

PENSIONERS' POST

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How to Visit IPERS!

By Dave Cook

As you are probably aware, IPERS moved to a new building last August. The building IPERS purchased is located near the new Des Moines Register newspaper production facility. Our street address is 7401 Register Drive. IPERS is located north of Norwalk at the intersection of Army Post Road and Register Drive and is located just south of the Des Moines International Airport. You should continue to use our post office box in your communications to IPERS. Our mailing address is:

IPERS
PO Box 9117
Des Moines IA 50306-9117

All of the telephone numbers that you use to contact us will remain the same as will our fax numbers. You may also continue to send e-mail to the same e-mail address: info@ipers.state.ia.us



If you should desire or need to visit our offices, please use the directions below. Please be aware that road construction continues south and east of IPERS and may force revision of these directions at a later date.

Please note that the Iowa 65 bypass south of Des Moines is now open from Iowa 28 to the east so reaching IPERS from the east is much easier and convenient.

If arriving from north of Des Moines:

Take I-35 south until the intersection with I-80 and I-235. Go west on combined I-35 and I-80 and then continue south on I-35 past the western suburbs of Des Moines. Continue south of Des Moines and get off at the Army Post Road exit (Exit 68). Continue on Army Post Road until you come to the intersection of Army Post Road and Iowa 28. Turn right at the stop light and continue on south approximately 1-1/2 miles. Turn east (left) at the Army Post Road intersection stoplights and travel approximately 1/4 mile from the Iowa 28 intersection. You will see the Des Moines Register production facility at the next stoplight. The IPERS building is just to the east on Register Drive. Register Drive will be the first road to the south (without a stoplight) after these stoplights and is just over the crest of the hill. There is a turn lane after the crest of the hill.

How Do You Use Your Supplemental Payment from IPERS?

By Greg Cusack

As you know, IPERS has two cost of living programs aimed at helping our retired members maintain their purchasing power against the ravages of inflation:

1. The dividend program paid annually in November to members who retired before July 1990; and,
2. The Favorable Experience Dividend paid annually in January to members who retired after July 1990.

As IPERS regularly receives questions from legislators (and others) about just "how this money is used," we would appreciate your giving us some feedback as to the uses to which you put these dollars. IPERS is proud of our cost of living programs; we believe they are of substantial assistance to you, our members, and we want to do all we can to ensure support for their continuation by policy makers.

I assure you that all replies will be kept confidential - in fact, we do not want you to give us either your name or the amount of dividend you receive. We will use the totals you report to us as a basis for a report to the Governor and Legislature.

Please help us by taking a moment to answer the following brief questions. Please mail your answers to: Greg Cusack; IPERS; 7401 Register Drive; PO Box 9117; Des Moines, Iowa 50306-9117. Or you may e-mail them to me at: Greg.Cusack@idop.state.ia.us.

I receive the November ____ or the January ____ dividend payment. (Please select one.)

OR: As I have been retired for less than one year, I do not yet receive this payment ____.

- ____ I save the entire amount.
 ____ I spend the entire amount.
 ____ I save some and spend the rest.

Here's how I (usually) spend the amount:

- ____ I use it to pay bills.
 ____ I use it to pay for things I need, including food and medicine.
 ____ I use it to do some things, or buy some items, that I cannot afford on my monthly income.
 ____ I use it for other purposes. (Please identify, if you choose.)

If you have any thoughts as to how our programs could be improved, would you take a moment to tell us here?

Thank you for your assistance! The results will be published in a future issue of your newsletter, and will also be forwarded to the Governor and members of the Iowa General Assembly.

IPERS' Investment Returns for Fiscal Year 2000

By Kathy Comito

For the fiscal year ended June 30, 2000, the IPERS Trust Fund earned an investment return of 13.05%. The Fund's investment portfolio market value ended the year at \$17.1 billion.

FY 2000 was a year when IPERS benefited from having a highly diversified investment portfolio. As those of you with personal investments know, this period was a difficult one in the stock and bond markets. In the IPERS portfolio, the weaker returns in U.S. stocks and global bonds were partially offset by outstanding performance in our private equity and international stock holdings.

The FY 2000 IPERS investment return exceeded by a considerable margin each of the Fund's *investment goals* to:

- * Exceed the rate of inflation (CPI) by at least 3%.
- * Exceed the 7.5% actuarially-assumed long-term investment return.
- * Exceed the median risk-adjusted return of a universe of large public pension funds.
- * Meet or exceed the Fund's "policy return," which is a passively-managed benchmark comprised of target asset allocations to, and appropriate indexes for, the asset classes in which IPERS invests.

The table below shows IPERS' actual investment returns for various time periods ended June 30, 2000, compared to several of the program's goals and benchmarks.

