

Sec. 112. Section 602.8102, subsection 15, Code Supplement 2001, is amended to read as follows:

15. Monthly, notify the county commissioner of registration and the state registrar of voters of persons seventeen and one-half years of age and older who have been convicted of a felony during the preceding calendar month or persons who at any time during the preceding calendar month have been legally declared to be mentally a person who is incompetent to vote as that term is defined in section 48A.2.

Sec. 113. Section 633.556, subsection 1, Code 2001, is amended to read as follows:

1. If the allegations of the petition as to the status of the proposed ward and the necessity for the appointment of a guardian are proved by clear and convincing evidence, the court may appoint a guardian. If the court appoints a guardian based upon mental incapacity of the proposed ward because the proposed ward is a person described in section 222.2, subsection 4, the court shall make a separate determination as to the ward's competency to vote. The court shall find a ward incompetent to vote only upon determining that the person lacks sufficient mental capacity to comprehend and exercise the right to vote.

Sec. 114. Sections 52.30, 62.5, and 62.8, Code 2001, are repealed.

Sec. 115. EFFECTIVE AND APPLICABILITY DATE. This Act takes effect January 1, 2003, and applies to elections held on or after that date.

Approved April 26, 2002

CHAPTER 1135

PUBLIC RETIREMENT SYSTEMS

H.F. 2532

AN ACT relating to public retirement systems and providing effective and retroactive applicability dates.

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

DIVISION I

PUBLIC SAFETY PEACE OFFICERS' RETIREMENT, ACCIDENT, AND DISABILITY SYSTEM

Section 1. Section 80.36, Code 2001, is amended to read as follows:

80.36 MAXIMUM AGE.

~~The maximum age for a A~~ person to shall not be employed as a peace officer in the department of public safety is after attaining sixty-five years of age.

Sec. 2. Section 97A.6, subsection 6, paragraph c, Code 2001, is amended to read as follows:

c. Upon retirement for accidental disability on or after July 1, 1998, a member shall receive an accidental disability retirement allowance which shall consist of a pension in an amount equal to the greater of sixty percent of the member's average final compensation or the retirement allowance that the member would receive under subsection 2 if the member ~~has had~~ attained fifty-five years of age.

Sec. 3. Section 97A.6, subsection 14, Code 2001, is amended to read as follows:

14. PENSIONS PAYABLE. Pensions payable under this section shall be adjusted as follows:

a. ~~Effective July 1, 1980, and on~~ On each July 1 ~~thereafter and January 1~~, the monthly pensions authorized in this section payable to retired members and to beneficiaries, except children of a deceased member, shall be adjusted as provided in this paragraph. The monthly pension of each retired member and each beneficiary shall be adjusted by adding to that monthly pension an amount equal to the amounts determined in subparagraphs (1) and (2). The adjusted monthly pension of a retired member shall not be less than the amount which was paid at the time of the member's retirement.

(1) An amount equal to the difference between the monthly earnable compensation payable to an active member of the department, of the same rank and position on the salary scale as was held by the retired or deceased member at the time of the member's retirement or death, ~~for July of the preceding year~~ the month for which the last preceding adjustment was made and the monthly earnable compensation payable to an active member of the department of the same rank and position on the salary scale ~~for July of the year just beginning~~ the month for which the adjustment is made shall be multiplied by the following applicable percentage:

(a) Forty percent for members receiving a service retirement allowance and for beneficiaries receiving a pension under subsection 9 of this section.

(b) Forty percent for members with five or more years of membership service who are receiving an ordinary disability retirement allowance.

(c) Twenty-four percent for members with less than five years of membership service who are receiving an ordinary disability retirement allowance, and for beneficiaries receiving a pension under subsection 8 of this section.

(d) Forty percent for members receiving an accidental disability allowance.

The amount added to the monthly pension of a surviving spouse receiving a pension under subsection 12, paragraph "a", of this section shall be equal to one-half the amount that would have been added to the monthly pension of the retired member under this subparagraph.

(2) ~~The~~ For each adjustment occurring on July 1, the following applicable amount determined as follows:

(a) Fifteen dollars where the member's retirement date was less than five years prior to the effective date of the adjustment.

(b) Twenty dollars where the member's retirement date was at least five years, but less than ten years, prior to the effective date of the adjustment.

(c) Twenty-five dollars where the member's retirement date was at least ten years, but less than fifteen years, prior to the effective date of the adjustment.

(d) Thirty dollars where the member's retirement date was at least fifteen years, but less than twenty years, prior to the effective date of the adjustment.

(e) Thirty-five dollars where the member's retirement date was at least twenty years prior to the effective date of the adjustment.

As of ~~the first of July~~ July 1 and January 1 of each year, the monthly pension payable to each surviving child under the provisions of subsections 8, 9, and 12 of this section shall be adjusted to equal six percent of the monthly earnable compensation payable ~~on that July 1 in the month~~ for which the adjustment is made to an active member having the rank of senior patrol officer of the Iowa state patrol.

b. All monthly pensions adjusted as provided in this subsection shall be payable beginning ~~on July 1 of the year~~ the first of the month in which the adjustment is made and shall continue in effect until the next following ~~July 1~~ month in which an adjustment is made pursuant to this subsection at which time the monthly pensions shall again be adjusted in accordance with paragraph "a" of this subsection.

c. The adjustment of pensions required by this subsection shall recognize the retired or deceased member's position on the salary scale within the member's rank at the time of the member's retirement or death. In the event that the rank or position held by the retired or deceased member at the time of retirement or death is subsequently abolished, adjustments in the pensions of the member or of the member's spouse or children shall be computed by the board of

trustees as though such rank or position had not been abolished and salary increases had been granted to such rank or position on the same basis as increases granted to other ranks and positions in the department.

d. A retired member eligible for benefits under the provisions of subsection 1 is not eligible for the annual readjustment of pensions provided in this subsection unless the member served at least twenty-two years prior to the member's termination of employment.

Sec. 4. NEW SECTION. 97A.14A LIABILITY OF THIRD PARTIES — SUBROGATION.

1. If, on or after July 1, 2002, a member receives an injury or dies for which benefits are payable under section 97A.6, subsection 3, 5, 8, or 9, or section 97A.14, and if the injury or death is caused under circumstances creating a legal liability for damages against a third party other than the system, the system, the member, or the member's dependent or the trustee of the dependent, may maintain an action for damages against the third party as provided by this section. If a member, the member's dependent, or the trustee of the dependent commences such an action, the plaintiff member, dependent, or trustee shall serve a copy of the original notice upon the system not less than ten days before the trial of the action, but a failure to serve the notice does not prejudice the rights of the system, and the following rights and duties ensue:

a. The system shall be indemnified out of the recovery of damages to the extent of benefit payments made by the system, with legal interest, except that the attorney fees and expenses of the plaintiff member, dependent, or trustee may be first allowed by the district court.

b. The system has a lien on the damage claim against the third party and on any judgment on the damage claim for benefits for which the system is liable. In order to continue and preserve the lien, the system shall file a notice of the lien within thirty days after receiving a copy of the original notice in the office of the clerk of the district court in which the action is filed.

