

INSIDE IPERS

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Des Moines, Iowa

Phone: 800-622-3849 or 515-281-0020

Phone Center Hours: 7:30 a.m. - 5:00 p.m. Office Hours: 8:00 a.m. - 4:30 p.m.

FAX: 515-281-0053

E-mail: info@ipers.state.ia.us

Web site: www.state.ia.us/ipers

Headquarters

By Jennifer Dixon

IPERS continues its search for a new headquarters. As reported to you earlier, we need a new facility for two reasons:

1) We will save a substantial amount of money if we own versus lease (the same reason many people decide to purchase their homes).

2) We have outgrown our existing leased space.

Key Iowa Legislators instructed us to conduct a statewide search for a new facility. If you have any comments, please submit them soon so that we may use them in making our location decision.

Reminders:

New Phone Hours: Effective March 1, 1999, IPERS changed phone center hours. An IPERS Retirement Benefits Officer is available to answer most of your questions 7:30 a.m. to 5:00 p.m., Monday through Friday. Our office hours remain 8:00 a.m. to 4:30 p.m.

Address Changes: You may change your address by writing to IPERS. Be sure to include your Social Security number, name, old and new address, effective date of change, signature, and date.

Retroactive Benefits: If you file your application for retirement benefits more than a few weeks after you leave covered employment, you may be entitled to receive retroactive benefits. Your ability to receive such payments is generally limited to six months, however. IPERS strongly encourages you to file your application as soon as possible so that you will not miss out on benefits.

Member Handbooks: The member handbooks, *Retirement Planning Guidelines*, were mailed to members' homes in June.

IPERS INVESTMENT POLICY AT A GLANCE

By T. J. Carlson and Jeff Beisner

IPERS' investment activities are designed and executed to serve the best interests of the members and beneficiaries of IPERS and to provide a return on the portfolio that, when coupled with the periodic contributions of the membership and employers, will meet or exceed the benefit funding requirements of the plan *over time*. It should be noted that IPERS is a defined benefit program, and the amount of benefit a member will receive at retirement is established by the state legislature in Iowa Code chapter 97B. Therefore, the investment return earned by the Fund has no immediate direct relationship to the amount of benefit that a retired member receives.

A nine-member Investment Board governs the investment policies and program. An asset allocation policy is adopted annually by the Board and implemented by the staff. Asset allocation identifies the classes of assets the System will utilize and the percentage each class represents of the total fund. The overall goal is to provide for diversification of assets while trying to maximize the investment return to the System, consistent with prudent levels of market and economic risk. The underlying principle that governs all investment activities is the "prudent person" rule.

IPERS utilizes the following portfolio components to fulfill the asset allocation targets and total fund performance goals of the Fund. Each asset class selected for the IPERS portfolio serves a specific role in maximizing the total return and controlling overall risk, as follows:

Equities (Domestic, International & Emerging Markets) - Purpose is to provide long-term return and diversification.

A portfolio of common stocks, stock index funds, equity commingled funds, American Depository Receipts, convertible securities, derivatives and cash. The portfolio will seek to outperform the Wilshire 5000 Index over a full market cycle.

Global Fixed Income - Purpose is to provide diversification and stable return relative to domestic equities.

A diversified portfolio of bond strategies and investments with the objective of outperforming the Lehman Brothers U.S. Universal Index by 50 basis points (.50%) annually over a full market cycle. The portfolio will utilize passive and active investment strategies.

Tactical Asset Allocation - Purpose is to provide return greater than IPERS' strategic asset allocations based on near-term market outlook.

A portfolio utilizing domestic and international stocks and/or stock index funds, bonds and/or bond index funds, derivatives, and cash. The goal is to add value by actively shifting assets among the eligible asset classes and countries based upon the near-term perception of market and economic conditions.

Equity Real Estate - Purpose is to provide diversification.

