

# STRATEGIC PLAN

## FY2025–FY2030



## MISSION STATEMENT

The Iowa Public Employees' Retirement System (IPERS) is the fiduciary responsible for administering the IPERS Trust Fund. IPERS exists for the exclusive benefit of its members and fulfills its obligations to cost-effectively pay benefits, maintain stable contribution rates, protect member information and provide outstanding service.

## VISION STATEMENT

IPERS is committed to maintaining its status as one of the nation's most well-funded public retirement plans and seeks to establish itself as an innovative leader in the delivery of service to all stakeholders.

## CORE VALUES

**Independence and Loyalty:** IPERS is loyal to its members and acts exclusively for their benefit.

**Integrity:** IPERS conducts its business legally, honestly, fairly and with diligence.

**Best in Class:** IPERS hires and retains the best staff; seeks world-class investment results; and acquires, operates and maintains state-of-the-art technology, risk control systems and fraud prevention processes.

**Accountability:** IPERS takes full responsibility for its decisions, actions and performance.

**Transparency:** Unless precluded by law, IPERS' actions are transparent to all stakeholders.

**Expert Resource:** IPERS is the expert in the administration of the retirement plan, and it provides critical support to the IPERS Investment Board, the Benefits Advisory Committee, the Governor's office and legislators so they can make informed decisions.

## CORE VALUE: BEST IN CLASS

IPERS hires and retains the best staff; seeks world-class investment results; and acquires, operates and maintains state-of-the-art technology, risk control systems and fraud prevention processes.

*"I love helping IPERS' managers hire new talent. It's such an exciting opportunity to acquire new employees with fresh ideas who complement the experience and expertise of our seasoned staff. Collectively, IPERS' employees are among the best in state government."*

Melinda Rushing, Operations Division

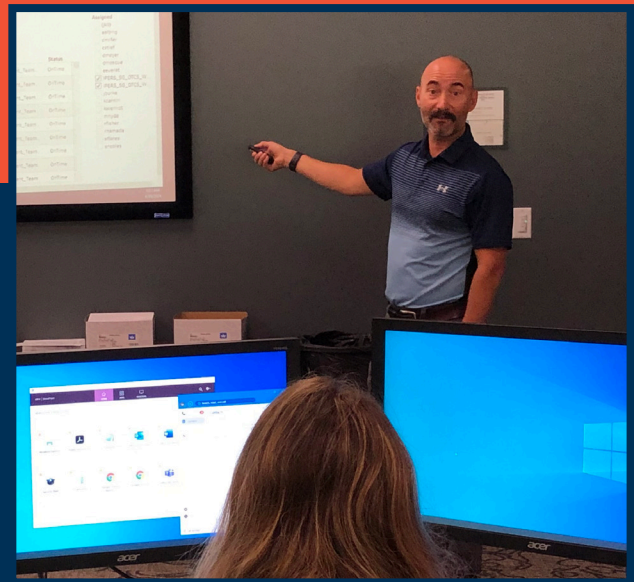


## CORE VALUE: EXPERT RESOURCE

IPERS is the expert in the administration of the retirement plan, and it provides critical support to the IPERS Investment Board, the Benefit Advisory Committee, the Governor's office and legislators so they can make informed decisions.

*"I'm proud of IPERS' in-depth training program that creates employees who truly are experts. That knowledge is critical to providing excellent customer service and to anticipating the impact of potential law changes. IPERS' staff is an important resource both to the members we serve and to the decision-makers who guide our administration of the retirement system."*

Craig Stoermer, Benefits Division



## CORE VALUE: ACCOUNTABILITY

IPERS takes full responsibility for its decisions, actions and performance.

*"IPERS' investment performance is critical to the retirement plan's financial viability. I am continually mindful that my work makes a difference in the lives of the IPERS retirees. That accountability motivates me to do my very best each day."*

Marcus Dong, Investment Division





## FROM THE CHIEF EXECUTIVE OFFICER

I have the honor of representing IPERS at meetings and conferences around the nation where my peers share the challenges and rewards of administrating multibillion dollar public retirement plans. Lately, one buzzword is ubiquitous: modernization.

At IPERS, modernization means freeing ourselves to challenge the status quo and think critically about how we can improve our work using leading-edge solutions in technology, communications, customer service and investment management. That commitment to modernized performance and service delivery is what drove the creation of this strategic plan.

