

# PUBLIC RETIREMENT SYSTEMS COMMITTEE

## *MEMBERSHIP*

*Senator Mark Ziemann  
Co-chairperson*

*Senator Michael Connolly*

*Senator John Kibbie*

*Senator Doug Shull*

*Senator Bryan Sievers*

*Representative Jeff Elgin  
Co-chairperson*

*Representative John Connors*

*Representative Ervin Dennis*

*Representative Jack Drake*

*Representative Marcella Frevert*

## TENTATIVE AGENDA

Monday, January 26, 2004  
Room 116, State Capitol

9:00 a.m. – 11:00 a.m.

Preliminary Business

Approval of October 14-15, 2003, Meeting Minutes

Discussion of 5332hc – Technical Retirement Bill

Ed Cook, Legal Services, LSA

Committee Discussion

Adjournment

**DRAFT**  
FOR DISCUSSION PURPOSES ONLY  
DIVISION

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35

PUBLIC SAFETY PEACE OFFICERS' RETIREMENT ACCIDENT, AND  
DISABILITY SYSTEM

Section 1. Section 97A.17, subsection 1, Code 2003, is amended by adding the following new paragraph:

NEW PARAGRAPH. e. "Refund liability" means the amount the member may elect to withdraw from the former system under section 411.23.

Sec. 2. Section 97A.17, subsection 2, Code 2003, is amended to read as follows:

2. Commencing July 1, 1996, a vested member of an eligible retirement system who terminates employment covered by one eligible retirement system and, within one year, commences employment covered by the other eligible retirement system may elect to transfer the greater of the average accrued benefit or the refund liability earned from the former system to the current system. The member shall file an application with the current system for transfer of the greater of the average accrued benefit or the refund liability within ninety days of the commencement of employment with the current system.

Sec. 3. Section 97A.17, subsection 4, Code 2003, is amended to read as follows:

4. Upon receipt of an application for transfer ~~of the average-accrued-benefit~~ as provided in this section, the current system shall calculate the average accrued benefit and the refund liability and the former system shall transfer to the current system assets in an amount equal to the greater of the average accrued benefit or the refund liability. Once the transfer ~~of the average-accrued-benefit~~ is completed, the member's service under the former system shall be treated as membership service under the current system for purposes of this chapter and chapter 411.

DIVISION II

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS)

Sec. 4. Section 97B.1A, subsection 11, paragraphs a, b,

1 and c, Code Supplement 2003, are amended to read as follows:

2 a. Has attained the minimum age for receipt of a  
3 retirement allowance under this chapter.

4 b. If the member has not attained seventy years of age,  
5 has terminated all employment covered under the chapter or  
6 formerly covered under the chapter pursuant to section 97B.42  
7 in the month prior to the member's first month of entitlement.

8 c. Has filed a completed application for benefits with the  
9 system setting forth the member's intended first month of  
10 entitlement.

11 Sec. 5. Section 97B.1A, subsection 20, Code Supplement  
12 2003, is amended by adding the following new paragraph:

13 NEW PARAGRAPH. e. Employment with an employer prior to  
14 January 1, 1946, if the member is not receiving a retirement  
15 allowance based upon that employment.

16 Sec. 6. Section 97B.1A, subsection 20, Code Supplement  
17 2003, is amended by adding the following new unnumbered  
18 paragraph after paragraph d:

19 NEW UNNUMBERED PARAGRAPH. However, effective July 1, 2004,  
20 "service" does not mean service for which an employee receives  
21 remuneration from an employer for temporary employment during  
22 any quarter in which the employee is on an otherwise unpaid  
23 leave of absence that is not authorized under the federal  
24 Family and Medical Leave Act of 1993 or other similar leave.  
25 Remuneration paid by the employer for the temporary employment  
26 shall not be treated by the system as covered wages.

27 Sec. 7. Section 97B.1A, subsection 24, paragraphs a and c,  
28 Code Supplement 2003, are amended to read as follows:

29 a. "Three-year average covered wage" means, for a member  
30 who retires prior to July 1, ~~2005~~ 2008, a member's covered  
31 wages averaged for the highest three years of the member's  
32 service, except as otherwise provided in this subsection. The  
33 highest three years of a member's covered wages shall be  
34 determined using calendar years. However, if a member's final  
35 quarter of a year of employment does not occur at the end of a

1 calendar year, the system may determine the wages for the  
2 third year by computing the average quarter of all quarters  
3 from the member's highest calendar year of covered wages not  
4 being used in the selection of the two highest years and using  
5 the computed average quarter for each quarter in the third  
6 year in which no wages have been reported in combination with  
7 the final quarter or quarters of the member's service to  
8 create a full year. However, the system shall not use the  
9 member's final quarter of wages if using that quarter would  
10 reduce the member's three-year average covered wage. If the  
11 three-year average covered wage of a member exceeds the  
12 highest maximum covered wages in effect for a calendar year  
13 during the member's period of service, the three-year average  
14 covered wage of the member shall be reduced to the highest  
15 maximum covered wages in effect during the member's period of  
16 service. Notwithstanding any other provision of this  
17 paragraph to the contrary, a member's wages for the third year  
18 as computed by this paragraph shall not exceed, by more than  
19 three percent, the member's highest actual calendar year of  
20 covered wages for a member whose first month of entitlement is  
21 January 1999 or later.

22 c. "Three-year average covered wage" means, for a member  
23 who retires on or after July 1, 2005 2008, the greater of the  
24 member's covered wages averaged for a member's highest twelve  
25 consecutive quarters of service or the member's covered wages  
26 averaged for a member's highest three calendar years of  
27 service. The system shall adopt rules to implement this  
28 paragraph in accordance with the requirements of this chapter  
29 and the federal Internal Revenue Code.

30 Sec. 8. Section 97B.1A, subsection 25, paragraph a,  
31 subparagraph (4), Code Supplement 2003, is amended to read as  
32 follows:

33 (4) Has attained the age of fifty-five. However, an  
34 inactive member who has not attained sufficient years of  
35 service eligibility to become vested and who has not attained

1 the age of fifty-five as of July 1, 2004, shall not become  
2 vested upon the attainment of the age of fifty-five while an  
3 inactive member.

4 Sec. 9. Section 97B.1A, subsection 26, paragraph a,  
5 subparagraph (2), subparagraph subdivision (j), Code  
6 Supplement 2003, is amended to read as follows:

7 (j) Payments of damages, attorney fees, interest, and  
8 penalties made to satisfy a grievance, or wage claim, or  
9 employment dispute.

10 Sec. 10. Section 97B.1A, subsection 26, paragraph a,  
11 subparagraph (2), subparagraph subdivision (n), Code  
12 Supplement 2003, is amended by striking the subparagraph  
13 subdivision.

14 Sec. 11. Section 97B.1A, subsection 26, paragraph b,  
15 unnumbered paragraph 3, Code Supplement 2003, is amended to  
16 read as follows:

17 Effective July 1, 1992, "covered wages" does not include  
18 wages to a member on or after the effective date of the  
19 member's retirement, except as otherwise permitted by the  
20 system's administrative rules, unless the member is  
21 reemployed, as provided under section 97B.48A.

22 Sec. 12. NEW SECTION. 97B.9A COLLECTIONS -- WAIVER.

23 Notwithstanding any provision of this chapter to the  
24 contrary, the system may, in its sole discretion, waive the  
25 collection of benefits overpayments or contribution  
26 underpayments that occur more than three years prior to the  
27 date of discovery of the overpayment or underpayment by the  
28 system, for cases in which there is no evidence of fraud or  
29 other misconduct on the part of the affected employer or the  
30 affected member or beneficiary in providing or failing to  
31 provide information necessary to the proper calculation of  
32 contributions and payments or benefits under this chapter.

