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HSB 229

JUDICIARY

Succeeded by
SF 1654

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

Passed House, Date __________ Passed Senate, Date __________
Vote: Ayes ______ Nays ______ Vote: Ayes ______ Nays ______
Approved ________________________

A BILL FOR

An Act relating to the amount of contributions to and accumulated increases in the value of certain retirement plans which are exempt from creditors and providing an effective date.

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

TLSB 1459HC 79
rh/cls/14

S.F. ________ H.F. ________

Section 1. Section 627.6, subsection 8, paragraph f, subparagraph (1), Code 2001, is amended by striking the subparagraph and inserting in lieu thereof the following:

(1) All transfers, in any amount, from a trust forming part of a stock, bonus, pension, or profit-sharing plan of an employer defined in section 401(a) of the Internal Revenue Code and of which the trust assets are exempt from taxation under section 501(a) of the Internal Revenue Code and covered by the Employee Retirement Income Security Act of 1974 (ERISA), as codified at 29 U.S.C. 1001 et seq., to either:

(a) A succeeding trust authorized under federal law on or after the effective date of this Act.

(b) An individual retirement account or individual retirement annuity established under section 408(d)(3) of the Internal Revenue Code, from which the total value, including accumulated earnings and market increases in value, may be contributed to a succeeding trust authorized under federal law on or after the effective date of this Act. For purposes of this subparagraph, transfers, in any amount, from an individual retirement account or individual retirement annuity established under section 408(d)(3) of the Internal Revenue Code are exempt.

Sec. 2. Section 627.6, subsection 8, paragraph f, Code 2001, is amended by adding the following new subparagraphs:

NEW SUBPARAGRAPH. (1A) All transfers, in any amount, from an eligible retirement plan to an individual retirement account, an individual retirement annuity, a Roth individual retirement account, or a Roth individual retirement annuity established under section 408A of the Internal Revenue Code shall be exempt from execution and from the claims of creditors.

As used in this subparagraph, "eligible retirement plan" means the funds or assets in any retirement plan established under state or federal law that meet the following requirements:

(a) Can be transferred to an individual retirement account or individual retirement annuity established under sections 408(a) and 408(b) of the Internal Revenue Code or Roth individual retirement accounts and Roth individual retirement annuities established under section 408A of the Internal Revenue Code.

(b) Are either exempt from execution under state or federal law or are excluded from a bankruptcy estate under 11 U.S.C. § 541(c)(2) et seq.

NEW SUBPARAGRAPH. (4) For Roth individual retirement accounts and Roth individual retirement annuities established under section 408A of the Internal Revenue Code and similar plans for retirement investments authorized in the future under federal law, the exemption for contributions shall not exceed, for each tax year of contributions, the actual amount of the contribution or the maximum amount which federal law allows to be contributed to such plans. The exemption for accumulated earnings and market increases in value of plans under this subparagraph shall be limited to an amount determined by multiplying all of the accumulated earnings and market increases in value by a fraction, the numerator of which is the total amount of exempt contributions as determined by this subparagraph, and the denominator of which is the total of exempt and nonexempt contributions to the plan.

NEW SUBPARAGRAPH. (5) For all contributions to plans described in subparagraphs (3) and (4), the maximum contribution in each of the two tax years preceding the claim of exemption in a filing of a bankruptcy shall be limited to the maximum deductible contribution to an individual retirement account established under section 408(a) of the Internal Revenue Code, regardless of which plan for retirement investment has been chosen by the debtor.

NEW SUBPARAGRAPH. (6) Exempt assets transferred from any individual retirement account, individual retirement annuity, Roth individual retirement account, or Roth individual retirement annuity to any other individual retirement account, individual retirement annuity, Roth individual retirement annuity, or Roth individual retirement account established under section 408A of the Internal Revenue Code shall continue to be exempt regardless of the number of times transferred between individual retirement accounts, individual retirement annuities, Roth individual retirement annuities, or Roth individual retirement accounts.

