

Senate Study Bill 3159 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
STATE GOVERNMENT BILL BY
CHAIRPERSON DANIELSON)

A BILL FOR

1 An Act concerning public retirement systems, including the
2 public safety peace officers' retirement, accident, and
3 disability system, the Iowa public employees' retirement
4 system, the statewide fire and police retirement system,
5 the judicial retirement system, making appropriations, and
6 including effective date and retroactive applicability
7 provisions.

8 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.1, Code 2014, is amended by adding the following new subsections:

NEW SUBSECTION. 5A. "*Cancer*" means prostate cancer, primary brain cancer, breast cancer, ovarian cancer, cervical cancer, uterine cancer, malignant melanoma, leukemia, non-Hodgkin's lymphoma, bladder cancer, colorectal cancer, multiple myeloma, testicular cancer, and kidney cancer.

NEW SUBSECTION. 9A. "*Infectious disease*" means HIV or AIDS as defined in section 141A.1, all strains of hepatitis, meningococcal meningitis, and mycobacterium tuberculosis.

Sec. 2. Section 97A.6, subsection 5, paragraph b, Code 2014, is amended to read as follows:

b. (1) Disease under this ~~section~~ subsection shall mean heart disease or any disease of the lungs or respiratory tract and shall be presumed to have been contracted while on active duty as a result of strain, exposure, or the inhalation of noxious fumes, poison, or gases.

(2) Disease under this subsection shall also mean cancer or infectious disease and shall be presumed to have been contracted while on active duty as a result of that duty.

(3) However, if a person's membership in the system first commenced on or after July 1, 1992, and the heart disease or disease of the lungs or respiratory tract, cancer, or infectious disease would not exist, but for a medical condition that was known to exist on the date that membership commenced, the presumption established in this paragraph "b" shall not apply.

Sec. 3. Section 97A.8, subsection 1, paragraph e, subparagraph (8), subparagraph division (a), subparagraph subdivision (v), Code 2014, is amended to read as follows:

(v) For the fiscal year beginning July 1, 2014, and each fiscal year thereafter, eleven and ~~thirty-five hundredths~~

1 ~~employees who were participating in an alternative qualified~~
2 ~~plan pursuant to the requirements of the federal Internal~~
3 ~~Revenue Code on June 30, 2012, and who by September 1, 2013,~~
4 ~~filed with the system a valid decision to elect out of coverage~~
5 ~~under this chapter.~~

6 Sec. 7. Section 97B.1A, subsection 14A, Code 2014, is
7 amended to read as follows:

8 14A. *“Member account”* means the account established for each
9 member and includes the member’s accumulated contributions and
10 the member’s share of the accumulated employer contributions as
11 provided in section 97B.53. ~~“Member account” does not mean the~~
12 ~~supplemental account for active members.~~

13 Sec. 8. Section 97B.1A, subsection 22A, Code 2014, is
14 amended by striking the subsection.

15 Sec. 9. Section 97B.7A, subsection 5, Code 2014, is amended
16 to read as follows:

17 5. *Travel.* In the administration of the investment of
18 moneys in the retirement fund, employees of the system and
19 members of the board may travel outside the state for the
20 purpose of meeting with investment firms and consultants and
21 attending conferences and meetings to fulfill their fiduciary
22 responsibilities. ~~This travel is not subject to section~~
23 ~~8A.512, subsection 2.~~

24 Sec. 10. Section 97B.40, subsection 2, Code 2014, is amended
25 to read as follows:

26 2. If the system determines that a person may have engaged
27 in a fraudulent practice as described under this section, the
28 system may, in addition to any statutory or equitable remedies
29 provided by law, refuse to approve an application for benefits,
30 suspend or reduce benefits to the person, and refer the matter
31 to the auditor of state and to the appropriate law enforcement
32 authorities for possible investigation and prosecution.

33 Sec. 11. Section 97B.44, Code 2014, is amended to read as
34 follows:

35 **97B.44 Beneficiary.**

1 1. Each member shall ~~designate~~, on a form to be furnished
2 by the system or through a qualified domestic relations order
3 on file with the system, designate a beneficiary for death
4 benefits payable under this chapter on the death of the member.
5 The designation may be changed from time to time by the member
6 by filing a new designation with the system. A designation
7 or change in designation made by a member on or after July
8 1, 2000, shall contain the written consent of the member's
9 spouse, if applicable. The designation of a beneficiary is not
10 applicable if the member receives a refund of all contributions
11 of the member. If a member who has received a refund of
12 contributions returns to employment, the member shall file a
13 new designation with the system.