33 Sec. 13. Section 97B.14A, Code Supplement 2003, is amended  
34 to read as follows:

35 97B.14A WAGE REPORTING.

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

3 a. "Change in the schedule of wage payments" means the  
4 formal or informal deferral of wages earned in one calendar  
5 year to a later calendar year or the acceleration of the wages  
6 payable under a contract of employment to the prior calendar  
7 year by changing the period over which the contractual  
8 compensation is paid, by shortening the period of employment  
9 over which contract wages are to be paid, or similar  
10 arrangements altering the timing of wage payments.

11 b. "Distortion of the normal wage progression pattern"  
12 means an increase of ten percent or more between the covered  
13 wages reported for any two consecutive calendar years.

14 2. An employer shall report wages of employees covered by  
15 this chapter to the system in a manner and form as prescribed  
16 by the system. If the wages reported by an employer appear to  
17 be a distortion of the normal wage progression pattern for an  
18 employee, the system may request that the employer provide  
19 documentation indicating that the wages were not misreported  
20 for the purposes of causing an increase in the retirement  
21 allowance or other payments authorized to be made by this  
22 chapter shall request that the employer provide documentation  
23 explaining the reason for the distortion. If the system  
24 determines that the wages of an employee were misreported, the  
25 employer shall prepare and file wage adjustments allocating  
26 the wages to the proper wage reporting period. If the  
27 distortion of the normal wage progression pattern results from  
28 covering compensation that is excluded from the definition of  
29 covered wages, or from a change in the schedule of wage  
30 payments for an individual, the system shall remove wages that  
31 should not be covered from its records, and shall, in cases  
32 involving increases caused by a change in the schedule of wage  
33 payments, reallocate covered wages to the calendar quarters in  
34 which the covered wages would have been reported but for the  
35 change in the schedule of wage payments.

1     Sec. 14. Section 97B.17, subsection 1, Code Supplement  
2 2003, is amended to read as follows:

3     1. The system shall establish and maintain records of each  
4 member, including but not limited to the amount of wages of  
5 each member, the ~~contribution~~ contributions made on behalf of  
6 each member with interest, and interest dividends credited,  
7 beneficiary designations, and applications for benefits of any  
8 type. The records may be maintained in paper, magnetic, or  
9 electronic form, including optical disk storage, as set forth  
10 in chapter 554D. The system may accept, but shall not  
11 require, electronic records and electronic signatures to the  
12 extent permitted under chapter 554D. These records are the  
13 basis for the compilation of the retirement benefits provided  
14 under this chapter.

15     Sec. 15. Section 97B.38, Code Supplement 2003, is amended  
16 to read as follows:

17     97B.38 FEES FOR SERVICES.

18     The system may, by rule, prescribe ~~the-maximum~~ reasonable  
19 fees which may be charged for ~~services-performed-in-connection~~  
20 ~~with-any-claim-before-the-system-under-this-chapter, and any~~  
21 ~~agreement-in-violation-of-such-rules-shall-be-void~~ production  
22 costs, including staff time and materials, associated with  
23 performing its duties under this chapter for active and  
24 retired members, beneficiaries, and the general public, where  
25 such production costs are more than de minimis, as determined  
26 by the system. ~~Any-person-who-shall, with-intent-to-defraud,~~  
27 ~~in-any-manner-willfully-and-knowingly-deceive, mislead, or~~  
28 ~~threaten-any-claimant-or-prospective-claimant-or-beneficiary~~  
29 ~~under-this-chapter-by-word, circular, letter-or-advertisement,~~  
30 ~~or-who-shall-knowingly-charge-or-collect-directly-or~~  
31 ~~indirectly-any-fee-in-excess-of-the-maximum-fee, or-make-any~~  
32 ~~agreement-directly-or-indirectly-to-charge-or-collect-any-fee~~  
33 ~~in-excess-of-the-maximum-fee, prescribed-by-the-system, shall~~  
34 ~~be-deemed-guilty-of-a-fraudulent-practice.~~

35     Sec. 16. Section 97B.40, Code Supplement 2003, is amended

1 by adding the following new subsection:

2 NEW SUBSECTION. 1A. If the system determines that a  
3 person may have engaged in a fraudulent practice as described  
4 under this section, the system may, in addition to any  
5 statutory or equitable remedies provided by law, refer the  
6 matter to the auditor of state and to the appropriate law  
7 enforcement authorities for possible investigation and  
8 prosecution.

9 Sec. 17. Section 97B.42, unnumbered paragraph 8, Code  
10 Supplement 2003, is amended by striking the unnumbered  
11 paragraph and inserting in lieu thereof the following:

12 Except as otherwise provided in this section, an employer  
13 shall not sponsor and a member shall not participate in  
14 another retirement system in this state supported in whole or  
15 in part by public contributions or payments where such  
16 retirement system is in lieu of the retirement system  
17 established by this chapter. However, in addition to the  
18 retirement system established by this chapter, an employer may  
19 sponsor and a member may participate in a supplemental defined  
20 contribution plan qualified under Internal Revenue Code  
21 section 401(a), a tax-deferred annuity qualified under  
22 Internal Revenue Code section 403(b), or a deferred  
23 compensation plan qualified under Internal Revenue Code  
24 section 457, regardless of whether contributions to such  
25 supplemental plans are characterized as employer contributions  
26 or employee contributions, and subject to the applicable  
27 limits set forth in the Internal Revenue Code for such plans.  
28 A defined benefit plan that supplements the retirement system  
29 established by this chapter shall not be offered by public  
30 employers covered under this chapter.

31 Sec. 18. Section 97B.42A, subsection 4, Code Supplement  
32 2003, is amended to read as follows:

33 4. A person who becomes a member of the retirement system  
34 pursuant to subsection 3, or who is a member of the retirement  
35 system, and who has one or more years of covered wages, may



1 purchase credit, pursuant to section 97B.73, Code 2003, for  
2 one or more quarters of service prior to January 1, 1999, in  
3 which the person was employed in a position as described in  
4 section 97B.1A, subsection 8, paragraph "a", but was not a  
5 member of the retirement system.

6 Sec. 19. Section 97B.42A, subsection 5, unnumbered  
7 paragraph 2, Code Supplement 2003, is amended to read as  
8 follows:

9 A person who becomes a member of the Iowa public employees'  
10 retirement system pursuant to this subsection, and who has one  
11 or more years of covered wages, may purchase credit, pursuant  
12 to section 97B.73, Code 2003, for one or more quarters of  
13 service prior to August 1, 2000, in which the person was  
14 employed in a position as described by section 97B.1A,  
15 subsection 8, paragraph "a", subparagraph (11), but was not a  
16 member of the retirement system.

