IPERS Legislative Changes

Below is a summary of changes to IPERS benefits, some effective as soon as July 1, 2011. If you have questions regarding these changes and how they will affect you, please contact IPERS directly at 800-622-3849 or visit their website at www.ipers.org for more information.

IPERS Summary Report (Effect of HF 2502)

I. Final Average Covered Wage

   A. Through 6/30/12, uses the highest three calendar years.

   B. On 7/1/12, uses the highest five calendar years. But, if vested before 6/30/12, it can’t be lower than your high three years as of 6/30/12.

II. Contribution Rate

   Beginning 7/1/11, the contribution rate is 13.45 percent.

   Thereafter, the rate may be changed one percent from the previous year (increase or decrease).

III. Vested by Service

   A. Through 6/30/12, it requires four years of service or attainment of age 55 while in IPERS-covered employment.

   B. Beginning 7/1/12, it requires seven years of service OR you must reach age 65 while in IPERS-covered employment, regardless of years of service.

IV. Early Retirement Penalty (for members lacking sufficient month(s) or year(s) of service)

   A. If not vested by 6/30/12, the penalty is .5 percent per month or 6 percent per year.

   B. If vested by 6/30/12, the penalty is:

      1.) 0.25 percent per month or 3 percent per year for time prior to 6/30/12.

      2.) 0.5 percent per month or 6 percent per year for time after 6/30/12.

   **NOTE:** A member can avoid the penalty by working to age 65 or by meeting the Rule of 88 or the Rule of 60/20 (60 years of age and 20 years of service). Any penalty is figured using age 65.