

MEMORANDUM

To: Board of Regents

From: Board Office

Subject: Proposed Modification of ISD Policy on Retirement Plan Options

Date: March 31, 2003

Recommended Action:

Approve modification of the ISD policy and the employee handbook, to provide that employees eligible for TIAA-CREF on January 1, 1996 may not modify their election of a retirement program.

Executive Summary:

Staff transfers from IPERS to TIAA-CREF not allowed	Staff employed by ISD on or before January 1, 1996, have had the option to transfer from the Iowa Public Employees Retirement System (IPERS) to Teachers Insurance and Annuity Association-College Retirement Equity Fund (TIAA-CREF) during an annual enrollment period. Requirements of the federal statute authorizing IPERS as a pre-tax retirement system prohibit such transfers. The recommended action will bring the ISD policy into compliance with federal law governing IPERS.
---	--

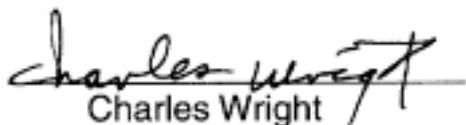
Background:

ISD staff became eligible for TIAA-CREF in 1996	IPERS was the only retirement program available to staff at ISD prior to January 1, 1996. In November 1995 the Board extended to the special schools the option to permit individual staff to elect participation in either IPERS or TIAA-CREF for a retirement program.
Transfer between retirement programs not permitted	ISD adopted a policy which permitted staff employed at the school on January 1, 1996 to elect to transfer from IPERS to TIAA-CREF either at that time or during an annual enrollment period. However, federal laws governing pre-tax retirement plans such as IPERS do not permit open enrollment periods; when the employee becomes eligible for the retirement program the employee is allowed to elect between the programs as a one-time event.
Proposal eliminates transfer option	Approval of the proposed change in the ISD policy will eliminate the open enrollment period for staff hired prior to January 1, 1996.

Analysis:

Proposed change
necessary to keep
IPERS status

ISD's policy of permitting staff employed prior to January 1, 1996 to have an annual opportunity to transfer from IPERS to TIAA-CREF is not permitted by federal law governing the pre-tax IPERS retirement program. The proposed change will bring ISD's policy into compliance with the requirements of the federal law to preserve IPERS' pre-tax status.


Charles Wright

Approved: 
Gregory S. Nichols

H:/(hr/Apr03ISD-1)