

State of Iowa
1961

Norman A. Erbe, Governor

A HANDBOOK

ON

IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM

Revised to include all Amendments
by the General Assembly

* * *

For the information of Employers and Employees of the
State of Iowa, its Cities, Counties, Townships
and School Districts

* * *

Administered by
IOWA EMPLOYMENT SECURITY COMMISSION

Jerome W. Corbett, Chairman Henry E. Carter, Vice Chairman
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QUESTIONS AND ANSWERS

1. Q. How much will I receive when I retire?

- A. The answer for you depends on four things:
- (1) The number of years of credited prior service you have up to July 1953, if any,
 - (2) The amount of your prior service salary. (See Question 4 for discussion of prior service.)
 - (3) The amount contributed by you and your employer after July 1953.
 - (4) Your age at time of retirement.

2. Q. How can I determine my benefits?

- A. The normal retirement benefit may consist of two parts:
1. An amount for prior service (service before July 1953). (See question 4).
 2. An amount for service after July 1953. (See question 8)

3. Q. How do I qualify for Prior Service?

- A. To receive prior service credit:
- (a) An individual must have been in public employment on the effective date of the Act (July 4, 1953).
 - (b) He must have made contributions under the Iowa Old Age and Survivor Insurance System.
 - (c) He must not have applied for and qualified for benefit payments under the Iowa Old Age and Survivor Insurance System.
 - (d) He must have given written authorization to the Iowa Employment Security Commission before October 1, 1953, to credit the retirement fund with the amount of his contributions which would be subject to claim for refund.

4. Q. How is the prior service benefit figured?

- A. The amount for prior service is equal to $\frac{1}{2}$ of one percent of the highest annual salary prior to July 1953, up to a maximum of \$3,000 in any one year, multiplied by the number of "years of prior service." This amount divided by 12 is the monthly payment.

Example: If an employee has had 24 years of prior service as a public employee and earned as much as \$3,000 in any one year, the amount payable for prior service will be \$240 ($24 \times \frac{1}{2}$ percent of \$3,000), divided by 12, equals \$20 per month. (See Table on page 9.)

5. Q. How do I count my "years of Prior Service"?

- A. You total all periods of service up to July 1953 in which you worked as an employee of the state of Iowa, or one of its cities, counties, townships or school districts. If the fraction of the

total is in excess of an integral number of years and is at least six months, it shall be totaled to be a complete year.

Example: If your total service amounts to 25 years and 6 months, you will receive credit for 26 years of prior service.

6. Q. What about military service?

- A. If you were in public employment immediately prior to your entry into the Armed Forces of the United States and upon release returned to employment with the same employer within 90 days from such release, then you receive credit for your military service.

7. Q. What about counting leave of absence for prior service?

- A. It may be counted as prior service if you did not separate from your work, but were on authorized leave for a period not exceeding 12 months or during such temporary suspension of service that did not terminate your employment.

8. Q. How do I figure my benefit on service after July 1953? (See Table on Page 4).

- A. This is your annuity benefit and is based on contributions paid by you and your employer together with interest that has been credited.

An estimate can be made of the amount of retirement income payable each month beginning at age 65 by using the table that follows the example.

The estimate of monthly retirement income that is obtained by using this table assumes that the employee will continue in public employment until age 65 without any change in salary. Future salary increases up to \$333.33 monthly will result in more retirement income than the estimate that is obtained by using the foregoing table. Future decreases in salary (below \$333.33 monthly) will tend to decrease the amount of retirement income that may be expected.

Example: Employee John Doe was making \$250 per month on July 4, 1953, and was 35 years of age on that date. Assuming that John stays in public employment at that same salary until age 65 and then retires, he will receive approximately \$54.25 ($\$250 \times .217$) monthly retirement income for his service from July 4, 1953, to the time he becomes age 65. This amount, plus whatever amount he is entitled to for prior service, if any, would be his total monthly benefit.

The reason for the difference in benefits between men and women is that actuarial tables show women as having a longer life expectancy than men.

Age on July 4, 1953,
or on date of employ-
ment, if later.

Monthly Retirement Income beginning at
age 65 per \$1.00 monthly salary.

