

## INTRODUCTION

The Iowa Public Employees' Retirement System (IPERS) was established in 1953, and is governed by Iowa Code chapter 97B. It is a multiple-employer, cost-sharing pension plan, serving over 360,000 members and 1,900 participating employers. Since its creation, IPERS' activities have been directed toward fulfilling the foundational purpose of the System, as described in §97B.2:

“ . . .to promote economy and efficiency in the public service by providing an orderly means for employees, without hardship or prejudice, to have a retirement system which will provide for the payment of annuities, enabling the employees to care for themselves in retirement, and which will improve public employment within the state, reduce excessive personnel turnover, and offer suitable attraction to high-grade men and women to enter public service in the state.”

IPERS is administered by its chief executive officer and senior management staff, including the statutory positions of a chief investment officer and chief benefits officer.

An Investment Board is designated as the Fund's trustee. It governs the investment activities, utilizing as its underlying principle the “prudent person” rule, and retains the System's actuary and approves the actuary's methods and assumptions. Eleven members serve on the Investment Board: seven voting members and four nonvoting members.

- Three public members, appointed by the Governor, who are not members of IPERS and who each have substantial institutional investment experience or substantial institutional financial experience.
- Three members, appointed by the Governor, who are members of IPERS: one must be an active member who is an employee of a school district, area education agency or merged area; one must be an active member who is not an employee of a school district, area education agency or merged area; and one must be a retired member of IPERS.
- The State Treasurer

Benefit policy and member service policies are the purview of the Benefits Advisory Committee (BAC). §97B.8B(1) states:

“ . . .A benefits advisory committee shall be established whose duty is to consider and make recommendations to the system and the general assembly concerning the provision of benefits and services to members of the retirement system.”

## STRUCTURE AND OPERATIONS

### 1. BAC Structure

The Committee is composed of constituent groups concerned with the System, and includes major employer groups and major active and retired member associations. While certain constituent groups are generically named by statute, each group designates its representative to serve on the Committee.

The Committee has nine voting members; seven are elected by the Committee membership. The voting members serve three-year terms and include:

- Four members who represent IPERS-covered employers, one of whom must be the director of the Iowa Department of Administrative Services.
- Four members who represent IPERS members.
- A public member who is not a member of IPERS.

### 2. Operational Structure

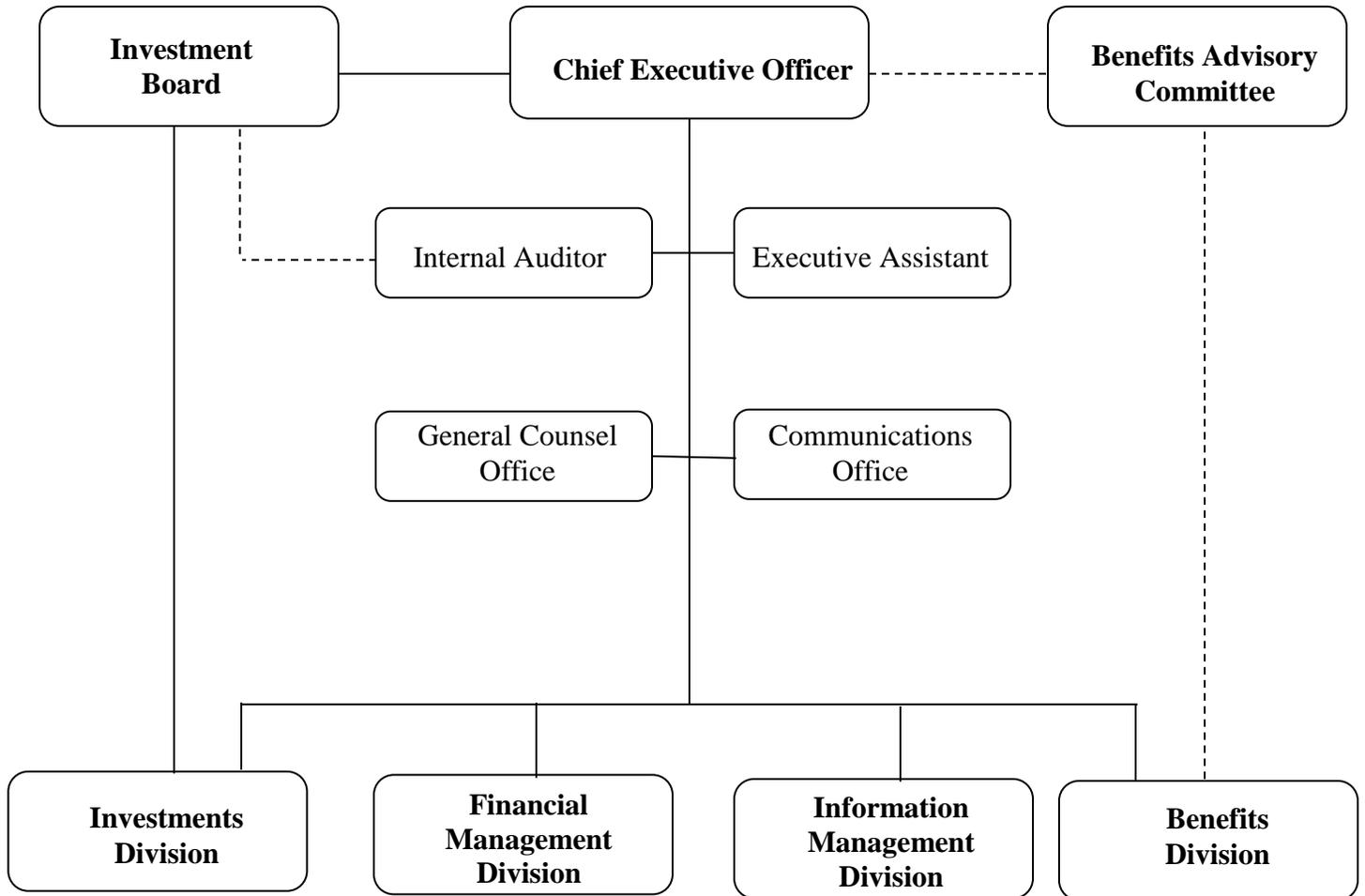
The BAC meets at least quarterly throughout the year, but more often as determined by its membership. Future meeting dates shall be set by members of the BAC at the end of each meeting. Advance notice of time, date, tentative agenda and place of each meeting shall be given in compliance with Iowa Code chapter 21 and applicable administrative rules.