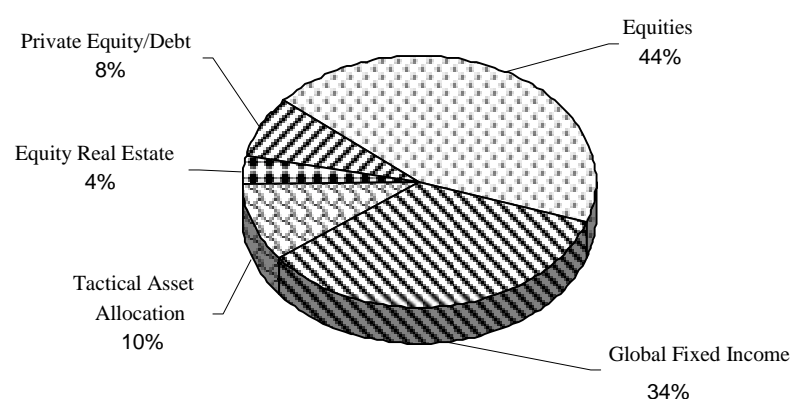
A diversified portfolio of real estate equity and participating/convertible debt interests in the form of private market commingled real estate fund participations, separate accounts and co-investments, and publicly traded investments in real estate operating companies, real estate investment trusts, and limited partnerships. The portfolio's long-term objective is to outperform the inflation rate by at least 6% annually.

Private Equity/Debt - Purpose is to provide long-term return greater than public equities.

Investment vehicles that finance early and later stage companies prior to going public, vehicles that invest in leveraged buyouts and turn-arounds of existing companies, and other equity and debt-oriented nontraditional investments. The portfolio's long-term objective is to outperform the inflation rate by at least 11% annually.

Our current allocations and target ranges are:

Iowa Public Employees' Retirement System Total Fund Composition at December 31, 1998



State Fair: For the ninth consecutive year, IPERS will host a booth in the Varied Industries Building at the Iowa State Fair. If you haven't stopped by our booth in the past, we look forward to seeing you this year.

IPERS Annual Statements

By Theresa Hunt

Each spring IPERS mails account statements to active and vested members. The information is a valuable tool for retirement planning. Answers to frequently asked questions about the form are provided on pages two and three.

1 & 2. Why is it important to keep the IPERS office informed of my current address and phone number?

Throughout the year we mail different materials to our members' homes. We want to keep you informed as part of our efforts to provide quality customer service. If we don't have your correct address, you could be missing out on some important information which could affect your retirement. Your current phone number is also important if we need to contact you by phone.

3. Why is it important to have the correct Social Security number (SSN) and date of birth?

We all want credit where credit is due. If your SSN is incorrect, you may not be receiving credit for all of your service. If your date of birth is not correct, you could receive incorrect benefit information about your retirement.

4. What is the Account Summary line?

This is a year-to-date total of your previous calendar year of wages, contributions, interest, and investment (in the example, 1997).

5. What were my contributions for the 1998 calendar year?

The total to date for 1998 line in the example shows the total wages reported by the employer and the employee contributions as of the end of a calendar year. Each contribution is posted quarterly.

In the example, Member's Contributions + Interest = Member's Current Investment Amount for the statement year (1998).

1998 ANNUAL STATEMENT OF IPERS BENEFITS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
600 EAST COURT AVE / PO BOX 9117 / DES MOINES IA 50306-9117

Date Printed:

IPERS benefits, along with Social Security and personal savings, play an important role in securing dependable retirement income. We hope this statement will be beneficial to you in your retirement planning. Please review this statement carefully.

Prepared for: **1**

Phone numbers: **2**
Home:
Work:

Estimates are based on data as of: 12/31/1998

SSN: **3**
Birth Date:
Age 65 or older retirement date: 06-2013

ACCOUNT SUMMARY 4

Amounts carried forward from 12/31/1997	Covered Wages	Contributions	+ Interest	= Investment
	426,888.74	17,011.44		29,839.71

1998 Calendar year transactions by quarter: 5

Quarterly Interest: COMMUNITY SCHOOL DIST	1			
Quarterly Interest: COMMUNITY SCHOOL DIST	2	2,607.34	96.47	508.83
Quarterly Interest: COMMUNITY SCHOOL DIST	3	4,013.05	148.48	517.15
Quarterly Interest: COMMUNITY SCHOOL DIST	4	1,354.04	50.10	528.53
Total to date for 1998 :		11,075.53	409.79	2,090.94
TOTAL CREDIT AS OF 12/31/1998:		437,964.27	17,421.23	32,140.44

IMPORTANT IRS INFORMATION

If you are age 70-1/2 or older, the IRS requires that you begin mandatory minimum distributions on or before the LATER of:

- 1) April 1 of the calendar year following the calendar year you attain age 70-1/2; OR
- 2) April 1 of the calendar year following the calendar year you terminate IPERS covered service.