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

19 3. ~~However, the~~ The system may accept a married member's
20 designation or change in designation under this section without
21 the written consent of the member's spouse if the member
22 submits a notarized statement indicating that the member has
23 been unable to locate the member's spouse to obtain the written
24 consent of the spouse after reasonable diligent efforts. The
25 member's designation or change in designation shall become
26 effective upon filing the necessary forms, including the
27 notarized statement, or orders, with the system. The system
28 shall not be liable to the member, the member's spouse, or
29 to any other person affected by the member's designation or
30 change of designation, based upon a designation or change of
31 designation accomplished without the written consent of the
32 member's spouse.

33 Sec. 12. Section 97B.46, subsection 2, Code 2014, is amended
34 to read as follows:

35 2. A member remaining in service after attaining the age

1 of seventy years is entitled to receive a retirement allowance
2 under sections 97B.49A through ~~97B.49H~~ 97B.49G, as applicable,
3 without terminating employment.

4 Sec. 13. Section 97B.48, subsection 4, Code 2014, is amended
5 to read as follows:

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

15 Sec. 14. Section 97B.49B, subsection 1, paragraph e, Code
16 2014, is amended by adding the following new subparagraph:

17 NEW SUBPARAGRAPH. (13) An employee of a judicial district
18 department of correctional services whose condition of
19 employment requires the employee to be certified by the Iowa
20 law enforcement academy and who is required to perform the
21 duties of a parole officer as provided in section 906.2.

22 Sec. 15. Section 97B.49F, subsection 2, Code 2014, is
23 amended by striking the subsection.

24 Sec. 16. Section 97B.50A, subsection 1, paragraph b, Code
25 2014, is amended to read as follows:

26 *b. "Net disability retirement allowance"* means the amount
27 determined by subtracting the amount paid during the previous
28 calendar year by the member for health insurance or similar
29 health care coverage for the member and the member's dependents
30 from the amount of the member's disability retirement
31 allowance, including any dividends ~~and distributions from~~
32 ~~supplemental accounts,~~ paid for that year pursuant to this
33 section.

34 Sec. 17. Section 97B.50A, subsection 9, Code 2014, is
35 amended to read as follows:

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

15 Sec. 18. Section 97B.53, Code 2014, is amended by adding the
16 following new subsection:

17 NEW SUBSECTION. 11. A request for a refund under this
18 section made by a member who is married requires the written
19 acknowledgment of the member's spouse. However, the system
20 may accept a married member's request for a refund under this
21 section without the written acknowledgment of the member's
22 spouse if the member submits a statement affirming that after
23 reasonable diligent efforts the member has been unable to
24 locate the member's spouse to obtain the written acknowledgment
25 of the spouse. A married member's request for a refund under
26 this section shall become effective upon filing the necessary
27 forms, or including the affirmation if applicable, with the
28 system. The system shall not be liable to the member, the
29 member's spouse, nor to any other person affected by the
30 member's request for a refund based upon a request for a refund
31 accomplished without the written acknowledgment of the member's
32 spouse.

33 Sec. 19. Section 97B.53A, Code 2014, is amended to read as
34 follows:

35 **97B.53A Duty of system.**

1 Upon a member's termination of covered employment prior to
2 the member's retirement, the system shall send the member by
3 first class mail, to the member's last known mailing address,
4 a notice setting forth the balance and status of the member's
5 account ~~and supplemental account~~ and an explanation of the
6 courses of action available to the member under this chapter.

7 Sec. 20. Section 97B.53B, subsection 1, paragraph d,
8 subparagraph (1), subparagraph division (a), Code 2014, is
9 amended to read as follows:

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

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

14 3. Interest shall be credited to the accumulated
15 contributions and accumulated employer contributions accounts,
16 ~~and supplemental accounts of active members,~~ inactive vested
17 members, and, effective January 1, 1999, to inactive nonvested
18 members, until the quarter prior to the quarter in which the
19 member's first retirement allowance is paid or in which the
20 member is issued a refund under section 97B.53, or in which a
21 death benefit is issued.

