

FEB 16 2004
Place On Calendar

HOUSE FILE 2262
BY COMMITTEE ON
STATE GOVERNMENT

(SUCCESSOR TO HSB 574)

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

A BILL FOR

1 An Act relating to public retirement systems, including the
2 public safety peace officers' retirement, accident, and
3 disability system, the Iowa public employees' retirement
4 system, and the statewide fire and police retirement system,
5 and providing effective and retroactive applicability dates.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2262

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

Section 1. Section 97A.17, subsection 1, Code 2003, is amended by adding the following new paragraph:

NEW PARAGRAPH. e. "Refund liability" means the amount the member may elect to withdraw from the former system under section 411.23.

Sec. 2. Section 97A.17, subsection 2, Code 2003, is amended to read as follows:

2. Commencing July 1, 1996, a vested member of an eligible retirement system who terminates employment covered by one eligible retirement system and, within one year, commences employment covered by the other eligible retirement system may elect to transfer the greater of the average accrued benefit or the refund liability earned from the former system to the current system. The member shall file an application with the current system for transfer of the greater of the average accrued benefit or the refund liability within ninety days of the commencement of employment with the current system.

Sec. 3. Section 97A.17, subsection 4, Code 2003, is amended to read as follows:

4. Upon receipt of an application for transfer ~~of the average-accrued-benefit~~ as provided in this section, the current system shall calculate the average accrued benefit and the refund liability and the former system shall transfer to the current system assets in an amount equal to the greater of the average accrued benefit or the refund liability. Once the ~~transfer of the average-accrued-benefit~~ is completed, the member's service under the former system shall be treated as membership service under the current system for purposes of this chapter and chapter 411.

DIVISION II
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS)
Sec. 4. Section 97B.1A, subsection 11, paragraphs a, b,

1 and c, Code Supplement 2003, are amended to read as follows:

2 a. Has attained the minimum age for receipt of a
3 retirement allowance under this chapter.

4 b. If the member has not attained seventy years of age,
5 has terminated all employment covered under the chapter or
6 formerly covered under the chapter pursuant to section 97B.42
7 in the month prior to the member's first month of entitlement.

8 c. Has filed a completed application for benefits with the
9 system setting forth the member's intended first month of
10 entitlement.

11 Sec. 5. Section 97B.1A, subsection 20, Code Supplement
12 2003, is amended by adding the following new paragraph:

13 NEW PARAGRAPH. e. Employment with an employer prior to
14 January 1, 1946, if the member is not receiving a retirement
15 allowance based upon that employment.

16 Sec. 6. Section 97B.1A, subsection 20, Code Supplement
17 2003, is amended by adding the following new unnumbered
18 paragraph after paragraph d:

19 NEW UNNUMBERED PARAGRAPH. However, effective July 1, 2004,
20 "service" does not mean service for which an employee receives
21 remuneration from an employer for temporary employment during
22 any quarter in which the employee is on an otherwise unpaid
23 leave of absence that is not authorized under the federal
24 Family and Medical Leave Act of 1993 or other similar leave.
25 Remuneration paid by the employer for the temporary employment
26 shall not be treated by the system as covered wages.

27 Sec. 7. Section 97B.1A, subsection 24, paragraphs a and c,
28 Code Supplement 2003, are amended to read as follows:

29 a. "Three-year average covered wage" means, for a member
30 who retires prior to July 1, ~~2005~~ 2008, a member's covered
31 wages averaged for the highest three years of the member's
32 service, except as otherwise provided in this subsection. The
33 highest three years of a member's covered wages shall be
34 determined using calendar years. However, if a member's final
35 quarter of a year of employment does not occur at the end of a

1 calendar year, the system may determine the wages for the
2 third year by computing the average quarter of all quarters
3 from the member's highest calendar year of covered wages not
4 being used in the selection of the two highest years and using
5 the computed average quarter for each quarter in the third
6 year in which no wages have been reported in combination with
7 the final quarter or quarters of the member's service to
8 create a full year. However, the system shall not use the
9 member's final quarter of wages if using that quarter would
10 reduce the member's three-year average covered wage. If the
11 three-year average covered wage of a member exceeds the
12 highest maximum covered wages in effect for a calendar year
13 during the member's period of service, the three-year average
14 covered wage of the member shall be reduced to the highest
15 maximum covered wages in effect during the member's period of
16 service. Notwithstanding any other provision of this
17 paragraph to the contrary, a member's wages for the third year
18 as computed by this paragraph shall not exceed, by more than
19 three percent, the member's highest actual calendar year of
20 covered wages for a member whose first month of entitlement is
21 January 1999 or later.

22 c. "Three-year average covered wage" means, for a member
23 who retires on or after July 1, 2005 2008, the greater of the
24 member's covered wages averaged for a member's highest twelve
25 consecutive quarters of service or the member's covered wages
26 averaged for a member's highest three calendar years of
27 service. The system shall adopt rules to implement this
28 paragraph in accordance with the requirements of this chapter
29 and the federal Internal Revenue Code.

30 Sec. 8. Section 97B.1A, subsection 25, paragraph a,
31 subparagraph (4), Code Supplement 2003, is amended to read as
32 follows:

33 (4) Has attained the age of fifty-five. However, an
34 inactive member who has not attained sufficient years of
35 service eligibility to become vested and who has not attained

1 the age of fifty-five as of July 1, 2005, shall not become
2 vested upon the attainment of the age of fifty-five while an
3 inactive member.

4 Sec. 9. Section 97B.1A, subsection 26, paragraph a,
5 subparagraph (2), subparagraph subdivision (j), Code
6 Supplement 2003, is amended to read as follows:

7 (j) Payments of damages, attorney fees, interest, and
8 penalties made to satisfy a grievance, or wage claim, or
9 employment dispute.

10 Sec. 10. Section 97B.1A, subsection 26, paragraph a,
11 subparagraph (2), subparagraph subdivision (n), Code
12 Supplement 2003, is amended by striking the subparagraph
13 subdivision.

14 Sec. 11. Section 97B.1A, subsection 26, paragraph b,
15 unnumbered paragraph 3, Code Supplement 2003, is amended to
16 read as follows:

17 Effective July 1, 1992, "covered wages" does not include
18 wages to a member on or after the effective date of the
19 member's retirement, except as otherwise permitted by the
20 system's administrative rules, unless the member is
21 reemployed, as provided under section 97B.48A.

22 Sec. 12. NEW SECTION. 97B.9A COLLECTIONS -- WAIVER.

23 Notwithstanding any provision of this chapter to the
24 contrary, the system may, in its sole discretion, waive the
25 collection of benefits overpayments, contribution
26 underpayments, or any other debts owed the system, that occur
27 more than three years prior to the date of discovery of the
28 overpayment, underpayment, or debt by the system, for cases in
29 which there is no evidence of fraud or other misconduct on the
30 part of the affected employer or the affected member or
31 beneficiary in providing or failing to provide information
32 necessary to the proper determination of a debt owed the
33 system, calculation of contributions and payments, or
34 calculation of benefits under this chapter.

35 Sec. 13. Section 97B.14A, Code Supplement 2003, is amended

1 to read as follows:

2 97B.14A WAGE REPORTING.

3 1. For purposes of this section, unless the context
4 otherwise requires:

5 a. "Change in the schedule of wage payments" means the
6 formal or informal deferral of wages earned in one calendar
7 year to a later calendar year or the acceleration of the wages
8 payable under a contract of employment to the prior calendar
9 year by changing the period over which the contractual
10 compensation is paid, by shortening the period of employment
11 over which contract wages are to be paid, or similar
12 arrangements altering the timing of wage payments.

13 b. "Distortion of the normal wage progression pattern"
14 means an increase of ten percent or more between the covered
15 wages reported for any two consecutive years.

16 2. An employer shall report wages of employees covered by
17 this chapter to the system in a manner and form as prescribed
18 by the system. If the wages reported by an employer appear to
19 be a distortion of the normal wage progression pattern for an
20 employee, the system may request that the employer provide
21 documentation indicating that the wages were not misreported
22 for the purposes of causing an increase in the retirement
23 allowance or other payments authorized to be made by this
24 chapter explaining the reason for the distortion. If the
25 system determines that the wages of an employee were
26 misreported, the employer shall prepare and file wage
27 adjustments allocating the wages to the proper wage reporting
28 period. If the distortion of the normal wage progression
29 pattern results from covering compensation that is excluded
30 from the definition of covered wages, or from a change in the
31 schedule of wage payments for an individual, the system shall
32 remove wages that should not be covered from its records, and
33 shall, in cases involving increases caused by a change in the
34 schedule of wage payments, reallocate covered wages to the
35 calendar quarters in which the covered wages would have been

1 reported but for the change in the schedule of wage payments.

2 Sec. 14. Section 97B.17, subsection 1, Code Supplement
3 2003, is amended to read as follows:

4 1. The system shall establish and maintain records of each
5 member, including but not limited to the amount of wages of
6 each member, the ~~contribution~~ contributions made on behalf of
7 each member with interest, and interest dividends credited,
8 beneficiary designations, and applications for benefits of any
9 type. The records may be maintained in paper, magnetic, or
10 electronic form, including optical disk storage, as set forth
11 in chapter 554D. The system may accept, but shall not
12 require, electronic records and electronic signatures to the
13 extent permitted under chapter 554D. These records are the
14 basis for the compilation of the retirement benefits provided
15 under this chapter.

16 Sec. 15. Section 97B.38, Code Supplement 2003, is amended
17 to read as follows:

18 97B.38 FEES FOR SERVICES.

19 The system may, by rule, prescribe the-maximum reasonable
20 fees which may be charged for services-performed-in-connection
21 with-any-claim-before-the-system-under-this-chapter,-and-any
22 agreement-in-violation-of-such-rules-shall-be-void production
23 costs, including staff time and materials, associated with
24 performing its duties under this chapter for active, inactive,
25 and retired members, beneficiaries, and the general public,
26 where such production costs are more than de minimis, as
27 determined by the system. ~~Any-person-who-shall,-with-intent~~
28 ~~to-defraud,-in-any-manner-willfully-and-knowingly-deceive,-~~
29 ~~mislead,-or-threaten-any-claimant-or-prospective-claimant-or~~
30 ~~beneficiary-under-this-chapter-by-word,-circular,-letter-or~~
31 ~~advertisement,-or-who-shall-knowingly-charge-or-collect~~
32 ~~directly-or-indirectly-any-fee-in-excess-of-the-maximum-fee,-~~
33 ~~or-make-any-agreement-directly-or-indirectly-to-charge-or~~
34 ~~collect-any-fee-in-excess-of-the-maximum-fee,-prescribed-by~~
35 ~~the-system,-shall-be-deemed-guilty-of-a-fraudulent-practice-~~

1 Sec. 16. Section 97B.40, Code Supplement 2003, is amended
2 by adding the following new subsection:

3 NEW SUBSECTION. 1A. If the system determines that a
4 person may have engaged in a fraudulent practice as described
5 under this section, the system may, in addition to any
6 statutory or equitable remedies provided by law, refer the
7 matter to the auditor of state and to the appropriate law
8 enforcement authorities for possible investigation and
9 prosecution.

10 Sec. 17. Section 97B.42, unnumbered paragraph 8, Code
11 Supplement 2003, is amended by striking the unnumbered
12 paragraph and inserting in lieu thereof the following:

13 Except as otherwise provided in this section, an employer
14 shall not sponsor and a member shall not participate in
15 another retirement system in this state supported in whole or
16 in part by public contributions or payments where such
17 retirement system is in lieu of the retirement system
18 established by this chapter. However, in addition to the
19 retirement system established by this chapter, an employer may
20 sponsor and a member may participate in a supplemental defined
21 contribution plan qualified under Internal Revenue Code
22 section 401(a), a tax-deferred annuity qualified under
23 Internal Revenue Code section 403(b), or an eligible deferred
24 compensation plan qualified under Internal Revenue Code
25 section 457, regardless of whether contributions to such
26 supplemental plans are characterized as employer contributions
27 or employee contributions, and subject to the applicable
28 limits set forth in the Internal Revenue Code for such plans.
29 A defined benefit plan that supplements the retirement system
30 established by this chapter shall not be offered by public
31 employers covered under this chapter.

32 Sec. 18. Section 97B.42A, subsection 4, Code Supplement
33 2003, is amended to read as follows:

34 4. A person who becomes a member of the retirement system
35 pursuant to subsection 3, or who is a member of the retirement

1 system, and who has one or more years of covered wages, may
2 purchase credit, pursuant to section 97B.73, Code 2003, for
3 one or more quarters of service prior to January 1, 1999, in
4 which the person was employed in a position as described in
5 section 97B.1A, subsection 8, paragraph "a", but was not a
6 member of the retirement system.

7 Sec. 19. Section 97B.42A, subsection 5, unnumbered
8 paragraph 2, Code Supplement 2003, is amended to read as
9 follows:

10 A person who becomes a member of the Iowa public employees'
11 retirement system pursuant to this subsection, and who has one
12 or more years of covered wages, may purchase credit, pursuant
13 to section 97B.73, Code 2003, for one or more quarters of
14 service prior to August 1, 2000, in which the person was
15 employed in a position as described by section 97B.1A,
16 subsection 8, paragraph "a", subparagraph (11), but was not a
17 member of the retirement system.

18 Sec. 20. Section 97B.43, unnumbered paragraph 3, Code
19 Supplement 2003, is amended to read as follows:

20 Each individual who on or after July 1, 1978, was an
21 active, vested, or retired member and who (1) made application
22 for and received a refund of contributions made under the
23 abolished system or (2) has on deposit with the retirement
24 fund contributions made under the abolished system shall be
25 entitled to credit for years of prior service in the
26 determination of retirement allowance payments by filing a
27 written election with the system on or after July 1, 1978, and
28 by redepositing any withdrawn contributions under the
29 abolished system together with interest as stated in this
30 paragraph. Any individual who on or after July 1, 1978, is a
31 retired member and who made application for and received a
32 refund of contributions made under the abolished system may,
33 by filing a written election with the system on or after July
34 1, 1978, have the system retain fifty percent of the monthly
35 increase in retiree benefits that will accrue to the

1 individual because of prior service. If the monthly increase
2 in retirement benefits is less than ten dollars, the system
3 shall retain five dollars of the scheduled increase, and if
4 the monthly increase is less than five dollars, the provisions
5 of this paragraph shall not apply. The system shall continue
6 to retain such funds until the withdrawn contributions,
7 together with interest accrued to the month in which the
8 written election is filed, have been repaid. Due notice of
9 this provision shall be sent to all retired members on or
10 after July 1, 1978. However, this paragraph shall not apply
11 to any person who received a refund of any membership service
12 contributions unless the person repaid the membership service
13 contributions pursuant to section 97B-74 97B.80C; but a refund
14 of contributions remitted for the calendar quarter ending
15 September 30, 1953 which was based entirely upon employment
16 which terminated prior to July 4, 1953 shall not be considered
17 as a refund of membership service contributions. The interest
18 to be paid into the fund shall be compounded at the rates
19 credited to member accounts from the date of payment of the
20 refund of contributions under the abolished system to the date
21 the member redeposits the refunded amount. The provisions of
22 the first paragraph of this section relating to the
23 consideration given to credited amounts shall apply to the
24 redeposited amounts or to amounts left on deposit. Effective
25 July 1, 1978, the provisions of this paragraph shall apply to
26 each individual who on or after July 1, 1978, was an active,
27 vested, or retired member, but who was not in service on July
28 4, 1953. The period for filing the written election with the
29 system and redepositing any withdrawn contributions together
30 with interest accrued shall commence July 1, 1978. A member
31 who is a retired member on or after July 1, 1978, may file
32 written election with the system on or after July 1, 1978, to
33 have the system retain fifty percent of the monthly increase
34 as provided in this paragraph.

35 Sec. 21. Section 97B.43, unnumbered paragraph 4, Code

1 Supplement 2003, is amended to read as follows:

2 Effective July 1, ~~1988~~ 2004, a member eligible for an
3 increased retirement allowance because of the repayment of
4 contributions under this section is entitled to receipt of
5 ~~retroactive adjustment payments for no more than six months~~
6 ~~immediately preceding~~ beginning with the month in which
7 ~~written notice payment~~ was submitted to received by the
8 system.

9 Sec. 22. Section 97B.45, unnumbered paragraph 2, Code
10 Supplement 2003, is amended by striking the unnumbered
11 paragraph.

12 Sec. 23. Section 97B.46, subsection 2, Code Supplement
13 2003, is amended to read as follows:

14 2. A member remaining in service after attaining the age
15 of seventy years is entitled to receive a retirement allowance
16 under sections 97B.49A through 97B.49H, as applicable,
17 ~~commencing with payment for the calendar month within which~~
18 ~~the written notice is submitted to the system, except that if~~
19 ~~the member fails to submit the notice on a timely basis,~~
20 ~~retroactive payments shall be made for no more than six months~~
21 ~~immediately preceding the month in which the written notice is~~
22 ~~submitted~~ without terminating employment.

23 Sec. 24. Section 97B.47, Code Supplement 2003, is amended
24 to read as follows:

25 97B.47 EARLY RETIREMENT DATE.

26 A member's early retirement date shall be the first of the
27 month in which a member attains the age of fifty-five years or
28 the first of any month after attaining the age of fifty-five
29 years prior to the member's normal retirement date, provided
30 such date shall be after the last day of service. ~~A member~~
31 ~~may retire on the member's early retirement date by submitting~~
32 ~~written notice to the system setting forth the early~~
33 ~~retirement date which shall not be before the first day of the~~
34 ~~sixth calendar month preceding the month in which such notice~~
35 ~~is filed.~~

1 Sec. 25. Section 97B.48, subsections 1 and 2, Code
2 Supplement 2003, are amended to read as follows:

3 1. Retirement allowances shall be paid monthly, except
4 that, if an allowance of less than six hundred dollars a year
5 may, at the member's option is payable pursuant to section
6 97B.51, subsection 1, paragraph "b", the member's retirement
7 benefit shall be paid as a lump sum in an amount equal to the
8 sum of the member's and employer's accumulated contributions
9 and the retirement dividends standing to the member's credit
10 before December 31, 1966. Receipt of the lump sum payment by
11 a member shall terminate any and all entitlement for the
12 period of service covered of the member under this chapter and
13 the member shall not be eligible to buy back the period of
14 service.

15 2. The first monthly payment of a ~~normal~~ retirement
16 allowance shall be paid as of the ~~normal retirement effective~~
17 ~~date, which date shall be the later of the normal retirement~~
18 ~~date or the first day of the sixth calendar month preceding~~
19 ~~the month in which written notice of normal retirement is~~
20 ~~submitted to the system~~ member's first month of entitlement.
21 ~~Written notice under this section may consist of submission of~~
22 ~~a completed estimate request form, a completed application for~~
23 ~~retirement form, or a letter from the member requesting~~
24 ~~information on retirement benefits, whichever is received~~
25 ~~first by the system. -- However, a letter requesting information~~
26 ~~on benefits or submission of a completed estimate request form~~
27 ~~is only valid for six months following the date of its receipt~~
28 ~~by the system, unless during that six-month period the system~~
29 ~~receives a completed application for retirement form from the~~
30 ~~member. -- A retirement allowance may only be provided~~
31 ~~retroactively for a single six-month period. -- Payment of an~~
32 ~~early retirement allowance or an allowance for retirement~~
33 ~~after the normal retirement date shall be paid as of the~~
34 ~~effective date of retirement subject to section 97B.45,~~
35 ~~97B.46, or 97B.47.~~ The payments shall be continued thereafter

1 for the lifetime of the retired member except as provided in
2 section 97B.48A.

3 Sec. 26. Section 97B.48, subsection 5, Code Supplement
4 2003, is amended by striking the subsection.

5 Sec. 27. Section 97B.48, Code Supplement 2003, is amended
6 by adding the following new subsections:

7 NEW SUBSECTION. 6. Effective on such date as the system
8 determines by rule, but in no event later than July 1, 2006,
9 if the system determines that the accumulated contributions of
10 a member, payable to a living member who has had a break in
11 service or to a beneficiary of a deceased member, are less
12 than three thousand dollars, the lump sum amount payable under
13 this chapter shall be paid to the living member or beneficiary
14 in full satisfaction of all rights of the member or
15 beneficiary to receive any payments under the system. For
16 purposes of this section, a "break in service" means twenty
17 consecutive calendar quarters in which no wages are reported
18 to the system. The lump sum payment shall be made within one
19 hundred eighty days after the calendar quarter in which the
20 member completes a break in service or dies, whichever is
21 applicable. A member or beneficiary who receives a mandatory
22 distribution under this subsection shall have sixty days to
23 return the distribution to the system and restore the member's
24 or beneficiary's account.

25 NEW SUBSECTION. 7. Effective July 1, 2005, monthly
26 retirement allowance payments shall be directly deposited
27 without charge to a retired member's account via electronic
28 funds transfer. A retired member may elect to receive monthly
29 allowance payments as paper warrants in lieu of electronic
30 funds transfers, but the system shall charge an administrative
31 fee for processing such paper warrants. However, the system
32 may, for good cause shown, waive the administrative fee. The
33 fee may be automatically deducted from the monthly retirement
34 allowance before the warrant is issued to the retired member.

35 Sec. 28. Section 97B.48A, Code Supplement 2003, is amended

1 by adding the following new subsection:

2 NEW SUBSECTION. 5. If a retired reemployed member incurs
3 a break in service, as defined in this subsection, and the
4 member has failed to request an increase in the member's
5 monthly allowance or a distribution of the member's and
6 employer's accumulated contributions prior to the break in
7 service, and if the amount of the increase in the member's
8 monthly retirement allowance would be less than six hundred
9 dollars per year, the system shall distribute the lump sum
10 amount payable under subsection 4. For purposes of this
11 subsection, a "break in service" means four consecutive
12 calendar quarters in which no wages are reported to the
13 system. The lump sum payment shall be made within one hundred
14 eighty days after the calendar quarter in which the member has
15 a break in service. A member who receives a mandatory
16 distribution under this subsection shall have sixty days to
17 return the distribution to the system and request an increase
18 in the member's monthly allowance.

19 Sec. 29. NEW SECTION. 97B.49 DORMANT ACCOUNTS.

20 1. In the event that all, or any portion, of a retirement
21 allowance, death benefit, or other distribution payable to a
22 member or a member's designated beneficiary, heirs at law, or
23 estate, remains unpaid solely by reason of the inability of
24 the system to locate the appropriate payee, the amount payable
25 shall not be forfeited but shall be treated as a dormant
26 account after the time for making a claim has run.

27 2. A dormant account shall revert to the retirement fund
28 created in section 97B.7. A dormant account shall be non-
29 interest-bearing, and except for keeping a record of such
30 account, the system shall not maintain the account. A member
31 who has a dormant account and returns to covered employment
32 shall have their dormant account reactivated as of the quarter
33 they return to covered employment. If the appropriate payee
34 contacts the system after the amount payable is treated as a
35 dormant account, the appropriate payee may claim such amounts

1 by filing a withdrawal application provided by the system.
2 The system shall have rulemaking authority to adopt rules
3 necessary to implement this section in a just and equitable
4 manner.

5 3. The system shall ensure that the payment of a dormant
6 account as provided in this section meets the requirements of
7 section 401(a)(9) of the federal Internal Revenue Code.

8 Sec. 30. Section 97B.50, subsection 2, Code Supplement
9 2003, is amended to read as follows:

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

29 b. A vested member who retires from the retirement system
30 due to disability and commences receiving disability benefits
31 pursuant to the federal Railroad Retirement Act, 45 U.S.C. §
32 231 et seq., and who has not reached the normal retirement
33 date, shall receive benefits as selected under section 97B.51,
34 and shall not have benefits reduced upon retirement as
35 required under subsection 1 regardless of whether the member

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

13 c. A vested member who terminated service due to a
14 disability, who has been issued payment for a refund pursuant
15 to section 97B.53, and who subsequently commences receiving
16 disability benefits as a result of that disability pursuant to
17 the federal Social Security Act, 42 U.S.C. § 423 et seq. or
18 the federal Railroad Retirement Act, 45 U.S.C. § 231 et seq.,
19 may receive credit for membership service for the period
20 covered by the refund payment, upon repayment to the system of
21 the actuarial cost of receiving service credit for the period
22 covered by the refund payment, as determined by the system.
23 For purposes of this paragraph, the actuarial cost of the
24 service purchase shall be determined as provided in section
25 ~~97B-74~~ 97B.80C. The payment to the system as provided in this
26 paragraph shall be made within ninety days after July 1, 2000,
27 or the date federal disability payments commenced, whichever
28 occurs later. For purposes of this paragraph, the date
29 federal disability payments commence shall be the date that
30 the member actually receives the first such payment,
31 regardless of any retroactive payments included in that
32 payment. A member who repurchases service credit under this
33 paragraph and applies for retirement benefits shall have the
34 member's monthly allowance, including retroactive adjustment
35 payments, determined in the same manner as provided in

1 paragraph "a" or "b", as applicable. ~~This paragraph shall not~~
2 ~~be implemented until the system has received a determination~~
3 ~~letter from the federal internal revenue service approving the~~
4 ~~system's plan's qualified status under Internal Revenue Code~~
5 ~~section 401(a).~~

6 Sec. 31. Section 97B.50, subsection 4, Code Supplement
7 2003, is amended by striking the subsection.

8 Sec. 32. Section 97B.50A, subsection 5, Code Supplement
9 2003, is amended to read as follows:

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

20 Sec. 33. Section 97B.52, subsection 1, unnumbered
21 paragraph 1, Code Supplement 2003, is amended to read as
22 follows:

23 If a an inactive member, with at least sixteen calendar
24 quarters of service credit, or any active member dies prior to
25 the member's first month of entitlement, the member's
26 beneficiary shall be entitled to receive a death benefit equal
27 to the greater of the amount provided in paragraph "a" or "b".
28 If an inactive member with less than sixteen calendar quarters
29 of service credit dies prior to the member's first month of
30 entitlement, the member's beneficiary shall only be entitled
31 to receive a death benefit, as a lump sum, equal to the amount
32 provided in paragraph "a".

33 Sec. 34. Section 97B.52, subsection 5, unnumbered
34 paragraph 3, Code Supplement 2003, is amended by striking the
35 unnumbered paragraph.

1 Sec. 35. Section 97B.52, subsection 7, Code Supplement
2 2003, is amended to read as follows:

3 7. If a member has not filed a designation of beneficiary
4 with the system, the death benefit is payable to the member's
5 estate. If no designation has been filed and an estate is not
6 probated, the death benefit shall be paid to the surviving
7 spouse, if any. If no designation has been filed, no estate
8 has been probated, and there is no surviving spouse, the death
9 benefit shall be paid to the heirs as provided in this
10 subsection. The system shall pay the full amount of a
11 member's death benefits to those heirs who have presented a
12 claim for such benefits within five years after the member's
13 date of death. The system is not liable for the payment of
14 any claims by heirs who make themselves known to the system
15 more than five years after the date of death of the member.
16 Otherwise if a death benefit is not paid as provided by this
17 subsection, the death benefit shall remain in the fund.

18 Sec. 36. Section 97B.53, subsection 4, Code Supplement
19 2003, is amended to read as follows:

20 4. A member has not terminated employment for purposes of
21 this section if the member accepts commences other covered
22 employment within thirty days after receiving-the-last-payment
23 of-wages-for the date employment was terminated with a covered
24 employment employer, or if the member begins covered
25 employment prior to filing a request for a refund with the
26 system.

27 Sec. 37. Section 97B.53B, subsection 1, paragraph c,
28 subparagraph (2), subparagraph subdivision (c), Code
29 Supplement 2003, is amended to read as follows:

30 (c) The Prior to January 1, 2002, the portion of any
31 distribution that is not includible in the gross income of the
32 distributee, determined without regard to the exclusion for
33 net unrealized appreciation with respect to employer
34 securities.

35 Sec. 38. Section 97B.73B, subsection 2, paragraph b, Code

1 Supplement 2003, is amended to read as follows:

2 b. For a purchase of membership service on or after July
3 1, 2002, the actuarial cost of the service purchase in a
4 manner as provided in section 97B-73 97B.80C.

5 Sec. 39. Section 97B.73B, subsection 2, Code Supplement
6 2003, is amended by adding the following new paragraph:

7 NEW PARAGRAPH. c. Effective July 1, 2004, a member
8 eligible for an increased retirement allowance because of the
9 payment of contributions under this section is entitled to
10 adjusted payments beginning with the month in which the member
11 pays contributions under this section.

12 Sec. 40. Section 97B.80, subsection 3, Code Supplement
13 2003, is amended to read as follows:

14 3. ~~The system shall adjust benefits for a six-month period~~
15 ~~prior to the date the member pays contributions under this~~
16 ~~section if the member is receiving a retirement allowance at~~
17 ~~the time the contribution payment is made.~~ Verification of
18 active duty service and payment of contributions shall be made
19 to the system. However, a member is not eligible to make
20 contributions under this section if the member is receiving,
21 is eligible to receive, or may in the future be eligible to
22 receive retirement pay from the United States government for
23 active duty in the armed forces, except for retirement pay
24 granted by the United States government under retired pay for
25 nonregular service pursuant to 10 U.S.C. § 12731-- 12739. A
26 member receiving retired pay for nonregular service who makes
27 contributions under this section shall provide information
28 required by the system documenting time periods covered under
29 retired pay for nonregular service.

30 Sec. 41. Section 97B.80, subsection 4, Code Supplement
31 2003, is amended by striking the subsection and inserting in
32 lieu thereof the following:

33 4. Effective July 1, 2004, a member eligible for an
34 increased retirement allowance because of the payment of
35 contributions under this section is entitled to adjusted

1 payments beginning with the month in which the member pays
2 contributions under this section.

3 Sec. 42. Section 97B.80C, subsection 1, paragraph a, Code
4 Supplement 2003, is amended to read as follows:

5 a. "Nonqualified service" means service that is not
6 qualified service and includes, but is not limited to, any of
7 the following:

8 (1) Full-time volunteer public service in the federal
9 peace corps program.

10 (2) Public employment comparable to employment covered
11 under this chapter in a qualified Canadian governmental entity
12 that is an elementary school, secondary school, college, or
13 university that is organized, administered, and primarily
14 supported by the provincial, territorial, or federal
15 governments of Canada, or any combination of the same.

16 Sec. 43. Section 97B.80C, subsection 1, paragraph c,
17 subparagraph (1), Code Supplement 2003, is amended by adding
18 the following new subparagraph subdivisions:

19 NEW SUBPARAGRAPH SUBDIVISION. (e) Service as a member of
20 the general assembly.

21 NEW SUBPARAGRAPH SUBDIVISION. (f) Previous service as a
22 county attorney by a part-time county attorney.

23 NEW SUBPARAGRAPH SUBDIVISION. (g) Service in public
24 employment comparable to employment covered under this chapter
25 in another state or in the federal government, or service as a
26 member of another public retirement system in this state,
27 including but not limited to the teachers insurance and
28 annuity association-college retirement equities fund (TIAA-
29 CREF), if the member was not retired under that system and has
30 no further claim upon a retirement benefit from that other
31 public system.

32 NEW SUBPARAGRAPH SUBDIVISION. (h) Service as a member of
33 the retirement system at any time on or after July 4, 1953, if
34 the member received a refund of the member's accumulated
35 contributions for that period of membership service.

1 NEW SUBPARAGRAPH SUBDIVISION. (i) An approved leave of
2 absence which does not constitute service as defined in
3 section 97B.1A, which is granted on or after July 1, 1998.

4 NEW SUBPARAGRAPH SUBDIVISION. (j) Employment of a person
5 who at the time of the employment was not covered by this
6 chapter, was employed by a covered employer under this
7 chapter, and did not opt out of coverage under this chapter.

8 NEW SUBPARAGRAPH SUBDIVISION. (k) Employment of a person
9 as an adjunct instructor as defined in section 97B.1A,
10 subsection 8.

11 Sec. 44. Section 97B.80C, subsection 3, Code Supplement
12 2003, is amended to read as follows:

13 3. a. A member making contributions for a purchase of
14 permissive service credit under this section, except as
15 otherwise provided by this subsection, shall make
16 contributions in an amount equal to the actuarial cost of the
17 permissive service credit purchase. ~~For purposes of this~~
18 ~~subsection, the actuarial cost of the service purchase is an~~
19 ~~amount determined by the system in accordance with actuarial~~
20 ~~tables, as reported to the system by the system's actuary,~~
21 ~~which reflects the actuarial cost necessary to fund an~~
22 ~~increased retirement allowance resulting from the purchase of~~
23 ~~permissive service credit.~~

24 b. For a member making contributions for a purchase of
25 permissive service credit for qualified service as described
26 in subsection 1, paragraph "c", subparagraph (1), subparagraph
27 subdivision (e), under this section, the member shall make
28 contributions in an amount equal to forty percent of the
29 actuarial cost of the service purchase. There is appropriated
30 from the general fund of the state to the system an amount
31 sufficient to pay sixty percent of the actuarial cost of the
32 service purchase by a member pursuant to this paragraph.

33 c. For a member making contributions for a purchase of
34 permissive service credit for qualified service as described
35 in subsection 1, paragraph "c", subparagraph (1), subparagraph

1 subdivision (f), under this section, the member shall make
2 contributions in an amount equal to forty percent of the
3 actuarial cost of the service purchase. Upon notification of
4 the applicable county board of supervisors of the member's
5 election, the county board of supervisors shall pay to the
6 system an amount sufficient to pay sixty percent of the
7 actuarial cost of the service purchase by a member pursuant to
8 this paragraph.

9 d. For purposes of this subsection, the actuarial cost of
10 the service purchase is an amount determined by the system in
11 accordance with actuarial tables, as reported to the system by
12 the system's actuary, which reflects the actuarial cost
13 necessary to fund an increased retirement allowance resulting
14 from the purchase of permissive service credit.

15 Sec. 45. Section 97B.80C, Code Supplement 2003, is amended
16 by adding the following new subsections:

17 NEW SUBSECTION. 3A. Effective July 1, 2004, a member
18 eligible for an increased retirement allowance because of the
19 payment of contributions under this or any other section
20 providing for the purchase of service credit is entitled to
21 adjusted payments beginning with the month in which the member
22 pays contributions under the applicable section.

23 NEW SUBSECTION. 3B. Effective July 1, 2004, a purchase of
24 service made in accordance with this or any other section
25 providing for the purchase of service credit by a retired
26 reemployed member shall be applied to the member's original
27 retirement allowance. The member is eligible to receive
28 adjustment payments beginning with the month of the purchase.

29 NEW SUBSECTION. 3C. A member who is entitled to a benefit
30 from another public retirement system and wishes to purchase
31 the service covered by that public retirement system must
32 waive, on a form provided by the Iowa public employees'
33 retirement system, all rights to a retirement benefit under
34 that other public system before purchasing credit in this
35 system for the period of service covered by that other public

1 system. The waiver must be accepted by the other public
2 system. If the waiver is not obtained, a member may buy up to
3 twenty quarters of such service credit. In no event can a
4 member receive more than one service credit for any given
5 calendar quarter.

6 Sec. 46. 2002 Iowa Acts, chapter 1135, section 36,
7 subsections 1 and 3, are amended to read as follows:

8 1. a. Notwithstanding any provision of chapter 97B to the
9 contrary, a member of the Iowa public employees' retirement
10 system who has an employer-mandated reduction in hours or an
11 employee-exercised reduction in pay but remains on the
12 employer's payroll, and who would receive a reduction in the
13 member's three-year average covered wage as a result of the
14 reduction in hours or pay, may have the member's retirement
15 allowance calculated based on the three-year average covered
16 wage the member would have received, based on reasonable
17 assumptions, if the member had not been subject to the
18 employer-mandated reduction in hours or employee-exercised
19 reduction in pay, upon payment by the member of the applicable
20 contribution amount.

21 b. For purposes of this section, the-applicable unless the
22 context otherwise requires:

23 (1) "Applicable contribution amount amount" is an amount
24 equal to the employee and employer contributions that would
25 have been paid to the system based on the wages that the
26 member would have received but for the employer-mandated
27 reduction in hours or employee-exercised reduction in pay and
28 would have been included in the member's three-year average
29 covered wage.

30 (2) "Employee-exercised reduction in pay" means a
31 reduction in pay of a member who has exercised bumping rights
32 by accepting a lower-paid position in order to avoid being
33 laid off by the employer.

34 3. This section shall apply to employer-mandated
35 reductions in hours or employee-exercised reductions in pay

1 during the period of time beginning on or after January 1,
2 2002, and ending no later than June 30, ~~2003~~ 2005. The system
3 is authorized to adopt such rules, including emergency rules,
4 as it deems necessary or prudent to implement this section.

5 Sec. 47. Sections 97B.72, 97B.72A, 97B.73, 97B.73A,
6 97B.74, 97B.75, 97B.80A, 97B.80B, and 97B.81, Code Supplement
7 2003, are repealed.

8 Sec. 48. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY.

9 1. The section of this Act amending section 97B.53B,
10 subsection 1, paragraph "c", being deemed of immediate
11 importance, takes effect upon enactment and is retroactively
12 applicable to January 1, 2002, and is applicable on and after
13 that date.

14 2. The section of this Act amending 2002 Iowa Acts,
15 chapter 1135, section 36, being deemed of immediate
16 importance, takes effect upon enactment and is retroactively
17 applicable to January 1, 2002, and is applicable on and after
18 that date.

19 DIVISION III

20 STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM

21 Sec. 49. Section 411.5, Code 2003, is amended by adding
22 the following new subsection:

23 NEW SUBSECTION. 14. MEDICAL RECORDS. A physician or
24 surgeon, physician assistant, advanced registered nurse
25 practitioner, or mental health professional who provides
26 records to the system in connection with the application by a
27 member for disability retirement under this chapter shall be
28 entitled to charge a fee for production of the records. The
29 fee for copies of any records shall not exceed the actual cost
30 of production. The board of trustees may, by rule, limit the
31 amount to be paid for such copies.

32 Sec. 50. Section 411.6, subsection 7, unnumbered paragraph
33 1, Code 2003, is amended to read as follows:

34 ~~Re-examination~~ Reexamination of beneficiaries retired on
35 account of disability. ~~Once-each-year-during-the-first-five~~

~~1 years-following-the-retirement-of-a-member-on-a-disability~~
~~2 retirement-allowance,--and-once-in-every-three-year-period~~
3 thereafter, The system may, and upon the member's
4 application shall, require any disability beneficiary who has
5 not yet attained age fifty-five to undergo a medical
6 examination at a place designated by the medical board. The
7 examination shall be made by the medical board or in special
8 cases, by an additional physician or physicians designated by
9 such board. If any disability beneficiary who has not
10 attained the age of fifty-five refuses to submit to the
11 medical examination, the member's allowance may be
12 discontinued until withdrawal of such refusal, and if the
13 refusal continues for one year all rights in and to the
14 member's pension may be revoked by the system. For a
15 disability beneficiary who has not attained the age of fifty-
16 five and whose entitlement to a disability retirement
17 commenced on or after July 1, 2000, the medical board may, as
18 part of the examination required by this subsection, suggest
19 appropriate medical treatment or rehabilitation if, in the
20 opinion of the medical board, the recommended treatment or
21 rehabilitation would likely restore the disability beneficiary
22 to duty.