Sec. 3. Section 627.6, subsection 8, paragraph f, subparagraph (3), Code 2001, is amended to read as follows:

(3) For simplified employee pension plans, self-employed pension plans, Keogh plans (also known as H.R. 10 plans), individual retirement ~~accounts,-Roth-individual-retirement accounts~~ annuities established under section 408(b) of the Internal Revenue Code, savings incentive matched plans for employees, salary reduction simplified employee pension plans (also known as SARSEPs), and similar plans for retirement investments authorized in the future under federal law, the exemption for contributions shall not exceed, for each tax year of contributions, the actual amount of the contribution or ~~two-thousand-dollars~~ the maximum amount which could be contributed and deducted in the tax year of the contribution, whichever is less. The exemption for accumulated earnings and market increases in value of plans under this subparagraph shall be limited to an amount determined by multiplying all the accumulated earnings and market increases in value by a fraction, the numerator of which is the total amount of exempt contributions as determined by this subparagraph, and the denominator of which is the total of exempt and nonexempt contributions to the plan.

Sec. 4. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

EXPLANATION

This bill amends Code section 627.6, relating to the amount of contributions to and accumulated increases in the value of certain retirement plans which are exempt from the payment of obligations of a debtor. The bill specifies that the amount of the contributions and accumulated increases in value of a federal Employee Retirement Income Security Act (ERISA) qualified retirement plan which is transferred to certain specified retirement plans are exempt from creditors, including Keogh plans, Roth individual retirement accounts and annuities, regular individual retirement accounts and annuities, simplified employee pension plans, and salary reduction simplified employee pension plans.

The bill provides that an individual may change brokers when transferring retirement funds from one qualified retirement plan to another without the risk that rolling over the retirement funds would make the retirement funds nonexempt.

The bill increases the amount of the maximum exempt contribution to numerous non-ERISA qualified plans to the maximum amount which could be contributed and deducted in the tax year of the contribution, whichever is less. The bill also provides for a two-year look-back provision limiting the maximum contribution to an amount that could be contributed to an individual retirement account.

The bill takes effect upon enactment.

REPRINTED

MAR 1 9 2001
Place On Calendar

HOUSE FILE 654
BY COMMITTEE ON JUDICIARY

(SUCCESSOR TO HSB 229)

Passed House, (P. 1094) Date 4/5/01 Passed Senate, (P. 1199) Date 4/19/01
Vote: Ayes 95 Nays 0 Vote: Ayes 48 Nays 0
Approved April 25, 2001

A BILL FOR

An Act relating to the amount of contributions to and accumulated increases in the value of certain retirement plans which are exempt from creditors and providing an effective date.

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

HF 654

TLSB 1459HV 79
rh/cls/14

S.F. ________ H.F. 654

Section 1. Section 627.6, subsection 8, paragraph f, subparagraph (1), Code 2001, is amended by striking the subparagraph and inserting in lieu thereof the following:

(1) All transfers, in any amount, from a trust forming part of a stock, bonus, pension, or profit-sharing plan of an employer defined in section 401(a) of the Internal Revenue Code and of which the trust assets are exempt from taxation under section 501(a) of the Internal Revenue Code and covered by the Employee Retirement Income Security Act of 1974 (ERISA), as codified at 29 U.S.C. 1001 et seq., to either:

(a) A succeeding trust authorized under federal law on or after the effective date of this Act.

(b) An individual retirement account or individual retirement annuity established under section 408(d)(3) of the Internal Revenue Code, from which the total value, including accumulated earnings and market increases in value, may be contributed to a succeeding trust authorized under federal law on or after the effective date of this Act. For purposes of this subparagraph, transfers, in any amount, from an individual retirement account or individual retirement annuity established under section 408(d)(3) of the Internal Revenue Code are exempt.

Sec. 2. Section 627.6, subsection 8, paragraph f, Code 2001, is amended by adding the following new subparagraphs:

NEW SUBPARAGRAPH. (1A) All transfers, in any amount, from an eligible retirement plan to an individual retirement account, an individual retirement annuity, a Roth individual retirement account, or a Roth individual retirement annuity established under section 408A of the Internal Revenue Code shall be exempt from execution and from the claims of creditors.

As used in this subparagraph, "eligible retirement plan" means the funds or assets in any retirement plan established under state or federal law that meet the following requirements:

(a) Can be transferred to an individual retirement account or individual retirement annuity established under sections 408(a) and 408(b) of the Internal Revenue Code or Roth individual retirement accounts and Roth individual retirement annuities established under section 408A of the Internal Revenue Code.

