

January 22, 1963.

House File 47

Insurance. *Passed as amended 1-21*

By KNOWLES and ANDERSEN of Woodbury.

Passed House, Date *3-15-63* *lost* Passed Senate, Date.....

Vote: Ayes *45* Nays *56* Vote: Ayes..... Nays.....

Approved.....

*Motion: - Reconsider Vote 3/15
ayes 58 - Nays 42*

A BILL FOR

An Act to amend chapter two hundred ninety-four (294), Code 1962, to authorize school districts to purchase annuity contracts for employees.

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

- 1 Section 1. Chapter two hundred ninety-four (294), Code
- 2 1962, is hereby amended by adding thereto the following: "Any
- 3 school district may expend its funds to purchase annuity
- 4 contracts for its employees. The employee's rights under any
- 5 such annuity contract shall be nonforfeitable, except for
- 6 failure to pay premiums."

EXPLANATION OF HOUSE FILE 47

There is some doubt under the Iowa law whether school districts have the right to withhold from employee's earnings premiums to be paid for the purchase of private annuity-type insurance policies. Recent federal legislation enables participating employees to bolster their regular pension plans with individual annuities by giving certain favorable income tax treatment in storing dollars for future retirement. This bill would specifically permit those school districts that wish to do so to make such a plan available to its employees and to withhold premiums from the earnings of those who desire to participate. Participation in such a plan by both the school district and the employee is entirely optional.

- 1 Amend House File 47 as follows:
2 1. Amend section 1, line 4, by striking period and inserting
3 "on written request of employee."
4 2. Amend section 1, line 4, by inserting after the period
5 following the word "employees" the following: "An employee
6 shall have the right to select the insurance company of his or
7 her choice to furnish the annuity contract covering such
8 employee."

Filed
January 31, 1963.

COMMITTEE ON INSURANCE,
HAROLD O. FISCHER, *Chairman.*

Withdrawn
3/15

HOUSE FILE 47

- 1 Amend House File 47 as follows:
2 By striking everything after the enacting clause and by
3 inserting in lieu thereof the following:
4 Section 1. Chapter two hundred ninety-four (294), Code
5 1962, is hereby amended by adding thereto the following: "At
6 the request of an employee and as part of his compensation
7 arrangement, a school district may purchase an individual
8 annuity contract for an employee for retirement or other
9 purposes and may make payroll allocations in accordance with
10 such arrangement for the purpose of paying the entire premium
11 due and to become due under such contract. The allocation shall
12 be made in the manner which will qualify the annuity premiums
13 for the benefit afforded under section four hundred three (b)
14 (403(b)) of the current federal internal revenue code or any
15 equivalent provision of any subsequent federal income tax law.
16 The employee's rights under any such annuity contract shall be
17 nonforfeitable, except for failure to pay premiums."

Filed
February 8, 1963.

adopted as amended
3/15

KNOWLES of Scott.

HOUSE FILE 47

- 1 Amend the amendment to House File 47 filed February 8,
2 1963, by Knowles of Scott, by adding to section 1 the
3 following paragraph:
4 "Such payroll allocations for premiums shall not be
5 considered as wages for the purpose of the computation of
6 the tax under section ninety-seven B point eleven (97B.11)
7 of the Code, nor shall such payroll allocations be included
8 within the meaning of wages in chapter ninety-seven C point
9 two (97C.2) of the Code."

Filed
March 14, 1963.

adopted
3/15/63

KNOWLES of Scott.