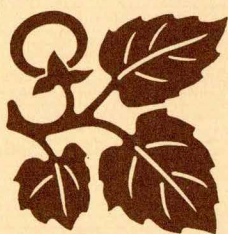


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**Your IPERS Be
Revised per 19
Amendment**

**Your
IPERS
Benefits**



**Revised per 1982
Amendments**

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Iowa Public Employees Retirement System

1982

A Booklet of Information for Employees of the State of Iowa, its Cities, Counties, Townships and School Districts.

Designed as a supplement to Social Security, the IPERS program has continued to improve through the years since its inception in 1953. In 1982, the most recent amendments involving increased benefits were adopted by the General Assembly of Iowa.

The information in this booklet, which replaces earlier editions, includes these 1982 amendments in describing the benefits, rights and obligations of IPERS members. It is presented simply and accurately but it does not include many technical details. Consequently, the booklet should not be considered as a regulation or rule book. Final and accurate determinations in any particular case or circumstance must be governed by administrative computations and decisions made under the law, rules and authorized procedures.

By reading the booklet carefully, you will understand the basic IPERS program and what it offers you. You will also be able to figure your own probable monthly retirement benefit based on your service years under the IPERS plan and your prior service years.

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Definition of Terms

Certain pension terms are used throughout this booklet, so you may want to read these definitions now and refer to them later.

“Five-Year Average Covered Wage” means the average of the highest five years of covered wages.

“High-Five Average” benefit means that the benefit is computed on the basis of the “five-year average covered wage” and a maximum of 30 years of service, including prior service, if any. In cases where service totals less than 30 years or where early retirement is elected, the benefit is prorated downward.

“Normal Retirement” date is the first of the month in which you become 65.

“Early Retirement” date is the first of the month in which you become 55 or any following month before your normal retirement date.

“Membership Service” means the years of service on and after July 4, 1953 until the date of retirement and prior to the first of the month in which you reach your 70th birthday.

“Prior Service” is any service before July 4, 1953 for those who qualify.

“Vested Member” means you have established your rights to IPERS benefits even though you have terminated your employment. To become vested your termination must have occurred:

1. Before July 1, 1965 after having attained the age of 48 and completed at least 8 years of service, or
2. Between July 1, 1965 and June 30, 1973, after having completed at least 8 years of service, or
3. On or after July 1, 1973, after completing at least 4 years of service; or
4. After attaining the age of 55, regardless of date of termination or length of service.

“Covered Wages” are wages during years of membership service not in excess of the following amounts:

Maximum Annual Covered Wages	
July 4, 1953 – December 31, 1963	\$ 4,000
January 1, 1964 – December 31, 1967	4,800
January 1, 1968 – December 31, 1970	7,000
January 1, 1971 – December 31, 1972	7,800
January 1, 1973 – December 31, 1975	10,800
January 1, 1976 and thereafter	20,000

(Effective January 1, 1984, the covered wage ceiling will be raised to \$21,000, and effective January 1, 1986, the covered wage ceiling will be raised to \$22,000.)

Retirement Ages and Dates

State employee— A member who is an employee of the State may remain in service beyond the date the member attains the age of sixty-five. The employer shall not consider age as a factor in determining the continuation of the member's service.*

Public employee other than State employee— An IPERS member who is not an employee of the State may remain in service beyond the date the member attains the age of sixty-five and until attaining the age of seventy. After attaining the age of seventy, the member may remain in service for such periods as the employer approves, and the member shall retire on the first day of the month following the last approved period. An employer other than the State may adopt policies which prescribe retirement at age seventy or older.*

A member shall not be employed as a peace officer or as a fire fighter after attaining the age of sixty-five.

*An IPERS member remaining in service after age 70 is entitled to claim retirement benefits starting with the month in which the 70th birthday occurs. Contributions to IPERS cease as of the end of the month preceding the month in which the 70th birthday occurs. Benefits can be paid only if the member applies.

