



## Protection Occupation Changes

Certain employees move from IPERS' regular membership class to the protection occupation class on July 1, 2008. There are about 4,700 members currently working in the protection occupation class. An estimated 1,800 are moving to the protection occupation class (county jailers, emergency medical service providers, county attorney investigators, National Guard installation security officers, and certain Department of Corrections employees\*). This guide answers questions about the effect of this change on current protection occupation members and those who move to the class.

**1) If I am moving to the protection occupation class, do I have to do anything to move to the protection occupation class from the regular membership class or is it automatic?**

The change is automatic for you. Employers will begin deducting the higher contributions required for protection occupation members from your paycheck after July 1. Employers will also adjust the reports they send to IPERS to reflect your new membership class so IPERS can begin crediting you for protection occupation service. IPERS already informed employers of these changes.

**2) Do I pay more for my retirement benefits now that I am moving to the protection occupation class?**

Yes. The contribution rate (the percentage of wages you and your employer pay to IPERS) is higher because disability, retirement, and death benefits are greater and therefore cost more. Benefits are prefunded, which means that IPERS members must contribute enough during their working lives so that contributions, plus investment earnings, pay for lifetime benefits.

IPERS contribution rates for July 1, 2008, through June 30, 2009, are:

| Regular members              | Protection occupations      | Sheriffs and deputies       |
|------------------------------|-----------------------------|-----------------------------|
| 4.10% employee (≈40%)        | 5.63% employee (40%)        | 7.52% employee (50%)        |
| <u>6.35% employer (≈60%)</u> | <u>8.45% employer (60%)</u> | <u>7.52% employer (50%)</u> |
| 10.45% total (100%)          | 14.08% total (100%)         | 15.04% total (100%)         |

\*Plant operations managers 1, 2, and 3; safety and health consultants; corrections treatment directors; dental assistants; dental hygienists; dentists; and nursing unit coordinators.



**3) What is the difference between how protection occupation members earn retirement benefits and how regular members earn retirement benefits?**

Protection occupation members will earn more benefits, and earn them faster, than regular members with comparable wages.

At retirement, both regular and protection occupation members will receive predictable, lifetime benefits determined by this formula:

$$\begin{array}{ccc} \text{Multiplier} & \times & \text{Final Average Salary} \\ \text{(Based on} & & \text{(Average of} \\ \text{Years of Service)} & & \text{Highest 3 Years)} \end{array}$$

Both regular and protection occupation members can earn a maximum of one IPERS service credit each year, or 0.25 service credits every three months. As service credits increase, the multiplier increases. This is where the similarities end.

The multiplier used to figure benefits for protection occupation members increases about 2.7272 percent a year for the first 22 years of service, and 1.5 percent in years 23–30. The maximum multiplier, which is the percentage of your final average salary the pension replaces, is 72 percent.

The benefit multiplier for regular members grows 2 percent a year for the first 30 years, and 1 percent in years 31 through 35. Maximum retirement benefits for regular members are 65 percent of the final average salary.

If you have both regular and protection occupation service credits at retirement, IPERS uses a mixed formula, called the hybrid formula, to figure monthly benefits. See Question 10 for a brief explanation of the hybrid formula.

**4) Do I move into the protection occupation class if I help with emergency calls and drive an ambulance but do not yet have my EMS certification?**

The law specifies that protection occupation membership includes an emergency medical care provider who provides emergency medical services, as defined in Iowa Code section 147A.1. This section of the Iowa law defines terms used by the Iowa Department of Public Health:

*“Emergency medical care provider”* means an individual trained to provide emergency and nonemergency medical care at the



first-responder, EMT-basic, EMT-intermediate, or EMT-paramedic level, or other certification levels adopted by rule by the department (of Public Health), *who has been issued a certificate by the department.* (Emphasis added.)

*“Emergency medical services” or “EMS” means an integrated medical care delivery system to provide emergency and nonemergency medical care at the scene or during out-of-hospital patient transportation in an ambulance.*

If the Iowa Department of Public Health has certified you as an emergency medical care provider, regardless of certification type, you meet the definition. If you do not have any certification, you do not meet the definition. You do not become a protection occupation member until you meet all parts of the definition.