17 Sec. 20. Section 97B.43, unnumbered paragraph 3, Code  
18 Supplement 2003, is amended to read as follows:

19 Each individual who on or after July 1, 1978, was an  
20 active, vested, or retired member and who (1) made application  
21 for and received a refund of contributions made under the  
22 abolished system or (2) has on deposit with the retirement  
23 fund contributions made under the abolished system shall be  
24 entitled to credit for years of prior service in the  
25 determination of retirement allowance payments by filing a  
26 written election with the system on or after July 1, 1978, and  
27 by redepositing any withdrawn contributions under the  
28 abolished system together with interest as stated in this  
29 paragraph. Any individual who on or after July 1, 1978, is a  
30 retired member and who made application for and received a  
31 refund of contributions made under the abolished system may,  
32 by filing a written election with the system on or after July  
33 1, 1978, have the system retain fifty percent of the monthly  
34 increase in retiree benefits that will accrue to the  
35 individual because of prior service. If the monthly increase

1 in retirement benefits is less than ten dollars, the system  
2 shall retain five dollars of the scheduled increase, and if  
3 the monthly increase is less than five dollars, the provisions  
4 of this paragraph shall not apply. The system shall continue  
5 to retain such funds until the withdrawn contributions,  
6 together with interest accrued to the month in which the  
7 written election is filed, have been repaid. Due notice of  
8 this provision shall be sent to all retired members on or  
9 after July 1, 1978. However, this paragraph shall not apply  
10 to any person who received a refund of any membership service  
11 contributions unless the person repaid the membership service  
12 contributions pursuant to section 97B-74 97B.80C; but a refund  
13 of contributions remitted for the calendar quarter ending  
14 September 30, 1953 which was based entirely upon employment  
15 which terminated prior to July 4, 1953 shall not be considered  
16 as a refund of membership service contributions. The interest  
17 to be paid into the fund shall be compounded at the rates  
18 credited to member accounts from the date of payment of the  
19 refund of contributions under the abolished system to the date  
20 the member redeposits the refunded amount. The provisions of  
21 the first paragraph of this section relating to the  
22 consideration given to credited amounts shall apply to the  
23 redeposited amounts or to amounts left on deposit. Effective  
24 July 1, 1978, the provisions of this paragraph shall apply to  
25 each individual who on or after July 1, 1978, was an active,  
26 vested, or retired member, but who was not in service on July  
27 4, 1953. The period for filing the written election with the  
28 system and redepositing any withdrawn contributions together  
29 with interest accrued shall commence July 1, 1978. A member  
30 who is a retired member on or after July 1, 1978, may file  
31 written election with the system on or after July 1, 1978, to  
32 have the system retain fifty percent of the monthly increase  
33 as provided in this paragraph.

34 Sec. 21. Section 97B.43, unnumbered paragraph 4, Code  
35 Supplement 2003, is amended to read as follows:

1 Effective July 1, ~~1988~~ 2004, a member eligible for an  
2 increased retirement allowance because of the repayment of  
3 contributions under this section is entitled to receipt of  
4 ~~retroactive adjustment payments for no more than six months~~  
5 ~~immediately preceding beginning with~~ the month in which  
6 ~~written notice payment~~ was ~~submitted to~~ received by the  
7 system.

8 Sec. 22. Section 97B.45, unnumbered paragraph 2, Code  
9 Supplement 2003, is amended by striking the unnumbered  
10 paragraph.

11 Sec. 23. Section 97B.46, subsection 2, Code Supplement  
12 2003, is amended to read as follows:

13 2. A member remaining in service after attaining the age  
14 of seventy years is entitled to receive a retirement allowance  
15 under sections 97B.49A through 97B.49H, as applicable,  
16 ~~commencing with payment for the calendar month within which~~  
17 ~~the written notice is submitted to the system, except that if~~  
18 ~~the member fails to submit the notice on a timely basis,~~  
19 ~~retroactive payments shall be made for no more than six months~~  
20 ~~immediately preceding the month in which the written notice is~~  
21 ~~submitted~~ without terminating employment.

22 Sec. 24. Section 97B.47, Code Supplement 2003, is amended  
23 to read as follows:

24 97B.47 EARLY RETIREMENT DATE.

25 A member's early retirement date shall be the first of the  
26 month in which a member attains the age of fifty-five years or  
27 the first of any month after attaining the age of fifty-five  
28 years prior to the member's normal retirement date, provided  
29 such date shall be after the last day of service. ~~A member~~  
30 ~~may retire on the member's early retirement date by submitting~~  
31 ~~written notice to the system setting forth the early~~  
32 ~~retirement date which shall not be before the first day of the~~  
33 ~~sixth calendar month preceding the month in which such notice~~  
34 ~~is filed.~~

35 Sec. 25. Section 97B.48, subsections 1, 2, and 5, Code

1 Supplement 2003, are amended to read as follows:

2 1. Retirement allowances shall be paid monthly, except  
3 that, if an allowance of less than six hundred dollars a year  
4 may, at the member's option is payable pursuant to section  
5 97B.51, subsection 1, paragraph "b", the member's retirement  
6 benefit shall be paid as a lump sum in an amount equal to the  
7 sum of the member's and employer's accumulated contributions  
8 and the retirement dividends standing to the member's credit  
9 before December 31, 1966. Receipt of the lump sum payment by  
10 a member shall terminate any and all entitlement for the  
11 period of service covered of the member under this chapter and  
12 the member shall not be eligible to buy back the period of  
13 service.

14 2. The first monthly payment of a normal retirement  
15 allowance shall be paid as of the ~~normal retirement effective~~  
16 ~~date, which date shall be the later of the normal retirement~~  
17 ~~date or the first day of the sixth calendar month preceding~~  
18 ~~the month in which written notice of normal retirement is~~  
19 ~~submitted to the system~~ member's first month of entitlement.  
20 ~~Written notice under this section may consist of submission of~~  
21 ~~a completed estimate request form, a completed application for~~  
22 ~~retirement form, or a letter from the member requesting~~  
23 ~~information on retirement benefits, whichever is received~~  
24 ~~first by the system. However, a letter requesting information~~  
25 ~~on benefits or submission of a completed estimate request form~~  
26 ~~is only valid for six months following the date of its receipt~~  
27 ~~by the system, unless during that six-month period the system~~  
28 ~~receives a completed application for retirement form from the~~  
29 ~~member. A retirement allowance may only be provided~~  
30 ~~retroactively for a single six-month period. Payment of an~~  
31 ~~early retirement allowance or an allowance for retirement~~  
32 ~~after the normal retirement date shall be paid as of the~~  
33 ~~effective date of retirement subject to section 97B.45~~  
34 ~~97B.46 or 97B.47.~~ The payments shall be continued thereafter  
35 for the lifetime of the retired member except as provided in

1 section 97B.48A.

2 5. In the event that all, or any portion, of the  
3 retirement allowance payable to a member pursuant to  
4 subsection 4 shall remain unpaid solely by reason of the  
5 inability of the system to locate the member, the amounts  
6 payable shall be forfeited. ~~If the member is located after  
7 the amounts payable are forfeited, the amounts payable shall  
8 be restored.~~

9 Sec. 26. Section 97B.48, Code Supplement 2003, is amended  
10 by adding the following new subsections:

11 NEW SUBSECTION. 6. If the system determines that the  
12 accumulated contributions of a member, payable to a living  
13 member who has had a break in service or to a beneficiary of a  
14 deceased member, are less than three thousand dollars, the  
15 lump sum amount payable under this chapter shall be paid to  
16 the living member or beneficiary in full satisfaction of all  
17 rights of the member or beneficiary to receive any payments  
18 under the system. For purposes of this section, a "break in  
19 service" means five consecutive calendar years in which no  
20 wages are reported to the system. The lump sum payment shall  
21 be made within one hundred eighty days after the calendar year  
22 in which the member completes a break in service or dies,  
23 whichever is applicable. A member or beneficiary who receives  
24 a mandatory distribution under this subsection shall have  
25 sixty days to return the distribution to the system and  
26 restore the member's or beneficiary's account.

27 NEW SUBSECTION. 7. Effective July 1, 2005, monthly  
28 retirement allowance payments shall be directly deposited  
29 without charge to a retired member's account via electronic  
30 funds transfer. A retired member may elect to receive monthly  
31 allowance payments as paper warrants in lieu of electronic  
32 funds transfers, but the system shall charge an administrative  
33 fee for processing such paper warrants. The fee shall be  
34 automatically deducted from the monthly retirement allowance  
35 before the warrant is issued to the retired member.

