



# *Preparing for* Your Retirement

Special Service Members | How to Begin Receiving IPERS Benefit Payments



 **IPERS**<sup>®</sup>

# MY ACCOUNT

Your IPERS retirement toolkit

## Activate your account in My Account now!

All IPERS members have an account in My Account. All documents, statements and correspondence from IPERS is available in My Account.

Members who have logged in to My Account will receive a notification by email when documents are added in their account.

Members who have not logged in to My Account will not receive notification when documents are added in their account.

Visit [www.ipers.org/myaccount](http://www.ipers.org/myaccount) to learn more about My Account and how to log in.

### Before Retirement

- Create estimates of your projected IPERS benefits.
- View a record of your IPERS contributions.

### After Retirement

- Change withholding amounts.
- View 1099-R information and other documents.
- See your benefit payment history.

## IPERS Announces Transition to Digital Delivery

IPERS mails millions of pieces of paper annually which has environmental and financial consequences.

Beginning in late 2024, IPERS will default ALL members' document delivery preference to digital. At that time, IPERS will discontinue providing documents via the US Postal Service.\*

*\*IPERS will continue to mail a small number of documents, including the annual 1099-R.*



Working Today for Your Tomorrow



## Congratulations! You've reached an important milestone: retirement.

As you embark on this exciting time, we're here to help. This booklet is designed to help guide you through the steps to begin receiving your IPERS benefit payments. We want to help make the retirement process easier for you by giving you all the information you need in one place.

Your IPERS benefits are meant to be only one part of your overall retirement savings. Your total retirement income will come from your IPERS benefits, Social Security, personal savings, and other retirement plans.

Before completing your application for benefits, review this booklet and your benefit estimate. Make sure you understand all the benefit options. If you discover any errors or discrepancies in your estimate, or have any questions, [contact IPERS](#).

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**DISCLAIMER:**

This booklet briefly explains certain rights and benefits of IPERS membership. It is not a substitute for federal and state laws governing IPERS, which provide complete information and are subject to change. Although IPERS makes every attempt to ensure its materials are accurate and up to date, any conflict between the contents of the booklet and law must be resolved in favor of the law. The Member Handbook provides a more detailed description of IPERS benefits. It is available on the IPERS website.



# Deciding When to Retire

## Requirements for Receiving Monthly Benefit Payments

The minimum requirements to receive benefit payments are listed below. If you meet all of these requirements, and you have decided the timing is right for you to retire, then you are ready to apply!

You can start receiving monthly benefit payments from IPERS if you are:

- **A vested IPERS member** (see right for vesting requirements)
- **AND At least age 55** (age 50 if you are a sheriff or deputy sheriff with 22 years of qualified service)
- **AND Eligible for a monthly benefit of at least \$50**

In addition, to remain eligible for benefits, you must:

- **Have a bona fide retirement** (see next page)
- **Live into the month in which you receive your first benefit** (or your benefit application will be canceled)

### Have You Reached Age 70?

If you are age 70 and still working for an IPERS-covered employer, you may apply for IPERS retirement benefit payments while still employed.

### Vesting Requirements

There are two different ways to become a vested IPERS Special Service member. To be vested, you must:

- Have at least four years of service in IPERS-covered Special Service employment,
- **OR** Have worked in IPERS-covered employment after age 55.

Deciding when to retire is a big decision and may be a difficult one. While the decision is yours to make, using this resource will make it easier for you.

# Staying Eligible for Benefits

Before you decide when to begin receiving benefits, be sure you are ready to leave all employment with an IPERS-covered employer for several months. This is called a **bona fide retirement** period.

## Your Bona Fide Retirement Period

Your bona fide retirement period is a legally required time of separation from IPERS-covered employment and IPERS-covered employers. If you violate this requirement, your application will be canceled and **you will have to pay back all benefits you received, plus interest.**

## Requirements for a Bona Fide Retirement

- Apply for monthly benefit payments.
- Leave employment with all IPERS-covered employers, including non-covered employment with covered employers.
- Begin receiving benefits.
- Follow the time restrictions on providing services for an IPERS-covered employer (described below).

| If you receive your first benefit in: | You can start employment with a COVERED employer |                           |
|---------------------------------------|--|---------------------------|
|                                       | in a NONCOVERED position in:                     | in a COVERED position in: |
| January                               | February   | May                       |
| February                              | March  | June                      |
| March                                 | April  | July                      |
| April                                 | May  | August                    |
| May                                   | June   | September                 |
| June                                  | July   | October                   |
| July                                  | August   | November                  |
| August                                | September  | December                  |
| September                             | October  | January                   |
| October                               | November   | February                  |
| November                              | December   | March                     |
| December                              | January  | April                     |

You can remain employed or start employment with a non-IPERS-covered employer anytime.

### IMPORTANT:

If you are hired as a temporary employee during your bona fide retirement period, and then, for whatever reason, your employer treats you as a covered employee during or immediately following your bona fide retirement period, an audit will be performed. If IPERS determines that your employer did not make reasonable efforts to fill the vacancy left by your retirement with a new permanent employee, IPERS will revoke your benefits.

| Action   | Time Restriction   |
|--|--|
| Entering into an <b>agreement (written or verbal)</b> to perform services (as an employee, independent contractor, or volunteer) for an IPERS-covered employer | Not until the first of the month after you receive your <b>1st</b> benefit payment |
| <b>Non-IPERS-covered employment</b> or <b>temporary employment</b> with an IPERS-covered employer  | Not until the first of the month after you receive your <b>1st</b> benefit payment |
| <b>Independent contracting</b> for your former IPERS-covered employer(s)   | Not until the first of the month after you receive your <b>1st</b> benefit payment |
| <b>Covered employment</b> with or <b>volunteering</b> for a traditionally paid position for an IPERS-covered employer  | Not until the first of the month after you receive your <b>4th</b> benefit payment |
| You can remain employed or start employment with a <b>non-IPERS-covered employer</b> anytime.  |  |

See exceptions on the next page.

