



Working Today for Your Tomorrow

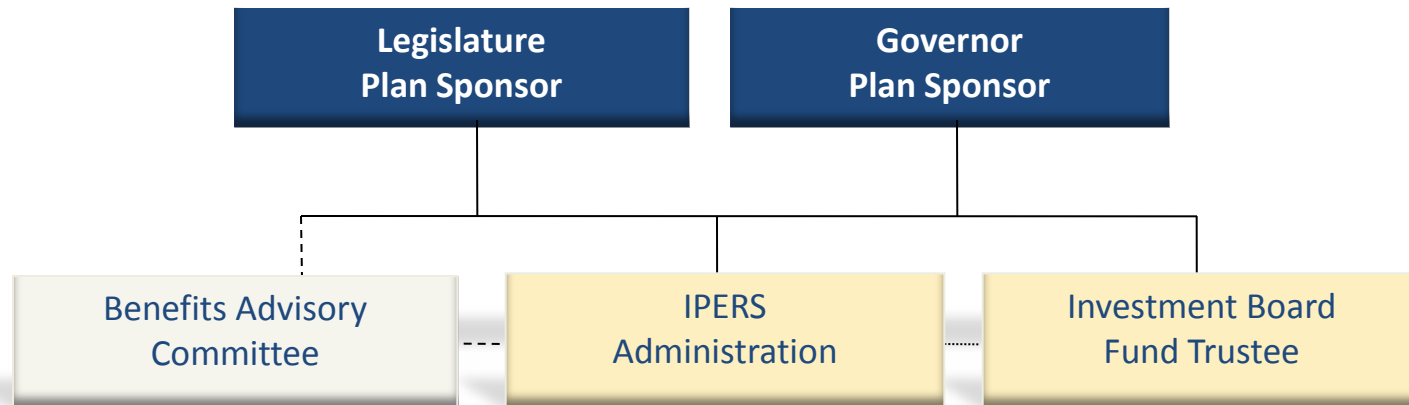
STATUS OVERVIEW & UPDATE

Presented to the Joint Administration and Regulation Appropriations Subcommittee

Donna M. Mueller, CEO

February 1, 2012

Governance



What is the role of the Plan Sponsor?

