

Judicial Retirement Bill

House File 2702

Last Action:
**House Appropriations
Committee**
April 17, 2024

An Act relating to the Judicial Retirement Fund.

Fiscal Services Division
Legislative Services Agency

NOTES ON BILLS AND AMENDMENTS (NOBA)

Available online at www.legis.iowa.gov/publications/information/appropriationBillAnalysis

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SIGNIFICANT CODE CHANGES

Sets the Judicial Retirement System (JRS) contribution rates for employees at 9.35% and for the State at 30.60% for FY 2025 and beyond.

Page 1, Line 1

Repeals provisions related to the actuarial valuation procedure by the State Court Administrator.

Page 2, Line 8

House File 2702 provides for the following changes to the Code of Iowa.

Page #	Line #	Bill Section	Action	Code Section
1	1	1	Amend	602.9104.4
2	8	2	Amend	602.9116.1

1 1 Section 1. Section 602.9104, subsection 4, Code 2024, is
 1 2 amended to read as follows:
 1 3 4. As used in this section, unless the context otherwise
 1 4 requires:
 1 5 ~~a. “Actuarial valuation” means an actuarial valuation of the~~
 1 6 ~~judicial retirement system or an annual actuarial update of an~~
 1 7 ~~actuarial valuation, as required pursuant to section 602.9116.~~
 1 8 ~~b. “Fully funded status” means that the most recent~~
 1 9 ~~actuarial valuation reflects that the funded status of the~~
 1 10 ~~system is at least one hundred percent, based upon the benefits~~
 1 11 ~~provided for judges through the judicial retirement system as~~
 1 12 ~~of July 1, 2008.~~
 1 13 ~~c. a. “Judge’s required contribution” means an amount equal~~
 1 14 ~~to the basic salary of the judge multiplied by the following~~
 1 15 ~~applicable percentage:~~
 1 16 ~~(1) For the fiscal year beginning July 1, 2008, and ending~~
 1 17 ~~June 30, 2009, seven and seven-tenths percent.~~
 1 18 ~~(2) For the fiscal year beginning July 1, 2009, and ending~~
 1 19 ~~June 30, 2010, eight and seven-tenths percent.~~
 1 20 ~~(3) For nine and thirty-five hundredths percent for~~
 1 21 ~~the fiscal year beginning July 1, 2010 2024, and for each~~
 1 22 ~~subsequent fiscal year until the system attains fully funded~~
 1 23 ~~status, nine and thirty-five hundredths percent.~~
 1 24 ~~(4) Commencing with the first fiscal year in which the~~
 1 25 ~~system attains fully funded status, and for each subsequent~~
 1 26 ~~fiscal year, the percentage rate equal to forty percent of the~~
 1 27 ~~required contribution rate.~~
 1 28 ~~d. “Required contribution rate” means that percentage of the~~
 1 29 ~~basic salary of all judges covered under this article equal to~~
 1 30 ~~the actuarially required contribution rate determined by the~~
 1 31 ~~actuary pursuant to section 602.9116.~~
 1 32 ~~e. b. “State’s required contribution” means an amount equal~~
 1 33 ~~to the basic salary of all judges covered under this article~~
 1 34 ~~multiplied by the following applicable percentage:~~
 1 35 ~~(1) For thirty and six-tenths percent for the fiscal year~~
 2 1 ~~beginning July 1, 2008 2024, and for each subsequent fiscal~~
 2 2 ~~year until the system attains fully funded status, thirty and~~
 2 3 ~~six-tenths percent.~~
 2 4 ~~(2) Commencing with the first fiscal year in which the~~
 2 5 ~~system attains fully funded status, and for each subsequent~~

CODE: Sets the Judicial Retirement System (JRS) contribution rates for employees at 9.35% and for the State at 30.60% for FY 2025 and beyond, and repeals definitions.

DETAIL: The estimated covered payroll for FY 2025 is \$32,839,102. The contribution rates under current law for FY 2025 are 10.13% for employees and 15.19% for the State.

FISCAL IMPACT: Modifying the required contribution rate for employees to 9.35%, beginning in FY 2025, will decrease the cost to employees by \$256,145, or \$1,186 per employee. Modifying the required contribution rate for the State to 30.60%, beginning in FY 2025, will increase the cost to the State by \$5,060,506.

2 6 ~~fiscal year, the percentage rate equal to sixty percent of the~~
2 7 ~~required contribution rate.~~

2 8 Sec. 2. Section 602.9116, subsection 1, Code 2024, is
2 9 amended to read as follows:

2 10 1. The court administrator shall cause an actuarial
2 11 valuation to be made of the assets and liabilities of the
2 12 judicial retirement fund at least once every four years
2 13 commencing with the fiscal year beginning July 1, 1981. For
2 14 each fiscal year in which an actuarial valuation is not
2 15 conducted, the court administrator shall cause an annual
2 16 actuarial update to be prepared for the purpose of determining
2 17 the adequacy of the contribution rates specified in section
2 18 602.9104. The court administrator shall adopt actuarial
2 19 methods and assumptions, mortality tables, and other necessary
2 20 factors for use in the actuarial calculations required for
2 21 the valuation upon the recommendation of the actuary. In
2 22 addition, ~~effective with the fiscal year beginning July 1,~~
2 23 ~~2008~~, the actuarial valuation or actuarial update required to
2 24 be conducted shall include information as required by section
2 25 97D.5. Following the actuarial valuation or annual actuarial
2 26 update, the court administrator shall determine the condition
2 27 of the system; ~~determine the actuarially required contribution~~
2 28 ~~rate for each fiscal year which is the rate required by the~~
2 29 ~~system to discharge its liabilities, stated as a percentage of~~
2 30 ~~the basic salary of all judges covered under this article, and~~
2 31 ~~shall~~ report any findings and recommendations to the general
2 32 assembly.

CODE: Repeals provisions related to the actuarial valuation procedure
by the State Court Administrator.