

# 2015 Budget Subcommittee Questions

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## Program Performance

The public can view more than ten years of comprehensive annual financial reports (CAFR), actuarial valuations and experience studies on the IPERS website. The CAFR contains all relevant information related to the pension system, including performance measures for taxpayers to determine the effectiveness of the program. Below you'll find data from the past ten years detailing IPERS' performance.

Fiscal year	Funded status	Benefits paid	Service score	Administration cost*
2005	88.7%	\$869 million	84	\$35
2006	88.4%	\$924 million	83	\$36
2007	90.2%	\$1.013 billion	82	\$35
2008	89.1%	\$1.096 billion	81	\$37
2009	81.2%	\$1.183 billion	81	\$39
2010	81.4%	\$1.279 billion	81	\$35
2011	79.9%	\$1.457 billion	81	\$37
2012	79.9%	\$1.549 billion	83	\$49
2013	81.0%	\$1.667 billion	80	\$45
2014	82.7%	\$1.764 billion	(March 2015)	(March 2015)

\*per working member and retiree

### Comparisons to other plans

Aggregate funded status of plans in 2013, Public Fund Survey: **71.8%**

Peer average administration cost in 2013, CEM: **\$91**

Peer median service score in 2013, CEM: **79**

[Agency Performance Plan – FY2014](#)

[FY2014 Comprehensive Annual Financial Report](#)

### Key measurements for FY2014 are:

IPERS' **\$28 BILLION** Trust Fund was invested in a diverse portfolio and returned **15.88** percent in FY2014. IPERS looks at long-term investments to fund the benefit payments. For FY2014, the 30-year annualized return was **9.57** percent.

IPERS' funded ratio for FY2014 increased to **82.7** percent. A funded ratio of 80 percent or more is considered healthy. IPERS' funded ratio has been about 80 percent for the past five years.

A UAL indicates that the Trust Fund does not currently have all the money needed to pay all future benefits. It does not mean that it will someday run out of money. Much like a mortgage, the UAL is amortized and paid off over a 30-year period. From 2004 to 2009, IPERS' UAL was impossible to amortize. IPERS' UAL decreased by **\$243.2 MILLION** – another key indicator of stabilization. Watch the video, [Understanding IPERS' Shortfall](#), posted on our website to learn more.

There will be no contribution rate increase for FY2016 because the current rates are sufficient to cover the normal cost plus the UAL payment.

## **Program Efficiency**

An international benchmarking consultant from Toronto, Canada, has been used by IPERS for more than 10 years to measure, analyze and document IPERS' program efficiency. IPERS contracts with CEM Benchmarking Inc. to perform an objective study of IPERS' costs and service level. This independent study compares IPERS to other peer defined benefit systems. CEM Benchmarking Inc. also annually conducts an investment fund cost effectiveness study. The reports are conducted to help IPERS improve service levels, manage costs, support business decisions, develop performance goals and standards, measure and manage IPERS' performance and communicate results to stakeholders.

Year after year, [CEM Benchmarking Inc.](#) has shown that IPERS' per-member administration costs have been less than half as compared to our peers.

Complete details of both types of studies (service and investment) are posted on IPERS website. The next report is due in March.

Peer comparisons are available in the benchmarking report. IPERS also participates in many national public pension system associations and can provide the committee with additional information from other states. Specifically, the National Institute on Retirement Security, the National Association of State Retirement Administrators, National Pension Education Association, Public Fund Survey, and International Foundation of Employee Benefit Plans, among others, provide up-to-date information and resources on this subject.

Yes, there is an email address ([info@ipers.org](mailto:info@ipers.org)) on our website that lowans can use to contact IPERS with program improvements. IPERS responds to all email messages, depending on the nature of the comment, either in writing, by phone or in person.

## **Program Duplication**

There are two other smaller pension systems within state government: Peace Officers Retirement System and Judicial Retirement System. The programs are similar, not identical.

IPERS works with the Department of Administrative Services, the Auditor of the State, the Attorney General, the State Treasurer, Department of Management and other agencies to find ways to decrease costs and increase efficiencies. Online services for members and participating employers have been expanded in recent years and will continue to expand as technology grows. We are not aware of any laws or administrative rules that limit IPERS ability to work with other programs or departments. IPERS works closely with over 2,000 employers across the state to provide IPERS-coverage to employees. IPERS membership is approximately 346,000 – one in ten Iowans is an IPERS member.

## **Other**

IPERS works closely with Legislative Services Agency and is happy to present to the committee as needed. IPERS' budget is funded from the IPERS Trust Fund, not from the General Fund. ([Iowa Code 97B.7\(3\)](#))

## **Contact Information**

We're here to help you. If you have questions about IPERS, please don't hesitate to contact us.

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