



**BENEFITS ADVISORY COMMITTEE MEETING MINUTES**

Video / Telephonic Meeting

August 23, 2021

The following people attended the IPERS Benefits Advisory Committee meeting held on Monday, August 23, 2021.

**Members of the Benefits Advisory Committee - Present**

|                               |                  |
|-------------------------------|------------------|
| Len Cockman, Chair            | Andrew Hennesy   |
| Lowell Dauenbaugh, Vice Chair | Connie Kuennen   |
| Matt Carver                   | Erin Mullenix    |
| Susanna Cave                  | Melissa Peterson |
| Matt Cosgrove                 | Phil Tetzloff    |
| Rick Eilander                 |                  |

**Members of the Benefits Advisory Committee - Absent**

|               |            |
|---------------|------------|
| Steve Hoffman | Adam Steen |
| Jim Romar     |            |

**IPERS Administration and Staff**

|  |   |
|--|---|
| Greg Samorajski, Chief Executive Officer | Shawna Lode, Director of Communications |
| David Martin, Chief Benefits Officer     | Darla Iverson, Chief Financial Officer  |
| Melinda McElroy, Executive Assistant     | Rick Hindman, Chief Information Officer |
| Karl Koch, Chief Investment Officer      | Jim Burke, Benefits Division Supervisor |
| Elizabeth Hennessey, General Counsel     |   |

## **Call to Order**

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

## **Membership Elections**

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

Matt Cosgrove nominated the Iowa Association of School Boards for the employer group representing local school districts. Melissa Peterson seconded the nomination. The nomination carried by unanimous roll call vote of the full BAC membership.

Matt Carver nominated the Iowa State Association of Counties for the organization representing counties. Erin Mullenix seconded the nomination. The nomination carried by unanimous roll call vote of the full BAC membership.

## **Election of Officers**

Matt Carver nominated Len Cockman as chair of the Benefits Advisory Committee. Andrew Hennesy seconded the nomination. The nomination carried by unanimous roll call vote of the full BAC membership.

Matt Carver next nominated Lowell Dauenbaugh as vice chair of the Benefits Advisory Committee. Matt Cosgrove seconded the nomination. The nomination carried by unanimous roll call vote of the full BAC membership.

## **Approval of February 22, 2021, and June 28, 2021, Meeting Minutes**

Lowell Dauenbaugh made the motion to approve the minutes from the February 22, 2021, and June 28, 2021, BAC meetings. Connie Kuennen seconded; the motion carried by unanimous voice vote.

## **Plan Design Studies - Patrice Beckham and Brent Banister, Cavanaugh Macdonald**

Pat Beckham and Brent Banister of Cavanaugh Macdonald reviewed with the Committee the cost study results and the impact of proposed changes to the current plan design regarding the posting of employer contributions to member accounts as well as the benefits earned by retired reemployed members.

### *Employer Contributions Posting to Member Accounts*

Under the proposed change, only employer contributions attributable to funding the normal cost for the group would be posted to member accounts. Any employer contribution to fund the unfunded actuarial liability (UAL) would not be posted to the member's employer contribution account and therefore, would not be included in the calculation of the refund amount. The proposed change ensures that the contributions intended to the fund the UAL are retained by the System and not paid out as a benefit to terminated vested members. The proposed change would be prospective, so the current posted employer contribution balance would not be changed. The cost study estimated a decrease to the actuarial contribution rate

by 0.03% and a slight increase in the funded ratio by 0.02% for the Regular membership. The impact on the Special service groups is proportionately smaller.

#### *Changes to Retired Reemployed Benefits*

Currently if a retiree returns to IPERS-covered employment, any benefit earned during the reemployment period is treated as a separate benefit. If the reemployment period is less than seven years, all the contributions received for retired reemployed members, plus interest, are paid out as either a lump sum or an equivalent benefit increase and no portion of those contributions is applied to fund the UAL. Under the proposed benefit change for retired reemployed members, only a lump-sum benefit would be paid and only the employer contributions to fund the normal cost will be posted to member accounts for refund purposes. The estimated savings is \$5 million per year.

After reviewing the cost study results with the System's actuaries, the BAC asked that the item be placed on their October meeting agenda for additional discussion or action, if any.

#### **Earnings Limit for Retired Reemployed Members – Steve Hoffman**

Agenda item was tabled until the October BAC meeting.

#### **CEO Report – Greg Samorajski**

Greg reported that the legislative committee members have been named to the Public Retirement Systems Committee. An IPERS item that committee may review is the State Fair Police Officer's request for inclusion in the protection occupation membership group. The BAC supported the request in January 2019.

#### **BAC's FY22 Budget – Darla Iverson**

Darla Iverson reviewed with the Committee the results of their FY2021 budget and their projected FY2022 budget.

#### **Staff Reports**

Benefits Update – Jim Burke introduced himself to the Committee stating that he is the bureau chief overseeing IPERS' Employer Relations and Account Maintenance team. He reported that his team completed 520 employer audits this year resulting in 455 wage adjustments totaling approximately \$2.3 million.

Investment Update – Karl Koch reported IPERS' investment return for FY2021 was 29.6%, well exceeding the actuarial assumed investment return of 7% and exceeding the policy benchmark by 80 basis points. He estimated the current Trust Fund balance to be \$42.9 billion.

Appeals Update – Elizabeth Hennessey reviewed the Appeals Status report as of August 2021.

#### **Other Business**

None

**Public Comments**

None

**Future Meeting Dates**

The next scheduled BAC meeting is Monday, October 25, 2021. With no further business to come before the committee, Matt Carver made the motion to adjourn. Lowell Dauenbaugh seconded; the motion carried by unanimous voice vote. Meeting adjourned at 2:15 p.m.