If your employment is terminated after you become vested and you do not take a refund of your contributions, you are eligible for one of two types of retirement benefits, beginning at age 55 or later, upon application for same:

(1) an early-retirement reduced benefit if you have not reached age 65**, or (2) a normal retirement benefit if you are age 65 or over. If benefits are taken between age 55 and 62, the reduction for early retirement is 1/2 of one percent for each month that the first month claimed precedes the month in which age 65 is attained. If benefits are taken between age 62 and 65, the reduction is only 1/4 of one percent for each month that the first month precedes the month in which age 65 is attained. If benefits commence on a reduced basis, the reduction continues for life, even after age 65.

**See Page 9 regarding special IPERS provisions for persons under 65 years of age who qualify for federal Social Security Disability Benefits.

Eligibility for Retirement Benefits

Between* Ages 65 and 70—To receive retirement benefits, you *must* officially terminate from employment covered by IPERS. Should you return to covered employment, after a bona-fide retirement* from covered employment, you can continue to receive your retirement benefit without limitation on the amount of money you can earn. When you again retire, you may apply for a recomputation of your benefit.

At Age 70: If your covered employment continues after you reach age 70, you are entitled to request and receive retirement benefits, effective as of the first of the month in which you reach your 70th birthday, without officially resigning or interrupting your service, and no limitation will be placed on your earnings.

Between Ages 55 and 65 (Early Retirement): To receive retirement benefits, you *must* officially terminate from employment covered by IPERS. If after a bona-fide retirement* from covered employment you return to covered employment and have gross earnings in excess of \$2,100 (when-earned basis) in any calendar year, you must notify the Benefits Division of the Iowa Public Employees Retirement System as soon as your earnings exceed that amount. Benefits will then be suspended for the month in which the earnings exceed the \$2,100 limitation and for each of the remaining months of that calendar year in which you have any earnings from covered employment. When you again retire, you may apply for a recomputation of your benefit.

***Bona-fide Retirement:** Benefits are not authorized solely on attainment of a specified age but upon retirement after attainment of a specified age. You will not be considered to have had a bona-fide retirement and will not be eligible for IPERS benefits if you return to covered employment before you qualify for benefits for at least one calendar month, or if you are a school employee and return to work with the school district after the normal summer vacation period. (Covered employment includes work of more than six months' duration in the employ of the State of Iowa, its cities, counties, townships and school districts.) These restrictions do not apply after age 70.

Benefit Option Choices

As an IPERS member you choose benefits under one of five different plans or options. Option selection is made when you file your application for retirement benefits. If you choose one of the five options, monthly benefits are paid to you for your lifetime.

Option 1.

Under this option, you and your beneficiary are assured of the full payment of *your contributions and your employer's contributions* plus interest and interest dividends. If you die before you have received the full payment of this amount in monthly benefits, the remainder is paid in a lump sum to your designated beneficiary, or if none, to your estate.

Option 2.

The monthly retirement benefit amount in the example on page 10 was computed under this option. When you die, a refund is made of any remainder of your *own contributions*, interest and interest dividends minus the total retirement benefits paid to you.

Option 3.

Option 3 provides the maximum retirement allowance and you receive payments of a designated amount each month as long as you live. However, when you die, benefits cease and no further payments are made to anyone.

Option 4.

Under this option, you receive a reduced monthly benefit, so a lifetime monthly benefit can be provided after your death to the person you name as contingent annuitant, if such person survives you. You will specify one of the following amounts to be paid monthly to such survivor: (1) equal to your own benefit, (2) one-half of your own benefit or (3) one-fourth of the amount of your own benefit. (You cannot change the contingent annuitant after your benefits commence.)

Option 5.

Under this option, you receive a reduced lifetime benefit but you, or your beneficiary, are guaranteed benefits for 10 years. If you live beyond the 10-year period, your benefits continue, but no benefits will be paid to your beneficiary after you die.

If you die before the 10-year period is up, your beneficiary will receive benefits for the remainder of the 10-year period. If the beneficiary dies before the 10-year period expires, a lump sum amount will be paid to the beneficiary's estate.

Special Considerations

Minimum Benefit

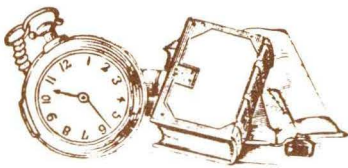
As an IPERS member, you can receive a total monthly retirement benefit of at least \$50.00 if you meet all of the following conditions:

1. You have at least 10 years of IPERS membership service after July, 1953.
2. Your covered wages and length of service do not provide a benefit of \$50.00 or more.
3. Your retirement was after June 30, 1973.

