IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Gregory S. Samorajski, CFA
Chief Executive Officer

Kim Reynolds
Governor

Adam Gregg
Lt. Governor

AGENDA

Monday, February 22, 2021
1:00 p.m.
IPERS BENEFITS ADVISORY COMMITTEE
Conference Telephone # 646-558-8656
Meeting ID: 860-7634-3558#

1) Call to Order / 1:00 p.m.
   a) Roll Call of Members
   b) Approval of Minutes – October 26, 2020 and December 4, 2020

2) Bona Fide Retirement Period for Licensed Teachers – Patrice Beckham and Brent Banister

3) CEO Report – Greg Samorajski
   a) NIRS Membership Renewal

4) Legislative Session – Shawna Lode

5) Staff Reports
   a) Benefits Update – David Martin
   b) Investments Update – Karl Koch
   c) Appeals Report – Elizabeth Hennessey

6) Other Business

7) Public Comments

8) Confirm Next Meeting Date – Monday, March 22, 2021
   a) Friday, March 26, 2021 – Investment Board Meeting
   b) Monday, April 26, 2021 – BAC Meeting

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BENEFITS ADVISORY COMMITTEE MEETING MINUTES
Video / Telephonic Meeting
October 26, 2020

The following people attended the IPERS Benefits Advisory Committee (BAC) meeting held on Monday, October 26, 2020

Members of the Benefits Advisory Committee – Present

Len Cockman, Chair
Lowell Dauenbaugh, Vice Chair
Matt Carver
Susanna Cave
Matt Cosgrove
Steve Hoffman
Danny Homan
Connie Kuennen
Erin Mullenix
Jim Romar
Melissa Peterson
Phil Tetzloff

Members of the Benefits Advisory Committee – Absent

Andrew Hennesy
Paul Trombino

IPERS Administration and Staff

Greg Samorajski, Chief Executive Officer
David Martin, Chief Benefits Officer
Melinda McElroy, Executive Assistant
Karl Koch, Chief Investment Officer
Elizabeth Hennessey, General Counsel
Shawna Lode, Director of Communications
Darla Iverson, Chief Financial Officer

Call to Order

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

Matt Carver made the motion to approve the minutes from the August 24, 2020, Benefits Advisory Committee meeting. Erin Mullenix seconded, the motion carried by unanimous voice vote.

CEO Report – Greg Samorajski

FY2022 Contribution Rates – Contribution rates for Regular members will remain at 15.73%. Contribution rates for both Special Service groups will decrease by 0.50% of pay. Contribution rates for protection occupations will be 15.52% and 18.02% for sheriffs and deputy sheriffs.

2021 Legislative Session – Greg Samorajski reviewed IPERS' draft legislative proposal seeking the Governor's support in creating an internal investment management program and related governance legislation. The proposal seeks support to manage a portion of the IPERS portfolio internally; develops governance legislation that would allow the CEO and the Investment Board to determine the number of investment staff and the investment staff compensation; and requests a budget increase of an additional $1.135 million in each of the two upcoming fiscal years to fund the hiring of additional investment staff. If approved for filing, the proposal will then be submitted to the legislative services agency for drafting legislation.

Bona Fide Retirement Period for Certain Educators Study – David Martin and Matt Carver

David Martin and Matt Carver reviewed the status of the study. The BAC agreed that the study should include the cost impact to the System with a five-year sunset provision and the cost if it were a permanent benefit enhancement.

November Dividend Adjustment – David Martin

David Martin reported the 2020 November Dividend would receive a 0.65 percent adjustment based on actuarial certification and the CPI-U (Consumer Price Index for Urban Living) for June 30, 2020. Approximately 2,912 recipients will receive a total of $4.41 million.

Administrative Rules – Elizabeth Hennessey

Elizabeth Hennessey reviewed the proposed administrative rules package. The changes will be filed in December. Matt Carver made the motion to approve the proposed rules package as presented. Lowell Dauenbaugh seconded, the motion carried by unanimous roll call vote.

