member as defined
41 in section 97B.49B if the member had retired on the
42 date of death".

43 4. By renumbering as necessary.

By ANDY MCKEAN
 STEVE KING
 KEN VEENSTRA
 JOHN P. KIBBIE
 EUGENE S. FRAISE
 ROBERT E. DVORSKY
 BETTY A. SOUKUP
 JOHN W. JENSEN
 MARY A. LUNDBY
 JOHN JUDGE
 MICHAEL E. GRONSTAL
 MIKE CONNOLLY
 BILL FINK
 JOHNIE HAMMOND

MARK SHEARER
 MIKE SEXTON
 MATT MCCOY
 LYLE E. ZIEMAN
 TOM FLYNN
 JOE BOLKCOM
 MAGGIE TINSMAN
 JERRY BEHN
 E. THURMAN GASKILL
 PATRICIA HARPER
 PATRICK J. DELUHERY
 KITTY REHBERG
 JEFF ANGELO

S-5093 FILED MARCH 8, 2000

ADOPTED

(P. 575)

SENATE FILE 2411

S-5094

- 1 Amend Senate File 2411 as follows:
- 2 1. Page 41, line 7, by striking the words "one
- 3 calendar month", and inserting the following: "three
- 4 calendar months".

By JOHN P. KIBBIE

S-5094 FILED MARCH 8, 2000

ADOPTED

(P. 576)

SENATE FILE 2411

S-5095

- 1 Amend Senate File 2411 as follows:
- 2 1. Page 19, by inserting after line 6 the
- 3 following:
- 4 "Sec. ____ . Section 97B.45, subsection 4, Code
- 5 1999, is amended to read as follows:
- 6 4. The first of any month in which the member is
- 7 at least fifty-five years of age and for which the sum
- 8 of the number of years of membership service and prior
- 9 service and the member's age in years as of the
- 10 member's last birthday equals or exceeds eighty-eight.
- 11 Commencing July 1, 2000, the department shall reduce
- 12 from eighty-eight by one each July 1 until reaching
- 13 eighty-five, if the annual actuarial valuation of the
- 14 retirement system indicates that the cost of the
- 15 reduction can be absorbed within the employer and
- 16 employee contribution rates in effect under section
- 17 97B.11."
- 18 2. By renumbering as necessary.

By JOHN P. KIBBIE

S-5095 FILED MARCH 8, 2000

LOST

(P. 574)

SENATE FILE 2411

S-5096

- 1 Amend Senate File 2411 as follows:
- 2 1. Page 19, line 28, by striking the word
- 3 "fourteen" and inserting the following: "twenty-
- 4 five".

By JOHN P. KIBBIE
MIKE CONNOLLY

S-5096 FILED MARCH 8, 2000

LOST
• (P. 574)

SENATE FILE 2411

S-5097

- 1 Amend Senate File 2411 as follows:
- 2 1. Page 11, by striking lines 12 through 28 and
- 3 inserting the following: "subparagraph (4), Code
- 4 1999, is amended by striking the subparagraph."
- 5 2. By renumbering as necessary.

By MIKE CONNOLLY

S-5097 FILED MARCH 8, 2000

LOST
3/8/00
(P. 572)

SENATE FILE 2411

S-5098

1 Amend Senate File 2411 as follows:

2 1. Page 21, by inserting after line 18 the
3 following:

4 "Sec. _____. Section 97B.49A, subsection 1,
5 paragraph a, Code 1999, is amended to read as follows:
6 a. "Applicable percentage" means sixty percent or,
7 for each active or inactive vested member retiring on
8 or after July 1, 1996, sixty percent plus, if
9 applicable, an additional one-fourth one-half of one
10 percentage point for each additional calendar quarter
11 of membership and prior service beyond thirty years of
12 service, not to exceed a total of five ten additional
13 percentage points.

14 Sec. _____. Section 97B.49B, subsection 1, paragraph
15 a, Code 1999, is amended to read as follows:

16 a. "Applicable percentage" means sixty percent or,
17 for each active or inactive vested member retiring on
18 or after July 1, 1996, sixty percent plus, if
19 applicable, an additional one-fourth one-half of one
20 percentage point for each additional calendar quarter
21 of eligible service beyond twenty-five years of
22 service, not to exceed a total of five ten additional
23 percentage points."

24 2. Page 21, by inserting after line 24 the
25 following:

26 "Sec. _____. Section 97B.49D, subsection 3, Code
27 1999, is amended to read as follows:

28 3. In calculating the combined monthly retirement
29 allowance pursuant to subsection 1, the applicable
30 percentage shall be sixty percent plus, if applicable,
31 an additional one-fourth one-half of one percentage
32 point for each additional calendar quarter of
33 membership service in service as described in
34 subsection 1, paragraph "a", "b", or "c", beyond
35 thirty years of service, not to exceed a total of five
36 ten additional percentage points. Any addition in the
37 percentage multiplier shall be included in the
38 calculations required under this section."

39 3. By renumbering as necessary.

By MIKE CONNOLLY

S-5098 FILED MARCH 8, 2000

WITHDRAWN

(P. 575)

SENATE FILE 2411

S-5099

1 Amend Senate File 2411 as follows:

2 1. Page 48, by inserting after line 3 the
3 following:

4 "Sec. ____ . NEW SECTION. 97B.80A PUBLIC
5 EMPLOYMENT SERVICE CREDIT.

6 1. A vested or retired member who has five or more
7 full calendar years of covered wages and who at any
8 time was employed by a covered employer under this
9 chapter but was not covered by this chapter and did
10 not opt out of coverage under this chapter, upon
11 submitting verification of the public employment and
12 the dates of the public employment, may make
13 contributions to the system for up to the lesser of
14 twenty quarters of service credit for such public
15 employment or the entire period of the public
16 employment, in increments of one or more calendar
17 quarters, and receive credit for membership service
18 and prior service for the period of time for which the
19 contributions are made.

20 2. The contributions required to be made for
21 purposes of this section shall be in an amount equal
22 to the actuarial cost of the service purchase. For
23 purposes of this subsection, the actuarial cost of the
24 service purchase is an amount determined by the
25 department in accordance with actuarial tables, as
26 reported to the department by the system's actuary,
27 which reflects the actuarial cost necessary to fund an
28 increased retirement allowance resulting from the
29 purchase of additional service.

30 3. The verification of the public employment and
31 the dates of such public employment shall be made by
32 the department prior to receiving contributions from
33 the member.

34 4. A member eligible for an increased retirement
35 allowance because of the payment of contributions
36 under this section is entitled to receipt of
37 retroactive adjustment payments for no more than six
38 months immediately preceding the month in which the
39 member pays contributions under this section.

40 5. A purchase of service made in accordance with
41 this section by a retired reemployed member shall be
42 applied to either the member's original retirement
43 allowance, or to the member's reemployment service,
44 whichever is more beneficial to the member. If
45 applied to a member's original retirement allowance,
46 or to the member's reemployment service after the
47 retirement allowance payments for such service begin,
48 the member is eligible to receive retroactive
49 adjustment payments for no more than six months prior
50 to completion of the purchase.

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1 6. The department shall ensure that the member, in
2 exercising an option provided in this section, does
3 not exceed the amount of annual additions to a
4 member's account permitted pursuant to section 415 of
5 the federal Internal Revenue Code."

6 2. By renumbering as necessary.

By MIKE CONNOLLY

S-5099 FILED MARCH 8, 2000

ADOPTED

(P. 576)

SENATE FILE 2411

S-5100

1 Amend Senate File 2411 as follows:

2 1. Page 19, by inserting after line 6 the
3 following:

4 "Sec. 101. Section 97B.45, subsection 4, Code
5 1999, is amended to read as follows:

6 4. The first of any month in which the member is
7 at least fifty-five years of age and for which the sum
8 of the number of years of membership service and prior
9 service and the member's age in years as of the
10 member's last birthday equals or exceeds eighty-eight
11 eighty-five."

12 2. Page 23, by inserting after line 26 the
13 following:

14 "Sec. 102. Section 97B.49G, subsection 4, Code
15 1999, is amended by adding the following new
16 paragraph:

17 NEW PARAGRAPH. e. The member is an active or
18 inactive vested member retiring on or after July 1,
19 1997, and before the implementation date of section
20 101 of this Act, as determined pursuant to section 103
21 of this Act, who is at least fifty-five years of age
22 and for which the sum of the number of years of
23 membership service and prior service and the member's
24 age in years as of the member's last birthday equals
25 or exceeds eighty-eight."

26 3. Page 48, by inserting after line 26 the
27 following:

28 "Sec. 103. IMPLEMENTATION PROVISION. The
29 department of personnel shall implement the amendment
30 to section 97B.45, subsection 4, as provided in this
31 Act on July 1, 2000, or on the date that the
32 department determines that the most recent annual
33 actuarial valuation of the system indicates that the
34 employer and employee contribution rates in effect
35 under section 97B.11 can absorb the costs of the
36 amendment to section 97B.45, subsection 4, whichever
37 is later after meeting the other established
38 priorities of the system. As used in this section,
39 "other established priorities of the system" means the
40 implementation of the amendment to section 97B.52,
41 subsection 1, as provided in section 48 of this Act.
42 However, notwithstanding section 97B.49H, until the
43 amendment to section 97B.49G, subsection 4, is
44 implemented, the department shall not credit amounts
45 to active member supplemental accounts provided in
46 section 97B.49H."

47 4. Page 49, line 3, by inserting after the word
48 "Act" the following: "and the implementation of the
49 amendment to section 97B.45, subsection 4, as provided
50 in section 101 of this Act".

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1 5. By renumbering as necessary.

By MIKE CONNOLLY
DENNIS H. BLACK
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JOHNIE HAMMOND
STEVEN D. HANSEN
PATRICIA HARPER
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ELAINE SZYMONIAK

S-5100 FILED MARCH 8, 2000

LOST

3/8/00
(P. 573)

SENATE FILE 2411

S-5101

1 Amend Senate File 2411 as follows:

2 1. Page 3, by striking lines 6 through 7 and
3 inserting the following:

4 "(3A) Commencing July 1, 2000, for a member who".

5 2. Page 3, line 10, by inserting after the figure
6 "97A.16," the following: "subparagraphs (1) through
7 (3) shall not apply and".

8 3. Page 13, by inserting after line 10 the
9 following:

10 "(f) Employee contributions required under section
11 97B.11 and picked up by the employer under section
12 97B.11A."

13 4. Page 25, line 8, by inserting after the word
14 "member" the following: "who is at least fifty-five
15 years of age".

16 5. Page 40, by inserting after line 13 the
17 following:

18 "Sec. ____ . Section 97B.52, subsection 4,
19 unnumbered paragraph 1, Code 1999, is amended to read
20 as follows:

21 In order to receive the death benefit, the
22 beneficiary, heirs at law, or the estate, or any other
23 third-party payee, must apply to the department within
24 five years of the member's death. However, death
25 benefits payable under this section shall not exceed
26 the amount permitted pursuant to Internal Revenue Code
27 section 401(a)(9) and the applicable treasury
28 regulations."

29 6. Page 48, by inserting after line 3 the
30 following:

31 "Sec. ____ . NEW SECTION. 97B.73B PATIENT
32 ADVOCATES -- UNPAID CONTRIBUTIONS -- SERVICE PURCHASE.

33 1. Notwithstanding the provisions of section
34 97B.9, to the contrary, unpaid contributions for a
35 person classified as a patient advocate under section
36 229.19, for service as a patient advocate prior to
37 July 1, 2000, shall be determined and collected as
38 provided under section 97B.9, subsection 4, but shall
39 be limited to the collection of underpaid
40 contributions for a maximum of one year of service.

41 2. A patient advocate who becomes covered under
42 this chapter and for whom underpaid contributions for
43 one year of service have been paid shall be eligible
44 to purchase membership service for service as a
45 patient advocate prior to July 1, 2000, in excess of
46 the one year of service provided in this section by
47 paying the department of personnel an amount
48 determined as follows:

49 a. For a purchase of membership service prior to
50 July 1, 2002, the total of the employee and employer

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1 contributions, without interest, on the covered wages
2 that would have been reported to the department under
3 the provisions of this chapter in effect for the
4 applicable period of service.

5 b. For a purchase of membership service on or
6 after July 1, 2002, the actuarial cost of the service
7 purchase in a manner as provided in section 97B.73."

8 7. Page 49, line 3, by inserting after the word
9 "Act." the following: "However, the amendment to
10 section 97B.50, subsection 1, shall not be implemented
11 until the Iowa public employees' retirement system has
12 received a determination letter from the federal
13 internal revenue service approving the retirement
14 system plan's qualified status under Internal Revenue
15 Code section 401(a), as amended by section 97B.50,
16 subsection 1."

17 8. Page 49, line 4, by striking the word
18 "However" and inserting the following: "In addition".

19 9. Page 51, line 4, by inserting after the word
20 "departments." the following: "However, the protocols
21 and guidelines shall not be applied to members of a
22 police or fire department of a city who are covered by
23 chapter 20 except through the collective bargaining
24 process as provided under chapter 20."

25 10. By striking page 73, line 19, through page
26 76, line 5, and inserting the following:

27 "Sec. _____. Section 602.9104, subsection 1, Code
28 1999, is amended to read as follows:

29 1. A judge to whom this article applies, shall be
30 paid an amount equal to ~~ninety-six~~ ninety-five percent
31 of the basic salary of the judge as set by the general
32 assembly. An amount equal to ~~four~~ five percent of the
33 basic salary of the judge as set by the general
34 assembly is designated as the judge's contribution to
35 the judicial retirement fund, and shall be paid by the
36 state in the manner provided in subsection 2.

37 Sec. _____. Section 602.9104, subsection 4,
38 paragraph a, subparagraph (2), Code 1999, is amended
39 to read as follows:

40 (2) "Fully funded status" means that the most
41 recent actuarial valuation reflects that, using the
42 aggregate-cost projected unit credit method in
43 accordance with generally recognized and accepted
44 actuarial principles and practices set forth by the
45 American academy of actuaries, the funded status of
46 the system is at least one hundred percent.

47 Sec. _____. Section 602.9104, subsection 4,
48 paragraph b, Code 1999, is amended to read as follows:

49 b. Effective with the fiscal year commencing July
50 1, 1994, and for each subsequent fiscal year until the

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Page 3

1 system attains fully funded status, based upon the
2 benefits provided for judges through the judicial
3 retirement system as of July 1, 2001, the state shall
4 contribute annually to the judicial retirement fund an
5 amount equal to at least twenty-three and seven-tenths
6 percent of the basic salary of all judges covered
7 under this article. Commencing with the first fiscal
8 year in which the system attains fully funded status,
9 based upon the benefits provide for judges through the
10 judicial retirement system as of July 1, 2001, and for
11 each subsequent fiscal year, the state shall
12 contribute to the judicial retirement fund the
13 required contribution rate. The state's contribution
14 shall be appropriated directly to the judicial
15 retirement fund."

16 11. Page 78, by inserting after line 29 the
17 following:

18 "Sec. ____ . JUDICIAL RETIREMENT SYSTEM --
19 LEGISLATIVE INTENT -- NOTIFICATION -- REPORT.

20 1. It is the intent of the general assembly that
21 once the judicial retirement system attains fully
22 funded status based upon the benefits provided for
23 judges through July 1, 2001, the employer and employee
24 contribution rates established to fund the judicial
25 retirement system should be adjusted to reflect the
26 ratio of employer and employee contribution rates
27 required under the Iowa public employees' retirement
28 system.

29 2. The state court administrator shall notify, in
30 writing, the public retirement systems committee
31 established in section 97D.4, when the judicial branch
32 anticipates that the judicial retirement system is
33 within two additional fiscal years of attaining fully
34 funded status as defined in section 602.9104 based
35 upon the benefits provided for judges through July 1,
36 2001. In addition, the state court administrator
37 shall, following the notification to the committee as
38 provided in this section and in consultation with the
39 Iowa judges association, conduct a study and submit a
40 report, including its findings and recommendations, to
41 the public retirement systems committee prior to the
42 next scheduled meeting of the committee concerning
43 appropriate methods of adequately financing the
44 judicial retirement system once the system reaches
45 fully funded status. In conducting the study, the
46 state court administrator shall consider, and make
47 recommendations concerning, the appropriateness of
48 funding the judicial retirement system by establishing
49 employer and employee contribution rates which shall
50 maintain the actuarial soundness of the system and

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Page 4

- 1 which shall reflect the intent of the general assembly
- 2 as contemplated in subsection 1."
- 3 12. By renumbering as necessary.

By SHELDON RITTMER

S-5101 FILED MARCH 8, 2000

ADOPTED

(p. 572)

SENATE FILE 2411

S-5103

1 Amend Senate File 2411 as follows:

2 1. Page 48, by inserting after line 3 the
3 following:

4 "Sec. ____ Section 97B.73, subsection 1, Code 1999,
5 is amended to read as follows:

6 1. a. A vested or retired member who has one or
7 more full calendar years of covered wages who was in
8 public employment comparable to employment covered
9 under this chapter in another state or in the federal
10 government, or who was a member of another public
11 retirement system in this state, including but not
12 limited to the teachers insurance annuity association-
13 college retirement equities fund, but who was not
14 retired under that system, upon submitting
15 verification of membership and service in the other
16 public system to the department, including proof that
17 the member has no further claim upon a retirement
18 benefit from that other public system, may make
19 contributions as provided by this section to the
20 system either for the entire period of service in the
21 other public system, or for partial service in the
22 other public system in increments of one or more
23 calendar quarters. If the member wishes to transfer
24 only a portion of the service value of another public
25 system to this system and the other public system
26 allows a partial withdrawal of a member's system
27 credits, the member shall receive credit for
28 membership service in this system equivalent to the
29 period of service transferred from the other public
30 system.

31 b. A vested or retired member who has five or more
32 full calendar years of covered wages who was in public
33 employment comparable to employment covered under this
34 chapter in a qualified Canadian governmental entity
35 may make contributions as provided by this section to
36 the system and receive service credit, in increments
37 of one or more calendar quarters, for up to the lesser
38 of twenty quarters of service credit for such
39 employment or the entire period of service in the
40 other public system. Prior to receiving service
41 credit, the member shall submit verification of
42 membership and service in the other public system to
43 the department, including proof that the member has no
44 further claim upon a retirement benefit from that
45 other public system. If the member wishes to transfer
46 only a portion of the service value of another public
47 system to this system and the other public system
48 allows a partial withdrawal of a member's system
49 credits, the member shall receive credit for
50 membership service in this system equivalent to the

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1 period of service transferred from the other public
 2 system. For purposes of this paragraph, "qualified
 3 Canadian governmental entity" means an elementary
 4 school, secondary school, college, or university that
 5 is organized, administered, and primarily supported by
 6 the provincial, territorial, or federal governments of
 7 Canada, or any combination of the same."
 8 2. By renumbering as necessary.

By DONALD B. REDFERN

S-5103 FILED MARCH 8, 2000

LOST, MOTION TO RECONSIDER FILED, LOST

(P. 578)
(P. 583)

SENATE FILE 2411

S-5110

1 Amend the amendment, S-5103, to Senate File 2411 as
 2 follows:
 3 1. Page 1, line 34, by striking the word
 4 "Canadian" and inserting the following: "foreign".
 5 2. Page 2, line 3, by striking the word
 6 "Canadian" and inserting the following: "foreign".
 7 3. Page 2, line 7, by striking the word "Canada"
 8 and inserting the following: "the applicable foreign
 9 country".

By MICHAEL E. GRONSTAL

S-5110 FILED MARCH 8, 2000

ADOPTED

(P. 582)

SENATE FILE 2411

S-5105

1 Amend Senate File 2411 as follows:

2 1. Page 78, by inserting after line 29 the
3 following:

4 Sec. 301. PARTICIPATION IN HEALTH OR MEDICAL
5 INSURANCE PROGRAMS BY RETIREES AGE FIFTY-FIVE OR
6 OLDER.

7 1. As used in this section, unless the context
8 otherwise requires:

9 a. "Health or medical insurance program" means a
10 health or medical group insurance plan for employees
11 of the state.

12 b. "Member" means an employee of the executive
13 branch of the state or the judicial branch of the
14 state who is a member of the Iowa public employees'
15 retirement system or the Iowa department of public
16 safety peace officers' retirement, accident, and
17 disability system, who at the date of termination of
18 employment is receiving full health or medical
19 insurance benefits pursuant to a health or medical
20 insurance program in which the state makes
21 contributions, and is not receiving disability
22 payments under the state employees' disability
23 insurance program, and who is not a member of the
24 general assembly. "Member" does not mean an employee
25 of the state board of regents.

26 2. A member with at least twenty years of
27 membership service who retires on or after July 10,
28 2000, and before February 1, 2001, who applies to
29 receive retirement benefits under this Act prior to
30 February 1, 2001, who has attained at least the age of
31 fifty-five at the time of retirement, and who was a
32 participant in a health or medical insurance program
33 in which the state makes contributions at the time of
34 retirement, may continue to participate in the health
35 or medical insurance program in which the member is
36 enrolled on April 3, 2000, as authorized by law.
37 However, a member may choose to participate in a
38 health or medical insurance program after April 3,
39 2000, which incurs less cost to the state.
40 Notwithstanding any other provision of law to the
41 contrary, the member shall remain eligible to
42 participate in a health or medical insurance program
43 as provided by this section and the state shall
44 continue to pay the employer's portion of the premium
45 at the cost existing at the time of retirement under
46 the program for the retiree until the retiree attains
47 the age of sixty-five. Any additional premium costs
48 for coverage incurred after the time of retirement
49 shall be paid by the retiree. However, in order to
50 have the state continue to pay the employer's portion

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1 of the premium, the member must send written
2 notification to the department of personnel at any
3 time after the effective date of this section and
4 prior to November 1, 2000, of the intent to retire and
5 the anticipated date of retirement.

6 3. If a member continues participation in a health
7 or medical insurance program and the state pays
8 premiums as authorized in subsection 2, the member is
9 not eligible to accept further employment in which the
10 state or a political subdivision of the state is the
11 employer. However, this subsection shall not apply to
12 a member who is elected to a public office as defined
13 in chapter 56.

14 4. A state department shall not be required to
15 delete more than its proportionate share of all
16 general fund full-time equivalent positions vacated
17 due to the incentive for retirement established in
18 subsection 2. All positions vacated by a member
19 exercising the rights established in subsection 2
20 shall be deleted, and the savings, as determined by
21 the department of management, shall revert to the
22 originating fund in a manner specified by the
23 department of management, except that the portion of
24 the savings which represents the cost of the
25 employer's portion of a member's premium payable under
26 this section shall not revert but shall be transferred
27 to the department of revenue and finance to defray the
28 costs of implementing this section. A state
29 department may use a portion of the savings related to
30 a deleted position to purchase technology or other
31 equipment if the department of management determines
32 that this purchase is necessary to maintain necessary
33 levels of service for the state department. However,
34 if an affected department determines that the vacancy
35 may be detrimental to critical services provided to
36 the public, the affected department may, with the
37 approval of the department of management, exchange the
38 vacancy with a position or positions determined by the
39 department of management to be of an equal value, and
40 delete that position or positions. If a position is
41 not available for exchange, the department may, with
42 the approval of the director of the department of
43 management, retain and fill the vacancy. It is the
44 intent of the general assembly that retirement taken
45 pursuant to this section be used to eliminate the
46 greatest number of employment positions as is
47 feasible. The department of management shall report
48 to the fiscal committee of the legislative council and
49 legislative fiscal bureau the number of vacancies
50 retained and filled pursuant to this subsection.

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1 It is the intent of the general assembly that the
2 cost of premiums incurred by a state department be
3 included within that department's annual budget and be
4 paid from originating funds.

5 Sec. ____ . EFFECTIVE DATE. Section 301 of this
6 Act, being deemed of immediate importance, takes
7 effect upon enactment."

8 2. By renumbering as necessary.

By MATT McCOY

S-5105 FILED MARCH 8, 2000

LOST

(P. 579)

SENATE FILE 2411

S-5106

1 Amend Senate File 2411, as follows:

2 1. Page 69, by inserting after line 30 the
3 following:

4 "Sec. 101. Section 411.15, Code 1999, is amended
5 to read as follows:

6 411.15 HOSPITALIZATION AND MEDICAL ATTENTION.

7 Cities shall provide hospital, nursing, and medical
8 attention for the members of the police and fire
9 departments of the cities, when injured while in the
10 performance of their duties as members of such
11 department, and shall ~~continue to~~ also provide
12 hospital, nursing, and medical attention ~~for injuries~~
13 ~~or diseases incurred while in the performance of their~~
14 ~~duties~~ for members receiving a retirement allowance
15 under section 411.6, subsection 6. Cities may provide
16 the hospital, nursing, and medical attention required
17 by this section through the purchase of insurance, by
18 self-insuring the obligation, or through payment of
19 moneys into a local government risk pool established
20 for the purpose of covering the costs associated with
21 the requirements of this section. The cost of
22 providing the hospital, nursing, and medical attention
23 required by this section shall be paid from moneys
24 held in a trust and agency fund established pursuant
25 to section 384.6, or out of the appropriation for the
26 department to which the injured person belongs or
27 belonged; provided that any amounts received by the
28 injured person under the workers' compensation law of
29 the state, or from any other source for such specific
30 purposes, shall be deducted from the amount paid by
31 the city under the provisions of this section."

32 2. Page 73, by inserting after line 1 the
33 following:

34 "Sec. ____ . APPLICABILITY. Section 101 of this Act
35 is applicable to members who were retired for
36 accidental disability on or after July 1, 1980.
37 However, the requirement of section 101 of this Act
38 that cities provide hospital, nursing, and medical
39 attention for members receiving a retirement allowance
40 under section 411.6, subsection 6, only applies on or
41 after the effective date of this Act."

42 3. By renumbering as necessary.

By MATT McCOY

S-5106 FILED MARCH 8, 2000

LOST

(p. 579)

**SENATE FILE 2411
FISCAL NOTE**

A fiscal note for Senate File 2411 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 2411 makes technical and substantive changes to the four State retirement systems. This fiscal note will discuss each system separately, examining primarily the substantive changes with significant costs.

DIVISION I - PUBLIC SAFETY PEACE OFFICERS' RETIREMENT, ACCIDENT, AND DISABILITY SYSTEM

The changes for the Peace Officers' Retirement System (POR) include:

1. The addition of a retired member to the Board of Trustees.
2. Increases the maximum pension from 60.0% to 60.5% of the members average final compensation beginning July 1, 2000.
3. An increase to the credit for additional years of service beyond 22 years from 1.5% per year to 2.75% per year. The maximum number of years of additional credit is ten years. The combination of the increase of the pension to 60.5% and the additional years credit to 2.75% will bring the maximum to 88.0% of the members average final compensation with 30 years of service.
4. An increase to the credit for up to eight additional years of service for members who retired prior to July 1, 1996, up to the current level of 1.5% per year. Persons who retired prior to July 1, 1990, did not receive credit for additional years of service beyond 22 years, and those who retired between July 1, 1990, and July 1, 1996, received varying amounts of credit for additional years of service up to 0.6% per year.
5. An increase to the minimum death benefit paid to a surviving spouse from 20.0% to 25.0% of the salary of a senior Highway Patrol officer.
6. An increase to the pension escalators for retired members and beneficiaries, except children of a deceased member. Retirees and beneficiaries with a service retirement allowance, beneficiaries receiving an accidental death benefit, those with five or more years of service receiving an ordinary disability retirement allowance, and those receiving an accidental disability allowance have their escalators increased from 30.0% to 40.0% of the difference between the retiree's salary at retirement and the current salary for an active member of the same rank. Retirees with less than five years of service and receiving an ordinary disability retirement allowance have their escalators increased from 15.0% to 24.0% of the difference between the retiree's salary and an active member's salary for the same rank. Retirees and beneficiaries also receive fixed dollar increments based on how long they have been retired. Surviving children's monthly benefits continue at the current level.
7. Creation of a Line of Duty Death Benefit which pays \$100,000 to beneficiaries or the estate of a member who is killed or dies of traumatic injuries in the line of duty. Provisions for exclusion are included.

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8. Adoption by the actuary of a smoothing method for valuing system assets.

The Bill includes a statement that it is the intent of the General Assembly that the pension benefit for retired members should be increased to 90.0% of earnable compensation when the retiree has 30 years of service. This change will need to be passed by a future General Assembly to be implemented.

ASSUMPTIONS

1. The normal contribution rate is 13.43% of covered payroll.
2. The members current contribution rate is 9.35%, and the State's current contribution rate is 17.0%, for an actual current contribution rate of 26.35% of covered payroll.
3. The available margin is 12.92%

FISCAL IMPACT

The total cost of the above enhancements is approximately 10.0% of covered payroll, which is less than the available margin. The costs have been broken down by the actuary as follows:

1. The cost of adding a member to the Board of Trustees is estimated to be \$1,500 per year and is considered immaterial.
2. The combined costs of increasing the average final compensation to 60.5% and increasing the credit for up to ten additional years of service to 2.75% for future retirees are 5.64% of covered payroll.
3. The cost of granting credit for up to eight additional years of service for all currently retired members is 1.60% of covered payroll.
4. The annual cost of increasing the death benefit for surviving spouses is estimated to be \$8,415 and is considered immaterial.
5. The cost of increasing the escalators is estimated to be slightly less than 2.78% of covered payroll.
6. The cost of the Line of Duty Death Benefit is not a significant percentage of covered payroll.
7. Adopting smoothing methods is a technical change and will not create a cost or saving.
8. The statement of the intent to increase the pension benefit with 30 years of service to 90.0% of average earnable compensation will not become a cost until approved by a future General Assembly.

SOURCE

Department of Public Safety

DIVISION II - IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS)

Senate File 2411 makes numerous technical and procedural changes to the IPERS System. Some of the technical and procedural changes without significant cost include: employment as elected officials, definitions of temporary employment, changes in the definition of three-year average covered wages to be based on quarters instead of years, refinement as to what is included in wages, allowing IPERS staff to seek and hold nonpartisan elected offices, late fees for unpaid

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contributions, wage reporting, spouse's approval for a change in beneficiaries, increasing the threshold for re-employment from \$12,000 to \$14,000, adding airport security guards to protection occupations, modifying the dividend calculation to use 100.0% of the Consumer Price Index instead of 80.0% (the maximum increase remains at 3.0% and must be actuarially affordable), shortens the eligibility period for retroactive adjustment payments to disability retirees to six months (previously back to July 1, 1990), bona fide retirement clarification, direct rollovers for purchase of service credit, and a study by IPERS of options to increase pension portability.

The significant changes to the IPERS System are:

1. Raising the ceiling for higher paid employees to which the reduction formula for three-year average covered wage is applied from \$55,000 in calendar 2000 to \$65,000 and in calendar 2001 to \$75,000. The reduction is removed beginning in calendar 2002, and all persons retiring after that date will have an unreduced three-year average covered wage.
2. Using the Rule of 88 to determine a normal retirement date for calculation of an early retirement reduction. This change will be implemented when the System can afford the change.
3. Enhancing the death benefit for IPERS members who die before retirement so that the beneficiary can elect to receive the current death benefit or an amount equal to the actuarial value of the member's retirement benefit as of the date of the death. The death benefit may be paid as an annuity if there is one recipient.
4. Enhancing disability benefits for special service members which includes the presumption that heart and lung disease is a result of employment. The costs of the benefit are to be paid with increased employer (60.0% of the cost) and employee (40.0% of the cost) contributions.
5. Creation of a Line of Duty Death Benefit which pays \$100,000 to beneficiaries or the estate of a member who is killed or dies of traumatic injuries in the line of duty. Provisions for exclusion are included.
6. Providing for a four-year phase-in that reduces the number of years of service in a protection occupation from 25 years to 22 years for full retirement benefits and increasing the credit for each additional year of service, up to eight years of additional credit, from 1.0% to 1.5%.
7. Providing for purchase of up to five years of credit for volunteer public service or other public employment that could have been covered by IPERS but was not. The member pays the actuarial cost of the service credit.
8. Allowing patient advocates who become covered by IPERS for at least one year of service to purchase membership service prior to July 1, 2000, in excess of one year of service, by paying the employer and employee contributions, without interest, on the covered wages that would have been reported to IPERS for the applicable period of service. After July 1, 2002, these members will pay the actuarial cost of purchasing the years of service credit.

ASSUMPTIONS

1. The contribution rates for sheriffs, deputies, and airport firefighters are 8.56% for employers and 5.70% for employees, for a total of 14.26% of covered wage.

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2. The contribution rates for Protection Occupation groups are 8.38% for employers and 5.58% for employees, for a total of 13.96% of covered wage.
3. The regular employee contribution rate is 3.70% of covered wages, and the employer contribution rate is 5.75%.
4. The maximum acceptable years to amortize the unfunded actuarial liability is 20 years.
5. Actuarial assumptions were revised for the June 30, 1999, evaluation. The current unfunded actuarial liability will be amortized in 20 years based on those assumptions. The actuary projects the years to amortize the unfunded liability will decrease to one year by FY 2002 if the rate of return equals 7.5%.
6. The FY 2001 covered payroll for the protection occupations will be \$114.3 million. The FY 2001 covered payroll for sheriffs, deputies, and airport firefighters will be \$55.3 million. Annual cost-of-living and merit increases are projected to total 4.5% annually. The cost of benefits in addition to regular IPERS benefits are divided between employer and employee contributions, with the employer paying 60.0% of the costs and employees paying 40.0% of the costs. The State pays 69.5% of the employer contributions for protection occupation employees, and local employers pay 30.5% of the employer contributions.

FISCAL IMPACT

1. The change to the reduction formula for higher paid employees is not material.
2. The use of the Rule of 88 to determine the normal retirement date is projected to cost four years to amortize. The System cannot afford the benefit in FY 2001 but will be able to afford the enhancement in FY 2002 if a 7.5% rate of return is realized in FY 2001.
3. The enhanced death benefit for members who die before retirement is projected to cost seven years to amortize. The System cannot afford the benefit in FY 2001 but will be able to afford the enhancement in FY 2002 if a 7.5% rate of return is realized in FY 2001.
4. The combined costs of the enhanced death benefit and using the Rule of 88 to determine a normal retirement date is greater than the sum of the individual cost estimates, that is, greater than 11 years to amortize both enhancements.
5. The total cost for sheriffs, deputy sheriffs, and airport firefighters are projected to decrease by a total of 0.28% of covered payroll with the disability enhancement. The employers' costs will decrease by 0.17% of covered payroll, and the employees' costs will decrease by 0.11% of covered payroll. Employer costs are projected to decrease by \$93,000 in FY 2001 and an additional decrease of \$4,000 in FY 2002.
6. The cost to the employers for the Protection Occupation members disability benefit is 0.19% of covered payroll. The cost to the Protection Occupation members is 0.13% of covered payroll, for a total increase of 0.32% of covered payroll. This enhancement is projected to cost State agencies \$153,000 in FY 2001 and an additional \$7,000 in FY 2002. Local employers will incur additional costs of \$67,000 in FY 2001 and an additional \$3,000 in FY 2002.
7. The Line of Duty Death Benefit for protection occupation members and for sheriffs, deputy sheriffs, and airport firefighters is immaterial.

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8. The cost to phase-in the reduction in years of service for full retirement and increased credit for additional years of service for protection occupation members is projected to be 0.42% in FY 2001, 0.55% in FY 2002, 0.49% in FY 2003, and 0.63% in FY 2004, for a total cost of 2.09% when fully phased-in. These costs are divided between the employer (60.0%) and employee (40.0%). This enhancement is projected to cost State agencies \$200,000 in FY 2001 and an additional \$274,000 in FY 2002. Local employers will incur additional costs of \$88,000 in FY 2001 and an additional \$120,000 in FY 2002.
9. The costs associated with the various purchases of credit for years of service with other public entities is immaterial.

SOURCE

Iowa Public Employees Retirement System

DIVISION III - STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM (411s)

Senate File 2411 makes a number of technical and procedural changes. Some of these changes include: permitting the System to establish a medical board (other than the University of Iowa Hospitals) to perform physical examinations for disability cases; permitting the System to establish guidelines for on-going wellness and fitness for members; modifying various definitions and requirements; requiring the System be notified of a temporary disability of more than 60 days; removing the 22 years of service requirement to receive a disability retirement after age 55; requiring the signature of a spouse to designate a death benefit beneficiary other than the spouse; making persons disabled by substance abuse, alcoholism, commission of a felony, and stress from conflicts with supervisors and co-workers ineligible for disability retirement; credit for backpay; the System's subrogation rights; and a statement of the General Assembly's intent that the retirement benefit increase to 90.0% of earnable compensation when the system can afford it, after which proposals to reduce contribution rates will be considered.

The changes identified as having a cost include:

1. Increasing the service retirement allowance from 60.0% to 66.0% of the member's average final compensation.
2. Increasing the credit for additional years of service beyond 22 years from 1.5% to 2.0% per year.
3. Creating a \$100,000 Line of Duty Death Benefit for the families of members killed in the line of duty.

The Bill includes a statement that it is the intent of the General Assembly that the pension benefit for retired members should be increase to 90.0% of earnable compensation when the retiree has 30 years of service.

ASSUMPTIONS

1. The normal contribution rate is 22.40% of covered payroll.
2. The members current contribution rate is 9.35%, the cities' current contribution rate is 17.0%, and the State's contribution rate is 1.93%,

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for a current total contribution rate of 28.28% of covered payroll.

3. The available margin is 5.88%

FISCAL IMPACT

The total cost of the above enhancements is 5.54% of covered payroll which is less than the available margin. The costs have been broken down by the actuary as follows:

1. Increasing the retirement benefit from 60.0% to 66.0% costs 3.54% of covered payroll.
2. Increasing the credit for up to eight additional years of service beyond 22 years to 2.0% per year costs 1.91% of covered payroll.
3. Creating the Line of Duty Death Benefit costs 0.09% of covered payroll.

SOURCE

Municipal Fire and Police Retirement System

DIVISION IV - JUDICIAL RETIREMENT SYSTEM

Senate File 2411 makes the following changes to the Judicial Retirement System:

1. The judges' contribution rate increases from 4.0% to 5.0% until the System is fully funded. The Bill states that it is the intent of the Legislature to adjust the contribution rates so that the State contributes 60.0% and the judges contribute 40.0% of the cost to maintain the fully funded status of the System. The State Court Administrator and the Iowa Judges Association are to conduct a study on appropriate methods of adequately financing the Judicial Retirement System and make recommendations on establishing contribution rates.
2. Increases the maximum annuity for judges retiring in FY 2001 from 52.0% of the judge's salary at retirement to 56.0%. In FY 2002, the percentage is increased to 60.0%.
3. Makes corresponding increases for the Senior Judges' pensions with the percentage applied to the benefits effective as of the judge's retirement from full employment as a judge.

ASSUMPTIONS

1. The annual pension cost for the State is 15.80% of covered payroll as of July 1, 1999.
2. The judges' contribution rate is 4.0% of covered payroll. The State's contribution rate is 23.70% of covered payroll.
3. The available margin is 7.90% of covered payroll, before the increase in the judges' contribution rate. The cost for increasing the specified percentage used to determine the judge's annual annuity includes the cost increases for the Senior Judge Program.

FISCAL IMPACT

The cost of increasing the specified percentage from 52.0% of the judge's

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salary at retirement to 56.0% is 2.10% of covered payroll. The cost of increasing the percentage of the three-year average salary percentage from 56.0% to 60.0% is 2.40% of covered payroll. The total cost of the enhancements is 4.50% of covered payroll which is less than the available margin.

SOURCE

Judicial Branch

(LSB 5811SV.3, MDF)

FILED MARCH 14, 2000

BY DENNIS PROUTY, FISCAL DIRECTOR

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

Section 1. Section 97A.5, subsection 1, Code 1999, is amended to read as follows:

1. BOARD OF TRUSTEES. A board of trustees of the Iowa department of public safety peace officers' retirement, accident, and disability system is created. The general responsibility for the proper operation of the system is vested in the board of trustees. The board of trustees is constituted as follows: The commissioner of public safety, who is chairperson of the board, the treasurer of state, and an actively engaged member of the system, to be chosen by secret ballot by the actively engaged members of the system, and a retired member of the system, to be chosen by secret ballot by the retired members of the system. Both members of the system shall serve for a term of two years.

Sec. 2. Section 97A.5, subsection 2, Code 1999, is amended to read as follows:

2. VOTING. Each trustee shall be entitled to one vote on said board and two three concurring votes shall be necessary for a decision by the trustees on any question at any meeting of said board.

Sec. 3. Section 97A.6, subsection 2, Code 1999, is amended to read as follows:

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

1 c. Commencing July 1, 1992, but before July 1, 2000, the
2 board of trustees shall increase the percentage multiplier of
3 the member's average final compensation by an additional two
4 percent each July 1 until reaching sixty percent of the
5 member's average final compensation.

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

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

15 (1) For a member who terminates service, other than by
16 death or disability, on or after July 1, 1990, but before July
17 1, 1991, and who does not withdraw the member's contributions
18 pursuant to section 97A.16, upon the member's retirement there
19 shall be added three-tenths percent of the member's average
20 final compensation for each year of service over twenty-two
21 years, excluding years of service after the member's fifty-
22 fifth birthday. However, this subparagraph does not apply to
23 more than eight additional years of service.

24 (2) For a member who terminates service, other than by
25 death or disability, on or after July 1, 1991, but before
26 October 16, 1992, and who does not withdraw the member's
27 contributions pursuant to section 97A.16, upon the member's
28 retirement there shall be added six-tenths percent of the
29 member's average final compensation for each year of service
30 over twenty-two years, excluding years of service after the
31 member's fifty-fifth birthday. However, this subparagraph
32 does not apply to more than eight additional years of service.

33 (3) For a member who terminates service, other than by
34 death or disability, on or after October 16, 1992, but before
35 July 1, 1996, and who does not withdraw the member's

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

6 (3A) Commencing July 1, 2000, for a member who terminated
7 service, other than by death or disability, before July 1,
8 1996, and who did not withdraw the member's contributions
9 pursuant to section 97A.16, subparagraphs (1) through (3)
10 shall not apply and there shall be added one and one-half
11 percent of the member's average final compensation for each
12 year of service over twenty-two years effective with each
13 monthly payment of a service retirement allowance on or after
14 July 1, 2000. However, this subparagraph does not apply to
15 more than eight additional years of service.

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

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

32 (6) For a member who terminates service, other than by
33 death or disability, on or after July 1, 2000, and who does
34 not withdraw the member's contributions pursuant to section
35 97A.16, upon the member's retirement there shall be added two

1 and three-fourths percent of the member's average final
2 compensation for each year of service over twenty-two years.
3 However, this subparagraph does not apply to more than ten
4 additional years of service.

5 Sec. 4. Section 97A.6, subsection 8, paragraph b,
6 unnumbered paragraph 1, Code 1999, is amended to read as
7 follows:

8 In lieu of the payment specified in paragraph "a", a
9 beneficiary meeting the qualifications of paragraph "c" may
10 elect to receive a monthly pension equal to one-twelfth of
11 forty percent of the average final compensation of the member,
12 but not less than an amount equal to twenty twenty-five
13 percent of the monthly earnable compensation paid to an active
14 member having the rank of senior patrol officer of the Iowa
15 state patrol if the member was in service at the time of
16 death. For a member not in service at the time of death, the
17 pension shall be reduced as provided in subsection 1,
18 paragraph "b".