	<i>One Year</i>	<i>Three Year</i>	<i>Five Year</i>	<i>Ten Year</i>
IPERS' Actual Returns	13.05%	14.78%	16.33%	12.65%
CPI + 3%	6.67%	5.43%	5.47%	5.86%
Actuarial Return Assumption	7.50%	7.50%	7.50%	7.50%
Median Return of Public Pension Fund Universe	9.44%	12.39%	14.72%	12.64%
IPERS Policy Return	9.88%	12.98%	14.37%	11.40%

Although IPERS' staff is very pleased with the Fund's returns, it is important to remember that IPERS is a defined benefit pension plan. Unlike defined contribution pension plans, where the investment returns directly determine the retirement benefit each member receives, IPERS' benefit levels are set by statute and are determined

based on each member's wages, years of service, and age. However, when IPERS earns an investment return above our actuary's assumed 7.5% rate, additional funding is available for improving the System's funded status, enhancing benefits, reducing contribution rates, or some combination of these alternatives.

Investment Swindles - News You Can Use

By Gregg Schochenmaier

It seems routine that you hear a news broadcast about how some group of people were swindled out of their life savings, or a substantial portion thereof. It is estimated that swindlers' annual take through lying and deceit is \$10 billion dollars. That's more money than the combined annual profits of the nation's three major automakers! Successful investment swindlers use every trick in the book, and some that aren't even recorded yet, in an effort to swindle you out of your precious savings.

Swindlers can be a faceless voice on a telephone, or sometimes a friend of a friend. They may perform surgery on their victims' savings from a dingy back office or boiler-room or from an opulent suite in the new bank building. They may wear three-piece suits or they may wear hard hats. The first rule of protecting yourself from an investment swindle is to rid yourself of any notions you might have as to what an investment swindler looks like or sounds like.

Who are the victims of investment swindles? If you are absolutely certain it could never be you, the investment swindler starts with a big advantage. Investment fraud generally happens to people who think it couldn't happen to them. Just as there is no typical profile for swindlers, neither is there one for their victims. While some scams target persons with deep pockets, most swindlers take the attitude that everyone's money spends the same. It simply takes more small investors to fund a large fraud. In fact, many swindlers target smaller investors because they figure such persons may be more receptive to a proposal that offers fast and large profits. Victims do have one trait in common: Greed that exceeds their caution.

How do investment swindlers find or attract their victims? Swindlers attempt to mimic the sales approaches of legitimate investment firms and salespersons. Thus, the fact that someone may contact you in a particular way – by phone, mail, or even through a referral – should not in itself be viewed as an indication that the investments is or isn't

shady. Many totally reputable firms also use the same methods to identify individuals who may have an interest in their investment products or services.

What are the techniques investment swindlers use? Their techniques are varied but share a common denominator – their ability to be convincing. The skills that make them successful are essentially the same skills that enable any good salesperson to be successful. But swindlers have a decided advantage. They don't have to make good on their promises so they can promise whatever it takes to persuade you to part with your money. These are some of their techniques:

- * *Expectation of large profits* – The profits a swindler talks about are large enough to make you interested and eager to invest, but not so large as to make you skeptical. Or a swindler may mention a profit figure you consider believable and then suggests that the potential profit is even greater. Generally speaking, if an investment proposal sounds too good to be true, it probably is.
- * *Low Risk* – Some swindlers suggest that there is no risk and that the investment is a sure money maker. Obviously, the last thing a swindler wants you to think about is the possibility of losing money. Some may acknowledge that there could be some risk, then quickly assure you it is minimal in relation to the profits the investment is sure to make. A swindler may become impatient or even aggressive if the question of risk is raised, perhaps suggesting that the swindler has better things to do that waste time with people who do not have the courage and foresight needed to make money. With this kind of put down, he hopes you won't bring the subject up again.
- * *Urgency* – There's usually some compelling reason why it's essential for you to invest right now. Perhaps because the opportunity can only be offered to a limited number of people.

How to Visit IPERS!

Continued from page 1

If arriving from south of Des Moines:

Take I-35 north until the intersection with Iowa 5 exit. Take Iowa 5 east to Iowa 28 (as noted earlier). This will be Exit 68. Continue on Army Post Road until you come to the intersection of Army Post Road and Iowa 28. Turn right at the stop light and continue on south approximately 1-1/2 miles. Turn east (left) at the Army Post Road intersection stoplights and travel approximately 1/4 mile from the Iowa 28 intersection. You will see the Des Moines Register production facility at the next stoplight. The IPERS building is just to the east on Register Drive. Register Drive will be the first road to the south (without a stoplight) after these stoplights and is just over the crest of the hill. There is a turn lane after the crest of the hill.

