

IPERS Benefits Advisory Committee
Monday, February 12, 2007
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 Monday, February 12, 2007.

Members of the Benefits Advisory Committee

Len Cockman, Bill Sage, Jim Maloney, Alan Kemp, Lewis Washington, Brad Hudson, and Gaylord Tryon.

Participation by Telephone: Mollie Anderson, Maxine Moore Ballard, and Janie Garr.

Absent: Gene Gardner, Walt Galvin, Diane Reid, and Pat Lynch.

Administration and Staff

Donna Mueller, Chief Executive Officer; David Martin, Chief Benefits Officer; Melinda Prince, Executive Assistant; Leon Schwartz, Chief Operating Officer; Julie Economaki, Public Information Officer; Karl Koch, Interim Chief Investment Officer; Bob Sharp, Project Manager; Gregg Schochenmaier, General Counsel; Kelly Lovell, General Counsel; Brian Karn, Special Services, Death, and Disability Bureau Chief.

Others

BAC Alternates: Jim Romar, International Brotherhood of Teamsters.

Steve Timmins, Department of Management; Tim Gannon, Sudan Divestment Taskforce.

Approval of Minutes

Gaylord Tryon made the motion to approve the minutes from the January 16, 2007, BAC meeting. Bill Sage seconded, the motion carried by unanimous voice vote.

2007 Legislative Session Information - Julie Economaki

A copy of the presentation IPERS made to the Administration and Regulation Appropriations Subcommittee on February 1, 2007, was distributed. Julie reviewed that bills relating to IPERS' return to work and buyback rules would probably be drafted this session. She also distributed a copy of Senate Study Bill 1106 and House File 230 regarding Sudan divestment – both bills are based on legislation proposed by the Sudan Divestment Taskforce.

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Committee Reports

FED Extension Committee – The committee developed four possible options for extending the current FED program. Milliman completed an actuarial cost study for each option, based on an actuarial assumed rate of return of 7.5 percent in each future year, all other actuarial assumptions are assumed to be met each year, and no additional transfers to the FED are assumed to occur. David Martin reviewed the options and how each would extend the expected number of years the FED fund can make payments. Some of the options reviewed would require legislative approval. Milliman’s report was distributed. Since the committee did not have an opportunity to discuss the report prior to the meeting, no recommendation was made.

Lewis Washington made the motion to approve payment to Milliman, up to \$4,000 in performance incentive fees, from the BAC’s budget for these cost studies. Jim Maloney seconded, the motion carried by unanimous voice vote.

FED/COLA Alternatives Committee – Gaylord Tryon reported that the committee met prior to the BAC meeting; he reviewed the COLA alternative options discussed: COLA payments begin at age 70 or after a certain number of years retired. He also reported that IPERS’ Counsel has advised that any changes to IPERS’ current COLA-type programs would require legislative enactment and be subject to IRS code restrictions on COLAs. The committee determined that no further action will take place until the results are received from the Asset/Liability Study in June.

Deferred Compensation Program Committee –The committee discussed surveys of other states and Iowa’s public employers on programs offered. IPERS Counsel questioned the extent to which IPERS Trust Fund monies could be used to study this issue. Bill Sage offered that ISAC could survey the 99 county auditors’ offices once questions were developed.

Educational Topic – Preretirement Death Benefits – Brian Karn

Brian distributed educational materials and reviewed how IPERS’ preretirement death benefits are calculated.

Staff Reports

CEO’s Report – Donna reported on the federal legislative agenda which this year is focused on technical corrections to the Pension Protection Act.

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Benefits Division Update - David Martin reviewed the Member Demand Measures report for December 2006. In preparing for the new I-Que system, IPERS and Milliman are developing the methodology to determine service purchase costs in-house.

I-Que Project Update - Bob Sharp reported on the Employer survey and thanked the individuals who provided input. The project team received 862 responses (36 percent) to the survey. He also reported that as part the transition management plan, DAS/HRE (Department of Administrative Services, Human Resource Enterprise) surveyed IPERS staff and interviewed IPERS' management team about the I-Que project. The results were very good. Areas identified for improvement included more detailed communication about where we are in the project and where we are going next, what decisions are being made, by whom and when, what quality assurance methods are in place for data migration to ensure data integrity, and identifying the impact on IPERS jobs.

Operations Division Update - Leon Schwartz reported that CEM Benchmarking will present IPERS peer comparisons results at the March 12th BAC meeting. Work continues on hiring a data consultant to provide data quality profiling, data cleansing, and data preparation services prior to conversion to the new I-Que system. He concluded by reporting that IPERS was recently approached by the Judicial Branch concerning potential assistance that IPERS may be able to provide in their administration of the Judicial Retirement System.

Appeals Update - Gregg Schochenmaier reviewed the February 2007 Appeal Status report as distributed.

Administrative Rules Update - Kelly Lovell reported that Administrative Rules are being updated regarding BAC organization membership, sheriff and deputies' contribution rates, and general clean up of the rules to replace reference to social security numbers with member ID number.

Other Business

None

Public Comments

None

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Minutes Continued

Future Meeting Dates

The next meeting of the BAC will be Monday, March 12, 2007. The next Investment Board meeting is scheduled for Friday, March 30, 2007. With no further business to come before the committee, Brad Hudson made the motion to adjourn the meeting. Gaylord Tryon seconded, the motion carried by unanimous voice vote. The meeting was adjourned at 2:33 p.m.