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HSB 670

Gipp
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STATE GOVERNMENT

HOUSE FILE _____

BY (PROPOSED COMMITTEE ON STATE
GOVERNMENT BILL BY
CHAIRPERSON METCALF)

Passed House, Date _____

Passed Senate, Date _____

Vote: Ayes _____ Nays _____

Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to public retirement systems and providing
2 effective and retroactive applicability dates.

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

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DIVISION I

PUBLIC SAFETY PEACE OFFICERS' RETIREMENT,
ACCIDENT, AND DISABILITY SYSTEM.

Section 1. Section 80.36, Code 2001, is amended to read as follows:

80.36 MAXIMUM AGE.

~~The maximum age for a~~ A person to shall not be employed as a peace officer in the department of public safety is after attaining sixty-five years of age.

Sec. 2. Section 97A.6, subsection 6, paragraph c, Code 2001, is amended to read as follows:

c. Upon retirement for accidental disability on or after July 1, 1998, a member shall receive an accidental disability retirement allowance which shall consist of a pension in an amount equal to the greater of sixty percent of the member's average final compensation or the retirement allowance that the member would receive under subsection 2 if the member has had attained fifty-five years of age.

Sec. 3. NEW SECTION. 97A.14A LIABILITY OF THIRD PARTIES -- SUBROGATION.

1. If, on or after July 1, 2002, a member receives an injury or dies for which benefits are payable under section 97A.6, subsection 3, 5, 8, or 9, or section 97A.14, and if the injury or death is caused under circumstances creating a legal liability for damages against a third party other than the system, the system, the member, or the member's dependent or the trustee of the dependent, may maintain an action for damages against the third party as provided by this section. If a member, the member's dependent, or the trustee of the dependent commences such an action, the plaintiff member, dependent, or trustee shall serve a copy of the original notice upon the system not less than ten days before the trial of the action, but a failure to serve the notice does not prejudice the rights of the system, and the following rights and duties ensue:

1 a. The system shall be indemnified out of the recovery of
2 damages to the extent of benefit payments made by the system,
3 with legal interest, except that the attorney fees and
4 expenses of the plaintiff member, dependent, or trustee may be
5 first allowed by the district court.

6 b. The system has a lien on the damage claim against the
7 third party and on any judgment on the damage claim for
8 benefits for which the system is liable. In order to continue
9 and preserve the lien, the system shall file a notice of the
10 lien within thirty days after receiving a copy of the original
11 notice in the office of the clerk of the district court in
12 which the action is filed.

13 2. If a member, the member's dependent, or the trustee of
14 the dependent fails to bring an action for damages against a
15 third party within ninety days after the system requests the
16 member, the member's dependent, or the trustee of the
17 dependent in writing to do so, then the system is subrogated
18 to the rights of the member and may maintain the action
19 against the third party, and may recover damages for the
20 injury or death to the same extent that the member, the
21 member's dependent, or the trustee of the dependent may
22 recover damages for the injury or death. If the system
23 recovers damages in the action, the court shall enter judgment
24 for distribution of the recovery as follows:

25 a. A sum sufficient to repay the system for the amount of
26 such benefits actually paid by the system up to the time of
27 the entering of the judgment.

28 b. A sum sufficient to pay the system the present worth,
29 computed at the interest rate provided in section 535.3 for
30 court judgments and decrees, of the future payments of such
31 benefits for which the system is liable until the member
32 attains the age of fifty-five, but the sum is not a final
33 adjudication of the future payment which the member is
34 entitled to receive.

35 c. Any balance of the recovery remaining after

1 distribution of the recovery pursuant to paragraphs "a" and
2 "b" shall be paid to the member or the member's beneficiary.

3 3. Before a settlement is effective between the system and
4 a third party who is liable for any injury, the member, the
5 member's dependent, or the trustee of the dependent must
6 consent in writing to the settlement; and if the settlement is
7 between the member, the member's dependent, or the trustee of
8 the dependent and a third party, the system must consent in
9 writing to the settlement; or on refusal to consent, in either
10 case, the workers' compensation commissioner must consent in
11 writing to the settlement.

12 4. For purposes of subrogation under this section, a
13 payment made to an injured member, the member's guardian, or
14 the member's legal representative, by or on behalf of a third
15 party or the third party's principal or agent, who is liable
16 for, connected with, or involved in causing the injury or
17 death to the member, shall be considered paid as damages
18 because the injury or death was caused under circumstances
19 creating a legal liability against the third party, whether
20 the payment is made under a covenant not to sue, compromise
21 settlement, denial of liability, or is otherwise made.

22 Sec. 4. Section 97A.17, subsection 2, Code 2001, is
23 amended to read as follows:

24 2. Commencing July 1, 1996, a vested member of an eligible
25 retirement system who terminates employment covered by one
26 eligible retirement system and, within sixty-days one year,
27 commences employment covered by the other eligible retirement
28 system may elect to transfer the average accrued benefit
29 earned from the former system to the current system. The
30 member shall file an application with the current system for
31 transfer of the average accrued benefit within ninety days of
32 the commencement of employment with the current system.

33 Sec. 5. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY.

34 1. The section of this Act amending section 97A.6,
35 subsection 6, being deemed of immediate importance, takes

1 effect upon enactment and is retroactively applicable to July
2 1, 1998.

3 2. The section of this Act amending section 97A.17, being
4 deemed of immediate importance, takes effect upon enactment
5 and is retroactively applicable to July 1, 1996.

6 DIVISION II

7 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS)

8 Sec. 6. Section 97B.1A, subsection 8, paragraph a,
9 subparagraph (1), Code Supplement 2001, is amended to read as
10 follows:

11 (1) Elective officials in positions for which the
12 compensation is on a fee basis, elective officials of school
13 districts, elective officials of townships, and elective
14 officials of other political subdivisions who are in part-time
15 positions. An elective official covered under this chapter
16 section may terminate membership under this chapter by
17 informing the department in writing of the expiration of the
18 member's term of office or by informing the department of the
19 member's intent to terminate membership for employment as an
20 elective official and establishing that the member has a bona
21 fide termination of employment from all employment covered
22 under this chapter other than as an elective official and that
23 the member has filed a completed application for benefits form
24 with the department. A county attorney is an employee for
25 purposes of this chapter whether that county attorney is
26 employed on a full-time or part-time basis.

27 Sec. 7. Section 97B.1A, subsection 8, paragraph b,
28 subparagraph (2), Code Supplement 2001, is amended to read as
29 follows:

30 (2) Graduate medical students while serving as interns or
31 resident doctors in training at any hospital, or county
32 medical examiners and deputy county medical examiners under
33 chapter 331, division V, part 8, who are not full-time county
34 employees.

35 Sec. 8. Section 97B.1A, subsection 8, paragraph b, Code

1 Supplement 2001, is amended by adding the following new
2 subparagraph:

3 NEW SUBPARAGRAPH. (9) Persons employed by the Iowa
4 student loan liquidity corporation.

5 Sec. 9. Section 97B.1A, subsection 24, paragraph a, Code
6 Supplement 2001, is amended to read as follows:

7 a. "Three-year average covered wage" means, for a member
8 who retires prior to July 1, ~~2003~~ 2005, a member's covered
9 wages averaged for the highest three years of the member's
10 service, except as otherwise provided in this subsection. The
11 highest three years of a member's covered wages shall be
12 determined using calendar years. However, if a member's final
13 quarter of a year of employment does not occur at the end of a
14 calendar year, the department may determine the wages for the
15 third year by computing the average quarter of all quarters
16 from the member's highest calendar year of covered wages not
17 being used in the selection of the two highest years and using
18 the computed average quarter for each quarter in the third
19 year in which no wages have been reported in combination with
20 the final quarter or quarters of the member's service to
21 create a full year. However, the department shall not use the
22 member's final quarter of wages if using that quarter would
23 reduce the member's three-year average covered wage. If the
24 three-year average covered wage of a member exceeds the
25 highest maximum covered wages in effect for a calendar year
26 during the member's period of service, the three-year average
27 covered wage of the member shall be reduced to the highest
28 maximum covered wages in effect during the member's period of
29 service. Notwithstanding any other provision of this
30 paragraph to the contrary, a member's wages for the third year
31 as computed by this paragraph shall not exceed, by more than
32 three percent, the member's highest actual calendar year of
33 covered wages for a member whose first month of entitlement is
34 January 1999 or later.

35 Sec. 10. Section 97B.1A, subsection 24, paragraph c, Code

1 Supplement 2001, is amended to read as follows:

2 c. "Three-year average covered wage" means, for a member
3 who retires on or after July 1, ~~2003~~ 2005, the greater of the
4 member's covered wages averaged for a member's highest twelve
5 consecutive quarters of service or the member's covered wages
6 averaged for a member's highest three calendar years of
7 service. The department shall adopt rules to implement this
8 paragraph in accordance with the requirements of this chapter
9 and the federal Internal Revenue Code.

10 Sec. 11. Section 97B.15, Code 2001, is amended to read as
11 follows:

12 97B.15 RULES, POLICIES, AND PROCEDURES.

13 The department may adopt rules under chapter 17A and
14 establish procedures, not inconsistent with this chapter,
15 which are necessary or appropriate to implement this chapter
16 and shall adopt reasonable and proper rules to regulate and
17 provide for the nature and extent of the proofs and evidence
18 and the method of taking and furnishing the proofs and
19 evidence in order to establish the right to benefits under
20 this chapter. The department may adopt rules, and take action
21 based on the rules, to conform the requirements for receipt of
22 retirement benefits under this chapter to the mandates of
23 applicable federal and state statutes and regulations.

24 Prior to the adoption of rules, the department may
25 establish interim written policies and procedures, and take
26 action based on the policies and procedures, to conform the
27 requirements for receipt of retirement benefits under this
28 chapter to the applicable requirements of federal and state
29 law.

30 Sec. 12. Section 97B.17, Code Supplement 2001, is amended
31 to read as follows:

32 97B.17 RECORDS MAINTAINED.

33 1. The department shall establish and maintain records of
34 each member, including but not limited to, the amount of wages
35 of each member, the contribution of each member with interest,

1 and interest dividends credited. The records may be
2 maintained in paper, magnetic, or electronic form, including
3 optical disk storage. These records are the basis for the
4 compilation of the retirement benefits provided under this
5 chapter.

6 2. The following records maintained under this chapter are
7 not public records for the purposes of chapter 22:

8 ~~1-~~ a. Records containing social security numbers.

9 ~~2-~~ b. Records specifying amounts accumulated in members'
10 accounts and supplemental accounts.

11 ~~3-~~ c. Records containing names or addresses of members or
12 their beneficiaries.

13 ~~4-~~ d. Records containing amounts of payments to members or
14 their beneficiaries.

15 ~~5-~~ e. Records containing financial or commercial
16 information that relates to the investment of system funds if
17 the disclosure of such information could result in a loss to
18 the system or to the provider of the information.

19 3. Summary information concerning the demographics of the
20 members and general statistical information concerning the
21 system is subject to chapter 22, as well as aggregate
22 information by category.

23 However, the department's records are evidence for the
24 purpose of proceedings before the department or any court of
25 the amounts of wages and the periods in which they were paid,
26 and the absence of an entry as to a member's wages in the
27 records for any period is evidence that wages were not paid
28 that member in the period.

29 4. Notwithstanding any provisions of chapter 22 to the
30 contrary, the department's records may be released to any
31 political subdivision, instrumentality, or other agency of the
32 state solely for use in a civil or criminal law enforcement
33 activity pursuant to the requirements of this ~~paragraph~~
34 subsection. To obtain the records, the political subdivision,
35 instrumentality, or agency shall, in writing, certify that the

1 activity is authorized by law, provide a written description
2 of the information desired, and describe the law enforcement
3 activity for which the information is sought. The department
4 shall not be civilly or criminally liable for the release or
5 rerelease of records in accordance with this paragraph
6 subsection.

7 5. Confidential records of the division maintained for the
8 operation of the system may be released to the directors,
9 agents, and employees of the legislative fiscal bureau, the
10 department of revenue and finance, the department of
11 management, the department of personnel, or an employer of
12 employees covered by the system pursuant to rules adopted by
13 the division for the performance of the requestor's duties.
14 To obtain a record under this subsection, the person
15 requesting the records shall provide a written description of
16 the information requested and the reason for requesting the
17 records to the division. A person receiving a record pursuant
18 to this subsection shall maintain the confidentiality of any
19 information otherwise required to be kept confidential and
20 shall be subject to the same penalties as the custodian of the
21 records for the public dissemination of such information.

22 Sec. 13. Section 97B.18, Code 2001, is amended to read as
23 follows:

24 97B.18 STATEMENT OF ACCUMULATED CREDIT.

25 After the expiration of each calendar year and prior to
26 July 1 of the succeeding year, the department shall furnish
27 each member with a statement of the member's accumulated
28 contributions and benefit credits accrued under this chapter
29 up to the end of that calendar year and additional information
30 the department deems useful to a member. The department may
31 furnish an estimate of the credits as of the projected normal
32 retirement date of the member under section 97B.45. The
33 ~~department shall mail the statement to each employer not later~~
34 ~~than June 30 of the succeeding calendar year.~~ The employer
35 ~~shall distribute the statements to its employees, and the~~

1 records of the department as shown by the statement as to the
2 wages of each individual member for a year and the periods of
3 payment shall be conclusive for the purpose of this chapter,
4 except as otherwise provided in this chapter.

5 ~~Effective for the calendar year beginning January 17, 1994,~~
6 ~~the department may transmit the statements directly to the~~
7 ~~members in lieu of mailing them to the employers.~~

8 Sec. 14. Section 97B.42, unnumbered paragraphs 6 and 7,
9 Code 2001, are amended to read as follows:

10 Notwithstanding any other provision of this section,
11 ~~commencing July 17, 1994,~~ a member who is employed by a
12 community college may elect coverage under an eligible
13 alternative retirement benefits system as provided in section
14 260C.14, subsection 17, in lieu of continuing or commencing
15 contributions to the Iowa public employees' retirement system.
16 However, the employer's annual contribution in dollars to the
17 eligible alternative retirement benefits system shall not
18 exceed the annual contribution in dollars which the employer
19 would contribute if the employee had elected to remain an
20 active member under this chapter, as set forth in section
21 97B.11. A member employed by a community college who elects
22 coverage under an eligible alternative retirement benefits
23 system may withdraw the member's accumulated contributions
24 effective when coverage under the eligible alternative
25 retirement benefits system commences. ~~A member who is~~
26 ~~employed by a community college prior to July 17, 1994, must~~
27 ~~file an election for coverage under the eligible alternative~~
28 ~~retirement benefits system described in section 260C.14~~
29 ~~subsection 17, paragraph "a" with the department and the~~
30 ~~employing community college within eighteen months of the~~
31 ~~first day on which coverage commences under the community~~
32 ~~college's eligible alternative retirement benefits system~~
33 ~~described in section 260C.14, subsection 17, paragraph "a" or~~
34 ~~the employee shall remain a member under this chapter and~~
35 ~~shall not be eligible to elect to participate in that~~

~~1 community-college's-eligible-alternative-retirement-benefits~~
~~2 system-described-in-section-260C.14-subsection-17-paragraph~~
~~3 "a"-at-a-later-date. Employees of a community college hired~~
~~4 on-or-after-July-17-1994, must file an election for coverage~~
~~5 under an eligible alternative retirement benefits system with~~
~~6 the department and the employing community college within~~
~~7 sixty days of commencing employment, or the employee shall~~
~~8 remain a member under this chapter and shall not be eligible~~
~~9 to elect to participate in an eligible alternative retirement~~
~~10 benefits system of the community college at a later date. The~~
~~11 department shall cooperate with the boards of directors of the~~
~~12 community colleges to facilitate the implementation of this~~
~~13 provision.~~

~~14 Notwithstanding-any-other-provision-of-this-section-a~~
~~15 person-newly-entering-employment-with-a-community-college-on~~
~~16 or-after-July-17-1990-may-elect-coverage-under-an-eligible~~
~~17 alternative-retirement-benefits-system-as-defined-in-section~~
~~18 260C.14-subsection-17-paragraph-"a"-in-lieu-of-coverage~~
~~19 under-the-Iowa-public-employees'-retirement-system-but-only~~
~~20 if-the-person-is-already-a-member-of-the-alternative~~
~~21 retirement-benefits-system. An election to participate in an~~
~~22 eligible alternative retirement benefits system as described~~
~~23 in section 260C.14, subsection 17, is irrevocable as to the~~
~~24 person's employment with that community college and any other~~
~~25 community college in this state.~~

26 Sec. 15. Section 97B.44, Code 2001, is amended by adding
27 the following new unnumbered paragraph:

28 NEW UNNUMBERED PARAGRAPH. However, the system may accept a
29 married member's designation or change in designation under
30 this section without the written consent of the member's
31 spouse if the member submits a notarized statement indicating
32 that the member has been unable to locate the member's spouse
33 to obtain the written consent of the spouse after reasonable
34 diligent efforts. The member's designation or change in
35 designation shall become effective upon filing the necessary

1 forms, including the notarized statement, with the division.
2 The division shall not be liable to the member, the member's
3 spouse, or to any other person affected by the member's
4 designation or change of designation, based upon a designation
5 or change of designation accomplished without the written
6 consent of the member's spouse.

7 Sec. 16. Section 97B.45, Code 2001, is amended to read as
8 follows:

9 97B.45 NORMAL RETIREMENT DATE.

10 A member's normal retirement date is any of the following,
11 whichever is applicable to the member:

12 1. The first of the month in which a member attains the
13 age of sixty-five years if the member has not completed twenty
14 years of membership service.

15 2. The first of the month in which the member attains the
16 age of sixty-two years if the member has completed twenty
17 years of membership service.

18 3. The first of any month in which the member has
19 completed twenty years of membership service if the member has
20 attained the age of sixty-two years but is not yet sixty-five
21 years of age.

22 4. The first of any month in which the member is at least
23 fifty-five years of age and for which the sum of the number of
24 years of membership service and prior service and the member's
25 age in years as of the member's last birthday equals or
26 exceeds eighty-eight.

27 ~~A member may retire after the member's sixty-fifth birthday~~
28 ~~except as otherwise provided in section 97B.46.~~ A member
29 retiring on or after the normal retirement date, as provided
30 in section 97B.46, shall submit a written notice to the
31 department setting forth the date the retirement is to become
32 effective. The date shall be after the member's last day of
33 service and not before the first day of the sixth calendar
34 month preceding the month in which the notice is filed.

35 Sec. 17. Section 97B.48, subsection 3, Code 2001, is

1 amended to read as follows:

2 3. ~~As-of~~ On or before the first of the month in which a
3 member attains the age of seventy years, the department
4 division shall provide written notification to the each member
5 for whom the division has an address that the member may
6 commence receiving a retirement allowance regardless of the
7 member's employment status. Prior to receiving a retirement
8 allowance pursuant to this subsection, a member shall
9 acknowledge in writing that the member was informed by the
10 department of the consequences of electing to receive a
11 retirement allowance pursuant to this subsection and that
12 receipt of a retirement allowance under this subsection is
13 optional. Upon termination from employment of a member
14 receiving a retirement allowance pursuant to this subsection,
15 the member is entitled to have the member's monthly retirement
16 allowance recalculated using the applicable formula for
17 determining a retirement allowance pursuant to sections
18 97B.49A through 97B.49G, as applicable, in place at the time
19 of the member's first month of entitlement.

20 Sec. 18. Section 97B.48A, subsection 1, unnumbered
21 paragraph 1, Code 2001, is amended to read as follows:

22 If a member who has not reached the member's sixty-fifth
23 birthday and who has a bona fide retirement under this chapter
24 is in regular full-time employment during a calendar year, the
25 member's retirement allowance shall be reduced by fifty cents
26 for each dollar the member earns over the limit provided in
27 this subsection. However, employment is not full-time
28 employment until the member receives remuneration in an amount
29 in excess of ~~fourteen~~ forty thousand dollars for a calendar
30 year, or an amount equal to the amount of remuneration
31 permitted for a calendar year for persons under sixty-five
32 years of age before a reduction in federal social security
33 retirement benefits is required, whichever is higher.

34 Effective the first of the month in which a member attains the
5 age of sixty-five years, a retired member may receive a

1 retirement allowance without a reduction after return to
2 covered employment regardless of the amount of remuneration
3 received.

4 Sec. 19. Section 97B.49B, subsection 1, paragraph e,
5 subparagraph (1), Code 2001, is amended to read as follows:

6 (1) A conservation peace officer employed under section
7 456A.13 or as designated by a county conservation board
8 pursuant to section 350.5.

9 Sec. 20. Section 97B.49B, Code 2001, is amended by adding
10 the following new subsection:

11 NEW SUBSECTION. 4. Notwithstanding any provision of this
12 chapter to the contrary, the three-year average covered wage
13 for a member retiring under this section whose years of
14 eligible service equals or exceeds twenty-two years of
15 eligible service for that member shall be determined by
16 calculating the member's eligible combined wage for each year
17 of eligible service. For purposes of this subsection,
18 "eligible combined wage" means the wages earned by the member
19 for each quarter year period from eligible service and from
20 covered employment that is not eligible service if at least
21 seventy-five percent of the wages earned was from eligible
22 service.

23 Sec. 21. Section 97B.49C, Code 2001, is amended by adding
24 the following new subsection:

25 NEW SUBSECTION. 4. Notwithstanding any provision of this
26 chapter to the contrary, the three-year average covered wage
27 for a member retiring under this section whose years of
28 eligible service equals or exceeds twenty-two years of
29 eligible service for that member shall be determined by
30 calculating the member's eligible combined wage for each
31 quarter year of eligible service. For purposes of this
32 subsection, "eligible combined wage" means the wages earned by
33 the member for each quarter year period from eligible service
34 and from covered employment that is not eligible service if at
35 least seventy-five percent of the wages earned was from

1 eligible service.

2 Sec. 22. Section 97B.49F, subsection 2, paragraph a, Code
3 2001, is amended to read as follows:

4 a. Commencing January 1, 1999, all ~~members who retired on~~
5 ~~or after July 1, 1990, and~~ qualified recipients who have been
6 retired received a monthly allowance for at least one year as
7 of the date the dividend is payable ~~or a beneficiary or~~
8 ~~contingent annuitant of such a member who receives a monthly~~
9 ~~benefit,~~ shall be eligible to receive a favorable experience
10 dividend, payable on the last business day in January of each
11 year pursuant to the requirements of this subsection. If the
12 ~~member, beneficiary, or contingent annuitant~~ qualified
13 recipient eligible to receive a favorable experience dividend
14 dies before January 1 of a year, a favorable experience
15 dividend shall not be payable in January of that year in the
16 name of the ~~member, beneficiary, or contingent annuitant~~
17 qualified recipient. However, if the ~~member, beneficiary, or~~
18 ~~contingent annuitant~~ qualified recipient dies on or after
19 January 1 but before the dividend is paid in that month, the
20 full amount of the dividend payable in that month shall be
21 paid in the name of the ~~applicable member, beneficiary, or~~
22 ~~contingent annuitant~~ qualified recipient, upon notification of
23 death. For purposes of this paragraph, "qualified recipient"
24 includes all members who retired on or after July 1, 1990, or
25 a beneficiary or contingent annuitant of such a member who
26 receives a monthly benefit, and a beneficiary of an active
27 member who elects a monthly allowance under section 97B.52,
28 subsection 1, paragraph "c".

29 Sec. 23. Section 97B.51, subsection 1, unnumbered
30 paragraph 1, Code 2001, is amended to read as follows:

31 Each member has the right prior to the member's retirement
32 date to elect to have the member's retirement allowance
33 payable under one of the options set forth in this section.
34 The amount of the optional retirement allowance selected in
35 paragraph "a", "c", "d", or "e", or "f" shall be the actuarial

1 equivalent of the amount of the retirement allowance otherwise
2 payable to the member as determined by the system in
3 consultation with the system's actuary. The member shall make
4 an election by written request to the department and the
5 election is subject to the approval of the department. If the
6 member is married, election of an option under this section
7 requires the written acknowledgment of the member's spouse.
8 However, the system may accept a married member's election of
9 a benefit option under this section without the written
10 acknowledgement of the member's spouse if the member submits a
11 notarized statement indicating that the member has been unable
12 to locate the member's spouse to obtain the written
13 acknowledgement of the spouse after reasonable diligent
14 efforts. The member's election of a benefit option shall
15 become effective upon filing the necessary forms, including
16 the notarized statement, with the division. The division
17 shall not be liable to the member, the member's spouse, or to
18 any other person affected by the member's election of a
19 benefit option, based upon an election of benefit option
20 accomplished without the written acknowledgement of the
21 member's spouse. The member may, if eligible, select one of
22 the following options:

23 Sec. 24. Section 97B.51, subsection 1, paragraph a, Code
24 2001, is amended to read as follows:

25 a. At retirement, a member may designate that upon the
26 member's death, a specified amount of money shall be paid to a
27 named beneficiary, and the member's monthly retirement
28 allowance shall be reduced by an actuarially determined amount
29 to provide for the lump sum payment. The amount designated by
30 the member must be in thousand dollar increments and shall be
31 limited to the amount of the member's accumulated
32 contributions. The amount designated shall not lower the
33 monthly retirement allowance of the member by more than one-
34 half the amount payable as provided in paragraph "b". A
35 member may designate a different beneficiary at any time,

1 except as limited by an order that has been accepted by the
2 department as complying with the requirements of section
3 97B.39. The election of a death benefit amount under this
4 paragraph shall be irrevocable upon payment of the first
5 monthly retirement allowance.

6 Sec. 25. 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. 26. Section 97B.52, subsection 4, paragraph b, Code
28 2001, is amended to read as follows:

29 b. If a death benefit is due and payable on behalf of a
30 member who dies prior to the member's first month of
31 entitlement, interest shall continue to accumulate through the
32 quarter preceding the quarter in which payment is made to the
33 designated beneficiary, heirs at law, or the estate unless the
34 payment of the death benefit is delayed because of a dispute
35 between alleged heirs, in which case the benefit due and

1 payable shall be placed in a noninterest bearing escrow
2 account until the beneficiary is determined in accordance with
3 this section.

4 Sec. 27. Section 97B.53, subsection 4, Code 2001, is
5 amended to read as follows:

6 4. A member has not terminated employment for purposes of
7 this section if the member accepts other covered employment
8 within four-months thirty days after receiving the last
9 payment of wages for covered employment, or if the member
10 begins covered employment prior to filing a request for a
11 refund with the department division.

12 Sec. 28. Section 97B.53B, Code 2001, is amended to read as
13 follows:

14 97B.53B ROLLOVERS OF MEMBERS' ACCOUNTS.

15 1. As used in this section, unless the context otherwise
16 requires, and to the extent permitted by the internal revenue
17 service:

18 a. "Direct rollover" means a payment by the system to the
19 eligible retirement plan specified by the member or the
20 member's surviving spouse.

21 b. "Eligible retirement plan" means either of the
22 following that accepts an eligible rollover distribution from
23 a member or a member's surviving spouse:

24 (1) An individual retirement account in accordance with
25 section 408(a) of the federal Internal Revenue Code.

26 (2) An individual retirement annuity in accordance with
27 section 408(b) of the federal Internal Revenue Code.

28 In addition, an "eligible retirement plan" includes an
29 annuity plan in accordance with section 403(a) of the federal
30 Internal Revenue Code, or a qualified trust in accordance with
31 section 401(a) of the federal Internal Revenue Code, that
32 accepts an eligible rollover distribution from a member.

33 Effective January 1, 2002, the term "eligible retirement plan"
34 also includes an annuity contract described in section 403(b)
35 of the federal Internal Revenue Code, and an eligible plan

1 under 457(b) of the federal Internal Revenue Code which is
2 maintained by a state, political subdivision of a state, or
3 any agency or instrumentality of a state or political
4 subdivision of a state that chooses to separately account for
5 amounts transferred into such eligible retirement plan from
6 the system.

7 c. (1) "Eligible rollover distribution" means-~~all~~
8 includes any of the following:

9 (a) All or any portion of a member's account and
10 supplemental account, ~~except that an.~~

11 (b) Effective January 1, 2002, after-tax employee
12 contributions, if the plan to which such amounts are to be
13 transferred is an individual retirement account described in
14 federal Internal Revenue Code section 408(a) or 408(b), or is
15 a qualified defined contribution plan described in federal
16 Internal Revenue Code section 401(a) or 403(a), and such plan
17 agrees to separately account for the after-tax amount so
18 transferred.

19 (c) A distribution made on behalf of a surviving spouse
20 and to an alternate payee under a qualified domestic relations
21 order.

22 (2) An eligible rollover distribution does not include any
23 of the following:

24 (1) (a) A distribution that is one of a series of
25 substantially equal periodic payments, which occur annually or
26 more frequently, made for the life or life expectancy of the
27 distributee or the joint lives or joint life expectancies of
28 the distributee and the distributee's designated beneficiary,
29 or made for a specified period of ten years or more.

30 (2) (b) A distribution to the extent that the distribution
31 is required pursuant to section 401(a)(9) of the federal
32 Internal Revenue Code.

33 (3) (c) The portion of any distribution that is not
34 includible in the gross income of the distributee, determined
35 without regard to the exclusion for net unrealized

1 appreciation with respect to employer securities.

2 ~~(4)--Annual-distributions-of-less-than-two-hundred-dollars~~
3 ~~of-taxable-income.~~

4 2. Effective January 1, 1993, a member or a member's
5 surviving spouse may elect, at the time and in the manner
6 prescribed in rules adopted by the department, to have the
7 department pay all or a portion of an eligible rollover
8 distribution directly to an eligible retirement plan,
9 specified by the member or the member's surviving spouse, in a
10 direct rollover. ~~If-a-member-or-a-member's-surviving-spouse~~
11 ~~elects-a-partial-direct-rollover, the amount of funds elected~~
12 ~~for-the-partial-direct-rollover-must-equal-or-exceed-five~~
13 ~~hundred-dollars.~~

14 Sec. 29. NEW SECTION. 97B.80C PURCHASES OF PERMISSIVE
15 SERVICE CREDIT.

16 1. DEFINITIONS. For purposes of this section:

17 a. "Nonqualified service" means service that is not
18 qualified service.

19 b. "Permissive service credit" means credit that will be
20 recognized by the system for purposes of calculating a
21 member's benefit, for which the member did not previously
22 receive service credit in the system, and for which the member
23 voluntarily contributes to the system the amount required by
24 the system, not in excess of the amount necessary to fund the
25 benefit attributable to such service.

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

27 (a) Service with the United States government or any state
28 or local government, including any agency or instrumentality
29 thereof, regardless of whether that government, agency, or
30 instrumentality was a covered employer at the time of the
31 service.

32 (b) Service with an association representing employees of
33 the United States government or any state or local government,
34 including any agency or instrumentality thereof, regardless of
35 whether that government, agency, or instrumentality was a

1 covered employer at the time of the service.

2 (c) Service with an educational organization which
3 normally maintains a regular faculty and curriculum, normally
4 has a regularly enrolled body of pupils or students in
5 attendance at the place where its educational activities are
6 regularly carried on, and is a public, private, or sectarian
7 school which provides elementary education or secondary
8 education through grade twelve.

9 (d) Military service other than military service required
10 to be recognized under Internal Revenue Code section 414(u) or
11 under the federal Uniformed Services Employment and
12 Reemployment Rights Act.

13 (2) "Qualified service" does not include service as
14 described in subparagraph (1) if the receipt of credit for
15 such service would result in the member receiving a retirement
16 benefit under more than one retirement plan for the same
17 period of service.

18 2. a. A member may make contributions to the system to
19 purchase up to the maximum amount of permissive service credit
20 for qualified service as determined by the division, pursuant
21 to Internal Revenue Code section 415(n) and the requirements
22 of this section.

23 b. A vested or retired member of the system who has five
24 or more full calendar years of covered wages may make
25 contributions to the system to purchase up to five years of
26 permissive service credit for nonqualified service as
27 determined by the division, pursuant to Internal Revenue Code
28 section 415(n) and the requirements of this section.

29 3. A member making contributions for a purchase of
30 permissive service credit under this section shall make
31 contributions in an amount equal to the actuarial cost of the
32 permissive service credit purchase. For purposes of this
33 subsection, the actuarial cost of the service purchase is an
34 amount determined by the division in accordance with actuarial
35 tables, as reported to the division by the system's actuary,

1 which reflects the actuarial cost necessary to fund an
2 increased retirement allowance resulting from the purchase of
3 permissive service credit.

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

8 Sec. 30. Section 97B.82, Code 2001, is amended by striking
9 the section and inserting in lieu thereof the following:

10 97B.82 PURCHASE OF SERVICE CREDIT -- DIRECT ROLLOVERS --
11 DIRECT TRANSFERS.

12 1. Effective July 1, 2002, a member may, to the extent
13 permitted by the internal revenue service, purchase any
14 service credit permitted under this chapter by means of a
15 direct rollover or a direct transfer as provided in this
16 section pursuant to rules adopted by the division and
17 consistent with applicable requirements of the federal
18 Internal Revenue Code. Purchases of service credit by means
19 of a direct rollover or direct transfer under this section
20 shall not exceed the amounts permitted under section 415(n) of
21 the federal Internal Revenue Code and section 97B.80C as
22 determined by the division.

23 2. a. A member may purchase service credit as authorized
24 by this section through a direct rollover to the system of an
25 eligible rollover distribution from an eligible retirement
26 plan as permitted by the internal revenue service under the
27 federal Internal Revenue Code. The amount of the direct
28 rollover into the system cannot exceed the cost of the service
29 purchase by a member under this chapter. Once a direct
30 rollover is made, the member must forfeit the applicable
31 service credit from the eligible retirement plan from which
32 the eligible rollover distribution is received.

33 b. (1) For purposes of this subsection, "an eligible
34 rollover distribution from an eligible retirement plan"
35 includes distributions from any of the following:

1 (a) Qualified plans described in federal Internal Revenue
2 Code sections 401(a) and 403(a).

3 (b) Annuity contracts described in federal Internal
4 Revenue Code section 403(b).

5 (c) Eligible plans described under federal Internal
6 Revenue Code section 457(b) which are maintained by a state,
7 political subdivision of a state, or any agency or
8 instrumentality of a state or political subdivision of a
9 state.