Over the five years that the plan represents, and beyond, IPERS' staff will implement improved processes and procedures to efficiently and effectively achieve the key elements of our mission statement:

- Cost-effectively pay benefits.
- Maintain stable contribution rates.
- Protect member information.
- Provide outstanding service.

IPERS is committed to establishing ourselves as an innovative leader in service delivery and pension system administration. We embrace the challenge of accomplishing this strategic plan, motivated by the understanding that our hard work will ultimately benefit our valued members.



Sincerely,

A handwritten signature in black ink that reads "Gregory S. Samorajski". The signature is fluid and cursive.

Gregory S. Samorajski  
CEO

## IPERS OVERVIEW

The Iowa Legislature established the Iowa Public Employees' Retirement System (IPERS) on July 4, 1953, to replace the Iowa Old-Age and Survivors' Insurance System. At that time, the Legislature also voted to include Iowa's public employees in the federal Social Security plan, retroactive to 1951. Iowa Code chapter 97B was created to govern IPERS and the IPERS Trust Fund that pays member benefits. The Governor and the Iowa Legislature, as creators of the plan, are the plan sponsors. Initially, IPERS was a money purchase system that calculated benefits based on contributions. Today, IPERS is a cost-sharing, contributory defined benefit plan that determines lifetime benefit payments based on a formula that uses years of service, average salary and a multiplier. IPERS is diligent in maintaining its tax qualification under the Internal Revenue Code. IPERS benefits are designed to provide an adequate retirement income when combined with Social Security benefits and individual savings.

Most public employees in Iowa become IPERS members when their employment with an IPERS-covered entity begins. Covered employers include public schools, state agencies, counties, cities, townships and other public entities. IPERS coverage does not extend to judges, peace officers in the Iowa Department of Public Safety, police and fire personnel covered by the Municipal Fire and Police Retirement System of Iowa and university and community college personnel who select other coverage. As a multiple-employer, cost-sharing pension plan with more than 400,000 members, IPERS is the largest public pension system in Iowa. In FY2023, the IPERS Trust Fund paid \$2.562 billion in benefits, including \$2.260 billion paid to Iowans.

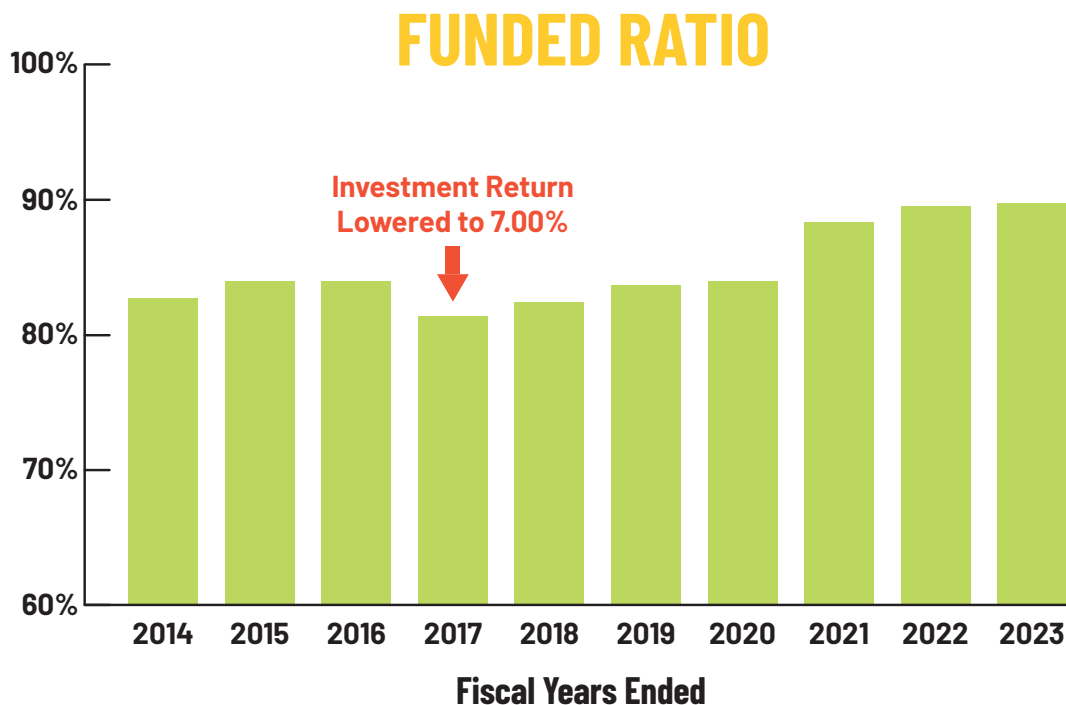
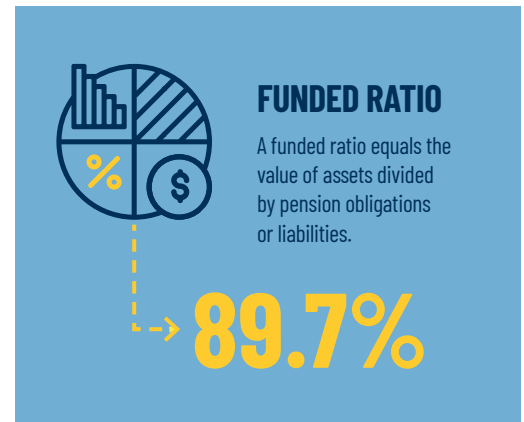
# ASSESSMENT

