



MINUTES

Public Retirement Systems Committee

January 30, 2012

MEMBERS PRESENT:

Senator John P. (Jack) Kibbie,
Co-Chairperson
Senator Mathew McCoy
Senator Brad Zaun

Representative Dawn E. Pettengill,
Co-Chairperson
Representative Jack Drake
Representative Vicki S. Lensing
Representative Mark Lofgren
Representative Mary Mascher

MEETING IN BRIEF

.....

Organizational staffing provided
by: Ed Cook, Senior Legal
Counsel, (515) 281-3994

Minutes prepared by: Andrew
Ward, Legal Counsel,
(515) 725-2251

- I. Procedural Business
- II. Iowa Public Employees' Retirement System (IPERS)
Study of Reemployment of Retirees
- III. Materials Filed With the Legislative Services Agency



I. Procedural Business

Convening and Adjournment. Co-chairperson Kibbie called the third meeting day of the Public Retirement Systems Committee to order at 10:02 a.m. on January 30, 2012, in the Supreme Court Consultation Room (Room 102) at the State Capitol. The committee adjourned at 10:52 a.m.

Approval of Minutes. The committee minutes from November 9 and 10 were unanimously approved.

Opening Remarks. Co-chairperson Kibbie welcomed committee members and the public. Co-chairperson Pettengill recognized Terry Slattery as the new Executive Director of the Municipal Fire and Police Retirement System.

II. Iowa Public Employees' Retirement System (IPERS) Study of Reemployment of Retirees

Experience Study on Retired Reemployed Overview. Ms. Donna Mueller, Chief Executive Officer, IPERS, and Ms. Pat Beckham, Consulting Actuary, Cavanaugh Macdonald Consulting LLC, addressed the committee. Ms. Mueller discussed the current structure of retirement from IPERS covered employment and rules regulating the reemployment of retired individuals. Ms. Beckham discussed the findings of an actuarial study of IPERS retiree reemployment.

System Description. Ms. Mueller discussed the directive that IPERS had received from the committee in November to conduct a study of retiree reemployment. She noted that IPERS had hired actuaries from Cavanaugh Macdonald Consulting LLC to analyze data from the past 10 years. Ms. Mueller then described current retirement rules and specific exceptions made to such rules within the Code. She also mentioned that a specific exemption for reemployment of licensed health care professionals would sunset June 30, 2012.

Ms. Mueller noted several provisions adopted in other states to address issues surrounding retiree reemployment, including wage limitations, waiting periods, retirement age classifications, and certain exceptions for critical need employment. She discussed how possible solutions should seek fairness for the individual members and for the system while also maintaining low administrative costs.

Actuarial Findings. Ms. Beckham discussed different sets of statistical data related to retiree reemployment including the age of reemployed retirees, wage rates upon reemployment, categories of employers, time before reemployment, and length of reemployment. Ms. Beckham noted that 96 percent of reemployed retirees earned less than \$30,000 per year, with 50 percent earning less than \$5,000. She stated that 70 percent of reemployed retirees remain for less than five years, and that 50 percent remain for less than three years. Ms. Beckham then discussed the cost impacts of reemployment on IPERS and how the system may incentivize early retirement, negatively impacting the system. She noted, however, that reemployment retirement benefits are not aggregated with the retirement benefits from the initial period of employment. Ms. Beckham explained how retiree reemployment shifts certain costs from the retired reemployed to other active members within the system. Ms. Beckham then discussed notable differences that exist between the reemployment of licensed health care professionals when compared to other IPERS covered



employees. She stated that 89 percent of reemployed retirees in this category returned to work with their earlier employer compared with 75 percent overall.

III. Materials Filed With the Legislative Services Agency

The materials listed were distributed at or in connection with the meeting and are filed with the LSA. The materials may be accessed from the “Committee Documents” link on the committee Internet website at:

<https://www.legis.iowa.gov/Schedules/committeeDocs.aspx?GA=84&CID=57>

1. IPERS—System Presentation—Retired Reemployed
2. IPERS—Experience Study—Retired Reemployed
3. IPERS—Trends among public retirement systems in allowing reemployment in covered employment

3827PC