

Senate Study Bill 3158 - Introduced

SENATE/HOUSE FILE _____
BY (PROPOSED IOWA PUBLIC
EMPLOYEES' RETIREMENT
SYSTEM BILL)

A BILL FOR

1 An Act concerning the Iowa public employees' retirement system
2 and including effective date and retroactive applicability
3 provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 97B.1A, subsection 5, Code 2014, is
2 amended to read as follows:

3 5. "*Beneficiary*" means the person or persons who are
4 entitled to receive any benefits payable under this chapter
5 at the death of a member, if the person or persons have been
6 designated on a form provided by the system and filed with the
7 system or designated pursuant to a qualified domestic relations
8 order on file with the system. If no such designation is in
9 effect at the time of death of the member or if no person so
10 designated is living at that time, then the beneficiary is the
11 estate of the member.

12 Sec. 2. Section 97B.1A, subsection 8, paragraph b,
13 subparagraph (7), Code 2014, is amended to read as follows:

14 (7) Employees of an area agency on aging, ~~if as of July~~
15 ~~1, 1994, the agency provides for participation by all of its~~
16 employees who were participating in an alternative qualified
17 plan pursuant to the requirements of the federal Internal
18 Revenue Code on June 30, 2012, and who by September 1, 2013,
19 filed with the system a valid decision to elect out of coverage
20 under this chapter.

21 Sec. 3. Section 97B.1A, subsection 14A, Code 2014, is
22 amended to read as follows:

23 14A. "*Member account*" means the account established for each
24 member and includes the member's accumulated contributions and
25 the member's share of the accumulated employer contributions as
26 provided in section 97B.53. ~~"Member account" does not mean the~~
27 ~~supplemental account for active members.~~

28 Sec. 4. Section 97B.1A, subsection 22A, Code 2014, is
29 amended by striking the subsection.

30 Sec. 5. Section 97B.7A, subsection 5, Code 2014, is amended
31 to read as follows:

32 5. *Travel.* In the administration of the investment of
33 moneys in the retirement fund, employees of the system and
34 members of the board may travel outside the state for the
35 purpose of meeting with investment firms and consultants and

1 attending conferences and meetings to fulfill their fiduciary
2 responsibilities. ~~This travel is not subject to section~~
3 ~~8A.512, subsection 2.~~

4 Sec. 6. Section 97B.40, subsection 2, Code 2014, is amended
5 to read as follows:

6 2. If the system determines that a person may have engaged
7 in a fraudulent practice as described under this section, the
8 system may, in addition to any statutory or equitable remedies
9 provided by law, refuse to approve an application for benefits,
10 suspend or reduce benefits to the person, and refer the matter
11 to the auditor of state and to the appropriate law enforcement
12 authorities for possible investigation and prosecution.

13 Sec. 7. Section 97B.44, Code 2014, is amended to read as
14 follows:

15 **97B.44 Beneficiary.**

16 1. Each member shall ~~designate,~~ on a form to be furnished
17 by the system or through a qualified domestic relations order
18 on file with the system, designate a beneficiary for death
19 benefits payable under this chapter on the death of the member.
20 The designation may be changed from time to time by the member
21 by filing a new designation with the system. A designation
22 or change in designation made by a member on or after July
23 1, 2000, shall contain the written consent of the member's
24 spouse, if applicable. The designation of a beneficiary is not
25 applicable if the member receives a refund of all contributions
26 of the member. If a member who has received a refund of
27 contributions returns to employment, the member shall file a
28 new designation with the system.

29 2. If a member has not designated a beneficiary ~~on a form~~
30 ~~furnished by the system~~ as provided by this section, or if
31 there are no surviving designated beneficiaries of a member,
32 death benefits payable under this chapter shall be paid to the
33 member's estate.

34 3. ~~However, the~~ The system may accept a married member's
35 designation or change in designation under this section without

1 the written consent of the member's spouse if the member
2 submits a notarized statement indicating that the member has
3 been unable to locate the member's spouse to obtain the written
4 consent of the spouse after reasonable diligent efforts. The
5 member's designation or change in designation shall become
6 effective upon filing the necessary forms, including the
7 notarized statement, or orders, with the system. The system
8 shall not be liable to the member, the member's spouse, or
9 to any other person affected by the member's designation or
10 change of designation, based upon a designation or change of
11 designation accomplished without the written consent of the
12 member's spouse.

13 Sec. 8. Section 97B.46, subsection 2, Code 2014, is amended
14 to read as follows:

15 2. A member remaining in service after attaining the age
16 of seventy years is entitled to receive a retirement allowance
17 under sections 97B.49A through ~~97B.49H~~ 97B.49G, as applicable,
18 without terminating employment.

19 Sec. 9. Section 97B.48, subsection 4, Code 2014, is amended
20 to read as follows:

21 4. Payment of a member's retirement allowance pursuant to
22 sections 97B.49A through ~~97B.49H~~ 97B.49G shall commence no
23 later than the required beginning date specified under section
24 401(a)(9) of the federal Internal Revenue Code regardless of
25 whether the member has submitted the appropriate notice to
26 receive an allowance. If the lump sum actuarial equivalent
27 under subsection 1 could have been selected by the member,
28 payments shall be made in a lump sum rather than as a monthly
29 allowance.

30 Sec. 10. Section 97B.49F, subsection 2, Code 2014, is
31 amended by striking the subsection.

32 Sec. 11. Section 97B.50A, subsection 1, paragraph b, Code
33 2014, is amended to read as follows:

34 *b. "Net disability retirement allowance" means the amount*
35 *determined by subtracting the amount paid during the previous*

1 calendar year by the member for health insurance or similar
2 health care coverage for the member and the member's dependents
3 from the amount of the member's disability retirement
4 allowance, including any dividends ~~and distributions from~~
5 ~~supplemental accounts,~~ paid for that year pursuant to this
6 section.

7 Sec. 12. Section 97B.50A, subsection 9, Code 2014, is
8 amended to read as follows:

9 9. *Medical board.* The system shall designate a medical
10 board to be composed of ~~three~~ a physician or physicians from
11 the university of Iowa hospitals and clinics who shall arrange
12 for and pass upon the medical examinations required under
13 this section and shall report in writing to the system the
14 conclusions and recommendations upon all matters duly referred
15 to the medical board. Each report of a medical examination
16 under this section shall include the medical board's findings
17 as to the extent of the member's physical or mental impairment.
18 Except as required by this section, each report shall be
19 confidential and shall be maintained in accordance with the
20 federal Americans With Disabilities Act, and any other state
21 or federal law containing requirements for confidentiality of
22 medical records.

23 Sec. 13. Section 97B.53, Code 2014, is amended by adding the
24 following new subsection:

25 NEW SUBSECTION. 11. A request for a refund under this
26 section made by a member who is married requires the written
27 acknowledgment of the member's spouse. However, the system
28 may accept a married member's request for a refund under this
29 section without the written acknowledgment of the member's
30 spouse if the member submits a statement affirming that after
31 reasonable diligent efforts the member has been unable to
32 locate the member's spouse to obtain the written acknowledgment
33 of the spouse. A married member's request for a refund under
34 this section shall become effective upon filing the necessary
35 forms, or including the affirmation if applicable, with the

1 system. The system shall not be liable to the member, the
2 member's spouse, nor to any other person affected by the
3 member's request for a refund based upon a request for a refund
4 accomplished without the written acknowledgment of the member's
5 spouse.

6 Sec. 14. Section 97B.53A, Code 2014, is amended to read as
7 follows:

8 **97B.53A Duty of system.**

9 Upon a member's termination of covered employment prior to
10 the member's retirement, the system shall send the member by
11 first class mail, to the member's last known mailing address,
12 a notice setting forth the balance and status of the member's
13 account ~~and supplemental account~~ and an explanation of the
14 courses of action available to the member under this chapter.

15 Sec. 15. Section 97B.53B, subsection 1, paragraph d,
16 subparagraph (1), subparagraph division (a), Code 2014, is
17 amended to read as follows:

18 (a) All or any portion of a member's account ~~and~~
19 ~~supplemental account~~.

20 Sec. 16. Section 97B.70, subsection 3, Code 2014, is amended
21 to read as follows:

22 3. Interest shall be credited to the accumulated
23 contributions and accumulated employer contributions accounts,
24 ~~and supplemental accounts of active members,~~ inactive vested
25 members, and, effective January 1, 1999, to inactive nonvested
26 members, until the quarter prior to the quarter in which the
27 member's first retirement allowance is paid or in which the
28 member is issued a refund under section 97B.53, or in which a
29 death benefit is issued.

30 Sec. 17. Section 97B.80, subsection 1, Code 2014, is amended
31 to read as follows:

32 1. a. For purposes of this subsection, "eligible member"
33 means as follows:

34 (1) For the period beginning July 1, 1992, and ending June
35 30, 2014, a vested or retired member who has one or more full

1 calendar years of covered wages.

2 (2) Beginning on or after July 1, 2014, a member vested by
3 service or a retired member who is vested by service and who
4 is within six months of the retired member's first month of
5 entitlement.

6 b. Effective July 1, 1992, a vested or retired An eligible
7 member who has one or more full calendar years of covered wages
8 and who at any time served on active duty in the armed forces of
9 the United States, upon submitting verification of the dates
10 of the active duty service, may make contributions to the
11 retirement system for all or a portion of the period of time of
12 the active duty service, in increments of one or more calendar
13 quarters, and receive credit for membership service and prior
14 service for the period of time for which the contributions are
15 made.

16 Sec. 18. Section 97B.80C, subsection 1, Code 2014, is
17 amended by adding the following new paragraph:

18 NEW PARAGRAPH. *Oa.* "*Eligible member*" means as follows:

19 (1) Prior to July 1, 2014, a vested or retired member.

20 (2) Beginning on or after July 1, 2014, a member vested by
21 service or a retired member who is vested by service and who
22 is within six months of the retired member's first month of
23 entitlement.

24 Sec. 19. Section 97B.80C, subsection 2, paragraphs a, b, and
25 c, Code 2014, are amended to read as follows:

26 a. A vested or retired An eligible member may make
27 contributions to the retirement system to purchase up to the
28 maximum amount of permissive service credit for qualified
29 service as determined by the system, pursuant to Internal
30 Revenue Code section 415(n), the requirements of this section,
31 and the system's administrative rules.

32 b. A vested or retired An eligible member of the retirement
33 system may make contributions to the retirement system to
34 purchase up to a maximum of twenty quarters of permissive
35 service credit for nonqualified service as determined by the

1 system, pursuant to Internal Revenue Code section 415(n), the
2 requirements of this section, and the system's administrative
3 rules. ~~A vested or retired~~ An eligible member must have at
4 least twenty quarters of covered wages in order to purchase
5 permissive service credit for nonqualified service.

6 c. ~~A vested or retired~~ An eligible member may convert
7 regular member service credit to special service credit by
8 payment of the amount actuarially determined as necessary to
9 fund the resulting increase in the member's accrued benefit.
10 The conversion shall be treated as a purchase of qualified
11 service credit subject to the requirements of paragraph "a"
12 if the service credit to be converted was or would have been
13 for qualified service. The conversion shall be treated as
14 a purchase of nonqualified service credit subject to the
15 requirements of paragraph "b" if the service credit to be
16 converted was purchased as nonqualified service credit.

17 Sec. 20. Section 231.33, subsection 21, Code 2014, is
18 amended to read as follows:

19 21. Comply with all applicable requirements of the Iowa
20 public employees' retirement system established pursuant to
21 chapter 97B. ~~Notwithstanding any provision to the contrary,~~
22 ~~an employee of an area agency on aging that was enrolled in~~
23 ~~an alternative qualified plan prior to July 1, 2012, may~~
24 ~~continue participation in that alternative qualified plan in~~
25 ~~lieu of mandatory participation in the Iowa public employees'~~
26 ~~retirement system.~~

27 Sec. 21. Section 602.11115, subsection 2, Code 2014, is
28 amended to read as follows:

29 2. To commence coverage under the judicial retirement
30 system pursuant to article 9, part 1, effective July 1, 1984,
31 but to become an inactive member of the Iowa public employees'
32 retirement system pursuant to chapter 97B and remain eligible
33 for benefits under sections 97B.49A through ~~97B.49H~~ 97B.49G for
34 the period of membership service under chapter 97B.

