



IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Gregory S. Samorajski, CFA
Chief Executive Officer

Kim Reynolds
Governor

Adam Gregg
Lt. Governor

AGENDA

Monday, August 26, 2024

1:00 p.m.

BENEFITS ADVISORY COMMITTEE

IPERS Board Room or

Conference Telephone #: 646-931-3860

Meeting ID: 886 8117 2270

- 1) Call to Order / 1:00 p.m.
 - a) Roll Call of Members
- 2) Election of Officers
- 3) Approval of Previous Meeting Minutes – March 25, 2024, and July 8, 2024
- 4) CEM Pension Administration Report – Christopher Doll
- 5) CEO Report – Greg Samorajski
- 6) FED/SAAM Programs – Greg Samorajski
- 7) Actuarial Cost Study Results – Greg Samorajski
- 8) BAC's FY2025 Budget – Tara Hagan
- 9) Staff Reports
 - a) Benefits Update – David Martin
 - b) Investment Update – Sriram Lakshminarayanan
 - c) Appeals Report – Elizabeth Hennessey
- 10) Other Business
- 11) Public Comments
- 12) Future Meeting Dates
 - Investment Board Meetings – September 25-26, 2024
 - BAC Meeting – October 28, 2024
 - Investment Board and BAC Meeting – December 6, 2024
 - Confirm Calendar Year 2025 Meeting Dates



BENEFITS ADVISORY COMMITTEE MEETING MINUTES

IPERS Board Room

7401 Register Drive, Des Moines, Iowa

March 25, 2024

The following people attended the IPERS Benefits Advisory Committee (BAC) meeting held on Monday, March 25, 2024.

Members of the Benefits Advisory Committee - Present

Len Cockman, Chair

Lowell Dauenbaugh, Vice Chair

Matt Carver

Susanna Cave

Andrew Hennesy

John Hieronymus

Richard Hoffman

Steve Hoffman

Brian McDonough

Erin Mullenix

Adam Steen

Members of the Benefits Advisory Committee - Absent

Todd Copley

Melissa Peterson

Connie Kuennen

IPERS Administration and Staff

Greg Samorajski, Chief Executive Officer

David Martin, Chief Benefits Officer

Melinda McElroy, Executive Assistant

Sriram Lakshminarayanan, CIO

Elizabeth Hennessey, General Counsel

Shawna Lode, Director of Communications

Jan Hawkins, Deputy Chief Benefits Officer

Call to Order

Len Cockman, chair, called the meeting to order at 1:00 p.m.

Approval of Meeting Minutes

Matt Carver moved to approve the minutes from the October 23, 2023, and December 7, 2023, BAC meetings. Lowell Dauenbaugh seconded. The motion carried by unanimous voice vote.

CEO Report – Greg Samorajski

Greg Samorajski reported on IPERS' plan to add facility security features and to remodel its building interior including new carpeting and cubicles.

2024 Legislative Session – Shawna Lode

Shawna Lode reviewed the status of several bills IPERS is tracking this legislative session. She noted two house files. The first bill shortens the bona fide retirement from four months to one month for members who retire between July 1, 2024 - June 30, 2028, and return to work as a licensed teacher. The second enhances benefits for non-retired Sheriffs/Deputy Sheriffs including increasing the maximum multiplier and establishing an annual cost of living adjustment.

Closed Session for Chief Benefits Officer Performance Evaluation – Greg Samorajski

Lowell Dauenbaugh moved that the BAC go into a closed session of this public meeting to discuss the annual performance evaluation of IPERS' Chief Benefits Officer as authorized by Iowa Code section 21.5(1)(i). Matt Carver seconded. The motion carried by unanimous voice vote.

Lowell Dauenbaugh moved that the BAC end its closed session and resume the open session of the meeting. Matt Carver seconded. The motion carried by unanimous voice vote. The BAC took no action during its closed session.

Staff Reports

Benefits Update – David Martin introduced Jan Hawkins. Jan is the Deputy Chief Benefits Officer and leads the Performance Management Bureau within the Benefits Division.

Investment Update – Sriram Lakshminarayanan reported IPERS' Trust Fund balance at \$43.268 billion and noted positive fourth quarter investment returns.

Appeals Update – Elizabeth Hennessey reviewed the Appeal Status report as of March 2024.

Other Business

None

Public Comments

None

Future Meeting Dates

The next scheduled BAC meeting is Monday, April 22, 2024. With no further business to come before the committee, Matt Carver moved to adjourn the meeting. Erin Mullenix seconded. The motion carried by unanimous voice vote. Meeting adjourned at 2:30 p.m.



BENEFITS ADVISORY COMMITTEE MEETING MINUTES

VIDEO / TELEPHONIC MEETING

July 8, 2024

The following people attended the IPERS Benefits Advisory Committee (BAC) meeting held on Monday, July 8, 2024.

Members of the Benefits Advisory Committee - Present

Len Cockman, Chair	Steve Hoffman
Lowell Dauenbaugh, Vice Chair	Connie Kuennen
Matt Carver	Brian McDonough
Sue Cave	Erin Mullenix
Andrew Hennesy	Melissa Peterson
John Hieronymus	Adam Steen
Richard Hoffman	

Members of the Benefits Advisory Committee - Absent

Todd Copley

IPERS Administration and Staff

Greg Samorajski, Chief Executive Officer
Melinda McElroy, Executive Assistant
Elizabeth Hennessey, General Counsel
Shawna Lode, Chief Strategy Officer

Call to Order

Len Cockman, chair, called the meeting to order at 1:00 p.m.

BAC Membership Elections

Two voting positions on the BAC were up for election. The statute requires one of these vacancies be held by an employer group representing local school districts and the other vacancy be held by an organization that represents counties.

Erin Mullenix nominated the Iowa Association of School Boards for the employer group representing local school districts. Melissa Peterson seconded the nomination. The nomination carried by unanimous voice vote of the full BAC membership.

Erin Mullenix nominated the Iowa State Association of Counties for the organization representing counties. Steve Hoffman seconded the nomination. The nomination carried by unanimous voice vote of the full BAC membership.

Benefit Enhancement Cost Studies for Non-Retired Protection Occupation Members – Sue Cave

Sue Cave, representing Protection Occupation members, requested the BAC approve an actuarial study to determine the cost of similar benefit enhancements recently implemented for Sheriffs/ Deputy Sheriffs. The benefit enhancements for non-retired Protection Occupation members would:

1. Increase the service multiplier from 1.5% to 2.5% for years of service between 22 and 30 (maximum 80%).
2. Add a permanent and automatic cost-of-living adjustment of 1.5%, compounded annually.
3. Add an option for each active or inactive vested member to retire with at least 22 years of eligible service at age 50 on or after July 1, 2025.
4. Raise the member contribution rate to 50%.
5. All changes described in 1, 2 and 3 combined.
6. All changes described in 1, 2, 3 and 4 combined.

Cavanaugh Macdonald estimated the fee to complete these studies would be approximately \$13,500.

Sue Cave moved that the BAC approve proceeding with the cost study for the benefit enhancements and paying for the study from the BAC's budget. Richard Hoffman seconded. The motion carried by roll call vote with Adam Steen abstaining.

Other Business

Lowell Dauenbaugh asked IPERS and the BAC to consider a study to determine the cost of benefit enhancements for non-retired, Regular members: The enhancements would:

1. Increase the service multiplier from 1% to 2% for years between 30 and 35.
2. Add a permanent and automatic cost-of-living adjustment of 1.5%, compounded annually.
3. The changes described in 1 and 2 combined.

Greg Samorajski reported the cost of this study would be paid from the IPERS budget.

Public Comments

None

Future Meeting Dates

The next scheduled BAC meeting is Monday, August 26, 2024. With no further business to come before the committee the meeting adjourned at 1:25 p.m.



Iowa PERS

CEM Pension Administration Benchmark Report - 2023

August 26, 2024

Insights are based on the 70 global pension systems that participate in the benchmarking service.

Systems

United States

Arizona SRS
CalPERS
CalSTRS
Colorado PERA
Delaware PERS
Florida RS
Idaho PERS
Illinois MRF
Indiana PRS
Iowa PERS
Kansas PERS
LACERA
Michigan ORS
Minnesota State RS
Nevada PERS
New Mexico PERA
NYC TRS
NYCERS
NYSLRS
Ohio PERS
Oregon PERS

Pennsylvania PSERS
PSRS PEERS of Missouri
South Dakota RS
STRS Ohio
TRS Illinois
TRS of Louisiana
TRS of Texas
University of California RP
Utah RS
Virginia RS
Washington State DRS

Australia

ESS Super

Denmark

ATP

South Africa

Eskom Pension & Provident Fund

Canada

Alberta Pension Services
Alberta Teachers
BC Pension Corporation
Canadian Forces PP
Federal Public Service PP
LAPP of Alberta
Municipal Pension Plan of BC
Ontario Pension Board
Ontario Teachers
OPTrust
RCMP

The Netherlands

ABP
Metaal en Techniek
PFZW

United Kingdom¹

Armed Forces Pension Scheme
BSA NHS Pensions
BT Pension Scheme
Greater Manchester PF
Hampshire Pension Services
Kent Pension Fund
Local Pensions Partnership
Lothian PF
Merseyside PF
Pension Protection Fund
Principal Civil Service
Railpen
Royal Mail Pensions
Scottish Public Pensions Agency
South Yorkshire Pensions Authority
Surrey County Council
Teachers' Pensions
Tyne & Wear PF
Universities Superannuation
West Midlands Metro
West Yorkshire PF

1. Systems in the UK complete a different benchmarking survey. Their data is not included in this report.

This report compares your pension administration costs and member service to a custom peer group.