NOTE: The guarantee of \$50 applies to Option 2, selected at age 65. If you choose another option, the benefit will be adjusted. If you take early retirement benefits, the \$50.00 minimum benefit will be proportionately reduced.

Credit for Service In Excess of 30 Years

Full benefits are based upon thirty years of service. Service in excess of thirty years does not increase the benefit, but such years can be included in the five year period used to determine the highest five-year average covered wage.



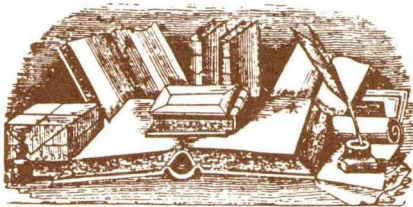
Early Retirement Benefit

If you retire at or after age 55 and before age 62, you will receive a retirement allowance which is computed in the same manner as the normal retirement benefit and then reduced by one-half of one percent (.005) for each month your early retirement precedes your normal retirement date (the month in which you reach your 65th birthday).

Disability Benefits

An IPERS member who is awarded federal Social Security disability benefits due to termination of employment before age 65 because of the disability, can claim *unreduced* IPERS benefits if such member has had 30 or more years of service. The IPERS benefits cannot start before age 55, however.

For such a member with less than 30 years of service, IPERS benefits starting at or after age 55 and before age 65 will be reduced by only 1/4 of 1% for each month that the first month of entitlement to IPERS benefits precedes normal retirement date.



The High-Five Average Benefit Formula

Effective July 1, 1982, the annual benefit under basic Option 2 for a person retiring at 65 or over with 30 or more years of creditable service is 50% of the annual covered wages, averaged for the highest five years of service. Benefits for fewer years of service or retirement at an earlier age will be proportionate.

Members who terminated employment before July, 1982 with a vested status, and who claim benefits to commence with payment for July 1982, will also be eligible to have their benefits calculated under the higher high-five benefit formula of 50%.

In cases where the coverage totals less than four years, monthly benefits will be computed on a money purchase basis by applying annuity rates to the member's and the employer's IPERS contributions, plus interest and dividends.

Calculating the Benefit for Normal Retirement Age 65 Under Basic Option 2

John Smith reaches 65 in December 1982 and retires on December 1, 1982, after terminating employment in November 1982, with 30 or more years of service, including 26 1/2 years of membership service and 3 1/2 or more years of prior service. He applies for benefits to commence with payment for December 1982.

- A. Take 50% of the five-year average covered wage.
- B. Divide the total by 12 for the monthly benefit.
- C. For service under 30 years reduce the benefit proportionately.

Step 1. Determine the "five-year average covered wage":
(See definition, page 1.)

Covered Earnings* for	1974 —	\$10,800
	1977 —	\$11,340
	1979 —	\$12,502
	1980 —	\$13,127
	1981 —	<u>\$16,500</u>
	Total	<u>\$64,269</u>

Divide total by 5 \$12,853

This is John's "five-year average covered wage."

*See Page 4 for covered wage limits.

Step 2. $50\% \times 12,853$ yearly average = \$6,426.50 annual benefit.

Step 3. $\$6,426.50$ annual benefit $\div 12 = \$535.54$ monthly benefit, under basic Option 2.

NOTE: If John Smith had 20 rather than 30 or more years of service, the monthly benefit would be reduced as follows: \$535.54 multiplied by 20 and divided by 30 = \$357.02. The benefit would be further reduced if John Smith were less than 65 years of age at retirement, or if he chose an option other than basic option 2.

