

PENSIONERS' POST

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Legislative Highlights - 2000 Session

By Greg Cusack
Chief Benefits Officer

In the session just ended, the Iowa General Assembly enacted numerous changes (through Senate File 2411) to IPERS' benefit structure. [The bill in its entirety can be found on the General Assembly's web site (www.legis.state.ia.us/). IPERS has a section by section description of this bill on our web site (www.state.ia.us/idop/legislationchangeshome.htm).] The following is a summary of major provisions in that bill:

➤ Changing the Future Calculation of Cost of Living Adjustments

Under current law, *Cost of Living Adjustments* (COLAs) provided for members who retired prior to July 1990 are calculated at 80% of the Consumer Price Index (CPI). *Favorable Experience Dividends* (FED) paid to persons retired at least one calendar year who began retirement after June 1990 have also been pegged to the same standard. Under the new law, future payments (beginning this November for the COLAs and next January for the FED) will be calculated at 100% of the CPI. [Please note that the law retains the 3% annual ceiling on maximum COLAs and FEDs.] *For more detailed information on this change, please see the separate article in this newsletter.*

➤ Raising the Ceiling on the Amount of Reemployment Wages Permissible

Mirroring similar restrictions in the federal Social Security program, IPERS has long had a "reemployment wage ceiling" for retirees younger than 65 who return to public employment after retirement. Currently, the Iowa Code sets \$12,000 as the figure above which for each additional \$1.00 earnings the reemployed member's benefit is reduced \$.50. The new law raises this figure modestly to \$14,000.

➤ Changes in Bona Fide Requirements Effective July 1, 2000

Benefits: A member terminating public employment and wishing to begin retirement benefits must be out of **all** employment with a covered employer for one month, and then out of **all covered** employment for three additional months. [Current law requires being out of **all** employment for four months.] Since temporary employment of six months or less is not considered "covered" employment, employers may reemploy a recently retired member as a **true** temporary employee after waiting only one month.

Refunds: A member terminating public employment and wishing to receive a lump sum refund cannot accept other covered employment within four months after receiving the last payment of wages for covered employment or begin covered employment prior to filing a refund application.

➤ Calculation of Benefits for "Higher Paid" Members

As part of the conditions for lifting the "covered wage ceiling" in 1996, the Legislature imposed a multi-year formula upon IPERS' members who were "higher paid." This was done to avoid "windfall" payouts as a consequence of eliminating the covered wage ceiling. Under current law, the "higher-paid" (those earning in excess of \$55,000 annually) would have their benefits calculated using a seven-year (versus the normal three-year) average. Adding insult to injury (from their perspective), three of those years were the last three covered wage years! Under this year's legislation, the standard of "higher paid" is raised \$10,000 each January (allowing those who fall under that criterion to have a three-year average used), the average is kept at six (rather than seven) years, and all return to a three year average in 2002, rather than 2003 under current law.

➤ Elected Officials' Retirements

As you might recall from last summer, local elected officials who wish to retire from their full-time IPERS covered employment currently have to *resign* from their elected offices to do so. Effective July 1, 2000, these part-time elected officials will be able to terminate their full-time IPERS covered positions and retire without having to resign from their part-time elected positions.

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Move to New Headquarters Building

By Dave Cook

As you are aware, IPERS is moving to a new headquarters building during August. We are excited about this opportunity and believe that this new facility will enable us to serve you better. We anticipate completion of the move at the end of August.

The building IPERS purchased is located near the new Des Moines Register newspaper production facility. Our address will be 7401 Register Drive. The post office box will remain the same. Our mailing address is:

IPERS
PO Box 9117
Des Moines IA 50306-9117

All of the telephone numbers that you use to contact us will remain the same as will our fax numbers. You may also continue to send e-mail to the same e-mail address: info@ipers.state.ia.us

Please be aware that although this is a substantial move, we will continue to serve you, our members, as quickly and efficiently as possible during this time. We do not anticipate delays in processing member requests, but unfortunately this may happen. If you do encounter delays, please be patient and we will process your requests just as soon as possible.

