

**COMMENTS ON IPERS  
PUBLIC RETIREMENT SYSTEMS COMMITTEE  
Presented by Dr. Gaylord Tryon  
(Representing School Administrators of Iowa)  
November 9, 2009**

- A. We recognize the critical need to make adjustments to the IPERS program and urge the General Assembly to proceed promptly—but cautiously.
  
- B. Generally speaking, we support the recommendations being submitted by the IPERS Benefits Advisory Committee.
  - a. The actuary has shown a definite need to increase contribution rates. Since the public's interest will be served and each side will benefit, the Advisory Committee is recommending that rates be increased for both the employer and employee.
  - b. In addition to helping bear the burden for increasing contribution rates, employees will be asked to make benefit sacrifices as well:
    - i. Moving from a three-year final average salary to a five-year final average salary.
    - ii. Increasing the vesting period from four years to seven years.
    - iii. Changing the early retirement reduction factor from the current three percent to six percent per year (for anyone retiring before the Rule of 88, or age 62/20, or age 65). The early retirement reduction factor would be measured from age 65.
    - iv. Maintaining the current benefit multipliers (2 % for years 1-30 and 1 % for years 31-35).
      - 1. This last issue is submitted as a sacrifice because we believe the multiplier should be two percent for each year of employment—regardless of the number of years employed.
      - 2. The current benefit multiplier policy is a “disincentive” to continue employment in Iowa. This policy only encourages people to leave Iowa and work in neighboring states.
      - 3. There is also a fairness issue at play here. For example, both the employee and the employer are continuing to pay into the program despite the fact there is minimal or no change in the multiplier. Workers are getting only one additional percent on the multiplier (years 31-35) and no additional percent on the multiplier beyond 35 years.

4. The current policy discriminates against older workers.

C. IPERS is a program designed to meet the needs of both the employer and the employee. From the employer's perspective, a competitive retirement system is crucial for attracting and retaining good workers.

After I retired as Executive Director for the School Administrators of Iowa, I started a consulting business to help Iowa school districts hire superintendents and building level administrators. I can tell you from firsthand experience how critical it is to have a good retirement system to encourage people to (1) become teachers and school administrators in the first place (2) to stay and work for Iowa school districts throughout their careers and (3) move to Iowa and become employed by an Iowa school district.

D. IPERS has been with us since 1953. A lot of people, including legislators, have spent a considerable amount of time and effort in helping to make IPERS the competitive retirement system it is today. We urge the General Assembly to step up to the plate during these challenging economic times and make the difficult decisions necessary to ensure a quality and lasting retirement program for all public employees.