10 (d) Individual retirement accounts described in federal
11 Internal Revenue Code section 408(a) or 408(b).

12 (2) An eligible rollover distribution from an eligible
13 retirement plan does not include any of the following:

14 (a) A distribution that is one of a series of
15 substantially equal periodic payments, which occur annually or
16 more frequently, made for the life or life expectancy of the
17 distributee or the joint lives or joint life expectancies of
18 the distributee and the distributee's designated beneficiary,
19 or made for a specified period of ten years or more.

20 (b) A distribution to the extent that the distribution is
21 required pursuant to section 401(a)(9) of the federal Internal
22 Revenue Code.

23 (c) The portion of any distribution that is not includible
24 in the gross income of the distributee, determined without
25 regard to the exclusion for net unrealized appreciation with
26 respect to employer securities.

27 (d) Any amounts that are not permitted to be treated as
28 eligible rollover distributions by the internal revenue
29 service under the federal Internal Revenue Code.

30 3. A member may purchase any service credit as authorized
31 by this section, to the extent permitted by the internal
32 revenue service, by means of a direct transfer, excluding any
33 after-tax contributions, from an annuity contract qualified
34 under federal Internal Revenue Code section 403(b), or an
35 eligible plan described in federal Internal Revenue Code

1 section 457(b), maintained by a state, political subdivision
2 of a state, or any agency or instrumentality of a state or
3 political subdivision of a state. A direct transfer is a
4 trustee-to-trustee transfer to the system of contributions
5 made to annuity contracts qualified under federal Internal
6 Revenue Code section 403(b) and eligible plans qualified under
7 federal Internal Revenue Code section 457(b) for purposes of
8 purchasing service credit in the system.

9 Sec. 31. RETROACTIVE APPLICABILITY. Section 97B.52,
10 subsection 2, Code 2001, establishing a line of duty death
11 benefit for a member in special service, is retroactively
12 applicable to January 1, 1992, and is applicable to covered
13 deaths occurring on and after that date.

14 Sec. 32. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY.

15 1. The section of this Act amending section 97B.1A,
16 subsection 8, paragraph "b", subparagraph (2), being deemed of
17 immediate importance, takes effect upon enactment and is
18 retroactively applicable to January 1, 1995, and is applicable
19 on and after that date.

20 2. The section of this Act amending section 97B.50A,
21 subsection 2, being deemed of immediate importance takes
22 effect upon enactment.

23 3. The section of this Act amending section 97B.53B, being
24 deemed of immediate importance, takes effect upon enactment
25 and is retroactively applicable to January 1, 2002, and is
26 applicable on and after that date.

27 DIVISION III

28 STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM

29 Sec. 33. Section 411.1, Code Supplement 2001, is amended
30 by adding the following new subsection:

31 NEW SUBSECTION. 11A. "Member in good standing" means a
32 member in service who is not subject to removal by the
33 employing city of the member pursuant to section 400.18 or
34 400.19, or other comparable process, and who is not the
35 subject of an investigation that could lead to such removal.

1 Sec. 34. Section 411.6, subsection 3, Code 2001, is
2 amended to read as follows:

3 3. ORDINARY DISABILITY RETIREMENT BENEFIT. Upon
4 application to the system, of a member in service good
5 standing or of the chief of the police or fire departments,
6 respectively, any member in good standing shall be retired by
7 the system, not less than thirty and not more than ninety days
8 next following the date of filing the application, on an
9 ordinary disability retirement allowance, if the medical board
10 after a medical examination of the member certifies that the
11 member is mentally or physically incapacitated for further
12 performance of duty, that the incapacity is likely to be
13 permanent, and that the member should be retired. However, if
14 a person's membership in the system first commenced on or
15 after July 1, 1992, the member shall not be eligible for
16 benefits with respect to a disability which would not exist,
17 but for a medical condition that was known to exist on the
18 date that membership commenced. A member who is denied a
19 benefit under this subsection, by reason of a finding by the
20 medical board that the member is not mentally or physically
21 incapacitated for the further performance of duty, shall be
22 entitled to be restored to active service in the same position
23 held immediately prior to the application for disability
24 benefits. The member-in-good-standing requirement of this
25 subsection may be waived for good cause as determined by the
26 board. The burden of establishing good cause is on the
27 member.

28 Sec. 35. Section 411.6, subsection 5, paragraph a, Code
29 2001, is amended to read as follows:

30 a. Upon application to the system, of a member in service
31 good standing or of the chief of the police or fire
32 departments, respectively, any member in good standing who has
33 become totally and permanently incapacitated for duty as the
34 natural and proximate result of an injury or disease incurred
35 in or aggravated by the actual performance of duty at some

1 definite time and place, or while acting pursuant to order,
2 outside of the city by which the member is regularly employed,
3 shall be retired by the system, if the medical board certifies
4 that the member is mentally or physically incapacitated for
5 further performance of duty, that the incapacity is likely to
6 be permanent, and that the member should be retired. However,
7 if a person's membership in the system first commenced on or
8 after July 1, 1992, the member shall not be eligible for
9 benefits with respect to a disability which would not exist,
10 but for a medical condition that was known to exist on the
11 date that membership commenced. A member who is denied a
12 benefit under this subsection, by reason of a finding by the
13 medical board that the member is not mentally or physically
14 incapacitated for the further performance of duty, shall be
15 entitled to be restored to active service in the same position
16 held immediately prior to the application for disability
17 benefits.

18 Sec. 36. Section 411.6, subsection 5, Code 2001, is
19 amended by adding the following new paragraph:

20 NEW PARAGRAPH. d. The requirement that a member be in
21 good standing to apply for and receive a benefit under this
22 subsection may be waived for good cause as determined by the
23 board. The burden of establishing good cause is on the
24 member.

25 Sec. 37. Section 411.6, subsection 7, paragraph b, Code
26 2001, is amended to read as follows:

27 b. Should a disability beneficiary under age fifty-five be
28 restored to active service at a compensation not less than the
29 disability beneficiary's average final compensation, the
30 disability beneficiary's retirement allowance shall cease, the
31 disability beneficiary shall again become a member and shall
32 contribute thereafter at the same rate ~~paid-prior-to~~
33 disability established in section 411.8, and former service on
34 the basis of which the disability beneficiary's service was
35 computed at the time of retirement shall be restored to full

1 force and effect and upon subsequent retirement the disability
2 beneficiary shall be credited with all service as a member and
3 also with the period of disability retirement.

4 Sec. 38. Section 411.6, subsection 8, paragraph b, Code
5 2001, is amended to read as follows:

6 b. In lieu of the payment specified in paragraph "a", a
7 beneficiary meeting the qualifications of paragraph "c" may
8 elect to receive a monthly pension equal to one-twelfth of
9 forty percent of the average final compensation of the member,
10 but not less than twenty percent of the average monthly
11 earnable compensation paid to an active member holding the
12 ~~highest-grade-in-the-rank-of-fire-fighter,-for-a-beneficiary~~
13 ~~of-a-deceased-member-of-a-fire-department,-or-the-highest~~
14 ~~grade-in-the-rank-of-police-patrol-officer,-for-a-beneficiary~~
15 ~~of-a-deceased-member-of-a-police-department,-if-the-member-was~~
16 ~~in-service-at-the-time-of-death~~ of the system, as reported by
17 the actuary. For a member not in service at the time of
18 death, the pension shall be reduced as provided in subsection
19 1, paragraph "b".

20 For a member not in service at the time of death, the
21 pension shall be paid commencing when the member would have
22 attained the age of fifty-five except that if there is a child
23 of the member, the pension shall be paid commencing with the
24 member's death until the child of the member no longer meets
25 the definition of child as provided in section 411.1. The
26 pension shall resume when the member would have attained the
27 age of fifty-five.

28 For a member in service at the time of death, the pension
29 shall be paid commencing with the member's death. In addition
30 to the pension, there shall also be paid for each child of a
31 member, a monthly pension equal to six percent of the average
32 monthly earnable compensation paid to an active member holding
33 ~~the-highest-grade-in-the-rank-of-fire-fighter,-for-a-child-of~~
34 ~~a-deceased-member-of-a-fire-department,-or-the-highest-grade~~
35 ~~in-the-rank-of-police-patrol-officer,-for-a-child-of-a~~

1 deceased-member-of-a-police-department of the system, as
2 reported by the actuary.

3 Notwithstanding section 411.6, subsection 8, Code 1985,
4 effective July 1, 1990, for a member's surviving spouse who,
5 prior to July 1, 1986, elected to receive pension benefits
6 under this paragraph, the monthly pension benefit shall be
7 equal to the higher of one-twelfth of forty percent of the
8 average final compensation of the member, or the amount the
9 surviving spouse was receiving on July 1, 1990.

10 Sec. 39. Section 411.6, subsection 9, paragraph b, Code
11 2001, is amended to read as follows:

12 b. (1) An If the member's designated beneficiary is the
13 member's spouse, child or parent, an accidental death benefit
14 pension equal to one-half of the average final compensation of
15 the member shall be paid as follows:

16 (a) If the member's designated beneficiary is the member's
17 spouse, then to the member's spouse.

18 (b) If the member's designated beneficiary is the member's
19 child or children, then to the child or children in equal
20 shares. The pension to each child shall terminate when the
21 child no longer meets the definition of child in section
22 411.1.

23 (c) If the member's designated beneficiary is the member's
24 dependent father or mother, or both, then to the father or
25 mother, or both, in equal shares, to continue until remarriage
26 or death.

27 (2) If the member failed to designate a beneficiary, or if
28 the beneficiary designated by the member predeceases the
29 member, then an accidental death benefit pension equal to one-
30 half of the average final compensation of the member shall be
31 paid as follows:

32 (1) (a) To the member's spouse.

33 (2) (b) If there is no spouse, or if the spouse dies and
34 there is a child of the member, then to the member's child or
35 children in equal shares. The pension to each child shall

1 terminate when the child no longer meets the definition of
2 child in section 411.1.

3 {3} (c) If there is no surviving spouse or child, then to
4 the member's dependent father or mother, or both, as the
5 system-determines in equal shares, to continue until
6 remarriage or death.

7 Sec. 40. Section 411.6, subsection 9, paragraph c, Code
8 2001, is amended to read as follow:

9 c. In addition to the accidental death benefit pension
10 provided in paragraph "b", there shall also be paid for each
11 child of a member a monthly pension equal to six percent of
12 the average monthly earnable compensation paid to an active
13 member ~~holding-the-highest-grade-in-the-rank-of-fire-fighter,~~
14 ~~for-a-child-of-a-deceased-member-of-a-fire-department,-or~~
15 ~~holding-the-highest-grade-in-the-rank-of-police-patrol~~
16 ~~officer,-for-a-child-of-a-deceased-member-of-a-police~~
17 ~~department~~ of the system, as reported by the actuary.

18 Sec. 41. Section 411.6, subsection 11, paragraph a, Code
19 2001, is amended to read as follows:

20 a. To the spouse, equal to one-half the amount received by
21 the deceased beneficiary, but in no instance less than twenty
22 percent of the average monthly earnable compensation paid to
23 an active member ~~holding-the-highest-grade-in-the-rank-of-fire~~
24 ~~fighter,-for-a-beneficiary-of-a-deceased-member-of-the-fire~~
25 ~~department,-or-the-highest-grade-in-the-rank-of-police-patrol~~
26 ~~officer,-for-a-beneficiary-of-a-deceased-member-of-a-police~~
27 ~~department~~ of the system, as determined by the actuary, and in
28 addition a monthly pension equal to the monthly pension

29 payable under subsection 9 of this section for each child; or

30 Sec. 42. Section 411.6, subsection 12, paragraph a, Code
31 2001, is amended to read as follows:

32 a. On each July 1, the monthly pensions authorized in this
33 section payable to retired members retired prior to that date
34 and to beneficiaries entitled to a monthly pension prior to
35 that date shall be adjusted as provided in this subsection.

1 An amount equal to the sum of one and one-half percent of the
2 monthly pension of each retired member and beneficiary and the
3 applicable incremental amount shall be added to the monthly
4 pension of each retired member and beneficiary. The board of
5 trustees ~~shall~~ may report to the general assembly ~~every-six~~
6 ~~years, by September 15 of that year, beginning with September~~
7 ~~15, 2001, at the board's discretion,~~ on whether the provisions
8 of this subsection continue to provide an equitable method for
9 the annual readjustment of pensions payable under this
10 chapter.

11 Sec. 43. Section 411.6, subsection 13, Code 2001, is
12 amended to read as follows:

13 13. a. REMARRIAGE OF SURVIVING SPOUSE. Effective July 1,
14 1990, for a member who died prior to July 1, 1988, if the
15 member's surviving spouse remarried prior to July 1, 1988, the
16 remarriage does not make the spouse ineligible under
17 subsection 8, paragraph "c", subparagraphs (1) and (2), to
18 receive benefits under subsections 8, 9, 11, and 12.

19 b. RECOMPUTATION OF BENEFIT -- SURVIVING SPOUSE. A
20 benefit payable under this chapter to a surviving spouse and
21 to any surviving spouse who receives a division of the
22 surviving spouse benefit pursuant to a marriage decree or
23 marital property order under section 411.13 shall not be
24 recomputed upon the death of any surviving spouse.

25 Sec. 44. Section 411.31, subsection 2, Code 2001, is
26 amended to read as follows:

27 2. Commencing July 1, 1996, a vested member of an eligible
28 retirement system who terminates employment covered by one
29 eligible retirement system and, within ~~sixty-days~~ one year,
30 commences employment covered by the other eligible retirement
31 system may elect to transfer the average accrued benefit
32 earned from the former system to the current system. The
33 member shall file an application with the current system for
34 transfer of the average accrued benefit within ninety days of
35 the commencement of employment with the current system.

1 Sec. 45. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY.

2 1. The section of this Act amending section 411.6,
3 subsection 5, paragraph "c", being deemed of immediate
4 importance, takes effect upon enactment.

5 2. The section of this Act amending section 411.31, being
6 deemed of immediate importance, takes effect upon enactment
7 and is retroactively applicable to July 1, 1996.

8 DIVISION IV

9 JUDICIAL RETIREMENT SYSTEM

10 Sec. 46. Section 602.9202, subsection 1, Code 2001, is
11 amended to read as follows:

12 1. "Senior judge" means a supreme court judge, court of
13 appeals judge, district court judge, or district associate
14 judge, full-time associate juvenile judge, or full-time
15 associate probate judge, who meets the requirements of section
16 602.9203 and who has not been retired or removed from the
17 roster of senior judges under section 602.9207 or 602.9208.

18 Sec. 47. Section 602.9203, subsection 1, Code 2001, is
19 amended to read as follows:

20 1. A supreme court judge, court of appeals judge, district
21 judge, or district associate judge, full-time associate
22 juvenile judge, or full-time associate probate judge, who
23 qualifies under subsection 2 may become a senior judge by
24 filing with the clerk of the supreme court a written election
25 in the form specified by the court administrator. The
26 election shall be filed within six months of the date of
27 retirement.

28 EXPLANATION

29 This bill makes numerous changes to public retirement
30 systems, including the public safety peace officers'
31 retirement, accident, and disability system, the Iowa public
32 employees' retirement system, the statewide fire and police
33 retirement system, and the judicial retirement system. The
34 bill may include a state mandate as defined in Code section
35 25B.3. The state mandate funding requirement in Code section

1 25B.2, however, does not apply to public employee retirement
2 systems. The changes to each public retirement system are as
3 follows:

4 PUBLIC SAFETY PEACE OFFICERS' RETIREMENT, ACCIDENT, AND
5 DISABILITY SYSTEM (PORS)

6 Code section 80.36 is amended to provide that a person
7 shall not be employed as a peace officer in the department of
8 public safety once the person reaches 65 years of age. Under
9 current law, the maximum age for such a peace officer is 65
10 years of age.

11 Code section 97A.6, subsection 6, is amended to provide
12 that a member retiring under accidental disability prior to
13 age 55 can receive credit for years of service over 22 years
14 of service. This amendment takes effect upon enactment and is
15 retroactively applicable to July 1, 1998.

16 New Code section 97A.14A permits the system to maintain an
17 action to recover benefits paid when the actions of a third
18 party resulted in benefits being payable under the retirement
19 system based on an injury to or death of a member occurring on
20 or after July 1, 2002. The Code section provides that the
21 system is entitled to be indemnified out of any recovery from
22 an action maintained by the member, the member's dependent, or
23 the trustee of the dependent against a liable third party for
24 benefits already paid by the system and is also entitled to a
25 lien for benefits the system is liable for. The new Code
26 section provides that if the member, the member's dependent,
27 or the trustee of the dependent fails to bring an action
28 against a liable third party within 90 days after the system
29 so requests, the system may maintain an action and be entitled
30 to receive an amount representing benefits paid and benefits
31 that will be paid to the member until the member reaches 55
32 years of age from any recovery resulting from the action. The
33 new Code section provides that the system and the member or
34 member's representative must consent to a settlement entered
35 into by the other and the liable third party and if no consent

1 is provided, the workers' compensation commissioner will
2 determine if consent is to be granted to the settlement.

3 Code section 97A.17 is amended to extend the time deadline
4 from 60 days to one year by which a member of PORS can
5 commence working under the other retirement system after
6 terminating employment under the former system and still
7 permit the benefit earned under the former retirement system
8 to be transferred to the current retirement system. A
9 corresponding change to the statewide fire and police
10 retirement system in Code section 411.31 is also made by this
11 bill. This change takes effect upon enactment and is
12 retroactively applicable to July 1, 1996.

13 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS)

14 Code section 97B.1A, subsection 8, paragraph "a", is
15 amended to provide that only part-time elected officials who
16 have optional coverage can stop IPERS coverage, terminate all
17 other covered employment, and begin an IPERS retirement
18 allowance without terminating the elected position.

19 Code section 97B.1A, subsection 8, paragraph "b",
20 subparagraph (2), is amended to provide that only county
21 medical examiners and deputy county medical examiners who are
22 not full-time county employees are not considered employees
23 covered by IPERS. This provision takes effect upon enactment
24 and is retroactively applicable to January 1, 1995.

25 Code section 97B.1A, subsection 8, paragraph "b", is
26 amended by adding a new subparagraph excluding employees of
27 the Iowa student loan liquidity corporation from coverage
28 under IPERS.

29 Code section 97B.1A, subsection 24, paragraphs "a" and "c",
30 are amended to delay the date for changing the method of
31 determining a member's three-year average covered wage to a
32 calculation based on the member's highest twelve consecutive
33 quarters of service from July 1, 2003, to July 1, 2005.

34 Code section 97B.15 is amended to provide that IPERS is
35 specifically required to adopt rules consistent with the

1 mandates and requirements of state law.

2 Code section 97B.17 is amended to provide that confidential
3 records of IPERS can be released to IPERS employers, the
4 legislative fiscal bureau, the department of revenue and
5 finance, the department of personnel, or the department of
6 management to assist the requestor in the performance of the
7 requestor's duties. The entity requesting the records is
8 required to provide reasons to IPERS for requesting the
9 release and the entity is required to otherwise protect the
10 confidentiality of the records. Penalties apply to the
11 requestor for not protecting the confidentiality of the
12 records.

13 Code section 97B.44, concerning the designation of a
14 beneficiary for IPERS death benefits, is amended to permit a
15 member who cannot locate the member's spouse to designate, or
16 change the designation of, the member's beneficiary without
17 the member's spouse consent.

18 Code section 97B.48, subsection 3, is amended to provide
19 that IPERS is only required to notify members who attain the
20 age of 70 that they can continue working and receive a
21 retirement allowance if IPERS has an address for that member.

22 Code section 97B.48A, subsection 1, is amended to increase
23 the amount that an IPERS member who has a bona fide retirement
24 and is under 65 years of age can earn in public employment
25 covered by IPERS from \$14,000 to \$40,000 and still continue to
26 receive the member's retirement allowance without a reduction.
27 Current law and the bill provide that an IPERS member
28 receiving a retirement allowance who is under age 65 will have
29 the member's IPERS retirement allowance reduced by 50 cents
30 for each dollar the member earns in a calendar year in
31 employment covered by IPERS over the earnings limit
32 established in Code section 97B.48A.

33 Code section 97B.49B, subsection 1, paragraph "e",
34 subparagraph (1), is amended by adding a county conservation
35 peace officer as designated by a county conservation board as

1 a member of a protection occupation for purposes of
2 calculating the member's retirement under IPERS.

3 Code section 97B.49B is amended to provide that a member in
4 a protection occupation who has 22 or more years of service
5 can use wages from all IPERS covered employment, not just for
6 wages in a protection occupation, in determining the member's
7 three-year average covered wage if at least 75 percent of the
8 total wages comes from wages in a protection occupation.

9 Code section 97B.49C is amended to provide that a member in
10 the sheriff's category who has 22 or more years of service can
11 use wages from all IPERS covered employment, not just for
12 wages in the sheriff's category, in determining the member's
13 three-year average covered wage if at least 75 percent of the
14 total wages comes from wages in the sheriff's category.

15 Code section 97B.49F, subsection 2, concerning the
16 favorable experience dividend, is amended to provide that a
17 beneficiary who receives a monthly allowance after the death
18 of an active member will qualify for favorable experience
19 dividend payments in the same manner as IPERS retirees and
20 beneficiaries of retirees.

21 Code section 97B.51, subsection 1, concerning benefit
22 options upon retirement, is amended to permit a member who
23 cannot locate the member's spouse from selecting a benefit
24 option without the member's spouse acknowledgement.

25 Code section 97B.51, subsection 1, paragraph "a", is
26 amended to provide that if a member selects the IPERS option
27 under this paragraph, and a death benefit amount is selected,
28 the death benefit amount cannot be changed after monthly
29 benefits begin.

30 Code section 97B.51, subsection 1, is amended by adding a
31 new optional allowance upon retirement for special service
32 members of IPERS. New paragraph "f" provides that a member
33 retiring under Code section 97B.49B or 97B.49C can receive an
34 increase in the member's monthly allowance upon retirement
35 until the member reaches the age when the member can receive a

1 reduced social security benefit (now age 62) equal to the
2 social security benefit the member could receive upon reaching
3 that age. Upon reaching that age (62), the member's
4 retirement allowance will be reduced as determined by the
5 IPERS actuary. This modified monthly allowance applies only
6 to the optional allowance which provides for a lifetime
7 annuity for the member without a death benefit.

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.

12 Code section 97B.52, subsection 4, is amended to provide
13 that interest is payable only on death benefits where the
14 member died prior to the member receiving a retirement
15 allowance.

16 Code section 97B.53, subsection 4, concerning refund
17 options once a member terminates employment, is amended to
18 provide that a member is considered to have terminated
19 employment if the member does not return to covered employment
20 for 30 days. Under current law, a member is considered to
21 have terminated employment if they do not return to covered
22 employment for four months.

23 Code section 97B.53B, concerning rollovers of members'
24 accounts, is amended to provide that an eligible retirement
25 plan which is eligible for a rollover includes an annuity
26 contract as provided in Internal Revenue Code section 403(b)
27 and a plan under Internal Revenue Code section 457(b). In
28 addition, the change provides that an eligible rollover
29 distribution can be made to certain individual retirement
30 accounts or defined contribution plans. The amendment also
31 eliminates the dollar thresholds of \$200 and \$500 for
32 determining whether certain distributions or rollovers are
33 permitted by this section. The amendment to this section
34 takes effect upon enactment and is retroactively applicable to
35 January 1, 2002.

1 New Code section 97B.80C is established which permits a
 2 member of IPERS to purchase additional service credit under
 3 IPERS for both qualified and nonqualified service. "Qualified
 4 service" is defined as service with a governmental employer,
 5 an association representing employees of the government, and
 6 an educational organization which provides elementary or
 7 secondary education, in which the member does not receive a
 8 retirement benefit for that service. "Nonqualified service"
 9 is defined by the bill to include all other kinds of service
 10 not defined as qualified service. The bill provides a member
 11 must be a vested or retired member under IPERS with five years
 12 of wages in order to purchase service credit for nonqualified
 13 service and the purchase is limited to a maximum of five
 14 years. The bill provides that a purchase of qualified service
 15 by a member is subject only to the limits provided under the
 16 federal Internal Revenue Code. The bill provides that a
 17 purchase of service under this new section shall be the full
 18 actuarial cost of the additional service. The bill also
 19 provides that the purchase of service under this new section
 20 is limited by Internal Revenue Code requirements.

21 Code section 97B.82, concerning the purchase of IPERS
 22 service credit, with a direct rollover, is amended to allow
 23 the purchase of service credit from either a direct rollover,
 24 or a direct transfer. The bill defines what retirement plans
 25 are eligible for a purchase of service credit by a direct
 26 rollover. In addition, the bill describes the process of a
 27 direct transfer purchase of credit and describes that a direct
 28 transfer can be made from either an annuity contract as
 29 provided in Internal Revenue Code section 403(b) or a plan
 30 under Internal Revenue Code section 457(b).

31 STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM

32 Code sections 411.1 and 411.6, subsections 3 and 5, are
 33 amended to provide that a member must be in good standing in
 34 order to apply for and receive an ordinary disability benefit
 35 or an accidental disability benefit. The bill defines a

1 "member in good standing" as a member who is not subject to
2 removal from their position by the employing city or is not
3 the subject of an investigation that might lead to removal.
4 The bill provides that the board of trustees can waive the
5 member in good standing requirement for good cause.

6 Code section 411.6, subsection 7, is amended to provide
7 that the contribution applicable to a disabled member who
8 returns to work is the rate applicable to all members of the
9 system.

10 Code section 411.6, subsections 8, 9, and 11, are amended
11 to change the method of calculating the minimum spousal and
12 surviving child death benefit. The bill provides that the
13 benefit is calculated based upon the average monthly earnable
14 compensation paid to an active member of the system instead of
15 the monthly compensation earned by an active member holding
16 the highest grade as a fire fighter, or a police patrol
17 officer, depending on whether the deceased member was a fire
18 fighter or police patrol officer.

19 Code section 411.6, subsection 9, paragraph "b", is amended
20 to modify who is entitled to receive an accidental death
21 benefit. The bill provides that an accidental death benefit
22 shall be paid to the member's designated beneficiary. The
23 bill provides that if the designated beneficiary is the
24 member's spouse, child, or parent, the benefit payable shall
25 be the same as provided under current law if the spouse,
26 child, or parent is entitled to the death benefit. If the
27 member does not designate a beneficiary or the beneficiary
28 predeceases the member, the accidental death benefit shall be
29 payable under current law.

30 Code section 411.6, subsection 12, is amended to eliminate
31 the requirement that the board shall submit a report to the
32 legislature every six years, beginning September 2001,
33 concerning the operation of the system's escalation program
34 which provides increased benefits following retirement.

35 Code section 411.6, subsection 13, is amended to provide

1 that a benefit payable under this chapter to a surviving
2 spouse and to any surviving spouse who receives a portion of
3 the benefit pursuant to a marriage decree or marital property
4 order shall not be recomputed upon the death of any surviving
5 spouse.

6 Code section 411.31 is amended to extend the time deadline
7 from 60 days to one year by which a member of the statewide
8 fire and police retirement system can commence working under
9 the other retirement system after terminating employment under
10 the former system and still permit the benefit earned under
11 the former retirement system to be transferred to the current
12 retirement system. A corresponding change to PORS in Code
13 section 97A.17 is also made by this bill. This change takes
14 effect upon enactment and is retroactively applicable to July
15 1, 1996.

16 JUDICIAL RETIREMENT SYSTEM

17 Code sections 602.9202 and 602.9203 are amended to provide
18 that full-time associate juvenile judges and full-time
19 associate probate judges can be senior judges under the
20 judicial retirement system. Both full-time associate juvenile
21 judges and full-time associate probate judges are currently
22 included within the judicial retirement system.

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FEB 26 2002
Place On Calendar

REPRINTED

HOUSE FILE 2532
BY COMMITTEE ON STATE GOVERNMENT

(SUCCESSOR TO HSB 670)

Passed House, Date 3-5-02 Passed Senate, Date 3-21-02
Vote: Ayes 97 Nays 0 Vote: Ayes 47 Nays 0
Approved 4/26/02

Re-passed 4-16-02 Re-passed 5/26/02 Re-passed 4-12-02
Vote 94-0 Vote 96-0 Vote 47-0

A BILL FOR

(P. 1155)

1 An Act relating to public retirement systems and providing
2 effective and retroactive applicability dates.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

4 H- Conf. Comm. 4/2/02 (P. 1123)
5
6 Elgin
7 Lipp
8 Mitchell
9 Larkin
10 T. Taylor

Senate Conf. Comm. 4/2/02 P. 924
11 Ch. Bettner
12 Kibbie
13 Connolly
14 Drake
15 Seyton

HF 2532

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DIVISION I

PUBLIC SAFETY PEACE OFFICERS' RETIREMENT,
ACCIDENT, AND DISABILITY SYSTEM.

Section 1. Section 80.36, Code 2001, is amended to read as follows:

80.36 MAXIMUM AGE.

~~The maximum age for a~~ A person to shall not be employed as a peace officer in the department of public safety ~~is~~ after attaining sixty-five years of age.

Sec. 2. Section 97A.6, subsection 6, paragraph c, Code 2001, is amended to read as follows:

c. Upon retirement for accidental disability on or after July 1, 1998, a member shall receive an accidental disability retirement allowance which shall consist of a pension in an amount equal to the greater of sixty percent of the member's average final compensation or the retirement allowance that the member would receive under subsection 2 if the member ~~has~~ had attained fifty-five years of age.

Sec. 3. Section 97A.6, subsection 14, Code 2001, is amended to read as follows:

14. PENSIONS PAYABLE. Pensions payable under this section shall be adjusted as follows:

a. ~~Effective July 17, 1980, and on~~ On each July 1 ~~thereafter~~ and January 1, the monthly pensions authorized in this section payable to retired members and to beneficiaries, except children of a deceased member, shall be adjusted as provided in this paragraph. The monthly pension of each retired member and each beneficiary shall be adjusted by adding to that monthly pension an amount equal to the amounts determined in subparagraphs (1) and (2). The adjusted monthly pension of a retired member shall not be less than the amount which was paid at the time of the member's retirement.

(1) An amount equal to the difference between the monthly earnable compensation payable to an active member of the department, of the same rank and position on the salary scale

1 as was held by the retired or deceased member at the time of
2 the member's retirement or death, for ~~July-of-the-preceding~~
3 year the month for which the last preceding adjustment was
4 made and the monthly earnable compensation payable to an
5 active member of the department of the same rank and position
6 on the salary scale for ~~July-of-the-year-just-beginning the~~
7 month for which the adjustment is made shall be multiplied by
8 the following applicable percentage:

9 (a) Forty percent for members receiving a service
10 retirement allowance and for beneficiaries receiving a pension
11 under subsection 9 of this section.

12 (b) Forty percent for members with five or more years of
13 membership service who are receiving an ordinary disability
14 retirement allowance.

15 (c) Twenty-four percent for members with less than five
16 years of membership service who are receiving an ordinary
17 disability retirement allowance, and for beneficiaries
18 receiving a pension under subsection 8 of this section.

19 (d) Forty percent for members receiving an accidental
20 disability allowance.

21 The amount added to the monthly pension of a surviving
22 spouse receiving a pension under subsection 12, paragraph "a",
23 of this section shall be equal to one-half the amount that
24 would have been added to the monthly pension of the retired
25 member under this subparagraph.

26 (2) ~~The~~ For each adjustment occurring on July 1, the
27 following applicable amount determined as follows:

28 (a) Fifteen dollars where the member's retirement date was
29 less than five years prior to the effective date of the
30 adjustment.

31 (b) Twenty dollars where the member's retirement date was
32 at least five years, but less than ten years, prior to the
33 effective date of the adjustment.

34 (c) Twenty-five dollars where the member's retirement date
35 was at least ten years, but less than fifteen years, prior to

1 the effective date of the adjustment.

2 (d) Thirty dollars where the member's retirement date was
3 at least fifteen years, but less than twenty years, prior to
4 the effective date of the adjustment.

5 (e) Thirty-five dollars where the member's retirement date
6 was at least twenty years prior to the effective date of the
7 adjustment.

8 As of ~~the first of~~ July 1 and January 1 of each year, the
9 monthly pension payable to each surviving child under the
10 provisions of subsections 8, 9, and 12 of this section shall
11 be adjusted to equal six percent of the monthly earnable
12 compensation payable ~~on that July 1~~ in the month for which the
13 adjustment is made to an active member having the rank of
14 senior patrol officer of the Iowa state patrol.

15 b. All monthly pensions adjusted as provided in this
16 subsection shall be payable beginning on ~~July 1 of the year~~
17 the first of the month in which the adjustment is made and
18 shall continue in effect until the next following ~~July 1~~ month
19 in which an adjustment is made pursuant to this subsection at
20 which time the monthly pensions shall again be adjusted in
21 accordance with paragraph "a" of this subsection.

22 c. The adjustment of pensions required by this subsection
23 shall recognize the retired or deceased member's position on
24 the salary scale within the member's rank at the time of the
25 member's retirement or death. In the event that the rank or
26 position held by the retired or deceased member at the time of
27 retirement or death is subsequently abolished, adjustments in
28 the pensions of the member or of the member's spouse or
29 children shall be computed by the board of trustees as though
30 such rank or position had not been abolished and salary
31 increases had been granted to such rank or position on the
32 same basis as increases granted to other ranks and positions
33 in the department.

34 d. A retired member eligible for benefits under the
35 provisions of subsection 1 is not eligible for the annual

1 readjustment of pensions provided in this subsection unless
2 the member served at least twenty-two years prior to the
3 member's termination of employment.

4 Sec. 4. NEW SECTION. 97A.14A LIABILITY OF THIRD PARTIES
5 -- SUBROGATION.

6 1. If, on or after July 1, 2002, a member receives an
7 injury or dies for which benefits are payable under section
8 97A.6, subsection 3, 5, 8, or 9, or section 97A.14, and if the
9 injury or death is caused under circumstances creating a legal
10 liability for damages against a third party other than the
11 system, the system, the member, or the member's dependent or
12 the trustee of the dependent, may maintain an action for
13 damages against the third party as provided by this section.
14 If a member, the member's dependent, or the trustee of the
15 dependent commences such an action, the plaintiff member,
16 dependent, or trustee shall serve a copy of the original
17 notice upon the system not less than ten days before the trial
18 of the action, but a failure to serve the notice does not
19 prejudice the rights of the system, and the following rights
20 and duties ensue:

21 a. The system shall be indemnified out of the recovery of
22 damages to the extent of benefit payments made by the system,
23 with legal interest, except that the attorney fees and
24 expenses of the plaintiff member, dependent, or trustee may be
25 first allowed by the district court.

