



October 12, 2011

TO: Michael Marshall, Secretary of the Senate  
Charlie Smithson, Chief Clerk of the House

FROM: Mike Carroll, Director, Department of Administrative Services  
Dave Roederer, Director, Department of Management

RE: Interim Report – State Employee Retirement Incentive Program (SERIP)

The Department of Administrative Services, in collaboration with the Department of Management, respectfully submit this report as required by 2010 Iowa Acts, Senate File 2062, section 1, subsection 5, paragraph "c."

### **PROGRAM SUMMARY**

Senate File 2062 established a retirement incentive program for eligible state employees who agreed to separate from state employment by June 24, 2010.

#### **Eligibility**

State employees eligible to participate in SERIP included:

1. Permanent full-time or permanent part-time benefit-eligible employees.
2. Executive branch employees covered by AFSCME.
3. Executive branch employees covered by UE/IUP.
4. Executive branch non-contract employees.
5. Community-Based Corrections employees.
6. Employees in offices of statewide elected officials.
7. Legislative branch employees.

In addition to being in an eligible class of employees listed above, participants were required to meet all of the following:

1. Be 55 years of age as of July 31, 2010.
2. Submit an application for IPERS monthly benefits no later than the date the employee separated from state employment. (An employee who rescinded the employee's retirement and did not receive a pension benefit was not considered to have taken retirement and was not eligible for this program.)
3. Submit a SERIP application by April 15, 2010.

The program was not available to the following employees:

1. Elected officials.
2. Board of Regents' employees (Central Office and Institutions).
3. Executive branch employees covered by SPOC or the SPOC Sick Leave Trust Fund.

Additionally, the Judicial Branch did not participate in SERIP.

Employees participating in SERIP were required to agree to never apply or accept future employment with the State as a permanent employee, temporary employee, consultant or independent contractor, except as an elected official or as an appointee to most state boards or commissions.

## SERIP Benefits Summary

SERIP was a two-part program designed to incent eligible state employees to retire from state employment. [Please see Appendix A, entitled, "State Employee Retirement Incentive Program (SERIP) Matrix."] The incentive benefits included the following:

A financial incentive based on IPERS-covered years of service with the State of Iowa. To be eligible for this incentive, the employee must have had a minimum of ten (10) years of IPERS-covered service with the State of Iowa. The financial incentive was then calculated at \$1,000 for each full year of state service, beginning with ten (10) years of service (\$10,000) up to twenty-five (25) years of state service (\$25,000). This incentive plus the value of the participant's unused vacation balance at retirement is to be paid out over five (5) years in five (5) equal amounts. The first payment was made in September of 2010.

Financial contributions toward a state-sponsored health insurance plan for up to five (5) years.

CAVEAT: An employee was not required to have ten (10) years of IPERS-covered service with the State to be eligible for SERIP. If the employee met all the eligibility requirements but had less than ten (10) years of IPERS-covered service with State, the employee was **not** eligible for the financial incentive but was eligible for the contributions to the employee's state-sponsored health insurance coverage and any unused vacation balance.

## PARTICIPATION – RESULTS

**2,067** Total number of SERIP participants  
765 Positions refilled as of June 23, 2011  
1302 Positions vacant or eliminated

## SERIP COSTS PAID IN FY 2011

Following is a summary of the FY 2011 costs for SERIP participants. FY 2011 data includes costs of the first annual years of service and vacation payout and the cost of the state shares of insurance premiums for the 12 months of the fiscal year.

	Central Payroll	Department of Transportation	Community-Based Corrections	TOTAL COSTS
First Annual YOS & Vacation Payout (includes FICA State Share)	9,968,316.34	2,362,252.61	516,156.86	12,846,725.81
Total State Share Insurance Premiums (12 months)	13,503,126.50	3,551,792.39	815,429.29	17,870,348.18
<b>TOTAL FY 2011 SERIP COSTS</b>	<b>23,471,442.84</b>	<b>5,914,045.00</b>	<b>1,331,586.15</b>	<b>30,717,073.99</b>

Attachments: A – "State Employee Retirement Incentive Program (SERIP) Matrix," provided by the Department of Administrative Services

State Employee Retirement Incentive Program (SERIP) Matrix

		Financial Incentives		Health Insurance Contribution	
	Sick Leave Payout <i>Up to \$2,000 of your unused sick leave balance</i>	Unused Vacation Balance at Retirement	Years of Service Incentive <i>An incentive of \$1,000 for every full year of state service completed as of your separation date with a minimum of ten (10) years of service and a maximum of twenty-five (25) years of service</i>	SLIP <i>Sick leave balance at retirement used to pay the state share of the health insurance premium until the account is exhausted or Medicare-eligibility</i>	SERIP <i>Contributions to a state-sponsored health insurance plan up to five (5) years.</i>
<b>If you are less than 65 years of age and:</b>				<i>You will receive up to five (5) years of health insurance contributions either through SLIP, SERIP or a combination of both programs.</i>	
10 or more years of service with the State of Iowa.	Paid on your last pay check.	Level annual payments over 5 years (2010 – 2014).	Paid up to \$25,000. Level annual payments over 5 years (2010 – 2014).	Use your SLIP account until exhausted, you become Medicare-eligible, or die.	If your SLIP account exhausts or you become Medicare-eligible within 5 years of retirement, SERIP contributions for the remainder of 5 years (including the time that SLIP was used.)
Less than 10 years of service with the State of Iowa.	Paid on your last pay check.	Level annual payments over 5 years (2010 – 2014).	Not eligible for the incentive.	Use your SLIP account until exhausted, you become Medicare-eligible, or die.	If your SLIP account exhausts or you become Medicare-eligible within 5 years of retirement, SERIP contributions for the remainder of 5 years (including the time that SLIP was used.)
<b>If you are 65 years of age or greater and:</b>					
10 or more years of service with the State of Iowa.	Paid on your last pay check.	Level annual payments over 5 years (2010 – 2014).	Paid up to \$25,000. Level annual payments over 5 years (2010 – 2014).	Not eligible for SLIP.	5 years of SERIP contributions.
Less than 10 years of service with the State of Iowa.	Paid on your last pay check.	Level annual payments over 5 years (2010 – 2014).	Not eligible for the incentive.	Not eligible for SLIP.	5 years of SERIP contributions.