Creates plan

Determines participation

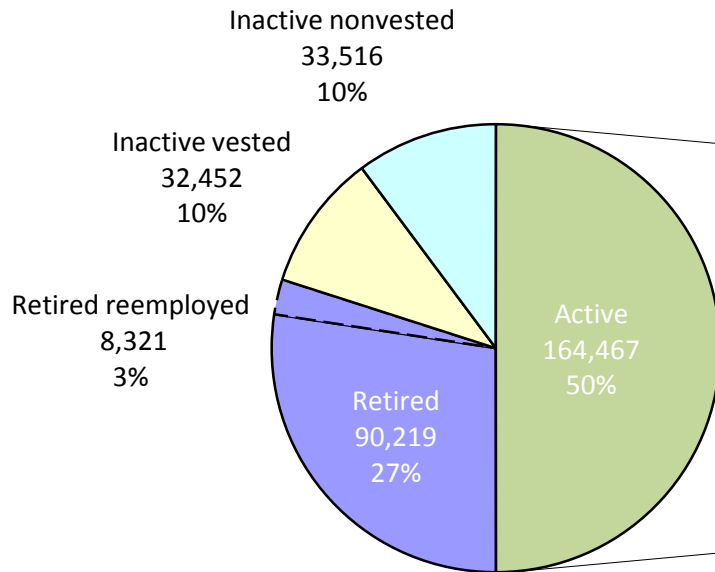
Establishes funding

Determines benefits

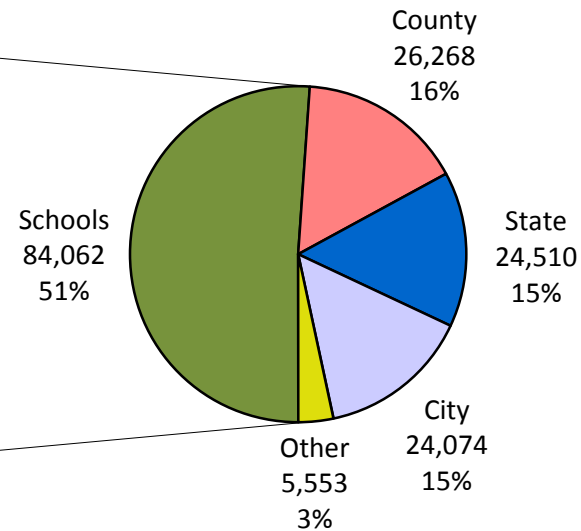
Monitors performance against plan goals

Nearly 329,000 IPERS Members

Membership Status



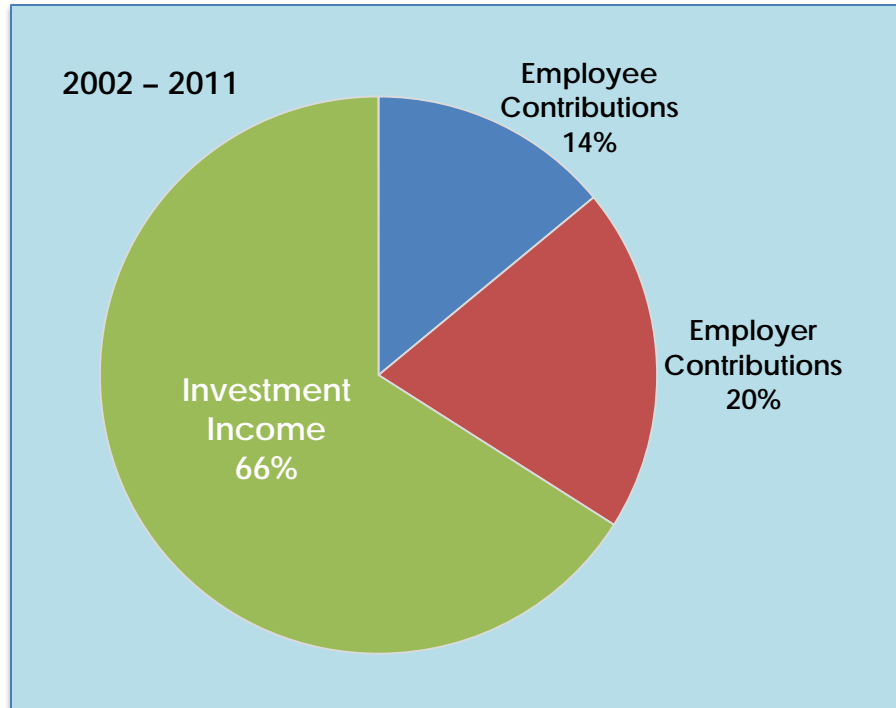
Active Members by Employer Groups



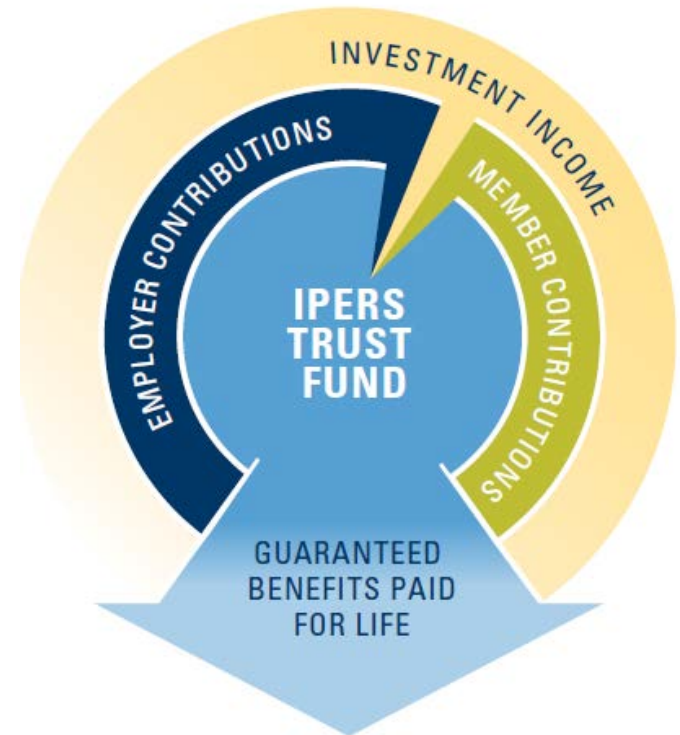
Regular members = **95%**
Special Service members = **5%**

As of June 30, 2011

Prefund – Not Pay As You Go



Contributions + investment income fund promised benefits.



Current employees contribute for their own *future* retirement.

IPERS' Contribution Rates

FY2012

Membership Class	Member Share	Employer Share	Total
Regular IPERS Members	5.38%	8.07%	13.45%
Sherrifs and Deputies	9.83%	8.83%	19.66%
Protection Occupations	6.65%	9.97%	16.62%

FY2013

Membership Class	Member Share	Employer Share	Total
Regular IPERS Members	5.78%	8.67%	14.45%
Sherrifs and Deputies	9.90%	9.90%	19.80%
Protection Occupations	6.84%	10.27%	17.11%

Investment Performance Summary

For periods ended June 30

	FY2011	FY2010	FY2009	3 Year	5 Year	10 Year	20 Year
IPERS Portfolio*	19.91%	13.82%	-16.27%	4.55%	5.57%	6.40%	8.77%
Policy Benchmark†	20.15%	16.98%	-14.50%	5.83%	6.03%	6.61%	8.35%
Large Public Fund Median‡	21.46%	13.09%	-18.76%	4.26%	5.05%	5.93%	8.71%

*Net of fees.