Examples of Monthly “High Five” Benefits at Age 65 or Over Under Basic Option 2

Years of Service***	Five-Year Average Covered Wage**					
	\$5,000	\$8,000	\$10,000	\$12,000	\$15,000	\$20,000
30	\$208	\$333	\$416	\$500	\$625	\$833
25	\$173	\$278	\$347	\$417	\$521	\$694
20	\$139	\$222	\$277	\$333	\$417	\$555
15	\$104	\$167	\$208	\$250	\$313	\$417
10	\$ 69	\$111	\$139	\$167	\$208	\$278

***Five-Year Average Covered Wage. Average of the covered wages earned during highest five (5) years of membership service. Normally this is the final five years.*

****Years of prior service can be credited toward years of service.*

Easy Way to Figure Your IPERS Benefits Under Option 2

Members of the IPERS staff carefully compute benefits for prospective retirees and other state, county and local government employees when they are requested. And, to enable you to keep current on your benefit status, a method to easily and quickly figure your IPERS benefits approximately has been devised. The chart on pages 12 and 13 explains this short-cut for estimating your normal, early and late retirement benefits, under Option 2.

Easy Way to Estimate Under B:

YEARS OF SERVICE	AGE				
	65	64	63	62	61
30	.04167	.04042	.03917	.03792	.0316
29	.04028	.03907	.03786	.03665	.0306
28	.03889	.03772	.03656	.03539	.0295
27	.03750	.03638	.03525	.03413	.0285
26	.03611	.03503	.03394	.03286	.0274
25	.03472	.03368	.03264	.03160	.0263
24	.03333	.03233	.03133	.03033	.0253
23	.03194	.03099	.03003	.02907	.0242
22	.03056	.02964	.02872	.02781	.0232
21	.02917	.02829	.02742	.02654	.0221
20	.02778	.02694	.02611	.02528	.0211
19	.02639	.02560	.02481	.02401	.0200
18	.02500	.02425	.02350	.02275	.0190
17	.02361	.02290	.02219	.02149	.0179
16	.02222	.02156	.02089	.02022	.0168
15	.02083	.02021	.01958	.01896	.0158
14	.01944	.01886	.01828	.01769	.0147
13	.01806	.01751	.01697	.01643	.0137
12	.01667	.01617	.01567	.01517	.0126
11	.01528	.01482	.01436	.01390	.0116
10	.01389	.01347	.01306	.01264	.0105
9	.01250	.01212	.01175	.01138	.0095
8	.01111	.01078	.01044	.01011	.0084
7	.00972	.00943	.00914	.00885	.0073
6	.00833	.00808	.00783	.00758	.0063
5	.00694	.00674	.00653	.00632	.0052

Use of Mon

To Estimate Your Monthly IPERS Benefit For The High Five

1. Determine what your age will be and the number of years of service you are considering retiring.
2. Find the age column and the years of service row and note the factor at the intersection of this row and column.
3. Determine your average salary for your highest five years of service.
4. Multiply this average salary times the benefit factor to determine your monthly benefit.

EXAMPLE: Age - 62 — Years of Service - 23 — Highest Five Years Average Salary - \$1,000
The Factor From The Table Is .02907 — Monthly Benefit - \$290.70

NOTE: If you will have fractional years of service, such as 23 1/2 years, use the whole years in the table - the benefit would be applied to the whole years of service.

The same type of relationship exists for fractional ages. If you are between the ages of 61 and 62, you would use the age 61 benefit to the age 62 benefit. This is because the benefit factor is built into the table rather than the 1/2% for you.

IPERS Monthly Benefit Option 2*

RETIREE

60	59	58	57	56	55
.02917	.02667	.02417	.02167	.01917	.01667
.02819	.02578	.02336	.02094	.01853	.01611
.02722	.02489	.02256	.02022	.01789	.01556
.02625	.02400	.02175	.01950	.01725	.01500
.02528	.02311	.02094	.01878	.01661	.01444
.02431	.02222	.02014	.01806	.01597	.01389
.02333	.02133	.01933	.01733	.01533	.01333
.02236	.02044	.01853	.01661	.01469	.01278
.02139	.01956	.01772	.01589	.01406	.01222
.02042	.01867	.01692	.01517	.01342	.01167
.01944	.01778	.01611	.01444	.01278	.01111
.01847	.01689	.01531	.01372	.01214	.01056
.01750	.01600	.01450	.01300	.01150	.01000
.01653	.01511	.01369	.01228	.01086	.00944
.01556	.01422	.01289	.01156	.01022	.00889
.01458	.01333	.01208	.01083	.00958	.00833
.01361	.01244	.01128	.01011	.00894	.00778
.01264	.01156	.01047	.00939	.00831	.00722
.01167	.01067	.00967	.00867	.00767	.00667
.01069	.00978	.00886	.00794	.00703	.00611
.00972	.00889	.00806	.00722	.00639	.00556
.00875	.00800	.00725	.00650	.00575	.00500
.00778	.00711	.00644	.00578	.00511	.00444
.00681	.00622	.00564	.00506	.00447	.00389
.00583	.00533	.00483	.00433	.00383	.00333
.00486	.00444	.00403	.00361	.00319	.00278