Parties wishing to present items for the BAC's next meeting agenda shall file a written request with IPERS at least five business days prior to the meeting.

Five committee members eligible to vote shall constitute a quorum. A simple majority vote of the full voting membership shall determine the formal position of the BAC.

# RESPONSIBILITIES

## IPERS TABLE OF ORGANIZATION



## GUIDING PRINCIPLES

The BAC has certain statutory duties assigned to it. Primary among these duties is the charge “. . . to consider and make recommendations to the system and the general assembly concerning the provision of benefits and services to the members of the retirement system,” as set forth in Iowa Code 97B.8B(1).

Consistent with this provision, we intend in this document to express our policies and objectives; our ethical code; our expectations of relationships with IPERS staff and our expectations of involvement in those areas which impact plan design, member services and benefits.

### **As Representatives of IPERS’ Stakeholders – Its Members and Participating Employers**

The BAC is an advisory committee. We take very seriously our responsibility to always speak and act in the interests of IPERS’ members and participating employers. Our value to the IPERS organization and, therefore, to our members and beneficiaries, is our independent representation of those for whom the System exists.

The BAC will not compromise our solemn duty to strongly advocate for the policies and actions that we perceive are best for the System, or vigorously oppose measures that we believe threaten the members’ best interests.

We continue to believe that a fully empowered Board of Trustees is the most proven, and most widely recognized, protection for a multiple-employer System against intrinsic competing loyalties which arise in an environment that can never be totally free of political pressures or influence. We also believe that such a Board is vitally necessary to provide useful policy guidance to, needed support for, and, on occasion, necessary checks and balances to the administration of the System.

### **Perspective Toward Relationships With Staff**

The BAC expects full and open communication and the maintenance of professional working relationships with all the managers and staff of IPERS. While seeking to be an independent voice for IPERS’ members and employers, we also welcome the participation, and are always open to assisting the programmatic efforts, of the chief executive officer and other senior managers.

The BAC supports the retention and development of sufficient member service staff as well as the provision of such other resources as is required in order to ensure the thorough oversight and administration of all benefits and member service programs.

# RESPONSIBILITIES

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We intend to be of as much positive assistance as possible within our statutory mandate, without interfering in the day-to-day operations of IPERS or the statutory mandates of other individuals or entities that serve our members and employers.

## **STATUTORY DUTIES AND RESPONSIBILITIES—97B.8B(4)**

Considers and makes recommendations to the System and general assembly concerning the provision of benefits and services provided to members of the retirement system.

Reviews and advises on policy, administrative rule and statutory recommendations made by the System.