**5) Do I move into the protection occupation class if I am a certified jailer but work as a dispatcher?**

The law specifies that to be a member of the protection occupation class, you must be:

- a) A jailer or detention officer who performs duties as a jailer, including but not limited to the transportation of inmates, and
- b) Certified as having completed jailer training pursuant to Iowa Code chapter 80B, and
- c) Employed by a county as a jailer.

If you are not performing jailer duties and a county does not employ you as a jailer, you would not meet the definition and would not move to the protection occupation class.

**6) What happens if the county limits my job duties to those of a dispatcher instead of a jailer who also dispatches to avoid paying more for my IPERS benefits?**

IPERS does not have the authority to intervene in personnel decisions of an employer. IPERS does work with employers to ensure they comply with laws governing IPERS, including accurately classifying employees for IPERS benefits.



If you think you are a jailer as defined in Question 5 because of your job duties and your employer is wrongly reporting your IPERS membership class, contact us. IPERS has compliance officers that examine errors and work with employers to correct them.

**7) If the county does not want to change my job title to a jailer, would IPERS recognize me as meeting the definition anyway?**

IPERS could not – and would not – act independently of the employer because the employer is legally responsible to report employees' membership classes accurately and send contributions to the IPERS Trust Fund based on the correct membership class. IPERS will work with employers to correct errors in how employees are classified for IPERS benefits. If your job description includes duties that are the same as a jailer's, but your employer is reporting you as a regular IPERS member because of your job title, contact us so a compliance officer can work with you and your employer.

**8) What are my options under IPERS if I am demoted from a deputy sheriff back to a detention officer?**

If you were classified as a detention officer, then a deputy sheriff, and then a detention officer, you could have three types of IPERS service:

- a) Regular service as a detention officer.
- b) Service as a deputy.
- c) Protection occupation service, if you are a detention officer who performs the duties of a jailer after July 1, 2008.

If you return to the protection occupation class after being in the sheriff/deputy class, you are eligible for the same disability and death benefits available to all Special Service members (sheriffs/ deputies and members in protection occupations).

However, you would no longer have the option to retire at age 50 with 22 years of service, which only sheriffs and deputies have.

If you have a mix of membership classes at retirement, and have not converted your regular service credits to protection occupation service credits through a buy-up, IPERS will calculate your retirement benefits using the hybrid formula explained in Question 10.



To avoid mixed service at retirement, you can convert your regular service credits to protection occupation service credits by paying the actuarial cost of the added benefits you would receive over your lifetime. You cannot buy up your regular service credits or protection occupation service credits to sheriff/deputy service credits if you are no longer a sheriff or deputy. Credits earned as a sheriff or deputy will count as protection occupation service. See more about buying up service credits in the question and answer guide to *Purchasing Service as a Special Service Member*.

**9) Is there a Rule of 72 that qualifies Special Service members for retirement benefits, similar to the Rule of 88 available to me as a regular member?**

No, there is no Rule of 72 for Special Service members that works like the Rule of 88 (age + years of service = 88), which allows regular members to qualify for benefits without an early retirement reduction.

The two classes of Special Service members, protection occupations and sheriffs/deputy sheriffs, qualify for retirement benefits differently. Protection occupation members must be at least age 55 – regardless of years of service – to be eligible for IPERS retirement benefits, unless they must retire early because of a disability. However, there is no early retirement penalty at age 55 as there is for regular members who do not meet the Rule of 88.

Sheriffs and deputies also must be at least 55, unless they have at least 22 years of eligible service and *retire from those positions*. Then they may retire at age 50. Some people may refer to this as the Rule of 72. However, a sheriff or deputy younger than age 55 must have a minimum of 22 years of eligible service to receive retirement benefits, regardless of whether they are 50 or 54.

Only sheriffs and deputies, who pay more for this added benefit, qualify. Protection occupation members do not have this alternative.

**10) If I work in both the regular class and protection occupation class, how will IPERS figure my retirement benefits?**

IPERS calculates retirement benefits for members who have credit for more than one type of IPERS service using a special formula called the hybrid formula. The formula applies the appropriate multiplier for each



membership class to the service credits earned in that class. The maximum retirement benefit under the hybrid formula is 65 percent of the final average salary.