(b) Are either exempt from execution under state or federal law or are excluded from a bankruptcy estate under 11 U.S.C. § 541(c)(2) et seq.

NEW SUBPARAGRAPH. (4) For Roth individual retirement accounts and Roth individual retirement annuities established under section 408A of the Internal Revenue Code and similar plans for retirement investments authorized in the future under federal law, the exemption for contributions shall not exceed, for each tax year of contributions, the actual amount of the contribution or the maximum amount which federal law allows to be contributed to such plans. The exemption for accumulated earnings and market increases in value of plans under this subparagraph shall be limited to an amount determined by multiplying all of the accumulated earnings and market increases in value by a fraction, the numerator of which is the total amount of exempt contributions as determined by this subparagraph, and the denominator of which is the total of exempt and nonexempt contributions to the plan.

NEW SUBPARAGRAPH. (5) For all contributions to plans described in subparagraphs (3) and (4), the maximum contribution in each of the two tax years preceding the claim of exemption in a filing of a bankruptcy shall be limited to the maximum deductible contribution to an individual retirement account established under section 408(a) of the Internal Revenue Code, regardless of which plan for retirement investment has been chosen by the debtor.

NEW SUBPARAGRAPH. (6) Exempt assets transferred from any individual retirement account, individual retirement annuity, Roth individual retirement account, or Roth individual retirement annuity to any other individual retirement account, individual retirement annuity, Roth individual retirement annuity, or Roth individual retirement account established under section 408A of the Internal Revenue Code shall continue to be exempt regardless of the number of times transferred between individual retirement accounts, individual retirement annuities, Roth individual retirement annuities, or Roth individual retirement accounts.

Sec. 3. Section 627.6, subsection 8, paragraph f, subparagraph (3), Code 2001, is amended to read as follows:

(3) For simplified employee pension plans, self-employed pension plans, Keogh plans (also known as H.R. 10 plans), individual retirement ~~accounts, Roth individual retirement accounts~~ annuities established under section 408(b) of the Internal Revenue Code, savings incentive matched plans for employees, salary reduction simplified employee pension plans (also known as SARSEPs), and similar plans for retirement investments authorized in the future under federal law, the exemption for contributions shall not exceed, for each tax year of contributions, the actual amount of the contribution or ~~two thousand dollars~~ the maximum amount which could be contributed and deducted in the tax year of the contribution, whichever is less. The exemption for accumulated earnings and market increases in value of plans under this subparagraph shall be limited to an amount determined by multiplying all the accumulated earnings and market increases in value by a fraction, the numerator of which is the total amount of exempt contributions as determined by this subparagraph, and the denominator of which is the total of exempt and nonexempt contributions to the plan.

Sec. 4. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

EXPLANATION

This bill amends Code section 627.6, relating to the amount of contributions to and accumulated increases in the value of certain retirement plans which are exempt from the payment of obligations of a debtor. The bill specifies that the amount of the contributions and accumulated increases in value of a federal Employee Retirement Income Security Act (ERISA) qualified retirement plan which is transferred to certain specified retirement plans are exempt from creditors, including Keogh plans, Roth individual retirement accounts and annuities, regular individual retirement accounts and annuities, simplified employee pension plans, and salary reduction simplified employee pension plans.

The bill provides that an individual may change brokers when transferring retirement funds from one qualified retirement plan to another without the risk that rolling over the retirement funds would make the retirement funds nonexempt.

The bill increases the amount of the maximum exempt contribution to numerous non-ERISA qualified plans to the maximum amount which could be contributed and deducted in the tax year of the contribution, whichever is less. The bill also provides for a two-year look-back provision limiting the maximum contribution to an amount that could be contributed to an individual retirement account.

The bill takes effect upon enactment.

HOUSE FILE 654

H-1314

Amend House File 654 as follows:

1. Page 1, line 10, by inserting after the word "either:" the following: "of the following:"

2. Page 1, line 22, by inserting after the word "Code" the following: "to an individual retirement account or individual retirement annuity established under section 408(a) of the Internal Revenue Code, or an individual retirement annuity established under section 408(b) of the Internal Revenue Code, or a Roth individual retirement account, or a Roth individual retirement annuity established under section 408A of the Internal Revenue Code".