23 Sec. 51. Section 411.6, subsection 7, paragraph a,
24 unnumbered paragraph 2, Code 2003, is amended to read as
25 follows:

26 A beneficiary retired under this lettered paragraph, in
27 order to be eligible for continued receipt of retirement
28 benefits, shall no later than May 15 of each year submit to
29 the system a copy of the beneficiary's federal individual
30 income tax return for the preceding year. The beneficiary
31 shall also submit, within a reasonable period of time, any
32 documentation requested by the system that is determined to be
33 necessary by the system to determine the beneficiary's gross
34 wages.

35 Sec. 52. Section 411.6B, subsection 1, Code 2003, is

1 amended to read as follows:

2 1. As used in this section, unless the context otherwise
3 requires, and to the extent permitted by the internal revenue
4 service:

5 a. "Direct rollover" means a payment by the system to the
6 eligible retirement plan specified by the member or the
7 member's surviving spouse, or the member's alternate payee
8 under a marital property order who is the member's spouse or
9 former spouse.

10 b. "Eligible retirement plan" means ~~either~~ any of the
11 following that accepts an eligible rollover distribution from
12 a member, or a member's surviving spouse, or a member's
13 alternate payee:

14 (1) An individual retirement account in accordance with
15 section 408(a) of the federal Internal Revenue Code.

16 (2) An individual retirement annuity in accordance with
17 section 408(b) of the federal Internal Revenue Code.

18 In addition, an "eligible retirement plan" includes an
19 annuity plan in accordance with section 403(a) of the federal
20 Internal Revenue Code, or a qualified trust in accordance with
21 section 401(a) of the federal Internal Revenue Code, that
22 accepts an eligible rollover distribution from a member.

23 Effective January 1, 2002, the term "eligible retirement plan"
24 also includes an annuity contract described in section 403(b)
25 of the federal Internal Revenue Code, and an eligible plan
26 under section 457(b) of the federal Internal Revenue Code
27 which is maintained by a state, political subdivision of a
28 state, or any agency or instrumentality of a state or
29 political subdivision of a state that chooses to separately
30 account for amounts rolled over into such eligible retirement
31 plan from the system.

32 c. "Eligible rollover distribution" means all or any
33 portion of a member's account, except that an eligible
34 rollover distribution does not include any of the following:

35 (1) A distribution that is one of a series of

1 substantially equal periodic payments, which occur annually or
2 more frequently, made for the life or life expectancy of the
3 distributee or the joint lives or joint life expectancies of
4 the distributee and the distributee's designated beneficiary,
5 or made for a specified period of ten years or more.

6 (2) A distribution to the extent that the distribution is
7 required pursuant to section 401(a)(9) of the federal Internal
8 Revenue Code.

9 (3) The portion of any distribution that is not includible
10 in the gross income of the distributee, determined without
11 regard to the exclusion for net unrealized appreciation with
12 respect to employer securities. Provided, however, that
13 effective January 1, 2002, such distributions may be directly
14 rolled over to an individual retirement account described in
15 federal Internal Revenue Code section 408(a) or 408(b), a
16 qualified defined contribution plan described in federal
17 Internal Revenue Code section 401(a), or a qualified annuity
18 plan described in federal Internal Revenue Code section
19 403(a), if such plan agrees to separately account for the
20 after-tax amount so rolled over.

21 (4) A distribution of less than two hundred dollars of
22 taxable income.

23 Sec. 53. Section 411.22, subsection 1, paragraph b, Code
24 2003, is amended to read as follows:

25 b. A sum sufficient to pay the retirement system the
26 present worth, computed at the interest rate ~~provided in~~
27 ~~section-535-3-for-court-judgments-and-decrees~~ assumption
28 adopted by the system pursuant to section 411.5, subsection 9,
29 of the future payments of such benefits, for which the
30 retirement system is liable, but the sum is not a final
31 adjudication of the future payments which the member is
32 entitled to receive.

33 Sec. 54. Section 411.31, subsection 1, Code 2003, is
34 amended by adding the following new paragraph:

35 NEW PARAGRAPH. e. "Refund liability" means the amount the

1 member may elect to withdraw from the former system under
2 section 97A.16.

3 Sec. 55. Section 411.31, subsection 2, Code 2003, is
4 amended to read as follows:

5 2. Commencing July 1, 1996, a vested member of an eligible
6 retirement system who terminates employment covered by one
7 eligible retirement system and, within one year, commences
8 employment covered by the other eligible retirement system may
9 elect to transfer the greater of the average accrued benefit
10 or refund liability earned from the former system to the
11 current system. The member shall file an application with the
12 current system for transfer of the greater of the average
13 accrued benefit or refund liability within ninety days of the
14 commencement of employment with the current system.

15 Sec. 56. Section 411.31, subsection 4, Code 2003, is
16 amended to read as follows:

17 4. Upon receipt of an application for transfer ~~of the~~
18 average-accrued-benefit as provided in this section, the
19 current system shall calculate the average accrued benefit and
20 the refund liability and the former system shall transfer to
21 the current system assets in an amount equal to the greater of
22 the average accrued benefit or refund liability. Once the
23 ~~transfer of the average-accrued-benefit~~ is completed, the
24 member's service under the former system shall be treated as
25 membership service under the current system for purposes of
26 this chapter and chapter 97A.

27 Sec. 57. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY. The
28 section of this Act amending section 411.6B, subsection 1,
29 being deemed of immediate importance, takes effect upon
30 enactment and is retroactively applicable to January 1, 2002,
31 and is applicable on and after that date.

32 EXPLANATION

33 This bill makes numerous changes to public retirement
34 systems, including the public safety peace officers'
35 retirement, accident, and disability system, the Iowa public

1 employees' retirement system, and the statewide fire and
2 police retirement system. The bill may include a state
3 mandate as defined in Code section 25B.3. The state mandate
4 funding requirement in Code section 25B.2, however, does not
5 apply to public employee retirement systems. The changes to
6 each public retirement system are as follows:

7 PUBLIC SAFETY PEACE OFFICERS' RETIREMENT, ACCIDENT, AND
8 DISABILITY SYSTEM (PORS)

9 Code section 97A.17, concerning portability of service
10 between membership in PORS and the statewide fire and police
11 retirement system under Code chapter 411, is amended. The
12 change provides that the amount transferred from the former to
13 the new or current retirement system to obtain service credit
14 in the current system is the greater of the average accrued
15 benefit earned or the amount the member could receive as a
16 refund from terminating service under the former system.
17 Under current law, only the average accrued benefit amount is
18 considered and transferred. A corresponding change to Code
19 section 411.31 is also made.

20 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS)

21 Code section 97B.1A, subsection 11, defining first month of
22 entitlement, is amended to require that a member making
23 application for a retirement allowance designate the member's
24 intended first month of entitlement.

25 Code section 97B.1A, subsection 20, defining service, is
26 amended to provide that service does not include temporary
27 employment during any quarter the member is otherwise on an
28 unpaid leave of absence that is not authorized by the federal
29 Family and Medical Leave Act.

30 Code section 97B.1A, subsection 24, paragraphs "a" and "c",
31 are amended to change the date for changing the method of
32 determining a member's three-year average covered wage to a
33 calculation based on the member's highest 12 consecutive
34 quarters of service from July 1, 2005, to July 1, 2008.

35 Code section 97B.1A, subsection 25, is amended to provide

1 that an inactive member of IPERS does not become vested under
2 IPERS solely by reaching age 55 as of July 1, 2005.

3 Code section 97B.1A, subsection 26, concerning the
4 definition of wages, is amended to provide that payments
5 received from an employment dispute are not wages for purposes
6 of calculating a retirement allowance. In addition, the
7 subsection is amended to provide that wages to a member on or
8 after the member's retirement can be considered covered wages
9 pursuant to rules adopted by IPERS and payments made for the
10 difference between single and family insurance coverage are
11 also considered covered wages.

12 New Code section 97B.9A permits IPERS to waive the
13 collection of benefits overpayments, contribution
14 underpayments, or debts owed the system, if they occurred more
15 than three years before the overpayment, underpayment, or debt
16 is discovered if there is no evidence of fraud or misconduct.

17 Code section 97B.14A, concerning wage reporting, is amended
18 relating to the issue of whether wages reported appear to be a
19 distortion of the normal wage progression pattern for an
20 employee. The change defines this distortion as an increase
21 of 10 percent or more between wages reported for any two
22 consecutive years. The change permits IPERS to adjust or
23 reallocate a member's wages if the distortion of the normal
24 wage progression resulted from covering compensation that is
25 excluded from the definition of covered wages or from a change
26 in the schedule of wage payments for an individual.

27 Code section 97B.17, concerning records maintained by
28 IPERS, is amended to permit storage and acceptance of
29 electronic records as permitted under Code chapter 554D.

30 Code section 97B.38 is amended to permit IPERS to charge an
31 administrative fee for the cost of performing its duties under
32 this chapter if the cost is more than de minimis.

33 Code section 97B.40, concerning fraud, is amended to
34 provide that if IPERS believes a person may have engaged in
35 fraud, IPERS can refer the matter to the state auditor and to

1 the appropriate law enforcement authorities.

2 Code section 97B.42, concerning membership in other
3 retirement systems, is amended to provide that an IPERS member
4 may also participate in certain supplemental savings plans,
5 including a supplemental defined contribution plan qualified
6 under Internal Revenue Code section 401(a), a tax-deferred
7 annuity qualified under Internal Revenue Code section 403(b),
8 or an eligible deferred compensation plan qualified under
9 Internal Revenue Code section 457, regardless of whether
10 contributions to such supplemental plans are characterized as
11 employer contributions or employee contributions, and subject
12 to the applicable limits set forth in the Internal Revenue
13 Code for such plans. The change does not permit a
14 supplemental defined benefit plan. Under current law, only a
15 deferred compensation plan or tax-sheltered annuity are
16 permitted.

17 Code sections 97B.43, 97B.45, 97B.46, 97B.47, 97B.48,
18 97B.50, 97B.73B, 97B.80, and 97B.80C, concerning the payment
19 of a retirement allowance, or adjusted retirement allowance,
20 under Code chapter 97B, are amended to eliminate the ability
21 of an IPERS member to request and obtain up to six months of
22 retroactive payments of an allowance. The sections are
23 amended to only provide for payments once an application for
24 an allowance, or adjustment of allowance, is made to the
25 system.

26 Code section 97B.48, concerning payment of allowances, is
27 amended. Subsection 1 is amended to provide that if an annual
28 retirement benefit would be less than \$600, the payment must
29 be in a lump sum equal to the sum of the member's and
30 employer's accumulated contributions. Subsection 2 is amended
31 to provide that the first monthly payment of a retirement
32 allowance shall be in the member's first month of entitlement.

33 Code section 97B.48 is also amended by adding new
34 subsection 6, which provides that, effective no later than
35 July 1, 2006, if the accumulated contributions of a member who

1 has had a five-year break in service or is deceased are less
2 than \$3,000, that amount shall be paid to the member, or the
3 member's beneficiary, in full satisfaction of the member's
4 claims under IPERS. A member or beneficiary has 60 days to
5 repay the distribution and regain rights under IPERS.

6 Code section 97B.48 is also amended by adding new
7 subsection 7, which provides that beginning July 1, 2005,
8 IPERS will charge a processing fee to members who elect to
9 receive paper warrants in lieu of electronic deposits of their
10 IPERS retirement allowance. IPERS is given the authority to
11 waive the fee for good cause.

12 Code section 97B.48A is amended to provide a mandatory
13 distribution of a member's and employer's accumulated
14 contributions not used in the calculation of the member's
15 retirement for retired reemployed members who fail to
16 annuitize or receive a lump sum distribution of their
17 reemployment account balance within one year after terminating
18 the reemployment if the increase in the member's retirement
19 allowance based on this amount would be less than \$600 per
20 year. A member has 60 days to repay the distribution and
21 regain rights under IPERS.

22 New Code section 97B.49 provides for the handling of
23 dormant accounts. The new Code section provides that if any
24 retirement allowance, death benefit, or other payment remains
25 unpaid solely by reason of the inability of the system to
26 locate the appropriate payee, the amount payable shall not be
27 forfeited but shall be treated as a dormant account after the
28 time for making a claim has run. Moneys in a dormant account
29 are non-interest-bearing and are reverted to the IPERS trust
30 fund. If the appropriate payee returns to covered employment,
31 or makes application for payment with the system, the dormant
32 account will be reactivated. Current provisions dealing with
33 the inability to locate a payee in Code sections 97B.48 and
34 97B.52 are eliminated by the bill.

35 Code section 97B.50A is amended to provide that the offset

1 concerning disability payments for special service members for
2 employer-provided disability benefits includes payments under
3 an employer-provided disability plan or insurance policy.

4 Code section 97B.52, subsection 1, is amended to provide
5 that the option of receiving an IPERS preretirement death
6 benefit, which is the actuarial present value of the member's
7 accrued IPERS benefit, is only available to a beneficiary of
8 an inactive member if the inactive member had at least 16
9 quarters of service credit.

10 Code section 97B.52, subsection 5, is amended to delete
11 provisions providing for the reinstatement of previously
12 forfeited death benefits if the appropriate payee is located
13 after the benefit is restored.

14 Code section 97B.52, subsection 7, is amended to permit
15 IPERS to pay the share of a death benefit attributable to
16 heirs who have not presented claims for benefit to the heirs
17 who have presented such claims, if such claims are not
18 presented within five years after the date of death.

19 Code section 97B.53, subsection 4, concerning refund
20 options for members terminating employment, is amended to
21 provide that the 30-day period of required severance from
22 covered employment begins on the termination date, and not on
23 the date the last wages were paid.

24 Code section 97B.53B, concerning rollovers of member's
25 accounts, is amended to permit nontaxable amounts to be rolled
26 over into an eligible retirement plan beginning January 1,
27 2002. This provision takes effect upon enactment and is
28 retroactively applicable to January 1, 2002.

29 Code section 97B.80C, concerning purchases of permissive
30 service, is amended to cover all purchases of service credit
31 under the system, except for purchases by patient advocates
32 under Code section 97B.73B, veteran's credit under Code
33 section 97B.80, and direct rollovers and transfers under Code
34 section 97B.82. Current Code sections specifically permitting
35 purchases of service for members of the general assembly under

1 Code section 97B.72, former legislative service under Code
2 section 97B.72A, members from other public systems under Code
3 section 97B.73, part-time county attorneys under Code section
4 97B.73B, a buy-back of refunded service under Code section
5 97B.74, prior service before January 1, 1946, under Code
6 section 97B.75, public employment service credit under Code
7 section 97B.80A, volunteer public service under Code section
8 97B.80B, and leaves of absence under Code section 97B.81 are
9 repealed by the bill. However, in each case, the bill amends
10 Code section 97B.80C to permit purchases of service as
11 described in each repealed section to the same extent and in
12 essentially the same manner as currently provided.

13 Code section 97B.80C is also amended by adding new
14 subsections. New subsection 3A provides that no retroactive
15 adjustment in benefits will be made for a purchase of service
16 credit under this section. New subsection 3B directs IPERS to
17 apply a service purchase under this section only to the
18 member's original retirement annuity. New subsection 3C
19 provides that a member may purchase service covered under
20 another public employer's retirement system without obtaining
21 a waiver from that system, but not more than 20 such quarters
22 may be purchased without the waiver.

23 A provision in the 2002 Iowa Acts applicable to IPERS that
24 provided that an IPERS member who was furloughed between
25 January 1, 2002, and June 30, 2003, could have the member's
26 covered wage for purposes of determining IPERS retirement
27 benefits recalculated based upon the salary the member would
28 have received if the member had not been furloughed if the
29 member pays an amount to IPERS equal to the employer and
30 employee contributions that would have been made on that
31 portion of the salary lost due to the furlough is amended by
32 the bill. The bill allows members who exercised bumping
33 rights and took a lower paid position in lieu of a layoff to
34 be covered by this provision and also expands the period of
35 time covered by this special provision to June 30, 2005. This

1 section of the bill takes effect upon enactment and is
2 retroactively applicable to January 1, 2002.

3 STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM

4 Code section 411.5 is amended to provide that the amount
5 medical providers may charge for providing copies of medical
6 records in connection with an application by a member for a
7 disability is limited to the cost of producing the records.
8 The change also permits the board of trustees to limit the
9 cost for copies by rule.

10 Code section 411.6, subsection 7, concerning the
11 reexamination of disability retirees, is amended. The change
12 eliminates current time references regarding the timing and
13 frequency of medical examinations of disability retirees under
14 age 55 following a disability determination and permits the
15 retirement system to require an examination upon its
16 determination. This subsection is also amended to provide
17 that a beneficiary, in addition to submitting the member's tax
18 return each year, shall submit such other documentation to the
19 system as the system requests to determine the beneficiary's
20 gross wages.

21 Code section 411.6B, concerning rollovers of members'
22 accounts, is amended to allow a rollover of a member's account
23 into an annuity contract or other eligible plan, as provided
24 by section 403(b) and 457(b) of the Internal Revenue Code,
25 respectively. The change also permits nontaxable amounts to
26 be rolled over into an eligible retirement plan.

27 Code section 411.22, regarding the system's subrogation
28 rights, is amended to provide that the interest rate
29 assumption adopted by the system, and not the court judgment
30 and decree interest rate provided in Code section 535.3, shall
31 be used in calculating the system's subrogation amount.

32 Code section 411.31, concerning portability of service
33 between membership in PORS and the statewide fire and police
34 retirement system under Code chapter 411, is amended in the
35 same manner as was done in Code section 97A.17 and described

1 in the explanation to the change in Code section 97A.17.

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HOUSE FILE 2262

H-8040

1 Amend House File 2262 as follows:

2 1. Page 23, line 29, by striking the word
3 "actual" and inserting the following: "reasonable".

4 2. Page 23, by striking lines 30 and 31 and
5 inserting the following: "of production."

By DRAKE of Pottawattamie

H-8040 FILED FEBRUARY 19, 2004

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HOUSE FILE 2262

H-8155

1 Amend House File 2262 as follows:

2 1. Page 27, by inserting after line 26 the
3 following:

4 "Sec. ____ . Section 411.36, subsection 1, paragraph
5 c, Code 2003, is amended to read as follows:

6 c. A city treasurer, city financial officer, or
7 city clerk involved with the financial matters of the
8 city from four participating cities, one of whom is
9 from a city having a population of less than ~~forty~~
10 thirty thousand, and three of whom are from cities
11 having a population of ~~forty~~ thirty thousand or more.
12 The members authorized pursuant to this paragraph
13 shall be appointed by the governing body of the Iowa
14 league of cities."

15 2. By renumbering as necessary.

By DRAKE of Pottawattamie

H-8155 FILED MARCH 4, 2004

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H-8148

1 Amend House File 2262 as follows:

2 1. Page 23, by inserting after line 20 the
3 following:

4 "Sec. _____. Section 400.8, subsection 1, Code 2003,
5 is amended to read as follows:

6 400.8 ORIGINAL ENTRANCE EXAMINATION --
7 APPOINTMENTS.

8 1. The commission, when necessary under the rules,
9 including minimum and maximum age limits, which shall
10 be prescribed and published in advance by the
11 commission and posted in the city hall, shall hold
12 examinations for the purpose of determining the
13 qualifications of applicants for positions under civil
14 service, other than promotions, which examinations
15 shall be practical in character and shall relate to
16 matters which will fairly test the mental and physical
17 ability of the applicant to discharge the duties of
18 the position to which the applicant seeks appointment.
19 The physical examination of applicants for appointment
20 to the positions of police officer, police matron, or
21 fire fighter shall be held in accordance with medical
22 protocols established by the board of trustees of the
23 fire and police retirement system established by
24 section 411.5 and shall be conducted in accordance
25 with the directives of the board of trustees.
26 However, the prohibitions of section 216.6, subsection
27 1, paragraph "d", regarding tests for the presence of
28 the antibody to the human immunodeficiency virus shall
29 not apply to such examinations. The board of trustees
30 may change the medical protocols at any time the board
31 so determines. The physical examination of an
32 applicant for the position of police officer, police
33 matron, or fire fighter shall be conducted after a
34 conditional offer of employment has been made to the
35 applicant. An applicant shall not be discriminated
36 against on the basis of height, weight, sex, or race
37 in determining physical or mental ability of the
38 applicant. Reasonable rules relating to strength,
39 agility, and general health of applicants shall be
40 prescribed. The costs of the physical examination
41 required under this subsection shall be paid from the
42 trust and agency fund of the city."

43 2. By renumbering as necessary.

By DRAKE of Pottawattamie

CONNORS of Polk

JONES of Mills

LYKAM of Scott

ELGIN of Linn

H-8148 FILED FEBRUARY 26, 2004

**Fiscal Services Division
Legislative Services Agency
Fiscal Note**

HF 2262 - Public Pensions (LSB 5332 HV)

Analyst: Ron Robinson (Phone: (515) 281-6256) (ron.robinson@legis.state.ia.us)

Fiscal Note Version - As Amended and Passed by the Senate

Description

House File 2262, as amended and passed by the Senate, makes substantive changes to the Iowa Public Employees' Retirement System (IPERS) and the Iowa Judicial Retirement System. This Fiscal Note will examine the substantive changes with a significant cost.

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS)

The Bill makes numerous changes in order to establish a separate class of IPERS membership for sheriffs and sheriffs' deputies apart from airport firefighters. Airport firefighters are placed in the Protection Occupation class.

The Bill permits sheriffs and sheriffs' deputies who have at least 22 years of service to retire if they are, at least 54 years of age on or after July 1, 2004, at least 53 years of age on or after July 1, 2005, at least 52 years of age on or after July 1, 2006, at least 51 years of age on or after July 1, 2007, or at least 50 years of age on or after July 1, 2008, instead of waiting to the age of 55.

The Bill further provides for a change in the distribution of contributions between sheriffs and sheriffs' deputies employers and employees. Each employer and employee will contribute 50.0% of the actuarially determined cost. Currently, the employer pays 60.0% and the employee contributes 40.0%.

The Bill reduces from the current four months to one month; the time a licensed health care professional at a public hospital must leave covered employment in order to continue to receive a retirement benefit after returning to covered employment. This change is effective for retirements during FY 2005 and FY 2006. A study and report on Licensed Health Care Professionals - Bona Fide Retirement is being requested to determine the impact of this change.

Assumptions

1. A 4.00% annual payroll growth is assumed.
2. The number of active members in each class and covered payroll for FY 2004 are as follows:

<u>Employer</u>	<u>Membership Class</u>	<u>Active Members</u>	<u>FY 2004 Covered Payroll</u>
State	Airport Firefighters	57	\$ 2.5 Million
County and Cities	Sheriffs and Sheriffs' Deputies	1,555	\$ 70.9 Million

3. Contribution rates will only be impacted by the changes in the Bill.
4. The number of members in each class will remain constant.

5. Sheriffs and sheriffs' deputies and airport firefighters members would contribute 5.10% of covered wage and employers would contribute 7.66% in FY 2005, without the changes in this Bill.
6. Protection Occupation members would contribute 6.16% of covered wage and employers would contribute 9.23% in FY 2005, without the changes in this Bill.
7. The retirement rate for employees ages 50 through 54 is 30.0% for sheriffs and sheriffs' deputies.
8. The employer contribution for sheriffs and sheriffs' deputies will increase by 0.755% (a decrease of 1.280% due to the change in the contribution percentages and an increase of 2.035% due to the benefit enhancement) to 8.415%, by the completion of the phase-in for FY 2009.
9. The employee contributions for sheriffs and sheriffs' deputies will increase by 3.315% (an increase of 1.280% due to the change in the contribution percentages and an increase of 2.035% due to the benefit enhancement) to 8.415%, by the completion of the phase-in for FY 2009.

Fiscal Impact

Placing the airport firefighters in the Protection Occupation class will result in the following contribution changes: The combined employer and employee rate will increase from 12.76% to 15.39% of covered wage beginning in FY 2005. The employer will pay 9.23%, an increase of 1.57% or a total State increase of \$41,000 for all airport firefighters. The employees will pay 6.16%, an increase of 1.06% or \$28,000 for all airport firefighter employees. The average employee will contribute an estimated additional \$500 beginning in FY 2005.

Changing the retirement age for sheriffs and sheriffs' deputies and the distribution of the contributions between employers and employees will result in the following contribution changes: The combined employer and employee rate will increase from 12.76% to 16.83% of covered wage by the completion of the phase-in for FY 2009. The employer will pay 8.415%, an increase of 0.755% or \$652,000, and the employees will pay 8.415%, an increase of 3.315% or \$2.9 million by the completion of the phase-in for FY 2009. The average employee will contribute an estimated additional \$1,800 by the completion of the phase-in for FY 2009. Lower paid employees will pay less and higher paid employee will pay more. The employers will contribute an additional average of \$400 annually for each employee by the completion of the phase-in for FY 2009.

The fiscal impact of the change for licensed health care professional on employers and employees cannot be determined without knowing, the size of the group, their covered payroll, and which employees would take advantage of the program. A study of this group is requested in this Bill.

The study and report on Licensed Health Care Professionals - Bona Fide Retirement including outside consultants will cost \$16,000 in FY 2004, \$5,000 in FY 2005, and \$4,000 in FY 2006. The total cost of the study is an estimated \$25,000.

JUDICIAL RETIREMENT SYSTEM

The Bill reduces the vesting requirement from six years to four years for any judges that have completed four years of service at the time this Bill is enacted. When a judge becomes vested, the judge is eligible to obtain a retirement annuity rather than the return of the judge's contribution.

Assumptions

1. Most judges serve at least six years before retirement.
2. Currently 20 of the 194 judges have provided between four years and six years of service.
3. The number of judges that retire under the provisions of this act is unknown.
4. A district court judge retiring under the provisions of this Bill, with four years of service, would receive an annual benefit of approximately \$13,000 at age 65 or upon disability.
5. A judge contributes 5.0% of covered wage annually and a district court judge would have contributed approximately \$22,000 over the past four years.

Fiscal Impact

While the number of judges that will retire under the provisions of this Bill is unknown, it is not anticipated to have a significant fiscal impact on the System.

Sources

Iowa Public Employees' Retirement System (IPERS)
Milliman USA Consultants and Actuaries
Iowa Judicial Retirement System

Dennis C Prouty

April 7, 2004

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

HOUSE FILE 2262
BY COMMITTEE ON
STATE GOVERNMENT

(SUCCESSOR TO HSB 574)

(As Amended and Passed by the House March 9, 2004)

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

A BILL FOR

1 An Act relating to public retirement systems, including the
2 public safety peace officers' retirement, accident, and
3 disability system, the Iowa public employees' retirement
4 system, and the statewide fire and police retirement system,
5 and providing effective and retroactive applicability dates.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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House Amendments _____

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DIVISION I

2

PUBLIC SAFETY PEACE OFFICERS' RETIREMENT, ACCIDENT, AND

3

DISABILITY SYSTEM

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Section 1. Section 97A.17, subsection 1, Code 2003, is amended by adding the following new paragraph:

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NEW PARAGRAPH. e. "Refund liability" means the amount the member may elect to withdraw from the former system under section 411.23.

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Sec. 2. Section 97A.17, subsection 2, Code 2003, is amended to read as follows:

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2. Commencing July 1, 1996, a vested member of an eligible retirement system who terminates employment covered by one eligible retirement system and, within one year, commences employment covered by the other eligible retirement system may elect to transfer the greater of the average accrued benefit or the refund liability earned from the former system to the current system. The member shall file an application with the current system for transfer of the greater of the average accrued benefit or the refund liability within ninety days of the commencement of employment with the current system.

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DIVISION II

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS)

Sec. 4. Section 97B.1A, subsection 11, paragraphs a, b,

1 and c, Code Supplement 2003, are amended to read as follows:

2 a. Has attained the minimum age for receipt of a
3 retirement allowance under this chapter.

4 b. If the member has not attained seventy years of age,
5 has terminated all employment covered under the chapter or
6 formerly covered under the chapter pursuant to section 97B.42
7 in the month prior to the member's first month of entitlement.

8 c. Has filed a completed application for benefits with the
9 system setting forth the member's intended first month of
10 entitlement.

11 Sec. 5. Section 97B.1A, subsection 20, Code Supplement
12 2003, is amended by adding the following new paragraph:

13 NEW PARAGRAPH. e. Employment with an employer prior to
14 January 1, 1946, if the member is not receiving a retirement
15 allowance based upon that employment.

16 Sec. 6. Section 97B.1A, subsection 20, Code Supplement
17 2003, is amended by adding the following new unnumbered
18 paragraph after paragraph d:

19 NEW UNNUMBERED PARAGRAPH. However, effective July 1, 2004,
20 "service" does not mean service for which an employee receives
21 remuneration from an employer for temporary employment during
22 any quarter in which the employee is on an otherwise unpaid
23 leave of absence that is not authorized under the federal
24 Family and Medical Leave Act of 1993 or other similar leave.
25 Remuneration paid by the employer for the temporary employment
26 shall not be treated by the system as covered wages.

27 Sec. 7. Section 97B.1A, subsection 24, paragraphs a and c,
28 Code Supplement 2003, are amended to read as follows:

29 a. "Three-year average covered wage" means, for a member
30 who retires prior to July 1, ~~2005~~ 2008, a member's covered
31 wages averaged for the highest three years of the member's
32 service, except as otherwise provided in this subsection. The
33 highest three years of a member's covered wages shall be
34 determined using calendar years. However, if a member's final
35 quarter of a year of employment does not occur at the end of a

1 calendar year, the system may determine the wages for the
2 third year by computing the average quarter of all quarters
3 from the member's highest calendar year of covered wages not
4 being used in the selection of the two highest years and using
5 the computed average quarter for each quarter in the third
6 year in which no wages have been reported in combination with
7 the final quarter or quarters of the member's service to
8 create a full year. However, the system shall not use the
9 member's final quarter of wages if using that quarter would
10 reduce the member's three-year average covered wage. If the
11 three-year average covered wage of a member exceeds the
12 highest maximum covered wages in effect for a calendar year
13 during the member's period of service, the three-year average
14 covered wage of the member shall be reduced to the highest
15 maximum covered wages in effect during the member's period of
16 service. Notwithstanding any other provision of this
17 paragraph to the contrary, a member's wages for the third year
18 as computed by this paragraph shall not exceed, by more than
19 three percent, the member's highest actual calendar year of
20 covered wages for a member whose first month of entitlement is
21 January 1999 or later.

22 c. "Three-year average covered wage" means, for a member
23 who retires on or after July 1, ~~2005~~ 2008, the greater of the
24 member's covered wages averaged for a member's highest twelve
25 consecutive quarters of service or the member's covered wages
26 averaged for a member's highest three calendar years of
27 service. The system shall adopt rules to implement this
28 paragraph in accordance with the requirements of this chapter
29 and the federal Internal Revenue Code.

30 Sec. 8. Section 97B.1A, subsection 25, paragraph a,
31 subparagraph (4), Code Supplement 2003, is amended to read as
32 follows:

33 (4) Has attained the age of fifty-five. However, an
34 inactive member who has not attained sufficient years of
35 service eligibility to become vested and who has not attained

1 the age of fifty-five as of July 1, 2005, shall not become
2 vested upon the attainment of the age of fifty-five while an
3 inactive member.

4 Sec. 9. Section 97B.1A, subsection 26, paragraph a,
5 subparagraph (2), subparagraph subdivision (j), Code
6 Supplement 2003, is amended to read as follows:

7 (j) Payments of damages, attorney fees, interest, and
8 penalties made to satisfy a grievance, or wage claim, or
9 employment dispute.

10 Sec. 10. Section 97B.1A, subsection 26, paragraph a,
11 subparagraph (2), subparagraph subdivision (n), Code
12 Supplement 2003, is amended by striking the subparagraph
13 subdivision.

14 Sec. 11. Section 97B.1A, subsection 26, paragraph b,
15 unnumbered paragraph 3, Code Supplement 2003, is amended to
16 read as follows:

17 Effective July 1, 1992, "covered wages" does not include
18 wages to a member on or after the effective date of the
19 member's retirement, except as otherwise permitted by the
20 system's administrative rules, unless the member is
21 reemployed, as provided under section 97B.48A.

22 Sec. 12. NEW SECTION. 97B.9A COLLECTIONS -- WAIVER.

23 Notwithstanding any provision of this chapter to the
24 contrary, the system may, in its sole discretion, waive the
25 collection of benefits overpayments, contribution
26 underpayments, or any other debts owed the system, that occur
27 more than three years prior to the date of discovery of the
28 overpayment, underpayment, or debt by the system, for cases in
29 which there is no evidence of fraud or other misconduct on the
30 part of the affected employer or the affected member or
31 beneficiary in providing or failing to provide information
32 necessary to the proper determination of a debt owed the
33 system, calculation of contributions and payments, or
34 calculation of benefits under this chapter.

35 Sec. 13. Section 97B.14A, Code Supplement 2003, is amended

1 to read as follows:

2 97B.14A WAGE REPORTING.

3 1. For purposes of this section, unless the context
4 otherwise requires:

5 a. "Change in the schedule of wage payments" means the
6 formal or informal deferral of wages earned in one calendar
7 year to a later calendar year or the acceleration of the wages
8 payable under a contract of employment to the prior calendar
9 year by changing the period over which the contractual
10 compensation is paid, by shortening the period of employment
11 over which contract wages are to be paid, or similar
12 arrangements altering the timing of wage payments.

13 b. "Distortion of the normal wage progression pattern"
14 means an increase of ten percent or more between the covered
15 wages reported for any two consecutive years.

16 2. An employer shall report wages of employees covered by
17 this chapter to the system in a manner and form as prescribed
18 by the system. If the wages reported by an employer appear to
19 be a distortion of the normal wage progression pattern for an
20 employee, the system may request that the employer provide
21 documentation indicating that the wages were not misreported
22 for the purposes of causing an increase in the retirement
23 allowance or other payments authorized to be made by this
24 chapter explaining the reason for the distortion. If the
25 system determines that the wages of an employee were
26 misreported, the employer shall prepare and file wage
27 adjustments allocating the wages to the proper wage reporting
28 period. If the distortion of the normal wage progression
29 pattern results from covering compensation that is excluded
30 from the definition of covered wages, or from a change in the
31 schedule of wage payments for an individual, the system shall
32 remove wages that should not be covered from its records, and
33 shall, in cases involving increases caused by a change in the
34 schedule of wage payments, reallocate covered wages to the
35 calendar quarters in which the covered wages would have been

1 reported but for the change in the schedule of wage payments.

2 Sec. 14. Section 97B.17, subsection 1, Code Supplement
3 2003, is amended to read as follows:

4 1. The system shall establish and maintain records of each
5 member, including but not limited to the amount of wages of
6 each member, the ~~contribution~~ contributions made on behalf of
7 each member with interest, ~~and~~ interest dividends credited,
8 beneficiary designations, and applications for benefits of any
9 type. The records may be maintained in paper, magnetic, or
10 electronic form, including optical disk storage, as set forth
11 in chapter 554D. The system may accept, but shall not
12 require, electronic records and electronic signatures to the
13 extent permitted under chapter 554D. These records are the
14 basis for the compilation of the retirement benefits provided
15 under this chapter.

16 Sec. 15. Section 97B.38, Code Supplement 2003, is amended
17 to read as follows:

18 97B.38 FEES FOR SERVICES.

19 The system may, by rule, prescribe ~~the-maximum~~ reasonable
20 fees which may be charged for ~~services-performed-in-connection~~
21 ~~with-any-claim-before-the-system-under-this-chapter,-and-any~~
22 ~~agreement-in-violation-of-such-rules-shall-be-void~~ production
23 costs, including staff time and materials, associated with
24 performing its duties under this chapter for active, inactive,
25 and retired members, beneficiaries, and the general public,
26 where such production costs are more than de minimis, as
27 determined by the system. ~~Any-person-who-shall,-with-intent~~
28 ~~to-defraud,-in-any-manner-willfully-and-knowingly-deceive,-~~
29 ~~mislead,-or-threaten-any-claimant-or-prospective-claimant-or~~
30 ~~beneficiary-under-this-chapter-by-word,-circular,-letter-or~~
31 ~~advertisement,-or-who-shall-knowingly-charge-or-collect~~
32 ~~directly-or-indirectly-any-fee-in-excess-of-the-maximum-fee,-~~
33 ~~or-make-any-agreement-directly-or-indirectly-to-charge-or~~
34 ~~collect-any-fee-in-excess-of-the-maximum-fee,-prescribed-by~~
35 ~~the-system,-shall-be-deemed-guilty-of-a-fraudulent-practice-~~

1 Sec. 16. Section 97B.40, Code Supplement 2003, is amended
2 by adding the following new subsection:

3 NEW SUBSECTION. 1A. If the system determines that a
4 person may have engaged in a fraudulent practice as described
5 under this section, the system may, in addition to any
6 statutory or equitable remedies provided by law, refer the
7 matter to the auditor of state and to the appropriate law
8 enforcement authorities for possible investigation and
9 prosecution.

10 Sec. 17. Section 97B.42, unnumbered paragraph 8, Code
11 Supplement 2003, is amended by striking the unnumbered
12 paragraph and inserting in lieu thereof the following:

13 Except as otherwise provided in this section, an employer
14 shall not sponsor and a member shall not participate in
15 another retirement system in this state supported in whole or
16 in part by public contributions or payments where such
17 retirement system is in lieu of the retirement system
18 established by this chapter. However, in addition to the
19 retirement system established by this chapter, an employer may
20 sponsor and a member may participate in a supplemental defined
21 contribution plan qualified under Internal Revenue Code
22 section 401(a), a tax-deferred annuity qualified under
23 Internal Revenue Code section 403(b), or an eligible deferred
24 compensation plan qualified under Internal Revenue Code
25 section 457, regardless of whether contributions to such
26 supplemental plans are characterized as employer contributions
27 or employee contributions, and subject to the applicable
28 limits set forth in the Internal Revenue Code for such plans.
29 A defined benefit plan that supplements the retirement system
30 established by this chapter shall not be offered by public
31 employers covered under this chapter.

32 Sec. 18. Section 97B.42A, subsection 4, Code Supplement
33 2003, is amended to read as follows:

34 4. A person who becomes a member of the retirement system
35 pursuant to subsection 3, or who is a member of the retirement

1 system, and who has one or more years of covered wages, may
2 purchase credit, pursuant to section 97B.73, Code 2003, for
3 one or more quarters of service prior to January 1, 1999, in
4 which the person was employed in a position as described in
5 section 97B.1A, subsection 8, paragraph "a", but was not a
6 member of the retirement system.