19 Sec. 5. Section 97A.6, subsection 14, paragraph a, Code
20 1999, is amended to read as follows:

21 a. Effective July 1, 1980, and on each July 1 thereafter,
22 the monthly pensions authorized in this section payable to
23 retired members and to beneficiaries, except children of a
24 deceased member, shall be adjusted as provided in this
25 paragraph. The monthly pension of each retired member and
26 each beneficiary shall be adjusted by adding to that monthly
27 pension an amount equal to the amounts determined in
28 subparagraphs (1) and (2). The adjusted monthly pension shall
29 not be less than the amount which was paid at the time of the
30 member's retirement or death.

31 (1) An amount equal to the ~~following percentages of the~~
32 difference between the monthly earnable compensation payable
33 to an active member of the department, of the same rank and
34 position on the salary scale as was held by the retired or
35 deceased member at the time of the member's retirement or

1 death, for July of the preceding year and the monthly earnable
2 compensation payable to an active member of the department of
3 the same rank and position on the salary scale for July of the
4 year just beginning ~~shall be added to the monthly pension of~~
5 ~~each retired member and each beneficiary as follows~~ multiplied
6 by the following applicable percentage:

7 ~~(1)~~ (a) ~~Thirty~~ Forty percent for members receiving a
8 service retirement allowance and for beneficiaries receiving a
9 pension under subsection 9 of this section.

10 ~~(2)~~ (b) ~~Thirty~~ Forty percent for members with five or more
11 years of membership service who are receiving an ordinary
12 disability retirement allowance.

13 ~~(3)~~ (c) ~~Fifteen~~ Twenty-four percent for members with less
14 than five years of membership service who are receiving an
15 ordinary disability retirement allowance, and for
16 beneficiaries receiving a pension under subsection 8 of this
17 section.

18 ~~(4)~~ (d) ~~Thirty-three-and-one-third~~ Forty percent for
19 members receiving an accidental disability allowance.

20 ~~The adjusted monthly pension shall not be less than the~~
21 ~~amount which was paid at the time of the member's retirement~~
22 ~~or death:~~

23 The amount added to the monthly pension of a surviving
24 spouse receiving a pension under subsection 12, paragraph "a",
25 of this section shall be equal to one-half the amount that
26 would have been added to the monthly pension of the retired
27 member under this subparagraph.

28 (2) The following applicable amount determined as follows:

29 (a) Fifteen dollars where the member's retirement date was
30 less than five years prior to the effective date of the
31 adjustment.

32 (b) Twenty dollars where the member's retirement date was
33 at least five years, but less than ten years, prior to the
34 effective date of the adjustment.

35 (c) Twenty-five dollars where the member's retirement date

1 was at least ten years, but less than fifteen years, prior to
2 the effective date of the adjustment.

3 (d) Thirty dollars where the member's retirement date was
4 at least fifteen years, but less than twenty years, prior to
5 the effective date of the adjustment.

6 (e) Thirty-five dollars where the member's retirement date
7 was at least twenty years prior to the effective date of the
8 adjustment.

9 As of the first of July of each year, the monthly pension
10 payable to each surviving child under the provisions of
11 subsections 8, 9, and 12 of this section shall be adjusted to
12 equal six percent of the monthly earnable compensation payable
13 on that July 1 to an active member having the rank of senior
14 patrol officer of the Iowa state patrol.

15 Sec. 6. Section 97A.6, Code 1999, is amended by adding the
16 following new subsection:

17 NEW SUBSECTION. 16. LINE OF DUTY DEATH BENEFIT.

18 a. If, upon the receipt of evidence and proof that the
19 death of a member in service was the direct and proximate
20 result of a traumatic personal injury incurred in the line of
21 duty, the board of trustees decides that death was so caused,
22 there shall be paid, to a person authorized to receive an
23 accidental death benefit as provided in subsection 9, the
24 amount of one hundred thousand dollars, which shall be payable
25 in a lump sum.

26 b. A line of duty death benefit shall not be payable under
27 this subsection if any of the following applies:

28 (1) The death resulted from stress, strain, occupational
29 illness, or a chronic, progressive, or congenital illness,
30 including, but not limited to, a disease of the heart, lungs,
31 or respiratory system, unless a traumatic personal injury was
32 a substantial contributing factor to the member's death.

33 (2) The death was caused by the intentional misconduct of
34 the member or by the member's intent to cause the member's own
35 death.

1 (3) The member was voluntarily intoxicated at the time of
2 death.

3 (4) The member was performing the member's duties in a
4 grossly negligent manner at the time of death.

5 (5) An individual who would otherwise be entitled to a
6 benefit under this subsection was, through the individual's
7 actions, a substantial contributing factor to the member's
8 death.

9 Sec. 7. Section 97A.8, subsection 1, paragraph b, Code
10 1999, is amended to read as follows:

11 b. On the basis of the rate of interest and of the
12 mortality, interest, and other tables adopted by the board of
13 trustees, the board of trustees, upon the advice of the
14 actuary hired by the board for that purpose, shall make each
15 valuation required by this chapter and shall immediately after
16 making such valuation, determine the "normal contribution
17 rate". The normal contribution rate shall be the rate percent
18 of the earnable compensation of all members obtained by
19 deducting from the total liabilities of the fund the sum of
20 the amount of the funds in hand to the credit of the fund and
21 dividing the remainder by one percent of the present value of
22 the prospective future compensation of all members as computed
23 on the basis of the rate of interest and of mortality and
24 service tables adopted by the board of trustees, all reduced
25 by the employee contribution made pursuant to this subsection.
26 However, the normal rate of contribution shall not be less
27 than seventeen percent. The normal rate of contribution shall
28 be determined by the board of trustees after each valuation.
29 To assist in determining the normal rate of contribution, the
30 board of trustees may adopt a smoothing method for valuing the
31 assets of the system. The smoothing method is designed to
32 reduce changes in the normal contribution rate which could
33 result from fluctuations in the market value of the assets of
34 the system.

35 Sec. 8. Section 97A.8, subsection 1, paragraph c,

1 unnumbered paragraph 2, Code 1999, is amended by striking the
2 unnumbered paragraph.

3 Sec. 9. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY.
4 Section 4 of this Act, amending section 97A.6, subsection 8,
5 paragraph "b", being deemed of immediate importance, takes
6 effect upon enactment and is retroactively applicable to July
7 1, 1996, and is applicable on and after that date.

8 Sec. 10. PEACE OFFICERS RETIREMENT SYSTEM -- LEGISLATIVE
9 INTENT. It is the intent of the general assembly that peace
10 officer members of the retirement system be afforded by action
11 of the general assembly a retirement benefit based upon ninety
12 percent of a peace officer's earnable compensation at the time
13 of a member's retirement after the peace officer has completed
14 thirty years of service when the retirement system can afford
15 it on an actuarially sound basis. At the time the general
16 assembly provides for a retirement benefit as contemplated by
17 this section, proposals to potentially reduce the contribution
18 rates shall be reviewed.

19 DIVISION II

20 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS)

21 Sec. 11. Section 97B.1A, Code 1999, is amended by adding
22 the following new subsection:

23 NEW SUBSECTION. 2A. "Accumulated employer contributions"
24 means an amount equal to the total obtained as of any date, by
25 accumulating each individual contribution by the employer for
26 the member with interest plus interest dividends as provided
27 in section 97B.70, for all completed calendar years and for
28 any completed calendar year for which the interest dividend
29 has not been declared and for completed months of partially
30 completed calendar years, compounded as provided in section
31 97B.70.

32 Sec. 12. Section 97B.1A, subsection 8, paragraph a,
33 subparagraph (1), Code 1999, is amended to read as follows:

34 (1) Elective officials in positions for which the
35 compensation is on a fee basis, elective officials of school

1 districts, elective officials of townships, and elective
2 officials of other political subdivisions who are in part-time
3 positions. An elective official covered under this chapter
4 may terminate membership under this chapter by informing the
5 department in writing of the expiration of the member's term
6 of office or by informing the department of the member's
7 intent to terminate membership for employment as an elective
8 official and establishing that the member has a bona fide
9 termination of employment from all employment covered under
10 this chapter other than as an elective official and that the
11 member has filed a completed application for benefits form
12 with the department. A county attorney is an employee for
13 purposes of this chapter whether that county attorney is
14 employed on a full-time or part-time basis.

15 Sec. 13. Section 97B.1A, subsection 8, paragraph a, Code
16 1999, is amended by adding the following new subparagraph:

17 NEW SUBPARAGRAPH. (12) Persons employed by a municipal
18 water utility or waterworks that has established a pension and
19 annuity retirement system for its employees pursuant to
20 chapter 412.

21 Sec. 14. Section 97B.1A, subsection 8, paragraph b,
22 subparagraph (3), Code 1999, is amended to read as follows:

23 (3) Employees hired for temporary employment of less than
24 six consecutive months or one thousand forty hours in a
25 calendar year. An employee who works for an employer for six
26 or more consecutive months ~~in-a-calendar-year~~ or who works for
27 an employer for more than one thousand forty hours in a
28 calendar year is not a temporary employee under this
29 subparagraph. Adjunct instructors are temporary employees for
30 the purposes of this chapter. As used in this section, unless
31 the context otherwise requires, "adjunct instructors" means
32 instructors employed by a community college or a university
33 governed by the state board of regents without a continuing
34 contract, whose teaching load does not exceed one-half time
35 for two full semesters or three full quarters per calendar

1 year.

2 Sec. 15. Section 97B.1A, Code 1999, is amended by adding
3 the following new subsection:

4 NEW SUBSECTION. 14A. "Member account" means the account
5 established for each member and includes the member's
6 accumulated contributions and the member's share of the
7 accumulated employer contributions as provided in section
8 97B.53. "Member account" does not mean the supplemental
9 account for active members.

10 Sec. 16. Section 97B.1A, Code 1999, is amended by adding
11 the following new subsection:

12 NEW SUBSECTION. 22A. "Supplemental account for active
13 members" or "supplemental account" means the account
14 established for each active member under section 97B.49H.

15 Sec. 17. Section 97B.1A, subsection 24, paragraph a, Code
16 1999, is amended to read as follows:

17 a. "Three-year average covered wage" means, for a member
18 who retires prior to July 1, 2003, a member's covered wages
19 averaged for the highest three years of the member's service,
20 except as otherwise provided in this subsection. The highest
21 three years of a member's covered wages shall be determined
22 using calendar years. However, if a member's final quarter of
23 a year of employment does not occur at the end of a calendar
24 year, the department may determine the wages for the third
25 year by computing the average quarter of all quarters from the
26 member's highest calendar year of covered wages not being used
27 in the selection of the two highest years and using the
28 computed average quarter for each quarter in the third year in
29 which no wages have been reported in combination with the
30 final quarter or quarters of the member's service to create a
31 full year. However, the department shall not use the member's
32 final quarter of wages if using that quarter would reduce the
33 member's three-year average covered wage. If the three-year
34 average covered wage of a member exceeds the highest maximum
35 covered wages in effect for a calendar year during the

1 member's period of service, the three-year average covered
2 wage of the member shall be reduced to the highest maximum
3 covered wages in effect during the member's period of service.
4 Notwithstanding any other provision of this paragraph to the
5 contrary, a member's wages for the third year as computed by
6 this paragraph shall not exceed, by more than three percent,
7 the member's highest actual calendar year of covered wages for
8 a member whose first month of entitlement is January 1999 or
9 later.

10 Sec. 18. Section 97B.1A, subsection 24, paragraph b,
11 subparagraph (4), Code 1999, is amended to read as follows:

12 (4) For a member who retires on or after January 1, 2000,
13 but before January 1, ~~2003~~ 2001, and whose three-year average
14 covered wage at the time of retirement exceeds fifty-five
15 sixty-five thousand dollars, the member's covered wages
16 averaged for the highest ~~seven~~ six years of the member's
17 service or ~~fifty-five~~ sixty-five thousand dollars, whichever
18 is greater.

19 Sec. 19. Section 97B.1A, subsection 24, paragraph b, Code
20 1999, is amended by adding the following new subparagraph:

21 NEW SUBPARAGRAPH. (5) For a member who retires on or
22 after January 1, 2001, but before January 1, 2002, and whose
23 three-year average covered wage at the time of retirement
24 exceeds seventy-five thousand dollars, the member's covered
25 wages averaged for the highest six years of the member's
26 service or seventy-five thousand dollars, whichever is
27 greater.

28 Sec. 20. Section 97B.1A, subsection 24, Code 1999, is
29 amended by adding the following new paragraph:

30 NEW PARAGRAPH. c. "Three-year average covered wage"
31 means, for a member who retires on or after July 1, 2003, the
32 greater of the member's covered wages averaged for a member's
33 highest twelve consecutive quarters of service or the member's
34 covered wages averaged for a member's highest three calendar
35 years of service. The department shall adopt rules to

1 implement this paragraph in accordance with the requirements
2 of this chapter and the federal Internal Revenue Code.

3 Sec. 21. Section 97B.1A, subsection 26, paragraph a, Code
4 1999, is amended to read as follows:

5 a. (1) "Wages" means all remuneration for employment,
6 including the, but not limited to, any of the following:

7 (a) The cash value of remuneration-paid-in-a-medium-other
8 than-cash,-but-not-including-the-cash-value-of-remuneration
9 paid-in-a-medium-other-than-cash-as wage equivalents not
10 necessitated by the convenience of the employer. The amount
11 agreed-upon-by-the-employer-and-employee-for-remuneration-paid
12 in-a-medium-other-than-cash fair market value of such wage
13 equivalents shall be reported to the department by the
14 employer and-is-conclusive-of-the-value-of-the-remuneration.

15 "Wages"-does-not-include-special-lump-sum-payments-made-as
16 payment-for-accrued-sick-leave-or-accrued-vacation-or-payments
17 made-as-an-incentive-for-early-retirement-or-as-payments-made
18 upon-dismissal,-severance,-or-a-special-bonus-payment-

19 (b) The remuneration paid to an employee before employee-
20 paid contributions are made to plans qualified under sections
21 125, 129, 401, 403, 408, and 457 of the Internal Revenue Code.

22 (c) Wages-for For an elected official means, other than a
23 a member of the general assembly, the total compensation
24 received by the elected official, whether paid in the form of
25 per diem or annual salary received-by-an-elected-official,
26 exclusive of expense and travel allowances.

27 (d) Wages-for For a member of the general assembly, means
28 the total compensation received by a member of the general
29 assembly, whether paid in the form of per diem or annual
30 salary, exclusive of expense and travel allowances paid to a
31 member of the general assembly except as otherwise provided in
32 this paragraph subparagraph subdivision. Wages includes per
33 diem payments paid to members of the general assembly during
34 interim periods between sessions of the general assembly.
35 Wages also includes daily allowances to members of the general

1 assembly for nontravel expenses of office during a session of
2 the general assembly, but does not include the portion of the
3 daily allowance which exceeds the maximum established by law
4 for members from Polk county.

5 (e) Payments for compensatory time earned that are
6 received in lieu of taking regular work hours off and when
7 paid as a lump sum. However, "wages" does not include
8 payments made in a lump sum for compensatory time earned in
9 excess of two hundred forty hours per year.

10 (f) Employee contributions required under section 97B.11
11 and picked up by the employer under section 97B.11A.

12 (2) "Wages" does not include any of the following:

13 (a) The cash value of wage equivalents necessitated by the
14 convenience of the employer.

15 (b) Payments made for accrued sick leave or accrued
16 vacation leave that are not being used to replace regular work
17 hours, whether paid in a lump sum or in installments.

18 (c) Payments made as an incentive for early retirement or
19 as payment made upon dismissal or severance from employment,
20 or a special bonus payment intended as an early retirement
21 incentive, whether paid in a lump sum or in installments.

22 (d) Employer-paid contributions to, and any distributions
23 from, plans, programs, or arrangements qualified under section
24 117, 120, 125, 129, 401, 403, 408, or 457 of the Internal
25 Revenue Code.

26 (e) Employer-paid contributions for coverage under, or
27 distributions from, an accident, health, or life insurance
28 plan, program, or arrangement.

29 (f) Workers' compensation and unemployment compensation
30 payments.

31 (g) Disability payments.

32 (h) Reimbursements of employee business expenses except
33 for those expenses included as wages for a member of the
34 general assembly.

35 (i) Payments for allowances made to an employee that are

1 not included in an employee's federal taxable income except
2 for those allowances included as wages for a member of the
3 general assembly.

4 (j) Payments of damages, attorney fees, interest, and
5 penalties made to satisfy a grievance or wage claim.

6 (k) Payments for services as an independent contractor.

7 (l) Payments made by an entity that is not an employer
8 under this chapter.

9 (m) Payments made in lieu of any employer-paid group
10 insurance coverage.

11 (n) Payments made for the difference between the costs of
12 single and family insurance coverage.

13 (o) Payments made by an employer to reimburse employees
14 for the cost of insurance coverage and for other fringe
15 benefits or expenses.

16 Sec. 22. Section 97B.5, Code 1999, is amended to read as
17 follows:

18 97B.5 STAFF.

19 Subject to other provisions of this chapter, the department
20 may employ personnel as necessary for the administration of
21 the system, including but not limited to a chief investment
22 officer and a chief benefits officer. The maximum number of
23 full-time equivalent employees specified by the general
24 assembly for the department for administration of the system
25 for a fiscal year shall not be reduced by any authority other
26 than the general assembly. The staff shall be appointed
27 pursuant to chapter 19A. The department shall not appoint or
28 employ a person who is an officer or committee member of a
29 political party organization or who holds or is a candidate
30 for ~~an~~ a partisan elective public office. The department may
31 employ attorneys and contract with attorneys and legal firms
32 for the provision of legal counsel and advice in the
33 administration of this chapter and chapter 97C. The
34 department may execute contracts with investment advisors,
35 consultants, and managers outside state government in the

1 administration of this chapter. The department may delegate
2 to any person such authority as it deems reasonable and proper
3 for the effective administration of this chapter, and may bond
4 any person handling moneys or signing checks under this
5 chapter.

6 Sec. 23. Section 97B.9, unnumbered paragraph 1, Code 1999,
7 is amended to read as follows:

8 ~~Contributions-unpaid-on-the-date-on-which-they-are-due-and~~
9 ~~payable-as-prescribed-by-the-department;~~ An employer shall
10 bear be charged the greater of ten dollars per occurrence or
11 interest at the combined interest and dividend rate required
12 under section 97B.70 for the applicable calendar year;
13 ~~provided-that-the~~ for contributions unpaid on the date on
14 which they are due and payable as prescribed by the
15 department. The department may ~~prescribe-fair-and-reasonable~~
16 ~~regulations-pursuant-to~~ adopt rules prescribing circumstances
17 for which the interest or charge shall not accrue with respect
18 to contributions required. Interest or charges collected
19 pursuant to this section shall be paid into the Iowa public
20 employees' retirement fund.

21 Sec. 24. Section 97B.9, subsection 4, Code 1999, is
22 amended to read as follows:

23 4. Regardless of any potentially applicable statute of
24 limitations, if the department finds that the employer or
25 employee or-employer, or both, have erroneously underpaid
26 contributions, the ~~employer-shall-pay-the-employer's-share-of~~
27 ~~contributions-and-interest-and-the-interest-assessed-to-the~~
28 ~~employee's-share-of-contributions~~ department shall notify the
29 employer and employee in writing of the total amount of the
30 underpayment, including interest, and the employer's and
31 employee's share of the underpayment. The department shall
32 collect from the employer the total amount of the
33 underpayment, including the employer's share, the employee's
34 share, and the interest assessed to both shares of the
35 underpayment, regardless of whether the employee has

1 reimbursed the employer for the employee's share of the
2 underpayment. The employee shall be obligated to pay only the
3 employee's share of the underpaid contributions, without
4 interest, to the employer, ~~who shall then remit them to the~~
5 department. The employer may collect the employee's share of
6 underpaid contributions from the employee or the employee's
7 estate. The employer may collect the employee's share through
8 a deduction from the employee's wages, or by maintaining a
9 legal action against the employee or the employee's estate.
10 For purposes of section 1526 of the federal Taxpayer Relief
11 Act of 1997, eligible participants, as defined by section
12 1526, may make payments of contributions under this section
13 without regard to the limitations of section 415(c)(1) of the
14 federal Internal Revenue Code.

15 Sec. 25. Section 97B.11, unnumbered paragraph 2, Code
16 1999, is amended by striking the unnumbered paragraph.

17 Sec. 26. NEW SECTION. 97B.14A WAGE REPORTING.

18 An employer shall report wages of employees covered by this
19 chapter to the department in a manner and form as prescribed
20 by the department. If the wages reported by an employer
21 appear to be a distortion of the normal wage progression
22 pattern for an employee, the department may request that the
23 employer provide documentation indicating that the wages were
24 not misreported for the purposes of causing an increase in the
25 retirement allowance or other payments authorized to be made
26 by this chapter. If the department determines that the wages
27 of an employee were misreported, the employer shall prepare
28 and file wage adjustments allocating the wages to the proper
29 wage reporting period.

30 Sec. 27. Section 97B.17, subsection 2, Code 1999, is
31 amended to read as follows:

32 2. Records specifying amounts accumulated in members'
33 active accounts and supplemental accounts.

34 Sec. 28. Section 97B.25, Code 1999, is amended to read as
35 follows:

1 97B.25 APPLICATIONS FOR BENEFITS.

2 A representative designated by the chief benefits officer
3 and referred to in this chapter as a retirement benefits
4 specialist officer shall promptly examine applications for
5 retirement benefits and on the basis of facts found shall
6 determine whether or not the claim is valid. If the claim is
7 valid, the retirement benefits specialist officer shall send a
8 notification to the member stating the option the member has
9 selected pursuant to ~~sections 97B.49A through 97B.49G, as~~
10 ~~applicable, or~~ section 97B.51, the month with respect to which
11 benefits shall commence, and the monthly benefit amount
12 payable. If the claim is invalid, the retirement benefits
13 specialist officer shall promptly notify the applicant and any
14 other interested party of the decision and the reasons. A
15 retirement application shall not be amended or revoked by the
16 member once the first retirement allowance is paid. A
17 member's death during the first month of entitlement shall not
18 invalidate an approved application.

19 Sec. 29. Section 97B.42A, Code 1999, is amended by adding
20 the following new subsection:

21 NEW SUBSECTION. 3A. A person who is employed in a
22 position as an employee as defined in section 97B.1A,
23 subsection 8, paragraph "a", subparagraph (12), on July 1,
24 2000, and who has not elected out of coverage under this
25 chapter prior to that date, shall begin coverage under the
26 system on July 1, 2000, unless, on or before August 31, 2000,
27 the person files an application with appropriate documentation
28 to elect coverage under an alternative pension and annuity
29 retirement system established pursuant to chapter 412. If a
30 person elects coverage under the alternative pension and
31 annuity retirement system, the period of time from July 1,
32 2000, until the date the person's election of coverage is
33 effective shall not constitute service for purposes of
34 coverage under this chapter and a wage adjustment shall be
35 processed for the person based on any contributions collected

1 pursuant to this chapter during that period of time and shall
2 be credited pursuant to section 97B.10. A decision to elect
3 coverage under an alternative pension and annuity retirement
4 system established pursuant to chapter 412 under this
5 subsection is irrevocable upon approval from the department.

6 A person who becomes a member of the Iowa public employees'
7 retirement system pursuant to this subsection, and who has one
8 or more years of covered wages, may purchase credit, pursuant
9 to section 97B.73, for one or more quarters of service prior
10 to August 1, 2000, in which the person was employed in a
11 position as described by section 97B.1A, subsection 8,
12 paragraph "a", subparagraph (12), but was not a member of the
13 system.

14 Sec. 30. Section 97B.42A, subsection 4, Code 1999, is
15 amended to read as follows:

16 4. A person who becomes a member of the system pursuant to
17 subsection 3, or who is a member of the system, and who has
18 one or more years of covered wages, may purchase credit,
19 pursuant to section 97B.73, for one or more quarters of
20 service prior to January 1, 1999, in which the person was
21 employed in a position as described in section 97B.1A,
22 subsection 8, paragraph "a", but was not a member of the
23 system.

24 Sec. 31. Section 97B.44, Code 1999, is amended to read as
25 follows:

26 97B.44 BENEFICIARY.

27 Each member shall designate on a form to be furnished by
28 the department a beneficiary for death benefits payable under
29 this chapter on the death of the member. The designation may
30 be changed from time to time by the member by filing a new
31 designation with the department. A designation or change in
32 designation made by a member on or after July 1, 2000, shall
33 contain the written consent of the member's spouse, if
34 applicable. The designation of a beneficiary is not
35 applicable if the member receives a refund of all

1 contributions of the member. If a member who has received a
2 refund of contributions returns to employment, the member
3 shall file a new designation with the department.

4 If a member has not designated a beneficiary on a form
5 furnished by the department, or if there are no surviving
6 designated beneficiaries of a member, death benefits payable
7 under this chapter shall be paid to the member's estate.

8 Sec. 32. Section 97B.48, subsection 1, Code 1999, is
9 amended to read as follows:

10 1. Retirement allowances shall be paid monthly, except
11 that an allowance of less than six hundred dollars a year may,
12 at the member's option, be paid as a lump sum in an amount
13 equal to the sum of the member's and employer's accumulated
14 contributions and the retirement dividends standing to the
15 member's credit before December 31, 1966. Receipt of the
16 lump-sum payment by a member shall terminate any and all
17 entitlement for the period of service covered of the member
18 under this chapter and the member shall not be eligible to buy
19 back the period of service.

20 Sec. 33. Section 97B.48A, subsection 1, unnumbered
21 paragraph 1, Code 1999, is amended to read as follows:

22 If a member who has not reached the member's sixty-fifth
23 birthday and who has a bona fide retirement under this chapter
24 is in regular full-time employment during a calendar year, the
25 member's retirement allowance shall be reduced by fifty cents
26 for each dollar the member earns over the limit provided in
27 this subsection. However, employment is not full-time
28 employment until the member receives remuneration in an amount
29 in excess of ~~twelve~~ fourteen thousand dollars for a calendar
30 year, or an amount equal to the amount of remuneration
31 permitted for a calendar year for persons under sixty-five
32 years of age before a reduction in federal social security
33 retirement benefits is required, whichever is higher.
34 Effective the first of the month in which a member attains the
35 age of sixty-five years, a retired member may receive a

1 retirement allowance without a reduction after return to
2 covered employment regardless of the amount of remuneration
3 received.

4 Sec. 34. Section 97B.48A, subsection 3, Code 1999, is
5 amended to read as follows:

6 3. Upon a retirement after reemployment, a retired member
7 may have the retired member's retirement allowance
8 redetermined under this section or section 97B.48, **sections**
9 ~~97B-49A-through-97B-49H~~, section 97B.50, or section 97B.51,
10 whichever is applicable, based upon the addition of credit for
11 the years of membership service of the employee after
12 reemployment, the covered wage during reemployment, and the
13 age of the employee after reemployment. The member shall
14 receive a single retirement allowance calculated from both
15 periods of membership service, one based on the initial
16 retirement and one based on the second retirement following
17 reemployment. If the total years of membership service and
18 prior service of a member who has been reemployed equals or
19 exceeds thirty, the years of membership service on which the
20 original retirement allowance was based may be reduced by a
21 fraction of the years of service equal to the number of years
22 by which the total years of membership service and prior
23 service exceeds thirty divided by thirty, if this reduction in
24 years of service will increase the total retirement allowance
25 of the member. The additional retirement allowance calculated
26 for the period of reemployment shall be added to the
27 retirement allowance calculated for the initial period of
28 membership service and prior service, adjusted as provided in
29 this subsection. The retirement allowance calculated for the
30 initial period of membership service and prior service shall
31 not be adjusted for any other factor than years of service.
32 The retired member shall not receive a retirement allowance
33 based upon more than a total of thirty years of service.
34 Effective July 1, 1998, a redetermination of a retirement
35 allowance as authorized by this subsection for a retired

1 member whose combined service exceeds the applicable years of
2 service for that member as provided in sections 97B.49A
3 through 97B.49G shall have the determination of the member's
4 reemployment benefit based upon the percentage multiplier as
5 determined for that member as provided in sections 97B.49A
6 through 97B.49G.

7 Sec. 35. Section 97B.48A, subsection 4, Code 1999, is
8 amended to read as follows:

9 4. The department shall pay to the member the accumulated
10 contributions of the member and all of the employer
11 contributions, plus interest plus interest dividends as
12 provided in section 97B.70, for all completed calendar years,
13 compounded as provided in section 97B.70, on the covered wages
14 earned by a retired member that are not used in the
15 recalculation of the retirement allowance of a member. A
16 payment of contributions to a member pursuant to this
17 subsection shall be considered a retirement payment and not a
18 refund and the member shall not be eligible to buy back the
19 period of reemployment service.

20 Sec. 36. Section 97B.49B, subsection 1, paragraph a, Code
21 1999, is amended to read as follows:

22 a. "Applicable percentage" means the greater of the
23 following percentages:

24 (1) sixty Sixty percent or ~~7~~-for.

25 (2) For each active or inactive vested member retiring on
26 or after July 1, 1996, but before July 1, 2000, sixty percent
27 plus, if applicable, an additional one-fourth of one
28 percentage point for each additional calendar quarter of
29 eligible service beyond twenty-five years of service for the
30 member, not to exceed a total of five additional percentage
31 points.

32 (3) For each active or inactive vested member retiring on
33 or after July 1, 2000, but before July 1, 2001, sixty percent
34 plus, if applicable, an additional one-fourth of one
35 percentage point for each additional calendar quarter of

1 eligible service beyond twenty-four years of service for the
2 member, not to exceed a total of six additional percentage
3 points.

4 (4) For each active or inactive vested member retiring on
5 or after July 1, 2001, but before July 1, 2002, sixty percent
6 plus, if applicable, an additional one-fourth of one
7 percentage point for each additional calendar quarter of
8 eligible service beyond twenty-three years of service for the
9 member, not to exceed a total of seven additional percentage
10 points.

11 (5) For each active or inactive vested member retiring on
12 or after July 1, 2002, but before July 1, 2003, sixty percent
13 plus, if applicable, an additional one-fourth of one
14 percentage point for each additional calendar quarter of
15 eligible service beyond twenty-two years of service for the
16 member, not to exceed a total of eight additional percentage
17 points.

18 (6) For each active or inactive vested member retiring on
19 or after July 1, 2003, sixty percent plus, if applicable, an
20 additional three-eighths of one percentage point for each
21 additional calendar quarter of eligible service beyond twenty-
22 two years of service for the member, not to exceed a total of
23 twelve additional percentage points.

24 Sec. 37. Section 97B.49B, subsection 1, Code 1999, is
25 amended by adding the following new paragraph:

26 NEW PARAGRAPH. aa. "Applicable years of service" means
27 the following:

28 (1) For each active or inactive vested member retiring on
29 or after July 1, 1996, and before July 1, 2000, twenty-five.

30 (2) For each active or inactive vested member retiring on
31 or after July 1, 2000, and before July 1, 2001, twenty-four.

32 (3) For each active or inactive vested member retiring on
33 or after July 1, 2001, and before July 1, 2002, twenty-three.

34 (4) For each active or inactive vested member retiring on
35 or after July 1, 2002, twenty-two.

1 Sec. 38. Section 97B.49B, subsection 1, paragraph c, Code
2 1999, is amended to read as follows:

3 c. "Fraction of years of service" means a number, not to
4 exceed one, equal to the sum of the years of eligible service
5 in a protection occupation divided by twenty-five the
6 applicable years of service for the member.

7 Sec. 39. Section 97B.49B, subsection 1, paragraph d, Code
8 1999, is amended by adding the following new subparagraph:

9 NEW SUBPARAGRAPH. (7) An employee covered by the merit
10 system as provided in chapter 19A whose primary duty is
11 providing airport security and who carries or is licensed to
12 carry a firearm while performing those duties.

13 Sec. 40. Section 97B.49D, subsection 1, paragraph b, Code
14 1999, is amended to read as follows:

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

29 Sec. 41. Section 97B.49F, subsection 1, paragraph b,
30 subparagraph (2), subparagraph subdivision (a), Code 1999, is
31 amended to read as follows:

32 (a) The percentage representing eighty-percent-of the
33 percentage increase in the consumer price index published in
34 the federal register by the federal department of labor,
35 bureau of labor statistics, that reflects the percentage

1 increase in the consumer price index for the twelve-month
2 period ending June 30 of the year that the dividend is to be
3 paid.

4 Sec. 42. Section 97B.49F, subsection 1, paragraph c, Code
5 1999, is amended to read as follows:

6 c. If a member eligible to receive a cost-of-living
7 dividend dies before November 1 of a year, a cost-of-living
8 dividend shall not be payable in November of that year in the
9 name of the member. If a member dies on or after November 1,
10 but before payment of a dividend is made in that month, the
11 full amount of the retirement dividend for that year shall be
12 paid in the member's name upon notification of the member's
13 death.

14 Sec. 43. Section 97B.49F, subsection 2, paragraph a, Code
15 1999, is amended to read as follows:

16 a. Commencing January 1, 1999, all members who retired on
17 or after July 1, 1990, and who have been retired for at least
18 one year as of the date the dividend is payable, or a
19 beneficiary or contingent annuitant of such a member who
20 receives a monthly benefit, shall be eligible to receive a
21 favorable experience dividend, payable on the last business
22 day in January of each year pursuant to the requirements of
23 this subsection. If the member, beneficiary, or contingent
24 annuitant eligible to receive a favorable experience dividend
25 dies before January 1 of a year, a favorable experience
26 dividend shall not be payable in January of that year in the
27 name of the member, beneficiary, or contingent annuitant.
28 However, if the member, beneficiary, or contingent annuitant
29 dies on or after January 1 but before the dividend is paid in
30 that month, the full amount of the dividend payable in that
31 month shall be paid in the name of the applicable member,
32 beneficiary, or contingent annuitant, upon notification of
33 death.

34 Sec. 44. Section 97B.49F, subsection 2, paragraph c, Code
35 1999, is amended by adding the following new subparagraph:

1 NEW SUBPARAGRAPH. (3A) Notwithstanding the provisions of
2 this paragraph to the contrary, moneys credited to the reserve
3 account in any applicable year shall not exceed an amount
4 which, if credited to the reserve account, would exceed an
5 amount that the system's actuary determines is sufficient to
6 pay the maximum favorable experience dividend for each of the
7 next following ten years, based on reasonable actuarial
8 assumptions.

9 Sec. 45. Section 97B.49F, subsection 2, paragraph d, Code
10 1999, is amended to read as follows:

11 d. The favorable experience dividend is calculated by
12 multiplying the ~~total-of-the~~ monthly benefit-payments-of
13 retirement allowance payable to the retiree, beneficiary, or
14 contingent annuitant for the previous calendar-year December,
15 or such other month as determined by the department, by
16 twelve, and then multiplying that amount by the number of
17 complete years the member has been retired or would have been
18 retired if living as of the date the dividend is payable, and
19 by the applicable percentage. For purposes of this paragraph,
20 the applicable percentage is the percentage, not to exceed
21 three percent, that the department determines shall be applied
22 in calculating the favorable experience dividend if the
23 department determines that the reserve account is sufficiently
24 funded to make a distribution. In making its determination,
25 the department shall consider, but not be limited to, the
26 amounts credited to the reserve account, the distributions
27 from the reserve account made in previous years, the
28 likelihood of future credits to and distributions from the
29 reserve account, and the distributions paid under subsection
30 1.

31 Sec. 46. Section 97B.49G, Code 1999, is amended by adding
32 the following new subsection:

33 NEW SUBSECTION. 12. PROBATION AND PAROLE OFFICERS III --
34 JULY 1994 - JULY 1998. The department shall establish and
35 maintain additional contribution accounts for employees of

1 judicial district departments of correctional services who
2 were employed as parole officers III and probation officers
3 III during any portion of the period from July 1, 1994,
4 through June 30, 1998. A probation officer III or parole
5 officer III who made contributions to the retirement fund
6 during the period from July 1, 1994, through June 30, 1998, as
7 a member of a protection occupation shall have credited to an
8 additional contribution account for that probation or parole
9 officer an amount equal to the contributions made to the
10 retirement fund in excess of 3.7 percent of the probation or
11 parole officer's covered wages paid from July 1, 1994, through
12 June 30, 1998, plus interest at the applicable statutory
13 interest rates established in this chapter. Moneys deposited
14 in an additional contribution account established pursuant to
15 this section shall be payable in a lump sum to the probation
16 or parole officer at retirement or upon request for a refund
17 of moneys in the account. If the probation or parole officer
18 dies prior to receipt of moneys in the account, the
19 beneficiary designated by that probation or parole officer
20 shall receive a lump sum payment of moneys in the account.
21 The payment of moneys from the account created in this
22 subsection shall not be annuitized. A probation officer III
23 or parole officer III for which an account is established
24 under this subsection shall not receive credit for eligible
25 service as a member of a protection occupation for that
26 service.

27 Sec. 47. Section 97B.49H, subsection 5, paragraph c, Code
28 1999, is amended to read as follows:

29 c. Upon retirement, the member shall elect to receive in a
30 lump sum payment or in an annuity, in addition to any other
31 payment provided by this chapter, all amounts credited to the
32 member's supplemental account. The annuity provided under
33 this section shall be payable in the same form, at the same
34 time, and to the same persons, including beneficiaries and
35 contingent annuitants, that the member elects for the payments

1 under the other provisions of this chapter providing for the
2 monthly payment of allowances. The amount of an annuity
3 provided under this section, including amounts payable to
4 beneficiaries and contingent annuitants, shall be calculated
5 using the amount credited to the member's supplemental account
6 as of the date of retirement, and the assumptions underlying
7 the actuarial tables used to calculate optional allowances
8 under section 97B.51.

9 Sec. 48. Section 97B.50, subsection 1, unnumbered
10 paragraph 1, Code 1999, is amended to read as follows:

11 Except as otherwise provided in this section, a vested
12 member who is at least fifty-five years of age, upon
13 retirement prior to the normal retirement date other-than-that
14 specified-in-section-97B-457-subsection-4 for that member, is
15 entitled to receive a monthly retirement allowance determined
16 in the same manner as provided for normal retirement in
17 sections 97B.49A, 97B.49E, and 97B.49G, reduced as follows:

18 Sec. 49. Section 97B.50, subsection 2, Code 1999, is
19 amended to read as follows:

20 2. a. A vested member who retires from the system due to
21 disability and commences receiving disability benefits
22 pursuant to the federal Social Security Act, 42 U.S.C. § 423
23 et seq., and who has not reached the normal retirement date,
24 shall receive benefits as selected under ~~sections-97B-49A~~
25 ~~through-97B-496,-as-applicable~~ section 97B.51, and shall not
26 have benefits reduced upon retirement as required under
27 subsection 1 regardless of whether the member has completed
28 thirty or more years of membership service. However, the
29 benefits shall be suspended during any period in which the
30 member returns to covered employment. This section takes
31 effect July 1, 1990, for a member meeting the requirements of
32 this paragraph who retired from the system at any time after
33 July 4, 1953. Eligible members retiring on or after July 1,
34 2000, are entitled to the receipt of retroactive adjustment
35 payments ~~back-to-July-1,-1990~~ for no more than twelve months

1 immediately preceding the month in which written notice of
2 retirement due to disability was submitted to the department,
3 notwithstanding the requirements of subsection 4.

4 b. A vested member who retires from the system due to
5 disability and commences receiving disability benefits
6 pursuant to the federal Railroad Retirement Act, 45 U.S.C. §
7 231 et seq., and who has not reached the normal retirement
8 date, shall receive benefits as selected under sections
9 ~~97B:49A-through-97B:49G,~~ as applicable section 97B.51, and
10 shall not have benefits reduced upon retirement as required
11 under subsection 1 regardless of whether the member has
12 completed thirty or more years of membership service.
13 However, the benefits shall be suspended during any period in
14 which the member returns to covered employment. This section
15 takes effect July 1, 1990, for a member meeting the
16 requirements of this paragraph who retired from the system at
17 any time since July 4, 1953. Eligible members retiring on or
18 after July 1, 2000, are entitled to the receipt of retroactive
19 adjustment payments ~~back-to-July-1-1990~~ for no more than
20 twelve months immediately preceding the month in which written
21 notice of retirement due to disability was submitted to the
22 department, notwithstanding the requirements of subsection 4.

23 Sec. 50. NEW SECTION. 97B.50A DISABILITY BENEFITS FOR
24 SPECIAL SERVICE MEMBERS.

25 1. DEFINITIONS. For purposes of this section, unless the
26 context otherwise provides:

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

31 b. "Net disability retirement allowance" means the amount
32 determined by subtracting the amount paid during the previous
33 calendar year by the member for health insurance or similar
34 health care coverage for the member and the member's
35 dependents from the amount of the member's disability

1 retirement allowance, including any dividends and
2 distributions from supplemental accounts, paid for that year
3 pursuant to this section.

4 c. "Reemployment comparison amount" means an amount equal
5 to the current covered wages of an active special service
6 member at the same position on the salary scale within the
7 rank or position the member held at the time the member
8 received a disability retirement allowance pursuant to this
9 section. If the rank or position held by the member at the
10 time of retirement pursuant to this section is abolished, the
11 amount shall be computed by the department as though the rank
12 or position had not been abolished and salary increases had
13 been granted on the same basis as granted to other ranks or
14 positions by the former employer of the member. The
15 reemployment comparison amount shall not be less than the
16 three-year average covered wage of the member, based on all
17 regular and special service covered under this chapter.

18 2. IN-SERVICE DISABILITY RETIREMENT ALLOWANCE.

19 a. A member who is injured in the performance of the
20 member's duties, and otherwise meets the requirements of this
21 subsection shall receive an in-service disability retirement
22 allowance under this subsection, in lieu of a monthly
23 retirement allowance as provided in section 97B.49A, 97B.49B,
24 97B.49C, 97B.49D, or 97B.49G, as applicable.

25 b. Upon application of a member, a member who has become
26 totally and permanently incapacitated for duty in the member's
27 special service occupation as the natural and proximate result
28 of an injury, disease, or exposure occurring or aggravated
29 while in the actual performance of duty at some definite place
30 and time shall be eligible to retire under this subsection,
31 provided that the medical board, as established by this
32 section, shall certify that the member is mentally or
33 physically incapacitated for further performance of duty, that
34 the incapacity is likely to be permanent, and that the member
35 should be retired. The department shall make the final

1 determination, based on the medical evidence received, of a
2 member's total and permanent disability. However, if a
3 person's special service membership in the system first
4 commenced on or after July 1, 2000, the member shall not be
5 eligible for benefits with respect to a disability which would
6 not exist, but for a medical condition that was known to exist
7 on the date that membership commenced. A member who is denied
8 a benefit under this subsection, by reason of a finding by the
9 department that the member is not mentally or physically
10 incapacitated for the further performance of duty, shall be
11 entitled to be restored to active service in the same or
12 comparable special service occupation position held by the
13 member immediately prior to the application for disability
14 benefits.