Custom Peer Group for Iowa PERS				
#	System	Number of members (in 000s)		
		Active Members	Annuitants	Total ¹
1	Washington State DRS	352	226	578
2	Indiana PRS	250	174	424
3	Arizona SRS	215	171	386
4	Colorado PERA	240	135	374
5	STRS Ohio	215	159	374
6	NYCERS	182	176	358
7	Oregon PERS	184	165	349
8	Illinois MRF	175	149	325
9	Iowa PERS	180	134	314
10	TRS Illinois	170	131	301
11	Kansas PERS	152	113	265
12	PSRS PEERS of Missouri	130	107	237
13	NYC TRS	126	91	216
14	TRS Louisiana	95	85	180
	Median	181	142	337
	Average	190	144	334

1. Inactive members are not considered when selecting peers because they are excluded when determining cost per member. They are excluded because they are less costly to administer than active members or annuitants.

Key takeaways:

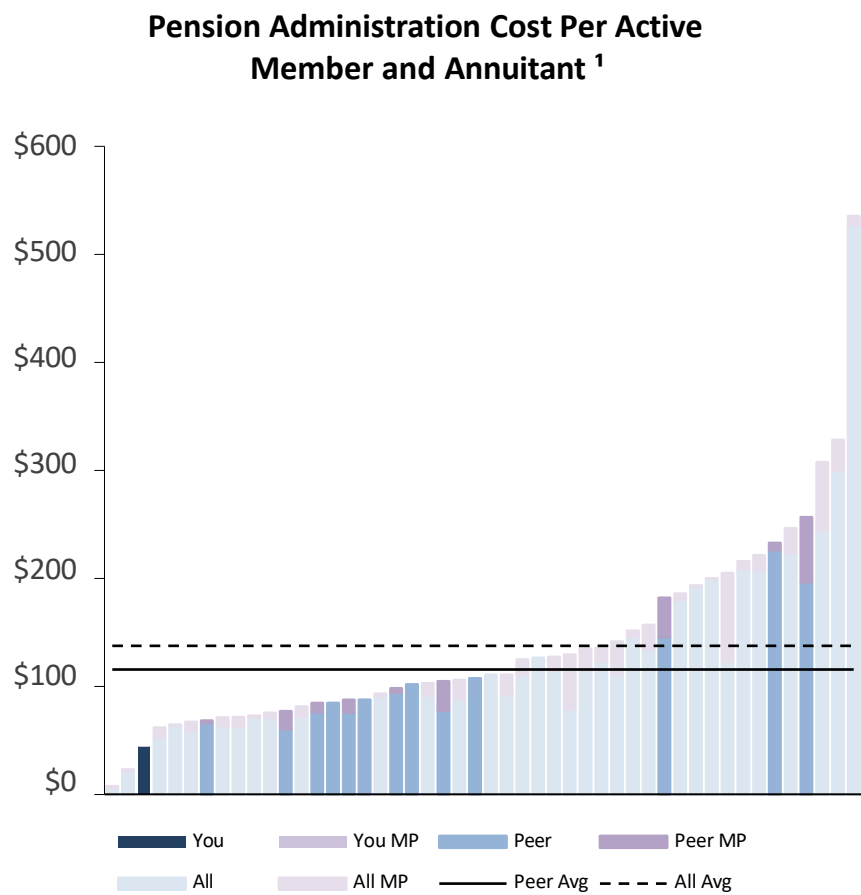
Cost

- Your total pension administration cost of \$44 per active member and annuitant was \$71 below the peer average of \$115.
- Between 2016 and 2023 your total pension administration cost per active member and annuitant decreased by 2.5% per annum.
- During the same period, the average cost of your peers with 8 consecutive years of data increased by 1.9% per annum.

Service

- The CEM service model was updated to capture the change in digital adoption and transformation in the pension industry over the last eight years. It also takes a more member-centric view: scores are calculated by member journey.
- Your total service score was 64. This was below the peer median of 82.
- Your service score has increased from 63 to 64 between 2016 and 2023.

Your total pension administration cost of \$44 per active member and annuitant was \$71 below the peer average of \$115.



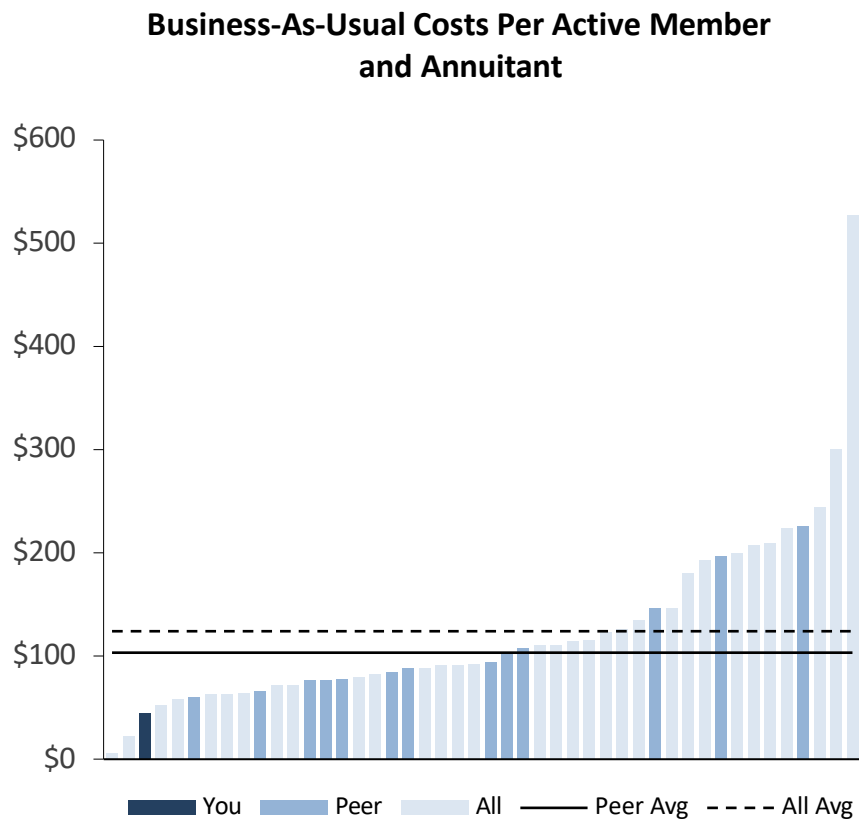
Category	\$000s	\$ per Active Member and Annuitant	
		You	Peer Avg
Business-As-Usual Costs	13,895	44	103
Major Project Costs ¹	27	0	12
Total Pension Administration	13,922	44	115

We include costs that are directly related to pension administration (e.g., staff costs or an third-party costs) plus attributions of governance, financial control, IT, building and utilities, HR, support services and other costs.

The costs associated with investment operations and investment management are specifically excluded.

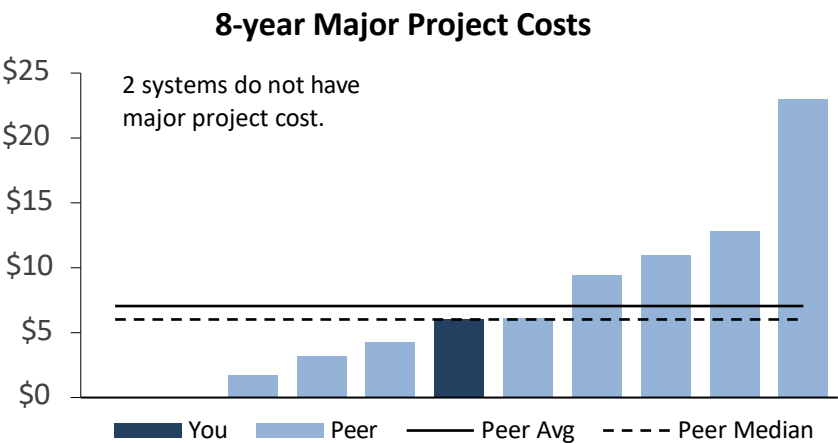
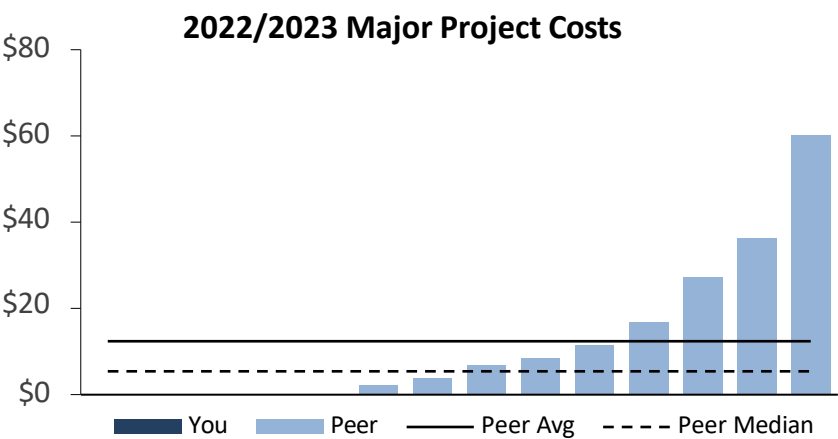
1. Major project costs are denoted by the lighter shading on the bars. These one-off costs correspond to administration projects only.