We've included directions for those who wish to visit us in September after our move is complete. Please be aware that road construction in the area south of Des Moines may force revision of these directions at a later date, and you could expect some delays in traveling.

The photo below is the outside of the building before IPERS began remodeling. We purchased the building from Data Input, Inc., which is why their name remains on the building at the time of the photo. By September the building will clearly be signed for IPERS. We also anticipate new paint and accent colors before the move, so the building will not look exactly like the photo.



Outside view of new IPERS Headquarters before remodeling

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Legislative Highlights - 2000 Session
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➤ **Providing Major Benefit Changes for Public Safety Employees**

This provision gives IPERS' special service groups (those in public safety occupations) disability benefits similar to those enjoyed by those public employees covered by the Municipal Fire and Police Retirement System of Iowa and the Peace Officers Retirement System, effective July 2000. In addition, the following will be achieved over the next three years for members in protection occupation positions:

- ✓ Equalize number of years required to establish 60% formula at 22 years
- ✓ Provide credit for a maximum of eight years of service beyond 22 years
- ✓ Provide same credit per year of service beyond 22 years at 1.5%

The Legislature also provided these same persons with a \$100,000 *in-service* death benefit in cases where members died in the line of duty (as was the tragic case of the three Keokuk firefighters last December).

➤ **Special Studies for the Year Beginning July 1, 2000**

The Legislature often assigns "special study" tasks to IPERS concerning issues about which the Legislature has great interest and/or intends to pursue enacting. This year proved to be no exception. We have been asked to carefully consider how IPERS can assist our members attain greater "portability", both *into* as well as *out of* IPERS. For the former, for instance, we have been asked to specifically investigate offering IPERS' eligible time for *private* employment. For the latter, we will be looking at ways in which *defined contribution* type plans - either as an alternative or as part of our core offering - might deliver added value to our members. We will keep you informed as to the progress of these studies, and of our eventual reports to the Legislature, in future issues of this newsletter.

➤ **Implementation of Changes**

As you can imagine, making these changes - to our publications and forms as well as in our computer system's logic paths - is a time consuming process. As you read this, know we have been working on these issues for many weeks. Please be patient with us as we do our best to bring "on-line" these many changes in a manner that is useful and convenient for you, and accurate for us.

➤ **Future Legislation**

It is never too early to begin considering those areas of future possible benefit enhancements which our members believe it important we pursue. If you have any suggestions for us, please drop me a line at IPERS.

➤ **Thanks to Key Players**

Last, but not least, we are very grateful to all who assisted in this process, including the hard-working members of the Constituent Group and IPERS' staff. Special thanks are due Senator Sheldon Rittmer, chairman of the Senate State Government Committee, and Representative Mona Martin, chairwoman of the House State Government Committee, upon whose expert shoulders fell the burden of ferrying this bill safely through the legislative process. Senator Jack Kibbie and Representative Rick Larkin, ranking members of these same committees in their respective chambers, were also vital players contributing substantially to the content of the bill.

Move to New Headquarters Building
Continued from page 1

How do I get there?

If arriving from north of Des Moines:

Take I-35 south until the intersection with I-80 and I-235. Go west on combined I-35 and I-80 and then continue south on I-35 past the western suburbs of Des Moines. Continue south of Des Moines and get off at the Iowa 5 (Army Post Road) exit. Take Iowa 5 east to Iowa 28 and then continue to follow Iowa 5 east approximately ¼ mile from the Iowa 28 intersection. The Des Moines Register production facility is at the corner of Iowa 28 and Iowa 5 (which is also Army Post Road) and the new IPERS building is just to the east on Register Drive. Register Drive will be the first road to the south after the Iowa 5 and Iowa 28 intersection.

If arriving from south of Des Moines:

Take I-35 north until the intersection with Iowa 5 (Army Post Road) exit. Take Iowa 5 east to Iowa 28 and then continue to follow Iowa 5 east approximately ¼ mile from the Iowa 28 intersection. The Des Moines Register production facility is at the corner of Iowa 28 and Iowa 5 (which is also Army Post Road) and the new IPERS building is just to the east on Register Drive. Register Drive will be the first road to the south after the Iowa 5 and Iowa 28 intersection.

