

Millage, Ch.
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HSB 229

JUDICIARY
Succeeded by
SF 113654

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

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

A BILL FOR

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

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

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

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

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

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

23 Sec. 2. Section 627.6, subsection 8, paragraph f, Code
24 2001, is amended by adding the following new subparagraphs:

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

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

1 (a) Can be transferred to an individual retirement account
2 or individual retirement annuity established under sections
3 408(a) and 408(b) of the Internal Revenue Code or Roth
4 individual retirement accounts and Roth individual retirement
5 annuities established under section 408A of the Internal
6 Revenue Code.

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

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

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

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

1 Roth individual retirement account, or Roth individual
2 retirement annuity to any other individual retirement account,
3 individual retirement annuity, Roth individual retirement
4 annuity, or Roth individual retirement account established
5 under section 408A of the Internal Revenue Code shall continue
6 to be exempt regardless of the number of times transferred
7 between individual retirement accounts, individual retirement
8 annuities, Roth individual retirement annuities, or Roth
9 individual retirement accounts.

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

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

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

34 EXPLANATION

35 This bill amends Code section 627.6, relating to the amount

1 of contributions to and accumulated increases in the value of
 2 certain retirement plans which are exempt from the payment of
 3 obligations of a debtor. The bill specifies that the amount
 4 of the contributions and accumulated increases in value of a
 5 federal Employee Retirement Income Security Act (ERISA)
 6 qualified retirement plan which is transferred to certain
 7 specified retirement plans are exempt from creditors,
 8 including Keogh plans, Roth individual retirement accounts and
 9 annuities, regular individual retirement accounts and
 10 annuities, simplified employee pension plans, and salary
 11 reduction simplified employee pension plans.

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

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

24 The bill takes effect upon enactment.

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REPRINTED

MAR 19 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

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

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

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HF 654

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

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

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

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

23 Sec. 2. Section 627.6, subsection 8, paragraph f, Code
24 2001, is amended by adding the following new subparagraphs:

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

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

1 (a) Can be transferred to an individual retirement account
2 or individual retirement annuity established under sections
3 408(a) and 408(b) of the Internal Revenue Code or Roth
4 individual retirement accounts and Roth individual retirement
5 annuities established under section 408A of the Internal
6 Revenue Code.

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

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

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

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

1 Roth individual retirement account, or Roth individual
2 retirement annuity to any other individual retirement account,
3 individual retirement annuity, Roth individual retirement
4 annuity, or Roth individual retirement account established
5 under section 408A of the Internal Revenue Code shall continue
6 to be exempt regardless of the number of times transferred
7 between individual retirement accounts, individual retirement
8 annuities, Roth individual retirement annuities, or Roth
9 individual retirement accounts.

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

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

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

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EXPLANATION

35 This bill amends Code section 627.6, relating to the amount

1 of contributions to and accumulated increases in the value of
2 certain retirement plans which are exempt from the payment of
3 obligations of a debtor. The bill specifies that the amount
4 of the contributions and accumulated increases in value of a
5 federal Employee Retirement Income Security Act (ERISA)
6 qualified retirement plan which is transferred to certain
7 specified retirement plans are exempt from creditors,
8 including Keogh plans, Roth individual retirement accounts and
9 annuities, regular individual retirement accounts and
10 annuities, simplified employee pension plans, and salary
11 reduction simplified employee pension plans.

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

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

24 The bill takes effect upon enactment.

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HOUSE FILE 654

H-1314

1 Amend House File 654 as follows:

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

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

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

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

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

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

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

33 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

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

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

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

9 "___". Page 3, line 21, by inserting after the
10 word "contribution" the following: "deducted for
11 individual retirement accounts and annuities
12 established under section 408 of the Internal Revenue
13 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 ^(P. 1199) 4/19/01
Vote: Ayes _____ Nays _____ Vote: Ayes 48 Nays 0
Approved April 25, 2001

A BILL FOR

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

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

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

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

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

14 (b) An individual retirement account or individual
15 retirement annuity established under section 408(d)(3) of the
16 Internal Revenue Code, from which the total value, including
17 accumulated earnings and market increases in value, may be
18 contributed to a succeeding trust authorized under federal law
19 on or after the effective date of this Act. For purposes of
20 this subparagraph, transfers, in any amount, from an
21 individual retirement account or individual retirement annuity
22 established under section 408(d)(3) of the Internal Revenue
23 Code to an individual retirement account or individual
24 retirement annuity established under section 408(d)(3) of the
25 Internal Revenue Code, or an individual retirement account
26 established under section 408(a) of the Internal Revenue Code,
27 or an individual retirement annuity established under section
28 408(b) of the Internal Revenue Code, or a Roth individual
29 retirement account, or a Roth individual retirement annuity
30 established under section 408A of the Internal Revenue Code
31 are exempt.

32 Sec. 2. Section 627.6, subsection 8, paragraph f, Code
33 2001, is amended by adding the following new subparagraphs:

34 NEW SUBPARAGRAPH. (1A) All transfers, in any amount, from
35 an eligible retirement plan to an individual retirement

1 account, an individual retirement annuity, a Roth individual
2 retirement account, or a Roth individual retirement annuity
3 established under section 408A of the Internal Revenue Code
4 shall be exempt from execution and from the claims of
5 creditors.

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

10 (a) Can be transferred to an individual retirement account
11 or individual retirement annuity established under sections
12 408(a) and 408(b) of the Internal Revenue Code or Roth
13 individual retirement accounts and Roth individual retirement
14 annuities established under section 408A of the Internal
15 Revenue Code.

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

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

35 NEW SUBPARAGRAPH. (5) For all contributions to plans

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

8 NEW SUBPARAGRAPH. (6) Exempt assets transferred from any
9 individual retirement account, individual retirement annuity,
10 Roth individual retirement account, or Roth individual
11 retirement annuity to any other individual retirement account,
12 individual retirement annuity, Roth individual retirement
13 annuity, or Roth individual retirement account established
14 under section 408A of the Internal Revenue Code shall continue
15 to be exempt regardless of the number of times transferred
16 between individual retirement accounts, individual retirement
17 annuities, Roth individual retirement annuities, or Roth
18 individual retirement accounts.

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

21 (3) For simplified employee pension plans, self-employed
22 pension plans, Keogh plans (also known as Keogh plans or H.R.
23 10 plans), individual retirement accounts, Roth individual
24 retirement accounts established under section 408(a) of the
25 Internal Revenue Code, individual retirement annuities
26 established under section 408(b) of the Internal Revenue Code,
27 savings incentive matched plans for employees, salary
28 reduction simplified employee pension plans (also known as
29 SARSEPs), and similar plans for retirement investments
30 authorized in the future under federal law, the exemption for
31 contributions shall not exceed, for each tax year of
32 contributions, the actual amount of the contribution deducted
33 for individual retirement accounts and annuities established
34 under section 408 of the Internal Revenue Code or two-thousand
35 dollars the maximum amount which could be contributed and

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

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

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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