

CHAPTER 21
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

[Prior to 5/6/87, Employment Security[370]Ch 8]

581—21.1(97B) Organization. The Iowa public employees' retirement system division, a separate and distinct division within the department of personnel, shall administer the system created by Iowa Code chapter 97B.

21.1(1) Definitions. Unless otherwise prescribed by federal or state regulations, the terms used in this chapter shall have the following meanings:

"*Board*" means the investment board of IPERS established in 2001 Iowa Acts, chapter 68, section 12.

"*Chief benefits officer*" means the person employed by the director of the department of personnel to administer benefits programs and other member services provided under the retirement system. After July 1, 2002, IPERS' chief executive officer, following consultation with the committee, will employ the person to fill this position when the position becomes vacant.

"*Chief executive officer*" means the administrator of the division appointed pursuant to 2001 Iowa Acts, chapter 68, section 8, effective July 1, 2002.

"*Chief investment officer*" means the person employed by the director of the department of personnel to administer the investment program of the retirement system. After July 1, 2002, IPERS' chief executive officer, following consultation with the board, will employ the person to fill this position when the position becomes vacant.

"*Committee*" means the benefits advisory committee created in 2001 Iowa Acts, chapter 68, section 13, and established effective July 3, 2002.

"*Division*" means the Iowa public employees' retirement system division (IPERS), a separate and distinct division within the department of personnel, which is responsible for the administration of the system.

"*Internal Revenue Code*" means the Internal Revenue Code as defined in Iowa Code section 422.3.

"*IPERS*" means the Iowa public employees' retirement system.

"*System*" means the Iowa public employees' retirement system (IPERS).

21.1(2) Administration. The chief executive officer, through the chief investment officer and the chief benefits officer, shall administer Iowa Code chapters 97, 97B, and 97C. The chief executive officer shall execute contracts on behalf of IPERS and shall, after consultation with the board and other staff, establish and administer the budget as provided in 2001 Iowa Acts, chapter 68, section 9(2)"c." The chief executive officer may make expenditures, reports, and investigations as necessary to carry out the powers and duties created in Iowa Code chapter 97B and may obtain as necessary the specialized services of individuals or organizations on a contract-for-services basis. The chief executive officer shall be the division's statutory designee with respect to rule-making power.

21.1(3) Location. IPERS' business location is 7401 Register Drive, Des Moines, Iowa. General correspondence, inquiries, requests for information or assistance, complaints, or petitions shall be addressed to: Iowa Public Employees' Retirement System, P.O. Box 9117, Des Moines, Iowa 50306-9117.

21.1(4) Business hours. Business hours are 8 a.m. to 4:30 p.m., Monday through Friday, excluding legal holidays.

21.1(5) Investment board.

- a. Effective July 1, 2002, the board shall be the trustee of the retirement fund.
- b. The board shall meet annually, and may meet more often, to review its investment policies. Future meeting dates shall be set by members of the board prior to adjournment of each meeting.
- c. At the first meeting in each fiscal year, the voting members shall elect a chair and vice-chair.
- d. The principal place of business of the board is 7401 Register Drive, Des Moines, Iowa.

e. Advance notice of time, date, tentative agenda, and place of each meeting shall be given in compliance with Iowa Code chapter 21.

f. Parties wishing to present items for the board's agenda for its next meeting shall file a written request with IPERS at least five workdays prior to the meeting. The board may take up matters not included on its agenda.

g. Quorum. Four members eligible to vote shall constitute a quorum. A simple majority vote of the full voting membership shall be the vote of the board.

h. In the event that it should become necessary to fill the chief investment officer position, the board may consult with, and make hiring recommendations to, the chief executive officer consistent with provisions in Iowa Code sections 19A.2A and 19A.9(3).

21.1(6) *Calculation of investment management expenses limit.* For purposes of determining that IPERS' investment management expenses do not exceed four-tenths of one percent (0.40%) of the market value of the retirement fund, the amount appropriated under Iowa Code section 97B.7(2) "b," market value and investment management expenses shall be determined as follows.

a. Determination of market value. The calculation of market value as of any single date shall be performed by IPERS' investment staff using generally accepted accounting principles. For purposes of this subrule, market value shall be defined as the average of the quarterly ending market values for the fiscal year.

b. Investment management expenses shall include:

(1) Fees paid to advisory, management and consulting firms for the purpose of planning and executing the investment of the assets of the retirement fund;

(2) Fees and costs for the safekeeping of fund assets;

(3) Costs of monitoring:

1. The performance and compliance of retirement fund investments, and

2. The performance and compliance of advisory, management or consulting firms hired for the purpose of planning and executing the investment of the assets of the retirement fund;

(4) Costs of board meetings;

(5) Costs of board members' travel and education;

(6) Costs of IPERS' investment staff salaries, benefits, travel and education;

(7) Costs of any additional external legal, accounting or professional services authorized by the chief investment officer for the purpose of carrying out the requirements of 2001 Iowa Acts, chapter 68, sections 10 and 11; and

(8) Such other fees or costs as may be determined by the chief investment officer to be appropriately included by industry practice in the calculation of investment expenses.

c. Investment management expenses shall not include:

(1) Fees or costs that are capitalized in the cost of an investment including, but not limited to, fees paid to general partners in limited partnership investments, acquisition and closing fees for real estate investments, and brokerage commissions paid in purchasing and selling investment assets.

(2) Fees or costs that are netted against the income of commingled investment vehicles.

(3) Attorney fees, court costs, judgments, settlements, fines, penalties and similar costs of litigation or regulatory action relating to the investment of the assets of the retirement fund.

(4) Such other fees or costs as may be determined by the chief investment officer to be appropriately excluded by industry practice from the calculation of investment expenses.

581—21.2(97B) Records to be kept by the employer.

21.2(1) Definition. Each employing unit shall maintain records to show the information hereinafter indicated. Records shall be kept in the form and manner prescribed by IPERS. Records shall be open to inspection and may be copied by IPERS and its authorized representatives at any reasonable time.

21.2(2) Records shall show with respect to each employee: the employee's name, address and social security account number; each date the employee was paid wages or other wage equivalent (e.g., room, board); the total amount of wages paid on each date including noncash wage equivalents; the total amount of wages including wage equivalents on which IPERS contributions are payable; and the amount withheld from wages or wage equivalents for the employee's share of IPERS contributions.

Effective January 1, 1995, records will show, with respect to each employee, member contributions picked up by the employer.

21.2(3) Reports. Each employing unit shall make reports as IPERS may require, and shall comply with the instructions printed upon any report form issued by IPERS pertaining to the preparation and return of the report. Effective July 1, 1991, employers must report all terminating employees to IPERS within seven working days following the employee's termination date. This report to IPERS shall contain the employee's last-known mailing address and such other information as IPERS might require.

21.2(4) Fees. IPERS may assess to an employer a fee based on IPERS' cost accrued in correcting an employer's errors if an employer fails to file required documents and remittances accurately.

This rule is intended to implement Iowa Code sections 97B.11, 97B.14 and 97B.53A.

581—21.3(97B) Liable employers.

21.3(1) Definition. All public employers in the state of Iowa, its cities, counties, townships, agencies, political subdivisions, instrumentalities and public schools are required to participate in IPERS. For the purposes of these rules, the following more specific definitions also apply: