



IPERS[®]

FY2015 PERFORMANCE REPORT

AN ANNUAL SUMMARY FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Count on IPERS for a safe and secure retirement.

A MESSAGE FROM **DONNA M. MUELLER, CEO**




Since 1953, IPERS has been an important part of recruiting and retaining a strong workforce for Iowa's public employers. IPERS members teach our children, maintain our roads and parks, care for our most vulnerable citizens, and protect Iowans across our state.

In this year's annual summary, you'll learn how IPERS performed financially in the past year, and over the past 30 years. That's because IPERS' soundness doesn't depend on just one year's investment performance. We look at time horizons spanning decades to assess our financial condition.

All signs indicate IPERS is a solid, secure retirement system, and although our investment return of 3.96 percent fell short of the goal (7.5 percent), IPERS is still in good standing. Here's why.

For pension systems like IPERS, it's performance over the long haul that counts. Key indicators of IPERS' financial health are an improved funded ratio, lower unfunded liability, and continued full payment of the actuarial contribution rates.

- IPERS' funded ratio improved this year despite the investment return. Pension experts agree that a funded ratio of 80 percent or above is a key indicator of a financially healthy system. Today, IPERS stands at 84 percent.



84% funded

- IPERS' overall unfunded liability decreased this year, and we are on track with paying it off.
- For the past two years, members and employers have paid full actuarial contribution rates. This is a significant change from the underfunding that occurred from 2002–2013.

Members, legislators, taxpayers—all Iowans—can count on IPERS to be a sustainable and affordable retirement plan that provides members with secure income, supports self-sufficiency in retirement, and contributes to local economies.

Donna M. Mueller

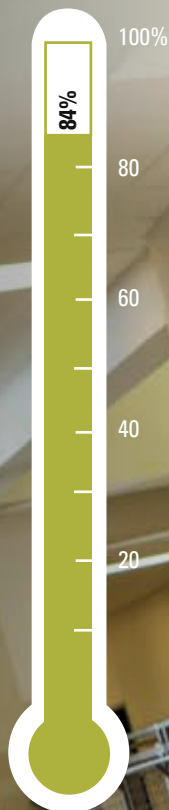
IPERS is a prefunded system, not pay-as-you-go.

$$\begin{array}{|c|} \hline \text{CONTRIBUTIONS} \\ \hline + \\ \hline \text{INVESTMENTS} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{BENEFITS} \\ \hline + \\ \hline \text{EXPENSES} \\ \hline \end{array}$$

DID YOU KNOW? Prefunded means investment earnings and contributions paid over a member's career should pay for the future retirement benefits of those members.

Full funding—attaining 100 percent—is our goal. Now at 84 percent, IPERS has made steady progress in recent years.

FUNDED RATIO



IPERS is on track to full funding.



KEEPING COSTS DOWN IPERS' per-member administration costs are much lower than our peers'. Our total pension administration cost of **\$54 per active member and retiree** ranks below the peer average cost of **\$95**.

CEM Benchmarking Inc., IPERS Pension Administration Benchmarking Results for Fiscal Year 2014, March 23, 2015

Count on IPERS to protect your pension's future.

IPERS' contribution rates have remained stable over the past three years and will remain steady through 2017. And, more importantly, IPERS uses a portion of today's contributions to pay off the unfunded liability which, much like a mortgage, is amortized over 30 years. If you are interested in learning more about this, watch the video, *Understanding IPERS' Shortfall*, on our website.

FY2015 FINANCIAL STATEMENTS

FIDUCIARY NET POSITION JUNE 30, 2015

ASSETS

Cash and cash equivalents	\$ 239,272,391
Receivables	1,319,597,742
Investments at fair value	28,252,275,525
Securities lending collateral pool	554,592,727
Capital assets	22,439,738
Other assets	712,447
Total assets	\$30,388,890,570

LIABILITIES

Accounts payable and accrued expenses	\$ 39,004,065
Investment purchases payable	708,132,271
Rebates and collateral payable	554,404,832
Foreign exchange contracts payable	657,514,573
Total liabilities	\$ 1,959,055,741
Net position restricted for pensions	\$28,429,834,829

CHANGES IN FIDUCIARY NET POSITION YEAR ENDED JUNE 30, 2015

ADDITIONS

Total contributions	\$ 1,115,600,029
Net investment income	1,078,303,654
Net securities lending income	1,741,450
Total additions	\$ 2,195,645,133

DEDUCTIONS

Benefit payments	\$ 1,744,601,010
Member refunds	47,167,431
Administrative expenses	12,591,756
Total deductions	\$ 1,804,360,197

Net increase	\$ 391,284,936
Beginning of year	28,038,549,893
Net position restricted for pensions—end of year	\$28,429,834,829



DID YOU KNOW? IPERS has received the prestigious Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for 22 consecutive years.