7 Sec. 19. Section 97B.42A, subsection 5, unnumbered
8 paragraph 2, Code Supplement 2003, is amended to read as
9 follows:

10 A person who becomes a member of the Iowa public employees'
11 retirement system pursuant to this subsection, and who has one
12 or more years of covered wages, may purchase credit, pursuant
13 to section 97B.73, Code 2003, for one or more quarters of
14 service prior to August 1, 2000, in which the person was
15 employed in a position as described by section 97B.1A,
16 subsection 8, paragraph "a", subparagraph (11), but was not a
17 member of the retirement system.

18 Sec. 20. Section 97B.43, unnumbered paragraph 3, Code
19 Supplement 2003, is amended to read as follows:

20 Each individual who on or after July 1, 1978, was an
21 active, vested, or retired member and who (1) made application
22 for and received a refund of contributions made under the
23 abolished system or (2) has on deposit with the retirement
24 fund contributions made under the abolished system shall be
25 entitled to credit for years of prior service in the
26 determination of retirement allowance payments by filing a
27 written election with the system on or after July 1, 1978, and
28 by redepositing any withdrawn contributions under the
29 abolished system together with interest as stated in this
30 paragraph. Any individual who on or after July 1, 1978, is a
31 retired member and who made application for and received a
32 refund of contributions made under the abolished system may,
33 by filing a written election with the system on or after July
34 1, 1978, have the system retain fifty percent of the monthly
35 increase in retiree benefits that will accrue to the

1 individual because of prior service. If the monthly increase
2 in retirement benefits is less than ten dollars, the system
3 shall retain five dollars of the scheduled increase, and if
4 the monthly increase is less than five dollars, the provisions
5 of this paragraph shall not apply. The system shall continue
6 to retain such funds until the withdrawn contributions,
7 together with interest accrued to the month in which the
8 written election is filed, have been repaid. Due notice of
9 this provision shall be sent to all retired members on or
10 after July 1, 1978. However, this paragraph shall not apply
11 to any person who received a refund of any membership service
12 contributions unless the person repaid the membership service
13 contributions pursuant to section 97B-74 97B.80C; but a refund
14 of contributions remitted for the calendar quarter ending
15 September 30, 1953 which was based entirely upon employment
16 which terminated prior to July 4, 1953 shall not be considered
17 as a refund of membership service contributions. The interest
18 to be paid into the fund shall be compounded at the rates
19 credited to member accounts from the date of payment of the
20 refund of contributions under the abolished system to the date
21 the member redeposits the refunded amount. The provisions of
22 the first paragraph of this section relating to the
23 consideration given to credited amounts shall apply to the
24 redeposited amounts or to amounts left on deposit. Effective
25 July 1, 1978, the provisions of this paragraph shall apply to
26 each individual who on or after July 1, 1978, was an active,
27 vested, or retired member, but who was not in service on July
28 4, 1953. The period for filing the written election with the
29 system and redepositing any withdrawn contributions together
30 with interest accrued shall commence July 1, 1978. A member
31 who is a retired member on or after July 1, 1978, may file
32 written election with the system on or after July 1, 1978, to
33 have the system retain fifty percent of the monthly increase
34 as provided in this paragraph.

35 Sec. 21. Section 97B.43, unnumbered paragraph 4, Code

1 Supplement 2003, is amended to read as follows:

2 Effective July 1, ~~1988~~ 2004, a member eligible for an
3 increased retirement allowance because of the repayment of
4 contributions under this section is entitled to receipt of
5 ~~retroactive adjustment payments for no more than six months~~
6 ~~immediately preceding~~ beginning with the month in which
7 ~~written notice payment was submitted to~~ received by the
8 system.

9 Sec. 22. Section 97B.45, unnumbered paragraph 2, Code
10 Supplement 2003, is amended by striking the unnumbered
11 paragraph.

12 Sec. 23. Section 97B.46, subsection 2, Code Supplement
13 2003, is amended to read as follows:

14 2. A member remaining in service after attaining the age
15 of seventy years is entitled to receive a retirement allowance
16 under sections 97B.49A through 97B.49H, as applicable,
17 ~~commencing with payment for the calendar month within which~~
18 ~~the written notice is submitted to the system, except that if~~
19 ~~the member fails to submit the notice on a timely basis,~~
20 ~~retroactive payments shall be made for no more than six months~~
21 ~~immediately preceding the month in which the written notice is~~
22 ~~submitted~~ without terminating employment.

23 Sec. 24. Section 97B.47, Code Supplement 2003, is amended
24 to read as follows:

25 97B.47 EARLY RETIREMENT DATE.

26 A member's early retirement date shall be the first of the
27 month in which a member attains the age of fifty-five years or
28 the first of any month after attaining the age of fifty-five
29 years prior to the member's normal retirement date, provided
30 such date shall be after the last day of service. ~~A member~~
31 ~~may retire on the member's early retirement date by submitting~~
32 ~~written notice to the system setting forth the early~~
33 ~~retirement date which shall not be before the first day of the~~
34 ~~sixth calendar month preceding the month in which such notice~~
35 ~~is filed.~~

1 Sec. 25. Section 97B.48, subsections 1 and 2, Code
2 Supplement 2003, are amended to read as follows:

3 1. Retirement allowances shall be paid monthly, except
4 that, if an allowance of less than six hundred dollars a year
5 may, at the member's option is payable pursuant to section
6 97B.51, subsection 1, paragraph "b", the member's retirement
7 benefit shall be paid as a lump sum in an amount equal to the
8 sum of the member's and employer's accumulated contributions
9 and the retirement dividends standing to the member's credit
10 before December 31, 1966. Receipt of the lump sum payment by
11 a member shall terminate any and all entitlement for the
12 period of service covered of the member under this chapter and
13 the member shall not be eligible to buy back the period of
14 service.

15 2. The first monthly payment of a normal retirement
16 allowance shall be paid as of the normal-retirement-effective
17 date, which date shall be the later of the normal-retirement
18 date or the first day of the sixth calendar month preceding
19 the month in which written notice of normal retirement is
20 submitted to the system member's first month of entitlement.
21 Written notice under this section may consist of submission of
22 a completed estimate request form, a completed application for
23 retirement form, or a letter from the member requesting
24 information on retirement benefits, whichever is received
25 first by the system. -- However, a letter requesting information
26 on benefits or submission of a completed estimate request form
27 is only valid for six months following the date of its receipt
28 by the system, unless during that six-month period the system
29 receives a completed application for retirement form from the
30 member. -- A retirement allowance may only be provided
31 retroactively for a single six-month period. -- Payment of an
32 early retirement allowance or an allowance for retirement
33 after the normal retirement date shall be paid as of the
34 effective date of retirement subject to section 97B.45,
35 97B.46, or 97B.47. The payments shall be continued thereafter

1 for the lifetime of the retired member except as provided in
2 section 97B.48A.

3 Sec. 26. Section 97B.48, subsection 5, Code Supplement
4 2003, is amended by striking the subsection.

5 Sec. 27. Section 97B.48, Code Supplement 2003, is amended
6 by adding the following new subsections:

7 NEW SUBSECTION. 6. Effective on such date as the system
8 determines by rule, but in no event later than July 1, 2006,
9 if the system determines that the accumulated contributions of
10 a member, payable to a living member who has had a break in
11 service or to a beneficiary of a deceased member, are less
12 than three thousand dollars, the lump sum amount payable under
13 this chapter shall be paid to the living member or beneficiary
14 in full satisfaction of all rights of the member or
15 beneficiary to receive any payments under the system. For
16 purposes of this section, a "break in service" means twenty
17 consecutive calendar quarters in which no wages are reported
18 to the system. The lump sum payment shall be made within one
19 hundred eighty days after the calendar quarter in which the
20 member completes a break in service or dies, whichever is
21 applicable. A member or beneficiary who receives a mandatory
22 distribution under this subsection shall have sixty days to
23 return the distribution to the system and restore the member's
24 or beneficiary's account.

25 NEW SUBSECTION. 7. Effective July 1, 2005, monthly
26 retirement allowance payments shall be directly deposited
27 without charge to a retired member's account via electronic
28 funds transfer. A retired member may elect to receive monthly
29 allowance payments as paper warrants in lieu of electronic
30 funds transfers, but the system shall charge an administrative
31 fee for processing such paper warrants. However, the system
32 may, for good cause shown, waive the administrative fee. The
33 fee may be automatically deducted from the monthly retirement
34 allowance before the warrant is issued to the retired member.

35 Sec. 28. Section 97B.48A, Code Supplement 2003, is amended

1 by adding the following new subsection:

2 NEW SUBSECTION. 5. If a retired reemployed member incurs
3 a break in service, as defined in this subsection, and the
4 member has failed to request an increase in the member's
5 monthly allowance or a distribution of the member's and
6 employer's accumulated contributions prior to the break in
7 service, and if the amount of the increase in the member's
8 monthly retirement allowance would be less than six hundred
9 dollars per year, the system shall distribute the lump sum
10 amount payable under subsection 4. For purposes of this
11 subsection, a "break in service" means four consecutive
12 calendar quarters in which no wages are reported to the
13 system. The lump sum payment shall be made within one hundred
14 eighty days after the calendar quarter in which the member has
15 a break in service. A member who receives a mandatory
16 distribution under this subsection shall have sixty days to
17 return the distribution to the system and request an increase
18 in the member's monthly allowance.

19 Sec. 29. NEW SECTION. 97B.49 DORMANT ACCOUNTS.

20 1. In the event that all, or any portion, of a retirement
21 allowance, death benefit, or other distribution payable to a
22 member or a member's designated beneficiary, heirs at law, or
23 estate, remains unpaid solely by reason of the inability of
24 the system to locate the appropriate payee, the amount payable
25 shall not be forfeited but shall be treated as a dormant
26 account after the time for making a claim has run.

27 2. A dormant account shall revert to the retirement fund
28 created in section 97B.7. A dormant account shall be non-
29 interest-bearing, and except for keeping a record of such
30 account, the system shall not maintain the account. A member
31 who has a dormant account and returns to covered employment
32 shall have their dormant account reactivated as of the quarter
33 they return to covered employment. If the appropriate payee
34 contacts the system after the amount payable is treated as a
35 dormant account, the appropriate payee may claim such amounts

1 by filing a withdrawal application provided by the system.
2 The system shall have rulemaking authority to adopt rules
3 necessary to implement this section in a just and equitable
4 manner.

5 3. The system shall ensure that the payment of a dormant
6 account as provided in this section meets the requirements of
7 section 401(a)(9) of the federal Internal Revenue Code.

8 Sec. 30. Section 97B.50, subsection 2, Code Supplement
9 2003, is amended to read as follows:

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

29 b. A vested member who retires from the retirement system
30 due to disability and commences receiving disability benefits
31 pursuant to the federal Railroad Retirement Act, 45 U.S.C. §
32 231 et seq., and who has not reached the normal retirement
33 date, shall receive benefits as selected under section 97B.51,
34 and shall not have benefits reduced upon retirement as
35 required under subsection 1 regardless of whether the member

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

13 c. A vested member who terminated service due to a
14 disability, who has been issued payment for a refund pursuant
15 to section 97B.53, and who subsequently commences receiving
16 disability benefits as a result of that disability pursuant to
17 the federal Social Security Act, 42 U.S.C. § 423 et seq. or
18 the federal Railroad Retirement Act, 45 U.S.C. § 231 et seq.,
19 may receive credit for membership service for the period
20 covered by the refund payment, upon repayment to the system of
21 the actuarial cost of receiving service credit for the period
22 covered by the refund payment, as determined by the system.
23 For purposes of this paragraph, the actuarial cost of the
24 service purchase shall be determined as provided in section
25 97B:74 97B.80C. The payment to the system as provided in this
26 paragraph shall be made within ninety days after July 1, 2000,
27 or the date federal disability payments commenced, whichever
28 occurs later. For purposes of this paragraph, the date
29 federal disability payments commence shall be the date that
30 the member actually receives the first such payment,
31 regardless of any retroactive payments included in that
32 payment. A member who repurchases service credit under this
33 paragraph and applies for retirement benefits shall have the
34 member's monthly allowance, including retroactive adjustment
35 payments, determined in the same manner as provided in

1 paragraph "a" or "b", as applicable. ~~This paragraph shall not~~
2 ~~be implemented until the system has received a determination~~
3 ~~letter from the federal internal revenue service approving the~~
4 ~~system's plan's qualified status under Internal Revenue Code~~
5 ~~section 401(a).~~

6 Sec. 31. Section 97B.50, subsection 4, Code Supplement
7 2003, is amended by striking the subsection.

8 Sec. 32. Section 97B.50A, subsection 5, Code Supplement
9 2003, is amended to read as follows:

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

20 Sec. 33. Section 97B.52, subsection 1, unnumbered
21 paragraph 1, Code Supplement 2003, is amended to read as
22 follows:

23 If ~~a~~ an inactive member, with at least sixteen calendar
24 quarters of service credit, or any active member dies prior to
25 the member's first month of entitlement, the member's
26 beneficiary shall be entitled to receive a death benefit equal
27 to the greater of the amount provided in paragraph "a" or "b".
28 If an inactive member with less than sixteen calendar quarters
29 of service credit dies prior to the member's first month of
30 entitlement, the member's beneficiary shall only be entitled
31 to receive a death benefit, as a lump sum, equal to the amount
32 provided in paragraph "a".

33 Sec. 34. Section 97B.52, subsection 5, unnumbered
34 paragraph 3, Code Supplement 2003, is amended by striking the
35 unnumbered paragraph.

1 Sec. 35. Section 97B.52, subsection 7, Code Supplement
2 2003, is amended to read as follows:

3 7. If a member has not filed a designation of beneficiary
4 with the system, the death benefit is payable to the member's
5 estate. If no designation has been filed and an estate is not
6 probated, the death benefit shall be paid to the surviving
7 spouse, if any. If no designation has been filed, no estate
8 has been probated, and there is no surviving spouse, the death
9 benefit shall be paid to the heirs as provided in this
10 subsection. The system shall pay the full amount of a
11 member's death benefits to those heirs who have presented a
12 claim for such benefits within five years after the member's
13 date of death. The system is not liable for the payment of
14 any claims by heirs who make themselves known to the system
15 more than five years after the date of death of the member.
16 Otherwise If a death benefit is not paid as provided by this
17 subsection, the death benefit shall remain in the fund.

18 Sec. 36. Section 97B.53, subsection 4, Code Supplement
19 2003, is amended to read as follows:

20 4. A member has not terminated employment for purposes of
21 this section if the member ~~accepts~~ commences other covered
22 employment within thirty days after ~~receiving-the-last-payment~~
23 ~~of-wages-for~~ the date employment was terminated with a covered
24 employment employer, or if the member begins covered
25 employment prior to filing a request for a refund with the
26 system.

27 Sec. 37. Section 97B.53B, subsection 1, paragraph c,
28 subparagraph (2), subparagraph subdivision (c), Code
29 Supplement 2003, is amended to read as follows:

30 (c) The Prior to January 1, 2002, the portion of any
31 distribution that is not includible in the gross income of the
32 distributee, determined without regard to the exclusion for
33 net unrealized appreciation with respect to employer
34 securities.

35 Sec. 38. Section 97B.73B, subsection 2, paragraph b, Code

1 Supplement 2003, is amended to read as follows:

2 b. For a purchase of membership service on or after July
3 1, 2002, the actuarial cost of the service purchase in a
4 manner as provided in section 97B.73 97B.80C.

5 Sec. 39. Section 97B.73B, subsection 2, Code Supplement
6 2003, is amended by adding the following new paragraph:

7 NEW PARAGRAPH. c. Effective July 1, 2004, a member
8 eligible for an increased retirement allowance because of the
9 payment of contributions under this section is entitled to
10 adjusted payments beginning with the month in which the member
11 pays contributions under this section.

12 Sec. 40. Section 97B.80, subsection 3, Code Supplement
13 2003, is amended to read as follows:

14 3. ~~The system shall adjust benefits for a six-month period~~
15 ~~prior to the date the member pays contributions under this~~
16 ~~section if the member is receiving a retirement allowance at~~
17 ~~the time the contribution payment is made.~~ Verification of
18 active duty service and payment of contributions shall be made
19 to the system. However, a member is not eligible to make
20 contributions under this section if the member is receiving,
21 is eligible to receive, or may in the future be eligible to
22 receive retirement pay from the United States government for
23 active duty in the armed forces, except for retirement pay
24 granted by the United States government under retired pay for
25 nonregular service pursuant to 10 U.S.C. § 12731-- 12739. A
26 member receiving retired pay for nonregular service who makes
27 contributions under this section shall provide information
28 required by the system documenting time periods covered under
29 retired pay for nonregular service.

30 Sec. 41. Section 97B.80, subsection 4, Code Supplement
31 2003, is amended by striking the subsection and inserting in
32 lieu thereof the following:

33 4. Effective July 1, 2004, a member eligible for an
34 increased retirement allowance because of the payment of
35 contributions under this section is entitled to adjusted

1 payments beginning with the month in which the member pays
2 contributions under this section.

3 Sec. 42. Section 97B.80C, subsection 1, paragraph a, Code
4 Supplement 2003, is amended to read as follows:

5 a. "Nonqualified service" means service that is not
6 qualified service, and includes, but is not limited to, any of
7 the following:

8 (1) Full-time volunteer public service in the federal
9 peace corps program.

10 (2) Public employment comparable to employment covered
11 under this chapter in a qualified Canadian governmental entity
12 that is an elementary school, secondary school, college, or
13 university that is organized, administered, and primarily
14 supported by the provincial, territorial, or federal
15 governments of Canada, or any combination of the same.

16 Sec. 43. Section 97B.80C, subsection 1, paragraph c,
17 subparagraph (1), Code Supplement 2003, is amended by adding
18 the following new subparagraph subdivisions:

19 NEW SUBPARAGRAPH SUBDIVISION. (e) Service as a member of
20 the general assembly.

21 NEW SUBPARAGRAPH SUBDIVISION. (f) Previous service as a
22 county attorney by a part-time county attorney.

23 NEW SUBPARAGRAPH SUBDIVISION. (g) Service in public
24 employment comparable to employment covered under this chapter
25 in another state or in the federal government, or service as a
26 member of another public retirement system in this state,
27 including but not limited to the teachers insurance and
28 annuity association-college retirement equities fund (TIAA-
29 CREF), if the member was not retired under that system and has
30 no further claim upon a retirement benefit from that other
31 public system.

32 NEW SUBPARAGRAPH SUBDIVISION. (h) Service as a member of
33 the retirement system at any time on or after July 4, 1953, if
34 the member received a refund of the member's accumulated
35 contributions for that period of membership service.

1 NEW SUBPARAGRAPH SUBDIVISION. (i) An approved leave of
2 absence which does not constitute service as defined in
3 section 97B.1A, which is granted on or after July 1, 1998.

4 NEW SUBPARAGRAPH SUBDIVISION. (j) Employment of a person
5 who at the time of the employment was not covered by this
6 chapter, was employed by a covered employer under this
7 chapter, and did not opt out of coverage under this chapter.

8 NEW SUBPARAGRAPH SUBDIVISION. (k) Employment of a person
9 as an adjunct instructor as defined in section 97B.1A,
10 subsection 8.

11 Sec. 44. Section 97B.80C, subsection 3, Code Supplement
12 2003, is amended to read as follows:

13 3. a. A member making contributions for a purchase of
14 permissive service credit under this section, except as
15 otherwise provided by this subsection, shall make
16 contributions in an amount equal to the actuarial cost of the
17 permissive service credit purchase. ~~For purposes of this~~
18 ~~subsection, the actuarial cost of the service purchase is an~~
19 ~~amount determined by the system in accordance with actuarial~~
20 ~~tables, as reported to the system by the system's actuary,~~
21 ~~which reflects the actuarial cost necessary to fund an~~
22 ~~increased retirement allowance resulting from the purchase of~~
23 ~~permissive service credit.~~

24 b. For a member making contributions for a purchase of
25 permissive service credit for qualified service as described
26 in subsection 1, paragraph "c", subparagraph (1), subparagraph
27 subdivision (e), under this section, the member shall make
28 contributions in an amount equal to forty percent of the
29 actuarial cost of the service purchase. There is appropriated
30 from the general fund of the state to the system an amount
31 sufficient to pay sixty percent of the actuarial cost of the
32 service purchase by a member pursuant to this paragraph.

33 c. For a member making contributions for a purchase of
34 permissive service credit for qualified service as described
35 in subsection 1, paragraph "c", subparagraph (1), subparagraph

1 subdivision (f), under this section, the member shall make
2 contributions in an amount equal to forty percent of the
3 actuarial cost of the service purchase. Upon notification of
4 the applicable county board of supervisors of the member's
5 election, the county board of supervisors shall pay to the
6 system an amount sufficient to pay sixty percent of the
7 actuarial cost of the service purchase by a member pursuant to
8 this paragraph.

9 d. For purposes of this subsection, the actuarial cost of
10 the service purchase is an amount determined by the system in
11 accordance with actuarial tables, as reported to the system by
12 the system's actuary, which reflects the actuarial cost
13 necessary to fund an increased retirement allowance resulting
14 from the purchase of permissive service credit.

15 Sec. 45. Section 97B.80C, Code Supplement 2003, is amended
16 by adding the following new subsections:

17 NEW SUBSECTION. 3A. Effective July 1, 2004, a member
18 eligible for an increased retirement allowance because of the
19 payment of contributions under this or any other section
20 providing for the purchase of service credit is entitled to
21 adjusted payments beginning with the month in which the member
22 pays contributions under the applicable section.

23 NEW SUBSECTION. 3B. Effective July 1, 2004, a purchase of
24 service made in accordance with this or any other section
25 providing for the purchase of service credit by a retired
26 reemployed member shall be applied to the member's original
27 retirement allowance. The member is eligible to receive
28 adjustment payments beginning with the month of the purchase.

29 NEW SUBSECTION. 3C. A member who is entitled to a benefit
30 from another public retirement system and wishes to purchase
31 the service covered by that public retirement system must
32 waive, on a form provided by the Iowa public employees'
33 retirement system, all rights to a retirement benefit under
34 that other public system before purchasing credit in this
35 system for the period of service covered by that other public

1 system. The waiver must be accepted by the other public
2 system. If the waiver is not obtained, a member may buy up to
3 twenty quarters of such service credit. In no event can a
4 member receive more than one service credit for any given
5 calendar quarter.

6 Sec. 46. 2002 Iowa Acts, chapter 1135, section 36,
7 subsections 1 and 3, are amended to read as follows:

8 1. a. Notwithstanding any provision of chapter 97B to the
9 contrary, a member of the Iowa public employees' retirement
10 system who has an employer-mandated reduction in hours or an
11 employee-exercised reduction in pay but remains on the
12 employer's payroll, and who would receive a reduction in the
13 member's three-year average covered wage as a result of the
14 reduction in hours or pay, may have the member's retirement
15 allowance calculated based on the three-year average covered
16 wage the member would have received, based on reasonable
17 assumptions, if the member had not been subject to the
18 employer-mandated reduction in hours or employee-exercised
19 reduction in pay, upon payment by the member of the applicable
20 contribution amount.

21 b. For purposes of this section, ~~the-applicable~~ unless the
22 context otherwise requires:

23 (1) "Applicable contribution amount amount" is an amount
24 equal to the employee and employer contributions that would
25 have been paid to the system based on the wages that the
26 member would have received but for the employer-mandated
27 reduction in hours or employee-exercised reduction in pay and
28 would have been included in the member's three-year average
29 covered wage.

30 (2) "Employee-exercised reduction in pay" means a
31 reduction in pay of a member who has exercised bumping rights
32 by accepting a lower-paid position in order to avoid being
33 laid off by the employer.

34 3. This section shall apply to employer-mandated
35 reductions in hours or employee-exercised reductions in pay

1 during the period of time beginning on or after January 1,
2 2002, and ending no later than June 30, ~~2003~~ 2005. The system
3 is authorized to adopt such rules, including emergency rules,
4 as it deems necessary or prudent to implement this section.

5 Sec. 47. Sections 97B.72, 97B.72A, 97B.73, 97B.73A,
6 97B.74, 97B.75, 97B.80A, 97B.80B, and 97B.81, Code Supplement
7 2003, are repealed.

8 Sec. 48. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY.

9 1. The section of this Act amending section 97B.53B,
10 subsection 1, paragraph "c", being deemed of immediate
11 importance, takes effect upon enactment and is retroactively
12 applicable to January 1, 2002, and is applicable on and after
13 that date.

14 2. The section of this Act amending 2002 Iowa Acts,
15 chapter 1135, section 36, being deemed of immediate
16 importance, takes effect upon enactment and is retroactively
17 applicable to January 1, 2002, and is applicable on and after
18 that date.

19 DIVISION III

20 STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM

21 Sec. 49. Section 400.8, subsection 1, Code 2003, is
22 amended to read as follows:

23 400.8 ORIGINAL ENTRANCE EXAMINATION -- APPOINTMENTS.

24 1. The commission, when necessary under the rules,
25 including minimum and maximum age limits, which shall be
26 prescribed and published in advance by the commission and
27 posted in the city hall, shall hold examinations for the
28 purpose of determining the qualifications of applicants for
29 positions under civil service, other than promotions, which
30 examinations shall be practical in character and shall relate
31 to matters which will fairly test the mental and physical
32 ability of the applicant to discharge the duties of the
33 position to which the applicant seeks appointment. The
34 physical examination of applicants for appointment to the
35 positions of police officer, police matron, or fire fighter

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 in
4 accordance with the directives of the board of trustees.
5 However, the prohibitions of section 216.6, subsection 1,
6 paragraph "d", regarding tests for the presence of the
7 antibody to the human immunodeficiency virus shall not apply
8 to such examinations. The board of trustees may change the
9 medical protocols at any time the board so determines. The
10 physical examination of an applicant for the position of
11 police officer, police matron, or fire fighter shall be
12 conducted after a conditional offer of employment has been
13 made to the applicant. An applicant shall not be
14 discriminated against on the basis of height, weight, sex, or
15 race in determining physical or mental ability of the
16 applicant. Reasonable rules relating to strength, agility,
17 and general health of applicants shall be prescribed. The
18 costs of the physical examination required under this
19 subsection shall be paid from the trust and agency fund of the
20 city.

21 Sec. 50. Section 411.5, Code 2003, is amended by adding
22 the following new subsection:

23 NEW SUBSECTION. 14. MEDICAL RECORDS. A physician or
24 surgeon, physician assistant, advanced registered nurse
25 practitioner, or mental health professional who provides
26 records to the system in connection with the application by a
27 member for disability retirement under this chapter shall be
28 entitled to charge a fee for production of the records. The
29 fee for copies of any records shall not exceed the reasonable
30 cost of production.

31 Sec. 51. Section 411.6, subsection 7, unnumbered paragraph
32 1, Code 2003, is amended to read as follows:

33 Re-examination Reexamination of beneficiaries retired on
34 account of disability. ~~Once each year during the first five~~
35 years following the retirement of a member on a disability

1 ~~retirement-allowance,--and-once-in-every-three-year-period~~
2 ~~thereafter,--the~~ The system may, and upon the member's
3 application shall, require any disability beneficiary who has
4 not yet attained age fifty-five to undergo a medical
5 examination at a place designated by the medical board. The
6 examination shall be made by the medical board or in special
7 cases, by an additional physician or physicians designated by
8 such board. If any disability beneficiary who has not
9 attained the age of fifty-five refuses to submit to the
10 medical examination, the member's allowance may be
11 discontinued until withdrawal of such refusal, and if the
12 refusal continues for one year all rights in and to the
13 member's pension may be revoked by the system. For a
14 disability beneficiary who has not attained the age of fifty-
15 five and whose entitlement to a disability retirement
16 commenced on or after July 1, 2000, the medical board may, as
17 part of the examination required by this subsection, suggest
18 appropriate medical treatment or rehabilitation if, in the
19 opinion of the medical board, the recommended treatment or
20 rehabilitation would likely restore the disability beneficiary
21 to duty.

22 Sec. 52. Section 411.6, subsection 7, paragraph a,
23 unnumbered paragraph 2, Code 2003, is amended to read as
24 follows:

25 A beneficiary retired under this lettered paragraph, in
26 order to be eligible for continued receipt of retirement
27 benefits, shall no later than May 15 of each year submit to
28 the system a copy of the beneficiary's federal individual
29 income tax return for the preceding year. The beneficiary
30 shall also submit, within a reasonable period of time, any
31 documentation requested by the system that is determined to be
32 necessary by the system to determine the beneficiary's gross
33 wages.

34 Sec. 53. Section 411.6B, subsection 1, Code 2003, is
35 amended to read as follows:

1 1. As used in this section, unless the context otherwise
2 requires, and to the extent permitted by the internal revenue
3 service:

4 a. "Direct rollover" means a payment by the system to the
5 eligible retirement plan specified by the member or the
6 member's surviving spouse, or the member's alternate payee
7 under a marital property order who is the member's spouse or
8 former spouse.

9 b. "Eligible retirement plan" means ~~either~~ any of the
10 following that accepts an eligible rollover distribution from
11 a member, ~~or~~ a member's surviving spouse, or a member's
12 alternate payee:

13 (1) An individual retirement account in accordance with
14 section 408(a) of the federal Internal Revenue Code.

15 (2) An individual retirement annuity in accordance with
16 section 408(b) of the federal Internal Revenue Code.

17 In addition, an "eligible retirement plan" includes an
18 annuity plan in accordance with section 403(a) of the federal
19 Internal Revenue Code, or a qualified trust in accordance with
20 section 401(a) of the federal Internal Revenue Code, that
21 accepts an eligible rollover distribution from a member.

22 Effective January 1, 2002, the term "eligible retirement plan"
23 also includes an annuity contract described in section 403(b)
24 of the federal Internal Revenue Code, and an eligible plan
25 under section 457(b) of the federal Internal Revenue Code
26 which is maintained by a state, political subdivision of a
27 state, or any agency or instrumentality of a state or
28 political subdivision of a state that chooses to separately
29 account for amounts rolled over into such eligible retirement
30 plan from the system.

31 c. "Eligible rollover distribution" means all or any
32 portion of a member's account, except that an eligible
33 rollover distribution does not include any of the following:

34 (1) A distribution that is one of a series of
35 substantially equal periodic payments, which occur annually or

1 more frequently, made for the life or life expectancy of the
2 distributee or the joint lives or joint life expectancies of
3 the distributee and the distributee's designated beneficiary,
4 or made for a specified period of ten years or more.

5 (2) A distribution to the extent that the distribution is
6 required pursuant to section 401(a)(9) of the federal Internal
7 Revenue Code.

8 (3) The portion of any distribution that is not includible
9 in the gross income of the distributee, determined without
10 regard to the exclusion for net unrealized appreciation with
11 respect to employer securities. Provided, however, that
12 effective January 1, 2002, such distributions may be directly
13 rolled over to an individual retirement account described in
14 federal Internal Revenue Code section 408(a) or 408(b), a
15 qualified defined contribution plan described in federal
16 Internal Revenue Code section 401(a), or a qualified annuity
17 plan described in federal Internal Revenue Code section
18 403(a), if such plan agrees to separately account for the
19 after-tax amount so rolled over.

20 (4) A distribution of less than two hundred dollars of
21 taxable income.

22 Sec. 54. Section 411.22, subsection 1, paragraph b, Code
23 2003, is amended to read as follows:

24 b. A sum sufficient to pay the retirement system the
25 present worth, computed at the interest rate ~~provided in~~
26 ~~section-535-3-for-court-judgments-and-decrees~~ assumption
27 adopted by the system pursuant to section 411.5, subsection 9,
28 of the future payments of such benefits, for which the
29 retirement system is liable, but the sum is not a final
30 adjudication of the future payments which the member is
31 entitled to receive.

32 Sec. 55. Section 411.31, subsection 1, Code 2003, is
33 amended by adding the following new paragraph:

34 NEW PARAGRAPH. e. "Refund liability" means the amount the
35 member may elect to withdraw from the former system under

1 section 97A.16.

2 Sec. 56. Section 411.31, subsection 2, Code 2003, is
3 amended to read as follows:

4 2. Commencing July 1, 1996, a vested member of an eligible
5 retirement system who terminates employment covered by one
6 eligible retirement system and, within one year, commences
7 employment covered by the other eligible retirement system may
8 elect to transfer the greater of the average accrued benefit
9 or refund liability earned from the former system to the
10 current system. The member shall file an application with the
11 current system for transfer of the greater of the average
12 accrued benefit or refund liability within ninety days of the
13 commencement of employment with the current system.

14 Sec. 57. Section 411.31, subsection 4, Code 2003, is
15 amended to read as follows:

16 4. Upon receipt of an application for transfer ~~of the~~
17 ~~average-accrued-benefit~~ as provided in this section, the
18 current system shall calculate the average accrued benefit and
19 the refund liability and the former system shall transfer to
20 the current system assets in an amount equal to the greater of
21 the average accrued benefit or refund liability. Once the
22 transfer ~~of the average-accrued-benefit~~ is completed, the
23 member's service under the former system shall be treated as
24 membership service under the current system for purposes of
25 this chapter and chapter 97A.

26 Sec. 58. Section 411.36, subsection 1, paragraph c, Code
27 2003, is amended to read as follows:

28 c. A city treasurer, city financial officer, or city clerk
29 involved with the financial matters of the city from four
30 participating cities, one of whom is from a city having a
31 population of less than forty thirty thousand, and three of
32 whom are from cities having a population of forty thirty
33 thousand or more. The members authorized pursuant to this
34 paragraph shall be appointed by the governing body of the Iowa
35 league of cities.

1 Sec. 59. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY. The
2 section of this Act amending section 411.6B, subsection 1,
3 being deemed of immediate importance, takes effect upon
4 enactment and is retroactively applicable to January 1, 2002,
5 and is applicable on and after that date.
6

HOUSE FILE 2262

S-5226

1 Amend House File 2262, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 29, by inserting after line 5 the
4 following:

5 "DIVISION IV

6 MISCELLANEOUS PROVISIONS

7 Sec. ____ . Section 627.6A, subsection 1, Code 2003,
8 is amended to read as follows:

9 1. Notwithstanding the provisions of section
10 627.6, a debtor shall not be permitted to claim
11 exemptions with regard to payment or a portion of
12 payment under a pension, annuity, individual
13 retirement account, profit-sharing plan, universal
14 life insurance policy, or similar plan or contract due
15 to illness, disability, death, age, or length of
16 service for child, spousal, or medical support, or,
17 while the debtor is incarcerated, restitution ordered
18 pursuant to chapter 910.

19 Sec. ____ . EFFECTIVE DATE -- RETROACTIVE
20 APPLICABILITY. The section of this Act amending
21 section 627.6A, being deemed of immediate importance,
22 takes effect upon enactment and is retroactively
23 applicable to January 1, 2004, and applies on and
24 after that date."

25 2. Title page, line 1, by inserting after the
26 words "retirement systems" the following: "and other
27 employee benefit-related matters".

28 3. By renumbering as necessary.

By DAVID JOHNSON

S-5226 FILED MARCH 30, 2004

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HOUSE FILE 2262

S-5259

1 Amend House File 2262, as amended, passed, and
2 reprinted by the House, as follows:

3 1. By striking everything after the enacting
4 clause and inserting the following:

5 "DIVISION I
6 PUBLIC SAFETY PEACE OFFICERS' RETIREMENT, ACCIDENT,
7 AND
8 DISABILITY SYSTEM

9 Section 1. Section 97A.17, subsection 1, Code
10 2003, is amended by adding the following new
11 paragraph:

12 NEW PARAGRAPH. e. "Refund liability" means the
13 amount the member may elect to withdraw from the
14 former system under section 411.23.

15 Sec. 2. Section 97A.17, subsection 2, Code 2003,
16 is amended to read as follows:

17 2. Commencing July 1, 1996, a vested member of an
18 eligible retirement system who terminates employment
19 covered by one eligible retirement system and, within
20 one year, commences employment covered by the other
21 eligible retirement system may elect to transfer the
22 greater of the average accrued benefit or the refund
23 liability earned from the former system to the current
24 system. The member shall file an application with the
25 current system for transfer of the greater of the
26 average accrued benefit or the refund liability within
27 ninety days of the commencement of employment with the
28 current system.

29 Sec. 3. Section 97A.17, subsection 4, Code 2003,
30 is amended to read as follows:

31 4. Upon receipt of an application for transfer of
32 ~~the average accrued benefit as provided in this~~
33 section, the current system shall calculate the
34 average accrued benefit and the refund liability and
35 the former system shall transfer to the current system
36 assets in an amount equal to the greater of the
37 average accrued benefit or the refund liability. Once
38 the transfer ~~of the average accrued benefit~~ is
39 completed, the member's service under the former
40 system shall be treated as membership service under
41 the current system for purposes of this chapter and
42 chapter 411.

43 DIVISION II

44 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS)

45 Sec. 4. Section 97B.1A, subsection 11, paragraphs
46 a, b, and c, Code Supplement 2003, are amended to read
47 as follows:

48 a. Has attained the minimum age for receipt of a
49 retirement allowance under this chapter.

50 b. If the member has not attained seventy years of

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1 age, has terminated all employment covered under the
2 chapter or formerly covered under the chapter pursuant
3 to section 97B.42 in the month prior to the member's
4 first month of entitlement.

5 c. Has filed a completed application for benefits
6 with the system setting forth the member's intended
7 first month of entitlement.

8 Sec. 5. Section 97B.1A, subsection 20, Code
9 Supplement 2003, is amended by adding the following
10 new paragraph:

11 NEW PARAGRAPH. e. Employment with an employer
12 prior to January 1, 1946, if the member is not
13 receiving a retirement allowance based upon that
14 employment.

15 Sec. 6. Section 97B.1A, subsection 20, Code
16 Supplement 2003, is amended by adding the following
17 new unnumbered paragraph after paragraph d:

18 NEW UNNUMBERED PARAGRAPH. However, effective July
19 1, 2004, "service" does not mean service for which an
20 employee receives remuneration from an employer for
21 temporary employment during any quarter in which the
22 employee is on an otherwise unpaid leave of absence
23 that is not authorized under the federal Family and
24 Medical Leave Act of 1993 or other similar leave.
25 Remuneration paid by the employer for the temporary
26 employment shall not be treated by the system as
27 covered wages.

28 Sec. 7. Section 97B.1A, subsection 22, Code
29 Supplement 2003, is amended to read as follows:

30 22. "Special service" means service for an
31 employer while employed in a protection occupation as
32 provided in section 97B.49B, and as a county sheriff,
33 ~~or deputy sheriff, or airport fire fighter~~ as provided
34 in section 97B.49C.