2. If a member, the member's dependent, or the trustee of the dependent fails to bring an action for damages against a third party within ninety days after the system, through the board of trustees, requests the member, the member's dependent, or the trustee of the dependent in writing to do so, then the system is subrogated to the rights of the member and may, by action of the board of trustees, maintain the action against the third party, and may recover damages for the injury or death to the same extent that the member, the member's dependent, or the trustee of the dependent may recover damages for the injury or death. If the system recovers damages in the action, the court shall enter judgment for distribution of the recovery as follows:

a. A sum sufficient to repay the system for the amount of such benefits actually paid by the system up to the time of the entering of the judgment.

b. A sum sufficient to pay the system the present worth, computed at the interest rate provided in section 535.3 for court judgments and decrees, of the future payments of such benefits for which the system is liable until the member attains the age of fifty-five, but the sum is not a final adjudication of the future payment which the member is entitled to receive.

c. Any balance of the recovery remaining after distribution of the recovery pursuant to paragraphs "a" and "b" shall be paid to the member or the member's beneficiary.

3. Before a settlement is effective between the system and a third party who is liable for any injury, the member, the member's dependent, or the trustee of the dependent must consent in writing to the settlement; and if the settlement is between the member, the member's dependent, or the trustee of the dependent and a third party, the system must consent in writing to the settlement; or on refusal to consent, in either case, the workers' compensation commissioner must consent in writing to the settlement.

4. For purposes of subrogation under this section, a payment made to an injured member, the member's guardian, or the member's legal representative, by or on behalf of a third party or the third party's principal or agent, who is liable for, connected with, or involved in causing the injury or death to the member, shall be considered paid as damages because the injury or death was caused under circumstances creating a legal liability against the third party, whether the payment is made under a covenant not to sue, compromise settlement, denial of liability, or is otherwise made.

5. All funds recovered by the system under this section shall be deposited in the pension accumulation fund created in section 97A.8.

Sec. 5. Section 97A.17, subsection 2, Code 2001, 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 ~~sixty days~~ one year, commences employment covered by the other eligible retirement system may elect to transfer the average accrued benefit earned from the former system to the current system. The member shall file an application with the current system for transfer of the average accrued benefit within ninety days of the commencement of employment with the current system.

Sec. 6. EFFECTIVE DATE — RETROACTIVE APPLICABILITY.

1. The section of this Act amending section 97A.6, subsection 6, being deemed of immediate importance, takes effect upon enactment and is retroactively applicable to July 1, 1998.

2. The section of this Act amending section 97A.17, being deemed of immediate importance, takes effect upon enactment and is retroactively applicable to July 1, 1996.

DIVISION II IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS)

Sec. 7. Section 97B.1A, subsection 8, paragraph a, subparagraph (1), Code Supplement 2001, is amended to read as follows:

(1) Elective officials in positions for which the compensation is on a fee basis, elective officials of school districts, elective officials of townships, and elective officials of other political subdivisions who are in part-time positions. An elective official covered under this ~~chapter~~ section may terminate membership under this chapter by informing the department in writing of the expiration of the member's term of office or by informing the department of the member's intent to terminate membership for employment as an elective official and establishing that the member has a bona fide termination of employment from all employment covered under this chapter other than as an elective official and that the member has filed a completed application for benefits form with the department. A county attorney is an employee for purposes of this chapter whether that county attorney is employed on a full-time or part-time basis.

Sec. 8. Section 97B.1A, subsection 8, paragraph b, subparagraph (2), Code Supplement 2001, is amended to read as follows:

(2) Graduate medical students while serving as interns or resident doctors in training at any hospital, or county medical examiners and deputy county medical examiners under chapter 331, division V, part 8, who are not full-time county employees.

Sec. 9. Section 97B.1A, subsection 8, paragraph b, Code Supplement 2001, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (9) Persons employed by the Iowa student loan liquidity corporation.

Sec. 10. Section 97B.1A, subsection 24, paragraph a, Code Supplement 2001, is amended to read as follows:

a. "Three-year average covered wage" means, for a member who retires prior to July 1, ~~2003~~ 2005, a member's covered wages averaged for the highest three years of the member's service, except as otherwise provided in this subsection. The highest three years of a member's covered wages shall be determined using calendar years. However, if a member's final quarter of a year of employment does not occur at the end of a calendar year, the department may determine the wages for the third year by computing the average quarter of all quarters from the member's highest calendar year of covered wages not being used in the selection of the two highest years and using the computed average quarter for each quarter in the third year in

which no wages have been reported in combination with the final quarter or quarters of the member's service to create a full year. However, the department shall not use the member's final quarter of wages if using that quarter would reduce the member's three-year average covered wage. If the three-year average covered wage of a member exceeds the highest maximum covered wages in effect for a calendar year during the member's period of service, the three-year average covered wage of the member shall be reduced to the highest maximum covered wages in effect during the member's period of service. Notwithstanding any other provision of this paragraph to the contrary, a member's wages for the third year as computed by this paragraph shall not exceed, by more than three percent, the member's highest actual calendar year of covered wages for a member whose first month of entitlement is January 1999 or later.

Sec. 11. Section 97B.1A, subsection 24, paragraph c, Code Supplement 2001, is amended to read as follows:

c. "Three-year average covered wage" means, for a member who retires on or after July 1, 2003 ~~2005~~, the greater of the member's covered wages averaged for a member's highest twelve consecutive quarters of service or the member's covered wages averaged for a member's highest three calendar years of service. The department shall adopt rules to implement this paragraph in accordance with the requirements of this chapter and the federal Internal Revenue Code.

Sec. 12. Section 97B.15, Code 2001, is amended to read as follows:

97B.15 RULES, POLICIES, AND PROCEDURES.

The department may adopt rules under chapter 17A and establish procedures, not inconsistent with this chapter, which are necessary or appropriate to implement this chapter and shall adopt reasonable and proper rules to regulate and provide for the nature and extent of the proofs and evidence and the method of taking and furnishing the proofs and evidence in order to establish the right to benefits under this chapter. The department may adopt rules, and take action based on the rules, to conform the requirements for receipt of retirement benefits under this chapter to the mandates of applicable federal and state statutes and regulations.

Prior to the adoption of rules, the department may establish interim written policies and procedures, and take action based on the policies and procedures, to conform the requirements for receipt of retirement benefits under this chapter to the applicable requirements of federal and state law.