Benefit Factors

Usage Formula:

years of service (maximum 30) you will have at the time you are con

he above table, that fits your situation and locate the factor at the

years of consecutive service (maximum \$20,000) actual or estimated.
etermined in instruction 2. The result is your estimated Option 2

Average Salary - \$12,342

2,342 = \$358.78

years, your benefit will be between the benefits computed for the
ately halfway between benefits computed for 23 and 24 years

uch as 63½ - your benefit will be between the benefits computed
, this relationship is not valid and you should not compare the
62 is the point at which 1/4% per month early retirement reduction
ges.

Credit and Buy-Back Provisions

Out-of-State Service

You may purchase IPERS credit on the basis of public employment outside the State of Iowa which occurred on and after July 4, 1953, if the following conditions are met:

1. You have achieved a vested status under IPERS.
2. Your service under the public retirement system in the other state was not sufficient to give you a vested status under that system. (Vested status means that you would be entitled to retirement benefits if you did not withdraw your contributions.)
3. You purchase credit for the out-of-state service by paying to IPERS in a lump sum an amount equal to the employee and employer contributions in effect under IPERS for the period covered, plus interest on the contributions from the date of service in the public retirement system in the other state to the date of payment.
4. If you were vested under IPERS or retired under IPERS on or before July 1, 1978, you must have completed your purchase no later than July 1, 1979. If you vest under IPERS after that date, you must complete your purchase within one year after becoming vested under IPERS.

To claim credit for out-of-state service, contact the office of the Iowa Public Employees Retirement System for appropriate forms to be certified by your out-of-state employer and yourself. The IPERS office will contact the out-of-state retirement system to determine whether you achieved a vested status while employed by the other state.

Prior Service Buy-Back

The 67th General Assembly enacted legislation which will, under certain conditions, permit "buy-back" of prior service credit. The effective date was July 1, 1978, and there is no closing date. Eligible persons who took a refund of contributions to the Iowa Old Age and Survivors Insurance System (IOASI) or who left such contributions on deposit but neglected to elect prior service credit may "buy-back" and receive credit for service prior to July 4, 1953.

Eligibility requirements are as follows:

- must have been an active, vested or retired member as of July 1, 1978.

- must not have taken a refund of any IPERS membership service contributions based upon service after the IPERS law became effective July 4, 1953, or if taken, must have qualified for and made payments according to the IPERS buy-back under legislation effective July 1, 1979, as outlined below. (However, a refund of contributions remitted for the calendar quarter ending September 30, 1953, which was based entirely upon employment which terminated prior to July 4, 1953, shall not be considered as a refund of membership service contributions.)
- must have made contributions to the IOASI program sometime between January 1, 1946 and June 30, 1953.

If an employee can qualify and wants to exercise the buy-back privilege, the following requirement must be met:

- if an IOASI refund was received, the refund must be repaid, with interest compounded at the rates credited to member accounts from the date of payment of the IOASI refund, to the date of repayment, and
- whether or not an IOASI refund was received, a written Election for Prior Service Credit, Form IPERS 686, must be filed.

If you qualify for “buy-back”, and you fulfill the written election requirement and make your buy-back payment, you can claim prior service credit. Credit can be claimed for all your public service employment during any periods before July 4, 1953, with the exception of employment in an elective position, which cannot be counted for prior service credit.

IPERS Buy-Back

The 68th General Assembly enacted legislation, effective July 1, 1979, which permits an active, vested or retired member who had an earlier period of membership service between July 4, 1953, and July 1, 1973—who did not have a vested status at termination of such period of service, and who received a refund based upon such period of service—to elect to repay the refund with interest, if by so doing the total years of membership and prior service* will equal or exceed fifteen years.