35 Sec. 8. Section 97B.1A, subsection 24, paragraphs
36 a and c, Code Supplement 2003, are amended to read as
37 follows:

38 a. "Three-year average covered wage" means, for a
39 member who retires prior to July 1, ~~2005~~ 2008, a
40 member's covered wages averaged for the highest three
41 years of the member's service, except as otherwise
42 provided in this subsection. The highest three years
43 of a member's covered wages shall be determined using
44 calendar years. However, if a member's final quarter
45 of a year of employment does not occur at the end of a
46 calendar year, the system may determine the wages for
47 the third year by computing the average quarter of all
48 quarters from the member's highest calendar year of
49 covered wages not being used in the selection of the
50 two highest years and using the computed average

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1 quarter for each quarter in the third year in which no
2 wages have been reported in combination with the final
3 quarter or quarters of the member's service to create
4 a full year. However, the system shall not use the
5 member's final quarter of wages if using that quarter
6 would reduce the member's three-year average covered
7 wage. If the three-year average covered wage of a
8 member exceeds the highest maximum covered wages in
9 effect for a calendar year during the member's period
10 of service, the three-year average covered wage of the
11 member shall be reduced to the highest maximum covered
12 wages in effect during the member's period of service.
13 Notwithstanding any other provision of this paragraph
14 to the contrary, a member's wages for the third year
15 as computed by this paragraph shall not exceed, by
16 more than three percent, the member's highest actual
17 calendar year of covered wages for a member whose
18 first month of entitlement is January 1999 or later.

19 c. "Three-year average covered wage" means, for a
20 member who retires on or after July 1, 2005-2008, the
21 greater of the member's covered wages averaged for a
22 member's highest twelve consecutive quarters of
23 service or the member's covered wages averaged for a
24 member's highest three calendar years of service. The
25 system shall adopt rules to implement this paragraph
26 in accordance with the requirements of this chapter
27 and the federal Internal Revenue Code.

28 Sec. 9. Section 97B.1A, subsection 25, paragraph
29 a, subparagraph (4), Code Supplement 2003, is amended
30 to read as follows:

31 (4) Has attained the age of fifty-five. However,
32 an inactive member who has not attained sufficient
33 years of service eligibility to become vested and who
34 has not attained the age of fifty-five as of July 1,
35 2005, shall not become vested upon the attainment of
36 the age of fifty-five while an inactive member.

37 Sec. 10. Section 97B.1A, subsection 26, paragraph
38 a, subparagraph (2), subparagraph subdivision (j),
39 Code Supplement 2003, is amended to read as follows:

40 (j) Payments of damages, attorney fees, interest,
41 and penalties made to satisfy a grievance, ~~or~~ wage
42 claim, or employment dispute.

43 Sec. 11. Section 97B.1A, subsection 26, paragraph
44 a, subparagraph (2), subparagraph subdivision (n),
45 Code Supplement 2003, is amended by striking the
46 subparagraph subdivision.

47 Sec. 12. Section 97B.1A, subsection 26, paragraph
48 b, unnumbered paragraph 3, Code Supplement 2003, is
49 amended to read as follows:

50 Effective July 1, 1992, "covered wages" does not

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1 include wages to a member on or after the effective
2 date of the member's retirement, except as otherwise
3 permitted by the system's administrative rules, unless
4 the member is reemployed, as provided under section
5 97B.48A.

6 Sec. 13. NEW SECTION. 97B.9A COLLECTIONS --
7 WAIVER.

8 Notwithstanding any provision of this chapter to
9 the contrary, the system may, in its sole discretion,
10 waive the collection of benefits overpayments,
11 contribution underpayments, or any other debts owed
12 the system, that occur more than three years prior to
13 the date of discovery of the overpayment,
14 underpayment, or debt by the system, for cases in
15 which there is no evidence of fraud or other
16 misconduct on the part of the affected employer or the
17 affected member or beneficiary in providing or failing
18 to provide information necessary to the proper
19 determination of a debt owed the system, calculation
20 of contributions and payments, or calculation of
21 benefits under this chapter.

22 Sec. 14. Section 97B.11, Code Supplement 2003, is
23 amended to read as follows:

24 97B.11 CONTRIBUTIONS BY EMPLOYER AND EMPLOYEE.

25 1. Each employer shall deduct from the wages of
26 each member of the retirement system a contribution in
27 the amount of ~~three and seven-tenths percent~~ the
28 applicable employee percentage of the covered wages
29 paid by the employer, until the member's termination
30 from employment. The contributions of the employer
31 shall be in the amount of ~~five and seventy-five~~
32 ~~hundredths percent~~ the applicable employer percentage
33 of the covered wages of the member.

34 2. For purposes of this section, the "applicable
35 employee percentage" is as follows:

36 a. Prior to July 1, 2005, three and seven-tenths
37 percent.

38 b. Beginning on or after July 1, 2005, four and
39 one-tenths percent.

40 3. For purposes of this section, the "applicable
41 employer percentage" is as follows:

42 a. Prior to July 1, 2005, five and seventy-five
43 hundredths percent.

44 b. Beginning on or after July 1, 2005, six and
45 thirty-five hundredths percent.

46 Sec. 15. Section 97B.14A, Code Supplement 2003, is
47 amended to read as follows:

48 97B.14A WAGE REPORTING.

49 1. For purposes of this section, unless the
50 context otherwise requires:

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1 a. "Change in the schedule of wage payments" means
2 the formal or informal deferral of wages earned in one
3 calendar year to a later calendar year or the
4 acceleration of the wages payable under a contract of
5 employment to the prior calendar year by changing the
6 period over which the contractual compensation is
7 paid, by shortening the period of employment over
8 which contract wages are to be paid, or similar
9 arrangements altering the timing of wage payments.
10 b. "Distortion of the normal wage progression
11 pattern" means an increase of ten percent or more
12 between the covered wages reported for any two
13 consecutive years.

14 2. An employer shall report wages of employees
15 covered by this chapter to the system in a manner and
16 form as prescribed by the system. If the wages
17 reported by an employer appear to be a distortion of
18 the normal wage progression pattern for an employee,
19 the system may request that the employer provide
20 documentation indicating that the wages were not
21 misreported for the purposes of causing an increase in
22 the retirement allowance or other payments authorized
23 to be made by this chapter explaining the reason for
24 the distortion. If the system determines that the
25 wages of an employee were misreported, the employer
26 shall prepare and file wage adjustments allocating the
27 wages to the proper wage reporting period. If the
28 distortion of the normal wage progression pattern
29 results from covering compensation that is excluded
30 from the definition of covered wages, or from a change
31 in the schedule of wage payments for an individual,
32 the system shall remove wages that should not be
33 covered from its records, and shall, in cases
34 involving increases caused by a change in the schedule
35 of wage payments, reallocate covered wages to the
36 calendar quarters in which the covered wages would
37 have been reported but for the change in the schedule
38 of wage payments.

39 Sec. 16. Section 97B.17, subsection 1, Code
40 Supplement 2003, is amended to read as follows:

41 1. The system shall establish and maintain records
42 of each member, including but not limited to the
43 amount of wages of each member, the ~~contribution~~
44 contributions made on behalf of each member with
45 interest, ~~and~~ interest dividends credited, beneficiary
46 designations, and applications for benefits of any
47 type. The records may be maintained in paper,
48 magnetic, or electronic form, including optical disk
49 storage, as set forth in chapter 554D. The system may
50 accept, but shall not require, electronic records and

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1 electronic signatures to the extent permitted under
2 chapter 554D. These records are the basis for the
3 compilation of the retirement benefits provided under
4 this chapter.

5 Sec. 17. Section 97B.38, Code Supplement 2003, is
6 amended to read as follows:

7 97B.38 FEES FOR SERVICES.

8 The system may, by rule, prescribe ~~the maximum~~
9 reasonable fees which may be charged for services
10 performed in connection with any claim before the
11 system under this chapter, and any agreement in
12 violation of such rules shall be void production
13 costs, including staff time and materials, associated
14 with performing its duties under this chapter for
15 active, inactive, and retired members, beneficiaries,
16 and the general public, where such production costs
17 are more than de minimis, as determined by the system.
18 ~~Any person who shall, with intent to defraud, in any~~
19 ~~manner willfully and knowingly deceive, mislead, or~~
20 ~~threaten any claimant or prospective claimant or~~
21 ~~beneficiary under this chapter by word, circular,~~
22 ~~letter or advertisement, or who shall knowingly charge~~
23 ~~or collect directly or indirectly any fee in excess of~~
24 ~~the maximum fee, or make any agreement directly or~~
25 ~~indirectly to charge or collect any fee in excess of~~
26 ~~the maximum fee, prescribed by the system, shall be~~
27 ~~deemed guilty of a fraudulent practice.~~

28 Sec. 18. Section 97B.40, Code Supplement 2003, is
29 amended by adding the following new subsection:

30 NEW SUBSECTION. 1A. If the system determines that
31 a person may have engaged in a fraudulent practice as
32 described under this section, the system may, in
33 addition to any statutory or equitable remedies
34 provided by law, refer the matter to the auditor of
35 state and to the appropriate law enforcement
36 authorities for possible investigation and
37 prosecution.

38 Sec. 19. Section 97B.42, unnumbered paragraph 8,
39 Code Supplement 2003, is amended by striking the
40 unnumbered paragraph and inserting in lieu thereof the
41 following:

42 Except as otherwise provided in this section, an
43 employer shall not sponsor and a member shall not
44 participate in another retirement system in this state
45 supported in whole or in part by public contributions
46 or payments where such retirement system is in lieu of
47 the retirement system established by this chapter.
48 However, in addition to the retirement system
49 established by this chapter, an employer may sponsor
50 and a member may participate in a supplemental defined

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1 contribution plan qualified under Internal Revenue
2 Code section 401(a), a tax-deferred annuity qualified
3 under Internal Revenue Code section 403(b), or an
4 eligible deferred compensation plan qualified under
5 Internal Revenue Code section 457, regardless of
6 whether contributions to such supplemental plans are
7 characterized as employer contributions or employee
8 contributions, and subject to the applicable limits
9 set forth in the Internal Revenue Code for such plans.
10 A defined benefit plan that supplements the retirement
11 system established by this chapter shall not be
12 offered by public employers covered under this
13 chapter.

14 Sec. 20. Section 97B.42A, subsection 4, Code
15 Supplement 2003, is amended to read as follows:

16 4. A person who becomes a member of the retirement
17 system pursuant to subsection 3, or who is a member of
18 the retirement system, and who has one or more years
19 of covered wages, may purchase credit, pursuant to
20 section 97B.73, Code 2003, for one or more quarters of
21 service prior to January 1, 1999, in which the person
22 was employed in a position as described in section
23 97B.1A, subsection 8, paragraph "a", but was not a
24 member of the retirement system.

25 Sec. 21. Section 97B.42A, subsection 5, unnumbered
26 paragraph 2, Code Supplement 2003, is amended to read
27 as follows:

28 A person who becomes a member of the Iowa public
29 employees' retirement system pursuant to this
30 subsection, and who has one or more years of covered
31 wages, may purchase credit, pursuant to section
32 97B.73, Code 2003, for one or more quarters of service
33 prior to August 1, 2000, in which the person was
34 employed in a position as described by section 97B.1A,
35 subsection 8, paragraph "a", subparagraph (11), but
36 was not a member of the retirement system.

37 Sec. 22. Section 97B.43, unnumbered paragraph 3,
38 Code Supplement 2003, is amended to read as follows:

39 Each individual who on or after July 1, 1978, was
40 an active, vested, or retired member and who (1) made
41 application for and received a refund of contributions
42 made under the abolished system or (2) has on deposit
43 with the retirement fund contributions made under the
44 abolished system shall be entitled to credit for years
45 of prior service in the determination of retirement
46 allowance payments by filing a written election with
47 the system on or after July 1, 1978, and by
48 redepositing any withdrawn contributions under the
49 abolished system together with interest as stated in
50 this paragraph. Any individual who on or after July

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1 1, 1978, is a retired member and who made application
2 for and received a refund of contributions made under
3 the abolished system may, by filing a written election
4 with the system on or after July 1, 1978, have the
5 system retain fifty percent of the monthly increase in
6 retiree benefits that will accrue to the individual
7 because of prior service. If the monthly increase in
8 retirement benefits is less than ten dollars, the
9 system shall retain five dollars of the scheduled
10 increase, and if the monthly increase is less than
11 five dollars, the provisions of this paragraph shall
12 not apply. The system shall continue to retain such
13 funds until the withdrawn contributions, together with
14 interest accrued to the month in which the written
15 election is filed, have been repaid. Due notice of
16 this provision shall be sent to all retired members on
17 or after July 1, 1978. However, this paragraph shall
18 not apply to any person who received a refund of any
19 membership service contributions unless the person
20 repaid the membership service contributions pursuant
21 to section ~~97B.74~~ 97B.80C; but a refund of
22 contributions remitted for the calendar quarter ending
23 September 30, 1953 which was based entirely upon
24 employment which terminated prior to July 4, 1953
25 shall not be considered as a refund of membership
26 service contributions. The interest to be paid into
27 the fund shall be compounded at the rates credited to
28 member accounts from the date of payment of the refund
29 of contributions under the abolished system to the
30 date the member redeposits the refunded amount. The
31 provisions of the first paragraph of this section
32 relating to the consideration given to credited
33 amounts shall apply to the redeposited amounts or to
34 amounts left on deposit. Effective July 1, 1978, the
35 provisions of this paragraph shall apply to each
36 individual who on or after July 1, 1978, was an
37 active, vested, or retired member, but who was not in
38 service on July 4, 1953. The period for filing the
39 written election with the system and redepositing any
40 withdrawn contributions together with interest accrued
41 shall commence July 1, 1978. A member who is a
42 retired member on or after July 1, 1978, may file
43 written election with the system on or after July 1,
44 1978, to have the system retain fifty percent of the
45 monthly increase as provided in this paragraph.

46 Sec. 23. Section 97B.43, unnumbered paragraph 4,
47 Code Supplement 2003, is amended to read as follows:

48 Effective July 1, ~~1988~~ 2004, a member eligible for
49 an increased retirement allowance because of the
50 repayment of contributions under this section is

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1 entitled to receipt of ~~retroactive~~ adjustment payments
2 ~~for no more than six months immediately preceding~~
3 beginning with the month in which ~~written notice~~
4 payment was submitted to received by the system.

5 Sec. 24. Section 97B.45, unnumbered paragraph 2,
6 Code Supplement 2003, is amended by striking the
7 unnumbered paragraph.

8 Sec. 25. Section 97B.46, subsection 2, Code
9 Supplement 2003, is amended to read as follows:

10 2. A member remaining in service after attaining
11 the age of seventy years is entitled to receive a
12 retirement allowance under sections 97B.49A through
13 97B.49H, as applicable, ~~commencing with payment for~~
14 ~~the calendar month within which the written notice is~~
15 ~~submitted to the system, except that if the member~~
16 ~~fails to submit the notice on a timely basis,~~
17 ~~retroactive payments shall be made for no more than~~
18 ~~six months immediately preceding the month in which~~
19 ~~the written notice is submitted~~ without terminating
20 employment.

21 Sec. 26. Section 97B.47, Code Supplement 2003, is
22 amended to read as follows:

23 97B.47 EARLY RETIREMENT DATE.

24 A member's early retirement date shall be the first
25 of the month in which a member attains the age of
26 fifty-five years or the first of any month after
27 attaining the age of fifty-five years prior to the
28 member's normal retirement date, provided such date
29 shall be after the last day of service. ~~A member may~~
30 ~~retire on the member's early retirement date by~~
31 ~~submitting written notice to the system setting forth~~
32 ~~the early retirement date which shall not be before~~
33 ~~the first day of the sixth calendar month preceding~~
34 ~~the month in which such notice is filed.~~

35 Sec. 27. Section 97B.48, subsections 1 and 2, Code
36 Supplement 2003, are amended to read as follows:

37 1. Retirement allowances shall be paid monthly,
38 except that, if an allowance of less than six hundred
39 dollars a year may, at the member's option is payable
40 pursuant to section 97B.51, subsection 1, paragraph
41 "b", the member's retirement benefit shall be paid as
42 a lump sum in an amount equal to the sum of the
43 member's and employer's accumulated contributions and
44 the retirement dividends standing to the member's
45 credit before December 31, 1966. Receipt of the lump
46 sum payment by a member shall terminate any and all
47 entitlement for the period of service covered of the
48 member under this chapter and the member shall not be
49 eligible to buy back the period of service.

50 2. The first monthly payment of a ~~normal~~

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1 retirement allowance shall be paid as of the normal
2 retirement effective date, which date shall be the
3 later of the normal retirement date or the first day
4 of the sixth calendar month preceding the month in
5 which written notice of normal retirement is submitted
6 to the system member's first month of entitlement.
7 Written notice under this section may consist of
8 submission of a completed estimate request form, a
9 completed application for retirement form, or a letter
10 from the member requesting information on retirement
11 benefits, whichever is received first by the system.
12 However, a letter requesting information on benefits
13 or submission of a completed estimate request form is
14 only valid for six months following the date of its
15 receipt by the system, unless during that six-month
16 period the system receives a completed application for
17 retirement form from the member. A retirement
18 allowance may only be provided retroactively for a
19 single six-month period. Payment of an early
20 retirement allowance or an allowance for retirement
21 after the normal retirement date shall be paid as of
22 the effective date of retirement subject to section
23 97B.45, 97B.46, or 97B.47. The payments shall be
24 continued thereafter for the lifetime of the retired
25 member except as provided in section 97B.48A.

26 Sec. 28. Section 97B.48, subsection 5, Code
27 Supplement 2003, is amended by striking the
28 subsection.

29 Sec. 29. Section 97B.48, Code Supplement 2003, is
30 amended by adding the following new subsections:

31 NEW SUBSECTION. 6. Effective on such date as the
32 system determines by rule, but in no event later than
33 July 1, 2006, if the system determines that the
34 accumulated contributions of a member, payable to a
35 living member who has had a break in service or to a
36 beneficiary of a deceased member, are less than three
37 thousand dollars, the lump sum amount payable under
38 this chapter shall be paid to the living member or
39 beneficiary in full satisfaction of all rights of the
40 member or beneficiary to receive any payments under
41 the system. For purposes of this section, a "break in
42 service" means twenty consecutive calendar quarters in
43 which no wages are reported to the system. The lump
44 sum payment shall be made within one hundred eighty
45 days after the calendar quarter in which the member
46 completes a break in service or dies, whichever is
47 applicable. A member or beneficiary who receives a
48 mandatory distribution under this subsection shall
49 have sixty days to return the distribution to the
50 system and restore the member's or beneficiary's

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1 account.

2 NEW SUBSECTION. 7. Effective July 1, 2005,
3 monthly retirement allowance payments shall be
4 directly deposited without charge to a retired
5 member's account via electronic funds transfer. A
6 retired member may elect to receive monthly allowance
7 payments as paper warrants in lieu of electronic funds
8 transfers, but the system shall charge an
9 administrative fee for processing such paper warrants.
10 However, the system may, for good cause shown, waive
11 the administrative fee. The fee may be automatically
12 deducted from the monthly retirement allowance before
13 the warrant is issued to the retired member.

14 Sec. 30. Section 97B.48A, Code Supplement 2003, is
15 amended by adding the following new subsection:

16 NEW SUBSECTION. 5. If a retired reemployed member
17 incurs a break in service, as defined in this
18 subsection, and the member has failed to request an
19 increase in the member's monthly allowance or a
20 distribution of the member's and employer's
21 accumulated contributions prior to the break in
22 service, and if the amount of the increase in the
23 member's monthly retirement allowance would be less
24 than six hundred dollars per year, the system shall
25 distribute the lump sum amount payable under
26 subsection 4. For purposes of this subsection, a
27 "break in service" means four consecutive calendar
28 quarters in which no wages are reported to the system.
29 The lump sum payment shall be made within one hundred
30 eighty days after the calendar quarter in which the
31 member has a break in service. A member who receives
32 a mandatory distribution under this subsection shall
33 have sixty days to return the distribution to the
34 system and request an increase in the member's monthly
35 allowance.

36 Sec. 31. NEW SECTION. 97B.49 DORMANT ACCOUNTS.

37 1. In the event that all, or any portion, of a
38 retirement allowance, death benefit, or other
39 distribution payable to a member or a member's
40 designated beneficiary, heirs at law, or estate,
41 remains unpaid solely by reason of the inability of
42 the system to locate the appropriate payee, the amount
43 payable shall not be forfeited but shall be treated as
44 a dormant account after the time for making a claim
45 has run.

46 2. A dormant account shall revert to the
47 retirement fund created in section 97B.7. A dormant
48 account shall be non-interest-bearing, and except for
49 keeping a record of such account, the system shall not
50 maintain the account. A member who has a dormant

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1 account and returns to covered employment shall have
2 their dormant account reactivated as of the quarter
3 they return to covered employment. If the appropriate
4 payee contacts the system after the amount payable is
5 treated as a dormant account, the appropriate payee
6 may claim such amounts by filing a withdrawal
7 application provided by the system. The system shall
8 have rulemaking authority to adopt rules necessary to
9 implement this section in a just and equitable manner.

10 3. The system shall ensure that the payment of a
11 dormant account as provided in this section meets the
12 requirements of section 401(a)(9) of the federal
13 Internal Revenue Code.

14 Sec. 32. Section 97B.49B, subsection 1, paragraph
15 c, Code Supplement 2003, is amended to read as
16 follows:

17 c. "Eligible service" means membership and prior
18 service in a protection occupation. In addition, for
19 a member with membership and prior service in a
20 protection occupation described in paragraph "e",
21 subparagraph (2), eligible service includes membership
22 and prior service as a sheriff, or deputy sheriff, ~~or~~
23 ~~airport fire fighter~~ as defined in section 97B.49C.

24 Sec. 33. Section 97B.49B, subsection 1, paragraph
25 e, Code Supplement 2003, is amended by adding the
26 following new subparagraph:

27 NEW SUBPARAGRAPH. (8) An airport fire fighter
28 employed by the military division of the department of
29 public defense.

30 Sec. 34. Section 97B.49B, subsection 3, paragraph
31 b, Code Supplement 2003, is amended by adding the
32 following new subparagraph:

33 NEW SUBPARAGRAPH. (7) For the fiscal year
34 commencing July 1, 2004, and each succeeding fiscal
35 year, there is appropriated from the general fund of
36 the state to the system, from funds not otherwise
37 appropriated, an amount necessary to pay the employer
38 share of the cost of the additional benefits provided
39 to airport fire fighters under this section.

40 Sec. 35. Section 97B.49C, subsection 1, paragraph
41 a, Code Supplement 2003, is amended by striking the
42 paragraph.

43 Sec. 36. Section 97B.49C, subsection 1, paragraph
44 d, Code Supplement 2003, is amended to read as
45 follows:

46 d. "Eligible service" means membership and prior
47 service as ~~an airport fire fighter~~, a sheriff, and
48 deputy sheriff under this section. In addition,
49 eligible service includes membership and prior service
50 as a marshal in a city not covered under chapter 400

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1 or a fire fighter or police officer of a city not
2 participating in the retirement systems established in
3 chapter 410 or 411, and as an airport fire fighter
4 prior to July 1, 1994.

5 Sec. 37. Section 97B.49C, subsection 2, Code
6 Supplement 2003, is amended to read as follows:

7 2. CALCULATION OF MONTHLY ALLOWANCE.

8 a. Notwithstanding other provisions of this
9 chapter, a member who retires from employment as a
10 sheriff, deputy sheriff, or airport fire fighter on or
11 after July 1, 1994, and before July 1, 2004, and at
12 the time of retirement is at least fifty-five years of
13 age may elect to receive, in lieu of the receipt of
14 any benefits as calculated pursuant to section 97B.49A
15 or 97B.49D, a monthly retirement allowance equal to
16 one-twelfth of an amount equal to the applicable
17 percentage of the three-year average covered wage as a
18 member who has been employed in eligible service
19 multiplied by a fraction of years of service, with
20 benefits payable during the member's lifetime.

21 b. Notwithstanding other provisions of this
22 chapter, a member who retires from employment as a
23 sheriff or deputy sheriff on or after July 1, 2004,
24 and at the time of retirement is either at least
25 fifty-five years of age or is at least fifty years of
26 age with at least twenty-two years of eligible service
27 may elect to receive, in lieu of the receipt of any
28 benefits as calculated pursuant to section 97B.49A or
29 97B.49D, a monthly retirement allowance equal to one-
30 twelfth of an amount equal to the applicable
31 percentage of the three-year average covered wage as a
32 member who has been employed in eligible service
33 multiplied by a fraction of years of service, with
34 benefits payable during the member's lifetime.

35 Sec. 38. Section 97B.49C, subsection 3, paragraph
36 a, Code Supplement 2003, is amended to read as
37 follows:

38 a. Annually, the system shall actuarially
39 determine the cost of the ~~additional~~ benefits provided
40 for members covered under this section as a percentage
41 of the covered wages of the employees covered by this
42 section. ~~Sixty~~ Fifty percent of the cost shall be
43 paid by the employers of employees covered under this
44 section and ~~forty~~ fifty percent of the cost shall be
45 paid by the employees. The employer and employee
46 contributions required under this paragraph are in
47 ~~addition to~~ lieu of the contributions paid under
48 sections 97B.11 and 97B.11A. ~~However, the cost of~~
49 ~~including service as an airport fire fighter prior to~~
50 ~~July 1, 1994, as eligible service under this section~~

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1 ~~shall not affect the contribution rates calculated and~~
2 ~~paid by the member or the employer under this section.~~

3 Sec. 39. Section 97B.49C, subsection 3, paragraph
4 b, Code Supplement 2003, is amended to read as
5 follows:

6 b. ~~(1)~~ Annually, during each fiscal year
7 commencing with the fiscal year beginning July 1,
8 1988, each county shall pay to the system the amount
9 necessary to pay the employer share of the cost of the
10 ~~additional~~ benefits provided to sheriffs and deputy
11 sheriffs.

12 ~~(2) For the fiscal year commencing July 1, 1994,~~
13 ~~and each succeeding fiscal year, there is appropriated~~
14 ~~from the general fund of the state to the system, from~~
15 ~~funds not otherwise appropriated, an amount necessary~~
16 ~~to pay the employer share of the cost of the~~
17 ~~additional benefits provided to airport fire fighters~~
18 ~~under this section.~~

19 Sec. 40. Section 97B.50, subsection 2, Code
20 Supplement 2003, is amended to read as follows:

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

43 b. A vested member who retires from the retirement
44 system due to disability and commences receiving
45 disability benefits pursuant to the federal Railroad
46 Retirement Act, 45 U.S.C. § 231 et seq., and who has
47 not reached the normal retirement date, shall receive
48 benefits as selected under section 97B.51, and shall
49 not have benefits reduced upon retirement as required
50 under subsection 1 regardless of whether the member

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1 has completed thirty or more years of membership
2 service. However, the benefits shall be suspended
3 during any period in which the member returns to
4 covered employment. This section takes effect July 1,
5 1990, for a member meeting the requirements of this
6 paragraph who retired from the retirement system at
7 any time since July 4, 1953. Eligible members
8 retiring on or after July 1, 2000, are entitled to the
9 receipt of retroactive adjustment payments for no more
10 than thirty-six months immediately preceding the month
11 in which written ~~notice of application for retirement~~
12 due to disability was ~~submitted to~~ received by the
13 system, ~~notwithstanding the requirements of subsection~~
14 4.

15 c. A vested member who terminated service due to a
16 disability, who has been issued payment for a refund
17 pursuant to section 97B.53, and who subsequently
18 commences receiving disability benefits as a result of
19 that disability pursuant to the federal Social
20 Security Act, 42 U.S.C. § 423 et seq. or the federal
21 Railroad Retirement Act, 45 U.S.C. § 231 et seq., may
22 receive credit for membership service for the period
23 covered by the refund payment, upon repayment to the
24 system of the actuarial cost of receiving service
25 credit for the period covered by the refund payment,
26 as determined by the system. For purposes of this
27 paragraph, the actuarial cost of the service purchase
28 shall be determined as provided in section ~~97B.74~~
29 97B.80C. The payment to the system as provided in
30 this paragraph shall be made within ninety days after
31 July 1, 2000, or the date federal disability payments
32 commenced, whichever occurs later. For purposes of
33 this paragraph, the date federal disability payments
34 commence shall be the date that the member actually
35 receives the first such payment, regardless of any
36 retroactive payments included in that payment. A
37 member who repurchases service credit under this
38 paragraph and applies for retirement benefits shall
39 have the member's monthly allowance, including
40 retroactive adjustment payments, determined in the
41 same manner as provided in paragraph "a" or "b", as
42 applicable. ~~This paragraph shall not be implemented~~
43 ~~until the system has received a determination letter~~
44 ~~from the federal internal revenue service approving~~
45 ~~the system's plan's qualified status under Internal~~
46 ~~Revenue Code section 401(a).~~

47 Sec. 41. Section 97B.50, subsection 4, Code
48 Supplement 2003, is amended by striking the
49 subsection.

50 Sec. 42. Section 97B.50A, subsection 5, Code

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1 Supplement 2003, is amended to read as follows:

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

14 Sec. 43. Section 97B.52, subsection 1, unnumbered
15 paragraph 1, Code Supplement 2003, is amended to read
16 as follows:

17 If a an inactive member, with at least sixteen
18 calendar quarters of service credit, or any active
19 member dies prior to the member's first month of
20 entitlement, the member's beneficiary shall be
21 entitled to receive a death benefit equal to the
22 greater of the amount provided in paragraph "a" or
23 "b". If an inactive member with less than sixteen
24 calendar quarters of service credit dies prior to the
25 member's first month of entitlement, the member's
26 beneficiary shall only be entitled to receive a death
27 benefit, as a lump sum, equal to the amount provided
28 in paragraph "a".

29 Sec. 44. Section 97B.52, subsection 1, paragraph
30 a, subparagraph (3), Code Supplement 2003, is amended
31 to read as follows:

32 (3) For service as a sheriff, or deputy sheriff,
33 ~~or airport fire fighter~~, as provided in section
34 97B.49C, the applicable denominator is twenty-two.

35 Sec. 45. Section 97B.52, subsection 5, unnumbered
36 paragraph 3, Code Supplement 2003, is amended by
37 striking the unnumbered paragraph.

38 Sec. 46. Section 97B.52, subsection 7, Code
39 Supplement 2003, is amended to read as follows:

40 7. If a member has not filed a designation of
41 beneficiary with the system, the death benefit is
42 payable to the member's estate. If no designation has
43 been filed and an estate is not probated, the death
44 benefit shall be paid to the surviving spouse, if any.
45 If no designation has been filed, no estate has been
46 probated, and there is no surviving spouse, the death
47 benefit shall be paid to the heirs as provided in this
48 subsection. The system shall pay the full amount of a
49 member's death benefits to those heirs who have
50 presented a claim for such benefits within five years

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1 after the member's date of death. The system is not
2 liable for the payment of any claims by heirs who make
3 themselves known to the system more than five years
4 after the date of death of the member. Otherwise if a
5 death benefit is not paid as provided by this
6 subsection, the death benefit shall remain in the
7 fund.

8 Sec. 47. Section 97B.52A, subsection 1, paragraph
9 c, Code Supplement 2003, is amended to read as
10 follows:

11 c. For a member whose first month of entitlement
12 is July 2000 or later, the member does not return to
13 any employment with a covered employer until the
14 member has qualified for at least one calendar month
15 of retirement benefits, and the member does not return
16 to covered employment until the member has qualified
17 for no fewer than four calendar months of retirement
18 benefits. For purposes of this paragraph, effective
19 July 1, 2000, any employment with a covered employer
20 does not include employment as an elective official or
21 member of the general assembly if the member is not
22 covered under this chapter for that employment. For
23 purposes of determining a bona fide retirement under
24 this paragraph and for a member whose first month of
25 entitlement is July 2004 or later, but before July
26 2006, covered employment does not include employment
27 as a licensed health care professional by a public
28 hospital as defined in section 249I.3.

29 Sec. 48. Section 97B.53, subsection 4, Code
30 Supplement 2003, is amended to read as follows:

31 4. A member has not terminated employment for
32 purposes of this section if the member ~~accepts~~
33 commences other covered employment within thirty days
34 ~~after receiving the last payment of wages for the date~~
35 employment was terminated with a covered employment
36 employer, or if the member begins covered employment
37 prior to filing a request for a refund with the
38 system.

39 Sec. 49. Section 97B.53B, subsection 1, paragraph
40 c, subparagraph (2), subparagraph subdivision (c),
41 Code Supplement 2003, is amended to read as follows:

42 (c) The Prior to January 1, 2002, the portion of
43 any distribution that is not includible in the gross
44 income of the distributee, determined without regard
45 to the exclusion for net unrealized appreciation with
46 respect to employer securities.

47 Sec. 50. Section 97B.73B, subsection 2, paragraph
48 b, Code Supplement 2003, is amended to read as
49 follows:

50 b. For a purchase of membership service on or

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1 after July 1, 2002, the actuarial cost of the service
2 purchase in a manner as provided in section 97B.73
3 97B.80C.

4 Sec. 51. Section 97B.73B, subsection 2, Code
5 Supplement 2003, is amended by adding the following
6 new paragraph:

7 NEW PARAGRAPH. c. Effective July 1, 2004, a
8 member eligible for an increased retirement allowance
9 because of the payment of contributions under this
10 section is entitled to adjusted payments beginning
11 with the month in which the member pays contributions
12 under this section.

13 Sec. 52. Section 97B.80, subsection 3, Code
14 Supplement 2003, is amended to read as follows:

15 3. ~~The system shall adjust benefits for a six-~~
16 ~~month period prior to the date the member pays~~
17 ~~contributions under this section if the member is~~
18 ~~receiving a retirement allowance at the time the~~
19 ~~contribution payment is made.~~ Verification of active
20 duty service and payment of contributions shall be
21 made to the system. However, a member is not eligible
22 to make contributions under this section if the member
23 is receiving, is eligible to receive, or may in the
24 future be eligible to receive retirement pay from the
25 United States government for active duty in the armed
26 forces, except for retirement pay granted by the
27 United States government under retired pay for
28 nonregular service pursuant to 10 U.S.C. § 12731--
29 12739. A member receiving retired pay for nonregular
30 service who makes contributions under this section
31 shall provide information required by the system
32 documenting time periods covered under retired pay for
33 nonregular service.

34 Sec. 53. Section 97B.80, subsection 4, Code
35 Supplement 2003, is amended by striking the subsection
36 and inserting in lieu thereof the following:

37 4. Effective July 1, 2004, a member eligible for
38 an increased retirement allowance because of the
39 payment of contributions under this section is
40 entitled to adjusted payments beginning with the month
41 in which the member pays contributions under this
42 section.

43 Sec. 54. Section 97B.80C, subsection 1, paragraph
44 a, Code Supplement 2003, is amended to read as
45 follows:

46 a. "Nonqualified service" means service that is
47 not qualified service- and includes, but is not
48 limited to, any of the following:

49 (1) Full-time volunteer public service in the
50 federal peace corps program.

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1 (2) Public employment comparable to employment
2 covered under this chapter in a qualified Canadian
3 governmental entity that is an elementary school,
4 secondary school, college, or university that is
5 organized, administered, and primarily supported by
6 the provincial, territorial, or federal governments of
7 Canada, or any combination of the same.

8 Sec. 55. Section 97B.80C, subsection 1, paragraph
9 c, subparagraph (1), Code Supplement 2003, is amended
10 by adding the following new subparagraph subdivisions:

11 NEW SUBPARAGRAPH SUBDIVISION. (e) Service as a
12 member of the general assembly.

13 NEW SUBPARAGRAPH SUBDIVISION. (f) Previous
14 service as a county attorney by a part-time county
15 attorney.

16 NEW SUBPARAGRAPH SUBDIVISION. (g) Service in
17 public employment comparable to employment covered
18 under this chapter in another state or in the federal
19 government, or service as a member of another public
20 retirement system in this state, including but not
21 limited to the teachers insurance and annuity
22 association-college retirement equities fund (TIAA-
23 CREF), if the member was not retired under that system
24 and has no further claim upon a retirement benefit
25 from that other public system.

26 NEW SUBPARAGRAPH SUBDIVISION. (h) Service as a
27 member of the retirement system at any time on or
28 after July 4, 1953, if the member received a refund of
29 the member's accumulated contributions for that period
30 of membership service.

31 NEW SUBPARAGRAPH SUBDIVISION. (i) An approved
32 leave of absence which does not constitute service as
33 defined in section 97B.1A, which is granted on or
34 after July 1, 1998.

35 NEW SUBPARAGRAPH SUBDIVISION. (j) Employment of a
36 person who at the time of the employment was not
37 covered by this chapter, was employed by a covered
38 employer under this chapter, and did not opt out of
39 coverage under this chapter.

40 NEW SUBPARAGRAPH SUBDIVISION. (k) Employment of a
41 person as an adjunct instructor as defined in section
42 97B.1A, subsection 8.

43 Sec. 56. Section 97B.80C, subsection 3, Code
44 Supplement 2003, is amended to read as follows:

45 3. a. A member making contributions for a
46 purchase of permissive service credit under this
47 section, except as otherwise provided by this
48 subsection, shall make contributions in an amount
49 equal to the actuarial cost of the permissive service
50 credit purchase. ~~For purposes of this subsection, the~~

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~~1 actuarial cost of the service purchase is an amount
2 determined by the system in accordance with actuarial
3 tables, as reported to the system by the system's
4 actuary, which reflects the actuarial cost necessary
5 to fund an increased retirement allowance resulting
6 from the purchase of permissive service credit.~~

7 b. For a member making contributions for a
8 purchase of permissive service credit for qualified
9 service as described in subsection 1, paragraph "c",
10 subparagraph (1), subparagraph subdivision (e), under
11 this section, the member shall make contributions in
12 an amount equal to forty percent of the actuarial cost
13 of the service purchase. There is appropriated from
14 the general fund of the state to the system an amount
15 sufficient to pay sixty percent of the actuarial cost
16 of the service purchase by a member pursuant to this
17 paragraph.

18 c. For a member making contributions for a
19 purchase of permissive service credit for qualified
20 service as described in subsection 1, paragraph "c",
21 subparagraph (1), subparagraph subdivision (f), under
22 this section, the member shall make contributions in
23 an amount equal to forty percent of the actuarial cost
24 of the service purchase. Upon notification of the
25 applicable county board of supervisors of the member's
26 election, the county board of supervisors shall pay to
27 the system an amount sufficient to pay sixty percent
28 of the actuarial cost of the service purchase by a
29 member pursuant to this paragraph.

30 d. For purposes of this subsection, the actuarial
31 cost of the service purchase is an amount determined
32 by the system in accordance with actuarial tables, as
33 reported to the system by the system's actuary, which
34 reflects the actuarial cost necessary to fund an
35 increased retirement allowance resulting from the
36 purchase of permissive service credit.

37 Sec. 57. Section 97B.80C, Code Supplement 2003, is
38 amended by adding the following new subsections:

39 NEW SUBSECTION. 3A. Effective July 1, 2004, a
40 member eligible for an increased retirement allowance
41 because of the payment of contributions under this or
42 any other section providing for the purchase of
43 service credit is entitled to adjusted payments
44 beginning with the month in which the member pays
45 contributions under the applicable section.

46 NEW SUBSECTION. 3B. Effective July 1, 2004, a
47 purchase of service made in accordance with this or
48 any other section providing for the purchase of
49 service credit by a retired reemployed member shall be
50 applied to the member's original retirement allowance.