## Exceptions to Bona Fide Retirement

You must meet **one** of the following conditions:

- **You are age 70 or older** when you start receiving benefits.
- **You are elected to a new public office.** (If you are reelected to the same position, you must have a bona fide retirement.)
- **You are a member of the Iowa National Guard and you are called to state duty;** for example, when the Guard responds to a disaster such as a flood.
- **You are returning to work as a licensed teacher.** Visit [www.ipers.org/teachers](http://www.ipers.org/teachers) for full details.
- **You are a part-time elected official,** as long as you:
  - Officially leave all other employment with an IPERS-covered employer, other than as an elected official,
  - **AND** send a letter to IPERS and the organization that employs you as an elected official. The letter must state you intend to retire and stop contributing to IPERS.

## Example

### For New Retirees Ages 50 to 70

If you receive your first benefit in **January**:

- You may begin employment in a non-covered position with an IPERS-covered employer in **February**.
- You may begin employment in a covered position, or independent contracting with your former covered employer(s), in **May**.
- You may begin or continue employment with a non-IPERS-covered employer **anytime**.

## Increasing Benefits: Purchasing Service and Free Service

You may purchase IPERS service at the time of your retirement. IPERS also grants free service credit in certain situations.

### Purchasing Service

Service purchases increase the multiplier used in the benefit formula when IPERS calculates your benefit amount. If you are vested by service (with at least four years of Special Service, as shown in the vesting requirements on page 5), you can purchase service during the retirement process.

Request a cost estimate anytime during your career to help you plan for a future service purchase. After your *Application for Retirement Benefits* is on file with IPERS and your final wages have been received, you will receive your official cost quote and can then decide whether

to make your service purchase. Your service purchase must be completed by the expiration date on your cost quote. Service purchases can take several months to complete, so start the process as soon as you received your quote.

### Free Service

You may be entitled to free service credit for military service and leaves qualified under the Family Medical Leave Act. Contact IPERS for more information.

WATCH THIS VIDEO TO  
LEARN MORE ABOUT  
PURCHASING SERVICE.



**If you have service as both a Regular and Special Service member, you can “buy up” your quarters of Regular service. Buying up means you’re converting service from Regular into Special Service. Then, more of your benefit will be calculated using the Special Service formula, which uses a larger multiplier.**

# When to Apply

We encourage you to file your completed application 60 days before the month you want to begin receiving benefits. For example, if you are entitled to begin monthly benefits in July, we recommend filing your application by the beginning of May.

Your benefits cannot start until your completed application is received by the IPERS office. Your application for retirement benefits is not final until it has been reviewed and approved by IPERS.

It is your responsibility to file your application in a timely manner. All incomplete applications will be returned to you, which may cause you to lose benefits.

# Timing Your Last Paycheck and First Benefit Payment

Knowing when you'll receive your last paycheck and first benefit payment will help you decide when to start your benefit payments.

## RECEIVING IPERS RETIREMENT BENEFITS

You must begin receiving your IPERS retirement benefits by April 1 of the year after the year in which you turn 72 if you are no longer employed by an IPERS-covered employer.

Your "first month of entitlement" is the month you will receive your first monthly retirement benefit. It cannot be changed after your first benefit has been paid.

### Receiving Your Last Paycheck

You may receive your last paycheck in the month after you leave employment and still be entitled to retirement benefits. For example, you could terminate employment June 30, receive your last paycheck July 8, and receive your first monthly benefit from IPERS in July.

### When You Can Start Receiving Benefits

If you do not select a first month of entitlement, we will select the earliest possible month for you.

- **If You Are at Least Age 55 (or 50 for Sheriff/Deputy Sheriff members) and Under Age 70** You can receive your first benefit starting in the month after the last month you are considered an employee of a covered employer.
- **If You Have Reached Age 70** You can receive your first benefit the month you reach your 70<sup>th</sup> birthday, and you do not need to leave covered employment. When you stop working, and upon your application, IPERS may adjust your benefit to account for your additional years of service and salary.

## Your First Benefit Payment

| If your final paycheck is paid:  | You can receive your first benefit:        |
|--|--|
| During the same quarter you leave employment or during the quarter after (and your employer reports wages under the normal pay schedule) | The month after you leave employment       |
| More than one quarter after you leave employment*  | The month after your last paycheck is paid |

\*Trailing wages may add no more than one-quarter of service credit to your record.

### Timing of Payments

Benefits are paid the last business day of the month for which the payment is issued. For example, if you submit an application to begin benefits in January, the payment for January will be paid the last business day of January.



# Completing Your Application

## Your Payment Option Choices

As part of your application, you must choose a benefit option. There are six benefit options from which to choose. Options 1 through 5 may also be paid as a Level Payment Option. Be sure you understand your selection; it cannot be changed after your first benefit payment is issued.

Your benefit estimate shows the estimated amount you can receive under each option. If your benefit estimate is older than six months, or Option 4 or 6 is not shown, please call IPERS and request an updated estimate.

- Monthly benefits are paid to you for life, no matter which option you choose.
- Your choice will determine what kind of death benefits may become available to your beneficiary(ies) or contingent annuitant, after your death — a lump-sum death benefit, monthly death benefits, or no death benefit.
- Your option choice may affect your monthly benefit amount.
- If you are married, your spouse must consent in writing to the payment option you elect.
- You cannot change your payment option after your first benefit payment is issued.

The table on the following page gives an example of each option. Your personal situation may vary.

Review the tax consequences of the death benefits you are considering with your tax adviser. Death benefits may be subject to federal and state taxes, so

it's important to understand potential tax consequences.

If you have a valid qualified domestic relations order (QDRO) in your member record, IPERS will follow the terms of the QDRO first and pay remaining benefits as applicable.

### Level Payment Options

With level payment options, you receive higher IPERS benefits before age 62 and then reduced IPERS benefits after age 62 to provide nearly equal monthly income to you before and after you become eligible for Social Security benefits. If you choose a level payment option, your IPERS benefits will be permanently reduced after you become eligible for Social Security benefits at age 62.

If you choose a level payment option, you must provide IPERS with an estimate of what your Social Security benefits will be at age 62 at least 60 days before you want to begin receiving IPERS benefits. The amount of your IPERS benefits will not be recalculated later based on the actual Social Security benefits you receive.

Your application is not final until it has been reviewed and approved by IPERS.

# Your Payment Options

## WHEN SELECTING A PAYMENT OPTION YOU SHOULD CONSIDER:

- What your expenses will be after you retire
- The type of death benefit you want for your beneficiary(ies)/contingent annuitant

You select your option on your benefit application. If you are married, your spouse must consent in writing to your option choice. You cannot change your option after your first benefit payment is issued. No matter which option you choose, monthly benefits are paid to you for life if you are vested and your monthly benefit under Option 2 is at least \$50.

