



AN ANNUAL SUMMARY FOR THE FISCAL YEAR ENDED JUNE 30, 2016

We are IPERS... We are \$28 billion strong.



Every year I look forward to sharing our annual report with you because it gives a clear snapshot in time of how IPERS is doing financially.

We all know it's been a challenging couple of years with low investment returns, but we must keep in mind that IPERS invests for the long term – not just one year, or even 10. We look at 30- to 50-year time periods to evaluate our performance. A few years of low returns will not knock us off course toward becoming fully funded.

As trustees, it is IPERS' Investment Board's responsibility to safeguard IPERS' funding for its members. If slow economic growth continues, the Investment Board may consider lowering the long-term investment return assumption of 7.5%. This decision will not be taken lightly, as doing so may require an increased contribution rate.

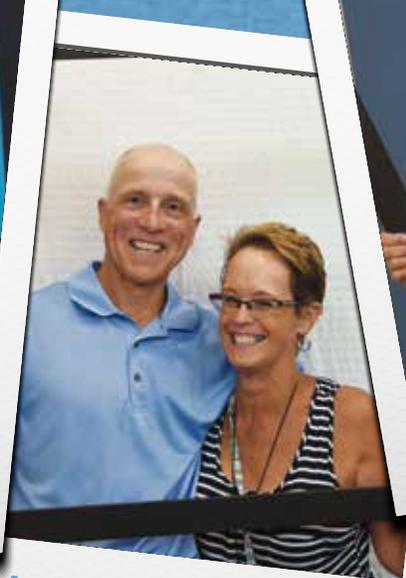
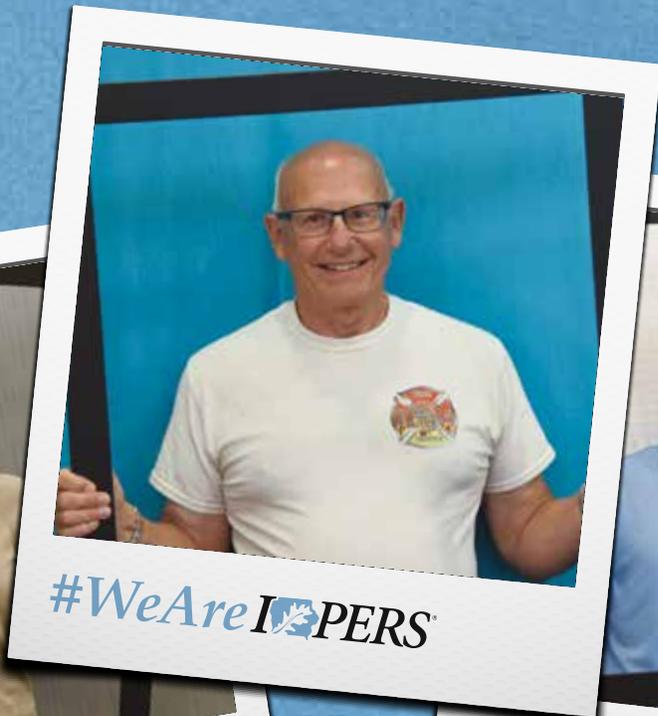
Six years ago, the Legislature made changes to strengthen and sustain the plan. That put us on the path to become 100% funded in 28 years. If that sounds like a long time period, think of it like a mortgage that gets paid off over 30 years. Today's contributions are used to fund future benefits, with a portion going toward paying down the shortfall.

IPERS paid \$1.8 billion in benefits this year. That money goes directly into the economy for the purchase of goods and services and allows members to care for themselves in retirement.

Together IPERS members teach our children, maintain our roads and parks, care for our most vulnerable citizens and protect lowans across our state. That's why IPERS is here for you – today and in the future.

We are IPERS.

Donna M. Mueller
CEO



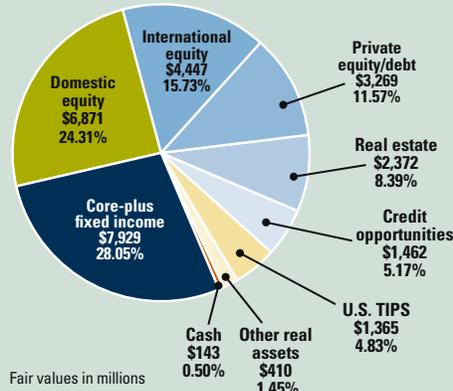
I^{PER}S[®] FY16

IPERS is a prefunded system. Prefunded means investment earnings and contributions paid over a member's career should pay for the future retirement benefits of those members. Over the past two decades, 70 percent of benefit payments came from IPERS' investment earnings. IPERS has made steady progress in recent years to our goal of full funding. IPERS is now

