

IPERS BENEFITS ADVISORY COMMITTEE

Monday, April 13, 2009

IPERS Board Room

The following people were in attendance at the IPERS Benefits Advisory Committee meeting held in the IPERS Board Room on Monday, April 13, 2009.

Members of the Benefits Advisory Committee

Len Cockman, Brad Hudson, Jim Maloney, Mark Tomb, Ray Walton, Walt Galvin, Diane Reid, Susanna Brown, Lewis Washington, Pat Lynch, Martha Henrichs, Gaylord Tryon, and Janie Garr.

Absent: Bill Sage

IPERS Administration and Staff

Donna Mueller, Chief Executive Officer; David Martin, Chief Benefits Officer; Melinda Prince, Executive Assistant; Karl Koch Chief Investment Officer, Leon Schwartz, Chief Operations Officer; Julie Economaki, Public Information Officer; Bob Sharp, Project Manager; Gregg Schochenmaier and Kelly Lovell, General Counsel.

BAC Alternates or Representatives

Steve Hoffman, Iowa State Sheriffs and Deputies Association; Matt Ballard, Teamsters; and Mathelle Carlson, IPERS Improvement Association.

Public Members

Steve Timmins, Department of Management; Dan Homan, AFSCME; Pat Deluhery, and JoAnn Walser.

Call to Order

Meeting called to order at 1:00 p.m. by chair Len Cockman.

Gaylord Tryon made the motion to approve the minutes from the March 2, 2009, BAC meeting. Pat Lynch seconded, the motion carried by unanimous voice vote.

Actuarial Studies on Changes in Benefit Structure

Pat Beckham of Milliman Inc. made a presentation to the BAC on IPERS' long-term funding projections. Investment experience for FY2009 will have a significant impact on funding. Projections showed that the funded ratio will decline significantly. Options to address funding concerns include increasing contributions more rapidly, lowering benefits, and a combination of both.

Changing contributions or benefits for new hires only (or creating a two-tier plan) won't help with short-term funding issues. It would take 15-20 years to see a significant impact. Changes in benefits for current members along with increased contribution rates will have more impact.

Pat suggested selecting a maximum contribution rate which would cover the cost of reduced benefits and the UAL payment. A reduction in the multiplier has the largest impact across the membership and can be adjusted in the study depending on the cost of the other benefit reduction provisions.

Brad Hudson made the motion to study the funding impact of benefit reductions and a maximum contribution rate of 16%. Gaylord Tryon seconded, the motion carried 5 votes to 4 votes. Those voting in favor of the motion: Brad Hudson, Diane Reid, Lewis Washington, Pat Lynch, and Gaylord Tryon. Those voting against the motion: Len Cockman, Jim Maloney, Mark Tomb, and Ray Walton.

Brad Hudson then made the motion to study the funding impact of benefit reductions and a maximum contribution rate of 14%. Gaylord Tryon seconded, the motion carried by unanimous roll call vote.

Jim Maloney made the motion to study changing to a 5-year final average salary. Ray Walton seconded, the motion carried by unanimous roll call vote.

Benefit reductions discussed that should be considered in the studies include:

- Reduce the multiplier from its current 2% to the highest amount possible as determined by a maximum contribution rate and the impact of other reductions.
- Eliminate early retirement incentives (Rule of 88 and 62/20) and imposing actuarial retirement penalties for all retirements prior to age 65 for new entrants.
- Same as above except applying also to current members (recognizing any accrued interest a current member may have in the Rule of 88 and 62/20).
- Eliminate automatic vesting at age 55.
- Increase vesting period to 5 years.

Other Business

None

Public Comments

None

Future Meeting Dates

The BAC's next meeting date is May 4, 2009. With no further business to come before the committee, Gaylord Tryon made the motion to adjourn the meeting. Pat Lynch seconded, the motion carried by unanimous voice vote. Meeting adjourned at 3:50 p.m.