26 b. The system has a lien on the damage claim against the
27 third party and on any judgment on the damage claim for
28 benefits for which the system is liable. In order to continue
29 and preserve the lien, the system shall file a notice of the
30 lien within thirty days after receiving a copy of the original
31 notice in the office of the clerk of the district court in
32 which the action is filed.

33 2. If a member, the member's dependent, or the trustee of
34 the dependent fails to bring an action for damages against a
35 third party within ninety days after the system, through the

1 board of trustees, requests the member, the member's
2 dependent, or the trustee of the dependent in writing to do
3 so, then the system is subrogated to the rights of the member
4 and may, by action of the board of trustees, maintain the
5 action against the third party, and may recover damages for
6 the injury or death to the same extent that the member, the
7 member's dependent, or the trustee of the dependent may
8 recover damages for the injury or death. If the system
9 recovers damages in the action, the court shall enter judgment
10 for distribution of the recovery as follows:

11 a. A sum sufficient to repay the system for the amount of
12 such benefits actually paid by the system up to the time of
13 the entering of the judgment.

14 b. A sum sufficient to pay the system the present worth,
15 computed at the interest rate provided in section 535.3 for
16 court judgments and decrees, of the future payments of such
17 benefits for which the system is liable until the member
18 attains the age of fifty-five, but the sum is not a final
19 adjudication of the future payment which the member is
20 entitled to receive.

21 c. Any balance of the recovery remaining after
22 distribution of the recovery pursuant to paragraphs "a" and
23 "b" shall be paid to the member or the member's beneficiary.

24 3. Before a settlement is effective between the system and
25 a third party who is liable for any injury, the member, the
26 member's dependent, or the trustee of the dependent must
27 consent in writing to the settlement; and if the settlement is
28 between the member, the member's dependent, or the trustee of
29 the dependent and a third party, the system must consent in
30 writing to the settlement; or on refusal to consent, in either
31 case, the workers' compensation commissioner must consent in
32 writing to the settlement.

33 4. For purposes of subrogation under this section, a
34 payment made to an injured member, the member's guardian, or
35 the member's legal representative, by or on behalf of a third

1 party or the third party's principal or agent, who is liable
2 for, connected with, or involved in causing the injury or
3 death to the member, shall be considered paid as damages
4 because the injury or death was caused under circumstances
5 creating a legal liability against the third party, whether
6 the payment is made under a covenant not to sue, compromise
7 settlement, denial of liability, or is otherwise made.

8 5. All funds recovered by the system under this section
9 shall be deposited in the pension accumulation fund created in
10 section 97A.8.

11 Sec. 5. Section 97A.17, subsection 2, Code 2001, is
12 amended to read as follows:

13 2. Commencing July 1, 1996, a vested member of an eligible
14 retirement system who terminates employment covered by one
15 eligible retirement system and, within sixty-days one year,
16 commences employment covered by the other eligible retirement
17 system may elect to transfer the average accrued benefit
18 earned from the former system to the current system. The
19 member shall file an application with the current system for
20 transfer of the average accrued benefit within ninety days of
21 the commencement of employment with the current system.

22 Sec. 6. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY.

23 1. The section of this Act amending section 97A.6,
24 subsection 6, being deemed of immediate importance, takes
25 effect upon enactment and is retroactively applicable to July
26 1, 1998.

27 2. The section of this Act amending section 97A.17, being
28 deemed of immediate importance, takes effect upon enactment
29 and is retroactively applicable to July 1, 1996.

30 DIVISION II

31 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS)

32 Sec. 7. Section 97B.1A, subsection 8, paragraph a,
33 subparagraph (1), Code Supplement 2001, is amended to read as
34 follows:

35 (1) Elective officials in positions for which the

1 compensation is on a fee basis, elective officials of school
2 districts, elective officials of townships, and elective
3 officials of other political subdivisions who are in part-time
4 positions. An elective official covered under this chapter
5 section may terminate membership under this chapter by
6 informing the department in writing of the expiration of the
7 member's term of office or by informing the department of the
8 member's intent to terminate membership for employment as an
9 elective official and establishing that the member has a bona
10 fide termination of employment from all employment covered
11 under this chapter other than as an elective official and that
12 the member has filed a completed application for benefits form
13 with the department. A county attorney is an employee for
14 purposes of this chapter whether that county attorney is
15 employed on a full-time or part-time basis.

16 Sec. 8. Section 97B.1A, subsection 8, paragraph b,
17 subparagraph (2), Code Supplement 2001, is amended to read as
18 follows:

19 (2) Graduate medical students while serving as interns or
20 resident doctors in training at any hospital, or county
21 medical examiners and deputy county medical examiners under
22 chapter 331, division V, part 8, who are not full-time county
23 employees.

24 Sec. 9. Section 97B.1A, subsection 8, paragraph b, Code
25 Supplement 2001, is amended by adding the following new
26 subparagraph:

27 NEW SUBPARAGRAPH. (9) Persons employed by the Iowa
28 student loan liquidity corporation.

29 Sec. 10. Section 97B.1A, subsection 24, paragraph a, Code
30 Supplement 2001, is amended to read as follows:

31 a. "Three-year average covered wage" means, for a member
32 who retires prior to July 1, ~~2003~~ 2005, a member's covered
33 wages averaged for the highest three years of the member's
34 service, except as otherwise provided in this subsection. The
35 highest three years of a member's covered wages shall be

1 determined using calendar years. However, if a member's final
2 quarter of a year of employment does not occur at the end of a
3 calendar year, the department may determine the wages for the
4 third year by computing the average quarter of all quarters
5 from the member's highest calendar year of covered wages not
6 being used in the selection of the two highest years and using
7 the computed average quarter for each quarter in the third
8 year in which no wages have been reported in combination with
9 the final quarter or quarters of the member's service to
10 create a full year. However, the department shall not use the
11 member's final quarter of wages if using that quarter would
12 reduce the member's three-year average covered wage. If the
13 three-year average covered wage of a member exceeds the
14 highest maximum covered wages in effect for a calendar year
15 during the member's period of service, the three-year average
16 covered wage of the member shall be reduced to the highest
17 maximum covered wages in effect during the member's period of
18 service. Notwithstanding any other provision of this
19 paragraph to the contrary, a member's wages for the third year
20 as computed by this paragraph shall not exceed, by more than
21 three percent, the member's highest actual calendar year of
22 covered wages for a member whose first month of entitlement is
23 January 1999 or later.

24 Sec. 11. Section 97B.1A, subsection 24, paragraph c, Code
25 Supplement 2001, is amended to read as follows:

26 c. "Three-year average covered wage" means, for a member
27 who retires on or after July 1, 2003 2005, the greater of the
28 member's covered wages averaged for a member's highest twelve
29 consecutive quarters of service or the member's covered wages
30 averaged for a member's highest three calendar years of
31 service. The department shall adopt rules to implement this
32 paragraph in accordance with the requirements of this chapter
33 and the federal Internal Revenue Code.

34 Sec. 12. Section 97B.15, Code 2001, is amended to read as
35 follows:

1 97B.15 RULES, POLICIES, AND PROCEDURES.

2 The department may adopt rules under chapter 17A and
3 establish procedures, not inconsistent with this chapter,
4 which are necessary or appropriate to implement this chapter
5 and shall adopt reasonable and proper rules to regulate and
6 provide for the nature and extent of the proofs and evidence
7 and the method of taking and furnishing the proofs and
8 evidence in order to establish the right to benefits under
9 this chapter. The department may adopt rules, and take action
10 based on the rules, to conform the requirements for receipt of
11 retirement benefits under this chapter to the mandates of
12 applicable federal and state statutes and regulations.

13 Prior to the adoption of rules, the department may
14 establish interim written policies and procedures, and take
15 action based on the policies and procedures, to conform the
16 requirements for receipt of retirement benefits under this
17 chapter to the applicable requirements of federal and state
18 law.

19 Sec. 13. Section 97B.17, Code Supplement 2001, is amended
20 to read as follows:

21 97B.17 RECORDS MAINTAINED.

22 1. The department shall establish and maintain records of
23 each member, including but not limited to, the amount of wages
24 of each member, the contribution of each member with interest,
25 and interest dividends credited. The records may be
26 maintained in paper, magnetic, or electronic form, including
27 optical disk storage. These records are the basis for the
28 compilation of the retirement benefits provided under this
29 chapter.

30 2. The following records maintained under this chapter are
31 not public records for the purposes of chapter 22:

32 ~~1-~~ a. Records containing social security numbers.

33 ~~2-~~ b. Records specifying amounts accumulated in members'
34 accounts and supplemental accounts.

35 ~~3-~~ c. Records containing names or addresses of members or

1 their beneficiaries.

2 4- d. Records containing amounts of payments to members or
3 their beneficiaries.

4 5- e. Records containing financial or commercial
5 information that relates to the investment of system funds if
6 the disclosure of such information could result in a loss to
7 the system or to the provider of the information.

8 3. Summary information concerning the demographics of the
9 members and general statistical information concerning the
10 system is subject to chapter 22, as well as aggregate
11 information by category.

12 However, the department's records are evidence for the
13 purpose of proceedings before the department or any court of
14 the amounts of wages and the periods in which they were paid,
15 and the absence of an entry as to a member's wages in the
16 records for any period is evidence that wages were not paid
17 that member in the period.

18 4. Notwithstanding any provisions of chapter 22 to the
19 contrary, the department's records may be released to any
20 political subdivision, instrumentality, or other agency of the
21 state solely for use in a civil or criminal law enforcement
22 activity pursuant to the requirements of this paragraph
23 subsection. To obtain the records, the political subdivision,
24 instrumentality, or agency shall, in writing, certify that the
25 activity is authorized by law, provide a written description
26 of the information desired, and describe the law enforcement
27 activity for which the information is sought. The department
28 shall not be civilly or criminally liable for the release or
29 rerelease of records in accordance with this paragraph
30 subsection.

31 5. Confidential records of the division maintained for the
32 operation of the system may be released to the directors,
33 agents, and employees of the legislative fiscal bureau, the
34 department of revenue and finance, the department of
35 management, the department of personnel, or an employer of

1 employees covered by the system pursuant to rules adopted by
2 the division for the performance of the requestor's duties.
3 To obtain a record under this subsection, the person
4 requesting the records shall provide a written description of
5 the information requested and the reason for requesting the
6 records to the division. A person receiving a record pursuant
7 to this subsection shall maintain the confidentiality of any
8 information otherwise required to be kept confidential and
9 shall be subject to the same penalties as the custodian of the
10 records for the public dissemination of such information.

11 Sec. 14. Section 97B.18, Code 2001, is amended to read as
12 follows:

13 97B.18 STATEMENT OF ACCUMULATED CREDIT.

14 After the expiration of each calendar year and prior to
15 July 1 of the succeeding year, the department shall furnish
16 each member with a statement of the member's accumulated
17 contributions and benefit credits accrued under this chapter
18 up to the end of that calendar year and additional information
19 the department deems useful to a member. The department may
20 furnish an estimate of the credits as of the projected normal
21 retirement date of the member under section 97B.45. The
22 ~~department shall mail the statement to each employer not later~~
23 ~~than June 30 of the succeeding calendar year.~~ The employer
24 ~~shall distribute the statements to its employees, and the~~
25 records of the department as shown by the statement as to the
26 wages of each individual member for a year and the periods of
27 payment shall be conclusive for the purpose of this chapter,
28 except as otherwise provided in this chapter.

29 ~~Effective for the calendar year beginning January 1, 1994,~~
30 ~~the department may transmit the statements directly to the~~
31 ~~members in lieu of mailing them to the employers.~~

32 Sec. 15. Section 97B.44, Code 2001, is amended by adding
33 the following new unnumbered paragraph:

34 NEW UNNUMBERED PARAGRAPH. However, the system may accept a
35 married member's designation or change in designation under

1 this section without the written consent of the member's
2 spouse if the member submits a notarized statement indicating
3 that the member has been unable to locate the member's spouse
4 to obtain the written consent of the spouse after reasonable
5 diligent efforts. The member's designation or change in
6 designation shall become effective upon filing the necessary
7 forms, including the notarized statement, with the division.
8 The division shall not be liable to the member, the member's
9 spouse, or to any other person affected by the member's
10 designation or change of designation, based upon a designation
11 or change of designation accomplished without the written
12 consent of the member's spouse.

13 Sec. 16. Section 97B.45, Code 2001, is amended to read as
14 follows:

15 97B.45 NORMAL RETIREMENT DATE.

16 A member's normal retirement date is any of the following,
17 whichever is applicable to the member:

18 1. The first of the month in which a member attains the
19 age of sixty-five years if the member has not completed twenty
20 years of membership service.

21 2. The first of the month in which the member attains the
22 age of sixty-two years if the member has completed twenty
23 years of membership service.

24 3. The first of any month in which the member has
25 completed twenty years of membership service if the member has
26 attained the age of sixty-two years but is not yet sixty-five
27 years of age.

28 4. The first of any month in which the member is at least
29 fifty-five years of age and for which the sum of the number of
30 years of membership service and prior service and the member's
31 age in years as of the member's last birthday equals or
32 exceeds eighty-eight.

33 ~~A member may retire after the member's sixty-fifth birthday~~
34 ~~except as otherwise provided in section 97B.46.~~ A member
35 retiring on or after the normal retirement date, as provided

1 in section 97B.46, shall submit a written notice to the
2 department setting forth the date the retirement is to become
3 effective. The date shall be after the member's last day of
4 service and not before the first day of the sixth calendar
5 month preceding the month in which the notice is filed.

6 Sec. 17. Section 97B.48, subsection 3, Code 2001, is
7 amended to read as follows:

8 3. ~~As-of~~ On or before the first of the month in which a
9 member attains the age of seventy years, the department
10 division shall provide written notification to the each member
11 for whom the division has an address that the member may
12 commence receiving a retirement allowance regardless of the
13 member's employment status. Prior to receiving a retirement
14 allowance pursuant to this subsection, a member shall
15 acknowledge in writing that the member was informed by the
16 department of the consequences of electing to receive a
17 retirement allowance pursuant to this subsection and that
18 receipt of a retirement allowance under this subsection is
19 optional. Upon termination from employment of a member
20 receiving a retirement allowance pursuant to this subsection,
21 the member is entitled to have the member's monthly retirement
22 allowance recalculated using the applicable formula for
23 determining a retirement allowance pursuant to sections
24 97B.49A through 97B.49G, as applicable, in place at the time
25 of the member's first month of entitlement.

26 Sec. 18. Section 97B.48A, subsection 1, unnumbered
27 paragraph 1, Code 2001, is amended to read as follows:

28 If a member who has not reached the member's sixty-fifth
29 birthday and who has a bona fide retirement under this chapter
30 is in regular full-time employment during a calendar year, the
31 member's retirement allowance shall be reduced by fifty cents
32 for each dollar the member earns over the limit provided in
33 this subsection. However, employment is not full-time
34 employment until the member receives remuneration in an amount
35 in excess of fourteen forty thousand dollars for a calendar

1 year, or an amount equal to the amount of remuneration
2 permitted for a calendar year for persons under sixty-five
3 years of age before a reduction in federal social security
4 retirement benefits is required, whichever is higher.
5 Effective the first of the month in which a member attains the
6 age of sixty-five years, a retired member may receive a
7 retirement allowance without a reduction after return to
8 covered employment regardless of the amount of remuneration
9 received.

10 Sec. 19. Section 97B.49B, subsection 1, paragraph e,
11 subparagraph (1), Code 2001, is amended to read as follows:

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

15 Sec. 20. Section 97B.49B, Code 2001, is amended by adding
16 the following new subsection:

17 NEW SUBSECTION. 4. Notwithstanding any provision of this
18 chapter to the contrary, the three-year average covered wage
19 for a member retiring under this section whose years of
20 eligible service equals or exceeds twenty-two years of
21 eligible service for that member shall be determined by
22 calculating the member's eligible combined wage for each year
23 of eligible service. For purposes of this subsection,
24 "eligible combined wage" means the wages earned by the member
25 for each quarter year period from eligible service and from
26 covered employment that is not eligible service if at least
27 seventy-five percent of the wages earned was from eligible
28 service.

29 Sec. 21. Section 97B.49C, Code 2001, is amended by adding
30 the following new subsection:

31 NEW SUBSECTION. 4. Notwithstanding any provision of this
32 chapter to the contrary, the three-year average covered wage
33 for a member retiring under this section whose years of
34 eligible service equals or exceeds twenty-two years of
35 eligible service for that member shall be determined by

1 calculating the member's eligible combined wage for each
2 quarter year of eligible service. For purposes of this
3 subsection, "eligible combined wage" means the wages earned by
4 the member for each quarter year period from eligible service
5 and from covered employment that is not eligible service if at
6 least seventy-five percent of the wages earned was from
7 eligible service.

8 Sec. 22. Section 97B.49F, subsection 2, paragraph a, Code
9 2001, is amended to read as follows:

10 a. Commencing January 1, 1999, all ~~members-who-retired-on~~
11 ~~or-after-July-17-1990~~ and qualified recipients who have been
12 retired received a monthly allowance for at least one year as
13 of the date the dividend is payable, ~~or-a-beneficiary-or~~
14 ~~contingent-annuitant-of-such-a-member-who-receives-a-monthly~~
15 ~~benefit~~, shall be eligible to receive a favorable experience
16 dividend, payable on the last business day in January of each
17 year pursuant to the requirements of this subsection. If the
18 ~~member, beneficiary, or contingent-annuitant~~ qualified
19 recipient eligible to receive a favorable experience dividend
20 dies before January 1 of a year, a favorable experience
21 dividend shall not be payable in January of that year in the
22 name of the ~~member, beneficiary, or contingent-annuitant~~
23 qualified recipient. However, if the ~~member, beneficiary, or~~
24 ~~contingent-annuitant~~ qualified recipient dies on or after
25 January 1 but before the dividend is paid in that month, the
26 full amount of the dividend payable in that month shall be
27 paid in the name of the ~~applicable-member, beneficiary, or~~
28 ~~contingent-annuitant~~ qualified recipient, upon notification of
29 death. For purposes of this paragraph, "qualified recipient"
30 includes all members who retired on or after July 1, 1990, or
31 a beneficiary or contingent annuitant of such a member who
32 receives a monthly benefit, and a beneficiary of an active
33 member who elects a monthly allowance under section 97B.52,
34 subsection 1, paragraph "c".

35 Sec. 23. Section 97B.50A, subsection 2, paragraph d, Code

1 2001, is amended to read as follows:

2 d. Upon retirement for an in-service disability as
3 provided by this subsection, a member shall have the option to
4 receive ~~the-greater-of~~ a monthly in-service disability
5 retirement allowance calculated under this subsection or a
6 monthly retirement allowance as provided in section 97B.49A,
7 97B.49B, 97B.49C, 97B.49D, or 97B.49G, as applicable, that the
8 member would receive if the member had attained fifty-five
9 years of age. The monthly in-service disability allowance
10 calculated under this subsection shall consist of an allowance
11 equal to one-twelfth of sixty percent of the member's three-
12 year average covered wage or its actuarial equivalent as
13 provided under section 97B.51.

14 Sec. 24. Section 97B.51, subsection 1, unnumbered
15 paragraph 1, Code 2001, is amended to read as follows:

16 Each member has the right prior to the member's retirement
17 date to elect to have the member's retirement allowance
18 payable under one of the options set forth in this section.
19 The amount of the optional retirement allowance selected in
20 paragraph "a", "c", "d", or "e", or "f" shall be the actuarial
21 equivalent of the amount of the retirement allowance otherwise
22 payable to the member as determined by the system in
23 consultation with the system's actuary. The member shall make
24 an election by written request to the department and the
25 election is subject to the approval of the department. If the
26 member is married, election of an option under this section
27 requires the written acknowledgment of the member's spouse.
28 However, the system may accept a married member's election of
29 a benefit option under this section without the written
30 acknowledgement of the member's spouse if the member submits a
31 notarized statement indicating that the member has been unable
32 to locate the member's spouse to obtain the written
33 acknowledgement of the spouse after reasonable diligent
34 efforts. The member's election of a benefit option shall
35 become effective upon filing the necessary forms, including

1 the notarized statement, with the division. The division
2 shall not be liable to the member, the member's spouse, or to
3 any other person affected by the member's election of a
4 benefit option, based upon an election of benefit option
5 accomplished without the written acknowledgement of the
6 member's spouse. The member may, if eligible, select one of
7 the following options:

8 Sec. 25. Section 97B.51, subsection 1, paragraph a, Code
9 2001, is amended to read as follows:

10 a. At retirement, a member may designate that upon the
11 member's death, a specified amount of money shall be paid to a
12 named beneficiary, and the member's monthly retirement
13 allowance shall be reduced by an actuarially determined amount
14 to provide for the lump sum payment. The amount designated by
15 the member must be in thousand dollar increments and shall be
16 limited to the amount of the member's accumulated
17 contributions. The amount designated shall not lower the
18 monthly retirement allowance of the member by more than one-
19 half the amount payable as provided in paragraph "b". A
20 member may designate a different beneficiary at any time,
21 except as limited by an order that has been accepted by the
22 department as complying with the requirements of section
23 97B.39. The election of a death benefit amount under this
24 paragraph shall be irrevocable upon payment of the first
25 monthly retirement allowance.

26 Sec. 26. Section 97B.51, subsection 1, Code 2001, is
27 amended by adding the following new paragraph:

28 NEW PARAGRAPH. f. A member retiring under section 97B.49B
29 or 97B.49C may select an allowance upon retirement as provided
30 under paragraph "c", and may elect to have the monthly
31 allowance otherwise payable to the member pursuant to that
32 paragraph recalculated as provided in this paragraph. A
33 member electing payment of a monthly allowance under this
34 paragraph shall have the member's monthly allowance increased,
35 as determined by the system's actuary, by an amount equal to

1 the monthly federal social security benefit that would be
2 payable to the member on the date the member would be first
3 eligible to receive a reduced social security pension benefit.
4 Upon reaching the date the member would be first eligible to
5 receive a reduced social security pension benefit, the
6 member's monthly retirement allowance shall be permanently
7 reduced, as determined by the system's actuary. A member
8 electing payment of an allowance under this paragraph shall
9 provide the system with a certified record of the member's
10 wage history from social security at least sixty days prior to
11 the member's first month of entitlement.

12 Sec. 27. Section 97B.52, subsection 4, paragraph b, Code
13 2001, is amended to read as follows:

14 b. If a death benefit is due and payable on behalf of a
15 member who dies prior to the member's first month of
16 entitlement, interest shall continue to accumulate through the
17 quarter preceding the quarter in which payment is made to the
18 designated beneficiary, heirs at law, or the estate unless the
19 payment of the death benefit is delayed because of a dispute
20 between alleged heirs, in which case the benefit due and
21 payable shall be placed in a noninterest bearing escrow
22 account until the beneficiary is determined in accordance with
23 this section.

24 Sec. 28. Section 97B.53, subsection 4, Code 2001, is
25 amended to read as follows:

26 4. A member has not terminated employment for purposes of
27 this section if the member accepts other covered employment
28 within four-months thirty days after receiving the last
29 payment of wages for covered employment, or if the member
30 begins covered employment prior to filing a request for a
31 refund with the department division.

32 Sec. 29. Section 97B.53B, Code 2001, is amended to read as
33 follows:

34 97B.53B ROLLOVERS OF MEMBERS' ACCOUNTS.

35 1. As used in this section, unless the context otherwise

1 requires, and to the extent permitted by the internal revenue
2 service:

3 a. "Direct rollover" means a payment by the system to the
4 eligible retirement plan specified by the member or the
5 member's surviving spouse.

6 b. "Eligible retirement plan" means either of the
7 following that accepts an eligible rollover distribution from
8 a member or a member's surviving spouse:

9 (1) An individual retirement account in accordance with
10 section 408(a) of the federal Internal Revenue Code.

11 (2) An individual retirement annuity in accordance with
12 section 408(b) of the federal Internal Revenue Code.

13 In addition, an "eligible retirement plan" includes an
14 annuity plan in accordance with section 403(a) of the federal
15 Internal Revenue Code, or a qualified trust in accordance with
16 section 401(a) of the federal Internal Revenue Code, that
17 accepts an eligible rollover distribution from a member.

18 Effective January 1, 2002, the term "eligible retirement plan"
19 also includes an annuity contract described in section 403(b)
20 of the federal Internal Revenue Code, and an eligible plan
21 under 457(b) of the federal Internal Revenue Code which is
22 maintained by a state, political subdivision of a state, or
23 any agency or instrumentality of a state or political
24 subdivision of a state that chooses to separately account for
25 amounts transferred into such eligible retirement plan from
26 the system.

27 c. (1) "Eligible rollover distribution" means all
28 includes any of the following:

29 (a) All or any portion of a member's account and
30 supplemental account, ~~except that an.~~

31 (b) Effective January 1, 2002, after-tax employee
32 contributions, if the plan to which such amounts are to be
33 transferred is an individual retirement account described in
34 federal Internal Revenue Code section 408(a) or 408(b), or is
35 a qualified defined contribution plan described in federal

1 Internal Revenue Code section 401(a) or 403(a), and such plan
2 agrees to separately account for the after-tax amount so
3 transferred.

4 (c) A distribution made on behalf of a surviving spouse
5 and to an alternate payee under a qualified domestic relations
6 order.

7 (2) An eligible rollover distribution does not include any
8 of the following:

9 ~~(1)~~ (a) A distribution that is one of a series of
10 substantially equal periodic payments, which occur annually or
11 more frequently, made for the life or life expectancy of the
12 distributee or the joint lives or joint life expectancies of
13 the distributee and the distributee's designated beneficiary,
14 or made for a specified period of ten years or more.

15 ~~(2)~~ (b) A distribution to the extent that the distribution
16 is required pursuant to section 401(a)(9) of the federal
17 Internal Revenue Code.

18 ~~(3)~~ (c) The portion of any distribution that is not
19 includible in the gross income of the distributee, determined
20 without regard to the exclusion for net unrealized
21 appreciation with respect to employer securities.

22 ~~(4) -- Annual distributions of less than two hundred dollars~~
23 ~~of taxable income.~~

24 2. Effective January 1, 1993, a member or a member's
25 surviving spouse may elect, at the time and in the manner
26 prescribed in rules adopted by the department, to have the
27 department pay all or a portion of an eligible rollover
28 distribution directly to an eligible retirement plan,
29 specified by the member or the member's surviving spouse, in a
30 direct rollover. ~~If a member or a member's surviving spouse~~
31 ~~elects a partial direct rollover, the amount of funds elected~~
32 ~~for the partial direct rollover must equal or exceed five~~
33 ~~hundred dollars.~~

34 Sec. 30. NEW SECTION. 97B.80C PURCHASES OF PERMISSIVE
35 SERVICE CREDIT.

1 1. DEFINITIONS. For purposes of this section:

2 a. "Nonqualified service" means service that is not
3 qualified service.

4 b. "Permissive service credit" means credit that will be
5 recognized by the system for purposes of calculating a
6 member's benefit, for which the member did not previously
7 receive service credit in the system, and for which the member
8 voluntarily contributes to the system the amount required by
9 the system, not in excess of the amount necessary to fund the
10 benefit attributable to such service.

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

12 (a) Service with the United States government or any state
13 or local government, including any agency or instrumentality
14 thereof, regardless of whether that government, agency, or
15 instrumentality was a covered employer at the time of the
16 service.

17 (b) Service with an association representing employees of
18 the United States government or any state or local government,
19 including any agency or instrumentality thereof, regardless of
20 whether that government, agency, or instrumentality was a
21 covered employer at the time of the service.

22 (c) Service with an educational organization which
23 normally maintains a regular faculty and curriculum, normally
24 has a regularly enrolled body of pupils or students in
25 attendance at the place where its educational activities are
26 regularly carried on, and is a public, private, or sectarian
27 school which provides elementary education or secondary
28 education through grade twelve.

29 (d) Military service other than military service required
30 to be recognized under Internal Revenue Code section 414(u) or
31 under the federal Uniformed Services Employment and
32 Reemployment Rights Act.

33 (2) "Qualified service" does not include service as
34 described in subparagraph (1) if the receipt of credit for
35 such service would result in the member receiving a retirement

1 benefit under more than one retirement plan for the same
2 period of service.

3 2. a. A vested or retired member may make contributions
4 to the system to purchase up to the maximum amount of
5 permissive service credit for qualified service as determined
6 by the division, pursuant to Internal Revenue Code section
7 415(n) and the requirements of this section.

8 b. A vested or retired member of the system who has five
9 or more full calendar years of covered wages may make
10 contributions to the system to purchase up to five years of
11 permissive service credit for nonqualified service as
12 determined by the division, pursuant to Internal Revenue Code
13 section 415(n) and the requirements of this section.

14 3. A member making contributions for a purchase of
15 permissive service credit under this section shall make
16 contributions in an amount equal to the actuarial cost of the
17 permissive service credit purchase. For purposes of this
18 subsection, the actuarial cost of the service purchase is an
19 amount determined by the division in accordance with actuarial
20 tables, as reported to the division by the system's actuary,
21 which reflects the actuarial cost necessary to fund an
22 increased retirement allowance resulting from the purchase of
23 permissive service credit.

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

28 Sec. 31. Section 97B.82, Code 2001, is amended by striking
29 the section and inserting in lieu thereof the following:

30 97B.82 PURCHASE OF SERVICE CREDIT -- DIRECT ROLLOVERS --
31 DIRECT TRANSFERS.

32 1. Effective July 1, 2002, a member may, to the extent
33 permitted by the internal revenue service, purchase any
34 service credit permitted under this chapter by means of a
35 direct rollover or a direct transfer as provided in this

1 section pursuant to rules adopted by the division and
2 consistent with applicable requirements of the federal
3 Internal Revenue Code. Purchases of service credit by means
4 of a direct rollover or direct transfer under this section
5 shall not exceed the amounts permitted under section 415(n) of
6 the federal Internal Revenue Code and section 97B.80C as
7 determined by the division.

8 2. a. A member may purchase service credit as authorized
9 by this section through a direct rollover to the system of an
10 eligible rollover distribution from an eligible retirement
11 plan as permitted by the internal revenue service under the
12 federal Internal Revenue Code. The amount of the direct
13 rollover into the system cannot exceed the cost of the service
14 purchase by a member under this chapter. Once a direct
15 rollover is made, the member must forfeit the applicable
16 service credit from the eligible retirement plan from which
17 the eligible rollover distribution is received.

18 b. (1) For purposes of this subsection, "an eligible
19 rollover distribution from an eligible retirement plan"
20 includes distributions from any of the following:

21 (a) Qualified plans described in federal Internal Revenue
22 Code sections 401(a) and 403(a).

23 (b) Annuity contracts described in federal Internal
24 Revenue Code section 403(b).

25 (c) Eligible plans described under federal Internal
26 Revenue Code section 457(b) which are maintained by a state,
27 political subdivision of a state, or any agency or
28 instrumentality of a state or political subdivision of a
29 state.

30 (d) Individual retirement accounts described in federal
31 Internal Revenue Code section 408(a) or 408(b).

32 (2) An eligible rollover distribution from an eligible
33 retirement plan does not include any of the following:

34 (a) A distribution that is one of a series of
35 substantially equal periodic payments, which occur annually or

1 more frequently, made for the life or life expectancy of the
2 distributee or the joint lives or joint life expectancies of
3 the distributee and the distributee's designated beneficiary,
4 or made for a specified period of ten years or more.

5 (b) A distribution to the extent that the distribution is
6 required pursuant to section 401(a)(9) of the federal Internal
7 Revenue Code.

8 (c) The portion of any distribution that is not includible
9 in the gross income of the distributee, determined without
10 regard to the exclusion for net unrealized appreciation with
11 respect to employer securities.

12 (d) Any amounts that are not permitted to be treated as
13 eligible rollover distributions by the internal revenue
14 service under the federal Internal Revenue Code.

15 3. A member may purchase any service credit as authorized
16 by this section, to the extent permitted by the internal
17 revenue service, by means of a direct transfer, excluding any
18 after-tax contributions, from an annuity contract qualified
19 under federal Internal Revenue Code section 403(b), or an
20 eligible plan described in federal Internal Revenue Code
21 section 457(b), maintained by a state, political subdivision
22 of a state, or any agency or instrumentality of a state or
23 political subdivision of a state. A direct transfer is a
24 trustee-to-trustee transfer to the system of contributions
25 made to annuity contracts qualified under federal Internal
26 Revenue Code section 403(b) and eligible plans qualified under
27 federal Internal Revenue Code section 457(b) for purposes of
28 purchasing service credit in the system.

29 Sec. 32. RETROACTIVE APPLICABILITY. Section 97B.52,
30 subsection 2, Code 2001, establishing a line of duty death
31 benefit for a member in special service, is retroactively
32 applicable to January 1, 1992, and is applicable to covered
33 deaths occurring on and after that date.

34 Sec. 33. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY.

35 1. The section of this Act amending section 97B.1A,

1 subsection 8, paragraph "b", subparagraph (2), being deemed of
2 immediate importance, takes effect upon enactment and is
3 retroactively applicable to January 1, 1995, and is applicable
4 on and after that date.

5 2. The section of this Act amending section 97B.53B, being
6 deemed of immediate importance, takes effect upon enactment
7 and is retroactively applicable to January 1, 2002, and is
8 applicable on and after that date.

