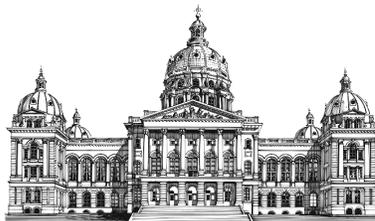

Iowa Legislative Fiscal Bureau

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State Capitol
Des Moines, IA 50319
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Early Retirement Program

ISSUE

Update on participation in the Early Retirement Program.

AFFECTED AGENCIES

All, excluding Board of Regents Institutions and the General Assembly

CODE AUTHORITY

House File 2454, 1992 Legislative Session

BACKGROUND

House File 2454, passed during the 1992 Legislative Session, established an early retirement program for State employees of the Executive Branch and the Judicial Branch. The employees must be a member of the Iowa Public Employees Retirement System (IPERS) or the Peace Officers' Retirement, Accident, and Disability (POR) System. The eligibility requirements state the retirement must occur between May 15, 1992 and January 15, 1993. The retiree must be at least 59 years old with 20 or more years of service. The State will continue to pay the employers' portion of health and dental insurance premium at the same rate in effect at the time of retirement, however any premium increases must be paid by the retiree. The employee must also give notice of intent to retire by November 15, 1992.

If a person accepts early retirement and continues receiving health or dental insurance, the person is not eligible to accept further employment with the State or its subdivisions.

Positions vacated under the program are to be deleted from the department's table of organization. Savings attributed to the deletion of positions are required to revert to the fund from which they came, net of any ongoing insurance premium costs of the retiree. The legislation also requires that if the position is vital to a department, the position may be traded for a position of equal value or refilled at the discretion of the Department of Management (DOM).

CURRENT SITUATION

As of November 18, 1992, a total of 147 individuals have applied for and taken early retirement. Due to the November 15 deadline for notification, another 203 individuals have applied for early retirement. Assuming that all who have applied for early retirement are eligible, 350 individuals are expected to retire by January 15, 1993.

BUDGET IMPACT

The original estimate of savings from all funding sources was \$2.8 million for FY 1993 and \$5.2 million for FY 1994. Preliminary estimates by the DOM indicate the savings will exceed the original savings estimate due to a greater than forecasted participation rate, however updated figures are not available. The DOM and the LFB are tracking the positions vacated due to the Early Retirement Program and will continue to update the members of the General Assembly as more information becomes available. Final savings will be available in February, however the DOM expects to have an estimate completed in mid December for purposes of revenue estimation.

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