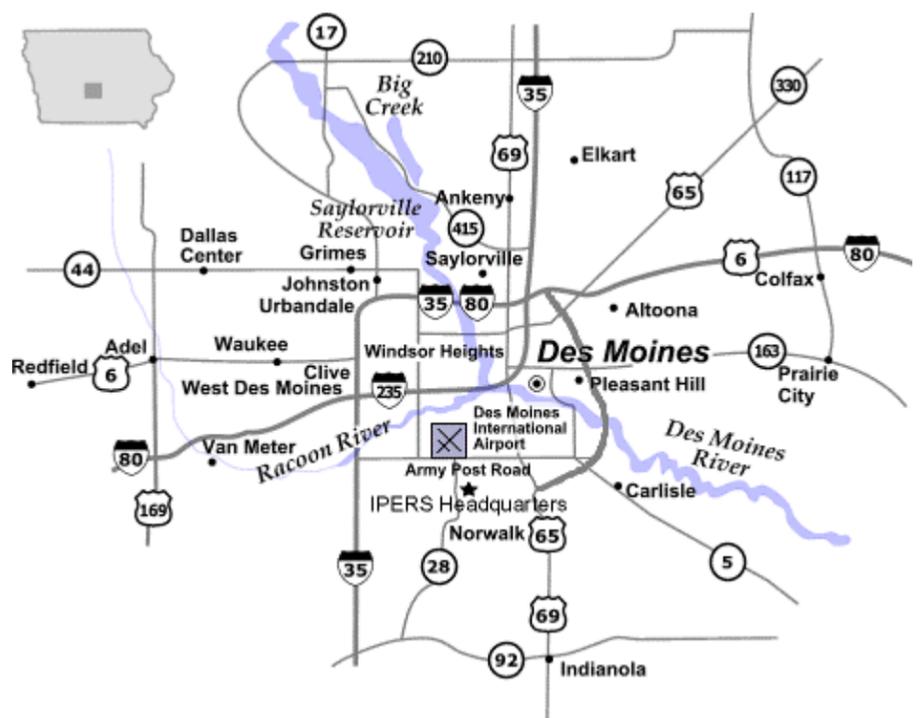
If arriving from the west:

Take I-80 east until the intersection with I-35. Take I-35 south and continue south of Des Moines until the Iowa 5 (Army Post Road) exit. Take Iowa 5 east to Iowa 28 and then continue to follow Iowa 5 east approximately ¼ mile from the Iowa 28 intersection. The Des Moines Register production facility is at the corner of Iowa 28 and Iowa 5 (which is also Army Post Road) and the new IPERS building is just to the east on Register Drive. Register Drive will be the first road to the south after the Iowa 5 and Iowa 28 intersection.

If arriving from the east you actually have two routes to get to the IPERS building:

- 1) Take I-80 west until the intersection of I-35, continue west on the combined I-80 and I-35 route and follow the description as provided above as if arriving from the north; or
- 2) Take I-80 until the intersection of US 65 and then take US 65 south until the Iowa 5 intersection. Continue west on Iowa 5 (which is also Army Post Road) until near the intersection of Iowa 28. You will have to go about one mile west of the Des Moines International Airport from the Fleur Drive intersection. Register Drive will be the last road to the south before the intersection of Iowa 28 and Iowa 5 (Army Post Road).

We look forward to serving you at our new location!



Area Map

Cost of Living Payments to IPERS' Retirees

By Greg Cusack
Chief Benefits Officer

I am pleased to report to you the results of IPERS' payments to retirees designed to supplement their monthly retirement payments. In accordance with current law, IPERS makes two forms of supplemental distributions to retirees.

➤ Cost of Living Adjustments (COLAs) – to Pre-July 1990 Retirees

Many years ago, the Legislature directed that IPERS commence making special ad hoc dividend payments to those who had been retired the longest. Over the years, four distinct dividend groups were established. All who had retired before July 1990 receive these dividends, which IPERS is now authorized to calculate and increase annually. These payments are made each November.