In FY2015, Iowa's largest public employees' retirement system membership remained steady at 346,000. IPERS members play important roles in supporting communities throughout Iowa.

IPERS' AVERAGE RETIREE


 **61**
AGE WHEN PENSION STARTS

 **22**
YEARS OF SERVICE

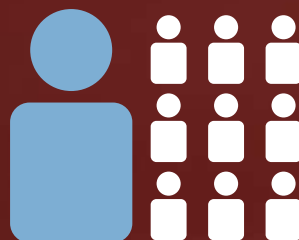
 **\$16,000***
ANNUAL PENSION AMOUNT

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



 One in ten Iowans is an IPERS member.

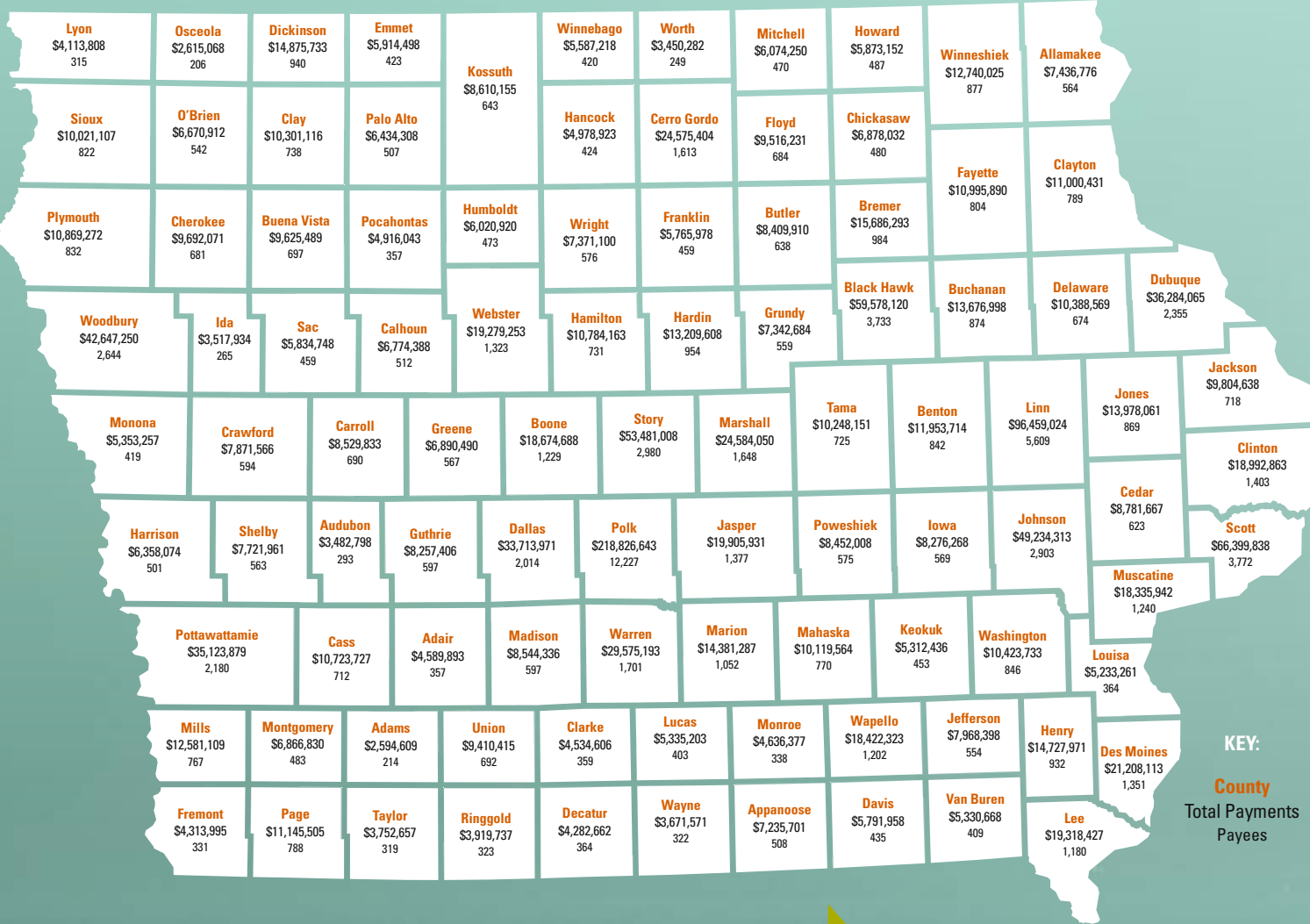
DID YOU KNOW? IPERS is only **one** part of your secure retirement. It's designed to work with Social Security and your personal savings. Long before you retire, plan for retirement through your own savings and investments.



