

House File 94 - Introduced

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A BILL FOR

1 An Act establishing a retirement savings plan trust, and
2 including implementation and effective date provisions.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 12K.1 Purpose and definitions.

2 1. The general assembly finds that the general welfare and
3 well-being of the state are directly related to the ability
4 of the citizens of the state to save for their retirement
5 years, and that a vital and valid public purpose is served by
6 the creation and implementation of programs which encourage
7 and make possible the attainment of financial security by
8 the greatest number of citizens of the state. In order to
9 make available to the citizens of the state an opportunity to
10 fund future retirement savings needs, it is necessary that a
11 public trust be established in which moneys may be invested for
12 retirement.

13 2. As used in this chapter, unless the context otherwise
14 requires:

15 a. "*Administrative fund*" means the administrative fund
16 established under section 12K.4.

17 b. "*Employer*" means a person or entity engaged in a
18 business, industry, profession, trade, or other enterprise in
19 Iowa.

20 c. "*Internal Revenue Code*" means the same as defined in
21 section 422.3.

22 d. "*Iowa retirement savings plan trust*" or "*trust*" means the
23 trust created under section 12K.2.

24 e. "*Participant*" means an individual that has entered into a
25 participation agreement under this chapter to contribute to an
26 Iowa retirement savings plan.

27 f. "*Participation agreement*" means an agreement between a
28 participant and the trust entered into under this chapter.

29 g. "*Program fund*" means the program fund established under
30 section 12K.4.

31 Sec. 2. NEW SECTION. 12K.2 Creation of the Iowa retirement
32 savings plan trust.

33 An Iowa retirement savings plan trust as allowed by the
34 Internal Revenue Code is created for the purpose of helping
35 Iowans save for retirement. The treasurer of state is the

1 trustee of the trust, and has all powers necessary to carry out
2 and effectuate the purposes, objectives, and provisions of this
3 chapter pertaining to the trust, including the power to do all
4 of the following:

5 1. Make and enter into contracts necessary for the
6 administration of the trust.

7 2. Enter into agreements with any financial institution,
8 the state, or any federal or other state agency, or other
9 entity as required to implement this chapter.

10 3. Carry out the duties and obligations of the trust
11 pursuant to this chapter.

12 4. Accept any grants, gifts, legislative appropriations,
13 and other moneys from the state, any unit of federal, state, or
14 local government, or any other person, firm, partnership, or
15 corporation which the treasurer of state shall deposit into the
16 administrative fund or the program fund.

17 5. Carry out studies and projections so the treasurer of
18 state may advise participants regarding present and estimated
19 future retirement needs and levels of financial participation
20 in the trust required in order to enable participants to
21 achieve their retirement funding objectives.

22 6. Participate in any federal, state, or local governmental
23 program for the benefit of the trust.

24 7. Procure insurance against any loss in connection with the
25 property, assets, or activities of the trust.

26 8. Enter into agreements with participants and employers.

27 9. Make distributions and refunds to participants pursuant
28 to participation agreements as prescribed by the Internal
29 Revenue Code.

30 10. Invest moneys from the program fund in any investments
31 which are determined by the treasurer of state to be
32 appropriate.

33 11. Engage investment advisors, if necessary, to assist in
34 the investment of trust assets.

35 12. Contract for goods and services and engage personnel

1 as necessary, including consultants, actuaries, managers,
2 legal counsel, and auditors, for the purpose of rendering
3 professional, managerial, and technical assistance and advice
4 to the treasurer of state regarding trust administration and
5 operation.

6 13. Establish, impose, and collect administrative fees
7 and charges in connection with transactions of the trust, and
8 provide for reasonable service charges, including penalties for
9 cancellations and late payments with respect to participation
10 agreements.

11 14. Administer the funds of the trust.

12 15. Adopt rules pursuant to chapter 17A for the
13 administration of the trust.

14 Sec. 3. NEW SECTION. 12K.3 Limitation of liability.

15 The trust, the treasurer of state, and the state of Iowa may
16 not guarantee any rate of return or any interest rate on any
17 contribution to the trust. The trust, treasurer of state, and
18 the state of Iowa are not liable for any loss incurred by any
19 person as a result of participating in the trust.

