

the Latest Word

For IPERS Employers

Iowa Public Employees' Retirement System | Winter 2011

I-Que

UPCOMING TRAINING FOR REPORTING OFFICIALS

[Register now](#) for a spring session

Need answers to your questions about your duties as a reporting official? Do you have situations arise that you are not sure how to handle in the I-Que system? Perhaps you should attend a training session!

If you are new to the role of reporting official, or are just looking for a refresher, please join us for a three-hour session. We promise to provide you with essential information to make your job as a reporting official easier and more enjoyable. You will be encouraged to learn in an interactive and fun environment.

There is no cost to attend but registration is required. April training will take place at the IPERS office in Des Moines. July training will be held at other locations across the state. Session size will be limited to 35 participants—so [register early](#) to get the time and location you desire.

Your Trainers



Kurt Hiatt



Danielle Huffine

From the CEO

First our good news, in case you haven't heard: The IPERS Trust Fund returned [13.82 percent](#) in fiscal year 2010 (July 1, 2009–June 30, 2010). That's wonderful news, without a doubt. We are confident that things are looking brighter for IPERS as we emerge from the worst recession of our time. However, we must remain cautiously optimistic.

CHANGES AHEAD

Years of insufficient contributions, along with investment losses in 2008 and 2009, greatly increased IPERS' unfunded actuarial liability. Last year the IPERS Benefits Advisory Committee (BAC) worked with legislators to bring about [important changes to the plan](#) in House File 2518. (See [our website](#) for a summary of the changes.) These legislative changes have resulted in sustaining a healthy funding ratio of 81.4 percent and will help make significant progress toward funding the promised benefits.

You will start to see the House File 2518 changes implemented July 1, 2011, in the form of [increased contribution rates](#) for the regular membership. One year later, July 1, 2012, changes to vesting rules and the benefit formula will be implemented.

For the first time since 2001, IPERS is able to amortize the unfunded actuarial liability (UAL). The amortization period (similar to mortgage financing) has gone from infinity to 34 years!

FINAL PHASE OF ROLLOUT 2

We are gearing up for Rollout 2—the final phase of implementing I-Que—which is now planned for June. Launching a retirement system of this magnitude should not be considered a “software upgrade.” The complexities and variable data, including legal compliance issues, truly make this a total system replacement. While we have been at work on this project for quite some time, there is light at the end of the tunnel. For you, the end user, changes will not be as noticeable as they were in Rollout 1, as most of the technology is in the back office.

IPERS' overall goals are long-term security and delivering promised benefits. We couldn't do that without you. Thank you for all you do on the behalf of our members.

— Donna M. Mueller



Benefits statements to mail in March

STATEMENTS ARE DIFFERENT FROM PAST YEARS'

You are probably aware that IPERS mails benefits statements every year in the spring to all members who are not already receiving monthly benefits. But this year, we want to give you a heads-up that the benefits statements will be a little different from past statements. You and your employees may be alarmed at first glance, but once you read further you will understand.

MANY BENEFIT PROJECTIONS WILL BE LOWER

The main change is in the benefit projections shown on this year's statements. This year, unlike in past years, the projections do not include assumptions about future employment or future pay. This greatly decreases the dollar amounts members see.

