

**Senate File 2073 - Introduced**

SENATE FILE 2073

BY DAWSON

**A BILL FOR**

1 An Act concerning special service members of the Iowa public  
2 employees' retirement system by establishing a deferred  
3 retirement option plan and including public safety  
4 telecommunicators in the protection occupation category.  
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 97B.49B, subsection 1, paragraph e, Code  
2 2018, is amended by adding the following new subparagraph:

3 NEW SUBPARAGRAPH. (17) A person employed by an employer  
4 under this chapter as a public safety telecommunicator who is  
5 not a member of the retirement system established in chapter  
6 97A or 411.

7 Sec. 2. NEW SECTION. **97B.50B Deferred retirement option**  
8 **plan for special service members.**

9 1. For purposes of this section, unless the context  
10 otherwise requires:

11 *a. "Applicable percentage"* means that percentage, not  
12 greater than one hundred percentage points, equal to fifty-two  
13 percentage points plus two percentage points for each month for  
14 the period between the eligible member's plan eligibility month  
15 and the month the eligible member commences membership in the  
16 plan.

17 *b. "Drop benefit"* means, for a participant, an amount  
18 credited to the participant's account each applicable month  
19 equal to the member's applicable percentage multiplied by the  
20 member's participant retirement amount.

21 *c. "Eligible member"* means a member, as defined in section  
22 97B.50A, who has attained fifty-five years of age with at least  
23 twenty-two years of membership service.

24 *d. "Participant account"* means an administrative record  
25 maintained by the system reflecting the participant's  
26 accumulated drop benefit.

27 *e. "Participant retirement amount"* means the amount equal to  
28 the monthly retirement allowance the eligible member would have  
29 received under section 97B.49B or 97B.49C, as applicable, if  
30 the member retired on the date the eligible member commenced  
31 participation in the plan, based on earnings through the  
32 previous full quarter of covered wages earned by the member.

33 *f. "Plan"* means the deferred retirement option plan  
34 established by this section.

35 *g. "Plan eligibility month"* means the first full calendar

1 month in which the participant is an eligible member.

2     2. *a.* An eligible member may elect to participate in the  
3 deferred retirement option plan as provided in this section.  
4 A decision by an eligible member to participate in the plan  
5 is irrevocable. Upon commencing membership in the plan, the  
6 member shall remain an active member of the system and shall  
7 have credited to a participant account on behalf of the member  
8 from the retirement fund for each month the member participates  
9 in the plan the member's drop benefit. The amounts credited  
10 shall be invested by the system in risk-free assets of a  
11 short-term nature and interest and earnings shall not be  
12 credited to the member's participant account but shall remain  
13 with the retirement fund established in section 97B.7.

14     *b.* Upon termination of an eligible member's participation  
15 in the plan, the eligible member shall be deemed to be retired  
16 under the system as of that date for purposes of the system  
17 and shall begin receiving a retirement allowance equal to  
18 the member's participant retirement amount or such optional  
19 retirement benefits, based upon that amount, pursuant to  
20 section 97B.51. In addition, the eligible member shall receive  
21 the moneys credited to the member's participant account while  
22 participating in the plan. The eligible member shall select,  
23 upon written application to the system, whether to receive  
24 the amount in the member's participant account in the form  
25 of a lump sum distribution or as a rollover to an eligible  
26 retirement plan as defined in section 97B.53B.

27     *c.* If an eligible member terminates participation in the  
28 plan prior to the date selected by the member upon commencing  
29 membership in the plan and the termination is not due to the  
30 death or disability of the member under this chapter, then  
31 the system shall assess a twenty-five percent penalty on the  
32 amount credited to the member's participant account prior to  
33 distributing the amount to the member. The penalty amount  
34 shall be transferred to and remain with the retirement fund.

35     3. To participate in the plan, an eligible member shall

1 make written application to the system. The application shall  
2 include the following:

3 a. The month the eligible member intends to commence  
4 participation in the plan.