1 Sec. 27. Section 97B.48A, Code Supplement 2003, is amended  
2 by adding the following new subsection:

3 NEW SUBSECTION. 5. If a retired reemployed member incurs  
4 a break in service, as defined in section 97B.48, and the  
5 member has failed to request an increase in the member's  
6 monthly allowance or a distribution of the member's and  
7 employer's accumulated contributions prior to the break in  
8 service, and if the amount of the increase in the member's  
9 monthly retirement allowance would be less than six hundred  
10 dollars per year, the system shall distribute the lump sum  
11 amount payable under subsection 4. The lump sum payment shall  
12 be made within one hundred eighty days after the calendar year  
13 in which the member has a break in service. A member who  
14 receives a mandatory distribution under this subsection shall  
15 have sixty days to return the distribution to the system and  
16 request an increase in the member's monthly allowance.

17 Sec. 28. Section 97B.50, subsection 2, Code Supplement  
18 2003, is amended to read as follows:

19 2. a. A vested member who retires from the retirement  
20 system due to disability and commences receiving disability  
21 benefits pursuant to the federal Social Security Act, 42  
22 U.S.C. § 423 et seq., and who has not reached the normal  
23 retirement date, shall receive benefits as selected under  
24 section 97B.51, and shall not have benefits reduced upon  
25 retirement as required under subsection 1 regardless of  
26 whether the member has completed thirty or more years of  
27 membership service. However, the benefits shall be suspended  
28 during any period in which the member returns to covered  
29 employment. This section takes effect July 1, 1990, for a  
30 member meeting the requirements of this paragraph who retired  
31 from the retirement system at any time after July 4, 1953.  
32 Eligible members retiring on or after July 1, 2000, are  
33 entitled to the receipt of retroactive adjustment payments for  
34 no more than thirty-six months immediately preceding the month  
35 in which written notice-of application for retirement due to

1 disability was ~~submitted to~~ received by the system,  
2 notwithstanding the requirements of subsection 4.

3     b. A vested member who retires from the retirement system  
4 due to disability and commences receiving disability benefits  
5 pursuant to the federal Railroad Retirement Act, 45 U.S.C. §  
6 231 et seq., and who has not reached the normal retirement  
7 date, shall receive benefits as selected under section 97B.51,  
8 and shall not have benefits reduced upon retirement as  
9 required under subsection 1 regardless of whether the member  
10 has completed thirty or more years of membership service.  
11 However, the benefits shall be suspended during any period in  
12 which the member returns to covered employment. This section  
13 takes effect July 1, 1990, for a member meeting the  
14 requirements of this paragraph who retired from the retirement  
15 system at any time since July 4, 1953. Eligible members  
16 retiring on or after July 1, 2000, are entitled to the receipt  
17 of retroactive adjustment payments for no more than thirty-six  
18 months immediately preceding the month in which written notice  
19 of application for retirement due to disability was ~~submitted~~  
20 to received by the system, notwithstanding the requirements of  
21 subsection 4.

22     c. A vested member who terminated service due to a  
23 disability, who has been issued payment for a refund pursuant  
24 to section 97B.53, and who subsequently commences receiving  
25 disability benefits as a result of that disability pursuant to  
26 the federal Social Security Act, 42 U.S.C. § 423 et seq. or  
27 the federal Railroad Retirement Act, 45 U.S.C. § 231 et seq.,  
28 may receive credit for membership service for the period  
29 covered by the refund payment, upon repayment to the system of  
30 the actuarial cost of receiving service credit for the period  
31 covered by the refund payment, as determined by the system.  
32 For purposes of this paragraph, the actuarial cost of the  
33 service purchase shall be determined as provided in section  
34 ~~97B-74~~ 97B.80C. The payment to the system as provided in this  
35 paragraph shall be made within ninety days after July 1, 2000,

1 or the date federal disability payments commenced, whichever  
2 occurs later. For purposes of this paragraph, the date  
3 federal disability payments commence shall be the date that  
4 the member actually receives the first such payment,  
5 regardless of any retroactive payments included in that  
6 payment. A member who repurchases service credit under this  
7 paragraph and applies for retirement benefits shall have the  
8 member's monthly allowance, including retroactive adjustment  
9 payments, determined in the same manner as provided in  
10 paragraph "a" or "b", as applicable. This paragraph shall not  
11 be implemented until the system has received a determination  
12 letter from the federal internal revenue service approving the  
13 system's plan's qualified status under Internal Revenue Code  
14 section 401(a).

15 Sec. 29. Section 97B.50, subsection 4, Code Supplement  
16 2003, is amended by striking the subsection.

17 Sec. 30. Section 97B.50A, subsection 5, Code Supplement  
18 2003, is amended to read as follows:

19 5. OFFSET TO ALLOWANCE. Notwithstanding any provisions to  
20 the contrary in state law, or any applicable contract or  
21 policy, any amounts which may be paid or payable by the  
22 employer under any workers' compensation, unemployment  
23 compensation, employer-paid disability plan, program, or  
24 policy, or other law to a member, and any disability payments  
25 the member receives pursuant to the federal Social Security  
26 Act, 42 U.S.C. § 423 et seq., shall be offset against and  
27 payable in lieu of any retirement allowance payable pursuant  
28 to this section on account of the same disability.

29 Sec. 31. Section 97B.52, subsection 1, unnumbered  
30 paragraph 1, Code Supplement 2003, is amended to read as  
31 follows:

32 If a an inactive member, with at least sixteen calendar  
33 quarters of service credit, or any active member dies prior to  
34 the member's first month of entitlement, the member's  
35 beneficiary shall be entitled to receive a death benefit equal



1 to the greater of the amount provided in paragraph "a" or "b".  
2 If an inactive member with less than sixteen calendar quarters  
3 of service credit dies prior to the member's first month of  
4 entitlement, the member's beneficiary shall only be entitled  
5 to receive a death benefit, as a lump sum, equal to the amount  
6 provided in paragraph "a".

7 Sec. 32. Section 97B.52, subsection 5, unnumbered  
8 paragraph 3, Code Supplement 2003, is amended to read as  
9 follows:

10 In the event that all, or any portion, of the death benefit  
11 payable to the member's designated beneficiary, heirs at law,  
12 or estate, shall remain unpaid solely by reason of the  
13 inability of the system to locate the payee, the amount  
14 payable shall be forfeited after the time for making a claim  
15 has run. ~~However, if the appropriate payee is located after~~  
16 ~~the death benefit is forfeited, the benefit shall be restored.~~

17 Sec. 33. Section 97B.52, subsection 7, Code Supplement  
18 2003, is amended to read as follows:

19 7. If a member has not filed a designation of beneficiary  
20 with the system, the death benefit is payable to the member's  
21 estate. If no designation has been filed and an estate is not  
22 probated, the death benefit shall be paid to the surviving  
23 spouse, if any. If no designation has been filed, no estate  
24 has been probated, and there is no surviving spouse, the death  
25 benefit shall be paid to the heirs as provided in this  
26 subsection. Effective January 15, 2004, the system shall pay  
27 the full amount of a member's death benefits to those heirs  
28 who have presented a claim for such benefits within five years  
29 after the member's date of death. The system is not liable  
30 for the payment of any claims by heirs who make themselves  
31 known to the system more than five years after the date of  
32 death of the member. Otherwise If a death benefit is not paid  
33 as provided by this subsection, the death benefit shall remain  
34 in the fund.

35 Sec. 34. Section 97B.53, subsection 4, Code Supplement

1 2003, is amended to read as follows:

2 4. A member has not terminated employment for purposes of  
3 this section if the member accepts commences other covered  
4 employment within thirty days after ~~receiving-the-last-payment~~  
5 ~~of-wages-for~~ the date employment was terminated with a covered  
6 employment employer, or if the member begins covered  
7 employment prior to filing a request for a refund with the  
8 system.