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1 The member is eligible to receive adjustment payments
2 beginning with the month of the purchase.

3 NEW SUBSECTION. 3C. A member who is entitled to a
4 benefit from another public retirement system and
5 wishes to purchase the service covered by that public
6 retirement system must waive, on a form provided by
7 the Iowa public employees' retirement system, all
8 rights to a retirement benefit under that other public
9 system before purchasing credit in this system for the
10 period of service covered by that other public system.
11 The waiver must be accepted by the other public
12 system. If the waiver is not obtained, a member may
13 buy up to twenty quarters of such service credit. In
14 no event can a member receive more than one service
15 credit for any given calendar quarter.

16 Sec. 58. Section 411.6, subsection 7, paragraph c,
17 Code 2003, is amended to read as follows:

18 c. Should a disability beneficiary under age
19 fifty-five be employed in a public safety occupation,
20 the disability beneficiary's retirement allowance
21 shall cease. Notwithstanding any provision of this
22 chapter to the contrary, if a disability beneficiary
23 is employed in a public safety occupation that would
24 otherwise constitute membership service, the
25 disability beneficiary shall not become a member of
26 the system. For purposes of this paragraph, "public
27 safety occupation" means a peace officer, as defined
28 in section 97A.1; a protection occupation, as defined
29 in section 97B.49B; a sheriff, or deputy sheriff, ~~or~~
30 ~~airport fire fighter~~, as defined in section 97B.49C;
31 and a police officer or fire fighter as defined in
32 section 411.1, who was not restored to active service
33 as provided by this subsection.

34 Sec. 59. Section 724.6, subsection 2, Code 2003,
35 is amended to read as follows:

36 2. Notwithstanding subsection 1, fire fighters, as
37 defined in section 411.1, subsection 9, airport fire
38 fighters included under section ~~97B.49C~~ 97B.49B,
39 emergency rescue technicians, and emergency medical
40 care providers, as defined in section 147A.1, shall
41 not, as a condition of employment, be required to
42 obtain a permit under this section. However, the
43 provisions of this subsection shall not apply to a
44 person designated as an arson investigator by the
45 chief fire officer of a political subdivision.

46 Sec. 60. 2002 Iowa Acts, chapter 1135, section 36,
47 subsections 1 and 3, are amended to read as follows:

48 1. a. Notwithstanding any provision of chapter
49 97B to the contrary, a member of the Iowa public
50 employees' retirement system who has an employer-

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1 mandated reduction in hours or an employee-exercised
2 reduction in pay but remains on the employer's
3 payroll, and who would receive a reduction in the
4 member's three-year average covered wage as a result
5 of the reduction in hours or pay, may have the
6 member's retirement allowance calculated based on the
7 three-year average covered wage the member would have
8 received, based on reasonable assumptions, if the
9 member had not been subject to the employer-mandated
10 reduction in hours or employee-exercised reduction in
11 pay, upon payment by the member of the applicable
12 contribution amount.

13 b. For purposes of this section, ~~the applicable~~
14 unless the context otherwise requires:

15 (1) "Applicable contribution ~~amount~~ amount" is an
16 amount equal to the employee and employer
17 contributions that would have been paid to the system
18 based on the wages that the member would have received
19 but for the employer-mandated reduction in hours or
20 employee-exercised reduction in pay and would have
21 been included in the member's three-year average
22 covered wage.

23 (2) "Employee-exercised reduction in pay" means a
24 reduction in pay of a member who has exercised bumping
25 rights by accepting a lower-paid position in order to
26 avoid being laid off by the employer.

27 3. This section shall apply to employer-mandated
28 reductions in hours or employee-exercised reductions
29 in pay during the period of time beginning on or after
30 January 1, 2002, and ending no later than June 30,
31 2003 2005. The system is authorized to adopt such
32 rules, including emergency rules, as it deems
33 necessary or prudent to implement this section.

34 Sec. 61. Sections 97B.72, 97B.72A, 97B.73,
35 97B.73A, 97B.74, 97B.75, 97B.80A, 97B.80B, and 97B.81,
36 Code Supplement 2003, are repealed.

37 Sec. 62. FAVORABLE EXPERIENCE DIVIDEND RESERVE
38 ACCOUNT -- DEPOSIT OF INVESTMENT RETURN.
39 Notwithstanding any provision of chapter 97B to the
40 contrary, the Iowa public employees' retirement system
41 shall have the authority to credit the lesser of the
42 system's actuarial interest rate assumption or the
43 system's actual investment return to the favorable
44 experience dividend reserve account created in section
45 97B.49F. This authority applies to the fiscal year
46 beginning July 1, 2003, and ending June 30, 2004.

47 Sec. 63. IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
48 -- PENSION FLEXIBILITY STUDY -- REPORT.

49 1. The Iowa public employees' retirement system
50 (IPERS) shall conduct a study to consider various

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1 options to provide persons covered under the Iowa
2 public employees' retirement system additional
3 flexibility in plan design with features incorporating
4 aspects of defined contribution type vehicles. In
5 conducting its study, IPERS shall consider, among
6 other ideas, the following:

7 a. Ways in which IPERS can assist employers in
8 expanding existing supplemental plans offered by
9 public employers.

10 b. Ways in which IPERS could offer its own defined
11 contribution type supplementary plan vehicle to
12 complement its core defined benefit plan including,
13 but not limited to, defined contribution type plans
14 that might provide a cost of living or favorable
15 experience dividend benefit to members.

16 c. Various hybrid plan designs incorporating
17 features of both defined benefit and defined
18 contribution plan vehicles, including, but not limited
19 to, an integrated defined benefit and defined
20 contribution plan, a floor-offset plan, or a pension
21 equity plan.

22 2. In performing the study required by this
23 section, IPERS shall work closely with the system's
24 benefits advisory committee and, through quarterly
25 reports, regularly update the public retirement
26 systems committee established by section 97D.4. On or
27 before September 1, 2005, the Iowa public employees'
28 retirement system shall file a report with the
29 legislative services agency for distribution to the
30 public retirement systems committee, which report
31 shall contain its findings and recommendations,
32 including any proposal or proposals regarding adding
33 additional flexibility in IPERS' plan design with
34 features incorporating aspects of defined contribution
35 type vehicles.

36 Sec. 64. PROTECTION OCCUPATION MEMBERSHIP STUDY.
37 The Iowa public employees' retirement system (IPERS),
38 in consultation with the system's benefits advisory
39 committee, shall study the possible inclusion within
40 the protection occupation category of IPERS an
41 employee covered by the merit system as provided in
42 chapter 8A, subchapter IV, whose primary duty is
43 providing security at Iowa national guard
44 installations and facilities and who carries or is
45 licensed to carry a firearm while performing those
46 duties, a registered nurse or licensed practical nurse
47 employed at a correctional facility by the department
48 of corrections, and a jailer or detention officer who
49 performs duties as a jailer, including but not limited
50 to the transportation of inmates, is certified as

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1 having completed jailer training pursuant to chapter
2 80B, and is employed by a county as a jailer. On or
3 before September 1, 2005, the Iowa public employees'
4 retirement system shall file a report with the
5 legislative services agency for distribution to the
6 public retirement systems committee established by
7 section 97D.4 with its findings and recommendations.
8 The report shall include information concerning the
9 number of possible employees that might be added, the
10 actuarial cost of adding these categories of employees
11 to the protection occupation category, and any other
12 information that might assist legislators in
13 considering whether, and how, to add these or other
14 categories of employees to the protection occupation
15 category.

16 Sec. 65. LICENSED HEALTH CARE PROFESSIONALS --
17 BONA FIDE RETIREMENT REPORT. The Iowa public
18 employees' retirement system and the largest statewide
19 organization representing public hospitals in this
20 state shall each submit a report to the general
21 assembly by December 1, 2006, concerning the costs and
22 effectiveness of the provision of this Act amending
23 section 97B.52A that provides that covered employment,
24 for purposes of establishing a bona fide retirement,
25 does not include employment as a licensed health care
26 professional by a public hospital as defined in
27 section 249I.3. Each report shall provide statistics
28 concerning the number of members taking advantage of
29 this provision, the costs and financial benefits, if
30 any, associated with this provision, and
31 recommendations for further action.

32 Sec. 66. EFFECTIVE DATE -- RETROACTIVE
33 APPLICABILITY.

34 1. The section of this Act amending section
35 97B.53B, subsection 1, paragraph "c", being deemed of
36 immediate importance, takes effect upon enactment and
37 is retroactively applicable to January 1, 2002, and is
38 applicable on and after that date.

39 2. The section of this Act amending 2002 Iowa
40 Acts, chapter 1135, section 36, being deemed of
41 immediate importance, takes effect upon enactment and
42 is retroactively applicable to January 1, 2002, and is
43 applicable on and after that date.

44 3. The section of this Act providing for the
45 deposit of investment return to the favorable
46 experience dividend reserve account, being deemed of
47 immediate importance, takes effect upon enactment.

DIVISION III

48 STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM

49 Sec. 67. Section 400.8, subsection 1, Code 2003,

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1 is amended to read as follows:

2 400.8 ORIGINAL ENTRANCE EXAMINATION --

3 APPOINTMENTS.

4 1. The commission, when necessary under the rules,
5 including minimum and maximum age limits, which shall
6 be prescribed and published in advance by the
7 commission and posted in the city hall, shall hold
8 examinations for the purpose of determining the
9 qualifications of applicants for positions under civil
10 service, other than promotions, which examinations
11 shall be practical in character and shall relate to
12 matters which will fairly test the mental and physical
13 ability of the applicant to discharge the duties of
14 the position to which the applicant seeks appointment.
15 The physical examination of applicants for appointment
16 to the positions of police officer, police matron, or
17 fire fighter shall be held in accordance with medical
18 protocols established by the board of trustees of the
19 fire and police retirement system established by
20 section 411.5 and shall be conducted in accordance
21 with the directives of the board of trustees.

22 However, the prohibitions of section 216.6, subsection
23 1, paragraph "d", regarding tests for the presence of
24 the antibody to the human immunodeficiency virus shall
25 not apply to such examinations. The board of trustees
26 may change the medical protocols at any time the board
27 so determines. The physical examination of an
28 applicant for the position of police officer, police
29 matron, or fire fighter shall be conducted after a
30 conditional offer of employment has been made to the
31 applicant. An applicant shall not be discriminated
32 against on the basis of height, weight, sex, or race
33 in determining physical or mental ability of the
34 applicant. Reasonable rules relating to strength,
35 agility, and general health of applicants shall be
36 prescribed. The costs of the physical examination
37 required under this subsection shall be paid from the
38 trust and agency fund of the city.

39 Sec. 68. Section 411.5, Code 2003, is amended by
40 adding the following new subsection:

41 NEW SUBSECTION. 14. MEDICAL RECORDS. A physician
42 or surgeon, physician assistant, advanced registered
43 nurse practitioner, or mental health professional who
44 provides records to the system in connection with the
45 application by a member for disability retirement
46 under this chapter shall be entitled to charge a fee
47 for production of the records. The fee for copies of
48 any records shall not exceed the reasonable cost of
49 production.

50 Sec. 69. Section 411.6, subsection 7, unnumbered

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1 paragraph 1, Code 2003, is amended to read as follows:

2 ~~Re-examination~~ Reexamination of beneficiaries
3 retired on account of disability. ~~Once each year~~
4 ~~during the first five years following the retirement~~
5 ~~of a member on a disability retirement allowance, and~~
6 ~~once in every three-year period thereafter, the~~ The
7 system may, and upon the member's application shall,
8 require any disability beneficiary who has not yet
9 attained age fifty-five to undergo a medical
10 examination at a place designated by the medical
11 board. The examination shall be made by the medical
12 board or in special cases, by an additional physician
13 or physicians designated by such board. If any
14 disability beneficiary who has not attained the age of
15 fifty-five refuses to submit to the medical
16 examination, the member's allowance may be
17 discontinued until withdrawal of such refusal, and if
18 the refusal continues for one year all rights in and
19 to the member's pension may be revoked by the system.
20 For a disability beneficiary who has not attained the
21 age of fifty-five and whose entitlement to a
22 disability retirement commenced on or after July 1,
23 2000, the medical board may, as part of the
24 examination required by this subsection, suggest
25 appropriate medical treatment or rehabilitation if, in
26 the opinion of the medical board, the recommended
27 treatment or rehabilitation would likely restore the
28 disability beneficiary to duty.

29 Sec. 70. Section 411.6, subsection 7, paragraph a,
30 unnumbered paragraph 2, Code 2003, is amended to read
31 as follows:

32 A beneficiary retired under this lettered
33 paragraph, in order to be eligible for continued
34 receipt of retirement benefits, shall no later than
35 May 15 of each year submit to the system a copy of the
36 beneficiary's federal individual income tax return for
37 the preceding year. The beneficiary shall also
38 submit, within a reasonable period of time, any
39 documentation requested by the system that is
40 determined to be necessary by the system to determine
41 the beneficiary's gross wages.

42 Sec. 71. Section 411.6B, subsection 1, Code 2003,
43 is amended to read as follows:

44 1. As used in this section, unless the context
45 otherwise requires, and to the extent permitted by the
46 internal revenue service:

47 a. "Direct rollover" means a payment by the system
48 to the eligible retirement plan specified by the
49 member or the member's surviving spouse, or the
50 member's alternate payee under a marital property

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1 order who is the member's spouse or former spouse.

2 b. "Eligible retirement plan" means either any of
3 the following that accepts an eligible rollover
4 distribution from a member, ~~or~~ a member's surviving
5 spouse, or a member's alternate payee:

6 (1) An individual retirement account in accordance
7 with section 408(a) of the federal Internal Revenue
8 Code.

9 (2) An individual retirement annuity in accordance
10 with section 408(b) of the federal Internal Revenue
11 Code.

12 In addition, an "eligible retirement plan" includes
13 an annuity plan in accordance with section 403(a) of
14 the federal Internal Revenue Code, or a qualified
15 trust in accordance with section 401(a) of the federal
16 Internal Revenue Code, that accepts an eligible
17 rollover distribution from a member. Effective
18 January 1, 2002, the term "eligible retirement plan"
19 also includes an annuity contract described in section
20 403(b) of the federal Internal Revenue Code, and an
21 eligible plan under section 457(b) of the federal
22 Internal Revenue Code which is maintained by a state,
23 political subdivision of a state, or any agency or
24 instrumentality of a state or political subdivision of
25 a state that chooses to separately account for amounts
26 rolled over into such eligible retirement plan from
27 the system.

28 c. "Eligible rollover distribution" means all or
29 any portion of a member's account, except that an
30 eligible rollover distribution does not include any of
31 the following:

32 (1) A distribution that is one of a series of
33 substantially equal periodic payments, which occur
34 annually or more frequently, made for the life or life
35 expectancy of the distributee or the joint lives or
36 joint life expectancies of the distributee and the
37 distributee's designated beneficiary, or made for a
38 specified period of ten years or more.

39 (2) A distribution to the extent that the
40 distribution is required pursuant to section 401(a)(9)
41 of the federal Internal Revenue Code.

42 (3) The portion of any distribution that is not
43 includible in the gross income of the distributee,
44 determined without regard to the exclusion for net
45 unrealized appreciation with respect to employer
46 securities. Provided, however, that effective January
47 1, 2002, such distributions may be directly rolled
48 over to an individual retirement account described in
49 federal Internal Revenue Code section 408(a) or
50 408(b), a qualified defined contribution plan

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1 described in federal Internal Revenue Code section
2 401(a), or a qualified annuity plan described in
3 federal Internal Revenue Code section 403(a), if such
4 plan agrees to separately account for the after-tax
5 amount so rolled over.

6 (4) A distribution of less than two hundred
7 dollars of taxable income.

8 Sec. 72. Section 411.22, subsection 1, paragraph
9 b, Code 2003, is amended to read as follows:

10 b. A sum sufficient to pay the retirement system
11 the present worth, computed at the interest rate
12 ~~provided in section 535.3 for court judgments and~~
13 ~~decrees~~ assumption adopted by the system pursuant to
14 section 411.5, subsection 9, of the future payments of
15 such benefits, for which the retirement system is
16 liable, but the sum is not a final adjudication of the
17 future payments which the member is entitled to
18 receive.

19 Sec. 73. Section 411.31, subsection 1, Code 2003,
20 is amended by adding the following new paragraph:

21 NEW PARAGRAPH. e. "Refund liability" means the
22 amount the member may elect to withdraw from the
23 former system under section 97A.16.

24 Sec. 74. Section 411.31, subsection 2, Code 2003,
25 is amended to read as follows:

26 2. Commencing July 1, 1996, a vested member of an
27 eligible retirement system who terminates employment
28 covered by one eligible retirement system and, within
29 one year, commences employment covered by the other
30 eligible retirement system may elect to transfer the
31 greater of the average accrued benefit or refund
32 liability earned from the former system to the current
33 system. The member shall file an application with the
34 current system for transfer of the greater of the
35 average accrued benefit or refund liability within
36 ninety days of the commencement of employment with the
37 current system.

38 Sec. 75. Section 411.31, subsection 4, Code 2003,
39 is amended to read as follows:

40 4. Upon receipt of an application for transfer of
41 ~~the average accrued benefit as provided in this~~
42 section, the current system shall calculate the
43 average accrued benefit and the refund liability and
44 the former system shall transfer to the current system
45 assets in an amount equal to the greater of the
46 average accrued benefit or refund liability. Once the
47 transfer of the average accrued benefit is completed,
48 the member's service under the former system shall be
49 treated as membership service under the current system
50 for purposes of this chapter and chapter 97A.

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1 Sec. 76. Section 411.36, subsection 1, paragraph
2 c, Code 2003, is amended to read as follows:

3 c. A city treasurer, city financial officer, or
4 city clerk involved with the financial matters of the
5 city from four participating cities, one of whom is
6 from a city having a population of less than ~~forty~~
7 thirty thousand, and three of whom are from cities
8 having a population of ~~forty~~ thirty thousand or more.
9 The members authorized pursuant to this paragraph
10 shall be appointed by the governing body of the Iowa
11 league of cities.

12 Sec. 77. EFFECTIVE DATE -- RETROACTIVE
13 APPLICABILITY. The section of this Act amending
14 section 411.6B, subsection 1, being deemed of
15 immediate importance, takes effect upon enactment and
16 is retroactively applicable to January 1, 2002, and is
17 applicable on and after that date.

DIVISION IV

JUDICIAL RETIREMENT SYSTEM

18
19
20 Sec. 78. Section 602.9106, Code 2003, is amended
21 to read as follows:

22 602.9106 RETIREMENT.

23 Any person who shall have become separated from
24 service as a judge of any of the courts included in
25 this article and who has had an aggregate of at least
26 ~~six~~ four years of service as a judge of one or more of
27 six courts and shall have attained the age of sixty-
28 five years or who has had ~~twenty-five~~ twenty years of
29 consecutive service as a judge of one or more of said
30 courts, and who shall have otherwise qualified as
31 provided in this article, shall be entitled to an
32 annuity as hereinafter provided.

33 Sec. 79. Section 602.9107C, subsection 1, Code
34 2003, is amended to read as follows:

35 1. A judge under this system who has at least ~~six~~
36 four years of service as a judge of any of the courts
37 included in this article and who was a member of the
38 Iowa public employees' retirement system as provided
39 in chapter 97B, but who was not retired under that
40 system, upon submitting verification of membership and
41 service in the Iowa public employees' retirement
42 system to the court administrator, including proof
43 that the judge has no further claim upon a retirement
44 benefit from that public system, may make
45 contributions as provided by this section to the
46 system either for the entire period of service in the
47 other public system, or for partial service in the
48 other public system in increments of one or more
49 calendar quarters, and receive credit for that service
50 under the system.

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1 Sec. 80. Section 602.9108, Code 2003, is amended
2 to read as follows:

3 602.9108 INDIVIDUAL ACCOUNTS -- REFUNDING.

4 The amount designated as the judge's contribution
5 to the judicial retirement fund in section 602.9104,
6 subsection 1, and all amounts paid into the fund by a
7 judge shall be credited to the individual account of
8 the judge. If a judge covered under this article
9 becomes separated from service as a judge before the
10 judge completes an aggregate of ~~six~~ four years of
11 service as a judge of one or more of the courts, the
12 total amount in the judge's individual account shall
13 be returned to the judge or the judge's legal
14 representatives within one year of the separation. If
15 a judge, who is covered under this article and who has
16 completed an aggregate of ~~six~~ four years or more of
17 service as a judge of one or more of the courts, dies
18 before retirement, without a survivor, the total
19 amount in the judge's individual account shall be paid
20 in one sum to the judge's legal representatives within
21 one year of the judge's death. If an annuitant under
22 this section dies without a survivor, and without
23 having received in annuities an amount equal to the
24 total amount in the judge's individual account at the
25 time of separation from service, the amount remaining
26 to the annuitant's credit shall be paid in one sum to
27 the annuitant's legal representatives within one year
28 of the annuitant's death.

29 Sec. 81. Section 602.9112, Code 2003, is amended
30 to read as follows:

31 602.9112 VOLUNTARY RETIREMENT FOR DISABILITY.

32 Any judge of the supreme, district or municipal
33 court, including a district associate judge, or a
34 judge of the court of appeals, who shall have served
35 as a judge of one or more of such courts for a period
36 of ~~six~~ four years in the aggregate and who believes
37 the judge has become permanently incapacitated,
38 physically or mentally, to perform the duties of the
39 judge's office may personally or by the judge's next
40 friend or guardian file with the court administrator a
41 written application for retirement. The application
42 shall be filed in duplicate and accompanied by an
43 affidavit as to the duration and particulars of the
44 judge's service and the nature of the judge's
45 incapacity. The court administrator shall forthwith
46 transmit one copy of the application and affidavit to
47 the chief justice who shall request the attorney
48 general in writing to cause an investigation to be
49 made relative to the claimed incapacity and report
50 back the results thereof in writing. If the chief

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1 justice finds from the report of the attorney general
2 that the applicant is permanently incapacitated,
3 physically or mentally, to perform the duties of the
4 applicant's office the chief justice shall by
5 endorsement thereon declare the applicant retired, and
6 the office vacant, and shall file the report in the
7 office of the court administrator, and a copy in the
8 office of the secretary of state. From the date of
9 such filing the applicant shall be deemed retired from
10 the applicant's office and entitled to the benefits of
11 this article to the same extent as if the applicant
12 had retired under the provisions of section 602.9106.

13 Sec. 82. Section 602.9115A, unnumbered paragraphs
14 1 and 3, Code 2003, are amended to read as follows:

15 In lieu of the annuities and refunds provided for
16 judges and judges' survivors under sections 602.9107,
17 ~~602.9107A~~, 602.9108, 602.9115, 602.9204, 602.9208, and
18 602.9209, judges may elect to receive an optional
19 retirement annuity during the judge's lifetime and
20 have the optional retirement annuity, or a designated
21 fraction of the optional retirement annuity, continued
22 and paid to the judge's survivor after the judge's
23 death and during the lifetime of the survivor.

24 The optional retirement annuity shall be the
25 actuarial equivalent of the amounts of the annuities
26 payable to judges and survivors under sections
27 602.9107, ~~602.9107A~~, 602.9115, 602.9204, 602.9208, and
28 602.9209. The actuarial equivalent shall be based on
29 the mortality and interest assumptions set out in
30 section 602.9107, subsection 3.

31 Sec. 83. Section 602.9203, subsection 2, paragraph
32 b, Code 2003, is amended to read as follows:

33 b. Meets the minimum requirements for entitlement
34 to an annuity as specified in section 602.9106.
35 However, a judge who elects to retire prior to
36 attaining the age of sixty-five and who has not had
37 ~~twenty-five~~ twenty years of consecutive service, may
38 serve as a senior judge, but shall not be paid an
39 annuity pursuant to section 602.9204 until attaining
40 age sixty-five.

41 Sec. 84. Section 602.9107A, Code 2003, is
42 repealed.

43 Sec. 85. EFFECTIVE DATE. This division of this
44 Act, concerning the judicial retirement system, being
45 deemed of immediate importance, takes effect upon
46 enactment."

47 2. Title page, by striking lines 1 through 4 and
48 inserting the following: "An Act relating to public
49 retirement systems".

By JOHN P. KIBBIE
DENNIS H. BLACK
MIKE CONNOLLY

THOMAS G. COURTNEY
DICK L. DEARDEN
AMANDA RAGAN

S-5259 FILED APRIL 5, 2004

LOST

HOUSE FILE 2262**S-5261**

1 Amend House File 2262, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 8, by inserting after line 17 the
4 following:

5 "Sec. ____ . Section 97B.42A, Code Supplement 2003,
6 is amended by adding the following new subsection:

7 NEW SUBSECTION. 6. A person who is employed in a
8 position as an employee as defined in section 97B.1A,
9 subsection 8, paragraph "a", subparagraph (7), on July
10 1, 2004, and who has elected out of coverage under
11 this chapter prior to that date, shall not become a
12 member under the retirement system on July 1, 2004,
13 unless, on or before August 31, 2004, the person files
14 an application with appropriate documentation to elect
15 coverage under this chapter. If a person elects
16 coverage under this chapter, the period of time from
17 July 1, 2004, until the date the person's election of
18 coverage is effective shall not constitute service for
19 purposes of coverage under this chapter. A decision
20 to elect coverage under this chapter under this
21 subsection is irrevocable upon approval from the
22 system.

23 A person who becomes a member of the Iowa public
24 employees' retirement system pursuant to this
25 subsection, and who has one or more years of covered
26 wages, may purchase credit, pursuant to section
27 97B.80C, for one or more quarters of service prior to
28 July 1, 2004, in which the person was employed in a
29 position as described by section 97B.1A, subsection 8,
30 paragraph "a", subparagraph (7), but was not a member
31 of the retirement system."

32 2. By renumbering as necessary.

By JOHN P. KIBBIE
MARK ZIEMAN

S-5261 FILED APRIL 5, 2004
WITHDRAWN

HOUSE FILE 2262**S-5262**

1 Amend House File 2262, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 17, by inserting after line 17 the
4 following:

5 "Sec. ____ . Section 97B.52A, subsection 1,
6 paragraph c, Code Supplement 2003, is amended to read
7 as follows:

8 c. For a member whose first month of entitlement
9 is July 2000 or later, the member does not return to
10 any employment with a covered employer until the
11 member has qualified for at least one calendar month
12 of retirement benefits, and the member does not return
13 to covered employment until the member has qualified
14 for no fewer than four calendar months of retirement
15 benefits. For purposes of this paragraph, effective
16 July 1, 2000, any employment with a covered employer
17 does not include employment as an elective official or
18 member of the general assembly if the member is not
19 covered under this chapter for that employment. For
20 purposes of determining a bona fide retirement under
21 this paragraph and for a member whose first month of
22 entitlement is July 2004 or later, but before July
23 2006, covered employment does not include employment
24 as a licensed health care professional by a public
25 hospital as defined in section 249I.3."

26 2. Page 23, by inserting after line 18 the
27 following:

28 "Sec. ____ . LICENSED HEALTH CARE PROFESSIONALS --
29 BONA FIDE RETIREMENT REPORT. The Iowa public
30 employees' retirement system and the Iowa hospital
31 association shall each submit a report to the general
32 assembly by December 1, 2006, concerning the costs and
33 effectiveness of the provision of this Act amending
34 section 97B.52A that provides that covered employment,
35 for purposes of establishing a bona fide retirement,
36 does not include employment as a licensed health care
37 professional by a public hospital as defined in
38 section 249I.3. Each report shall provide statistics
39 concerning the number of members taking advantage of
40 this provision, the costs and financial benefits, if
41 any, associated with this provision, and
42 recommendations for further action."

43 3. By renumbering as necessary.

**By DARYL BEALL
MARK ZIEMAN**

**S-5262 FILED APRIL 5, 2004
ADOPTED**

HOUSE FILE 2262

S-5263

1 Amend House File 2262, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 29, by inserting after line 5 the
4 following:

"DIVISION IV

MISCELLANEOUS PROVISIONS

7 Sec. ____ . NEW SECTION. 70A.17B PAYROLL DEDUCTION
8 FOR ADDITIONAL INSURANCE COVERAGE.

9 1. The state officer in charge of any of the state
10 payroll systems shall deduct from the wages or
11 salaries of a state officer or employee an amount
12 specified by the officer or employee for payment to
13 any company authorized to do business in this state
14 for the purpose of purchasing insurance if all of the
15 following conditions are met:

16 a. At least five hundred state officers or
17 employees request the deduction to purchase insurance
18 from the same company.

19 b. The request for the payroll deduction is made
20 by the state officer or employee in writing to the
21 officer in charge of the program.

22 c. The pay period during which the deduction is
23 made, the frequency, and the amount of the deduction
24 are compatible with the payroll system.

25 d. The insurance coverage to be purchased is not
26 provided by the state.

27 e. The company providing the insurance enters into
28 a written agreement with the state delineating each
29 party's rights and responsibilities.

30 2. The moneys deducted under this section shall be
31 paid to the company designated by the requesting state
32 officers or employees. The deduction may be made even
33 though the compensation paid to an officer or employee
34 is reduced to an amount below the minimum prescribed
35 by law. Payment to an officer or employee of
36 compensation less the deduction shall constitute a
37 full discharge of claims and demands for services
38 rendered by the officer or employee during the period
39 covered by the payment. The request for the deduction
40 may be withdrawn at any time by filing a written
41 notification of withdrawal with the state officer in
42 charge of any of the state payroll systems.

43 3. The department of administrative services
44 reserves the right to terminate an insurance company's
45 participation in the program if the department
46 receives complaints regarding the actions of the
47 insurance company or its agents in relation to the
48 program and such termination would be in the best
49 interest of the state officers and employees, the
50 department makes a determination that the insurance

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1 company has engaged in a pattern or practice of
2 unfair, misleading, or fraudulent acts and such
3 termination would be in the best interest of the state
4 officers and employees, or the commissioner of
5 insurance determines that the company has engaged in
6 practices that would otherwise disqualify the company
7 from providing insurance coverage in Iowa.

8 4. The department is authorized to establish and
9 collect an administrative fee as deemed necessary and
10 appropriate in an amount not to exceed the state's
11 actual cost of providing the payroll deduction
12 service."

13 2. Title page, line 1, by inserting after the
14 words "retirement systems" the following: "and other
15 employee benefit related matters".

16 3. By renumbering as necessary.

By JOHN P. KIBBIE
MARK ZIEMAN

S-5263 FILED APRIL 5, 2004

ADOPTED

HOUSE FILE 2262

S-5264

1 Amend House File 2262, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 2, by inserting after line 26 the
4 following:

5 "Sec. _____. Section 97B.1A, subsection 22, Code
6 Supplement 2003, is amended to read as follows:

7 22. "Special service" means service for an
8 employer while employed in a protection occupation as
9 provided in section 97B.49B, and as a county sheriff,
10 ~~or deputy sheriff, or airport fire fighter~~ as provided
11 in section 97B.49C."

12 2. Page 14, by inserting after line 7 the
13 following:

14 "Sec. _____. Section 97B.49B, subsection 1,
15 paragraph c, Code Supplement 2003, is amended to read
16 as follows:

17 c. "Eligible service" means membership and prior
18 service in a protection occupation. In addition, for
19 a member with membership and prior service in a
20 protection occupation described in paragraph "e",
21 subparagraph (2), eligible service includes membership
22 and prior service as a sheriff, ~~or deputy sheriff, or~~
23 ~~airport fire fighter~~ as defined in section 97B.49C.

24 Sec. _____. Section 97B.49B, subsection 1, paragraph
25 e, Code Supplement 2003, is amended by adding the
26 following new subparagraph:

27 NEW SUBPARAGRAPH. (8) An airport fire fighter
28 employed by the military division of the department of
29 public defense.

30 Sec. _____. Section 97B.49B, subsection 3, paragraph
31 b, Code Supplement 2003, is amended by adding the
32 following new subparagraph:

33 NEW SUBPARAGRAPH. (7) For the fiscal year
34 commencing July 1, 2004, and each succeeding fiscal
35 year, there is appropriated from the general fund of
36 the state to the system, from funds not otherwise
37 appropriated, an amount necessary to pay the employer
38 share of the cost of the additional benefits provided
39 to airport fire fighters under this section.

40 Sec. _____. Section 97B.49C, subsection 1, paragraph
41 a, Code Supplement 2003, is amended by striking the
42 paragraph.

43 Sec. _____. Section 97B.49C, subsection 1, paragraph
44 d, Code Supplement 2003, is amended to read as
45 follows:

46 d. "Eligible service" means membership and prior
47 service as ~~an airport fire fighter~~, a sheriff, and
48 deputy sheriff under this section. In addition,
49 eligible service includes membership and prior service
50 as a marshal in a city not covered under chapter 400

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1 or a fire fighter or police officer of a city not
2 participating in the retirement systems established in
3 chapter 410 or 411, and as an airport fire fighter
4 prior to July 1, 1994.

5 Sec. ____ Section 97B.49C, subsection 2, Code
6 Supplement 2003, is amended to read as follows:

7 2. CALCULATION OF MONTHLY ALLOWANCE.

8 a. Notwithstanding other provisions of this
9 chapter, a member who retires from employment as a
10 sheriff, deputy sheriff, or airport fire fighter on or
11 after July 1, 1994, and before July 1, 2004, and at
12 the time of retirement is at least fifty-five years of
13 age may elect to receive, in lieu of the receipt of
14 any benefits as calculated pursuant to section 97B.49A
15 or 97B.49D, a monthly retirement allowance equal to
16 one-twelfth of an amount equal to the applicable
17 percentage of the three-year average covered wage as a
18 member who has been employed in eligible service
19 multiplied by a fraction of years of service, with
20 benefits payable during the member's lifetime.

21 b. Notwithstanding other provisions of this
22 chapter, a member who retires from employment as a
23 sheriff or deputy sheriff on or after July 1, 2004,
24 and at the time of retirement is either at least
25 fifty-five years of age or is at least the applicable
26 early retirement age with at least twenty-two years of
27 eligible service may elect to receive, in lieu of the
28 receipt of any benefits as calculated pursuant to
29 section 97B.49A or 97B.49D, a monthly retirement
30 allowance equal to one-twelfth of an amount equal to
31 the applicable percentage of the three-year average
32 covered wage as a member who has been employed in
33 eligible service multiplied by a fraction of years of
34 service, with benefits payable during the member's
35 lifetime.

36 c. For purposes of this subsection, "applicable
37 early retirement age" means the following:

38 (1) For each active or inactive vested member
39 retiring on or after July 1, 2004, and before July 1,
40 2005, fifty-four years of age.

41 (2) For each active or inactive vested member
42 retiring on or after July 1, 2005, and before July 1,
43 2006, fifty-three years of age.

44 (3) For each active or inactive vested member
45 retiring on or after July 1, 2006, and before July 1,
46 2007, fifty-two years of age.

47 (4) For each active or inactive vested member
48 retiring on or after July 1, 2007, and before July 1,
49 2008, fifty-one years of age.

50 (5) For each active or inactive vested member

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1 retiring on or after July 1, 2008, fifty years of age.

2 Sec. _____. Section 97B.49C, subsection 3, paragraph
3 a, Code Supplement 2003, is amended to read as
4 follows:

5 a. Annually, the system shall actuarially
6 determine the cost of the ~~additional~~ benefits provided
7 for members covered under this section as a percentage
8 of the covered wages of the employees covered by this
9 section. ~~Sixty~~ Fifty percent of the cost shall be
10 paid by the employers of employees covered under this
11 section and ~~forty~~ fifty percent of the cost shall be
12 paid by the employees. The employer and employee
13 contributions required under this paragraph are in
14 ~~addition to~~ lieu of the contributions paid under
15 sections 97B.11 and 97B.11A. ~~However, the cost of~~
16 ~~including service as an airport fire fighter prior to~~
17 ~~July 1, 1994, as eligible service under this section~~
18 ~~shall not affect the contribution rates calculated and~~
19 ~~paid by the member or the employer under this section.~~

20 Sec. _____. Section 97B.49C, subsection 3, paragraph
21 b, Code Supplement 2003, is amended to read as
22 follows:

23 b. ~~(1)~~ Annually, during each fiscal year
24 commencing with the fiscal year beginning July 1,
25 1988, each county shall pay to the system the amount
26 necessary to pay the employer share of the cost of the
27 ~~additional~~ benefits provided to sheriffs and deputy
28 sheriffs.

29 ~~(2) For the fiscal year commencing July 1, 1994,~~
30 ~~and each succeeding fiscal year, there is appropriated~~
31 ~~from the general fund of the state to the system, from~~
32 ~~funds not otherwise appropriated, an amount necessary~~
33 ~~to pay the employer share of the cost of the~~
34 ~~additional benefits provided to airport fire fighters~~
35 ~~under this section."~~

36 3. Page 16, by inserting after line 32 the
37 following:

38 "Sec. _____. Section 97B.52, subsection 1, paragraph
39 a, subparagraph (3), Code Supplement 2003, is amended
40 to read as follows:

41 (3) For service as a sheriff, or deputy sheriff,
42 ~~or airport fire fighter~~, as provided in section
43 97B.49C, the applicable denominator is twenty-two."

44 4. Page 22, by inserting after line 5 the
45 following:

46 "Sec. _____. Section 411.6, subsection 7, paragraph
47 c, Code 2003, is amended to read as follows:

48 c. Should a disability beneficiary under age
49 fifty-five be employed in a public safety occupation,
50 the disability beneficiary's retirement allowance

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1 shall cease. Notwithstanding any provision of this
2 chapter to the contrary, if a disability beneficiary
3 is employed in a public safety occupation that would
4 otherwise constitute membership service, the
5 disability beneficiary shall not become a member of
6 the system. For purposes of this paragraph, "public
7 safety occupation" means a peace officer, as defined
8 in section 97A.1; a protection occupation, as defined
9 in section 97B.49B; a sheriff, or deputy sheriff, ~~or~~
10 ~~airport fire fighter~~, as defined in section 97B.49C;
11 and a police officer or fire fighter as defined in
12 section 411.1, who was not restored to active service
13 as provided by this subsection.

14 Sec. _____. Section 724.6, subsection 2, Code 2003,
15 is amended to read as follows:

16 2. Notwithstanding subsection 1, fire fighters, as
17 defined in section 411.1, subsection 9, airport fire
18 fighters included under section ~~97B.49C~~ 97B.49B,
19 emergency rescue technicians, and emergency medical
20 care providers, as defined in section 147A.1, shall
21 not, as a condition of employment, be required to
22 obtain a permit under this section. However, the
23 provisions of this subsection shall not apply to a
24 person designated as an arson investigator by the
25 chief fire officer of a political subdivision."

26 5. By renumbering as necessary.

By MARK ZIEMAN
MIKE CONNOLLY
JOHN P. KIBBIE

S-5264 FILED APRIL 5, 2004

ADOPTED

HOUSE FILE 2262**S-5267**

1 Amend the amendment, S-5226, to House File 2262, as
2 amended, passed, and reprinted by the House, as
3 follows:

4 1. Page 1, by striking lines 19 through 24.