9 Sec. 34. IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM -- STUDY
10 ON DEFERRED RETIREMENT OPTION PROGRAM -- REPORT. The Iowa
11 public employees' retirement system (IPERS) shall conduct a
12 study to consider how to implement a deferred retirement
13 option program (DROP) which is cost-neutral to the system,
14 pursuant to its findings as a consequence of the pension
15 portability study mandated by the 2000 Session of the General
16 Assembly. In pursuing this proposal, IPERS shall conduct a
17 statistically valid, professional survey of its members who
18 would be eligible to participate in a DROP plan, if offered,
19 in order to determine the level of their interest and the
20 conditions under which they would, or would not, participate.
21 In addition, the system actuary shall perform a long-range
22 estimate of system assets and liabilities, factoring in
23 estimated changes in its membership demographics. On or
24 before October 1, 2003, the IPERS shall file a report with the
25 legislative service bureau, for distribution to the public
26 retirement systems committee established in section 97D.4,
27 which contains its findings and recommendations. The report
28 shall also contain any applicable actuarial information
29 concerning the costs of any proposal or proposals.

30 Sec. 35. IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM -- STUDY
31 ON A NEW OPTION FOR TERMINATED VESTED MEMBERS -- REPORT. The
32 Iowa public employees' retirement system (IPERS) shall conduct
33 a study to consider how to implement a new option for
34 terminating, vested employees in which their employer and
35 employee contributions, in accord with the existing IPERS'

1 refund formula, would be "rolled over" into an individual
2 account which would then mirror the experience of the IPERS'
3 trust fund, minus reasonable administrative expenses. The
4 proposal to be studied is in accord with recommendations of
5 the pension portability study mandated by the 2000 Session of
6 the General Assembly. In pursuing this proposal, IPERS shall
7 work closely with the system actuary in order to develop a
8 proposal which is cost-neutral to the retirement system. On
9 or before October 1, 2003, the IPERS shall file a report with
10 the legislative service bureau, for distribution to the public
11 retirement systems committee established in section 97D.4,
12 which contains its findings and recommendations. The report
13 shall also contain any applicable actuarial information
14 concerning the costs of any proposal or proposals.

15 DIVISION III

16 STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM

17 Sec. 36. Section 411.1, Code Supplement 2001, is amended
18 by adding the following new subsection:

19 NEW SUBSECTION. 11A. "Member in good standing" means a
20 member in service who is not subject to removal by the
21 employing city of the member pursuant to section 400.18 or
22 400.19, or other comparable process, and who is not the
23 subject of an investigation that could lead to such removal.

24 Sec. 37. Section 411.6, subsection 3, Code 2001, is
25 amended to read as follows:

26 3. ORDINARY DISABILITY RETIREMENT BENEFIT. Upon
27 application to the system, of a member in service good
28 standing or of the chief of the police or fire departments,
29 respectively, any member in good standing shall be retired by
30 the system, not less than thirty and not more than ninety days
31 next following the date of filing the application, on an
32 ordinary disability retirement allowance, if the medical board
33 after a medical examination of the member certifies that the
34 member is mentally or physically incapacitated for further
35 performance of duty, that the incapacity is likely to be

1 permanent, and that the member should be retired. However, if
2 a person's membership in the system first commenced on or
3 after July 1, 1992, the member shall not be eligible for
4 benefits with respect to a disability which would not exist,
5 but for a medical condition that was known to exist on the
6 date that membership commenced. A member who is denied a
7 benefit under this subsection, by reason of a finding by the
8 medical board that the member is not mentally or physically
9 incapacitated for the further performance of duty, shall be
10 entitled to be restored to active service in the same position
11 held immediately prior to the application for disability
12 benefits. The member-in-good-standing requirement of this
13 subsection may be waived for good cause as determined by the
14 board. The burden of establishing good cause is on the
15 member.

16 Sec. 38. Section 411.6, subsection 5, paragraph a, Code
17 2001, is amended to read as follows:

18 a. Upon application to the system, of a member in **service**
19 good standing or of the chief of the police or fire
20 departments, respectively, any member in good standing who has
21 become totally and permanently incapacitated for duty as the
22 natural and proximate result of an injury or disease incurred
23 in or aggravated by the actual performance of duty at some
24 definite time and place, or while acting pursuant to order,
25 outside of the city by which the member is regularly employed,
26 shall be retired by the system, if the medical board certifies
27 that the member is mentally or physically incapacitated for
28 further performance of duty, that the incapacity is likely to
29 be permanent, and that the member should be retired. However,
30 if a person's membership in the system first commenced on or
31 after July 1, 1992, the member shall not be eligible for
32 benefits with respect to a disability which would not exist,
33 but for a medical condition that was known to exist on the
34 date that membership commenced. A member who is denied a
35 benefit under this subsection, by reason of a finding by the

1 medical board that the member is not mentally or physically
2 incapacitated for the further performance of duty, shall be
3 entitled to be restored to active service in the same position
4 held immediately prior to the application for disability
5 benefits.

6 Sec. 39. Section 411.6, subsection 5, Code 2001, is
7 amended by adding the following new paragraph:

8 NEW PARAGRAPH. d. The requirement that a member be in
9 good standing to apply for and receive a benefit under this
10 subsection may be waived for good cause as determined by the
11 board. The burden of establishing good cause is on the
12 member.

13 Sec. 40. Section 411.6, subsection 7, paragraph b, Code
14 2001, is amended to read as follows:

15 b. Should a disability beneficiary under age fifty-five be
16 restored to active service at a compensation not less than the
17 disability beneficiary's average final compensation, the
18 disability beneficiary's retirement allowance shall cease, the
19 disability beneficiary shall again become a member and shall
20 contribute thereafter at the ~~same rate paid prior to~~
21 ~~disability~~ established in section 411.8, and former service on
22 the basis of which the disability beneficiary's service was
23 computed at the time of retirement shall be restored to full
24 force and effect and upon subsequent retirement the disability
25 beneficiary shall be credited with all service as a member and
26 also with the period of disability retirement.

27 Sec. 41. Section 411.6, subsection 8, paragraph b, Code
28 2001, is amended to read as follows:

29 b. In lieu of the payment specified in paragraph "a", a
30 beneficiary meeting the qualifications of paragraph "c" may
31 elect to receive a monthly pension equal to one-twelfth of
32 forty percent of the average final compensation of the member,
33 but not less than twenty percent of the average monthly
34 ~~earnable compensation paid to an active member holding the~~
35 ~~highest-grade-in-the-rank-of-fire-fighter, for a beneficiary~~

1 ~~of-a-deceased-member-of-a-fire-department,-or-the-highest~~
2 ~~grade-in-the-rank-of-police-patrol-officer,-for-a-beneficiary~~
3 ~~of-a-deceased-member-of-a-police-department,-if-the-member-was~~
4 ~~in-service-at-the-time-of-death~~ of the system, as reported by
5 the actuary. For a member not in service at the time of
6 death, the pension shall be reduced as provided in subsection
7 1, paragraph "b".

8 For a member not in service at the time of death, the
9 pension shall be paid commencing when the member would have
10 attained the age of fifty-five except that if there is a child
11 of the member, the pension shall be paid commencing with the
12 member's death until the child of the member no longer meets
13 the definition of child as provided in section 411.1. The
14 pension shall resume when the member would have attained the
15 age of fifty-five.

16 For a member in service at the time of death, the pension
17 shall be paid commencing with the member's death. In addition
18 to the pension, there shall also be paid for each child of a
19 member, a monthly pension equal to six percent of the average
20 monthly earnable compensation paid to an active member holding
21 ~~the-highest-grade-in-the-rank-of-fire-fighter,-for-a-child-of~~
22 ~~a-deceased-member-of-a-fire-department,-or-the-highest-grade~~
23 ~~in-the-rank-of-police-patrol-officer,-for-a-child-of-a~~
24 ~~deceased-member-of-a-police-department~~ of the system, as
25 reported by the actuary.

26 Notwithstanding section 411.6, subsection 8, Code 1985,
27 effective July 1, 1990, for a member's surviving spouse who,
28 prior to July 1, 1986, elected to receive pension benefits
29 under this paragraph, the monthly pension benefit shall be
30 equal to the higher of one-twelfth of forty percent of the
31 average final compensation of the member, or the amount the
32 surviving spouse was receiving on July 1, 1990.

33 Sec. 42. Section 411.6, subsection 9, paragraph b, Code
34 2001, is amended to read as follows:

35 b. (1) An If the member's designated beneficiary is the

1 member's spouse, child or parent, an accidental death benefit
2 pension equal to one-half of the average final compensation of
3 the member shall be paid as follows:

4 (a) If the member's designated beneficiary is the member's
5 spouse, then to the member's spouse.

6 (b) If the member's designated beneficiary is the member's
7 child or children, then to the child or children in equal
8 shares. The pension to each child shall terminate when the
9 child no longer meets the definition of child in section
10 411.1.

11 (c) If the member's designated beneficiary is the member's
12 dependent father or mother, or both, then to the father or
13 mother, or both, in equal shares, to continue until remarriage
14 or death.

15 (2) If the member failed to designate a beneficiary, or if
16 the beneficiary designated by the member predeceases the
17 member, then an accidental death benefit pension equal to one-
18 half of the average final compensation of the member shall be
19 paid as follows:

20 {1} (a) To the member's spouse.

21 {2} (b) If there is no spouse, or if the spouse dies and
22 there is a child of the member, then to the member's child or
23 children in equal shares. The pension to each child shall
24 terminate when the child no longer meets the definition of
25 child in section 411.1.

26 {3} (c) If there is no surviving spouse or child, then to
27 the member's dependent father or mother, or both, as the
28 system-determines in equal shares, to continue until
29 remarriage or death.

30 Sec. 43. Section 411.6, subsection 9, paragraph c, Code
31 2001, is amended to read as follow:

32 c. In addition to the accidental death benefit pension
33 provided in paragraph "b", there shall also be paid for each
34 child of a member a monthly pension equal to six percent of
35 the average monthly earnable compensation paid to an active

1 member holding the highest grade in the rank of fire fighter,
2 for a child of a deceased member of a fire department, or
3 holding the highest grade in the rank of police patrol
4 officer, for a child of a deceased member of a police
5 department of the system, as reported by the actuary.

6 Sec. 44. Section 411.6, subsection 11, paragraph a, Code
7 2001, is amended to read as follows:

8 a. To the spouse, equal to one-half the amount received by
9 the deceased beneficiary, but in no instance less than twenty
10 percent of the average monthly earnable compensation paid to
11 an active member holding the highest grade in the rank of fire
12 fighter, for a beneficiary of a deceased member of the fire
13 department, or the highest grade in the rank of police patrol
14 officer, for a beneficiary of a deceased member of a police
15 department of the system, as determined by the actuary, and in
16 addition a monthly pension equal to the monthly pension
17 payable under subsection 9 of this section for each child; or

18 Sec. 45. Section 411.6, subsection 12, paragraph a, Code
19 2001, is amended to read as follows:

20 a. On each July 1, the monthly pensions authorized in this
21 section payable to retired members retired prior to that date
22 and to beneficiaries entitled to a monthly pension prior to
23 that date shall be adjusted as provided in this subsection.
24 An amount equal to the sum of one and one-half percent of the
25 monthly pension of each retired member and beneficiary and the
26 applicable incremental amount shall be added to the monthly
27 pension of each retired member and beneficiary. The board of
28 trustees ~~shall~~ may report to the general assembly every six
29 years, ~~by September 15 of that year, beginning with September~~
30 ~~15, 2001,~~ at the board's discretion, on whether the provisions
31 of this subsection continue to provide an equitable method for
32 the annual readjustment of pensions payable under this
33 chapter.

34 Sec. 46. Section 411.6, subsection 13, Code 2001, is
35 amended to read as follows:

1 13. a. REMARRIAGE OF SURVIVING SPOUSE. Effective July 1,
2 1990, for a member who died prior to July 1, 1988, if the
3 member's surviving spouse remarried prior to July 1, 1988, the
4 remarriage does not make the spouse ineligible under
5 subsection 8, paragraph "c", subparagraphs (1) and (2), to
6 receive benefits under subsections 8, 9, 11, and 12.

7 b. RECOMPUTATION OF BENEFIT -- SURVIVING SPOUSE. A
8 benefit payable under this chapter to a surviving spouse and
9 to any surviving spouse who receives a division of the
10 surviving spouse benefit pursuant to a marriage decree or
11 marital property order under section 411.13 shall not be
12 recomputed upon the death of any surviving spouse.

13 Sec. 47. Section 411.31, subsection 2, Code 2001, is
14 amended to read as follows:

15 2. Commencing July 1, 1996, a vested member of an eligible
16 retirement system who terminates employment covered by one
17 eligible retirement system and, within sixty-days one year,
18 commences employment covered by the other eligible retirement
19 system may elect to transfer the average accrued benefit
20 earned from the former system to the current system. The
21 member shall file an application with the current system for
22 transfer of the average accrued benefit within ninety days of
23 the commencement of employment with the current system.

24 Sec. 48. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY.

25 1. The section of this Act amending section 411.6,
26 subsection 5, paragraph "c", being deemed of immediate
27 importance, takes effect upon enactment.

28 2. The section of this Act amending section 411.31, being
29 deemed of immediate importance, takes effect upon enactment
30 and is retroactively applicable to July 1, 1996.

31 DIVISION IV

32 JUDICIAL RETIREMENT SYSTEM

33 Sec. 49. Section 602.9202, subsection 1, Code 2001, is
34 amended to read as follows:

35 1. "Senior judge" means a supreme court judge, court of

1 appeals judge, district court judge, or district associate
2 judge, full-time associate juvenile judge, or full-time
3 associate probate judge, who meets the requirements of section
4 602.9203 and who has not been retired or removed from the
5 roster of senior judges under section 602.9207 or 602.9208.
6 Sec. 50. Section 602.9203, subsection 1, Code 2001, is
7 amended to read as follows:

8 1. A supreme court judge, court of appeals judge, district
9 judge, or district associate judge, full-time associate
10 juvenile judge, or full-time associate probate judge, who
11 qualifies under subsection 2 may become a senior judge by
12 filing with the clerk of the supreme court a written election
13 in the form specified by the court administrator. The
14 election shall be filed within six months of the date of
15 retirement.

16 EXPLANATION

17 This bill makes numerous changes to public retirement
18 systems, including the public safety peace officers'
19 retirement, accident, and disability system, the Iowa public
20 employees' retirement system, the statewide fire and police
21 retirement system, and the judicial retirement system. The
22 bill may include a state mandate as defined in Code section
23 25B.3. The state mandate funding requirement in Code section
24 25B.2, however, does not apply to public employee retirement
25 systems. The changes to each public retirement system are as
26 follows:

27 PUBLIC SAFETY PEACE OFFICERS' RETIREMENT, ACCIDENT, AND
28 DISABILITY SYSTEM (PORS)

29 Code section 80.36 is amended to provide that a person
30 shall not be employed as a peace officer in the department of
31 public safety once the person reaches 65 years of age. Under
32 current law, the maximum age for such a peace officer is 65
33 years of age.

34 Code section 97A.6, subsection 6, is amended to provide
35 that a member retiring under accidental disability prior to

1 age 55 can receive credit for years of service over 22 years
2 of service. This amendment takes effect upon enactment and is
3 retroactively applicable to July 1, 1998.

4 Code section 97A.6, subsection 14, concerning the escalator
5 program for retirees, is amended. The bill provides that the
6 calculation relating to the increase in a retiree's pension
7 based upon a percentage of the increase in salary for an
8 active member of the system is done on both July 1 and January
9 1 of each year. Under current law, this calculation is done
10 only on July 1.

11 New Code section 97A.14A permits the system to maintain an
12 action to recover benefits paid when the actions of a third
13 party resulted in benefits being payable under the retirement
14 system based on an injury to or death of a member occurring on
15 or after July 1, 2002. The Code section provides that the
16 system is entitled to be indemnified out of any recovery from
17 an action maintained by the member, the member's dependent, or
18 the trustee of the dependent against a liable third party for
19 benefits already paid by the system and is also entitled to a
20 lien for benefits the system is liable for. The new Code
21 section provides that if the member, the member's dependent,
22 or the trustee of the dependent fails to bring an action
23 against a liable third party within 90 days after the system
24 so requests, the system may maintain an action and be entitled
25 to receive an amount representing benefits paid and benefits
26 that will be paid to the member until the member reaches 55
27 years of age from any recovery resulting from the action. The
28 new Code section provides that the system and the member or
29 member's representative must consent to a settlement entered
30 into by the other and the liable third party and if no consent
31 is provided, the workers' compensation commissioner will
32 determine if consent is to be granted to the settlement. The
33 new Code section also provides that any moneys recovered by
34 the system shall be deposited in the pension fund.

35 Code section 97A.17 is amended to extend the time deadline

1 from 60 days to one year by which a member of PORS can
2 commence working under the other retirement system after
3 terminating employment under the former system and still
4 permit the benefit earned under the former retirement system
5 to be transferred to the current retirement system. A
6 corresponding change to the statewide fire and police
7 retirement system in Code section 411.31 is also made by this
8 bill. This change takes effect upon enactment and is
9 retroactively applicable to July 1, 1996.

10 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS)

11 Code section 97B.1A, subsection 8, paragraph "a", is
12 amended to provide that only part-time elected officials who
13 have optional coverage can stop IPERS coverage, terminate all
14 other covered employment, and begin an IPERS retirement
15 allowance without terminating the elected position.

16 Code section 97B.1A, subsection 8, paragraph "b",
17 subparagraph (2), is amended to provide that only county
18 medical examiners and deputy county medical examiners who are
19 not full-time county employees are not considered employees
20 covered by IPERS. This provision takes effect upon enactment
21 and is retroactively applicable to January 1, 1995.

22 Code section 97B.1A, subsection 8, paragraph "b", is
23 amended by adding a new subparagraph excluding employees of
24 the Iowa student loan liquidity corporation from coverage
25 under IPERS.

26 Code section 97B.1A, subsection 24, paragraphs "a" and "c",
27 are amended to delay the date for changing the method of
28 determining a member's three-year average covered wage to a
29 calculation based on the member's highest twelve consecutive
30 quarters of service from July 1, 2003, to July 1, 2005.

31 Code section 97B.15 is amended to provide that IPERS is
32 specifically required to adopt rules consistent with the
33 mandates and requirements of state law.

34 Code section 97B.17 is amended to provide that confidential
35 records of IPERS can be released to IPERS employers, the

1 legislative fiscal bureau, the department of revenue and
2 finance, the department of personnel, or the department of
3 management to assist the requestor in the performance of the
4 requestor's duties. The entity requesting the records is
5 required to provide reasons to IPERS for requesting the
6 release and the entity is required to otherwise protect the
7 confidentiality of the records. Penalties apply to the
8 requestor for not protecting the confidentiality of the
9 records.

10 Code section 97B.44, concerning the designation of a
11 beneficiary for IPERS death benefits, is amended to permit a
12 member who cannot locate the member's spouse to designate, or
13 change the designation of, the member's beneficiary without
14 the member's spouse consent.

15 Code section 97B.48, subsection 3, is amended to provide
16 that IPERS is only required to notify members who attain the
17 age of 70 that they can continue working and receive a
18 retirement allowance if IPERS has an address for that member.

19 Code section 97B.48A, subsection 1, is amended to increase
20 the amount that an IPERS member who has a bona fide retirement
21 and is under 65 years of age can earn in public employment
22 covered by IPERS from \$14,000 to \$40,000 and still continue to
23 receive the member's retirement allowance without a reduction.
24 Current law and the bill provide that an IPERS member
25 receiving a retirement allowance who is under age 65 will have
26 the member's IPERS retirement allowance reduced by 50 cents
27 for each dollar the member earns in a calendar year in
28 employment covered by IPERS over the earnings limit
29 established in Code section 97B.48A.

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

35 Code section 97B.49B is amended to provide that a member in

1 a protection occupation who has 22 or more years of service
2 can use wages from all IPERS covered employment, not just for
3 wages in a protection occupation, in determining the member's
4 three-year average covered wage if at least 75 percent of the
5 total wages comes from wages in a protection occupation.

6 Code section 97B.49C is amended to provide that a member in
7 the sheriff's category who has 22 or more years of service can
8 use wages from all IPERS covered employment, not just for
9 wages in the sheriff's category, in determining the member's
10 three-year average covered wage if at least 75 percent of the
11 total wages comes from wages in the sheriff's category.

12 Code section 97B.49F, subsection 2, concerning the
13 favorable experience dividend, is amended to provide that a
14 beneficiary who receives a monthly allowance after the death
15 of an active member will qualify for favorable experience
16 dividend payments in the same manner as IPERS retirees and
17 beneficiaries of retirees.

18 Code section 97B.50A, concerning the payment of an in-
19 service disability retirement allowance, is amended. The
20 change provides that a special service member has the option
21 of selecting a pension equal to 60 percent of the member's
22 three-year covered wage or the pension the special service
23 member would otherwise receive if the member was 55 years of
24 age. Under current law, the member receives the greater of
25 the 60 percent calculation or the pension the member would
26 otherwise receive based upon the member's actual age.

27 Code section 97B.51, subsection 1, concerning benefit
28 options upon retirement, is amended to permit a member who
29 cannot locate the member's spouse from selecting a benefit
30 option without the member's spouse acknowledgement.

31 Code section 97B.51, subsection 1, paragraph "a", is
32 amended to provide that if a member selects the IPERS option
33 under this paragraph, and a death benefit amount is selected,
34 the death benefit amount cannot be changed after monthly
35 benefits begin.

1 Code section 97B.51, subsection 1, is amended by adding a
2 new optional allowance upon retirement for special service
3 members of IPERS. New paragraph "f" provides that a member
4 retiring under Code section 97B.49B or 97B.49C can receive an
5 increase in the member's monthly allowance upon retirement
6 until the member reaches the age when the member can receive a
7 reduced social security benefit (now age 62) equal to the
8 social security benefit the member could receive upon reaching
9 that age. Upon reaching that age (62), the member's
10 retirement allowance will be reduced as determined by the
11 IPERS actuary. This modified monthly allowance applies only
12 to the optional allowance which provides for a lifetime
13 annuity for the member without a death benefit.

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

18 Code section 97B.52, subsection 4, is amended to provide
19 that interest is payable only on death benefits where the
20 member died prior to the member receiving a retirement
21 allowance.

22 Code section 97B.53, subsection 4, concerning refund
23 options once a member terminates employment, is amended to
24 provide that a member is considered to have terminated
25 employment if the member does not return to covered employment
26 for 30 days. Under current law, a member is considered to
27 have terminated employment if they do not return to covered
28 employment for four months.

29 Code section 97B.53B, concerning rollovers of members'
30 accounts, is amended to provide that an eligible retirement
31 plan which is eligible for a rollover includes an annuity
32 contract as provided in Internal Revenue Code section 403(b)
33 and a plan under Internal Revenue Code section 457(b). In
34 addition, the change provides that an eligible rollover
35 distribution can be made to certain individual retirement

1 accounts or defined contribution plans. The amendment also
2 eliminates the dollar thresholds of \$200 and \$500 for
3 determining whether certain distributions or rollovers are
4 permitted by this section. The amendment to this section
5 takes effect upon enactment and is retroactively applicable to
6 January 1, 2002.

7 New Code section 97B.80C is established which permits a
8 member of IPERS to purchase additional service credit under
9 IPERS for both qualified and nonqualified service. "Qualified
10 service" is defined as service with a governmental employer,
11 an association representing employees of the government, and
12 an educational organization which provides elementary or
13 secondary education, in which the member does not receive a
14 retirement benefit for that service. "Nonqualified service"
15 is defined by the bill to include all other kinds of service
16 not defined as qualified service. The bill provides a member
17 must be a vested or retired member under IPERS with five years
18 of wages in order to purchase service credit for nonqualified
19 service and the purchase is limited to a maximum of five
20 years. The bill provides that a purchase of qualified service
21 by a member is subject only to the limits provided under the
22 federal Internal Revenue Code. The bill provides that a
23 purchase of service under this new section shall be the full
24 actuarial cost of the additional service. The bill also
25 provides that the purchase of service under this new section
26 is limited by Internal Revenue Code requirements.

27 Code section 97B.82, concerning the purchase of IPERS
28 service credit, with a direct rollover, is amended to allow
29 the purchase of service credit from either a direct rollover,
30 or a direct transfer. The bill defines what retirement plans
31 are eligible for a purchase of service credit by a direct
32 rollover. In addition, the bill describes the process of a
33 direct transfer purchase of credit and describes that a direct
34 transfer can be made from either an annuity contract as
35 provided in Internal Revenue Code section 403(b) or a plan

1 under Internal Revenue Code section 457(b).

2 The bill also requires IPERS to conduct two studies and to
3 file a report with the legislative service bureau by October
4 1, 2003, concerning its findings and recommendations. One
5 study concerns the possible implementation of a cost-neutral
6 deferred retirement option program (DROP) for members of the
7 system. The other study is to consider the possible
8 implementation of a new option for vested employees who
9 terminate employment prior to retirement to have their refund
10 amount rolled over into an individual account under IPERS.

11 STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM

12 Code sections 411.1 and 411.6, subsections 3 and 5, are
13 amended to provide that a member must be in good standing in
14 order to apply for and receive an ordinary disability benefit
15 or an accidental disability benefit. The bill defines a
16 "member in good standing" as a member who is not subject to
17 removal from their position by the employing city or is not
18 the subject of an investigation that might lead to removal.
19 The bill provides that the board of trustees can waive the
20 member in good standing requirement for good cause.

21 Code section 411.6, subsection 7, is amended to provide
22 that the contribution applicable to a disabled member who
23 returns to work is the rate applicable to all members of the
24 system.

25 Code section 411.6, subsections 8, 9, and 11, are amended
26 to change the method of calculating the minimum spousal and
27 surviving child death benefit. The bill provides that the
28 benefit is calculated based upon the average monthly earnable
29 compensation paid to an active member of the system instead of
30 the monthly compensation earned by an active member holding
31 the highest grade as a fire fighter, or a police patrol
32 officer, depending on whether the deceased member was a fire
33 fighter or police patrol officer.

34 Code section 411.6, subsection 9, paragraph "b", is amended
35 to modify who is entitled to receive an accidental death

1 benefit. The bill provides that an accidental death benefit
2 shall be paid to the member's designated beneficiary. The
3 bill provides that if the designated beneficiary is the
4 member's spouse, child, or parent, the benefit payable shall
5 be the same as provided under current law if the spouse,
6 child, or parent is entitled to the death benefit. If the
7 member does not designate a beneficiary or the beneficiary
8 predeceases the member, the accidental death benefit shall be
9 payable under current law.

10 Code section 411.6, subsection 12, is amended to eliminate
11 the requirement that the board shall submit a report to the
12 legislature every six years, beginning September 2001,
13 concerning the operation of the system's escalation program
14 which provides increased benefits following retirement.

15 Code section 411.6, subsection 13, is amended to provide
16 that a benefit payable under this chapter to a surviving
17 spouse and to any surviving spouse who receives a portion of
18 the benefit pursuant to a marriage decree or marital property
19 order shall not be recomputed upon the death of any surviving
20 spouse.

21 Code section 411.31 is amended to extend the time deadline
22 from 60 days to one year by which a member of the statewide
23 fire and police retirement system can commence working under
24 the other retirement system after terminating employment under
25 the former system and still permit the benefit earned under
26 the former retirement system to be transferred to the current
27 retirement system. A corresponding change to PORS in Code
28 section 97A.17 is also made by this bill. This change takes
29 effect upon enactment and is retroactively applicable to July
30 1, 1996.

31 JUDICIAL RETIREMENT SYSTEM

32 Code sections 602.9202 and 602.9203 are amended to provide
33 that full-time associate juvenile judges and full-time
34 associate probate judges can be senior judges under the
35 judicial retirement system. Both full-time associate juvenile

1 judges and full-time associate probate judges are currently
2 included within the judicial retirement system.

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HOUSE FILE 2532

H-8133

1 Amend House File 2532 as follows:

2 1. Page 18, by inserting after line 23 the
3 following:

4 "Sec. ____ . Section 97B.52A, subsection 1,
5 paragraph c, Code 2001, is amended to read as follows:
6 c. For a member whose first month of entitlement
7 is July 2000 or later, the member does not return to
8 any employment with a covered employer until the
9 member has qualified for at least one calendar month
10 of retirement benefits, and the member does not return
11 to covered employment until the member has qualified
12 for no fewer than four calendar months of retirement
13 benefits. For purposes of this paragraph, effective
14 July 1, 2000, any employment with a covered employer
15 does not include employment as an elective official or
16 member of the general assembly if the member is not
17 covered under this chapter for that employment. For
18 purposes of this paragraph, effective July 1, 2002,
19 covered employment does not include employment with an
20 employer that did not employ the member immediately
21 prior to retirement or with the same employer that
22 employed the member immediately prior to retirement if
23 the employment is not in the same or similar position
24 as the member held prior to retirement."

25 2. By renumbering as necessary.

By WISE of Lee

H-8133 FILED MARCH 1, 2002

Lost 3/5/02 (p. 605)

HOUSE FILE 2532

-8122

1 Amend House File 2532 as follows:

2 1. Page 1, by inserting after line 9 the
3 following:

4 "Sec. _____. Section 97A.6, subsection 5, paragraph
5 c, Code 2001, is amended to read as follows:

6 c. Disease under this section shall mean heart
7 disease, ~~or~~ any disease of the lungs or respiratory
8 tract, infectious disease, or cancer, and shall be
9 presumed to have been contracted while on active duty
10 as a result of strain, exposure, or the inhalation of
11 noxious fumes, poison, or gases. For purposes of this
12 paragraph, "infectious disease" includes, but is not
13 limited to, hepatitis in any form, tuberculosis, and
14 HIV or AIDS as defined in section 141A.1. However, if
15 a person's membership in the system first commenced on
16 or after July 1, 1992, and the heart disease, ~~or~~
17 disease of the lungs or respiratory tract, infectious
18 disease, or cancer, would not exist, but for a medical
19 condition that was known to exist on the date that
20 membership commenced, the presumption established in
21 this paragraph shall not apply."

22 2. Page 6, by inserting after line 21 the
23 following:

24 "Sec. _____. IMPLEMENTATION PROVISION. The board of
25 trustees shall implement the amendment to section
26 97A.6, subsection 5, paragraph "c", by this Act, on
27 July 1, 2002, or on the date that the board determines
28 that the most recent annual actuarial valuation of the
29 system indicates that the minimum employer and
30 employee contribution rates in effect under section
31 97A.8 can absorb the costs of the amendment to section
32 97A.6, subsection 5, paragraph "c", by this Act,
33 whichever is later."

34 3. Page 15, by inserting after line 34 the
35 following:

36 "Sec. _____. Section 97B.50A, subsection 2,
37 paragraph c, Code 2001, is amended to read as follows:

38 c. Disease under this subsection shall mean heart
39 disease, ~~or~~ any disease of the lungs or respiratory
40 tract, infectious disease, or cancer, and shall be
41 presumed to have been contracted while on active duty
42 as a result of strain, exposure, or the inhalation of
43 noxious fumes, poison, or gases. For purposes of this
44 paragraph, "infectious disease" includes, but is not
45 limited to, hepatitis in any form, tuberculosis, and
46 HIV or AIDS as defined in section 141A.1. However, if
47 a person's special service membership in the system
48 first commenced on or after July 1, 2000, and the
49 heart disease, ~~or~~ disease of the lungs or respiratory
50 tract, infectious disease, or cancer, would not exist,

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-1-

H-8122

Page 2

1 but for a medical condition that was known to exist on
2 the date that special service membership commenced,
3 the presumption established in this paragraph shall
4 not apply."

5 4. Page 28, by inserting after line 5 the
6 following:

7 "Sec. _____. Section 411.6, subsection 5, paragraph
8 c, Code 2001, is amended to read as follows:

9 c. Disease under this section shall mean heart
10 disease, ~~or~~ any disease of the lungs or respiratory
11 tract, infectious disease, or cancer, and shall be
12 presumed to have been contracted while on active duty
13 as a result of strain or the inhalation of noxious
14 fumes, poison or gases. For purposes of this
15 paragraph, "infectious disease" includes, but is not
16 limited to, hepatitis in any form, tuberculosis, and
17 HIV or AIDS as defined in section 141A.1. However, if
18 a person's membership in the system first commenced on
19 or after July 1, 1992, and the heart disease, ~~or~~
20 disease of the lungs or respiratory tract, infectious
21 disease, or cancer, would not exist, but for a medical
22 condition that was known to exist on the date that
23 membership commenced, the presumption established in
24 this paragraph shall not apply."

25 5. Page 29, by inserting after line 32 the
26 following:

27 "Sec. _____. Section 411.6, subsection 9, paragraph
28 a, Code 2001, is amended to read as follows:

29 a. If, upon the receipt of evidence and proof from
30 the chief of the police or fire department that the
31 death of a member in service was the natural and
32 proximate result of an injury or disease incurred in
33 or aggravated by the actual performance of duty at
34 some definite time and place, or while acting pursuant
35 to order, outside of the city by which the member is
36 regularly employed, the system decides that death was
37 so caused in the performance of duty, there shall be
38 paid, in lieu of the ordinary death benefit provided
39 in subsection 8, an accidental death benefit as set
40 forth in this subsection. Disease under this
41 subsection shall mean heart disease, ~~or~~ any disease of
42 the lungs or respiratory tract, infectious disease, or
43 cancer, and shall be presumed to have been contracted
44 while on active duty as a result of strain or the
45 inhalation of noxious fumes, poison, or gases. For
46 purposes of this paragraph, "infectious disease"
47 includes, but is not limited to, hepatitis in any
48 form, tuberculosis, and HIV or AIDS as defined in
49 section 141A.1."

50 6. Page 32, by inserting after line 23 the

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Page 3

1 following:

2 "Sec. ____ . IMPLEMENTATION PROVISION. The board of
3 trustees shall implement the amendments to section
4 411.6, subsection 5, paragraph "c", and section 411.6,
5 subsection 9, paragraph "a", by this Act, on July 1,
6 2002, or on the date that the board determines that
7 the most recent annual actuarial valuation of the
8 system indicates that the minimum employer and
9 employee contribution rates in effect under section
10 411.8 can absorb the costs of the amendments to
11 section 411.6, subsection 5, paragraph "c", and
12 section 411.6, subsection 9, paragraph "a", by this
13 Act, whichever is later."
14 7. By renumbering as necessary.

