



November 6, 2015

TO: Michael Marshall, Secretary of the Senate
Carmine Boal, Chief Clerk of the House

FROM: Janet Phipps, Director, Department of Administrative Services
Dave Roederer, Director, Department of Management

RE: Final Update – FY2015 - 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:

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 (An employee who rescinded the employee's retirement and did not receive a pension benefit was not considered to have taken retirement and was not eligible for this program.)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 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. 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**
- 722 Positions refilled as of the close of FY 2015
- 1,345 Positions vacant or eliminated

SERIP COSTS PAID IN FY 2015

Following is a summary of the FY 2015 costs for SERIP participants. FY 2015 data includes costs of the fifth and final 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.

SERIP COSTS PAID IN FY 2015	CENTRAL PAYROLL	DEPARTMENT OF TRANSPORTATION (DOT)	COMMUNITY BASED CORRECTIONS (CBC)	GRAND TOTAL COSTS
Fifth and final Annual YOS & Vacation Payout (includes FICA SS)	\$9,948,981.19	\$2,357,582.76	\$516,178.50	\$12,822,742.45
State Share Insurance Premiums (12 months)	\$10,638,283.36	\$2,753,200.19	\$673,089.16	\$14,064,572.71

TOTAL FY2015 SERIP COSTS	\$20,587,264.55	\$5,110,782.95	\$1,190,170.63	\$26,887,315.16
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