



[HF 1023](#) – IPERS Protection Occupations, Credit and Annual Adjustments (LSB2794HZ.2)
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Fiscal Note Version – As amended by Senate amendment [H-8393](#)

Description

[House File 1023](#) as amended by Senate amendment [H-8393](#) relates to benefits for members of the Iowa Public Employees' Retirement System (IPERS) who are employed in a protection occupation.

The Bill as amended adjusts the contribution rate for Protection Occupation members of the IPERS from a 60.0% employer/40.0% employee split to an even split between the employer and the members beginning July 1, 2026, with 50.0% of the required contribution rate to be paid by the employer and 50.0% of the required contribution rate to be paid by the employee.

House File 1023 as amended increases the applicable percentage for retirement benefit payments of Protection Occupation members of the IPERS retiring on or after July 1, 2026, for each calendar quarter of service beyond 22 years of service from 0.375% to 0.625%, which increases the maximum accumulation from 72.0% to 80.0%.

The Bill as amended establishes an annual adjustment to the monthly allowance for members who retire from IPERS Protection Occupation employment, and to any beneficiaries or contingent annuitants, for retirements occurring on or after July 1, 2026. Beginning on July 1, 2027, and each July 1 thereafter, the monthly retirement allowance will be increased by 1.5% of the monthly retirement allowance payable on that date. Protection Occupation members of the IPERS who retire after July 1, 2026, will not be eligible to receive a retirement dividend under Iowa Code section [97B.49F](#).

Background

The Protection Occupation membership group of the IPERS is comprised of a range of occupations, including fire fighters and police officers not covered by Iowa Code chapter [411](#), correctional officers, conservation officers, county attorney investigators, emergency medical service (EMS) providers, high-risk unit officers, insurance fraud investigators, and, dependent on their years of service, select Department of Transportation (DOT) peace officers.

Based on the June 30, 2025, actuarial valuation, the IPERS Protection Occupation membership group covers approximately 8,032 active members and 4,361 retired members. The current funded ratio is 104.47%. The current actuarial accrued liability is \$2.386 billion, the actuarial value of assets is \$2.493 billion, and the unfunded actuarial liability (UAL) is \$-106.7 million.

For FY 2027, the IPERS Protection Occupation membership group's estimated contributions at the current rate of 6.335% of payroll total \$34.8 million, and the employer group's estimated contributions at the current rate of 9.185% of payroll total \$50.4 million. Contributions are first split 60.0% for the employer and 40.0% for the members and then, after the split, the employer contribution rate is decreased 0.125% and the employer contribution rate is increased 0.125% (2025 Iowa Acts, [House File 969](#) (411 Retirement System, Cancer Presumptions Act)).

Figure 1 displays the contribution rates for FY 2023 through FY 2027.

**Figure 1 — Contribution Rates for the IPERS Protection
Occupation Membership Group Under Current Law, FY 2023 – FY 2027**

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Employer Contribution Rate	9.310%	9.310%	9.310%	9.310%	9.185%
Employee Contribution Rate	6.210%	6.210%	6.210%	6.210%	6.335%
Total	15.520%	15.520%	15.520%	15.520%	15.520%

Currently, a vested member of the IPERS Protection Occupation membership group is eligible to receive one of two retirement dividends under Iowa Code section 97B.49F, depending on when the member retired. A member who retired before July 1, 1990, is eligible to receive annual dividend payments in November of each year. A member who retired on or after July 1, 1990, is eligible to receive a favorable experience dividend (FED) when a favorable experience on the actuarial liabilities and assets occurs and the IPERS Fund is fully funded. Due to the funding status of the IPERS Trust Fund, the IPERS has not made any FED payments since 2014.

Protection Occupation members of the IPERS receive a retirement benefit based on the average of the highest three years of compensation times a multiplier that is determined by the member's length of service. The first 22 years of service earn the member a retirement benefit payment multiplier of 60.0%. Under current law, the applicable percentage used to calculate a retiree's monthly retirement benefit is increased by 0.375% for each calendar quarter of service beyond 22 years of service. The current maximum retirement benefit is 72.0%. The Bill increases the maximum retirement benefit payment to 80.0%. **Figure 2** displays the applicable percentage for the current law and the proposed law under House File 1023 as amended.

