

FY2016 & FY2017 Status Overview & Update

Presented to

Administration and Regulation Appropriations Subcommittee



Donna M. Mueller, CEO

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

January 22, 2015



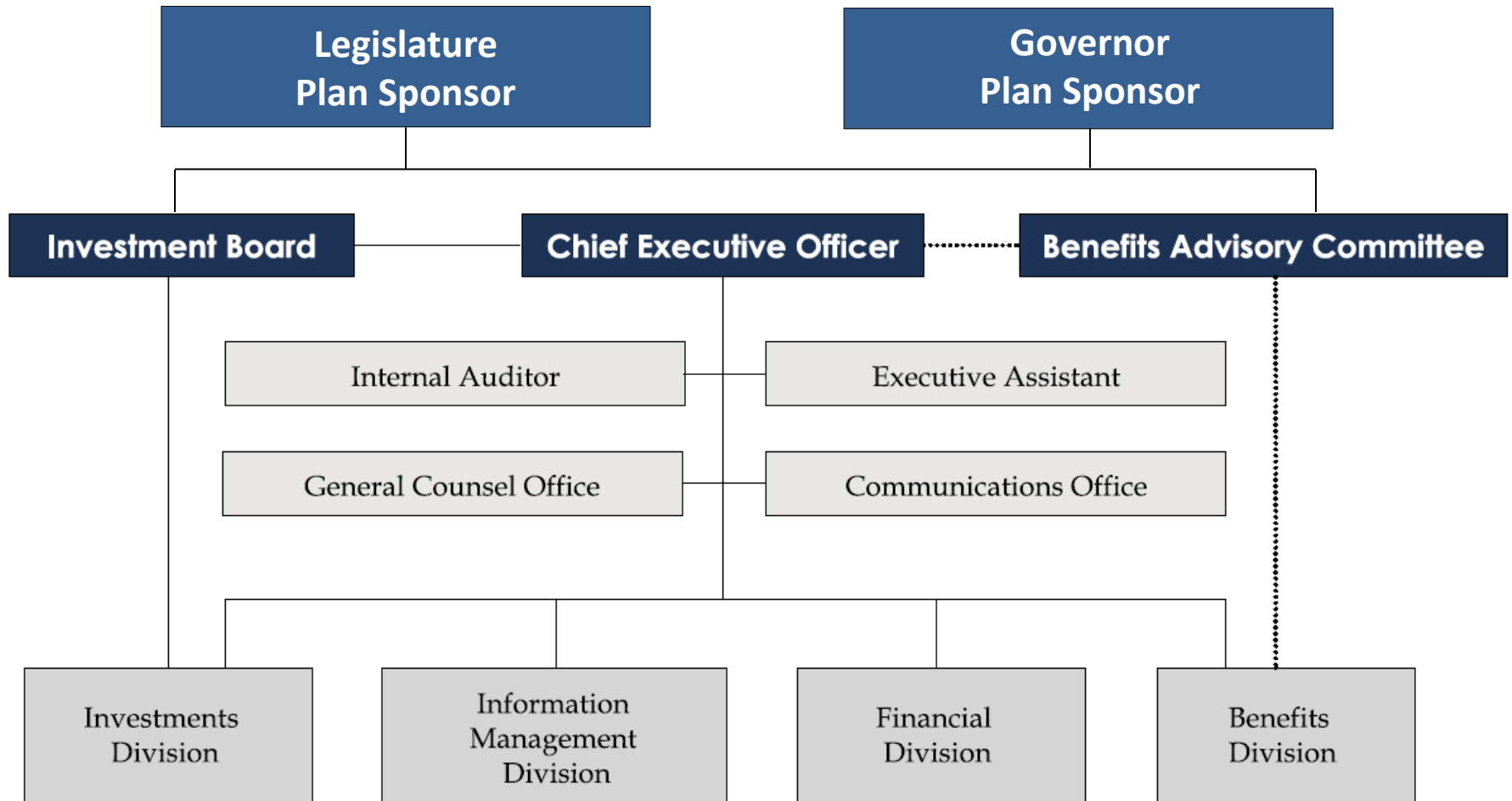
IPERS' Mission

Administer a cost-efficient retirement plan that provides lifetime pension payments to public employees and serves to attract and retain a quality workforce.