IPERS Staff Reports

Benefits Update – David Martin reviewed the Member Demand Measures report for September 2020 and reported that IPERS members can now schedule retirement counseling sessions through their online Member Self Service account.

Investment Update – Karl Koch reported the Trust Fund balance at $35.6 billion and noted third quarter markets returns of approximately 5%. He next reported that the Investment Board, at their September meeting, changed its asset allocation. The Board lowered the target weight to core-plus fixed income from 28% to 20% and reallocated it by increasing the target weight to private equity from 11% to 13%, increased the target weight to private credit from 3% to 8% and increased the target to private real assets from 7.5% to 8.5%.

Appeals Update – Elizabeth Hennessey reviewed the October 2020 Appeal Status report.

Other Business

Pursuant to §97B.8A(4)(b), the BAC is charged with submitting to the Governor a slate of at least two nominees per position to the IPERS Investment Board designated for the three IPERS membership positions. A few BAC members expressed concern that Governor Reynolds is not considering input from the BAC when making her appointments to the Investment Board.

Public Comments

IPERS member Forrest Mook expressed concern to the BAC on IPERS' lump-sum death benefit calculations.

Future Meeting Dates

The next scheduled BAC meeting is Monday, January 25, 2021. With no further business to come before the committee, Matt Cosgrove made the motion to adjourn the meeting. Jim Romar seconded, the motion carried by unanimous voice vote. Meeting adjourned at 2:05 p.m.

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BENEFITS ADVISORY COMMITTEE MEETING MINUTES
Video / Telephonic Meeting
December 4, 2020

The following people attended the IPERS Benefits Advisory Committee (BAC) meeting held on Friday, December 4, 2020

Members of the Benefits Advisory Committee – Present

Len Cockman, Chair
Lowell Dauenbaugh, Vice Chair
Matt Carver
Matt Cosgrove
Danny Homan
Connie Kuennen
Erin Mullenix
Jim Romar
Melissa Peterson
Phil Tetzloff

Members of the Benefits Advisory Committee – Absent

Steve Hoffman
Susanna Cave
Andrew Hennesy
Paul Trombino

IPERS Administration and Staff

Greg Samorajski, Chief Executive Officer
David Martin, Chief Benefits Officer
Melinda McElroy, Executive Assistant
Elizabeth Hennessey, General Counsel

Call to Order

Len Cockman, chair, called the meeting to order at 10:00 a.m.

Bona Fide Retirement Period for Licensed Teacher Study – David Martin and Matt Carver

David Martin and Matt Carver reported the initial data-gathering phase is complete and the membership data is ready to send to the actuary, Cavanaugh Macdonald, if the BAC would like to proceed with the cost study.

The study will look at the cost impact to the System of shortening the bona fide retirement period for licensed teacher for a period of 5 years from the date of enactment. The study will determine what the actuarial contribution rate will be to the System's members and employers in the following ways: 1) impact on the actuarial contribution rate if the benefit enhancement was applied across the board to all Regular members; 2) cost impact if applied to licensed teachers and their employers; and 3) cost impact if applied to only school employers who rehire licensed teachers who have been retired less than four months as a licensed teacher.

The approximate cost for the study is $25,000. Matt Carver made the motion to approve proceeding with the cost study on a shortened bona fide retirement period for licensed teachers and paying for the study from the BAC's budget. Melissa Peterson seconded. The motion carried by unanimous roll call vote.

Other Business

None

Public Comments

None

Future Meeting Dates

The next scheduled BAC meeting is Monday, January 25, 2021. With no further business to come before the committee, Jim Romar made the motion to adjourn the meeting. Lowell Dauenbaugh seconded, the motion carried by unanimous voice vote. Meeting adjourned at 10:13 a.m.