Your Business-As-Usual (BAU) costs of \$44 per active member and annuitant was \$59 below the peer average of \$103.



	\$000s	\$ per Active Member and Annuitant	
Category	You	You	Peer Avg
<u>Front office</u>			
Member Transactions	1,799	6	18
Member Communication	2,242	7	15
Collections & Data Maintenance	1,825	6	10
<u>Governance and support</u>			
Governance and Financial Control	1,251	4	8
Information Technology	4,890	16	28
Building	764	2	8
HR	160	1	2
Actuarial	225	1	1
Legal	394	1	3
Audit	247	1	2
Pay-as-you-go Benefits	16	0.1	1
Other Support Services	82	0.3	6
Total Pension Administration	13,895	44	103

Your Major Project costs of \$0 per active member and annuitant was \$12 below the peer average of \$12.



Category	Major Project Cost \$000s	\$ per Active Member and Annuitant	
	You	You	Peer Avg
Single year 2022/2023	27	0.1	12
Multi-year average ¹	1,885	6	7

What is included in major project costs:

- One-off costs that were not capitalized.
- Current year amortization on capitalized costs.
- Excluding attributed costs for healthcare, and optional and third-party administered benefits, if applicable.

1. These costs are averaged over as many years as possible based on the system participation record, with a maximum of 8 years. Systems that have submitted less than 8 years of data are excluded.

Reasons why your total cost per member was \$71 below the peer average:

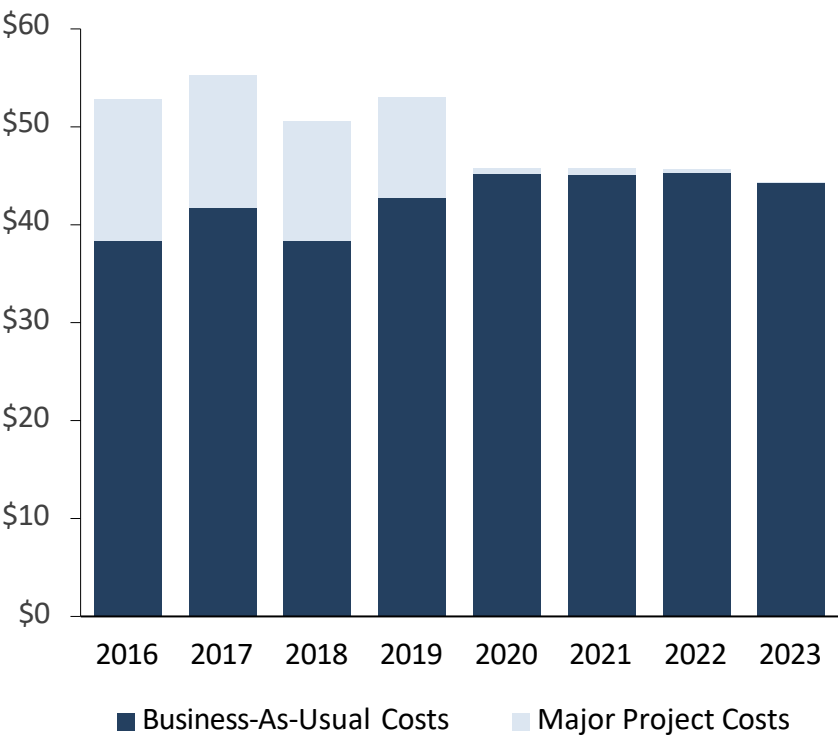
Reason	You	Peer Avg	Impact \$ per active member and annuitant
1 Fewer front office FTE per 10,000 members	1.4 FTE	3.8 FTE	-\$33
2 Lower third party costs per member in the front office	\$4	\$6	-\$2
3 Lower costs per FTE			
Salaries and Benefits (incl. retiree benefits) ¹	\$111,904	\$113,969	
Building and Utilities	\$11,572	\$13,730	
HR	\$2,420	\$3,922	
IT Desktop, Networks, Telecom	<u>\$15,769</u>	<u>\$14,251</u>	
Total	\$141,665	\$145,872	-\$3
4 Lower support costs per member ²			
Governance and Financial Control	\$4	\$8	
Major Projects	\$0	\$13	
IT Strategy, Database, Applications	\$13	\$17	
IT Security	\$1	\$3	
Actuarial, Legal, Audit, Other	<u>\$3</u>	<u>\$14</u>	
Total	\$21	\$55	-\$34
Total			-\$71

1. 25% of your total salaries and benefits relates to benefits. This compares to a peer average of 29%.

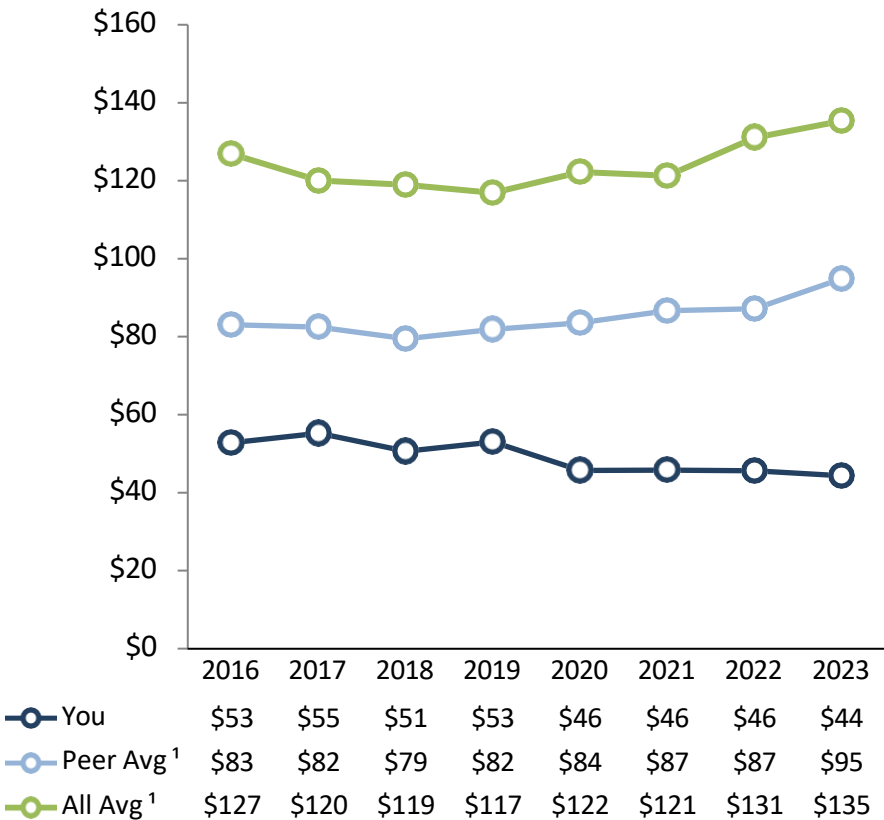
2. To avoid double counting, governance and support costs are adjusted for differences in cost per FTE.

Between 2016 and 2023 your total pension administration cost per active member and annuitant decreased by 2.5% per annum.

Your Pension Administration Cost Per Active Member and Annuitant Trend



Pension Administration Cost Per Active and Annuitant Trend



1. Trend analysis is based on systems that have provided 8 consecutive years of data (11 of your 14 peers and 34 of the 46 systems in the universe).