Welcome to Our New Director

By Barb Kroon, Personnel Division

The Iowa Department of Personnel, of which IPERS is a division, welcomed our new Director, Mollie Anderson, on April 5. Mollie is one of several new department directors named by Governor Tom Vilsack and Lt. Governor Sally Pederson as part of the transition to the new Vilsack-Pederson administration.

Governor Vilsack cited Mollie's "concrete understanding of running a large state agency" as one of the factors in her appointment. "She values our goal of reaching out to diverse groups and communities to find talented people who provide working Iowans the quality services they deserve."

Most recently Mollie served four years for Nebraska Governor Ben Nelson as Human Resources Director for the State of Nebraska. Other previous experience includes over three years as Human Resources Director for Duncan Aviation in Lincoln, Nebraska, a stint as Deputy Commissioner of the Nebraska Department of Labor, and several years as Executive Director and Job Training Services Manager of Job Training of Greater Nebraska. In all, Mollie brings over 14 years of human resource experience to this new assignment.

The State of Iowa is unique in having one of the few centralized human resource systems in the country. One of Mollie's first tasks is to put together a "100 Days Report," which will discuss her impressions of the entire department and where she thinks the department should head. We will keep you updated in future newsletters of the results of her report.

We wish Mollie much success in her new position, and we look forward to working with her. Welcome, Mollie.

Mollie replaces Linda Hanson, who served as Director for eight years. Linda was recently appointed to the position of Division Administrator for the Administrative Services Division of the Department of Natural Resources. We thank Linda for her dedicated service and strong leadership. We wish her well in her new endeavor.

"62/20": What It Could Mean to You

By Theresa Hunt

Are you planning retirement in the near future? Due to a law change effective January 1, 1999, a person retiring at age 62 with 20 or more years of service will no longer have an early retirement penalty. Benefits will still be reduced if you have less than 30 years of service (25 or 22 for certain special groups). In addition, persons who have 20 or more years of service but are not yet 62 will have a reduced early retirement penalty. For example, under the new law change, a person with 20 years of service and not yet age 62 will receive 9% more in monthly benefits because the early retirement penalty (3% per year) is reduced from age 62 (previously 65).

YEARS OF SERVICE

6 Years of service through 12/31/1998 : **25.25** **Your years of service may not have been verified.**
 If your years of service are erroneous, your projected retirement and death benefits will be incorrect. Please contact IPERS if you have questions regarding your years of service.

RETIREMENT, DISABILITY, AND REFUND INFORMATION

7 When you terminate IPERS covered employment, you have two options:

- If you are vested*, you may leave your investment in IPERS and receive a lifetime monthly benefit. To date, we estimate you have earned an Option 2 monthly benefit at age 65 or older of: \$ **1,455.82**
 Benefits may begin at age 55 if you terminate covered employment. Also, should you become disabled and meet the disability requirements, your benefits could begin immediately. Please refer to the member handbook entitled "Retirement Planning Guidelines" for further information.
- Regardless of your vesting status, you may receive a lump sum refund of: \$ **32,140.44**.
 The taxable portion is: \$ **18,706.65** ; the non-taxable portion is: \$ **13,433.79**.
If you take a refund, you give up all rights to all other IPERS benefits based on this period of employment.
 *Vesting requires four years of service or attaining the age of 55.
 **Based upon regular occupation class.

DEATH BENEFITS

8 If your death occurs before retirement, a lump sum will be payable to your beneficiary if your beneficiary files a timely application.
 To date, the death benefit value is estimated to be: \$ **62,712.39**.
 The taxable portion is: \$ **49,278.60** the non-taxable portion is: \$ **13,433.79**.

Your designated beneficiary is:

OTHER INFORMATION

9 **ERRORS:** IPERS records are kept by Social Security number (SSN). Please be certain to check your number as it appears on this statement. If it differs from the number on your Social Security card, notify both IPERS and your employer immediately.

