



The future is bright for IPERS



This past election season brought a flurry of worry and concern from IPERS members who thought the pension plan may be in jeopardy. In this annual summary you'll learn just how strong and secure the System is and why the future is looking bright.

IPERS' Trust Fund grew to over \$32 billion this past year, after experiencing an 8 percent gain on investments. Our investment performance goal is 7 percent. This is an important measure because investments pay for 70 percent of member benefits.

Our funded status increased a full percent from last year and now stands at 82.4 percent. Industry experts say pension plans funded at 80 percent or greater are financially healthy. In addition, the unfunded actuarial liability decreased this year.

Another positive sign is there will not be an increase in contributions. In fact, the contribution rates for Special Service members will decrease as of July 1, 2019.

Changes to the IPERS plan that were put in place in 2012 are having the desired effects of improving funding. Pensions have a long time horizon and changes just take time. Staying the course will ensure that IPERS remains strong and secure.

You'll find the full FY2018 Comprehensive Annual Financial Report on our website. Keep informed about IPERS by following us on social media, signing up for newsletters, and monitoring legislative issues. If you have any questions, give us a call.

Donna M. Mueller
CEO



IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

AN ANNUAL SUMMARY FOR THE FISCAL YEAR ENDED JUNE 30, 2018

This report conforms with generally accepted accounting principles (GAAP).



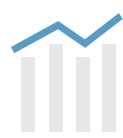
Investments play the single most important role in funding IPERS. This year, the Trust Fund grew to \$32 billion; that's after \$2 billion was paid out in benefits.

IPERS' long-term investment assumption is 7%. This year, the Fund achieved an 8% return, bumping up the funded ratio by a full percent. While that's good, it's more important to have solid performance over the long haul.

A funded ratio of 80% or greater is an indicator of a strong and secure pension fund. For FY2018, IPERS' funded ratio is 82.4%. Often considered one of the best pension systems in the U.S., IPERS is on track to be fully funded in 26 years.

DID YOU KNOW?

You can read the full FY2018 Comprehensive Annual Financial Report on our website at: www.ipers.org/financial-and-investment



Trust Fund Value

\$32 billion



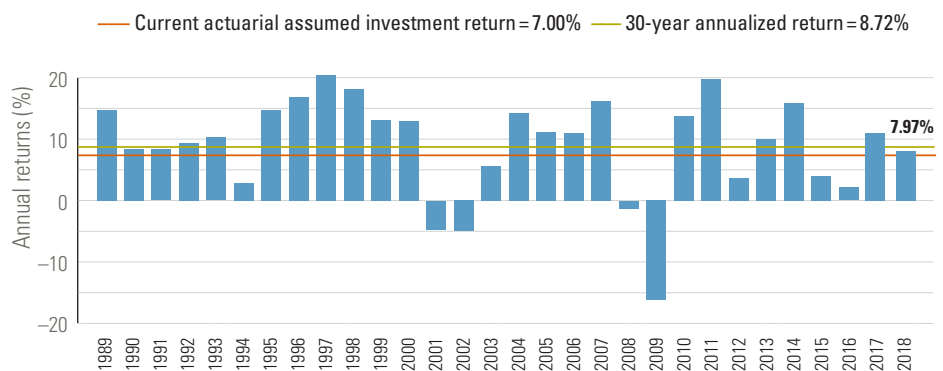
Funded Ratio

82.4%

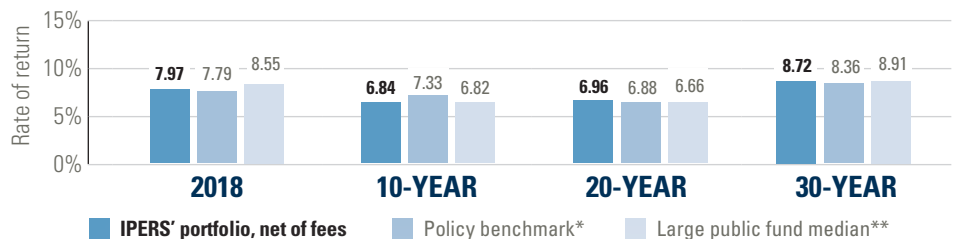
Contributions from employees and employers are pooled and invested to pay for benefits and expenses. 70% of the benefits paid come directly from investments.

Investment Returns

Fiscal Years Ended June 30



Investment Performance Summary



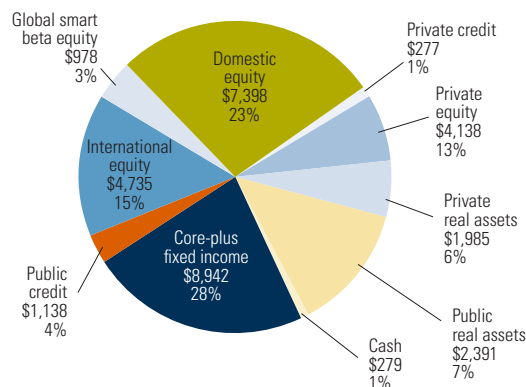
*A benchmark composed of market indexes with weightings reflective of IPERS' asset allocation targets.