If arriving from the west:

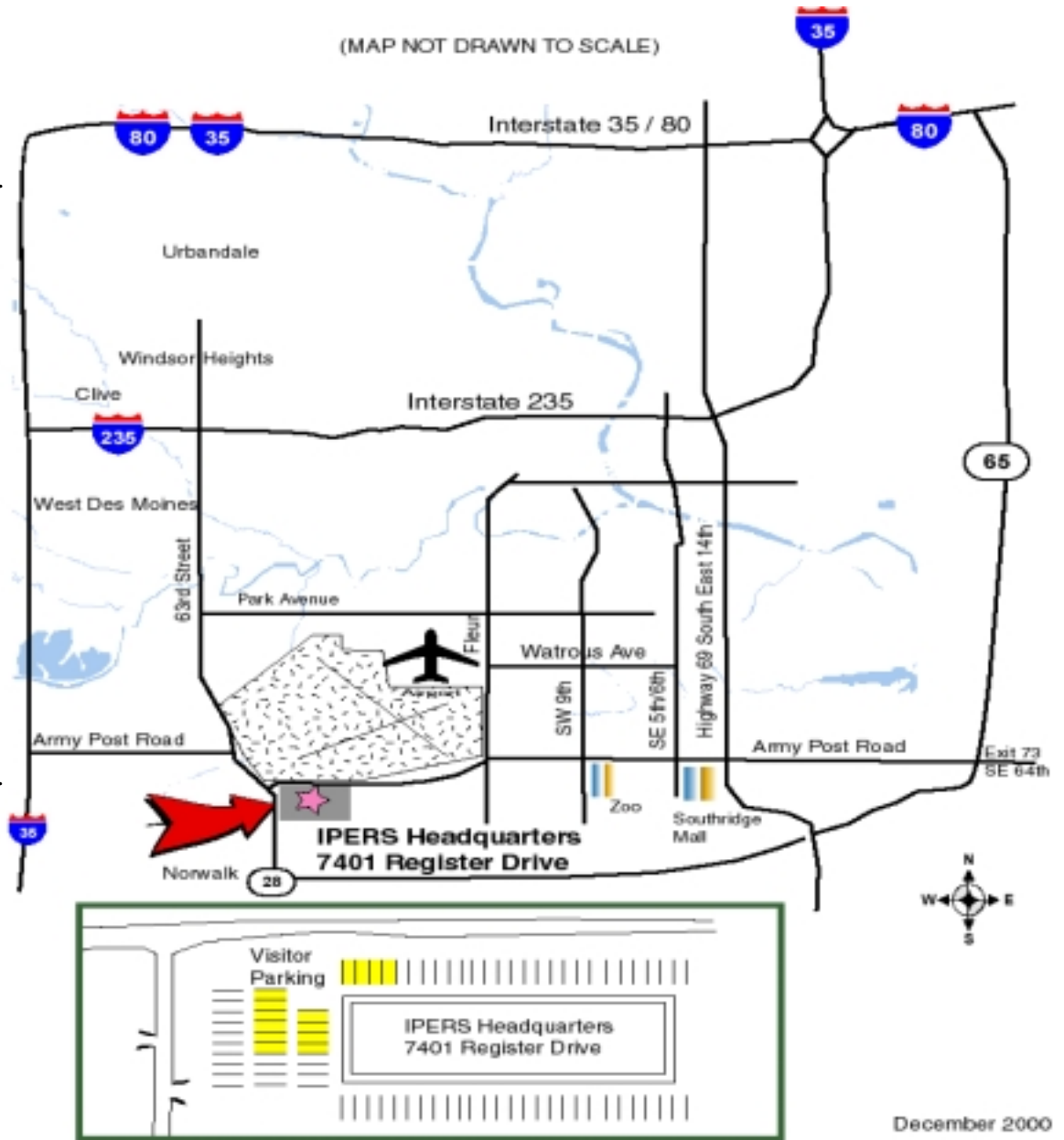
Take I-80 east until the intersection with I-35. Take I-35 south and continue south of Des Moines until the Iowa 5 (Army Post Road) exit (as noted earlier). This will be Exit 68. Continue on Army Post Road until you come to the intersection of Army Post Road and Iowa 28. Turn right at the stop light and continue on south approximately 1-1/2 miles. Turn east (left) at the Army Post Road intersection stoplights and travel approximately 1/4 mile from the Iowa 28 intersection. You will see the Des Moines Register production facility at the next stoplight. The IPERS building is just to the east on Register Drive. Register Drive will be the first road to the south (without a stoplight) after these stoplights and is just over the crest of the hill. There is a turn lane after the crest of the hill.

If arriving from the east:

There are two routes to get to the IPERS building:

- 1) Take I-80 west until the intersection of I-35, continue west on the combined I-80 and I-35 route and follow the description as provided above as if arriving from the north; or
- 2) Take I-80 until the intersection of US 65 and then take US 65 south until the Iowa 5 intersection (this will be a fairly seamless transition). Just continue west on the four-lane until the intersection of Iowa 28. The new four-lane bypass ends at Iowa 28 just south of the IPERS and Des Moines Register buildings (Exit 99). From the off ramp, take Iowa 28 north (to the right) for just a few hundred feet to the Army Post Road intersection. Go east (right) up the hill and Register Drive is just a few hundred feet east past the next set of stoplights. Register Drive will be the first road to the south (without a stoplight) after these stoplights and is just over the crest of the hill. There is a turn lane after the crest of the hill.

We look forward to seeing you at our new building!