†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.

IPERS' Trust Fund Value

As of 6/30/11, the Trust Fund was
\$23.2 billion,
up from \$19.9 billion
on 6/30/10.

Benefits Paid from the Trust Fund

In Iowa	\$1,295,324,198
Outside Iowa (U.S.)	\$ 161,447,515
Outside U.S.	<u>\$ 233,918</u>
Total	\$1,457,005,631

Fiscal year ended June 30, 2011

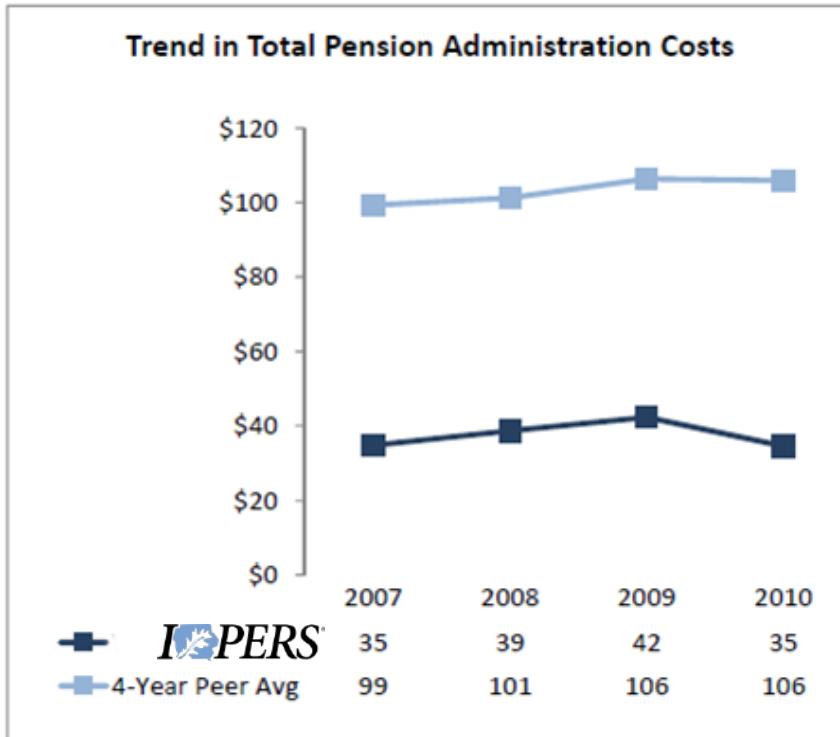
Key Measurements of Funding

<i>Funding Measures from the Actuarial Valuation</i>				
<i>(\$Millions)</i>	Regular Membership	Special Service 1	Special Service 2	Total*
Actuarial Liability	\$26,752	\$476	\$1,029	\$28,257
Actuarial Value of Assets	21,187	418	970	22,575
Unfunded Actuarial Liability (UAL)	5,565	57	59	5,682
Funded Ratio	79.2%	87.9%	94.2%	79.9%

*Totals may not add due to rounding.

Period ended June 30, 2011

Consistent Low Cost



As a well-run public pension plan, IPERS consistently delivers low-cost pension administration, especially as compared to its peers.

FY2013 Budget Request Summary

- No General Funds are requested
- IPERS' administrative expenses are paid by the IPERS Trust Fund
- Capital projects – pension administration system upgrade and facilities maintenance/improvement
- No increase from FY2012 appropriation
- FY2013 request: \$17,686,968 and 90.13 FTE

FY2013 Budget Request By Service Category

	General Fund	Other Funds (IPERS Trust Fund)	Total
Investment Management <i>(Oversee investments and investment policy)</i>	\$ 0	\$ 1,145,246	\$ 1,145,246
Retirement Services <i>(Paying benefits, service purchases, disability services)</i>	0	3,550,264	3,550,264
Member Services <i>(Benefit education and estimates; retirement counseling)</i>	0	2,977,641	2,977,641
Employer Relations and Data Management <i>(Employer training; compliance reviews; employer reporting)</i>	0	1,488,820	1,488,820
Governance, Plan Design, and Financial Control <i>(Legal compliance, administrative rules, internal auditing, actuarial services)</i>	0	2,290,493	2,290,493
Facilities Maintenance and Improvement	0	668,205	668,205
IPERS Quest for Excellence (I-Que) Project	0	5,566,299	<u>5,566,299</u>
			\$17,686,968