## INTRODUCTION

IPERS' mission statement embodies four key ongoing and long-term objectives: 1) Achieve a fully funded financial position while maintaining stable or lessening contribution rates, 2) Cost-effectively administer IPERS' benefits program, 3) Provide outstanding member service and 4) Protect confidential member information. IPERS continually strives to identify the opportunities and barriers that help and hinder its progress toward achieving each objective. Every fall, in advance of the approaching legislative session, IPERS' ability or inability to successfully fulfill its mission drives its request for budget, staffing and policy-related needs. IPERS will continue to engage its Investment Board, the Governor's office and legislators about the support that's necessary for IPERS to fully deliver on its mission.

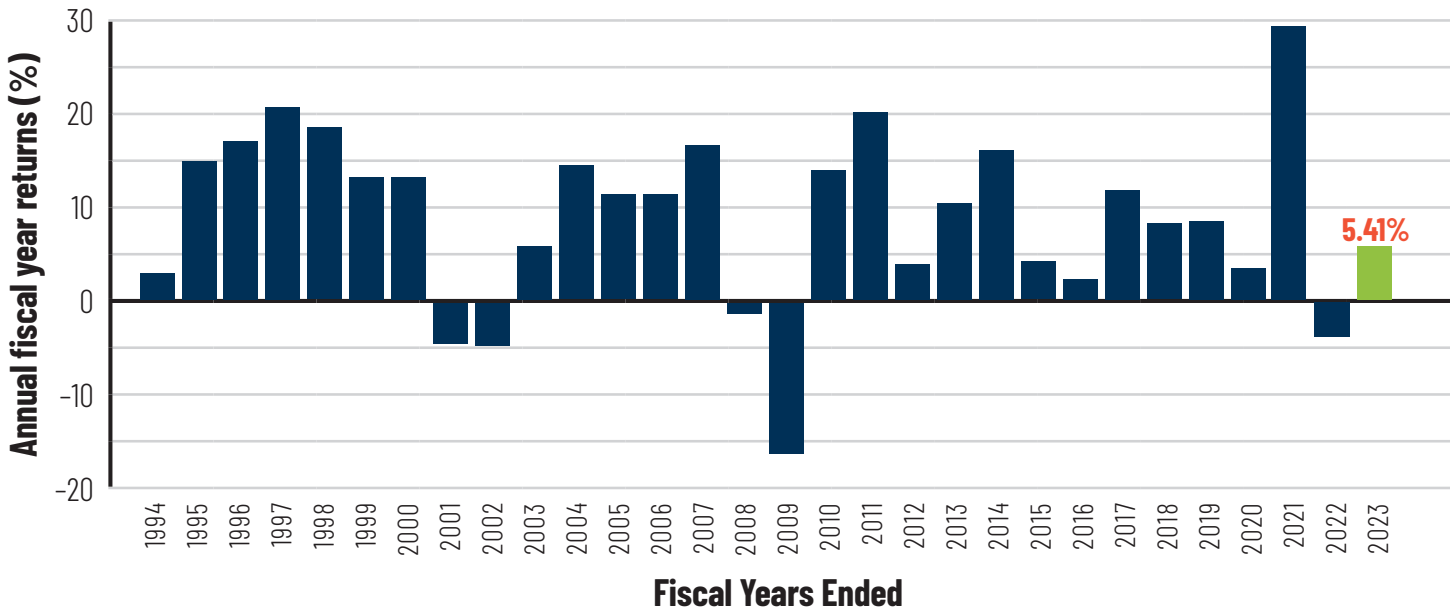
## FUNDED POSITION AND CONTRIBUTION RATES

As of the end of FY2023, IPERS had achieved an overall funded ratio of 89.7%.<sup>1</sup> This is an increase from 82.68% at the end of FY2014. At actuarially planned contribution rates, the remaining unfunded liability is scheduled to be extinguished by the end of FY2044. However, due to historically strong investment returns and contributions that exceed the required minimum, IPERS is on track to eliminate the unfunded liability by the end of the next decade. Just as important, IPERS has not needed to increase contribution rates since the Investment Board lowered the investment return assumption in 2017.