3. Page 1, line 34, by inserting after the word "meet" the following: "all of".

4. Page 2, line 29, by striking the words "in a" and inserting the following: "or".

5. Page 3, by striking line 13 and inserting the following: "pension plans~~, Keogh plans~~ (also known as Keogh plans or H.R. 10 plans),".

6. Page 3, by striking lines 14 through 16 and inserting the following: "individual retirement ~~accounts, Roth individual retirement~~ accounts established under section 408(a) of the Internal Revenue Code, individual retirement annuities established under section 408(b) of the Internal Revenue Code, savings incentive matched plans for".

7. Page 3, by striking lines 22 through 24 and inserting the following: "~~or two thousand dollars, whichever is less~~ deducted for individual retirement accounts established under section 408 of the Internal Revenue Code. The exemption for accumulated earnings and".

8. By renumbering as necessary.

By MILLAGE of Scott

H-1314 FILED MARCH 22, 2001

adopted 4/5/01 (P. 1094)

HOUSE FILE 654

H-1350

Amend the amendment, H-1314, to House File 654 as follows:

1. Page 1, line 6, by inserting after the word "established" the following: "under section 408(d)(3) of the Internal Revenue Code, or an individual retirement account established".

2. Page 1, by striking lines 27 through 32 and inserting the following:

"___. Page 3, line 21, by inserting after the word "contribution" the following: "deducted for individual retirement accounts and annuities established under section 408 of the Internal Revenue Code"."

By MILLAGE of Scott

H-1350 FILED MARCH 27, 2001

adopted
4/5/01 (p.1094)

S- 4/5/01 Judiciary
S. 4/5/01 Do Pass

S. 4/12/01 UNFINISHED BUSINESS CALENDAR

HOUSE FILE 654
BY COMMITTEE ON JUDICIARY

(SUCCESSOR TO HSB 229)

(As Amended and Passed by the House April 5, 2001)

Passed House, Date ______		Passed Senate, Date 4/19/01 (p. 1199)	
Vote: Ayes ______	Nays ______	Vote: Ayes 48	Nays 0

Approved April 25, 2001

A BILL FOR

An Act relating to the amount of contributions to and accumulated increases in the value of certain retirement plans which are exempt from creditors and providing an effective date.
BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

House Amendments ______

TLSB 1459HV 79
rh/cls/14

S.F. ________ H.F. 654

Section 1. Section 627.6, subsection 8, paragraph f, subparagraph (1), Code 2001, is amended by striking the subparagraph and inserting in lieu thereof the following:

(1) All transfers, in any amount, from a trust forming part of a stock, bonus, pension, or profit-sharing plan of an employer defined in section 401(a) of the Internal Revenue Code and of which the trust assets are exempt from taxation under section 501(a) of the Internal Revenue Code and covered by the Employee Retirement Income Security Act of 1974 (ERISA), as codified at 29 U.S.C. 1001 et seq., to either of the following:

(a) A succeeding trust authorized under federal law on or after the effective date of this Act.

(b) An individual retirement account or individual retirement annuity established under section 408(d)(3) of the Internal Revenue Code, from which the total value, including accumulated earnings and market increases in value, may be contributed to a succeeding trust authorized under federal law on or after the effective date of this Act. For purposes of this subparagraph, transfers, in any amount, from an individual retirement account or individual retirement annuity established under section 408(d)(3) of the Internal Revenue Code to an individual retirement account or individual retirement annuity established under section 408(d)(3) of the Internal Revenue Code, or an individual retirement account established under section 408(a) of the Internal Revenue Code, or an individual retirement annuity established under section 408(b) of the Internal Revenue Code, or a Roth individual retirement account, or a Roth individual retirement annuity established under section 408A of the Internal Revenue Code are exempt.

Sec. 2. Section 627.6, subsection 8, paragraph f, Code 2001, is amended by adding the following new subparagraphs:

NEW SUBPARAGRAPH. (1A) All transfers, in any amount, from an eligible retirement plan to an individual retirement account, an individual retirement annuity, a Roth individual retirement account, or a Roth individual retirement annuity established under section 408A of the Internal Revenue Code shall be exempt from execution and from the claims of creditors.

As used in this subparagraph, "eligible retirement plan" means the funds or assets in any retirement plan established under state or federal law that meet all of the following requirements:

(a) Can be transferred to an individual retirement account or individual retirement annuity established under sections 408(a) and 408(b) of the Internal Revenue Code or Roth individual retirement accounts and Roth individual retirement annuities established under section 408A of the Internal Revenue Code.