Impact of Proposal to Shorten the *Bona Fide* Retirement Period for Teachers Under Certain Conditions

Background

- Under current law, a retiree must wait at least four months to return to IPERS' covered employment.
- Upon rehire, they are eligible to participate in IPERS again and earn a second benefit.
- Both the member and employer make contributions to IPERS during the reemployment period.
- Upon termination of reemployment, members have the option of receiving a monthly benefit increase for their reemployment service or a lump sum payment of 100% of the member and employer reemployment contribution balances.
- Retirees under age 65 who are working in IPERS-covered employment have their retirement benefits reduced by 50% of the amount by which their employment earnings in a calendar year exceed $30,000. For example, if a retiree returned to work and earned $50,000 in a calendar year, they would lose $10,000 of retirement benefits.
- This proposal eliminates the four-month wait when the position meets "hard to fill" requirements.

Cost Analysis

- Potential for teachers to decide to retire earlier, anticipating they can be rehired somewhere.
- Assumed the change in behavior would increase retirement rates by 20% or 40% at key ages, resulting in 50-100 more retirements statewide.

Five-year pilot program only: adds $20-$40 million in liability

	Funded on Teacher Pay		Funded on Regular Member Pay	
	With 20% Increase	With 40% Increase	With 20% Increase	With 40% Increase
Additional Contribution Rate for Five Years	0.23%	0.45%	0.07%	0.14%

On-going: adds $100-$200 million in liability

		Funded on Teacher Pay		Funded on Regular Member Pay	
	Baseline Actuarial Rate	With 20% Increase	With 40% Increase	With 20% Increase	With 40% Increase
Normal Cost Rate	10.50%	10.65%	10.78%	10.54%	10.58%
Amortization Rate	5.02%	5.48%	5.86%	5.11%	5.20%
Total Actuarial Rate	15.52%	16.13%	16.64%	15.65%	15.78%
Contribution Increase		0.61%	1.12%	0.13%	0.26%

Note that the contribution increase would be effective for 20 years, and then the difference would reduce to the difference in normal cost rate.

- Note that contributions for rehired retirees do not help fund the UAAL, which could slow funding progress.
- Actual behavior is hard to predict in advance and to analyze after the fact.
- Please see the Cavanaugh Macdonald Consulting letter dated February 18, 2021 for complete details and full actuarial disclosures.

Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

February 18, 2021

Benefits Advisory Committee
Iowa Public Employees Retirement System
7401 Register Drive
Des Moines, IA 50321

Re: Impact of Proposal to Shorten the *Bona Fide* Retirement Period for Teachers Under Certain Conditions

Dear Committee Members:

At your request, we have prepared an analysis of the potential cost impact on IPERS of a proposal to allow teachers who have been retired less than four months to be re-employed in certain hard-to-fill teaching positions without revocation of their retirement. Although the study requested by the Benefits Advisory Committee was to determine the cost impact of the proposed change for a temporary five-year period, it is possible consideration will be given to extending the provision or making it permanent so we have included the long-term cost as well as the cost under a five year sunset provision.

Currently, a retirement by an IPERS member is considered a *bona fide* retirement even if the member returns to employment in an IPERS-covered position after at least four months of retirement. A member who returns to work before the four-month period generally has their retirement revoked for not being a *bona fide* retirement, with some exceptions such as those who are eligible for in-service distributions at age 70 ½. The proposal we studied would eliminate this four-month waiting period in the case of retired teachers being rehired into positions deemed "hard to fill". There are a number of other requirements included with this proposal, but many of them are not relevant to the impact on IPERS' funding. Therefore, they are not discussed in this letter.

Background

Under current law, a retiree must wait at least four months to return to IPERS' covered employment. Upon rehire, they are eligible to participate in IPERS again and earn a second benefit. Both the member and employer make contributions to IPERS during the reemployment period. Although the member earns another benefit under the IPERS benefit formula, they must vest in the new benefit based solely on years of service after they are rehired (seven years). Upon termination of reemployment, members have the option of receiving a monthly benefit increase for their reemployment service or a lump sum payment of 100% of the member and employer reemployment contribution balances.