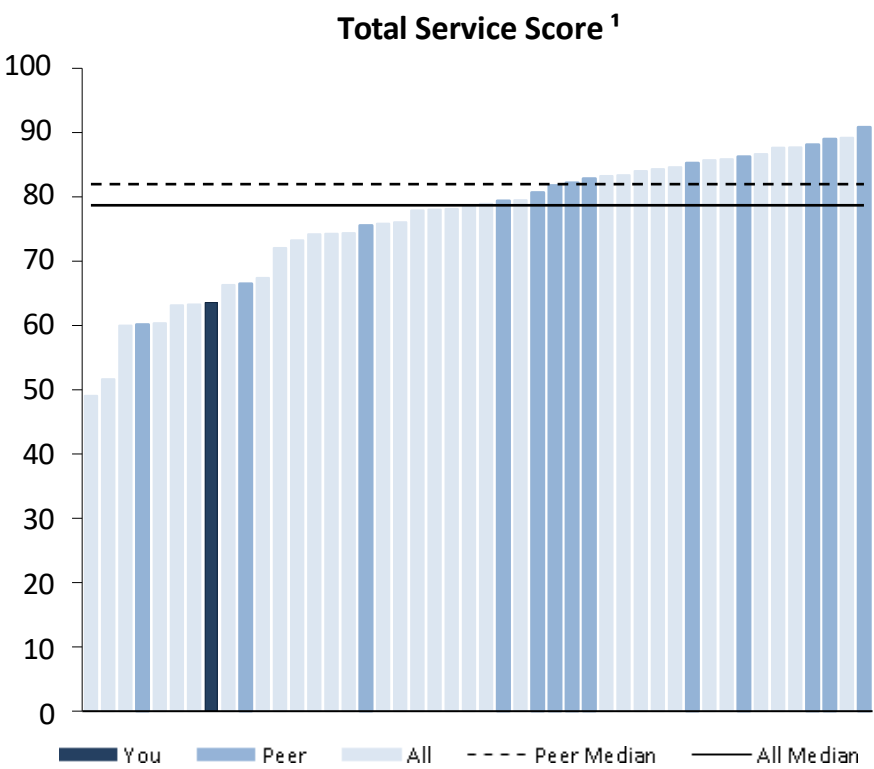
CEM's service score methodology was updated to reflect global pension administration trends.

- It has been eight years since the service methodology was last updated.
- The pandemic has accelerated digital adoption and transformation.
- Digital-first is now considered the highest service level by most members for transactions.

Key changes:

- The service score takes a more member-centric view of service: member journeys.
- Service metrics were added for digital member services and targeted campaigns.
- The service weights for digital activities were increased.
- Service metrics that are less relevant today, or minor and non-differentiating, were removed from the service model.
- The threshold to score maximum points for each service metric were updated based on what the new norm is in the pension industry. For example, a call wait time of 120 seconds gets a perfect score now versus 60 seconds in 2021, because more systems are allowing for longer wait times in favor of higher first contact resolutions.
- Please note that historic scores have been restated to reflect changes in methodology, and will differ from previous reports.

Your total service score was 64. This was below the peer median of 82.



1. The service score methodology was updated this year. Based on last year's service model, your service score would have been 74, which was equal the all median of 74.

Looking at cost in isolation is unhelpful. Context is required, as is a means to measure value for money. CEM believes the right measure is member service, or the service score.

Service is defined from a member's perspective. Higher service means more channels, faster turnaround times, more availability, more choice, better content and higher quality.

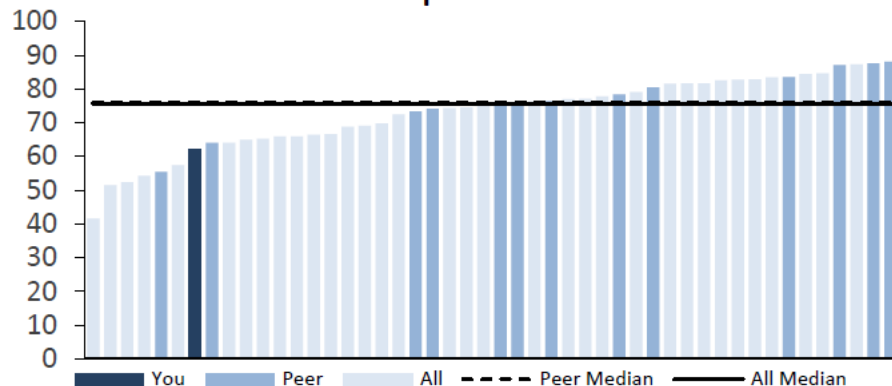
Higher service is not necessarily cost-effective. For example, the ability to answer the telephone 24 hours a day is higher service, but not cost effective.

Your total service score is the weighted average of the service scores for each of the four member journeys below.

Service Scores by Journey			
Journey	Weight	You	Peer Median
Active member experience	30%	62	76
Inactive member experience	5%	66	76
Retiring experience	35%	64	83
Annuitant experience	30%	67	86
Total service score	100%	64	82

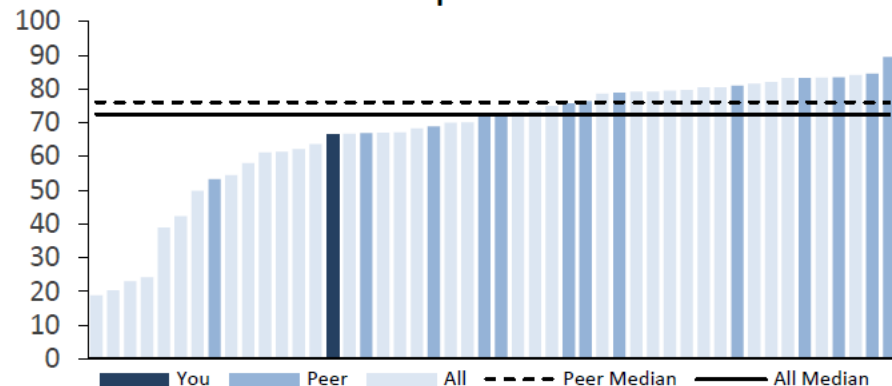
Service score by member journey and activity

Active Member Experience Service Score



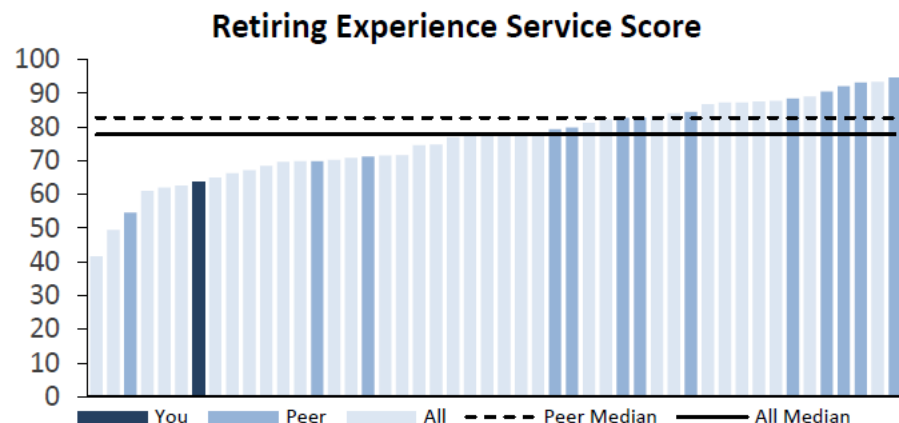
Activity	Weight	You	Peer Median
Targeted campaigns	7.5%	44	49
Purchases and Transfers-in	10.0%	62	61
Member statements	12.5%	80	83
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---	---	---	---
Personal information	5.0%	70	89
Salary and service credit information	5.0%	100	88
Secure website accessibility	30.0%	55	94
Contact center: accessibility	7.5%	46	50
Contact center: capability	5.0%	70	88
Contact center: call quality	5.0%	77	85
1-on-1 counseling	5.0%	98	95
Member presentations	2.5%	51	100
Feedback	5.0%	15	58
Active member experience service score	100.0%	62	76

Inactive Member Experience Service Score

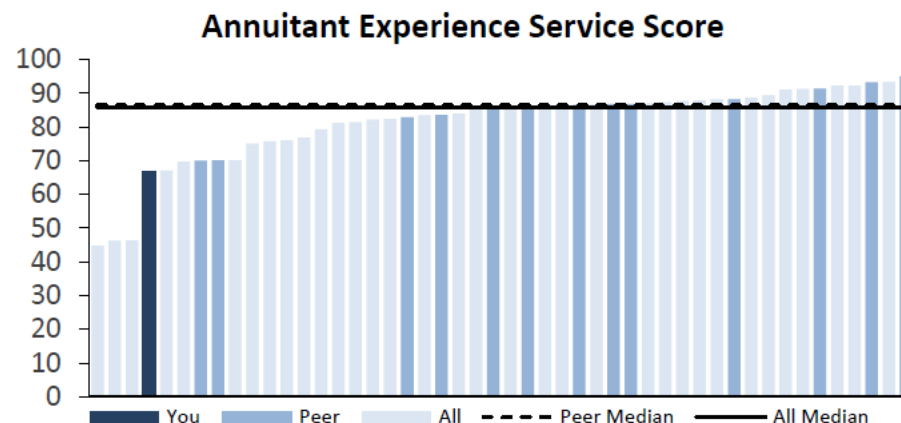


Activity	Weight	You	Peer Median
Targeted campaigns	10.0%	15	30
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---	---	---	---
Tracking inactive members	10.0%	37	90
Transfers-out	5.0%	80	80
Personal information	7.5%	70	89
Salary and service credit information	5.0%	100	88
Secure website accessibility	40.0%	90	90
Contact center: accessibility	7.5%	46	50
Contact center: capability	5.0%	70	88
Contact center: call quality	5.0%	77	85
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---	---	---	---
Feedback	5.0%	5	45
Inactive member experience service score	100.0%	66	76

