

IPERS' Numbers Speak for Themselves



DONNA M. MUELLER, CEO

As the CEO of the largest public pension system in Iowa, I can assure you that IPERS is solid. This year's valuation revealed a strong, healthy pension system that is doing exactly what it was designed to do: provide secure retirement income to Iowa's public employees. Here's what the numbers say:

- The Trust Fund grew to over **\$28 billion** this year, and that's after paying out nearly **\$2 billion in benefits!**
- With this year's investment return of **15.88 percent**, IPERS is now **82.7 percent funded.**

In addition, for the first time in over a decade, contribution rates equaled the actuarial contribution rates, resulting in \$0 added to the unfunded actuarial liability. Other indicators, such as a reduction in the unfunded liability and a decline in the number of years in which the debt can be amortized, clearly demonstrate that IPERS is well-managed, stable, and growing.

Over the past year, you may have seen stories in the media that imply IPERS has caused a decline in other public services and increased property taxes. Nothing could be further from the truth. In fact, in June of 2013, Governor Branstad signed the largest property tax cut in state history, providing record property tax relief for agricultural, residential, commercial, and industrial properties.

These numbers speak for themselves – IPERS' key measurements show the System's financial health continues to grow stronger. Look inside to learn more.

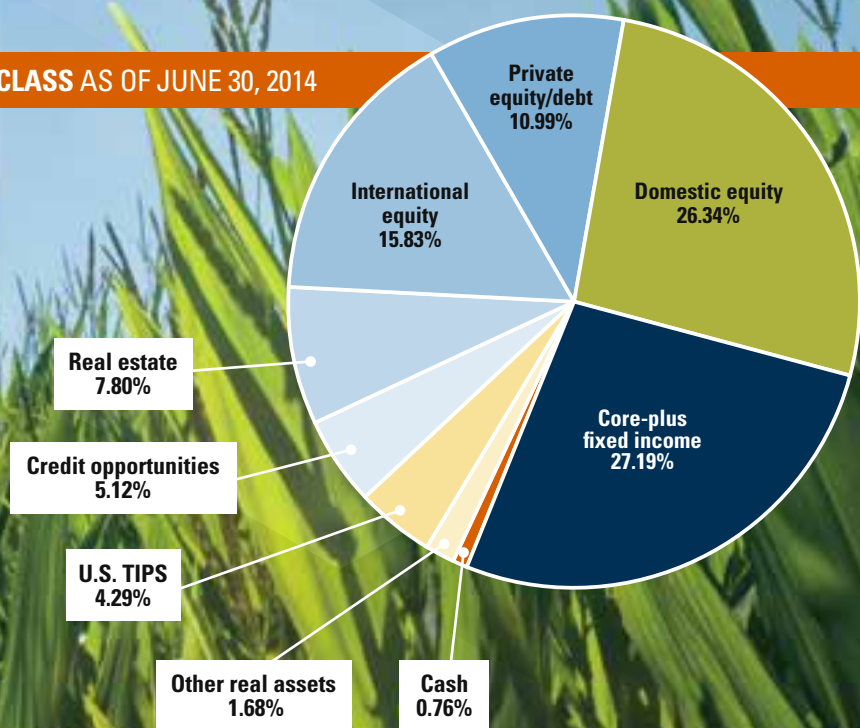
Donna M. Mueller



IPERS' well-diversified \$28 billion

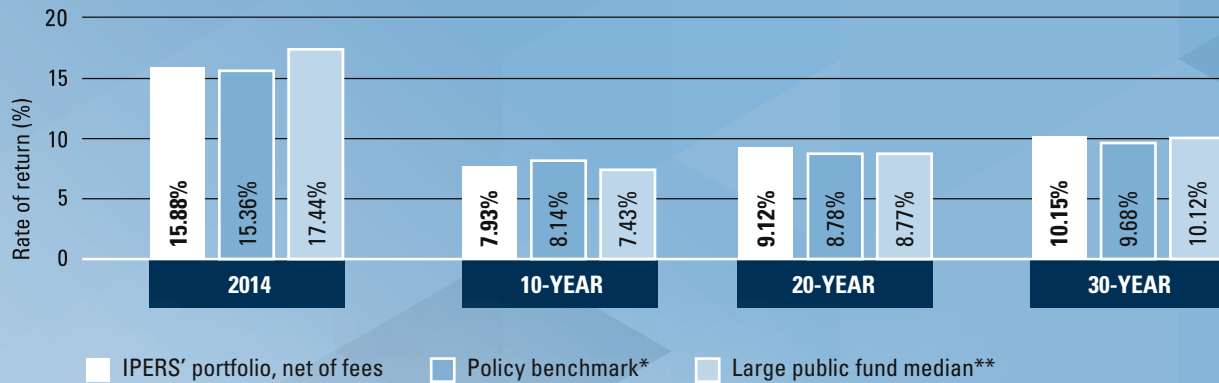
investment portfolio returned 15.88 percent, far exceeding the current actuarial assumed investment return of 7.50 percent.

