

Len Cockman, Chairperson, IPERS Benefits Advisory Committee

November 1, 2007

Public Retirement Systems Committee

1. Introduction

- a. Thank you for the opportunity to speak on behalf of the IPERS Benefits Advisory Committee
- b. Represent Iowa Association of School Boards on the BAC
- c. Elected BAC chairperson August 2007
- d. Introduction of other BAC members

2. BAC Membership

- a. Representatives of active and retired IPERS members
- b. Representatives of employers
- c. A member of the public selected by the voting members of the committee
- d. Also have nonvoting members to maximize input and facilitate discussion

Member Representatives

Maxine Moore Ballard
State Police Officers Council

Walter L. Galvin
Iowa Retired School Personnel Association

Bradley Hudson*
Iowa State Education Association

Janie Garr
IPERS Improvement Association

Patrick Lynch*
International Brotherhood of Teamsters

Bill Sage
Iowa Sheriffs and Deputies Association

Gaylord Tryon*
School Administrators of Iowa

Lewis Washington*
American Federation of State, County, and
Municipal Employees

Employer Representatives

Mollie K. Anderson*
Iowa Department of
Administrative Services

Len Cockman*
Iowa Association of School Boards

M.J. Dolan
Iowa Association of
Community College Trustees

Alan Kemp*
Iowa League of Cities

James Maloney*
Iowa State Association of Counties

Public Member

Diane Reid*

*Voting members

3. BAC Duties

- a. Advisory to legislature and administration on services provided to members and the goals and benefits policy in Chapter 97B
- b. Study the ramifications of proposed changes, including approving outside services to conduct policy and cost studies
- c. Participate in the hiring and performance evaluation of the Chief Benefits Officer, and the performance evaluation of the Chief Executive Officer
- d. Provide feedback on IPERS' strategic plan, administrative rules, and proposed agency legislative bills
- e. Review and adopt the BAC's annual operating budget
- f. Review and provide feedback on IPERS' annual operating budget
 - ✓ IPERS receives no General Fund appropriations
 - ✓ Operating expenses paid from the IPERS Trust Fund
- g. Monitor status and performance, including reviewing the Comprehensive Annual Financial Report, Annual Actuarial Valuation, Actuarial Experience Study, and Asset Liability Study

4. Current BAC issues

- a. Preserving current benefits by ensuring they are fully funded
- b. Addressing cost-of-living adjustment to preserve the purchasing power of pensions
 - i. No adjustment to the multiplier for FED and November dividends for several years
 - ii. FED not guaranteed
 - iii. No transfers to the FED Reserve Account until fully funded
- c. Ensuring the benefits stay relevant as demographics, expectations, and needs change
- d. Ensuring benefits stay affordable as life spans increase
- e. Reviewing requests to move to the protection occupation group and authorizing cost studies related to the requests
 - i. Protection occupation benefits accrue faster and can start sooner
 - ii. BAC adopted guidelines intended to preserve the focus of protection occupation group – that protection occupation careers tend to be shorter due to the physical demands of the job
 - iii. Excerpts of the guidelines in CEO Mueller's handout

5. BAC Positions

- a. Proponents of preserving a defined benefit plan
- b. Proponents of attaining and maintaining full funding for the IPERS Trust Fund
- c. Passed a resolution in 2004 calling for a four percentage point increase in contribution rates, phased in over four years
- d. Support granting IPERS the authority to review contribution rates annually and adjust the rates when necessary
 - i. Rates adjusted no more than 0.5 percentage point annually
 - ii. Provides stability to the rates and predictability for budgeting
- e. Support a fully empowered Board of Trustees
 - i. Proven and widely recognized governance structure
 - ii. Protection for competing loyalties in a statewide, multi-employer system

6. View of IPERS as an HR Professional

- a. Certified professional in human resources
 - i. Human resource services director for the Iowa Association of School Boards
 - ii. Held administrative positions in Iowa public school districts for over ten years
 - iii. On the BAC since constituency group input was formalized in statute in 2002
- b. IPERS provides benefits that are valued by employees and useful to retention
 - i. Well known, well respected
 - ii. Not always well understood
- c. Only one part of employee compensation
- d. Adjusting retirement benefits when the issue is something else, e.g. wages, neither solves a problem nor is helpful to retirement plan design and funding
 - i. Personnel issues may reflect short-term problems that will change over time
 - ii. Retirement plan decisions have long-term consequences