Fair Credit Reporting Act - News You Can Use

By Gregg Schochenmaier

I. Fair Credit Reporting

If you have a charge account, a mortgage, a life insurance policy, or have applied for a loan or a job, it is almost certain that a "file" exists showing how promptly you pay your bills. If you have filed for bankruptcy, there will certainly be a file. Such information will be collected into a "Consumer Report," which includes your personal financial information.

The Fair Credit Reporting Act (FCRA or Act) is designed to protect consumers against the circulation of inaccurate or obsolete information by a company that gathers and sells such information on a nationwide basis, known as a credit reporting agency (CRA). Under this Act, you can take steps to protect yourself if you have been denied credit, insurance, employment, or if you believe you have had difficulties because of an inaccurate or unfair Consumer Report.

II. You Have the Right...

As a consumer, under the Act you have the right:

- * To be told the name, address and toll-free telephone number of the CRA responsible for preparing a Consumer Report that was used to deny you credit, insurance, or employment (additional special rules apply for employment only), or to increase the cost of credit or insurance.
- * To obtain a FREE copy of any Credit Report used in any adverse action, including to deny you credit, insurance, or employment, if a request is made within 30 days of the denial (a reasonable fee may be charged otherwise).
- * To be told by a CRA the nature, substance, and sources (except investigative-type sources) of information (except medical) collected about you.
- * To take anyone of your choice with you when you visit a CRA to check your file.

Volatile Markets Making You Jittery?

By Greg Cusack

If you follow the financial news at all, you know that markets during the past calendar year have been anything but stable. Chances are, you are among the millions of Americans who have money invested in the stock and bond markets, either directly or through various mutual funds. The last dozen years have lulled many into believing that the markets could only move one direction - up! Yet, many professional money managers are forecasting that the next ten years are more likely to see a "return to the mean" in the markets.

Should this prove to be the case, especially as we have had one of the greatest "run-ups" in the equity markets ever, this means that average annual returns from stocks will be in the 8%-11% range (the historical norm), rather than the 15%-25% returns which investors have enjoyed in more recent years.

Whether you are already retired, or still years from retirement, such volatility should cause you no anxiety whatsoever regarding your IPERS' benefits! This is because our benefits are determined by a formula, which the Fund is pledged to pay you for your lifetime following your termination and retirement from public employment.

As the average IPERS' member retires with 20-21 years of service, the level of this guaranteed benefit is going to be 40% or 42% of the retiring member's highest average three years of public wages, rather than the maximum 65% for persons who work 35 or more years. While this level, coupled with a monthly payment from the federal Social Security program, will allow the average IPERS' member through retirement to receive 60% to 75% of his or her preretirement income, we join with our member employers in strongly encouraging our members to participate in employer sponsored supplemental retirement savings vehicles, such as tax-sheltered annuities or deferred compensation programs.

Unlike many persons in the private world whose only source of retirement income rises or falls with market returns, IPERS' members can choose to participate in the markets (through IRAs and employer sponsored supplemental programs) in a much more aggressive way, because the core of their retirement income - IPERS and Social Security - are untouched by market volatility.

Cost of Living Adjustments for Retirees

By Greg Cusack

IPERS made record-setting *cost of living adjustment* payments totaling \$65,209,647 to 64,827 retirees in November 2000 and January 2001. This is up significantly from the approximately \$34.5 million paid one year ago (in November 1999 and January 2000). The adjustment reflects our actuary's report to us that the cost of living index for the previous year slightly exceeded 3%. In accordance with legislation passed during the 2000 legislative session allowing IPERS to pay 100% of the cost of living index for the previous year (not to exceed, in any case, 3%), our actuary certified that IPERS' financial health allowed us to make these payments.

The November Dividend Payment

Beginning in the 1980s, the Legislature directed that IPERS commence making special *ad hoc dividend* payments to those who had been retired the longest. Over the years four distinct *dividend* groups were established. All who had begun benefits before July 1990 now receive this dividend, which IPERS is authorized to calculate and increase annually. These payments are made each November.

The January Dividend Payment

In 1998 the General Assembly created a new *Favorable Experience Dividend (FED)* program to be paid to all persons, retired at least one full year, whose first month of entitlement to IPERS' benefits was July 1990 or later. These payments are made each January and the 2001 payments are our third under this new program.

Investment Swindles - News You Can Use

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Or because delaying the investment could mean missing out on large profits (after all, once the information becomes generally known, the price is sure to change, right?). Urgency is important to a swindler. For one thing, the swindler wants your money as quickly as possible with a minimum of effort. The swindler doesn't want you to have time to think it over, discuss it with someone who might suggest that you become suspicious, or check the swindler or the swindler's proposal out with a regulatory agency. Besides, the swindler may not be remaining in town very long in order to keep one step ahead of law enforcement officials.

