

**Iowa League of Cities**  
Presentation to  
**2005 Public Retirement Systems Committee**  
concerning  
***the Iowa Public Employee's Retirement System***

November 2, 2005

League members unanimously adopted three priorities for the 2006 legislative session on September 16, 2005 at the Annual Conference and Exhibit in Des Moines. The priorities were recommended by the League's Legislative Policy Committee and had been endorsed by the League Executive Board.

The League's priorities will *Serve Iowa Citizens* (Priority: Property Tax Reform), *Grow Iowa Communities* (Priority: Economic Development) and *Protect Iowa Taxpayers* (Priority: Pensions).

See <http://www.iowaleague.org/Legislative/PrioritySummary.aspx> for more information.

***Protect Iowa Taxpayers – Priority: Pensions***

**Support legislation that strengthens actuarial soundness and fairly allocates the contribution rates among participating parties while opposing any expansion of benefits under the Iowa Public Employee Retirement System (IPERS) or the Municipal Fire and Police Retirement System of Iowa (MFPRSI).**

**Background:** Even-numbered years are traditionally considered “pension years” in the Iowa legislature, and 2006 will be no exception. Legislators recognize that an increase in the IPERS contribution rate is needed for the system to remain financially sound, but they appear to remain divided over the appropriate distribution among employers and employees. Currently, employers pay 60% and employees pay 40% of the contribution. Some legislators believe the burden should be shared equally. The League will advocate resolution of this issue since if agreement is not found, the rate increase will be deferred yet again with the potential for detrimental effects to the system. There is also an issue with IPERS regarding the classification of protective occupations. Covered employees so classified have enhanced benefits with higher employee and employer rates. The League has expressed concern over broadening the classification.

While a reasonable distribution between employer and employee is important, the state's Municipal Fire and Police Retirement System of Iowa (MFPRSI or 411 Program) policy has a much more costly impact to cities covered by this pension system. Increased state contributions to the MFPRSI system will be sought. Any new benefits or expansion of existing benefits will be opposed, including a Deferred Retirement Option Program (DROP) being advocated by employee groups. Actuarial reviews support the League contention that this will increase costs.

Submitted by

Lorelei Heisinger, Eide & Heisinger Lobbying and Governmental Relations

On behalf of the Iowa League of Cities