

IPERS EMPLOYER BULLETIN 2004-1

June 25, 2004

TO: Reporting Officials
FROM: Donna Mueller, CEO
SUBJECT: 2004 Legislative Changes Affecting Sheriffs and Deputies
EFFECTIVE DATE: Phased Implementation Starting on July 1, 2004

BACKGROUND

House File 2262, passed by the Iowa Legislature this year, made important changes to the Iowa Code that affect the Iowa Public Employees' Retirement System's requirements for Sheriffs and Deputies. Although letters have already been sent to the designated members and their employers, the purpose of this bulletin is to summarize these changes and provide feedback on implementation efforts

SUMMARY OF LEGISLATIVE CHANGES

Benefits will change and contribution rates increase on July 1, 2004, for sheriffs and deputy sheriffs as a result of House File 2262 passed by the Iowa Legislature this year.

The changes are summarized below:

1. The Iowa State Sheriffs' and Deputies' Association asked the Legislature for an early retirement benefit.
2. Contribution rates must be increased to pay for this additional benefit.
3. The age at which sheriffs and deputy sheriffs with 22 or more years of eligible service first qualify for a retirement benefit is reduced over a five-year period.
 - o 54 effective July 1, 2004 [Fiscal Year (FY) 2005]
 - o 53 effective July 1, 2005 [FY 2006]
 - o 52 effective July 1, 2006 [FY 2007]
 - o 51 effective July 1, 2007 [FY 2008]
 - o 50 effective July 1, 2008 [FY 2009]
5. The amount of the monthly benefit continues to be based on 22 years of service. There was no change to the formula used to determine the amount.
6. Effective July 1, 2004, the combined contribution rate increases to 17.07%. A rate of 12.76% would have been in place without the additional benefit.

5. The employee will pay 50% of the contribution instead of 40% that they currently pay.
6. The employer will pay 50% of the contribution instead of 60% that they currently pay.
7. Employee contributions increase to 8.535%. This is an increase of 3.435 percentage points over the 5.1% rate that would have been effective on July 1, 2004.
8. Employer contributions increase to 8.535%. This is an increase of .875 of a percentage point over the 7.66% rate that would have been effective on July 1, 2004.

For every \$10,000 in salary, an employee will pay \$343.50 more during the year. The employer will pay \$87.50 more.

IMPLEMENTATION

Emergency administrative rules were filed on June 4, 2004 with an effective date of July 1, 2004, that authorizes the changes in the contribution rates. IPERS is in the process of making changes in its systems to deal with the phased changes in early retirement ages to accommodate the eligible individuals who chose this option.

IPERS remains committed to our charge of administering the retirement plan determined by the Legislature. Our staff is available to provide you additional assistance in implementing these law changes and in helping your employees understand the changes.

INQUIRIES:

For further information, contact the Employer Relations Team at 800-622-3849. Please refer to IPERS Bulletin 2004-1.