9 Sec. 35. Section 97B.53B, subsection 1, paragraph c,  
10 subparagraph (2), subparagraph subdivision (c), Code  
11 Supplement 2003, is amended to read as follows:

12 (c) The Prior to January 1, 2002, the portion of any  
13 distribution that is not includible in the gross income of the  
14 distributee, determined without regard to the exclusion for  
15 net unrealized appreciation with respect to employer  
16 securities.

17 Sec. 36. Section 97B.73B, subsection 2, paragraph b, Code  
18 Supplement 2003, is amended to read as follows:

19 b. For a purchase of membership service on or after July  
20 1, 2002, the actuarial cost of the service purchase in a  
21 manner as provided in section ~~97B.73~~ 97B.80C.

22 Sec. 37. Section 97B.73B, subsection 2, Code Supplement  
23 2003, is amended by adding the following new paragraph:

24 NEW PARAGRAPH. c. Effective July 1, 2004, a member  
25 eligible for an increased retirement allowance because of the  
26 payment of contributions under this section is entitled to  
27 adjusted payments beginning with the month in which the member  
28 pays contributions under this section.

29 Sec. 38. Section 97B.80, subsection 3, Code Supplement  
30 2003, is amended to read as follows:

31 ~~3. The-system-shall-adjust-benefits-for-a-six-month-period~~  
32 ~~prior-to-the-date-the-member-pays-contributions-under-this~~  
33 ~~section-if-the-member-is-receiving-a-retirement-allowance-at~~  
34 ~~the-time-the-contribution-payment-is-made.~~ Verification of  
35 active duty service and payment of contributions shall be made

1 to the system. However, a member is not eligible to make  
2 contributions under this section if the member is receiving,  
3 is eligible to receive, or may in the future be eligible to  
4 receive retirement pay from the United States government for  
5 active duty in the armed forces, except for retirement pay  
6 granted by the United States government under retired pay for  
7 nonregular service pursuant to 10 U.S.C. § 12731-- 12739. A  
8 member receiving retired pay for nonregular service who makes  
9 contributions under this section shall provide information  
10 required by the system documenting time periods covered under  
11 retired pay for nonregular service.

12 Sec. 39. Section 97B.80, subsection 4, Code Supplement  
13 2003, is amended by striking the subsection and inserting in  
14 lieu thereof the following:

15 4. Effective July 1, 2004, a member eligible for an  
16 increased retirement allowance because of the payment of  
17 contributions under this section is entitled to adjusted  
18 payments beginning with the month in which the member pays  
19 contributions under this section.

20 Sec. 40. Section 97B.80C, subsection 1, paragraph a, Code  
21 Supplement 2003, is amended to read as follows:

22 a. "Nonqualified service" means service that is not  
23 qualified service, and includes, but is not limited to, any of  
24 the following:

25 (1) Full-time volunteer public service in the federal  
26 peace corps program.

27 (2) Public employment comparable to employment covered  
28 under this chapter in a qualified Canadian governmental entity  
29 that is an elementary school, secondary school, college, or  
30 university that is organized, administered, and primarily  
31 supported by the provincial, territorial, or federal  
32 governments of Canada, or any combination of the same.

33 Sec. 41. Section 97B.80C, subsection 1, paragraph c,  
34 subparagraph (1), Code Supplement 2003, is amended by adding  
35 the following new subparagraph subdivisions:

1 NEW SUBPARAGRAPH SUBDIVISION. (e) Service as a member of  
2 the general assembly.

3 NEW SUBPARAGRAPH SUBDIVISION. (f) Previous service as a  
4 county attorney by a part-time county attorney.

5 NEW SUBPARAGRAPH SUBDIVISION. (g) Service in public  
6 employment comparable to employment covered under this chapter  
7 in another state or in the federal government, or service as a  
8 member of another public retirement system in this state,  
9 including but not limited to the teachers insurance and  
10 annuity association-college retirement equities fund (TIAA-  
11 CREF), if the member was not retired under that system and has  
12 no further claim upon a retirement benefit from that other  
13 public system.

14 NEW SUBPARAGRAPH SUBDIVISION. (h) Service as a member of  
15 the retirement system at any time on or after July 4, 1953, if  
16 the member received a refund of the member's accumulated  
17 contributions for that period of membership service.

18 NEW SUBPARAGRAPH SUBDIVISION. (i) An approved leave of  
19 absence which does not constitute service as defined in  
20 section 97B.1A, which is granted on or after July 1, 1998.

21 NEW SUBPARAGRAPH SUBDIVISION. (j) Employment of a person  
22 who at the time of the employment was not covered by this  
23 chapter, was employed by a covered employer under this  
24 chapter, and did not opt out of coverage under this chapter.

25 NEW SUBPARAGRAPH SUBDIVISION. (k) Employment of a person  
26 as an adjunct instructor as defined in section 97B.1A,  
27 subsection 8.

28 Sec. 42. Section 97B.80C, subsection 3, Code Supplement  
29 2003, is amended to read as follows:

30 3. a. A member making contributions for a purchase of  
31 permissive service credit under this section, except as  
32 otherwise provided by this subsection, shall make  
33 contributions in an amount equal to the actuarial cost of the  
34 permissive service credit purchase. ~~For purposes of this~~  
35 ~~subsection, the actuarial cost of the service purchase is an~~

~~1 amount-determined-by-the-system-in-accordance-with-actuarial  
2 tables, as reported to the system by the system's actuary,  
3 which reflects the actuarial cost necessary to fund an  
4 increased retirement allowance resulting from the purchase of  
5 permissive service credit.~~

6 b. For a member making contributions for a purchase of  
7 permissive service credit for qualified service as described  
8 in subsection 1, paragraph "c", subparagraph (1), subparagraph  
9 subdivision (e), under this section, the member shall make  
10 contributions in an amount equal to forty percent of the  
11 actuarial cost of the service purchase. There is appropriated  
12 from the general fund of the state to the system an amount  
13 sufficient to pay sixty percent of the actuarial cost of the  
14 service purchase by a member pursuant to this paragraph.

15 c. For a member making contributions for a purchase of  
16 permissive service credit for qualified service as described  
17 in subsection 1, paragraph "c", subparagraph (1), subparagraph  
18 subdivision (f), under this section, the member shall make  
19 contributions in an amount equal to forty percent of the  
20 actuarial cost of the service purchase. Upon notification of  
21 the applicable county board of supervisors of the member's  
22 election, the county board of supervisors shall pay to the  
23 system an amount sufficient to pay sixty percent of the  
24 actuarial cost of the service purchase by a member pursuant to  
25 this paragraph.

26 d. For purposes of this subsection, the actuarial cost of  
27 the service purchase is an amount determined by the system in  
28 accordance with actuarial tables, as reported to the system by  
29 the system's actuary, which reflects the actuarial cost  
30 necessary to fund an increased retirement allowance resulting  
31 from the purchase of permissive service credit.

32 Sec. 43. Section 97B.80C, Code Supplement 2003, is amended  
33 by adding the following new subsections:

34 NEW SUBSECTION. 3A. Effective July 1, 2004, a member  
35 eligible for an increased retirement allowance because of the

1 payment of contributions under this or any other section  
2 providing for the purchase of service credit is entitled to  
3 adjusted payments beginning with the month in which the member  
4 pays contributions under the applicable section.

5 NEW SUBSECTION. 3B. Effective July 1, 2004, a purchase of  
6 service made in accordance with this or any other section  
7 providing for the purchase of service credit by a retired  
8 reemployed member shall be applied to the member's original  
9 retirement allowance. The member is eligible to receive  
10 adjustment payments beginning with the month of the purchase.

