

**House Study Bill 135 - Introduced**

HOUSE FILE \_\_\_\_\_

BY (PROPOSED COMMITTEE ON  
LOCAL GOVERNMENT BILL BY  
CHAIRPERSON WAGNER)

**A BILL FOR**

1 An Act allowing certain cities to adopt and establish an  
2 alternative benefits retirement system for police officers  
3 and fire fighters.

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

1 Section 1. NEW SECTION. 411.3A **Defined contribution**  
2 **retirement system — local government option.**

3 1. *a.* Notwithstanding any other provision of law, each  
4 city participating in the retirement system for police  
5 officers and fire fighters, as described in section 411.2,  
6 shall have the option to adopt and establish, by ordinance,  
7 an alternative benefits retirement system for police officers  
8 and fire fighters, in lieu of participation in the retirement  
9 system for police officers and fire fighters created within  
10 this chapter. Participation in such an alternative benefits  
11 retirement system, if adopted, shall be mandatory for all  
12 applicable employees appointed on or after the effective date  
13 of the ordinance.

14 *b.* The alternative benefits retirement system shall be  
15 an employer-sponsored defined contribution plan requiring  
16 mandatory employer contributions that meet the requirements of  
17 section 401(a) or section 457 of the Internal Revenue Code.

18 2. The city shall select a provider of the alternative  
19 benefits retirement system that is a financial institution  
20 capable of providing bundled services for the retirement  
21 system, including but not limited to administration, investment  
22 management, employee education, and recordkeeping. In  
23 selecting a provider, the city shall place primary emphasis on  
24 the reasonableness of services in relation to cost, the ability  
25 and experience of the provider in providing bundled retirement  
26 services to political subdivisions, the financial stability  
27 of the provider, and the ability of the provider to provide  
28 services as required by this section.

29 3. Upon termination of employment as a police officer or  
30 fire fighter employed by a city, the police officer or fire  
31 fighter shall be eligible to receive a benefit payable in at  
32 least any of the following forms:

33 *a.* Payment of all or part of the police officer's or  
34 fire fighter's account balance in the alternative benefits  
35 retirement system in a lump sum.

1     *b.* Payment based on the police officer's or fire fighter's  
2 account balance in the alternative benefits retirement system  
3 in monthly, quarterly, or annual installments over a fixed  
4 reasonable period of time, not exceeding the life expectancy of  
5 the police officer or fire fighter and the police officer's or  
6 fire fighter's beneficiary, if applicable.

7     *c.* Payment based on the police officer's or fire fighter's  
8 account balance in the form of a single life or joint life and  
9 survivorship annuity.

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EXPLANATION

11     This bill allows a city to adopt and establish, by ordinance,  
12 a defined contribution retirement plan as an alternative  
13 benefits retirement system for police officers and fire  
14 fighters.

15     The bill provides that each city participating in the  
16 statewide fire and police retirement system, created in Code  
17 chapter 411, may establish an alternative benefits retirement  
18 system for police officers and fire fighters, in lieu of  
19 participation in the statewide fire and police retirement  
20 system.

21     The bill requires that such an alternative benefits  
22 retirement system be an employer-sponsored defined contribution  
23 plan that meets the requirements of either Code section 401(a)  
24 or section 457 of the Internal Revenue Code.

25     The bill provides that a city must select a provider  
26 that meets certain requirements related to administration,  
27 investment management, employee education, and record keeping,  
28 among other things. The bill also provides certain guidelines  
29 for the selection of a provider.