20 Sec. 4. NEW SECTION. 12K.4 Program and administrative funds
21 — investment and payments.

22 1. The treasurer of state shall segregate moneys received
23 by the trust into two funds: the program fund and the
24 administrative fund.

25 2. All moneys paid by participants in connection with
26 participation agreements shall be deposited as received into
27 separate accounts within the program fund.

28 3. Contributions to the trust made by participants may only
29 be made in the form of cash.

30 Sec. 5. NEW SECTION. 12K.5 Cancellation of agreements.

31 A participant may cancel a participation agreement at will.
32 Upon cancellation of a participation agreement, a participant
33 shall be entitled to the return of the participant's account
34 balance subject to penalties prescribed by the Internal Revenue
35 Code.

1 Sec. 6. NEW SECTION. 12K.6 Annual audited financial report.

2 1. The treasurer of state shall submit an annual audited
3 financial report, prepared in accordance with generally
4 accepted accounting principles, on the operations of the trust
5 by January 1 to the governor and the general assembly.

6 2. The annual audit shall be made either by the auditor
7 of state or by an independent certified public accountant
8 designated by the auditor of state and shall include direct and
9 indirect costs attributable to the use of outside consultants,
10 independent contractors, and any other persons who are not
11 state employees.

12 3. The annual audit shall be supplemented by all of the
13 following information prepared by the treasurer of state:

14 a. Any related studies or evaluations prepared in the
15 preceding year.

16 b. A summary of the benefits provided by the trust,
17 including the number of participants in the trust.

18 c. Any other information which is relevant in order to make
19 a full, fair, and effective disclosure of the operations of the
20 trust.

21 Sec. 7. NEW SECTION. 12K.7 Tax considerations.

22 For federal tax purposes, the Iowa retirement savings plan
23 trust shall conform to the requirements established by the
24 Internal Revenue Code to be able to operate as a retirement
25 plan. The plan may conform to the requirements under section
26 401(a), section 408, or another section of the Internal Revenue
27 Code which allows Iowans the best retirement option under the
28 trust as determined by the treasurer of state.

29 Sec. 8. NEW SECTION. 12K.8 Property rights to assets in
30 trust.

31 1. The assets of the trust shall at all times be preserved,
32 invested, and expended solely and only for the purposes of the
33 trust and shall be held in trust for the participants.

34 2. No property rights in the trust shall exist in favor of
35 the state.

1 3. The assets of the trust shall not be transferred or used
2 by the state for any purposes other than the purposes of the
3 trust.

4 Sec. 9. NEW SECTION. 12K.9 Construction.

5 This chapter shall be construed liberally in order to
6 effectuate its purpose.

7 Sec. 10. IMPLEMENTATION PROVISION. The treasurer of state
8 shall provide that when the requirements of chapter 12K are
9 enacted, individuals may begin making contributions to the Iowa
10 retirement savings plan trust, as created by section 12K.2, as
11 enacted in this Act, no earlier than July 1, 2021.

12 Sec. 11. EFFECTIVE DATE. This Act takes effect on July 1,
13 2020.

14 EXPLANATION

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

17 This bill creates the Iowa retirement savings plan trust
18 under the office of treasurer of state for the purpose of
19 helping Iowans save for retirement. The bill provides that
20 the trust be operated so that, for federal tax purposes, it
21 meets the requirements of a retirement plan as provided by the
22 Internal Revenue Code.

23 The state treasurer is the trustee of the trust and has
24 numerous powers, as specified in the bill, for the purpose of
25 carrying out the purpose of the trust. Powers granted the
26 treasurer of state to effectuate the purpose of the trust
27 include entering into agreements with trust participants and
28 employers, investing moneys in the trust, and entering into any
29 agreements or contracts necessary to carry out the purposes of
30 the trust.

31 The bill provides that the state, the treasurer of state,
32 and the trust may not guarantee any rate of return on any
33 contributions to the trust and are not liable for any loss
34 incurred by any person as a result of participating in the
35 trust. The bill requires the treasurer to submit an annual

1 audited financial report on the operations of the trust.

2 The bill provides that when the requirements of the bill
3 are enacted, the treasurer shall not allow individuals to make
4 contributions to the trust earlier than July 1, 2021.

5 The bill takes effect July 1, 2020.