(b) Are either exempt from execution under state or federal law or are excluded from a bankruptcy estate under 11 U.S.C. § 541(c)(2) et seq.

NEW SUBPARAGRAPH. (4) For Roth individual retirement accounts and Roth individual retirement annuities established under section 408A of the Internal Revenue Code and similar plans for retirement investments authorized in the future under federal law, the exemption for contributions shall not exceed, for each tax year of contributions, the actual amount of the contribution or the maximum amount which federal law allows to be contributed to such plans. The exemption for accumulated earnings and market increases in value of plans under this subparagraph shall be limited to an amount determined by multiplying all of the accumulated earnings and market increases in value by a fraction, the numerator of which is the total amount of exempt contributions as determined by this subparagraph, and the denominator of which is the total of exempt and nonexempt contributions to the plan.

NEW SUBPARAGRAPH. (5) For all contributions to plans described in subparagraphs (3) and (4), the maximum contribution in each of the two tax years preceding the claim of exemption or filing of a bankruptcy shall be limited to the maximum deductible contribution to an individual retirement account established under section 408(a) of the Internal Revenue Code, regardless of which plan for retirement investment has been chosen by the debtor.

NEW SUBPARAGRAPH. (6) Exempt assets transferred from any individual retirement account, individual retirement annuity, Roth individual retirement account, or Roth individual retirement annuity to any other individual retirement account, individual retirement annuity, Roth individual retirement annuity, or Roth individual retirement account established under section 408A of the Internal Revenue Code shall continue to be exempt regardless of the number of times transferred between individual retirement accounts, individual retirement annuities, Roth individual retirement annuities, or Roth individual retirement accounts.

Sec. 3. Section 627.6, subsection 8, paragraph f, subparagraph (3), Code 2001, is amended to read as follows:

(3) For simplified employee pension plans, self-employed pension plans~~, Keogh plans~~ (also known as Keogh plans or H.R. 10 plans), individual retirement ~~accounts, Roth individual retirement~~ accounts established under section 408(a) of the Internal Revenue Code, individual retirement annuities established under section 408(b) of the Internal Revenue Code, savings incentive matched plans for employees, salary reduction simplified employee pension plans (also known as SARSEPs), and similar plans for retirement investments authorized in the future under federal law, the exemption for contributions shall not exceed, for each tax year of contributions, the actual amount of the contribution deducted for individual retirement accounts and annuities established under section 408 of the Internal Revenue Code or ~~two thousand dollars~~ the maximum amount which could be contributed and

deducted in the tax year of the contribution, whichever is less. The exemption for accumulated earnings and market increases in value of plans under this subparagraph shall be limited to an amount determined by multiplying all the accumulated earnings and market increases in value by a fraction, the numerator of which is the total amount of exempt contributions as determined by this subparagraph, and the denominator of which is the total of exempt and nonexempt contributions to the plan.

Sec. 4. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

HOUSE FILE 654

AN ACT

RELATING TO THE AMOUNT OF CONTRIBUTIONS TO AND ACCUMULATED INCREASES IN THE VALUE OF CERTAIN RETIREMENT PLANS WHICH ARE EXEMPT FROM CREDITORS AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. Section 627.6, subsection 8, paragraph f, subparagraph (1), Code 2001, is amended by striking the subparagraph and inserting in lieu thereof the following:

(1) All transfers, in any amount, from a trust forming part of a stock, bonus, pension, or profit-sharing plan of an employer defined in section 401(a) of the Internal Revenue Code and of which the trust assets are exempt from taxation under section 501(a) of the Internal Revenue Code and covered by the Employee Retirement Income Security Act of 1974

(ERISA), as codified at 29 U.S.C. 1001 et seq., to either of the following:

(a) A succeeding trust authorized under federal law on or after the effective date of this Act.

(b) An individual retirement account or individual retirement annuity established under section 408(d)(3) of the Internal Revenue Code, from which the total value, including accumulated earnings and market increases in value, may be contributed to a succeeding trust authorized under federal law on or after the effective date of this Act. For purposes of this subparagraph, transfers, in any amount, from an individual retirement account or individual retirement annuity established under section 408(d)(3) of the Internal Revenue Code to an individual retirement account or individual retirement annuity established under section 408(d)(3) of the Internal Revenue Code, or an individual retirement account established under section 408(a) of the Internal Revenue Code, or an individual retirement annuity established under section 408(b) of the Internal Revenue Code, or a Roth individual retirement account, or a Roth individual retirement annuity established under section 408A of the Internal Revenue Code are exempt.