By DOTZLER of Black Hawk**H-8122** FILED FEBRUARY 27, 2002

Withdrawn
3/5/02
(P. 603)

HOUSE FILE 2532

H-8178

1 Amend House File 2532 as follows:
2 1. Page 24, by inserting after line 28 the
3 following:
4 "Sec. ____ . IOWA PUBLIC EMPLOYEES' RETIREMENT
5 SYSTEM -- FURLOUGH CREDIT. Notwithstanding any
6 provision of chapter 97B to the contrary, a member of
7 the Iowa public employees' retirement system who is
8 furloughed from state employment and receives a
9 reduction in the member's salary from state employment
10 as a result of the furlough can have the member's
11 retirement allowance calculated based on the salary
12 the member would have received if the member had not
13 been furloughed upon the payment by the member of an
14 applicable contribution amount as provided in this
15 section. For purposes of this section, the applicable
16 contribution amount is an amount equal to the employee
17 and employer contribution that would have been paid on
18 behalf of the member on the salary amount that the
19 member did not receive as a result of the furlough."
20 2. By renumbering as necessary.

By LARKIN of Lee
GREIMANN of Story

H-8178 FILED MARCH 4, 2002

W/D

3/5/02 (p 605)

HOUSE FILE 2532

H-8169

1 Amend House File 2532 as follows:

2 1. Page 17, line 30, by striking the words

3 "paragraph "c"" and inserting the following:

4 "paragraph "a", "b", "c", or "e", or paragraph "d",

5 subparagraph (1)".

6 2. Page 17, line 31, by striking the word "that"

7 and inserting the following: "the selected".

8 3. Page 17, line 32, by inserting after the word

9 "paragraph" the following: "or subparagraph".

10 4. Page 18, line 3, by inserting after the word

11 "benefit" the following: "based upon the member's

12 account".

13 5. Page 18, lines 9 and 10, by striking the words

14 "certified record of the member's wage history from

15 social security" and inserting the following: "copy

16 of the estimate provided by the federal social

17 security administration of the member's monthly

18 federal social security benefit that would be payable

19 on the date the member would be first eligible to

20 receive a reduced social security pension benefit".

21 6. Page 20, line 5, by inserting after the word

22 "payee" the following: ", who is a spouse or former

23 spouse,".

24 7. Page 24, line 26, by inserting after the word

25 "eligible" the following: "governmental".

26 8. Page 32, by striking lines 25 through 27.

27 9. Page 32, line 28, by striking the figure "2."

28 10. Page 32, by inserting after line 32 the

29 following:

30 "Sec. ____ . NEW SECTION. 602.9107C IOWA PUBLIC

31 EMPLOYEES' RETIREMENT SYSTEM -- SERVICE CREDIT.

32 1. A judge under this system who has at least six

33 years of service as a judge of any of the courts

34 included in this article and who was a member of the

35 Iowa public employees' retirement system as provided

36 in chapter 97B, but who was not retired under that

37 system, upon submitting verification of membership and

38 service in the Iowa public employees' retirement

39 system to the court administrator, including proof

40 that the judge has no further claim upon a retirement

41 benefit from that public system, may make

42 contributions as provided by this section to the

43 system either for the entire period of service in the

44 other public system, or for partial service in the

45 other public system in increments of one or more

46 calendar quarters, and receive credit for that service

47 under the system.

48 2. The contributions required to be made for

49 purposes of this section shall be in an amount equal

50 to the actuarial cost of the service purchase. For

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Page 2

1 purposes of this subsection, the actuarial cost of the
2 service purchase is an amount determined by the court
3 administrator in accordance with actuarial tables, as
4 reported to the court administrator by the system's
5 actuary, which reflects the actuarial cost necessary
6 to fund an increased retirement annuity resulting from
7 the purchase of additional service.

8 3. A judge eligible for an increased retirement
9 annuity because of the payment of contributions under
10 this section is entitled to receipt of retroactive
11 adjustment payments for no more than six months
12 immediately preceding the month in which the judge
13 pays contributions under this section.

14 4. The court administrator shall ensure that the
15 judge, in exercising an option provided in this
16 section, does not exceed the amount of annual
17 additions to a judge's account permitted pursuant to
18 section 415 of the Internal Revenue Code."

19 11. By renumbering as necessary.

By ELGIN of Linn

H-8169 FILED MARCH 4, 2002

Adopted
3/5/02
(P.603)

HOUSE FILE 2532

H-8184

1 Amend House File 2532 as follows:

2 1. Page 14, by inserting after line 9 the
3 following:

4 "Sec. ____ Section 97B.48A, subsection 3, Code
5 2001, is amended to read as follows:

6 3. Upon a retirement after reemployment, a retired
7 member may have the retired member's retirement
8 allowance redetermined under this section or section
9 97B.48, section 97B.50, or section 97B.51, whichever
10 is applicable, based upon ~~the addition of credit for~~
11 the years of membership service of the employee after
12 reemployment, the covered wage during reemployment,
13 and the age of the employee after reemployment. The
14 member shall receive a single retirement allowance
15 calculated from both periods of membership service,
16 one based on the initial retirement and one based on
17 the second retirement following reemployment. The
18 member may select one of the following options for
19 receiving a single retirement allowance, if eligible,
20 based upon both periods of membership service:

21 a. A single retirement allowance calculated by
22 adding the allowance for the initial retirement with
23 an additional retirement allowance calculated pursuant
24 to sections 97B.49A through 97B.49G, based solely on
25 the years of membership service of the employee after
26 reemployment, the covered wage during reemployment,
27 and the age of the employee after reemployment.
28 However, a member may select the option provided by
29 this paragraph only if the member had at least thirty-
30 five years of membership service as of the date of the
31 member's initial retirement.

32 b. A single retirement allowance based upon the
33 addition of credit for the years of membership service
34 of the employee after reemployment, the covered wage
35 during reemployment, and the age of the employee after
36 reemployment. If the total years of membership
37 service and prior service of a member who has been
38 reemployed equals or exceeds thirty, the years of
39 membership service on which the original retirement
40 allowance was based may be reduced by a fraction of
41 the years of service equal to the number of years by
42 which the total years of membership service and prior
43 service exceeds thirty divided by thirty, if this
44 reduction in years of service will increase the total
45 retirement allowance of the member. The additional
46 retirement allowance calculated for the period of
47 reemployment shall be added to the retirement
48 allowance calculated for the initial period of
49 membership service and prior service, adjusted as
50 provided in this ~~subsection~~ paragraph. The retirement

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Page 2

1 allowance calculated for the initial period of
 2 membership service and prior service shall not be
 3 adjusted for any other factor than years of service.
 4 The retired member shall not receive a retirement
 5 allowance based upon more than a total of thirty years
 6 of service. Effective July 1, 1998, a redetermination
 7 of a retirement allowance as authorized by this
 8 ~~subsection~~ paragraph for a retired member whose
 9 combined service exceeds the applicable years of
 10 service for that member as provided in sections
 11 97B.49A through 97B.49G shall have the determination
 12 of the member's reemployment benefit based upon the
 13 percentage multiplier as determined for that member as
 14 provided in sections 97B.49A through 97B.49G."

15 2. By renumbering as necessary.

By WISE of Lee

H-8184 FILED MARCH 5, 2002

*o/o
3/5/02*

HOUSE FILE 2532

H-8182

1 Amend the amendment, H-8122, to House File 2532 as
2 follows:

3 1. By striking page 1, line 2, through page 2,
4 line 4.

5 2. By renumbering as necessary.

By DOTZLER of Black Hawk

H-8182 FILED MARCH 5, 2002

o/o 3/5/02

HOUSE FILE 2532

H-8183

1 Amend the amendment, H-8178, to House File 2532 as
2 follows:

3 1. Page 1, line 10, by striking the word "can"
4 and inserting the following: "may elect to".

By LARKIN of Lee

H-8183 FILED MARCH 5, 2002

*o/o
3/5/02
(p. 65)*

Legislative Fiscal Bureau

Fiscal Note

HF 2532 - Public Retirement System Changes (LSB 6566 HV)

Analyst: Ron Robinson (Phone: (515) 281-6256) (ron.robinson@legis.state.ia.us)

Fiscal Note Version - New

Description

House File 2532 makes numerous changes to public retirement systems, including the Public Safety Peace Officers' Retirement, Accident, and Disability System (PORS), the Iowa Public Employees' Retirement System (IPERS), the Statewide Fire and Police Retirement System (411s), and the Judicial Retirement System. The changes to each public retirement system with estimated fiscal impact are as follows:

Public Safety Peace Officers' Retirement, Accident, and Disability System (PORS):

- Section 3 of the Bill, Section 97A.6(14), Code of Iowa, is amended concerning the escalator program for retirees. The Bill provides that the calculation relating to the increase in a retiree's pension based upon a percentage of the increase in salary for an active member of the system is done on both July 1 and January 1 of each year. Under current law, this calculation is done only on July 1.
- Section 4 of the Bill, Section 97A.14A, Code of Iowa, is added and permits the System to recover benefits paid by way of a subrogation action.

Iowa Public Employees' Retirement System (IPERS):

- Section 19 of the Bill, Section 97B.49A(1)(e)(1), Code of Iowa, is amended by adding a county conservation peace officer as designated by a county conservation board as a member of a protection occupation for purposes of calculating the members' retirement under IPERS.
- Section 22 of the Bill, Section 97B.49F(2), Code of Iowa, is amended to provide that a beneficiary who receives a monthly allowance after the death of an active member will qualify for a Favorable Experience Dividend (FED) in the same manner as IPERS retirees and beneficiaries.
- Section 23 of the Bill, Section 97B.50A, Code of Iowa, is amended to provide that a special services member has the option of selecting a pension equal to 60.0% of the member's three-year covered wage or the pension the special service member would otherwise receive if the member were 55 years-of-age. Under current law, the member receives the greatest of the 60.0% calculation or the pension the member would otherwise receive based upon the member's actual age.
- Section 32 of the Bill, Section 97B.52(2), Code of Iowa, is made retroactive to January 1, 1992, to provide a \$100,000 line of duty death benefit for a member who dies while in special service.
- Section 34 of the Bill provides for IPERS to conduct a study and report by October 1, 2003, concerning its findings and recommendations on the possible implementation of a cost-neutral Deferred Retirement Option Program (DROP).

- Section 35 of the Bill provides for IPERS to conduct a study and report by October 1, 2003, concerning its findings and recommendations on the possible implementation of a new option for vested employees who terminate employment prior to retirement to have their refund amount rolled into an individual account under IPERS.

Statewide Fire and Police Retirement System (411s):

- Sections 36 – 39 of the Bill, amends Sections 411.1 and 411.6(3) and (5), Code of Iowa, to provide that a member must be in "good standing" in order to receive an ordinary disability benefit or an accidental disability benefit.
- Section 40 of the Bill, amends 411.6(7), Code of Iowa, to provide that the contribution applicable to a disabled member who returns to work is the rate applicable to all members of the System.

Judicial Retirement System:

- Sections 49 and 50 of the Bill, amends sections 602.9202 and 602.9203, Code of Iowa, to provide that full-time associate juvenile judges and full-time associate probate judges can be senior judges under the judicial retirement system. Both full-time associate juvenile judges and full-time associate probate judges are currently included within the Judicial Retirement System.

Assumptions

Public Safety Peace Officers' Retirement, Accident, and Disability System (PORS):

- The PORS does not have sufficient records to determine the impact of granting the escalator to retirees that would not take place for a year because of the delay in the cost of living adjustment for State employees in FY 2002.
- The PORS does not have sufficient records to determine how much might be recovered from at-fault parties that injure or kill System members.

Iowa Public Employees' Retirement System (IPERS):

- The provisions of Section 19 of this Bill are cost neutral, as it relates to county conservation peace officers.
- The provisions of Section 22 of this Bill, clarifies how IPERS is already determining the Favorable Experience Dividend (FED).
- The provisions of section 32 of this Bill pertaining to the \$100,000 line of duty death benefit for a member, who dies while in special service, would include six people who have died since January 1, 1992.

Statewide Fire and Police Retirement System (411s):

- The number of members that would not qualify in the future for benefits because of the "good standing" provision cannot be determined.
- The provision in Section 40 of this Bill pertaining to the contribution applicable to a disabled member who returns to work is the rate applicable to all members of the System and is a clarification of the current practice.

Judicial Retirement System:

- Senior judges work 13 weeks per year or one-fourth of the year.
- Currently, senior judges receive an annual salary of approximately \$6,000, health insurance for the senior judge and their spouse, which may continue to the age of 78 if

5 - 3/5/02 - ...
S. 3/8/02 Amended & Do Pass
W/ 5178

HOUSE FILE 2532
BY COMMITTEE ON STATE GOVERNMENT

(SUCCESSOR TO HSB 670)

(As Amended and Passed by the House March 5, 2002)

Passed House, Date 3/26/02 (P. 996) Passed Senate, Date 3-21-02 (P. 766)
Vote: Ayes 96 Nays 0 Vote: Ayes 47 Nays 0

Approved 4/26/02
Re-passed 4-10-02
Vote 94-0

re-passed 4-12-02
Vote 47-0

A BILL FOR

(P. 1155)

1 An Act relating to public retirement systems and providing
2 effective and retroactive applicability dates.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

House Amendments _____
Deleted Language *

House Conf. Comm.
Ch. Elgin
Gipp
Mitcacep
Larkin
T. Taylor

Senate Conf. Comm.
Ch. Pittman
Kebbie
Connally
Drake
Sexton

1 DIVISION I
2 PUBLIC SAFETY PEACE OFFICERS' RETIREMENT,
3 ACCIDENT, AND DISABILITY SYSTEM.

4 Section 1. Section 80.36, Code 2001, is amended to read as
5 follows:

6 80.36 MAXIMUM AGE.

7 ~~The maximum age for a~~ A person to shall not be employed as
8 a peace officer in the department of public safety is after
9 attaining sixty-five years of age.

10 Sec. 2. Section 97A.6, subsection 6, paragraph c, Code
11 2001, is amended to read as follows:

12 c. Upon retirement for accidental disability on or after
13 July 1, 1998, a member shall receive an accidental disability
14 retirement allowance which shall consist of a pension in an
15 amount equal to the greater of sixty percent of the member's
16 average final compensation or the retirement allowance that
17 the member would receive under subsection 2 if the member ~~has~~
18 had attained fifty-five years of age.

19 Sec. 3. Section 97A.6, subsection 14, Code 2001, is
20 amended to read as follows:

21 14. PENSIONS PAYABLE. Pensions payable under this section
22 shall be adjusted as follows:

23 a. ~~Effective July 1, 1980, and on~~ On each July 1
24 ~~thereafter~~ and January 1, the monthly pensions authorized in
25 this section payable to retired members and to beneficiaries,
26 except children of a deceased member, shall be adjusted as
27 provided in this paragraph. The monthly pension of each
28 retired member and each beneficiary shall be adjusted by
29 adding to that monthly pension an amount equal to the amounts
30 determined in subparagraphs (1) and (2). The adjusted monthly
31 pension of a retired member shall not be less than the amount
32 which was paid at the time of the member's retirement.

33 (1) An amount equal to the difference between the monthly
34 earnable compensation payable to an active member of the
35 department, of the same rank and position on the salary scale

1 as was held by the retired or deceased member at the time of
2 the member's retirement or death, for ~~July-of-the-preceding~~
3 year the month for which the last preceding adjustment was
4 made and the monthly earnable compensation payable to an
5 active member of the department of the same rank and position
6 on the salary scale for ~~July-of-the-year-just-beginning the~~
7 month for which the adjustment is made shall be multiplied by
8 the following applicable percentage:

9 (a) Forty percent for members receiving a service
10 retirement allowance and for beneficiaries receiving a pension
11 under subsection 9 of this section.

12 (b) Forty percent for members with five or more years of
13 membership service who are receiving an ordinary disability
14 retirement allowance.

15 (c) Twenty-four percent for members with less than five
16 years of membership service who are receiving an ordinary
17 disability retirement allowance, and for beneficiaries
18 receiving a pension under subsection 8 of this section.

19 (d) Forty percent for members receiving an accidental
20 disability allowance.

21 The amount added to the monthly pension of a surviving
22 spouse receiving a pension under subsection 12, paragraph "a",
23 of this section shall be equal to one-half the amount that
24 would have been added to the monthly pension of the retired
25 member under this subparagraph.

26 (2) The For each adjustment occurring on July 1, the
27 following applicable amount determined as follows:

28 (a) Fifteen dollars where the member's retirement date was
29 less than five years prior to the effective date of the
30 adjustment.

31 (b) Twenty dollars where the member's retirement date was
32 at least five years, but less than ten years, prior to the
33 effective date of the adjustment.

34 (c) Twenty-five dollars where the member's retirement date
5 was at least ten years, but less than fifteen years, prior to

1 the effective date of the adjustment.

2 (d) Thirty dollars where the member's retirement date was
3 at least fifteen years, but less than twenty years, prior to
4 the effective date of the adjustment.

5 (e) Thirty-five dollars where the member's retirement date
6 was at least twenty years prior to the effective date of the
7 adjustment.

8 As of ~~the first of~~ July 1 and January 1 of each year, the
9 monthly pension payable to each surviving child under the
10 provisions of subsections 8, 9, and 12 of this section shall
11 be adjusted to equal six percent of the monthly earnable
12 compensation payable ~~on that July 1~~ in the month for which the
13 adjustment is made to an active member having the rank of
14 senior patrol officer of the Iowa state patrol.

15 b. All monthly pensions adjusted as provided in this
16 subsection shall be payable beginning on ~~July 1 of the year~~
17 the first of the month in which the adjustment is made and
18 shall continue in effect until the next following ~~July 1 month~~
19 in which an adjustment is made pursuant to this subsection at
20 which time the monthly pensions shall again be adjusted in
21 accordance with paragraph "a" of this subsection.

22 c. The adjustment of pensions required by this subsection
23 shall recognize the retired or deceased member's position on
24 the salary scale within the member's rank at the time of the
25 member's retirement or death. In the event that the rank or
26 position held by the retired or deceased member at the time of
27 retirement or death is subsequently abolished, adjustments in
28 the pensions of the member or of the member's spouse or
29 children shall be computed by the board of trustees as though
30 such rank or position had not been abolished and salary
31 increases had been granted to such rank or position on the
32 same basis as increases granted to other ranks and positions
33 in the department.

34 d. A retired member eligible for benefits under the
35 provisions of subsection 1 is not eligible for the annual

1 readjustment of pensions provided in this subsection unless
2 the member served at least twenty-two years prior to the
3 member's termination of employment.

4 Sec. 4. NEW SECTION. 97A.14A LIABILITY OF THIRD PARTIES
5 -- SUBROGATION.

6 1. If, on or after July 1, 2002, a member receives an
7 injury or dies for which benefits are payable under section
8 97A.6, subsection 3, 5, 8, or 9, or section 97A.14, and if the
9 injury or death is caused under circumstances creating a legal
10 liability for damages against a third party other than the
11 system, the system, the member, or the member's dependent or
12 the trustee of the dependent, may maintain an action for
13 damages against the third party as provided by this section.
14 If a member, the member's dependent, or the trustee of the
15 dependent commences such an action, the plaintiff member,
16 dependent, or trustee shall serve a copy of the original
17 notice upon the system not less than ten days before the trial
18 of the action, but a failure to serve the notice does not
19 prejudice the rights of the system, and the following rights
20 and duties ensue:

21 a. The system shall be indemnified out of the recovery of
22 damages to the extent of benefit payments made by the system,
23 with legal interest, except that the attorney fees and
24 expenses of the plaintiff member, dependent, or trustee may be
25 first allowed by the district court.

26 b. The system has a lien on the damage claim against the
27 third party and on any judgment on the damage claim for
28 benefits for which the system is liable. In order to continue
29 and preserve the lien, the system shall file a notice of the
30 lien within thirty days after receiving a copy of the original
31 notice in the office of the clerk of the district court in
32 which the action is filed.

33 2. If a member, the member's dependent, or the trustee of
34 the dependent fails to bring an action for damages against a
35 third party within ninety days after the system, through the

1 board of trustees, requests the member, the member's
2 dependent, or the trustee of the dependent in writing to do
3 so, then the system is subrogated to the rights of the member
4 and may, by action of the board of trustees, maintain the
5 action against the third party, and may recover damages for
6 the injury or death to the same extent that the member, the
7 member's dependent, or the trustee of the dependent may
8 recover damages for the injury or death. If the system
9 recovers damages in the action, the court shall enter judgment
10 for distribution of the recovery as follows:

11 a. A sum sufficient to repay the system for the amount of
12 such benefits actually paid by the system up to the time of
13 the entering of the judgment.

14 b. A sum sufficient to pay the system the present worth,
15 computed at the interest rate provided in section 535.3 for
16 court judgments and decrees, of the future payments of such
17 benefits for which the system is liable until the member
18 attains the age of fifty-five, but the sum is not a final
19 adjudication of the future payment which the member is
20 entitled to receive.

21 c. Any balance of the recovery remaining after
22 distribution of the recovery pursuant to paragraphs "a" and
23 "b" shall be paid to the member or the member's beneficiary.

24 3. Before a settlement is effective between the system and
25 a third party who is liable for any injury, the member, the
26 member's dependent, or the trustee of the dependent must
27 consent in writing to the settlement; and if the settlement is
28 between the member, the member's dependent, or the trustee of
29 the dependent and a third party, the system must consent in
30 writing to the settlement; or on refusal to consent, in either
31 case, the workers' compensation commissioner must consent in
32 writing to the settlement.

33 4. For purposes of subrogation under this section, a
34 payment made to an injured member, the member's guardian, or
35 the member's legal representative, by or on behalf of a third

1 party or the third party's principal or agent, who is liable
2 for, connected with, or involved in causing the injury or
3 death to the member, shall be considered paid as damages
4 because the injury or death was caused under circumstances
5 creating a legal liability against the third party, whether
6 the payment is made under a covenant not to sue, compromise
7 settlement, denial of liability, or is otherwise made.

8 5. All funds recovered by the system under this section
9 shall be deposited in the pension accumulation fund created in
10 section 97A.8.

11 Sec. 5. Section 97A.17, subsection 2, Code 2001, is
12 amended to read as follows:

13 2. Commencing July 1, 1996, a vested member of an eligible
14 retirement system who terminates employment covered by one
15 eligible retirement system and, within ~~sixty-days~~ one year,
16 commences employment covered by the other eligible retirement
17 system may elect to transfer the average accrued benefit
18 earned from the former system to the current system. The
19 member shall file an application with the current system for
20 transfer of the average accrued benefit within ninety days of
21 the commencement of employment with the current system.

22 Sec. 6. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY.

23 1. The section of this Act amending section 97A.6,
24 subsection 6, being deemed of immediate importance, takes
25 effect upon enactment and is retroactively applicable to July
26 1, 1998.

27 2. The section of this Act amending section 97A.17, being
28 deemed of immediate importance, takes effect upon enactment
29 and is retroactively applicable to July 1, 1996.

30 DIVISION II

31 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS)

32 Sec. 7. Section 97B.1A, subsection 8, paragraph a,
33 subparagraph (1), Code Supplement 2001, is amended to read as
34 follows:

35 (1) Elective officials in positions for which the

1 compensation is on a fee basis, elective officials of school
2 districts, elective officials of townships, and elective
3 officials of other political subdivisions who are in part-time
4 positions. An elective official covered under this **chapter**
5 section may terminate membership under this chapter by
6 informing the department in writing of the expiration of the
7 member's term of office or by informing the department of the
8 member's intent to terminate membership for employment as an
9 elective official and establishing that the member has a bona
10 fide termination of employment from all employment covered
11 under this chapter other than as an elective official and that
12 the member has filed a completed application for benefits form
13 with the department. A county attorney is an employee for
14 purposes of this chapter whether that county attorney is
15 employed on a full-time or part-time basis.

16 Sec. 8. Section 97B.1A, subsection 8, paragraph b,
17 subparagraph (2), Code Supplement 2001, is amended to read as
18 follows:

19 (2) Graduate medical students while serving as interns or
20 resident doctors in training at any hospital, or county
21 medical examiners and deputy county medical examiners under
22 chapter 331, division V, part 8, who are not full-time county
23 employees.

24 Sec. 9. Section 97B.1A, subsection 8, paragraph b, Code
25 Supplement 2001, is amended by adding the following new
26 subparagraph:

27 NEW SUBPARAGRAPH. (9) Persons employed by the Iowa
28 student loan liquidity corporation.

29 Sec. 10. Section 97B.1A, subsection 24, paragraph a, Code
30 Supplement 2001, is amended to read as follows:

31 a. "Three-year average covered wage" means, for a member
32 who retires prior to July 1, ~~2003~~ 2005, a member's covered
33 wages averaged for the highest three years of the member's
34 service, except as otherwise provided in this subsection. The
35 highest three years of a member's covered wages shall be

1 determined using calendar years. However, if a member's final
2 quarter of a year of employment does not occur at the end of a
3 calendar year, the department may determine the wages for the
4 third year by computing the average quarter of all quarters
5 from the member's highest calendar year of covered wages not
6 being used in the selection of the two highest years and using
7 the computed average quarter for each quarter in the third
8 year in which no wages have been reported in combination with
9 the final quarter or quarters of the member's service to
10 create a full year. However, the department shall not use the
11 member's final quarter of wages if using that quarter would
12 reduce the member's three-year average covered wage. If the
13 three-year average covered wage of a member exceeds the
14 highest maximum covered wages in effect for a calendar year
15 during the member's period of service, the three-year average
16 covered wage of the member shall be reduced to the highest
17 maximum covered wages in effect during the member's period of
18 service. Notwithstanding any other provision of this
19 paragraph to the contrary, a member's wages for the third year
20 as computed by this paragraph shall not exceed, by more than
21 three percent, the member's highest actual calendar year of
22 covered wages for a member whose first month of entitlement is
23 January 1999 or later.

24 Sec. 11. Section 97B.1A, subsection 24, paragraph c, Code
25 Supplement 2001, is amended to read as follows:

26 c. "Three-year average covered wage" means, for a member
27 who retires on or after July 1, ~~2003~~ 2005, the greater of the
28 member's covered wages averaged for a member's highest twelve
29 consecutive quarters of service or the member's covered wages
30 averaged for a member's highest three calendar years of
31 service. The department shall adopt rules to implement this
32 paragraph in accordance with the requirements of this chapter
33 and the federal Internal Revenue Code.

34 Sec. 12. Section 97B.15, Code 2001, is amended to read as
35 follows:

1 97B.15 RULES, POLICIES, AND PROCEDURES.

2 The department may adopt rules under chapter 17A and
3 establish procedures, not inconsistent with this chapter,
4 which are necessary or appropriate to implement this chapter
5 and shall adopt reasonable and proper rules to regulate and
6 provide for the nature and extent of the proofs and evidence
7 and the method of taking and furnishing the proofs and
8 evidence in order to establish the right to benefits under
9 this chapter. The department may adopt rules, and take action
10 based on the rules, to conform the requirements for receipt of
11 retirement benefits under this chapter to the mandates of
12 applicable federal and state statutes and regulations.

13 Prior to the adoption of rules, the department may
14 establish interim written policies and procedures, and take
15 action based on the policies and procedures, to conform the
16 requirements for receipt of retirement benefits under this
17 chapter to the applicable requirements of federal and state
18 law.

19 Sec. 13. Section 97B.17, Code Supplement 2001, is amended
20 to read as follows:

21 97B.17 RECORDS MAINTAINED.

22 1. The department shall establish and maintain records of
23 each member, including but not limited to, the amount of wages
24 of each member, the contribution of each member with interest,
25 and interest dividends credited. The records may be
26 maintained in paper, magnetic, or electronic form, including
27 optical disk storage. These records are the basis for the
28 compilation of the retirement benefits provided under this
29 chapter.

30 2. The following records maintained under this chapter are
31 not public records for the purposes of chapter 22:

32 1- a. Records containing social security numbers.

33 2- b. Records specifying amounts accumulated in members'
34 accounts and supplemental accounts.

35 3- c. Records containing names or addresses of members or

1 their beneficiaries.

2 ~~4.~~ d. Records containing amounts of payments to members or
3 their beneficiaries.

4 ~~5.~~ e. Records containing financial or commercial
5 information that relates to the investment of system funds if
6 the disclosure of such information could result in a loss to
7 the system or to the provider of the information.

8 3. Summary information concerning the demographics of the
9 members and general statistical information concerning the
10 system is subject to chapter 22, as well as aggregate
11 information by category.

12 However, the department's records are evidence for the
13 purpose of proceedings before the department or any court of
14 the amounts of wages and the periods in which they were paid,
15 and the absence of an entry as to a member's wages in the
16 records for any period is evidence that wages were not paid
17 that member in the period.

18 4. Notwithstanding any provisions of chapter 22 to the
19 contrary, the department's records may be released to any
20 political subdivision, instrumentality, or other agency of the
21 state solely for use in a civil or criminal law enforcement
22 activity pursuant to the requirements of this paragraph
23 subsection. To obtain the records, the political subdivision,
24 instrumentality, or agency shall, in writing, certify that the
25 activity is authorized by law, provide a written description
26 of the information desired, and describe the law enforcement
27 activity for which the information is sought. The department
28 shall not be civilly or criminally liable for the release or
29 rerelease of records in accordance with this paragraph
30 subsection.

31 5. Confidential records of the division maintained for the
32 operation of the system may be released to the directors,
33 agents, and employees of the legislative fiscal bureau, the
34 department of revenue and finance, the department of
35 management, the department of personnel, or an employer of

1 employees covered by the system pursuant to rules adopted by
2 the division for the performance of the requestor's duties.
3 To obtain a record under this subsection, the person
4 requesting the records shall provide a written description of
5 the information requested and the reason for requesting the
6 records to the division. A person receiving a record pursuant
7 to this subsection shall maintain the confidentiality of any
8 information otherwise required to be kept confidential and
9 shall be subject to the same penalties as the custodian of the
10 records for the public dissemination of such information.

11 Sec. 14. Section 97B.18, Code 2001, is amended to read as
12 follows:

13 97B.18 STATEMENT OF ACCUMULATED CREDIT.

14 After the expiration of each calendar year and prior to
15 July 1 of the succeeding year, the department shall furnish
16 each member with a statement of the member's accumulated
17 contributions and benefit credits accrued under this chapter
18 up to the end of that calendar year and additional information
19 the department deems useful to a member. The department may
20 furnish an estimate of the credits as of the projected normal
21 retirement date of the member under section 97B.45. The
22 ~~department shall mail the statement to each employer not later~~
23 ~~than June 30 of the succeeding calendar year.~~ The employer
24 ~~shall distribute the statements to its employees, and the~~
25 records of the department as shown by the statement as to the
26 wages of each individual member for a year and the periods of
27 payment shall be conclusive for the purpose of this chapter,
28 except as otherwise provided in this chapter.

29 ~~Effective for the calendar year beginning January 17, 1994,~~
30 ~~the department may transmit the statements directly to the~~
31 ~~members in lieu of mailing them to the employers.~~

32 Sec. 15. Section 97B.44, Code 2001, is amended by adding
33 the following new unnumbered paragraph:

34 NEW UNNUMBERED PARAGRAPH. However, the system may accept a
35 married member's designation or change in designation under

1 this section without the written consent of the member's
2 spouse if the member submits a notarized statement indicating
3 that the member has been unable to locate the member's spouse
4 to obtain the written consent of the spouse after reasonable
5 diligent efforts. The member's designation or change in
6 designation shall become effective upon filing the necessary
7 forms, including the notarized statement, with the division.
8 The division shall not be liable to the member, the member's
9 spouse, or to any other person affected by the member's
10 designation or change of designation, based upon a designation
11 or change of designation accomplished without the written
12 consent of the member's spouse.

13 Sec. 16. Section 97B.45, Code 2001, is amended to read as
14 follows:

15 97B.45 NORMAL RETIREMENT DATE.

16 A member's normal retirement date is any of the following,
17 whichever is applicable to the member:

18 1. The first of the month in which a member attains the
19 age of sixty-five years if the member has not completed twenty
20 years of membership service.

21 2. The first of the month in which the member attains the
22 age of sixty-two years if the member has completed twenty
23 years of membership service.

24 3. The first of any month in which the member has
25 completed twenty years of membership service if the member has
26 attained the age of sixty-two years but is not yet sixty-five
27 years of age.

28 4. The first of any month in which the member is at least
29 fifty-five years of age and for which the sum of the number of
30 years of membership service and prior service and the member's
31 age in years as of the member's last birthday equals or
32 exceeds eighty-eight.

33 ~~A member may retire after the member's sixty-fifth birthday~~
34 ~~except as otherwise provided in section 97B.46.~~ A member
35 retiring on or after the normal retirement date, as provided

1 in section 97B.46, shall submit a written notice to the
2 department setting forth the date the retirement is to become
3 effective. The date shall be after the member's last day of
4 service and not before the first day of the sixth calendar
5 month preceding the month in which the notice is filed.

6 Sec. 17. Section 97B.48, subsection 3, Code 2001, is
7 amended to read as follows:

8 3. ~~As-of~~ On or before the first of the month in which a
9 member attains the age of seventy years, the ~~department~~
10 division shall provide written notification to ~~the~~ each member
11 for whom the division has an address that the member may
12 commence receiving a retirement allowance regardless of the
13 member's employment status. Prior to receiving a retirement
14 allowance pursuant to this subsection, a member shall
15 acknowledge in writing that the member was informed by the
16 department of the consequences of electing to receive a
17 retirement allowance pursuant to this subsection and that
18 receipt of a retirement allowance under this subsection is
19 optional. Upon termination from employment of a member
20 receiving a retirement allowance pursuant to this subsection,
21 the member is entitled to have the member's monthly retirement
22 allowance recalculated using the applicable formula for
23 determining a retirement allowance pursuant to sections
24 97B.49A through 97B.49G, as applicable, in place at the time
25 of the member's first month of entitlement.