11 NEW SUBSECTION. 3C. A member who is entitled to a benefit  
12 from another public retirement system and wishes to purchase  
13 the service covered by that public retirement system must  
14 waive, on a form provided by the Iowa public employees'  
15 retirement system, all rights to a retirement benefit under  
16 that other public system before purchasing credit in this  
17 system for the period of service covered by that other public  
18 system. The waiver must be accepted by the other public  
19 system. If the waiver is not obtained, a member may buy up to  
20 twenty quarters of such service credit. In no event can a  
21 member receive more than one service credit for any given  
22 calendar quarter.

23 NEW SUBSECTION. 3D. A purchase of permissive service  
24 credit for qualified service, as described in subsection 1,  
25 paragraph "c", subparagraph (1), subparagraph subdivision (h),  
26 under this section, requested after January 14, 2004, shall  
27 not restore the member's wage records with respect to the  
28 period of membership service covered by the refund for use in  
29 future benefit calculations. A buy-back under this section  
30 requested after January 14, 2004, shall only restore service  
31 credit.

32 Sec. 44. Sections 97B.72, 97B.72A, 97B.73, 97B.73A,  
33 97B.74, 97B.75, 97B.80A, 97B.80B, and 97B.81, Code Supplement  
34 2003, are repealed.

35 Sec. 45. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY.

1 1. The section of this Act amending section 97B.52,  
2 subsection 7, being deemed of immediate importance, takes  
3 effect upon enactment and is retroactively applicable to  
4 January 15, 2004, and is applicable on and after that date.

5 2. The section of this Act amending section 97B.53B,  
6 subsection 1, paragraph "c", being deemed of immediate  
7 importance, takes effect upon enactment and is retroactively  
8 applicable to January 1, 2002, and is applicable on and after  
9 that date.

10 3. The section this Act enacting section 97B.80C,  
11 subsection 3D, being deemed of immediate importance, takes  
12 effect upon enactment and is retroactively applicable to  
13 January 14, 2004, and is applicable on and after that date.

14 DIVISION III

15 STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM

16 Sec. 46. Section 411.5, Code 2003, is amended by adding  
17 the following new subsection:

18 NEW SUBSECTION. 14. MEDICAL RECORDS. A physician or  
19 surgeon, physician assistant, advanced registered nurse  
20 practitioner, or mental health professional who provides  
21 records to the system in connection with the application by a  
22 member for disability retirement under this chapter shall be  
23 entitled to charge a fee for production of the records. The  
24 fee for copies of any records shall not exceed the actual cost  
25 of production. The board of trustees may, by rule, limit the  
26 amount to be paid for such copies.

27 Sec. 47. Section 411.6, subsection 7, unnumbered paragraph  
28 1, Code 2003, is amended to read as follows:

29 ~~Re-examination~~ Reexamination of beneficiaries retired on  
30 account of disability. ~~Once-each-year-during-the-first-five~~  
31 ~~years-following-the-retirement-of-a-member-on-a-disability~~  
32 ~~retirement-allowance, and once-in-every-three-year-period~~  
33 ~~thereafter, the~~ The system may, and upon the member's  
34 application shall, require any disability beneficiary who has  
35 not yet attained age fifty-five to undergo a medical

1 examination at a place designated by the medical board. The  
2 examination shall be made by the medical board or in special  
3 cases, by an additional physician or physicians designated by  
4 such board. If any disability beneficiary who has not  
5 attained the age of fifty-five refuses to submit to the  
6 medical examination, the member's allowance may be  
7 discontinued until withdrawal of such refusal, and if the  
8 refusal continues for one year all rights in and to the  
9 member's pension may be revoked by the system. For a  
10 disability beneficiary who has not attained the age of fifty-  
11 five and whose entitlement to a disability retirement  
12 commenced on or after July 1, 2000, the medical board may, as  
13 part of the examination required by this subsection, suggest  
14 appropriate medical treatment or rehabilitation if, in the  
15 opinion of the medical board, the recommended treatment or  
16 rehabilitation would likely restore the disability beneficiary  
17 to duty.

18 Sec. 48. Section 411.6, subsection 7, paragraph a,  
19 unnumbered paragraph 2, Code 2003, is amended to read as  
20 follows:

21 A beneficiary retired under this lettered paragraph, in  
22 order to be eligible for continued receipt of retirement  
23 benefits, shall no later than May 15 of each year submit to  
24 the system a copy of the beneficiary's federal individual  
25 income tax return for the preceding year. The beneficiary  
26 shall also submit, within a reasonable period of time, any  
27 documentation requested by the system that is determined to be  
28 necessary by the system to determine the beneficiary's gross  
29 wages.

30 Sec. 49. Section 411.6, subsection 17, paragraphs a and b,  
31 Code 2003, are amended to read as follows:

32 a. An individual who is otherwise entitled to a retirement  
33 allowance under this chapter shall not receive a retirement  
34 allowance for any month during which ~~both-of the following~~  
35 ~~conditions-exist:~~



1     ~~(1)~~--The individual is confined in a jail, prison, or other  
2     correctional facility pursuant to the individual's conviction  
3     of a felony.

4     ~~(2)~~--~~The individual has a spouse, or a child or children,~~  
5     ~~as defined in section 411.1.~~ Payments to the individual shall  
6     be reinstated prospectively effective with the date of the  
7     individual's release from confinement.

8     b. The amount of the retirement allowance not paid to the  
9     individual under paragraph "a" shall be paid in the following  
10    order of priority:

11    (1) To the individual's spouse, if any.

12    (2) If there is no spouse, then to the individual's child  
13    or children, as defined in section 411.1, if any.

14    (3) If there is no spouse or child, then no retirement  
15    allowance shall be paid for any month of the individual's  
16    confinement.

17    Sec. 50. Section 411.6B, subsection 1, Code 2003, is  
18    amended to read as follows:

19    1. As used in this section, unless the context otherwise  
20    requires, and to the extent permitted by the internal revenue  
21    service:

22    a. "Direct rollover" means a payment by the system to the  
23    eligible retirement plan specified by the member or the  
24    member's surviving spouse, or the member's alternate payee  
25    under a marital property order who is the member's spouse or  
26    former spouse.

27    b. "Eligible retirement plan" means either any of the  
28    following that accepts an eligible rollover distribution from  
29    a member, or a member's surviving spouse, or a member's  
30    alternate payee:

31    (1) An individual retirement account in accordance with  
32    section 408(a) of the federal Internal Revenue Code.

33    (2) An individual retirement annuity in accordance with  
34    section 408(b) of the federal Internal Revenue Code.

35    In addition, an "eligible retirement plan" includes an

1 annuity plan in accordance with section 403(a) of the federal  
2 Internal Revenue Code, or a qualified trust in accordance with  
3 section 401(a) of the federal Internal Revenue Code, that  
4 accepts an eligible rollover distribution from a member.  
5 Effective January 1, 2002, the term "eligible retirement plan"  
6 also includes an annuity contract described in section 403(b)  
7 of the federal Internal Revenue Code, and an eligible plan  
8 under section 457(b) of the federal Internal Revenue Code  
9 which is maintained by a state, political subdivision of a  
10 state, or any agency or instrumentality of a state or  
11 political subdivision of a state that chooses to separately  
12 account for amounts rolled over into such eligible retirement  
13 plan from the system.

14 c. "Eligible rollover distribution" means all or any  
15 portion of a member's account, except that an eligible  
16 rollover distribution does not include any of the following:

17 (1) A distribution that is one of a series of  
18 substantially equal periodic payments, which occur annually or  
19 more frequently, made for the life or life expectancy of the  
20 distributee or the joint lives or joint life expectancies of  
21 the distributee and the distributee's designated beneficiary,  
22 or made for a specified period of ten years or more.