Depending on the option you choose, death benefits can be paid as either lump-sum or monthly benefits. Other circumstances such as your date of death, your beneficiary(ies) and their date of death may affect the benefits as well.

The table below gives an example of each option. Your personal situation may vary.

| Payment Option   | Description   | Important to Note   |
|--|---|---|
| <b>1 Annuity With Fixed Lump-Sum Survivor Benefit</b>                          | <b>Monthly benefit for life.</b><br>You specify an amount, in \$1,000 increments, to be paid in a lump sum to your beneficiary when you die.  | <ul style="list-style-type: none"> <li>• After retirement, you cannot change the death benefit amount.</li> <li>• The death benefit amount cannot exceed your total contributions plus interest.</li> </ul>   |
| <b>2 Annuity With Variable Decreasing Lump Sum</b>                             | <b>Monthly benefit for life.</b><br>After your death, your beneficiary receives the difference between the retirement benefits you received and your total contributions plus interest. | <ul style="list-style-type: none"> <li>• A death benefit is not guaranteed.</li> <li>• Once you have received monthly benefits adding up to the amount of your contributions plus interest, no death benefit will be payable to your beneficiary(ies).</li> </ul>   |
| <b>3 Single Life Annuity</b>   | <b>Monthly benefit for life.</b>  | <ul style="list-style-type: none"> <li>• After your death, no further benefits are payable.</li> </ul>  |
| <b>4 100%, 75%, 50%, or 25% Joint and Survivor Annuity</b>                     | <b>Monthly benefit for life.</b><br>After your death, your contingent annuitant receives 100%, 75%, 50%, or 25% of your monthly benefit for life.                                       | <ul style="list-style-type: none"> <li>• Restrictions on percentages apply if your contingent annuitant is not your spouse and is more than 10 years younger than you.</li> <li>• You cannot change your contingent annuitant after IPERS has made your first monthly payment.</li> </ul>   |
| <b>5 120-Month Term Certain Annuity</b>  | <b>Monthly benefit for life.</b><br>If you die before receiving 120 payments, your beneficiary begins receiving a monthly benefit (otherwise, no further benefits payable).             | <ul style="list-style-type: none"> <li>• If you designate only one person as your beneficiary, your beneficiary receives the same monthly benefit for 120 months minus the number of payments you received.</li> <li>• If you designate more than one person, a trust, or an estate as your beneficiary, payment is made in a lump sum equivalent to the value of the remaining monthly payments as of your date of death.</li> <li>• Must be under age 90 to elect this option.</li> </ul>     |
| <b>6 100%, 75%, 50%, or 25% Joint and Survivor Annuity With Pop-Up Annuity</b> | <b>Monthly benefit for life.</b><br>After your death, your contingent annuitant receives 100%, 75%, 50%, or 25% of your monthly benefit for life.                                       | <ul style="list-style-type: none"> <li>• Restrictions on percentages apply if your contingent annuitant is not your spouse and is more than 10 years younger than you.</li> <li>• If your contingent annuitant dies before you, your benefit pops up to what it would have been under Option 2. If your investment remains, you may designate a new beneficiary at this time.</li> <li>• You cannot change your contingent annuitant after IPERS has made the first monthly payment.</li> </ul> |

EXAMPLE:

## All Benefit Payment Options

Ken retires at the age of 56 and four months, after working in IPERS-covered Special Service for 20 years, with a highest three-year average salary of \$42,068.57. His wife is age 57 and four months. His IPERS contributions plus interest total \$60,741.71.

Here's the amount of his benefits under each option.

| Death Benefits Payable to Your Beneficiary  |   |   |   |
|---|---|---|---|
| Lump-Sum Benefit  | Monthly Benefit   | Monthly Benefit Payable to Ken  | Death Benefit Payable to Ken's Wife After Ken Dies  |
| Yes.  | No.   | \$1,913.17  | <b>Minimum lump sum:</b> \$1,000<br><b>Maximum lump sum:</b> \$60,000 (Ken's monthly benefit would be \$1,819.36.)  |
| Maybe.  | No.   | \$1,912.02  | <b>Lump sum:</b> \$14,853.23 after two years. After Ken receives 32 monthly payments, there will not be any death benefit payable to his wife.  |
| No.   | No.   | \$1,914.76  | None.   |
| No.   | Yes, if your contingent annuitant outlives you.   | <b>100%</b> \$1,703.60<br><b>75%</b> \$1,751.90<br><b>50%</b> \$1,803.02<br><b>25%</b> \$1,857.21 | <b>100%</b> \$1,703.60<br><b>75%</b> \$1,313.93<br><b>50%</b> \$901.51<br><b>25%</b> \$464.30   |
| Maybe. If your beneficiary is several people, a trust, or an estate, payments will be made in a commuted lump sum based on today's value of the remaining monthly payments. | Maybe. A monthly benefit can be paid only if you named one beneficiary and received less than 120 payments. | \$1,881.56  | <b>Monthly benefit after 24 months:</b> \$1,881.56 for 96 months; thereafter, no benefits payable.<br><br><b>OR</b><br><b>Lump sum:</b> \$141,068.25 if Ken dies after 24 months of pension payments. |
| Maybe, if your contingent annuitant dies before you and any balance remains of your total contributions plus interest.  | Yes, if your contingent annuitant outlives you.   | <b>100%</b> \$1,686.54<br><b>75%</b> \$1,738.39<br><b>50%</b> \$1,793.53<br><b>25%</b> \$1,852.28 | <b>100%</b> \$1,686.54<br><b>75%</b> \$1,303.79<br><b>50%</b> \$896.76<br><b>25%</b> \$463.07   |

# Designating Your Beneficiary(ies) or Contingent Annuitant

## Designating Your Beneficiary(ies)

For Options 1, 2, or 5

If you name two or more people as beneficiaries at one level (primary or secondary), IPERS will pay the same amount to those beneficiaries at your death.

### Who Is Eligible to Be a Beneficiary?

Any person (related to you or not), church, charity, or estate may be designated as a primary or secondary beneficiary. If you designate your estate as beneficiary, your benefits will be paid according to your testamentary will or according to state laws for intestate distribution. You cannot designate a commercial entity, such as a funeral home, as your beneficiary.