Working Today for Your Tomorrow

Table of Organization

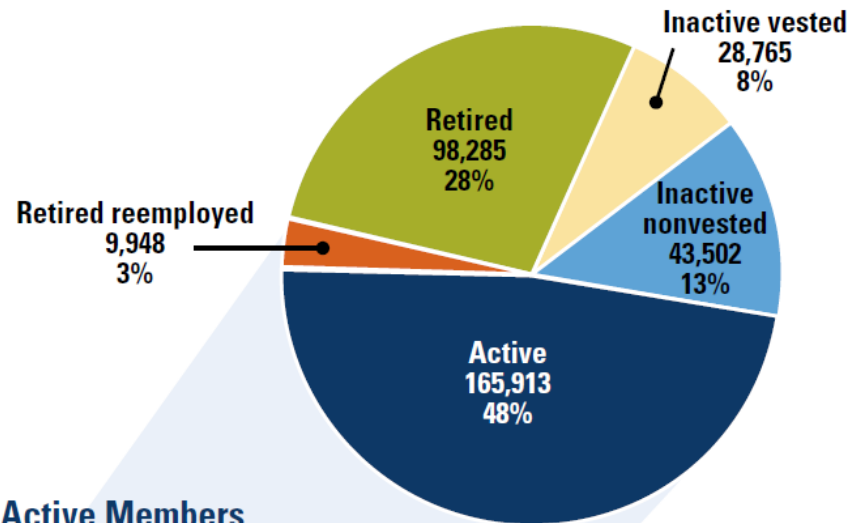


Over 340,000 Members

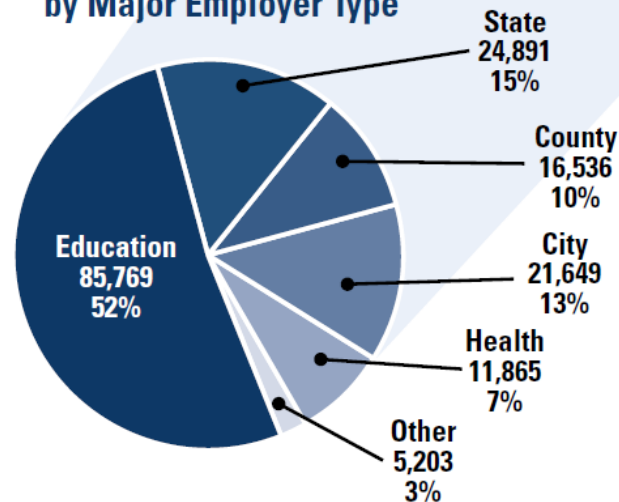
Regular members make up **95%**.

Special Service members make up **5%**.