<sup>1</sup> The funded ratio is the ratio of assets to total accrued liabilities. Most public pension plans are seeking, over time, to achieve funded ratios of more than 100%. On this measure, IPERS is one of the best-funded major pension plans in the country.

# INVESTMENT RETURNS



The underpinning of IPERS’ strong financial position is its history of above average investment returns. Through the end of FY2023, IPERS’ Investment Division earned a 10-year annualized return of 8.12%. To meet the funding targets described, an annualized return of 7.00% is required. Superior investment returns are credited to the Investment Division’s experience and success scouring the world for the best returns possible at a controlled level of risk. The Investment Board is an industry leader in creating policies that allow the Investment Division to pursue the most innovative and opportunistic investments available—a flexibility few other plans enjoy. It is interesting to note that over the same 10-year period, a passive position in publicly traded stocks and bonds would have earned only 5.79%. The difference between IPERS’ returns and these normal returns is explained by the Investment Division’s experience and ability in finding profitable investments in areas like private equity, private credit, real assets, absolute return strategies and high-yield bonds.

The greatest systematic risk to IPERS’ progress toward full funding is declining investment returns. It is ultimately on the shoulders of the Investment Division to invest the trust fund’s money in superior investments. However, there is no guarantee that IPERS will be able to attract or retain the staff needed to meet this challenge. Public sector investment staff salaries have increased significantly in recent years to the point that IPERS’ salaries are no longer competitive. It is imperative that this situation be addressed. The solution involves higher salaries and incentive compensation for these professionals. IPERS currently offers a small incentive compensation program. However, it needs to be expanded, while simultaneously increasing base pay. IPERS looks forward to working with the Governor and legislature to address this problem.

## INVESTMENT PERFORMANCE

IPERS’ investment policy goal is to maximize the total rate of return on investments with prudent risk parameters. Solid performance over time is important.

