

CHAPTER 1077**ELIGIBLE ALTERNATIVE RETIREMENT BENEFIT SYSTEMS
FOR COMMUNITY COLLEGE EMPLOYEES**

S.F. 2308

AN ACT concerning eligible alternative retirement benefit systems for community college employees.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 97B.42, unnumbered paragraphs 6 and 7, Code Supplement 1997, are amended to read as follows:

Notwithstanding any other provision of this section, commencing July 1, 1994, a member who is employed by a community college may elect coverage under an eligible alternative retirement benefits system, ~~which is issued by or through a nonprofit corporation issuing retirement annuities exclusively to educational institutions and their employees as provided in section 260C.14, subsection 18,~~ in lieu of continuing or commencing contributions to the Iowa public employees' retirement system, ~~if the board of directors of the community college has approved the alternative system pursuant to section 260C.14.~~ However, the employer's annual contribution in dollars to the eligible alternative retirement benefits system shall not exceed the annual contribution in dollars which the employer would contribute if the employee had elected to remain an active member under this chapter, as set forth in section 97B.11. A member employed by a community college who elects coverage under an eligible alternative retirement benefits system may withdraw the member's accumulated contributions effective when coverage under the eligible alternative retirement benefits system commences. A member who is employed by a community college prior to July 1, 1994, must file an election for coverage under the eligible alternative retirement benefits system described in section 260C.14, subsection 18, paragraph "a", with the department and the employing community college within eighteen months of the first day on which coverage commences under the community college's eligible alternative retirement benefits system described in section 260C.14, subsection 18, paragraph "a", or the employee shall remain a member under this chapter and shall not be eligible to elect to participate in that community college's eligible alternative retirement benefits system described in section 260C.14, subsection 18, paragraph "a", at a later date. Employees of a community college hired on or after July 1, 1994, must file an election for coverage under ~~the an~~ eligible alternative retirement benefits system with the department and the employing community college within sixty days of commencing employment, or the employee shall remain a member under this chapter and shall not be eligible to elect to participate in ~~that community college's an~~ eligible alternative retirement benefits system of the community college at a later date. The department shall cooperate with the boards of directors of the community colleges to facilitate the implementation of this provision.

Notwithstanding any other provision of this section, a person newly entering employment with a community college on or after July 1, 1990, may elect coverage under an eligible alternative retirement benefits system, as defined in section 260C.14, subsection 18, ~~which is issued by or through a nonprofit corporation issuing retirement annuities exclusively to educational institutions and their employees or, for persons newly entering employment on or after July 1, 1997, which is issued by or through an insurance company authorized to issue annuity contracts in this state, paragraph "a",~~ in lieu of coverage under the Iowa public employees' retirement system, but only if the person is already a member of the alternative retirement benefits system. An election to participate in ~~the an~~ eligible alternative retirement benefits system as described in section 260C.14, subsection 18, is irrevocable as to the person's employment with that community college and any other community college in this state.

Sec. 2. Section 260C.14, subsection 17, Code Supplement 1997, is amended by striking the subsection.

Sec. 3. Section 260C.14, subsection 18, Code Supplement 1997, is amended to read as follows:

18. Provide for an eligible alternative retirement benefits systems which shall be limited to the following:

a. An alternative retirement benefits system, which is issued by or through a nonprofit corporation issuing retirement annuities exclusively to educational institutions and their employees, for persons newly employed after July 1, 1990, ~~or, in addition,~~ and for persons employed by the community college who are members of the Iowa public employees' retirement system on July 1, 1994, and who elect coverage under that system pursuant to section 97B.42, in lieu of coverage under the Iowa public employees' retirement system.

b. An alternative retirement benefits system which is issued by or through an insurance company authorized to issue annuity contracts in this state, for persons newly employed on or after July 1, 1997, who are already members of the alternative retirement benefits system and who elect coverage under that system pursuant to section 97B.42, in lieu of coverage under the Iowa public employees' retirement system.

c. An alternative retirement benefits system offered through the community college, at the discretion of the board of directors of the community college, pursuant to this lettered paragraph which is issued by or through an insurance company authorized to issue annuity contracts in this state, for persons newly employed by that community college on or after July 1, 1998, who are not members of the alternative retirement benefits system and who elect coverage under that system pursuant to section 97B.42, in lieu of coverage under the Iowa public employees' retirement system. The board of directors of a community college may limit the number of providers of alternative retirement benefits systems offered pursuant to this lettered paragraph to no more than six. The selection by the board of directors of a community college of a provider of an alternative retirement benefits system pursuant to this lettered paragraph shall not constitute an endorsement of that provider by the community college.

PARAGRAPH DIVIDED. However, the employer's annual contribution in dollars under the an eligible alternative retirement benefits system described in this subsection shall not exceed the annual contribution in dollars which the employer would contribute if the employee had elected to remain an active member pursuant to the Iowa public employees' retirement system, as set forth in section 97B.11. For purposes of this subsection, "alternative retirement benefits system" means an employer-sponsored primary pension plan requiring mandatory employer contributions that meets the requirements of section 401(a), 403(a), or 403(b) of the Internal Revenue Code.

Approved April 10, 1998