Membership Status

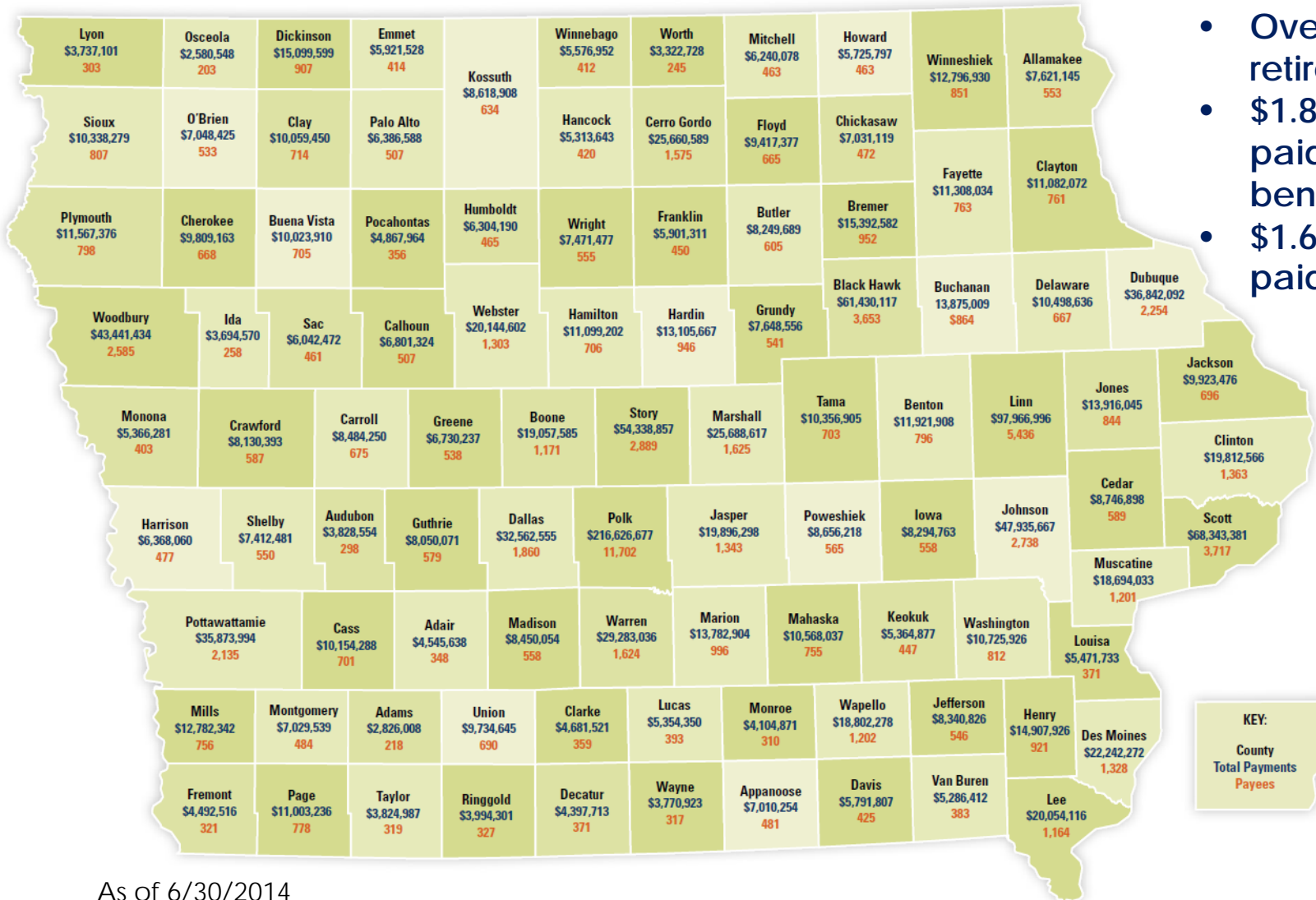


Active Members by Major Employer Type



As of June 30, 2014

Benefit Payments By County



- Over 108,000 retirees
- \$1.8 billion paid in benefits
- \$1.6 billion paid to lowans

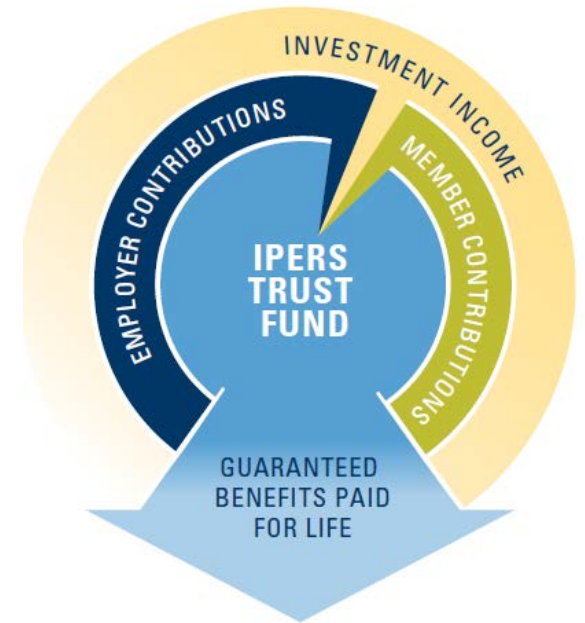
KEY:
County
Total Payments
Payees

As of 6/30/2014

Prefund – Not Pay-as-you-go

Contributions + Investments = Benefits + Expenses

Membership Class	Member	Employer	Total
Regular 7/1/13 – 6/30/16	5.95%	8.93%	14.88%
Sheriffs and Deputies 7/1/13 – 6/30/16	9.88%	9.88%	19.76%
Protection Occupations 7/1/13 – 6/30/15	6.76%	10.14%	16.90%
7/1/15 – 6/30/16	6.56%	9.84%	16.40%