### Naming your primary beneficiary(ies)

| Beneficiary Name | Relationship | Sex (M/F) | Date of Birth (mm/dd/yyyy) |
|------------------|--------------|-----------|----------------------------|
| Susan Smith      | Spouse       | F         | 05/17/1950                 |

### Naming your secondary beneficiary(ies)

| Beneficiary Name | Relationship | Sex (M/F) | Date of Birth (mm/dd/yyyy) |
|------------------|--------------|-----------|----------------------------|
| Jim Smith        | Son          | M         | 01/31/1970                 |
| Jill Smith       | Daughter     | F         | 07/21/1975                 |
| Bob Smith        | Son          | M         | 05/15/1977                 |

### Naming an Estate as Beneficiary

You may name your estate as either primary or secondary beneficiary. If you name your estate as a primary beneficiary, you cannot name a secondary beneficiary.

| Beneficiary Name | Relationship | Sex (M/F) | Date of Birth (mm/dd/yyyy) |
|------------------|--------------|-----------|----------------------------|
| My estate        |              |           |                            |

### Naming a Trust or Trustee as Beneficiary

You may name a living trust or a testamentary trust as a primary or secondary beneficiary. At your death, the successor trustee will be contacted about the death benefits payable.

| Beneficiary Name  | Relationship | Sex (M/F) | Date of Birth (mm/dd/yyyy) |
|---|--------------|-----------|----------------------------|
| (Name of the trust), (date the trust was created) <b>REQUIRED</b>   |              |           |                            |
| (Name of the trustee), trustee, (address of the trustee) <b>REQUIRED</b>  |              |           |                            |
| (Name of the successor trustee), successor trustee,<br>(address of the successor trustee) <b>RECOMMENDED BUT NOT REQUIRED</b> |              |           |                            |
| <i>The living trust of Jane J. Smith, 01/01/2000</i>  |              |           |                            |
| <i>Jane J. Smith, trustee, 123 Main St., Anytown, WI 53001</i>  |              |           |                            |
| <i>Albert J. Doe, successor trustee, 123 Main St., Anytown, WI 53001</i>  |              |           |                            |

### Naming a testamentary trust as beneficiary

| Beneficiary Name   | Relationship | Sex (M/F) | Date of Birth (mm/dd/yyyy) |
|--|--------------|-----------|----------------------------|
| (Name of the trust), created under my last will and testament. <b>REQUIRED</b> |              |           |                            |
| (Name of the trustee), trustee, (address of the trustee) <b>REQUIRED</b>       |              |           |                            |
| <i>John L. Doe Trust, created under my last will and testament.</i>            |              |           |                            |
| <i>Susan J. Smith, trustee, 123 Main St., Anytown, WI 53001</i>                |              |           |                            |

### Naming a charity as beneficiary

| Beneficiary Name   | Relationship | Sex (M/F) | Date of Birth (mm/dd/yyyy) |
|--|--------------|-----------|----------------------------|
| <i>Juvenile Diabetes Research Foundation<br/>123 Main St., Anytown, IA 50000</i> |              |           |                            |

## Designating Your Contingent Annuitant

For Options 4 and 6

### Who Is Eligible to Be a Contingent Annuitant?

Any person (related to you or not) is eligible to be your contingent annuitant.

### Naming your contingent annuitant

|                                    |   |
|------------------------------------|---|
| <b>Social Security Number:</b>     | <i>987-65-4321</i>  |
| <b>First name:</b>                 | <i>Susan</i>  |
| <b>Middle initial:</b>             | <i>A</i>  |
| <b>Last name:</b>                  | <i>Smith</i>  |
| <b>Date of birth:</b>              | <i>05/17/1950</i>   |
| <b>Is this person your spouse?</b> | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> |

If your contingent annuitant is not your spouse and is at least ten years younger than you, your contingent annuitant's monthly death benefits may be limited.

| If the difference between your ages is:   | Your contingent annuitant can receive up to ___% of your benefit amount |
|---|---|
| Less than 10 years                        | 100%  |
| At least 10 years, but less than 20 years | 75%   |
| At least 20 years                         | 50%   |

# Tax Withholding Information

Most IPERS benefits are subject to federal income taxes but are excluded from Iowa income taxes under certain conditions. We will withhold taxes from your retirement benefit, per your direction.

## If You Are a Resident of Iowa

Income from the following sources of retirement income may be excluded from Iowa income taxes:

- Pensions.
- Annuities.
- Self-employed retirement plans.
- Deferred compensation plans.
- IRAs.
- Some other retirement benefit plans.

The following individuals qualify for the exclusion:

- Those who are 55 years of age or older.
- Those who are disabled.\*
- Surviving spouses or other qualifying survivors who receive retirement income due to the death of an individual who would have qualified for the exclusion.

IPERS will withhold Iowa income tax unless you indicate on your Iowa W-4P that your IPERS benefits are excluded.

If you are a non-U.S. citizen or a nonresident alien living outside the United States, go to [www.irs.gov](http://www.irs.gov) and print, complete, and attach IRS Form W-8BEN to your application.

*\*To be considered disabled you must be receiving retirement income on the basis of a documented disability or you must meet federal or state criteria for a disability. Federal Civil Service annuitants who want Iowa taxes withheld from federal pensions should contact the Office of Personnel Management at 888-767-6738 or [retire@opm.gov](mailto:retire@opm.gov).*

## A Few More Things to Plan For

- **Proof of Birth Date** You must submit proof of your date of birth. If you choose Option 4 or 6 (see pages 10-11), you must also submit proof of your contingent annuitant's birth date. Your contingent annuitant is the person you choose to receive monthly benefits after your death. A photocopy of a birth certificate, U.S. passport, REAL ID-marked driver's license (with a star in the upper right corner), or infant baptismal certificate is preferred. Other acceptable alternatives for birth date proof are listed on the application.
- **Direct Deposit** Direct deposit means your monthly benefit payment will be deposited electronically into your checking or savings account. It is the most efficient and secure way to receive your payments. To sign up for direct deposit, attach a voided check or savings account deposit slip where indicated on your application. There is no fee for direct deposit. If you prefer to receive a paper check, there is a fee of \$1.00 a month. IPERS checks cannot be forwarded by the U.S. Postal Service. If you have a change of address, notify IPERS as soon as possible or your check may be returned to IPERS.



Photo courtesy of Winnebago Industries.