23 (2) A distribution to the extent that the distribution is  
24 required pursuant to section 401(a)(9) of the federal Internal  
25 Revenue Code.

26 (3) The portion of any distribution that is not includible  
27 in the gross income of the distributee, determined without  
28 regard to the exclusion for net unrealized appreciation with  
29 respect to employer securities. Provided, however, that  
30 effective January 1, 2002, such distributions may be directly  
31 rolled over to an individual retirement account described in  
32 federal Internal Revenue Code section 408(a) or 408(b), a  
33 qualified defined contribution plan described in federal  
34 Internal Revenue Code section 401(a), or a qualified annuity  
35 plan described in federal Internal Revenue Code section

1 403(a), if such plan agrees to separately account for the  
2 after-tax amount so rolled over.

3 (4) A distribution of less than two hundred dollars of  
4 taxable income.

5 Sec. 51. Section 411.22, subsection 1, paragraph b, Code  
6 2003, is amended to read as follows:

7 b. A sum sufficient to pay the retirement system the  
8 present worth, computed at the interest rate ~~provided in~~  
9 ~~section-535-3-for-court-judgments-and-decrees~~ assumption  
10 adopted by the system pursuant to section 411.5, subsection 9,  
11 of the future payments of such benefits, for which the  
12 retirement system is liable, but the sum is not a final  
13 adjudication of the future payments which the member is  
14 entitled to receive.

15 Sec. 52. Section 411.31, subsection 1, Code 2003, is  
16 amended by adding the following new paragraph:

17 NEW PARAGRAPH. e. "Refund liability" means the amount the  
18 member may elect to withdraw from the former system under  
19 section 97A.16.

20 Sec. 53. Section 411.31, subsection 2, Code 2003, is  
21 amended to read as follows:

22 2. Commencing July 1, 1996, a vested member of an eligible  
23 retirement system who terminates employment covered by one  
24 eligible retirement system and, within one year, commences  
25 employment covered by the other eligible retirement system may  
26 elect to transfer the greater of the average accrued benefit  
27 or refund liability earned from the former system to the  
28 current system. The member shall file an application with the  
29 current system for transfer of the greater of the average  
30 accrued benefit or refund liability within ninety days of the  
31 commencement of employment with the current system.

32 Sec. 54. Section 411.31, subsection 4, Code 2003, is  
33 amended to read as follows:

34 4. Upon receipt of an application for transfer ~~of the~~  
35 average-accerued-benefit as provided in this section, the

1 current system shall calculate the average accrued benefit and  
2 the refund liability and the former system shall transfer to  
3 the current system assets in an amount equal to the greater of  
4 the average accrued benefit or refund liability. Once the  
5 transfer ~~of-the-average-accrued-benefit~~ is completed, the  
6 member's service under the former system shall be treated as  
7 membership service under the current system for purposes of  
8 this chapter and chapter 97A.

9 Sec. 55. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY. The  
10 section of this Act amending section 411.6B, subsection 1,  
11 being deemed of immediate importance, takes effect upon  
12 enactment and is retroactively applicable to January 1, 2002,  
13 and is applicable on and after that date.

14 EXPLANATION

15 This bill makes numerous changes to public retirement  
16 systems, including the public safety peace officers'  
17 retirement, accident, and disability system, the Iowa public  
18 employees' retirement system, and the statewide fire and  
19 police retirement system. The bill may include a state  
20 mandate as defined in Code section 25B.3. The state mandate  
21 funding requirement in Code section 25B.2, however, does not  
22 apply to public employee retirement systems. The changes to  
23 each public retirement system are as follows:

24 PUBLIC SAFETY PEACE OFFICERS' RETIREMENT, ACCIDENT, AND  
25 DISABILITY SYSTEM (PORS)

26 Code section 97A.17, concerning portability of service  
27 between membership in PORS and the statewide fire and police  
28 retirement system under Code chapter 411, is amended. The  
29 change provides that the amount transferred from the former to  
30 the new or current retirement system to obtain service credit  
31 in the current system is the greater of the average accrued  
32 benefit earned or the amount the member could receive as a  
33 refund from terminating service under the former system.  
34 Under current law, only the average accrued benefit amount is  
35 considered and transferred. A corresponding change to Code

1 section 411.31 is also made.

2 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS)

3 Code section 97B.1A, subsection 11, defining first month of  
4 entitlement, is amended to require that a member making  
5 application for a retirement allowance designate the member's  
6 intended first month of entitlement.

7 Code section 97B.1A, subsection 20, defining service, is  
8 amended to provide that service does not include temporary  
9 employment during any quarter the member is otherwise on an  
10 unpaid leave of absence that is not authorized by the federal  
11 Family and Medical Leave Act.

12 Code section 97B.1A, subsection 24, paragraphs "a" and "c",  
13 are amended to change the date for changing the method of  
14 determining a member's three-year average covered wage to a  
15 calculation based on the member's highest 12 consecutive  
16 quarters of service from July 1, 2005, to July 1, 2008.

17 Code section 97B.1A, subsection 25, is amended to provide  
18 that an inactive member of IPERS does not become vested under  
19 IPERS solely by reaching age 55.

20 Code section 97B.1A, subsection 26, concerning the  
21 definition of wages, is amended to provide that payments  
22 received from an employment dispute, and payments made for the  
23 difference between single and family insurance coverage, are  
24 not wages for purposes of calculating a retirement allowance.  
25 In addition, the subsection is amended to provide that wages  
26 to a member on or after the member's retirement can be  
27 considered covered wages pursuant to rules adopted by IPERS.

28 New Code section 97B.9A permits IPERS to waive the  
29 collection of benefits overpayments or contribution  
30 underpayments if they occurred more than three years before  
31 the overpayment or underpayment is discovered if there is no  
32 evidence of fraud or misconduct.

33 Code section 97B.14A, concerning wage reporting, is amended  
34 relating to the issue of whether wages reported appear to be a  
35 distortion of the normal wage progression pattern for an

1 employee. The change defines this distortion as an increase  
2 of 10 percent or more between wages reported for any two  
3 consecutive calendar years. The change permits IPERS to  
4 adjust or reallocate a member's wages if the distortion of the  
5 normal wage progression resulted from covering compensation  
6 that is excluded from the definition of covered wages or from  
7 a change in the schedule of wage payments for an individual.

8 Code section 97B.17, concerning records maintained by  
9 IPERS, is amended to permit storage and acceptance of  
10 electronic records as permitted under Code chapter 554D.

11 Code section 97B.38 is amended to permit IPERS to charge an  
12 administrative fee for the cost of performing its duties under  
13 this chapter if the cost is more than de minimis.

14 Code section 97B.40, concerning fraud, is amended to  
15 provide that if IPERS believes a person may have engaged in  
16 fraud, IPERS can refer the matter to the state auditor and to  
17 the appropriate law enforcement authorities.

18 Code section 97B.42, concerning membership in other  
19 retirement systems, is amended to provide that an IPERS member  
20 may also participate in certain supplemental savings plans,  
21 including a supplemental defined contribution plan qualified  
22 under Internal Revenue Code section 401(a), a tax-deferred  
23 annuity qualified under Internal Revenue Code section 403(b),  
24 or a deferred compensation plan qualified under Internal  
25 Revenue Code section 457, regardless of whether contributions  
26 to such supplemental plans are characterized as employer  
27 contributions or employee contributions, and subject to the  
28 applicable limits set forth in the Internal Revenue Code for  
29 such plans. The change does not permit a supplemental defined  
30 benefit plan. Under current law, only a deferred compensation  
31 plan or tax-sheltered annuity are permitted.

