

Withdrawn  
4/5/04

SENATE FILE 2078  
BY COMMITTEE ON  
STATE GOVERNMENT

(SUCCESSOR TO SSB 3042)

Passed Senate, Date \_\_\_\_\_ Passed House, 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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SF 2078  
STATE GOVERNMENT

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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. 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.

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~~7-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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## SENATE FILE 2078

S-5071

1 Amend Senate File 2078 as follows:

2 1. Page 12, line 31, by inserting after the word  
3 "warrants." the following: "However, the system may,  
4 for good cause shown, waive the administrative fee."

5 2. Page 22, by inserting after line 4 the  
6 following:

7 "Sec. \_\_\_\_ . 2002 Iowa Acts, chapter 1135, section  
8 36, subsections 1 and 3, are amended to read as  
9 follows:

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

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

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

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

39 3. This section shall apply to employer-mandated  
40 reductions in hours or employee-exercised reductions  
41 in pay during the period of time beginning on or after  
42 January 1, 2002, and ending no later than June 30,  
43 ~~2003~~ 2005. The system is authorized to adopt such  
44 rules, including emergency rules, as it deems  
45 necessary or prudent to implement this section."

46 3. Page 22, line 8, by striking the word "The".

47 4. Page 22, line 9, by striking the words  
48 "section of this Act", and inserting the following:

49 "1. The section of this Act".

50 5. Page 22, by inserting after line 12 the

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**S-5071**

Page 2

1 following:

2 "\_\_\_\_. The section of this Act amending 2002 Iowa  
3 Acts, chapter 1135, section 36, being deemed of  
4 immediate importance, takes effect upon enactment and  
5 is retroactively applicable to January 1, 2002, and is  
6 applicable on and after that date."

7 6. Page 22, by inserting after line 14 the  
8 following:

9 "Sec. \_\_\_\_\_. Section 400.8, subsection 1, Code 2003,  
10 is amended to read as follows:

11 400.8 ORIGINAL ENTRANCE EXAMINATION --  
12 APPOINTMENTS.

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

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

48 7. Page 22, line 23, by striking the word  
49 "actual" and inserting the following: "reasonable".

50 8. Page 22, by striking lines 24 and 25 and

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-2-

**S-5071**

Page 3

1 inserting the following: "of production."

2 9. By striking page 23, line 29, through page 24,  
3 line 15.

4 10. Page 27, by inserting after line 7 the  
5 following:

6 "Sec. \_\_\_\_\_. Section 411.36, subsection 1, paragraph  
7 c, Code 2003, is amended to read as follows:

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

17 11. By renumbering as necessary.

**By** MARK ZIEMAN

**S-5071** FILED MARCH 10, 2004

Zieman

Sievers

Kibbie

SSB# 3042

SENATE FILE State Government  
BY (PROPOSED COMMITTEE ON  
STATE GOVERNMENT BILL  
BY CHAIRPERSON ZIEMAN)

**Succeeded By**  
**SF/HF 2078**

Passed Senate, Date \_\_\_\_\_ Passed House, 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

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S.F. \_\_\_\_\_ H.F. \_\_\_\_\_

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 ~~mistead,-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.~~

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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. 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

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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

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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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