Service score by member journey and activity (continued)



Activity	Weight	You	Peer Median
Targeted campaigns	7.5%	10	100
Pension estimates: self-service	7.5%	73	79
Pension estimates: assisted service	2.5%	90	100
Retirement applications	7.5%	30	73
Pension inceptions	10.0%	98	94
Disability inceptions	5.0%	100	90
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Personal information	2.5%	70	89
Salary and service credit information	2.5%	100	88
Secure website accessibility	20.0%	63	100
Contact center: accessibility	7.5%	46	50
Contact center: capability	5.0%	70	88
Contact center: call quality	5.0%	77	85
1-on-1 counseling	7.5%	98	95
Member presentations	5.0%	51	100
Feedback	5.0%	10	60
Retiring experience service score	100.0%	64	83



Activity	Weight	You	Peer Median
Targeted campaigns	10.0%	22	61
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---	---	---	---
---	---	---	---
---	---	---	---
---	---	---	---
Pension payments	30.0%	94	98
Personal information	5.0%	70	89
---	---	---	---
Secure website accessibility	32.5%	64	98
Contact center: accessibility	7.5%	46	50
Contact center: capability	5.0%	65	88
Contact center: call quality	5.0%	77	85
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Feedback	5.0%	30	65
Annuitant experience service score	100.0%	67	86

Key outliers influencing your total member service score relative to peers

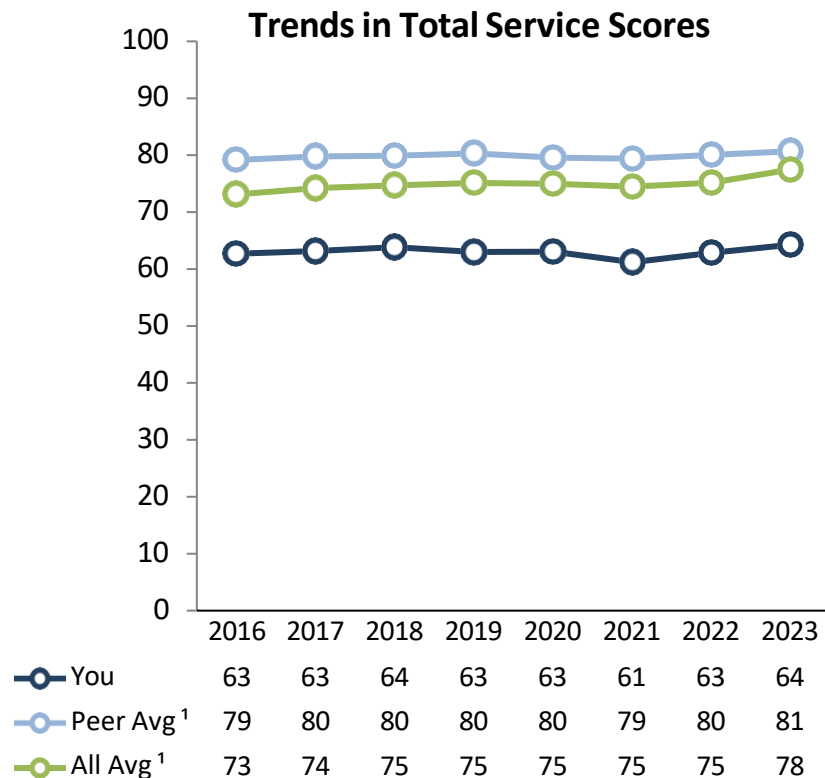
Higher than peers

- You scored well above the peer averages for pension inception. Your percentage of inceptions paid within 1 month were:
 - Service pensions: 100% (peers: 86.1%)
 - Survivor pensions: 100% (peers: 67.9%)
- A number of your core processes turnaround times were well below your peer averages:
 - Service credit purchase estimate: 5 days (peers: 23.2 days)
 - Completion of transfer-outs: 2 days (peers: 88.4 days)
 - Written pension estimates: 0 days (peers: 7.1 days)
 - Transfer-in applications: 1 month (peers: 2.6 months)
 - Decision disability applications: 1 month (peers: 2.5 months)
 - Responding to emails: 1 day (peers: 1.8 days)
- You sent out targeted communication to members when they're vested for pension benefits. Less than half of your peers did.

Lower than peers

- You did not track the different members types that were accessing the secure area of your website.
- You surveyed less transactions and journeys in general compared to your peers.
- You have less access to your members' email addresses than your peers and you are also reaching out less to your members with targeted communication.
- Your website does not offer some of the tools that are common among your peers:
 - Submission of retirement application (peers: 78.6% Yes)
 - Uploading of documents (peers: 71.4% Yes)
 - Forced disclaimer every time before pension calculator use (peers: 71.4% No)
- In your contact center:
 - Your percentage of undesired call outcomes was 20.2% (peers: 16.6%).
 - Your First Call Resolution was 81.0% (peers: 90.9%).
- Your presentation availability as a percentage of active members was 1.3% (peers: 9.3%).

Your service score has increased from 63 to 64 between 2016 and 2023.



1. Trend analysis is based on systems that have provided 8 consecutive years of data (11 of your 14 peers and 34 of the 48 systems in the universe).

2. Historic scores have been restated to reflect changes in methodology. Your historic service scores will differ from previous reports.

Changes that had a positive impact compared to last year

- Contact center: You added an additional training component and started reviewing your contact center staff on a regular basis.
- Presentations: Your availability as a percentage of active members increased from 1.0% to 1.3%, having an impact on both the active and retiring member experiences.

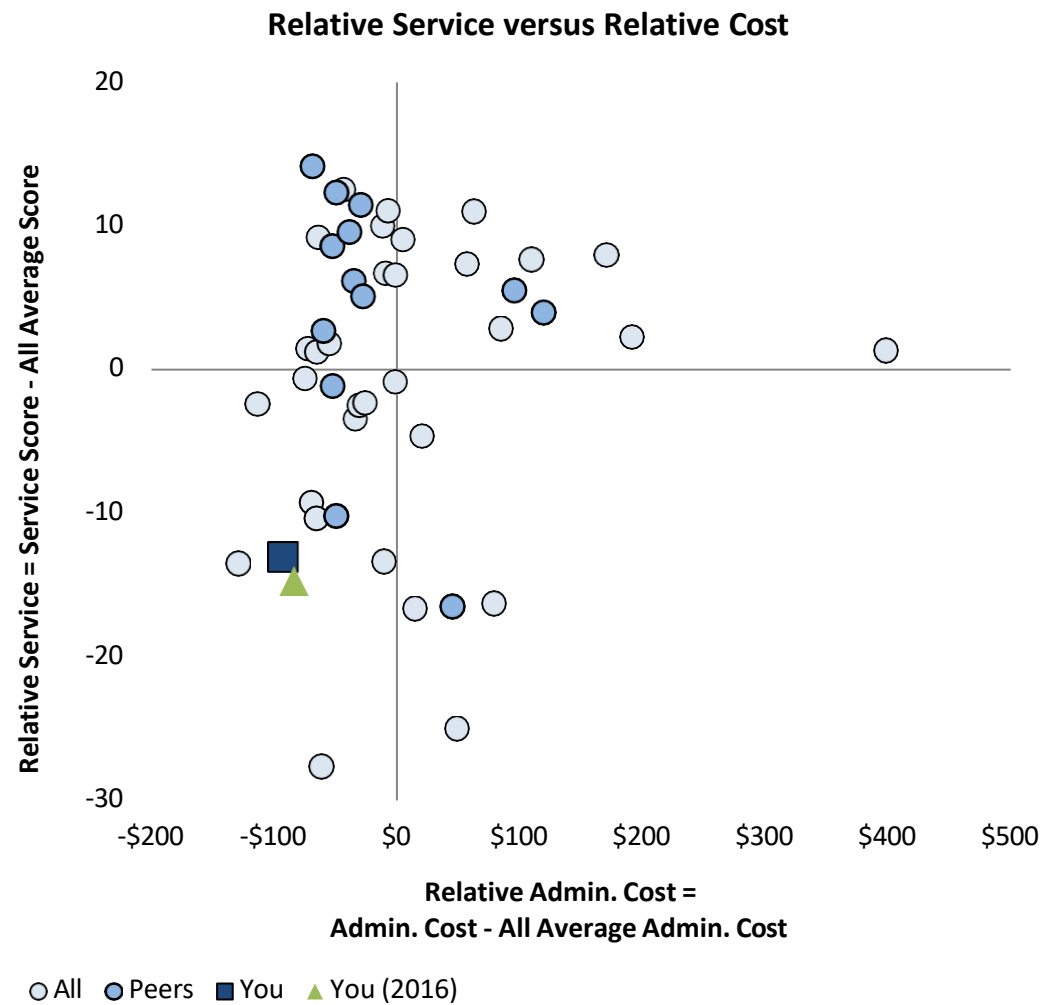
Changes that had a negative impact compared to last year

- You scaled down your surveying program compared to last year.

