



Peace Officers Retirement System – Escalation of Benefits

History

The Public Safety Peace Officers' Accident, Disability and Retirement System (PORS) was created by the 53rd General Assembly in the 1949 Iowa Acts, Chapter 70, to create a retirement system for peace officer members of the Iowa Department of Public Safety (DPS). Employees covered by the PORS include peace officer members of the Iowa State Patrol and the Divisions of Criminal Investigation, Narcotics Enforcement, and the State Fire Marshal's Office that have passed physical and psychological exams as well as a course of instruction approved by the Iowa Law Enforcement Academy. As of the July 1, 2012, valuation report, the PORS retired membership stood at 590 retirees and beneficiaries.

Iowa Code chapter 97A was amended during the 1965 Legislative Session (HF 31, Peace Officers' Retirement Act)¹ to include a formula to allow retiree and beneficiary monthly benefits to be increased. [Iowa Code section 97A.6\(14\)\(a\)\(1\)](#) includes provisions for the escalation (increase) of benefits received by retired members of the system. The formula has changed several times since 1965 to provide different escalation amounts that differentiate between the types of retirement by which the member left active employment. The escalation provision now includes an annual adjustment on July 1 of each year, and semiannual adjustment on January 1 of each year, if required, to monthly pensions of retirees and beneficiaries based on the earnable compensation of an active member at the same rank and position on the salary scale as was held by the retired member at the time of the member's retirement. The application of this salary component is contained in **Table 1**.

Table 1

Service Retiree	Ordinary Disability Retiree	Survivor	Accidental Disability Retiree
40.0% of the increase provided to an active member at the same rank and position on the salary scale, plus an incremental increase based on the number of years since retirement	40.0% of the increase provided to an active member at the same rank and position on the salary scale, plus an incremental increase based on the number of years since retirement	24.0% of the increase provided to an active member at the same rank and position on the salary scale, plus an incremental increase based on the number of years since retirement	40.0% of the increase provided to an active member at the same rank and position on the salary scale, plus an incremental increase based on the number of years since retirement

Operation of Statutes

There are two components to the escalation of monthly benefits for members of PORS. Both are contained within Iowa Code section 97A.6(14)(a). The first is a wage or salary component and the second is a longevity component.

Salary Component

The escalation amount is determined by subtracting the current earnable compensation of an active member at the same rank and position on the salary scale from the earnable compensation of an active member after a change in the covered wages. Covered wages include the stated compensation in the pay plan, plus longevity, and the daily meal allowance. The resulting change in an active member's earnable compensation is multiplied by the applicable percentage for the type of retiree or beneficiary. As an example, a trooper with 32 years of service, on a service retirement with a monthly pension of \$5,200.00 will receive a monthly pension adjustment of \$27.20, after an active trooper receives a 1.0% increase in base wages as was negotiated for active members. The calculation of this increase is reflected in **Table 2**.

More Information

Department of Public Safety Peace Officer Retirement: <http://www.dps.state.ia.us/>

Iowa Public Retirement Legal Brief: https://www.legis.iowa.gov/DOCS/LSA/Legis_Guide/2012/LGEGC000.PDF

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¹ 1965 Iowa Acts, Chapter 112

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Table 2

Current Monthly Pension	\$	5,200.00	
Biweekly Trooper Wage maximum	\$	2,753.60	= FY 2013 Pay Scale
1.0% A-T-B Increase	\$	2,780.80	= \$2,753.60 x 101.0%
Biweekly Increase	\$	27.20	= \$2,780.80 - \$2,753.60
Annualized	\$	707.20	= \$27.20 x 26
Monthly Increase	\$	58.93	= \$707.20 ÷ 12
Service Allowance Percentage		40.0%	
Pension Adjustment	\$	23.57	= \$58.93 x 40.0%
New Monthly Pension	\$	5,223.57	= \$5,200.00 + \$23.57

Negotiation of an increase in the maximum of the pay scale, or a change in the assigned classification of the pay, will result in increases for retired members of PORS. During the 2009 – 2011 State Police Officers' Council (SPOC) Collective Bargaining Agreement the pay scale for troopers was changed from pay grade 27 to pay grade 29. The change in pay scales resulted in a 9.0% increase in base pay for troopers and a corresponding increase for retired members of PORS that held the rank of trooper at the time of retirement. This change in pay plans is the cause of the spike in retired member monthly benefits reflected for the 2010 – 2012 period in **Chart 1** on the next page.

Escalation in benefits will occur any July or January following a change in the biweekly base wage, longevity, and/or meal allowance. For the current collective bargaining agreement, the change in the stated biweekly base wage is 1.0% on July 1, 2013, and 1.0% on January 1, 2014... There is also an increase in the daily meal allowance from \$8.00 to \$9.00. All service retiree pensions are adjusted by 40.0% of the monthly increase for the active member, or an additional \$8.67 per month.

Table 3

Current Daily Meal Allowance	\$	8.00	
Number of Work Days/Year		260	
Annual Meal Allowance	\$	2,080.00	= 8 x 260
Revised Daily Meal Allowance	\$	9.00	
Number of Work Days/Year		260	
Revised Annual Meal Allowance	\$	2,340.00	= 9 x 260
Annual Meal Allowance increase	\$	260.00	
Monthly Increase	\$	21.67	= 260 ÷ 12
Service Allowance		40.0%	
Monthly Pension Adjustment	\$	8.67	= 21.67 x .40

Longevity Component

The second component is based on the number of years the member has been retired from the system, or a longevity component. This component is independent of negotiated wage increases by SPOC. During the 2010 Legislative Session, HF 2518 (Public Retirement Systems Act) provided clarification regarding the application of this language, specifying that the incremental increase is applied one time during the period specified in the paragraph.² **Table 4** provides the incremental increases based on the number of years the member has been retired.