IPERS' Trust Fund Assets & Expenses

FY	NET ASSETS HELD IN TRUST FOR PENSION			BENEFITS		ADMINISTRATIVE EXPENSES	ADMIN EXP % OF TRUST	INVESTMENT MGMT EXPENSE	INV MGMT EXPENSE % OF TRUST
	BENEFITS	REFUNDS PAID	REFUNDS % OF TRUST	PAID	% OF TRUST				
1990	4,727,639,799	22,277,786	0.47%	167,939,830	3.55%	2,383,365	0.05%	10,233,253	0.22%
1991	5,180,869,951	21,759,868	0.42%	185,708,786	3.58%	3,501,116	0.07%	13,713,496	0.26%
1992	5,646,470,378	24,222,944	0.43%	200,972,498	3.56%	2,445,338	0.04%	15,394,221	0.27%
1993	6,136,131,480	22,610,294	0.37%	222,863,750	3.63%	3,251,098	0.05%	15,893,685	0.26%
1994	6,841,201,336	21,025,322	0.31%	246,123,627	3.60%	3,289,949	0.05%	17,128,037	0.25%
1995	7,306,409,847	21,811,912	0.30%	278,097,597	3.81%	3,250,710	0.04%	14,099,790	0.19%
1996	9,587,104,982	23,743,427	0.25%	303,812,003	3.17%	3,409,775	0.04%	14,584,775	0.15%
1997	11,533,968,923	25,285,487	0.22%	348,536,733	3.02%	3,828,712	0.03%	17,380,143	0.15%
1998	13,692,899,832	24,557,597	0.18%	402,544,698	2.94%	4,012,736	0.03%	20,285,406	0.15%
1999	15,325,576,009	14,442,111	0.09%	466,752,949	3.05%	4,620,009	0.03%	34,555,214	0.23%
2000	17,140,231,190	65,608,628	0.38%	533,747,215	3.11%	5,865,985	0.03%	31,008,690	0.18%
2001	15,928,547,166	42,073,825	0.26%	624,259,449	3.92%	7,264,447	0.05%	42,597,049	0.26%
2002	14,874,419,194	37,915,199	0.25%	705,767,690	4.74%	7,581,105	0.05%	37,634,731	0.25%
2003	15,403,200,907	35,591,323	0.23%	736,330,878	4.78%	8,041,113	0.05%	29,908,131	0.21%
2004	17,249,916,851	36,430,011	0.21%	792,866,773	4.60%	7,959,601	0.05%	31,224,356	0.19%
2005	18,767,228,779	43,113,458	0.23%	868,557,596	4.63%	8,214,903	0.04%	48,784,645	0.27%
2006	20,404,852,110	41,667,603	0.20%	924,361,399	4.53%	9,320,559	0.05%	46,104,211	0.23%
2007	23,217,167,946	38,116,271	0.16%	1,013,972,987	4.37%	9,060,968	0.04%	58,315,192	0.26%
2008	22,370,594,989	36,204,512	0.16%	1,096,097,859	4.90%	9,885,467	0.04%	39,275,497	0.17%
2009	17,974,040,651	34,337,453	0.19%	1,183,118,816	6.58%	10,896,866	0.06%	32,538,795	0.18%
2010	19,878,080,628	41,470,129	0.21%	1,278,555,844	6.43%	8,968,236	0.05%	32,884,753	0.16%
2011	23,082,132,935	41,214,717	0.18%	1,457,005,631	6.31%	9,650,259	0.04%	41,933,207	0.19%
Average yearly % of Trust Fund			0.26%		4.22%		0.04%		0.21%

Changes to Regular Members

House File 2518 (Passed in FY2010)



7/2011

- Increase in Contribution Rates

7/2012

- Change in Vesting – *from 4 years (or age 55) to 7 years (or age 65)*
- Change in Benefit Formula – *from 3 year average salary to 5 year average salary*
- Increase in Early Retirement Reduction Percentage
- **New benefit reduction rules apply only to service earned after 7/1/12**

Cost-of-Living Adjustments

November Dividend

- Total amount paid in November 2011: \$9.3 million
 - Median payment: \$651.55
 - Total number of recipients: 11,850
- Base guaranteed
- No increase since 2001
- Affects only retirees who started receiving monthly benefits before July 1, 1990

Cost-of-Living Adjustments

Favorable Experience Dividend (FED) Payment

- Est. amount to be paid in January 2012: \$99.3 million
 - Median payment: \$761
 - Total number of recipients: 84,255
- Paid from the FED Reserve account; funded by transfers from the IPERS Trust Fund
- By law, can make no further transfer until Trust Fund is 100% funded
- Not guaranteed
- Will run out in the next 2-3 years

Our Mission

To provide a cost-efficient statewide retirement plan that helps employers recruit and retain employees in public service and allows members to care for themselves in retirement.



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