

FEB 20 2002
STATE GOVERNMENT

HOUSE FILE 2470
BY MYERS

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

A BILL FOR

1 An Act relating to the Iowa public employees' retirement system
2 and providing a retroactive applicability date.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2470

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

3 If a member who has not reached the member's sixty-fifth
4 birthday and who has a bona fide retirement under this chapter
5 is in regular full-time employment during a calendar year, the
6 member's retirement allowance shall be reduced by fifty cents
7 for each dollar the member earns over the limit provided in
8 this subsection. However, employment is not full-time
9 employment until the member receives remuneration in an amount
10 in excess of fourteen twenty-five thousand dollars for a
11 calendar year, or an amount equal to the amount of
12 remuneration permitted for a calendar year for persons under
13 sixty-five years of age before a reduction in federal social
14 security retirement benefits is required, whichever is higher.
15 Effective the first of the month in which a member attains the
16 age of sixty-five years, a retired member may receive a
17 retirement allowance without a reduction after return to
18 covered employment regardless of the amount of remuneration
19 received.

20 Sec. 2. Section 97B.49B, subsection 1, paragraph e,
21 subparagraph (1), Code 2001, is amended to read as follows:

22 (1) A conservation peace officer employed under section
23 456A.13 or as designated by a county conservation board
24 pursuant to section 350.5.

25 Sec. 3. Section 97B.51, subsection 1, unnumbered paragraph
26 1, Code 2001, is amended to read as follows:

27 Each member has the right prior to the member's retirement
28 date to elect to have the member's retirement allowance
29 payable under one of the options set forth in this section.
30 The amount of the optional retirement allowance selected in
31 paragraph "a", "c", "d", or "e", or "f", shall be the
32 actuarial equivalent of the amount of the retirement allowance
33 otherwise payable to the member as determined by the system in
34 consultation with the system's actuary. The member shall make
35 an election by written request to the department and the

1 election is subject to the approval of the department. If the
2 member is married, election of an option under this section
3 requires the written acknowledgment of the member's spouse.
4 The member may, if eligible, select one of the following
5 options:

6 Sec. 4. Section 97B.51, subsection 1, Code 2001, is
7 amended by adding the following new paragraph:

8 NEW PARAGRAPH. f. A member retiring under section 97B.49B
9 or 97B.49C may select an allowance upon retirement as provided
10 under paragraph "c", and may elect to have the monthly
11 allowance otherwise payable to the member pursuant to that
12 paragraph recalculated as provided in this paragraph. A
13 member electing payment of a monthly allowance under this
14 paragraph shall have the member's monthly allowance increased,
15 as determined by the system's actuary, by an amount equal to
16 the monthly federal social security benefit that would be
17 payable to the member on the date the member would be first
18 eligible to receive a reduced social security pension benefit.
19 Upon reaching the date the member would be first eligible to
20 receive a reduced social security pension benefit, the
21 member's monthly retirement allowance shall be permanently
22 reduced, as determined by the system's actuary. A member
23 electing payment of an allowance under this paragraph shall
24 provide the system with a certified record of the member's
25 wage history from social security at least sixty days prior to
26 the member's first month of entitlement.

27 Sec. 5. NEW SECTION. 97B.80C PURCHASES OF PERMISSIVE
28 SERVICE CREDIT.

29 1. DEFINITIONS. For purposes of this section:

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

32 b. "Permissive service credit" means credit that will be
33 recognized by the system for purposes of calculating a
34 member's benefit, for which the member did not previously
35 receive service credit in the system, and for which the member

1 voluntarily contributes to the system the amount required by
2 the system, not in excess of the amount necessary to fund the
3 benefit attributable to such service.

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

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

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

15 (c) Service with an educational organization which
16 normally maintains a regular faculty and curriculum, normally
17 has a regularly enrolled body of pupils or students in
18 attendance at the place where its educational activities are
19 regularly carried on, and is a public, private, or sectarian
20 school which provides elementary education or secondary
21 education through grade twelve.

22 (d) Military service other than military service required
23 to be recognized under Internal Revenue Code section 414(u) or
24 under the federal Uniformed Services Employment and
25 Reemployment Rights Act.

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

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

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

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

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

21 Sec. 6. RETROACTIVE APPLICABILITY. Section 97B.52,
22 subsection 2, Code 2001, establishing a line of duty death
23 benefit for a member in special service, is retroactively
24 applicable to January 1, 1992, and is applicable to covered
25 deaths occurring on and after that date.

26 EXPLANATION

27 This bill makes changes to the Iowa public employees'
28 retirement system (IPERS).

29 Code section 97B.48A, subsection 1, is amended to increase
30 the amount that an IPERS member who has a bona fide retirement
31 and is under 65 years of age can earn in public employment
32 covered by IPERS from \$14,000 to \$25,000 and still continue to
33 receive the member's retirement allowance without a reduction.
34 Current law and the bill provide that an IPERS member
35 receiving a retirement allowance who is under age 65 will have

1 the member's IPERS retirement allowance reduced by 50 cents
2 for each dollar the member earns in a calendar year in
3 employment covered by IPERS over the earnings limit
4 established in Code section 97B.48A.

5 Code section 97B.49B, subsection 1, paragraph "e",
6 subparagraph (1), is amended by adding a county conservation
7 peace officer as designated by a county conservation board as
8 a member of a protection occupation for purposes of
9 calculating the member's retirement under IPERS.

10 Code section 97B.51, subsection 1, is amended by adding a
11 new optional allowance upon retirement for special service
12 members of IPERS. The new paragraph provides that a member
13 retiring under Code section 97B.49B or 97B.49C can receive an
14 increase in the member's monthly allowance upon retirement
15 until the member reaches the age when the member can receive a
16 reduced social security benefit (now age 62) equal to the
17 social security benefit the member could receive upon reaching
18 that age. Upon reaching that age (62), the member's
19 retirement allowance will be reduced as determined by the
20 IPERS actuary. This modified monthly allowance applies only
21 to the optional allowance which provides for a lifetime
22 annuity for the member without a death benefit.

23 New Code section 97B.80C is established which permits a
24 member of IPERS to purchase additional service credit under
25 IPERS for both qualified and nonqualified service. "Qualified
26 service" is defined as service with a governmental employer,
27 an association representing employees of the government, and
28 an educational organization which provides elementary or
29 secondary education, in which the member does not receive a
30 retirement benefit for that service. "Nonqualified service"
31 is defined by the bill to include all other kinds of service
32 not defined as qualified service. The bill provides a member
33 must be a vested or retired member under IPERS with five years
34 of wages in order to purchase service credit for nonqualified
35 service and the purchase is limited to a maximum of five

1 years. The bill limits the purchase of qualified service to
2 that which is permitted under the federal Internal Revenue
3 Code. The bill provides that a purchase of service under this
4 new section shall be the full actuarial cost of the additional
5 service. The bill also provides that the purchase of service
6 under this new section is limited by Internal Revenue Code
7 requirements.

8 Current Code section 97B.52, subsection 2, which
9 establishes a \$100,000 line of duty death benefit for a member
10 who dies while in special service, is made retroactively
11 applicable to January 1, 1992.

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