

PENSIONERS' POST

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IPERS INVESTMENT POLICY AT A GLANCE

By T. J. Carlson and Jeff Beisner

IPERS' investment activities are designed and executed to serve the best interests of the members and beneficiaries of IPERS and to provide a return on the portfolio that, when coupled with the periodic contributions of the membership and employers, will meet or exceed the benefit funding requirements of the plan *over time*. It should be noted that IPERS is a defined benefit program, and the amount of benefit a member will receive at retirement is established by the state legislature in the Iowa Code chapter 97B. Therefore, the investment return earned by the Fund has no immediate direct relationship to the amount of benefit that a retired member receives.

A nine-member Investment Board governs the investment policies and program. An asset allocation policy is adopted annually by the Board and implemented by the staff. Asset allocation identifies the classes of assets the System will utilize and the percentage each class represents of the total fund. The overall goal is to provide for diversification of assets while trying to maximize the investment return to the System, consistent with prudent levels of market and economic risk. The underlying principle that governs all investment activities is the "prudent person" rule.

IPERS utilizes the following portfolio components to fulfill the asset allocation targets and total fund performance goals of the Fund. Each asset class selected for the IPERS portfolio serves a specific role in maximizing the total return and controlling overall risk, as follows:

Equities (Domestic, International & Emerging Markets) - Purpose is to provide long-term return and diversification.

A portfolio of common stocks, stock index funds, equity commingled funds, American Depository Receipts, convertible securities, derivatives and cash. The portfolio will seek to outperform the Wilshire 5000 Index over a full market cycle.

Global Fixed Income – Purpose is to provide diversification and stable return relative to domestic equities.

A diversified portfolio of bond strategies and investments with the objective of outperforming the Lehman Brothers U.S. Universal Index by 50 basis points (.50%) annually over a full market cycle. The portfolio will utilize passive and active investment strategies.

Tactical Asset Allocation – Purpose is to provide return greater than IPERS' strategic asset allocations based on near-term market outlook.

A portfolio utilizing domestic and international stocks and/or stock index funds, bonds and/or bond index funds, derivatives, and cash. The goal is to add value by actively shifting assets among the eligible asset classes and countries based upon the near-term perception of market and economic conditions.

Equity Real Estate – Purpose is to provide diversification.

A diversified portfolio of real estate equity and participating/convertible debt interests in the form of private market commingled real estate fund participations, separate accounts and co-investments, and publicly traded investments in real estate operating companies, real estate investment trusts, and limited partnerships. The portfolio's long-term objective is to outperform the inflation rate by at least 6% annually.

Private Equity/Debt – Purpose is to provide long-term return greater than public equities.

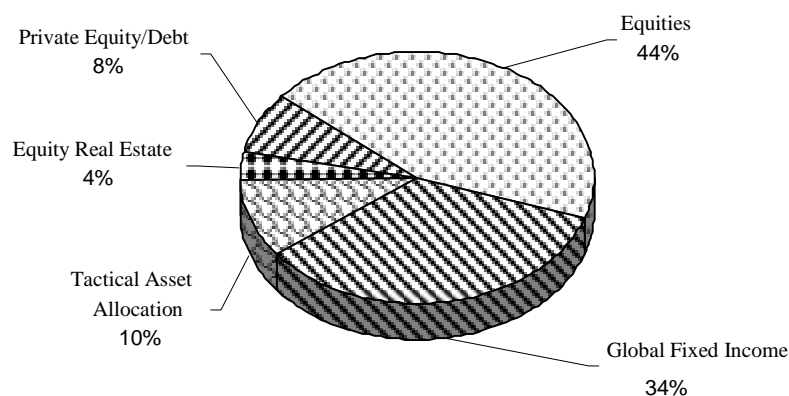
Investment vehicles that finance early and later stage companies prior to going public, vehicles that invest in leveraged buyouts and turn-arounds of existing companies, and other equity and debt-oriented nontraditional investments. The portfolio's long-term objective is to outperform the inflation rate by at least 11% annually.