**5.41%**

FY2023  
Investment  
Return

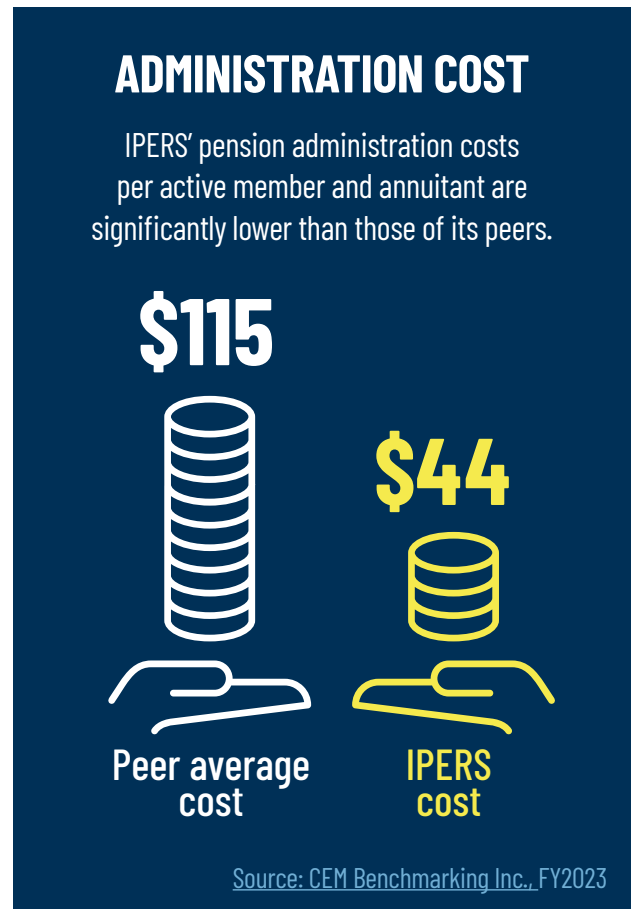
**7.00%**

Long-Term  
Investment  
Assumption

## IPERS ADMINISTRATION COSTS

IPERS pays administrative and investment expenses to manage the IPERS Trust Fund, to serve members and to protect members' information. IPERS' goal is to maintain a low-cost operation in comparison to its peer state pension plans. IPERS has hired the industry-leading firm CEM Benchmarking to analyze its costs and performance compared to other public plans. According to the latest CEM Benchmarking study, IPERS pays \$44 per member annually (active and retired members), for a total of \$13.9 million in administrative expenses. The average IPERS peer plan pays \$115 per member. In fact, IPERS is the lowest-cost provider among its CEM Benchmarking-defined peers. The next-lowest-cost peer plan spends about \$80 per member annually. IPERS continues to meet its goal of providing low-cost administration. The following sections contain the analysis of how IPERS' service and data protection efforts compare with those of its peers.

IPERS' investment expenses are also low compared to those of its peers—even though IPERS' investment performance exceeds its peer average. According to the most recent CEM Benchmarking study, IPERS' investment costs totaled 44.3 basis points (\$190.1 million) compared to its peer average of 57.7 basis points.<sup>2</sup> CEM Benchmarking reported IPERS' five-year net total return at 7.0% compared to 5.7% for its peers.



## MEMBER SERVICE ASSESSMENT

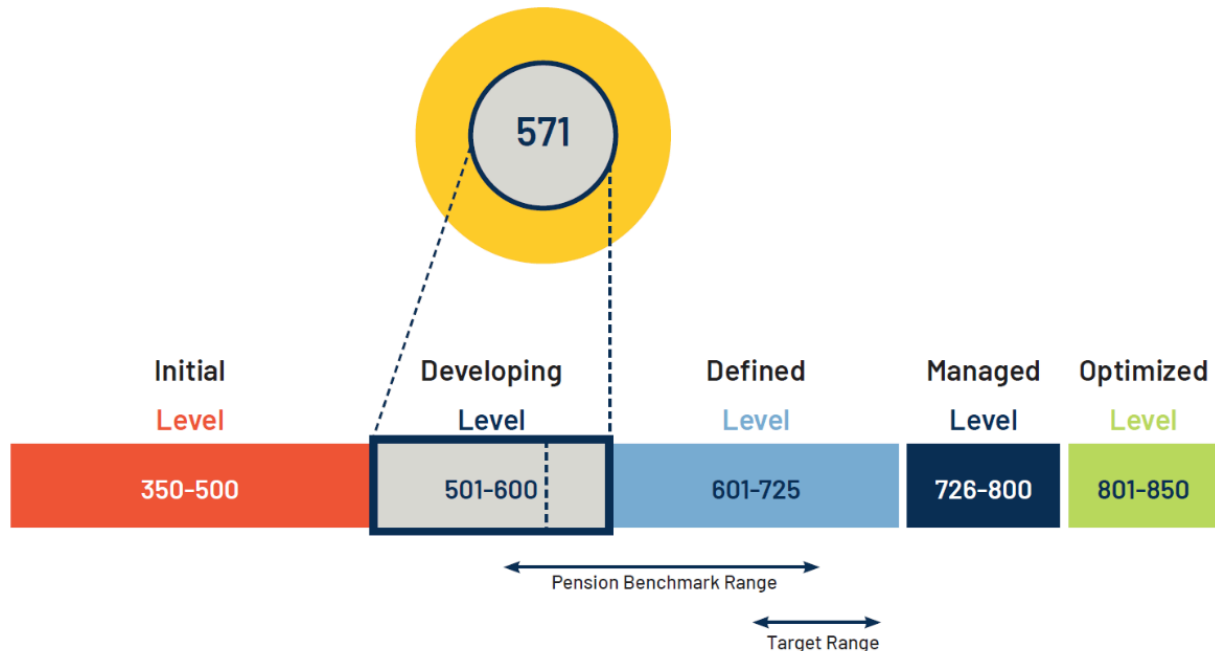
IPERS is a low-cost provider of member services. However, for that reason, it is not able to provide the same level of services as its peer plans do. This is apparent both on measures of traditional service and on progress towards modernization of services. On a one to 100 scale, CEM Benchmarking scores IPERS at 64 for member service compared to its peer median of 82. Of its 13 peer plans, only one scores below IPERS. For some of the low scoring areas for IPERS include gathering member feedback, targeted campaigns, secure website accessibility and member presentations. IPERS is more competitive in the traditional areas of one-on-one counseling, speed of payments and processing. There is a policy trade-off between cost and service provided. It is true that better service does not always justify higher costs. However, the pendulum has swung too far in favor of low costs, so IPERS will seek a budget increase to add staff and enhance systems in the Benefits Division. It should also be noted that IPERS' contract with its pension system vendor will expire in 2026. The vendor has already indicated that it is moving from supplying an enterprise software system to a cloud-based application. Other vendors are moving the same way. Soon, IPERS will require a substantial budget allocation for a multi-year effort to adopt a cloud-based system.