-  REGULAR MEMBERS
-  SHERIFFS AND DEPUTIES
-  PROFESSIONALS AND OCCUPATIONS

-  TEACHERS
-  SOCIAL WORKERS
-  SHERIFFS/DEPUTIES
-  FIREFIGHTERS
-  POLICE OFFICERS

BENEFIT PAYMENTS BY COUNTY IN FY2015



\$1.7 billion paid in benefits, with \$1.5 billion staying in Iowa

Count on IPERS to support Iowa's economy.

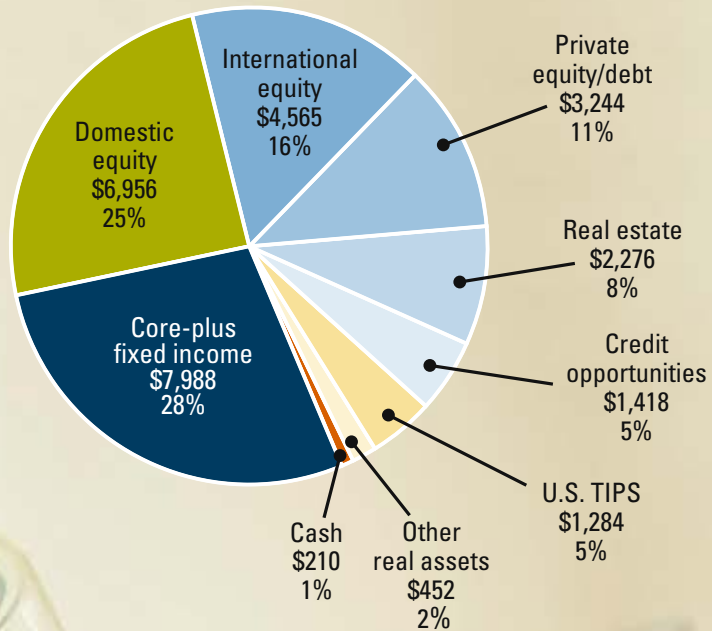
IPERS makes a significant impact in communities across Iowa. Pension dollars are spent on Main Street for goods and services such as food, clothing, housing, and medicine. This, in turn, creates a steady ripple effect that supports the economy, provides jobs, and helps keep communities vital. Most importantly, IPERS benefits provide peace of mind and the means for public employees to care for themselves in retirement—which is the reason IPERS exists.

IPERS invests for the long term.