SUMMARY OF INVESTMENTS BY ASSET CLASS AS OF JUNE 30, 2014



IPERS' investments contributed 70 percent of the benefit payments over the past two decades.

INVESTMENT PERFORMANCE SUMMARY FOR FISCAL YEARS ENDED JUNE 30

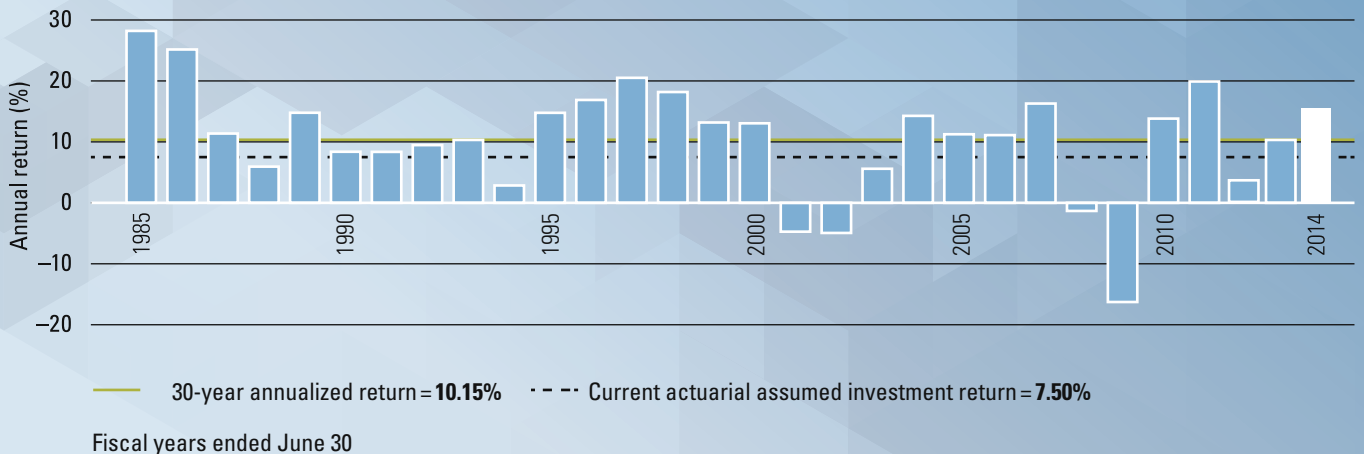


*A benchmark composed of market indexes with weightings reflective of IPERS' asset allocation targets.
 **Trust Universe Comparison Service (TUCS) Public Funds with Total Market Value Greater than \$1 billion.
 Note: 10-, 20-, and 30-year results are annualized returns.

Single-year returns make the headlines, but what's really important for IPERS members and taxpayers is the long-term performance of the Fund. We're pleased to share another key indicator of strength and sustainability in the 30-year annualized investment return. For FY2014, it was strong: 10.15 percent.

IPERS takes a big-picture view because our liabilities are not all due today—they come due gradually over time. IPERS' youngest members are contributing to their own retirement today, but it will be three or more decades before it's time to begin drawing their benefits. With a 60-year history of successfully paying promised benefits, we're in it for the long haul.

LONG-TERM INVESTMENT PERFORMANCE





In FY2014, Iowa's largest public employees' retirement system membership grew to over

346,000.

IPERS members teach our children, maintain our roads and parks, care for our most vulnerable citizens, and protect lowans across our state.