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By statute, retirees under age 65 who are working in IPERS-covered employment have their retirement benefits reduced by 50% of the amount by which their employment earnings in a calendar year exceed $30,000. For example, if a retiree returned to work and earned $50,000 in a calendar year, they would lose $10,000 of retirement benefits.

There are two broad areas where IPERS could be affected by the proposed changes. First, the current requirement to wait four months before returning to IPERS-covered employment means that from a practical standpoint, a teacher typically must wait one school year before returning to work. However, eliminating the four-month waiting period would allow teachers to return to work and covered employment without a break. This option to return the following school year might encourage teachers to retire in June and return in August rather than just continue employment, thereby increasing the probability of retirement at younger ages which has cost implications. Second, while this proposal is intended to staff positions that might otherwise be unfilled, there is a likelihood that there will be fewer new teachers being hired which in turn could affect IPERS contributions and therefore, IPERS funding. These two items will be considered further in this letter.

Analysis of Unfilled Positions

In order to assist with our analysis of this issue, the School Administrators of Iowa conducted a survey of all Iowa school districts to determine how many hard-to-fill positions exist. The data provided to us from that survey included responses from 125 Iowa school districts who employ nearly 16,000 teachers. This response represents about one-third of total Iowa school districts and about 35% of Iowa teachers. These districts reported that as of July 1 in the three years studied (2017, 2018, and 2019), there were approximately 100 unfilled teaching positions each year. (July 1 is the date in the proposal after which a vacancy may be deemed hard to fill.) We do not know if the experience of these districts is typical with filling positions, so it is difficult to extrapolate the results statewide.

The survey responses also indicated these 125 school districts hired about 1,300 teachers each year, indicating that around 8% of positions are not yet filled as of July 1st. The survey also asked how many of the newly hired teachers were current IPERS retirees (presumably with at least a four-month break). The responding districts indicated a total of 20 teachers across three years, with one small district accounting for 4 of the 20. Because there were over 900 current active teachers in the 2020 IPERS valuation data who were also IPERS retirees, we are concerned that the survey information may not reflect the actual reemployment patterns currently in place. This is likely because there is no reason for districts to determine if a new teacher is also currently a retiree in IPERS.

Cost Analysis

The impact of a five-year pilot program is shown in a table below, but we also considered the cost if these proposed changes were permanent. In analyzing the costs, the first consideration is that the proposed change to the *bona fide* retirement rules could provide a financial incentive for teachers to retire earlier, begin drawing a retirement benefit of up to 65% of pay, and then return to covered employment at the start of the next school year to earn a salary in addition to retirement pay. Such a course of action is an option now but, given the four-month waiting period and the timing of the school year, it usually requires a teacher to not teach for one school year. This serves as a significant obstacle for many members to take this action. Although pre-arrangements for rehire prior to a member's retirement are prohibited, the fact that there would be a few hundred hard-to-fill jobs statewide could lead teachers to feel reasonably confident that

they could retire and then find a job later in the summer when school districts begin to hire recent retirees. Because there are many factors, unique to each member's personal situation, involved in such a decision, it is hard to be confident of the actual teacher response to the proposed change. Over the short timeframe, this behavior may be less likely to change significantly.

For purposes of this study, we assumed the proposal to eliminate the four-month waiting period for certain "hard to fill" position would change the behavior of teachers and increase the current retirement rates by 20% or 40% at unreduced retirement ages under age 62 (those eligible for Rule of 88) and at age 62 with at least 25 years of service. Such increases in the retirement rates would generate an additional 50 to 100 retirements of teachers each year given the present demographic makeup. The retirement assumptions for all other IPERS members, including school members who are not teachers, were assumed to be unaffected by this change.