IF YOU DISCOVER AN ERROR IN YOUR IPERS COVERED WAGES, YOU MUST CONTACT YOUR EMPLOYER.

10 **CHANGES:** Requests for changes to your account must be made in writing by contacting IPERS at the address listed below or by FAX at 515-281-0053. All correspondence must include your name, Social Security number, daytime phone number, and signature.

IPERS
 PO BOX 9117
 DES MOINES IA 50306-9117

The IPERS Phone Center is open during the hours of 7:30 am to 5:00 pm, Monday through Friday. You may contact IPERS for general information by calling 515-281-0020 or 1-800-622-3849.

IPERS2

ANNSTMP2

6. What are my years of service at the end of the calendar year of 12/31/98?

This figure represents your creditable service for IPERS' purposes.

7. What would my monthly benefit be if I were to stop working at the end of the calendar year 12/31/98 and wait to draw a lifetime monthly benefit at age 65?

Your monthly benefit under Option 2 is the amount shown on your statement. You do not need to wait until age 65, however. If you have terminated covered employment, you can retire at age 55, or earlier if you meet our disability requirements.

8. What if I die while still employed or would like to change my beneficiary?

If your death occurs before retirement, a lump sum death benefit would be payable to your beneficiary, if your beneficiary files a timely application. The beneficiary should notify our office as soon as possible. If we do not have any beneficiary information on file at the time of your death, the lump sum death benefit is payable to your estate. You can change your beneficiary by filing a new form, which you can get from IPERS or from your employer. Your designated beneficiary would be shown at item 8 of the example.

9. How should I make the necessary corrections to my Annual Statement?

If your Social Security number is different from the number on your Social Security card, notify in writing both IPERS and your employer immediately. If you discover an error in your IPERS covered wages, you must contact your employer and request a wage adjustment.

10. What if I would like to make changes to my IPERS account?

Requests for changes on your account must be made in writing or by contacting the IPERS office.

Service Purchases

By David Martin

Members may buy time into IPERS for public service in another state, the federal government, the military, certain employment in Iowa, and refunded IPERS service. Beginning July 1, 1999, the method of calculating the cost of "buying" service credit into IPERS will change. The new method will be calculated by IPERS' actuary and will result in a higher cost for most members. The actuarial cost method is common in the pension industry, since many government pension plans have implemented similar methods in recent years. Why the change? Prior to the change, members who bought service credit into IPERS received an increase in retirement benefits that exceeded the cost of their service purchase. In other words, the system was subsidizing the increase in benefits of those who bought service credit. Members considering buying service into IPERS are encouraged to inquire well in advance of their retirement date.

Bona Fide Retirement

By David Martin

IPERS' staff is routinely asked, "Can I receive my pension benefits while I am still employed?" The answer depends on your age. Both the Iowa Code and federal regulations prohibit IPERS from making retirement payments to members under the age of 70 unless they terminate their covered employment. The Iowa Code requires retirees under age 70 to receive at least four months of retirement benefits before they can accept any employment with an IPERS covered employer. This four-month period is referred to as "bona fide retirement." The bona fide retirement provision does not apply to members age 70 or older. If you, or someone you know, are an IPERS

Special Study on Adjunct Instructors

By Greg Cusack, Chief Benefits Officer

The 1998 General Assembly instructed IPERS to investigate whether adjunct instructors should be eligible for IPERS' coverage. We were also told to solicit input from employees and employers alike on this question. Adjunct instructors are, by Iowa Code, "instructors employed by a community college or a university governed by the state board of regents without a continuing contract, whose teaching load does not exceed one-half time for two full semesters or three full quarters per calendar year." The study is to be completed on or before September 1, 1999.

Several years ago, at the request of the State's community colleges, the Legislature excluded "adjunct instructors" from IPERS' membership. Then, as now, the question involves finding the correct "balance point" between expanded pension accrual rights for many instructors (including persons who may not wish to qualify for public pension benefits) and significantly higher administrative costs for the community colleges.

IPERS intends to cooperate with the Association of Community College Trustees in soliciting responses to this question. It is probable that we will also seek to retain the services of a professional skilled in statistically valid sampling of all adjuncts since a complete survey is beyond our ability to perform. A future issue of this newsletter will convey the results of our study and the nature of our recommendation to the Legislature.