# After You Apply

## Changes After Filing Your Application

If you want to change the month you will receive your first benefit or cancel your application, you must submit a written request with your signature, postmarked by the last business day of the month you selected to receive your first benefit.

If you want to change your benefit option, complete the *Retirement Option Change* form. The form must be postmarked by the last business day of the month you selected to receive your first benefit.

### **Initial Benefit Amount and Recalculations**

When you first begin receiving benefits, your benefit will be calculated using the

wages your employer has reported for you by that date.

If your employer reports additional wages that change your benefit amount, we will recalculate your benefits when the final wages are accounted for, and any increase due will be paid retroactively.

If any information used to determine your benefit changes or is found to be incorrect, your benefit will be adjusted accordingly, IPERS must recover any overpayment, and interest may be charged.

# Returning to Work

You may decide to return to work after retirement. Whatever the reason, it's important to understand how your retirement benefits may be affected, based on:

- Your age
- The type of employer for which you work
- How much you earn

If you decide to return to employment after you start receiving IPERS benefits, certain restrictions may apply. It's important to consider the following before accepting employment:

## **Re-Employment With a Non-IPERS-Covered Employer**

If the employment is with a non-IPERS-covered employer, there are no restrictions. However, keep in mind that Social Security has certain income limitations that apply to your Social Security benefits.

## **Re-Employment With an IPERS-Covered Employer**

### **At Least Age 55 (or 50 for Sheriff/Deputy Sheriff members), but Younger Than Age 65**

You must have a bona fide retirement (see page 6). If you return to IPERS-covered employment, you will have an earnings limit of \$50,000 a year, or the Social Security wage limit, whichever is higher. This earnings limit may change each calendar year. The limit does not apply if you are elected to public office.

Although you do not pay IPERS contributions for all types of compensation, most types of wages from reemployment count toward the earnings limit. Wages that count toward the limit include bonuses, allowances, and employer contributions to defined contribution and deferred compensation retirement plans.

### **If You Exceed the Earnings Limit**

There is a penalty of 50 cents for each dollar you earn over the earnings limit. After the end of the calendar year, IPERS will determine the amount you exceeded the limit by, and let you know the amount that must be recovered. To repay, you may choose to have your monthly benefit reduced or pay a lump sum. You will be required to confirm your decision with IPERS in writing.

As an alternative, you may ask IPERS in writing to suspend your IPERS benefits at the time you exceed the limit. This way, you will avoid benefit overpayments and recovery procedures.

If you die and the overpayment has not been repaid, the remaining amounts will be deducted from the death benefits, if any, to be made to your beneficiary or contingent annuitant. If there are no death benefits to be paid, or the death benefits are insufficient, the unrecovered amounts will be charged to your estate.

### **At Least Age 65, but Younger Than Age 70**

You must have a bona fide retirement (see page 6). There is no limit on your earnings.

### **Age 70 and After**

You may start receiving monthly benefits while working, or return to covered employment anytime without any restrictions. However, you must end all employment with covered employers for at least 30 days to have your retirement benefit recalculated.

## Recalculating Your Benefit

When you stop working, apply for a recalculation of your benefit using IPERS' *Re-Employment Termination Verification* form.

You may choose to receive a lump-sum payment for your period of re-employment instead of adding to your monthly benefit amount, unless you started receiving benefits after age 70 and continue to work. Your re-employment period is considered a separate period of service. The benefit you receive as a result of your re-employment is calculated as a separate benefit, even though it may be treated as part of your original benefit for income tax purposes. The recalculation formula will be adjusted so that no more than 30 years of service are used.

If your re-employment period lasts less than seven years, the formula used to calculate your additional benefit may be different from the standard formula. Your benefit may be determined using a money purchase formula that is based on the amount of contributions you made while re-employed.

If you started receiving IPERS benefits after age 70 and did not terminate your original employment, you cannot receive a lump-sum payment for your period of re-employment. Instead, you may be eligible for an increased monthly benefit.

Re-employment does not always increase your monthly benefit, in which case you will receive a lump-sum payment for your period of re-employment.

### MANDATORY PAYOUT

If you leave employment again and do not request a monthly benefit or lump sum within a year, IPERS will automatically pay you the lump sum if your gross payment is less than the IRS limit.

## If You Die Before the Month You Start Receiving Benefits

If you die before the beginning of the month you were to receive your first benefit, your benefit application will be canceled. The beneficiary you designated in your retirement benefit application will be eligible for a preretirement death benefit.

- If you have only one beneficiary designated, your beneficiary may choose between a lump-sum payment or a lifetime monthly payment, when eligible (provided the monthly benefit would be \$50 or more).

- If you have more than one individual listed as a beneficiary or your designated beneficiary is an estate, trust, church, charity, or other similar organization, your beneficiary(ies) will only receive a lump-sum payment.

### *When must beneficiaries apply for preretirement death benefits?*

| If the death benefit is: | The beneficiary must apply:  |
|--------------------------|--|
| A lump sum               | By December 31 of the fifth year after your death  |
| Monthly                  | <b>If the beneficiary is your spouse:</b> By December 31 of the year you would have reached age 72 |
|                          | <b>If the beneficiary is NOT your spouse:</b> Within 12 months of your death                       |



# Disability Benefits

## Requirements for Receiving Monthly Disability Benefits

You can become eligible for IPERS disability benefits at any age. Your disability benefits will not be reduced because of your age.

**Navigating the disability benefits application process can be complex for IPERS Special Service members.** Please read the booklet *“Understanding Your Disability Benefits”* and speak with an IPERS Special Service disability benefits counselor to make the process easier for you.

### To qualify for Regular disability benefits, you must:

- Be vested.
- Have ended all IPERS-covered employment.
- Be receiving federal Social Security disability or Railroad Retirement disability benefits.
- Have a bona fide retirement (see page 6).
- Live into the month you receive your first benefit in (or your benefit application will be canceled).

### In addition, to remain eligible for Regular disability benefits, you must:

- Provide proof to IPERS that you remain eligible for federal Social Security disability or Railroad Retirement disability benefits each year.

If you cannot show proof and you are under age 55, your benefits will stop. If you cannot show proof and you are between ages 55 and 65, your benefits will be reduced to “nondisability” benefits.

### To qualify for Special Service disability benefits, you must:

- Be vested.
- Have a disability that began while you were employed by an IPERS-covered Special Service job — but not necessarily while you were on duty.
- Leave your IPERS-covered Special Service job because of your disability.
- Apply for benefits within one year of leaving IPERS-covered employment.
- Complete a medical exam by the Medical Board of the University of Iowa, unless waived by IPERS.



# How Your Benefits Are Calculated

## The IPERS Benefit Formula

The formula used to calculate your annual IPERS benefit includes:

- **YOUR AVERAGE SALARY**
- **A MULTIPLIER**

### *IPERS Benefit Calculation*

**Average Salary**  
× **Multiplier**

---

**Your Annual IPERS Benefit**

This formula is the starting point for your benefit amount. Your benefit amount will be adjusted if you choose a payment option other than Option 2.

### **Your Average Salary**

Your average salary is the wage amount IPERS uses to calculate your benefit amount. The salaries we will use in the calculation are determined by the covered wages reported for you over a calendar year (January 1-December 31).

Your average salary is your highest three-year average salary.

When calculating your benefit, IPERS tests for wage spiking, to prevent overpaying your benefits. Your average salary will be decreased if wage spiking occurred.

If you stop working before the end of a calendar year, we will calculate your final calendar year's wage as follows:

- 1) We will look at the wages you earned in each quarter of your last year of employment.
- 2) We will look at your highest calendar year wage *not used* in the highest average salary calculation and calculate the average quarterly wage for that year.
- 3) We will use the amount calculated in Step 2 for the quarters you did not work in your last year, and add up the amounts for all four quarters. This is called your computed-year wage.
- 4) If the computed-year wage is more than your third- (or fifth-) highest calendar year wage, then the computed-year wage is used as your final year's wage. (The computed-year wage is limited to 103% of your highest calendar year wage. This calculation will not result in additional service credit.)

### Your Multiplier

The multiplier used in the benefit formula is based on how many years of service you have. To determine the multiplier used in the calculation, refer to the chart below.

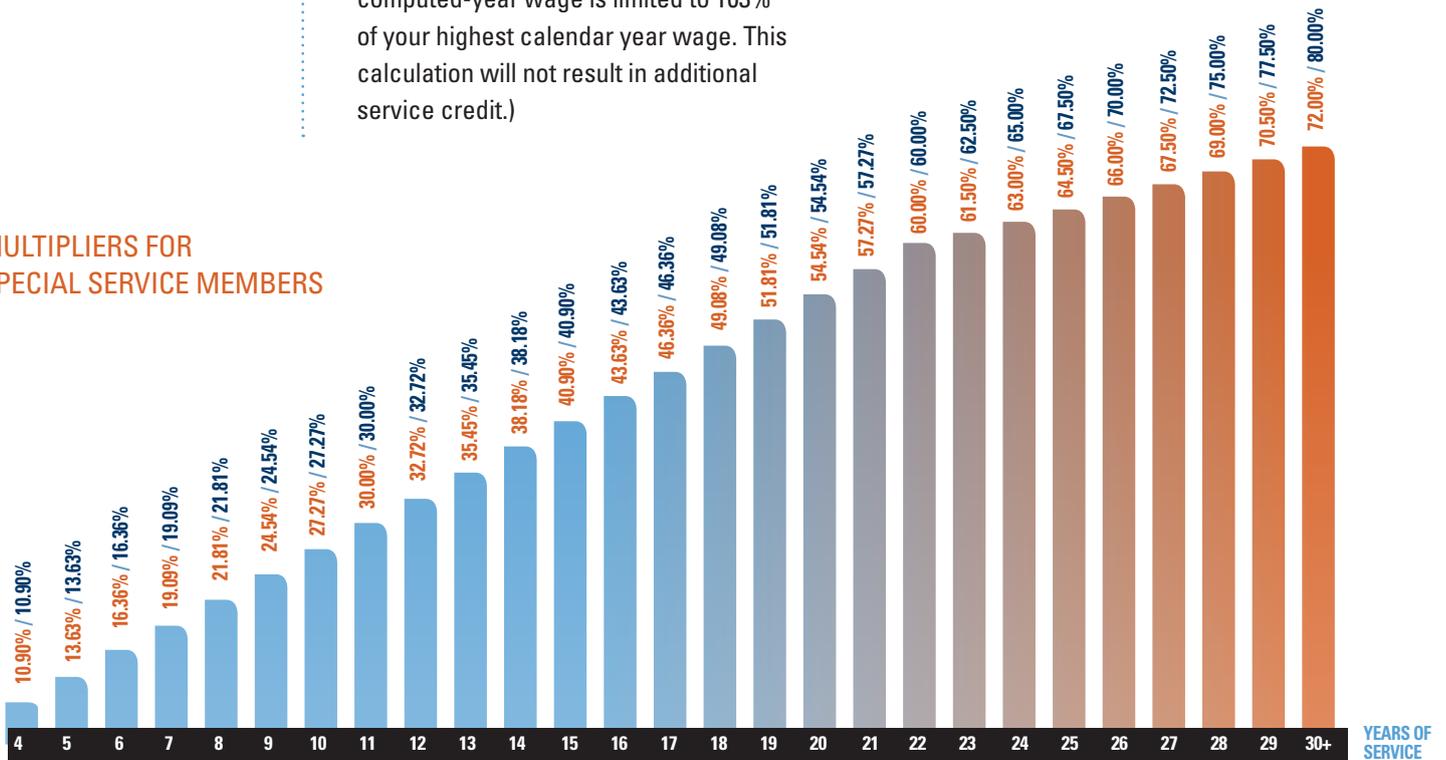
#### Protection Occupations members:

The multiplier increases 2.7272% for every year of service from one to 22 and 1.5% for each year of service from 22 to 30. The maximum is 72%.

#### Sheriffs/Deputy Sheriffs members:

The multiplier increases approximately 2.7272% every year of service from one to 22 and 2.5% for each year of service from 22 to 30. The maximum is 80%.

### MULTIPLIERS FOR SPECIAL SERVICE MEMBERS



PROTECTION OCCUPATIONS MEMBERS

SHERIFFS/DEPUTY SHERIFFS MEMBERS

# Calculation Examples



Here are some examples of the retirement benefits a Protection Occupations member might receive. These examples are for illustrative purposes only. Retirement benefits in the following examples are calculated under Option 2. The amounts will be adjusted if another option is chosen. Depending on the payment option, the benefit amount will be different. Call IPERS to receive a benefit calculation based on your factors.

