

**Senate File 185 - Introduced**

SENATE FILE 185

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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:

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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 of  
4 the citizens of the state to save for their retirement years, and  
5 that a vital and valid public purpose is served by the creation  
6 and implementation of programs which encourage and make possible  
7 the attainment of financial security by the greatest number of  
8 citizens of the state. According to a study conducted in 2019 by  
9 the Iowa insurance division in conjunction with other partners,  
10 thirty-nine percent of people in this state are relying on social  
11 security for retirement and thirty-seven percent have less than  
12 five thousand dollars saved or invested for retirement. In order  
13 to make available to the citizens of the state an opportunity  
14 to fund future retirement savings needs, it is necessary that a  
15 public trust be established in which moneys may be invested for  
16 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 business,  
22 industry, profession, trade, or other enterprise in Iowa.

23 c. "*Internal Revenue Code*" means the same as defined in  
24 section 422.3.

25 d. "*Iowa retirement savings plan trust*" or "*trust*" means the  
26 trust created under section 12L.2.

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

30 f. "*Participation agreement*" means an agreement between a  
31 participant and the Iowa retirement savings plan trust entered  
32 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 Iowa retirement**

1 **savings plan trust.**

2 An Iowa retirement savings plan trust for persons employed for  
3 compensation in this state, as allowed by the Internal Revenue  
4 Code, is created for the purpose of helping Iowans save for  
5 retirement. The trust shall function according to the provisions  
6 of the federal SECURE 2.0 Act of 2022, Pub. L. No. 117-328.

7 The treasurer of state is the trustee of the trust, and has  
8 all powers necessary to carry out and effectuate the purposes,  
9 objectives, and provisions of this chapter pertaining to the  
10 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, the  
14 state, or any federal or other state agency, or other entity as  
15 required to implement this chapter.

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

18 4. Accept any grants, gifts, legislative appropriations, and  
19 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 in  
26 the trust required in order to enable participants to achieve  
27 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 to  
34 participation agreements as prescribed by the Internal Revenue  
35 Code.

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

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

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

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

15 14. Administer the funds of the trust.

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

18 Sec. 3. NEW SECTION. **12L.3 Enrollment and contributions.**

19 1. The treasurer of state shall automatically enroll an  
20 individual employed for compensation in this state, whose wages  
21 are subject to withholding by the state, in the Iowa retirement  
22 savings plan trust with a default contribution rate of five  
23 percent. A participant's contribution rate shall be adjusted  
24 at the participant's request. Participants shall be able to  
25 maintain an account regardless of place of employment and shall  
26 be able to roll over moneys into other retirement accounts. A  
27 participant may opt out of the 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 employees  
34 or offers a qualified retirement plan, including but not limited  
35 to a plan qualified under section 401(a), 401(k), 403(a), 403(b),

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

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

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

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

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

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

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

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

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

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

33 1. The treasurer of state shall segregate moneys received  
34 by the Iowa retirement savings plan trust into two funds: the  
35 program fund and the administrative fund.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10 1. The assets of the Iowa retirement savings plan trust shall  
11 at all times be preserved, invested, and expended solely and only  
12 for the purposes of the trust and shall be held in trust for the  
13 participants.

14 2. No property rights in the trust shall exist in favor of  
15 the state.

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

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

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

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

34 This chapter shall be construed liberally in order to  
35 effectuate its purpose.



1 administer the trust or as agreed to in writing by the person who  
2 provides the information or is the subject of the information.

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

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

11 The bill provides that when the requirements of the bill  
12 are enacted, the treasurer shall not allow individuals to make  
13 contributions to the trust earlier than July 1, 2026.

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