Longer term changes

- Besides adding contact center reviews having a positive impact on your overall service score, the following key metrics had a negative impact:
 - Call wait time: Increased from 59 seconds in 2016 to 500 seconds due to understaffing.
 - Undesired call outcomes: Increased from 5.7% to 15.3%
- In 2017 you started offering an online service credit purchase calculator.
- Since 2019 your members have the option to change their beneficiary online.

The relationship between service and pension administration cost in the CEM universe:



Key takeaways:

Cost

- Your total pension administration cost of \$44 per active member and annuitant was \$71 below the peer average of \$115.
- Between 2016 and 2023 your total pension administration cost per active member and annuitant decreased by 2.5% per annum.
- During the same period, the average cost of your peers with 8 consecutive years of data increased by 1.9% per annum.

Service

- The CEM service model was updated to capture the change in digital adoption and transformation in the pension industry over the last eight years. It also takes a more member-centric view: scores are calculated by member journey.
- Your total service score was 64. This was below the peer median of 82.
- Your service score has increased from 63 to 64 between 2016 and 2023.

Thank you



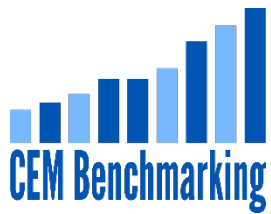
Christopher Doll

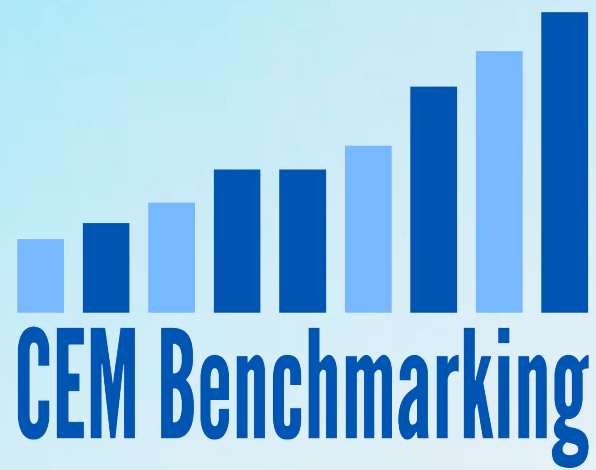
Director, Client Coverage

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ChrisD@cembenchmarking.com

CEMbenchmarking.com





August 13, 2024

Mr. Greg Samorajski
Chief Executive Officer
Iowa Public Employees Retirement System
7401 Register Drive
PO Box 9117
Des Moines, IA 50321

Re: Cost Studies for Non-Retired Protection Occupation

Dear Greg:

At your request, we have prepared several actuarial cost studies to analyze the impact of proposed changes to the benefit structure for non-retired members of the Protection Occupation group. Current retirees are not changed under this proposal. The changes include:

- A) Increase the benefit multiplier from 1.5% to 2.5% for years of service between 22 and 30 (maximum 80%).
- B) Add a permanent and automatic cost-of-living adjustment (COLA) of 1.5%, compounded annually.
- C) Add an option to retire without full benefits at age 50 with 22 years of service.
- D) Raise the employee contribution rate share from 40% to 50%.
- E) All changes described in A, B, and C combined.
- F) All changes described in A, B, C and D combined.

Currently, automatic annual dividends are paid to members who retired prior to July 1, 1990 in the form of a 13th check. The automatic dividend amount is adjusted each year by the least of the following percentages: (i) the change in the CPI, (ii) percentage certified by the actuary as affordable by the System, and (iii) 3.0%. For members who retire on or after July 1, 1990, a Favorable Experience Dividend (FED) reserve account was established (via 1998 legislation) to help offset the negative effects of post-retirement inflation by paying dividends to these members when there is sufficient favorable experience on the total System's actuarial liabilities and assets and the System is fully funded. The proposed automatic 1.5% COLA would replace the FED for non-retired members of the Protection Occupation group.

Cost Analysis

The current assumptions were evaluated for the proposed change outlined in C above in order to anticipate potential changes to retirement behavior in the future. Because there is no actual experience under the proposed change to retirement eligibility, the modifications to the current assumptions were based on our professional judgment. See Exhibit B for the revised retirement rates used in this cost study.



Mr. Greg Samorajski
August 13, 2024
Page 2

Because the utilization of the new provision of unreduced retirement benefits at age 50 with 22 years of service is unknown, we modeled the cost impact using two alternative retirement assumptions to demonstrate the sensitivity of the costs to member behavior. The two retirement assumptions we modeled were:

- (1) A best-estimate assumption based on our professional judgment.
- (2) A higher utilization assumption of the new retirement eligibility provisions.

The results of this cost study are based on the most recent actuarial valuation, prepared as of June 30, 2023. Unless otherwise specified, the actuarial assumptions and methods used in analyzing the proposed plan changes are the same as those used in the June 30, 2023 actuarial valuation (see Appendix C of that report).

The following table summarizes the cost impact of the proposed changes for the Protection Occupation group (\$ in millions). For a more detailed breakdown of the cost impact, please see Exhibit A of this letter. Please note that the cost impact under Proposals C, E and F reflect our “best-estimate” retirement assumption, as shown in Exhibit B of this letter.

(\$ in millions)	Unfunded Actuarial Liability	Funded Ratio	Required Contribution Rate	Employee Contribution Rate	Employer Contribution Rate
06/30/2023 Valuation	(\$63.8)	102.96%	15.52%	6.21%	9.31%
(A) 2.5% Multiplier After 22 YOS	(\$6.5)	100.29%	16.08%	6.43%	9.65%
Impact Compared to 6/30/2023 Valuation	\$57.3	(2.67%)	0.56%	0.22%	0.34%
(B) 1.5% COLA	\$86.1	96.27%	19.05%	7.62%	11.43%
Impact Compared to 6/30/2023 Valuation	\$149.9	(6.69%)	3.53%	1.41%	2.12%
(C) Retire at Age 50 with 22 YOS	(\$24.1)	101.10%	16.07%	6.43%	9.64%
Impact Compared to 6/30/2023 Valuation	\$39.7	(1.86%)	0.55%	0.22%	0.33%
(D) Contribution Split 50/50	(\$63.8)	102.96%	15.52%	7.76%	7.76%
Impact Compared to 6/30/2023 Valuation	\$0.0	0.00%	0.00%	1.55%	(1.55%)
(E) Combine Changes (A) - (C)	\$198.7	91.80%	22.62%	9.05%	13.57%
Impact Compared to 6/30/2023 Valuation	\$262.5	(11.16%)	7.10%	2.84%	4.26%
(F) Combine Changes (A) - (D)	\$198.7	91.80%	22.62%	11.31%	11.31%
Impact Compared to 6/30/2023 Valuation	\$262.5	(11.16%)	7.10%	5.10%	2.00%

Note: Increase in the actuarial liability reduces the surplus (which is amortized over 30 years) under Proposals A and C, while creating a net unfunded actuarial liability to be amortized over a closed 20-year period under Proposals B, E and F.



As shown in the table above, each proposed change, with the exception of D, results in an increase in the actuarial liability, a decrease in the funded ratio, an increase in the Actuarial Contribution Rate and an increase in the Required Contribution Rate, which then impacts both the employer and employee contribution rate. For the proposed change described in D, there is no change to the benefit structure and, therefore, no change to the Required Contribution Rate. However, a larger share of the total required contribution rate is allocated to members.

As mentioned previously, the results under Proposals C, E and F reflect our best-estimate retirement rates under the expanded retirement eligibility requirements. However, because there is no historical experience upon which to confidently base this assumption, actual retirement behavior could unfold differently than the assumption modeled. To help illustrate the sensitivity of the cost results to retirement behavior, we also modeled higher retirement rates (about 2.5 times the best estimate retirement rates) under the new retirement eligibility criteria (please see Exhibit B). Using this alternate assumption, the actuarial liability increases by \$135.3 million, the funded ratio decreases by 6.07% and the Required Contribution Rate increases by 3.25% of pay, compared to the June 30, 2023 valuation results.

Risk Considerations

Every proposal, with the exception of Proposal D, increases the benefits that will ultimately be paid to members. These increased benefits will inherently increase the funding risk to the plan. This is particularly true where multiple benefit enhancements are combined under Proposals E and F, and where future member behavior could differ significantly from what's been modeled under Proposal C. These increased risks have the potential to result in larger changes to the Actuarial Contribution Rate and, consequently, the Required Contribution Rate as the Protection Occupation group will require a larger pool of assets, as a percent of member payroll, to satisfy their benefit obligations in the future. The change in the allocation of the contributions under Proposal D does not change the total risk for the Protection Occupation group, but it does transfer some of the funding risk from the employers to the members.

