AN ANNUAL SUMMARY FOR THE FISCAL YEAR ENDED JUNE 30, 2016

We are IPERS... We are \$28 billion strong.

E a c d

Every year I look forward to sharing our annual report with you because it gives a clear snapshot in time of how IPERS is doing financially.

We all know it's been a challenging couple

of years with low investment returns, but we must keep in mind that IPERS invests for the long term – not just one year, or even 10. We look at 30- to 50-year time periods to evaluate our performance. A few years of low returns will not knock us off course toward becoming fully funded.

As trustees, it is IPERS' Investment Board's responsibility to safeguard IPERS' funding for its members. If slow economic growth continues, the Investment Board may consider lowering the long-term investment return assumption of 7.5%. This decision will not be taken lightly, as doing so may require an increased contribution rate.

Six years ago, the Legislature made changes to strengthen and sustain the plan. That put us on the path to become 100% funded in 28 years. If that sounds like a long time period, think of it like a mortgage that gets paid off over 30 years. Today's contributions are used to fund future benefits, with a portion going toward paying down the shortfall.

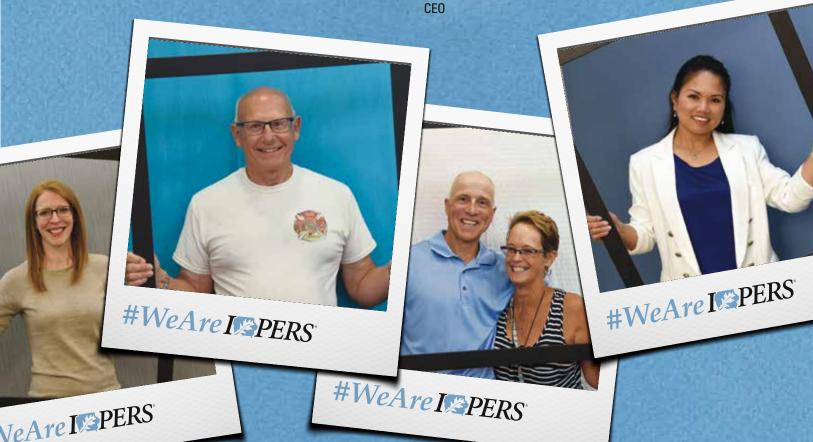
IPERS paid \$1.8 billion in benefits this year. That money goes directly into the economy for the purchase of goods and services and allows members to care for themselves in retirement.

Together IPERS members teach our children, maintain our roads and parks, care for our most vulnerable citizens and protect lowans across our state. That's why IPERS is here for you – today and in the future.

We are IPERS.

Donne AMuelles

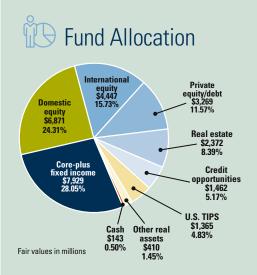
Donna M. Mueller

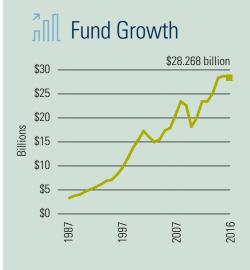


ISPERS® FY16

IPERS is a prefunded system. Prefunded means investment earnings and contributions paid over a member's career should pay for the future retirement benefits of those members. Over the past two decades, 70 percent of benefit payments came from IPERS' investment earnings. IPERS has made steady progress in recent years to our goal of full funding. IPERS is now

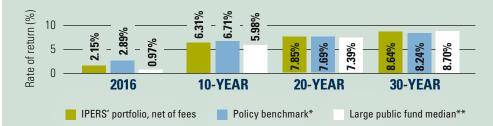
84% FUNDED







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 Greater than \$1 billion.

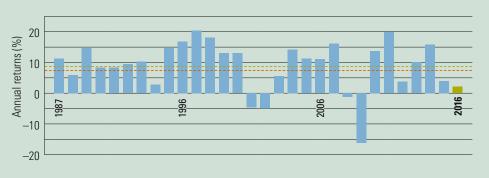
Note: 10-, 20-, and 30-year results are annualized returns.

FUNDING Contributions + Investments



Long-Term Investment Performance

Annual returns for fiscal year ending June 30



- 30-year annualized return = 8.64%

Current actuarial assumed investment return = 7.50%



Benefit Payments and Payees by County \$6,067,493 \$4,173,676 \$2,656,363 \$15,474,426 \$5,766,118 \$3,278,402 210 971 418 251 \$9.251.603 656 O'Brier Sioux Clav Palo Alto Hancock Cerro Gordo \$7,043,042 542 \$10,574,106 \$10,634,919 \$6,904,533 \$5,330,552 \$26,222,651 435 Franklin Plymouth Buena Vista \$6,161,424 Wright \$11,677,161 \$6,305,705 \$10,036,441 \$10,281,841 \$5,148,019 \$7,713,178 480 455 697 Hamilton Woodbury lda \$19,969,584 \$11,485,508 \$44,106,526 \$3,602,243 \$6,105,752 \$7,030,035 1,336 2.688 470 Monona Roone