**Trust Universe Comparison Service (TUCS) Public Funds with Total Market Value > \$1 Billion Index.

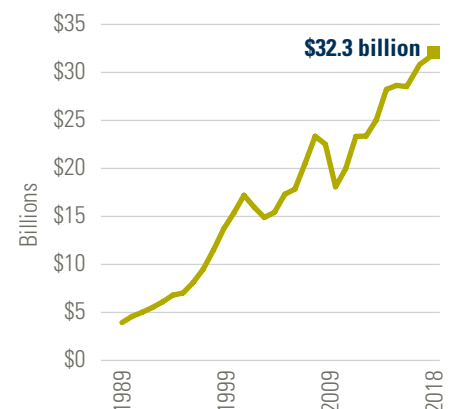
Note: 10-, 20-, and 30-year results are annualized returns.

Fund Allocation

(Fair Values in Millions)
As of June 30, 2018



Fund Growth





Total Benefit Payments Paid
\$2.1 billion

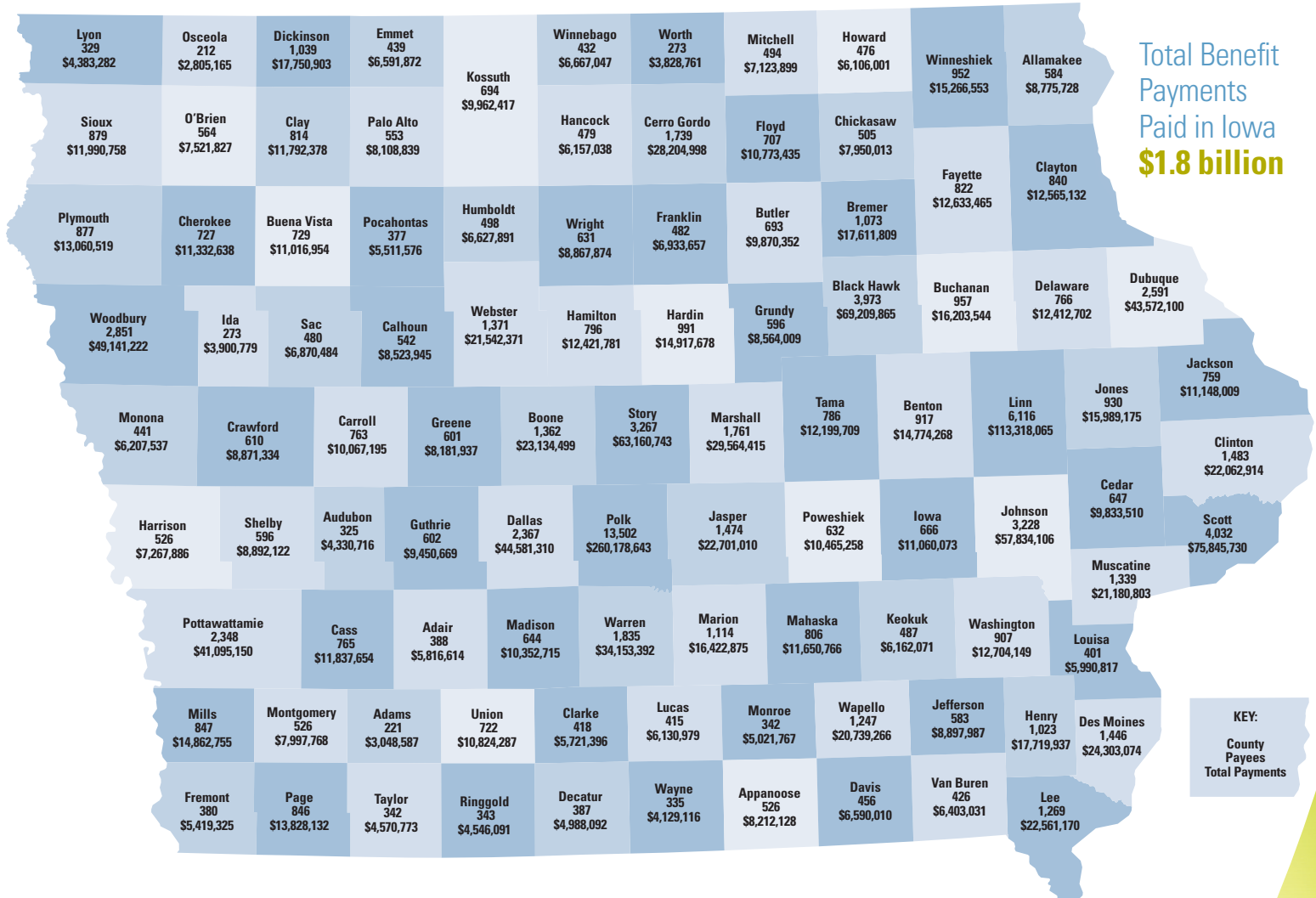


The Average IPERS Retiree
\$17,000 Annual Benefit

61 Retirement Age

23 Years of Service

Benefit Payments and Payees by County



Administration Cost

IPERS' total pension administration cost per member remains significantly below its peer group year after year.