Multiply the appropriate number in this
column by the monthly salary on July
4, 1953, or on date of employment, if later.*

	Male	Female
18	.412	.357
19	.398	.345
20	.385	.334
21	.372	.323
22	.360	.312
23	.348	.301
24	.336	.291
25	.324	.281
26	.312	.271
27	.301	.261
28	.290	.251
29	.279	.242
30	.268	.232
31	.257	.223
32	.247	.214
33	.237	.205
34	.227	.197
35	.217	.188
36	.208	.180
37	.199	.172
38	.189	.164
39	.180	.156
40	.172	.149
41	.163	.141
42	.155	.134
43	.146	.127
44	.138	.120
45	.130	.113
46	.122	.106
47	.115	.099
48	.107	.093
49	.100	.087
50	.093	.080
51	.086	.074
52	.079	.068
53	.072	.062
54	.065	.057
55	.059	.051
56	.052	.045
57	.046	.040
58	.040	.035
59	.034	.029
60	.028	.024
61	.022	.019
62	.016	.014
63	.011	.009
64	.0054	.0046

*If the amount of the monthly salary was more than \$333.33, use \$333.33
to enter the above table.

9. Q. How long will I receive monthly payments?

A. Monthly benefits are payable to you for so long as you shall live. If you should pass away before receiving monthly payments equal to your total contributions, any balance will be refunded to your designated beneficiary, if any, but if none to your estate.

10. Q. Is my benefit reduced by social security?

A. No. The benefits you will receive under the Public Employees Retirement System are completely in addition to any benefits you receive under social security.

11. Q. What happens if I quit my employment before reaching retirement age?

A. If you terminate your employment before meeting the requirements for monthly benefits as indicated in Question 35, you may withdraw all contributions you have paid, plus interest, or if you have at least five years of service, you may leave your contributions in the system and if you return to covered employment within five years you can renew your membership with the same coverage you had at the time your employment was terminated.

12. Q. Must I make my election in writing?

A. No formal action is necessary. The fact that you leave your contributions in the system and do not take a refund is an automatic election and entitles you to the protection of the five-year provision.

13. Q. Will my contributions draw interest while I am not an active member of the system?

A. No. The law provides that your contributions shall not be credited with interest during the period you are not contributing to the system.

14. Q. May I arrange for my dependents to receive benefits?

A. The normal retirement benefit, described in Question 2, provides for monthly payments only during your lifetime.

Under this plan the payments continue as long as you live. If the benefit payments you receive before death do not equal your accumulated contributions, the balance is paid to your beneficiary. If you want to provide for payment of monthly benefits to a beneficiary after your death, you may elect to take a *reduced* benefit to provide that part of your retirement income be continued after your death to a person you select. If so, you may elect, at the time of retirement, one of the following options:

Option 1: A retirement income payable to the member until death with the same amount of retirement continued after his death to a person he selects for so long as that person lives. Selection of the person to whom retirement income is to be continued after the member's death must be made before retirement begins. The foregoing election is null and void if the member dies before retirement.

Option 2: A retirement income payable to the member until his death with one-half of his retirement income con-

tinued after his death to a person he selects for so long as that person lives.

Option 3: A retirement income payable to the member until his death with one-fourth of his retirement income continued after his death to a person he selects for so long as that person lives. (Note: No death benefit after retirement is provided if one of the optional forms of retirement income is elected.)

You, as a retiring member, will determine what option you wish to select. Each option provides in terms of dollars the actuarial equivalent of the normal retirement benefit.

15. Q. Can I receive any disability benefits?

A. No. The law makes no provision for payment of disability benefits. Of course, if you have reached the age of 48 and have had 8 years of service after July 1953, or are 55 years of age, you may begin drawing benefits at age 55 or later. If payments are taken before age 65 they are reduced proportionately.

16. Q. Are there any death benefits?

A. The death benefit consists of a refund of your accumulated contributions plus interest credited. Your accumulated contributions with interest will be paid to your designated beneficiary, if any, but if no beneficiary has been designated, your contributions will be refunded to your estate. If you should die as a retirant, (a person receiving benefits) any accumulated contributions you have made, plus interest, in excess of the amount you received as benefits, will be paid to your beneficiary, or your estate.

17. Q. How do I name my beneficiary?

A. By filing a Designation of Beneficiary, Form IPERS 503, with the Public Employees Retirement System. Forms are available upon request.

18. Q. May I name more than one beneficiary?

A. Yes. You may name as many individuals as you desire as your beneficiary. You should be sure to indicate on the designation how each individual is to share.

19. Q. How much do I contribute?

A. You contribute 3½% of your salary up to \$4,000 per year, or a maximum of \$140.00 during any one year. Your contribution is deducted from your salary check by your employer.

