



IPERS' overhead lowest in independent review

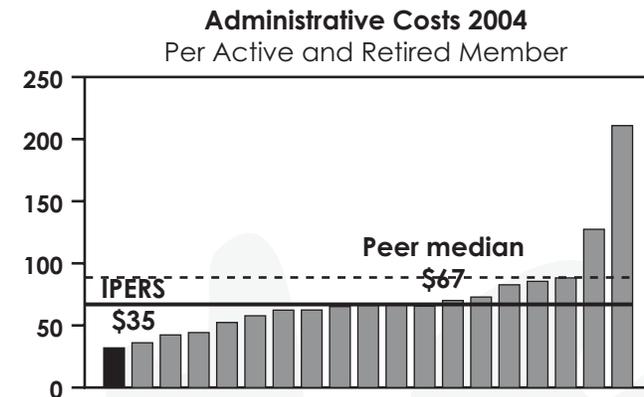
An independent company that reviews costs and performance of public retirement systems found that IPERS' administrative costs were lower in 2004 than those of all other public retirement systems of a similar size.

Cost Effectiveness Measurement Inc. (CEM), a private company based in Canada, reviews performance and costs of public retirement systems in the United States and abroad. CEM again this year rated IPERS' services high while finding IPERS' administrative costs low. CEM reviewed 53 pension systems and compared IPERS to 18 from that group that are similar in membership.

"Sometimes it is good to be last," declared Donna Mueller, CEO of IPERS.

In 2003, IPERS' administrative costs were second to the lowest.

Although one reason costs are



so low is that each IPERS employee serves 2915 members, Mueller pointed out that employers are also key to keeping costs down.

"Without the support of our employers, we could not run this retirement plan effectively," Mueller said.

CEM stated in its findings, "In summary, your administration cost

was the lowest of your peers. This was particularly impressive given your above peer median Total Service and Total Work Scores."

You can read the entire 2004 report at www.ipers.org.



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No contribution rate change this year for regular members

The bill that increased the contribution rate for regular IPERS members, House File (HF) 729, stalled in the Senate amid disagreement of what percentage of the contribution employers and employees each should pay. Although the Legislature had not adjourned at press time due to ongoing negotiations on the State budget, additional action on the IPERS bill is not expected this year. The bill remains eligible for debate during the 2006 Session of the 81st Iowa General Assembly.

Read more about the IPERS legislation inside this issue.

From Donna M. Mueller, CEO: Thanks for supporting IPERS legislation



If all clouds have silver linings, we can thank employers for shining during a stormy legislative session. The Benefits Advisory Committee's

(BAC) recommendation for a contribution rate increase to make the IPERS fund actuarially sound was blocked in the Senate for the second year in a row. However, I am thankful for the support we received from employers during the deliberations.

BILL STOPS IN SENATE

Unfortunately, after the House passed HF 729 by a vote of 94-5, the Senate was

unable to agree on how the increase—0.5 percentage point each year for 8 years—would be split between employers and employees. The House bill continued the sharing arrangement of approximately 60 percent of the contribution paid by employers and 40 percent by employees.

Senate Democratic leadership signaled a willingness to pass the House version. The Senate Republican leadership wanted the increase to be born by the employees until the final contribution rate is split 50-50 between employees and employers.

The Benefits Advisory Committee discussed the contribution split several times during the session, including the possibility of sharing the increase 50-50, but decided to

uphold their recommendation of retaining the current 60-40 split. The BAC has spent much time reviewing options after listening to the views and needs of employees, employers, and retirees. They continue to work hard to represent their constituents, and I am honored to work with them.

HF 729 ELIGIBLE FOR CONSIDERATION NEXT YEAR

Because 2005 is the first session in a two-year General Assembly, next year HF 729 picks up where it left off. Be sure to let the employer representatives on the BAC, as well as the other members, know how you feel. And please join me in thanking them for all of their hard work.

IPERS addressed in HF 729

HF 729 IN THE HOUSE

HF 729, as passed by the House, addressed two public pension systems in Iowa: 1) IPERS and 2) Judicial Retirement.