- * *Confidence* – They aren't called con men for nothing. Swindlers sound confident about the money you are going to make so that you will become confident enough to let go of your savings. A swindler's message is that he is doing you a favor by offering you this investment opportunity. A swindler may even threaten [pleasantly or otherwise] to end the discussion by suggesting that if you are not interested, plenty of other people will be. Once you protest that you are interested, the swindler figures your savings are practically in his pocket. Be mindful of the articulate individuals that dominate a conversation, even if they do it in a low-key friendly sort of way. The more they talk the less opportunity you have to ask questions.

In the next edition of the Pensioners' Post, I will further discuss this topic by giving you the questions you should be asking to help you identify whether you have a swindler that is trying to steal your nest egg.

Fair Credit Reporting Act - News You Can Use

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- * To be told who has received a Consumer Report on you within the preceding six months (two years if for employment purposes).
- * To have incomplete or incorrect information reinvestigated unless the CRA has reasonable grounds to believe the dispute is frivolous or irrelevant. If the information is investigated and found to be inaccurate or cannot be verified, you have the right to have such information removed from your file.
- * To have the CRA notify those you name (at no cost to you) who have received incorrect or incomplete information, that this data has been deleted from your file.
- * Not to have adverse information reported after seven (7) years, except bankruptcy, which is reportable for 10 years.
- * To have a Consumer Report kept private except under a court order or subpoena, with the consent of the consumer, or released to a person who the CRA has reason to believe has a legitimate business need for the information.
- * To sue a CRA for damages if the agency willfully or negligently violates the law; and, if you are successful, to collect all legal fees.

IPERS Pays You Dividends

By David Martin

The November Dividend Payments

Members who began benefits prior to July 1990 are eligible for the November cost of living dividend program. This calculation is as follows:

Total Benefits for Prior Year (including dividend) _____
 Times Dividend Rate _____
 Plus Prior Year's Dividend _____
 Equals Current Year's Dividend _____

SAMPLES FROM LAST THREE YEARS

1998	Total Benefits Paid in 1997	\$ 9,946.24
	X 1998 Dividend Rate	1.33%
	+ Prior Year's Dividend (1997)	\$ 371.20
	= Dividend Paid in November 1998	\$ 503.48
1999	Total Benefits Paid in 1998	\$10,078.52
	X 1999 Dividend Rate	1.59%
	+ Prior Year's Dividend (1998)	\$ 503.48
	= Dividend Paid in November 1999	\$ 663.73
2000	Total Benefits Paid in 1999	\$10,908.96
	X 2000 Dividend Rate	3.00%
	+ Prior Year's Dividend (1999)	\$ 663.72
	= Dividend Paid in November 2000	\$ 990.99

The January Dividend Payment

In 1998, bipartisan support from the Iowa Legislature and Governor endorsed IPERS' recommendation by passing a law instructing IPERS to earmark monies for the sole purpose of providing inflation protection for current and future retirees of the System. **This valuable benefit has been funded so far largely through "favorable investment experience" and will not require increased contributions from the current active member or the employer.**

The law requires the additional monies, called Favorable Experience Dividend (FED) payments, to be issued in a lump sum each January, if the Trust fund has sufficient monies available. At June 30, 2000, IPERS had already reserved funds in excess of \$550 million and is striving to build reserves sufficient to fund ten years worth of future FED payments. Why ten years? As mentioned, the FED account has been funded to date largely through positive investment returns. IPERS officials believe it is prudent to have sufficient reserves on hand so FED payments can continue to be made to retirees during sustained bear markets. Since the first FED payment to retirees in January 1999, IPERS has paid more than \$77 million in FED payments.

How does the FED work? Let's say you are retired and received a pension of \$15,000 a year. IPERS **guarantees** your lifetime yearly pension of \$15,000, and in addition, after you have been retired one full year, IPERS may issue annual FED payments each January to combat the effects of inflation. If you live until age 85, those dividends could total an extra \$124,000 in additional pension benefits! In other words your total pension pay-out from IPERS for that period could exceed \$484,000!!!

Important FED considerations

1. Individuals must have begun benefits after June 30, 1990.
2. Individuals must be retired for one full calendar year before becoming eligible for FED payments.
3. The illustration above used a FED rate of 3%, which is the maximum allowed by law. In years when the consumer price index is less than 3%, the dividend will also likely be less than 3%.

4. FED payments are not guaranteed.

- a. A prolonged bear market, lasting many years, could affect IPERS' ability to pay future dividends.
- b. Major, unexpected changes in the IPERS membership's characteristics or patterns of retirement could increase the System's liabilities to the point that dividend payments would cease.
- c. Changes to plan design such as a conversion to a defined contribution plan or other fundamental plan changes could reduce or eliminate IPERS ability to fund the FED program. IPERS does not have the authority to raise contribution rates to pay future FED payments.

5. Beneficiaries of members receiving monthly annuity payments from IPERS are also eligible for FED payments.

The FED formula is as follows:

$$\text{Base Pension} \times \text{Calendar Years Retired} \times \text{FED Rate} = \text{Favorable Experience Dividend (FED)}$$

Below is a benefit schedule using the example above to illustrate this valuable feature.