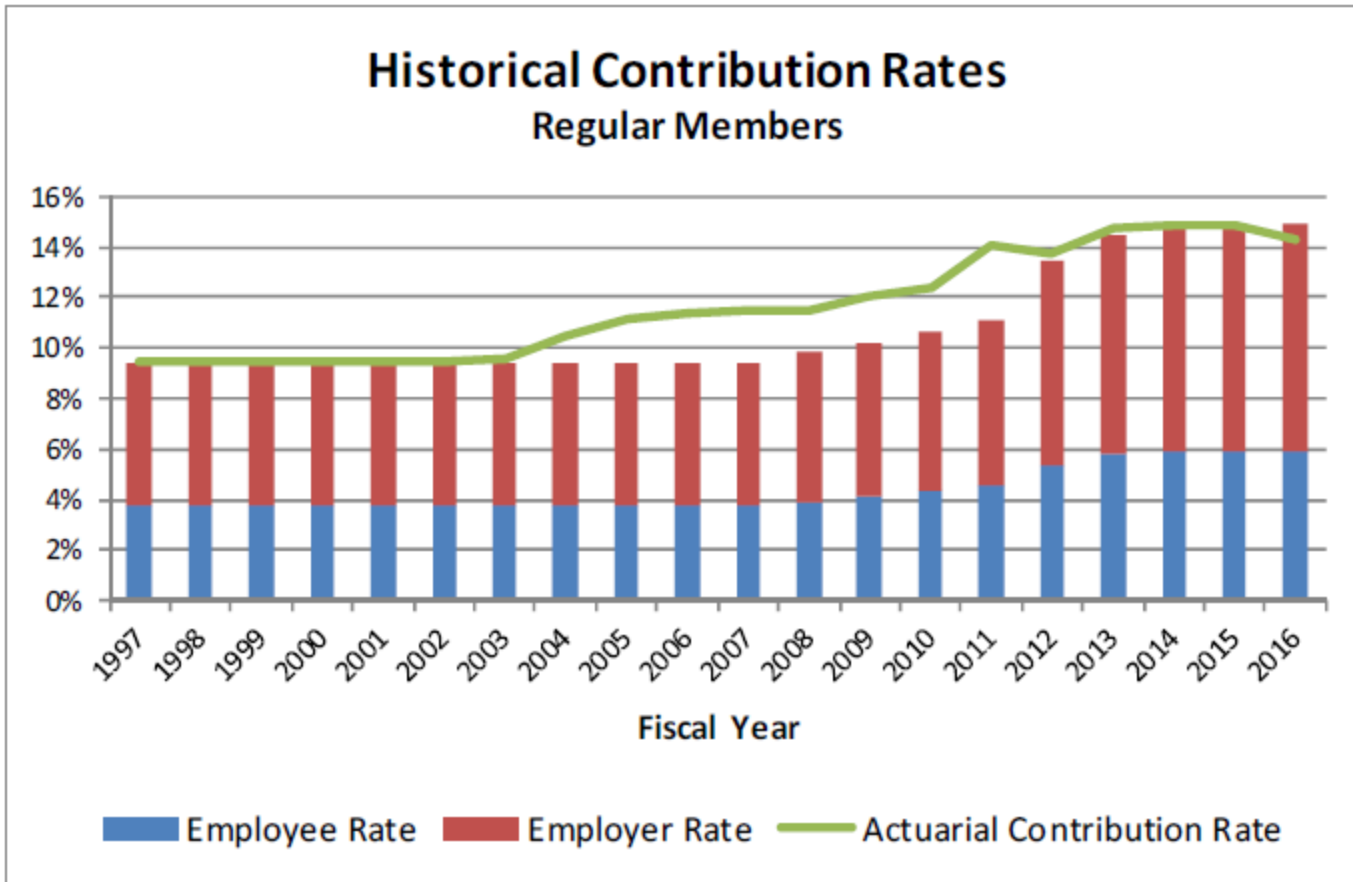
Investment earnings contribute 70% of IPERS' benefits paid.

Updated Funding Policy

Investment Board amended funding policy to:

- Provide stability in the contribution rates and delay decreases until funding reaches 95 percent
 - Goal is 100% funded
 - Closed 30-year amortization
 - No rate reduction unless it would be 0.50 percent or greater
- Address the risk of underfunding the benefits
- Prepare for the next downturn

