

**495—10.1(97B) Interest on accumulated contributions of active and inactive members.**

**10.1(1)** The term “interest” as used in this rule means statutory interest plus, if applicable, the interest dividend.

*a.* For calendar years prior to January 1, 1997, statutory interest is a credit to the accumulated contributions of active members and inactive vested members at a rate of two percent per annum. The interest dividend is a credit to the accumulated contributions of active members and inactive vested members that equals the excess of the average rate of interest earned on the retirement fund through investment during a calendar year over the statutory interest as determined in Iowa Code section 97B.70(1) “a” plus twenty-five hundredths of one percent.

*b.* For calendar years beginning January 1, 1997, a per annum interest rate at one percent above the interest rate on one-year certificates of deposit shall be credited to the member’s contributions and the employer’s contributions to become part of the accumulated contributions. For purposes of this paragraph, the interest rate on one-year certificates of deposit shall be determined by IPERS based on the average rate for such certificates of deposit as of the first business day of each year as published in a publication, including Internet-based publications, of general acceptance in the business community. The per annum interest rate shall be credited on a quarterly basis by applying one quarter of the annual interest rate to the sum of the accumulated contributions as of the end of the previous calendar quarter.

**10.1(2)** For all periods, if a member is vested upon termination, interest will continue to accrue through the month (or quarter, as applicable under Iowa Code section 97B.70) preceding the month (or quarter, as applicable under Iowa Code section 97B.70) of payment of the refund benefit, or in the case of retirement benefits, through the month (or quarter, as applicable under Iowa Code section 97B.70) preceding the first month of entitlement. For periods ending prior to July 1, 1995, if a member is not vested upon termination, interest will cease to accrue on termination of covered employment for as long as the member remains inactive. For periods beginning July 1, 1995, interest will cease to accrue if a member is not vested upon termination of employment for as long as the member is inactive or nonvested. Effective July 1, 1995, interest will be credited to an inactive nonvested member’s account as provided in Iowa Code section 97B.70, beginning with the first month (or quarter, as applicable under Iowa Code section 97B.70) thereafter that such a member becomes a vested member as provided in Iowa Code section 97B.1A(25).