*A member who participates in the IPERS buy-back can also elect to buy credit for prior service (service before July 4, 1953) if otherwise qualified.

Application forms are available upon request at the IPERS office.

Service Before January 1, 1946

By action of the 68th General Assembly, effective July 1, 1979, an active, vested or retired member of IPERS who was employed prior to January 1, 1946 by a covered employer may file written verification of the member's dates of employment with the department of Job Service and receive credit for years of prior service for the period of employment. However, the member cannot have been employed by the state or a political subdivision between January 1, 1946 and July 4, 1953. Additionally, they cannot receive credit for service for any period prior to January 1, 1946 during which they are eligible for or are receiving a retirement allowance from an employer.

Special Certification of Employment forms are available from the IPERS office.



Des Moines School Retirement System

A vested or retired IPERS member may purchase IPERS credit for service on and after July 4, 1953, during a period when he or she was a contributing member of the Des Moines Independent Community School Retirement System, provided that the service thereunder was not long enough to vest under the Des Moines Community School Retirement System. To purchase IPERS credit, such member must pay to IPERS in a lump sum an amount equal to the employee and employer contributions in effect under IPERS for the period covered, plus interest from the date of service in the Des Moines Community School Retirement System to date of payment. The interest is two percent plus the interest dividend rate applicable for each year.

Purchase of such credit must be made not later than July 1, 1981 for members vested under IPERS on July 1, 1980 or within one year after the member becomes vested.

Coverage of Special Groups

• General Assembly

Effective January 8, 1979, members of the General Assembly are exempt from IPERS coverage unless such members make application to the IPERS department for coverage. Application form IPERS T-1491 is to be used.

A member of the General Assembly or a temporary employee of the General Assembly may elect to terminate coverage under IPERS by informing IPERS in writing of the date such coverage is to be terminated. The Finance Clerk of the Senate or House should also be advised of such termination so that contributions for IPERS will not be deducted.



City Managers

Persons employed as city managers, or as city administrators performing the duties of city managers, under a form of city government listed in Chapter 372 or Chapter 420 of the Code of Iowa, will not be covered by IPERS unless they make application to be covered.

Police Chiefs and Fire Chiefs

A police chief or a fire chief who would not have completed 22 years of service under Chapter 411 by the time the chief attained 55 years of age, who would be exempt from Chapter 411 upon written request to the board of trustees would also be exempt from coverage under IPERS.

Sheriffs and Deputy Sheriffs

A person employed as a sheriff or deputy sheriff who retires with a record of at least 25 years of membership service in either or both capacities may claim benefits as early as age 60 and receive full benefits based upon the 50% formula, with no reduction due to age if benefits commence before age 65. (Effective July 1, 1983, service as a marshall or police officer in an Iowa city, with a population under 8,000, may also be counted toward the 25 years.)

Correctional Officers

A correctional officer who has been employed by the Department of Social Services and who retires on or after July 1, 1983, who is at least age 60 and has completed at least thirty (30) years of membership service as a correctional officer can receive full benefits based upon the 50% formula with no reduction due to age if benefits commence before age 65.

Peace Officers

A person employed as a marshall or police officer who retires with a record of at least 25 years of membership service as a peace officer in a city with a population under 8,000 may claim benefits as early as age 60 and receive full benefits based upon the 50% formula, with no reduction for early retirement. This provision is effective July 1, 1983.

Conservation Peace Officers

A conservation peace officer who retires with a record of at least 25 years of membership service as a conservation peace officer may claim benefits as early as age 60 and receive full benefits based upon the 50% formula, with no reduction due to age if benefits commence before age 65.

If You Terminate Your Employment

A. As a vested member (see definition page 1)

Terminating as a vested member allows you to leave your contributions in the System, earning interest and interest dividends, until you apply for retirement benefits (or until you apply for a refund). You can claim reduced retirement benefits on an early retirement basis by making application for benefits to start at an age between 55 and 65.

Unreduced normal retirement benefits are paid if benefits are not claimed until age 65. After obtaining estimates both ways you will be in a position to decide whether or not you feel it would be worthwhile to forego benefits before age 65 in order to receive benefits at a higher rate starting at age 65.