Communicates with the Iowa Legislature and Governor on the ramifications of legislative changes affecting the System, e.g., funding levels, benefit structure and eligibility requirements.

At least every two years, reviews the benefits and services provided to members and makes recommendations to the System and general assembly concerning the services provided to members and the benefits, benefits policy, and benefit goals of Chapter 97B.

Participates in the performance evaluation of the chief benefits officer.

In the event that it should become necessary to fill the chief benefits officer position, the BAC expects to consult with and make hiring recommendations to the chief executive officer of IPERS. Representatives selected by the BAC will be expected to participate in interviews of candidates.

Makes recommendations to the Governor to fill the vacancies on the Investment Board that are required to be members of the System.

## OPERATIONAL DUTIES AND RESPONSIBILITIES

Selects the Committee chair and vice chair.

Reviews and provides feedback on the annual IPERS operating budget.

Reviews and adopts the BAC's annual operating budget.

Participates in the performance evaluation of the chief executive officer.

Reviews periodic reports including the comprehensive annual financial report, annual actuarial valuation reports, actuarial experience study reports, and asset liability studies.

Reviews and provides feedback on the strategic plan of the System.

Approves the minutes from all BAC and subcommittee meetings.

Attends regular meetings and reviews agenda and attachments provided by the staff prior to the meeting date.

Creates ad hoc, standing committees or subcommittees as required and appoints members thereto.

Engages professional consultants to assist the BAC in statutory and operational duties and responsibilities.

## BENEFITS AND MEMBER SERVICES POLICY STATEMENT

The BAC supports the following general statement of policy relating to member services. We expect that IPERS' benefits and member service policies will:

- A. Be designed to maximize the probability that the benefits and member service goals will be fulfilled.
- B. Include benchmarking references and the level of resources needed to attain them.
- C. Evolve as the demographics and expectations of our members and participating employers change.

## BENEFITS AND MEMBER SERVICES GOAL STATEMENT

The BAC supports the following principles:

- A. Benefits and member service activities should be designed and executed in a manner that serves the best interests of the members and beneficiaries of the System.
- B. Benefits and member service activities should be designed to provide high-quality, member-focused and responsive services.
- C. Internal administrative services should be provided to ensure accurate benefit calculations and wage reporting and to identify potential abuses.
- D. The BAC will work with staff in the securing of resources that are sufficient to provide for the required level of responsive member benefits and services over time.
- E. IPERS should continue to strive to be among the very best statewide, multiple-employer public pension systems in the United States. We believe that the BAC in support of IPERS can best succeed in attaining this goal through the application of the following principles:
  1. Through always focusing on the needs and wishes of our members and participating employers.
  2. Through regularly benchmarking all benefits and member services against those of our peer systems throughout the United States.
  3. Through ongoing research, focusing on improving existing services and benefits while remaining constantly on the alert for “cutting-edge” developments which, if adopted, would improve our System. We will continue to be mindful of the long-term impact of changes on assets and liabilities, as well as the long-term investment horizon and payment obligations integral to the structure of defined benefit plans.
  4. Through regular analysis of our membership’s demographics, ensuring that the benefits and member services offered are always oriented to the majority of our membership, while remaining attentive to the special needs of various minority segments within the membership.

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5. Through eschewing partisan politics, resisting special interest pressures and focusing instead on the needs and wishes of our members and participating employers.
6. By treating everyone representing members and participating employers as equal stewards in the mission of advancing, and protecting, the Iowa Public Employees' Retirement System.
7. Through open and honest communication in all of our meetings, interactions and various forums.
8. Through using the BAC as a forum for any concerns about decisions, trends or other developments which may have implications for the System and which have been brought to the BAC's attention either by a committee member or by IPERS staff, together with any consequent recommendations or requests for action on our part.
9. Through the staff understanding that the BAC will support the CEO, any manager or member of the staff who responsibly discloses valid information to any lawful authority under Iowa statutes, as well as to this committee, that is considered to be of the "whistle-blower" variety. This information disclosure does not include information that is more appropriately handled through the grievance or personnel complaint processes. Loyalty to the System should override any partisan political or hierarchical claim upon a BAC member or staff member of IPERS.

The BAC strongly supports keeping IPERS actuarially sound, structurally strong and free from partisan political pressures which would suborn our essential mission to exclusively serve the interests of our members and their beneficiaries. The BAC also supports a level of contribution rates sufficient to provide nationally competitive retirement benefits, high-quality member services, cost-of-living adjustments for IPERS' retirees and the eventual fulfillment and maintenance of full funding for the IPERS Trust Fund.