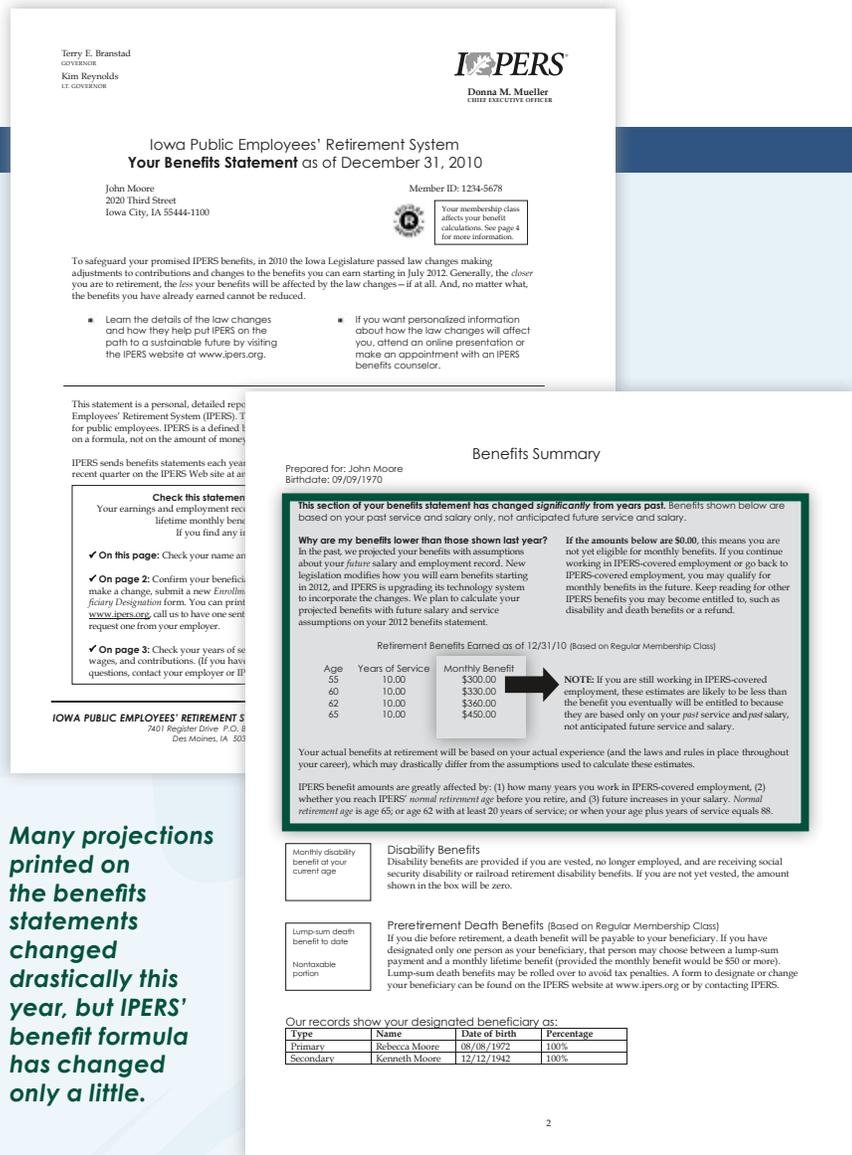
IPERS changed the projections because the benefit formula is changing, thanks to a law passed last year, House File 2518. (Visit www.ipers.org for a [summary](#) of the changes contained in House File 2518.) It will take time to program these changes into IPERS' benefits administration system. In the meantime, instead of sending projections that would be overstated, IPERS chose to "freeze" each member's earnings and years of service data as of December 31, 2010, and show projections based on that.

THE BENEFIT FORMULA IS CHANGING

IPERS benefit amounts are calculated using two factors:

- the member's highest average salary, and
- a multiplier based on years of service (how long the member works in IPERS-covered employment).

Many projections printed on the benefits statements changed drastically this year, but IPERS' benefit formula has changed only a little.



House File 2518 changes the highest average salary from the average of the highest three years' wages to the average of the highest five years' wages. When both the highest average salary and multiplier are frozen as of December 31, 2010 (as IPERS did for the projections in this year's statements), they might be a lot lower than the highest average salary and multiplier a member will earn by retirement. Just how much an effect the "freezing" has on each member's benefit projections depends on (1) whether – and how much – the member's earnings will increase in the future, and (2) how many more years the member will work in IPERS-covered employment.

IPERS will again provide projections based on assumed future earnings and employment in the 2012 statements (to be mailed in 2013).

Benefit projections for Special Service members – sheriffs, deputies, and members in protection occupations – will not change. There are no plans for their benefit formula to change.

Optional IPERS coverage: *who, what, when, and how*

Most public employees are classified as IPERS-covered; however, there are a few positions that are eligible to choose not to participate in the IPERS plan. Only those positions specifically identified in the law are allowed to decline coverage.

If, as an employer, you have positions that fall into this category, you may want to learn more. Keep reading for all the details.

Where can I go to find out who has optional IPERS coverage?

The best place to find this information is IPERS' [Election for Termination of IPERS Coverage form](#). It has the most up-to-date list of eligible positions.

What does it mean to elect out of IPERS coverage?

Electing out of IPERS coverage means no contributions will be made to IPERS for that employee, either from your organization or from the employee. Consequently, the employee will not be an IPERS member, accumulate IPERS service credit, or accrue IPERS benefits while employed in that position.

If these employees elect out of IPERS coverage, are they covered under a different retirement plan?

That depends on the position. Some optional-coverage positions allow the person to choose between IPERS and another retirement plan. Others do not have another retirement plan available. Check with your organization's human resources associate if you aren't sure whether an employee can be covered under another retirement plan.

When are IPERS contributions withheld for these employees?