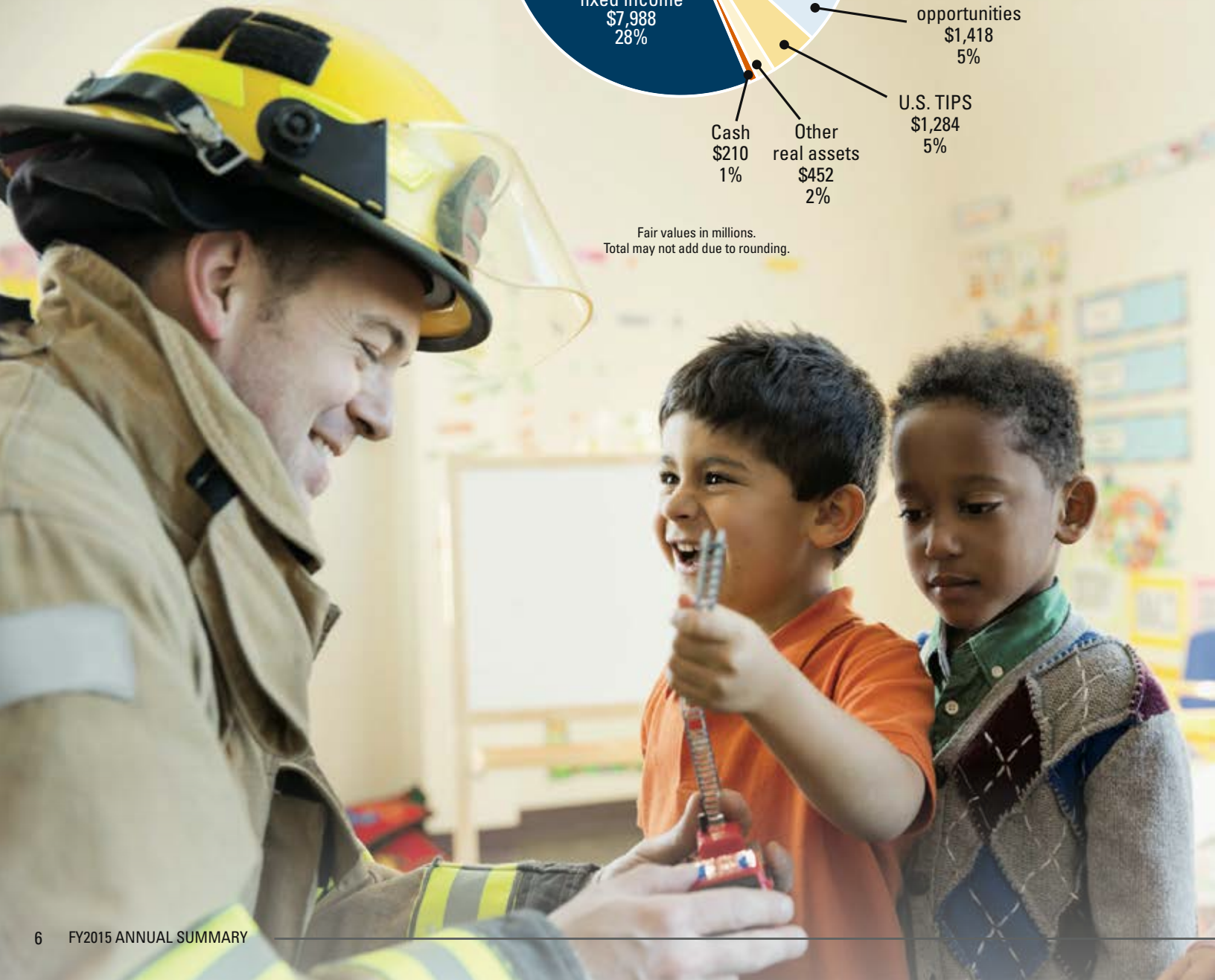
SUMMARY OF INVESTMENTS BY ASSET CLASS AS OF JUNE 30, 2015

DID YOU KNOW? 70 percent of the benefit payments are funded by investments.

Investment returns are an important part of IPERS' strength. Our goal is to maximize investment returns at an acceptable level of risk over a long time horizon by maintaining a well-diversified portfolio.



Fair values in millions.
Total may not add due to rounding.

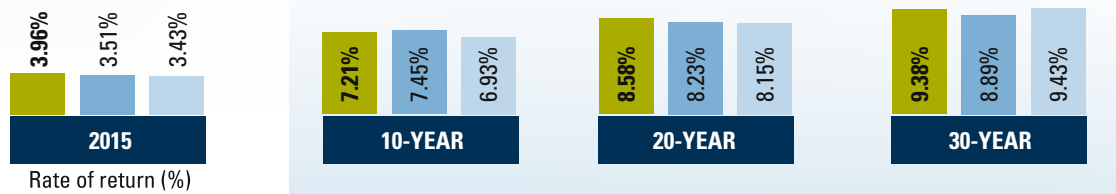


Count on IPERS for steady growth over the long haul.