Members with a mix of regular and protection occupation credit must meet the same eligibility guidelines for retirement benefits as regular members. The minimum age to receive benefits is 55, with a decrease in benefits if a member retires before normal retirement age. Any benefit reduction for early retirement applies *only* to the regular service credits. The normal retirement age is any of the following: age 65; age 62 with 20 years of service; the rule of 88 (age + years of service = 88).

**10a) Is the hybrid formula always used?**

The hybrid formula is not used to calculate benefits for anyone with 30 or more years of regular service or 22 or more years of Special Service. Instead, IPERS figures retirement benefits under both the regular formula and the Special Service formula, and pays whichever is highest. The calculation under the regular formula includes all service credits earned in both classes, up to a maximum of 35 years of credit. The calculation under the Special Service formula uses only Special Service credits.

**11) If my benefits will still be 65 percent of my final average salary, what advantages are there to moving to the protection occupation class?**

When you become a protection occupation member, your disability and death benefits increase. You still have the same disability benefits you had as a regular member, or you may become eligible for one of the following.

- a. In-service disability: the benefit amount earned to date or 60% of final average salary, whichever is more.
- b. Ordinary disability: the benefit amount earned to date or 50% of final average salary, whichever is more.

Besides regular death benefits, your survivors can receive \$100,000 if your death occurs in the line of duty, up to a maximum of 100 times the monthly benefit amount. *(This limit is figured under Option 2, which pays to the beneficiary the difference between the retirement benefits received and the total employee contributions plus interest.)*

For your Special Service time, you qualify for unreduced retirement benefits at age 55, regardless of years of service. Since you accumulate benefits faster and there is no early retirement reduction in benefits, you



may be able retire earlier than you could have as a regular member. You have the option to increase your multiplier from up to 65 to up to 72 percent by buying up past regular service you may have had.

**12) Will moving so many people to the protection occupation class put my retirement benefits at risk?**

No. IPERS guarantees your retirement benefits for life. However, the change can affect contribution rates because, similar to an insurance pool, everyone shares the cost of benefits for all members in the class. If the characteristics of members moving to the class are different from those already in the class, the whole group is affected.

For example, pooled retirement costs have increased because people are living longer. Likewise, people who join the pool at an older age affect costs because they are closer to retirement and have fewer years to contribute. Typically new protection occupation class members join the class earlier in their careers and at a younger age than those who are moving to the class because of legislation.

**13) Is it possible that my spouse, who works and is a regular IPERS member, will lose his or her retirement benefits or have them reduced in the future because I am moving to the protection occupation class?**

No. The rights your spouse has as a member of IPERS are independent of your IPERS membership. This is also true for your rights under Social Security.

**14) Does adding groups to the protected class negatively affect the solvency of the trust fund or my investment in IPERS?**

No. To ensure there is enough money coming into the trust fund to invest, IPERS adjusts the contribution rate each year. This keeps the trust fund solvent and benefits adequately funded. IPERS guarantees your benefits for life, regardless of how the stock market performs or how many people are in your membership class.



**15) Does adding groups to the protection occupation class affect the likelihood the legislature will raise the maximum benefit multiplier?**

The 72 percent maximum multiplier represents the highest percentage of preretirement wages IPERS will replace at retirement. Increasing the size of the protection occupation class will increase the total cost of any benefit increase, something the legislature does consider. However, having more members in the protection occupation class does not change the basic policy question the legislature must answer: What is the proper percentage of wages that IPERS should replace?

The legislature did not intend for IPERS to be the only source of retirement income for public employees. The legislature designed IPERS so that IPERS retirement benefits work with social security benefits that members will receive, plus personal savings. The Center for Retirement Research at Boston College says social security benefits replace 35 to 57 percent of preretirement wages. (*Sorting Out Social Security Replacement Rates*, Alicia H. Munnell and Mauricio Soto, November 2005.)

If the legislature decides that IPERS benefits should replace more than 72 percent of preretirement wages, the legislature will need to decide what percentage is more appropriate and how to fund that increase. As life expectancy continues to increase, the legislature must also wrestle with the question of when people should retire.

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