Age	Yearly Pension	Years Retired as of January Dividend Date	Maximum FED Rate	Yearly Dividend
62	\$ 15,000.00	0		\$ 0.00
63	\$ 15,000.00	1	3%	\$ 450.00
64	\$ 15,000.00	2	3%	\$ 900.00
65	\$ 15,000.00	3	3%	\$ 1,350.00
66	\$ 15,000.00	4	3%	\$ 1,800.00
67	\$ 15,000.00	5	3%	\$ 2,250.00
68	\$ 15,000.00	6	3%	\$ 2,700.00
69	\$ 15,000.00	7	3%	\$ 3,150.00
70	\$ 15,000.00	8	3%	\$ 3,600.00
71	\$ 15,000.00	9	3%	\$ 4,050.00
72	\$ 15,000.00	10	3%	\$ 4,500.00
73	\$ 15,000.00	11	3%	\$ 4,950.00
74	\$ 15,000.00	12	3%	\$ 5,400.00
75	\$ 15,000.00	13	3%	\$ 5,850.00
76	\$ 15,000.00	14	3%	\$ 6,300.00
77	\$ 15,000.00	15	3%	\$ 6,750.00
78	\$ 15,000.00	16	3%	\$ 7,200.00
79	\$ 15,000.00	17	3%	\$ 7,650.00
80	\$ 15,000.00	18	3%	\$ 8,100.00
81	\$ 15,000.00	19	3%	\$ 8,550.00
82	\$ 15,000.00	20	3%	\$ 9,000.00
83	\$ 15,000.00	21	3%	\$ 9,450.00
84	\$ 15,000.00	22	3%	\$ 9,900.00
85	\$ 15,000.00	23	3%	\$ 10,350.00
Total	\$360,000.00			\$ 124,200.00

IPERS' Demographics - Year 2000

By Greg Cusack

Overview of Total Membership: 317,802

Actives:	154,612 (48.7%)
Retired:	66,681 (21%)
Retired/Reemployed:	5,487 (1.7%)
Inactive Vested:	30,650 (9.6%)
Inactive, Nonvested:	60,372 (19%)

There has been a seven percent growth in IPERS' active population in recent years, from approximately 144,000 six years ago to the present 154,612. Over ninety-six percent (96.5%) of our members are in "regular" service, while 3.5% are in "special class" service (public safety positions).

The number of retirees, however, continues to show a steady increase - 4% in FY 00 - as it has for the past dozen years. As the post World War II "baby boom" generation enters retirement, beginning in 2007, we anticipate this rate to significantly pick up through at least 2012. In fact, our actuary estimates that our total retiree population will double within the next 12-15 years!

The number of retired, reemployed persons increased 10% over the past year, but continues to represent less than 2% of all of our members. The number of inactive vested members continues to be significant. The proportion of female to male public employees appears to be static, with the over-all active population in a roughly 58%-42% female-male ratio.

Overview of Active Members

By Age: Eighty-two percent (82%) of all active members are below the earliest possible retirement age of 55. Only thirty-one percent (31%) are under age 40, however. Thirty-three percent (33%) are between the ages of 40 and 49, and seventeen percent (17%) are in the crucial pre-retirement years of 50-55. In the last year, this profile has changed little. An additional 1% has been added to the under age 40 and the same percentage gain is seen for those aged 50-55.

Eighteen percent (18%) are eligible for retirement because of their age, but are still working. Ten percent (10%) are between 55 and 59 years of age, another six percent (5.7%) between 60 and 65, and only two percent (2%) older than 65. These percentages reflect the reality of the baby boomer generation nearing retirement age (as well as the smaller demographic group which immediately follows them), and pose challenges for both retirement and workforce planning.

By Employer Group: Although IPERS covers a total of 2,386 public employers throughout Iowa, little has changed in recent years in the proportion of employees who work for our major employer groupings. Half of our entire system consists of school employees, while counties edge the state as the second largest type of employer. State government remains the largest single employer.

Schools:	73,613	49%
Counties:	25,096	16%
State:	24,874	16%
Cities:	21,416	14%
Other:	7,837	5%

By Occupation Class: The overwhelming number of IPERS' active members (149,044 - 96.4%) are in regular service, that is, in occupations other than those of public safety. Of these, fully 76,216 are in education, 72,644 work for state, county, or city governments, and 124 are legislators.

Of the 3.6% who are in special service categories (public safety jobs), 2,439 work for the State as correctional officers, Department of Transportation as weight officers (119), or Department of Natural Resources as conservation police officers (118). Another 1,484 work for the counties as sheriffs and deputy sheriffs. Lastly, a total of 1,395 work for city government in police and fire positions. IPERS also covers a total of 59 airport firefighters and airport safety officers.