Dubuque Delaware Buchanan \$38,603,421 \$10.823.097 \$62,302,878 \$14,368,782 Hardin 3.792 923 \$7.800.452 \$13,350,470 \$10,563,645 \$14,694,222 Marshall \$10,847,672 \$100,990,953 Carroll \$12,665,415 Greene \$55.891.977 \$5,868,887 \$20,160,806 \$26,708,703 \$9,122,330 740 5.743 \$7,417,399 \$8,249,120 Clinton 3.053 721 \$19,982,086 613 \$9,422,963 643 Dallas Guthrie Harrison \$51,999,764 \$3,721,831 \$232,407,335 \$21,429,009 \$9,168,749 \$9,148,064 \$7,646,948 \$36.541.948 \$69,876,673 \$8,525,342 \$6,411,677 3.049 305 1.415 595 600 2,114 553 601 3,880 uscatine \$19,762,335 1,286 Madison Warren Adair \$15,089,388 \$5.874.105 \$10,604,378 \$36.830.470 \$9,166,870 \$31,758,188 \$10,851,289 \$4,942,520 \$11,247,542 1,081 779 472 1,767 2,222 374 615 877 \$5,279,182 737 Wapello Mills Clarke Henry \$19,129,533 \$8,449,632 \$5 626 495 \$4,769,754 \$7,366,347 \$4,966,318 \$13,569,190 \$2,750,353 \$9,602,635 \$15,932,739 579 337 796 385 216 709 964 \$22,509,107 Van Burer Decatui \$5.888.898 Ringgold \$6,414,928 \$3,870,647 \$7,243,710 \$4,432,177 \$4,540,781 \$12,147,045 \$4,100,118

323

Howard

\$5,839,150

473

Chickasaw

\$7,156,126

486

Bremer

\$15,872,388

453

\$13,526,380

897

Fayette

\$11,361,275

\$7,433,268

564

\$11,513,886

807

\$6,376,260

\$9,934,899

680

Butler

\$8,712,596

= Benefits + Expenses

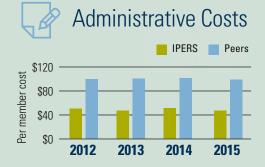
330

\$3,845,220

328

Benefits paid in FY2016 that stayed in lowa and fueled our economy:





\$19,954,924

According to CEM Benchmarking Inc., IPERS' administrative expenses are consistently among the lowest, averaging 50% less than our peers.

Number of IPERS members in FY2016

350,000

Average years of service before retirement



Average annual benefit paid



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 b y in**



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FROM THE GOVERNOR AND LIEUTENANT GOVERNOR

Slow and steady wins the race! That's true for a lot of things – including the Iowa Public Employees' Retirement System. Defined benefit plans, like IPERS, measure success in decades-long periods. It's the long-term performance that's important and indicates financial health. IPERS is secure, strong and sustainable. Simply put, it's good for lowa.

Since 1953, IPERS has helped lowa's public employers attract and retain a quality workforce while IPERS benefit payments help lowans and their communities thrive. With \$1.6 billion in benefit payments staying in Iowa, IPERS is a powerful economic engine that helps create jobs, keeps retirees off public assistance, and provides security for all members. Many people don't realize that IPERS is prefunded with contributions from both the employee and employer. When those funds are pooled and professionally invested, the contributions grow to cover the earned retirement benefit payments in the future. IPERS benefits combined with Social Security and personal savings help to ensure a secure retirement income. One in ten lowans is an IPERS member, providing service to all in our community. They are teachers, social workers, public nurses, firefighters and police, snowplow drivers, and many more who are dedicated to improving the lives of others.

We're proud. We are proud of the difference IPERS makes to lowans. We are proud of the public service and commitment from IPERS members. We hope you are too.



Fiduciary Net Position June 30, 2016

ASSETS	
Cash and cash equivalents	\$ 159,901,133
Receivables	1,778,545,118
Investments at fair value	28,355,108,632
Securities lending collateral pool	921,318,376
Capital assets	20,754,512
Other assets	704,337
Total assets	\$31,236,332,108

LIABILITIES

Accounts payable and accrued expenses 25.828.127 Investment purchases payable 902,219,928 Rebates and collateral payable 921,097,660 Foreign exchange contracts payable 1,060,752,737 Total liabilities \$ 2.909.898.452 Net position restricted for pensions \$28,326,433,656

Changes in Fiduciary Net Position

Year Ended June 30, 2016

ADDITIONS	
Total contributions	\$ 1,176,666,912
Net investment income	620,816,119
Net securities lending income	4,037,532
Total additions	\$ 1 801 520 563

DEDUCTIONS

Benefit payments	\$ 1,840,734,608
Member refunds	49,248,177
Administrative expenses	14,938,951
Total deductions	\$ 1,904,921,736
Net decrease	\$ (103,401,173)
Beginning of year	28,429,834,829
End of year	\$28,326,433,656