The House bill increases the IPERS contribution rate by 0.5 percent a year for 8 years. In 2014, the total contribution rate would be 13.45 percent, with employees paying 5.3 percent of their covered wages for IPERS and employers paying 8.15 percent.

Increases in contribution rates between FY2006 and FY2014 would be suspended if IPERS' funding status improves so that the unfunded actuarial liability (UAL) can be amortized within 10 years.

HF 729 IN THE SENATE

The Senate discussed amendments to the House version, including, for new IPERS members, increasing the retirement age to 62 and using the average of the highest 5 years of wages to figure the monthly annuity. The benefit changes were dropped, but the Republican leadership continued throughout the session to insist that the employees' share of contributions increase to 50 percent.

In the 50-member Senate, 25 Republicans and 25 Democrats share power.

The **UAL** represents the System's accrued liability that exceeds current assets. Although it is not unusual for retirement systems to have a UAL, IPERS' UAL is a concern because contributions and investment income are not sufficient to address it. The FY2004 contribution rate for regular members was only 90.9 percent of the actuarially required contribution.

STUDY BY PUBLIC RETIREMENT SYSTEMS COMMITTEE

HF 729 also includes a study by the Legislature's Public Retirement Systems Committee of alternative plans to IPERS. This ten-member committee of State senators and representatives is a permanent committee. It meets between sessions of the Legislature, typically in the fall. The committee is charged with reviewing policy issues for all of Iowa's public retirement systems, including IPERS.

Coming in the Summer edition of Inside IPERS

The facts about the Benefits Advisory Committee's position on HF 729

By Lowell Dauenbaugh



Lowell Dauenbaugh chairs the IPERS Benefits Advisory Committee. He represents the Iowa State Education Association on the BAC and is the association's assistant executive director.

During the legislative debates on HF 729, there was much misinformation about the IPERS Benefits Advisory Committee's (BAC) recommendation to increase contribution rates. The BAC would like to share with you accurate information on which we based our support for the House version of HF 729.

It is NOT TRUE that contribution increases are needed only because of benefit improvements.

IPERS' liabilities are increasing because the membership is aging and retirees are living longer. New employees joining IPERS are older. All added to increased normal costs and the unfunded actuarial liability (UAL).

Investment returns slumped during the bear market years. These losses are spread over several years and continue to affect IPERS' funding status.

Benefit changes are responsible for some of the needed increase. However, IPERS benefits are comparable to those of other public retirement systems and those of large employers. They are not "Cadillac" benefits.

The UAL will continue to increase because current contributions are not enough to pay even the interest on the UAL. The contributions certified by IPERS' actuary represent what IPERS must collect to pay interest and enough of the principal to amortize the UAL over 30 years.

It is NOT TRUE that employees are unwilling to share in the increased costs.

Employee members of the BAC and the associations they represent voted to support the contribution rate increase. Under the BAC recommendation, employees and their employers would continue to share responsibility for paying contributions. The 40-60 split recommended by the BAC merely continues the current relationship.

Read the full story in this summer's Inside IPERS, coming at the end of June. If you do not get the IPERS newsletter for members and would like us to add you to the mailing list, call 515-281-0020 or 1-800-622-3849 and ask for Melinda Prince or Lindsey Tharp.

Benefits Advisory Committee has employer representation

The law requires employer representation on the Benefits Advisory Committee. The employer representatives are:

- Mollie Anderson (Iowa Department of Administrative Services)
- Len Cockman (Iowa Association of School Boards)
- Dr. Gene Gardner, Vice Chair (Iowa Association of Community College Trustees)
- Jim Maloney (Iowa Association of Counties)
- Alan Kemp (Iowa League of Cities)

Other members on the committee are:

- Lowell Dauenbaugh, Chairperson (Iowa State Education Association)
- Dr. Gaylord Tryon (School Administrators of Iowa)
- Walt Galvin (Retired School Personnel Association)
- Bill Sage (Sheriffs and Deputy Sheriffs' Association)
- Heather Stubbe (State Police Officers Council)
- Roger Muri (Iowa Association of Chiefs of Police)

- Janie Garr (IPERS Improvement Association)
- Stan McElderry (American Federation of State, County, and Municipal Employees)

Contact information, committee minutes, and other committee information are available at www.ipers.org under the *About IPERS* tab.

