

# FY2026 Budget Request

**Greg Samorajski, CEO**

February 17, 2025



All data as of FY2024 unless noted

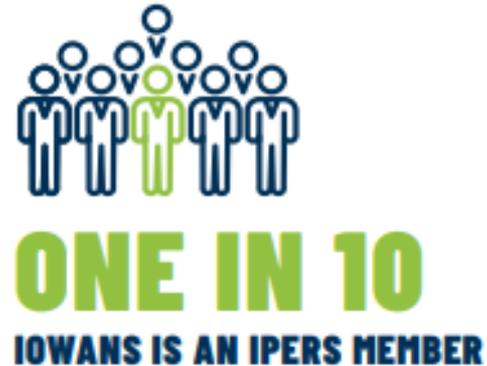
# IPERS Overview

**Established in 1953**

**IPERS is a workforce recruitment tool**

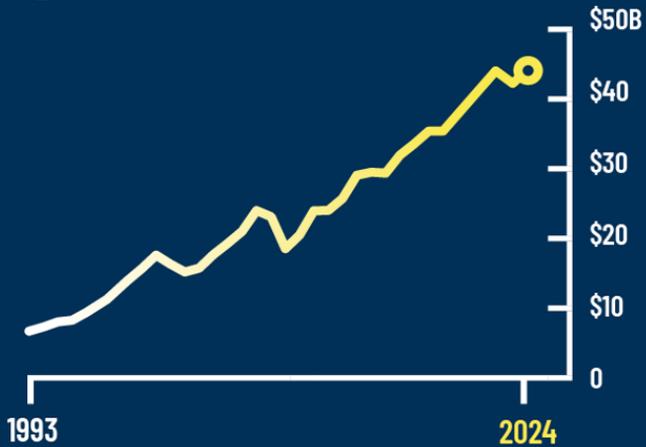
## **Mission Statement**

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.



## TRUST FUND VALUE

# \$43.61 billion



## ADMINISTRATION COST

IPERS' pension administration costs per active member and payees are significantly lower than those of its peers.

# \$115



Peer average cost

# \$44



IPERS' cost

Source: CEM Benchmarking Inc., FY2023

# FUNDED RATIO

# 90.75%



# \$2.4 billion

BENEFITS PAID TO RETIREES LIVING IN IOWA

# Budget Overview

**IPERS is self-funded, does not receive general funds**

## Appropriated Expenses

	Actual FY2024	Estimated FY2025	Governor's Recommendation FY2026	Governor's Recommendation vs. Estimated FY2025
<b>Administration Expenses</b>	\$21,129,084	\$22,789,430	\$23,955,503	\$1,166,073
<b>Pension Administration System (PAS)</b>	\$0	\$0	\$60 million	\$60 million
<b>FTE</b>	98	99	104	5
<b>TOTAL</b>	\$21,129,084	\$22,789,430	\$83,955,503	\$61,166,073

## Unappropriated Expenses

**Investment Expenses & Benefit Disbursements**

# Modernization

## Priorities

1. Maintain stable contribution rates/Achieve full funding
2. Improve customer service with minimal new staff
3. Prioritize digital communication/tools
  - Efficient
  - Secure
  - Cost-effective
  - Environmentally responsible

# Process Modernization Requests

Process	Cost
<b>Outsource Disability Benefits Management</b> <i>Determining initial and ongoing eligibility for disability benefits is technically complex. Specialized vendors manage this work for other pension systems.</i>	\$750,000
<b>Pension Administration System (PAS)</b> <i>IPERS' contract with Vitech, the current PAS vendor, expires in FY2026. IPERS expects to transition from the current on-premise PAS to a cloud-based, modern architecture solution.</i>	\$60 million

# Pension Administration System (PAS)

- **Vitech is current PAS provider**
  - **Current: On-premise enterprise software**
    - Vendor will no longer support
    - Can't support dynamic retirement, service purchase or refund applications
  - **Future: Cloud-based product**
    - Vendor supports
    - Other systems are using
    - More features
    - Improved online member experience
    - Flow through processing
- **Current contract expires in 2026**
- **FY2024:** IPERS received \$750,000 appropriation to hire a vendor to study the PAS marketplace and recommend a path forward

# Pension Administration System (PAS)

- **Purchase and onboarding with current vendor:**
  - **Approximately \$60 million over 10 years**
    - Sole source agreement with Vitech
    - Vitech is studying current needs to determine actual costs
    - Includes outside project manager
- **May not retain current vendor**
  - **Current vendor:**
    - Less disruptive software transition
    - Cheaper
    - Concerns about work quality, expediency
  - **New vendor:**
    - More difficult transition
    - More expensive
    - Unknown, potentially better product

# Staffing Modernization Requests

Position	Cost
<b>Executive Officer 1</b> <i>Position will support the Chief Benefits Officer</i>	\$80,403
<b>Retirement Benefit Officer</b> <i>Position will enhance IPERS' customer service efforts</i>	\$67,586
<b>Executive Officer 3 - Digital Experience Manager</b> <i>Position will transform IPERS' service delivery processes into digital experiences</i>	\$102,437
<b>Retirement Compliance Officer</b> <i>Position will enable IPERS to review more employer records to identify and correct reporting errors</i>	\$67,587
<b>Accountant 4</b> <i>Position will supervise the accounting team and allow the CFO to focus on other projects</i>	\$98,060

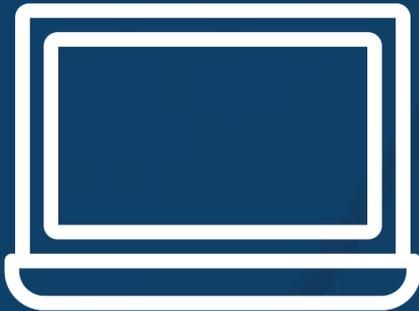
	Regular Members		Sheriffs/Deputy Sheriff Members*		Protection Occupations Members	
						
	FY2024	FY2025	FY2024	FY2025	FY2024	FY2025
<b>Employee Contribution Rate</b>	6.29%	6.29%	8.51%	12.09%	6.21%	6.21%
<b>Employer Contribution Rate</b>	9.44%	9.44%	8.51%	12.09%	9.31%	9.31%
<b>Unfunded Actuarial Liability</b>	\$4.795B	\$4.37B	(\$24M)	\$88M	(\$64M)	(\$82M)
<b>Funded Ratio</b>	88.76%	90.06%	102.60%	91.81%	102.96%	103.65%

### \*2024 Law Enforcement Omnibus Act (HF2661)

Benefit enhancements for Sheriffs/Deputy Sheriffs members who retire beginning July 1, 2024:

1. Increase benefit multiplier from 22-30 years of service; maximum benefit increases from 72% to 80% of highest three years' salary
2. Annual 1.5% compounding cost-of-living adjustment

# Contact Us



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