

## IPERS BENEFITS ADVISORY COMMITTEE

Tuesday, August 29, 2006

IPERS Board Room

The following people were in attendance at the IPERS Benefits Advisory Committee meeting that was held in the IPERS Board Room on Tuesday, August 29, 2006.

### **Members of the Benefits Advisory Committee**

Gene Gardner, Bill Sage, Jim Maloney, Alan Kemp, Mollie Anderson, Walt Galvin, Diane Reid, Lewis Washington, Gary Walters, Brad Hudson, Len Cockman, Gaylord Tryon, and Janie Garr.

Absent: Susan Fitzsimmons

### **Administration & Staff**

Donna Mueller, Chief Executive Officer; David Martin, Chief Benefits Officer; Melinda Prince, Executive Assistant; Bob Sharp, Project Manager; Julie Economaki, Public Information Officer; Kathy Comito, Chief Investment Officer; Gregg Schochenmaier and Kelly Lovell, General Counsel; Leon Schwartz, Chief Operations Officer; Pat Reinhardt, Investment Officer; and Sam Hoerr, Retirement Services Bureau Chief.

### **Others**

BAC Alternates: Mathelle Carlson, Sue Cameron, and Pat Deluhery.

Lowell Dauenbaugh, Pat Lynch, Jim Romer, Tim Wattingham, Jenifer Parsons, Ed Cook, Kelly Ryan, Jamie Vitiello, Frank Vitiello, Bryce Haws, Andy Flewelling, and Ben Lott.

### **IQue System Implementation Project - Bob Sharp**

Bob Sharp presented the IQue System (IPERS Quest for Excellence) which will be IPERS' new pension administration system. Bob introduced the two firms implementing the IQue System, Vitech, the pension administration software provider, and L.R. Wechsler, the independent validation, verification and quality assurance vendor.

### **Call to Order – Election of Chair and Vice Chair**

Lewis Washington nominated Brad Hudson for chair of the BAC. Diane Reid seconded. Janie Garr nominated Len Cockman for chair of the BAC. Gary Walters seconded. Gaylord Tryon nominated Gene Gardner for chair of the BAC. Bill Sage seconded. Gaylord Tryon made the motion to cease nominations. Len

Cockman seconded, motion carried by unanimous voice vote. Ballots were tabulated and Gene Gardner was elected chair receiving 7 of the 11 votes cast.

Janie Garr nominated Len Cockman for vice chair of the BAC. Gaylord Tryon seconded. Lewis Washington nominated Brad Hudson for vice chair of the BAC. Diane Reid seconded. Alan Kemp made the motion to cease nominations. Bill Sage seconded. The motion carried by unanimous voice vote. Ballots were tabulated and Len Cockman was elected vice chair receiving 6 of the 11 votes cast.

Jim Maloney and Mollie Anderson were not present during the election of chair and vice chair.

### **Approval of Minutes**

Bill Sage made the motion to approve the minutes from the May 1, 2006, BAC meeting. Alan Kemp seconded, the motion carried by unanimous voice vote.

### **Requests for Protection Occupation - David Martin**

Milliman completed an updated actuarial cost study to determine the estimated impact of adding county jailors to the protection occupation class. Their membership would be prospective only and the hybrid formula would be used to ultimately calculate benefits. The first study, done in April 2006, was lacking a considerable portion of the membership. The cost impact would result in a 1.93 percent increase in the contribution rate for the protection occupation.

Bill Sage made the motion that the BAC support adding the jailors into the protection occupation class, and the county jailors could, after reviewing the proposed rate increase, elect not to proceed with their request for inclusion in the protection occupation class. Janie Garr seconded. David Martin reviewed the guidelines for consideration of protection occupation membership. The guidelines include that the employers of the affected membership agree that the duties meet the guidelines. Gaylord Tryon amended the motion to include a survey of the employers stating that they agree the jailors meet the guidelines and would support the additional increase in contribution rates. Alan Kemp seconded the motion and later withdrew his second when the amendment was explained to include the employer agreeing to the rate increase. Janie Garr then seconded Gaylord Tryon's amendment. The amendment failed. The original motion was then called for the question. Motion carried by roll call vote with Gaylord Tryon voting nay, 3 nonvoting members expressing opposition, and 2 voting members absent.

