

THE LATEST WORD

June 2004

Official IPERS Information ♦ Retain For Your Records

Iowa Public Employees' Retirement System ♦ PO Box 9117 ♦ Des Moines IA 50306-9117
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Law Changes Affecting IPERS Employers

The 2004 Legislative Session resulted in passage of legislation that will affect IPERS employers. The following is a brief summary of the law changes that will primarily impact employer responsibilities and reporting. IPERS staff is still working through the new legislation and will be sending more detailed information in the near future regarding the new laws and what changes it will mean for IPERS' employers. Employer Bulletins will be sent by IPERS shortly to address in more detail each of the following law changes.

In addition, this legislation will be discussed at the Employer Training sessions being held in June, for which a registration was mailed to all employers in early May. To attend one of these sessions, submit a completed registration form, or contact IPERS' Employer Relations Team for an additional form.

Changes effective July 1, 2004:

Members on unpaid leave may not accrue IPERS credit through temporary employment

A member on an unpaid leave of absence, other than under the Family Medical Leave Act (FMLA), cannot earn IPERS service credit. This is true even if the member temporarily returns to work during the unpaid leave of absence. The member may purchase service credit for the period of the unpaid leave.

Sheriffs and deputy sheriffs get early retirement benefit paid for by higher contributions

The Iowa State Sheriffs' and Deputies' Association asked the Legislature for an early retirement benefit which required increased contribution rates. Because of the necessary additional contributions, it was agreed the employer and member would move to a 50% employer / 50% member split in contributions, from the previous 60% employer / 40% member contribution split.

Effective July 1, 2004, the combined contribution rate for sheriffs and deputies increases to 17.07%. A rate of 12.76% would have been in place without the additional benefit. Member contributions increase to 8.535%. Employer contributions also increase to 8.535%.

The age at which sheriffs and deputy sheriffs with 22 or more years of eligible service first qualify for a retirement benefit is reduced over a five-year period:

- Age 54 effective July 1, 2004
- Age 53 effective July 1, 2005
- Age 52 effective July 1, 2006
- Age 51 effective July 1, 2007
- Age 50 effective July 1, 2008

The amount of the monthly benefit continues to be based on 22 years of service. There was no change to the formula used to determine retirement benefits.

Airport firefighters move to protection occupation rates

Airport firefighters move to the protection occupation group because of the plan changes for sheriffs and deputy sheriffs.

Contribution rates increase, but the increase is less than that for sheriffs and deputy sheriffs. The portion of the contribution paid by members and employers remains the same. The member pays 40% and the employer pays 60%.

Effective July 1, 2004, the combined contribution rate increases to 15.39% instead of 12.76% that was planned for sheriffs, deputy sheriffs, and airport firefighters. Member contributions increase to 6.16%. Employer contributions increase to 9.23%.

Return to work time reduced for licensed health care professionals in some public hospitals

From July 1, 2004 – June 30, 2006, licensed health care professionals in some public hospitals may return to an IPERS-covered employer after one month of separation rather than the four months currently required for a bona fide retirement.

The Iowa Hospital Association proposed the change to address staffing needs. IPERS and the Iowa Hospital Association will report to the Legislature on the use, costs, and benefits of the provision and make recommendations by December 1, 2006.

Increased monitoring so IPERS' members get the benefits they deserve – but no more

IPERS is stepping up efforts to identify when wages are being manipulated to increase a member's benefits above what they should be eligible for. Wage manipulation hurts all members and employers who fairly report wages.

A change in the schedule of when wages are paid or an increase in wages of 10% or more between any two consecutive years may trigger a review. IPERS may refer cases of wage manipulation to the state auditor and to law enforcement for prosecution.

Law Changes Affecting IPERS Members

The 2004 Legislative Session resulted in the following law changes that will affect IPERS members. Information will be distributed to members through the active member newsletter, *Inside IPERS*. We also encourage you to copy and share this information with your employees.

Changes effective July 1, 2004:

Lower pension due to reduced hours or layoff can be avoided

A member whose wages are reduced due to a reduction in hours or lay-off may replace contributions to IPERS that would have been paid on the higher wages. This provision, first adopted several years ago when public employers began reducing their workforces, was extended through June 30, 2005. Affected members in the final years of employment avoid lower lifetime benefits by taking this action.

Retroactive benefit payments end

IPERS will no longer pay benefits retroactive to a date that precedes the application date. This change does not affect disability benefits.