Group presentations, recommended for new IPERS members and those with several years in the retirement plan, provide an overview of IPERS and answers to general questions. No registration is required. Group presentations are not held at all locations. Check our Web site at www.ipers.org for updates.

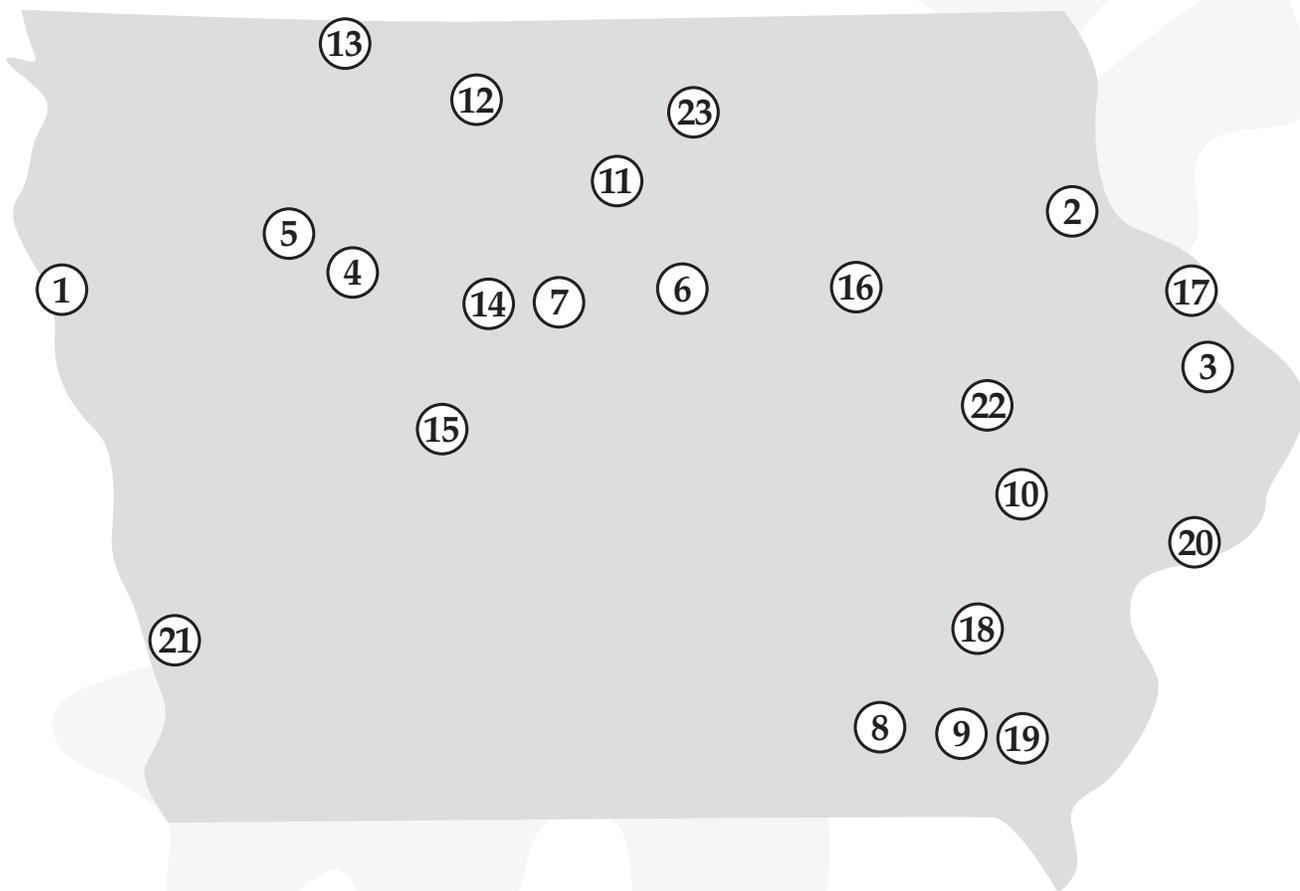
Individual consultations are open to all IPERS members but are most beneficial to members retiring in three to five years. IPERS representatives will provide projections of your benefits and discuss your options and advantageous retirement dates. **Appointments are required** and are scheduled every half hour throughout the day and evening. To schedule an individual consultation, call IPERS at 1-800-622-3849. Evening sessions fill up fast, so call early for an appointment. You will receive a letter confirming your appointment.