Profile of All Retirees

At the end of FY 99, IPERS had 66,681 retirees, whose average benefit was \$652 per month (\$7,624 annually), and who had 20.85 years of service at the time of retirement. Forty-eight percent (48%) of those retired are former school employees, while 19% worked for the state, 16% for counties, 13% for cities, and 3.5% for other employers. Most (76%) are relatively recent retirees, having been retired for 15 years or less. A full 38% are 75 years of age or older. The ratio of females to males is 61% to 39%. The oldest retirees are overwhelmingly women. Fifty-four percent (54%) of our retirees have retired since June of 1990, and fully 46% of this number since June of 1996 (25% of all retirees)! As a group, they average 21.7 years of service at the time of their retirement, the longest of any of our *dividend/FED groups*.

By Average Benefit: The retirees are almost evenly split - 53% to 47% - between those earning less than \$500 per month in retirement from IPERS and those earning \$500 or more. However, while over one-fifth of IPERS' retirees receive more than \$1,000 per month, a large minority - 19% - still receives less than \$200. While not the definitive reason behind the great variance among benefits received, the years of service a member has when beginning retirement is, nonetheless, one of the key reasons why some retirees receive so much more in retirement than do others. Other important factors include average of highest wage years used in the formula, the actual formula used at retirement, and, of course, how long ago a person retired. There is no discounting, either, the fact that women historically, and on the average, received a lesser salary than do men. Hence their eventual pensions will be - on the average - also lower.

Benefit Amount	Number	%	Average Benefit	Annual	Average Yrs. Serv.
<\$200	12,717	19%	\$ 100	\$ 1,200	8.56
\$200-499	22,811	35%	\$ 332	\$ 3,984	16.92
\$500-699	8,221	12%	\$ 588	\$ 7,056	24.26
\$700-999	8,442	13%	\$ 848	\$10,176	27.55
>\$1,000	14,490	22%	\$1,565	\$18,780	31.98

Pay Me Now or Pay Me Later?

By Kelly Lovell

Retirees who are reemployed in covered positions may qualify for a lump sum distribution of their new employee and employer accounts, or for an increased monthly annuity. In many cases, the amount of the increase in the monthly annuity will be relatively small, making the cash alternative more attractive. However, IPERS strongly encourages its retirees to at least discuss their options with an IPERS representative before requesting the cash. Reemployed retirees are reminded that an IPERS monthly retirement allowance is guaranteed—it does not depend on investment performance. In addition, after one full year of retirement, retirees are eligible for an annual cost of living payment. Although not guaranteed, IPERS expects that in most years these payments will be made. Finally, death benefits are payable under most IPERS options. An increase in a retiree's monthly allowance, even if small, can have a most beneficial effect over time.

If reemployed retirees determine, due to advanced age, ill health, or any other reason, that the cash option is best for them, they should still be careful to preserve as much of the cash as possible for retirement years. Even if the retiree does not immediately spend the cash, it may still be subject to a 10% federal early distribution tax (for those under 59 1/2), as well as state and federal income taxes unless a timely transfer is made to an eligible retirement vehicle. This type of transfer is called a "rollover." To some extent, rollover options will depend if retirees are still participants in other employer-sponsored pension plans. Otherwise, retirees' rollover options may be limited to individual retirement accounts/annuities (IRAs).

REEMPLOYMENT SURVEY

According to our most recent data, almost 5,500 of IPERS' 67,901 retirees are currently working once again for public employers in Iowa, most of them in a part-time capacity. We are considering adding a service for current and future retirees, as well as for IPERS' covered public employers, that would: a) allow retirees to "post" their availability, qualifications and interests for reemployment following retirement; and b) allow employers to "post" job openings. Our intent would be to allow both retirees and employers to "surf" the listings in order to match up retirees with available positions. Before we proceed further, we would welcome your input and interest.

Please help us by taking a moment to answer the following brief questions. Please go to our web site www.state.ia.us/ipers and fill out the survey form there. If you do not have access to the Internet, please clip and mail this form with your answers to: Greg Cusack; IPERS; 7401 Register Drive; PO Box 9117; Des Moines, Iowa 50306-9117. Or you may e-mail them to me at: Greg.Cusack@idop.state.ia.us. We would appreciate hearing from you by the end of April 2001.

Would you be potentially interested in such a service? Yes ___ No ___
 How long have you been retired? Years ___
 When you retired, were you employed by:
 An education-related employer? ___ A county? ___
 A city? ___ The State? ___ Another public employer? ___
 Have you gone back to work since you retired? Yes ___ No ___
 If "yes":
 For how long? _____ (years)
 For a public ___ or private ___ employer?
 Was it full-time ___ or part-time ___ work?
 Did you have any difficulty finding this employment?
 Yes ___ No ___
 If "no":
 Are you considering going back to work? Yes ___ No ___
 For a public ___ or private ___ employer?
 For full-time ___ or part-time ___ work?
 Do you have convenient access to the Internet? Yes ___ No ___
 If "yes," through a home computer ___ or elsewhere ___?
 Do you have any advice or requests as we consider pursuing this idea further? If so, please take a moment to tell us.

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The taxable part of an IPERS lump sum distribution can always be rolled over to an IRA. There are some advantages to this approach, because more control is retained over how the funds should be invested. Retirees who want to preserve the right to transfer the funds to another employer's tax-qualified plan at a future date should establish new IRA instead of using an existing one.