15 c. Disease under this subsection shall mean heart disease
16 or any disease of the lungs or respiratory tract and shall be
17 presumed to have been contracted while on active duty as a
18 result of strain, exposure, or the inhalation of noxious
19 fumes, poison, or gases. However, if a person's special
20 service membership in the system first commenced on or after
21 July 1, 2000, and the heart disease or disease of the lungs or
22 respiratory tract would not exist, but for a medical condition
23 that was known to exist on the date that special service
24 membership commenced, the presumption established in this
25 paragraph shall not apply.

26 d. Upon retirement for an in-service disability as
27 provided by this subsection, a member shall receive the
28 greater of a monthly in-service disability retirement
29 allowance calculated under this subsection or a monthly
30 retirement allowance as provided in section 97B.49A, 97B.49B,
31 97B.49C, 97B.49D, or 97B.49G, as applicable. The monthly in-
32 service disability allowance calculated under this subsection
33 shall consist of an allowance equal to one-twelfth of sixty
34 percent of the member's three-year average covered wage or its
35 actuarial equivalent as provided under section 97B.51.

1 3. ORDINARY DISABILITY RETIREMENT ALLOWANCE.

2 a. A member who otherwise meets the requirements of this
3 subsection shall receive an ordinary disability retirement
4 allowance under this subsection, in lieu of a monthly
5 retirement allowance as provided in section 97B.49A, 97B.49B,
6 97B.49C, 97B.49D, or 97B.49G, as applicable.

7 b. Upon application of a member, a member who has become
8 totally and permanently incapacitated for duty in the member's
9 special service occupation shall be eligible to retire under
10 this subsection, provided that the medical board, as
11 established by this section, shall certify that the member is
12 mentally or physically incapacitated for further performance
13 of duty, that the incapacity is likely to be permanent, and
14 that the member should be retired. The department shall make
15 the final determination, based on the medical evidence
16 received, of a member's total and permanent disability.
17 However, if a person's special service membership in the
18 system first commenced on or after July 1, 2000, the member
19 shall not be eligible for benefits with respect to a
20 disability which would not exist, but for a medical condition
21 that was known to exist on the date that special service
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 occupation position held by the member immediately prior to
28 the application for disability benefits.

29 c. Upon retirement for an ordinary disability as provided
30 by this subsection, a member shall receive the greater of a
31 monthly ordinary disability retirement allowance calculated
32 under this subsection or a monthly retirement allowance as
33 provided in section 97B.49A, 97B.49B, 97B.49C, 97B.49D, or
34 97B.49G, as applicable. The monthly ordinary disability
35 allowance calculated under this subsection shall consist of an

1 allowance equal to one-twelfth of fifty percent of the
2 member's three-year average covered wage or its actuarial
3 equivalent as provided under section 97B.51.

4 4. WAIVER OF ALLOWANCE. A member receiving a disability
5 retirement allowance under this section may file an
6 application to receive benefits pursuant to section 97B.50,
7 subsection 2, in lieu of receiving a disability retirement
8 allowance under this section, if the member becomes eligible
9 for benefits under section 97B.50, subsection 2. An
10 application to receive benefits pursuant to section 97B.50,
11 subsection 2, shall be filed with the department within sixty
12 days after the member becomes eligible for benefits pursuant
13 to that section or the member shall be ineligible to elect
14 coverage under that section. On the first of the month
15 following the month in which a member's application is
16 approved by the department, the member's election of coverage
17 under section 97B.50, subsection 2, shall become effective and
18 the member's eligibility to receive a disability retirement
19 allowance pursuant to this section shall cease. Benefits
20 payable pursuant to section 97B.50, subsection 2, shall be
21 calculated using the option choice the member selected for
22 payment of a disability retirement allowance pursuant to this
23 section. An application to elect coverage under section
24 97B.50, subsection 2, is irrevocable upon approval by the
25 department.

26 5. OFFSET TO ALLOWANCE. Notwithstanding any provisions to
27 the contrary in state law, or any applicable contract or
28 policy, any amounts which may be paid or payable by the
29 employer under any workers' compensation, unemployment
30 compensation, or other law to a member, and any disability
31 payments the member receives pursuant to the federal Social
32 Security Act, 42 U.S.C. § 423 et seq., shall be offset against
33 and payable in lieu of any retirement allowance payable
34 pursuant to this section on account of the same disability.

35 6. REEXAMINATION OF MEMBERS RETIRED ON ACCOUNT OF

1 DISABILITY.

2 a. Once each year during the first five years following
3 the retirement of a member under this section, and once in
4 every three-year period thereafter, the department may, and
5 upon the member's application shall, require any member
6 receiving an in-service or ordinary disability retirement
7 allowance who has not yet attained the age of fifty-five years
8 to undergo a medical examination as arranged by the medical
9 board as established by this section. The examination shall
10 be made by the medical board or by an additional physician or
11 physicians designated by the medical board. If any member
12 receiving an in-service or ordinary disability retirement
13 allowance who has not attained the age of fifty-five years
14 refuses to submit to the medical examination, the allowance
15 may be discontinued until the member's withdrawal of the
16 refusal, and should the member's refusal continue for one
17 year, all rights in and to the member's disability retirement
18 allowance shall be revoked by the department.

19 b. If a member is determined under paragraph "a" to be no
20 longer eligible for in-service or ordinary disability
21 benefits, all benefits paid under this section shall cease.
22 The member shall be eligible to receive benefits calculated
23 under section 97B.49B or 97B.49C, as applicable, when the
24 member reaches age fifty-five.

25 7. REEMPLOYMENT.

26 a. If a member receiving a disability retirement allowance
27 is returned to covered employment, the member's disability
28 retirement allowance shall cease, the member shall again
29 become an active member, and shall contribute thereafter at
30 the same rate payable by similarly classified members. If a
31 member receiving a disability retirement allowance returns to
32 special service employment, then the period of time the member
33 received a disability retirement allowance shall constitute
34 eligible service as defined in section 97B.49B, subsection 1,
35 or section 97B.49C, subsection 1, as applicable. Upon

1 subsequent retirement, the member's retirement allowance shall
2 be calculated as provided in section 97B.48A.

3 b. (1) If a member receiving a disability retirement
4 allowance is engaged in a gainful occupation that is not
5 covered employment, the member's disability retirement
6 allowance shall be reduced, if applicable, as provided in this
7 paragraph.

8 (2) If the member is engaged in a gainful occupation
9 paying more than the difference between the member's net
10 disability retirement allowance and one and one-half times the
11 reemployment comparison amount for that member, then the
12 amount of the member's disability retirement allowance shall
13 be reduced to an amount such that the member's net disability
14 retirement allowance plus the amount earned by the member
15 shall equal one and one-half times the reemployment comparison
16 amount for that member.

17 (3) The member shall submit sufficient documentation to
18 the system to permit the system to determine the member's net
19 disability retirement allowance and earnings from a gainful
20 occupation that is not covered employment for the applicable
21 year.

22 (4) This paragraph does not apply to a member who is at
23 least fifty-five years of age and would have completed a
24 sufficient number of years of service if the member had
25 remained in active special service employment. For purposes
26 of this subparagraph, a sufficient number of years of service
27 shall be twenty-five for a special service member as described
28 in section 97B.49B or twenty-two for a special service member
29 as described in section 97B.49C.

30 8. DEATH BENEFITS. A member who is receiving an in-
31 service or ordinary disability retirement allowance under this
32 section shall be treated as having elected a lifetime monthly
33 retirement allowance with death benefits payable under section
34 97B.52, subsection 2, unless the member elects an optional
35 form of benefit provided under section 97B.51, which shall be

1 actuarially equivalent to the lifetime monthly retirement
2 allowance provided under this section.

3 9. MEDICAL BOARD. The system shall designate a medical
4 board to be composed of three physicians from the university
5 of Iowa hospitals and clinics who shall arrange for and pass
6 upon the medical examinations required under this section and
7 shall report in writing to the department the conclusions and
8 recommendations upon all matters duly referred to the medical
9 board. Each report of a medical examination under this
10 section shall include the medical board's findings as to the
11 extent of the member's physical or mental impairment. Except
12 as required by this section, each report shall be confidential
13 and shall be maintained in accordance with the federal
14 Americans with Disabilities Act, and any other state or
15 federal law containing requirements for confidentiality of
16 medical records.

17 10. LIABILITY OF THIRD PARTIES -- SUBROGATION.

18 a. If a member receives an injury for which benefits are
19 payable under this section, and if the injury is caused under
20 circumstances creating a legal liability for damages against a
21 third party other than the system, the member or the member's
22 legal representative may maintain an action for damages
23 against the third party. If a member or a member's legal
24 representative commences such an action, the plaintiff member
25 or representative shall serve a copy of the original notice
26 upon the system not less than ten days before the trial of the
27 action, but a failure to serve the notice does not prejudice
28 the rights of the system, and the following rights and duties
29 ensue:

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

34 (2) The system has a lien on the damage claim against the
35 third party and on any judgment on the damage claim for

1 benefits for which the system is liable. In order to continue
2 and preserve the lien, the system shall file a notice of the
3 lien within thirty days after receiving a copy of the original
4 notice in the office of the clerk of the district court in
5 which the action is filed.

6 b. If a member fails to bring an action for damages
7 against a third party within thirty days after the system
8 requests the member in writing to do so, the system is
9 subrogated to the rights of the member and may maintain the
10 action against the third party, and may recover damages for
11 the injury to the same extent that the member may recover
12 damages for the injury. If the system recovers damages in the
13 action, the court shall enter judgment for distribution of the
14 recovery as follows:

15 (1) A sum sufficient to repay the system for the amount of
16 such benefits actually paid by the system up to the time of
17 the entering of the judgment.

18 (2) A sum sufficient to pay the system the present worth,
19 computed at the interest rate provided in section 535.3 for
20 court judgments and decrees, of the future payments of such
21 benefits, for which the system is liable, but the sum is not a
22 final adjudication of the future payment which the member is
23 entitled to receive.

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

25 c. Before a settlement is effective between the system and
26 a third party who is liable for any injury, the member must
27 consent in writing to the settlement; and if the settlement is
28 between the member and a third party, the system must consent
29 in writing to the settlement; or on refusal to consent, in
30 either case, the district court in the county in which either
31 the employer of the member or the system is located must
32 consent in writing to the settlement.

33 d. For purposes of subrogation under this section, a
34 payment made to an injured member or the member's legal
35 representative, by or on behalf of a third party or the third

1 party's principal or agent, who is liable for, connected with,
2 or involved in causing the injury to the member, shall be
3 considered paid as damages because the injury was caused under
4 circumstances creating a legal liability against the third
5 party, whether the payment is made under a covenant not to
6 sue, compromise settlement, denial of liability, or is
7 otherwise made.

8 11. DOCUMENT SUBMISSIONS. A member retired under this
9 section, in order to be eligible for continued receipt of
10 retirement benefits, shall submit to the department any
11 documentation the department may reasonably request which will
12 provide information needed to determine payments to the member
13 under this section.

14 12. ADDITIONAL CONTRIBUTIONS. The expenses incurred in
15 the administration of this section by the system shall be paid
16 through additional contributions as determined pursuant to
17 section 97B.49B, subsection 3, or section 97B.49C, subsection
18 3, as applicable.

19 13. APPLICABILITY -- RETROACTIVITY.

20 a. This section applies to a member who becomes disabled
21 on or after July 1, 2000, and also applies to a member who
22 becomes disabled prior to July 1, 2000, if the member has not
23 terminated special service employment as of June 30, 2000.

24 b. To qualify for benefits under this section, a member
25 must file a completed application with the department within
26 one year of the member's termination of employment. A member
27 eligible for a disability retirement allowance under this
28 section is entitled to receipt of retroactive adjustment
29 payments for no more than six months immediately preceding the
30 month in which the completed application for receipt of a
31 disability retirement allowance under this section is
32 approved.

33 14. RULES. The department shall adopt rules pursuant to
34 chapter 17A specifying the application procedure for members
35 pursuant to this section.

1 Sec. 51. Section 97B.51, Code 1999, is amended by striking
2 the section and inserting in lieu thereof the following:

3 97B.51 ALLOWANCE UPON RETIREMENT.

4 1. Each member has the right prior to the member's
5 retirement date to elect to have the member's retirement
6 allowance payable under one of the options set forth in this
7 section. The amount of the optional retirement allowance
8 selected in paragraph "a", "c", "d", or "e", shall be the
9 actuarial equivalent of the amount of the retirement allowance
10 otherwise payable to the member as determined by the system in
11 consultation with the system's actuary. The member shall make
12 an election by written request to the department and the
13 election is subject to the approval of the department. If the
14 member is married, election of an option under this section
15 requires the written acknowledgment of the member's spouse.
16 The member may select one of the following options:

17 a. At retirement, a member may designate that upon the
18 member's death, a specified amount of money shall be paid to a
19 named beneficiary, and the member's monthly retirement
20 allowance shall be reduced by an actuarially determined amount
21 to provide for the lump sum payment. The amount designated by
22 the member must be in thousand dollar increments and shall be
23 limited to the amount of the member's accumulated
24 contributions. The amount designated shall not lower the
25 monthly retirement allowance of the member by more than one-
26 half the amount payable as provided in paragraph "b". A
27 member may designate a different beneficiary at any time,
28 except as limited by an order that has been accepted by the
29 department as complying with the requirements of section
30 97B.39.

31 b. A member may elect a retirement allowance otherwise
32 payable to the member upon retirement under the retirement
33 system pursuant to this chapter, to include the applicable
34 provisions of sections 97B.49A through 97B.49G, and a death
35 benefit as provided in section 97B.52, subsection 2.

1 c. A member may elect an increased retirement allowance
2 during the member's lifetime with no death benefit after the
3 member's retirement date.

4 d. (1) A member may elect to receive a decreased
5 retirement allowance during the member's lifetime and have the
6 decreased retirement allowance, or a designated fraction
7 thereof, continued after the member's death to another person,
8 called a contingent annuitant, during the lifetime of the
9 contingent annuitant. The member cannot change the contingent
10 annuitant after the member's retirement. In case of the
11 election of a contingent annuitant, no death benefits, as
12 might otherwise be provided by this chapter, will be payable
13 upon the death of either the member or the contingent
14 annuitant after the member's retirement.

15 (2) In lieu of a benefit as calculated under subparagraph
16 (1), a member may elect to receive a decreased retirement
17 allowance during the member's lifetime and have the decreased
18 retirement allowance, or a designated fraction thereof,
19 continued after the member's death to another person, called a
20 contingent annuitant, during the lifetime of the contingent
21 annuitant, as determined by this subparagraph. In addition,
22 if the contingent annuitant dies prior to the death of the
23 member, the member shall receive a retirement allowance
24 beginning with the first month following the death of the
25 contingent annuitant as if the member had selected the option
26 provided by paragraph "b" at the time of the member's first
27 retirement. The member cannot change the contingent annuitant
28 after the member's retirement. If a contingent annuitant
29 receives a decreased retirement allowance under this
30 subparagraph following the death of the member, no death
31 benefits, as might otherwise be provided by this chapter, will
32 be payable upon the death of the contingent annuitant.

33 e. A member may elect to receive a decreased retirement
34 allowance during the member's lifetime with provision that in
35 event of the member's death during the first one hundred

1 twenty months of retirement, monthly payments of the member's
2 decreased retirement allowance shall be made to the member's
3 beneficiary until a combined total of one hundred twenty
4 monthly payments have been made to the member and the member's
5 beneficiary. When the member designates multiple
6 beneficiaries, the present value of the remaining payments
7 shall be paid in a lump sum to each beneficiary, either in
8 equal shares to the beneficiaries, or if the member specifies
9 otherwise in a written request, in the specified proportion.
10 A member may designate a different beneficiary at any time,
11 except as limited by an order that has been accepted by the
12 department as complying with the requirements of section
13 97B.39.

14 2. The election by a member of an option stated under this
15 section shall be null and void if the member dies prior to the
16 member's first month of entitlement.

17 3. A member who had elected to take an option stated in
18 this section, may, at any time prior to retirement, revoke
19 such an election by written notice to the department. A
20 member shall not change or revoke an election once the first
21 retirement allowance is paid.

22 Sec. 52. Section 97B.52, subsection 1, Code 1999, is
23 amended to read as follows:

24 1. If a member dies prior to the member's first month of
25 entitlement, the member's beneficiary shall be entitled to
26 receive a death benefit equal to the greater of the amount
27 provided in paragraph "a" or "b".

28 a. A lump sum payment equal to the accumulated
29 contributions of the member at the date of death plus the
30 product of an amount equal to the highest year of covered
31 wages of the deceased member and the number of years of
32 membership service divided by the applicable denominator shall
33 be paid to the member's beneficiary in a lump sum payment.
34 However, a lump sum payment made to a beneficiary under this
35 subsection paragraph due to the death of a member shall not be

1 less than the amount that would have been payable on the death
2 of the member on June 30, 1984, under this subsection
3 paragraph as it appeared in the 1983 Code.

4 As used in this subsection paragraph, "applicable
5 denominator" means the following, based upon the type of
6 membership service in which the member served either on the
7 date of death, or if the member died after terminating
8 service, on the date of the member's last termination of
9 service:

10 a. (1) For regular service, the applicable denominator is
11 thirty.

12 b. (2) For service in a protection occupation, as defined
13 in section 97B.49B, the applicable denominator is twenty-five
14 the applicable years of service for the member as defined in
15 section 97B.49B if the member had retired on the date of
16 death.

17 c. (3) For service as a sheriff, deputy sheriff, or
18 airport fire fighter, as provided in section 97B.49C, the
19 applicable denominator is twenty-two.

20 Effective July 1, 1978, a method of payment under this
21 subsection paragraph filed with the department by a member
22 does not apply.

23 b. For a member who dies on or after January 1, 2001, a
24 lump sum payment equal to the actuarial present value of the
25 member's accrued benefit as of the date of death. The
26 actuarial equivalent present value of the member's accrued
27 benefit as of the date of death shall be calculated using the
28 same interest rate and mortality tables that are used by the
29 system and the system's actuary under section 97B.51, and
30 shall assume that the member would have retired at the
31 member's earliest normal retirement date.

32 c. The payment of a death benefit to a designated
33 beneficiary as provided by this subsection shall be in a lump
34 sum payment. However, if the designated beneficiary is a sole
35 individual, the beneficiary may elect to receive, in lieu of a

1 lump sum payment under this subsection, a monthly annuity
2 payable for the life of the beneficiary. The monthly annuity
3 shall be calculated by applying the annuity tables used by the
4 department to the lump sum payment under this subsection based
5 on the beneficiary's age. If the designated beneficiary is
6 more than one individual, or if the designated beneficiary is
7 an estate, trust, church, charity, or other similar
8 organization, a death benefit under this subsection shall only
9 be paid in a lump sum.

10 Sec. 53. Section 97B.52, Code 1999, is amended by adding
11 the following new subsection:

12 NEW SUBSECTION. 1A. a. If the department determines,
13 upon the receipt of evidence and proof, that the death of a
14 member in special service was the direct and proximate result
15 of a traumatic personal injury incurred in the line of duty as
16 a member in special service, a line of duty death benefit in
17 an amount of one hundred thousand dollars shall be paid in a
18 lump sum to the special service member's beneficiary. A line
19 of duty death benefit payable under this subsection shall be
20 in addition to any death benefit payable as provided in
21 subsection 1.

22 b. A line of duty death benefit shall not be payable under
23 this subsection if any of the following applies:

24 (1) The death resulted from stress, strain, occupational
25 illness, or a chronic, progressive, or congenital illness,
26 including, but not limited to, a disease of the heart, lungs,
27 or respiratory system, unless a traumatic personal injury was
28 a substantial contributing factor to the special service
29 member's death.

30 (2) The death was caused by the intentional misconduct of
31 the special service member or by the special service member's
32 intent to cause the special service member's own death.

33 (3) The special service member was voluntarily intoxicated
34 at the time of death.

35 (4) The special service member was performing the special

1 service member's duties in a grossly negligent manner at the
2 time of death.

3 (5) An individual who would otherwise be entitled to a
4 benefit under this subsection was, through the individual's
5 actions, a substantial contributing factor to the special
6 service member's death.

7 Sec. 54. Section 97B.52, subsection 2, Code 1999, is
8 amended to read as follows:

9 2. If a member dies on or after the first day of the
10 member's first month of entitlement, the excess, if any, of
11 the accumulated contributions by the member as of said date,
12 over the total gross monthly retirement allowances received by
13 the member under the retirement system will be paid to the
14 member's beneficiary unless the retirement allowance is then
15 being paid in accordance with section 97B.48 or with section
16 97B.51, subsection 1, ~~47-57-or-6~~ paragraph "a", "c", "d", or
17 "e".

18 Sec. 55. Section 97B.52, subsection 3, paragraph a, Code
19 1999, is amended to read as follows:

20 a. Other than as provided in subsections 1, 1A, and 2 of
21 this section, or section 97B.51, all rights to any benefits
22 under the retirement system shall cease upon the death of a
23 member.

24 Sec. 56. Section 97B.52, subsection 4, unnumbered
25 paragraph 1, Code 1999, is amended to read as follows:

26 In order to receive the death benefit, the beneficiary,
27 heirs at law, or the estate, or any other third-party payee,
28 must apply to the department within five years of the member's
29 death. However, death benefits payable under this section
30 shall not exceed the amount permitted pursuant to Internal
31 Revenue Code section 401(a)(9) and the applicable treasury
32 regulations.

33 Sec. 57. Section 97B.52, subsection 5, Code 1999, is
34 amended to read as follows:

35 5. Following written notification to the department, a

1 beneficiary of a deceased member may waive current and future
2 rights to payments to which the beneficiary would otherwise be
3 entitled under section 97B.51, ~~subsections 5 and 6 and this~~
4 ~~section~~ subsection 1, paragraphs "a", "b", and "e". Upon
5 receipt of the waiver, the department shall pay the amount
6 designated to be received by that beneficiary to the member's
7 other surviving beneficiary or beneficiaries or to the estate
8 of the deceased member, as elected by the beneficiary in the
9 waiver. If the payments being waived are payable to the
10 member's estate and an estate is not probated, the payments
11 shall be paid to the deceased member's surviving spouse, or if
12 there is no surviving spouse, to the member's heirs other than
13 the beneficiary who waived the payments.

14 Sec. 58. 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, but before July 2000, the member does not
18 return to any employment with a covered employer until the
19 member has qualified for no fewer than four calendar months of
20 retirement benefits.

21 Sec. 59. Section 97B.52A, subsection 1, Code 1999, is
22 amended by adding the following new paragraph:

23 NEW PARAGRAPH. c. For a member whose first month of
24 entitlement is July 2000 or later, the member does not return
25 to any employment with a covered employer until the member has
26 qualified for at least three calendar months of retirement
27 benefits, and the member does not return to covered employment
28 until the member has qualified for no fewer than four calendar
29 months of retirement benefits. For purposes of this
30 paragraph, effective July 1, 2000, any employment with a
31 covered employer does not include employment as an elective
32 official or member of the general assembly if the member is
33 not covered under this chapter for that employment.

34 Sec. 60. Section 97B.52A, subsection 2, Code 1999, is
35 amended to read as follows:

1 2. A member may commence receiving retirement benefits
2 under this chapter upon satisfying eligibility requirements.
3 However, a retired member who commences receiving a retirement
4 allowance but ~~returns-to-employment-before-qualifying-for-no~~
5 ~~fewer-than-four-calendar-months-of-retirement-benefits~~ fails
6 to meet the applicable requirements of subsection 1 does not
7 have a bona fide retirement and any retirement allowance
8 received by such a member must be returned to the system
9 together with interest earned on the retirement allowance
10 calculated at a rate determined by the department. Until the
11 member has repaid the retirement allowance and interest, the
12 department may withhold any future retirement allowance for
13 which the member may qualify.

14 Sec. 61. Section 97B.52A, Code 1999, is amended by adding
15 the following new subsection:

16 NEW SUBSECTION. 4. The requirements of this section shall
17 apply to a lump sum payment as provided by section 97B.48,
18 subsection 1, and the payment of contributions as provided in
19 section 97B.48A, subsection 4.

20 Sec. 62. Section 97B.53, Code Supplement 1999, is amended
21 to read as follows:

22 97B.53 TERMINATION OF EMPLOYMENT -- REFUND OPTIONS.

23 Membership in the retirement system, and all rights to the
24 benefits under the system, ~~will~~ cease upon a member's
25 termination of employment with the employer prior to the
26 member's retirement, other than by death, and upon receipt by
27 the member of the a refund of moneys in the member's
28 accumulated-contributions account as provided in this section.

29 1. Upon the termination of employment with the employer
30 prior to retirement other than by death of a member, the
31 member's account, consisting of accumulated contributions by
32 the member and, for a vested member who is vested on the date
33 an application for a refund is filed, the member's share of
34 the accumulated employer contributions for the vested member
35 at the date of the termination, may be paid to the member upon

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

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

31 ~~3. The accumulated-contributions account of a terminated,~~
 32 ~~vested member shall be credited with interest, including~~
 33 ~~interest-dividends, in the manner provided in section 97B-70.~~

34 4. 3. A terminated, vested member has the right, prior to
 35 the commencement of the member's retirement allowance, to

1 receive a refund of moneys in the member's accumulated
2 contributions account, and in the event of the death of the
3 member prior to the commencement of the member's retirement
4 allowance and prior to the receipt of any such refund, the
5 benefits of authorized by subsection 1 and subsection 1A of
6 section 97B.52 shall be paid.

7 5- 4. A member has not terminated employment for purposes
8 of this section if the member accepts other covered employment
9 within thirty-days four months after receiving the last
10 payment of wages for covered employment, or if the member
11 begins covered employment prior to filing a request for a
12 refund with the department.

13 5A- 5. Within sixty days after a member has been issued
14 payment for a refund of moneys in the member's accumulated
15 contributions account, the member may repay the accumulated
16 contributions moneys refunded, plus interest that would have
17 accrued, as determined by the department, and receive credit
18 for membership service for the period covered by the refund
19 payment.

20 5B- 6. A member who does not withdraw moneys in the
21 member's accumulated-contributions account upon termination of
22 employment may at any time request the return of the moneys in
23 the member's accumulated-contributions account, but if the
24 member receives a return of contributions moneys in the
25 member's account the member has waived all claims for any
26 other benefits and membership rights from the fund.

27 7. If a member is involuntarily terminated from covered
28 employment, has been issued payment for a refund, and is
29 retroactively reinstated in covered employment as a remedy for
30 an employment dispute, the member may receive credit for
31 membership service for the period covered by the refund
32 payment upon repayment to the department within ninety days
33 after the date of the order or agreement requiring
34 reinstatement of the amount of the refund plus interest that
35 would have accrued, as determined by the department.

1 6- 8. The system is under no obligation to maintain the
2 ~~accumulated-contribution~~ member account of a member who
3 terminates covered employment prior to December 31, 1998, if
4 the member was not vested at the time of termination. A
5 person who made contributions to the abolished system, who is
6 entitled to a refund in accordance with the provisions of this
7 chapter, and who has not claimed and received such a refund
8 prior to January 1, 1964, shall, if the person makes a claim
9 for refund after January 1, 1964, be required to submit proof
10 satisfactory to the department of the person's entitlement to
11 the refund. The department is under no obligation to maintain
12 the ~~contribution~~ member accounts of such persons after January
13 1, 1964.

14 7- 9. Any member whose employment is terminated may elect
15 to leave the moneys in the member's accumulated-contributions
16 member account in the retirement fund.

17 8- 10. If an employee hired to fill a permanent position
18 terminates the employee's employment within six months from
19 the date of employment, the employer may file a claim with the
20 department for a refund of the funds contributed to the
21 department by the employer for the employee.

22 Sec. 63. Section 97B.53A, Code 1999, is amended to read as
23 follows:

24 97B.53A DUTY OF DEPARTMENT.

25 ~~Effective-July-17-19917-upon~~ Upon a member's termination of
26 covered employment prior to the member's retirement, the
27 department shall send the member by first class mail, to the
28 member's last known mailing address, a notice setting forth
29 the balance and status of the member's account and
30 supplemental account and an explanation of the courses of
31 action available to the member under this chapter.

32 Sec. 64. Section 97B.53B, subsection 1, paragraph c,
33 unnumbered paragraph 1, Code 1999, is amended to read as
34 follows:

35 "Eligible rollover distribution" means all or any portion

1 of a member's account and supplemental account, except that an
2 eligible rollover distribution does not include any of the
3 following:

4 Sec. 65. Section 97B.60, Code 1999, is amended to read as
5 follows:

6 97B.60 ACTUARIAL INVESTIGATION.

7 At-least-once-in-each-two-year-period During calendar year
8 2002, and every four years thereafter, the department shall
9 cause an actuarial investigation to be made of all experience
10 under the retirement system. Pursuant to such an
11 investigation, the department shall, from time to time,
12 determine upon an actuarial basis the condition of the system
13 and shall report to the general assembly its findings and
14 recommendations. The department shall adopt from time to time
15 mortality tables and all other necessary factors for use in
16 all actuarial calculations required in connection with the
17 retirement system.

18 Sec. 66. Section 97B.70, Code 1999, is amended to read as
19 follows:

20 97B.70 INTEREST AND DIVIDENDS TO MEMBERS.

21 1. For calendar years prior to January 1, 1997, interest
22 at two percent per annum and interest dividends declared by
23 the department shall be credited to the member's contributions
24 and the employer's contributions to become part of the
25 accumulated contributions and accumulated employer
26 contributions thereby.

27 a. The average rate of interest earned shall be determined
28 upon the following basis:

29 (1) Investment income shall include interest and cash
30 dividends on stock.

31 (2) Investment income shall be accounted for on an accrual
32 basis.

33 (3) Capital gains and losses, realized or unrealized,
34 shall not be included in investment income.

35 (4) Mean assets shall include fixed income investments

1 valued at cost or on an amortized basis, and common stocks at
2 market values or cost, whichever is lower.

3 (5) The average rate of earned interest shall be the
4 quotient of the investment income and the mean assets of the
5 retirement fund.

6 b. The interest dividend shall be determined within sixty
7 days after the end of each calendar year as follows:

8 The dividend rate for a calendar year shall be the excess
9 of the average rate of interest earned for the year over the
10 statutory two percent rate plus twenty-five hundredths of one
11 percent. The average rate of interest earned and the interest
12 dividend rate in percent shall be calculated to the nearest
13 one hundredth, that is, to two decimal places. Interest and
14 interest dividends calculated pursuant to this subsection
15 shall be compounded annually.

16 2. For calendar years beginning January 1, 1997, a per
17 annum interest rate at one percent above the interest rate on
18 one-year certificates of deposit shall be credited to the
19 member's contributions and the employer's contributions to
20 become part of the accumulated contributions and accumulated
21 employer contributions account. For purposes of this
22 subsection, the interest rate on one-year certificates of
23 deposit shall be determined by the department based on the
24 average rate for such certificates of deposit as of the first
25 business day of each year as published in a publication of
26 general acceptance in the business community. The per annum
27 interest rate shall be credited on a quarterly basis by
28 applying one-quarter of the annual interest rate to the sum of
29 the accumulated contributions and the accumulated employer
30 contributions as of the end of the previous calendar quarter.

31 3. Interest shall be credited to the accumulated
32 contributions and accumulated employer contributions accounts,
33 and supplemental accounts of active members, inactive vested
34 members, and, effective January 1, 1999, to inactive nonvested
35 members, until the quarter prior to the quarter in which the

1 member's first retirement allowance is paid or in which the
2 member is issued a refund under section 97B.53, or in which a
3 death benefit is issued.

4 4. Prior to January 1, 1999, interest and interest
5 dividends shall be credited to the accumulated contributions
6 and accumulated employer contributions account of a person who
7 leaves the contributions in the retirement fund upon
8 termination from covered employment prior to achieving vested
9 status, but who subsequently returns to covered employment.
10 Upon return to covered employment but prior to January 1,
11 1999, interest and interest dividends shall be credited to the
12 accumulated contributions and accumulated employer
13 contributions account of the person commencing upon the date
14 on which the person has covered wages.

15 5. If the department no longer maintains the accumulated
16 contribution and accumulated employer contributions account of
17 the person pursuant to this chapter, but the person submits
18 satisfactory proof to the department that the person, or the
19 person's employer, did make the contributions that should be
20 included in the accumulated contributions and accumulated
21 employer contributions account, the department shall credit
22 interest and interest dividends in the manner provided in
23 subsection 4.

24 Sec. 67. NEW SECTION. 97B.73B PATIENT ADVOCATES --
25 UNPAID CONTRIBUTIONS -- SERVICE PURCHASE.

26 1. Notwithstanding the provisions of section 97B.9, to the
27 contrary, unpaid contributions for a person classified as a
28 patient advocate under section 229.19, for service as a
29 patient advocate prior to July 1, 2000, shall be determined
30 and collected as provided under section 97B.9, subsection 4,
31 but shall be limited to the collection of underpaid
32 contributions for a maximum of one year of service.

33 2. A patient advocate who becomes covered under this
34 chapter and for whom underpaid contributions for one year of
35 service have been paid shall be eligible to purchase

1 membership service for service as a patient advocate prior to
2 July 1, 2000, in excess of the one year of service provided in
3 this section by paying the department of personnel an amount
4 determined as follows:

5 a. For a purchase of membership service prior to July 1,
6 2002, the total of the employee and employer contributions,
7 without interest, on the covered wages that would have been
8 reported to the department under the provisions of this
9 chapter in effect for the applicable period of service.

10 b. For a purchase of membership service on or after July
11 1, 2002, the actuarial cost of the service purchase in a
12 manner as provided in section 97B.73.

13 Sec. 68. NEW SECTION. 97B.80A PUBLIC EMPLOYMENT SERVICE
14 CREDIT.

15 1. A vested or retired member who has five or more full
16 calendar years of covered wages and who at any time was
17 employed by a covered employer under this chapter but was not
18 covered by this chapter and did not opt out of coverage under
19 this chapter, upon submitting verification of the public
20 employment and the dates of the public employment, may make
21 contributions to the system for up to the lesser of twenty
22 quarters of service credit for such public employment or the
23 entire period of the public employment, in increments of one
24 or more calendar quarters, and receive credit for membership
25 service and prior service for the period of time for which the
26 contributions are made.

27 2. The contributions required to be made for purposes of
28 this section shall be in an amount equal to the actuarial cost
29 of the service purchase. For purposes of this subsection, the
30 actuarial cost of the service purchase is an amount determined
31 by the department in accordance with actuarial tables, as
32 reported to the department by the system's actuary, which
33 reflects the actuarial cost necessary to fund an increased
34 retirement allowance resulting from the purchase of additional
35 service.

1 3. The verification of the public employment and the dates
2 of such public employment shall be made by the department
3 prior to receiving contributions from the member.

4 4. A member eligible for an increased retirement allowance
5 because of the payment of contributions under this section is
6 entitled to receipt of retroactive adjustment payments for no
7 more than six months immediately preceding the month in which
8 the member pays contributions under this section.

9 5. A purchase of service made in accordance with this
10 section by a retired reemployed member shall be applied to
11 either the member's original retirement allowance, or to the
12 member's reemployment service, whichever is more beneficial to
13 the member. If applied to a member's original retirement
14 allowance, or to the member's reemployment service after the
15 retirement allowance payments for such service begin, the
16 member is eligible to receive retroactive adjustment payments
17 for no more than six months prior to completion of the
18 purchase.

19 6. The department shall ensure that the member, in
20 exercising an option provided in this section, does not exceed
21 the amount of annual additions to a member's account permitted
22 pursuant to section 415 of the federal Internal Revenue Code.

23 Sec. 69. NEW SECTION. 97B.80B VOLUNTEER PUBLIC SERVICE
24 CREDIT.

25 1. A vested or retired member who has five or more full
26 calendar years of covered wages and who at any time was in
27 full-time volunteer public service, upon submitting
28 verification of the full-time volunteer public service and the
29 dates of the service, may make contributions to the system for
30 up to the lesser of twenty quarters of service credit for such
31 volunteer public service or the entire period of the volunteer
32 public service, in increments of one or more calendar
33 quarters, and receive credit for membership service and prior
34 service for the period of time for which the contributions are
35 made. For purposes of this section, "full-time volunteer

1 public service" means service in the federal peace corps
2 program.

3 2. The contributions required to be made for purposes of
4 this section shall be in an amount equal to the actuarial cost
5 of the service purchase. For purposes of this subsection, the
6 actuarial cost of the service purchase is an amount determined
7 by the department in accordance with actuarial tables, as
8 reported to the department by the system's actuary, which
9 reflects the actuarial cost necessary to fund an increased
10 retirement allowance resulting from the purchase of additional
11 service.

12 3. The verification of the full-time volunteer public
13 service and the dates of such service shall be made by the
14 department prior to receiving contributions from the member.

15 4. A member eligible for an increased retirement allowance
16 because of the payment of contributions under this section is
17 entitled to receipt of retroactive adjustment payments for no
18 more than six months immediately preceding the month in which
19 the member pays contributions under this section.

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

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

34 Sec. 70. NEW SECTION. 97B.82 PURCHASE OF SERVICE CREDIT
35 -- DIRECT ROLLOVERS.

1 Effective July 1, 2002, a member may purchase any service
2 credit permitted under this chapter by means of a direct
3 rollover pursuant to rules adopted by the department and
4 consistent with applicable requirements of the Internal
5 Revenue Code. For purposes of this section, a "direct
6 rollover" means a transfer to the system of an eligible
7 rollover distribution from a qualified plan, including an
8 eligible rollover distribution of qualified plan assets made
9 through a conduit eligible retirement plan, all as described
10 under the Internal Revenue Code. The amount of the direct
11 rollover into the system cannot exceed the cost of the service
12 purchase by a member under this chapter. Once a direct
13 rollover is made, the member must forfeit the applicable
14 service credit under the qualified plan from which the
15 eligible rollover distribution is received.

16 Sec. 71. Section 97B.13, Code 1999, is repealed.

17 Sec. 72. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY.
18 Section 18 of this Act, amending section 97B.1A, subsection
19 24, paragraph "b", being deemed of immediate importance, takes
20 effect upon enactment and is retroactively applicable to
21 January 1, 2000, and is applicable on and after that date.

22 Sec. 73. IMPLEMENTATION PROVISION. The department of
23 personnel shall implement the amendment to section 97B.50,
24 subsection 1, as provided in section 52 of this Act, on
25 January 1, 2001, or on the date that the department determines
26 that the most recent annual actuarial valuation of the system
27 indicates that the employer and employee contribution rates in
28 effect under section 97B.11 can absorb the costs of the
29 amendment to section 97B.50, subsection 1, whichever is later,
30 after meeting the other established priorities of the system.
31 As used in this section, "other established priorities of the
32 system" means the implementation of the amendment to section
33 97B.52, subsection 1, as provided in section 52 of this Act.
34 However, the amendment to section 97B.50, subsection 1, shall
35 not be implemented until the Iowa public employees' retirement

1 system has received a determination letter from the federal
2 internal revenue service approving the retirement system
3 plan's qualified status under Internal Revenue Code section
4 401(a), as amended by section 97B.50, subsection 1. In
5 addition, notwithstanding section 97B.49H, until the amendment
6 to section 97B.50, subsection 1, is implemented, the
7 department shall not credit amounts to active member
8 supplemental accounts provided in section 97B.49H.

9 Sec. 74. IMPLEMENTATION PROVISION. The department of
10 personnel shall implement the amendment to section 97B.52,
11 subsection 1, as provided in section 52 of this Act on January
12 1, 2001, or on the date that the department determines that
13 the most recent annual actuarial valuation of the system
14 indicates that the employer and employee contribution rates in
15 effect under section 97B.11 can absorb the costs of the
16 amendment to section 97B.52, subsection 1, whichever is later.
17 However, notwithstanding section 97B.49H, until the amendment
18 to section 97B.52, subsection 1, is implemented, the
19 department shall not credit amounts to active member
20 supplemental accounts provided in section 97B.49H.

21 Sec. 75. IMPLEMENTATION DATE. Section 70 of this Act,
22 creating new section 97B.82 which establishes a direct
23 rollover for the purchase of service credit, shall not be
24 implemented until the Iowa public employees' retirement system
25 has received a determination letter from the federal internal
26 revenue service approving the retirement system plan's
27 qualified status under Internal Revenue Code section 401(a),
28 as amended by section 97B.82.

29 Sec. 76. IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM --
30 PENSION PORTABILITY STUDY -- REPORT. The Iowa public
31 employees' retirement system division shall conduct a study to
32 consider various proposals to provide persons covered under
33 the Iowa public employees' retirement system increased
34 portability of pensions earned prior to coverage under the
35 Iowa public employees' retirement system and of the pension

1 earned under the Iowa public employees' retirement system. In
2 conducting its study, the Iowa public employees' retirement
3 system division shall consider proposals for allowing
4 employees covered under the Iowa public employees' retirement
5 system to purchase additional service credit under the Iowa
6 public employees' retirement system based on prior public
7 sector or private sector employment that is not covered under
8 the system as well as proposals for enhancing the ability of
9 employees covered under the Iowa public employees' retirement
10 system to transfer a greater portion of the value of the
11 pension earned under the Iowa public employees' retirement
12 system to another pension plan upon the employee's termination
13 of employment covered by the Iowa public employees' retirement
14 system. On or before September 1, 2001, the Iowa public
15 employees' retirement system division shall file a report with
16 the legislative service bureau, for distribution to the public
17 retirement systems committee established in section 97D.4,
18 which contains its findings and recommendations, including any
19 proposal or proposals for enhancing pension portability for
20 persons covered by the Iowa public employees' retirement
21 system. The report shall also contain any applicable
22 actuarial information concerning the costs of any proposal or
23 proposals included in the report.

24 DIVISION III

25 STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM

26 Sec. 77. Section 400.8, subsection 1, Code 1999, is
27 amended to read as follows:

28 1. The commission, when necessary under the rules,
29 including minimum and maximum age limits, which shall be
30 prescribed and published in advance by the commission and
31 posted in the city hall, shall hold examinations for the
32 purpose of determining the qualifications of applicants for
33 positions under civil service, other than promotions, which
34 examinations shall be practical in character and shall relate
35 to matters which will fairly test the mental and physical

1 ability of the applicant to discharge the duties of the
2 position to which the applicant seeks appointment. The
3 physical examination of applicants for appointment to the
4 positions of police officer, police matron, or fire fighter
5 shall be held in accordance with medical protocols established
6 by the board of trustees of the fire and police retirement
7 system established by section 411.5 and shall be conducted by
8 the medical board as established in section 411.5. The board
9 of trustees may change the medical protocols at any time the
10 board so determines. The ~~commission shall conduct a medical~~
11 physical examination of an applicant for the position of
12 police officer, police matron, or fire fighter shall be
13 conducted after a conditional offer of employment has been
14 made to the applicant. An applicant shall not be
15 discriminated against on the basis of height, weight, sex, or
16 race in determining physical or mental ability of the
17 applicant. Reasonable rules relating to strength, agility,
18 and general health of applicants shall be prescribed. The
19 costs of the physical examination required under this
20 subsection shall be paid from the trust and agency fund of the
21 city.