<sup>2</sup> CEM Benchmarking's investment expense calculations include direct and imputed private investment management fees but not carried interest calculations. IPERS' FY2023 Annual Comprehensive Financial Report shows investment expenses as \$69.1 million. The difference is that the annual report amount does not include imputed private investment management fees; it includes only actual directly paid fees.

## PROTECTION OF MEMBER INFORMATION AND ACCOUNTS

Fraud and cybersecurity-related threats are becoming increasingly sophisticated and frequent. IPERS, like most other organizations, faces the difficulty of acquiring and retaining staff with the skills necessary to understand and address the modern challenges of data, member account and general business process security. In early 2023, IPERS commissioned Linea Solutions, a risk management and cybersecurity firm, to examine its current operating environment and identify risks. Linea’s report suggested more than 100 operational enhancements, many of which will require additional staff to achieve.

Linea gave IPERS’ business process program a score of 571, which represents a “Developing” program and suggests that IPERS’ processes are promising and within the range of some of its peers. But Linea believes that with better staffing and program improvement, IPERS could reach its target score of 650–725.



## GOVERNANCE

The IPERS Trust Fund exceeds \$40 billion and is organized under Iowa law. The fund exists to pay benefits to IPERS’ members and to cover its administrative and investment expenses. IPERS, under the statutory leadership of its CEO, is the agency charged with administering the fund and benefits program. As a fiduciary, IPERS acts solely and exclusively in the interests of its members. Iowa Code chapter 97B serves as the plan document under which IPERS manages the fund and plan. The Investment Board is a fiduciary established under chapter 97B.8A and is primarily responsible for setting IPERS’ investment and funding policies, approving the hiring and firing of external investment managers, consulting on IPERS’ budget, and setting the salary of IPERS’ CEO. IPERS is an independent agency. However, to the extent that the Governor nominates the CEO and Investment Board members, it is deemed to be part of the Executive Branch. In addition to chapter 97B, IPERS also complies with related state laws and administrative rules, as well as federal laws, including governance from the Internal Revenue Code (IRC).

Because there is not a single source of law that governs IPERS, various ambiguities have arisen over the years concerning IPERS governance. These ambiguities have, on occasion, caused uncertainty and inefficiency in the management of the trust fund, the benefits program and in planning for the future. To the extent possible, it is in IPERS’ members’ best interests to clarify the governance structure. IPERS has retained the law firm of BrownWinick to advise it on governance issues. IPERS has also retained the law firm of Ice Miller to provide additional, specialized advice on IRC and other federal laws and regulations. Before the end of FY2024, IPERS will develop a list of governance questions. Prior to the end of CY2024, BrownWinick, with Ice Miller’s assistance, will prepare a legal opinion addressing each question, fully noting where ambiguities will be difficult to resolve. Ideally, many of the apparent governance ambiguities can be resolved administratively through discussions with state executives and legislative leaders. If difficult ambiguities remain after full discussions, legislative proposals might be considered.

# STRATEGIC INITIATIVES

**Governance:** Work with legal experts, the Governor, the legislature and the IPERS Investment Board to resolve important ambiguities in the governance structure of the IPERS Trust Fund.

1. Goal: Create a list of governance questions to answer.
  - Before the second quarter of FY2025, develop a comprehensive list of questions that would have to be answered to resolve IPERS governance ambiguities.
2. Goal: Obtain legal opinions on each question raised in Goal 1.
  - Before the fourth quarter of FY2025, obtain legal opinions answering the questions raised in Goal 1. The legal opinion should indicate where ambiguities are not resolvable under current laws and regulations and indicate where the resolution of ambiguities can be done through administrative actions, including those that would require legislation.
3. Goal: Complete administrative actions, where sufficient, to resolve IPERS' governance ambiguities.
  - Before the third quarter of FY2026, conclude discussion and reach administrative agreement on governance questions that can be resolved through administrative actions.
4. Goal: Enact legislation, as required, to resolve IPERS' governance ambiguities.
  - Before the third quarter of FY2027, propose any legislation necessary to resolve IPERS' governance ambiguities.
  - Before FY2029, enact the legislation needed to resolve IPERS' governance ambiguities or, alternatively, fail to enact legislation but conclude that ambiguities are acceptable.