If this proposal is effective only for a five-year window (the program would sunset after five years), we estimate the change to the *bona fide* retirement rules over the five-year period would add $40 million to the IPERS liability. This assumes that retirement rates increase 40% at the key ages as described above, while a 20% increase in rates would result in about half that cost. We believe it would be appropriate to fund the cost over the same five-year period. These costs could potentially be spread across teacher payroll or all regular membership payroll (to be discussed in more detail later) as shown below:

Costs Under a Temporary Five-Year Window

	Funded on Teacher Pay		Funded on Regular Member Pay	
	With 20% Increase	With 40% Increase	With 20% Increase	With 40% Increase
Additional Contribution Rate for Five Years	0.23%	0.45%	0.07%	0.14%

Costs if a Permanent Provision

If the change to the *bona fide* retirement rules becomes a permanent provision, the Actuarial Accrued Liability will increase by $202 million under the assumption that retirement rates increase 40%, and about half that if the rates increase 20%. The resulting costs are shown below:

		Funded on Teacher Pay		Funded on Regular Member Pay	
	Baseline Actuarial Rate	With 20% Increase	With 40% Increase	With 20% Increase	With 40% Increase
Normal Cost Rate	10.50%	10.65%	10.78%	10.54%	10.58%
Amortization Rate	5.02%	5.48%	5.86%	5.11%	5.20%
Total Actuarial Rate	15.52%	16.13%	16.64%	15.65%	15.78%
Contribution Increase		0.61%	1.12%	0.13%	0.26%

Note that the increased rate would be applicable for the first 20 years. After that, the increase would reduce to the difference in the normal cost rate.

There are various options to fund the cost of this proposed change. The three options related to funding the cost as a percentage of payroll include:
(1) additional contributions on teacher payroll,
(2) additional contributions on all covered payroll for regular members or
(3) additional contributions on payroll for retired/reemployed teachers.
Some of these funding options may create challenges from an administrative standpoint and therefore may not be attractive to IPERS.

The first option is increasing the contribution rate on teacher payroll (member, employer, or both) to fund the impact of this change. Because the contribution rate for teachers has not been calculated in the valuation process in the past, the only option is to charge a contribution rate on teacher pay that is higher than the overall cost for regular members. Note that this is not necessarily the actual cost of the teachers as a separate group but is just the overall cost of the unchanged plan plus the impact of the change allocated to the teachers only. There is no reliable way to monitor retirement experience in the future compared to what would have occurred if this change had not been made. In addition, the retirement assumption for the School group is heavily influenced by the teachers, so developing the cost for this change based on teacher retirement rates versus School retirement rates may not be a true measure of the cost of this change. Most likely the difference measured in this study would remain in place without the ability to evaluate and modify it in the future.

Under the second option, the increased cost of any change in teacher retirement patterns is reflected in the overall valuation results for regular members, including the actuarial contribution rate. No special calculations would be needed, but the entire regular membership bears any cost that occurs. The impact of the alternate retirement assumptions on the total actuarial contribution rate (member and employer) under option (1) and (2) are provided in the tables shown earlier.

It should be stressed that we cannot confidently anticipate how behavior might change under the proposed change to the bona fide retirement rules. Therefore, we have presented the outcomes under two scenarios. Although we believe them to be plausible, they may not be given the limited data available and the individual preferences of retirement timing. If retirement patterns do not change, this proposal may simply accelerate by one school year each year's cohort of retirees who return to work under the current rules. If so, this will likely be of help only in the first year of implementation.

A third option is to assess an additional cost to employers who actually rehire retired teachers in hard to fill positions or possibly all retired reemployed teachers. This is less actuarial because the cost is theoretical at this point and is based on assumptions that may not accurately anticipate the change in behavior. Under this option, the employer would contribute a higher amount like 5% to 10% of the payroll of rehired teachers that would not be part of the members benefit at final retirement. This would be intended to offset any negative impact the proposed change might have on IPERS funding.

