

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM[495]

Regulatory Analysis

Notice of Intended Action to be published: 495—Chapters 4 and 11
“Contribution Rates and Application for, Modification of, and Termination of Benefits”

Iowa Code section(s) or chapter(s) authorizing rulemaking: 97B.4 and 97B.15
State or federal law(s) implemented by the rulemaking: Iowa Code chapter 97B

Public Hearing

A public hearing at which persons may present their views orally or in writing will be held as follows:

January 29, 2025
10:30 to 11:30 a.m.

IPERS Boardroom
7401 Register Drive
Des Moines, Iowa
Via conference call:
teams.microsoft.com/l/meetup-join
Meeting ID: 252 958 841 610
Passcode: nS3qX3XN

Public Comment

Any interested person may submit written or oral comments concerning this Regulatory Analysis, which must be received by the Iowa Public Employees' Retirement System (IPERS) no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

Cheryl Vander Hart
Iowa Public Employees' Retirement System
7401 Register Drive
Des Moines, Iowa 50321
Phone: 515.281.7623
Email: cheryl.vanderhart@ipers.org

Purpose and Summary

The proposed amendments do the following:

Item implements contribution rates for employers, regular, and special service members classes beginning July 1, 2025, to reflect FY 2026 rates. Pursuant to the Iowa Code, the rates must be reviewed and updated yearly.

Item 2 removes from members the extra burden of providing birth proof with their retirement application, currently mandated by paragraph 11.1(1)“a,” if the member has done so previously, by inserting language to that effect. Removing this burden fulfills a stated purpose of Executive Order 10 (January 10, 2023).

Analysis of Impact

1. **Persons affected by the proposed rulemaking:**

- **Classes of persons that will bear the costs of the proposed rulemaking:**

Costs will be borne by all classes of IPERS members and their employers.

- **Classes of persons that will benefit from the proposed rulemaking:**

IPERS members and employers will benefit.

2. Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:

- Quantitative description of impact:

ESTIMATED IPERS CONTRIBUTIONS

Sheriffs and Deputy Sheriffs

Both FY 2024 and 2025 are 17.02% (No Change)

FY 2025		17.02% - Rate for FY 2025			MEMBER DIFF.	EMPLOYER DIFF.	TOTAL DIFF.
EMPLOYER TYPE	PROJECTED WAGES	MEMBER CONT. 8.51%	EMPLOYER CONTRIBUTION 8.51%	COMBINED RATE 17.02%			
County	159,320,217	13,558,150	13,558,150	27,116,301	(426,770)	(426,770)	(853,540)
FY 2024		17.02% - Rate for FY 2024					
EMPLOYER TYPE	PROJECTED WAGES	MEMBER CONT. 8.51%	EMPLOYER CONTRIBUTION 8.51%	COMBINED RATE 17.02%			
County	154,305,295	13,131,381	13,131,381	26,262,761			

Protection Occupation Class

Both FY 2024 and 2025 are 15.52% (No Change)

FY 2025		15.52% - Rate for FY 2025			MEMBER DIFF.	EMPLOYER DIFF.	TOTAL DIFF.
EMPLOYER TYPE	PROJECTED WAGES	MEMBER CONTRIBUTION 6.21%	EMPLOYER CONTRIBUTION 9.31%	COMBINED RATE 15.52%			
State	225,431,719	13,999,310	20,987,693	34,987,003	(440,656)	(660,630)	(1,101,286)
County	150,622,529	9,353,659	14,022,957	23,376,617	(294,425)	(441,401)	(735,826)
City	123,008,399	7,638,822	11,452,082	19,090,904	(240,447)	(360,477)	(600,924)
Other	3,012,451	187,073	280,459	467,532	(5,889)	(8,828)	(14,717)
Total	502,075,098	31,178,864	46,743,192	77,922,055	(981,417)	(1,471,335)	(2,452,752)
FY 2024		15.52% - Rate for FY 2024					
EMPLOYER TYPE	PROJECTED WAGES	MEMBER CONTRIBUTION 6.21%	EMPLOYER CONTRIBUTION 9.31%	COMBINED RATE 15.52%			
State	218,335,805	13,558,654	20,327,063	33,885,717			
County	145,881,384	9,059,234	13,581,557	22,640,791			
City	119,136,464	7,398,374	11,091,605	18,489,979			
Other	2,917,628	181,185	271,631	452,816			
Total	486,271,281	30,197,447	45,271,856	75,469,303			

Regular Members

Both FY 2024 and 2025 are 15.73% (No Change)

FY 2025		15.73% - Rate for FY 2025			MEMBER DIFF.	EMPLOYER DIFF.	TOTAL DIFF.
EMPLOYER TYPE	PROJECTED WAGES	MEMBER CONTRIBUTION 6.29%	EMPLOYER CONTRIBUTION 9.44%	COMBINED RATE			
Education	5,046,233,436	317,408,083	476,364,436	793,772,519	(15,902,919)	(23,867,021)	(39,769,940)
State	1,455,644,260	91,560,024	137,412,818	228,972,842	3,029,831	4,547,155	7,576,987
County	1,552,687,211	97,664,026	146,573,673	244,237,698	(3,074,170)	(4,613,699)	(7,687,869)
City	1,358,601,310	85,456,022	128,251,964	213,707,986	(2,689,899)	(4,036,987)	(6,726,886)