22 Sec. 78. NEW SECTION. 400.8A GUIDELINES FOR ONGOING
23 FITNESS FOR POLICE OFFICERS AND FIRE FIGHTERS.

24 The board of trustees of the fire and police retirement
25 system established by section 411.5, in consultation with the
26 medical board established in section 411.5, shall establish
27 and maintain protocols and guidelines for ongoing wellness and
28 fitness for police officers and fire fighters while in
29 service. The board of trustees may change the protocols and
30 guidelines at any time the board so determines. The protocols
31 and guidelines shall be established by the board of trustees
32 for the consideration of cities covered by this chapter and
33 may be applied by a city for the purpose of determining
34 continued wellness and fitness for members of the city's
35 police and fire departments. However, the protocols and

1 guidelines shall not be applied to members of a police or fire
2 department of a city who are covered by chapter 20 except
3 through the collective bargaining process as provided under
4 chapter 20. The medical board established in section 411.5
5 shall provide to cities and fire and police departments
6 assistance regarding the possible implementation and operation
7 of the protocols and guidelines for ongoing wellness and
8 fitness provided by this section. For purposes of this
9 section, "wellness and fitness" means the process by which
10 police officers and fire fighters maintain fitness for duty.

11 Sec. 79. Section 411.1, subsection 6, Code 1999, is
12 amended to read as follows:

13 6. "Child" means only surviving issue of a deceased active
14 or retired member, or a child legally adopted by a deceased
15 member prior to the member's retirement. "Child" includes
16 only an individual who is under the age of eighteen years, an
17 individual who is under the age of twenty-two years and is a
18 full-time student, or an individual who is disabled at the
19 time under the definitions used in section ~~402~~ 202 of the
20 Social Security Act as amended if the disability occurred to
21 the individual during the time the individual was under the
22 age of eighteen years and the parent of the individual was an
23 active member of the system.

24 Sec. 80. Section 411.1, subsection 10, Code 1999, is
25 amended to read as follows:

26 10. "Medical board" shall mean the ~~board-of-physicians~~
27 single medical provider network designated by the system as
28 the medical board as provided for in section 411.5.

29 Sec. 81. Section 411.1, subsection 12, Code 1999, is
30 amended to read as follows:

31 12. "Membership service" shall mean service as a police
32 officers officer or a fire fighters fighter rendered since
33 ~~last-becoming-a-member, or, where-membership-is-regained-as~~
34 provided-in-this-chapter, all-of-such-service for a city which
35 is credited as service pursuant to section 411.4.

1 Sec. 32. Section 411.1, subsection 19, Code 1999, is
2 amended to read as follows:

3 19. "Surviving spouse" shall mean the surviving spouse of
4 ~~a marriage solemnized prior to retirement of a~~ deceased member
5 from active service. Surviving spouse shall include a former
6 spouse only if the division of assets in the dissolution of
7 marriage decree pursuant to section 598.17 grants the former
8 spouse rights of a spouse under this chapter. ~~if there is no~~
9 ~~surviving spouse of a marriage solemnized prior to retirement~~
10 ~~of a deceased member, surviving spouse includes a surviving~~
11 ~~spouse of a marriage of two years or more duration solemnized~~
12 ~~subsequent to retirement of the member.~~

13 Sec. 83. Section 411.1A, Code 1999, is amended to read as
14 follows:

15 411.1A PURPOSE OF CHAPTER.

16 The purpose of this chapter is to promote economy and
17 efficiency in the municipal public safety service by providing
18 doing the following:

19 1. Provide an orderly means for police officers and fire
20 fighters to have a retirement system which will provide for
21 the payment of pensions to retired members and members
22 incurring disabilities, and to the surviving spouses and
23 dependents of deceased members.

24 2. Provide a comprehensive disability program for police
25 officers and fire fighters to include standards for entrance
26 physical examinations, guidelines for ongoing fitness and
27 wellness, disability pensions, and postdisability retirement
28 compliance requirements.

29 Sec. 84. Section 411.3, subsection 2, Code 1999, is
30 amended to read as follows:

31 2. Should any member in any period of five consecutive
32 years after last becoming a member, be absent from service for
33 more than four years cease to be employed as a police officer
34 or fire fighter by a city, or should the member become a
35 beneficiary or die, the member shall thereupon cease to be a

1 member of the system.

2 Sec. 85. Section 411.4, Code 1999, is amended to read as
3 follows:

4 411.4 SERVICE CREDITABLE.

5 1. Service for fewer than six months of a year is not
6 creditable as service. Service of six months or more of a
7 year is equivalent to one year of service, but in no case
8 shall more than one year of service be creditable for all
9 service in one calendar year, nor shall the system allow
10 credit as service for any period of more than one month
11 duration during which the member was absent without pay.

12 2. The system shall credit as service for a member of the
13 system a previous period of service ~~for-which-the~~ only under
14 any of the following circumstances:

15 a. The member had withdrawn the member's accumulated
16 contributions, as defined in section 411.21, for the previous
17 period of service.

18 b. The member returned to service after an absence of
19 service of a period of less than four years from the last day
20 of the prior period of service.

21 c. The member returned to service after an absence of
22 service of a period of four or more years from the last day of
23 the prior period of service and the member had sufficient
24 service as of the last day of the prior period of service to
25 have been entitled to a retirement allowance on that date
26 under section 411.6, subsection 1, paragraph "b".

27 Sec. 86. Section 411.5, subsection 6, Code 1999, is
28 amended by adding the following new paragraph:

29 NEW PARAGRAPH. c. Notwithstanding any provision of
30 chapter 22 to the contrary, the system's records may be
31 released to any political subdivision, instrumentality, or
32 agency of the state solely for use in a civil or criminal law
33 enforcement activity pursuant to the requirements of this
34 paragraph. To obtain the records, the political subdivision,
35 instrumentality, or agency of the state shall, in writing,

1 certify to the system that the activity is authorized by law,
2 provide a written description of the information desired, and
3 describe the law enforcement activity for which the
4 information is sought. The system shall not be civilly or
5 criminally liable for the release of records in accordance
6 with the requirements of this paragraph.

7 Sec. 87. Section 411.5, subsection 8, Code 1999, is
8 amended to read as follows:

9 8. MEDICAL BOARD. The system board of trustees shall
10 designate a single medical provider network as the medical
11 board to-be-composed-of-three-physicians-who for the system.
12 The medical board shall arrange for and pass upon all medical
13 examinations, required under the provisions of chapter 400 and
14 this chapter, -except-that-for and shall assist the system in
15 all aspects of the comprehensive disability program described
16 in section 411.1A. For examinations required because of
17 disability three-physicians, a physician from the university
18 of-Iowa-hospitals-and-clinics-who medical board specializing
19 in occupational medicine, and a second physician specializing
20 in an appropriate field of medicine as determined by the
21 occupational medicine physician shall pass upon the medical
22 examinations required for disability retirements, and shall
23 report to the system in writing its their conclusions and
24 recommendations upon all matters referred to it the medical
25 board. Each report of a medical examination under section
26 411.6, subsections 3 and 5, shall include the medical board's
27 findings in accordance with section 411.6 as to the extent of
28 the member's physical impairment.

29 Sec. 88. Section 411.6, subsection 2, Code 1999, is
30 amended to read as follows:

31 2. ALLOWANCE ON SERVICE RETIREMENT.

32 a. The service retirement allowance for a member who
33 terminates service, other than by death or disability, prior
34 to July 1, 1990, shall consist of a pension which equals fifty
35 percent of the member's average final compensation.

1 b. The service retirement allowance for a member who
2 terminates service, other than by death or disability, on or
3 after July 1, 1990, but before July 1, 1992, shall consist of
4 a pension which equals fifty-four percent of the member's
5 average final compensation.

6 c. Commencing July 1, 1992, for members who terminate
7 service, other than by death or disability, on or after that
8 date, but before July 1, 2000, the system shall increase the
9 percentage multiplier of the member's average final
10 compensation by an additional two percent each July 1 until
11 reaching sixty percent of the member's average final
12 compensation. The applicable percentage multiplier shall be
13 the rate in effect on the date of the member's termination
14 from service.

15 d. Upon retirement from service on or after July 1, 2000,
16 a member shall receive a service retirement allowance which
17 shall consist of a pension which equals sixty-six percent of
18 the member's average final compensation.

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

24 (1) For a member who terminates service, other than by
25 death or disability, on or after July 1, 1990, but before July
26 1, 1991, and who does not withdraw the member's contributions
27 pursuant to section 411.23, upon the member's retirement there
28 shall be added three-tenths percent of the member's average
29 final compensation for each year of service over twenty-two
30 years, excluding years of service after the member's fifty-
31 fifth birthday. However, this subparagraph does not apply to
32 more than eight additional years of service.

33 (2) For a member who terminates service, other than by
34 death or disability, on or after July 1, 1991, but before
35 October 16, 1992, and who does not withdraw the member's

1 contributions pursuant to section 411.23, upon the member's
2 retirement there shall be added six-tenths percent of the
3 member's average final compensation for each year of service
4 over twenty-two years, excluding years of service after the
5 member's fifty-fifth birthday. However, this subparagraph
6 does not apply to more than eight additional years of service.

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

15 (4) For a member who terminates service, other than by
16 death or disability, on or after July 1, 1998, but before July
17 1, 2000, and who does not withdraw the member's contributions
18 pursuant to section 411.23, upon the member's retirement there
19 shall be added one and one-half percent of the member's
20 average final compensation for each year of service over
21 twenty-two years. However, this subparagraph does not apply
22 to more than eight additional years of service.

23 (5) For a member who terminates service, other than by
24 death or disability, on or after July 1, 2000, and who does
25 not withdraw the member's contributions pursuant to section
26 411.23, upon the member's retirement there shall be added two
27 percent of the member's average final compensation for each
28 year of service over twenty-two years. However, this
29 subparagraph does not apply to more than eight additional
30 years of service.

31 Sec. 89. Section 411.6, subsection 5, paragraph b, Code
32 1999, is amended to read as follows:

33 b. If a member in service or the chief of the police or
34 fire departments becomes incapacitated for duty as a natural
35 or proximate result of an injury or disease incurred in or

1 aggravated by the actual performance of duty at some definite
2 time or place or while acting, pursuant to order, outside the
3 city by which the member is regularly employed, the member,
4 upon being found to be temporarily incapacitated following a
5 medical examination as directed by the city, is entitled to
6 receive the member's full pay and allowances from the city's
7 general fund until re-examined as directed by the city and
8 found to be fully recovered or until the city determines that
9 the member is likely to be permanently disabled. The If the
10 temporary incapacity of a member continues more than sixty
11 days, or if the city expects the incapacity to continue more
12 than sixty days, the city shall notify the system of the
13 temporary incapacity. Upon notification by a city, the system
14 may refer the matter to the medical board for review and
15 consultation with the member's treating physician during the
16 temporary incapacity. Except as provided by this paragraph,
17 the board of trustees of the statewide system has no
18 jurisdiction over these matters until the city determines that
19 the disability is likely to be permanent.

20 Sec. 90. Section 411.6, subsection 6, paragraph c, Code
21 1999, is amended to read as follows:

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

29 Sec. 91. Section 411.6, subsection 7, unnumbered paragraph
30 1, Code 1999, is amended to read as follows:

31 Once each year during the first five years following the
32 retirement of a member on a disability retirement allowance,
33 and once in every three-year period thereafter, the system
34 may, and upon the member's application shall, require any
35 disability beneficiary who has not yet attained age fifty-five

1 to undergo a medical examination at a place designated by the
2 medical board. The examination shall be made by the medical
3 board or in special cases, by an additional physician or
4 physicians designated by such board. If any disability
5 beneficiary who has not attained the age of fifty-five refuses
6 to submit to the medical examination, the member's allowance
7 may be discontinued until withdrawal of such refusal, and if
8 the refusal continues for one year all rights in and to the
9 member's pension may be revoked by the system. For a
10 disability beneficiary who has not attained the age of fifty-
11 five and whose entitlement to a disability retirement
12 commenced on or after July 1, 2000, the medical board may, as
13 part of the examination required by this subsection, suggest
14 appropriate medical treatment or rehabilitation if, in the
15 opinion of the medical board, the recommended treatment or
16 rehabilitation would likely restore the disability beneficiary
17 to duty.

18 Sec. 92. Section 411.6, subsection 7, paragraph a,
19 unnumbered paragraph 1, Code 1999, is amended to read as
20 follows:

21 Should any beneficiary for either ordinary or accidental
22 disability, except a beneficiary who is fifty-five years of
23 age or over ~~and would have completed twenty-two years of~~
24 ~~service if the beneficiary had remained in active service,~~ be
25 engaged in a gainful occupation paying more than the
26 difference between the member's net retirement allowance and
27 one and one-half times the earnable compensation of an active
28 member at the same position on the salary scale within the
29 member's rank as the member held at retirement, then the
30 amount of the member's retirement allowance shall be reduced
31 to an amount such that the member's net retirement allowance
32 plus the amount earned by the member shall equal one and one-
33 half times the amount of the current earnable compensation of
34 an active member at the same position on the salary scale
35 within the member's rank as the member held at retirement.

1 Should the member's earning-capacity earnings be later
2 changed, the amount of the member's retirement allowance may
3 be further modified, provided that the new retirement
4 allowance shall not exceed the amount of the retirement
5 allowance adjusted by annual readjustments of pensions
6 pursuant to subsection 12 of this section nor an amount which
7 would cause the member's net retirement allowance, when added
8 to the amount earned by the beneficiary, to equal one and one-
9 half times the amount of the earnable compensation of an
10 active member at the same position on the salary scale within
11 the member's rank as the member held at retirement. A
12 beneficiary restored to active service at a salary less than
13 the average final compensation upon the basis of which the
14 member was retired at age fifty-five or greater, shall not
15 again become a member of the retirement system and shall have
16 the member's retirement allowance suspended while in active
17 service. If the rank or position held by the retired member
18 is subsequently abolished, adjustments to the allowable limit
19 on the amount of income which can be earned in a gainful
20 occupation shall be computed by the board of trustees as
21 though such rank or position had not been abolished and salary
22 increases had been granted to such rank or position on the
23 same basis as increases granted to other ranks and positions
24 in the department. For purposes of this paragraph, "net
25 retirement allowance" means the amount determined by
26 subtracting the amount paid during the previous calendar year
27 by the beneficiary for health insurance or similar health care
28 coverage for the beneficiary and the beneficiary's dependents
29 from the amount of the member's retirement allowance paid for
30 that year pursuant to this chapter. The beneficiary shall
31 submit sufficient documentation to the system to permit the
32 system to determine the member's net retirement allowance for
33 the applicable year.

34 Sec. 93. Section 411.6, subsection 7, Code 1999, is
35 amended by adding the following new paragraph:

1 NEW PARAGRAPH. c. Should a disability beneficiary under
2 age fifty-five be employed in a public safety occupation, the
3 disability beneficiary's retirement allowance shall cease.
4 Notwithstanding any provision of this chapter to the contrary,
5 if a disability beneficiary is employed in a public safety
6 occupation that would otherwise constitute membership service,
7 the disability beneficiary shall not become a member of the
8 system. For purposes of this paragraph, "public safety
9 occupation" means a peace officer, as defined in section
10 97A.1; a protection occupation, as defined in section 97B.49B;
11 a sheriff, deputy sheriff, or airport fire fighter, as defined
12 in section 97B.49C; and a police officer or fire fighter as
13 defined in section 411.1, who was not restored to active
14 service as provided by this subsection.

15 Sec. 94. Section 411.6, subsection 8, Code 1999, is
16 amended to read as follows:

17 8. ORDINARY DEATH BENEFIT.

18 a. Upon the receipt of proof of the death of a member in
19 service, or a member not in service who has completed four or
20 more years of service as provided in subsection 1, paragraph
21 "b", there shall be paid to the person designated by the
22 member to the system as the member's beneficiary, if the
23 member has had one or more years of membership service and no
24 pension is payable under subsection 9, ~~an~~ the greater of the
25 following:

26 (1) An amount equal to fifty percent of the compensation
27 earnable by the member during the year immediately preceding
28 the member's death if the member is in service, or an amount
29 equal to fifty percent of the compensation earned by the
30 member during the member's last year of service if the member
31 is not in service.

32 (2) An amount the member would have been entitled to
33 withdraw pursuant to section 411.23 if the member had
34 terminated service on the date of the member's death.

35 b. In lieu of the payment specified in paragraph "a", a

1 beneficiary meeting the qualifications of paragraph "c" may
2 elect to receive a monthly pension equal to one-twelfth of
3 forty percent of the average final compensation of the member,
4 but not less than twenty percent of the monthly earnable
5 compensation paid to an active member holding the highest
6 grade in the rank of fire fighter, for a beneficiary of a
7 deceased member of a fire department, or the highest grade in
8 the rank of police patrol officer, for a beneficiary of a
9 deceased member of a police department, if the member was in
10 service at the time of death. For a member not in service at
11 the time of death, the pension shall be reduced as provided in
12 subsection 1, paragraph "b".

13 For a member not in service at the time of death, the
14 pension shall be paid commencing when the member would have
15 attained the age of fifty-five except that if there is a child
16 of the member, the pension shall be paid commencing with the
17 member's death until the ~~children-reach-the-age-of-eighteen,~~
18 ~~or-twenty-two-if-applicable~~ child of the member no longer
19 meets the definition of child as provided in section 411.1.
20 The pension shall resume commencing when the member would have
21 attained the age of fifty-five.

22 For a member in service at the time of death, the pension
23 shall be paid commencing with the member's death. In addition
24 to the pension, there shall also be paid for each child of a
25 member, a monthly pension equal to six percent of the monthly
26 earnable compensation paid to an active member holding the
27 highest grade in the rank of fire fighter, for a child of a
28 deceased member of a fire department, or the highest grade in
29 the rank of police patrol officer, for a child of a deceased
30 member of a police department.

31 Notwithstanding section 411.6, subsection 8, Code 1985,
32 effective July 1, 1990, for a member's surviving spouse who,
33 prior to July 1, 1986, elected to receive pension benefits
34 under this paragraph, the monthly pension benefit shall be
35 equal to the higher of one-twelfth of forty percent of the

1 average final compensation of the member, or the amount the
2 surviving spouse was receiving on July 1, 1990.

3 c. The pension under paragraph "b" may be selected only by
4 the following beneficiaries:

5 (1) The spouse.

6 (2) If there is no spouse, or if the spouse dies and there
7 is a child of a member, then the ~~guardian-of-the~~ member's
8 child or children, ~~divided-as-the-system-determines,-to~~
9 ~~continue-as-a-joint-and-survivor-pension-until-every-child-of~~
10 ~~the-member-dies-or-attains-the-age-of-eighteen,-or-twenty-two~~
11 ~~if-applicable~~ in equal shares. The pension to each child
12 shall terminate when the child no longer meets the definition
13 of child in section 411.1.

14 (3) If there is no surviving spouse or child, then the
15 member's dependent father or mother, or both, as the system
16 determines, to continue until remarriage or death.

17 d. If there-is-no-nomination-of the member failed to
18 designate a beneficiary, or if the beneficiary designated by
19 the member predeceases the member, the benefits provided in
20 paragraph "a" of this subsection shall be paid to-the-member's
21 estate- as follows in the following order of priority:

22 (1) To the member's surviving spouse.

23 (2) To the member's surviving children, including any
24 adult children, in equal shares.

25 (3) To the member's surviving parents, in equal shares.

26 (4) To the member's estate.

27 (5) To the member's heirs if the estate is not probated.

28 Sec. 95. Section 411.6, subsection 9, Code 1999, is
29 amended to read as follows:

30 9. ACCIDENTAL DEATH BENEFIT.

31 a. If, upon the receipt of evidence and proof from the
32 chief of the police or fire department that the death of a
33 member in service was the natural and proximate result of an
34 injury or disease incurred in or aggravated by the actual
35 performance of duty at some definite time and place, or while

1 acting pursuant to order, outside of the city by which the
2 member is regularly employed, the system decides that death
3 was so caused in the performance of duty, there shall be paid,
4 in lieu of the ordinary death benefit provided in subsection
5 8, ~~to the member's estate or to such person having an~~
6 ~~insurable interest in the member's life as the member has~~
7 ~~nominated by written designation duly executed and filed with~~
8 ~~the system, the benefits~~ an accidental death benefit as set
9 forth in paragraphs "a" and "b" of this subsection. Disease
10 under this subsection shall mean heart disease or any disease
11 of the lungs or respiratory tract and shall be presumed to
12 have been contracted while on active duty as a result of
13 strain or the inhalation of noxious fumes, poison, or gases.

14 a. b. A An accidental death benefit pension equal to one-
15 half of the average final compensation of the member shall be
16 paid to the member's spouse, children or dependent parents as
17 provided in paragraphs "c", "d", and "e" of subsection 8 of
18 this section. There as follows:

19 (1) To the member's spouse.

20 (2) If there is no spouse, or if the spouse dies and there
21 is a child of the member, then to the member's child or
22 children in equal shares. The pension to each child shall
23 terminate when the child no longer meets the definition of
24 child in section 411.1.

25 (3) If there is no surviving spouse or child, then to the
26 member's dependent father or mother, or both, as the system
27 determines, to continue until remarriage or death.

28 c. In addition to the accidental death benefit pension
29 provided in paragraph "b", there shall also be paid for each
30 child of a member a monthly pension equal to six percent of
31 the monthly earnable compensation paid to an active member
32 holding the highest grade in the rank of fire fighter, for a
33 child of a deceased member of a fire department, or holding
34 the highest grade in the rank of police patrol officer, for a
35 child of a deceased member of a police department.

1 d. A person eligible to receive the pension payable under
2 paragraph "b" of this subsection may elect to receive the
3 benefit payable under subsection 8, paragraph "a", in lieu of
4 the pension provided in paragraph "b" of this subsection.

5 ~~b. e.~~ If there is no spouse, child, or dependent parent
6 ~~surviving a deceased member~~ person entitled to the pension
7 payable under paragraph "b" of this subsection, the death
8 shall be treated as an ordinary death case and the benefit
9 payable under subsection 8, paragraph "a", in lieu of the
10 pension provided in paragraph "a" of this subsection, shall be
11 ~~paid to the member's estate~~ as provided by that subsection.

12 ~~Disease under this subsection shall mean heart disease or~~
13 ~~any disease of the lungs or respiratory tract and shall be~~
14 ~~presumed to have been contracted while on active duty as a~~
15 ~~result of strain or the inhalation of noxious fumes, poison,~~
16 ~~or gases.~~

17 Sec. 96. Section 411.6, subsection 11, Code 1999, is
18 amended to read as follows:

19 11. Pension to spouse and children of deceased pensioned
20 member. In the event of the death of any member receiving a
21 retirement allowance under the provisions of subsections 2, 4,
22 or 6 of this section there shall be paid a pension:

23 a. To the spouse, equal to one-half the amount received by
24 the deceased beneficiary, but in no instance less than twenty
25 percent of the monthly earnable compensation paid to an active
26 member holding the highest grade in the rank of fire fighter,
27 for a beneficiary of a deceased member of the fire department,
28 or the highest grade in the rank of police patrol officer, for
29 a beneficiary of a deceased member of a police department, and
30 in addition a monthly pension equal to the monthly pension
31 payable under subsection 9 of this section for each child
32 ~~under eighteen years of age or twenty-two years of age if~~
33 ~~applicable; or~~

34 b. If the spouse dies either prior or subsequent to the
35 death of the member, to the guardian of each surviving child,

1 a monthly pension equal to the monthly pension payable under
2 subsection 9 of this section for the support of the child.

3 Sec. 97. Section 411.6, Code 1999, is amended by adding
4 the following new subsection:

5 NEW SUBSECTION. 14. BENEFICIARY DESIGNATION. A member
6 may designate, in writing on a form prescribed by the system,
7 any person or persons to whom the system will pay a death
8 benefit under this section in the event of the member's death.
9 If the member is married at the time a designation is signed,
10 a designation of a beneficiary other than the member's spouse
11 shall not be valid unless the member's spouse consents in
12 writing to the designation. A designation filed with the
13 system shall be deemed revoked if, subsequent to the
14 designation, a new designation is filed with the system, the
15 member marries, or the member divorces the individual who was
16 the member's named beneficiary.

17 Sec. 98. Section 411.6, Code 1999, is amended by adding
18 the following new subsection:

19 NEW SUBSECTION. 15. LINE OF DUTY DEATH BENEFIT.

20 a. If, upon the receipt of evidence and proof from the
21 chief of the police or fire department that the death of a
22 member in service was the direct and proximate result of a
23 traumatic personal injury incurred in the line of duty, the
24 system decides that death was so caused, there shall be paid,
25 to a person authorized to receive an accidental death benefit
26 as provided in subsection 9, paragraph "b", the amount of one
27 hundred thousand dollars, which shall be payable in a lump
28 sum.

29 b. A line of duty death benefit shall not be payable under
30 this subsection if any of the following applies:

31 (1) The death resulted from stress, strain, occupational
32 illness, or a chronic, progressive, or congenital illness,
33 including, but not limited to, a disease of the heart, lungs,
34 or respiratory system, unless a traumatic personal injury was
35 a substantial contributing factor to the member's death.

1 (2) The death was caused by the intentional misconduct of
2 the member or by the member's intent to cause the member's own
3 death.

4 (3) The member was voluntarily intoxicated at the time of
5 death.

6 (4) The member was performing the member's duties in a
7 grossly negligent manner at the time of death.

8 (5) An individual who would otherwise be entitled to a
9 benefit under this subsection was, through the individual's
10 actions, a substantial contributing factor to the member's
11 death.

12 Sec. 99. Section 411.6, Code 1999, is amended by adding
13 the following new subsection:

14 NEW SUBSECTION. 16. INELIGIBILITY FOR DISABILITY
15 BENEFITS.

16 a. A member otherwise eligible to receive a disability
17 retirement benefit under this chapter shall not be eligible to
18 receive such a benefit if the system determines that any of
19 the following conditions for ineligibility apply:

20 (1) The disability would not exist but for the member's
21 chemical dependency, as defined in section 125.2, on a
22 schedule I controlled substance, as defined in section
23 124.204, or the member's chemical dependency on a schedule II
24 controlled substance, as defined in section 124.206, resulting
25 from the inappropriate use of the schedule II controlled
26 substance.

27 (2) The disability is a mental disability proximately
28 caused by appropriate disciplinary actions taken against the
29 member, or by conflicts with a superior or coworker if the
30 superior or coworker was acting legally and appropriately
31 toward the member when the conflicts occurred.

32 b. A member otherwise eligible to receive a disability
33 retirement benefit under this chapter, or who is receiving
34 such a benefit, shall not be eligible to receive such a
35 benefit beginning with the month following the determination

1 by the system that the disability would not exist but for the
2 action of the member for which the member has been convicted
3 of a felony.

4 c. A member eligible to commence receiving a disability
5 benefit on or after July 1, 2000, may be ineligible to receive
6 a disability retirement benefit if the system determines that
7 the member's alcoholism or drug addiction was a contributing
8 factor material to the determination of the member's
9 disability. Upon a determination that the member's alcoholism
10 or drug addiction was a contributing factor in the member's
11 disability, the system shall direct the member to undergo
12 substance abuse treatment that the medical board determines is
13 appropriate to treat the member's alcoholism or drug
14 addiction. After the end of a twenty-four-month period
15 following the member's first month of entitlement to a
16 disability benefit, the system shall reevaluate the member's
17 disability. If the system determines that the member failed
18 to comply with the treatment program prescribed by this
19 paragraph and that the member would not be disabled but for
20 the member's alcoholism or drug addiction, the member's
21 entitlement to a disability benefit under this chapter shall
22 terminate effective the first day of the first month following
23 the month the member is notified of the system's
24 determination.

25 Sec. 100. Section 411.6, Code 1999, is amended by adding
26 the following new subsection:

27 NEW SUBSECTION. 17. LIMITATIONS ON BENEFITS -- PRISONERS.

28 a. An individual who is otherwise entitled to a retirement
29 allowance under this chapter shall not receive a retirement
30 allowance for any month during which both of the following
31 conditions exist:

32 (1) The individual is confined in a jail, prison, or
33 correctional facility pursuant to the individual's conviction
34 of a felony.

35 (2) The individual has a spouse, or a child or children,

1 as defined in section 411.1.

2 b. The amount of the retirement allowance not paid to the
3 individual under paragraph "a" shall be paid in the following
4 order of priority:

5 (1) To the individual's spouse, if any.

6 (2) If there is no spouse, then to the individual's child
7 or children, as defined in section 411.1.

8 c. This subsection shall not be construed in a manner that
9 impairs the rights of any individual under a marital property,
10 spousal support, or child support order. In addition, this
11 subsection shall not be construed to impair the statutory
12 rights of a governmental entity, including, but not limited
13 to, the right of a governmental entity to collect an amount
14 for deposit in the victim compensation fund established in
15 chapter 915.

16 Sec. 101. Section 411.11, Code 1999, is amended to read as
17 follows:

18 411.11 CONTRIBUTIONS BY THE CITY.

19 1. On or before January 1 of each year the system shall
20 certify to the superintendent of public safety of each
21 participating city the amounts which will become due and
22 payable during the year next following to the fire and police
23 retirement fund. The amounts so certified shall be included
24 by the superintendent of public safety in the annual budget
25 estimate. The amounts so certified shall be appropriated by
26 the respective cities and transferred to the retirement system
27 for the ensuing year. The cities shall annually levy a tax
28 sufficient in amount to cover the appropriations.

29 2. Amounts paid by a city to a member as back pay that
30 would have constituted earnable compensation if paid when
31 earned shall be allocated by the system as earnable
32 compensation to the period or periods for which paid and
33 employer and employee contributions shall be paid to the
34 system for the amounts. The contribution rate to be applied
35 to such amounts shall be determined pursuant to section 411.8

1 based on the rates in effect for the period or periods to
2 which the amounts are allocated. Interest on the
3 contributions required to be paid shall be calculated pursuant
4 to this section as if the contributions were unpaid as of the
5 date the contributions would have been due if the back pay had
6 been paid to the member during the period in which it was due.
7 The requirements of this subsection apply regardless of
8 whether the back pay is made under a covenant not to sue,
9 compromise settlement, denial of liability, or other agreement
10 between the member and the employer.

11 3. Contributions unpaid on the date on which they are due
12 and payable as prescribed by the system shall bear interest at
13 the greater of the interest rate assumption adopted by the
14 board of trustees or the rate of interest on the short-term
15 investment fund account of the system's custodial bank for the
16 period the contributions remain unpaid. Interest due pursuant
17 to this section may be waived by the system pursuant to rules
18 adopted by the board. Interest collected pursuant to this
19 section shall be paid into the retirement fund created in
20 section 411.8.

21 4. If an employer fails to pay contributions or interest
22 as required by this chapter after receiving thirty days'
23 notice of the employer's obligation, the system may maintain a
24 civil action to collect the unpaid contributions and interest
25 from the employer, which action shall be heard as
26 expeditiously as possible. If the system prevails in the
27 civil action to recover unpaid contributions and interest, the
28 court shall require the employer to pay the costs of the
29 action.

30 Sec. 102. Section 411.22, Code 1999, is amended to read as
31 follows:

32 411.22 LIABILITY OF THIRD PARTIES -- SUBROGATION.

33 1. If a member receives an injury or dies for which
34 benefits are payable under section 411.6, subsection 3, or 5,
35 8, or 9, or section 411.15, and if the injury or death is

1 caused under circumstances creating a legal liability for
2 damages against a third party other than the retirement
3 system, the retirement system is subrogated to the rights of
4 the member or the member's legal representative beneficiary
5 entitled to receive a death benefit and may maintain an action
6 for damages against the third party for lost earnings and lost
7 earnings capacity. If the retirement system recovers damages
8 in the action, the court shall enter judgment for distribution
9 of the recovery as follows:

10 a. A sum sufficient to repay the retirement system for the
11 amount of such benefits actually paid by the retirement system
12 up to the time of the entering of the judgment.

13 b. A sum sufficient to pay the retirement system the
14 present worth, computed at the interest rate provided in
15 section 535.3 for court judgments and decrees, of the future
16 payments of such benefits, for which the retirement system is
17 liable, but the sum is not a final adjudication of the future
18 payments which the member is entitled to receive.

19 c. A sum sufficient to repay the retirement system for the
20 costs and expenses of maintaining the action.

21 d. Any balance remaining after the repayments provided by
22 paragraphs "a" through "c" shall be paid to the injured
23 member, or the beneficiary under section 411.6, subsection 8
24 or 9, whichever is applicable.

25 2. If the system, after receiving written notice of the
26 third-party liability, declines in writing to maintain an
27 action against the third party or fails to maintain an action
28 within one hundred eighty days of receiving written notice of
29 the third-party liability, the member, the member's estate, or
30 the legal representative of the member or the member's estate,
31 may maintain an action for damages against the third party.

32 ~~If a member or a member's legal representative commences~~ such
33 an action is commenced, the plaintiff member, estate, or
34 representative shall serve a copy of the original notice upon
35 the retirement system not less than ten days before the trial

1 of the action, but a failure to serve the notice does not
2 prejudice the rights of the retirement system, and the
3 following rights and duties ensue:

4 a. The retirement system shall be indemnified out of the
5 recovery of damages to the extent of benefit payments made
6 paid or awarded by the retirement system, with legal interest,
7 except that the plaintiff member's or estate's attorney fees
8 may be first allowed by the district court. For purposes of
9 this paragraph, "benefit payments paid or awarded" means the
10 sum of the following amounts:

11 (1) The amount of benefits actually paid by the retirement
12 system up to the time of the entering of the judgment.

13 (2) The present worth, computed at the interest rate
14 provided in section 535.3 for court judgments and decrees, of
15 the future payments of such benefits, for which the retirement
16 system is liable, but the sum is not a final adjudication of
17 the future payments which the member is entitled to receive.

18 b. The retirement system has a lien on the damage claim
19 against the third party and on any judgment on the damage
20 claim for benefits for which the retirement system is liable.
21 In order to continue and preserve the lien, the retirement
22 system shall file a notice of the lien within thirty days
23 after receiving a copy of the original notice in the office of
24 the clerk of the district court in which the action is filed.

25 ~~2.---If-a-member-fails-to-bring-an-action-for-damages~~
26 ~~against-a-third-party-within-thirty-days-after-the-retirement~~
27 ~~system-requests-the-member-in-writing-to-do-so,-the-retirement~~
28 ~~system-is-subrogated-to-the-rights-of-the-member-and-may~~
29 ~~maintain-the-action-against-the-third-party,-and-may-recover~~
30 ~~damages-for-the-injury-to-the-same-extent-that-the-member-may~~
31 ~~recover-damages-for-the-injury.---If-the-retirement-system~~
32 ~~recovers-damages-in-the-action,-the-court-shall-enter-judgment~~
33 ~~for-distribution-of-the-recovery-as-follows:-~~

34 ~~a.---A-sum-sufficient-to-repay-the-retirement-system-for-the~~
35 ~~amount-of-such-benefits-actually-paid-by-the-retirement-system~~

1 up-to-the-time-of-the-entering-of-the-judgment-

2 b.---A-sum-sufficient-to-pay-the-retirement-system-the
3 present-worth,-computed-at-the-interest-rate-provided-in
4 section-535.3-for-court-judgments-and-decrees,-of-the-future
5 payments-of-such-benefits,-for-which-the-retirement-system-is
6 liable,-but-the-sum-is-not-a-final-adjudication-of-the-future
7 payments-which-the-member-is-entitled-to-receive-

8 c.---Any-balance-shall-be-paid-to-the-member-

9 3. Before a settlement is effective between the retirement
10 system and a third party who is liable for an injury or death,
11 the member or beneficiary must consent in writing to the
12 settlement; and if the settlement is between the member or the
13 member's estate and a third party, the retirement system must
14 consent in writing to the settlement; or on refusal to
15 consent, in either case, the district court in the county in
16 which either the city or the retirement system is located must
17 consent in writing to the settlement.

18 4. For purposes of subrogation under this section, a
19 payment made to an injured member, a member's estate, or the
20 member's legal representative of the member or member's
21 estate, by or on behalf of a third party or the third party's
22 principal or agent, who is liable for, connected with, or
23 involved in causing the injury to or death of the member,
24 shall be considered paid as damages because the injury or
25 death was caused under circumstances creating a legal
26 liability against the third party, whether the payment is made
27 under a covenant not to sue, compromise settlement, denial of
28 liability, or is otherwise made.

29 Sec. 103. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY.
30 Sections 81, 84, 85, 98, and 101 of this Act, amending section
31 411.1, subsection 12; section 411.3; section 411.4; section
32 411.6, by creating new subsection 15; and section 411.11,
33 being deemed of immediate importance, take effect upon
34 enactment and are retroactively applicable to January 1, 1992,
35 and are applicable on and after that date.

1 Sec. 104. EFFECTIVE DATE. Section 80 of this Act amending
2 section 411.1, subsection 10, and section 87 of this Act,
3 amending section 411.5, subsection 8, take effect July 1,
4 2001.

5 Sec. 105. STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM --
6 LEGISLATIVE INTENT. It is the intent of the general assembly
7 that members of the retirement system be afforded by action of
8 the general assembly a retirement benefit based upon ninety
9 percent of a member's earnable compensation at the time of a
10 member's retirement after the member has completed thirty
11 years of service when the retirement system can afford it on
12 an actuarially sound basis. At the time the general assembly
13 provides for a retirement benefit as contemplated by this
14 section, proposals to potentially reduce the contribution
15 rates shall be reviewed.

16 DIVISION IV

17 JUDICIAL RETIREMENT SYSTEM

18 Sec. 106. Section 602.9104, subsection 1, Code 1999, is
19 amended to read as follows:

20 1. A judge to whom this article applies, shall be paid an
21 amount equal to ~~ninety-six~~ ninety-five percent of the basic
22 salary of the judge as set by the general assembly. An amount
23 equal to ~~four~~ five percent of the basic salary of the judge as
24 set by the general assembly is designated as the judge's
25 contribution to the judicial retirement fund, and shall be
26 paid by the state in the manner provided in subsection 2.

27 Sec. 107. Section 602.9104, subsection 4, paragraph a,
28 subparagraph (2), Code 1999, is amended to read as follows:

29 (2) "Fully funded status" means that the most recent
30 actuarial valuation reflects that, using the ~~aggregate-cost~~
31 projected unit credit method in accordance with generally
32 recognized and accepted actuarial principles and practices set
33 forth by the American academy of actuaries, the funded status
34 of the system is at least one hundred percent.

35 Sec. 108. Section 602.9104, subsection 4, paragraph b,

1 Code 1999, is amended to read as follows:

2 b. Effective with the fiscal year commencing July 1, 1994,
3 and for each subsequent fiscal year until the system attains
4 fully funded status, based upon the benefits provided for
5 judges through the judicial retirement system as of July 1,
6 2001, the state shall contribute annually to the judicial
7 retirement fund an amount equal to at least twenty-three and
8 seven-tenths percent of the basic salary of all judges covered
9 under this article. Commencing with the first fiscal year in
10 which the system attains fully funded status, based upon the
11 benefits provide for judges through the judicial retirement
12 system as of July 1, 2001, and for each subsequent fiscal
13 year, the state shall contribute to the judicial retirement
14 fund the required contribution rate. The state's contribution
15 shall be appropriated directly to the judicial retirement
16 fund.

17 Sec. 109. Section 602.9107, subsection 1, Code 1999, is
18 amended to read as follows:

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

31 b. "Specified percentage", for purposes of this section,
32 means as follows:

33 (1) For judges who retire and receive an annuity prior to
34 July 1, 1998, the specified percentage shall be fifty percent.

35 (2) For judges who retire and receive an annuity on or

1 after July 1, 1998, but before July 1, 2000, the specified
2 percentage shall be fifty-two percent.

3 (3) For judges who retire and receive an annuity on or
4 after July 1, 2000, but before July 1, 2001, the specified
5 percentage shall be fifty-six percent.

6 (4) For judges who retire and receive an annuity on or
7 after July 1, 2001, the specified percentage shall be sixty
8 percent.

9 Sec. 110. Section 602.9204, Code Supplement 1999, is
10 amended to read as follows:

11 602.9204 SALARY -- ANNUITY OF SENIOR JUDGE AND RETIRED
12 SENIOR JUDGE.

13 1. A judge who retires on or after July 1, 1994, and who
14 is appointed a senior judge under section 602.9203 shall be
15 paid a salary as determined by the general assembly. A senior
16 judge or retired senior judge shall be paid an annuity under
17 the judicial retirement system in the manner provided in
18 section 602.9109, but computed under this section in lieu of
19 section 602.9107, as follows: The annuity paid to a senior
20 judge or retired senior judge shall be an amount equal to
21 three percent of the basic senior judge salary, multiplied by
22 the judge's years of service prior to retirement as a judge of
23 one or more of the courts included under this article, for
24 which contributions were made to the system, except the
25 annuity of the senior judge or retired senior judge shall not
26 exceed fifty-percent an amount equal to the applicable
27 specified percentage of the basic senior judge salary used in
28 calculating the annuity. However, following the twelve-month
29 period during which the senior judge or retired senior judge
30 attains seventy-eight years of age, the annuity paid to the
31 person shall be an amount equal to three percent of the basic
32 senior judge salary cap, multiplied by the judge's years of
33 service prior to retirement as a judge of one or more of the
34 courts included under this article, for which contributions
35 were made to the system, except that the annuity shall not

1 exceed fifty-percent an amount equal to the applicable
2 specified percentage of the basic senior judge salary cap. A
3 senior judge or retired senior judge shall not receive
4 benefits calculated using a basic senior judge salary
5 established after the twelve-month period in which the senior
6 judge or retired senior judge attains seventy-eight years of
7 age. The state shall provide, regardless of age, to an active
8 senior judge or a senior judge with six years of service as a
9 senior judge and to the judge's spouse, and pay for medical
10 insurance until the judge attains the age of seventy-eight
11 years.

12 2. As used in this section, unless the context otherwise
13 requires:

14 a. "Applicable specified percentage" means, for a senior
15 judge or retired senior judge, the specified percentage, as
16 defined in section 602.9107, subsection 1, that applied on the
17 date the judge was separated from full-time service.

18 a- b. "Basic senior judge salary" means the basic annual
19 salary which the judge is receiving at the time the judge
20 becomes separated from full-time service, as would be used in
21 computing an annuity pursuant to section 602.9107 without
22 service as a senior judge, plus seventy-five percent of the
23 escalator.

24 b- c. "Basic senior judge salary cap" means the basic
25 senior judge salary, at the end of the twelve-month period
26 during which the senior judge or retired senior judge attained
27 seventy-eight years of age, of the office in which the person
28 last served as a judge before retirement as a judge or senior
29 judge.

30 c- d. "Escalator" means the difference between the current
31 basic salary, as of the time each payment is made up to and
32 including the twelve-month period during which the senior
33 judge or retired senior judge attains seventy-eight years of
34 age, of the office in which the senior judge last served as a
35 judge before retirement as a judge or senior judge, and the

1 basic annual salary which the judge is receiving at the time
2 the judge becomes separated from full-time service as a judge
3 of one or more of the courts included in this article, as
4 would be used in computing an annuity pursuant to section
5 602.9107 without service as a senior judge.