Data, Assumptions and Methodology

The analysis contained in this letter is based on the June 30, 2023 actuarial valuation. To the extent that any of that data is inaccurate, our analysis may need to be revised. In order to prepare the results in this letter, we have utilized appropriate actuarial models that were developed for this purpose. These models use assumptions about future contingent events along with recognized actuarial approaches to develop the results. Unless otherwise noted, the actuarial assumptions and methods used in analyzing the proposed plan changes are the same as those used in the June 30, 2023 actuarial valuation, which are shown in Appendix C of that report. Note that any change in the actuarial assumptions would likely impact the results of the cost analysis included in this letter.

The comments and analysis contained in this letter are not intended to give exact calculations of costs. They should be considered as estimates. The emerging costs will vary from those presented in this letter to the extent that actual experience differs from that projected by the actuarial assumptions. This cost analysis has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board (ASB) and



Mr. Greg Samorajski
August 13, 2024
Page 4

the Code of Professional Conduct and Qualification Standards for Public Statement of Actuarial Opinion of the American Academy of Actuaries.

We have not explored any legal issues with respect to the proposed plan changes. We are not attorneys and cannot give legal advice on such issues. We suggest that you review this proposal with counsel.

We, Patrice A. Beckham, FSA, Brent A. Banister, FSA, and Bryan Hoge are consulting actuaries with CavMac Consulting, LLC. We are members of the American Academy of Actuaries, Fellows of the Society of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

If you have any questions or additional information is needed, please let us know.

Sincerely,

Patrice A. Beckham, FSA, EA, FCA, MAAA
Consulting Actuary

Brent A. Banister, PhD, FSA, EA, FCA, MAAA
Chief Actuary

Bryan K. Hoge, FSA, EA, FCA, MAAA
Consulting Actuary



EXHIBIT A

Summary of Cost Impact Compared to June 30, 2023 Actuarial Valuation

(\$ in millions)	6/30/2023 Valuation	(A) 2.5% Multiplier After 22 YOS	(B) 1.5% COLA	(C) Retire at Age 50 with 22 YOS	(D) Contribution Split 50/50	(E) Combine Changes (A)-(C)	(F) Combine Changes (A)-(D)
Actuarial Liability	\$2,158.7	\$2,216.7	\$2,310.4	\$2,198.9	\$2,158.7	\$2,424.2	\$2,424.2
Actuarial Value of Assets	<u>2,222.5</u>	<u>2,223.2</u>	<u>2,224.3</u>	<u>2,223.0</u>	<u>2,222.5</u>	<u>2,225.5</u>	<u>2,225.5</u>
Unfunded Actuarial Liability	(\$63.8)	(\$6.5)	\$86.1	(\$24.1)	(\$63.8)	\$198.7	\$198.7
Impact Compared to 6/30/2023 Valuation		\$57.3	\$149.9	\$39.7	\$0.0	\$262.5	\$262.5
Funded Ratio	102.96%	100.29%	96.27%	101.10%	102.96%	91.80%	91.80%
Impact Compared to 6/30/2023 Valuation		(2.67%)	(6.69%)	(1.86%)	0.00%	(11.16%)	(11.16%)
Normal Cost Rate	15.34%	16.08%	17.60%	16.07%	15.34%	19.34%	19.34%
UAL Contribution Rate	<u>0.00%</u>	<u>0.00%</u>	<u>1.45%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>3.28%</u>	<u>3.28%</u>
Actuarial Contribution Rate	15.34%	16.08%	19.05%	16.07%	15.34%	22.62%	22.62%
Impact Compared to 6/30/2023 Valuation		0.74%	3.71%	0.73%	0.00%	7.28%	7.28%
Required Contribution Rate	15.52%	16.08%	19.05%	16.07%	15.52%	22.62%	22.62%
Impact Compared to 6/30/2023 Valuation		0.56%	3.53%	0.55%	0.00%	7.10%	7.10%
Employee Contribution Rate	6.21%	6.43%	7.62%	6.43%	7.76%	9.05%	11.31%
Impact Compared to 6/30/2023 Valuation		0.22%	1.41%	0.22%	1.55%	2.84%	5.10%
Employer Contribution Rate	9.31%	9.65%	11.43%	9.64%	7.76%	13.57%	11.31%
Impact Compared to 6/30/2023 Valuation		0.34%	2.12%	0.33%	(1.55%)	4.26%	2.00%
Contribution Shortfall/(Margin)	(0.18%)	0.00%	0.00%	0.00%	(0.18%)	0.00%	0.00%

Notes: Numbers may not add due to rounding.

Increase in the actuarial liability reduces the surplus (which is amortized over 30 years) under Proposals A and C, while creating a net unfunded actuarial liability to be amortized over a closed 20-year period under Proposals B, E and F.



EXHIBIT B

Assumed Retirement Rates

<u>Age</u>	June 30, 2023		
	<u>Valuation</u> <u>(Baseline)</u>	<u>Best</u> <u>Estimate</u>	<u>High</u> <u>Utilization</u>
50		15	35
51		10	25
52		10	25
53		10	25
54		10	25
55	25	10	25
56	10	10	10
57	10	10	10
58	10	10	10
59	10	10	10
60	10	10	10
61	15	15	15
62	30	30	30
63	25	25	25
64	25	25	25
65 & Over	100	100	100

August 13, 2024

Mr. Greg Samorajski
Chief Executive Officer
Iowa Public Employees Retirement System
7401 Register Drive
PO Box 9117
Des Moines, IA 50321

Re: Cost Studies for Non-Retired Regular Members

Dear Greg:

At your request, we have prepared three actuarial cost studies to analyze the impact of the proposed benefit changes to the benefit structure for non-retired members of the Regular Members group. Current retirees are not changed under this proposal. The changes include:

- A) Increase the benefit multiplier from 1.0% to 2.0% for years of service beyond 30 but not more than 35.
- B) Add a permanent and automatic cost-of-living adjustment (COLA) of 1.5%, compounded annually.
- C) Changes described in A and B combined.

Currently, automatic annual dividends are paid to members who retired prior to July 1, 1990 in the form of a 13th check. The automatic dividend amount is adjusted each year by the least of the following percentages: (i) the change in the CPI, (ii) percentage certified by the actuary as affordable by the System, and (iii) 3.0%. For members who retire on or after July 1, 1990, a Favorable Experience Dividend (FED) reserve account was established (via 1998 legislation) to help offset the negative effects of post-retirement inflation by paying dividends to these members when there is sufficient favorable experience on the total System's actuarial liabilities and assets and the System is fully funded. The proposed automatic 1.5% COLA would replace the FED for non-retired members of the Regular Members group.

Cost Analysis

The results of this cost study are based on the most recent actuarial valuation, prepared as of June 30, 2023. Unless otherwise specified, the actuarial assumptions and methods used in analyzing the proposed plan changes are the same as those used in the June 30, 2023 actuarial valuation (see Appendix C of that report).



The following table summarizes the cost impact of the proposed changes for the Regular Member group (\$ in millions). For a more detailed breakdown of the cost impact, please see Exhibit A of this letter.

(\$ in millions)	Unfunded Actuarial Liability	Funded Ratio	Actuarial Contribution Rate	Employee Contribution Rate	Employer Contribution Rate	Contribution Shortfall/ (Margin)
06/30/2023 Valuation	\$4,794.9	88.76%	13.89%	6.29%	9.44%	(1.84%)
(A) 2.0% Multiplier for All YOS Impact Compared to 2023 Valuation	\$5,463.1 668.2	87.39% (1.37%)	14.67% 0.78%	6.29% 0.00%	9.44% 0.00%	(1.06%) 0.78%
(B) 1.5% COLA Impact Compared to 2023 Valuation	\$7,743.5 2,948.6	83.02% (5.74%)	17.83% 3.94%	6.69% 0.40%	10.04% 0.60%	1.10% 2.94%
(C) Combine Changes Impact Compared to 2023 Valuation	\$8,515.0 3,720.1	81.64% (7.12%)	18.73% 4.84%	6.69% 0.40%	10.04% 0.60%	2.00% 3.84%

Notes: Increase in the unfunded actuarial liability is amortized over a closed 20-year period.

As shown in the table above, each of the proposals results in an increase in the actuarial liability, a decrease in the funded ratio, and an increase in the Actuarial Contribution Rate. For Proposals B and C, the current margin of the Required Contribution Rate over the Actuarial Contribution Rate is insufficient to cover the additional cost of the proposed benefit enhancements. Therefore, those proposed changes would result in an increase in the Required Contribution Rate, which then impacts both the employer and employee contribution rate. The increase in the first year is limited to 1.00% in total, which results in a temporary contribution shortfall. Over the next two years, the Required Contribution Rate would continue to increase until the full Actuarial Contribution Rate is contributed.

Risk Considerations

Each of the proposals increases the benefits that will ultimately be paid to members. These increased benefits will inherently increase the funding risk to the plan. This is particularly true where the benefit enhancements are combined under Proposal C. The increased risk is expected to result in larger changes to the Actuarial Contribution Rate and, consequently, the Required Contribution Rate as the Regular Members group will require a larger pool of assets, as a percent of member payroll, to satisfy their benefit obligations in the future.