Figure 2 — Applicable Percentage, Current and Proposed Law

Years of Service	Current Law	Proposed Law	Difference
22	60.00%	60.00%	0.00%
23	61.50%	62.50%	1.00%
24	63.00%	65.00%	2.00%
25	64.50%	67.50%	3.00%
26	66.00%	70.00%	4.00%
27	67.50%	72.50%	5.00%
28	69.00%	75.00%	6.00%
29	70.50%	77.50%	7.00%
30+	72.00%	80.00%	8.00%

Assumptions

- According to the actuarial cost study performed by Cavanaugh Macdonald Consulting in May 2025 using the FY 2023 valuation report, splitting the contribution rate evenly between the employer and the employees, increasing the applicable percentage, and establishing a 1.5% annual adjustment to the monthly allowance for FY 2023 would have increased the IPERS Protection Occupation membership group's UAL from \$-63.8 million to \$151.8 million, a \$215.6 million increase.
- While the results of the actuarial cost study cannot be directly applied to the FY 2025 valuation report to arrive at an updated fiscal impact, the cost study can be broadly applied to anticipate a similar impact.
- The IPERS will incur administrative costs, including costs to update software. The costs are unknown but are estimated to be nominal.

- The IPERS will issue an emergency administrative rule filing to change contribution rates for FY 2027 to reflect the 50/50 contribution rate split between employers and employees. The cost of the Bill as amended will be implemented in the FY 2028 contribution rates after the FY 2026 valuation report is published.

Fiscal Impact

The contribution rate split change from 60/40 to 50/50 for the Protection Occupation membership group of the IPERS would decrease the FY 2027 employer contribution rate by 1.55% and increase the FY 2027 employee contribution rate by 1.55%. The FY 2027 contribution rate change would reduce employer contributions by approximately \$8.5 million and increase employee contributions by \$8.5 million, or approximately \$1,100 per employee. Beginning in FY 2028, the full impact of the Bill will take effect as detailed below.

The Cavanaugh Macdonald Consulting actuarial cost study performed in May 2025 using the FY 2023 valuation report estimated a \$215.6 million increase in the UAL, a decrease in the funded ratio of 9.35%, and an increase in the contribution rate of 5.44%. The change in the contribution split from 60/40 to 50/50 results in an increase in the contribution rate of 1.17% for the employer and 4.27% for the employee for the IPERS Protection Occupation membership group.

According to the FY 2025 valuation report, the UAL was \$-106.7 million, the funded ratio was 104.47%, and the contribution rate was 15.52% (split 60/40 between the employer and employee, and then the rate was increased by 0.125% for employers and decreased by 0.125% for employees) for the IPERS Protection Occupation membership group.

A 5.44% increase to the contribution rate changes it from 15.52% to 20.96%. The increase would be split between employer (1.17%) and employee (4.27%) and is estimated to increase costs by approximately \$6.4 million for the employer and \$23.4 million for the employee group, or \$2,900 per employee.

Administrative costs to the IPERS are unknown at this time but are estimated to be nominal. Any increased administrative costs to the IPERS will be paid from the IPERS Trust Fund.

Sources

- Iowa Public Employees’ Retirement System
- Iowa Public Employees’ Retirement System FY 2023 Actuarial Analysis
- Iowa Public Employees’ Retirement System FY 2024 Actuarial Analysis
- Iowa Public Employees’ Retirement System FY 2025 Actuarial Analysis
- Cavanaugh Macdonald Consulting Cost Study for Non-Retired Protection Occupation Members (August 2024)
- Cavanaugh Macdonald Consulting Cost Study for Non-Retired Protection Occupation Members (May 2025)
- Legislative Services Agency

/s/ Jennifer Acton

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The Fiscal Note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this Fiscal Note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