35 Sec. 22. Section 602.11116, subsection 2, Code 2014, is

1 amended to read as follows:

2 2. To commence membership under the judicial retirement
3 system pursuant to article 9, part 1, effective July 1, 1998,
4 but to become an inactive member of the Iowa public employees'
5 retirement system pursuant to chapter 97B and remain eligible
6 for benefits under sections 97B.49A through ~~97B.49H~~ 97B.49G, as
7 applicable, for the period of membership service under chapter
8 97B.

9 Sec. 23. REPEAL. Sections 97B.49H and 97B.49I, Code 2014,
10 are repealed.

11 Sec. 24. EFFECTIVE UPON ENACTMENT. The following
12 provision or provisions of this Act, being deemed of immediate
13 importance, take effect upon enactment:

14 1. The section of this Act amending section 97B.1A,
15 subsection 8, paragraph b, subparagraph (7).

16 Sec. 25. RETROACTIVE APPLICABILITY. The following
17 provision or provisions of this Act apply retroactively to June
18 30, 2012:

19 1. The section of this Act amending section 97B.1A,
20 subsection 8, paragraph b, subparagraph (7).

21 2. The section of this Act amending section 231.33,
22 subsection 21.

23 EXPLANATION

24 The inclusion of this explanation does not constitute agreement with
25 the explanation's substance by the members of the general assembly.

26 This bill concerns the Iowa Public Employees' Retirement
27 System (IPERS).

28 Code sections 97B.1A(5) and 97B.44, concerning beneficiaries
29 under IPERS, are amended to provide that beneficiaries can be
30 designated through a qualified domestic relations order.

31 Code section 97B.1A(8)(b), defining employees who are not
32 covered under IPERS, is amended to provide that employees of an
33 area agency on aging who were participating in an alternative
34 retirement plan on June 30, 2012, and who elected out of IPERS
35 coverage by September 1, 2013, are excluded from coverage under

1 IPERS. A corresponding amendment is made to Code section
2 231.33, concerning area agencies on aging. These provisions
3 take effect upon enactment and apply retroactively to June 30,
4 2012.

5 Code section 97B.40, concerning fraudulent practices under
6 IPERS, is amended. The bill authorizes IPERS to refuse to
7 approve an application for benefits or to suspend or reduce
8 benefits to a person if the IPERS system determines the person
9 may have engaged in a fraudulent practice.

10 Code section 97B.49F(2), establishing the favorable
11 experience dividend program for IPERS members who retired on or
12 after July 1, 1990, is stricken.

13 Code section 97B.49H, establishing active member
14 supplemental accounts, is repealed. The bill includes
15 corresponding amendments related to the repeal.

16 Code section 97B.49I, providing for a qualified benefits
17 arrangement, is repealed.

18 Code section 97B.50A(9), concerning the medical board
19 used for purposes of disability benefits for special service
20 IPERS members, is amended to allow IPERS to use one or more
21 physicians from the University of Iowa as the medical board.
22 Current law requires that the medical board consist of three
23 physicians from the University of Iowa.

24 Code section 97B.53, concerning refunds, is amended to
25 require a married IPERS member seeking a refund to submit
26 a written acknowledgment of the member's spouse to IPERS.
27 The bill provides that a married member may still receive
28 a refund if the member is unable to locate the spouse and
29 IPERS shall not be liable based upon a refund made without the
30 acknowledgment of the member's spouse.

31 Code section 97B.80, concerning the purchase of IPERS
32 service for military service, is amended to provide that only a
33 member vested by service or a retired member who is vested by
34 service and is within six months of the member's first month
35 of entitlement may make a service purchase under this Code

1 section. Currently, any vested or retired member, regardless
2 of how the member became vested, who has at least one year of
3 IPERS wages may make a service purchase at any time.
4 Code section 97B.80C, concerning purchases of permissive
5 service credit, is amended to provide that only a member
6 vested by service or a retired member who is vested by
7 service and is within six months of the member's first month
8 of entitlement may make a service purchase under this Code
9 section. Currently, any vested or retired member, regardless
10 of how the member became vested, may make a service purchase
11 under this Code section at any time.