20. Q. Does my employer contribute?

A. Yes. He contributes the same amount as you do.

21. Q. What happens to my contributions?

A. Your contributions and your employer's contributions are forwarded to the Iowa Employment Security Commission for recording in your name and are then deposited with the state treasurer to the credit of the Iowa Public Employees Retirement System. Monies in the retirement fund will be invested and each year 2% interest earnings will be credited to your account.

22. Q. How are the funds in the retirement system invested?

A. Investments are made by the Commission with the assistance of the Advisory Investment Board. The board consists of 5 members. Three of the members are appointed by the Governor, one of whom is to be an executive of a domestic life insurance company, one an executive of a state or national bank operating within the state of Iowa and the third is an executive of a major industrial corporation operating within the state of Iowa. The chairmen of the social security committee of the Senate and House of the General Assembly are ex-officio members of the board. Terms of appointive members are six years and are subject to two-thirds vote of the Senate.

23. Q. What investments are made from the fund?

A. These funds are invested in U.S. Government Treasury Bonds, Industrial Bonds, Railroad Trust Certificates, and Utility Bonds. All funds that are not immediately needed for the payment of benefits are invested.

24. Q. What interest earnings will be credited to my contributions?

A. The law provides that your contributions shall be credited with interest at 2% per year compounded annually.

25. Q. What happens to my contributions if I leave public employment before I retire?

A. You may apply for a refund (see Question 26). Only if you leave public employment in the state of Iowa can a refund of your contributions be made. Transferring from one job in public employment to another does not generally constitute termination of employment. You are not considered to have terminated your employment if within three months you return to employment in the state of Iowa under which you are eligible for membership in the retirement system.

26. Q. How do I apply for a refund of my accumulated contributions?

A. By completing claim for refund, Form IPERS 556, and submitting it to the Iowa Public Employees Retirement System, 112 - 11th Street, Des Moines 8, Iowa.

27. Q. How do I know the total amount of my investment in the system?

A. An annual statement of accumulated contributions is furnished to every member each year. The statement shows the total contributions made by the member to the retirement system since July 4, 1953, or since he became a member. Interest which has been credited is also shown. For those members who elected prior service, the amount of contributions credited to their account for such prior service will also be shown on the statement.

28. Q. When are the annual statements of accumulated contributions issued?

A. The statements are printed for distribution as of July 1 of each year and show total contributions and interest up through December 31 of the preceding calendar year. The statements are mailed to the member's last employer for distribution.

29. Q. How do I make application for retirement benefits?

A. By writing to the Iowa Public Employees Retirement System, 112 - 11th Street, Des Moines 8, Iowa, stating at what time you plan to retire and requesting the necessary application blanks. Monthly payments for retiring members 65, or later, start with the first day of the month following the date of termination of employment if the application is filed in the last month of employment or the month immediately following. In case of retirement before age 65, application for benefits must be filed at least thirty (30) days prior to the first day of the month for which you wish payments to begin.

30. Q. May I return to public employment after I retire and begin receiving retirement income payments?

A. After retirement, you may earn up to \$1,200 during each calendar year in public service and still receive your benefit. If your earnings exceed \$1,200 during the calendar year, you must notify the Commission in the month in which your earnings exceed the \$1,200 limitation and your payments will then be suspended for such month and for any remaining month in the calendar year in which you have any earnings in public employment.

31. Q. What happens to the additional contributions paid into IPERS after retirement?

A. Upon termination of employment, your retirement benefit will be recomputed based upon the additional contributions paid by you and your employer during the period of your re-employment,

Plus

The amount of your retirement allowance payable prior to your re-employment, increased on an actuarial basis, for the period between date of re-employment and the date of your later retirement.

32. Q. Must I make application for recomputation?

A. Yes. Application for recomputation of benefits should be made by completing the appropriate application form provided by the Iowa Public Employees Retirement System, 112 - 11th Street, Des Moines 8, Iowa.

33. Q. Is retirement compulsory?

A. Normal retirement age is 65. Persons over 70 may remain in the active employ of the employer for such period or periods as the employer from time to time shall approve.

34. Q. May I retire earlier than age 65?

A. You may retire as early as age 55 and start receiving benefits based on service to date of early retirement. Your benefits, of course, would be less than what you would receive at 65, because of your shorter service and longer life expectancy.

35. Q. What is the earliest date I can retire?

A. If you are at least 48 years of age and have had at least 8 years of service after July 1953, you can retire and draw benefits beginning at age 55 or later. Upon retirement after age 55 there is no requirement for length of service.

36. Q. What about newly hired employees?

A. If you are a new employee, you shall become a member upon the first day of the month following the month in which you are employed.