Our current allocations are:

Iowa Public Employees' Retirement System

Total Fund Composition

at December 31, 1998



Reminders:

☞ **State Fair:** For the ninth consecutive year, IPERS will host a booth in the Varied Industries Building at the Iowa State Fair. If you haven't stopped by our booth in the past, we look forward to seeing you this year.

☞ **Changing Phone Hours:** Effective March 1, 1999, IPERS changed phone center hours. An IPERS Retirement Benefits Officer is available to answer most of your questions 7:30 a.m. to 5:00 p.m., Monday through Friday. Our office hours remain 8:00 a.m. to 4:30 p.m.

Welcome to Our New Director

By Barb Kroon, Personnel Division

The Iowa Department of Personnel, of which IPERS is a division, welcomed our new Director, Mollie Anderson, on April 5. Mollie is one of several new department directors named by Governor Tom Vilsack and Lt. Governor Sally Pederson as part of the transition to the new Vilsack-Pederson administration.

Governor Vilsack cited Mollie's "concrete understanding of running a large state agency" as one of the factors in her appointment. "She values our goal of reaching out to diverse groups and communities to find talented people who provide working Iowans the quality services they deserve."

Most recently Mollie served four years for Nebraska Governor Ben Nelson as Human Resources Director for the State of Nebraska. Other previous experience includes over three years as Human Resources Director for Duncan Aviation in Lincoln, Nebraska, a stint as Deputy Commissioner of the Nebraska Department of Labor, and several years as Executive Director and Job Training Services Manager of Job Training of Greater Nebraska. In all, Mollie brings over 14 years of human resource experience to this new assignment.

The State of Iowa is unique in having one of the few centralized human resource systems in the country. One of Mollie's first tasks is to put together a "100 Days Report," which will discuss her impressions of the entire department and where she thinks the department should head. We will keep you updated in future newsletters of the results of her report.

We wish Mollie much success in her new position, and we look forward to working with her. Welcome, Mollie.

Mollie replaces Linda Hanson, who served as Director for eight years. Linda was recently appointed to the position of Division Administrator for the Administrative Services Division of the Department of Natural Resources. We thank Linda for her dedicated service and strong leadership. We wish her well in her new endeavor.

Special Study on Adjunct Instructors

By Greg Cusack, Chief Benefits Officer

The 1998 General Assembly instructed IPERS to investigate whether adjunct instructors should be eligible for IPERS' coverage. We were also told to solicit input from employees and employers alike on this question. Adjunct instructors are, by Iowa Code, "instructors employed by a community college or a university governed by the state board of regents without a continuing contract, whose teaching load does not exceed one-half time for two full semesters or three full quarters per calendar year." The study is to be completed on or before September 1, 1999.

Several years ago, at the request of the State's community colleges, the Legislature excluded "adjunct instructors" from IPERS' membership. Then, as now, the question involves finding the correct "balance point" between expanded pension accrual rights for many instructors (including persons who may not wish to qualify for public pension benefits) and significantly higher administrative costs for the community colleges.

IPERS intends to cooperate with the Association of Community College Trustees in soliciting responses to this question. It is probable that we will seek to retain the services of a professional skilled in statistically valid sampling of all adjuncts since a complete survey is beyond our ability to perform. A future issue of this newsletter will convey the results of our study and the nature of our recommendation to the Legislature.

Headquarters

By Jennifer Dixon

IPERS continues its search for a new headquarters. As reported to you earlier, we need a new facility for two reasons:

- 1) We will save a substantial amount of money if we own versus lease (the same reason many people decide to purchase their homes).
- 2) We have outgrown our existing leased space.

Key Iowa Legislators instructed us to conduct a statewide search for a new facility. If you have any comments, please submit them soon so that we may use them in making our location decision.