Sec. 13. Section 97B.17, Code Supplement 2001, is amended to read as follows:

97B.17 RECORDS MAINTAINED.

1. The department shall establish and maintain records of each member, including but not limited to, the amount of wages of each member, the contribution of each member with interest, and interest dividends credited. The records may be maintained in paper, magnetic, or electronic form, including optical disk storage. These records are the basis for the compilation of the retirement benefits provided under this chapter.

2. The following records maintained under this chapter are not public records for the purposes of chapter 22:

1. a. Records containing social security numbers.
2. b. Records specifying amounts accumulated in members' accounts and supplemental accounts.
3. c. Records containing names or addresses of members or their beneficiaries.
4. d. Records containing amounts of payments to members or their beneficiaries.
5. e. Records containing financial or commercial information that relates to the investment of system funds if the disclosure of such information could result in a loss to the system or to the provider of the information.

3. Summary information concerning the demographics of the members and general statistical information concerning the system is subject to chapter 22, as well as aggregate information by category.

However, the department's records are evidence for the purpose of proceedings before the department or any court of the amounts of wages and the periods in which they were paid, and the absence of an entry as to a member's wages in the records for any period is evidence that wages were not paid that member in the period.

~~4.~~ Notwithstanding any provisions of chapter 22 to the contrary, the department's records may be released to any political subdivision, instrumentality, or other agency of the state solely for use in a civil or criminal law enforcement activity pursuant to the requirements of this ~~para-~~graph subsection. To obtain the records, the political subdivision, instrumentality, or agency shall, in writing, certify that the activity is authorized by law, provide a written description of the information desired, and describe the law enforcement activity for which the information is sought. The department shall not be civilly or criminally liable for the release or rerelease of records in accordance with this ~~paragraph~~ subsection.

5. Confidential records of the division maintained for the operation of the system may be released to the directors, agents, and employees of the legislative fiscal bureau, the department of revenue and finance, the department of management, the department of personnel, or an employer of employees covered by the system pursuant to rules adopted by the division for the performance of the requestor's duties. To obtain a record under this subsection, the person requesting the records shall provide a written description of the information requested and the reason for requesting the records to the division. A person receiving a record pursuant to this subsection shall maintain the confidentiality of any information otherwise required to be kept confidential and shall be subject to the same penalties as the custodian of the records for the public dissemination of such information.

Sec. 14. Section 97B.18, Code 2001, is amended to read as follows:

97B.18 STATEMENT OF ACCUMULATED CREDIT.

After the expiration of each calendar year and prior to July 1 of the succeeding year, the department shall furnish each member with a statement of the member's accumulated contributions and benefit credits accrued under this chapter up to the end of that calendar year and additional information the department deems useful to a member. The department may furnish an estimate of the credits as of the projected normal retirement date of the member under section 97B.45. ~~The department shall mail the statement to each employer not later than June 30 of the succeeding calendar year. The employer shall distribute the statements to its employees, and the records of the department as shown by the statement as to the wages of each individual member for a year and the periods of payment shall be conclusive for the purpose of this chapter, except as otherwise provided in this chapter.~~

~~Effective for the calendar year beginning January 1, 1994, the department may transmit the statements directly to the members in lieu of mailing them to the employers.~~

Sec. 15. NEW SECTION. 97B.42C RETIREMENT SYSTEM MERGER — MUNICIPAL UTILITY RETIREMENT SYSTEM.

A municipal water utility or waterworks that has established a pension and annuity retirement system for its employees pursuant to chapter 412 may adopt a resolution to authorize the merger of its pension and annuity retirement system with and into the Iowa public employees' retirement system. The system is authorized, but is not required, to accept such a proposal. The governing body of the municipal water utility or waterworks and the Iowa public employees' retirement system shall, acting in their fiduciary capacities, mutually determine the terms and conditions of such a merger, including any additional funds necessary to fund the service credits being transferred to the Iowa public employees' retirement system, and either party may decline the merger if they cannot agree on such terms and conditions. The system shall adopt such rules as it deems necessary and prudent to effectuate mergers as provided by this section.

Sec. 16. Section 97B.44, Code 2001, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. However, the system may accept a married mem-

ber's designation or change in designation under this section without the written consent of the member's spouse if the member submits a notarized statement indicating that the member has been unable to locate the member's spouse to obtain the written consent of the spouse after reasonable diligent efforts. The member's designation or change in designation shall become effective upon filing the necessary forms, including the notarized statement, with the division. The division shall not be liable to the member, the member's spouse, or to any other person affected by the member's designation or change of designation, based upon a designation or change of designation accomplished without the written consent of the member's spouse.

Sec. 17. Section 97B.45, Code 2001, is amended to read as follows:

97B.45 NORMAL RETIREMENT DATE.

A member's normal retirement date is any of the following, whichever is applicable to the member:

1. The first of the month in which a member attains the age of sixty-five years if the member has not completed twenty years of membership service.
2. The first of the month in which the member attains the age of sixty-two years if the member has completed twenty years of membership service.
3. The first of any month in which the member has completed twenty years of membership service if the member has attained the age of sixty-two years but is not yet sixty-five years of age.
4. The first of any month in which the member is at least fifty-five years of age and for which the sum of the number of years of membership service and prior service and the member's age in years as of the member's last birthday equals or exceeds eighty-eight.

~~A member may retire after the member's sixty-fifth birthday except as otherwise provided in section 97B.46.~~ A member retiring on or after the normal retirement date, as provided in section 97B.46, shall submit a written notice to the department setting forth the date the retirement is to become effective. The date shall be after the member's last day of service and not before the first day of the sixth calendar month preceding the month in which the notice is filed.

Sec. 18. Section 97B.48, subsection 3, Code 2001, is amended to read as follows:

3. ~~As of~~ On or before the first of the month in which a member attains the age of seventy years, the ~~department~~ division shall provide written notification to the ~~each~~ each member ~~for whom the division has an address~~ that the member may commence receiving a retirement allowance regardless of the member's employment status. Prior to receiving a retirement allowance pursuant to this subsection, a member shall acknowledge in writing that the member was informed by the department of the consequences of electing to receive a retirement allowance pursuant to this subsection and that receipt of a retirement allowance under this subsection is optional. Upon termination from employment of a member receiving a retirement allowance pursuant to this subsection, the member is entitled to have the member's monthly retirement allowance recalculated using the applicable formula for determining a retirement allowance pursuant to sections 97B.49A through 97B.49G, as applicable, in place at the time of the member's first month of entitlement.