26 Sec. 18. Section 97B.48A, subsection 1, unnumbered
27 paragraph 1, Code 2001, is amended to read as follows:

28 If a member who has not reached the member's sixty-fifth
29 birthday and who has a bona fide retirement under this chapter
30 is in regular full-time employment during a calendar year, the
31 member's retirement allowance shall be reduced by fifty cents
32 for each dollar the member earns over the limit provided in
33 this subsection. However, employment is not full-time
34 employment until the member receives remuneration in an amount
35 in excess of fourteen forty thousand dollars for a calendar

1 year, or an amount equal to the amount of remuneration
2 permitted for a calendar year for persons under sixty-five
3 years of age before a reduction in federal social security
4 retirement benefits is required, whichever is higher.
5 Effective the first of the month in which a member attains the
6 age of sixty-five years, a retired member may receive a
7 retirement allowance without a reduction after return to
8 covered employment regardless of the amount of remuneration
9 received.

10 Sec. 19. Section 97B.49B, subsection 1, paragraph e,
11 subparagraph (1), Code 2001, is amended to read as follows:

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

15 Sec. 20. Section 97B.49B, Code 2001, is amended by adding
16 the following new subsection:

17 NEW SUBSECTION. 4. Notwithstanding any provision of this
18 chapter to the contrary, the three-year average covered wage
19 for a member retiring under this section whose years of
20 eligible service equals or exceeds twenty-two years of
21 eligible service for that member shall be determined by
22 calculating the member's eligible combined wage for each year
23 of eligible service. For purposes of this subsection,
24 "eligible combined wage" means the wages earned by the member
25 for each quarter year period from eligible service and from
26 covered employment that is not eligible service if at least
27 seventy-five percent of the wages earned was from eligible
28 service.

29 Sec. 21. Section 97B.49C, Code 2001, is amended by adding
30 the following new subsection:

31 NEW SUBSECTION. 4. Notwithstanding any provision of this
32 chapter to the contrary, the three-year average covered wage
33 for a member retiring under this section whose years of
34 eligible service equals or exceeds twenty-two years of
35 eligible service for that member shall be determined by

1 calculating the member's eligible combined wage for each
2 quarter year of eligible service. For purposes of this
3 subsection, "eligible combined wage" means the wages earned by
4 the member for each quarter year period from eligible service
5 and from covered employment that is not eligible service if at
6 least seventy-five percent of the wages earned was from
7 eligible service.

8 Sec. 22. Section 97B.49F, subsection 2, paragraph a, Code
9 2001, is amended to read as follows:

10 a. Commencing January 1, 1999, all ~~members who retired on~~
11 ~~or after July 1, 1990, and~~ qualified recipients who have been
12 ~~retired~~ received a monthly allowance for at least one year as
13 of the date the dividend is payable, ~~or a beneficiary or~~
14 ~~contingent annuitant of such a member who receives a monthly~~
15 ~~benefit,~~ shall be eligible to receive a favorable experience
16 dividend, payable on the last business day in January of each
17 year pursuant to the requirements of this subsection. If the
18 ~~member, beneficiary, or contingent annuitant~~ qualified
19 recipient eligible to receive a favorable experience dividend
20 dies before January 1 of a year, a favorable experience
21 dividend shall not be payable in January of that year in the
22 name of the ~~member, beneficiary, or contingent annuitant~~
23 qualified recipient. However, if the ~~member, beneficiary, or~~
24 ~~contingent annuitant~~ qualified recipient dies on or after
25 January 1 but before the dividend is paid in that month, the
26 full amount of the dividend payable in that month shall be
27 paid in the name of the ~~applicable member, beneficiary, or~~
28 ~~contingent annuitant~~ qualified recipient, upon notification of
29 death. For purposes of this paragraph, "qualified recipient"
30 includes all members who retired on or after July 1, 1990, or
31 a beneficiary or contingent annuitant of such a member who
32 receives a monthly benefit, and a beneficiary of an active
33 member who elects a monthly allowance under section 97B.52,
34 subsection 1, paragraph "c".

35 Sec. 23. Section 97B.50A, subsection 2, paragraph d, Code

1 2001, is amended to read as follows:

2 d. Upon retirement for an in-service disability as
3 provided by this subsection, a member shall have the option to
4 receive the-greater-of a monthly in-service disability
5 retirement allowance calculated under this subsection or a
6 monthly retirement allowance as provided in section 97B.49A,
7 97B.49B, 97B.49C, 97B.49D, or 97B.49G, as applicable, that the
8 member would receive if the member had attained fifty-five
9 years of age. The monthly in-service disability allowance
10 calculated under this subsection shall consist of an allowance
11 equal to one-twelfth of sixty percent of the member's three-
12 year average covered wage or its actuarial equivalent as
13 provided under section 97B.51.

14 Sec. 24. Section 97B.51, subsection 1, unnumbered
15 paragraph 1, Code 2001, is amended to read as follows:

16 Each member has the right prior to the member's retirement
17 date to elect to have the member's retirement allowance
18 payable under one of the options set forth in this section.
19 The amount of the optional retirement allowance selected in
20 paragraph "a", "c", "d", or "e", or "f" shall be the actuarial
21 equivalent of the amount of the retirement allowance otherwise
22 payable to the member as determined by the system in
23 consultation with the system's actuary. The member shall make
24 an election by written request to the department and the
25 election is subject to the approval of the department. If the
26 member is married, election of an option under this section
27 requires the written acknowledgment of the member's spouse.
28 However, the system may accept a married member's election of
29 a benefit option under this section without the written
30 acknowledgement of the member's spouse if the member submits a
31 notarized statement indicating that the member has been unable
32 to locate the member's spouse to obtain the written
33 acknowledgement of the spouse after reasonable diligent
34 efforts. The member's election of a benefit option shall
35 become effective upon filing the necessary forms, including

1 the notarized statement, with the division. The division
2 shall not be liable to the member, the member's spouse, or to
3 any other person affected by the member's election of a
4 benefit option, based upon an election of benefit option
5 accomplished without the written acknowledgement of the
6 member's spouse. The member may, if eligible, select one of
7 the following options:

8 Sec. 25. Section 97B.51, subsection 1, paragraph a, Code
9 2001, is amended to read as follows:

10 a. At retirement, a member may designate that upon the
11 member's death, a specified amount of money shall be paid to a
12 named beneficiary, and the member's monthly retirement
13 allowance shall be reduced by an actuarially determined amount
14 to provide for the lump sum payment. The amount designated by
15 the member must be in thousand dollar increments and shall be
16 limited to the amount of the member's accumulated
17 contributions. The amount designated shall not lower the
18 monthly retirement allowance of the member by more than one-
19 half the amount payable as provided in paragraph "b". A
20 member may designate a different beneficiary at any time,
21 except as limited by an order that has been accepted by the
22 department as complying with the requirements of section
23 97B.39. The election of a death benefit amount under this
24 paragraph shall be irrevocable upon payment of the first
25 monthly retirement allowance.

26 Sec. 26. Section 97B.51, subsection 1, Code 2001, is
27 amended by adding the following new paragraph:

28 NEW PARAGRAPH. f. A member retiring under section 97B.49B
29 or 97B.49C may select an allowance upon retirement as provided
30 under paragraph "a", "b", "c", or "e", or paragraph "d",
31 subparagraph (1), and may elect to have the monthly allowance
32 otherwise payable to the member pursuant to the selected
33 paragraph or subparagraph recalculated as provided in this
34 paragraph. A member electing payment of a monthly allowance
35 under this paragraph shall have the member's monthly allowance

1 increased, as determined by the system's actuary, by an amount
2 equal to the monthly federal social security benefit that
3 would be payable to the member on the date the member would be
4 first eligible to receive a reduced social security pension
5 benefit based upon the member's account. Upon reaching the
6 date the member would be first eligible to receive a reduced
7 social security pension benefit, the member's monthly
8 retirement allowance shall be permanently reduced, as
9 determined by the system's actuary. A member electing payment
10 of an allowance under this paragraph shall provide the system
11 with a copy of the estimate provided by the federal social
12 security administration of the member's monthly federal social
13 security benefit that would be payable on the date the member
14 would be first eligible to receive a reduced social security
15 pension benefit at least sixty days prior to the member's
16 first month of entitlement.

17 Sec. 27. Section 97B.52, subsection 4, paragraph b, Code
18 2001, is amended to read as follows:

19 b. If a death benefit is due and payable on behalf of a
20 member who dies prior to the member's first month of
21 entitlement, interest shall continue to accumulate through the
22 quarter preceding the quarter in which payment is made to the
23 designated beneficiary, heirs at law, or the estate unless the
24 payment of the death benefit is delayed because of a dispute
25 between alleged heirs, in which case the benefit due and
26 payable shall be placed in a noninterest bearing escrow
27 account until the beneficiary is determined in accordance with
28 this section.

29 Sec. 28. Section 97B.53, subsection 4, Code 2001, is
30 amended to read as follows:

31 4. A member has not terminated employment for purposes of
32 this section if the member accepts other covered employment
33 within four-months thirty days after receiving the last
34 payment of wages for covered employment, or if the member
35 begins covered employment prior to filing a request for a

1 refund with the department division.

2 Sec. 29. Section 97B.53B, Code 2001, is amended to read as
3 follows:

4 97B.53B ROLLOVERS OF MEMBERS' ACCOUNTS.

5 1. As used in this section, unless the context otherwise
6 requires, and to the extent permitted by the internal revenue
7 service:

8 a. "Direct rollover" means a payment by the system to the
9 eligible retirement plan specified by the member or the
10 member's surviving spouse.

11 b. "Eligible retirement plan" means either of the
12 following that accepts an eligible rollover distribution from
13 a member or a member's surviving spouse:

14 (1) An individual retirement account in accordance with
15 section 408(a) of the federal Internal Revenue Code.

16 (2) An individual retirement annuity in accordance with
17 section 408(b) of the federal Internal Revenue Code.

18 In addition, an "eligible retirement plan" includes an
19 annuity plan in accordance with section 403(a) of the federal
20 Internal Revenue Code, or a qualified trust in accordance with
21 section 401(a) of the federal Internal Revenue Code, that
22 accepts an eligible rollover distribution from a member.

23 Effective January 1, 2002, the term "eligible retirement plan"
24 also includes an annuity contract described in section 403(b)
25 of the federal Internal Revenue Code, and an eligible plan
26 under 457(b) of the federal Internal Revenue Code which is
27 maintained by a state, political subdivision of a state, or
28 any agency or instrumentality of a state or political
29 subdivision of a state that chooses to separately account for
30 amounts transferred into such eligible retirement plan from
31 the system.

32 c. (1) "Eligible rollover distribution" ~~means-all~~
33 includes any of the following:

34 (a) All or any portion of a member's account and
35 supplemental account, -except-that-an.

1 (b) Effective January 1, 2002, after-tax employee
2 contributions, if the plan to which such amounts are to be
3 transferred is an individual retirement account described in
4 federal Internal Revenue Code section 408(a) or 408(b), or is
5 a qualified defined contribution plan described in federal
6 Internal Revenue Code section 401(a) or 403(a), and such plan
7 agrees to separately account for the after-tax amount so
8 transferred.

9 (c) A distribution made on behalf of a surviving spouse
10 and to an alternate payee, who is a spouse or former spouse,
11 under a qualified domestic relations order.

12 (2) An eligible rollover distribution does not include any
13 of the following:

14 ~~{1}~~ (a) A distribution that is one of a series of
15 substantially equal periodic payments, which occur annually or
16 more frequently, made for the life or life expectancy of the
17 distributee or the joint lives or joint life expectancies of
18 the distributee and the distributee's designated beneficiary,
19 or made for a specified period of ten years or more.

20 ~~{2}~~ (b) A distribution to the extent that the distribution
21 is required pursuant to section 401(a)(9) of the federal
22 Internal Revenue Code.

23 ~~{3}~~ (c) The portion of any distribution that is not
24 includible in the gross income of the distributee, determined
25 without regard to the exclusion for net unrealized
26 appreciation with respect to employer securities.

27 ~~{4}--Annual-distributions-of-less-than-two-hundred-dollars~~
28 ~~of-taxable-income-~~

29 2. Effective January 1, 1993, a member or a member's
30 surviving spouse may elect, at the time and in the manner
31 prescribed in rules adopted by the department, to have the
32 department pay all or a portion of an eligible rollover
33 distribution directly to an eligible retirement plan,
34 specified by the member or the member's surviving spouse, in a
35 direct rollover. ~~If-a-member-or-a-member's-surviving-spouse~~

~~1 elects-a-partial-direct-rollover, the amount of funds elected~~
~~2 for the partial direct rollover must equal or exceed five~~
~~3 hundred dollars.~~

4 Sec. 30. NEW SECTION. 97B.80C PURCHASES OF PERMISSIVE
5 SERVICE CREDIT.

6 1. DEFINITIONS. For purposes of this section:

7 a. "Nonqualified service" means service that is not
8 qualified service.

9 b. "Permissive service credit" means credit that will be
10 recognized by the system for purposes of calculating a
11 member's benefit, for which the member did not previously
12 receive service credit in the system, and for which the member
13 voluntarily contributes to the system the amount required by
14 the system, not in excess of the amount necessary to fund the
15 benefit attributable to such service.

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

17 (a) Service with the United States government or any state
18 or local government, including any agency or instrumentality
19 thereof, regardless of whether that government, agency, or
20 instrumentality was a covered employer at the time of the
21 service.

22 (b) Service with an association representing employees of
23 the United States government or any state or local government,
24 including any agency or instrumentality thereof, regardless of
25 whether that government, agency, or instrumentality was a
26 covered employer at the time of the service.

27 (c) Service with an educational organization which
28 normally maintains a regular faculty and curriculum, normally
29 has a regularly enrolled body of pupils or students in
30 attendance at the place where its educational activities are
31 regularly carried on, and is a public, private, or sectarian
32 school which provides elementary education or secondary
33 education through grade twelve.

34 (d) Military service other than military service required
35 to be recognized under Internal Revenue Code section 414(u) or

1 under the federal Uniformed Services Employment and
2 Reemployment Rights Act.

3 (2) "Qualified service" does not include service as
4 described in subparagraph (1) if the receipt of credit for
5 such service would result in the member receiving a retirement
6 benefit under more than one retirement plan for the same
7 period of service.

8 2. a. A vested or retired member may make contributions
9 to the system to purchase up to the maximum amount of
10 permissive service credit for qualified service as determined
11 by the division, pursuant to Internal Revenue Code section
12 415(n) and the requirements of this section.

13 b. A vested or retired member of the system who has five
14 or more full calendar years of covered wages may make
15 contributions to the system to purchase up to five years of
16 permissive service credit for nonqualified service as
17 determined by the division, pursuant to Internal Revenue Code
18 section 415(n) and the requirements of this section.

19 3. A member making contributions for a purchase of
20 permissive service credit under this section shall make
21 contributions in an amount equal to the actuarial cost of the
22 permissive service credit purchase. For purposes of this
23 subsection, the actuarial cost of the service purchase is an
24 amount determined by the division in accordance with actuarial
25 tables, as reported to the division by the system's actuary,
26 which reflects the actuarial cost necessary to fund an
27 increased retirement allowance resulting from the purchase of
28 permissive service credit.

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

33 Sec. 31. Section 97B.82, Code 2001, is amended by striking
34 the section and inserting in lieu thereof the following:

35 97B.82 PURCHASE OF SERVICE CREDIT -- DIRECT ROLLOVERS --

1 DIRECT TRANSFERS.

2 1. Effective July 1, 2002, a member may, to the extent
3 permitted by the internal revenue service, purchase any
4 service credit permitted under this chapter by means of a
5 direct rollover or a direct transfer as provided in this
6 section pursuant to rules adopted by the division and
7 consistent with applicable requirements of the federal
8 Internal Revenue Code. Purchases of service credit by means
9 of a direct rollover or direct transfer under this section
10 shall not exceed the amounts permitted under section 415(n) of
11 the federal Internal Revenue Code and section 97B.80C as
12 determined by the division.

13 2. a. A member may purchase service credit as authorized
14 by this section through a direct rollover to the system of an
15 eligible rollover distribution from an eligible retirement
16 plan as permitted by the internal revenue service under the
17 federal Internal Revenue Code. The amount of the direct
18 rollover into the system cannot exceed the cost of the service
19 purchase by a member under this chapter. Once a direct
20 rollover is made, the member must forfeit the applicable
21 service credit from the eligible retirement plan from which
22 the eligible rollover distribution is received.

23 b. (1) For purposes of this subsection, "an eligible
24 rollover distribution from an eligible retirement plan"
25 includes distributions from any of the following:

26 (a) Qualified plans described in federal Internal Revenue
27 Code sections 401(a) and 403(a).

28 (b) Annuity contracts described in federal Internal
29 Revenue Code section 403(b).

30 (c) Eligible plans described under federal Internal
31 Revenue Code section 457(b) which are maintained by a state,
32 political subdivision of a state, or any agency or
33 instrumentality of a state or political subdivision of a
34 state.

35 (d) Individual retirement accounts described in federal

1 Internal Revenue Code section 408(a) or 408(b).

2 (2) An eligible rollover distribution from an eligible
3 retirement plan does not include any of the following:

4 (a) A distribution that is one of a series of
5 substantially equal periodic payments, which occur annually or
6 more frequently, made for the life or life expectancy of the
7 distributee or the joint lives or joint life expectancies of
8 the distributee and the distributee's designated beneficiary,
9 or made for a specified period of ten years or more.

10 (b) A distribution to the extent that the distribution is
11 required pursuant to section 401(a)(9) of the federal Internal
12 Revenue Code.

13 (c) The portion of any distribution that is not includible
14 in the gross income of the distributee, determined without
15 regard to the exclusion for net unrealized appreciation with
16 respect to employer securities.

17 (d) Any amounts that are not permitted to be treated as
18 eligible rollover distributions by the internal revenue
19 service under the federal Internal Revenue Code.

20 3. A member may purchase any service credit as authorized
21 by this section, to the extent permitted by the internal
22 revenue service, by means of a direct transfer, excluding any
23 after-tax contributions, from an annuity contract qualified
24 under federal Internal Revenue Code section 403(b), or an
25 eligible plan described in federal Internal Revenue Code
26 section 457(b), maintained by a state, political subdivision
27 of a state, or any agency or instrumentality of a state or
28 political subdivision of a state. A direct transfer is a
29 trustee-to-trustee transfer to the system of contributions
30 made to annuity contracts qualified under federal Internal
31 Revenue Code section 403(b) and eligible governmental plans
32 qualified under federal Internal Revenue Code section 457(b)
33 for purposes of purchasing service credit in the system.

34 Sec. 32. RETROACTIVE APPLICABILITY. Section 97B.52,
35 subsection 2, Code 2001, establishing a line of duty death

1 benefit for a member in special service, is retroactively
2 applicable to January 1, 1992, and is applicable to covered
3 deaths occurring on and after that date.

4 Sec. 33. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY.

5 1. The section of this Act amending section 97B.1A,
6 subsection 8, paragraph "b", subparagraph (2), being deemed of
7 immediate importance, takes effect upon enactment and is
8 retroactively applicable to January 1, 1995, and is applicable
9 on and after that date.

10 2. The section of this Act amending section 97B.53B, being
11 deemed of immediate importance, takes effect upon enactment
12 and is retroactively applicable to January 1, 2002, and is
13 applicable on and after that date.

14 Sec. 34. IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM -- STUDY

15 ON DEFERRED RETIREMENT OPTION PROGRAM -- REPORT. The Iowa
16 public employees' retirement system (IPERS) shall conduct a
17 study to consider how to implement a deferred retirement
18 option program (DROP) which is cost-neutral to the system,
19 pursuant to its findings as a consequence of the pension
20 portability study mandated by the 2000 Session of the General
21 Assembly. In pursuing this proposal, IPERS shall conduct a
22 statistically valid, professional survey of its members who
23 would be eligible to participate in a DROP plan, if offered,
24 in order to determine the level of their interest and the
25 conditions under which they would, or would not, participate.
26 In addition, the system actuary shall perform a long-range
27 estimate of system assets and liabilities, factoring in
28 estimated changes in its membership demographics. On or
29 before October 1, 2003, the IPERS shall file a report with the
30 legislative service bureau, for distribution to the public
31 retirement systems committee established in section 97D.4,
32 which contains its findings and recommendations. The report
33 shall also contain any applicable actuarial information
34 concerning the costs of any proposal or proposals.

35 Sec. 35. IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM -- STUDY

1 ON A NEW OPTION FOR TERMINATED VESTED MEMBERS -- REPORT. The
2 Iowa public employees' retirement system (IPERS) shall conduct
3 a study to consider how to implement a new option for
4 terminating, vested employees in which their employer and
5 employee contributions, in accord with the existing IPERS'
6 refund formula, would be "rolled over" into an individual
7 account which would then mirror the experience of the IPERS'
8 trust fund, minus reasonable administrative expenses. The
9 proposal to be studied is in accord with recommendations of
10 the pension portability study mandated by the 2000 Session of
11 the General Assembly. In pursuing this proposal, IPERS shall
12 work closely with the system actuary in order to develop a
13 proposal which is cost-neutral to the retirement system. On
14 or before October 1, 2003, the IPERS shall file a report with
15 the legislative service bureau, for distribution to the public
16 retirement systems committee established in section 97D.4,
17 which contains its findings and recommendations. The report
18 shall also contain any applicable actuarial information
19 concerning the costs of any proposal or proposals.

20 DIVISION III

21 STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM

22 Sec. 36. Section 411.1, Code Supplement 2001, is amended
23 by adding the following new subsection:

24 NEW SUBSECTION. 11A. "Member in good standing" means a
25 member in service who is not subject to removal by the
26 employing city of the member pursuant to section 400.18 or
27 400.19, or other comparable process, and who is not the
28 subject of an investigation that could lead to such removal.

29 Sec. 37. Section 411.6, subsection 3, Code 2001, is
30 amended to read as follows:

31 3. ORDINARY DISABILITY RETIREMENT BENEFIT. Upon
32 application to the system, of a member in service good
33 standing or of the chief of the police or fire departments,
34 respectively, any member in good standing shall be retired by
35 the system, not less than thirty and not more than ninety days

1 next following the date of filing the application, on an
2 ordinary disability retirement allowance, if the medical board
3 after a medical examination of the member certifies that the
4 member is mentally or physically incapacitated for further
5 performance of duty, that the incapacity is likely to be
6 permanent, and that the member should be retired. However, if
7 a person's membership in the system first commenced on or
8 after July 1, 1992, the member shall not be eligible for
9 benefits with respect to a disability which would not exist,
10 but for a medical condition that was known to exist on the
11 date that membership commenced. A member who is denied a
12 benefit under this subsection, by reason of a finding by the
13 medical board that the member is not mentally or physically
14 incapacitated for the further performance of duty, shall be
15 entitled to be restored to active service in the same position
16 held immediately prior to the application for disability
17 benefits. The member-in-good-standing requirement of this
18 subsection may be waived for good cause as determined by the
19 board. The burden of establishing good cause is on the
20 member.

21 Sec. 38. Section 411.6, subsection 5, paragraph a, Code
22 2001, is amended to read as follows:

23 a. Upon application to the system, of a member in **service**
24 good standing or of the chief of the police or fire
25 departments, respectively, any member in good standing who has
26 become totally and permanently incapacitated for duty as the
27 natural and proximate result of an injury or disease incurred
28 in or aggravated by the actual performance of duty at some
29 definite time and place, or while acting pursuant to order,
30 outside of the city by which the member is regularly employed,
31 shall be retired by the system, if the medical board certifies
32 that the member is mentally or physically incapacitated for
33 further performance of duty, that the incapacity is likely to
34 be permanent, and that the member should be retired. However,
35 if a person's membership in the system first commenced on or

1 after July 1, 1992, the member shall not be eligible for
2 benefits with respect to a disability which would not exist,
3 but for a medical condition that was known to exist on the
4 date that membership commenced. A member who is denied a
5 benefit under this subsection, by reason of a finding by the
6 medical board that the member is not mentally or physically
7 incapacitated for the further performance of duty, shall be
8 entitled to be restored to active service in the same position
9 held immediately prior to the application for disability
10 benefits.

11 Sec. 39. Section 411.6, subsection 5, Code 2001, is
12 amended by adding the following new paragraph:

13 NEW PARAGRAPH. d. The requirement that a member be in
14 good standing to apply for and receive a benefit under this
15 subsection may be waived for good cause as determined by the
16 board. The burden of establishing good cause is on the
17 member.

18 Sec. 40. Section 411.6, subsection 7, paragraph b, Code
19 2001, is amended to read as follows:

20 b. Should a disability beneficiary under age fifty-five be
21 restored to active service at a compensation not less than the
22 disability beneficiary's average final compensation, the
23 disability beneficiary's retirement allowance shall cease, the
24 disability beneficiary shall again become a member and shall
25 contribute thereafter at the same rate ~~paid-prior-to~~
26 disability established in section 411.8, and former service on
27 the basis of which the disability beneficiary's service was
28 computed at the time of retirement shall be restored to full
29 force and effect and upon subsequent retirement the disability
30 beneficiary shall be credited with all service as a member and
31 also with the period of disability retirement.

32 Sec. 41. Section 411.6, subsection 8, paragraph b, Code
33 2001, is amended to read as follows:

34 b. In lieu of the payment specified in paragraph "a", a
35 beneficiary meeting the qualifications of paragraph "c" may

1 elect to receive a monthly pension equal to one-twelfth of
2 forty percent of the average final compensation of the member,
3 but not less than twenty percent of the average monthly
4 earnable compensation paid to an active member ~~holding the~~
5 ~~highest-grade-in-the-rank-of-fire-fighter, for a beneficiary~~
6 ~~of a deceased member of a fire department, or the highest~~
7 ~~grade-in-the-rank-of-police-patrol-officer, for a beneficiary~~
8 ~~of a deceased member of a police department, if the member was~~
9 ~~in service at the time of death~~ of the system, as reported by
10 the actuary. For a member not in service at the time of
11 death, the pension shall be reduced as provided in subsection
12 1, paragraph "b".

13 For a member not in service at the time of death, the
14 pension shall be paid commencing when the member would have
15 attained the age of fifty-five except that if there is a child
16 of the member, the pension shall be paid commencing with the
17 member's death until the child of the member no longer meets
18 the definition of child as provided in section 411.1. The
19 pension shall resume when the member would have attained the
20 age of fifty-five.

21 For a member in service at the time of death, the pension
22 shall be paid commencing with the member's death. In addition
23 to the pension, there shall also be paid for each child of a
24 member, a monthly pension equal to six percent of the average
25 monthly earnable compensation paid to an active member ~~holding~~
26 ~~the highest-grade-in-the-rank-of-fire-fighter, for a child of~~
27 ~~a deceased member of a fire department, or the highest-grade~~
28 ~~in-the-rank-of-police-patrol-officer, for a child of a~~
29 ~~deceased member of a police department~~ of the system, as
30 reported by the actuary.

31 Notwithstanding section 411.6, subsection 8, Code 1985,
32 effective July 1, 1990, for a member's surviving spouse who,
33 prior to July 1, 1986, elected to receive pension benefits
34 under this paragraph, the monthly pension benefit shall be
35 equal to the higher of one-twelfth of forty percent of the

1 average final compensation of the member, or the amount the
2 surviving spouse was receiving on July 1, 1990.

3 Sec. 42. Section 411.6, subsection 9, paragraph b, Code
4 2001, is amended to read as follows:

5 b. (1) An If the member's designated beneficiary is the
6 member's spouse, child or parent, an accidental death benefit
7 pension equal to one-half of the average final compensation of
8 the member shall be paid as follows:

9 (a) If the member's designated beneficiary is the member's
10 spouse, then to the member's spouse.

11 (b) If the member's designated beneficiary is the member's
12 child or children, then to the child or children in equal
13 shares. The pension to each child shall terminate when the
14 child no longer meets the definition of child in section
15 411.1.

16 (c) If the member's designated beneficiary is the member's
17 dependent father or mother, or both, then to the father or
18 mother, or both, in equal shares, to continue until remarriage
19 or death.

20 (2) If the member failed to designate a beneficiary, or if
21 the beneficiary designated by the member predeceases the
22 member, then an accidental death benefit pension equal to one-
23 half of the average final compensation of the member shall be
24 paid as follows:

25 {1} (a) To the member's spouse.

26 {2} (b) If there is no spouse, or if the spouse dies and
27 there is a child of the member, then to the member's child or
28 children in equal shares. The pension to each child shall
29 terminate when the child no longer meets the definition of
30 child in section 411.1.

31 {3} (c) If there is no surviving spouse or child, then to
32 the member's dependent father or mother, or both, as-the
33 system-determines in equal shares, to continue until
34 remarriage or death.

35 Sec. 43. Section 411.6, subsection 9, paragraph c, Code

1 2001, is amended to read as follow:

2 c. In addition to the accidental death benefit pension
3 provided in paragraph "b", there shall also be paid for each
4 child of a member a monthly pension equal to six percent of
5 the average monthly earnable compensation paid to an active
6 member ~~holding-the-highest-grade-in-the-rank-of-fire-fighter,~~
7 ~~for-a-child-of-a-deceased-member-of-a-fire-department,~~ or
8 ~~holding-the-highest-grade-in-the-rank-of-police-patrol~~
9 ~~officer,~~ ~~for-a-child-of-a-deceased-member-of-a-police~~
10 department of the system, as reported by the actuary.

11 Sec. 44. Section 411.6, subsection 11, paragraph a, Code
12 2001, is amended to read as follows:

13 a. To the spouse, equal to one-half the amount received by
14 the deceased beneficiary, but in no instance less than twenty
15 percent of the average monthly earnable compensation paid to
16 an active member ~~holding-the-highest-grade-in-the-rank-of-fire~~
17 ~~fighter,~~ ~~for-a-beneficiary-of-a-deceased-member-of-the-fire~~
18 ~~department,~~ ~~or-the-highest-grade-in-the-rank-of-police-patrol~~
19 ~~officer,~~ ~~for-a-beneficiary-of-a-deceased-member-of-a-police~~
20 department of the system, as determined by the actuary, and in
21 addition a monthly pension equal to the monthly pension
22 payable under subsection 9 of this section for each child; or

23 Sec. 45. Section 411.6, subsection 12, paragraph a, Code
24 2001, is amended to read as follows:

25 a. On each July 1, the monthly pensions authorized in this
26 section payable to ~~retired~~ members retired prior to that date
27 and to beneficiaries entitled to a monthly pension prior to
28 that date shall be adjusted as provided in this subsection.
29 An amount equal to the sum of one and one-half percent of the
30 monthly pension of each retired member and beneficiary and the
31 applicable incremental amount shall be added to the monthly
32 pension of each retired member and beneficiary. The board of
33 trustees ~~shall~~ may report to the general assembly ~~every-six~~
34 ~~years,~~ ~~by-September-15-of-that-year,~~ ~~beginning-with-September~~
35 ~~15,-2001,~~ at the board's discretion, on whether the provisions

1 of this subsection continue to provide an equitable method for
2 the annual readjustment of pensions payable under this
3 chapter.

4 Sec. 46. Section 411.6, subsection 13, Code 2001, is
5 amended to read as follows:

6 13. a. REMARRIAGE OF SURVIVING SPOUSE. Effective July 1,
7 1990, for a member who died prior to July 1, 1988, if the
8 member's surviving spouse remarried prior to July 1, 1988, the
9 remarriage does not make the spouse ineligible under
10 subsection 8, paragraph "c", subparagraphs (1) and (2), to
11 receive benefits under subsections 8, 9, 11, and 12.

12 b. RECOMPUTATION OF BENEFIT -- SURVIVING SPOUSE. A
13 benefit payable under this chapter to a surviving spouse and
14 to any surviving spouse who receives a division of the
15 surviving spouse benefit pursuant to a marriage decree or
16 marital property order under section 411.13 shall not be
17 recomputed upon the death of any surviving spouse.

18 Sec. 47. Section 411.31, subsection 2, Code 2001, is
19 amended to read as follows:

20 2. Commencing July 1, 1996, a vested member of an eligible
21 retirement system who terminates employment covered by one
22 eligible retirement system and, within ~~sixty-days~~ one year,
23 commences employment covered by the other eligible retirement
24 system may elect to transfer the average accrued benefit
25 earned from the former system to the current system. The
26 member shall file an application with the current system for
27 transfer of the average accrued benefit within ninety days of
28 the commencement of employment with the current system.

29 Sec. 48. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY.

* 30 The section of this Act amending section 411.31, being
31 deemed of immediate importance, takes effect upon enactment
32 and is retroactively applicable to July 1, 1996.

33 DIVISION IV

34 JUDICIAL RETIREMENT SYSTEM

35 Sec. 49. NEW SECTION. 602.9107C IOWA PUBLIC EMPLOYEES'

1 RETIREMENT SYSTEM -- SERVICE CREDIT.

2 1. A judge under this system who has at least six years of
3 service as a judge of any of the courts included in this
4 article and who was a member of the Iowa public employees'
5 retirement system as provided in chapter 97B, but who was not
6 retired under that system, upon submitting verification of
7 membership and service in the Iowa public employees'
8 retirement system to the court administrator, including proof
9 that the judge has no further claim upon a retirement benefit
10 from that public system, may make contributions as provided by
11 this section to the system either for the entire period of
12 service in the other public system, or for partial service in
13 the other public system in increments of one or more calendar
14 quarters, and receive credit for that service under the
15 system.

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

25 3. A judge eligible for an increased retirement annuity
26 because of the payment of contributions under this section is
27 entitled to receipt of retroactive adjustment payments for no
28 more than six months immediately preceding the month in which
29 the judge pays contributions under this section.

30 4. The court administrator shall ensure that the judge, in
31 exercising an option provided in this section, does not exceed
32 the amount of annual additions to a judge's account permitted
33 pursuant to section 415 of the Internal Revenue Code.

34 Sec. 50. Section 602.9202, subsection 1, Code 2001, is
35 amended to read as follows:

1 1. "Senior judge" means a supreme court judge, court of
2 appeals judge, district court judge, or district associate
3 judge, full-time associate juvenile judge, or full-time
4 associate probate judge, who meets the requirements of section
5 602.9203 and who has not been retired or removed from the
6 roster of senior judges under section 602.9207 or 602.9208.

7 Sec. 51. Section 602.9203, subsection 1, Code 2001, is
8 amended to read as follows:

9 1. A supreme court judge, court of appeals judge, district
10 judge, or district associate judge, full-time associate
11 juvenile judge, or full-time associate probate judge, who
12 qualifies under subsection 2 may become a senior judge by
13 filing with the clerk of the supreme court a written election
14 in the form specified by the court administrator. The
15 election shall be filed within six months of the date of
16 retirement.