If you are unable to get an appointment this visit and are retiring before the next scheduled visit in approximately six months, call IPERS at 1-800-622-3849 to speak with a retirement benefits officer. We can counsel you over the phone, mail benefit projections to you, and schedule an appointment for you at our Des Moines office.

- ① **SIoux CITY—JULY 11–14, 2005**
Western Iowa Tech. Community College
4647 Stone Avenue
GROUP PRESENTATION
July 11, 6:30 p.m., Building A, Rm. 920
INDIVIDUAL CONSULTATIONS
July 12–14, Building B, Rm. 127b & 129b
- ② **ELKADER—JULY 25–26, 2005**
Keystone Area Education Agency
1400 Second Street Northwest
GROUP PRESENTATION
July 25, 6:30 p.m.
INDIVIDUAL CONSULTATIONS
July 25–26
- ③ **MAQUOKETA—JULY 27–28**
Jackson County Offices
201 West Platt Street
GROUP PRESENTATION
July 27, 6:30 p.m.
INDIVIDUAL CONSULTATIONS
July 27–28
- ④ **STORM LAKE—AUGUST 1–3, 2005**
Buena Vista Regional Medical Center
1525 West Fifth Street
INDIVIDUAL CONSULTATIONS
- ⑤ **CHEROKEE—AUGUST 4, 2005**
Cherokee Community Center
530 West Bluff Street
INDIVIDUAL CONSULTATIONS

- ⑥ **IOWA FALLS—AUGUST 10, 2005**
Ellsworth Municipal Hospital
110 Rocksylvania Avenue
INDIVIDUAL CONSULTATIONS
- ⑦ **WEBSTER CITY—AUGUST 11, 2005**
Hamilton Hospital
800 Ohio Street
INDIVIDUAL CONSULTATIONS
- ⑧ **OTTUMWA—AUGUST 29–30, 2005**
Southern Prairie Area Education Agency 15
2814 North Court Street
INDIVIDUAL CONSULTATIONS
- ⑨ **FAIRFIELD—AUGUST 31–SEPTEMBER 1, 2005**
Jefferson County Hospital
400 Highland Street
INDIVIDUAL CONSULTATIONS
- ⑩ **IOWA CITY—SEPTEMBER 7–9, 2005**
GROUP PRESENTATION
Robert A. Lee Community Rec Center
220 South Gilbert Street
Sept. 7, 6:30 p.m.
INDIVIDUAL CONSULTATIONS
Conference Center (City Hall)
410 East Washington
Sept. 7–9
- ⑪ **CLARION—SEPTEMBER 14, 2005**
Wright County Courthouse
115 North Main Street
INDIVIDUAL CONSULTATIONS
- ⑫ **ALGONA—SEPTEMBER 15, 2005**
Kossuth Regional Health Center
1515 South Phillips Street
INDIVIDUAL CONSULTATIONS
- ⑬ **SPIRIT LAKE—SEPTEMBER 19–20, 2005**
Lakes Regional Healthcare
2301 Highway 71
INDIVIDUAL CONSULTATIONS
- ⑭ **FORT DODGE—SEPTEMBER 21–22, 2005**
Prairie Lakes Area Education Agency 8
1235 Fifth Avenue South
INDIVIDUAL CONSULTATIONS
- ⑮ **JEFFERSON—SEPTEMBER 23, 2005**
Greene County Agricultural Extension Service
104 West Washington
INDIVIDUAL CONSULTATIONS
- ⑯ **WATERLOO—SEPTEMBER 26–29, 2005**
Hawkeye Community College
Tama Hall
1501 East Orange Road
GROUP PRESENTATION
Sept. 26, 6:30 p.m., Rm. 107A
INDIVIDUAL CONSULTATIONS
Sept. 27–29, Rm. 102 & 103