**Funding:** Achieve actuarial milestones on the path to full funding and maintain stable or achieve reduced contribution rates.

1. Goal: Achieve a funded ratio of 100% no later than the beginning of FY2045 and maintain current Regular member contribution rates until FY2037, when IPERS is expected to be 95% funded and may lower rates per the Contribution Rate Funding Policy.<sup>3</sup>
  - Earn an additional 7.0% investment returns on average annually.
  - Earn 10 bps (0.1%) of excess investment returns annually.
  - Before the beginning of FY2025, achieve a funded ratio of 89.7%.
  - Before the beginning of FY2026, achieve a funded ratio of 90.2%.
  - Before the beginning of FY2027, achieve a funded ratio of 90.6%.
  - Before the beginning of FY2028, achieve a funded ratio of 91.1%.
  - Before the beginning of FY2029, achieve a funded ratio of 91.5%.
  - Before the beginning of FY2030, achieve a funded ratio of 91.9%.

**Service Delivery:** Modernize and improve all facets of service delivery using multiple methods, including in-person, virtual and digital.

1. Goal: Before FY2026, implement new customer service software that uses cutting-edge technology to more efficiently deliver member services by phone and digitally.
  - Before FY2028, increase IPERS' Service Score for active member experience from 61 to the peer median of 76.
  - Before FY2026, introduce a chatbot, live web chat and the ability to request a callback to increase the contact center capability service score by 10 points.

<sup>3</sup> This goal could be modified if the legislature enacts major benefit changes or if the markets are unexpectedly volatile.



- Before FY2027, reduce the time it takes callers to reach a service agent from 500 seconds to the peer median of 468 seconds.\*
  - Before FY2028, reduce the percentage of calls with undesired outcomes from 20.2% to the peer median of 16.8%.
2. Goal: Before FY2030, offer all IPERS applications digitally.
    - Grow the number of applications received digitally by 15% annually, achieving receipt of 75% of applications digitally by FY2030.
    - Before FY2026, offer the Application for IPERS Retirement Benefits for Regular members digitally.
    - Before FY2027, offer the Application for Service Purchase digitally.
    - Before FY2027, offer the refund application digitally.
  3. Goal: Before FY2026, implement a robust survey program to gather actionable feedback to enhance IPERS' service to members.
    - Before FY2026, implement surveys to new members, secure website users, members who have called IPERS and members who have received one-on-one retirement counseling.
    - Before FY2026, increase the feedback service score from 15 to the peer median of 58.
    - Achieve a 15% average survey completion rate.
    - At least 80% of survey respondents will say they are "mostly satisfied" or "completely satisfied" with the service they received from IPERS.\*
    - At least 80% of survey respondents say they "agree" or "strongly agree" that IPERS made it easy for them to complete the transaction about which they contacted IPERS.

**Operations:** Bolster IPERS' business processes to ensure the security of member data, the accuracy of payments and the overall quality of performance.

1. Goal: Beginning in FY2025, coordinate with IDOM to engage in an independent IT security audit of IPERS technology-related processes and a penetration test on IPERS technology infrastructure annually on alternating years.
  - Achieve at least a passing score on each security engagement.
  - Address 100% of deficiencies reported in each security engagement within 12 months.
  - Achieve scores from each security engagement that demonstrate improvement and trend in a positive direction.
2. Goal: Evaluate the technology tools and practices used to protect sensitive member data at least twice annually and develop a work plan within 60 days to implement enhancements to meet rapidly changing security threats.
  - 100% of IPERS staff will participate in security training annually.
  - 100% of IPERS staff will achieve a passing score in the annual security training.
3. Goal: Accurately pay 100% of IPERS' pension estimates and pension benefits.
  - IPERS' Project Management Office will continue the best practice of testing 100% of changes to the pension administration system prior to release to production to ensure calculations and payments remain accurate.
  - Benefits staff will continue the best practice of ensuring 100% of payrolls are verified for accuracy of data by reviewing pre-payroll reports and performing reconciliation of report data to remove inaccurate or questionable payments prior to disbursement.
  - Beginning in FY2025, benefits staff will review documented policies and procedures related to payroll processes at least annually and revise as necessary.
  - Beginning in FY2025, compliance staff will audit payroll processes at least annually and assign responsibility for addressing any noted deficiencies within 12 months.