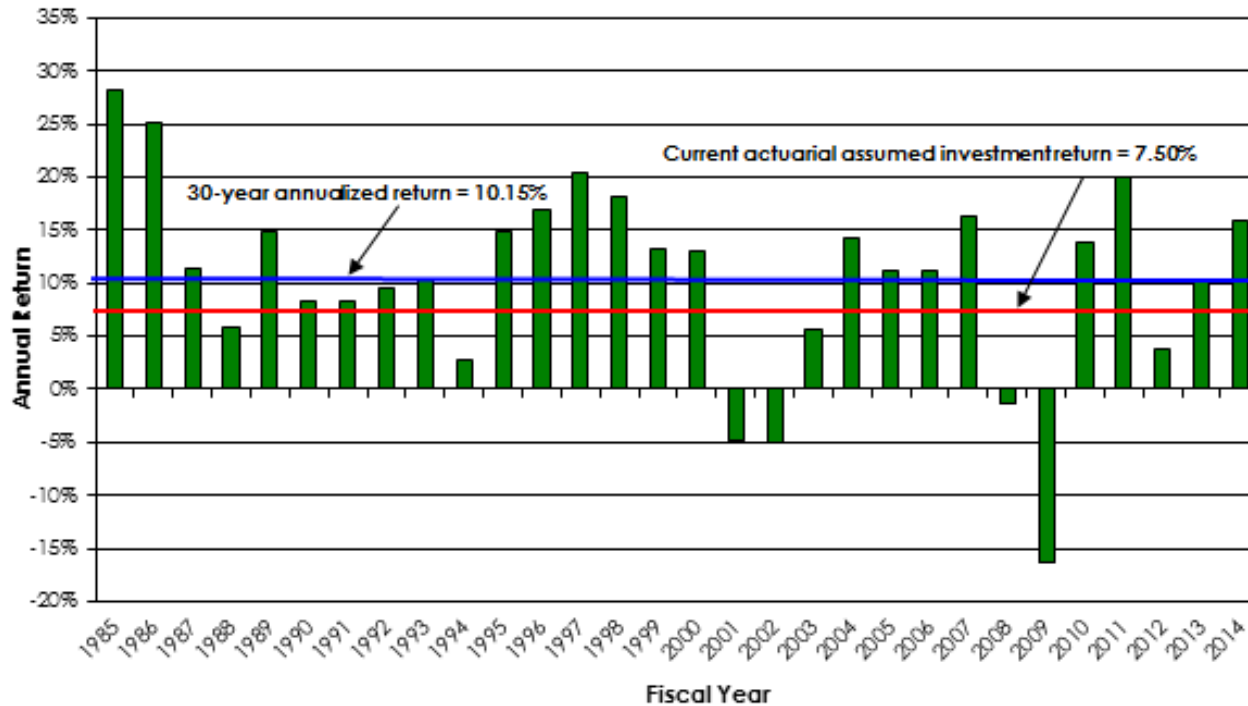
Contribution Rates vs. Required



FY2014 was the first time since FY2001 that the Actuarial Contribution Rate was paid.

Investment Performance History

IPERS' Fiscal Year Investment Returns 1985-2014



Annualized Returns*

1-Year	15.88%
10-Year	7.93%
20-Year	9.12%
30-Year	10.15%

Actuarial Assumed Investment Return

1953 – 1993	6.50%
1994 – 1995	6.75%
1996 – present	7.50%

*For periods ending June 30, 2014

Key Funding Measurements

FY2014

- Ratio of Actuarial Assets to Actuarial Liabilities **82.7%** (up from 81.0%)
- Unfunded actuarial liability (UAL) decreased by **\$243.2 million**
- Deferred investment gain of **\$1.6 billion**

The IPERS Trust Fund

In FY2014, the Trust Fund
grew from \$25 billion to over

\$28 billion*

after paying \$1.8 billion in
benefits.

