

**Senate File 2232 - Introduced**

SENATE FILE 2232

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**A BILL FOR**

1 An Act establishing a retirement savings plan trust, and  
2 including implementation provisions.

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

1 Section 1. NEW SECTION. 12L.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. According to  
9 a study conducted in 2019 by the Iowa insurance division in  
10 conjunction with other partners, thirty-nine percent of people  
11 in this state are relying on social security for retirement  
12 and thirty-seven percent have less than five thousand dollars  
13 saved or invested for retirement. In order to make available  
14 to the citizens of the state an opportunity to fund future  
15 retirement savings needs, it is necessary that a public trust  
16 be established in which moneys may be invested for retirement.

17 2. As used in this chapter, unless the context otherwise  
18 requires:

19 a. *“Administrative fund”* means the administrative fund  
20 established under section 12L.8.

21 b. *“Employer”* means a person or entity engaged in a  
22 business, industry, profession, trade, or other enterprise in  
23 Iowa.

24 c. *“Internal Revenue Code”* means the same as defined in  
25 section 422.3.

26 d. *“Iowa retirement savings plan trust”* or *“trust”* means the  
27 trust created under section 12L.2.

28 e. *“Participant”* means an individual that has entered into a  
29 participation agreement under this chapter to contribute to an  
30 Iowa retirement savings plan.

31 f. *“Participation agreement”* means an agreement between a  
32 participant and the trust entered into under this chapter.

33 g. *“Program fund”* means the program fund established under  
34 section 12L.8.

35 Sec. 2. NEW SECTION. 12L.2 Creation of the Iowa retirement

1 **savings plan trust.**

2 An Iowa retirement savings plan trust for persons employed  
3 for compensation in this state, as allowed by the Internal  
4 Revenue Code, is created for the purpose of helping Iowans save  
5 for retirement. The trust shall function according to the  
6 provisions of the federal SECURE 2.0 Act of 2022, Pub. L. No.  
7 117-328. The treasurer of state is the trustee of the trust,  
8 and has all powers necessary to carry out and effectuate the  
9 purposes, objectives, and provisions of this chapter pertaining  
10 to the trust, including the power to do all of the following:

11 1. Make and enter into contracts necessary for the  
12 administration of the trust.

13 2. Enter into agreements with any financial institution,  
14 the state, or any federal or other state agency, or other  
15 entity as required to implement this chapter.

16 3. Carry out the duties and obligations of the trust  
17 pursuant to this chapter.

18 4. Accept any grants, gifts, legislative appropriations,  
19 and other moneys from the state, any unit of federal, state, or  
20 local government, or any other person, firm, partnership, or  
21 corporation which the treasurer of state shall deposit into the  
22 administrative fund or the program fund.

23 5. Carry out studies and projections so the treasurer of  
24 state may advise participants regarding present and estimated  
25 future retirement needs and levels of financial participation  
26 in the trust required in order to enable participants to  
27 achieve their retirement funding objectives.

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

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

32 8. Enter into agreements with participants and employers.

33 9. Make distributions and refunds to participants pursuant  
34 to participation agreements as prescribed by the Internal  
35 Revenue Code.

1 10. Invest moneys from the program fund in any investments  
2 which are determined by the treasurer of state to be  
3 appropriate.

4 11. Engage investment advisors, if necessary, to assist in  
5 the investment of trust assets.

6 12. Contract for goods and services and engage personnel  
7 as necessary, including consultants, actuaries, managers,  
8 legal counsel, and auditors, for the purpose of rendering  
9 professional, managerial, and technical assistance and advice  
10 to the treasurer of state regarding trust administration and  
11 operation.

12 13. Establish, impose, and collect administrative fees  
13 and charges in connection with transactions of the trust, and  
14 provide for reasonable service charges, including penalties for  
15 cancellations and late payments with respect to participation  
16 agreements.

17 14. Administer the funds of the trust.

18 15. Adopt rules pursuant to chapter 17A for the  
19 administration of the trust.