Other	291,128,852	18,312,005	27,482,564	45,794,568	(576,407)	(865,069)	(1,441,476)
Total	9,704,295,069	610,400,160	916,085,455	1,526,485,614	(19,213,564)	(28,835,620)	(48,049,184)
FY 2024	15.73% - Rate for FY 2024						
EMPLOYER TYPE	PROJECTED WAGES	MEMBER CONTRIBUTION	EMPLOYER CONTRIBUTION	COMBINED RATE			
		6.29%	9.44%				
Education	4,793,404,828	301,505,164	452,497,416	754,002,580			
State	1,503,813,280	94,589,855	141,959,974	236,549,829			
County	1,503,813,280	94,589,855	141,959,974	236,549,829			
City	1,315,836,620	82,766,123	124,214,977	206,981,100			
Other	281,964,990	17,735,598	26,617,495	44,353,093			
Total	9,398,832,997	591,186,596	887,249,835	1,478,436,430			

• **Qualitative description of impact:**

The contribution rates rise or fall based upon procedures outlined in the Iowa Code in conjunction with the determination of the designated consulting actuary. The 2024 Legislative Session introduced a 1.5 percent cost-of-living adjustment (COLA) for members of the Sheriff/Deputy Sheriffs class who meet eligibility criteria.

3. **Costs to the State:**

• **Implementation and enforcement costs borne by the agency or any other agency:**

There are costs associated with updated rates being calculated by the designated consulting actuary and minimal costs to update the IPERS website.

• **Anticipated effect on state revenues:**

The effect depends entirely upon whether the updated contribution rates for each IPERS member class remain at the same levels or are lowered or raised or both; a corresponding effect on revenue will be seen. For the period of July 1, 2025, through June 30, 2026, contribution rates for Regular and Protection Occupation classes remain the same, while contribution rates for Sheriffs and Deputy Sheriffs have risen.

4. **Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:**

Inaction would violate the Iowa Code and IPERS' Contribution Rate Funding Policy as well as retain a burden on the taxpayer that is easily eliminated.

5. **Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:**

Not applicable.

6. **Alternative methods considered by the agency:**

• **Description of any alternative methods that were seriously considered by the agency:**

Not applicable.

• **Reasons why alternative methods were rejected in favor of the proposed rulemaking:**

The Iowa Code gives IPERS certain parameters that must be followed when IPERS lowers or raises contribution levels, and the contribution levels are set forth by IPERS' actuary. IPERS is charged with setting a Required Contribution Rate for each membership category within IPERS that will discharge its liabilities. Iowa Code section 97B.11(3)“d” provides the basic framework for implementing this charge.

Small Business Impact

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

- Establish less stringent compliance or reporting requirements in the rulemaking for small business.
- Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.
- Consolidate or simplify the rulemaking’s compliance or reporting requirements for small business.
- Establish performance standards to replace design or operational standards in the rulemaking for small business.
- Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

Not applicable.

Text of Proposed Rulemaking

ITEM 1. Amend rule 495—4.6(97B) as follows:

495—4.6(97B) Contribution rates. The following contribution rate schedule, payable on the covered wage of the member, is determined by the position or classification and the occupation class code of the member.

4.6(1) Contribution rates for regular class members.

a. No change.

b. Effective July 1, 2012, and every year thereafter, the contribution rates for regular members shall be publicly declared by IPERS staff no later than the preceding December as determined by the annual valuation of the preceding fiscal year. The public declaration of contribution rates will be followed by rulemaking that will include a notice and comment period and that will become effective July 1 of the next fiscal year. Contribution rates for regular members are as follows.

	Effective July 1, 2020	Effective July 1, 2021	Effective July 1, 2022	Effective July 1, 2023	Effective July 1, 2024	Effective July 1, 2025
Combined rate	15.73%	15.73%	15.73%	15.73%	15.73%	15.73%
Employer	9.44%	9.44%	9.44%	9.44%	9.44%	9.44%
Employee	6.29%	6.29%	6.29%	6.29%	6.29%	6.29%

4.6(2) Contribution rates for sheriffs and deputy sheriffs are as follows.

	Effective July 1, 2020	Effective July 1, 2021	Effective July 1, 2022	Effective July 1, 2023	Effective July 1, 2024	Effective July 1, 2025
Combined rate	18.52%	18.02%	17.52%	17.02%	17.02%	24.18%
Employer	9.26%	9.01%	8.76%	8.51%	8.51%	12.09%
Employee	9.26%	9.01%	8.76%	8.51%	8.51%	12.09%

4.6(3) Contribution rates for protection occupations are as follows.

	Effective July 1, 2020	Effective July 1, 2021	Effective July 1, 2022	Effective July 1, 2023	Effective July 1, 2024	Effective July 1, 2025
Combined rate	16.02%	15.52%	15.52%	15.52%	15.52%	15.52%
Employer	9.61%	9.31%	9.31%	9.31%	9.31%	9.31%
Employee	6.41%	6.21%	6.21%	6.21%	6.21%	6.21%

4.6(4) to 4.6(7) No change.

ITEM 2. Amend paragraph **11.1(1)“a”** as follows:

a. Proof of date of birth for the member, if not previously verified by IPERS.