Mandatory lump sum payment replaces small monthly benefits

New retirees and beneficiaries must receive a lump sum payment if their monthly benefit payments would be less than \$50/month or \$600/year. They no longer have the option to receive a monthly benefit payment. This change will not affect those currently receiving benefit payments of less than \$50 a month.

Mandatory lump sum payment for second retirement

Retired members who return to work, earn additional benefits, and then retire again must decide what to do with the additional benefits earned if they are less than \$600/year. Members may choose to increase their monthly payment or receive a lump sum payment.

If the member does not take action within one year from the last quarter of covered wages, IPERS will make a lump sum payment and close the reemployment account. Members have sixty days to restore the account after the mandatory payment is made, if they wish.

Changes effective July 1, 2005:

Electronic deposits free; charge for paper checks

IPERS will charge processing fees to cover the administrative costs of issuing paper benefit checks. Electronic deposits will continue to be free.

Inactive members must have four years of service to be vested

Inactive members can no longer become eligible for vested member benefits merely by reaching the age of 55. Inactive members who are not vested remain eligible for a death benefit.

Beneficiaries of inactive members may receive a lump sum determined by a formula that includes how much the member contributed to IPERS, years of service, highest year's salary, and other factors. Beneficiaries no longer have the option of receiving a benefit based on the present value of the member's accrued benefits at death.

Changes effective no later than July 1, 2006:*

Account maintenance and cleanup returns funds to Iowans

IPERS will close accounts with balances of less than \$3,000 that have been inactive for more than 5 years by making payments to members or their beneficiaries. Members and beneficiaries have 60 days to restore the account.

In addition to reducing administrative costs, up to \$15 million could be returned to former members, many who live in Iowa.

***IPERS may adopt administrative rules to implement the change before this date.**

Upcoming IPERS Employer Presentations

IPERS' Employer Relations Team welcomes the opportunity to speak to employer groups and organizations about issues pertinent to employers and those responsible for IPERS reporting. If you feel such a presentation could assist your organization, please contact IPERS' Employer Relations Team to arrange for a speaker. Presentations already scheduled for 2004 include:

- June 3: Central Iowa Chapter of American Payroll Association, Statewide Spring Conference. Airport Holiday Inn, Des Moines.
- July 22: Iowa Municipal Clerks' Institute. Quality Inn & Suites, Ames.
- September 24: Iowa League of Cities, Annual Conference. Sioux City Convention Center, Sioux City.
- October 20: Golden Circle Municipal Officers Association, West Des Moines.

Enrolling Employees Online

You don't have to wait for the wage reporting process to enroll your employees online using the IPERS Connection Online (ICON) system. You may enroll an employee any time using the Member Maintenance selection on the ICON Main Menu. There are also links to enrolling on the wage reporting screens.

The combination enrollment and beneficiary form may then be returned by your employees directly to IPERS at any time.

Problems Logging On?

If you are having trouble logging on to ICON, call Melinda directly at (515) 281-0033.

Why Wait Five Days?

Those of you who are using the ICON system to report wages are asked to wait 5 days after mailing the last contribution check for the quarter before reporting the quarter's wages on-line. This allows sufficient time for the check to arrive and be applied to an employer's account before the computer system receives the wage report, figures the employer liability, and compares it to the amount of money received.

If the wage report arrives before the final check, the computer system generates a debit owed by the employer. Unless the employer notifies IPERS of the debit, IPERS staff would not know to apply the final check to the debit owing.

The ICON Team will be working on possible solutions to the inefficiencies this creates for the employer. We look forward to the long-term solution of being able to receive payments from employers through the ICON system using e-check.

Underpayment or Overpayment?

IPERS staff is often asked for help from employers as to why they have an underpayment or overpayment either pending on the ICON system or present in the Debit Credit Memo Statement received.

On the Employers Home Page of IPERS Web site, www.ipers.org, there is a resource called FAQ, Frequently Asked Questions. Among these questions and answers there is a list of things to check to help you figure out why you may have an over- or underpayment.

This will often help the employer resolve problems. If not, feel free to call Monica McAninch at (515) 281-0091.

Save Those Attachments

Employers enrolled in ICON get confirmations via e-mail when their wage reports have been completely processed. These e-mails contain attachments that contain remittance advices that the employer needs for an upcoming quarter and Debit Credit Memo Statements, when applicable.

Be sure to download these attachments for your use before deleting the e-mail. These documents will not be sent to you in paper form. Saving the e-mail electronically or forwarding the e-mail to the appropriate staff person within your organization may assist you in having the documents when you need them.

Reporting Wages Electronically

When producing your wage reports for file transfer using the ICON system or for transferring the data to diskette, it is important to remember that:

- (1) If an employee has no wages for the quarter, the employee should not be in the file at all.
- (2) An employee may be listed only once for each occupation code.

School Cancellations May Affect Retirees' Final Date of Employment

The harsh Iowa winter caused many school districts to cancel classes this past year. If school cancellations caused the school year to be extended, it likely also changed the final date of employment for retiring staff. Such a change in an employee's termination date may result in delayed benefits or a violation of the bona fide retirement rules if employment now extends into the next month.

It is the employer's responsibility to certify a retiree's final date of employment on a retiree's Retirement Benefits Application. If this information was completed for a retiree prior to a school cancellation that caused a change in an employee's final date of employment, please contact IPERS to update the Retirement Benefits Application.

Special Service Rates Change 7/1/04

Effective July 1, 2004, Airport Firefighters will become part of the protection occupation group. This move was included in HF 2262 because the Iowa State Sheriffs' and Deputies' Association and the Legislature agreed on significantly increased contribution rates for sheriffs and deputy sheriffs in return for an early retirement benefit. Protection occupation rates effective 7/1/04, which were announced by IPERS in March 2004, were not affected by this year's legislation. Contribution rates for Regular employees did not change. The new rates are as follows:

	<u>Employer</u>	<u>Member</u>	<u>Total</u>
Sheriffs / Deputy Sheriffs	8.535%	8.535%	17.07%
Protection Occupations	9.23%	6.16%	15.39%

U.S. Postal Service Addressing Standards

To help serve our members better, it is important to ensure that addresses are correctly entered into the IPERS system. Not only does the street, city, state, and zip code need be accurate, but the address must also conform to U.S. Postal Service (USPS) addressing standards. The preferred format is without punctuation.

Acceptable:

123 S. Main St. Apt #101
Anywhere, IA 50101-0123

Preferred:

123 S MAIN ST APT 101
ANYWHERE IA 50101-0123

Note that the preferred address is in upper case letters and that the only exception to no punctuation is the hyphen in the zip code.

For detailed information on USPS addressing standards, you may review Publication 28 by visiting the internet Web site:

<http://pe.usps.gov/cpim/ftp/pubs/Pub28/Pub28.pdf>

or by contacting your local post office and requesting a hard copy version.

By conforming to USPS addressing standards in the IPERS database, information can be distributed to our members with a much higher degree of accuracy.

Employer Training Sessions A Success

Another successful round of training sessions for new reporting officials has been completed. The training sessions were held April 20 and 21 at the IPERS building in Des Moines with approximately 30 new reporting officials from around the state attending. IPERS strongly encourages all new reporting officials to attend a training session to ensure accuracy in reporting which will then ensure that proper benefits are paid to all IPERS members.

Remember that we hold new reporting official training twice a year. The next sessions will be held sometime in October 2004. Watch for registration details in the September 2004 issue of *The Latest Word*.

Welcome!

The Employer Relations Team is pleased to announce the additions of Danielle Huffine and Brian Ball as Retirement Compliance Officers. Danielle and Brian join Linda Guffey, Pat Frette and Melinda Rushing. Danielle joined the team in May 2003 and Brian joined in February 2004. Both will be assisting employers with compliance issues and conducting compliance reviews throughout the state. Welcome, Danielle and Brian!

IPERS would like to take this opportunity to introduce Monica McAninch as the newest Accounting Team member. She joined the Accounting Team in February 2004 after spending the last 5 years in the State Treasurer's Office in the warrant redemption area.

Monica replaces Virginia Ramirez who recently retired from IPERS. Call Monica at (515) 281-0091 for assistance in wage reporting, contributions and ICON-related issues. Welcome, Monica!

PLEASE POST

IPERS RETIREMENT PLANNING SESSIONS AVAILABLE

IPERS WILL BE HOLDING THE FOLLOWING GROUP PRESENTATIONS AS WELL AS INDIVIDUAL RETIREMENT PLANNING SESSIONS THROUGHOUT IOWA OVER THE NEXT SEVERAL MONTHS. GROUP PRESENTATIONS PROVIDE A GENERAL OVERVIEW OF IPERS ALONG WITH ANSWERS TO GENERAL QUESTIONS. INDIVIDUAL SESSIONS PROVIDE MEMBERS WITH THEIR PROJECTED RETIREMENT BENEFITS AS WELL AS OTHER PLAN PROVISIONS. THESE SESSIONS FILL QUICKLY. THOSE INTERESTED IN INDIVIDUAL COUNSELING SESSIONS SHOULD CALL IPERS AT 1-800-622-3849 TO RESERVE AN APPOINTMENT TIME. LOCATIONS AND TIMES ARE LISTED BELOW.