Service Purchases

By David Martin

Members, including retirees, may buy time into IPERS for public service in another state, the federal government, the military, certain employment in Iowa, and refunded IPERS service. Beginning July 1, 1999, the method of calculating the cost of "buying" service credit into IPERS will change. The new method will be calculated by IPERS' actuary and will result in a higher cost for most members. The actuarial cost method is common in the pension industry, since many government pension plans have implemented similar methods in recent years. Why the change? Prior to the change, members who bought service credit into IPERS received an increase in retirement benefits that exceeded the cost of their service purchase. In other words, the system was subsidizing the increase in benefits of those who bought service credit. Members considering buying service into IPERS are encouraged to inquire well in advance of their retirement date.

UP CLOSE: Harry Davis

By Harriet Ruis

I wanted to take this opportunity to tell you about one of our extraordinary members, Harry Davis. His life is an inspiration to us all.

The first time I heard of Harry Davis was about 1½ years ago. A couple of retired friends of mine who work as ushers at Veterans Auditorium and at Drake came to me and said, "You should meet this Harry Davis. He is quite a man!" Not long after that, Harry Davis walked into my office as one of my clients. After looking at his IPERS records, it was plain to see this was the same Harry Davis that my friends had been talking about.

I said, "I think we may have a wrong birth date on our records. It says April 18, 1904." He said in his quick and witty way, "Well, the last time I checked my birth certificate and driver license, it had that same date. So, it must be correct." Yes, Harris was 95 years old this April 18, 1999, and he still works as an usher at Veterans Auditorium, the Convention Center, and Drake Auditorium.

When I asked about his job, Harry said during busy times of the year like state basketball tournaments, he may work from 6 a.m. until 2 p.m. quite a few days in a row. Then, in the off seasons, it may not be as often. In his same witty way he said, "My boss, Bob Davis, is my nephew, but he doesn't cut me any slack. I work as often as he needs me." Harry guards a door and helps people find the section they are to be so that they don't sit in the wrong place. He doesn't have to stand all the time. He said, "I'm a good sitter sometimes."

Harry was born in Iowa and lived in the Drake area of Des Moines most of his life, except for one period of time when he lived in Arizona. He was the third in a family of four boys. He went to Kirkwood Elementary School, which was near the Drake campus, and to old North High School. Harry married Winifred Yules in 1933. They were married for 48 years. His career took him into sales of farm equipment and then into accounting for The National Mfg and Stamping Company, where both he and his wife worked for 20 years. He has seen many changes come about in his lifetime. Harry reads constantly, but one of his newfound interests is his computer.

Harry has been blessed in so many ways: enjoyable personality; quick and witty spirit; intelligence; and most of all good health. Our hats are off to you, Harry! May you have many more happy, healthy years!

Retirement Benefit Increases

By Greg Cusack, Chief Benefits Officer

As you know, the 1998 Iowa General Assembly passed significant improvements benefiting retirees. Following are the results of these improvements:

1) Favorable Experience Dividends (FED) were paid to 27,210 retirees, and 629 beneficiaries of deceased members, who retired after June 1990 and who have been retired for at least one full year. This first-time-ever FED totalled \$12,152,683.

2) Permanent benefit increases of 15% were paid to 21,886 members who retired prior to July 1, 1986. Increases of 7% were paid to 11,368 members who retired after July 1, 1986 but before July 1, 1990. Together, these increases totalled \$15,770,550.

As per existing statutory authority, regular dividends were paid to 33,514 retirees who retired before July 1990 and their beneficiaries living into the month of November. The payment totalled \$14,087,359.

IPERS Encourages Direct Deposit

By Bonnie Farman

IPERS offers you a choice to receive a monthly benefit check or to have your check directly deposited into your bank account. We encourage you to try direct deposit because it has many advantages. You are guaranteed your deposit on the last working day of the month. No longer do you have to worry about theft from your mailbox. You are free to leave town on vacation and not worry about a check sitting in your mailbox. There are no delays in deposit because the weather is bad and you cannot make it out to the bank.