Another financial consideration connected with this proposal involves the contributions allocated to funding the Unfunded Actuarial Accrued liability (UAAL). Currently, all regular members contribute 6.29% of pay and employers contribute 9.44%, for a total contribution rate of 15.73% of pay. This provides a sufficient amount of contributions to fund the on-going accrual of benefits (the normal cost rate) of 10.50% and the scheduled paydown of the UAAL (the amortization rate) plus a 0.21% margin that helps pay down the UAAL more quickly. However, it should be noted that the 10.50% normal cost rate is an average across all regular members. The normal cost rate varies by age at hire, sex, and employer type (schools, state, and

other). In fact, retired teachers who return to IPERS-covered employment between ages 57 and 65 have normal cost rates between 15.5% and 17.0%, so the total member and employer contributions do not even cover the cost of their benefit accruals and no contributions are available to fund the UAL.

As mentioned earlier, when an IPERS retiree returns to covered employment, the member and employer make contributions to the System at the regular contribution rate. When the rehired retiree leaves employment, the member is entitled to a refund equal to the sum of the member and employer contributions made during the re-employment period with interest or an annuity that is the actuarial equivalent of this lump sum. In either case, the benefit provided means that none of the contributions made during the member's re-employment period served to pay down the UAAL. (Theoretically, IPERS would benefit by the difference between the portfolio investment return and the interest crediting rate applied to the funds during re-employment, but this is a small amount.) There are also provisions in IPERS that allow a rehired retiree to earn an additional benefit based on service and salary that would be more valuable than the contributions (which is why the normal cost rate exceeds the contribution rate), meaning that the re-employment period would have resulted in an increase in the UAAL.

The key implication to IPERS of the normal cost rate and benefit provisions for the rehired retirees is that the contributions and benefits for this group of members does not result in any funding of the UAAL. If a significant number of rehired retirees are holding jobs that would be otherwise filled by non-retirees, actual contributions to fund the UAAL will be lower than expected resulting in a higher dollar amount of UAAL. In the case of this proposal, the intent is that the rehired retirees are hired only when the position cannot be filled. In other words, if these retirees are not rehired, the teaching position is expected to remain vacant. If this actually occurs, then the rehired retirees and their employers will make contributions to IPERS that are returned as the member's benefit when the teacher leaves covered employment again. If, however, this is not the case and the position would eventually be filled by a contributing member, IPERS loses out on the UAAL payments that would have been made on the new member's pay. Note that the issue of whether the rehired retiree is filling a position that a non-retiree could fill is an issue for the duration of the rehired retiree's employment, not just the first year.

Additional Considerations

The actual fiscal impact of this proposal depends significantly upon the retirement and reemployment decisions made by individual members. Because individuals make these decisions, which factors are considered, and the relative weighting of those factors, can vary widely due to personal circumstances. We wish to note some of the factors that may influence how Iowa teachers would respond to this proposal.

- Earnings limitation – By law, retirees under age 65 who are working in IPERS-covered employment have their retirement benefits reduced by 50% of the amount by which their employment earnings in a calendar year exceed $30,000. If a retiree returned to teaching for a school year and earned $60,000 (split $30,000 in each calendar year during the school year), then there would be no benefit reduction. If, however, the retiree taught in two consecutive school years and earned $60,000 each, then for the calendar year which included the last half of the first school year and the first half of the second school year the earnings would be $60,000 and the teacher would lose $15,000 of retirement benefits. This limitation is expected to discourage teachers under age 65 from returning to full-time teaching for more than one year at a time.
- If the proposal incents some members to retire earlier in anticipation of returning to work, it could serve to increase the number of unfilled teaching positions. Consider a situation in which one

region of the state is generally more attractive for young college graduates, while another region is less so, but some graduates still take jobs there in anticipation of someday being able to relocate to the more attractive region. If some experienced teachers in the attractive region choose to retire earlier to take advantage of this proposal, the districts in the attractive region will be able to fill these extra spots with the new graduates. The districts in the less attractive region, however, will then have fewer new graduates to hire and so end up with additional hard-to-fill positions. If the group of new retirees will not relocate, they do not have a job as hoped but there are even more unfilled jobs around the state. Of course, this may not materialize since the experienced teachers in the desirable region are likely to anticipate this issue.