THE AVERAGE IPERS 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

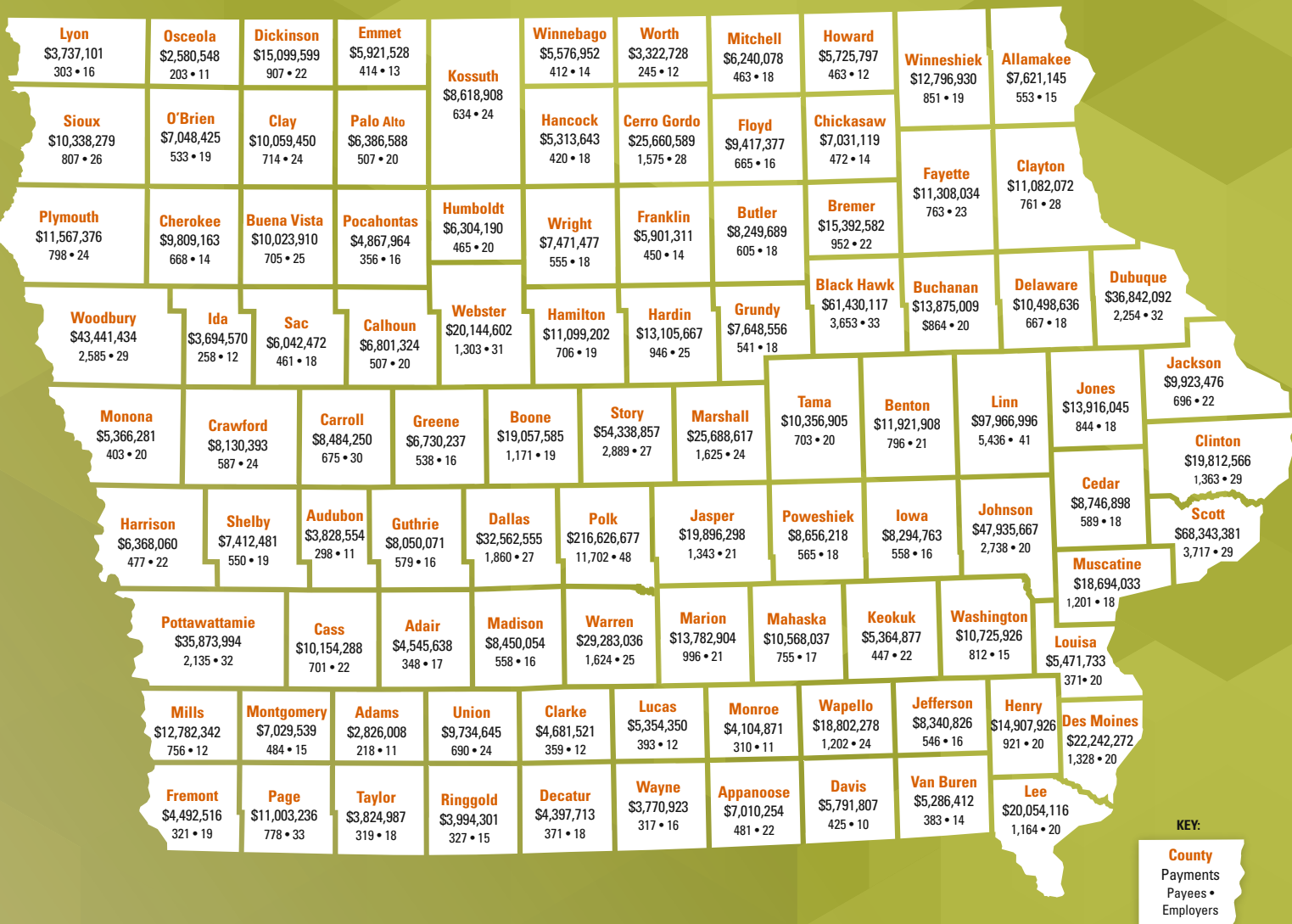
It's true: IPERS is an important contributor to retirement income, but it's only one part of financial security. IPERS is designed to work with Social Security and your personal savings. Long before you retire, plan for retirement through your own savings and investments.

\$1.8 billion paid in benefits, with \$1.6 billion staying in Iowa.

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.