Sec. 19. Section 97B.48A, subsection 1, unnumbered paragraph 1, Code 2001, is amended to read as follows:

If a member who has not reached the member's sixty-fifth birthday and who has a bona fide retirement under this chapter is in regular full-time employment during a calendar year, the member's retirement allowance shall be reduced by fifty cents for each dollar the member earns over the limit provided in this subsection. However, employment is not full-time employment until the member receives remuneration in an amount in excess of ~~fourteen~~ thirty thousand dollars for a calendar year, or an amount equal to the amount of remuneration permitted for a calendar year for persons under sixty-five years of age before a reduction in federal social security retirement benefits is required, whichever is higher. Effective the first of the month

in which a member attains the age of sixty-five years, a retired member may receive a retirement allowance without a reduction after return to covered employment regardless of the amount of remuneration received.

Sec. 20. Section 97B.49B, subsection 1, paragraph e, subparagraph (1), Code 2001, is amended to read as follows:

(1) A conservation peace officer employed under section 456A.13 or as designated by a county conservation board pursuant to section 350.5.

Sec. 21. Section 97B.49B, Code 2001, is amended by adding the following new subsection:
NEW SUBSECTION. 4. Notwithstanding any provision of this chapter to the contrary, the three-year average covered wage for a member retiring under this section whose years of eligible service equals or exceeds twenty-two years of eligible service for that member shall be determined by calculating the member's eligible combined wage for each year of eligible service. For purposes of this subsection, "eligible combined wage" means the wages earned by the member for each quarter year period from eligible service and from covered employment that is not eligible service if at least seventy-five percent of the wages earned was from eligible service.

Sec. 22. Section 97B.49C, Code 2001, is amended by adding the following new subsection:
NEW SUBSECTION. 4. Notwithstanding any provision of this chapter to the contrary, the three-year average covered wage for a member retiring under this section whose years of eligible service equals or exceeds twenty-two years of eligible service for that member shall be determined by calculating the member's eligible combined wage for each quarter year of eligible service. For purposes of this subsection, "eligible combined wage" means the wages earned by the member for each quarter year period from eligible service and from covered employment that is not eligible service if at least seventy-five percent of the wages earned was from eligible service.

Sec. 23. Section 97B.49F, subsection 2, paragraph a, Code 2001, is amended to read as follows:

a. ~~Commencing January 1, 1999, all members who retired on or after July 1, 1990, and qualified recipients who have been retired received a monthly allowance for at least one year as of the date the dividend is payable, or a beneficiary or contingent annuitant of such a member who receives a monthly benefit, shall be eligible to receive a favorable experience dividend, payable on the last business day in January of each year pursuant to the requirements of this subsection. If the member, beneficiary, or contingent annuitant qualified recipient eligible to receive a favorable experience dividend dies before January 1 of a year, a favorable experience dividend shall not be payable in January of that year in the name of the member, beneficiary, or contingent annuitant qualified recipient. However, if the member, beneficiary, or contingent annuitant qualified recipient dies on or after January 1 but before the dividend is paid in that month, the full amount of the dividend payable in that month shall be paid in the name of the applicable member, beneficiary, or contingent annuitant qualified recipient, upon notification of death. For purposes of this paragraph, "qualified recipient" includes all members who retired on or after July 1, 1990, or a beneficiary or contingent annuitant of such a member who receives a monthly benefit, and a beneficiary of an active member who elects a monthly allowance under section 97B.52, subsection 1, paragraph "c".~~

Sec. 24. Section 97B.50A, subsection 2, paragraph d, Code 2001, is amended to read as follows:

d. Upon retirement for an in-service disability as provided by this subsection, a member shall have the option to receive the ~~greater of~~ a monthly in-service disability retirement allowance calculated under this subsection or a monthly retirement allowance as provided in section 97B.49A, 97B.49B, 97B.49C, 97B.49D, or 97B.49G, as applicable, ~~that the member would~~

receive if the member had attained fifty-five years of age. The monthly in-service disability allowance calculated under this subsection shall consist of an allowance equal to one-twelfth of sixty percent of the member's three-year average covered wage or its actuarial equivalent as provided under section 97B.51.

Sec. 25. Section 97B.51, subsection 1, unnumbered paragraph 1, Code 2001, is amended to read as follows:

Each member has the right prior to the member's retirement date to elect to have the member's retirement allowance payable under one of the options set forth in this section. The amount of the optional retirement allowance selected in paragraph "a", "c", "d", or "e", or "f" shall be the actuarial equivalent of the amount of the retirement allowance otherwise payable to the member as determined by the system in consultation with the system's actuary. The member shall make an election by written request to the department and the election is subject to the approval of the department. If the member is married, election of an option under this section requires the written acknowledgment of the member's spouse. However, the system may accept a married member's election of a benefit option under this section without the written acknowledgment of the member's spouse if the member submits a notarized statement indicating that the member has been unable to locate the member's spouse to obtain the written acknowledgment of the spouse after reasonable diligent efforts. The member's election of a benefit option shall become effective upon filing the necessary forms, including the notarized statement, with the division. The division shall not be liable to the member, the member's spouse, or to any other person affected by the member's election of a benefit option, based upon an election of benefit option accomplished without the written acknowledgment of the member's spouse. The member may, if eligible, select one of the following options:

Sec. 26. Section 97B.51, subsection 1, paragraph a, Code 2001, is amended to read as follows:

a. At retirement, a member may designate that upon the member's death, a specified amount of money shall be paid to a named beneficiary, and the member's monthly retirement allowance shall be reduced by an actuarially determined amount to provide for the lump sum payment. The amount designated by the member must be in thousand dollar increments and shall be limited to the amount of the member's accumulated contributions. The amount designated shall not lower the monthly retirement allowance of the member by more than one-half the amount payable as provided in paragraph "b". A member may designate a different beneficiary at any time, except as limited by an order that has been accepted by the department as complying with the requirements of section 97B.39. The election of a death benefit amount under this paragraph shall be irrevocable upon payment of the first monthly retirement allowance.

Sec. 27. Section 97B.51, subsection 1, Code 2001, is amended by adding the following new paragraph:

NEW PARAGRAPH. f. A member retiring under section 97B.49B or 97B.49C may select an allowance upon retirement as provided under paragraph "a", "b", "c", or "e", or paragraph "d", subparagraph (1), and may elect to have the monthly allowance otherwise payable to the member pursuant to the selected paragraph or subparagraph recalculated as provided in this paragraph. A member electing payment of a monthly allowance under this paragraph shall have the member's monthly allowance increased, as determined by the system's actuary, by an amount equal to the monthly federal social security benefit that would be payable to the member on the date the member would be first eligible to receive a reduced social security pension benefit based upon the member's account. Upon reaching the date the member would be first eligible to receive a reduced social security pension benefit, the member's monthly retirement allowance shall be permanently reduced, as determined by the system's actuary. A member electing payment of an allowance under this paragraph shall provide the system with a copy of the estimate provided by the federal social security administration of the member's monthly

federal social security benefit that would be payable on the date the member would be first eligible to receive a reduced social security pension benefit at least sixty days prior to the member's first month of entitlement.