Employees who do not elect out of IPERS coverage must make contributions for all IPERS-covered compensation beginning with their first day of employment. It's important not to wait. (If you don't make IPERS contributions starting at the employee's date of hire, you will be required to make wage adjustments back to the beginning of employment.)

How does an employee find out he has optional IPERS coverage?

You, as the IPERS reporting official, are responsible for letting employees know of their right to this election. It is best to let them know within the first few days of employment.

Are employees in eligible positions covered under IPERS unless they elect out?

Yes. Employees who do not elect out of coverage within the first 60 days of employment must remain IPERS members.

When and how can employees elect out of coverage?

Eligible employees who wish to elect out of coverage must do so within 60 days of hire or eligibility. To elect out of coverage, the employee must complete and return an [Election for Termination of IPERS Coverage](#) form to IPERS by the deadline. This form is available through the IPERS website at www.ipers.org.

As your organization's reporting official, you must complete the Employer Verification section of this form at the employee's request.

If an employee elects out of coverage, all IPERS contributions withheld during the 60 days must be returned to the employee or forwarded to the other retirement system, whichever is applicable. (Whether or not the contributions must be forwarded to the other plan is dependent on the terms of the agreement with that plan.)

Can an employee change her mind about her decision?

An employee's decision to elect out of IPERS coverage cannot be changed once it is made, unless the employee:

- Has an eligible break in service.
- Is elected to a position for the first time or to a different position.
- Accepts an eligible position with a different employer.

OPTIONAL COVERAGE FOR COMMUNITY COLLEGE AND UNIVERSITY EMPLOYEES

Many people who work at Iowa's community colleges and universities can elect out of IPERS coverage. All optional-coverage employees must be IPERS-covered at the start of employment, and these employees are no exception.

Don't put off making IPERS contributions until they have decided whether to elect out of IPERS coverage. Contributions must be made from the first day of employment, regardless of the employee's ultimate decision. If the employee chooses to elect out of IPERS, you can file a wage adjustment to have IPERS return the contributions.

QA

Get to know your monthly statements

Your employer monthly statement is a wealth of information about your organization's relationship with IPERS. You can stay in control of your organization's responsibilities and on track as a reporting official simply by using this helpful tool. Here are some Frequently Asked Questions (FAQs) about your monthly statements.

Where can I see all my activities for each month?

Your employer monthly statement details all the activities that occurred within the previous month. We recommend that you carefully review your statement each month to make sure your account balance is what you expected. Here is what you'll find:

- 1 Your total contributions due
- 2 All the deposits you sent to us
- 3 Wage adjustment total that IPERS processed and released
- 4 Any interest charges or fees
- 5 Your month-end account balance
- 6 Due date of account balance

How and when can I look at my employer monthly statement?

Your employer monthly statement is available in I-Que on the first of every month. If your delivery preference is e-mail, you will receive an e-mail on the first saying your documents are ready to be viewed in I-Que.



Employer Monthly Statement

GEODE COUNTY
ATTN: SANDY BROOKS
345 S ROCK AVE
GEODE, IA 34567-8901

Employer ID No: 12345

Statement Date: 03/01/2011

Transactions From 02/01/2011 To 02/28/2011

Previous Month's Ending Balance:							\$ 0.00
Trans#	Processed Date	Type	Description	Effective Date	Employer Contribution	Member Contribution	Total Balance
123456789	02/03/2011	Wage Report	Wage Report January 2011	01/01/2011	\$ 13,900.00	\$ 9,000.00	1 \$22,900.00
987654321	02/18/2011	Payment	Dep.dt 02/18/2011 - chk# 123456 - tr# 123456789	02/18/2011	2 \$ 22,900.00	\$ 0.00	-\$22,900.00
543216789	02/19/2011	Wage Adj.	Wage Adjustment	12/01/2010	\$ 1,737.50	\$ 1,125.00	3 \$2,862.50
123459876	02/28/2011	Interest	Interest For The Month 02/2011	02/28/2011	4 \$ 20.00	\$ 0.00	\$20.00
Current Month's Ending Balance:							5 \$ 2,882.50
Due Date For Balance:							6 03/15/2011

Your payment is due by the 15 of the month. Interest will be calculated on each outstanding debit balance at an annual rate of 2.03%.



TO VIEW YOUR STATEMENTS:

1. [Log in to I-Que.](#)
2. Click *Wages, Transactions, and Payment Manager*.
3. Click the *Documents* tab.
There will be a list of reports you can view.
4. Select the employer monthly statement, then scroll to the right and click on the page symbol. The document will open and you will have the option to print.
 - If your delivery preference is U.S. mail, you will receive your statement by postal mail within the first few days of the month.