Data, Assumptions and Methodology

The analysis contained in this letter is based on the June 30, 2023 actuarial valuation. To the extent that any of that data is inaccurate, our analysis may need to be revised. In order to prepare the results in this letter, we have utilized appropriate actuarial models that were developed for this purpose. These models use assumptions about future contingent events along with recognized actuarial approaches to develop the



results. Unless otherwise noted, the actuarial assumptions and methods used in analyzing the proposed plan changes are the same as those used in the June 30, 2023 actuarial valuation, which are shown in Appendix C of that report. Note that any change in the actuarial assumptions would likely impact the results of the cost analysis included in this letter.

The comments and analysis contained in this letter are not intended to give exact calculations of costs. They should be considered as estimates. The emerging costs will vary from those presented in this letter to the extent that actual experience differs from that projected by the actuarial assumptions. This cost analysis has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board (ASB) and the Code of Professional Conduct and Qualification Standards for Public Statement of Actuarial Opinion of the American Academy of Actuaries.

We have not explored any legal issues with respect to the proposed plan changes. We are not attorneys and cannot give legal advice on such issues. We suggest that you review this proposal with counsel.

We, Patrice A. Beckham, FSA, Brent A. Banister, FSA, and Bryan K. Hoge, FSA are consulting actuaries with CavMac. We are members of the American Academy of Actuaries, Fellows of the Society of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

If you have any questions or additional information is needed, please let us know.

Sincerely,

Patrice A. Beckham, FSA, EA, FCA, MAAA
Consulting Actuary

Brent A. Banister, PhD, FSA, EA, FCA, MAAA
Chief Actuary

Bryan K. Hoge, FSA, EA, FCA, MAAA
Consulting Actuary



EXHIBIT A

Summary of Cost Impact Compared to June 30, 2023 Actuarial Valuation

(\$ in millions)	6/30/2023 Valuation	(A) 2.0% Multiplier for All YOS	(B) 1.5% COLA	(C) Combine Changes
Actuarial Liability	\$42,651.1	\$43,319.6	\$45,601.0	\$46,372.9
Actuarial Value of Assets	<u>37,856.2</u>	<u>37,856.5</u>	<u>37,857.5</u>	<u>37,857.9</u>
Unfunded Actuarial Liability	\$4,794.9	\$5,463.1	\$7,743.5	\$8,515.0
Impact Compared to 6/30/2023 Valuation		\$668.2	\$2,948.6	\$3,720.1
Funded Ratio	88.76%	87.39%	83.02%	81.64%
Impact Compared to 6/30/2023 Valuation		(1.37%)	(5.74%)	(7.12%)
Normal Cost Rate	10.62%	10.86%	12.14%	12.41%
UAL Contribution Rate	<u>3.27%</u>	<u>3.81%</u>	<u>5.69%</u>	<u>6.32%</u>
Actuarial Contribution Rate	13.89%	14.67%	17.83%	18.73%
Impact Compared to 6/30/2023 Valuation		0.78%	3.94%	4.84%
Required Contribution Rate	15.73%	15.73%	16.73%	16.73%
Impact Compared to 6/30/2023 Valuation		0.00%	1.00%	1.00%
Employee Contribution Rate	6.29%	6.29%	6.69%	6.69%
Impact Compared to 6/30/2023 Valuation		0.00%	0.40%	0.40%
Employer Contribution Rate	9.44%	9.44%	10.04%	10.04%
Impact Compared to 6/30/2023 Valuation		0.00%	0.60%	0.60%
Contribution Shortfall/(Margin)	(1.84%)	(1.06%)	1.10%	2.00%

Notes: Numbers may not add due to rounding.

Increase in the unfunded actuarial liability is amortized over a closed 20-year period.



Benefits Advisory Committee-Budget Authority

	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Budget	FY2025 Budget Request
101-Per diems	648.49	366.04	871.97	322.95	538.27	3,000.00
202-Meeting Travel Expenses	574.81	0.00	0.00	203.93	287.24	1,800.00
205-Out-of-State Training/Travel Expenses	1,809.80	0.00	0.00	0.00	0.00	9,000.00
301-Memberships	6,932.50	6,400.00	6,600.00	6,800.00	7,100.00	7,100.00
309-Member Communications	0.00	0.00	0.00	0.00	0.00	400.00
402-Room Rental	0.00	0.00	0.00	0.00	0.00	3,000.00
405-Consulting Services	0.00	28,317.50	6,933.75	12,198.75	0.00	25,000.00
406-Outside Services	0.00	0.00	0.00	0.00	0.00	200.00
602-Other Expenses & Obligations	60.00	0.00	0.00	0.00	0.00	500.00
Total	\$10,025.60	\$35,083.54	\$14,405.72	\$19,525.63	\$7,925.51	\$50,000.00

Iowa Code chapter 97B.7(3)(c) authorizes a standing appropriation from the IPERS Trust Fund of up to \$50,000 per fiscal year for actual expenses of the Benefits Advisory Committee.

August 2024 Appeal Status Report for Benefits Advisory Committee

#	ISSUE	STATUS
545-20	POA of deceased Member disputes IPERS' attempts to collect overpayment and denies overpayment is a "result of wrong doing, negligence, misrepresentation, or omission of the recipient."	Initial appeal received 07/08/2020. Letter of receipt mailed to POA at home address, prison address, and attorney's office per POAs request, 07/13/2020. POA passed away in November 2020. Criminal case against POAs spouse is still ongoing. Criminal case against POAs spouse not being pursued by county attorney—advised IPERS to proceed in civil court. Outside counsel has been retained by IPERS to proceed in trying to collect overpayment from POAs spouse. Case filed in probate in Utah on 07/27/2021. Hearing is scheduled on 08/30/2021. Hearing is scheduled on 11/04/2021. Civil suit has been filed against the Estate and the POAs spouse. Mediation has been scheduled for August 24, 2022. Mediation was held—no resolution reached. Civil case was filed August 26, 2022. Trial currently scheduled for end of September 2023. Trial was continued, depositions scheduled for November 2023. Depositions completed. 02/06/2024 both cases will be combined and heard by the same judge. Trial scheduled for April 1-3, 2025.
0580-24	Member appealing ex-wife as contingent annuitant	Initial appeal received 04/09/2024. Appeal acknowledgement letter sent 4/9/24. FAD mailed to member 04/18/2024. Member Appeal of FAD received 05/15/2024. Transmitted to DIA on 5/22/2024. DIA hearing continued to 09/12/2024 at 1:00 PM. Order Continuing Hearing e-mailed to Member on 07/10/2024.

IPERS' Appeal Process. An IPERS member or beneficiary can appeal a decision that impacts their rights. Typically, an **initial appeal** is filed after IPERS makes an "**initial agency decision**" on some matter. Pursuant to Iowa Code chapter 97B, each **initial appeal** is routed through an **internal review** process. During this **internal review**, IPERS' staff conduct a thorough review of the facts and law surrounding the **initial appeal**. Frequently, this review includes gathering additional information and may include further discussions with the appellant. Once the **initial review** is finished, a **Final Agency Determination (FAD)** is issued. The **FAD** can affirm, modify, or rescind the **initial agency decision**. The **FAD** is sent to the appellant who has the opportunity to appeal the **FAD**. If the **FAD** is appealed, IPERS transfers the case to the **Department of Inspections & Appeals** for assignment of an administrative law judge to hold a **contested case hearing**. After the **contested case hearing** is held and the administrative law judge issues a **proposed agency decision**, IPERS or the appellant can appeal the **proposed agency decision** to the **Employment Appeal Board (EAB)**. The **EAB** reviews the records and **proposed agency decision**. The **EAB** issues its own opinion that can affirm, deny, or modify the **proposed agency decision**. If IPERS or the appellant are unsatisfied with the **EAB's** decision, then a **Petition for Judicial Review** can be filed. Ultimately, IPERS or the appellant can appeal all the way to the **Iowa Supreme Court**.

2025

BAC Meetings

JANUARY						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

FEBRUARY						
S	M	T	W	T	F	S
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23	24	25	26	27	28	

MARCH						
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16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

APRIL						
S	M	T	W	T	F	S
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13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

MAY						
S	M	T	W	T	F	S
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4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

JUNE						
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8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

JULY						
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13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

AUGUST						
S	M	T	W	T	F	S
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10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

SEPTEMBER						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

OCTOBER						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

NOVEMBER						
S	M	T	W	T	F	S
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2	3	4	5	6	7	8
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16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

DECEMBER						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

January

1/27/25 - BAC Meeting

February

2/24/25 - BAC Meeting

March

3/31/25 - BAC Meeting

April

4/28/25 - BAC Meeting

August

8/25/25 - BAC Meeting

October

10/27/25 - BAC Meeting

December

12/5/25 - Investment Board & BAC Mtg

(Actuarial Valuation Presentation)