22 Sec. 22. Section 97B.80, subsection 1, Code 2014, is amended
23 to read as follows:

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

26 (1) For the period beginning July 1, 1992, and ending June
27 30, 2014, a vested or retired member who has one or more full
28 calendar years of covered wages.

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

33 b. Effective July 1, 1992, a vested or retired An eligible
34 member who has one or more full calendar years of covered wages
35 and who at any time served on active duty in the armed forces of

1 the United States, upon submitting verification of the dates
2 of the active duty service, may make contributions to the
3 retirement system for all or a portion of the period of time of
4 the active duty service, in increments of one or more calendar
5 quarters, and receive credit for membership service and prior
6 service for the period of time for which the contributions are
7 made.

8 Sec. 23. Section 97B.80C, subsection 1, Code 2014, is
9 amended by adding the following new paragraph:

10 NEW PARAGRAPH. *0a.* "Eligible member" means as follows:

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

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

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

18 ~~a. A vested or retired~~ An eligible member may make
19 contributions to the retirement system to purchase up to the
20 maximum amount of permissive service credit for qualified
21 service as determined by the system, pursuant to Internal
22 Revenue Code section 415(n), the requirements of this section,
23 and the system's administrative rules.

24 ~~b. A vested or retired~~ An eligible member of the retirement
25 system may make contributions to the retirement system to
26 purchase up to a maximum of twenty quarters of permissive
27 service credit for nonqualified service as determined by the
28 system, pursuant to Internal Revenue Code section 415(n), the
29 requirements of this section, and the system's administrative
30 rules. ~~A vested or retired~~ An eligible member must have at
31 least twenty quarters of covered wages in order to purchase
32 permissive service credit for nonqualified service.

33 ~~c. A vested or retired~~ An eligible member may convert
34 regular member service credit to special service credit by
35 payment of the amount actuarially determined as necessary to

1 fund the resulting increase in the member's accrued benefit.
2 The conversion shall be treated as a purchase of qualified
3 service credit subject to the requirements of paragraph "a"
4 if the service credit to be converted was or would have been
5 for qualified service. The conversion shall be treated as
6 a purchase of nonqualified service credit subject to the
7 requirements of paragraph "b" if the service credit to be
8 converted was purchased as nonqualified service credit.

9 Sec. 25. Section 231.33, subsection 21, Code 2014, is
10 amended to read as follows:

11 21. Comply with all applicable requirements of the Iowa
12 public employees' retirement system established pursuant to
13 chapter 97B. ~~Notwithstanding any provision to the contrary,~~
14 ~~an employee of an area agency on aging that was enrolled in~~
15 ~~an alternative qualified plan prior to July 1, 2012, may~~
16 ~~continue participation in that alternative qualified plan in~~
17 ~~lieu of mandatory participation in the Iowa public employees'~~
18 ~~retirement system.~~

19 Sec. 26. Section 602.11115, subsection 2, Code 2014, is
20 amended to read as follows:

21 2. To commence coverage under the judicial retirement
22 system pursuant to article 9, part 1, effective July 1, 1984,
23 but to become an inactive member of the Iowa public employees'
24 retirement system pursuant to chapter 97B and remain eligible
25 for benefits under sections 97B.49A through 97B.49H 97B.49G for
26 the period of membership service under chapter 97B.

27 Sec. 27. Section 602.11116, subsection 2, Code 2014, is
28 amended to read as follows:

29 2. To commence membership under the judicial retirement
30 system pursuant to article 9, part 1, effective July 1, 1998,
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, as
34 applicable, for the period of membership service under chapter
35 97B.

1 beginning July 1, 2013, and ending June 30, 2014, an amount
2 equal to \$18,900,000.

3 Sec. 33. EFFECTIVE UPON ENACTMENT. This division of this
4 Act, being deemed of immediate importance, takes effect upon
5 enactment.