BENEFIT PAYMENTS PAID BY COUNTY IN FY2014



KEY:

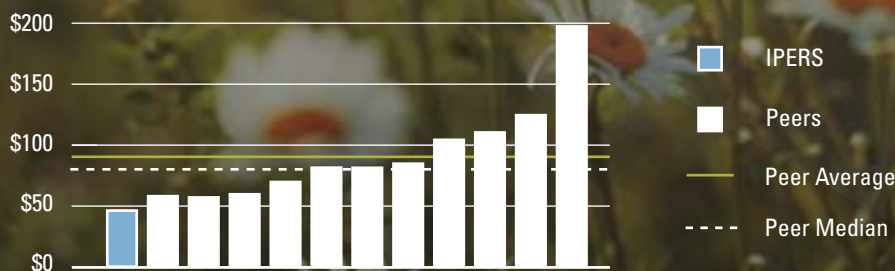
County
Payments
Payees •
Employers

IPERS is a prefunded system, not pay-as-you-go. This means the correct amount must be collected and invested over the member's career. To make this successful, IPERS must manage to a simple funding equation:



KEEPING COSTS DOWN

Year after year, CEM Benchmarking Inc. has shown that IPERS' per-member administration costs have been less than half as compared to our peers.



Note: Results based on FY2013 data. FY2014 data available in March 2015.

FIDUCIARY NET POSITION

JUNE 30, 2014

ASSETS

Cash and cash equivalents	\$ 284,577,389
Receivables	2,779,050,416
Investments at fair value	27,773,382,163
Securities lending collateral pool	413,591,929
Capital assets	23,998,255
Other assets	814,865
Total assets	\$31,275,415,017

LIABILITIES

Accounts payable and accrued expenses	\$ 25,168,123
Investment purchases payable	588,815,244
Rebates and collateral payable	413,287,851
Foreign exchange contracts payable	2,209,593,906
Total liabilities	\$ 3,236,865,124
Net position restricted for pensions	\$28,038,549,893

CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2014

ADDITIONS

Total contributions	\$ 1,082,521,228
Net investment income	3,891,169,697
Net securities lending income	13,203,927
Total additions	\$ 4,986,894,852

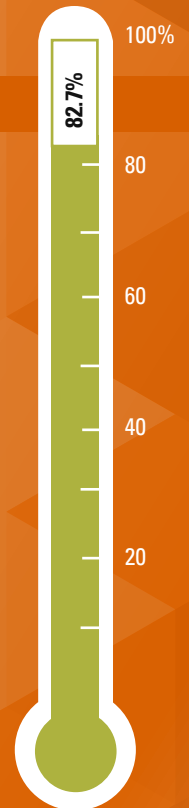
DEDUCTIONS

Benefit payments	\$ 1,764,064,264
Member refunds	48,120,596
Administrative expenses	14,866,128
Total deductions	\$ 1,827,050,988

Net increase	\$ 3,159,843,864
Beginning of year	24,878,706,029
End of year	\$28,038,549,893

FUNDING AND CONTRIBUTIONS

100 percent is our goal. With an **82.7 percent** funded ratio as of June 30, 2014, IPERS has made significant improvements in recent years.



Regular member contribution rates reached the actuarial rate for the first time since fiscal year 2001. This is a key indicator that IPERS is on a stable funding path. And, more importantly, a portion of today's contributions is used to pay off the unfunded actuarial liability, which is now amortized over 30 years, much like a mortgage.

If you are interested in learning more, watch the video, *Understanding IPERS' Shortfall*, posted on our website.



Working Today for Your Tomorrow

Iowa Public Employees' Retirement System

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To further safeguard your member information, IPERS will be rolling out enhanced online login security requirements. Watch for details on www.ipers.org.

QUESTIONS? 515-281-0020
CONTACT US. 1-800-622-3849 (toll-free)
Monday–Friday
7:30 a.m.–5 p.m. Central Time
info@ipers.org



Connect with us—at your convenience!

Register today at www.ipers.org to gain access to your individualized IPERS information. Available 24/7.

FROM THE GOVERNOR AND LIEUTENANT GOVERNOR



Since 1953, IPERS has been helping Iowans and their communities thrive. With \$1.6 billion in benefit payments staying in Iowa, the Iowa Public Employees' Retirement System is a powerful economic engine that helps create jobs, keeps retirees off public assistance, and provides security for all members.



IPERS requires participation from all but a few public employees. Teachers and other school employees make up more than half of IPERS' membership base. IPERS members are mandated to pay 40 percent of the contribution

rate, along with contributing to Social Security. That, along with personal savings, ensures a secure retirement income.

All Iowans should be proud of the Iowa Public Employees' Retirement System and its leadership. CEM Benchmarking Inc. has confirmed that once again, IPERS provides solid customer service while keeping expenses low as compared to its peers.

As a defined benefit plan, IPERS is secure, strong, and sustainable. Simply put, it's good for Iowa.