Sec. 28. Section 97B.52, subsection 4, paragraph b, Code 2001, is amended to read as follows:

b. If a death benefit is due and payable on behalf of a member who dies prior to the member's first month of entitlement, interest shall continue to accumulate through the quarter preceding the quarter in which payment is made to the designated beneficiary, heirs at law, or the estate unless the payment of the death benefit is delayed because of a dispute between alleged heirs, in which case the benefit due and payable shall be placed in a noninterest bearing escrow account until the beneficiary is determined in accordance with this section.

Sec. 29. Section 97B.53, subsection 4, Code 2001, is amended to read as follows:

4. A member has not terminated employment for purposes of this section if the member accepts other covered employment within ~~four months~~ thirty days after receiving the last payment of wages for covered employment, or if the member begins covered employment prior to filing a request for a refund with the ~~department~~ division.

Sec. 30. Section 97B.53B, Code 2001, is amended to read as follows:

97B.53B ROLLOVERS OF MEMBERS' ACCOUNTS.

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

a. "Direct rollover" means a payment by the system to the eligible retirement plan specified by the member or the member's surviving spouse.

b. "Eligible retirement plan" means either of the following that accepts an eligible rollover distribution from a member or a member's surviving spouse:

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

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

In addition, an "eligible retirement plan" includes an annuity plan in accordance with section 403(a) of the federal Internal Revenue Code, or a qualified trust in accordance with section 401(a) of the federal Internal Revenue Code, that accepts an eligible rollover distribution from a member. Effective January 1, 2002, the term "eligible retirement plan" also includes an annuity contract described in section 403(b) of the federal Internal Revenue Code, and an eligible plan under 457(b) of the federal Internal Revenue Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state that chooses to separately account for amounts transferred into such eligible retirement plan from the system.

c. (1) "Eligible rollover distribution" ~~means all~~ includes any of the following:

(a) ~~All~~ or any portion of a member's account and supplemental account, ~~except that an~~

(b) Effective January 1, 2002, after-tax employee contributions, if the plan to which such amounts are to be transferred is an individual retirement account described in federal Internal Revenue Code section 408(a) or 408(b), or is a qualified defined contribution plan described in federal Internal Revenue Code section 401(a) or 403(a), and such plan agrees to separately account for the after-tax amount so transferred.

(c) A distribution made on behalf of a surviving spouse and to an alternate payee, who is a spouse or former spouse, under a qualified domestic relations order.

(2) ~~An~~ eligible rollover distribution does not include any of the following:

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

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

~~(3) (c)~~ The portion of any distribution that is not includible in the gross income of the distributee, determined without regard to the exclusion for net unrealized appreciation with respect to employer securities.

~~(4) Annual distributions of less than two hundred dollars of taxable income.~~

2. Effective January 1, 1993, a member or a member's surviving spouse may elect, at the time and in the manner prescribed in rules adopted by the department, to have the department pay all or a portion of an eligible rollover distribution directly to an eligible retirement plan, specified by the member or the member's surviving spouse, in a direct rollover. ~~If a member or a member's surviving spouse elects a partial direct rollover, the amount of funds elected for the partial direct rollover must equal or exceed five hundred dollars.~~

Sec. 31. Section 97B.80A, subsections 1 and 3, Code 2001, are amended to read as follows:

1. A vested or retired member who has five or more full calendar years of covered wages and who at any time was employed by a covered employer under this chapter but at the time of the employment was not covered by this chapter and did not opt out of coverage under this chapter in eligible public employment, upon submitting verification of the eligible public employment and the dates of the eligible public employment, may make contributions to the system for up to the lesser of twenty quarters of service credit for such eligible public employment or the entire period of the eligible public employment, in increments of one or more calendar quarters, and receive credit for membership service and prior service for the period of time for which the contributions are made.

3. The verification of the eligible public employment and the dates of such eligible public employment shall be made by the department prior to receiving contributions from the member.

Sec. 32. Section 97B.80A, Code 2001, is amended by adding the following new subsection: NEW SUBSECTION. 7. For purposes of this section, "eligible public employment" means employment of a person who at the time of the employment was not covered by this chapter and the employment meets any of the following conditions:

a. Employment by a covered employer under this chapter of a person who did not opt out of coverage under this chapter.

b. Employment of a person as an adjunct instructor as defined in section 97B.1A, subsection 8.

Sec. 33. NEW SECTION. 97B.80C PURCHASES OF PERMISSIVE SERVICE CREDIT.

1. DEFINITIONS. For purposes of this section:

a. "Nonqualified service" means service that is not qualified service.

b. "Permissive service credit" means credit that will be recognized by the system for purposes of calculating a member's benefit, for which the member did not previously receive service credit in the system, and for which the member voluntarily contributes to the system the amount required by the system, not in excess of the amount necessary to fund the benefit attributable to such service.

c. (1) "Qualified service" means any of the following:

(a) Service with the United States government or any state or local government, including any agency or instrumentality thereof, regardless of whether that government, agency, or instrumentality was a covered employer at the time of the service.

(b) Service with an association representing employees of the United States government or any state or local government, including any agency or instrumentality thereof, regardless of whether that government, agency, or instrumentality was a covered employer at the time of the service.

(c) Service with an educational organization which normally maintains a regular faculty and curriculum, normally has a regularly enrolled body of pupils or students in attendance at

the place where its educational activities are regularly carried on, and is a public, private, or sectarian school which provides elementary education or secondary education through grade twelve.

(d) Military service other than military service required to be recognized under Internal Revenue Code section 414(u) or under the federal Uniformed Services Employment and Re-employment Rights Act.

(2) "Qualified service" does not include service as described in subparagraph (1) if the receipt of credit for such service would result in the member receiving a retirement benefit under more than one retirement plan for the same period of service.

2. a. A vested or retired member may make contributions to the system to purchase up to the maximum amount of permissive service credit for qualified service as determined by the division, pursuant to Internal Revenue Code section 415(n) and the requirements of this section.

b. A vested or retired member of the system who has five or more full calendar years of covered wages may make contributions to the system to purchase up to five years of permissive service credit for nonqualified service as determined by the division, pursuant to Internal Revenue Code section 415(n) and the requirements of this section.

3. A member making contributions for a purchase of permissive service credit under this section shall make contributions in an amount equal to the actuarial cost of the permissive service credit purchase. For purposes of this subsection, the actuarial cost of the service purchase is an amount determined by the division in accordance with actuarial tables, as reported to the division by the system's actuary, which reflects the actuarial cost necessary to fund an increased retirement allowance resulting from the purchase of permissive service credit.