By DAVID JOHNSON

S-5267 FILED APRIL 5, 2004

RULED OUT OF ORDER

HOUSE FILE 2262**S-5271**

1 Amend House File 2262, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 29, by inserting after line 5 the
4 following:

5 "DIVISION IV
6 JUDICIAL RETIREMENT SYSTEM
7 Sec. ____ JUDICIAL RETIREMENT SYSTEM -- SPECIAL
8 VESTING PROVISION.

9 1. Notwithstanding any provision of chapter 602 to
10 the contrary, a judge who has had an aggregate of at
11 least four years of service as a judge of one or more
12 of the courts as of the effective date of this section
13 of this Act shall be deemed to have had at least six
14 years of service as a judge for purposes of
15 determining the judge's eligibility for a retirement
16 benefit under the retirement system pursuant to
17 sections 602.9106, 602.9108, and 602.9112, and section
18 602.9107C, subsection 1.

19 2. This section of this Act, being deemed of
20 immediate importance, takes effect upon enactment."

21 2. Title page, line 4, by striking the words
22 "system, and" and inserting the following: "system,".

23 3. Title page, line 4, by inserting after the
24 words "retirement system," the following: "and the
25 judicial retirement system,".

26 4. By renumbering as necessary.

By BRYAN J. SIEVERS
JULIE HOSCH

S-5271 FILED APRIL 5, 2004

ADOPTED

HOUSE FILE 2262

S-5272

1 Amend House File 2262, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 29, by inserting after line 5 the
4 following:

"DIVISION IV

JUDICIAL RETIREMENT SYSTEM

7 Sec. _____. Section 602.9104, subsection 1, Code
8 Supplement 2003, is amended to read as follows:

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

17 Sec. _____. Section 602.9106, Code 2003, is amended
18 to read as follows:

19 602.9106 RETIREMENT.

20 Any person who shall have become separated from
21 service as a judge of any of the courts included in
22 this article and who has had an aggregate of at least
23 six years of service as a judge of one or more of such
24 courts and shall have attained the age of sixty-five
25 years or who has had ~~twenty-five~~ twenty years of
26 consecutive service as a judge of one or more of said
27 courts, and who shall have otherwise qualified as
28 provided in this article, shall be entitled to an
29 annuity as hereinafter provided.

30 Sec. _____. Section 602.9115A, unnumbered paragraphs
31 1 and 3, Code 2003, are amended to read as follows:

32 In lieu of the annuities and refunds provided for
33 judges and judges' survivors under sections 602.9107,
34 ~~602.9107A~~, 602.9108, 602.9115, 602.9204, 602.9208, and
35 602.9209, judges may elect to receive an optional
36 retirement annuity during the judge's lifetime and
37 have the optional retirement annuity, or a designated
38 fraction of the optional retirement annuity, continued
39 and paid to the judge's survivor after the judge's
40 death and during the lifetime of the survivor.

41 The optional retirement annuity shall be the
42 actuarial equivalent of the amounts of the annuities
43 payable to judges and survivors under sections
44 602.9107, ~~602.9107A~~, 602.9115, 602.9204, 602.9208, and
45 602.9209. The actuarial equivalent shall be based on
46 the mortality and interest assumptions set out in
47 section 602.9107, subsection 3.

48 Sec. _____. Section 602.9203, subsection 2,
49 paragraph b, Code 2003, is amended to read as follows:

50 b. Meets the minimum requirements for entitlement

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1 to an annuity as specified in section 602.9106.
2 However, a judge who elects to retire prior to
3 attaining the age of sixty-five and who has not had
4 ~~twenty-five~~ twenty years of consecutive service, may
5 serve as a senior judge, but shall not be paid an
6 annuity pursuant to section 602.9204 until attaining
7 age sixty-five.

8 Sec. _____. Section 602.9107A, Code 2003, is
9 repealed."

10 2. Title page, line 4, by striking the words
11 "system, and" and inserting the following: "system,".

12 3. Title page, line 4, by inserting after the
13 words "retirement system," the following: "and the
14 judicial retirement system,".

15 4. By renumbering as necessary.

By BRYAN J. SIEVERS
MAGGIE TINSMAN
DR. JOE SENG

**SENATE AMENDMENT TO
HOUSE FILE 2262**

H-8394

1 Amend House File 2262, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 2, by inserting after line 26 the
4 following:

5 "Sec. _____. Section 97B.1A, subsection 22, Code
6 Supplement 2003, is amended to read as follows:

7 22. "Special service" means service for an
8 employer while employed in a protection occupation as
9 provided in section 97B.49B, and as a county sheriff,
10 ~~or deputy sheriff, or airport fire fighter~~ as provided
11 in section 97B.49C."

12 2. Page 14, by inserting after line 7 the
13 following:

14 "Sec. _____. Section 97B.49B, subsection 1,
15 paragraph c, Code Supplement 2003, is amended to read
16 as follows:

17 c. "Eligible service" means membership and prior
18 service in a protection occupation. In addition, for
19 a member with membership and prior service in a
20 protection occupation described in paragraph "e",
21 subparagraph (2), eligible service includes membership
22 and prior service as a sheriff, ~~or deputy sheriff, or~~
23 ~~airport fire fighter~~ as defined in section 97B.49C.

24 Sec. _____. Section 97B.49B, subsection 1, paragraph
25 e, Code Supplement 2003, is amended by adding the
26 following new subparagraph:

27 NEW SUBPARAGRAPH. (8) An airport fire fighter
28 employed by the military division of the department of
29 public defense.

30 Sec. _____. Section 97B.49B, subsection 3, paragraph
31 b, Code Supplement 2003, is amended by adding the
32 following new subparagraph:

33 NEW SUBPARAGRAPH. (7) For the fiscal year
34 commencing July 1, 2004, and each succeeding fiscal
35 year, there is appropriated from the general fund of
36 the state to the system, from funds not otherwise
37 appropriated, an amount necessary to pay the employer
38 share of the cost of the additional benefits provided
39 to airport fire fighters under this section.

40 Sec. _____. Section 97B.49C, subsection 1, paragraph
41 a, Code Supplement 2003, is amended by striking the
42 paragraph.

43 Sec. _____. Section 97B.49C, subsection 1, paragraph
44 d, Code Supplement 2003, is amended to read as
45 follows:

46 d. "Eligible service" means membership and prior
47 service as ~~an airport fire fighter~~, a sheriff, and
48 deputy sheriff under this section. In addition,
49 eligible service includes membership and prior service
50 as a marshal in a city not covered under chapter 400

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1 or a fire fighter or police officer of a city not
2 participating in the retirement systems established in
3 chapter 410 or 411, and as an airport fire fighter
4 prior to July 1, 1994.

5 Sec. ____ Section 97B.49C, subsection 2, Code
6 Supplement 2003, is amended to read as follows:

7 2. CALCULATION OF MONTHLY ALLOWANCE.

8 a. Notwithstanding other provisions of this
9 chapter, a member who retires from employment as a
10 sheriff, deputy sheriff, or airport fire fighter on or
11 after July 1, 1994, and before July 1, 2004, and at
12 the time of retirement is at least fifty-five years of
13 age may elect to receive, in lieu of the receipt of
14 any benefits as calculated pursuant to section 97B.49A
15 or 97B.49D, a monthly retirement allowance equal to
16 one-twelfth of an amount equal to the applicable
17 percentage of the three-year average covered wage as a
18 member who has been employed in eligible service
19 multiplied by a fraction of years of service, with
20 benefits payable during the member's lifetime.

21 b. Notwithstanding other provisions of this
22 chapter, a member who retires from employment as a
23 sheriff or deputy sheriff on or after July 1, 2004,
24 and at the time of retirement is either at least
25 fifty-five years of age or is at least the applicable
26 early retirement age with at least twenty-two years of
27 eligible service may elect to receive, in lieu of the
28 receipt of any benefits as calculated pursuant to
29 section 97B.49A or 97B.49D, a monthly retirement
30 allowance equal to one-twelfth of an amount equal to
31 the applicable percentage of the three-year average
32 covered wage as a member who has been employed in
33 eligible service multiplied by a fraction of years of
34 service, with benefits payable during the member's
35 lifetime.

36 c. For purposes of this subsection, "applicable
37 early retirement age" means the following:

38 (1) For each active or inactive vested member
39 retiring on or after July 1, 2004, and before July 1,
40 2005, fifty-four years of age.

41 (2) For each active or inactive vested member
42 retiring on or after July 1, 2005, and before July 1,
43 2006, fifty-three years of age.

44 (3) For each active or inactive vested member
45 retiring on or after July 1, 2006, and before July 1,
46 2007, fifty-two years of age.

47 (4) For each active or inactive vested member
48 retiring on or after July 1, 2007, and before July 1,
49 2008, fifty-one years of age.

50 (5) For each active or inactive vested member

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1 retiring on or after July 1, 2008, fifty years of age.
2 Sec. _____. Section 97B.49C, subsection 3, paragraph
3 a, Code Supplement 2003, is amended to read as
4 follows:

5 a. Annually, the system shall actuarially
6 determine the cost of the ~~additional~~ benefits provided
7 for members covered under this section as a percentage
8 of the covered wages of the employees covered by this
9 section. ~~Sixty~~ Fifty percent of the cost shall be
10 paid by the employers of employees covered under this
11 section and ~~forty~~ fifty percent of the cost shall be
12 paid by the employees. The employer and employee
13 contributions required under this paragraph are in
14 ~~addition to lieu of the contributions paid under~~
15 sections 97B.11 and 97B.11A. ~~However, the cost of~~
16 ~~including service as an airport fire fighter prior to~~
17 ~~July 1, 1994, as eligible service under this section~~
18 ~~shall not affect the contribution rates calculated and~~
19 ~~paid by the member or the employer under this section.~~

20 Sec. _____. Section 97B.49C, subsection 3, paragraph
21 b, Code Supplement 2003, is amended to read as
22 follows:

23 b. ~~(1)~~ Annually, during each fiscal year
24 commencing with the fiscal year beginning July 1,
25 1988, each county shall pay to the system the amount
26 necessary to pay the employer share of the cost of the
27 ~~additional~~ benefits provided to sheriffs and deputy
28 sheriffs.

29 ~~-(2) For the fiscal year commencing July 1, 1994,~~
30 ~~and each succeeding fiscal year, there is appropriated~~
31 ~~from the general fund of the state to the system, from~~
32 ~~funds not otherwise appropriated, an amount necessary~~
33 ~~to pay the employer share of the cost of the~~
34 ~~additional benefits provided to airport fire fighters~~
35 ~~under this section."~~

36 3. Page 16, by inserting after line 32 the
37 following:

38 "Sec. _____. Section 97B.52, subsection 1, paragraph
39 a, subparagraph (3), Code Supplement 2003, is amended
40 to read as follows:

41 (3) For service as a sheriff, or deputy sheriff,
42 ~~or airport fire fighter~~, as provided in section
43 97B.49C, the applicable denominator is twenty-two."

44 4. Page 17, by inserting after line 17 the
45 following:

46 "Sec. _____. Section 97B.52A, subsection 1,
47 paragraph c, Code Supplement 2003, is amended to read
48 as follows:

49 c. For a member whose first month of entitlement
50 is July 2000 or later, the member does not return to

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1 any employment with a covered employer until the
2 member has qualified for at least one calendar month
3 of retirement benefits, and the member does not return
4 to covered employment until the member has qualified
5 for no fewer than four calendar months of retirement
6 benefits. For purposes of this paragraph, effective
7 July 1, 2000, any employment with a covered employer
8 does not include employment as an elective official or
9 member of the general assembly if the member is not
10 covered under this chapter for that employment. For
11 purposes of determining a bona fide retirement under
12 this paragraph and for a member whose first month of
13 entitlement is July 2004 or later, but before July
14 2006, covered employment does not include employment
15 as a licensed health care professional by a public
16 hospital as defined in section 249I.3."

17 5. Page 22, by inserting after line 5 the
18 following:

19 "Sec. _____. Section 411.6, subsection 7, paragraph
20 c, Code 2003, is amended to read as follows:

21 c. Should a disability beneficiary under age
22 fifty-five be employed in a public safety occupation,
23 the disability beneficiary's retirement allowance
24 shall cease. Notwithstanding any provision of this
25 chapter to the contrary, if a disability beneficiary
26 is employed in a public safety occupation that would
27 otherwise constitute membership service, the
28 disability beneficiary shall not become a member of
29 the system. For purposes of this paragraph, "public
30 safety occupation" means a peace officer, as defined
31 in section 97A.1; a protection occupation, as defined
32 in section 97B.49B; a sheriff, or deputy sheriff, ~~or~~
33 ~~airport fire fighter~~, as defined in section 97B.49C;
34 and a police officer or fire fighter as defined in
35 section 411.1, who was not restored to active service
36 as provided by this subsection.

37 Sec. _____. Section 724.6, subsection 2, Code 2003,
38 is amended to read as follows:

39 2. Notwithstanding subsection 1, fire fighters, as
40 defined in section 411.1, subsection 9, airport fire
41 fighters included under section ~~97B.49C~~ 97B.49B,
42 emergency rescue technicians, and emergency medical
43 care providers, as defined in section 147A.1, shall
44 not, as a condition of employment, be required to
45 obtain a permit under this section. However, the
46 provisions of this subsection shall not apply to a
47 person designated as an arson investigator by the
48 chief fire officer of a political subdivision."

49 6. Page 23, by inserting after line 18 the
50 following:

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1 "Sec. _____. LICENSED HEALTH CARE PROFESSIONALS --
2 BONA FIDE RETIREMENT REPORT. The Iowa public
3 employees' retirement system and the Iowa hospital
4 association shall each submit a report to the general
5 assembly by December 1, 2006, concerning the costs and
6 effectiveness of the provision of this Act amending
7 section 97B.52A that provides that covered employment,
8 for purposes of establishing a bona fide retirement,
9 does not include employment as a licensed health care
10 professional by a public hospital as defined in
11 section 249I.3. Each report shall provide statistics
12 concerning the number of members taking advantage of
13 this provision, the costs and financial benefits, if
14 any, associated with this provision, and
15 recommendations for further action."

16 7. Page 29, by inserting after line 5 the
17 following:

18 "DIVISION IV

19 JUDICIAL RETIREMENT SYSTEM

20 Sec. _____. JUDICIAL RETIREMENT SYSTEM -- SPECIAL
21 VESTING PROVISION.

22 1. Notwithstanding any provision of chapter 602 to
23 the contrary, a judge who has had an aggregate of at
24 least four years of service as a judge of one or more
25 of the courts as of the effective date of this section
26 of this Act shall be deemed to have had at least six
27 years of service as a judge for purposes of
28 determining the judge's eligibility for a retirement
29 benefit under the retirement system pursuant to
30 sections 602.9106, 602.9108, and 602.9112, and section
31 602.9107C, subsection 1.

32 2. This section of this Act, being deemed of
33 immediate importance, takes effect upon enactment."

34 8. Page 29, by inserting after line 5 the
35 following:

36 "DIVISION V

37 MISCELLANEOUS PROVISIONS

38 Sec. _____. NEW SECTION. 70A.17B PAYROLL DEDUCTION
39 FOR ADDITIONAL INSURANCE COVERAGE.

40 1. The state officer in charge of any of the state
41 payroll systems shall deduct from the wages or
42 salaries of a state officer or employee an amount
43 specified by the officer or employee for payment to
44 any company authorized to do business in this state
45 for the purpose of purchasing insurance if all of the
46 following conditions are met:

47 a. At least five hundred state officers or
48 employees request the deduction to purchase insurance
49 from the same company.

50 b. The request for the payroll deduction is made

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1 by the state officer or employee in writing to the
2 officer in charge of the program.

3 c. The pay period during which the deduction is
4 made, the frequency, and the amount of the deduction
5 are compatible with the payroll system.

6 d. The insurance coverage to be purchased is not
7 provided by the state.

8 e. The company providing the insurance enters into
9 a written agreement with the state delineating each
10 party's rights and responsibilities.

11 2. The moneys deducted under this section shall be
12 paid to the company designated by the requesting state
13 officers or employees. The deduction may be made even
14 though the compensation paid to an officer or employee
15 is reduced to an amount below the minimum prescribed
16 by law. Payment to an officer or employee of
17 compensation less the deduction shall constitute a
18 full discharge of claims and demands for services
19 rendered by the officer or employee during the period
20 covered by the payment. The request for the deduction
21 may be withdrawn at any time by filing a written
22 notification of withdrawal with the state officer in
23 charge of any of the state payroll systems.

24 3. The department of administrative services
25 reserves the right to terminate an insurance company's
26 participation in the program if the department
27 receives complaints regarding the actions of the
28 insurance company or its agents in relation to the
29 program and such termination would be in the best
30 interest of the state officers and employees, the
31 department makes a determination that the insurance
32 company has engaged in a pattern or practice of
33 unfair, misleading, or fraudulent acts and such
34 termination would be in the best interest of the state
35 officers and employees, or the commissioner of
36 insurance determines that the company has engaged in
37 practices that would otherwise disqualify the company
38 from providing insurance coverage in Iowa.

39 4. The department is authorized to establish and
40 collect an administrative fee as deemed necessary and
41 appropriate in an amount not to exceed the state's
42 actual cost of providing the payroll deduction
43 service."

44 9. Title page, line 1, by inserting after the
45 words "retirement systems" the following: "and other
46 employee benefit related matters".

47 10. Title page, line 4, by striking the words
48 "system, and" and inserting the following: "system,".

49 11. Title page, line 4, by inserting after the
50 words "retirement system," the following: "and the

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1 judicial retirement system,".

2 12. By renumbering, relettering, or redesignating
3 and correcting internal references as necessary.

RECEIVED FROM THE SENATE

H-8394 FILED APRIL 6, 2004

Chair: Drake
Connors
Elgin
Jones
Lykam

Succeeded By
SF, 02262

HSB 574
STATE GOVERNMENT

HOUSE FILE _____

BY (PROPOSED COMMITTEE ON
STATE GOVERNMENT BILL
BY CHAIRPERSON ELGIN)

Passed House, Date _____

Passed Senate, Date _____

Vote: Ayes _____ Nays _____

Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to public retirement systems, including the
2 public safety peace officers' retirement, accident, and
3 disability system, the Iowa public employees' retirement
4 system, and the statewide fire and police retirement system,
5 and providing effective and retroactive applicability dates.

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

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DIVISION I

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

Section 1. Section 97A.17, subsection 1, Code 2003, is amended by adding the following new paragraph:

NEW PARAGRAPH. e. "Refund liability" means the amount the member may elect to withdraw from the former system under section 411.23.

Sec. 2. Section 97A.17, subsection 2, Code 2003, is amended to read as follows:

2. Commencing July 1, 1996, a vested member of an eligible retirement system who terminates employment covered by one eligible retirement system and, within one year, commences employment covered by the other eligible retirement system may elect to transfer the greater of the average accrued benefit or the refund liability earned from the former system to the current system. The member shall file an application with the current system for transfer of the greater of the average accrued benefit or the refund liability within ninety days of the commencement of employment with the current system.

Sec. 3. Section 97A.17, subsection 4, Code 2003, is amended to read as follows:

4. Upon receipt of an application for transfer ~~of the average-accrued-benefit~~ as provided in this section, the current system shall calculate the average accrued benefit and the refund liability and the former system shall transfer to the current system assets in an amount equal to the greater of the average accrued benefit or the refund liability. Once the transfer ~~of-the-average-accrued-benefit~~ is completed, the member's service under the former system shall be treated as membership service under the current system for purposes of this chapter and chapter 411.

DIVISION II

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS)

Sec. 4. Section 97B.1A, subsection 11, paragraphs a, b,

1 and c, Code Supplement 2003, are amended to read as follows:

2 a. Has attained the minimum age for receipt of a
3 retirement allowance under this chapter.

4 b. If the member has not attained seventy years of age,
5 has terminated all employment covered under the chapter or
6 formerly covered under the chapter pursuant to section 97B.42
7 in the month prior to the member's first month of entitlement.

8 c. Has filed a completed application for benefits with the
9 system setting forth the member's intended first month of
10 entitlement.

11 Sec. 5. Section 97B.1A, subsection 20, Code Supplement
12 2003, is amended by adding the following new paragraph:

13 NEW PARAGRAPH. e. Employment with an employer prior to
14 January 1, 1946, if the member is not receiving a retirement
15 allowance based upon that employment.

16 Sec. 6. Section 97B.1A, subsection 20, Code Supplement
17 2003, is amended by adding the following new unnumbered
18 paragraph after paragraph d:

19 NEW UNNUMBERED PARAGRAPH. However, effective July 1, 2004,
20 "service" does not mean service for which an employee receives
21 remuneration from an employer for temporary employment during
22 any quarter in which the employee is on an otherwise unpaid
23 leave of absence that is not authorized under the federal
24 Family and Medical Leave Act of 1993 or other similar leave.
25 Remuneration paid by the employer for the temporary employment
26 shall not be treated by the system as covered wages.

27 Sec. 7. Section 97B.1A, subsection 24, paragraphs a and c,
28 Code Supplement 2003, are amended to read as follows:

29 a. "Three-year average covered wage" means, for a member
30 who retires prior to July 1, ~~2005~~ 2008, a member's covered
31 wages averaged for the highest three years of the member's
32 service, except as otherwise provided in this subsection. The
33 highest three years of a member's covered wages shall be
34 determined using calendar years. However, if a member's final
35 quarter of a year of employment does not occur at the end of a

1 calendar year, the system may determine the wages for the
2 third year by computing the average quarter of all quarters
3 from the member's highest calendar year of covered wages not
4 being used in the selection of the two highest years and using
5 the computed average quarter for each quarter in the third
6 year in which no wages have been reported in combination with
7 the final quarter or quarters of the member's service to
8 create a full year. However, the system shall not use the
9 member's final quarter of wages if using that quarter would
10 reduce the member's three-year average covered wage. If the
11 three-year average covered wage of a member exceeds the
12 highest maximum covered wages in effect for a calendar year
13 during the member's period of service, the three-year average
14 covered wage of the member shall be reduced to the highest
15 maximum covered wages in effect during the member's period of
16 service. Notwithstanding any other provision of this
17 paragraph to the contrary, a member's wages for the third year
18 as computed by this paragraph shall not exceed, by more than
19 three percent, the member's highest actual calendar year of
20 covered wages for a member whose first month of entitlement is
21 January 1999 or later.

22 c. "Three-year average covered wage" means, for a member
23 who retires on or after July 1, ~~2005~~ 2008, the greater of the
24 member's covered wages averaged for a member's highest twelve
25 consecutive quarters of service or the member's covered wages
26 averaged for a member's highest three calendar years of
27 service. The system shall adopt rules to implement this
28 paragraph in accordance with the requirements of this chapter
29 and the federal Internal Revenue Code.

30 Sec. 8. Section 97B.1A, subsection 25, paragraph a,
31 subparagraph (4), Code Supplement 2003, is amended to read as
32 follows:

33 (4) Has attained the age of fifty-five. However, an
34 inactive member who has not attained sufficient years of
35 service eligibility to become vested and who has not attained

1 the age of fifty-five as of July 1, 2005, shall not become
2 vested upon the attainment of the age of fifty-five while an
3 inactive member.

4 Sec. 9. Section 97B.1A, subsection 26, paragraph a,
5 subparagraph (2), subparagraph subdivision (j), Code
6 Supplement 2003, is amended to read as follows:

7 (j) Payments of damages, attorney fees, interest, and
8 penalties made to satisfy a grievance, or wage claim, or
9 employment dispute.

10 Sec. 10. Section 97B.1A, subsection 26, paragraph a,
11 subparagraph (2), subparagraph subdivision (n), Code
12 Supplement 2003, is amended by striking the subparagraph
13 subdivision.

14 Sec. 11. Section 97B.1A, subsection 26, paragraph b,
15 unnumbered paragraph 3, Code Supplement 2003, is amended to
16 read as follows:

17 Effective July 1, 1992, "covered wages" does not include
18 wages to a member on or after the effective date of the
19 member's retirement, except as otherwise permitted by the
20 system's administrative rules, unless the member is
21 reemployed, as provided under section 97B.48A.

22 Sec. 12. NEW SECTION. 97B.9A COLLECTIONS -- WAIVER.

23 Notwithstanding any provision of this chapter to the
24 contrary, the system may, in its sole discretion, waive the
25 collection of benefits overpayments, contribution
26 underpayments, or any other debts owed the system, that occur
27 more than three years prior to the date of discovery of the
28 overpayment, underpayment, or debt by the system, for cases in
29 which there is no evidence of fraud or other misconduct on the
30 part of the affected employer or the affected member or
31 beneficiary in providing or failing to provide information
32 necessary to the proper determination of a debt owed the
33 system, calculation of contributions and payments, or
34 calculation of benefits under this chapter.

35 Sec. 13. Section 97B.14A, Code Supplement 2003, is amended

1 to read as follows:

2 97B.14A WAGE REPORTING.

3 1. For purposes of this section, unless the context
4 otherwise requires:

5 a. "Change in the schedule of wage payments" means the
6 formal or informal deferral of wages earned in one calendar
7 year to a later calendar year or the acceleration of the wages
8 payable under a contract of employment to the prior calendar
9 year by changing the period over which the contractual
10 compensation is paid, by shortening the period of employment
11 over which contract wages are to be paid, or similar
12 arrangements altering the timing of wage payments.

13 b. "Distortion of the normal wage progression pattern"
14 means an increase of ten percent or more between the covered
15 wages reported for any two consecutive years.

16 2. An employer shall report wages of employees covered by
17 this chapter to the system in a manner and form as prescribed
18 by the system. If the wages reported by an employer appear to
19 be a distortion of the normal wage progression pattern for an
20 employee, the system may request that the employer provide
21 documentation indicating that the wages were not misreported
22 for the purposes of causing an increase in the retirement
23 allowance or other payments authorized to be made by this
24 chapter explaining the reason for the distortion. If the
25 system determines that the wages of an employee were
26 misreported, the employer shall prepare and file wage
27 adjustments allocating the wages to the proper wage reporting
28 period. If the distortion of the normal wage progression
29 pattern results from covering compensation that is excluded
30 from the definition of covered wages, or from a change in the
31 schedule of wage payments for an individual, the system shall
32 remove wages that should not be covered from its records, and
33 shall, in cases involving increases caused by a change in the
34 schedule of wage payments, reallocate covered wages to the
35 calendar quarters in which the covered wages would have been

1 reported but for the change in the schedule of wage payments.

2 Sec. 14. Section 97B.17, subsection 1, Code Supplement
3 2003, is amended to read as follows:

4 1. The system shall establish and maintain records of each
5 member, including but not limited to the amount of wages of
6 each member, the ~~contribution~~ contributions made on behalf of
7 each member with interest, and interest dividends credited,
8 beneficiary designations, and applications for benefits of any
9 type. The records may be maintained in paper, magnetic, or
10 electronic form, including optical disk storage, as set forth
11 in chapter 554D. The system may accept, but shall not
12 require, electronic records and electronic signatures to the
13 extent permitted under chapter 554D. These records are the
14 basis for the compilation of the retirement benefits provided
15 under this chapter.

16 Sec. 15. Section 97B.38, Code Supplement 2003, is amended
17 to read as follows:

18 97B.38 FEES FOR SERVICES.

19 The system may, by rule, prescribe ~~the-maximum~~ reasonable
20 fees which may be charged for ~~services-performed-in-connection~~
21 ~~with-any-claim-before-the-system-under-this-chapter, and any~~
22 ~~agreement-in-violation-of-such-rules-shall-be-void~~ production
23 costs, including staff time and materials, associated with
24 performing its duties under this chapter for active, inactive,
25 and retired members, beneficiaries, and the general public,
26 where such production costs are more than de minimis, as
27 determined by the system. ~~Any-person-who-shall, with intent~~
28 ~~to-defraud, in any manner willfully and knowingly deceive,~~
29 ~~mislead, or threaten any claimant or prospective claimant or~~
30 ~~beneficiary under this chapter by word, circular, letter or~~
31 ~~advertisement, or who shall knowingly charge or collect~~
32 ~~directly or indirectly any fee in excess of the maximum fee,~~
33 ~~or make any agreement directly or indirectly to charge or~~
34 ~~collect any fee in excess of the maximum fee, prescribed by~~
35 ~~the system, shall be deemed guilty of a fraudulent practice.~~

1 Sec. 16. Section 97B.40, Code Supplement 2003, is amended
2 by adding the following new subsection:

3 NEW SUBSECTION. 1A. If the system determines that a
4 person may have engaged in a fraudulent practice as described
5 under this section, the system may, in addition to any
6 statutory or equitable remedies provided by law, refer the
7 matter to the auditor of state and to the appropriate law
8 enforcement authorities for possible investigation and
9 prosecution.

10 Sec. 17. Section 97B.42, unnumbered paragraph 8, Code
11 Supplement 2003, is amended by striking the unnumbered
12 paragraph and inserting in lieu thereof the following:

13 Except as otherwise provided in this section, an employer
14 shall not sponsor and a member shall not participate in
15 another retirement system in this state supported in whole or
16 in part by public contributions or payments where such
17 retirement system is in lieu of the retirement system
18 established by this chapter. However, in addition to the
19 retirement system established by this chapter, an employer may
20 sponsor and a member may participate in a supplemental defined
21 contribution plan qualified under Internal Revenue Code
22 section 401(a), a tax-deferred annuity qualified under
23 Internal Revenue Code section 403(b), or an eligible deferred
24 compensation plan qualified under Internal Revenue Code
25 section 457, regardless of whether contributions to such
26 supplemental plans are characterized as employer contributions
27 or employee contributions, and subject to the applicable
28 limits set forth in the Internal Revenue Code for such plans.
29 A defined benefit plan that supplements the retirement system
30 established by this chapter shall not be offered by public
31 employers covered under this chapter.

32 Sec. 18. Section 97B.42A, subsection 4, Code Supplement
33 2003, is amended to read as follows:

34 4. A person who becomes a member of the retirement system
35 pursuant to subsection 3, or who is a member of the retirement

1 system, and who has one or more years of covered wages, may
2 purchase credit, pursuant to section 97B.73, Code 2003, for
3 one or more quarters of service prior to January 1, 1999, in
4 which the person was employed in a position as described in
5 section 97B.1A, subsection 8, paragraph "a", but was not a
6 member of the retirement system.

7 Sec. 19. Section 97B.42A, subsection 5, unnumbered
8 paragraph 2, Code Supplement 2003, is amended to read as
9 follows:

10 A person who becomes a member of the Iowa public employees'
11 retirement system pursuant to this subsection, and who has one
12 or more years of covered wages, may purchase credit, pursuant
13 to section 97B.73, Code 2003, for one or more quarters of
14 service prior to August 1, 2000, in which the person was
15 employed in a position as described by section 97B.1A,
16 subsection 8, paragraph "a", subparagraph (11), but was not a
17 member of the retirement system.

18 Sec. 20. Section 97B.43, unnumbered paragraph 3, Code
19 Supplement 2003, is amended to read as follows:

20 Each individual who on or after July 1, 1978, was an
21 active, vested, or retired member and who (1) made application
22 for and received a refund of contributions made under the
23 abolished system or (2) has on deposit with the retirement
24 fund contributions made under the abolished system shall be
25 entitled to credit for years of prior service in the
26 determination of retirement allowance payments by filing a
27 written election with the system on or after July 1, 1978, and
28 by redepositing any withdrawn contributions under the
29 abolished system together with interest as stated in this
30 paragraph. Any individual who on or after July 1, 1978, is a
31 retired member and who made application for and received a
32 refund of contributions made under the abolished system may,
33 by filing a written election with the system on or after July
34 1, 1978, have the system retain fifty percent of the monthly
35 increase in retiree benefits that will accrue to the

1 individual because of prior service. If the monthly increase
2 in retirement benefits is less than ten dollars, the system
3 shall retain five dollars of the scheduled increase, and if
4 the monthly increase is less than five dollars, the provisions
5 of this paragraph shall not apply. The system shall continue
6 to retain such funds until the withdrawn contributions,
7 together with interest accrued to the month in which the
8 written election is filed, have been repaid. Due notice of
9 this provision shall be sent to all retired members on or
10 after July 1, 1978. However, this paragraph shall not apply
11 to any person who received a refund of any membership service
12 contributions unless the person repaid the membership service
13 contributions pursuant to section 97B-74 97B.80C; but a refund
14 of contributions remitted for the calendar quarter ending
15 September 30, 1953 which was based entirely upon employment
16 which terminated prior to July 4, 1953 shall not be considered
17 as a refund of membership service contributions. The interest
18 to be paid into the fund shall be compounded at the rates
19 credited to member accounts from the date of payment of the
20 refund of contributions under the abolished system to the date
21 the member redeposits the refunded amount. The provisions of
22 the first paragraph of this section relating to the
23 consideration given to credited amounts shall apply to the
24 redeposited amounts or to amounts left on deposit. Effective
25 July 1, 1978, the provisions of this paragraph shall apply to
26 each individual who on or after July 1, 1978, was an active,
27 vested, or retired member, but who was not in service on July
28 4, 1953. The period for filing the written election with the
29 system and redepositing any withdrawn contributions together
30 with interest accrued shall commence July 1, 1978. A member
31 who is a retired member on or after July 1, 1978, may file
32 written election with the system on or after July 1, 1978, to
33 have the system retain fifty percent of the monthly increase
34 as provided in this paragraph.

35 Sec. 21. Section 97B.43, unnumbered paragraph 4, Code

1 Supplement 2003, is amended to read as follows:

2 Effective July 1, ~~1988~~ 2004, a member eligible for an
3 increased retirement allowance because of the repayment of
4 contributions under this section is entitled to receipt of
5 retroactive adjustment payments ~~for-no-more-than-six-months~~
6 ~~immediately-preceding~~ beginning with the month in which
7 ~~written-notice~~ payment was ~~submitted-to~~ received by the
8 system.

9 Sec. 22. Section 97B.45, unnumbered paragraph 2, Code
10 Supplement 2003, is amended by striking the unnumbered
11 paragraph.

12 Sec. 23. Section 97B.46, subsection 2, Code Supplement
13 2003, is amended to read as follows:

14 2. A member remaining in service after attaining the age
15 of seventy years is entitled to receive a retirement allowance
16 under sections 97B.49A through 97B.49H, as applicable,
17 ~~commencing-with-payment-for-the-calendar-month-within-which~~
18 ~~the-written-notice-is-submitted-to-the-system,-except-that-if~~
19 ~~the-member-fails-to-submit-the-notice-on-a-timely-basis,~~
20 ~~retroactive-payments-shall-be-made-for-no-more-than-six-months~~
21 ~~immediately-preceding-the-month-in-which-the-written-notice-is~~
22 ~~submitted~~ without terminating employment.

23 Sec. 24. Section 97B.47, Code Supplement 2003, is amended
24 to read as follows:

25 97B.47 EARLY RETIREMENT DATE.

26 A member's early retirement date shall be the first of the
27 month in which a member attains the age of fifty-five years or
28 the first of any month after attaining the age of fifty-five
29 years prior to the member's normal retirement date, provided
30 such date shall be after the last day of service. ~~A-member~~
31 ~~may- retire-on-the-member's-early-retirement-date-by-submitting~~
32 ~~written-notice-to-the-system-setting-forth-the-early~~
33 ~~retirement-date-which-shall-not-be-before-the-first-day-of-the~~
34 ~~sixth-calendar-month-preceding-the-month-in-which-such-notice~~
35 ~~is-filed.~~

1 Sec. 25. Section 97B.48, subsections 1 and 2, Code
2 Supplement 2003, are amended to read as follows:

3 1. Retirement allowances shall be paid monthly, except
4 that, if an allowance of less than six hundred dollars a year
5 may, at the member's option is payable pursuant to section
6 97B.51, subsection 1, paragraph "b", the member's retirement
7 benefit shall be paid as a lump sum in an amount equal to the
8 sum of the member's and employer's accumulated contributions
9 and the retirement dividends standing to the member's credit
10 before December 31, 1966. Receipt of the lump sum payment by
11 a member shall terminate any and all entitlement for the
12 period of service covered of the member under this chapter and
13 the member shall not be eligible to buyback the period of
14 service.

15 2. The first monthly payment of a ~~normal~~ retirement
16 allowance shall be paid as of the ~~normal retirement effective~~
17 ~~date, which date shall be the later of the normal retirement~~
18 ~~date or the first day of the sixth calendar month preceding~~
19 ~~the month in which written notice of normal retirement is~~
20 ~~submitted to the system~~ member's first month of entitlement.
21 ~~Written notice under this section may consist of submission of~~
22 ~~a completed estimate request form, a completed application for~~
23 ~~retirement form, or a letter from the member requesting~~
24 ~~information on retirement benefits, whichever is received~~
25 ~~first by the system. However, a letter requesting information~~
26 ~~on benefits or submission of a completed estimate request form~~
27 ~~is only valid for six months following the date of its receipt~~
28 ~~by the system, unless during that six-month period the system~~
29 ~~receives a completed application for retirement form from the~~
30 ~~member. A retirement allowance may only be provided~~
31 ~~retroactively for a single six-month period. Payment of an~~
32 ~~early retirement allowance or an allowance for retirement~~
33 ~~after the normal retirement date shall be paid as of the~~
34 ~~effective date of retirement subject to section 97B.45,~~
35 ~~97B.46, or 97B.47.~~ The payments shall be continued thereafter

1 for the lifetime of the retired member except as provided in
2 section 97B.48A.

3 Sec. 26. Section 97B.48, subsection 5, Code Supplement
4 2003, is amended by striking the subsection.

5 Sec. 27. Section 97B.48, Code Supplement 2003, is amended
6 by adding the following new subsections:

7 NEW SUBSECTION. 6. Effective on such date as the system
8 determines by rule, but in no event later than July 1, 2006,
9 if the system determines that the accumulated contributions of
10 a member, payable to a living member who has had a break in
11 service or to a beneficiary of a deceased member, are less
12 than three thousand dollars, the lump sum amount payable under
13 this chapter shall be paid to the living member or beneficiary
14 in full satisfaction of all rights of the member or
15 beneficiary to receive any payments under the system. For
16 purposes of this section, a "break in service" means twenty
17 consecutive calendar quarters in which no wages are reported
18 to the system. The lump sum payment shall be made within one
19 hundred eighty days after the calendar quarter in which the
20 member completes a break in service or dies, whichever is
21 applicable. A member or beneficiary who receives a mandatory
22 distribution under this subsection shall have sixty days to
23 return the distribution to the system and restore the member's
24 or beneficiary's account.

25 NEW SUBSECTION. 7. Effective July 1, 2005, monthly
26 retirement allowance payments shall be directly deposited
27 without charge to a retired member's account via electronic
28 funds transfer. A retired member may elect to receive monthly
29 allowance payments as paper warrants in lieu of electronic
30 funds transfers, but the system shall charge an administrative
31 fee for processing such paper warrants. The fee may be
32 automatically deducted from the monthly retirement allowance
33 before the warrant is issued to the retired member.