Bona Fide Retirement Continued

member aged 70 or older, your benefits could begin now! If you are over 70-1/2 and have terminated covered employment, your benefits must begin. Please contact IPERS immediately to begin receiving benefits.

Happy Trails . . .

By Marlene Hyde

Summer 1999
Inside IPERS
A Newsletter for the
Active Members of IPERS

Iowa Public Employees' Retirement System
600 East Court Avenue
PO Box 9117
Des Moines IA 50306-9117
Office Hours: 8:00 a.m. - 4:30 p.m.
Phone Center Hours: 7:30 a.m. - 5:00 p.m.
800-622-3849
515-281-0020

Bulk Rate
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Des Moines Iowa
Permit No. 1195

PATRICIA MILLER

Patricia Miller retired April 29, 1999. She had 14 years of service as a Retirement Benefits Officer. She began her service with the State of Iowa at the Unemployment Office, assisting employers in communicating their needs for employment, and was later promoted to assisting employees in locating work.

Pat reflected on several improvements that have happened at IPERS during her tenure, including: focusing on efforts to become member-friendly; moving our offices to our current location at 600 East Court Avenue; giving our employees and members more room, easier parking, and better building access; designating benefits officers to travel around the state of Iowa to give counseling sessions to an increasing number of members every year; opening a phone center to accommodate the great number of phone calls and starting our toll-free number for easier access; and finally, sending newsletters to our members, employers, and retirees.

Pat has witnessed a lot of personnel changes, including the increase in the number of employees. IPERS has come a long way in the world of technology since she first started in 1985. She recalled when IPERS used one computer and one staff member to verify IPERS members' accounts.

Pat's family includes her husband Virgil, and her daughter who lives in the Des Moines area. Also, we must not forget Sasi her dog. In the future Pat hopes to travel. She not only wants to see foreign lands, but also to travel the United States. She even hopes to do some in-depth traveling in Iowa. She planned an 11-day cruise to Greece and Turkey following her retirement. She wants to read, volunteer for her Lupus Support Group, and maybe record voice books for the blind. She said she has a lot of house cleaning ahead of her; however, she also wants to visit Prairie Meadows and basically just enjoy life to its fullest. We know that Pat will put every effort into the enjoyment of this, the next phase of her life. We will miss her warmth and laughter. We wish her the very best in everything.

LAURA CUMMINS

Laura Cummins retired April 22, 1999. She had been with IPERS for almost 18 years. She was hired in July 1981 to work in the refunds section of IPERS as an accounting clerk. She was involved with many aspects of refunds and employment records. After her last promotion to a Senior Retirement Benefits Officer, she worked primarily with members who purchase time into IPERS.

When asked about some of the changes that have happened during her employment, Laura stated one of the most notable was the increase in the number of staff. She could remember when our current office staff of over 60 was only 14 and we were located at the current Iowa Workforce Development Building. With those 14 employees, we even conducted our own on-site investments. During her career the number of retired grew three-fold and the number of active members surged to 150,000.

After retirement Laura plans to spend more time sewing, doing craft work, and working part-time at Wal-Mart. Laura has one daughter and four grandchildren, all in the Des Moines area. We wish her well in her retirement.

BEV PATTERSON

Bev Patterson will retire from IPERS in late June 1999. Bev has been a part of IPERS since January 1979. Before coming to IPERS, she was employed with Iowa Workforce Development.

When Bev joined IPERS, she worked in the accounting area, but soon moved to the investments area. She returned to the accounting area just three years ago. Bev remembers when all accounting records were posted in a ledger book; the current computer system was not available then. Since computer access for accounting has come to IPERS, there have been several changes. Some of Bev's current job duties are to pay all of IPERS' bills, deposit any incoming monies, and enter and apply employer-reported contributions to IPERS members' accounts. Also, Bev has witnessed many personnel changes over the years, stating that IPERS' workforce has grown a great deal.

Bev would like to spend her winters in Phoenix, Arizona. She plans to do more shopping, play cards and Bingo, and clean house after retirement. Bev has four boys, all in the Des Moines area, six grandchildren and two great grandchildren. IPERS wishes Bev and her husband Larry the best of everything as they explore a new chapter in their life together ...retirement.