4. The division shall ensure that the member, in exercising an option provided in this section, does not exceed the amount of annual additions to a member's account permitted pursuant to section 415 of the federal Internal Revenue Code.

Sec. 34. Section 97B.82, Code 2001, is amended by striking the section and inserting in lieu thereof the following:

97B.82 PURCHASE OF SERVICE CREDIT — DIRECT ROLLOVERS — DIRECT TRANSFERS.

1. Effective July 1, 2002, a member may, to the extent permitted by the internal revenue service, purchase any service credit permitted under this chapter by means of a direct rollover or a direct transfer as provided in this section pursuant to rules adopted by the division and consistent with applicable requirements of the federal Internal Revenue Code. Purchases of service credit by means of a direct rollover or direct transfer under this section shall not exceed the amounts permitted under section 415(n) of the federal Internal Revenue Code and section 97B.80C as determined by the division.

2. a. A member may purchase service credit as authorized by this section through a direct rollover to the system of an eligible rollover distribution from an eligible retirement plan as permitted by the internal revenue service under the federal Internal Revenue Code. The amount of the direct rollover into the system cannot exceed the cost of the service purchase by a member under this chapter. Once a direct rollover is made, the member must forfeit the applicable service credit from the eligible retirement plan from which the eligible rollover distribution is received.

b. (1) For purposes of this subsection, "an eligible rollover distribution from an eligible retirement plan" includes distributions from any of the following:

(a) Qualified plans described in federal Internal Revenue Code sections 401(a) and 403(a).

(b) Annuity contracts described in federal Internal Revenue Code section 403(b).

(c) Eligible plans described under federal Internal Revenue Code section 457(b) which are maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state.

(d) Individual retirement accounts described in federal Internal Revenue Code section 408(a) or 408(b).

(2) An eligible rollover distribution from an eligible retirement plan does not include any of the following:

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

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

(c) The portion of any distribution that is not includible in the gross income of the distributee, determined without regard to the exclusion for net unrealized appreciation with respect to employer securities.

(d) Any amounts that are not permitted to be treated as eligible rollover distributions by the internal revenue service under the federal Internal Revenue Code.

3. A member may purchase any service credit as authorized by this section, to the extent permitted by the internal revenue service, by means of a direct transfer, excluding any after-tax contributions, from an annuity contract qualified under federal Internal Revenue Code section 403(b), or an eligible plan described in federal Internal Revenue Code section 457(b), maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state. A direct transfer is a trustee-to-trustee transfer to the system of contributions made to annuity contracts qualified under federal Internal Revenue Code section 403(b) and eligible governmental plans qualified under federal Internal Revenue Code section 457(b) for purposes of purchasing service credit in the system.

Sec. 35. NEW SECTION. 97C.21 VOLUNTARY COVERAGE OF ELECTED OFFICIALS.

Notwithstanding any provision of this chapter to the contrary, an employer of elected officials otherwise excluded from the definition of employee as provided in section 97C.2, may, but is not required to, choose to provide benefits to those elected officials as employees as provided by this chapter. This choice shall be reflected in the federal-state agreement described in section 97C.3. An employer who is providing benefits to elected officials otherwise excluded from the definition of employee prior to July 1, 2002, shall not be deemed to be in an erroneous reporting situation, and corrections for prior federal social security withholdings shall not be required. The implementation of this section shall be subject to the approval of the federal social security administration.

Sec. 36. IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM — TEMPORARY LAY-OFFS — AVERAGE COVERED WAGE RECALCULATION.

1. Notwithstanding any provision of chapter 97B to the contrary, a member of the Iowa public employees' retirement system who has an employer-mandated reduction in hours but remains on the employer's payroll, and who would receive a reduction in the member's three-year average covered wage as a result of the reduction in hours, may have the member's retirement allowance calculated based on the three-year average covered wage the member would have received, based on reasonable assumptions, if the member had not been subject to the employer-mandated reduction in hours, upon payment by the member of the applicable contribution amount. For purposes of this section, the applicable contribution amount is an amount equal to the employee and employer contributions that would have been paid to the system based on the wages that the member would have received but for the employer-mandated reduction in hours and would have been included in the member's three-year average covered wage.

2. The payment of the applicable contribution amount under this section shall be treated as pick-up contributions in addition to amounts picked up under section 97B.11A. The member must notify the Iowa public employees' retirement system and the member's employer prior to the member terminating employment covered under the system so that the appropriate calculations can be made and the applicable contribution amount for the member can be deducted from the member's wages. The Iowa public employees' retirement system shall have no liability for a member's failure to notify the system and the member's employer in time to make such calculations and deduct the applicable contribution amount from the member's remaining wage payments.

3. This section shall apply to employer-mandated reductions in hours during the period of time beginning on or after January 1, 2002, and ending no later than June 30, 2003. The system is authorized to adopt such rules, including emergency rules, as it deems necessary or prudent to implement this section.

Sec. 37. RETROACTIVE APPLICABILITY. Section 97B.52, subsection 2, Code 2001, establishing a line of duty death benefit for a member in special service, is retroactively applicable to January 1, 1992, and is applicable to covered deaths occurring on and after that date.

Sec. 38. EFFECTIVE DATE — RETROACTIVE APPLICABILITY.

1. The section of this Act amending section 97B.1A, subsection 8, paragraph “b”, subparagraph (2), being deemed of immediate importance, takes effect upon enactment and is retroactively applicable to January 1, 1995, and is applicable on and after that date.

2. The section of this Act amending section 97B.53B, being deemed of immediate importance, takes effect upon enactment and is retroactively applicable to January 1, 2002, and is applicable on and after that date.

Sec. 39. IOWA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM — STUDY ON DEFERRED RETIREMENT OPTION PROGRAM — REPORT. The Iowa public employees’ retirement system (IPERS) shall conduct a study to consider how to implement a deferred retirement option program (DROP) which is cost-neutral to the system, pursuant to its findings as a consequence of the pension portability study mandated by the 2000 Session of the General Assembly. In pursuing this proposal, IPERS shall conduct a statistically valid, professional survey of its members who would be eligible to participate in a DROP plan, if offered, in order to determine the level of their interest and the conditions under which they would, or would not, participate. In addition, the system actuary shall perform a long-range estimate of system assets and liabilities, factoring in estimated changes in its membership demographics. On or before October 1, 2003, the IPERS shall file a report with the legislative service bureau, for distribution to the public retirement systems committee established in section 97D.4, which contains its findings and recommendations. The report shall also contain any applicable actuarial information concerning the costs of any proposal or proposals.