These calculations use Protection Occupations credit only.

## EXAMPLE 1:

### Retirement Benefits Calculated With Three-Year Average Salary

#### JOE, AGE 55

Joe works for an IPERS-covered employer for 21 years. He retires at age 55, when he qualifies for a normal retirement pension. His highest three-year average salary is \$51,814.

$$\begin{array}{r} \$51,814 \text{ Joe's highest three-year average salary} \\ \times \quad 57.27\% \text{ Multiplier (2.7272\% x 21 years of service)} \\ \hline \end{array}$$

**\$29,673.88** Joe's annual retirement benefit

#### JOE, AGE 58

If Joe worked another three years and retired at age 58 with a highest three-year average salary of \$55,056, his annual retirement benefit would be as follows.

$$\begin{array}{r} \$55,056 \text{ Joe's highest three-year average salary} \\ \times \quad 63\% \text{ Multiplier (2.7272\% x 22 years of service +} \\ \quad \quad \quad 1.5\% \times 2 \text{ years of service)} \\ \hline \end{array}$$

**\$34,685.28** Joe's annual retirement benefit

### Preretirement Death Benefits

If Joe died at age 58 before his benefits started, a lump-sum benefit of \$289,044 would be payable to Joe's beneficiary.

## EXAMPLE 2:

### Retirement Benefits Calculated With Control-Year Salary

#### BRENDA, AGE 65

Brenda works for an IPERS-covered employer for 30 years and decides to retire at age 65. Her highest three-year average salary is \$60,000. Her control-year salary is \$46,000. To determine Brenda's salary in the benefit formula, IPERS multiplies \$46,000 by 121%, which equals \$55,660.

Because \$55,660 is less than \$60,000, IPERS will adjust Brenda's salary used in the benefit formula to \$55,660.

$$\begin{array}{r} \$55,660 \text{ 121\% of Brenda's control-year salary} \\ \times \quad 72\% \text{ Multiplier (2.7272\% x 22 years of service +} \\ \quad \quad \quad 1.5\% \times 8 \text{ years of service)} \\ \hline \end{array}$$

**\$40,075.20** Brenda's annual retirement benefit

### Preretirement Death Benefits

If Brenda died before she started receiving her retirement benefits, her beneficiary would be eligible for a death benefit of \$333,960.

These examples are for illustrative purposes only. Your benefits may be different depending on your employer, length of service, covered wages, and the payment option you choose at retirement.

# Calculation Examples



Here are some examples of the retirement benefits a Sheriffs/Deputy Sheriffs member might receive. These examples are for illustrative purposes only. Retirement benefits in the following examples are calculated under Option 2. The amounts will be adjusted if another option is chosen. Depending on the payment option, the benefit amount will be different. Call IPERS to receive a benefit calculation based on your factors.

These calculations use Sheriffs/Deputy Sheriffs credit only.

## EXAMPLE 3:

### Retirement Benefits Calculated With Three-Year Average Salary

#### JOSE, AGE 55

Jose works for an IPERS-covered employer for 21 years. He retires at age 55, when he qualifies for a normal retirement pension. His highest three-year average salary is \$51,814.

$$\begin{array}{r}
 \$51,814 \text{ Jose's highest three-year average salary} \\
 \times \quad 57.27\% \text{ Multiplier (2.7272\% x 21 years of service)} \\
 \hline
 \$29,673.88 \text{ Jose's annual retirement benefit}
 \end{array}$$

#### JOSE, AGE 58

If Jose worked another three years and retired at age 58 with a highest three-year average salary of \$55,056, his annual retirement benefit would be as follows.

$$\begin{array}{r}
 \$55,056 \text{ Jose's highest three-year average salary} \\
 \times \quad 65\% \text{ Multiplier (2.7272\% x 22 years of service +} \\
 \qquad \qquad \qquad 2.5\% \times 2 \text{ years of service)} \\
 \hline
 \$35,786.40 \text{ Jose's annual retirement benefit}
 \end{array}$$

### Preretirement Death Benefits

If Jose died at age 58 before his benefits started, a lump-sum benefit of \$289,044 would be payable to Jose's beneficiary.

## EXAMPLE 4:

### Retirement Benefits Calculated With Control-Year Salary

#### ANGEL, AGE 65

Angel works for an IPERS-covered employer for 30 years and decides to retire at age 65. Her highest three-year average salary is \$60,000. Her control-year salary is \$46,000. To determine Angel's salary in the benefit formula, IPERS multiplies \$46,000 by 121%, which equals \$55,660.

Because \$55,660 is less than \$60,000, IPERS will adjust Angel's salary used in the benefit formula to \$55,660.

$$\begin{array}{r}
 \$55,660 \text{ 121\% of Angel's control-year salary} \\
 \times \quad 80\% \text{ Multiplier (2.7272\% x 22 years of service +} \\
 \qquad \qquad \qquad 2.5\% \times 8 \text{ years of service)} \\
 \hline
 \$44,528 \text{ Angel's annual retirement benefit}
 \end{array}$$

### Preretirement Death Benefits

If Angel died before she started receiving her retirement benefits, her beneficiary would be eligible for a death benefit of \$333,960.

These examples are for illustrative purposes only. Your benefits may be different depending on your employer, length of service, covered wages, and the payment option you choose at retirement.



## Cost-of-Living Adjustment

Sheriffs/Deputy Sheriffs members who retire on or after July 1, 2024, annually receive a 1.5% cost-of-living adjustment.

Sheriffs/Deputy Sheriffs members who are eligible for the COLA must meet these criteria:

- You are vested.
- You are at least 50 years old when you end employment as a Sheriff/Deputy Sheriff.
- You have at least 22 years of eligible service. Eligible service includes time worked in Sheriffs/Deputy Sheriffs or Protection Occupations groups.
- You retire on or after July 1, 2024.
- You end IPERS-covered employment as a Sheriff/Deputy Sheriff.

Note: Sheriffs/Deputy Sheriffs members who retire with special service disability benefits are not eligible for the COLA.

Members who have worked as Sheriffs/Deputy Sheriffs but whose benefits are calculated using the hybrid formula are not eligible for a cost-of-living adjustment.