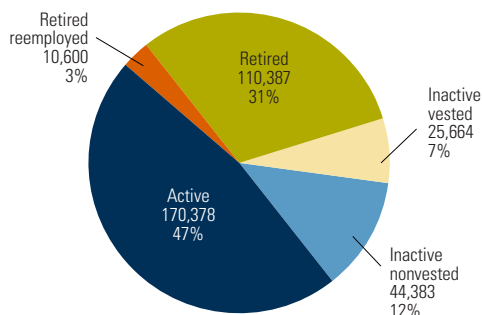
Peer average cost **\$101**



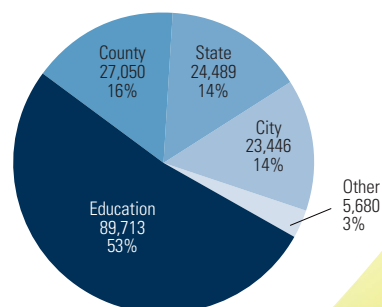
IPERS' cost **\$55**

Membership

By Status



Active Members by Major Employer Type



Source: CEM Benchmarking Inc. FY2017



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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A Letter from the Governor & Lt. Governor



Since its establishment more than 65 years ago, IPERS has been there for its members.



IPERS is a solid retirement plan. It provides an essential lifetime benefit for public employees, helping them care for themselves instead of relying on social services. IPERS is an important way to attract and retain a quality

workforce which is essential for maintaining strong Iowa communities.

IPERS is prefunded with contributions from both employers and employees. The funds are pooled and professionally invested, and the contributions grow to cover earned retirement benefits paid in the future.

The Iowa Legislature made changes to IPERS in 2012 that put the program on track for full funding. We are proud of how efficiently IPERS provides safe and secure lifetime benefits for one in ten Iowans.

We will protect IPERS today, tomorrow and into the future. Count on it to be there for you.

Kim Reynolds *Adam Gregg*

Kim Reynolds
Governor

Adam Gregg
Lieutenant Governor

Fiduciary Net Position

(Dollar Values Expressed in Thousands)
Fiscal Years Ended June 30

	2018	2017	2018/17 Percentage Change	2016	2017/16 Percentage Change
Cash and investments at fair value	\$33,247,956	\$31,962,524	4.0	\$29,436,328	8.6
Receivables	776,570	659,813	17.7	1,778,545	(62.9)
Capital assets	16,494	18,681	(11.7)	20,755	(10.0)
Other assets	1,357	315	330.8	704	(55.3)
Total assets	34,042,377	32,641,333	4.3	31,236,332	4.5
Deferred outflows of resources	30	—	NA	—	NA
Total liabilities	1,727,814	1,862,217	(7.2)	2,909,898	(36.0)
Deferred inflows of resources	4	—	NA	—	NA
Total net position	\$32,314,589	\$30,779,116	5.0	\$28,326,434	8.7

Changes in Fiduciary Net Position

(Dollar Values Expressed in Thousands)
Fiscal Years Ended June 30

	2018	2017	2018/17 Percentage Change	2016	2017/16 Percentage Change
Additions					
Contributions and service purchases	\$1,202,788	\$1,182,392	1.7	\$1,176,667	0.5
Net investment and securities lending income	2,458,969	3,279,743	(25.0)	624,854	424.9
Total additions	3,661,757	4,462,135	(17.9)	1,801,521	147.7
Deductions					
Benefits and refunds	2,111,352	1,993,554	5.9	1,889,983	5.5
Administrative expenses	14,754	15,899	(7.2)	14,939	6.4
Total deductions	2,126,106	2,009,453	5.8	1,904,922	5.5
Increase/(decrease) in net position	\$1,535,651	\$2,452,682	(37.4)	(\$103,401)	2,472.0

Total net position restricted for pensions increased from \$30.779 billion on June 30, 2017, to \$32.315 billion on June 30, 2018. These assets consist of capital assets owned by IPERS and investment portfolio assets. In FY2018, employee and employer contributions, including service purchases, totaled \$1.203 billion, while total member benefits equaled \$2.111 billion. The resulting \$908 million contribution shortfall was funded with earnings and sales proceeds from the investment portfolio.