6 EXPLANATION

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

9 This bill makes numerous changes to public retirement
10 systems, including the public safety peace officers'
11 retirement, accident, and disability system, the Iowa public
12 employees' retirement system, the statewide fire and police
13 retirement system, and the judicial retirement system. The
14 changes to each applicable public retirement system are as
15 follows:

16 PEACE OFFICERS' RETIREMENT, ACCIDENT, AND DISABILITY SYSTEM
17 (PORS).

18 This division of the bill provides that certain cancers and
19 infectious diseases contracted by peace officer members of
20 PORS are presumed to be a disease contracted while on active
21 duty due to the job for purposes of establishing an accidental
22 disability pension. "Cancer" and "infectious disease" are
23 defined the same as those terms are defined for the statewide
24 fire and police retirement system established in Code chapter
25 411. The bill also provides that the presumption will not
26 apply to peace officer members who joined the retirement system
27 after July 1, 1992, in which the cancer or infectious disease
28 would not have existed but for a medical condition that was
29 known on the date the member joined. The bill also increases
30 the minimum contribution rate for peace officer members of the
31 pension system beginning July 1, 2014, from 11.35 percent to
32 11.4 percent of earnable compensation. The PORS is directed to
33 conduct a study and collect data related to the implementation,
34 utilization, and costs associated with the requirements related
35 to cancers and infectious diseases and to submit a written

1 report to the general assembly by October 1, 2019, concerning
2 the data collected and including the system's findings and
3 recommendations.

4 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS).

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

8 Code section 97B.1A(8)(b), defining employees who are not
9 covered under IPERS, is amended to provide that employees of an
10 area agency on aging who were participating in an alternative
11 retirement plan on June 30, 2012, and who elected out of IPERS
12 coverage by September 1, 2013, are excluded from coverage under
13 IPERS. A corresponding amendment is made to Code section
14 231.33, concerning area agencies on aging. These provisions
15 take effect upon enactment and apply retroactively to June 30,
16 2012.

17 Code section 97B.40, concerning fraudulent practices under
18 IPERS, is amended. The bill authorizes IPERS to refuse to
19 approve an application for benefits or to suspend or reduce
20 benefits to a person if the IPERS system determines the person
21 may have engaged in a fraudulent practice.

22 Code section 97B.49B, concerning members in a protection
23 occupation, is amended to provide that parole officers employed
24 by a judicial district department of correctional services who
25 are certified by the Iowa law enforcement academy are included
26 within the protection occupation category of IPERS.

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

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

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

35 Code section 97B.50A(9), concerning the medical board

1 used for purposes of disability benefits for special service
2 IPERS members, is amended to allow IPERS to use one or more
3 physicians from the University of Iowa as the medical board.
4 Current law requires that the medical board consist of three
5 physicians from the University of Iowa.

6 Code section 97B.53, concerning refunds, is amended to
7 require a married IPERS member seeking a refund to submit
8 a written acknowledgment of the member's spouse to IPERS.
9 The bill provides that a married member may still receive
10 a refund if the member is unable to locate the spouse and
11 IPERS shall not be liable based upon a refund made without the
12 acknowledgment of the member's spouse.

13 Code section 97B.80, concerning the purchase of IPERS
14 service for military service, is amended to provide that only a
15 member vested by service or a retired member who is vested by
16 service and is within six months of the member's first month
17 of entitlement may make a service purchase under this Code
18 section. Currently, any vested or retired member, regardless
19 of how the member became vested, who has at least one year of
20 IPERS wages may make a service purchase at any time.

21 Code section 97B.80C, concerning purchases of permissive
22 service credit, is amended to provide that only a member
23 vested by service or a retired member who is vested by
24 service and is within six months of the member's first month
25 of entitlement may make a service purchase under this Code
26 section. Currently, any vested or retired member, regardless
27 of how the member became vested, may make a service purchase
28 under this Code section at any time.

29 STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM

30 New Code section 411.19 provides for a state appropriation
31 to the statewide fire and police retirement system established
32 in Code chapter 411 equal to 3.79 percent of the covered
33 earnable compensation of the members. The percentage
34 represents the cost of benefits provided by Acts of the
35 66th General Assembly. The bill restores the standing state

1 appropriation to the retirement system that was repealed by
2 2010 Acts, chapter 1167. The repealed language had set the
3 state appropriation based upon the cost of benefits provided
4 by the Acts of the 66th General Assembly but did not specify a
5 percentage.

6 JUDICIAL RETIREMENT SYSTEM

7 The bill transfers moneys from the general fund of the state
8 to the judicial retirement fund for FY 2013-2014. The division
9 takes effect upon enactment.