B. Refund

If you terminate before achieving a vested status, the refund choice is the only one available to you, unless you qualify to take advantage of the *four year* absence provision outlined in the next paragraph. The refund choice returns your contributions in full and pays you all interest and interest dividends earned on them to the time of termination, but you do not receive the contributions paid by your employer nor the interest and interest dividends earned by the employer's contributions. In short, your IPERS contributions act as a savings plan for you, available when you terminate your employment. Remember, however, that your refund will not come to you automatically. You must apply for it on a form provided by the IPERS system. For federal income tax purposes, the payment of interest accumulated on your contributions is taxable.

C. You May Delay Your Decision

If you are a terminating non-vested employee with at least one year of service but less than four and there's a possibility that you may return to public employment, you may choose to leave your contributions in the system up to four years. If you return to public employment within that four-year period, you will retain your full benefit credits, *but no interest will be credited to your account during your absence from public employment.* Of course, you may change your mind and take a refund at any time prior to reemployment.

Death Benefits

1. Before Retirement

If you die before retirement, your beneficiary receives either a lump sum cash payment of your accumulated contributions plus your employer's or monthly payments of actuarial equivalent value.

2. After Termination - Vested Members

If you are a vested member who has terminated public employment and you die before filing a claim for monthly benefits or taking a refund, your beneficiary receives either a lump sum cash payment of your accumulated contributions and your employer's or monthly payments of actuarial equivalent value.

3. After Retirement

Should you die after retirement, the death benefit possibility depends on the benefit option you selected at the time of retirement.

4. Designation of Beneficiary

As soon as you become an IPERS member, you should file a Designation of Beneficiary form, IPERS-503, naming the person you wish to receive any benefits payable in the event of your death. To be valid, the form IPERS-503 must be on file in the IPERS office at the time of your death.

You may change your designation by completing and submitting to the IPERS office a new Designation of Beneficiary form IPERS-503.

In completing a Designation of Beneficiary form, it is well to keep in mind that if your death should occur *before monthly retirement benefits become payable*, the form of payment to your beneficiary or beneficiaries will be governed by the following considerations:

A. If you have named your estate or a non-person as beneficiary, or if you have named two or more persons to share as beneficiaries, a lump sum payment of your own plus the employer's accumulated contributions will be made.

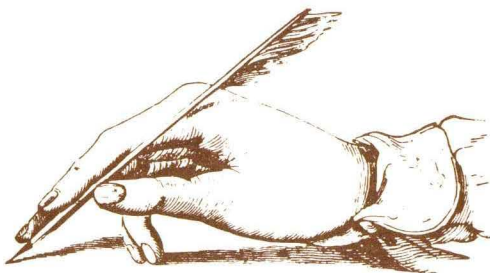
B. If you have named one person only as beneficiary, the beneficiary will be able to choose from the following options:

Option A. Lump sum payment of your own *plus* the employer's accumulated contributions.

Option B. A monthly lifetime annuity.*

Option C. A monthly life annuity on a 10-year certain basis.* Under this option, if the beneficiary dies before receiving benefits for the full 10 years, payments will be continued to the beneficiary's beneficiary for the remainder of the original 10-year period.

*The monthly benefit for your beneficiary under Option B or Option C would be based upon the total of your accumulated contributions and your employer's. The benefit would be computed on a money purchase basis—thus would not be comparable to the larger monthly benefit you would have received at retirement.



If your beneficiary precedes you in death and you do not name a new beneficiary, your estate will become your beneficiary.

If you do not designate a beneficiary, the death benefit would be payable to your estate for distribution according to law. It is important that a new Designation of Beneficiary form be filed with the IPERS office if your designated beneficiary dies or when other circumstances warrant a change.

If your public employment terminates and you obtain a refund of your accumulated IPERS contributions, your beneficiary designation is cancelled. Should you later return to employment covered by IPERS, you should make a new designation.

Miscellaneous Information

1. Application for Benefits

Both IPERS and Social Security benefits must be applied for since they are not conferred automatically. When you decide to retire, you must file a notice giving the date your retirement becomes effective. Forms for claiming benefits are available from the IPERS office. See the answer to question 12, page 24, for additional information.

