
GUIDELINES FOR CONSIDERATION OF PENSION PLAN MERGERS

The Benefits Advisory Committee (BAC) is statutorily charged with making recommendations to the System and the General Assembly concerning benefits policy. To this end, the BAC adopts the following principles to be applied when a public employer requests to merge their retirement plan with the Iowa Public Employees' Retirement System.

GENERAL PRINCIPLES.

- A. **No Gain or Loss to IPERS.** It is agreed and understood that the intent is there shall be no change in IPERS' unfunded actuarial liability, based on the data and assumptions used, as a result of the transfer.
- B. **Transfer of Members.** IPERS will have discretion if all or a portion of the employer's membership will be included in the transfer.
- Preference is to limit transfer to only active members of the merging entity.
 - Accounts naming a member and merging system, by court order or administrative ruling, requiring the withholding of funds for enforcing child, spousal, or support obligations or mutual property orders, or for recovery of medical assistance payments pursuant to Iowa Code §249A.53 shall not be transferred.
 - Inactive accounts will not be transferred unless mutually agreed.
 - Because of historical tax reporting liabilities and potential optional annuity differences, retirees shall not be transferred.
- C. **Determination of Actuarial Liabilities.** The actuarial liabilities of the merging membership will be determined using the employer's membership data, the IPERS benefit structure as of the date of the transfer and IPERS' actuarial valuation methods and assumptions in effect at the time of the transfer. The merging entity shall retain IPERS's actuary to determine the actuarial liabilities and the employer shall be responsible for the entire cost of the actuarial determination.
- D. **Members' Service Credits.** Years of service of a member recognized under the employer's plan will be recognized by IPERS for purposes of determining any eligibility, vested status and calculating IPERS benefits. This shall include all approved leaves of absences authorized by the employer prior to July 1, 1998, for a period not exceeding 12 months and ending no later than July 1, 1999. In situations in which a member has earned IPERS and the employer's service credits during the same period, only one service credit will be entered into the member's record.
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- E. **Members' Wage and Demographic Records.** All wage and demographic records for the members will be summarized on a basis approved by IPERS to determine the member's accrued IPERS benefit. IPERS will not independently verify wage records, but will monitor those records to ensure that IRS section 401(a)(17) limits are not exceeded.
- F. **Excess Accruals.** The employer may determine that a member's accrued plan benefit exceeds the member's accrued IPERS benefit. The employer shall hold IPERS harmless for excess accruals.
- G. **Assets to be Transferred by the Plan.** IPERS shall only accept cash to fund the actuarial liabilities.
- H. **Indemnification by the Employer.** The employer shall defend and hold IPERS harmless from any claim by a member with respect to employee contribution accounts, cut-back claims, tax issues and any other cause of action arising hereunder that does not result from IPERS negligence or misconduct. This indemnification shall also extend to any contractual claims by plan vendors, pending or threatened lawsuits against the plan and appeals by members and beneficiaries of members.
- I. **Communications Regarding the Transfer.** The employer will develop all required communications regarding the Transfer and will have sole responsibility for providing notice to the members in anticipation of the Transfer. IPERS will participate by providing information regarding IPERS benefits.
- J. **Fees.** IPERS may charge an administrative fee to recover cost during the merger process.
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