

Reported Recommending
Ind. Postponed
Passed House
Failed to Pass House
Passed Senate
Failed to Pass Senate

House File 193

February 3, 1947.
Social Security.

By TROEGER, SLOANE, VAN EATON,
SCHWENGEL, NORLAND, and
KNICKERBOCKER.

A BILL FOR

An Act to amend the law as it appears in chapter ninety-seven (97), Code 1946, relating to old-age and survivors' insurance of certain public employees and regulating the collections of contributions to said system and the payments of benefits thereunder.

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

1 Section 1. That section ninety-seven point forty-five
2 (97.45), Code 1946, be amended by striking out the word "one"
3 in line one (1) of subsection four (4), paragraph (b)
4 thereof and inserting in lieu thereof the word "three".

1 Sec. 2. That section ninety-seven point forty-five
2 (97.45) be further amended by striking out the semicolon (;)
3 and the word "or" in line fourteen (14) of subsection six
4 (6), paragraph (a) of said section, and adding the following:

5 "but in the event such employee has a record of at
6 least ten (10) years of employment in public service then he
7 shall be a fully insured individual after he has been
8 covered for at least six (6) full quarters immediately
9 preceding his retirement or death; or".

1 Sec. 3. That section ninety-seven point forty-five
2 (97.45), Code 1946, be further amended by inserting a new

3 paragraph (c) after line nineteen (19) of subsection six (6)
4 thereof, as follows:

5 “He had at least ten (10) quarters of coverage and had
6 been employed by a political subdivision for a total of
7 twenty (20) years before the effective date of this act.”

1 Sec. 4. That section ninety-seven point thirteen
2 (97.13), Code 1946, be amended by adding thereafter the
3 following:

4 “Any employee who is a fully insured individual or
5 who is a currently insured individual and had been employed
6 by a political subdivision for a total of ten (10) years
7 before the effective date of this act and who, before
8 reaching the retirement age, as fixed in this chapter,
9 becomes physically or mentally totally disabled for useful
10 and efficient service by reason of disease or injury not
11 due to vicious habits, intemperance or willful misconduct
12 on the part of the employee, shall, upon his or her own
13 application, or upon the request or order of the head of
14 the department, branch or individual office concerned, be
15 retired on an annuity based upon ninety (90) percent of
16 the primary insurance benefit. No employee shall be
17 retired under the provisions of this subsection until
18 examined by a physician appointed by the employer, at the
19 expense of the employer, or by a board of physicians or
20 surgeons designated, one (1) by the employer, one (1) by
21 the employee, and the third to be selected by the two so

22 appointed, and found to be disabled in the degree and in
23 the manner specified herein, the expense of said examining
24 board to be borne by the employer. At the discretion of
25 the commission, every employee retired under the provisions
26 hereof, unless the disability for which retired is
27 permanent in character, may, at the expiration of one (1)
28 year from the date of such retirement and annually thereafter
29 until reaching the retirement age, as in this chapter
30 provided, be examined in the same manner as above provided
31 for examination of applicants claiming disability. If the
32 employee is restored to his former earning capacity before
33 reaching the retirement age, disability payments shall
34 be discontinued from the date of the medical examination
35 showing such recovery. Refusal by the employee to
36 submit to examination shall justify suspension of
37 disability benefits until such time as he does appear.
38 The employer is hereby authorized to request of the
39 commission such medical or other examination as he shall
40 deem necessary to determine the facts relative to the
41 nature and degree of disability of any former employee
42 retired hereunder.”

1 Sec. 5. That section ninety-seven point eight (97.8),
2 Code 1946, be amended by inserting after the comma (,)
3 following the figures “1946” in line nine (9) thereof the
4 following: “and until July 1,”; and further amend said
5 section by striking out the word and figures “and 1948”

6 in lines nine (9) and ten (10) thereof; and further
7 amend said section by striking out the period (.) after
8 the word "employee" in line twelve (12) of said section
9 and inserting after the word "employee" the following:
10 "and from July 1, 1947, to January 1, 1949, the tax shall
11 equal two (2) percent of such wages to be paid by each
12 employer and each employee."; and further amend said
13 section by striking out the word "two per cent" in line
14 fourteen (14) of said section and inserting in lieu thereof
15 the words "two and one-half (2½) percent".