We understand that employers other than school districts may be interested in allowing retired IPERS members to come back to work before a four-month break. We do not believe that the results of our work in regard to teachers can be generalized to other groups because of issues such as 9 or 10-month school years, annual teaching contracts vs. on-going employment, the fact that school years span two calendar years and how that affects the earnings limitation, and demographic patterns, among other considerations. Consequently, these results cannot and should not be used to evaluate the impact of this type of proposal for other groups.

Data, Assumptions and Methodology

These results are based on the data, assumptions, and methods in the June 30, 2020 valuation, except that retirement rates were modified as noted in the letter. We also received additional information from IPERS to allow us to identify active IPERS members that are teachers in the 2020-2021 school year within that data set. This additional data provided by IPERS allowed us to include teachers who began employment or returned to employment from an inactive status in the 2020-2021 school year in our analysis. This was an important step since those who left teaching after the 2019-2020 school year would not otherwise have been included, and we wished to model a complete dataset of teachers.

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 needed results. As noted in the letter, there are potential risks to the System arising from behavioral changes by members other than those anticipated. The main result of those risks would be slower funding of the UAAL.

The comments and analysis contained in this letter are not intended to give exact calculations of costs. They should be considered 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, and Brent A. Banister, FSA, are consulting actuaries with Cavanaugh Macdonald 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 Beckham

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

Brent A. Banister

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

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Gregory S. Samorajski, CFA
Chief Executive Officer

Kim Reynolds
Governor

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Lt. Governor

February 17, 2021

TO: IPERS Benefits Advisory Committee Members

FR: Greg S. Samorajski

RE: Membership Renewal in National Institute of Retirement Security

Recommendation: That the BAC authorize the expenditure of $6,400 to renew IPERS membership in the National Institute on Retirement Security (NIRS).

Background:
NIRS is a not-for-profit organization created in 2007 through a joint effort of the Council of Institutional Investors, the National Association of State Retirement Administrators and the National Council on Teacher Retirement. These organizations saw the need for a separate organization dedicated to conducting research and education on public policies that enhance retirement security in America.

NIRS produces a number of high-quality research products that contribute to the public debate on retirement policy. The research program focuses on the role and value of defined benefit pension plans for employers, employees, and the public at large. NIRS disseminates its research findings to the public, policy makers, and the media by distributing reports, conducting briefings and webinars, and participating in conferences and other public forums.

I strongly urge each of you to explore the many materials available on the NIRS website. Whether you are looking for statistical reports on retirement readiness in America or looking for an easy reference of pension plan basics for use in a discussion with your constituents, you will find it at www.nirsonline.org.

Since 2008 the BAC has recognized that the research and education provided by NIRS supports its mission and has authorized the payment of the annual NIRS membership dues from the BAC budget. Fees are based on plan size as determined by assets under management.

Invoice

National Institute on Retirement Security - INVOICE

Invoice number: 2021046
Issued: October 05, 2020
View invoice online

Bill to:
Iowa Public Employees Retirement System
Greg Samorajski
greg.samorajski@ipers.org
7401 Register Drive
Des Moines Iowa 50321

Item	Amount
Membership renewal. Level: Associate 2. Renew to January 01, 2022	$6,400.00

Total: $6,400.00
Balance Due: $6,400.00

Please make checks payable to:
National Institute on Retirement Security
1612 K St. NW, Suite 500
Washington, D.C. 20006

Phone: 202-457-8190
EIN #20-8705822

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MEMBER DEMAND MEASURES FOR JANUARY 2021