**Workforce:** IPERS members will engage with a highly committed, professional and knowledgeable workforce supported by appropriate job classifications, compensation plans, professional development and growth opportunities throughout their careers at IPERS.

1. Goal: Continually review job classifications and associated compensation for IPERS workforce.
  - Review 100% of vacant positions internally to determine how the position will best serve IPERS and request an appropriate job classification.
2. Goal: Create a professional growth and development plan for all IPERS staff.
  - Beginning in FY2025, 100% of employees will have a documented Individual Development Plan that is created in consultation with supervisors to aid succession planning and help employees meet individual, professional goals that support IPERS' strategic initiatives.
  - Beginning in FY2026, 100% of IPERS employees will participate in at least 20 hours of training and development annually.
3. Goal: Use member surveys to capture member sentiments on engagement with IPERS workforce.
  - At least 80% of survey respondents will say they are "mostly satisfied" or "completely satisfied" with the professionalism and knowledge demonstrated during their most recent engagement with an IPERS professional.

**Strategy:** Thoroughly explore IPERS' members journeys to retirement and use that knowledge to identify new strategic opportunities for enhanced, innovative stakeholder education and the development of relevant digital tools.

1. Goal: Before FY2026, implement a strategy to discontinue ground mail delivery of most IPERS documents and transition to digital delivery.
  - Before FY2026, enhance My Account to include the ability for members to manage their document delivery preferences.
  - Before FY2026, implement a monthly direct mail campaign that motivates 20% of recipients who have not activated their member self-service account to do so to access documents digitally.\*
  - Reduce paper and postage costs by 15% annually, achieving a 75% reduction by FY2030.
2. Goal: Using qualitative and quantitative data, define key points in the member's journey from entering public workforce through death, and use the information to create a comprehensive member education program that is delivered based on the unique needs of the audience.
  - Annually through FY2030, increase the number of IPERS members who receive education from IPERS by 10%.
  - Annually through FY2030, add at least two new educational opportunities for IPERS members.
  - Before FY2026, implement a direct mail campaign to members as they achieve major milestone along the retirement journey to help them understand the milestone's implication to their retirement benefits and to build relationships.
  - Before FY2030, increase the Targeted Campaigns Service Score from 44 to the peer median of 49.
3. Goal: Create an education program for IPERS employees so they feel valued, are engaged, understand the agency's strategic plan and their role in achieving it, and understand the agency's operations and how their work supports it.
  - 100% of new IPERS employees will receive training about the agency's operations.
  - Twice annually, IPERS will distribute an employee survey to determine what education and support the program must provide.
  - At least quarterly, IPERS' CEO and applicable leaders and staff will host targeted and/or all-staff meetings or events to communicate relevant information and invite employee questions.
  - Before FY2027, implement an emerging leaders' program for select IPERS staff.

\*These goals will be measured monthly and reported to the Iowa Department of Management's dashboard.



# GOVERNOR KIM REYNOLDS' VISION FOR IOWA

The Governor's third, fourth and fifth priorities align most closely with IPERS' strategic plan.

1. Elevating education for every student

2. Preparing the next-gen workforce

3. Cutting taxes

4. Supporting health and well-being

5. Holding government accountable

6. Protecting Iowa's farmland

Goal 3: In FY2023, IPERS collected more than \$1.5 billion in taxpayer-funded contributions from members and employers. As IPERS nears full funding, contribution rates will be lowered, reducing the burden on taxpayers.

Goal 4: IPERS supports the health and well-being of Iowans by offering a stable, predictable benefit payment in retirement. Unlike 401(k)-style defined contribution plans, IPERS offers benefits with more value because:

1. The retirement benefit is guaranteed for life.
2. The retirement benefit is based on a formula and is not dependent on the performance of the stock market.
3. IPERS' skilled investment team invests member and employer contributions to generate the revenue necessary to pay benefits. Members don't have to make complicated investment decisions.

Goal 5: By its nature, this strategic plan holds IPERS accountable for reaching its goals. In turn, those goals strengthen IPERS' accountability to provide its members with an effective governance structure, secure funding, outstanding customer service, trustworthy information security tools and practices, expert staff, and effective communication. This plan commits IPERS to honoring its role as an accountable government entity.



[www.ipers.org](http://www.ipers.org)

## QUESTIONS?

Please contact us!

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