1 Sec. 6. All laws or parts of laws in conflict herewith
2 are hereby repealed.

EXPLANATION OF H. F. 193

Section 1. To change 1% to 3%.

This section provides a slight increase in the amounts to be paid retired individuals or others entitled to receive allowances. Under this provision an employee who retired after twenty years of coverage would receive an allowance one-third greater than now provided; the increase would be smaller than one-third for an employee with less than twenty years of coverage and larger than one-third for an employee with more than twenty years of coverage. The amendment provides greater advantages for long periods of service as a public employee than for short periods of service.

Example: Retirement after age 65.

Employee retires after twenty years of coverage, average salary of \$150 per month.

Primary insurance benefit under present law, \$36 per month.

Primary insurance benefit under amendment, \$48 per month.

Section 2. To provide "fully insured" benefits after six quarters of coverage.

Under the present law no employee can receive an allowance for himself before July 1, 1948. On the other hand there are many public employees more than 65 years of age, a great number of whom have worked for the public for twenty years or more. Some of these would like to retire now but are trying to continue in service until they become eligible for a retirement allowance. Because of their long record of service it would seem fair to permit them to retire after six quarters of coverage, the same as provided by the Federal Social Security law.

The amendment would permit these older employees to retire next July 1 if they had a record of at least ten years of public service prior to 1946. Since, under present rules, such employees would be eligible for retirement on July 1, 1948, the amendment would advance the date of their retirement by just one year.

Section 3. To provide "fully insured" benefits after ten quarters of coverage if the employee has been employed in public service for twenty years.

To become "fully insured" under the present law an employee who was between the ages of 45 and 60 on January 1, 1946, must be employed in public service for one-half of the calendar quarters between that date and the quarter in which he becomes 65. Even though an employee had previously been in public service for 25 or 30 years it might be impossible to continue in service long enough to qualify under the present law.

The amendment would make it possible for those who had been employed in public service for twenty years before January 1, 1946, to qualify as "fully insured" after ten quarters of coverage. Such employees would not be paid any benefits until

after the age of 65 but they would be "fully insured" in case they were forced to cease work before they could qualify under the present law.

Section 4. To provide disability retirement allowances.

An employee who becomes totally disabled and is no longer able to continue work is usually in desperate need of some means of support. Under the present law no such provision exists unless the employee is 65 years of age and has already qualified on the basis of quarters of coverage. The amendment provides that a "fully insured individual" (one who has at least forty quarters of coverage) or a "currently insured individual" (one who has at least six quarters of coverage) and who had ten years of public service prior to January 1, 1946, would be eligible to receive an allowance in case of retirement for physical or mental disability.

The amendment provides the usual safeguards for disability retirement including (a) a limit of 90 per cent of the primary insurance benefit, (b) retirement at the request of the employer, (c) physical examination to determine the liability, (d) periodic re-examination at the discretion of the commission.

Example: Retirement for disability.

Employee 40 years of age becomes disabled January 1, 1954, after eighteen years of continuous public service, average salary of \$200 per month.

Disability benefit under amendment \$34.02 per month.

Section 5. To increase rates of contribution.

The rates of contribution under the present law by both employer and employee are 1 per cent during 1947 and 1948 and 2 per cent in 1949 and thereafter. The amendment provides that the rate from July 1, 1947, to December 31, 1948, shall be 2 per cent and that the rate in 1949 and thereafter shall be 2½ per cent. Based upon receipts from the present rate during 1946 the amendment would increase receipts during the next ten years an average of \$1,000,000 per year.