TRAVEL SCHEDULE FOR JULY – DECEMBER 2004

IOWA CITY

CITY OF IOWA CITY
410 WASHINGTON

INDIVIDUAL CONSULTATIONS

JULY 13, 14, & 15, 2004

8:30 A.M. - 6:30 P.M.

GROUP PRESENTATION

JULY 12, 2004 @ 6:30 P.M.

SIOUX CITY

WESTERN IOWA TECH

INDIVIDUAL CONSULTATIONS

JULY 27, 28, & 29, 2004

8:00 A.M. - 6:00 P.M.

BLDG. B, RM. 127A & 127B

GROUP PRESENTATION

JULY 26, 2004 @ 6:30 P.M.

BLDG. A, RM. 920

SHELDON

NORTHWEST IOWA
COMMUNITY COLLEGE
603 W PARK

INDIVIDUAL CONSULTATIONS

AUGUST 10, 11, & 12, 2004

8:30 A.M. - 6:30 P.M.

GROUP PRESENTATION

AUGUST 9, 2004 @ 6:30 P.M.

BLDG. A, RM. 116-119

CEDAR RAPIDS

KIRKWOOD COMMUNITY COLLEGE

INDIVIDUAL CONSULTATIONS

AUGUST 24 & 25, 2004

IOWA HALL - MARLAND RM.

8:30 A.M. - 6:30 P.M.

GROUP PRESENTATION

AUGUST 23, 2004 @ 6:30 P.M.

IOWA HALL - MARLAND RM.

CEDAR RAPIDS CSD ADMIN.

346 2ND AVE SW

INDIVIDUAL CONSULTATIONS

AUGUST 26, 2004

8:30 A.M. - 6:30 P.M.

MUSCATINE

MUSCATINE COUNTY

INDIVIDUAL CONSULTATIONS

SEPTEMBER 14, 2004

9:00 A.M. - 6:30 P.M.

DAVENPORT

SCOTT COUNTY OFFICES
428 WESTERN, 6TH FLOOR

INDIVIDUAL CONSULTATIONS

SEPTEMBER 15 & 16, 2004

8:30 A.M. - 6:30 P.M.

(See Reverse)

DUBUQUE
THE FORUM
2300 CHANEY RD

CALMAR
NORTHEAST IOWA AREA
COMMUNITY COLLEGE

WATERLOO
HAWKEYE COMMUNITY COLLEGE

COUNCIL BLUFFS
COUNCIL BLUFFS PUBLIC LIBRARY
400 WILLOW

BURLINGTON
SE COMMUNITY COLLEGE

MASON CITY
NIACC ACTIVITY CENTER

INDIVIDUAL CONSULTATIONS
SEPTEMBER 27, 2004
2:00 P.M. - 6:30 P.M.
SEPTEMBER 28, 29, & 30, 2004
8:00 A.M. - 6:30 P.M.

INDIVIDUAL CONSULTATIONS
OCTOBER 12, 13, & 14, 2004
WILDER HALL, RM. 101 & 105
8:00 A.M. - 6:30 P.M.
GROUP PRESENTATION
OCTOBER 11, 2004 @ 6:30 P.M.
WILDER AUDITORIUM

INDIVIDUAL CONSULTATIONS
OCTOBER 26, 27, & 28, 2004
TAMA HALL, RM. 101 & 103
8:00 A.M. - 6:30 P.M.
GROUP PRESENTATION
OCTOBER 25, 2004 @ 6:30 P.M.
TAMA HALL, RM. 107

INDIVIDUAL CONSULTATIONS
NOVEMBER 2, 3, & 4, 2004
8:30 A.M. - 6:30 P.M.
GROUP PRESENTATION
NOVEMBER 1, 2004 @ 7:00 P.M.

INDIVIDUAL CONSULTATIONS
NOVEMBER 15, 2004
2:00 P.M. - 6:30 P.M.
NOVEMBER 16, 17, & 18, 2004
8:00 A.M. - 6:30 P.M.
BLDG. 400
PRIVATE DINING RM. A/B

INDIVIDUAL CONSULTATIONS
DECEMBER 7, 8, & 9, 2004
8:00 A.M. - 6:00 P.M.
RM. 212 & 213
GROUP PRESENTATION
DECEMBER 6, 2004 @ 6:30 P.M.
RM. 101