In November 1999, IPERS paid a total of \$15,453,535 in Cost of Living Adjustments to 31,580 retirees. The breakdown in average COLA payments received, by dividend group, is as follows:

- Retired before January 1976: an average payment of \$602.28 to 3,584 persons.
- Retired January 1976 through June 1982: an average payment of \$647.59 to 8,475 persons.
- Retired July 1982 through June 1986: an average payment of \$449.07 to 8,406 persons.

- Retired July 1986 through June 1990: an average payment of \$362.79 to 11,118 persons.

➤ Favorable Experience Dividends (FED) – to Post-June 1990 Retirees

In 1998 the General Assembly passed the new Favorable Experience Dividend program to be paid to all persons, retired at least one full calendar year, whose first month of entitlement to IPERS' benefits was July 1990 or later. These payments are made each January.

In accordance with this new law, IPERS paid \$19,040,547 in its second distribution of Favorable Experience Dividends to 30,943 retirees in January 2000. The average FED was \$615.34.

Only 3,195 of all current retirees did not receive a distribution this past year, due to the recent nature of their retirement (the FED requires that one be retired at least one full calendar year before distributions begin).

➤ Future Distributions

Because of a change we requested which was included in pension legislation passed by the Iowa Legislature this year, future COLA & FED payments will be based upon 100% of the Consumer Price Index for the preceding year (not to exceed 3% annually) rather than the 80% under current law.

Governor Forms Task Force on IPERS' Governance and Structure

By Greg Cusack
Chief Benefits Officer

Governor Thomas Vilsack recently appointed a special task force to examine the "structure and governance" of your retirement system. In opening remarks at the group's first meeting on April 14, Governor Vilsack called attention to the importance IPERS plays in the lives of our 313,000 plus members, including 66,000 retirees. He emphasized that it was imperative that IPERS be positioned in its governance and structure to move into the future with the same understanding and support of its membership, public officials, and general citizenry as it enjoys today. As the fund now stands at over \$16 billion in total assets, and as the bill he just signed adds to the already valuable benefits enjoyed by members of the System, it is an appropriate time to conduct this study in a fair and public manner.

Governor Vilsack appointed a diverse and vigorous task force consisting of 14 members, including four prominent legislators. Joanne Stockdale, past member and chairperson of the IPERS Investment Board, was named chairwoman by the Governor, while Lowell Dauenbaugh of the Iowa State Teachers' Association (and also chairman of the IPERS Constituent Group) was tapped as vice-chairman.

The task force has a challenging schedule before it, with monthly all-afternoon meetings slated through November when its final report to the Governor is to be issued. In addition to Ms. Stockdale and Mr. Dauenbaugh, the other members of the task force are: State Treasurer Michael Fitzgerald; Senators Jack Kibbie and Mary Lou Freeman; Representatives Mona Martin and Rick Larkin; Director of the State's Department of Personnel Mollie Anderson; Jan Cordeman, President of Iowa Council 61 of the American Federation of Federal, State, County and Municipal Employees; Andi Stewart of the League of Iowa Municipalities; Tom Whitson, a Council Bluffs banker and member of the IPERS' Investment Board; Marilyn Peters, Clinton County judicial advocate; R. Craig Shives, a Des Moines pension attorney; and Jerry Nissen of the Iowa Western Community College.

IPERS MEMBER ADDRESS CHANGE FORM

(If change in name or beneficiary, please use IPERS Membership Information and Beneficiary Designation form.)

Please complete and return this form only if you have a change of address.

PLEASE PRINT IN INK OR TYPE

Your Social Security number: - -

Name: First _____ MI _____ Last _____

Address: _____

City: _____ State: _____ Zip: _____ - _____

Phone: Home () _____ Work () _____

New Address Effective: _____

Signature: _____ Date: _____

Mail to: IPERS PO Box 9117 Des Moines IA 50306-9117 or Fax to: (515) 281-0053

------(Cutting Line)-----

AUTOMATIC ELECTRONIC DEPOSIT AUTHORIZATION

Your Social Security number: - -

Address: _____

City: _____ State: _____ Zip: _____ - _____

Signature: _____ Date: _____

Checking

Savings

ATTACH A DEPOSIT SLIP OR VOIDED CHECK HERE

I agree to allow IPERS to correct and recover electronic deposits of IPERS payments hereunder if an error in calculation or other overpayment of IPERS benefits to which I am not entitled occurs, including but not limited to overpayments caused by death or legal incapacity.