Sec. 40. IOWA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM — STUDY ON A NEW OPTION FOR TERMINATED VESTED MEMBERS — REPORT. The Iowa public employees’ retirement system (IPERS) shall conduct a study to consider how to implement a new option for terminating, vested employees in which their employer and employee contributions, in accord with the existing IPERS’ refund formula, would be “rolled over” into an individual account which would then mirror the experience of the IPERS’ trust fund, minus reasonable administrative expenses. The proposal to be studied is in accord with recommendations of the pension portability study mandated by the 2000 Session of the General Assembly. In pursuing this proposal, IPERS shall work closely with the system actuary in order to develop a proposal which is cost-neutral to the retirement system. On or before October 1, 2003, the IPERS shall file a report with the legislative service bureau, for distribution to the public retirement systems committee established in section 97D.4, which contains its findings and recommendations. The report shall also contain any applicable actuarial information concerning the costs of any proposal or proposals.

DIVISION III STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM

Sec. 41. Section 411.1, Code Supplement 2001, is amended by adding the following new subsection:

NEW SUBSECTION. 11A. “Member in good standing” means a member in service who is not subject to removal by the employing city of the member pursuant to section 400.18 or 400.19, or other comparable process, and who is not the subject of an investigation that could lead to such removal.

Sec. 42. Section 411.6, subsection 3, Code 2001, is amended to read as follows:

3. ORDINARY DISABILITY RETIREMENT BENEFIT. Upon application to the system, of a member in service good standing or of the chief of the police or fire departments, respectively, any member in good standing shall be retired by the system, not less than thirty and not more than ninety days next following the date of filing the application, on an ordinary disability retirement allowance, if the medical board after a medical examination of the member certifies that the member is mentally or physically incapacitated for further performance of duty, that the incapacity is likely to be permanent, and that the member should be retired. However, if a person's membership in the system first commenced on or after July 1, 1992, the member shall not be eligible for benefits with respect to a disability which would not exist, but for a medical condition that was known to exist on the date that membership commenced. A member who is denied a benefit under this subsection, by reason of a finding by the medical board that the member is not mentally or physically incapacitated for the further performance of duty, shall be entitled to be restored to active service in the same position held immediately prior to the application for disability benefits. The member-in-good-standing requirement of this subsection may be waived for good cause as determined by the board. The burden of establishing good cause is on the member.

Sec. 43. Section 411.6, subsection 5, paragraph a, Code 2001, is amended to read as follows:

a. Upon application to the system, of a member in service good standing or of the chief of the police or fire departments, respectively, any member in good standing who has become totally and permanently incapacitated for duty as the natural and proximate result of an injury or disease incurred in or aggravated by the actual performance of duty at some definite time and place, or while acting pursuant to order, outside of the city by which the member is regularly employed, shall be retired by the system, if the medical board certifies that the member is mentally or physically incapacitated for further performance of duty, that the incapacity is likely to be permanent, and that the member should be retired. However, if a person's membership in the system first commenced on or after July 1, 1992, the member shall not be eligible for benefits with respect to a disability which would not exist, but for a medical condition that was known to exist on the date that membership commenced. A member who is denied a benefit under this subsection, by reason of a finding by the medical board that the member is not mentally or physically incapacitated for the further performance of duty, shall be entitled to be restored to active service in the same position held immediately prior to the application for disability benefits.

Sec. 44. Section 411.6, subsection 5, Code 2001, is amended by adding the following new paragraph:

NEW PARAGRAPH. d. The requirement that a member be in good standing to apply for and receive a benefit under this subsection may be waived for good cause as determined by the board. The burden of establishing good cause is on the member.

Sec. 45. Section 411.6, subsection 7, paragraph b, Code 2001, is amended to read as follows:

b. Should a disability beneficiary under age fifty-five be restored to active service at a compensation not less than the disability beneficiary's average final compensation, the disability beneficiary's retirement allowance shall cease, the disability beneficiary shall again become a member and shall contribute thereafter at the ~~same rate paid prior to disability~~ established in section 411.8, and former service on the basis of which the disability beneficiary's service was computed at the time of retirement shall be restored to full force and effect and upon subsequent retirement the disability beneficiary shall be credited with all service as a member and also with the period of disability retirement.

Sec. 46. Section 411.6, subsection 8, paragraph b, Code 2001, is amended to read as follows:

b. In lieu of the payment specified in paragraph "a", a beneficiary meeting the qualifications

of paragraph "c" may elect to receive a monthly pension equal to one-twelfth of forty percent of the average final compensation of the member, but not less than twenty percent of the average monthly earnable compensation paid to an active member ~~holding the highest grade in the rank of fire fighter, for a beneficiary of a deceased member of a fire department, or the highest grade in the rank of police patrol officer, for a beneficiary of a deceased member of a police department, if the member was in service at the time of death of the system, as reported by the actuary.~~ For a member not in service at the time of death, the pension shall be reduced as provided in subsection 1, paragraph "b".

For a member not in service at the time of death, the pension shall be paid commencing when the member would have attained the age of fifty-five except that if there is a child of the member, the pension shall be paid commencing with the member's death until the child of the member no longer meets the definition of child as provided in section 411.1. The pension shall resume when the member would have attained the age of fifty-five.

For a member in service at the time of death, the pension shall be paid commencing with the member's death. In addition to the pension, there shall also be paid for each child of a member, a monthly pension equal to six percent of the average monthly earnable compensation paid to an active member ~~holding the highest grade in the rank of fire fighter, for a child of a deceased member of a fire department, or the highest grade in the rank of police patrol officer, for a child of a deceased member of a police department of the system, as reported by the actuary.~~

Notwithstanding section 411.6, subsection 8, Code 1985, effective July 1, 1990, for a member's surviving spouse who, prior to July 1, 1986, elected to receive pension benefits under this paragraph, the monthly pension benefit shall be equal to the higher of one-twelfth of forty percent of the average final compensation of the member, or the amount the surviving spouse was receiving on July 1, 1990.

Sec. 47. Section 411.6, subsection 9, paragraph b, Code 2001, is amended to read as follows:

b. ~~(1) An~~ If the member's designated beneficiary is the member's spouse, child or parent, ~~an~~ accidental death benefit pension equal to one-half of the average final compensation of the member shall be paid as follows:

(a) If the member's designated beneficiary is the member's spouse, then to the member's spouse.

(b) If the member's designated beneficiary is the member's child or children, then to the child or children in equal shares. The pension to each child shall terminate when the child no longer meets the definition of child in section 411.1.

(c) If the member's designated beneficiary is the member's dependent father or mother, or both, then to the father or mother, or both, in equal shares, to continue until remarriage or death.