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HOUSE FILE 2532

S-5178

1 Amend House File 2532, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 11, by inserting after line 31 the
4 following:

5 "Sec. ____ . NEW SECTION. 97B.42C RETIREMENT
6 SYSTEM MERGER -- MUNICIPAL UTILITY RETIREMENT SYSTEM.

7 A municipal water utility or waterworks that has
8 established a pension and annuity retirement system
9 for its employees pursuant to chapter 412 may adopt a
10 resolution to authorize the merger of its pension and
11 annuity retirement system with and into the Iowa
12 public employees' retirement system. The system is
13 authorized, but is not required, to accept such a
14 proposal. The governing body of the municipal water
15 utility or waterworks and the Iowa public employees'
16 retirement system shall, acting in their fiduciary
17 capacities, mutually determine the terms and
18 conditions of such a merger, including any additional
19 funds necessary to fund the service credits being
20 transferred to the Iowa public employees' retirement
21 system, and either party may decline the merger if
22 they cannot agree on such terms and conditions. The
23 system shall adopt such rules as it deems necessary
24 and prudent to effectuate mergers as provided by this
25 section."

A

26 2. Page 13, line 35, by striking the word "forty"
27 and inserting the following: "twenty-five".

B

28 3. By renumbering as necessary.

By COMMITTEE ON STATE GOVERNMENT
STEVE KING, Chairperson

S-5178 FILED MARCH 18, 2002
A. Adapted 3.20.02 (P.743)
B. Adapted 3.20.02 (P.743)

HOUSE AMENDMENT TO SENATE AMENDMENT TO
HOUSE FILE 2532

S-5261

1 Amend the Senate amendment, H-8419, to House File
2 2532, as amended passed, and reprinted by the House,
3 as follows:

4 1. Page 1, by striking lines 26 and 27.

RECEIVED FROM THE HOUSE
Senate Refused 4/1/02 (P.809) House Inserts (4/2/02 P.1123)

S-5261 FILED MARCH 27, 2002

HOUSE FILE 2532

S-5225

1 Amend House File 2532, as amended, passed, and
2 reprinted by the House, as follows:
3 1. Page 24, by inserting after line 33 the
4 following:
5 "Sec. ____ IOWA PUBLIC EMPLOYEES' RETIREMENT
6 SYSTEM -- TEMPORARY LAYOFFS -- AVERAGE COVERED WAGE
7 RECALCULATION.
8 1. Notwithstanding any provision of chapter 97B to
9 the contrary, a member of the Iowa public employees'
10 retirement system who has an employer-mandated
11 reduction in hours but remains on the employer's
12 payroll, and who would receive a reduction in the
13 member's three-year average covered wage as a result
14 of the reduction in hours, may have the member's
15 retirement allowance calculated based on the three-
16 year average covered wage the member would have
17 received, based on reasonable assumptions, if the
18 member had not been subject to the employer-mandated
19 reduction in hours, upon payment by the member of the
20 applicable contribution amount. For purposes of this
21 section, the applicable contribution amount is an
22 amount equal to the employee and employer
23 contributions that would have been paid to the system
24 based on the wages that the member would have received
25 but for the employer-mandated reduction in hours and
26 would have been included in the member's three-year
27 average covered wage.
28 2. The payment of the applicable contribution
29 amount under this section shall be treated as pick-up
30 contributions in addition to amounts picked up under
31 section 97B.11A. The member must notify the Iowa
32 public employees' retirement system and the member's
33 employer prior to the member terminating employment
34 covered under the system so that the appropriate
35 calculations can be made and the applicable
36 contribution amount for the member can be deducted
37 from the member's wages. The Iowa public employees'
38 retirement system shall have no liability for a
39 member's failure to notify the system and the member's
40 employer in time to make such calculations and deduct
41 the applicable contribution amount from the member's
42 remaining wage payments.
43 3. This section shall apply to employer-mandated
44 reductions in hours during the period of time
45 beginning on or after January 1, 2002, and ending no
46 later than June 30, 2003. The system is authorized to
47 adopt such rules, including emergency rules, as it
48 deems necessary or prudent to implement this section."
49 2. By renumbering as necessary.

By JOHN P. KIBBIE
SHELDON RITTMER
RICHARD F. DRAKE

Adopted
3/20/02 (P. #3)

HOUSE FILE 2532

S-5240

1 Amend House File 2532, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 21, by inserting after line 3, the
4 following:

5 "Sec. ____ . Section 97B.80A, subsections 1 and 3,
6 Code 2001, are amended to read as follows:

7 1. A vested or retired member who has five or more
8 full calendar years of covered wages and who at any
9 time was employed ~~by a covered employer under this~~
10 ~~chapter but at the time of the employment was not~~
11 ~~covered by this chapter and did not opt out of~~
12 ~~coverage under this chapter~~ in eligible public
13 employment, upon submitting verification of the
14 eligible public employment and the dates of the
15 eligible public employment, may make contributions to
16 the system for up to the lesser of twenty quarters of
17 service credit for such eligible public employment or
18 the entire period of the eligible public employment,
19 in increments of one or more calendar quarters, and
20 receive credit for membership service and prior
21 service for the period of time for which the
22 contributions are made.

23 3. The verification of the eligible public
24 employment and the dates of such eligible public
25 employment shall be made by the department prior to
26 receiving contributions from the member.

27 Sec. ____ . Section 97B.80A, Code 2001, is amended
28 by adding the following new subsection:

29 NEW SUBSECTION. 7. For purposes of this section,
30 "eligible public employment" means employment of a
31 person who at the time of the employment was not
32 covered by this chapter and the employment meets any
33 of the following conditions:

34 a. Employment by a covered employer under this
35 chapter of a person who did not opt out of coverage
36 under this chapter.

37 b. Employment of a person as an adjunct instructor
38 as defined in section 97B.1A, subsection 8."

39 2. Page 32, by inserting after line 34 the
40 following:

41 "Sec. ____ . Section 602.9107, subsection 1,
42 paragraph a, Code 2001, is amended to read as follows:

43 a. The annual annuity of a judge under this system
44 is an amount equal to three percent of the judge's
45 average annual basic salary for the judge's ~~last~~
46 highest three years as a judge of one or more of the
47 courts included in this article, multiplied by the
48 judge's years of service as a judge of one or more of
49 the courts for which contributions were made to the
system. However, an annual annuity shall not exceed

S-5240

Page 2

1 an amount equal to a specified percentage of the
2 highest basic annual salary which the judge is
3 receiving ~~at~~ or had received as of the time the judge
4 ~~becomes~~ became separated from service. Forfeitures
5 shall not be used to increase the annuities a judge or
6 survivor would otherwise receive under the system."

7 3. Page 34, by inserting after line 16 the
8 following:

9 "Sec. ____ . Section 602.9204, subsection 2,
10 paragraph b, Code 2001, is amended to read as follows:

11 b. "Basic senior judge salary" means the highest
12 basic annual salary which the judge is receiving ~~at~~ or
13 had received as of the time the judge ~~becomes~~ became
14 separated from full-time service, as would be used in
15 computing an annuity pursuant to section 602.9107
16 without service as a senior judge, plus seventy-five
17 percent of the escalator."

18 4. By renumbering as necessary.

By JOHN P. KIBBIE
RICHARD F. DRAKE
SHELDON RITTNER

S-5240 FILED MARCH 21, 2002

ADOPTED

(P 765)

HOUSE FILE 2532**S-5241**

1 Amend House File 2532, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 24, by inserting after line 33 the
4 following:

5 "Sec. ____ . NEW SECTION. 97C.21 VOLUNTARY
6 COVERAGE OF ELECTED OFFICIALS.

7 Notwithstanding any provision of this chapter to
8 the contrary, an elected official otherwise excluded
9 from the definition of employee as provided in section
10 97C.2, may, but is not required to, choose to be
11 provided benefits as an employee as provided by this
12 chapter. This choice shall be reflected in the
13 federal-state agreement described in section 97C.3.
14 An employer who is providing benefits to an elected
15 official otherwise excluded from the definition of
16 employee prior to July 1, 2002, shall not be deemed to
17 be in an erroneous reporting situation, and
18 corrections for prior federal social security
19 withholdings shall not be required. The
20 implementation of this section shall be subject to the
21 approval of the federal social security
22 administration."

23 2. By renumbering as necessary.

By SHELDON RITTNER
RICHARD F. DRAKE
JOHN P. KIBBIE

(P. 766)

S-5241 FILED MARCH 21, 2002

ADOPTED

SENATE AMENDMENT TO HOUSE FILE 2532

H-8419

1 Amend House File 2532, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 11, by inserting after line 31 the
4 following:

5 "Sec. ____ . NEW SECTION. 97B.42C RETIREMENT
6 SYSTEM MERGER -- MUNICIPAL UTILITY RETIREMENT SYSTEM.

7 A municipal water utility or waterworks that has
8 established a pension and annuity retirement system
9 for its employees pursuant to chapter 412 may adopt a
10 resolution to authorize the merger of its pension and
11 annuity retirement system with and into the Iowa
12 public employees' retirement system. The system is
13 authorized, but is not required, to accept such a
14 proposal. The governing body of the municipal water
15 utility or waterworks and the Iowa public employees'
16 retirement system shall, acting in their fiduciary
17 capacities, mutually determine the terms and
18 conditions of such a merger, including any additional
19 funds necessary to fund the service credits being
20 transferred to the Iowa public employees' retirement
21 system, and either party may decline the merger if
22 they cannot agree on such terms and conditions. The
23 system shall adopt such rules as it deems necessary
24 and prudent to effectuate mergers as provided by this
25 section."

26 2. Page 13, line 35, by striking the word "forty"
27 and inserting the following: "twenty-five".

28 3. Page 21, by inserting after line 3, the
29 following:

30 "Sec. ____ . Section 97B.80A, subsections 1 and 3,
31 Code 2001, are amended to read as follows:

32 1. A vested or retired member who has five or more
33 full calendar years of covered wages and who at any
34 time was employed ~~by a covered employer under this~~
35 ~~chapter but at the time of the employment was not~~
36 ~~covered by this chapter and did not opt out of~~
37 ~~coverage under this chapter~~ in eligible public
38 employment, upon submitting verification of the
39 eligible public employment and the dates of the
40 eligible public employment, may make contributions to
41 the system for up to the lesser of twenty quarters of
42 service credit for such eligible public employment or
43 the entire period of the eligible public employment,
44 in increments of one or more calendar quarters, and
45 receive credit for membership service and prior
46 service for the period of time for which the
47 contributions are made.

48 3. The verification of the eligible public
49 employment and the dates of such eligible public
50 employment shall be made by the department prior to

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1 receiving contributions from the member.

2 Sec. ____ . Section 97B.80A, Code 2001, is amended
3 by adding the following new subsection:

4 NEW SUBSECTION. 7. For purposes of this section,
5 "eligible public employment" means employment of a
6 person who at the time of the employment was not
7 covered by this chapter and the employment meets any
8 of the following conditions:

9 a. Employment by a covered employer under this
10 chapter of a person who did not opt out of coverage
11 under this chapter.

12 b. Employment of a person as an adjunct instructor
13 as defined in section 97B.1A, subsection 8."

14 4. Page 24, by inserting after line 33 the
15 following:

16 "Sec. ____ . NEW SECTION. 97C.21 VOLUNTARY
17 COVERAGE OF ELECTED OFFICIALS.

18 Notwithstanding any provision of this chapter to
19 the contrary, an elected official otherwise excluded
20 from the definition of employee as provided in section
21 97C.2, may, but is not required to, choose to be
22 provided benefits as an employee as provided by this
23 chapter. This choice shall be reflected in the
24 federal-state agreement described in section 97C.3.
25 An employer who is providing benefits to an elected
26 official otherwise excluded from the definition of
27 employee prior to July 1, 2002, shall not be deemed to
28 be in an erroneous reporting situation, and
29 corrections for prior federal social security
30 withholdings shall not be required. The
31 implementation of this section shall be subject to the
32 approval of the federal social security
33 administration."

34 5. Page 24, by inserting after line 33 the
35 following:

36 "Sec. ____ . IOWA PUBLIC EMPLOYEES' RETIREMENT
37 SYSTEM -- TEMPORARY LAYOFFS -- AVERAGE COVERED WAGE
38 RECALCULATION.

39 1. Notwithstanding any provision of chapter 97B to
40 the contrary, a member of the Iowa public employees'
41 retirement system who has an employer-mandated
42 reduction in hours but remains on the employer's
43 payroll, and who would receive a reduction in the
44 member's three-year average covered wage as a result
45 of the reduction in hours, may have the member's
46 retirement allowance calculated based on the three-
47 year average covered wage the member would have
48 received, based on reasonable assumptions, if the
49 member had not been subject to the employer-mandated
50 reduction in hours, upon payment by the member of the

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1 applicable contribution amount. For purposes of this
2 section, the applicable contribution amount is an
3 amount equal to the employee and employer
4 contributions that would have been paid to the system
5 based on the wages that the member would have received
6 but for the employer-mandated reduction in hours and
7 would have been included in the member's three-year
8 average covered wage.

9 2. The payment of the applicable contribution
10 amount under this section shall be treated as pick-up
11 contributions in addition to amounts picked up under
12 section 97B.11A. The member must notify the Iowa
13 public employees' retirement system and the member's
14 employer prior to the member terminating employment
15 covered under the system so that the appropriate
16 calculations can be made and the applicable
17 contribution amount for the member can be deducted
18 from the member's wages. The Iowa public employees'
19 retirement system shall have no liability for a
20 member's failure to notify the system and the member's
21 employer in time to make such calculations and deduct
22 the applicable contribution amount from the member's
23 remaining wage payments.

24 3. This section shall apply to employer-mandated
25 reductions in hours during the period of time
26 beginning on or after January 1, 2002, and ending no
27 later than June 30, 2003. The system is authorized to
28 adopt such rules, including emergency rules, as it
29 deems necessary or prudent to implement this section."

30 6. Page 32, by inserting after line 34 the
31 following:

32 "Sec. ____ . Section 602.9107, subsection 1,
33 paragraph a, Code 2001, is amended to read as follows:

34 a. The annual annuity of a judge under this system
35 is an amount equal to three percent of the judge's
36 average annual basic salary for the judge's ~~last~~
37 highest three years as a judge of one or more of the
38 courts included in this article, multiplied by the
39 judge's years of service as a judge of one or more of
40 the courts for which contributions were made to the
41 system. However, an annual annuity shall not exceed
42 an amount equal to a specified percentage of the
43 highest basic annual salary which the judge is
44 receiving at or had received as of the time the judge
45 ~~becomes~~ became separated from service. Forfeitures
46 shall not be used to increase the annuities a judge or
47 survivor would otherwise receive under the system."

48 7. Page 34, by inserting after line 16 the
49 following:

50 "Sec. ____ . Section 602.9204, subsection 2,

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1 paragraph b, Code 2001, is amended to read as follows:

2 b. "Basic senior judge salary" means the highest
 3 basic annual salary which the judge is receiving ~~at~~ or
 4 had received as of the time the judge ~~becomes~~ became
 5 separated from full-time service, as would be used in
 6 computing an annuity pursuant to section 602.9107
 7 without service as a senior judge, plus seventy-five
 8 percent of the escalator."

9 8. By renumbering, relettering, or redesignating
 10 and correcting internal references as necessary.

RECEIVED FROM THE SENATE

H-8419 FILED MARCH 22, 2002*House Concurred 3/26/02***HOUSE FILE 2532****H-8441**

1 Amend the Senate amendment, H-8419, to House File
 2 2532, as amended passed, and reprinted by the House,
 3 as follows:

4 1. Page 1, by striking lines 26 and 27.

By ELGIN of Linn

CONNORS of Polk

METCALF of Polk

LARKIN of Lee

GIPP of Winneshiek

H-8441 FILED MARCH 26, 2002*Adopted 3/26/02*

REPORT OF THE CONFERENCE COMMITTEE
ON HOUSE FILE 2532

To the Speaker of the House of Representatives and the President of the Senate:

We, the undersigned members of the conference committee appointed to resolve the differences between the Senate and the House of Representatives on House File 2532, a bill for an Act relating to public retirement systems and providing effective and retroactive applicability dates, respectfully make the following report:

1. That the House recedes from its amendment, S-5261.
2. That the Senate amendment, H-8419, to House File 2532, as amended, passed, and reprinted by the House, is amended as follows:
 1. Page 1, line 27, by striking the word "twenty-five" and inserting the following: "thirty".
 2. Page 2, line 19, by striking the words "elected official" and inserting the following: "employer of elected officials".
 3. Page 2, lines 21 and 22, by striking the words "be provided" and inserting the following: "provide".
 4. Page 2, line 22, by striking the words "as an employee" and inserting the following: "to those elected officials as employees".
 5. Page 2, lines 25 and 26, by striking the words "an elected official" and inserting the following: "elected officials".

ON THE PART OF THE HOUSE:

JEFF ELGIN, Chairperson
CHUCK GIPP
RICK LARKIN
JANET METCALF
TODD TAYLOR

ON THE PART OF THE SENATE:

SHELDON RITTMER, Chairperson
MIKE CONNOLLY
RICHARD DRAKE
JOHN P. KIBBIE
MIKE SEXTON

CCH 2532 FILED APRIL 9, 2002

Adopted
4-10-02
(p. 1294)

REPORT OF THE CONFERENCE COMMITTEE
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5. Page 2, lines 25 and 26, by striking the words "an

-1-

CCR 2532

Page 2

elected official" and inserting the following: "elected officials".

ON THE PART OF THE HOUSE:

JEFF ELGIN, Chairperson
CHUCK GIPP
RICK LARKIN
JANET METCALF
TODD TAYLOR

ON THE PART OF THE SENATE:

SHELDON RITTMER, Chairperson
MIKE CONNOLLY
RICHARD DRAKE
JOHN P. KIBBIE
MIKE SEXTON

CCR 2532 FILED APRIL 9, 2002

Adopted
4-10-02

Adopted
4-12-02

HOUSE FILE 2532

AN ACT
RELATING TO PUBLIC RETIREMENT SYSTEMS AND PROVIDING EFFECTIVE
AND RETROACTIVE APPLICABILITY DATES.

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

DIVISION I
PUBLIC SAFETY PEACE OFFICERS' RETIREMENT,
ACCIDENT, AND DISABILITY SYSTEM

Section 1. Section 80.36, Code 2001, is amended to read as follows:

80.36 MAXIMUM AGE.

~~The maximum age for a~~ A person to shall not be employed as a peace officer in the department of public safety is after attaining sixty-five years of age.

Sec. 2. Section 97A.6, subsection 6, paragraph c, Code 2001, is amended to read as follows:

c. Upon retirement for accidental disability on or after July 1, 1998, a member shall receive an accidental disability retirement allowance which shall consist of a pension in an amount equal to the greater of sixty percent of the member's average final compensation or the retirement allowance that the member would receive under subsection 2 if the member has had attained fifty-five years of age.

Sec. 3. Section 97A.6, subsection 14, Code 2001, is amended to read as follows:

14. PENSIONS PAYABLE. Pensions payable under this section shall be adjusted as follows:

a. ~~Effective July 1, 1988, and on~~ On each July 1 thereafter and January 1, the monthly pensions authorized in this section payable to retired members and to beneficiaries, except children of a deceased member, shall be adjusted as provided in this paragraph. The monthly pension of each

retired member and each beneficiary shall be adjusted by adding to that monthly pension an amount equal to the amounts determined in subparagraphs (1) and (2). The adjusted monthly pension of a retired member shall not be less than the amount which was paid at the time of the member's retirement.

(1) An amount equal to the difference between the monthly earnable compensation payable to an active member of the department, of the same rank and position on the salary scale as was held by the retired or deceased member at the time of the member's retirement or death, for ~~July of the preceding year~~ the month for which the last preceding adjustment was made and the monthly earnable compensation payable to an active member of the department of the same rank and position on the salary scale for ~~July of the year just beginning~~ the month for which the adjustment is made shall be multiplied by the following applicable percentage:

(a) Forty percent for members receiving a service retirement allowance and for beneficiaries receiving a pension under subsection 9 of this section.

(b) Forty percent for members with five or more years of membership service who are receiving an ordinary disability retirement allowance.

(c) Twenty-four percent for members with less than five years of membership service who are receiving an ordinary disability retirement allowance, and for beneficiaries receiving a pension under subsection 8 of this section.

(d) Forty percent for members receiving an accidental disability allowance.

The amount added to the monthly pension of a surviving spouse receiving a pension under subsection 12, paragraph "a", of this section shall be equal to one-half the amount that would have been added to the monthly pension of the retired member under this subparagraph.

(2) The ~~For each adjustment occurring on July 1, the~~ following applicable amount determined as follows:

(a) Fifteen dollars where the member's retirement date was less than five years prior to the effective date of the adjustment.

(b) Twenty dollars where the member's retirement date was at least five years, but less than ten years, prior to the effective date of the adjustment.

(c) Twenty-five dollars where the member's retirement date was at least ten years, but less than fifteen years, prior to the effective date of the adjustment.

(d) Thirty dollars where the member's retirement date was at least fifteen years, but less than twenty years, prior to the effective date of the adjustment.

(e) Thirty-five dollars where the member's retirement date was at least twenty years prior to the effective date of the adjustment.

As of ~~the first of July 1 and January 1~~ of each year, the monthly pension payable to each surviving child under the provisions of subsections 8, 9, and 12 of this section shall be adjusted to equal six percent of the monthly earnable compensation payable ~~on that July 1~~ in the month for which the adjustment is made to an active member having the rank of senior patrol officer of the Iowa state patrol.

b. All monthly pensions adjusted as provided in this subsection shall be payable beginning on ~~July 1 of the year the first of the month~~ in which the adjustment is made and shall continue in effect until the next following ~~July 1 month~~ in which an adjustment is made pursuant to this subsection at which time the monthly pensions shall again be adjusted in accordance with paragraph "a" of this subsection.

c. The adjustment of pensions required by this subsection shall recognize the retired or deceased member's position on the salary scale within the member's rank at the time of the member's retirement or death. In the event that the rank or position held by the retired or deceased member at the time of retirement or death is subsequently abolished, adjustments in

the pensions of the member or of the member's spouse or children shall be computed by the board of trustees as though such rank or position had not been abolished and salary increases had been granted to such rank or position on the same basis as increases granted to other ranks and positions in the department.

d. A retired member eligible for benefits under the provisions of subsection 1 is not eligible for the annual readjustment of pensions provided in this subsection unless the member served at least twenty-two years prior to the member's termination of employment.

Sec. 4. NEW SECTION. 97A.14A LIABILITY OF THIRD PARTIES -- SUBROGATION.

1. If, on or after July 1, 2002, a member receives an injury or dies for which benefits are payable under section 97A.6, subsection 3, 5, 8, or 9, or section 97A.14, and if the injury or death is caused under circumstances creating a legal liability for damages against a third party other than the system, the system, the member, or the member's dependent or the trustee of the dependent, may maintain an action for damages against the third party as provided by this section. If a member, the member's dependent, or the trustee of the dependent commences such an action, the plaintiff member, dependent, or trustee shall serve a copy of the original notice upon the system not less than ten days before the trial of the action, but a failure to serve the notice does not prejudice the rights of the system, and the following rights and duties ensue:

a. The system shall be indemnified out of the recovery of damages to the extent of benefit payments made by the system, with legal interest, except that the attorney fees and expenses of the plaintiff member, dependent, or trustee may be first allowed by the district court.

b. The system has a lien on the damage claim against the third party and on any judgment on the damage claim for

benefits for which the system is liable. In order to continue and preserve the lien, the system shall file a notice of the lien within thirty days after receiving a copy of the original notice in the office of the clerk of the district court in which the action is filed.

2. If a member, the member's dependent, or the trustee of the dependent fails to bring an action for damages against a third party within ninety days after the system, through the board of trustees, requests the member, the member's dependent, or the trustee of the dependent in writing to do so, then the system is subrogated to the rights of the member and may, by action of the board of trustees, maintain the action against the third party, and may recover damages for the injury or death to the same extent that the member, the member's dependent, or the trustee of the dependent may recover damages for the injury or death. If the system recovers damages in the action, the court shall enter judgment for distribution of the recovery as follows:

a. A sum sufficient to repay the system for the amount of such benefits actually paid by the system up to the time of the entering of the judgment.

b. A sum sufficient to pay the system the present worth, computed at the interest rate provided in section 535.3 for court judgments and decrees, of the future payments of such benefits for which the system is liable until the member attains the age of fifty-five, but the sum is not a final adjudication of the future payment which the member is entitled to receive.

c. Any balance of the recovery remaining after distribution of the recovery pursuant to paragraphs "a" and "b" shall be paid to the member or the member's beneficiary.

3. Before a settlement is effective between the system and a third party who is liable for any injury, the member, the member's dependent, or the trustee of the dependent must consent in writing to the settlement; and if the settlement is

between the member, the member's dependent, or the trustee of the dependent and a third party, the system must consent in writing to the settlement; or on refusal to consent, in either case, the workers' compensation commissioner must consent in writing to the settlement.

4. For purposes of subrogation under this section, a payment made to an injured member, the member's guardian, or the member's legal representative, by or on behalf of a third party or the third party's principal or agent, who is liable for, connected with, or involved in causing the injury or death to the member, shall be considered paid as damages because the injury or death was caused under circumstances creating a legal liability against the third party, whether the payment is made under a covenant not to sue, compromise settlement, denial of liability, or is otherwise made.

5. All funds recovered by the system under this section shall be deposited in the pension accumulation fund created in section 97A.8.

Sec. 5. Section 97A.17, subsection 2, Code 2001, is amended to read as follows:

2. Commencing July 1, 1996, a vested member of an eligible retirement system who terminates employment covered by one eligible retirement system and, within sixty-days one year, commences employment covered by the other eligible retirement system may elect to transfer the average accrued benefit earned from the former system to the current system. The member shall file an application with the current system for transfer of the average accrued benefit within ninety days of the commencement of employment with the current system.

Sec. 6. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY.

1. The section of this Act amending section 97A.6, subsection 6, being deemed of immediate importance, takes effect upon enactment and is retroactively applicable to July 1, 1998.

2. The section of this Act amending section 97A.17, being deemed of immediate importance, takes effect upon enactment and is retroactively applicable to July 1, 1996.

DIVISION II

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS)

Sec. 7. Section 97B.1A, subsection 8, paragraph a, subparagraph (1), Code Supplement 2001, is amended to read as follows:

(1) Elective officials in positions for which the compensation is on a fee basis, elective officials of school districts, elective officials of townships, and elective officials of other political subdivisions who are in part-time positions. An elective official covered under this chapter section may terminate membership under this chapter by informing the department in writing of the expiration of the member's term of office or by informing the department of the member's intent to terminate membership for employment as an elective official and establishing that the member has a bona fide termination of employment from all employment covered under this chapter other than as an elective official and that the member has filed a completed application for benefits form with the department. A county attorney is an employee for purposes of this chapter whether that county attorney is employed on a full-time or part-time basis.

Sec. 8. Section 97B.1A, subsection 8, paragraph b, subparagraph (2), Code Supplement 2001, is amended to read as follows:

(2) Graduate medical students while serving as interns or resident doctors in training at any hospital, or county medical examiners and deputy county medical examiners under chapter 331, division V, part 8, who are not full-time county employees.

Sec. 9. Section 97B.1A, subsection 8, paragraph b, Code Supplement 2001, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (9) Persons employed by the Iowa student loan liquidity corporation.

Sec. 10. Section 97B.1A, subsection 24, paragraph a, Code Supplement 2001, is amended to read as follows:

a. "Three-year average covered wage" means, for a member who retires prior to July 1, 2003 2005, a member's covered wages averaged for the highest three years of the member's service, except as otherwise provided in this subsection. The highest three years of a member's covered wages shall be determined using calendar years. However, if a member's final quarter of a year of employment does not occur at the end of a calendar year, the department may determine the wages for the third year by computing the average quarter of all quarters from the member's highest calendar year of covered wages not being used in the selection of the two highest years and using the computed average quarter for each quarter in the third year in which no wages have been reported in combination with the final quarter or quarters of the member's service to create a full year. However, the department shall not use the member's final quarter of wages if using that quarter would reduce the member's three-year average covered wage. If the three-year average covered wage of a member exceeds the highest maximum covered wages in effect for a calendar year during the member's period of service, the three-year average covered wage of the member shall be reduced to the highest maximum covered wages in effect during the member's period of service. Notwithstanding any other provision of this paragraph to the contrary, a member's wages for the third year as computed by this paragraph shall not exceed, by more than three percent, the member's highest actual calendar year of covered wages for a member whose first month of entitlement is January 1999 or later.

Sec. 11. Section 97B.1A, subsection 24, paragraph c, Code Supplement 2001, is amended to read as follows:

c. "Three-year average covered wage" means, for a member who retires on or after July 1, ~~2003~~ 2005, the greater of the member's covered wages averaged for a member's highest twelve consecutive quarters of service or the member's covered wages averaged for a member's highest three calendar years of service. The department shall adopt rules to implement this paragraph in accordance with the requirements of this chapter and the federal Internal Revenue Code.

Sec. 12. Section 97B.15, Code 2001, is amended to read as follows:

97B.15 RULES, POLICIES, AND PROCEDURES.

The department may adopt rules under chapter 17A and establish procedures, not inconsistent with this chapter, which are necessary or appropriate to implement this chapter and shall adopt reasonable and proper rules to regulate and provide for the nature and extent of the proofs and evidence and the method of taking and furnishing the proofs and evidence in order to establish the right to benefits under this chapter. The department may adopt rules, and take action based on the rules, to conform the requirements for receipt of retirement benefits under this chapter to the mandates of applicable federal and state statutes and regulations.

Prior to the adoption of rules, the department may establish interim written policies and procedures, and take action based on the policies and procedures, to conform the requirements for receipt of retirement benefits under this chapter to the applicable requirements of federal and state law.

Sec. 13. Section 97B.17, Code Supplement 2001, is amended to read as follows:

97B.17 RECORDS MAINTAINED.

1. The department shall establish and maintain records of each member, including but not limited to, the amount of wages of each member, the contribution of each member with interest, and interest dividends credited. The records may be

maintained in paper, magnetic, or electronic form, including optical disk storage. These records are the basis for the compilation of the retirement benefits provided under this chapter.

2. The following records maintained under this chapter are not public records for the purposes of chapter 22:

1- a. Records containing social security numbers.

2- b. Records specifying amounts accumulated in members' accounts and supplemental accounts.

3- c. Records containing names or addresses of members or their beneficiaries.

4- d. Records containing amounts of payments to members or their beneficiaries.

5- e. Records containing financial or commercial information that relates to the investment of system funds if the disclosure of such information could result in a loss to the system or to the provider of the information.

3. Summary information concerning the demographics of the members and general statistical information concerning the system is subject to chapter 22, as well as aggregate information by category.

However, the department's records are evidence for the purpose of proceedings before the department or any court of the amounts of wages and the periods in which they were paid, and the absence of an entry as to a member's wages in the records for any period is evidence that wages were not paid that member in the period.

4. Notwithstanding any provisions of chapter 22 to the contrary, the department's records may be released to any political subdivision, instrumentality, or other agency of the state solely for use in a civil or criminal law enforcement activity pursuant to the requirements of this paragraph subsection. To obtain the records, the political subdivision, instrumentality, or agency shall, in writing, certify that the activity is authorized by law, provide a written description

of the information desired, and describe the law enforcement activity for which the information is sought. The department shall not be civilly or criminally liable for the release or rerelease of records in accordance with this paragraph subsection.

5. Confidential records of the division maintained for the operation of the system may be released to the directors, agents, and employees of the legislative fiscal bureau, the department of revenue and finance, the department of management, the department of personnel, or an employer of employees covered by the system pursuant to rules adopted by the division for the performance of the requestor's duties. To obtain a record under this subsection, the person requesting the records shall provide a written description of the information requested and the reason for requesting the records to the division. A person receiving a record pursuant to this subsection shall maintain the confidentiality of any information otherwise required to be kept confidential and shall be subject to the same penalties as the custodian of the records for the public dissemination of such information.

Sec. 14. Section 97B.18, Code 2001, is amended to read as follows:

97B.18 STATEMENT OF ACCUMULATED CREDIT.

After the expiration of each calendar year and prior to July 1 of the succeeding year, the department shall furnish each member with a statement of the member's accumulated contributions and benefit credits accrued under this chapter up to the end of that calendar year and additional information the department deems useful to a member. The department may furnish an estimate of the credits as of the projected normal retirement date of the member under section 97B.45. The department shall mail the statement to each employer not later than June 30 of the succeeding calendar year. The employer shall distribute the statements to its employees, and the records of the department as shown by the statement as to the

wages of each individual member for a year and the periods of payment shall be conclusive for the purpose of this chapter, except as otherwise provided in this chapter.

~~Effective for the calendar year beginning January 1, 1994, the department may transmit the statements directly to the members in lieu of mailing them to the employers.~~

Sec. 15. NEW SECTION. 97B.42C RETIREMENT SYSTEM MERGER -- MUNICIPAL UTILITY RETIREMENT SYSTEM.

A municipal water utility or waterworks that has established a pension and annuity retirement system for its employees pursuant to chapter 412 may adopt a resolution to authorize the merger of its pension and annuity retirement system with and into the Iowa public employees' retirement system. The system is authorized, but is not required, to accept such a proposal. The governing body of the municipal water utility or waterworks and the Iowa public employees' retirement system shall, acting in their fiduciary capacities, mutually determine the terms and conditions of such a merger, including any additional funds necessary to fund the service credits being transferred to the Iowa public employees' retirement system, and either party may decline the merger if they cannot agree on such terms and conditions. The system shall adopt such rules as it deems necessary and prudent to effectuate mergers as provided by this section.

Sec. 16. Section 97B.44, Code 2001, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. However, the system may accept a married member's designation or change in designation under this section without the written consent of the member's spouse if the member submits a notarized statement indicating that the member has been unable to locate the member's spouse to obtain the written consent of the spouse after reasonable diligent efforts. The member's designation or change in designation shall become effective upon filing the necessary forms, including the notarized statement, with the division.