Iowa Public Employees' Retirement System

600 East Court Avenue

PO Box 9117

Des Moines IA 50306-9117

Office Hours: 8:00 a.m. - 4:30 p.m.

Phone Center Hours: 7:30 a.m. - 5:00 p.m.

800-622-3849

515-281-0020

Summer 2000

Pensioners' Post
A Newsletter for the
Retired Members of IPERS

Implementing Executive Order No. 8

Agency Plan for Regulatory Review

In October 1999 Governor Vilsack issued a series of executive orders dealing with administrative rules and the administrative rule-making process. As a part of that process, Executive Order No. 8 directed each agency to conduct an intensive review of its administrative rules to identify and eliminate or modify "...outdated, redundant, overbroad, ineffective, unnecessary or otherwise undesirable rules." It is believed that this review and amendment process will save the public and the government money, reduce inconvenience and confusion, and increase public confidence in state government.

Each agency, including the Iowa Public Employees' Retirement System (IPERS), was directed to provide the Administrative Coordinator (Brian Gentry) with its draft Agency Plan for Regulatory Review by March 1, 2000. The Agency Plan must provide a realistic, workable, and effective scheme for the review of agency rules, including a means for public participation in the review process. The final Agency Plan must also state the method by which the agency will determine how well the rules under review meets the following general criteria: need; clarity; legislative intent/statutory authority; cost/benefits; and fairness to those regulated or affected by the rules.

In addition to notices that have been given to Constituent Group representatives and IPERS' staff, IPERS will place articles describing the regulatory review process required under Executive Order No. 8 in each of the following newsletters, including a request for written or oral responses directed to IPERS Administrative Administrator: The Latest Word (IPERS' employers); Inside IPERS (active members); and Pensioners' Post (retirees). The publication schedule for these items is as follows:

The Latest Word: March 2000

Inside IPERS: June 2000

Pensioners' Post: June 2000

In addition to the foregoing publications, IPERS will place this article on its web site, describing the mandated regulatory review. In addition, IPERS' web site will provide links to the Iowa Code and Iowa Administrative Code, and an on-line form for comments pertaining to the described elimination or amendment of undesirable rules. The Administrative Rules Coordinator will review and approve the content of the draft Agency Plan by June 1, 2000. The final Agency Plan will be posted on IPERS' web site when available.

All questions and comments should be directed to IPERS' Administrative Rules Administrator, as follows:

Regular mail: PO Box 9117, Des Moines IA 50306-9117

Oral comments: 1-800-622-3849

Faxed comments: 1-515-281-0055

E-mail: info@ipers.state.ia.us

Beneficiary Designations Require Spousal Consent

By David Martin

Beneficiary designations filed July 1, 2000 or later will require a spouse's signature, if the member is married. It is extremely important that you keep your beneficiary designation current. If you need to change your designation, contact our office for a new form or download one off our web page. IPERS requires **original signatures**; we cannot accept faxed copies or photocopies.

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Number of Phone Calls From Members Continues to Escalate

By Greg Cusack
Chief Benefits Officer

We know that all too many of you have experienced some frustration in trying to contact us by phone in recent months because the phones have been consistently "busy." Phone traffic has increased even more due to recent legislation.

We are experiencing record numbers of members trying to contact us in every conceivable way: by phone, facsimile, mail, and internet. To aid you in getting through to us as quickly as possible, please remember that our busiest times tend to be:

- a) Mondays; and
- b) The first five days of each month.

If your concern is not urgent, you will fare better by not attempting to reach us at those times.

We have made plans to expand our call center with our move to the new headquarters later this summer. While we are striving to meet these increased demands, we will appreciate your patience.