# If You Have Regular Service in Addition to Special Service

If you have worked in IPERS-covered Special Service *and* Regular service, a hybrid formula may be used to calculate your benefit. The hybrid formula cannot be used if you have 30 or more years of Regular service or 22 or more years of Special Service. Years of Special Service (years in which you contributed at Regular rather than Special Service rates while working in a Special Service position) are treated as Regular service in this formula.

The hybrid formula takes all of your service (up to the maximum) into account by applying the appropriate multiplier for each membership group to the service you earned in that group. The multiplier for your first 30 years of Regular service is 2% for each year. The multiplier for the first 22 years of Special Service is shown on the previous pages.

Generally, your highest five-year average salary is used with your Regular service multiplier. Your highest three-year average salary is used with your Special Service multiplier.

Your benefits under the hybrid formula will be reduced if you begin receiving them before normal retirement age. An early-retirement reduction will apply *only* to your Regular service credits. Normal retirement age is one of the following, whichever comes first:

- **Age 65**
- Age 62 if you have 20 or more years of service (**Rule of 62/20**)
- When your years of service plus your age equals or exceeds 88 (**Rule of 88**)

The maximum retirement benefit under the hybrid formula is 65% of your average salary, with 35 total years of service. The following examples show benefits calculated using the hybrid formula.

## About IPERS Membership Groups



**IPERS has three membership groups:** the Regular membership group (which makes up about 95% of the membership), the Sheriffs/Deputy Sheriffs membership group, and the Protection Occupations membership group. Sheriffs/Deputy Sheriffs and Protection Occupations members are known as Special Service members. These members work in public safety occupations. Their careers tend to be shorter because of the physical demands of their jobs. There are some differences in the retirement benefits offered to each membership group.



# Hybrid Calculation Examples



## EXAMPLE 5:

### Hybrid Retirement Benefits Payable at Normal Retirement Age

#### NANCY, AGE 62

Nancy works for an IPERS-covered employer for 21 years. During those years, she worked as a Regular-group employee for six years and in a Protection Occupation for 15 years. She retires at age 62, after reaching normal retirement age.

#### FROM SPECIAL SERVICE

|             |   |
|-------------|---|
| \$53,754    | <i>Nancy's 3-year average salary</i>              |
| × 40.90%    | <i>Multiplier (2.7272% × 15 years of service)</i> |
| <hr/>       |   |
| \$21,985.39 |   |

#### FROM REGULAR SERVICE

|             |   |
|-------------|---|
| \$52,054.40 | <i>Nancy's 5-year average salary</i>        |
| × 12%       | <i>Multiplier (2% × 6 years of service)</i> |
| <hr/>       |   |
| \$6,246.53  |   |

#### TOTAL HYBRID BENEFIT

|              |  |
|--------------|--|
| \$21,985.39  | <i>From Special Service</i>              |
| + \$6,246.53 | <i>From Regular service</i>              |
| <hr/>        |  |
| \$28,231.92  | <i>Nancy's annual retirement benefit</i> |

Note: Members who have worked as Sheriffs/Deputy Sheriffs but whose benefits are calculated using the hybrid formula are not eligible for a cost-of-living adjustment.

## EXAMPLE 6:

### Retirement Benefits Payable Before Normal Retirement Age

#### JERRY, AGE 55

Jerry retires at age 55 with five years of Special Service and nine years of Regular service (five years before 7/1/12, and four years after 6/30/12). Because he has not reached normal retirement age (65), Jerry's benefits will be reduced. The early-retirement reduction applies *only* to his Regular service credits.

#### FROM SPECIAL SERVICE

|            |  |
|------------|--|
| \$57,500   | <i>Jerry's 3-year average salary</i>             |
| × 13.636%  | <i>Multiplier (2.7272% × 5 years of service)</i> |
| – \$0      | <i>No early-retirement reduction</i>             |
| <hr/>      |  |
| \$7,840.70 |  |

#### FROM PRE-7/1/12 REGULAR SERVICE

|           |  |
|-----------|--|
| \$55,000  | <i>Jerry's 5-year average salary</i>                   |
| × 10%     | <i>Multiplier (2% × 5 years of service)</i>            |
| – \$1,650 | <i>Reduction (3% × five years of early retirement)</i> |
| <hr/>     |  |
| \$3,850   |  |

#### FROM POST-6/30/12 REGULAR SERVICE

|           |  |
|-----------|--|
| \$55,000  | <i>Jerry's 5-year average salary</i>                 |
| × 8%      | <i>Multiplier (2% × 4 years of service)</i>          |
| – \$2,640 | <i>Reduction (6% × 10 years of early retirement)</i> |
| <hr/>     |  |
| \$1,760   |  |

#### TOTAL HYBRID BENEFIT

|             |  |
|-------------|--|
| \$7,840.70  | <i>From Special Service</i>              |
| + \$3,850   | <i>From pre-7/1/12 Regular service</i>   |
| + \$1,760   | <i>From post-6/30/12 Regular service</i> |
| <hr/>       |  |
| \$13,450.70 | <i>Jerry's annual retirement benefit</i> |

# Notes

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# Notes

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# Questions? *Contact us.*

info@ipers.org  
www.ipers.org

515-281-0020

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Des Moines, IA 50306-9117

## Retirement Checklist

- **Keep your address updated with IPERS.** Your employer does not tell IPERS when you move.
- **Review and update your beneficiary designation.** Everyone must complete a new beneficiary/contingent annuitant designation when applying for benefits — unless you select Option 3. To change your beneficiary before you apply, fill out an *Beneficiary Designation* form. You can check and change your current beneficiary designation by logging in to My Account at [www.ipers.org](http://www.ipers.org).
- **Request a benefit estimate.** The estimate will show your estimated retirement benefit and death benefit payable under each option. It may also help you decide when to retire. You can also generate your benefit estimate in My Account.
- **Talk with an IPERS representative.** Retirement planning sessions are held periodically across Iowa and in our Des Moines office. Call IPERS to schedule an appointment.
- **Tell your beneficiary to contact IPERS as soon as possible after your death.** This will help ensure timely processing of any benefits.
- **Consider a service purchase.** Service purchases can be made after you have filed your application for retirement benefits. Service purchases can take several months to complete, so start the process early.
- **Visit [www.ipers.org](http://www.ipers.org).** Our website provides benefits summaries, retirement planning tools, and forms. Registering for My Account allows you to access your account information online at anytime.



Working Today for Your Tomorrow