



State Police Officers Council
33944 Overton Circle, Adel, IA 50003
Sue Brown, Executive Director SPOC
(515) 669-6617
execdir.spoc@gmail.com

Pension Committee Members:

The State Police Officers Council (SPOC) appreciates the opportunity to provide written comments for your consideration as you deliberate on public employee pension policy.

We believe the Peace Officer Retirement System (POR) and IPERS Protected Class are financially sound and stable. You have received extensive documentation from the POR System's staff and actuaries as well as the IPERS staff and actuaries demonstrating the stability, reliability and capacity of the system. We have confidence in the financial and governance structure of the POR System and the IPERS Protected Class. Our members count on the POR System not only for retirement but also if they are disabled. IPERS Protected Class also has accidental and ordinary disability/death benefits. The POR System and IPERS Protected Class are extremely important to our members.

The attached documents present facts to further demonstrate the stability, reliability and economic relevance of the POR System and IPERS Protected Class.

Thank you for your consideration and please let us know if you have any questions.



Jason Bardsley,
SPOC President
President.spoc@gmail.com
(402) 908-5576



Tony Peterson, President,
Iowa Special Agents'
Association
Ampete75@yahoo.com
(402) 250-5296



Brad Baker,
President Iowa Fish & Game
Conservation Officer's
Association
Bradamybaker.baker@gmail.com
(319) 430-4455



David Helton, President Iowa
State Troopers Association
dthelton@hotmail.com
(563) 320-4650



Kory Kinnick, President Iowa
Park Rangers Association
kinnickkory@yahoo.com
(515) 669-0783



Andrew McCall, President,
Iowa State Fire Marshal's
Association
Andrewm7795@hotmail.com
(515) 689-4226



State Police Officers Council
33944 Overton Circle, Adel, IA 50003
(515) 669-6617
execdir.spoc@gmail.com DRAFT

IPERS Protection Occupation Overview:

The State Police Officers Council represents the Conservation Officers and Park Rangers. These Officers are in the Protection Occupation Class of IPERS. Officers in the Protection Occupation have some different rules and benefits from the regular members of IPERS because their careers tend to be shorter due to the physical demands of their jobs. Our goal is to maintain retirement and disability security for our officers.

One of the differences between the Regular membership and the Protection Occupation class of membership is that the Protection Occupation group had been paying in the actuarial required contribution rate (normal cost plus any unfunded liability) for many years prior to the 2010 reforms. As a result, the actuarial value of the funded ratio of the Protection Occupation in FY16 was 100.9%. This year, because the assumed rate of return was decreased from 7.5% to 7.0%, the actuarial funded ratio dropped slightly to 97.8% for FY17.

The Protection Occupation Class in IPERS is stable and well-funded. SPOC respectfully requests that no changes be made to this well developed, long standing fund.

Pertinent Facts

- **Membership**
 - IPERS has three membership classes: the Regular membership class makes up 95% of the employees in IPERS. The other two classes (the Sheriff and Deputies class and the Protection Occupation Class make up the other 5% and together are referred to as the Special Services members.
 - As of 6/30/16 there were 6,992 Active members of the Protection Occupation class and 2,493 Retired members.
- **Disability and Retirement System**
 - Accidental and Ordinary Disability/Death Benefits
 - Line of Duty Death Benefit of \$100,000
 - Service Retirement with 6 optional benefit selections
 - Average Salary times a years of service multiplier at age 55. Maximum benefit is 72% of salary.
 - No guaranteed escalator. There is the possibility of a Favorable Experience Dividend of up to 3% if the entire system is fully funded.
- **Social Security**
 - Members are covered by Social Security.

- **Return on investment**
 - The assumed return on investment is 7.0%. Prior to 2017, the return on investment assumptions was 7.5%.
 - The average return on investment (gross) over the last 25 years is 8.43%, and the five-year average return on investment (gross) as of March 31/June 30 is 7.06%.
 - The data demonstrates the return on investment assumption is cautious, responsible and sustainable.
- **2010 Reforms passed to put IPERS on sound financial footing**
 - Legislation granted IPERS the authority to set the contribution rates as actuarially determined beginning July 1, 2012 (FY2013). Rates may not vary by more than 1.0 percentage point per year. (the Protection Occupation group had been paying in the actuarial required rate for many years prior to the 2010 reforms).
 - Effective 2012, anti-spiking limits the member's high 5-year average to no more than 134% of the control year (6th highest calendar year)
- **Employer contribution rate**
 - 10.21% (60%)
- **Employee contribution rate**
 - 6.81% (40%)
- **Funded ratio**
 - FY16 is 100.9% (actuarial value) and 98.6% (market value). Because the assumed rate of return was decreased to 7.0% the actuarial funded ratio dropped to 97.8% for FY17.
- **Retirement age is 55**
- **All public employee retirement systems economic impact in Iowa (2014 report by the National Institute on Retirement Security)**
 - 17,352 jobs that paid \$743.5 million in wages and salaries
 - \$2.4 billion in total economic output
"\$1.1 billion in direct economic impacts were supported by retirees' initial expenditures. An additional \$759.8 million in indirect impact resulted when these businesses purchased additional goods and services. \$524.3 million in induced impacts occurred when workers employed by businesses as a result of the direct and indirect impacts made expenditures."
 - \$477.8 million in federal, state and local tax revenue
 - Federal tax = \$240.2 million
 - State/local tax = \$237.5 million