*As of 6/30/2014

Key GASB Measurements

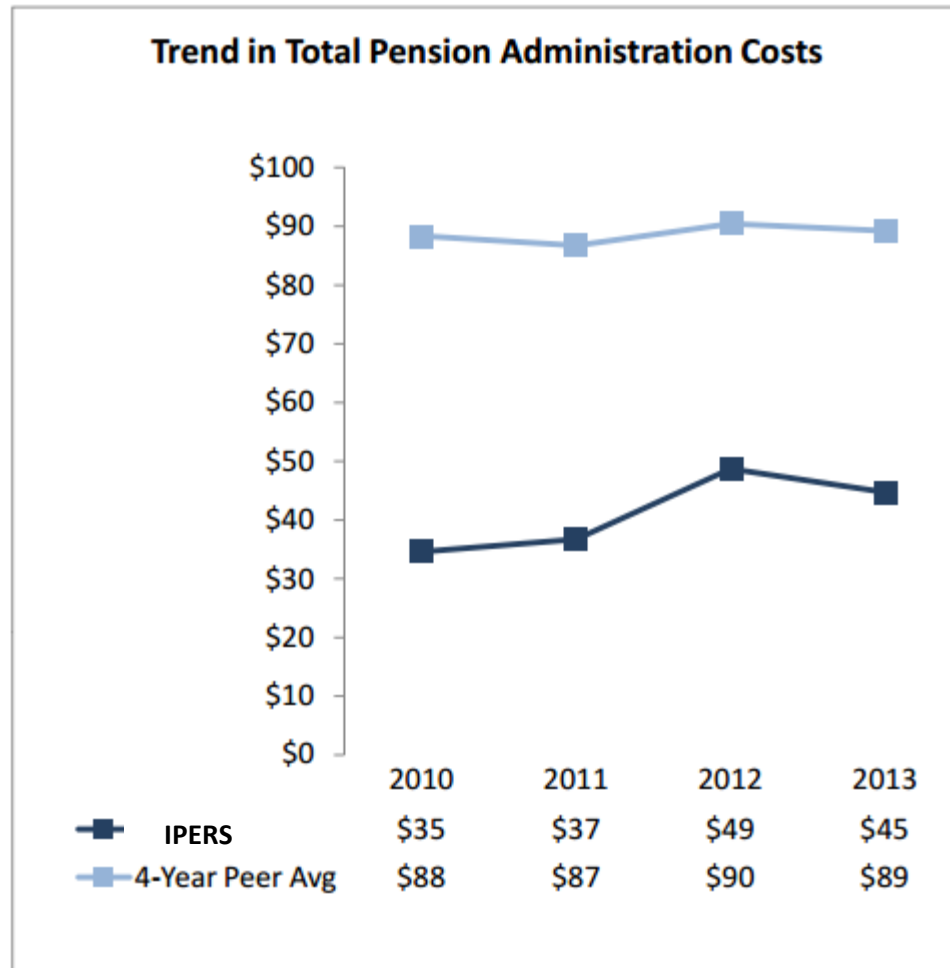
Total Pension Liability **\$32 billion**

Fiduciary Net Position **\$28 billion**

Net Pension Liability **\$ 4 billion**

*Ratio of Fiduciary Net Position
to Total Pension Liability* **87.6%**

Consistent Low Cost



IPERS' total pension administration cost of **\$45** per active member and annuitant has remained significantly below its peer group cost of **\$89**.

Source: CEM Benchmarking, Inc., January 2014

Budget Appropriation Request Summary

- No General Funds requested.
- IPERS administrative expenses are paid by the IPERS Trust Fund.
- Scheduled pension administration system upgrade.
- FY2016/FY2017 request:
\$17,686,968* and 88.13 FTE
\$2,000,000 increase from FY2015

*Same as FY2014 actual appropriation

FY2016 & FY2017 Budget Appropriation Request

Service Category	FTEs	FY2016	FY2017
Investment Management (Oversee investments and investment policy)	9.55	\$1,497,270	\$1,481,573
Retirement Services (Paying benefits; service purchases; disability services)	26.73	\$3,858,719	\$3,703,933
Member Services (Benefit education and estimates; retirement counseling)	21.78	3,177,769	\$3,086,611
Employer Relations & Data Management (Employer training; compliance reviews; employer reporting)	10.87	\$1,702,376	\$1,605,038
Governance, Plan Design, and Financial Control (Legal compliance; administrative rules; internal auditing; actuarial services)	18.40	\$2,610,309	\$2,469,288
Facility Maintenance	.80	\$340,525	\$840,525
Pension Administration Software System	0.00	\$4,500,000	\$4,500,000
FY2016/FY2017 appropriation	88.13	\$17,686,968	\$17,686,968
FY2015 appropriation	<u>88.13</u>	<u>\$15,686,968</u>	<u>\$15,686,968</u>
Increase/(Decrease) from FY2015 appropriation	0.00	\$2,000,000	\$2,000,000

IPERS Fun Facts

- 135 members over the age of 100
- Provided over 10,000 preretirement counseling sessions in FY2014
- Received over 93,000 phone calls
- Prepared more than 38,000 estimates
- Welcomed 6,076 retirees

Contact Us

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