37. Q. Must I belong to the system?

A. Yes. In general, membership is compulsory for all employees of the state of Iowa, its cities, counties, townships and public school districts.

Excluded from membership are:

- Members of the state legislature.
- Elective officials compensated on a fee basis.
- Elective officials of school districts.
- Elective officials of townships.
- Elective officials of other political subdivisions in part-time positions.
- Students devoting their time and efforts chiefly to their studies and who perform part-time services in public employment mainly during school vacations or outside of school hours.
- Public employees earning less than \$200 per calendar quarter.
- Members of any other retirement system in the state which is maintained in whole or in part by public contributions.
- Members of the Iowa Judicial Retirement System.

38. Q. Who administers the system?

A. The Iowa Employment Security Commission has been designated by the Iowa General Assembly to administer the Iowa Public Employees Retirement System.

39. Q. Can I get an estimate of what my retirement benefits will be upon retirement?

A. Yes. You should write to the Iowa Public Employees Retirement System, giving your full name, social security account number and birthdate. You should also give the date you plan to retire.

Table of Estimated Prior Service Benefits

Service Before June 30, 1953	Highest Annual Salary	Monthly Benefits for Life
40 Years	\$3,000 or more	\$33.33
	2,500	27.77
	2,000	22.20
	1,800	20.00
30 Years	\$3,000 or more	\$25.00
	2,500	20.83
	2,000	16.65
	1,800	15.00
20 Years	\$3,000 or more	\$16.67
	2,500	13.88
	2,000	11.10
	1,800	10.00
10 Years	\$3,000 or more	\$ 8.33
	2,500	6.94
	2,000	5.55
	1,800	5.00

The number of years of prior service extends from the member's first employment as a public employee in the state of Iowa, or one of its political subdivisions, to June 30, 1953. Military service counts if the member left Iowa public service and returned to the employment which he left within 90 days after discharge from military service.

MONTHLY BENEFITS PAYABLE AT AGE 65* BASED ON
EMPLOYMENT AFTER JULY 1953

Average Salary**		\$4,000.00	\$3,600.00	\$3,000.00	\$2,400.00	\$1,800.00
1 year	M.	\$ 1.79	\$ 1.61	\$ 1.34	\$ 1.07	\$.80
	F.	1.55	1.39	1.16	.93	.70
2 years	M.	3.61	3.25	2.71	2.17	1.62
	F.	3.13	2.81	2.35	1.88	1.41
3 years	M.	5.47	4.92	4.10	3.28	2.46
	F.	4.74	4.26	3.55	2.84	2.13
4 years	M.	7.36	6.63	5.52	4.42	3.31
	F.	6.38	5.74	4.79	3.83	2.87
5 years	M.	9.30	8.37	6.97	5.58	4.18
	F.	8.06	7.25	6.04	4.83	3.63
6 years	M.	11.27	10.14	8.45	6.76	5.07
	F.	9.77	8.79	7.33	5.86	4.40
7 years	M.	13.28	11.95	9.96	7.97	5.98
	F.	11.51	10.36	8.63	6.91	5.18
8 years	M.	15.33	13.80	11.50	9.20	6.90
	F.	13.29	11.96	9.97	7.97	5.98
9 years	M.	17.43	15.68	13.07	10.46	7.84
	F.	15.10	13.59	11.33	9.06	6.80
10 years	M.	19.56	17.60	14.67	11.74	8.80
	F.	16.95	15.26	12.72	10.17	7.63
15 years	M.	30.89	27.80	23.17	18.54	13.90
	F.	26.78	24.10	20.08	16.07	12.05
20 years	M.	43.40	39.06	32.55	26.04	19.53
	F.	37.62	33.86	28.22	22.57	16.93
25 years	M.	57.22	51.50	42.91	34.33	25.75
	F.	49.60	44.64	37.20	29.76	22.32
30 years	M.	72.47	65.22	54.35	43.48	32.61
	F.	62.82	56.53	47.51	37.69	28.27
35 years	M.	89.31	80.38	66.98	53.59	40.19
	F.	77.41	69.67	58.06	46.44	34.84
40 years	M.	107.90	97.11	80.92	64.74	48.56
	F.	93.53	84.17	70.14	56.12	42.09
45 years	M.	128.43	115.59	89.94	77.06	57.79
	F.	111.32	100.19	77.96	66.79	50.09

*An actuarially reduced amount may be drawn between ages 55 and 65.

**In figuring average annual salary do not count more than \$4,000 in any one year, since this is the maximum amount on which contributions are paid.