David Martin reported that the County Board of Supervisors and the Sheriff's would be the employer to survey for confirmation that the jailors meet the guidelines for protection occupation. The State of Iowa, Department of Administrative Services, would be the employer for the installation security officers. IPERS' staff will survey the employers regarding their agreement, or disagreement, to the jailors meeting the guidelines.

In preparation of the cost study for including the jailor classification in protection occupation, IPERS had previously identified the members included in the position of jailors. Therefore, IPERS staff will survey the jailors seeking their comment as discussed in the motion for BAC support of their reclassification.

Bill Sage then made the motion to support the request of the installation security guards to the protection occupation class. Lewis Washington seconded. The motion carried by unanimous roll call vote.

Donna Mueller clarified that IPERS is not filing legislation to reclassify any group into the protection occupation membership. The discussion before the BAC is whether the BAC, in its role as advisor to the legislature, would support such legislation if filed by the advocating groups.

#### **Appoint Membership Petitions Subcommittee - Donna Mueller**

Len Cockman, Janie Garr, and Lewis Washington were appointed to a subcommittee to review membership petitions and make a recommendation to the BAC at their October meeting.

#### **Educational Topic - Annuity Options - Sam Hoerr**

Sam Hoerr began his presentation with an overview of the Retirement Services Bureau at IPERS. He distributed a sample estimate and reviewed how the different retirement options would be calculated for members.

#### **Educational Topics for future BAC Meetings**

Next meeting: Wages and bonuses. Define wages and what is included in wages.  
Retired Re-employed  
Cash in lieu of insurance  
Cafeteria plans

#### **Staff Reports**

Donna Mueller - Reviewed the Member ID project. IPERS will be issuing an identification card to all active, in-active, retirees, and beneficiaries (a sample card with accompanying letter and privacy statement was distributed). IPERS will use the unique member number in place of the social security number in correspondence. The cards are scheduled to be mailed by the end of September.

On the reverse side of the letter with the card is IPERS' member privacy statement. This statement highlights the efforts taken by IPERS to secure the privacy of members' information; including the policy of not allowing others access to the membership via membership lists or forwarding of marketing materials.

David Martin – Reviewed the member demand measures report for July. He also reviewed the total number of members who visited the IPERS booth during the Iowa State Fair.

Leon Schwartz – Beginning in September or October employers will be able to submit employer and employee contributions to IPERS via electronic funds transfer. The FY08 budget report will be presented at the Investment Board meeting on Thursday, September 21, 2006.

Kathy Comito – For the fiscal year ending June 30, 2006, IPERS earned an 11.11 percent return, meeting all investment objectives. The top performing asset class was Private Equity with a 34.08 percent return followed by International Equity at 27.40 percent. She also reviewed a bar graph showing IPERS' fiscal year investment returns for the past 25 years – 25 year annualized return was 11.84 percent.

Julie Economaki – Reviewed the IPERS website redesign project. She reviewed the highlights from the focus group meetings, the online survey, and the website will be redesigned to include a section for retirees. Please contact Melinda if your group has a retiree organization that would like to have a link on IPERS' website.

Gregg Schochenmaier – Reviewed the Appeal Status report – June through August 2006.

Kelly Lovell – Reported that IPERS is currently working on drafting administrative rules following the recent legislative action. He reviewed the major changes as well as a Summary of Key Provisions of Pension Protection Act of 2006.

### **Other Business**

Mollie Anderson commented on her attendance at two recent conferences. She reported that the hot topics at these conferences were pension plans, the funded status of pension plans, investment returns, and return to work policies.

Donna reviewed the agenda for the upcoming Investment In-Service and Board meetings scheduled for September 20-21, 2006, at the Hyperion Field Club in Johnston.

IPERS will be updating its strategic plan and Donna asked that a committee be named to help with the project. Committee members will be Gene Gardner, Gaylord Tryon, and Jim Maloney.

**Public Comments**

None

**Future Meeting Dates**

The next meeting of the BAC will be Monday, October 9, 2006. With no further business to come before the committee, the meeting was adjourned at 3:45pm.