20 Sec. 3. NEW SECTION. 12L.3 Enrollment and contributions.

21 1. The treasurer of state shall automatically enroll an  
22 individual employed for compensation in this state in the  
23 trust with a default contribution rate set by the treasurer.  
24 Participants shall be able to maintain an account regardless of  
25 place of employment and shall be able to roll over moneys into  
26 other retirement accounts. A participant may opt out of the  
27 trust at any time.

28 2. Participants shall deposit contributions to the trust  
29 directly with the treasurer of state. An individual employed  
30 for compensation in this state may contribute to the trust  
31 through payroll deductions. An employer need not offer its  
32 employees the opportunity to contribute to the trust through  
33 payroll deductions if the employer has fewer than five  
34 employees or offers a qualified retirement plan, including but  
35 not limited to a plan qualified under section 401(a), 401(k),

1 403(a), 403(b), 408(k), 408(p), or 457(b) of the Internal  
2 Revenue Code. Employer contributions to employee accounts  
3 are not required. An employer that participates in the trust  
4 shall have no proprietary interest in the contributions to or  
5 earnings on amounts contributed to accounts established under  
6 the trust.

7 Sec. 4. NEW SECTION. **12L.4 Participant reports.**

8 The treasurer of state shall provide reports on the status of  
9 trust accounts to participants at least annually.

10 Sec. 5. NEW SECTION. **12L.5 Confidentiality of account  
11 information.**

12 Except to the extent necessary to administer the trust,  
13 a participant's account information for accounts in the  
14 trust, including but not limited to names, addresses,  
15 telephone numbers, personal identification information,  
16 amounts contributed, and earnings on amounts contributed,  
17 is confidential. The treasurer of state shall maintain the  
18 information as confidential unless the person who provides the  
19 information or is the subject of the information expressly  
20 agrees in writing that the information may be disclosed.

21 Sec. 6. NEW SECTION. **12L.6 Preemption.**

22 A local government shall not establish or offer any  
23 retirement plan for persons other than public employees.

24 Sec. 7. NEW SECTION. **12L.7 Limitation of liability.**

25 The trust, the treasurer of state, and the state of Iowa may  
26 not guarantee any rate of return or any interest rate on any  
27 contribution to the trust. The trust, treasurer of state, and  
28 the state of Iowa are not liable for any loss incurred by any  
29 person as a result of participating in the trust.

30 Sec. 8. NEW SECTION. **12L.8 Program and administrative funds  
31 — investment and payments.**

32 1. The treasurer of state shall segregate moneys received  
33 by the trust into two funds: the program fund and the  
34 administrative fund.

35 2. All moneys paid by participants in connection with

1 participation agreements shall be deposited as received into  
2 separate accounts within the program fund.

3 3. Contributions to the trust made by participants shall  
4 only be made in the form of cash and shall be made pretax.

5 Sec. 9. NEW SECTION. 12L.9 **Cancellation of agreements.**

6 A participant may cancel a participation agreement at will.  
7 Upon cancellation of a participation agreement, a participant  
8 shall be entitled to the return of the participant's account  
9 balance subject to penalties prescribed by the Internal Revenue  
10 Code.

11 Sec. 10. NEW SECTION. 12L.10 **Annual audited financial**  
12 **report.**

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

17 2. The annual audit shall be made either by the auditor  
18 of state or by an independent certified public accountant  
19 designated by the auditor of state and must include direct and  
20 indirect costs attributable to the use of outside consultants,  
21 independent contractors, and any other persons who are not  
22 state employees.

23 3. The annual audit must be supplemented by all of the  
24 following information prepared by the treasurer of state:

25 a. Any related studies or evaluations prepared in the  
26 preceding year.

27 b. A summary of the benefits provided by the trust,  
28 including the number of participants in the trust.

29 c. A list of the companies that are participating in the  
30 trust and the contributions the companies made.

31 d. Any other information which is relevant in order to make  
32 a full, fair, and effective disclosure of the operations of the  
33 trust.