6 Sec. 111. JUDICIAL RETIREMENT SYSTEM -- LEGISLATIVE INTENT
7 -- NOTIFICATION -- REPORT.

8 1. It is the intent of the general assembly that once the
9 judicial retirement system attains fully funded status based
10 upon the benefits provided for judges through July 1, 2001,
11 the employer and employee contribution rates established to
12 fund the judicial retirement system should be adjusted to
13 reflect the ratio of employer and employee contribution rates
14 required under the Iowa public employees' retirement system.

15 2. The state court administrator shall notify, in writing,
16 the public retirement systems committee established in section
17 97D.4, when the judicial branch anticipates that the judicial
18 retirement system is within two additional fiscal years of
19 attaining fully funded status as defined in section 602.9104
20 based upon the benefits provided for judges through July 1,
21 2001. In addition, the state court administrator shall,
22 following the notification to the committee as provided in
23 this section and in consultation with the Iowa judges
24 association, conduct a study and submit a report, including
25 its findings and recommendations, to the public retirement
26 systems committee prior to the next scheduled meeting of the
27 committee concerning appropriate methods of adequately
28 financing the judicial retirement system once the system
29 reaches fully funded status. In conducting the study, the
30 state court administrator shall consider, and make
31 recommendations concerning, the appropriateness of funding the
32 judicial retirement system by establishing employer and
33 employee contribution rates which shall maintain the actuarial
34 soundness of the system and which shall reflect the intent of
35 the general assembly as contemplated in subsection 1.

SENATE FILE 2411

H-8403

1 Amend Senate File 2411, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 17, by inserting after line 18 the
4 following:

5 "Sec. ____ . Section 97B.39, Code 1999, is amended
6 to read as follows:

7 97B.39 RIGHTS NOT TRANSFERABLE OR SUBJECT TO LEGAL
8 PROCESS -- EXCEPTIONS.

9 The right of any person to any future payment under
10 this chapter is not transferable or assignable, at law
11 or in equity, and the moneys paid or payable or rights
12 existing under this chapter are not subject to
13 execution, levy, attachment, garnishment, or other
14 legal process, or to the operation of any bankruptcy
15 or insolvency law except for the purposes of enforcing
16 child, spousal, or medical support obligations or
17 marital property orders. For the purposes of
18 enforcing child, spousal, or medical support
19 obligations, the garnishment or attachment of or the
20 execution against compensation due a person under this
21 chapter shall not exceed the amount specified in 15
22 U.S.C. § 1673(b). The department shall comply with
23 the provisions of a marital property order requiring
24 the selection of a particular benefit option,
25 designated beneficiary, or contingent annuitant if the
26 selection is otherwise authorized by this chapter and
27 the member has not received payment of the member's
28 first retirement allowance. However, a marital
29 property order shall not require the payment of
30 benefits to an alternative payee prior to the member's
31 retirement, prior to the date the member elects to
32 receive a lump sum distribution of accumulated
33 contributions pursuant to section 97B.53, or in an
34 amount that exceeds the benefits the member would
35 otherwise be eligible to receive pursuant to this
36 chapter. In addition, a valid marital property order
37 for the purposes of this section shall provide for the
38 payment of an amount from the member, once the member
39 retires, based upon a percentage of the benefit the
40 member would be eligible to receive as of the date of
41 the order if the member retired as of that date."

42 2. By renumbering as necessary.

By FREVERT of Palo Alto

H-8403 FILED MARCH 20, 2000

Lost
9/23/00
(P. 944)

SENATE FILE 2411

H-8404

- 1 Amend Senate File 2411, as amended, passed, and
2 reprinted by the Senate, as follows:
- 3 1. Page 1, line 15, by striking the word "and".
4 2. Page 1, line 16, by inserting after the word
5 "system" the following: ", and a person appointed by
6 the governor".
7 3. Page 1, line 16, by striking the word "Both"
8 and inserting the following: "The person appointed by
9 the governor shall be an executive of a domestic life
10 insurance company, an executive of a state or national
11 bank operating within the state of Iowa, or an
12 executive in the financial services industry, and
13 shall be subject to confirmation by the senate. The".
14 4. Page 1, line 17, by inserting after the word
15 "system" the following: "and the person appointed by
16 the governor".
17 5. Page 3, by striking lines 6 through 15.
18 6. Page 4, line 28, by inserting after the word
19 "pension" the following: "of a retired member".
20 7. Page 4, line 30, by striking the words "or
21 death".
22 8. Page 8, by striking lines 8 through 18.
23 9. Page 12, line 21, by inserting after the word
24 "Code." the following: "In addition, wages includes
25 amounts that can be received in cash in lieu of
26 employer-paid contributions to such plans, if the
27 election is uniformly available and is not limited to
28 highly compensated employees, as defined in section
29 414(q) of the Internal Revenue Code."
30 10. Page 13, line 22, by inserting after the word
31 "contributions" the following: "that cannot be
32 received by the employee in cash and that are made".
33 11. Page 14, by striking lines 13 through 15.
34 12. Page 27, line 35, by striking the word
35 "twelve" and inserting the following: "thirty-six".
36 13. Page 28, line 20, by striking the word
37 "twelve" and inserting the following: "thirty-six".
38 14. Page 28, by inserting after line 22 the
39 following:
40 "Sec. ____ . Section 97B.50, subsection 2, Code
41 1999, is amended by adding the following new
42 paragraph:
43 NEW PARAGRAPH. c. A vested member who terminated
44 service due to a disability, who has been issued
45 payment for a refund pursuant to section 97B.53, and
46 who subsequently commences receiving disability
47 benefits as a result of that disability pursuant to
48 the federal Social Security Act, 42 U.S.C. § 423 et
49 seq. or the federal Railroad Retirement Act, 45 U.S.C.
50 § 231 et seq., may receive credit for membership

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Page 2

1 service for the period covered by the refund payment,
2 upon repayment to the department of the actuarial cost
3 of receiving service credit for the period covered by
4 the refund payment, as determined by the department.
5 For purposes of this paragraph, the actuarial cost of
6 the service purchase shall be determined as provided
7 in section 97B.74. The payment to the department as
8 provided in this paragraph shall be made within ninety
9 days after July 1, 2000, or the date federal
10 disability payments commenced, whichever occurs later.
11 For purposes of this paragraph, the date federal
12 disability payments commence shall be the date that
13 the member actually receives the first such payment,
14 regardless of any retroactive payments included in
15 that payment. A member who repurchases service credit
16 under this paragraph and applies for retirement
17 benefits shall have the member's monthly allowance,
18 including retroactive adjustment payments, determined
19 in the same manner as provided in paragraph "a" or
20 "b", as applicable. This paragraph shall not be
21 implemented until the system has received a
22 determination letter from the federal internal revenue
23 service approving the system's plan's qualified status
24 under Internal Revenue Code section 401(a)."

25 15. Page 43, line 3, by striking the words "An
26 individual" and inserting the following: "A
27 beneficiary".

28 16. Page 43, line 4, by striking the word
29 "individual's" and inserting the following:
30 "beneficiary's".

31 17. Page 44, line 26, by striking the words
32 "three calendar months" and inserting the following:
33 "one calendar month".

34 18. Page 52, line 17, by inserting after the word
35 "but" the following: "at the time of the employment".

36 19. Page 55, by inserting after line 16 the
37 following:

38 "Sec. ____ . IOWA PUBLIC EMPLOYEES' RETIREMENT
39 SYSTEM -- DEATH BENEFIT ELECTION.

40 1. Notwithstanding any provision of chapter 97B to
41 the contrary, an eligible beneficiary may elect to
42 receive a death benefit as provided by this section in
43 an amount as authorized pursuant to section 52 of this
44 Act. For purposes of this section, an "eligible
45 beneficiary" means a person who is eligible to
46 receive, or has received, a death benefit pursuant to
47 Iowa Code section 97B.52, subsection 1, Code 1999, as
48 a beneficiary of a member of the Iowa public
49 employees' retirement system who died on or after
50 January 1, 1999, but before the date section 52 of

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Page 3

1 this Act is implemented pursuant to section 74 of this
2 Act.

3 2. An eligible beneficiary may elect to receive a
4 death benefit in an amount as provided in section 52
5 of this Act in lieu of a benefit as provided pursuant
6 to section 97B.52, subsection 1, Code 1999, by filing
7 a valid election with the Iowa public employees'
8 retirement system in a manner prescribed by the system
9 no later than one year following the date section 52
10 of this Act is implemented pursuant to section 74 of
11 this Act.

12 3. An eligible beneficiary who has received a
13 death benefit pursuant to section 97B.52, subsection
14 1, Code 1999, but who files an election to receive a
15 death benefit as provided in this section shall make
16 arrangements with the Iowa public employees'
17 retirement system to repay any death benefits paid by
18 the system to the eligible beneficiary prior to
19 receipt of a death benefit as provided in this
20 section.

21 4. The Iowa public employees' retirement system
22 shall make all reasonable efforts to notify, in
23 writing, each eligible beneficiary of the ability to
24 elect to receive a death benefit as provided in this
25 section in lieu of a death benefit provided pursuant
26 to section 97B.52, subsection 1, Code 1999."

27 20. Page 55, by inserting after line 21 the
28 following:

29 "Sec. ____ . EFFECTIVE DATE. Section 44 of this
30 Act, amending section 97B.49F, subsection 2, paragraph
31 "c", being deemed of immediate importance, takes
32 effect upon enactment."

33 21. Page 56, lines 5 and 6, by striking the words
34 "until the amendment to section 97B.50, subsection 1,
35 is implemented,".

36 22. Page 56, line 8, by inserting after the
37 figure "97B.49H" the following: "for the calendar
38 year beginning January 1, 2001, and each subsequent
39 calendar year, until the amendment to section 97B.50,
40 subsection 1, is implemented".

41 23. Page 56, lines 17 and 18, by striking the
42 words "until the amendment to section 97B.52,
43 subsection 1, is implemented,".

44 24. Page 56, line 20, by inserting after the
45 figure "97B.49H" the following: "for the calendar
46 year beginning January 1, 2001, and each subsequent
47 calendar year, until the amendment to section 97B.52,
48 subsection 1, is implemented".

49 25. Page 81, by striking lines 5 through 15.

50 26. By renumbering as necessary.

By COMMITTEE ON STATE GOVERNMENT
MARTIN of Scott, Chairperson

H-8404 FILED MARCH 20, 2000

Adopted
3/23/00
(R 943)

SENATE FILE 2411

H-8425

1 Amend Senate File 2411, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 52, by inserting after line 12 the
4 following:

5 "Sec. ____ . Section 97B.74, subsection 2, Code
6 1999, is amended to read as follows:

7 2. The contributions required to be made for
8 purposes of this section shall be determined as
9 follows:

10 a. For a member making contributions for a
11 purchase of additional service prior to July 1, 1999,
12 the contributions to be repaid by the member for such
13 service shall be equal to the accumulated
14 contributions, as defined in section 97B.1A,
15 subsection 2, received by the member for the
16 applicable period of membership service, plus interest
17 on the accumulated contributions for the applicable
18 period, from the date of receipt by the member to the
19 date of repayment, at the interest rate provided in
20 section 97B.70 applicable for each year compounded as
21 provided in section 97B.70.

22 b. For a member making contributions for a
23 purchase of additional service on or after July 1,
24 1999, except as provided in paragraph "c", the member
25 shall make contributions in an amount equal to the
26 actuarial cost of the service purchase. For purposes
27 of this paragraph, the actuarial cost of the service
28 purchase is an amount determined by the department in
29 accordance with actuarial tables, as reported to the
30 department by the system's actuary, which reflects the
31 actuarial cost necessary to fund an increased
32 retirement allowance resulting from the purchase of
33 additional service.

34 c. For a member making contributions for a
35 purchase of additional service on or after July 1,
36 2000, who is employed as a teacher by a school
37 corporation or educational institution, the
38 contributions to be repaid by the member for such
39 service shall be equal to the refund received by the
40 member for the applicable period of membership
41 service, plus interest for the applicable period, from
42 the date of receipt of a refund by the member to the
43 date of repayment, at the interest rate provided in
44 section 97B.70 applicable for each year compounded as
45 provided in section 97B.70."

46 2. By renumbering as necessary.

By GREIMANN of Story

H-8425 FILED MARCH 20, 2000

W/D
3/23/00
(P. 950)

SENATE FILE 2411

H-8423

- 1 Amend Senate File 2411, as amended, passed, and
2 reprinted by the Senate, as follows:
3 1. Page 19, line 29, by striking the word
4 "fourteen" and inserting the following: "twenty-
5 five".

By MASCHER of Johnson

H-8423 FILED MARCH 20, 2000

lost 3/23/00 (p. 949)

SENATE FILE 2411

H-8440

- 1 Amend Senate File 2411, as amended, passed, and
2 reprinted by the Senate, as follows:
3 1. Page 85, by inserting after line 35 the
4 following:
5 "Sec. ____ . FIRE FIGHTER AND EMERGENCY MEDICAL
6 SERVICES PROVIDER BENEFITS -- REPORT. The department
7 of management shall conduct a study concerning the
8 possible implementation of a system to provide
9 retirement benefits to volunteer fire fighters and
10 emergency medical service personnel and to provide
11 death and survivor benefits, including but not limited
12 to providing for payment of postsecondary education
13 expenses of dependent children, when a volunteer fire
14 fighter or emergency medical service provider dies in
15 the line of duty. The study shall examine what
16 benefits should be provided, if any, as well as
17 possible funding mechanisms to provide any such
18 proposed benefits, including the use of excess
19 insurance premium tax receipts, but excluding the fire
20 and police retirement fund created in section 411.8.
21 In conducting the study, the department shall consult
22 with the department of public safety; the department
23 of personnel; and representatives from the Iowa
24 firemen's association; the Iowa fire chief's
25 association; the Iowa association of professional
26 firefighters; the Iowa association of professional
27 fire chiefs; the Iowa firefighters group; the state
28 fire service and emergency response council, if
29 established by law, or the fire service institute
30 advisory committee established by section 266.46; the
31 Iowa emergency medical services association; and the
32 Iowa league of cities. The department shall submit a
33 report concerning the results of its study, including
34 any findings and recommendations, to the general
35 assembly by January 8, 2001."
36 2. By renumbering as necessary.

By FALCK of Fayette

H-8440 FILED MARCH 21, 2000

adopted 3/23/00 (p. 952)

SENATE FILE 2411

H-8475

1 Amend Senate File 2411, as amended, passed, and
 2 reprinted by the Senate, as follows:
 3 1. Page 30, line 4, by striking the word and
 4 figure "July 1" and inserting the following: "October
 5 1".
 6 2. Page 30, line 21, by striking the word and
 7 figure "July 1" and inserting the following: "October
 8 1".
 9 3. Page 31, line 18, by striking the word and
 10 figure "July 1" and inserting the following: "October
 11 1".
 12 4. Page 37, line 21, by striking the word and
 13 figure "July 1" and inserting the following: "October
 14 1".
 15 5. Page 37, line 22, by striking the word and
 16 figure "July 1" and inserting the following: "October
 17 1".
 18 6. Page 37, line 23, by striking the word and
 19 figure "June 30" and inserting the following:
 20 "September 30".

By MARTIN of Scott

H-8475 FILED MARCH 22, 2000

w/10
3/23/00 (p. 949)

SENATE FILE 2411

H-8489

1 Amend Senate File 2411, as amended, passed, and
 2 reprinted by the Senate, as follows:
 3 1. Page 55, by inserting after line 21 the
 4 following:
 5 "Sec. ____ . APPLICABILITY. Section 97B.51,
 6 subsection 1, paragraph "d", subparagraph (2), as
 7 enacted in section 51 of this Act, shall be applicable
 8 on or after July 1, 2001."
 9 2. By renumbering as necessary.

By MARTIN of Scott

H-8489 FILED MARCH 22, 2000

adopted
3/23/00 (p. 950)

SENATE FILE 2411

H-8490

1 Amend Senate File 2411, as amended, passed, and
 2 reprinted by the Senate, as follows:
 3 1. Page 85, line 17, by striking the words
 4 "judicial branch" and inserting the following: "state
 5 court administrator".

By MARTIN of Scott

H-8490 FILED MARCH 22, 2000

adopted
3/23/00 (p. 951)

SENATE FILE 2411

H-8498

1 Amend the amendment, H-8404, to Senate File 2411,
2 as amended, passed, and reprinted by the Senate, as
3 follows:

4 1. Page 1, by striking line 17.

By FOEGE of Linn

H-8498 FILED MARCH 22, 2000

Lost

3/23/00 (p. 942)

SENATE FILE 2411

H-8499

1 Amend the amendment, H-8404, to Senate File 2411,
2 as amended, passed, and reprinted by the Senate, as
3 follows:

4 1. Page 1, by striking line 17.

5 2. Page 1, by inserting after line 33 the
6 following:

7 "____. Page 21, by inserting after line 24 the
8 following:

9 "(1A) For each active or inactive retired member
10 retiring prior to July 1, 1996, the applicable
11 percentage for that member plus, if applicable, and
12 notwithstanding any provision of this chapter to the
13 contrary, an additional one-fourth of one percentage
14 point for each additional calendar quarter of eligible
15 service beyond twenty-five years of service for the
16 member, not to exceed a total of five additional
17 percentage points effective with each monthly payment
18 of a retirement benefit allowance for the member on or
19 after July 1, 2000."

20 _____. Page 23, by inserting after line 12 the
21 following:

22 "Sec. _____. Section 97B.49C, subsection 1,
23 paragraph b, Code 1999, is amended by adding the
24 following new subparagraph:

25 NEW SUBPARAGRAPH. (1A) For each active or
26 inactive retired member retiring prior to July 1,
27 1998, the applicable percentage for that member plus,
28 if applicable, and notwithstanding any provision of
29 this chapter to the contrary, an additional three-
30 eighths of one percentage point for each additional
31 calendar quarter of eligible service beyond twenty-two
32 years of service for the member, not to exceed a total
33 of twelve additional percentage points effective with
34 each monthly payment of a retirement benefit allowance
35 for the member on or after July 1, 2000."

36 3. Page 3, by inserting after line 48 the
37 following:

38 "____. Page 64, by inserting after line 14 the
39 following:

40 "(3A) Commencing July 1, 2000, for a member who
41 terminated service, other than by death or disability,
42 before July 1, 1998, and who did not withdraw the
43 member's contributions pursuant to section 411.23,
44 subparagraphs (1) through (3) shall not apply and
45 there shall be added one and one-half percent of the
46 member's average final compensation for each year of
47 service over twenty-two years effective with each
48 monthly payment of a service retirement allowance on
49 or after July 1, 2000. However, this subparagraph
50 does not apply to more than eight additional years of

H-8499

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Page 2

1 service."

By FOEGE of Linn

H-8499 FILED MARCH 22, 2000

W/D

3/23/00 (p.942)

SENATE FILE 2411

H-8510

1 Amend Senate File 2411, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 19, by inserting after line 7 the
4 following:

5 "Sec. ____ Section 97B.45, subsection 4, Code
6 1999, is amended to read as follows:

7 4. The first of any month in which the member is
8 at least fifty-five years of age and for which the sum
9 of the number of years of membership service and prior
10 service and the member's age in years as of the
11 member's last birthday equals or exceeds eighty-eight.
12 Commencing July 1, 2000, the department shall reduce
13 from eighty-eight by one each July 1 until reaching
14 eighty-five, if the annual actuarial valuation of the
15 retirement system indicates that the cost of the
16 reduction can be absorbed within the employer and
17 employee contribution rates in effect under section
18 97B.11."

19 2. By renumbering as necessary.

- | | |
|-----------------------|-----------------------|
| By LARKIN of Lee | MAY of Worth |
| SHOULTZ of Black Hawk | MERTZ of Kossuth |
| BELL of Jasper | MUNDIE of Webster |
| BUKTA of Clinton | MURPHY of Dubuque |
| CATALDO of Polk | MYERS of Johnson |
| CHIDO of Polk | O'BRIEN of Boone |
| COHOON of Des Moines | OSTERHAUS of Jackson |
| CONNORS of Polk | PARMENTER of Story |
| DOTZLER of Black Hawk | REYNOLDS of Van Buren |
| DREES of Carroll | RICHARDSON of Warren |
| FALCK of Fayette | SCHERRMAN of Dubuque |
| FALLON of Polk | SCHRADER of Marion |
| FOEGE of Linn | STEVENS of Dickinson |
| FORD of Polk | D. TAYLOR of Linn |
| FREVERT of Palo Alto | T. TAYLOR of Linn |
| GREIMANN of Story | THOMAS of Clayton |
| HOLVECK of Polk | WARNSTADT of Woodbury |
| HUSER of Polk | WEIGEL of Chickasaw |
| JOCHUM of Dubuque | WHITEAD of Woodbury |
| KREIMAN of Davis | WISE of Lee |
| KUHN of Floyd | WITT of Black Hawk |
| MASCHER of Johnson | |

H-8510 FILED MARCH 22, 2000

Lost
3/23/00
(p.945)

SENATE FILE 2411

H-8512

1 Amend Senate File 2411 as amended, passed, and
2 reprinted by the Senate as follows:

3 1. Page 19, by inserting after line 7 the
4 following:

5 "Sec. 101. Section 97B.45, subsection 4, Code
6 1999, is amended to read as follows:

7 4. The first of any month in which the member is
8 at least fifty-five years of age and for which the sum
9 of the number of years of membership service and prior
10 service and the member's age in years as of the
11 member's last birthday equals or exceeds **eighty-eight**
12 eighty-five."

13 2. Page 25, by inserting after line 30 the
14 following:

15 "Sec. 102. Section 97B.49G, subsection 4, Code
16 1999, is amended by adding the following new
17 paragraph:

18 NEW PARAGRAPH. e. The member is an active or
19 inactive vested member retiring on or after July 1,
20 1997, and before the implementation date of section
21 101 of this Act, as determined pursuant to section 103
22 of this Act, who is at least fifty-five years of age
23 and for which the sum of the number of years of
24 membership service and prior service and the member's
25 age in years as of the member's last birthday equals
26 or exceeds eighty-eight."

27 3. Page 55, by inserting after line 21 the
28 following:

29 "Sec. 103. IMPLEMENTATION PROVISION. The
30 department of personnel shall implement the amendment
31 to section 97B.45, subsection 4, as provided in this
32 Act on July 1, 2000, or on the date that the
33 department determines that the most recent annual
34 actuarial valuation of the system indicates that the
35 employer and employee contribution rates in effect
36 under section 97B.11 can absorb the costs of the
37 amendment to section 97B.45, subsection 4, whichever
38 is later after meeting the other established
39 priorities of the system. As used in this section,
40 "other established priorities of the system" means the
41 implementation of the amendment to section 97B.52,
42 subsection 1, as provided in section 52 of this Act.
43 However, notwithstanding section 97B.49H, until the
44 amendment to section 97B.49G, subsection 4, is
45 implemented, the department shall not credit amounts
46 to active member supplemental accounts provided in
47 section 97B.49H."

48 4. Page 55, line 33, by inserting after the word
49 "Act" the following: "and the implementation of the
50 amendment to section 97B.45, subsection 4, as provided

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-1-

H-8512

Page 2

1 in section 101 of this Act".

2 5. By renumbering as necessary.

By LARKIN of Lee	MERTZ of Kossuth
BELL of Jasper	MUNDIE of Webster
BUKTA of Clinton	MURPHY of Dubuque
CATALDO of Polk	MYERS of Johnson
CHIODO of Polk	O'BRIEN of Boone
COHOON of Des Moines	OSTERHAUS of Jackson
CONNORS of Polk	PARMENTER of Story
DOTZLER of Black Hawk	REYNOLDS of Van Buren
DREES of Carroll	RICHARDSON of Warren
FALCK of Fayette	SCHERRMAN of Dubuque
FALLON of Polk	SCHRADER of Marion
FOEGE of Linn	SHOULTZ of Black Hawk
FORD of Polk	STEVENS of Dickinson
FREVERT of Palo Alto	D. TAYLOR of Linn
GREIMANN of Story	T. TAYLOR of Linn
HOLVECK of Polk	THOMAS of Clayton
HUSER of Polk	WARNSTADT of Woodbury
JOCHUM of Dubuque	WEIGEL of Chickasaw
KREIMAN of Davis	WHITEAD of Woodbury
KUHN of Floyd	WISE of Lee
MASCHER of Johnson	WITT of Black Hawk
MAY of Worth	

H-8512 FILED MARCH 22, 2000

Lost
3/23/00
(p. 947)

SENATE FILE 2411

H-8527

1 Amend Senate File 2411, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 19, by inserting after line 19 the
4 following:

5 "Sec. ____ . Section 97B.48, subsection 3, Code
6 1999, is amended to read as follows:

7 3. As of the first of the month in which a member
8 attains the age of seventy years, the department shall
9 provide written notification to the member that the
10 member may commence receiving a retirement allowance
11 regardless of the member's employment status. Prior
12 to receiving a retirement allowance pursuant to this
13 subsection, a member shall acknowledge in writing that
14 the member was informed by the department of the
15 consequences of electing to receive a retirement
16 allowance pursuant to this subsection and that receipt
17 of a retirement allowance under this subsection is
18 optional. Upon termination from employment of a
19 member receiving a retirement allowance pursuant to
20 this subsection, the member is entitled to have the
21 member's monthly retirement allowance recalculated
22 using the applicable formula for determining a
23 retirement allowance pursuant to sections 97B.49A
24 through 97B.49G, as applicable, in place at the time
25 of the member's first month of entitlement."

26 2. Page 55, by inserting after line 16 the
27 following:

28 "Sec. 101. IOWA PUBLIC EMPLOYEES' RETIREMENT
29 SYSTEM -- PAYMENT OF ALLOWANCES -- ACTIVE MEMBER
30 RETIREMENT. Notwithstanding any provision of chapter
31 97B to the contrary, an eligible member who terminates
32 employment covered by chapter 97B on or after January
33 1, 2000, shall have the member's monthly retirement
34 allowance recalculated using the applicable formula
35 for determining a retirement allowance pursuant to
36 sections 97B.49A through 97B.49G, as applicable, in
37 place at the time of the member's termination from
38 employment. For purposes of this section, an
39 "eligible member" is a member who commenced receiving
40 a retirement allowance pursuant to section 97B.48,
41 subsection 3, prior to July 1, 2000."

42 3. Page 55, by inserting after line 21 the
43 following:

44 "Sec. ____ . EFFECTIVE DATE -- RETROACTIVE
45 APPLICABILITY. Section 101 of this Act, being deemed
46 of immediate importance, takes effect upon enactment
47 and is retroactively applicable to January 1, 2000,
48 and is applicable on and after that date."

49 4. By renumbering as necessary.

By JACOBS of Polk
MARTIN of Scott

H-8527 FILED MARCH 22, 2000

a dopted
3/23/00 (p.948)

SENATE FILE 2411

H-8529

1 Amend Senate File 2411, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 51, by inserting after line 23 the
4 following:

5 "Sec. ____ Section 97B.73, subsection 1, Code 1999,
6 is amended to read as follows:

7 1. a. A vested or retired member who has one or
8 more full calendar years of covered wages who was in
9 public employment comparable to employment covered
10 under this chapter in another state or in the federal
11 government, or who was a member of another public
12 retirement system in this state, including but not
13 limited to the teachers insurance annuity association-
14 college retirement equities fund, but who was not
15 retired under that system, upon submitting
16 verification of membership and service in the other
17 public system to the department, including proof that
18 the member has no further claim upon a retirement
19 benefit from that other public system, may make
20 contributions as provided by this section to the
21 system either for the entire period of service in the
22 other public system, or for partial service in the
23 other public system in increments of one or more
24 calendar quarters. If the member wishes to transfer
25 only a portion of the service value of another public
26 system to this system and the other public system
27 allows a partial withdrawal of a member's system
28 credits, the member shall receive credit for
29 membership service in this system equivalent to the
30 period of service transferred from the other public
31 system.

32 b. A vested or retired member who has five or more
33 full calendar years of covered wages who was in public
34 employment comparable to employment covered under this
35 chapter in a qualified Canadian governmental entity
36 may make contributions as provided by this section to
37 the system and receive service credit, in increments
38 of one or more calendar quarters, for up to the lesser
39 of twenty quarters of service credit for such
40 employment or the entire period of service in the
41 other public system. Prior to receiving service
42 credit, the member shall submit verification of
43 membership and service in the other public system to
44 the department, including proof that the member has no
45 further claim upon a retirement benefit from that
46 other public system. If the member wishes to transfer
47 only a portion of the service value of another public
48 system to this system and the other public system
49 allows a partial withdrawal of a member's system
50 credits, the member shall receive credit for

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1 membership service in this system equivalent to the
2 period of service transferred from the other public
3 system. For purposes of this paragraph, "qualified
4 Canadian governmental entity" means an elementary
5 school, secondary school, college, or university that
6 is organized, administered, and primarily supported by
7 the provincial, territorial, or federal governments of
8 Canada, or any combination of the same."

9 2. By renumbering as necessary.

By JACOBS of Polk
MARTIN of Scott

H-8529 FILED MARCH 22, 2000

Adopted
3/23/00
(p. 950)

SENATE FILE 2411

S-5305

1 Amend the House amendment, S-5236, to Senate File
2 2411, as amended, passed and reprinted by the Senate,
3 as follows:

4 1. Page 3, line 39, by striking the word
5 "Canadian" and inserting the following: "foreign".
6 2. Page 4, line 8, by striking the word
7 "Canadian" and inserting the following: "foreign".
8 3. Page 4, line 12 by striking the word "Canada"
9 and inserting the following: "the applicable foreign
10 country".

By MICHAEL E. GRONSTAL

S-5305 FILED MARCH 29, 2000

WITHDRAWN

(p. 930)

SENATE FILE 2411

H-8540

1 Amend the amendment, H-8489, to Senate File 2411,
2 as amended, passed, and reprinted by the Senate, as
3 follows:

4 1. Page 1, by inserting after line 8 the
5 following:

6 "____. Page 56, by inserting after line 28 the
7 following:

8 "Sec. ____ IOWA PUBLIC EMPLOYEES' RETIREMENT
9 SYSTEM -- HEALTH CARE BENEFIT. The Iowa public
10 employees' retirement system division shall conduct a
11 study to consider various proposals to provide persons
12 covered under the Iowa public employees' retirement
13 system a basic health insurance plan available to
14 members of the system who retire under normal
15 retirement requirements. In conducting its study, the
16 Iowa public employees' retirement system division
17 shall consider health insurance options available
18 through the Iowa public employees' retirement system
19 that would cover individuals and their spouses until
20 reaching the age of 65. The study is to include
21 recommendations including the feasibility of allowing
22 members to pay into a special fund through their Iowa
23 public employees' retirement system contributions that
24 would be accessed to pay for health insurance upon
25 retirement and before reaching the age of 65, as well
26 as whether this option would require an increase in
27 employee contributions. On or before September 1,
28 2001, the Iowa public employees' retirement system
29 division shall file a report with the legislative
30 service bureau, for distribution to the public
31 retirement systems committee established in section
32 97D.4, which contains its findings and
33 recommendations, including any proposal or proposals
34 for providing health care benefits for persons covered
35 by the Iowa public employees' retirement system. The
36 report shall also contain any applicable actuarial
37 information concerning the costs of any proposal or
38 proposals included in the report."

By MASCHER of Johnson

H-8540 FILED MARCH 23, 2000

W/D
3/23/00
(p. 950)

HOUSE AMENDMENT TO
SENATE FILE 2411

S-5236

- 1 Amend Senate File 2411, as amended, passed, and
2 reprinted by the Senate, as follows:
- 3 1. Page 1, line 15, by striking the word "and".
4 2. Page 1, line 16, by inserting after the word
5 "system" the following: ", and a person appointed by
6 the governor".
7 3. Page 1, line 16, by striking the word "Both"
8 and inserting the following: "The person appointed by
9 the governor shall be an executive of a domestic life
10 insurance company, an executive of a state or national
11 bank operating within the state of Iowa, or an
12 executive in the financial services industry, and
13 shall be subject to confirmation by the senate. The".
14 4. Page 1, line 17, by inserting after the word
15 "system" the following: "and the person appointed by
16 the governor".
17 5. Page 3, by striking lines 6 through 15.
18 6. Page 4, line 28, by inserting after the word
19 "pension" the following: "of a retired member".
20 7. Page 4, line 30, by striking the words "or
21 death".
22 8. Page 8, by striking lines 8 through 18.
23 9. Page 12, line 21, by inserting after the word
24 "Code." the following: "In addition, wages includes
25 amounts that can be received in cash in lieu of
26 employer-paid contributions to such plans, if the
27 election is uniformly available and is not limited to
28 highly compensated employees, as defined in section
29 414(q) of the Internal Revenue Code."
30 10. Page 13, line 22, by inserting after the word
31 "contributions" the following: "that cannot be
32 received by the employee in cash and that are made".
33 11. Page 14, by striking lines 13 through 15.
34 12. Page 19, by inserting after line 19 the
35 following:
36 "Sec. ____ . Section 97B.48, subsection 3, Code
37 1999, is amended to read as follows:
38 3. As of the first of the month in which a member
39 attains the age of seventy years, the department shall
40 provide written notification to the member that the
41 member may commence receiving a retirement allowance
42 regardless of the member's employment status. Prior
43 to receiving a retirement allowance pursuant to this
44 subsection, a member shall acknowledge in writing that
45 the member was informed by the department of the
46 consequences of electing to receive a retirement
47 allowance pursuant to this subsection and that receipt
48 of a retirement allowance under this subsection is
49 optional. Upon termination from employment of a
50 member receiving a retirement allowance pursuant to

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1 this subsection, the member is entitled to have the
2 member's monthly retirement allowance recalculated
3 using the applicable formula for determining a
4 retirement allowance pursuant to sections 97B.49A
5 through 97B.49G, as applicable, in place at the time
6 of the member's first month of entitlement."

7 13. Page 27, line 35, by striking the word
8 "twelve" and inserting the following: "thirty-six".

9 14. Page 28, line 20, by striking the word
10 "twelve" and inserting the following: "thirty-six".

11 15. Page 28, by inserting after line 22 the
12 following:

13 "Sec. ____ . Section 97B.50, subsection 2, Code
14 1999, is amended by adding the following new
15 paragraph:

16 NEW PARAGRAPH. c. A vested member who terminated
17 service due to a disability, who has been issued
18 payment for a refund pursuant to section 97B.53, and
19 who subsequently commences receiving disability
20 benefits as a result of that disability pursuant to
21 the federal Social Security Act, 42 U.S.C. § 423 et
22 seq. or the federal Railroad Retirement Act, 45 U.S.C.
23 § 231 et seq., may receive credit for membership
24 service for the period covered by the refund payment,
25 upon repayment to the department of the actuarial cost
26 of receiving service credit for the period covered by
27 the refund payment, as determined by the department.
28 For purposes of this paragraph, the actuarial cost of
29 the service purchase shall be determined as provided
30 in section 97B.74. The payment to the department as
31 provided in this paragraph shall be made within ninety
32 days after July 1, 2000, or the date federal
33 disability payments commenced, whichever occurs later.
34 For purposes of this paragraph, the date federal
35 disability payments commence shall be the date that
36 the member actually receives the first such payment,
37 regardless of any retroactive payments included in
38 that payment. A member who repurchases service credit
39 under this paragraph and applies for retirement
40 benefits shall have the member's monthly allowance,
41 including retroactive adjustment payments, determined
42 in the same manner as provided in paragraph "a" or
43 "b", as applicable. This paragraph shall not be
44 implemented until the system has received a
45 determination letter from the federal internal revenue
46 service approving the system's plan's qualified status
47 under Internal Revenue Code section 401(a)."

48 16. Page 43, line 3, by striking the words "An
49 individual" and inserting the following: "A
50 beneficiary".

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1 17. Page 43, line 4, by striking the word
2 "individual's" and inserting the following:
3 "beneficiary's".

4 18. Page 44, line 26, by striking the words
5 "three calendar months" and inserting the following:
6 "one calendar month".

7 19. Page 51, by inserting after line 23 the
8 following:

9 "Sec. ____ Section 97B.73, subsection 1, Code 1999,
10 is amended to read as follows:

11 1. a. A vested or retired member who has one or
12 more full calendar years of covered wages who was in
13 public employment comparable to employment covered
14 under this chapter in another state or in the federal
15 government, or who was a member of another public
16 retirement system in this state, including but not
17 limited to the teachers insurance annuity association-
18 college retirement equities fund, but who was not
19 retired under that system, upon submitting
20 verification of membership and service in the other
21 public system to the department, including proof that
22 the member has no further claim upon a retirement
23 benefit from that other public system, may make
24 contributions as provided by this section to the
25 system either for the entire period of service in the
26 other public system, or for partial service in the
27 other public system in increments of one or more
28 calendar quarters. If the member wishes to transfer
29 only a portion of the service value of another public
30 system to this system and the other public system
31 allows a partial withdrawal of a member's system
32 credits, the member shall receive credit for
33 membership service in this system equivalent to the
34 period of service transferred from the other public
35 system.

36 b. A vested or retired member who has five or more
37 full calendar years of covered wages who was in public
38 employment comparable to employment covered under this
39 chapter in a qualified Canadian governmental entity
40 may make contributions as provided by this section to
41 the system and receive service credit, in increments
42 of one or more calendar quarters, for up to the lesser
43 of twenty quarters of service credit for such
44 employment or the entire period of service in the
45 other public system. Prior to receiving service
46 credit, the member shall submit verification of
47 membership and service in the other public system to
48 the department, including proof that the member has no
49 further claim upon a retirement benefit from that
50 other public system. If the member wishes to transfer

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1 only a portion of the service value of another public
2 system to this system and the other public system
3 allows a partial withdrawal of a member's system
4 credits, the member shall receive credit for
5 membership service in this system equivalent to the
6 period of service transferred from the other public
7 system. For purposes of this paragraph, "qualified
8 Canadian governmental entity" means an elementary
9 school, secondary school, college, or university that
10 is organized, administered, and primarily supported by
11 the provincial, territorial, or federal governments of
12 Canada, or any combination of the same."

13 20. Page 52, line 17, by inserting after the word
14 "but" the following: "at the time of the employment".

15 21. Page 55, by inserting after line 16 the
16 following:

17 "Sec. 101. IOWA PUBLIC EMPLOYEES' RETIREMENT
18 SYSTEM -- PAYMENT OF ALLOWANCES -- ACTIVE MEMBER
19 RETIREMENT. Notwithstanding any provision of chapter
20 97B to the contrary, an eligible member who terminates
21 employment covered by chapter 97B on or after January
22 1, 2000, shall have the member's monthly retirement
23 allowance recalculated using the applicable formula
24 for determining a retirement allowance pursuant to
25 sections 97B.49A through 97B.49G, as applicable, in
26 place at the time of the member's termination from
27 employment. For purposes of this section, an
28 "eligible member" is a member who commenced receiving
29 a retirement allowance pursuant to section 97B.48,
30 subsection 3, prior to July 1, 2000."

31 22. Page 55, by inserting after line 16 the
32 following:

33 "Sec. ____ . IOWA PUBLIC EMPLOYEES' RETIREMENT
34 SYSTEM -- DEATH BENEFIT ELECTION.

35 1. Notwithstanding any provision of chapter 97B to
36 the contrary, an eligible beneficiary may elect to
37 receive a death benefit as provided by this section in
38 an amount as authorized pursuant to section 52 of this
39 Act. For purposes of this section, an "eligible
40 beneficiary" means a person who is eligible to
41 receive, or has received, a death benefit pursuant to
42 Iowa Code section 97B.52, subsection 1, Code 1999, as
43 a beneficiary of a member of the Iowa public
44 employees' retirement system who died on or after
45 January 1, 1999, but before the date section 52 of
46 this Act is implemented pursuant to section 74 of this
47 Act.

48 2. An eligible beneficiary may elect to receive a
49 death benefit in an amount as provided in section 52
50 of this Act in lieu of a benefit as provided pursuant

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1 to section 97B.52, subsection 1, Code 1999, by filing
2 a valid election with the Iowa public employees'
3 retirement system in a manner prescribed by the system
4 no later than one year following the date section 52
5 of this Act is implemented pursuant to section 74 of
6 this Act.

7 3. An eligible beneficiary who has received a
8 death benefit pursuant to section 97B.52, subsection
9 1, Code 1999, but who files an election to receive a
10 death benefit as provided in this section shall make
11 arrangements with the Iowa public employees'
12 retirement system to repay any death benefits paid by
13 the system to the eligible beneficiary prior to
14 receipt of a death benefit as provided in this
15 section.

16 4. The Iowa public employees' retirement system
17 shall make all reasonable efforts to notify, in
18 writing, each eligible beneficiary of the ability to
19 elect to receive a death benefit as provided in this
20 section in lieu of a death benefit provided pursuant
21 to section 97B.52, subsection 1, Code 1999."

22 23. Page 55, by inserting after line 21 the
23 following:

24 "Sec. ____ . EFFECTIVE DATE. Section 44 of this
25 Act, amending section 97B.49F, subsection 2, paragraph
26 "c", being deemed of immediate importance, takes
27 effect upon enactment."

28 24. Page 55, by inserting after line 21 the
29 following:

30 "Sec. ____ . APPLICABILITY. Section 97B.51,
31 subsection 1, paragraph "d", subparagraph (2), as
32 enacted in section 51 of this Act, shall be applicable
33 on or after July 1, 2001."

34 25. Page 55, by inserting after line 21 the
35 following:

36 "Sec. ____ . EFFECTIVE DATE -- RETROACTIVE
37 APPLICABILITY. Section 101 of this Act, being deemed
38 of immediate importance, takes effect upon enactment
39 and is retroactively applicable to January 1, 2000,
40 and is applicable on and after that date."

41 26. Page 56, lines 5 and 6, by striking the words
42 "until the amendment to section 97B.50, subsection 1,
43 is implemented,".

44 27. Page 56, line 8, by inserting after the
45 figure "97B.49H" the following: "for the calendar
46 year beginning January 1, 2001, and each subsequent
47 calendar year, until the amendment to section 97B.50,
48 subsection 1, is implemented".

49 28. Page 56, lines 17 and 18, by striking the
50 words "until the amendment to section 97B.52,

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1 subsection 1, is implemented,".

2 29. Page 56, line 20, by inserting after the
3 figure "97B.49H" the following: "for the calendar
4 year beginning January 1, 2001, and each subsequent
5 calendar year, until the amendment to section 97B.52,
6 subsection 1, is implemented".

7 30. Page 81, by striking lines 5 through 15.

8 31. Page 85, line 17, by striking the words
9 "judicial branch" and inserting the following: "state
10 court administrator".