5 b. The eligible member's selection of a plan termination  
6 date. The plan termination date shall be either three,  
7 four, or five years after the date the eligible member  
8 commences membership in the plan. However, for the two-year  
9 period beginning with the first of the month following the  
10 implementation date of this section, an eligible member between  
11 sixty-two and sixty-four years of age may also select a plan  
12 termination date that is one or two years after the date the  
13 eligible member commences membership in the plan.

14 4. Participation in the plan by an eligible member does not  
15 guarantee continued employment. Contributions required from  
16 members and participating cities shall continue based on the  
17 earnable compensation of an eligible member participating in  
18 the plan. However, contributions made while an eligible member  
19 participates in the plan shall remain with the retirement fund  
20 and shall not be subject to a refund of contributions under  
21 section 97B.53.

22 5. The system's actuary, while making the annual valuation  
23 of the assets and liabilities of the retirement system, shall  
24 determine whether establishment and operation of the plan  
25 created in this section has resulted in an increased actuarial  
26 cost to the system. If the actuary determines that the plan  
27 has resulted in an increased actuarial cost to the system,  
28 then, notwithstanding any provision of section 97B.11 to the  
29 contrary, the system shall increase the members' contribution  
30 rate as necessary to cover the increased cost of the plan  
31 created in this section.

32 EXPLANATION

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

35 This bill concerns special services members of the Iowa

1 public employees' retirement system (IPERS) created in Code  
2 chapter 97B.

3 Code section 97B.49B is amended to provide that persons  
4 employed as a public safety telecommunicator that are not  
5 otherwise a member of the retirement system in Code chapter 97A  
6 or 411 are included within the protection occupation category  
7 of IPERS.

8 New Code section 97B.50B establishes a deferred retirement  
9 option plan (DROP) for special service members of IPERS.

10 The new Code section provides that special service members  
11 of IPERS who are at least 55 years of age and have at least  
12 22 years of service are eligible to participate in the DROP  
13 plan. The DROP plan provides that an eligible member can delay  
14 retirement, continue working for a set number of additional  
15 years, and have a portion of the retirement allowance they  
16 otherwise would have received if they had retired instead of  
17 participating in the DROP plan deposited in an account that is  
18 then distributed to them when they eventually retire. However,  
19 the member's retirement allowance is set at the time the member  
20 enters the DROP plan.

21 Prior to participating in the DROP plan, a member shall  
22 submit an application to the system indicating when they intend  
23 to start participation in the DROP plan and when they intend  
24 to terminate their participation in the plan and retire. The  
25 bill permits an eligible member to elect to participate in the  
26 DROP plan for three, four, or five years. However, for the  
27 two-year period beginning on the implementation date of this  
28 Code section, an eligible member between the ages of 62 and 64  
29 can elect to participate in the DROP plan and terminate their  
30 participation in one or two years.

31 Upon electing to participate in the DROP plan, the eligible  
32 member continues to work but has a portion of the retirement  
33 allowance they would have received if they had decided to  
34 retire credited to an account. The amount credited is equal  
35 to a percentage of the retirement allowance they would have

1 received. The percentage rate is determined by starting with  
2 52 percent and adding 2 percent per month, up to a maximum of  
3 100 percent, based upon the number of months between the month  
4 the member first became eligible to participate in the DROP  
5 plan and the month the member actually participates. The bill  
6 provides that the amount deposited in the member's account does  
7 not accrue interest or dividends. Upon termination from the  
8 DROP plan, the eligible member begins to receive a retirement  
9 allowance based upon the amount the member would have received  
10 when the member commenced participation in the DROP plan plus  
11 the amount in the member's account. If the member terminates  
12 participation in the plan prior to the date set by the member  
13 and the termination is not due to the member's death or  
14 disability, IPERS shall withhold 25 percent of the amount in  
15 the account as a penalty. The bill provides that participation  
16 in the DROP plan does not guarantee continued employment.  
17 The new Code section also provides that if the IPERS actuary  
18 determines that the DROP plan has increased the actuarial cost  
19 of the system, the contribution rate paid by special service  
20 members shall be increased to cover this increased cost.