Member Demand Measures	Current Month	FY to Date 2021	Same Month Last Year	FY to Date 2020
Benefits Counseling				
Number counseled at IPERS' Office	117	1,458	296	2,120
Number Counseled throughout the State	0	0	182	4,351
Number of estimates prepared	2,088	13,164	3,663	20,805
Retired Death Benefits				
Number of reported deaths	479	4,421	366	2,427
Amount paid in IPERS death benefits	$2,494,019.89	$9,069,437.25	$2,222,229.40	$9,128,109.99
Number of beneficiaries paid	327	1,185	264	1,127
Average death benefit paid	$7,626.97	$7,653.53	$8,417.54	$8,099.48
Active Death Benefits				
Number of reported deaths	86	511	53	399
Amount paid in IPERS death benefits	$2,482,061.34	$9,685,939.31	$1,339,961.29	$9,961,353.81
Number of beneficiaries paid	55	244	42	220
Average death benefit paid	$45,128.39	$39,696.47	$31,903.84	$45,278.88
Retirement Benefits				
Amount paid in IPERS retirement benefits	$192,931,236.14	$1,344,496,324.91	$184,934,697.70	$1,289,808,221.36
Number of IPERS retirees	128,831		126,356	
Number of IPERS disability retirees	4,166		4,231	
Number of new retirees added to payroll	651	3,702	612	3,680
Average monthly benefit	$1,497.55		$1,463.60	
Average years of service for retirees	22.66		22.63	
Refunds				
IPERS refund requests paid	405	2,641	453	3,059
Total paid as refunds	$4,788,341.55	$30,265,678.02	$5,694,734.36	$34,940,241.06
(supplementary refunds)	$19,919.62	$142,971.36	$26,291.72	$213,569.78
Average refund paid	$11,823.07	$11,459.93	$12,571.16	$11,422.11
Average refunded years of service	4.05	4.24	4.67	4.42
Amount of retired reemployed refunds	$884,930.11	$7,510,291.23	$906,704.16	$4,508,798.19
Number of retired reemployed refunds	64	1,096	58	331
Service Purchases				
Paid service purchases	9	53	10	64
Totals paid in service purchases	$753,718.17	$3,266,191.87	$527,623.04	$2,992,550.01
Average service purchase	$83,746.46	$61,626.26	$52,762.30	$46,758.59
Average years purchased	4.53	4.73	4.53	4.29
Miscellaneous Information				
Phone calls logged by staff	9,132	50,071	10,598	53,226
Statement of account requests	79	368	98	636
Direct deposit additions/changes	1,061	8,320	997	8,329
Outside of office presentations	1	21	1	42
Outside of office attendees	10	831	40	1,768
Actuarial equivalent claimants	59	311	48	296
Gross actuarial equivalents totals paid	$137,270.45	$757,963.78	$105,494.11	$688,928.40
Age 70 notifications	666	4,221	629	3,910
Retirees with adjustments	106	1,722	129	1,589
Number of emails received	1,569	8,893	1,527	7,769

February 2021 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.** On hold per general counsel.
547-20	**Member appealing calculated monthly benefit amount, regular final average salary, and years of service.**	**Initial appeal received 12/01/2020 - Letter dated 11/01/2020 but initially was not an appealable issue. Letter of receipt mailed to member 12/01/2020. Final Agency Decision mailed to member 12/03/2020. No further appeal received. Letter sent to member that FAD is final and binding 01/08/2021. DONE**
548-21	**Member appealing BFR violation.**	**Initial appeal received 01/04/2021. Letter of receipt mailed to member 01/04/2021. Member withdrew appeal on 01/22/2021. Letter sent to member acknowledging withdraw of appeal. DONE.**
549-21	**Member appealing BFR violation.**	**Initial appeal received 01/04/2021. Letter of receipt mailed to member on 01/04/2021.**
550-21	**Member appeal BFR violation**	**Initial appeal received 02/04/2021. Letter of receipt emailed to member on 02/05/2021.**

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**.

Bolded text indicates new information since last report.