Sec. 2. Section 627.6, subsection 8, paragraph f, Code 2001, is amended by adding the following new subparagraphs:

NEW SUBPARAGRAPH. (1A) All transfers, in any amount, from an eligible retirement plan to an individual retirement account, an individual retirement annuity, a Roth individual retirement account, or a Roth individual retirement annuity established under section 408A of the Internal Revenue Code shall be exempt from execution and from the claims of creditors.

As used in this subparagraph, "eligible retirement plan" means the funds or assets in any retirement plan established under state or federal law that meet all of the following requirements:

(a) Can be transferred to an individual retirement account or individual retirement annuity established under sections 408(a) and 408(b) of the Internal Revenue Code or Roth individual retirement accounts and Roth individual retirement annuities established under section 408A of the Internal Revenue Code.

(b) Are either exempt from execution under state or federal law or are excluded from a bankruptcy estate under 11 U.S.C. § 541(c)(2) et seq.

NEW SUBPARAGRAPH. (4) For Roth individual retirement accounts and Roth individual retirement annuities established under section 408A of the Internal Revenue Code and similar plans for retirement investments authorized in the future under federal law, the exemption for contributions shall not exceed, for each tax year of contributions, the actual amount of the contribution or the maximum amount which federal law allows to be contributed to such plans. The exemption for accumulated earnings and market increases in value of plans under this subparagraph shall be limited to an amount determined by multiplying all of the accumulated earnings and market increases in value by a fraction, the numerator of which is the total amount of exempt contributions as determined by this subparagraph, and the denominator of which is the total of exempt and nonexempt contributions to the plan.

NEW SUBPARAGRAPH. (5) For all contributions to plans described in subparagraphs (3) and (4), the maximum contribution in each of the two tax years preceding the claim of exemption or filing of a bankruptcy shall be limited to the maximum deductible contribution to an individual retirement account established under section 408(a) of the Internal Revenue Code, regardless of which plan for retirement investment has been chosen by the debtor.

NEW SUBPARAGRAPH. (6) Exempt assets transferred from any individual retirement account, individual retirement annuity,

Roth individual retirement account, or Roth individual retirement annuity to any other individual retirement account, individual retirement annuity, Roth individual retirement annuity, or Roth individual retirement account established under section 408A of the Internal Revenue Code shall continue to be exempt regardless of the number of times transferred between individual retirement accounts, individual retirement annuities, Roth individual retirement annuities, or Roth individual retirement accounts.

Sec. 3. Section 627.6, subsection 8, paragraph f, subparagraph (3), Code 2001, is amended to read as follows:

(3) For simplified employee pension plans, self-employed pension plans~~, Keogh plans~~ (also known as Keogh plans or H.R. 10 plans), individual retirement ~~accounts, Roth individual retirement~~ accounts established under section 408(a) of the Internal Revenue Code, individual retirement annuities established under section 408(b) of the Internal Revenue Code, savings incentive matched plans for employees, salary reduction simplified employee pension plans (also known as SARSEPs), and similar plans for retirement investments authorized in the future under federal law, the exemption for contributions shall not exceed, for each tax year of contributions, the actual amount of the contribution deducted for individual retirement accounts and annuities established under section 408 of the Internal Revenue Code or ~~two thousand dollars~~ the maximum amount which could be contributed and deducted in the tax year of the contribution, whichever is less. The exemption for accumulated earnings and market increases in value of plans under this subparagraph shall be limited to an amount determined by multiplying all the accumulated earnings and market increases in value by a fraction, the numerator of which is the total amount of exempt contributions as determined by this subparagraph, and the denominator of which is the total of exempt and nonexempt contributions to the plan.

Sec. 4. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

BRENT SIEGRIST
Speaker of the House

MARY E. KRAMER
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 654, Seventy-ninth General Assembly.

MARGARET THOMSON
Chief Clerk of the House

Approved April 25, 2001

THOMAS J. VILSACK
Governor