

IPERS BENEFITS ADVISORY COMMITTEE
Monday, November 2, 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, November 2, 2009.

Members of the Benefits Advisory Committee

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

Absent: Steve Hoffman, Janie Garr

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 Officers; Julie Economaki, Public Information Officer; Kelly Lovell and Gregg Schochenmaier, General Counsel.

BAC Alternates or Representatives

Lewis Washington, AFSCME; Susan Cameron, Iowa State Sheriffs and Deputies Association; Doug Olson, Tim Waddingham, and Mathelle Carlson, IPERS Improvement Association.

Public Members

The members of the public in attendance at the BAC meeting were asked to sign in prior to the meeting.

Call to Order

Meeting called to order at 1:02 p.m. by Chairman Len Cockman.

Pat Lynch made the motion to approve the minutes from the October 5, 2009, Benefits Advisory Committee meeting. Gaylord Tryon seconded, the motion carried by unanimous voice vote.

Cost Study Charges to the BAC Budget

Donna Mueller requested the expenditure of \$8,000 from the BAC consultant budget line for the two November plan redesign studies. Ray Walton made the motion to approve the expenditure. Pat Lynch seconded, the motion carried by unanimous roll call vote.

On September 14, 2009, the BAC approved the study of applying a cancer/infectious disease disability presumption to each of IPERS special service groups. The cost of the two studies is estimated at a maximum of \$6,000 and will be charged to the BAC's consultant budget line.

NIRS Membership

Donna next asked the BAC to approve payment of \$2,500 to renew the National Institute on Retirement Security (NIRS) membership for 2010. Pat Lynch made the motion to approve the expenditure. Ray Walton seconded, the motion carried by unanimous roll call vote.

Update on Long-Term Funding

Pat Beckham of Milliman reviewed the actuarial study of the following two proposals that the BAC requested:

- 1) Effective July 1, 2011, contribution rates increase to 13.45 percent with up to a one percentage point variation thereafter. Effective July 1, 2012, a 6 percent early retirement factor penalty be applied from age 65, change final average salary from three years to five years, increase vesting period from 4 years to 7 years, and contribution rates cannot be decreased until a transition to 30-year closed period.
- 2) Effective July 1, 2011, contribution rates increase to 12.45 percent with up to a one percentage point variation thereafter, with rates capped at 15 percent. Effective July 1, 2012, a 6 percent early retirement factor penalty be applied from age 65, change final average salary from three years to five years, increase vesting period from 4 years to 7 years, reduce the multiplier to 1.9 percent for all years of service keeping the 65 percent cap on benefits, and contribution rates cannot be decreased until a transition to a 30-year closed period.

Brad Hudson made the motion that the BAC recommends to the Public Retirement Systems Committee proposal one outlined above. Gaylord Tryon seconded, the motion carried 6 to 3 with Jim Maloney, Mark Tomb, and Ray Walton voting against the motion.

2010 Legislative Session

IPERS Department Bill - Donna Mueller shared with the BAC the provisions of IPERS' department bill.

Other Constituent Initiatives -

- Brad Hudson made the motion that the BAC go on record as supporting the extension of the current purchase of wage credit rules for furlough time and allow the rules to apply to union bumping rights. Friendly amendment to the motion stating that this includes all IPERS covered members. Danny Homan seconded, the motion carried by unanimous roll call vote.
- Brad Hudson stated that ISEA supports legislation allowing the purchase of service for that period of time a teacher takes a leave of absence to serve as president. ISEA also supports the establishment of an independent board of trustees for IPERS.
 - Brad Hudson made the motion that the BAC supports the establishment of an independent board of trustees. Danny Homan seconded, the motion carried by unanimous roll call vote.
- Gaylord Tryon stated the School Administrators of Iowa support changing the formula multiplier to two percent each year of employment for all regular members regardless of the years of service.

Investment Returns

Karl Koch reported the estimated value of the Trust Fund to be \$19.86 billion. For the quarter ended September 30, 2009, the investment return was 10.02 percent.

Other Business

Donna Mueller stated that the BAC is charged with recommendations to the governor on appointments to the Investment Board. Phyllis Peterson's appointment expires April 30 2010. Gaylord Tryon made the motion to support the reappointment of Phyllis Peterson to the Investment Board. Brad Hudson seconded, the motion carried by unanimous voice vote.

Public Comments

The Iowa Hospital Association stated that they support legislation to extend the sunset of the shortened retirement waiting period for licensed health care professionals for two years, instead of the one-year proposed by IPERS.

Ed Cook, Legislative Service Agency, reported that the Public Retirement Systems Committee will meet November 9 and 19. Constituent legislation should be done as soon as possible given the shorten session.

Future Meeting Dates

The BAC members were given a meeting schedule for calendar year 2010. The meeting dates were approved and will be posted the public on IPERS' Web site. The next BAC meeting of Monday, January 4, 2010, was confirmed.

With no further business to come before the committee, Pat Lynch made the motion to adjourn the meeting. Ray Walton seconded, the motion carried by unanimous voice vote. Meeting adjourned at 2:51 p.m.