

Retirement Systems of Public Employees to be Reviewed

Every two years an interim committee of the Legislature reviews the four retirement systems for public employees. If changes need to be made to ensure the soundness of the systems, the General Assembly passes legislation implementing the changes.

The four systems include the Iowa Public Employees' Retirement System (IPERS), the Municipal Fire and Police Retirement System of Iowa (MFPRSI), the Peace Officers' Retirement System (PORS), and the Judicial Retirement System (JRS).

After reviewing the retirement systems, the committee will work on legislation to ensure the systems are actuarially sound and that employees receive the pensions as provided for by law. Any changes to the public employees' retirement systems must be approved by the Legislature.

Changes Suggested for IPERS

1. Increase the total contribution rate for IPERS regular service to 13.45% beginning July 1, 2011, and allow the system to adjust the rate either up or down by no more than one percentage point per year for all employee classifications under IPERS.
2. Increase the vesting requirement from four to seven years.
3. Calculate retirement benefits using a member's high five years of salary instead of the current high three years.
4. Implement a 6% per year reduction in retirement benefits for each year a member retires and receives a retirement allowance prior to age 65, if the member does not meet the rule of 88 or is not at least 62 years of age with at least 20 years of service.

Changes Suggested for PORS

1. Increase the employee contribution rate by 0.5 percentage points for four years beginning July 1, 2010.
2. Adopt the proposed technical statutory changes approved by the PORS board concerning disability provisions and hospitalization and medical provisions.
3. Beginning July 1, 2010, provide that overtime pay be considered earnable compensation for purposes of PORS.

Changes Suggested for MFPRSI

1. Increase the employee contribution rate by 0.5 percentage points for four years beginning July 1, 2010.
2. Adopt the proposed technical statutory changes approved by the MFPRSI board concerning knowledge of pre-existing conditions, ordinary death benefit elections, and compliance with federal military service provisions.
3. Phase out and eventually eliminate the state's contribution to MFPRSI.
4. Beginning July 1, 2010, provide that overtime pay be considered earnable compensation for purposes of MFPRSI.

Judicial Retirement System

Although the Judicial Retirement System is also a public employment pension system, there are no changes to the system included in this bill.

Next Meeting

The third and final meeting of the interim committee will be held on Tuesday, January 12, at 3:00 p.m. in the Supreme Court Chamber at the State Capitol.