11 32. Page 85, by inserting after line 35 the
12 following:

13 "Sec. ____ . FIRE FIGHTER AND EMERGENCY MEDICAL
14 SERVICES PROVIDER BENEFITS -- REPORT. The department
15 of management shall conduct a study concerning the
16 possible implementation of a system to provide
17 retirement benefits to volunteer fire fighters and
18 emergency medical service personnel and to provide
19 death and survivor benefits, including but not limited
20 to providing for payment of postsecondary education
21 expenses of dependent children, when a volunteer fire
22 fighter or emergency medical service provider dies in
23 the line of duty. The study shall examine what
24 benefits should be provided, if any, as well as
25 possible funding mechanisms to provide any such
26 proposed benefits, including the use of excess
27 insurance premium tax receipts, but excluding the fire
28 and police retirement fund created in section 411.8.
29 In conducting the study, the department shall consult
30 with the department of public safety; the department
31 of personnel; and representatives from the Iowa
32 firemen's association; the Iowa fire chief's
33 association; the Iowa association of professional
34 firefighters; the Iowa association of professional
35 fire chiefs; the Iowa firefighters group; the state
36 fire service and emergency response council, if
37 established by law, or the fire service institute
38 advisory committee established by section 266.46; the
39 Iowa emergency medical services association; and the
40 Iowa league of cities. The department shall submit a
41 report concerning the results of its study, including
42 any findings and recommendations, to the general
43 assembly by January 8, 2001."

44 33. By renumbering, relettering, or redesignating
45 and correcting internal references as necessary.

RECEIVED FROM THE HOUSE

S-5236 FILED MARCH 23, 2000

*Senate
Concurred
3/29/00
(P. 930)*

**SENATE FILE 2411
FISCAL NOTE**

A fiscal note for Senate File 2411, as amended by House Amendment H-8404, is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 2411, as amended by House State Government Committee Amendment H-8404, makes technical and substantive changes to the four State retirement systems. This fiscal note will discuss each system separately, examining primarily the substantive changes with significant costs.

DIVISION I - PUBLIC SAFETY PEACE OFFICERS' RETIREMENT, ACCIDENT, AND DISABILITY SYSTEM

The changes for the Peace Officers' Retirement System (POR) include:

1. The addition of a retired member and a member from the insurance or financial industry appointed by the Governor to the Board of Trustees.
2. Increases the maximum pension from 60.0% to 60.5% of the members average final compensation beginning July 1, 2000.
3. An increase to the credit for additional years of service beyond 22 years from 1.5% per year to 2.75% per year. The maximum number of years of additional credit is ten years. The combination of the increase of the pension to 60.5% and the additional years credit to 2.75% will bring the maximum to 88.0% of the members average final compensation with 30 years of service.
4. An increase to the credit for up to eight additional years of service for members who retired prior to July 1, 1996, up to the current level of 1.5% per year. Persons who retired prior to July 1, 1990, did not receive credit for additional years of service beyond 22 years, and those who retired between July 1, 1990, and July 1, 1996, received varying amounts of credit for additional years of service up to 0.6% per year.
5. An increase to the minimum death benefit paid to a surviving spouse from 20.0% to 25.0% of the salary of a senior Highway Patrol officer.
6. An increase to the pension escalators for retired members and beneficiaries, except children of a deceased member. Retirees and beneficiaries with a service retirement allowance, beneficiaries receiving an accidental death benefit, those with five or more years of service receiving an ordinary disability retirement allowance, and those receiving an accidental disability allowance have their escalators increased from 30.0% to 40.0% of the difference between the retiree's salary at retirement and the current salary for an active member of the same rank. Retirees with less than five years of service and receiving an ordinary disability retirement allowance have their escalators increased from 15.0% to 24.0% of the difference between the retiree's salary and an active member's salary for the same rank. Retirees and beneficiaries also receive fixed dollar increments based on how long they have been retired. Surviving children's monthly benefits continue at the current level.

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7. Creation of a Line of Duty Death Benefit which pays \$100,000 to beneficiaries or the estate of a member who is killed or dies of traumatic injuries in the line of duty. Provisions for exclusion are included.
8. Adoption by the actuary of a smoothing method for valuing system assets.

ASSUMPTIONS

1. The normal contribution rate is 12.57% of covered payroll.
2. The members current contribution rate is 9.35%, and the State's current contribution rate is 17.0%, for an actual current contribution rate of 26.35% of covered payroll.
3. The available margin is 13.78%

FISCAL IMPACT

The total cost of the above enhancements is approximately 8.42% of covered payroll, which is less than the available margin. The costs have been broken down by the actuary as follows:

1. The cost of adding each member to the Board of Trustees is estimated to be \$1,500 per year and is considered immaterial.
2. The combined costs of increasing the average final compensation to 60.5% and increasing the credit for up to ten additional years of service to 2.75% for future retirees are 5.64% of covered payroll.
3. The annual cost of increasing the death benefit for surviving spouses is estimated to be \$8,415 and is considered immaterial.
4. The cost of increasing the escalators is estimated to be slightly less than 2.78% of covered payroll.
5. The cost of the Line of Duty Death Benefit is not a significant percentage of covered payroll.
6. Adopting smoothing methods is a technical change and will not create a cost or saving.

SOURCE

Department of Public Safety

DIVISION II - IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS)

Senate File 2411 makes numerous technical and procedural changes to the IPERS System. Some of the technical and procedural changes without significant cost include: employment as elected officials, definitions of temporary employment, changes in the definition of three-year average covered wages to be based on quarters instead of years, refinement as to what is included in wages, allowing IPERS staff to seek and hold nonpartisan elected offices, late fees for unpaid contributions, wage reporting, spouse's approval for a change in beneficiaries, increasing the threshold for re-employment from \$12,000 to \$14,000, adding airport security guards to protection occupations, modifying the dividend calculation to use 100.0% of the Consumer Price Index instead of 80.0% (the maximum increase remains at 3.0% and must be actuarially affordable), shortens the eligibility period for retroactive adjustment payments to disability retirees to thirty-six months (previously back to July 1, 1990), bona fide retirement clarification, direct rollovers for purchase of service credit, buy

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back of years of service for persons on Social Security or Railroad Retirement Act disability and took a refund at the actuarial cost, and a study by IPERS of options to increase pension portability.

The significant changes to the IPERS System are:

1. Raising the ceiling for higher paid employees to which the reduction formula for three-year average covered wage is applied from \$55,000 in calendar 2000 to \$65,000 and in calendar 2001 to \$75,000. The reduction is removed beginning in calendar 2002, and all persons retiring after that date will have an unreduced three-year average covered wage.
2. Using the Rule of 88 to determine a normal retirement date for calculation of an early retirement reduction. This change will be implemented when the System can afford the change.
3. Enhancing the death benefit for IPERS members who die before retirement so that the beneficiary can elect to receive the current death benefit or an amount equal to the actuarial value of the member's retirement benefit as of the date of the death. The death benefit may be paid as an annuity if there is one recipient. The amended Bill applies this benefit to members who die after January 1, 1999, and provides beneficiaries a one-year window to return their benefit payments to receive the new benefit.
4. Enhancing disability benefits for special service members which includes the presumption that heart and lung disease is a result of employment. The costs of the benefit are to be paid with increased employer (60.0% of the cost) and employee (40.0% of the cost) contributions.
5. Creation of a Line of Duty Death Benefit which pays \$100,000 to beneficiaries or the estate of a member who is killed or dies of traumatic injuries in the line of duty. Provisions for exclusion are included.
6. Providing for a four-year phase-in that reduces the number of years of service in a protection occupation from 25 years to 22 years for full retirement benefits and increasing the credit for each additional year of service, up to eight years of additional credit, from 1.0% to 1.5%.
7. Providing for purchase of up to five years of credit for volunteer public service or other public employment that could have been covered by IPERS but was not. The member pays the actuarial cost of the service credit.
8. Allowing patient advocates who become covered by IPERS for at least one year of service to purchase membership service prior to July 1, 2000, in excess of one year of service, by paying the employer and employee contributions, without interest, on the covered wages that would have been reported to IPERS for the applicable period of service. After July 1, 2002, these members will pay the actuarial cost of purchasing the years of service credit.

ASSUMPTIONS

1. The contribution rates for sheriffs, deputies, and airport firefighters are 8.56% for employers and 5.70% for employees, for a total of 14.26% of covered wage.
2. The contribution rates for Protection Occupation groups are 8.38% for employers and 5.58% for employees, for a total of 13.96% of covered wage.
3. The regular employee contribution rate is 3.70% of covered wages, and the employer contribution rate is 5.75%.
4. The maximum acceptable years to amortize the unfunded actuarial liability

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is 20 years.

5. Actuarial assumptions were revised for the June 30, 1999, evaluation. The current unfunded actuarial liability will be amortized in 20 years based on those assumptions. The actuary projects the years to amortize the unfunded liability will decrease to one year by FY 2002 if the rate of return equals 7.5%.
6. The FY 2001 covered payroll for the protection occupations will be \$114.3 million. The FY 2001 covered payroll for sheriffs, deputies, and airport firefighters will be \$55.3 million. Annual cost-of-living and merit increases are projected to total 4.5% annually. The cost of benefits in addition to regular IPERS benefits are divided between employer and employee contributions, with the employer paying 60.0% of the costs and employees paying 40.0% of the costs. The State pays 69.5% of the employer contributions for protection occupation employees, and local employers pay 30.5% of the employer contributions.

FISCAL IMPACT

1. The change to the reduction formula for higher paid employees is not material.
2. The use of the Rule of 88 to determine the normal retirement date is projected to cost four years to amortize. The System cannot afford the benefit in FY 2001 but will be able to afford the enhancement in FY 2002 if a 7.5% rate of return is realized in FY 2001.
3. The enhanced death benefit for members who die before retirement is projected to cost seven years to amortize. The System cannot afford the benefit in FY 2001 but will be able to afford the enhancement in FY 2002 if a 7.5% rate of return is realized in FY 2001.
4. The combined costs of the enhanced death benefit and using the Rule of 88 to determine a normal retirement date is greater than the sum of the individual cost estimates, that is, greater than 11 years to amortize both enhancements.
5. The total cost for sheriffs, deputy sheriffs, and airport firefighters are projected to decrease by a total of 0.28% of covered payroll with the disability enhancement. The employers' costs will decrease by 0.17% of covered payroll, and the employees' costs will decrease by 0.11% of covered payroll. Employer costs are projected to decrease by \$93,000 in FY 2001 and an additional decrease of \$4,000 in FY 2002.
6. The cost to the employers for the Protection Occupation members disability benefit is 0.19% of covered payroll. The cost to the Protection Occupation members is 0.13% of covered payroll, for a total increase of 0.32% of covered payroll. This enhancement is projected to cost State agencies \$153,000 in FY 2001 and an additional \$7,000 in FY 2002. Local employers will incur additional costs of \$67,000 in FY 2001 and an additional \$3,000 in FY 2002.
7. The Line of Duty Death Benefit for protection occupation members and for sheriffs, deputy sheriffs, and airport firefighters is immaterial.
8. The cost to phase-in the reduction in years of service for full retirement and increased credit for additional years of service for protection occupation members is projected to be 0.42% in FY 2001, 0.55% in FY 2002, 0.49% in FY 2003, and 0.63% in FY 2004, for a total cost of 2.09% when fully phased-in. These costs are divided between the employer (60.0%) and employee (40.0%). This enhancement is projected to cost State agencies

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\$200,000 in FY 2001 and an additional \$274,000 in FY 2002. Local employers will incur additional costs of \$88,000 in FY 2001 and an additional \$120,000 in FY 2002.

9. The costs associated with the various purchases of credit for years of service with other public entities are immaterial.

SOURCE

Iowa Public Employees Retirement System

DIVISION III - STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM (411s)

Senate File 2411 makes a number of technical and procedural changes. Some of these changes include: permitting the System to establish a medical board (other than the University of Iowa Hospitals) to perform physical examinations for disability cases; permitting the System to establish guidelines for on-going wellness and fitness for members; modifying various definitions and requirements; requiring the System be notified of a temporary disability of more than 60 days; removing the 22 years of service requirement to receive a disability retirement after age 55; requiring the signature of a spouse to designate a death benefit beneficiary other than the spouse; making persons disabled by substance abuse, alcoholism, commission of a felony, and stress from conflicts with supervisors and co-workers ineligible for disability retirement; credit for backpay; and the System's subrogation rights.

The changes identified as having a cost include:

1. Increasing the service retirement allowance from 60.0% to 66.0% of the member's average final compensation.
2. Increasing the credit for additional years of service beyond 22 years from 1.5% to 2.0% per year.
3. Creating a \$100,000 Line of Duty Death Benefit for the families of members killed in the line of duty.

ASSUMPTIONS

1. The normal contribution rate is 22.40% of covered payroll.
2. The members current contribution rate is 9.35%, the cities' current contribution rate is 17.0%, and the State's contribution rate is 1.93%, for a current total contribution rate of 28.28% of covered payroll.
3. The available margin is 5.88%

FISCAL IMPACT

The total cost of the above enhancements is 5.54% of covered payroll which is less than the available margin. The costs have been broken down by the actuary as follows:

1. Increasing the retirement benefit from 60.0% to 66.0% costs 3.54% of covered payroll.
2. Increasing the credit for up to eight additional years of service beyond 22 years to 2.0% per year costs 1.91% of covered payroll.
3. Creating the Line of Duty Death Benefit costs 0.09% of covered payroll.

SOURCE

Municipal Fire and Police Retirement System

DIVISION IV - JUDICIAL RETIREMENT SYSTEM

Senate File 2411 makes the following changes to the Judicial Retirement System:

1. The judges' contribution rate increases from 4.0% to 5.0% until the System is fully funded. The Bill states that it is the intent of the Legislature to adjust the contribution rates so that the State contributes 60.0% and the judges contribute 40.0% of the cost to maintain the fully funded status of the System. The State Court Administrator and the Iowa Judges Association are to conduct a study on appropriate methods of adequately financing the Judicial Retirement System and make recommendations on establishing contribution rates.
2. Increases the maximum annuity for judges retiring in FY 2001 from 52.0% of the judge's salary at retirement to 56.0%. In FY 2002, the percentage is increased to 60.0%.
3. Makes corresponding increases for the Senior Judges' pensions with the percentage applied to the benefits effective as of the judge's retirement from full employment as a judge.

ASSUMPTIONS

1. The annual pension cost for the State is 15.80% of covered payroll as of July 1, 1999.
2. The judges' contribution rate is 4.0% of covered payroll. The State's contribution rate is 23.70% of covered payroll.
3. The available margin is 7.90% of covered payroll, before the increase in the judges' contribution rate. The cost for increasing the specified percentage used to determine the judge's annual annuity includes the cost increases for the Senior Judge Program.

FISCAL IMPACT

The cost of increasing the specified percentage from 52.0% of the judge's salary at retirement to 56.0% is 2.10% of covered payroll. The cost of increasing the percentage of the three-year average salary percentage from 56.0% to 60.0% is 2.40% of covered payroll. The total cost of the enhancements is 4.50% of covered payroll which is less than the available margin.

SOURCE

Judicial Branch

(LSB 5811sv.4, MDF)

FILED MARCH 21, 2000

BY DENNIS PROUTY, FISCAL DIRECTOR

SENATE FILE 2411

AN ACT

RELATING TO PUBLIC RETIREMENT SYSTEMS AND PROVIDING IMPLEMENTATION, APPLICABILITY, AND EFFECTIVE DATES.

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

DIVISION I

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

Section 1. Section 97A.5, subsection 1, Code 1999, is amended to read as follows:

1. BOARD OF TRUSTEES. A board of trustees of the Iowa department of public safety peace officers' retirement, accident, and disability system is created. The general responsibility for the proper operation of the system is vested in the board of trustees. The board of trustees is constituted as follows: The commissioner of public safety, who is chairperson of the board, the treasurer of state, and an actively engaged member of the system, to be chosen by secret ballot by the actively engaged members of the system, a retired member of the system, to be chosen by secret ballot by the retired members of the system, and a person appointed by the governor. The person appointed by the governor shall be an executive of a domestic life insurance company, an executive of a state or national bank operating within the state of Iowa, or an executive in the financial services industry, and shall be subject to confirmation by the senate. The members of the system and the person appointed by the governor shall serve for a term of two years.

Sec. 2. Section 97A.5, subsection 2, Code 1999, is amended to read as follows:

2. VOTING. Each trustee shall be entitled to one vote on said board and two three concurring votes shall be necessary for a decision by the trustees on any question at any meeting of said board.

Sec. 3. Section 97A.6, subsection 2, Code 1999, is amended to read as follows:

2. Allowance on service retirement.

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

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

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

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

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

(1) For a member who terminates service, other than by death or disability, on or after July 1, 1990, but before July 1, 1991, and who does not withdraw the member's contributions pursuant to section 97A.16, upon the member's retirement there shall be added three-tenths percent of the member's average

final compensation for each year of service over twenty-two years, excluding years of service after the member's fifty-fifth birthday. However, this subparagraph does not apply to more than eight additional years of service.

(2) For a member who terminates service, other than by death or disability, on or after July 1, 1991, but before October 16, 1992, and who does not withdraw the member's contributions pursuant to section 97A.16, upon the member's retirement there shall be added six-tenths percent of the member's average final compensation for each year of service over twenty-two years, excluding years of service after the member's fifty-fifth birthday. However, this subparagraph does not apply to more than eight additional years of service.

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

(4) For a member who terminates service, other than by death or disability, on or after July 1, 1996, but before July 1, 1998, and who does not withdraw the member's contributions pursuant to section 97A.16, upon the member's retirement 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. However, this subparagraph does not apply to more than eight additional years of service.

(5) For a member who terminates service, other than by death or disability, on or after July 1, 1998, but before July 1, 2000, and who does not withdraw the member's contributions pursuant to section 97A.16, upon the member's retirement 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. However, this subparagraph does not apply to more than ten additional years of service.

(6) For a member who terminates service, other than by death or disability, on or after July 1, 2000, and who does not withdraw the member's contributions pursuant to section 97A.16, upon the member's retirement there shall be added two and three-fourths percent of the member's average final compensation for each year of service over twenty-two years. However, this subparagraph does not apply to more than ten additional years of service.

Sec. 4. Section 97A.6, subsection 8, paragraph b, unnumbered paragraph 1, Code 1999, is amended to read as follows:

In lieu of the payment specified in paragraph "a", a beneficiary meeting the qualifications of paragraph "c" may elect to receive a monthly pension equal to one-twelfth of forty percent of the average final compensation of the member, but not less than an amount equal to twenty twenty-five percent of the monthly earnable compensation paid to an active member having the rank of senior patrol officer of the Iowa state patrol if the member was in service at the time of death. For a member not in service at the time of death, the pension shall be reduced as provided in subsection 1, paragraph "b".

Sec. 5. Section 97A.6, subsection 14, paragraph a, Code 1999, is amended to read as follows:

a. Effective July 1, 1980, and on each July 1 thereafter, the monthly pensions authorized in this section payable to retired members and to beneficiaries, except children of a deceased member, shall be adjusted as provided in this paragraph. The monthly pension of each retired member and each beneficiary shall be adjusted by adding to that monthly pension an amount equal to the amounts determined in subparagraphs (1) and (2). The adjusted monthly pension of a retired member shall not be less than the amount which was paid at the time of the member's retirement.

(1) An amount equal to the following percentages of the difference between the monthly earnable compensation payable to an active member of the department, of the same rank and

position on the salary scale as was held by the retired or deceased member at the time of the member's retirement or death, for July of the preceding year and the monthly earnable compensation payable to an active member of the department of the same rank and position on the salary scale for July of the year just beginning ~~shall be added to the monthly pension of each retired member and each beneficiary as follows~~ multiplied by the following applicable percentage:

(1) (a) ~~Thirty~~ Forty percent for members receiving a service retirement allowance and for beneficiaries receiving a pension under subsection 9 of this section.

(2) (b) ~~Thirty~~ Forty percent for members with five or more years of membership service who are receiving an ordinary disability retirement allowance.

(3) (c) ~~Fifteen~~ Twenty-four percent for members with less than five years of membership service who are receiving an ordinary disability retirement allowance, and for beneficiaries receiving a pension under subsection 8 of this section.

(4) (d) ~~Thirty-three and one-third~~ Forty percent for members receiving an accidental disability allowance.

~~The adjusted monthly pension shall not be less than the amount which was paid at the time of the member's retirement or death:~~

The amount added to the monthly pension of a surviving spouse receiving a pension under subsection 12, paragraph "a", of this section shall be equal to one-half the amount that would have been added to the monthly pension of the retired member under this subparagraph.

(2) The following applicable amount determined as follows:

(a) Fifteen dollars where the member's retirement date was less than five years prior to the effective date of the adjustment.

(b) Twenty dollars where the member's retirement date was at least five years, but less than ten years, prior to the effective date of the adjustment.

(c) Twenty-five dollars where the member's retirement date was at least ten years, but less than fifteen years, prior to the effective date of the adjustment.

(d) Thirty dollars where the member's retirement date was at least fifteen years, but less than twenty years, prior to the effective date of the adjustment.

(e) Thirty-five dollars where the member's retirement date was at least twenty years prior to the effective date of the adjustment.

As of the first of July of each year, the monthly pension payable to each surviving child under the provisions of subsections 8, 9, and 12 of this section shall be adjusted to equal six percent of the monthly earnable compensation payable on that July 1 to an active member having the rank of senior patrol officer of the Iowa state patrol.

Sec. 6. Section 97A.6, Code 1999, is amended by adding the following new subsection:

NEW SUBSECTION. 16. LINE OF DUTY DEATH BENEFIT.

a. If, upon the receipt of evidence and proof that the death of a member in service was the direct and proximate result of a traumatic personal injury incurred in the line of duty, the board of trustees decides that death was so caused, there shall be paid, to a person authorized to receive an accidental death benefit as provided in subsection 9, the amount of one hundred thousand dollars, which shall be payable in a lump sum.

b. A line of duty death benefit shall not be payable under this subsection if any of the following applies:

(1) The death resulted from stress, strain, occupational illness, or a chronic, progressive, or congenital illness, including, but not limited to, a disease of the heart, lungs, or respiratory system, unless a traumatic personal injury was a substantial contributing factor to the member's death.

(2) The death was caused by the intentional misconduct of the member or by the member's intent to cause the member's own death.

(3) The member was voluntarily intoxicated at the time of death.

(4) The member was performing the member's duties in a grossly negligent manner at the time of death.

(5) An individual who would otherwise be entitled to a benefit under this subsection was, through the individual's actions, a substantial contributing factor to the member's death.

Sec. 7. Section 97A.8, subsection 1, paragraph b, Code 1999, is amended to read as follows:

b. On the basis of the rate of interest and of the mortality, interest, and other tables adopted by the board of trustees, the board of trustees, upon the advice of the actuary hired by the board for that purpose, shall make each valuation required by this chapter and shall immediately after making such valuation, determine the "normal contribution rate". The normal contribution rate shall be the rate percent of the earnable compensation of all members obtained by deducting from the total liabilities of the fund the sum of the amount of the funds in hand to the credit of the fund and dividing the remainder by one percent of the present value of the prospective future compensation of all members as computed on the basis of the rate of interest and of mortality and service tables adopted by the board of trustees, all reduced by the employee contribution made pursuant to this subsection. However, the normal rate of contribution shall not be less than seventeen percent. The normal rate of contribution shall be determined by the board of trustees after each valuation. To assist in determining the normal rate of contribution, the board of trustees may adopt a smoothing method for valuing the assets of the system. The smoothing method is designed to reduce changes in the normal contribution rate which could result from fluctuations in the market value of the assets of the system.

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

Sec. 9. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY. Section 4 of this Act, amending section 97A.6, subsection 8, paragraph "b", being deemed of immediate importance, takes effect upon enactment and is retroactively applicable to July 1, 1996, and is applicable on and after that date.

DIVISION II

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS)

Sec. 10. Section 97B.1A, Code 1999, is amended by adding the following new subsection:

NEW SUBSECTION. 2A. "Accumulated employer contributions" means an amount equal to the total obtained as of any date, by accumulating each individual contribution by the employer for the member with interest plus interest dividends as provided in section 97B.70, for all completed calendar years and for any completed calendar year for which the interest dividend has not been declared and for completed months of partially completed calendar years, compounded as provided in section 97B.70.

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

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

Sec. 12. Section 97B.1A, subsection 8, paragraph a, Code 1999, is amended by adding the following new subparagraph:
NEW SUBPARAGRAPH. (12) Persons employed by a municipal water utility or waterworks that has established a pension and annuity retirement system for its employees pursuant to chapter 412.

Sec. 13. Section 97B.1A, subsection 8, paragraph b, subparagraph (3), Code 1999, is amended to read as follows:

(3) Employees hired for temporary employment of less than six consecutive months or one thousand forty hours in a calendar year. An employee who works for an employer for six or more consecutive months ~~in a calendar year~~ or who works for an employer for more than one thousand forty hours in a calendar year is not a temporary employee under this subparagraph. Adjunct instructors are temporary employees for the purposes of this chapter. As used in this section, unless the context otherwise requires, "adjunct instructors" means instructors employed by a community college or a university governed by the state board of regents without a continuing contract, whose teaching load does not exceed one-half time for two full semesters or three full quarters per calendar year.

Sec. 14. Section 97B.1A, Code 1999, is amended by adding the following new subsection:

NEW SUBSECTION. 14A. "Member account" means the account established for each member and includes the member's accumulated contributions and the member's share of the accumulated employer contributions as provided in section 97B.53. "Member account" does not mean the supplemental account for active members.

Sec. 15. Section 97B.1A, Code 1999, is amended by adding the following new subsection:

NEW SUBSECTION. 22A. "Supplemental account for active members" or "supplemental account" means the account established for each active member under section 97B.49H.

Sec. 16. Section 97B.1A, subsection 24, paragraph a, Code 1999, is amended to read as follows:

a. "Three-year average covered wage" means, for a member who retires prior to July 1, 2003, a member's covered wages averaged for the highest three years of the member's service, except as otherwise provided in this subsection. The highest three years of a member's covered wages shall be determined using calendar years. However, if a member's final quarter of a year of employment does not occur at the end of a calendar year, the department may determine the wages for the third year by computing the average quarter of all quarters from the member's highest calendar year of covered wages not being used in the selection of the two highest years and using the computed average quarter for each quarter in the third year in which no wages have been reported in combination with the final quarter or quarters of the member's service to create a full year. However, the department shall not use the member's final quarter of wages if using that quarter would reduce the member's three-year average covered wage. If the three-year average covered wage of a member exceeds the highest maximum covered wages in effect for a calendar year during the member's period of service, the three-year average covered wage of the member shall be reduced to the highest maximum covered wages in effect during the member's period of service. Notwithstanding any other provision of this paragraph to the contrary, a member's wages for the third year as computed by this paragraph shall not exceed, by more than three percent, the member's highest actual calendar year of covered wages for a member whose first month of entitlement is January 1999 or later.

Sec. 17. Section 97B.1A, subsection 24, paragraph b, subparagraph (4), Code 1999, is amended to read as follows:

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

Sec. 18. Section 97B.1A, subsection 24, paragraph b, Code 1999, is amended by adding the following new subparagraph:

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

Sec. 19. Section 97B.1A, subsection 24, Code 1999, is amended by adding the following new paragraph:

NEW PARAGRAPH. c. "Three-year average covered wage" means, for a member who retires on or after July 1, 2003, the greater of the member's covered wages averaged for a member's highest twelve consecutive quarters of service or the member's covered wages averaged for a member's highest three calendar years of service. The department shall adopt rules to implement this paragraph in accordance with the requirements of this chapter and the federal Internal Revenue Code.

Sec. 20. Section 97B.1A, subsection 26, paragraph a, Code 1999, is amended to read as follows:

a. (1) "Wages" means all remuneration for employment, including the, but not limited to, any of the following:

(a) The cash value of remuneration-paid-in-a-medium-other-than-cash, but not including the cash value of remuneration paid-in-a-medium-other-than-cash as wage equivalents not necessitated by the convenience of the employer. The amount agreed-upon-by-the-employer-and-employee-for-remuneration-paid-in-a-medium-other-than-cash fair market value of such wage equivalents shall be reported to the department by the employer and-is-conclusive-of-the-value-of-the-remuneration. "Wages"-does-not-include-special-lump-sum-payments-made-as-payment-for-accrued-sick-leave-or-accrued-vacation-or-payments-made-as-an-incentive-for-early-retirement-or-as-payments-made-upon-dismissal, severance, or a special bonus payment.

(b) The remuneration paid to an employee before employee-paid contributions are made to plans qualified under sections

125, 129, 401, 403, 408, and 457 of the Internal Revenue Code. In addition, wages includes amounts that can be received in cash in lieu of employer-paid contributions to such plans, if the election is uniformly available and is not limited to highly compensated employees, as defined in section 414(q) of the Internal Revenue Code.

(c) Wages-for For an elected official means, other than a member of the general assembly, the total compensation received by the elected official, whether paid in the form of per diem or annual salary received-by-an-elected-official, exclusive of expense and travel allowances.

(d) Wages-for For a member of the general assembly, means the total compensation received by a member of the general assembly, whether paid in the form of per diem or annual salary, exclusive of expense and travel allowances paid to a member of the general assembly except as otherwise provided in this paragraph subparagraph subdivision. Wages includes per diem payments paid to members of the general assembly during interim periods between sessions of the general assembly. Wages also includes daily allowances to members of the general assembly for nontravel expenses of office during a session of the general assembly, but does not include the portion of the daily allowance which exceeds the maximum established by law for members from Polk county.

(e) Payments for compensatory time earned that are received in lieu of taking regular work hours off and when paid as a lump sum. However, "wages" does not include payments made in a lump sum for compensatory time earned in excess of two hundred forty hours per year.

(f) Employee contributions required under section 97B.11 and picked up by the employer under section 97B.11A.

(2) "Wages" does not include any of the following:

(a) The cash value of wage equivalents necessitated by the convenience of the employer.

(b) Payments made for accrued sick leave or accrued vacation leave that are not being used to replace regular work hours, whether paid in a lump sum or in installments.

(c) Payments made as an incentive for early retirement or as payment made upon dismissal or severance from employment, or a special bonus payment intended as an early retirement incentive, whether paid in a lump sum or in installments.

(d) Employer-paid contributions that cannot be received by the employee in cash and that are made to, and any distributions from, plans, programs, or arrangements qualified under section 117, 120, 125, 129, 401, 403, 408, or 457 of the Internal Revenue Code.

(e) Employer-paid contributions for coverage under, or distributions from, an accident, health, or life insurance plan, program, or arrangement.

(f) Workers' compensation and unemployment compensation payments.

(g) Disability payments.

(h) Reimbursements of employee business expenses except for those expenses included as wages for a member of the general assembly.

(i) Payments for allowances made to an employee that are not included in an employee's federal taxable income except for those allowances included as wages for a member of the general assembly.

(j) Payments of damages, attorney fees, interest, and penalties made to satisfy a grievance or wage claim.

(k) Payments for services as an independent contractor.

(l) Payments made by an entity that is not an employer under this chapter.

(m) Payments made in lieu of any employer-paid group insurance coverage.

(n) Payments made for the difference between the costs of single and family insurance coverage.

Sec. 21. Section 97B.5, Code 1999, is amended to read as follows:

97B.5 STAFF.

Subject to other provisions of this chapter, the department may employ personnel as necessary for the administration of the system, including but not limited to a chief investment

officer and a chief benefits officer. The maximum number of full-time equivalent employees specified by the general assembly for the department for administration of the system for a fiscal year shall not be reduced by any authority other than the general assembly. The staff shall be appointed pursuant to chapter 19A. The department shall not appoint or employ a person who is an officer or committee member of a political party organization or who holds or is a candidate for an a partisan elective public office. The department may employ attorneys and contract with attorneys and legal firms for the provision of legal counsel and advice in the administration of this chapter and chapter 97C. The department may execute contracts with investment advisors, consultants, and managers outside state government in the administration of this chapter. The department may delegate to any person such authority as it deems reasonable and proper for the effective administration of this chapter, and may bond any person handling moneys or signing checks under this chapter.

Sec. 22. Section 97B.9, unnumbered paragraph 1, Code 1999, is amended to read as follows:

~~Contributions-unpaid-on-the-date-on-which-they-are-due-and payable-as-prescribed-by-the-department;~~ An employer shall bear be charged the greater of ten dollars per occurrence or interest at the combined interest and dividend rate required under section 97B.70 for the applicable calendar year, provided-that-the for contributions unpaid on the date on which they are due and payable as prescribed by the department. The department may prescribe-fair-and-reasonable regulations-pursuant-to adopt rules prescribing circumstances for which the interest or charge shall not accrue with respect to contributions required. Interest or charges collected pursuant to this section shall be paid into the Iowa public employees' retirement fund.

Sec. 23. Section 97B.9, subsection 4, Code 1999, is amended to read as follows:

4. Regardless of any potentially applicable statute of limitations, if the department finds that the employer or employee or employer, or both, have erroneously underpaid contributions, the employer shall pay the employer's share of contributions and interest and the interest assessed to the employee's share of contributions department shall notify the employer and employee in writing of the total amount of the underpayment, including interest, and the employer's and employee's share of the underpayment. The department shall collect from the employer the total amount of the underpayment, including the employer's share, the employee's share, and the interest assessed to both shares of the underpayment, regardless of whether the employee has reimbursed the employer for the employee's share of the underpayment. The employee shall be obligated to pay only the employee's share of the underpaid contributions, without interest, to the employer, who shall then remit them to the department. The employer may collect the employee's share of underpaid contributions from the employee or the employee's estate. The employer may collect the employee's share through a deduction from the employee's wages, or by maintaining a legal action against the employee or the employee's estate. For purposes of section 1526 of the federal Taxpayer Relief Act of 1997, eligible participants, as defined by section 1526, may make payments of contributions under this section without regard to the limitations of section 415(c)(1) of the federal Internal Revenue Code.

Sec. 24. Section 97B.11, unnumbered paragraph 2, Code 1999, is amended by striking the unnumbered paragraph.

Sec. 25. NEW SECTION. 97B.14A WAGE REPORTING.

An employer shall report wages of employees covered by this chapter to the department in a manner and form as prescribed by the department. If the wages reported by an employer appear to be a distortion of the normal wage progression pattern for an employee, the department may request that the employer provide documentation indicating that the wages were not misreported for the purposes of causing an increase in the

retirement allowance or other payments authorized to be made by this chapter. If the department determines that the wages of an employee were misreported, the employer shall prepare and file wage adjustments allocating the wages to the proper wage reporting period.

Sec. 26. Section 97B.17, subsection 2, Code 1999, is amended to read as follows:

2. Records specifying amounts accumulated in members' active accounts and supplemental accounts.

Sec. 27. Section 97B.25, Code 1999, is amended to read as follows:

97B.25 APPLICATIONS FOR BENEFITS.

A representative designated by the chief benefits officer and referred to in this chapter as a retirement benefits specialist officer shall promptly examine applications for retirement benefits and on the basis of facts found shall determine whether or not the claim is valid. If the claim is valid, the retirement benefits specialist officer shall send a notification to the member stating the option the member has selected pursuant to sections 97B.49A through 97B.496, as applicable, or section 97B.51, the month with respect to which benefits shall commence, and the monthly benefit amount payable. If the claim is invalid, the retirement benefits specialist officer shall promptly notify the applicant and any other interested party of the decision and the reasons. A retirement application shall not be amended or revoked by the member once the first retirement allowance is paid. A member's death during the first month of entitlement shall not invalidate an approved application.

Sec. 28. Section 97B.42A, Code 1999, is amended by adding the following new subsection:

NEW SUBSECTION. 3A. A person who is employed in a position as an employee as defined in section 97B.1A, subsection 8, paragraph "a", subparagraph (12), on July 1, 2000, and who has not elected out of coverage under this chapter prior to that date, shall begin coverage under the system on July 1, 2000, unless, on or before August 31, 2000,

the person files an application with appropriate documentation to elect coverage under an alternative pension and annuity retirement system established pursuant to chapter 412. If a person elects coverage under the alternative pension and annuity retirement system, the period of time from July 1, 2000, until the date the person's election of coverage is effective shall not constitute service for purposes of coverage under this chapter and a wage adjustment shall be processed for the person based on any contributions collected pursuant to this chapter during that period of time and shall be credited pursuant to section 97B.10. A decision to elect coverage under an alternative pension and annuity retirement system established pursuant to chapter 412 under this subsection is irrevocable upon approval from the department.

A person who becomes a member of the Iowa public employees' retirement system pursuant to this subsection, and who has one or more years of covered wages, may purchase credit, pursuant to section 97B.73, for one or more quarters of service prior to August 1, 2000, in which the person was employed in a position as described by section 97B.1A, subsection 8, paragraph "a", subparagraph (12), but was not a member of the system.

Sec. 29. Section 97B.42A, subsection 4, Code 1999, is amended to read as follows:

4. A person who becomes a member of the system pursuant to subsection 3, or who is a member of the system, and who has one or more years of covered wages, may purchase credit, pursuant to section 97B.73, for one or more quarters of service prior to January 1, 1999, in which the person was employed in a position as described in section 97B.1A, subsection 8, paragraph "a", but was not a member of the system.

Sec. 30. Section 97B.44, Code 1999, is amended to read as follows:

97B.44 BENEFICIARY.

Each member shall designate on a form to be furnished by the department a beneficiary for death benefits payable under

this chapter on the death of the member. The designation may be changed from time to time by the member by filing a new designation with the department. A designation or change in designation made by a member on or after July 1, 2000, shall contain the written consent of the member's spouse, if applicable. The designation of a beneficiary is not applicable if the member receives a refund of all contributions of the member. If a member who has received a refund of contributions returns to employment, the member shall file a new designation with the department.

If a member has not designated a beneficiary on a form furnished by the department, or if there are no surviving designated beneficiaries of a member, death benefits payable under this chapter shall be paid to the member's estate.

Sec. 31. Section 97B.48, subsection 1, Code 1999, is amended to read as follows:

1. Retirement allowances shall be paid monthly, except that an allowance of less than six hundred dollars a year may, at the member's option, be paid as a lump sum in an amount equal to the sum of the member's and employer's accumulated contributions and the retirement dividends standing to the member's credit before December 31, 1966. Receipt of the lump-sum payment by a member shall terminate any and all entitlement for the period of service covered of the member under this chapter and the member shall not be eligible to buy back the period of service.

Sec. 32. Section 97B.48, subsection 3, Code 1999, is amended to read as follows:

3. As of the first of the month in which a member attains the age of seventy years, the department shall provide written notification to the member that the member may commence receiving a retirement allowance regardless of the member's employment status. Prior to receiving a retirement allowance pursuant to this subsection, a member shall acknowledge in writing that the member was informed by the department of the consequences of electing to receive a retirement allowance pursuant to this subsection and that receipt of a retirement

allowance under this subsection is optional. Upon termination from employment of a member receiving a retirement allowance pursuant to this subsection, the member is entitled to have the member's monthly retirement allowance recalculated using the applicable formula for determining a retirement allowance pursuant to sections 97B.49A through 97B.49G, as applicable, in place at the time of the member's first month of entitlement.

Sec. 33. Section 97B.48A, subsection 1, unnumbered paragraph 1, Code 1999, is amended to read as follows:

If a member who has not reached the member's sixty-fifth birthday and who has a bona fide retirement under this chapter is in regular full-time employment during a calendar year, the member's retirement allowance shall be reduced by fifty cents for each dollar the member earns over the limit provided in this subsection. However, employment is not full-time employment until the member receives remuneration in an amount in excess of ~~twelve~~ fourteen thousand dollars for a calendar year, or an amount equal to the amount of remuneration permitted for a calendar year for persons under sixty-five years of age before a reduction in federal social security retirement benefits is required, whichever is higher. Effective the first of the month in which a member attains the age of sixty-five years, a retired member may receive a retirement allowance without a reduction after return to covered employment regardless of the amount of remuneration received.

Sec. 34. Section 97B.48A, subsection 3, Code 1999, is amended to read as follows:

3. Upon a retirement after reemployment, a retired member may have the retired member's retirement allowance redetermined under this section or section 97B.48, ~~sections 97B.49A through 97B.49H,~~ section 97B.50, or section 97B.51, whichever is applicable, based upon the addition of credit for the years of membership service of the employee after reemployment, the covered wage during reemployment, and the age of the employee after reemployment. The member shall

receive a single retirement allowance calculated from both periods of membership service, one based on the initial retirement and one based on the second retirement following reemployment. If the total years of membership service and prior service of a member who has been reemployed equals or exceeds thirty, the years of membership service on which the original retirement allowance was based may be reduced by a fraction of the years of service equal to the number of years by which the total years of membership service and prior service exceeds thirty divided by thirty, if this reduction in years of service will increase the total retirement allowance of the member. The additional retirement allowance calculated for the period of reemployment shall be added to the retirement allowance calculated for the initial period of membership service and prior service, adjusted as provided in this subsection. The retirement allowance calculated for the initial period of membership service and prior service shall not be adjusted for any other factor than years of service. The retired member shall not receive a retirement allowance based upon more than a total of thirty years of service. Effective July 1, 1998, a redetermination of a retirement allowance as authorized by this subsection for a retired member whose combined service exceeds the applicable years of service for that member as provided in sections 97B.49A through 97B.49G shall have the determination of the member's reemployment benefit based upon the percentage multiplier as determined for that member as provided in sections 97B.49A through 97B.49G.

Sec. 35. Section 97B.48A, subsection 4, Code 1999, is amended to read as follows:

4. The department shall pay to the member the accumulated contributions of the member and all of the employer contributions, plus interest plus interest dividends as provided in section 97B.70, for all completed calendar years, compounded as provided in section 97B.70, on the covered wages earned by a retired member that are not used in the recalculation of the retirement allowance of a member. A

payment of contributions to a member pursuant to this subsection shall be considered a retirement payment and not a refund and the member shall not be eligible to buy back the period of reemployment service.

Sec. 36. Section 97B.49B, subsection 1, paragraph a, Code 1999, is amended to read as follows:

a. "Applicable percentage" means the greater of the following percentages:

(1) sixty Sixty percent or, for,

(2) For each active or inactive vested member retiring on or after July 1, 1996, but before July 1, 2000, sixty percent plus, if applicable, an additional one-fourth of one percentage point for each additional calendar quarter of eligible service beyond twenty-five years of service for the member, not to exceed a total of five additional percentage points.

(3) For each active or inactive vested member retiring on or after July 1, 2000, but before July 1, 2001, sixty percent plus, if applicable, an additional one-fourth of one percentage point for each additional calendar quarter of eligible service beyond twenty-four years of service for the member, not to exceed a total of six additional percentage points.

(4) For each active or inactive vested member retiring on or after July 1, 2001, but before July 1, 2002, sixty percent plus, if applicable, an additional one-fourth of one percentage point for each additional calendar quarter of eligible service beyond twenty-three years of service for the member, not to exceed a total of seven additional percentage points.

(5) For each active or inactive vested member retiring on or after July 1, 2002, but before July 1, 2003, sixty percent plus, if applicable, an additional one-fourth of one percentage point for each additional calendar quarter of eligible service beyond twenty-two years of service for the member, not to exceed a total of eight additional percentage points.

(6) For each active or inactive vested member retiring on or after July 1, 2003, sixty percent plus, if applicable, an additional three-eighths of one percentage point for each additional calendar quarter of eligible service beyond twenty-two years of service for the member, not to exceed a total of twelve additional percentage points.

Sec. 37. Section 97B.49B, subsection 1, Code 1999, is amended by adding the following new paragraph:

NEW PARAGRAPH. aa. "Applicable years of service" means the following:

(1) For each active or inactive vested member retiring on or after July 1, 1996, and before July 1, 2000, twenty-five.

