

FEB 22 2001

STATE GOVERNMENT

HOUSE FILE 363
BY MYERS

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act permitting the purchase of service credit under the Iowa
2 public employees' retirement system for full-time private
3 sector employment.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 363

1 Section 1. NEW SECTION. 97B.80C PRIVATE SECTOR
2 EMPLOYMENT SERVICE CREDIT.

3 1. A vested or retired member who has five or more full
4 calendar years of covered wages and who at any time was in
5 full-time private sector employment, upon submitting
6 verification of the full-time private sector employment and
7 the dates of the employment, may make contributions to the
8 system for up to the lesser of twenty quarters of service
9 credit for such private sector employment or the entire period
10 of the private sector employment, in increments of one or more
11 calendar quarters, and receive credit for membership service
12 and prior service for the period of time for which the
13 contributions are made.

14 2. The contributions required to be made for purposes of
15 this section shall be in an amount equal to the actuarial cost
16 of the service purchase. For purposes of this subsection, the
17 actuarial cost of the service purchase is an amount determined
18 by the department in accordance with actuarial tables, as
19 reported to the department by the system's actuary, which
20 reflects the actuarial cost necessary to fund an increased
21 retirement allowance resulting from the purchase of additional
22 service.

23 3. The verification of the full-time private sector
24 employment and the dates of such employment shall be made by
25 the department prior to receiving contributions from the
26 member.

27 4. A member eligible for an increased retirement allowance
28 because of the payment of contributions under this section is
29 entitled to receipt of retroactive adjustment payments for no
30 more than six months immediately preceding the month in which
31 the member pays contributions under this section.

32 5. A purchase of service made in accordance with this
33 section by a retired reemployed member shall be applied to
34 either the member's original retirement allowance, or to the
35 member's reemployment service, whichever is more beneficial to

1 the member. If applied to a member's original retirement
2 allowance, or to the member's reemployment service after the
3 retirement allowance payments for such service begin, the
4 member is eligible to receive retroactive adjustment payments
5 for no more than six months prior to completion of the
6 purchase.

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

11 EXPLANATION

12 This bill allows a vested or retired member of the Iowa
13 public employees' retirement system (IPERS) with one or more
14 calendar years of covered wages under IPERS to purchase
15 service credit for up to five years of full-time private
16 sector employment. In no event can the service time purchased
17 exceed the period of the private sector employment. The bill
18 provides that the department shall verify the dates of the
19 full-time private sector employment. The contributions
20 required from the member to receive service credit shall be
21 the actuarial cost of providing a retirement benefit for the
22 period of the service purchase.

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