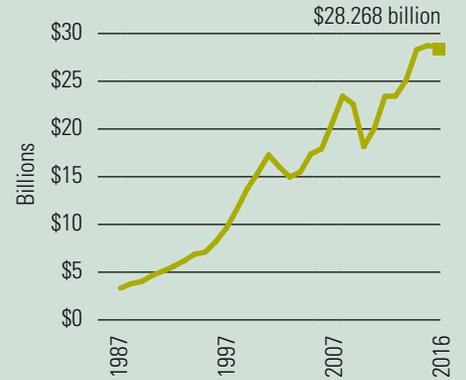
84%

FUNDED

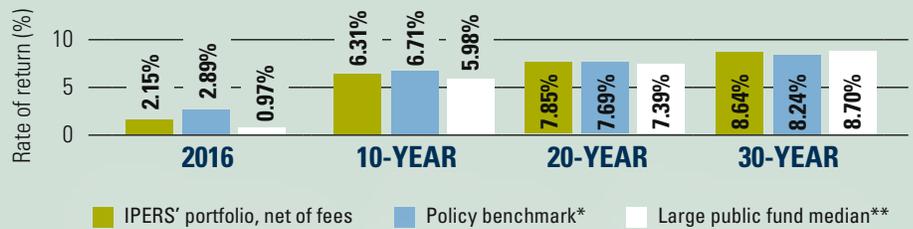
Fund Allocation



Fund Growth



Investment Performance Summary



*A benchmark composed of market indexes with weightings reflective of IPERS' asset allocation targets.
 **Trust Universe Comparison Service (TUCS) Public Funds with Total Market Value Greater than \$1 billion.
 Note: 10-, 20-, and 30-year results are annualized returns.



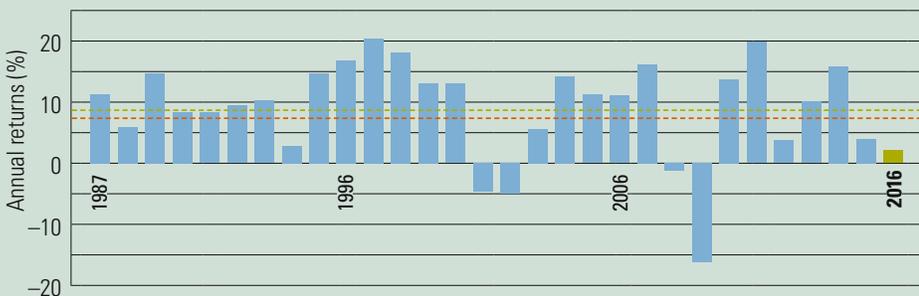
FUNDING EQUATION:

Contributions + Investments



Long-Term Investment Performance

Annual returns for fiscal year ending June 30

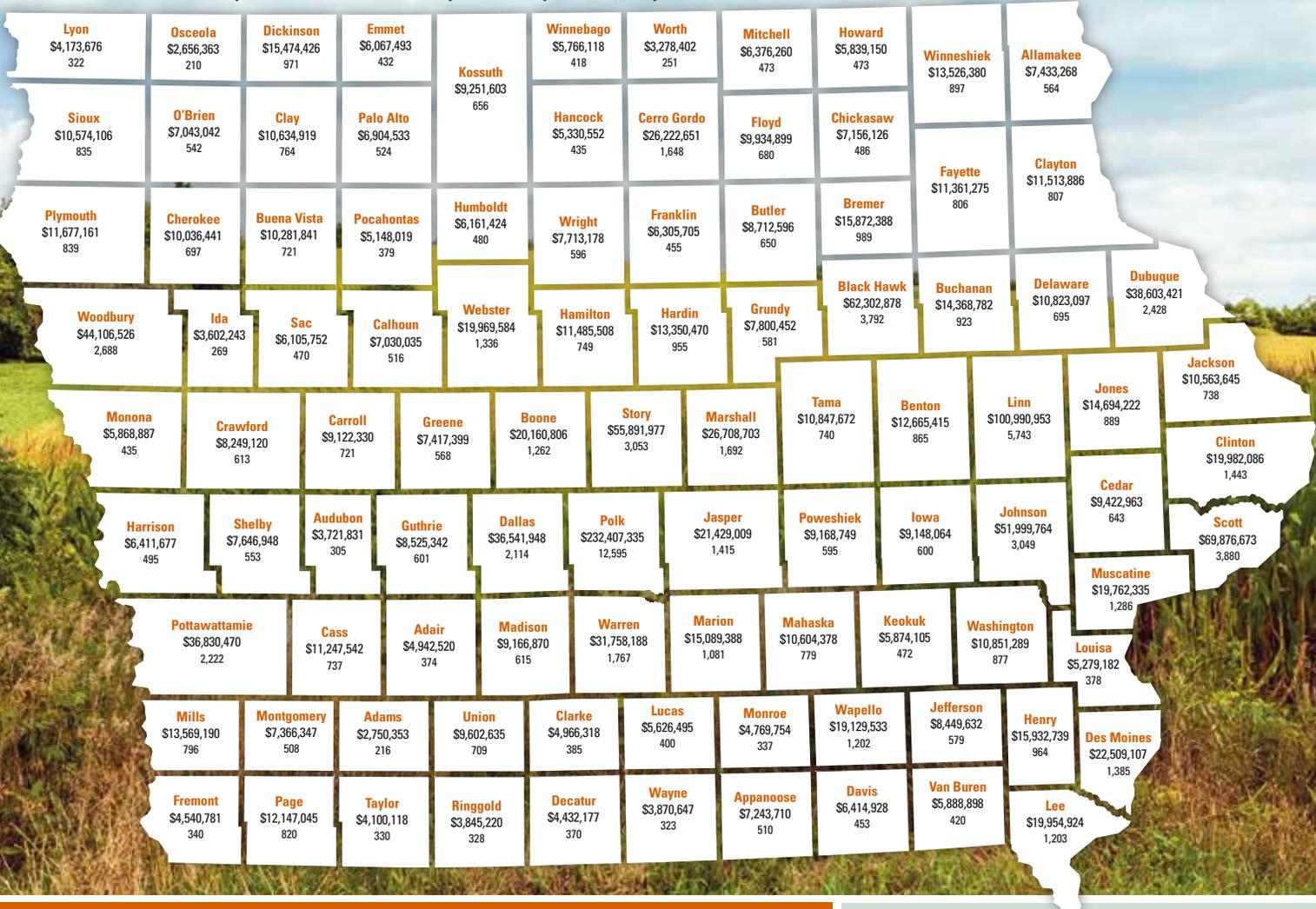


--- 30-year annualized return = **8.64%** --- Current actuarial assumed investment return = **7.50%**



#WeAreI^{PER}S[®]

Benefit Payments and Payees by County



= Benefits + Expenses

Benefits paid in FY2016 that stayed in Iowa and fueled our economy:

\$1.63 billion

Administrative Costs



According to CEM Benchmarking Inc., IPERS' administrative expenses are consistently among the lowest, averaging 50% less than our peers.

Number of IPERS members in FY2016

350,000

Average years of service before retirement

22

Average annual benefit paid

\$16,000*

*Annual pension amount for a recent retiree is \$20,000



Working Today for Your Tomorrow

Iowa Public Employees' Retirement System

P.O. Box 9117
7401 Register Drive
Des Moines, Iowa 50306-9117

QUESTIONS? CONTACT US.

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FROM THE GOVERNOR AND LIEUTENANT GOVERNOR

Slow and steady wins the race! That's true for a lot of things - including the Iowa Public Employees' Retirement System. Defined benefit plans, like IPERS, measure success in decades-long periods. It's the long-term performance that's important and indicates financial health. IPERS is secure, strong and sustainable. Simply put, it's good for Iowa.

Since 1953, IPERS has helped Iowa's public employers attract and retain a quality workforce while IPERS benefit payments help Iowans and their communities thrive. With \$1.6 billion in benefit payments staying in Iowa, IPERS is a powerful economic engine that helps create jobs, keeps retirees off public assistance, and provides security for all members. Many people don't realize that IPERS is prefunded with contributions from both the employee and employer. When those funds are pooled and professionally invested, the contributions grow to cover the earned retirement benefit payments in the future. IPERS benefits combined with Social Security and personal savings help to ensure a secure retirement income. One in ten Iowans is an IPERS member, providing service to all in our community. They are teachers, social workers, public nurses, firefighters and police, snowplow drivers, and many more who are dedicated to improving the lives of others.

We're proud. We are proud of the difference IPERS makes to Iowans. We are proud of the public service and commitment from IPERS members. We hope you are too.

[Handwritten signatures of Greg E. Brown and Kim Reynolds]



Fiduciary Net Position June 30, 2016

ASSETS

Table with 2 columns: Asset Name, Amount. Rows include Cash and cash equivalents, Receivables, Investments at fair value, Securities lending collateral pool, Capital assets, Other assets, Total assets.

LIABILITIES

Table with 2 columns: Liability Name, Amount. Rows include Accounts payable and accrued expenses, Investment purchases payable, Rebates and collateral payable, Foreign exchange contracts payable, Total liabilities, Net position restricted for pensions.

Changes in Fiduciary Net Position

Year Ended June 30, 2016

ADDITIONS

Table with 2 columns: Addition Name, Amount. Rows include Total contributions, Net investment income, Net securities lending income, Total additions.

DEDUCTIONS

Table with 2 columns: Deduction Name, Amount. Rows include Benefit payments, Member refunds, Administrative expenses, Total deductions, Net decrease, Beginning of year, End of year.