NING SUMMER/FALL 2005



- 17 DUBUQUE—OCTOBER 3–6, 2005**
 Dubuque Community School District
 The Forum
 2300 Chaney Road
 INDIVIDUAL CONSULTATIONS
- 18 WASHINGTON—OCTOBER 12, 2005**
 Washington County Hospital
 400 East Polk Street
 INDIVIDUAL CONSULTATIONS
- 19 MOUNT PLEASANT—OCTOBER 13, 2005**
 Henry County Health Center
 407 South White Street
 INDIVIDUAL CONSULTATIONS
- 20 BETTENDORF—OCTOBER 24–27, 2005**
 Area Education Agency
 729 21st Street
 GROUP PRESENTATION
 Oct. 24, 6:30 p.m.
 INDIVIDUAL CONSULTATIONS
 Oct. 25–27
- 21 COUNCIL BLUFFS—OCTOBER 31–NOVEMBER 3, 2005**
 Public Library
 400 Willow Avenue
 GROUP PRESENTATION
 Oct. 31, 7 p.m.
 INDIVIDUAL CONSULTATIONS
 Nov. 1–3
- 22 CEDAR RAPIDS—NOVEMBER 14–17, 2005**
 GROUP PRESENTATION
 Grant Wood Area Education Agency
 4401 Sixth Street Southwest
 Nov. 14, 6:30 p.m.
 INDIVIDUAL CONSULTATIONS
 MainStay Suites
 5145 Rockwell Drive
 Nov. 15–17
- 23 MASON CITY—DECEMBER 5–8, 2005**
 North Iowa Area Community College
 500 College Drive
 Activity Center
 GROUP PRESENTATION
 Dec. 5, 6:30 p.m., Rm. 101
 INDIVIDUAL CONSULTATIONS
 Dec. 6–8, Rm. 212 & 213

It's not too late!

Sign up for IPERS Employer Training

June 2005 Annual Update

Hear about legislative and administrative rules and procedural changes taking effect and get answers to the most frequently asked questions about IPERS coverage, like how employer contributions to cafeteria plans are treated. This training is for employer reporting officials AND anyone else who needs to stay up to date on IPERS. You can find more information about the training and an enrollment form in the *Employer Publications* section of www.ipers.org.

CLINTON—JUNE 14, 2005

Clinton High School
817 Eighth Avenue South
1 p.m.–4 p.m.

MISSOURI VALLEY—JUNE 14, 2005

Rand Community Center
100 South Fourth Street
1 p.m.–4 p.m.

MANCHESTER—JUNE 15, 2005

West Delaware High School
701 New Street
9 a.m.–noon

IDA GROVE—JUNE 15, 2005

Community Center
403 Third Street
9 a.m.–noon

CHARLES CITY—JUNE 16, 2005

Charles City Middle School
500 North Grand Avenue
9 a.m.–noon

MILFORD—JUNE 16, 2005

Community Center
806 North Avenue
9 a.m.–noon

DES MOINES—JUNE 21, 2005

IPERS' Office
7401 Register Drive
9 a.m.–noon

DES MOINES—JUNE 21, 2005

IPERS' Office
7401 Register Drive
1 p.m.–4 p.m.

CRESTON—JUNE 21, 2005

Southwestern Community College
1501 West Townline Street
1 p.m.–4 p.m.

DES MOINES—JUNE 22, 2005

IPERS' Office
7401 Register Drive
9 a.m.–noon

DES MOINES—JUNE 22, 2005

IPERS' Office
7401 Register Drive
1 p.m.–4 p.m.

OTTUMWA—JUNE 22, 2005

Indian Hills Community College
623 Indian Hills Drive
9 a.m.–noon

NORTH LIBERTY—JUNE 23, 2005

Community Center
520 West Cherry Street
9 a.m.–noon

Help your employees get IPERS service credit for active military duty

Under federal and state law, your employees have a right to get free IPERS credit for what they would have earned at their IPERS-covered job if they had not been called to active duty.

Employees that left from and returned to any IPERS-covered job within 12 months of their release from active military duty are eligible. Employers are responsible for completing the Application for

Free Military Credit and sending it to IPERS. IPERS will determine eligibility under federal and state law and record earned credit.