(2) For each active or inactive vested member retiring on or after July 1, 2000, and before July 1, 2001, twenty-four.

(3) For each active or inactive vested member retiring on or after July 1, 2001, and before July 1, 2002, twenty-three.

(4) For each active or inactive vested member retiring on or after July 1, 2002, twenty-two.

Sec. 38. Section 97B.49B, subsection 1, paragraph c, Code 1999, is amended to read as follows:

c. "Fraction of years of service" means a number, not to exceed one, equal to the sum of the years of eligible service in a protection occupation divided by twenty-five the applicable years of service for the member.

Sec. 39. Section 97B.49B, subsection 1, paragraph d, Code 1999, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (7) An employee covered by the merit system as provided in chapter 19A whose primary duty is providing airport security and who carries or is licensed to carry a firearm while performing those duties.

Sec. 40. Section 97B.49D, subsection 1, paragraph b, Code 1999, is amended to read as follows:

b. One-twelfth of an amount equal to the applicable percentage of the member's three-year average covered wage multiplied by a fraction of years of service. The fraction of years of service for purposes of this paragraph shall be the actual years of service, not to exceed twenty-five the

applicable years of service for the member as defined in section 97B.49B, earned in a position described in section 97B.49B, for which special service contributions were made, divided by twenty-five the applicable years of service for the member as defined in section 97B.49B. In calculating the fractions of years of service under the paragraph, a member shall not receive special service credit for years of service for which the member and the member's employer did not make the required special service contributions to the department.

Sec. 41. Section 97B.49F, subsection 1, paragraph b, subparagraph (2), subparagraph subdivision (a), Code 1999, is amended to read as follows:

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

Sec. 42. Section 97B.49F, subsection 1, paragraph c, Code 1999, is amended to read as follows:

c. If a member eligible to receive a cost-of-living dividend dies before November 1 of a year, a cost-of-living dividend shall not be payable in November of that year in the name of the member. If a member dies on or after November 1, but before payment of a dividend is made in that month, the full amount of the retirement dividend for that year shall be paid in the member's name upon notification of the member's death.

Sec. 43. Section 97B.49F, subsection 2, paragraph a, Code 1999, is amended to read as follows:

a. Commencing January 1, 1999, all members who retired on or after July 1, 1990, and who have been retired for at least one year as of the date the dividend is payable, or a beneficiary or contingent annuitant of such a member who receives a monthly benefit, shall be eligible to receive a favorable experience dividend, payable on the last business

day in January of each year pursuant to the requirements of this subsection. If the member, beneficiary, or contingent annuitant eligible to receive a favorable experience dividend dies before January 1 of a year, a favorable experience dividend shall not be payable in January of that year in the name of the member, beneficiary, or contingent annuitant. However, if the member, beneficiary, or contingent annuitant dies on or after January 1 but before the dividend is paid in that month, the full amount of the dividend payable in that month shall be paid in the name of the applicable member, beneficiary, or contingent annuitant, upon notification of death.

Sec. 44. Section 97B.49F, subsection 2, paragraph c, Code 1999, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (3A) Notwithstanding the provisions of this paragraph to the contrary, moneys credited to the reserve account in any applicable year shall not exceed an amount which, if credited to the reserve account, would exceed an amount that the system's actuary determines is sufficient to pay the maximum favorable experience dividend for each of the next following ten years, based on reasonable actuarial assumptions.

Sec. 45. Section 97B.49F, subsection 2, paragraph d, Code 1999, is amended to read as follows:

d. The favorable experience dividend is calculated by multiplying the total-of-the monthly benefit-payments-of retirement allowance payable to the retiree, beneficiary, or contingent annuitant for the previous calendar-year December, or such other month as determined by the department, by twelve, and then multiplying that amount by the number of complete years the member has been retired or would have been retired if living as of the date the dividend is payable, and by the applicable percentage. For purposes of this paragraph, the applicable percentage is the percentage, not to exceed three percent, that the department determines shall be applied in calculating the favorable experience dividend if the department determines that the reserve account is sufficiently

funded to make a distribution. In making its determination, the department shall consider, but not be limited to, the amounts credited to the reserve account, the distributions from the reserve account made in previous years, the likelihood of future credits to and distributions from the reserve account, and the distributions paid under subsection 1.

Sec. 46. Section 97B.49G, Code 1999, is amended by adding the following new subsection:

NEW SUBSECTION. 12. PROBATION AND PAROLE OFFICERS III -- JULY 1994 - JULY 1998. The department shall establish and maintain additional contribution accounts for employees of judicial district departments of correctional services who were employed as parole officers III and probation officers III during any portion of the period from July 1, 1994, through June 30, 1998. A probation officer III or parole officer III who made contributions to the retirement fund during the period from July 1, 1994, through June 30, 1998, as a member of a protection occupation shall have credited to an additional contribution account for that probation or parole officer an amount equal to the contributions made to the retirement fund in excess of 3.7 percent of the probation or parole officer's covered wages paid from July 1, 1994, through June 30, 1998, plus interest at the applicable statutory interest rates established in this chapter. Moneys deposited in an additional contribution account established pursuant to this section shall be payable in a lump sum to the probation or parole officer at retirement or upon request for a refund of moneys in the account. If the probation or parole officer dies prior to receipt of moneys in the account, the beneficiary designated by that probation or parole officer shall receive a lump sum payment of moneys in the account. The payment of moneys from the account created in this subsection shall not be annuitized. A probation officer III or parole officer III for which an account is established under this subsection shall not receive credit for eligible service as a member of a protection occupation for that service.

Sec. 47. Section 97B.49H, subsection 5, paragraph c, Code 1999, is amended to read as follows:

c. Upon retirement, the member shall elect to receive in a lump sum payment or in an annuity, in addition to any other payment provided by this chapter, all amounts credited to the member's supplemental account. The annuity provided under this section shall be payable in the same form, at the same time, and to the same persons, including beneficiaries and contingent annuitants, that the member elects for the payments under the other provisions of this chapter providing for the monthly payment of allowances. The amount of an annuity provided under this section, including amounts payable to beneficiaries and contingent annuitants, shall be calculated using the amount credited to the member's supplemental account as of the date of retirement, and the assumptions underlying the actuarial tables used to calculate optional allowances under section 97B.51.

Sec. 48. Section 97B.50, subsection 1, unnumbered paragraph 1, Code 1999, is amended to read as follows:

Except as otherwise provided in this section, a vested member who is at least fifty-five years of age, upon retirement prior to the normal retirement date other-than-that specified-in-section-97B-457-subsection-4 for that member, is entitled to receive a monthly retirement allowance determined in the same manner as provided for normal retirement in sections 97B.49A, 97B.49E, and 97B.49G, reduced as follows:

Sec. 49. Section 97B.50, subsection 2, Code 1999, is amended to read as follows:

2. a. A vested member who retires from the system due to disability and commences receiving disability benefits pursuant to the federal Social Security Act, 42 U.S.C. § 423 et seq., and who has not reached the normal retirement date, shall receive benefits as selected under sections-97B-49A through-97B-49G7-as-applicable section 97B.51, and shall not have benefits reduced upon retirement as required under subsection 1 regardless of whether the member has completed thirty or more years of membership service. However, the

benefits shall be suspended during any period in which the member returns to covered employment. This section takes effect July 1, 1990, for a member meeting the requirements of this paragraph who retired from the system at any time after July 4, 1953. Eligible members retiring on or after July 1, 2000, are entitled to the receipt of retroactive adjustment payments back-to-July-1, 1990 for no more than thirty-six months immediately preceding the month in which written notice of retirement due to disability was submitted to the department, notwithstanding the requirements of subsection 4.

b. A vested member who retires from the system due to disability and commences receiving disability benefits pursuant to the federal Railroad Retirement Act, 45 U.S.C. § 231 et seq., and who has not reached the normal retirement date, shall receive benefits as selected under sections 97B-49A-through-97B-496, as applicable section 97B.51, and shall not have benefits reduced upon retirement as required under subsection 1 regardless of whether the member has completed thirty or more years of membership service. However, the benefits shall be suspended during any period in which the member returns to covered employment. This section takes effect July 1, 1990, for a member meeting the requirements of this paragraph who retired from the system at any time since July 4, 1953. Eligible members retiring on or after July 1, 2000, are entitled to the receipt of retroactive adjustment payments back-to-July-1, 1990 for no more than thirty-six months immediately preceding the month in which written notice of retirement due to disability was submitted to the department, notwithstanding the requirements of subsection 4.

Sec. 50. Section 97B.50, subsection 2, Code 1999, is amended by adding the following new paragraph:

NEW PARAGRAPH. c. A vested member who terminated service due to a disability, who has been issued payment for a refund pursuant to section 97B.53, and who subsequently commences receiving disability benefits as a result of that disability pursuant to the federal Social Security Act, 42 U.S.C. § 423

et seq. or the federal Railroad Retirement Act, 45 U.S.C. § 231 et seq., may receive credit for membership service for the period covered by the refund payment, upon repayment to the department of the actuarial cost of receiving service credit for the period covered by the refund payment, as determined by the department. For purposes of this paragraph, the actuarial cost of the service purchase shall be determined as provided in section 97B.74. The payment to the department as provided in this paragraph shall be made within ninety days after July 1, 2000, or the date federal disability payments commenced, whichever occurs later. For purposes of this paragraph, the date federal disability payments commence shall be the date that the member actually receives the first such payment, regardless of any retroactive payments included in that payment. A member who repurchases service credit under this paragraph and applies for retirement benefits shall have the member's monthly allowance, including retroactive adjustment payments, determined in the same manner as provided in paragraph "a" or "b", as applicable. This paragraph shall not be implemented until the system has received a determination letter from the federal internal revenue service approving the system's plan's qualified status under Internal Revenue Code section 401(a).

Sec. 51. NEW SECTION. 97B.50A DISABILITY BENEFITS FOR SPECIAL SERVICE MEMBERS.

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

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

b. "Net disability retirement allowance" means the amount determined by subtracting the amount paid during the previous calendar year by the member for health insurance or similar health care coverage for the member and the member's dependents from the amount of the member's disability retirement allowance, including any dividends and

distributions from supplemental accounts, paid for that year pursuant to this section.

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

2. IN-SERVICE DISABILITY RETIREMENT ALLOWANCE.

a. A member who is injured in the performance of the member's duties, and otherwise meets the requirements of this subsection shall receive an in-service disability retirement allowance under this subsection, in lieu of a monthly retirement allowance as provided in section 97B.49A, 97B.49B, 97B.49C, 97B.49D, or 97B.49G, as applicable.

b. Upon application of a member, a member who has become totally and permanently incapacitated for duty in the member's special service occupation as the natural and proximate result of an injury, disease, or exposure occurring or aggravated while in the actual performance of duty at some definite place and time shall be eligible to retire under this subsection, provided that the medical board, as established by this section, shall certify that the member is mentally or physically incapacitated for further performance of duty, that the incapacity is likely to be permanent, and that the member should be retired. The department shall make the final determination, based on the medical evidence received, of a member's total and permanent disability. However, if a person's special service membership in the system first

commenced on or after July 1, 2000, the member shall not be eligible for benefits with respect to a disability which would not exist, but for a medical condition that was known to exist on the date that membership commenced. A member who is denied a benefit under this subsection, by reason of a finding by the department that the member is not mentally or physically incapacitated for the further performance of duty, shall be entitled to be restored to active service in the same or comparable special service occupation position held by the member immediately prior to the application for disability benefits.

c. Disease under this subsection shall mean heart disease or any disease of the lungs or respiratory tract and shall be presumed to have been contracted while on active duty as a result of strain, exposure, or the inhalation of noxious fumes, poison, or gases. However, if a person's special service membership in the system first commenced on or after July 1, 2000, and the heart disease or disease of the lungs or respiratory tract would not exist, but for a medical condition that was known to exist on the date that special service membership commenced, the presumption established in this paragraph shall not apply.

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

3. ORDINARY DISABILITY RETIREMENT ALLOWANCE.

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

b. Upon application of a member, a member who has become totally and permanently incapacitated for duty in the member's special service occupation shall be eligible to retire under this subsection, provided that the medical board, as established by this section, shall certify that the member is mentally or physically incapacitated for further performance of duty, that the incapacity is likely to be permanent, and that the member should be retired. The department shall make the final determination, based on the medical evidence received, of a member's total and permanent disability. However, if a person's special service membership in the system first commenced on or after July 1, 2000, the member shall not be eligible for benefits with respect to a disability which would not exist, but for a medical condition that was known to exist on the date that special service membership commenced. A member who is denied a benefit under this subsection, by reason of a finding by the department that the member is not mentally or physically incapacitated for the further performance of duty, shall be entitled to be restored to active service in the same or comparable special service occupation position held by the member immediately prior to the application for disability benefits.

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

4. WAIVER OF ALLOWANCE. A member receiving a disability retirement allowance under this section may file an application to receive benefits pursuant to section 97B.50, subsection 2, in lieu of receiving a disability retirement allowance under this section, if the member becomes eligible

for benefits under section 97B.50, subsection 2. An application to receive benefits pursuant to section 97B.50, subsection 2, shall be filed with the department within sixty days after the member becomes eligible for benefits pursuant to that section or the member shall be ineligible to elect coverage under that section. On the first of the month following the month in which a member's application is approved by the department, the member's election of coverage under section 97B.50, subsection 2, shall become effective and the member's eligibility to receive a disability retirement allowance pursuant to this section shall cease. Benefits payable pursuant to section 97B.50, subsection 2, shall be calculated using the option choice the member selected for payment of a disability retirement allowance pursuant to this section. An application to elect coverage under section 97B.50, subsection 2, is irrevocable upon approval by the department.

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

6. REEXAMINATION OF MEMBERS RETIRED ON ACCOUNT OF DISABILITY.

a. Once each year during the first five years following the retirement of a member under this section, and once in every three-year period thereafter, the department may, and upon the member's application shall, require any member receiving an in-service or ordinary disability retirement allowance who has not yet attained the age of fifty-five years to undergo a medical examination as arranged by the medical board as established by this section. The examination shall be made by the medical board or by an additional physician or

physicians designated by the medical board. If any member receiving an in-service or ordinary disability retirement allowance who has not attained the age of fifty-five years refuses to submit to the medical examination, the allowance may be discontinued until the member's withdrawal of the refusal, and should the member's refusal continue for one year, all rights in and to the member's disability retirement allowance shall be revoked by the department.

b. If a member is determined under paragraph "a" to be no longer eligible for in-service or ordinary disability benefits, all benefits paid under this section shall cease. The member shall be eligible to receive benefits calculated under section 97B.49B or 97B.49C, as applicable, when the member reaches age fifty-five.

7. REEMPLOYMENT.

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

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

(2) If the member is engaged in a gainful occupation paying more than the difference between the member's net disability retirement allowance and one and one-half times the reemployment comparison amount for that member, then the amount of the member's disability retirement allowance shall

be reduced to an amount such that the member's net disability retirement allowance plus the amount earned by the member shall equal one and one-half times the reemployment comparison amount for that member.

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

(4) This paragraph does not apply to a member who is at least fifty-five years of age and would have completed a sufficient number of years of service if the member had remained in active special service employment. For purposes of this subparagraph, a sufficient number of years of service shall be twenty-five for a special service member as described in section 97B.49B or twenty-two for a special service member as described in section 97B.49C.

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

9. MEDICAL BOARD. The system shall designate a medical board to be composed of three physicians from the university of Iowa hospitals and clinics who shall arrange for and pass upon the medical examinations required under this section and shall report in writing to the department the conclusions and recommendations upon all matters duly referred to the medical board. Each report of a medical examination under this section shall include the medical board's findings as to the extent of the member's physical or mental impairment. Except as required by this section, each report shall be confidential and shall be maintained in accordance with the federal Americans with Disabilities Act, and any other state or

federal law containing requirements for confidentiality of medical records.

10. LIABILITY OF THIRD PARTIES -- SUBROGATION.

a. If a member receives an injury for which benefits are payable under this section, and if the injury is caused under circumstances creating a legal liability for damages against a third party other than the system, the member or the member's legal representative may maintain an action for damages against the third party. If a member or a member's legal representative commences such an action, the plaintiff member or representative shall serve a copy of the original notice upon the system not less than ten days before the trial of the action, but a failure to serve the notice does not prejudice the rights of the system, and the following rights and duties ensue:

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

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

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

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

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

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

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

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

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

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

13. APPLICABILITY -- RETROACTIVITY.

a. This section applies to a member who becomes disabled on or after July 1, 2000, and also applies to a member who becomes disabled prior to July 1, 2000, if the member has not terminated special service employment as of June 30, 2000.

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

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

Sec. 52. Section 97B.51, Code 1999, is amended by striking the section and inserting in lieu thereof the following:

97B.51 ALLOWANCE UPON RETIREMENT.

1. Each member has the right prior to the member's retirement date to elect to have the member's retirement allowance payable under one of the options set forth in this section. The amount of the optional retirement allowance selected in paragraph "a", "c", "d", or "e", shall be the actuarial equivalent of the amount of the retirement allowance otherwise payable to the member as determined by the system in consultation with the system's actuary. The member shall make an election by written request to the department and the election is subject to the approval of the department. If the member is married, election of an option under this section requires the written acknowledgment of the member's spouse. The member may select one of the following options:

a. At retirement, a member may designate that upon the member's death, a specified amount of money shall be paid to a named beneficiary, and the member's monthly retirement allowance shall be reduced by an actuarially determined amount to provide for the lump sum payment. The amount designated by

the member must be in thousand dollar increments and shall be limited to the amount of the member's accumulated contributions. The amount designated shall not lower the monthly retirement allowance of the member by more than one-half the amount payable as provided in paragraph "b". A member may designate a different beneficiary at any time, except as limited by an order that has been accepted by the department as complying with the requirements of section 97B.39.

b. A member may elect a retirement allowance otherwise payable to the member upon retirement under the retirement system pursuant to this chapter, to include the applicable provisions of sections 97B.49A through 97B.49G, and a death benefit as provided in section 97B.52, subsection 2.

c. A member may elect an increased retirement allowance during the member's lifetime with no death benefit after the member's retirement date.

d. (1) A member may elect to receive a decreased retirement allowance during the member's lifetime and have the decreased retirement allowance, or a designated fraction thereof, continued after the member's death to another person, called a contingent annuitant, during the lifetime of the contingent annuitant. The member cannot change the contingent annuitant after the member's retirement. In case of the election of a contingent annuitant, no death benefits, as might otherwise be provided by this chapter, will be payable upon the death of either the member or the contingent annuitant after the member's retirement.

(2) In lieu of a benefit as calculated under subparagraph (1), a member may elect to receive a decreased retirement allowance during the member's lifetime and have the decreased retirement allowance, or a designated fraction thereof, continued after the member's death to another person, called a contingent annuitant, during the lifetime of the contingent annuitant, as determined by this subparagraph. In addition, if the contingent annuitant dies prior to the death of the member, the member shall receive a retirement allowance

beginning with the first month following the death of the contingent annuitant as if the member had selected the option provided by paragraph "b" at the time of the member's first retirement. The member cannot change the contingent annuitant after the member's retirement. If a contingent annuitant receives a decreased retirement allowance under this subparagraph following the death of the member, no death benefits, as might otherwise be provided by this chapter, will be payable upon the death of the contingent annuitant.

e. A member may elect to receive a decreased retirement allowance during the member's lifetime with provision that in event of the member's death during the first one hundred twenty months of retirement, monthly payments of the member's decreased retirement allowance shall be made to the member's beneficiary until a combined total of one hundred twenty monthly payments have been made to the member and the member's beneficiary. When the member designates multiple beneficiaries, the present value of the remaining payments shall be paid in a lump sum to each beneficiary, either in equal shares to the beneficiaries, or if the member specifies otherwise in a written request, in the specified proportion. A member may designate a different beneficiary at any time, except as limited by an order that has been accepted by the department as complying with the requirements of section 97B.39.

2. The election by a member of an option stated under this section shall be null and void if the member dies prior to the member's first month of entitlement.

3. A member who had elected to take an option stated in this section, may, at any time prior to retirement, revoke such an election by written notice to the department. A member shall not change or revoke an election once the first retirement allowance is paid.

Sec. 53. Section 97B.52, subsection 1, Code 1999, is amended to read as follows:

1. If a member dies prior to the member's first month of entitlement, the member's beneficiary shall be entitled to

receive a death benefit equal to the greater of the amount provided in paragraph "a" or "b".

a. A lump sum payment equal to the accumulated contributions of the member at the date of death plus the product of an amount equal to the highest year of covered wages of the deceased member and the number of years of membership service divided by the applicable denominator shall be paid to the member's beneficiary in a lump sum payment. However, a lump sum payment made to a beneficiary under this subsection paragraph due to the death of a member shall not be less than the amount that would have been payable on the death of the member on June 30, 1984, under this subsection paragraph as it appeared in the 1983 Code.

As used in this subsection paragraph, "applicable denominator" means the following, based upon the type of membership service in which the member served either on the date of death, or if the member died after terminating service, on the date of the member's last termination of service:

a- (1) For regular service, the applicable denominator is thirty.

b- (2) For service in a protection occupation, as defined in section 97B.49B, the applicable denominator is twenty-five the applicable years of service for the member as defined in section 97B.49B if the member had retired on the date of death.

c- (3) For service as a sheriff, deputy sheriff, or airport fire fighter, as provided in section 97B.49C, the applicable denominator is twenty-two.

Effective July 1, 1978, a method of payment under this subsection paragraph filed with the department by a member does not apply.

b. For a member who dies on or after January 1, 2001, a lump sum payment equal to the actuarial present value of the member's accrued benefit as of the date of death. The actuarial equivalent present value of the member's accrued benefit as of the date of death shall be calculated using the

same interest rate and mortality tables that are used by the system and the system's actuary under section 97B.51, and shall assume that the member would have retired at the member's earliest normal retirement date.

c. The payment of a death benefit to a designated beneficiary as provided by this subsection shall be in a lump sum payment. However, if the designated beneficiary is a sole individual, the beneficiary may elect to receive, in lieu of a lump sum payment under this subsection, a monthly annuity payable for the life of the beneficiary. The monthly annuity shall be calculated by applying the annuity tables used by the department to the lump sum payment under this subsection based on the beneficiary's age. If the designated beneficiary is more than one individual, or if the designated beneficiary is an estate, trust, church, charity, or other similar organization, a death benefit under this subsection shall only be paid in a lump sum.

Sec. 54. Section 97B.52, Code 1999, is amended by adding the following new subsection:

NEW SUBSECTION. 1A. a. If the department determines, upon the receipt of evidence and proof, that the death of a member in special service was the direct and proximate result of a traumatic personal injury incurred in the line of duty as a member in special service, a line of duty death benefit in an amount of one hundred thousand dollars shall be paid in a lump sum to the special service member's beneficiary. A line of duty death benefit payable under this subsection shall be in addition to any death benefit payable as provided in subsection 1.

b. A line of duty death benefit shall not be payable under this subsection if any of the following applies:

(1) The death resulted from stress, strain, occupational illness, or a chronic, progressive, or congenital illness, including, but not limited to, a disease of the heart, lungs, or respiratory system, unless a traumatic personal injury was a substantial contributing factor to the special service member's death.

(2) The death was caused by the intentional misconduct of the special service member or by the special service member's intent to cause the special service member's own death.

(3) The special service member was voluntarily intoxicated at the time of death.

(4) The special service member was performing the special service member's duties in a grossly negligent manner at the time of death.

(5) A beneficiary who would otherwise be entitled to a benefit under this subsection was, through the beneficiary's actions, a substantial contributing factor to the special service member's death.

Sec. 55. Section 97B.52, subsection 2, Code 1999, is amended to read as follows:

2. If a member dies on or after the first day of the member's first month of entitlement, the excess, if any, of the accumulated contributions by the member as of said date, over the total gross monthly retirement allowances received by the member under the retirement system will be paid to the member's beneficiary unless the retirement allowance is then being paid in accordance with section 97B.48 or with section 97B.51, subsection 1, ~~47-57-01-6~~ paragraph "a", "c", "d", or "e".

Sec. 56. Section 97B.52, subsection 3, paragraph a, Code 1999, is amended to read as follows:

a. Other than as provided in subsections 1, 1A, and 2 of this section, or section 97B.51, all rights to any benefits under the retirement system shall cease upon the death of a member.

Sec. 57. Section 97B.52, subsection 4, unnumbered paragraph 1, Code 1999, is amended to read as follows:

In order to receive the death benefit, the beneficiary, heirs at law, or the estate, or any other third-party payee, must apply to the department within five years of the member's death. However, death benefits payable under this section shall not exceed the amount permitted pursuant to Internal Revenue Code section 401(a)(9) and the applicable treasury regulations.

Sec. 58. Section 97B.52, subsection 5, Code 1999, is amended to read as follows:

5. Following written notification to the department, a beneficiary of a deceased member may waive current and future rights to payments to which the beneficiary would otherwise be entitled under section 97B.51, ~~subsections 5 and 6 and this section subsection 1, paragraphs "a", "b", and "e"~~. Upon receipt of the waiver, the department shall pay the amount designated to be received by that beneficiary to the member's other surviving beneficiary or beneficiaries or to the estate of the deceased member, as elected by the beneficiary in the waiver. If the payments being waived are payable to the member's estate and an estate is not probated, the payments shall be paid to the deceased member's surviving spouse, or if there is no surviving spouse, to the member's heirs other than the beneficiary who waived the payments.

Sec. 59. Section 97B.52A, subsection 1, paragraph b, Code 1999, is amended to read as follows:

b. For a member whose first month of entitlement is July 1998 or later, but before July 2000, the member does not return to any employment with a covered employer until the member has qualified for no fewer than four calendar months of retirement benefits.

Sec. 60. Section 97B.52A, subsection 1, Code 1999, is amended by adding the following new paragraph:

NEW PARAGRAPH. c. For a member whose first month of entitlement is July 2000 or later, the member does not return to any employment with a covered employer until the member has qualified for at least one calendar month of retirement benefits, and the member does not return to covered employment until the member has qualified for no fewer than four calendar months of retirement benefits. For purposes of this paragraph, effective July 1, 2000, any employment with a covered employer does not include employment as an elective official or member of the general assembly if the member is not covered under this chapter for that employment.

Sec. 61. Section 97B.52A, subsection 2, Code 1999, is amended to read as follows:

2. A member may commence receiving retirement benefits under this chapter upon satisfying eligibility requirements. However, a retired member who commences receiving a retirement allowance but ~~returns to employment before qualifying for no fewer than four calendar months of retirement benefits~~ fails to meet the applicable requirements of subsection 1 does not have a bona fide retirement and any retirement allowance received by such a member must be returned to the system together with interest earned on the retirement allowance calculated at a rate determined by the department. Until the member has repaid the retirement allowance and interest, the department may withhold any future retirement allowance for which the member may qualify.

Sec. 62. Section 97B.52A, Code 1999, is amended by adding the following new subsection:

NEW SUBSECTION. 4. The requirements of this section shall apply to a lump sum payment as provided by section 97B.48, subsection 1, and the payment of contributions as provided in section 97B.48A, subsection 4.

Sec. 63. Section 97B.53, Code Supplement 1999, is amended to read as follows:

97B.53 TERMINATION OF EMPLOYMENT -- REFUND OPTIONS.

Membership in the retirement system, and all rights to the benefits under the system, ~~will~~ cease upon a member's termination of employment with the employer prior to the member's retirement, other than by death, and upon receipt by the member of the a refund of moneys in the member's accumulated contributions account as provided in this section.

1. Upon the termination of employment with the employer prior to retirement other than by death of a member, the member's account, consisting of accumulated contributions by the member and, for a vested member who is vested on the date an application for a refund is filed, the member's share of the accumulated employer contributions for the vested member at the date of the termination, may be paid to the member upon

application, except as provided in subsections 2, 5, and 6. For the purpose of this subsection, the "member's share of the accumulated employer contributions" is an amount equal to the total obtained as of any date, by accumulating each individual contribution by the employer for the member with interest plus interest dividends as provided in section 97B.70, for all completed calendar years and for any completed calendar year for which the interest dividend has not been declared and for completed months of partially completed calendar years, compounded as provided in section 97B.70 accumulated employer contributions of the member multiplied by a fraction of years of service for that member as defined in section 97B.49A, 97B.49B, or 97B.49C.

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

~~3. The accumulated contributions account of a terminated, vested member shall be credited with interest, including interest dividends, in the manner provided in section 97B.70.~~

4. 3. A terminated, vested member has the right, prior to the commencement of the member's retirement allowance, to receive a refund of moneys in the member's accumulated contributions account, and in the event of the death of the

member prior to the commencement of the member's retirement allowance and prior to the receipt of any such refund, the benefits of authorized by subsection 1 and subsection 1A of section 97B.52 shall be paid.

5. 4. A member has not terminated employment for purposes of this section if the member accepts other covered employment within thirty days four months after receiving the last payment of wages for covered employment, or if the member begins covered employment prior to filing a request for a refund with the department.

5A. 5. Within sixty days after a member has been issued payment for a refund of moneys in the member's accumulated contributions account, the member may repay the accumulated contributions moneys refunded, plus interest that would have accrued, as determined by the department, and receive credit for membership service for the period covered by the refund payment.

5B. 6. A member who does not withdraw moneys in the member's accumulated contributions account upon termination of employment may at any time request the return of the moneys in the member's accumulated contributions account, but if the member receives a return of contributions moneys in the member's account the member has waived all claims for any other benefits and membership rights from the fund.

7. If a member is involuntarily terminated from covered employment, has been issued payment for a refund, and is retroactively reinstated in covered employment as a remedy for an employment dispute, the member may receive credit for membership service for the period covered by the refund payment upon repayment to the department within ninety days after the date of the order or agreement requiring reinstatement of the amount of the refund plus interest that would have accrued, as determined by the department.

6. 8. The system is under no obligation to maintain the accumulated contribution member account of a member who terminates covered employment prior to December 31, 1998, if the member was not vested at the time of termination. A

person who made contributions to the abolished system, who is entitled to a refund in accordance with the provisions of this chapter, and who has not claimed and received such a refund prior to January 1, 1964, shall, if the person makes a claim for refund after January 1, 1964, be required to submit proof satisfactory to the department of the person's entitlement to the refund. The department is under no obligation to maintain the contribution member accounts of such persons after January 1, 1964.

7- 9. Any member whose employment is terminated may elect to leave the moneys in the member's accumulated-contributions member account in the retirement fund.

8- 10. If an employee hired to fill a permanent position terminates the employee's employment within six months from the date of employment, the employer may file a claim with the department for a refund of the funds contributed to the department by the employer for the employee.

Sec. 64. Section 97B.53A, Code 1999, is amended to read as follows:

97B.53A DUTY OF DEPARTMENT.

~~Effective July 17, 1991, upon~~ Upon a member's termination of covered employment prior to the member's retirement, the department shall send the member by first class mail, to the member's last known mailing address, a notice setting forth the balance and status of the member's account and supplemental account and an explanation of the courses of action available to the member under this chapter.

Sec. 65. Section 97B.53B, subsection 1, paragraph c, unnumbered paragraph 1, Code 1999, is amended to read as follows:

"Eligible rollover distribution" means all or any portion of a member's account and supplemental account, except that an eligible rollover distribution does not include any of the following:

Sec. 66. Section 97B.60, Code 1999, is amended to read as follows:

97B.60 ACTUARIAL INVESTIGATION.

~~At least once in each two-year period~~ During calendar year 2002, and every four years thereafter, the department shall cause an actuarial investigation to be made of all experience under the retirement system. Pursuant to such an investigation, the department shall, from time to time, determine upon an actuarial basis the condition of the system and shall report to the general assembly its findings and recommendations. The department shall adopt from time to time mortality tables and all other necessary factors for use in all actuarial calculations required in connection with the retirement system.

Sec. 67. Section 97B.70, Code 1999, is amended to read as follows:

97B.70 INTEREST AND DIVIDENDS TO MEMBERS.

1. For calendar years prior to January 1, 1997, interest at two percent per annum and interest dividends declared by the department shall be credited to the member's contributions and the employer's contributions to become part of the accumulated contributions and accumulated employer contributions thereby.

a. The average rate of interest earned shall be determined upon the following basis:

(1) Investment income shall include interest and cash dividends on stock.

(2) Investment income shall be accounted for on an accrual basis.

(3) Capital gains and losses, realized or unrealized, shall not be included in investment income.

(4) Mean assets shall include fixed income investments valued at cost or on an amortized basis, and common stocks at market values or cost, whichever is lower.

(5) The average rate of earned interest shall be the quotient of the investment income and the mean assets of the retirement fund.

b. The interest dividend shall be determined within sixty days after the end of each calendar year as follows:

The dividend rate for a calendar year shall be the excess of the average rate of interest earned for the year over the statutory two percent rate plus twenty-five hundredths of one percent. The average rate of interest earned and the interest dividend rate in percent shall be calculated to the nearest one hundredth, that is, to two decimal places. Interest and interest dividends calculated pursuant to this subsection shall be compounded annually.

2. For calendar years beginning January 1, 1997, a per annum interest rate at one percent above the interest rate on one-year certificates of deposit shall be credited to the member's contributions and the employer's contributions to become part of the accumulated contributions and accumulated employer contributions account. For purposes of this subsection, the interest rate on one-year certificates of deposit shall be determined by the department based on the average rate for such certificates of deposit as of the first business day of each year as published in a publication of general acceptance in the business community. The per annum interest rate shall be credited on a quarterly basis by applying one-quarter of the annual interest rate to the sum of the accumulated contributions and the accumulated employer contributions as of the end of the previous calendar quarter.

3. Interest shall be credited to the accumulated contributions and accumulated employer contributions accounts, and supplemental accounts of active members, inactive vested members, and, effective January 1, 1999, to inactive nonvested members, until the quarter prior to the quarter in which the member's first retirement allowance is paid or in which the member is issued a refund under section 97B.53, or in which a death benefit is issued.

4. Prior to January 1, 1999, interest and interest dividends shall be credited to the accumulated contributions and accumulated employer contributions account of a person who leaves the contributions in the retirement fund upon termination from covered employment prior to achieving vested status, but who subsequently returns to covered employment.

Upon return to covered employment but prior to January 1, 1999, interest and interest dividends shall be credited to the accumulated contributions and accumulated employer contributions account of the person commencing upon the date on which the person has covered wages.

5. If the department no longer maintains the accumulated contribution and accumulated employer contributions account of the person pursuant to this chapter, but the person submits satisfactory proof to the department that the person, or the person's employer, did make the contributions that should be included in the accumulated contributions and accumulated employer contributions account, the department shall credit interest and interest dividends in the manner provided in subsection 4.

Sec. 68. Section 97B.73, subsection 1, Code 1999, is amended to read as follows:

1. a. A vested or retired member who has one or more full calendar years of covered wages who was in public employment comparable to employment covered under this chapter in another state or in the federal government, or who was a member of another public retirement system in this state, including but not limited to the teachers insurance annuity association-college retirement equities fund, but who was not retired under that system, upon submitting verification of membership and service in the other public system to the department, including proof that the member has no further claim upon a retirement benefit from that other public system, may make contributions as provided by this section to the system either for the entire period of service in the other public system, or for partial service in the other public system in increments of one or more calendar quarters. If the member wishes to transfer only a portion of the service value of another public system to this system and the other public system allows a partial withdrawal of a member's system credits, the member shall receive credit for membership service in this system equivalent to the period of service transferred from the other public system.

D. A vested or retired member who has five or more full calendar years of covered wages who was in public employment comparable to employment covered under this chapter in a qualified Canadian governmental entity may make contributions as provided by this section to the system and receive service credit, in increments of one or more calendar quarters, for up to the lesser of twenty quarters of service credit for such employment or the entire period of service in the other public system. Prior to receiving service credit, the member shall submit verification of membership and service in the other public system to the department, including proof that the member has no further claim upon a retirement benefit from that other public system. If the member wishes to transfer only a portion of the service value of another public system to this system and the other public system allows a partial withdrawal of a member's system credits, the member shall receive credit for membership service in this system equivalent to the period of service transferred from the other public system. For purposes of this paragraph, "qualified Canadian governmental entity" means an elementary school, secondary school, college, or university that is organized, administered, and primarily supported by the provincial, territorial, or federal governments of Canada, or any combination of the same.

Sec. 69. NEW SECTION. 97B.73B PATIENT ADVOCATES -- UNPAID CONTRIBUTIONS -- SERVICE PURCHASE.

1. Notwithstanding the provisions of section 97B.9, to the contrary, unpaid contributions for a person classified as a patient advocate under section 229.19, for service as a patient advocate prior to July 1, 2000, shall be determined and collected as provided under section 97B.9, subsection 4, but shall be limited to the collection of underpaid contributions for a maximum of one year of service.

2. A patient advocate who becomes covered under this chapter and for whom underpaid contributions for one year of service have been paid shall be eligible to purchase membership service for service as a patient advocate prior to

July 1, 2000, in excess of the one year of service provided in this section by paying the department of personnel an amount determined as follows:

a. For a purchase of membership service prior to July 1, 2002, the total of the employee and employer contributions, without interest, on the covered wages that would have been reported to the department under the provisions of this chapter in effect for the applicable period of service.

b. For a purchase of membership service on or after July 1, 2002, the actuarial cost of the service purchase in a manner as provided in section 97B.73.

Sec. 70. NEW SECTION. 97B.80A PUBLIC EMPLOYMENT SERVICE CREDIT.

1. A vested or retired member who has five or more full calendar years of covered wages and who at any time was employed by a covered employer under this chapter but at the time of the employment was not covered by this chapter and did not opt out of coverage under this chapter, upon submitting verification of the public employment and the dates of the public employment, may make contributions to the system for up to the lesser of twenty quarters of service credit for such public employment or the entire period of the public employment, in increments of one or more calendar quarters, and receive credit for membership service and prior service for the period of time for which the contributions are made.

2. The contributions required to be made for purposes of this section shall be in an amount equal to the actuarial cost of the service purchase. For purposes of this subsection, the actuarial cost of the service purchase is an amount determined by the department in accordance with actuarial tables, as reported to the department by the system's actuary, which reflects the actuarial cost necessary to fund an increased retirement allowance resulting from the purchase of additional service.

3. The verification of the public employment and the dates of such public employment shall be made by the department prior to receiving contributions from the member.

4. A member eligible for an increased retirement allowance because of the payment of contributions under this section is entitled to receipt of retroactive adjustment payments for no more than six months immediately preceding the month in which the member pays contributions under this section.

5. A purchase of service made in accordance with this section by a retired reemployed member shall be applied to either the member's original retirement allowance, or to the member's reemployment service, whichever is more beneficial to the member. If applied to a member's original retirement allowance, or to the member's reemployment service after the retirement allowance payments for such service begin, the member is eligible to receive retroactive adjustment payments for no more than six months prior to completion of the purchase.

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

Sec. 71. NEW SECTION. 97B.80B VOLUNTEER PUBLIC SERVICE CREDIT.

1. A vested or retired member who has five or more full calendar years of covered wages and who at any time was in full-time volunteer public service, upon submitting verification of the full-time volunteer public service and the dates of the service, may make contributions to the system for up to the lesser of twenty quarters of service credit for such volunteer public service or the entire period of the volunteer public service, in increments of one or more calendar quarters, and receive credit for membership service and prior service for the period of time for which the contributions are made. For purposes of this section, "full-time volunteer public service" means service in the federal peace corps program.

2. The contributions required to be made for purposes of this section shall be in an amount equal to the actuarial cost of the service purchase. For purposes of this subsection, the

actuarial cost of the service purchase is an amount determined by the department in accordance with actuarial tables, as reported to the department by the system's actuary, which reflects the actuarial cost necessary to fund an increased retirement allowance resulting from the purchase of additional service.

3. The verification of the full-time volunteer public service and the dates of such service shall be made by the department prior to receiving contributions from the member.

4. A member eligible for an increased retirement allowance because of the payment of contributions under this section is entitled to receipt of retroactive adjustment payments for no more than six months immediately preceding the month in which the member pays contributions under this section.

5. A purchase of service made in accordance with this section by a retired reemployed member shall be applied to either the member's original retirement allowance, or to the member's reemployment service, whichever is more beneficial to the member. If applied to a member's original retirement allowance, or to the member's reemployment service after the retirement allowance payments for such service begin, the member is eligible to receive retroactive adjustment payments for no more than six months prior to completion of the purchase.

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

Sec. 72. NEW SECTION. 97B.82 PURCHASE OF SERVICE CREDIT -- DIRECT ROLLOVERS.

Effective July 1, 2002, a member may purchase any service credit permitted under this chapter by means of a direct rollover pursuant to rules adopted by the department and consistent with applicable requirements of the Internal Revenue Code. For purposes of this section, a "direct rollover" means a transfer to the system of an eligible rollover distribution from a qualified plan, including an

eligible rollover distribution of qualified plan assets made through a conduit eligible retirement plan, all as described under the Internal Revenue Code. The amount of the direct rollover into the system cannot exceed the cost of the service purchase by a member under this chapter. Once a direct rollover is made, the member must forfeit the applicable service credit under the qualified plan from which the eligible rollover distribution is received.

Sec. 73. Section 97B.13, Code 1999, is repealed.

Sec. 74. IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM -- PAYMENT OF ALLOWANCES -- ACTIVE MEMBER RETIREMENT.

Notwithstanding any provision of chapter 97B to the contrary, an eligible member who terminates employment covered by chapter 97B on or after January 1, 2000, shall have the member's monthly retirement allowance recalculated using the applicable formula for determining a retirement allowance pursuant to sections 97B.49A through 97B.49G, as applicable, in place at the time of the member's termination from employment. For purposes of this section, an "eligible member" is a member who commenced receiving a retirement allowance pursuant to section 97B.48, subsection 3, prior to July 1, 2000.

Sec. 75. IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM -- DEATH BENEFIT ELECTION.

1. Notwithstanding any provision of chapter 97B to the contrary, an eligible beneficiary may elect to receive a death benefit as provided by this section in an amount as authorized pursuant to section 53 of this Act. For purposes of this section, an "eligible beneficiary" means a person who is eligible to receive, or has received, a death benefit pursuant to Iowa Code section 97B.52, subsection 1, Code 1999, as a beneficiary of a member of the Iowa public employees' retirement system who died on or after January 1, 1999, but before the date section 53 of this Act is implemented pursuant to section 81 of this Act.

2. An eligible beneficiary may elect to receive a death benefit in an amount as provided in section 53 of this Act in

lieu of a benefit as provided pursuant to section 97B.52, subsection 1, Code 1999, by filing a valid election with the Iowa public employees' retirement system in a manner prescribed by the system no later than one year following the date section 53 of this Act is implemented pursuant to section 81 of this Act.

3. An eligible beneficiary who has received a death benefit pursuant to section 97B.52, subsection 1, Code 1999, but who files an election to receive a death benefit as provided in this section shall make arrangements with the Iowa public employees' retirement system to repay any death benefits paid by the system to the eligible beneficiary prior to receipt of a death benefit as provided in this section.

4. The Iowa public employees' retirement system shall make all reasonable efforts to notify, in writing, each eligible beneficiary of the ability to elect to receive a death benefit as provided in this section in lieu of a death benefit provided pursuant to section 97B.52, subsection 1, Code 1999.