My statement shows fees and interest charges. What are these?

There are three different types of charges that you can incur to your account.

1. LATE-REPORT FEE

- a. **Why is it assessed?** *When you do not submit your completed wage report by the fifteenth of the next month. (For example, the May 2011 wage report must be completed and released by June 15.)*
Keep in mind, if you have no wages to report for the month, you still must file a wage report stating that, or you must have an approved [Wage Report Due Date Change form](#) on file.
- b. **When is it assessed?** *At the end of the month.*
- c. **How much?** *This fee is \$20 plus \$0.25 for each employee listed on your previous wage report. (If you had 25 employees listed on your previous wage report, your late fee would be \$26.25.)*

2. MANUAL-PROCESSING FEE

- a. **Why is it assessed?** *When you send in a paper wage report instead of entering the wages electronically.*
- b. **When is it assessed?** *At the end of the month.*
- c. **How much?** *This fee is \$20 plus \$0.25 for each employee on the previous wage report.*

3. INTEREST CHARGE

- a. **Why is it assessed?** *When you do not provide a payment to IPERS by the fifteenth of the month for the prior month's contributions or statement balance.*
- b. **When is it assessed?** *At the end of the month. Your account will be assessed another fee each month until your balance goes under \$1.*
- c. **How much?** *\$20 minimum, but it could be more, depending on how much you owe.*

What if I disagree with charges or fees assessed?

If you have interest charges or late fees on either your monthly statement or your account summary screen, you may request to have these charges reviewed and waived. It is best to do this as quickly as possible.

1. Use the [Request for Waiver of Fee/Interest Charge form](#). (You can print it from the Employers Forms page of www.ipers.org.) Give a detailed reason on the form for asking us to waive the fee.
2. Fax your completed form to 515-281-0055, or e-mail it to ipersaccounting@ipers.org.
3. Our accounting department will review your request and send you a written response stating whether the fee is waived.
IPERS cannot waive a fee for your organization more than once, unless there are multiple situations of extenuating circumstances. If the

matter is not resolved by the fifteenth and there is still a debit balance over \$1, another interest fee of at least \$20 will be assessed to your account.

What is the easiest way to monitor my account balance?

If you don't want to wait for your next monthly statement, you can check your account balance in I-Que. Click *Wages, Transactions, and Payment Manager*. The screen that pops up is the summary screen. If you look at the bottom right corner of the page, you'll see your account balance.

- If the balance is in black, you have a debit balance (you owe the amount listed).
- If it is in red and bracketed, you have a credit balance (IPERS owes you).

When making a wage adjustment to increase wages, how will I know the amount to pay IPERS?

If you submit the adjustment by the fifteenth of the month, IPERS will process your adjustment by the end of the month. On the first of the following month, there will be a Wage Adjustment Detail report in I-Que. Click *Wages, Transactions, and Payment Manager*. From the *Documents* tab, you can see the report listed. Highlight the name of the report, then scroll to the right and click on the page symbol to see it. The Wage Adjustment Detail will list:

- *The employees involved.*
- *The time periods adjusted.*
- *The amount of wages adjusted.*
- *The employees' and employer's share of contributions due.*
- *Any wage adjustment interest due.*

Your organization must pay the total amount due to IPERS by the fifteenth of the month after the Wage Adjustment Detail is generated.

Getting Started

How to add a new hire

Chances are you have a long list of tasks to complete when a new employee comes into your organization, so we want to streamline the process of sending member information to IPERS.

HOW TO ADD NEW MEMBERS TO A MANUAL WAGE REPORT

1. Add the member to I-Que.

(If you have already done this, skip to step 3.)

- a. [Log in to I-Que](#) and choose **View/Update Member Information**.
- b. From the *Demographics* tab, click **Add Member**.
- c. Enter the information for the new member.
- d. In the *Address* section, click **Add**.
- e. Type in the member's zip code and click **OK**.
- f. Enter the member's street address (and phone number if available), and click **Next**.
- g. If the message "Please Select a Standardization Option" pops up, you can:
 - i. Click **Override** to keep the address as you typed it, or
 - ii. Click **Correct** to make corrections to the address, or
 - iii. Click on the suggested address to use that format.
 Then click **Next** again.

Note: If you have Internet Explorer 8, you may receive an error message, not the "Standardization" message. If this happens, simply contact IPERS to add the new member. I-Que should be compatible with Internet Explorer 8 when Rollout 2 goes live. (For an update on Rollout 2, see the message from the CEO on page 1.)