32 Code sections 97B.43, 97B.45, 97B.46, 97B.47, 97B.48,  
33 97B.50, 97B.73B, 97B.80, and 97B.80C, concerning the payment  
34 of a retirement allowance, or adjusted retirement allowance,  
35 under Code chapter 97B, are amended to eliminate the ability

1 of an IPERS member to request and obtain up to six months of  
2 retroactive payments of an allowance. The sections are  
3 amended to only provide for payments once an application for  
4 an allowance, or adjustment of allowance, is made to the  
5 system.

6 Code section 97B.48, concerning payment of allowances, is  
7 amended. Subsection 1 is amended to provide that if an annual  
8 retirement benefit would be less than \$600, the payment must  
9 be in a lump sum equal to the sum of the member's and  
10 employer's accumulated contributions. Subsection 2 is amended  
11 to provide that the first monthly payment of a retirement  
12 allowance shall be in the member's first month of entitlement.  
13 Subsection 5 is amended to remove a provision providing for  
14 the reinstatement of benefits if the member is located after  
15 the benefits have been forfeited.

16 Code section 97B.48 is also amended by adding new  
17 subsection 6, which provides that if the accumulated  
18 contributions of a member who has had a five-year break in  
19 service or is deceased are less than \$3,000, that amount shall  
20 be paid to the member, or the member's beneficiary, in full  
21 satisfaction of the member's claims under IPERS. A member or  
22 beneficiary has 60 days to repay the distribution and regain  
23 rights under IPERS.

24 Code section 97B.48 is also amended by adding new  
25 subsection 7, which provides that beginning July 1, 2005,  
26 IPERS will charge a processing fee to members who elect to  
27 receive paper warrants in lieu of electronic deposits of their  
28 IPERS retirement allowance.

29 Code section 97B.48A is amended to provide a mandatory  
30 distribution of a member's and employer's accumulated  
31 contributions not used in the calculation of the member's  
32 retirement for retired reemployed members who fail to  
33 annuitize or receive a lump sum distribution of their  
34 reemployment account balance within five years after  
35 terminating the reemployment if the increase in the member's

1 retirement allowance based on this amount would be less than  
2 \$600 per year. A member has 60 days to repay the distribution  
3 and regain rights under IPERS.

4 Code section 97B.50A is amended to provide that the offset  
5 concerning disability payments for special service members for  
6 employer-provided disability benefits includes payments under  
7 an employer-provided disability plan or insurance policy.

8 Code section 97B.52, subsection 1, is amended to provide  
9 that the option of receiving an IPERS preretirement death  
10 benefit, which is the actuarial present value of the member's  
11 accrued IPERS benefit, is only available to a beneficiary of  
12 an inactive member if the inactive member had at least 16  
13 quarters of service credit.

14 Code section 97B.52, subsection 5, is amended to delete  
15 provisions providing for the reinstatement of previously  
16 forfeited death benefits if the appropriate payee is located  
17 after the benefit is restored.

18 Code section 97B.52, subsection 7, is amended to permit  
19 IPERS to pay the share of a death benefit attributable to  
20 heirs who have not presented claims for benefit to the heirs  
21 who have presented such claims, if such claims are not  
22 presented within five years after the date of death. This  
23 provision takes effect upon enactment and applies  
24 retroactively to January 15, 2004.

25 Code section 97B.53, subsection 4, concerning refund  
26 options for members terminating employment, is amended to  
27 provide that the 30-day period of required severance from  
28 covered employment begins on the termination date, and not on  
29 the date the last wages were paid.

30 Code section 97B.53B, concerning rollovers of member's  
31 accounts, is amended to permit nontaxable amounts to be rolled  
32 over into an eligible retirement plan beginning January 1,  
33 2002. This provision takes effect upon enactment and is  
34 retroactively applicable to January 1, 2002.

35 Code section 97B.80C, concerning purchases of permissive



1 service, is amended to cover all purchases of service credit  
2 under the system, except for purchases by patient advocates  
3 under Code section 97B.73B, veteran's credit under Code  
4 section 97B.80, and direct rollovers and transfers under Code  
5 section 97B.82. Current Code sections specifically permitting  
6 purchases of service for members of the general assembly under  
7 Code section 97B.72, former legislative service under Code  
8 section 97B.72A, members from other public systems under Code  
9 section 97B.73, part-time county attorneys under Code section  
10 97B.73B, a buy-back of refunded service under Code section  
11 97B.74, prior service before January 1, 1946, under Code  
12 section 97B.75, public employment service credit under Code  
13 section 97B.80A, volunteer public service under Code section  
14 97B.80B, and leaves of absence under Code section 97B.81 are  
15 repealed by the bill. However, in each case, the bill amends  
16 Code section 97B.80C to permit purchases of service as  
17 described in each repealed section to the same extent and in  
18 essentially the same manner as currently provided.

19 Code section 97B.80C is also amended by adding new  
20 subsections. New subsection 3A provides that no retroactive  
21 adjustment in benefits will be made for a purchase of service  
22 credit under this section. New subsection 3B directs IPERS to  
23 apply a service purchase under this section only to the  
24 member's original retirement annuity. New subsection 3C  
25 provides that a member may purchase service covered under  
26 another public employer's retirement system without obtaining  
27 a waiver from that system, but not more than 20 such quarters  
28 may be purchased without the waiver. New subsection 3D is  
29 immediately effective, retroactively applicable to January 14,  
30 2004, and provides that, after January 14, 2004, the wages  
31 associated with a service purchase relating to the buy-back of  
32 a refund will not be restored.

33 STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM

34 Code section 411.5 is amended to provide that the amount  
35 medical providers may charge for providing copies of medical

1 records in connection with an application by a member for a  
2 disability is limited to the cost of producing the records.  
3 The change also permits the board of trustees to limit the  
4 cost for copies by rule.

5 Code section 411.6, subsection 7, concerning the  
6 reexamination of disability retirees, is amended. The change  
7 eliminates current time references regarding the timing and  
8 frequency of medical examinations of disability retirees under  
9 age 55 following a disability determination and permits the  
10 retirement system to require an examination upon its  
11 determination. This subsection is also amended to provide  
12 that a beneficiary, in addition to submitting the member's tax  
13 return each year, shall submit such other documentation to the  
14 system as the system requests to determine the beneficiary's  
15 gross wages.

16 Code section 411.6, subsection 17, concerning payments to  
17 incarcerated individuals, is amended to provide that payment  
18 of a retirement allowance to the individual is suspended while  
19 the individual is incarcerated, regardless of whether the  
20 individual has a spouse or children, and, if the individual  
21 has no spouse or children, no retirement allowance will be  
22 paid for any month the individual is incarcerated.

23 Code section 411.6B, concerning rollovers of members'  
24 accounts, is amended to allow a rollover of a member's account  
25 into an annuity contract or other eligible plan, as provided  
26 by section 403(b) and 457(b) of the Internal Revenue Code,  
27 respectively. The change also permits nontaxable amounts to  
28 be rolled over into an eligible retirement plan.

29 Code section 411.22, regarding the system's subrogation  
30 rights, is amended to provide that the interest rate  
31 assumption adopted by the system, and not the court judgment  
32 and decree interest rate provided in Code section 535.3, shall  
33 be used in calculating the system's subrogation amount.

34 Code section 411.31, concerning portability of service  
35 between membership in PORS and the statewide fire and police

1 retirement system under Code chapter 411, is amended in the  
2 same manner as was done in Code section 97A.17 and described  
3 in the explanation to the change in Code section 97A.17.

- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28
- 29
- 30
- 31
- 32
- 33
- 34
- 35