As for employer plan alternatives, they come in several varieties. They can be defined benefit plans, like IPERS, or defined contribution plans (like the popular 401(k) plan). Defined contribution plans generally provide participants with individual accounts and benefits based on investment performance. For many, if not most, reemployed retirees, continued employer plan participation (other than IPERS) will probably be limited to 401(k) plans (usually from private sector employment), and governmental plans usually referred to by their IRS Code number, i.e., 457 plans (sometimes referred to as governmental deferred compensation plans), and 403(b) annuities. Unfortunately, IPERS lump sums cannot currently be rolled over to 457 plans or 403(b) annuities. However, pending federal legislation may greatly improve the ability to roll IPERS distributions into these types of plans. IPERS will do its best to keep members and retirees informed about any such changes.

These are difficult decisions, and different from those to be made by a younger member with a much longer retirement horizon. Nonetheless, retirees should carefully investigate all options before taking an IPERS lump sum distribution. Although IPERS staff cannot act as tax advisers, they can provide valuable information about IPERS' benefits and the laws affecting IPERS distributions.

IPERS MEMBER ADDRESS CHANGE FORM

(If change in name or beneficiary, please use IPERS Membership Information and Beneficiary Designation form.)

Please complete and return this form only if you have a change of address.

PLEASE PRINT IN INK OR TYPE

Your Social Security number: - -

Name: First _____ MI _____ Last _____

Address: _____

City: _____ State: _____ Zip: _____ - _____

Phone: Home () _____ Work () _____

New Address Effective: _____

Signature: _____ Date: _____

Mail to: IPERS PO Box 9117 Des Moines IA 50306-9117 or Fax to: (515) 281-0053

------(Cutting Line)-----

AUTOMATIC ELECTRONIC DEPOSIT AUTHORIZATION

Your Social Security number: - -

Address: _____

City: _____ State: _____ Zip: _____ - _____

Signature: _____ Date: _____

Checking Savings

ATTACH A DEPOSIT SLIP OR VOIDED CHECK HERE

I agree to allow IPERS to correct and recover electronic deposits of IPERS payments hereunder if an error in calculation or other overpayment of IPERS benefits to which I am not entitled occurs, including but not limited to overpayments caused by death or legal incapacity.

Reminders:

↳ Meetings will be held at IPERS on March 29, 2001 from 10:00 - 11:30 AM and 3:00 - 4:30 PM, and April 26, 2001 from 10:00 - 11:00 AM and 3:00 - 4:00 PM to solicit comments and recommendations regarding the IPERS administrative rules. These comments and recommendations are being requested in response to Governor Vilsack's Executive Order No. 8 which directs all state agencies to undertake a rules review process that includes input from all the interested parties. Comments and recommendations for deletions, revisions, or new rules may also be submitted to IPERS in writing in care of the Administrative Rules Coordinator, at IPERS' regular mailing address.

Pensioners' Post
A Newsletter for the
Retired Members of IPERS

Spring 2001

Iowa Public Employees' Retirement System
7401 Register Drive
PO Box 9117
Des Moines IA 50306-9117
Office Hours: 8:00 a.m. - 4:30 p.m.
Phone Center Hours: 7:30 a.m. - 5:00 p.m.
800-622-3849
515-281-0020

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Bona Fide Retirement

Effective July 1, 2000, in order to establish a bona fide retirement, a member must sever all service with covered employers, including noncovered service. In addition, a member cannot work for a covered employer for one month, and then must stay out of covered employment for three additional months. The qualification period begins with the member's first month of entitlement for retirement benefits as approved by IPERS. **A member may not return to covered employment before filing a completed application for benefits.** See the Bona Fide Retirement Calculator below.

Effective July 1, 2000, part-time elected officials may retain their office without violation of the bona fide retirement rules if the employee notifies IPERS in writing of their intent to retire and terminate all other covered employment. The elected official must have a bona fide termination of all other employment covered under this chapter other than as an elected official.

This requirement does not apply to members who are age 70 and older or to members who are elected to public office unless reelected to the same position.

If a member violates these provisions, the member's application will be canceled and the member will be required to repay all funds received to date plus interest.

BONA FIDE RETIREMENT CALCULATOR BETWEEN AGES 55 AND 70			
Effective July 1, 2000			
First Month Of Entitlement	Employment With A Covered Employer In A Noncovered Position Can Begin	Employment With A Covered Employer In A Covered Position Can Begin	Employment With A Noncovered Employer Can Begin
January	February	May	No Restrictions
February	March	June	No Restrictions
March	April	July	No Restrictions
April	May	August	No Restrictions
May	June	September	No Restrictions
June	July	October	No Restrictions
July	August	November	No Restrictions
August	September	December	No Restrictions
September	October	January	No Restrictions
October	November	February	No Restrictions
November	December	March	No Restrictions
December	January	April	No Restrictions
Note: Elected officials can begin benefits without resigning their elected office. The retirement will terminate their IPERS coverage for the elected position.			