The division shall not be liable to the member, the member's spouse, or to any other person affected by the member's designation or change of designation, based upon a designation or change of designation accomplished without the written consent of the member's spouse.

Sec. 17. Section 97B.45, Code 2001, is amended to read as follows:

97B.45 NORMAL RETIREMENT DATE.

A member's normal retirement date is any of the following, whichever is applicable to the member:

1. The first of the month in which a member attains the age of sixty-five years if the member has not completed twenty years of membership service.

2. The first of the month in which the member attains the age of sixty-two years if the member has completed twenty years of membership service.

3. The first of any month in which the member has completed twenty years of membership service if the member has attained the age of sixty-two years but is not yet sixty-five years of age.

4. The first of any month in which the member is at least fifty-five years of age and for which the sum of the number of years of membership service and prior service and the member's age in years as of the member's last birthday equals or exceeds eighty-eight.

~~A member may retire after the member's sixty-fifth birthday except as otherwise provided in section 97B.46.~~ A member retiring on or after the normal retirement date, as provided in section 97B.46, shall submit a written notice to the department setting forth the date the retirement is to become effective. The date shall be after the member's last day of service and not before the first day of the sixth calendar month preceding the month in which the notice is filed.

Sec. 18. Section 97B.48, subsection 3, Code 2001, is amended to read as follows:

3. As-of On or before the first of the month in which a member attains the age of seventy years, the department division shall provide written notification to the each member for whom the division has an address that the member may commence receiving a retirement allowance regardless of the member's employment status. Prior to receiving a retirement allowance pursuant to this subsection, a member shall acknowledge in writing that the member was informed by the department of the consequences of electing to receive a retirement allowance pursuant to this subsection and that receipt of a retirement allowance under this subsection is optional. Upon termination from employment of a member receiving a retirement allowance pursuant to this subsection, the member is entitled to have the member's monthly retirement allowance recalculated using the applicable formula for determining a retirement allowance pursuant to sections 97B.49A through 97B.49G, as applicable, in place at the time of the member's first month of entitlement.

Sec. 19. Section 97B.48A, subsection 1, unnumbered paragraph 1, Code 2001, is amended to read as follows:

If a member who has not reached the member's sixty-fifth birthday and who has a bona fide retirement under this chapter is in regular full-time employment during a calendar year, the member's retirement allowance shall be reduced by fifty cents for each dollar the member earns over the limit provided in this subsection. However, employment is not full-time employment until the member receives remuneration in an amount in excess of fourteen ~~thirty~~ thousand dollars for a calendar year, or an amount equal to the amount of remuneration permitted for a calendar year for persons under sixty-five years of age before a reduction in federal social security retirement benefits is required, whichever is higher. Effective the first of the month in which a member attains the age of sixty-five years, a retired member may receive a retirement allowance without a reduction after return to

covered employment regardless of the amount of remuneration received.

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

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

Sec. 21. Section 97B.49B, Code 2001, is amended by adding the following new subsection:

NEW SUBSECTION. 4. Notwithstanding any provision of this chapter to the contrary, the three-year average covered wage for a member retiring under this section whose years of eligible service equals or exceeds twenty-two years of eligible service for that member shall be determined by calculating the member's eligible combined wage for each year of eligible service. For purposes of this subsection, "eligible combined wage" means the wages earned by the member for each quarter year period from eligible service and from covered employment that is not eligible service if at least seventy-five percent of the wages earned was from eligible service.

Sec. 22. Section 97B.49C, Code 2001, is amended by adding the following new subsection:

NEW SUBSECTION. 4. Notwithstanding any provision of this chapter to the contrary, the three-year average covered wage for a member retiring under this section whose years of eligible service equals or exceeds twenty-two years of eligible service for that member shall be determined by calculating the member's eligible combined wage for each quarter year of eligible service. For purposes of this subsection, "eligible combined wage" means the wages earned by the member for each quarter year period from eligible service and from covered employment that is not eligible service if at least seventy-five percent of the wages earned was from eligible service.

Sec. 23. Section 97B.49F, subsection 2, paragraph a, Code 2001, is amended to read as follows:

a. Commencing January 1, 1999, all members-who-retired-on-or-after-July-17-1990-and qualified recipients who have been retired received a monthly allowance for at least one year as of the date the dividend is payable, ~~or a beneficiary or contingent annuitant of such a member who receives a monthly benefit,~~ shall be eligible to receive a favorable experience dividend, payable on the last business day in January of each year pursuant to the requirements of this subsection. If the ~~member, beneficiary, or contingent annuitant~~ qualified recipient eligible to receive a favorable experience dividend dies before January 1 of a year, a favorable experience dividend shall not be payable in January of that year in the name of the ~~member, beneficiary, or contingent annuitant~~ qualified recipient. However, if the ~~member, beneficiary, or contingent annuitant~~ qualified recipient dies on or after January 1 but before the dividend is paid in that month, the full amount of the dividend payable in that month shall be paid in the name of the ~~applicable member, beneficiary, or contingent annuitant~~ qualified recipient, upon notification of death. For purposes of this paragraph, "qualified recipient" includes all members who retired on or after July 1, 1990, or a beneficiary or contingent annuitant of such a member who receives a monthly benefit, and a beneficiary of an active member who elects a monthly allowance under section 97B.52, subsection 1, paragraph "c".

Sec. 24. Section 97B.50A, subsection 2, paragraph d, Code 2001, is amended to read as follows:

d. Upon retirement for an in-service disability as provided by this subsection, a member shall have the option to receive the-greater-of a monthly in-service disability retirement allowance calculated under this subsection or a monthly retirement allowance as provided in section 97B.49A, 97B.49B, 97B.49C, 97B.49D, or 97B.49G, as applicable, that the

member would receive if the member had attained fifty-five years of age. The monthly in-service disability allowance calculated under this subsection shall consist of an allowance equal to one-twelfth of sixty percent of the member's three-year average covered wage or its actuarial equivalent as provided under section 97B.51.

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

Each member has the right prior to the member's retirement date to elect to have the member's retirement allowance payable under one of the options set forth in this section. The amount of the optional retirement allowance selected in paragraph "a", "c", "d", or "e", or "f" shall be the actuarial equivalent of the amount of the retirement allowance otherwise payable to the member as determined by the system in consultation with the system's actuary. The member shall make an election by written request to the department and the election is subject to the approval of the department. If the member is married, election of an option under this section requires the written acknowledgment of the member's spouse. However, the system may accept a married member's election of a benefit option under this section without the written acknowledgment of the member's spouse if the member submits a notarized statement indicating that the member has been unable to locate the member's spouse to obtain the written acknowledgment of the spouse after reasonable diligent efforts. The member's election of a benefit option shall become effective upon filing the necessary forms, including the notarized statement, with the division. The division shall not be liable to the member, the member's spouse, or to any other person affected by the member's election of a benefit option, based upon an election of benefit option accomplished without the written acknowledgment of the member's spouse. The member may, if eligible, select one of the following options:

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

a. At retirement, a member may designate that upon the member's death, a specified amount of money shall be paid to a named beneficiary, and the member's monthly retirement allowance shall be reduced by an actuarially determined amount to provide for the lump sum payment. The amount designated by the member must be in thousand dollar increments and shall be limited to the amount of the member's accumulated contributions. The amount designated shall not lower the monthly retirement allowance of the member by more than one-half the amount payable as provided in paragraph "b". A member may designate a different beneficiary at any time, except as limited by an order that has been accepted by the department as complying with the requirements of section 97B.39. The election of a death benefit amount under this paragraph shall be irrevocable upon payment of the first monthly retirement allowance.

Sec. 27. Section 97B.51, subsection 1, Code 2001, is amended by adding the following new paragraph:

NEW PARAGRAPH. f. A member retiring under section 97B.49B or 97B.49C may select an allowance upon retirement as provided under paragraph "a", "b", "c", or "e", or paragraph "d", subparagraph (1), and may elect to have the monthly allowance otherwise payable to the member pursuant to the selected paragraph or subparagraph recalculated as provided in this paragraph. A member electing payment of a monthly allowance under this paragraph shall have the member's monthly allowance increased, as determined by the system's actuary, by an amount equal to the monthly federal social security benefit that would be payable to the member on the date the member would be first eligible to receive a reduced social security pension benefit based upon the member's account. Upon reaching the date the member would be first eligible to receive a reduced social security pension benefit, the member's monthly

retirement allowance shall be permanently reduced, as determined by the system's actuary. A member electing payment of an allowance under this paragraph shall provide the system with a copy of the estimate provided by the federal social security administration of the member's monthly federal social security benefit that would be payable on the date the member would be first eligible to receive a reduced social security pension benefit at least sixty days prior to the member's first month of entitlement.

Sec. 28. Section 97B.52, subsection 4, paragraph b, Code 2001, is amended to read as follows:

b. If a death benefit is due and payable on behalf of a member who dies prior to the member's first month of entitlement, interest shall continue to accumulate through the quarter preceding the quarter in which payment is made to the designated beneficiary, heirs at law, or the estate unless the payment of the death benefit is delayed because of a dispute between alleged heirs, in which case the benefit due and payable shall be placed in a noninterest bearing escrow account until the beneficiary is determined in accordance with this section.

Sec. 29. Section 97B.53, subsection 4, Code 2001, is amended to read as follows:

4. A member has not terminated employment for purposes of this section if the member accepts other covered employment within ~~four-months~~ thirty days after receiving the last payment of wages for covered employment, or if the member begins covered employment prior to filing a request for a refund with the department division.

Sec. 30. Section 97B.53B, Code 2001, is amended to read as follows:

97B.53B ROLLOVERS OF MEMBERS' ACCOUNTS.

1. As used in this section, unless the context otherwise requires, and to the extent permitted by the internal revenue service:

a. "Direct rollover" means a payment by the system to the eligible retirement plan specified by the member or the member's surviving spouse.

b. "Eligible retirement plan" means either of the following that accepts an eligible rollover distribution from a member or a member's surviving spouse:

(1) An individual retirement account in accordance with section 408(a) of the federal Internal Revenue Code.

(2) An individual retirement annuity in accordance with section 408(b) of the federal Internal Revenue Code.

In addition, an "eligible retirement plan" includes an annuity plan in accordance with section 403(a) of the federal Internal Revenue Code, or a qualified trust in accordance with section 401(a) of the federal Internal Revenue Code, that accepts an eligible rollover distribution from a member. Effective January 1, 2002, the term "eligible retirement plan" also includes an annuity contract described in section 403(b) of the federal Internal Revenue Code, and an eligible plan under 457(b) of the federal Internal Revenue Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state that chooses to separately account for amounts transferred into such eligible retirement plan from the system.

c. (1) "Eligible rollover distribution" means--all includes any of the following:

(a) All or any portion of a member's account and supplemental account, except that an

(b) Effective January 1, 2002, after-tax employee contributions, if the plan to which such amounts are to be transferred is an individual retirement account described in federal Internal Revenue Code section 408(a) or 408(b), or is a qualified defined contribution plan described in federal Internal Revenue Code section 401(a) or 403(a), and such plan agrees to separately account for the after-tax amount so transferred.

(c) A distribution made on behalf of a surviving spouse and to an alternate payee, who is a spouse or former spouse, under a qualified domestic relations order.

(2) An eligible rollover distribution does not include any of the following:

{1} (a) A distribution that is one of a series of substantially equal periodic payments, which occur annually or more frequently, made for the life or life expectancy of the distributee or the joint lives or joint life expectancies of the distributee and the distributee's designated beneficiary, or made for a specified period of ten years or more.

{2} (b) A distribution to the extent that the distribution is required pursuant to section 401(a)(9) of the federal Internal Revenue Code.

{3} (c) The portion of any distribution that is not includible in the gross income of the distributee, determined without regard to the exclusion for net unrealized appreciation with respect to employer securities.

~~{4}--Annual-distributions-of-less-than-two-hundred-dollars-of-taxable-income:~~

2. Effective January 1, 1993, a member or a member's surviving spouse may elect, at the time and in the manner prescribed in rules adopted by the department, to have the department pay all or a portion of an eligible rollover distribution directly to an eligible retirement plan, specified by the member or the member's surviving spouse, in a direct rollover. ~~If a member or a member's surviving spouse elects a partial direct rollover, the amount of funds elected for the partial direct rollover must equal or exceed five hundred dollars:~~

Sec. 31. Section 97B.80A, subsections 1 and 3, Code 2001, are amended to read as follows:

1. A vested or retired member who has five or more full calendar years of covered wages and who at any time was employed ~~by a covered employer under this chapter but at the~~

~~time-of-the-employment-was-not-covered-by-this-chapter-and-did not-opt-out-of-coverage-under-this-chapter in eligible public employment,~~ upon submitting verification of the eligible public employment, and the dates of the eligible public employment, may make contributions to the system for up to the lesser of twenty quarters of service credit for such eligible public employment or the entire period of the eligible public employment, in increments of one or more calendar quarters, and receive credit for membership service and prior service for the period of time for which the contributions are made.

3. The verification of the eligible public employment and the dates of such eligible public employment shall be made by the department prior to receiving contributions from the member.

Sec. 32. Section 97B.80A, Code 2001, is amended by adding the following new subsection:

NEW SUBSECTION. 7. For purposes of this section, "eligible public employment" means employment of a person who at the time of the employment was not covered by this chapter and the employment meets any of the following conditions:

- a. Employment by a covered employer under this chapter of a person who did not opt out of coverage under this chapter.
- b. Employment of a person as an adjunct instructor as defined in section 97B.1A, subsection 8.

Sec. 33. NEW SECTION. 97B.80C PURCHASES OF PERMISSIVE SERVICE CREDIT.

1. DEFINITIONS. For purposes of this section:

- a. "Nonqualified service" means service that is not qualified service.
- b. "Permissive service credit" means credit that will be recognized by the system for purposes of calculating a member's benefit, for which the member did not previously receive service credit in the system, and for which the member voluntarily contributes to the system the amount required by the system, not in excess of the amount necessary to fund the benefit attributable to such service.

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

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

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

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

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

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

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

b. A vested or retired member of the system who has five or more full calendar years of covered wages may make contributions to the system to purchase up to five years of

permissive service credit for nonqualified service as determined by the division, pursuant to Internal Revenue Code section 415(n) and the requirements of this section.

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

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

Sec. 34. Section 97B.82, Code 2001, is amended by striking the section and inserting in lieu thereof the following:

97B.82 PURCHASE OF SERVICE CREDIT -- DIRECT ROLLOVERS -- DIRECT TRANSFERS.

1. Effective July 1, 2002, a member may, to the extent permitted by the internal revenue service, purchase any service credit permitted under this chapter by means of a direct rollover or a direct transfer as provided in this section pursuant to rules adopted by the division and consistent with applicable requirements of the federal Internal Revenue Code. Purchases of service credit by means of a direct rollover or direct transfer under this section shall not exceed the amounts permitted under section 415(n) of the federal Internal Revenue Code and section 97B.80C as determined by the division.

2. a. A member may purchase service credit as authorized by this section through a direct rollover to the system of an eligible rollover distribution from an eligible retirement

plan as permitted by the internal revenue service under the federal Internal Revenue Code. The amount of the direct rollover into the system cannot exceed the cost of the service purchase by a member under this chapter. Once a direct rollover is made, the member must forfeit the applicable service credit from the eligible retirement plan from which the eligible rollover distribution is received.

b. (1) For purposes of this subsection, "an eligible rollover distribution from an eligible retirement plan" includes distributions from any of the following:

(a) Qualified plans described in federal Internal Revenue Code sections 401(a) and 403(a).

(b) Annuity contracts described in federal Internal Revenue Code section 403(b).

(c) Eligible plans described under federal Internal Revenue Code section 457(b) which are maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state.

(d) Individual retirement accounts described in federal Internal Revenue Code section 408(a) or 408(b).

(2) An eligible rollover distribution from an eligible retirement plan does not include any of the following:

(a) A distribution that is one of a series of substantially equal periodic payments, which occur annually or more frequently, made for the life or life expectancy of the distributee or the joint lives or joint life expectancies of the distributee and the distributee's designated beneficiary, or made for a specified period of ten years or more.

(b) A distribution to the extent that the distribution is required pursuant to section 401(a)(9) of the federal Internal Revenue Code.

(c) The portion of any distribution that is not includible in the gross income of the distributee, determined without regard to the exclusion for net unrealized appreciation with respect to employer securities.

(d) Any amounts that are not permitted to be treated as eligible rollover distributions by the internal revenue service under the federal Internal Revenue Code.

3. A member may purchase any service credit as authorized by this section, to the extent permitted by the internal revenue service, by means of a direct transfer, excluding any after-tax contributions, from an annuity contract qualified under federal Internal Revenue Code section 403(b), or an eligible plan described in federal Internal Revenue Code section 457(b), maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state. A direct transfer is a trustee-to-trustee transfer to the system of contributions made to annuity contracts qualified under federal Internal Revenue Code section 403(b) and eligible governmental plans qualified under federal Internal Revenue Code section 457(b) for purposes of purchasing service credit in the system.

Sec. 35. NEW SECTION. 97C.21 VOLUNTARY COVERAGE OF ELECTED OFFICIALS.

Notwithstanding any provision of this chapter to the contrary, an employer of elected officials otherwise excluded from the definition of employee as provided in section 97C.2, may, but is not required to, choose to provide benefits to those elected officials as employees as provided by this chapter. This choice shall be reflected in the federal-state agreement described in section 97C.3. An employer who is providing benefits to elected officials otherwise excluded from the definition of employee prior to July 1, 2002, shall not be deemed to be in an erroneous reporting situation, and corrections for prior federal social security withholdings shall not be required. The implementation of this section shall be subject to the approval of the federal social security administration.

Sec. 36. IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM -- TEMPORARY LAYOFFS -- AVERAGE COVERED WAGE RECALCULATION.

1. Notwithstanding any provision of chapter 97B to the contrary, a member of the Iowa public employees' retirement system who has an employer-mandated reduction in hours but remains on the employer's payroll, and who would receive a reduction in the member's three-year average covered wage as a result of the reduction in hours, may have the member's retirement allowance calculated based on the three-year average covered wage the member would have received, based on reasonable assumptions, if the member had not been subject to the employer-mandated reduction in hours, upon payment by the member of the applicable contribution amount. For purposes of this section, the applicable contribution amount is an amount equal to the employee and employer contributions that would have been paid to the system based on the wages that the member would have received but for the employer-mandated reduction in hours and would have been included in the member's three-year average covered wage.

2. The payment of the applicable contribution amount under this section shall be treated as pick-up contributions in addition to amounts picked up under section 97B.11A. The member must notify the Iowa public employees' retirement system and the member's employer prior to the member terminating employment covered under the system so that the appropriate calculations can be made and the applicable contribution amount for the member can be deducted from the member's wages. The Iowa public employees' retirement system shall have no liability for a member's failure to notify the system and the member's employer in time to make such calculations and deduct the applicable contribution amount from the member's remaining wage payments.

3. This section shall apply to employer-mandated reductions in hours during the period of time beginning on or after January 1, 2002, and ending no later than June 30, 2003. The system is authorized to adopt such rules, including emergency rules, as it deems necessary or prudent to implement this section.

Sec. 37. RETROACTIVE APPLICABILITY. Section 97B.52, subsection 2, Code 2001, establishing a line of duty death benefit for a member in special service, is retroactively applicable to January 1, 1992, and is applicable to covered deaths occurring on and after that date.

Sec. 38. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY.

1. The section of this Act amending section 97B.1A, subsection 8, paragraph "b", subparagraph (2), being deemed of immediate importance, takes effect upon enactment and is retroactively applicable to January 1, 1995, and is applicable on and after that date.

2. The section of this Act amending section 97B.53B, being deemed of immediate importance, takes effect upon enactment and is retroactively applicable to January 1, 2002, and is applicable on and after that date.

Sec. 39. IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM -- STUDY ON DEFERRED RETIREMENT OPTION PROGRAM -- REPORT. The Iowa public employees' retirement system (IPERS) shall conduct a study to consider how to implement a deferred retirement option program (DROP) which is cost-neutral to the system, pursuant to its findings as a consequence of the pension portability study mandated by the 2000 Session of the General Assembly. In pursuing this proposal, IPERS shall conduct a statistically valid, professional survey of its members who would be eligible to participate in a DROP plan, if offered, in order to determine the level of their interest and the conditions under which they would, or would not, participate. In addition, the system actuary shall perform a long-range estimate of system assets and liabilities, factoring in estimated changes in its membership demographics. On or before October 1, 2003, the IPERS shall file a report with the legislative service bureau, for distribution to the public retirement systems committee established in section 97D.4, which contains its findings and recommendations. The report shall also contain any applicable actuarial information concerning the costs of any proposal or proposals.

Sec. 40. IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM -- STUDY ON A NEW OPTION FOR TERMINATED VESTED MEMBERS -- REPORT. The Iowa public employees' retirement system (IPERS) shall conduct a study to consider how to implement a new option for terminating, vested employees in which their employer and employee contributions, in accord with the existing IPERS' refund formula, would be "rolled over" into an individual account which would then mirror the experience of the IPERS' trust fund, minus reasonable administrative expenses. The proposal to be studied is in accord with recommendations of the pension portability study mandated by the 2000 Session of the General Assembly. In pursuing this proposal, IPERS shall work closely with the system actuary in order to develop a proposal which is cost-neutral to the retirement system. On or before October 1, 2003, the IPERS shall file a report with the legislative service bureau, for distribution to the public retirement systems committee established in section 97D.4, which contains its findings and recommendations. The report shall also contain any applicable actuarial information concerning the costs of any proposal or proposals.

DIVISION III

STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM

Sec. 41. Section 411.1, Code Supplement 2001, is amended by adding the following new subsection:

NEW SUBSECTION. 11A. "Member in good standing" means a member in service who is not subject to removal by the employing city of the member pursuant to section 400.18 or 400.19, or other comparable process, and who is not the subject of an investigation that could lead to such removal.

Sec. 42. Section 411.6, subsection 3, Code 2001, is amended to read as follows:

3. ORDINARY DISABILITY RETIREMENT BENEFIT. Upon application to the system, of a member in service good standing or of the chief of the police or fire departments, respectively, any member in good standing shall be retired by

the system, not less than thirty and not more than ninety days next following the date of filing the application, on an ordinary disability retirement allowance, if the medical board after a medical examination of the member certifies that the member is mentally or physically incapacitated for further performance of duty, that the incapacity is likely to be permanent, and that the member should be retired. However, if a person's membership in the system first commenced on or after July 1, 1992, the member shall not be eligible for benefits with respect to a disability which would not exist, but for a medical condition that was known to exist on the date that membership commenced. A member who is denied a benefit under this subsection, by reason of a finding by the medical board that the member is not mentally or physically incapacitated for the further performance of duty, shall be entitled to be restored to active service in the same position held immediately prior to the application for disability benefits. The member-in-good-standing requirement of this subsection may be waived for good cause as determined by the board. The burden of establishing good cause is on the member.

Sec. 43. Section 411.6, subsection 5, paragraph a, Code 2001, is amended to read as follows:

a. Upon application to the system, of a member in service good standing or of the chief of the police or fire departments, respectively, any member in good standing who has become totally and permanently incapacitated for duty as the natural and proximate result of an injury or disease incurred in or aggravated by the actual performance of duty at some definite time and place, or while acting pursuant to order, outside of the city by which the member is regularly employed, shall be retired by the system, if the medical board certifies that the member is mentally or physically incapacitated for further performance of duty, that the incapacity is likely to be permanent, and that the member should be retired. However,

if a person's membership in the system first commenced on or after July 1, 1992, the member shall not be eligible for benefits with respect to a disability which would not exist, but for a medical condition that was known to exist on the date that membership commenced. A member who is denied a benefit under this subsection, by reason of a finding by the medical board that the member is not mentally or physically incapacitated for the further performance of duty, shall be entitled to be restored to active service in the same position held immediately prior to the application for disability benefits.

Sec. 44. Section 411.6, subsection 5, Code 2001, is amended by adding the following new paragraph:

NEW PARAGRAPH. d. The requirement that a member be in good standing to apply for and receive a benefit under this subsection may be waived for good cause as determined by the board. The burden of establishing good cause is on the member.

Sec. 45. Section 411.6, subsection 7, paragraph b, Code 2001, is amended to read as follows:

b. Should a disability beneficiary under age fifty-five be restored to active service at a compensation not less than the disability beneficiary's average final compensation, the disability beneficiary's retirement allowance shall cease, the disability beneficiary shall again become a member and shall contribute thereafter at the same rate ~~paid-prior-to~~ disability established in section 411.8, and former service on the basis of which the disability beneficiary's service was computed at the time of retirement shall be restored to full force and effect and upon subsequent retirement the disability beneficiary shall be credited with all service as a member and also with the period of disability retirement.

Sec. 46. Section 411.6, subsection 8, paragraph b, Code 2001, is amended to read as follows:

b. In lieu of the payment specified in paragraph "a", a beneficiary meeting the qualifications of paragraph "c" may elect to receive a monthly pension equal to one-twelfth of forty percent of the average final compensation of the member, but not less than twenty percent of the average monthly earnable compensation paid to an active member ~~holding-the highest-grade-in-the-rank-of-fire-fighter,-for-a-beneficiary of-a-deceased-member-of-a-fire-department,-or-the-highest grade-in-the-rank-of-police-patrol-officer,-for-a-beneficiary of-a-deceased-member-of-a-police-department,-if-the-member-was in-service-at-the-time-of-death~~ of the system, as reported by the actuary. For a member not in service at the time of death, the pension shall be reduced as provided in subsection 1, paragraph "b".

For a member not in service at the time of death, the pension shall be paid commencing when the member would have attained the age of fifty-five except that if there is a child of the member, the pension shall be paid commencing with the member's death until the child of the member no longer meets the definition of child as provided in section 411.1. The pension shall resume when the member would have attained the age of fifty-five.

For a member in service at the time of death, the pension shall be paid commencing with the member's death. In addition to the pension, there shall also be paid for each child of a member, a monthly pension equal to six percent of the average monthly earnable compensation paid to an active member ~~holding the-highest-grade-in-the-rank-of-fire-fighter,-for-a-child-of a-deceased-member-of-a-fire-department,-or-the-highest-grade in-the-rank-of-police-patrol-officer,-for-a-child-of-a deceased-member-of-a-police-department~~ of the system, as reported by the actuary.

Notwithstanding section 411.6, subsection 8, Code 1985, effective July 1, 1990, for a member's surviving spouse who, prior to July 1, 1986, elected to receive pension benefits

under this paragraph, the monthly pension benefit shall be equal to the higher of one-twelfth of forty percent of the average final compensation of the member, or the amount the surviving spouse was receiving on July 1, 1990.

Sec. 47. Section 411.6, subsection 9, paragraph b, Code 2001, is amended to read as follows:

b. (1) An If the member's designated beneficiary is the member's spouse, child or parent, an accidental death benefit pension equal to one-half of the average final compensation of the member shall be paid as follows:

(a) If the member's designated beneficiary is the member's spouse, then to the member's spouse.

(b) If the member's designated beneficiary is the member's child or children, then to the child or children in equal shares. The pension to each child shall terminate when the child no longer meets the definition of child in section 411.1.

(c) If the member's designated beneficiary is the member's dependent father or mother, or both, then to the father or mother, or both, in equal shares, to continue until remarriage or death.

(2) If the member failed to designate a beneficiary, or if the beneficiary designated by the member predeceases the member, then an accidental death benefit pension equal to one-half of the average final compensation of the member shall be paid as follows:

{1} (a) To the member's spouse.

{2} (b) If there is no spouse, or if the spouse dies and there is a child of the member, then to the member's child or children in equal shares. The pension to each child shall terminate when the child no longer meets the definition of child in section 411.1.

{3} (c) If there is no surviving spouse or child, then to the member's dependent father or mother, or both, as the system determines in equal shares, to continue until remarriage or death.

Sec. 48. Section 411.6, subsection 9, paragraph c, Code 2001, is amended to read as follows:

c. In addition to the accidental death benefit pension provided in paragraph "b", there shall also be paid for each child of a member a monthly pension equal to six percent of the average monthly earnable compensation paid to an active member ~~holding the highest grade in the rank of fire fighter, for a child of a deceased member of a fire department, or holding the highest grade in the rank of police patrol officer, for a child of a deceased member of a police department of the system, as reported by the actuary.~~

Sec. 49. Section 411.6, subsection 11, paragraph a, Code 2001, is amended to read as follows:

a. To the spouse, equal to one-half the amount received by the deceased beneficiary, but in no instance less than twenty percent of the average monthly earnable compensation paid to an active member ~~holding the highest grade in the rank of fire fighter, for a beneficiary of a deceased member of the fire department, or the highest grade in the rank of police patrol officer, for a beneficiary of a deceased member of a police department of the system, as determined by the actuary,~~ and in addition a monthly pension equal to the monthly pension payable under subsection 9 of this section for each child; or

Sec. 50. Section 411.6, subsection 12, paragraph a, Code 2001, is amended to read as follows:

a. On each July 1, the monthly pensions authorized in this section payable to retired members retired prior to that date and to beneficiaries entitled to a monthly pension prior to that date shall be adjusted as provided in this subsection. An amount equal to the sum of one and one-half percent of the monthly pension of each retired member and beneficiary and the applicable incremental amount shall be added to the monthly pension of each retired member and beneficiary. The board of trustees shall may report to the general assembly every six years, ~~by September 15 of that year, beginning with September~~

~~157-2001~~, at the board's discretion, on whether the provisions of this subsection continue to provide an equitable method for the annual readjustment of pensions payable under this chapter.

Sec. 51. Section 411.6, subsection 13, Code 2001, is amended to read as follows:

13. a. REMARRIAGE OF SURVIVING SPOUSE. Effective July 1, 1990, for a member who died prior to July 1, 1988, if the member's surviving spouse remarried prior to July 1, 1988, the remarriage does not make the spouse ineligible under subsection 8, paragraph "c", subparagraphs (1) and (2), to receive benefits under subsections 8, 9, 11, and 12.

b. RECOMPUTATION OF BENEFIT -- SURVIVING SPOUSE. A benefit payable under this chapter to a surviving spouse and to any surviving spouse who receives a division of the surviving spouse benefit pursuant to a marriage decree or marital property order under section 411.13 shall not be recomputed upon the death of any surviving spouse.

Sec. 52. Section 411.31, subsection 2, Code 2001, is amended to read as follows:

2. Commencing July 1, 1996, a vested member of an eligible retirement system who terminates employment covered by one eligible retirement system and, within sixty-days one year, commences employment covered by the other eligible retirement system may elect to transfer the average accrued benefit earned from the former system to the current system. The member shall file an application with the current system for transfer of the average accrued benefit within ninety days of the commencement of employment with the current system.

Sec. 53. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY. The section of this Act amending section 411.31, being deemed of immediate importance, takes effect upon enactment and is retroactively applicable to July 1, 1996.

DIVISION IV
JUDICIAL RETIREMENT SYSTEM

Sec. 54. Section 602.9107, subsection 1, paragraph a, Code 2001, is amended to read as follows:

a. The annual annuity of a judge under this system is an amount equal to three percent of the judge's average annual basic salary for the judge's ~~last~~ highest three years as a judge of one or more of the courts included in this article, multiplied by the judge's years of service as a judge of one or more of the courts for which contributions were made to the system. However, an annual annuity shall not exceed an amount equal to a specified percentage of the highest basic annual salary which the judge is receiving at or had received as of the time the judge becomes became separated from service. Forfeitures shall not be used to increase the annuities a judge or survivor would otherwise receive under the system.

Sec. 55. NEW SECTION. 602.9107C IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM -- SERVICE CREDIT.

1. A judge under this system who has at least six years of service as a judge of any of the courts included in this article and who was a member of the Iowa public employees' retirement system as provided in chapter 97B, but who was not retired under that system, upon submitting verification of membership and service in the Iowa public employees' retirement system to the court administrator, including proof that the judge has no further claim upon a retirement benefit from that public system, may make contributions as provided by this section to the system either for the entire period of service in the other public system, or for partial service in the other public system in increments of one or more calendar quarters, and receive credit for that service under the system.

2. The contributions required to be made for purposes of this section shall be in an amount equal to the actuarial cost of the service purchase. For purposes of this subsection, the actuarial cost of the service purchase is an amount determined by the court administrator in accordance with actuarial

tables, as reported to the court administrator by the system's actuary, which reflects the actuarial cost necessary to fund an increased retirement annuity resulting from the purchase of additional service.

3. A judge eligible for an increased retirement annuity because of the payment of contributions under this section is entitled to receipt of retroactive adjustment payments for no more than six months immediately preceding the month in which the judge pays contributions under this section.

4. The court administrator shall ensure that the judge, in exercising an option provided in this section, does not exceed the amount of annual additions to a judge's account permitted pursuant to section 415 of the Internal Revenue Code.

Sec. 56. Section 602.9202, subsection 1, Code 2001, is amended to read as follows:

1. "Senior judge" means a supreme court judge, court of appeals judge, district court judge, or district associate judge, full-time associate juvenile judge, or full-time associate probate judge, who meets the requirements of section 602.9203 and who has not been retired or removed from the roster of senior judges under section 602.9207 or 602.9208.

Sec. 57. Section 602.9203, subsection 1, Code 2001, is amended to read as follows:

1. A supreme court judge, court of appeals judge, district judge, or district associate judge, full-time associate juvenile judge, or full-time associate probate judge, who qualifies under subsection 2 may become a senior judge by filing with the clerk of the supreme court a written election in the form specified by the court administrator. The election shall be filed within six months of the date of retirement.

Sec. 58. Section 602.9204, subsection 2, paragraph b, Code 2001, is amended to read as follows:

b. "Basic senior judge salary" means the highest basic annual salary which the judge is receiving at or had received

as of the time the judge becomes became separated from full-time service, as would be used in computing an annuity pursuant to section 602.9107 without service as a senior judge, plus seventy-five percent of the escalator.

BRENT SIEGRIST
Speaker of the House

MARY E. KRAMER
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2532, Seventy-ninth General Assembly.

MARGARET THOMSON
Chief Clerk of the House

Approved 4/26, 2002

THOMAS J. VILSACK
Governor