Single-year returns make the headlines, but what's really important for IPERS is the long-term performance of the Fund. Another key indicator of strength and sustainability is the 30-year annualized investment return. For FY2015, it remained strong at 9.38 percent.

INVESTMENT PERFORMANCE SUMMARY

FOR FISCAL YEARS ENDED JUNE 30

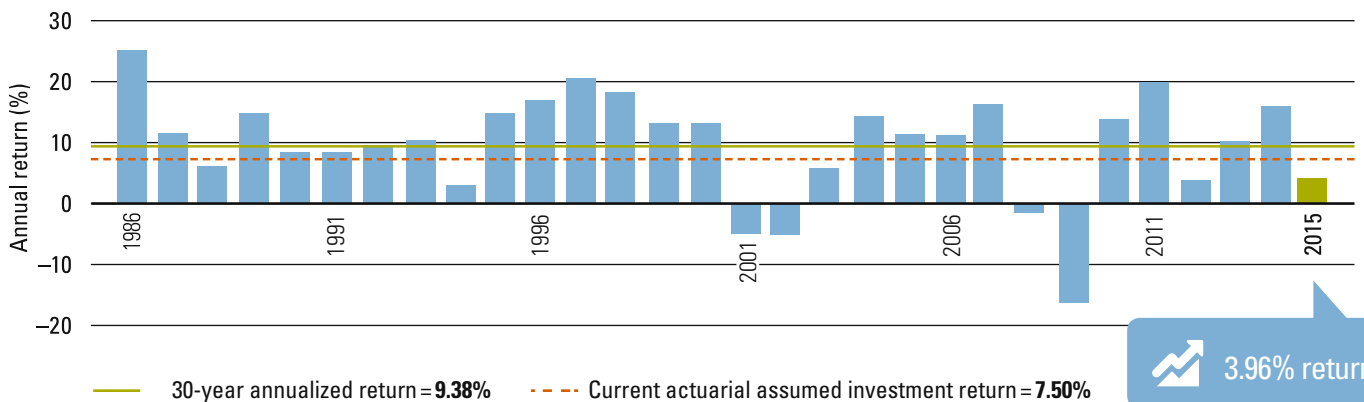


■ IPERS' portfolio, net of fees ■ Policy benchmark* ■ Large public fund median**

*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.

LONG-TERM INVESTMENT PERFORMANCE

ANNUAL RETURNS FOR FISCAL YEARS ENDED JUNE 30



— 30-year annualized return = 9.38% - - - Current actuarial assumed investment return = 7.50%



Working Today for Your Tomorrow

Iowa Public Employees' Retirement System

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Des Moines, Iowa 50306-9117

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DES MOINES, IOWA
PERMIT NO. 5819

UPCOMING MEMBERSHIP SURVEY

Essman Research has been hired to conduct an awareness study of IPERS membership. If you receive a phone call, please take time to participate. Your input will help us serve you better. Thank you!

QUESTIONS?

Contact us.

515-281-0020
1-800-622-3849 (toll-free)
Monday–Friday
7:30 a.m.–5 p.m. Central Time

info@ipers.org

www.ipers.org



FROM THE GOVERNOR AND LIEUTENANT GOVERNOR



IPERS' steady financial progress shows we have a strong, secure, and sustainable pension plan in Iowa. From its beginning, IPERS has been a solid retirement

system that continues to be efficiently managed with excellent leadership. IPERS helps Iowa attract and retain excellent teachers, firefighters, police officers, social workers, snowplow operators, school bus drivers, and other essential workers within our communities.

A secure retirement for public employees benefits everyone in the community. When combined with Social Security and

personal savings, IPERS members can care for themselves in their golden years, without straining social welfare programs. IPERS benefit payments of \$1.5 billion create a sizable economic engine in our state, giving Iowa's economy a boost.

Many people don't realize that IPERS is prefunded with contributions from both the employee and employer. Then, when pooled and professionally invested, the contributions grow to cover the earned retirement benefit payments in the future.

Without question, we can count on IPERS to be there in our retirement years.

Terry E. Branstad *Kim Reynolds*