2. You will then be prompted to add the member's employment record.

- a. Click **Add** and a box will pop up with your organization's name listed in the billing location. Click **OK**.
- b. A new box will pop up. Enter the employee's first date of employment and the correct occupation code. Click **Save**.
 - *Is the employee returning to employment after retirement or termination? If yes, enter a new first date of employment.*
 - *Is the employee working for your organization under more than one occupation code? If yes, enter a separate start date for each occupation code.*

HERE'S AN EXAMPLE:

A city employee is a maintenance worker who began employment on 5/1/2008, then was elected to fill a council position on 1/1/2010. In this case, enter the first date of employment as 5/1/2008 for occupation code 01, and enter 1/1/2010 for occupation code 17.

Note: Dates of employment and occupation codes determine service credits for members. They are especially important for school employees and elected officials, who often work only part of the year, but receive service credit for the entire year if they continue working.

- c. You will see the message "Employment and Member Information has been saved."
- 3. Add the member to your wage report.**
- a. Go to **Wages, Transactions, and Payment Manager**.
 - b. From the *Wage Reports* tab, highlight the wage report you want to add the member to.
 - c. Click **Edit Wage Report**. This brings up a new screen with the employees listed.
 - d. Click **Add** (on the left side of the screen, above the employees' names). This will add a new line at the top of the employees' names.
 - e. Enter the member's social security number and press the Tab key on your keyboard until the member's name is automatically filled in.
 - f. Enter the first date of employment and wages.
- 4. Complete the rest of the wage report and save the information.**

Keeping it current, one employee at a time

There's nothing more frustrating than out-of-date records. It doesn't take much for the situation to spiral out of control. We'd like to help you keep your employee records updated. Here are some tips on updating your employee records with IPERS.

GOING POSTAL: It's the format that counts

Sometimes just a simple tip can make our lives easier. That's the case with entering addresses correctly in I-Que. Taking the time to do it right on the front end saves frustration in the long run.

When you have a new employee, or an employee with an address change, here's what to do.

Enter the address

- with abbreviations, and
- without punctuation.

This is the format preferred by the U.S. Postal Service (USPS):

THIS:

JANE SMITH
1000 SNOWY LN APT 200
DES MOINES IA 50306-1234

NOT THIS:

Jane Smith
1000 Snowy Lane #200
Des Moines, Iowa 50306

Note: I-Que automatically formats all names and addresses in all capital letters. You can enter them in whatever case you want (all lowercase, all capital, or a combination).



If you aren't quite sure how the USPS wants an address to be formatted, it's easy to find out on the USPS website, www.usps.com.

Select [FIND A ZIP CODE](#) in the top left corner. Submit the address, and you'll see how to format it. You can even copy and paste each line into I-Que. (Don't forget to copy and paste the zip code as well.)

For detailed information on USPS addressing standards, review [Publication 28](#) on the USPS website, www.usps.com.

SEPARATION ANXIETY: What to do when an employee leaves

When an employee terminates employment (because of retirement or for any other reason), you must log this on your I-Que monthly wage report for the month the employee receives his or her last paycheck.

Be sure to provide:

- the final date of employment, and
- the date of the employee's last paycheck.

It's very important to give the correct dates, because refunds, rollovers, and benefits are calculated and awarded based on this information.

If you forget to include these dates in your monthly wage report, you must submit them separately. You can do that with (1) the [View/Update Member Information](#) link on your I-Que home page, or (2) the [Member Employment Information Update form](#), available in the Employers section on the IPERS website. (Do not use a *Notification of Terminating Employee(s)* form. This form is obsolete and no longer valid.)

Note: IPERS will contact your former employees to let them know what options they have for the money they have contributed to IPERS.



7401 Register Drive
P.O. Box 9117
Des Moines, Iowa 50306-9117

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Contribution rates

Fiscal year 2012 (July 1, 2011–June 30, 2012)

MEMBERSHIP CLASS	MEMBER SHARE	EMPLOYER SHARE	TOTAL
Regular members	5.38%	8.07%	13.45%
Sheriffs and deputies	9.83%	9.83%	19.66%
Protection occupations	6.65%	9.97%	16.62%

The **wage ceiling** through December 31, 2011, remains \$245,000.

Contact us
www.ipers.org
employerrelations@ipers.org
ipersaccounting@ipers.org

I-Que HelpDesk
1-877-IPERS-99 (1-877-473-7799)
Monday–Friday, 8 a.m.–4:30 p.m.
Fax 515-281-0055

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