Remember to keep us informed of a current address at all times due to other mailings like dividend letters and Forms 1099-R. You can use the form below if you need to make a change.



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

Happy Trails . . .

By Marlene Hyde

Summer 1999
Pensioners' Post
A Newsletter for the
Retired Members of IPERS

Iowa Public Employees' Retirement System
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PATRICIA MILLER

Patricia Miller retired April 29, 1999. She had 14 years of service as a Retirement Benefits Officer. She began her service with the State of Iowa at the Unemployment Office, assisting employers in communicating their needs for employment, and was later promoted to assisting employees in locating work.

Pat reflected on several improvements that have happened at IPERS during her tenure, including: focusing on efforts to become more member-friendly; moving our offices to our current location at 600 East Court Avenue; giving our employees and members more room, easier parking, and better building access; designating benefits officers to travel around the state of Iowa to give counseling sessions to an increasing number of members every year; opening a phone center to accommodate the great number of phone calls and starting our toll-free number for easier access; and finally, sending newsletters to our members, employers, and retirees.

Pat has witnessed a lot of personnel changes, including the increase in the number of employees. IPERS has come a long way in the world of technology since she first started in 1985. She recalled when IPERS used one computer and one staff member to verify IPERS members' accounts.

Pat's family includes her husband Virgil, and her daughter who lives in the Des Moines area. Also, we must not forget Sasi her dog. In the future Pat hopes to travel. She not only wants to see foreign lands, but also to travel the United States. She even hopes to do some in-depth traveling in Iowa. She planned an 11-day cruise to Greece and Turkey following her retirement. She wants to read, volunteer for her Lupus Support Group, and maybe record voice books for the blind. She said she has a lot of house cleaning ahead of her; however, she also wants to visit Prairie Meadows and basically just enjoy life to its fullest. We know that Pat will put every effort into the enjoyment of this, the next phase of her life. We will miss her warmth and laughter. We wish her the very best in everything.

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LAURA CUMMINS

Laura Cummins retired April 22, 1999. She had been with IPERS for almost 18 years. She was hired in July 1981 to work in the refunds section of IPERS as an accounting clerk. She was involved with many aspects of refunds and employment records. After her last promotion to a Senior Retirement Benefits Officer, she worked primarily with members who purchase time into IPERS.

When asked about some of the changes that have happened during her employment, Laura stated one of the most notable was the increase in the number of staff. She could remember when our current office staff of over 60 was only 14 and we were located at the current Iowa Workforce Development Building. With those 14 employees, we even conducted our own on-site investments. During her career the number of retired grew almost three-fold and the number of active members surged to 150,000.

After retirement Laura plans to spend more time sewing, doing craft work, and working part-time at Wal-Mart. Laura has one daughter and four grandchildren, all in the Des Moines area. We wish her well in her retirement.

BEV PATTERSON

Bev Patterson will retire from IPERS in late June 1999. Bev has been a part of IPERS since January 1979. Before coming to IPERS, she was employed with Iowa Workforce Development.

When Bev joined IPERS, she worked in the accounting area, but soon moved to the investments area. She returned to the accounting area just three years ago. Bev remembers when all accounting records were posted in a ledger book; the current computer system was not available then. Since computer access for accounting has come to IPERS, there have been several changes. Some of Bev's current job duties are to pay all of IPERS' bills, deposit any incoming monies, and enter and apply employer-reported contributions to IPERS members' accounts. Also, Bev has witnessed many personnel changes over the years, stating that IPERS' workforce has grown a great deal.

Bev would like to spend her winters in Phoenix, Arizona. She plans to do more shopping, play cards and Bingo, and clean house after retirement. Bev has four boys, all in the Des Moines area, six grandchildren and two great grandchildren. IPERS wishes Bev and her husband Larry the best of everything as they explore a new chapter in their new life together...retirement.