Employees also have an option to pay contributions that weren't paid during active duty.

Paying contributions may help if:

- They want a refund.
- They want to maximize death benefits.

Encourage your employees to call IPERS to find out if paying contributions is best for them. For more information, go to www.ipers.org/formsemployers.htm.

The Application for Free Military Credit and the Application for Military Leave Contributions are available at www.ipers.org.

HELP DESK

Q & A

Q. What is "seasonal help"?

A. Employees who only work during a specific time, such as lifeguards in the summer or snow removers in the winter, are seasonal employees.

Q. Do seasonal employees have IPERS contributions deducted from their pay?

A. Maybe, depending on the length of employment and wages of the employee.

- You must deduct IPERS contributions for permanent part-time employees, who are those hired for a time period expected to be six months or longer. For example, many golf course employees are hired for April through October, which is more than six months.
- However, most seasonal employees are hired with the expectation that the employment will be temporary, or less than six months. These employees will only have IPERS contributions deducted if they qualify for coverage under IPERS law.

Q. How do temporary employees qualify for coverage?

A. Temporary employees qualify for coverage when they earn \$300 or more per quarter in two consecutive quarters. IPERS deductions begin at the start of the quarter following the quarter during which they become qualified.

Q. Does the employer have to go back and cover the qualifying quarters?

A. No. Those quarters are not covered for IPERS' purposes.

Q. Does the employee have to earn more than \$300 after the employee has qualified for IPERS coverage?

A. No. After employees qualify for coverage it does not matter how much they earn; IPERS contributions are still deducted.

Q. After employees qualify for coverage, are they always covered?

A. Employees should have IPERS contributions deducted until they terminate employment or go four consecutive quarters without working for the employer. In both of these situations, employees would have to requalify upon their return to employment. Many seasonal employees are terminated at the end of each season and never have IPERS contributions withheld, because each termination occurs prior to having qualified for coverage.

Other questions?

E-mail

employerrelations@ipers.org

Phone (7:30 a.m. to 5 p.m.)

515-281-0020

1-800-622-3849

(Ask for a member of the Employer Relations Team)

Fax

515-281-0053

Web site

www.ipers.org

(Select the *Employers* tab)

The Latest Word is published quarterly by the Iowa Public Employees' Retirement System for participating employers and others interested in IPERS policy and funding.

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515-281-0020

PHONE CENTER HOURS
7:30 a.m.-5 p.m.

OFFICE HOURS
8 a.m.-4:30 p.m.

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Governor announces Iowa Public Meeting Calendar

Governor Tom Vilsack in May announced the unveiling of a public meeting calendar at the State of Iowa homepage (www.iowa.gov).

The new calendar provides detailed information about public meetings and events being held by many state government agencies. The calendar posts meeting details, locations, times, and agendas. Users can search by keyword or by state agency.

"State government has a responsibility to make it as easy as possible for Iowans to stay informed about what's going on at the state level," said Governor Vilsack. "We have created a one-stop shop for finding meeting

information so Iowans have an opportunity to stay involved in what state government does."

State agencies, including IPERS, enter information about the event or meeting, such as its location, date, and time, with a link to agendas or more detailed information. The calendar is voluntary for state agencies and supplemental to the public meeting notices and laws. It does not replace public meeting notices printed in newspapers.

While visiting the State of Iowa Web site, be sure to check out the *Results Iowa* link. You can review performance measures for IPERS and other state agencies.

To find information about public meetings and events:

- Go to www.iowa.gov.
- Select *Public Meeting Calendar* at the top of the State of Iowa homepage.
- Enter a keyword in the calendar search space and all meetings with that word will pop up.
- Click on the Search button and all calendar events will display.
- Today's events will display automatically.
- Search archived events by checking the Archive button on the calendar.
- Select a specific state agency to find meetings posted by that entity.

THANKS FOR YOUR HELP!

About ten percent of IPERS employers took part in a telephone survey designed to help us improve the information and support we provide to you. IPERS members and elected officials also participated in the study. We will share the results with you when the study is complete.