Sec. 76. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY. Section 17 of this Act, amending section 97B.1A, subsection 24, paragraph "b", being deemed of immediate importance, takes effect upon enactment and is retroactively applicable to January 1, 2000, and is applicable on and after that date.

Sec. 77. EFFECTIVE DATE. Section 44 of this Act, amending section 97B.49F, subsection 2, paragraph "c", being deemed of immediate importance, takes effect upon enactment.

Sec. 78. APPLICABILITY. Section 97B.51, subsection 1, paragraph "d", subparagraph (2), as enacted in section 52 of this Act, shall be applicable on or after July 1, 2001.

Sec. 79. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY. Section 74 of this Act, being deemed of immediate importance, takes effect upon enactment and is retroactively applicable to January 1, 2000, and is applicable on and after that date.

Sec. 80. IMPLEMENTATION PROVISION. The department of personnel shall implement the amendment to section 97B.50, subsection 1, as provided in section 48 of this Act, on January 1, 2001, or on the date that the department determines

that the most recent annual actuarial valuation of the system indicates that the employer and employee contribution rates in effect under section 97B.11 can absorb the costs of the amendment to section 97B.50, subsection 1, whichever is later, after meeting the other established priorities of the system. As used in this section, "other established priorities of the system" means the implementation of the amendment to section 97B.52, subsection 1, as provided in section 53 of this Act. However, the amendment to section 97B.50, subsection 1, shall not be implemented until the Iowa public employees' retirement system has received a determination letter from the federal internal revenue service approving the retirement system plan's qualified status under Internal Revenue Code section 401(a), as amended by section 97B.50, subsection 1. In addition, notwithstanding section 97B.49H, the department shall not credit amounts to active member supplemental accounts provided in section 97B.49H for the calendar year beginning January 1, 2001, and each subsequent calendar year, until the amendment to section 97B.50, subsection 1, is implemented.

Sec. 81. IMPLEMENTATION PROVISION. The department of personnel shall implement the amendment to section 97B.52, subsection 1, as provided in section 53 of this Act on January 1, 2001, or on the date that the department determines that the most recent annual actuarial valuation of the system indicates that the employer and employee contribution rates in effect under section 97B.11 can absorb the costs of the amendment to section 97B.52, subsection 1, whichever is later. However, notwithstanding section 97B.49H, the department shall not credit amounts to active member supplemental accounts provided in section 97B.49H for the calendar year beginning January 1, 2001, and each subsequent calendar year, until the amendment to section 97B.52, subsection 1, is implemented.

Sec. 82. IMPLEMENTATION DATE. Section 72 of this Act, creating new section 97B.82 which establishes a direct rollover for the purchase of service credit, shall not be implemented until the Iowa public employees' retirement system

has received a determination letter from the federal internal revenue service approving the retirement system plan's qualified status under Internal Revenue Code section 401(a), as amended by section 97B.82.

Sec. 83. IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM -- PENSION PORTABILITY STUDY -- REPORT. The Iowa public employees' retirement system division shall conduct a study to consider various proposals to provide persons covered under the Iowa public employees' retirement system increased portability of pensions earned prior to coverage under the Iowa public employees' retirement system and of the pension earned under the Iowa public employees' retirement system. In conducting its study, the Iowa public employees' retirement system division shall consider proposals for allowing employees covered under the Iowa public employees' retirement system to purchase additional service credit under the Iowa public employees' retirement system based on prior public sector or private sector employment that is not covered under the system as well as proposals for enhancing the ability of employees covered under the Iowa public employees' retirement system to transfer a greater portion of the value of the pension earned under the Iowa public employees' retirement system to another pension plan upon the employee's termination of employment covered by the Iowa public employees' retirement system. On or before September 1, 2001, the Iowa public employees' retirement system division shall file a report with the legislative service bureau, for distribution to the public retirement systems committee established in section 97D.4, which contains its findings and recommendations, including any proposal or proposals for enhancing pension portability for persons covered by the Iowa public employees' retirement system. The report shall also contain any applicable actuarial information concerning the costs of any proposal or proposals included in the report.

DIVISION III
STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM

Sec. 84. Section 400.8, subsection 1, Code 1999, is amended to read as follows:

1. The commission, when necessary under the rules, including minimum and maximum age limits, which shall be prescribed and published in advance by the commission and posted in the city hall, shall hold examinations for the purpose of determining the qualifications of applicants for positions under civil service, other than promotions, which examinations shall be practical in character and shall relate to matters which will fairly test the mental and physical ability of the applicant to discharge the duties of the position to which the applicant seeks appointment. The physical examination of applicants for appointment to the positions of police officer, police matron, or fire fighter shall be held in accordance with medical protocols established by the board of trustees of the fire and police retirement system established by section 411.5 and shall be conducted by the medical board as established in section 411.5. The board of trustees may change the medical protocols at any time the board so determines. ~~The commission shall conduct a medical physical examination of an applicant for the position of police officer, police matron, or fire fighter shall be conducted~~ after a conditional offer of employment has been made to the applicant. An applicant shall not be discriminated against on the basis of height, weight, sex, or race in determining physical or mental ability of the applicant. Reasonable rules relating to strength, agility, and general health of applicants shall be prescribed. The costs of the physical examination required under this subsection shall be paid from the trust and agency fund of the city.

Sec. 85. NEW SECTION. 400.8A GUIDELINES FOR ONGOING FITNESS FOR POLICE OFFICERS AND FIRE FIGHTERS.

The board of trustees of the fire and police retirement system established by section 411.5, in consultation with the medical board established in section 411.5, shall establish and maintain protocols and guidelines for ongoing wellness and

fitness for police officers and fire fighters while in service. The board of trustees may change the protocols and guidelines at any time the board so determines. The protocols and guidelines shall be established by the board of trustees for the consideration of cities covered by this chapter and may be applied by a city for the purpose of determining continued wellness and fitness for members of the city's police and fire departments. However, the protocols and guidelines shall not be applied to members of a police or fire department of a city who are covered by chapter 20 except through the collective bargaining process as provided under chapter 20. The medical board established in section 411.5 shall provide to cities and fire and police departments assistance regarding the possible implementation and operation of the protocols and guidelines for ongoing wellness and fitness provided by this section. For purposes of this section, "wellness and fitness" means the process by which police officers and fire fighters maintain fitness for duty.

Sec. 86. Section 411.1, subsection 6, Code 1999, is amended to read as follows:

6. "Child" means only surviving issue of a deceased active or retired member, or a child legally adopted by a deceased member prior to the member's retirement. "Child" includes only an individual who is under the age of eighteen years, an individual who is under the age of twenty-two years and is a full-time student, or an individual who is disabled at the time under the definitions used in section ~~402~~ 202 of the Social Security Act as amended if the disability occurred to the individual during the time the individual was under the age of eighteen years and the parent of the individual was an active member of the system.

Sec. 87. Section 411.1, subsection 10, Code 1999, is amended to read as follows:

10. "Medical board" shall mean the ~~board of physicians~~ single medical provider network designated by the system as the medical board as provided for in section 411.5.

Sec. 88. Section 411.1, subsection 12, Code 1999, is amended to read as follows:

12. "Membership service" shall mean service as a police officers officer or a fire fighters fighter rendered since ~~last-becoming-a-member,-or,-where-membership-is-regained-as provided-in-this-chapter,-all-of-such-service for a city which is credited as service pursuant to section 411.4.~~

Sec. 89. Section 411.1, subsection 19, Code 1999, is amended to read as follows:

19. "Surviving spouse" shall mean the surviving spouse of a ~~marriage-solemnized-prior-to-retirement-of-a~~ deceased member from active service. Surviving spouse shall include a former spouse only if the division of assets in the dissolution of marriage decree pursuant to section 598.17 grants the former spouse rights of a spouse under this chapter. ~~If there is no surviving-spouse-of-a-marriage-solemnized-prior-to-retirement of-a-deceased-member,-surviving-spouse-includes-a-surviving spouse-of-a-marriage-of-two-years-or-more-duration-solemnized subsequent-to-retirement-of-the-member.~~

Sec. 90. Section 411.1A, Code 1999, is amended to read as follows:

411.1A PURPOSE OF CHAPTER.

The purpose of this chapter is to promote economy and efficiency in the municipal public safety service by providing doing the following:

1. Provide an orderly means for police officers and fire fighters to have a retirement system which will provide for the payment of pensions to retired members and members incurring disabilities, and to the surviving spouses and dependents of deceased members.

2. Provide a comprehensive disability program for police officers and fire fighters to include standards for entrance physical examinations, guidelines for ongoing fitness and wellness, disability pensions, and postdisability retirement compliance requirements.

Sec. 91. Section 411.3, subsection 2, Code 1999, is amended to read as follows:

2. Should any member ~~in-any-period-of-five-consecutive years-after-last-becoming-a-member,-be-absent-from-service-for more-than-four-years~~ cease to be employed as a police officer or fire fighter by a city, or should the member become a beneficiary or die, the member shall thereupon cease to be a member of the system.

Sec. 92. Section 411.4, Code 1999, is amended to read as follows:

411.4 SERVICE CREDITABLE.

1. Service for fewer than six months of a year is not creditable as service. Service of six months or more of a year is equivalent to one year of service, but in no case shall more than one year of service be creditable for all service in one calendar year, nor shall the system allow credit as service for any period of more than one month duration during which the member was absent without pay.

2. The system shall credit as service for a member of the system a previous period of service for-which-the only under any of the following circumstances:

a. The member had withdrawn the member's accumulated contributions, as defined in section 411.21, for the previous period of service.

b. The member returned to service after an absence of service of a period of less than four years from the last day of the prior period of service.

c. The member returned to service after an absence of service of a period of four or more years from the last day of the prior period of service and the member had sufficient service as of the last day of the prior period of service to have been entitled to a retirement allowance on that date under section 411.6, subsection 1, paragraph "b".

Sec. 93. Section 411.5, subsection 6, Code 1999, is amended by adding the following new paragraph:

NEW PARAGRAPH. c. Notwithstanding any provision of chapter 22 to the contrary, the system's records may be released to any political subdivision, instrumentality, or agency of the state solely for use in a civil or criminal law

enforcement activity pursuant to the requirements of this paragraph. To obtain the records, the political subdivision, instrumentality, or agency of the state shall, in writing, certify to the system that the activity is authorized by law, provide a written description of the information desired, and describe the law enforcement activity for which the information is sought. The system shall not be civilly or criminally liable for the release of records in accordance with the requirements of this paragraph.

Sec. 94. Section 411.5, subsection 8, Code 1999, is amended to read as follows:

8. MEDICAL BOARD. The system board of trustees shall designate a single medical provider network as the medical board to-be-composed-of-three-physicians-who for the system. The medical board shall arrange for and pass upon all medical examinations required under the provisions of chapter 400 and this chapter, ~~except that for~~ and shall assist the system in all aspects of the comprehensive disability program described in section 411.1A. For examinations required because of disability ~~three-physicians, a physician from the university of Iowa hospitals and clinics-who~~ medical board specializing in occupational medicine, and a second physician specializing in an appropriate field of medicine as determined by the occupational medicine physician shall pass upon the medical examinations required for disability retirements, and shall report to the system in writing ~~its~~ their conclusions and recommendations upon all matters referred to ~~it~~ the medical board. Each report of a medical examination under section 411.6, subsections 3 and 5, shall include the medical board's findings in accordance with section 411.6 as to the extent of the member's physical impairment.

Sec. 95. Section 411.6, subsection 2, Code 1999, is amended to read as follows:

2. ALLOWANCE ON SERVICE RETIREMENT.

a. The service retirement allowance for a member who terminates service, other than by death or disability, prior to July 1, 1990, shall consist of a pension which equals fifty percent of the member's average final compensation.

b. The service retirement allowance for a member who terminates service, other than by death or disability, on or after July 1, 1990, but before July 1, 1992, shall consist of a pension which equals fifty-four percent of the member's average final compensation.

c. Commencing July 1, 1992, for members who terminate service, other than by death or disability, on or after that date, but before July 1, 2000, the system shall increase the percentage multiplier of the member's average final compensation by an additional two percent each July 1 until reaching sixty percent of the member's average final compensation. The applicable percentage multiplier shall be the rate in effect on the date of the member's termination from service.

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

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

(1) For a member who terminates service, other than by death or disability, on or after July 1, 1990, but before July 1, 1991, and who does not withdraw the member's contributions pursuant to section 411.23, upon the member's retirement there shall be added three-tenths percent of the member's average final compensation for each year of service over twenty-two years, excluding years of service after the member's fifty-fifth birthday. However, this subparagraph does not apply to more than eight additional years of service.

(2) For a member who terminates service, other than by death or disability, on or after July 1, 1991, but before October 16, 1992, and who does not withdraw the member's contributions pursuant to section 411.23, upon the member's retirement there shall be added six-tenths percent of the

member's average final compensation for each year of service over twenty-two years, excluding years of service after the member's fifty-fifth birthday. However, this subparagraph does not apply to more than eight additional years of service.

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

(4) For a member who terminates service, other than by death or disability, on or after July 1, 1998, but before July 1, 2000, and who does not withdraw the member's contributions pursuant to section 411.23, upon the member's retirement 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. However, this subparagraph does not apply to more than eight additional years of service.

(5) For a member who terminates service, other than by death or disability, on or after July 1, 2000, and who does not withdraw the member's contributions pursuant to section 411.23, upon the member's retirement there shall be added two percent of the member's average final compensation for each year of service over twenty-two years. However, this subparagraph does not apply to more than eight additional years of service.

Sec. 96. Section 411.6, subsection 5, paragraph b, Code 1999, is amended to read as follows:

b. If a member in service or the chief of the police or fire departments becomes incapacitated for duty as a natural or proximate result of an injury or disease incurred in or aggravated by the actual performance of duty at some definite time or place or while acting, pursuant to order, outside the city by which the member is regularly employed, the member, upon being found to be temporarily incapacitated following a

medical examination as directed by the city, is entitled to receive the member's full pay and allowances from the city's general fund until re-examined as directed by the city and found to be fully recovered or until the city determines that the member is likely to be permanently disabled. The ~~if the~~ temporary incapacity of a member continues more than sixty days, or if the city expects the incapacity to continue more than sixty days, the city shall notify the system of the temporary incapacity. Upon notification by a city, the system may refer the matter to the medical board for review and consultation with the member's treating physician during the temporary incapacity. Except as provided by this paragraph, the board of trustees of the statewide system has no jurisdiction over these matters until the city determines that the disability is likely to be permanent.

Sec. 97. Section 411.6, subsection 6, paragraph c, Code 1999, is amended to read as follows:

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

Sec. 98. Section 411.6, subsection 7, unnumbered paragraph 1, Code 1999, is amended to read as follows:

Once each year during the first five years following the retirement of a member on a disability retirement allowance, and once in every three-year period thereafter, the system may, and upon the member's application shall, require any disability beneficiary who has not yet attained age fifty-five to undergo a medical examination at a place designated by the medical board. The examination shall be made by the medical board or in special cases, by an additional physician or physicians designated by such board. If any disability beneficiary who has not attained the age of fifty-five refuses to submit to the medical examination, the member's allowance

may be discontinued until withdrawal of such refusal, and if the refusal continues for one year all rights in and to the member's pension may be revoked by the system. For a disability beneficiary who has not attained the age of fifty-five and whose entitlement to a disability retirement commenced on or after July 1, 2000, the medical board may, as part of the examination required by this subsection, suggest appropriate medical treatment or rehabilitation if, in the opinion of the medical board, the recommended treatment or rehabilitation would likely restore the disability beneficiary to duty.

Sec. 99. Section 411.6, subsection 7, paragraph a, unnumbered paragraph 1, Code 1999, is amended to read as follows:

Should any beneficiary for either ordinary or accidental disability, except a beneficiary who is fifty-five years of age or over ~~and would have completed twenty-two years of service if the beneficiary had remained in active service~~, be engaged in a gainful occupation paying more than the difference between the member's net retirement allowance and one and one-half times the earnable compensation of an active member at the same position on the salary scale within the member's rank as the member held at retirement, then the amount of the member's retirement allowance shall be reduced to an amount such that the member's net retirement allowance plus the amount earned by the member shall equal one and one-half times the amount of the current earnable compensation of an active member at the same position on the salary scale within the member's rank as the member held at retirement. Should the member's ~~earning capacity~~ earnings be later changed, the amount of the member's retirement allowance may be further modified, provided that the new retirement allowance shall not exceed the amount of the retirement allowance adjusted by annual readjustments of pensions pursuant to subsection 12 of this section nor an amount which would cause the member's net retirement allowance, when added to the amount earned by the beneficiary, to equal one and one-

half times the amount of the earnable compensation of an active member at the same position on the salary scale within the member's rank as the member held at retirement. A beneficiary restored to active service at a salary less than the average final compensation upon the basis of which the member was retired at age fifty-five or greater, shall not again become a member of the retirement system and shall have the member's retirement allowance suspended while in active service. If the rank or position held by the retired member is subsequently abolished, adjustments to the allowable limit on the amount of income which can be earned in a gainful occupation shall be computed by the board of trustees as though such rank or position had not been abolished and salary increases had been granted to such rank or position on the same basis as increases granted to other ranks and positions in the department. For purposes of this paragraph, "net retirement allowance" means the amount determined by subtracting the amount paid during the previous calendar year by the beneficiary for health insurance or similar health care coverage for the beneficiary and the beneficiary's dependents from the amount of the member's retirement allowance paid for that year pursuant to this chapter. The beneficiary shall submit sufficient documentation to the system to permit the system to determine the member's net retirement allowance for the applicable year.

Sec. 100. Section 411.6, subsection 7, Code 1999, is amended by adding the following new paragraph:

NEW PARAGRAPH. c. Should a disability beneficiary under age fifty-five be employed in a public safety occupation, the disability beneficiary's retirement allowance shall cease. Notwithstanding any provision of this chapter to the contrary, if a disability beneficiary is employed in a public safety occupation that would otherwise constitute membership service, the disability beneficiary shall not become a member of the system. For purposes of this paragraph, "public safety occupation" means a peace officer, as defined in section 97A.1; a protection occupation, as defined in section 97B.49B;

a sheriff, deputy sheriff, or airport fire fighter, as defined in section 97B.49C; and a police officer or fire fighter as defined in section 411.1, who was not restored to active service as provided by this subsection.

Sec. 101. Section 411.6, subsection 8, Code 1999, is amended to read as follows:

8. ORDINARY DEATH BENEFIT.

a. Upon the receipt of proof of the death of a member in service, or a member not in service who has completed four or more years of service as provided in subsection 1, paragraph "b", there shall be paid to the person designated by the member to the system as the member's beneficiary, if the member has had one or more years of membership service and no pension is payable under subsection 9, an the greater of the following:

(1) An amount equal to fifty percent of the compensation earnable by the member during the year immediately preceding the member's death if the member is in service, or an amount equal to fifty percent of the compensation earned by the member during the member's last year of service if the member is not in service.

(2) An amount the member would have been entitled to withdraw pursuant to section 411.23 if the member had terminated service on the date of the member's death.

b. In lieu of the payment specified in paragraph "a", a beneficiary meeting the qualifications of paragraph "c" may elect to receive a monthly pension equal to one-twelfth of forty percent of the average final compensation of the member, but not less than twenty percent of the monthly earnable compensation paid to an active member holding the highest grade in the rank of fire fighter, for a beneficiary of a deceased member of a fire department, or the highest grade in the rank of police patrol officer, for a beneficiary of a deceased member of a police department, if the member was in service at the time of death. For a member not in service at the time of death, the pension shall be reduced as provided in subsection 1, paragraph "b".

For a member not in service at the time of death, the pension shall be paid commencing when the member would have attained the age of fifty-five except that if there is a child of the member, the pension shall be paid commencing with the member's death until the ~~children-reach-the-age-of-eighteen,~~ or-twenty-two-if-applicable child of the member no longer meets the definition of child as provided in section 411.1. The pension shall resume commencing when the member would have attained the age of fifty-five.

For a member in service at the time of death, the pension shall be paid commencing with the member's death. In addition to the pension, there shall also be paid for each child of a member, a monthly pension equal to six percent of the monthly earnable compensation paid to an active member holding the highest grade in the rank of fire fighter, for a child of a deceased member of a fire department, or the highest grade in the rank of police patrol officer, for a child of a deceased member of a police department.

Notwithstanding section 411.6, subsection 8, Code 1985, effective July 1, 1990, for a member's surviving spouse who, prior to July 1, 1986, elected to receive pension benefits under this paragraph, the monthly pension benefit shall be equal to the higher of one-twelfth of forty percent of the average final compensation of the member, or the amount the surviving spouse was receiving on July 1, 1990.

c. The pension under paragraph "b" may be selected only by the following beneficiaries:

(1) The spouse.

(2) If there is no spouse, or if the spouse dies and there is a child of a member, then the ~~guardian-of-the~~ member's child or children, divided-as-the-system-determines, to ~~continue-as-a-joint-and-survivor-pension-until-every-child-of~~ the-member-dies-or-attains-the-age-of-eighteen, or-twenty-two if-applicable in equal shares. The pension to each child shall terminate when the child no longer meets the definition of child in section 411.1.

(3) If there is no surviving spouse or child, then the member's dependent father or mother, or both, as the system determines, to continue until remarriage or death.

d. ~~If there is no nomination of the member failed to designate a beneficiary, or if the beneficiary designated by the member predeceases the member,~~ the benefits provided in paragraph "a" of this subsection shall be paid ~~to the member's estate~~ as follows in the following order of priority:

- (1) To the member's surviving spouse.
- (2) To the member's surviving children, including any adult children, in equal shares.
- (3) To the member's surviving parents, in equal shares.
- (4) To the member's estate.
- (5) To the member's heirs if the estate is not probated.

Sec. 102. Section 411.6, subsection 9, Code 1999, is amended to read as follows:

9. ACCIDENTAL DEATH BENEFIT.

a. If, upon the receipt of evidence and proof from the chief of the police or fire department that the death of a member in service was the natural and proximate result of an injury or disease incurred in or aggravated by the actual performance of duty at some definite time and place, or while acting pursuant to order, outside of the city by which the member is regularly employed, the system decides that death was so caused in the performance of duty, there shall be paid, in lieu of the ordinary death benefit provided in subsection 8, ~~to the member's estate or to such person having an insurable interest in the member's life as the member has nominated by written designation duly executed and filed with the system, the benefits~~ an accidental death benefit as set forth in paragraphs "a" and "b" of this subsection. Disease under this subsection shall mean heart disease or any disease of the lungs or respiratory tract and shall be presumed to have been contracted while on active duty as a result of strain or the inhalation of noxious fumes, poison, or gases.

a- b. An accidental death benefit pension equal to one-half of the average final compensation of the member shall be

~~paid to the member's spouse, children or dependent parents as provided in paragraphs "c", "d", and "e" of subsection 8 of this section.~~ There as follows:

- (1) To the member's spouse.
- (2) If there is no spouse, or if the spouse dies and there is a child of the member, then to the member's child or children in equal shares. The pension to each child shall terminate when the child no longer meets the definition of child in section 411.1.

(3) If there is no surviving spouse or child, then to the member's dependent father or mother, or both, as the system determines, to continue until remarriage or death.

c. In addition to the accidental death benefit pension provided in paragraph "b", there shall also be paid for each child of a member a monthly pension equal to six percent of the monthly earnable compensation paid to an active member holding the highest grade in the rank of fire fighter, for a child of a deceased member of a fire department, or holding the highest grade in the rank of police patrol officer, for a child of a deceased member of a police department.

d. A person eligible to receive the pension payable under paragraph "b" of this subsection may elect to receive the benefit payable under subsection 8, paragraph "a", in lieu of the pension provided in paragraph "b" of this subsection.

b- e. If there is no spouse, child, or dependent parent surviving a deceased member person entitled to the pension payable under paragraph "b" of this subsection, the death shall be treated as an ordinary death case and the benefit payable under subsection 8, paragraph "a", in lieu of the pension provided in paragraph "a" of this subsection, shall be paid to the member's estate as provided by that subsection.

~~Disease under this subsection shall mean heart disease or any disease of the lungs or respiratory tract and shall be presumed to have been contracted while on active duty as a result of strain or the inhalation of noxious fumes, poison, or gases.~~

Sec. 103. Section 411.6, subsection 11, Code 1999, is amended to read as follows:

11. Pension to spouse and children of deceased pensioned member. In the event of the death of any member receiving a retirement allowance under the provisions of subsections 2, 4, or 6 of this section there shall be paid a pension:

a. To the spouse, equal to one-half the amount received by the deceased beneficiary, but in no instance less than twenty percent of the monthly earnable compensation paid to an active member holding the highest grade in the rank of fire fighter, for a beneficiary of a deceased member of the fire department, or the highest grade in the rank of police patrol officer, for a beneficiary of a deceased member of a police department, and in addition a monthly pension equal to the monthly pension payable under subsection 9 of this section for each child under-eighteen-years-of-age-or-twenty-two-years-of-age-if applicable; or

b. If the spouse dies either prior or subsequent to the death of the member, to the guardian of each surviving child, a monthly pension equal to the monthly pension payable under subsection 9 of this section for the support of the child.

Sec. 104. Section 411.6, Code 1999, is amended by adding the following new subsection:

NEW SUBSECTION. 14. BENEFICIARY DESIGNATION. A member may designate, in writing on a form prescribed by the system, any person or persons to whom the system will pay a death benefit under this section in the event of the member's death. If the member is married at the time a designation is signed, a designation of a beneficiary other than the member's spouse shall not be valid unless the member's spouse consents in writing to the designation. A designation filed with the system shall be deemed revoked if, subsequent to the designation, a new designation is filed with the system, the member marries, or the member divorces the individual who was the member's named beneficiary.

Sec. 105. Section 411.6, Code 1999, is amended by adding the following new subsection:

NEW SUBSECTION. 15. LINE OF DUTY DEATH BENEFIT.

a. If, upon the receipt of evidence and proof from the chief of the police or fire department that the death of a member in service was the direct and proximate result of a traumatic personal injury incurred in the line of duty, the system decides that death was so caused, there shall be paid, to a person authorized to receive an accidental death benefit as provided in subsection 9, paragraph "b", the amount of one hundred thousand dollars, which shall be payable in a lump sum.

b. A line of duty death benefit shall not be payable under this subsection if any of the following applies:

(1) The death resulted from stress, strain, occupational illness, or a chronic, progressive, or congenital illness, including, but not limited to, a disease of the heart, lungs, or respiratory system, unless a traumatic personal injury was a substantial contributing factor to the member's death.

(2) The death was caused by the intentional misconduct of the member or by the member's intent to cause the member's own death.

(3) The member was voluntarily intoxicated at the time of death.

(4) The member was performing the member's duties in a grossly negligent manner at the time of death.

(5) An individual who would otherwise be entitled to a benefit under this subsection was, through the individual's actions, a substantial contributing factor to the member's death.

Sec. 106. Section 411.6, Code 1999, is amended by adding the following new subsection:

NEW SUBSECTION. 16. INELIGIBILITY FOR DISABILITY BENEFITS.

a. A member otherwise eligible to receive a disability retirement benefit under this chapter shall not be eligible to receive such a benefit if the system determines that any of the following conditions for ineligibility apply:

(1) The disability would not exist but for the member's chemical dependency, as defined in section 125.2, on a

schedule I controlled substance, as defined in section 124.204, or the member's chemical dependency on a schedule II controlled substance, as defined in section 124.206, resulting from the inappropriate use of the schedule II controlled substance.

(2) The disability is a mental disability proximately caused by appropriate disciplinary actions taken against the member, or by conflicts with a superior or coworker if the superior or coworker was acting legally and appropriately toward the member when the conflicts occurred.

b. A member otherwise eligible to receive a disability retirement benefit under this chapter, or who is receiving such a benefit, shall not be eligible to receive such a benefit beginning with the month following the determination by the system that the disability would not exist but for the action of the member for which the member has been convicted of a felony.

c. A member eligible to commence receiving a disability benefit on or after July 1, 2000, may be ineligible to receive a disability retirement benefit if the system determines that the member's alcoholism or drug addiction was a contributing factor material to the determination of the member's disability. Upon a determination that the member's alcoholism or drug addiction was a contributing factor in the member's disability, the system shall direct the member to undergo substance abuse treatment that the medical board determines is appropriate to treat the member's alcoholism or drug addiction. After the end of a twenty-four-month period following the member's first month of entitlement to a disability benefit, the system shall reevaluate the member's disability. If the system determines that the member failed to comply with the treatment program prescribed by this paragraph and that the member would not be disabled but for the member's alcoholism or drug addiction, the member's entitlement to a disability benefit under this chapter shall terminate effective the first day of the first month following the month the member is notified of the system's determination.

Sec. 107. Section 411.6, Code 1999, is amended by adding the following new subsection:

NEW SUBSECTION. 17. LIMITATIONS ON BENEFITS -- PRISONERS.

a. An individual who is otherwise entitled to a retirement allowance under this chapter shall not receive a retirement allowance for any month during which both of the following conditions exist:

(1) The individual is confined in a jail, prison, or correctional facility pursuant to the individual's conviction of a felony.

(2) The individual has a spouse, or a child or children, as defined in section 411.1.

b. The amount of the retirement allowance not paid to the individual under paragraph "a" shall be paid in the following order of priority:

(1) To the individual's spouse, if any.

(2) If there is no spouse, then to the individual's child or children, as defined in section 411.1.

c. This subsection shall not be construed in a manner that impairs the rights of any individual under a marital property, spousal support, or child support order. In addition, this subsection shall not be construed to impair the statutory rights of a governmental entity, including, but not limited to, the right of a governmental entity to collect an amount for deposit in the victim compensation fund established in chapter 915.

Sec. 108. Section 411.11, Code 1999, is amended to read as follows:

411.11 CONTRIBUTIONS BY THE CITY.

1. On or before January 1 of each year the system shall certify to the superintendent of public safety of each participating city the amounts which will become due and payable during the year next following to the fire and police retirement fund. The amounts so certified shall be included by the superintendent of public safety in the annual budget estimate. The amounts so certified shall be appropriated by the respective cities and transferred to the retirement system

for the ensuing year. The cities shall annually levy a tax sufficient in amount to cover the appropriations.

2. Amounts paid by a city to a member as back pay that would have constituted earnable compensation if paid when earned shall be allocated by the system as earnable compensation to the period or periods for which paid and employer and employee contributions shall be paid to the system for the amounts. The contribution rate to be applied to such amounts shall be determined pursuant to section 411.8 based on the rates in effect for the period or periods to which the amounts are allocated. Interest on the contributions required to be paid shall be calculated pursuant to this section as if the contributions were unpaid as of the date the contributions would have been due if the back pay had been paid to the member during the period in which it was due. The requirements of this subsection apply regardless of whether the back pay is made under a covenant not to sue, compromise settlement, denial of liability, or other agreement between the member and the employer.

3. Contributions unpaid on the date on which they are due and payable as prescribed by the system shall bear interest at the greater of the interest rate assumption adopted by the board of trustees or the rate of interest on the short-term investment fund account of the system's custodial bank for the period the contributions remain unpaid. Interest due pursuant to this section may be waived by the system pursuant to rules adopted by the board. Interest collected pursuant to this section shall be paid into the retirement fund created in section 411.8.

4. If an employer fails to pay contributions or interest as required by this chapter after receiving thirty days' notice of the employer's obligation, the system may maintain a civil action to collect the unpaid contributions and interest from the employer, which action shall be heard as expeditiously as possible. If the system prevails in the civil action to recover unpaid contributions and interest, the court shall require the employer to pay the costs of the action.

Sec. 109. Section 411.22, Code 1999, is amended to read as follows:

411.22 LIABILITY OF THIRD PARTIES -- SUBROGATION.

1. If a member receives an injury or dies for which benefits are payable under section 411.6, subsection 3, or 5, 8, or 9, or section 411.15, and if the injury or death is caused under circumstances creating a legal liability for damages against a third party other than the retirement system, the retirement system is subrogated to the rights of the member or the member's legal representative beneficiary entitled to receive a death benefit and may maintain an action for damages against the third party for lost earnings and lost earnings capacity. If the retirement system recovers damages in the action, the court shall enter judgment for distribution of the recovery as follows:

a. A sum sufficient to repay the retirement system for the amount of such benefits actually paid by the retirement system up to the time of the entering of the judgment.

b. A sum sufficient to pay the retirement system the present worth, computed at the interest rate provided in section 535.3 for court judgments and decrees, of the future payments of such benefits, for which the retirement system is liable, but the sum is not a final adjudication of the future payments which the member is entitled to receive.

c. A sum sufficient to repay the retirement system for the costs and expenses of maintaining the action.

d. Any balance remaining after the repayments provided by paragraphs "a" through "c" shall be paid to the injured member, or the beneficiary under section 411.6, subsection 8 or 9, whichever is applicable.

2. If the system, after receiving written notice of the third-party liability, declines in writing to maintain an action against the third party or fails to maintain an action within one hundred eighty days of receiving written notice of the third-party liability, the member, the member's estate, or the legal representative of the member or the member's estate, may maintain an action for damages against the third party.

If a member or a member's legal representative commences such an action is commenced, the plaintiff member, estate, or representative shall serve a copy of the original notice upon the retirement system not less than ten days before the trial of the action, but a failure to serve the notice does not prejudice the rights of the retirement system, and the following rights and duties ensue:

a. The retirement system shall be indemnified out of the recovery of damages to the extent of benefit payments made paid or awarded by the retirement system, with legal interest, except that the plaintiff member's or estate's attorney fees may be first allowed by the district court. For purposes of this paragraph, "benefit payments paid or awarded" means the sum of the following amounts:

(1) The amount of benefits actually paid by the retirement system up to the time of the entering of the judgment.

(2) The present worth, computed at the interest rate provided in section 535.3 for court judgments and decrees, of the future payments of such benefits, for which the retirement system is liable, but the sum is not a final adjudication of the future payments which the member is entitled to receive.

b. The retirement system has a lien on the damage claim against the third party and on any judgment on the damage claim for benefits for which the retirement system is liable. In order to continue and preserve the lien, the retirement system shall file a notice of the lien within thirty days after receiving a copy of the original notice in the office of the clerk of the district court in which the action is filed.

~~2--If a member fails to bring an action for damages against a third party within thirty days after the retirement system requests the member in writing to do so, the retirement system is subrogated to the rights of the member and may maintain the action against the third party, and may recover damages for the injury to the same extent that the member may recover damages for the injury,--if the retirement system recovers damages in the action, the court shall enter judgment for distribution of the recovery as follows:~~

~~a--A sum sufficient to repay the retirement system for the amount of such benefits actually paid by the retirement system up to the time of the entering of the judgment;~~

~~b--A sum sufficient to pay the retirement system the present worth, computed at the interest rate provided in section 535.3 for court judgments and decrees, of the future payments of such benefits, for which the retirement system is liable, but the sum is not a final adjudication of the future payments which the member is entitled to receive;~~

~~c--Any balance shall be paid to the member;~~

3. Before a settlement is effective between the retirement system and a third party who is liable for an injury or death, the member or beneficiary must consent in writing to the settlement; and if the settlement is between the member or the member's estate and a third party, the retirement system must consent in writing to the settlement; or on refusal to consent, in either case, the district court in the county in which either the city or the retirement system is located must consent in writing to the settlement.

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

Sec. 110. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY. Sections 88, 91, 92, 105, and 108 of this Act, amending section 411.1, subsection 12; section 411.3; section 411.4; section 411.6, by creating new subsection 15; and section 411.11, being deemed of immediate importance, take effect upon enactment and are retroactively applicable to January 1, 1992, and are applicable on and after that date.

Sec. 111. EFFECTIVE DATE. Section 87 of this Act amending section 411.1, subsection 10, and section 94 of this Act, amending section 411.5, subsection 8, take effect July 1, 2001.

DIVISION IV
JUDICIAL RETIREMENT SYSTEM

Sec. 112. Section 602.9104, subsection 1, Code 1999, is amended to read as follows:

1. A judge to whom this article applies, shall be paid an amount equal to ~~ninety-six~~ ninety-five percent of the basic salary of the judge as set by the general assembly. An amount equal to ~~four~~ five percent of the basic salary of the judge as set by the general assembly is designated as the judge's contribution to the judicial retirement fund, and shall be paid by the state in the manner provided in subsection 2.

Sec. 113. Section 602.9104, subsection 4, paragraph a, subparagraph (2), Code 1999, is amended to read as follows:

(2) "Fully funded status" means that the most recent actuarial valuation reflects that, using the aggregate-cost projected unit credit method in accordance with generally recognized and accepted actuarial principles and practices set forth by the American academy of actuaries, the funded status of the system is at least one hundred percent.

Sec. 114. Section 602.9104, subsection 4, paragraph b, Code 1999, is amended to read as follows:

b. Effective with the fiscal year commencing July 1, 1994, and for each subsequent fiscal year until the system attains fully funded status, based upon the benefits provided for judges through the judicial retirement system as of July 1, 2001, the state shall contribute annually to the judicial retirement fund an amount equal to at least twenty-three and seven-tenths percent of the basic salary of all judges covered under this article. Commencing with the first fiscal year in which the system attains fully funded status, based upon the benefits provide for judges through the judicial retirement system as of July 1, 2001, and for each subsequent fiscal year, the state shall contribute to the judicial retirement

fund the required contribution rate. The state's contribution shall be appropriated directly to the judicial retirement fund.

Sec. 115. Section 602.9107, subsection 1, Code 1999, is amended to read as follows:

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

b. "Specified percentage", for purposes of this section, means as follows:

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

(2) For judges who retire and receive an annuity on or after July 1, 1998, but before July 1, 2000, the specified percentage shall be fifty-two percent.

(3) For judges who retire and receive an annuity on or after July 1, 2000, but before July 1, 2001, the specified percentage shall be fifty-six percent.

(4) For judges who retire and receive an annuity on or after July 1, 2001, the specified percentage shall be sixty percent.

Sec. 116. Section 602.9204, Code Supplement 1999, is amended to read as follows:

602.9204 SALARY -- ANNUITY OF SENIOR JUDGE AND RETIRED SENIOR JUDGE.

1. A judge who retires on or after July 1, 1994, and who is appointed a senior judge under section 602.9203 shall be paid a salary as determined by the general assembly. A senior

judge or retired senior judge shall be paid an annuity under the judicial retirement system in the manner provided in section 602.9109, but computed under this section in lieu of section 602.9107, as follows: The annuity paid to a senior judge or retired senior judge shall be an amount equal to three percent of the basic senior judge salary, multiplied by the judge's years of service prior to retirement as a judge of one or more of the courts included under this article, for which contributions were made to the system, except the annuity of the senior judge or retired senior judge shall not exceed fifty-percent an amount equal to the applicable specified percentage of the basic senior judge salary used in calculating the annuity. However, following the twelve-month period during which the senior judge or retired senior judge attains seventy-eight years of age, the annuity paid to the person shall be an amount equal to three percent of the basic senior judge salary cap, multiplied by the judge's years of service prior to retirement as a judge of one or more of the courts included under this article, for which contributions were made to the system, except that the annuity shall not exceed fifty-percent an amount equal to the applicable specified percentage of the basic senior judge salary cap. A senior judge or retired senior judge shall not receive benefits calculated using a basic senior judge salary established after the twelve-month period in which the senior judge or retired senior judge attains seventy-eight years of age. The state shall provide, regardless of age, to an active senior judge or a senior judge with six years of service as a senior judge and to the judge's spouse, and pay for medical insurance until the judge attains the age of seventy-eight years.

2. As used in this section, unless the context otherwise requires:

a. "Applicable specified percentage" means, for a senior judge or retired senior judge, the specified percentage, as defined in section 602.9107, subsection 1, that applied on the date the judge was separated from full-time service.

a- b. "Basic senior judge salary" means the basic annual salary which the judge is receiving at the time the judge becomes separated from full-time service, as would be used in computing an annuity pursuant to section 602.9107 without service as a senior judge, plus seventy-five percent of the escalator.

b- c. "Basic senior judge salary cap" means the basic senior judge salary, at the end of the twelve-month period during which the senior judge or retired senior judge attained seventy-eight years of age, of the office in which the person last served as a judge before retirement as a judge or senior judge.

c- d. "Escalator" means the difference between the current basic salary, as of the time each payment is made up to and including the twelve-month period during which the senior judge or retired senior judge attains seventy-eight years of age, of the office in which the senior judge last served as a judge before retirement as a judge or senior judge, and the basic annual salary which the judge is receiving at the time the judge becomes separated from full-time service as a judge of one or more of the courts included in this article, as would be used in computing an annuity pursuant to section 602.9107 without service as a senior judge.

Sec. 117. JUDICIAL RETIREMENT SYSTEM -- LEGISLATIVE INTENT -- NOTIFICATION -- REPORT.

1. It is the intent of the general assembly that once the judicial retirement system attains fully funded status based upon the benefits provided for judges through July 1, 2001, the employer and employee contribution rates established to fund the judicial retirement system should be adjusted to reflect the ratio of employer and employee contribution rates required under the Iowa public employees' retirement system.

2. The state court administrator shall notify, in writing, the public retirement systems committee established in section 97D.4, when the state court administrator anticipates that the judicial retirement system is within two additional fiscal years of attaining fully funded status as defined in section

602.9104 based upon the benefits provided for judges through July 1, 2001. In addition, the state court administrator shall, following the notification to the committee as provided in this section and in consultation with the Iowa judges association, conduct a study and submit a report, including its findings and recommendations, to the public retirement systems committee prior to the next scheduled meeting of the committee concerning appropriate methods of adequately financing the judicial retirement system once the system reaches fully funded status. In conducting the study, the state court administrator shall consider, and make recommendations concerning, the appropriateness of funding the judicial retirement system by establishing employer and employee contribution rates which shall maintain the actuarial soundness of the system and which shall reflect the intent of the general assembly as contemplated in subsection 1.

Sec. 118. FIRE FIGHTER AND EMERGENCY MEDICAL SERVICES PROVIDER BENEFITS -- REPORT. The department of management shall conduct a study concerning the possible implementation of a system to provide retirement benefits to volunteer fire fighters and emergency medical service personnel and to provide death and survivor benefits, including but not limited to providing for payment of postsecondary education expenses of dependent children, when a volunteer fire fighter or emergency medical service provider dies in the line of duty. The study shall examine what benefits should be provided, if any, as well as possible funding mechanisms to provide any such proposed benefits, including the use of excess insurance premium tax receipts, but excluding the fire and police retirement fund created in section 411.8. In conducting the study, the department shall consult with the department of public safety; the department of personnel; and representatives from the Iowa firemen's association; the Iowa fire chief's association; the Iowa association of professional firefighters; the Iowa association of professional fire chiefs; the Iowa firefighters group; the state fire service and emergency response council, if established by law, or the

fire service institute advisory committee established by section 266.46; the Iowa emergency medical services association; and the Iowa league of cities. The department shall submit a report concerning the results of its study, including any findings and recommendations, to the general assembly by January 8, 2001.

MARY E. KRAMER
President of the Senate

BRENT SIEGRIST
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2411, Seventy-eighth General Assembly.

MICHAEL E. MARSHALL
Secretary of the Senate

Approved 4/12, 2000

THOMAS J. VILSACK
Governor