(2) If the member failed to designate a beneficiary, or if the beneficiary designated by the member predeceases the member, then an accidental death benefit pension equal to one-half of the average final compensation of the member shall be paid as follows:

~~(1)~~ (a) To the member's spouse.

~~(2)~~ (b) If there is no spouse, or if the spouse dies and there is a child of the member, then to the member's child or children in equal shares. The pension to each child shall terminate when the child no longer meets the definition of child in section 411.1.

~~(3)~~ (c) If there is no surviving spouse or child, then to the member's dependent father or mother, or both, ~~as the system determines~~ in equal shares, to continue until remarriage or death.

Sec. 48. Section 411.6, subsection 9, paragraph c, Code 2001, is amended to read as follows:

c. In addition to the accidental death benefit pension provided in paragraph "b", there shall also be paid for each child of a member a monthly pension equal to six percent of the average monthly earnable compensation paid to an active member ~~holding the highest grade in the~~

~~rank of fire fighter, for a child of a deceased member of a fire department, or holding the highest grade in the rank of police patrol officer, for a child of a deceased member of a police department of the system, as reported by the actuary.~~

Sec. 49. Section 411.6, subsection 11, paragraph a, Code 2001, is amended to read as follows:

a. To the spouse, equal to one-half the amount received by the deceased beneficiary, but in no instance less than twenty percent of the average monthly earnable compensation paid to an active member holding the highest grade in the rank of fire fighter, for a beneficiary of a deceased member of the fire department, or the highest grade in the rank of police patrol officer, for a beneficiary of a deceased member of a police department of the system, as determined by the actuary, and in addition a monthly pension equal to the monthly pension payable under subsection 9 of this section for each child; or

Sec. 50. Section 411.6, subsection 12, paragraph a, Code 2001, is amended to read as follows:

a. On each July 1, the monthly pensions authorized in this section payable to retired members retired prior to that date and to beneficiaries entitled to a monthly pension prior to that date shall be adjusted as provided in this subsection. An amount equal to the sum of one and one-half percent of the monthly pension of each retired member and beneficiary and the applicable incremental amount shall be added to the monthly pension of each retired member and beneficiary. The board of trustees shall may report to the general assembly every six years, by September 15 of that year, beginning with September 15, 2001, at the board's discretion, on whether the provisions of this subsection continue to provide an equitable method for the annual readjustment of pensions payable under this chapter.

Sec. 51. Section 411.6, subsection 13, Code 2001, is amended to read as follows:

13. a. REMARRIAGE OF SURVIVING SPOUSE. Effective July 1, 1990, for a member who died prior to July 1, 1988, if the member's surviving spouse remarried prior to July 1, 1988, the remarriage does not make the spouse ineligible under subsection 8, paragraph "c", subparagraphs (1) and (2), to receive benefits under subsections 8, 9, 11, and 12.

b. RECOMPUTATION OF BENEFIT — SURVIVING SPOUSE. A benefit payable under this chapter to a surviving spouse and to any surviving spouse who receives a division of the surviving spouse benefit pursuant to a marriage decree or marital property order under section 411.13 shall not be recomputed upon the death of any surviving spouse.

Sec. 52. Section 411.31, subsection 2, Code 2001, 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 ~~sixty days~~ one year, commences employment covered by the other eligible retirement system may elect to transfer the average accrued benefit earned from the former system to the current system. The member shall file an application with the current system for transfer of the average accrued benefit within ninety days of the commencement of employment with the current system.

Sec. 53. EFFECTIVE DATE — RETROACTIVE APPLICABILITY. The section of this Act amending section 411.31, being deemed of immediate importance, takes effect upon enactment and is retroactively applicable to July 1, 1996.

DIVISION IV JUDICIAL RETIREMENT SYSTEM

Sec. 54. Section 602.9107, subsection 1, paragraph a, Code 2001, is amended to read as follows:

a. The annual annuity of a judge under this system is an amount equal to three percent of the judge's average annual basic salary for the judge's last highest three years as a judge of

one or more of the courts included in this article, multiplied by the judge's years of service as a judge of one or more of the courts for which contributions were made to the system. However, an annual annuity shall not exceed an amount equal to a specified percentage of the highest basic annual salary which the judge is receiving at or had received as of the time the judge becomes became separated from service. Forfeitures shall not be used to increase the annuities a judge or survivor would otherwise receive under the system.

Sec. 55. NEW SECTION. 602.9107C IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM — SERVICE CREDIT.

1. A judge under this system who has at least six years of service as a judge of any of the courts included in this article and who was a member of the Iowa public employees' retirement system as provided in chapter 97B, but who was not retired under that system, upon submitting verification of membership and service in the Iowa public employees' retirement system to the court administrator, including proof that the judge has no further claim upon a retirement benefit from that public system, may make contributions as provided by this section to the system either for the entire period of service in the other public system, or for partial service in the other public system in increments of one or more calendar quarters, and receive credit for that service under the system.

2. The contributions required to be made for purposes of this section shall be in an amount equal to the actuarial cost of the service purchase. For purposes of this subsection, the actuarial cost of the service purchase is an amount determined by the court administrator in accordance with actuarial tables, as reported to the court administrator by the system's actuary, which reflects the actuarial cost necessary to fund an increased retirement annuity resulting from the purchase of additional service.

3. A judge eligible for an increased retirement annuity because of the payment of contributions under this section is entitled to receipt of retroactive adjustment payments for no more than six months immediately preceding the month in which the judge pays contributions under this section.

4. The court administrator shall ensure that the judge, in exercising an option provided in this section, does not exceed the amount of annual additions to a judge's account permitted pursuant to section 415 of the Internal Revenue Code.

Sec. 56. Section 602.9202, subsection 1, Code 2001, is amended to read as follows:

1. "Senior judge" means a supreme court judge, court of appeals judge, district court judge, ~~or district associate judge,~~ full-time associate juvenile judge, or full-time associate probate judge, who meets the requirements of section 602.9203 and who has not been retired or removed from the roster of senior judges under section 602.9207 or 602.9208.

Sec. 57. Section 602.9203, subsection 1, Code 2001, is amended to read as follows:

1. A supreme court judge, court of appeals judge, district judge, ~~or district associate judge,~~ full-time associate juvenile judge, or full-time associate probate judge, who qualifies under subsection 2 may become a senior judge by filing with the clerk of the supreme court a written election in the form specified by the court administrator. The election shall be filed within six months of the date of retirement.

Sec. 58. Section 602.9204, subsection 2, paragraph b, Code 2001, is amended to read as follows:

b. "Basic senior judge salary" means the highest basic annual salary which the judge is receiving at or had received as of the time the judge becomes became separated from full-time service, as would be used in computing an annuity pursuant to section 602.9107 without service as a senior judge, plus seventy-five percent of the escalator.