

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.

Oonne M. Muelles Donna M. Mueller

Donna M. Mueller CEO



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





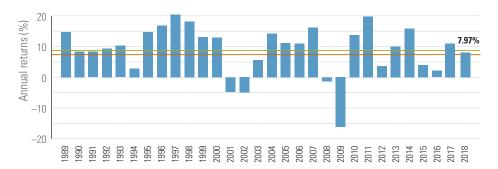
Funded Ratio **82.4%**

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

— Current actuarial assumed investment return = 7.00% — 30-year annualized return = 8.72%



Investment Performance Summary

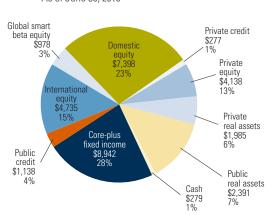
Note: 10-, 20-, and 30-year results are annualized returns.



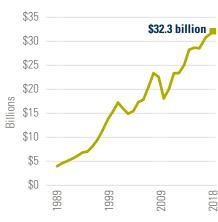
^{*}A benchmark composed of market indexes with weightings reflective of IPERS' asset allocation targets.
**Trust Universe Comparison Service (TUCS) Public Funds with Total Market Value > \$1 Billion Index.

Fund Allocation

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



Fund Growth







Benefit Payments and Payees by County

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4	Plymouth 877 \$13,060,519			rokee 727 332,638	Buena V 729 \$11,016,		Pocaho 377 \$5,511,	7	Huml 49 \$6,62	98	6	ight 31 57,874	Fran 48 \$6,933	32	Butle 693 \$9,870,3		Brem 1,07 \$17,611	3	\$12,633	,465	\$12,303	,132				
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		Harri 52 \$7,267	26	SI	nelby 596 892,122	Audu 32 \$4,330	25 0 716	Guthrie 602 \$9,450,66		Dallas 2,367 \$44,581,31	10	Polk 13,503 \$260,178,	2	Jas 1,4 \$22,70	74		weshiek 632 0,465,258		lowa 666 1,060,073		ohnson 3,228 7,834,106	\$9,8	edar 647 33,510		\$22,062,914 Scott 4,032 5,845,730	
				ttawattami 2,348 41,095,150	ie	Cas 76 \$11,837	5	Adair 388 \$5,816,6		Madiso 644 \$10,352,7		Warr 1,83 \$34,153	15	Mario 1,114 \$16,422,	4	Maha 800 \$11,650	6	Keol 48 \$6,162	7	Washin 907 \$12,704	,149					
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				emont 380 119,325	Page 846 \$13,828,		Taylo 342 \$4,570,7		Ringg 34: \$4,546	jold 3 i,091	Deca 38 \$4,988	37	Wayı 33! \$4,129,		Appanoo 526 \$8,212,1	ose 28	Davi: 456 \$6,590,0		Van Bu 426 \$6,403,0		Lee 1,269 \$22,561,1	70			Total Payments	

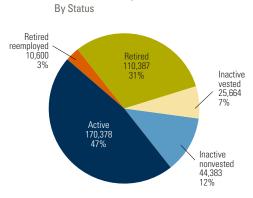
Administration Cost

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

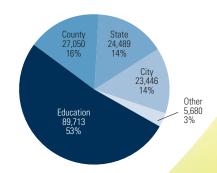


Source: CEM Benchmarking Inc. FY2017

Membership



Active Members by Major Employer Type





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.

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

www.ipers.org **ff w y in**



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 lowa 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 lowans.

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

Peynolds AL

Kim Reynolds Governor

Adam Gregg Lieutenant Governor

PRSRT STD U.S. POSTAGE PAID DES MOINES, IOWA PERMIT NO. 5819

Fiduciary Net Position

(Dollar Values Expressed in Thousands)

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