34 Sec. 28. Section 97B.48A, Code Supplement 2003, is amended
35 by adding the following new subsection:

1 NEW SUBSECTION. 5. If a retired reemployed member incurs
2 a break in service, as defined in this subsection, and the
3 member has failed to request an increase in the member's
4 monthly allowance or a distribution of the member's and
5 employer's accumulated contributions prior to the break in
6 service, and if the amount of the increase in the member's
7 monthly retirement allowance would be less than six hundred
8 dollars per year, the system shall distribute the lump sum
9 amount payable under subsection 4. For purposes of this
10 subsection, a "break in service" means four consecutive
11 calendar quarters in which no wages are reported to the
12 system. The lump sum payment shall be made within one hundred
13 eighty days after the calendar quarter in which the member has
14 a break in service. A member who receives a mandatory
15 distribution under this subsection shall have sixty days to
16 return the distribution to the system and request an increase
17 in the member's monthly allowance.

18 Sec. 29. NEW SECTION. 97B.49 DORMANT ACCOUNTS.

19 1. In the event that all, or any portion, of a retirement
20 allowance, death benefit, or other distribution payable to a
21 member or a member's designated beneficiary, heirs at law, or
22 estate, remains unpaid solely by reason of the inability of
23 the system to locate the appropriate payee, the amount payable
24 shall not be forfeited but shall be treated as a dormant
25 account after the time for making a claim has run.

26 2. A dormant account shall revert to the retirement fund
27 created in section 97B.7. A dormant account shall be non-
28 interest-bearing, and except for keeping a record of such
29 account, the system shall not maintain the account. A member
30 who has a dormant account and returns to covered employment
31 shall have their dormant account reactivated as of the quarter
32 they return to covered employment. If the appropriate payee
33 contacts the system after the amount payable is treated as a
34 dormant account, the appropriate payee may claim such amounts
35 by filing a withdrawal application provided by the system.

1 The system shall have rulemaking authority to adopt rules
2 necessary to implement this section in a just and equitable
3 manner.

4 3. The system shall ensure that the payment of a dormant
5 account as provided in this section meets the requirements of
6 section 401(a)(9) of the federal Internal Revenue Code.

7 Sec. 30. Section 97B.50, subsection 2, Code Supplement
8 2003, is amended to read as follows:

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

28 b. A vested member who retires from the retirement system
29 due to disability and commences receiving disability benefits
30 pursuant to the federal Railroad Retirement Act, 45 U.S.C. §
31 231 et seq., and who has not reached the normal retirement
32 date, shall receive benefits as selected under section 97B.51,
33 and shall not have benefits reduced upon retirement as
34 required under subsection 1 regardless of whether the member
35 has completed thirty or more years of membership service.

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

12 c. A vested member who terminated service due to a
13 disability, who has been issued payment for a refund pursuant
14 to section 97B.53, and who subsequently commences receiving
15 disability benefits as a result of that disability pursuant to
16 the federal Social Security Act, 42 U.S.C. § 423 et seq. or
17 the federal Railroad Retirement Act, 45 U.S.C. § 231 et seq.,
18 may receive credit for membership service for the period
19 covered by the refund payment, upon repayment to the system of
20 the actuarial cost of receiving service credit for the period
21 covered by the refund payment, as determined by the system.
22 For purposes of this paragraph, the actuarial cost of the
23 service purchase shall be determined as provided in section
24 ~~97B-74~~ 97B.80C. The payment to the system as provided in this
25 paragraph shall be made within ninety days after July 1, 2000,
26 or the date federal disability payments commenced, whichever
27 occurs later. For purposes of this paragraph, the date
28 federal disability payments commence shall be the date that
29 the member actually receives the first such payment,
30 regardless of any retroactive payments included in that
31 payment. A member who repurchases service credit under this
32 paragraph and applies for retirement benefits shall have the
33 member's monthly allowance, including retroactive adjustment
34 payments, determined in the same manner as provided in
35 paragraph "a" or "b", as applicable. ~~This paragraph shall not~~

1 ~~be implemented until the system has received a determination~~
2 ~~letter from the federal internal revenue service approving the~~
3 ~~system's plan's qualified status under Internal Revenue Code~~
4 ~~section 401(a).~~

5 Sec. 31. Section 97B.50, subsection 4, Code Supplement
6 2003, is amended by striking the subsection.

7 Sec. 32. Section 97B.50A, subsection 5, Code Supplement
8 2003, is amended to read as follows:

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

19 Sec. 33. Section 97B.52, subsection 1, unnumbered
20 paragraph 1, Code Supplement 2003, is amended to read as
21 follows:

22 If ~~a~~ an inactive member, with at least sixteen calendar
23 quarters of service credit, or any active member dies prior to
24 the member's first month of entitlement, the member's
25 beneficiary shall be entitled to receive a death benefit equal
26 to the greater of the amount provided in paragraph "a" or "b".
27 If an inactive member with less than sixteen calendar quarters
28 of service credit dies prior to the member's first month of
29 entitlement, the member's beneficiary shall only be entitled
30 to receive a death benefit, as a lump sum, equal to the amount
31 provided in paragraph "a".

32 Sec. 34. Section 97B.52, subsection 5, unnumbered
33 paragraph 3, Code Supplement 2003, is amended by striking the
34 unnumbered paragraph.

35 Sec. 35. Section 97B.52, subsection 7, Code Supplement

1 2003, is amended to read as follows:

2 7. If a member has not filed a designation of beneficiary
3 with the system, the death benefit is payable to the member's
4 estate. If no designation has been filed and an estate is not
5 probated, the death benefit shall be paid to the surviving
6 spouse, if any. If no designation has been filed, no estate
7 has been probated, and there is no surviving spouse, the death
8 benefit shall be paid to the heirs as provided in this
9 subsection. The system shall pay the full amount of a
10 member's death benefits to those heirs who have presented a
11 claim for such benefits within five years after the member's
12 date of death. The system is not liable for the payment of
13 any claims by heirs who make themselves known to the system
14 more than five years after the date of death of the member.
15 Otherwise If a death benefit is not paid as provided by this
16 subsection, the death benefit shall remain in the fund.

17 Sec. 36. Section 97B.53, subsection 4, Code Supplement
18 2003, is amended to read as follows:

19 4. A member has not terminated employment for purposes of
20 this section if the member accepts commences other covered
21 employment within thirty days after ~~receiving-the-last-payment~~
22 ~~of-wages-for~~ the date employment was terminated with a covered
23 employment employer, or if the member begins covered
24 employment prior to filing a request for a refund with the
25 system.

26 Sec. 37. Section 97B.53B, subsection 1, paragraph c,
27 subparagraph (2), subparagraph subdivision (c), Code
28 Supplement 2003, is amended to read as follows:

29 (c) The Prior to January 1, 2002, the portion of any
30 distribution that is not includible in the gross income of the
31 distributee, determined without regard to the exclusion for
32 net unrealized appreciation with respect to employer
33 securities.

34 Sec. 38. Section 97B.73B, subsection 2, paragraph b, Code
35 Supplement 2003, is amended to read as follows:

1 b. For a purchase of membership service on or after July
2 1, 2002, the actuarial cost of the service purchase in a
3 manner as provided in section 97B-73 97B.80C.

4 Sec. 39. Section 97B.73B, subsection 2, Code Supplement
5 2003, is amended by adding the following new paragraph:

6 NEW PARAGRAPH. c. Effective July 1, 2004, a member
7 eligible for an increased retirement allowance because of the
8 payment of contributions under this section is entitled to
9 adjusted payments beginning with the month in which the member
10 pays contributions under this section.

11 Sec. 40. Section 97B.80, subsection 3, Code Supplement
12 2003, is amended to read as follows:

13 ~~3. The system shall adjust benefits for a six-month period~~
14 ~~prior to the date the member pays contributions under this~~
15 ~~section if the member is receiving a retirement allowance at~~
16 ~~the time the contribution payment is made.~~ Verification of
17 active duty service and payment of contributions shall be made
18 to the system. However, a member is not eligible to make
19 contributions under this section if the member is receiving,
20 is eligible to receive, or may in the future be eligible to
21 receive retirement pay from the United States government for
22 active duty in the armed forces, except for retirement pay
23 granted by the United States government under retired pay for
24 nonregular service pursuant to 10 U.S.C. § 12731-- 12739. A
25 member receiving retired pay for nonregular service who makes
26 contributions under this section shall provide information
27 required by the system documenting time periods covered under
28 retired pay for nonregular service.

29 Sec. 41. Section 97B.80, subsection 4, Code Supplement
30 2003, is amended by striking the subsection and inserting in
31 lieu thereof the following:

32 4. Effective July 1, 2004, a member eligible for an
33 increased retirement allowance because of the payment of
34 contributions under this section is entitled to adjusted
35 payments beginning with the month in which the member pays

1 contributions under this section.

2 Sec. 42. Section 97B.80C, subsection 1, paragraph a, Code
3 Supplement 2003, is amended to read as follows:

4 a. "Nonqualified service" means service that is not
5 qualified service; and includes, but is not limited to, any of
6 the following:

7 (1) Full-time volunteer public service in the federal
8 peace corps program.

9 (2) Public employment comparable to employment covered
10 under this chapter in a qualified Canadian governmental entity
11 that is an elementary school, secondary school, college, or
12 university that is organized, administered, and primarily
13 supported by the provincial, territorial, or federal
14 governments of Canada, or any combination of the same.

15 Sec. 43. Section 97B.80C, subsection 1, paragraph c,
16 subparagraph (1), Code Supplement 2003, is amended by adding
17 the following new subparagraph subdivisions:

18 NEW SUBPARAGRAPH SUBDIVISION. (e) Service as a member of
19 the general assembly.

20 NEW SUBPARAGRAPH SUBDIVISION. (f) Previous service as a
21 county attorney by a part-time county attorney.

22 NEW SUBPARAGRAPH SUBDIVISION. (g) Service in public
23 employment comparable to employment covered under this chapter
24 in another state or in the federal government, or service as a
25 member of another public retirement system in this state,
26 including but not limited to the teachers insurance and
27 annuity association-college retirement equities fund (TIAA-
28 CREF), if the member was not retired under that system and has
29 no further claim upon a retirement benefit from that other
30 public system.

31 NEW SUBPARAGRAPH SUBDIVISION. (h) Service as a member of
32 the retirement system at any time on or after July 4, 1953, if
33 the member received a refund of the member's accumulated
34 contributions for that period of membership service.

35 NEW SUBPARAGRAPH SUBDIVISION. (i) An approved leave of

1 absence which does not constitute service as defined in
2 section 97B.1A, which is granted on or after July 1, 1998.

3 NEW SUBPARAGRAPH SUBDIVISION. (j) Employment of a person
4 who at the time of the employment was not covered by this
5 chapter, was employed by a covered employer under this
6 chapter, and did not opt out of coverage under this chapter.

7 NEW SUBPARAGRAPH SUBDIVISION. (k) Employment of a person
8 as an adjunct instructor as defined in section 97B.1A,
9 subsection 8.

10 Sec. 44. Section 97B.80C, subsection 3, Code Supplement
11 2003, is amended to read as follows:

12 3. a. A member making contributions for a purchase of
13 permissive service credit under this section, except as
14 otherwise provided by this subsection, shall make
15 contributions in an amount equal to the actuarial cost of the
16 permissive service credit purchase. ~~For purposes of this~~
17 ~~subsection, the actuarial cost of the service purchase is an~~
18 ~~amount determined by the system in accordance with actuarial~~
19 ~~tables, as reported to the system by the system's actuary,~~
20 ~~which reflects the actuarial cost necessary to fund an~~
21 ~~increased retirement allowance resulting from the purchase of~~
22 ~~permissive service credit.~~

23 b. For a member making contributions for a purchase of
24 permissive service credit for qualified service as described
25 in subsection 1, paragraph "c", subparagraph (1), subparagraph
26 subdivision (e), under this section, the member shall make
27 contributions in an amount equal to forty percent of the
28 actuarial cost of the service purchase. There is appropriated
29 from the general fund of the state to the system an amount
30 sufficient to pay sixty percent of the actuarial cost of the
31 service purchase by a member pursuant to this paragraph.

32 c. For a member making contributions for a purchase of
33 permissive service credit for qualified service as described
34 in subsection 1, paragraph "c", subparagraph (1), subparagraph
35 subdivision (f), under this section, the member shall make

1 contributions in an amount equal to forty percent of the
2 actuarial cost of the service purchase. Upon notification of
3 the applicable county board of supervisors of the member's
4 election, the county board of supervisors shall pay to the
5 system an amount sufficient to pay sixty percent of the
6 actuarial cost of the service purchase by a member pursuant to
7 this paragraph.

8 d. For purposes of this subsection, the actuarial cost of
9 the service purchase is an amount determined by the system in
10 accordance with actuarial tables, as reported to the system by
11 the system's actuary, which reflects the actuarial cost
12 necessary to fund an increased retirement allowance resulting
13 from the purchase of permissive service credit.

14 Sec. 45. Section 97B.80C, Code Supplement 2003, is amended
15 by adding the following new subsections:

16 NEW SUBSECTION. 3A. Effective July 1, 2004, a member
17 eligible for an increased retirement allowance because of the
18 payment of contributions under this or any other section
19 providing for the purchase of service credit is entitled to
20 adjusted payments beginning with the month in which the member
21 pays contributions under the applicable section.

22 NEW SUBSECTION. 3B. Effective July 1, 2004, a purchase of
23 service made in accordance with this or any other section
24 providing for the purchase of service credit by a retired
25 reemployed member shall be applied to the member's original
26 retirement allowance. The member is eligible to receive
27 adjustment payments beginning with the month of the purchase.

28 NEW SUBSECTION. 3C. A member who is entitled to a benefit
29 from another public retirement system and wishes to purchase
30 the service covered by that public retirement system must
31 waive, on a form provided by the Iowa public employees'
32 retirement system, all rights to a retirement benefit under
33 that other public system before purchasing credit in this
34 system for the period of service covered by that other public
35 system. The waiver must be accepted by the other public

1 system. If the waiver is not obtained, a member may buy up to
2 twenty quarters of such service credit. In no event can a
3 member receive more than one service credit for any given
4 calendar quarter.

5 Sec. 46. Sections 97B.72, 97B.72A, 97B.73, 97B.73A,
6 97B.74, 97B.75, 97B.80A, 97B.80B, and 97B.81, Code Supplement
7 2003, are repealed.

8 Sec. 47. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY. The
9 section of this Act amending section 97B.53B, subsection 1,
10 paragraph "c", being deemed of immediate importance, takes
11 effect upon enactment and is retroactively applicable to
12 January 1, 2002, and is applicable on and after that date.

13 DIVISION III

14 STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM

15 Sec. 48. Section 411.5, Code 2003, is amended by adding
16 the following new subsection:

17 NEW SUBSECTION. 14. MEDICAL RECORDS. A physician or
18 surgeon, physician assistant, advanced registered nurse
19 practitioner, or mental health professional who provides
20 records to the system in connection with the application by a
21 member for disability retirement under this chapter shall be
22 entitled to charge a fee for production of the records. The
23 fee for copies of any records shall not exceed the actual cost
24 of production. The board of trustees may, by rule, limit the
25 amount to be paid for such copies.

26 Sec. 49. Section 411.6, subsection 7, unnumbered paragraph
27 1, Code 2003, is amended to read as follows:

28 ~~Re-examination~~ Reexamination of beneficiaries retired on
29 account of disability. ~~Once-each-year-during-the-first-five~~
30 ~~years-following-the-retirement-of-a-member-on-a-disability~~
31 ~~retirement-allowance, and once-in-every-three-year-period~~
32 ~~thereafter,~~ the The system may, and upon the member's
33 application shall, require any disability beneficiary who has
34 not yet attained age fifty-five to undergo a medical
35 examination at a place designated by the medical board. The

1 examination shall be made by the medical board or in special
2 cases, by an additional physician or physicians designated by
3 such board. If any disability beneficiary who has not
4 attained the age of fifty-five refuses to submit to the
5 medical examination, the member's allowance may be
6 discontinued until withdrawal of such refusal, and if the
7 refusal continues for one year all rights in and to the
8 member's pension may be revoked by the system. For a
9 disability beneficiary who has not attained the age of fifty-
10 five and whose entitlement to a disability retirement
11 commenced on or after July 1, 2000, the medical board may, as
12 part of the examination required by this subsection, suggest
13 appropriate medical treatment or rehabilitation if, in the
14 opinion of the medical board, the recommended treatment or
15 rehabilitation would likely restore the disability beneficiary
16 to duty.

17 Sec. 50. Section 411.6, subsection 7, paragraph a,
18 unnumbered paragraph 2, Code 2003, is amended to read as
19 follows:

20 A beneficiary retired under this lettered paragraph, in
21 order to be eligible for continued receipt of retirement
22 benefits, shall no later than May 15 of each year submit to
23 the system a copy of the beneficiary's federal individual
24 income tax return for the preceding year. The beneficiary
25 shall also submit, within a reasonable period of time, any
26 documentation requested by the system that is determined to be
27 necessary by the system to determine the beneficiary's gross
28 wages.

29 Sec. 51. Section 411.6, subsection 17, paragraphs a and b,
30 Code 2003, are amended to read as follows:

31 a. An individual who is otherwise entitled to a retirement
32 allowance under this chapter shall not receive a retirement
33 allowance for any month during which ~~both-of the following~~
34 ~~conditions-exist:~~

35 ~~(1)~~--The individual is confined in a jail, prison, or other

1 correctional facility pursuant to the individual's conviction
2 of a felony.

3 ~~(2)--The-individual-has-a-spouse,or-a-child-or-children,~~
4 ~~as-defined-in-section-411.1.~~ Payments to the individual shall
5 be reinstated prospectively effective with the date of the
6 individual's release from confinement.

7 b. The amount of the retirement allowance not paid to the
8 individual under paragraph "a" shall be paid in the following
9 order of priority:

- 10 (1) To the individual's spouse, if any.
- 11 (2) If there is no spouse, then to the individual's child
12 or children, as defined in section 411.1, if any.
- 13 (3) If there is no spouse or child, then no retirement
14 allowance shall be paid for any month of the individual's
15 confinement.

16 Sec. 52. Section 411.6B, subsection 1, Code 2003, is
17 amended to read as follows:

18 1. As used in this section, unless the context otherwise
19 requires, and to the extent permitted by the internal revenue
20 service:

21 a. "Direct rollover" means a payment by the system to the
22 eligible retirement plan specified by the member or the
23 member's surviving spouse, or the member's alternate payee
24 under a marital property order who is the member's spouse or
25 former spouse.

26 b. "Eligible retirement plan" means either any of the
27 following that accepts an eligible rollover distribution from
28 a member, or a member's surviving spouse, or a member's
29 alternate payee:

30 (1) An individual retirement account in accordance with
31 section 408(a) of the federal Internal Revenue Code.

32 (2) An individual retirement annuity in accordance with
33 section 408(b) of the federal Internal Revenue Code.

34 In addition, an "eligible retirement plan" includes an
35 annuity plan in accordance with section 403(a) of the federal

1 Internal Revenue Code, or a qualified trust in accordance with
2 section 401(a) of the federal Internal Revenue Code, that
3 accepts an eligible rollover distribution from a member.
4 Effective January 1, 2002, the term "eligible retirement plan"
5 also includes an annuity contract described in section 403(b)
6 of the federal Internal Revenue Code, and an eligible plan
7 under section 457(b) of the federal Internal Revenue Code
8 which is maintained by a state, political subdivision of a
9 state, or any agency or instrumentality of a state or
10 political subdivision of a state that chooses to separately
11 account for amounts rolled over into such eligible retirement
12 plan from the system.

13 c. "Eligible rollover distribution" means all or any
14 portion of a member's account, except that an eligible
15 rollover distribution does not include any of the following:

16 (1) A distribution that is one of a series of
17 substantially equal periodic payments, which occur annually or
18 more frequently, made for the life or life expectancy of the
19 distributee or the joint lives or joint life expectancies of
20 the distributee and the distributee's designated beneficiary,
21 or made for a specified period of ten years or more.

22 (2) A distribution to the extent that the distribution is
23 required pursuant to section 401(a)(9) of the federal Internal
24 Revenue Code.

25 (3) The portion of any distribution that is not includible
26 in the gross income of the distributee, determined without
27 regard to the exclusion for net unrealized appreciation with
28 respect to employer securities. Provided, however, that
29 effective January 1, 2002, such distributions may be directly
30 rolled over to an individual retirement account described in
31 federal Internal Revenue Code section 408(a) or 408(b), a
32 qualified defined contribution plan described in federal
33 Internal Revenue Code section 401(a), or a qualified annuity
34 plan described in federal Internal Revenue Code section
35 403(a), if such plan agrees to separately account for the

1 after-tax amount so rolled over.

2 (4) A distribution of less than two hundred dollars of
3 taxable income.

4 Sec. 53. Section 411.22, subsection 1, paragraph b, Code
5 2003, is amended to read as follows:

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 assumption
9 adopted by the system pursuant to section 411.5, subsection 9,
10 of the future payments of such benefits, for which the
11 retirement system is liable, but the sum is not a final
12 adjudication of the future payments which the member is
13 entitled to receive.

14 Sec. 54. Section 411.31, subsection 1, Code 2003, is
15 amended by adding the following new paragraph:

16 NEW PARAGRAPH. e. "Refund liability" means the amount the
17 member may elect to withdraw from the former system under
18 section 97A.16.

19 Sec. 55. Section 411.31, subsection 2, Code 2003, is
20 amended to read as follows:

21 2. Commencing July 1, 1996, a vested member of an eligible
22 retirement system who terminates employment covered by one
23 eligible retirement system and, within one year, commences
24 employment covered by the other eligible retirement system may
25 elect to transfer the greater of the average accrued benefit
26 or refund liability earned from the former system to the
27 current system. The member shall file an application with the
28 current system for transfer of the greater of the average
29 accrued benefit or refund liability within ninety days of the
30 commencement of employment with the current system.

31 Sec. 56. Section 411.31, subsection 4, Code 2003, is
32 amended to read as follows:

33 4. Upon receipt of an application for transfer ~~of-the~~
34 ~~average-accrued-benefit~~ as provided in this section, the
35 current system shall calculate the average accrued benefit and

1 the refund liability and the former system shall transfer to
2 the current system assets in an amount equal to the greater of
3 the average accrued benefit or refund liability. Once the
4 transfer of-the-average-accrued-benefit is completed, the
5 member's service under the former system shall be treated as
6 membership service under the current system for purposes of
7 this chapter and chapter 97A.

8 Sec. 57. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY. The
9 section of this Act amending section 411.6B, subsection 1,
10 being deemed of immediate importance, takes effect upon
11 enactment and is retroactively applicable to January 1, 2002,
12 and is applicable on and after that date.

13 EXPLANATION

14 This bill makes numerous changes to public retirement
15 systems, including the public safety peace officers'
16 retirement, accident, and disability system, the Iowa public
17 employees' retirement system, and the statewide fire and
18 police retirement system. The bill may include a state
19 mandate as defined in Code section 25B.3. The state mandate
20 funding requirement in Code section 25B.2, however, does not
21 apply to public employee retirement systems. The changes to
22 each public retirement system are as follows:

23 PUBLIC SAFETY PEACE OFFICERS' RETIREMENT, ACCIDENT, AND
24 DISABILITY SYSTEM (PORS)

25 Code section 97A.17, concerning portability of service
26 between membership in PORS and the statewide fire and police
27 retirement system under Code chapter 411, is amended. The
28 change provides that the amount transferred from the former to
29 the new or current retirement system to obtain service credit
30 in the current system is the greater of the average accrued
31 benefit earned or the amount the member could receive as a
32 refund from terminating service under the former system.
33 Under current law, only the average accrued benefit amount is
34 considered and transferred. A corresponding change to Code
35 section 411.31 is also made.

1 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS)
 2 Code section 97B.1A, subsection 11, defining first month of
 3 entitlement, is amended to require that a member making
 4 application for a retirement allowance designate the member's
 5 intended first month of entitlement.

6 Code section 97B.1A, subsection 20, defining service, is
 7 amended to provide that service does not include temporary
 8 employment during any quarter the member is otherwise on an
 9 unpaid leave of absence that is not authorized by the federal
 10 Family and Medical Leave Act.

11 Code section 97B.1A, subsection 24, paragraphs "a" and "c",
 12 are amended to change the date for changing the method of
 13 determining a member's three-year average covered wage to a
 14 calculation based on the member's highest 12 consecutive
 15 quarters of service from July 1, 2005, to July 1, 2008.

16 Code section 97B.1A, subsection 25, is amended to provide
 17 that an inactive member of IPERS does not become vested under
 18 IPERS solely by reaching age 55 as of July 1, 2005.

19 Code section 97B.1A, subsection 26, concerning the
 20 definition of wages, is amended to provide that payments
 21 received from an employment dispute are not wages for purposes
 22 of calculating a retirement allowance. In addition, the
 23 subsection is amended to provide that wages to a member on or
 24 after the member's retirement can be considered covered wages
 25 pursuant to rules adopted by IPERS and payments made for the
 26 difference between single and family insurance coverage are
 27 also considered covered wages.

28 New Code section 97B.9A permits IPERS to waive the
 29 collection of benefits overpayments, contribution
 30 underpayments, or debts owed the system, if they occurred more
 31 than three years before the overpayment, underpayment, or debt
 32 is discovered if there is no evidence of fraud or misconduct.

33 Code section 97B.14A, concerning wage reporting, is amended
 34 relating to the issue of whether wages reported appear to be a
 35 distortion of the normal wage progression pattern for an

1 employee. The change defines this distortion as an increase
2 of 10 percent or more between wages reported for any two
3 consecutive years. The change permits IPERS to adjust or
4 reallocate a member's wages if the distortion of the normal
5 wage progression resulted from covering compensation that is
6 excluded from the definition of covered wages or from a change
7 in the schedule of wage payments for an individual.

8 Code section 97B.17, concerning records maintained by
9 IPERS, is amended to permit storage and acceptance of
10 electronic records as permitted under Code chapter 554D.

11 Code section 97B.38 is amended to permit IPERS to charge an
12 administrative fee for the cost of performing its duties under
13 this chapter if the cost is more than de minimis.

14 Code section 97B.40, concerning fraud, is amended to
15 provide that if IPERS believes a person may have engaged in
16 fraud, IPERS can refer the matter to the state auditor and to
17 the appropriate law enforcement authorities.

18 Code section 97B.42, concerning membership in other
19 retirement systems, is amended to provide that an IPERS member
20 may also participate in certain supplemental savings plans,
21 including a supplemental defined contribution plan qualified
22 under Internal Revenue Code section 401(a), a tax-deferred
23 annuity qualified under Internal Revenue Code section 403(b),
24 or an eligible deferred compensation plan qualified under
25 Internal Revenue Code section 457, regardless of whether
26 contributions to such supplemental plans are characterized as
27 employer contributions or employee contributions, and subject
28 to the applicable limits set forth in the Internal Revenue
29 Code for such plans. The change does not permit a
30 supplemental defined benefit plan. Under current law, only a
31 deferred compensation plan or tax-sheltered annuity are
32 permitted.

33 Code sections 97B.43, 97B.45, 97B.46, 97B.47, 97B.48,
34 97B.50, 97B.73B, 97B.80, and 97B.80C, concerning the payment
35 of a retirement allowance, or adjusted retirement allowance,

1 under Code chapter 97B, are amended to eliminate the ability
 2 of an IPERS member to request and obtain up to six months of
 3 retroactive payments of an allowance. The sections are
 4 amended to only provide for payments once an application for
 5 an allowance, or adjustment of allowance, is made to the
 6 system.

7 Code section 97B.48, concerning payment of allowances, is
 8 amended. Subsection 1 is amended to provide that if an annual
 9 retirement benefit would be less than \$600, the payment must
 10 be in a lump sum equal to the sum of the member's and
 11 employer's accumulated contributions. Subsection 2 is amended
 12 to provide that the first monthly payment of a retirement
 13 allowance shall be in the member's first month of entitlement.

14 Code section 97B.48 is also amended by adding new
 15 subsection 6, which provides that, effective no later than
 16 July 1, 2006, if the accumulated contributions of a member who
 17 has had a five-year break in service or is deceased are less
 18 than \$3,000, that amount shall be paid to the member, or the
 19 member's beneficiary, in full satisfaction of the member's
 20 claims under IPERS. A member or beneficiary has 60 days to
 21 repay the distribution and regain rights under IPERS.

22 Code section 97B.48 is also amended by adding new
 23 subsection 7, which provides that beginning July 1, 2005,
 24 IPERS will charge a processing fee to members who elect to
 25 receive paper warrants in lieu of electronic deposits of their
 26 IPERS retirement allowance.

27 Code section 97B.48A is amended to provide a mandatory
 28 distribution of a member's and employer's accumulated
 29 contributions not used in the calculation of the member's
 30 retirement for retired reemployed members who fail to
 31 annuitize or receive a lump sum distribution of their
 32 reemployment account balance within one year after terminating
 33 the reemployment if the increase in the member's retirement
 34 allowance based on this amount would be less than \$600 per
 35 year. A member has 60 days to repay the distribution and

1 regain rights under IPERS.

2 New Code section 97B.49 provides for the handling of
3 dormant accounts. The new Code section provides that if any
4 retirement allowance, death benefit, or other payment remains
5 unpaid solely by reason of the inability of the system to
6 locate the appropriate payee, the amount payable shall not be
7 forfeited but shall be treated as a dormant account after the
8 time for making a claim has run. Moneys in a dormant account
9 are non-interest-bearing and are reverted to the IPERS trust
10 fund. If the appropriate payee returns to covered employment,
11 or makes application for payment with the system, the dormant
12 account will be reactivated. Current provisions dealing with
13 the inability to locate a payee in Code sections 97B.48 and
14 97B.52 are eliminated by the bill.

15 Code section 97B.50A is amended to provide that the offset
16 concerning disability payments for special service members for
17 employer-provided disability benefits includes payments under
18 an employer-provided disability plan or insurance policy.

19 Code section 97B.52, subsection 1, is amended to provide
20 that the option of receiving an IPERS preretirement death
21 benefit, which is the actuarial present value of the member's
22 accrued IPERS benefit, is only available to a beneficiary of
23 an inactive member if the inactive member had at least 16
24 quarters of service credit.

25 Code section 97B.52, subsection 5, is amended to delete
26 provisions providing for the reinstatement of previously
27 forfeited death benefits if the appropriate payee is located
28 after the benefit is restored.

29 Code section 97B.52, subsection 7, is amended to permit
30 IPERS to pay the share of a death benefit attributable to
31 heirs who have not presented claims for benefit to the heirs
32 who have presented such claims, if such claims are not
33 presented within five years after the date of death.

34 Code section 97B.53, subsection 4, concerning refund
35 options for members terminating employment, is amended to

1 provide that the 30-day period of required severance from
2 covered employment begins on the termination date, and not on
3 the date the last wages were paid.

4 Code section 97B.53B, concerning rollovers of member's
5 accounts, is amended to permit nontaxable amounts to be rolled
6 over into an eligible retirement plan beginning January 1,
7 2002. This provision takes effect upon enactment and is
8 retroactively applicable to January 1, 2002.

9 Code section 97B.80C, concerning purchases of permissive
10 service, is amended to cover all purchases of service credit
11 under the system, except for purchases by patient advocates
12 under Code section 97B.73B, veteran's credit under Code
13 section 97B.80, and direct rollovers and transfers under Code
14 section 97B.82. Current Code sections specifically permitting
15 purchases of service for members of the general assembly under
16 Code section 97B.72, former legislative service under Code
17 section 97B.72A, members from other public systems under Code
18 section 97B.73, part-time county attorneys under Code section
19 97B.73B, a buy-back of refunded service under Code section
20 97B.74, prior service before January 1, 1946, under Code
21 section 97B.75, public employment service credit under Code
22 section 97B.80A, volunteer public service under Code section
23 97B.80B, and leaves of absence under Code section 97B.81 are
24 repealed by the bill. However, in each case, the bill amends
25 Code section 97B.80C to permit purchases of service as
26 described in each repealed section to the same extent and in
27 essentially the same manner as currently provided.

28 Code section 97B.80C is also amended by adding new
29 subsections. New subsection 3A provides that no retroactive
30 adjustment in benefits will be made for a purchase of service
31 credit under this section. New subsection 3B directs IPERS to
32 apply a service purchase under this section only to the
33 member's original retirement annuity. New subsection 3C
34 provides that a member may purchase service covered under
35 another public employer's retirement system without obtaining

1 a waiver from that system, but not more than 20 such quarters
2 may be purchased without the waiver.

3 STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM

4 Code section 411.5 is amended to provide that the amount
5 medical providers may charge for providing copies of medical
6 records in connection with an application by a member for a
7 disability is limited to the cost of producing the records.
8 The change also permits the board of trustees to limit the
9 cost for copies by rule.

10 Code section 411.6, subsection 7, concerning the
11 reexamination of disability retirees, is amended. The change
12 eliminates current time references regarding the timing and
13 frequency of medical examinations of disability retirees under
14 age 55 following a disability determination and permits the
15 retirement system to require an examination upon its
16 determination. This subsection is also amended to provide
17 that a beneficiary, in addition to submitting the member's tax
18 return each year, shall submit such other documentation to the
19 system as the system requests to determine the beneficiary's
20 gross wages.

21 Code section 411.6, subsection 17, concerning payments to
22 incarcerated individuals, is amended to provide that payment
23 of a retirement allowance to the individual is suspended while
24 the individual is incarcerated, regardless of whether the
25 individual has a spouse or children, and, if the individual
26 has no spouse or children, no retirement allowance will be
27 paid for any month the individual is incarcerated.

28 Code section 411.6B, concerning rollovers of members'
29 accounts, is amended to allow a rollover of a member's account
30 into an annuity contract or other eligible plan, as provided
31 by section 403(b) and 457(b) of the Internal Revenue Code,
32 respectively. The change also permits nontaxable amounts to
33 be rolled over into an eligible retirement plan.

34 Code section 411.22, regarding the system's subrogation
35 rights, is amended to provide that the interest rate

1 assumption adopted by the system, and not the court judgment
2 and decree interest rate provided in Code section 535.3, shall
3 be used in calculating the system's subrogation amount.

4 Code section 411.31, concerning portability of service
5 between membership in PORS and the statewide fire and police
6 retirement system under Code chapter 411, is amended in the
7 same manner as was done in Code section 97A.17 and described
8 in the explanation to the change in Code section 97A.17.

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HOUSE FILE 2262

AN ACT

RELATING TO PUBLIC RETIREMENT SYSTEMS AND OTHER EMPLOYEE
BENEFIT RELATED MATTERS, INCLUDING THE PUBLIC SAFETY PEACE
OFFICERS' RETIREMENT, ACCIDENT, AND DISABILITY SYSTEM, THE
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM, THE STATEWIDE FIRE
AND POLICE RETIREMENT SYSTEM, AND THE JUDICIAL RETIREMENT
SYSTEM, AND PROVIDING EFFECTIVE AND RETROACTIVE APPLICABILITY
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.17, subsection 1, Code 2003, is amended by adding the following new paragraph:

NEW PARAGRAPH. e. "Refund liability" means the amount the member may elect to withdraw from the former system under section 411.23.

Sec. 2. Section 97A.17, subsection 2, Code 2003, is amended to read as follows:

2. Commencing July 1, 1996, a vested member of an eligible retirement system who terminates employment covered by one eligible retirement system and, within one year, commences employment covered by the other eligible retirement system may elect to transfer the greater of the average accrued benefit or the refund liability earned from the former system to the current system. The member shall file an application with the current system for transfer of the greater of the average accrued benefit or the refund liability within ninety days of the commencement of employment with the current system.

Sec. 3. Section 97A.17, subsection 4, Code 2003, is amended to read as follows:

4. Upon receipt of an application for transfer ~~of the average-accrued-benefit~~ as provided in this section, the current system shall calculate the average accrued benefit and the refund liability and the former system shall transfer to the current system assets in an amount equal to the greater of the average accrued benefit or the refund liability. Once the ~~transfer of the average-accrued-benefit~~ is completed, the member's service under the former system shall be treated as membership service under the current system for purposes of this chapter and chapter 411.

DIVISION II

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS)

Sec. 4. Section 97B.1A, subsection 11, paragraphs a, b, and c, Code Supplement 2003, are amended to read as follows:

a. Has attained the minimum age for receipt of a retirement allowance under this chapter.

b. If the member has not attained seventy years of age, has terminated all employment covered under the chapter or formerly covered under the chapter pursuant to section 97B.42 in the month prior to the member's first month of entitlement.

c. Has filed a completed application for benefits with the system setting forth the member's intended first month of entitlement.

Sec. 5. Section 97B.1A, subsection 20, Code Supplement 2003, is amended by adding the following new paragraph:

NEW PARAGRAPH. e. Employment with an employer prior to January 1, 1946, if the member is not receiving a retirement allowance based upon that employment.

Sec. 6. Section 97B.1A, subsection 20, Code Supplement 2003, is amended by adding the following new unnumbered paragraph after paragraph d:

NEW UNNUMBERED PARAGRAPH. However, effective July 1, 2004, "service" does not mean service for which an employee receives remuneration from an employer for temporary employment during any quarter in which the employee is on an otherwise unpaid leave of absence that is not authorized under the federal Family and Medical Leave Act of 1993 or other similar leave. Remuneration paid by the employer for the temporary employment shall not be treated by the system as covered wages.

Sec. 7. Section 97B.1A, subsection 22, Code Supplement 2003, is amended to read as follows:

22. "Special service" means service for an employer while employed in a protection occupation as provided in section 97B.49B, and as a county sheriff, or deputy sheriff, or airport-fire-fighter as provided in section 97B.49C.

Sec. 8. Section 97B.1A, subsection 24, paragraphs a and c, Code Supplement 2003, are amended to read as follows:

a. "Three-year average covered wage" means, for a member who retires prior to July 1, 2005 2008, 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 system 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 system 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.

c. "Three-year average covered wage" means, for a member who retires on or after July 1, 2005 2008, 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 system shall adopt rules to implement this paragraph in accordance with the requirements of this chapter and the federal Internal Revenue Code.

Sec. 9. Section 97B.1A, subsection 25, paragraph a, subparagraph (4), Code Supplement 2003, is amended to read as follows:

(4) Has attained the age of fifty-five. However, an inactive member who has not attained sufficient years of service eligibility to become vested and who has not attained the age of fifty-five as of July 1, 2005, shall not become vested upon the attainment of the age of fifty-five while an inactive member.

Sec. 10. Section 97B.1A, subsection 26, paragraph a, subparagraph (2), subparagraph subdivision (j), Code Supplement 2003, is amended to read as follows:

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

Sec. 11. Section 97B.1A, subsection 26, paragraph a, subparagraph (2), subparagraph subdivision (n), Code Supplement 2003, is amended by striking the subparagraph subdivision.

Sec. 12. Section 97B.1A, subsection 26, paragraph b, unnumbered paragraph 3, Code Supplement 2003, is amended to read as follows:

Effective July 1, 1992, "covered wages" does not include wages to a member on or after the effective date of the member's retirement, except as otherwise permitted by the system's administrative rules, unless the member is reemployed, as provided under section 97B.48A.