34 Sec. 11. NEW SECTION. 12L.11 **Tax considerations.**

35 For federal tax purposes, the Iowa retirement savings plan

1 trust shall conform to the requirements established by the  
2 Internal Revenue Code to be able to operate as a retirement  
3 plan. The plan may conform to the requirements under section  
4 401(a), section 408, or another section of the Internal Revenue  
5 Code which allows Iowans the best retirement option under the  
6 trust as determined by the treasurer of state.

7     Sec. 12. NEW SECTION. 12L.12 **Property rights to assets in**  
8 **trust.**

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

12     2. No property rights in the trust shall exist in favor of  
13 the state.

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

17     Sec. 13. NEW SECTION. 12L.13 **Exemption from execution and**  
18 **other process or assignment — exceptions.**

19     The right of any person to any future payment under this  
20 chapter is not transferable or assignable, at law or in  
21 equity, and the moneys paid or payable or rights existing under  
22 this chapter are not subject to execution, levy, attachment,  
23 garnishment, or other legal process, or to the operation of  
24 any bankruptcy or insolvency law except for the purposes of  
25 enforcing child, spousal, or medical support obligations or  
26 marital property orders. For the purposes of enforcing child,  
27 spousal, or medical support obligations, the garnishment or  
28 attachment of or the execution against compensation due a  
29 person under this chapter shall not exceed the amount specified  
30 in 15 U.S.C. §1673(b).

31     Sec. 14. NEW SECTION. 12L.14 **Construction.**

32     This chapter shall be construed liberally in order to  
33 effectuate its purpose.

34     Sec. 15. IMPLEMENTATION PROVISION. The treasurer of state  
35 shall provide that when the requirements of chapter 12L are

1 enacted, individuals may begin making contributions to the Iowa  
2 retirement savings plan trust, as created by section 12L.2, as  
3 enacted in this Act, no earlier than July 1, 2025.

4

EXPLANATION

5

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

6

7 This bill creates the Iowa retirement savings plan trust  
8 under the office of treasurer of state for the purpose of  
9 helping Iowans save for retirement. The bill provides that  
10 the trust be operated so that, for federal tax purposes, it  
11 meets the requirements of a retirement plan as provided by the  
12 Internal Revenue Code and functions according to other federal  
13 law.

14 The state treasurer is the trustee of the trust and has  
15 numerous powers, as specified in the bill, for the purpose of  
16 carrying out the purpose of the trust. Powers granted the  
17 treasurer of state to effectuate the purpose of the trust  
18 include entering into agreements with trust participants and  
19 employers, investing moneys in the trust, and entering into any  
20 agreements or contracts necessary to carry out the purposes of  
21 the trust.

22 The bill provides that individuals who are employed for  
23 compensation in this state are automatically enrolled in the  
24 trust by the treasurer of state with a default contribution  
25 rate set by the treasurer. A participant may opt out of the  
26 trust at any time. Employers may allow employees to have  
27 their contributions deducted from their paychecks. Employer  
28 contributions to the trust are not required, and if an employer  
29 chooses to make contributions, the employer has no proprietary  
30 right to the moneys in the trust.

31 The bill requires the treasurer of state to provide  
32 participants with reports on the trust fund at least once per  
33 year. The bill also requires that all participant account  
34 information be maintained as confidential, except as necessary  
35 to administer the trust or as agreed to in writing by the



1 person who provides the information or is the subject of the  
2 information.

3 The bill prohibits local governments from establishing  
4 or offering retirement plans for anyone other than public  
5 employees.

6 The bill provides that the state, the treasurer of state,  
7 and the trust may not guarantee any rate of return on any  
8 contributions to the trust and are not liable for any loss  
9 incurred by any person as a result of participating in the  
10 trust. The bill requires the treasurer to submit an annual  
11 audited financial report on the operations of the trust.

12 The bill provides that when the requirements of the bill  
13 are enacted, the treasurer shall not allow individuals to make  
14 contributions to the trust earlier than July 1, 2025.