2. Taxation of Benefits

IPERS benefits are partially exempt from federal income tax to permit you to recover your own contributions free of tax. If your retirement allowance allows recovery of contributions within three years, all benefits are exempt until you receive benefits equal to your contributions. After this, the entire benefit becomes subject to tax.

If you do not recover your contributions within three years, the Internal Revenue Service applies a formula which establishes the percentage of benefits that are tax-free each year. Under this provision, you start reporting on your IPERS income from the first year you receive benefits.

IPERS benefits are never taxable under Iowa income tax provisions. All Social Security benefits are exempt from both state and federal income tax.

3. Contributions

All members are required to contribute to IPERS through payroll deductions at a rate of 3.7% of covered wages. The employer contribution rate is 5.75%.

Federal Social Security

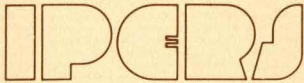
Your IPERS benefits are in addition to your Social Security benefits. You should contact your nearest Social Security office when an estimate of your Social Security is desired.

Questions and Answers

As you have read this booklet, you may have had various questions. Here are a few typical questions and answers to them. *

1. *Must I Become A Member of IPERS?*
Yes, unless you are specifically excluded by law.
2. *May I Leave Public Employment For A Period Of Time Before I Am Vested And Retain My Membership in IPERS?*
Yes, if you have accumulated 1 but less than 4 years of service and do not elect to receive a refund of your contributions, you may renew your membership with the same credits if you return any time within a 4-year period. No interest will be credited to your account during your absence.
3. *How May I Again Become A Member If My Membership Has Ceased?*
If you return to employment after you have received a refund of your contributions, you are enrolled as a new member.
4. *What Service Counts Toward Retirement?*
 - A. Prior Service credit based upon (1) service before July 4, 1953, for those who have a prior service investment, or (2) pre-1946 service for those who qualify under the pre-1946 provision outlined on page 16.
 - B. Membership Service credited on/and after July 4, 1953.
 - C. Active service in the armed forces of the United States during a period of war or national emergency, provided that you were in public employment immediately prior to such entry into the armed forces and further provided that you returned to public employment within 90 days after your release from active duty.
 - D. Authorized leaves of absence not exceeding 12 months.
 - E. Out-of-State Service if such service meets the eligibility requirements for purchase of credit.
 - F. Service while a contributing member of the Des Moines Independent Community School District Retirement System, if such service meets the eligibility requirements for purchase of IPERS credit.

5. *How Long Must I Contribute?*
You make contributions as long as you are employed up to age 70.
6. *When Do I Receive The Annual Statement Of My Account?*
The statements are sent to the employers about July 1 each year to be distributed to active members. They show the member contributions with interest through December 31 of the preceding year.
7. *When May I Withdraw My Contributions?*
If you leave public employment in Iowa you can apply for a refund of your accumulated contributions, but it is recommended that you first check on current or future monthly benefit possibilities.
8. *Must I Apply To Receive A Refund?*
Yes, you must apply on a form IPERS-56, available from your former employer or from the IPERS office.
9. *Will I Receive A Refund Of All My Contributions?*
Yes, and in addition, regular interest and interest dividends credited.
10. *Does A Refund Of My Contributions Cancel All Retirement Credit?*
Yes, if you later return to Iowa public employment, you will be enrolled as a new member without credit for any service before the refund. The exception would be if you qualify for and pay for IPERS buy-back.
11. *When Do Retirement Benefits Start?*
Retirement benefits start with payment for the first month following the month in which you terminate employment, providing you have filed application and are 55 or more years of age.
12. *What Should I Do When I'm Ready For Retirement?*
When you have made your retirement plans, write to the IPERS office giving your Social Security account number, birthdate and stating the approximate time you plan to retire. An estimate of benefits possible under the various options will be prepared and sent to you together with application form. If you fail to file your application promptly, you can collect the back payments to which you were entitled, but not in excess of 6 months.



If you have additional questions, contact:

IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM
1000 East Grand Avenue
Des Moines, Iowa 50319

Administered by

IOWA DEPARTMENT OF JOB SERVICE
Agency Director: Colleen Shearer

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