Table 4

< 5 Years	>5 <10 Years	>10 <15 Years	>15 <20 Years	>20 Years
\$15/month	\$20/month	\$25/month	\$30/month	\$35/month

The result of this escalator is to increase the monthly pension one time during the period elapsed since retirement. A retiree receiving a pension for seven years is entitled to an additional \$20.00 per month until the onset of the 10th year of retirement, when the member will be entitled to an additional \$5.00 per month, for a total of \$25.00 per month above the pension the member would otherwise receive.

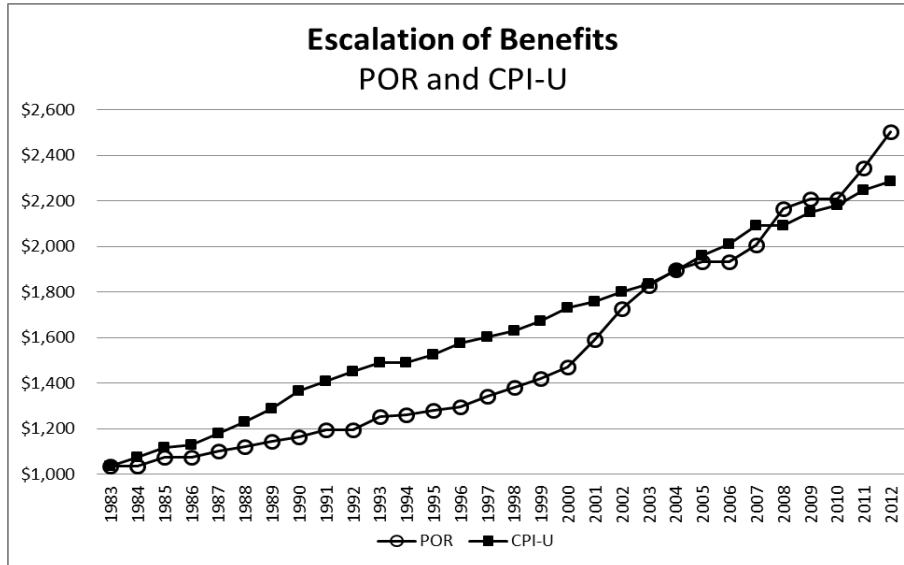
² 2010 Iowa Acts, Chapter 1167

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Impact of Current Statutes

The operation of the current formula as compared to the Urban Consumer Price Index (CPI-U)³ is depicted in **Chart 1**. While there was not an intention for the adjustment of benefits to keep pace with the CPI-U, this comparison was made to provide a gauge as to the relative financial benefit received by PORS members upon retirement. The pension changes reflected in **Chart 1** assume that the retired member is a trooper, retired in 1983 when the maximum service retirement allowance was 50.0% of average final compensation, with an initial monthly pension benefit of \$1,000.00.⁴ It is further assumed that the retired trooper receives pension adjustments based on the actual wage increases for troopers as negotiated by the State Police Officers' Council for the entire period of retirement, and that benefits from all enhancements enacted to Iowa Code chapter 97A since 1983 are provided to the retired member. Plotting the changes in benefits for members having retired from another classification, such as special agent, will show a different result because the changes in pay differed from that of a trooper.

Chart 1



The variations in benefit growth in **Chart 1** can be explained by several extraordinary wage increases negotiated by SPOC on behalf of troopers. The increase during the period from 2000 through 2003 is attributed to changing from an 8-step pay plan to an 11-step pay plan for active members and the time required for those members to progress through the additional steps. Again, the increase in 2008 is attributed to increasing the maximum trooper pay grade by 6.5% and the time required to progress to the new maximum. Finally, the jump in 2011 and 2012 is attributed to a two-pay-grade increase provided to troopers spanning the period.⁵

A more comprehensive review of the history of the PORS adjustment of benefits provisions included in Iowa Code section 97A.6(14) and a comparison to the adjustment of benefits provisions for Municipal Fire and Police Retirement System is available in the **Issue Review** titled "[Peace Officers' Retirement, Accident, and Disability System and Municipal Fire and Police Retirement System](#)". This **Issue Review** also compares basic benefits and contribution rate history between the two systems.

³ Source: United States Department of Labor, Bureau of Labor Statistics: <http://www.bls.gov/cpi/tables.htm>

⁴ The maximum pay for a trooper in 1983 was \$23,670 + \$1,200 in longevity for a total of \$24,870 annually. Divided by 12 and multiplied by 50.0% (the maximum retirement benefit in 1983) results in a pension of \$1,036.25.

⁵ The increases noted in 2000-2003 were negotiated in the 1999-2001 collective bargaining agreement (CBA) between the State Police Officers' Council (SPOC) and the State of Iowa. The increase noted in 2008 was negotiated in the 2007-2009 CBA between SPOC and the State of Iowa. The increase in 2011 and 2012 was the result of a pay study negotiated in the 2009-2011 CBA between SPOC and the State of Iowa and implemented July 1, 2011.