Sec. 13. NEW SECTION. 97B.9A COLLECTIONS -- WAIVER.

Notwithstanding any provision of this chapter to the contrary, the system may, in its sole discretion, waive the collection of benefits overpayments, contribution underpayments, or any other debts owed the system, that occur more than three years prior to the date of discovery of the overpayment, underpayment, or debt by the system, for cases in which there is no evidence of fraud or other misconduct on the part of the affected employer or the affected member or beneficiary in providing or failing to provide information necessary to the proper determination of a debt owed the

system, calculation of contributions and payments, or calculation of benefits under this chapter.

Sec. 14. Section 97B.14A, Code Supplement 2003, is amended to read as follows:

97B.14A WAGE REPORTING.

1. For purposes of this section, unless the context otherwise requires:

a. "Change in the schedule of wage payments" means the formal or informal deferral of wages earned in one calendar year to a later calendar year or the acceleration of the wages payable under a contract of employment to the prior calendar year by changing the period over which the contractual compensation is paid, by shortening the period of employment over which contract wages are to be paid, or similar arrangements altering the timing of wage payments.

b. "Distortion of the normal wage progression pattern" means an increase of ten percent or more between the covered wages reported for any two consecutive years.

2. An employer shall report wages of employees covered by this chapter to the system in a manner and form as prescribed by the system. If the wages reported by an employer appear to be a distortion of the normal wage progression pattern for an employee, the system 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 explaining the reason for the distortion. If the system 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.~~ If the distortion of the normal wage progression pattern results from covering compensation that is excluded from the definition of covered wages, or from a change in the schedule of wage payments for an individual, the system shall remove wages that should not be covered from its records, and

shall, in cases involving increases caused by a change in the schedule of wage payments, reallocate covered wages to the calendar quarters in which the covered wages would have been reported but for the change in the schedule of wage payments.

Sec. 15. Section 97B.17, subsection 1, Code Supplement 2003, is amended to read as follows:

1. The system shall establish and maintain records of each member, including but not limited to the amount of wages of each member, the contribution contributions made on behalf of each member with interest, and interest dividends credited, beneficiary designations, and applications for benefits of any type. The records may be maintained in paper, magnetic, or electronic form, including optical disk storage, as set forth in chapter 554D. The system may accept, but shall not require, electronic records and electronic signatures to the extent permitted under chapter 554D. These records are the basis for the compilation of the retirement benefits provided under this chapter.

Sec. 16. Section 97B.38, Code Supplement 2003, is amended to read as follows:

97B.38 FEES FOR SERVICES.

The system may, by rule, prescribe the maximum reasonable fees which may be charged for services performed in connection with any claim before the system under this chapter, and any agreement in violation of such rules shall be void production costs, including staff time and materials, associated with performing its duties under this chapter for active, inactive, and retired members, beneficiaries, and the general public, where such production costs are more than de minimis, as determined by the system. Any person who shall, with intent to defraud, in any manner willfully and knowingly deceive, mislead, or threaten any claimant or prospective claimant or beneficiary under this chapter by word, circular, letter or advertisement, or who shall knowingly charge or collect directly or indirectly any fee in excess of the maximum fee

~~or make any agreement directly or indirectly to charge or collect any fee in excess of the maximum fee, prescribed by the system, shall be deemed guilty of a fraudulent practice.~~

Sec. 17. Section 97B.40, Code Supplement 2003, is amended by adding the following new subsection:

NEW SUBSECTION. 1A. If the system determines that a person may have engaged in a fraudulent practice as described under this section, the system may, in addition to any statutory or equitable remedies provided by law, refer the matter to the auditor of state and to the appropriate law enforcement authorities for possible investigation and prosecution.

Sec. 18. Section 97B.42, unnumbered paragraph 8, Code Supplement 2003, is amended by striking the unnumbered paragraph and inserting in lieu thereof the following:

Except as otherwise provided in this section, an employer shall not sponsor and a member shall not participate in another retirement system in this state supported in whole or in part by public contributions or payments where such retirement system is in lieu of the retirement system established by this chapter. However, in addition to the retirement system established by this chapter, an employer may sponsor and a member may participate in a supplemental defined contribution plan qualified under Internal Revenue Code section 401(a), a tax-deferred annuity qualified under Internal Revenue Code section 403(b), or an eligible deferred compensation plan qualified under Internal Revenue Code section 457, regardless of whether contributions to such supplemental plans are characterized as employer contributions or employee contributions, and subject to the applicable limits set forth in the Internal Revenue Code for such plans. A defined benefit plan that supplements the retirement system established by this chapter shall not be offered by public employers covered under this chapter.

Sec. 19. Section 97B.42A, subsection 4, Code Supplement 2003, is amended to read as follows:

4. A person who becomes a member of the retirement system pursuant to subsection 3, or who is a member of the retirement system, and who has one or more years of covered wages, may purchase credit, pursuant to section 97B.73, Code 2003, 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 retirement system.

Sec. 20. Section 97B.42A, subsection 5, unnumbered paragraph 2, Code Supplement 2003, is amended to read as follows:

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, Code 2003, 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 (11), but was not a member of the retirement system.

Sec. 21. Section 97B.43, unnumbered paragraph 3, Code Supplement 2003, is amended to read as follows:

Each individual who on or after July 1, 1978, was an active, vested, or retired member and who (1) made application for and received a refund of contributions made under the abolished system or (2) has on deposit with the retirement fund contributions made under the abolished system shall be entitled to credit for years of prior service in the determination of retirement allowance payments by filing a written election with the system on or after July 1, 1978, and by re depositing any withdrawn contributions under the abolished system together with interest as stated in this paragraph. Any individual who on or after July 1, 1978, is a retired member and who made application for and received a

refund of contributions made under the abolished system may, by filing a written election with the system on or after July 1, 1978, have the system retain fifty percent of the monthly increase in retiree benefits that will accrue to the individual because of prior service. If the monthly increase in retirement benefits is less than ten dollars, the system shall retain five dollars of the scheduled increase, and if the monthly increase is less than five dollars, the provisions of this paragraph shall not apply. The system shall continue to retain such funds until the withdrawn contributions, together with interest accrued to the month in which the written election is filed, have been repaid. Due notice of this provision shall be sent to all retired members on or after July 1, 1978. However, this paragraph shall not apply to any person who received a refund of any membership service contributions unless the person repaid the membership service contributions pursuant to section 97B.74 97B.80C; but a refund of contributions remitted for the calendar quarter ending September 30, 1953 which was based entirely upon employment which terminated prior to July 4, 1953 shall not be considered as a refund of membership service contributions. The interest to be paid into the fund shall be compounded at the rates credited to member accounts from the date of payment of the refund of contributions under the abolished system to the date the member redeposits the refunded amount. The provisions of the first paragraph of this section relating to the consideration given to credited amounts shall apply to the redeposited amounts or to amounts left on deposit. Effective July 1, 1978, the provisions of this paragraph shall apply to each individual who on or after July 1, 1978, was an active, vested, or retired member, but who was not in service on July 4, 1953. The period for filing the written election with the system and re depositing any withdrawn contributions together with interest accrued shall commence July 1, 1978. A member who is a retired member on or after July 1, 1978, may file

written election with the system on or after July 1, 1978, to have the system retain fifty percent of the monthly increase as provided in this paragraph.

Sec. 22. Section 97B.43, unnumbered paragraph 4, Code Supplement 2003, is amended to read as follows:

Effective July 1, ~~1988~~ 2004, a member eligible for an increased retirement allowance because of the repayment of contributions under this section is entitled to receipt of retroactive adjustment payments for no more than six months immediately preceding beginning with the month in which written notice payment was submitted to received by the system.

Sec. 23. Section 97B.45, unnumbered paragraph 2, Code Supplement 2003, is amended by striking the unnumbered paragraph.

Sec. 24. Section 97B.46, subsection 2, Code Supplement 2003, is amended to read as follows:

2. A member remaining in service after attaining the age of seventy years is entitled to receive a retirement allowance under sections 97B.49A through 97B.49H, as applicable, ~~commencing with payment for the calendar month within which the written notice is submitted to the system, except that if the member fails to submit the notice on a timely basis, retroactive payments shall be made for no more than six months immediately preceding the month in which the written notice is submitted~~ without terminating employment.

Sec. 25. Section 97B.47, Code Supplement 2003, is amended to read as follows:

97B.47 EARLY RETIREMENT DATE.

A member's early retirement date shall be the first of the month in which a member attains the age of fifty-five years or the first of any month after attaining the age of fifty-five years prior to the member's normal retirement date, provided such date shall be after the last day of service. ~~A member may retire on the member's early retirement date by submitting~~

~~written notice to the system setting forth the early retirement date which shall not be before the first day of the sixth calendar month preceding the month in which such notice is filed.~~

Sec. 26. Section 97B.48, subsections 1 and 2, Code Supplement 2003, are amended to read as follows:

1. Retirement allowances shall be paid monthly, except that, if an allowance of less than six hundred dollars a year may, at the member's option, be payable pursuant to section 97B.51, subsection 1, paragraph "b", the member's retirement benefit shall 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.

2. The first monthly payment of a normal retirement allowance shall be paid as of the ~~normal retirement effective date, which date shall be the later of the normal retirement date or the first day of the sixth calendar month preceding the month in which written notice of normal retirement is submitted to the system~~ member's first month of entitlement. ~~Written notice under this section may consist of submission of a completed estimate request form, a completed application for retirement form, or a letter from the member requesting information on retirement benefits, whichever is received first by the system. However, a letter requesting information on benefits or submission of a completed estimate request form is only valid for six months following the date of its receipt by the system, unless during that six-month period the system receives a completed application for retirement form from the member. A retirement allowance may only be provided retroactively for a single six-month period. Payment of an~~

~~early-retirement-allowance-or-an-allowance-for-retirement after-the-normal-retirement-date-shall-be-paid-as-of-the effective-date-of-retirement-subject-to-section-97B-45, 97B-46, or 97B-47.~~ The payments shall be continued thereafter for the lifetime of the retired member except as provided in section 97B.48A.

Sec. 27. Section 97B.48, subsection 5, Code Supplement 2003, is amended by striking the subsection.

Sec. 28. Section 97B.48, Code Supplement 2003, is amended by adding the following new subsections:

NEW SUBSECTION. 6. Effective on such date as the system determines by rule, but in no event later than July 1, 2006, if the system determines that the accumulated contributions of a member, payable to a living member who has had a break in service or to a beneficiary of a deceased member, are less than three thousand dollars, the lump sum amount payable under this chapter shall be paid to the living member or beneficiary in full satisfaction of all rights of the member or beneficiary to receive any payments under the system. For purposes of this section, a "break in service" means twenty consecutive calendar quarters in which no wages are reported to the system. The lump sum payment shall be made within one hundred eighty days after the calendar quarter in which the member completes a break in service or dies, whichever is applicable. A member or beneficiary who receives a mandatory distribution under this subsection shall have sixty days to return the distribution to the system and restore the member's or beneficiary's account.

NEW SUBSECTION. 7. Effective July 1, 2005, monthly retirement allowance payments shall be directly deposited without charge to a retired member's account via electronic funds transfer. A retired member may elect to receive monthly allowance payments as paper warrants in lieu of electronic funds transfers, but the system shall charge an administrative fee for processing such paper warrants. However, the system

may, for good cause shown, waive the administrative fee. The fee may be automatically deducted from the monthly retirement allowance before the warrant is issued to the retired member.

Sec. 29. Section 97B.48A, Code Supplement 2003, is amended by adding the following new subsection:

NEW SUBSECTION. 5. If a retired reemployed member incurs a break in service, as defined in this subsection, and the member has failed to request an increase in the member's monthly allowance or a distribution of the member's and employer's accumulated contributions prior to the break in service, and if the amount of the increase in the member's monthly retirement allowance would be less than six hundred dollars per year, the system shall distribute the lump sum amount payable under subsection 4. For purposes of this subsection, a "break in service" means four consecutive calendar quarters in which no wages are reported to the system. The lump sum payment shall be made within one hundred eighty days after the calendar quarter in which the member has a break in service. A member who receives a mandatory distribution under this subsection shall have sixty days to return the distribution to the system and request an increase in the member's monthly allowance.

Sec. 30. NEW SECTION. 97B.49 DORMANT ACCOUNTS.

1. In the event that all, or any portion, of a retirement allowance, death benefit, or other distribution payable to a member or a member's designated beneficiary, heirs at law, or estate, remains unpaid solely by reason of the inability of the system to locate the appropriate payee, the amount payable shall not be forfeited but shall be treated as a dormant account after the time for making a claim has run.

2. A dormant account shall revert to the retirement fund created in section 97B.7. A dormant account shall be non-interest-bearing, and except for keeping a record of such account, the system shall not maintain the account. A member who has a dormant account and returns to covered employment

shall have their dormant account reactivated as of the quarter they return to covered employment. If the appropriate payee contacts the system after the amount payable is treated as a dormant account, the appropriate payee may claim such amounts by filing a withdrawal application provided by the system. The system shall have rulemaking authority to adopt rules necessary to implement this section in a just and equitable manner.

3. The system shall ensure that the payment of a dormant account as provided in this section meets the requirements of section 401(a)(9) of the federal Internal Revenue Code.

Sec. 31. Section 97B.49B, subsection 1, paragraph c, Code Supplement 2003, is amended to read as follows:

c. "Eligible service" means membership and prior service in a protection occupation. In addition, for a member with membership and prior service in a protection occupation described in paragraph "e", subparagraph (2), eligible service includes membership and prior service as a sheriff, or deputy sheriff, ~~or airport fire fighter~~ as defined in section 97B.49C.

Sec. 32. Section 97B.49B, subsection 1, paragraph e, Code Supplement 2003, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (8) An airport fire fighter employed by the military division of the department of public defense.

Sec. 33. Section 97B.49B, subsection 3, paragraph b, Code Supplement 2003, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (7) For the fiscal year commencing July 1, 2004, and each succeeding fiscal year, there is appropriated from the general fund of the state to the system, from funds not otherwise appropriated, an amount necessary to pay the employer share of the cost of the additional benefits provided to airport fire fighters under this section.

Sec. 34. Section 97B.49C, subsection 1, paragraph a, Code Supplement 2003, is amended by striking the paragraph.

Sec. 35. Section 97B.49C, subsection 1, paragraph d, Code Supplement 2003, is amended to read as follows:

d. "Eligible service" means membership and prior service as ~~an airport fire fighter~~, a sheriff, and deputy sheriff under this section. In addition, eligible service includes membership and prior service as a marshal in a city not covered under chapter 400 or a fire fighter or police officer of a city not participating in the retirement systems established in chapter 410 or 411, and as an airport fire fighter prior to July 1, 1994.

Sec. 36. Section 97B.49C, subsection 2, Code Supplement 2003, is amended to read as follows:

2. CALCULATION OF MONTHLY ALLOWANCE.

a. Notwithstanding other provisions of this chapter, a member who retires from employment as a sheriff, deputy sheriff, or airport fire fighter on or after July 1, 1994, and before July 1, 2004, and at the time of retirement is at least fifty-five years of age may elect to receive, in lieu of the receipt of any benefits as calculated pursuant to section 97B.49A or 97B.49D, a monthly retirement allowance equal to one-twelfth of an amount equal to the applicable percentage of the three-year average covered wage as a member who has been employed in eligible service multiplied by a fraction of years of service, with benefits payable during the member's lifetime.

b. Notwithstanding other provisions of this chapter, a member who retires from employment as a sheriff or deputy sheriff on or after July 1, 2004, and at the time of retirement is either at least fifty-five years of age or is at least the applicable early retirement age with at least twenty-two years of eligible service may elect to receive, in lieu of the receipt of any benefits as calculated pursuant to section 97B.49A or 97B.49D, a monthly retirement allowance

equal to one-twelfth of an amount equal to the applicable percentage of the three-year average covered wage as a member who has been employed in eligible service multiplied by a fraction of years of service, with benefits payable during the member's lifetime.

c. For purposes of this subsection, "applicable early retirement age" means the following:

(1) For each active or inactive vested member retiring on or after July 1, 2004, and before July 1, 2005, fifty-four years of age.

(2) For each active or inactive vested member retiring on or after July 1, 2005, and before July 1, 2006, fifty-three years of age.

(3) For each active or inactive vested member retiring on or after July 1, 2006, and before July 1, 2007, fifty-two years of age.

(4) For each active or inactive vested member retiring on or after July 1, 2007, and before July 1, 2008, fifty-one years of age.

(5) For each active or inactive vested member retiring on or after July 1, 2008, fifty years of age.

Sec. 37. Section 97B.49C, subsection 3, paragraph a, Code Supplement 2003, is amended to read as follows:

a. Annually, the system shall actuarially determine the cost of the ~~additional~~ benefits provided for members covered under this section as a percentage of the covered wages of the employees covered by this section. ~~Sixty~~ Fifty percent of the cost shall be paid by the employers of employees covered under this section and ~~forty~~ fifty percent of the cost shall be paid by the employees. The employer and employee contributions required under this paragraph are in ~~addition to lieu of~~ the contributions paid under sections 97B.11 and 97B.11A. ~~However, the cost of including service as an airport fire fighter prior to July 1, 1994, as eligible service under this section shall not affect the contribution rates calculated and paid by the member or the employer under this section.~~

Sec. 38. Section 97B.49C, subsection 3, paragraph b, Code Supplement 2003, is amended to read as follows:

b. ~~(1)~~ Annually, during each fiscal year commencing with the fiscal year beginning July 1, 1988, each county shall pay to the system the amount necessary to pay the employer share of the cost of the ~~additional~~ benefits provided to sheriffs and deputy sheriffs.

~~(2) For the fiscal year commencing July 1, 1994, and each succeeding fiscal year, there is appropriated from the general fund of the state to the system, from funds not otherwise appropriated, an amount necessary to pay the employer share of the cost of the additional benefits provided to airport fire fighters under this section.~~

Sec. 39. Section 97B.50, subsection 2, Code Supplement 2003, is amended to read as follows:

2. a. A vested member who retires from the retirement 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 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 retirement 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 for no more than thirty-six months immediately preceding the month in which written notice of application for retirement due to disability was submitted to ~~received by~~ the system, notwithstanding the requirements of subsection 4.

b. A vested member who retires from the retirement 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 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 retirement 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 for no more than thirty-six months immediately preceding the month in which written notice of application for retirement due to disability was submitted to received by the system, notwithstanding the requirements of subsection 4.

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 system of the actuarial cost of receiving service credit for the period covered by the refund payment, as determined by the system. For purposes of this paragraph, the actuarial cost of the service purchase shall be determined as provided in section 97B.74 97B.80C. The payment to the system 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. 40. Section 97B.50, subsection 4, Code Supplement 2003, is amended by striking the subsection.

Sec. 41. Section 97B.50A, subsection 5, Code Supplement 2003, is amended to read as follows:

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, employer-paid disability plan, program, or policy, 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.

Sec. 42. Section 97B.52, subsection 1, unnumbered paragraph 1, Code Supplement 2003, is amended to read as follows:

If a an inactive member, with at least sixteen calendar quarters of service credit, or any active 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". If an inactive member with less than sixteen calendar quarters

of service credit dies prior to the member's first month of entitlement, the member's beneficiary shall only be entitled to receive a death benefit, as a lump sum, equal to the amount provided in paragraph "a".

Sec. 43. Section 97B.52, subsection 1, paragraph a, subparagraph (3), Code Supplement 2003, is amended to read as follows:

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

Sec. 44. Section 97B.52, subsection 5, unnumbered paragraph 3, Code Supplement 2003, is amended by striking the unnumbered paragraph.

Sec. 45. Section 97B.52, subsection 7, Code Supplement 2003, is amended to read as follows:

7. If a member has not filed a designation of beneficiary with the system, the death benefit is payable to the member's estate. If no designation has been filed and an estate is not probated, the death benefit shall be paid to the surviving spouse, if any. If no designation has been filed, no estate has been probated, and there is no surviving spouse, the death benefit shall be paid to the heirs as provided in this subsection. The system shall pay the full amount of a member's death benefits to those heirs who have presented a claim for such benefits within five years after the member's date of death. The system is not liable for the payment of any claims by heirs who make themselves known to the system more than five years after the date of death of the member. ~~Otherwise~~ If a death benefit is not paid as provided by this subsection, the death benefit shall remain in the fund.

Sec. 46. Section 97B.52A, subsection 1, paragraph c, Code Supplement 2003, is amended to read as follows:

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. For purposes of determining a bona fide retirement under this paragraph and for a member whose first month of entitlement is July 2004 or later, but before July 2006, covered employment does not include employment as a licensed health care professional by a public hospital as defined in section 249I.3.

Sec. 47. Section 97B.53, subsection 4, Code Supplement 2003, is amended to read as follows:

4. A member has not terminated employment for purposes of this section if the member accepts commences other covered employment within thirty days after ~~receiving the last payment of wages for the date employment was terminated with a~~ covered employment employer, or if the member begins covered employment prior to filing a request for a refund with the system.

Sec. 48. Section 97B.53B, subsection 1, paragraph c, subparagraph (2), subparagraph subdivision (c), Code Supplement 2003, is amended to read as follows:

(c) ~~The~~ Prior to January 1, 2002, the portion of any distribution that is not includible in the gross income of the distributee, determined without regard to the exclusion for net unrealized appreciation with respect to employer securities.

Sec. 49. Section 97B.73B, subsection 2, paragraph b, Code Supplement 2003, is amended to read as follows:

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~~ 97B.80C.

Sec. 50. Section 97B.73B, subsection 2, Code Supplement 2003, is amended by adding the following new paragraph:

NEW PARAGRAPH. c. Effective July 1, 2004, a member eligible for an increased retirement allowance because of the payment of contributions under this section is entitled to adjusted payments beginning with the month in which the member pays contributions under this section.

Sec. 51. Section 97B.80, subsection 3, Code Supplement 2003, is amended to read as follows:

~~3. The system shall adjust benefits for a six-month period prior to the date the member pays contributions under this section if the member is receiving a retirement allowance at the time the contribution payment is made.~~ Verification of active duty service and payment of contributions shall be made to the system. However, a member is not eligible to make contributions under this section if the member is receiving, is eligible to receive, or may in the future be eligible to receive retirement pay from the United States government for active duty in the armed forces, except for retirement pay granted by the United States government under retired pay for nonregular service pursuant to 10 U.S.C. § 12731--12739. A member receiving retired pay for nonregular service who makes contributions under this section shall provide information required by the system documenting time periods covered under retired pay for nonregular service.

Sec. 52. Section 97B.80, subsection 4, Code Supplement 2003, is amended by striking the subsection and inserting in lieu thereof the following:

4. Effective July 1, 2004, a member eligible for an increased retirement allowance because of the payment of contributions under this section is entitled to adjusted payments beginning with the month in which the member pays contributions under this section.

Sec. 53. Section 97B.80C, subsection 1, paragraph a, Code Supplement 2003, is amended to read as follows:

a. "Nonqualified service" means service that is not qualified service; and includes, but is not limited to, any of the following:

(1) Full-time volunteer public service in the federal peace corps program.

(2) Public employment comparable to employment covered under this chapter in a qualified Canadian governmental entity that is 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. 54. Section 97B.80C, subsection 1, paragraph c, subparagraph (1), Code Supplement 2003, is amended by adding the following new subparagraph subdivisions:

NEW SUBPARAGRAPH SUBDIVISION. (e) Service as a member of the general assembly.

NEW SUBPARAGRAPH SUBDIVISION. (f) Previous service as a county attorney by a part-time county attorney.

NEW SUBPARAGRAPH SUBDIVISION. (g) Service in public employment comparable to employment covered under this chapter in another state or in the federal government, or service as a member of another public retirement system in this state, including but not limited to the teachers insurance and annuity association-college retirement equities fund (TIAA-CREF), if the member was not retired under that system and has no further claim upon a retirement benefit from that other public system.

NEW SUBPARAGRAPH SUBDIVISION. (h) Service as a member of the retirement system at any time on or after July 4, 1953, if the member received a refund of the member's accumulated contributions for that period of membership service.

NEW SUBPARAGRAPH SUBDIVISION. (i) An approved leave of absence which does not constitute service as defined in section 97B.1A, which is granted on or after July 1, 1998.

NEW SUBPARAGRAPH SUBDIVISION. (j) Employment of a person who at the time of the employment was not covered by this chapter, was employed by a covered employer under this chapter, and did not opt out of coverage under this chapter.

NEW SUBPARAGRAPH SUBDIVISION. (k) Employment of a person as an adjunct instructor as defined in section 97B.1A, subsection 8.

Sec. 55. Section 97B.80C, subsection 3, Code Supplement 2003, is amended to read as follows:

3. a. A member making contributions for a purchase of permissive service credit under this section, except as otherwise provided by this subsection, shall make contributions in an amount equal to the actuarial cost of the permissive service credit purchase. ~~For purposes of this subsection, the actuarial cost of the service purchase is an amount determined by the system in accordance with actuarial tables, as reported to the system by the system's actuary, which reflects the actuarial cost necessary to fund an increased retirement allowance resulting from the purchase of permissive service credit.~~

b. For a member making contributions for a purchase of permissive service credit for qualified service as described in subsection 1, paragraph "c", subparagraph (1), subparagraph subdivision (e), under this section, the member shall make contributions in an amount equal to forty percent of the actuarial cost of the service purchase. There is appropriated from the general fund of the state to the system an amount sufficient to pay sixty percent of the actuarial cost of the service purchase by a member pursuant to this paragraph.

c. For a member making contributions for a purchase of permissive service credit for qualified service as described in subsection 1, paragraph "c", subparagraph (1), subparagraph subdivision (f), under this section, the member shall make contributions in an amount equal to forty percent of the actuarial cost of the service purchase. Upon notification of

the applicable county board of supervisors of the member's election, the county board of supervisors shall pay to the system an amount sufficient to pay sixty percent of the actuarial cost of the service purchase by a member pursuant to this paragraph.

d. For purposes of this subsection, the actuarial cost of the service purchase is an amount determined by the system in accordance with actuarial tables, as reported to the system by the system's actuary, which reflects the actuarial cost necessary to fund an increased retirement allowance resulting from the purchase of permissive service credit.

Sec. 56. Section 97B.80C, Code Supplement 2003, is amended by adding the following new subsections:

NEW SUBSECTION. 3A. Effective July 1, 2004, a member eligible for an increased retirement allowance because of the payment of contributions under this or any other section providing for the purchase of service credit is entitled to adjusted payments beginning with the month in which the member pays contributions under the applicable section.

NEW SUBSECTION. 3B. Effective July 1, 2004, a purchase of service made in accordance with this or any other section providing for the purchase of service credit by a retired reemployed member shall be applied to the member's original retirement allowance. The member is eligible to receive adjustment payments beginning with the month of the purchase.

NEW SUBSECTION. 3C. A member who is entitled to a benefit from another public retirement system and wishes to purchase the service covered by that public retirement system must waive, on a form provided by the Iowa public employees' retirement system, all rights to a retirement benefit under that other public system before purchasing credit in this system for the period of service covered by that other public system. The waiver must be accepted by the other public system. If the waiver is not obtained, a member may buy up to twenty quarters of such service credit. In no event can a

member receive more than one service credit for any given calendar quarter.

Sec. 57. Section 411.6, subsection 7, paragraph c, Code 2003, is amended to read as follows:

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, or 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. 58. Section 724.6, subsection 2, Code 2003, is amended to read as follows:

2. Notwithstanding subsection 1, fire fighters, as defined in section 411.1, subsection 9, airport fire fighters included under section ~~97B.49E~~ 97B.49B, emergency rescue technicians, and emergency medical care providers, as defined in section 147A.1, shall not, as a condition of employment, be required to obtain a permit under this section. However, the provisions of this subsection shall not apply to a person designated as an arson investigator by the chief fire officer of a political subdivision.

Sec. 59. 2002 Iowa Acts, chapter 1135, section 36, subsections 1 and 3, are amended to read as follows:

1. a. Notwithstanding any provision of chapter 97B to the contrary, a member of the Iowa public employees' retirement system who has an employer-mandated reduction in hours or an employee-exercised reduction in pay but remains on the

employer's payroll, and who would receive a reduction in the member's three-year average covered wage as a result of the reduction in hours or pay, may have the member's retirement allowance calculated based on the three-year average covered wage the member would have received, based on reasonable assumptions, if the member had not been subject to the employer-mandated reduction in hours or employee-exercised reduction in pay, upon payment by the member of the applicable contribution amount.

b. For purposes of this section, ~~the applicable unless the context otherwise requires:~~

(1) "Applicable contribution amount" is an amount equal to the employee and employer contributions that would have been paid to the system based on the wages that the member would have received but for the employer-mandated reduction in hours or employee-exercised reduction in pay and would have been included in the member's three-year average covered wage.

(2) "Employee-exercised reduction in pay" means a reduction in pay of a member who has exercised bumping rights by accepting a lower-paid position in order to avoid being laid off by the employer.

3. This section shall apply to employer-mandated reductions in hours or employee-exercised reductions in pay during the period of time beginning on or after January 1, 2002, and ending no later than June 30, ~~2003~~ 2005. The system is authorized to adopt such rules, including emergency rules, as it deems necessary or prudent to implement this section.

Sec. 60. Sections 97B.72, 97B.72A, 97B.73, 97B.73A, 97B.74, 97B.75, 97B.80A, 97B.80B, and 97B.81, Code Supplement 2003, are repealed.

Sec. 61. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY.

1. The section of this Act amending section 97B.53B, subsection 1, paragraph "c", being deemed of immediate importance, takes effect upon enactment and is retroactively

applicable to January 1, 2002, and is applicable on and after that date.

2. The section of this Act amending 2002 Iowa Acts, chapter 1135, section 36, being deemed of immediate importance, takes effect upon enactment and is retroactively applicable to January 1, 2002, and is applicable on and after that date.

Sec. 62. LICENSED HEALTH CARE PROFESSIONALS -- BONA FIDE RETIREMENT REPORT. The Iowa public employees' retirement system and the Iowa hospital association shall each submit a report to the general assembly by December 1, 2006, concerning the costs and effectiveness of the provision of this Act amending section 97B.52A that provides that covered employment, for purposes of establishing a bona fide retirement, does not include employment as a licensed health care professional by a public hospital as defined in section 249I.3. Each report shall provide statistics concerning the number of members taking advantage of this provision, the costs and financial benefits, if any, associated with this provision, and recommendations for further action.

DIVISION III

STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM

Sec. 63. Section 400.8, subsection 1, Code 2003, is amended to read as follows:

400.8 ORIGINAL ENTRANCE EXAMINATION -- APPOINTMENTS.

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 in accordance with the directives of the board of trustees. However, the prohibitions of section 216.6, subsection 1, paragraph "d", regarding tests for the presence of the antibody to the human immunodeficiency virus shall not apply to such examinations. The board of trustees may change the medical protocols at any time the board so determines. The 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. 64. Section 411.5, Code 2003, is amended by adding the following new subsection:

NEW SUBSECTION. 14. MEDICAL RECORDS. A physician or surgeon, physician assistant, advanced registered nurse practitioner, or mental health professional who provides records to the system in connection with the application by a member for disability retirement under this chapter shall be entitled to charge a fee for production of the records. The fee for copies of any records shall not exceed the reasonable cost of production.

Sec. 65. Section 411.6, subsection 7, unnumbered paragraph 1, Code 2003, is amended to read as follows:

~~Re-examination~~ Reexamination of beneficiaries retired on account of disability. ~~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~~ 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. 66. Section 411.6, subsection 7, paragraph a, unnumbered paragraph 2, Code 2003, is amended to read as follows:

A beneficiary retired under this lettered paragraph, in order to be eligible for continued receipt of retirement benefits, shall no later than May 15 of each year submit to the system a copy of the beneficiary's federal individual income tax return for the preceding year. The beneficiary shall also submit, within a reasonable period of time, any documentation requested by the system that is determined to be necessary by the system to determine the beneficiary's gross wages.

Sec. 67. Section 411.6B, subsection 1, Code 2003, is amended to read as follows:

1. As used in this section, unless the context otherwise requires, and to the extent permitted by the internal revenue service:

a. "Direct rollover" means a payment by the system to the eligible retirement plan specified by the member or the member's surviving spouse, or the member's alternate payee under a marital property order who is the member's spouse or former spouse.

b. "Eligible retirement plan" means either any of the following that accepts an eligible rollover distribution from a member, or a member's surviving spouse, or a member's alternate payee:

(1) An individual retirement account in accordance with section 408(a) of the federal Internal Revenue Code.

(2) An individual retirement annuity in accordance with section 408(b) of the federal Internal Revenue Code.

In addition, an "eligible retirement plan" includes an annuity plan in accordance with section 403(a) of the federal Internal Revenue Code, or a qualified trust in accordance with section 401(a) of the federal Internal Revenue Code, that accepts an eligible rollover distribution from a member. Effective January 1, 2002, the term "eligible retirement plan" also includes an annuity contract described in section 403(b) of the federal Internal Revenue Code, and an eligible plan under section 457(b) of the federal Internal Revenue Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state that chooses to separately account for amounts rolled over into such eligible retirement plan from the system.

c. "Eligible rollover distribution" means all or any portion of a member's account, except that an eligible rollover distribution does not include any of the following:

(1) A distribution that is one of a series of substantially equal periodic payments, which occur annually or more frequently, made for the life or life expectancy of the distributee or the joint lives or joint life expectancies of the distributee and the distributee's designated beneficiary, or made for a specified period of ten years or more.

(2) A distribution to the extent that the distribution is required pursuant to section 401(a)(9) of the federal Internal Revenue Code.

(3) The portion of any distribution that is not includible in the gross income of the distributee, determined without regard to the exclusion for net unrealized appreciation with respect to employer securities. Provided, however, that effective January 1, 2002, such distributions may be directly rolled over to an individual retirement account described in federal Internal Revenue Code section 408(a) or 408(b), a qualified defined contribution plan described in federal Internal Revenue Code section 401(a), or a qualified annuity plan described in federal Internal Revenue Code section 403(a), if such plan agrees to separately account for the after-tax amount so rolled over.

(4) A distribution of less than two hundred dollars of taxable income.

Sec. 68. Section 411.22, subsection 1, paragraph b, Code 2003, is amended to read as follows:

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~~ assumption adopted by the system pursuant to section 411.5, subsection 9, 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.

Sec. 69. Section 411.31, subsection 1, Code 2003, is amended by adding the following new paragraph:

NEW PARAGRAPH. e. "Refund liability" means the amount the member may elect to withdraw from the former system under section 97A.16.

Sec. 70. Section 411.31, subsection 2, Code 2003, is amended to read as follows:

2. Commencing July 1, 1996, a vested member of an eligible retirement system who terminates employment covered by one eligible retirement system and, within one year, commences employment covered by the other eligible retirement system may elect to transfer the greater of the average accrued benefit or refund liability earned from the former system to the current system. The member shall file an application with the current system for transfer of the greater of the average accrued benefit or refund liability within ninety days of the commencement of employment with the current system.

Sec. 71. Section 411.31, subsection 4, Code 2003, is amended to read as follows:

4. Upon receipt of an application for transfer ~~of the average-accrued-benefit as provided in this section,~~ the current system shall calculate the average accrued benefit and the refund liability and the former system shall transfer to the current system assets in an amount equal to the greater of the average accrued benefit or refund liability. Once the transfer ~~of-the-average-accrued-benefit~~ is completed, the member's service under the former system shall be treated as membership service under the current system for purposes of this chapter and chapter 97A.

Sec. 72. Section 411.36, subsection 1, paragraph c, Code 2003, is amended to read as follows:

c. A city treasurer, city financial officer, or city clerk involved with the financial matters of the city from four participating cities, one of whom is from a city having a population of less than forty thirty thousand, and three of whom are from cities having a population of forty thirty thousand or more. The members authorized pursuant to this

paragraph shall be appointed by the governing body of the Iowa league of cities.

Sec. 73. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY. The section of this Act amending section 411.6B, subsection 1, being deemed of immediate importance, takes effect upon enactment and is retroactively applicable to January 1, 2002, and is applicable on and after that date.

DIVISION IV

JUDICIAL RETIREMENT SYSTEM

Sec. 74. JUDICIAL RETIREMENT SYSTEM -- SPECIAL VESTING PROVISION.

1. Notwithstanding any provision of chapter 602 to the contrary, a judge who has had an aggregate of at least four years of service as a judge of one or more of the courts as of the effective date of this section of this Act shall be deemed to have had at least six years of service as a judge for purposes of determining the judge's eligibility for a retirement benefit under the retirement system pursuant to sections 602.9106, 602.9108, and 602.9112, and section 602.9107C, subsection 1.

2. This section of this Act, being deemed of immediate importance, takes effect upon enactment.

DIVISION V

MISCELLANEOUS PROVISIONS

Sec. 75. NEW SECTION. 70A.17B PAYROLL DEDUCTION FOR ADDITIONAL INSURANCE COVERAGE.

1. The state officer in charge of any of the state payroll systems shall deduct from the wages or salaries of a state officer or employee an amount specified by the officer or employee for payment to any company authorized to do business in this state for the purpose of purchasing insurance if all of the following conditions are met:

a. At least five hundred state officers or employees request the deduction to purchase insurance from the same company.

b. The request for the payroll deduction is made by the state officer or employee in writing to the officer in charge of the program.

c. The pay period during which the deduction is made, the frequency, and the amount of the deduction are compatible with the payroll system.

d. The insurance coverage to be purchased is not provided by the state.

e. The company providing the insurance enters into a written agreement with the state delineating each party's rights and responsibilities.

2. The moneys deducted under this section shall be paid to the company designated by the requesting state officers or employees. The deduction may be made even though the compensation paid to an officer or employee is reduced to an amount below the minimum prescribed by law. Payment to an officer or employee of compensation less the deduction shall constitute a full discharge of claims and demands for services rendered by the officer or employee during the period covered by the payment. The request for the deduction may be withdrawn at any time by filing a written notification of withdrawal with the state officer in charge of any of the state payroll systems.

3. The department of administrative services reserves the right to terminate an insurance company's participation in the program if the department receives complaints regarding the actions of the insurance company or its agents in relation to the program and such termination would be in the best interest of the state officers and employees, the department makes a determination that the insurance company has engaged in a pattern or practice of unfair, misleading, or fraudulent acts and such termination would be in the best interest of the state officers and employees, or the commissioner of insurance determines that the company has engaged in practices that would otherwise disqualify the company from providing insurance coverage in Iowa.

4. The department is authorized to establish and collect an administrative fee as deemed necessary and appropriate in an amount not to exceed the state's actual cost of providing the payroll deduction service.

CHRISTOPHER C. RANTS
Speaker of the House

JEFFREY M. LAMBERTI
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2262, Eightieth General Assembly.

MARGARET THOMSON
Chief Clerk of the House

Approved _____, 2004

THOMAS J. VILSACK
Governor